

Kährs Group

The Board of Directors and CEO of

Kährs BondCo AB (publ)

CIN 559339–3621

hereby present the

Annual Report and Consolidated Financial Statements

for the 2024 financial year

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All amounts are in SEK thousand unless otherwise stated.

This annual 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.

Directors' Report

Information about the business

Kährs BondCo AB (publ) is a subsidiary of Saltri II Luxco SARL, which is the Group's parent company. These consolidated financial statements are presented by Kährs BondCo AB (publ) for 2024.

Kährs was founded in 1857 by Johan Kähr, and the company initially produced wooden kitchen utensils. In 1919, it changed its name to AB Gustaf Kähr and began to focus on producing wood floors. In 2012, Kährs merged with Karelia-Upofloor to form Kährs Group, one of the world's leading flooring manufacturers. The parent company Kährs BondCo AB (publ) was founded in 2021 and has its registered office in Nybro, Sweden. The consolidated financial statements include Kährs Holding AB with the sub-groups AB Gustaf Kähr, Kährs Finland Oy, Oak Norge AS and Kährs Sweden Holding AB. The head office is based in Malmö, Sweden.

Kährs BondCo AB (publ) is a leading manufacturer and distributor of flooring. Its ambition is to exceed the customer's expectations for their flooring experience. Kährs' innovations have shaped the industry throughout history, and the company offers flooring solutions for all rooms, environments and needs. Kährs delivers sustainable flooring solutions to approximately 70 countries, is the market leader in wooden flooring in Sweden and Finland, and holds a strong position in other main markets such as Norway, the United Kingdom, the USA, Germany and Switzerland. The Group has approximately 818 employees and an annual turnover of SEK 2.4 billion. It has production facilities in Sweden, Finland, Romania and Poland and is connected to a subcontractor structure in China, Belgium and the United Kingdom. The Group has six regions: Residential Nordics, Residential Europe, Residential North America, the APIM region (Asia Pacific India and Middle East), Russia markets and Commercial. www.kahrsgroup.com

Kährs is one of the leading actors on the European flooring market, particularly in the emerging segments residential properties, healthcare and schools, and has a strong range of wood floors along with PVC-free floors and Luxury Tiles floors. It has achieved this position through strong brands that are based on design, quality and sustainability in every segment. Kährs has an effective supply of raw materials and automated production capacity. Its production combines proximity to attractive markets with speed and flexibility, while production in low-cost countries provides good access to raw materials for volume products.

Market

The year has continued to be challenging. Demand for flooring products in both new construction and renovation has been low due to high inflation and interest rates, which gradually decreased during the year. In new construction, the number of building starts has been historically low, and the number of housing transactions, which is an important KPI for the renovation sector, has been low. However, inventory systems began to come more into balance during the year after previously having excess inventory, which creates conditions for better sales going forward.

During 2024 we observed an 11 per cent organic increase in order intake, although from low levels. Sales continued to decline and decreased by 13 per cent. This corresponds to a 15 per cent decrease after currency adjustments. Profitability in terms of EBIT amounted to -2.3 per cent (6.3), and the decrease is largely linked to under-absorption of fixed costs as a result of the sharp decline in sales as well as one-off costs related to the divestment of the Russian operations. After adjustments for non-recurring items, adjusted EBIT was 2.3 per cent (8.0).

Kährs' net sales of SEK 2.4 billion (2.9), which was an organic decrease of 15 per cent, was a result of the continued weak demand in the housing segment in 2024. The sharpest reduction in sales occurred primarily in

the Nordics and North America. In the Nordics, the main cause of the continued decline in sales is weak new construction. A weak housing market is the main cause for the decline in sales in North America as well. Uncertainty surrounding the presidential election that took place during the fourth quarter also created caution and uncertainty in the market during the second half of the year. In Europe, which primarily sells to the renovation sector, we have seen some recovery, and sales are in line with 2023.

In the APIM region, the Middle East continued to have strong demand, while China in particular had weak development. China is affected by a weak construction sector in which many actors are experiencing liquidity problems, which has negatively affected sales for Kährs. The Russian operations, which were isolated within Kährs and for sale for the past two years, were successfully divested in the fourth quarter. After this divestment, Kährs has no direct or indirect connections to Russia.

Within the Commercial segment, which accounts for approximately 10 per cent of Kährs' total sales, sales of the Enomer® range have been low. Our Enomer® products are in the upper price range and have faced stiff competition from cheaper products as construction projects in a weak economy have been forced to find cheaper short-term solutions.

Kährs' LVT product, which is primarily sold in the renovation segment, has continued to develop positively and is selling at the same quantity levels in 2024 as in 2022 and 2023 when the economy was significantly better. Our wood products have lost the most volume, especially three-strip parquet, which is mainly used in new construction projects.

The sharp reduction in demand has forced Kährs to adapt production capacity and thereby reduce the number of employees primarily in Sweden and Romania. For more details, see Note C13 Items affecting comparability.

In the area of innovation, we launched a completely new wood product in 2024 that is produced in the USA for the US market. Sales began during the fourth quarter, and Kährs sees great potential for this product and thus the company's ability to increase market penetration in North America.

Cash flow was in focus in 2024, and particularly our operational working capital. We have reduced inventories by improving the planning process, selling off slow-moving products, and reducing production capacity.

Significant events during the financial year

On 3 December 2024, Kährs divested its Russian operations Karelia Upofloor CIS LLC after a two-year process. After the divestment, Kährs has no direct or indirect links or connections to Russia. The Russian assets were gradually written down in the Group in 2023 and 2024. The divestment resulted in a capital loss of SEK 14 million during the fourth quarter. For more details, see Note C31 "Acquisitions and divestments during the year" and Note C13 Items affecting comparability.

Kährs implemented new bond financing of SEK 1,450 million with a maturity of four years. The settlement date for the new bond was 14 November. The interest rate on the bond is STIBOR 3 months + 6.25 per cent. The bond is listed on Nasdaq Stockholm and Frankfurt Open Market. The new bond replaces the existing bond of the same amount which was redeemed in connection with the new bond. Kährs' financing is thus secured until November 2028.

During December, changes were made to Kährs BondCo's Board of Directors. Jan Johansson and Lisa Gøttler resigned as Board members and will not be replaced.

Significant events after the balance sheet date

There have been no significant events after the balance sheet date.

Outlook for 2025

Our assessment is that demand will continue to remain weak in the housing segment in 2025 even though inflation and interest rates have stabilised at a lower level. We believe that the renovation segment will pick up earlier, but it will still take some time before the effects of more new construction are reflected in increased flooring sales.

In 2023 and 2024, Kährs adapted its capacity to the new market conditions, and we are well equipped for continued tough conditions in 2025, but we are also prepared for when the economy rebounds. More sustainable construction, a focus on housing quality, and demand for sustainable flooring products with good design mean that we continue to be optimistic in the long term. Consumers' increased interest in their home and immediate surroundings is a clear trend that creates more opportunities for Kährs.

Financial comments in brief

Information about the Group

Net sales

Net sales for the Group during the year amounted to SEK 2,391 million (2,897), which corresponds to an organic decrease of 15 per cent. The largest explanation for the decrease in sales is the weak demand for new construction in the residential segments in the Nordics and North America.

Operating profit

Operating profit/loss (EBIT) for 2024 totalled SEK -54 million (182), corresponding to a margin of -2.3 per cent (6.3). Operating profit before non-recurring items (operating EBIT) amounted to SEK 55 million (233), which equates to a margin of 2.3 per cent (8.0). Operating profit before depreciation, amortisation and non-recurring items (adjusted EBITDA) amounted to SEK 210 million (395), which equates to an EBITDA margin of 8.8 per cent (13.6). The non-recurring items of SEK 109 million (51) relate to costs in connection with the restructuring of the operations in Russia, SEK 84 million, restructuring of the operations in Romania, SEK 14 million, and customs costs in the USA, SEK 11 million. Profit/loss for the year amounted to SEK -254 million (30). Consolidated depreciation on fixed assets was SEK 155 million (162).

Net sales per region

Residential Nordics

Net sales in 2024 for the region Residential Nordics totalled SEK 892 million (1,211). This represents a decrease of -26 per cent, of which the decrease in organic sales was -26 per cent. During the year, the market was affected by continued global uncertainty and rising interest expenses, which resulted in reduced consumer demand and fewer construction starts, particularly in Sweden and Finland. Despite these challenges, Kährs maintained its market share in the Nordics and achieved growth in Norway. To adapt to the market conditions, Kährs implemented an efficiency program with a focus on cost optimization and a sales strategy aimed at the renovation segment and new product groups. The year ended with strong order intake driven by increased market expectations of a pending recovery in new construction.

Residential Europe

Net sales in 2024 for the region Residential Europe totalled SEK 661 million (687). This represents a decrease of -4 per cent, of which organic sales were unchanged compared to the previous year. Demand was volatile during the year, but some customers in the retail segment have started to place stock orders after a long period of stock-reducing activities. Price competition continues to be high in the region.

Residential North America

Net sales during 2024 for the region Residential North America amounted to SEK 291 million (351). This corresponds to a decrease of -17 per cent, of which the decrease in organic sales was -19 per cent. Decreased sales are partly due to reduced demand and partly due to inventory corrections by stock-holding customers. The previously successful segment of new construction of multi-family houses had a significantly weaker development during the year. During the year, Kährs increased its focus on direct-to-store sales.

APIM region

Net sales during 2024 for the region APIM amounted to SEK 70 million (80), which corresponds to a decrease of -13 per cent compared to the previous year, of which -13 per cent was organic. For the full year, China continues to be the driver behind the reduced sales in the APIM region.

Russia

Net sales during 2024 for the region Russia totalled SEK 164 million (190). This was a decrease of -14 per cent, of which -5 per cent was organic. Demand was weak in Russia during the year, and the focus for the Russian organisation was on maintaining efficiency in the organisation and preparing for an exit where the company will be fully independent.

Commercial

Net sales for 2024 for the region Commercial amounted to SEK 256 million (273), a decrease of -6 per cent compared to the previous year, of which -8 per cent was organic. During the year, sales were affected by the tendency among projects in the market to choose cheaper floor materials due to high costs linked to inflation and interest. We also observed that the market in Germany was weaker during the last quarter. All markets are affected by deteriorating market factors, but we have observed a decrease in sales compared to the previous year primarily for sales of Enomer® in the USA and Central Europe. For more information on net sales per region, see Note C5 Revenue recognition.

Net financial expenses

Net financial expenses amounted to a total of SEK 210 million (142), of which external interest expenses were SEK 153 million (148).

Tax

The tax expense for the Group totalled SEK 11 million (-10), which corresponds to a tax rate of 4 per cent (26).

Cash flow

Cash flow from operating activities in 2024 amounted to SEK 90 million (107). Adjusted for currency effects, working capital changed by SEK -143 million (103) during the period. This is mainly due to inventories, which decreased by SEK 179 million (71).

Investments

Investments during the year amounted to SEK 37 million (62). These investments refer almost exclusively to investments in production equipment, primarily at the Group's production facility in Nybro, Sweden.

Financial position

The Group's total assets amounted to SEK 1,933 million (2,275) as at 31 December 2024, and the equity/assets ratio was -6.5 per cent (4.2).

The Group's net debt, excluding lease liabilities, amounted to SEK 1,215 million as at 31 December 2024, compared with SEK 1,216 million as at December 2023.

Cash and cash equivalents in the Group

Consolidated cash and cash equivalents amounted to SEK 194 million as at 31 December 2024, compared with SEK 224 million as at 31 December 2023. The Group had used SEK 0 million (0) of the current RCF facility of SEK 550 million (650) as at 31 December. This meant that available liquidity for the Group was SEK 744 million (874) as at 31 December 2024, which provides good stability going forward.

The Group has a Cash Pool structure in place to ensure that it maintains effective cash management. The following countries are included in the Group's Cash Pool: Sweden, Norway, Finland, Denmark, Germany, the United Kingdom and France.

Employees

At the end of the financial year, the number of employees in the Group amounted to 818 (1,102), which includes 373 (642) employees outside Sweden. The reduction in the number of employees is mainly a consequence of the lower demand and production rate.

Information about the parent company

The operations of Kähns BondCo (publ) mainly consist of managing the Group's operations and shared functions, such as Group financing. The parent company's net sales amounted to SEK 0.0 million (0.0). Profit for the year amounted to SEK -129 million (-13). No investments were made in property, plant and equipment or in intangible assets during the year (0.0).

Five-year overview

The consolidated financial statements of Kähns BondCo AB (publ) include Kähns Holding (publ) AB and its sub-groups, AB Gustaf Kähr, Kähns Finland Oy, Oak Norge AS, and the wholly owned subsidiary Kähns Sweden Holding AB.

Consolidated profit and financial position

Overview (SEK million)	2024	2023	2022	2021 (4 months)
Net sales	2,391	2,897	4,002	1,147
Operating profit before non-recurring items (Operating EBIT)	55	233	443	80
Operating profit (EBIT)	-55	182	411	75
Profit/loss for the year	-254	30	226	34
Cash flow from operating activities	90	107	217	216
Investments	37	62	49	48
Total cash flow	-34	-122	80	-153
Cash and cash equivalents	194	224	356	268
Net debt	1,289	1,305	1,197	436
Net debt ¹	1,215	1,216	1,080	319
Net working capital	788	979	980	699
Equity/assets ratio	-6.5%	4.2%	8.2%	35.1%
Return on capital employed	-2.9%	11.1%	24.4%	58%
Employees at end of period	818	1,102	1,455	1,483

¹Net debt excluding effect of IFRS 16.

Parent company profit and financial position

Overview (SEK million)	2024	2023	2022	2021 (4 months)
Operating profit (EBIT)	0	0	0	0
Profit/loss for the year	-129	-13	-12	-12
Cash and cash equivalents	1	1	1	1,432
Net debt	1,428	1,438	1,434	0

Equity/assets ratio	12.2%	18.0%	24.2%	5.9%
No. of shares	500,000	500,000	500,000	500,000
Employees at end of period	-	-	-	-

See definitions of alternative performance indicators on pages 80–81.

Proposed distribution of the company's profit

The Board of Directors proposes that no dividend be paid for the year 2024. The profit at the disposal of the Annual General Meeting comprises the Parent Company's unrestricted equity, SEK 222,745,771, and includes profits carried forward of SEK 351,275,250 and profit for the year of SEK -128,529,479. The Board of Directors proposes that the profits at the disposal of the Annual General Meeting be distributed as follows:

To be carried forward	SEK 222,745,771
Total unrestricted equity in the parent company	SEK 222,745,771

For the company's performance and financial position in general, please refer to the following income statements and balance sheets and their accompanying notes.

Sustainability and environmental work

In 2024, the Group carried out operations in Sweden, Finland and Romania that required permits. These operations comprise sawmilling and the manufacture of wood, veneer and plastic floors, including surface treatment, as well as sales and distribution. The operations did not exceed the authorities' permits, terms and conditions or other environmental laws and regulations in 2024. Action plans have been drawn up for the points that were observed during supervisory visits or when limits were exceeded. The most significant environmental aspects of the business are linked to transports into and out from the company's facilities and the risk of disruption to biodiversity from the supply of raw materials.

Kährs is environmentally certified and part of a multisite agreement for ISO 14001 with Kährs Holding with certificate no. SE007862 at Bureau Veritas. Kährs has been certified according to the Forest Stewardship Council (FSC) since 2005. Registration number DNV COC-000027 (including subsidiaries) and for PEFC with number DNVSE-PEFC-COC-067. Kährs' sustainability strategy focuses on sustainable materials, circularity, and the durability and design of products. The company strives to increase the use of sustainably sourced wood, recycled plastic and bio-based materials. The Kährs Sustainability Scorecard is used to evaluate products in the innovation and R&D process, which ensures that the products comply with the EU Ecodesign Regulation. For more information about the Group's sustainability work, read our full Sustainability Report at www.kahrsgroup.com.

Risks

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 it 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. For information regarding the Kährs Group's work with and management of sustainability and sustainability risks, please refer to the Group's sustainability report. Kährs' long-term risk exposure is not expected to differ from the exposures from its day-to-day activities.

With regard to financial reporting, this risk is assessed to primarily lie in significant errors in accounting, for example regarding the valuation of assets and liabilities and their impact on the Group's income and expenses. For more details, see also Note C3 Significant assessments, estimates and assumptions. Other risks include fraud and losses through embezzlement. Risk management is built into every process, and 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 ensuring that the internal control is 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. An audit is carried out of the accounts for the period January–September, known as 'hard close', as well as the annual accounts. The company's auditors report their observations to the Board. Executive management is 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 fluctuations in the prices of raw material that affect profit and capital tied-up. External risks such as geopolitical risks including trade policy measures (e.g., tariffs) can also have an impact on Kährs' operations. Pandemics and conflicts/wars are external factors that may impact Kährs, and there is uncertainty as to how these will affect Kährs in the future. The war in Ukraine and Gaza has had a limited impact on Kährs' operations.

Raw material price risk

Raw material price risk refers to the risk that the costs of materials will rise when underlying raw material prices rise on the global market. Kährs is affected by changes in raw material prices through the supply agreements it has entered into where prices are linked to the price of raw materials on the global market.

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.

IT and cyber security risks

The digital transformation of the global economy, and of Kährs in particular, leads to high risks. Kährs continuously prepares for cyber attacks by assessing its cyber security profile and taking measures when recommended to proactively manage its defences. Inadequate cyber security control has become an emerging risk that Kährs is monitoring and working with actively to reduce the likelihood and impact of this risk. IT failures, for example in key applications or hardware, can also have a significant impact on production, delivery, sales and other business-critical systems and functions. Kährs continuously invests in cyber security, such as improved technology and processes for scanning, monitoring and logging to identify intrusions and detect abnormal data traffic. The IT infrastructure is constantly monitored to safeguard operations and continuity.

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 performed 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, RON and CHF. In line with the decision made by the Board in June 2019, the Group's foreign currency flows are not hedged. For more details, see also note C17 Financial risk management.

Financing and interest risk

The Group has a strong financial position and partially finances its operations through borrowing. The arrangement consists of an RCF facility of SEK 550 million in Kährs Holding AB (publ) and a bond loan of SEK 1,450 million in Kährs BondCo AB (publ). No part of the RCF facility was utilized as per 31 December 2024. The Group's interest rate risk refers to non-current 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. For loans that have been taken out at a fixed rate, the Group is exposed to interest rate risks attributable to fair value.

