

# INTERIM REPORT

Kährs BondCo AB (publ)

Quarter 2, April-June 2023

**Kährs Group**

## STABLE PROFITABILITY DESPITE LOWER DEMAND

Kährs' net sales decreased by -28 per cent in the second quarter, primarily due to weak demand in Residential in Nordics and Europe. Profitability was maintained by a continued strong gross margin and good cost control even if both the operating profit and the operating margin are down compared to the record-setting second quarter in 2022.

### SECOND QUARTER 2023

- Net sales amounted to SEK 787 million (1,094), which was a decrease of -28 per cent. Organic change was -31 per cent
- Operating EBITA amounted to SEK 77 million (149), corresponding to an EBITA margin of 9.8 per cent (13.6)
- Operating profit totalled SEK 38 million (140), corresponding to an operating margin of 4.9 per cent (12.8), of which one-off costs amounted to SEK 34 million (3)
- Profit for the period amounted to SEK -18 million (87)
- Cash flow from operating activities totalled SEK -16 million (75)

### JANUARY-JUNE 2023

- Net sales amounted to SEK 1,650 million (2,143), which was a decrease of -23 per cent. Organic change was -28 per cent
- Operating EBITA amounted to SEK 183 million (272), corresponding to an operating margin of 11.1 per cent (12.7)
- Operating profit amounted to SEK 134 million (258), corresponding to an operating margin of 8.2 per cent (12.1), of which non-recurring costs amounted to SEK 39 million (3)
- Profit for the period amounted to SEK 35 million (152)
- Cash flow from operating activities was SEK -42 million (91)

## KEY PERFORMANCE INDICATORS FOR THE GROUP

SEKm	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jan-Dec 2022	Jul 2022- Jun 2023
Net Sales	787	1,094	1,650	2,143	4,002	3,509
Organic growth, % <sup>1</sup>	-31%	-	-28%	-	-	-
EBITA	43	146	143	269	432	306
EBITA, %	5.4%	13.4%	8.7%	12.6%	10.8%	8.7%
Operating EBITA	77	149	183	272	464	374
Operating EBITA, %	9.8%	13.6%	11.1%	12.7%	11.6%	10.7%
Operating profit (EBIT)	38	140	134	258	411	287
Operating profit (EBIT), %	4.9%	12.8%	8.2%	12.1%	10.3%	8.2%
Operating EBIT	73	143	174	261	443	356
Operating EBIT, %	9.2%	13.1%	10.5%	12.2%	11.1%	10.1%
Profit for the period	-18	87	35	152	226	109
Profit for the period, %	-2.2%	7.9%	2.1%	7.1%	5.6%	3.1%
Earnings per share before and after dilution, SEK <sup>2</sup>	-35	173	70	302	450	217
Net cash flows from operating activities	-16	75	-42	91	216	83
Net debt <sup>3</sup>	1,178	1,126	1,178	1,126	1,080	1,178
Equity ratio, %	10.5%	7.4%	10.5%	7.4%	8.2%	10.5%
Return on capital employed, % <sup>1</sup>	16.3%	-	16.3%	-	24.9%	16.3%

<sup>1</sup> The Kährs BondCo Group was formed on 31 Aug 2021, which is why there is only organic growth figures for the period Apr-Jun 2023 and Jan-Jun and no return on capital employed % for the period Jan-Jun 2022 since this figure is based on an average 12-month value

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

<sup>3</sup> Net debt excluding effect of IFRS 16

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

## CHIEF EXECUTIVE'S COMMENTS



**During the second quarter, we are seeing a significantly lower demand than in the record-setting quarter in 2022, during which Kährs had very high sales. It is primarily demand in the residential segment of our main markets in Europe that continued to be weakened during the quarter compared to last year. In the second quarter, we are seeing a clear change in consumption patterns, with shrinking investments in private homes and interior products. We are seeing that elevated interest rates and a general increase in costs for consumers are continuing to have an increasingly negative impact on demand.**

**Our profitability-enhancing measures from adapting our operations are continuing to generate results. Our profit margins continue to be at a higher level than the years prior to 2022, but we cannot reach last year's record-setting margin and profit given the negative market development.**

### **Focus on customer & market optimisation, capacity adaptation and continued streamlining**

The second quarter was influenced by a macroenvironment that continued to present challenges due to the impact of persistent high inflation and rising interest rate levels. This is having a strong impact on demand for new homes and home renovations. Kährs' sales decreased organically by 31 per cent in line with the market development in our main markets. A weak renovations market and a slowing pace with lower investment levels in new construction in Europe are the primary causes. The effects of our decision in 2022 to break off our Russian operations are also having a negative impact on the comparative figures.

Our gross margins are continuing to improve, with an increase of +4.5 per cent compared to 2022 through a strong focus on price, customer and market optimisation, the launch of new products at attractive price points, and good cost control. The rate at which prices on input goods, energy and transports are increasing is continuing to slow in the second quarter.

Kährs is continuing to adapt its operations to the new market conditions through a focus on cost control and capacity adjustments to ensure continued 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.

Our debt ratio, net debt in relation to EBITDA, increased slightly to 2.5 due to lower earnings and slightly higher capital tie-up in inventory. Cash flow is negative in the quarter but improved compared to the previous quarter. Our action plans related to the reduction of our production capacities will gradually have a positive impact on our cash flow, primarily through lowering our inventory levels which are too high today.

As part of the preparations to sell our Russian unit, we have written down across the Group the assets linked to the Russian operations by around SEK 50 million, corresponding to 25 per cent of the value.

