

INTERIM REPORT

Kährs BondCo AB (publ)

Quarter 3, July-September 2023

Kährs Group

STRONG AND INCREASING GROSS MARGINS IN A CHALLENGING MARKET SITUATION

Kährs' net sales decreased by -31 per cent in the third quarter, primarily due to continued weak demand in residential, in the business segments Residential Nordics and Europe. Profitability was maintained by a continued strong gross margin and good cost control even if both the operating EBITA and operating EBITA% decreased compared to the strong third quarter 2022.

THIRD QUARTER 2023

- Net sales amounted to SEK 635 million (922), which was a decrease of -31 per cent. Organic change was -31 per cent
- Operating EBITA amounted to SEK 36 million (84), corresponding to an operating EBITA margin of 5.6 per cent (9.1)
- Operating profit totalled SEK 21 million (78), corresponding to an operating margin of 3.2 per cent (8.5), of which one-off costs amounted to SEK 11 million (1), primarily linked to adjustments within the Swedish operations to meet the lower demand
- Profit for the period amounted to SEK -3 million (43)
- Cash flow from operating activities totalled SEK 6 million (-19)

JANUARY-SEPTEMBER 2023

- Net sales amounted to SEK 2,285 million (3,065), which was a decrease of -25 per cent. Organic change was -29 per cent
- Operating EBITA amounted to SEK 218 million (357), corresponding to an operating EBITA margin of 9.5 per cent (11.6)
- Operating profit totalled SEK 155 million (336), corresponding to an operating margin of 6.8 per cent (11.0), of which one-off costs amounted to SEK 50 million (4)
- Profit for the period amounted to SEK 32 million (195)
- Cash flow from operating activities totalled SEK -36 million (72)

KEY PERFORMANCE INDICATORS FOR THE GROUP

SEKm	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022	Aug 2022- Sep 2023
Net Sales	635	922	2,285	3,065	4,002	3,222
Organic growth, % ¹	-31%	-	-29%	-	-	-
EBITA	25	83	168	353	432	247
EBITA, %	3.9%	9.0%	7.3%	11.5%	10.8%	7.7%
Operating EBITA	36	84	218	357	464	326
Operating EBITA, %	5.6%	9.1%	9.5%	11.6%	11.6%	10.1%
Operating profit (EBIT)	21	78	155	336	411	229
Operating profit (EBIT), %	3.2%	8.5%	6.8%	11.0%	10.3%	7.1%
Operating EBIT	32	79	205	340	443	308
Operating EBIT, %	5.0%	8.6%	9.0%	11.1%	11.1%	9.6%
Profit for the period	-3	43	32	195	226	63
Profit for the period, %	-0.5%	4.7%	1.4%	6.4%	5.6%	1.9%
Earnings per share before and after dilution, SEK ²	-7	86	63	389	450	124
Net cash flows from operating activities	6	-19	-36	72	216	108
Net debt ³	1,324	1,164	1,324	1,164	1,080	1,324
Equity ratio, %	5.3%	9.1%	5.3%	9.1%	8.2%	5.3%
Return on capital employed, % ¹	16.3%	22.1%	16.3%	22.1%	24.9%	16.3%

¹ The Kährs BondCo Group was formed on 31 Aug 2021, which is why there is only organic growth figures for the period Jul-Sep and Jan-Sep. ² Number of shares in Kährs BondCo AB (publ) (500,000) used to calculate earnings per share before and after dilution, SEK. ³ Net debt excluding effect of IFRS 16

- Definitions of alternative performance indicators are available on page 23 of this report

CHIEF EXECUTIVE'S COMMENTS



Our profitability-enhancing measures and investments, in new, innovative product offers and an improved customer experience, continue to generate results.

Our gross profit margins are significantly higher than the record levels set in 2022. Lower demand, primarily in Europe, and negative revaluations of energy derivatives are holding us back from reaching last year's record-setting profit margin and profit given the negative market development.

The lower demand in the residential segment of Kährs' main markets in Europe is continuing to have a negative impact on sales. Decreased consumption driven by a decrease in disposable income combined with higher interest expenses for housing consumers – are having a negative impact on consumers' willingness to purchase interiors products.

In the USA, the market for new construction of rental housing continued to be strong in some metropolitan areas and net immigration states. One positive observation is that the activity level and sales in the e-commerce segment in the USA have recovered and are once again showing growth.

In the commercial segment, we are seeing stronger demand for public buildings for activities such as health care, education, correctional services and defense.

Strong focus on customer & market optimisation and continued streamlining measures combined with strategic investments

A continued challenging macroenvironment that has been influenced by high inflation and rising interest rate levels is having a significant impact on demand for both construction of new housing and renovations. Kährs' sales decreased organically by 31 per cent compared to record-high comparative figures in 2022, where demand was driven up by shortages of mainly wood flooring throughout all of Europe and the USA. The outcome during the quarter is in line with the market development that we are seeing in our main markets.

Our gross profit margins are continuing to improve, with an increase of +3.1 per cent compared to 2022, through a strong focus on price, customer and market optimization and the launch of new products at attractive price points combined

with efficiency measures throughout the entire supply chain. The rate at which prices on input goods, energy and transports are increasing has continued to slow in the third quarter as well.

