

Interim report 1 January-30 June 2018

# RECORD SALES, EBITA AND CASH FLOW – ACCELERATED ORGANIC GROWTH TO 19 %

## HIGHLIGHTS

### Second quarter

- The Group's net sales rose 31.3 percent to SEK 1,417.8 million (1,080.0), of which the Group's organic growth accounted for 18.6 percent, driven by accelerated organic growth of 23.9 percent in the DIY segment
- Adjusted gross profit\* rose 30.6 percent to SEK 298.6 million (228.5), with an adjusted gross margin of 21.1 percent (21.2)
- The Group's adjusted EBITA\*\* (operating income before acquisition-related amortisations and write-downs, and items affecting comparability) amounted to SEK 71.7 million (64.3), with an adjusted EBITA margin of 5.1 percent (6.0)
- The Group's operating income adjusted for items affecting comparability, primarily attributable to the ongoing integration of Furniturebox, increased to SEK 62.4 million (56.7), with an adjusted operating margin of 4.4 percent (5.3)
- Operating cash flow\*\*\* was SEK 171.8 million (157.9), corresponding to a cash conversion of 218 percent
- Net income amounted to SEK 32.1 million (23.1)
- Earnings per share amounted to SEK 0.30 (-0.62) before dilution and SEK 0.30 (-0.62) after dilution
- Higher raw material prices and weakened SEK (vs. EUR and USD) impacted EBITA in Home Furnishing by approximately SEK -12 million

### 1 January-30 June

- Net sales rose 39.6 percent to SEK 2,442.9 million (1,749.7), of which the Group's organic growth accounted for 16.9 percent driven by organic growth of 21.5 percent in the DIY segment
- The Group's adjusted gross profit\* increased 43.0 percent to SEK 519.2 million (363.1), with an adjusted gross margin of 21.3 percent (20.8)
- The Group's adjusted EBITA\*\* amounted to SEK 102.4 million (83.8), with an adjusted EBITA margin of 4.2 percent (4.8)
- The Group's operating income adjusted for items affecting comparability, primarily attributable to the company's IPO, amounted to SEK 83.8 million (69.6), with an adjusted operating margin 3.4 percent (4.0)
- Operating cash flow\*\*\* was SEK 221.8 million (147.6), corresponding to a cash conversion of 192 percent
- Net income amounted to SEK -22.9 million (19.6). The negative result was wholly related to items affecting comparability
- Earnings per share amounted to SEK -0.87 (-1.78) before dilution and SEK -0.87 (-1.78) after dilution

## FINANCIAL SUMMARY

SEKm (if not otherwise stated)	Q2		Jan-Jun		Jan-Dec	
	2018	2017	Δ%	2018	2017	Δ%
Net Sales	1,417.8	1,080.0	31.3	2,442.9	1,749.7	39.6
Adjusted gross profit*	298.6	228.5	30.6	519.2	363.1	43.0
Adjusted gross margin (%)	21.1	21.2	-0.5	21.3	20.8	2.4
Adjusted EBITA**	71.7	64.3	11.5	102.4	83.8	22.1
Adjusted EBITA-margin (%)	5.1	6.0	-15.0	4.2	4.8	-12.5
Operating income	55.0	44.3	24.0	25.8	50.0	-48.4
Operating-margin (%)	3.9	4.1	-5.5	1.1	2.9	-63.0
Net profit/loss for the period	32.1	23.1	39.0	-22.9	19.6	-217.2
Earnings per share before dilution, SEK	0.30	-0.62		-0.87	-1.78	-3.99
Earnings per share after dilution, SEK	0.30	-0.62		-0.87	-1.78	-3.99
Cash flow from operations	162.8	132.0	23.3	144.7	105.4	37.3
Net debt	357.5	826.4	-56.7	357.5	826.4	-56.7
						804.1

\* Adjusted for items affecting comparability (refer to "Relevant reconciliations of non-IFRS alternative performance measures (APM)"). Items affecting comparability impacting the gross profit amounted to SEK 7.1 million (9.7) for the quarter and SEK 14.6 million (12.3) for the first six months, attributable to the Furniturebox integration. Items affecting comparability impacting EBITA totalled SEK 7.4 million (12.4) for the quarter and SEK 58.0 (19.6) for the first six months and were attributable to (i) acquisition costs of SEK 0.3 million (2.2) for the quarter and SEK 0.9 million (6.8) for the first six months, (ii) integration costs of SEK 7.1 million (10.2) for the quarter and SEK 15.0 million (12.8) for the first six months, pertaining to the integration of Furniturebox, (iii) costs of SEK 11.4 million (-) associated with the long-term incentive programme for some 60 key employees in the Group launched in connection to the IPO and (iv) costs for the listing on Nasdaq Stockholm of 30.7 million (-).

\*\* Adjusted EBITA is defined as operating income before depreciation and amortisation related to acquisitions and total items affecting comparability (described above).

\*\*\* Operating cash flow: Adjusted EBITDA including changes in working capital less investments in other non-current assets in the period. Cash conversion in percent: Operating cash flow / adjusted EBITDA (also refer to "Definitions" on page 28 in this report).

## CEO's comments on the result

During the second quarter, we continued to consolidate our position as the leading Nordic and European online-based player in home improvement, which includes the DIY and Home Furnishing segments. We are proud to report our strongest-ever quarter with more than SEK 1.4 billion in net sales, our highest adjusted EBITA to date and record strong operating cash flow. I would particularly like to highlight the stellar performance of the DIY division across the board, with improved growth rates in all markets.

All in all, sales growth in the quarter was the result of accelerated organic growth – driven by a continued rapid increase in online penetration and a stable trend in the overall Nordic market – combined with an active acquisition strategy, translating to continued increased market share for the Group during the period. Combined with improved online penetration, the strengthened markets in Finland, Denmark and Norway led to considerably higher growth rates for the Group's operations outside of Sweden.

Despite a negative impact of approximately SEK 12 million for the quarter, we report our highest adjusted EBITA to date. Two factors had an adverse impact on profitability during the period; firstly, the weakened SEK, which has a short-term negative impact on earnings for the Home Furnishing division and secondly, higher raw material prices for polyethylene during the period. The weakened SEK affects the Home Furnishing division during the period, as the segment has its purchases in EUR and USD and a majority of its sales in SEK. Typically, consumer prices are adjusted to the higher purchase prices. However, as many of our main competitors are catalogue-based and typically hedge currency (as opposed to Byggemma Group), price adjustments are generally imposed on the market with a seasonal delay.

The acquisition of Furniturebox in the first half of 2017 enabled us, along with our existing operations in the Home Furnishing segment, to assume a leading position in the Nordic online Home Furnishing market. We further strengthened this position in 2017 through the acquisition of MyHome Møbler and Wegot.

Apart from strengthening our Nordic position in Home Furnishing, we also launched installation services of heat pumps and robomowers in the DIY segment during the period, with promising results. We are also evaluating to add additional product groups to the installation service offering during the second half of the year.

The Furniturebox integration project, initiated during 2017 for the purpose of realising long term sales and cost synergies, is nearly complete. This integration work resulted in integration costs of SEK 7.1 million in the second quarter and SEK 15 million in the first half of 2018. As is normally the case for this type of operation, we saw a drop in traffic following the web platform migration of Furniturebox. This is expected to pick up during the second half of 2018, but has a temporary negative effect on sales and profitability for Furniturebox.

Finally, I would like to thank our many ambitious, hard-working and driven employees. I feel privileged to be part of this team. Together, we are looking forward to the continued delivery of profitable growth in 2018, in line with our targets.

Stockholm, 20 July 2018

Mikael Olander

*President and CEO, Byggemma Group*



Mikael Olander, President and CEO

# Condensed consolidated financial information

SEKm (if not otherwise stated)	Q2		Δ%	Jan-Jun		Δ%	Jan-Dec	
	2018	2017		2018	2017		2017	2017
Net Sales	1,417.8	1,080.0	31.3	2,442.9	1,749.7	39.6	3,955.5	
Gross profit	291.5	218.8	33.2	504.6	350.8	43.8	820.0	
Gross margin (%)	20.6	20.3	1.5	20.7	20.1	3.0	20.7	
Adjusted gross profit*	298.6	228.5	30.6	519.2	363.1	43.0	855.2	
Adjusted gross margin (%)	21.1	21.2	-0.5	21.3	20.8	2.4	21.6	
Adjusted EBITDA*	78.9	69.1	14.2	115.5	92.3	25.1	219.7	
Adjusted EBITDA-margin (%)	5.6	6.4	-13.0	4.7	5.3	-10.4	5.6	
Adjusted EBITA**	71.7	64.3	11.5	102.4	83.8	22.1	197.0	
Adjusted EBITA-margin (%)	5.1	6.0	-15.0	4.2	4.8	-12.5	5.0	
Operating income	55.0	44.3	24.0	25.8	50.0	-48.4	91.5	
Operating-margin (%)	3.9	4.1	-5.5	1.1	2.9	-63.0	2.3	
Net profit/loss for the period	32.1	23.1	39.0	-22.9	19.6	-217.2	28.7	
Cash flow from operations	162.8	132.0	23.3	144.7	105.4	37.3	141.1	
Visits (thousands)	29,827	24,641	21.0	55,182	42,961	28.4	91,670	
Orders (thousands)	440	318	38.2	792	517	53.1	1.2	
Conversion rate (%)	1.5	1.3	14.1	1.4	1.2	19.2	1.4	
Average order value (SEK)	3,151	3,408	-7.5	3,048	3,426	-11.0	3,153	

\* Adjusted for items affecting comparability of SEK 7.4 million (12.4) for the quarter and SEK 58.0 million (19.6) for the first six months, refer to "Relevant reconciliations of non-IFRS alternative performance measures (APM)" for a more detailed description.