### **Outlook – Weaker demand in the residential segment in Europe in coming quarters**

We are seeing clear signs that the activity level will continue to be low in the short term in new construction and renovations in Europe at the same time as our customers holding inventory are reducing their capital tie-up. However, we are seeing that demand is at a good level in some subsegments in North America and that some customers in our main markets that are holding inventory will have their inventory in balance during the second half of the year. We are also seeing growth in the Commercial segment.

Despite challenging market forecasts in 2023 and into 2024, there is a large need for renovation and increased new construction in the longer term.

We will continue to develop Kährs with a focus on a wider selection of sustainable innovative product offers and invest in our digital customer journey in cooperation with our distribution channels.

Johan Magnusson  
President and CEO

# GROUP PERFORMANCE SECOND QUARTER & JANUARY-JUNE 2023

## NET SALES

Total net sales for the Group totalled SEK 787 million (1,094) for the second quarter. This corresponds to a contraction in organic sales of -31 per cent. Residential decreased by -33 per cent as a result of a sharp drop in demand on the renovations market at the same time as the distribution chain continued to have high inventories.

The region Europe has been affected the most, with a decrease in organic sales of -49 per cent. Nordics fell -34 per cent, and here we have seen a continued slowdown in demand during the second quarter. North America fell by -8 per cent. Commercial also had lower sales and decreased by -12 per cent.

During the first half of the year the Group's sales amounted to SEK 1,650 million (2,143), which corresponds to an organic decrease of -28 per cent, primarily due to weak demand in Residential in Nordics and Europe.

## OPERATING PROFIT

Operating EBITA totalled SEK 77 million (149), corresponding to an EBITA margin of 9.8 per cent (13.6). During the second quarter, Kährs continued to have a positive price development on energy transactions. Decreased volumes in the factories have led to efficiency challenges which have been mitigated through gradual capacity adjustments.

During the second quarter, Kährs was impacted positively by SEK 1 million due to a revaluation of energy derivatives following stable energy prices from Kährs' contracted forwards as at 30 June 2023. The corresponding impact in the second quarter of 2022 was a positive revaluation of SEK 19 million. For the first half of 2023, the effect was SEK -5 million (28).

Operating profit (EBIT) amounted to SEK 38 million (140). Comparative items in the quarter amounted to SEK 34 million (3), primarily linked to the restructuring of operations in Russia, and with these in consideration operating EBIT amounts to SEK 73 million (143). For more details, see Note 4, Comparative items.

Consolidated total depreciation/amortisation/impairment for the quarter totalled SEK 39 million (43), including IFRS 16.

For the first half of the year, Kährs' operating EBITA amounted to SEK 183 million (272), corresponding to an EBITA margin of 11.1 per cent (12.7).

Operating profit (EBIT) totalled SEK 134 million (258), corresponding to a margin of 8.2 per cent (12.1), and has been impacted by one-off costs, which amounted at the end of the first six months to SEK 39 million (3).

## NET SALES PER REGION

As of 1 January 2023, Kährs changed its regional breakdown as a consequence of that 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 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	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jan-Dec 2022	Jul 2022- Jun 2023
<b>Residential Nordics</b>	<b>324</b>	<b>490</b>	<b>720</b>	<b>957</b>	<b>1,833</b>	<b>1,595</b>
Residential Europe	186	313	383	590	1,029	822
Residential North America	104	100	198	205	383	376
Residential Emerging Markets	24	31	44	41	87	90
Russia	50	66	93	171	293	216
Commercial	72	83	145	153	299	291
Other	28	11	67	26	79	120
<b>Net sales Group, external customers</b>	<b>787</b>	<b>1,094</b>	<b>1,650</b>	<b>2,143</b>	<b>4,002</b>	<b>3,509</b>

#### Second quarter

Net sales for the region Residential Nordics totalled SEK 324 million (490) during the second quarter. This resulted in a decrease of -34 per cent, of which organic sales contraction was -33 per cent.

During the second quarter, new construction in Sweden decreased as a result of delayed building starts and fewer new projects in the pipeline. The retail trade also contracted faster than expected due to inventory adjustments at Kährs' distributors and fewer renovations.

#### January - June

Net sales for the region Residential Nordics totalled SEK 720 million (957) during the first half of the year. This resulted in a decrease of -25 per cent, of which the contraction in organic sales was -24 per cent.

During the first half of the year, increased interest rate costs led to decreased demand in the consumer chain. To adjust to the decreased demand, Kährs reviewed its costs to adjust to the new sales levels.

### RESIDENTIAL EUROPE

SEKm	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jan-Dec 2022	Jul 2022- Jun 2023
Residential Nordics	324	490	720	957	1,833	1,595
<b>Residential Europe</b>	<b>186</b>	<b>313</b>	<b>383</b>	<b>590</b>	<b>1,029</b>	<b>822</b>
Residential North America	104	100	198	205	383	376
Residential Emerging Markets	24	31	44	41	87	90
Russia	50	66	93	171	293	216
Commercial	72	83	145	153	299	291
Other	28	11	67	26	79	120
<b>Net sales Group, external customers</b>	<b>787</b>	<b>1,094</b>	<b>1,650</b>	<b>2,143</b>	<b>4,002</b>	<b>3,509</b>

#### Second quarter

Net sales for the region Residential Europe totalled SEK 186 million (313) during the second quarter. This was a decrease in sales of -40 per cent compared to the previous year, for which organic growth was -49 per cent. Demand on the market continued to be significantly lower than last year, and Kährs also had distributors in the second quarter with well-stocked

inventories. The focus among these distributors has been to reduce their inventory levels, which led to low sales for Kährs in the quarter. Cost control has been in focus in the quarter, and costs were adjusted downward in line with demand.

