INTERIM REPORT

Kährs BondCo AB (publ)

Quarter 3, July-September 2022

Kährs Group

STRONG QUARTER WITH CONTINUED IMPROVEMENT IN SALES AND PROFITABILITY

- Net sales amounted to SEK 921 million, with strong sales in the residential segment in the Nordics and continued good demand in North America. In Europe, demand slowed in the third quarter after a strong second quarter in Central Europe. Kährs' commercial segment had strong sales in the third quarter with increasing margins
- Operating EBITA totalled SEK 83 million, corresponding to an operating margin of 9.0 per cent in the seasonally weakest quarter. During the first nine months, the operating margin was 11.6 per cent, twice what it was in September 2021
- Operating profit totalled SEK 77 million, corresponding to an operating margin of 8.3 per cent
- Cash flow from operating activities totalled SEK -20 million
- Kährs announced at the beginning of August that, due to the prevailing market conditions in Russia, it had initiated a process for evaluating opportunities and conditions for selling its operations in Russia. Since the start of the war at the end of February, all financial transactions and flows of goods between the Russian company and the rest of Kährs have been stopped. Kährs is also following all sanctions on Russia closely and ensuring compliance with them
- Nasdaq Stockholm has officially listed the bond loan issued by Kährs BondCo AB (publ) for trading on STO Sustainable Bonds as of 26 August
- The Group was subject to a change of ownership on 31 August 2021, and in connection with the subsequent refinancing, Kährs BondCo AB (publ) became the new parent company in the Group. This report is the third interim report with Kährs BondCo as parent company. Due to this, no comparative figures are available for periods earlier than 31 August 2021. The previous year's comparison figures thus only contain one month for the third quarter

KEY PERFORMANCE INDICATORS FOR THE GROUP

SEKm	Jul-Sep 2022	Sep 2021	Jan-Sep 2022	Sep 2021	Sep-Dec 2021	Oct 2021-Sep 2022
Net Sales	921	280	3,065	280	1,147	3,931
EBITA	82	18	351	18	90	423
EBITA, %	8.9%	6.5%	11.5%	6.5%	7.8%	10.8%
Operating EBITA	83	17	355	17	94	433
Operating EBITA, %	9.0%	5.9%	11.6%	5.9%	8.2%	11.0%
Operating profit (EBIT)	77	16	335	16	82	401
Operating profit (EBIT), %	8.3%	5.8%	10.9%	5.8%	7.2%	10.2%
Profit for the period	42	9	194	9	39	224
Profit for the period, %	4.6%	3.2%	6.3%	3.2%	3.4%	5.7%
Earnings per share before and after dilution, SEK[1]	85	18	386	18	79	447
Net cash flows from operating activities	-20	58	72	58	222	236
Net debt[2]	1,164	410	1,164	410	319	1,164
Equity ratio, %	9.6%	31.1%	9.6%	31.1%	35.5%	9,6%

1 Number of shares in Kährs BondCo AB (publ) (500,000) used to calculate earnings per share before and after dilution, SEK

2 Net debt excluding effect of IFRS 16

- Definitions of alternative performance indicators are available on page 27 in this report

CHIF EXECUTIVE'S COMMENTS

Kährs continues with yet another strong quarter with further strengthened profit margins, compared to the first two quarters of 2022. Kährs is well above its goal of 10 per cent growth with a profit margin in excess of 10 per cent. The return on capital employed remains high, while our debt ratio has decreased, compared to the first half of 2022.

During the quarter, we continued to strengthen our positions in the residential segment in the Nordics and North America through a strong customer focus and availability. We are seeing improved demand in the commercial segment, with a focus on the segments in the health and education sector where we are achieving new successes with our new sustainable product offerings, that already forms a large portion of our order growth within the commercial segment during the quarter.

The third quarter also continued to be impacted by cost increases for some input materials, energy and transports. As market leader, Kährs raised its prices to compensate for cost inflation. In addition, the company works on an ongoing basis with price strategy issues.

The order backlog remains at a high level, but we see clear signs of a slowdown in new construction and renovations in Europe, while demand is good in North America and generally within the commercial segment. The demand development in Russia has had a negative effect on order intake during the quarter.

Kährs is well-positioned for growth through acquisition. Even though the global economy is currently highly uncertain, we are seeing good opportunities for attractive strategic acquisitions, naturally with a good balance between debt and strong cash flow.

Our strategic investments in innovation, sustainability and digitalisation continue to generate results.

We have continued to launch new product groups to strengthen our climate-smart flooring range. During the third quarter, we introduced several new design concepts, "Beyond Retro", in our main category Kährs Wood to draw attention to our power of innovation as market leader and to further raise the attractiveness of our traditional wood flooring. This was well received by our customers. In the third quarter, Kährs also launched a completely new hybrid flooring concept, Kährs Aware, which is based on an entirely new product platform of recyclable materials that meet the highest level of sustainability and performance without compromising on design.

Kährs has strengthened its value proposition and digital position further through strong advancements in search engine optimisation (SEO) and targeted efforts via social media that enable improved customer relevance and conversion in our prioritised markets. Our goal is to actively manage a digital and more effective integration with our customers with the aim of further strengthening our customer offering.

Within its sustainability strategy "Planet Positive Journey", Kährs has assured and begun the measurement and follow-up of our three sustainability targets in line with the Group's ambitious sustainability strategy. During the quarter, we began to receive our first reference projects for our new sustainable high-performance Nordic Swan Ecolabelled Zero & Green solution for the health and education sector. Kährs also began a cooperation with Lund University's Hållbarhetsspår (Sustainability Track) through which we are investigating circular solutions for our floors. We are also very proud that end consumers named Kährs the company that has the most sustainable product offering within flooring in the residential segment of Europe's largest market, Germany, according to a large survey by "Die Welt".

Kährs' backlog continues to be strong going into the fourth quarter, at the same time as there are multiple uncertainty factors in the global economy. Disruptions related to supply chains, some input goods and components, and transports have, however, decreased steadily. Higher prices on energy in particular continue to be a big challenge moving forward. Combined with a general rise in inflation and the risk of rising interest rates and falling house prices. The low consumer confidence is creating challenges in demand in Europe moving forward. Kährs is preparing and adapting its operations with a focus on cost control and capacity adjustments to ensure continued low debt and a strong cash flow.

In summary, Kährs is posting yet another record-setting quarter in a turbulent market environment taking into consideration an immediate transition in our operations in Russia. Our strategic direction is showing strength once again through continuous improvements in profit. It is Kährs' loyal and dedicated employees who are making a difference through their fantastic teamwork, and I would like to take this opportunity once again to thank everyone for their incredible commitment and drive.

Johan Magnusson
President and CEO.

GROUP PERFORMANCE JANUARY-SEPTEMBER 2022

KÄHRS BONDCO GROUP

The Kährs Group was subject to a change of ownership on 31 August 2021, and in connection with the subsequent refinancing, Kährs BondCo AB became the new parent company in the Group. This report is the third interim report with Kährs BondCo as parent company. Due to this, no comparative figures are available for periods earlier than 31 August 2021.

NET SALES

Total net sales for the Group was SEK 921 million for the third quarter. Strong sales in the commercial segment where demand in schools and health care, as well as the residential segment in the Nordics, continues to be strong. In Europe in general, and Central Europe in particular, demand decreased significantly during the third quarter. There were fewer consumers in stores and inventories at our distributors are high. Delivery disruptions within the wood flooring market that were evident in the second quarter due to the war in Ukraine decreased during the third quarter. Kährs was not negatively impacted to any major extent by the delivery disruptions due to small exposure to the area. The company has generally managed well in keeping its positions on the market.

During the period January–September, Group sales totalled SEK 3,065 million with strong sales in the residential segment in the Nordics being the greatest contributor, primarily due to strong sales of 3-strip wood flooring. In general, we also saw a positive development in our resilient range due to good development in the commercial segment during the year.

OPERATING PROFIT

Operating EBITA totalled SEK 83 million, corresponding to an operating margin of 9.0 per cent. The third quarter is seasonally the weakest, so taking this into consideration we consider this a strong result for the third quarter. Operating EBITA in per cent for previous year, which only refers to September, the quarter’s strongest month, was 5.9 per cent. A contributor to the good profitability is Kährs’ ability to transfer the increase in costs down the line. During the third quarter, the high energy prices impacted Kährs’ costs the most, while soft wood prices fell back down.

Operating profit (EBIT) amounted to SEK 77 million. There was SEK 2 million in comparative items in the quarter, which gives an operating EBIT of SEK 79 million.

Consolidated total depreciation/amortisation for the quarter totalled SEK 46 million, including IFRS 16.

During the period, January–September, the Group’s operating EBITA amounted to SEK 355 million, which corresponds to an operating margin of 11.6 per cent.

