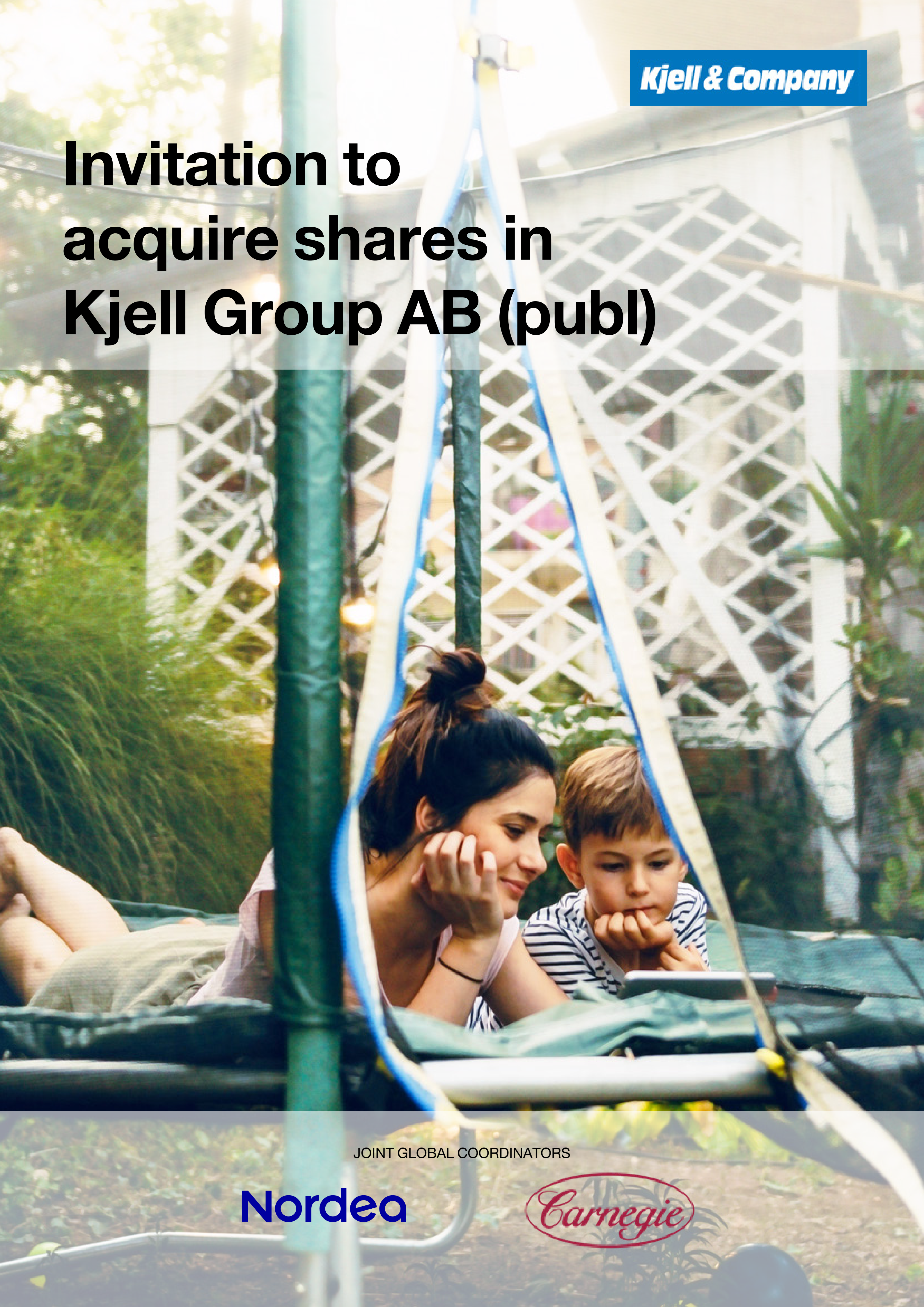
Kjell & Company

Invitation to acquire shares in Kjell Group AB (publ)



JOINT GLOBAL COORDINATORS

Nordea

Carnegie

IMPORTANT INFORMATION TO INVESTORS

This prospectus (the "**Prospectus**") has been prepared in connection with the offering to the public in Sweden as well as to institutional investors in Sweden and abroad to acquire shares (the "**Offering**") and listing on Nasdaq First North Growth Market of the shares in Kjell Group AB (publ) (a Swedish public limited liability company). In this Prospectus, the "**Company**" refers to Kjell Group AB (publ) and "**Kjell & Company**" or the "**Group**" refers to Kjell Group AB (publ) and its subsidiaries, unless the context requires otherwise. The "**Principal Owner**" refers to FSN Capital IV LP, FSN Capital IV (B) LP and FSN Capital IV Invest LP. The "**Joint Global Coordinators**" refers to Carnegie Investment Bank AB (publ) ("**Carnegie**") and Nordea Bank Abp, filial i Sverige ("**Nordea**"). See "*Definitions*" for the definitions of these and other terms in the Prospectus.

Swedish law applies to the Prospectus. Disputes arising from the Prospectus and related legal matters shall be decided exclusively by the Swedish court.

The Prospectus has been prepared in accordance with article 13 of the Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (the "**Prospectus Regulation**"). The Company, considered as a third country issuer in accordance with the Prospectus Regulation, has chosen Sweden as the home member state for the purposes of the Prospectus approval. The Swedish Financial Supervisory Authority ("**SFSA**") (Sw. *Finansinspektionen*) has approved the Swedish language version of the Prospectus in accordance with article 20 of the Prospectus Regulation. The SFSA only approves the Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation and such approval should not be considered as an endorsement of the Group or support for the securities offered. The SFSA does not guarantee that the information in the Prospectus is correct or complete. The Prospectus has been prepared in a Swedish language version and an English translation thereof. In case of any discrepancies, the Swedish language version shall prevaill. Distribution of the Prospectus and participation in the Offering are subject to restrictions under law and other regulations in certain jurisdictions. No measures have been taken and measures will not be taken to permit a public offering in any jurisdiction other than Sweden. The Offering is specifically not intended for such persons residing in the United States, Canada, Australia, Japan, Hong Kong, New Zeeland, Switzerland or South Africa or any other jurisdictions where participation would require additional prospectuses, registration or other measures than those required by Swedish law. Consequently, the Prospectus and other documents relating to the Offering may not be distributed in or into the aforementioned countries or any other country or any other jurisdiction in which such distribution or the Offering require such measures or would otherwise be in conflict with applicable rules. Subscription for Shares in violation of the above restrictions may be void. Measures contrary to the aforementioned restrictions may also constitute a breach of applicable securities law.

An investment in securities is associated with certain risks. When investors make an investment decision, they must rely on their own assessment of Kjell & Company including applicable facts and risks. Prior to making an investment decision, prospective investors should engage their own professional adviser and carefully evaluate and give due consideration to the investment decision. Investors may rely only on the information contained in the Prospectus and any supplements to the Prospectus. No person has been authorised to provide any information or make any statements other than those contained in the Prospectus. However, if this would take place, such information and such statements are not to be deemed as approved by the Company or the Joint Global Coordinators and neither the Company nor the Joint Global Coordinators are responsible for such information or such statements. Neither publication nor distribution of the Prospectus, nor any transactions that take place on the basis of the Prospectus, are to be deemed to implicate that the information in the Prospectus is correct and valid at any other time than the date of its publication or that no changes have occurred with respect to Kjell & Company's operations after this date. If any substantial changes are made to the information in the Prospectus, such changes will be published in accordance with the provisions on supplements to prospectuses as stipulated in article 23 of the Prospectus Regulation.

Nordea, which is under the supervision of the European Central Bank together with the Finnish Financial Supervisory Authority, and authorised by the Prudential Regulation Authority ("**PRA**") and regulated in the United Kingdom by the PRA and the Financial Conduct Authority ("**FCA**"), is acting exclusively for the Company and no one else in connection with the Offering. Nordea will not regard any other person (whether or not a recipient of this Prospectus) as a client in relation to the Offering and will not be responsible to anyone other than the Company for providing the protections afforded to Nordea's clients nor for the giving of advice in relation to the Offering or any other transaction, matter or arrangement referred to in this Prospectus.

The Offering is not directed to the public in any country other than Sweden. Nor is the Offering directed to any individuals whose participation would require additional prospectuses, registration or actions other than those required by Swedish law. No measures have been or will be taken in any jurisdiction other than Sweden that would allow securities to be offered to the public or allow the Prospectus or any other documents pertaining to the Company or the Company's shares to be held or distributed in such jurisdiction. Applications to acquire share that violate such rules may be deemed invalid. Individuals who obtain copies of the Prospectus are requested by the Company and the Joint Global Coordinators to inform themselves of and observe such restrictions. Neither the Company nor the Joint Global Coordinators accept any legal responsibility for any violation of any such restrictions, regardless of whether or not such a violation is made by a prospective investor.

The shares in the Offering have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**US Securities Act**") or the securities legislation of any other state or other jurisdiction in the US and may not be offered, sold or otherwise transferred, directly or indirectly, in or into the US except under an available exemption from, or by a transaction not subject to, the registration requirements under the US Securities Act and in compliance with the securities legislation in the relevant state or any other jurisdiction of the US. The shares in the Offering have not been recommended, approved or rejected by any US federal or state securities commission or regulatory authority. Furthermore, the aforementioned authorities have not confirmed the accuracy or determined the adequacy of the Prospectus. Any representation to the contrary is a criminal offence in the US.

In the United Kingdom, the Prospectus and any other materials in relation to the Offering or the securities described herein is only being distributed to, and is only directed at, and any investment or investment activity to which this document relates is available only to, and will be engaged in only with, "qualified investors" (within the meaning of the United Kingdom version of the EU Prospectus Regulation (2017/1129/ EU) which is part of United Kingdom law by virtue of the European Union (Withdrawal) Act 2018) who are (i) persons having professional experience in matters relating to investments who fall within the definition of "investment professionals" in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**"); or (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). In the United Kingdom, any investment or investment activity to which the Prospectus relates is available only to, and will be engaged in only with, relevant persons. Persons who are not relevant persons should not take any action on the basis of the Prospectus and should not act or rely on it.

Stabilisation

In connection with the Offering, Nordea as stabilising manager (the "**Stabilising Manager**") may, to the extent permitted in accordance with Swedish law, carry out transactions aimed to stabilise, maintain, or in other ways support the market price of the Company's shares, for up to 30 days from the commencement of trading in the Company's shares on Nasdaq First North Growth Market. The Stabilising Manager may over-allot shares or effect transactions in order to maintain the market price of the shares at levels above those that might otherwise prevail in the open market. The Stabilising Manager is, however, not required to carry out such transactions and there is no assurance that such activities will be undertaken. Such transactions may be effected on any securities market, including Nasdaq First North Growth Market, over-the-counter market or otherwise. The transactions, if commenced, may be discontinued at any time without prior notice but must be ended no later than by the end of the abovementioned 30-day period. No later than by the end of the seventh trading day after stabilisation transactions have been undertaken, it shall be made public that Stabilising measures have been performed in accordance with article 5(4) in EU's Market Abuse Regulation 596/2014. Within one week of the end of the stabilisation period, the Joint Global Coordinators or the Stabilising Manager will make public whether or not stabilisation was undertaken, the date at which stabilisation started, the date at which stabilisation last occurred as well as the price range within which stabilisation was carried out, for each of the dates during which stabilisation transactions were carried out. Except as required by law or regulation, neither the Joint Global Coordinators nor the Stabilising Manager will disclose the extent of any stabilisation and/or over-allotment transaction concluded in relation to the Offering.

Forward-looking statements

The Prospectus contains forward-looking statements and opinions. Forward-looking statements are statements that do not relate to historical facts and events, and such statements and opinions pertaining to the future that, for example, contain wordings such as "believes", "estimates", "anticipates", "expects", "assumes", "forecasts", "intends", "could", "will", "should", "would", "according to estimates", "is of the opinion", "may", "plans", "potential", "predicts", "projects", "to the knowledge of" or similar expressions, which are intended to identify a statement as forward-looking. This applies, in particular, to statements and opinions in the Prospectus concerning future financial returns, plans and expectations with respect to the business and management of the Company, future growth and profitability, and the general economic and regulatory environment, and other matters affecting the Company.

Forward-looking statements are based on current estimates and assumptions made according to the best of the Company's knowledge. Such forward-looking statements are subject to risks, uncertainties, and other factors that could cause the actual results, including the Company's cash flow, financial position and operating profit, to differ from the information presented in such statements, to fail to meet expectations expressly or implicitly assumed or described in those statements or to turn out to be less favourable than the results expressly or implicitly assumed or described in those statements. Accordingly, prospective investors should not place undue reliance on the forward-looking statements contained herein, and are strongly advised to read the entire Prospectus, including the section "*Risk factors*". Neither the Company nor the Joint Global Coordinators can give any assurance regarding the future accuracy of the opinions set forth herein or as to the actual occurrence of any predicted developments. After the date of the Prospectus, neither the Company nor the Joint Global Coordinators assumes any obligation, except as required by law or Nasdaq First North Growth Market Rule Book for Issuers, to update any forward-looking statements or to conform these forward-looking statements to actual events or developments.

In light of the risks, uncertainties and assumptions associated with forward-looking statements, it is possible that the future events mentioned in the Prospectus may not occur. An investment in the Company will thus involve significant risks and investors must have the financial ability and willingness to lose all or part of their investment in the Company.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Unless expressly stated otherwise, the Company's auditor has not reviewed or audited the financial information or other information in the Prospectus. Financial information pertinent to the Company and which is not part of the information that has been audited or reviewed by the Company's auditor as stated herein, has been taken from the Company's internal bookkeeping or reporting systems. For further information regarding the presentation and financial and other information, including industry and market data, see "*Presentation of financial and other information*".

IMPORTANT INFORMATION REGARDING NASDAQ FIRST NORTH GROWTH MARKET

The board of directors in Kjell & Company has applied for listing of the Company's shares on Nasdaq First North Growth Market. Nasdaq First North Growth Market is a registered SMNE growth market, in accordance with the Directive on Markets in Financial Instruments (EU 2014/65) as implemented in the national legislation of Sweden, Denmark and Finland, operated by an exchange within the Nasdaq group. Issuers on Nasdaq First North Growth Market are not subject to all the same rules as issuers on a regulated main market, as defined in EU legislation (as implemented in national law). Instead, they are subject to a less extensive set of rules and regulations adjusted to small growth companies. The risk in investing in an issuer on Nasdaq First North Growth Market may therefore be higher than investing in an issuer on a main market. All issuers with shared admitted to trading on Nasdaq First North Growth Market have a Certified Advisor who monitors that the rules are followed. The respective Nasdaq exchange approves the application for admission to trading. Kjell & Company has appointed FNCA AB as Certified Adviser for the upcoming listing on Nasdaq First North Growth Market, provided that the requirements for listing are met.

IMPORTANT INFORMATION REGARDING THE POSSIBILITY TO SELL ALLOCATED SHARES

Note that notifications about allotment to the public in Sweden will be made through distribution of contract notes, expected to be distributed on 16 September 2021. Institutional investors are expected to receive notification of allotment on or about 16 September 2021 in particular order, whereupon contract notes are dispatched. After payments for the allocated shares have been processed by the Managers the duly paid shares will be transferred to the securities depository account or the securities account specified by the acquirer. The time required to transfer payments and transfer duly paid shares to such acquirer means that the acquirer will not have shares available in the specified securities depository account or the securities account until on or around 20 September 2021. Trading in the Company's shares on Nasdaq First North Growth Market is expected to commence on or around 16 September 2021. Accordingly, if shares are not available in an acquirer's securities account or securities depository account until on or around 20 September 2021, the acquirer may not be able to sell these shares on Nasdaq First North Growth Market as from the first day of trading, but first when the shares are available in the securities account or the securities depository account.

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Summary of the offering

Offer Price
SEK 55 per share

Application period for the public offering
September 7– September 14, 2021

Application period for the institutional offering
September 7– September 15, 2021

First day of trading on Nasdaq First North Growth Market
September 16, 2021

Settlement date
September 20, 2021

Other information
ISIN number: SE0016797591
LEI code: 549300NRNTB6O4IKO841
Trading symbol: KJELL

Financial calendar

Interim report for the nine months ended 30 September 2021
18 November 2021

Year end report 2021
25 February 2022

Annual report 2021
20 April 2022

Interim report for the three months ended 31 March 2022
18 May 2022

Annual general meeting 2022
19 May 2022

Summary

Introduction and warnings

This summary should be read as an introduction to this Prospectus. Any decision to invest in securities entails risks and an investor may lose all or part of the invested capital. Any decision to invest in the securities should be based on a consideration of this Prospectus as a whole by the investor. Where a claim relating to the information in this Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating this Prospectus before the legal proceedings are initiated. Civil liability may attach to those persons who produced this summary, including any translation thereof, but only if this summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus or it does not provide, when read together with the other parts of this Prospectus, key information in order to aid investors when considering whether to invest in such securities.

Kjell Group AB (publ) is a Swedish public limited liability company (Sw. *publikt aktiebolag*) with corporate registration number 559115-8448 and address Tärnögatan 6, SE-211 24 Malmö, Sweden. The ISIN number of the shares comprised by the Offering is SE0016797591 and the Company's LEI code is 549300NRNTB6O4IKO841. The trading symbol of the Company's shares on Nasdaq First North Growth Market will be KJELL.

The SFSA is the competent authority responsible for approving the Swedish language prospectus (the "**Swedish Prospectus**") in accordance with the Prospectus Regulation. The SFSA's registered address is Finansinspektionen, Brunnsgatan 3, P.O. Box 7821, SE-103 97 Stockholm, Sweden, telephone number +46(0)8 408 980 00, www.fi.se. The Swedish Prospectus was approved by the SFSA on 6 September 2021.

Key Information on the issuer

Who is the issuer of the securities?

The Company is a Swedish public limited liability company (Sw. *publikt aktiebolag*), incorporated in Sweden, with its registered office in Malmö, Sweden. The Company's business is operated under Swedish law and the Company's legal form is governed by the Swedish Companies Act (2005:551) (Sw. *aktiebolagslagen (2005:551)*). The Company's LEI code is 549300NRNTB6O4IKO841.

Kjell & Company is a leading[1)] player in consumer electronics accessories, with a relevant and curated assortment of approximately 8,000[2)] products. The Company combines a large product range with a high degree of advice and customer service, which is offered via a seamless omni-channel offering – online, through 130[3)] service points (of which 107 are in Sweden and 23 in Norway) and in partnership with Circle K at 292[4)] stations across Sweden. Through the acquisition of AV-Cables, which was completed on 29 April 2021, Kjell & Company is also established in the Danish market and further strengthens its position in the Nordics. Through Kjell & Company's loyalty club, with approximately 2.4 million members[5)], the Company has an in-depth understanding of people's technology needs, and the Company's approximately 1,200[6)] employees[7)] work daily to enhance everyday lives through technology.

1) Arkwright – Market Study. Kjell & Company and Elgiganten are both market leaders in the Swedish CEA market with a market share of about 11% each.
2) Products with different properties such as colour and length which as per 30 June 2021 are available in all of Kjell & Company´s sales channels.
3) As per 30 June 2021.
4) As per 30 June 2021. Circle K acts as retailer and sells a selection of Kjell & Company's assortment.
5) As per 30 June 2021.
6) As per 30 June 2021.
7) Refers to total number of people employed.

Key financial information regarding the issuer

Selected income statement items

MSEK unless otherwise stated	Financial year[1) 2020	2019	2018	For the six months ended 30 June[2) 2021	2020
Net sales	1,999.0	1,871.0	1,690.9	990.2	840.9
Operating profit	139.3	138.2	126.5	31.5	23.5
Net profit (loss) for the period	58.8	52.5	45.8	–5.1	–13.5
Earnings per share before and after dilution[3), SEK	1.43	1.22	0.96	–2.44	–2.97

1) Retrieved from the Group's audited consolidated financial statements from and for the 2020, 2019 and 2018 financial years.
2) Retrieved from the Group's unaudited condensed consolidated financial statements for the period January–June 2021 with comparative figures for the period January–June 2020.
3) There were no potential common shares outstanding that could give rise to a dilution in either the six months ended 30 June 2021 or the financial years ended 2018, 2019 or 2020. Profit (loss) per share after dilution is therefore the same as profit (loss) before dilution for all periods presented.

Selected balance sheet items

MSEK unless otherwise stated	As of 31 December 2020	2019	2018	As of 30 June 2021
Total assets	2,144.7[1)	2,103.8[1)	2,105.8[1)	2,339.1[2)
Total equity	369.3[1)	311.4[1)	256.6[1)	382.8[2)
Net debt[3)4)	802.3	926.3	1,023.6	1,207.3

1) Retrieved from the Group's audited consolidated financial statements from and for the 2020, 2019 and 2018 financial years.
2) Retrieved from the Group's unaudited condensed consolidated financial statements for the period January–June 2021 with comparative figures for the period January–June 2020.
3) An unaudited alternative performance measure that is not defined under IFRS and is not a substitute for IFRS performance measures. Net Debt illustrates the Company's total indebtedness and consists of current and non-current interest-bearing liabilities and current and non-current lease liabilities less cash and cash equivalents.

Selected cash flow items

MSEK unless otherwise stated	Financial year[1) 2020	2019	2018	For the six months ended 30 June[2) 2021	2020
Cash flow from operating activities	237.0	181.4	211.6	–41.5	12.4
Cash flow from investing activities	–41.3	–43.7	–16.6	–263.1	–23.5
Cash flow from financing activities	–149.3	–129.6	–95.4	20.9	88.7

1) Retrieved from the Group's audited consolidated financial statements from and for the 2020, 2019 and 2018 financial years.
2) Retrieved from the Group's unaudited condensed consolidated financial statements for the period January–June 2021 with comparative figures for the period January–June 2020.

Pro forma financial statements

On 29 April 2021 Kjell & Company completed the acquisition of AV-Cables. The purpose of the pro forma financial statements is to demonstrate the hypothetical impact the acquisition and the financing of the acquisition would have had on Kjell Group AB (publ)'s consolidated income statement of the financial year ended 31 December 2020 as if it had been completed prior to the start of the 2020 financial year, and the consolidated income statement for the six month period ended 30 June 2021 as if it had been completed prior the start of the 2020 financial year. See further "*Pro forma financial statements*".

Pro forma income statement items for the 2020 financial year

The consolidated proforma income statement for the 2020 financial year has been composed as if the acquisition of AV-Cables took place on 1 January 2020.

	Audited	*Audited**	*Unaudited*	*Unaudited*	*Unaudited*
	Kjell Group AB (publ) 1 Jan 2020– 31 Dec 2020	**AV-Cables. DK Aps 1 Jan 2020– 31 Dec 2020**	**Adjustments of accounting policies**	**Pro forma adjustments**	**Pro forma Kjell Group AB (publ) 1 Jan 2020– 31 Dec 2020**
TSEK unless otherwise stated	IFRS	Danish GAAP	Difference in transition to IFRS		
Operating income	**2,007,709**	**305,180**	**–325**	**–**	**2,312,563**
Operating profit	**139,316**	**46,371**	**–443**	**–17,283**	**167,961**
Net profit for the year	**58,838**	**34,561**	**–356**	**–20,779**	**72,265**

* The pro forma financial statements for the period 1 January–31 December 2020 was taken from AV-Cables' annual report for the 1 January–31 December 2020 financial year, which has been audited by Rathmann & Mortensen. AV-Cables uses a different presentation formation for the classification of items in the income statement of its annual report. For the preparation of the pro forma information, the income statement from AV-Cables' internal accounting system were used to harmonise classifications to follow the Kjell Group AB (publ) income statement in the historical financial information 2020 in this Prospectus.

Pro forma income statement items for the six month period ended 30 June 2021

The consolidated pro forma income statement for the six month period ended 31 June 2021 has been composed as if the acquisition of AV-Cables took place on 1 January 2020.

	Unaudited	*Unaudited**	*Unaudited*	*Unaudited*	*Unaudited*
	Kjell Group AB (publ) 1 Jan 2021– 30 Jun 2021	**AV-Cables. DK Aps 1 Jan 2021– 30 Apr 2021**	**Adjustments of accounting policies**	**Pro forma-adjustments**	**Proforma Kjell Group AB (publ) 1 Jan 2021– 30 Jun 2021**
TSEK unless otherwise stated	IFRS	Danish GAAP	Difference in transition to IFRS		
Operating income	**995,962**	**136,644**	**–45**	**–**	**1,132,561**
Operating profit	**31,479**	**23,972**	**–52**	**–88**	**55,310**
Net profit for the period	**–5,099**	**18,029**	**–45**	**–1,216**	**11,668**

* The pro forma information prior to the acquisition for the period 1 January–30 April 2021 was taken from AV-Cables' internal accounting (unaudited). For the preparation of the pro forma information, AV-Cables internal unaudited financial report for the interim period 1 January–30 June 2021 was reclassified to follow the Kjell Group AB (publ) income statement for the period 1 January–30 June 2021. This reclassification has been based on the on the information obtained from AV-Cables internal accounting systems.

What are the key risks that are specific to the issuer?

Kjell & Company's business, earnings and financial position are impacted by risks related to its business environment and consumer behaviour

Kjell & Company's addressable market comprises the market for consumer electronics accessories (CEA) in Sweden, Norway and Denmark. As a result, Kjell & Company's net sales and earnings are significantly impacted by consumer behaviour in the Swedish, Norwegian and Danish CEA markets, which are in turn impacted by many factors beyond Kjell & Company's control. A decline in size, unpredictable changes or other adverse developments in the CEA markets in Sweden, Norway or Denmark, or other markets into which Kjell & Company may expand may adversely impact Kjell & Company's net sales and Kjell & Company may have to reduce or forego investments intended to generate growth, including investments in its multi-channel sales platform ("**omni-channel platform**"), delay opening new service points or relocating existing ones, or close existing service points, which could adversely impact Kjell & Company's growth. Moreover, under such circumstances, Kjell & Company's profitability may be adversely affected by a lower return on the fixed costs associated with the operations, such as fixed rental costs, or by Kjell & Company having to rely more heavily on promotions to remain competitive in the consumer electronics accessories market as a result of a decline in purchasing power and an increased propensity to pre-purchase price comparisons among Kjell & Company's customers for example. All of these potential risks could have a material adverse impact on Kjell & Company's earnings and financial position.

Kjell & Company is exposed to competition and has to adapt its strategy to address competition from existing and potential new players operating in the consumer electronics market

The CEA markets in Sweden, Norway and Denmark are exposed to competition. Any inability on the part of Kjell & Company to successfully anticipate, identify and adapt its strategies to success factors and any changes thereto, may negatively impact customers' perception of Kjell & Company's ability to meet their demand. This could result in a lower than expected sales performance, particularly if Kjell & Company's competitors prove more successful in these regards, with a resulting loss of market shares for Kjell & Company and consequently being forced to lower product prices in order to dispose of excess inventory or slow-selling inventory, or in Kjell & Company being forced to recognise larger than normal obsolescence deductions. Any of these effects could have a material adverse effect on Kjell & Company's operations and financial position. The risk remains that Kjell & Company will be unable to compete successfully with existing or potential new competitors even if Kjell & Company effectively adapts its strategy to meet changed competitive and market conditions. Existing or potential new customers may also prefer to shop from other online stores with a broader offering and more aggressive pricing than Kjell & Company, which would weaken Kjell & Company's market position and lead to lower net sales.

Actions taken by Kjell & Company's competitors may negatively impact Kjell & Company's pricing, sales growth and gross profit and thereby its profitability. In the event that a competitor with greater financial resources than Kjell & Company were to implement such measures over an extended period, it could have a material negative impact on Kjell & Company's earnings. If competitors succeed in gaining competitive advantages or if Kjell & Company becomes subject to competitive pressures of the kind described above or otherwise, Kjell & Company's net sales, operating profit, profitability and market share could decline, which could have a material adverse impact on Kjell & Company's net sales, gross profit and thereby its earnings and cash flow.

Kjell & Company's growth depends on expansion of the customer base and increased sales to existing customers through a successful implementation of Kjell & Company's growth strategy

To achieve growth, Kjell & Company is dependent on expanding its customer base and increasing sales to existing customers through successful implementation of its growth strategy. A risk remains that Kjell & Company is unable to allocate adequate resources to implement the actions required by its growth strategy or that the growth strategy does not have the intended effect due to factors that are, in whole or in part, that are beyond Kjell & Company's control, including misleading analysis, unanticipated developments in the business environment, inadequate logistics capacity, lack of experience or due to the unsuitability of Kjell & Company's business model for expansion into the selected markets. Should Kjell & Company prove unable to implement its growth strategy, this could prevent Kjell & Company from successfully reaching new customers and increasing the share of net sales to existing customers, and thereby have a material adverse impact on Kjell & Company's growth and returns on investments made and, consequently, its operations and earnings.

Kjell & Company could be prevented from successfully expanding its online channels, and increased sales through online channels could negatively impact Kjell & Company's service points.

Kjell & Company's omni-channel platform is based on conducting sales and marketing through a combination of various collaborative channels: online, via service points and via collaboration partners. The success of Kjell & Company's initiatives in terms of meeting increased demand for e-commerce depends on Kjell & Company's customers' preferences and behaviour as well as Kjell & Company's ability to analyse, adapt to and influence these. All of these factors can be difficult to anticipate. Kjell & Company's growth may be impeded by any failure on the part of Kjell & Company to collect data about, analyse, adapt to and influence the trading patterns of its customers and thereby meet the increased demand for e-commerce. Moreover, expected returns on the investments made by Kjell & Company to adapt its online channel in a timely manner to meet the increased demand for e-commerce may not be realised, thereby resulting in reduced profitability. Increased focus on e-commerce may also reduce Kjell & Company's service point sales volumes through permanent changes in the preferences and behaviour of Kjell & Company's customers, which could lead to lower net sales and the need to close service points. The closure of service points may however be hindered and Kjell & Company may therefore, over a transition period, be forced to pay rent for unused premises, which would negatively impact Kjell & Company's profitability. To the extent that customers' increased e-commerce focus leads to a downgrade in prioritising service and personal meetings, existing or potential new customers may prefer to shop with other online stores with a broader offering and more aggressive pricing instead of Kjell & Company, which would weaken Kjell & Company's market position and lead to lower net sales.

Problems related to Kjell & Company's IT systems could impede Kjell & Company's business operations

Kjell & Company uses multiple IT systems continuously in various parts of its operations and the IT organisation has been a driving factor in many of the Company's strategic initiatives in recent years, inter alia, the development of, and integration between, the loyalty programme and kjell.com, which required considerable investment during the 2019 and 2020 financial years and the period January–June 2021. Should Kjell & Company's IT systems cease to function appropriately, those parts of Kjell & Company's operations that depend on the IT systems could be adversely impacted. Even if these problems arise as a result of shortcomings at third-party suppliers or faults attributable to hardware or software for which Kjell & Company's suppliers are liable, a risk remains that Kjell & Company will be unable to receive compensation for the adverse effects caused by such problems. Kjell & Company could also be prevented from locating and implementing alternative systems or suppliers in time and on commercially acceptable terms, and from finding alternative suppliers that can uphold the requisite quality and satisfy the needs for seamless integration that stem from Kjell & Company's omni-channel platform.The realisation of any of the aforementioned risks, or other problems with Kjell & Company's IT systems that could have an equivalent impact on Kjell & Company's operations, could have a material adverse impact on Kjell & Company's operations, earnings and cash flow.

Kjell & Company is dependent on retaining and where necessary being able to recruit suitable members to its Group management and other managerial personnel

Kjell & Company's successes are dependent on its Group management, which has in-depth experience of managing and expanding Nordic retail operations, and on their ability at all other levels of the organisation to attract and retain competent managerial personnel. Managers at different levels in the organisation lead the daily business and ongoing functions and serve as an interface that connects Kjell & Company and Group management to its customers and other stakeholders and they are thus important to Kjell & Company's ability to analyse and adapt to local market conditions. A failure on their part in successfully operating the business and reporting to Group management, and in promoting relations with stakeholders, could thus have a material adverse effect on Kjell & Company's ability to implement its strategy and maintain necessary relations with stakeholders. Should employees at other levels of the organisation have a negative opinion of the future prospects within the organisation, this could make it difficult for Kjell & Company to recruit suitable members to Group management or other managerial personnel. It could also be difficult for Kjell & Company to conduct its operations efficiently and achieve its growth targets if Kjell & Company were to lose members of Group management or managers at other levels of the organisation, including managers of service points, and be unable to find suitable replacements, or if Kjell & Company failed to attract or retain competent managerial personnel on competitive terms and conditions. In addition, if such employees decided to leave Kjell & Company to work for competing businesses, Kjell & Company could find it difficult to operate the service points concerned and to attract and retain customers. Such a development could have a material adverse effect on Kjell & Company's net sales and earnings.

Kjell & Company is dependent on employing and retaining skilled personnel on competitive terms and conditions

The industry in which Kjell & Company operates is generally personnel-intensive and Kjell & Company is thereby dependent on its ability to employ and retain competent personnel who work in service points and warehouses and who understand and appreciate Kjell & Company's corporate culture, customers and products. High employee turnover makes it difficult for Kjell & Company to ensure that its personnel live up to its requirements in terms of service and technical expertise and to act loyally in relation to Group management and other managers, which could lead to customer dissatisfaction and problems in achieving necessary internal control and governance. Such a development could result in reduced net sales in the event that potential customers refrain from purchasing products from Kjell & Company. Kjell & Company also uses a significant number of insourced contract workers and part-time employees to be able to manage seasonal workload peaks. This could result in temporarily higher personnel costs due to higher hourly costs for insourced personnel and a risk remains that Kjell & Company will not manage to find sufficient numbers of such personnel and thus be unable to adequately staff its service points and warehouses. Under such circumstances, Kjell & Company could be forced to compensate staff through raised salaries and other costly measures. In accordance with labour market regulations in the jurisdictions where Kjell & Company conducts operations, temporary staff may also be reclassified as permanent employees and thereby obtain rights and benefits as employees, which could lead to increased personnel costs for Kjell & Company and reduced staffing flexibility. If Kjell & Company is unable to employ and retain competent personnel on competitive terms or at all, it could be difficult for Kjell & Company to conduct its operations in an efficient manner or to achieve its growth targets, which could lead to increased labour costs, a lower degree of service and have a material adverse effect on Kjell & Company's net sales and profitability.

Non-compliance with rules applicable to Kjell & Company's operations and products may result in penalties or harm the perception of Kjell & Company held by its suppliers and customers

In its operations, Kjell & Company must comply with various national regulations, union rules and international regulations, including regulations concerning taxation, marketing, labour force, the environment, importation of goods and product safety. Due to the complexity associated with compliance and obtaining necessary registrations or approvals, a risk remains that Kjell & Company may fail to comply with applicable regulations and fail to receive necessary approvals. In addition to the direct effects of an actual or alleged compliance violation, in the form of sanctions, Kjell & Company's reputation could also be adversely impacted. Viewed as a whole, inadequate compliance or an inability to implement necessary registrations or obtain necessary approvals could thus have a material adverse effect on Kjell & Company's operations, earnings and financial position.

Kjell & Company's compliance with applicable data protection regulations may be inadequate

Kjell & Company processes a large amount of historical data primarily related to its customers and employees, including payment data and sensitive information about its customers' personal characteristics and transactions from its loyalty programme, in both an electronic and a physical format, in its internal IT systems and IT systems from third parties, such as Kjell & Company's business system, Dynamics NAV. Regardless of considerable investments by Kjell & Company, its data protection processes and methods, including measures for network checks, confidentiality and cyber training, and communication concerning these matters, as well as the appointment of data protection officers, may be insufficient to prevent breaches of data protection laws or improper disclosure or processing of personal data, including sensitive customer data, contrary to applicable laws, regulations and agreements. IT or system shortcomings or faults in these systems could also facilitate theft and result in a loss of data. Should Kjell & Company's policies, processes or systems be adjudged to not comply with, or in the past not have complied with, applicable data protection laws and regulations, or should Kjell & Company fail in all significant respects to protect or process customer data or other personal data in compliance with applicable laws and regulations, this could lead to fines, legal action and breaches of arrangements in agreements and/or disputes as well as the payment of compensation, which could in turn have a material adverse effect on Kjell & Company's reputation and profitability. Compliance with data protection laws requires continuous investment in systems, processes, policies and personnel and could require material investments in the future, which could have additional effects on Kjell & Company's operations.

Kjell & Company is dependent on external financing and may be prevented from securing new financing, or refinancing of its existing loans when they mature, on advantageous terms and conditions, or at all

Kjell & Company has significant liabilities and has on a number of occasions raised loans and other credits, and raised equity, to secure the financing of its operations, growth strategy and liquidity. Both the point in time and the scope of Kjell & Company's needs for future financing depend on several factors, including investment opportunities and Kjell & Company's ability to generate a positive cash flow. In addition, access to financing depends on several factors, such as market conditions, general access to credits, Kjell & Company's credit capacity and the opinion that Kjell & Company's lenders or credit rating agencies have of Kjell & Company's long- or short-term financial outlook and Kjell & Company's compliance with covenants commitments and terms and conditions under existing borrowing agreements. Disruptions or uncertainties in the capital and credit markets may also limit access to capital. Accordingly, a risk remains that Kjell & Company may be unable to secure funding at a reasonable cost or on acceptable terms in the future. Should Kjell & Company be unable to secure financing, this could prevent Kjell & Company from conducting its operations and implementing its strategy, which could have a material negative effect on Kjell & Company's cash flow from financing activities and a material impact on net sales and profitability.

Key information on the securities

What are the main features of the securities?

The Offering consists of shares in the Company. The ISIN number of the shares is SE0016797591. The shares are denominated in SEK. Prior to the Offering, the Company's share capital amounts to SEK 514,805.50 distributed among 32,961,100 shares with a quota value of SEK 0.015619 each. All shares in the Company are fully paid, entitle the holder to one vote each at a general meeting and give equal rights to dividends and the Company's assets and possible surpluses in the event of liquidation. All shareholders that are registered in the share register maintained by Euroclear Sweden AB ("**Euroclear Sweden AB**") on the record date adopted by the shareholders' meeting shall be entitled to receive dividends.

With the exception of the undertakings not to transfer shares in the Company during a period of time from the first day of trading of the Company's shares on Nasdaq First North Growth from, among others, the members of the board of directors of the Company, the shares in the Company are freely transferrable in accordance with applicable law.

The rights associated with the shares issued by the Company, including those pursuant to the articles of association, can be amended in accordance with the procedures set out in the Swedish Companies Act (2005:551).

Where will the securities be traded?

Nasdaq Stockholm has on 23 August 2021 made the assessment that the Company fulfils the listing requirements on Nasdaq First North Growth Market. Nasdaq First North Growth Market is a multilateral trading platform facility and is not a regulated marketplace. Nasdaq Stockholm will approve an application for admission to trading of the Company's shares on Nasdaq First North Growth subject to certain conditions, including that the Company submits such an application and fulfils the distribution requirement for its shares. Trading in the Company's shares is expected to commence on or about 16 September 2021.

What are the key risks that are specific to the securities?

There is no prior public market for the Company's shares and an active, liquid and orderly trading market for the shares may not develop depending on various factors beyond Kjell & Company's control, the price of the shares may be volatile, and investors could lose a substantial portion or all of their investment

Prior to the Offering, there has been no public market for the Company's shares and there can be no assurance that an active and liquid market will develop following the Offering. As the Offer Price was determined by the Company and the Principal Owner in consultation with the Joint Global Coordinators, it may not necessarily reflect the price at which investors in the market will be willing to buy and sell the Company's shares following the Offering. In addition, the trading price of the Company's shares following the Offering may be volatile and could be subject to fluctuations in response to various factors, some of which are beyond Kjell & Company's control. The stock market in general has experienced price and volume fluctuations in the past. Broad market and industry factors may seriously affect the market price of a company's shares regardless of its actual operating performance. These fluctuations may be even more pronounced in the trading market for the Company's shares shortly following the Offering. There can consequently be no assurance that investors who purchase shares in the Offering or the secondary market will not lose a portion, or all, of their investment.

The Company's ability to declare dividends in the future is subject to a variety of factor

The declaration and payment of future dividends will be determined by the Company's shareholders, including the Principal Owner. The Company's ability to pay dividends in the future depends on numerous factors including, but not limited to, the Company's business, future profit, financial condition, results of operations, distributable reserves, cash flows, prospects, capital requirements, the ability of its subsidiaries to pay dividends to the Company, credit terms, general economic and statutory restrictions, and other factors that the Company's directors or shareholders deem significant from time to time. Nevertheless, there can be no assurance that dividends will be payable or paid in the future. This entails a significant risk to investors and may affect Kjell & Company's ability to attract investors whose investment decisions are particularly dependent on the opportunity to receive recurring dividends.

The Principal Owner will continue to have substantial influence over the Company after the Offering and could delay or prevent a change in corporate control

After the Offering, the Principal Owner will continue to have significant influence over the outcome of matters submitted to Kjell & Company's shareholders for approval, including the election of directors and any merger, consolidation or sale of all or substantially all of the Company's assets. Furthermore, the Principal Owner will continue to have significant influence over Kjell Company's management and its affairs. The interests of the Principal Owner could differ from the interests of the Company's other shareholders. Accordingly, the concentration of ownership to the Principal Owner could have a material adverse effect on the market price of the Company's shares by, among others, delaying, deferring or preventing a change in control; impeding a merger, consolidation, takeover or other business combination involving the Company; or discouraging a potential acquirer from making a tender offer or otherwise attempting to obtain control of the Company.

Future sales of the Company's shares may adversely affect the price of the shares

The market price of the Company's shares could decline as a result of sales of a large number of shares in the market after the Offering or the perception that these sales could occur, in particular if such sales are made by the Principal Owner, members of the board of directors of the Company, members of the Group management or other significant shareholders. These sales, or the possibility that these sales may occur, might also make it more difficult for the Company to sell equity securities in the future at a time and at a price that it deems appropriate. Although the Principal Owner, the members of the board of directors and members of the Group management, are subject to lock-up agreements with the Joint Global Coordinators that restrict their ability to sell or transfer their shares for 360 days for the members of the board of directors and members of the Group management and 180 days for other existing shareholders, after the date of the Placing Agreement, the Joint Global Coordinators may, in their sole discretion and at any time, waive the restrictions on sales or transfer in the lock-up agreements during this period. The restrictions on sales of shares under the lock-up agreements are also subject to exemptions that allow the relevant persons to sell their shares without prior approval under certain circumstances. Additionally, following the period when restrictions apply under the lock-up agreements, all shares owned by the Principal Owner will be eligible for sale or other transfer in the public market, subject to applicable securities laws restrictions. Any sales of substantial amounts of the Company's shares in the public market by the shareholders subject to the lock-ups or the Company's other current shareholders, or the perception that such sales might occur, could cause the market price of the Company's share to decline, which entails a significant risk for investors.

The commitments by the Cornerstone Investors are subject to certain conditions and the Cornerstone Investors are not subject to any formal lock-up arrangement

The Cornerstone Investors (AMF Fonder, Carnegie Fonder, Fosielund Holding, Lazard Asset Management, LMK Venture Partners, RoosGruppen and Strand Kapitalförvalning) have committed to acquire, at the Offer Price, a number of shares in the Offering equivalent to 4.8 percent, 2.9 percent, 7.0 percent, 2.9 percent, 2.9 percent, 2.9 percent and 7.0 percent, respectively, of the shares following completion of the Offering and the Share Structure Simplification. The Cornerstone Investors' undertakings are subject to conditions. If such conditions are not satisfied, the Cornerstone Investors will not be required to acquire any shares. In addition, the Cornerstone Investors' undertakings are not secured through bank guarantees, blocked funds or pledge of collateral or any other similar arrangements. Accordingly, there can be no assurance that payment of the purchase price and settlement of the shares in the Offering for the Cornerstone Investors will occur in connection with the closing of the Offering as anticipated, which could have a material adverse effect on the completion of the Offering. In addition, the Cornerstone Investors' shares will not be subject to any formal lock-up arrangement. As a result, there can be no assurance that the Cornerstone Investors will not divest part of all of their respective shareholdings at any time. Any sales of substantial amounts of the shares could cause the market price of the shares to decline.

Key information on the offer of securities to the public

Under which conditions and timetable can I Invest in this security?

On 23 August 2021, Nasdaq Stockholm's Listing Committee has made the assessment that the Company fulfils the stock exchange's listing requirements. Nasdaq Stockholm will approve an application for admission to trading of the Company's shares on Nasdaq First North Growth Market subject to certain conditions, including that the Company submits such an application and fulfils the distribution requirement for its shares. Trading in the Company's shares is expected to commence on or about 16 September 2021.

The Offering is conditional on the Company, the Principal Owner and the Managers signing a placing agreement (the "**Placing Agreement**"), which is expected to take place on or about 15 September 2021. The Offering is conditional on the Joint Global Coordinators believing there to be sufficient interest in the Offering to enable trading in the shares, the Placing Agreement being signed, certain terms and conditions in the Placing Agreement being fulfilled and the Placing Agreement not being terminated. The Offering comprises a maximum of 16,652,904 shares whereof 7,272,727 new shares and 9,380,177 existing shares. The Offering is divided into two components:

- an Offer to the general public in Sweden
- An Offer to institutional investors in Sweden and abroad.

The Offer Price has been set to 55 kronor per share by the Company and the Principal Owner in consultation with the Joint Global Coordinators based on the anticipated demand from institutional investors. Brokerage commission will not be charged.

The issue of new shares entails an increasd in the number in the Company by 7,272,727 shares, which corresponds to a dilution of 23.3 percent.

The decision on the allotment of shares in the Offering will be made by the Company and the Principal Owner, in consultation with the Joint Global Coordinators, whereby the goal will be to achieve a strong institutional ownership base and a broad distribution of the shares, in order to facilitate a regular and liquid trading in the shares on Nasdaq First North Growth Market.

The Company's costs relating to the Offering and the admission to trading of the shares in the Company on Nasdaq First North Growth Market, including payment to advisors and other anticipated transaction costs are estimated to amount to approximately SEK 56 million in total, of which SEK 35 million is expected to affect the income statement. SEK 23 million is included in the Company's accounts up to 30 June 2021, of which SEK 13 million for the period January-June 2021.

Timetable for the offering:

Application period for the general public	7 September 2021 – 14 September 2021
Application period for institutional investors	7 September 2021 – 15 September 2021
First day of trading in the Company's shares	16 September 2021
Settlement date	20 September 2021

Who is the offeror and/or the person asking for admission to trading?

Kjell Group AB (publ), reg. no. 559115-8448, with its registered office in Malmö, Sweden, is a Swedish public limited liability company founded in Sweden under Swedish law, incorporated in Sweden and operating under Swedish law. The Company's legal form is governed by the Swedish Companies Act (2005:551) (Sw. *aktiebolagslagen (2005:551)*). The Company's LEI-code is 549300NRNT-B6O4IKO841.

The Principal Owner is FSN Capital GP IV Limited, acting in its capacity as general partner for each one of FSN Capital IV LP, FSN Capital IV (B) LP and FSN Capital IV Invest LP.

The table below sets forth the Selling Shareholders and other shareholders in the Company that will sell shares in connection with the Offering and the number of shares offered for sale.

Name	Address	LEI-Code	Legal form	Country of incorporation and jurisdiction	Number of shares offered by each Selling Shareholder[1]
FSN Capital GP IV Limited[2]	11-15 Seaton Place St Helier JE4 0QH Jersey	894500RUD1-05U3P94H88	Limited company	Jersey	8,769,757
Skandinaviska Enskilda Banken AB (publ)	Kungsträdgårdsgatan 8, 106 40 Stockholm	F3JS33DEI6X-Q4ZBPTN86	Public limited liability company	Sweden	301,859
Lemander Group AB[2]	Järnvägsgatan 52, 216 14 Limhamn	254900QG43-GAT2F51J32	Private limited liability company	Sweden	72,886
Marcus Dahnelius	Bolagets adress[4]	–	–	–	655,986
Fundamentet 8630 AB (pending name change to Aledal Invest AB)[4]	Aledalsvägen 30, 246 52 Löddeköpinge	254900E392-62I3EJ4I50	Private limited liability company	Sweden	564,067
Mikael Sundin	The Company's address[5]	–	–	–	728,858
Kjell Dahnelius	The Company's address[5]	–	–	–	730,760
Other shareholders[6]	–	–	–	–	53,939

1) Assuming that the Overallotment Option is fully exercised.
2) FSN Capital GP IV Limited acting as general partner for each of FSN Capital IV LP, FSN Capital IV (B) LP and FSN Capital IV Invest LP.
3) Company wholly owned by former board member and deputy board member Marcus Dahnelius.
4) Company wholly owned by board member Fredrik Dahnelius.
5) C/O Kjell Group AB (publ), Box 50435, 202 14 Malmö.
6) Provided that the Offering is carried out, some other shareholders (who are not Selling Shareholders in the Offering) are expected to transfer shares to FSN Capital GP IV Limited which in turn will sell the shares in the Offering: CCO Joel Rönneman (expected to transfer 9 639 shares), CTO Martin Knutson (expected to transfer 13 716 shares) as well as another employee (expected to transfer 30 584 shares).

Why is this prospectus being produced?

The Company's board of directors and management considers the Offering and listing of the Company to be a logical and important step in Kjell & Company's continued development that will further increase awareness among current and potential customers and suppliers about the Company and its business. The Offering and listing will provide the Company with an expanded shareholder base and enable access to the Swedish and international capital markets, which is assessed to promote the Company's continued growth and development. For these reasons, the board of directors intends to apply for listing on Nasdaq First North Growth Market.

The Company's working capital is, as of the date of the Prospectus, insufficient to cover its current need for working capital in the coming twelve month period. When the Company has evaluated its working capital requirement in accordance with the statement in this Prospectus, consideration has been given to whether the Company would be able to attain access to liquid funds and other available liquid assets, in order to cover its debts as they fall due. The deficit in the Company's working capital arises as a result of a total of SEK 963 million in outstanding loans and estimated accrued interest under the Group's current credit facility falling due for payment in connection with the Company's listing on Nasdaq First North Growth Market, in connection with the change of control, that is expected to occur on the settlement date as a result of the New Credit Facilities becoming available on the settlement date. As a result of this, taking into account the Company's existing business plan, the Company's working capital deficit during the twelve month period from the day of this Prospectus, is estimated to amount to approximately SEK 250 million, and shortfall may occur on the settlement date in the offer, September 20, 2021.

The Offering is conditional on issue proceeds of at least SEK 400 million prior to deductions for transaction costs. The Offering is subject to commitments from the Cornerstone Investors totaling SEK 523 million, corresponding to +130 percent of the net proceeds from the issue of new shares in the Offering (provided that the issue of shares in the Offering is fully subscribed) and 30.5 percent of the total number of shares in the Offering (provided that the Offering is subscribed in full). The Cornerstone Investors commitments are not secured through a bank guarantee, blocked funds or pledge of collateral or any other similar arrangement. The Company's Board of Directors therefore assesses that the conditions for successfully implementing the Offering, and thus that the Company's working capital requirements are remedied, as very good.

The Company will carry out an issue of new shares in connection with the Offering. The issue of new shares is expected to provide Kjell & Company with proceeds of approximately SEK 400 million before deduction of transaction costs of approximately SEK 56 million. Consequently, Kjell & Company expects to receive net proceeds of SEK 344 million[8] through the offer. The Company intends to use the net proceeds in full to repay outstanding loans and thereby reduce its debts and adjust it to Kjell and Company's financial target for the capital structure. Kjell & Company will not receive any proceeds from the sale of existing shares.

The Joint Global Coordinator provide financial advice and other services to the Company in connection with the Offering, for which they will receive customary remuneration. The Joint Global Coordinators have in the ordinary course of business, from time to time, provided, and may in the future provide various banking, financial, investment, commercial and other services to the Company.

8) Of the total transaction costs of SEK 56 million, SEK 23 million is included in the Company's accounts up to 30 June 2021.

Risk factors

An investment in securities is associated with risks. Prior to making a decision to invest, it is important to carefully analyse the risk factors that are considered material in regards to Kjell & Company and the future result of the shares. For example, risks regarding Kjell & Company's operations and market, legal risks, financial risks and risks attributable to the Offer and admission to trading on Nasdaq First North Growth Market. The risk factors that are currently considered material for Kjell & Company and the shares are described below. The materiality of the risk factors has been assessed based on their likelihood and on the extent of any adverse effects that may arise should they transpire. The risk factors that are considered most relevant are presented first in each subsection but otherwise the risk factors are not ranked in any particular order of importance. The description of the factors below is based on information available on the date of this Prospectus.

Risks related to industry and business

Risks related to Kjell & Company's industry

Kjell & Company's operations, earnings and financial position are impacted by risks related to its business environment and consumer behaviour

Kjell & Company's addressable market comprises the market for consumer electronics accessories (CEA) in Sweden, Norway and Denmark. All of Kjell & Company's physical service points (service points) are located in Sweden and Norway, whereas Kjell & Company's online channel focuses on the Swedish, Norwegian and Danish markets. As a result, Kjell & Company's net sales and earnings are significantly impacted by consumer behaviour in the Swedish, Norwegian and Danish CEA markets, which are in turn impacted by many factors beyond Kjell & Company's control. Ultimately, these factors control the purchasing power of Kjell & Company's customers and thereby demand for the products Kjell & Company sells. Moreover, these factors include, inter alia, current and future general economic conditions as well as consumers' perceptions of such conditions, the scope of consumers' private consumption, employment rates, inflation and deflation, consumer age demographics, average family size, consumer preferences, ability to pay and financial position, interest and tax rates, and policies. Growth in the CEA market is also influenced by market-specific underlying trends such as the number of connected devices, the number of accessories per consumer electronics product (CE), needs for convenience and service, and focus on sustainability, which in turn are influenced by general economic conditions.

Historically, weak general economic conditions have had limited impact on Kjell & Company's net sales, but have given rise to changes in customer demand to which Kjell & Company has had to adjust. For example, Kjell & Company believes that demand for consumer electronic accessories for new consumer electronics products may increase during economic upturns, while demand for consumer electronics accessories that extend the life of consumer electronics products may increase during economic downturns and also due to a focus on sustainability. A decline in size, unpredictable changes or other adverse developments in the CEA markets in Sweden, Norway or Denmark, or other markets into which Kjell & Company may expand may adversely impact Kjell & Company's net sales and Kjell & Company may have to reduce or forego investments intended to generate growth, including investments in its multi-channel sales platform ("**omni-channel platform**"), delay opening new service points or relocating existing ones, or close existing service points, which could adversely impact Kjell & Company's growth. Moreover, under such circumstances, Kjell & Company's profitability may be adversely affected by a lower return on the fixed costs associated with the operations, such as fixed rental costs, or by Kjell & Company having to rely more heavily on promotions to remain competitive in the consumer electronics accessories market as a result of a decline in purchasing power and an increased propensity to pre-purchase price comparisons among Kjell & Company's customers for example. All of these potential risks could have a material adverse impact on Kjell & Company's earnings and financial position.

Kjell & Company is exposed to competition and has to adapt its strategy to address competition from existing and potential new players operating in the consumer electronics market

The CEA markets in Sweden, Norway and Denmark are exposed to competition. The Swedish market is relatively fragmented and comprises Kjell & Company, as the only player of significant size with a specific focus on consumer electronics accessories, as well as traditional consumer electronics chains, with CEA products as their secondary focus area and consumer electronics products as their primary focus area, online players, in the form of online-based technology retailers, and home improvement chains. Compared with the CEA market in Sweden, which is more fragmented, traditional consumer electronics chains have a relatively high share of the CEA market in Norway. Similar to the Norwegian CEA market, the Danish market is less fragmented than the Swedish market and the traditional consumer electronics chains have relatively high market shares. The traditional consumer electronics chains include Elgiganten, MediaMarkt and NetOnNet, players whose main sales channel is online such as Komplett and Inet, the home improvement chains Clas Ohlson and Jula, and food and furniture retailers such as Axfood, IKEA and Bilka. The type of competition varies primarily by product category and, for service points, geographic location. Kjell & Company has also been exposed to competition from other online-based players than technology retailers, such as Amazon following its entry in the Swedish market during the fourth quarter of in 2020, and additional competitors could emerge in the future. Accordingly, the nature of Kjell & Company's competitors varies and may change over time.

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

Any inability on the part of Kjell & Company to successfully anticipate, identify and adapt its strategies to such factors and any changes thereto, may negatively impact customers' perception of Kjell & Company's ability to meet their demand. This could result in a lower than expected sales performance, particularly if Kjell & Company's competitors prove more successful in these regards, with a resulting loss of market shares for Kjell & Company and consequently being forced to lower product prices in order to dispose of excess inventory or slow-selling inventory, or in Kjell & Company being forced to recognise larger than normal obsolescence deductions. Any of these effects could have a material adverse effect on Kjell & Company's operations and financial position.

The increased importance of e-commerce may also result in further alterations in the competitive landscape through changes in consumer preferences, including a decreased tendency to visit physical stores as part of the purchasing process. This in turn may lead to lower demand for the functionality provided by service points, thereby forcing Kjell & Company to change the service point offering or to close service points and move toward a more dedicated online-based operating model. Even though Kjell & Company has an extensive online service offering and largely drives visits to its service points via that channel, the risk remains that a changed offering or closure of service points will impede Kjell & Company in providing as comprehensive service and inspiration as is enabled by personal meetings at service points. Such a change could hinder Kjell & Company from leveraging the competitive advantages associated with high service levels, in particular in relation to customers who are more inclined to start and end their purchasing processes at service points. This could lead to lower profitability as a result of reduced sales and therefore a decreased return on the fixed costs associated with the provision of service at Kjell & Company's service points.

Kjell & Company's competitors may also merge or enter into strategic partnerships, which could lead to a changed competitive landscape in the markets where Kjell & Company operates. Actions taken by Kjell & Company's competitors, such as the implementation of aggressive pricing or sourcing strategies, as well as actions undertaken by Kjell & Company to maintain its competitive position and reputation may negatively impact Kjell & Company's pricing, sales growth and gross profit and thereby its profitability. For example, the Company's assessment is that aggressive pricing strategies, which historically have been applied by online players for retailing products from known brands with high demand, could force Kjell & Company to lower its prices with a consequent negative impact on Kjell & Company's margins. In the event that a competitor with greater financial resources than Kjell & Company were to implement such measures over an extended period, it could have a material negative impact on Kjell & Company's earnings.

If competitors succeed in gaining competitive advantages or if Kjell & Company becomes subject to competitive pressures of the kind described above or otherwise, Kjell & Company's net sales, operating profit, profitability and market share could decline, which could have a material adverse impact on Kjell & Company's net sales, gross profit and thereby its earnings and cash flow.

The COVID-19 pandemic has affected and could continue to adversely affect Kjell & Company and moreover, other similar pandemic threats may have a similar impact on Kjell & Company

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

Moreover, pandemics may reduce customers' inclination to visit service points and lead to restrictions or prohibitions on visits to stores, which would have negative consequences for sales from service points and the customer experience. Although lower sales at service points may be partially or fully compensated by increased sales through other channels, and an equivalent customer experience can be provided through service offerings such as Kjell & Company's digital one-to-one meetings, web-based services via chat, telephone and e-mail as well as the delivery of online orders direct to customers' cars outside stores, the opportunity for the physical personal meetings decreases and thereby the opportunity for working with customer loyalty and additional sales. Given that, within the framework of its omni-channel platform, Kjell & Company's service points are intended to facilitate interaction with customers and to inspire customers with Kjell & Company's offering, such a development could impede Kjell & Company in reaching and influencing customers and thus make it more difficult for the Company to fully implement its omni-channel strategy. From the 2019 financial year until the period January–June 2021, the share of Kjell & Company's sales attributable to service points decreased by approximately 15 percentage point (even if a part of the decrease can be explained by the acquisition of AV-Cables), at the same time as the significance of centrally located service points rose, which Kjell & Company believes was driven partly by the COVID-19 pandemic and which was most apparent from March to August 2020. A decline in sales at service points may result in a lower return on the fixed component of rental costs and personnel costs to staff Kjell & Company's service points and, to the extent that sales through service points are not replaced by online sales, a decrease in net sales, which could adversely impact Kjell & Company's profitability and earnings. There is a risk that rent discounts and other initiatives to mitigate the effects of the pandemic may not be available in the future. Kjell & Company may also have difficulty reversing measures taken to manage the effects of a pandemic after it has ended and adapting to changed market conditions due to difficulties in estimating the long-term effects on customer behaviour and the market structure.

Kjell & Company's ability to maintain appropriate staffing levels depends on its ability to anticipate future staffing needs. As a result of lower customer footfall at service points during the COVID-19 pandemic, the need for service point staff has decreased significantly at the same time as the need for staff to administer Kjell & Company's online platform has increased slightly. As a result, Kjell & Company had to short-timeterm furlough employees from March 2020 to May 2020 to avoid overstaffing. Other pandemics may have similar effects, but furlough support schemes may not be available. In particular, the profitability of Kjell & Company's service points could decline due to inefficient staffing. Overstaffing can lead to disproportionately high personnel costs relative to revenue and understaffing can lead to missed sales opportunities and an impaired customer experience. Similar effects may arise if Kjell & Company's personnel catch COVID-19 or other viruses and are prevented from working. For example, in November 2020, the personnel at Kjell & Company's service point in Nordstan, Gothenburg, caught COVID-19 and were prevented from working, which Kjell & Company managed by temporarily reassigning personnel from other service points to Kjell & Company's Nordstan service point in Gothenburg, to cover the temporary staff shortage. Moreover, Kjell & Company's employees may lose skills and experience and may choose to terminate their employment to seek other jobs, which could lead to increased training costs and increased risk of errors in the performance of their tasks.

Suppliers' capacity is affected by, inter alia, the availability of the components used in manufacturing, the availability of labour and the supply of energy, all of which may be affected by measures such as quarantine and general restrictions on the movement of people and goods, as well as labour shortages. For example, the closure of factories in China in the first quarter of 2020, which was carried out to counter the spread of COVID-19, significantly impacted the production of the products retailed by Kjell & Company and caused Kjell & Company to turn to suppliers in European countries that were less impacted by COVID-19 to secure supplies. Suppliers may also be prevented from delivering products due to bans on crossing national borders and other measures restricting the movement of goods. Reduced capacity may result in a decreased supply of products and thereby prevent Kjell & Company from meeting demand from its customers, resulting in lower net sales and higher purchase prices. Any such developments could adversely impact Kjell & Company's net sales if they result in lower sales and reduced profitability in cases where Kjell & Company is unable to raise prices to customers to compensate for the increased purchase prices.

Overall, any of the above risks could have a material adverse effect on Kjell & Company's operations and earnings.

The prices of Kjell & Company's products depend on their manufacturing costs as well as other parameters that, in whole or in part, are beyond Kjell & Company's control and which Kjell & Company may be prevented from compensating for through raising prices to its customers.

The consumer electronics accessories retailed by Kjell & Company are manufactured from various raw materials in manufacturing processes with varying degrees of complexity and which comprise multiple processes linked to several different countries. Accordingly, the manufacturing costs for the products vary as a result of price fluctuations for material and processes as well as for the labour used in manufacturing. These fluctuations indirectly affect purchase prices for Kjell & Company and thereby the prices Kjell & Company can set for sales to its customers. Moreover, purchase prices are impacted by Kjell & Company's transaction exposure when purchasing from countries with another currency than SEK, refer also to "*—Risks related to Kjell & Company's financial position—Kjell & Company is exposed to currency risks*"

The prices of the different manufacturing components mainly depend on factors such as supply and demand, energy prices and various political measures, including taxes, which are beyond the control of Kjell & Company and may be difficult to anticipate. As an example, a price increase for copper, plastic, rubber or silicon could lead to higher prices for conductors, semiconductors and insulators, which are used in most electronic products. Furthermore, production delays for components used in Kjell & Company's products could materially impact supply and consequently purchase prices as Kjell & Company is forced to compete with other players for a more limited supply. For instance, a production capacity imbalance at manufacturers, primarily in Taiwan, together with increased global demand in 2020 and 2021 led to higher semiconductor prices, which affected manufacturing costs for products containing circuit boards. Problems related to natural disasters have also influenced purchase prices of some of the products Kjell & Company retails. Consumer electronics accessory prices in Sweden have also been affected by the tax on chemicals levied from the end of June 2017 on the sale of certain electronics products, including certain white goods household appliances and a significant number of consumer electronics accessories, which was extended to products sold via mail order from 1 October 2020. Additional taxes may also arise in the future in pace with an increased focus on the environmental and health impacts of the materials used in consumer electronics accessories, which may have a negative impact on Kjell & Company's ability to compete with players, particularly in other EU countries. Moreover, the prices of products imported from outside Sweden, Norway or Denmark may be affected by duties and other charges. Imported goods accounted for 44% of Kjell & Company's product purchases (excluding AV-Cables) in the period January–June 2021. Kjell & Company's pricing is also affected by a number of other factors, including VAT, competition and the terms of Kjell & Company's agreements with suppliers, refer also to "*—Kjell & Company is exposed to competition and has to adapt its strategy to address competition from existing and potential new players operating in the consumer electronics market*" and "*—Kjell & Company is dependent on its capacity to enter into and renew agreements with suppliers on favourable terms to be able to offer competitive terms to its customers*"

Any negative development in any of the factors influencing purchase prices for or costs associated with the retail of Kjell & Company's products may force Kjell & Company to raise the prices Kjell & Company uses for sales to customers to thereby preserve Kjell & Company's margins, which could lead to lower sales volumes and a decline in net sales. Any inability on the part of Kjell & Company to fully compensate the increases in purchase costs through higher prices or other measures would result in a decrease in Kjell & Company's margins, which would negatively impact Kjell & Company's profitability.

Risks related to Kjell & Company's operations and products

Kjell & Company's growth depends on expansion of the customer base and increased sales to existing customers through a successful implementation of Kjell & Company's growth strategy

To achieve growth, Kjell & Company is dependent on expanding its customer base and increasing sales to existing customers through the successful implementation of its growth strategy. Kjell & Company's growth strategy focuses on three primary themes: growing new and existing customers by strengthening the Company's existing platform, evaluate and develop strategic partnerships and developing an internationally scalable platform. Moreover, Kjell & Company needs to better meet customer demand within the framework of this strategy. This may require Kjell & Company to raise its omni-channel platform's level of integration, increase its customer segmentation efficiency, raise the personalisation of the service provided and the customer focus at service points, increase the share of e-commerce, launch new sales channels (such as websites and applications), develop its existing service offering, launch new product categories, enter new geographic markets, develop new businesses, and set aside time for marketing activities and actions aimed to increase the average value of customer transactions (average basket size). These actions may require significant investment as well as the allocation of significant time and resources by Group management. Moreover, these actions may be difficult to plan, manage and evaluate.

As part of Kjell & Company's strategy to launch new sales channels, Kjell & Company's management will develop its existing service offering and launch new product categories, and will need to evaluate various investment opportunities and analyse market data. For example, during the second quarter of 2020, Kjell & Company initiated a collaboration with Circle K, under which Circle K acts as retailer for a selection of Kjell & Company's assortment, primarily mobile phone accessories, at its staffed stations. The roll-out of Kjell & Company Express in partnership with Circle K at 292[1] stations was completed in February 2021. Moreover, through the acquisition of AV-Cables, which was completed on 29 April 2021, Kjell & Company established a presence in the Danish market and expanded its product range.

Moreover, Kjell & Company has historically made investments in creating brand awareness as well as increasing customer inflows and retention. Moving forward, Kjell & Company intends to continue to invest substantially in attracting new customers and retaining existing customers. Kjell & Company has also used data from its loyalty programme and sales statistics to expand its range of premium products to better meet customer demand and improve access to customers with stronger purchasing power.

A risk remains that Kjell & Company is unable to allocate adequate resources to implement the actions required by its growth strategy or that the growth strategy does not have the intended effect due to factors that are, in whole or in part, are beyond Kjell & Company's control, including misleading analysis, unanticipated developments in the business environment, inadequate logistics capacity, lack of experience or due to the unsuitability of Kjell & Company's business model for expansion into the selected markets. Should Kjell & Company prove unable to implement its growth strategy, this could prevent Kjell & Company from successfully reaching new customers and increasing the share of net sales to existing customers, and thereby have a material adverse impact on Kjell & Company's growth and returns on investments made and, consequently, its operations and earnings.

Kjell & Company could be prevented from successfully expanding its online channels, and increased sales through online channels could negatively impact Kjell & Company's service points.

Kjell & Company's omni-channel platform is based on conducting sales and marketing through a combination of various collaborative channels: online, via service points and via collaboration partners. For the period January–June 2021, Kjell & Company's service points[2], online channel[3] and other[4] accounted for 76%, 23% and 1%, respectively of Kjell & Company's total sales. Moreover, the Company estimates that most of its customers start their customer journey online when searching for products and information in digital channels. Kjell & Company has needed and may need in the future to take steps to further increase its share of e-commerce in order to adapt to changes in customer behaviour. As part of these steps, Kjell & Company launched a new website and underlying online platform in Sweden and Norway in October 2019 that allow Kjell & Company to utilise customer data more effectively and enable more individualised marketing. The Acquisition of AV-Cables also entails increased exposure to e-commerce in the Danish market in particular. Further initiatives to meet the increased demand for e-commerce, including personal service and online advice through one-to-one meetings, were launched in 2020 and the Company plans to implement more initiatives in the future.

The success of Kjell & Company's initiatives in terms of meeting increased demand for e-commerce depends on Kjell & Company's customers' preferences and behaviour as well as Kjell & Company's ability to analyse, adapt to and influence these. With this aim, Kjell & Company uses, inter alia, data about its existing customers collected from its loyalty programme and targeted marketing through the omni-channel platform. The outcomes of the actions Kjell & Company takes to meet increased demand for e-commerce depend on, inter alia, the quality of the data Kjell & Company uses for analysis, the accuracy of the analytical methods used by Kjell & Company, including automated analysis, any changes in customer behaviour that affect Kjell & Company's analysis, the effectiveness of the actions taken by Kjell & Company and the tendency of Kjell & Company's customers to be influenced by them. All of these factors can be difficult to anticipate as a result of, inter alia, the risks described in "*—Kjell & Company's operations, earnings and financial position are impacted by risks related to its business environment and consumer behaviour*" In particular, the rapid development of e-commerce and the technology used for these purposes may impede Kjell & Company's timely adaptation of its online channel, refer also to "*—Any failure on the part of Kjell & Company to perceive and adapt to technological advances or to adapt to user behaviour in a timely manner may negatively affect Kjell & Company's sales*". Kjell & Company may also fail in the integration of collecting and processing customer

1) As per 30 June 2021. Circle K acts as retailer and sells a selection of Kjell & Company's assortment.
2) Including Click-and-Collect.
3) Excluding Click-and-Collect and the full effect of AV-Cables
4) Refers to, among other things, Kjell & Company's partner Circle K.

data in new markets, including the Danish market, into its established process.

Kjell & Company's growth may be impeded by any failure on the part of Kjell & Company to collect data about, analyse, adapt to and influence the trading patterns of its customers and thereby meet the increased demand for e-commerce. Moreover, expected the returns on the investments made by Kjell & Company to adapt its online channel in a timely manner to meet the increased demand for e-commerce may not be realised, thereby resulting in reduced profitability. Increased focus on e-commerce may also reduce Kjell & Company's service point sales volumes through permanent changes in the preferences and behaviour of Kjell & Company's customers, which could lead to lower net sales and the need to close service points. The closure of service points may however be hindered for the reasons stated in "*—Kjell & Company is dependent on its capacity to optimise its network of service points to be able to implement its strategy*" and Kjell & Company may therefore, over a transition period, be forced to pay rent for unused premises, which would negatively impact Kjell & Company's profitability. To the extent that customers' increased e-commerce focus leads to a downgrade in prioritising service and personal meetings, existing or potential new customers may prefer to shop with other online stores with a broader offering and more aggressive pricing instead of Kjell & Company, which would weaken Kjell & Company's market position and lead to lower net sales.

Kjell & Company is dependent on its capacity to optimise its network of service points to be able to implement its strategy

As per 30 June 2021, Kjell & Company had 130 service points, of which 107 in Sweden and 23 in Norway, which accounted for 84%[5)] and 76%[6)] of Kjell & Company's sales for the 2020 financial year and the period January–June 2021, respectively. Kjell & Company's network of service points has a broad geographic coverage in Sweden, whereas the network in Norway, which was first established in 2015, is more concentrated around the major cities. The Company is evaluating further opportunities for establishing service points in Denmark to increase the reach of its omni-channel platform within the framework of its growth strategy. According to a survey by YouGov[7)], Kjell & Company's extensive network of service points comprises one of its most important assets in terms of meeting customer needs. The Company believes that, in addition to serving as sales points, an extensive network of appropriately located service points enables personal advice and service from Kjell & Company's personnel, influences the shopping experience and enables efficient distribution of goods to Kjell & Company's customers, irrespective of whether their purchasing process started online or at a service point.

Kjell & Company has adopted a strategy for opening new service points with the aim of Kjell & Company's service points enabling effective expansion of the reach of the omni-channel platform in the markets served by Kjell & Company. The Company continuously evaluates new geographic locations for new service points or for relocating service points based on customers' needs and locations. As part of always meeting customers' needs, the Company also evaluates new concepts for service points that meet these needs. For example, a service point was opened using an express concept[8)] in Lidingö in February 2021. On the date of this Prospectus, preparations were are being made for the opening of three new service points and the relocation of two existing service points, with a particular focus on Norway, where Kjell & Company may open new stores to increase its geographic coverage and expand the reach of its omni-channel platform.

Kjell & Company rents the premises used by the Company's service points. Notice of termination must be given on the service point leases when closing service points that are not compatible with Kjell & Company's omni-channel platform. The Company's assessment is that interest is high among potential landlords for leasing existing premises due to the high level of vacancies caused by consumers' decreased tendency to visit physical stores caused by the rise in e-commerce and further reduced during the COVID-19 pandemic. Kjell & Company's leases have differing terms and notice periods, which is partly due to market practice. Lease terms are generally three years in Sweden and five years in Norway, with various termination options during the lease term. As per 31 December 2020, the average remaining lease term in Sweden and Norway was 2.3 years. Since it was founded in 1988, Kjell & Company has only closed one service point, but may need to close more in the future as a result of changed market conditions or a change in strategy.

Kjell & Company's ability to achieve its intended growth and profitability targets for the opening and operation of new service points, relocation of existing service points and the launch of new sales channels (such as Kjell & Company Express in partnership with Circle K) is dependent on a number of factors that ultimately determine how well these service points integrate into Kjell &

5) Including Click-and-Collect and excluding AV-Cables for 2020 financial year.
6) Including Click-and-Collect and including AV-Cables for the six month period ending 30 June 2021.
7) The Survey was conducted by Yougov on behalf of Kjell & Company under December 2020 in Sweden to measure the Company's customer awareness and positioning.
8) Smaller service point with a limited assortment of products.

Company's omni-channel platform, some of which are in whole or in part beyond Kjell & Company's control. In terms of service points, these factors encompass, inter alia, Kjell & Company's ability to negotiate advantageous leases (refer also to "*—Kjell & Company is dependent on its capacity to enter into and renew agreements with suppliers on favourable terms to be able to offer competitive terms to its customers*"), find property investors who wish to invest in new commercial premises in areas where Kjell & Company aims to establish service points, identify and make correct assessments of suitable locations for service points based on demographic data and market data as well as provide new and relocated service points with inventory in time and at an economically viable cost. For new sales channels, it is more important to locate suitable collaboration partners.

Changed business-environment factors could hinder Kjell & Company from identifying optimal locations for new or existing service points, including locations for new sales channels such as Kjell & Company Express in partnership with Circle K, and increase the risk of such changes in the geographic location of service points leading to customer outflows from existing service points and adversely affecting net sales at existing service points. Kjell & Company's decisions to open new service points, relocate existing service points and launch new sales channels are affected, for example, by broader demographic changes and urbanisation. Among other effects, urbanisation may hinder Kjell & Company from locating suitable store locations in major cities and rental prices may rise to levels that could adversely impact Kjell & Company's profitability. Such a development could have a material adverse impact on Kjell & Company's growth since Kjell & Company's expansion plans, inter alia, encompass opening new service points and relocating existing service points. Moreover, Kjell & Company may need to close or relocate service points that are situated in sparsely populated areas, even if they are profitable and have a strong competitive position, to the extent that are no longer compatible with Kjell & Company's strategy for reasons including not achieving a sufficiently high level of profitability compared with the expected profitability of alternative stores or other investments. This could have an adverse effect on the effectiveness of Kjell & Company's omni-channel platform by reducing the store network's geographic coverage and hindering Kjell & Company from offering flexible delivery options, which could lead to lower sales. If Kjell & Company's leases cannot be terminated on sufficiently short notice, due to contractual notice periods or other factors that prevent termination, such circumstances could lead to Kjell & Company incurring rental costs for service point premises that do not contribute to net sales, which could adversely affect Kjell & Company's profitability.

Kjell & Company relies on certain estimates for profitability, market, presence of competitors and other metrics, such as proximity to other service points, number of potential customers in the vicinity, location in a shopping centre, neighbouring stores and the layout of premises in its analysis ahead of any decision to open a new service point, relocate an existing service point or launch express store partnerships with Circle K. Such estimates may prove inaccurate or may be based on assumptions that prove incorrect, thereby leading to a material difference between actual and expected performance, which could result in a delay in new or relocated service points reaching the intended profitability as well as a delay or non-occurrence of a positive return on the investments made. In June 2019, for example, Kjell & Company had to relocate a store in Sartor, Norway, as a result of lower than expected customer inflows, which led to higher aggregate set-up costs for Kjell & Company's establishment in the area than would have been incurred by Kjell & Company if no relocation had been required and thus negatively impacted Kjell & Company's earnings.

Cases where Kjell & Company is unable to achieve the intended profitability when opening new service points, relocating existing service points or launching new sales channels, and is unable to close service points not suited to its omni-channel platform, could have a material adverse impact on Kjell & Company's operations, financial position, earnings and cash flow.

Kjell & Company may be prevented from renewing existing leases and entering new leases on favourable terms

In accordance with Kjell & Company's policy of renting instead of owning premises, on the date of this Prospectus, Kjell & Company rents all of its 130 service point premises (including premises with associated storage premises), a dedicated warehouses in Sweden and two offices in Malmö. Kjell & Company's leases in Sweden are primarily based on standard agreements prepared by Fastighetsägarna, which means that the rent comprises a fixed and a variable component. The variable component normally amounts to around 4–5% of the relevant service point's net sales. In Norway and China, leases are entered into after customary market negotiations. As a result of the acquisition of AV-Cables, Kjell & Company owns a warehouse in Denmark.

Kjell & Company's ability to retain and renew its existing leases, and to enter new leases on favourable terms or at all, depends on a number of factors beyond Kjell & Company's control, such as conditions in the relevant property markets, competition for in-demand properties, the terms and conditions for renewal options and Kjell & Company's relations with its current or future landlords. Despite Kjell & Company's long-standing relationship with certain landlords, the risk remains that Kjell & Company may be unable to negotiate favourable lease terms in the future, which could result in higher rental costs in future periods or force Kjell & Company to shut or relocate service points or facilities. Moreover, Kjell & Company may be prevented from establishing new service points to replace those that have been closed. In addition, Kjell & Company's ability to lease suitable premises depends on landlords agreeing to the changes Kjell & Company needs to make to adapt the premises to its service point concept. A risk remains that Kjell & Company may be unable to obtain such consent or to negotiate relief from lease obligations if Kjell & Company delays or fails to open new service points in a leased space.

Kjell & Company's growth and profitability could be adversely affected, which could have a material adverse effect on Kjell & Company's earnings and cash flow if Kjell & Company is unable to renew existing leases, sublet any excess space, lease suitable alternative space, or enter leases for new premises on favourable terms.

An inability to retain or improve Kjell & Company's brand reputation could negatively impact Kjell & Company

A material share of the consumer electronics accessories included in Kjell & Company's product range are standardised and thus replaceable with products offered by competitors. Some products are marketed under brands owned by Kjell & Company ("**own brands**"), including brands such as Roxcore, Plexgear and Linocell, while others are manufactured and marketed under brands belonging to third parties (A and B brands, defined below) or without any specific brand ("**no-name brands**"). The products marketed under third-party brands may also be included in the product ranges of Kjell & Company's competitors.

To attract buyers of products marketed under own brands and no-name brands, Kjell & Company depends on the brands for Kjell & Company's operations (Kjell & Company and AV-Cables), customers' need for service, which enables Kjell & Company's own products and no-name brands to be recommended to customers as well as, to a limited extent, the reputation of the own brands and potential customers' awareness of the brand, refer also to "*—Kjell & Company's own products risk not achieving or maintaining broad market acceptance and demand*" The brands for Kjell & Company's operations are also important for sales of products marketed under third-party brands since Kjell & Company's competitors can offer identical or highly similar products under the same brand. Brands that the Company considers well-known ("**A brands**") and less well-known brands ("**B brands**") may however exert some attraction to bring customers to Kjell & Company and raise Kjell & Company's reputation through positive association with these brands. For more information on risks related to Kjell & Company's activities pertaining raising awareness of the brands it retails, refer also to "*—Marketing activities implemented by Kjell & Company could prove ineffective and have unintended effects, which could adversely affect Kjell & Company's sales*"

A brand reputation is primarily dependent on customer satisfaction, which is influenced by factors including the perception of fitness for purpose of expediency of the marketed products. To maintain its brands' good reputation, Kjell & Company is therefore dependent on its customers perceiving the products marketed under the brands as possessing the desired properties and that Kjell & Company's marketing of the products is successful. In a corresponding manner, customers' perceptions of Kjell & Company's business depend on the customers' buying experience, which is largely driven by the service provided by Kjell & Company's personnel and the perceived efficiency of the purchasing process

If Kjell & Company's own products are not be perceived as fit for purposefunctional due to faults or defects, including incorrect use by Kjell & Company's customers, it could lead to harm to the reputation of Kjell & Company's brands and demands for recalls, and complaints and compensation claims against Kjell & Company (refer also to "*—Complaints, warranties and claims pertaining to product liability may damage Kjell & Company and result in cash disbursements*"). Failure to maintain high ethical, social and environmental standards or negative publicity pertaining to Kjell & Company's ability to maintain such standards in manufacturing or elsewhere in the supply chain could also influence customer perception of Kjell & Company and its products as well as lead to reputational damage. Customers' perceptions of Kjell & Company's business and brand could suffer damage and result in Kjell & Company experiencing more difficulty in retailing its own products and products manufactured by third parties should Kjell & Company fail to manage customers' expectations in terms of service and efficiency in the purchasing process due to, for example, mistakes by Kjell & Company's personnel or perceived problems with Kjell & Company's website, payments or e-commerce deliveries, refer also to "*—Dissatisfaction with Kjell & Company's service may impact Kjell & Company's ability to retain customers*".

From July 2020 to June 2021, around 24% of the Company's purchases pertained to products sourced outside of the EU, primarily China, whereas the remaining 76% pertained to products purchased from distributors in the EU.[9] Products sourced from Asia primarily comprise those sold under Kjell & Company's own brands. Moreover, even though the Company purchases prod-

9) Excluding AV-Cables.

ucts through a European distributor, a large proportion of Kjell & Company's products are originally produced in Asia. In common with other operators, Kjell & Company may be prevented from exercising the same control over the production chain as in domestic markets and detecting or preventing potential problems in certain Asian countries with low production costs. Kjell & Company has had a local purchasing organisation in place in China since 2007 to ensure high quality and good conditions for the workers who produce Kjell & Company's own products in Asia. Kjell & Company also places substantial importance on ensuring that all suppliers comply with its code of conduct to ensure adequate working conditions throughout the supply chain. Moreover, the Company conducts regular supplier audits and visits to ensure that adequate working conditions are in place. In the 2020 financial year, 100% of Kjell & Company's suppliers signed the code of conduct and the corresponding figure for 2019 was 97%. Despite the above, it cannot be ruled out that Kjell & Company or supply chain actors will not be subject to allegations of failure to maintain acceptable working practices or to comply with applicable laws, rules or regulations, including fraud, bribery and corruption, when purchasing products from such foreign markets. Any actions, misconduct or failure to comply with laws, rules or regulations by Kjell & Company or its suppliers could harm Kjell & Company's business and brands, and may result in Kjell & Company having to expend significant resources in efforts to rebuild its brands, particularly with respect to products sold under Kjell & Company's own brands since products sold under third-party brands can often be replaced with alternative products. The assessment of the Company is that this risk is particularly relevant in terms of products used in customers' homes, which encompasses the majority of Kjell & Company's products. For more information on risks related to non-compliance, refer also to "*—Non-compliance with rules applicable to Kjell & Company's operations and products may result in penalties or harm the perception of Kjell & Company held by its suppliers and customers*"

The realisation of any of these risks could lead to lower demand for Kjell & Company's own products and lead customers to be less inclined to turn to Kjell & Company to purchase products that are also sold by Kjell & Company's competitors, costs for defending claims against Kjell & Company or its suppliers, and costs associated with actions to investigate and prevent non-compliance with applicable laws, rules, regulations, standards or expectations, which could have a material adverse impact on Kjell & Company's financial position and performance.

Kjell & Company's own products risk not achieving or maintaining broad market acceptance and demand

As per 30 June 2021, Kjell & Company sold a number of different products under own brands, such as Luxorparts, Cleverio, Linocell and Rubicson. The Company has implemented a clearly defined structure for the portfolio of own brands, which comprises brands with a clear link to Kjell & Company's brand and brands with their own brand identity. Moreover, a continued increase in the number of own-brand products is included in Kjell & Company's future growth strategy as is the launch of such products in new markets and via new channels, and the launch of own brands via AV-Cables. However, since it takes time to develop and implement processes to produce new products and thereby meet changes in demand, the share of own-brand products tends to vary depending on the development phase of a new product or product type and its production complexity. For the 2020 financial year and the January–June 2021 period, sales of own brands and no-name brands accounted for 46% and 44%, respectively, of Kjell & Company's total sales.

As per 30 June 2021, most products sold under the Company's own brands comprised entry-level products and a smaller share of own-brand products with increased technology content, but the structure for developing and sourcing products with increased technology content is established and Kjell & Company intends to increase the share of such products sold under its own brands. Furthermore, some of the seasonal products sold by Kjell & Company are products under its own brands. As a result, the inclination of customers to purchase premium products under other brands or Kjell & Company's inability to sell its own seasonal products may adversely affect Kjell & Company's net sales and gross margin, even if customers purchase such alternative products from Kjell & Company.

Kjell & Company's assessment is that its ability to achieve or maintain broad demand for products under its own brands depends on a number of factors, including pricing, product quality and safety, maintenance of high ethical standards and customers' perception of the products, refer also to "*—An inability to retain or improve Kjell & Company's brand reputation could negatively impact Kjell & Company*" Moreover, Kjell & Company must have the capacity to develop and launch products under its own brands in time to meet customer demand. The time taken by Kjell & Company to develop and launch new products under its own brands is often longer than the time taken to develop such products by manufacturers of products sold under A and B brands. As a result of the above, Kjell & Company has had to take actions, including beginning the transition to a range comprised of more products at higher price points through an expanded offering of A and B brand products, pending the development of its own organisation and manufacturing processes to enable the launch of its own products at higher price points and with increased technology content.

As a result of the above factors, a risk remains that Kjell & Company's products under its own brands will not generate sufficient demand or that Kjell & Company will be unable to maintain or improve existing pricing, product quality and safety, ethical standards and customers' perception of its own-brand products. A risk also exists that Kjell & Company will be unable to adjust its own-brand product offering in a timely manner, thereby missing sales opportunities and not receiving the intended return on its investment. This could result in Kjell & Company being unable to achieve or maintain broad market acceptance of its own-brand products, or an increased need for sales of A and B brand products, which could have a material adverse impact on Kjell & Company's operations, earnings and cash flow.