#### January - June

Net sales for the region Residential Europe totalled SEK 383 million (590) during the first half of the year. This was a decrease

in sales of -35 per cent compared to the previous year, of which -42 per cent was organic. During the first half of 2022, demand was good, which resulted in record sales. In the second half of 2022, the market declined as a result of deteriorating economic

conditions and concerns about energy costs and interest rates in Europe. During the first half of 2023, it has hit back as the distributor level had full stocks at the same time as demand remained weak, which led to sharply reduced sales for Kährs.

## RESIDENTIAL NORTH AMERICA

SEKm	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jan-Dec 2022	Jul 2022- Jun 2023
Residential Nordics	324	490	720	957	1,833	1,595
Residential Europe	186	313	383	590	1,029	822
<b>Residential North America</b>	<b>104</b>	<b>100</b>	<b>198</b>	<b>205</b>	<b>383</b>	<b>376</b>
Residential Emerging Markets	24	31	44	41	87	90
Russia	50	66	93	171	293	216
Commercial	72	83	145	153	299	291
Other	28	11	67	26	79	120
<b>Net sales Group, external customers</b>	<b>787</b>	<b>1,094</b>	<b>1,650</b>	<b>2,143</b>	<b>4,002</b>	<b>3,509</b>

### Second quarter

Net sales for the region Residential North America totalled SEK 104 million (100) during the second quarter. This represents sales growth of 4 per cent, of which -8 per cent was organic. Thanks to a strong customer base in North America, Kährs successfully maintained its sales level in the quarter. Project business showed good development, while renovations were down due to higher interest rates and high inventory levels at customers holding inventory.

### January - June

Net sales for the region Residential North America totalled SEK 198 million (205) during the first half of the year. This is a decrease in sales of -3 per cent, of which -13 per cent was organic. During the first half of 2023, renovation sales in particular decreased in North America. Higher interest rates resulted in less traffic to stores, which led to lower demand. New construction of primarily rental units continued to be good, and Kährs has had good sales development in this sector.

## RESIDENTIAL EMERGING MARKETS

SEKm	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jan-Dec 2022	Jul 2022- Jun 2023
Residential Nordics	324	490	720	957	1,833	1,595
Residential Europe	186	313	383	590	1,029	822
Residential North America	104	100	198	205	383	376
<b>Residential Emerging Markets</b>	<b>24</b>	<b>31</b>	<b>44</b>	<b>41</b>	<b>87</b>	<b>90</b>
Russia	50	66	93	171	293	216
Commercial	72	83	145	153	299	291
Other	28	11	67	26	79	120
<b>Net sales Group, external customers</b>	<b>787</b>	<b>1,094</b>	<b>1,650</b>	<b>2,143</b>	<b>4,002</b>	<b>3,509</b>

### Second quarter

Net sales for the region Residential Emerging Markets totalled SEK 24 million (31) during the second quarter. This is a decrease in sales of -23 per cent, of which -25 per cent was organic.

Sales in the region were lower than in the previous year, primarily due to very strong sales in the second quarter of 2022. Focus during the second quarter has been on increasing the cooperation with customers in the Middle East and China.

### January - June

Net sales for the region Residential Emerging Markets totalled SEK 44 million (41) during the first half of the year. This was an increase in sales of 7 per cent, of which 9 per cent was organic. During the first half of the year, Kährs successfully improved its cooperation with and sales to existing distributors, which led to growth. The focus during the second half of the year will be to add new customers.

## NET SALES PER REGION, CONT'D.

### RUSSIA

SEKm	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jan-Dec 2022	Jul 2022- Jun 2023
Residential Nordics	324	490	720	957	1,833	1,595
Residential Europe	186	313	383	590	1,029	822
Residential North America	104	100	198	205	383	376
Residential Emerging Markets	24	31	44	41	87	90
<b>Russia</b>	<b>50</b>	<b>66</b>	<b>93</b>	<b>171</b>	<b>293</b>	<b>216</b>
Commercial	72	83	145	153	299	291
Other	28	11	67	26	79	120
<b>Net sales Group, external customers</b>	<b>787</b>	<b>1,094</b>	<b>1,650</b>	<b>2,143</b>	<b>4,002</b>	<b>3,509</b>

#### Second quarter

Net sales for the region Russia totalled SEK 50 million (66) during the second quarter. This was a decrease of -24 per cent, of which -15 per cent was organic.

Demand in Russia continued to be weak. The war in Ukraine had a negative impact on demand for flooring products, as did the more limited product supply in Russia. Kährs' brand is no longer being sold, and only locally produced Russian products are offered on the Russian market.

#### January - June

Net sales for the region Russia totalled SEK 93 million (171) during the first half of the year. This was a decrease of -46 per cent, of which -47 per cent was organic. Demand was strong at the beginning of the war in 2022, primarily February to April, but it then fell. Sales continue to be lower than last year, and focus is on cost control and generating cash flow.

### COMMERCIAL

SEKm	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jan-Dec 2022	Jul 2022- Jun 2023
Residential Nordics	324	490	720	957	1,833	1,595
Residential Europe	186	313	383	590	1,029	822
Residential North America	104	100	198	205	383	376
Residential Emerging Markets	24	31	44	41	87	90
Russia	50	66	93	171	293	216
<b>Commercial</b>	<b>72</b>	<b>83</b>	<b>145</b>	<b>153</b>	<b>299</b>	<b>291</b>
Other	28	11	67	26	79	120
<b>Net sales Group, external customers</b>	<b>787</b>	<b>1,094</b>	<b>1,650</b>	<b>2,143</b>	<b>4,002</b>	<b>3,509</b>

#### Second quarter

Net sales for the region Commercial totalled SEK 72 million (83) during the second quarter. This was a decrease in sales of -13 per cent, of which -12 per cent was organic.