The bond loan runs at a variable interest rate based on three-month STIBOR + 6.25 per cent and is set every three months. The interest rate on the bond loan as per 31 December 2024 was 8.963 per cent per annum (10.016). 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.

Corporate governance

In accordance with Chapter 6, section 6, second paragraph, points 2–6 and Chapter 7, section 31, second paragraph of the Swedish Annual Accounts Act, Kährs has chosen to prepare the statutory corporate governance report separately from the annual report. The work of the Board of Directors of Kährs BondCo AB (publ) is governed by the rules of procedure adopted annually at the constituent Board meeting. Two Board members form the Remuneration Committee and handle remuneration issues.

More information about the work of the Board and governance at Kährs is available in the corporate governance report in this annual report on pages 15–17.

Sustainability Report

Sustainability Statement – Kährs 2024

Kährs reports on its sustainability work in accordance with Chapter 6, sections 1–2 of the Swedish Annual Accounts Act under the following five points:

1. Environmental aspects

Kährs strives to reduce environmental impact throughout the entire value chain. We have reduced our carbon emissions (scopes 1 & 2) by 77 per cent since 2020 and 9 per cent (scope 3) during the year. All our production sites are powered by renewable energy as of 2024. We have launched a new product with 50–90 per cent recycled material.

2. Social aspects

We create an inclusive work environment and ensure ethical working conditions throughout the supply chain. During the year, training courses in ethics and sustainability were held for all employees. Of the highest management positions, 22 per cent are held by women. We monitor 80 per cent of our suppliers through our SRM system to ensure sustainability and ethical guidelines.

3. Economic aspects

Our sustainability strategy focuses on sustainable materials, circular economy and sustainable products. We offer floors with low climate impact and strive to meet the needs of customers in private, commercial and industrial sectors. Our double materiality assessment identifies risks and opportunities that we work with to support our long-term business strategy.

4. Corporate governance

We promote transparent and ethical corporate governance where sustainability is integrated into all decisions. During the year, we updated our internal guidelines and policies to ensure that all operations follow our values.

5. Future sustainability goals

Kährs has set ambitious goals to reduce its carbon footprint and increase the use of recycled materials. We aim to reduce emissions (scopes 1 & 2) by 100 per cent by 2030 and by 42 per cent for scope 3. We plan to certify 100 per cent of our suppliers in accordance with sustainability and ethical standards by 2026 and achieve 30 per cent of women in management positions by 2028.

Conclusion

Kährs is committed to integrating sustainability into all parts of its operations. Our strategy aims to reduce environmental impact, promote social responsibility and ensure financial stability. We view sustainability as an opportunity to create value for our shareholders, customers and society. For more information, read our full Sustainability Report at www.kahrsgroup.com.

EU Taxonomy

Kährs Group reporting in accordance with the EU taxonomy regulation

The purpose of the EU taxonomy regulation (EU 2020/852) is to facilitate the identification and comparison of environmentally sustainable investments through a common classification system. Large companies of general interest that are subject to the sustainability reporting requirements under the Non-Financial Reporting Directive must report how much of the business is covered. The taxonomy is based on activities which, according to the research, account for a large part of the climate-affecting emissions and which the EU believes play a decisive role in the transition to a low-carbon, resilient and resource-efficient economy.

Kährs Group's operations in the manufacture and sale of floors is not one of these, which means that only a limited part of the business is covered by the taxonomy. Even though Kährs Group's main business is not found among the taxonomy's activities, the Group is still considered to be able to contribute to the transition. Kährs Group has been carrying out extensive sustainability work for many years where sustainability is an integral part of the entire operations. Several of the Group's sustainability goals are in line with the UN's global development goals, even if they are not currently covered by the six environmental objectives that Kährs evaluated within the taxonomy. No part of Kährs Group's turnover is included among activities that are classified as direct income generating according to the taxonomy. However, the Group has an indirect influence on the economic activities mentioned in the taxonomy's first two delegating acts on climate change mitigation and adaptation. The Group's investments in tangible fixed assets as well as right-of-use assets and costs related to these are the parts that are to the greatest extent covered by the taxonomy.

Assessment of compliance with the Taxonomy Regulation

Transport by motorbikes, passenger cars and light commercial vehicles

Kährs is covered by economic activity 6.5 *Transport by motorbikes, passenger cars and light commercial vehicles* according to the environmental objective *Climate change mitigation regarding the purchase of taxonomy-related products and services*. More specifically, this refers to capital expenditure for leasing passenger and company cars. There is no information available to assess compatibility with the EU taxonomy and thus ensure that we meet the technical criteria.

Acquisition and ownership of buildings

Kährs is covered by economic activity 7.7 *Acquisition and ownership of buildings* according to the environmental objective *Climate change mitigation regarding the purchase of taxonomy-related products and services*. More specifically, this refers to capital expenditure for new and renegotiated leases of premises. There is no information available to assess compatibility with the EU taxonomy and thus ensure that we meet the technical criteria.

Accounting principles/Accounting policy

Within the framework of accounting in line with the EU taxonomy, turnover, capital expenditure and operating expenditure are defined as below. The definitions of capital expenditure and operating expenditure here differ from our ordinary financial reporting.

Turnover

The reporting of total turnover corresponds to net sales in the consolidated income statement and Notes C4 Segment reporting and C5 Revenue recognition.

Capital expenditure (CAPEX)

The reporting of total capital expenditure refers to additions to property, plant and equipment and intangible assets during the year before depreciation/amortisation, revaluations and impairments and excluding changes in fair value. Furthermore, additions to rights of use as well as property, plant and equipment and intangible assets arising from business combinations excluding goodwill are included. See Notes C15 Intangible assets, C16 Property, plant and equipment, owned, and C32 Property, plant and equipment, right of use.

Operating expenses (OPEX)

The reporting of operating expenses within the framework of the EU taxonomy includes the Group's direct costs relating to research and development, building renovations, short-term lease contracts and maintenance and repairs. According to the taxonomy, covered operating expenses must correspond to direct costs for daily

maintenance that may not be capitalised and may be or may become environmentally sustainable. More specifically, this refers to, among other things, building renovation, short-term lease contracts and maintenance and repair. Kährs is not covered by any operating expenses.

Kährs Group’s activities that are covered by the Taxonomy Regulation, and that may be or may become environmentally sustainable, are reported here:

Turnover

Räkenskapsåret 2024		År		Kriterier för väsentligt bidrag							Kriterier avseende att inte orsaka betydande skada (DNSH)								
Ekonomiska verksamheter (1)	Kod (2)	Omsättning (3)	Andel av omsättning, år 2024 (4)	Begränsning av klimatförändringar (5)	Anpassning till klimatförändringar (6)	Vatten och marina resurser (7)	Cirkulär ekonomi (8)	Föröreningar (9)	Biologisk mångfald och ekosystem (10)	Begränsning av klimatförändringar (11)	Anpassning till klimatförändringar (12)	Vatten och marina resurser (13)	Cirkulär ekonomi (14)	Föröreningar (15)	Biologisk mångfald och ekosystem (16)	Minimiskyddsåtgärder (17)	Taxonomiförenlig andel av omsättningen, år 2023 (18)	Kategori möjliggörande verksamhet (19)	Kategori omställningsverksamhet (20)
	Mkr	%		J/N N/EL	J/N N/EL	J/N N/EL	J/N N/EL	J/N N/EL	J/N N/EL	J/N N/EL	J/N N/EL	J/N N/EL	J/N N/EL	J/N N/EL	J/N N/EL	J/N N/EL	%	E	T
A. VERKSAMHETER SOM OMFATTAS AV TAXONOMIN																			
A.1 Miljömässigt hållbara (taxonomiförenliga) verksamheter																			
De miljömässigt hållbara (taxonomiförenliga) verksamheternas omsättning (A.1)																			
Varav möjliggörande verksamheter		-	0%	0%	0%	0%	0%	0%	0%	-	-	-	-	-	-	-	-		
Varav omställningsverksamheter		-	0%	0%	0%	0%	0%	0%	0%	-	-	-	-	-	-	-	-	E	
A.2 Verksamheter som omfattas av taxonomin men som inte är miljömässigt hållbara (ej taxonomiförenliga)																			
				EL: N/EL	EL: N/EL	EL: N/EL	EL: N/EL	EL: N/EL	EL: N/EL										
Omsättning hos de verksamheter som omfattas av taxonomin men som inte är miljömässigt hållbara (ej taxonomiförenliga) (A.2)		-	0%	0%	0%	0%	0%	0%	0%								-		
Totalt (A.1 + A.2)		-	0%	0%	0%	0%	0%	0%	0%								-		
B. VERKSAMHETER SOM INTE OMFATTAS AV TAXONOMIN																			
Omsättningen hos verksamheter som inte omfattas av taxonomin (B)		2 391	100%																
Totalt (A + B)		2 391	100%																

J = Verksamheten omfattas av och är förenlig med taxonomin för det relevanta miljömålet
N = Verksamheten omfattas av men är inte förenlig med taxonomin för det relevanta miljömålet
N/EL = Omfattas ej, verksamheten omfattas inte av taxonomin och är inte förenlig med det relevanta målet
EL = Verksamhet som omfattas av taxonomin för det relevanta målet
T = Omställningsverksamheter
E = Möjliggörande
CCM = Begränsning av klimatförändringar
CCA = Anpassning till klimatförändringar
WTR = Hållbar användning och skydd av vatten och marina resurser
CE = Övergång till en cirkulär ekonomi
PPC = Förebyggande och kontroll av föroreningar
BIO = Skydd och återställande av biologisk mångfald och ekosyste

Fördelning av andel av omsättningen/total omsättning

	Andel taxonomiförenligt per mål	Andel som omfattas av taxonomin per mål
CCM	0,0%	0,0%
CCA	0,0%	0,0%
WTR	0,0%	0,0%
CE	0,0%	0,0%
PPC	0,0%	0,0%
BIO	0,0%	0,0%

Capital expenditure (CAPEX)

Räkenskapsåret 2024

År

Kriterier för väsentligt bidrag

Kriterier avseende att inte orsaka betydande skada (DNSH)

Ekonomiska verksamheter (1)

Kod (2)

Kapital-utgifter (3)

Andel av kapital-utgifter, år 2024 (4)

Begränsning av klimatförändringar (5)

Anpassning till klimatförändringar (6)

Vatten och marina resurser (7)

Cirkulär ekonomi (8)

Föroreningar (9)

Biologisk mångfald och ekosystem (10)

Begränsning av klimatförändringar (11)

Anpassning till klimatförändringar (12)

Vatten och marina resurser (13)

Cirkulär ekonomi (14)

Föroreningar (15)

Biologisk mångfald och ekosystem (16)

Minimi-skydds-åtgärder (17)

Taxonomi-förenlig andel av kapitalutgifter, år 2023 (18)

Kategori möjliggörande verksamhet (19)

Kategori omställningsv ersksamhet (20)

Mkr

%

J/N

N/EL

J/N

N/EL

J/N

N/EL

J/N

N/EL

J/N

N/EL

J/N

N/EL

J/N

N/EL

%

E

T

A. VERKSAMHETER SOM OMFATTAS AV TAXONOMIN

A.1 Miljömässigt hållbara (taxonomiförenliga) verksamheter

Kapitalutgifter för de miljömässigt hållbara (taxonomiförenliga) verksamheterna (A.1)

Varav möjliggörande verksamheter

Varav omställningsverksamheter

A.2 Verksamheter som omfattas av taxonomin men som inte är miljömässigt hållbara (ej taxonomiförenliga)

Transport med motorcyklar, personbilar och lätta motorfordon

Förvärv och ägande av byggnader

Kapitalutgifter för verksamheter som omfattas av taxonomin men som inte är miljömässigt hållbara (ej taxonomiförenliga) (A.2)

Totalt (A.1 + A.2)

B. VERKSAMHETER SOM INTE OMFATTAS AV TAXONOMIN

Kapitalutgifter hos verksamheter som inte omfattas av taxonomin (B)

Totalt (A + B)

J = Verksamheten omfattas av och är förenlig med taxonomin för det relevanta miljömålet

N = Verksamheten omfattas av men är inte förenlig med taxonomin för det relevanta miljömålet

N/EL = Omfattas ej, verksamheten omfattas inte av taxonomin och är inte förenlig med det relevanta målet

EL = Verksamhet som omfattas av taxonomin för det relevanta målet

T = Omställningsverksamheter

E = Möjliggörande

CCM = Begränsning av klimatförändringar

CCA = Anpassning till klimatförändringar

WTR = Hållbar användning och skydd av vatten och marina resurser

CE = Övergång till en cirkulär ekonomi

PPC = Förebyggande och kontroll av föroreningar

BIO = Skydd och återställande av biologisk mångfald och ekosyste

Fördelning av andel av kapitalutgifter/totala kapitalutgifter

Andel taxonomi-förenligt per mål

Andel som omfattas-av taxonomin per mål

CCM

0,0%

54,4%

CCA

0,0%

0,0%

WTR

0,0%

0,0%

CE

0,0%

0,0%

PPC

0,0%

0,0%

BIO

0,0%

0,0%

Operating expenses (OPEX)

Räkenskapsåret 2024	År		Kriterier för väsentligt bidrag							Kriterier avseende att inte orsaka betydande skada (DNSH)							Minimi- skydds- åtgärder (17)	Taxonomi- förenlig andel av driftsutgifter, år 2023 (18)	Kategori möjliggörande verksamhet (19)	Kategori omställningsv erksamhet (20)		
	Kod (2)	Drifts- utgifter (3)	Andel av driftsutgifter, år 2024 (4)	Begränsning av klimat- förändringar (5)	Anpassning till klimat- förändringar (6)	Vatten och marina resurser (7)	Cirkulär ekonomi (8)	Föröre- ningar (9)	Biologisk mångfald och ekosystem (10)	Begränsning av klimat- förändringar (11)	Anpassning till klimat- förändringa r (12)	Vatten och marina resurser (13)	Cirkulär ekonomi (14)	Föröre- ningar (15)	Biologisk mångfald och ekosystem (16)							
																Mkr					%	J/N N/EL
A. VERKSAMHETER SOM OMFATTAS AV TAXONOMIN																						
A.1 Miljömässigt hållbara (taxonomiförenliga) verksamheter																						
Driftsutgifter för de miljömässigt hållbara (taxonomiförenliga) verksamheterna (A.1)																						
Varav möjliggörande verksamheter																						
Varav omställningsverksamheter																						
A.2 Verksamheter som omfattas av taxonomin men som inte är miljömässigt hållbara (ej taxonomiförenliga)																						
Driftsutgifter för verksamheter som omfattas av taxonomin men som inte är miljömässigt hållbara (ej taxonomiförenliga) (A.2)																						
Totalt (A.1 + A.2)																						
B. VERKSAMHETER SOM INTE OMFATTAS AV TAXONOMIN																						
Driftsutgifter hos verksamheter som inte omfattas av taxonomin (B)																						
Totalt (A + B)																						

J = Verksamheten omfattas av och är förenlig med taxonomin för det relevanta miljömålet
N = Verksamheten omfattas av men är inte förenlig med taxonomin för det relevanta miljömålet
N/EL = Omfattas ej, verksamheten omfattas inte av taxonomin och är inte förenlig med det relevanta målet
EL = Verksamhet som omfattas av taxonomin för det relevanta målet
T = Omställningsverksamheter
E = Möjliggörande
CCM = Begränsning av klimatförändringar
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CE = Övergång till en cirkulär ekonomi
PPC = Förebyggande och kontroll av föroreningar
BIO = Skydd och återställande av biologisk mångfald och ekosyste

Fördelning av andel av driftsutgifter/totala driftsutgifter		
	Andel taxonomi-förenligt per mål	Andel som omfattas- av taxonomin per mål
CCM	0,0%	0,0%
CCA	0,0%	0,0%
WTR	0,0%	0,0%
CE	0,0%	0,0%
PPC	0,0%	0,0%
BIO	0,0%	0,0%

Nuclear energy and fossil gas-related activities

Within the EU taxonomy, companies must also make clear their involvement in nuclear energy and fossil gas-related activities. Kährs has no such operations.

Activities linked to nuclear power and fossil gas

Rad	Kärnenergirelaterade verksamheter	
1.	Företaget utför, finansierar eller är exponerat mot forskning, utveckling, demonstration och utbyggnad av innovativa elproduktions- anläggningar som producerar energi från kärnenergiprocesser med minimalt avfall från bränslecykeln.	Nej
2.	Företaget utför, finansierar eller är exponerat mot uppförande och säker drift av nya kärntekniska anläggningar för produktion av el eller processvärme, inbegripet för fjärrvärme eller industriella processer, såsom vätgasproduktion, samt för säkerhetsupp- graderingar av dessa, med hjälp av bästa tillgängliga teknik.	Nej
3.	Företaget utför, finansierar eller är exponerat mot säker drift av befintliga kärntekniska anläggningar som producerar el eller processvärme, inbegripet för fjärrvärme eller industriella processer, såsom vätgasproduktion från kärnenergi, samt säkerhetsupp- graderingar av dessa.	Nej
Fossilgasrelaterade verksamheter		
4.	Företaget utför, finansierar eller är exponerat mot uppförande eller drift av elproduktionsanläggningar som producerar el med hjälp av fossila gasformiga bränslen.	Nej
5.	Företaget utför, finansierar eller är exponerat mot uppförande, renovering och drift av anläggningar för kombinerad produktion av värme/kyla och el med hjälp av fossila gasformiga bränslen.	Nej
6.	Företaget utför, finansierar eller är exponerat mot uppförande, renovering och drift av värmeproduktionsanläggningar som producerar värme/kyla med hjälp av fossila gasformiga bränslen.	Nej

Corporate Governance Report

Corporate governance comprises the decision-making systems that the owners use to govern the company, both indirectly and directly. This report describes the corporate governance at Kähns BondCo AB (publ) for the 2024 financial year.

Articles of Association

The name of the company is Kähns BondCo AB (publ). The Board of Directors has its registered office in Nybro. The company is a holding company and its operations comprise buying, selling, owning and holding shares, bonds and other securities and to run other activities that are compatible with this.

Corporate governance principles

The Corporate Governance Report has been produced in accordance with the rules set out in the Swedish Annual Accounts Act (1995:1554). Kähns is not subject to the Swedish Corporate Governance Code.

The most important governance documents for the company include:

- Kähns' Articles of Association
- The Board's rules of procedure, including instructions for the CEO
- Instructions for the Audit Committee
- Instructions for the Owners' Committee
- Kähns' Strategy Plan
- Kähns' Finance Policy
- Kähns' Communication Policy
- Kähns' Finance Manual

General meeting

The general meeting is the highest decision-making body of the company. At a general meeting the shareholders are given the opportunity to exert their influence over the company based on their number of shares.