Marketing activities implemented by Kjell & Company could prove ineffective and have unintended effects, which could adversely affect Kjell & Company's sales

As stated in "*—Kjell & Company's growth depends on expansion of the customer base and increased sales to existing customers through a successful implementation of Kjell & Company's growth strategy*" Kjell & Company's marketing activities impact Kjell & Company's brand reputation. Marketing activities are also aimed at increasing potential customers' awareness of Kjell & Company's brands, product range and pricing and thereby to increase customer inflows to Kjell & Company as well as Kjell & Company's sales volumes, refer also to "*—Kjell & Company's growth depends on expansion of the customer base and increased sales to existing customers through a successful implementation of Kjell & Company's growth strategy*" For these purposes, Kjell & Company uses a broad marketing mix including channels under its own control, e-mail marketing, social media, such as Facebook and YouTube, and television advertising. Since the launch in 2017, the loyalty programme has become an important marketing channel that enables cost-efficient marketing with personalised offers based on previous shopping patterns and behaviour in all of Kjell & Company's channels. Kjell & Company also uses marketing at service points to encourage customers to make impulse purchases.

Due to the effect marketing activities can have on sales volumes, Kjell & Company's net sales, profitability and growth depend, to some extent, on these marketing activities having the intended effects in terms of increased awareness of its offerings and the improved reputation of its brands and thereby, to increased customer inflows and sales. For the marketing activities to have the intended effect, Kjell & Company must have the capability to successfully analyse a number of variable properties among its potential customers, including all the underlying factors that control demand, such as purchasing power and preferences, and the business-environment factors that impact these factors, refer also to "*—Kjell & Company's operations, earnings and financial position are impacted by risks related to its business environment and consumer behaviour*", and the competitors' offerings. Kjell & Company's marketing follows a clear seasonal theme, whereby campaigns for the spring, summer, autumn and winter are planned nine to ten months in advance. For seasonal marketing campaigns, it is particularly important that Kjell & Company has the capability to correctly analyse the marketing preconditions since the potential loss of sales in the event of failure is generally greater than for non-seasonal products and marketing where customer demand is more even over time, refer also to "*—Kjell & Company's operations are impacted by seasonal variations and any failure to meet customers' changing demand could negatively impact Kjell & Company*"

As with the rest of the organisation, the marketing organisation is data-driven, meaning that communication with potential customers is personalised as far as possible and that marketing focuses on those customer segments that the Company currently deems to have the most potential. All marketing-related analysis is associated with significant difficulties, which become more evident when attempts are made to personalise, and accordingly, a risk remains that Kjell & Company will fail to correctly analyse the preconditions for marketing activities which consequently do not have the intended effects. Marketing activities may also be adversely affected by events that, in whole or in part, are beyond Kjell & Company's control and which alter marketing conditions and lead to Kjell & Company's potential customers not being exposed to Kjell & Company's marketing to the extent expected by Kjell & Company or in the marketing being misinterpreted. Moreover, any failure with marketing may force Kjell & Company to purchase replacement products at short notice and at a higher cost compared with the marketed products, which may result in lower earnings.

If Kjell & Company's marketing proves ineffective, Kjell & Company may fail to generate adequate customer awareness or customer inflows. This could lead to Kjell & Company's sales volumes and net sales decreasing or to expected increases failing to materialise, and in consequence, to Kjell & Company not receiving the expected return on its marketing investment and to a decline in Kjell & Company's operating margin. Any of these effects could have a material adverse impact on Kjell & Company's operations, earnings and cash flow.

Kjell & Company is dependent on online marketing channels, and limitations in or changes to search algorithms can negatively impact Kjell & Company's operations.

Kjell & Company works continuously with search engine optimisation ("**SEO**") and search engine marketing ("**SEM**") with the aim of increasing brand awareness and remaining constantly relevant. The Company's ambition is to be among the first hits in search engine results, for example Google, when customers search for products and services that Kjell & Company offers. In Sweden, 34% and 12%, and in Norway, 23% and 33%, of visits by organised organic traffic to Kjell & Company's website in the 2020 financial year and the period January–June 2021, respectively, comprised visitors who had entered the website's name directly into their browsers (including the keyword "Kjell & Company" and "AV-Cables") or SEM and SEO. SEM and SEO comprise key components of Kjell & Company's strategy for web-based digital marketing and Kjell & Company has built up a portfolio of keywords that it actively bids on. Kjell & Company's SEO strategy has been adopted based on the search algorithms used by Google and Facebook for example. Any change in the search algorithms entails a risk that Kjell & Company could need to invest considerable resources to update its SEO strategy and the concomitant risk that any such updated SEO strategy may not be as successful as the existing strategy, thereby resulting in fewer SEO-generated visits to Kjell & Company's website. Limitations in Kjell & Company's capability to drive traffic to its website with means other than through SEM and SEO could lead to lower sales from Kjell & Company's online channel and its service points, depending on customers' choices regarding completion of their purchasing processes, which could lead to reduced net sales and have a material adverse effect on Kjell & Company's earnings and cash flow.

Limitations in Kjell & Company's capability to communicate with customers and the misuse of Kjell & Company's messaging services could prevent Kjell & Company from effectively communicating with its customers and adversely impact Kjell & Company's reputation

Kjell & Company uses e-mail and other types of digital messaging to market its website, service points and products primarily through its loyalty programme. Mailings to Kjell & Company's loyalty programme members are processed by third parties on instruction by Kjell & Company, while communication via messaging services such as chats are managed by Kjell & Company's own personnel.

Kjell & Company exercises limited control over third-parties' management of assignments, and employees or unauthorised third parties may misuse Kjell & Company's messaging services. Any failure in the delivery of Kjell & Company's messages on time together with the correct content could prevent Kjell & Company from effectively communicating with its customers, which could lead to lower sales for the marketed products. Any misuse of Kjell & Company's messaging services to send information that conflicts with Kjell & Company's interests, including fraudulent and offensive material, could adversely affect Kjell & Company's reputation and thus its brand, which could lead to a loss of trust in Kjell & Company and lower customer inflows as well as an outflow of members from Kjell & Company's loyalty programme. This would impede Kjell & Company's collection of data for analysis and for effective communication with its customers, which could lead to reduced sales. A decline in sales could have a material adverse effect on Kjell & Company's net sales and earnings.

Kjell & Company's operations are impacted by seasonal variations and any failure to meet customers' changing demand could negatively impact Kjell & Company

Kjell & Company's operations are subject to seasonal variations resulting from external factors that affect a large proportion of the retail sector, despite the underlying demand for consumer electronics accessories, which in the Company's assessment is relatively stable across the year. Accordingly, Kjell & Company's net sales, earnings and cash flow vary by season. From a historic perspective, Kjell & Company's net sales have been highest in the fourth quarter, due to Christmas trading, and lowest in the second quarter. Significant differences in working capital during different periods of the financial years have also resulted from these seasonal fluctuations. This increases the importance of effective supply chain management and Kjell & Company's marketing and product range, which are adapted using data to meet customers' changing demand and to raise customer seasonal inflows through measures including the launch of seasonal products.

Kjell & Company's capability to anticipate and manage seasonal demand variations depends on a number of parameters, including general economic conditions, trends, weather conditions and the supply and demand for seasonal products. Fluctuations in general economic conditions may impede Kjell & Company in forecasting demand in forthcoming seasons based on historical demand. Equally, trends and weather conditions can change rapidly and unpredictably, thereby causing a season to deviate from the projection made. Changes in these parameters may disrupt the balance between supply and demand and lead to the purchase prices of the products sought by Kjell & Company's potential customers increasing or becoming completely unavailable, or to expected demand for the products purchased by the Kjell & Company failing to materialise.

Inaccurate analysis of seasonal demand by Kjell & Company may result in purchases of the wrong types of products or volumes that do not meet demand and could result in missed sales opportunities, which could adversely impact the brand and customer loyalty, and/or purchased products becoming difficult to sell because demand for seasonal products may fall off after the end of the relevant season. This could force Kjell & Company to rely on price reductions to sell excess inventory or hard-to-sell products, recognise obsolescence in unsold inventory to the extent that Kjell & Company is unable to sell the products at regular prices in the corresponding periods of the following year, and pay for warehouse rent for storing the products with third parties. The above could have a material adverse effect on Kjell & Company's operations, financial position, earnings and cash flow, particularly in periods when seasonal products are most significant for Kjell & Company's net sales.

Events that affect Kjell & Company's distribution and logistics infrastructure could prevent or impede Kjell & Company from delivering products to its service points and customers

As per 30 June 2021, Kjell & Company had one dedicated warehouse with around 8,000 square metres of warehouse space in Malmö, Sweden, and one warehouse facility with some 4,300 square metres used by AV-Cables in Hornsyld, Denmark, which together serve as the central distribution hub for Kjell & Company's products and deliveries to service points and direct to e-commerce customers. The central warehouse handles orders to service points as well as online orders in an integrated flow. Order picking at the central warehouse is managed by Kjell & Company's personnel either from the storage shelves or from one of the 12 Kardex Shuttle vertical lift modules in the warehouse that enable partial automation. The central warehouse and the AV-Cables warehouse facility thus comprise key components in Kjell & Company's omni-channel platform. In addition, Kjell & Company uses third-party suppliers to unpack container loads and bulky parcels as well as, to a certain extent, its own service points for product distribution to customers. Kjell & Company also has storage space at its service points, but these function solely as a complement and cannot replace the central warehouse. As per 30 June 2021, the carrying amount for Kjell & Company's inventory was SEK 480.2 million, of which finished goods and goods for resale accounted for a carrying amount of SEK 476.7 million.

In the event that the central warehouse or AV-Cables' storage facility is damaged, destroyed or required to close due to, inter alia, factors such as fire, water damage or natural disaster, or if the warehouse or warehouse equipment suffers material damage, for example due to a forklift or shelf-related accident, technical problems with vertical lift modules, or an attack, Kjell & Company could be prevented from storing, processing and distributing its products in a timely and cost-effective manner, or at all, to the extent that inventory at individual service points is unable to meet the operational needs. Any of these effects could have a material adverse impact on customer confidence in Kjell & Company and thus on Kjell & Company's operations, earnings and cash flow. Even though the property and business interruption insurance cover that Kjell & Company carries what is deemed appropriate by Kjell & Company, the risk remains that said insurance will not fully cover losses arising from business interruption, destruction, loss of buildings and/or reputational damage.

The Company is of the opinion that fast and convenient delivery comprises an important element of its omni-channel platform and its customer-centric service offering. Kjell & Company's operations are therefore dependent on timely deliveries of products to Kjell & Company's central warehouse, third-party suppliers and service points as well as direct to customers, in accordance with the contracted standards. As of the date of this Prospectus, Kjell & Company offers express delivery the same day in Stockholm's inner city and same-day delivery in 18 cities. Kjell & Company ships its products using a number of different shipping companies, including Postnord, Bring, Instabox and Airmee, which use different transportation methods depending on the stage in the distribution chain at which shipping takes place and the nature of the products. Accordingly, Kjell & Company has limited control over deliveries of these products, including the terms and conditions carriers offer their employees and the means of transportation they use.

Delays and other deviations from contracted standards may arise from various factors, including disruption to shipping infrastructure due to, for example, capacity shortages, infrastructure projects, problems crossing national borders, sabotage, labour disputes, accidents or natural disasters, as well as problems with vehicles and with the loading or unloading of the products being shipped. Moreover, Kjell & Company may have reason to terminate relationships with carriers if, for example, they are unable to meet Kjell & Company's requirements and expectations of collaboration partners. In the event of such occurrences, Kjell & Company could be prevented from finding and implementing alternative suppliers or carriers in time and on commercially acceptable terms, from obtaining compensation for additional costs incurred and from finding alternative suppliers that can uphold the requisite quality, particularly given the limited number of suppliers that can manage the transport needs resulting from Kjell & Company's omni-channel platform and stringent service requirements. This could lead to delays, non-delivery or failure to meet acceptable standards and Kjell & Company incurring additional shipping costs, which in turn could lead to lost sales opportunities and damage to Kjell & Company's brand, thereby resulting in lower net sales, as well as increased shipping costs. Kjell & Company's reputation could also be damaged by shortcomings attributable to carriers, including perceived shortcomings in the working conditions of their employees and any inappropriate interaction with customers. In January 2021 for example, Swedish news media reported that two of the carriers that Kjell & Company uses for deliveries, Best and Budbee, had remuneration models that resulted in low wages whereby workers were paid per gig and not for their time worked, which was questioned by the Swedish Transport Workers' Union. Through association, such incidents could harm the reputation of retail chains using said carriers, including

Kjell & Company. Altogether, these risks could have a material adverse effect on Kjell & Company's operations and earnings.

Kjell & Company's operations and earnings depend on its capacity to efficiently manage its inventory and supply chain

As of 31 December 2020 and 30 June 2021, the carrying amount for Kjell & Company's inventory was SEK 408.8 million and SEK 480.2 million, respectively.[10] Kjell & Company's gross margin and working capital is affected by the management of its supply chain, which in the Swedish and Norwegian markets is administered by a central purchasing function from Kjell & Company's head office and central warehouse in Malmö, Sweden and for the Danish operations by a local purchasing function in Denmark. Kjell & Company's success therefore depends on the operations' ability to efficiently manage inventory levels and product flows to thereby meet customers' requirements without excessively high inventory levels. Excessively high inventory levels may lead to additional warehousing costs and thus adversely impact Kjell & Company's financial position, working capital and earnings. Conversely, overly conservative inventory levels may lead to lost sales opportunities and customers for Kjell & Company, with a consequential decrease in net sales. Moreover, underutilisation of Kjell & Company's warehouse capacity may entail lower utilisation of fixed costs and thus lower profitability.

In particular with regard to Kjell & Company's products from suppliers outside the EU, whose share of Kjell & Company's total net sales may increase over time, long delivery times make it even more important to anticipate, and even more difficult to meet, the exact demand for goods. Kjell & Company has to order products in anticipation of customer demand with the possibility that Kjell & Company's orders may not match actual customer demand, and moreover, customer preferences may change before Kjell & Company can sell the products. To optimise the purchasing process, an automated purchasing process was introduced in 2019 for the Swedish and Norwegian markets that calculates demand for products and thereby optimal dates and volumes for purchasing different products based on current inventory levels, historical sales data and known changes such as marketing campaigns. The system is also used to assess whether deliveries are needed and to manage deliveries of products to service points. A similar in-house built system support is used by AV-Cables for the Danish market. The risk remains that faults or shortcomings in the system may arise due to factors including implementation faults or deficiencies, attacks, shortcomings in power supply faults or other technical problems, which may be difficult to manage due to the system's complexity and Kjell & Company's dependence on the system. Moreover, integration of AV-Cables' system with Kjell & Company's other systems may fail and impede Kjell & Company in monitoring, managing and streamlining its inventory and in achieving economies of scale.

Should Kjell & Company, for the above or other reasons, fail to assess and adapt its inventory management to potential customer demand, Kjell & Company may have difficulty meeting actual demand and may have difficulty selling purchased products, which could lead to Kjell & Company missing sales opportunities and having to sell purchased products at discounted prices to dispose of excess inventory, which could have a material negative impact on Kjell & Company's net sales, working capital and profitability. For example, Kjell & Company has in the past misjudged the effect of promotional campaigns and the impact of the COVID-19 pandemic on Christmas trading.

Kjell & Company is dependent on identifying manufacturers and suppliers that are able to deliver products on time to contractual standards.

Kjell & Company neither owns nor operates any production facilities and instead relies on correct and timely deliveries of products from a number of third-party suppliers, including suppliers of Kjell & Company's own products. Kjell & Company had a total of around 160 suppliers from each of which products to a value of more than SEK 1 million were purchased in the period July 2020–June 2021. The ten largest of these suppliers accounted for approximately 48% in monetary terms of purchases during the period and no single supplier accounted for more than 13% of the total purchase value in the same period. Despite the Company's assessment that Kjell & Company is not dependent on any single supplier, Kjell & Company's operations depend on its capability to identify individual suppliers that meet its manufacturing and product quality requirements. Kjell & Company believes this is to be of particular importance for its own products since they can be expected to influence its business reputation to a greater extent than products sold under third-party brands, and because it may be more difficult to locate alternative suppliers, refer also to "*—Kjell & Company's own products risk not achieving or maintaining broad market acceptance and demand*"

Furthermore, Kjell & Company has significant exposure to suppliers outside Sweden, Norway and Denmark. From July 2020 to June 2021, around 24% of the Company's purchases pertained to products sourced outside of the EU, primarily China, whereas the remaining 76% pertained to products purchased from distributors in the

10) AV-Cables is part of the Group from 29 April 2021 which has contributed to the increased value of Kjell & Company's inventories from 31 December 2020 to 30 June 2021.

EU.[11] Products sourced from Asia primarily comprise those sold under Kjell & Company's own brands. Moreover, even though the Company purchases products through a European distributor, a large proportion of Kjell & Company's products are originally produced in Asia. In the past few years, in some regions where Kjell & Company's suppliers are located and where Kjell & Company conducts sourcing, including China, geopolitical conditions have changed for the worse and been subject to negative changes with increased protectionism and greater focus on national security measures. These changes have been implemented through new legislation, among other actions. Such changes may impact Kjell & Company's ability to purchase products from suppliers in the relevant countries. For example, increased scrutiny and protectionism could hinder Kjell & Company's suppliers from obtaining necessary approvals and licenses from state agencies to manufacture and sell the products Kjell & Company purchases, which may raise the cost of doing business in the affected markets and could lead to higher manufacturing costs and suppliers being forced to raise prices, thereby adversely affecting the Kjell & Company's profitability. Moreover, Kjell & Company could be denied all access to suppliers in certain countries or choose to cease using suppliers in countries that have become less profitable. Corresponding effects could arise from Kjell & Company being subject to product safety or other requirements that affect the manufacturing processes for Kjell & Company's products and that require Kjell & Company's suppliers to use different manufacturing processes for the products sold to Kjell & Company than for other actors. This could reduce choice for Kjell & Company, leading to capacity limitations with suppliers, as well as increased purchase prices and reduced product quality for the products sold to Kjell & Company, which could adversely impact Kjell & Company's net sales and profitability.

Kjell & Company risks being unable to deliver the requisite products to its service points and customers and adapt to changes in customer demand in a timely manner, or at all in the event that a manufacturer or supplier fails to meet Kjell & Company's or other parties' requirements in terms of manufacturing or product quality, or a manufacturer or supplier is unable to manufacture and/or deliver products to Kjell & Company on time and Kjell & Company is unable to locate alternative manufacturers to provide replacement products. Historically, this has been particularly prevalent for specific types of products or components that only a few manufacturers have the capacity to produce globally and during the COVID-19 pandemic. For example, a shortage of semiconductors due to the COVID-19 pandemic, a production capacity imbalance for manufacturers, particularly in Taiwan, and increased global demand caused global delays in the production of a significant number of electronic products containing printed circuit boards, including many of the products sold by Kjell & Company. Specifically, the development and launch time for own products can be protracted and both the risk and the possible negative effects of disruption during the period may therefore be more significant than for A and B brand products. Any inability to deliver products on time and to adjust to demand could lead to Kjell & Company losing sales opportunities or being subject to claims relating to faulty or defective products and could therefore negatively impact Kjell & Company's net sales and profitability, which could have a material adverse effect on Kjell & Company's financial position, earnings and cash flow. For more information on risks related to products with faults or defects, refer also to "*—Complaints, warranties and claims pertaining to product liability may damage Kjell & Company and result in cash disbursements*"

Kjell & Company is dependent on its capacity to enter into and renew agreements with suppliers on favourable terms to be able to offer competitive terms to its customers

Kjell & Company purchases the products sold to customers under its own brands and under third-party brands from a variety of suppliers. Kjell & Company's purchasing process is highly automated and data-driven, based on historic sales data from Kjell & Company's loyalty programme and other data sources that enable Kjell & Company to assess demand for various types of products and brands. Kjell & Company uses this information to determine which products to purchase under which brands. Kjell & Company needs favourable terms and conditions in its supplier contracts to be able to retail these products at competitive prices and under otherwise favourable terms. The supplier framework agreements Kjell & Company enters mainly regulate deliveries, marketing efforts and other partnerships, purchase prices and discounts. Kjell & Company needs to ensure, in the above and other respects, that the terms and conditions enable Kjell & Company to offer favourable terms in sales to its customers. Kjell & Company also has to ensure that the terms and conditions do not change for the worse as a result of adjustment clauses or negative outcomes of renegotiations and that they remain applicable for appropriate durations. This requires, inter alia, Kjell & Company to meet its contractual obligations under the agreements and the length of the agreements and any adjustment clauses to Kjell & Company's customer demand and market developments.

Even if the agreements provide Kjell & Company with the flexibility to order different product types in varying

11) Excluding AV-Cables.

volumes and contain no terms that restrict Kjell & Company's right to purchase products from other suppliers, a risk remains that Kjell & Company will be unable to renew the framework agreements or enter alternative framework agreements with other suppliers under acceptable terms and conditions. Normally, the terms and conditions of the framework agreements are valid indefinitely, with varying periods for price lists and other specific terms being updated regularly, after which Kjell & Company will need to renew the agreements or enter into agreements with alternative suppliers on favourable terms. Kjell & Company's costs may increase and liquidity decrease as a result of higher purchase costs and changes in supplier payment terms if Kjell & Company is unable to successfully negotiate new contracts with existing suppliers on favourable terms or has to locate new suppliers. Kjell & Company may be prevented from passing on such costs to and adapting its payment terms for its customers, which could have a material adverse impact on Kjell & Company's financial position, earnings and cash flow.

For more information on risks related to the use of standard agreements with suppliers and inadequate documentation, refer also to "*—Risks related to regulations, compliance, legal proceedings and legal relations—Kjell & Company has entered into a significant number of agreements with suppliers, some of which contain standard terms and conditions that could prove to be disadvantageous for Kjell & Company and some of which are not documented in writing*".

Problems related to Kjell & Company's IT systems could impede Kjell & Company's business operations

Kjell & Company uses multiple IT systems continuously in various parts of its operations and the IT organisation has been a driving factor in many of the Company's strategic initiatives in recent years, inter alia, the development of, and integration between, the loyalty programme and kjell.com, which required considerable investment during the 2019 and 2020 financial years and the period January–June 2021. IT systems for accounting, financial reporting, budgeting and human resources are used within the framework of operational and financial control. Marketing is largely produced, communicated and analysed using IT systems, including the processing of sensitive personal data for Kjell & Company's customers. IT systems are also of critical importance for Kjell & Company's omni-channel platform, where they are used for Kjell & Company's online development system, business system, point-of-sale system for service points and inventory management, as well as for more overall management of Kjell & Company's logistics and distribution infrastructure. IT systems are also used in Kjell & Company's purchasing process which, since 2019, has automatically calculated demand for products for the Swedish and Norwegian markets and thereby optimal dates and volumes for purchasing based on current inventory levels, historical sales data and known changes, such as marketing campaigns. Reliable IT systems are therefore a critical component of Kjell & Company's operations, and a key element of Kjell & Company's omni-channel platform.

The functionality of Kjell & Company's IT systems is dependent on the faultless operation of the hardware and software used, the services provided by third parties, as well as the user interface to manual elements of the processes included in Kjell & Company's operations, including Kjell & Company's employees and insourced consultants. Problems with hardware, such as computer and network components, may arise due to, for example, manufacturing defects, accidents, wear and tear and overloading, as well as cyber attacks, hacking attacks and other forms of sabotage, which can be difficult to predict. Kjell & Company also has limited control over the functionality of the services provided by third parties, such as cloud storage, network services and maintenance which, inter alia, may stop working if third-party suppliers' hardware and software stop working. Defects in other interface elements of Kjell & Company's operations may arise from factors such as mistakes made by Kjell & Company's employees when managing IT systems and physical defects in the components in Kjell & Company's service points, or stocks that IT systems are integrated with. Due to the complexity of and interaction between the various aspects of the IT systems which, inter alia, follow Kjell & Company's omni-channel platform and interaction between Kjell & Company's central systems and the local systems that are used for AV-Cables' operations, it is possible that further problems involving one component could impact the function of other components, the scope of which depends on which component has stopped working faultlessly and the type of fault. Kjell & Company endeavours to incorporate redundancy into its IT systems to reduce the risk that deficiencies in individual components have more comprehensive consequences for the entire IT infrastructure, but there is no guarantee that such measures will have the intended effect. Problems could also arise as a result of planned actions, such as upgrades and maintenance, which may be difficult to implement since Kjell & Company's operations require continuous function of their IT systems regardless of the time of day, all year round.

Should Kjell & Company's IT systems cease to function appropriately, those parts of Kjell & Company's operations that depend on the IT systems could be adversely impacted. Problems with IT systems that are used for operational and financial control could, inter alia, lead to Kjell & Company being prevented from documenting, following up and controlling the outcome of its operations or from complying with applicable accounting and reporting rules. Problems affecting Kjell & Company's marketing and processing of customer data could lead to Kjell & Company's marketing activities becoming ineffective, as well as to material reputational damage and claims both from public authorities and other law enforcement agencies should, inter alia, personal data be processed contrary to applicable regulations or become accessible by unauthorised external parties (see also "*—Risks related to regulations, compliance, legal proceedings and legal relations —Kjell & Company's compliance with applicable data protection regulations may be inadequate*"). Kjell & Company could also be prevented from conducting operations in its store insofar as point-of-sale systems or other support systems stopped working other than for a very short period or to a limited extent. Such incidents could also have an adverse impact on customer confidence and customer willingness in sharing information with Kjell & Company, which could make it difficult for Kjell & Company to adapt its marketing and sales strategy to its customers' preferences and could thus lead to a reduction in net sales and lower profitability. Even if these problems arise as a result of shortcomings at third-party suppliers or faults attributable to hardware or software for which Kjell & Company's suppliers are liable, a risk remains that Kjell & Company will be unable to receive compensation for the adverse effects caused by such problems. Kjell & Company could also be prevented from locating and implementing alternative systems or suppliers in time and on commercially acceptable terms, and from finding alternative suppliers that can uphold the requisite quality and satisfy the needs for seamless integration that stem from Kjell & Company's omni-channel platform.

The realisation of any of the aforementioned risks, or other problems with Kjell & Company's IT systems that could have an equivalent impact on Kjell & Company's operations, could have a material adverse impact on Kjell & Company's operations, earnings and cash flow.

Any failure on the part of Kjell & Company to perceive and adapt to technological advances or to adapt to user behaviour in a timely manner may negatively affect Kjell & Company's sales

For the period January–June 2021, the online share of Kjell & Company's sales amounted to 23%,[12] an increase of 16 percentage points compared with the third quarter of 2018, when online sales amounted to 7% of sales. In addition, most of Kjell & Company customers during the period January–June 2021 initiated the purchasing process online but elected to complete the purchase at a service point.

E-commerce and the integration of various channels into an omni-channel platform are characterised by general advance in technology trends.[13] Accordingly, new technological advances could give rise to a need for immediate change and could rapidly increase the competitive pressure from other players in the market for consumer electronics accessories. Kjell & Company's success depends, inter alia, on its capacity for timely adaptation of its existing integrated IT systems and to develop new online applications for several different platforms in order to remain competitive. For example, Kjell & Company has developed a new online platform, which is the fourth generation of the online platform in Kjell & Company's history, and it expects to have to implement additional upgrades and investments going forward.

If Kjell & Company fails to detect and adapt itself in time to technological progress, this could result in Kjell & Company's online platform becoming less attractive and reduce the efficiency of the integration of the various channels in Kjell & Company's omni-channel platform, limit Kjell & Company's growth and have a material adverse effect on Kjell & Company's operations and earnings.

Kjell & Company is dependent on retaining and where necessary being able to recruit suitable members to its Group management and other managerial personnel

Kjell & Company's successes are dependent on its Group management, which has in-depth experience of managing and expanding Nordic retail operations, and on their ability at all other levels of the organisation to attract and retain competent managerial personnel. Group Management consists of Kjell & Company's Chief Executive Officer ("**CEO**"), Chief Financial Officer ("**CFO**"), Chief Commercial Officer ("**CCO**"), Chief Technology Officer ("**CTO**"), Chief Retail Officer ("**CRO**") and Chief Human Resource Officer ("**CHRO**"). The largest business functions at the head office are purchasing, marketing, IT, ESG/environment, accounting, HR and product- and omni-channel development. As of 30 June 2021, out of the 72 employees working in the central functions named above, approximately 58% had been Kjell & Company employees for more than three years. Half of the management team have spent their entire career at Kjell & Company and most of the store managers started with the Company as salespersons. Due to Kjell & Company's partly decentralised operational structure with a total of 130 geographically diversified service points on the date of this Prospectus, of which, 107 in Sweden and 23 in Norway, and a local logistics and distribution infrastructure in Denmark, management relies on managers at local, regional and national levels. These managers possess comprehensive knowledge of and competence in managing and conducting operations in their respective markets or areas. In addition, Kjell & Company has to rely on the knowledge of operating individual stores that is possessed by the respective service point managers. Managers at different levels in the organisation lead the daily business and ongoing

12) Excluding Click-and-Collect and the full effect of AV-Cables.
13) Arkwright – Market Study

functions and serve as an interface that connects Kjell & Company and Group management to its customers and other stakeholders and they are thus important to Kjell & Company's ability to analyse and adapt to local market conditions. A failure on their part in successfully operating the business and reporting to Group management, and in promoting relations with stakeholders, could thus have a material adverse effect on Kjell & Company's ability to implement its strategy and maintain necessary relations with stakeholders.

Since half of the members of Group management and the majority of Kjell & Company's managers started their careers at Kjell & Company as sales personnel, the Company assesses that, to a certain degree, it could be more difficult through external recruitment alone to attract candidates with relevant experience and knowledge. For example, Kjell & Company changed CEO in March 2021, whereby Andreas Rylander, who had formerly been COO and had worked in the Group since 2002, took office as the new CEO, though employees historically have been recruited to group management positions externally. However, the number of candidates for certain senior management positions with relevant experience from Kjell & Company or equivalent operations may be limited. Accordingly, Kjell & Company's ability to recruit suitable members to Group management and managers is, to some extent, dependent on its ability to recruit sales personnel to stores and other employees at lower levels in the organisation, which is in turn impacted by several factors, including the potential candidates' opinions concerning a career in sales and the future prospects associated with this. Should employees at other levels of the organisation have a negative opinion of the future prospects within the organisation, this would thus make it difficult for Kjell & Company to recruit suitable members to Group management or other managerial personnel.

It could also be difficult for Kjell & Company to conduct its operations efficiently and achieve its growth targets if Kjell & Company were to lose members of Group management or managers at other levels of the organisation, including managers of service points, and be unable to find suitable replacements, or if Kjell & Company failed to attract or retain competent managerial personnel on competitive terms and conditions. In addition, if such employees decided to leave Kjell & Company to work for competing businesses, Kjell & Company could find it difficult to operate the service points concerned and to attract and retain customers. Such a development could have a material adverse effect on Kjell & Company's net sales and earnings.

Kjell & Company is dependent on employing and retaining skilled personnel on competitive terms and conditions

The industry in which Kjell & Company operates is generally personnel-intensive and Kjell & Company is thereby dependent on its ability to employ and retain competent personnel who work in service points and warehouses and who understand and appreciate Kjell & Company's corporate culture, customers and products. To achieve the market's best customer satisfaction, it is important that the Company helps to encourage employees' genuine interest in and knowledge about technology and that employees are motivated and enjoy their work. As a means of ensuring that Kjell & Company's sales personnel can always provide current and relevant technology know-how, the Company has therefore created its own school: Kjell Academy. The intention of this is to strengthen technical competence and to develop the sales personnel's skills in customer interaction and service. As per 30 June 2021, Kjell & Company had a total of approximately 1,200 employees.

Employee turnover in the retail sector is generally high and is higher for warehouse employees than for employees in stores. High employee turnover could make it difficult for Kjell & Company to recruit sufficient numbers of employees. In addition, recruitment and training of new personnel is associated with costs that on an aggregated level could add up to significant amounts in connection with high employee turnover. High employee turnover also makes it difficult for Kjell & Company to ensure that its personnel live up to its requirements in terms of service and technical expertise and to act loyally in relation to Group management and other managers, which could lead to customer dissatisfaction and problems in achieving necessary internal control and governance. Such a development could result in reduced net sales in the event that potential customers refrain from purchasing products from Kjell & Company.

Kjell & Company's staffing needs, particularly in warehouses, also vary on a daily basis depending on capacity utilisation, which has required that Kjell & Company insource personnel from staffing agencies on a temporary basis to be able to manage temporary needs for higher staffing. Kjell & Company also uses a significant number of insourced contract workers and part-time employees to be able to manage seasonal workload peaks. This could result in temporarily higher personnel costs due to higher hourly costs for insourced personnel and a risk remains that Kjell & Company will not manage to find sufficient numbers of such personnel and thus be unable to adequately staff its service points and warehouses. Under such circumstances, Kjell & Company could be forced to compensate staff through raised salaries and other costly measures. Even if such measures are implemented, Kjell & Company could also lose staff due to dissatisfaction with demanding working conditions. Understaffing could also lead to a deterioration in the performance of Kjell & Company's employees and thereby in potential customers' perceptions of Kjell & Company. In addition, Kjell & Company uses insourced consultants to operate IT or other business development projects. For example, insourced personnel were used to design Kjell & Company's new online platform. In accordance with labour market regulations in the jurisdictions where Kjell & Company conducts operations, temporary staff may also be reclassified as permanent employees and thereby obtain rights and benefits as employees, which could lead to increased personnel costs for Kjell & Company and reduced staffing flexibility. Kjell & Company has also needed to implement procedures to promote compliance with relevant regulations, which required that special staffing resources had to be allocated to manage this issue.

If Kjell & Company is unable to employ and retain competent personnel on competitive terms or at all, it could be difficult for Kjell & Company to conduct its operations in an efficient manner or to achieve its growth targets, which could lead to increased labour costs, a lower degree of service and have a material adverse effect on Kjell & Company's net sales and profitability.

Kjell & Company relies on payment solutions from third-party suppliers

On the date of this Prospectus, Kjell & Company offers, through its payment platform, various payment solutions that are customised to the customers' behaviour and preferences, both at service points and in connection with online shopping. The payment methods offered by Kjell & Company comprise payment with credit cards and debit cards, and cash payment through online bank services from third parties. All payment services are provided by external service providers, including Klarna, which also offers payment services such as partial payment, delayed payment and invoicing. The range of payment solutions offered by Kjell & Company entails risks attributable to disruptions in payment processes, which, if they are realised, could have a negative impact on customer confidence. For example, Kjell & Company has previously experienced problems whereby a bank's network failed, which prevented customers using debit cards connected to the bank from completing payments. Since payment is an integrated part of the overall impression of the purchase, the functionality of payment solutions will affect the customer experience. Kjell & Company's reputation could therefore be adversely affected if the payment solutions fail to meet the customers' expectations

The payment methods offered by Kjell & Company, and that are provided by external service providers, could become subject to regulations, cyber attacks and/or fraud from third parties. Kjell & Company is also exposed to risks attributable to unauthorised or incorrectly placed orders or payments, insufficient funds in customers' bank accounts and fraud. For certain payment solutions, Kjell & Company also pays a commission or other fees that could increase with time and result in higher operating expenses. There is a risk that the redeeming banks stop paying the receivables, increase the period of payment or demand pre-payment from Kjell & Company. According to Kjell & Company's current payment terms, Kjell & Company receives payment from the credit-card companies and Klarna within a limited number of days from the customer transaction. Any negative changes in respect of payment terms could lengthen the period during which Kjell & Company is subject to the risk that customers who have already received their products do not pay. This could adversely affect the Company's liquidity.

There is also a risk that suppliers of payment solutions terminate their agreements with Kjell & Company or refuse to renew them on terms and conditions that are acceptable to Kjell & Company or at all, which could lead to Kjell & Company being compelled to enter agreements with other suppliers whose solutions or terms and conditions could be less suitable to Kjell & Company's requirements. In addition, Kjell & Company could be unable to commission other suppliers of payment solutions who offer similar terms and conditions within a reasonable time frame. If any of the aforementioned risks should materialise, this could adversely impact Kjell & Company's financial position and cash flows.

Dissatisfaction with Kjell & Company's service may impact Kjell & Company's ability to retain customers

Kjell & Company's concept focuses on offering customers a high degree of personal service and advice. The Company has therefore endeavoured to develop customer reception in its sales channels to retain an industry-leading level of customer satisfaction. Both when Kjell & Company's staff and its automated systems interact with customers, there arises a need to assist and guide customers by identifying the products that best satisfy the customers' perceived needs. It is also decisive for Kjell & Company's ability to retain customers that they receive the same high degree of service when returns and complaints are dealt with by staff. Kjell & Company responds to inquiries and questions from customers both at service points and by e-mail, chat, video or phone calls. If service cases are managed by Kjell & Company's in-store staff or remote customer service unit in a manner that is or is perceived as unsatisfactory, this could negatively impact customer satisfaction and the customers' engagement. This could impact Kjell & Company's ability to retain existing customers and gain new customers, which could have a material adverse impact on Kjell & Company's earnings and financial position.

Kjell & Company may enter partnerships that could negatively affect Kjell & Company's operations

In May 2020, Kjell & Company entered a partnership whereby Circle K serves as a retailer of products from Kjell & Company in a number of Circle K's staffed service stations. Initially, this took the form of a pilot project in 20 Circle K stations, but the partnership has since been launched in all of Circle K's staffed stations in Sweden. As part of the partnership,The partnership entails that Circle K buys Kjell & Company's own brands and sells them via small spaces at Circle K stations, which are converted into a Kjell & Company section. Since February 2021, the concept has been rolled out in Circle K's 292 staffed stations in Sweden, which sharply increases the physical availability of Kjell & Company's products in addition to the company's 107 service points in Sweden.

In the future, Kjell & Company may enter joint ventures, other partnerships or strategic partnerships, or acquire new businesses that in order to complement Kjell & Company's current product portfolio or to gain access to new markets and increase Kjell & Company's sales in selected customer categories, as well as to expand its purchasing organisation. Kjell & Company has evaluated, and expects to continue to evaluate, potential strategic transactions to support Kjell & Company's strategy for continued profitable growth. There is a risk that Kjell & Company will not identify suitable new investments, acquisitions, partnerships, collaborations or other new initiatives, or that Kjell & Company will be unable to finalise measures on acceptable terms and conditions or at all. Investments, acquisitions, partnerships, collaborations or other new initiatives may also be considered as a negative development by financial markets and investors. In addition, investments, acquisitions, partnerships, collaborations or other new initiatives could lead to difficulties in integrating personnel and operations from the acquired companies and in retaining and motivating key personnel from acquired companies, disrupt Kjell & Company's current operations, entail obligations and responsibilities, and increase Kjell & Company's costs, refer also to "*—Kjell & Company's strategy includes acquisitions and Kjell & Company perhaps will not succeed in fully integrating implemented acquisitions*". Kjell & Company could also be negatively impacted by being associated with other operations if they implement measures that Kjell & Company's customers or other counterparties regard as inappropriate. In addition, future acquisitions, partnerships or new initiatives could reduce Kjell & Company's liquidity and increase its indebtedness, and all these risks could have a material adverse effect on Kjell & Company's operations, earnings, financial position and cash flow.

Kjell & Company's strategy includes acquisitions and Kjell & Company perhaps will not succeed in fully integrating implemented acquisitions

Kjell & Company's strategy includes strengthening and developing the business through acquisitions designed to complement current operations or to grow in new markets. During the second quarter of 2021, the Company acquired AV-Cables, a retailer of consumer electronics accessories in the Danish CEA market. In the long-term, Kjell & Company believes potential exists for further geographic expansion into selected markets through the acquisition of companies active in the CEA market. The Company has conducted an initial analysis of markets in Northern Europe and identified several markets it deems particularly attractive given their market size, market structure, competitive landscape and growth profile. However, a risk remains that Kjell & Company does not succeed in identifying acquisition opportunities on attractive terms and conditions or at all, or that Kjell & Company does not manage to compete successfully with other bidders, which could have a material adverse effect on the Company's operations and growth.

The process for integrating acquired companies, operations or product portfolios could create unforeseen difficulties and costs in the business. The integration of acquired operations could also entail other risks for Kjell & Company, including the utilisation of significant resources and time among Kjell & Company's Group management and other key individuals and that Kjell & Company becomes subject to legal or other processes with counterparties concerning earnout considerations or other matters.

When Kjell & Company evaluates an acquisition opportunity, Kjell & Company makes certain assumptions concerning, inter alia, future sales, the cost base and investment requirements. It is, for example, Kjell & Company's assessment that the acquisition of AV-Cables entails synergy effects in form of both will result in sales and cost synergies, which are expected to be realised as of 2022 and thereafter. However, it may be difficult or impossible to realise the benefits that Kjell & Company counts on at the acquisition date due to unforeseen difficulties and associated costs in the business. Accordingly, a risk remains that Kjell & Company misjudges the opportunities and risks attributable to acquisitions and that potential synergies thereby fail to materialise or cannot be realised according to plan for some other reason.

The realisation of any of the risks associated with acquisitions, integration and market establishments could prevent Kjell & Company from implementing its growth strategy and managing its central business functions, lead to increased operating expenses and have a material adverse effect on Kjell & Company's revenue and profitability.

Risks related to regulations, compliance, legal proceedings and legal relations

Non-compliance with rules applicable to Kjell & Company's operations and products may result in penalties or harm the perception of Kjell & Company held by its suppliers and customers

In its operations, Kjell & Company must comply with various national regulations, union rules and international regulations, including regulations concerning taxation, marketing, labour force, the environment, importation of goods and product safety. Certain parts of Kjell & Company's operations, including the importation of goods to Sweden, Norway and Denmark and labelling of packaging, also require registration and approval by public agencies.

Kjell & Company's ability to comply with applicable regulations is dependent on several factors, including the regulations' complexity, how quickly the regulations can be changed, the clarity with which the regulations are communicated and Kjell & Company's ability to correctly analyse and adapt to the regulations. To ensure that products comply with applicable regulations, Kjell & Company has an internal function in Sweden and China that works with testing, verifying and documenting the products' quality and that they satisfy the requirements placed. The meaning of the regulations may also be changed and new registrations or approvals may be required due to changed interpretations, which may be more difficult to uncover and assess due to insufficient communication from the applying authorities. For Kjell & Company to be able to implement necessary registrations and obtain necessary approvals, it is necessary for Kjell & Company to know that the registrations and approvals are required, and that Kjell & Company is able to satisfy the requirements placed for registration or approval. Due to the complexity associated with compliance and obtaining necessary registrations or approvals, a risk remains that Kjell & Company may fail to comply with applicable regulations and fail to receive necessary approvals.

The effects of an actual or alleged failure to comply with applicable regulations vary depending on, inter alia, the regulations' meaning, the nature of the infringement, available sanctions and Kjell & Company's ability to defend itself and to otherwise deal with potential consequences or requirements resulting from the alleged or actual infringement. Incorrect payment of taxes could, for example, lead to tax penalties, while deficiencies in sold products that lead to personal or property damage could lead to product liability, a ban on sales and demands for recalls. In addition to the direct effects of an actual or alleged compliance violation, in the form of sanctions, Kjell & Company's reputation could also be adversely impacted. For example, suppliers may be unwilling to sell products to Kjell & Company to avoid being associated with Kjell & Company and customers could choose not to buy from Kjell & Company to demonstrate that they distance themselves from the compliance violations committed or alleged to have been committed by Kjell & Company. Viewed as a whole, inadequate compliance or an inability to implement necessary registrations or obtain necessary approvals could thus have a material adverse effect on Kjell & Company's operations, earnings and financial position.

Failure by Kjell & Company, its employees and third parties to abide by laws and regulations designed to prevent bribery and corruption could result in Kjell & Company being subject to fines and other negative consequences

Kjell & Company is subject to a multitude of regulations designed to prevent corruption and bribes. Actual or alleged breaches of applicable laws, regulations or contractual undertakings could lead to significant claims for damages against Kjell & Company and also damage Kjell & Company's reputation or give rise to a loss of business opportunities in the markets where Kjell & Company conducts operations.

Kjell & Company has implemented policies, including a code of conduct for suppliers that must be signed in connection with the commissioning of a new supplier, and has developed training and compliance programmes designed to ensure that employees refrain from accepting any form of bribes. In addition, an internal code of conduct has been implemented in the Swedish and Norwegian markets. This is appended to all of Kjell & Company's employment contracts to inform employees about regulations governing bribes, sanctions and money laundering. However, Kjell & Company is subject to a multitude of different requirements in several different jurisdictions and is to a great extent dependent on its business partners. Consequently, there is no guarantee that Kjell & Company's existing measures to prevent bribery and corruption will be effective. Both active and passive giving or taking of bribes and active and passive corruption (or even the suspicion of such behaviour) by an employee could seriously damage Kjell & Company's reputation.

As described in "*—Non-compliance with rules applicable to Kjell & Company's operations and products may result in penalties or harm the perception of Kjell & Company held by its suppliers and customers*", Kjell & Company is dependent on certain registrations with and approvals from public authorities and consequently on maintaining good relations with the officials working in public authorities and who could impact relevant decisions. Kjell & Company's employees, including employees in the purchasing function, could contravene Kjell & Company's processes and policies aimed at countering corruption and bribes, as well as applicable laws for countering corruption and bribes, to obtain necessary registrations or approvals and thus secure perceived personal benefits through better work-related results.

Actions that contravene applicable regulations for counteracting corruption and bribery could lead to regulatory or penal sanctions, the cancellation or exclusion of Kjell & Company's possibility to achieve certain approvals or other penalties imposed on employees, third parties and/or Kjell & Company, which could have a material adverse effect on Kjell & Company's reputation, net sales and profitability.

Kjell & Company's current and future operations in and transactions with counterparties from certain countries with low manufacturing costs entail political, legal, financial and other risks that could impede Kjell & Company's ability to enforce its rights

Kjell & Company assesses that a significant share of the products it sells are produced in China and other countries with low manufacturing costs. As per 30 June 2021, Kjell & Company also had a local purchasing department consisting of 30 full-time equivalents in China.

Countries with low manufacturing costs frequently have different market conditions and in certain cases significantly lower levels of political and financial stability and more legal/regulatory uncertainty than countries with higher manufacturing costs, which leads to limited transparency and predictability. These factors could lead to uncertainty in connection with the implementation of agreements, unexpected changes in regulatory frameworks, political and social instability, unrest among workers, difficulties in obtaining a legal hearing, especially in relation to the state and state-owned companies, the introduction of import restrictions and the risk of bribery and corruption, which could harm Kjell & Company's reputation and impair Kjell & Company's ability to retain existing and attract new customers. Such problems could have various expressions in different markets and access to effective legal recourse may vary. For this reason, Kjell & Company actively oversees the terms and conditions prevailing in each country where the Company conducts operations and takes action in response to any negative development in these markets. For example, Kjell & Company has a policy of not entering agreements with parties from countries included on the United Nations' sanction list.

Difficulties or events attributable to countries with low manufacturing costs could prevent Kjell & Company from conducting its operations and implementing its growth strategy and could have a material adverse effect on Kjell & Company's net sales and profitability. As part of Kjell & Company's growth strategy, Kjell & Company's exposure to countries with low manufacturing costs may increase additionally in the future, as a result of changes in Kjell & Company's or its suppliers' manufacturing and sourcing strategies.

The internal governance documents, procedures, processes and evaluation methods used by Kjell & Company to manage its operations and to assess and manage risks may prove insufficient to cover the risks, and Kjell & Company's internal governance and control may prove inadequate to prevent fraud

Kjell & Company relies on a number of internal governance documents, including policies, procedures, manuals and other types of handbooks, processes and evaluation methods, to assess and manage risks as well as compliance. These governance documents are a feature of Kjell & Company's framework for internal control. Kjell & Company has implemented internal governance documents that cover customer service, marketing, regulatory and legal compliance and sourcing.

There is no guarantee that Kjell & Company's internal governance documents, procedures, processes and evaluation methods will facilitate efficient management of all types of risks, including risks that Kjell & Company fails to identify or predict. Such risks include misstatements caused by a lack of necessary internal governance or control. There is also a risk that Kjell & Company's operations are not conducted in accordance with internal governance documents, including codes of conduct, or of not correctly quantifying identified risks. Due to its decentralised operational structure, Kjell & Company is and could increasingly become dependent on individual service points to enable correct implementation of its internal governance documents. The equivalent applies to Kjell & Company's operations in the Danish market, where the work to integrate AV-Cables is still ongoing and Kjell & Company's strategy in these respects has consequently not been fully implemented. If Kjell & Company is unable to successfully establish and comply with effective internal governance documents, procedures, processes and evaluation methods for assessing and managing risks and if Kjell & Company's employees conduct themselves in a manner that does not correspond to the level of business ethics and integrity that Kjell & Company has pledged to uphold, as a result of policies and procedures not being complied with, not being available or updated, or for any other reason, this could result in inefficiency in Kjell & Company's operations and prevent implementation of Kjell & Company's strategy throughout the organisation. Such a development could prevent Kjell & Company from achieving its targets and have a material adverse effect on Kjell & Company's reputation.

Efficient internal governance and controls are necessary for Kjell & Company's ability to provide reliable financial statements, ensure compliance with internal and external regulations and for preventing fraud. There is no guarantee that in its corporate governance and internal controls Kjell & Company will be able to manage corporate functions and internal risks or identify areas requiring improvement in an efficient manner. In addition, Kjell & Company's financial and operating policies and controls could prove to be insufficient, which could lead to inadequate compliance with Kjell & Company's internal governance documents and thereby to Kjell & Company incurring costs for inadequate compliance, the cost of sanctions and damage to Kjell & Company's reputation, which may not be covered by insurance policies or compensated for in any other manner. For example, Kjell & Company encountered initial difficulties in analysing and adapting to regulations in respect of documentation for products in Norway, which resulted in Kjell & Company receiving a warning for inadequate documentation of one product. If Kjell & Company does not maintain reliable internal governance and controls, this could have a material negative effect on Kjell & Company's monitoring of critical business activities, profitability and reputation.

Kjell & Company has entered into a significant number of agreements with suppliers, some of which contain standard terms and conditions that could prove to be disadvantageous for Kjell & Company and some of which are not documented in writing

Kjell & Company has entered into a significant number of agreements with a large number of counterparties, including suppliers. To enhance the efficiency of entering contracts, Kjell & Company primarily uses standardised documents, agreements and terms and conditions. If such documents, agreements or terms and conditions should prove to contain provisions that are disadvantageous for Kjell & Company, or if clauses in such documents or agreements are declared null and void and are thereby replaced by legal provisions that are disadvantageous for Kjell & Company, a large number of standardised documents, agreements or terms and conditions could be affected.

In addition, certain of Kjell & Company's agreements with suppliers are not documented and a risk remains that the Company would not achieve success with claims based on such agreements (for example, in connection with delayed deliveries from a supplier), or that the agreements are terminated without notice.

If any of these risks were to materialise it could have a material adverse effect on Kjell & Company's earnings and cash flows.

Kjell & Company may be prevented from protecting or asserting its brands, trademarks or other intellectual property rights and could violate the intellectual property rights of third parties

Kjell & Company's brands, trademarks and other intellectual property rights are of vital importance to Kjell & Company's operations and are used, inter alia, for its own products. On 31 December 2020 and 30 June 2021, the carrying amount of Kjell & Company's brands was SEK 444.3 million and SEK 482.7 million, respectively, development expenditure amounted to SEK 31.2 million and SEK 35.1 million, respectively, and licences and similar rights to SEK 3.8 million and SEK 3.0 million, respectively. Accordingly, Kjell & Company is dependent on being able to protect existing and potential new intellectual property rights through registration and other methods.

Regardless of whether or not Kjell & Company succeeds in gaining IPR protection for its intellectual property rights, Kjell & Company could become subject to intellectual property right violation by a third party; for example, as a result of a third party attempting to benefit from the recognition factor of Kjell & Company's brands. Violation of Kjell & Company's intellectual property rights could, inter alia, entail that the effectiveness and thereby the value of Kjell & Company's intellectual property rights diminishes by being associated with products that do not live up to Kjell & Company's standards or by the connection with Kjell & Company's operations becoming unclear. In addition, third parties could challenge the validity of and assert priority rights to Kjell & Company's intellectual property rights. Since regulations governing intellectual property rights can be complex and enforcement actions for implementing intellectual property rights can be ineffective in relation to, for example, players in countries with less effective legal protection, it could be difficult for Kjell & Company to maintain sufficient protection of its intellectual property rights. Actions taken to protect Kjell & Company's rights could also be costly and require a significant work input. Any violation and failure to protect intellectual property rights could therefore have a material adverse effect on Kjell & Company's operations, financial position and performance.

Kjell & Company's operations are also exposed to risks attributable to licence agreements entered into with a third party. Kjell & Company's use of intellectual property rights licenced from a third party could lead to infringement of a third party's intellectual property rights due to, for example, the rights being used in contravention of applicable licence agreements or that the licensee was not authorised to grant a licence for the relevant rights. Kjell & Company's contractual parties could also demand contractual conditions that result in disadvantages for Kjell & Company or terminate licence agreements with Kjell & Company under circumstances that are disadvantageous to Kjell & Company. Any of these events could have a material adverse effect on Kjell & Company's operations, financial position and performance.

There is also a risk that Kjell & Company's use of intellectual property rights, such as brands and protected technology, result in Kjell & Company violating or being alleged to violate the intellectual property rights of third parties. This risk is particularly material in cases where Kjell & Company's own products, whose function is frequently intended to satisfy requirements of customers identified by third parties and which, in terms of design, may resemble products produced by third parties, including the type of products sold by Kjell & Company.

Potential disputes concerning intellectual property rights or claims in relation to Kjell & Company could result in a loss of or compromise the business's intellectual property rights, entail significant obligations, compel Kjell & Company to apply for licences and pay associated fees, prevent Kjell & Company's sale of specific products, compel Kjell & Company to redesign or relabel its products or rename its brands and harm Kjell & Company's relationships with third-party suppliers. Any violation of intellectual property rights belonging to third parties could thereby lead to a reduction in net sales, increased costs and have a material adverse effect on Kjell & Company's operations, financial position and reputation. Regardless of the resources invested by Kjell & Company in avoiding the violation of intellectual property rights, such infringement could occur in the future even without Kjell & Company's knowledge.

Kjell & Company is exposed to tax-related risks

Kjell & Company conducts operations in Sweden, Norway, Denmark and China and may also expand into additional jurisdictions and is thereby subject to taxation in several jurisdictions. Tax regulations are complex and thereby subject to different interpretations. Kjell & Company conducts its operations, including transactions between Group companies, in accordance with its interpretations and its understanding of applicable tax laws and tax agreements or other regulations, as well as the requirements of relevant tax authorities in the jurisdictions where the operations are conducted. As per 30 June 2021, Kjell & Company recognised deferred tax assets and liabilities of SEK 0 million and SEK 139.2 million, respectively.

There is no guarantee that Kjell & Company's interpretations and applications of applicable laws, regulations, case law and the tax authorities' administrative practices have been correct or will continue in the future to be correct, or that such laws, regulations, case law or administrative practices will not be amended, possibly with retroactive effect, as a result of new judgements.

The jurisdictions in which Kjell & Company conducts operations have regulations governing transfer pricing requiring that intra-Group group transactions be implemented at arm's length. Kjell & Company conducts a number of cross-border intra-Group transactions, including sales of goods, management services and intra-Group financial transactions. The transfer pricing strategies used by Kjell & Company are based on the Organisation for Economic Co-operation and Development ("OECD") guidelines, national regulations and documented principles for establishing correct transfer pricing. Nevertheless, Kjell & Company may be subject to issues concerning transfer pricing in the jurisdictions in which it operates and local tax authorities could question the commercial nature of these transactions.

Kjell & Company could also be subject to additional taxes, interest payments and potential sanctions in conjunction with future tax audits and revaluations, which could have a material adverse effect on Kjell & Company's cash flow. The period of time during which such a tax audit or revaluation may be initiated varies from three to six years in respect of the countries in which Kjell & Company currently conducts its operations.

Kjell & Company's compliance with applicable data protection regulations may be inadequate

Kjell & Company processes a large amount of historical data primarily related to its customers and employees, including payment data and sensitive information about its customers' personal characteristics and transactions from its loyalty programme in both an electronic and a physical format, in its internal IT systems and IT systems from third parties, such as Kjell & Company's business system, Dynamics NAV.

Kjell & Company's ability to collect, store, share and in any other manner process customer data is governed by the EU's General Data Protection Regulation (EU) 2016/679 ("**GDPR**"), national data protection laws, confidentiality requirements and other regulatory restrictions, whereby, for example, personal data may only be collected for specified, explicit and legitimate purposes and may only be processed in a manner that complies with these purposes. In addition, collected personal data must be correct, relevant and limited to the purposes for which it has been collected and/or processed and may not be saved for longer than necessary for the purpose of its collection.

The GDPR entered into force on 25 May 2018 and subjects Kjell & Company to significant compliance requirements (particularly in respect of the processing of sensitive personal data). The interpretations of legal authorities and data protection authorities concerning many aspects of the GDPR are associated with uncertainty and may be subject to change. There is no guarantee that Kjell & Company's interpretations and application of the GDPR and other applicable laws are correct or in line with the interpretations of relevant authorities. Regardless of considerable investments by Kjell & Company, its data protection processes and methods, including measures for network checks, confidentiality and cyber training, and communication concerning these matters, as well as the appointment of data protection officers, may be insufficient to prevent violation of data protection laws or improper disclosure or processing of personal data, including sensitive customer data, contrary to applicable laws, regulations and agreements. IT or system shortcomings or faults in these systems could also facilitate theft and result in a loss of historical data.

Kjell & Company may from time to time receive requests from the authorities concerning its compliance with data protection regulations and may receive requests from data subjects to exercise their rights in accordance with the applicable data protection regulations. Obtaining correct responses to such requests within the statutory time limits could require additional inquiry and require the time of Group management. In addition to introducing new compliance requirements for personal data controllers and personal data processors as well as strengthening the data subjects' rights, the

GDPR provides new authorities to supervisory authorities for the protection of personal data, including the authority to limit an organisation's data processing and levy administrative fines for inadequate compliance of up to 4% of an organisation's global annual sales or EUR 20 million (corresponding to SEK 79.9 million based on Kjell & Company's net sales for the 2020 financial year) (depending on which is highest). In addition, the GDPR provides data subjects with the right to compensation should any breach of the GDPR lead to material damage (including as a feature of a class action).

Should Kjell & Company's policies, processes or systems be adjudged to not comply with, or in the past not have complied with, applicable data protection laws and regulations, or should Kjell & Company fail in all significant respects to protect or process customer data or other personal data in compliance with applicable laws and regulations, this could lead to fines, legal action and breaches of arrangements in agreements and/or disputes as well as the payment of compensation, which could in turn have a material adverse effect on Kjell & Company's reputation and profitability. Compliance with data protection laws requires continuous investment in systems, processes, policies and personnel and could require material investments in the future, which could have additional effects on Kjell & Company's operations.

Complaints, warranties and claims pertaining to product liability may damage Kjell & Company and result in cash disbursements

Kjell & Company may be exposed to complaints and requirements from customers if delivered products are damaged, defective or otherwise incorrect and for returns from dissatisfied customers. In some cases, it is not possible to determine whether a product has been damaged in the warehouse or during transportation to the end customer. Insofar as Kjell & Company cannot pass on claims for compensation to its suppliers or transporters, Kjell & Company may be obliged to correct the faults of or replace defective products, or repay the purchase consideration. Kjell & Company is also exposed to product liability should its products cause personal or property damage; for example, if a product results in injury due to faulty design or installation, or incorrect advice from Kjell & Company's customer service. For example, Kjell & Company was ordered to pay compensation of about SEK 3 million to an insurance company in 2018 after an incorrectly designed modem sold by Kjell & Company caused a fire in a detached house. Such events could have a material negative effect on Kjell & Company's brand and reputation even if the product, such as the modem, is not one of Kjell & Company's own brands. In addition, complaints and product responsibility, as well as the risk of such events, could adversely impact Kjell & Company's financial position and cash flows.

Kjell & Company usually offers a cost-free return period of 30 days to its customers in Sweden and Norway and of 60 days to customers in Denmark who are not members of Kjell & Company's loyalty programme and 100 days to members of the loyalty programme. Should Kjell & Company fail in advising customers or in handling and satisfying customer expectations concerning purchased products, or should the return rate increase for other reasons, such as changes in customer behaviour, abuse of Kjell & Company's return policy or increased online shopping without interaction with Kjell & Company's staff, this could increase Kjell & Company's costs for returns and result in a loss of existing or potential new customers.

Kjell & Company also has guarantee commitments in relation to customers whereby the guarantee periods are typically long and guarantee claims can therefore arise several years after the date of sale. In such cases, no immediate relationship exists between the sale and any guarantee costs. There is a risk that the provisions posted in the day-to-day management of guarantee commitments could prove to be insufficient. In such cases, this could have a material adverse impact on Kjell & Company's earnings and financial position.

There is also a risk that Kjell & Company's insurance cover is insufficient or cannot be used to cover potential damages, refer also to "—*Kjell & Company is dependent on and may be prevented from maintaining suitable insurance coverage on competitive terms*".

Kjell & Company is dependent on and may be prevented from maintaining suitable insurance coverage on competitive terms

Kjell & Company has customary insurance cover pertaining to general damage, property, business interruption, customer accidents, responsibility for advisory consultants, directors and senior executives and travel, designed to cover deficiencies in Kjell & Company's products and other requirements, which the Company regards as suitable and in accordance with laws and industry practices. Nonetheless, Kjell & Company could be subject to requirements that are above and beyond Kjell & Company's insurance cover, or requirements that are not covered by it. Kjell & Company could, for example, as a result of risks attributable to sales of consumer electronics accessories (refer also to "—*Complaints, warranties and claims pertaining to product liability may damage Kjell & Company and result in cash disbursements*"), be subject to requirements related to, inter alia, faults arising as a result of criminal negligence on the part of Kjell & Company's employees and requirements that fall below the deductible, as well as breaches of laws and regulations that are generally not encompassed by insurance policies. In addition, Kjell & Company may be subject to requirements that, even if they are encompassed by Kjell & Company's insurance cover, lead to a rise in Kjell & Company's insurance premiums. There is no guarantee that Kjell & Company will be able to find or maintain liability insurance in the future on acceptable terms and conditions, or at all. Inadequate insurance cover or significant increases in Kjell & Company's insurance premiums could lead to financial losses or increased operating expenses, which could have a material adverse impact on Kjell & Company's profitability.

Risks related to Kjell & Company's financial position

Kjell & Company is dependent on external financing and may be prevented from securing new financing, or refinancing of its existing loans when they mature, on advantageous terms and conditions, or at all

Kjell & Company has significant liabilities and has on a number of occasions raised loans and other credits, and raised equity, to secure the financing of its operations, growth strategy and liquidity. To coincide with the Offering, Kjell & Company will refinance its credit facilities and replace its existing credit facilities with one credit agreement comprising (i) a credit facility of SEK 46 million, (ii) a credit facility of SEK 414 million, (iii) an acquisition facility of SEK 200 million, and (iv) a revolving credit facility of SEK 250 million (the "**New Credit Facilities**").

Kjell & Company may need to raise additional capital in the future to secure the financing of its operations. Both the point in time and the scope of Kjell & Company's needs for future financing depend on several factors, including investment opportunities and Kjell & Company's ability to generate a positive cash flow. In addition, access to financing depends on several factors, such as market conditions, general access to credits, Kjell & Company's credit capacity and the opinion that Kjell & Company's lenders or credit rating agencies have of Kjell & Company's long- or short-term financial outlook and Kjell & Company's compliance with covenants commitments and terms and conditions under existing borrowing agreements. Disruptions or uncertainties in the capital and credit markets may also limit access to capital. Accordingly, a risk remains that Kjell & Company may be unable to secure funding at a reasonable cost or on acceptable terms in the future.

Should Kjell & Company be unable to secure financing, this could prevent Kjell & Company from conducting its operations and implementing its strategy, which could have a material negative effect on Kjell & Company's cash flow from financing activities and a material impact on net sales and profitability.

Kjell & Company could fail in fulfilling or could be limited by financial undertakings in its loan agreements

To coincide with the Offering, Kjell & Company will refinance its credit facilities and replace its existing credit facilities with the New Credit Facilities. The New Credit Facilities will be provided by Nordea Bank Abp, filial i Sverige, and their availability is subject to the fulfilment of customary terms and conditions. Kjell & Company's financing agreements under these New Credit Facilities will contain a customary undertakings and commitments made on the date that the Credit Agreement is signed and, in respect to certain undertakings and commitments, as of certain subsequent dates. Furthermore, the Credit Agreement will also contain customary undertakings that are binding on the Company and its subsidiaries which entails business-related restrictions, including limitations on Kjell & Company's ability to take actions that could be in Kjell & Company's long-term interest, such as provide collateral, raise a new debt and making additional acquisitions is restricted. Furthermore, the Credit Agreement will include a financial undertaking, according to which the ratio between the total net debt and EBITDA, when tested, must never exceed a ratio of (i) 3.50:1 until 30 September 2022, (ii) 3.25:1 from 30 September 2022 to 30 September 2023 and (iii) 3.00:1 from 30 September 2023 to the last date of maturity.

There is a risk that Kjell & Company will be unable to continue to fulfil the undertakings contained in the financing agreements and such failure could lead to missed payments. Kjell & Company's ability to pay its liabilities and otherwise fulfil its undertakings in relevant agreements and its general debt servicing ability in accordance with the financing agreements depends, inter alia, on Kjell & Company's future earnings from operations. Certain aspects of Kjell & Company's future operating profit depend on economic, financial and competition factors as well as other factors beyond Kjell & Company's control; refer also to "*—Risks related to Kjell & Company's industry—Kjell & Company's operations, earnings and financial position are impacted by risks related to its business environment and consumer behaviors*"

The suspension of payments under borrowing agreements could, inter alia, lead to costs for correcting the default, undertakings to provide the creditors with collateral, notifications from the lenders that all loans outstanding, including accrued interest and other fees, must be repaid immediately, or upon request, crosswise clauses concerning due dates in relation to other financing arrangements, reduced access to future financing and liability for damages. If the utilisation of credit under any of the financing arrangements were to be accelerated, Kjell & Company's assets could be insufficient to repay the debt in full. In addition, the lenders could be entitled under certain of the financing arrangements to cancel potential undertakings to provide additional loans under these financing arrangements in the event of default. Should one of these events materialise, this could have a material adverse effect on Kjell & Company's cash flow.

Kjell & Company is exposed to currency risks

Due to its cross-border operations, Kjell & Company has material assets and liabilities and generates a portion of its net sales and incurs a material part of its expenditure in various currencies that are not SEK, the Groups' accounting currency. On the date of this Prospectus, Kjell & Company conducts operations in three markets whose official currency is not SEK and it may expand into additional such markets in the future. Consequently, Kjell & Company is exposed to currency risks comprising translation exposure and transaction exposure.

Translation risk is defined as exposure arising in connection with consolidation of foreign operations that do not have SEK as their functional currency. Kjell & Company's policy is to not hedge net investments in foreign operations. On 31 December 2020, Kjell & Company's foremost translation exposure was in relation to NOK, but the Company's exposure to DKK has increased as a result of the acquisition of AV-Cables. As per 31 December 2020, an appreciation/depreciation of NOK by 10% against SEK would have increased/reduced the value of Kjell & Company's net investments in foreign operations in NOK by approximately SEK 2.3 million assuming that all other variables remained unchanged. Were NOK to have appreciated/depreciated by an average of 10 percentage points in relation to SEK during the 2020 financial year, all other things being equal, Kjell & Company's operating profit would have increased/decreased approximately SEK 0.9 million.

Transaction exposure may impact Kjell & Company's operating profit from the settlement of transactions, such as liabilities and receivables, in foreign currencies. Although Kjell & Company endeavours to maintain a balance in respect of the degree to which various currencies contribute to its net sales and costs, Kjell & Company's operating profit is still impacted by transaction risks. Kjell & Company recognises net sales through sales in SEK. In the 2020 financial year, Kjell & Company generated 12.6% of its net sales in NOK. Kjell & Company also incurs significant expenditure for purchases of goods in EUR, USD and CNY, as well as Group-related administrative expenses in NOK.

Purchases of goods for resale occur primarily in EUR, USD and CNY, which could lead to volatility and currency risks in conjunction with these costs. Other net sales and expenditure are primarily denominated in SEK.

Due to the abovementioned factors, a risk remains that fluctuations in exchange rates and exposures could have a material adverse effect on Kjell & Company's net sales and profitability. Exchange-rate fluctuations could also impact Kjell & Company's competitiveness and customer demand, should the translation effects make Kjell & Company's prices higher than those of its competitors in local currencies. All developments that involve these risks could have a material adverse effect on Kjell & Company's financial position and profitability.

Kjell & Company is exposed to interest-rate risks

Kjell & Company's loans, including those under the New Credit Facilities, are subject to variable interest based on STIBOR. Kjell & Company is thus exposed to interest-rate fluctuations. Interest rates are impacted by several factors, which are normally beyond Kjell & Company's control, including interest rate policies decided by central banks in the markets where Kjell & Company conducts operations and the general macroeconomic development. Fluctuations in market interest rates could lead to fluctuations in Kjell & Company's financial net sales and expenditure, as well as the value of its financial instruments. Interest-rate exposure could result in changes in fair values, changes in cash flows and impact Kjell & Company's profit. Rising market interest rates could, for example, increase the Group's interest-payment undertakings under its credit facilities and the Group's net interest expense, and in addition could have a negative impact on Kjell & Company's cash flow. As Kjell & Company's PIK bond runs at a fixed interest rate, the interest cost of the PIK bond is not affected by changes in market interest rates. A change in the interest rate of +/– 100 basis points would have changed Kjell & Company's profit before tax for the 2020 financial year by +/– SEK 6,5 million.

The planned refinancing is expected to impact Kjell & Company's net interest expense in the future (refer also to "*—Kjell & Company is dependent on external financing and may be prevented from securing new financing, or refinancing of its existing loans when they mature, on advantageous terms and conditions, or at all*" above). If the planned refinancing of the current debt using the New Credit Facilities and the Company's proceeds from its selling of shares in the Offering (assuming that the Offering is fully subscribed) had occurred and the New Credit Facilities had been in place as per 30 June 2021, with loans of SEK 450 million outstanding under the credit facilities of SEK 46 million and SEK 414 million, respectively, and if all relevant IBOR interest rates had been 100 basis points higher as per 30 June 2021, the effect on profit before tax on an annual basis, all other things being equal, would have been SEK 4.5 million. Changes in interest rates could therefore have a material negative effect on Kjell & Company's profitability, financial position and operating profit.

Kjell & Company could be adversely impacted by impairment of goodwill, brands and other intangible assets

As per 30 June 2021, Kjell & Company's recognised goodwill totalled SEK 758.8 million. Goodwill is largely attributable to the Principal Owner's acquisition of Kjell & Company, which resulted in goodwill of SEK 520.9 million, the remaining part relates to Kjell & Company's acquisition of AV-Cables. As per 30 June 2021, other intangible assets totalled SEK 602.8 million, attributable to brands, software, licences and leases. In common with goodwill, these are recognised as intangible assets.

On each reporting date, Kjell & Company tests the carrying amounts of intangible assets to determine if there is any indication of an impairment requirement. Goodwill and brands are impairment tested annually or whenever there is an indication of an impairment requirement. Impairment testing includes a comparison of the recoverable amount (the higher of the asset's value in use and fair value reduced by selling expenses) per cash-generating unit with the carrying amount. When calculating the Company's recoverable amount, growth drivers are the trend in labour costs, other cost items and investments relevant to each operating segment. Since Kjell & Company impairment tests goodwill and brands per operating segment, impairment requirements in one segment are not offset against a positive outcome in another. Accordingly, the Company may need to recognise impairment of goodwill and brands even if the recoverable amount of Kjell & Company as a whole were to exceed the carrying amount.

Any impairment of goodwill, brands or other intangible assets is recognised in profit or loss and has a negative impact on Kjell & Company's operations and financial position. Kjell & Company had no impairment losses for goodwill or for other intangible assets during the period January–June 2021, or the 2020, 2019 or 2018 financial years.

A significant impairment of goodwill, brands or other intangible assets could have a material negative impact on Kjell & Company's operations and financial position.

Risks related to the offering and the company's shares

Risks related to Kjell & Company's shares and ownership structure

The Principal Owner will continue to exercise significant influence over the Company after the Offering and could delay or prevent a change in control over the Company

After the Offering, the Principal Owner will hold a total of 29.3% of the Company's shares and voting rights, assuming that the Overallotment Option is not exercised, or 22.9% of the Company's shares and voting rights, assuming that the Overallotment Option is exercised fully. Accordingly, the Principal Owner will continue to exercise significant influence over the outcome of the matters that are referred to the shareholders in Kjell & Company for approval, including the election of members of the board of directors and any acquisitions, mergers or sales of all or nearly all of the Company's assets. In addition, the Principal Owner will continue to exercise significant influence over Kjell & Company's Group management and its operations. The Principal Owner's interests may differ from the interests of other Company shareholders. Consequently, the concentration of ownership to the Principal Owner could have a material negative impact on the price of the Company's share price by, inter alia:

- delaying, deferring or preventing a change in control over the Company;
- impeding a merger, acquisition or other business event involving the Company; or
- dissuading a potential bidder from making a public takeover offer for or otherwise assuming control over the Company.

The Company's ability to resolve on a dividend is impacted by several factors

It is the Company's shareholders, including the Principal Owner, who will resolve on the size and distribution of future dividends. The Company's future ability to distribute a dividend is impacted by several factors including, but not limited to, the Company's operations, future profits, financial position, earnings, unrestricted reserves, cash flow, outlook, capital requirements, the subsidiaries' ability to pay a dividend to the Company, credit terms, general financial and regulatory limitations and other factors that the Company's Group management or shareholders may consider material at various points in time. There is no guarantee that it will be possible to pay or distribute a dividend in the future. This results in a significant risk for the investors and could impact Kjell & Company's ability to attract investors whose investment decisions are particularly dependent on the opportunity of receiving regular dividend payments.

Risks related to the Offering

The Cornerstone investors' commitments are subject to certain terms and conditions and the Cornerstone investors' undertakings are not subject to any formal lock-up undertakings.

The Cornerstone investors (AMF Fonder, Carnegie Fonder, Fosielund Holding, Lazard Asset management, LMK Venture Partners, RoosGruppen and Strand Kapitalförvaltning) have undertaken to acquire shares in the Offering at the Offer Price. The number of shares that the Cornerstone investors have undertaken to acquire corresponds to 4.8 percent, 2.9 percent, 7.0 percent, 2,9 percent, 2.9 percent, 2.9 percent and 7.0 percent, respectively, of the Company's shares after implementation of the Offering and the Share Structure Simplification. The Cornerstone investors' commitments are, inter alia, subject to the following: (i) that the first day of trading of the shares on Nasdaq First North Growth Market occurs no later than 4 October 2021; and (ii) that each Cornerstone investor receives full allotment in relation to his/her undertakings; and (iii) that the Company's share value after implementation of the Offering does not exceed SEK 1,713 million (based on the Offer Price). If these conditions are not fulfilled, the Cornerstone investors are not required to acquire shares (or, as applicable, only obliged to acquire a lower number). The Cornerstone Investors' commitments are not secured by bank guarantee, blocked funds or pledge of collateral or similar arrangements. Consequently, there is a risk that the payment of the purchase price and delivery of the Cornerstone investor's shares in the Offering will not occur in connection with the completion of the Offering. There is thus a risk that the Cornerstone Investors will not make payment for shares and that delivery of shares to them will therefore not occur in connection with completion of the Offering, which could have an adverse impact on the completion of the Offering.

In addition, the Cornerstone Investors' commitments will not be subject to any formal lock-up undertakings, which means that it is possible for the Cornerstone Investors to sell all or parts of their shareholdings at any time. Any sale of a significant number of shares could entail that the market price of the shares declines.

Risks related to the admission of the Company's shares to trading on the Nasdaq First North Growth Market

There is no previous public market for the Company's shares and an active, liquid and efficient market possibly may not develop because of various factors beyond Kjell & Company's control and the price of the shares could become volatile and investors could lose a significant part or all of their investment

Prior to the Offering, there has not been any public market for the Company's shares and a risk remains that an active and liquid market will not develop after the Offering. Since the Offer Price was set by the Company and the Principal Owner in consultation with the Joint Global Coordinators, the price need not necessarily correspond to the price at which investors in the market are willing to buy or sell the Company's shares after the Offering. In addition, the share price after the Offering may be volatile and impacted by several factors, some of which may be beyond the Company's control.

Historically, the equities market has generally fluctuated in terms of price and volume. From 1 January 2021 to 3 September 2021, volatility on Nasdaq First North Growth Market was 19.5%.[14)] General economic and industry-related factors may have a material impact on the price of the Company's shares, regardless of the Company's actual performance. For example, the fiscal stimulus linked to the COVID-19 pandemic has had a major impact on the global market. These fluctuations may be even more material in trading in the shares immediately following the Offering. There is no guarantee that investors who buy shares in conjunction with the Offering or in the secondary market will not lose all or part of their investment.

Nasdaq First North Growth Market is not a regulated market and may be subject to disruptions and a higher risk for investors than a regulated marketplace

According to plan, the Company's shares will be traded on Nasdaq First North Growth Market. Nasdaq First North Growth Market is a multilateral trading platform facility operated by Nasdaq Stockholm. Companies whose shares are traded on Nasdaq First North Growth Market are subject to less comprehensive regulations than companies whose shares are traded on Nasdaq Stockholm or any other regulated marketplace. Nasdaq First North Growth Market is not a regulated marketplace and need not apply the regulations or practices pursuant to current EU directives and ordinances applicable to regulated markets, including directives and ordinances governing IPOs, information and offerings of securities.

Shareholders may experience actual or perceived disadvantages to the extent that the Group capitalises on the increased flexibility gained by the Group through a listing on Nasdaq First North Growth Market. There is a risk that the market for shares will experience disruptions and such disruptions could have a negative impact on investors regardless of the Group's prospects and financial results. An investment in the Company's shares could thereby entail a higher risk than an investment in a company listed on a regulated marketplace, such as Nasdaq Stockholm.

Even if the intention is to list the shares on Nasdaq First North Growth Market, a risk remains that the shares will not remain listed or that future successes and liquidity in the market will not be attained. There is a risk that liquidity in the shares will not arise following admission to trading on Nasdaq First North Growth Market and failure to achieve a listing or a delisting of the shares from Nasdaq First North Growth Market could have a material impact on investors' opportunities to sell the shares on the secondary market.

Future sales of the Company's shares could adversely impact the price of the shares

The price of the Company's shares may decline if there are significant sales of shares in the Company after the Offering or if there is a perception that such sales may be forthcoming, particularly if such sales are executed by the Principal Owner, members of the Company's board of directors, members of Group management or other major shareholders. Such sales, and the risk of such sales, could also make it more difficult for the Company to offer securities in the future, at a point in time and at a

14) Representative volatility during the 35 weeks ended 3 September 2020. This percentage is a measurement of changes in the price of a security, calculated on the basis of the standard deviation of logarithmic historical price changes from day to day.

price that the Company regards as suitable. Even if the Principal Owner, members of the board of directors and members of Group management, who will jointly own 26.2% of the shares in the Company after the implementation of the Offering, provided that the Over-allotment Option is exercised in full, are subject to lock-up undertakings with the Joint Global Coordinators, which limit their right to sell or transfer their shares for a period of 360 days for the members of the board of directors and members of the Group management and 180 days for other existing shareholders, after the day of the Placing Agreement between the Principal Owner, the Company and the Joint Global Coordinators, namely 15 September 2021, the Joint Global Coordinators may independently and at any time grant exceptions from these limitations on sales and transfers under the lock-up undertakings during this period. The limitations on sales of shares according to the lock-up undertakings are also subject to exceptions that permit relevant persons to sell their shares without advance approval under certain circumstances, including accepting a general offer to all holders of shares in the Company. After the period when the limitations under the lock-up undertakings have expired, all shares owned by the Principal Owner may also be sold or transferred in the public market, subject to limitations applicable in the securities market. Sales of large amounts of the Company's shares in the public market by the shareholders encompassed by lock-up undertakings or the Company's other existing shareholders, or the perception that such sales may take place, could result in a decline in the market price of the Company's shares, which entails a significant risk for the investors.

Future issues of shares or other securities in the Company could dilute the shareholding and affect the price of the shares

In the future, the Company may need to increase its capital to secure financing of the business and for the implementation of its strategy by issuing and offering shares or other financial instruments. For example, future investments, the opening of new service points or new market establishments may require additional capital. Such offerings could lead to a dilution of financial rights and voting rights for the Company's existing shareholders if they do not exercise their allotted subscription rights or if they are not permitted to participate in the offerings, for example, private placements without preferential rights for existing shareholders. All such additional offerings could also have a negative impact on the market value of the Company's shares and reduce earnings per share and the share's net asset value. The Company's shareholders carry the risk that future offerings will dilute their holdings in the Company, reduce the market value of the shares or limit the distribution of dividends attributable to the Company's shares.

Shareholders in the US or other countries outside Sweden are subject to specific share-related risks

The Company's shares will only be quoted in SEK and any dividend will be distributed in SEK. This means that shareholders outside Sweden may experience a negative impact on the value of their holdings and any dividends when they are translated to other currencies should SEK depreciate against the currency in question.

According to Swedish law, a company that intends to implement a cash issue must first offer the current shareholders the opportunity to subscribe for shares in the new issue in relation to their current shareholdings, unless an alternative course of action is resolved by a general meeting. For example, shareholders who at the time of such a new issue of shares are resident in the US may be prevented from exercising their preferential rights unless the shares and subscription rights have been registered under the US Securities Act, or an exception from the registration requirement is applicable. Shareholders in other jurisdictions outside Sweden may be similarly affected if the shares and the subscription rights have not been registered with, or been approved by, an authorised authority in such a jurisdiction. The Company is under no obligation to file a registration statement under the US Securities Act or apply for similar approvals under the laws of any other jurisdiction outside Sweden in respect of any shares or subscription rights, and doing so in the future may be impractical and costly. To the extent that Kjell & Company's shareholders in jurisdictions outside Sweden are not able to exercise their rights to subscribe for new shares, their proportional interests in the Company will be reduced.

Presentation of financial and other information

Overview

This Prospectus contains:

- the Company's unaudited condensed consolidated interim financial statements as of and for the six months ended 30 June 2021 with comparative figures for the same period of 2020, which have been prepared in accordance with IAS 34 Interim Financial Reporting, as adopted by the European Union, and reviewed by Kjell & Company's independent auditors KPMG AB, as set forth in its review report included in "*Historical financial information*";
- the Company's audited consolidated financial statements as of and for the years ended 31 December 2020, 2019 and 2018 which have been prepared in accordance with IFRS, as adopted by the European Union, and audited by Kjell & Company's independent auditors KPMG AB, as set forth in its audit report included in "*Historical financial information*";
- Pro forma financial statements for the year of 2020 as if the acquisition of AV-Cables was completed as of 1 January 2020 and for the six month period ended 30 June 2021 as if the acquisition of AV-Cables was completed as of 1 January 2020, see further, "*Pro forma financial statements*".

With the exception of the historical financial information on pages F-2–F-12 and F-14–F-63 in this Prospectus as well as the pro forma information on pages 108–113, no information herein has been audited or reviewed by the Company's auditor.

Non-IFRS key operating measures

In this Prospectus, the Company presents certain key operating metrics, including certain key operating metrics and ratios that are not measures of financial performance or financial position under IFRS (alternative performance measures or non-IFRS measures). The non-IFRS measures presented herein, including Gross margin (%), Gross profit, EBITA, EBITA margin (%), EBITDA, EBITDA margin (%), Equity per share (SEK), Financial net debt, Financial net debt/Adjusted EBITDAaL (multiple), Adjusted EBITA, Adjusted EBITA margin (%), Adjusted EBITDA, Adjusted EBITDA margin (%), Adjusted EBITDAaL, Comparable growth (%), Items affecting comparability, Cash flow after investing activities, Net sales growth (%), Net debt, Working capital, Operating margin (EBIT margin) (%), Operating profit (EBIT) are not recognised measures of financial performance under IFRS, but measures used internally by the Group management, to measure performance and make decisions regarding the future direction of the business. In particular, non-IFRS metrics should not be viewed as substitutes for income statement or cash flow items calculated in accordance with IFRS. The non-IFRS metrics do not necessarily indicate whether cash flow will be sufficient or available to meet the Company's cash requirements and may not be indicative of the Company's historical operating results, nor are such metrics meant to be predictive of the Company's future results. Investors are cautioned not to place undue reliance on these alternative performance measures.

The Group management uses these non-IFRS metrics for many purposes in managing and directing the Company and has presented these metrics because it believes that these metrics are important and helpful in understanding the Company's performance from period to period and to facilitate comparison with its peers. Since not all companies calculate these or other non-IFRS metrics in the same way, the manner in which the Company has chosen to calculate the non-IFRS metrics presented herein may not be compatible with similarly defined terms used by other companies. For definitions of non-IFRS key operating measures, see "*Selected historical financial information—Definitions of alternative performance measures*".

Roundings

Certain numerical information and other amounts and percentages presented in this Prospectus may not sum up due to rounding. In addition, certain figures in this document have been rounded to the nearest whole number. In respect of financial data set out in this Prospectus, a dash ("–") signifies that the relevant figure does not exist, while 0.0 signifies that the relevant figure is available but has been rounded to or equals zero.

Currency

In this Prospectus, all references to: (i) "**SEK**" is to the lawful currency of Sweden; (ii) "**NOK**" the lawful currency of Norway; (iii) "**DKK**" the lawful currency of Denmark; (iv) "**CNY**" the lawful currency of the People's Republic of China; (v) "**EUR**" is to Euro, the single currency of the member states (the "**Member States**") of the European

Union participating in the European Monetary Union having adopted the Euro as its lawful currency; (vi) "**USD**" is to the lawful currency of the United States.

Exchange rate information and regulation

Investors with a reference currency other than SEK may become subject to certain foreign exchange risks when investing in the Company's shares. The Company's equity capital is denominated in SEK, and any returns will be distributed in SEK. The Company's shares will be denominated and traded in SEK on Nasdaq First North Growth Market. Investors whose reference currency is a currency other than SEK may be adversely affected by any reduction in the value of SEK relative to the respective investor's reference currency. In addition, such investors could incur additional transaction costs in converting SEK into another currency. Investors whose reference currency is a currency other than SEK are therefore urged to consult their financial advisors with a view to determining whether they should enter into hedging transactions to offset these currency risks. To the extent owners of the Company's shares receive dividends that are converted from SEK to another currency, fluctuations in the exchange rate between SEK and such other currency will affect the amounts received by owners of the Company's shares on conversion of dividends.

The following table sets forth, for the periods indicated, certain information concerning the European Central Bank (the "**ECB**") daily reference rate published by the ECB (the "**ECB Daily Reference Rate**") for EUR, expressed in SEK per EUR 1.00. The average rate for a year means the average of the daily mid-rates on the last day of each month during a year. The average rate for a month, or for any shorter period, means the average of the daily mid-rates during that month, or a shorter period, as the case may be. The period end rate represents the mid-rate on the last business day of each applicable period. These exchange rates are provided only for the convenience of the reader. No representation is made that amounts in SEK have been, could have been or could be converted into EUR, or vice versa, at the mid-rate or at any other rate.

	Exchange Rate			
	SEK per EUR 1.00			
Year:	**High**	**Low**	**Period end**	**Average**
2018	10.69	9.76	10.25	10.26
2019	10.92	10.19	10.45	10.56
2020	11.15	10.03	10.03	10.48
Month:				
January 2021	10.15	10.05	10.11	10.10
February 2021	10.16	10.03	10.14	10.09
March 2021	10.25	10.13	10.24	10.17
April 2021	10.28	10.10	10.16	10.16
May 2021	10.19	10.11	10.12	10.15
June 2021	10.23	10.06	10.11	10.12
July 2021	10.25	10.14	10.18	10.20
August 2021	10.63	10.03	10.16	10.21

The following table sets forth, for the periods indicated, certain information regarding the noon buying rate in New York for cable transfers for SEK, expressed in SEK per USD 1.00. The noon buying rates are certified by the Federal Reserve Bank of New York for customs purposes and for cable transfers payable in foreign currencies. The average rate for a year means the average of the noon buying rates on the last day of each month during a year. The average rate for a month, or for any shorter period, means the average of the daily noon buying rates during that month, or a shorter period, as the case may be. The rates below may differ from the actual rates used in the preparation of the Company's consolidated financial statements and other financial information appearing in this Prospectus. The inclusion of the exchange rate information below is not meant to suggest that the SEK amounts actually represent such USD amounts or that such amounts could have been converted into USD at the rates indicated or at any other rate.