We are seeing a decrease in sales and order intake in the Nordic countries due to weaker demand on the market due to macroeconomic factors. Also the rest of Europe show a slightly slower sales rate in the second quarter compared to the second quarter of last year. The markets are cautious, and projects are delayed and, in some cases, postponed.

Sales in the USA are continuing to show very good growth.

#### January - June

Net sales for the region Commercial totalled SEK 145 million (153) during the first half of the year. This was a decrease in sales of -5 per cent, of which -4 per cent was organic.

In Sweden, Norway and Finland, sales are lower compared to the previous year. Sales in the rest of Europe are slightly above the first half of the previous year, while sales in the USA are showing an increase of 46 per cent compared to the first half of the previous year.

From a product and category perspective, we are seeing an increase in sales from the Quartz and LVT ranges, while the sales from the Enomer portfolio are lower than the previous year.



## CASH FLOW AND INVESTMENTS

Cash flow from operating activities totalled SEK -16 million (75) in the second quarter. Cash flow before interest and taxes totalled SEK 96 million (184). Interest paid totalled SEK 41 million (22), which primarily consists of interest on the bond loan. Adjusted for currency effects, total working capital increased by SEK 69 million during the quarter (81). The primary cause of the increase in working capital is the decrease in trade payables by SEK 50 million (-4), related to lower purchase volumes.

Cash flow for the period amounted to SEK -39 million (64).

During the first half of the year, cash flow from operating activities totalled SEK -42 million (91). Working capital increased SEK 195 million (194) during the period, primarily due to an inventory increase and trade payables. Total cash flow for the first half of the year was SEK -92 million (23).

## NET FINANCIAL EXPENSES

Net financial expenses totalled SEK 47 million (31) for the second quarter of 2023. They consist primarily of interest expenses of SEK 36 million (24), of which the bond financing of SEK 34 million (22). Interest income amounted to SEK 3 million (0). In addition, there are other financing expenses of SEK 4 million (5) and currency losses of SEK 11 million (4).

For the first half of the year, the net financial expenses totalled SEK 77 million (68), of which external interest expenses were SEK 70 million (48).

## FINANCIAL POSITION

Consolidated net debt totalled SEK 1,178 million (1,126) as at 30 June 2023.

## NET DEBT

SEKm	30 Jun 2023	30 jun 2022	31 dec 2022
Lease liabilities	92	128	116
Liabilities to credit institutions	1,437	1,435	1,435
Other	2	1	2
<b>Total interest-bearing liabilities</b>	<b>1,531</b>	<b>1,564</b>	<b>1,553</b>
<u>Less:</u>			
Lease liabilities	-92	-128	-116
Cash and cash equivalents including Interest-bearing receivables	-261	-310	-357
<b>Net debt</b>	<b>1,178</b>	<b>1,126</b>	<b>1,080</b>

Cash and cash equivalents in the Group totalled SEK 260 million (309) as at 30 June 2023. The Group has utilised SEK 0 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 June 2023 was SEK 910 million (959), allowing good flexibility moving forward.

## TAX

The tax expense for the second quarter totalled SEK 9 million (22) and for the first half of the year SEK 22 million (38), which corresponds to a tax rate of 39 per cent (20).

## GENERAL INFORMATION

### EVENTS AFTER BALANCE SHEET DATE

Kährs announced on 15 August that due to the weak demand in the market it had been forced to make additional downward adjustments to its production capacity at the Swedish facilities Nybro and Blomstermåla. In total, the announced notice of cutbacks will impact 85 people: 80 blue-collar employees and 5 white-collar employees.

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.

### 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.

#### 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 June 30, 2023 was 9.668 per cent per annum (6.0). 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 June 2023 totalled SEK 0 million (0), with a result after tax of SEK -43 million (-33). The parent company's income statement and balance sheet are presented on pages 15–16 in this interim report.

### EMPLOYEES

As at 30 June 2023, the Group had 1,231 (1,551) employees, of which 813 (1,085) were blue-collar workers and 418 (466) 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](https://kahrsgroup.com).

#### Reporting calendar:

- |                           |                  |
|---------------------------|------------------|
| • Interim Report Q3, 2023 | 23 November 2023 |
| • Year-End-Report, 2023   | 22 February 2024 |
| • Annual Report, 2023     | 18 April 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, 24 August 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 24 August 2023.

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

**For further information, please contact:**

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Phone: +46 481 460 00  
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Corporate Identity number:  
559339-3621

# FINANCIAL STATEMENTS

## CONSOLIDATED INCOME STATEMENT

SEKm	Note	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jan-Dec 2022	Jul 2022- Jun 2023
Net sales	3	787	1,094	1,650	2,143	4,002	3,509
Cost of goods sold	4	-645	-838	-1,279	-1,654	-3,047	-2,672
<b>Gross profit</b>		<b>142</b>	<b>256</b>	<b>371</b>	<b>489</b>	<b>955</b>	<b>837</b>
Selling and distribution expenses	4	-88	-100	-181	-193	-394	-382
Administrative expenses	4	-38	-36	-72	-66	-150	-156
Other operating income		21	19	21	28	6	-1
Other operating expenses		2	1	-5	0	-6	-11
<b>Operating profit (EBIT)</b>	<b>4</b>	<b>38</b>	<b>140</b>	<b>134</b>	<b>258</b>	<b>411</b>	<b>287</b>
Financial income		-1	-1	5	1	8	12
Financial expenses		-46	-30	-82	-69	-137	-150
<b>Profit before tax</b>		<b>-9</b>	<b>109</b>	<b>57</b>	<b>190</b>	<b>282</b>	<b>149</b>
Tax		-9	-22	-22	-38	-56	-40
<b>Profit for the period</b>		<b>-18</b>	<b>87</b>	<b>35</b>	<b>152</b>	<b>226</b>	<b>109</b>
<b>Attributable to:</b>							
Shareholders of the parent company		-18	86	35	151	225	110
Non-controlling interests		0	1	0	1	1	0
<b>Total</b>		<b>-18</b>	<b>87</b>	<b>35</b>	<b>152</b>	<b>226</b>	<b>109</b>