The Annual General Meeting and Extraordinary General Meetings

The ordinary Annual General Meeting (AGM) of Kähns BondCo AB (publ) held on 16 May 2024 resolved to adopt the Board's proposed profit distribution. The AGM also resolved to re-elect Anders Wassberg, Jan Johansson, Lisa Gøttler, Mats Therman Christoffer Marköö and Jonas Köhlin and to re-elect Anders Wassberg as the chair of the Board of Directors. The AGM also resolved that no fees should be paid to the members of the Board.

At the Extraordinary General Meeting of Kähns BondCo AB (publ) on December 12, 2024, the Meeting resolved to dismiss Jan Johansson and Lisa Gøttler. They will not be replaced.

The ordinary AGM of Kähns Holding AB (publ) on 16 May 2024 resolved to adopt the Board's proposed profit distribution. The AGM also resolved to re-elect Anders Wassberg, Jan Johansson, Lisa Gøttler, Mats Therman, Christoffer Marköö and Jonas Köhlin and to re-elect Anders Wassberg as the chair of the Board of Directors. The AGM also passed a resolution that an annual fee of SEK 300,000 would be paid to each member of the Board of Directors and that SEK 600,000 would be paid to the Chairman of the Board. A resolution was also passed to pay a fee of SEK 20,000 to each of the ordinary employee representatives. No fees will be paid to the members of the Audit Committee or the Remuneration Committee.

At the Extraordinary General Meeting of Kähns Holding AB (publ) on 12 December 2024, the Meeting resolved to dismiss Jan Johansson and Lisa Gøttler. They will not be replaced.

Board of Directors

The mission of the Board is to contribute to sound business development and control of the Group's operations. One of the most important duties of the Board of Kähns is to ensure long-term strategy, governance, monitoring and control of the Group's operations in order to create value for shareholders, customers and other stakeholders. The Board is also responsible for ensuring that laws and regulations are adequately enforced and applied throughout the company's operations. The Board appoints the CEO, who is also the President of the Group.

The Board comprises a minimum of three and a maximum of seven members, and a maximum of three deputies. Members and deputies are elected annually at the Annual General Meeting for the period until the next Annual General Meeting.

During the 2024 financial year, Kährs BondCo AB's Board of Directors held six minuted Board meetings. Anders Wassberg, Mats Therman, Christoffer Marköö and Jonas Köhlin participated in all six Board meetings. Jan Johansson and Lisa Gøttler participated in five Board meetings.

During the 2024 financial year, Kährs Holding AB's Board of Directors held six minuted Board meetings. Anders Wassberg, Christoffer Marköö and Mats Therman participated in all six Board meetings. Jan Johansson, Lisa Gøttler and Jonas Köhlin participated in five Board meetings. The employee representatives, Ola Sjövíll and Jakob Jakobsson, attended all six Board meetings during the financial year.

The Board of Directors of Kährs has adopted rules of procedure for its operations that specify how the work is divided between the Board of Directors, its committees and the CEO. The rules of procedure are established by the Board, and the current rules of procedure, including the instructions for the CEO, were adopted on 28 June 2024. A fee is payable to the Chair of the Board and the ordinary Board members in accordance with a resolution by the AGM. No other remuneration is payable to the Board of Directors, except what has been resolved by the AGM. The total Board fees that were paid for the year amounted to a total of SEK 2.4 million (2.4). As at 31 December 2024, SEK 2.4 million has been reserved for Board fees in accordance with the resolution passed by the AGM of Kährs Holding on fees for 2024. Fees are scheduled for payment after the 2025 AGM.

Audit Committee

The Board of Kährs has appointed an Audit Committee whose main task is to collaborate with the executive management team to ensure the quality of the financial reporting. The Audit Committee regularly monitors and evaluates the work of the auditors on behalf of the Board and also prepares proposals for the auditors, the company's accounting, external audits, financial information and internal control. The work of the committee is continually presented at the subsequent Board meeting of the company. Kährs' Audit Committee consists of the committee chair Christoffer Marköö and committee member Mats Therman.

Remuneration Committee

Kährs' Remuneration Committee consists of the committee chair Anders Wassberg and committee member Christoffer Marköö and examines the remuneration for the senior executives. The remuneration for the CEO and other senior executives will be market-based and comprise a fixed and a variable component as well as any benefits and pensions. The decisions on the fixed and variable remuneration for all senior executives are made using the 'grandfather principle'.

Direct or indirect shareholdings

As at 31 December 2024, Saltri II Luxco Sarl in Luxembourg was the sole owner of all shares in Kährs BondCo AB (publ). Saltri II Luxco Sarl is owned by Triton Partners through Triton III Continuation GP Sarl (66 per cent), Hartwall (16 per cent) and senior executives in the Kährs Group (18 per cent).

Kährs' Articles of Association do not have any limits on the number of votes or the number of shareholders who may vote at a general meeting.

Election of the Board or changes to the Articles of Association

Kährs' Articles of Association do not contain any special provisions for the appointment and dismissal of Board members or amendments to the Articles of Association.

Internal control

Under the Swedish Companies Act, the Board is responsible for internal control. The CEO and Group management team govern the work to develop reliable financial statements for external publication efficiently. The cornerstones of Kährs' system of internal control are the control environment, risk assessments, control activities, information and communication, and follow-up.

- Control environment

The internal control at Kährs is based on the decisions about the organisation, authorisations and guidelines made by the Board. This internal control reflects documented policies, guidelines, process descriptions, allocation of responsibilities and tasks, as well as the Board's rules of procedure, instructions for the CEO, authorisation instructions, the Finance Policy and instructions for financial reporting. Integrating the monthly reporting of the financial and operational activities provides a solid foundation for the external financial reporting. The central finance department is responsible for continually updating the accounting and reporting instructions by taking into account new external and internal requirements that are set out in Kährs' Finance Manual.

- Risk assessments and control activities

Risk management and risk assessments form an integral part of the business governance and decision-making processes. The risk areas identified in financial reporting are managed and controlled in the day-to-day activities by Kährs' controller organisation. The controller organisation, as well as its financial responsibility, follows the organisational and responsibility structure in the company. This is reported clearly and regularly to the senior managers to ensure a solid understanding of how the business is reflected in the figures. The Board also ensures the quality of financial reporting by processing the company's financial reporting every month in meetings that are held directly with the company's CEO and CFO. The Audit Committee prepares interim reports, manages crucial valuation and accounting matters, and analyses and decides on risks associated with the financial reporting.

- Information and communication

In order to inform, instruct and coordinate financial reporting, Kährs Group has formal internal information and communication channels to the relevant staff with respect to policies, guidelines, reporting manuals and other instructions. The Group's intranet is used to communicate with the relevant employees. These formal channels are supplemented by frequent dialogue between the central finance department and the people in charge of the operational units. Established routines are also in place for the external communication of financial information based on the applicable regulations. In terms of the requirements for external communication, Kährs Group follows the guidelines in order to ensure an efficient and accurate flow of information. The company's guidelines reflect Swedish legislation.

- Follow-up

The Group's performance compared to the budgets and forecasts is continually monitored at many levels within the company, both at a local level and a Group level. The company is governed and reported by operating profit for the Group, which consists of one operating segment. Total assets/liabilities per segment are not reported. There is a monthly debriefing with the CEO, the executive management team and the Board.

With the organisation and the working methods described above, the company believes that the internal control systems for financial reporting are appropriate in relation to the company's operations.

Consolidated income statement

SEK thousand	Note	2024	2023
Net sales	C4, C5, C31	2,391,251	2,897,070
Cost of goods sold	C7, C8, C13	-1,953,979	-2,239,225
Gross profit/loss		437,272	657,845
Selling and distribution expenses	C7, C8, C13	-339,734	-343,784
Administration expenses	C7, C8, C9, C13	-147,899	-143,090
Other operating income	C10, C13	10,789	21,583
Other operating expenses	C11, C13	-14,826	-10,081
Operating profit/loss	C31	-54,398	182,473
Financial income	C12	10,950	20,822
Financial expenses	C12	-220,669	-162,916
Profit/loss before tax		-264,117	40,379
Income tax	C14	11,456	-10,320
Profit/loss for the year		-252,661	30,059
Profit/loss for the year attributable to:			
Parent company's shareholders		-252,740	29,324
Non-controlling interests		79	735
Total		-252,661	30,059
Earnings per share before and after dilution, SEK	C26	-505	59

Consolidated Statement of Comprehensive Income

SEK thousand	Note	2024	2023
Profit/loss for the year		-252,661	30,059
Other comprehensive income			
Items that may be reclassified to the income statement:			
Translation differences	C26	24,668	-52,577
Reclassification of currency translation reserve		6,918	-
Items that cannot be reclassified in the income statement:			
Actuarial gains and losses for pensions	C27	23	34
Total		31,609	-52,543
Comprehensive income for the year		-221,052	-22,484
Comprehensive income for the year attributable to:			
Parent company's shareholders		-221,357	-23,480
Non-controlling interests		305	996
Total comprehensive income		-221,052	-22,484

Consolidated Statement of Financial Position

SEK thousand	Note	31/12/2024	31/12/2023
ASSETS			
Non-current assets			
Intangible assets	C15	144,475	161,847
Property, plant and equipment, owned	C16, C31	446,298	525,578
Property, plant and equipment, right-of-use	C31, C32	71,826	86,020
Other financial assets	C17, C18	40,130	27,495
Deferred tax assets	C14	58,896	39,447
Total non-current assets		761,625	840,387
Current assets			
Inventories	C23, C31	717,150	890,304
Accounts receivable	C18, C20, C31	212,600	252,329
Other current assets	C21, C31	48,029	67,799
Cash and cash equivalents	C22, C31	193,597	224,294
Total current assets		1,171,376	1,434,726
TOTAL ASSETS		1,933,001	2,275,113

Consolidated Statement of Financial Position

SEK thousand	Note	31/12/2024	31/12/2023
EQUITY AND LIABILITIES			
Equity			
Share capital	C26	500	500
Reserves	C26	-54,343	-85,703
Retained earnings, including profit for the year		-76,031	176,686
Total		-129,874	91,483
Non-controlling interests		4,534	4,229
Total equity		-125,340	95,712
Non-current liabilities			
Interest-bearing liabilities	C17, C25, C31	1,469,572	1,485,166
Provisions for pensions	C27	678	688
Other provisions	C28	3,163	3,093
Deferred tax liabilities	C14	79,734	81,709
Total non-current liabilities		1,553,147	1,570,656
Current liabilities			
Interest-bearing liabilities	C17, C25, C31	35,673	44,664
Other provisions	C28	30,419	28,536
Trade payables	C24, C31	141,279	163,232
Current tax liabilities		8,897	40,656
Derivatives	C19	2,347	5,914
Other current liabilities	C24, C31	286,579	325,743
Total current liabilities		505,194	608,745
TOTAL EQUITY AND LIABILITIES		1,933,001	2,275,113

Consolidated Statement of Changes in Equity

SEK thousand	Share capital	Reserves ¹⁾	Retained earnings	Total	Non-controlling interests	Total equity
As at 1 January 2024	500	-85,703	176,686	91,483	4,229	95,712
Profit for the period	-	-	-252,740	-252,740	79	-252,661
Other comprehensive income	-	31,360	23	31,383	226	31,609
Total comprehensive income	0	31,360	-252,717	-221,357	305	-221,052
Transactions with shareholders:						
Dividend	-	-	-	-	-	-
As at 31 December 2024	500	-54,343	-76,031	-129,874	4,534	-125,340

¹⁾ Specification of reserves can be found in Note C26 Equity

SEK thousand	Share capital	Reserves ¹⁾	Retained earnings	Total	Non-controlling interests	Total equity
As at 1 January 2023	500	-32,865	259,328	226,963	3,233	230,196
Profit for the period	-	-	29,324	29,324	735	30,059
Other comprehensive income	-	-52,838	34	-52,804	261	-52,543
Total comprehensive income	-	-52,838	29,358	-23,480	996	-22,484
Transactions with shareholders:						
Bonus issue	500	-	-500	-	-	-
Cancellation of treasury shares	-500	-	500	-	-	-
Repurchase of own shares	-	-	-112,000	-112,000	-	-112,000
As at 1 January 2023	500	-85,703	176,686	91,483	4,229	95,712

¹⁾ Specification of reserves can be found in Note C26 Equity

Consolidated Statement of Cash Flows

SEK thousand	Note	2024	2023
Operating activities			
Profit/loss before tax		-264,117	40,379
Adjustment for non-cash items	C29	383,552	330,996
Cash flow before interest and tax		119,435	371,375
Interest received		10,950	7,005
Interest paid		-145,660	-146,142
Tax paid		-37,918	-21,078
Cash flow from operating activities before changes in working capital		-53,193	211,160
Change in working capital			
Change in inventories		179,182	71,082
Change in operating receivables		64,628	224,732
Change in operating liabilities		-100,863	-399,787
Cash flow from operating activities		89,754	107,187
Investing activities			
Divestment of operations	C31	30,093	-
Acquisition of property, plant and equipment	C16, C31	-36,731	-61,948
Acquisition of financial assets	C16, C18	-10,547	-
Divestment of non-current assets	C15, C16	6,370	-
Cash flow from investing activities		-10,815	-61,948
Financing activities			
Dividend		-	-112,000
Loans raised	C25	1,525,000	50,000
Repayment of loans raised	C25	-1,525,000	-50,000
Payment of costs when refinancing		-62,634	-
Payment of lease liabilities	C25, C31	-49,972	-55,529
Cash flow from financing activities		-112,606	-167,529
Cash flow for the year		-33,667	-122,290
Cash and cash equivalents, opening balance	C22	224,294	356,224
Exchange rate differences in cash and cash equivalents	C22	2,970	-9,640
Cash and cash equivalents, closing balance		193,597	224,294

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Kährs BondCo AB (publ), 559339-3621, Dunderbergsgatan 10 382 28 Nybro, Sweden. The Board's registered office is in Nybro, Sweden.

Note C1 Information about the business

The parent company Kährs BondCo AB (publ), CIN 559339-3621, is a Swedish public limited company with its registered office in Nybro, Sweden. The annual report and consolidated financial statements have been approved for publication by the Board of Directors on 16 April 2025. The annual report and consolidated financial statements will be presented for adoption at the Annual General Meeting on 15 May 2025.

Kährs BondCo AB (publ) is a leading manufacturer and distributor of flooring. Its ambition is to exceed the customer's expectations for their flooring experience. Kährs' innovations have shaped the industry throughout history, and the company offers flooring solutions for all rooms, environments and needs. Kährs delivers sustainable flooring solutions to approximately 70 countries, is the market leader in wooden flooring in Sweden and Finland, and holds a strong position in other main markets such as Norway, the United Kingdom, the USA, Germany and Switzerland. The Group has approximately 818 employees and an annual turnover of SEK 2.4 billion. The Group has production facilities in Sweden, Finland, Romania and Poland. www.kahrsgroup.com

Note C2 Basis for preparation and summary of significant accounting policies

General

Kährs Holding AB (publ)'s consolidated financial systems have been prepared in accordance with the International Financial Reporting Standards (IFRS) and, given the nature of Kährs Holding AB (publ)'s transactions, in accordance with the IFRS rules as adopted by the European Union (EU).

In addition, the Swedish Financial Reporting Board has issued RFR 1, Supplementary Accounting Rules for Groups, and other statements that only apply to Sweden. This standard must be applied to Swedish Groups that are listed on a Swedish stock exchange or another authorised marketplace for shares at the end of the reporting period and sets out supplementary rules and disclosures in addition to the IFRS requirements, which have resulted from provisions in the Swedish Annual Accounts Act. The Kährs BondCo Group and the parent company were formed in 2021. Since it was formed on 31 August 2021, the Group has applied IFRS. Since it was formed on 8 October 2021, the parent company has applied RFR 2 Accounting for legal entities.

Functional currency and reporting currency

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

Transactions and balance sheet items in a foreign currency

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

Net investment in a foreign operation

Monetary non-current receivables or monetary non-current liabilities to a foreign operation for which settlement is not planned or likely will not occur in the foreseeable future are in practice part of the company's net investment in the foreign operation. An exchange rate difference that arises on the monetary non-current receivable or liability is reported in other comprehensive income and accumulated in a separate item in equity called the translation reserve. When selling a foreign operation, the accumulated exchange rate differences attributable to monetary non-current receivables or monetary non-current liabilities are included in the accumulated translation differences that are reclassified from the translation reserve in equity to profit/loss for the year.

Basis of accounting

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

Basis of consolidation

The consolidated financial statements comprise the financial reporting for the Group and its subsidiaries as at 31 December 2024.

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

Subsidiaries

Subsidiaries are companies over which the parent company exercises a controlling influence. A controlling influence exists if Kährs BondCo AB has influence over the investment object, is exposed to or entitled to a variable return from its involvement, and can use its influence over the investment to influence the return. When assessing whether a controlling influence exists, potential voting shares and whether de facto control exists are taken into account. Divested companies are included in the consolidated financial statements until the Group loses control or a controlling influence over them.

Translation of foreign subsidiaries

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

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

Non-controlling interests

The share of the subsidiaries' earnings from non-controlling interests is recognised in the income statement, where the net profit is distributed between the parent company's shareholders and non-controlling interests. Non-controlling interests are recognised in a separate item under consolidated equity. Acquisitions from non-controlling interests are recognised as an equity transaction, i.e., between the parent company's owners and non-controlling interests. Therefore, goodwill does not arise in these transactions. Profit from sales to non-controlling interests are also recognised in equity.

Gross accounting

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

Classification of assets and liabilities

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

New or amended accounting standards applicable in 2024

The following amended accounting standards were applicable from 1 January 2024: IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current; IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures about Supplier Financing; and IFRS 16 Leases: Recognition of Lease

Liability in a Sale and Leaseback Transaction. The amended accounting standards have had no material impact on Kährs' financial statements.

New or amended accounting standards applicable in 2025 or later

The following amended accounting standard shall be applied from 1 January 2025 (adopted by the EU on 12 November 2024): IAS 21 The Effects of Changes in Exchange Rates regarding the addition of the lack of the ability to exchange one currency for another.