Kährs is continuing to adapt its operations to the deteriorating market conditions through a focus on cost control and capacity adjustments to ensure low debt and strengthened cash flow. The implementation of our action plan to lower the capacity in our European factories in stages is progressing according to plan and will reach full effect in the first quarter of 2024.

Cash flow in the quarter is positive, marking a clear improvement over the previous quarter. Our action plans related to the reduction in our production capacities will continue to have a positive impact on our cash flow, primarily through continued reductions in inventory levels with a maintained high service level for our customers.

Despite challenging market conditions, Kährs will continue to invest in new customer channels, broaden its selection of sustainable innovative product offers and invest in our digital customer journey in cooperation with our customers in all distribution channels.

Another milestone has been passed in Kährs' work to be climate neutral by 2030. Kährs has now submitted its target for decreased carbon emissions to SBTi for validation. The target for Kährs' operations is clear near-term emissions reductions in line with the climate science through SBTi, including so-called FLAG removals and emissions (forest, land & agriculture).

Outlook – Opportunities in a challenging market despite the weaker demand in the residential segment in Europe that is expected to persist into coming quarters

We are seeing clear signs that the activity level will continue to be relatively low in the short term in new construction and renovations in Europe. However, we are seeing that demand is at a good level in some subsegments in North America and that inventory-holding customers in our main markets will have their inventory in balance at the end of the year. There is clear growth potential in the Commercial segment, primarily in the subsegment for so-called public buildings, where investments have already begun to increase.

Despite challenging market outlooks for 2024, there is a large need for renovation and increased new construction in the long term. By maintaining strong gross margins, managing costs, and investing in our relationships with customers and partners, we are well equipped to meet coming challenges and opportunities and continue our efforts to reach our goal of being the leading actor in flooring solutions in selected markets in Europe and the USA.

Johan Magnusson
President and CEO

GROUP PERFORMANCE THIRD QUARTER & JANUARY-SEPTEMBER 2023

NET SALES

Total net sales for the Group amounted to SEK 635 million (922) for the third quarter. This corresponds to an organic sales decrease of -31 per cent. Residential decreased due to a sharp drop in demand on the renovations market at the same time as the distribution chain's surplus inventory has been reduced at a slower rate than expected due to the lower demand from end customers.

The Nordics region decreased the most with an organic sales decrease of -43 per cent caused by the high interest rate levels, lower housing sales and building starts, and fewer renovations. In Europe, the downward sales trend continued with a drop in organic sales of -38 per cent. The decline in Europe decreased compared to the second quarter, but this is partly due to the comparison period; sales in third quarter 2022 were already lower. North America fell by -10 per cent.

Commercial also had weak sales in the third quarter and decreased organically with a drop in sales of -13 per cent, primarily linked to a timing effect on project deliveries. Underlying sales are better.

During the period January–September, the Group's sales amounted to SEK 2,285 million (3,065), which corresponds to an organic decrease of -29 per cent primarily due to weak demand in Residential Nordics and Europe due to the same reasons as mentioned for the third quarter.

OPERATING PROFIT

Operating EBITA totalled SEK 36 million (84), corresponding to an EBITA margin of 5.6 per cent (9.1). During the third quarter, Kährs successfully maintained its gross margin through a continued focus on increasingly profitable business at the same time as the capacity in our factories was adjusted downward to meet the lower demand.

In the third quarter, Kährs was negatively impacted by SEK 10 million from a revaluation of energy derivatives. The corresponding impact in third quarter 2022 was a positive revaluation of SEK 18 million. For the period January–September 2023, the effect has been SEK -15 million, compared to SEK 46 million for the period January–September 2022.

Fixed costs were also lowered during the third quarter but without reducing resources spent on strategic initiatives.

Operating profit (EBIT) for the third quarter amounted to SEK 21 million (78), corresponding to an operating margin of 3.2 per cent (8.5), of which comparative items in the quarter amounted to SEK 11 million (1) primarily related to restructuring of the operations in Sweden. Adjusted for these items, operating EBIT amounts to SEK 32 million (79). For more details, see Note 4, Items affecting comparability.

Consolidated total depreciation/amortisation/impairment for the quarter totalled SEK 41 million (45), including IFRS 16.

For the period January–September, Kährs' operating EBITA amounted to SEK 218 million (357), corresponding to an operating EBITA margin of 9.5 per cent (11.6).

Operating profit (EBIT) totalled SEK 205 million (340), corresponding to a margin of 9.0 per cent (11.1), and has been impacted by one-off costs, which amounted to SEK 50 million (4) for the period January–September mainly linked to the restructuring of operations in Russia and the restructuring of operations in Sweden.

NET SALES PER REGION

As of 1 January 2023, Kährs changed its regional breakdown, and as a result we have chosen to completely isolate Russia in terms of both accounting and follow-up. Russia has therefore become its own region after previously being part of Emerging Markets. In conjunction with this, the Baltics was added to Nordics and Eastern Europe was added to West &

South Europe, which also was renamed to simply Europe. Emerging Markets therefore retains the Middle East, China and Other markets. All sales figures in the tables below in the section on net sales per region have been restated so that all comparable figures show the current regional structure.