Earnings per share before and after dilution, SEK	-35	173	70	302	450	217
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## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEKm	Not	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jan-Dec 2022	Jul 2022- Jun 2023
<b>Profit for the period</b>		<b>-18</b>	<b>87</b>	<b>35</b>	<b>152</b>	<b>226</b>	<b>109</b>
<b>Other comprehensive income</b>							
<b>Items that may be reclassified in the income statement:</b>							
Translation differences		28	135	11	146	92	-43
<b>Items that cannot be reclassified in the income</b>							
Actuarial gains and losses for pensions		0	0	0	0	0	0
<b>Total</b>		<b>28</b>	<b>135</b>	<b>11</b>	<b>146</b>	<b>92</b>	<b>-43</b>
<b>Total comprehensive income for the period</b>		<b>10</b>	<b>222</b>	<b>46</b>	<b>298</b>	<b>318</b>	<b>66</b>
<b>Attributable to:</b>							
Shareholders of the parent company		10	222	45	295	317	67
Non-controlling interests		0	0	1	3	1	-1
<b>Total</b>		<b>10</b>	<b>222</b>	<b>46</b>	<b>298</b>	<b>318</b>	<b>66</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEKm	Note	30 Jun 2023	30 Jun 2022	31 Dec 2022
<b>ASSETS</b>				
<b>Non-current assets</b>				
Intangible assets		171	185	180
Property, plant and equipment, owned		541	621	584
Property, plant and equipment, right-of-use		87	132	114
Financial assets	6	32	28	31
Deferred tax assets		29	35	29
<b>Total non-current assets</b>		<b>860</b>	<b>1,001</b>	<b>938</b>
<b>Current assets</b>				
Inventories		1,045	777	961
Trade receivables	6	351	597	397
Derivatives		-	36	4
Other current assets	6	111	100	144
Cash and cash equivalents	6	260	309	356
<b>Total current assets</b>		<b>1,767</b>	<b>1,819</b>	<b>1,862</b>
<b>TOTAL ASSETS</b>		<b>2,627</b>	<b>2,820</b>	<b>2,800</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital		1	1	1
Reserves		-22	21	-33
Retained earnings		294	185	259
Total		273	207	227
Attributable to non-controlling interests		4	3	3
<b>Total equity</b>		<b>277</b>	<b>210</b>	<b>230</b>
<b>Non-current liabilities</b>				
Interest-bearing liabilities	6,7	1,492	1,516	1,506
Provision for pensions		1	1	1
Other provisions		3	3	3
Deferred tax liabilities		79	95	82
<b>Total non-current liabilities</b>		<b>1,575</b>	<b>1,615</b>	<b>1,592</b>
<b>Current liabilities</b>				
Interest-bearing liabilities	6,7	39	48	47
Other provisions		20	30	20
Trade payables	6	262	456	378
Income tax payables		51	23	33
Derivatives	6	1	-	-
Other current liabilities	6	402	438	500
<b>Total current liabilities</b>		<b>775</b>	<b>995</b>	<b>978</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,627</b>	<b>2,820</b>	<b>2,800</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEKm	Note	Share capital	Reserves	Retained earnings	Total	Non-controlling interests	Total equity
<b>As at 1 January 2023</b>		<b>1</b>	<b>-33</b>	<b>259</b>	<b>227</b>	<b>3</b>	<b>230</b>
Profit for the period				35	35	0	35
Other comprehensive income			11	0	11	1	12
<b>Total comprehensive income</b>		<b>0</b>	<b>11</b>	<b>35</b>	<b>46</b>	<b>1</b>	<b>47</b>
<b>Transactions with shareholders:</b>							
Dividend				0	0	0	0
<b>As at 30 June 2023</b>		<b>1</b>	<b>-22</b>	<b>294</b>	<b>273</b>	<b>4</b>	<b>277</b>

SEKm	Note	Share capital	Reserves	Retained earnings	Total	Non-controlling interests	Total equity
<b>As at 1 January 2022</b>		<b>0</b>	<b>-124</b>	<b>946</b>	<b>822</b>	<b>2</b>	<b>824</b>
Profit for the period			0	151	151	1	152
Other comprehensive income			145	0	145	0	146
<b>Total comprehensive income</b>		<b>0</b>	<b>145</b>	<b>151</b>	<b>296</b>	<b>1</b>	<b>298</b>
<b>Transactions with shareholders:</b>							
Intra-group restructuring		1	0	-912	-912	0	-912
<b>As at 30 June 2022</b>		<b>1</b>	<b>21</b>	<b>185</b>	<b>207</b>	<b>3</b>	<b>210</b>