NET SALES PER REGION & MARKET

RESIDENTIAL NORDICS

SEKm	Jul-Sep 2022	Sep 2021	Jan-Sep 2022	Sep 2021	Sep-Dec 2021	Oct 2021-Sep 2022
Sweden	295	82	936	82	304	1,157
Norway	60	22	210	22	82	270
Finland	42	21	152	21	84	215
Other	9	12	49	12	23	60
Total	**406**	**137**	**1,347**	**137**	**493**	**1 ,702**

Third quarter

Net sales for the region Residential Nordics totalled SEK 406 million during the third quarter.

During the period, demand in the Nordics continued to be high and order intake was good since many market participants are taking action to secure availability for 2023.

Kährs' strong market position and its ability to deliver resulted in a quarter with strong sales and maintained profitability.

Sweden, Norway and Finland continued to have good sales in both the new construction and renovation segments.

January–September

Net sales for the region Residential Nordics totalled SEK 1,347 million during the period January–September.

The period was characterised by strong demand in the Nordics, on which Kährs capitalised well. There was also a shortage of wood inputs, which led to delivery disruptions for many market participants.

RESIDENTIAL WEST & SOUTH EUROPE

SEKm	Jul-Sep 2022	Sep 2021	Jan-Sep 2022	Sep 2021	Sep-Dec 2021	Oct 2021-Sep 2022
Germany	91	30	340	30	131	440
UK	34	13	110	13	43	140
Switzerland	39	14	124	14	39	149
France	20	6	69	6	22	85
Other	19	2	80	2	41	119
Total	**203**	**65**	**723**	**65**	**275**	**933**

Third quarter

Net sales for the region Residential West & South Europe totalled SEK 203 million during the third quarter. Demand on the market decreased significantly compared to the first half of the year. Despite the drop in demand, Kährs successfully implemented price increases to compensate for higher costs, primarily energy costs.

The fourth quarter is expected to continue to be tough in S&W Europe since there continues to be low traffic in stores and Kährs' distributors have well-stocked inventories.

January–September

Net sales for the region Residential West & South Europe totalled SEK 723 million during the period January–September. Despite weaker demand on the market, Kährs had good sales in the period, in part due to competitors' delivery difficulties linked to the war in Ukraine; at the end of the period, we are seeing decreased demand and order intake.

RESIDENTIAL NORTH AMERICA

SEKm	Jul-Sep 2022	Sep 2021	Jan-Sep 2022	Sep 2021	Sep-Dec 2021	Oct 2021-Sep 2022
USA	88	16	292	16	82	358
Other	0	3	0	3	15	12
Total	**88**	**19**	**292**	**19**	**97**	**370**

Third quarter

Net sales for the region Residential North America totalled SEK 88 million during the third quarter. Demand decreased in the third quarter as a result of raised interest rates, which decreased the activities in residential construction and renovations. Due to the strong dollar and a strong backlog, sales are still at a good level in Residential North America.

Kährs North America has a diversified customer base and a backlog that continues to be strong, which supports sales through the first quarter 2023.

January–September

Net sales for the region Residential North America totalled SEK 292 million during the period January–September. Strong demand in the first half of the year for both wood flooring and LVT. Demand then declined, primarily for wood flooring, due to increase in the interest rate.

NET SALES PER REGION, CONT'D.

RESIDENTIAL EMERGING MARKETS

SEKm	Jul-Sep 2022	Sep 2021	Jan-Sep 2022	Sep 2021	Sep-Dec 2021	Oct 2021-Sep 2022
Russia	62	21	207	21	72	259
China	11	3	27	3	13	37
Baltics	4	2	14	2	15	27
CIS	10	4	38	4	21	54
East Europe	35	2	115	2	32	145
Other	10	2	33	2	3	33
Total	**132**	**34**	**434**	**34**	**156**	**556**

Third quarter

Net sales for the region Residential Emerging Markets totalled SEK 132 million during the third quarter. For the region as a whole, the quarter had weak sales, primarily due to decreased demand in Russia following a drop in consumer interest because of the development in Russia and the war in Ukraine.

Eastern Europe had mixed sales development, with Czechia moving forward while Poland is falling back. Romania has been in line with previous quarters.

We lost sales in the Baltics since we have had some difficulty replacing the products we produce in Russia, which were stopped in Q1 following Russia's invasion of Ukraine, with products from Nybro and Satulung.

Other markets, India in particular, are showing good development.

January–September

Net sales for the region Residential Emerging Markets totalled SEK 434 million during the period January–September. Demand on the Russia market was up sharply at the beginning of the war and then fell back at the end of Q2 and in Q3.

Eastern Europe had very good development during the period, where Romania in particular had good sales.

COMMERCIAL

SEKm	Jul-Sep 2022	Sep 2021	Jan-Sep 2022	Sep 2021	Sep-Dec 2021	Oct 2021-Sep 2022
Sweden	21	4	67	4	15	78
Finland	16	9	46	9	30	67
Norway	5	0	10	0	0	10
Germany	7	2	26	2	7	31
USA	19	3	56	3	15	68
Other	11	0	25	0	22	47
Total	**79**	**17**	**230**	**17**	**89**	**302**

Third quarter

Net sales for the region Commercial totalled SEK 79 million during the third quarter. The strong sales continue, and they were strongest in Sweden, Norway and DACH. The fastest-growing product category is PVC-free resilient floors for hospitals and schools, but the development is positive for all categories except Textile, which is impacted by weak demand in the Office segment. Additional price increases were implemented during the third quarter, but it has been a challenge to fully compensate for cost increases.

The market continues to be relatively strong, with an increase in demand in Health and Education. Demand is increasing for solutions with a good sustainability profile, and our PVC-free resilient floors are well positioned for the future.

January–September

Net sales for Commercial totalled SEK 230 million during the period January–September. Good sales growth on all main markets and in all product categories. Strongest development in Sweden and DACH, primarily driven by deliveries to larger hospital projects during the second and third quarters.

The development has been strong in the segments Healthcare and Education. The segment Retail is increasing, but from low levels, while the Offices segment continued to show weak demand.

The sales growth in the premium segment for PVC-free flooring solutions produced in-house has been significant, which strengthens the thesis that sustainability is an increasingly important parameter in the buying process, primarily for hospitals and schools.

CASH FLOW AND INVESTMENTS

Cash flow from operating activities totalled SEK -20 million in the third quarter. Cash flow before interest rates and taxes was very good due to a strong operating profit, SEK 94 million. Interest paid totalled SEK 25 million, which primarily consists of the new bond financing. Adjusted for currency effects, total working capital increased by SEK 85 million during the quarter. The primary cause behind the increase in working capital is an increase in inventory by SEK 45 million and that the outstanding debt for Covid support has been settled against The Swedish Agency for Economic and Regional Growth. Furthermore, the revaluation of our energy derivatives has increased by SEK 18 million.

Cash flow for the period was SEK -46 million.

During the period January–September, cash flow from operating activities totalled SEK 72 million. Working capital rose by SEK 224 million during the period, primarily due to an increase in trade receivables due to the strong sales and increase in inventories. Total cash flow for the first half of the year was SEK -22 million.

NET FINANCIAL EXPENSES

Net financial expenses totalled SEK 28 million for the third quarter 2022. Financial expenses consist primarily of interest expenses of SEK 27 million, of which the bond financing was SEK 25 million. In addition, there are accrued financing costs of SEK 1 million and currency effects of SEK 3 million in income.

For the period January–September, net financial expenses totalled SEK 97 million, of which external interest expenses were SEK 69 million.

FINANCIAL POSITION

Consolidated net debt totalled SEK 1,164 million as at 30 September 2022.

NET DEBT

SEKm	30 Sep 2022	30 Sep 2021	31 Dec 2021
Lease liabilities	128	124	116
Liabilities to credit institutions	1,435	867	585
Other	2	1	1
Total interest-bearing liabilities	**1,565**	**992**	**703**
Less:			
Shareholder loans	0	0	0
Lease liabilities	-128	-124	-116
Cash and cash equivalents including Interest-bearing receivables	-273	-458	-268
Net debt	**1,164**	**410**	**319**

Cash and cash equivalents in the Group totalled SEK 272 million as at 30 September 2022. The Group has utilised SEK 0 million of the existing revolving credit facility of SEK 650 million, of which SEK 200 million is conditional on potential acquisitions. Consequently, available liquidity for the Group as at 30 September 2022 was SEK 922 million, allowing good flexibility moving forward.

TAX EXPENSE

The tax expense for the third quarter totalled SEK 7 million, and SEK 45 million for the period January–September, which corresponds to a tax rate of 19 per cent.

GENERAL INFORMATION

EVENTS AFTER BALANCE SHEET DATE

No significant events have occurred after the end of the balance sheet date.