\*\* Adjusted EBITA is defined as operating income before depreciation and amortisation related to acquisitions and total items affecting comparability, refer to "Relevant reconciliations of non-IFRS alternative performance measures (APM)" for a more detailed description.

## COMMENTS ON THE RESULT FOR THE PERIOD 1 APRIL - 30 JUNE 2018

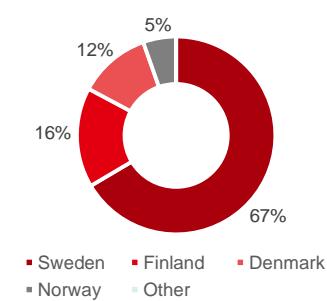
Sales for the period were driven by higher market share for both segments compared with last year, explained by organic growth supported by a continued increase in online penetration and by acquisitions consolidated during the period.

Although the first and fourth quarters are normally the seasonally weakest of the year for both business segments, the fourth quarter has grown stronger in recent years due to Black Friday and Cyber Monday, a trend that was once again confirmed in 2017. The seasonal variations in the first quarter were further intensified during the year as a result of the unusually late arrival of spring and the cold weather, particularly in March.

The second quarter, following April, was more favourable for the DIY segment due to the unusually warm and sunny weather. However, the drought in the latter part of the quarter had a substantial negative effect on the sales of garden machines during the period, particularly robomowers. The Home Furnishing division was not supported by the unusually sunny weather, as increased outdoor furniture sales were offset by lower indoor furniture sales.

The Group's adjusted EBITA is the highest to date, despite a negative net impact of approximately SEK 12 million during the quarter, explained by SEK 14 million in negative transaction effects, attributable to currency effects during the period of approximately SEK -12 million and higher raw material prices of approximately SEK -2 million (these effects are commented on in more detail under the Home Furnishing section). The negative transaction effects were partly offset on Group level by a positive translation effect of approximately SEK 1 million in the period, compared with constant exchange rates, why the total impact adds up to approximately SEK -12 million in the period.

## Distribution by country (%)



## Net sales (SEKm)



The Group's webstores received 29.8 million (24.6) visits during the quarter, generating 440 thousand (318) orders. Traffic from mobiles and tablets accounted for 66.7 percent (63.0) of the total number of visits to the Group's webstores, translating to an increase of 5.9 percent compared with last year. Mobiles and tablets accounted for 62.1 percent (57.6) of visits in the DIY segment and 74.3 percent (70.8) of visits in the Home Furnishing segment.

The Group's average order value for the quarter was SEK 3,151 (3,408), primarily attributable to sales mix impacted by acquisitions during 2017.

The Group's adjusted gross margin was 21.1 percent (21.2) for the period. The development of the adjusted gross margin was the result of acquisitions consolidated during last year and an underlying stable level for the DIY segment, as well as for the Home Furnishing segment, when taking out the temporary negative effect of FX and raw material prices in the period.

Including items affecting comparability, the Group's gross margin was 20.6 percent (20.3).

The Group's adjusted sales and administration costs (defined as the difference between the Group's adjusted sales and administration costs (defined as the difference between adjusted gross profit and adjusted EBITDA) amounted to SEK 219.7 million (159.4), corresponding to 15.5 percent (14.8) of net sales, primarily driven by acquisitions in 2017.

Including items affecting comparability for the period, sales and administration costs amounted to SEK 220.0 million (162.1).

The gross margin was impacted by acquisitions during last year as well as by the weakened SEK (against the EUR and USD) during the period, which affected the Home Furnishing division. Sales and administration costs were affected by the companies acquired in the preceding year, which had a higher gross margin and cost structure than the Group in general, particularly MyHome Møbler. However, these effects were largely offset and the acquisitions did not therefore have any noticeable impact on the Group's EBITA margin.

The Group's adjusted EBITA for the quarter increased to SEK 71.7 million (64.3), the highest level to date, corresponding to an adjusted EBITA margin of 5.1 percent (6.0).

The Group's operating income for the period adjusted for items affecting comparability attributable primarily to the integration of Furniturebox rose to SEK 62.4 million (56.7). The adjusted operating margin was 4.4 percent (5.3). Including items affecting comparability, the Group posted operating income of SEK 55.0 million (44.3), corresponding to an operating margin of 3.9 percent (4.1).

The items affecting comparability charged to the second quarter were attributable to acquisition-related costs of 0.3 million (2.2) and costs for the integration of Furniturebox, which amounted to SEK 7.1 million (10.2) for the period.

Amortisation of acquisition-related intangible assets was SEK 9.3 million (7.6) for the quarter and comprised amortisation of identified surplus values related to customer relationships and customer databases in acquired companies. No impairment requirement was identified for goodwill or other acquisition-related assets during the current or year-earlier period.

The Group's net financial items for the quarter amounted to SEK -9.9 million (-14.8), attributable in part to the company's financing arrangements with SEB. Interest expenses for the period amounted to SEK -4.5 million.

The Group's profit before tax was SEK 45.1 million (29.5) for the period.

Net income for the quarter totalled SEK 32.1 million (23.1). The effective tax rate was 28.8 percent (22.0), corresponding to SEK 13.0 million (6.5).

## **COMMENTS ON THE RESULT FOR THE PERIOD 1 JANUARY-30 JUNE 2018**

Sales for the period were driven by higher market share for both of the Group's segments compared with last year, representing a continued increase in online penetration and acquisitions integrated and consolidated during the period.

The Group's webstores received 55.2 million (43.0) visits during the first six months, generating 792 thousand (517) orders. Traffic from mobiles and tablets accounted for 65.8 percent (62.0) of the total number of visits to the Group's webstores, translating to an increase of 6.1 percent compared with last year. Mobiles and tablets accounted for 60.5 percent (55.8) of visits in the DIY segment and 73.5 percent (70.0) of visits in the Home Furnishing segment.

The Group's average order value for the first six months was SEK 3,048 (3,426), attributable to a sales mix impacted primarily by acquisitions during the preceding year.

The level of the adjusted gross margin was the result of acquisitions during last year and a stable underlying trend for the DIY segment as well as for the Home Furnishing segment, before considering the negative foreign exchange rate and raw material price impact during the period.

Including items affecting comparability, the Group's gross margin was 20.7 percent (20.1).

The Group's adjusted sales and administration costs (defined as the difference between adjusted gross profit and adjusted EBITDA) amounted to SEK 403.7 million (270.8), corresponding to 16.5 percent (15.5) of net sales, primarily driven by acquisitions in 2017.

Including items affecting comparability for the period, sales and administration costs amounted to SEK 461.7 million (290.4).

Sales and administration costs and the gross margin for the first six months, as for the quarter, were impacted by the fact that the companies acquired in the preceding year had a higher gross margin and cost structure than the Group in general. However, these effects were largely offset, and the acquisitions did not therefore have any noticeable impact on the Group's EBITA margin in either the first six-month period or the quarter.

The Group's adjusted EBITA for the first six months increased to SEK 102.4 million (83.8), the highest level to date, corresponding to an adjusted EBITA margin of 4.2 percent (4.8).

The Group's operating income adjusted for items affecting comparability, primarily attributable to the company's IPO, amounted to SEK 83.8 million (69.6). The adjusted operating margin was 3.4 percent (4.0). Including items affecting comparability, the Group posted operating income of SEK 25.8 million (50.0), corresponding to an operating margin of 1.1 percent (2.9). The lower operating income compared with last year was wholly explained by the items affecting comparability in the period.

The items affecting comparability charged to the first six months were attributable to costs for the listing on Nasdaq Stockholm (SEK 30.7 million), the long term incentive programme for key employees in the Group, adopted at the general meeting of shareholders (SEK 11.4 million), the restructuring and integration of Furniturebox (SEK 15.0 million) and other acquisition-related costs (SEK 0.9 million).

Amortisation of acquisition-related intangible assets amounted to SEK 18.6 million (14.3) for the quarter and comprised amortisation of identified surplus values related to customer relationships and customer databases in acquired companies. No impairment requirement was identified for goodwill or other acquisition-related assets during the current or year-earlier period.

The Group's net financial items for the first six months amounted to SEK -49.7 million (-23.3), driven by prepaid interest expenses of SEK 22.9 million related to the company's previous financing arrangements, which were expensed in connection with the new financing arrangement with SEB in the first quarter. Interest expenses attributable to the period amounted to SEK 16.8 million. Due to the new share issue and the signing of a new credit agreement in conjunction with the IPO in the first quarter, interest expenses have decreased significantly from the second quarter onwards.