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

## CONSOLIDATED STATEMENT OF CASH FLOWS

SEKm	Note	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jan-Dec 2022	Jul 2022- Jun 2023
<b>Operating activities</b>							
Profit before tax		-8	109	58	190	281	149
Adjustments of non-cash items	8	104	75	177	152	290	315
<b>Cash flow before interest and tax</b>		<b>96</b>	<b>184</b>	<b>235</b>	<b>342</b>	<b>571</b>	<b>464</b>
Interest received		3	0	3	0	3	6
Interest paid		-41	-22	-73	-49	-104	-128
Income tax paid		-5	-6	-12	-8	-20	-24
<b>Net cash flow from operating activities before change in working capital</b>		<b>53</b>	<b>156</b>	<b>153</b>	<b>285</b>	<b>450</b>	<b>318</b>
<b>Change in working capital</b>							
Change in inventories		-11	-109	-85	-38	-246	-293
Change in operating receivables		20	-73	89	-294	-112	271
Change in operating liabilities		-78	101	-199	138	124	-213
<b>Net cash flows from operating activities</b>		<b>-16</b>	<b>75</b>	<b>-42</b>	<b>91</b>	<b>216</b>	<b>83</b>
<b>Investing activities</b>							
Business combinations		-	-	-	-1,286	-1,286	-
Investment in tangible assets		-11	-7	-23	-14	-49	-58
Investment in financial assets		0	9	0	0	-3	-3
Proceeds from sale of tangible assets		0	1	0	1	1	0
<b>Net cash flows from investing activities</b>		<b>-11</b>	<b>3</b>	<b>-23</b>	<b>-1,299</b>	<b>-1,337</b>	<b>-61</b>
<b>Financing activities</b>							
Unconditional shareholder contributions		-	-	-	398	398	-
Sustainable linked corporate bond		0	0	0	1,450	1,450	0
Repayment of loans		0	0	0	-591	-591	0
Payment of lease liabilities		-12	-14	-27	-26	-57	-58
<b>Net cash flows from financing activities</b>		<b>-12</b>	<b>-14</b>	<b>-27</b>	<b>1,231</b>	<b>1,200</b>	<b>-58</b>
<b>Cash flow for the period</b>		<b>-39</b>	<b>64</b>	<b>-92</b>	<b>23</b>	<b>79</b>	<b>-36</b>
Cash and cash equivalents at beginning of period		301	224	356	268	268	308
Exchange-rate differences in cash and cash equivalents		-2	20	-4	17	9	-12
<b>Cash and cash equivalents at end of period</b>		<b>260</b>	<b>308</b>	<b>260</b>	<b>308</b>	<b>356</b>	<b>260</b>

## PARENT COMPANY INCOME STATEMENT

SEKm	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jan-Dec 2022	Jul 2022- Jun 2023
Net Sales	-	-	-	-	-	-
Cost of goods sold	-	-	-	-	-	-
<b>Gross profit</b>	-	-	-	-	-	-
Selling expenses	-	-	-	-	-	-
Administrative expenses	0	0	0	0	0	0
Other operating income	-	-	-	-	-	-
Other operating expenses	-	-	-	-	-	-
<b>Operating profit (EBIT)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Financial income	13	7	24	14	32	43
Financial expenses	-35	-23	-67	-46	-102	-123
<b>Result after financial items</b>	<b>-23</b>	<b>-16</b>	<b>-43</b>	<b>-33</b>	<b>-70</b>	<b>-80</b>
Provision for accrual fund	-	-	-	-	-13	-13
Group contribution, received	0	0	0	0	79	79
<b>Result before tax</b>	<b>-23</b>	<b>-16</b>	<b>-43</b>	<b>-33</b>	<b>-4</b>	<b>-15</b>
Tax	-	-	-	-	-8	-8
<b>Result for the period</b>	<b>-22</b>	<b>-16</b>	<b>-43</b>	<b>-33</b>	<b>-12</b>	<b>-22</b>
Attributable to shareholders of the parent company	-22	-16	-43	-33	-12	-22
<b>Total</b>	<b>-22</b>	<b>-16</b>	<b>-43</b>	<b>-33</b>	<b>-12</b>	<b>-22</b>

## PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

SEKm	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jan-Dec 2022	Jul 2022- Jun 2023
<b>Result for the period</b>	<b>-22</b>	<b>-16</b>	<b>-43</b>	<b>-33</b>	<b>-12</b>	<b>-22</b>
<b>Other comprehensive income</b>						
Items that may be reclassified in the income statement:						
Translation differences	0	0	0	0	0	0
<b>Other comprehensive income, net of tax</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total comprehensive income for the period</b>	<b>-22</b>	<b>-16</b>	<b>-43</b>	<b>-33</b>	<b>-12</b>	<b>-22</b>
Attributable to shareholders of the parent company	-22	-16	-43	-33	-12	-22
<b>Total</b>	<b>-22</b>	<b>-16</b>	<b>-43</b>	<b>-33</b>	<b>-12</b>	<b>-22</b>