RELATED-PARTY TRANSACTIONS

Transactions with related parties are priced in accordance with current market terms and prices. Related parties refer to companies over which Kährs BondCo AB (publ) has a controlling or significant influence in terms of the operational and financial decisions. Related parties also include those companies and individuals, such as the board of directors and members of management, who have the ability to control or exercise significant influence over the Group's financial and operational decisions.

There have been no related party transactions during the period.

RISKS AND UNCERTAINTIES

All business operations involve risk and controlled risk taking is necessary to maintain good and sustainable profitability for a company. Risks may depend on events in the outside world and may affect a specific sector or market; risks can also be specific to an individual company or country. At Kährs Group, risk management is a continual process that is conducted within the framework of operational governance and forms a natural part of the day-to-day monitoring of operations.

Kährs is a global Group that operates in many countries. This means that the Group is exposed to a number of commercial and financial risks. Risk management is therefore an important part of Kährs' work to achieve the goals it has set. Effective risk management is a continual process within operational governance. It forms part of the ongoing review and forward-looking assessments of the business. Kährs' long-term risk exposure is not expected to differ from the exposure from its day-to-day activities.

Risks in terms of financial reporting are mainly assessed to be material errors in the accounts, for example, the valuation of assets. Other risks include fraud and losses through embezzlement. Risk management is built into every process, while various methods are used to assess and limit risks and to ensure that the risks to which Kährs is exposed are managed in accordance with established policies, instructions and follow-up routines designed to reduce potential risks and to promote correct accounting, reporting and information.

The risks identified for financial reporting are managed through the company's control activities, such as authorisation controls in IT systems and approval controls that are based on Kährs' Finance Manual. The control structure comprises clear organisational roles that enable an efficient allocation of responsibilities for specific control activities; this aims to identify or prevent in time the risk of reporting errors. Every unit has its own controller/finance manager that is involved in evaluating their own reports with the central finance function. The continual analysis of financial reporting, alongside the analysis conducted at Group level, is extremely important to ensure that financial reporting is free of any material errors.

The CEO is responsible for internal control being organised and followed up in accordance with the guidelines adopted by the Board of Directors. The CEO is also responsible for ensuring that independent and objective reviews are conducted in order to systematically assess and propose improvements to the Group's processes for governance, internal control and risk management. Financial governance and control are performed by the central finance function. Kährs' executive management team reviews results on a monthly basis, analysing any deviations from the budget, forecasts and data from previous years. The Board of Directors receives monthly financial reports and follows up on financial reporting at each of its meetings. The Board of Directors and the executive management team review financial reporting ahead of the publication of the annual report. External financial auditing takes place continuously over the financial year based on the audit plan. The company's auditors report their observations to the Board. The external auditors are also tasked with annually monitoring the internal control of the Group's subsidiaries. However, this interim report for the third quarter is not reviewed by the auditors.

Market risks

Kährs is exposed to competition in the flooring industry and the fluctuations in raw material prices that affect profit and capital tied-up. Pandemics and conflicts/wars are external factors that may affect Kährs, and there is uncertainty as to how these will affect Kährs in the future. The war in Ukraine has had a limited impact on Kährs' operations outside of Russia, while the Russian unit has been isolated within Kährs to operate solely within Russia's borders.

Operational risks

Kährs is exposed to operational risks, for example, faults in manufactured products. Activities to introduce a similar management system at each of the Group's production facilities have been introduced to prevent this from happening.

Legal risks

Kährs operates in many countries, which means that it can become involved in disputes and legal processes. Kährs continually monitors any outstanding and potential disputes and other legal issues. These are reported in the Audit Committee, which assesses them and recommends whether a provision should be made for them.

Foreign exchange risks

The Group's reporting currency is the Swedish krona. As a significant proportion of the Group's operations is carried out outside Sweden, the company has specific risks involved with operational and financial transactions in different countries (foreign currency exposure). The Group is also exposed to foreign exchange risks when translating the balance sheets and income statements of its subsidiaries (translation exposure). The main currencies that the Group is exposed to are: EUR, USD, GBP, NOK, RUB, RON and CHF. The Group's foreign currency flows are not hedged.

Financing and interest risk

A new financing was implemented in connection with the formation of Kährs BondCo AB (publ). The financing consists of an RCF facility of SEK 650 million in Kährs Holding AB (Publ) and a Sustainable linked Bond loan of SEK 1,450 million in Kährs BondCo AB (Publ).

MODERBOLAGET

Net sales in the parent company for the period January to September 2022 totalled 0, with a result after tax of SEK -50 million. The parent company's income statement and balance sheet are presented on pages 14–15 in this interim report.

EMPLOYEES

As at 30 September 2022, the Group had 1,496 employees, of which 1,047 were blue-collar workers and 449 white-collar workers.

FINANCIAL REPORTING CALENDAR

Kährs BondCo AB (publ)'s interim reporting as well as its annual financial reports are available on the Kährs website, kahrsgroup.com.

Reporting calendar:

- Interim Report Q4, 2022 — 23 February 2023
- Annual Report 2022 — 20 April 2023
- Interim Report Q1, 2023 — 25 May 2023
- Interim Report Q2, 2023 — 24 August 2023
- Interim Report Q3, 2023 — 23 November 2023

GOVERNING TEXT

This interim report has been prepared in both Swedish and English. The Swedish text shall govern for all purposes and prevail in the event of any discrepancy between the versions.

The Board of Directors and the CEO certify that the interim report provides a true and fair overview of the operations, financial position and results of the Parent Company and the Group and describes the material risks and uncertainties faced by the Parent Company and the companies in the Group.

Malmö, 24 November 2022 Kährs BondCo AB (publ)

Anders Wassberg
Chairman

Christoffer Marköö
Member

Jan Johansson
Member

Jonas Köhlin
Member

Mats Therman
Member

Lisa Gøttler
Member

Johan Magnusson
President and CEO

The information in this interim report is that which
Kährs BondCo AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation (MAR).
The information was submitted for publication at 8 a.m. CET on 24 November 2022.

This interim report has not been reviewed by the company's auditors.

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559339-3621

FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

SEKm	Note	Jul-Sep 2022	Sep 2021	Jan-Sep 2022	Sep 2021	Sep-Dec 2021	Oct 2021-Sep 2022
Net sales	3	921	280	3 065	280	1 147	3 931
Cost of goods sold		-722	-228	-2 349	-228	-927	-3 047
Gross profit		**199**	**52**	**716**	**52**	**220**	**884**
Selling and distribution expenses		-90	-29	-283	-29	-121	-374
Administrative expenses		-35	-6	-100	-6	-46	-141
Other operating income		3	0	3	0	30	33
Other operating expenses		0	-1	-1	-1	-1	0
Operating profit (EBIT)		**77**	**16**	**335**	**16**	**82**	**401**
Financial income		2	1	3	1	2	4
Financial expenses		-30	-6	-99	-6	-39	-132
Profit before tax		**49**	**11**	**239**	**11**	**45**	**273**
Tax		-7	-2	-45	-2	-6	-49
Profit for the period		**42**	**9**	**194**	**9**	**39**	**224**
Attributable to:							
Shareholders of the parent company		42	9	193	9	39	223
Non-controlling interests		0	0	1	0	0	1
Total		**42**	**9**	**194**	**9**	**39**	**224**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEKm	Note	Jul-Sep 2022	Sep 2021	Jan-Sep 2022	Sep 2021	Sep-Dec 2021	Oct 2021-Sep 2022
Profit for the period		**42**	**9**	**194**	**9**	**39**	**224**
Other comprehensive income							
Items that may be reclassified in the income							
Translation differences		4	9	145	9	16	152
Items that cannot be reclassified in the income							
Actuarial gains and losses for pensions		0	0	0	0	0	0
Total		**4**	**9**	**145**	**9**	**16**	**152**
Total comprehensive income for the period		**46**	**18**	**339**	**18**	**55**	**376**
Attributable to:							
Shareholders of the parent company		46	18	338	18	55	375
Non-controlling interests		0	0	1	0	0	1
Total		**46**	**18**	**339**	**18**	**55**	**376**
Earnings per share before and after dilution, SEK		**85**	**18**	**386**	**18**	**79**	**447**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEKm	Note	30 Sep 2022	30 Sep 2021	31 Dec 2021
ASSETS				
Non-current assets				
Intangible assets		181	203	197
Property, plant and equipment, owned		626	625	637
Property, plant and equipment, right-of-use		126	123	116
Financial assets	6	29	19	26
Deferred tax assets		30	28	26
Total non-current assets		**992**	**998**	**1,002**
Current assets				
Inventories		825	689	683
Trade receivables	6	564	365	336
Derivatives	6	55	4	8
Other current assets	6	86	71	70
Cash and cash equivalents	6	272	457	268
Total current assets		**1,802**	**1,586**	**1,365**
TOTAL ASSETS		**2,794**	**2,584**	**2,367**
EQUITY AND LIABILITIES				
Equity				
Share capital		1	-	-
Reserves		20	-132	-124
Retained earnings		244	934	963
Total		265	802	839
Attributable to non-controlling interests		3	2	2
Total equity		**268**	**804**	**841**
Non-current liabilities				
Interest-bearing liabilities	7	1,518	79	72
Provisions for pensions		1	1	1
Other provisions		3	10	3
Other non-current liabilities		-	5	-
Deferred tax liabilities		103	68	71
Total non-current liabilities		**1,625**	**163**	**147**
Current liabilities				
Interest-bearing liabilities	7	47	913	632
Other provisions		31	33	30
Trade payables		354	312	320
Income tax payables		16	11	9
Other current liabilities		453	348	388
Total current liabilities		**901**	**1,617**	**1,379**
TOTAL EQUITY AND LIABILITIES		**2,794**	**2,584**	**2,367**