RESIDENTIAL NORDICS

SEKm	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022	Aug 2022- Sep 2023
Residential Nordics	238	402	958	1,359	1,833	1,432
Residential Europe	165	248	548	838	1,029	739
Residential North America	78	88	276	293	383	366
Residential Emerging Markets	26	25	65	64	87	88
Russia	49	69	147	242	293	198
Commercial	63	77	208	230	299	277
Other	16	13	83	39	78	122
Net sales Group, external customers	635	922	2,285	3,065	4,002	3,222

Third quarter

Net sales for the region Residential Nordics totalled SEK 238 million (402) during the third quarter. This resulted in a decrease of -41 per cent, of which the organic sales decrease was -43 per cent.

As a consequence of lower pace in building starts, the demand in the new construction segment decreased. The renovations segment also had weak development and continued high inventory levels among retailers. During the quarter Kährs worked to create partnerships with new customers.

January–September

Net sales for the region Residential Nordics totalled SEK 958 million (1,359) during the first nine months of the year. This resulted in a decrease of -30 per cent, of which the organic sales decrease was -30 per cent.

During the first nine months of the year, increased interest expenses and inflationary pressure led to decreased demand among consumers. Demand from the building sector has been stable but was somewhat weaker in the third quarter.

RESIDENTIAL EUROPE

SEKm	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022	Aug 2022- Sep 2023
Residential Nordics	238	402	958	1,359	1,833	1,432
Residential Europe	165	248	548	838	1,029	739
Residential North America	78	88	276	293	383	366
Residential Emerging Markets	26	25	65	64	87	88
Russia	49	69	147	242	293	198
Commercial	63	77	208	230	299	277
Other	16	13	83	39	78	122
Net sales Group, external customers	635	922	2,285	3,065	4,002	3,222

Third quarter

Net sales for the region Residential Europe totalled SEK 165 million (248) during the third quarter. This was a decrease in sales of -33 per cent compared to the previous year, of which -38 per cent was organic. Demand on the market continued to be significantly lower than in the previous year. Cost control during the quarter was in focus to adjust to the level of demand in the market.

January–September

Net sales for the region Residential Europe totalled SEK 548 million (838) during the first nine months of the year. This was a decrease in sales of -35 per cent compared to the previous year, of which -41 per cent was organic. During the first nine months, the market decreased due to deteriorated economic conditions, with uncertainty surrounding energy costs and higher interest rate levels.

RESIDENTIAL NORTH AMERICA

SEKm	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022	Aug 2022- Sep 2023
Residential Nordics	238	402	958	1,359	1,833	1,432
Residential Europe	165	248	548	838	1,029	739
Residential North America	78	88	276	293	383	366
Residential Emerging Markets	26	25	65	64	87	88
Russia	49	69	147	242	293	198
Commercial	63	77	208	230	299	277
Other	16	13	83	39	78	122
Net sales Group, external customers	635	922	2,285	3,065	4,002	3,222

Third quarter

Net sales for the region Residential North America totalled SEK 78 million (88) during the third quarter. This is a decrease in sales of -11 per cent, of which -10 per cent was organic. The renovations segment decreased significantly in the third quarter due to the interest rate level. Kährs mitigated this with a diversified customer base and there is still good demand for new construction of rental property.

January-September

Net sales for the region Residential North America totalled SEK 276 million (293) during the first nine months of the year. This is a decrease in sales of -6 per cent, of which -12 per cent was organic. During the first nine months of 2023, renovations sales in particular decreased in North America. Higher interest rates resulted in less traffic to stores. New construction of primarily rental units continued to be good, and Kährs has had good sales development in this sector. Kährs also worked actively to bring in new customers.

RESIDENTIAL EMERGING MARKETS

SEKm	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022	Aug 2022- Sep 2023
Residential Nordics	238	402	958	1,359	1,833	1,432
Residential Europe	165	248	548	838	1,029	739
Residential North America	78	88	276	293	383	366
Residential Emerging Markets	26	25	65	64	87	88
Russia	49	69	147	242	293	198
Commercial	63	77	208	230	299	277
Other	16	13	83	39	78	122
Net sales Group, external customers	635	922	2,285	3,065	4,002	3,222

Third quarter

Net sales for the region Residential Emerging Markets totalled SEK 26 million (25) during the third quarter. This was an increase in sales of +4 per cent, of which +8 per cent was organic.

Sales in the region continued to be somewhat higher organically than in the third quarter last year. Growth came from Turkey, the Middle East, and the CIS countries, while China and India did not show growth in the quarter.

January-September

Net sales for the region Residential Emerging Markets totalled SEK 65 million (64) during the first nine months of the year. This was an increase in sales of +2 per cent, of which +6 per cent was organic. During the first nine months of the year, Kährs successfully improved its cooperation with and sales to existing distributors, which led to growth, and entered several new markets.

NET SALES PER REGION, CONT'D.