The following amendments to accounting standards, applicable from 1 January 2026, and new standards, from 1 January 2027, have been published but not yet adopted by the EU: IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures; IFRS 18 Presentation and Disclosure in Financial Statements; IFRS 19 Subsidiaries without Public Accountability: Disclosures. The standard amendments and new standards mentioned above are not expected to have a material impact on Kährs' financial statements in the current or future reporting periods or transactions in the foreseeable future. However, IFRS 18 is expected to affect the presentation of the financial statements and the final impact for Kährs is under evaluation. The general effects are described below.

IFRS 18 Presentation and Disclosures in Financial Statements

IFRS 18 replaces IAS 1 Presentation of Financial Statements and introduces new requirements for the presentation and disclosure of financial statements. The new standard will not affect the recognition or measurement of items in the financial statements, but it is expected to have a noticeable impact on the presentation and disclosures of the reports, such as the presentation of the income statement and performance measures defined by management. An evaluation is underway of the detailed impact that the new standard will have on the consolidated financial statements. Based on a general preliminary assessment, the following potential impacts have been identified:

The application of IFRS 18 will not affect the Group's net profit, but the grouping of income and expenses into new categories in the income statement is expected to affect the calculation and reporting of operating profit. The following items could potentially impact operating profit when applying IFRS 18:

- Exchange rate differences currently included in operating profit may need to be split, with some exchange rate effects presented below operating profit.

- According to IFRS 18, profit/loss from derivative instruments should be reported in the same category as the income/expense affected by the risk that the derivative is intended to manage. Although some gains/losses are already recognized within operating profit and others within financial income/expenses, the application of the new standard may result in a change in where these gains/losses are recognized.

The items presented in the accounts may change with the application of the concept of "useful structured summary" and new principles for aggregation/disaggregation.

No significant changes are expected in the information currently provided in the notes as the requirement to provide material information remains unchanged. However, the grouping of information can change based on the principles of aggregation/division. New disclosures will be required for performance measures defined by management, for specification of certain types of costs based on the nature of the costs for items in the functional income statement, and, for the first financial year in which IFRS 18 is applied, for a reconciliation for each line in the income statement between the restated amounts under IFRS 18 and the amounts previously presented under IAS 1.

Interest received and paid is currently included in cash flow from operating activities. Under IFRS 18, interest received will be included in cash flow from investing activities and interest paid will be included in cash flow from financing activities.

The Group will begin applying the new standard on January 1, 2027, which is the mandatory effective date. IFRS 18 requires retrospective application, meaning that comparative information for the financial year ending December 31, 2026, will be restated.

Related party transactions

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

Operating segment reporting

The Group's chief operating decision-makers monitor the results of the operations at a consolidated level without division into segments or business lines. As a basis for decisions, top executives use the company's aggregated operating profit. The Kährs BondCo Group thus consists of a single segment. For financial information about the segment, reference is therefore made to the consolidated income statement, reports on comprehensive income and financial position, cash flow, Notes C5 Revenue recognition, C15 Intangible assets, C16 Property, plant and equipment, owned, and C32 Property, plant and equipment, right of use regarding investments and depreciation/amortisation and Note C29 Reconciliation of profit before tax and net cash flow regarding cash flow effects.

Cash and cash equivalents

Cash and cash equivalents include cash and bank balances as well as current financial investments with maturities of three months or less from the date of acquisition that are exposed to an insignificant risk of value fluctuations.

Intangible assets

Goodwill

The amount by which the transferred consideration, any non-controlling interests, and the fair value on the date of acquisition of previous shareholdings exceeds the fair value of the consolidated share of identifiable acquired net assets is reported as goodwill. Goodwill on the acquisition of subsidiaries is reported as intangible assets. Goodwill is reported as an intangible fixed asset with an indefinite useful life. For non-amortisable assets such as goodwill, any need for impairment is assessed either annually or following an indication that it may be impaired. Goodwill is allocated and assessed at the level of cash-generating units, which are identified as the Kährs BondCo Group as a single operating segment. If the carrying amount of the assessed cash-generating unit exceeds the estimated recoverable amount, the difference is reported as an impairment. The recoverable amount of the cash-generating unit is determined by the value in use, which is based on a discounted cash flow model with a forecast period of five years. The valuation is based on a financial business plan that is part of the Group's business plan and represents the company management's best assessment of the business's development.

IT Software

Acquired software licenses and development expenses are capitalised on the basis of the costs incurred for their acquisition and implementation. The expense is amortised over the useful life according to the straight-line method.

Other intangible assets

Trademarks, customer relationships and customer contracts are included in the category other intangible assets. Trademarks are reported as an intangible fixed asset with an indefinite useful life. For non-amortisable assets such as trademarks, any need for impairment is assessed either annually or following an indication that it may be impaired. Customer relations, customer contracts and IT software are recognised at cost less amortisation and reduction in value. The amortisation of intangible assets is carried out linearly over the estimated useful life of the asset. Expected useful lives are reviewed annually and adjusted if necessary. When establishing the amortisable amount, the residual value of the asset is taken into consideration if there is evidence of a residual value.

Development expenses are recognised as an intangible asset if the company intends, and has the necessary technical and financial resources, to complete the product or application for use or sale, and the planning and resources are in place to market the product. If they are to be recognised as development expenses, they must

result in future economic benefits and the development expenses must be able to be measured in a reliable way. Development expenses that do not meet these criteria are recorded as expenses. The amortisation of capitalised development expenses starts at a time when the asset begins to be used for the purpose intended by the executive management team. The estimated useful lives are reviewed at each year-end and adjusted where necessary. For more information, see Note C15 Intangible assets.

The following depreciation/amortisation periods apply:

	Period
Goodwill	Not depreciable/amortisable
Trademarks	Not depreciable/amortisable
Customer relationships	8 years
Customer contracts	1 year
IT Software	3–5 years

Property, plant and equipment

Cost

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

Impairment of fixed assets

When there are indications that property, plant and equipment has fallen in value, the recoverable amount is measured. If the carrying amount exceeds the recoverable amount, the asset is written down to the recoverable amount. Previously recognised impairment losses are reversed when the recoverable value is calculated to be higher than the carrying amount. This reversal may not exceed the amount that was previously written down.

Divestments

Property, plant and equipment are derecognised from the balance sheet on divestment or when no future economic benefits are expected from their use. The gain or loss is measured as the difference between the sales price and the carrying amount. The gain or loss is recognised under other operating expenses or other operating income for the financial year during which the asset is divested.

Depreciation/amortisation

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

The following depreciation/amortisation periods apply:

	Period
Buildings	8–50 years
Improvement of rented property	15 years
Land improvements	20 years
Machinery and other technical equipment	3–15 years
Equipment, tools and installations	3–15 years

Financial assets

Classification and subsequent measurement

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

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

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

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

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

Impairment of financial assets

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

Derecognition - A financial asset, or part thereof, is derecognized from the balance sheet when the contractual rights to receive cash flows from the asset expire or have been transferred and the Group either (i) transfers substantially all the risks and rewards of ownership or (ii) neither transfers nor retains substantially all the risks and rewards of ownership and does not retain control of the asset.

The impairment that would come into question for cash and cash equivalents and other financial assets that are within the scope of expected credit losses have not been deemed to be material.

Financial liabilities

Classification and subsequent measurement

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

Derivatives

Derivatives are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently re-measured at fair value. All derivatives are carried as assets when fair value is positive and as

liabilities when fair value is negative. Gains or losses arising from a change in the fair value of derivatives that are not identified or do not qualify as hedging instruments are recognised in profit or loss. The Group has not applied any hedge accounting for the 2024 or 2023 financial years.

Provisions

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

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

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

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

Contingent liabilities

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

Remuneration for employees

Short-term remuneration for employees

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

Severance pay

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

Pensions

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

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

Actuarial gains and losses in defined-benefit pension plans are recognised in other comprehensive income for the period in which they occur. The calculated pension costs for service in earlier periods are determined when adjusting the defined-benefit pension plan. Adjustments are recognised in the income statement. The total net

obligation (i.e. the present value of the defined-benefit plan minus the fair value of the assets) in each plan is recognised in the consolidated balance sheet.

Leases

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

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

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

A margin loan interest rate is established per country, lease term and for the following right-of-use classes: land and buildings, forklift trucks, vehicles, machinery and office equipment. The margin loan interest rate is used for discounting the remaining lease payments. The model for establishing a margin loan interest rate is reviewed at least once a year or whenever there are indications for a need for a review in order to safeguard the validity of the model. For more information, see Note C32 Property, plant and equipment, right of use.

Revenue

Revenue recognition

Kährs manufactures and sells wood and plastic floors, primarily to distributors and the project markets. Kährs' product include parquet floors and other wood floors, plastic floors and other products. Sales revenue is recognised net of value-added tax, specific sales taxes, returns and trade discounts. Kährs' product groups include Intra-group sales, which have been eliminated in the consolidated accounts. See Note C5 Revenue recognition for more details.

Sales of finished products including accessories

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

Transaction price — Bonuses and other volume discounts

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

Receivables, contract assets and contract liabilities

A receivable is recognised when the goods are delivered, as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. If the consideration is conditional on additional performance, a contract asset is recognised. If Kährs receives prepayments from customers, a contract liability is recognised. For further details, see Note C5 “ Revenue recognition, Note C20 Account receivables and Note C24 Trade payables and other current liabilities.

Payments to customers

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

Marketing activities and floor samples

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

Warranties

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

Sales with a right of return

A right of return is not a separate performance obligation, but it affects the transaction price for the transferred goods.

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

Freight costs

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

Interest income

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

Dividend

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

Income tax

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

Current income tax

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

Deferred income tax

Deferred income tax is recognised based on temporary differences arising between the tax value and the carrying amount. Deferred tax assets are recognised for all deductible temporary differences, including assessed tax losses, to the extent that it is probable that a taxable profit will be available against which the deductible temporary differences can be utilised.

An assessment of deferred tax assets is carried out on each balance sheet date and adjusted if it is no longer probable that sufficient profit will be generated and deferred tax assets can therefore not be utilised. Deferred tax assets or liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (or laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and deferred tax liabilities are offset if the Group has a legally enforceable right to offset them and if the deferred tax relates to the same company in the Group and the same tax authority.

Government grants

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

Cash flow

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

Note C3 Significant assessments, estimates and assumptions

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

Assessment of impairment need for goodwill and trademarks with an indefinite useful life

When calculating the recoverable amount of cash-generating units for the assessment of any need for impairment of goodwill with an indefinite useful life, several assumptions about future conditions and parameter estimates have been made.

The annual impairment assessment for goodwill with an indefinite useful life is performed in conjunction with the annual accounts. No impairment need emerged from the assessment. The valuation was conducted when the global economy was highly uncertain, which impacted the markets around us and demand for flooring. The assessment is also made that there is good scope for cash-generating units to experience deterioration in the estimates without this leading to an impairment need. For more information on the impairment test, see C15 Intangible assets.

Valuation of right-of-use assets and lease liabilities

When Kähns signs a lease contract, it assesses the scope of the contract, the term of the lease, and the interest rate used to discount future lease payments, which impacts the valuation of the lease liability and the right-of-use asset.

An assessment is required when determining the contract's term. The term of the lease includes the non-cancellable period. If there is reasonable certainty that the Group will exercise an opportunity to extend the contract or not exercise an alternative to terminate the contract in advance, this is taken into account. The contracts contain many different conditions. Extension options and the possibility to terminate contracts early refer mainly to rental contracts for real estate. Thus, all relevant facts and circumstances that create an economic incentive to include optional periods are evaluated. The importance of the underlying asset in the business and its location, availability of suitable alternatives, significant improvements to the asset, the level of rent during extension periods compared to the market price and past practice are examples of factors to be included in the analysis. The term of the lease is determined on an individual basis and is remeasured if an option is exercised.

Assessments are also required to determine the interest rate used to discount future lease payments and whether the implicit interest rate in the lease contract can be easily determined and used or whether the Group's marginal borrowing rate should be used. For more details, see Note C32 Tangible fixed assets, right-of-use assets.

Valuation of deferred tax assets and deferred tax liabilities

A deferred tax asset is recognised for loss carryforwards or other future taxable deductions to the extent that there will be sufficient future taxable profit against which the loss or deduction can be utilised. Deferred tax liabilities arising from temporary differences associated with investments in subsidiaries are not recognised in the consolidated accounts as the parent company is not able to direct the timing of the reversal of the temporary differences and it is not probable that the reversal will occur in the foreseeable future. Deferred tax assets and deferred tax liabilities are offset when there is a legal right to settle current tax assets and tax liabilities and when the deferred taxes are levied by the same tax authority. For more details, see Note C14 Tax.

Valuation of inventories

Inventories are valued by applying the first-in first-out principle at the lower of cost and net realisable value on the balance sheet date. Before each balance sheet date, an assessment is made of the net realisable value of the various items in the inventories. This value is based on the executive management's assessment of slow-moving goods, excess stocks, damaged goods and other sales expenses. The valuation method chosen allows for inventory obsolescence. Deductions are made for internal profits arising from deliveries between Group companies in the consolidated accounts. Work in progress and finished goods include both direct costs incurred and a fair allocation of indirect manufacturing costs; see Note C23 Inventories.

Provision for warranty obligations

The Group normally offers warranty obligations for its products. The executive management team estimates the provisions for any future compensation claims based on historical compensation claims and prevailing trends that give an indication as to whether future claims will differ from historical compensation claims; see Note C28 Other provisions.

Note C4 Segment reporting

Information on operating segments

The Group's chief operating decision-makers monitor the results of the operations at a consolidated level without division into segments or business lines. As a basis for decisions, top executives use the company's aggregated operating profit. The Kährs BondCo Group thus consists of a single segment. On 3 December 2024, Kährs' Russian operations Karelia Upofloor CIS LLC were divested, meaning that sales in Russia are only included up to this date. For financial information about the segment, reference is therefore made to the consolidated income statement, reports on comprehensive income and financial position, cash flow, Notes C5 Revenue recognition, C15 Intangible assets, C16 Property, plant and equipment, owned och C32 Property, plant and equipment, right of use and Note C29 Reconciliation of profit before tax and net cash flow.

Sales by country where the customers operate:

Country	2024	2023
Sweden	771,808	1,067,940
USA	351,761	424,520
Germany	254,605	266,801
Finland	154,763	173,925
Russia	133,356	166,245
Norway	121,042	154,022
Switzerland	112,464	108,267
UK	79,480	103,575
Other countries	411,972	431,775
Total	2,391,251	2,897,070

The Group's total net sales relate to the sale of goods. No individual customer accounts for more than ten per cent of the Group's sales.

Property, plant and equipment	2024	2023
Sweden	369,471	416,810
Romania	91,694	88,677
Russia	-	50,980
Finland	27,314	28,605
Poland	7,117	9,430
USA	9,348	6,105
Other countries	12,784	10,991
Total	518,124	611,598

The items in the table above mostly comprise buildings, machinery and equipment, as well as right-of-use assets.

Note C5 Revenue recognition

Information on operating segments

Kährs has six regions focusing on the sale of flooring for residential and commercial use. Geography and product group are also considered important factors in dividing Kährs' revenue. The business areas, which also constitute the Group's regions, are divided into: Residential Nordics, Residential Europe, Residential North America, APIM region, Russia och Commercial. As of the first quarter of 2024, we have changed the name of our region Emerging Markets to APIM (Asia Pacific India and Middle East). Otherwise, everything else is unchanged. The same countries still form this region, and historical comparison figures are thus fully comparable. Since Russia was divested on 3 December 2024, Russia's sales are only included up to this date.

Net sales by region, external customers	2024	2023
Residential Nordics	892,429	1,211,133
Residential Europe	660,819	687,463
Residential North America	290,931	350,930
APIM region	69,972	80,026
Russia	163,806	189,665
Commercial	256,348	272,853
Other	56,946	105,000
Consolidated net sales, external customers	2,391,251	2,897,070

Net sales per product group	2024	2023
Parquet and other wood floors	1,685,929	2,080,849
Resilient Flooring (plastic floors)	530,683	556,854
Other products	174,639	259,368
Total	2,391,251	2,897,070

The table below shows opening and closing balances, as well as changes during the year for contract liabilities to customers. For more information, see C24 Trade payables and other current liabilities.

Contract liabilities to customers	Prepayments from customers	Customer bonuses/ product discounts	Total
As at 1 January 2024	4,456	69,394	73,850
Gross increase during the year	66,456	124,959	191,415
Paid/agreed with customers	-	-132,898	-132,898
Revenue recognised during the year	-70,587	-	-70,587
As at 31 December 2024	325	61,455	61,780

Contract liabilities to customers	Prepayments from customers	Customer bonuses/ product discounts	Total
As at 1 January 2023	5,719	123,570	129,289
Gross increase during the year	77,317	155,771	233,088
Paid/agreed with customers	-	-209,947	-209,947
Revenue recognised during the year	-78,580	-	-78,580
As at 31 December 2023	4,456	69,394	73,850

Note C6 Related party transactions

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

Kährs has not issued any guarantees nor any other commitments to the benefit of Board members and senior executives. In the 2024 financial year there were no direct nor indirect transactions between the Group and Board members or senior executives, except for what is stated in Note C7 Payroll costs and number of employees.

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

Note C7 Payroll costs and number of employees

Salaries and other remuneration for Board members, the CEO and other employees

	2024	
	Salaries and benefits (of which bonuses)	Pension costs
Board and CEO	6,908 (178)	1,631
Other employees	430,947 (10,135)	58,557
Group	437,855 (10,313)	60,188
	2023	
	Salaries and benefits (of which bonuses)	Pension costs
Board and CEO	7,231 (500)	1,566
Other employees	482,370 (14,327)	61,490
Group	489,601 (14,827)	63,056

Staff costs including social security costs per function in the income statement

	2024	2023
Cost of goods sold	308,237	424,018
Selling and distribution expenses	191,650	205,433
Administration expenses	65,867	65,418
Total	565,754	694,869

Gender distribution in the Group Board and other senior executives

2024		
	Total on balance sheet date	Of whom men
Board members	6	5
CEO and other senior executives	10	8
Group	16	13

2023		
	Total on balance sheet date	Of whom men
Board members	6	5
CEO and other senior executives	11	9
Group	17	14

Average number of employees

2024		
	Average number of employees	Of whom men
Sweden	344	172
Russia	215	138
Romania	178	111
Finland	90	65
USA	33	20
Poland	29	12
Germany	21	17
Norway	12	9
UK	7	4
France	6	3
Switzerland	3	3
Denmark	1	1
Italy	1	1
Austria	1	1
Group	941	557

2023		
	Average number of employees	Of whom men
Sweden	570	397
Russia	238	155
Romania	221	137
Finland	95	68
USA	34	21
Poland	32	12
Germany	23	18
Norway	11	8
UK	7	4
France	6	3
Switzerland	3	3
Denmark	1	1
Italy	1	1
India	1	1
Ukraine	1	1
Austria	1	1
Group	1,245	831

Note C8 Remuneration to senior executives

	2024	2023
Remuneration to senior executives in the Group		
Salaries and other benefits	24,163	24,991
Pensions and allowance for healthcare	4,942	4,688
Total	29,105	29,679

Principles applied

The Chair of the Board and the Board members are remunerated based on resolutions made by the AGM. No remuneration is paid for work in the Audit Committee or Remuneration Committee.