CONSOLIDATED STATEMENT OF CASH FLOWS

SEKm	Note	Jul-Sep 2022	Sep 2021	Jan-Sep 2022	Sep 2021	Sep-Dec 2021	Oct 2021-Sep 2022
Operating activities							
Profit before tax		49	11	238	11	45	273
Adjustments of non-cash items	8	45	15	144	15	68	196
Cash flow before interest and tax		**94**	**26**	**382**	**26**	**113**	**469**
Interest received		0	0	0	0	0	0
Interest paid		-25	0	-74	0	-8	-82
Income tax paid		-4	-3	-12	-3	-2	-11
Net cash flow from operating activities before change in working capital		**65**	**23**	**296**	**23**	**103**	**376**
Change in working capital							
Change in inventories		-45	-4	-83	-4	2	-77
Change in operating receivables		33	-24	-261	-24	2	-235
Change in operating liabilities		-73	63	120	63	115	172
Net cash flows from operating activities		**-20**	**58**	**72**	**58**	**222**	**236**
Investing activities							
Intra-group restructuring		0	0	-29	0	0	-29
Investment in tangible assets		-12	-14	-26	-14	-48	-60
Investment in financial assets		1	-3	1	-3	-9	-5
Proceeds from sale of tangible assets		0	0	1	0	0	1
Net cash flows from investing activities		**-11**	**-17**	**-53**	**-17**	**-57**	**-93**
Financing activities							
Repayment of loans		0	0	0	0	-301	-301
Payment of lease liabilities		-15	-4	-41	-4	-17	-54
Net cash flows from financing activities		**-15**	**-4**	**-41**	**-4**	**-318**	**-355**
Cash flow for the period		**-46**	**37**	**-22**	**37**	**-153**	**-212**
Cash and cash equivalents at beginning of period		309	419	268	419	419	457
Exchange-rate differences in cash and cash equivalents		9	1	26	1	2	27
Cash and cash equivalents at end of period		**272**	**457**	**272**	**457**	**268**	**272**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEKm	Note	Share capital	Reserves	Retained earnings	Total	Non-controlling interests	Total equity
As at 1 January 2022		**0**	**-124**	**963**	**839**	**2**	**841**
Profit for the period				193	193	1	194
Other comprehensive income			145	0	145	0	145
Total comprehensive income		**0**	**21**	**1,156**	**1,177**	**3**	**1,180**
Transactions with shareholders:							
Intra-group restructuring	5	1	-1	-912	-912	-	-912
As at 30 September 2022		**1**	**20**	**244**	**265**	**3**	**268**

SEKm	Note	Share capital	Reserves	Retained earnings	Total	Non-controlling interests	Total equity
As at 1 September 2021		**0**	**-141**	**924**	**784**	**2**	**786**
Profit for the period			0	9	9	0	9
Other comprehensive income			9	0	9	0	9
Total comprehensive income		**0**	**-132**	**933**	**802**	**2**	**804**
As at 30 September 2021		**0**	**-132**	**933**	**802**	**2**	**804**

SEKm	Note	Share capital	Reserves	Retained earnings	Total	Non-controlling interests	Total equity
As at 1 September 2021		**0**	**-141**	**924**	**784**	**2**	**786**
Profit for the period			0	39	39	0	39
Other comprehensive income			16	0	16	0	16
Total comprehensive income		**0**	**-125**	**963**	**839**	**2**	**841**
As at 31 December 2021		**0**	**-124**	**963**	**839**	**2**	**841**

PARENT COMPANY INCOME STATEMENT

SEKm	Jul-Sep 2022	Jan-Sep 2022	8 Oct - 31 Dec 2021	**8 Oct 2021-30 Sep 2022**
Net Sales	-	-	-	-
Cost of goods sold	-	-	-	-
Gross profit	**-**	**-**	**-**	**-**
Selling expenses	-	-	-	-
Administrative expenses	0	0	0	0
Other operating income	-	-	-	-
Other operating expenses	-	-	-	-
Operating profit (EBIT)	**0**	**0**	**0**	**0**
Financial income	9	22	-	22
Financial expenses	-27	-73	-8	-81
Result excluding tax	**-18**	**-51**	**-8**	**-59**
Income tax expense	0	1	-4	-3
Result for the period	**-18**	**-50**	**-12**	**-62**
Attributable to shareholders of the parent company	-18	-50	-12	-62
Total	**-18**	**-50**	**-12**	**-62**

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

SEKm	Jul-Sep 2022	Jan-Sep 2022	8 Oct - 31 Dec 2021	**8 Oct 2021-30 Sep 2022**
Result for the period	**-18**	**-50**	**-12**	**-62**
Other comprehensive income				
Items that may be reclassified in the income statement:				
Translation differences	-	-	-	-
Other comprehensive income, net of tax	**-**	**-**	**-**	**-**
Total comprehensive income for the period	**-18**	**-50**	**-12**	**-62**
Attributable to shareholders of the parent company	-18	-50	-12	-62
Total	**-18**	**-50**	**-12**	**-62**

PARENT COMPANY STATEMENT OF FINANCIAL POSITION

SEKm	Note	30 Sep 2022	31 Dec 2021
ASSETS			
Non-current assets			
Financial assets	9	1,900	-
Deferred tax assets		-	-
Total non-current assets		**1,900**	**-**
Current assets			
Other current assets		22	103
Cash and cash equivalents		1	1,432
Total current assets		**23**	**1,535**
TOTAL ASSETS		**1,923**	**1,535**
EQUITY AND LIABILITIES			
Equity			
Share capital		1	1
Retained earnings		488	102
Result for the period		-50	-12
Total equity		**439**	**91**
Non-current liabilities			
Interest-bearing liabilities		1,435	1,432
Deferred tax liabilities		3	4
Total non-current liabilities		**1,437**	**1,436**
Current liabilities			
Other current liabilities		47	8
Total current liabilities		**47**	**8**
TOTAL EQUITY AND LIABILITIES		**1,923**	**1,535**

NOTES

NOTE 1. ACCOUNTING POLICIES

This interim report has been prepared in accordance with the rules for interim reporting set out in the Swedish Annual Accounts Act and IAS 34 Interim Financial Reporting. The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as they have been adopted by the EU. Furthermore, RFR 1 Supplementary Accounting Rules for Groups is applied. The parent company's accounts have been prepared in accordance with RFR 2, Accounting for Legal Entities and the Swedish Annual Accounts Act.

The Group was subject to a change of ownership on 31 August 2021 and in connection with the subsequent refinancing, Kährs BondCo AB became the new parent company in the Group and this report is the first quarterly report with Kährs BondCo as parent company.

The change of ownership on 31 August 2021 was an external transaction on market terms that constituted a business combination. The formation of Kährs BondCo AB (publ) then constitutes an extension of this transaction and when Kährs BondCo AB (publ) acquires the Kährs Holding Group in the next step, 2022, it will take place as an internal restructuring. The internal restructuring is a transaction under the same controlling influence as it took place without a change in the business's ownership structure and means that Kährs BondCo AB (publ) took over the position as parent company in the group. As transactions under common control are not regulated in IFRS, the Group has in accordance with IAS 8 chosen an appropriate and established practice based on book values in the transferring group, "predecessor basis of accounting", meaning that no revaluation of assets and liabilities has taken place at Kährs BondCo's acquisition in 2022. The values used are those identified in connection with the change of ownership as of August 31, 2021, when the fair value of identifiable assets and liabilities was identified by the Kährs Holding Group. The principle also means that comparative information is only available from that time, 31 August 2021. This means that no comparative figures are presented in this interim report.

Functional currency and reporting currency

In accordance with IFRS, the consolidated financial statements of the Group are presented in Swedish krona (SEK), which is also the parent company's functional currency. The functional currency is established for each company in the Group and the items that are included in an individual company's financial reporting is calculated in its functional currency.