The Group's profit before tax amounted to SEK -23.9 million (26.6) for the period.

Profit after tax for the first six months totalled SEK -22.9 million (19.6). The effective tax rate was -4.2 percent (26.7), corresponding to SEK 1.0 million (7.1), mainly due to non-deductible costs for the period.

Refer to the respective business segments for additional comments on the quarter and the six-month period.

## KEY EVENTS AFTER THE SECOND QUARTER OF 2018

No significant events have occurred after the closing date.

## FINANCIAL TARGETS

*The medium-term guidance remains unchanged:*

### **Net sales growth**

Increase net sales by an average of 20-25 percent per year over the medium term, with approximately 15 percent of this increase comprising organic growth. The company's objective is to reach net sales of SEK 10 billion over the medium term, including acquisitions.

### **Profitability and cash conversion**

Gradually improve profitability to reach an adjusted EBITA margin of about 7 percent over the medium term. Achieve cash conversion\* in line with adjusted EBITDA as a result of the business model.

### **Capital structure**

Net debt in relation to rolling 12-month (LTM) EBITDA in the range of 1.5-2.5x, subject to flexibility for strategic activities.

### **Dividend policy**

When free cash flow exceeds available investments in profitable growth, and provided that the capital structure target is met, the surplus will be distributed to shareholders.

\* Operating cash flow over adjusted EBITDA in percent (also refer to "Definitions" on page 29 of this report).



## DIY segment

- The segment's net sales increased 40.7 percent during the period, of which organic growth accounted for 23.9 percent, compared with 21.5 percent for the first six months and 17.8 percent for the first quarter
- The adjusted EBITA margin was 5.0 percent (5.4) for the quarter and 4.3 percent (4.3) for the first six months
- The segment's EBITA level was positively impacted primarily by higher sales volumes during the period

SEKm (if not otherwise stated)	Q2		Δ%	Jan-Jun		Jan-Dec	
	2018	2017		2018	2017	Δ%	2017
Net Sales	900.5	640.0	40.7	1,507.7	1,037.3	45.3	2,342.2
Gross profit	172.6	124.8	38.3	296.2	198.5	49.2	468.4
Gross margin (%)	19.2	19.5	-1.7	19.6	19.1	2.6	20.0
Adjusted gross profit	172.6	124.8	38.3	296.2	198.5	49.2	468.4
Adjusted gross margin (%)	19.2	19.5	-1.7	19.6	19.1	2.6	20.0
Adjusted EBITA	44.6	34.8	28.1	64.9	44.6	45.4	114.4
Adjusted EBITA-margin (%)	5.0	5.4	-8.9	4.3	4.3	0.0	4.9
Operating income	37.4	27.9	33.9	50.6	32.4	56.3	87.0
Operating margin (%)	4.2	4.4	-4.8	3.4	3.1	7.5	3.7
Net profit/loss for the period	22.4	19.8	13.2	28.3	22.0	28.4	10.5
Visits (thousands)	18,247	14,795	23.3	32,267	25,987	24.2	51,938
Orders (thousands)	280	198	41.7	479	326	46.8	674
Conversion rate (%)	1.5	1.3	14.9	1.5	1.3	18.3	1.3
Average order value (SEK)	3,192	3,298	-3.2	3,133	3,279	-4.4	3,394

### COMMENTS ON THE DIY SEGMENT

As for the sector in general, the first and fourth quarters are normally weakest in terms of sales for the DIY segment, while the second and third quarters of the year are seasonally strongest, driven by a higher share of home improvement projects during the lighter and warmer seasons of the year. However, the fourth quarter has grown stronger in recent years, partly due to Black Friday and Cyber Monday, a trend that was once again confirmed in 2017. This pattern further intensified this year due to the unusually late arrival of spring in the first quarter, and the cold weather in March, in particular.

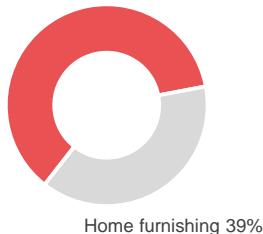
The second quarter, following April, was more favourable due to the relatively warm and sunny weather, however the drought in the latter part of the quarter significantly hampered sales of garden machines, particularly robomowers. Still, the second quarter was the strongest quarter to date for the DIY division in terms of sales, adjusted EBITA and operating cash flow. Moreover, organic growth was substantially accelerated compared with the first quarter, from 17.8 percent to 23.9 for the period.

The segment's net sales increased 40.7 percent to SEK 900.5 million (640.0) in the quarter, driven by accelerated organic growth during the period. Net sales for the first six months increased 45.3 percent to 1,507.7 million (1,037.3).

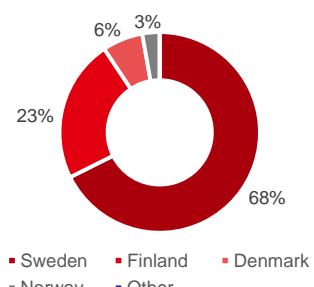
The development of the Swedish housing market following the introduction of a second repayment requirement (increased loan restrictions for private house-owners) did not have

Net sales by segment  
Apr-Jun 2018

DIY 61%



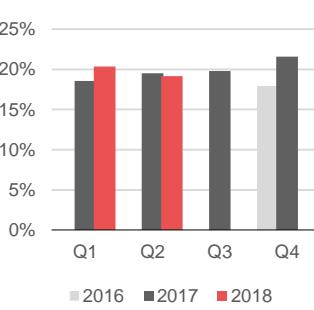
Distribution by country (%)



Net sales (SEKm)



Adjusted gross margin (%)



any impact on Swedish sales in the DIY segment, which is driven by the steadily growing online penetration.

DIY accounted for 61 percent of the Group's total net sales for the quarter, and 60 percent for the first six months.

The DIY segment continued to gain market share in all Nordic markets during the quarter. The strongest performance for both the quarter and the first six months was delivered by the kitchen/whitegoods product category, followed by heavy construction and doors/windows. The focus on category leadership yielded positive results during the period, partly due to the specialised knowledge and brand expansion resulting from a number of strategic acquisitions in recent years, and most recently from the acquisitions of Arredo and Vitvaruexperten in 2017.

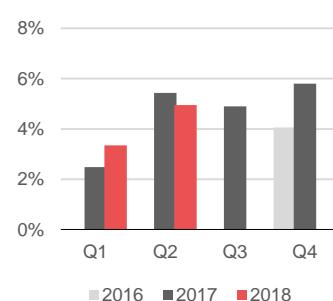
The segment's Finnish, Danish and Norwegian operations accounted for the strongest performance during the quarter with a growing sales trend, driven by a stronger trend in the markets in total as well as increased online penetration and focused work on the webstores, product range and pricing.

Adjusted EBITA rose 28.1 percent to SEK 44.6 million (34.8) during the quarter, with an adjusted EBITA margin of 5.0 percent (5.4). Adjusted EBITA for the first six months was SEK 64.9 million (44.6) with an adjusted EBITA margin of 4.3 percent (4.3).

The segment's operating income, including items affecting comparability, increased 33.9 percent to SEK 37.4 million (27.9) during the quarter, with an operating margin of 4.2 percent (4.4). For the first six months, operating income amounted to SEK 50.6 million (32.4), with an operating margin of 3.4 percent (3.1).

Items affecting comparability for the first six months have not been allocated at business segment level.

Adjusted EBITA margin (%)





## Home Furnishing segment

- The segment's net sales increased 17.9 percent during the quarter, of which organic growth accounted for 8.8 percent, compared with 8.8 percent for the first six months and 8.8 percent for the first quarter, negatively impacted by pricing efforts to offset higher purchase prices, driven by the weakened SEK during the period
- The adjusted gross margin rose to 24.3 percent (23.4) for the quarter, impacted by the negative foreign exchange rate development and increased raw material prices during the period, as well as by acquisitions completed during last year, more than offsetting the negative FX development on gross margin level
- The integration of Furniturebox is expected to be completed during the third quarter of 2018, as previously communicated

SEKm (if not otherwise stated)	Q2		Δ%	Jan-Jun		Δ%	2017
	2018	2017		2018	2017		
Net Sales	524.0	444.3	17.9	945.6	719.5	31.4	1,628.9
Gross profit	120.3	94.1	27.9	210.6	152.3	38.3	354.0
Gross margin (%)	23.0	21.2	8.5	22.3	21.2	5.2	21.7
Adjusted gross profit	127.4	103.8	22.8	225.2	164.6	36.8	389.2
Adjusted gross margin (%)	24.3	23.4	4.1	23.8	22.9	4.1	23.9
Adjusted EBITA	28.8	32.1	-10.2	40.0	42.9	-6.8	84.9
Adjusted EBITA-margin (%)	5.5	7.2	-23.9	4.2	6.0	-29.1	5.2
Operating income	19.2	18.9	1.4	19.7	21.3	-7.3	25.6
Operating margin (%)	3.7	4.3	-14.0	2.1	3.0	-29.5	1.6
Net profit/loss for the period	10.0	13.1	-23.6	6.2	13.3	-53.5	14.5
Visits (thousands)	11,579	9,846	17.6	22,915	16,974	35.0	39,732
Order (thousands)	160	121	32.3	312	191	63.8	569
Conversion rate (%)	1.4	1.2	12.5	1.4	1.1	21.3	1.4
Average order value	3,080	3,588	-14.2	2,916	3,676	-20.7	2,868

### COMMENTS ON THE HOME FURNISHING SEGMENT

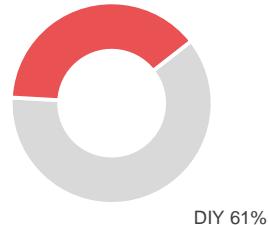
The second and third quarters are normally strongest in terms of sales for the Home Furnishing segment. The first and fourth quarters of the year are thus seasonally weakest, mainly due to sales of outdoor furniture in the segment during the spring and summer months. In 2018, the unusually cold weather delayed sales of outdoor furniture, which normally begin in March, resulting in lower sales during the first quarter.