	Exchange Rate SEK per USD 1.00			
Year:	**High**	**Low**	**Period end**	**Average**
2018	9.23	7.85	8.86	8.69
2019	9.96	8.88	9.34	9.46
2020	10.38	8.19	8.21	9.22
Month:				
January 2021	8.37	8.19	8.34	8.29
February 2021	8.46	8.25	8.42	8.34
March 2021	8.74	8.39	8.72	8.54
April 2021	8.73	8.37	8.45	8.5
May 2021	8.49	8.28	8.30	8.35
June 2021	8.62	8.25	8.56	8.40
July 2021	8.70	8.56	8.69	8.63
August 2021	8.82	8.60	8.64	8.69

Figures reported in this Prospectus are presented in SEK unless otherwise specified. The Company's financial statements and financial information are denominated in SEK.

Exchange control regulation in Sweden

There are currently no foreign exchange control restrictions in Sweden, other than in certain national crisis situations, that would restrict the payment of dividends to a shareholder outside Sweden, and there are currently no restrictions that would affect the right of shareholders who are not residents of Sweden to dispose of their shares and receive the proceeds from a disposal outside Sweden. There is no maximum transferable amount either to or from Sweden, although transferring banks are required to report to the Swedish tax authorities any payments to or from Sweden exceeding SEK 150,000, or the foreign currency equivalent thereof. Such information may also be forwarded to authorities in the countries where the holders of the shares are resident.

Industry and market data

This Prospectus contains statistics, data and other information relating to markets, market sizes, market shares, market positions and other industry data pertaining to the Company's business and markets. Unless otherwise indicated, such information is based on the Company's analysis of multiple sources, including a report the Company commissioned from Arkwright Consulting AS, which was conducted during 2021 with the title *Market Study Consumer Electronics Accessories (CEA)* from February 2021 and *Denmark Market Study Consumer Electronics Accessories (CEA)* from March 2021 (together *"***Arkwright – Market study***").* The Arkwright – Market study is based on interviews with primary sources such as industry experts and participants, market analysis based on secondary sources, and internal financial and operational information supplied by, or on behalf of, Kjell & Company.

Industry publications or reports generally state that the information they contain has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. Neither the Company nor its advisers have independently verified and cannot give any assurance as to the accuracy of market data contained in this Prospectus that were extracted or derived from market reports or industry publications or reports. Market data and statistics are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. Such statistics are based on sampling and subjective judgements by both the researchers and the respondents, including judgements about what types of products and transactions should be included in the relevant market.

This Prospectus also contains estimates of market data and information that cannot be gathered from publications by market research institutions or any other independent sources. Such information is prepared by Kjell & Company based on third-party sources, including market reports, and the Company's internal estimates. In many cases there is no publicly available information on such market data, for example from industry associations, public authorities or other organisations and institutions. The Company believes that its estimates of market data and information derived therefrom are helpful in order to give investors a better understanding of the industry in which Kjell & Company operates as well as its position within the industry. As far as the Company is aware and able to ascertain from such information, information derived from third party has been accurately reproduced and from the information derived from these sources, no facts have been omitted that would render the information provided inaccurate or misleading.

While Kjell & Company is not aware of any misstatements regarding the industry or similar data presented herein, such data involves risks and uncertainties and is subject to change based on various factors, including those discussed herein and in the section "*Risk factors*" in this Prospectus. Information in "*Market overview*" and "*Business overview*" has been collected or are based on the above mentioned sources.

Invitation to acquire shares in Kjell Group AB (publ)

The Company and the Principal Owner have resolved to diversify the Company's shareholder base to further promote Kjell & Company's continued growth and development. The Company's board of directors will therefore submit an application to admit the Company's shares to trading on Nasdaq First North Growth Market.

On 23 August 2021, Nasdaq First North Growth Market decided to admit the Company's shares to trading provided that, inter alia, customary conditions regarding distribution of shares are met by the date of listing, which is expected to be 16 September 2021.

Pursuant to the terms and conditions of this Prospectus, investors are hereby invited to purchase a total of 16,652,904 shares in the Company, of which the Company is offering 7,272,727 new shares and the Selling Shareholders are offering 9,380,177 existing shares. The Offer Price has been set at SEK 55 per share by the Company and the Principal Owner in consultation with the Joint Global Coordinators.

Provided the new share issue is subscribed in full, the number of new shares issued will be 7,272,727 and the number of shares in the Company, following completion of the Offering and implementation of the capital structure changes described in "*Shares and share capital – Certain capital structure changes associated with the Offering*", will increase from 23,878,787 to 31,151,514, corresponding to a 30% increase and will result in a share capital of SEK 514,805.50. For existing shareholders, this will result in a dilutive effect of 7,272,727 new shares, corresponding to 23.3% of the total number of shares in the Company following the Offering.

The Principal Owner, Kjell Dahnelius, Marcus Dahnelius and Mikael Sundin have granted an Overallotment Option to the Joint Global Coordinators, implying that no later than 30 days from the first day of trading in the Company's share on Nasdaq First North Growth Market, the Joint Global Coordinators have the right to request that a maximum of 2,497,935 additional shares should be acquired from the Principal Owner, Kjell Dahnelius, Marcus Dahnelius and Mikael Sundin, corresponding to a maximum of 15% of the total number of shares encompassed by the Offering, at a price corresponding to the Offer Price. The Overallotment Option may only be exercised to cover possible overallotment in the Offering. Provided that the Overallotment Option is exercised in full, the Offering will comprise a maximum of 19,150,839 shares, corresponding to 61.5% of the shares and votes in the Company, following the completion of the Offering.

AMF Fonder, Carnegie Fonder, Fosielund Holding, Lazard Asset Management, LMK Venture Partners, RoosGruppen and Strand Kapitalförvaltning have, subject to certain conditions, undertaken to acquire shares in the Offering for a total amount of maximum SEK 523 million, equivalent to approximately 30.5 percent of the shares and votes in the Company after the completion of the Offering and Share Structure Simplification. The Cornerstone Investors commitments are not secured through a bank guarantee, blocked funds or pledge of collateral or any other similar arrangement, see "*Legal consideration and complementary information – Cornerstone investors – Commitments of cornerstone investors*". The total value of the Offering will amount to approximately SEK 916 million. If the Offering is subscribed in full and the Overallotment Option is exercised in full, the total value of the Offering will amount to approximately SEK 1,053 million.

6 September 2021, Malmö

Kjell Group AB (publ)

The Board of Directors

6 September 2021, St Helier, Jersey

FSN Capital GP IV Limited

Acting as general partner for each of FSN Capital IV LP, FSN Capital IV (B) LP and FSN Capital IV Invest LP

Background and reasons and use of proceeds

Background and reasons

Since the Company's inception in 1988, Kjell & Company has become a leading[1)] player in consumer electronics accessories, with a relevant and curated assortment of approximately 8,000 products[2)]. The Company combines a large product range with a high degree of advice and customer service, which is offered via a seamless omni-channel offering – online, through 130[3)] service points (of which 107 are in Sweden and 23 in Norway) and in partnership with Circle K at 292[4)] stations across Sweden. Through the acquisition of AV-Cables, which was completed on 29 April 2021, Kjell & Company is also established in the Danish market and further strengthens its position in the Nordics. Through Kjell & Company's loyalty club, with approximately 2.4 million members[5)], the Company has an in-depth understanding of people's technology needs, and the Company's approximately 1,200[6)] employees[7)] work daily to enhance everyday lives through technology.

During the financial years from 2000–2020, Kjell & Company increased its net sales each year, regardless of economic cycles. During the period, net sales grew organically at a compound annual growth rate (CAGR) of 18.8%. A strong development for online sales and sales at service points resulted in a net sales growth for the Company from SEK 1,691 million to SEK 1,999 million during the financial years from 2018–2020, corresponding to a CAGR of 8.7%. In the 2020 financial year, the EBITA margin[8)] was 7.0% and the adjusted EBITA margin[9)] was 7.3% for the same period. Pro forma net sales in 2020, which include the acquisition of AV-Cables, amounted to SEK 2,304 million[10)]. Pro forma EBITA in 2020 amounted to SEK 185 million.[11)]

The Principal Owner acquired a majority of the shares in Kjell & Company in 2014. Under the Principal Owner's ownership, the Company has, inter alia, expanded into the Norwegian market, entered into a partnership with Circle K in Sweden, and established a market position in Denmark through the acquisition of AV-Cables. In recent years, Kjell & Company has also invested in its digital offering to ensure a modern digital experience and seamless interaction between the Company's digital and physical channels.

As of the date of this Prospectus, the Company's working capital is not sufficient for the Company's current need for working capital during the coming twelve month period. When the Company has evaluated its working capital requirement in accordance with the statement in this Prospectus, consideration has been given to whether the Company can have access to cash or cash equivalents in order to cover its debt as they fall due. The deficit in the Company's working capital arises as a result of a total of SEK 963 million in outstanding loans and estimated accrued interest under the Group's current credit facility falling due for payment in connection with the Company's listing on Nasdaq First North Growth Market, in connection with the change of control, that is expected to occur on the settlement date as a result of the New Credit Facilities becoming available on the settlement date. As a result of this, taking into account the Company's existing business plan, the Company's working capital deficit during the twelve month

1) Arkwright – Market Study. Kjell & Company and Elgiganten are both market leaders in the Swedish CEA market with a market share of about 11% each.
2) Products with different properties (such as colour or length) that as per 30 June 2021 are available in all of Kjell & Company´s sales channels.
3) As per 30 June 2021.
4) As per 30 June 2021. Circle K acts as retailer and sells a selection of Kjell & Company's range.
5) As per 30 June 2021.
6) As per 30 June 2021.
7) Refers to total number of people employed.
8) The EBITA margin is an unaudited alternative performance measure that is not defined under IFRS and is not a substitute for performance measures defined under IFRS. For more information about alternative performance measures, including definitions and the reason why they are used, see "*Selected historical financial information – Definitions of alternative performance measures*". For a reconciliation of this alternative performance measure to the nearest IFRS performance measure, refer to "*Selected historical financial information – Operating profit, EBITA, EBITA margin, adjusted EBITA, adjusted EBITA margin, EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin, adjusted EBITDAaL*".
9) Adjusted EBITA margin is an unaudited alternative performance measure that is not defined under IFRS and is not a substitute for performance measures defined under IFRS. For more information about alternative performance measures, including definitions and the reason why they are used, see "*Selected historical financial information – Definitions of alternative performance measures*". For a reconciliation of this alternative performance measure to the nearest IFRS performance measure, refer to "*Selected historical financial information – Operating profit, EBITA, EBITA margin, adjusted EBITA, adjusted EBITA margin, EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin, adjusted EBITDAaL*".
10) For complete information about the Company's pro forma financial statements, refer to the section "*Pro forma financial statements*".
11) For complete information about the Company's pro forma financial statements, refer to the section "*Pro forma financial statements*". Pro forma EBITA is an unaudited alternative performance measure that is not defined under IFRS and is not a substitute for performance measures defined under IFRS.

period from the day of this Prospectus, is estimated to amount to approximately SEK 250 million, and shortfall may occur on the settlement date in the Offering, September 20, 2021. The Offering is conditional on issue proceeds of at least SEK 400 million prior to deductions for transaction costs. The Offering is subject to commitments from the Cornerstone Investors totaling SEK 523 million, corresponding to +130 percent of the net proceeds from the issue of new shares in the Offering (provided that the issue of shares in the Offer is fully subscribed) and 30.5 percent of the total number of shares in the Offering (provided that the Offering is subscribed in full). The Cornerstone Investors commitments are not secured through a bank guarantee, blocked funds or pledge of collateral or any other similar arrangement. The Company's Board of Directors therefore assesses that the conditions for successfully implementing the Offer, and thus that the Company's working capital requirements are remedied, as very good.

The Company's board of directors and management believe that the Offering and listing of the Company's shares is a logical and important step in Kjell & Company's continued development that will further increase awareness of the Company and its operations among existing and potential customers and suppliers. The Offering and the listing will broaden the Company's new shareholder base and provide access to Swedish and international capital markets, which is expected to promote the Company's continued growth and development. For these reasons, the board of directors intends to submit an application for listing on Nasdaq First North Growth Market.

Use of the proceeds

The Offering comprises existing and new shares. Kjell & Company expects to raise issue proceeds of about SEK 400 million before transaction costs of about SEK 56 million to be paid by the Company in conjunction with the Offering. Consequently, Kjell & Company expects to raise net proceeds of about SEK 344 million[12)] from the Offering. The Company intends to use the entire net proceeds to repay loans outstanding and thereby reduce its financial leverage ratio and align it with Kjell & Company's financial target for the capital structure. Kjell & Company will not receive any proceeds from the sale of existing shares.

The Board of Directors of Kjell Group AB (publ) is responsible for the contents of this Prospectus. The Board of Directors of Kjell Group AB (publ) hereby declares that, to the best of the Board of Directors' knowledge, the information contained in the Prospectus is in accordance with the facts and that the Prospectus makes no omission likely to affect its import.

6 September 2021, Malmö

Kjell Group AB (publ)
The Board of Directors

The Company's Board of Directors is alone responsible for the contents of this Prospectus. However, the Principal Owner confirms its commitment to the terms and conditions of the Offering in accordance with what is set out in "Invitation to acquire shares in Kjell Group AB (publ)" and, hence, the Principal Owner declares that, to the best of its knowledge, the information contained in the section "Terms and conditions" is in accordance with the facts and that it makes no omission likely to affect its import.

12) Of the total transaction costs of SEK 56 million, SEK 23 million is included in the Company's accounts up to 30 June 2021.

Terms and conditions

The offering

The Offering comprises of 16,652,904 shares, of which 7,272,727 new shares that are to be issued by the Company. The Offering is divided into two components:

- The Offering to the general public in Sweden.[1)]
- The Offering to institutional investors in Sweden and abroad.[2)]

The ISIN-code for the Company's share is SE0016797591.

The outcome of the Offering is expected to be published through a press release, which will be available on the Company's website (www.kjellgroup.com), on or around 15 September 2021.

Overallotment Option

The Principal Owner, Kjell Dahnelius, Marcus Dahnelius and Mikael Sundin have provided Joint Global Coordinators with an Overallotment Option entitling Joint Global Coordinators, not later than 30 days from the first day of trading in the Company's shares on Nasdaq First North Growth Market, to request that a maximum of 2,497,935 additional shares sold by the Principal Owner, Kjell Dahnelius, Marcus Dahnelius and Mikael Sundin, corresponding to a maximum of 15% of the number of shares in the Offering, at a price corresponding to the price of the Offering. The Over-allotment Option may only be exercised in order to cover any over-allotment in the Offering. Provided that the Over-allotment Option is exercised in full, the Offering will comprise a maximum of 19,150,839 shares, which represents approximately 61.5 of the shares and votes in the Company, after the completion of the Offering.

Distribution of shares

The distribution of shares between the two parts of the Offering will be based on demand. Distribution will be determined by the Company and the Principal Owner in consultation with the Joint Global Coordinators.

Offer Price

The final Offer price has been set to SEK 55 per share. The price has been determined by the Company and the Principal Owner in consultation with Joint Global Coordinators based on a number of factors, including discussions with certain institutional investors, a comparison with the market price of other comparable listed companies, an analysis of previous transactions for companies within the same industry, the current market situation and estimates regarding the Company's business opportunities and future profitability. No commission is payable.

Application

Offering to the public of Sweden

Applications from the general public for the acquisition of shares can be submitted between 7 September 2021 and 14 September 2021 and pertain to a minimum of 150 shares and a maximum of 18,000 shares, in even lots of 50 shares.

Only one application per investor may be made. If more than one application is submitted, the Company and the Principal Owner and the Joint Global Coordinators reserve the right to consider only the first application received. Applications are binding.

From 3 January 2018, all legal entities need a global identification code or Legal Entity Identifier (LEI) in order to perform a securities transaction. To be entitled to participate in the listing and be allotted shares, a legal entity must hold and state their LEI number. Registration for an LEI code must take place in ample time prior to application since this code must be stated on the application. More information about LEI requirements is available on the SFSA's website www.fi.se.

The Company and the Principal Owner, in consultation with the Joint Global Coordinators, reserves the right to extend the application period. Notification of such an extension will be given in a press release prior to the end of the application period. Applications can be submitted to Carnegie or Nordnet. The prospectus is available on the Company's website (www.kjellgroup.com), Carnegie's website (www.carnegie.se), and on Nordnet's website (www.nordnet.se).

Applications via Carnegie

Applicants applying to acquire shares through Carnegie must have a securities depository account or investment savings account with Carnegie.

For customers with an investment savings account with Carnegie, Carnegie will, if the application results in allotment, acquire the corresponding number of shares in the Offering for further sale to the customer at the price specified in the Offering. Applicants may submit their applications by contacting their advisor at Carnegie. If

1) The term "public" refers to private individuals and legal entities in Sweden applying to subscribe for a maximum of 18,000 shares.
2) The term "institutional investors" refers to private individuals and legal entities applying to subscribe for more than 18,000 shares.

the applicant does not have an advisor, the applicant may contact Carnegie Private Banking.

Applications via Nordnet

Depository account customers with Nordnet can apply to acquire shares via Nordnet's Internet service. Applications via Nordnet can be submitted from 7 September 2021 up to and including 15:00 on 14 September 2021. To ensure that they do not lose their right to any allotment, Nordnet depository account customers must have sufficient funds available in their depository account from 15:00 on 14 September 2021 until the settlement date, which is expected to be 20 September 2021. Only one application per investor may be made. If more than one application is submitted, Nordnet reserves the right to consider only the first application received. Full details of the application procedure via Nordnet are available on (www.nordnet.se).

Offering to institutional investors

The application period for institutional investors in Sweden and abroad is between 7 September 2021 and 15 September 2021. The Company and the Principal Owner, in consultation with Joint Global Coordinators, reserve the right to shorten or extend the application period for the Offering to institutional investors. Expressions of interest from institutional investors in Sweden and abroad are to be submitted to Joint Global Coordinators according to special instructions.

Employees within the Group

Employees within the Group who wish to acquire shares in the Offering must follow special instructions from the Company.

Allotment

Decisions concerning the allotment of shares will be made by the Company and the Principal Owner in consultation with the Joint Global Coordinators, whereby the objective will be to achieve a strong institutional ownership base and a wide spread of shares among the public to enable regular and liquid trading of the Company's shares on Nasdaq First North Growth Market. Allotment is not dependent on when during the application period the application was submitted. In the event of oversubscription, allotment may be withheld or scaled back to a lower number of shares than that stated in the application, in which case allotment may be carried out entirely or partly through random selection. Applications from certain customers of the Joint Global Coordinators may be given special consideration. Moreover, employees and certain related parties of the Company as well as customers of the Joint Global Coordinators may be given special consideration. Allotment with priority to employees of Kjell & Company with tax domicile in Sweden, Norway and Denmark will refer to shares with a value of up to SEK 30,000 per employee. Some employees may in addition register for the acquisition of additional shares, but any allotment takes place without priority. Allotment may also take place to employees of the Joint Global Coordinators without these being prioritised. In such cases, allotment will take place in accordance with the rules of the Swedish Securities Dealers Association and the SFSA's regulations. Furthermore, Cornerstone Investors who have undertaken to subscribe for shares are guaranteed full allocation in accordance with their respective undertakings.

Information regarding allotment and payment

Offering to the public in Sweden

Allotment is expected to take place on or about 16 September 2021. As soon as possible thereafter, contract notes will be sent to those who have been allotted shares in the Offering. Those who have not been allotted shares will not be notified.

Full payment for allotted shares is to be made in cash not later than 20 September 2021 in accordance with the instructions on the contract note.

Applications received by Carnegie

Those who applied via Carnegie can receive information on allotment through their advisor or customer manager from 9:00 a.m. on 16 September 2021. Funds for payment are to be available in the stated securities depository account or investment savings account from 16 September 2021.

Applications received by Nordnet

Those who applied via Nordnet's Internet service will receive information on allotment by the allotted number of shares being booked against payment of funds in the specified account, which is expected to take place on or about 9:00 on 16 September 2021. For securities deposit customers with Nordnet, funds for allotted shares will be drawn not later than the settlement date of 20 September 2021. Note that funds for the payment of allotted shares are to be available from 14 September 2021, 15:00, up to and including 20 September 2021.

Offering to institutional investors

Institutional investors are expected to receive information regarding allotment according to a special procedure on or about 16 September 2021, after which contract notes will be sent. Full payment for allotted shares must be made in accordance with the contract note and against the delivery of shares not later than 20 September 2021. If full payment is not made within the prescribed time, the allotted shares may be transferred to another party. If the selling price for such a sale were to be less than the Offer

Price, the individual who was originally allotted these shares may have to pay the difference. Furthermore, Cornerstone Investors who have undertaken to subscribe for shares are guaranteed full allocation in accordance with their respective undertakings.

Registration and recognition of allotted and paid shares

Registration of allotted and paid shares with Euroclear Sweden, for both institutional investors and the general public in Sweden, is expected to take place on or about 20 September 2021, after which Euroclear Sweden will distribute a notice stating the number of shares in the Company that have been registered in the recipient's securities account. Shareholders whose holdings are nominee-registered will be notified in accordance with the procedures of the individual nominee.

Listing on Nasdaq Firsth North Growth Market

The Company's board has applied for listing of the Company's share on Nasdaq First North Growth Market. On 23 August 2021, Nasdaq Stockholm concluded that the Company fulfils the listing requirements of Nasdaq First North Growth Market, subject to customary conditions, including that the Company applies for admission to trading of the Company's shares and the fulfilment of the distribution requirement.

It is expected that trading in the Company's shares on Nasdaq First North Growth Market will commence on 16 September 2021. This means that trading will commence before the shares have been transferred to the securities accounts, service accounts (Sw. *servicekonto*), securities depository accounts (Sw. *värdepappersdepå*) or investment savings accounts (Sw. *investeringssparkonto*) held by the investor who has acquired the securities (the "**Aquirer**") and, in certain cases, before a contract note has been received. This also means that the trading will commence before the terms and conditions for completion of the Offering have been met. Trading that occurs in the Company's shares before the Offering is unconditional, that is, up to and including the settlement date of 20 September 2021, will thus be conditional on completion of the Offering. If the Offering is not completed, any delivered shares and any payments shall be returned. See also "*Terms and conditions for completion of the Offering*" below.

The ticker for the Company's shares on Nasdaq First North Growth Market will be KJELL.

Important information regarding the potential sale of allotted shares

After payment for allotted shares has been processed by Joint Global Coordinators and Nordnet, paid shares will be transferred to a securities depository account, investment savings account or securities account specified by the Acquirer. The time required for transferring payment and transferring paid shares to such acquirer entails that the Acquirer will be unable to access said shares in the specified securities depository account, investment savings account or securities account or until on or around 20 September 2021 at the earliest. Trading in the Company's shares on Nasdaq First North Growth Market is expected to commence on 16 September 2021. Given that the shares will not be available in the Acquirer's account or securities depository account until on or around 20 September 2021 at the earliest, the Acquirer may not be able to sell these shares from the first day of trading on Nasdaq First North Growth Market. Instead, they may only be able to sell the shares once they are available in the securities account, investment savings account or securities depository account. Investors will be able to obtain information on allotment from 16 September 2021. Refer also to "*Information regarding allotment and payment*" above.

Stabilisation

In connection with the Offering the Stabilising Manager may, to the extent permitted in accordance with Swedish law, carry out transactions intended to stabilise, maintain or in other ways support the market price of the Company's shares for up to 30 days from the commencement of trading in the Company's shares on Nasdaq First North Growth Market.

For more information, refer to the section "*Legal considerations and supplementary information—Stabilisation*".

Announcement of the outcome of the Offering

The final outcome of the Offering is expected to be announced through a press release that will be available on the Company's website (www.kjellgroup.com) on or about 15 September 2021.

Right to dividends

The shares offered carry a right to dividends for the first time on the record date for dividends occurring immediately after completion of the Offering. Payment will be administered by Euroclear Sweden or, for nominee-registered shareholdings, in accordance with the procedures of the individual nominee. Entitlement to receive a dividend is limited to shareholders registered in the shareholder register maintained by Euroclear Sweden on the record date determined by the general meeting. For more information, refer to the section "*Share capital and share capital—Rights to dividends and liquidation proceeds*" and to the Company's dividend policy in the section "*Business overview–Financial targets*". For information regarding Swedish preliminary tax, refer to the section "*Certain tax considerations in Sweden*".

Terms and conditions for completion of the Offering

The Offering is conditional on the Company, Principal Owner and Joint Global Coordinators signing a placing agreement (the "**Placing Agreement**"), which is expected to take place on or about 15 September 2021. The Offering is conditional upon the Joint Global Coordinators believing there to be sufficient interest in the Offering to enable trading in the share, the Placing Agreement being signed, certain terms and conditions in the Placing Agreement being fulfilled and the Placing Agreement not being terminated. The Placing Agreement stipulates that Joint Global Coordinators undertaking to serve as an intermediary for buyers in the acquisition of shares in the Offering is conditional on, inter alia, the Company's resentation and warranties being correct and no events occurring that have such a material negative impact on the Company that it would be inappropriate to carry out the Offering. If any material negative events occur, if the guarantees that the Company has issued to the Joint Global Coordinators should fall short or if any of the other conditions stipulated by the Placing Agreement are not fulfilled, the Joint Global Coordinators are entitled to terminate the Placing Agreement up to and including the settlement date of 20 September 2021. If the above conditions are not fulfilled and if the Joint Global Coordinators terminate the Placing Agreement, the Offering may be terminated. In such cases, neither delivery nor payment will be carried out under the Offering. For more information regarding the conditions governing the completion of the Offering and the Placing Agreement, refer to the section "*Legal considerations and supplementary information–Placing Agreement*".

Other information

Although Carnegie and Nordea are Joint Global Coordinators, this does not necessarily mean that Carnegie or Nordea considers applicants for the Offering to be customers of the bank for the investment. For the investment, an Acquirer is considered a customer only if the bank has provided advisory services about the investment to the Acquirer or has otherwise contacted the Acquirer about the investment. Since the bank does not consider the Acquirer to be a customer for the investment, the investment will not be subject to the rules on investor protection stipulated in the Swedish Securities Market Act (2007:528) (Sw. *lagen (2007:528) om värdepappersmarknaden*). This means, inter alia, that neither customer categorisation nor a suitability assessment will be applied to the investment. Accordingly, the Acquirers themselves are responsible for ensuring that they have sufficient experience and knowledge to understand the risks associated with the investment.

Information about the processing of personal data

Carnegie

Personal data that is submitted to Carnegie, for example contact information and personal identification number, or which is otherwise registered in connection with the preparation or administration of the offer, is processed by Carnegie, as controller of the personal data, for the administration and execution of the Offering. Processing of personal data also takes place to enable Carnegie to comply with its statutory duties.

Personal data may for a defined purpose, in observance of bank secrecy rules, occasionally be disclosed to other companies within the Carnegie group or to undertakings which co-operate with Carnegie, within and outside the EU/ EEA in accordance with EU's approved and appropriate protective protective measures. In certain cases Carnegie is also under a statutory duty to provide information, e.g. to the SFSA and Swedish Tax Agency.

Similarly to the Securities Market Act, the Banking and Financing Business Act (2004:297) (Sw. *lagen (2004:297) om bank- och finansieringsrörelse*) contains confidentiality provisions according to which all of Carnegie's employees are bound by a duty of confidentiality with regard to clients of Carnegie and other parties to whom services are provided. The duty of confidentiality also applies between and within the various companies in the Carnegie group.

Information regarding what personal data is processed by Carnegie, deletion of personal data, limitation on the processing of personal data, data portability or the rectification of personal data can be requested from Carnegie's Data Protection Officer. It is also possible to contact the Data Protection Officer to obtain further information about how Carnegie processes personal data. If the investor wishes to make a complaint regarding Carnegie's processing of personal data, the investor is entitled to turn to the Swedish Data Protection Authority for Privacy Protection (Sw. *Datainspektionen*) in its capacity as supervisory authority.

Personal data shall be deleted if it is no longer needed for the purposes for which it was originally collected or otherwise processed, provided that Carnegie has no legal obligation to preserve the personal data. The normal storage time for personal data is 10 years. Email address to Carnegie's data protection officer: dpo@carnegie.se.

Nordea

Investors in the Offering will submit personal data to Nordea. Personal data submitted to Nordea will be processed in data systems to the extent required to provide services and administer customers' affairs in Nordea. Personal data obtained from sources other than the customer that the data refers to may also be processed. Personal data may also be processed in the data systems of companies or organisations with which Nordea cooperates. Information on the processing of personal data is provided by Nordea's branch offices, which also accepts requests for correction of personal data. Nordea may obtain information about addresses through automatic data collection from Euroclear Sweden. For detailed information on the processing of personal data, see further Nordea's data protection policy available on Nordea's website (www.nordea.se/dataskyddspolicy).

Nordnet

Personal data may be submitted to Nordnet in connection with acquisitions of shares in the Offering via Nordnet's Internet service. Personal data submitted to Nordnet will be processed in data systems to the extent required to provide services and administer customer arrangements. Personal data obtained from sources other than the customer may also be processed. The personal data may also be processed in the data systems of companies or organisations with which Nordnet cooperates. After the customer relationship ceases, Nordnet erases all relevant personal data in accordance with applicable law. Information pertaining to the processing of personal data can be obtained from Nordnet, which also accepts requests for the rectification of personal data. For more information about how Nordnet processes personal data, contact Nordnet's customer service: info@nordnet.se.

Information to distributors

In consideration of the product governance requirements in: (a) EU Directive 2014/65/EU on markets in financial instruments ("**MiFID II**"), (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II, and (c) Chapter 5 of the Swedish Financial Supervisory Authority's regulations regarding investment. services and activities (FFFS 2017:2) (jointly referred to below as "**MiFID II's product governance requirements**"), and with no liability to pay damages for claims that may rest with a "**manufacturer**" (in accordance with MiFID II's product governance requirements) that may otherwise be relevant, The Company's shares have been subject to a product approval process whereby the target market for The Company's shares comprises (i) retail clients, and (ii) investors who meet the requirements for non-retail clients and equivalent counterparties, each in accordance with MiFID II ("**the target market**"). Notwithstanding the assessment of the target market, distributors are to note the following: the value of the shares may decline and it is not certain that investors will recover all or portions of the amount invested; shares in The Company offer no guaranteed income and no protection of capital; and an investment in The Company's shares is suitable only for investors who do not require a guaranteed income or protection of capital, who (either themselves or together with an appropriate financial advisor or other type of advisor) are capable of evaluating the benefits and risks of such an investment and who have sufficient funds with which to sustain such losses as may arise from the investment. The assessment of the target market does not impact the requirements in the contractual, statutory, regulatory or sales restrictions in relation to the Offering.

The assessment of the target market is not to be considered to be (a) an assessment of suitability and appropriateness under MiFID II, or (b) a recommendation to any investors or group of investors to invest in, procure or take any other action regarding shares in The Company.

Each distributor is responsible performing their own assessment of the target market regarding The Company's shares and for deciding on suitable channels of distribution.

Market overview

*Some of the information in this section has been obtained from external sources, including market surveys and publicly available industry publications or reports. A report with the title Market Study Consumer Electronics Accessories (CEA), 1 February 2021 and Denmark Market Study Consumer Electronics Accessories (CEA), March 2021 (in combination "**Arkwright – Market Study**"), has been compiled for the Company by Arkwright Consulting AS. Industry publications and third-party reports usually state that the information they contain comes from reliable sources, but that there is no guarantee that the information is accurate and complete. The Company´s opinion that the industry publications and third-party reports are reliable, but neither the Company nor its advisors have independently verified them and cannot guarantee their accuracy or completeness. Industry information and reports contain estimates of future market trends and other forward-looking statements. Forward-looking statements in this Prospectus are not guarantees of future performance or developments and the actual results may differ materially from those expressed by such forward-looking statements. A number of factors can cause or contribute to such differences, for further information refer to "Presentation of financial and other information – Industry and market data" and "Risk factors"*

Kjell & Company's competitors or other third parties may define their markets and market positions differently than Kjell & Company, and may also define operations and performance measures in a manner that prevents comparison of the information with Kjell & Company's information in this Prospectus.

Introduction

Kjell & Company is a leading[1)] player in consumer electronics accessories, with a relevant and curated assortment of approximately 8,000[2)] products. The Company combines a carefully selected product range with a high degree of advice and customer service, which is offered via a seamless omni-channel offering – online, through 130[3)] service points, of which 107 are in Sweden and 23 in Norway, and in partnership with Circle K at 292[4)] stations across Sweden. Through the acquisition of AV-Cables, which was completed on 29 April 2021, Kjell & Company is also established in the Danish market and further strengthens its position in the Nordics. Through Kjell & Company's loyalty club, with approximately 2.4 million members[5)], the Company has an in-depth understanding of people's technology needs, and the Company's approximately 1,200[6)] employees[7)] work daily to enhance everyday lives through technology.

A majority of Kjell & Company and AV-Cables product range comprise products defined as consumer electronics accessories ("**CEA**"). The CEA market in Sweden, Norway and Denmark is a sub-category of the larger consumer electronics ("**CE**") market and was valued at approximately SEK 27[8)] billion in the 2019 financial year, corresponding to about 25–30% of the overall CE market in these countries.

1) Arkwright – Market Study. Kjell & Company and Elgiganten are both market leaders in the Swedish CEA market with a market share of about 11% each.
2) Products with different properties such as colour and length which as per 30 June 2021 are available in all of Kjell & Company´s sales channels.
3) As per 30 June 2021.
4) As per 30 June 2021. Circle K acts as retailer and sells a selection of Kjell & Company's assortment.
5) As per 30 June 2021.
6) As per 30 June 2021.
7) Refers to total number of people employed.
8) Arkwright – Market Study. The size of the CEA market in Sweden and Norway has been estimated using the following approach: 1) The size of the CE market in Norway has been estimated using industry data from a secondary source. 2) The size of the CE market in Sweden has been estimated using industry data from the Norwegian CE market which is multiplied by a factor of about 1.5 based on interviews, market surveys and dialogue with those who have compiled the industry data for the Norwegian CE market. This enables a fairer value for the Swedish CE market due to the larger population in Sweden compared with Norway. 3) The size of the CEA market was estimated as a percentage of the CE market size based on interviews with CEA market players, market surveys and dialogue with those who have compiled the industry data for the Norwegian CE market. 4) Additional product categories and sales channels, such as services, that are not included in the definition of the CE market are added to the size of the CEA market. These are based on interviews and market surveys. The size of the CEA market in Denmark has been estimated using the following approach: 1) The CE market size is based on statistics from a secondary source. 2) The share of the CE market that is attributable to the CEA market was estimated using net sales of product categories, such as mobile accessories and audio, that are included in the CEA market. 3) Additional product categories, such as lighting, that were not included in the statistics were added on the basis of, inter alia, interviews with market experts. 4) Additional sales channels, such as supermarkets and imports from international online players, that were not included in the statistics were added on the basis of, inter alia, interviews with market experts.

The CEA market in Sweden, Norway and Denmark is characterised by stable growth, driven by market trends such as an increasing number of accessories per consumer electronics product, an increasing number of connected devices and growing demand for convenience and customer service. The Company also believes that the market is benefiting from an increased focus on sustainability among consumers. The market trends are also driven by general technology development, creating demand for consumer electronics accessories when new consumer electronics products are launched. During 2016–2019, the compound annual growth rate ("**CAGR**") of the CEA market was approximately 7%. During that period, the CEA market experienced a growth rate than the overall CE market, which grew at a CAGR of about 4% during the same period.[9] In addition to the fact that the addressable CEA market has had a historically higher growth rate than the overall CE market, the Company also considers the CEA market to be less cyclical than the overall CE market.

Moreover, the CEA market is characterised by, inter alia, a high need for personal service and advice, strong bargaining power relative to suppliers, relatively low brand importance and low price sensitivity compared with the overall CE market[10]. Based on these characteristics, the CEA market is considered more attractive to operate in compared with the overall CE market.[11] The Company also believes that these characteristics are enabling CEA market players to achieve generally higher gross margins than CE market players. For example, CEA market suppliers largely comprise relatively less well-known brands, such as SanDisk, TP-link and Belkin, than the CE market, which largely comprises brands such as Sonos, Samsung, Apple and Sony. This enables retailers in the CEA market to achieve higher gross margins in the value chain compared with CE market players due, inter alia, to low supplier concentration and a large quantity of substitute products in the CEA market. The Company also believes that consumers value the retailer in the CEA market highly and are more likely to request advice from the retailer to solve a problem, whereas consumers in the CE market are focused on the product brand and therefore choose the retailer that, inter alia, offers the lowest price.

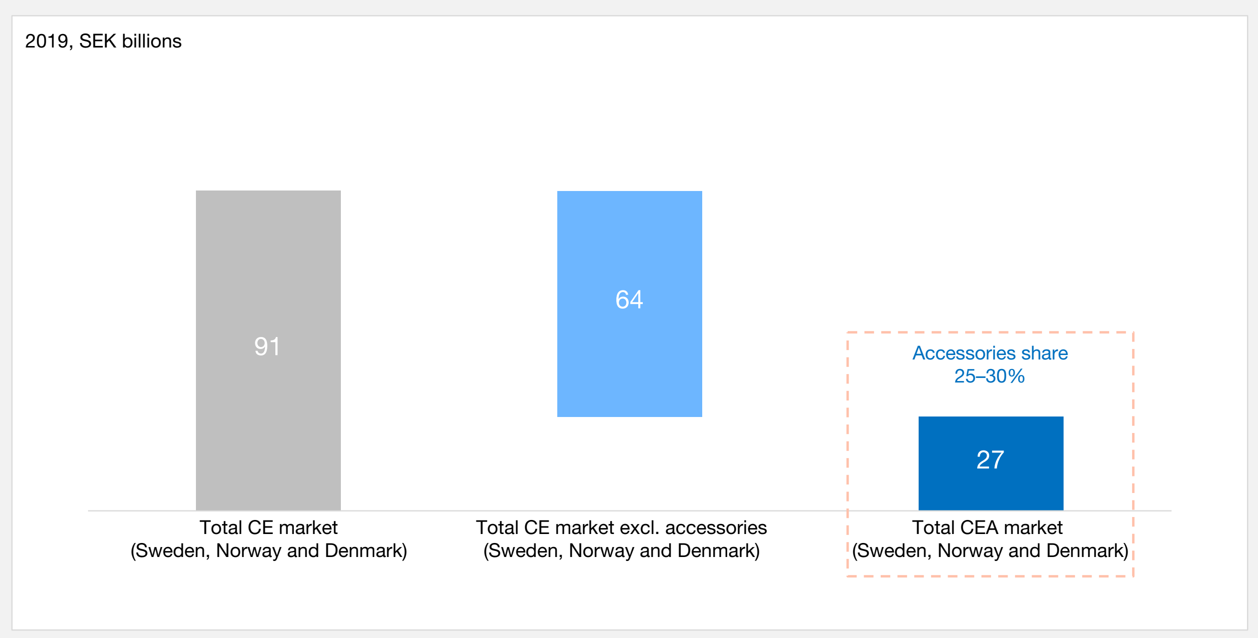
The CEA market in Sweden, Norway and Denmark is relatively fragmented and consists of numerous players with a different primary focus, who compete in numerous product categories. In Sweden, six players accounted for about 50% of the market in terms of estimated sales of consumer electronics accessories, and no player had a market share of more than 11% in the 2019 financial year. Kjell & Company is a market leader in the Swedish market with a market share of about 11%[12]. In Norway, five players accounted for about 53% of the market during the 2019 financial year, and Elkjøp held a leading position with a market share of about 19%. In Denmark, five players accounted for about 47–53% of the market, and Elgiganten is the clear market leader with a market share of about 20–22%. The key players in the CEA market are largely consumer electronics chains which, unlike Kjell & Company, sell consumer electronics products, such as phones and televisions, as their primary focus with an assortment of complementary accessories. Players with a primary focus other than consumer electronics, such as do-it-yourself chains and grocery and furniture retailers, also operate in the CEA market and compete with the Company in some product categories, including smart home, batteries/chargers and lighting.[13]

Addressable market

Kjell & Company's addressable market is the CEA market in Sweden, Norway and Denmark, which was valued at approximately SEK 27 billion in the 2019 financial year, corresponding to about 25–30% of the overall CE market in Sweden, Norway and Denmark.[14] The product range in the market includes, inter alia, product categories such as mobile accessories, audio, network and computer accessories. The market includes well-known brands such as Apple, Samsung and Fitbit as well as less well-known brands and generic brands with no distinct brand identity.

9) Arkwright – Market Study.
10) Arkwright – Market Study.
11) Arkwright – Market Study.
12) Arkwright – Market Study. Kjell & Company and Elgiganten are both market leaders in the Swedish CEA market with a market share of about 11% each.
13) Arkwright – Market Study.
14) Arkwright – Market Study.

CEA market as a fraction of the CE market



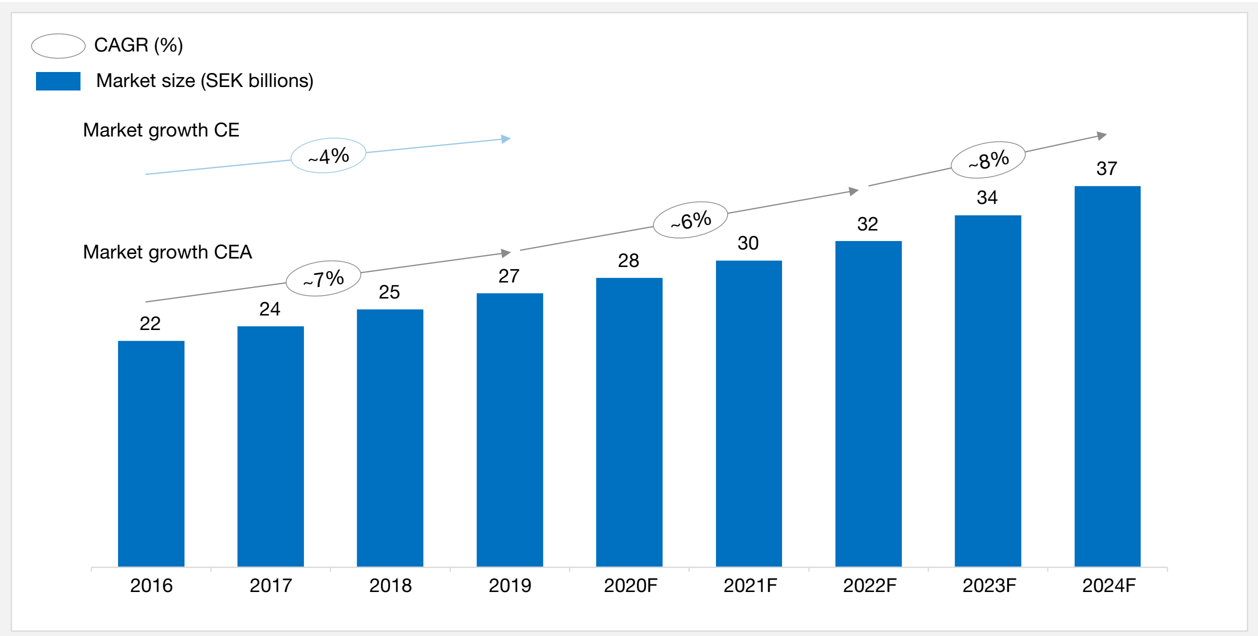
Source: Arkwright – Market Study.

Market development

Market growth

The CEA market in Sweden, Norway and Denmark has experienced stable growth historically and a higher growth rate than the overall CE market in these countries. During 2016–2019, the addressable CEA market grew at a CAGR of about 7%, while the CE market in these countries grew at a CAGR of about 4% during the same period. The CEA market is expected to continue growing and the addressable market is expected to reach approximately SEK 37 billion by the 2024 financial year, representing a CAGR of about 7% during 2019–2024. The growth rate for the CEA market is considered in line with the historical growth rate as the market is expected to grow at a CAGR of about 6% during 2019–2022 and about 8% during 2022–2024.[15)]

Market development of the addressable market



Source: Arkwright – Market Study.

15) Arkwright – Market Study.

Growth factors

The expected growth in the addressable CEA market is driven by several underlying growth factors related to new and changed consumer behaviour, which are driven by general technology development creating new consumer needs. Three growth factors are considered key drivers of growth in the CEA market and are described below.[16] The Company also believes that an increased focus on sustainability among consumers is favourable for the CEA market since accessories can largely help to extend the lifetime of consumer electronics products.

6.17.3.1.1 Increased number of connected devices

Connected products included in the *Internet of Things* ("**IoT**") are one example of an overall digitalisation trend where everyday products are connected wirelessly to the Internet to create added value for consumers by making their daily life easier. Significant volume growth is expected for "smart home", where product solutions such as smart locks and lighting systems are customised to increase convenience, improve security and save time in the daily life of consumers. The number of IoT connections per person[17] is expected to increase about 50% during 2018–2023 and reach about ten connected devices per person[18].

This shift to new connected products is also driving volume growth for other consumer electronics accessories, including products in the lighting and network product categories since older accessories may not be compatible with new technology. The fast-growing smart home product category is also giving rise to new product categories, and new products in existing product categories may be added in the future because the new technology is affecting consumer behaviour and consumer needs. The Company believes that this transition is favourable for CEA market players since, similar to previous technological shifts, new applications for technology are emerging and increasing the need for consumer electronics accessories to ensure a seamless experience for users of consumer electronics.[19]

6.17.3.1.2 Increased number of accessories per consumer electronics product

An increased number of accessories per consumer electronics product is expected to be a key growth driver for the addressable CEA market, particularly in the major[20] product categories of mobile accessories and audio. In mobile accessories, this is partly driven by the fact that consumers are keeping their existing phones for a longer period of time or re-using their mobile phones to a higher degree than in the past, which means that consumers are spending more money on a variety of accessories, such as docking stations, mobile phone cases and mobile phone holders, to personalise and improve the functionality of the product. Mobile phones have generally become more expensive over time, which means that consumers are choosing to spend more money on accessories, including mobile phone cases and screen protectors, which are designed to extend the lifetime of the product. In the audio product category, the increase in the number of accessories is mainly driven by consumer demand for headphones that serve different needs. For example, consumers want different types of headphones for exercise, everyday use and work.[21] The Company believes that demand for new accessories is also driven by a general technology development in consumer electronics products. This development is contributing to the need for consumers to replace their older accessories with new accessories that are compatible with new products.

The Company believes that two consumer trends in particular are currently underpinning, and driving, this growing need for accessories, including a more mobile and active lifestyle. Consumers are living a more mobile lifestyle than in the past and want to be constantly reachable and available. This requires a more seamless user experience, where consumers want personalised solutions to meet their individual needs. For example, consumers want constant, unlimited opportunities to listen to music, search for information, work and watch videos, no matter their location. Different types of electronic accessories help to satisfy this need. Product categories such as mobile accessories, headphones and network products contribute to a seamless user experience no matter where consumers are located.

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

16) Arkwright – Market Study.
17) Refers to people living in Sweden.
18) Arkwright – Market Study, there is no data for Norway and Denmark.
19) Arkwright – Market Study.
20) In terms of estimated market size.
21) Arkwright – Market Study.

6.17.3.1.3 Increased need for convenience and customer service

The Company believes that many consumers are living increasingly busy lives with a constant need to coordinate work and private life in terms of time. This means that consumers are increasingly seeking service and more convenient solutions to free up time for work and private life, such as installation support online or in the home to minimise the time and effort they need to invest in the installation of products to achieve full functionality. An increasing product complexity in some product categories, including network and smart home, are also driving growth in installation support, since consumers are requesting services for sophisticated installations of products such as mesh networks[22].

6.17.3.1.4 Increased focus on sustainability among consumers

Climate change and efforts to limit global warming have led to greater focus on sustainability at all stages of production and sales of goods and services, from manufacturing to consumer sales. The Company believes that an increased focus on sustainability among consumers lead to higher demand for environmentally friendly products and a greater willingness to extend the lifetime of consumer electronics products. In 2020, for example, the electronics category increased 20% year-on-year on Tradera, a consumer-to-consumer marketplace for buying and selling second-hand products[23]. As a step in extending the life of consumer electronics products, new replacement parts and accessories are contributing to the re-use of older consumer electronics products by new owners or longer use by existing owners.

Market characteristics

The CEA market in Sweden, Norway and Denmark is considered particularly attractive due to favourable growth factors and characteristics. The Company believes that these enable generally higher gross margins compared with, for example, the larger and more competitive CE market. The characteristics of the CEA market in Sweden and Norway are described below, and the characteristics of CEA market in Denmark are described in the section "—*Characteristics of the Danish CEA market*"

A summary of the addressable CEA market's characteristics is illustrated below.[24]

22) Arkwright – Market Study.

23) Tradera. https://www.mynewsdesk.com/se/tradera/pressreleases/marknaden-foer-begagnad-elektronik-vaexte-starkt-under-pandemiaaret-osaeker-ekonomi-och-nya-maalgrupper-banar-vaeg-foer-cirkulaer-handel-3065704 (retrieved 31 May 2021).

24) Based on the Company's market assessment and Arkwright's market study.

Market characteristics

		Suppliers	Companies	Consumers
CE accessories	Examples	**Healthy mix of higher margin brands and lower margin brands with high footfall**	**CEA primary focus** / **CEA secondary focus**	**Consumer mindset** Kjell & Company more important than the product brand itself
CE accessories	Comments	• Retailer retains a larger share of economics in the value chain • Low supplier concentration • Ample no. of substitutes • High bargaining power among retailers	• Significant share of assortment consists of own brands / no-name products • Can utilise well-known brands to drive sales of core accessories and products • Higher gross margin due to limited price transparency	• Need-based shopping • Limited price sensitivity attributable to low average price point • Focus on finding the right solution
CE capital goods	Examples			**Consumer mindset** Focus on product brand rather than retailer
CE capital goods	Comments	• Brand owner retains majority of economics in the value chain • High supplier concentration • Limited availability of substitutes • Low bargaining power among retailers	• Majority of assortment consists of well-known brands • Lower gross margin due to price transparency	• Discretionary shopping • High price sensitivity attributable to high average price point • Tend to prefer well-known brands

Substantial need for personal service and advice

A high level of personal service and advice is considered a key factor for success in the CEA market. Since the CEA market includes a wide range of both simpler and more high-tech products, the type of personal service and advice required by consumers varies for each product. Above all, demand for a high degree of personal service and advice is increasing in line with the growing popularity of more advanced products, such as products in the smart home product category.[25)]

The Company believes that the CEA market is characterised by a wide range of products with similar functionality, where varying standards and compatibility with consumer electronics products are making it more difficult for customers to choose the right accessories for a specific product. While consumers often know, for example, what type of TV they want to purchase, it is generally more difficult for them to know what accessories are best suited for the specific product, such as which accessories that simplify the connection between mobile devices and a TV. As such, there is a greater need for personal service and advice for CEA products compared with consumer electronics products. Technological development and the ability to connect more accessories to one or more product/s are also making it more difficult for customers to know which accessories are best for a specific product.

Strong bargaining power relative to suppliers

The CEA market is characterised by a number of product categories with a wide range of products in each category. In general, there is a relatively low degree of brand and supplier differentiation for many products, which contributes to the fact that CEA market players generally have stronger bargaining power compared with the overall CE market.[26)] The Company believes that this stronger bargaining power relative to suppliers compared with corresponding CE market players contributes to the fact that CEA market players can generally achieve higher gross margins than players on the CE market.

According to the Company, the CEA market consists of a large number of suppliers of various sizes in multiple product categories, where consumers are usually less familiar with the brand of the products compared with brands in the overall CE market. Consequently, the significance of the brand is often secondary when the cus-

25) Arkwright – Market Study.
26) Arkwright – Market Study.

tomer is seeking a solution to a specific need. According to the Company, a large number of suppliers combined with a low degree of brand differentiation enable retailers in the CEA market to obtain a higher share of margins in the value chain compared with players on the CE market.

Low brand preference

Brand preference in the CEA market is generally lower compared with the overall CE market, and a higher proportion of the assortment of some retailers comprises own brands[27]. The Company believes that consumers in the CE market are more likely to have clear brand preferences since these brands can be associated with strong brand awareness among consumers in general and as such, personal identity. Brand preference in the CEA market is generally low since the brand of a product usually is of secondary importance. The Company deems that customers in the CEA market are seeking solutions to needs rather than specific brands and products, which increases opportunities for players to offer substitute products of other brands. This enables CEA market players to adjust their assortment to achieve higher margins. A lower brand preference for products in the CEA market also means that the player's own brand becomes more important, since consumers choose the player that can offer the best support for finding the right product and solving their problem.

Low price sensitivity

The CEA market is characterised by a high share of products with a relatively low average basket size, where consumers often buy products spontaneously when the need arises. This contributes to the fact that the CEA market is generally characterised by lower price sensitivity compared with the overall CE market, since consumers are less likely to compare prices for products before purchasing consumer electronics accessories.[28] The Company believes that the low average basket size in the CEA market relative to the CE market combined with low brand awareness mean that consumers are less likely to compare prices before purchasing given the lower total amount they save from such behaviour. This contributes to the fact that the CEA market and its players are generally less exposed to potential pricing pressure.

Characteristics of the Danish CEA market

The Danish CEA market is similar to the Norwegian and Swedish CEA market in many respects, but is also characterised by a relatively high share of price-sensitive and demanding consumers, a more competitive market with Elgiganten and Power as the key players, and a shift toward more online sales.[29]

Danish consumers are generally price-sensitive and have stringent requirements. Compared with Sweden and Norway, the conversion rate[30] for online players is lower in Denmark, indicating that Danish consumers are more likely to compare prices before completing a purchase. Danish consumers are also frequent users of price comparison tools such as PriceRunner, which contributes to high price transparency.[31]

The online share of the overall CE market in Denmark has historically been lower than in Sweden and Norway. During the COVID-19 pandemic, however, the proportion has risen sharply and online players have captured market shares from players with physical sales channels. The online share of the overall CE market in Denmark is estimated to have increased from 44% in 2019 to 57% in 2020 and the online share in the Danish CEA market is estimated to have increased from approximately 20–25% in 2019 to approximately 35–40% in 2020.[32]

Market structure and players

The addressable CEA market can be divided into five major retailer segments, which combined account for about 90% of the CEA market[33]. When Amazon entered the Swedish market in October 2020, another competitor was introduced into the CEA market in the "marketplaces" retailer segment. There are major differences between the segments in many respects, inter alia, in assortment, primary market focus and primary sales channel. The five retailer segments are described below.

- **Specialists in consumer electronics accessories:** This retailer segment includes players that are mainly focused on one or more product categories in consumer electronics accessories, and includes Kjell & Company. Other players in this segment include m.nu and Batteriexperten. The Company believes that Kjell & Company holds a unique position in this segment of the Swedish and Norwegian CEA market as the only player of considerable size with a main focus on consumer electronics accessories. In the Danish market, there are several online-based players in this segment, such as Avxperten and Geekd, but there is no player of considerable size with a physical presence in this retailer segment.
- **Traditional consumer electronics chains:** This retailer segment consists of players with consumer electronics products, such as televisions, computers and white goods, as their primary product offering.

27) Arkwright – Market Study.
28) Arkwright – Market Study.
29) Arkwright – Market Study.
30) The conversion rate is measured as the percentage of visitors to a website who complete a purchase.
31) Arkwright – Market Study.
32) Arkwright – Market Study.
33) Arkwright – Market Study.

Players in this segment include, for example, Elkjøp/Elgiganten, NetOnNet, Power and MediaMarkt. These players also have a secondary assortment that, inter alia, includes a number of consumer electronics accessories that complement the primary product offering, including mobile accessories, smart home products and complementary accessories for televisions and computers.

- **Online players:** This retailer segment consists of players whose main sales channel is online, and who sell consumer electronics accessories to varying degrees. Players in this segment include, for example, Inet, Komplett and Proshop. Smaller online-based specialised players focused on specific product categories, such as gaming, are also included in this segment.
- **Do-it-yourself chains:** This segment includes players who primarily offer a wide assortment of products classified as household goods. Inter alia, they offer products in building, gardening, home furnishings and kitchen accessories, as well as consumer electronics accessories such as headphones, cables and lighting. Players in this segment include, for example, chain stores such as Clas Ohlson, Jula, Harald Nyborg, Stark and Biltema.
- **Grocery and furniture retailers:** This segment includes the major supermarket chains such as ICA, Coop, Føtex and Hemköp, furniture retailers such as IKEA and supermarkets such as Bilka. These players mainly have high market shares in product categories in consumer electronics accessories with a high level of standardisation and that complement their primary assortment. For example, these players largely offer products such as batteries and lighting, as well as certain products in the smart home category.
- **Marketplaces:** This segment mainly comprises Amazon, which launched its platform in Sweden in October 2020. Amazon sells products from its own warehouses, and products from third-party sellers who sell directly to customers through the Amazon marketplace. Players in this segment have a wide assortment in multiple product categories. Amazon has a wide assortment of consumer electronics accessories in product categories such as mobile accessories and audio.

Product categories[34)]

The CEA market can be divided into nine product categories, all with specific volume drivers and market characteristics. A summary of the product categories with a description and product examples are presented below.

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

34) Arkwright – Market Study.

A summary of the nine product categories, including expected market growth, Kjell & Company's market position in Sweden, volume drivers and market characteristics, is presented below.

	Estimated market size and growth per product category (SEK billions)[1]	Kjell & Company's market share in Sweden[2]	Growth drivers	Market characteristics
Mobile accessories	2016: 5.1 · ~5% · 2019: 6.0 · ~2% · 2022F: 6.4 · ~6% · 2024F: 7.2	12% (2)	• Increasing accessory intensity per phone to optimise usability • Higher spending on phone protection as phones become more expensive	• Intensifying competition from smaller online based players • Fragmentation increasing as a diverse set of players offer mobile accessories by targeting spontaneous buyers
Audio	2016: 4.4 · ~5% · 2019: 5.2 · ~5% · 2022F: 6.1 · ~8% · 2024F: 7.1	14% (2)	• Premium true wireless, active noise cancelling headphones are driving growth • Need for multiple headphones to serve different purposes, e.g. exercise and work	• Increased share of premium headsets benefitting the established players and driving online penetration • Low-cost players losing market shares as they lack position in the premium segment
Network	2016: 1.9 · ~6% · 2019: 2.3 · ~8% · 2022F: 2.8 · ~7% · 2024F: 3.3	20% (1)	• As more devices are becoming connected, demand for high quality networks increase • Remote working due to COVID-19 drives upgrades in network devices	• Relatively consolidated market due to high product complexity and low overall consumer knowledge • Increasing market share for established players
Computer accessories	2016: 1.8 · ~1% · 2019: 1.9 · ~6% · 2022F: 2.2 · ~2% · 2024F: 2.3	17% (1)	• Strong volume growth in accessories, especially with ergonomic features • Remote working drives upgrades to more premium home office products to increase comfort	• Major traditional players are maintaining their market shares • Increasing online penetration due to price transparency and well-educated consumers
Gaming	2016: 0.9 · ~12% · 2019: 1.3 · ~13% · 2022F: 1.9 · ~10% · 2024F: 2.3	3%	• Gaming becoming more "mainstream" and the global gaming industry is expected to grow with a CAGR of 9% from 2019-2022 • New products are introduced and marketed to gamers	• Category dominated by players with a clear focus on gaming, i.e. Inet • Large players increasing their offering to capture some of the growth
Batteries / charging	2016: 3.2 · ~4% · 2019: 3.6 · ~3% · 2022F: 4.0 · ~3% · 2024F: 4.3	5%	• Trend towards more advanced and rechargeable batteries • New types of chargers emerging, e.g. chargers for electrical vehicles	• IKEA and grocery players dominate the segment due to high sale of "standard" batteries • Traditional CE players are benefitting from sale of more specialised batteries
Lightning	2016: 2.5 · ~4% · 2019: 2.9 · ~1% · 2022F: 3.0 · ~1% · 2024F: 3.1	4%	• LED continues to replace conventional luminaries with a higher associated price tag • However, LED prices are declining and LED has a longer lifetime than traditional luminaries	• IKEA and grocery players dominate the segment due to high sale of "standard" lighting • Limited complexity and high degree of standardisation limit traditional CE players' value-add
Smart home	2016: 1.3 · ~25% · 2019: 2.5 · ~15% · 2022F: 3.9 · ~20% · 2024F: 5.6	14% (1)	• Number of connected devices per capita is expected to increase significantly in the coming years • Increased availability for mass consumers attributable to affordability and ease of use	• Kjell & Company is especially successful in control, connectivity & automation due to high customer need for service and support • IKEA dominates the market of smart lighting
Services[3]	2016: 0.8 · ~10% · 2019: 1.0 · ~13% · 2022F: 1.5 · ~17% · 2024F: 2.0	n.a.	• Installation services to benefit from more complex installation needs, e.g. smart home products • Focus on extending lifetime for mobile phones due to surging prices and sustainability	• Fragmented installation market with only one player with significant market share • Mobile repairs dominated by smaller players

1) Market size and growth for the CEA market in Sweden, Norway and Denmark. 2) Refers to Kjell & Company's market share in Sweden 2019. Kjell & Company has a low market share in Norway and Denmark (AV-Cables) in the respective product category, hence not included in the table. 3) Only Sweden and Norway. Market data for services not available on the Danish market.
Source: Arkwright – Market Study.

The effect of the COVID-19 pandemic on the CEA market

The COVID-19 pandemic has had a major impact on the CEA market in Sweden, Norway and Denmark due to changes in consumer purchasing behaviour and an accelerating shift toward digital sales channels. Four areas of the addressable market are expected to be impacted, and are described below[35].

Increased e-commerce

The restrictions and guidelines during the COVID-19 pandemic have prevented consumers from visiting physical stores, shifting purchasing behaviour, to an increasing extent, toward buying products online. It is estimated that all product categories in the CEA market[36], excluding services, are estimated to have increased their online share of total net sales from the 2019 financial year to the 2020 financial year.

A higher proportion of people working from home

Due to the guidelines issued by authorities to minimise physical contact, more people are working from home. This shift means that consumers need to adapt their homes and private lives for remote working as seamlessly as possible. In general, consumers do not have the necessary devices they need for remote working, which has driven, and is driving, the need to invest in consumer electronics accessories to work from home productively. This has a positive impact on the computer accessories and network product categories, in particular. The Company believes that working from home will also continue, to a certain extent, after the COVID-19 pandemic.

Increased use of digital entertainment

Since consumers are spending more time at home due to the restrictions and guidelines during the COVID-19 pandemic, consumers are more willing to invest in products for their homes. A growing proportion of consumers' social interaction is taking place via digital channels, which requires new devices to meet this shift. Digital entertainment is also growing due to the increased time spent at home, which for example includes streaming films and series, and TV and computer games. This has a positive impact on the gaming, computer accessories and network product categories, in particular.[37]

Product upgrades

Due to an increase in the use of consumer electronics driven by reduced social interaction during the COVID-19 pandemic, there is a growing need for consumers to upgrade their existing products for a better user experience. This is leading to a growing need for consumer electronics accessories in order to improve the functionality and usability of consumer electronics products. This is also leading to an increased preference for premium products in consumer electronics accessories. This has a positive impact on the audio, network, computer accessories, gaming and smart home product categories, in particular.[38]

The Company also believes that reduced travel due to restrictions during the COVID-19 pandemic has had a negative impact on demand for consumer electronics accessories in some product categories. Reduced travel is considered to have a negative effect on products in the mobile accessories and audio product categories, which are usually purchased in connection with travel.

Market per geographic segment

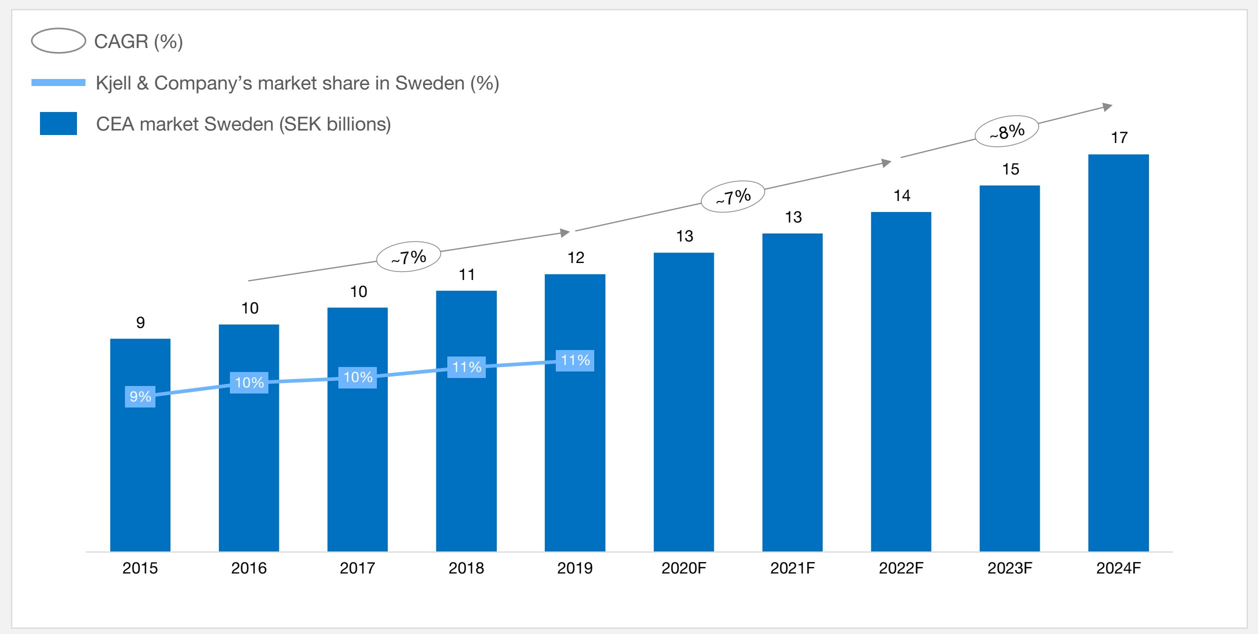
Sweden

In the 2019 financial year, the value of the Swedish CEA market was approximately SEK 12 billion. During 2016–2019, the market was characterised by stable growth with a CAGR of about 7%, driven by positive growth in major product categories, including mobile accessories and audio, and favourable growth factors such as a higher accessory intensity.[39]

The favourable market growth is expected to continue, driven, inter alia, by the fact that smart home and IoT products are reaching the mass market. A transition to connected products required for smart homes requires a shift in the infrastructure, including complementary products and accessories, that are compatible with the new technology. This includes products in lighting, network and audio, in particular. The number of accessories per consumer electronics product is also expected to increase in major product categories, such as mobile accessories and audio. The value of the CEA market in Sweden is projected to reach approximately SEK 14 billion in the 2022 financial year, corresponding to a CAGR of about 7% between 2019 and 2022, and approximately SEK 17 billion in the 2024 financial year, corresponding to a CAGR of about 8% between 2022 and 2024[40].

35) Arkwright – Market Study.
36) Arkwright – Market Study. The CEA market in Sweden and Norway. The product category audio has the same online share in Norway for the 2019 financial year and the 2020 financial year.
37) Arkwright – Market Study.
38) Arkwright – Market Study.
39) Arkwright – Market Study.
40) Arkwright – Market Study.

Market development, Sweden



Source: Arkwright – Market Study.

Development of Kjell & Company's market share

Kjell & Company's market share of the CEA market in Sweden was approximately 11% in the 2019 financial year, corresponding to an approximate increase of 2 percentage points compared with a market share of approximately 9% in the financial year 2015. This increase was due to the fact that Kjell & Company grew faster than the rest of the market. During this period, Kjell & Company had a CAGR of about 10%, compared with a CAGR of about 7% for the rest of the CEA market during the same period.[41)]

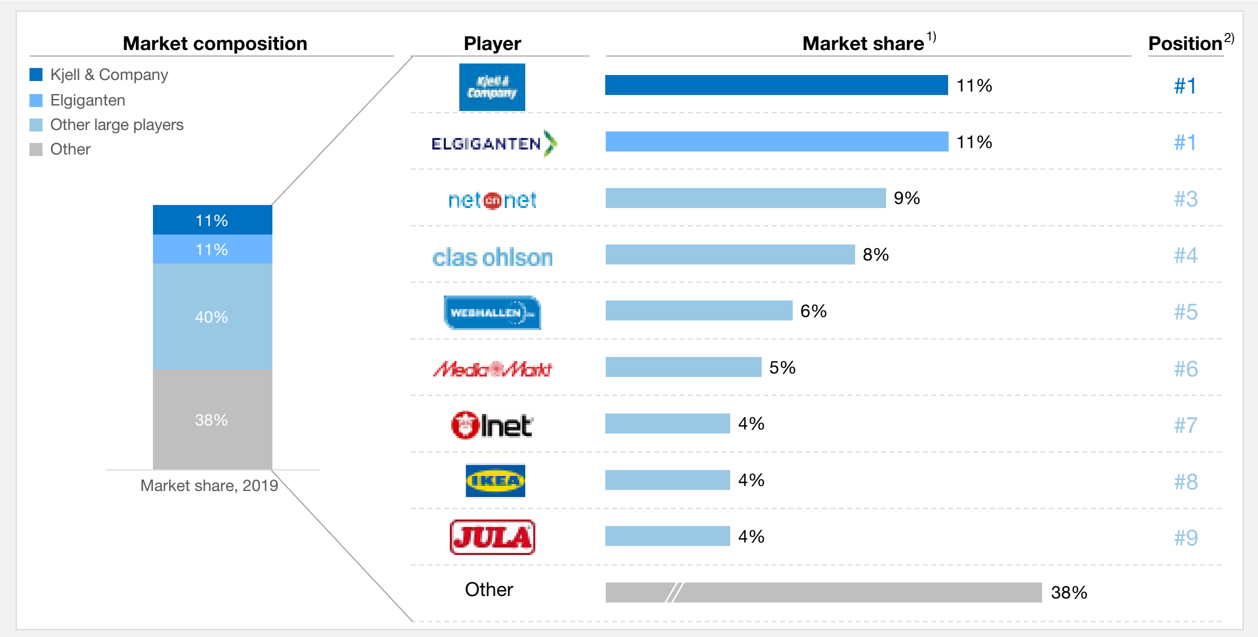
Competitive landscape

The CEA market in Sweden is relatively fragmented. In the 2019 financial year, six players accounted for approximately 50% of the market. The key market players include traditional consumer electronics chains, online players and do-it-yourself chains. Of the traditional consumer electronics chains, which are Elgiganten, NetOnNet, Webhallen and MediaMarkt, Elgiganten holds the strongest market position with a market share of about 11% in the 2019 financial year. In contrast to Kjell & Company, the traditional consumer electronics chains have CEA products as their secondary focus and consumer electronics products as their primary focus. Online players consist of online-based technology retailers, such as Inet. The do-it-yourself chains primarily comprise Clas Ohlson and Jula.[42)]

Kjell & Company is the leading player in the CEA market in Sweden and this market position has been achieved through, inter alia, growth in the majority of all product categories and particularly high growth in the audio, smart home, network and mobile accessories product categories (see also "—*Product categories*"). Of the market players, major players such as Kjell & Company, Elgiganten, NetOnNet and Webhallen gained market shares during 2018–2019, while smaller players generally lost market shares. A summary of the players in the Swedish CEA market and their respective market shares is presented in the graph below.[43)]

41) Arkwright – Market Study. Market share based on estimated sales of CEA products, excluding the services category, divided by market size. Refer to –"*Introduction*" for a definition of market size.
42) Arkwright – Market Study.
43) Arkwright – Market Study.

Competitive landscape in Sweden



1) Excluding the product category services.
2) Grocery players have a combined market share of ~7%.
Source: Arkwright – Market Study.

Amazon's market entry in Sweden

Amazon was launched in Sweden on 28 October 2020. Similar to other marketplaces, Amazon poses a threat to most retail industries, which could expose Swedish retailers of consumer electronics accessories to increased competition. Several factors are considered important for ensuring resilience to Amazon, including a wide and curated assortment, a high proportion of products that require a high degree of convenience in the purchasing process, a high level of customer service and support, and local brand awareness. The CEA market meets all of these criteria to a higher extent than the CE market, which contributes to relatively strong resilience to Amazon among CEA market players compared with CE market players, particularly for the following reasons[44]:

- **Wide and curated assortment:** The CEA market generally has a wide assortment and products with a high degree of complexity. Due to the complexity of the assortment, consumers generally seek advice from a player with a high level of expertise and with a high brand awareness to support this.
- **High proportion of need-based shopping:** The CEA market is characterised by a high proportion of products that are purchased when the need arises for the product, which inter alia, leads to consumers demanding a flexible and convenient method of delivery. One such method of delivery that meets this need is Click-and-Collect[45]. The CEA market is also characterised by a high proportion of products that are purchased on impulse and complement the product the consumer intends to purchase.
- **Demand for a high level of customer service and advise:** The CEA market is also characterised by high demand for customer service and advise. Many CEA products, such as network solutions and smart home, entail a substantial need for advice and problem solving, which means that consumers often choose a player that can offer these services.
- **Local brand awareness:** Players in the CEA market generally have a local presence and roots in the market in which they operate, whereas CE market players, to varying degrees, comprise chains that operate in several geographic markets.

Kjell & Company is also considered to specifically possess many of the factors required for resilience against such players as Amazon.[46] The Company offers a curated assortment, where a high proportion of the assortment includes products with higher complexity that require a high level of customer service and advise, such as the smart home product category. A high proportion of the assortment also includes products that, to a high degree, are purchased when needed, such as adapters and mobile phone chargers. The Company also has strong local brand awareness, and the Kjell & Company

44) Arkwright – Market Study.
45) Click-and-Collect is when customers order their items online and pick them up in a store.
46) Arkwright – Market Study.

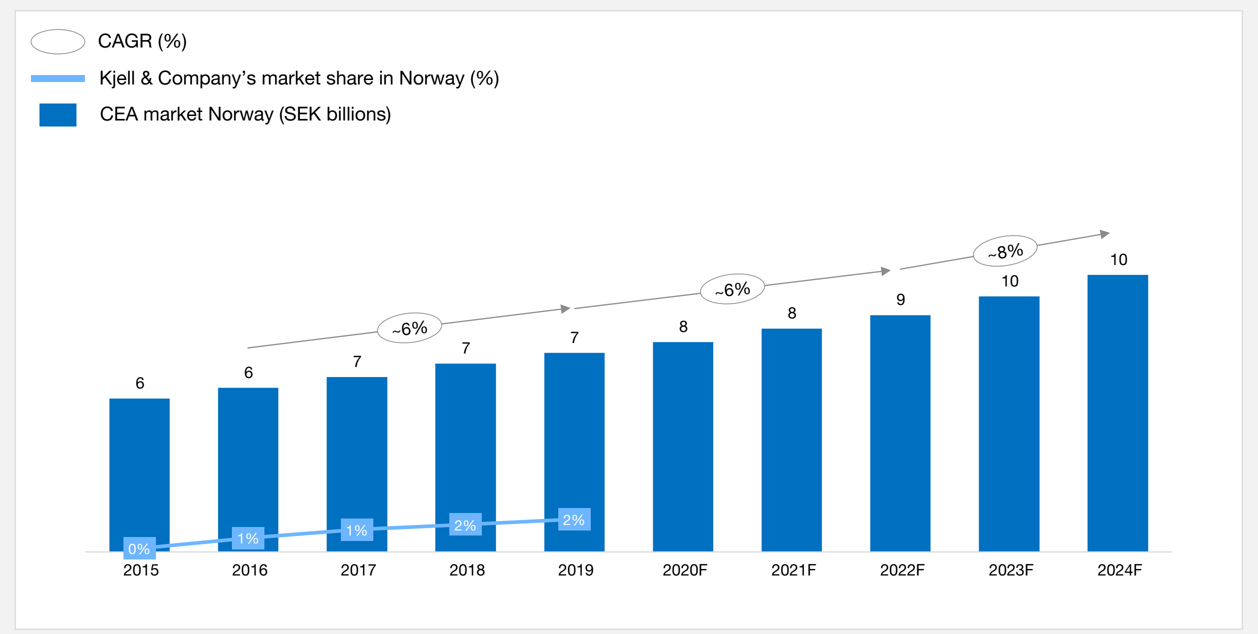
brand is associated with a high level of customer service and advise, a seamless customer experience through the Company's omni-channel platform and a relevant and curated product assortment that meets a high proportion of consumer demand for consumer electronics accessories. The Company believes that Kjell & Company's integrated omni-channel platform and physical presence also enable fast and seamless deliveries, including same-day deliveries in large cities to approximately 70% of the Swedish population. This is something that marketplaces such as Amazon cannot compete with at present.

Norway

In the 2019 financial year, the value of the Norwegian CEA market was approximately SEK 7 billion[47]. Similar to the Swedish market, the Norwegian market was characterised by stable growth at a CAGR of about 7% during 2016–2019. The Swedish market is about 1.5 times larger than the Norwegian market, while the population is about 1.9 times[48] larger in Sweden than in Norway. This indicates that the population of Norway spends more per capita on CEA products than the population of Sweden.[49]

The Norwegian CEA market is expected to experience a continued favourable growth, which, like Sweden, is largely driven by smart home and IoT products, complementary accessories for this shift and an increased number of accessories per consumer electronics product in major product categories, including mobile accessories and audio. The value of the market is expected to reach approximately SEK 9 billion in the 2022 financial year, corresponding to a CAGR of about 6% during 2019–2022, and approximately SEK 10 billion in the 2024 financial year, corresponding to a CAGR of about 8% during 2022–2024.[50]

Market development, Norway



Source: Arkwright – Market Study.

Development of Kjell & Company's market share

Since its launch in 2015, Kjell & Company has successfully established itself in the Norwegian market. In the 2019 financial year, the Company's market share of the Norwegian CEA market was approximately 2%[51]. In the second half of 2020, the Company's market share was an estimated 2.5%.[52] From the financial year 2015 to the 2020 financial year, Kjell & Company's CEA-related sales grew at an average annual rate of about 75%, albeit from a low level[53]. This growth can be compared to a CAGR of

47) Arkwright – Market Study. The monthly average for SEK/NOK was used for historical numbers.
48) Statistics Sweden: https://www.scb.se/hitta-statistik/statistik-efter-amne/befolkning/befolkningens-sammansattning/befolkningsstatistik/ (retrieved 31 May 2021). Statistics Norway: https://www.ssb.no/befolkning/faktaside/befolkningen (retrieved 31 May 2021).
49) Arkwright – Market Study.
50) Arkwright – Market Study.
51) Arkwright – Market Study. Market share based on estimated sales of CEA products, excluding the services category, divided by the market size. Refer to – "*Introduction*" for a definition of market size.
52) Arkwright – Market Study. The estimated market share was 1.6% in 2018, and 1.9% in 2019.
53) Arkwright – Market Study. Based on estimated sales of CEA products.

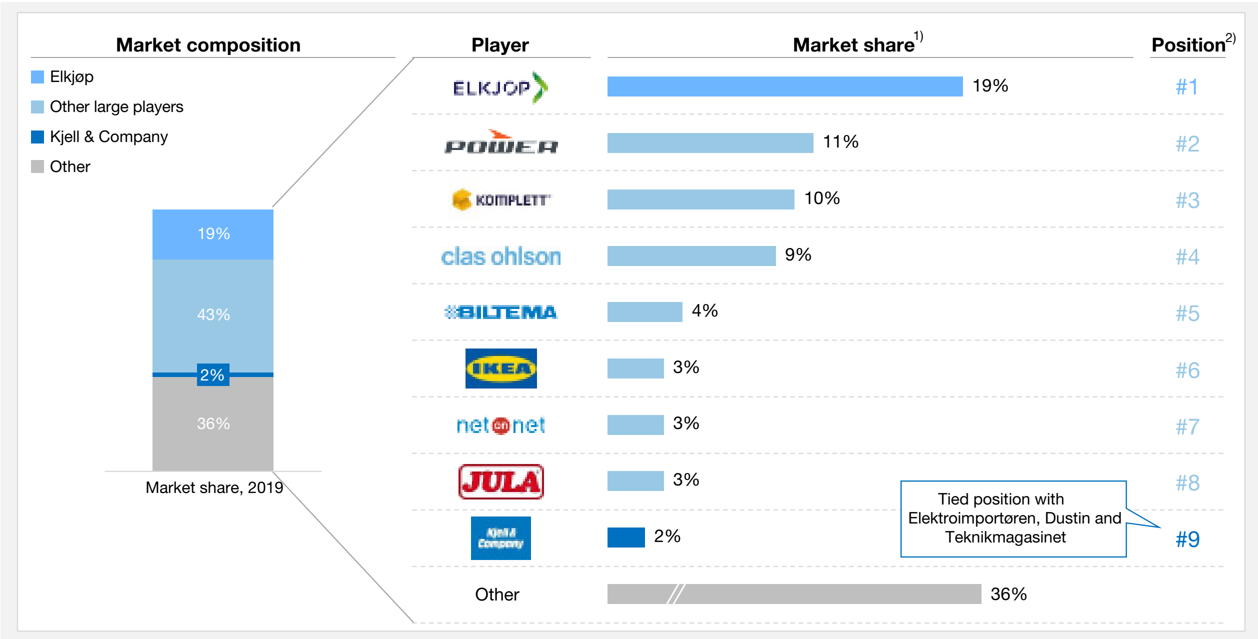
about 6% for the rest of the CEA market in Norway during the same period. The strong growth for Kjell & Company is due, inter alia, to the Company's successful establishment in several product categories, including audio, mobile accessories and gaming.[54)]

Competitive landscape

Compared with the CEA market in Sweden, which is more fragmented, traditional consumer electronics chains have a relatively high share of the CEA market in Norway. In the 2019 financial year, Elkjøp and Power had a combined market share of about 30%, of which Elkjøp accounted for about 19%. The online player Komplett had a market share of about 10% and is therefore the third-largest player in the Norwegian CEA market. In addition to the major consumer electronics chains and Komplett, only Clas Ohlson had a market share of more than 5%.[55)]

Similar to the Swedish CEA market, some major players, such as Elkjøp and Power, gained market share during 2018–2019, while smaller players generally lost market share due to the strong growth demonstrated by some of the major players. The Company believes that Kjell & Company has grown faster than all other players on the market since the launch in 2015. A summary of the players in the Norwegian CEA market and their respective market share is presented in the graph below.[56)]

Competitive landscape in Norway



1) Excluding the product category services.
2) Grocery players have a combined market share of ~6%, Building supplies have a combined market share of ~2% and Mobile players have a combined market share of ~2%.
Source: Arkwright – Market Study.

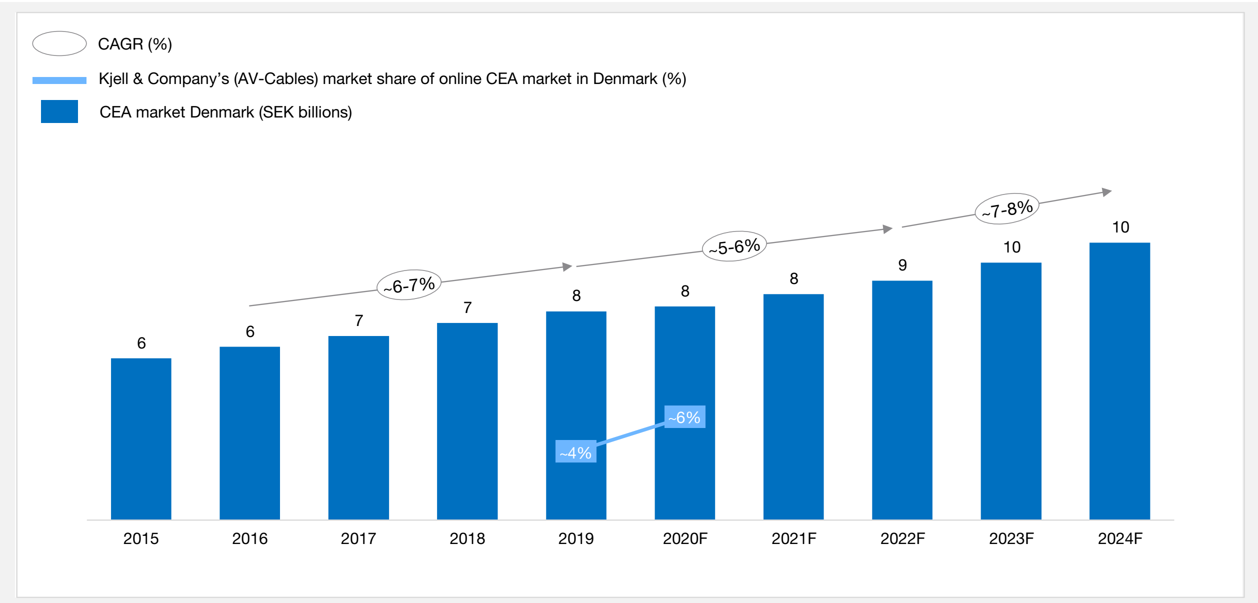
54) Arkwright – Market Study.
55) Arkwright – Market Study.
56) Arkwright – Market Study.

Denmark

In the 2019 financial year, the value of the Danish CEA market was approximately SEK 8 billion[57]. During 2016–2019, the market was characterised by stable growth at a CAGR of about 6–7%. Similar to the Norwegian market, the population in Denmark spends more per capita on CEA products than in Sweden, since the Swedish market is about 1.5 times larger than the Danish market, and the population is about 1.8[58] times larger.

The Danish CEA market is expected to experience continued favourable growth, although slightly lower than the Swedish and Norwegian CEA market during 2019–2022 driven by strict restrictions due to the COVID-19 pandemic. The market is expected to grow at a CAGR of about 5–6% during this period. The growth rate is expected to accelerate going forward and during 2022–2024, the market is expected to grow at a CAGR of about 7–8%. Similar to the Swedish and Norwegian markets, growth is largely considered driven by smart home and IoT products, complementary accessories for this shift and an increased number of accessories per consumer electronics product in major product categories, including mobile accessories and audio.[59]

Market development, Denmark



Source: Arkwright – Market Study.

AV-Cables' market position

AV-Cables is mainly active in the product categories of mobile accessories, audio, network and computer accessories, where sales are conducted online. In 2019 and 2020, AV-Cables experienced substantial growth in these prioritised product categories and strengthened its market position. In the 2019 financial year, AV-Cables' market share of total online sales in the Danish CEA market amounted to about 3% in the mobile accessories product category, about 3% in audio, about 4% in network and about 6% in computer accessories. In the 2020 financial year, the market share of each product category was estimated to approximately 5%, 7%, 4% and 8% respectively.[60] Of total online sales in the Danish CEA market, AV-Cables' market share was approximately 4% in the 2019 financial year and approximately 6% in the 2020 financial year.[61] The Company believes that one explanation for AV-Cables' success is a high level of customer satisfaction. On trustpilot.com, AV-Cables received an average rating of 4.9 out of 5.0 based on more than 112,000 reviews, which is the highest rating for all players in the Danish CEA market and 33% higher than the players' average rating[62].