Board of Directors

The AGM of Kährs Holding AB (publ) also resolved to re-elect Anders Wassberg, Jan Johansson, Lisa Gøttler, Christoffer Marköö, Jonas Köhlin and Mats Therman and to re-elect Anders Wassberg as the chair of the Board of Directors. The AGM also passed a resolution that an annual fee of SEK 300,000 would be paid to each member of the Board of Directors and that SEK 600,000 would be paid to the Chairman of the Board. A resolution was also passed to pay a fee of SEK 20,000 to each of the ordinary employee representatives. No fees will be paid to the members of the Audit Committee.

Expensed remuneration to the Board amounted to SEK 2,140 thousand (2,140) for the 2024 financial year. Pensions for Board members amounted to SEK 0 (0). This cost is recognised in the parent company. No other remuneration has been recognised in the parent company.

The Extraordinary General Meeting on 12 December 2024 resolved to dismiss Jan Johansson and Lisa Gøttler. They will not be replaced.

Senior executives

Principles for fixed and variable remuneration to the CEO are discussed and approved by the Remuneration Committee. Remuneration to other senior executives comprises salary, variable remuneration (including company car) and pension. Variable remuneration is based on the level to which the goals that have been set have been met. The variable remuneration is approved by the chair of the Board before payment is made.

Remuneration and other benefits, 2024	Salaries/Board fees	Other remuneration benefits	Variable remuneration	Pension costs	Share-related benefits	Total
Board:						
Anders Wassberg (chair)	600	-	-	-	-	600
Jan Johansson	300	-	-	-	-	300
Mats Therman	300	-	-	-	-	300
Lisa Gøttler	300	-	-	-	-	300
Christopher Marköö	300	-	-	-	-	300
Jonas Köhlin	300	-	-	-	-	300
Ola Sjövall (employee representative)	20					20
Jakob Jakobsson (employee representative)	20	-	-	-	-	20
Senior executives:						
CEO	4,575	205	178	1,631	0	6,589
Other senior executives (9)	17,792	891	522	3,311	0	22,516
Total	24,507	1,096	700	4,942	0	31,245

Remuneration and other benefits, 2023	Salaries/Board fees	Other remuneration	Variable pension costs	Share-related benefits	Total
Board:					
Anders Wassberg (chair)	600	-	-	-	600
Jan Johansson	300	-	-	-	300
Mats Therman	300	-	-	-	300
Lisa Gøttler	300	-	-	-	300
Christopher Marköö	300	-	-	-	300
Jonas Köhlin	300	-	-	-	300
Stefan Karlsson (employee representative)	7	-	-	-	7
Ola Sjövall (employee representative)	13	-	-	-	13
Jakob Jakobsson (employee representative)	20	-	-	-	20
Senior executives:					
CEO	4,401	190	500	1,566	6,657
Other senior executives (10)	17,888	1,421	591	3,122	23,022
Total	24,429	1,611	1,091	4,688	31,819

Information on remuneration and severance pay for the CEO

Johan Magnusson has a notice period of six months if it is his initiative to leave and 18 months if the employer terminates the employment. During the notice period the CEO is entitled to his full salary and other employment benefits, whether or not he has an obligation to work. There is no entitlement to additional severance pay.

In addition to the benefits pursuant to the Income-Based Old-Age Pension Act, pension payments of 30 per cent (30) of the fixed annual salary and annual leave remuneration are made to the CEO, which forms the pensionable salary. The company's obligation for the defined-contribution pension solution is limited to the payment of the annual premiums. The pension is protected.

Information on remuneration and severance pay for senior executives

Remuneration and other benefits for senior executives were made to the following people in 2024: Andreas Larsson, Anna Roth, Kyösti Puurunen, Johan Lundgren, Jonas Bäck, Sara Olofsson, Carl-Henrik Stenemark, Rober Bieger and Sean Brennan.

If the employment is terminated by the company, the severance pay will not exceed one annual salary. Other senior executives have a notice period of 6–12 months. The fixed salary for the notice period and severance pay correspond in total to the fixed salary for a maximum of 12 months. During the notice period the other senior executives are entitled to their full salary and other employment benefits, whether or not they have an obligation to work. There is no entitlement to additional severance pay.

Other executives have a defined-contribution pension solution and a traditional ITP2 plan. The company's obligation for the defined-contribution pension solution is limited to the payment of the annual premiums. The pension is protected.

Note C9 Remuneration to auditors

Audit refers to the statutory audit of the annual report and bookkeeping and the administration of the business by the Board of Directors and the CEO. Other audit assignments refer to other quality-assurance services that are required by law, articles of associations, statutes or contracts. Tax consultancy refers to services in the field of taxation. Other advice refers to all other advice that is not included above.

	2024	2023
Deloitte		
Audit	4,144	4,051
Tax consultancy	30	44
Other advice	34	143
Total	4,208	4,238

Note C10 Other operating income

	2024	2023
Electricity support received	-	20,000
Gains from the sale of machinery and equipment	75	81
Rental income	87	-
Electricity derivatives at fair value	3,567	-
Insurance benefits	396	25
Other	6,664	1,477
Total	10,789	21,583

Note C11 Other operating expenses

	2024	2023
Electricity derivatives at fair value	-	-10,032
Loss from the sale of machinery and equipment	-762	-49
Loss on divestment of operations in Russia	-13,981	-
Other	-1,309	-
Total	-14,826	-10,081

Note C12 Financial income and expenses

	2024	2023
Financial income		
Interest income according to the effective interest method, assets measured at amortised cost	10,950	7,005
Exchange rate differences	-	13,817
Total financial income	10,950	20,822
Financial expenses		
Interest expenses according to the effective interest method from interest-bearing liabilities recognised at amortised cost	-201,570	-153,297
Interest expense for lease liabilities	-5,275	-5,537
Exchange rate differences	-9,433	-
Other financial expenses	-4,391	-4,082
Total financial expenses	-220,669	-162,916
Net financial items	-209,719	-142,094

Note C13 Items affecting comparability

The Group's profit/loss is affected by some items affecting comparability. A summary of these items is shown below.

	2024	2023
Operating profit/loss before comparative items (Operating EBIT)	54,965	233,679
Acquisition-related overhead	-	466
Transition of operations in Russia	-84,541	-58,893
Transition of operations in Romania	-13,659	-
Transition of operations in Sweden	-	-12,779
Customs expenses USA	-11,163	-
Electricity support received	-	20,000
Total items affecting comparability	-109,363	-51,206
Operating profit (EBIT)	-54,398	182,473
Distributed by function		
	2024	2023
Cost of goods sold	-81,135	-60,026
Selling expenses	-1,534	-862
Administration expenses	-16,468	-10,318
Other operating income	-	20,000
Other operating expenses	-10,226	-
Total items affecting comparability	-109,363	-51,206

Note C14 Tax

	2024	2023
Current tax:		
Income tax for the year	-5,200	-28,501
Other taxes	-1,498	-
Total current tax	-6,698	-28,501
Deferred tax:		
Origination and reversal of temporary differences	18,154	18,181
Total deferred tax	18,154	18,181

Total income tax	11,456	-10,320
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Reconciliation of effective tax rate	2024	2023
Profit/loss before tax	-264,117	40,379
Tax calculated using the Swedish tax rate of 20.6 per cent (20.6)	54,408	-8,318
Difference between the Swedish and foreign tax rates	314	610
Non-taxable income	416	1,203
Non-deductible expenses	-58,909	-17,653
Correction of tax expense from previous years	3,041	1,053
Tax effect related to loss relief	12,186	12,785
Total income tax	11,456	-10,320

Tax related to items in other comprehensive income:	2024		
	Before tax	Tax effect	After tax
Translation difference	31,586	-	31,586
Tax on actuarial gains	28	-5	23
Other comprehensive income	31,614	-5	31,609

Tax related to items in other comprehensive income:	2023		
	Before tax	Tax effect	After tax
Translation difference	-52,577	-	-52,577
Tax on actuarial gains	42	-8	34
Other comprehensive income	-52,535	-8	-52,543

2024		
	Deferred tax assets	Deferred tax liabilities
Temporary differences attributable to:		
Property, plant and equipment, and intangible assets	2,910	23,020
Right-of-use assets	452	
Inventories	4,729	0
Accounts receivable	1,686	-
Interest-bearing liabilities	-	4,399
Provisions	11,004	1,297
Untaxed reserves	-	51,018
Capitalised loss carryforward	38,115	-
Total	58,896	79,734

2023		
	Deferred tax assets	Deferred tax liabilities
Temporary differences attributable to:		
Property, plant and equipment, and intangible assets	3,780	26,620
Right-of-use assets	691	-
Inventories	5,712	-
Accounts receivable	1,988	-
Provisions	8,510	2,898
Untaxed reserves	-	52,191
Capitalised loss carryforward	18,766	-
Total	39,447	81,709

Reconciliation of deferred tax 2024		
	Deferred tax assets	Deferred tax liabilities
As at 1 January	39,447	81,709
Tax expense/income recognised in the income statement	16,160	-1,994
Exchange rate difference	3,289	19
As at 31 December	58,896	79,734

Reconciliation of deferred tax 2023		
	Deferred tax assets	Deferred tax liabilities
As at 1 January	28,456	81,972
Tax expense/income recognised in the income statement	17,828	-353
Exchange rate difference	-6,837	90
As at 31 December	39,447	81,709

Deferred tax assets on loss carryforwards are recognised to the extent it is probable that future taxable profit will be available against which the loss can be utilised. The loss carryforwards, where deferred tax assets have not been taken into consideration, amount to SEK 54,264 thousand (211,057), i.e., 37 per cent (70) of the total loss carryforwards with time limits of SEK 148,624 thousand (299,437), of which tax assets that have not been taken into consideration amount to SEK 10,853 thousand (42,213). There are loss carryforwards with time limits. Maturity periods of loss carryforwards with time limits are set out in the table below.

Maturity periods, loss carryforwards with time limits	2024	2023
After 1 year	70,479	175,788
After 2 years	-	68,083
After 3 years	28,531	-
After 4 years	-	27,561
After 5 years	9,382	-
After 6 years or more	40,232	28,005
Total	148,624	299,437

Note C15 Intangible assets

Goodwill

Goodwill is recognised as an intangible asset with an indefinite useful life at cost less accumulated impairment. The value of goodwill, SEK 29,696 thousand (29,696), comes from acquisitions in 2021 and is attributable to Kährs BondCo's acquisition of the Kährs Holding Group.

Trademarks

Acquired trademarks are deemed to have an indefinite useful life. The assessment that the useful life of these trademarks is indefinite is based on the fact that the trademarks are considered to be well established within the industry and the Group intends to retain and further develop them. The trademarks are considered to be of significant financial importance as they form an integral part of the product offering to the customer by signalling quality and innovation in the products. Thus, such trademarks are considered to influence the products' pricing and competitiveness. Through their connection to the current business, they are thus considered to have an indefinite useful life and are expected to be used as long as the relevant business continues. The value of the trademarks, SEK 26,620 thousand (30,200) has arisen from acquisitions in 2021 and is attributable to Kährs BondCo's acquisition of the Kährs Holding Group.

Customer relationships

Customer relationships are recognised at cost less amortisation and impairment. Customer relationships are amortised over a useful life of eight years using the straight-line method. The value of customer relations, SEK 81,550 thousand (99 025), has arisen from acquisitions in 2021 and is attributable to Kährs BondCo's acquisition of the Kährs Holding Group.

Customer contracts

Customer contracts are recognised at cost less amortisation and impairment. Customer contracts are amortised over their useful life, which is assessed to be one year, using the straight-line method.

The value of customer relations, SEK 0 thousand (0), has arisen from acquisitions in 2021 and is attributable to Kährs BondCo's acquisition of the Kährs Holding Group.

Trademarks, customer relationships and customer contracts are included in the category other intangible assets.

All intangible assets with indefinite useful lives are tested for impairment at least once every year. Single assets are tested more often if there are indications of a reduction in value.

2024	Goodwill	IT software	Other intangible assets	Total
Accumulated cost, opening balance	29,696	9,964	175,000	214,660
New acquisitions	-	201	-	201
Decrease attributable to divestment of operations		-1,993		-1,993
Exchange rate differences	-	460	-	460
Accumulated cost, closing balance	29,696	8,632	175,000	213,328

2024	Goodwill	IT software	Other intangible assets	Total
Accumulated depreciation/amortisation, opening balance	-	-7,038	-45,775	-52,813
Depreciation/amortisation for the year	-	-201	-17,475	-17,676
Exchange rate differences	-	-357	-	-357
Accumulated depreciation/amortisation, closing balance	-	-5,603	-63,250	-68,853

Carrying amount at end of year	29,696	3,029	111,750	144,475
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2023	Goodwill	IT software	Other intangible assets	Total
Accumulated cost, opening balance	29,696	8,898	175,000	213,594
New acquisitions	-	1,418	-	1,418
Exchange rate differences	-	-352	-	-352
Accumulated cost, closing balance	29,696	9,964	175,000	214,660

2023	Goodwill	IT software	Other intangible assets	Total
Accumulated depreciation/amortisation, opening balance	-	-5,788	-28,300	-34,088
Depreciation/amortisation for the year	-	-1,583	-17,475	-19,058
Exchange rate differences	-	333	-	333
Accumulated depreciation/amortisation, closing balance	-	-7,038	-45,775	-52,813

Carrying amount at end of year	29,696	2,926	129,225	161,847
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Depreciation/amortisation per function in the income statement	2024	2023
Selling and distribution expenses	-17,475	-17,475
Administration expenses	-201	-1,583
Total amortisation	-19,058	-19,058

Assessment of the impairment need for goodwill and trademarks with an indefinite useful life

The annual impairment assessment for goodwill and trademarks with an indefinite useful life is performed in conjunction with the annual accounts. No impairment need emerged from the assessment. The valuation was

conducted when the global economy was highly uncertain, which impacted the markets around us and demand for flooring. The Group's goodwill with an indefinite useful life is allocated to the Kährs Holding AB Group as a cash-generating unit according to the table below:

Goodwill	2024	2023
Kährs Holding AB	29,696	29,696
Trademarks		
Kährs Holding AB	30,200	30,200
Total	59,896	59,896

The assessment of impairment need for goodwill with an indefinite useful life is performed annually and also following any indication of a decline in value.

Significant assumptions used in calculations of values in use are presented in the following table:

	2024	2023
Estimated long-term growth rate	2.0%	2.0%
Estimated average gross margin	35.8%	34.8%
Estimated average operating margin	12.2%	9.5%
Weighted average discount rate before tax	20.4%	16.2%

The assumptions above have been used to analyse the cash-generating unit. The executive management team has determined the budgeted and forecast gross margin based on historical results and the expectations for market development and the specific cash-generating unit. The applied growth rate for the margin before depreciation/amortisation, EBITDA, is consistent with the Group's business plan. The applied discount rate is stated before tax and reflects the risk for the cash-generating unit Kährs Holding AB Group.

Company management assesses that no reasonable changes in the important assumptions lead to the calculated total recoverable amount for the cash flow-generating unit Kährs Holding AB being lower than its total carrying amount.

Note C16 Property, plant and equipment, owned

2024	Land and buildings	Machinery and equipment	Work in progress	Total
Accumulated cost, opening balance	250,397	1,722,273	61,035	2,033,705
Decrease attributable to divestment of operations	-78,205	-136,316	-1,670	-216,191
Additional items	0	1,431	35,300	36,731
Divestments	-7,077	-11,942	0	-19,019
Reclassifications	7,122	56,278	-63,400	0
Exchange rate differences	6,206	19,835	23	26,064
Accumulated cost, closing balance	178,443	1,651,559	31,288	1,861,290

2024	Land and buildings	Machinery and equipment	Work in progress	Total
Accumulated depreciation/amortisation, opening balance	-106,115	-1,384,908	0	-1,491,023
Decrease attributable to divestment of operations	47,767	125,273	-	173,040
Depreciation/amortisation for the year	-9,283	-79,411	-	-88,694
Divestments	472	12,948	-	13,420
Exchange rate differences	-4,203	-17,532	-	-21,735
Accumulated depreciation/amortisation, closing balance	-71,362	-1,343,630	0	-1,414,992

2024	Land and buildings	Machinery and equipment	Work in progress	Total
Accumulated impairment, opening balance	-12,063	-5,041	0	-17,104
Decrease attributable to divestment of operations	23,622	9,665	-	33,287
Impairment for the year ¹	-11,559	-4,624	-	-16,183
Accumulated impairment, closing balance	-	-	-	-

Carrying amount at end of year	107,081	307,929	31,288	446,298
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¹⁾ Refers to impairment of property, plant and equipment in Russia, of which buildings were SEK 11,559 thousand (12,063), machinery and equipment SEK 4,624 thousand (5,041).

2023	Land and buildings	Machinery and equipment	Work in progress	Total
Accumulated cost, opening balance	259,471	1,720,278	46,529	2,026,278
New acquisitions	759	3,830	57,359	61,948
Divestments	-	-12,361	-	-12,361
Reclassifications	277	42,020	-42,297	-
Exchange rate differences	-10,110	-31,494	-556	-42,160
Accumulated cost, closing balance	250,397	1,722,273	61,035	2,033,705

2023	Land and buildings	Machinery and equipment	Work in progress	Total
Accumulated depreciation/amortisation, opening balance	-96,955	-1,345,337	-	-1,442,292
Depreciation/amortisation for the year	-11,254	-80,841	-	-92,095
Divestments	0	12,356	-	12,356
Exchange rate differences	2,094	28,914	-	31,008
Accumulated depreciation/amortisation, closing balance	-106,115	-1,384,908	0	-1,491,023

2023	Land and buildings	Machinery and equipment	Work in progress	Total
Accumulated impairment, opening balance	-	-	-	-
Impairment for the year ¹	-12,063	-5,041	-	-17,104
Accumulated impairment, closing balance	-12,063	-5,041	-	-17,104

Carrying amount at end of year	132,219	332,324	61,035	525,578
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¹⁾ Refers to impairment of property, plant and equipment in Russia, of which buildings were SEK 12,063 thousand, machinery and equipment SEK 5,041 thousand.