Transactions and balance sheet items in a foreign currency

Transactions in foreign currencies are translated to the functional currency using the exchange rates that applied on the transaction date. Exchange rate gains and losses which arise in conjunction with payments of financial non-current assets and interest-bearing liabilities are recognised as a financial income/expense, except for exchange rate differences attributable to shareholder loans that are recognised in other comprehensive income. Exchange rate gains and losses attributable to other transactions in a foreign currency are included in operating profit.

Basis of accounting

The consolidated accounts have been prepared based on the going concern principle and at historical cost unless otherwise specified, for example, in relation to the fair values of financial instruments.

Basis of consolidation

The consolidated accounts comprise the financial reporting for the Group and its subsidiaries as at 30 September 2022.

Subsidiaries are included in the consolidated accounts from their acquisition date, i.e. the date when the Group takes control of the company, until the date when the Group's control of the company ceases. The subsidiaries' accounts are prepared for the same period and using the same accounting policies as the parent company. All intra-group balances, transactions, unrealised gains and losses from the intra-group transactions and dividends are eliminated in their entirety.

Subsidiaries

A subsidiary is a company where the parent company owns more than 50% of the shares or controls the subsidiary in another way. Subsidiaries are included in the consolidated accounts from the date on which the Group obtains control of them until the date when such control ceases.

Translation of foreign subsidiaries

Foreign subsidiaries are translated to Swedish krona (SEK), which is the Group's reporting currency. In the balance sheet, all balance sheet items are translated at the closing rate, except for net profit, which is calculated at the average rate. The income statement is translated in its entirety at the average rate. For exchange rate differences that occur when translating foreign subsidiaries, the translation difference is recognised in other comprehensive income.

Any surplus recorded in the acquisition of a foreign subsidiary, such as goodwill and other off-balance-sheet intangible assets, are translated at the closing rate. The translation difference is entered into other comprehensive income. Upon disposal of a subsidiary, the translation difference is reversed to the income statement.

Gross accounting

Gross accounting has been consistently applied when recognising assets and liabilities, except where the assets and liabilities are attributable to the same counterparty and the company has been in a legal position to offset them. Unless otherwise stated, gross accounting has also been applied to revenue and expenses.

Classification of assets and liabilities

The recovery or settlement of non-current assets and non-current liabilities is expected to be carried out later than 12 months after the balance sheet date. The recovery or settlement of current assets and current liabilities is expected to be carried out earlier than 12 months after the balance sheet date.

Related party transactions

Transactions with related parties are conducted on market terms. Related parties are companies where Kährs BondCo has a controlling or significant influence over operating or financial decisions. The term 'related party' also includes companies and persons, such as Board members and company management, that have control of, or can exercise a significant influence on the Group's financial or operating decisions.

Property, plant and equipment

Acquisition value

Property, plant and equipment is recognised in the consolidated accounts at acquisition value less accumulated depreciation and any impairment losses. Acquisition value includes the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by its acquisition. Examples of directly attributable costs that are included in cost are the costs of delivery and handling, installation, ownership documents, consultant fees and legal services. The cost of property, plant and equipment produced by the Group itself includes expenditure for materials and remuneration to employees, plus other applicable manufacturing costs that are considered directly attributable to the assets, borrowing costs and the estimated costs for dismantling and removing the assets and restoring the site or area on which they are located. The Group applies 'component-based' depreciation, which means that the acquisition cost of each component that is important for the total acquisition cost of an item of property, plant and equipment is depreciated separately.

The carrying amount of an item of property, plant and equipment is derecognised from the balance sheet on disposal or when no future economic benefits are expected from its use. The gain or loss is measured as the difference between the sales price and the carrying amount. The gain or loss is recognised for the financial year when the asset is disposed under other expenses or other income.

Property, plant and equipment, and intangible assets are depreciated and amortised on a straight-line basis, systematically over their estimated useful lives. The estimated useful lives are reviewed at the end of each reporting period and adjusted where necessary. If the impairment amount has been determined, the residual value of the asset is taken into account. Straight-line depreciation is applied to all assets.

The following depreciation periods apply:	**Period**
Buildings	8 - 50 years
Improvement of rented property	15 years
Land improvements	20 years
Machinery and other technical equipment	3 - 15 years
Equipment, tools and installations	3 - 15 years

Intangible assets

Intangible assets are recognised at acquisition value less amortisation and reduction in value. The amortisation of intangible assets is carried out systematically over the estimated useful life of the asset, which is normally 2–5 years. The estimated useful lives are reviewed at the end of each reporting period and adjusted where necessary. When establishing the depreciable amount, the residual value of the asset is taken into consideration, if there is support to show that there is a residual value.

Internally generated property, plant and equipment is only recognised as an asset if they are expected to bring future economic benefits, and if cost can be established in a reliable way. The costs of an internally generated asset comprise direct costs and production overheads that are directly attributable to the asset. Development expenses are recognised as an intangible asset if the company intends, and has the necessary technical and financial resources, to complete the product or application for use or sale, and the planning and resources are in place to market the product. If they are to be recognised as development expenses, they must result in future economic benefits and the development expenses must be able to be measured in a reliable way. Development expenses that do not meet these criteria are recorded as expenses. The amortisation of capitalised development expenses starts at a time when the asset begins to be used for the purpose intended by the executive management team. The estimated useful lives are reviewed at each year-end and adjusted where necessary.

Impairment of property, plant and equipment, and intangible assets

When there are indications that an item of property, plant and equipment, or an intangible asset has fallen in value, the recoverable amount is measured. If the carrying amount exceeds the recoverable value, the asset is written down to the recoverable amount. The recoverable amount is the higher of the fair value and the value-in-use. The recoverable amount is assessed per cash-generating unit.

Previously recognised impairment losses are reversed when the recoverable value is calculated to be higher than the carrying amount. This reversal may not exceed the amount that was previously written down.

Financial assets

Classification and subsequent measurement

The Group classifies its financial assets in the following valuation categories:

- fair value through profit or loss
- fair value through other comprehensive income, or
- amortised cost.

The classification requirements for debt and equity instruments are described below:

Debt instruments are the instruments that meet the definition of a financial liability from the issuer's perspective, such as accounts receivable, loan receivables and government bonds. The Group classifies its debt instruments into one of the following two measurement categories: Amortised cost: Assets that are held for collection of contractual cash flows where these cash flows represent solely payments of principal and interest, and are not designated as fair value through profit/loss, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance that is recognised (see 'Impairment' below). Interest income from these financial assets is recognised in net financial items using the effective interest rate method. Fair value through profit or loss: Assets that do not meet the criteria for amortised cost are measured at fair value through profit and loss. Gains or losses on a debt investment that is measured at fair value through profit or loss after initial recognition and is not part of a hedging relationship are recognised in net financial items in the period in which they arise. Interest income from these financial assets is recognised in net financial items using the effective interest rate method. The Group reclassifies debt investments when and only when its business model for managing these assets changes.

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Gains or losses on equity investments that are recognised at fair value via profit/loss are recognised in net financial items. The Group does not hold any material investments in equity instruments.

Impairment and expected loss

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instrument assets that are not recognised at fair value. The Group recognises a provision for such losses on each reporting date. The measurement of expected credit losses reflects an unbiased and probability-weighted amount based on reasonable and supportable information that is available, such as past events, current conditions and forecasts of future economic conditions. For accounts receivable, the group applies the 'simplified approach', which means that the provision for bad debt will equal the expected credit losses over their remaining lifetime. To measure the expected credit losses, accounts receivable is grouped into six categories based on credit risk characteristics and maturity periods. If a provision is considered insufficient due to individual considerations, the provision is extended to cover the actual anticipated losses.

Derecognition from the balance sheet – Financial assets, or a portion thereof, are derecognised from the balance sheet when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Group transfers substantially all the risks and rewards of ownership, or (ii) the Group neither transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control of the asset.

Financial liabilities

Classification and subsequent measurement

The Group's financial liabilities, excluding derivatives, are classified and subsequently measured at amortised cost. Financial liabilities are derecognised from the balance sheet when they are extinguished, i.e. when the obligation specified in the contract is discharged or cancelled, or expires.

Derivatives

Derivatives are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently re-measured at fair value. All derivatives are recognised as assets when fair value is positive and as liabilities when fair value is negative. Gains or losses arising from a change in the fair value of derivatives that are not identified or do not qualify as hedging instruments are recognised in profit or loss.

The Group has not applied any hedge accounting for the period January to September 2022.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the Group expects a provision that is recognised to be reimbursed by a third party, for example an insurance firm, the anticipated reimbursement is included as a separate asset, but only if it is practically sure that the reimbursement can be received.