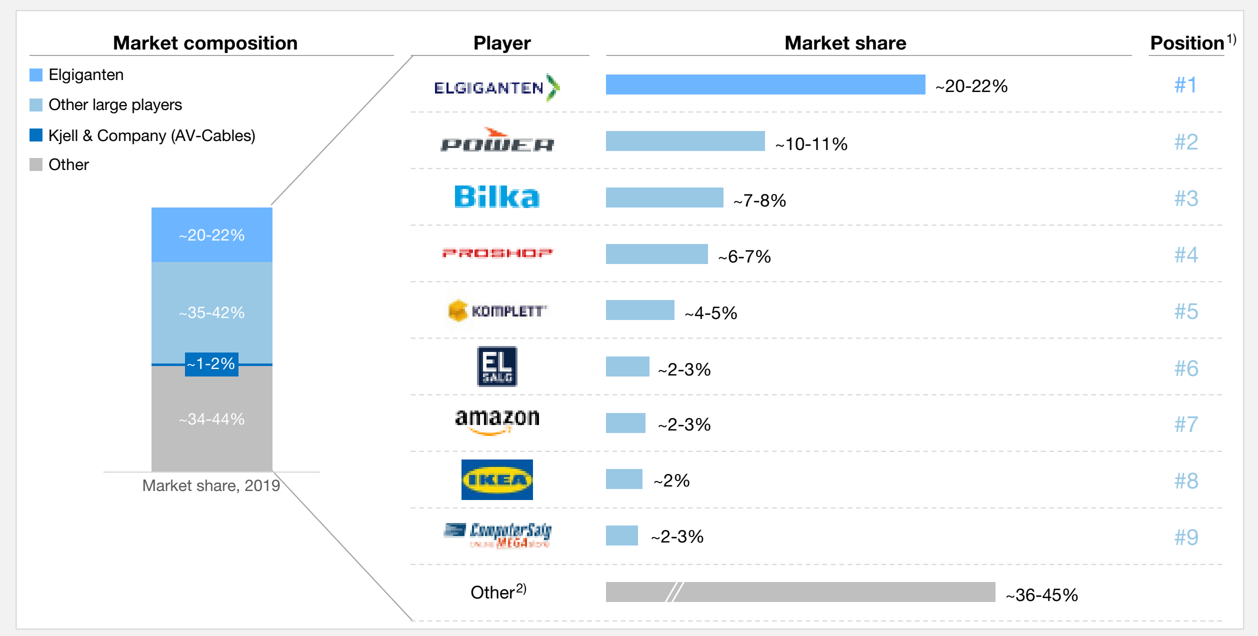
57) Arkwright – Market Study. DKK/SEK: 1.38.
58) Statistics Sweden: https://www.scb.se/hitta-statistik/statistik-efter-amne/befolkning/befolkningens-sammansattning/befolkningsstatistik/ (retrieved 31 May 2021). Statistics Denmark: https://www.dst.dk/da/Statistik/emner/befolkning-og-valg/befolkning-og-befolkningsfremskrivning/folketal (retrieved 31 May 2021).
59) Arkwright – Market Study.
60) Arkwright – Market Study. Market share in each product category has been calculated by dividing AV-Cables' estimated sales in each product category by total estimated online sales in each product category.
61) Arkwright – Market Study. The share of online sales on the danish CEA market was estimated to approximately SEK 2.0 billion for the 2019 financial year and approximately SEK 3.1 billion for the 2020 financial year.
62) Trustpilot.com on 8 August 2021. Companies compared are Bilka, Elgiganten, Proshop, and Power, which are the four players with the highest market shares in the Danish CEA market.

Competitive landscape

Similar to the Norwegian CEA market, the Danish market is less fragmented than the Swedish market and the traditional consumer electronics chains have relatively high market shares. In the 2019 financial year, the two largest players, Elgiganten and Power, had a combined market share of about 30–33%, where Elgiganten's market share was approximately 20–22%. In the 2019 financial year, the supermarket chain Bilka was the third-largest player with a market share of about 7–8%, which was higher than any other player in the "Grocery and furniture retailers" retailer segment in the Swedish and Norwegian markets.[63)]

During 2018–2020, players with physical stores generally lost market share while online players gained market share. During 2018–2020, the online player Proshop, which is the fourth-largest player in the market with a market share of about 6–7% in the 2019 financial year, grew at a CAGR of about 30%. At the same time, multiple players in the "Do-it-yourself chains" and "Grocery and furniture retailers" retailer segments lost market share during 2019–2020 driven by temporary shut downs of physical stores due to the COVID-19 pandemic. During 2018–2020, Elgiganten fortified its leading position with strong online sales. A summary of the players in the Danish CEA market and their respective market shares is presented in the graph below.[64)]

Competitive landscape in Denmark



1) Grocery players have a combined market share of ~6% and Mobile players have a combined market share of ~4%.
2) Kjell & Company (AV-Cables) included in other.
Source: Arkwright – Market Study.

63) Arkwright – Market Study.
64) Arkwright – Market Study.

Business overview

Overview

Kjell & Company is a leading[1] player in consumer electronics accessories, with a relevant and curated assortment of approximately 8,000[2] products. The Company combines a large product range with a high degree of advice and customer service, which is offered via a seamless omni-channel offering – online, through 130[3] service points, of which 107 are in Sweden and 23 in Norway, and in partnership with Circle K at 292[4] stations across Sweden. Through the acquisition of AV-Cables, which was completed on 29 April 2021, Kjell & Company is also established in the Danish market and further strengthens its position in the Nordics. Through Kjell & Company's loyalty club, with approximately 2.4 million members[5], the Company has an in-depth understanding of people's technology needs, and the Company's approximately 1,200[6] employees[7] work daily to enhance everyday lives through technology.

Most of Kjell & Company's customers start their customer journey in the Company's digital channels[8] where they navigate on their own or receive advice from the Company's employees through video or chat. Regardless of sales channel, Kjell & Company offers fast delivery, directly to service points or home to customers via a service point or central warehouse if the purchase is done online on kjell.com. Kjell & Company offers delivery within one day to approximately 70% of the Swedish population and express same-day delivery in certain cities[9]. Sales from kjell.com are seamlessly integrated with service points and represents the fastest growing sales channel. As per 30 June 2021, approximately 23%[10] of total sales were attributable to Kjell & Company´s online channels excluding Click-and-Collect and the full effect of AV-Cables and the Company's objective is to increase the share of sales from its online channels. Following the acquisition of the online player AV-Cables, the Company increased its total sales from online channels excluding Click-and-Collect from 16% in the 2020 financial year to 27% in the 2020 financial year pro forma.[11]

Kjell & Company's concept with service points is standardised, the culture is strong and the model for establishing new service points is structured, which enables geographic expansion to new markets with positive experiences from Norway. The Company sees an opportunity in the future to also establish the Kjell & Company brand in Denmark, including service points, as a complement to AV-Cables' offering.

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

In addition, Kjell & Company expands through selected partners when partnerships can create mutual value. Following a successful pilot project at 20 Circle K stations, which began in May 2020, Kjell & Company Express in partnership with Circle K has been rolled out to 292[12] stations, and was completed in February 2021. The partnership means that Circle K acts as a retailer of a selection of Kjell & Company's assortment, which significantly increases the physical availability of parts of the Company's assortment in Sweden. The Company believes that good potential exists for further third-party partnerships. Kjell & Company is active in a changable and rapidly growing market. There is constant technological development and as society and people's everyday lives are increasingly digitalised, new and growing demand is created for the Company's products and customer service. Continuous updates of the assortment and relevant knowledge among Kjell & Company's sales personnel are therefore key to operations and represent a clear competitive advantage.

A direct consequence of Kjell & Company's focus on customer service is that the Company is active almost exclusively in consumer electronics accessories rather than consumer electronics products. The Company believes that a focus on accessories rather than electronics products has many advantages, which include higher gross margins and lower competition. A clear focus on consumer electronics accessories and a leading market

1) Arkwright – Market Study. Kjell & Company and Elgiganten are both market leaders in the Swedish CEA market with a market share of about 11% each.
2) Products with different properties such as colour and length which as per 30 June 2021 are available in all of Kjell & Company´s sales channels.
3) As per 30 June 2021.
4) As per 30 June 2021. Circle K acts as retailer and sells a selection of Kjell & Company's assortment.
5) As per 30 June 2021.
6) As per 30 June 2021.
7) Refers to total number of people employed.
8) According to the Company's estimate.
9) As per 30 June 2021.
10) Refers to the period January-June 2021.
11) Sales, excluding membership points from the loyalty club.
12) As per 30 June 2021.

position have also resulted in a thorough knowledge within the Company about the products demanded by customers, which has enabled Kjell & Company to develop high-quality own-brand products that are appreciated by customers. As per 30 June 2021, Kjell & Company shapes its assortment according to four themes: the mobile lifestyle, the connected home, an active lifestyle and media on demand.[13)]

As per 30 June 2021, Kjell.com and the Company's physical presence with 130 service points provide an integrated platform where Kjell & Company's competent personnel offer the best available customer service in the channel chosen by the customer. Customer service and the assortment are supported by services, such as Click-and-Collect, fast deliveries to customers and technical support. The customer's technology needs are satisfied in the best possible manner through a seamless customer offering, from customer service and online ordering to the physical meeting, delivery and installation.

To provide the high level of customer service sought by Kjell & Company, employees must be passionately interested in technology and in providing the right solution for the customer. Kjell & Company has received a net promoter score (NPS) from loyalty members of 75[14)], which exceeds the latest available CE market industry average among US companies from 2017 of approximately 20[15)], which the Company considers demonstrates that Kjell & Company offers its customers a strong customer experience.

When employees at Kjell & Company share their enthusiasm and knowledge, the Company builds a customer relationship characterised by trust and loyalty, which has led to Kjell & Company having approximately 2.4 million members in its loyalty club as per 30 June 2021. The Company has a particular focus on understanding customers and their needs, which creates the right conditions to, inter alia, adapt the assortment, sales channels, customer service and personalised offers in a manner that continuously improves customer experience and thus further reinforces customer loyalty. Most customers regularly return to Kjell & Company and make more frequent purchases over time and at a higher order value.

Half of the management team have spent their entire career at Kjell & Company and most of the store managers started at the Company as sales personnel. This guarantees that the strong corporate culture that has always characterised Kjell & Company, the "Kjell Spirit," lives on.

To achieve the market's best customer satisfaction, it is important that the Company helps to nourish its employees' genuine interest in and knowledge about technology and that employees are motivated and enjoy their work. The Company created its own school named Kjell Academy as a means of ensuring that Kjell & Company's sales personnel is always able to provide current and relevant technology know-how. The Academy has committed teachers who offer training courses, e-courses, films and educational literature. The main purpose of the school is to secure the expertise of Kjell & Company's sales personnel and remain continuously relevant for the Company's customers. Much of the material produced by Kjell Academy is also published for customers.

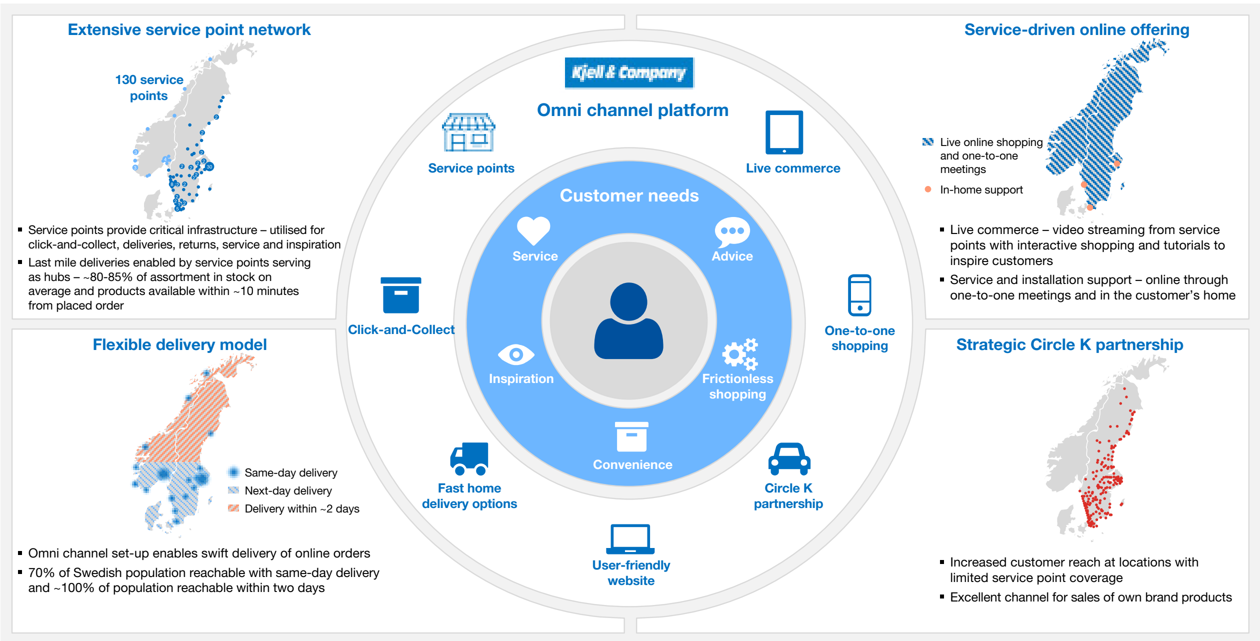
During the financial years 2000–2020, Kjell & Company increased its net sales every year and during the period net sales grew at a CAGR of 18.8%.[16)] A strong development for online sales and sales at service points resulted in a net sales growth for the Company from SEK 1,691 million to SEK 1,999 million during the financial years 2018–2020, corresponding to a CAGR of 8.7%, of which 7.8% in comparable growth in 2019 and 5.7% in comparable growth in 2020[17)]. Adjusted EBITA[18)] amounted to SEK 147 million in 2020, corresponding to an adjusted EBITA margin[19)] of 7.3%. Net sales pro forma in 2020, which include the acquisition of AV-Cables, amounted to SEK 2,304 million.[20)] EBITA pro forma in 2020 amounted to SEK 185 million.[21)] For the period January–June 2021,

13) For a description of these trends, refer to "*—Assortment development*"
14) Based on answers from loyalty members in Sweden in June 2021.
15) Bain Private Equity Report 2018.
16) Net sales for the 2000 financial year from the annual report of "*Kjell & Co Elektronik AB*".
17) Comparable growth is an unaudited alternative performance measure that is not defined under IFRS and is not a substitute for performance measures defined under IFRS. For more information about alternative performance measures, including definitions and the reason why they are used, see "*Selected historical financial information – Definitions of alternative performance measures*". For a reconciliation of this alternative performance measure to the nearest IFRS performance measure, refer to "*Selected historical financial information – Comparable growth*".
18) Adjusted EBITA is an unaudited alternative performance measure that is not defined under IFRS and is not a substitute for performance measures defined under IFRS. For more information about alternative performance measures, including definitions and the reason why they are used, see "*Selected historical financial information – Definitions of alternative performance measures*". For a reconciliation of this alternative performance measure to the nearest IFRS performance measure, refer to "*Selected historical financial information – Operating profit, EBITA, EBITA margin, adjusted EBITA, adjusted EBITA margin, EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin, adjusted EBITDAaL*".
19) Adjusted EBITA margin is an unaudited alternative performance measure that is not defined under IFRS and is not a substitute for performance measures defined under IFRS. For more information about alternative performance measures, including definitions and the reason why they are used, see "*Selected historical financial information – Definitions of alternative performance measures*". For a reconciliation of this alternative performance measure to the nearest IFRS performance measure, refer to "*Selected historical financial information – Operating profit, EBITA, EBITA margin, adjusted EBITA, adjusted EBITA margin, EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin, adjusted EBITDAaL*".
20) For complete information about the Company's pro forma financial statements, refer to the section "*Pro forma financial statements*".
21) For complete information about the Company's pro forma financial statements, refer to the section "*Pro forma financial statements*". Pro forma EBITA is an unaudited alternative performance measure that is not defined under IFRS and is not a substitute for performance measures defined under IFRS.

the Company reported net sales of SEK 990 million and an adjusted EBITA margin[22] of 5.0%. During the same period, the Company reported net sales pro forma of SEK 1,126 million and a EBITA margin pro forma of 5.7%.[23]

The Company's head office and central warehouse are located in Malmö and the Company had an average of 698 employees during the 2020 financial year.

Omni channel platform to fulfil every customer need seamlessly across all channels



Note: Data points as per 30 June 2021.

History

Kjell & Company was founded in Sundsvall in 1988 by the three Dahnelius brothers and their father Kjell. The oldest brother, Markus, initially led the company and the father, Kjell, who had worked most of his life in sales, contributed his expertise. The common denominator for all four founders was their great interest in technology combined with a knowledge and solution-centric approach, which also became the core of Kjell & Company's identity. This still forms the foundation of Kjell & Company's operations.

In 1992, Kjell & Company's first service point moved from Sundsvall to Malmö, which remains the Company's registered office with both head office and central warehouse. In the early 1990s, Kjell & Company established more service points and increased its geographic coverage. The Company also launched an e-commerce business in 1997. The roll-out of new service points accelerated in 2006 when ICA Gruppen, at the time named Hakon Invest, through the acquisition of shares from the Dahnelius family and a new share issue became the owner of 50% of Kjell & Company. During ICA Gruppen's ownership, the number of service points more than doubled and sales increased significantly.

In 2014, the Principal Owner acquired a majority of the shares in Kjell & Company from ICA Gruppen, though the Dahnelius family remain as significant minority owners. Under the ownership of the Principal Owner, the Company has, inter alia, expanded into the Norwegian market and initiated a partnership with Circle K in Sweden. In recent years, the Company has also invested in its digital offering to ensure a modern digital experience and seamless interaction between its digital and physical channels, within the framework of the Company's omni-channel platform. The small, family business, founded in Sundsvall in 1988, is, as a result of these measures a much larger company as per 30 June 2021, with 130 service points in Sweden and Norway, Kjell & Company Express in partnership with Circle K at 292 stations and the Company´s online channels, which accounted for 23% of sales excluding Click-and Collect

22) Adjusted EBITA margin is an unaudited alternative performance measure that is not defined under IFRS and is not a substitute for performance measures defined under IFRS. For more information about alternative performance measures, including definitions and the reason why they are used, see "*Selected historical financial information – Definitions of alternative performance measures*". For a reconciliation of this alternative performance measure to the nearest IFRS performance measure, refer to "*Selected historical financial information – Operating profit, EBITA, EBITA margin, adjusted EBITA, adjusted EBITA margin, EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin, adjusted EBITDAaL*".

23) For complete information about the Company's pro forma financial statements, refer to the section "*Pro forma financial statements*".

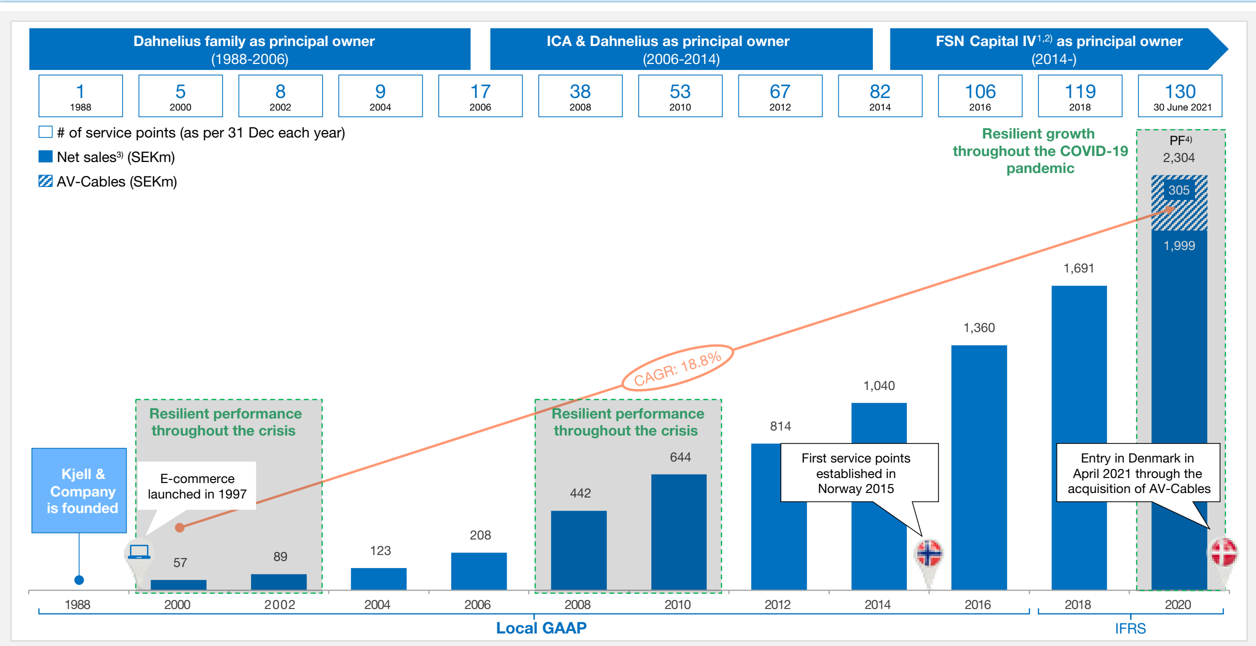
and the full effect of AV-Cables in the period January–June 2021.

In 2021, Kjell & Company acquired AV-Cables, a Danish online retailer of primarily consumer electronics accessories with an assortment similar to Kjell & Company. AV-Cables' net sales for the 2020 financial year amounted to SEK 305 million and operating profit to SEK 46 million[24]. Through the acquisition of AV-Cables, Kjell & Company strengthened its position in the Nordic consumer electronics accessories market and established a market position in Denmark.

Since the Company's inception in 1988, Kjell & Company has experienced a number of technological shifts, which entailed challenges and opportunities for the Company. The technological shifts in consumer electronics products often create completely new needs and applications for how the customer uses technology, which drive new needs for accessories and products. Common to all of these technological shifts is that the Company carefully follows these trends and in a structured manner has adapted its assortment and related services, which the Company believes has contributed to its uninterrupted growth over the past 20 years. Examples of important milestones in the technological development of Kjell & Company's addressable market that have occurred since 1988 are shown below.

- **1994:** GSM telephones receive subsidies and become increasingly popular in Sweden.
- **1998:** The Swedish government approves a tax deduction as part of the "Hem-PC" reform, which drives substantial sales to private individuals.
- **2000–2002:** Increase in the use of ADSL broadband and digital television.
- **2010/2011:** Rising popularity of smartphones and tablets. Apple's iPhone 4 and iPad are launched in 2010 and in 2011 and Apple's iPad is named "Christmas Present of the Year" in Sweden.
- **2018:** Smart home products are increasingly popular among consumers. This includes the launch of Google Home in Sweden in October 2018.
- **2020:** The rate of digitalisation rises in conjunction with the COVID-19 pandemic, which boosts demand for products related to working from home, such as network products.

Strong, resilient, net sales growth



1) The Dahnelius family still remains as a minority owner of the business.
2) FSN Capital GP IV Limited acting in its capacity as general partner for and on behalf of each of FSN Capital IV LP, FSN Capital IV (B) LP and FSN Capital IV Invest LP.
3) For the period 1990-2006, net sales refers to the fiscal year 1 May-30 April each year; from 2007 and onwards net sales refers to the fiscal year 1 January-31 December each year. Figures for the years 2000-2014 found in annual reports for "Kjell & Co Elektronik AB", figures for 2016 found in annual report for "Kjell Koncern AB" and figures for 2018 and 2020 from the Company's audited consolidated financial statements for the year ended 31 December 2018 and 2020.
4) Net sales on pro forma basis including the acquisition of AV-Cables.

24) For complete information about the Company's pro forma financial statements, refer to the section "*Pro forma financial statements*".

Vision and Mission

Vision

Kjell & Company's vision is to enhance everyday lives through technology.

Mission

Kjell & Company's mission is to help people use technology in ways they didn't know were possible.

Strengths and competitive advantages

The Company believes that Kjell & Company has the following strengths and competitive advantages, which have contributed to its positive development since inception and enables Kjell & Company to realise its strategy and reach its long-term financial targets.

Market leading[25] player in an attractive and growing market

The CEA market in Sweden, Norway and Denmark is large and growing. In the 2019 financial year, the value of Kjell & Company's addressable market amounted to approximately SEK 27 billion and between 2016 and 2019 the market grew approximately 21%, representing a CAGR of about 7%. Between 2019 and 2024, the CEA market's CAGR is expected to amount to approximately 7%. Growth is driven by several trends including a rise in the number of connected devices as part of the Internet of Things ("**IoT**"), a growing number of accessories per consumer electronics product and rising demand for convenience and customer service[26]. The Company also believes that an increased focus on sustainability among consumers is favourable for the CEA market. For further information about the market's growth factors, refer to the section "*Market overview—Market Development*".

The CEA market is characterised by a substantial need for advice and customer service due to technological development and complexity. The possibility to connect a growing number of accessories to one or more product gives rise to a greater need for knowledge, which creates a natural position for Kjell & Company given the Company's inherent focus on customer service. The CEA market is also characterised by lower price points, which in turn leads to lower price sensitivity, lower supplier differentiation and lower brand preference compared with the overall CE market. In light of this, it is the Company's view that the CEA market is particularly attractive.

The Company believes that Kjell & Company is the only player of a significant size in the Swedish and Norwegian CEA market with a product assortment focused on high-quality consumer electronic accessories and customer service, while a number of players supply accessories as a complement to consumer electronics products. Since 2015, Kjell & Company has increased its market share in the Swedish CEA market by about 2 percentage points and as per the 2019 financial year is a market leader[27] with a market share of about 11%[28]. Kjell & Company also increased its market share in Norway during the corresponding period, which amounted to approximately 2% in the 2019 financial year, albeit from a lower starting point as Kjell & Company established operations in the Norwegian market in 2015. Increasing market shares together with the Company's high level of customer satisfaction is in the Company's opinion clear evidence that customers appreciate the Company's unique offering of high-quality consumer electronics accessories together with a high level of personal service and advice.

In the Danish CEA market, AV-Cables is an established online player, particularly in the prioritised product categories of mobile accessories, audio, network and computer accessories. In 2019 and 2020, AV-Cables demonstrated strong growth in these product categories and increased its market share. In the 2019 financial year, AV-Cables' market share of total online sales in the Danish CEA market amounted to about 3% in the mobile accessories product category, about 3% in audio, about 4% in network and about 6% in computer accessories. The market share for each product category is estimated at about 5%, about 7%, about 4% and about 8% for the 2020 financial year.[29]

Integrated omni-channel platform with high degree of convenience for customers

The Company satisfies customer needs through an integrated omni-channel platform. For Kjell & Company, the starting point is that the customer needs are satisfied in the best possible way through advice and sales via the Company's online channel kjell.com, 130 service points, Kjell & Company Express in partnership with Circle K at 292 stations and through installation support online and in the home, through own personnel and partners.[30] Customers today move increasingly between different information and sales channels before, during and after completing a purchase. For example, customers research the available product range and applications

25) Arkwright – Market Study. Kjell & Company and Elgiganten are both market leaders in the Swedish CEA market with a market share of about 11% each.
26) Arkwright – Market Study.
27) Arkwright – Market Study. Kjell & Company and Elgiganten are both market leaders in the Swedish CEA market with a market share of about 11% each.
28) Arkwright – Market Study.
29) Arkwright – Market Study.
30) As per 30 June 2021.

using mobile phones, place orders using computers and collect orders in stores. The sales channels in Kjell & Company's omni-channel platform are therefore seamlessly interlinked and work together dynamically, which the Company deems important as most customers begin the purchase process in the Company's digital channels[31].

The omni-channel platform offers the Company's customers a customer offering with a high degree of flexibility, convenience, customer service and personalisation. For example, the Company's customers can complete purchases and access customer service and advice through kjell.com or at service points. Customers can also shop "on-the-go" at Circle K's staffed stations that sell parts of Kjell & Company's assortment. In addition to advice and product sales, Kjell & Company also offers installation support online and in the home, through its own personnel and partners, which therefore means customers are offered a complete customer offering. In the future, the Company believes customers will receive customer service and advice that are even more personalised as customer data from the loyalty club will allow the Company to use data-driven analysis that can predict which salesperson is most relevant for each specific customer meeting. As per 30 June 2021, a pilot project is in progress at a few selected service points whereby the Company matches customer requests to speak with a salesperson that is knowledgeable in a specific area. Fast and flexible delivery of products purchased online is self-evident, according to the Company. The Company's service points provide an opportunity for fast home delivery or collection of online orders. The extensive geographic coverage of the Company's service points, with a high level of product availability enable same-day delivery in most major cities in Sweden and Norway. As per 30 June 2021, approximately 70% of the Swedish population thereby have access to same-day deliveries. Kjell & Company evaluated delivery within one hour in 2019 and beginning of 2020, but chose to pause the initiative in conjunction with the COVID-19 pandemic. The Company believes there is significant potential to develop more and improved delivery alternatives in the future.

The Company believes the omni-channel platform offers the Company a number of strategic advantages in the form of cross sales between sales channels, additional sales of products and services, increased traffic between sales channels, personnel utilisation between sales channels and insights into customer behaviour. Since customers are served via kjell.com, service points and in the home through installation support online or through partners on-site, cross and additional sales are enabled between sales channels. For example, personnel can in conjunction with advisory services draw attention to or suggest complementary and useful products sold by Kjell & Company. Furthermore, kjell.com generates quantitative customer insights as the Company can analyse customer data from the loyalty club while personal meetings generate qualitative insights. This data can be used, for example, as a means of adapting the assortment and driving initiatives to increase the relevancy of Kjell & Company for customers. The omni-channel platform also results in increased traffic between sales channels, for example when an online order is collected by a customer at a service point. The omni-channel platform also results in cost efficiencies as the same personnel can meet customers at service points and online. Through the acquisition of AV-Cables, which was completed on 29 April 2021, Kjell & Company established a presence in the Danish market. Sales in Denmark are conducted on the website av-cables.dk. As a complement to av-cables.dk, the Company expects that the acquisition, in the long term, enables the establishment of service points in Denmark and thereby also an omni-channel platform offering in the Danish market.

Customer-centric offering with a strong focus on service and technical expertise

Kjell & Company's concept focuses on offering customers a high degree of personal service and advice. The Company has therefore strived to develop customer relations in its sales channels to retain a high level of customer satisfaction. To ensure the focus at every meeting is on interaction between the Company's sales personnel and customers, the Company's service points are designed to maximise space, and the majority of products are located behind the counter. Each service point has strategically located customer service stations where staff operate, which means Kjell & Company's staff are always close at hand to serve customers. It is important that the Company offers the same feeling of personal service and advice to customers regardless of sales channel. To achieve this on kjell.com, customers have since October 2020 been able to meet the Company's sales personnel for personal service and advice online through one-to-one meetings, in addition to support through the chat function and by phone. This service allows customers to connect to a video call with one of the Company's sales personnel by mobile phone or computer whereby Kjell & Company provides the same high level of customer service as at the Company's service points. To address new needs that have arisen during the COVID-19 pandemic, Kjell & Company has frequently offered interactive live videos ("live shopping") including product demonstrations to inspire and educate customers and delivered online orders directly to waiting customers' cars or outside the store at most service points

31) According to the Company's estimate.

in Sweden and Norway[32]. The software that enables live shopping and one-to-one meetings has been developed as part of a collaboration entered into in March 2020. As per 30 June, the Company has conducted approximately 350 live shopping broadcasts with a total of about 280,000 views and Kjell & Company has made more than 50,000 deliveries directly to, for example, a waiting customer's car.

High level of customer satisfaction from a large and growing loyalty club that enables data-driven improvements

According to the Company, Kjell & Company has always been a company that puts the customer first. The Company has a high level of customer satisfaction based on data from prisjakt.nu, where Kjell & Company has an average rating of 9.2 of 10.0 based on about 3,000 ratings which is the highest rating among the largest players in the CEA market in Sweden and 40% higher than the average rating among these players[33]. In addition, the Company has an NPS of 75[34] as per 30 June 2021, which exceeds the average rating of about 20 for consumer electronics players in the US based on data from 2017.[35] Kjell & Company's NPS rating can be read as 78% awarding a 9 or 10 on an 11-point scale from 0-10, where 10 is the best score a customer can award. The proportion who awarded 0–6 only amounted to 3%.

The Company's high level of customer satisfaction is also reflected in a YouGov survey from December 2020 where customers associate Kjell & Company as the foremost player among competitors in four areas: engaged staff, high level of technical knowledge among staff, fast service and flexible staff.[36]

To further improve customer satisfaction and, over time, to base decisions on behaviour in different customer segments rather than different product categories and sales channels, the Company launched a loyalty club in Sweden in January 2017, which has grown rapidly since the launch. In August 2019, the loyalty club was also launched in Norway and as per 30 June 2021 the club had approximately 2.4 million members.[37] As the Company believes that the data generated by the loyalty club is a key factor for its future success, there has been a particular focus on growth in the loyalty club since its launch, such as through initiatives that offer loyalty members "membership products of the month", which are products offered at a discounted price.

The Company can analyse data from the loyalty club and obtain an in-depth understanding of customer behaviour and needs. The Company can also identify profitable customer segments and thus provide relevant and targeted marketing and obtain information about the initiatives that improve the customer experience based on, for example, shopping patterns, customer behaviour, average basket size and visit frequency. The Company believes that targeted marketing and initiatives that enhance customer experience can drive traffic to Kjell & Company's sales channels and thereby generate additional sales. Data from the loyalty club is also used to improve the relevance of the Company's communication with its customers, which in turn drives customer commitment and loyalty towards Kjell & Company. The Company expects that data from the loyalty club may be used to an even greater extent in the future, for example in tailoring further education to staff on the basis of customer ratings of each member of the sales personnel in different respects, such as customer relations or expertise in various product categories.

The Company's operations in Denmark also have a high level of customer satisfaction with a large customer base. The high level of customer satisfaction is based on data from trustpilot.com, where AV-Cables has an average rating of 4.9 of 5.0 based on more than 112,000 ratings, which is the highest rating among the largest players in the CEA market in Denmark and 33% higher than the average rating among these players'[38].

Strong corporate culture and experienced Group management that has delivered strong results

Between the 2018 financial year and the 2020 financial year, Kjell & Company's net sales increased from SEK 1,691 million to SEK 1,999 million with a maintained healthy profitability. Kjell & Company's growth has been enabled by its experienced management team and the Company's committed staff. The management team has extensive experience in the retail sector, related sectors

32) As per 30 June 2021, the service is available at 100 service points in Sweden and 23 service points in Norway.
33) Prisjakt Classic on prisjakt.nu on 8 August 2021. Players used for comparison are Clas Ohlson, Elgiganten, NetOnNet and Webhallen, which are the four other companies with the highest market share in the Swedish CEA market.
34) The Company's NPS rating is based on a customer survey carried out by Kjell & Company with the following question: "How likely are you to recommend this company to a friend or colleague?". The customer can answer the question using an 11-point scale from 0–10, where 10 refers to the highest likelihood. Customers who answer with a rating of 0–6 are classified as Critics, 7–8 as Passives and 9–10 as Ambassadors. The Company's NPS rating is calculated by subtracting the percentage of Critics from the percentage of Ambassadors, thereby resulting in a score of between -100 and 100. NPS rating from members of the loyalty club in Sweden.
35) Bain Private Equity Report 2018.
36) The survey was conducted by YouGov on behalf of Kjell & Company in December 2020 in Sweden to measure the Company's customer awareness and positioning. Competitors in the survey included Amazon, Biltema, Clas Ohlson, Dustin Home, Elgiganten, Inet, Jula, MediaMarkt, NetOnNet and Webhallen.
37) The number of loyalty members amounted to about 1.7 million in December 2018, about 1.9 million in December 2019 and about 2.3 million in December 2020.
38) Trustpilot.com on 8 August 2021. Players used for comparison are Bilka, Elgiganten, Power and Proshop.

and from Kjell & Company. Half of the management team began their careers as sales personnel at the Company, which the Company considers a strength that contributes to Kjell & Company's unique culture. In total, the management team, which comprises six people, had approximately 70 years of experience of Kjell & Company and approximately 80 years of retail experience as per 30 June 2021.

A clear demonstration of the management team's expertise and agile approach is the successful handling of the COVID-19 pandemic. During the 2020 financial year, the Company's net sales grew 6.8%, with positive growth in all quarters. The positive growth was achieved through several new initiatives launched in a short period of time, which includes the collection of pre-paid Click-and-Collect orders outside service points, daily live shopping and digital one-to-one meetings with the Company's sales personnel through digital channels. For further information about the initiatives, refer to "*—Customer-centric offering with a strong focus on customer service".*

Half of the management team have spent most of their career at Kjell & Company and most of the store managers were initially employed by the Company as sales personnel. This guarantees that the strong corporate culture that has characterised the Company since its inception in 1988, the "Kjell Spirit," lives on. The high percentage of managers recruited internally is also important from a recruitment perspective. Since the Company strives to have the most satisfied customers in the industry, it is important that employees have a genuine interest in technology and customer service as well as are motivated and enjoy their work.

Long history of growth

Kjell & Company's financial history is permeated by unbroken, long-standing net sales growth both on a total and on a comparable basis. Between 2000 and 2020, Kjell & Company's net sales grew at a CAGR of 18.8%.[39)] Net sales increased on an annual basis both in the financial years 2001 and 2002, which followed the dot-com bubble in the early 2000s, the financial crisis during the financial years 2008–2009 and during the COVID-19 pandemic.[40)]

Between the 2018 financial year and the 2020 financial year, total net sales increased from SEK 1,691 million to SEK 1,999 million, corresponding to a CAGR of 8.7%.[41)] Comparable growth was 7.8% in 2019 and 5.7% in 2020[42)]. During the period, EBITA[43)] grew 10.1%, from SEK 127 million in the 2018 financial year to SEK 139 million in the 2020 financial year, corresponding to a CAGR of 4.9%. During the period, adjusted EBITA also[44)] grew 12.2%, from SEK 131 million in the 2018 financial year to SEK 147 million in the 2020 financial year, corresponding to a CAGR of 5.9%.

The Company has also shown strong growth in all quarters compared to the previous financial year, from the first quarter for the 2019 financial year to the second quarter for the 2021 financial year. Over a year the Company experiences certain seasonal effects where the fourth quarter historically shows higher net sales due to Christmas shopping and events such as Black Friday in November.

39) Net sales for the 2020 financial year from the annual report of "*Kjell & Co Elektronik AB*".

40) Net sales for the financial years 2001, 2002, 2008 and 2009 from the annual reports of "*Kjell & Co Elektronik AB*".

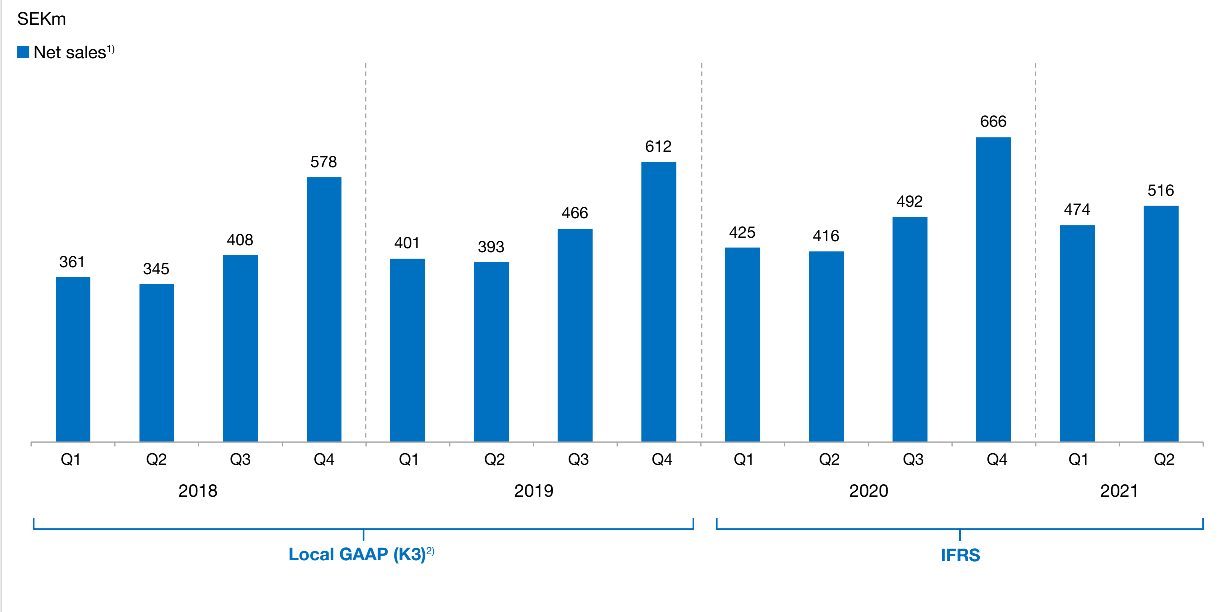
41) Net sales for the financial years 2018 and 2020 are derived from the Company's audited consolidated financial statements for the financial years 2018 and 2020.

42) Comparable growth is an unaudited alternative performance measure that is not defined under IFRS and is not a substitute for performance measures defined under IFRS. For more information about alternative performance measures, including definitions and the reason why they are used, see "*Selected historical financial information – Definitions of alternative performance measures*". For a reconciliation of this alternative performance measure to the nearest IFRS performance measure, refer to "*Selected historical financial information – Comparable growth*".

43) EBITA is an unaudited alternative performance measure that is not defined under IFRS and is not a substitute for performance measures defined under IFRS. For more information about alternative performance measures, including definitions and the reason why they are used, see "*Selected historical financial information – Definitions of alternative performance measures*". For a reconciliation of this alternative performance measure to the nearest IFRS performance measure, refer to "*Selected historical financial information – Operating profit, EBITA, EBITA margin, adjusted EBITA, adjusted EBITA margin, EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin, adjusted EBITDAaL*".

44) Adjusted EBITA is an unaudited alternative performance measure that is not defined under IFRS and is not a substitute for performance measures defined under IFRS. For more information about alternative performance measures, including definitions and the reason why they are used, see "*Selected historical financial information – Definitions of alternative performance measures*". For a reconciliation of this alternative performance measure to the nearest IFRS performance measure, refer to "*Selected historical financial information – Operating profit, EBITA, EBITA margin, adjusted EBITA, adjusted EBITA margin, EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin, adjusted EBITDAaL*".

Net sales per quarter



1) Net sales per quarter from the Company's internal accounting system.
2) Net sales for 2018 and 2019 is according to the K3 accounting standard. The difference between the groups net sales according to K3 compared to IFRS comes mainly from that the group according to IFRS accounts for a liability for expected returns and a corresponding reduction of sales. For the full year 2018 the change in provisions of returns amounted to SEKm 0.8 under IFRS and to SEKm 1.3 for the full year 2019.

Clear strategy with multiple growth drivers

The Company sees strong prerequisites for continued growth supported by underlying market growth and its well-established omni-channel platform to continue to gain market shares. The Company has several strategic initiatives that will drive future growth over and above market growth, these include continuous improvements to the existing platform to grow through new and existing customers, evaluating and developing strategic partnerships and developing an international scalable platform for continued expansion.

The Company continuously works to further develop the existing platform to achieve a high level of customer satisfaction in all channels and thereby growth. The Company believes this strategy has contributed to an increase in the Company's market share from about 9% in the financial year 2015 to about 11% in the 2019 financial year in Sweden and to about 2% in Norway in the 2019 financial year since its launch in 2015. Using comprehensive data from the loyalty club's 2.4[45] million members, the Company intends to continue to leverage a more data-driven business model based on a developed customer segmentation and the identification of behaviours that characterise the Company's most profitable customers. In addition to striving to create the best possible customer experience, the Company also attaches great importance to creating the best customer offering through a high degree of personalisation centred on customer needs. To provide a customer-centric offering, the Company sees substantial potential in the utilisation of customer data from the loyalty club in the shaping of the assortment and offerings tailored to customers. Greater focus on own brands is also an important element in the Company growth strategy. The Company has a clearly defined portfolio of own brands comprised both of brands linked to the Kjell & Company's brand and brands with their own brand identity. To create as relevant a product offering as possible, the own brands target different customer segments depending on their preferences and lifestyle. In 2021, the Company has drawn up a more detailed brand strategy with the intention of driving growth with high margins in the years ahead.

The Company has also identified substantial growth potential in additional strategic partnerships. During the second quarter of 2020, Kjell & Company initiated a partnership with Circle K to offer mobile accessories at its staffed stations. The roll-out of Kjell & Company Express in partnership with Circle K at 292 stations was completed between January and March 2021 and means that Circle K acts as a retailer of a selection of Kjell & Company's products. The Company has identified substantial potential in establishing similar partnerships with other players in new channels to increase accessibility to Kjell & Company's products. The Company believes the new channels will generate increased sales of own brand

45) As per 30 June 2021.

products. The Company also sees good opportunities to offer its customers value-added services through the further development of installation support online or in the home via partners.

Expanding and strengthening its position in Norway also comprises an important element of the Company's strategy. Since the launch in 2015, Kjell & Company has opened 23[46] service points in Norway and achieved a market share of approximately 2% during the 2019 financial year.[47] Despite the rapid expansion, the Company has identified substantial potential from increased scale, such as enhanced delivery opportunities and higher brand awareness, by establishing additional service points and thereby increasing geographic coverage. In conjunction with the opening of new service points, the Company also sees strong growth from online channels, which clearly underlines integration in the platform. According to the Company's assessment, further improvements are possible from assortment adaptation and pricing based on loyalty club data, which can also contribute to optimised marketing.

As per 29 April 2021, Kjell & Company completed the acquisition of AV-Cables, which established a platform for expansion in the Danish market. AV-Cables possesses an established procurement, warehouse and distribution organisation as well as a strong foothold in the Danish market with a market share of approximately 4% of total online sales on the CEA market for the 2019 financial year. The Company believes that there are good opportunities for revenue and cost synergies through, for example, sales of Kjell & Company's own brands on av-cables.dk, consolidation of supplier agreements and the integration of Kjell & Company's IT, marketing and finance functions. Furthermore, the Company is evaluating opportunities to establish service points in Denmark under the Kjell & Company brand to enhance delivery opportunities, brand awareness, geographic coverage and service offerings.

The Company believes potential exists to strengthen its market position in existing markets and for further geographic expansion into selected markets through the acquisition of companies active in the CEA market with a strong digital presence and a focus on customer service.

Growth strategy

Kjell & Company has a well-defined growth strategy and expects to continue to grow faster than the market in all markets. The strategic plan focuses on three primary themes: growing through new and existing customers by strengthening the Company's existing platform, leveraging the potential of strategic partnerships and developing an international scalable platform. All growth factors are important for the Company's continued growth, though growth is not dependent on the Company's success in a specific area.

Industry-leading customer satisfaction for growth through new and existing customers

To further develop the Company's customer satisfaction, Kjell & Company continuously improves its existing platform. The Company has a clear vision for how data from the loyalty club can be used to strengthen the existing omni-channel platform to attract new customers and increase annual average spend per customer, driven by frequency and average basket size.

Industry-leading omni-channel platform

Kjell & Company's loyalty club has grown from about 1.7 million members as per 31 December 2018 to 2.4 million members as per 30 June 2021. The strong membership development has been possible due to a series of different initiatives, for example by making it easy for customers to become members in conjunction with online purchases. The growth of the loyalty club is considered to be a major contributor to the Company's historical success. This can be seen in the increased average basket size among loyalty club members in Sweden from SEK 254 in 2018 to SEK 324 between July 2020 and June 2021.[48] Furthermore, the Company believes that there is potential to grow AV-Cables' existing customer base by leveraging Kjell & Company's experiences from its loyalty club.

The rapidly growing loyalty club has provided the Company with access to a large amount of customer data which offers the Company good opportunities for customer segmentation based on, for example, demographics and purchasing behaviour. With more customer data, the Company can identify profitable customer segments, target personalised customer offerings to different customer segments and obtain information about which initiatives enhance the customer experience and drive traffic to service points and kjell.com. Kjell & Company has also used customer data to adapt its assortment based on customer purchasing behaviour, which has produced a more relevant product offering for customers. The Company believes the measures and initiatives initiated as a result of this data-driven analysis have resulted in an enhanced customer experience. Furthermore, the Company believes significant potential exists to increase the annual average spend per customer[49] going forward through greater use of customer data to enhance, from

46) As per 30 June 2021.
47) Arkwright – Market Study.
48) The average basket size for loyalty members in Sweden amounted to SEK 280 in December 2019 and SEK 307 in December 2020. The periods refer to average basket size over a rolling 12-month period.
49) The annual average revenue per customer is defined as total sales divided by the number of customers.

a strategic perspective, the customer experience and thereby increase the number of returning customers. An enhanced customer experience resulting from measures and initiatives based on data-driven analysis, is also considered a key factor in attracting new customers.

An important element of the Company's strategy is to provide seamless interaction between the different sales channels and a similar customer experience regardless of where the customer meeting takes place. In 2020, the Company took two important steps towards a similar customer experience in all channels by first launching live shopping and thereafter the opportunity for personal, one-to-one meetings with the Company's sales personnel through digital channels at the same time as several new initiatives are being planned.

The Company has also identified substantial opportunities to increase personalisation in customer interaction. Between April and June 2021, the Company carried out a pilot project of a check-in function combined with an intelligent queuing system at selected service points in Sweden and Norway. The functions aim to enable faster and more seamless collection of Click-and-Collect and increase personalisation in the customer meeting. In conjunction with the check-in, customers are provided with an opportunity to choose a product area and are then allocated a salesperson with knowledge in that area, which can take place at the service point or online if specialist expertise is available at another location. Customers can also opt for the fastest possible assistance. The check-in function allows Kjell & Company to identify whether the customer is a loyalty club member, previous purchases by the customer with the Company, customer satisfaction and other important information. Using this data, the Company can match a specific salesperson with the customer and inform the salesperson about the customer's previous contacts with Kjell & Company. Leveraging the information the Company has on each customer allows for a customer relation similar to that of a regular customer with a high degree of personalisation. Digital signage will also enable the Company to tailor the messages and offerings shown on the displays at each service point depending on the customers present in the service point. Following the completion of a purchase in one of the Company's sales channels, loyalty club members can receive all information relating to the purchase online through their profile on the Company's website. This includes for example installation instructions and a user guide for the product. The new queuing system allows the customer to queue for a service point chosen by the customer from their mobile phone or computer via kjell.com. The customer can also scan a QR code outside one of the Company's service points to start a one-to-one meeting with the Company's sales personnel, which creates a convenient and effective experience for customers, who can optimise their time.

Customer-centric offering

Using data from the loyalty club, the Company has also identified great opportunities to position and differentiate the customer offering based on different customer segments. With insights into the products or sales channel usually of interest to a specific customer segment, the Company can individualise the offering, for example by offering specific products to a certain customer segment and marketing products of interest in the preferred sales channel. The Company also sees great opportunities in an innovative assortment with an increased positioning of products to specific customer segments. Data from the loyalty club could indicate that the Company has many customers who are interested in specific product categories, such as gaming, which allows the Company to shape its assortment based on this insight. In this way, Kjell & Company can gain market share in specific product categories where niche players are generally strong.

Increased focus on own brands with clear brand identity

As per 30 June 2021, Kjell & Company sells a number of products under own brands, such as Luxorparts, Cleverio, Linocell and Rubicson. The Company has implemented a clearly defined structure for the portfolio of own brands, which comprises brands with a clear link to Kjell & Company's brand and brands with their own brand identity. Using data from the loyalty club, the Company designs its own brands according to customer segments and their needs and trends. The Company sees significant potential in targeting offerings of specific brands to specific customer segments, which is expected to provide a better product offering to customers and thereby an opportunity to increase annual average spend per customer in the loyalty club. The creation of brands with a high degree of personalisation is considered an important factor by the Company in order to give brands a clear brand identity to which customers have a strong relationship.

For own brands with their own brand identity, the Company sees significant potential to sell these in additional markets and channels which entails a larger geographic coverage for the Company's products, additional sources of revenue and increased diversification. Furthermore, Kjell & Company intends to sell certain own brands in the Danish market via the Company's website av-cables.dk. Brands with some connection to Kjell & Company, such as in the form of graphic design, increase flexibility in the product offering at the same time as the Kjell & Company brand verifies the product's quality and function. Less complex products under the Kjell & Company brand, such as batteries, contribute another marketing channel for the Kjell & Company brand. Greater focus on own brands is also an important factor to increase profitability going forward as these generally offer higher gross margins compared with other brands.

Strategic partnerships and value-added services

The Company sees significant potential for growth through further strategic partnerships, such as new sales channels and the development of Kjell & Company's value-added services.

Strategic partnerships

Kjell & Company's leading position[50] in the Swedish CEA market provides the Company with a good understanding of current trends in the market. The partnership with Circle K was established when the Company observed an increased diversification in the mobile accessories market with an increased number of players who offered similar products to need-based purchasers, particularly in the market segment that the Company considers standardised, such as mobile covers. To capitalise on this development, the Company assessed potential new sales channels and initiated a partnership with Circle K, which as per 30 June 2021 was rolled out to Circle K's 292 staffed stations in Sweden. The partnership offers an additional sales channel for Kjell & Company's own brands in locations where need-based purchases of standardised products are common, by Circle K acting as a retailer of the Company's products.

In addition, Kjell & Company has a partnership with the security provider Verisure since June 2020 when the Company observed a rising demand for products and advice related to security issues. The partnership provides the Company with a platform to sell Verisure alarms together with advisory services and installation through Verisure's alarm installers as well as accessories for existing Verisure customers who wish to expand their alarm system.

The Company has identified significant potential in establishing similar partnerships with other players to further grow net sales through higher sales of own brands in new channels. The Company considers it to be of great importance to ensure that Kjell & Company's technical expertise is also apparent in partnerships with other players where the Company's own personnel are not present. The Company expects the personal service and advice offered through the Company's digital channels to provide this.

Value-added services

An important factor in the Company's strategy is the further development of the strong focus on customer service that has characterised Kjell & Company by providing customers with a complete customer offering that includes more than the sale of products. As part of this strategy, the Company provides installation support online and in the home, through its own personnel and partners. The Company considers installation support an important service, mainly from a strategic perspective to provide customers with a complete solution consisting of advice, products and installation.

Development of an international scalable platform

The Company has identified significant potential to develop a scalable and profitable platform for continued expansion of Kjell & Company's omni-channel platform. This includes the optimisation and expansion of existing operations in Norway and Denmark. Furthermore, Kjell & Company is evaluating the potential of further acquisitions with the ambition of strengthening the Company's market position in existing markets and continuing geographic expansion.

Optimisation and expansion of operations in Norway

Since Kjell & Company's establishment in the Norwegian market in 2015, the Company has increased its market share to approximately 2% in the 2019 financial year[51] and the Company believes continued strong potential for further growth in the Norwegian CEA market. Since the end of 2015, the Company has increased the number of service points from seven to 23 as per 30 June 2021. With 23 service points in Norway, the Company is planning new openings to offer customers convenience, delivery opportunities and geographic coverage similar to that in Sweden. Moreover, the Kjell & Company brand is not as well known in Norway as in Sweden considering the Company's brief history in Norway. This means the proportion of A-brands (products from established brands, such as Apple and Google) sold is higher than in Sweden, where the Company has greater credibility and therefore can sell a higher share of own brands. The Company expects this to harmonise over time, as the Kjell & Company brand grows stronger in Norway.

To leverage the potential and enable economies of scale, as well as raising awareness of Kjell & Company's online offering, the Company intends to open additional service points in the Norwegian market in the years ahead. The Company has a clearly defined strategy for opening new service points that, among other factors, defines the time interval for opening service points and the type of geographic location being sought. Before opening a service point at a new location, the Company conducts a careful analysis of the potential site that includes other competitors in the area. The purpose of the strategy is to ensure that the Company's service

50) Arkwright – Market Study. Kjell & Company and Elgiganten are both market leaders in the Swedish CEA market with a market share of about 11% each.
51) Arkwright – Market Study.

points have an optimal location with high volumes of customer traffic and at the same time also provide an improved online offering by enabling fast deliveries and higher level of customer service in the area. The Company also expects an increased number of service points in Norway to drive online sales as they raise brand awareness of Kjell & Company.

Furthermore, the Company has identified significant potential to adapt its assortment and pricing based on data from the loyalty club, which was launched in Norway in August 2019. Data from the loyalty club, together with the roll-out of Kjell & Company's service points, are two key factors in the strengthening of Kjell & Company's brand and increasing the inclination of customers and other relevant stakeholders to associate Kjell & Company with a high level of technical expertise, customer service and quality.

Since its launch in 2015, operations in Norway have been gradually optimised through economies of scale as the Company has grown its market share and through greater understanding of customer needs and customer behaviour in the Norwegian market. This is reflected in Kjell & Company's net sales growth in Norway from SEK 156 million in the 2018 financial year to SEK 252 million in the 2020 financial year, corresponding to a CAGR of 26.9%. This can be compared to a CAGR of 6.7% in Sweden for the corresponding period.

Development of Danish operations

Through the acquisition of AV-Cables, which was completed on 29 April 2021, Kjell & Company established a presence in the Danish market, which further strengthens Kjell & Company's position in the Nordics and contributes to greater economies of scale. AV-Cables provides knowledge of the Danish market and the acquisition also enables knowledge exchange between AV-Cables and Kjell & Company's platforms and assortment.

The integration of AV-Cables is expected to take place in stages and the Company believes that there are good opportunities for revenue and cost synergies. Initially, certain central functions will be integrated between AV-Cables and Kjell & Company. For example, AV-Cables and Kjell & Company's purchasing function will be gradually integrated, which will strengthen the Company's bargaining power when signing new supplier agreements. The assortment will also be integrated, which means AV-Cables will launch new product categories and sell Kjell & Company's own brands. At a later stage, AV-Cables will be integrated with Kjell & Company's support functions, such as business systems, warehouse and logistics, which is expected to lead to increased efficiency and scalability. Furthermore, Kjell & Company is evaluating opportunities to establish service points in Denmark to enhance delivery options, brand awareness, geographic coverage and customer service.

Strategic acquisitions in existing and new markets

Over time, Kjell & Company believes potential exists for further geographic expansion into selected markets through the acquisition of companies active in the CEA market. The Company has conducted an initial analysis of markets in Northern Europe and identified a number of markets it deems particularly attractive given their market size, market structure, competitive landscape and growth profile. To successfully expand into new markets, the Company can, for example, benefit from experience gained from the expansion into Norway and the acquisition of AV-Cables in Denmark.

To strengthen market positions in existing markets, the Company has identified opportunities for further acquisitions of niche players. Some of the criteria assessed by the Company with regard to acquisition candidates include a strong digital presence with a high share of online sales and a particular focus on customer satisfaction.

Financial targets

In line with Kjell & Company's strategic objectives, the Company has formulated certain long-term financial targets, which are presented below:

Growth:

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 company's financial position, acquisition opportunities and future growth prospects.

The Group's ability to achieve these targets is dependent on a number of factors that are outside the Group's control, including macroeconomic changes and political, legal or fiscal changes in the markets where the Group is active, changes in accounting requirements, the competitive landscape, general developments in the area of operations, changes in exchange rates and other similar changes that affect the market in which the Group is active.

All information in this section represents forward-looking statements. As a result, the Group's actual results may differ from the targets, as described in this Prospectus, in the medium to long term and these deviations may be significant. Many uncertainties regarding operations, economic conditions and the competitive landscape are described in "*Risk factors*" Investors are encouraged not to place undue reliance on the statements above.

Kjell & Company undertakes not to publish updates with regard to the progress towards reaching any of the above targets, including any impact from events or circumstances on or arising after the date of this Prospectus to reflect the existence of unforeseen events or circumstances. Refer also to "*Operating and financial review – Key factors that impact Kjell & Company's earnings and financial position*" and "*Risk factors*".

For information on historical growth, refer to "*Selected historical financial information – Condensed consolidated statement of profit or loss*" and "*Selected historical financial information – Performance measures for the Company"* The Company distributed no dividend for the financial years 2020, 2019 and 2018.

Kjell & Company's offering

Kjell & Company offers consumer electronics accessories with a particular focus on personal service, advice and product quality. The offering is centred on the Company's vision to enhance everyday lives through technology.

Consistently strong customer service

One key factor behind the success of Kjell & Company is, according to the Company, the value proposition offered by Kjell & Company throughout the purchasing journey. The value proposition is ensured through the Company's accessibility, opportunities to inspire and offer customers the right solutions through high-quality customer service and advice, and the opportunity to fulfil the customers' delivery requirements.

Kjell.com and the Company's 130 service points provide an integrated omni-channel platform where Kjell & Company's competent personnel offer the best available customer service in the channel chosen by the customer. Since the Company believes most of its customers begin their purchasing journey in the Company's digital channels, the Company's online channel is adapted to inspire customers to discover new ways to use technology by highlighting the opportunities technology provides in a comprehensive knowledge library, which includes product guides and customer reviews. The Company believes that kjell.com is graphically appealing as well as navigation and user-friendly, making it easy for customers to find content that is relevant for the purpose of their visit to kjell.com. If customers ask for personal service and advice, they can either meet one of the Company's competent sales persons in virtual one-to-one meetings or alternatively at service points. One key aspect during a customer meeting is Kjell & Company's focus on solving the customer's problem rather than focusing on sales, which is made possible by prioritising customer needs. To fulfil the customer's delivery requirements for online orders, the Company has a high level of product availability at service points, which enables fast and flexible collection or home delivery. Following the purchase, added services are offered such as installation support for customers who require assistance or performance optimisation.

In cases when the product does not meet the customer's needs or expectations, Kjell & Company has a flexible return policy that is intended to be customer-friendly. By striving for a seamless purchasing journey from start to finish, Kjell & Company aims to promote a high level of customer satisfaction and loyalty, and inspire confidence among customers. The Company believes the ultimate proof that customers appreciate Kjell & Company's value proposition is the consistently high customer satisfaction ratings the Company has received, including an NPS rating of 75 from loyalty club members as per 30 June 2021, the highest rating among the largest players in the Swedish CEA market on Prisjakt.nu[52) and appreciated staff according to YouGov's survey.[53)

Technology-interested and competent personnel

Kjell & Company's mission is to help people use technology in ways they didn't know were possible. In this aspiration, the personnel has a key role to play when providing inspiration and advice while taking into account the customer's needs and wishes. It is therefore important that the Company recruits personnel with a genuine interest in technology and a willingness to help customers in the best possible manner.

The technically competent personnel provide customers with the best possible customer service when asked for by the customer and this is available throughout the entire omni-channel platform. The same personnel are available to address customer questions at the Company's service points and through customer meetings online on the Company's integrated one-to-one platform via kjell.com. This contributes to a uniform customer service throughout the entire omni-channel platform and to an efficient use of resources as the sales personnel can utilise slower periods at service points to assist in customer meetings online. The Company also has a central customer service designed to quickly answer questions by e-mail, phone or chat on kjell.com. Furthermore, some chat and phone calls are handled by service

52) Prisjakt Classic on prisjakt.nu on 8 August 2021. Players used for comparison are Clas Ohlson, Elgiganten, NetOnNet and Webhallen, which are the four other companies with the highest market share in the Swedish CEA market.

53) The survey was conducted by YouGov on behalf of Kjell & Company in December 2020 in Sweden to measure the Company's customer awareness and positioning. Competitors in the survey included Amazon, Biltema, Clas Ohlson, Dustin Home, Elgiganten, Inet, Jula, MediaMarkt, NetOnNet and Webhallen.

points. To motivate the sales personnel to achieve a good balance between customer needs and sales, Kjell & Company has, according to the Company, a unique bonus system. The bonus system is data driven and takes into consideration a daily sales target, the number of multi-item receipts, customer ratings and the proportion of own brand products. Bonus is earned on a daily basis, which aims to ensure that the sales personnel are motivated every working day. The bonus for top performing sales personnel could typically amount to about 25% of the base salary. The bonus system is considered so unique that it has been discussed in a series of Harvard Business Case[54] and studies on the bonus system have been published in academic journals[55].

Recruitment, personnel training and employee satisfaction

To ensure that Kjell & Company recruits technology-interested and competent personnel, all recruitment is handled by a dedicated group of three recruiters who meet all candidates selected for an interview. Further education and investments in personnel on a regular basis are important elements in the Company's customer satisfaction work and thus in the Company's strategy to drive profitable growth. Sales personnel take part in regular internal training through the Company's own training programme, Kjell Academy, to strengthen technical know-how and develop skills in customer interaction and service. The Company believes Kjell & Company has a good reputation and that there is a generally high level of interest from job applicants.

Kjell & Company strives continuously to maintain a high level of employee satisfaction, which includes the provision of inspiring work duties, a high degree of job security and general well-being at the workplace. The Company's corporate culture, the "Kjell Spirit", forms Kjell & Company and is built on a number of fundamental standpoints for how employees behave towards each other and the people they meet. Evidence of the Company's strong corporate culture and high employee satisfaction is the high Employee NPS ("**eNPS**") rating, which amounts to 49 as per 30 June 2021. The Company believes a high level of employee satisfaction is essential for an interesting, fruitful and pleasant meeting between customers and the sales personnel, which leads in turn to high customer satisfaction. One initiative aimed at creating a high degree of employee satisfaction is that the Company has appointed leaders who work to develop leadership and culture, which promotes freedom with responsibility and development opportunities for employees.

Relevant and curated assortment

To remain relevant and provide solutions to as many potential customer problems as possible, Kjell & Company offers a customer-centric and curated assortment of high-quality consumer electronics accessories and complementary services, such as installation support. The Company believes a curated and customer-centric assortment is an advantage as this limits the time customers need for a decision. The assortment is divided into 11 main product categories and one service category. As per 30 June 2021, Kjell & Company supplied a total of approximately 11,000 articles[56] from about 500 brands. An additional 23,000 articles are available through AV-Cables. The Company continuously works with the composition of the assortment to ensure its relevance as new customer needs arise.

The Company's sales mainly comprise the sale of goods but the complementary services are important from a strategic perspective to meet different customer needs and thus provide a more complete customer offering. Moreover, the Company considers that the service offering differentiates Kjell & Company from its competitors, increases utilisation of the Company's personnel and enables additional accessory sales by removing technology barriers while creating opportunities for the Company to package goods with related services and strengthens customers' perception of Kjell & Company as a company with a high degree of technical expertise. An overview of the Company's assortment is presented below.

54) Chung, Doug J. "Kjell and Company: Motivating Salespeople with Incentive Compensation (A), (B), (C), and (D)." Harvard Business School Teaching Note 519-100, May 2019. (Revised March 2020.) The bonus system is also referred to in the following Harvard Business School Case: Palepu, Krishna, Das Narayandas, and Kerry Herman. "Kjell & Company: Electronics Accessories Retail in the Nordics." Harvard Business School Case 116-009, August 2015.

55) Doug J. Chung, Das Narayandas, Dongkyu Chang. The Effects of Quota Frequency: Sales Performance and Product Focus. Management Science 67 (4) 2151-2170. Kjell & Company is not referred to by name in the article, which writes about a "major retail chain in Sweden".

56) Articles with sales in excess of SEK 1,000 as per 30 June 2021.

Kjell & Company assortment overview

Category	Example products			Articles[1]	Example brands	
Mobile accessories	Cases	Docking station	Cables	1,995		UNOCELL
Audio	Headphones	Speakers	Entertainment devices	1,396	SONY	roxcore
Network	Routers	Mesh systems	IP-cameras	627	tp-link	luxorparts
Computer	Hard drives	Cooling	Adapters	1,693	WD	plexgear
Batteries & charging	Power banks	Batteries	Chargers	508	xtorm	UNOCELL
Maker & DIY	Arduino	Raspberry	3D printer	710	ARDUINO	luxorparts
Smart home	Cameras	Control units	Smart locks	537	Nest	CLEVERIO
Lightning	Smart lights	Bike lamps	Flashlights	559	hue	LEDSAVERS
Leisure	Trackers	Drones	Kick bike	248	dji	Rubicson
Security	Alarms	Locks	Smart fire alarms	182	Yale Living	luxorparts
Other	Weather stations	Heating gloves	USB memory	2,708	SanDisk	Rubicson
Services	Installation support	Alarm installation	Robot lawn mower installation	n.a.	verisure	Kjell & Company

1) Articles with sales of SEK 1,000 or more, as per 30 June 2021.

Kjell & Company's business model

Kjell & Company's business model aims to provide a relevant and curated assortment of consumer electronics accessories, complementary services and high-quality customer service. Using customer data from the loyalty club, the Company can better understand and meet customer needs and thus offer a good customer experience.

Customer-centric business model

Kjell & Company is a customer-oriented company with a strong focus on providing the best possible customer service and experience. The Company has a broad customer base from a broad spectrum of demographics since the Company's offering targets everyone who has a need for high-quality consumer electronics accessories and/or personal service and advice on technology.

To further strengthen the Company's customer focus, Kjell & Company launched its loyalty club in Sweden in January 2017 and in Norway in August 2019. Since these dates, the growth of the loyalty club has been one of the Company's primary focus areas as Kjell & Company believes the club is a key element in the Company's continued success. Between 31 December 2018 and 30 June 2021, the number of loyalty club members grew from about 1.7 million to about 2.4 million, corresponding to a CAGR of 14%.

The Company's typical loyalty club customer in Sweden is male[57)], with above average purchasing power[58)], who lives in a household without children[59)] and is 31–60 years old[60)]. The classification is based on Bisnode's classifications.

With approximately 2.4 million members, Kjell & Company has built a comprehensive customer database containing information about the customers' shopping patterns and preferences. Data from the loyalty club is used to develop the assortment and design targeted communication to members, containing for example membership points and membership offers, and to monitor customer satisfaction.

Assortment and assortment development

The Company constantly develops its assortment of products and services as technology and customer needs change. The Company's assortment strategy has a thematic basis with a significant focus on customer needs and the trends that affect consumers in order to consistently provide a relevant and curated assortment of products and complementary services. With its the-

57) As per 11 August 2021, 60% were male, 37% female and 4% not specified. Does not sum to 100% due to rounding to the nearest integer.
58) As per 11 August 2021, the proportion with very high or high purchasing power was 41%, with medium-high or medium-low purchasing power 31%, with low or very low purchasing power 19% and the proportion where no information is available was 5% and the proportion with unidentified purchasing power is 4%.
59) As per 11 August 2021, the proportion who live in a household without children was 30%, young people who live at home was 6%, single households was 22% and the proportion of families with children was 27% and the proportion unidentified 15%.
60) As per 11 August 2021, the proportion of 18–30 year olds was 15%, 31–45 year olds was 26%, 46–60 year olds was 29%, 61–75 year olds was 20% and the proportion older than 75 was 6% and 4% have not stated age.

matic approach, Kjell & Company has successfully dealt with a number of historical technology events, which are described in the section "—*History*", and the Company believes it benefits from technology events as new customer needs arise that Kjell & Company can quickly address, using its agile working approach and its competent personnel.

Brand categories and pricing

Kjell & Company works with four different brand categories: A- and B-brands, own brands and no-name brands. The Company strives continuously to optimise the pricing of products in these brand categories using a strategic and data-driven approach. For example, data from the loyalty club is used to identify purchasing behaviour, demand and price sensitivity to optimise pricing.

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

Four main brand categories[1)]

Brand category	A-brands	B-brands	Own brands	No-name brands
Example brands	ASUS, tp-link, PHILIPS, hue	hama, DENVER, Trust, belkin, urbanista	CLEVERIO, nikabe, roxcore, LINOCELL, luxorparts	n.a.
Key rationale	"Traffic drivers and credibility enhancers"	"Demand testers for complex products"	"Profitability drivers"	"Demand testers for basic products"
Relative gross margin	Lower	Medium	Higher	Higher
Considerations	• Traffic driver • Assortment quality and credibility • Premium alternatives to entry-level products • Can be added to assortment quickly	• Demand indication • Add comfort regarding product quality and safety • Can be added to assortment quickly	• Key gross profit contributor • Differentiated positioning within category • More control over production and value chain to increase sustainability	• Primarily utilised for niche products • Similar margin as own brands • Broadens assortment
Share of sales 2020[2)]	54%		46%	

1) Excluding AV-Cables.
2) Based on transaction data. Sales excl. deduction of loyalty club membership points and provisions for returns. Not reviewed.

Assortment development

Using data from the loyalty club, the assortment is adapted to prioritised customer segments to ensure a relevant product offering. To ensure the Company identifies new trends and opportunities, several data sources are used as well as the expertise available within the organisation. The single most important data source used is the Company's comprehensive customer data, partly from the loyalty club but also trends identified by the Company's sales personnel as part of their work. In addition, data is used from social media, Google trends and external benchmarks, such as data from Prisjakt.nu, Bisnode and other public data sources. The Company also has a local presence in China to ensure an effective procurement process and that new technology trends are identified at an early stage. Kjell & Company's category managers are responsible for driving the development of the assortment, but in order to identify as many perspectives as possible, the Company also works with cross-functional working groups that include category managers, purchasers, pricing managers and participants from the marketing department to analyse and utilise the data available to the Company. As per 30 June 2021, the Company mainly works with four trends that shape the assortment development: the mobile lifestyle, the connected home, an active lifestyle and media on demand. The mobile lifestyle refers to the fact that consumers want to remain constantly mobile, flexible and within reach for friends and work, regardless of the location of the consumer. The connected home refers to the fact that the home is becoming increasingly connected to technology to assist in everyday life. An active lifestyle refers to the fact that consumers want to optimise their training and everyday life with consumer electronics accessories, such as smart watches and smart scales. Media on demand refers to the fact that consumers want to have the opportunity to consume and create, for example, culture, music and videos whenever the consumer wants, regardless of the location of the consumer. The Company is constantly updating its assortment to maintain a relevant assortment that reflects customer demand. In 2020, 2,442 items were added to the assortment, corresponding to an increase of 17% on the number of items in 2019, and 2,172 items were removed from the assortment, corresponding to 15% of the number of items in 2019.

Strategic shift towards premium products by increasing the availability of A- and B-brands

Since the Company obtained data from the loyalty club in 2017, the Company has focused on expanding its assortment of premium products as data from Kjell & Company's loyalty club indicates a stronger purchasing power among the Company's customer base compared with earlier analyses. The Company quickly identified the potential to expand its assortment of premium products to meet customer demand and offer products that they would otherwise purchase from other players. The shift to premium products has meant more customers associate the Company with high-quality products. Since data from the loyalty club became available in 2017, the percentage of respondents in YouGov's[61)] survey who associate Kjell & Company with high-quality products has risen from 21% in September 2018 to 27% in December 2020. While the gross margin is generally lower for premium products, they tend to generate higher net sales and gross profit in absolute terms per sold unit. The higher gross profit per sold unit enables economies of scale further down the income statement as premium products entail costs at an equivalent level for logistics and staff as products with a lower price point. The Company has observed an increased gross profit and adjusted EBITA per average number of employees between 2018 and 2020.[62)]

Since the introduction of products with more technology content from own brands requires a development period before these can be added to the assortment, the shift towards products with a higher price point initially took place through an increase in the share of products from A- and B-brands, which has continued since 2018. Over time, greater focus is expected to be placed on own brands to balance this development. In 2018, A- and B-brands accounted for 45% of the Company's sales and in 2020 the share of sales from A- and B-brands accounted for 54%. The incease in the share of A- and B-brands has helped to strengthen the Company's relationships with suppliers of these brands. In 2021, sales agreements were signed with Samsung, Fitbit and Gardena, in 2019 a sales agreement was signed with Apple and in 2018 sales agreements were signed with Google and Arlo. Several of the Company's agreements with A-brands entitle the Company to a commission, which is recognised in the gross margin, when a certain sales volume is reached. In addition, many of the agreements also entitle the Company to marketing contribution, which reduces the Company's marketing costs, for some marketing. In 2020, such contribution amounted to SEK 43 million, which is more than a fourfold increase compared to the SEK 10 million in 2018. In 2019, contribution totalled SEK 29 million.

Kjell & Company has a long tradition of developing own brands and has over time successfully developed products that have contributed to the Company's positive growth. In recent years, as the assortment from A- and B-brands has grown, there have been fewer launches of own brands than in the past since it takes time to establish a framework to develop and source own-brand products with increased technology content and thus higher price points. As per 30 June 2021, most products sold under the Company's own brands comprised entry-level products and a smaller share of own-brand products with increased technology content, but the framework for developing and sourcing products with increased technology content is established. The Company sees great potential to develop products with more technology content for own brands and thereby increase the average price point. For example, the average sales per product from own brands rose from SEK 69 in 2011 to SEK 116 in 2020.[63)] To leverage the potential and accelerate growth in own brands, the Company has built a pipeline of products at a "sourcing phase" where potential suppliers of new product ideas have been identified and subsequently assessed from a financial, commercial and quality perspective. As per 11 August 2021, 49 products were in a start-up phase, 191 products in an evaluation phase, 19 products in an ordering phase and 146 in a production phase. All products

61) The surveys were conducted by YouGov on behalf of Kjell & Company to measure the Company's customer awareness and positioning.
62) Gross profit per average number of employees for each year is calculated by dividing gross profit by the average number of employees for each year and EBITA per average number of employees for each year is calculated by dividing EBITA with the average number of employees for each year.
63) In 2015, the average sales per product from own brands amounted to SEK 79. Figures are based on excerpts from the Company's BI system and should only be interpreted from an illustrative perspective as reclassifications take place on a continuous basis which means the figures may not be consistent over time.

in the production phase are expected to be available for sale in one of the Company's sales channels within one to three months.

A number of own-brand products with more technology content have already been launched and the Company believes the launch was well received, which according to the Company was achieved owing to the Company's excellent knowledge of the market. This knowledge of the market, combined with a highly developed purchasing organisation, allows the Company to launch products that are relevant and of a high quality.

Omni-channel platform

With customer needs as starting point, Kjell & Company strives to offer the best possible customer experience. By meeting customers online, at service points and through partners, Kjell & Company responds to the varying needs of customers in the best possible way. The Company believes its omni-channel platform with a large assortment online and high level of product availability at service points, which enables fast and flexible deliveries, differentiates Kjell & Company in relation to pure physical or online-based players and creates added value for customers. Product offering and pricing are harmonised across the Company's platform and the Company actively strives to provide the same personal service and advice regardless of channel used for the customer meeting.

Kjell.com and av-cables.dk

In 2019, Kjell & Company launched a new website in Sweden and Norway to guarantee a user-friendly customer experience and to leverage data from the loyalty club to provide relevant products and offerings to customers. Kjell & Company provides a modern and user-friendly digital experience, which is adapted for all types of devices and screen sizes. To inspire customers to use technology in new ways, the Company's comprehensive knowledge library contains product guides and questions from earlier customers that have been answered by the Company's personnel.

The launch of the new website is considered successful by the Company, as the conversion rate in Sweden increased 129% between March 2018 and June 2021 at the same time as the number of transactions in Sweden and Norway increased 195% during the same period.[64]

To offer customers a high degree of personal service and advice, regardless of channel, customers can book digital meetings with Kjell & Company's sales personnel. This is possible with virtual one-to-one meetings with a salesperson from Kjell & Company by mobile phone, computer or other digital device to offer advice or inspiration regarding the product that best meets the customer's needs. In addition, support functions, such as chat, are directly integrated into the platform and traditional telephone support exists since it is possible to phone all service points when advice is desired. Furthermore, the Company offers live shopping where certain products of a selected theme, such as smart homes or wireless networks, are presented. During live shopping, customer can ask questions and purchase the products presented, sometimes at an exclusive discount.

The platform is constantly evolving to leverage data from the loyalty club and thus products that may be of interest to customers are recommended based on the chosen product, other complementary products the customer may need to get the most out of the product, history relating to purchasing and behaviour on the platform.

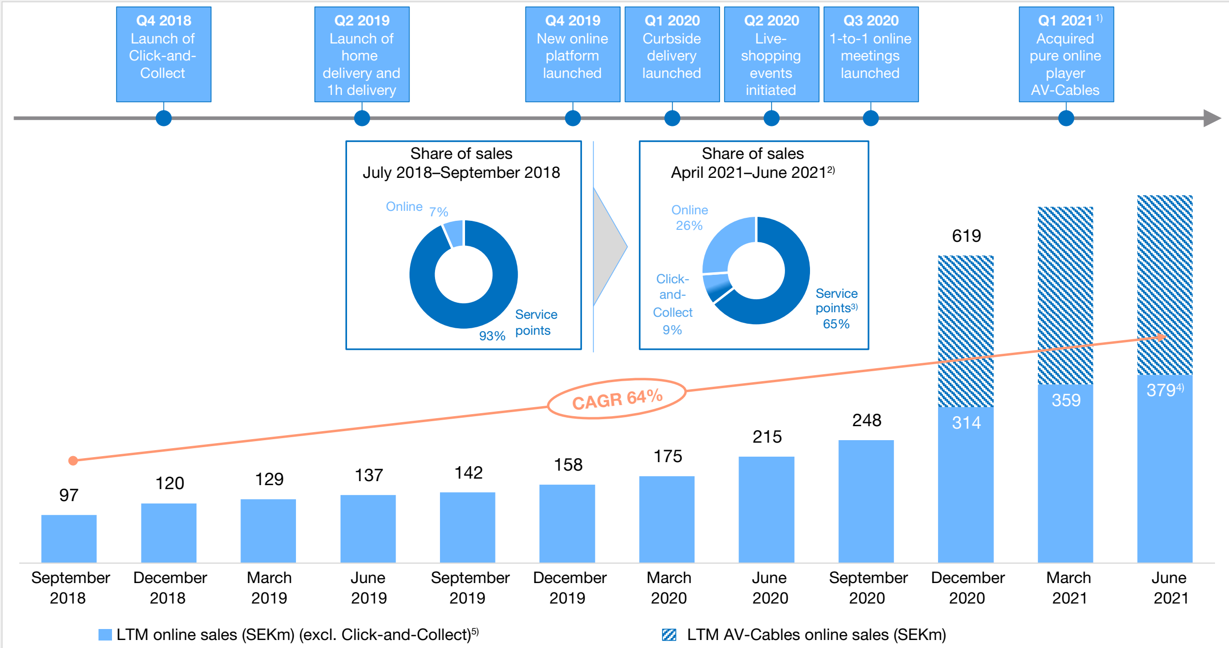
Owing to the Company's integrated omni-channel platform, customers can enjoy the convenience of online shopping together with the advantages offered by physical service points. Customers can enjoy these benefits in various ways, for example by using the Company's Click-and-Collect function whereby online orders are available to collect at the service point selected by the customer within an average of 10 minutes[65]. The Company considers fast and convenient deliveries to be of great value, whereby its service points play an important strategic role.

The Company's sales in Denmark take place on av-cables.dk. The website has an industry-leading level of customer satisfaction based on data from trustpilot.com, where av-cables.dk has an average rating of 4.9 of 5.0 based on more than 112,000 ratings, which is the highest rating of the largest players in the CEA market in Denmark and 33% higher than the players' average rating.[66] Av-cables.dk provides fast and flexible delivery options and technical support by phone, e-mail and live-chat.

For the period January–June 2021, the online share of sales amounted to 23% excluding Click-and-Collect, an increase of 16 percentage points compared with the third quarter of 2018, when online sales amounted to 7% of sales. The launch of Click-and-Collect has also contributed to an enhanced online offering and for the period January–June 2021 the share of sales from Click-and-Collect amounted to 10%, for the period April-June 2021 the online share amounted to approximately 35% of sales (including Click-and-Collect). Following the acquisition of AV-Cables, with sales conducted via av-cables.dk, the Company increased its share of sales from online channels, and during the 2020 financial year the share of sales from online channels amounted, pro forma, to 27% excluding Click-and-Collect.

64) Pertains to conversion rate and number of transactions over a rolling 12-month period.
65) As per 30 June 2021.
66) Trustpilot.com on 8 August 2021. Players used for comparison are Bilka, Elgiganten, Power and Proshop.

High degree of innovation yielding substantial online growth and increased traffic to service points



1) Acquisition closed in April 2021.
2) AV-Cables consolidated from 29 April 2021.
3) Other sales included in Service point sales. Approximately 1% in Q2 2021, related to loyalty club membership points and provisions for returns.
4) Online sales from Swedish and Norwegian segments.
5) Online sales in NOK converted to actual rates.

Service points

According to a survey by YouGov,[67] Kjell & Company's extensive network of service points comprises one of its most important assets in terms of meeting customer needs. The Company's service points have a dynamic and compact design with a relatively small sales area designed to provide customers with personalised advice and customer service from Kjell & Company's personnel. The part of the service points that is accessible to customers is designed around the Company's customer service stations and nine out of ten products are typically stored behind the counter which leads to a natural meeting with the Company's sales personnel. Of the total space, approximately 65% is warehouse space, which enables a high level of availability for products sold directly at a service point and for products sold through kjell.com, where the customer can select Click-and-Collect as the delivery option. The Company believes Click-and-Collect contributes great value as customers reserve products online and then collect the products from a service point, which allows Kjell & Company to influence and help customers find the right solution, with an opportunity for additional sales. The extensive network of service points and the high product availability allow the premises to be used as delivery hubs to ensure fast deliveries of products sold through kjell.com. One clear example is the use of the service point Kjell & Company has in Tromsø, Norway. Deliveries from Kjell & Company's central warehouse in Malmö to Tromsø take about five working days due to Norway's geography and infrastructure, but by means of its concept with high product availability at service points, Kjell & Company can deliver online orders to customers in Tromsø on the same day. The Company's service points also serve an important function for product returns as approximately 98% of all returns take place at one of the Company's service points as per 30 June 2021.

The Company believes that Kjell & Company has a well-functioning concept with relatively small service points with a median size of 232 square metres as per 30 June 2021. The compact format helps the Company report high revenues relative to rent, inter alia as the Company can enter into leases for premises that other retail companies turn down.

Kjell & Company rents the premises used by the Company's service points. Kjell & Company strives to sign flexible leases for what the Company considers an appropriate lease term and with an option of renegotiation during the duration of the contract. This is something Kjell & Company attaches great importance to when it

67) The survey was conducted by YouGov on behalf of Kjell & Company in December 2020 in Sweden to measure the Company's customer awareness and positioning.

opens new service points or renegotiates existing leases. Most of the Company's service points have a lease term of three years and a notice period of nine months.[68)]

As per 30 June 2021, the Company had 130 service points, of which 107 in Sweden and 23 in Norway. The Company's network of service points has a broad geographic coverage in Sweden, whereas the network in Norway, where establishment started in 2015, is more concentrated around the major cities. The Company continuously evaluates new geographic locations for new service points or for relocating service points based on customers' needs and whereabouts. In order to always meet customers' needs, the Company also evaluates new concepts for service points that meet these needs, for example, a service point was opened using an express concept in Lidingö in February 2021.

Kjell & Company Express in partnership with Circle K

In May 2020, Kjell & Company entered into a partnership with Circle K where selected products from Kjell & Company were sold in a number of Circle K's staffed stations. Initially, this took the form of a pilot project in 20 Circle K stations, but the partnership has since been launched in all of Circle K's staffed stations in Sweden. The partnership means that Circle K acts as a retailer of Kjell & Company's own brands, which are sold via small spaces at Circle K stations in a separate Kjell & Company section. Since February 2021, the concept has been rolled out in Circle K's 292 staffed stations in Sweden, which significantly increases the physical availability of Kjell & Company in addition to the company's 107 service points in Sweden. The assortment at Circle K focuses on mobile accessories, such as chargers, headphones and backup batteries but also other electronic accessories such as speakers, cables and camera accessories are available at most stations. If a customer requires personal advice for products sold at Circle K's stations, this is available as online advice through a one-to-one meeting with a member of Kjell & Company's sales personnel. Kjell & Company can in this way provide a good customer experience even though Kjell & Company's sales personnel are not physically present at the Circle K stations that sell Kjell & Company's products.

Complementary services

To provide customers with a complete offering that goes beyond providing customers with the right products, Kjell & Company also offers installation support online or in the home via partners. The service enables technical support in the home, such as help obtaining good WiFi coverage throughout the home or when installing a smart home lighting system.

Strategic advantages of Kjell & Company's business model compared with online-based marketplaces

Since Amazon has successfully established itself in several markets, Amazon's entry into the Nordic market has been regarded as a threat to existing players in the consumer electronics market. Amazon launched its Swedish website on 28 October 2020. The Company has analysed and taken steps to address the increased competition though Kjell & Company fulfils many of the criteria deemed important to ensure resilience against online-based marketplaces such as Amazon[69)]. For example, Kjell & Company has a curated assortment of complex products that require a high degree of personal service and advice, a large share of products that are needs-driven and a strong local brand awareness. For further information about Amazon's entry into Sweden, refer to the section "*Market overview – Amazon's market entry in Sweden".*

Business support

Logistics and purchasing

Kjell & Company has a central purchasing function that works closely with category managers to handle warehouse planning, product allocation and the analysis of product demand. The purchasing function is primary situated adjacent to the Company's central warehouse and head office in Malmö and in addition the Company has a local presence in China. In 2019, an automated purchasing process was introduced that calculates demand for products and thereby optimal dates and volumes for purchasing different products based on current inventory levels, historical sales data and known changes such as marketing campaigns. The system is also used to assess whether deliveries are needed and to manage deliveries of products to service points. The impact of the new system and the new processes are yet to take full effect but the system is expected to optimise the warehouse in the future, inter alia by differentiating the inventory level by service point to achieve good product availability. The category managers are responsible for following up the sales and margin performance for their categories and thereby complement the automated part of the purchasing process, for example when ordering recently launched products that do not have historic sales data.