## PARENT COMPANY STATEMENT OF FINANCIAL POSITION

SEKm	Note	30 Jun 2023	30 Jun 2022	31 Dec 2022
<b>ASSETS</b>				
<b>Non-current assets</b>				
Financial assets	9	1,932	1,900	1,932
Deferred tax assets		-	-	-
<b>Total non-current assets</b>		<b>1,932</b>	<b>1,900</b>	<b>1,932</b>
<b>Current assets</b>				
Other current assets		24	14	78
Cash and cash equivalents		1	7	1
<b>Total current assets</b>		<b>25</b>	<b>21</b>	<b>79</b>
<b>TOTAL ASSETS</b>		<b>1,957</b>	<b>1,921</b>	<b>2,011</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
<i>Restricted equity</i>				
Share capital		1	1	1
Statutory reserve		0	0	0
<b>Total restricted equity</b>		<b>1</b>	<b>1</b>	<b>1</b>
<i>Fritt eget kapital</i>				
Unrestricted equity		476	488	488
Result for the period		-43	-33	-12
<b>Total unrestricted equity</b>		<b>433</b>	<b>455</b>	<b>476</b>
<b>Total equity</b>		<b>434</b>	<b>456</b>	<b>477</b>
<b>Untaxed reserves</b>				
Tax allocation reserve		13	-	13
<b>Total untaxed reserves</b>		<b>13</b>	<b>-</b>	<b>13</b>
<b>Non-current liabilities</b>				
Interest-bearing liabilities		1,437	1,434	1,435
Deferred tax liabilities		3	3	3
<b>Total non-current liabilities</b>		<b>1,440</b>	<b>1,437</b>	<b>1,438</b>
<b>Current liabilities</b>				
Current tax liability		8	-	8
Other current liabilities		62	28	75
<b>Total current liabilities</b>		<b>70</b>	<b>28</b>	<b>83</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,957</b>	<b>1,921</b>	<b>2,011</b>

# 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.

## NET SALES BY REGION, EXTERNAL CUSTOMERS

SEKm	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jan-Dec 2022	Jul 2022- Jun 2023
Residential Nordics	324	490	720	957	1,833	1,595
Residential Europe	186	313	383	590	1,029	822
Residential North America	104	100	198	205	383	376
Residential Emerging Markets	24	31	44	41	87	90
Russia	50	66	93	171	293	216
Commercial	72	83	145	153	299	291
Other	28	11	67	26	79	120
<b>Net sales Group, external customers</b>	<b>787</b>	<b>1,094</b>	<b>1,650</b>	<b>2,143</b>	<b>4,002</b>	<b>3,509</b>

## NOTE 4. ITEMS AFFECTING COMPARABILITY

During the second quarter, Kährs had costs of a one-off nature that amounted to SEK 34 million (3). Above all, related to the restructuring of operations in Russia and received

electricity support. During the first half of the year, Kährs had non-recurring items of SEK 39 million (3).

SEKm	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jan-Dec 2022	Jul 2022- Jun 2023
<b>Operating profit excl. items affecting comparability (operating EBIT)</b>	<b>73</b>	<b>143</b>	<b>174</b>	<b>261</b>	<b>443</b>	<b>356</b>
Customs expenses USA, LT, 2018–2019	-	-	-	-	-11	-11
Acquisition-related overhead	-3	0	-4	0	-13	-17
Transition of operations in Russia	-54	0	-55	0	-2	-57
Received Electricity support	20	0	20	0	0	20
Other one-off items	3	-3	0	-3	-6	-2
<b>Operating profit (EBIT)</b>	<b>38</b>	<b>140</b>	<b>134</b>	<b>258</b>	<b>411</b>	<b>289</b>

## 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.

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

## 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 Jun 2023 SEKm	Assets at fair value via the income statement	Assets measured at amortised cost	Total fair value	Carrying value of financial assets
<b>Assets</b>				
Financial non-current assets <sup>1</sup>	-	32	32	32
Accounts receivable	-	351	351	351
Derivatives	-	-	-	-
Other current assets	-	15	15	15
Cash and cash equivalents	-	260	260	260
<b>Total</b>	<b>-</b>	<b>658</b>	<b>658</b>	<b>658</b>

<sup>1</sup> Comprises deposits SEK 25 million, endowment insurance SEK 5 million and other items SEK 2 million

30 Jun 2023 SEKm	Liabilities at fair value via the income statement	Liabilities measured at amortised cost	Total fair value	Carrying value of financial liabilities
<b>Liabilities in the balance sheet</b>				
Interest-bearing liabilities	-	1,531	1,531	1,531
Trade payables	-	262	262	262
Derivatives	1	-	1	1
Other current liabilities	-	143	143	143
<b>Total</b>	<b>1</b>	<b>1,936</b>	<b>1,937</b>	<b>1,937</b>

30 Jun 2022 SEKm	Assets at fair value via the income statement	Assets measured at amortised cost	Total fair value	Carrying value of financial assets
<b>Assets</b>				
Financial non-current assets <sup>1</sup>	-	28	28	28
Accounts receivable	-	597	597	597
Derivatives	36	-	36	36
Other current assets	-	22	22	22
Cash and cash equivalents	-	309	309	309
<b>Total</b>	<b>36</b>	<b>956</b>	<b>992</b>	<b>992</b>

<sup>1</sup> Comprises deposits SEK 21 million, endowment insurance SEK 6 million and other items SEK 1 million

30 Jun 2022 SEKm	Liabilities at fair value via the income statement	Liabilities measured at amortised cost	Total fair value	Carrying value of financial liabilities
<b>Liabilities in the balance sheet</b>				
Interest-bearing liabilities	-	1,564	1,564	1,564
Trade payables	-	456	456	456
Other current liabilities	-	229	229	229
<b>Total</b>	<b>-</b>	<b>2,249</b>	<b>2,249</b>	<b>2,249</b>

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
<b>Assets</b>				
Financial non-current assets <sup>1</sup>	-	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
<b>Total</b>	<b>4</b>	<b>799</b>	<b>803</b>	<b>803</b>

<sup>1</sup> 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
<b>Liabilities in the balance sheet</b>				
Interest-bearing liabilities	-	1,553	1,553	1,553
Trade payables	-	378	378	378
Other current liabilities	-	232	232	232
<b>Total</b>	<b>-</b>	<b>2,163</b>	<b>2,163</b>	<b>2,163</b>