Sales of outdoor furniture were improved considerably after April in the second quarter, however total segment sales were offset by lower indoor furniture sales due to the unusually warm and sunny weather in the latter part of the period. At the same time, price adjustment aiming to offset the negative foreign exchange rate impact and higher raw material prices in the period have further impacted sales negatively during the period.

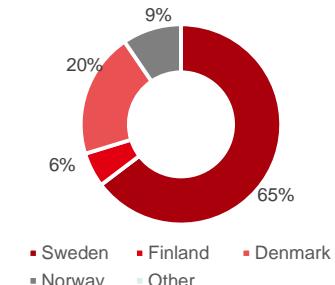
The Home Furnishing segment has had a negative net impact of approximately SEK -12 million in the quarter. There are two factors adversely affecting profitability in the period; firstly, the weakened SEK, which has a short term negative impact on earnings for the Home Furnishing division of approximately SEK -14 million, as the segment has its purchases in EUR and USD and a majority of sales in SEK. Typically, consumer prices are adjusted to the higher purchase prices. However, as many of the main competitors are catalogue-based

Net sales by segment  
Apr-Jun 2018

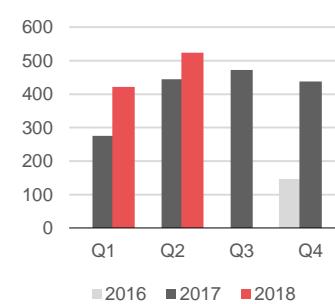
Home furnishing 39%



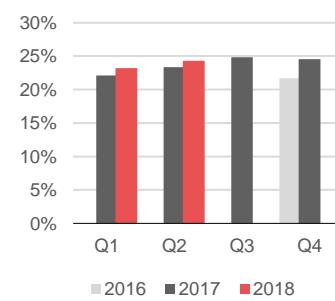
Distribution by country (%)



Net sales (SEKm)



Adjusted gross margin (%)



and typically hedge currency (as opposed to Bygghemma Group), price adjustments are generally imposed on the market with a seasonal delay. Secondly, the higher polyethylene price, which is one of the main raw materials used to produce beds and sofas, has impacted the Home Furnishing division with approximately SEK -2 million during the quarter. These effects were partly offset on Group level by a positive FX impact of approximately SEK 1 million in translation effect during the period, compared with constant exchange rates.

All in all, the segment's net sales increased 17.9 percent to SEK 524.0 million (444.3) for the quarter and increased 31.4 percent to 945.6 million (719.5) for the first six months.

The Home Furnishing division is deemed to have gained market share in all product categories and markets during the quarter compared with last year. The segment accounted for 39 percent of the Group's total net sales for the period and 40 percent for the first six months.

Through the acquisition of Furniturebox in 2017, the Home Furnishing segment strengthened its leading position in the Nordic region. This position was further bolstered by the acquisitions of MyHome Møbler and Wegot in 2017.

The comprehensive integration and consolidation work initiated in 2017, whereby Furniturebox was fully migrated to Home Furnishing's common web platform, ERP system and warehouse management solution and the two organisations were merged into one, continued during the second quarter of 2018 and is expected to be completed in the third quarter of 2018, as planned.

The integration of Furniturebox, which is expected to generate total integration costs of approximately SEK 15-17 million in 2018, has essentially proceeded according to plan and resulted in costs of SEK 7.1 million for the second quarter of 2018. The remaining integration cost of SEK 1-2 million are expected to be charged to the third quarter of 2018.

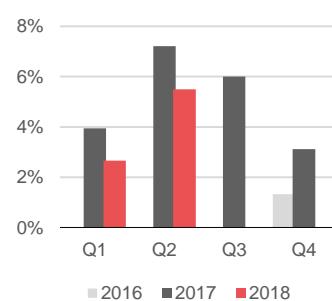
As is normally the case for this type of operation, we have seen a drop in traffic following the web platform migration of Furniturebox. This is expected to pick up during the second half of 2018, but has a temporary negative effect on sales and profitability for Furniturebox.

Adjusted EBITA declined 10.2 percent to SEK 28.8 million (32.1) for the quarter, with an adjusted EBITA margin of 5.5 percent (7.2). Adjusted EBITA for the first six months was SEK 40.0 million (42.9), with an adjusted EBITA margin of 4.2 percent (6.0).

The segment's operating income, including items affecting comparability, amounted to SEK 19.2 million (18.9) for the quarter, with an operating margin of 3.7 percent (4.3). Operating income for the first six months totalled SEK 19.7 million (21.3), with an operating margin of 2.1 percent (3.0).

Items affecting comparability for the first six months attributable to the long term incentive programme and IPO have not been allocated at business segment level.

Adjusted EBITA margin (%)



# Other

## COMMENTS ON THE GROUP'S OTHER OPERATIONS

Net sales amounted to SEK 7.4 million (5.8) for the quarter and to SEK 7.5 million (10.9) for the first six months. Operating income totalled SEK -1.6 million (-2.5) for the quarter and SEK -44.6 million (-3.7) for the first six months. The Group's other operations mainly comprise central Group functions. Accordingly, net sales consist in all material aspects of management fees. The operating loss for the first six months is attributable to the costs associated with the listing on Nasdaq Stockholm.

## CASH FLOW AND FINANCIAL POSITION

The Group's cash flow from operating activities for the quarter was SEK 162.8 million (132.0). For the six-month period, cash flow from operating activities was SEK 144.7 million (105.4). Cash flow from operating activities was mainly driven by the Group's EBITDA during the period, as well as negative working capital, which is the result of a high proportion of direct deliveries from suppliers, relatively limited inventory levels and low levels of accounts receivable (due to factoring without regress).

The Group's cash flow and working capital levels follow a seasonal profile, with inventory levels increasing during the first quarter prior to high-season sales, particularly of outdoor furniture during the second and third quarters, and decreasing inventory levels and high cash conversion mainly during the second and third quarters, due to the seasonally high sales levels and the corresponding reduction of inventory during those periods.

The Group's cash flow to investing activities was SEK -27.0 million (-408.2) for the quarter and SEK -49.3 million (-952.2) for the first six months, mainly attributable to IT-investments related to the webplatform and logistical solution, as well as to deferred payments and earn-outs related to acquisitions during the 2014-2017 period.

Cash flow from financing activities was SEK -299.5 million (348.9) for the quarter and SEK 40.5 million (919.8) for the first six months, mainly attributable to the new share issue carried out in the first quarter to adjust the Group's capital structure to a level suitable for a listed environment, and to facilitate investments and continued expansion through acquisitions.

Operating cash flow was SEK 171.8 million (157.9) for the period, which is the highest level to date, and SEK 221.8 million (147.6) for the first six months, as a result of a combination of growth of adjusted EBITDA, positive change in working capital and due to the Group's low capex requirements. This corresponds to a cash conversion (in relation to adjusted EBITDA) of 218 percent for the quarter and 192 percent for the first six months, substantially exceeding the company's mid-term financial targets.

Compared with the beginning of the year, the Group's cash and cash equivalents at the end of the reporting period amounted to SEK 299.9 million (156.1), primarily attributable to the fact that the Group generated positive cash flow during the period, mainly the result of increased negative tied-up working capital level, cumulative EBITDA and limited Capex requirements during the period.

The Group's net debt, which is defined as the Group's current and non-current interest-bearing liabilities to credit institutions less cash and cash equivalents and investments in securities, etc., amounted to SEK 357.5 million at the end of the quarter, compared with SEK 804.1 million at the beginning of the year, corresponding to net debt in relation to LTM adjusted EBITDA of 1.5x, which is in line with the company's mid-term financial targets, reduced by SEK 343.3 million generated by the new share issue in the first quarter as well as by the cash flow generated during the first six months.

The Group's other current and non-current interest-bearing liabilities consist of conditional and deferred additional earn-outs related to acquisitions, which are subject to an implicit interest expense related to the present value calculation of the same. These obligations amounted to SEK 243.8 million at the end of the quarter, compared with SEK 249.6 million at the beginning of the year (also refer to "Relevant reconciliations of non-IFRS alternative performance measures (APM)" for a more detailed description).

The Group's unutilised credit facilities amounted to SEK 470.5 million at the end of the period, compared with SEK 125.0 million at the beginning of the year.