From July 2020 to June 2021, around 24% of the Company's purchases pertained to products sourced outside of the EU, primarily China, whereas the remaining

68) Relates to contract terms in Sweden.
69) Arkwright – Market Study. See "*Market overview – Market per geographic segment – Sweden – Amazon's market entry in Sweden*" for a description of these factors.

76% pertained to products purchased from distributors in the EU.[70] Products sourced from Asia primarily comprise those sold under Kjell & Company's own brands. Moreover, even though the Company purchases products through a European distributor, a large proportion of Kjell & Company's products are originally produced in Asia. Kjell & Company has had a local purchasing organisation in place in China since 2007 to ensure high quality and good conditions for the workers who produce the Company's own products in Asia. As per 30 June 2021, Kjell & Company had 30 full-time equivalents in China who work to find and quality-assure suppliers and generate new ideas for own brands by, inter alia, visiting trade fairs and factories. The organisation in China also work with packaging design, logistics and to reduce the Company's environmental footprint. Kjell & Company also places substantial importance on ensuring that all suppliers comply with the Company's code of conduct to ensure good working conditions are applied in the value chain. Moreover, the Company conducts regular supplier audits and visits to ensure that good working conditions prevail. In the 2020 financial year, 97% of all suppliers signed the code of conduct and the corresponding figure for 2019 was 70%. The ambition for the 2021 financial year is that 100% of all suppliers should sign the code of conduct.

Kjell & Company had a total of approximately 160 suppliers from each of which products to a value of more than SEK 1 million were purchased between July 2020 and June 2021. The ten largest of these suppliers accounted for approximately 46% of the purchase value during the period and no supplier accounted for more than 13% of the total purchase value.[71] The supplier base is, therefore, diversified with limited reliance on an individual supplier. A typical lead time from the identification of a product until it is available for sale in one of the Company's sales channels is four to nine months.

The central warehouse in Malmö consists of approximately 8,000 square metres of warehouse space and was operated by 66 full-time equivalents as per 30 June 2021. In addition, Kjell & Company collaborates with a logistics partner which provides third-party logistics. Large container loads are first handled by the Company's logistics partner before being sent to the central warehouse, though a small portion of the volume is sent directly from the third-party's warehouse to the Company's service points. The central warehouse has an efficient distribution process that handles orders to service points as well as managing online orders in an integrated flow. Order picking at the central warehouse is managed by Kjell & Company's personnel either from the storage shelves or from one of the 12 Kardex Shuttle vertical lift modules in the warehouse that enable partial automation. The Company believes that the vertical lift modules provide a clear advantage as they are more space efficient than conventional shelf systems for small products. To guarantee a high degree of accuracy in order picking, a voice control system is used to provide verbal instructions about the products and quantity to pick, and verbal confirmation is also required from personnel corroborating the products and quantities picked. In other processes, such as sorting and refilling, warehouse staff use, for example, handheld computers to ensure inventory levels are updated in real time. The Company regularly reviews the warehouse to optimise logistics and reduce costs. The Company routinely monitors cost per order, picked order per hour worked and accuracy in order picking. The geographic location of the warehouse close to the E4 and E6 highway means Kjell & Company can efficiently deliver products throughout Sweden and Norway. Furthermore, the geographic location of the warehouse represents an opportunity to efficiently deliver products to Denmark or other countries in Northern Europe in the future. The Company believes the existing warehouse capacity is sufficient to support the Company's growth in the years ahead though over a five-year horizon the Company estimates that it may need to invest in new solutions at its existing warehouse or in a new warehouse.

Online orders from Kjell & Company's central warehouse can be sent using a variety of different shipping alternatives based on the customer's choice, delivery address and the type of product. Kjell & Company uses, among other carriers, Postnord, Bring, Best, Instabox and Airmee for customer orders. Fast and convenient deliveries are an important part of the Company's omni-channel platform where service points also play an important role, partly in conjunction with Click-and-Collect orders but also as delivery hubs for online orders. Instead of sending an online order from Kjell & Company's central warehouse, an order can be picked and packed at the nearest service point and subsequently delivered home to the customer, which means service points facilitate faster delivery of online purchases. As per 30 June 2021, same-day delivery is available in 10 Swedish and 12 Norwegian cities and also approximately 70% and approximately 60% of Sweden's and Norway's population, respectively, is covered by delivery within one day. Click-and-Collect is offered by all service points with the product available within about 10 minutes from completing the order.

AV-Cables' logistics and purchasing functions are managed internally using a proprietary IT system that monitors inventory levels where orders are placed manually by personnel at AV-Cables when inventory levels reach a specific level. A large share of AV-Cables' cost of goods relates to European suppliers, which enable short

70) Excluding AV-Cables.
71) Excluding AV-Cables.

delivery times for goods which usually arrive at the warehouse within 1–7 days.

AV-Cables' warehouse facility is located in Hornsyld, Denmark, and encompasses 4,300 square metres of warehouse space as per 30 June 2021 and is owned by AV-Cables. During 2020, warehouse space increased with the expansion of the warehouse, which is expected to secure warehouse capacity for continued growth.

Online orders are sent from AV-Cables' warehouse with Postnord as delivery partner and delivery within one day is offered to customers throughout Denmark. AV-Cables also sends products to Norway and Sweden within 1–4 days. Discussions are ongoing with Postnord to also offer same-day delivery to AV-Cables' customers.

Marketing

The Company's future growth is dependent on the strength of the Kjell & Company brand and customers' perception, and awareness, of the Company's offering. Since the Company's inception in 1988, Kjell & Company has developed a strong brand in the Swedish market with increasing awareness also in the Norwegian market. Over the past four years, 2017, 2018, 2019 and 2020, Kjell & Company has received the Evimetrix Swedish Brand Award for the consumer electronics industry. The Evimetrix Swedish Brand Award measures the strength of the participating companies' brand by measuring the Customer Satisfaction Index (CSI) and awareness, which means the brand's strength and popularity are both rated.[72)] In 2020, the Company won the weighted assessment and received the highest rating for its friendly staff.[73)] The Company views the award as a sign that its brand is perceived in the way desired by the Company and that the brand is well-known among the Swedish population.

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

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

As with the rest of the organisation, the marketing organisation is data-driven, meaning that communication with potential customers is personalised as much as possible and that marketing focuses on those customer segments currently assessed by the Company as having the most potential. The Company carefully follows up every campaign to evaluate how many customers were reached by the campaign and what sales were generated. The rigorous follow-up enables the Company to shift and adapt its marketing activities to channels assessed by the Company as providing the best results at that time. The Company works continuously with *search engine optimisation (**SEO**)* and *search engine marketing (**SEM**)* with the aim of increasing brand awareness and remaining relevant. The ambition is to be among the first hits in search engine results, for example Google, when customers search for products and services that Kjell & Company offers. By monitoring trends for popular search words the Company can identify customers online who intend to purchase a specific product offered by Kjell & Company.

IT

Kjell & Company has a flexible IT infrastructure with the aim of supporting and facilitating the Company's growth in a cost-efficient manner. The IT organisation is characterised by a business focus and has been a driving factor in many of the Company's strategic initiatives in recent years, inter alia, the development of, and integration between, the loyalty club and kjell.com. The organisation comprises a mix of own employees and insourced consultants and is highly flexible and adapted to agile development and stable dependability.

The Company's IT infrastructure includes online development systems, business systems and point-of-sale systems for the Company's service points. Through the integrated platform the Company can utilise the data generated in operations to conduct detailed analyses of, inter alia, customer behaviour.

Since 2019, the Company has developed a new online platform, which is the fourth generation online platform in Kjell & Company's history. The new online platform was launched at the end of 2019 and since then the conversion rate has increased, as has the number of transactions and sales growth. The Company believes the investment in the new online platform is one of the most important factors in the successful increase of the Company's net sales during the COVID-19 pandemic. The new platform has a more dynamic navigation, is adapted to mobile devices, has a better interface and easier checkout, which helps to improve customer expe-

72) Evimetrix.
73) Evimetrix.

rience. In addition, members of Kjell & Company's loyalty club can use the Bank-ID security app to log into Kjell.com and remain logged in and remembered with more basic information, such as name, selected service point and available bonus checks, which enables greater personalisation.

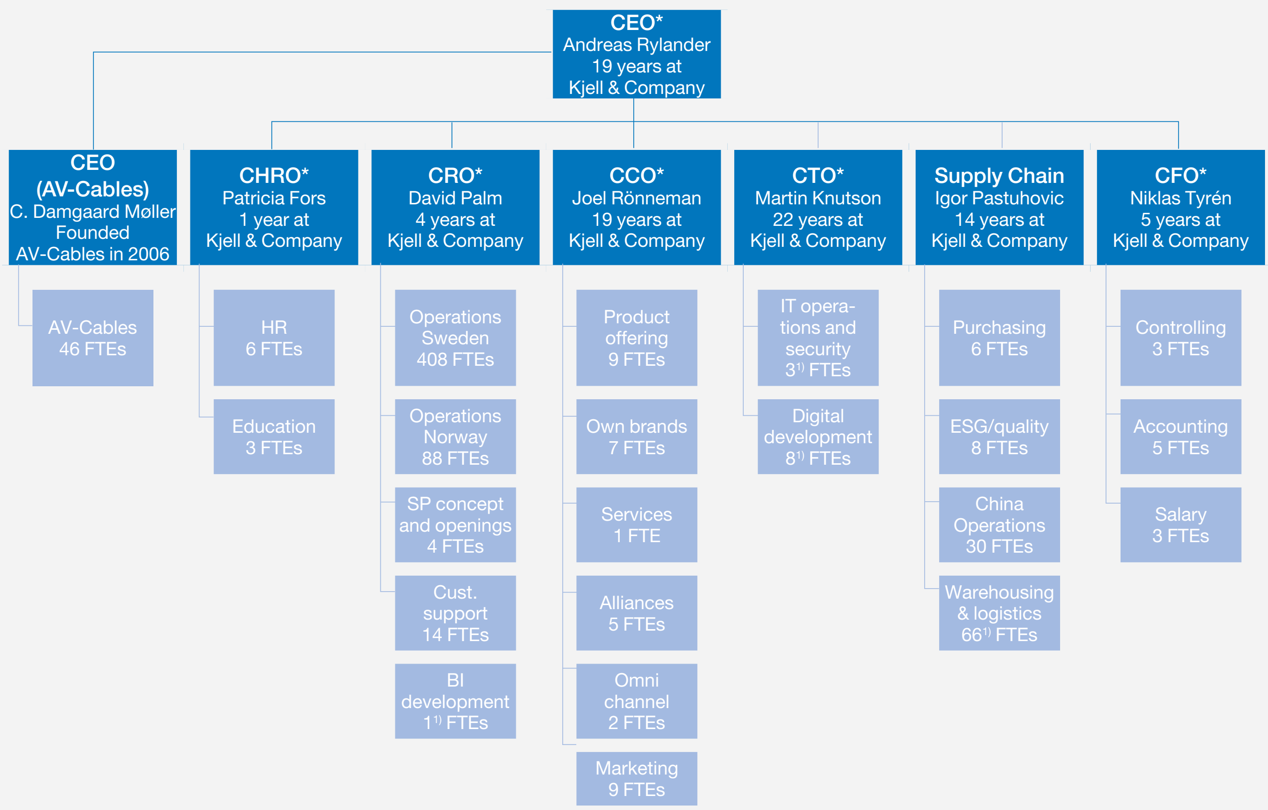
Organisation and employees

The Company's most important asset is its employees. Kjell & Company's operations are largely decentralised to the Company's service points. The management team consists of Kjell & Company's CEO, CFO, CRO, CCO, CTO and CHRO. The largest business functions at the head office are purchasing, marketing, IT, ESG/environment, finance, HR and product and omni-channel development. The Company strives continuously to achieve a balance between male and female employees at the Company, and 23% of employees were female as per 30 June 2021. For a number of years, the Company has actively strived to increase the share of female employees by improving job advertisements and the recruitment process to attract more women to Kjell & Company. The Company is prioritising an increase in the share of female employees and this is also part of the Company's ESG target.

As per 30 June 2021, Kjell & Company had approximately 1,200 employees, of which 78% worked at the Company's service points. The Company also has a high share of full-time employees and temporary employees of the Company's total full-time equivalents and the share amounted to 73% as per 30 June 2021. The Company's assessment is that in line with recent years the Company will continue to increase net sales without a similar increase in the number of employees through the efficient use of resources, such as the use of sales personnel in several sales channels.

	January–June	**Financial year**		
Average no. of employees	**2021**	**2020**	**2019**	**2018**
Sweden	596	591	615	601
Norway	149	87	69	64
Denmark	50	–	–	–
China & Shanghai	25	20	17	17
Total	**820**	**698**	**701**	**682**

Organisational structure (as of 30 June 2021)



1) Of which consultants: BI development: 1, IT operations and security: 1, Digital development: 4, Warehousing & logistics: 12.
* Member of the Group Management

Regulatory overview

Kjell & Company is subject to a broad spectrum of laws and regulations at national and EU level. The regulatory requirements relate to customers, marketing, product safety and product labelling, as well as e-commerce and data protection. Kjell & Company is also subject to regulations relating to work, health and safety, security, environment, competition, business and tax. The following is a selection of regulations affecting Kjell & Company:

- **Chemicals tax:** Since Kjell & Company imports and sells consumer electronics, Kjell & Company is subject to chemicals tax regulations. Some electronics therefore carry an excise duty calculated per kilo. As Kjell & Company is an authorised stockist, Kjell & Company does not need to pay tax for these products when importing, but the tax is deferred and paid when the product is sold to an individual or entity that is not an authorised stockist or alternatively when the product is delivered to a Kjell & Company service point.
- **Private copying levy:** Kjell & Company is an importer and retailer of products that can store media. This means Kjell & Company is obligated to pay a private copying levy to Copyswede, which represents the content creators, for each product that may be used to copy copyright material.
- **CE marking and producer responsibility:** Kjell & Company invests significant resources to comply with directives (and national legislation) regarding hazardous substances, chemicals and waste. An example of this is that all relevant products imported from Asia have been tested by an accredited third-party lab, this is a part of the CE marking process. CE marking is about the product being safe to use and not containing hazardous/prohibited chemicals and is provided with the correct marking and instructions. CE marking is a prerequisite for the product to be sold on the EU market. Furthermore, Kjell & Company is affiliated with Elkretsen and FTI and reports to the Swedish Environmental Protection Agency as part of its producer and recycling responsibility.

Environment and sustainability

Kjell & Company has a clear ESG agenda with highly ambitious targets for its own operations and for others in the Company's value chain. The Company's ESG agenda revolves around clearly set targets in three areas included in the ESG concept. These are climate, social sustainability and corporate governance.

Sustainability impact in the value chain

The greatest environmental impact in the value chain is from the materials used in products, transportation from Asia to Europe and waste related to end products and packaging. Throughout the value chain and also among its own staff, the Company monitors its impact on social aspects, such as working conditions and human rights, particularly in Asia. As a brand owner with a large share of products from Asia, the Company upholds high integrity to pursue a policy of zero tolerance toward bribery and other forms of corruption.

A summary of sustainability impact in the value chain is presented below:

Raw materials

- Environmental impact of raw material sourcing
- Conflict minerals in electronics
- Sanctioned countries

Suppliers and retail

- Collection and recycling (WEEE)
- Environmental impact of logistics and business operations
- Chemical use and pollution
- Sustainable packaging
- Supplier labour conditions and human rights
- Supplier health and safety
- Labour conditions and culture of own operations
- Internal waste

Management

- Anti-corruption and integrity
- Diversity
- Sustainable inventory management
- Product offering to enhance energy efficiency and that extend the lifecycle of electronics
- Attracting and retaining personnel
- Tax policy

Product end-use

- Product quality and safety
- Product take-back, recycling and reuse
- Sustainable brand positioning
- Product labelling; transparency
- Double applications
- Data security and privacy

Risks and opportunities

The Company's product offering makes, given its very nature, rigorous demands on product safety and quality, primarily with regard to materials and production but also on use by end consumers. This therefore makes rigorous demands on production methods and quality control, as well as requirements for a high level of expertise among staff to teach consumers safe use. Transparency in communication, responsible and ethical purchasing, and compliance with specific laws and regulations for products, become proportionally more relevant in terms of customer awareness and consequently increase market requirements in terms of safety and quality.

By actively searching and prioritising the assortment and products, Kjell & Company has a unique opportunity to provide its customers with new, energy-efficient products, and other ways to help reduce the energy consumption of its customers. As a retailer of accessories, and to a certain degree spare parts, a replacement adapter sold by the Company, for example, can extend the life of the main product and thus create less waste compared with if the customer had purchased a new product.

Environmental risks include abnormal weather conditions, such as above average heat and precipitation, and negative climate change, which could impact operations. Kjell & Company continuously monitors its carbon footprint from transportation, both domestic and international. The Company strives to use its nationwide store network as delivery hubs to reduce lead times and emissions. In addition, Kjell & Company has knowledge of its exposure to the impact of climate change and therefore reduces this risk through geographic diversification. The Company believes these activities will attract the conscious customers of the future as they intend to strengthen the perception of Kjell & Company as a sustainable brand.

Relevance for stakeholders	Important	Relevance for the Company	Crucial
Crucial		• Products with greater energy efficiency • Products that extend the lifecycle of electronics products • Data security and privacy • Work environment, supplier health and safety	• Product quality and safety • Anti-corruption and integrity • Working conditions and human rights in operations • Working conditions and human rights at suppliers • Attract and retain personnel
	• Product take back, recycling and reuse • Sanctioned countries	• Product labelling; transparency • Diversity • Hazardous chemicals • Environmental impact of logistics • Sustainable packaging solutions	• Collection and recycling (WEEE) • Conflict minerals in electronics • Environmental impact of business operations (retail) • Tax policy
Important	• Environmental impact of raw materials • Internal wastage	• Sustainable brand positioning • Double applications	• Sustainable inventory management

Kjell & Company's ESG initiatives 2020

PRIMARY ESG TARGETS 2020	INITIATIVES 2020	OUTCOMES 2020
1. Consumption: Product quality and safety	• The ambition was to reduce returns of own brands to 1.5% and have 100% documentation in terms of the compliance of new items with applicable regulations, regardless of the product's country of origin • Stricter controls were implemented to identify high rates of return. One person was employed to use half of their working hours to collect and verify documentation • Ambition to reduce energy consumption in comparable stores	• Returns of own brands: 2020: 0.8% 2019: 1.7% • Documentation of compliance of new items with applicable regulations: 2020: 89% 2019: 58% • Energy consumption in kWh/m2 in comparable stores Target 2021: 14.9 2020: 15.0 2019: 15.3
2. Production: Working conditions and human rights in the distribution chain	• The ambition was to audit the compliance of the code of conduct of all new suppliers of own brands and to follow up all existing suppliers' corrective action plans and to have 90% of all active European suppliers having signed the code of conduct • 80 working days spread across four inspectors were allocated for inspections. One person spent one third of their working hours to get the code of conduct documentation signed	• Suppliers in China who signed the code of conduct: Target 2021: 100% 2020: 100% 2019: 100% • Suppliers in Europe who signed the code of conduct: Target 2021: 100% 2020: 93% 2019: 62% • All 38 new suppliers were audited in 2020. 134 products required a follow-up with regards to action plans, but due to the COVID-19 pandemic only 111 were carried out
3. Production: Reduce environmental impact	• The ambition was to increase the share of climate-compensated online purchase deliveries to 100% and start measuring material use in own brands as a step to reduce the use of plastic • Agreements were signed with logistics companies for online deliveries in order for them to climate-compensate transportation on behalf of Kjell & Company. For each forwarding agent who failed to provide this, Kjell & Company invested in climate compensation for a corresponding value from Vi-skogen[74]. No plastic was permitted in the packaging of new products and recurring order packaging were rectified insofar as this was financially sustainable	• Outbound online purchase deliveries that were climate compensated: 2020: 100% 2019: 15% • Use of plastic in packaging of own brands: 2020: 13% 2019: 22%
4. Relationships: Motivated and satisfied employees in a diverse environment	• The ambition was to raise eNPS to 60 and contribute to diversity in the workplace by increasing the share of female employees to 21%. In addition, the objective was also to maintain absenteeism rates at 3% • Due to the COVID-19 pandemic, focus shifted from new initiatives to ensuring the safety of employees and customers in service points. Given the increased uncertainty faced by the Company during the year, it became necessary to increase focus on protecting the Company's future operations	• eNPS Target 2021: 60 2020: 47 2019: 44 • Female employees Target 2021: 25% 2020: 20% 2019: 19% • Absenteeism (increase due to stricter rules concerning sick leave) 2020: 5% 2019: 3%
5. Relationships: Business integrity and transparency	• The ambition was to improve relationships with the Company's customers by implementing a new method to measure customer satisfaction in all channels • Completed anti-corruption training with all personnel in the procurement and assortment departments and the Company's employees in China	• Due to the COVID-19 pandemic, initiatives to measure customer satisfaction in all channels will be resumed in 2021 • Completed anti-corruption training Target 2021: 100% 2020: Not conducted due to the COVID-19 pandemic 2019: 100%

74) Vi-skogen is a Swedish aid organisation that plants trees in Kenya, Rwanda, Uganda and Tanzania.

Primary ESG targets 2021

PRIMARY ESG TARGETS 2021	AMBITIONS 2021
1. Climate: Reduce the Company's CO2 emissions by 50% by 2030 relative to the Company's sales	• Reduce the volume of waste produced in the Company's value chain through greater source separation/sorting in all service points ○ First step to measure the total volume of waste from operations • Reduce energy use at the Company's service points and offices by continuing the roll-out of LED lighting at service points. By the end of 2021, 95% of the Company's service points will be updated with LED lighting ○ The Company is working to measure its total CO2 impact and as a first step the Company will monitor energy use. The initial savings will be achieved through smarter energy use at service points and by replacing lighting • Reduce the share of plastic used in packaging of own brands from 13% in 2020 to 5% in 2021. In 2019, the proportion was 22% ○ Through structured work with own brands, the Company will gradually phase out all non-biodegradable plastic in Kjell & Company's product packaging. Measured as share of shipped goods per year
2. Employees: Be considered a fair and safe employer that offers good opportunities for personal and career development	• Satisfied and motivated employees – increase eNPS from 47 in 2020 to 60 in 2021 ○ Through greater transparency in Kjell & Company's plans and increased focus on leadership, the Company wants to improve general well-being at the Company • A workplace that reflects the diversity of society: 10% of the Company's employees are to have a background from another country than their current work location ○ Kjell & Company has zero tolerance of discrimination and the issue of diversity is important for the Company. Diversity is an asset in creating a dynamic and creative workplace that reflects the diversity of the Company's customer base • The share of female employees raised from 20% in 2020 to 25% in 2021 ○ Set up a separate leadership programme for the Company's female sales personnel to address the different challenges faced by men/women in today's technology society. Continue work with Employee branding to attract more female job applicants and subsequently increase opportunities to employ more women. In central positions, the distribution of women/men shall be 50%
3. Business ethics and controls: Set an example in terms of business ethics and social responsibility	• Conducted anti-corruption training with all personnel in the procurement and assortment departments and the Company's employees in China ○ Ensure regular education/training and follow-up of personnel who work in positions with a greater risk of corruption • Code of conduct signed by 100% of suppliers ○ Ensure that all suppliers comply with the business ethics expected by the Company. In some cases, will be approved by equivalent documentation of a similar nature from the supplier, such as for Google and Apple. The code of conduct must be signed before selling starts for new items • 100% correct documentation linked to all new items ○ Continued work to ensure that documentation comply with the regulations required to sell the products in each market. The documentation must be ready when sales commence and will be prioritised according to the risk associated with each product

Recognition of Kjell & Company's sustainability work

Kjell & Company has a highly respected ESG agenda. In a report[75] published by Ungdomsbarometern,[76] electronics and technology brands were ranked based on which brands had the best sustainability work. Kjell & Company was ranked number five, which was the highest rating for a Nordic player in consumer electronics accessories[77]. The only companies that ranked higher were Microsoft, Apple, Samsung and Electrolux.

According to Ungdomsbarometern, 44% of respondents consider ESG more now than before the outbreak of the COVID-19 pandemic. In total, 87% of respondents indicate that they consider ESG to be very important or quite important. The most important ESG areas include sustainable products and packaging, an environmentally-sound manufacturing process, fair working conditions, equality regardless of gender, ethnicity or sexual orientation and reduced mental illness among employees. Kjell & Company strives continuously to improve its ESG profile and in 2021 the Company is prioritising objectives in areas such as product safety, production conditions, environmental impact, equality and integrity, refer to "— *Primary ESG targets 2021*" One clear example of Kjell & Company's sustainability work is that the Company identified in 2019 an opportunity to use surplus plastic from production to create new products. As a result of the initiative, a charging cable for mobile phones manufactured from surplus plastic was launched.

75) *"Framtidens hållbaraste varumärken".* The survey was conducted on 23–28 September 2020 through 1,509 interviews by e-mail with young people in Sweden between the ages of 18 and 35. Other players in the survey included Dustin, Elgiganten, Huawei, MediaMarkt, Siemens, Sonos, Sony, Teknikmagasinet and Webhallen.

76) The report was written in collaboration with Jung Relations.

77) According to Arkwright's categorisation of players in the CEA market.

Selected historical financial information

Presentation of the selected historical financial information

Selected historical financial information for the 2020, 2019 and 2018 financial years and for the period January–June 2021 is presented below, with comparative figures for the same period of 2020.

The selected historical financial information for the 2020, 2019 and 2018 financial years has been obtained from the Company's audited consolidated financial statements with accompanying notes for the periods specified, which were prepared in accordance with International Financial Reporting Standards ("**IFRS**") as endorsed by the EU, and Recommendation RFR 1, Supplementary Accounting Rules for Groups, issued by the Swedish Financial Reporting Board. The financial information for the 2020, 2019 and 2018 financial years has been audited by the Company's independent auditor, KPMG, in accordance with the accompanying Examination of Prospectuses (RevR 5). The selected historical financial information for the 1 January–30 June period of the 2021 financial year, with comparative figures for the corresponding period of 2020, has been obtained from the Company's condensed unaudited consolidated financial statements for the 1 January–30 June 2021 period, which were prepared in accordance with IAS 34 Interim Financial Reporting and reviewed by the Company's auditor in accordance with ISRE 2410. The Company presents certain performance measures below, including some alternative performance measures, which are financial performance measures not defined under IFRS. Refer to "*—Definitions of alternative performance measures*" for a description of the calculation of, and explanations for, the use of alternative performance measures.

The financial information below should be read together with the sections "*Operating and financial review*," "*Capitalisation and indebtedness*" and Kjell & Company's audited consolidated financial statements for the 2020, 2019 and 2018 financial years as well as unaudited condensed consolidated statements for the January–June 2021 and 2020 periods with accompanying notes, which are included in the section "*Historical financial information*".

The amounts stated in the tables below have been rounded, while the calculations have been performed with a larger number of decimals. Rounding off amounts could mean that the totals in some tables do not tally.

Condensed consolidated statement of profit or loss

	1 January–30 June[1]		Financial year[2]		
Amounts in MSEK unless otherwise stated	**2021**	**2020**	**2020**	**2019**	**2018**
Operating income					
Net sales	990.2	840.9	1,999.0	1,871.0	1,690.9
Other operating income	5.8	0.1	8.7	2.2	10.7
	996.0	841.0	2,007.7	1,873.1	1,701.6
Operating expenses					
Goods for resale	–549.0	–463.0	–1,121.5	–1,031.8	–889.5
Personnel costs	–220.9	–201.1	–418.1	–416.7	–412.0
Other external expenses	–118.5	–78.2	–184.9	–156.5	–146.3
Other operating expenses	–1.3	–6.8	–4.2	0.0	–0.2
Depreciation/amortisation of tangible and intangible assets	–74.8	–68.4	–139.6	–129.9	–126.9
Operating profit	**31.5**	**23.5**	**139.3**	**138.2**	**126.5**
Financial items					
Financial income	0.4	0.0	0.0	0.1	0.1
Financial expenses	–31.2	–32.6	–61.8	–67.4	–75.9
Net financial items	**–30.8**	**–32.6**	**–61.8**	**–67.3**	**–75.8**
Profit (loss) before tax	**0.6**	**–9.2**	**77.5**	**70.9**	**50.8**
Tax	–5.7	–4.3	–18.7	–18.4	–5.0
Net profit (loss) for the period	**–5.1**	**–13.5**	**58.8**	**52.5**	**45.8**
Net profit (loss) for the period attributable to:					
– Parent Company's shareholders	–5.1	–13.5	58.8	52.5	45.8
Net profit (loss) for the period	**–5.1**	**–13.5**	**58.8**	**52.5**	**45.8**

1) Retrieved from the Group's unaudited condensed consolidated financial statements for the period January–June 2021 with comparative figures for the period January–June 2020.
2) Retrieved from the Group's audited consolidated financial statements from and for the 2020, 2019 and 2018 financial years.

Condensed consolidated statement of financial position

	30 June		31 December[2]		
Amounts in MSEK unless otherwise stated	2021[1]	2020	2020	2019	2018
Assets					
Intangible assets	1,361.6	998.5	1,000.1	993.5	972.9
Tangible assets	83.2	45.4	49.9	46.9	49.2
Right-of-use assets	267.7	288.3	270.9	329.3	410.3
Deferred tax assets	–	0.0	0.0	1.5	3.1
Total non-current assets	**1,712.5**	**1,332.3**	**1,320.9**	**1,371.3**	**1,435.5**
Inventories	480.2	341.2	408.8	379.2	336.3
Tax assets	30.7	28.5	17.3	12.6	23.1
Accounts receivable	23.2	13.8	24.3	12.1	10.8
Prepaid expenses and accrued income	31.8	18.5	31.8	29.0	11.0
Other receivables	1.1	1.7	1.1	0.2	0.3
Cash and cash equivalents	59.5	377.9	340.4	299.4	288.9
Total current assets	**626.5**	**781.6**	**823.8**	**732.5**	**670.3**
Total assets	**2,339.1**	**2,113.9**	**2,144.7**	**2,103.8**	**2,105.8**
Equity					
Share capital	0.2	0.2[1]	0.2	0.2	0.2
Other contributed capital	24.4	2.0[1]	2.0	2.0	2.0
Reserves	–3.7	–0.9[1]	0.1	1.0	–1.2
Retained earnings (loss) including net profit for the period	361.9	294.7[1]	367.0	308.2	255.7
Equity attributable to Parent Company's shareholders	**382.8**	**295.9**[1]	**369.3**	**311.4**	**256.6**
Total equity	**382.8**	**295.9**[1]	**369.3**	**311.4**	**256.6**
Liabilities					
Non-current interest-bearing liabilities	835.5	850.4	843.8	854.0	860.8
Non-current lease liabilities	161.6	170.1	156.5	214.4	301.9
Other non-current liabilities	0.1	0.1	0.1	0.4	2.0
Deferred tax liabilities	139.2	111.9	111.6	112.0	111.9
Total non-current liabilities	**1,136.5**	**1,132.4**	**1,112.1**	**1,180.7**	**1,276.6**
Current interest-bearing liabilities	163.9	176.0	26.0	26.0	26.0
Current lease liabilities	105.7	135.7	116.3	131.4	123.8
Accounts payable	280.1	215.8	315.0	268.5	241.4
Tax liabilities	32.8	24.6	30.6	22.4	15.6
Other liabilities	119.9	42.1	67.6	73.4	73.9
Accrued expenses and deferred income	110.3	85.3	101.5	84.0	86.5
Provisions	7.1	6.1	6.3	5.9	5.3
Total current liabilities	**819.7**	**685.5**	**663.2**	**611.6**	**572.5**
Total liabilities	**1,956.3**	**1,818.0**	**1,775.4**	**1,792.4**	**1,849.2**
Total equity and liabilities	**2,339.1**	**2,113.9**	**2,144.7**	**2,103.8**	**2,105.8**

1) Retrieved from the Group's unaudited condensed consolidated financial statements for the period January–June 2021 with comparative figures for the period January–June 2020.
2) Retrieved from the Group's audited consolidated financial statements from and for the 2020, 2019 and 2018 financial years.

Condensed consolidated statement of cash flows

	1 January–30 June[1]		Financial year[2]		
Amounts in MSEK unless otherwise stated	**2021**	**2020**	**2020**	**2019**	**2018**
Cash flow from operating activities					
Profit (loss) before tax	0.6	–9.2	77.5	70.9	50.8
Adjustments for non-cash items	84.6	77.2	161.9	146.0	155.2
Income tax paid	–21.9	–18.2	–14.3	0.2	–4.5
	63.4	49.8	225.1	217.1	201.4
Increase (-)/decrease(+) in inventories	–44.6	36.7	–32.6	–40.5	–42.8
Increase (-)/decrease(+) in operating receivables	8.7	7.0	–16.3	–19.5	–1.4
Increase (-)/decrease(+) in operating liabilities	–69.1	–81.1	60.8	24.2	54.4
Cash flow from operating activities	**–41.5**	**12.4**	**237.0**	**181.4**	**211.6**
Investing activities					
Acquisition of tangible assets	–11.1	–15.7	–26.2	–20.4	–13.2
Acquisition of intangible assets	–9.2	–7.8	–15.0	–23.3	–3.4
Acquisition of subsidiaries	–242.9	–	–	–	–
Cash flow from investing activities	**–263.1**	**–23.5**	**–41.3**	**–43.7**	**–16.6**
Financing activities					
Proceeds from loans	91.5	150.0	150.0	–	–
Repayment of loans	–13.0	–13.0	–176.0	–26.0	–12.5
Repayment of lease liabilities	–57.7	–48.3	–123.3	–103.6	–82.9
Cash flow from financing activities	**20.9**	**88.7**	**–149.3**	**–129.6**	**–95.4**
Cash flow for the period	**–283.8**	**77.6**	**46.4**	**8.1**	**99.6**
Cash and cash equivalents at beginning of period	340.4	299.4	299.4	288.9	191.2
Exchange rate differences in cash and cash equivalents	2.8	0.9	–5.4	2.4	–1.9
Cash and cash equivalents at end of period	**59.5**	**377.9**	**340.4**	**299.4**	**288.9**

1) Retrieved from the Group's unaudited condensed consolidated financial statements for the January–June 2021 period with comparative figures for the period January–June 2020.
2) Retrieved from the Group's audited consolidated financial statements from and for the 2020, 2019 and 2018 financial years.

Selected information per segment

	1 January–30 June		Financial year		
Amounts in MSEK unless otherwise stated	2021	2020	2020	2019	2018
Net sales per segment					
Sweden	822.8[1)]	734.7[1)]	1,747.2[2)]	1,672.3[2)]	1,534.4[2)]
Norway	122.8[1)]	106.2[1)]	251.8[2)]	198.6[2)]	156.5[2)]
Denmark	44.7[1)]	–[1)]	–[2)]	–[2)]	–[2)]
Total net sales	**990.2**[1)]	**840.9**[1)]	**1,999.0**[2)]	**1,871.0**[2)]	**1,690.9**[2)]
Adjusted EBITA per segment					
Sweden[4)]	40.1[3)]	34.5[3)]	146.9[3)]	140.3[3)]	133.6[3)]
Norway	2.7[3)]	–6.4[3)]	–0.0[3)]	–1.9[3)]	–2.7[3)]
Denmark	6.2[3)]	–[3)]	–[3)]	–[3)]	–[3)]
Total adjusted EBITA	**49.0**[3)]	**28.1**[3)]	**146.9**[3)]	**138.4**[3)]	**130.9**[3)]
Adjusted EBITA margin per segment, %					
Sweden[4)]	4.9%[3)]	4.7%[3)]	8.4%[3)]	8.4%[3)]	8.7%[3)]
Norway	2.2%[3)]	–6.0%[3)]	–0.0%[3)]	–1.0%[3)]	–1.7%[3)]
Denmark	13.9%[3)]	–[3)]	–[3)]	–[3)]	–[3)]
Total adjusted EBITA margin, %	**5.0%**[3)]	**3.3%**[3)]	**7.3%**[3)]	**7.4%**[3)]	**7.7%**[3)]

1) Retrieved from the Group’s unaudited condensed consolidated financial statements for the period January–June 2021 with comparative figures for the period January–June 2020.
2) Retrieved from the Group’s audited consolidated financial statements from and for the 2020, 2019 and 2018 financial years.
3) An unaudited alternative performance measure that is not defined under IFRS and is not a substitute for IFRS performance measures. For more information about alternative performance measures, including definitions and the reason why they are used, see “—*Definitions of alternative performance measures*”.
4) Group-wide costs, including costs for the purchasing organisation in Shanghai, are charged in their entirety to Adjusted EBITA for the Sweden segment. The Company believes that these Group-wide costs amount to about SEK 120 million for the financial year ending 31 December 2020, which includes items affecting comparability of SEK 10.4 million related to the preparations for a possible listing. The Denmark Segment currently only comprises the acquired operations of AV-Cables and the Denmark Segment was charged with costs related to these operations.

Performance measures for the company

The Company applies the European Securities and Markets Authority's (ESMA) guidelines on alternative performance measures in this Prospectus. The guidelines aim to make alternative performance measures in financial statements more comprehensible, reliable and comparable, and thereby promote their usability. According to these guidelines, an alternative performance measure is a financial measure of historic or projected earnings trends, financial position, financial performance or cash flows. It is not a financial measure that is defined or specified in applicable rules for financial reporting. Kjell & Company believes that the alternative performance measures stated below, together with the measures defined by IFRS, facilitate the understanding of the Group's financial trends. In addition, these alternative performance measures are used by Kjell & Company's management team, investors, securities analysts and other stakeholders as supplementary measures for the earnings trend, financial position and cash flow. The alternative performance measures as defined by Kjell & Company should not be compared with other performance measures with similar designations that are used by other companies. This is because the above performance measures are not defined in the same way and other companies may not calculate them in the same manner as Kjell & Company. Performance measures that do not follow IFRS should not be considered as separate from, or a replacement for, the financial information prepared in accordance with IFRS. Refer to "*—Definitions of alternative performance measures*" for definitions and the reasons for the use of these financial alternative performance measures.

Performance measures according to IFRS

	1 January–30 June[1)]		**Financial year[2)]**		
Amounts in MSEK unless otherwise stated	**2021**	**2020**	**2020**	**2019**	**2018**
Net sales	990.2	840.9	1,999.0	1,871.0	1,690.9
Net profit for the period attributable to Parent Company's shareholders	–5.1	–13.5	58.8	52.5	45.8
Earnings per share before and after dilution[3)], SEK	–2.44	–2.97	1.43	1.22	0.96

1) Retrieved from the Group's unaudited condensed consolidated financial statements for the period January–June 2021 with comparative figures for the period January–June 2020.
2) Retrieved from the Group's audited consolidated financial statements from and for the 2020, 2019 and 2018 financial years.
3) There were no potential outstanding ordinary shares that could give rise to a dilution effect during the six month period ending 30 June 2021 or financial years 2018, 2019 or 2020. Earnings per share after dilution is thus equal to earnings per share before dilution for all periods included.

Alternative performance measures not defined under IFRS

	1 January–30 June[1)]		Financial year[1)]		
Amounts in MSEK unless otherwise stated	2021	2020	2020	2019	2018
Net sales growth, %	17.8%	n.a.	6.8%	10.7%	n.a.
Comparable growth, %	9.7%	n.a.	5.7%	7.8%	n.a.
Gross profit	441.2	377.9	877.5	839.1	801.4
Gross margin, %	44.6%	44.9%	43.9%	44.9%	47.4%
EBITDA	106.3	91.9	278.9	268.2	253.5
EBITDA margin, %	10.7%	10.9%	14.0%	14.3%	15.0%
Adjusted EBITDA	121.0	96.5	286.5	268.3	257.8
Adjusted EBITDA margin, %	12.2%	11.5%	14.3%	14.3%	15.2%
Adjusted EBITDAaL	60.0	36.7	166.6	149.2	138.9
EBITA	34.3	23.5	139.3	138.2	126.5
EBITA margin, %	3.5%	2.8%	7.0%	7.4%	7.5%
Adjusted EBITA	49.0	28.1	146.9	138.4	130.9
Adjusted EBITA margin, %	5.0%	3.3%	7.3%	7.4%	7.7%
Operating profit (EBIT)	31.5	23.5	139.3	138.2	126.5
Operating margin (EBIT margin), %	3.2%	2.8%	7.0%	7.4%	7.5%
Cash flow after investing activities	–304.6	–11.1	195.7	137.7	195.0
Working capital[2)]	16.9	29.9	–37.6	–21.1	–41.3
Net debt[2)]	1,207.3	954.2	802.3	926.3	1,023.6
Financial net debt[2)]	940.0	648.4	529.4	580.6	597.9
Financial net debt/adjusted EBITDAaL (multiple)	5.0[3)]	n.a.	3.2	3.9	4.3
Equity per share, SEK[2)]	33.4	25.8	32.2	27.1	22.4

1) An unaudited alternative performance measure that is not defined under IFRS and is not a substitute for IFRS performance measures. For more information about alternative performance measures, including definitions and the reason why they are used, see "*—Definitions of alternative performance measures*".
2) On the final reporting date at the end of the period.
3) Calculated based on adjusted EBITDAaL for the last twelve months, SEK 189.9 million and calculated as follows: adjusted EBITDAaL for the 2020 financial year (SEK 166.6 million), less adjusted EBITDAaL for the period January–June 2020 (SEK 36.7 million), plus adjusted EBITDAaL for the period January–June 2021 (SEK 60,0 million).

Reconciliation tables

The following tables present a reconciliation of the alternative performance measures used in this Prospectus compared with the closest IFRS performance measure. The following information has not been audited or reviewed by the Company's auditor. For more information about alternative performance measures, including definitions and the reason why they are used, see "*—Definitions of alternative performance measures*".

Net sales growth

	1 January–30 June		Financial year		
Amounts in MSEK unless otherwise stated	2021	2020	2020	2019	2018
Net sales current period	990.2[1)]	840.9[1)]	1,999.0[2)]	1,871.0[2)]	1,690.9[2)]
Net sales preceding period	840.9[1)]	n.a.	1,871.0[2)]	1,690.9[2)]	n.a.
Net sales growth, %	**17.8%[3)]**	**e.t**	**6.8%[3)]**	**10.7%[3)]**	**n.a.**

1) Retrieved from the Group's unaudited condensed consolidated financial statements for the period January–June 2021 with comparative figures for the period January–June 2020.
2) Retrieved from the Group's audited consolidated financial statements from and for the 2020, 2019 and 2018 financial years.
3) An unaudited alternative performance measure that is not defined under IFRS and is not a substitute for IFRS performance measures. For more information about alternative performance measures, including definitions and the reason why they are used, see "*—Definitions of alternative performance measures*".

Comparable growth

	1 January–30 June		Financial year		
Amounts in MSEK unless otherwise stated	**2021**	**2020**	**2020**	**2019**	**2018**
Comparable sales comparative period					
Recognised net sales comparative period	840.9[1)]	n.a.	1,871.0[2)]	1,690.9[2)]	n.a.,
Adjustments for returns and loyalty programme comparative period	1.3	n.a.	20.4	25.1	n.a.
Sales new service points and other channels	–6.6	n.a.	–1.5	–1.5	n.a.
Total comparable sales comparative period	**835.6**	**n.a.**	**1,889.8**	**1,714.5**	**n.a.**
Comparable sales current period					
Recognised net sales current period	990.2[1)]	840.9[1)]	1,999.0[2)]	1,871.0[2)]	1,690.9[2)]
Adjustments for returns and loyalty programme current period	1.4	n.a.	10.3	20.4	n.a.
Sales new service points and other channels	–72.2	n.a.	–42.8	–42.3	n.a.
Currency effects	–2.2	n.a.	30.3	–1.1	n.a.
Total comparable sales current period	**917.1**	**n.a.**	**1,996.8**	**1,847.9**	**n.a.**
Total comparable sales comparative period	835.6	n.a.	1,889.8	1,714.5	n.a.
Total comparable sales current period	917.1	n.a.	1,996.8	1,847.9	n.a.
Comparable growth, %	**9.7%**[3)]	**n.a.**	**5.7%**[3)]	**7.8%**[3)]	**n.a.**

1) Retrieved from the Group's unaudited condensed consolidated financial statements for the period January–June 2021 with comparative figures for the period January–June 2020.
2) Retrieved from the Group's audited consolidated financial statements from and for the 2020, 2019 and 2018 financial years.
3) An unaudited alternative performance measure that is not defined under IFRS and is not a substitute for IFRS performance measures. For more information about alternative performance measures, including definitions and the reason why they are used, see "*—Definitions of alternative performance measures*".

Gross profit and gross margin

	1 January–30 June		Financial year		
Amounts in MSEK unless otherwise stated	**2021**	**2020**	**2020**	**2019**	**2018**
Net sales	990.2[1)]	840.9[1)]	1,999.0[2)]	1,871.0[2)]	1,690.9[2)]
Goods for resale	–549.0[1)]	–463.0[1)]	–1,121.5[2)]	–1,031.8[2)]	–889.5[2)]
Gross profit	**441.2**[3)]	**377.9**[3)]	**877.5**[3)]	**839.1**[3)]	**801.4**[3)]
Gross profit	441.2[3)]	377.9[3)]	877.5[3)]	839.1[3)]	801.4[3)]
Net sales	990.2[1)]	840.9[1)]	1,999.0[2)]	1,871.0[2)]	1,690.9[2)]
Gross margin, %	**44.6%**[3)]	**44.9%**[3)]	**43.9%**[3)]	**44.9%**[3)]	**47.4%**[3)]

1) Retrieved from the Group's unaudited condensed consolidated financial statements for the period January–June 2021 with comparative figures for the period January–June 2020.
2) Retrieved from the Group's audited consolidated financial statements from and for the 2020, 2019 and 2018 financial years.
3) An unaudited alternative performance measure that is not defined under IFRS and is not a substitute for IFRS performance measures. For more information about alternative performance measures, including definitions and the reason why they are used, see "*—Definitions of alternative performance measures*".

Operating profit, EBITA, EBITA margin, adjusted EBITA, adjusted EBITA margin, EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin, adjusted EBITDAaL

	1 January–30 June		Financial year		
Amounts in MSEK unless otherwise stated	2021	2020	2020	2019	2018
Operating profit (EBIT)	**31.5**[1]	**23.5**[1]	**139.3**[2]	**138.2**[2]	**126.5**[2]
Amortisation on intangible assets related to business combinations	2.8[1]	–[1]	–[2]	–[2]	–[2]
EBITA	**34.3**[3]	**23.5**[3]	**139.3**[3]	**138.2**[3]	**126.5**[3]
Items affecting comparability:					
Severance pay	0.9[1]	0.8[1]	1.0[2]	0.2[2]	4.4[2]
Costs for preparations for possible listing	8.3[1]	3.9[1]	10.4[2]	–[2]	–[2]
Damages and compensation for legal costs	–[1]	–[1]	–3.8[2]	–[2]	–[2]
Expenses related to business combinations	5.5[1]	–[1]	–[2]	–[2]	–[2]
Adjusted EBITA	**49.0**[3]	**28.1**[3]	**146.9**[3]	**138.4**[3]	**130.9**[3]
Net sales	990.2[1]	840.9[1]	1,999.0[2]	1,871.0[2]	1,690.9[2]
Operating margin (EBIT margin), %	**3.2%**[3]	**2.8%**[3]	**7.0%**[3]	**7.4%**[3]	**7.5%**[3]
EBITA margin, %	**3.5%**[3]	**2.8%**[3]	**7.0%**[3]	**7.4%**[3]	**7.5%**[3]
Adjusted EBITA margin, %	**5.0%**[3]	**3.3%**[3]	**7.3%**[3]	**7.4%**[3]	**7.7%**[3]
Depreciation/amortisation of tangible and intangible assets	74.8[1]	68.4[1]	139.6[2]	129.9[2]	126.9[2]
EBITDA	**106.3**[3]	**91.9**[3]	**278.9**[3]	**268.2**[3]	**253.5**[3]
Items affecting comparability:					
Severance pay	0.9[1]	0.8[1]	1.0[2]	0.2[2]	4.4[2]
Costs for preparations for possible listing	8.3[1]	3.9[1]	10.4[2]	–[2]	–[2]
Damages and compensation for legal costs	–[1]	–[1]	–3.8[2]	–[2]	–[2]
Expenses related to business combinations	5.5[1]	–[1]	–[2]	–[2]	–[2]
Adjusted EBITDA	**121.0**[3]	**96.5**[3]	**286.5**[3]	**268.3**[3]	**257.8**[3]
Depreciation of right-of-use assets	–55.9[1]	–54.1[1]	–109.2[2]	–104.8[2]	–100.4[2]
Interest expenses on leases	–5.2[1]	–5.7[1]	–10.7[2]	–14.3[2]	–18.5[2]
Adjusted EBITDAaL	**60.0**[3]	**36.7**[3]	**166.6**[3]	**149.2**[3]	**138.9**[3]
Net sales	990.2[1]	840.9[1]	1,999.0[2]	1,871.0[2]	1,690.9[2]
EBITDA margin, %	**10.7%**[3]	**10.9%**[3]	**14.0%**[3]	**14.3%**[3]	**15.0%**[3]
Adjusted EBITDA margin, %	**12.2%**[3]	**11.5%**[3]	**14.3%**[3]	**14.3%**[3]	**15.2%**[3]

1) Retrieved from the Group's unaudited condensed consolidated financial statements for the period January–June 2021 with comparative figures for the period January–June 2020.
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3) An unaudited alternative performance measure that is not defined under IFRS and is not a substitute for IFRS performance measures. For more information about alternative performance measures, including definitions and the reason why they are used, see "*—Definitions of alternative performance measures*".

Cash flow after investing activities

Amounts in MSEK unless otherwise stated	1 January–30 June 2021	1 January–30 June 2020	Financial year 2020	Financial year 2019	Financial year 2018
Cash flow from operating activities	–41.5[1)]	12.4[1)]	237.0[2)]	181.4[2)]	211.6[2)]
Cash flow from investing activities	–263.1[1)]	–23.5[1)]	–41.3[2)]	–43.7[2)]	–16.6[2)]
Cash flow after investing activities	**–304.6**[3)]	**–11.1**[3)]	**195.7**[3)]	**137.7**[3)]	**195.0**[3)]

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2) Retrieved from the Group's audited consolidated financial statements from and for the 2020, 2019 and 2018 financial years.
3) An unaudited alternative performance measure that is not defined under IFRS and is not a substitute for IFRS performance measures. For more information about alternative performance measures, including definitions and the reason why they are used, see "*—Definitions of alternative performance measures*".

Working capital

Amounts in MSEK unless otherwise stated	30 June 2021	30 June 2020	31 December 2020	31 December 2019	31 December 2018
Total current assets	626.5[1)]	781.6	823.8[2)]	732.5[2)]	670.3[2)]
Cash and cash equivalents	–59.5[1)]	–377.9	–340.4[2)]	–299.4[2)]	–288.9[2)]
Total current liabilities	–819.7[1)]	–685.5	–663.2[2)]	–611.6[2)]	–572.5[2)]
Current interest-bearing liabilities	163.9[1)]	176.0	26.0[2)]	26.0[2)]	26.0[2)]
Current lease liabilities	105.7[1)]	135.7	116.3[2)]	131.4[2)]	123.8[2)]
Working capital	**16.9**[3)]	**29.9**[3)]	**–37.6**[3)]	**–21.1**[3)]	**–41.3**[3)]

1) Retrieved from the Group's unaudited condensed consolidated financial statements for the period January–June 2021 with comparative figures for the period January–June 2020.
2) Retrieved from the Group's audited consolidated financial statements from and for the 2020, 2019 and 2018 financial years.
3) An unaudited alternative performance measure that is not defined under IFRS and is not a substitute for IFRS performance measures. For more information about alternative performance measures, including definitions and the reason why they are used, see – "*Definitions of alternative performance measures*".

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

Amounts in MSEK unless otherwise stated	30 June 2021	30 June 2020	31 December 2020	31 December 2019	31 December 2018
Non-current interest-bearing liabilities	835.5[1)]	850.4	843.8[2)]	854.0[2)]	860.8[2)]
Current interest-bearing liabilities	163.9[1)]	176.0	26.0[2)]	26.0[2)]	26.0[2)]
Cash and cash equivalents	–59.5[1)]	–377.9	–340.4[2)]	–299.4[2)]	–288.9[2)]
Financial net debt	**940.0**[3)]	**648.4**[3)]	**529.4**[3)]	**580.6**[3)]	**597.9**[3)]
Non-current lease liabilities	161.6[1)]	170.1	156.5[2)]	214.4[2)]	301.9[2)]
Current lease liabilities	105.7[1)]	135.7	116.3[2)]	131.4[2)]	123.8[2)]
Net debt	**1207.3**[3)]	**954.2**[3)]	**802.3**[3)]	**926.3**[3)]	**1,023.6**[3)]
Adjusted EBITDAaL	60.0[3)]	36.7[3)]	166.6[3)]	149.2[3)]	138.9[3)]
Financial net debt/Adjusted EBITDAaL (multiple)	**5.0**[3)4)]	**n.a.**	**3.2**[3)]	**3.9**[3)]	**4.3**[3)]

1) Retrieved from the Group's unaudited condensed consolidated financial statements for the period January–June 2021 with comparative figures for the period January–June 2020.
2) Retrieved from the Group's audited consolidated financial statements from and for the 2020, 2019 and 2018 financial years.
3) An unaudited alternative performance measure that is not defined under IFRS and is not a substitute for IFRS performance measures. For more information about alternative performance measures, including definitions and the reason why they are used, see "*—Definitions of alternative performance measures*".
4) Calculated based on adjusted EBITDAaL for the last twelve months, SEK 189.9 million and calculated as follows: adjusted EBITDAaL for the 2020 financial year (SEK 166.6 million), less adjusted EBITDAaL for the period January–June 2020 (SEK 36.7 million), plus adjusted EBITDAaL for the period January–June 2021 (SEK 60.0 million).

Equity per share

	30 June		31 December		
Amounts in MSEK unless otherwise stated	2021	2020	2020	2019	2018
Total equity	382.8[1)]	295.9[1)]	369.3[2)]	311.4[2)]	256.6[2)]
Weighted average number of shares outstanding, millions	11.5[1)]	11.5[1)]	11.5[2)]	11.5[2)]	11.5[2)]
Equity per share, SEK	**33.4**[3)]	**25.8**[3)]	**32.2**[3)]	**27.1**[3)]	**22.4**[3)]

1) Retrieved from the Group's unaudited condensed consolidated financial statements for the period January–June 2021 with comparative figures for the period January–June 2020.
2) Retrieved from the Group's audited consolidated financial statements from and for the 2020, 2019 and 2018 financial years.
3) An unaudited alternative performance measure that is not defined under IFRS and is not a substitute for IFRS performance measures. For more information about alternative performance measures, including definitions and the reason why they are used, see "*—Definitions of alternative performance measures*".

Definitions of alternative performance measures

Performance measures	Definition	Reason that the performance 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 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.
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.
EBITDA margin, %	EBITDA divided by net sales.	This performance measure shows the Company's profitability before EBIT before amortisation, depreciation and impairment.
Equity per share, SEK	Equity divided by number of shares outstanding.	Equity per share measures the Company's net value per share and determines whether a company is increasing shareholders' capital 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 twelve 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.
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".

Performance measures	Definition	Reason that the performance measure is used
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 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 EBITDA margin, %	EBITDA excluding items affecting comparability divided by net sales.	This performance measure shows the Company's profitability before amortisation, depreciation and impairment excluding items affecting comparability, which enables comparison with the underlying operating profitability.
Adjusted EBITDAaL	Adjusted EBITDA less amortisation, depreciation and interest expenses related to leases under IFRS 16.	Adjusted EBITDAaL (adjusted EBITDA after leases) 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 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. The items comprise costs for preparations for a potential listing, damages received and compensation for legal costs, expenses related to business combinations and severance pay. All items that are included are larger and material for certain periods and smaller and 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.
Cash flow after investing activities	Total cash flow from operating activities and cash flow from investing activities.	The measure is used to measure the cash flow generated by the Company before cash flow attributable to the Company's financing.
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 analyses 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 margin (EBIT margin), %	Operating profit (EBIT) divided by net sales.	The performance measure shows the Company's profitability generated by the operating activities.
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.

Financial quarterly information

Kjell & Company believes that the information provided below is of importance to investors. However, note that the table is based on information retrieved from the Company's internal accounting and has not been audited by the Company's auditor.

	2020			
Amounts in MSEK unless otherwise stated	**Q1**	**Q2**	**Q3**	**Q4**
Net sales	424.7	416.2	492.0	666.1
Operating profit (EBIT)	5.2	18.3	44.5	71.4

	2020			
Amounts in MSEK unless otherwise stated	**Q1**	**Q2**	**Q3**	**Q4**
Inventories	333.7	341.2	381.4	408.8
Accounts receivable	19.1	13.8	11.1	24.3
Accounts payable	199.9	215.8	233.3	315.0

Pro forma financial statements

*The pro forma financial statements, which describe a hypothetical situation, have been prepared for illustrative purposes to present a hypothetical summary of the effect that Kjell Group AB (publ)'s (the "**Company**" or Kjell Group AB (publ) or Kjell & Company) acquisition of AV-Cables.dk (the "**Acquisition**") could have had on the Company's consolidated income statement for the financial year ending 31 December 2020 and for the six-month period ending 30 June 2021 if the acquisition of AV-Cables had taken place on 1 January 2020. The pro forma financial statements are not intended to describe the true financial earnings of the Company. The pro forma financial statements do not necessarily reflect the Company's actual earnings if the Acquisition had taken place on the above-mentioned dates and the pro forma financial statements should not be seen as an indication of the Company's earnings. Consequently, an investor should not attach undue importance to the pro forma financial statements. The pro forma financial statements should be read together with the information contained in the financial statements of the Company and AV-Cables.*

Background

On 30 March 2021, the Company announced that, through its subsidiary Kjell & Co Elektronik AB, it had acquired 100% of the shares in AV-Cables, a leading online player in consumer electronics accessories with sales primarily in Denmark. With this Acquisition, Kjell & Company is further strengthening its position as a leading player in consumer electronics accessories in the Nordics and is creating a platform for a broader range and growth in Denmark, Norway and Sweden.

AV-Cables was founded in 2006 and has grown substantially with healthy profitability in recent years. Net sales for the 2020 financial year amounted to DKK 217 million and operating profit to DKK 33 million. The business offers consumer electronics online to its customers, delivered from the company's warehouse in Jutland. These products largely complement Kjell & Company's product range. The companies will work together to further strengthen their offerings on their respective online platforms and Kjell & Company's 130 service points in Sweden and Norway.

The purchase consideration amounted to DKK 280.7 million, of which DKK 179.1 million was paid in cash. DKK 50.0 million will be paid by issuing a promissory note. DKK 16.6 million was reinvested in Kjell Group AB (publ) through a set-off issue. The remaining DKK 33.4 million was settled by issuing a promissory note carrying interest at 10%. The promissory note is to be settled using shares in Kjell Group AB (publ) in connection with a future listing or sale of the company, or after 29 December 2021 when Kjell Group AB (publ) requests settlement. The liability can only be settled with Kjell Group AB (publ)'s own shares. The seller also has the option to receive an earnout of a maximum of DKK 75.0 million on the condition that specific earnings targets have been met. The fair value of the earnout on the acquisition date of 29 April 2021 was estimated at DKK 51.6 million.

In addition to payment using newly issued shares and the issued promissory note, the transaction was financed using existing cash and cash equivalents. The Acquisition of AV-Cables is deemed to have a significant and direct impact on Kjell Group AB (publ)'s future consolidated earnings and financial position and accordingly pro forma financial statements have been prepared.

Purpose of the pro forma financial statements

The purpose of the pro forma financial statements is to present the hypothetical impact that the Acquisition and the financing of the Acquisition could have had on Kjell Group AB (publ)'s:

- Consolidated income statement for the full-year 2020 as if the transaction had taken place on 1 January 2020
- Consolidated income statement for the 1 January 2021–30 June 2021 period as if the transaction had taken place on 1 January 2020

An investor should be aware that the hypothetical financial position and the hypothetical financial earnings shown in the pro forma financial statements may differ from what the corresponding information would have been if the transaction had taken place on the earlier dates.

Basis of the pro forma financial statements

Basis

Kjell Group AB (publ)

The pro forma financial statements for the 1 January–31 December 2020 were prepared based on the financial statements presented in the historical financial information in the Prospectus for the Kjell Group AB (publ) Group for the 1 January–31 December 2020 financial year, which has been audited.

The pro forma financial statements for the 1 January–30 June 2021 period were prepared based on the financial statements presented in the historical financial information in the Prospectus for the Kjell Group AB (publ) Group for the 1 June–30 June 2021 financial year, which is unaudited/reviewed.

AV-Cables

The pro forma information for the 1 January–31 December 2020 was taken from AV-Cables' annual report for the 1 January–31 December 2020 financial year, which has been audited by Rathmann & Mortensen. AV-Cables uses a different presentation format for the classification of items in the income statement of its annual report. For the preparation of the pro forma information, the income statement from AV-Cables' internal accounting system were used to harmonise classifications to follow the Kjell Group AB (publ) Group's income statement in the historical financial information 2020 in this Prospectus.

The pro forma information prior to the acquisition for the 1 January–30 April 2021 period was taken from AV-Cables' internal accounting (unaudited). For the preparation of the pro forma information, AV-Cables' internal unaudited financial report for the interim period 1 January–30 June 2021 reclassified to follow the Kjell Group AB (publ) Group's income statement in the historical financial information for the 1 January–30 June 2021. This reclassification has been based on the information obtained from AV-Cables internal accounting system.

AV-Cables' presentation currency is DKK. To harmonise with Kjell Group AB (publ), whose presentation currency is SEK, the income statements were translated to the European Central Bank's average rate for the full-year 2020.

When preparing the pro forma income statement for the period 1 January–30 June 2021, the income statement was translated at the European Central Bank's average rate for the first six months of 2021.

Average rate 1 Jan 2020–31 Dec 2020 DKK/SEK	1.4065
Average rate 1 Jan 2021–30 Jun 2021 DKK/SEK	1.3622

No adjustments for synergy effects or integration costs were made in the pro forma financial statements.

Accounting policies and assumptions

The applicable criteria forming the basis on which the board of directors has complied the financial pro forma information are stated in the Commission Delegated Regulation (EU) 2019/980.

Kjell Group AB (publ) applies International Financial Reporting Standards, as endorsed by the EU ("**IFRS**"), in its consolidated financial statements. AV-Cables applies Danish GAAP. Kjell & Company applies an income statement specified by cost, while AV-Cables presents only gross profit in accordance with Danish GAAP. The items in AV-Cables' financial statements were reclassified to follow the Group's reporting.

The pro forma financial statements were based on Kjell Group AB (publ)'s current accounting policies. Kjell Group AB (publ) carried out an analysis of whether there are any material differences between the accounting policies applied by the Group and those applied by AV-Cables before the company was consolidated. The quantitative effect of these adjustments, including deferred tax, are described in the notes to the pro forma income statement.

Right of return

Under the previous accounting policies, no adjustments were made for expected returns in accordance with the right of return offered by AV-Cables. Following the completed analysis, a return asset and a return liability are recognised with a corresponding adjustment to revenue and cost of goods sold in accordance with the policies applied by Kjell & Company.

Impairment of accounts receivable

In accordance with IFRS 9, AV-Cables' accounts receivable were assessed by applying Kjell & Company's impairment model, which is based on expected credit losses and also includes relevant forward-looking variables.

Provision for future guarantee commitments

Under the previous accounting policies, no provisions are made for future guarantee commitments. Future guarantee commitments were reviewed and resulted in a provision being recognised for AV-Cables' guarantee commitments.

Leases

In accordance with IFRS 16 Leases, right-of-use assets and lease liabilities are recognised in the balance sheet for most leases, even leases that were previously classified as operating, and depreciation and interest expenses are recognised in profit or loss. There are exemptions for leases with a remaining term of a maximum of 12 months and for low-value leases. Kjell & Company applies IFRS 16 Leases in the consolidated financial statements. According to AV-Cables' accounting policies, lease payments are recognised as an operating expense in profit or loss.

The impact of the application of IFRS 16 on the accounts derives from the recognition of leases for cars and equipment in AV-Cables. Adjustments had been made to the pro forma income statement for 2020 to reflect depreciation of the right-of-use assets and interest expenses on the lease liabilities corresponding to 12 months. The same adjustment was made to reflect four months cost in the pro forma income statement for the period 1 January–30 June 2021.

Deferred tax

Deferred tax is recognised on all pro forma adjustments if the adjustments result in temporary differences and at a tax rate of 22% that corresponds to the corporate tax rate in Denmark, which was unchanged during the pro forma period.

Pro forma adjustments

The overall nature of the pro forma adjustments is described below. Additional disclosures can be found in the notes to the pro forma financial statements. All adjustments are recurring.

Cost of the shares in AV-Cables

Preliminary acquisition analysis*

Amounts in MDKK	AV-Cables
Acquired share in target company	100%
Acquired net assets	35.7
Value adjustment for customer relationships, brands and technology	89.7
Deferred tax liabilities	–19.7
Goodwill	175.0
Total purchase consideration	**280.7**

* The amounts forming the basis of the preliminary acquisition analysis on 29 April 2021 were assumed and used in the acquisition analysis above as presented in Kjell & Company's interim report for the 1 January–30 June 2021 period and is based on the opening balances on the acquisition date. The final acquisition analysis may be changed compared with the preliminary acquisition analysis.

The preliminary acquisition analysis and the pro forma information are otherwise based on the following assumptions:

- Kjell Group AB (publ) has prepared a preliminary acquisition analysis, in which all of the assets and liabilities acquired in AV-Cables have been recognised at fair value and previous carrying amounts have been remeasured. Significant values were allocated to intangible assets in the preliminary acquisition analysis.
- Other identified assets and liabilities have been assumed to correspond to the fair values on 29 April 2021.
- Deferred taxes were included where applicable. The applied tax rate is 22% and corresponds to the corporate tax rate in Denmark, which was unchanged during the pro forma period.
- Estimated amortisation of the value adjustments established in the preliminary acquisition analysis attributable to customer relationships and technology are estimated at SEK 17.3 million for the 2021 financial year (12 months). This amount is used in the pro forma income statement for the 1 January–31 December 2020 period. Estimated amortisation for the four month period prior to the acquisition is calculated at SEK 5.6 million, which is used in the pro forma income statement for the 1 January–30 June 2021 period. These amortisations are thus charged to the period in addition to the amortisations that took place after the acquisition. The estimated useful life for customer relationships and technology is five years. The brand is deemed to have an indefinite useful life and is not amortised, but tested for impairment.

Financing

The purchase consideration amounted to DKK 280.7 million, of which DKK 179.1 million was paid in cash. DKK 50 million was paid by issuing a promissory note. DKK 16.6 was reinvested in Kjell Group AB (publ) through a set-off issue. The remaining DKK 33.4 million was settled by issuing a promissory note carrying interest at 10%. The promissory note is to be settled using shares in Kjell Group AB (publ) in connection with a future listing or sale of the company, or after 29 December 2021 when Kjell Group AB (publ) requests settlement. The liability can only be settled with Kjell Group AB (publ)'s own shares. The seller also has the option to receive an earnout of a maximum of DKK 75.0 million on the condition that specific earnings targets have been met. The fair value of the earnout on the acquisition date of 29 April 2021 was estimated at DKK 51.6 million.

There were no interest expenses that were charged to the pro forma income statement from a financing perspective. Regarding the acquisition, the Kjell Group AB (publ)-group used SEK 251.6 million (corresponding to a purchase consideration of DKK 179.1 million based on a DKK/SEK closing-day rate on 29 April 2021, and SEK 6.8 million in transaction costs) of cash and cash equivalents, which previously generated interest income, but given low interest rates on the acquisition date no adjustment that reduces this interest income was made when the pro forma financial statements were prepared.

Transaction costs and issue expenses

Transaction costs encompass such costs as fees to financial and legal advisors and auditors. There were no transaction costs up until 31 December 2020. No adjustments for transaction costs were made in the pro forma income statement for 2020 since these were deemed to have taken place prior to the pro forma acquisition date of 1 January 2020.

The estimated transaction costs that arose in the 1 January–30 June 2021 period amounted to SEK 5.5 million (excluding VAT). Adjustments were made for these in the pro forma income statement for 1 January–30 June 2021 since these were deemed to have taken place prior to the pro forma acquisition date of 1 January 2020.

The owner of AV-Cables receives newly issued shares in Kjell Group AB (publ) in connection with the acquisition. This has no impact on the pro forma income statement for each respective period.

Tax

Adjustments for deferred tax related to harmonisation of accounting policies and identifiable intangible assets when the acquisition analysis was prepared were included in the preparation of the pro forma financial statements. The pro forma interest expenses related to the earnout and promissory note and transaction costs are assumed to be non-tax deductible, which is why no adjustment for deferred tax was made.

When adjusting deferred tax, Danish tax at 22% was applied, which corresponds to the corporate tax rate in Denmark and was unchanged during the pro forma periods. For information about deferred tax attributable to each adjustment, refer to the notes to the pro forma income statement.

Pro forma income statement for 1 January–31 December 2020 period

The consolidated pro forma income statement for the 1 January–31 December 2020 period was prepared as if the acquisition of AV-Cables had taken place on 1 January 2020.

	Audited	*Audited**	*Unaudited*	*Unaudited*		*Unaudited*
Pro forma income statement (TSEK) **GROUP**	**Kjell Group AB (publ) 1 Jan 2020–31 Dec 2020**	**AV-Cables. DK Aps 1 Jan 2020–31 Dec 2020**	**Adjustment of accounting policies**	**Pro forma adjustments**	**Notes**	**Pro forma Kjell Group AB (publ) 1 Jan 2020–31 Dec 2020**
	IFRS	Danish GAAP	Difference on transition to IFRS			
Operating income						
Net sales	1,999,000	305,180	–325	–	1)	2,303,854
Other operating income	8,709	–	–	–		8,709
	2,007,709	**305,180**	**–325**	**–**		**2,312,563**
Operating expenses						
Goods for resale	–1,121,524	–186,240	209	–	1)	–1,307,556
Personnel costs	–418,134	–17,651	–	–		–435,785
Other external expenses	–184,917	–54,465	–144	–	2a–c)	–239,526
Other operating expenses	–4,201	–	–	–		–4,201
Depreciation/amortisation of tangible and intangible assets	–139,617	–452	–182	–17,283	2b) 3)	–157,534
	–1,868,393	**–258,808**	**–118**	**–17,283**		**–2,144,602**
Operating profit	**139,316**	**46,371**	**–443**	**–17,283**		**167,961**
Financial items						
Financial income	6	–	–	–		6
Financial expenses	–61,805	–2,059	–13	–7,298	2b) 4a–b)	–71,175
	–61,799	–2,059	–13	–7,298		–71,169
Profit before tax	**77,517**	**44,312**	**–456**	**–24,581**		**96 792**
Tax						
Tax	–18,679	–9,751	100	3,802	1) 2a–c) 3)	–24,527
Net profit for the year	**58,838**	**34,561**	**–356**	**–20,779**		**72,265**

Notes to the income statement

* When preparing the pro forma information, the income statement from AV-Cables internal accounting system was used for mapping against Kjell Group AB (publ)-group's income statement in the external annual report 2020, see "*– Basis of the pro forma financial statements – Basis – AV-Cables*".

1. Reduction of revenue refers to expected product returns amounting to TSEK -325. The corresponding adjustment for goods for resale amounted to TSEK +209. The tax effect of the adjustment amounted to TSEK +26.
2. The amount is the net of the following:
   a. The adjustment for changes in loss allowance amounted to TSEK -98. The tax effect of the adjustment amounted to TSEK +22.
   b. The add-back of operating lease payments recognised according to Danish GAAP amounted to TSEK +151. The calculated depreciation of the right-of-use asset corresponding to 12 months was adjusted by TSEK -182. The calculated interest expenses in the corresponding period for the lease liability was adjusted by TSEK -13. The net tax effect of the adjustments amounted to TSEK +10.
   c. The adjustment for changes in the provision for future guarantee commitments amounted to TSEK -197. The tax effect of the adjustment amounted to TSEK +43.
3. The pro forma amortisation of acquired intangible assets resulted in a higher expense of TSEK -17,283 for 2020, which led to an adjustment of deferred tax of TSEK +3,802.
4. The amounts refer to the following:
   a. When preparing the preliminary acquisition analysis, the earnout, recognised as a liability, was discounted at 3.5%. According to the acquisition agreement, the earnout is to be settled in mid-2022. The pro forma income statement for 2020 was adjusted by financial expenses of TSEK -2,540, correspond to 12 months' expenses.
   b. The issued promissory note carried interest at 10%. The settlement date is unknown. The pro forma income statement for 2020 was adjusted by an interest expense of TSEK -4,758, corresponding to 12 months' expenses.

Pro forma income statement for the 1 January–30 June 2021 period

The consolidated pro forma income statement for the 1 January–30 June 2021 period was prepared as if the acquisition of AV-Cables had taken place on 1 January 2020. The Kjell Group AB (publ) Group's income statement was taken from the reviewed but not audited financial statement for the 1 January–30 June 2021 period in the historical financial information. AV-Cables' information was taken from AV-Cables' internal accounting, which has not been audited. For the preparation, the income statement from AV-Cables' internal accounting was used to harmonise classifications to follow the Kjell Group AB (publ) Group's income statement in the historical financial information for the 1 January–30 June 2021 period in this Prospectus.

	Unaudited	*Unaudited**	*Unaudited*	*Unaudited*		*Unaudited*
Pro forma income statement (TSEK) **GROUP**	**Kjell Group AB (publ) 1 Jan 2021–30 Jun 2021**	**AV-Cables. DK Aps 1 Jan 2021–30 Apr 2021**	**Adjustment of accounting policies**	**Pro forma adjustments**	**Notes**	**Proforma Kjell Group AB (publ) 1 Jan 2021–30 Jun 2021**
	IFRS	Danish GAAP	Difference on transition to IFRS			
Operating income						
Net sales	990,200	136,125	–45	–	5)	1,126,279
Other operating income	5,762	519	–	–		6,281
	995,962	136,644	–45	–		1,132,561
Operating expensen						
Goods for resale	–549,030	–78,733	–9	–	5)	–627,772
Personnel costs	–220,889	–8,089	–	–		–228,977
Other external expenses	–118,488	–25,055	61	5,492	6) 7)	–137,990
Other operating expenses	–1,302	–	–	–		–1,302
Depreciation/amortisation of tangible and intangible assets	–74,775	–795	–59	–5,580	7) 8)	–81,209
	–964,484	–112,672	–7	–88		–1,077,251
Operating profit	**31,479**	**23,972**	**–52**	**–88**		**55,310**
Financial items						
Financial income	373	–	–	–		373
Financial expenses	–31,204	–843	–5	–2,356	7) 9a–b)	–34,407
	–30,831	–843	–5	–2,356		–34,035
Profit before tax	**647**	**23,129**	**–57**	**–2,444**		**21,276**
Tax						
Tax	–5,747	–5,101	13	1,228	6) 7) 8)	–9 607
Net profit for the period	**–5,099**	**18,029**	**–45**	**–1,216**		**11,668**

Notes to the income statement

* When preparing the pro forma information, the income statement from AV-Cables internal accounting system was used for mapping against Kjell Group AB (publ)-group's income statement in the external annual report 2020, see "*– Basis of the pro forma financial statements – Basis – AV-Cables*".

5. Reduction of revenue refers to expected product returns amounting to TSEK -45. The corresponding adjustment regarding good for resale amount to TSEK -9. The tax effect on the adjustment amounts to TSEK +13.
6. Refers to reimbursement of transactions cost in Kjell & Co Elektronik AB amounting to TSEK +5,492, linked to the acquisition and charged to the result for the period 1 January-30 June 2021. The adjustment is deemed to be of a non-recurring nature.
7. The amount refers to the net of the following:
   Reimbursement of operational leasing fees reported in accordance with Dansk GAAP amount to TSEK +61. Estimated amortisation of right-of-use assets has been adjusted by TSEK -59. Estimated interest expense on the corresponding period regarding leasing debt has been adjusted by TSEK -5. The tax effect on the adjustments amount to a net of TSEK +1.
8. The pro forma amortisation of acquired intangible assets result in an increased cost for the period of TSEK -5,580, which leads to an adjustment of deferred tax of TSEK +1,228.
9. The amount refers to the following:
   a. When preparing the preliminary acquisition analysis, the debited additional consideration was discounted by 3.5%. In accordance with the acquisition agreement, the additional consideration will be settled in the middle of 2022. The pro forma income statement has been adjusted with a financial cost of TSEK -820, corresponding to four months cost.
   b. Issued Promissory Note runs with 10 % interest. The time of the adjustment is unknown. The pro forma income statement has been adjusted with an interest cost of TSEK -1,536, corresponding to 4 months cost.

Supplementary disclosures, pro forma

EBITA pro forma (TSEK)	**1 Jan 2020–** **31 Dec 2020**	**1 Jan 2021–** **30 Jun 2021**
	Pro forma	Pro forma
	IFRS	IFRS
Operating profit	167,961	55,310
Amortisation and impairment of intangible assets due to business combinations	17,283	8,380
EBITA pro forma*	**185,244**	**63,690**

* EBITA pro forma is defined as operating profit, adjusted to amortisation and impairment of intangible assets due to business combinations.

Independent auditor's assurance report on the compilation of pro forma financial information included in a prospectus

To the Board of Directors of Kjell Group AB (publ), corporate identity number 559115-8448

We have completed our assurance engagement to report on the compilation of pro forma financial information of Kjell Group AB (publ) ("the company") by the Board of Directors. The pro forma financial information consists of, the pro forma income statements for the periods 1 January–31 December 2020 and 1 January 2021–30 June 2021 and related notes as set out on pages 112–113 of the prospectus issued by the company. The applicable criteria on the basis of which the Board of Directors has compiled the pro forma financial information are specified in the Delegated Regulation (EU) 2019/980 and described on the pages 108–111.

The pro forma financial information has been compiled by the Board of Directors to illustrate the impact of the acquisition and finance of AV Cables ApS, described on the pages 112–113 , on the company's financial performance for the period 1 January 2021–31 December 2020 and for the period 1 January 2021–30 June 2021 as if the acquisition had taken place at 1 January 2020 respectively. As part of this process, information about the company's financial performance has been extracted by the Board of Directors from the company's financial statements for the period ended 31 December 2020, on which an auditor's report has been published and for the period ended 30 June 2021 a review report has been published.

Responsibilities of the Board of Directors for the pro forma financial information

The Board of Directors is responsible for compiling the pro forma financial information in accordance with the requirements of the Delegated Regulation (EU) 2019/980.

Our independence and quality control

We have complied with the independence and other ethical requirements in Sweden, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's responsibility

Our responsibility is to express an opinion about whether the pro forma information, in all material respects, has been compiled correctly by the Board of Directors in accordance with the Delegated Regulation (EU) 2019/980, on the bases given and that these bases are consistent with the company's accounting policies.

We have conducted the engagement in accordance with International Standard on Assurance Engagements ISAE 3420 *Assurance engagements to report on the compilation of pro forma financial information included in a prospectus*, issued by the International Auditing and Assurance Standards Board. This standard requires that the auditor plan and perform procedures to obtain reasonable assurance about whether the Board of Directors has compiled, in all material respects, the pro forma financial information in accordance with the delegated regulation.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on the company's unadjusted financial information as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 1 January 2020 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Board of Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient and appropriate audit evidence about whether:

- The pro forma adjustments have been compiled correctly on the specified basis.
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information
- The stated basis comply with the company's accounting policies.

The procedures selected depend on the auditor's judgment, having regard to his or hers understanding of nature of the company, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

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

Opinion

In our opinion the pro forma financial information has been compiled, in all material respects, on the bases stated on pages 108–111 and these bases are consistent with the accounting policies applied by the company.

Malmö 6 September 2021

KPMG AB
Camilla Alm Andersson
Authorized Public Accountant

Operating and financial review

The financial information below should be read together with the sections "Selected historical financial information," "Capitalisation and indebtedness" and Kjell & Company's audited consolidated financial statements for the 2020, 2019 and 2018 financial years as well as unaudited condensed consolidated statements for the January–June 2021 and 2020 periods with accompanying notes, which are included in the section "Historical financial information".

The information below contains forward-looking statements that reflect Kjell & Company's Group management's current view on various risks and uncertainties. Kjell & Company's actual results may deviate materially from the results discussed in these forward-looking statements as a consequence of many different factors, including, but not limited to such factors as referred to in this Prospectus, inter alia in the section "Risk factors" and in other places in this Prospectus.

Overview

Kjell & Company is a leading[1)] player in consumer electronics accessories, with a relevant and curated assortment of approximately 11,000 articles per 30 June 2021. The Company combines a large product range with a high degree of advice and customer service, which is offered via a seamless omni-channel offering – online and, as of 30 June 2021, at 130 service points, of which 107 are in 77 locations in Sweden and 23 in 18 locations in Norway and, in partnership with Circle K, at 292 stations across Sweden. In comparison, as per 30 June 2020, the Company had 106 service points in Sweden in 76 locations and 21 service points in 15 locations in Norway and had no collaboration with Circle K. Through the acquisition of AV-Cables, completed on 29 April 2021, Kjell & Company is also established in the Danish market and is further strengthening its position in the Nordics.

The Company's head office and central warehouse are located in Malmö. In the 2020 and 2019 financial years, the average number of employees at Kjell & Company was 698 and 701 respectively. The Company continuously strives to enhance everyday lives through technology and to counter social exclusion using competent personnel with a thorough understanding of the technology needs of consumers. To ensure skills development among staff, regular internal education on technology and customer interaction is provided through the Company's training programme, Kjell Academy. The Company has successfully established a loyalty club that, as per 30 June 2021, had approximately 2.4 million members, compared with 31 December 2019 when the number of members was approximately 1.9 million. Loyalty club members receive, for example, personalised membership offers.

Kjell & Company has a strong focus on customer service and customer interaction, which has had a proven effect as customers have awarded the Company the high NPS rating of 75.[2)] The Company's assessment is that a focus on understanding customers and their needs has positively impacted the Company's financial performance, where net sales grew with a CAGR of 8.7 per cent between the 2018 financial year and the 2020 financial year and adjusted EBITA[3)] grew with a CAGR of 5.9 per cent over the same period.

Kjell & Company's assortment is under constant development as technology and customer needs change. Historically, Kjell & Company has successfully followed technological shifts and has benefited from new customer needs that the Company has handled through its competent personnel and agile way of working. The product range offered by Kjell & Company is complemented by services that aim to assist customers, for example with installation support online or in the home through partners. The customer's technology needs are satisfied in the best possible manner through a seamless customer offering, from customer service and online ordering to the physical meeting, delivery and installation.

Segment reporting

The Company governs and accounts for operations based on three geographical segments: (i) Sweden, (ii) Norway and (iii) Denmark, whereby Sweden includes sales in Sweden, Norway includes sales in Norway and Denmark includes sales in Denmark. Denmark is a new segment for Kjell & Company following the acquisition

1) Arkwright – Market Study. Kjell & Company and Elgiganten are both market leaders in the Swedish CEA market with a market share of about 11 per cent each.
2) Based on answers from members of the loyalty club in Sweden during June 2021.
3) An unaudited alternative performance measure that is not defined under IFRS and is not a substitute for performance measures defined under IFRS. For more information about alternative performance measures, including definitions and the reason why they are used, see "*Selected historical financial information – Definitions of alternative performance measures*".

of AV-Cables and is recognised for the first time as a segment in the unaudited consolidated statements for the period January–June 2021.

Net sales and profitability vary between the three segments, with the highest net sales in Sweden, the strongest relative growth in Norway and highest profitability in Denmark. The differences in net sales, profitability and growth between the three segments is due to market-specific factors, such as differences in market position, sales volumes and pricing, and company-specific factors, including differences in brand awareness and the scope of the business. For further information about each segment's market and operations, refer to "*Market overview*" and "*Business overview*".

Most of the Company's net sales derive from Sweden. During the period January–June 2021, Sweden accounted for 83.1 per cent of total net sales, which compares with the period January–June 2020 when the corresponding figure was 87.4 per cent. In Sweden, Kjell & Company's omni-channel platform is well established and developed, which has enabled the Company to benefit from economies of scale and increased profitability. The adjusted EBITA margin[4] rose 0.2 percentage points in Sweden from 4.7 per cent for the period January–June 2020 to 4.9 per cent for the period January–June 2021.

During the 2015 financial year, Kjell & Company established operations in Norway, which has reported positive annual sales growth from the outset. During the period January–June 2021, Norway accounted for 12.4 per cent of total net sales, which compares with the period January–June 2020 when the corresponding share was 12.6 per cent. Profitability has also improved alongside an increase in net sales as the network of service points has expanded and brand awareness has grown. The adjusted EBITA margin[4] rose 8.2 percentage points in Norway from –6.0 per cent for the period January–June 2020 to 2.2 per cent for the period January–June 2021.

Through the acquisition of AV-Cables, completed on 29 April 2021, Kjell & Company established a presence in the Danish market. Sales in Denmark are conducted through AV-Cables.dk, which means that 100 per cent of net sales in Denmark are online-based. During the period January–June 2021, Denmark accounted for 4.5 per cent of total net sales. However, it is worth noting that during the period the Company was only active in Denmark from the completion of the acquisition, on 29 April 2021, until 30 June 2021 and therefore, only this period is reflected in the accounts for the period January–June 2021.

Key factors that impact Kjell & Company's earnings and financial position

Kjell & Company's financial position, cash flow and earnings have historically been affected by, and are expected to continue to be affected by, a number of key factors. The factors Kjell & Company considers most important for its financial position, earnings and cash flow are listed below.

- Demand for electronics and complementary services
- Operating efficiency
- Optimisation of Kjell & Company's customer experience
- Economies of scale through the omni-channel platform
- Product mix
- Customer loyalty
- Delivery model
- Retain and develop competent personnel
- Currency fluctuations
- Seasonal variations

Demand for electronics and complementary services

Kjell & Company's net sales growth[4] is primarily driven by three factors: (i) the acquisition of new customers and returning customers that are part of the Company's established customer base; (ii) the willingness of the Company's customers to allocate a larger share of their disposable income to purchasing the Company's products; and (iii) strategic acquisitions in existing and new markets and strategic partnerships. Kjell & Company's future growth is therefore, to a large extent, dependent on how the Company operates, refer to "*Business overview*," its ability to make strategic acquisitions in existing and new markets, refer to *"Business overview—Strategic acquisitions in existing and new markets"* and market drivers, such as demand for electronics and complementary services.

Kjell & Company is active in the CEA market that is expected to grow at a CAGR of about 7 per cent from 2019–2024 in Sweden, Norway and Denmark.[5] The CEA market is driven, inter alia, by an increased number of connected devices and the number of accessories per consumer electronics product.[6] Given that technology is under constant change, customer needs also change as does demand for electronics and complementary services. The Company responds to technology shifts

4) An unaudited alternative performance measure that is not defined under IFRS and is not a substitute for performance measures defined under IFRS. For more information about alternative performance measures, including definitions and the reason why they are used, see "*Selected historical financial information – Definitions of alternative performance measures*".

5) Arkwright – Market Study.

by offering a relevant and curated product range that is constantly updated and through value-added services. During 2020, an additional 2,442 articles were added to the assortment, which corresponds to an increase of 17 per cent compared to 2019. Furthermore, 2,172 articles were removed from the assortment, which corresponds to 15 per cent of the total number of articles from 2019. Increased product complexity in certain product categories also drives demand for customer service in the CEA market. Increased service demand increases the demands on Kjell & Company's personnel, who need relevant technology know-how to offer the customer service required by customers. Skills development is ensured through the Kjell Academy training programme.

To ensure that customers continue to choose Kjell & Company ahead of its competitors, it is of great importance that the Company in the future successfully adapts its range of products and services to the technological development, which may contribute to a positive trend for the Company's net sales. Moreover, the Company is of the opinion that changes to customer needs that could reduce demand for electronics and closely related services may be unfavourable for Kjell & Company's performance, refer to "*Risk factors – Risks related to Kjell & Company's industry and business*".