RUSSIA

SEKm	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022	Aug 2022- Sep 2023
Residential Nordics	238	402	958	1,359	1,833	1,432
Residential Europe	165	248	548	838	1,029	739
Residential North America	78	88	276	293	383	366
Residential Emerging Markets	26	25	65	64	87	88
Russia	49	69	147	242	293	198
Commercial	63	77	208	230	299	277
Other	16	13	83	39	78	122
Net sales Group, external customers	635	922	2,285	3,065	4,002	3,222

Third quarter

Net sales for the region Russia totalled SEK 49 million (69) during the third quarter. This was a decrease of -29 per cent, of which +11 per cent was organic. The sharp deterioration in the rouble during the third quarter explains the large difference between actual and organic growth.

Demand in Russia recovered in the third quarter and has been relatively good despite the war and subsequent sanctions.

January–September

Net sales for the region Russia totalled SEK 147 million (242) during the first nine months of the year. This was a decrease of -39 per cent, of which -33 per cent was organic. Demand was strong at the beginning of the war in 2022, primarily February to April, but it then fell. Sales in the third quarter recovered to levels in the corresponding quarter in 2022.

COMMERCIAL

SEKm	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022	Aug 2022- Sep 2023
Residential Nordics	238	402	958	1,359	1,833	1,432
Residential Europe	165	248	548	838	1,029	739
Residential North America	78	88	276	293	383	366
Residential Emerging Markets	26	25	65	64	87	88
Russia	49	69	147	242	293	198
Commercial	63	77	208	230	299	277
Other	16	13	83	39	78	122
Net sales Group, external customers	635	922	2,285	3,065	4,002	3,222

Third quarter

Net sales for the region Commercial totalled SEK 63 million (77) during the third quarter. This is a decrease in sales of -18 per cent, of which -13 per cent was organic.

We are seeing in the Nordic countries in particular decreased sales compared to third quarter 2022, while the region DACH and the USA are showing increased sales.

In the Nordics, the drop in sales is caused primarily by delayed and postponed projects.

January–September

Net sales for the region Commercial totalled SEK 208 million (230) during the first nine months of the year. This was a decrease in sales of -10 per cent, of which -8 per cent was organic.

Sales in Sweden are at the level of the previous year while we have weaker sales in Finland. The USA is also showing positive development.

CASH FLOW AND INVESTMENTS

Cash flow from operating activities totalled SEK 6 million (-19) in the third quarter. Cash flow before interest and taxes totalled SEK 60 million (123). Interest paid totalled SEK 38 million (25), which primarily consists of interest on the bond loan. Adjusted for currency effects, total working capital increased by SEK 15 million during the quarter (113). The primary cause of the increase in working capital is the decrease in trade payables by SEK 81 million (103) related to lower purchasing volumes while inventories decreased with SEK 55 million (-45).

During the third quarter, a dividend of SEK 112 million was paid to the owners.

Cash flow for the period amounted to SEK -91 million (-45).

During the period January–September, cash flow from operating activities totalled SEK -36 million (72). Working capital increased SEK 210 million (307) during the period, primarily due to a decrease in trade payables. Total cash flow for the period January–September was SEK -183 million (-22).

NET FINANCIAL EXPENSES

Net financial expenses totalled SEK 37 million (28) for third quarter 2023. They consist primarily of interest expenses of SEK 38 million (28), of which the bond financing of SEK 36 million (22). Interest income amounted to SEK 1 million (0). In addition, there are other financing costs of SEK 3 million (3) and currency gains of SEK 3 million (-3).

For the period January–September, net financial expenses totalled SEK 114 million (96), of which external interest expenses were SEK 109 million (76).

FINANCIAL POSITION

Consolidated net debt totalled SEK 1,324 million (1,164) as at 30 September 2023.

NET DEBT

SEKm	30 Sep 2023	30 Sep 2022	31 Dec 2022
Lease liabilities	98	128	116
Liabilities to credit institutions	1,488	1,436	1,435
Other	2	1	2
Total interest-bearing liabilities	1,588	1,565	1,553
Less:			
Lease liabilities	-98	-128	-116
Cash and cash equivalents including Interest-bearing receivables	-166	-273	-357
Net debt	1,324	1,164	1,080

Cash and cash equivalents in the Group totalled SEK 165 million (272) as at 30 September 2023. The Group has utilised SEK 50 million (0) of the existing revolving credit facility of SEK 650 million (650), of which SEK 200 million (200) is conditional on potential acquisitions. Consequently, available liquidity for the Group as at 30 September 2023 was SEK 765 million (922), allowing good flexibility moving forward.

TAX

The tax expense for the third quarter totalled SEK -13 million (7), and SEK 9 million (45) for the period January–September, which corresponds to a tax rate of 22 per cent (19).

GENERAL INFORMATION

EVENTS AFTER BALANCE SHEET DATE

No significant events have occurred after 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.

On 22 August, Kährs carried out a stock issue of an additional 500,000 shares. In connection with this, the Company has repurchased 500,000 shares and paid SEK 112 million to the company's shareholders, which has reduced the company's liquidity by the corresponding amount.

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.

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).