Compared with the beginning of the year, the Group's total assets at the end of the reporting period amounted to SEK 4,756.8 million (4,418.9). This change is mainly attributable to the new share issue carried out during the first quarter.

Compared with the beginning of the year, the Group's equity at the end of the reporting period amounted to SEK 2,717.6 million (2,375.1). This increase was mainly attributable to the new share issue carried out during the first quarter.

## EMPLOYEES

The number of employees (measured as full-time equivalents, FTEs) was 872 at the end of the period. The average number of employees (measured as FTEs) for the most recent 12-month period was 804.

## SEASONAL VARIATIONS

The Group's operations are impacted by seasonal variations affecting consumers' total demand, especially for building products and outdoor furniture. Due to the effect of weather on demand, the Group's sales and cash flow are usually higher in the second and third quarters when most (nearly 60 percent) of the Group's sales are normally generated, and lower in the first and fourth quarters. Although seasonal variations normally do not affect the Group's relative profit and cash flow from year to year, profit and cash flow may be impacted in years with unusually harsh or mild weather conditions, or with very high or low downfall. Weather conditions may also have a significant impact on individual quarters, but usually even out over the full-year.

## PARENT COMPANY

The Parent Company's net sales for the quarter amounted to SEK 1.0 million (0.0) for the quarter and to SEK 1.9 million (0.0) for the first six months. Bygghemma Group's CEO and CFO are employed by the Parent Company. The Parent Company posted operating loss of SEK -1.2 million (-0.3) for the quarter and SEK -27.6 million (-0.4) for the first six months. The loss was mainly due to costs attributable to the listing on Nasdaq Stockholm in the first quarter. Loss for the quarter amounted to SEK -0.9 million (-0.2) and for the first six months to SEK -22.4 million (-0.2). The Parent Company's cash and cash equivalents totalled SEK 12.2 at the end of the reporting period, compared with SEK 18.3 million at the beginning of the year.

## ACCOUNTING POLICIES

This report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The interim report for the Parent Company has been prepared in accordance with the Swedish Annual Accounts Act.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) along with interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as endorsed by the European Commission for application in the EU. Recommendation RFR 1 Supplementary Accounting Rules for Groups from the Swedish Financial Reporting Board has also been applied in the preparation of these consolidated financial statements.

The interim information on pages 1-13 is an integrated part of this financial report.

The Group applies the same accounting principles as stated in the Annual Report for 2017, except for IFRS 9 and IFRS 15, which entered into force on January 1, 2018 with no material effect on the Group's accounts. For a more detailed description of the accounting policies applied for the Group and the Parent Company in this interim report and the effects of the new IFRS 9 and IFRS 15 standards, refer to Notes 1-3 in the Annual Report for the 2017 financial year.

Apart from the risks described therein, the assessment is that there are no additional material risks.

The Group also applies the European Securities and Markets Authority's (ESMA) guidelines for alternative performance measures. The definitions of alternative performance measures can be found in the relevant reconciliations on pages 25-29 of this report.

## RISKS AND UNCERTAINTIES

There are several strategic, operational and financial risks and uncertainty factors that can affect the Group's financial results and position. Most risks can be managed through internal procedures, while others are largely driven by external factors. There are risks and uncertainties related to IT and management systems, suppliers, season and weather variations and exchange rates, while other risks and uncertainties may also arise in the case of new competition, changed market conditions or changed consumer behaviour for online sales. The Group is also exposed to interest-rate risk. For a more detailed description of the risks and uncertainties faced by the Group and the Parent Company, refer to Note 24 in the Annual Report. Apart from the risks described therein, the assessment is that there are no additional material risks.

## RELATED-PARTY TRANSACTIONS

All transactions with related parties are based on appropriate market terms. For more information, see Note 3 in this report.

## OTHER INFORMATION

No other information applies at the end of the period.

Stockholm, 20 July 2018

**Henrik Theilbjörn**  
*Chairman*

**Florian Seubert**  
*Board member*

**Peter Möller**  
*Board member*

**Lars Nilsson**  
*Board member*

**Bert Larsson**  
*Board member*

**Ingrid Jonasson Blank**  
*Board member*

**Mikael Olander**  
*Group CEO*

**This report has not been audited by the company's auditors.**

**Bygghemma Group First AB**  
Hans Michelsensgatan 9  
SE-211 20 Malmö  
Corporate registration number: 559077-0763

This information is information that Bygghemma Group First AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact persons set out below, at 08.30 CEST on 20 July 2018.

## CONTACT INFORMATION

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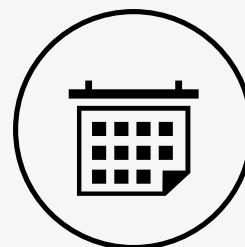
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## FINANCIAL CALENDAR

29 October 2018 Interim report Jan-Sep

31 January 2019 Year-end report



## ABOUT BYGGHENNA GROUP

Bygghemma Group is the leading online supplier of home improvement products in the Nordic region. We offer our customers a broad product range at attractive prices, with convenient home delivery. We conduct operations in two segments: DIY and Home Furnishing. DIY comprises sales of products from well-known brands for homes and gardens, and Home Furnishing comprises sales of furniture and home decor, mainly under proprietary brands. Bygghemma Group includes a wide range of webstores, such as Bygghemma, Trademax, Chilli and Furniturebox. Bygghemma Group had sales of SEK 4.0 billion in 2017, has its head office in Malmö and is listed on Nasdaq Stockholm Mid Cap.

# Condensed consolidated income statement

SEKm	Q2		Jan-Jun		Jan-Dec
	2018	2017	2018	2017	2017
Net Sales	1,417.8	1,080.0	2,442.9	1,749.7	3,955.5
Other operating income	-	1.1	-	0.8	6.1
<b>Total Net Sales</b>	<b>1,417.8</b>	<b>1,081.1</b>	<b>2,442.9</b>	<b>1,750.5</b>	<b>3,961.7</b>
Cost of goods sold	-1,126.4	-861.2	-1,938.3	-1,398.8	-3,135.6
Personnel costs	-102.4	-73.2	-209.0	-126.7	-306.2
Other external costs and operating expenses	-116.1	-90.0	-233.1	-152.3	-373.5
	-1.5	-	-5.0	-	-0.1
Depreciation and amortization of tangible and intangible fixed assets	-16.5	-12.3	-31.7	-22.7	-54.7
<b>Operating income</b>	<b>55.0</b>	<b>44.3</b>	<b>25.8</b>	<b>50.0</b>	<b>91.5</b>
Profit/loss from financial items	-9.9	-14.8	-49.7	-23.3	-54.7
<b>Profit before tax</b>	<b>45.1</b>	<b>29.5</b>	<b>-23.9</b>	<b>26.6</b>	<b>36.8</b>
Income tax	-13.0	-6.5	1.0	-7.1	-8.1
<b>Profit/loss for the period</b>	<b>32.1</b>	<b>23.1</b>	<b>-22.9</b>	<b>19.6</b>	<b>28.7</b>
Attributable to:					
Equity holders of the parent	32.1	23.1	-22.9	19.6	28.7
<b>Net income for the period</b>	<b>32.1</b>	<b>23.1</b>	<b>-22.9</b>	<b>19.6</b>	<b>28.7</b>
Earnings per share before dilution, SEK	0.30	-0.62	-0.87	-1.78	-3.99
Earnings per share after dilution, SEK	0.30	-0.62	-0.87	-1.78	-3.99

\* Earnings per share before and after dilution are impacted by preference shares. Formula for earnings per share: earnings per share = (profit for the period - interest on preference shares)/average number of ordinary shares outstanding.

# Condensed consolidated statement of comprehensive income

SEKm	Q2		Jan-Jun		Jan-Dec
	2018	2017	2018	2017	2017
Profit of loss for the period	32.1	23.1	-22.9	19.6	28.7
<b>Other comprehensive income</b>					
Items that may be reclassified subsequently to profit or loss					
Translation differences for the period	4.0	-1.3	16.2	-1.7	2.1
<b>Other comprehensive income for the period</b>	<b>4.0</b>	<b>-1.3</b>	<b>16.2</b>	<b>-1.7</b>	<b>2.1</b>
<b>Total comprehensive income for the period</b>	<b>36.1</b>	<b>21.8</b>	<b>-6.7</b>	<b>17.9</b>	<b>30.8</b>
<b>Total comprehensive income attributable to:</b>					
Parent company shareholders	36.1	21.8	-6.7	17.9	30.8
<b>Total comprehensive income for the period</b>	<b>36.1</b>	<b>21.8</b>	<b>-6.7</b>	<b>17.9</b>	<b>30.8</b>
<b>Shares outstanding at period's end</b>					
Before dilution	107,368,421	532,408	572,313	532,408	572,068
After dilution	107,368,421	532,408	572,313	532,408	572,068
<b>Average number of shares</b>					
Before dilution	107,368,421	44,220,355	84,195,443	41,209,905	47,720,820
After dilution	107,368,421	44,220,355	84,195,443	41,209,905	47,720,820

## CHANGE IN NUMBER OF SHARES IN THE PERIOD

As part of preparations for the IPO, an Extraordinary General Meeting on 9 February 2018 resolved to implement a 1:84 stock split, which increased the number of shares in the company from 2,371,927 to 199,241,868. In connection with this split, the share capital of the company was increased by SEK 18,975,416 through a bonus issue without issuing new shares. The same meeting subsequently resolved to reduce the share capital by SEK 2,895,984 by withdrawing 241,332 series A ordinary shares without repayment to the shareholders. Furthermore, it was resolved to convert 20,641,649 series B01 preference shares to series A ordinary shares. The company thereafter had 199,000,536 shares outstanding of various series (68,474,609 series A ordinary shares and 130,525,927 preference shares of different series) and share capital of SEK 2,388 006,432. The overall purpose of these transactions was to enable the company to have exactly 100,000,000 ordinary shares of one and the same series following settlement of the preference share structure in connection with the IPO, but prior to the offering that formed part of the IPO.