Operating efficiency

Kjell & Company's ability to maintain cost efficiency in its operations has an impact on the Company's earnings. Its ability to optimise operating costs is of great important and is effected through efficiency enhancements in internal processes, expansion of IT capacity to support business development and a strict cost control. Kjell & Company invested SEK 12.4 million and SEK 17.9 million, respectively, in developing the Company's online channel during the 2020 and 2019 financial years, which the Company believes has improved integration of the omni-channel platform and consequently operating efficiency. For example, personnel working at service points can provide customer service through the online platform at times during the day when there is less physical customer activity. Personnel costs as a percentage of net sales fell 1.4 percentage points[6] between the 2019 and 2020 financial years as a result of efficiency enhancements through increased integration of the omni-channel platform.

Optimisation of Kjell & Company's customer experience

The Company believes that most of Kjell & Company's customers start their customer journey in digital channels where they navigate to kjell.com and explore on their own or receive advice from the Company's employees through video or chat. The customer then has the choice to either complete their purchase online or in person at one of the Company's service points. Independent of sales channel, Kjell & Company offers fast delivery, directly to service points or to customers' home via a service point or from central warehouse if the purchase is conducted on kjell.com. Kjell & Company offers delivery within one day to approximately 70 per cent of the Swedish population. According to the company, the omni-channel platform must be fully integrated and the customer offering needs to be seamless regardless of channel, if it is to provide a good customer experience. Kjell & Company constantly strives to further integrate the online experience with the Company's physical presence. For example, Kjell & Company offers the option to book digital meetings with sales personnel through virtual one-to-one meetings by mobile phone, computer or other digital device. The customer is offered advice or inspiration regarding the product that best meets the customer's needs.

Kjell & Company believes its expanding network of service points improves availability, convenience and the customer experience. This in turn enables higher net sales. The Company has therefore opened 92 new service points in Sweden and Norway between 1 January 2009 and 30 June 2021, corresponding to about 71 per cent of the total number of the Company's service points as per 30 June 2021.

As per 30 June 2021, there were 107 service points in Sweden, compared with 106 as per 30 June 2020, and going forward, the Company is planning to optimise geographic coverage without necessarily changing the total number of service points in Sweden. This does not apply partnerships with other players, such as the partnership with Circle K, which started in the fourth quarter of 2020. As part of the partnership, Circle K acts as a retailer of Kjell & Company's own brands, which are sold via small spaces at Circle K stations in a separate Kjell & Company section. Since February 2021, the concept has been rolled out in all of Circle K's 292[7] staffed stations in Sweden. At Circle K, Kjell & Company's products are offered in an "on the go" format; allowing Kjell & Company to increase availability for customers who are on the move and satisfy customer needs resulting from the mobile life, such as a missing charger. Furthermore, the partnership provides another channel to sell own brands. Kjell & Company has identified opportunities for new partnerships similar to that with Circle K, which could help to boost net sales.

6) Calculated as the difference between the ratio of Personnel costs and Net sales for 2019 and 2020 financial years. For 2020, Personnel costs amounted to SEK 418.1 million, Net sales amounted to SEK 1,999.0 million and the ratio between the two was 20.9 per cent. For 2019, Personnel costs amounted to SEK 416.7 million, Net sales amounted to SEK 1,871.0 million and the ratio between the two was 22.3 per cent.

7) As per 30 June 2021.

The number of service points in Norway totalled 23 as per 30 June 2021. The Company believes there is a continued potential for growth in the Norwegian market and is planning to increase its geographic coverage. The expansion in the number of service points and greater geographic presence is expected to raise the Company's brand awareness and improve convenience for customers, for example, through expanded delivery opportunities, including Click-and-Collect for customers who place orders online. The Company hopes that the expansion in Norway will, in the future, result in the Norwegian business reporting similar sales and margins as the Swedish business. Kjell & Company's concept with service points is standardised, the culture is strong and the model for establishing new service points is structured, which means the Company has the capacity to expand geographically to new markets, currently in Norway and in the future in more countries.

As a result of the acquisition of AV-Cables, where 100 per cent of net sales are conducted through AV-Cables.dk, Kjell & Company has strengthened its customer offering online and the Company has increased the total share of sales from its online channels to 21[8] per cent (excluding Click-and-Collect and the full effect of AV-Cables[9]) during the period January–June 2021, compared with 14[8] per cent for the period January–June 2020. AV-Cables has an established purchasing, warehouse and distribution organisation. The integration with Kjell & Company began upon completion of the acquisition, on 29 April 2021, and is expected to take place in stages, refer to "*Business overview—Development of Danish operations*" Furthermore, Kjell & Company is evaluating opportunities to establish service points in Denmark to enhance delivery opportunities, brand awareness, geographic coverage and the customer service offering.

Economies of scale through the omni-channel platform

The Company's ability to create efficient operations is largely dependent on the Company successfully increasing net sales and achieving sufficient economies of scale by integrating the omni-channel platform's different channels.

The Company has increased net sales by 6.8 per cent between 2019 and 2020 at the same time as it has invested in integrating the omni-channel platform, including a new website in 2019. The Company believes this has enabled economies of scale and contributed to reducing operating expenses, for example, the omni-channel platform allows the Company to conduct resource- and cost-efficient allocation of its personnel as the sales personnel can interact with customers through several channels at the same time, refer to "*—Operating efficiency*". Personnel costs as a percentage of net sales have, as a result, declined 1.4 percentage[10] points between the 2019 and 2020 financial years.

The Company believes the most important factors explaining the decline in operating expenses as a percentage of net sales, while net sales are rising, are related to suppliers, warehouse design, synergies related to the omni-channel platform and personnel costs.

As net sales increase, and as a result of purchasing volumes, the Company needs adequate warehouse space to store the products. The design of Kjell & Company's warehouse, which comprises a central warehouse and warehouse space at service points (about 65 per cent of space at service points), means that warehouse space does not need to be increased at the same rate as operations expand. Furthermore, as an effect of the design of the warehouse and the integration of the omni-channel platform, the Company believes economies of scale related to inventory costs can be achieved in the future, regardless of whether the central warehouse needs expanding.

The Company's strategically located inventory in service points, and delivery services such as Click-and-Collect, allow the Company to effectively leverage growth in online sales. The Company believes the integration and design of the omni-channel platform, in combination with inventory held at each service point, may mean a higher proportion of online sales as a share of net sales could lead to lower delivery costs from warehouse/inventory to customer as a share of net sales.

As a result of the acquisition of AV-Cables, completed on 29 April 2021, Kjell & Company established a presence in the Danish market, which further strengthens Kjell & Company's position in the Nordics and contributes to greater economies of scale, refer to *"Business overview—Strategic acquisitions in existing and new markets"*.

Kjell & Company believes a strong position in the Nordic CEA market, improved customer experience through the omni-channel platform, a relevant range and a well-functioning delivery model, will entail a gradual realisation of operating leverage effects and enable an

8) Based on information from the Company's internal business system, neither audited nor reviewed.
9) Since the acquisition was completed on 29 April 2021, only the period from the completion of the acquisition until 30 June 2021 is reflected in the share of sales from online channels.
10) Calculated as the difference between the ratio of Personnel costs and Net sales for 2019 and 2020 financial years. For 2020, Personnel costs amounted to SEK 418.1 million, Net sales amounted to SEK 1,999.0 million and the ratio between the two was 20.9 per cent. For 2019, Personnel costs amounted to SEK 416.7 million, Net sales amounted to SEK 1,871.0 million and the ratio between the two was 22.3 per cent.

increase in adjusted EBITA[11]. Increased margins and decreased costs may improve cash flow and further decrease working capital[11] as a share of net sales. Over the period January–June 2021 compared to the period January–June 2020, the Adjusted EBITA margin[11] increased by 1.6 percentage points to 5.0 per cent from 3.3 per cent and working capital[11] as a share of net sales per the last reporting date of the period declined by 0.8 percentage points to –1.9 per cent for the 2020 financial year from –1.1 per cent for the 2019 financial year.

The Company anticipates increased future growth would lead to greater economies of scale through overall improvement in efficiency and reduced costs as a positive effect of marketing efficiency, brand awareness and the Company's ability to better leverage investments in IT and digitalisation.

Product mix

The Company's products and product categories are characterised by various pricing and margin profiles, where choices in the product mix can impact the Company's net sales and gross margin[11]. Kjell & Company has a broad product mix and offered a curated range of about 100 A and B brands and 20 own brands and no-name brands as per 30 June 2021. Since 2007, Kjell & Company has developed own brands which, together with no-name brands, generally offer higher gross margins[11] compared with the Company's other product offerings. Own brands and no-name brands represented 46 per cent[12] and 48 per cent[12] of net sales in the 2020 and 2019 financial years, respectively.

Since 2017, the Company has monitored demand and customer behaviour using customer data from Kjell & Company's loyalty club in order for the Company to adapt operations and product range to meet demand and increase sales of own brands and other brands. Data from the loyalty club provides a better understanding of Kjell & Company's customers and the Company can thereby, increasingly develop a relevant and curated product and service offering, and adapt the offering at service points in response to customer needs in different geographic locations. Historically, data from the loyalty club has been important in several respects and has, for example, allowed the Company to conclude that its customer group has greater purchasing power than indicated in earlier analyses. As a result, Kjell & Company has since 2018 extended its range of A and B brands.

According to the Company, the development and purchasing of own products with increased technology content and that can generally be sold at a higher price is associated with long development processes. Historically, the Company's product range in this product category has been dominated by A and B brands. As a result of insights gained from customer analysis, the company believes there is sufficient capacity and demand to motivate the development and production of a larger share of own-brand products with increased technology content. The Company believes an increase in the share of these types of products in relation to A and B brands can contribute to higher net sales and a better gross margin[11]. Different categories of products have a varying impact on the Company's gross margin[11], where A and B brands had an average gross margin of 30[12] per cent in the 2020 financial year and 30[12] per cent in the 2019 financial year, and own brands and no-name brands had an average gross margin[11] of 67[12] per cent in the 2020 financial year and 68[12] per cent in the 2019 financial year.

Even if A and B brands generally have lower gross margin,[11] the Company believes these strengthen Kjell & Company's own brands and help associate its own product brands with high quality, at the same time as A and B brands attract customers to the Company's omni-channel platform. Some of the agreements Kjell & Company has with suppliers of A and B brands provide the Company with marketing support and commissions when a certain sales volume is reached. In the 2020 and 2019 financial years, marketing support and commissions increased 62.2 per cent and 14.6 per cent, respectively. Any potential commissions and marketing support will continue to positively impact the Company's gross profit[13] in the future.

Products in the CEA market are less dependent on brand awareness compared with products in the CE market. However, the brand of retailers is more important, and a carefully designed product offering is important for customers, as is a high level of service, see also *"Market overview"*. Through its excellent customer service and curated product range, Kjell & Company has attained a strong position as a retailer in the Swedish CEA market. The Company's assessment is that Kjell & Company is rewarded in terms of demand and rising sales through the functionality, quality and competitive pricing of its own products. By retaining the strong market position, high level of customer service and an attractive product range catering to customer needs, the Company expects to continue to benefit from the development of own brands through higher net sales and gross margin[13].

11) An unaudited alternative performance measure that is not defined under IFRS and is not a substitute for performance measures defined under IFRS. For more information about alternative performance measures, including definitions and the reason why they are used, see – *"Definitions of alternative performance measures"*.
12) Based on information from the Company's internal business system, neither audited nor reviewed.
13) An unaudited alternative performance measure that is not defined under IFRS and is not a substitute for performance measures defined under IFRS. For more information about alternative performance measures, including definitions and the reason why they are used, see *"—Definitions of alternative performance measures"*.

In addition to Kjell & Company's product offering, that contributes a large proportion of net sales, the Company provides services in the form of customer service, such as installation support online and in the home. The Company considers its service offerings to be important to complete the customer offering and to meet customer demand.

Kjell & Company's product range is similar to AV-Cables', focusing on the CEA market. AV-Cables' product range comprises about 29,000 products[14)] compared with Kjell & Company's product range, which comprises about 8,000 products[14)]. The average sales contribution per product is however significantly higher for Kjell & Company's products. AV-Cables' product range mainly comprises products in mobile phone accessories, audio, network and computer accessories, where 100 per cent of sales are conducted online. The integration of AV-Cables is ongoing and Kjell & Company has identified an opportunity in the future to establish new product categories in AV-Cables' product range and to establish the Kjell & Company brand in Denmark. There is also significant potential to introduce parts of AV-Cables' assortment in Kjell & Company's other markets.

Customer loyalty

Kjell & Company is one of the players with the highest market share in the CEA market in Sweden,[15)] which the Company believes is a result of a high customer satisfaction. The Company's net sales and financial results are dependent on that customers continue to consider Kjell & Company's offering attractive in the future. The Company therefore regularly curates the product range in response to customer needs and constantly strives to improve the customer experience through marketing, customer service, efficient deliveries and competitive pricing. The Company believes these measures have in the past been successful given the Company's market share of 11 per cent[15)], and is of the opinion that the measures increase the likelihood that customers will choose Kjell & Company ahead of its competitors in the future.

Kjell & Company's ability to successfully convert new customers to return customers has a substantial impact on the Company's net sales. The Company therefore strives to maintain an attractive customer offering in the form of a selection of popular goods and a high level of customer service to raise customer satisfaction and consequently increase the number of return customers. Kjell & Company's customer satisfaction is indicated by an NPS rating of 75 and an average rating of 9.2 of 10.0 on Prisjakt[16)]. AV-Cables, which was acquired by Kjell & Company in 2021, also has industry-leading customer satisfaction with a large customer base. The industry-leading level of customer satisfaction is supported by data from trustpilot.com, where AV-Cables has an average rating of 4.9 of 5.0[17)] on the basis of more than 112,000[17)] ratings and is the highest of comparable companies.[18)] Kjell & Company believes AV-Cables has a large loyal customer base as returning customers accounted for about 55 per cent of AV-Cables' net sales in the 2020 financial year.

To maintain customer satisfaction, the Company analyses data from Kjell & Company's loyalty club, which includes monitoring customer shopping patterns. This allows the Company to offer more relevant and targeted offerings compared with before the loyalty club was established. The Company believes one effect of Kjell & Company's offering of more relevant and targeted offerings is higher net sales at the same time as the marketing budget can be allocated more efficiently. Since the Company began analysing data from the loyalty club in the 2017 financial year, the average order value has increased by 44 per cent[19)] in the 2020 financial year.

Furthermore, the Company believes data from the loyalty club can be used even more in the future. For example, the Company assesses that data could be used to match the right customer to the right sales personnel and through better understanding of the customer base, the product range can be further adapted in specific geographic areas. The Company deems that the use of customer data is very important for the Company's future growth and profitability, and through the effective use of data the Company expects to increase net sales and gross margin[20)].

Delivery model

As a result of the rise in the Company's net sales, and the increased share of online in net sales, the Company's profitability is extensively impacted by the cost efficiency of the Company's delivery model. The Company has a distribution model where products are delivered from suppliers to the central warehouse, then to each service point as required and finally to the customer, or

14) As per 30 June 2021.
15) Arkwright – Market Study. Kjell & Company and Elgiganten are both market leaders in the Swedish CEA market with a market share of about 11 per cent.
16) Prisjakt Classic on prisjakt.nu as per 8 August 2021.
17) As per 30 June 2021.
18) As per 30 June 2021, referees to the category Elekronikbutik (Eng: *"Electronics store")*.
19) Includes currency translation of revenue in NOK at the reporting currency rate of SEK.
20) An unaudited alternative performance measure that is not defined under IFRS and is not a substitute for performance measures defined under IFRS. For more information about alternative performance measures, including definitions and the reason why they are used, see *"—Definitions of alternative performance measures*".

directly from the central warehouse to the customer. The Company has taken a number of measures to streamline its delivery model and reduce related costs in the form of freight costs and costs for warehousing. Measures taken include replacing the forwarding agent in Norway, investing in more effective picking equipment and adapting delivery schedules to service points. If the goods were to be sent directly from the central warehouse in Malmö, the Company estimates that it would take about five days for a customer in Tromsø (Norway) to receive their goods, partly due to the distance between the central warehouse and Tromsø and partly due to Norway's transport solutions. Instead, having inventory at individual service points enables delivery within one day, provided the item is in stock at the service point. This is attractive from a customer perspective but also from the cost perspective, as it is more cost-efficient to deliver a large number of items to a specific service point compared with individual items to specific customers.

Kjell & Company's ability to efficiently manage customer returns is also important for the Company's efficiency and profitability. Returns can be resource intensive and drive costs as they normally require a high degree of manual intervention that may contribute to increased personnel costs. Returns may also drive costs related to freight. When customers wish to return a product, this is often done at service points. Staff are then given an opportunity to sell a replacement product to customers and is also given an opportunity for additional sales. The Company considers the physical meeting with customers during the return process an advantage compared with dedicated online sales since the opportunity for additional sales may have a positive impact on net sales. As a percentage of net sales, the Company had customer returns of 6.8 per cent[21)] in the 2020 financial year and 6.6 per cent[20)] in the 2019 financial year.

Through the acquisition of AV-Cables, Kjell & Company has an independent warehouse and distribution organisation in Denmark with a warehouse facility located in Hornsyld, Denmark, which is expected to secure warehouse capacity for continued growth. Online orders are sent from AV-Cables' warehouse with Postnord as delivery partner and delivery within one day is offered to customers throughout Denmark. AV-Cables also offers products to Sweden and Iceland. Kjell & Company is evaluating opportunities to establish strategically located service points in Denmark to enhance delivery opportunities and geographic coverage.

Retain and develop competent personnel

Kjell & Company considers its employees to be the Company's most important asset. The Company intends to continue investing in recruitment and personnel development to attract and retain technology-interested and competent personnel. Between 31 December 2018 and 31 December 2020, the average number of employees increased 2.3 per cent from 682 to 698.

In order to retain competent personnel, Kjell & Company set up the Kjell Academy initiative in 2007. Training is compulsory for new employees and ensures a high level of knowledge. The Company believes Kjell Academy and a bonus system have improved its ability to retain experienced personnel, see also *"Business overview – Technology-interested and competent personnel"* for more information. For example, by the 30 June 2021, 58.3 per cent of full-time employees in central functions, such as HR and finance, had been full-time employees for longer than three years. Furthermore, 50 per cent[22)] of Group management began their career at Kjell & Company as sales personnel after which they were promoted to different positions within Group management.

Currency fluctuations

Kjell & Company has financial flows in several currencies while the Company's consolidated accounts are prepared in Swedish kronor (SEK). This means Kjell & Company is continuously exposed to currency-related transaction risks. Exchange rates between SEK and currencies to which the Company is exposed have fluctuated in recent years and the same exchange rates may also fluctuate in the future. The Group's direct transaction exposure arises primarily in conjunction with purchases paid for in EUR, USD and CNY. In 2020, the Group conducted purchases in EUR amounting to EUR 31.2 million compared with EUR 24.2 million in 2019, purchases in USD amounting to USD 23.2 million compared with USD 25.4 million in 2019 and purchases in CNY amounting to CNY 14.2 million compared with CNY 22.0 million in 2019. The acquisition of AV-Cables entails additional exposure to EUR and DDK since the company conducts most of its purchases in these currencies. DDK is not included in the tables below since the acquisition was concluded after the 2020 reporting date.

There were no currency derivatives outstanding as of 31 December 2020. The table below illustrates what effects a 10 per cent weakening or strengthening of EUR, USD and CNY against SEK would have for the Group's expenditure for purchases of goods and thereby the costs of goods for resale when these goods are sold to customers. The calculations are based on the assumption that all other variables remain unchanged and on the

21) Customer returns include all returns regardless of reason, even returns related to product warranties.
22) As per 30 June 2021.

volume of purchases in the various currencies made each year.

Amounts in MSEK unless otherwise stated	Financial year[1)]		
	2020	**2019**	**2018**
EUR	+/– 32.7	+/– 25.7	+/– 24.1
USD	+/– 21.3	+/– 24.1	+/– 21.5
CNY	+/– 1.9	+/– 3.0	+/– 2.1
Total	**+/– 55.9**	**+/– 52.7**	**+/– 47.6**

1) Retrieved from the Group's audited consolidated financial statements from and for the 2020, 2019 and 2018 financial years.

The Company's translation exposure pertains primarily to subsidiaries in Norway, Denmark and China, which gives rise to translation exposure in NOK, as well as CNY since the subsidiaries' financial statements are translated into SEK. Furthermore, the acquisition of AV-Cables entails a translation exposure in DDK. The table below shows the Group's net investments in NOK and CNY as of the reporting date. The sensitivity analysis is based on the assumption that all other variables remain unchanged.

Translation exposure – net investments in foreign currency

Amounts in MSEK unless otherwise stated	Financial year[1)]		
	2020	**2019**	**2018**
NOK	25.4	19.4	15.2
CNY	3.7	3.4	3.0

1) Retrieved from the Group's audited consolidated financial statements from and for the 2020, 2019 and 2018 financial years.

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

Amounts in MSEK unless otherwise stated	Impact on equity[1)]			Impact on working equity[1)]		
	2020	**2019**	**2018**	**2020**	**2019**	**2018**
NOK	+/– 2.3	+/– 2.2	+/– 1.6	+/– 0.9	+/– 0.8	+/– 0.6
CNY	+/– 0.6	+/– 0.6	+/– 0.5	+/– 0.0	+/– 0.1	+/– 0.1

1) Retrieved from the Group's audited consolidated financial statements from and for the 2020, 2019 and 2018 financial years.

Seasonal variations

Kjell & Company's operations are seasonal in relation to net sales as well as inventory and working capital[23)], which may lead to variations in net sales and cash flow.

A significant share of net sales and operating profit is generated during the fourth quarter, which is attributable to Black Friday and Christmas sales. As a result, working capital[22)] generally declinesin the fourth quarter since net sales rise and inventory decreases. On average, the fourth quarter for the 2020 and 2019 financial years accounted for about 33 per cent of total net sales for the year and 54 per cent of EBIT. The sum of inventory and accounts receivable less accounts payable as a share of net sales amounted in 2020 and 2019 to an average of 5.6 per cent for the fourth quarter, compared with 8.3 per cent on average for all quarters in 2020 and 2019. The Company expects similar seasonal variations to also arise in the future.

The impact of the COVID-19 pandemic on Kjell & Company's operating and financial results

The ongoing COVID-19 pandemic has affected and may continue to affect Kjell & Company's operations. One example of the impact on operations is the general wide support in the form of furloughing and the removal of the sick leave qualification day due to the pandemic. This support contributed towards lower personnel costs in 2020 and in particular during the second quarter.

How the COVID-19 pandemic has been managed has differed between markets where Kjell & Company currently operates, as a result of the restrictions and recommendations in the respective countries. During 2020 sales in the fourth quarter were for example particularly affected, as extensive restrictions coincided with the Company's most important sales period, Christmas. During 2021 some of the Company's service points in Norway were, for example, forced to temporarily close due to COVID-19 restrictions.

However, developments in 2020 shows that customers have changed their purchasing behaviour and that Kjell & Company has an excellent ability to offer purchasing alternatives to customers that are seen as safe and efficient. The assessment is that the positive trend in 2020 in terms of sales will continue in 2021. As infection rates fall due to the vaccination programme, which began by the end of 2020, sales are expected to increasingly be generated through physical purchases at service points compared with 2020.

23) An unaudited alternative performance measure that is not defined under IFRS and is not a substitute for performance measures defined under IFRS. For more information about alternative performance measures, including definitions and the reason why they are used, see *"—Definitions of alternative performance measures"*.

Latest developments and trends

There is continued strong demand for Kjell & Company's offering across all markets, a trend which is expected to continue. The Company assesses that its markets are in the final stages of the COVID-19 pandemic and experiences a strong interest in consumer electronics, driven by increased interest in working from home, even after the pandemic, and the fact that private and business travel is on the rise. During the second week of May, the Company was able to reopen its stores in Norway that had been temporarily closed due to restrictions. This is estimated to have had a positive impact on sales at the end of the quarter. Furthermore, as the spread of infection in Sweden has decreased, the Company has seen a recovery in sales growth in the Swedish market.

The challenges brought on by the COVID-19 pandemic has resulted in a change in consumer behavior towards a more digital spending pattern amongst the Company's customers. Kjell & Company has achieved growth, at the same time as an accelerated channel migration has taken place. The Company considers this further evidence of the flexibility and resistance that the omni-channel platform contributes with through the ability to successfully follow customers through channel shifts. Kjell & Company assesses that a strong digital presence will be of increased importance for future customer acquisitions and that customers increasingly will value frictionless shopping experiences and and a high level of customer service.

The Company sees the strong development for Kjell Group as evidence of the Company's exceptional workers' success in providing the best possible service and advice to customers, regardless of sales channel. The Company's employees have together created a reality where online sales and online advice are seamlessly integrated with customer interactions and where technology is available to all.

Material changes since 30 June 2021

In order to prepare the Company for a potential IPO on Nasdaq First North Growth Market, the extraordinary general meeting held on 13 July 2021 decided to increase the number of ordinary shares outstanding in Kjell Group AB, from 216,972 to 11,470,400 through a share split.

During August, the Company has agreed on new bank financing with Nordea, suitable for the listed environment. For additional information, please see the section *"Operating and financial review – Indebtedness – New Credit Facilities".*

The board of the Company decided the 23 August 2021 to allow bonuses to be paid by Kjell & Company to the CEO , CFO, CCO and CTO in connection and conditional of the completion of the Offering. The bonuses amount to approximately SEK 9.5 million (plus social security contributions amounting to SEK 3.0 million, see "*Corporate governance – Remuneration and terms of engagement – Bonuses*".

Other than what has been mentioned above, there have been no significant changes in the Company's financial position or financial performance since 30 June 2021.

Explanation of important income statement items

Net sales

Kjell & Company mainly generates revenue from sales of consumer electronics accessories to consumers through stores and online sales. Sales proceeds are recognised with deducted VAT, returns and discounts as net sales in the consolidated statement of profit or loss. Sales take place in Sweden, Norway and Denmark.

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

Other operating income

Kjell & Company's other operating income primarily comprises exchange rate gains on operating receivables/liabilities, grants and compensation for the establishment and relocation of service points, insurance compensation, received and compensation for legal expenses and other income.

Goods for resale

Costs for goods for resale primarily comprise the cost, including delivery costs for products purchased from goods suppliers, chemicals tax, freight costs to service points, obsolescence and shortfalls. Inventories are recognised at the lower of cost or net realisable value less deduction for obsolescence. Cost is calculated using weighted average prices. The net realisable value is the estimated sales price in operating activities less expected costs for handling and selling.

Personnel costs

Personnel costs include salary, pension, social security expenses and benefits for the Company's employees.

Other external expenses

Other external expenses comprise expenses for freight to customers, consumable supplies and materiel, marketing and selling expenses, insurance and other external services.

Other operating expenses

Other operating expenses primarily comprise exchange rate losses on operating receivables or liabilities.

Depreciation/amortisation

The Company depreciates tangible assets and amortises intangible assets. Depreciation/amortisation is recognised in net profit for the period on a straight-line basis over the estimated useful life of the asset, unless it is an intangible asset with an indefinite useful life. Useful lives are reviewed at least annually. Goodwill and other intangible assets with indefinite useful lives or which have not yet been completed for use are tested for impairment annually and also as soon as there are indications that the asset in question has decreased in value. Intangible assets with determinable useful lives are amortised from the date when they become available for use.

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 of tangible and intangible assets.

Net financial items

Net financial items comprises the Company's financial income less financial expenses. Financial income comprises other items. Financial expenses comprises interest expenses on loans, lease liabilities and other items.

Profit (loss) before tax

Profit before tax comprises the Company's operating profit (EBIT) less net financial items.

Income tax

Tax comprises current tax and deferred tax. Tax is recognised in profit or loss except to the extent that it is attributable to a business combination, or items recognised directly in equity or other comprehensive income.

Net profit (loss) for the period

Net profit (loss) for the period refers to profit after tax.

Results of the operations

January–June 2021 compared with corresponding period 2020

	January–June[1)]	
Amounts in MSEK unless otherwise stated	**2021**	**2020**
Operating income		
Net sales	990.2	840.9
Other operating income	5.8	0.1
	996.0	**841.0**
Operating expenses		
Goods for resale	–549.0	–463.0
Personnel costs	–220.9	–201.1
Other external expenses	–118.5	–78.2
Other operating expenses	–1.3	–6.8
Depreciation/amortisation of tangible and intangible assets	–74.8	–68.4
Operating profit	**31.5**	**23.5**
Financial items		
Financial income	0.4	0.0
Financial expenses	–31.2	–32.6
Net financial items	**–30.8**	**–32.6**
Profit (loss) before tax	**0.6**	**–9.2**
Income tax	–5.7	–4.3
Net profit (loss) for the period	**–5.1**	**–13.5**
Net profit (loss) for the period attributable to:		
– Parent Company's shareholders	–5.1	–13.5
Net profit (loss) for the period	**–5.1**	**–13.5**

1) Retrieved from the Group's unaudited condensed consolidated financial statements for the period January–June 2021 with comparative figures for the period January–June 2020.

Net sales

Net sales for the period January–June 2021 amounted to SEK 990.2 million, up SEK 149.3 million, or 17.8 per cent, compared with SEK 840.9 million for the period January–June 2020. This is explained by an increase in net sales in Sweden of SEK 88.1 million and an increase in net sales in Norway of SEK 16.5 million and effects of the AV-Cables acquisition in Denmark amounting to SEK 44.7 million. Excluding net sales by AV-Cables, the increase amounted to SEK 104.6 million or 12.4%.

Net sales in Sweden for the interim period 2021 amounted to SEK 822.8 million, compared with SEK 734.7 million for the interim period 2020. Net sales in Norway for the interim period 2021 amounted to SEK 122.8 million, compared with SEK 106.2 million for the 2020 financial year. In both countries, increased online shopping as well as increased sales in service points contributed to the increase in net sales.

Other operating income

Other operating income for the period January–June 2021 amounted to SEK 5.8 million, up SEK 5.7 million compared with SEK 0.1 million for the period January–June 2020. This was primarily the result of exchange rate gains on the translation of operating receivables and operating liabilities as well as rent income.

Goods for resale

Goods for resale for the period January–June 2021 amounted to SEK 549.0 million, up SEK 86.1 million, or 18.6 per cent, compared with SEK 463.0 million for the period January–June 2020. This was primarily the result of increased net sales. Goods for resale increased slightly more compared to net sales, which was primarily the result of mix effects.

Personnel costs

Personnel costs for the period January–June 2021 amounted to SEK 220.9 million, up SEK 19.7 million, or 9.8 per cent, compared with SEK 201.1 million for the period January–June 2020. This was primarily the result of higher contractual salaries, and subdued recruitment in 2020 as a result of the pandemic. In 2020, as opposed to 2021, the Company received government grants for furloughing and sick leave. Also, in 2021, there has been recruitment to group functions. Furthermore, personnel costs increased following the acquisition of AV-Cables.

Other external expenses

Other external expenses for the period January–June 2021 amounted to SEK 118.5 million, up SEK 40.3 million, or 51.6 per cent, compared with SEK 78.2 million for the period January–June 2020. This was primarily the result of costs related to the preparation for a potential listing, costs related to the acquisition of AV-Cables, increased freight costs, increased costs for consumable supplies and materiel, increased selling expenses and marketing costs.

Other operating expenses

Other operating expenses for the period January–June 2021 amounted to SEK 1.3 million, down SEK 5.5 million, or 80.9 per cent, compared with SEK 6.8 million for the period January–June 2020. This was primarily the result of decreased exchange rate losses on the translation of operating receivables and liabilities.

Depreciation/amortisation of tangible and intangible assets

Depreciation/amortisation of tangible and intangible assets for the period January–June 2021 amounted to SEK 74.8 million, up SEK 6.4 million, or 9.3 per cent, compared with SEK 68.4 million for the period January–June 2020. This was primarily the result of increased depreciation/amortisation of lease liabilities and intangible assets.

Operating profit (EBIT)

Operating profit (EBIT) for the period January–June 2021 amounted to SEK 31.5 million, up SEK 8.0 million, or 34.2 per cent, compared with SEK 23.5 million for the period January–June 2020. This was primarily the result of increased gross profit[24] following the reasons stated above, partly offset by increased depreciation/amortisation, increased personnel costs and increased other external expenses including costs associated with preparation for a potential listing and business combinations.

Net financial items

Net financial items for the period January–June 2021 amounted to SEK –30.8 million, an improvement of SEK 1.8 million, or 5.5 per cent, compared with SEK –32.6 million for the period January–June 2020. This was primarily the result of reduced interest expenses on lease liabilities but also reduced interest expenses on other interest-bearing liabilities.

Profit (loss) before tax

Profit before tax for the period January–June 2021 amounted to SEK 0.6 million, up SEK 9.8 million, or 107.1 per cent, compared with SEK –9.2 million for the period January–June 2020. This was primarily the result of improved operating profit and improved net financial items.

Income tax

Tax expenses for the period January–June 2021 amounted to SEK 5.7 million, up SEK 1.4 million, or 32.8 per cent, compared with SEK 4.3 million for the period January–June 2020. This was primarily the result of improved profit before tax.

Net profit (loss) for the period

As a result of the reasons stated above, net profit (loss) for the period January–June 2021 amounted to SEK –5.1 million, an improvement of SEK 8.4 million, or 62.2 per cent, compared with SEK –13.5 million for the period January–June 2020.

24) An unaudited alternative performance measure that is not defined under IFRS and is not a substitute for performance measures defined under IFRS. For more information about alternative performance measures, including definitions and the reason why they are used, see "*—Definitions of alternative performance measures*".

2020 financial year compared with 2019 financial year

Amounts in MSEK unless otherwise stated	Financial year[1)] 2020	2019
Operating income		
Net sales	1,999.0	1,871.0
Other operating income	8.7	2.2
	2,007.7	1,873.1
Operating expenses		
Goods for resale	–1,121.5	–1,031.8
Personnel costs	–418.1	–416.7
Other external expenses	–184.9	–156.5
Other operating expenses	–4.2	–0.0
Depreciation/amortisation of tangible and intangible assets	–139.6	–129.9
Operating profit	**139.3**	**138.2**
Financial items		
Financial income	0.0	0.1
Financial expenses	–61.8	–67.4
Net financial items	**–61.8**	**–67.3**
Profit (loss) before tax	**77.5**	**70.9**
Income tax	–18.7	–18.4
Net profit (loss) for the period	**58.8**	**52.5**
Net profit (loss) for the period attributable to:		
– Parent Company's shareholders	58.8	52.5
Net profit (loss) for the period	**58.8**	**52.5**

1) Retrieved from the Group's audited consolidated financial statements from and for the 2020, 2019 and 2018 financial years.

Net sales

Net sales for the financial year ending 31 December 2020 amounted to SEK 1,999.0 million, up SEK 128.0 million, or 6.8 per cent, compared with SEK 1,871.0 million for the financial year ending 31 December 2019. This was due to an increase of SEK 74.9 million in net sales in Sweden and an increase of SEK 53.1 million in sales in Norway. Net sales in Sweden for the 2020 financial year amounted to SEK 1,747.2 million compared with SEK 1,672.3 million for the 2019 financial year. Net sales in Norway for the 2020 financial year amounted to SEK 251.8 million compared with SEK 198.6 million for the 2019 financial year. Increased online sales contributed to higher net sales in both countries.

Other operating income

Other operating income for the financial year ending 31 December 2020 amounted to SEK 8.7 million, up SEK 6.5 million, or 302.3 per cent, compared with SEK 2.2 million for the financial year ending 31 December 2019. This was primarily the result of damages received and compensation for legal costs totalling SEK 5.0 million, and insurance compensation received amounting to SEK 0.5 million.

Goods for resale

Goods for resale for the financial year ending 31 December 2020 amounted to SEK 1,121.5 million, up SEK 89.7 million, or 8.7 per cent, compared with SEK 1,031.8 million for the financial year ending 31 December 2019. This was primarily the result of higher net sales. Goods for resale increased slightly more relative to net sales, which was mainly the result of the product mix.

Personnel costs

Personnel costs for the financial year ending 31 December 2020 amounted to SEK 418.1 million, up SEK 1.5 million, or 0.4 per cent, compared with SEK 416.7 million for the financial year ending 31 December 2019. This was mainly the result of higher contractual salaries (from November compared with April under normal circumstances) but was offset by government grants received for furloughing and the removal of the sick leave qualification day due to the COVID-19 pandemic and more effective allocation of personnel resources.

Other external expenses

Other external expenses for the financial year ending 31 December 2020 amounted to SEK 184.9 million, up SEK 28.5 million, or 18.2 per cent, compared with SEK 156.5 million for the financial year ending 31 December 2019. This was mainly the result of higher freight costs to customers due to increased online sales, increased costs for consumable supplies and materiel and higher selling expenses and marketing costs that were partly offset by lower travel costs.

Other operating expenses

Other operating expenses for the financial year ending 31 December 2020 amounted to SEK 4.2 million, up SEK 4.2 million, compared with SEK 0.0 million for the financial year ending 31 December 2019. This was primarily the result of exchange rate losses on operating receivables and liabilities.

Depreciation/amortisation of tangible and intangible assets

Depreciation/amortisation of tangible and intangible assets for the financial year ending 31 December 2020 amounted to SEK 139.6 million, up SEK 9.7 million, or 7.5 per cent, compared with SEK 129.9 million for the financial year ending 31 December 2019. This was primarily the result of higher depreciation of right-of-use assets and amortisation of intangible assets.

Operating profit (EBIT)

Operating profit (EBIT) for the financial year ending 31 December 2020 amounted to SEK 139.3 million, up SEK 1.1 million, or 0.8 per cent, compared with SEK 138.2 million for the financial year ending 31 December 2019. This was primarily the result of higher gross profit[25] due to the reasons described above that was partly offset by higher amortisation/depreciation and increased other external expenses.

Net financial items

Net financial items for the financial year ending 31 December 2020 amounted to SEK –61.8 million, down SEK 5.5 million, compared with SEK –67.3 million for the financial year ending 31 December 2019. This was primarily the result of lower interest expenses on lease liabilities, but also lower interest expenses on other interest-bearing liabilities.

Profit (loss) before tax

Profit before tax for the financial year ending 31 December 2020 amounted to SEK 77.5 million, up SEK 6.6 million, or 9.3 per cent, compared with SEK 70.9 million for the financial year ending 31 December 2019. This was the result of improved operating profit and improved net financial items.

Income tax

Tax expenses for the financial year ending 31 December 2020 amounted to SEK 18.7 million, up SEK 0.3 million, or 1.7 per cent, compared with SEK 18.4 million for the financial year ending 31 December 2019. This was primarily an effect of improved profit before tax for the 2020 financial year compared with 2019, and the positive impact of SEK 1.4 million from the option to utilise interest deductions. The effective tax rate for the financial year ending 31 December 2020 amounted to 24.1 per cent, down from 25.9 per cent for the financial year ending 31 December 2019.

Net profit (loss) for the period

As a result of the reasons stated above, net profit for the period for the financial year ending 31 December 2020 amounted to SEK 58.8 million, up SEK 6.3 million, or 12.0 per cent, compared with SEK 52.5 million for the financial year ending 31 December 2019.

2019 financial year compared with 2018 financial year

Amounts in MSEK unless otherwise stated	Financial year[1)] 2019	2018
Operating income		
Net sales	1,871.0	1,690.9
Other operating income	2.2	10.7
	1,873.1	1,701.6
Operating expenses		
Goods for resale	–1,031.8	–889.5
Personnel costs	–416.7	–412.0
Other external expenses	–156.5	–146.3
Other operating expenses	–0.0	–0.2
Depreciation/amortisation of tangible and intangible assets	–129.9	–126.9
Operating profit	**138.2**	**126.5**
Financial items		
Financial income	0.1	0.1
Financial expenses	–67.4	–75.9
Net financial items	**–67.3**	**–75.8**
Profit (loss) before tax	**70.9**	**50.8**
Income tax	–18.4	–5.0
Net profit (loss) for the period	**52.5**	**45.8**
Net profit (loss) for the period attributable to:		
– Parent Company's shareholders	52.5	45.8
Net profit (loss) for the period	**52.5**	**45.8**

1) Retrieved from the Group's audited consolidated financial statements from and for the 2020, 2019 and 2018 financial years.

Net sales

Net sales for the financial year ending 31 December 2019 amounted to SEK 1,871.0 million, up SEK 180.1 million, or 10.7 per cent, compared with SEK 1,690.9 million for the financial year ending 31 December 2018. This was due to an increase of SEK 137.9 million in net sales in Sweden and an increase of SEK 42.1 million in net sales in Norway. Net sales in Sweden for the 2019 financial year amounted to SEK 1,672.3 million compared with SEK 1,534.4 million for the 2018 financial year. Net sales in Norway for the 2019 financial year amounted to SEK 198.6 million compared with SEK 156.5 million for the 2018 financial year. Increased online sales contributed to higher net sales in both countries.

25) An unaudited alternative performance measure that is not defined under IFRS and is not a substitute for performance measures defined under IFRS. For more information about alternative performance measures, including definitions and the reason why they are used, see "*—Definitions of alternative performance measures*".

Other operating income

Other operating income for the financial year ending 31 December 2019 amounted to SEK 2.2 million, down SEK 8.5 million, or –79.7 per cent, compared with SEK 10.7 million for the financial year ending 31 December 2018. This was primarily the result of lower exchange rate gains on the translation of operating receivables and operating liabilities and lower grants and compensation.

Goods for resale

Goods for resale for the financial year ending 31 December 2019 amounted to SEK 1,031.8 million, up SEK 142.3 million, or 16.0 per cent, compared with SEK 889.5 million for the financial year ending 31 December 2018. This was primarily the result of higher net sales. Goods for resale increased proportionately slightly more than net sales, which was mainly the result of the product mix.

Personnel costs

Personnel costs for the financial year ending 31 December 2019 amounted to SEK 416.7 million, up SEK 4.7 million, or 1.1 per cent, compared with SEK 412.0 million for the financial year ending 31 December 2018. This was primarily the result of an increase in FTEs between the 2018 and the 2019 financial year, and higher contractual salaries, which was partly offset by more effective allocation of personnel resources.

Other external expenses

Other external expenses for the financial year ending 31 December 2019 amounted to SEK 156.5 million, up SEK 10.1 million, or 6.9 per cent, compared with SEK 146.3 million for the financial year ending 31 December 2018. This was mainly the result of increased costs for consumable supplies and materiel, higher selling expenses and marketing costs and costs for other external services.

Other operating expenses

Other operating expenses for the financial year ending 31 December 2019 amounted to SEK 0.0 million, down SEK 0.2 million, or –88.4 per cent, compared with SEK 0.2 million for the financial year ending 31 December 2018.

Depreciation/amortisation of tangible and intangible assets

Depreciation/amortisation of tangible and intangible assets for the financial year ending 31 December 2019 amounted to SEK 129.9 million, up SEK 3.0 million, or 2.3 per cent, compared with SEK 126.9 million for the financial year ending 31 December 2018. This was primarily the result of increased depreciation of right-of-use assets, which was partly offset by lower depreciation of tangible assets.

Operating profit (EBIT)

Operating profit (EBIT) for the financial year ending 31 December 2019 amounted to SEK 138.2 million, up SEK 11.7 million, or 9.3 per cent, compared with SEK 126.5 million for the financial year ending 31 December 2018. This was primarily the result of higher gross profit[26] due to the reasons described above that was partly offset by higher amortisation/depreciation and increased other external expenses.

Net financial items

Net financial expenses for the financial year ending 31 December 2019 amounted to SEK –67.3 million, down SEK 8.4 million, compared with SEK –75.8 million for the financial year ending 31 December 2018. This was primarily the result of lower interest expenses on lease liabilities and other interest-bearing liabilities.

Profit (loss) before tax

Profit before tax for the financial year ending 31 December 2019 amounted to SEK 70.9 million, up SEK 20.1 million, or 39.6 per cent, compared with SEK 50.8 million for the financial year ending 31 December 2018. This was the result of improved operating profit and improved net financial items.

Income tax

Tax expenses for the financial year ending 31 December 2019 amounted to SEK 18.4 million, up SEK 13.4 million, or 270.8 per cent, compared with SEK 5.0 million for the financial year ending 31 December 2018. This was primarily an effect of improved profit before tax for the 2019 financial year compared with 2018, and the negative impact of SEK 2.5 million from the option to utilise interest deductions and an effect of the changed corporate tax rate, which for the comparative year meant a positive revaluation of deferred tax liabilities of SEK 6.3 million. The effective tax rate for the financial year ending 31 December 2019 amounted to 25.9 per cent, up from 9.8 per cent for the financial year ending 31 December 2018.

Net profit (loss) for the period

As a result of the reasons stated above, net profit for the period for the financial year ending 31 December 2019 amounted to SEK 52.5 million, up SEK 6.7 million, or 14.6 per cent, compared with SEK 45.8 million for the financial year ending 31 December 2018.

26) An unaudited alternative performance measure that is not defined under IFRS and is not a substitute for performance measures defined under IFRS. For more information about alternative performance measures, including definitions and the reason why they are used, see *"—Definitions of alternative performance measures"*.

Liquidity and capital resources

Overview

The Group's primary sources of liquidity have been cash flow from operating activities and loans under existing credit facilities. After the Offering, the Company expects to rely on cash flow from operating activities and the New Credit Facilities to access the funds required for the operations, refer to – *"Indebtedness – New Credit Facilities"*

As per 30 June 2021, Kjell & Company had SEK 59.5 million in cash and cash equivalents and unutilised bank facilities (revolving credit facility) of SEK 81.8 million. Kjell & Company aims to maintain sufficient liquid assets and short-term financing through credit facilities to manage liquidity risk.

Investments

The table below shows information about the Group's cash flow from investment activities for the periods indicated:

	1 January–30 June[1]		**Financial year**[2]		
Amounts in MSEK unless otherwise stated	**2021**	**2020**	**2020**	**2019**	**2018**
Acquisition of tangible assets	–11.1	–15.7	–26.2	–20.4	–13.2
Acquisition of intangible assets	–9.2	–7.8	–15.0	–23.3	–3.4
Acquisition of subsidiaries	–242.9	–	–	–	–
Cash flow from investing activities	**–263.1**	**–23.5**	**–41.3**	**–43.7**	**–16.6**

1) Retrieved from the Group's unaudited condensed consolidated financial statements for the period January–June 2021 with comparative figures for the period January–June 2020.
2) Retrieved from the Group's audited consolidated financial statements from and for the 2020, 2019 and 2018 financial years.

Cash flow from investing activities amounted to SEK –263.1 million during the period January-June 2021. Of the Group's cash flow from investing activities during the period January-June 2021, SEK –11.1 million concerned acquisition of tangible assets and SEK –9.2 million concerned acquisition of intangible assets as well as SEK –242.9 million concerned acquisition of subsidiaries. Cash flow from investment activities mainly refer to equipment in the form of furnishings and installations in service points and to central warehouses and head office. Acquisition of intangible assets mainly refer to continued investments in the omni-channel platform and development of check-in functions to service points. Acquisitions of subsidiaries refer to the acquisition of AV-Cables.

Cash flow from investing activities declined SEK 2.4 million from SEK –43.7 million in the 2019 financial year to SEK –41.3 million in the 2020 financial year. Of the Group's cash flow from investing activities in the 2020 financial year, SEK –26.2 million pertained to acquisition of tangible assets and SEK –15.0 million to acquisition of intangible assets. Acquisition of tangible assets mainly refer to equipment in the form of furnishings and installations in service points and to central warehouses and head office. Acquisition of intangible assets mainly refer to continued in investments in the omni-channel platform.

Cash flow from investing activities increased SEK 27.1 million from SEK –16.6 million in the 2018 financial year to SEK –43.7 million in the 2019 financial year. Of the Group's cash flow from investing activities in the 2019 financial year, SEK –20.4 million pertained to acquisition of tangible assets and SEK –23.3 million to acquisition of intangible assets. Acquisition of tangible assets mainly refer to equipment in the form of furnishings and installations in service points and acquisition of intangible assets manly refer to investments related to the development of the omni-channel platform as well as investments in business intelligence systems, licenses and installation of different computer systems.

Cash flow from investing activities amounted to SEK –16.6 million in the financial year of 2018. Of the Group's cash flow from investing activities during the financial year of 2018 SEK –13.2 million refer to tangible assets and SEK –3.4 million to intangible assets. Investments in tangible assets refer to investments in furnishing, installation and computers for service points, the central warehouse and the head quarters, of the investments in intangible assets investments mainly refer to investments in systems for planning and efficiency in purchasing and inventories.

Cash flows

Overview

The table below presents the most important parts of the Group's cash flows for the periods indicated.

	1 January–30 June[1]		Financial year[2]		
Amounts in MSEK unless otherwise stated	2021	2020	2020	2019	2018
Cash flow from operating activities	–41.5	12.4	237.0	181.4	211.6
Cash flow from investing activities	–263.1	–23.5	–41.3	–43.7	–16.6
Cash flow from financing activities	20.9	88.7	–149.3	–129.6	–95.4
Cash flow for the period	**–283.8**	**77.6**	**46.4**	**8.1**	**99.6**
Cash and cash equivalents at end of period	**59.5**	**377.9**	**340.4**	**299.4**	**288.9**

1) Retrieved from the Group's unaudited condensed consolidated financial statements for the period January–June 2021 with comparative figures for the period January–June 2020.
2) Retrieved from the Group's audited consolidated financial statements from and for the 2020, 2019 and 2018 financial years.

Cash flow from operating activities

The Group's cash flow from operating activities declined SEK 53.9 million from a cash inflow of SEK 12.4 million for the period January–June 2020 to a cash outflow of SEK 41.5 million for the period January–June 2021. The decline was due primarily to subdued purchase activity during 2020 to protect liquidity following the uncertainty caused by the pandemic.

The Group's cash flow from operating activities increased SEK 55.6 million from a cash inflow of SEK 181.4 million for the 2019 financial year to a cash inflow of SEK 237.0 million in the 2020 financial year. The increase was mainly due to increased operating liabilities and lower changes in inventories for the 2020 financial year compared with the 2019 financial year.

The Group's cash flow from operating activities declined SEK 30.2 million from a cash inflow of SEK 211.6 million for the 2018 financial year to a cash inflow of SEK 181.4 million in the 2019 financial year. The decline was mainly due to lower operating liabilities and increased operating receivables that were partly offset by improved profit.

Cash flow from investing activities

The Group's cash flow from investing activities declined SEK 239.6 million from a cash outflow of SEK 23.5 million for the period January–June 2020 to a cash outflow of SEK 263.1 million for the period January–June 2021. The decline was due primarily to the acquisition of AV-Cables.

The Group's cash flow from investing activities increased SEK 2.4 million from a cash outflow of SEK 43.7 million for the 2019 financial year to a cash outflow of SEK 41.3 million in the 2020 financial year. The increase was primarily due to lower acquisitions of intangible assets, which was partly offset by increased acquisitions of tangible assets.

The Group's cash flow from investing activities declined SEK 27.1 million from a cash outflow of SEK 16.6 million for the 2018 financial year to a cash outflow of SEK 43.7 million in the 2019 financial year. The decline was due to increased acquisitions of both tangible and intangible assets.

Cash flow from financing activities

The Group's cash flow from financing activities declined SEK 67.9 million from a cash inflow of SEK 88.7 million for the period January–June 2020 to a cash inflow of SEK 20.9 million for the period January–June 2021. The decline was due primarily to the Company, in 2020, converting the revolving SEK 150 million credit facility to a short term loan to ensure liquidity following the uncertainty caused by the pandemic while, during 2021, utilising SEK 91.5 million of the revolving credit facility.

The Group's cash flow from financing activities declined SEK 19.7 million from a cash outflow of SEK 129.6 million for the 2019 financial year to a cash outflow of SEK 149.3 million in the 2020 financial year. The decline was due to repayment of lease liabilities.

The Group's cash flow from financing activities declined SEK 34.2 million from a cash outflow of SEK 95.4 million for the 2018 financial year to a cash outflow of SEK 129.6 million in the 2019 financial year. The decline was due to repayment of loans and lease liabilities.

Indebtedness

New Credit Facilities

In connection with the Offering, Kjell Group AB (publ) will enter into a SEK 910 million term loan and revolving credit facility agreement with Nordea Bank Abp, filial i Sverige as the originating lender and as agent (the "**Credit Agreement**"). The facilities will comprise of (i) a SEK denominated 46 Million term facility, (ii) a SEK denominated 414 Million term facility, (iii) a SEK denominated 200 Million acquisition facility and (iv) a SEK 250 Million revolving credit facility that can be drawn in SEK, EUR, DKK, NOK or any other currency agreed with the lenderin accordance with certain procedures stipulated in the Credit Agreement (the "**New Credit Facilities**"). The loans drawn under the New Credit Facilities will be used to refinance existing indebtedness in the Group, pay transaction costs in connection with the Offering, part fund permitted acquisitions as well as to be used for working capital and general corporate purposes.

Each New Credit Facility will have a final maturity date 3 years from the Closing Day (meaning the occurrence of the Settlement Date of the Offering (the "**Closing Day**")) with the option of 2 extensions of 1 year each, subject to the lender accepting such extension. Accordingly, after the completion of the Offering, the loans drawn under the New Credit Facilities will comprise the Group's external debt financing. The Credit Agreement requires that the Closing Day falls on or before 31 December 2021.

The New Credit Facilities will be subject to a market interest rate to be paid at the end of pre-agreed interest periods of 1,2,3 or 6 months. The interest rate can also be adjusted in relation to predetermined levels linked to the Financial Covenant (as defined below) and may, if agreed with Nordea, be adjusted in relation to its performance against certain predetermined sustainability targets.

The Credit Agreement will contain customary representations and warranties made on the date that the Credit Agreement is signed and, in respect of certain representations and warranties, on certain subsequent dates. Furthermore, the Credit Agreement will also contain customary undertakings that are binding on the Company and its subsidiaries, such as certain restrictions on providing collateral, raising new debt and making additional acquisitions. The Credit Agreement will also contain a financial covenant which requires that when tested the ratio of total net debt to EBITDA shall never exceed (i) 3.50:1 prior to 30 September 2022, (ii) 3.25:1 in the period from and including 30 September 2022 until 30 September 2023 and (iii) 3.00:1 in the period from and including 30 September 2023 until the final maturity date (the "**Financial Covenant**").

The New Credit Facilities may be subject to a mandatory prepayment in the event of certain customary circumstances, including, but not limited to, a change in the control of the Company or the delisting of the Company's shares from Nasdaq First North Growth Market or Nasdaq Stockholm. The New Credit Facilities may also be cancelled and/or may fall due for payment in whole or in part if certain customary events of default arise, including, but not limited to breaches of the Financial Covenant, failure to make payments when due, other significant breaches of the terms of the Credit Agreement and certain insolvency events. The grounds for cancellation and accelerating the repayment of the loans by the lender are subject to customary exemptions, qualifications, threshold amount and corrective periods in accordance with the terms of the Credit Agreement.

Statement regarding working capital

The Company's working capital is, as of the date of the Prospectus, insufficient to cover its current need for working capital in the coming twelve month period. When the Company has evaluated its working capital requirement in accordance with the statement in this Prospectus, consideration has been given to whether the Company would be able to attain access to cash and cash equivalents, in order to cover its debts as they fall due. The reason for this is described below.

The deficit in the Company's working capital arises as a result of a total of SEK 963 million in outstanding loans and estimated accrued interest under the Group's current credit facility falling due for payment in connection with the Company's listing on Nasdaq First North Growth Market, in connection with the change of control, that is expected to occur on the settlement date as a result of the new credit facilities becoming available on the settlement date, September 20, 2021, if the Offer is fully subscribed or completed.

As stated in the Prospectus (see "*– Indebtedness*"), the Company will enter into a new credit facility agreement in connection to the Offer, and the loans under this Agreement will, inter alia, be used to refinance part of the Group's existing indebtedness and be used as working capital and general corporate purposes.

With the net proceeds from a fully subscribed Offering, the Company expects to fully to repay outstanding loans and thereby reduce its debts and adjust it to Kjell and Company's financial target for the capital structure (see "*– Background and reasons and use of proceeds*"). As a result of the loans under the existing credit facility falling due for payment in connection with the change of control, that is expected to occur, and as a result of the new credit facilities becoming available on the date of the settlement, in the case that the Offer is fully subscribed or completed, in accordance with above, and taking into account the Company's existing business plan, the Company's working capital deficit during the twelve month period from the day of this Prospectus, is estimated to amount to approximately SEK 250 million, and shortfall may occur on the settlement date in the offer, September 20, 2021.

The Offer is subject to commitments from the Cornerstone Investors totaling SEK 523 million, corresponding to +130 percent of the net proceeds from the issue of new shares in the Offering (provided that the issue of shares in the Offer is fully subscribed) and 30.5 percent of the total number of shares in the Offering (provided that the Offering is subscribed in full). The Cornerstone Investors commitments are not secured through a bank guarantee, blocked funds or pledge of collateral or any other similar arrangement.

The Company's Board of Directors therefore assesses that the conditions for successfully implementing the Offer, and thus that the Company's working capital requirements are remedied, as very good. For more information on undertakings provided, see "*Legal considerations and supplementary information – Cornerstone Investors*".

The Offer is conditional on an issue proceeds of at least SEK 400 million prior to deductions for transaction costs. This minimum amount is therefore sufficient to cover the Company's working capital deficit during the twelve month period from the date of this prospectus and the shortfall that may occur on the settlement date of the Offer, September 20, 2021. If the new share issue in the Offering does not bring net proceeds of SEK 400 million minimum, prior to deductions for transaction costs, the Offering will be withdrawn and the listing on Nasdaq First North Growth Market will not take place. The Company will then seek alternative sources of financing to be able to secure the Company's financial position.

Contingent assets and contingent liabilities

As per 30 June 2021, the Group had no contingent assets as defined according to IFRS. Kjell & Company's contingent assets amounted to SEK 8.6 million on 31 December 2020 and pertained to lease guarantees. Refer also to "*Historical financial information – Historical financial information for the 2020, 2019 and 2018 financial years – Note 25 (Pledged assets, contingent liabilities, and contingent assets)*".

Financial position

As per 30 June 2021, the Group's total equity amounted to SEK 382.8 million, corresponding to an increase of SEK 13.5 million, compared with SEK 369.3 million on 31 December 2020. This increase is explained by a set-off issuance in connection with the acquisition of AV-Cables which contributed SEK 22.4 million, negative translation differences amounting to SEK –3.8 million and a negative result for the period January–June 2021 of SEK –5.1 million, refer also to "*Historical financial information – Historical financial information for the January–June 2021 and 2020 periods – Consolidated statement of changes in equity*". As per 30 June 2021, the Group's cash and cash equivalents amounted to SEK 59.5 million, corresponding to a decline of SEK 281.0 million, compared with SEK 340.4 million on 31 December 2020. This decline was mainly due to the changes described in "*Operating and financial review – Liquidity and capital resources – Cash flows".*

On 31 December 2020, the Group's total equity amounted to SEK 369.3 million, corresponding to an increase of SEK 57.9 million, compared with SEK 311.4 million on 31 December 2019. This increase was mainly due to an increase in retained earnings for the 2020 financial year, refer also to "*Historical financial information – Historical financial information for the 2020, 2019 and 2018 financial years – Consolidated statement of changes in equity*". On 31 December 2020, the Group's cash and cash equivalents amounted to SEK 340.4 million, corresponding to an increase of SEK 41.0 million, compared with SEK 299.4 million on 31 December 2019. This increase was mainly due to the changes described in "*Operating and financial review – Liquidity and capital resources – Cash flows".*

On 31 December 2019, the Group's total equity amounted to SEK 311.4 million, corresponding to an increase of SEK 54.8 million, compared with SEK 256.6 million on 31 December 2018. This increase was mainly due to an increase in retained earnings for the 2019 financial year, refer also to "*Historical financial information – Historical financial information for the 2020, 2019 and 2018 financial years – Consolidated statement of changes in equity*". On 31 December 2019, the Group's cash and cash equivalents amounted to SEK 299.4 million, corresponding to an increase of SEK 10.5 million, compared with SEK 288.9 million on 31 December 2018. This increase was mainly due to the changes described in "*Operating and financial review – Liquidity and capital resources – Cash flows".*

Tangible assets

On 31 December 2020, Kjell & Company's tangible assets amounted to SEK 49.9 million. These assets primarily comprise equipment, tools, fixtures and fittings. For information on tangible assets, refer to *"Historical financial information – Consolidated accounts for the 2020, 2019 and 2018 financial years – Note 13 Tangible assets*".

Financial risks and risk management

For information on quantitative and qualitative disclosures concerning management of financial risks, refer to "*Historical financial information – Consolidated accounts for the 2020, 2019 and 2018 financial years – Note 23 Financial risks and risk management*".

Changes in accounting policies

For information on changes in accounting policies and the transition to IFRS, refer to "*Historical financial information – Consolidated accounts for the 2020, 2019 and 2018 financial years – Note 31 Explanation of transition to IFRS*".

Significant accounting policies

For information on significant accounting policies, refer to *"Historical financial information – Consolidated accounts for the 2020, 2019 and 2018 financial years – Note 1 Significant accounting policies*".

Capitalisation and indebtedness

Overview

The tables below set forth the Company's capitalisation and net indebtedness as of June 30, 2021. The information presented below should be read in conjunction with "*Selected historical financial information*" and "*Operating and financial review*" as well as the Company's unaudited consolidated financial statements for the period ending 30 June 2021, see "*Historical financial information*".

Capitalisation

MSEK	As of June 30, 2021
Total current debt (including current portion of non-current debt):	
Guaranteed[1)]	4.9
Secured[2)]	117.5
Unguaranteed/unsecured[3)]	147.2
Total current debt	**269.6**
Total non-current debt (excluding current portion of non-current debt):	
Guaranteed[4)]	2.3
Secured[2)]	835.5
Unguaranteed/unsecured[5)]	159.3
Total non-current debt	**997.1**
Total indebtedness	**1,266.7**
Shareholders' equity:	
Share capital	0.2
Legal reserve(s)[6)]	24.4
Other reserves[7)]	367.2
Total capitalisation	**1,658.5**

1) Refers to leasing liabilities current of SEK 4.9 million, which under issued lease guarantees. The liabilities are included in "leasing liabilities current" in the condensed consolidated statement of financial position as of 30 June 2021. Refer to note 25 in "*Historical financial information – Consolidated accounts for the 2020, 2019 and 2018 financial years – Notes to the financial reports*".
2) Secured current debt refers to the SEK 91.5 million drawn under the revolving credit facility as well as SEK 26 million included in "current interest-bearing liabilities" in the consolidated financial statement of changes in financial position for the period ended 30 June 2021. Secured non-current debt refers to the non-current part of the Group's credit facility of SEK 609.4 million and the outstanding PIK bond of SEK 226.1 million, which is included in "Non-current interest-bearing liabilities" in the condensed consolidated financial statement of changes in financial position for the period ended 30 June 2021. Security refers to pledged shares in the subsidiaries of Kjell MidCo AB, Kjell BidCo AB, Kjell Koncern AB, Kjell & Co Elektronik AB, Kjell & Co Norway AS. Refer to note 25 of "*Historical financial information – Consolidated accounts for the 2020, 2019 and 2018 financial years – Notes to the financial reports*".
3) Refers to the promissory note issued to the seller of AV-Cables amounting to SEK 46.4 million as well as leasing liabilities current not covered by lease guarantees of SEK 100.8 million. The promissory note is included in "current interest-bearing liabilities" in the condensed consolidated statement of financial position as of 30 June 2021, whilst leasing liabilities are included in "leasing liabilities current" in the same statements.
4) Refers to "leasing liabilities non-current" of SEK 2.3 million covered by lease guarantees. The liabilities are included in "leasing liabilities non-current" in the condensed consolidated statement of financial position as of 30 June 2021. Refer to note 25 in "*Historical financial information – Consolidated accounts for the 2020, 2019 and 2018 financial years – Notes to the financial reports*".
5) Refers to "leasing liabilities non-current" of SEK 159.3 million not covered by lease guarantees. The liabilities are included in "leasing liabilities non-current" in the condensed consolidated statement of financial position as of 30 June 2021. Refer to note 25 in "*Historical financial information – Consolidated accounts for the 2020, 2019 and 2018 financial years – Notes to the financial reports*".
6) Refers to "Other paid in capital" from the condensed consolidated statement of changes in financial position for the period ending 30 June 2021. SEK 22.4 million is included in the amount attributable to the off-set issue carried out in conjunction with the Group's acquisition of AV-Cables.
7) The reported amount includes translation reserves, hedging reserves, retained earnings excluding other comprehensive income for the January-June 2021 period.

Indebtedness

MSEK	As of June 30, 2021
Net indebtedness:	
A. Cash	59.5
B. Cash equivalents	–
C. Other current financial assets	–
D. Liquidity (A+B+C)	**59.5**
E. Current financial debt (including debt instruments, but excluding current portion of non-current financial debt)	137.9
F. Current portion of non-current financial debt[1]	131.7
G. Current financial indebtedness (E + F)	**269.6**
H.Net current financial indebtedness (G – D)	**210.1**
I. Non-current financial debt (excluding current portion and debt instruments)	609.4
J. Debt instruments[2]	226.1
K. Non-current trade and other payables	161.6
L. Non-current financial indebtedness (I + J + K)[3]	**997.2**
M. Total financial indebtedness (H + L)	**1,207.3**

1) Refers to current portion of non-current financial debt and leasing liabilities current from the Consolidated statement of financial position as of 30 June 2021.
2) Refers to the Group's PIK bond from the Consolidated statement of financial position as of 30 June 2021.
3) Refers to leasing liabilities non-current from the Consolidated statement of financial position as of 30 June 2021.

Indirect and contingent indebtedness

Contingent indebtedness

As of 30 June 2021, the Groups contingent indebtedness amounted to SEK 9.2 million and were above all related to rental guarantees.

Contingent consideration

As the time of the acquisition of AV-Cables in April 2021, the Group undertook an obligation to pay a contingent consideration to the seller of AV-Cables. The size of the contingent consideration depend on AV-Cable's profit development during 2021. The consideration can amount to a maximum of SEK 102.5 million. The Group reported a liability for the contingent consideration in the condensed consolidated statement of financial position as per 30 June 2021 amounting to SEK 72.0 million. The debt is current and is reported among "Other liabilities".

Bonuses

In connection with the completion of the Offer, the Group has undertaken to pay bonuses to the CEO, CFO, COO and CTO. The bonuses amount to SEK 3 million (plus social security contributions) for the CEO and a total of SEK 6.5 million (plus social security contributions) for the CFO, COO and CTO, see "*Corporate governance - CEO and Group management – Bonuses*".

Fees to Joint Global Coordinators

At completion of the Offer the Group has undertaken to pay fees to Joint Global Coordinators estimated to amount to SEK 16 million, see "*Legal considerations and supplementary information – Costs associated with the offering and listing*".

Board of directors, Group management and auditors

Board of directors

The following table sets forth certain information on the members of the Company's board of directors as of the date of this Prospectus. As of the date of this Prospectus, the Company's board of directors consists of six ordinary members, elected up until the end of the 2022 annual general meeting.

Name	Year of first election	Position	Independent in relation to the Company and Group management	Independent in relation to the major shareholders	Shareholding immediately prior to the Offering[1) 2)]	Shareholding after the Offering[2)]
Ingrid Jonasson Blank	2017	Chairman	Yes	Yes	47 548	47,548
Thomas Broe-Andersen	2020	Member	Yes	No	0	0
Fredrik Dahnelius	2017	Member	Yes	No	1 324 057	759,990
Catrin Folkesson	2018	Member	Yes	Yes	23 749	23,749
Simon Larsson	2020	Member	Yes	No	0	0
Ola Burmark	2021	Member	Yes	Yes	17 693	17,693

1) Previous shareholding in the Company is stated immediately prior to the the Offering but after that the Share Structure Simplification (defined below) described in "*Share and share capital – Certain changes to the share capital in connection with the offering*" has been completed.
2) Refers to own shareholding and shareholding of closely related natural or legal persons and shareholdings in a capital insurance.

Ingrid Jonasson Blank (born 1962)

Position: Chairman of the board (since 2018).
Nationality: Swedish.
Education: Bachelor of Science in Economics, major in marketing from School of Business, Economics and Law, Gothenburg University.
Current engagements: Chairman of the board of directors of Kjell Group AB and Haypp Group AB. Member of the board of directors of Bilia AB, Fiskars Oy, Musti ja Mirri Oy, Orkla ASA, Forenum Oy, Bergendahl Food AB, Zetadisplay AB, Astrid Lindgren Aktiebolag and BHG Group AB.
Previous engagements/Experience: Chairman of the board of directors of Stockfiller AB, Växtriket i Uppsala AB and Stor & Liten AB. Member of the board of directors of Ambea AB, Martin & Servera Aktiebolag, Kulturkvarteret Astrid Lindgrens Näs AB, Matse Holding AB and Travel Support & Sevices Nordic AB.
Shareholding in the Company: 47,548 shares after the Offering.

Thomas Broe-Andersen (born 1972)

Position: Board member (since 2020).
Nationality: Danish.
Education: Master of Science in Business and Accounting, Aarhus University.
Current engagements: Member of the board of directors of Kjell Group AB. Partner at FSN Capital Partners (investment council to FSN Capital IV).
Previous engagements/Experience: Member of the board of directors of Lagkagehuset A/S and Netcompany A/S.
Shareholding in the Company: 0 shares after the Offering.

Fredrik Dahnelius (born 1971)

Position: Board member (since 2017).
Nationality: Swedish.
Education: Elementary School.
Current engagements: Member of the board of directors of Kjell Koncern AB and SPACELOOM STUDIOS AB. Owner and member of the board of directors of Fundamentet 8630 AB (pending name change to Aledal Invest AB)
Previous engagements/Experience: One of the founders of Kjell & Company. Member of board of directors of Kjell & Co Elektronik AB.
Shareholding in the Company: 759,990 shares after the Offering.

Catrin Folkesson (born 1972)

Position: Board member (since 2018).
Nationality: Swedish.
Education: Master of Science in International Business & Marketing, Uppsala University.
Current engagements: Manager of e-commerce & digital channels at Apotek Hjärtat. Member of the board of directors of Kjell Group AB, Svensk Digital Handel AB and housing association Trasten 18.
Previous engagements/Experence: External CEO of Coop Online AB and member of the board of directors of Lifvs Scandinavia AB.
Shareholding in the Company: 23,749 shares after the Offering.

Simon Larsson (born 1988)

Position: Board member (since 2020).
Nationality: Swedish.
Education: Bachelor of Science in Economics, major in finance and accounting from School of Business, Stockholm University.
Current engagements: Investment Director at FSN Capital Partners (investment council to FSN Capital IV). Member of the board of directors of Kjell Group AB, Kjell BidCo AB, Serratura I AB, Serratura II AB, Serratura III AB, Serratura IV AB, Serratura V AB, Serratura VI AB and Stormnäs Invest AB.
Previous engagements/Experience: Member of the board of directors of FSN Chip Intressenter AB, Chip Second AB, Kjell MidCo AB and Chip First AB.
Shareholding in the Company: 0 shares after the Offering.

Ola Burmark (born 1969)

Position: Board member (since 2021).
Nationality: Swedish.
Education: Bachelor of Science in Economics, Östersunds University.
Current engagements: CEO and Founder of Burmark Executive Consulting AB.
Previous engagements/Experience: CFO of ZetaDisplay, Medivir, OneMed, Aditro and SVP Finance and M&A of Thule.
Shareholding in the Company: 17,693 shares after the Offering.

Group management

The following table sets forth certain information on the members of Group management as of the date of this Prospectus.

Name	Year of employment[1]	Year of appointment	Position	Shareholding immediately prior to the Offering[2) 3)]	Shareholding after the Offering[3)]
Andreas Rylander	2002	2016	CEO	45 947	45,947
Niklas Tyrén	2015	2015	CFO	9 275	9,275
Joel Rönneman	2002	2011	CCO	64 262	54,623
Martin Knutson	1999	2011	CTO	68 581	54,865
Patricia Fors	2021	2021	CHRO	0	0
David Palm	2017	2021	CRO	20 194	20,194

1) Refers to first year of employment within the Group.
2) Previous shareholding in the Company is stated immediately prior to the the Offering but after that the Share Structure Simplification (defined below) described in "*Share and share capital – Certain changes to the share capital in connection with the offering*" has been completed.
3) Refers to own shareholding and shareholding of closely related natural or legal persons and shareholdings in a capital insurance.

Andreas Rylander (born 1981)

Position: Chief Executive Officer.
Nationality: Swedish.
Education: Studies in strategic planning and leadership within the retail business as well as studies in communication and HR from Dale, Carnegie.
Current engagements: Chairman of the board of directors of the companies within Kjell Group.
Previous engagements/Experience: COO of Kjell & Company, CEO of Kjell & Company, CEO of Kjell & Company Norge.
Shareholding in the Company: 45,947 shares after the Offering.

Niklas Tyrén (born 1972)

Position: Chief Financial Officer.
Nationality: Swedish.
Education: Bachelor of Science in Economics, University of Southern Europe, MBA, University of Southern Europe.
Current engagements: Member of the board of directors of the companies within Kjell Group.
Previous engagements/Experience: Finance Director and Head of Nordic Financial Planning and Analysis at Findus, Finance Director at HJ Heinz, Director, Business Control & Global Supply at Gambro Renal Products and Head of Supply Chain Finance at Unilever.
Shareholding in the Company: 9,275 shares after the Offering.

Joel Rönneman (born 1983)

Position: Chief Commercial Officer.
Nationality: Swedish.
Education: Bachelor of Science in Economics, FEI Institute for Business Administration.
Current engagements: Deputy of board of directors of the companies within Kjell Group.
Previous engagements/Experience: Chief Marketing Officer, Head of Sales, Regional Manager, Human resources, Store Manager and Sales Associate at Kjell & Company.
Shareholding in the Company: 54,623 shares after the Offering.

Martin Knutson (born 1980)

Position: Chief Technology Officer.
Nationality: Swedish.
Education: Upper secondary school, natural science/technology.
Current engagements: -
Previous engagements/Experience: Business development manager IT, IT manager, System Engineer and salesperson at Kjell & Company.
Shareholding in the Company: 54,865 shares after the Offering.

Patricia Fors (born 1978)

Position: Chief Human Resource Officer.
Nationality: Swedish.
Education: Master of Science in international migration and ethnical relations from Malmö University, Bachelor of Science in sociology from Lund University.
Current engagements: Member of the board of directers in Dr M Solutions AB and Nuovo Inizio AB.
Previous engagements/Experience: Head of Future Work Initiative/Head of Talent Management at Ingka/IKEA AB, SVP Human Resources at Rosti Group AB, VP Human Resources/Global Capability Manager at FLSmidth A/S.
Shareholding in the Company: 0 shares after the Offering.

David Palm (born 1983)

Position: Chief Retail Officer.
Nationality: Swedish.
Education: Bachelor of Science in strategic leadership from Lund University.
Current engagements: -
Previous engagements/Experience: Business controller Kjell & Company, CCO at Phonera Företag AB, Group Business Controller at Phonera AB.
Shareholding in the Company: 20,194 shares after the Offering.

Other information on the board of directors and Group management

The business address of the members of the board of directors and Group Management of Kjell Group is Tärnögatan 6, SE 211 24 Malmö, Sweden.

Members of the board of directors Thomas Broa-Andersen and Simon Larsson are currently employed by FSN Capital Partners ApS and FSN Capital Partners AB, respectively. Member of the board of the directors Fredrik Dahnelius represents the Dahnelius family.

Other than what is stated above, there are no identified conflicts of interest or potential conflicts of interest between the duties of the members of the board of directors and Group management toward Kjell Group and their private interests and/or other duties (however, some members of the board of directors and Group management have certain financial interests in the Company as a consequence of their holding of shares in the Company).

There are no family ties between members of the board of directors or Group management.

No members of the board of directors or Group management have been convicted of fraudulent conduct during the last five years or neither have any of the members been involved in any bankruptcies, receiverships or liquidations in a capacity as members of or deputy members of the board of directors of a company or as members of such a company's management. None of the members of the board of directors or Group management have been subject to any public incrimination or sanctions by statutory or regulatory authorities (including recognized professional associations) and none of the members of the board of directors or Group management has ever been disqualified by a court from acting as a member of administrative, management or supervisory bodies of the Company or from acting in the board of directors or management or otherwise from conducting the affairs of the Company during the past five years.

Auditors

The Company's auditors, KPMG AB, were initially elected as auditors of the Company in 2017. At the 2021 annual general meeting, KPMG AB were re-elected for a period until the end of the 2022 annual general meeting, with Camilla Alm Andersson as the auditor in charge.

Camilla Alm Andersson is an authorized public accountant and member of the Swedish Institute of Authorized Public Accountants (Sw. *Föreningen Auktoriserade Revisorer*) ("**FAR**").

The address of the office of KPMG AB is Vasagatan 16, 11120 Stockholm.

Corporate governance

Overview

The corporate governance of the Company is based upon Swedish law, mainly the Swedish Companies Act (Sw. *aktiebolagslagen (2005:551)*) and the Swedish Annual Accounts Act (Sw. *årsredovisningslagen (1995:1554)*). The Company does not intend to apply the Swedish Corporate Governance Code (Sw. *Svensk kod för Bolagsstyrning*). As a company listed on Nasdaq First North Growth Market, the Company must also comply with Nasdaq First North Growth Market Rulebook for Issuers of Shares.

General meetings

Overview

Pursuant to the Swedish Companies Act, the general meeting is the Company's supreme decision-making body and shareholders exercise their voting rights at such meetings.

The annual general meeting must be held within six months of the end of each preceding financial year to consider, among other things, statutory accounts and reports, disposition of profit or loss and discharging the board of directors from liability. The Company's articles of association stipulate that notices convening the annual general meeting shall be published in the Official Swedish Gazette (Sw. *Post- och Inrikes Tidningar*) and be made available on the Company's website. In addition, the publication of such notice must be announced in the Swedish daily newspaper Svenska Dagbladet. The notice convening the annual general meeting must be published no earlier than six weeks and no later than four weeks prior to the meeting.

Extraordinary general meetings are held when the board of directors considers such meetings appropriate or when either the auditor or shareholders representing at least one-tenth of all issued shares request such meeting in writing for a specified purpose. A notice convening an extraordinary general meeting will be announced in the same manner as the notice to the annual general meeting described above. Pursuant to the Swedish Companies Act, a notice convening an extraordinary general meeting must be made no earlier than six weeks and no later than two weeks prior to the date of the extraordinary general meeting, and no later than four weeks prior to the date of the extraordinary general meeting if the general meeting will decide on a proposed amendment of the articles of association.

Pursuant to the Swedish Companies Act, a general meeting may not adopt any resolution that is likely to give undue advantage to a shareholder or a third party to the detriment of the company or another shareholder of the company.

Right to participate in general meetings

Shareholders who wish to participate in a general meeting must be included in the share register maintained by Euroclear Sweden AB as of six business days prior to the meeting, and notify the Company of their participation no later than the date stipulated in the notice convening the meeting.

Shareholders may attend a general meeting in person or by proxy and may be accompanied by a maximum of two assistants. Typically, it is possible for a shareholder to register for the general meeting in several different ways as indicated in the notice of the general meeting.

A shareholder may vote for all shares owned or represented by the shareholder.

Shareholder initiatives

Shareholders who wish to have a matter brought before the general meeting must submit a written request to the board of directors. Such request must normally be received by the board of directors no later than seven weeks prior to the general meeting.

Board of directors

Pursuant to the Swedish Companies Act, the board of directors is responsible for the organization of the company and the management of the Company's affairs, which means that the board of directors is responsible for, among other things, setting targets and strategies, securing routines and systems for evaluation of established targets, continuously assessing the financial position and profits, and evaluating the operating management. According to the Company's articles of association, the board of directors shall consist of no less than 3 ordinary member and no more than 10 ordinary members, each of whom is elected at the annual general meeting until the end of the next annual general meeting. The chairman of the board of directors does not participate in the operating management of the Company.

The board of directors applies written rules of procedure, which are revised annually and adopted by the inaugural board meeting every year. Among other things, the rules of procedure govern the practice of the board of directors, its functions and the division of work between the members of the board of directors and the CEO. At the inaugural board meeting, the board of directors also adopts instructions for the CEO, including instructions for financial reporting.

As of the date of this Prospectus, the Company's board of directors consists of six ordinary members without any deputies, all elected at the 2021 annual general meeting up until the end of the 2022 annual general meeting. For a description of the members of the Company's board of directors, see "*Board of directors, Group management and auditors*".

CEO and Group management

The CEO is subordinated to the board of directors and primarily has responsibility for the day-to-day management of the Company's affairs and the daily operations. The division of work between the board of directors and CEO is set forth in the Company's rules of procedure for the board of directors and the instructions for the CEO. The CEO is also responsible for preparing reports and management information ahead of board meetings and is the reporting person of the materials at the board meetings.

Pursuant to the instructions for the CEO and the instructions for financial reporting, the CEO is responsible for the financial reporting in the Company and shall accordingly ensure that the board of directors receives sufficient information for the board to be able to continuously evaluate the Company's financial position. The CEO shall continuously keep the board of directors informed about the performance of the Company's operations, results of operations and financial position, as well as any other event or circumstance or condition that cannot be assumed to be irrelevant to the Company's shareholders.

Remuneration and terms of engagement

Board of directors

The amount of remuneration granted to the board of directors, including the chairman, is determined by resolution at the annual general meeting. At the annual general meeting of the Company held on 27 April 2021, it was resolved that the remuneration to Ingrid Jonasson Blank (chairman of the board of directors) shall be SEK 300,000, that the remuneration to Catrin Folkesson shall be SEK 150,000. The members of the board of directors are not entitled to any benefits upon ceasing to serve as a member of the board of directors.

The following table sets forth the remuneration paid to the board of directors of the Company in 2020 (amounts in TSEK):

Name	Remuneration
Ingrid Jonasson Blank (chairman)	300
Thomas Broe-Andersen[1)]	–
Fredrik Dahnelius[2)]	–
Catrin Folkesson	150
Kenneth Haavel[3)]	–
Simon Larsson[1)]	–
Total	**450**

1) The board member is not independent in relation to the Principal Owner. No board fee has been paid from the Company.
2) The board member represents the Dahnelius family. No board fee has been paid from the Company.
3) The board member left their position 30 June 2020.

CEO and Group management

Overview

The board of directors decides on the remuneration policy for the CEO and Group management. Such policy is in accordance with the guidelines for remuneration of the CEO and Group management, as adopted by the general meeting. Individual compensation to the CEO is approved by the board of directors, while individual compensation to other members of Group management is decided by the CEO, who informs the board of directors at the following board meeting. All compensation is designed to be competitive with the purpose to attract, motivate and retain key employees, and is therefore based on individual performance. The purpose is to drive the development of Kjell Group in line with the strategic business plan as decided by the board of directors.

Remuneration

The following table sets forth the remuneration paid to the members of the Group management for the year ended 31 December 2020 (amounts in SEK, thousand):

Name	Base salary	Variable remuneration[1)]	Pension	Other benefits[2)]	Total
Eric Lundberg (CEO)[3)]	2,102	714	660	66	3,542
Other members of the Group management (4 individuals)[4)]	5,190	1,821	2,713	266	9,990
Total	**7,292**	**2,535**	**3,373**	**332**	**13,532**

1) Variable remuneration is linked to predetermined and measureable financial criteria and comprise a maximum outcome of 50% of the annual base salary for the CEO and up to four months salaries for other members of the Group management.
2) Other benefits comprise company car and private health insurance.
3) Eric Lundberg resigned as CEO of the Company March 9, 2021.
4) Andreas Rylander took over as CEO of the Company March 10, 2021, but was a part of the Group management during 2020 and his remuneration is thus included in the table above.

Notice of termination and severance payment

Notice periods prior to termination of employment vary from employment contract to employment contract. In case of termination by the Company the notice period is twelve months and in case of termination by the CEO the notice period is nine months. Regarding termination by the Company or by other members of the Group management, the notice periods range from nine to up to twelve months. Except for salary, pension and company car benefit during the notice period, no member of the Group management is entitled to any additional payments following a termination of employment.

Bonuses

The board of directors of the Company has on 23 August decided to grant bonuses to be paid by the Company to the CEO, CFO, CCO and CTO. All bonuses are conditional to the Offering being completed. The bonuses consist of a fixed amount of SEK 3.0 million (plus social security contributions) to the CEO and SEK 6.5 million (plus social security contributions) in total to the CFO, CCO and CTO.

The bonuses will be paid out to the entitled individuals as salary by the Group and at least 50 percent of the bonus amount must be used to acquire (i) Qualifying Shares in the new long-term incentive programme which is intended to be implemented in connection with the Offering, described in section "*Shares and share capital—Long-term incentive program*" or (ii) shares in the Company which are not intended to be used in the long term incentive programme. The Qualifying Shares will be subject to lock-up undertakings, see "*Legal considerations and supplementary information—Placing Agreement*".

If the Offering is completed as expected, with a first day of trading on of 16 September 2021, the Group will recognise an expense for the bonuses in the third quarter of 2021. Based on what is stated above, the total cost for bonuses is estimated to amount to SEK 9.5 million plus social security contributions of SEK 3.0 million.

Auditing

The Company's statutory auditor is appointed at the general meeting. The auditor shall review the Company's accounts and consolidated accounts, applied accounting principles as well as the management of the board of directors and the CEO. Following each financial year, the auditor shall submit an audit report to the shareholders at the annual general meeting.

Pursuant to the Company's articles of association, the Company shall have not less than one and not more than two auditors, and not more than two deputy auditors. For information on the Company's auditors, see "*Board of directors, Group management and auditors*".

For the year ended 31 December 2020, the total remuneration to the Company's auditor amounted to SEK 5.9 million. A large part of this relates to advisor services provided in connection with preparations for the IPO.

Internal control

Kjell & Company's internal control framework is primarily governed by the Swedish Companies Act and the Swedish Annual Reports Act and is based on the COSO framework (Internal Control – Integrated Framework). An effective system of internal control is achieved through the elimination, mitigation and monitoring of identified risks in the Group. This requires Kjell & Company to identify significant risks, and to design and implement effective controls to pro-actively manage identified and emerging risks. Risk management is governed by several policies and directives within the Group, where their implementation is crucial to Kjell & Company's ability to respond to and act upon any risk events which, in turn, may expose the Group to risks that could harm Kjell & Company's reputation, as well as shareholder value. An internal control system is more than just formal rules and controls, since it permeates the Group's trust, value and culture both internally and externally. Good internal control also creates the conditions for reliable and relevant internal and external reporting, as well as compliance with applicable laws and regulations. The board of directors is ultimately responsible for Kjell & Company's internal control system. Control is formalised in written instructions defining the board of directors' responsibilities and the division of responsibilities between the board of directors and the CEO.

Internal control framework

Kjell & Company's internal control procedures under the COSO framework consist of five integrated components derived from operational processes: (i) control environment; (ii) risk assessment; (iii) control activities; (iv) information and communication; and (v) monitoring activities. The five COSO components have a number of principles and objectives designed to achieve sound internal control.

At an overall level, Kjell & Company's control environment is designed to ensure awareness and action by the board of directors, Group management and the entire organisation. Control activities are established in relation to the identified risks through policies and procedures designed to promote compliance with management's directives, and the effectiveness of these policies and procedures is monitored and evaluated on a regular basis.

Internal control over financial and other reporting

Kjell & Company's internal control over financial reporting is designed to promote the reliability of internal and external financial reporting, and non-financial reporting. Ultimately, this is intended to ensure accurate and reliable reporting in, inter alia, the following areas:

- **External financial reporting:** Annual report, interim financial reporting and regulatory reporting.
- **External non-financial reporting:** Sustainability reports.
- **Internal financial and non-financial reporting:** Reporting in accordance with instructions for financial reporting, board reports and customer surveys.

Identified controls are carried out by the relevant employees within the organisation, monitored through self-assessments, and reported to Group management and the board of directors.

Risk management

Kjell & Company's risk management framework is designed to promote transparency in identified risk exposure. This, in turn, underpins the risk-based decisions taken within the organisation, which subsequently shape and ensure that effective controls are in place to manage risk events and decisions. An overall risk identification process is carried out each year, and presented to the board of directors. The identified risks are then continuously assessed and the board of directors is briefed of any changes.