If the time value is significant, the future payment is discounted. The measurements are made by applying a discount rate that reflects the market expectations, taking into account specific risks associated with the obligation.

A restructuring provision is recognised during the period in which the Group is legally or constructively bound to the plan.

Provisions for future warranty claims are based on previous warranty history and current trends, which can provide an indication as to whether future requirements may deviate from historical requirements. Provisions for future operating losses are not recognised.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. A contingent liability may also be an obligation that arises from past events, but that is not recognised as a liability or provision as it is not probable that an outflow of resources will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

Remuneration for employees

Short-term remuneration for employees

Short-term remuneration for employees, including salaries, social security contributions, annual leave remuneration and bonuses are expensed in the period when the service is rendered.

Severance pay

Severance pay is payable when the employment is terminated before the normal age of retirement or when an employee accepts voluntary redundancy in exchange for such remuneration. The Group recognises severance pay when the Group has a legal or constructive obligation and when it is highly probable that an outflow of resources will be required to settle the obligation, and the amount can be measured reliably.

Pensions

The Group has both defined-benefit and defined-contribution pension plans.

A defined-contribution plan is a pension plan under which the Group pays fixed contributions to an independent pension fund company. The Group does not have any other legal or constructive obligations to pay additional contributions if the pension fund does not have sufficient assets to pay all of the benefits associated with the employees' service in current and earlier periods. The Group's costs for defined-contribution pension plans are charged to profit for the financial year in which they occur.

A defined-benefit plan is calculated using the 'Projected Unit Credit' method and recognised in the balance sheet. As well as considering the pension and statutory rights that are known on the balance sheet date, assumptions are made for the anticipated increases in pensions and salaries, as well as other important factors. Calculations are based on actuarial calculation methods.

Actuarial gains and losses in defined-benefit pension plans are recognised in other comprehensive income for the period in which they occur. The calculated pension costs for service in earlier periods are determined when adjusting the defined-benefit pension plan. Adjustments are recognised in the income statement. The total net obligation (i.e. the present value of the defined-benefit plan minus the fair value of the assets) in each plan is recognised in the consolidated balance sheet.

Leases

Upon initiation, contracts are assessed by Kährs to determine whether a contract is, or contains a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a certain period of time in exchange for consideration. The right to control the use of an identifiable asset is assessed by Kährs, based on whether there is an identifiable asset, whether Kährs has the right to obtain substantially all the economic benefits from the use of the asset, and whether Kährs is entitled to direct its use.

Kährs Group as a lessee evaluates all new agreements to see whether they contain any lease components. An evaluation is carried out to identify if a lease exists by evaluating whether Kährs has the right to obtain substantially all of the economic benefits from the use of the assets, has the right to control the use of the asset, and the supplier has no substantial rights of substitution. Leased assets may not be used as security for loans.

Kährs recognises all contracts that meet the definition of a lease contract as right-of-use assets and lease liabilities in the balance sheet, and recognises depreciation/amortisation and interest expense in the income statement.

Each lease payment is allocated between the repayment of the liability and the financial cost. The financial cost is divided over the term of the lease so that each reporting period is charged with an amount corresponding to a fixed interest rate for the liability recognised in each period. Right-of-use assets are depreciated on a straight-line basis over the shorter of the asset's useful life and the term of the lease. Leases are normally depreciated for fixed periods of between three and five years for premises, three to six years for vehicles and three years for IT equipment, but there is a possibility for the leases to be extended or terminated, as described below. The Group's leases are primarily for land and buildings, forklift trucks, vehicles, machinery and office equipment.

Kährs applies an exemption for right-of-use leases of 12 months or less or that end within 12 months of the time they are transferred. They are classified as current leases, which means that they are not included in the carrying amounts for liabilities or rights-of-use. In addition, exemption rules have been applied to right-of-use assets that are classified as low-value leases. These leases have been excluded from being included in the carrying amounts for liabilities or right-of-use assets. Lease payments for such leases are recognised as operating costs over the term of the lease.

A margin loan interest rate is established per country, lease term and for the following right-of-use classes: land and buildings, forklift trucks, vehicles, machinery and office equipment. The margin loan interest rate is used for discounting the remaining lease payments. The model for establishing a margin loan interest rate is reviewed at least once a year or whenever there are indications for a need for a review in order to safeguard the validity of the model.

Revenue recognition

Kährs manufactures and sells wood and resilient floors, primarily to distributors and the project market. Kährs' products include floors and flooring accessories. Sales revenue is recognised net of value-added tax, specific sales taxes, returns and trade discounts.

Sales of finished products including accessories

Sales of products are recognised at a specific point in time, i.e. when control of the products has been transferred by the products being delivered to the customer. Delivery takes place once the products have been shipped to a specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or there is objective evidence that all criteria for approval have been satisfied. In practice, the transfer of control, and therefore revenue recognition, normally depends on the contractual incoterms.

Transaction price - Bonuses and other volume discounts

The products are often sold with bonuses and other volume discounts based on aggregate sales over a specific period of time, normally 3–12 months. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts. Discounts are measured and recognised based on experience, using either the expected value or an assessment of the most likely amount. Revenue is only recognised to the extent that it is highly likely that a significant reversal will not occur. Contract liabilities are recognised for anticipated volume discounts payable to customers in relation to sales made until the end of the reporting period. The anticipated volume discount is revised at each reporting date.

Receivables, contract assets and contract liabilities

A receivable is recognised when the goods are delivered, as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. If the consideration is conditional on additional performance, a contract asset is recognised. If

Kährs receives prepayments from customers, a contract liability is recognised. See the table below for additional details.

Payments to customers

Agreements can be made with customers to compensate for various services or activities undertaken by the customer. This relates, for example, to agreements under which Kährs agrees to compensate the customer for marketing activities undertaken by the customer. When this kind of compensation is paid, it is recognised as a reduction in sales revenue.

Marketing activities and floor samples

Marketing activities and floor samples that are not related to Kährs' range are recognised as selling expenses.

Warranties

The most common warranty action for Kährs is to replace a faulty product on statutory terms and in accordance with standard business practice. In these instances, a warranty obligation is recognised as a provision. Warranties that are related to manufacturing are recognised as part of the Group's cost of goods sold, while other warranty expenses are recognised as selling expenses.

Sales with a right of return

A right of return is not a separate performance obligation, but it affects the transaction price for the transferred goods. In terms of a right of return resulting from statutory requirements, standard business practice or what is stipulated in agreements with customers, revenue is not recognised for goods that are expected to be returned. Instead, a liability is recognised for the anticipated refunds to customers. An asset is also recognised for the anticipated returned item. The estimated amount of returned goods in each sale with a right of return is based on the anticipated value or the most likely amount, whichever is considered the best way to predict the amount. The estimate is revised on each reporting date.

Freight costs

Freight costs are included in the price of the goods sold and are recognised at the same time as the revenue from the sale of the product.

Revenue breakdown

Kährs manufactures and sells wood and resilient floors, primarily for housing for private individuals (residential) and also for commercial premises, with primarily healthcare, schools and other education as a niche and commercial properties with a focus on the sub-segments, hotels, offices and retail premises in the Nordic region (commercial). Kährs' product groups include parquet floors and other wood floors, resilient floors and other products.

Interest income

Interest income is recognised as it accrues (the calculation is based on the underlying asset using the effective interest rate method).

Dividend

Revenue is recognised when the shareholder's entitlement to receive payment has been established.

Income tax

Tax comprises current and deferred tax. Tax is recognised in the income statement, except when the tax is attributable to items recognised in other comprehensive income or directly in equity. In such cases, tax is recognised in other comprehensive income or equity.

Current income tax

Current tax receivables or tax liabilities for the current period and earlier periods are based on the amounts that are expected to be paid by or paid to the tax authorities. These amounts are measured based on the applicable tax rates and tax rules that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax

Deferred income tax is recognised based on temporary differences arising between the tax value and the carrying amount.

Deferred tax assets are recognised for all deductible temporary differences, including taxed tax losses, to the extent that it is probable that a taxable profit will be available against which the deductible temporary differences can be utilised.

An assessment of deferred tax assets is carried out on each balance sheet date and adjusted if it is no longer probable that sufficient profit will be generated and deferred tax assets can therefore not be utilised.

Deferred tax assets or liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (or laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if the Group has a legally enforceable right to offset them and if the deferred tax relates to the same company in the Group and the same tax authority.

Government grants

Government grants are recognised as accrued income in the balance sheet when it is reasonably certain that the grant will be received and the unit will meet the terms and conditions for them. Grants are recognised in profit or loss for the year in the same periods as the related costs for which they are intended to compensate.

Cash flow

Cash at bank consist of cash and available bank balances, as well as other current liquid investments with maturities of three months or less and that are exposed to an insignificant risk of value fluctuations. Cash flow from operating activities is measured using the indirect method.