On 26 March 2018, an Extraordinary General Meeting resolved to convert 31,525,391 preference shares of different series into exactly 100,000,000 ordinary shares. At the same time, it was resolved to reduce the share capital by SEK 1,188,006 by withdrawing all of the company's remaining 99,00,536 preference shares of different series without repayment to the shareholders, and to subsequently increase the share capital through a bonus issue of SEK 1,800,000 without issuing new shares. Following these decisions, the company's shares outstanding amounted to 100,000,000 ordinary shares and the share capital to exactly SEK 3,000,000.

Bygghemma Group First AB was listed on the Nordic Mid Cap segment of Nasdaq Stockholm on 27 March under the ticker symbol BHG. In conjunction with the listing, 7,368,421 new shares were issued by the company. At 31 March 2018, the total number of shares in the company subsequently totalled 107,368,421.

# Condensed consolidated statement of financial position

SEKm	30 Jun		31 Dec
	2018	2017	2017
<b>Non-current assets</b>			
Goodwill	2,462.4	2,353.5	2,451.1
Other intangible fixed assets	1,169.1	1,124.0	1,166.3
<b>Total intangible fixed assets</b>	<b>3,631.5</b>	<b>3,477.5</b>	<b>3,617.4</b>
Buildings and land	11.3	10.8	10.8
Tangible fixed assets	22.1	22.2	21.4
Financial fixed assets	5.6	2.6	4.5
Deferred tax asset	15.3	6.8	15.5
<b>Total fixed assets</b>	<b>3,685.8</b>	<b>3,519.8</b>	<b>3,669.6</b>
<b>Current assets</b>			
Inventories	502.4	484.1	400.4
Current receivables	268.6	181.7	192.8
Cash and cash equivalents	299.9	126.3	156.1
<b>Total current assets</b>	<b>1,071.0</b>	<b>792.1</b>	<b>749.3</b>
<b>Total assets</b>	<b>4,756.8</b>	<b>4,311.8</b>	<b>4,418.9</b>
<b>Equity</b>			
Equity attributable to owners of the parent	2,717.6	2,301.7	2,375.1
<b>Total equity</b>	<b>2,717.6</b>	<b>2,301.7</b>	<b>2,375.1</b>
<b>Non-current liabilities</b>			
Deferred tax asset	255.8	245.8	259.0
Other provisions	2.6	2.0	1.4
Non-current interest bearing liabilities to credit institutions	651.1	882.5	893.3
Other non-current liabilities	220.1	136.8	212.7
<b>Total non-current liabilities</b>	<b>1,129.6</b>	<b>1,267.0</b>	<b>1,366.4</b>
<b>Current liabilities</b>			
Short term interest bearing loans to credit institutions	-	45.2	44.2
Other interest bearing liabilities	23.7	14.0	36.9
Other current liabilities	886.0	684.0	596.4
<b>Total current liabilities</b>	<b>909.6</b>	<b>743.2</b>	<b>677.5</b>
<b>Total shareholders' equity and liabilities</b>	<b>4,756.8</b>	<b>4,311.8</b>	<b>4,418.9</b>

# Condensed consolidated statement of cash flows

SEKm	Q2		Jan-Jun		Jan-Dec 2017
	2018	2017	2018	2017	
Cash flow from operating activities before changes in working capital	50.6	35.9	8.6	37.4	67.3
Changes in working capital	112.2	96.2	136.1	68.0	73.7
<b>Cash flow from operations</b>	<b>162.8</b>	<b>132.0</b>	<b>144.7</b>	<b>105.4</b>	<b>141.1</b>
Investments in operations	-7.7	-400.8	-19.7	-939.4	-731.7
Investments in other non-current assets	-19.3	-7.4	-29.8	-12.7	-28.6
Divestment of other tangible fixed assets	0.0	-	0.1	-	0.1
<b>Cash flow to/from investing activities</b>	<b>-27.0</b>	<b>-408.2</b>	<b>-49.3</b>	<b>-952.2</b>	<b>-760.1</b>
New share issue	1.9	186.0	345.2	626.9	425.6
Loans taken	650.8	235.8	650.8	365.8	401.3
Amortization of loans	-956.8	-85.5	-960.0	-85.5	-106.2
Issue of warrants	4.6	-	4.6	-	-
Transactions with non-controlling interest	-	12.7	-	12.7	-
Dividends to shareholders	-	-	-	-	0.1
<b>Cash flow to/from financing activities</b>	<b>-299.5</b>	<b>348.9</b>	<b>40.5</b>	<b>919.8</b>	<b>720.8</b>
<b>Cash flow for the period</b>	<b>-163.7</b>	<b>72.8</b>	<b>135.9</b>	<b>73.1</b>	<b>101.7</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>460.6</b>	<b>53.6</b>	<b>156.1</b>	<b>53.3</b>	<b>53.3</b>
Translation differences in cash and cash equivalents	3.1	-0.1	7.9	-0.1	1.0
<b>Cash and cash equivalents at the end of the period</b>	<b>299.9</b>	<b>126.3</b>	<b>299.9</b>	<b>126.3</b>	<b>156.1</b>

# Condensed consolidated statement of changes in equity

SEKm	30 Jun		31 Dec
	2018	2017	2017
Opening balance	2,374.5	1,699.9	1,700.6
Comprehensive income for the period	-6.7	17.9	30.8
New share issue	345.2	626.9	643.6
Issue of warrants	4.6	-	-
Closing balance	2,717.6	2,301.7	2,375.1

\* Transaction-related costs of approximately SEK 8.1 million (SEK 6.3 million after tax) attributable to the new share issue of common stock is reported net after tax directly in shareholder's equity, as a reduction of the share issue amount.

# Notes

## NOTE 1 SEGMENTS

SEKm	Q2		Jan-Jun		Jan-Dec
	2018	2017	2018	2017	2017
<b>Net Sales</b>					
DIY	900.5	640.0	1,507.7	1,037.3	2,342.2
Home Furnishings	524.0	444.3	945.6	719.5	1,628.9
<b>Total net sales</b>	<b>1,424.5</b>	<b>1,084.3</b>	<b>2,453.3</b>	<b>1,756.8</b>	<b>3,971.1</b>
Other	7.4	5.8	7.5	10.9	19.1
Eliminations	-14.0	-10.1	-17.9	-18.0	-34.7
<b>Group consolidated total</b>	<b>1,417.8</b>	<b>1,080.0</b>	<b>2,442.9</b>	<b>1,749.7</b>	<b>3,955.5</b>
<b>Revenue from other segments</b>					
DIY	2.5	1.0	4.6	2.4	7.2
Home Furnishings	4.1	3.3	5.8	4.7	8.3
Other	7.4	5.8	7.5	10.9	19.1
<b>Total</b>	<b>14.0</b>	<b>10.1</b>	<b>17.9</b>	<b>18.0</b>	<b>34.7</b>
SEKm	Q2		Jan-Jun		Jan-Dec
	2018	2017	2018	2017	2017
<b>Operating income and profit before tax</b>					
DIY	37.4	27.9	50.6	32.4	87.0
Home Furnishings	19.2	18.9	19.7	21.3	25.6
<b>Total operating income</b>	<b>56.6</b>	<b>46.9</b>	<b>70.4</b>	<b>53.7</b>	<b>112.5</b>
Other	-1.6	-2.5	-44.6	-3.7	-21.0
<b>Group consolidated operating income</b>	<b>55.0</b>	<b>44.3</b>	<b>25.8</b>	<b>50.0</b>	<b>91.5</b>
Financial net	-9.9	-14.8	-49.7	-23.3	-54.7
<b>Group consolidated profit before tax</b>	<b>45.1</b>	<b>29.5</b>	<b>-23.9</b>	<b>26.6</b>	<b>36.8</b>

## NOTE 2 FAIR VALUE

### Classification of financial assets and liabilities

Contingent earn-outs and liabilities to non-controlling interests are included in Level 3 of the valuation hierarchy. Apart from contingent earn-outs and liabilities to non-controlling interests, the carrying amount corresponds to the fair value of all financial instruments recognised in the statement of financial position.

### Measurement of fair value

The fair value of contingent earn-outs and liabilities to non-controlling interests is calculated by discounting future cash flows by a risk-adjusted discount interest rate. Expected cash flows are forecast using probable scenarios for future EBITDA levels, amounts that will result from various outcomes and the probability of those outcomes.