In addition to Group-wide risk management, a separate assessment of risks associated with financial reporting is carried out to identify any risks that may arise from the disclosure of financial information. The assessment of risks associated with financial reporting includes a risk analysis for the Consolidated statement of profit or loss and Consolidated statement of financial position, with the aim of identifying key risks and procedures in order to design and implement appropriate controls for the Group.

The CFO is responsible for an annual assessment of risks associated with financial reporting

Sustainable governance

The board of directors is responsible for the sustainability strategy, and for the management of the associated risks and opportunities. The responsibilities of the board of directors include monitoring compliance with Kjell & Company's code of conduct, which is based on principles in the areas of social responsibility, environment and business ethics. The board of directors adopts Kjell & Company's policies, including the code of conduct, and Group management sets sustainability targets. The code of conduct is regularly communicated through information and training courses

Insider and information policies

The Company has prepared a policy document for the purpose of informing employees and others concerned within the Company regarding the rules and regulations applicable to the dissemination of information by the Company and the special requirements imposed on persons who are active in a listed company with regard, for example, to inside information. In addition, Kjell & Company has established procedures for the handling of information and restriction of the dissemination of information.

Ownership structure

Overview

The table below presents the Company's ownership structure immediately before the Offering and directly after completion of the Offering. The table is based on the assumptions that certain changes to the ownership structure occur as follows from "*—Certain changes to the share capital in connection with the Offering*".

	Immediately prior to the Offering[2]		After the Offering (if the Over-allotment Option is not exercised)		After the Offering (if the Over-allotment Option is exercised in full)[3]	
Shareholder[1]	**Number**	**Percent**	**Number**	**Percent**	**Number**	**Percent**
FSN Capital IV[4) 5)]	15,893,110	66.6%	9,122,422	29.3%	7,123,353	22.9%
CDM Holding 2016 ApS[6]	1,481,627	6.2%	1,481,627	4.8%	1,481,627	4.8%
Kjell Dahnelius	1,324,330	5.5%	760,147	2.4%	593,570	1.9%
Marcus Dahnelius[7]	1,320,909	5.5%	758,183	2.4%	592,037	1.9%
Fredrik Dahnelius[8) 9)]	1,324,057	5.5%	759,990	2.4%	759,990	2.4%
Mikael Sundin	1,320,883	5.5%	758,168	2.4%	592,025	1.9%
Skandinaviska Enskilda Banken AB (publ)[10]	708,566	3.0%	406,707	1.3%	406,707	1.3%
Andreas Rylander[11]	45,947	0.2%	45,947	0.1%	45,947	0.1%
Joel Rönneman[11]	64,262	0.3%	54,623	0.2%	54,623	0.2%
Martin Knutson[11]	68,581	0.3%	54,865	0.2%	54,865	0.2%
Niklas Tyren[11]	9,275	0.0%	9,275	0.0%	9,275	0.0%
David Palm[11]	20,194	0.1%	20,194	0.1%	20,194	0.1%
Ingrid Jonasson-Blank[8]	47,548	0.2%	47,548	0.2%	47,548	0.2%
Ola Burmark[8]	17,693	0.1%	17,693	0.1%	17,693	0.1%
Cathrin Folkesson[8]	23,749	0.1%	23,749	0.1%	23,749	0.1%
Other shareholders	208,056	0.9%	16,830,376	54.0%	19,328,311	62.0%
Total	**23,878,787**	**100.0%**	**31,151,514**	**100.0%**	**31,151,514**	**100.0%**

1) Refers to own shareholding and shareholding of closely related natural or legal persons and shareholdings in a capital insurance.
2) Previous shareholding in the Company is stated immediately prior to the the Offering but after that the Share Structure Simplification (defined below) described in "*Share and share capital – Certain changes to the share capital in connection with the offering*" has been completed.
3) The maximum number of shares that may be sold under the Over-allotment Option equals 2,497,935.
4) FSN Capital GP IV Limited acting as general partner for each of FSN Capital IV LP, FSN Capital IV (B) LP and FSN Capital IV Invest LP.
5) Business address: 11-15 Seaton Place St Helier JE4 0QH Jersey.
6) Business address: Stensballe Strandvej 28, 8700 Horsens, Denmark.
7) Refers to own shareholding and shareholding of Lemander Group AB.
8) Member of the board of directors of the Company.
9) Refers to own shareholding and shareholding of Fundamentet 8630 AB (pending name change to Aledal Invest AB).
10) Business address: Kungsträdgårdsgatan 8, 106 40 Stockholm.
11) Member of the Group management.

After the Offering, the Principal Owner will beneficially own in aggregate 29.3 percent of the Company's shares assuming that the Over-allotment Option is not exercised and 22.9 percent assuming that the Over-allotment Option is exercised in full based on the above-mentioned assumptions, see also "*Risk factors—Risks related to the Offering and the Company's securities—The Principal Owner will continue to exercise significant influence over the Company after the Offering and could delay or prevent a change in control of the Company*". Consequently, the Principal Owner will continue to have significant influence over the Company after the Offering.

As a listed company, the Company will be subject to a comprehensive framework of laws and regulations aimed at, among other things, preventing abuse by a controlling shareholder. These laws and regulations include, but are not limited to, provisions protecting minority shareholders in the Swedish Companies Act and the Nasdaq First North Growth Market Rulebook, see also "*Risk factors—Risks related to the Offering and the Company's securities—Nasdaq First North Growth Market is not a regulated market and may be subject to disruptions and a higher risk for investors than a regulated market*".

The table below sets forth the Selling Shareholders and other shareholders in the Company that will sell shares in connection with the Offering and the number of shares offered for sale.

Name	Address	LEI-Code	Legal form	Country of in-corporation and jurisdiction	Number of shares offered by each Selling Share-hholder[1)]
FSN Capital GP IV Limited[2)]	11-15 Seaton Place St Helier JE4 0QH Jersey	894500RUD10-5U3P94H88	Limited company	Jersey	8,769,757
Skandinaviska Enskilda Banken AB (publ)	Kungsträdgårdsgatan 8, 106 40 Stockholm	F3JS33DEI6X-Q4ZBPTN86	Public limited liability company	Sweden	301,859
Lemander Group AB[2)]	Järnvägsgatan 52, 216 14 Limhamn	254900QG43-GAT2F51J32	Private limited liability company	Sweden	72,886
Marcus Dahnelius	Bolagets adress[4)]	–	–	–	655,986
Fundamentet 8630 AB (pending name change to Aledal Invest AB)[4)]	Aledalsvägen 30, 246 52 Löddeköpinge	254900E39-262I3EJ4I50	Private limited liability company	Sweden	564,067
Mikael Sundin	The Company's address[5)]	–	–	–	728,858
Kjell Dahnelius	The Company's address[5)]	–	–	–	730,760
Other shareholders[6)]	–	–	–	–	53,939

1) Assuming that the Overallotment Option is fully exercised.
2) FSN Capital GP IV Limited acting as general partner for each of FSN Capital IV LP, FSN Capital IV (B) LP and FSN Capital IV Invest LP.
3) Company wholly owned by former board member and deputy board member Marcus Dahnelius.
4) Company wholly owned by board member Fredrik Dahnelius.
5) C/O Kjell Group AB (publ), Box 50435, 202 14 Malmö.
6) Provided that the Offering is carried out, some other shareholders (who are not Selling Shareholders in the Offering) are expected to transfer shares to FSN Capital GP IV Limited which in turn will sell the shares in the Offering: CCO Joel Rönneman (expected to transfer 9 639 shares), CTO Martin Knutson (expected to transfer 13 716 shares) as well as another employee (expected to transfer 30 584 shares).

Shareholders' agreements

Following the completion of the Offering, to the knowledge of the board of directors, none of the Company's shareholders will be parties to any shareholders' agreements or similar agreements relating to the Company's shares. In addition, the board of directors is not aware of any agreements or similar arrangements that may lead to a change of control of the Company.

Lock-up arrangements

See "*Legal considerations and supplementary information—Placing agreement*".

Share and share capital

Set forth below is a summary of certain information concerning the Company's shares and certain provisions of the articles of association, as well as Swedish law in effect on the date of this Prospectus and as per 30 June 2021, where applicable. This summary contains substantially all material information regarding the shares. However, the summary does not purport to be complete and is qualified in its entirety by reference to the articles of association and applicable Swedish laws.

Overview

According to the Company's articles of association as of the date of this Prospectus, the share capital shall be not less than SEK 500,000 and not more than SEK 2,000,000, and the number of shares shall be not less than 32,000,000 and not more than 128,000,000. As of the date of this Prospectus, the Company's share capital amounts to SEK 514,805.50 divided into a total of 32,961,100 shares, of which 11,470,400 common shares and 21,490,700 preferance shares and as per 30 June 2021 the Company's share capital amounted to SEK 161,696.5 divided into a total of 646,786 shares, 216,972 common shares of which 429,814 preference shares. The shares are denominated in SEK, and each share has a quota value of SEK 0.015619 and as of 30 June 2021 a quota value of SEK 0.250000. The shares in the Company have been issued in accordance with Swedish law. All issued shares are fully paid up and are freely transferable.

There has been no public market for the Company's shares prior to the Offering. It is expected that trading in the Company's shares will commence on or about 16 September 2021. The shares comprised by the Offering are not subject to a mandatory offering, redemption rights or sell-out obligation. No public takeover offer has been made for the shares in the Offering during the current or preceding financial year.

Certain changes to the share capital in connection with the offering

At the date of the Prospectus, and as of June 30, 2021, the Company has issued several different classes of shares in the Company. In connection with the listing of the Company's shares on Nasdaq First North Growth Market, all share classes will be converted into the same class through a conversion of a certain number of preference B-, C-, D-, E- F- and G-shares into common shares (the "**Share Conversion**") combined with the cancellation of all preference B-, C-, D-, E-, F- and G-shares that have not been converted into common shares (for transfer to non-restriced equity), a certain amount of common shares and a bonus issue to restore the decrease in share capital that the cancellation has given rise to (reduced by the sum of the share capital search from the Set-off Issue and the (defined below) new issues described in section "*– Issue of new shares in connection with the offering*") (the "**Cancellation**"). Furthermore, a number of common shares will be issued to CDM Holding 2016 ApS[1)] against payment in the form of a promissory note that was issued by the Company to CDM Holding 2016 ApS as payment for the acquisition of AV-Cables in a set-off issue (the "**Set-off Issue**") or, together with the Share Conversion and the Cancellation, (the "**Share Structure Simplification**"). The Share Structure Simplification will be decided upon at an extraordinary general meeting. All shareholders have committed to attend such general meeting by proxy and vote for the Share Structure Simplification, which is expected to be registered with the Swedish Companies Registration Office on or about September 17, 2021. Thus, after the Share Structure Simplification, there will be only one class of shares in the Company, named shares. According to the articles of association which will apply after the registration of the Share Structure Simplification, the share capital shall not be less than SEK 514,805.50 and not more than SEK 2,059,222, divided into not less than 31,151,514 shares and not more than 124,606,056 shares (see further "*Articles of Association*").

Provided that the Offering is fully subscribed for the following is anticipted: (i) the Share Conversion lead to a decrease of the number of preference shares (before the Cancellation) from 21,490,700 to 11,817,719; (ii) the Cancellation lead to a decrease in the number of preference shares (before the Share Conversion) from 11,817,719 to 0; and (iii) the Share Structure Simplification lead to an increase in the number of common shares from 11,470,400 to 31,151,514 and results in a share capital of SEK 514,805.50, which gives a quota value per share of SEK 0,016526.

1) A wholly owned company owned by Christian Damgaard Møller.

Issue of new shares in connection with the offering

The Company's issue of new shares in the Offering

A resolution on an issue of New Shares in the Offering will be made by an extraordinary general meeting. All shareholders have undertaken to participate in such a meeting by proxy and to vote in favour of the issue of New Shares, which is expected to be registered with the Swedish Companies Registration Office (sw: Bolagsverket) on or about 17 September 2021. To facilitate the delivery of shares to those entitled to acquire shares in accordance with the timetable of the Offering, the New Shares will, for technical issues, be issued at a price of SEK 0,015619 per share (the quota value of the share) and be subscribed for by Carnegie on behalf of the investors.

The issue of new shares in intended to provide Kjell & Company with net proceeds of SEK 400 millions, prior to deductions for transaction costs. Provided that the new issue of shares is subscribed for in full, the number of newly issued shares will amount to 7,272,727.

Under these assumptions, this would, for existing shareholders, entail a dilution of 7,272,727 new shares, corresponding to 23.3 percent of the total number of shares in the Company after the Offering.

Selling Shareholders offering of existing shares in the Offering

Of the total 11,878,112 existing ordinary shares offered by the Selling Shareholders, assuming that the Over-allotment Option is fully utilised, 1,876,114 ordinary shares have not been issued and registered by the Swedish Companies Registration Office (Sw: *Bolagsverket*) as of the date of this Prospectus (the "**New Existing Shares**"). However, the Selling Shareholders hold preference shares of various series at a value corresponding to at least the value of the New Existing Shares, and have the right to receive at least the number of Ordinary Shares that the New Existing Shares correspond to through the Share Structure Simplification.

To facilitate the delivery of shares to those entitled to acquire shares in accordance with the timetable for the Offering, the New Existing Shares will, fir technical issues, be issued at a price of 0,015619 per share (the quota value of the share) and be subscribed for by Carnegie on behalf of the Selling Shareholders. A decision on an issue of New Existing Shares in the Offering will be made by an extraordinary general meeting. All shareholders have undertaken to participate in such a meeting by proxy and to vote for the issue of New Existing Shares, which is expected to be registered with the Swedish Companies Registration Office on or about September 17, 2021.

The effects on the new issue of the New Existing Shares will be taken into account in the Share Structure Simplification in order to (i) counteract dilution of existing shareholders; (ii) the effects of the sale in the Offering for the Selling Shareholders shall correspond to what they would have been if only existing shares had been sold by the Selling Shareholders; (iii) the Company will not receive any proceeds from the sale of existing shares by the Selling Shareholders.

Certain rights associated with the shares

Overview

As of the day of this Prospectus, the Company may issue 7 difference classes of shares. After the Share Structure Simplification the Company will only have one class of shares. The shares that are being offered in the Offering are of the same class. The rights associated with the share in the Company, including those pursuant to the articles of association, may only be altered in accordance with the procedure set fourth in the Swedish Companies Act.

Voting rights

All ordinary and preference shares in the Company entitle the holder thereof to one vote at general meetings, and each shareholder is entitled to cast votes equal in number to the number of shares held by the shareholder in the Company.

Right to dividends and liquidation proceeds

After the Share Structure Simplification, all shares in the Company carry equal rights to dividends and the Company's assets and any surpluses in the event of liquidation. The Company's shares that are the subject of the Offering will rank pari passu in all respects with each other and with all existing shares, and entitle the holders thereof to participate in the distribution of dividends for the first time on the record date that occurs immediately following the potential listing of the shares.

Decisions regarding the distribution of profits are taken by general meetings. All shareholders registered as shareholders in the share register maintained by Euroclear Sweden on the record date adopted by the general meeting shall be entitled to dividends. Dividends are normally distributed to shareholders as a cash payment per share through Euroclear Sweden, but may also be paid out in a manner other than cash (in-kind dividend). If a shareholder cannot be reached through Euroclear Sweden, the shareholder shall still have a claim to the money owed by the Company for the dividend and the claim is subject to a ten-year period of limitations. Upon the expiry of the period of limitations, the dividend shall pass to the Company.

There are no restrictions on the right to dividends for shareholders domiciled outside Sweden. Shareholders not residing in Sweden for tax purposes must normally pay Swedish withholding tax. See also "*Tax considerations in Sweden*".

Preferential rights to subscribe for new shares

After the Share Structure Simplification the clause in the articles of association relating to the shareholders rights in the case of a share capital increase will be removed. If the Company issues new shares, warrants or convertibles in conjunction with a cash issue or an issue by way of set-off, the shareholders shall have a preference right to subscribe for such securities in proportion to the number of shares held by them prior to the issue

Net asset value per share compared to the price per share in the offering

As of 30 June 2021, the Company's net asset value per share amounted to SEK 591.85.[2)] The Offer Price amount to SEK 55 per share.

Share capital develpment

The following table sets forth the changes in the Company's share capital during the years prior to the date of this Prospectus, as well as changes that are expected to occur in connection with the potential listing of the Company's shares on Nasdaq First North Growth Market:

		Change			Total	
Date of registration[1)]	Event	Number of common shares[2)]	Number of preference shares	Share capital (SEK)	Number of shares (common shares and preference shares)	Share capital (SEK)
1/1 2018	–	–	–	–	646,786	161,696.50
1/1 2019	–	–	-	–	646,786	161,696.50
1/1 2020	–	–	–	–	646,786	161,696.50
1/1 2021	–	–	-	–	646,786	161,696.50
11/8 2021	Offset issue[3)]	12,436	–	3,109	12,436	164,805.50
18/8 2021	Share split (50:1)	–	–	–	32,961,100[4)]	164,805.50
18/8 2021	Bonus issue	–	–	350,000	32,961,100	514,805.50
17/9 2021	New share issue, as a part of the Offering[5)]	7,272,727	–	113,592.72	40,233,827	628,398.22
17/9 2021	New share issue, for the Selling Shareholders offering of existing shares in the Offering[6)]	1,876,114	–	29,303.02	42,109,941	657,701.25
17/9 2021	Set-off Issue[7)]	859,827	–	13,429.64	42,969,768	671,130.89
17/9 2021	Bonus issue[8)]	–	–	38,983.08	42,969,768	710,113.97
17/9 2021	Conversion of preference shares to common shares[9)]	9,672,981	–9,672,981	–	42,969,768	710,113.97
17/9 2021	Reduction[10)]	–	–11,817,719	–195,299.62	31,152,049	514,814.34
17/9 2021	Reduction[10)]	–535	–	–8.84	31,151,514	514,805.50

1) Refers to the date the event was registered, or is expected to be registered, with the Swedish Companies Registration Office.
2) Refers to common shares of class A.
3) The issue price for each subscribed share was SEK 1,801.4131.
4) 11,470,400 common shares of class A, 15,289,250 preference shares of class B, 5,097,750 preference shares of class C, 692,150 preference share of class D, 260,900 preference shares of class E, 15,200 preference shares of class F and 135,450 preference shares of class G.
5) The issue price for each subscribed share was SEK 0.15619. See "—*Issue of new shares in connection with the Offering – The Company's issue of new shares in the Offering*".
6) The issue price for each subscribed share was SEK 0.15619. See "—*Issue of new shares in connection with the Offering – Selling Shareholders offering of existing shares in the Offering*".
7) The issue price for each subscribed share expected to be SEK 55. Refers to the Set-off Issue, see "—*Certain changes to the share capital in connection with the Offering*".
8) Refers to the Bonus Issue made as a part of the Share Structure Simplification, see "—*Certain changes to the share capital in connection with the Offering*".
9) Refers to the Share Conversion, see "—*Certain changes to the share capital in connection with the Offering*".
10) The reduction is an intended step in the Cancellation, expected to be made as a part of the Share Structure Simplification, see " —*Certain changes to the share capital in connection with the Offering*".

2) Calculated as equity (TSEK 382,802) divided by the number or shares (646,786) as of 30 June 2021.

Dividend history

No dividend has been paid out in respect of the years ended 31 December 2020, 2019 or 2018.

Convertibles, warrants, etc.

The Company has no outstanding securities convertible into equity, warrants or other share related financial instruments.

Long term incentive program

It is expected that the extraordinary general meeting to be held on September 15, 2021, will resolve to implement a long term incentive program in the form of a performance-based share-savings plan (the "**Long Term Incentive Program**").

The purpose of the Long-Term Incentive Program is to align the performance of Kjell & Company's senior leadership with the long-term performance of the Company, to drive retention of Kjell & Company's senior leadership by tying their remuneration to how Kjell & Company has performed over a period of three years and to ensure that a balance is achieved between variable and fixed remuneration, and long and short term incentives.

A maximum of 17 senior executives and key management personnel in Kjell & Company are being offered to participate in the Long-Term Incentive Program. In order to participate, it is required to purchase shares in the Company corresponding to a certain value (depending on their level within the organization) ("**Qualifying Shares**"). The maximum investment in Qualifying Shares ranges from approximately SEK 100,000 to approximately SEK 750,000, depending on the participant's seniority within the organization and may amount to a maximum of approximately SEK 4,125,000 in aggregate for all participants.

CEO, CFO, CCO and CTO ("**Category 1**") are expected to receive a bonus from Kjell & Company in connection with the Offering and the listing of the Company's shares on Nasdaq First North Growth Market. A proportion of this bonus is expected to be used to purchase Qualifying Shares, see "*Corporate governance—Remuneration and terms of engagement—CEO and Group management—Remuneration—bonuses*". The other 13 participants in the program, who are all key employees, ("**Category 2**") are expected to receive a subsidy from Kjell & Company corresponding to 25–50 percent of the amount these people need to invest in Qualifying Shares in order to participate in the Long Term Incentive Program.

Participants who retain their Qualification Shares during the vesting period of approximately three years, and also remain employed by Kjell & Company throughout the entire vesting period, will be eligible to receive Performance Shares free of charge, subject to the fulfilment of certain performance conditions ("**Performance Shares**"). For each Qualifying Share, participants in Category 1 may be awarded a maximum of seven Performance Shares and participants in Category 2 may be awarded a maximum of five Performance Shares (subject to recalculation in accordance with standard recalculation terms). The performance conditions relate to the total shareholder return over the vesting period of approximately three years (the "**TSR Condition**"). The number of Performance Shares that vest depends on to which extent each of the performance criteria are met in relation to minimum and maximum levels set.

The minimum and maximum levels for the TSR Condition are set to 30 percent and 60 percent. If the minimum level is reached 25 percent of the Performance Shares allocated to the TSR Condition vest. If the maximum level is reached or exceeded 100 percent of the Performance Shares allocated to the TSR Condition vest. In between the minimum and maximum levels vesting is linear.

Other terms include the potential for pro-rata allocation of shares to so-called good leavers.

Full allotment of Performance Shares would result in a dilution of approximately 1.5 percent of the total number of shares outstanding in the Company following the completion of the Offering, assuming that the Offer Price in the Offering corresponds to SEK 55 per share and the Over-allotment Option is exercised in full. The cost for the Long-Term Incentive Program will be accounted for in accordance with IFRS 2. – Share-Based Payments, and is estimated to amount to approximately SEK 6.9 million excluding social security costs over the vesting period, assuming (i) an Offer Price corresponding to SEK 55 (ii) all participants invest the maximum amount, (iii) an estimated employee turnover rate of 10 percent and a Performance Share value of SEK 20.40. The Performance Share value is based on, besides the Offer Price, the TSR Condition and an estimated volatility. The costs have been calculated without regards to tax effects and potential deduction entitlement. Further, potential pension costs, bonuses and subsidies are not included. Social security costs are estimated to amount to approximately SEK 3.2 million, assuming a yearly total return of 12.1 percent.

The extraordinary general meeting to be held on September 15, 2021, is also expected to resolve on a share issue without consideration comprising no more than 470 466 warrants in the Company. The warrants are to be issued to the Company, other Group companies or third parties in order to secure the procurement of Performance Shares to the participants in the Long Term Incentive Program. The subscription price shall correspond to the quota value of the share at any given time.

Information regarding takeover offers and redemption of minority shares

In the Swedish Takeover Act (Sw. *lagen (2006:451) om offentliga uppköpserbjudanden på aktiemarknaden*) there are basic provisions on public takeover bids for shares in companies whose shares are admitted to trading on a regulated market in Sweden. In the Swedish Takeover Act there are also provisions regarding mandatory offerings and defense measures. Furthermore, according to the Swedish Securities Market Act (Sw. *lagen (2007:528) om värdepappersmarknaden*), a stock exchange should have rules on public takeover bids relating to shares that are admitted to trading on the regulated market that the stock exchange operates. The stock exchanges Nasdaq Stockholm AB and Nordic Growth Market NGM AB has issued such rules. The Swedish Corporate Governance Board which is to act for good practice in the Swedish stock market, recommends that essentially corresponding rules be applied with regard to companies whose shares are traded on the trading platforms Nasdaq First North Growth Market, Nordic MTF and Spotlight Stock Market.

Applicable framework for Kjell & Company is "Takeover rules for certain trading platforms" published by the Swedish Corporate Governance Board. A takeover bid can apply to all or part of the shares, either voluntarily through a public takeover bid or mandatory through mandatory offering. The latter arises when an individual shareholder, alone or together with related parties, holds 30 percent of the votes or more.

A public takeover bid can be made in cash or through a share offer where new shares are offered in the target company, or through a combination of the two. The offer may be conditional or unconditional. All shareholders can accept the offer or decline, even if at a later stage there may be forced redemption if the bidder achieves 90 percent of the shares and calls for this.

Forced redemption means that minority shareholders are forced to sell shares even though the shareholder has not accepted the offer. This can happen when a bidder or shareholder holds more than 90 percent of the shares in the target company. Compulsory purchase can also be called for by minority shareholders when a shareholder holds more than 90 percent of the shares. This process is part of the minority protection and aims to create a fair treatment of all shareholders by giving shareholders who are forced to dispose of their shares a fair remuneration. The offered shares in Kjell Group AB (publ) are not subject to a mandatory offering, redemption rights or sell-out obligation. No public takeover offer has been made for the shares in the Offering during the current or preceding financial year.

Central securities depository

The Company's shares are registered with, and the register of shareholders is kept by, the computerised book-entry share registration system administered by Euroclear Sweden (P.O. Box 191, SE-101 23 Stockholm, Sweden). No share certificates have been, or will be, issued in respect of the Company's shares. The ISIN number of the Company's shares is SE0016797591.

Certified adviser

All companies listed on Nasdaq First North Growth Market must have a certified adviser that monitors the compliance with applicable regulation. The Company has appointed FNCA Sweden AB (Box 5807, 102 48 Stockholm) as their certified adviser. FNCA Sweden AB does not own any shares in the Company.

Listing application

The Company's Board of Directors will apply for the Company's shares to be admitted for trading on Nasdaq First North Growth Market. Nasdaq Stockholm has on 23 August 2021 made the assessment that the Company fulfils the listing requirements. Nasdaq Stockholm will approve an application for admission to trading of the Company's shares on Nasdaq First North Growth Market subject to certain conditions, including that the Company submits such an application and fulfils the distribution requirement for its shares. The trading symbol of the Company's shares on Nasdaq First North Growth Market will be KJELL.

Articles of association

Set forth below is an English language translation of the articles of association of the Company which is expected to be adopted at the extraordinary general meeting held on or around 15 September 2021. The General Meeting's resolution to adopt the Articles of Association is conditional on completion of the Offering. The articles of association are expected to be registered with the on or around 17 September 2021.

§ 1 Name of the company

The name of the company is Kjell Group AB (publ). The company is a public company (publ).

§ 2 Registered office of the company

The registered office of the company is situated in Malmö, Skåne län.

§ 3 Objects of the company

The object of the company's business is to, administer shares in subsidiaries and shall directly or indirectly carry on trade with consumer electronics accessories, primarily data, cellular, audio, video, TV/satellite and phone accessories and to conduct any business compatible therewith.

§ 4 Share capital

The company's share capital shall be not less than SEK 514,805.50 and not more than SEK 2,059,222.

§ 5 Number of shares

The company shall have not less than 31,151,514 shares and not more than 124,606,056 shares.

§ 6 Financial year

The company's financial year shall be calendar year.

§ 7 Board of directors and auditor

The board of directors shall consist of 3-10 with a maximum of 5 deputy directors.
The company shall have 1-2 auditors and no more than 2 deputy auditors or a registered public accounting firm.

§ 8 Place of and notice of shareholders' meetings

Shareholders' meetings shall be held in Malmö or Stockholm as decided by the board of directors.

Notice of shareholders' meetings shall be published in Post- och Inrikes Tidningar and on the company's website. Notice of shareholders' meetings shall also be published in Svenska Dagbladet. Shareholders who wish to participate in a General Meeting shall be registered as shareholders on a transcript of the entire share register as stipulated in Chapter 7, Section 28, third paragraph of the Swedish Companies Act (2005:551) that relates to the conditions prevailing six banking days prior to the Meeting, taking into account share re-registrations made no later than four banking days prior the General Meeting, and shall also provide notification of their intention to attend the Meeting not later than the date stipulated in the notice convening the General Meeting. The latter mentioned day must not be a Sunday, any other public holiday, a Saturday, Midsummer's Eve, Christmas Eve or New Year's Eve and must not be more than the five workdays prior to the Meeting.

A shareholder may have no more than two advisors present at shareholders' meetings, such participation of advisors is only allowed if the shareholder has notified the company in accordance with the foregoing paragraph.

§ 9 Postal vote and collection of proxies

The board of directors may prior to a shareholders' meeting resolve that the shareholders shall be able to vote through postal vote prior to the shareholders' meeting. Postal vote may, if resolved by the board of directors, be carried out electronically.

The board has the right to collect power of attorneys pursuant to the procedure in Chapter 7 Section 4 Paragraph 2 of the Swedish Companies Act (2005:551) (Sw. *aktiebolagslagen (2005:551)*).

§ 10 Opening of the shareholders' meeting

The chairperson of the board of directors or the person elected by the board of directors shall open the shareholders' meeting and lead the proceedings until a chairperson of the shareholders' meeting has been elected.

§ 11 Business at annual shareholders' meetings

The annual shareholders' meeting is held annually within six months after the end of the financial year.
The following business shall be addressed at annual shareholders' meetings:

(1) Election of a chairperson of the meeting;
(2) Preparation and approval of the voting list;
(3) Approval of the agenda;
(4) Election of one or two persons who shall approve the minutes of the meeting;
(5) Determination of whether the meeting was duly convened;
(6) Submission of the annual report and the auditors' report and, where applicable, the consolidated

financial statements and the auditors' report for the group;

(7) Resolutions regarding:
(a) the adoption of the income statement and the balance sheet and, when applicable, the consolidated income statement and the consolidated balance sheet;
(b) allocation of the company's profits or losses in accordance with the adopted balance sheet;
(c) regarding discharge of the members of the board of directors and, where applicable, the managing director from liability;

(8) Determination of fees for members of the board of directors and auditors;

(9) Election of the members of the board of directors and auditors and deputy auditors, if applicable; and

(10) Other matters which are set out in the Swedish Companies Act (2005:551) or the company's articles of association.

§ 12 CSD-registered company

The company's shares shall be registered in a securities register in accordance with Swedish Central Securities Depositories and Financial Instruments Accounts Act (1998:1479).

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Legal considerations and supplementary information

Approval of swedish prospectus

The Swedish Prospectus was approved by the SFSA, as competent authority in accordance with the regulation (EU) 2017/1129. The SFSA only approves the Swedish Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the regulation (EU) 2017/1129. Such approval shall not be considered as an endorsement of Kjell Group AB (publ), nor should it be considered as an endorsement of the Company that is subject to this Prospectus nor should the approval be considered as an endorsement of the quality of the shares referred to in this Prospectus. Investors should make their own assessment of whether it is appropriate to invest in these securities.

The Swedish Prospectus was approved by the SFSA on 6 September 2021. The Swedish Prospectus is valid for a maximum period of twelve months from this date, provided that Kjell & Company complies with the obligation, in accordance with the regulation (EU) 2017/1129, if applicable, to provide supplements to the Swedish Prospectus in the event of significant new factors, material mistakes or material inaccuracies, which may affect the assessment of the shares in the Company. The obligation to prepare a supplement to the Swedish Prospectus is valid from the time of approval until the end of the subscription period. The Company is under no obligation to prepare supplements to the Swedish Prospectus after the end of the subscription period.

General corporate and other information

The legal and commercial name of the Company is Kjell Group AB (publ). The Company is a Swedish public limited liability company (Sw. *publikt aktiebolag*) incorporated on 12 June 2017 and registered with the Swedish Companies Registration Office (Sw. *Bolagsverket*) on 16 June 2017. The Company's corporate registration number is 559115-8448 and the registered office is situated in the municipality of Malmö, Sweden. The address of the Company's head office is Tärnogatan 6, SE-211-24 Malmö, Sweden and the Company can be reached by telephone at +46 10-680 2500. The Company's website is www.kjellgroup.com[1]. Pursuant to the articles of association, the object of the Company's business shall be to administer shares in subsidiaries and shall directly or indirectly carry on trade with consumer electronics accessories, primarily data, cellular, audio, video, TV/satellite and phone accessories and to conduct any business compatible therewith.

The Company is the parent company of the Group, which, as of the date of this Prospectus, comprises the 8 subsidiaries listed below, across 5 different countries.

Subsidiary	Location	Shares and voting rights
Kjell MidCo AB	Sweden	100 %
Kjell BidCo AB	Sweden	100 %
Kjell Koncern AB	Sweden	100 %
Kjell & Co Elektronik AB	Sweden	100 %
Kjell & Co Norway AS	Norway	100 %
Scandinavian Sourcing Team Ltd	Hong Kong	100 %
Scandsource Co Ltd	China	100 %
AV-Cables.dk Aps	Denmark	100 %

Material agreements

Acquisition of AV-Cables.dk ApS

On March 29, 2021, Kjell & Co Elektronik AB ("**Kjell Elektronik**"), entered into a share purchase agreement to acquire all the shares in AV-Cables.dk ApS, a Danish private limited liability company. AV-Cables is an online retailer of consumer electronics accessories in Denmark and through the acquisition Kjell & Company strengthens its position on the consumer electronics accessories market in the Nordics.

The purchase price amount to DKK 280.7 million, of which DKK 179.1 million has been paid in cash in connection to the Acquisition. DKK 50.0 million is paid by issuing of reverse. Via set-off issue, DKK 16.6 million is reinvested in the Company. The remaining DKK 33.4 million is redeemed by issuing a Promissory Note that runs at 10% interest. At a future listing or sale of the Company, the Promissory Note will be settled with shares in the Company alternatively after 29 December 2021 upon the Company's call for redemption. Furthermore, the Company accepted to pay a conditional purchase price of maximum DKK 75 million (based on the EBITDA result of AV-Cables for the 2021 financial year).

1) The information on the website does not form part of this Prospectus and has not been scrutinised or approved by the SFSA.

The share purchase agreement contains customary fundamental warranties in relation to for example ownership and capacity as well as customary business warranties.

Kjell Elektronik can direct claims against the seller under the share purchase agreement if the seller commits a breach of warranty. An insurance policy was taken out in connection with the acquisition with respect to the seller's warranties and indemnities (the "**Warranty Insurance**") with an insurance period of 84 months for fundamental warranties and 24 months for business warranties. The Warranty Insurance has a damage limitation for damages corresponding to DKK 75 million and further claims against the seller can only be directed in connection with breaches of the fundamental warranties when the damages surpasses the damage limitation in the Warranty Insurance. The acquisition was completed April 29, 2021, after regulatory approval from the competent authorities.

Agreement with Circle K

In May 2020 Kjell & Co Elektronik AB commenced a pilot project with Circle K Sverige AB ("**Circle K**") in which 20 of Circle K's gas stations in Sweden, as retailers, started to sell and market some of Kjell & Company's products within the mobile accessories category. After a successful pilot project Circle K and Kjell & Company on November 1, 2020, entered into a distribution agreement (the "**Distribution Agreement**") which apply for an initial period of three years and the agreement is prolonged for one year at a time if the agreement is not terminated by any of the parties with six months' notice. Under the Distribution Agreement Circle K is given exclusivity to market and sell some of Kjell & Company's products within the mobile accessories category at gas stations in Sweden. The Distribution Agreement contains no delivery commitments from Kjell & Company and no purchase commitments from Circle K.

The Distribution Agreement states that Circle K shall set aside a specific shelf for marketing and sales of Kjell & Company's products in its own gas stations. Circle K is given permission to use Kjell & Company's trademark in connection with marketing of the products and Kjell & Company takes no responsibility for the products potential breach of third parties intellectual and industrial property rights. The products are ordered by the respective gas station by issuing of a purchase order. Each gas station purchase the products as an independent trader and the products are paid by invoice with a 45-day payment deadline. The products are sold at their own risk and in Kjell & Company's name. Circle K is not responsible for the individual gas station's ability to pay but is otherwise responsible for the gas stations acting in accordance with the terms of the Distribution Agreement. Under the agreement Circle K undertakes not to market or sell products that are similar to or competes with Kjell & Company's products.

Placing agreement

The Company, Principal Owner and Joint Global Coordinators intends to enter into an agreement regarding the placing of the shares in Kjell Group AB (publ) on or around 15 September 2021 (the "**Placing Agreement**"). The Offer is conditional on that the Placing Agreement is entered into, that certain conditions in the Placing Agreement are met and that the Placing Agreement is not terminated. In the Placing Agreement, the Joint Global Coordinators will undertake to connect buyers to the shares covered by the Offer to the Offer Price.

The Placing Agreement stipulates that Joint Global Coordinators' commitment to connect buyers to purchase the shares covered by the Offer is conditional in certain circumstances, including that the guarantees provided by the Company are correct, that no material adverse change occur that would make it inappropriate to implement the Offer or that other conditions pursuant to the Placing Agreement are not met. According to the Placing Agreement, the Company will, with customary reservations, undertake to indemnify the Joint Global Coordinators under certain conditions against certain claims. Joint Global Coordinators can terminate the Placing Agreement until the settlement date on 20 September 2021 if any material adverse changes occur, if the guarantees provided by the Company would prove insufficient or if any of the other conditions pursuant to the Placing Agreement are not met. The Offer may be revoked if above conditions are not met and if the Joint Global Coordinators terminate the Placing Agreement. In such case, neither delivery of nor payment for the shares will be made under the Offer.

According to the Placing Agreement, the Company will undertake, with customary reservations, undertake to, during the period ending 180 days after the first day of trading of the Company's shares on Nasdaq First North Growth Market, not (i) issue, offer, pledge, sell, enter into an agreement to sell or otherwise transfer or divest, direct or indirectly, any of the Company's shares or other securities that can be converted to or can be used or exchanged for such shares, (ii) buy or sell an option or other security or enter into a swap, hedge or other agreement that could have the same economic consequences that are described above, without prior written consent from the Joint Global Coordinators.

Through the Placing Agreement, the Company's members of the board of directors and Group management undertake to not sell their respective shareholding during the period ending 360 days after the first day of trading of the Company's shares on Nasdaq First North Growth Market. In addition, other existing shareholders will undertake not to sell their respective holdings for 180 days after the first day in the Company's shares. The transfer restrictions set out in the undertakings will be subject to customary reservations and exceptions, for example, acceptance of a public takeover bid offered to all shareholders in the Company in accordance with Swedish rules for public takeover bids, sales or other divestments of shares as a result of an offer from the Company regarding repurchase of own shares, or in situations where transfer of shares is required due to legal or regulatory requirements.

Cornerstone investors

Commitment of Cornerstone investors

The Cornerstone Investors (AMF Fonder, Carnegie Fonder, Fosielund Holding, Lazard Asset Management, LMK Venture Partners, RoosGruppen and Strand Kapitalförvaltning) have committed to acquire, at the Offer Price, a number of shares in the Offering equivalent to 4.8 percent, 2.9 percent, 7.0 percent, 2.9 percent, 2.9 percent, 2.9 percent and 7.0 percent, respectively, of the shares in the Company following the completion of the Offering and the Share Structure Simplification. The Cornerstone Investors' respective commitments are conditional upon, among other things, (i) the first day of trading in the shares on Nasdaq First North Growth Market occurring no later than 4 October 2021, (ii) each Cornerstone Investor receiving full allocation of its commitment, (iii) that the value of the shares of the Company following the completion of the Offering does not exceed SEK 1,713 million (based on the Offer Price). If these conditions are not satisfied, the Cornerstone Investors will not be obliged to acquire any shares in the Offering (or only be obliged to acquire a lower number of shares, as applicable). The Cornerstone Investors will not receive any compensation for their respective commitments and the investments are to be made at the Offer Price. The commitments are not secured through a bank guarantee, blocked funds or pledge of collateral or any other similar arrangement. Accordingly, there is a risk that payment of the purchase price and settlement of the shares in the Offering for the Cornerstone Investors may not occur in connection with the closing of the Offering.

The Cornerstone Investors have made no lock-up undertakings.

Cornetstone investor	Commitment (%) of the total number of shares following complation of the Offering and the Share Structure Simplification	Number of shares
AMF Fonder	4.8 %	1,509,090
Carnegie Fonder	2.9 %	909,090
Fosielund Holding	7.0 %	2,181,818
Lazard Asset Management	2.9 %	909,090
LMK Venture Partners	2.9 %	909,090
RoosGruppen	2.9 %	909,090
Strand Kapitalförvaltning	7.0 %	2,181,818

Stabilisation

In connection with the Offering, Nordea ("**the Stabilising Manager**") may, to the extent permitted by Swedish law, effect transactions with a view to supporting the market price of the Company's shares at a higher level than which might otherwise prevail in the open market, for up to 30 days from the commencement of trading in the Company's shares on Nasdaq First North Growth Market, such transactions may result in a higher market price. The Stabilising Manager is, however, not required to carry out such transactions and there is no assurance that such activities will be undertaken. Such transactions may be effected on the stock market, including Nasdaq First North Growth Market, over-the-counter market or otherwise. The transactions, if commenced, may be discontinued at any time without prior notice but must be ended no later than by the end of the abovementioned 30-day period. No later than by the end of the seventh trading day after stabilisation transactions have been undertaken it shall be disclosed that stabilisation transactions have been undertaken in accordance with article 5(4) in EU's Market Abuse Regulation 596/2014. Within one week of the end of the stabilisation period, the Stabilising Manager will make public whether or not stabilisation was undertaken, the date at which stabilisation started, the date at which stabilisation last occurred as well as the price range within which stabilisation was carried out, for each of the dates during which stabilisation transactions were carried out. Except as required by law or regulation, neither the Managers nor the Stabilising Manager will disclose the extent of any stabilisation and/or over-allotment transaction concluded in relation to the Offering.

Administrative proceedings, legal proceedings and arbitration proceedings

At any given time the Company and its subsidiaries may be a party to litigation or subject to non-litigated claims arising out of the normal operations of Kjell & Company's business, such as a variety claims related to their products, claims related to intellectual property, claims from employees related to wrongful dismissal and criminal charges related to theft in Kjell & Company's service points. Kjell & Company have not been part of any administrative proceedings, legal proceedings and arbitration proceedings (including any such proceeding which are pending or threatened of which the Company is aware) which have had or could have a material impact on Kjell & Company's results of operations, liquidity, capital resources or financial position, during the last twelve months.

Intellectual property

Kjell & Company's immaterial rights consists mainly of trademarks and domain names, such as the top domains kjell.com and kjelloco.se.

Kjell & Company have registered various trademarks in different jurisdictions, for instance Sweden, EU, Norway and China. The trademarks includes the Company's main features and titles, including Kjell & Company's logotype and also trademarks under which the Groups's own products are sold (for example "Ledsaver","Rubicson" and "Roxcore").

Each trademark, trade name or service mark of any other company appearing in this Prospectus belongs to its holder. Solely for convenience, the trademarks, trade names and copyrights referred to in this Prospectus are listed without the ™, ® and © symbols.

Insurance

Kjell & Company holds insurance policies covering general liability, property, business interruption, customer accidents, and malpractice for advisory consultants, directors and senior management and travel insurance intended to cover malpractice and other claims that it believes is adequate and consistent with applicable law and industry practice. The insurance policies have been taken out Group-wide by Kjell Group AB (publ) alternatively Kjell & Co Elektronik AB as policyholder and provides coverage for Kjell & Company subsidiaries, provided that additional requirements, mainly for local insurance to be obtained by some entities, are met. The Company's insurance policies have certain coverage limits that vary depending on the type of liability involved and the policies are subject to customary limitations imposed by the relevant insurance companies.
The Company's insurance policies are designed to protect the Company from material losses associated with, for example, damage to property and damages during transportation. The Company believes that its insurance coverage conforms to market practice for similar entities. There can be no assurance, however, that the Company will not incur losses or suffer claims beyond the limits or outside of the relevant coverage of its insurance policies. For further information on risks associated with Kjell & Company's insurance protection, see "*Risk factors—Risks related to Kjell & Company's industry and business—Risks related to Kjell & Company's industry and business—Risks related to regulation, compliance, legal proceedings and legal relations—Kjell & Company is dependent on and may be prevented from maintaining suitable insurance coverage on competitive terms*".

Realated-party transactions

Kjell & Company has not been a part in any related part transactions during the period covered by the financial information in this Prospectus, until the date of this Prospectus.

For information regarding remuneration to board members and group management, see "*Corporate governance—Board of directors*" and "*Corporate governance—CEO and group management*".

Documents available for inspection

The following documents are available for inspection under office hours at Kjell & Company's headquarters located at Tärnögatan 6, 211 24 Malmö, during the period of validity of this Prospectus.

- Registration certificate
- Articles of association

These document are also digitally available www.kjellgroup.com[2)].

Advisers and Joint Global Coordinators

Nordea and Carnegie are Joint Global Coordinators in connection with the Offering for which they will receive customary compensation. The total compensation will be dependent on the success of the Offering.

From time to time, the Joint Global Coordinators have provided, and may in the future provide, services in their day-to-day operations, including loan financing, to Kjell & Company and to parties related to them, for which they have received, and may receive in the future, compensation.

White & Case Advokataktiebolag has provided legal advice to Kjell & Company and the Principal Owner in connection with the Offering, of which they will receive customary renumeration, and may provide additional legal advice to the Kjell & Company and the Principal Owner in the future.

Costs associated with the offering and listing

Kjell & Company's costs related to the Offering and admission to trading on Nasdaq First North Growth Market, including payment to advisors, and other estimated transaction costs are estimated to amount to approximately SEK 56 million in total, whereof SEK 35 million is expected to affect the income statement. SEK 23 million is included in Kjell & Company's accounts up to and including 30 June 2021 whereof SEK 13 million for the period ended 30 June 2021.

2) Information on the website does not form part of the Prospectus and has not been scrutinized or approved by the SFSA.

Tax considerations in Sweden

Below is a summary of certain Swedish tax issues related to the Offering and the admission for trading of the shares in the Company on Nasdaq First North Growth Market for private individuals and limited liability companies that are residents of Sweden for tax purposes, unless otherwise stated. The summary is based on current legislation and is intended to provide only general information regarding the shares in the Company as from the admission for trading on Nasdaq First North Growth Market. The summary does not cover: situations where shares are held as current assets in business operations; situations where shares are held by a limited partnership or a partnership; situations where shares are held in an investment savings account (Sw. investeringssparkonto) and subject to taxation on a standardised basis; the special rules regarding tax-free capital gains (including non-deductible capital losses) and dividends that may be applicable when the investor holds shares in the Company that are deemed to be held for business purposes (for tax purposes); the special rules which in certain cases may be applicable to shares in companies which are or have been so-called close companies or to shares acquired by means of such shares; the special rules that may be applicable to private individuals who make or reverse a so-called investor deduction (Sw. investeraravdrag); foreign companies conducting business through a permanent establishment in Sweden; or foreign companies that have been Swedish companies. Furthermore, special tax rules apply to certain categories of companies. The tax consequences for each individual shareholder depend on such shareholder's particular situations. Each shareholder is advised to consult an independent tax advisor as to the tax consequences that could arise from the Offering and the admission for trading of the shares in the Company on Nasdaq First North Growth Market, including the applicability and effect of foreign tax legislation (including regulations) and tax treaties.

Private individuals

For private individuals resident in Sweden for tax purposes, capital income, such as interest income, dividends and capital gains, is taxed in the capital income category. The tax rate for the capital income category is 30 percent.

The capital gain or the capital loss is calculated as the difference between the consideration, less selling expenses, and the acquisition value. The acquisition value for all shares of the same class and type shall be added together and calculated collectively in accordance with the so-called average method (Sw. *genomsnittsmetoden*). As an alternative, the so-called standard method (Sw. *schablonmetoden*) may be used at the disposal of listed shares. This method means that the acquisition value may be determined as 20 percent of the consideration less selling expenses.

Capital losses on listed shares are fully deductible against taxable capital gains realised in the same year on shares, as well as on listed securities taxed as shares (however not mutual funds (Sw. *värdepappersfonder*) or hedge funds (Sw. *specialfonder*) containing Swedish receivables only (Sw. *räntefonder*)). 70 percent of capital losses not absorbed by these set-off rules are deductible in the capital income category.

If there is a net loss in the capital income category, a reduction is granted of the tax on income from employment and business operations, as well as national and municipal property tax. This tax reduction is 30 percent of the net loss that does not exceed SEK 100,000 and 21 percent of any remaining net loss. A net loss cannot be carried forward to future tax years.

For private individuals resident in Sweden for tax purposes, a preliminary tax of 30 percent is withheld on dividends. The preliminary tax is normally withheld by Euroclear Sweden or, in respect of nominee-registered shares, by the nominee.

Allotment of shares to employees

Normally, the allotment of shares is not a taxable event. However, for employees, allotment of shares may, in certain situations, give rise to benefits taxation. Benefits taxation should, however, not occur if the employees (including members of the Board of Directors and deputy members of the Board of Directors and existing shareholders), on the same terms and conditions as others, acquire not more than 20 percent of the total number of shares offered and the employee does not acquire shares for more than SEK 30,000.

Limited liability companies

For limited liability companies (Sw. *aktiebolag*) all income, including taxable capital gains and taxable dividends, is taxed as income from business operations at a rate of 20.6 percent. Capital gains and capital losses are calculated in the same way as described for private individuals above. Deductible capital losses on shares may only offset taxable capital gains on shares and other securities taxed as shares. A net capital loss on shares that cannot be utilised during the year of the loss, may be carried forward (by the limited liability company that has suffered the loss) and offset taxable capital gains on shares and other securities taxed as shares in future years, without any limitation in time. If a capital loss cannot be deducted by the company that has suffered the loss, it may be deducted from another legal entity's taxable capital gains on shares and other securities taxed as shares, provided that the companies are entitled to tax consolidation (through so-called group contributions) and both companies request this treatment for a tax year having the same filing date for each company (or, if one of the companies' accounting liability ceases, would have had the same filing date). Special tax rules may apply to certain categories of companies or certain legal persons (e.g. investment companies).

Shareholders that are not tax resident in sweden

For shareholders not resident in Sweden for tax purposes that receive dividends on shares of a Swedish limited liability company, Swedish withholding tax is normally withheld. The same withholding tax applies to certain other payments made by a Swedish limited liability company, such as payments as a result of redemption of shares and repurchase of shares through an offer directed to all shareholders or all holders of shares of a certain class. The withholding tax rate is 30 percent. The tax rate is, however, generally reduced under an applicable tax treaty. For example, the rate is generally reduced to 15 percent for dividends paid to U.S. Holders that are entitled to the benefits of the Treaty. In Sweden, withholding tax deductions are normally carried out by Euroclear Sweden or, in respect of nominee-registered shares, by the nominee. The tax treaties Sweden has entered into generally enable the withholding tax deduction to be made in accordance with the tax rate stipulated in the treaty, provided that Euroclear Sweden or the nominee, as applicable, has the required information of the tax residency of the investor entitled to the dividend. Further, investors entitled to reduced tax rates under applicable tax treaties may seek a refund from the Swedish tax authorities if the full withholding tax rate at 30 percent has been withheld.

Shareholders not resident in Sweden for tax purposes are normally not liable for capital gains taxation in Sweden upon disposals of shares. Shareholders may, however, be subject to taxation in their state of residence.

According to a special rule, private individuals not resident in Sweden for tax purposes are, however, subject to Swedish capital gains taxation upon disposals of shares in the Company, if they have been residents of Sweden due to a habitual abode in Sweden or a stay in Sweden at any time during the calendar year of disposal or the ten calendar years preceding the year of disposal. In a number of cases though, the applicability of this rule is limited by tax treaties.

Definitions

"A brands" refer to brands that the Company considers to be well-known.

"Acquirer" refers to a person who has applied to subscribe under the Offering.

"Arkwright" refers to Arkwright Consulting AS.

"Arkwright – Market Study" refers to the report with the title Market Study Consumer Electronics Accessories (CEA), 1 February 2021 and Denmark Market Study Consumer Electronics Accessories (CEA), March 2021 compiled by Arkwright.

"AV-Cables" refers to AV-Cables.dk ApS.

"B brands" refer to brands that the Company considers to have a moderate recognition factor.

"CAGR" stands for Compound Annual Growth Rate.

"Cancellation" refers to the cancellation of preference shares not converted in the Share Conversion.

"Carnegie" refers to Carnegie Investment Bank AB (publ).

"Category 1" refers to the CEO, CFO, CCO and CTO.

"CCO" stands for Chief Operating Officer.

"CE" stands for consumer electronics.

"CEA" stands for consumer electronics accessories.

"CEO" stands for Chief Executive Officer.

"CFO" stands for Chief Financial Officer.

"CHRO" stands for Chief Human Resource Officer.

"Circle K" refers to Circle K Sverige AB.

"Closing Day" refers to the day on which the first payment under the Credit Agreement took place and the Settlement Date of the Offering occurred.

"CNY" refers to the official currency in the People's Republic of China.

"Company" refers to Kjell Group AB (publ).

"COVID-19" refers to the coronavirus disease.

"COVID-19 pandemic" refers to the global outbreak of the coronavirus disease.

"Credit Agreement" refers to a new credit agreement for a (i) SEK denominated 46 Million term facility, (ii) a SEK denominated 414 Million term facility, (iii) a SEK denominated 200 Million acquisition facility and (iv) a SEK 250 Million revolving credit facility that is provided by Nordea.

"CRO" stands for Chief Retail Officer.

"CTO" stands for Chief Technology Officer.

"Distribution Agreement" refers to the distribution agreement between Kjell & Company and Circle K.

"DKK" refers to the official currency in Denmark.

"EEA" refers to the European Economic Area.

"eNPS" stands for Employee Net Promoter Score.

"EU" stands for European Union.

"EUR" refers to the single currency for the member states of the European Union who are part of the Economic and Monetary Union and have introduced the euro as their official currency.

"Euroclear Sweden" refers to Euroclear Sweden AB.

"FCA" stands for the Financial Conduct Authority.

"Financial Covenant" refers to the financial covenantas under the Credit Agreement.

"GDPR" refers to the EU General Data Protection Regulation 2016/679 of 27 April 2016.

"Group" refers to Kjell Group AB (publ) and its subsidiaries.

"Guarantee Insurance" refers to the insurance policy taken out by Kjell Elektronik in connection with the acquisition of AV-Cables regarding the seller's guarantees and indemnity undertakings.

"IFRS" stands for International Financial Reporting Standards, as endorsed by the EU.

"IoT" stands for the Internet of Things.

"Joint Global Coordinators" refers to Nordea and Carnegie.

"Kjell & Company" refers to Kjell Group AB (publ) and its subsidiaries.

"Kjell Elektronik" refers to Kjell & Co Elektronik AB.

"Kjell Spirit" refers to the Company's corporate culture.

"LEI" stands for Legal Entity Identifier.

"Live shopping" refers to interactive live video featuring product demonstrations to inspire and inform customers.

"Long-term Incentive Programme" refers to a long-term incentive programme in the form of a performance share savings programme.

"Loss Carryforward" refers to loss carryforwards from prior financial years.

"Member States" refers to the Member States of the European Union.

"Membership Products of the Month" refers to products offered at a discounted price.

"MiFID II" refers to Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments.

"MiFID II's Product Governance Requirements" refers to the product governance requirements in (a) EU Directive 2014/65/EU on markets in financial instruments, (b) Articles 9 and 10 of the Commission Delegated Directive (EU) 2017/593 supplementing MiFID II, and (c) Chapter 5 of Finansinspektionen's regulations regarding investment services and activities FFFS 2017:2.

"Nasdaq First North Growth Market" refers to an alternative marketplace operated by the various Nasdaq exchanges.

"New Credit Facilities" refers to the Credit Agreement that will comprise (i) a SEK denominated 46 Million term facility, (ii) a SEK denominated 414 Million term facility, (iii) a SEK denominated 200 Million acquisition facility and (iv) a SEK 250 Million revolving credit facility.

"New Existing Shares" refers to shares offered by the Selling Shareholders, which have, as of the date of this Prospectus, not been issued.

"NID" stands for National ID or National Client Identifier.

"NOK" refers to the official currency in Norway.

"Nordea" refers to Nordea Bank Abp, filial i Sverige.

"OECD" stands for the Organisation for Economic Co-operation and Development.

"Offer Price" refers to the price per share in the Offering (as defined herein).

"Offering" refers to the offering of shares in Kjell Group AB (publ) to the public in Sweden.

"Omni-channel platform" refers to Kjell & Company's platform for sales in several different channels, including through service points and online.

"Order" refers to Article 19 (5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order.

"Overallotment Option" refers to the option that the Principal Owner, Kjell Dahnelius, Marcus Dahnelius and Mikael Sundin will issue to the Joint Global Coordinators, which can be fully or partly utilised for 30 days from the first date of trading in the Company's shares on Nasdaq First North Growth Market, to acquire additional existing shares from the Principal Owner, amounting to 15% of the total number of shares in the Offering, at the Offer Price, to cover any overallotment in connection with the Offering or shortselling due to stabilisation transactions.

"Performance Shares" refers to the shares received when participants retain their Savings Shares during the vesting period of about three years and remain an employee of Kjell & Company for the entire vesting period.

"Placing Agreement" refers to the agreement between the Principal Owner, the Company and the Joint Global Coordinators regarding the placing of shares in Kjell Group AB (publ) that was signed on or around 15 September 2021.

"PRA" stands for the Prudential Regulation Authority.

"Principal Owner" and "**FSN Capital IV**" refer to FSN Capital GP IV Limited acting in its capacity as general partner for each of the following: FSN Capital IV LP, FSN Capital IV (B) LP and FSN Capital IV Invest LP.

"Prospectus" refers to this Prospectus.

"Prospectus Regulation" refers to Regulation EU 2017/1129.

"Regulation S" refers to Regulation S (as defined herein).

"Relevant persons" refers to investment professionals falling under Article 19 (5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order ("Order"), (ii) high net-worth entities according to Article 49 (2) (a) to (d) of the Order, and (iii) other persons to whom the Prospectus may otherwise lawfully be made.

"RoHS" refers to Directive 2011/65/EU on the restriction of the use of certain hazardous substances in electrical and electronic equipment.

"Savings Shares" refers to the acquisition of shares in the Company at a certain amount (depending on the seniority of each participant in the organisation) in order to participate in the long-term incentive programme.

"SEC" refers to the US Securities and Exchange Commission.

"SEK" refers to the official currency in Sweden.

"SEM" stands for search engine marketing.

"SEO" stands for search engine optimisation.

"Service points" refers to Kjell & Company's physical service points.

"Set-off Issue" refers to the issue that took place in exchange for payment of promissory notes issued in connection with the acquisition of AV-Cables.

"Share Conversion" refers to the discontinuation of the existing share structure to one class of share.

"Share Structure Simplification" refers jointly to the Set-off Issue, the Share Conversion and the Withdrawal.

"Sourcing phase" refers to potential suppliers who have been identified for new product ideas and are subsequently being evaluated based on financial, commercial and quality factors.

"Stabilising Manager" refers to Nordea in its role as stabilising manager.

"Swedish Prospectus" refers to the Swedish language prospectus approved by the SFSA. "Target Market" refers to the target market for shares in the Company that comprises (i) retail clients (ii) investors meeting the criteria for professional clients and eligible counterparties, each as defined in MiFID II.

"TSR Criterion" refers to the total shareholder return for the Company's share during the vesting period of about three years.

"US dollar" refers to the official currency in the US.

"USD" refers to the official currency in the US.

"U.S. Securities Act" refers to the United States Securities Act from 1933 in its current wording.

"WEEE" refers to Directive 2012/19/EU on waste electrical and electronic equipment.

"Withdrawal" refers to the withdrawal of preference shares that are not Sibelius to the Share Conversion.

Historical financial information

Historical financial information for the six months ended 30 June 2021 and 2020

Historical financial information for the six months ended 30 June 2021 and 2020

Condensed consolidated statement of profit or loss

TSEK	Note	Jan–Jun 2021	Jan–Jun 2020
Operating income			
Net sales	5	990,200	840,900
Other operating income		5,762	52
		995,962	**840,952**
Operating expenses			
Goods for resale		–549,030	–462,953
Personnel costs		–220,889	–201,149
Other external expenses		–118,488	–78,161
Other operating expenses		–1,302	–6,802
Depreciation/amortisation of tangible and intangible assets		–74,775	–68,423
Operating profit		**31,479**	**23,465**
Financial items			
Financial income		373	2
Financial expenses		–31,204	–32,629
Net financial items		**–30,831**	**–32,627**
Profit (loss) before tax		**647**	**–9,163**
Income tax		–5,747	–4,326
Net profit (loss) for the period		**–5,099**	**–13,488**
Net profit (loss) for the period attributable to:			
Parent Company's shareholders		–5,099	–13,488
Net profit (loss) for the period		**–5,099**	**–13,488**
Earnings (loss) per share			
Basic earnings (loss) per share, SEK	8	–2.44	–2.97
Diluted earnings (loss) per share, SEK	8	–2.44	–2.97

The notes on pages F-7 to F-12 are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated statement of profit or loss and other comprehensive income

TSEK	Jan–Jun 2021	Jan–Jun 2020
Net profit (loss) for the period	–5,099	–13,488
Other comprehensive income		
Items that are or may be reclassified subsequently to profit or loss		
Exchange differences of foreign operations	–3,830	–2,216
Cash flow hedges	–	296
Tax attributable to items that have been or may be reclassified to net profit (loss) for the period	–	–63
	–3,830	–1,983
Items that will not be reclassified to profit or loss	–	–
Other comprehensive income for the period	**–3,830**	**–1,983**
Total comprehensive income for the period	**–8,929**	**–15,471**
Comprehensive income for the period attributable to:		
Parent Company's shareholders	–8,929	–15,471
Total comprehensive income for the period	**–8,929**	**–15,471**

The notes on pages F-7 to F-12 are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated statement of financial position

TSEK	Note	30 Jun 2021	31 Dec 2020
Assets			
Intangible assets		1,361,592	1,000,104
Tangible assets		83,207	49,861
Right-of-use assets		267,721	270,927
Deferred tax assets		–	25
Total non-current assets		**1,712,520**	**1,320,917**
Inventories		480,175	408,825
Tax assets		30,718	17,268
Accounts receivable		23,245	24,337
Prepaid expenses and accrued income		31,787	31,814
Other receivables		1,144	1,103
Cash and cash equivalents		59,468	340,422
Total current assets		**626,537**	**823,769**
Total assets		**2,339,057**	**2,144,686**
Equity			
Share capital		162	162
Other contributed capital		24,403	1,999
Reserves		–3,708	122
Retained earnings including net profit (loss) for the period		361,946	367,045
Equity attributable to Parent Company's shareholders		**382,803**	**369,328**
Total equity		**382,803**	**369,328**
Liabilities			
Non-current interest-bearing liabilities		835,535	843,839
Non-current lease liabilities		161,619	156,539
Other non-current liabilities		103	102
Deferred tax liabilities		139,248	111,646
Total non-current liabilities		**1,136,505**	**1,112,126**
Current interest-bearing liabilities		163,895	26,000
Current lease liabilities		105,674	116,308
Accounts payable		280,115	314,953
Tax liabilities		32,793	30,561
Other liabilities		119,875	67,618
Accrued expenses and deferred income		110,293	101,486
Provisions		7,105	6,306
Total current liabilities		**819,749**	**663,232**
Total liabilities		**1,956,254**	**1,775,358**
Total equity and liabilities		**2,339,057**	**2,144,686**

The notes on pages F-7 to F-12 are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated statement of changes in equity

	Equity attributable to Parent Company's shareholders					
TSEK	**Share capital**	**Other contributed capital**	**Translation reserve**	**Hedge reserv**	**Retained earnings, incl. net profit (loss) for the period**	**Total equity**
Balance at 1 January 2021	162	1,999	201	–79	367,045	369,328
Set-off issue (non registered share capital)	–	22,404	–	–	–	22,404
Comprehensive income for the period						
Net profit (loss) for the period	–	–	–	–	–5,099	–5,099
Other comprehensive income for the period	–	–	–3,830	–	–	–3,830
Total comprehensive income for the period	**–**	**–**	**–3,830**	**–**	**–5,099**	**–8,929**
Balance at 30 June 2021	**162**	**24,403**	**–3,629**	**–79**	**361,946**	**382,803**
Balance at 1 January 2020	162	1,999	1,361	–312	308,207	311,417
Comprehensive income for the period						
Net profit (loss) for the period	–	–	–	–	–13,488	–13,488
Other comprehensive income for the period	–	–	–2,216	233	–	–1,983
Total comprehensive income for the period	**–**	**–**	**–2,216**	**233**	**–13,488**	**–15,471**
Balance at 30 June 2020	**162**	**1,999**	**–855**	**–79**	**294,719**	**295,946**

The notes on pages F-7 to F-12 are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated statement of cash flows

TSEK	Jan–Jun 2021	Jan–Jun 2020
Cash flow from operating activities		
Profit (loss) before tax	647	–9,163
Adjustments for non-cash items	84,643	77,154
Income tax paid	–21,865	–18,188
	63,425	**49,803**
Increase (-)/decrease (+) in inventories	–44,566	36,714
Increase (-)/decrease (+) in operating receivables	8,707	6,985
Increase (+)/decrease (-) in operating liabilities	–69,064	–81,076
Cash flow from operating activities	**–41,498**	**12,426**
Investing activities		
Acquisition of tangible assets	–11,071	–15,687
Acquisition of intangible assets	–9,186	–7,820
Acquisition of subsidiaries	–242,858	–
Cash flow from investing activities	**–263,115**	**–23,507**
Financing activities		
Proceeds from loans	91,508	150,000
Repayment of loans	–13,000	–13,000
Repayment of lease liabilities	–57,653	–48,294
Cash flow from financing activities	**20,855**	**88,706**
Cash flow for the period	**–283,758**	**77,625**
Cash and cash equivalents at the beginning of the period	340,422	299,403
Exchange rate differences in cash and cash equivalents	2,804	907
Cash and cash equivalents at the end of the period	**59,468**	**377,935**

The notes on pages F-7 to F-12 are an integral part of these condensed consolidated interim financial statements.

Notes

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 (the "Interim Report") for the period January-June 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. Basis of accounting

This Interim Report has been prepared in accordance with IAS 34 Interim Financial Reporting, and should be read together with the consolidated financial statements for the years 2018-2020. 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 consolidated financial statements for the years 2018-2020. The Group has not early adopted any new IFRS or new interpretations published by the IFRS Interpretations Committee. 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 Kjell & Company Group makes estimates and assumptions about the future, and make 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 the consolidated financial statements for 2018-2020. For a description of the effects of the ongoing COVID-19 pandemic on the Group, refer to Note 10.

Note 4. Significant events

Circle K

February 2021 saw the completion of the launch and establishment of separate spaces for Kjell & Company's products at staffed Circle K stations in Sweden. Kjell & Company is thus now represented at 292 stations around Sweden.

Express store

In late February, a new service point was also opened in Lidingö, an express shop built on the concept of an adapted product range for the local retail location with a smaller space than the company's customary service points.

New CEO

On 10 March 2021, Andreas Rylander was appointed the new CEO of Kjell & Company. He replaces Eric Lundberg, who has been with the company since the autumn of 2018. Andreas Rylander has worked for the company since 2002, and over the years has held several executive positions including acting CEO in 2017/2018. He comes most recently from the position of COO, which he has held since 2016.

Acquisition of AV-Cables.dk

The Group acquired 100% of the unlisted Danish company AV-Cables.dk on 29 April 2021 and the total purchase consideration transferred was TSEK 383,411. With this acquisition, Kjell & Company is further strengthening its position as a leader player in consumer electronic accessories in the Nordics and is creating a platform for a broader range and growth in Denmark, Norway and Sweden, refer to Note 9.

Note 5. Net sales 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 Group-wide functions, including the purchasing organisation in Shanghai, since this reflects how the segments are monitored internally by the Group.

Information about each reportable segment is provided below. Adjusted EBITA is used to measure profitability since management believes that it provides the most relevant assessment of each segment. For definition of adjusted EBITA, refer to Note 6.

The operations are similar for all segments, and no sales are conducted between the segments. Accordingly, all revenue for the segments is from sales to external customers.

The same accounting policies are applied to the segments as for the Group.

Jan–Jun	Sweden		Norway		Denmark		Total	
TSEK	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Net sales	822,777	734,662	122,757	106,238	44,665	–	990,200	840,900
Depreciation excl. amortisation on intangible assets related to business combinations	–59,525	–64,817	–12,290	–3,606	–167	–	–71,982	–68,423
Adjusted EBITA	**40,097**	**34,478**	**2,733**	**–6,372**	**6,207**	**–**	**49,036**	**28,106**
Amortisation on intangible assets related to business combinations							–2,793	–
Items affecting comparability							–14,765	–4,641
Operating profit							**31,479**	**23,465**
Net financial items							–30,831	–32,627
Profit (loss) before tax for the period							**647**	**–9,163**

Note 6. Adjusted earnings before tax, interest, amortisation on intangible assets related to business combinations and items affecting comparability (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 not a performance measure defined by IFRS. The measure is not a substitute for or better than financial measures reported in accordance with IFRS, and should be presented together with such measures. Adjusted EBITA and items affecting comparability according to the Group's definition could differ from other measures of similar names used by other companies. Investors are encouraged not to place undue reliance on these alternative performance measures.

Measures	**Definition**	**Reason that the earnings measure is used**
Adjusted EBITA	Operating profit before amortisation and impairment of intangible assets arising in connection with business combinations excluding items affecting comparability.	Management presents 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 performance. The measure shows the financial performance of the operations without the effect of material cost or income items that affect the possibility to make comparisons over time, as described under the heading "Items affecting comparability" below.
Items affecting comparability	Income and cost items that are presented separately due to their nature and amounts. The items comprise costs for preparations for a potential listing, damages received and compensation for legal costs, costs for business combination and severance pay. All items that are included are larger and material for 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.

Reconciliation of adjusted EBITA TSEK	Jan–Jun 2021	Jan–Jun 2020
Net profit (loss) for the period	–5,099	–13,488
Income tax	5,747	4,326
Net financial items	30,831	32,627
Operating profit	**31,479**	**23,465**
Amortisation of acquisition-related intangible assets	2,793	–
Items affecting comparability	14,765	4,641
Adjusted EBITA	**49,036**	**28,106**
Specification of items affecting comparability		
Costs for preparations for possible listing	–8,330	–3,874
Severance pay	–927	–767
Acquisition costs	–5,508	–
	–14,765	**–4,641**

Note 7. Fair value of financial instruments

The fair value of the liabilities in the Group's credit facility is estimated to TSEK 637,500 (663,500), compared with the carrying amount of TSEK 635,444 (659,388). 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 Group's PIK bond bears interest at a fixed rate of 11% that is accumulated by the Group, under the loan agreement, issuing new bonds corresponding to the interest accumulated during the period. However, provided that certain covenants on the debt/equity ratio have been met, a rate of 9% is applied. Management estimates that no changes have occurred regarding the interest on a liability with the corresponding terms and conditions since the bond was issued that could have a material impact on the fair value of the PIK bond. The difference between the fair value of the PIK bond and the carrying amount is thus primarily attributable to the existence of transaction costs included in the carrying amount of the bond. The fair value of the PIK bond is therefore estimated to amount to TSEK 226,670 (218,149), compared with the carrying amount of TSEK 226,092 (216,994).

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 earnout is based on the present value of the expected payment according to the relevant acquisition agreement. Payment is dependent on the earnings performance of the acquired operation in 2021 and a favourable result thus leads to an increased liability for the Group. Future cash flow according to the acquisition agreement has been discounted using a risk-adjusted discount rate. The maximum consideration that may be paid under the transfer agreement amounts to MSEK 102.5. The minimum amount that may be paid is SEK 0. The outcome of the undiscounted value of the purchase consideration is calculated to amount to MSEK 73.5. The fair value of the contingent consideration with a discount rate of 3.5% amounts to MSEK 72.0.

30 Jun 2021

TSEK	Level 1	Level 2	Level 3	Total
Contingent consideration	–	–	71,966	71,966

30 Jun 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	2021	2020
Balance at 1 January	–	–
Added through business combinations	71,929	–
Payments	–	–
Recognised in profit or loss		
– Change in fair value	–	–
– Interest expenses	409	–
– Currency effects	–372	–
Balance at 30 June	**71,966**	**–**

Note 8. Earnings per share

Basic earnings per share were calculated based on profit or loss attributable to ordinary equity holders of Kjell Group AB divided by the weighted average number of ordinary shares outstanding during the interim period. An Extraordinary General Meeting on 13 July 2021 resolved to increase the number of ordinary shares outstanding in Kjell Group AB from 216,972 shares to 11,470,400 shares through a share split. A share split entails an increase in the number of ordinary shares without injecting new capital. To calculate earnings per share, the weighted average number of ordinary shares outstanding has thus been adjusted retrospectively as if the share split had taken place at the beginning of the earliest period presented. This means that 11,470,400 shares were used as the weighted average number of ordinary shares outstanding for both the interim period and the comparative period.

There were no dilutive potential ordinary shares during the interim period or the comparative period. Diluted earnings per share are thus the same as basic earnings per share for all periods presented.

Note 9. 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.

With this acquisition, Kjell & Company is further strengthening its position as a leading player in consumer electronic accessories in the Nordics and is creating a platform for a broader range and growth in Denmark, Norway and Sweden.

AV-Cables was founded in 2006 and has grown substantially with healthy profitability in recent years. Net sales for the 2020 financial year amounted to MDKK 217 and operating profit to MDKK 33. The business offers consumer electronics online to its customers, delivered from the company's warehouse in Jutland. These products largely complement Kjell & Company's product range. The companies will work together to further strengthen their offerings on their respective online platforms and Kjell & Company's 130 service points in Sweden and Norway.

The purchase consideration amounted to MSEK 383,8, of which MSEK 242,9 was paid in cash in connection with the acquisition and additional MSEK 1,0 will be 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 a set-off issue. The remaining MSEK 45.6 was settled by issuing a promissory note carrying interest at 10%. The promissory note is to be settled using shares in Kjell Group AB in connection with a future listing or sale of the company, or after 29 December 2021 when Kjell Group AB requests settlement. The liability can only be settled with Kjell Group AB's own shares. 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	242,857
New issued shares, 12,436 Common shares A	22,404
Promissory note	45,618
Additional cash payment	951
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 with net debt. The EV value has thereafter been reduced with the value of the preference shares to arrive at a fair value for 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 to amount to MSEK 73.5, undiscounted. The fair value of the contingent consideration with a discount rate of 3.5% amounted to MSEK 71.9. The contingent consideration is recognised as current liability among Other liabilities in the consolidated statement of financial position.

c) Acquisition-related costs

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

d) Identifiable assets acquired and liabilities assumed

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

TSEK	
Tangible assets	32,540
Right-of-use assets	358
Other intangible assets	122,748
Current assets	227
Deferred tax 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 result

In 2021, the acquisition contributed TSEK 44,665 to the Group's revenue and TSEK 2,330 for the period 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 180,740 and the Group's profit before tax for the interim period by TSEK 11,968.

f) Goodwill

Goodwill arose 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 development of the acquired company. These benefits are not recognised separately from goodwill since they do not fulfil the criteria for identifiable intangible assets. Goodwill arising on this acquisition is not currently expected to be tax deductible.

TSEK	
Accumulated cost	
Opening balance, 1 January	520,866
Business combinations	239,221
Currency effects	–1,260
Closing balance, 30 June	**758,827**

Note 10. Impact of COVID-19 pandemic

The pandemic also initially impacted the 2021 financial year, and Kjell & Company is closely monitoring the course of events, taking action and adapting its operations as needed. Managing of the coronavirus pandemic has taken different forms in the markets where Kjell & Company 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 at any given time in the stores since the company complied with the existing recommendations for Swedish retail, including limiting the number of customers depending on the size of the store. Despite these restrictions, the sales performance at service points for the half-year period was positive and the total net sales performance for segment Sweden for the first half of the year was up 12.0% year-on-year, with online sales representing a significant share of total sales.

In Norway, there was initially an increased spread of contagion and the government imposed tougher restrictions, which compelled Kjell & Company to furlough some 60 employees and close 11 stores (nine in Oslo, one each in Bodø and Haugesund). These measures continued into April before being significantly reduced in May. Nevertheless, the sales performance at service points was positive during the half-year period and the total net sales performance for segment Norway for the first half of the year was up 15.5% year-on-year, with a significant share of online sales.

Note 11. Significant events after the interim period

New Board member

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 ZetaDisplay.

Incentive programme

At the Extraordinary General Meeting on 15 September 2021, Kjell & Company is expected to introduce a long-term incentive programme in the form of a performance share savings programme. A total of a maximum of 17 senior executives and employees in key positions at Kjell & Company are expected to be invited to participate in this long-term incentive programme. In order to participate in the long-term incentive programme, participants are required to acquire shares (known as "savings shares") in Kjell Group AB. The maximum investment in savings shares varies from approximately SEK 100,000 to approximately SEK 750,000 and may amount to a total of approximately SEK 4,125,000 for all participants.

The CEO, CFO, CCO and CTO are expected to receive a bonus from Kjell & Company in connection with the listing of the company's shares on Nasdaq First North, with a portion of this bonus being used to acquire savings shares (refer to the section "*Bonuses*" below). Other participants in the programme are expected to receive a subsidy from Kjell & Company corresponding to 20-50 per cent 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.

The long-term incentive programme will be recognised in accordance with IFRS 2 *Share-based payments*.

Bonuses

The Board of Directors decided on 23 August 2021 to award bonuses to the CEO, CFO, CCO and CTO that are conditional on the listing of the company's share. These bonuses are set at a fixed amount of SEK 3.0 Million (plus social security contributions) for the CEO and a total of SEK 6.5 Million (plus social security contributions) for the CFO, CCO and CTO. The bonuses will be paid as salary from Kjell & Company and at least 50 percent of the net amount after tax must be used to either acquire savings shares required for participation in the long-term incentive programme (see the section "*Incentive programme*" above) or to acquire other shares in the company.

Share split

An Extraordinary General Meeting on 13 July 2021 resolved to increase the number of ordinary shares outstanding in Kjell Group AB from 216,972 shares to 11,470,400 shares through a share split.

New bank financing

In connection with the forthcoming IPO, Kjell & Company intends to enter into a new financing agreement comprising credit facilities totalling MSEK 910. These facilities will be provided by Nordea and will be used to refinance the Group's existing indebtedness. The facilities will comprise:

a) an MSEK-denominated 46 term facility,
b) an MSEK-denominated 414 term facility,
c) an MSEK-denominated 200 acquisition facility, and
d) an MSEK-denominated 250 revolving credit facility that can be drawn in SEK, EUR, DKK, NOK or any other currency agreed with the lender.

The facilities will have a term of three years from the Settlement Date for the allotted shares, which is expected to be 20 September 2021. The Group has the option of two extensions of one year each, subject to the lender accepting such extension. The facilities will be subject to interest periods of 1, 2, 3 or 6 months. The credit facilities are conditional on the ratio between the Group's total net debt to EBITDA (calculated based on conditions in financing agreement) not exceeding the levels stipulated in the credit agreement.

Auditor's report on interim historical financial information

Independent auditor´s report on review of the historical interim financial information

To the Board of Directors of Kjell Group AB (publ)
Corp. id. 559115-8448

Introduction

We have reviewed the attached condensed consolidated statement of financial position of Kjell Group AB (publ) as of 30 June 2021, condensed consolidated statement of profit or loss, condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended per this date and supplementary information ("The condensed consolidated interim financial statements). The Board of Directors and the Managing Director are responsible for the preparation and presentation of this condensed interim financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on this condensed interim financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements ISRE 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing practices and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the attatched consolidated condensed financial statements as of 30 June 2021, is not prepared, in all material respects, for the Group in accordance with IAS 34

Malmö 6 September 2021

KPMG AB
Camilla Alm Andersson
Authorized Public Accountant

Historical financial information for the financial years 2020, 2019 and 2018

Consolidated statement of profit or loss

1 January–31 December TSEK	Note	2020	2019	2018
Operating income				
Net sales	4	1,999,000	1,870,964	1,690,884
Other operating income	5	8,709	2,165	10,684
		2,007,709	1,873,129	1,701,568
Operating expenses				
Goods for resale		–1,121,524	–1,031,829	–889,494
Personnel costs		–418,134	–416,651	–412,000
Other external expenses		–184,917	–156,458	–146,346
Other operating expenses	6	–4,201	–29	–249
Depreciation/amortisation of tangible and intangible assets		–139,617	–129,919	–126,942
Operating profit	7,8,24	**139,316**	**138,243**	**126,537**
Financial items				
Financial income		6	54	128
Financial expenses		–61,805	–67,395	–75,888
Net financial items	9	**–61,799**	**–67,341**	**–75,760**
Profit before tax		**77,517**	**70,902**	**50,777**
Income tax	10	–18,679	–18,367	–4,954
Net profit for the year		**58,838**	**52,535**	**45,823**
Net profit for the year attributable to:				
Parent Company's shareholders		58,838	52,535	45,823
Net profit for the year		**58,838**	**52,535**	**45,823**
Earnings per share	11			
basic (SEK)		1.42	1.22	0.96
diluted (SEK)		1.42	1.22	0.96

The notes on pages F-19 to F-63 are an integral part of these consolidated financial statements.

Consolidated statement of profit or loss and other comprehensive income

1 January–31 December TSEK	Note	2020	2019	2018
Net profit for the year		58,838	52,535	45,823
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss				
Exchange differences of foreign operations		–1,160	1,008	353
Cash flow hedges		296	1,569	2,205
Tax attributable to items that have been or may be reclassified to net profit for the year	10	–63	–312	–485
		–927	2,265	2,073
Items that will not be reclassified to profit or loss		–	–	–
Other comprehensive income for the year		**–927**	**2,265**	**2,073**
Total comprehensive income for the year		**57,911**	**54,800**	**47,896**
Total comprehensive income attributable to:				
Parent Company's shareholders		57,911	54,800	47,896
Other comprehensive income for the year		**57,911**	**54,800**	**47,896**

The notes on pages F-19 to F-63 are an integral part of these consolidated financial statements.

Consolidated statement of financial position

TSEK	Note	2020-12-31	2019-12-31	2018-12-31
Assets				
Intangible assets	12	1,000,104	993,531	972,851
Tangible assets	13	49,861	46,929	49,217
Right-of-use assets	24	270,927	329,340	410,271
Deferred tax assets	10	25	1,473	3,140
Total non-current assets		**1,320,917**	**1,371,273**	**1,435,479**
Inventories	14	408,825	379,177	336,298
Tax assets	10	17,268	12,582	23,065
Accounts receivable	23	24,337	12,133	10,757
Prepaid expenses and accrued income	15	31,814	29,001	11,022
Other receivables		1,103	225	253
Cash and cash equivalents	16	340,422	299,403	288,914
Total current assets		**823,769**	**732,521**	**670,309**
Total assets		**2,144,686**	**2,103,794**	**2,105,788**
Equity	17			
Share capital		162	162	162
Other contributed capital		1,999	1,999	1,999
Reserves		122	1,049	–1,216
Retained earnings including net profit for the year		367,045	308,207	255,672
Equity attributable to Parent Company's share-holders		**369,328**	**311,417**	**256,617**
Total equity		**369,328**	**311,417**	**256,617**
Liabilities				
Non-current interest-bearing liabilities	18,22	843,839	853,982	860,828
Non-current lease liabilities	24	156,539	214,363	301,869
Other non-current liabilities	20	102	400	2,011
Deferred tax liabilities	10	111,646	112,004	111,936
Total non-current liabilities		**1,112,126**	**1,180,749**	**1,276,644**
Current interest-bearing liabilities	18,22	26,000	26,000	26,000
Current lease liabilities	24	116,308	131,385	123,828
Accounts payable	23	314,953	268,478	241,387
Tax liabilities	10	30,561	22,423	15,616
Other liabilities	20	67,618	73,418	73,900
Accrued expenses and deferred income	21	101,486	84,016	86,458
Provisions	19	6,306	5,908	5,338
Total current liabilities		**663,232**	**611,628**	**572,527**
Total liabilities		**1,775,358**	**1,792,377**	**1,849,171**
Total equity and liabilities		**2,144,686**	**2,103,794**	**2,105,788**

The notes on pages F-19 to F-63 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

TSEK	Share capital	Other con-tributed capital	Trans-lation reserve	Hedge reserv	Retained earnings, incl. net profit for the period	Total equity
	Equity attributable to Parent Company's shareholders					
Balance at 1 January 2018	162	1,999	–	–3,289	209,849	208,721
Comprehensive income for the year						
Net profit for the year	–	–	–	–	45,823	45,823
Other comprehensive income for the year	–	–	353	1,720	–	2,073
Total comprehensive income for the year	–	–	353	1,720	45,823	47,896
Balance at 31 December 2018	**162**	**1,999**	**353**	**–1,569**	**255,672**	**256,617**

TSEK	Share capital	Other con-tributed capital	Trans-lation reserve	Hedge reserv	Retained earnings, incl. net profit for the period	Total equity
	Equity attributable to Parent Company's shareholders					
Balance at 1 January 2019	162	1,999	353	–1,569	255,672	256,617
Comprehensive income for the year						
Net profit for the year	–	–	–	–	52,535	52,535
Other comprehensive income for the year	–	–	1,008	1,257	–	2,265
Total comprehensive income for the year	–	–	1,008	1,257	52,535	54,800
Balance at 31 December 2019	**162**	**1,999**	**1,361**	**–312**	**308,207**	**311,417**

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

The notes on pages F-19 to F-63 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

1 January–31 December TSEK	Note	2020	2019	2018
	28			
Cash flow from operating activities				
Profit before tax		77,517	70,902	50,777
Adjustments for non-cash items		161,895	146,048	155,189
Income tax paid		–14,329	193	–4,523
		225,083	217,143	201,443
Increase (-)/decrease (+) in inventories		–32,639	–40,532	–42,837
Increase (-)/decrease (+) in operating receivables		–16,265	–19,490	–1,432
Increase (+)/decrease (-) in operating liabilities		60,800	24,230	54,392
Cash flow from operating activities		**236,979**	**181,351**	**211,566**
Investing activities				
Acquisition of tangible assets		–26,220	–20,402	–13,200
Acquisition of intangible assets		–15,031	–23,250	–3,402
Cash flow from investment activities		**–41,251**	**–43,652**	**–16,602**
Financing activities				
Proceeds from loans		150,000	–	–
Repayment of loans		–176,000	–26,000	–12,500
Repayment of lease liabilities		–123,339	–103,599	–82,850
Cash flow from financing activities		**–149,339**	**–129,599**	**–95,350**
Cash flow for the year		46,389	8,100	99,614
Cash and cash equivalents at the beginning of the year		299,403	288,914	191,197
Exchange rate differences in cash and cash equivalents		–5,370	2,389	–1,897
Cash and cash equivalents at the end of the year		**340,422**	**299,403**	**288,914**

The notes on pages F-19 to F-63 are an integral part of these consolidated financial statements.

Notes

Note 1 Significant accounting policies

(a) Basis of accounting

The consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the EU. In addition, Swedish Financial Reporting Board recommendation RFR 1 Supplementary Accounting Rules for Groups has been applied.

The consolidated financial statements were approved for publication by the company's Board of Directors on 5 September 2021.

(b) Events after the reporting period

Events after the reporting period are those events, favourable or otherwise, that occurr between the end of the reporting period and the date when the financial statements are authorised for issue. Events that provide evidence of conditions that existed at the end of the reporting period are adjusted for (adjusting events) whereas events that are indicative of conditions that arose after the reporting period not adjusted for (non-adjusting events), but disclosed (see Note 29).

In preparing the financial statements, management has taken into account events up to the date of approval on 5 September 2021 for financial years 2018, 2019 and 2020, respectively.

(c) Basis for measurement applied in preparing the financial statements

Assets and liabilities are recognised at historical cost, except those pertaining to financial instruments. Financial assets and liabilities are stated at amortised cost with the exception of certain derivatives.

(d) Functional currency and reporting currency

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

(e) Judgements and estimates in the financial statements

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

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

(f) Significant accounting policies applied

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

(ii) Change in reporting shipping costs in the Norway segment
In the consolidated annual report published on 20 April 2021, costs for shipping to customers in the Norway segment were reported under Goods for resale. In this report, these costs have been reclassified to Other external expenses, where the costs for shipping to customers in the Sweden segment are also reported. The reclassification has led to a decrease in the costs of Goods for resale of TSEK 6,526 alongside a simultaneous increase of a corresponding amount in Other external expenses for 2020.