Depreciation/amortisation per function in the income statement	2024	2023
Cost of goods sold	-76,365	-80,963
Selling and distribution expenses	-2,446	-1,530
Administration expenses	-9,883	-9,602
Total depreciation/amortisation	-88,694	-92,095

Impairment per function in the income statement	2024	2023
Cost of goods sold	-16,183	-17,104
Selling and distribution expenses	-	-
Administration expenses	-	-
Total depreciation/amortisation	-16,183	-17,104

For more information on the Group's lease commitments, refer to note C32 Property, plant and equipment, right of use.

Note C17 Financial risk management

The Group is exposed to a number of financial risks that are managed in accordance with the guidelines that have been established by the Board of Directors. These risks are managed in accordance with the Group's financial policy. The Group is exposed to risks related to accounts receivable, raw materials, currency exposure, liquidity and refinancing. The Group's overall goal is to have cost-effective financing and to manage financial risks by using financial instruments. Below is a description of the Group's financial risks and the policy applied to each risk area.

Credit risk

Credit risks in financial operations

Financial credit risk is defined as the risk of losses if the counterparties with whom Kähns has invested in cash and cash equivalents, short-term bank investments or financial instruments with positive market values do not fulfil their obligations.

To limit these credit risks, Kähns only conducts transactions with issuers and counterparties with a long-term credit rating of at least A–, as these are considered to have a low credit risk for impairment assessments. S&P Global Ratings or equivalent independent rating agencies provide information on creditworthiness.

Credit risks in accounts receivable

Credit risks in accounts receivable are defined as the risk of losses if the counterparties with whom Kähns has invested in accounts receivable do not fulfil their obligations. On the balance sheet date, there is no significant concentration of credit exposure related to accounts receivable. The maximum exposure to credit risk is visible in the carrying amount for each financial asset in the statement of financial position. The Group's ten largest customers accounted for 16 per cent (15) of net sales in 2024. Kähns has produced guidelines that ensure that products are sold to customers with a reliable credit history. In accordance with the Group's Credit Policy, credit checks are always conducted on new customers. Credit risks related to operational activities are managed locally at company level and followed up at Group level. Note C20, accounts receivable, has an analysis of receivables due and provisions for bad debt.

Liquidity and refinancing risk

Refinancing risk/liquidity risk refers to the risk that Kähns cannot pay its obligations due to insufficient liquidity or difficulties in taking out new loans. The Group has a stable financial situation and finances its operations partly through borrowing. The arrangement consists of an RCF facility of SEK 550 million in Kähns Holding AB (publ) and a sustainability-linked bond loan of SEK 1,450 million in Kähns BondCo AB (publ). No part of the RCF facility was utilized as per 31 December 2024. Cash and cash equivalents in the Group totalled SEK 194 million (224) as per 31 December 2024. Consequently, available consolidated liquidity as per 31 December 2024 was SEK 744 million (874), allowing good flexibility moving forward. No covenants are linked to the loan. The Group's interest rate risk refers to non-current loans.

Current payments and forecasts are monitored continually at a central level to ensure that the Group has sufficient cash and cash equivalents to meet the needs for payments in operating activities. The following table shows contractual undiscounted cash flows, including interest payments at the following contractual maturities for financial liabilities.

31/12/2024	<3 months	<1 year	1–2 years	2–5 years	>5 years	Total
Interest-bearing liabilities						
Bond loan	32,491	99,278	131,769	1,696,570	-	1,960,108
Lease liabilities	7,509	27,148	27,352	17,203	1,102	80,315
Other loans	55	169	224	2,870	-	3,318
Trade payables	141,279	-	-	-	-	141,279
Other financial liabilities	134,416	11,555	-	-	-	145,970
Total	315,750	138,150	159,345	1,716,643	1,102	2,330,990

31/12/2023	<3 months	<1 year	1–2 years	2–5 years	>5 years	Total
Interest-bearing liabilities						
Bond loan	36,711	110,941	147,249	1,597,249	-	1,892,150
Lease liabilities	9,824	34,463	23,409	29,840	152	97,687
Other loans	49	150	199	2,429	-	2,827
Trade payables	163,232	-	-	-	-	163,232
Other financial liabilities	146,778	13,631	-	-	-	160,409
Total	356,594	159,184	170,857	1,629,518	152	2,316,305

Capital risk

The Group's objective for its capital structure is to ensure the Group's ability to continue operations in order to generate higher yields for the shareholders and benefits for the other stakeholders, and in order to maintain an optimal capital structure to reduce its capital costs.

The Group's financial goals for its managed capital is to generate an annual yield on capital employed of at least 20 per cent. Return on capital employed for the 2024 financial year amounted to -2.9 per cent (11.1).

Market risks

Market risks are the risks that the Group's profit/loss or financial position are affected by changes in market prices, such as exchange rates, interest rates and raw materials.

Exchange rate risk – Transaction exposure

Transaction exposure is defined as the risk that the fair value or future cash flows of financial instruments may fluctuate due to changes in exchange rates. The Group is exposed to exchange rate risks when transactions are in a foreign currency. In general, Kährs offers its customers payment options in local currency via the global sales organization. This means that the Group is continuously exposed to exchange rate risks both in accounts receivables in foreign currency and in future sales to foreign customers. Kährs is also exposed to exchange rate risks in trade payables in foreign currency and purchases from foreign suppliers.

The tables below show the Group's annual exposure per currency for the full year 2024 and how a change in exchange rates of +/-10% affects the Group's net sales and adjusted EBITDA.

Annual exposure per currency, full year 2024

Currency	SEK thousand	Net sales		Net flow (adjusted EBITDA)		
		+10%	-10%	SEK thousand	+10%	-10%
CHF	112,098	11,210	-11,210	102,230	10,223	-10,223
EUR	682,717	68,272	-68,272	-42,082	-4,208	4,208
GBP	85,403	8,540	-8,540	71,682	7,168	-7,168
NOK	153,959	15,396	-15,396	135,798	13,580	-13,580
RUB	166,285	16,629	-16,629	16,887	1,689	-1,689
USD	363,047	36,305	-36,305	90,718	9,072	-9,072
Other currencies	58,798	5,880	-5,880	-71,154	-7,115	7,115
Total	1,622,307	162,231	-162,231	304,079	30,408	-30,408

Exchange rate risk – Translation exposure

Translation exposure occurs when assets and liabilities are in different currencies and largely refers to the translation risk regarding the net assets of foreign subsidiaries. Since the Swedish krona (SEK) is Kährs' group currency, a translation risk arises related to the remeasurement of net assets in foreign subsidiaries as well as the profit/loss for the year in foreign currency. Exchange rate risks particularly arise when transactions are in euro (EUR), US dollar (USD), British sterling (GBP), Norwegian krone (NOK), Russian rouble (RUB), Romanian leu (RON) and Swiss franc (CHF). The Board passed a decision that the Group will not engage in currency hedging.

Effects recalculation of the 2023 income statement to 2024 exchange rates

Currency	Net sales	EBIT	Profit after tax
CHF	1,698	33	29
EUR	-2,027	-88	-27
GBP	2,461	59	74
NOK	-3,376	-92	218
RUB	-17,277	2,193	2,168
USD	-2,133	-135	-97
Other currencies	721	553	146
Total	-19,933	2,523	2,511

The parent company has foreign subsidiaries in many countries whose net assets are exposed to exchange rate risks. The exposure to net assets in a foreign currency relates primarily to the euro (EUR), Russian rouble (RUB) and Romanian leu (RON).

The translation rates that have been applied are presented in the following table:

Currency	Closing rate	Average rate	Closing rate	Average rate
SEK/unit	31 Dec 2024	2024	31 Dec 2023	2023
CHF	12.1745	12.0045	11.9827	11.8173
EUR	11.4865	11.4321	11.0960	11.4765
GBP	13.8475	13.5045	12.7680	13.1979
INR	0.1286	0.1262	0.1207	0.1285
NOK	0.9696	0.9831	0.9871	1.0054
PLN	2.6928	2.6551	2.5570	2.5288
RON	2.3081	2.2981	2.2329	2.3191
RUB	0.1022	0.1147	0.1131	0.1253
USD	10.9981	10.5613	10.0416	10.6128

Interest rate risk

The Group's interest rate risk refers to non-current 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. For loans that have been taken out at a fixed rate, the Group is exposed to interest rate risks attributable to fair value.

The Group's financing consists of a bond loan in Kährs BondCo AB (publ) with a nominal value of SEK 1,450 million, issued on 14 November 2024 with a maturity date of 14 November 2028. The interest rate on the bond loan as per 31 December 2024 was 8.963 per cent per annum (10.016). 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 Group's financing also consists of an RCF facility of SEK 550 million in Kährs Holding AB (publ) at a variable interest rate based on three-month STIBOR + 2.0 per cent and set every three months. No part of the RCF facility is utilized as at 31 December 2024.

Note C18 Financial instruments per category

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

31/12/2024

	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	-	39,889	39,889	39,889
Accounts receivable	-	212,600	212,600	212,600
Other current assets	-	24,330	24,330	24,330
Cash and cash equivalents	-	193,597	193,597	193,597
Total	-	470,416	470,416	470,416

¹ Comprises deposits SEK 31,388 thousand (21,630), endowment insurance SEK 6,072 thousand (3,184) and other items SEK 2,429 thousand (2,448)

31/12/2024

	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	-	1,505,245	1,505,245	1,505,245
Trade payables	-	141,279	141,279	141,279
Derivative ¹	2,347	-	2,347	2,347
Other current liabilities	-	146,378	146,378	146,378
Total	2,347	1,792,902	1,795,249	1,795,249

¹) Consists only of electricity derivatives. For more information, see C19 Derivatives

31/12/2023

	Assets at fair value via the income statement	Loans and receivables	Total fair value	Carrying value of financial assets
Assets				
Financial non-current assets ¹	-	27,262	27,262	27,262
Accounts receivable	-	252,088	252,088	252,088
Other current assets	-	27,455	27,455	27,455
Cash and cash equivalents	-	224,294	224,294	224,294
Total	-	531,099	531,099	531,099

¹ Comprises deposits SEK 21,630 thousand (24,569), endowment insurance SEK 3,184 thousand (5 354) and other items SEK 2,448 thousand (1,025)

31/12/2023

	Liabilities at fair value via the income statement	Other financial liabilities	Total fair value	Carrying value of financial liabilities
Liabilities in the balance sheet				
Interest-bearing liabilities	-	1,529,830	1,529,830	1,529,830
Trade payables	-	163,232	163,232	163,232
Derivative ¹	5,914	-	5,914	5,914
Other current liabilities	-	148,136	148,136	148,136
Total	5,914	1,841,198	1,847,112	1,847,112

¹) Consists only of electricity derivatives. For more information, see C19 Derivatives

Note C19 Derivatives

The Group's electricity derivatives consist of:

31/12/2024		
	Assets	Liabilities
Raw material derivatives	-	2,347
Total	-	2,347

31/12/2023		
	Assets	Liabilities
Raw material derivatives	-	5,914
Total	-	5,914

No electricity derivatives are identified as hedging instruments in the hedge accounting. Electricity derivatives are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently re-measured at fair value. All electricity derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Gains or losses arising from a change in the fair value of derivatives are recognised in profit as other operating income or other operating expenses. All electricity derivatives are measured in accordance with level 2.

Raw material derivatives

Raw material derivatives comprise electricity derivatives with a maturity of up to 24 months (24).

Note C20 Accounts receivable

	2024	2023
Accounts receivable	225,945	267,214
Provision for bad debt	-13,345	-15,348
Total accounts receivable	212,600	251,866

The Group recognises a provision for such losses on each reporting date. For accounts receivable, the group applies the 'simplified approach', which means that the provision for bad debt will equal the expected credit losses over their remaining lifetime. As at 31 December 2024 accounts receivable due amounted to SEK 34,786 thousand (60,339), with an assessment that impairment is not necessary. Accounts receivable due relates to a number of customers that are assessed as not having payment difficulties.

<i>Age analysis of accounts receivable before impairment</i>	2024	2023
Receivables not due	191,159	207,074
<30 days	20,070	30,041
30–90 days	8,196	8,387
91–180 days	4,481	1,698
>180 days	2,039	20,213
Amount at year end	225,945	267,413

As at 31 December 2024, the provision for bad debt amounted to SEK 13,345 thousand (15,348).

An age analysis of these accounts receivable is set out below:

<i>Age analysis of accounts receivable that are due and impaired</i>	2024	%	2023	%
Receivables not due	965	0.5%	884	0.4%
<30 days	3,512	17.5%	1,256	4.2%
30–90 days	3,304	40.3%	1,358	16.2%
91–180 days	3,525	78.7%	870	51.2%
>180 days	2,039	100.0%	10,980	54.3%
Amount at year end	13,345	5.9%	15,348	5.7%

The provision for bad debt amounts to 5.9 per cent (5.7) of total accounts receivable and has changed as follows:

<i>Provision for bad debt</i>	2024	2023
Provision at start of year	15,348	15,382
Provision for expected losses	1,320	1,320
Incurred losses	1	2
Unused amounts reversed	-689	-1,335
Exchange rate effects	-2,635	-21
Amount at year end	13,345	15,348

The provision and the reversal of bad debt are included in selling and distribution expenses in the income statement. The maximum credit risk at the end of the reporting period is the nominal value of each of the above accounts receivable categories.

Note C21 Other current assets

	2024	2023
Recoverable VAT	5,981	15,559
Prepaid software licences	1,103	4,204
Prepaid operating expenses	20,090	17,461
Prepaid insurance	1,033	2,024
Employee receivables	465	451
Current tax assets	16,709	23,611
Other current receivables, interest-bearing	529	723
Other current receivables, non-interest-bearing	2,119	3,766
Amount at year end	48,029	67,799

Note C22 Cash and cash equivalents

Cash and cash equivalents in the balance sheet and the cash flow statement comprise cash at bank and in hand. The Group has a Cash Pool structure to streamline its cash management. The Group's total cash and cash equivalents as per December 31 were SEK 193,597 thousand. For more information on financial risk management in cash and cash equivalents, see Note C17 Financial risk management.

Note C23 Inventories

	2024	2023
Raw materials and consumables	126,848	224,584
Work in progress	229,135	205,759
Finished goods	361,167	459,961
Amount at year end	717,150	890,304

Impairment for obsolescence in outgoing inventory amounts to SEK 43,845 thousand (67,151). During the year there was a reversal of the impairment of inventories totalling SEK 6,177 thousand (2,714). The main reason for this reversal was a detailed review of slow-moving inventory goods, which were measured at their net realisable value as at 31 December. In addition to this, the inventory in Russia has been written down by SEK 50,118 thousand (26,085). This amount has been recognised in the income statement under the cost of goods sold. Approximately 47 per cent (45) of the inventories (mostly finished goods) is measured at fair value and 53 per cent (55) at historical cost.

Note C24 Trade payables and other current liabilities

	2024	2023
Trade payables	141,279	163,232
Employee liabilities	120,770	131,702
VAT liabilities	16,530	33,819
Customer liabilities	62,183	79,188
Accrued interest expense	17,328	10,086
Accrued licence fee Woodloc	5,217	5,508
Board fees including employer contributions	2,890	3,798
Consultancy costs	17,597	12,119
Special payroll tax	6,185	7,183
Accrued freight costs	15,859	14,435
Accrued costs related to new revolver facility	5,558	-
Accrued customs duties	-	1,105
Accrued electricity costs	5,981	6,075
Other current liabilities	806	1,933
Other accruals and deferred income	9,664	18,792
Amount at year end	427,847	488,975

Note C25 Interest-bearing liabilities

The Group has a stable financial situation and finances its operations partly through borrowing. The new arrangement consists of an RCF facility of SEK 550 million in Kährs Holding AB (publ) that matures on 12 May 2028, and a bond loan of SEK 1,450 million in Kährs BondCo AB (publ) that matures on 14 December 2028. The settlement date for the new bond was 14 November. The interest rate on the bond is STIBOR 3 months + 6.25 per cent. The bond is listed on Nasdaq Stockholm and Frankfurt Open Market. The new bond replaces the existing bond of the same amount which was redeemed in connection with the new bond. Kährs' financing is thus secured until November 2028. The interest rate as at 31 December 2024 was 8.963 per cent (10.016). No part of the RCF facility was utilized as per 31 December 2024. The refinancing risk and interest risk are assessed to be low.

Non-current interest-bearing liabilities	2024	2023
Bond loan	1,428,647	1,438,404
Lease liabilities	40,925	46,762
Total non-current interest-bearing liabilities	1,469,572	1,485,166

Current interest-bearing liabilities	2024	2023
Lease liabilities	33,222	42,434
Other loans	2,451	2,230
Total current interest-bearing liabilities	35,673	44,664

Total interest-bearing liabilities	1,505,245	1,529,830
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¹ Accrued financing costs are allocated over the term of the bond loan

	Cash flow		Non-cash flow				
31/12/2024	Opening balance	Repayment	New Acquisition borrowing	Acquisition	Additions/Cancellations ¹	Currency	Closing balance
Interest-bearing liabilities							
Bond loan ¹	1,438,404	-1,450,000	1,450,000	-	-9,757	-	1,428,647
Bank loans	-	-75,000	75,000	-	-	-	-
Lease liabilities	89,196	-49,972	-	-	33,488	1,435	74,147
Other loans	2,230	-	-	-	-	221	2,451
Total	1,529,830	-1,574,972	1 525,000	-	23,731	1,656	1,505,245

¹ Accrued financing costs are allocated over the term of the bond loan

	Cash flow		Non-cash flow				
31/12/2023	Opening balance	Repayment	New Acquisition borrowing	Acquisition	Additions/Cancellations ¹	Currency	Closing balance
Interest-bearing liabilities							
Bond loan ¹	1,434,998	-	-	-	3,406	-	1,438,404
Bank loans	-	-50,000	50,000	-	-	-	-
Lease liabilities	116,067	-55,529	-	-	33,543	-4,885	89,196
Other loans	2,184	-	-	-	-	46	2,230
Total	1,553,249	-76,871	50,000	-	3,406	-4,839	1,529,830

¹ Accrued financing costs are allocated over the term of the bond loan

Lease liabilities

For more details see also Note C32 "Property, plant and equipment, right of use".