The group's interest rate risk refers to long-term loans. Loans taken out at variable interest rates expose the group to interest rate risks in the cash flow, which are partially offset by cash and cash equivalents at variable interest rates.

The bond loan runs at a variable interest rate based on three-month STIBOR + 6.0 per cent and is set every three months. The interest rate on the bond loan as of September 30, 2023 was 10.018 per cent per annum (7.441). If the variable interest rate on the bond loan changes by +/- 100 points (1 percentage point), given that all other variables are constant, the annual result will be affected by approximately +/- SEK 14.7 million (14.7). The assessment is that the financing risk and the interest rate risk are low.

PARENT COMPANY

Net sales in the parent company for the period January to September 2023 totalled SEK 0 million (0), with a result after tax of SEK -24 million (-18). The parent company's income statement and balance sheet are presented on pages 15–16 in this interim report.

MEDARBETARE

As at 30 September 2023, the Group had 1,168 (1,496) employees, of which 769 (1,047) were blue-collar workers and 399 (449) white-collar workers. The reduction in the number of employees is mainly a consequence of the lower demand and production rate.

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:

• Year-End-Report, 2023	22 February 2024
• Annual Report, 2023	18 April 2024
• Interim Report Q1, 2024	23 May 2024
• Interim Report Q2, 2024	22 August 2024
• Interim Report, Q3, 2024	21 November 2024

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, 23 November 2023 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 Thursday 23 November.

Delårsrapporten har ej granskats av bolagets revisorer.

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FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

SEKm	Note	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022	Aug 2022- Sep 2023
Net sales	3	635	922	2,285	3,065	4,002	3,222
Cost of goods sold	4	-491	-741	-1,770	-2,395	-3,047	-2,423
Gross profit		144	181	515	670	955	799
Selling and distribution expenses	4	-80	-90	-261	-283	-394	-372
Administrative expenses	4	-32	-33	-104	-99	-150	-155
Other operating income		0	21	21	49	6	24
Other operating expenses		-11	-1	-16	-1	-6	-67
Operating profit (EBIT)	4	21	78	155	336	411	229
Financial income		2	-1	7	0	8	15
Financial expenses		-39	-27	-121	-96	-137	-162
Profit before tax		-16	50	41	240	282	82
Tax		13	-7	-9	-45	-56	-19
Profit for the period		-3	43	32	195	226	63
Attributable to:							
Shareholders of the parent company		-4	43	31	194	225	62
Non-controlling interests		1	0	1	1	1	1
Total		-3	43	32	195	226	63

Earnings per share before and after dilution, SEK -7 86 63 389 450 124

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEKm	Not	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022	Aug 2022- Sep 2023
Profit for the period		-3	43	32	195	226	63
Other comprehensive income							
Items that may be reclassified in the income statement:							
Translation differences		-31	-1	-20	145	92	-73
Items that cannot be reclassified in the income							
Actuarial gains and losses for pensions		0	0	0	0	0	0
Total		-31	-1	-20	145	92	-73
Total comprehensive income for the period		-34	42	12	340	318	-10
Attributable to:							
Shareholders of the parent company		-34	42	11	337	317	-9
Non-controlling interests		0	0	1	3	1	-1
Total		-34	42	12	340	318	-10

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEKm	Note	30 Sep 2023	30 Sep 2022	31 Dec 2022
ASSETS				
Non-current assets				
Intangible assets		166	181	180
Property, plant and equipment, owned		531	607	584
Property, plant and equipment, right-of-use		95	126	114
Financial assets	6	32	29	31
Deferred tax assets		29	34	29
Total non-current assets		853	977	938
Current assets				
Inventories		978	825	961
Trade receivables	6	325	564	397
Derivatives		-	55	4
Other current assets	6	133	86	144
Cash and cash equivalents	6	165	272	356
Total current assets		1,601	1,802	1,862
TOTAL ASSETS		2,454	2,779	2,800
EQUITY AND LIABILITIES				
Equity				
Share capital		1	1	1
Reserves		-53	20	-33
Retained earnings		178	229	259
Total		126	250	227
Attributable to non-controlling interests		4	3	3
Total equity		130	253	230
Non-current liabilities				
Interest-bearing liabilities	6,7	1,541	1,518	1,506
Provision for pensions		1	1	1
Other provisions		4	3	3
Deferred tax liabilities		78	103	82
Total non-current liabilities		1,624	1,625	1,592
Current liabilities				
Interest-bearing liabilities	6,7	47	47	47
Other provisions		32	31	20
Trade payables	6	180	354	378
Income tax payables		35	16	33
Derivatives	6	11	-	-
Other current liabilities	6	395	453	500
Total current liabilities		700	901	978
TOTAL EQUITY AND LIABILITIES		2,454	2,779	2,800

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEKm	Note	Share capital	Reserves	Retained earnings	Total	Non-controlling interests	Total equity
As at 1 January 2023		1	-33	259	227	3	230
Profit for the period				31	31	1	32
Other comprehensive income			-20	0	-20	0	-20
Total comprehensive income		0	-20	31	11	1	12
Transactions with shareholders:							
Dividend				-112	-112	0	-112
As at 30 September 2023		1	-53	178	126	4	130