NOTE 2. SIGNIFICANT ASSESSMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of this interim report in accordance with the accounting policies that have been applied requires the Board of Directors to make certain estimates and assumptions that may affect the carrying amounts of assets, liabilities, revenue and expenses. The areas in which the estimates and assumptions are of material significance for the Group and where changes may affect the financial reporting are set out below:

Assessment impairment test for goodwill with undeterminable useful lives

When calculating the recovery amount of cash-generating units to assess any need for impairment of goodwill as well as other intangible assets with undeterminable useful lives, a number of assumptions about future conditions and estimates of parameters have been made.

In connection with the annual closing, the annual impairment test is carried out of the goodwill and other intangible assets with undeterminable useful lives.

Valuation of deferred tax assets and deferred tax liabilities

A deferred tax asset is recognised for loss caryforwards or other future taxable deductions to the extent that there will be sufficient future taxable profit against which the loss or deduction can be utilised. Deferred tax liabilities arising from temporary differences associated with investments in subsidiaries are not recognised in the consolidated accounts as the parent company is not able to direct the timing of the reversal of the temporary differences and it is not probable that the reversal will occur in the foreseeable future. Deferred tax assets and deferred tax liabilities are offset when there is a legal right to settle current tax assets and tax liabilities and when the deferred taxes are levied by the same tax authority.

Valuation of inventories

Inventories are valued by applying the first-in first-out principle at the lower of cost and net realisable value on the balance sheet date. Before each balance sheet date, an assessment is made of the net realisable value of the various items in the inventories. This value is based on the executive management’s assessment of slow-moving goods, excess stocks, damaged goods and other sales expenses. The valuation method chosen allows for inventory obsolescence. Deductions are made for internal profits arising from deliveries between Group companies in the consolidated accounts. Work in progress and finished goods include both direct costs incurred and a fair allocation of indirect manufacturing costs.

Provision for warranty obligations

The Group normally offers warranty obligations for its products. The executive management team estimates the provisions for any future compensation claims based on historical compensation claims and prevailing trends that give an indication as to whether future claims will differ from historical compensation claims.

Legal disputes

A provision for legal disputes is based on an estimate of the future outflow of resources that may be required to discharge an obligation. Disputes primarily relate to contractual obligations with customers and suppliers, but also to other disputes that may occur as part of normal business operations.

NOTE 3. NET SALES BY REGION

The Group has five regions: Residential Nordics, Residential West & South Europe, Residential North America, Residential Emerging Markets and Commercial. The largest markets are Sweden, Germany, the USA, Finland, Norway, Russia and England.

NET SALES BY REGION, EXTERNAL CUSTOMERS

SEKm	Jul-Sep 2022	Sep 2021	Jan-Sep 2022	Sep 2021	Sep-Dec 2021	Oct 2021-Sep 2022
Residential Nordics	406	137	1,347	137	493	1,702
Residential West & South Europe	203	65	723	65	275	933
Residential North America	88	19	292	19	97	370
Residential Emerging Markets	132	34	434	34	156	556
Commercial	79	17	230	17	89	302
Other	13	8	39	8	37	68
Net sales Group, external customers	**921**	**280**	**3,065**	**280**	**1,147**	**3,931**

NOTE 4. RELATED PARTY TRANSACTIONS

Saltri II LuxCo SARL owns 100% (500,000 shares) of the parent company and therefore has a controlling influence of the Group. Saltri II LuxCo SARL ultimately has a controlling influence of Kährs BondCo AB (publ) Group.

Kährs has not issued any guarantees nor any other commitments to the benefit of Board members and senior executives. During period January to September 2022 there were no direct nor indirect transactions between the Group and Board members or senior executives, except salaries, benefits, pension costs to senior executives and board fees to board members and employee representatives.

For intra-Group transactions, the same pricing principles are applied as for transactions with external customers.

NOTE 5. THE FORMATION OF THE KÄHRS BONCO GROUP

The Group was the subject of a change of ownership on 31 August 2021 when the Triton III Continuation Fund acquired the group. In connection with the refinancing, Kährs BondCo AB was established and became the new parent company in the group. Due to this, no comparative figures are available for periods earlier than 31 August 2021.

The change of ownership on 31 August 2021 was an external transaction on market terms that constituted a business combination. The formation of Kährs BondCo AB then constitutes an extension of this transaction and when BondCo AB acquires the Kährs Holding Group in the next step, 2022, it takes place as an internal restructuring. The internal restructuring is a transaction under common control influence as it took place without a change in the business's ownership structure and means that Kährs BondCo AB (publ) took over the position as parent company in the Group.

This transaction did not constitute a business combination in accordance with IFRS 3, meaning that no revaluation of assets and liabilities has taken place in connection with Kährs BondCo AB's acquisition of Kährs Holding 2022. The values used as entry values in the Kährs BondCo Group are the fair values identified in connection with the change of ownership. August 31, 2021 when the fair value of identifiable assets and liabilities was identified when the Kährs Holding Group gained new owners. Kährs BondCo AB's consolidated values therefore consist of the fair values that were identified in connection with the Triton III Continuation Fund's acquisition of the Kährs Group and no new acquisition analysis has therefore been prepared. A redistribution of the surplus value has been made compared to the initial acquisition analysis. This means that retroactive changes have been made that affect the group's financial reports.

NOTE 6. FINANCIAL INSTRUMENTS

The following tables show the fair value of the Group's financial assets and liabilities that are subject to risk management.

30 Sep 2022 SEKm	Assets at fair value via the income statement	Assets measured at amortised cost	Total fair value	Carrying value of financial assets
Assets				
Financial non-current assets[1]	-	29	29	**29**
Accounts receivable	-	564	564	**564**
Derivatives	55	-	55	**55**
Other current assets	-	11	11	**11**
Cash and cash equivalents	-	272	272	**272**
Cash and cash equivalents	**55**	**876**	**930**	**930**

[1] Comprises deposits SEK 23 million, endowment insurance SEK 5 million and other items SEK 1 million

30 Sep 2022 SEKm	Liabilities at fair value via the income statement	Liabilities measured at amortised cost	Total fair value	Carrying value of financial liabilities
Liabilities in the balance sheet				
Interest-bearing liabilities	**-**	1,565	1,565	**1,565**
Trade payables	**-**	354	354	**354**
Derivatives	**-**	-	-	**-**
Other current liabilities	**-**	293	293	**293**
Total	**-**	**2,211**	**2,211**	**2,211**

NOTE 7. INTEREST-BEARING LIABILITIES

SEKm	30 Sep 2022	30 Sep 2021	31 Dec 2021
Non-current liabilities			
Lease liabilities	83	78	72
Sustainable linked corporate bond	1,450	0	0
Loan Facility B	0	0	0
Financing costs [1]	-15	0	0
Revolving Credit Facility (RCF)	0	0	0
Other loans	0	1	0
Total non-current interest-bearing liabilities	**1,518**	**79**	**72**
Current liabilities			
Lease liabilities	45	45	45
Loan Facility B	0	867	585
Other loans	2	1	2
Total current interest-bearing liabilities	**47**	**913**	**632**
Total interest-bearing liabilities	**1,565**	**992**	**704**

[1] Accrued financing costs spread over the term of the loans

NOTE 8. ADJUSTMENT OF NON-CASH ITEMS

SEKm	Jul-Sep 2022	Sep 2021	Jan-Sep 2022	Sep 2021	Sep-Dec 2021	Oct 2021-Sep 2022
Adjustment of non-cash items						
Depreciation and impairment of property, plant and equipment	26	9	77	9	33	101
Depreciation and impairment of right-of-use assets	14	5	37	5	15	47
Amortisation and impairment of intangible assets	7	2	18	2	8	23
Other provisions	0	2	0	2	18	16
Unrealised exchange rate differences	-3	-3	9	-3	-12	0
Transaction cost accrual over the term	1	0	3	0	6	9
Total	**45**	**15**	**144**	**15**	**68**	**196**

NOTE 9. FINANCIAL ASSETS (PARENT COMPANY)

SEKm	30 Sep 2022	31 Dec 2021
Financial assets		
Shares in subsidiaries	1,400	-
Shareholder loan, Kährs Holding AB[1]	500	-
Total	**1,900**	**-**

[1] Shareholder loans carry a variable interest rate of 7,44. The shareholder loan will mature on 31 December 2026.