<i>Pledged assets for own liabilities</i>	2024	2023
Property mortgages ¹	46,000	46,000
Business mortgages ²	2,168,066	2,099,104
Total	2,214,066	2,145,104

¹ Pledging of properties owned by AB Gustaf Kähr, which are held by Nordea Bank Abp, a subsidiary in Sweden.

² Floating charges linked to the operations at AB Gustaf Kähr, Kährs OY, Oak Norge A/S, Kährs Norge A/S and Kährs AB, which are held by DNB Bank ASA, Sweden Branch.

Note C26 Equity

	No. of shares	Share capital (SEK thousand)
As at 1 January 2024	500,000	500
As at 31 December 2024	500,000	500

	No. of shares	Share capital (SEK thousand)
As at 1 January 2023	500,000	500
As at 31 December 2023	500,000	500

Kährs BondCo AB's shares are of one class. The nominal value of the shares is SEK 1 per share. All shares have been paid in full and provide an equal right to dividends and a vote at an ordinary general meeting.

Reserves

	Translation reserve	Total
As at 1 January 2024	-85,703	-85,703
Exchange rate translation differences	31,360	31,360
As at 31 December 2024	-54,343	-54,343

	Translation reserve	Total
As at 1 January 2023	-32,865	-32,865
Exchange rate translation differences	-52,838	-52,838
As at 31 December 2023	-85,703	-85,703

Translation reserve

The translation reserve covers translation differences that arise when consolidating the financial reporting of foreign subsidiaries.

Earnings per share before dilution

Earnings per share before dilution are measured by dividing profit for the year attributable to shareholders of the parent company by a weighted average number of ordinary shares outstanding during the period.

When measuring earnings per share after dilution, the weighted average number of ordinary shares is adjusted for the dilution effect on all potential ordinary shares. There is currently no dilution effect on the potential ordinary shares of the Group.

Earnings per share before and after dilution	2024	2023
Earnings attributable to shareholders of the parent company, SEK thousand	-252,740	29,324
Weighted average number of outstanding ordinary shares	500,000	500,000
Earnings per share before and after dilution, SEK	-505	59

Repurchased own shares	No. of shares		Amounts affecting equity	
	2024	2023	2024	2023
Internally repurchased own shares	-	-	-	-
This year's purchase	-	500,000	-	-112,000
This year's cancellations	-	-500,000	-	-
Outgoing repurchased own shares	-	-	-	-112,000

Dividend per share	2024	2023
Dividend to shareholders of the parent company	-	112,000
Weighted average number of outstanding ordinary shares	500,000	500,000
Dividend per share, SEK	-	224

Note C27 Pension provision

Obligations for retirement pensions and family pensions are secured through insurance with Alecta (the ITP plan). According to a statement from the Swedish Financial Reporting Board, UFR 3, this is a defined-benefit plan covering many employers. In the 2024 financial year, the Group did not have access to the information it needed to report this plan as a defined-benefit plan. The ITP plan that is secured through insurance with Alecta is recognised as a defined-contribution plan. Pension payments to Alecta during the year amounted to TSEK 2,590 (2,778). At the end of 2024, Alecta's surplus in its collective consolidation level amounted to 162 per cent (158). The financing level comprises the fair value of Alecta's assets as a percentage of its insurance obligations and measured in accordance with Alecta's actuarial assumptions, which does not conform to IAS 19. The defined-benefit pension plan that is included in the consolidated financial statements as at 31 December 2024 relates to Kährs Germany.

Amounts recognised in the balance sheet are as follows:

	2024	2023
Present value of financed obligations	678	688
Fair value of the plan's assets	-	-
Deficit of financed plans	678	688
Present value of non-financed obligations	-	-
Net debt in the balance sheet	678	688

Change in the defined-benefit obligations	2024	2023
As at 1 January	688	734
Translation difference	71	42
Interest expense	11	11
Actuarial losses (+) / gains (-)	23	34
Payment of pension benefits	-115	-133
As at 31 December	678	688

Change in the fair value of the plan's assets	2024	2023
As at 1 January	-	-
Settlements	-	-
As at 31 December	-	-

Significant actuarial assumptions	2024	2023
Discount rate	2.92%	3.35%
Future pension increases	2.00%	2.00%

Assumptions on expected life are based on official statistics and experiences from surveys on the mortality rate in the country and are established in consultation with an actuarial expert.

Note C28 Other provisions

	Product warranties	Other	Total
As at 1 January 2024	18,174	13,455	31,629
Additional provisions	1,429	9,849	11,278
Utilisation during the year	-4,197	-5,128	-9,325
As at 31 December 2024	15,406	18,176	33,582

	Product warranties	Other	Total
As at 1 January 2023	16,882	6,400	23,282
Additional provisions	1,802	8,456	10,258
Utilisation during the year	-510	-1,401	-1,911
As at 31 December 2023	18,174	13,455	31,629

Provisions include:	2024	2023
Non-current	3,163	3,093
Current	30,419	28,536
Total	33,582	31,629

Note C29 Reconciliation of profit before tax and net cash flow

Adjustment for non-cash items	2024	2023
Depreciation and impairment of property, plant and equipment	104,876	109,638
Depreciation and impairment of right-of-use assets	48,681	50,640
Amortisation and impairment of intangible assets	17,676	19,058
Loss on divestment of non-current assets	687	-
Financial income	-10,950	-15,797
Financial expenses	220,669	157,891
Other provisions	1,913	9,566
Total	383,552	330,996

Note C30 Contingent liabilities

Contingent liabilities	2024	2023
Pension commitment in addition to what is recorded under liabilities/provisions	754	759
Guarantee in favour of external counterparties	3,768	3,727
Liability for debts in limited partnerships	23,582	22,780
Total	28,104	27,266

Investment obligation

As in the previous years, there is no investment obligation at the end of the reporting period that has not yet been recognised in the financial reporting.

Note C31 Acquisitions and divestments during the year

Acquisitions in 2024

No acquisitions have been made during the 2024 financial year.

Divestments in 2024

On 3 December 2024, Kährs' Russian operations Karelia- Upofloor CIS LLC was divested after a two-year process. After the divestment, Kährs has no direct or indirect links or connections to Russia. The Russian assets have been gradually written down in the Group throughout 2023 and 2024, thus resulting in a capital loss of SEK 14 million in the fourth quarter.

Business	Operations	Time of sale	Consolidated revenue 2024	Consolidated revenue 2023	No. of employees 2024	No. of employees 2023	Divested share	Holdings after divestment
Kährs Oy	Holding company	3 Dec 2024	-	113,721	-	47	100%	0%
Karelia-Upofloor CIS LLC	Manufacturing	3 Dec 2024	170,753	202,885	215	238	100%	0%
Total			170,753	316,606	215	285		

Karelia-Upofloor CIS LLC, Kährs Oy's share of the consolidated income statement

	2024	2023
Net sales	170,753	316,606
costs	-159,493	-283,378
Exchange rate differences when translating divested operations	-6,918	-
Write-down of assets to net realisable value	-72,068	-48,529
Operating profit (EBIT)	-67,726	-15,301

Carrying amount of assets and liabilities at the time of divestment, 3 December 2024

	31/12/2024	3/12/2024	31/12/2023
Property, plant and equipment	-	20,740	50,980
Inventories	-	31,651	71,748
Accounts receivable	-	6,415	10,936
Other assets	-	6,193	2,059
Cash and cash equivalents	-	42,169	36,402
Total assets	-	107,168	172,114
Accounts payable		4,225	2,542
Other liabilities	-	140,098	133,957
Total liabilities	-	144,323	136,499
Net assets	-	-37,155	35,615

Impact on Group cash flow

	2024	2023
Net cash flow from operating activities	12,766	4,624
Net cash flow from investing activities	28,562	-2,603
Net cash flow from financing activities	-5,469	-6,977
Net increase in cash and cash equivalents in the Group	35,859	-4,956

Details of sale of the Russian business

	3/12/2024
Purchase price received	72,261
Cash and cash equivalents	-42,169
Carrying amount of net assets divested	-37,155
Profit before reclassification of currency translation reserve	-7,063
Reclassification of currency translation reserve	-6,918
Income tax	0
Profit on divestment after tax Q4	-13,981
Profit on divestment after tax Q1–Q3	-69,608
Profit on divestment after tax full-year 2024	-83,589
Of which impairment losses during the year before divestment	-69,608
Of which capital loss on divestment	-13,981

Note C32 Property, plant and equipment, right of use

In the majority of the Group's leases, the Group is the lessee, for example, for warehouses, office premises, forklift trucks, vehicles, machinery and some office equipment. The right-of-use asset is reported under fixed assets and measured at cost less depreciation and any impairment. Cost for a right-of-use asset include the initial value of the lease liability, lease payments that are paid before or at commencement, and initial direct costs and restoration costs. The asset is depreciated on a straight-line basis. Lease liabilities are included in the lines non-current and current interest-bearing liabilities in the balance sheet.

The Group assesses whether a contract is, or contains, a lease contract at the beginning of the contract. The Group reports a right-of-use asset and a corresponding lease liability for all leases except current lease contracts (lease contracts with a term of no more than 12 months) and lease contracts where the underlying asset is of low value. For lease contracts that meet the criteria for the exemption rules, the Group reports lease payments as an operating expense over the term of the lease. The term of most leases is between two and five years, but some leases have a longer term. The lease liability is initially measured at the present value of the future lease payments that have not been paid at commencement of the lease, discounted by a marginal loan interest rate that is established at Group level per country. The Group's average margin loan interest rate amounts to 7.3 per cent (6.9). For additional information on accounting principles, see Note C2 Basis for preparation and summary of significant accounting policies -Leases and note C3 Significant assessments, estimates and assumptions - Valuation of right-of-use assets and lease liabilities.

	2024	2023
Depreciation of rights-of-use	-48,681	-50,640
Interest expense for lease liabilities	-5,275	-5,537
Gains at the end of leases	5,418	1
Low-value leases	-26	-
Total amount in the income statement	-48,564	-56,176

Right-of use assets, non-current 2024	Land and buildings	Forklift trucks	Vehicles	Office equipment	Total
Accumulated cost, opening balance	156,210	38,670	26,777	2,848	224,506
Decrease attributable to divestment of operations	-19,168	-	-69	-	-19,237
Additional items	11,855	26,158	7,191	1,032	46,236
Divestments	-41,641	-35,532	-10,625	-870	-88,668
Exchange rate differences	1,899	84	482	86	2,551
Accumulated cost, closing balance	109,155	29,380	23,756	3,096	165,388

	Land and buildings	Forklift trucks	Vehicles	Office equipment	Total
2024					
Accumulated depreciation, opening balance	-91,457	-34,363	-11,591	-1,075	-138,486
Decrease attributable to divestment c operations	8,576	-	48	-	8,624
Depreciation/amortisation for the year	-30,959	-8,331	-8,509	-882	-48,681
Divestments	41,641	35,085	8,511	870	86,107
Exchange rate differences	-962	-26	-129	-9	-1,126
Accumulated depreciation/amortisation, closing balance	-73,161	-7,635	-11,670	-1,096	-93,562

2024	Land and buildings	Forklift trucks	Vehicles	Office equipment	Total
Accumulated impairment, opening balance	-	-	-	-	-
Impairment for the year	-	-	-	-	-
Accumulated impairment, closing balance	-	-	-	-	-
Carrying amount at end of ear	35,994	21,745	12,087	2,001	71,826

Right-of use assets, non-current

2023	Land and buildings	Forklift trucks	Vehicles	Office equipment	Total
Accumulated cost, opening balance	175,863	42,014	29,824	2,933	250,634
Additional items	12,826	3,152	10,556	1,519	28,053
Divestments	-26,947	-6,493	-12,357	-1,649	-47,446
Exchange rate differences	-5,532	-3	-1,246	45	-6,736
Accumulated cost, closing balance	156,210	38,670	26,777	2,848	224,506

2023	Land and buildings	Forklift trucks	Vehicles	Office equipment	Total
Accumulated depreciation/amortisation, opening balance	-87,646	-32,309	-14,601	-1,879	-136,435
Depreciation/amortisation for the year	-32,583	-8,522	-8,746	-789	-50,640
Divestments	27,027	6,433	11,400	1,647	46,508
Exchange rate differences	1,745	34	356	-54	2,081
Accumulated depreciation/amortisation, closing balance	-91,457	-34,363	-11,591	-1,075	-138,486

2023	Land and buildings	Forklift trucks	Vehicles	Machinery	Office equipment
Accumulated impairment, opening balance	-	-	-	-	-
Impairment for the year	-	-	-	-	-
Accumulated impairment, closing balance	-	-	-	-	-
Carrying amount at end of year	64,753	4,307	15,187	1,774	86,020

Depreciation/amortisation per function in the income statement

	2024	2023
Cost of goods sold	-9,413	-10,930
Selling and distribution expenses	-37,808	-38,275
Administration expenses	-1,460	-1,435
Total depreciation/amortisation	-48,681	-50,640

Financial expenses

	2024	2023
Interest expense for lease liabilities	-5,275	-5,537

Lease liabilities

	2024	2023
Non-current lease liabilities	40,925	46,762
Current lease liabilities	33,222	42,434
Total lease liabilities	74,147	89,196

Note C33 Events after the balance sheet date

No significant events have occurred after the end of the reporting period.

Parent Company Income Statement

SEK thousand	Note	2024	2023
Administration expenses	P5	-253	-200
Operating profit/loss		-253	-200
Financial income	P6	57,687	50,993
Financial expenses	P6	-192,152	-142,439
Profit after net financial items		-134,718	-91,646
Appropriations			
Allocation to tax allocation reserve		-1,845	-19,015
Group contributions received	P7	11,237	109,006
Profit/loss before tax		-125,326	-1,655
Income tax	P8	-3,202	-11,050
Profit/loss for the year		-128,528	-12,705

Parent Company Statement of Comprehensive Income

SEK thousand	2024	2023
Profit/loss for the year	-128,528	-12,705
Other comprehensive income	-	-
Comprehensive income for the year	-128,528	-12,705

Parent company statement of financial position

SEK thousand	Note	31/12/2024	31/12/2023
ASSETS			
Non-current assets			
Financial assets	P9	1,400,000	1,400,000
Interest-bearing receivables	P10	640,544	583,125
Total non-current assets		2,040,544	1,983,125
Current assets			
Other current assets	P11	11,852	109,035
Other receivables		3	-
Cash and cash equivalents	P12	767	523
Total current assets		12,622	109,558
TOTAL ASSETS		2,053,166	2,092,683
Equity			
<i>Restricted equity</i>			
Share capital	P15	500	500
Statutory reserve		-	-
Total restricted equity		500	500
<i>Unrestricted equity</i>			
Retained earnings	P17	351,274	363,979
Profit/loss for the year	P15	-128,528	-12,705
Total unrestricted equity	P15	222,746	351,274
Total equity	P15	223,246	351,774
Untaxed reserves			
Tax allocation reserve		34,040	32,196
Total untaxed reserves		34,040	32,196
Non-current liabilities			
Interest-bearing liabilities	P14	1,428,647	1,438,404
Deferred tax liabilities		4,399	2,389
Total non-current liabilities		1,433,046	1,440,793
Current liabilities			
Tax liabilities		1,140	19,897
Other current liabilities	P13	361,694	248,023
Total current liabilities		362,834	267,920
TOTAL EQUITY AND LIABILITIES		2,053,166	2,092,683

Parent company statement of changes in equity

SEK thousand	Share capital	Statutory reserve	Total restricted equity	Retained earnings	Profit/loss for the year	Total unrestricted equity	Total equity
As at 1 January 2024	500	-	500	363,979	-12,705	351,274	351,774
Profit from previous year	-	-	-	-12,705	12,705	-	-
Profit/loss for the year	-	-	-	-	-128,528	-128,528	-128,528
As at 31 December 2024	500	-	500	351,274	-128,528	222,746	223,246

SEK thousand	Share capital	Statutory reserve	Total restricted equity	Retained earnings	Profit/loss for the year	Total unrestricted equity	Total equity
As at 1 January 2023	500	-	500	487,821	-11,842	475,979	476,479
Profit from previous year	-	-	-	-11,842	11,842	-	-
Profit/loss for the year	-	-	-	-	-12,705	-12,705	-12,705
Bonus issue	500	-	-500	-	-	-	-
Cancellation of treasury shares	-500	-	500	-	-	-	-
Repurchase of own shares	-	-	-	-112,000	-	-112,000	-112,000
As at 31 December 2023	500	-	500	363,979	-12,705	351,274	351,774

Parent company statement of cash flows

SEK thousand	Note	2024	2023
Operating activities			
Profit/loss before tax		-125,326	-1,655
Adjustment for non-cash items	P16	109,687	-277
Cash flow before interest and tax		-15,639	-1,932
Interest received		267	23
Interest paid		-138,476	-137,331
Cash flow from operating activities before changes in working capital		-153,848	-139,240
Change in working capital			
Changes in operating receivables		97,183	78,826
Changes in operating liabilities		8,328	1,754
Cash flow from operating activities		-48,337	-58,660
Financing activities			
Share capital paid in			
Change in current internal liabilities, global cash pool	P12	105 343	170,683
Loans raised		1,450,000	-
Repayment of loans raised		-1,450,000	-
Dividend		-	-112,000
Lending to related parties (Kähns Holding AB (publ))	P2, P9	-56,762	-
Cash flow from financing activities		48,581	58,683
Cash flow for the year		244	23
Cash and cash equivalents at start of year		523	500
Cash and cash equivalents at end of year		767	523

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Note P1 Accounting policies

General

The parent company, Kährs BondCo AB (publ), is a wholly owned subsidiary of Saltri II LuxCo SARL, CIN B163570, with its registered office in Luxembourg. Kährs BondCo AB (publ), CIN 559339–3621 with registered office in Nybro, prepares consolidated financial statements for the highest group in which the parent company is a subsidiary. The annual report of Kährs BondCo AB (publ) has been prepared in accordance with the Swedish Annual Accounts Act, other Swedish legislation and the standard RFR 2 Accounting for Legal Entities. This standard must be applied by Swedish legal entities, whose securities on the balance sheet date are listed on the Swedish stock exchange or on another regulated market. These companies must comply with the EU's rules for international accounting standards in their consolidated accounts and must also follow the Swedish Annual Accounts Act when preparing documents for their annual accounts separately. RFR 2 prescribes, as its main rule, that listed parent companies must apply IFRS with the specific exceptions and additions stipulated by the provisions in law and taking into account the connection between reporting and taxation in Sweden.