SEKm	Note	Share capital	Reserves	Retained earnings	Total	Non-controlling interests	Total equity
As at 1 January 2022		-	-124	946	822	2	824
Profit for the period			0	195	195	1	196
Other comprehensive income			144	0	144	0	145
Total comprehensive income		-	144	195	339	2	341
Transactions with shareholders:							
Intra-group restructuring		1	0	-912	-911	0	-912
As at 30 September 2022		1	20	229	250	3	253

SEKm	Note	Share capital	Reserves	Retained earnings	Total	Non-controlling interests	Total equity
As at 1 January 2022		-	-124	946	822	2	824
Profit for the period			0	225	225	1	226
Other comprehensive income			91	0	92	0	92
Total comprehensive income		-	91	225	317	1	318
Transactions with shareholders:							
Intra-group restructuring		1	0	-912	-912	0	-912
As at 31 December 2022		1	-33	259	227	3	230

CONSOLIDATED STATEMENT OF CASH FLOWS

SEKm	Note	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec Aug 2022- 2022 Sep 2023	
Operating activities							
Profit before tax		-18	50	40	240	281	81
Adjustments of non-cash items	8	78	73	255	225	290	320
Cash flow before interest and tax		60	123	295	465	571	401
Interest received		2	0	5	0	3	8
Interest paid		-38	-25	-111	-74	-104	-141
Income tax paid		-3	-4	-15	-12	-20	-23
Net cash flow from operating activities before change in working capital		21	94	174	379	450	245
Change in working capital							
Change in inventories		55	-45	-30	-83	-246	-193
Change in operating receivables		0	33	89	-261	-112	238
Change in operating liabilities		-70	-101	-269	37	124	-182
Net cash flows from operating activities		6	-19	-36	72	216	108
Investing activities							
Business combinations		-	-	-	-1,286	-1,286	-
Investment in tangible assets		-20	-12	-43	-26	-49	-66
Investment in financial assets		0	1	0	1	-3	-4
Proceeds from sale of tangible assets		0	0	0	1	1	0
Net cash flows from investing activities		-20	-11	-43	-1,310	-1,337	-70
Financing activities							
Dividend		-112	-	-112	-	-	-112
Unconditional shareholder contributions		-	-	-	398	398	0
Sustainable linked corporate bond		50	-	50	1,450	1,450	50
Repayment of loans		0	0	0	-591	-591	0
Payment of lease liabilities		-15	-15	-42	-41	-57	-58
Net cash flows from financing activities		-77	-15	-104	1,216	1,200	-120
Cash flow for the period		-91	-45	-183	-22	79	-82
Cash and cash equivalents at beginning of period		260	308	356	268	268	272
Exchange-rate differences in cash and cash equivalents		-4	9	-8	26	9	-25
Cash and cash equivalents at end of period		165	272	165	272	356	165

PARENT COMPANY INCOME STATEMENT

SEKm	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022	Aug 2022- Sep 2023
Net Sales	-	-	-	-	-	-
Cost of goods sold	-	-	-	-	-	-
Gross profit	-	-	-	-	-	-
Selling expenses	-	-	-	-	-	-
Administrative expenses	0	0	0	0	0	0
Other operating income	-	-	-	-	-	-
Other operating expenses	-	-	-	-	-	-
Operating profit (EBIT)	0	0	0	0	0	0
Financial income	13	9	37	22	32	47
Financial expenses	-37	-27	-105	-73	-102	-134
Result after financial items	-24	-18	-68	-51	-70	-87
Provision for accrual fund	-	-	-	-	-13	-13
Group contribution, received	-	-	-	-	79	79
Result before tax	-24	-18	-68	-51	-4	-21
Tax	-	-	1	1	-8	-8
Result for the period	-24	-18	-67	-50	-12	-29
Attributable to shareholders of the parent company	-24	-18	-67	-50	-12	-29
Total	-24	-18	-67	-50	-12	-29

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

SEKm	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022	Aug 2022- Sep 2023
Result for the period	-24	-18	-67	-50	-12	-29
Other comprehensive income						
Items that may be reclassified in the income statement:						
Translation differences	0	0	0	0	0	0
Other comprehensive income, net of tax	0	0	0	0	0	0
Total comprehensive income for the period	-24	-18	-67	-50	-12	-29
Attributable to shareholders of the parent company	-24	-18	-67	-50	-12	-29
Total	-24	-18	-67	-50	-12	-29

PARENT COMPANY STATEMENT OF FINANCIAL POSITION

SEKm	Note	30 Sep 2023	30 Sep 2022	31 Dec 2022
ASSETS				
Non-current assets				
Financial assets	9	1,932	1,900	1,932
Deferred tax assets		-	-	-
Total non-current assets		1,932	1,900	1,932
Current assets				
Other current assets		37	22	78
Cash and cash equivalents		1	1	1
Total current assets		38	23	79
TOTAL ASSETS		1,970	1,923	2,011
EQUITY AND LIABILITIES				
Equity				
<i>Restricted equity</i>				
Share capital		1	1	1
Statutory reserve		0	0	0
Total restricted equity		1	1	1
<i>Unrestricted equity</i>				
Retained earnings		364	488	488
Result for the period		-67	-50	-12
Total unrestricted equity		297	438	476
Total equity		298	439	477
Untaxed reserves				
Tax allocation reserve		13	-	13
Total untaxed reserves		13	-	13
Non-current liabilities				
Interest-bearing liabilities		1,438	1,435	1,435
Deferred tax liabilities		3	3	3
Total non-current liabilities		1,441	1,438	1,438
Current liabilities				
Current tax liability		8	-	8
Other current liabilities		210	46	75
Total current liabilities		218	46	83
TOTAL EQUITY AND LIABILITIES		1,970	1,923	2,011

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.