SEKm		30 Sep 2022	31 Dec 2021
Shares in directly owned subsidiaries			
Name, corporate identity number, company domicile	**Number of shares**		
Kährs Holding AB (556535-2481), Nybro	500,000	1,400	-
Total	**500,000**	**1,400**	**-**

CONSOLIDATED KEY PERFORMANCE INDICATORS

SEKm	Jul-Sep 2022	Sep 2021	Jan-Sep 2022	Sep 2021	Sep-Dec 2021	Oct 2021-Sep 2022
Net Sales	921	280	3,065	280	1,147	3,931
EBITA	82	18	351	18	90	423
EBITA, %	8.9%	6.5%	11.5%	6.5%	7.8%	10.8%
Operating EBITA	83	17	355	17	94	433
Operating EBITA, %	9.0%	5.9%	11.6%	5.9%	8.2%	11.0%
Operating profit (EBIT)	77	16	335	16	83	401
Operating profit (EBIT), %	8.3%	5.8%	10.9%	5.8%	7.2%	10.2%
Operating EBIT	79	15	338	15	87	410
Operating EBIT, %	8.6%	5.3%	11.0%	5.3%	7.6%	10.4%
Operating profit before depreciation and items affecting comparability (adjusted EBITDA)	123	30	469	30	142	581
Operating profit before depreciation and items affecting comparability (adjusted EBITDA), %	13.4%	10.8%	15.3%	10.8%	12.4%	14.8%
Profit for the period	42	9	193	9	41	225
Profit for the period, %	4.6%	3.2%	6.3%	3.2%	3.4%	5.7%
Earnings per share before and after dilution, SEK[1]	85	18	386	18	79	447
Net cash flows from operating activities	-20	58	72	58	222	236
Investments	12	14	26	14	48	61
Total cash flow	-46	37	-22	37	-153	-212
Total assets	2,794	2,584	2,794	2,584	2,367	2,794
Cash and cash equivalents at end of period	272	457	272	457	268	272
Net working capital	1,035	742	1,035	742	699	1,035
Net debt [2]	1,164	410	1,164	410	319	1,164
Equity	268	804	268	804	841	268
Capital employed	1,837	1,796	1,837	1,796	1,549	1,837
Equity ratio, %	9.6%	31.1%	9.6%	31.1%	35.5%	9.6%
Number of employees, end of period	1,496	1,473	1,496	1,473	1,483	1,496

1 Number of shares in Kährs BondCo AB (publ) (500,000) used to calculate earnings per share before and after dilution, SEK

2 Net debt excluding effect of IFRS 16

- Definitions of alternative performance indicators are available on page 27 in this report

FINANCIAL DEFINITIONS AND KEY PERFORMANCE INDICATORS

ALTERNATIVE PERFORMANCE INDICATORS

In order to fairly present the Group's operations, the Kährs Group uses a number of alternative key indicators that are not defined by IFRS or in the Annual Accounts Act. The alternative performance indicators that Kährs uses can be seen in the definitions below.

NET SALES
The Group's total income, after deduction of bonuses and dis- counts, VAT and other taxes related to sales.

EBITA
Earnings after depreciation, amortisation and impairment but before deduction for impairment of goodwill as well as amortisation and impairment of other intangible assets that arose in conjunction with company acquisitions.

OPERATING EBITA
EBITA before items affecting comparability.

OPERATING EBITA IN PER CENT
Calculated as EBITA above as a per- centage of net sales for the period.

OPERATING PROFIT EBITDA
Operating profit before depreciation/amortisation.

ADJUSTED EBITDA
Operating profit before depreciation/amortisation and items affecting comparability.

OPERATING PROFIT EBIT
Earnings before financial items and tax.

OPERATING MARGIN, EBIT IN PER CENT
Calculated as EBIT above as a per- centage of net sales for the period.

OPERATING EBIT
Operating profit before items affecting comparability.

ORGANIC GROWTH
Sales growth excluding currency effects and acquisitions.

NET DEBT
Net interest-bearing debt (excluding shareholder loans) less interest- bearing assets, as well as cash and cash equivalents.

NET DEBT/EBITDA RATIO
Net debt excluding finance lease in relation to adjusted EBITDA, 12 months rolling.

NET WORKING CAPITAL
Inventories and trade receivables, less trade payables.

RETURN ON EQUITY
Profit after tax for the period, 12 months rolling, as a percentage of average equity excluding shares with non-controlling interests.

CAPITAL EMPLOYED
Total assets less non-interest-bearing current- and non-current liabilities.

RETURN ON CAPITAL EMPLOYED
Operating profit (EBIT), 12 months rolling, in relation to average capital employed.

EQUITY RATIO
Equity as a percentage of total assets.

DEPRECIATION
Depreciation/amortisation of intangible and tangible non-current assets and right of use assets.

INVESTMENTS
Investments in non-current assets.

INTEREST COVERAGE RATIO
Adjusted EBITDA, 12 months rolling, divided by paid interest, 12 months rolling.

EARNINGS PER SHARE AFTER TAX AND BEFORE DILUTION
Profit for the period excluding non- controlling interests, in relation to the number of shares before dilution.

EARNINGS PER SHARE AFTER TAX AND AFTER DILUTION
Profit for the period excluding non- controlling interests, in relation to the number of shares after dilution.

TOTAL WORKING CAPITAL
Inventories, trade receivables, derivatives and other current assets reduced by trade payables, income tax payables, derivatives and other current liabilities.

ITEMS AFFECTING COMPARABILITY
An income statement item that is non- recurring, has a significant impact on profit and is important for understanding the underlying development of operations.

For further information on key performance indicators in the Kährs Holding Group - see appendix

ABOUT KÄHRS BONDCO AB (PUBL)

Kährs BondCo AB (publ) is a leading manufacturer and distributor of flooring with the aim of providing customer experiences beyond expectations. Kährs' innovations have shaped the industry throughout its history and the company is dedicated to offering flooring solutions for every room, environment and need. The company delivers sustainable and durable flooring solutions to more than 70 countries, being a market leader in hardwood flooring in Sweden and Finland and having strong positions in other key markets, such as Norway, the UK, US, Germany, and Switzerland. The Group has approximately 1,500 employees and annual sales of SEK 3.9 billion. www.kahrsgroup.com

APPENDIX

This appendix has been developed to make it easier for the reader to assess the financial performance in the Kährs Holding Group as comparable comparative figures are lacking for the Kährs BondCo Group, which was formed on 31 August 2021. The Kährs Holding Group was acquired by Kährs BondCo AB (publ) on 20 January 2022 through a common control transaction. In the appendix, all comparative figures for 31 December 2021 and earlier represents the Kährs Holding structure, while the figures for 2022 show Kährs BondCo Group.

This should be seen as separate information and is not to be linked to the interim report for Kährs BondCo AB (publ).

KEY PERFORMANCE INDICATORS

SEKm	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Jan-Dec 2021	Oct 2021-Sep 2022
Net Sales	921	752	3,065	2,443	3,309	3,931
Organic growth	12%	7%	18%	12%	13%	17%
EBITA	82	29	351	158	239	432
EBITA, %	8.9%	3.8%	11.5%	6.5%	7.2%	11.0%
Operating EBITA	83	27	355	157	244	442
Operating EBITA, %	9.0%	3.6%	11.6%	6.4%	7.4%	11.2%
Operating profit (EBIT)	77	28	335	156	236	415
Operating profit (EBIT), %	8.3%	3.7%	10.9%	6.4%	7.1%	10.5%
Operating EBIT	79	26	338	155	241	424
Operating EBIT, %	8.6%	3.5%	11.0%	6.3%	7.3%	10.8%
Operating profit before depreciation and items affecting comparability (adjusted EBITDA)	123	65	469	269	391	591
Operating profit before depreciation and items affecting comparability (adjusted EBITDA), %	13.4%	8.6%	15.3%	11.0%	11.8%	15.0%
Profit for the period	42	12	194	83	126	237
Profit for the period, %	4.6%	1.6%	6.3%	3.4%	3.8%	6.0%
Net cash flows from operating activities	-20	67	72	189	356	239
Investments	12	22	26	55	90	61
Total cash flow	-46	11	-22	96	-92	-210
Total assets	2,794	2,394	2,794	2,394	2,200	2,794
Cash and cash equivalents at end of period	272	457	272	457	268	272
Net working capital	1,035	731	1,035	731	699	1,035
Net debt[1]	1,164	410	1,164	410	319	1,164
Equity	268	659	268	659	709	268
Capital employed	1,837	1,642	1,837	1,642	1,416	1,837
Equity ratio, %	9.6%	27.5%	9.6%	27.5%	32.2%	9.6%
Return on equity, %	53.0%	19.3%	53.0%	19.3%	20.1%	53.0%
Return on capital employed, %	24.4%	11.8%	24.4%	11.8%	16.1%	24.4%
Interest coverage ratio, times	6.6	10.1	6.6	10.1	11.4	6.6
Net debt / EBITDA ratio, times	2.2	1.3	2.2	1.3	0.9	2.2
Number of employees, end of period	1,496	1,473	1,496	1,473	1,483	1,496

[1] All comparative periods 31 December 2021 and earlier concerns to the Kährs Holding Group.