SEKm	30 Jun		31 Dec
	2018	2017	2017
<b>Fair value on the opening date</b>	<b>249.6</b>	<b>96.7</b>	<b>96.7</b>
Recognition in profit or loss	11.4	1.5	5.1
Utilized amount	-18.2	-41.1	-41.1
Acquisition value at cost	1.0	93.7	188.9
<b>Fair value on the closing date</b>	<b>243.8</b>	<b>150.7</b>	<b>249.6</b>

## NOTE 3 RELATED-PARTY TRANSACTIONS

Transactions between Bygghemma Group First AB and its subsidiaries, which are related to Bygghemma Group First AB, have been eliminated in the consolidated financial statements.

All transactions between related parties have been conducted on commercial terms, on an arm's length basis.

### Transactions with the owners

During the year, the company implemented several new share issues, which contributed total equity of SEK 343 million.

# Condensed Parent Company income statement

SEKm	Q2		Jan-Jun		Jan-Dec
	2018	2017	2018	2017	2017
Net Sales	1.0	-	1.9	-	0.9
<b>Total net sales</b>	<b>1.0</b>	<b>-</b>	<b>1.9</b>	<b>-</b>	<b>0.9</b>
Personnel cost	-1.7	-	-12.9	-	-1.5
Other external costs	-0.5	-0.3	-16.6	-0.4	-17.5
<b>Operating income</b>	<b>-1.2</b>	<b>-0.3</b>	<b>-27.6</b>	<b>-0.4</b>	<b>-18.1</b>
Profit/loss from financial items	0.0	0.0	-1.0	0.1	0.2
Appropriations	-	-	-	-	18.2
<b>Profit before tax</b>	<b>-1.2</b>	<b>-0.3</b>	<b>-28.7</b>	<b>-0.3</b>	<b>0.3</b>
Income tax	0.3	0.1	6.3	0.1	-0.1
<b>Profit/loss for the period</b>	<b>-0.9</b>	<b>-0.2</b>	<b>-22.4</b>	<b>-0.2</b>	<b>0.2</b>

A statement of other comprehensive income has not been prepared since the Parent Company did not conduct any transactions recognised as other comprehensive income.

# Condensed Parent Company balance sheet

SEKm	30 Jun		31 Dec
	2018	2017	2017
<b>Non-current assets</b>			
Participations in Group companies	2,691.6	2,347.1	2,352.1
Long term receivables from Group compar	29.0	5.0	5.0
Deferred tax asset	-	0.0	-
<b>Total fixed assets</b>	<b>2,720.6</b>	<b>2,352.1</b>	<b>2,357.1</b>
<b>Current assets</b>			
Short term receivables	11.4	0.1	2.2
Short term receivables	2.7	-	18.2
Cash and cash equivalents	12.2	9.8	18.3
<b>Total current assets</b>	<b>26.2</b>	<b>9.9</b>	<b>38.7</b>
<b>Total assets</b>	<b>2,746.8</b>	<b>2,362.0</b>	<b>2,395.8</b>
<b>Equity</b>			
Restricted equitiy	3.2	2.4	2.4
Unrestriced equity	2,699.8	2,356.1	2,373.2
<b>Total equity</b>	<b>2,703.0</b>	<b>2,358.5</b>	<b>2,375.6</b>
<b>Current liabilities</b>			
Other current liabilities	13.8	3.6	20.2
<b>Total current liabilities</b>	<b>13.8</b>	<b>3.6</b>	<b>20.2</b>
<b>Total shareholders' equity and liabilities</b>	<b>2,746.8</b>	<b>2,362.0</b>	<b>2,395.8</b>

## Key ratios

	2018			2017				
	Q2	Q1	Jan-Jun	Q4	Q3	Q2	Q1	Jan-Dec
<b>THE GROUP</b>								
Total expenses	-236.4	-242.3	-478.8	-229.0	-198.6	-174.5	-126.4	-728.5
Adjusted EBITA-margin %	5.1	3.0	4.2	4.9	5.4	6.0	2.9	5.0
Adjusted gross profit	298.6	220.6	519.2	245.7	246.4	228.5	134.6	855.2
Adjusted gross margin %	21.1	21.5	21.3	22.8	21.9	21.2	20.1	21.6
Equity/asset ratio %	57.1	55.1	57.1	53.7	54.7	53.4	57.5	53.7
Net debt (+) / Net cash (-)	357.5	496.3	357.5	804.1	808.8	826.4	741.4	804.1
Cash flow from operations (SEKm)	162.8	-18.1	144.7	25.2	10.5	132.0	-26.6	141.1
Earnings per share (SEK)	0.30	-1.73	-0.87	-1.37	-0.80	-0.62	-1.24	-3.99
Visits (thousands)	29,827	25,355	55,182	23,799	24,911	24,641	18,320	91,670
Orders (thousands)	440	352	792	408	319	318	199	1,244
Average order value (SEK)	3,151	2,918	3,048	2,563	3,467	3,408	3,455	3,153
<b>DIY</b>								
Visits (thousands)	18,247	14,020	32,267	11,326	14,626	14,795	11,192	51,938
Orders (thousands)	280	199	479	177	172	198	129	674
Average order value (SEK)	3,192	3,051	3,133	3,177	3,835	3,298	3,251	3,394
<b>Home Furnishings</b>								
Visits (thousands)	11,579	11,335	22,915	12,473	10,285	9,846	7,128	39,732
Orders (thousands)	160	153	312	231	147	121	70	569
Average order value (SEK)	3,080	2,744	2,916	2,094	3,038	3,588	3,829	2,868

# Relevant reconciliations of non-IFRS alternative performance measures (APM)

Some of the data stated in this report, as used by management and analysts for assessing the Group's development, is not defined in accordance with IFRS. Management is of the opinion that this data makes it easier for investors to analyse the Group's development, for the reasons stated below. Investors should regard this data as a complement rather than a replacement for financial information presented in accordance with IFRS. Bygghemma Group's definitions of these performance measures may differ from similarly named measures reported by other companies.

## ADJUSTED EBITA, ADJUSTED EBITDA AND ADJUSTED GROSS PROFIT

Management uses adjusted EBITA and adjusted EBITDA to monitor the Group's underlying earnings capacity and profitability. Adjusted EBITA corresponds to operating income adjusted for amortisation and impairment losses on acquisition-related intangible assets and items affecting comparability. Adjusted EBITDA corresponds to adjusted EBITA adjusted for depreciation, amortisation and impairment losses on tangible and intangible assets.

### Group

SEKm	Q2		Jan-Jun		Jan-Dec 2017
	2018	2017	2018	2017	
Operating income	55.0	44.3	25.8	50.0	91.5
Depreciation and amortization of intangible fixed assets	9.3	7.6	18.6	14.3	32.1
<b>EBITA</b>	<b>64.3</b>	<b>51.9</b>	<b>44.4</b>	<b>64.2</b>	<b>123.6</b>
Acquisition-related costs	0.3	2.2	0.9	6.8	10.0
Integration costs	7.1	10.2	15.0	12.8	44.7
Costs related to LTIP	-	-	11.4	-	-
Costs related to the process for expanding the shareholder base	-	-	30.7	-	18.8
<b>Total items affecting comparability</b>	<b>7.4</b>	<b>12.4</b>	<b>58.0</b>	<b>19.6</b>	<b>73.5</b>
Adjusted EBITA	71.7	64.3	102.4	83.8	197.0
Depreciation and amortization of tangible and intangible fixed assets	7.2	4.8	13.1	8.4	22.6
<b>Adjusted EBITDA</b>	<b>78.9</b>	<b>69.1</b>	<b>115.5</b>	<b>92.3</b>	<b>219.7</b>
Net Sales	1,417.8	1,080.0	2,442.9	1,749.7	3,955.5
Cost of goods sold	-1,126.4	-861.2	-1,938.3	-1,398.8	-3,135.6
<b>Gross profit</b>	<b>291.5</b>	<b>218.8</b>	<b>504.6</b>	<b>350.8</b>	<b>820.0</b>
Integration costs	7.1	9.7	14.6	12.3	35.2
<b>Adjusted gross profit</b>	<b>298.6</b>	<b>228.5</b>	<b>519.2</b>	<b>363.1</b>	<b>855.2</b>

## DIY segment

SEKm	Q2		Jan-Jun		Jan-Dec
	2018	2017	2018	2017	2017
Operating income	37.4	27.9	50.6	32.4	87.0
Depreciation and amortization of intangible fixed assets	6.8	5.5	13.7	10.6	23.8
<b>EBITA</b>	<b>44.2</b>	<b>33.4</b>	<b>64.3</b>	<b>43.1</b>	<b>110.8</b>
Acquisition-related costs	0.3	1.4	0.6	1.6	3.6
<b>Total items affecting comparability</b>	<b>0.3</b>	<b>1.4</b>	<b>0.6</b>	<b>1.6</b>	<b>3.6</b>
Adjusted EBITA	44.6	34.8	64.9	44.6	114.4
Depreciation and amortization of tangible and intangible fixed assets	5.1	2.9	9.0	5.2	12.4
<b>Adjusted EBITDA</b>	<b>49.7</b>	<b>37.7</b>	<b>73.9</b>	<b>49.9</b>	<b>126.7</b>
Net Sales	900.5	640.0	1,507.7	1,037.3	2,342.2
Cost of goods sold	-727.9	-515.3	-1,211.5	-838.8	-1,873.8
<b>Gross profit</b>	<b>172.6</b>	<b>124.8</b>	<b>296.2</b>	<b>198.5</b>	<b>468.4</b>
<b>Adjusted gross profit</b>	<b>172.6</b>	<b>124.8</b>	<b>296.2</b>	<b>198.5</b>	<b>468.4</b>