(g) Changes in accounting policies

The Group applies IFRS as of financial year 2020. In previous years, the Group applied Swedish Accounting Standards Board general guidelines BFNAR 2012:1 Annual financial statements and consolidated financial statements (K3). For disclosures on the effects of the transition to IFRS, refer to Note 31.

(h) New IFRS that have not yet been applied

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

(i) Classification, etc.

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

(j) Operating segment reporting

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

Kjell & Company's operations are divided into two geographical operating segments that reflect how the chief operating decision maker monitors the operations:

– "Sweden", which covers service points and online-generated sales in Sweden, and

– "Norway", which covers service points and online-generated sales in Norway.

After the end of the financial year, the company acquired AV-Cables, which pursues online sales in Denmark (refer to Note 29). As of 2021, AV-Cables will be reported as a separate operating segment designated "Denmark".

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

(k) Basis of consolidation

(i) Subsidiaries

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

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

In the case of business combinations where the transferred remuneration exceeds the fair value of the acquired assets and assumed liabilities that are to be recognised separately, the difference is recognised as goodwill. Consideration transferred in connection with the acquisition does not include amounts related to the settlement of pre-existing relationships. This type of settlement is usually recognised in profit or loss. Contingent considerations are recognised at fair value on the acquisition date. If the contingent consideration is classified as equity, no remeasurement is performed and the adjustment is made to equity. Other contingent considerations are remeasured for each financial statement and the difference is recognised in profit or loss.

(v) Transactions eliminated on consolidation

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

(l) Foreign currency

(i) Transactions in foreign currency

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

(ii) Financial statements of foreign operations

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

Accumulated translation differences attributable to foreign operations have been stated at zero at the time of the transition to IFRS.

(m) Revenue

(i) Performance obligations and revenue recognition policies

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

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

Sale of goods

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

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

Kjell & Company also has sales of services in which revenue is recognised when the service has been completed. The proportion of services in total sales, however, is insignificant.

Customer loyalty programme

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

(ii) Government grants

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

(n) Leases

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

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

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

The lease liability – which is divided up into a non-current and current portion – is initially recognised at the present value of remaining lease payments during the estimated lease term. The lease term comprises the non-cancellable period plus additional periods in the contract if, at the commencement date, it is deemed reasonably certain that these will be utilised. Refer to Note 24 for more information on the Group's lease terms.

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

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

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

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

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

(o) Financial income and expenses

Financial expenses comprise interest expenses on the Group's credit facility and payment-in-kind (PIK) bonds, interest expenses on lease liabilities, coupon rates on interest-rate swaps and other financial expenses. The Group has only insignificant financial income.

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

(p) Taxes

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

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

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

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

(q) Financial instruments

(i) Recognition and initial measurement

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

(ii) Classification and subsequent measurement

Financial assets

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

Financial liabilities

The Group's financial liabilities consist of liabilities as part of the Group's credit facility, PIK bonds issued, accounts payable, accrued expenses and interest-rate swaps with negative fair values. All financial liabilities except interest-rate swaps are recognised at amortised cost. Interest-rate swaps are recognised at fair value, refer to the "Hedge accounting" section below.

(iii) Impairment

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

(vi) Derecognition

Financial assets

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

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

(vi) Hedge accounting

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

(r) Tangible assets

(i) Owned assets

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

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

(ii) Subsequent expenditure

Subsequent expenditure is added to the cost only to the extent that it is probable that the future financial benefits associated with the asset will accrue to the company and the acquisition cost can be reliably calculated. All other subsequent expenditure is recognised as an expense in the period in which they arise.

(iii) Depreciation

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

Estimated useful lives:

• Equipment, tools, fixtures and fittings	5 years
• Computers	3 years
• Vehicles	5 years

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

(s) Intangible assets

(i) Intangible assets with indefinite useful lives

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

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

(Ii) Intangible assets with finite useful lives

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

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

Development expenditure
Development expenditure pertains to the e-commerce platform, business intelligence tools and the check-in solution for the company's service points. Development expenditure is recognised as an asset in the statement of financial position if the product or process is technically and commercially usable, and the company has sufficient resources to complete development and thereafter use or sell the intangible asset. The carrying amount includes all directly attributable expenses (e.g. for materials and services, remuneration to employees, registration of a legal right and amortisations on patents and licences).

The assets are recognised at cost less accumulated amortisation and any impairment losses.

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

(iii) Subsequent expenditure

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

(iv) Amortisation

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

The estimated useful lives are:

- Software 3-10 years
- Capitalised development expenditure 5 years

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

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

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

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

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

Reversal of impairment losses

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

(u) Inventories

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

(v) Preference shares

The Group has issued preference shares that are recognised as equity. This is because the holders do not have the right to demand the redemption of the preference shares at the same time that the decision on a dividend on the preference shares has been placed before the general meeting of shareholders. Dividends paid are recognised directly in equity once the decision on a dividend has been made by the general meeting.

(w) Dividends to owners

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

(x) Earnings per share

Basic earnings per share is calculated based on the net profit for the year attributable to the ordinary equity holders of the Parent Company and on the weighted average number of shares outstanding during the period. The net profit is reduced by the dividend (after tax) paid on the preference shares, since the dividend on these is cumulative. This is done despite no dividend having been paid. There were no potential ordinary shares in 2018, 2019 or 2020 that could give rise to dilutive effects. Basic and diluted earnings per share are therefore the same for all periods presented.

An Extraordinary General Meeting on 13 July 2021 resolved to increase the number of ordinary shares outstanding in Kjell Group AB from 216,972 shares to 11 470 400 shares through a share split. A share split entails an increase in the number of ordinary shares without injecting new capital. To calculate earnings per share, the weighted average number of ordinary shares outstanding has thus been adjusted as if the share split had taken place at the beginning of the earliest period presented, meaning 1 January 2018.

Instruments that may result in future dilutive effects
At the Extraordinary General Meeting on 15 September 2021, Kjell & Company is expected to introduce a long-term incentive programme, refer to Note 29. The programme could result in dilution when calculating earnings per share in future periods.

(y) Employee benefits

(i) Short-term benefits

Short-term employee benefits are calculated without discounting and recognized as an expense when the related services are provided.

(ii) Pensions

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

(iii) Termination benefits

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

(z) Provisions

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

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

(i) Guarantees

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

(aa) Contingent liabilities

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

Note 2 Operating segments

The Group's operations are divided into operating segments based on the parts of the organisation monitored by the company's chief operating decision maker, known as the management approach.

For Kjell & Company, this means that the Group's operations are divided into two segments: Sweden and Norway. The segments encompass sales via service points and online-generated sales in each country. The Sweden segment also includes Group-wide functions, including the purchasing organisation in Shanghai, since this reflects how the segments are monitored internally by the Group.

Information about each reportable segment is provided below. Adjusted EBITA is used to measure profitability since management believes that it provides the most relevant assessment of each segment. For a definition of adjusted EBITA, refer to Note 3.

The operations are similar for both the Sweden segment and Norway segment, and no sales are conducted between the segments. Accordingly, all revenue for the segments is from sales to external customers.

The same accounting policies are applied to the segments as for the Group.

Group's operating segments

	2020		
TSEK	**Sweden**	**Norway**	**Total**
Net sales	1,747,236	251,764	1,999,000
Depreciation and amortisation	114,857	24,760	139,617
Adjusted EBITA	**146,915**	**–44**	**146,870**
Items affecting comparability			–7,554
Operating profit			**139,316**
Net financial items			–61,799
Profit before tax			**77,517**

	2019		
TSEK	**Sweden**	**Norway**	**Total**
Net sales	1,672,331	198,633	1,870,964
Depreciation and amortisation	106,961	22,958	129,919
Adjusted EBITA	**140,304**	**–1,905**	**138,399**
Items affecting comparability			–156
Operating profit			**138,243**
Net financial items			–67,341
Profit before tax			**70,902**

	2018		
TSEK	**Sweden**	**Norway**	**Total**
Net sales	1,534,426	156,458	1,690,884
Depreciation and amortisation	105,637	21,305	126,942
Adjusted EBITA	**133,602**	**–2,700**	**130,902**
Items affecting comparability			–4,365
Operating profit			**126,537**
Net financial items			–75,760
Profit before tax			**50,777**

None of the Group's customers accounted for more than 10% of net sales in 2020, 2019 or 2018.

Change in segment classification after reporting date

The Group acquired the Danish company AV-Cables (refer to Note 29) in April 2021. From 2021, AV-Cables will be recognised as a separate segment called "Denmark." The other segment classification is unchanged.

Non-current assets

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

TSEK	**2020-12-31**	**2019-12-31**	**2018-12-31**
Sweden	1,236,580	1,283,985	1,346,779
Norway	80,895	85,189	84,447
Other countries	3,417	625	1,112
	1,320,892	**1,369,800**	**1,432,339**

Note 3 Adjusted earnings before tax, interest, amortisation of intangible assets related to business combinations and items affecting comparability (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 not an performance measure defined by IFRS. The measure is not a substitute for or better than financial measures reported in accordance with IFRS, and should be presented together with such measures. Adjusted EBITA and items affecting comparability according to the Group's definition could differ from other measures of similar names used by other companies. Investors are encouraged not to place an undue reliance on these alternative performance measures.

Earnings measures	Definition	Reason that the performance measure is used
Adjusted EBITA	Operating profit before amortisation and impairment of intangible assets arising in connection with business combinations excluding items affecting comparability.	Management presents 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 performance. The measure shows the financial performance of the operations without the effect of material cost or income items that affect the possibility to make comparisons over time, as described under the heading "Items affecting comparability" below.
Items affecting comparability	Income and cost items that are presented separately due to their nature and amounts. The items comprise costs for preparations for a potential listing, damages received and compensation for legal costs, costs for business combination and severance pay. All items that are included are larger and material for 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.

Reconciliation of adjusted EBITA

TSEK	2020	2019	2018
Net profit for the year	58,838	52,535	45,823
Income tax	18,679	18,367	4,954
Net financial items	61,799	67,341	75,760
Operating profit	**139,316**	**138,243**	**126,537**
Items affecting comparability	7,554	156	4,365
Adjusted EBITA	**146,870**	**138,399**	**130,902**

Specification of items affecting comparability

TSEK	2020	2019	2018
Costs for preparations for possible listing	–10,402	–	–
Damages received and compensation for legal costs	3,839	–	–
Severance payment	–991	–156	–4,365
	–7,554	**–156**	**–4,365**

Note 4 Net sales

Revenue streams

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

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

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

Income per geographic area

TSEK	2020	2019	2018
Sweden	1,747,236	1,672,331	1,534,426
Norway	251,764	198,633	156,458
	1,999,000	**1,870,964**	**1,690,884**

Contract balances

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

TSEK	2020-12-31	2019-12-31	2018-12-31
Gross amount of accounts receivable	24,908	12,731	10,869
Loss allowance	–571	–598	–112
Carrying amount, accounts receivable	**24,337**	**12,133**	**10,757**
Customer loyalty programme recognised as other liabilities	3,597	4,421	9,330
Gift vouchers and other balances recognised as other liabilities	6,527	7,425	6,798
Total contract liabilities	**10,124**	**11,846**	**16,128**

All contract liabilities recognised at the start of 2020, 2019 and 2018 were recognised as income in subsequent periods. No information is provided about transaction price allocated to outstanding performance obligations since, as per 31 December 2020, no such obligations exist with an original expected maturity of more than one year. For disclosures on the Group's guarantee provisions, refer to Note 19.

Note 5 Other operating income

TSEK	2020	2019	2018
Grants and compensation	1,319	520	3,279
Exchange rate gains on operating receivables/liabilities	919	794	5,798
Insurance compensation and damages	5,497	–	72
Other	974	851	1,535
	8,709	**2,165**	**10,684**

Note 6 Other operating expenses

TSEK	2020	2019	2018
Exchange rate losses on operating receivables/liabilities	–4,169	–	–
Other	–32	–29	–249
	–4,201	**–29**	**–249**

Note 7 Employees, personnel costs and remuneration of senior executives

Costs for remuneration to employees

TSEK	2020	2019	2018
Group			
Salaries and other remuneration	315,821	307,591	302,696
Pension costs, defined contribution plans	14,665	12,987	13,925
Social security contributions	88,949	90,749	89,644
	419,435	**411,327**	**406,265**

Average no. of employees

	2020	of whom men	2019	of whom men	2018	of whom men
Parent Company						
Sweden	–		–		–	
Total, Parent Company	–	–	–	–	–	–
Subsidiaries						
Sweden	591	*80%*	615	*82%*	601	*83%*
Norway	87	*82%*	69	*90%*	64	*89%*
China, Shanghai	20	*35%*	17	*41%*	17	*41%*
Total, subsidiaries	698	*79%*	701	*84%*	682	*84%*
Group total	**698**	***79%***	**701**	***84%***	**682**	***84%***

Gender distribution in board and other senior executives

	2020-12-31	2019-12-31	2018-12-31
	% women	% women	% women
Parent Company			
Board	40%	50%	50%
Other senior executives	–	–	–
Group			
Board	15%	15%	15%
Other senior executives	–	–	–
The Parent Company has no employees.	–	–	–

Total salaries, other remuneration, pension costs and pension obligations for senior executives in the Group

TSEK	2020 Senior executives (11 individuals)	2019 Senior executives (11 individuals)	2018 Senior executives (11 individuals)
Group			
Salaries and other remuneration	10,609	9,264	8,996
(of which bonuses, etc.)	2,536	1,405	2,090
Pension costs	3,373	2,921	3,044

There are senior executives in Group management who are employed in a different Group company than Kjell Group AB. These costs are presented in the table below for each year, under the heading Other senior executives, as remuneration from subsidiaries.

Salary and other remuneration for senior executives, Parent Company 2020

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

*) This Board member represents the Dahnelius family. No Board fees were paid by Kjell Group AB.
**) This Board member represents FSN Capital. No Board fees were paid by Kjell Group AB.
***) Was a deputy Board member before he became a Board member. Represents FSN Capital. No Board fees were paid by Kjell Group AB.
****) Eric Lundberg stepped down as President and CEO on 9 March 2021.

Salary and other remuneration for senior executives, Parent Company 2019

TSEK		Base salary/ Board remunera-tion	Variable remuner-ation	Pension costs	Other benefits	Total
Chairman of the Board						
Ingrid Johansson Blank (26 February–31 December)						
Remuneration from Parent Company		–	–	–	–	–
Remuneration from subsidiaries		250	–	–	–	250
Peter Möller (1 January - 25 February)	**					
Remuneration from Parent Company		–	–	–	–	–
Remuneration from subsidiaries		–	–	–	–	–
Board members						
Peter Möller (26 February - 8 November)	**					
Remuneration from Parent Company		–	–	–	–	–
Remuneration from subsidiaries		–	–	–	–	–
Ingrid Johansson Blank (1 January–25 February)						
Remuneration from Parent Company		–	–	–	–	–
Remuneration from subsidiaries		25	–	–	–	25
Fredrik Dahnelius (17 May–31 December)	*					
Remuneration from Parent Company		–	–	–	–	–
Remuneration from subsidiaries		–	–	–	–	–
Mikael Sundin (1 January - 16 May)	*					
Remuneration from Parent Company		–	–	–	–	–
Remuneration from subsidiaries		–	–	–	–	–
Catrin Folkesson						
Remuneration from Parent Company		–	–	–	–	–
Remuneration from subsidiaries		150	–	–	–	150
Kenneth Haavel (24 October - 31 December)	**					
Remuneration from Parent Company		–	–	–	–	–
Remuneration from subsidiaries		–	–	–	–	–
President and CEO						
Eric Lundberg						
Remuneration from Parent Company		–	–	–	–	–
Remuneration from subsidiaries		1,994	435	654	66	3,149
Other senior executives						
(4 individuals)						
Remuneration from Parent Company		–	–	–	–	–
Remuneration from subsidiaries		5,110	970	2,267	264	8,611
Total		**7,529**	**1,405**	**2,921**	**330**	**12,185**
Remuneration from Parent Company		–	–	–	–	–
Remuneration from subsidiaries		7,529	1,405	2,921	330	12,185

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

Salary and other remuneration for senior executives, Parent Company 2018

TSEK		Base salary/ Board remuneration	Variable remuneration	Pension costs	Other benefits	Total
Chairman of the Board						
Peter Möller	**					
Remuneration from Parent Company		–	–	–	–	–
Remuneration from subsidiaries		–	–	–	–	–
Board members						
Ingrid Johansson Blank						
Remuneration from Parent Company		–	–	–	–	–
Remuneration from subsidiaries		150	–	–	–	150
Mikael Sundin	*					
Remuneration from Parent Company		–	–	–	–	–
Remuneration from subsidiaries		–	–	–	–	–
Catrin Folkesson (19 March - 31 December)						
Remuneration from Parent Company		–	–	–	–	–
Remuneration from subsidiaries		125	–	–	–	125
President and CEO						
Eric Lundberg						
Remuneration from Parent Company		–	–	–	–	–
Remuneration from subsidiaries		597	226	211	33	1,067
Other senior executives						
(4 individuals)						
Remuneration from Parent Company		–	–	–	–	–
Remuneration from subsidiaries		5,737	1,862	2,833	266	10,698
Total		**6,609**	**2,088**	**3,044**	**299**	**12,040**
Remuneration from Parent Company		–	–	–	–	–
Remuneration from subsidiaries		6,609	2,088	3,044	299	12,040

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

Remuneration of senior executives

Terms of employment for the CEO

The Group's former CEO, who was employed in the subsidiary Kjell BidCo AB, had a six-month period of notice if employment was terminated by the CEO and 12 months if terminated by the company. During the period of notice, the CEO was entitled to receive the salary and other employment benefits that the CEO received on the date of notice. The total remuneration to the former CEO comprised fixed base salary, variable salary and other benefits, refer to the table "Salary and other remuneration of senior executives, Parent Company 2020."

Eric Lundberg stepped down as CEO on 9 March 2021 and was succeeded by Andreas Rylander on 10 March 2021.

The Group's new CEO has a nine-month period of notice if the CEO terminates employment and 12 months if terminated by the company. During the period of notice, the CEO is entitled to receive the salary and other employment benefits that the CEO received on the date of notice.

The total remuneration to the CEO comprises fixed base salary, variable salary, pension and other benefits. Variable salary is linked to predetermined and measurable financial criteria. The maximum outcome is 50% of the annual base salary.

Pension benefits for the CEO follow the Swedish ITP plan. Pension costs to be paid by the company amount to 25% of annual base salary.

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

Terms of employment for other senior executives

The total remuneration to other senior executives comprises fixed base salary, variable salary, pension and other benefits, similar to the CEO. Variable salary is linked to predetermined and measurable financial criteria and comprises remuneration of up to four monthly salaries for each member of Group management. All members of the management team achieved 100% of the 2020 objectives.

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

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

Incentive programme

At the Extraordinary General Meeting on 15 September 2021, Kjell & Company is expected to introduce a long-term incentive programme in the form of a performance share savings programme. Please refer to Note 29.

Bonuses

The Board of Directors decided on 23 August 2021 to award bonuses to the CEO, CFO, CCO and CTO that are conditional on the listing of the company's share. Please refer to Note 29.

Government grants

The Group furloughed employees in Sweden and Norway in 2020. Furloughs in Norway amounted to 34 individuals between March and May. In Sweden, the number of furloughed employees was 66 for March to June. For the operations in Norway, Kjell & Company did not receive any grants since employees received direct payments from the authorities. In Sweden, the allowance from the Swedish Agency for Economic and Regional Growth amounted to TSEK 2,078 and was recognised as a reduction in payroll costs.

Note 8 Fees and remuneration of auditors

TSEK	**2020**	**2019**	**2018**
KPMG AB			
Audit assignment	699	532	607
Audit services in addition to audit assignment	165	31	35
Tax advisory services	41	–	196
Other assignments	4,993	142	83
	5,897	**705**	**921**

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

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

Note 9 Net financial items

TSEK	**2020**	**2019**	**2018**
Financial income	**6**	**54**	**128**
Interest expenses	–50,538	–52,586	–56,795
Interest expenses on lease liabilities	–10,741	–14,399	–18,667
Other	–526	–410	–426
Financial expenses	**–61,805**	**–67,395**	**–75,888**
Net financial items recognised in profit or loss	**–61,799**	**–67,341**	**–75,760**

Note 10 Income taxes

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

TSEK	2020	2019	2018
Current tax expense (–) / tax revenue (+)			
Current tax expense / tax revenue	–17,652	–16,534	–9,036
Adjustment of tax attributable to prior years	–	–410	881
	–17,652	–16,944	–8,155
Deferred tax expense (–) / tax revenue (+)			
Deferred tax attributable to temporary differences	358	–122	2,953
Deferred tax resulting from changes in tax rates	–	–	6,265
Tax value of loss carry-forwards	–1,385	–1,301	–6,017
	–1,027	–1,423	3,201
Total recognised tax expense	**–18,679**	**–18,367**	**–4,954**

Reconciliation of effective tax

TSEK		2020		2019		2018
Profit before tax		77,517		70,902		50,777
Tax according to applicable tax rate for Parent Company	21.4%	–16,589	21.4%	–15,173	22.0%	–11,171
Effect of other tax rates for foreign subsidiaries	0.1%	–48	0.1%	–36	–	–
Non-deductible expenses	0.5%	–379	0.8%	–580	1.3%	–661
Non-taxable revenue	0.0%	29	–	–	–0.6%	321
Increase in remaining negative net interest income with-out corresponding capitalisation of deferred tax	1.4%	–1,080	3.5%	–2,497	–	–
Tax attributable to prior years	–	–	0.6%	–427	–1.7%	881
Effect of changed tax rates and tax rules	0.2%	–163	0.2%	–141	–12.3%	6,265
Standard interest rate on tax allocation reserve	0.1%	–111	0.2%	–111	0.2%	–81
Other	0.4%	–338	–0.8%	598	1.0%	–508
Effective tax recognised	24.1%	–18,679	25.9%	–18,367	9.8%	–4,954

Tax attributable to other comprehensive income

TSEK	Before tax	Tax	After tax
		2020	
Exchange differences of foreign operations	–1,160	–	–1,160
Cash flow hedges	296	–63	233
Other comprehensive income	–864	–63	–927
		2019	
Exchange differences of foreign operations	1,008	–	1,008
Cash flow hedges	1,569	–312	1,257
Other comprehensive income	2,577	–312	2,265
		2018	
Exchange differences of foreign operations	353	–	353
Cash flow hedges	2,205	–485	1,720
Other comprehensive income	2,558	–485	2,073

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

TSEK	2020	2019	2018
Tax loss carry-forwards	3,037	1,997	–
	3,037	1,997	–

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

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

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

TSEK	Balance on 1 Jan 2019	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in equity	Balance on 31 Dec 2019
Tangible assets	3,113	1,757	–	–	4,870
Intangible assets	–91,518	–	–	–	–91,518
Inventories	792	21	–	–	813
Accounts receivable	17	76	–	–	93
Tax allocation reserves	–24,328	–1,934	–	–	–26,262
Other	442	–42	–312	–	88
Utilised loss carry-forwards	2,686	–1,301	–	–	1,385
	–108,796	**–1,423**	**–312**	**–**	**–110,531**

TSEK	Balance on 1 Jan 2018	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in equity	Balance on 31 Dec 2018
Tangible assets	–	3,113	–	–	3,113
Intangible assets	–97,738	6,220	–	–	–91,518
Inventories	810	–18	–	–	792
Accounts receivable	3	14	–	–	17
Tax allocation reserves	–24,173	–155	–	–	–24,328
Other	883	44	–485	–	442
Utilised loss carry-forwards	8,703	–6,017	–	–	2,686
	–111,512	**3,201**	**–485**	**–**	**–108,796**

Changed tax rate

From 1 January 2019, the tax rate in Sweden is 21.4% for companies with financial years beginning on or after 1 January 2019. The tax rate is lowered to 20.6% for financial years beginning on or after 1 January 2021.

Note 11 Earnings per share

Calculation of earnings per share was based on net profit for the year attributable to ordinary equity holders of the Parent Company and the weighted average number of ordinary shares outstanding. Net profit for the year is reduced by the cumulative dividend for the period (after tax) that accrues on preference shares. There were no potential ordinary shares outstanding that gave rise to dilutive effects in 2018, 2019 or 2020. Diluted earnings per share are thus the same as basic earnings per share for all periods presented.

SEK	**2020**	**2019**	**2018**
Basic and diluted earnings per share	1.42	1.22	0.96

Net profit for the year attributable to Parent Company's ordinary shareholders, basic and diluted

TSEK	**2020**	**2019**	**2018**
Net profit for the year attributable to Parent Company shareholders	58,838	52,535	45,823
Cumulative dividend on preference shares attributable to the period	–42,434	–38,577	–34,802
Profit attributable to the ordinary equity holders of the Parent Company	**16,404**	**13,958**	**11,021**

Weighted average number of shares, basic and diluted

Number of shares	**2020**	**2019**	**2018**
Weighted average number of shares during the year	11,470,400	11,470,400	11,470,400

An Extraordinary General Meeting on 13 July 2021 resolved to increase the number of ordinary shares outstanding in Kjell Group AB from 216,972 shares to 11,470,400 shares through a share split. A share split entails an increase in the number of ordinary shares without injecting new capital. To calculate earnings per share, the weighted average number of ordinary shares outstanding has thus been adjusted as if the share split had taken place at the beginning of the earliest period presented, meaning 1 January 2018.

Instruments that may result in future dilutive effects

An Extraordinary General Meeting on 15 September 2021 resolved to introduce a long-term incentive programme, refer to Note 29. The programme could result in dilution when calculating earnings per share in future periods.

Note 12 Intangible assets

	Internally generated intangible assets	Acquired intangible assets				
TSEK	**Development costs**	**Licences and similar rights**	**Brands**	**Goodwill**	**Other**	**Total**
Accumulated cost						
Opening balance, 1 January 2018	–	32,520	444,258	520,866	4,950	1,002,594
Other investments	–	1,386	–	–	2,011	3,397
Other changes	–	4	–	–	–	4
Closing balance, 31 December 2018	**–**	**33,910**	**444,258**	**520,866**	**6,961**	**1,005,995**
Opening balance, 1 January 2019	–	33,910	444,258	520,866	6,961	1,005,995
Internally generated assets	20,711	–	–	–	–	20,711
Other investments	–	2,382	–	–	157	2,539
Exchange rate differences for the year	–	–391	–	–	–	–391
Closing balance, 31 December 2019	**20,711**	**35,901**	**444,258**	**520,866**	**7,118**	**1,028,854**
Opening balance, 1 January 2020	20,711	35,901	444,258	520,866	7,118	1,028,854
Internally generated assets	14,719	–	–	–	–	14,719
Other investments	–	318	–	–	–	318
Other changes	2,169	–	–	–	–2,169	–
Exchange rate differences for the year	–	–228	–	–	–	–228
Closing balance, 31 December 2020	**37,599**	**35,991**	**444,258**	**520,866**	**4,949**	**1,043,663**
Accumulated amortisation and impairment						
Opening balance, 1 January 2018	–	–27,183	–	–	–4,335	–31,518
Amortisation for the year	–	–1,396	–	–	–230	–1,626
Closing balance, 31 December 2018	**–**	**–28,579**	**–**	**–**	**–4,565**	**–33,144**
Opening balance, 1 January 2019	–	–28,579	–	–	–4,565	–33,144
Amortisation for the year	–186	–1,788	–	–	–205	–2,179
Closing balance, 31 December 2019	**–186**	**–30,367**	**–**	**–**	**–4,770**	**–35,323**
Opening balance, 1 January 2020	–186	–30,367	–	–	–4,770	–35,323
Amortisation for the year	–6,249	–1,808	–	–	–179	–8,236
Closing balance, 31 December 2020	**–6,435**	**–32,175**	**–**	**–**	**–4,949**	**–43,559**
Carrying amounts						
On 1 Jan 2018	–	5,337	444,258	520,866	615	971,076
On 31 Dec 2018	**–**	**5,331**	**444,258**	**520,866**	**2,396**	**972,851**
On 1 Jan 2019	–	5,331	444,258	520,866	2,396	972,851
On 31 Dec 2019	**20,525**	**5,534**	**444,258**	**520,866**	**2,348**	**993,531**
On 1 Jan 2020	20,525	5,534	444,258	520,866	2,348	993,531
On 31 Dec 2020	**31,164**	**3,816**	**444,258**	**520,866**	**–**	**1,000,104**

The category of "other" includes rental rights and advance payments to suppliers for intangible assets. The category of "licences and similar rights" includes licences for various types of programmes for the operations. Capitalised development costs refer to the e-commerce platform, business intelligence tools and the check-in solution for the Group's service points. The amount of internally generated assets includes personnel costs of TSEK 3,071 (1,721).

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

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

Impairment testing for cash-generating units containing goodwill and brands

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

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

TSEK	2020	2019	2018
Sweden	520,866	520,866	520,866
	520,866	520,866	520,866

Impairment testing of goodwill and brands involves comparing the recoverable amount with the carrying amount of the cash-generating unit. The recoverable amount of the cash-generating unit in the Group was calculated using a value in use and determined by discounting the future cash flows that may be generated from the continued use of the cash-generating unit. The value in use was determined in a similar way for 2020, 2019 and 2018.

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

Assumptions applied to estimates of value in use

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

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

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

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

	Discount rate			Terminal growth rate		
%	2020	2019	2018	2020	2019	2018
Sweden	11.2%	10.5%	9.9%	2.0%	2.0%	2.0%

9.9% was used as the discount rate at the start of 2018.

Sensitivity to changes in assumptions

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

Note 13 Tangible assets

TSEK	Equipment tools, fixtures and fittings	Construction in progress	Total
Accumulated cost			
Opening balance, 1 January 2018	159,043	–	159,043
Other acquisitions	13,044	156	13,200
Reclassification	–2,437	–	–2,437
Divestments/disposals	–4,771	–	–4,771
Exchange rate differences	954	–	954
Closing balance, 31 December 2018	**165,833**	**156**	**165,989**
Opening balance, 1 January 2019	165,833	156	165,989
Other acquisitions	20,402	–	20,402
Reclassification	–	–76	–76
Divestments/disposals	–13,695	–	–13,695
Exchange rate differences	837	–	837
Closing balance, 31 December 2019	**173,377**	**80**	**173,457**
Opening balance, 1 January 2020	173,377	80	173,457
Other acquisitions	26,220	12	26,232
Reclassification	92	–92	–
Divestments	–4,796	–	–4,796
Exchange rate differences	–4,128	–	–4,128
Closing balance, 31 December 2020	**190,765**	**–**	**190,765**
Accumulated depreciation			
Opening balance, 1 January 2018	–98,676	–	–98,676
Depreciation for the year	–22,001	–	–22,001
Reclassification	2,437	–	2,437
Divestments	1,620	–	1,620
Exchange rate differences	–152	–	–152
Closing balance, 31 December 2018	**–116,772**	**–**	**–116,772**
Opening balance, 1 January 2019	–116,772	–	–116,772
Depreciation for the year	–22,858	–	–22,858
Divestments	13,695	–	13,695
Exchange rate differences	–593	–	–593
Closing balance, 31 December 2019	**–126,528**	**–**	**–126,528**
Opening balance, 1 January 2020	–126,528	–	–126,528
Depreciation for the year	–20,755	–	–20,755
Divestments	4,533	–	4,533
Exchange rate differences	1,846	–	1,846
Closing balance, 31 December 2020	**–140,904**	**–**	**–140,904**
Carrying amounts			
On 1 Jan 2018	60,367	–	60,367
On 31 Dec 2018	**49,061**	**156**	**49,217**
On 1 Jan 2019	49,061	156	49,217
On 31 Dec 2019	**46,849**	**80**	**46,929**
On 1 Jan 2020	46,849	80	46,929
On 31 Dec 2020	**49,861**	**–**	**49,861**

Note 14 Inventories

TSEK	2020-12-31	2019-12-31	2018-12-31
Finished goods and goods for resale	404,175	374,029	332,333
Right to receive returned goods	4,650	5,148	3,965
	408,825	**379,177**	**336,298**

Note 15 Prepaid expenses and accrued income

TSEK	2020-12-31	2019-12-31	2018-12-31
Accrued income, suppliers according to contract	10,269	11,012	–
Prepaid cost of premises	4,787	4,747	4,041
Prepaid marketing costs	4,741	3,113	–
Marketing grants	3,536	1,995	–
Insurance	1,217	957	727
Store start-up costs	986	373	206
Bank charges	1,137	116	107
Other	5,141	6,688	5,941
	31,814	**29,001**	**11,022**

Note 16 Cash and cash equivalents

TSEK	2020-12-31	2019-12-31	2018-12-31
The following subcomponents are included in cash and cash equivalents:			
Cash and bank balances	340,422	299,403	288,914
	340,422	**299,403**	**288,914**

Note 17 Equity

Classes of shares

Number of shares	2020-12-31	2019-12-31	2018-12-31
Ordinary Class A shares			
Issued on 1 January	216,972	216,972	216,972
Issued on 31 December – paid	**216,972**	**216,972**	**216,972**
Non-redeemable Class B preference shares			
Issued on 1 January	305,875	305,875	305,875
Issued on 31 December – paid	**305,875**	**305,875**	**305,875**
Non-redeemable Class C preference shares			
Issued on 1 January	101,955	101,955	101,955
Issued on 31 December – paid	**101,955**	**101,955**	**101,955**
Non-redeemable Class D preference shares			
Issued on 1 January	13,843	13,843	13,843
Issued on 31 December – paid	**13,843**	**13,843**	**13,843**
Non-redeemable Class E preference shares			
Issued on 1 January	5,218	5,218	5,218
Issued on 31 December – paid	**5,218**	**5,218**	**5,218**
Non-redeemable Class F preference shares			
Issued on 1 January	304	304	304
Issued on 31 December – paid	**304**	**304**	**304**
Non-redeemable Class G preference shares			
Issued on 1 January	2,709	2,709	2,709
Issued on 31 December – paid	**2,709**	**2,709**	**2,709**

On 31 December 2020, the registered share capital comprised 216,972 ordinary shares (216,972; 216,972) and 429,904 non-redeemable preference shares (424,904; 424,904).

Holders of preference shares are entitled to receive dividends at an amount per Preference Share up to a maximum amount ("Maximum Amount") that is to be calculated according to an agreed model. Calculating the Maximum Amount takes into account any previous dividends on the Preference Shares. Holders of ordinary shares are entitled to receive dividends after the total Maximum Amount has been distributed to holders of preference shares. The accumulated dividend on the preference shares, meaning the maximum amount, amounted to TSEK 276,661 (222,673, 173,593) on 31 December 2020.

No dividends were distributed in 2020, 2019 or 2018.

Translation reserve

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

Hedge reserve

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

Note 18 Interest-bearing liabilities

The following presents information on the company's contractual terms regarding interest-bearing liabilities. For further information about the company's exposure to interest-rate risk, refer to Note 23.

TSEK	2020-12-31	2019-12-31	2018-12-31
Non-current liabilities			
Credit facility	621,416	645,360	669,304
PIK bond	222,423	208,622	191,524
	843,839	**853,982**	**860,828**
Current liabilities			
Current component of credit facility	26,000	26,000	26,000
	26,000	**26,000**	**26,000**

Terms and repayment periods

				2020	
TSEK	Currency	Nominal rate	Date due	Nominal amount	Carrying amount
Credit facility	SEK	STIBOR+ margin	2022–07–11	650,500	647,416
PIK bond	SEK	11% / 9%	2023–01–11	223,289	222,423
Total interest-bearing liabilities				**873,789**	**869,839**

				2019	
TSEK	Currency	Nominal rate	Date due	Nominal amount	Carrying amount
Credit facility	SEK	STIBOR+ margin	2022–07–11	676,500	671,360
PIK bond	SEK	11% / 9%	2023–01–11	210,066	208,622
Total interest-bearing liabilities				**886,566**	**879,982**

				2018	
TSEK	Currency	Nominal rate	Date due	Nominal amount	Carrying amount
Credit facility	SEK	STIBOR+ margin	2022–07–11	702,500	695,304
PIK bond	SEK	11% / 9%	2023–01–11	193,545	191,524
Total interest-bearing liabilities				**896,045**	**886,828**

Note 19 Provisions

Provisions classified as current liabilities

TSEK	2020-12-31	2019-12-31	2018-12-31
Guarantee commitments	6,306	5,908	5,338
Total	**6,306**	**5,908**	**5,338**

Guarantees

TSEK	2020-12-31	2019-12-31	2018-12-31
Carrying amount at the beginning of the period	5,908	5,338	4,673
Provisions for the period	6,306	5,908	5,338
Amount utilised for the period	–5,908	–5,338	–4,673
Carrying amount at the end of the period	**6,306**	**5,908**	**5,338**

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

Note 20 Other liabilities

TSEK	2020-12-31	2019-12-31	2018-12-31
Other non-current liabilities			
Interest-rate swaps used for hedging	–	400	2,011
Other	102	–	–
	102	**400**	**2,011**
Other current liabilities			
Loyalty bonus	3,597	4,421	9,330
Gift vouchers and other balances	6,527	7,425	6,798
Value added tax	41,563	47,584	44,268
Employee withholding taxes and social security contributions	15,192	13,541	13,364
Other	739	447	140
	67,618	**73,418**	**73,900**

Note 21 Accrued expenses and deferred income

TSEK	2020-12-31	2019-12-31	2018-12-31
Accrued personnel costs	77,383	66,893	65,784
Repayment liabilities	8,248	8,844	7,562
Other	15,855	8,279	13,112
	101,486	**84,016**	**86,458**

Repayment liabilities

When a customer has a right to return a product within a certain period of time, a repayment liability is recognised amounting to the compensation received (or that will be received) that Kjell & Company is not expected to be entitled to. Kjell & Company also recognises a right to the returned products that is measured at the previous carrying amount of the product, refer to Note 14. The costs for reclaiming the products are not material since customers usually return goods in resaleable condition.

Note 22 Financial assets and financial liabilities

Fair value

The fair value of the liabilities in the Group's credit facility is estimated to amount to TSEK 650,500 (676,500, 702,500), compared with the carrying amount of TSEK 647,416 (671,360, 695,304). 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 is thus primarily attributable to the fact that the carrying amount of the loan includes transaction costs that have not yet been allocated as part of the effective interest rate of the bank loan.

The Group's PIK bond bears interest at a fixed rate of 11% that is in accordance with the loan agreement capitalized by the Group issuing new bonds corresponding to the accrued interest during the period. However, provided that certain terms regarding the debt/equity ratio have been met, a rate of 9% is applied. Management estimates that no changes have occurred regarding the interest on a liability with the corresponding terms and conditions since the bond was issued that could have a material impact on the fair value of the PIK bond. The difference between the fair value of the PIK bond and the carrying amount is thus primarily attributable to the existence of transaction costs included in the carrying amount of the bond. As a result, the fair value of the PIK bond is deemed to amount to TSEK 223,289 (210,066, 193,545), compared with the carrying amount of TSEK 222,423 (208,622, 191,524). Measurement is at Level 2 of the fair value hierarchy.

The carrying amounts of accounts receivable, other receivables, accrued income, cash and cash equivalents, accounts payable and accrued expenses are considered reasonable approximations of the fair value of each item. The interest-rate swaps were measured at the present value of future cash flows. Measurement is at Level 2 of the fair value hierarchy.

Classification of financial assets and financial liabilities

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

2020 TSEK	**Note**	**Hedging instruments**	**Financial assets measured at amortised cost**	**Financial liabilities measured at amortised cost**	**Total**
Financial assets not measured at fair value					
Accounts receivable		–	24,337	–	24,337
Accrued income	15	–	10,269	–	10,269
Other receivables		–	1,103	–	1,103
Cash and cash equivalents	16	–	340,422	–	340,422
		–	376,131	–	376,131
Total financial assets		**–**	**376,131**	**–**	**376,131**
Financial liabilities not measured at fair value					
Credit facility	18	–	–	621,416	621,416
PIK bond	18	–	–	222,423	222,423
Accounts payable		–	–	314,953	314,953
Accrued expenses	21	–	–	93,238	93,238
Current component of credit facility	18	–	–	26,000	26,000
		–	–	1,278,030	1,278,030
Total financial liabilities		**–**	**–**	**1,278,030**	**1,278,030**

2019 TSEK	**Note**	**Hedging instruments**	**Financial assets measured at amortised cost**	**Financial liabilities measured at amortised cost**	**Total**
Financial assets not measured at fair value					
Accounts receivable		–	12,133	–	12,133
Accrued income	15	–	11,002	–	11,002
Other receivables		–	225	–	225
Cash and cash equivalents	16	–	299,403	–	299,403
		–	322,763	–	322,763
Total financial assets		**–**	**322,763**	**–**	**322,763**
Financial liabilities measured at fair value					
Interest-rate swap for hedging	22	400	–	–	400
		400	–	–	400
Financial liabilities not measured at fair value					
Credit facility	18	–	–	645,360	645,360
PIK bond	18	–	–	208,622	208,622
Accounts payable		–	–	268,478	268,478
Accrued expenses	21	–	–	75,172	75,172
Current component of credit facility	18	–	–	26,000	26,000
		–	–	1,223,632	1,223,632
Total financial liabilities		**400**	**–**	**1,223,632**	**1,224,032**

2018 TSEK	**Note**	**Hedging instruments**	**Financial assets measured at amortised cost**	**Financial liabilities measured at amortised cost**	**Total**
Financial assets not measured at fair value					
Accounts receivable		–	10,757	–	10,757
Other receivables		–	253	–	253
Cash and cash equivalents	16	–	288,914	–	288,914
		–	299,924	–	299,924
Total financial assets		**–**	**299,924**	**–**	**299,924**
Financial liabilities measured at fair value					
Interest-rate swap for hedging	22	2,011	–	–	2,011
		2,011	–	–	2,011
Financial liabilities not measured at fair value					
Credit facility	18	–	–	669,304	669,304
PIK bond	18	–	–	191,524	191,524
Accounts payable		–	–	241,387	241,387
Accrued expenses	21	–	–	78,986	78,986
Current component of credit facility	18	–	–	26,000	26,000
		–	–	1,207,201	1,207,201
Total financial liabilities		**2,011**	**–**	**1,207,201**	**1,209,212**

Note 23 Financial risks and risk management

Framework for financial risk management

The Group's guidelines for managing financial risks were prepared by the Board and form a framework of guidelines and rules in the form of risk mandates and limits for financing activities. The responsibility for the Group's financial transactions and risks is managed by the Group's CFO. The finance function's overall objective is to provide cost-efficient financing and to minimise the negative effects from financial risks on the Group's earnings. The Group's CFO regularly reports to the Group's CEO and the company's Board. A finance policy will be adopted by the Board during 2021.

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

Financing risk

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

On 31 December 2020, the Group had a long-term credit facility with a total credit amount of MSEK 880.5. The facility is made up of the following part facilities:

TSEK

Part facility	Nominal	Utilised	Available
Part facility A	39,000	39,000	–
Part facility B	611,500	611,500	–
Part facility C	30,000	–	30,000
Revolving credit facility	200,000	8,633	191,367
Total	**880,500**	**659,133**	**221,367**

The credit facilities were raised in July 2017. Part facility A originally totalled TSEK 103,500, but has been amortised since then. The Group amortised TSEK 12,500 on part facility A in 2018, but annual amortisations for 2019 and 2020 were TSEK 26,000 each. Part facility A will be repaid in full as of 30 June 2022, when the final partial amortisation payment is made. Other part facilities, including the revolving credit facilities, mature on 11 July 2022. The credit facility is conditional on the Group's fulfilment of covenants in the form of the debt/equity ratio and interest coverage ratio. As of the balance sheet date, the Group had met these conditions.

In addition to the credit facility, the Group also has a PIK bond, which was issued in July 2017 and had an original nominal amount of MSEK 165. The Group's PIK bond bears interest at a fixed rate of 11% that is capitalised by the Group issuing new bonds corresponding to the interest rate for the period, in accordance with the loan agreement. Given that certain covenants pertaining to the debt/equity ratio have been met, however, an annual interest rate of 9% is applied instead, at least half of which is to be paid in cash. The bond matures on 11 January 2023, at which point the Group will repay both the original nominal amount and the capitalised interest. On 31 December 2020, the debt for the PIK bond (including capitalised interest) totalled TSEK 222,423 (208,622; 191,524).

During the second quarter of 2020, the Group increased interest-bearing liabilities with a loan of SEK 150 million through the overdraft facility as a result of the corona pandemic. The debt was repaid in full during the third quarter.

A maturity analysis for the Group's financial liabilities (including lease liabilities) is presented below, which shows payment of capital amounts and interest (undiscounted). Interest on liabilities that bear interest at variable rates has been paid based on the prevailing interest rate as of the respective balance sheet dates. In calculating interest, an interest rate of 11% has been used for the bond loan under the assumption that no interest will be paid in cash until the point in time when the bond matures.

2020

TSEK	**2021**	**2022**	**2023**	**2024**	**2025**	**>2025**
Part facility A	26,000	13,000	–	–	–	–
Part facility B	–	611,500	–	–	–	–
Interest on facilities	24,173	12,087	–	–	–	–
PIK bond including interest	–	–	268,940	–	–	–
Lease liabilities	121,823	85,283	54,120	20,380	6,073	353
Accounts payable	314,953	–	–	–	–	–
Accrued expenses	93,238	–	–	–	–	–
	580,187	**721,870**	**323,060**	**20,380**	**6,073**	**353**

2019

TSEK	**2020**	**2021**	**2022**	**2023**	**2024**	**>2024**
Part facility A	26,000	26,000	13,000	–	–	–
Part facility B	–	–	611,500	–	–	–
Interest on facilities	24,173	24,173	12,087	–	–	–
PIK bond including interest	–	–	–	288,845	–	–
Interest-rate swaps	400	–	–	–	–	–
Lease liabilities	140,061	101,703	68,678	38,948	10,863	5,733
Accounts payable	268,478	–	–	–	–	–
Accrued expenses	75,172	–	–	–	–	–
	534,284	**151,876**	**705,265**	**327,793**	**10,863**	**5,733**

2018

TSEK	**2019**	**2020**	**2021**	**2022**	**2023**	**>2023**
Part facility A	26,000	26,000	26,000	13,000	–	–
Part facility B	–	–	–	611,500	–	–
Interest	25,601	24,173	24,173	12,087	–	–
PIK bond including interest	–	–	–	–	295,344	–
Interest-rate swaps	1,611	400	–	–	–	–
Lease liabilities	138,043	110,441	96,299	63,642	34,620	14,840
Accounts payable	241,387	–	–	–	–	–
Accrued expenses	78,896	–	–	–	–	–
	511,538	**161,014**	**146,472**	**700,229**	**329,964**	**14,840**

Interest-rate risk in interest-bearing liabilities

Interest-rate risk is defined as the risk that changes in market interest rates have a negative impact on the Group's finance net and the risk that fixed interest rates are locked in at levels above the prevailing market interest rates for longer periods of time. According to the guidelines, the Group will as a rule have short fixed terms for the variable interest on interest-bearing liabilities, since short fixed terms are judged to incur lower interest expenses over time while the Group avoids lengthy contracts with fixed prices in relation to customers.

The Group's exposure to interest-rate risk arises primarily through the credit facility bearing interest at variable rates (STIBOR) plus a margin. Changes in STIBOR thus impact the Group's interest expenses. In the credit facility, however, there is a floor of 0% for the base rate, which means that the Group's interest expenses are not impacted if STIBOR is negative. For the purpose of hedging the Group's exposure to interest-rate risk, interest-rate swaps with a nominal amount of MSEK 465 are included, through which the Group obtained a variable interest rate and paid fixed interest. The final interest-rate swap matured in June 2020.

TSEK	Nominal amount	Asset	Liability	Item in statement of financial position that includes hedging instrument	Items in profit/ loss impacted by reclassification
2020 – Interest-rate swap	–	–	–	Other liabilities	Interest expenses
2019 – Interest-rate swap	187,500	–	400	Other liabilities	Interest expenses
2018 – Interest-rate swap	375,000	–	2,011	Other liabilities	Interest expenses

Since the Group's PIK bond bears interest at a fixed rate, the interest expenses for the PIK bond are not affected by changes in market interest rates.

The effect of interest expenses during the coming twelve-month period in the event of a 1% increase in the interest rate would total TSEK 6,474 (4,839; 3,202) given the interest-bearing assets and liabilities existing on 31 December the preceding year.

Currency risk

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

Transaction exposure

The Group's direct transaction exposure arises primarily in conjunction with purchases paid for in EUR, USD and CNY. In 2020, the Group made purchases in EUR totalling TEUR 31,157 (24,223; 23,465), purchases in USD totalling TUSD 23,175 (25,437; 24,703) and purchases in CNY totalling TCNY 14,166 (21,996; 15,733).

In accordance with the guidelines, the exposure can be hedged using currency derivatives. However, there were no currency derivatives outstanding as of 31 December 2020. The table below illustrates what effects a 10% weakening or strengthening of EUR and USD against SEK would have for the Group's expenditure for purchases of goods and thereby the cost of goods for resale when these goods are sold to customers. The calculation is based on the assumption that all other variables are unchanged and on the volume of purchases in the various currencies made in the respective years.

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

	Impact on expenses for purchases of goods (TSEK)		
Currency	**2020**	**2019**	**2018**
EUR	+/– 32,673	+/– 25,650	+/– 24,067
USD	+/– 21,330	+/– 24,064	+/– 21,472
CNY	+/– 1,888	+/– 3,011	+/– 2,067
Total	**+/– 55,891**	**+/– 52,726**	**+/– 47,606**

Translation exposure

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

Translation exposure – net investments in foreign currency

Currency	2020	2019	2018
NOK	25,389	19,352	15,195
CNY	3,671	3,418	3,025

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

	Impact on equity (TSEK)			Impact on operating profit (TSEK)		
Currency	**2020**	**2019**	**2018**	**2020**	**2019**	**2018**
NOK	+/– 2,332	+/– 2,171	+/– 1,625	+/– 870	+/– 770	+/– 603
CNY	+/– 574	+/– 610	+/– 513	+/– 46	+/– 82	+/– 66

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

Credit risk

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

Commercial exposure to credit risk

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

Change in loss allowance for accounts receivable

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

TSEK	**2020**	**2019**	**2018**
Opening balance on 1 January	598	112	148
Amounts written-off	–165	131	–102
Remeasurement of loss allowance, net	138	355	66
Closing balance on 31 December	**571**	**598**	**112**

Financial exposure to credit risk

The Group's exposure to financial credit risk is related primarily to cash and cash equivalents. As of 31 December 2020, cash and cash equivalents amounted to TSEK 340,422 (299,403; 288,914). Cash and cash equivalents consist entirely of cash in hand and bank balances. The bank balances are located in banks with a short-term credit rating of A-1 from Standard & Poor and can be disbursed to the Group upon request. The credit risk in cash and cash equivalents is therefore deemed to be very low.

Capital management

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

During 2021, the Board of Directors adopted the goal set out below for the Group's capital structure and dividend policy;

- Financial net debt (net debt excluding IFRS 16 leasing liabilities) should be less than 2,5 times adjusted EBITDAaL. As per December 30, 2020 the financial net debt was 3.2 (3.9, 4.3) times adjusted EBITDAaL.
- At least 60% of net profit should be paid as dividend, considering the company's financial position, acquisition opportunities and future growth prospects. No dividends were paid during 2020, 2019 or 2018.

Capital is defined as total equity, including ordinary and preference shares.

Capital

TSEK	**2020**	**2019**	**2018**
Total equity	369,328	311,417	256,617

Note 24 Leases

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

Right-of-use assets

TSEK	Properties	Vehicles	Machinery	Total
Depreciation for the year	97,423	1,039	1,969	100,430
Closing balance, 31 December 2018	**403,329**	**2,226**	**4,716**	**410,271**
Depreciation for the year	101,754	1,200	1,843	104,797
Closing balance, 31 December 2019	**324,133**	**2,222**	**2,985**	**329,340**
Depreciation for the year	105,911	1,493	1,752	109,157
Closing balance, 31 December 2020	**264,741**	**3,094**	**3,093**	**270,927**

The additions to the right-of-use assets in 2020 amounted to TSEK 57,454 (22,007, 23,466). This amount includes the cost of newly acquired right-of-use assets during the year and additional amounts on the remeasurement of lease liabilities.

Lease liabilities

TSEK	2020-12-31	2019-12-31	2018-12-31
Current lease liabilities	116,308	131,385	123,828
Non-current lease liabilities	156,539	214,363	301,869
Lease liabilities included in statement of financial position	**272,847**	**345,748**	**425,697**

For a maturity analysis of the lease liabilities, refer to Note 23 Financial risks and risk management in the section on liquidity risk.

Recognised in profit or loss

TSEK	2020	2019	2018
Depreciation of right-of-use assets	109,157	104,797	100,430
Interest on lease liabilities	10,687	14,291	18,531
Variable lease payments not included in the measurement of the lease liability*)	414	429	462
Costs for low-value leases	1,601	1,941	2,043

Amount recognised in statement of cash flows

TSEK	2020	2019	2018
Amount recognised in statement of cash flows	134,712	117,972	103,140

*) The amount does not include property tax.

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

Property leases

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

At the transition to IFRS on 1 January 2018, the limit for reasonable certainty was set at 36 months. In practice, this means that for leases whose current term expired in the period from 2018 to 2020, one or more extension periods have normally been included in the lease term so that the end of the lease term falls in 2021 or later. As of the reporting date, 31 December 2020, the Group assessed that the limit for reasonable certainty was 12 months. This means that when new leases are signed or when the lease term changes for existing leases, the end of the lease term is normally set so that it occurs beyond 12 months.

Since the limit for reasonable certainty was longer at the start of 2018 than it was at the end of 2020, in combination with the majority of the leases having their lease terms established at one and the same point in time (meaning the transition on 1 January 2018), the remaining lease term for the Group's property leases was longer on 1 January 2018 than it was on 31 December 2020. At the transition to IFRS, the remaining average lease term of the Group's property leases subject to estimates of the lease liability and right-of-use asset was calculated at 4.9 years. This figure was reduced to 2.3 years (3.9; 3.0) on 31 December 2020. This reduction explains the negative performance of the lease liability from the date of the transition to IFRS to the reporting date, 31 December 2020. The Group expects that the lease liability will be more stable going forward when the current lease terms expire at an even pace and will normally be extended by a maximum of 36 months, whereas new leases will normally also have a lease term of 36 months or less.

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

Other leases

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

COVID-19 related rent concessions

In connection with the corona pandemic, the Swedish operations received aid in the form of temporary rent reductions in vulnerable sectors. Kjell & Company qualified for aid due to the operations it conducts. The rent concessions received meet the criteria for applying the IFRS 16 practical expedient for COVID-19 related rent concessions. The amount of aid for specific service points varied due to separate agreements with property owners. Government grants could amount to a maximum of 50% of the fixed rent with the property owner paying for half of the rent reduction, and the remainder being received from the government. Kjell & Company received aid between 1 April and 30 June 2020. The total amount of rental reduction was TSEK 4,400 and was recognised in profit or loss.

Note 25 Pledged assets, contingent liabilities and contingent assets

TSEK	2020-12-31	2019-12-31	2018-12-31
Pledged assets			
In the form of pledged assets for own liabilities and provisions			
Floating charges	65,000	65,000	65,000
Shares	914,005	989,856	1,045,101
	979,005	**1,054,856**	**1,110,101**
Contingent liabilities			
Lease guarantees	8,633	8,057	7,094
	8,633	**8,057**	**7,094**

Note 26 Related parties

Transactions with key management personnel

No transactions took place between key management personnel (including the Group's Board members) in the three years presented, except for the employee benefits described in Note 7.

Note 27 Group companies

Specification of all holdings of participations in Group companies

	Subsidiary's registered office, country	Ownership interest, %		
		2020-12-31	2019-12-31	2018-12-31
Kjell MidCo AB, 559117-3934	Malmö, Sweden	100%	100%	100%
Kjell BidCo AB, 559113-2583	Malmö, Sweden	100%	100%	100%
Kjell Koncern AB, 556965-5136	Malmö, Sweden	100%	100%	100%
Kjell Elektronik AB, 556400-5378	Malmö, Sweden	100%	100%	100%
Kjell & Co Norway, 815420292	Sandvika, Norway	100%	100%	100%
Scandinavia Sourcing Team Ltd, 61949671	Hong Kong	100%	100%	100%
Scandsource Co Ltd, 310000400726926	Shanghai, China	100%	100%	100%

Note 28 Specifications for the statement of cash flows

Cash and cash equivalents

TSEK	2020-12-31	2019-12-31	2018-12-31
The following subcomponents are included in cash and cash equivalents:			
Cash and bank balances	340,422	299,403	288,914
Total according to balance sheet	340,422	299,403	288,914

Adjustments for non-cash items

TSEK	2020	2019	2018
Depreciation/amortisation	139,617	129,919	126,942
Non-cash interest items	15,856	19,403	22,108
Capital gain/loss on sale of tangible assets	263	–	3,151
Unrealised exchange differences	5,626	–2,230	2,257
Provision, guarantees	398	570	665
Other	135	–1,614	66
	161,895	146,048	155,189

Changes in liabilities in financing activities

TSEK	Credit facility	PIK Bond	Lease liabilities
Opening balance 2018	715,000	173,714	486,268
Cash flow from financing activities			
Loan repayments	–12,500	–	–
Repayment of lease liabilities	–	–	–82,850
Total cash flow from financing activities	–12,500	–	–82,850
Exchange rate differences	–	–	–2,281
Other changes			
Additional lease liabilities	–	–	24,560
Capitalised borrowing costs	–7,196	–2,021	–
Interest expenses	–	19,831	–
Interest paid	–	–	–
Closing balance 2018	**695,304**	**191,524**	**425,697**
Opening balance 2019	695,304	191,524	425,697
Cash flow from financing activities			
Loan repayments	–26,000	–	–
Repayment of lease liabilities	–	–	–103,599
Total cash flow from financing activities	–26,000	–	–103,599
Exchange rate differences	–	–	1,783
Other changes			
Additional lease liabilities	–	–	21,867
Capitalised borrowing costs	2,056	577	–
Interest expenses	–	20,890	–
Interest paid	–	–4,369	–
Closing balance 2019	**671,360**	**208,622**	**345,748**
Opening balance 2020	671,360	208,622	345,748
Cash flow from financing activities			
Proceeds from loans	150,000	–	–
Loan repayments	–176,000	–	–
Repayment of lease liabilities	–	–	–123,339
Total cash flow from financing activities	–26,000	–	–123,339
Exchange rate differences	–	–	–6,601
Other changes			
Additional lease liabilities	–	–	57,039
Capitalised borrowing costs	2,056	578	–
Interest expenses	–	20,516	–
Interest paid	–	–7,293	–
Closing balance 2020	**647,416**	**222,423**	**272,847**

Note 29 Events after the reporting date

Covid-19

The pandemic also initially impacted the 2021 financial year, and Kjell & Company is closely monitoring the course of events, taking action and adapting its operations as needed. Managing of the coronavirus pandemic has taken different forms in the markets where Kjell & Company 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 at any given time in the stores since the company complied with the existing recommendations for Swedish retail, including limiting the number of customers depending on the size of the store. Despite these restrictions, the sales performance at service points for the half-year period was positive and the total net sales performance for segment Sweden for the first half of the year was up 12.0% year-on-year, with online sales representing a significant share of total sales.

In Norway, there was initially an increased spread of contagion and the government imposed tougher restrictions, which compelled Kjell & Company to furlough some 60 employees and close 11 stores (nine in Oslo, one each in Bodø and Haugesund). These measures continued into April before being significantly reduced in May. Nevertheless, the sales performance at service points was positive during the half-year period and the total net sales performance for segment Norway for the first half of the year was up 15.5% year-on-year, with a significant share of online sales.

Cirkle K and Express stores

February 2021 saw the completion of the launch and establishment of separate spaces for Kjell & Company's products at staffed Circle K stations in Sweden. Kjell & Company is thus now represented at 292 stations around Sweden.

In late February, a new service point was also opened in Lidingö, an express shop built on the concept of an adapted product range for the local retail location with a smaller space than the company's customary service points.

New CEO

On 10 March 2021, Andreas Rylander was appointed the new CEO of Kjell & Company. He replaces Eric Lundberg, who has been with the company since the autumn of 2018. Andreas Rylander has worked for the company since 2002, and over the years has held several executive positions including acting CEO in 2017/2018. He comes most recently from the position of COO, which he has held since 2016.

Acquisition of AV-Cables.dk

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

With this acquisition, Kjell & Company is further strengthening its position as a leading player in consumer electronic accessories in the Nordics and is creating a platform for a broader range and growth in Denmark, Norway and Sweden.

AV-Cables was founded in 2006 and has grown substantially with healthy profitability in recent years. Net sales for the 2020 financial year amounted to MDKK 217 and operating profit to MDKK 33. The business offers consumer electronics online to its customers, delivered from the company's warehouse in Jutland. These products largely complement Kjell & Company's product range. The companies will work together to further strengthen their offerings on their respective online platforms and Kjell & Company's 130 service points in Sweden and Norway.

The purchase consideration amounted to MSEK 383,8, of which MSEK 242,9 was paid in cash in connection with the acquisition and additional MSEK 1,0 will be 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 a set-off issue. The remaining MSEK 45.6 was settled by issuing a promissory note carrying interest at 10%. The promissory note is to be settled using shares in Kjell Group AB in connection with a future listing or sale of the company, or after 29 December 2021 when Kjell Group AB requests settlement. The liability can only be settled with Kjell Group AB's own shares. 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	242,857
New issued shares, 12,436 Common shares A	22,404
Promissory note	45,618
Additional cash payment	951
Contingent consideration	71,929
Total consideration transferred	**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 with net debt. The EV value has thereafter been reduced with the value of the preference shares to arrive at a fair value for 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 to amount to MSEK 73.5, undiscounted. The fair value of the contingent consideration with a discount rate of 3.5% amounted to MSEK 71.9. The contingent consideration is recognised as current liability among Other liabilities in the consolidated statement of financial position.

c) Acquisition-related costs

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

d) Identifiable assets acquired and liabilities assumed

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

TSEK	
Tangible assets	32,540
Right-of-use assets	358
Other intangible assets	122,748
Deferred tax asset	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 result

In 2021, the acquisition contributed TSEK 44 665 to the Group's revenue and TSEK 2,230 for the period 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 180,740 and the Group's profit before tax for the interim period by TSEK 11,968.

f) Goodwill

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

TSEK	
Accumulated cost	
Opening balance, 1 January	520,866
Business combinations	239,221
Currency effects	–1,260
Closing balance, 30 June	**758,827**

New Board member

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 ZetaDisplay.

Incentive programme

At the Extraordinary General Meeting on 15 September 2021, Kjell & Company is expected to introduce a long-term incentive programme in the form of a performance share savings programme. A total of a maximum of 17 senior executives and employees in key positions at Kjell & Company are expected to be invited to participate in this long-term incentive programme. In order to participate in the long-term incentive programme, participants are required to acquire shares (known as "savings shares") in Kjell Group AB. The maximum investment in savings shares varies from approximately SEK 100,000 to approximately SEK 750,000 and may amount to a total of approximately SEK 4,125,000 for all participants.

The CEO, CFO, CCO and CTO are expected to receive a bonus from Kjell & Company in connection with the listing of the company's shares on Nasdaq First North, with a portion of this bonus being used to acquire savings shares (refer to the section "*Bonuses*" below). Other participants in the programme are expected to receive a subsidy from Kjell & Company corresponding to 20-50 per cent 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.

The long-term incentive programme will be recognised in accordance with IFRS 2 *Share-based payments*.

Bonuses

The Board of Directors decided on 23 August 2021 to award bonuses to the CEO, CFO, CCO and CTO that are conditional on the listing of the company's share. These bonuses are set at a fixed amount of SEK 3.0 Million (plus social security contributions) for the CEO and a total of SEK 6.5 Million (plus social security contributions) for the CFO, CCO and CTO. The bonuses will be paid as salary from Kjell & Company and at least 50 percent of the net amount after tax must be used to either acquire savings shares required for participation in the long-term incentive programme (see the section "*Incentive programme*" above) or to acquire other shares in the company.

Share split

An Extraordinary General Meeting on 13 July 2021 resolved to increase the number of ordinary shares outstanding in Kjell Group AB from 216,972 shares to 11,470,400 shares through a share split.

New bank financing

In connection with the forthcoming IPO, Kjell & Company intends to enter into a new financing agreement comprising credit facilities totalling MSEK 910. These facilities will be provided by Nordea and will be used to refinance the Group's existing indebtedness. The facilities will comprise:

a) an MSEK-denominated 46 term facility,
b) an MSEK-denominated 414 term facility,
c) an MSEK-denominated 200 acquisition facility, and
d) an MSEK-denominated 250 revolving credit facility that can be drawn in SEK, EUR, DKK, NOK or any other currency agreed with the lender.

The facilities will have a term of three years from the Settlement Date for the allotted shares, which is expected to be 20 September 2021. The Group has the option of two extensions of one year each, subject to the lender accepting such extension. The facilities will be subject to interest periods of 1, 2, 3 or 6 months. The credit facilities are conditional on the ratio between the Group's total net debt to EBITDA (calculated based on conditions in financing agreement) not exceeding the levels stipulated in the credit agreement.

Note 30 Use of estimates and judgements

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

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

Intangible assets

Assumptions made by the Group in connection with testing intangible assets, such as goodwill and brands for impairment are deemed to be of material significance. The reason for this is that the judgements and assumptions that encompass a number of areas described in more detail in Note 12 are based on in-depth insight about the business as well as the industry and other macroeconomic aspects. When testing intangible assets for impairment, the carrying amount is compared with the recoverable amount, which comprises the higher of the asset's fair value less costs of disposal and value in use. After testing and assessing the value in use, no need for impairment was identified for intangible assets, including goodwill and brands.

Leases

The Group's leases essentially comprise store contracts for the service points that the Groups uses in its operations. The Group's leases have the option of extending or terminating a lease when it expires or terminating the lease in advance if this option exists. Under IFRS 16, extension options that entitle the lessee to extend a lease or terminate it in advance are to be included in the lease term if it is deemed reasonably certain that this option will be exercised. Accordingly, the assessment impacts the amount of the lease liability and the right-of-use asset. For information about the transition to IFRS 16, refer to Note 24. Regular assessments are made as to whether the Group will exercise an extension option when it is reasonably certain based on strategic decisions about local presence at retail locations.

Note 31 Explanation of transition to IFRS

The Group applies IFRS as of financial year 2020. In previous years, the Group applied Swedish Accounting Standards Board general guidelines BFNAR 2012:1 Annual financial statements and consolidated financial statements (K3). Refer to Note 1.

The accounting policies stated in Note 1 were applied to the preparation of the consolidated financial statements for the 2020 financial year and for the comparative years 2019 and 2018 as well as for the Group's opening balance on 1 January 2018. When preparing the Group's opening statement of financial position, amounts that were recognised according to previously applied accounting policies were adjusted to IFRS. Explanations of the effects of the transition from the previous accounting policies to IFRS on the Group's financial position, financial results and cash flows are presented in the following tables and accompanying descriptions.

IFRS 16

Under previous accounting policies, leases were classified as either operating or finance leases. Operating leases were recognised with a lease expense straight-line over the lease term without any accompanying right-of-use asset or lease liability. The transition to IFRS entailed that a right-of-use asset representing the right to use the underlying asset and a lease liability representing the obligation to make lease payments are recognised for most leases. The lease expense in profit or loss is replaced by depreciation and interest expenses.

For Kjell & Company, the majority of the underlying assets linked to recognised right-of-use assets and lease liabilities comprise premises, mainly to be used as stores and also as offices. To some extent, the Group leases some other types of assets, such as vehicles and forklifts. There are also low-value leases (such as standard office equipment), which were excluded from the calculations of right-of-use assets and lease liabilities, see below.

On the transition date to IFRS, the lease liabilities were measured at the present value of the lease payments that remain to be paid over the estimated lease term discounted by the group's incremental borrowing rate. The value of the right-of-use assets has been set as the same as the lease liabilities adjusted for prepaid lease payments that existed in the balance sheet immediately before the transition to IFRS.

The Group had made use of the following practical expedients from IFRS 1 on transition to IFRS 16:

- Applied a single discount rate to a portfolio of leases with similar characteristics.
- Right-of-use assets and lease liabilities were not recognised for leases where the underlying assets were of a low value (under about TSEK 50).
- Used hindsight in determining the lease term if the contract contains options to extend or terminate the lease.

IFRS 3

IFRS 3 was applied in the consolidated accounts to all the business combinations completed from 1 January 2018, until the date of the transition to IFRS. No amortisation of intangible assets with indefinite lifetimes takes place from 1 January 2018. Instead, these are tested for impairment every year or when there is an indication of a decline in value.

Business combinations before 1 January 2018 were not restated.

IFRS 15

Under the previous accounting policies, no adjustments were made for expected returns in accordance with the right of return that the Group offers its customers. As a result, on the transition to IFRS the Group recognises a return asset and a return liability with a corresponding adjustment to revenue and goods for resale.

IAS 36

The carrying amounts of assets were reviewed on the date of the transition to IFRS in accordance with the IFRS rules. As part of this review, intangible assets that were in use were examined to determine if there were any indications of impairment, and if so were tested for impairment. Intangible assets that had not yet been completed for use were subject to compulsory impairment testing. The impairment tests carried out on 1 January 2018 and in subsequent periods did not indicate any impairment requirement.

IFRS 9

On the transition to IFRS, the Group started to recognise a provision for expected credit losses (loss allowance) in accordance with IFRS 9. A simplified approach is applied to accounts receivable based on a matrix of past events, current circumstances and forecasts of future events. The Group defines default as it being unlikely that the counterparty will be able to fulfil its commitments. In connection with the transition to IFRS, it was deemed that the refinancing of the Group's liabilities in 2017 was to be recognised as settling the previous liabilities and reporting of new liabilities. This mean that transaction costs attributable to the liabilities that were renegotiated were expensed in the opening balance on 1 January 2018, whereas under the previous accounting policies they were allocated over the term of the renegotiated liabilities.

IAS 37

Under the previous accounting policies, no provisions are made for future guarantee commitments. On the transition to IFRS, the Group reviewed future guarantee commitments and thus adjusted this according to IFRS. The relevant amounts for each year are stated in Note 19.

Effects on statement of profit or loss, statement of profit or loss and other comprehensive income and statement of financial position

The tables below show the effects of the above on the statement of profit or loss, statement of profit or loss and other comprehensive income and statement of financial position if IFRS had been applied in 2018 and 2019.

Consolidated statement of financial position, 1 January 2018

TSEK	According to previous policies	Effect of IFRS 16	Effect of IFRS 3	Effect of IFRS 15	Effect of IFRS 9	Effect of IAS 37	Effect of IAS 12	According to IFRS
Assets								
Intangible assets	840,947	–	130,129	–	–	–	–	971,076
Tangible assets	60,367	–	–	–	–	–	–	60,367
Right-of-use assets	–	489,589	–	–	–	–	–	489,589
Deferred tax assets	9,586	–	–	–	–	–	–	9,586
Total non-current assets	**910,900**	**489,589**	**130,129**	**–**	**–**	**–**	**–**	**1,530,618**
Inventories	290,661	–	–	3,106	–	–	–	293,767
Tax assets	12,363	–	–	–	–	–	–	12,363
Accounts receivable	7,419	–	–	–	–12	–	–	7,407
Prepaid expenses and accrued income	56,795	–22,504	–	–	–21,178	–	–	13,113
Other receivables	331	–	–	–	–	–	–	331
Cash and cash equivalents	191,197	–	–	–	–	–	–	191,197
Total current assets	**558,766**	**–22,504**	**–**	**3,106**	**–21,190**	**–**	**–**	**518,178**
Total assets	**1,469,666**	**467,085**	**130,129**	**3,106**	**–21,190**	**–**	**–**	**2,048,796**
Equity								
Share capital	162	–	–	–	–	–	–	162
Other contributed capital	1,999	–	–	–	–	–	–	1,999
Reserves	–3,289	–	–	–	–	–	–	–3,289
Retained earnings, including net profit for the year	108,004	–	116,951	–2,870	–7,563	–4,673	–	209,849
Equity attributable to Parent Company shareholders	**106,876**	**–**	**116,951**	**–2,870**	**–7,563**	**–4,673**	**–**	**208,721**
Total equity	**106,876**	**–**	**116,951**	**–2,870**	**–7,563**	**–4,673**	**–**	**208,721**
Total equity								
Non-current interest-bearing liabilities	891,404	–2,690	–	–	–11,494	–	–	877,220
Non-current lease liabilities	–	376,590	–	–	–	–	–	376,590
Other non-current liabilities	4,215	–	–	–	–	–	–	4,215
Deferred tax liabilities	110,862	–	13,178	–810	–2,133	–	–	121,097
Total non-current liabilities	**1,006,481**	**373,900**	**13,178**	**–810**	**–13,627**	**–**	**–**	**1,379,122**
Current interest-bearing liabilities	2,709	–2,709	–	–	–	–	–	–
Current lease liabilities	–	109,679	–	–	–	–	–	109,679
Accounts payable	209,271	–13,785	–	–	–	–	–	195,486
Tax liabilities	1,353	–	–	–	–	–	–	1,353
Other liabilities	61,917	–	–	–	–	–	–	61,917
Accrued expenses and deferred income	81,059	–	–	6,786	–	–	–	87,845
Provisions	–	–	–	–	–	4,673	–	4,673
Total current liabilities	**356,309**	**93,185**	**–**	**6,786**	**–**	**4,673**	**–**	**460,953**
Total liabilities	**1,362,790**	**467,085**	**13,178**	**5,976**	**–13,627**	**4,673**	**–**	**1,840,075**
Total equity and liabilities	**1,469,666**	**467,085**	**130,129**	**3,106**	**–21,190**	**–**	**–**	**2,048,796**

Consolidated statement of profit or loss, 1 January – 31 December 2018

TSEK	According to previous policies	Effect of IFRS 16	Effect of IFRS 3	Effect of IFRS 15	Effect of IFRS 9	Effect of IAS 37	Effect of IAS 12	According to IFRS
Continuing operations								
Net sales	1,691,659	–	–	–775	–	–	–	1,690,884
Other operating income	10,684	–	–	–	–	–	–	10,684
	1,702,343	–	–	–775	–	–	–	1,701,568
Operating expenses								
Goods for resale	–890,352	–	–	858	–	–	–	–889,494
Personnel costs	–412,000	–	–	–	–	–	–	–412,000
Other external expenses	–254,856	104,812	–	–	4,363	–665		–146,346
Other operating expenses	–249	–	–	–	–	–	–	–249
Depreciation of tangible and amortisation of intangible assets	–156,641	–100,430	130,129	–	–	–	–	–126,942
Operating profit	**–11,755**	**4,382**	**130,129**	**83**	**4,363**	**–665**	**–**	**126,537**
Financial items								
Financial income	128	–	–	–	–	–	–	128
Financial expenses	–55,080	–18,531	–	–	–2,277	–	–	–75,888
	–54,952	–18,531	–	–	–2,277	–	–	–75,760
Profit/loss before tax	**–66,707**	**–14,149**	**130,129**	**83**	**2,086**	**–665**	**–**	**50,777**
Tax								
Tax	–677	3,113	–6,958	–18	–459	–	45	–4,954
Net profit/loss for the year	**–67,384**	**–11,036**	**123,171**	**65**	**1,627**	**–665**	**45**	**45,823**
Attributable to:								
Parent Company shareholders	–67,384	–11,036	123,171	65	1,627	–665	45	45,823
	–67,384	**–11,036**	**123,171**	**65**	**1,627**	**–665**	**45**	**45,823**

Consolidated statement of profit or loss and other comprehensive income, 1 January – 31 December 2018

TSEK	According to previous policies	Effect of IFRS 16	Effect of IFRS 3	Effect of IFRS 15	Effect of IFRS 9	Effect of IAS 37	Effect of IAS 12	According to IFRS
Net profit for the year	–67,384	–11,036	123,171	65	1,627	–665	45	45,823
Other comprehensive income								
Items that have been or may be reclassified to net profit for the year								
Translation differences for the year on translation of foreign operations	–	–	353	–	–	–	–	353
Changes for the year in fair value of cash flow hedges	–	–	–	–	2,205	–	–	2,205
Tax attributable to items that have been or may be reclassified to net profit for the year	–	–	–	–	–485	–	–	–485
	–	–	353	–	1,720	–	–	2,073
Items that have been or may be reclassified to net profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Other comprehensive income for the year	**–**	**–**	**353**	**–**	**1,720**	**–**	**–**	**2,073**
Comprehensive income for the year	**–67,384**	**–11,036**	**123,524**	**65**	**3,347**	**–665**	**45**	**47,896**
Attributable to:								
Parent Company shareholders	–67,384	–11,036	123,524	65	3,347	–665	45	47,896
	–67,384	**–11,036**	**123,524**	**65**	**3,347**	**–665**	**45**	**47,896**

Consolidated statement of financial position, 31 December 2018

TSEK	According to previous policies	Effect of IFRS 16	Effect of IFRS 3	Effect of IFRS 15	Effect of IFRS 9	Effect of IAS 37	Effect of IAS 12	According to IFRS
Assets								
Intangible assets	712,593	–	260,258	–	–	–	–	972,851
Tangible assets	49,217	–	–	–	–	–	–	49,217
Right-of-use assets	–	410,271	–	–	–	–	–	410,271
Deferred tax assets	3,140	–	–	–	–	–	–	3,140
Total non-current assets	**764,950**	**410,271**	**260,258**	**–**	**–**	**–**	**–**	**1,435,479**
Inventories	332,334	–	–	3,964	–	–	–	336,298
Tax assets	23,065	–	–	–	–	–	–	23,065
Accounts receivable	10,835	–	–	–	–78	–	–	10,757
Prepaid expenses and accrued income	50,983	–23,213	–	–	–16,748	–	–	11,022
Other receivables	253	–	–	–	–	–	–	253
Cash and cash equivalents	288,914	–	–	–	–	–	–	288,914
Total current assets	**706,384**	**–23,213**	**–**	**3,964**	**–16,826**	**–**	**–**	**670,309**
Total assets	**1,471,334**	**387,058**	**260,258**	**3,964**	**–16,826**	**–**	**–**	**2,105,788**
Equity								
Share capital	162	–	–	–	–	–	–	162
Other contributed capital	1,999	–	–	–	–	–	–	1,999
Reserves	–1,569	127	226	–	–	–	–	–1,216
Retained earnings, including net profit for the year	40,891	–11,036	239,896	–2,806	–5,935	–5,338	–	255,672
Equity attributable to Parent Company shareholders	**41,483**	**–10,909**	**240,122**	**–2,806**	**–5,935**	**–5,338**	**–**	**256,617**
Total equity	**41,483**	**–10,909**	**240,122**	**–2,806**	**–5,935**	**–5,338**	**–**	**256,617**
Liabilities								
Non-current interest-bearing liabilities	870,045	–	–	–	–9,217	–	–	860,828
Non-current lease liabilities	–	301,869	–	–	–	–	–	301,869
Other non-current liabilities	3,753	–1,742	–	–	–	–	–	2,011
Deferred tax liabilities	97,343	–3,077	20,136	–792	–1,674	–	–	111,936
Total non-current liabilities	**971,141**	**297,050**	**20,136**	**–792**	**–10,891**	**–**	**–**	**1,276,644**
Current interest-bearing liabilities	26,000	–	–	–	–	–	–	26,000
Current lease liabilities	–	123,828	–	–	–	–	–	123,828
Accounts payable	261,388	–20,000	–	–	–	–	–	241,387
Tax liabilities	15,616	–	–	–	–	–	–	15,616
Other liabilities	76,811	–2,911	–	–	–	–	–	73,900
Accrued expenses and deferred income	78,895	–	–	7,562	–	–	–	86,458
Provisions	–	–	–	–	–	5,338	–	5,338
Total current liabilities	**458,710**	**100,917**	**–**	**7,562**	**–**	**5,338**	**–**	**572,527**
Total liabilities	**1,429,851**	**397,967**	**20,136**	**6,770**	**–10,891**	**5,338**	**–**	**1,849,171**
Total equity and liabilities	**1,471,334**	**387,058**	**260,258**	**3,964**	**–16,826**	**–**	**–**	**2,105,788**

Consolidated statement of profit or loss, 1 January – 31 December 2019

TSEK	**According to previous policies**	**Effect of IFRS 16**	**Effect of IFRS 3**	**Effect of IFRS 15**	**Effect of IFRS 9**	**Effect of IAS 37**	**Effect of IAS 12**	**According to IFRS**
Continuing operations								
Net sales	1,872,246	–	–	–1,282	–	–	–	1,870,964
Other operating expenses	2,165	–	–	–	–	–	–	2,165
	1,874,411	–	–	–1,282	–	–	–	1,873,129
Operating expenses								
Goods for resale	–1 033 011	–	–	1,182	–	–	–	–1,031,829
Personnel costs	–416,651	–	–	–	–	–	–	–416,651
Other external expenses	–271,574	111,008	–	–	4,678	–570		–156,458
Other operating expenses	–29	–	–	–	–	–	–	–29
Depreciation of tangible and amortisation of intangible assets	–155,251	–104,797	130,129	–	–	–	–	–129,919
Operating profit	**–2,105**	**6,211**	**130,129**	**–100**	**4,678**	**–570**	**–**	**138,243**
Financial items								
Financial income	54	–	–	–	–	–	–	54
Financial expenses	–50,222	–14,291	–	–	–2,882	–	–	–67,395
	–50,168	–14,291	–	–	–2,882	–	–	–67,341
Profit/loss before tax	**–52,273**	**–8,080**	**130,129**	**–100**	**1,796**	**–570**	**–**	**70,902**
Tax								
Tax	–3,484	1,776	–16,282	21	–397	–	–	–18,367
Net profit/loss for the year	**–55,757**	**–6,304**	**113,847**	**–79**	**1,399**	**–570**	**–**	**52,535**
Attributable to:								
Parent Company shareholders	–55,757	–6,304	113,847	–79	1,399	–570	–	52,535
	–55,757	**–6,304**	**113,847**	**–79**	**1,399**	**–570**	**–**	**52,535**

Consolidated statement of profit or loss and other comprehensive income, 1 January – 31 December 2019

TSEK	According to previous policies	Effect of IFRS 16	Effect of IFRS 3	Effect of IFRS 15	Effect of IFRS 9	Effect of IAS 37	Effect of IAS 12	According to IFRS
Net profit for the year	–55,757	–6,304	113,847	–79	1,399	–570	–	52,535
Other comprehensive income								
Items that have been or may be reclassified to net profit for the year								
Translation differences for the year on translation of foreign operations	–	–	1,008	–	–	–	–	1,008
Changes for the year in fair value of cash flow hedges	–	–	–	–	1,569	–	–	1,569
Tax attributable to items that have been or may be reclassified to net profit for the year	–	–	–	–	–312	–	–	–312
	–	–	1,008	–	1,257	–	–	2,265
Items that have been or may be reclassified to net profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Other comprehensive income for the year	**–**	**–**	**1,008**	**–**	**1,257**	**–**	**–**	**2,265**
Comprehensive income for the year	**–55,757**	**–6,304**	**114,855**	**–79**	**2,656**	**–570**	**–**	**54,800**
Attributable to:								
Parent Company shareholders	–55,757	–6,304	114,855	–79	2,656	–570	–	54,800
	–55,757	**–6,304**	**114,855**	**–79**	**2,656**	**–570**	**–**	**54,800**

Consolidated statement of financial position, 31 December 2019

TSEK	According to previous policies	Effect of IFRS 16	Effect of IFRS 3	Effect of IFRS 15	Effect of IFRS 9	Effect of IAS 37	Effect of IAS 12	According to IFRS
Assets								
Intangible assets	603,144	–	390,387	–	–	–	–	993,531
Tangible assets	46,929	–	–	–	–	–	–	46,929
Right-of-use assets	–	329,340	–	–	–	–	–	329,340
Deferred tax assets	1,473	–	–	–	–	–	–	1,473
Total non-current assets	**651,546**	**329,340**	**390,387**	**–**	**–**	**–**	**–**	**1,371,273**
Inventories	374,031	–	–	5,146	–	–	–	379,177
Tax assets	12,582	–	–	–	–	–	–	12,582
Accounts receivable	12,566	–	–	–	–433	–	–	12,133
Prepaid expenses and accrued income	66,857	–25,419	–	–	–12,437	–	–	29,001
Other receivables	225	–	–	–	–	–	–	225
Cash and cash equivalents	299,403	–	–	–	–	–	–	299,403
Total current assets	**765,664**	**–25,419**	**–**	**5,146**	**–12,870**	**–**	**–**	**732,521**
Total assets	**1,417,210**	**303,921**	**390,387**	**5,146**	**–12,870**	**–**	**–**	**2,103,794**
Equity								
Share capital	162	–	–	–	–	–	–	162
Other contributed capital	1,999	–	–	–	–	–	–	1,999
Reserves	–312	76	1,285	–	–	–	–	1,049
Retained earnings, including net profit for the year	–13,808	–17,340	352,683	–2,885	–4,535	–5,908	–	308,207
Equity attributable to Parent Company shareholders	**–11,959**	**–17,264**	**353,968**	**–2,885**	**–4,535**	**–5,908**	**–**	**311,417**
Total equity	**–11,959**	**–17,264**	**353,968**	**–2,885**	**–4,535**	**–5,908**	**–**	**311,417**
Liabilities								
Non-current interest-bearing liabilities	860,566	–	–	–	–6,584	–	–	853,982
Non-current lease liabilities	–	214,363	–	–	–	–	–	214,363
Other non-current liabilities	1,183	–783	–	–	–	–	–	400
Deferred tax liabilities	83,017	–4,868	36,419	–813	–1,751	–	–	112,004
Total non-current liabilities	**944,766**	**208,712**	**36,419**	**–813**	**–8,335**	**–**	**–**	**1,180,749**
Current interest-bearing liabilities	26,000	–	–	–	–	–	–	26,000
Current lease liabilities	–	131,385	–	–	–	–	–	131,385
Accounts payable	285,809	–17,331	–	–	–	–	–	268,478
Tax liabilities	22,423	–	–	–	–	–	–	22,423
Other liabilities	74,999	–1,581	–	–	–	–	–	73,418
Accrued expenses and deferred income	75,172	–	–	8,844	–	–	–	84,016
Provisions	–	–	–	–	–	5,908	–	5,908
Total current liabilities	**484,403**	**112,473**	**–**	**8,844**	**–**	**5,908**	**–**	**611,628**
Total liabilities	**1,429,169**	**321,185**	**36,419**	**8,031**	**–8,335**	**5,908**	**–**	**1,792,377**
Total equity and liabilities	**1,417,210**	**303,921**	**390,387**	**5,146**	**–12,870**	**–**	**–**	**2,103,794**

Under the previous policies, lease payments made were presented in the cash flow from operating activities. According to IFRS 16, lease payments are instead divided between an interest expense presented in the operating activities and a repayment presented in the financing activities. Accordingly, cash flow from operating activities increased by an amount corresponding to the repayment portion of the lease payments made, while the financing activities were reduced by the corresponding amount. In 2020, this amount was TSEK 122,010 (101,312, 82,114).

Auditors report on historical financial information

Independent auditor's report

To the Board of Directors of Kjell Group AB (publ), corporate identity number 559115-8448

Report on the consolidated accounts

Opinions

We have audited the consolidated accounts of Kjell Group AB (publ) for the period of three years ended 31 December 2020. The consolidated accounts of the company are included on pages F-14–F-63 in this document.

In our opinion, the consolidated accounts have been prepared in accordance International Financial Reporting Standards (IFRS), as adopted by the EU and present fairly, in all material respects, the financial position of the group as of the 31 December 2018, 31 December 2019 and 31 December 2020 and their financial performance and cash flow for each of the three financial years ending the 31 December 2021 in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

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

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

Auditor's responsibility

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

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

- Identify and assess the risks of material misstatement of the consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control.

- Obtain an understanding of the group's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated accounts, including the disclosures, and whether the consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

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

Malmö 6 September 2021

KPMG AB
Camilla Alm Andersson
Authorized Public Accountant

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