Receivables and liabilities in a foreign currency

Receivables and liabilities in a foreign currency have been translated at the closing rate. Exchange rate differences for operating receivables and liabilities are included in operating profit, while differences for financial receivables and liabilities are recognised among financial items.

Shares in subsidiaries and financial instruments

Share in subsidiaries and financial instruments are measured at cost minus any impairment. The parent company recognises financial instruments using the lowest value principle.

Group contributions

The parent company recognises Group contributions and shareholder contributions in accordance with the statement from the Swedish Financial Reporting Board, RFR2. This means that Group contributions are recognised as appropriations and that shareholder contributions are entered directly in equity with the recipient. In the parent company, shareholder contributions are capitalised as shares and participations to the extent that impairment is not required, while Group contributions are recognised as appropriations.

Note P2 Related party transactions

Saltri II LuxCo SARL owns 100 per cent (500,000 shares) of the parent company's shares and therefore has a controlling influence over the Group. This means that Saltri II LuxCo SARL ultimately has a controlling influence over Kährs BondCo AB (publ).

The following business relationships are conducted on normal market conditions (the 'arm's length principle'):

<i>Interest income from related parties</i>	31/12/2024	31/12/2023
<i>Kährs Holding AB (publ)</i>	57,419	50,971
Total	57,419	50,971

<i>Financial receivables/liabilities with related parties including accrued interest</i>	31/12/2024	31/12/2023
<i>Kährs Holding AB (publ)</i>	640,544	583,125
Total	640,544	583,125

Kährs BondCo AB (publ) has not issued any guarantees or any other commitments to the benefit of Board members and senior executives. In the 2024 financial year there were no direct nor indirect transactions between

the Group and Board members or senior executives, except for what is stated in Note P4 Remuneration to senior executives Remuneration to senior executives.

Note P3 Payroll costs and number of employees

As at 31 December 2024, there are no employees in the parent company Kähns BondCo AB (publ).

Note P4 Remuneration to senior executives

Remuneration to the Board is shown in Note C8 Remuneration to senior executives.

Note P5 Remuneration to auditors

	2024	2023
Deloitte		
Audit	253	200
Total	253	200

Audit refers to the statutory audit of the annual report and bookkeeping and the administration of the business by the Board of Directors and the CEO. Tax consultancy refers to services in the field of taxation. Other advice refers to all other advice that is not included above.

Note P6 Financial income and expenses

Financial income	2024	2023
Interest income		
Interest income, external	267	23
Interest income, internal, Kähns Holding AB (publ)	57,420	50,970
Total financial income	57,687	50,993
Financial expenses	2024	2023
Interest expense		
Interest expenses, bond loans	-146,341	-138,883
Other financial expenses		
Transaction costs, bond loans	-45,811	-3,556
Total financial expenses	-192,152	-142,439
Net financial items	-134,465	-91,446

No impairment needs were recorded in 2024.

Note P7 Group contributions

	2024	2023
Group contributions received		
Kährs Holding AB (publ) (not paid)	2,556	47,103
AB Gustaf Kähr (not paid out)	10,167	61,903
Kährs AB (not paid)	-1,486	-
Total	11,237	109,006

Note P8 Tax

	2024	2023
Adjustments for previous years	-53	-
Total current tax expense	-53	-
Current tax	-1,139	-11,751
Deferred tax, direct transaction costs, bond loans	-2,010	701
Total income tax	-3,202	-11,050

	2024	2023
Reconciliation of effective tax rate		
Profit/loss before tax	-125,326	-1,655
Tax calculated using the Swedish tax rate of 20.6%	25,817	341
Non-deductible expenses	-25,385	-12,092
Temporary differences	-1,571	-
Adjustments for previous years	-53	-
Other	-2,010	701
Total income tax	-3,202	-11,050

Deferred tax assets and tax liabilities attributable to:

	2024	
	Deferred tax assets	Deferred tax liabilities
Temporary differences attributable to		
Provisions	-	4,399
	-	4,399
	2023	
	Deferred tax assets	Deferred tax liabilities
Temporary differences attributable to		
Provisions	-	2,389
	-	2,389

Reconciliation of deferred tax

	2024	
	Deferred tax assets	Deferred tax liabilities
As at 1 January	-	2,389
Tax expense/income recognised in the income statement	-	2,010
As at 31 December	-	4,399

Reconciliation of deferred tax

	2023	
	Deferred tax assets	Deferred tax liabilities
As at 1 January	-	3,090
Tax expense/income recognised in the income statement	-	-701
As at 31 December	-	2,389

Deferred tax assets on loss carryforwards are recognised to the extent it is probable that future taxable profit will be available against which the loss can be utilised. There is no limit for carrying loss carryforwards. The parent company has no unrecognised deferred tax liabilities or tax assets for temporary differences.

Note P9 Financial assets

Financial assets	2024	2023
Shares in subsidiaries	1,400,000	1,400,000
Total	1,400,000	1,400,000

Kährs BondCo AB's ownership shares are as follows as at 31 December 2024:

				Share of capital and voting rights (%)	Share of capital and voting rights (%)
	Type of business	Country	Currency	2024	2023
Name					
<u>Participations in Group companies</u>					
Kährs Schweiz GmbH	Sales Holding company	CH	CHF	100	100
Gustaf Kähr Verwaltungen GmbH		DE	EUR	100	100
Kährs Parkett Deutschland GmbH & Co KG ¹⁾	Sales Holding company	DE	EUR	100	100
Kährs Oy ²		FI	EUR	-	100
Kährs Finland Oy	Manufacturing	FI	EUR	100	100
Kährs France SARL	Sales	FR	EUR	100	100
Kährs Norge AS	Sales Holding company	NO	NOK	100	100
Oak Norge AS		NO	NOK	100	100
Kährs Polska SP.Z.O.O	Manufacturing	PL	PLN	90	90
S.C Karelia-Upofloor S.R.L	Manufacturing Holding company	RO	RON	100	100
Deco Design SRL		RO	RON	100	100
Karelia-Upofloor CIS LLC ²⁾	Manufacturing Holding company	RU	RUB	-	100
Kährs Sweden Holding AB		SE	SEK	100	100
AB Gustaf Kähr	Manufacturing	SE	SEK	100	100
Kährs AB	Sales	SE	SEK	100	100
Kährs (UK) Ltd.	Sales	UK	GBP	100	100
Kährs International Inc.	Sales	US	USD	100	100

¹⁾ This consolidated statement also constitutes an exception for Kährs Parkett Deutschland GmbH & Co. KG, Tübingen/Germany in accordance with § 264b of the German Commercial Code (HGB).

²⁾ Kährs Oy and Karelia-Upofloor CIS LLC have been divested as of 3 December 2024.

Shares in directly owned subsidiaries:

Name, corporate identity number, company's registered office	No. of shares	2024	2023
Kährs Holding AB (556534-2481, Nybro, SE)	500,000	1,400,000	1,400,000
Total		1,400,000	1,400,000

Note P10 Interest-bearing receivables

	2024	2023
Shareholder loan, Kährs Holding AB (publ) ¹⁾	640,544	583,125
Total	640,544	583,125

¹⁾ Capitalization of interest TSEK 57,419

Shareholder loans are loans at a variable interest rate of 8.963 per cent. The shareholder loan matures on 14 December 2028.

Note P11 Other current assets

	2024	2023
Current receivables, Group companies, Kähns Holding AB (publ)	1,686	47,103
Current receivables, Group companies, AB Gustaf Kähr	10,166	61,903
Prepaid operating expenses	-	29
Total at year end	11,852	109,035

Note P12 Cash and cash equivalents

Cash and cash equivalents in the balance sheet and the cash flow statement comprise solely cash at bank and in hand.

Note 13 Other current liabilities

	2024	2023
Current operating debt, Group company, Kähns Holding AB	-	400
Current internal liability, global cash pool, Kähns Holding AB	342,880	237,537
Current operating debt, Group company, Kähns Holding AB	1,486	-
Accrued interest, bond loan	17,328	10,086
Total at year end	361,694	248,023

Note P14 Interest-bearing liabilities

Kähns implemented new bond financing of SEK 1,450 million with a maturity of four years. The settlement date for the new bond was 14 November. The interest rate on the bond is STIBOR 3 months + 6.25 per cent. The bond is listed on Nasdaq Stockholm and Frankfurt Open Market. The new bond replaces the existing bond of the same amount which was redeemed in connection with the new bond. Kähns' financing is thus secured until November 2028. The interest rate as at 31 December 2024 was 8.963 per cent (10.016).

<i>Non-current interest-bearing liabilities</i>	2024	2023
Bond loan (2–5 years)	1,428,647	1,438,404
Total non-current interest-bearing liabilities	1,428,647	1,438,404

Change in interest-bearing liabilities

Cash flow

Non-cash flow

31/12/2024	Opening balance	Repayment	New borrowing	Other¹⁾	Closing Balance
Bond loan	1,438,404	-1,438,404	1,450,000	-21,353	1,428,647
Total	1,438,404	-1,438,404	1,450,000	-21,353	1,428,647

¹⁾ Allocation of direct transaction costs over the duration of the bond loan.

Change in interest-bearing liabilities

	Cash flow			Non-cash flow		
31/12/2023	Opening balance	Repayment	New borrowing	Acquisition	Other ¹⁾	Closing balance
Bond loan	1,434,998	-	-		3,406	1,438,404
Total	1,434,998	-	-		3,406	1,438,404

¹⁾ Allocation of direct transaction costs over the duration of the bond loan.

	2024	2023
Pledged assets for liabilities to credit institutions		
Shares in subsidiaries	1,400,000	1,400,000
Receivables in subsidiaries	640,544	583,125
Total	2,040,544	1,983,125

Contingent liabilities	2024	2023
Pension commitment in addition to what is recorded under liabilities/provisions	50	-
Total	50	-

Note P15 Equity

Share capital

	No. of shares	Nominal value	Share capital (SEK thousand)
As at 1 January 2024	500,000	1	500
As at 31 December 2024	500,000	1	500
	No. of shares	Nominal value	Share capital (SEK thousand)
As at 1 January 2023	500,000	1	500
As at 31 December 2023	500,000	1	500

The shares of Kährs BondCo AB (publ) are of one class. All shares have been paid in full and provide an equal right to dividends and a vote at an ordinary general meeting.

Earnings per share before and after dilution	2024	2023
Earnings attributable to shareholders of the parent company	-128,528	-12,705
Weighted average number of outstanding ordinary shares	500,000	500,000
Earnings per share before and after dilution, SEK	-257	-25

Dividend per share

Dividend per share is calculated by dividing the dividend for the year issued to the shareholders in the parent company by the weighted average number of ordinary shares outstanding during the period.

Dividend per share	2024	2023
Repurchase of own shares in the parent company	-	112,000
Weighted average number of outstanding ordinary shares	500,000	500,000
Dividend per share before dilution, SEK	-	224

Note P16 Reconciliation of profit before tax and net cash flow

Adjustment for non-cash items	2024	2023
Unpaid Group contribution	-11,237	-109,006
Interest income	-57,687	-50,993
Interest expense	192,152	142,439
Tax allocation reserve	1,845	19,015
Other	-15,386	-1,732
Total	109,687	-277

External interest expense paid during the period amounted to TSEK 192,152 (142,439).

External interest income received during the period amounted to TSEK 57,687 (50,993).

Note P17 Proposed distribution of profit (SEK)

Distribution of profit parent company	2024
Unrestricted equity in the parent company is:	
Retained earnings	351,275,250
Profit/loss for the year	-128,529,479
Total	222,745,771

The Board of Directors and CEO propose:
be distributed to shareholders

To be carried forward	222,745,771
Total	222,745,771

Distribution of profit parent company	2023
Unrestricted equity in the parent company is:	
Retained earnings	363,979,689
Profit/loss for the year	-12,704,439
Total	351,275,250

The Board of Directors and CEO propose:

To be carried forward	351,275,250
Total	351,275,250

Financial definitions and key performance indicators

Alternative key performance indicators

Kährs uses a number of alternative key performance indicators that are not defined in IFRS or in the Swedish Annual Accounts Act in order to present the Group's operations in a fair way. The alternative performance indicators used by Kährs are defined below.

Return on equity

Profit after tax over a 12-month rolling period as a percentage of average equity, excluding non-controlling interests.

Return on capital employed

Operating profit (EBIT) over a 12-month rolling period in relation to average capital employed. Employed capital is defined as net debt per share capital plus shareholder loans.

Depreciation/amortisation

Depreciation/amortisation of intangible assets and property, plant and equipment.

EBITA

Operating profit after depreciation, amortisation and impairment, but before any deductions for the impairment of goodwill, as well as amortisation and impairment of other intangible assets arising in connection with company acquisitions.

Investments

Investments in non-current assets.

Non-recurring items

Non-recurring profit items that have a material effect on profit and that are of significance to an understanding of the underlying development of the operations.

Net sales

The Group's accumulated income net of bonuses and discounts given, VAT and other tax linked to sales.

Net operating capital

Inventories and accounts receivable reduced by trade payables.

Net debt

Interest-bearing liabilities net (excluding shareholder loans and lease liabilities), less assets, cash and cash equivalents.

Net debt/EBITDA ratio

Net debt excluding finance leases in relation to adjusted EBITDA, over a 12-month rolling period.

Operating EBIT

Operating profit before non-recurring items.

Operating EBITA

EBITA before non-recurring items.

Organic growth

Change in sales in comparable units after adjustments for acquisitions and exchange rate effects.

Earnings per share after tax before dilution

Profit for the year excluding non-controlling interests in relation to the number of shares before dilution.

Earnings per share after tax after dilution

Profit for the year excluding non-controlling interests in relation to the number of shares after any dilution.

Interest coverage ratio

Adjusted EBITDA, over a 12-month rolling period, divided by interest paid, 12-month rolling.

Operating profit (EBIT)

Profit before financial items and tax.

Operating margin (EBIT) as a percentage

Calculated as EBIT above as a percentage of net sales during the period.

Operating profit (EBITDA)

Operating profit before depreciation and amortisation.

Adjusted EBITDA

Operating profit before depreciation, amortisation and non-recurring items.

Equity/assets ratio

Adjusted equity as a percentage of total assets.

For untaxed reserves – the proportion in adjusted equity; tax expense has been calculated at a rate of 20.6 per cent.

Total operating capital

Inventories, accounts receivable, derivatives and other non-current assets reduced by trade payables, tax liabilities, derivatives and other current liabilities.

For further information on the calculation basis for alternative key figures, see www.kahrsgroup.com.

The consolidated accounts and annual accounts have been approved for publication by the Board of Directors on 16 April 2025. The Board of Directors and CEO hereby certify that the consolidated accounts and annual accounts were prepared in accordance with International Financial Reporting Standards (IFRS), as approved by the EU, and generally accepted accounting principles, and provide a true and fair view of the Group's and parent company's financial position and results, and that the Directors' Reports for the Group and the parent company give a true and fair view of the development of the Group's and the parent company's operations, position and results, and describe significant risks and uncertainties facing the parent company and the companies included in the Group.

Nybro on 16 April 2025

Anders Wassberg
Chair of the Board

Mats Therman
Board member

Christopher Marköö
Board member

Jonas Köhlin
Board member

Johan Magnusson
CEO and Group President

Our audit report was issued on 16 April 2025

Deloitte AB

Maria Ekelund
Authorised Public Accountant

AUDITOR'S REPORT

**To the general meeting of the shareholders of Kährs BondCo AB (publ)
corporate identity number 559339-3621**

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Kährs BondCo AB (publ) for the financial year 2024-01-01 - 2024-12-31.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2024 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2024 and their financial performance and cash flow for the year then ended in accordance with IFRS Accounting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014/EU) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the *Auditor's Responsibilities* section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014/EU) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and

consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Valuation of Goodwill and Trademarks

In the consolidated balance sheet as of December 31, 2024 goodwill amounts to SEK 29 696 and trademarks with an indefinite useful life amounting to SEK 30 200.

The value of the reported goodwill and trademarks is dependent on future returns and profitability in the cash-generating unit to which the goodwill and trademarks pertain and is tested at least annually. The management bases its impairment testing on several assumptions and assessments such as revenue growth, operating margin development, and cost of capital (WACC), as well as other complex conditions.

Incorrect assessments and assumptions can have a significant impact on the group's results and financial position.

For further information, refer to notes C3 and C15, which detail how the management has conducted its impairment testing along with key assessments and assumptions.

Our audit procedures

Our audit procedures included, but were not limited to:

- Review and assessment of Kährs BondCo AB's procedures for impairment tests of goodwill and evaluation of the reasonability of judgments and estimates made, that the procedures are consistently applied and that there is integrity in computations;
- Verification of input data in calculations including information from budgets and business plans for the forecast period;
- Test of headroom for each cash generating unit by performing sensitivity analyses; and
- Review of the completeness and correctness in relevant disclosures to the financial reports.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS Accounting Standards as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not

applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibilities for the audit of the annual accounts and consolidated accounts is located at the Swedish Inspectorate of Auditors website:

www.revisorsinspektionen.se/revisornsansvar. This description forms part of the auditor's report.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Kährs BondCo AB (publ) for the financial year 2024-01-01 - 2024-12-31 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit to be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the *Auditor's Responsibilities* section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs

otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibilities for the audit of the management's administration is located at the Swedish Inspectorate of Auditors website:

www.revisorsinspektionen.se/revisornsansvar. This description forms part of the auditor's report.

The auditor's examination of the Esef report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528) for Kährs BondCo AB (publ) for the financial year 2024-01-01 - 2024-12-31.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Kährs BondCo AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of The Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

The Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

The auditor's opinion regarding the statutory sustainability report

The Board of Directors is responsible for the statutory sustainability report on pages 11-14 and that it is prepared in accordance with the Annual Accounts Act according to the previous version applied before 1 July 2024.

Our examination has been conducted in accordance with FAR:s auditing standard RevR 12 *The auditor's opinion regarding the statutory sustainability report*. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

We believe that the examination has provided us with sufficient basis for our opinion.

A statutory sustainability report has been prepared.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 15-17 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevR 16 *The auditor's examination of the corporate governance statement*. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Deloitte AB, was appointed auditor of Kährs BondCo AB by the general meeting of the shareholders on May 16, 2024 and has been the company's auditor since July 15, 2022.

Malmö, April 16, 2025

Deloitte AB

Signature on Swedish original

Maria Ekelund
Authorized Public Accountant