## Home Furnishing segment

SEKm	Q2		Jan-Jun		Jan-Dec
	2018	2017	2018	2017	2017
Operating income	19.2	18.9	19.7	21.3	25.6
Depreciation and amortization of intangible fixed assets	2.5	2.1	4.9	3.6	8.2
<b>EBITA</b>	<b>21.7</b>	<b>21.1</b>	<b>24.7</b>	<b>24.9</b>	<b>33.8</b>
Acquisition-related costs	-	0.8	0.3	5.2	6.4
Integration costs	7.1	10.2	15.0	12.8	44.7
<b>Total items affecting comparability</b>	<b>7.1</b>	<b>11.0</b>	<b>15.3</b>	<b>18.0</b>	<b>51.1</b>
Adjusted EBITA	28.8	32.1	40.0	42.9	84.9
Depreciation and amortization of tangible and intangible fixed assets	2.1	1.8	4.0	3.2	10.3
<b>Adjusted EBITDA</b>	<b>30.9</b>	<b>33.9</b>	<b>44.0</b>	<b>46.1</b>	<b>95.2</b>
Net sales	524.0	444.3	945.6	719.5	1,628.9
Cost of goods sold	-403.7	-350.2	-735.0	-567.1	-1,275.0
<b>Gross profit</b>	<b>120.3</b>	<b>94.1</b>	<b>210.6</b>	<b>152.3</b>	<b>354.0</b>
Integration costs	7.1	9.7	14.6	12.3	35.2
<b>Adjusted gross profit</b>	<b>127.4</b>	<b>103.8</b>	<b>225.2</b>	<b>164.6</b>	<b>389.2</b>

## NET DEBT/NET CASH

Management is of the opinion that because the Group's actual net debt/net cash corresponds to the Group's non-current and current interest-bearing liabilities to credit institutions less cash and cash equivalents, investments in securities, etc. and transaction fees, other non-current and current interest-bearing liabilities should be excluded. The Group's other non-current and current interest-bearing liabilities consist of contingent and deferred earn-outs related to acquisitions, which are subject to an implicit interest expense.

In conjunction with the IPO, the company signed a new credit agreement with SEB for a total amount of approximately SEK 1,100 million (nominal amount), of which about SEK 500 million pertains to a long-term loan facility not subject to amortisation that is to be used to repay the Group's earlier loans, to cover the transaction costs arising in connection with the listing and for general business purposes. SEK 300 million pertains to an acquisition and investment facility, which will primarily be used to finance future acquisitions and acquisition-related costs, SEK 240 million pertains to a revolving credit facility in the form of working capital financing, and SEK 60 million pertains to a letter of credit.

Following the proceeds of the new share issue during the period, net debt totalled SEK 496.3 million at the end of the period, corresponding to net debt in relation to LTM adjusted EBITDA of 2.1x. At the end of the second quarter, net debt amounted to SEK 357.5 million, corresponding to net debt in relation to LTM adjusted EBITDA of 1.5x. The Group's other current and non-current interest-bearing liabilities consist of conditional and deferred additional earn-outs related to acquisitions, which are subject to an implicit interest expense related to the present value calculation of the same. These obligations amounted to SEK 243.3 million at the end of the quarter, compared with SEK 249.6 million at the beginning of the year.

SEKm	30 Jun		31 Dec
	2018	2017	2017
Non-current interest bearing debt	871.2	1,019.2	1,105.9
Short-term interest bearing debt	23.7	59.2	81.1
<b>Total interest bearing debt</b>	<b>894.9</b>	<b>1,078.4</b>	<b>1,187.1</b>
Cash and cash equivalents	-299.9	-126.3	-156.1
Adjustment of earnouts and deferred payments	-243.8	-150.7	-249.6
Adjustment transaction costs	6.2	25.0	22.7
<b>Net debt (+) / Net cash (-)</b>	<b>357.5</b>	<b>826.4</b>	<b>804.1</b>

# Definitions

Performance measure	Definition	Reasoning
Number of visits	Number of visits to the Group's webstores during the period in question.	This performance measure is used to measure customer activity.
Number of orders	Number of orders placed during the period in question.	This performance measure is used to measure customer activity.
Gross margin	Gross profit as a percentage of net sales.	Gross margin gives an indication of the contribution margin as a share of net sales.
Gross profit	Net sales less cost of goods sold. Gross profit includes costs directly attributable to goods sold, such as warehouse and transportation costs. Gross profit does not include items affecting comparability.	Gross profit gives an indication of the contribution margin in the operations.
EBITA	Earnings before interest, tax and acquisition-related amortisations and write-downs.	Together with EBITDA, EBITA provides an image of the profit generated by operating activities.
EBITA margin	EBITA as a percentage of net sales.	In combination with net sales growth, EBITA margin is a useful performance measure for monitoring value creation.
EBITDA	Operating income before depreciation, amortisation, impairment, financial net and tax.	EBITDA provides a general indication as to the profit generated in the operations before depreciation, amortisation and impairment.
EBITDA margin	EBITDA as a percentage of net sales.	In combination with net sales growth, EBITDA margin is a useful performance measure for monitoring value creation.
Average order value (AOV)	Total order value (meaning Internet sales, postage income and other related services) divided by the number of orders.	Average order value is a useful indication of revenue generation.
Investments	Investments in tangible and intangible fixed assets.	Investments provide an indication of total investments in tangible and intangible assets.
Adjusted gross margin	Adjusted gross profit as a percentage of net sales.	Adjusted gross margin gives an indication of the contribution margin as a share of net sales.
Adjusted gross profit	Net sales less cost of goods sold. Adjusted gross profit includes costs directly attributable to goods sold, such as warehouse and transportation costs. Adjusted gross profit excludes items affecting comparability.	Adjusted gross profit gives an indication of the contribution margin in the operations.
Adjusted EBITA	EBITA excluding items affecting comparability.	This performance measure provides an indication of the profit generated by the company's operating activities.
Adjusted EBITA margin	Adjusted EBITA as a percentage of net sales.	This performance measure provides an indication of the profit generated by the company's operating activities.
Adjusted EBITDA	EBITDA excluding items affecting comparability.	This performance measure provides an indication of the profit generated by the company's operating activities.
Adjusted EBITDA margin	Adjusted EBITDA as a percentage of net sales.	This performance measure is relevant to creating an understanding of the operational profitability generated by the business.
Adjusted sales and administration costs	The difference between adjusted gross profit and adjusted EBITDA, which excludes other specified items.	Sales and administration costs provide an indication of operating expenses, excluding cost of goods sold, thereby giving an indication of the efficiency of the company's operations.
Adjusted sales and administration costs/net sales	Adjusted sales and administration costs as a percentage of net sales.	Provides an indication of operating expenses as a percentage of net sales, thereby giving an indication of operating leverage.

Items affecting comparability	Items affecting comparability pertain to events and transactions whose impact on earnings is important to note when the financial results for the period are compared with previous periods and include: capital gains and loss on divestments, costs related to material downsizing, restructuring with action plans designed to restructure a major part of the operations, material impairment losses and other material non-recurring costs and revenue.	Items affecting comparability is a term used to describe items which, when excluded, show the company's earnings excluding items which, by nature, are of a non-recurring nature in the operating activities.
Cash conversion	Operating cash flow from operating activities as a percentage of adjusted EBITDA	Operating cash conversion enables the company to monitor management of its ongoing investments and working capital.
Net sales growth	Annual growth in net sales calculated as a comparison with the preceding year and expressed as a percentage.	Net sales growth provides a measure for the company to compare growth between various periods and in relation to the overall market and competitors.
Net debt	The sum of interest-bearing liabilities less cash and cash equivalents.	Net debt is a measure that shows the company's total debt.
Operating cash flow	Adjusted EBITDA including changes in working capital ( $\Delta$ working capital), and less investments in non-current assets (capex).	Operating cash flow is used to monitor cash flow in the operations.
Organic growth	Refers to growth for comparable webstores and showrooms compared with the preceding year, including units with consolidated comparative data for a full calendar year, meaning changes in net sales after adjustment for acquired net sales in accordance with the above definition.	Organic growth is a measure that enables the company to monitor underlying net sales growth, excluding the effects of acquisitions.
Working capital	Inventories and non-interest bearing current assets less non-interest bearing current liabilities.	Working capital provides an indication of the company's short-term financial capacity, since it gives an indication as to whether the company's short-term assets are sufficient to cover its current liabilities.
Operating margin (EBIT margin)	EBIT as a percentage of net sales.	In combination with net sales growth, operating margin is a useful measure in order to monitor value creation.