Applied accounting policies are consistent with those applied in the preparation of the 2022 annual report, apart from changed standards that apply from 1 January 2023. The changes have had no material impact on the financial reports. For more information, see note C2 "Basis for establishment and summary of significant accounting policies" on pages 33–40 and the section "New or amended accounting standards applied in 2023 or later" on page 35 of the 2022 annual report.

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 in Note C3 "Significant assessments, estimates and assumptions" on pages 40-41 in the annual report 2022.

NOT 3. NET SALES BY REGION

From the first quarter of 2023, Kährs has made an organisational change which means that the Russian operations that belonged to the Emerging markets region, are isolated within Kährs and reported separately. As a consequence, the Baltics have been integrated into the Nordic region and Eastern Europe has been moved into West & South Europe, forming the Europe region. Emerging Markets

now refers to China, the Middle East and other markets, primarily India and Turkey.

The group has six regions: Residential Nordics, Residential Europe, Residential North America, Residential Emerging, Russia Markets and Commercial.

The largest markets are Sweden, Germany, the USA, Finland, Norway, Russia and England.

NETTOOMSÄTTNING PER REGION, EXTERNA KUNDER

SEKm	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022	Aug 2022- Sep 2023
Residential Nordics	239	402	958	1,359	1,833	1,430
Residential Europe	165	248	548	838	1,029	739
Residential North America	73	88	270	293	383	360
Residential Emerging Markets	21	23	65	64	87	88
Russia	53	71	147	242	293	198
Commercial	69	77	214	230	299	283
Other	16	13	83	39	79	123
Net sales Group, external customers	635	922	2,285	3,065	4,002	3,222

NOTE 4. ITEMS AFFECTING COMPARABILITY

During the third quarter, Kährs had costs of a one-off nature that amounted to SEK 11 million (1). Above all, related to the restructuring of operations in Russia and received electricity

support. During the period January-September, Kährs had non-recurring items of SEK 50 million (4)

SEKm	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022	Aug 2022- Sep 2023
Operating profit excl. items affecting comparability (operating EBIT)	32	79	205	340	443	308
Customs expenses USA, LT, 2018–2019	-	-	-	-	-11	-11
Acquisition-related overhead	-	-	-4	-	-13	-17
Transition of operations in Russia	2	-	-53	-	-2	-55
Transition of operations in Sweden	-13	-	-13	-	-	-13
Electricity compensation	-	-	20	-	-	20
Other one-off items	-	-1	-	-4	-6	-3
Operating profit (EBIT)	21	78	155	336	411	229

NOTE 5. 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.

On 22 August, Kährs carried out a stock issue of an additional 500,000 shares. In connection with this, the Company has repurchased 500,000 shares and paid SEK 112 million to the company's shareholders, which has reduced the company's liquidity by the corresponding amount.

Kährs has not issued any guarantees nor any other commitments to the benefit of Board members and senior executives. During period January to September 2023 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.

NOT 6. FINANSIELLA INSTRUMENT

I nedanstående tabeller visas verkligt värde av de av koncernens finansiella tillgångar och skulder som är föremål för riskhantering.

30 Sep 2023 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	-	32	32	32
Accounts receivable	-	325	325	325
Derivatives	-	-	-	-
Other current assets	-	6	6	6
Cash and cash equivalents	-	165	165	165
Summa	-	528	528	528

¹ Comprises deposits SEK 25 million, endowment insurance SEK 5 million and other items SEK 2 million

30 Sep 2023 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	-	1,538	1,538	1,538
Trade payables	-	180	180	180
Derivatives	11	-	11	11
Other current liabilities	-	138	138	138
Total	11	1,856	1,867	1,867

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	54	-	54	54
Other current assets	-	11	11	11
Cash and cash equivalents	-	272	272	272
Total	54	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
Other current liabilities	-	292	292	292
Total	-	2,211	2,211	2,211

31 Dec 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	-	31	31	31
Accounts receivable	-	397	397	397
Derivatives	4	-	4	4
Other current assets	-	15	15	15
Cash and cash equivalents	-	356	356	356
Total	4	799	803	803

¹ Comprises deposits SEK 25 million, endowment insurance SEK 5 million and other items SEK 1 million

31 Dec 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	-	1,553	1,553	1,553
Trade payables	-	378	378	378
Other current liabilities	-	232	232	232
Total	-	2,163	2,163	2,163