## NOTE 7. INTEREST-BEARING LIABILITIES

SEKm	30 Jun 2023	30 Jun 2022	31 Dec 2022
<b>Non-current liabilities</b>			
Sustainable linked corporate bond	1,450	1,450	1,450
Lease liabilities	55	82	71
Financing costs <sup>1</sup>	-13	-16	-15
<b>Total non-current interest-bearing liabilities</b>	<b>1,492</b>	<b>1,516</b>	<b>1,506</b>
<b>Current liabilities</b>			
Lease liabilities	37	46	45
Other loans	2	2	2
<b>Total current interest-bearing liabilities</b>	<b>39</b>	<b>48</b>	<b>47</b>
<b>Total interest-bearing liabilities</b>	<b>1,531</b>	<b>1,564</b>	<b>1,553</b>

<sup>1</sup> Accrued financing costs spread over the term of the bond loan

## NOTE 8. ADJUSTMENT OF NON-CASH ITEMS

SEKm	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jan-Dec 2022	Jul 2022- Jun 2023
<b>Adjustment of non-cash items</b>						
Depreciation and impairment of property, plant and equipment	43	25	67	49	100	118
Depreciation and impairment of right-of-use assets	10	12	24	23	51	52
Amortisation and impairment of intangible assets	4	5	9	11	21	19
Financial income	1	1	-5	-1	-8	-12
Financial expenses	46	30	82	69	138	151
Other provisions	0	2	0	1	-12	-13
<b>Total</b>	<b>104</b>	<b>75</b>	<b>177</b>	<b>152</b>	<b>290</b>	<b>315</b>

## NOTE 9. FINANCIAL ASSETS (PARENT COMPANY)

SEKm	30 Jun 2023	30 jun 2022	31 dec 2022
<b>Financial assets</b>			
Shares in subsidiaries	1,400	1,400	1,400
Shareholder loan, Kährs Holding AB <sup>1</sup>	532	500	532
<b>Total</b>	<b>1,932</b>	<b>1,900</b>	<b>1,932</b>

<sup>1</sup> Shareholder loans carry a variable interest rate of 9.67 per cent. The shareholder loan will mature on 7 December 2026.

SEKm	30 Jun 2023	30 jun 2022	31 dec 2022
<b>Shares in directly owned subsidiaries</b>			
<b>Name, corporate identity number, company domicile</b>	<b>Number of shares</b>		
Kährs Holding AB (556535-2481), Nybro	500 000	1,400	1,400
<b>Total</b>	<b>500 000</b>	<b>1,400</b>	<b>1,400</b>

## CONSOLIDATED KEY PERFORMANCE INDICATORS

SEKm	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jan-Dec 2022	Jul 2022- Jun 2023
Net Sales	787	1,094	1,650	2,143	4,002	3,509
Organic growth, % <sup>1</sup>	-31%	-	-28%	-	-	-
EBITA	43	146	143	269	432	306
EBITA, %	5.4%	13.4%	8.7%	12.6%	10.8%	8.7%
Operating EBITA	77	149	183	272	464	374
Operating EBITA, %	9.8%	13.6%	11.1%	12.7%	11.6%	10.7%
Operating profit (EBIT)	38	140	134	258	411	287
Operating profit (EBIT), %	4.9%	12.8%	8.2%	12.1%	10.3%	8.2%
Operating EBIT	73	143	174	261	443	356
Operating EBIT, %	9.2%	13.1%	10.5%	12.2%	11.1%	10.1%
Operating profit before depreciation and items affecting comparability (adjusted EBITDA)	111	186	255	345	615	525
Operating profit before depreciation and items affecting comparability (adjusted EBITDA), %	14.1%	17.0%	15.4%	16.1%	15.4%	15.0%
Profit for the period	-18	87	35	152	226	109
Profit for the period, %	-2.2%	7.9%	2.1%	7.1%	5.6%	3.1%
Earnings per share before and after dilution, SEK <sup>2</sup>	-35	173	70	302	450	217
Net cash flows from operating activities	-16	75	-42	91	216	83
Investments	11	8	23	14	49	58
Total cash flow	-39	64	-92	23	79	-36
Total assets	2,627	2,820	2,627	2,820	2,800	2,627
Cash and cash equivalents at end of period	260	309	260	309	356	260
Net working capital	1,134	918	1,134	918	980	1,134
Net debt <sup>3</sup>	1,178	1,126	1,178	1,126	1,080	1,178
Equity	277	210	277	210	230	277
Capital employed	1,812	1,778	1,812	1,778	1,788	1,812
Equity ratio, %	10.5%	7.4%	10.5%	7.4%	8.2%	10.5%
Return on equity, % <sup>1</sup>	45.6%	-	45.6%	-	43.0%	45.6%
Return on capital employed, % <sup>1</sup>	16.3%	-	16.3%	-	24.9%	16.3%
Interest coverage ratio, times <sup>1</sup>	4.0	-	4.0	-	5.6	4.0
Net debt / EBITDA ratio, times <sup>1</sup>	2.5	-	2.5	-	1.9	2.5
Number of employees, end of period	1,231	1,551	1,231	1,551	1,455	1,231

1 The Kährs BondCo Group was formed on 31 Aug 2021, which is why there is only organic growth figures for the period Apr-Jun 2023 and Jan-Jun and no return on capital employed %, Interest coverage ratio, times and Net debt / EBITDA ratio, times for the period Jan-Jun 2022 since this figure is based on an average 12-month value

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 approximately 1,230 employees and annual sales of SEK 4 billion (2022). [www.kahrsgroup.com](https://www.kahrsgroup.com)