NOTE 7. INTEREST-BEARING LIABILITIES

SEKm	30 Sep 2023	30 Sep 2022	31 Dec 2022
Non-current liabilities			
Sustainable linked corporate bond	1,450	1,450	1,450
Lease liabilities	53	83	71
Revolver Credit facility	50	-	-
Financing costs ¹	-12	-15	-15
Total non-current interest-bearing liabilities	1,541	1,518	1,506
Current interest-bearing liabilities			
Lease liabilities	45	45	45
Other loans	2	2	2
Total current interest-bearing liabilities	47	47	47
Total interest-bearing liabilities	1,588	1,565	1,553

¹ Upplupna finansieringskostnader periodiseras över obligationslånens löptid

NOTE 8. ADJUSTMENT OF NON-CASH ITEMS

SEKm	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec Aug 2022- 2022 Sep 2023	
Adjustment of non-cash items						
Depreciation and impairment of property, plant and equipment	23	26	71	75	100	96
Depreciation and impairment of right-of-use assets	14	14	38	37	51	52
Amortisation and impairment of intangible assets	4	6	13	17	21	17
Impairment of property, plant and equipment	-1	0	18	0	0	18
Financial income	-2	1	-7	0	-8	-15
Financial expenses	39	27	121	96	138	163
Other provisions	1	-1	1	0	-12	-11
Total	78	73	255	225	290	320

NOTE 9. FINANCIAL ASSETS (PARENT COMPANY)

SEKm	30 Sep 2023	30 Sep 2022	31 Dec 2022
Financial assets			
Shares in subsidiaries	1 400	1 400	1 400
Shareholder loan, Kähns Holding AB ¹	532	500	532
Total	1 932	1 900	1 932

¹ Shareholder loans carry a variable interest rate of 10.018 per cent. The shareholder loan will mature on 7 December 2026.

SEKm	30 Sep 2023	30 Sep 2022	31 Dec 2022
SEKm			
Shares in directly owned subsidiaries			
Number of shares			
Name, corporate identity number, company domicile	500,000	1,400	1,400
Kähns Holding AB (556535-2481), Nybro	500,000	1,400	1,400

CONSOLIDATED KEY PERFORMANCE INDICATORS

SEKm	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022	Aug 2022- Sep 2023
Net Sales	635	922	2,285	3,065	4,002	3,222
Organic growth, % ¹	-31%	-	-29%	-	-	-
EBITA	25	83	168	353	432	247
EBITA, %	3.9%	9.0%	7.3%	11.5%	10.8%	7.7%
Operating EBITA	36	84	218	357	464	326
Operating EBITA, %	5.6%	9.1%	9.5%	11.6%	11.6%	10.1%
Operating profit (EBIT)	21	78	155	336	411	229
Operating profit (EBIT), %	3.2%	8.5%	6.8%	11.0%	10.3%	7.1%
Operating EBIT	32	79	205	340	443	308
Operating EBIT, %	5.0%	8.6%	9.0%	11.1%	11.1%	9.6%
Operating profit before depreciation and items affecting comparability (adjusted EBITDA)	72	123	327	468	615	474
Operating profit before depreciation and items affecting comparability (adjusted EBITDA), %	11.4%	13.4%	14.3%	15.3%	15.4%	14.7%
Profit for the period	-3	43	32	195	226	63
Profit for the period, %	-0.5%	4.7%	1.4%	6.4%	5.6%	1.9%
Earnings per share before and after dilution, SEK ²	-7	86	63	389	450	124
Net cash flows from operating activities	6	-19	-36	72	216	108
Investments	20	12	43	26	49	65
Total cash flow	-91	-45	-183	-22	79	-82
Total assets	2,454	2,779	2,454	2,779	2,800	2,454
Cash and cash equivalents at end of period	165	272	165	272	356	165
Net working capital	1,123	1,035	1,123	1,035	980	1,123
Net debt ³	1,324	1,164	1,324	1,164	1,080	1,324
Equity	130	253	130	253	230	130
Capital employed	1,723	1,821	1,723	1,821	1,788	1,723
Equity ratio, %	5.3%	9.1%	5.3%	9.1%	8.2%	5.3%
Return on equity, % ¹	45.6%	42.7%	45.6%	42.7%	43.0%	45.6%
Return on capital employed, % ¹	16.3%	22.1%	16.3%	22.1%	24.9%	16.3%
Interest coverage ratio, times ¹	3.3	6.6	3.3	6.6	5.6	3.3
Net debt / EBITDA ratio, times ¹	3.1	2.2	3.1	2.2	1.9	3.1
Number of employees, end of period	1,168	1,496	1,168	1,496	1,455	1,168

1 The Kährs BondCo Group was formed on 31 Aug 2021, which is why there is only organic growth figures for the period Jul-Sep and Jan-Sep 2023.

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

3 Net debt excluding effect of IFRS 16

- Definitions of alternative performance indicators are available on page 23 of 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 discounts, 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 percentage 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 percentage 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

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 approx. 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 1,168 employees and annual sales of SEK 3.2 billion. www.kahrsgroup.com