Year-end report 1 January-31 December 2018

STRONG Q4 SALES AND EBITA

HIGHLIGHTS

Fourth quarter

- Net sales rose 18.5 percent to SEK 1,279.7 million (1,079.7), of which organic growth accounted for 12.5 percent, driven by organic growth of 18.3 percent in the DIY segment
- Adjusted gross profit* rose 23.1 percent to SEK 302.3 million (245.7), with an adjusted gross margin of 23.6 percent (22.8)
- Adjusted EBITA** increased to SEK 60.3 million (52.7), with an adjusted EBITA margin of 4.7 percent (4.9)
- Operating income (EBIT) increased to SEK 44.1 million (5.2), with an operating margin of 3.4 percent (0.5)
- Operating cash flow*** was SEK 7.8 million (80.3), driven by fewer invoicing days in December compared to last year
- Net income amounted to SEK 49.5 million (-8.2), an increase attributable to higher EBIT and reassessed earn-outs related to acquisitions
- Earnings per share amounted to SEK 0.45 (-1.37) before dilution and SEK 0.45 (-1.37) after dilution
- Management changes effective 1 April 2019: Current CFO Martin Edblad was appointed Acting President and CEO and head of Home Furnishings, Mikael Olander will leave his position as CEO to assume the role of COO with responsibility for M&A and will continue serving as head of DIY, Peter Rosvall will leave his position as COO and was appointed head of New Operations, and Adam Schatz was appointed as the new CFO of Bygghemma

1 January-31 December

- Net sales rose 25.7 percent to SEK 4,973.7 million (3,955.5), of which the Group's organic growth accounted for 13.7 percent, driven by organic growth of 18.7 percent in the DIY segment
- Adjusted gross profit* increased 26.0 percent to SEK 1,077.9 million (855.2), with an adjusted gross margin of 21.7 percent (21.6)
- Adjusted EBITA** amounted to SEK 202.7 million (197.0), with an adjusted EBITA margin of 4.1 percent (5.0)
- Operating income (EBIT) amounted to SEK 87.2 million (91.5), with an operating margin of 1.8 percent (2.3)
- Operating cash flow*** was SEK 185.5 million (264.8), corresponding to a cash conversion of 80 percent (121), driven by seasonal effects with fewer invoicing days in December compared to last year
- Net income amounted to SEK 50.8 million (28.7), an increase attributable to the above and to reassessed earn-outs related to acquisitions
- Earnings per share amounted to SEK 0.00 (-3.99) before dilution and SEK 0.00 (-3.99) after dilution
- The Board of Directors' proposal to the Annual General Meeting is that no dividend is to be paid for the 2018 financial year.

Key events after the period

- Acquisition of Designkupp AS ("vvskupp.no") on 29 January 2019. Designkupp is the leading online retailer in Norway primarily focused on bathroom products and had a turnover of around SEK 100 million and an EBIT margin north of 3 percent in 2018

FINANCIAL SUMMARY

	Q4			Jan-Dec		
SEKm (if not otherwise stated)	2018	2017	Δ%	2018	2017	Δ%
Net Sales	1,279.7	1,079.7	18.5	4,973.7	3,955.5	25.7
Adjusted gross profit*	302.3	245.7	23.1	1,077.9	855.2	26.0
Adjusted gross margin (%)	23.6	22.8	3.8	21.7	21.6	0.2
Adjusted EBITA**	60.3	52.7	14.4	202.7	197.0	2.9
Adjusted EBITA-margin (%)	4.7	4.9	-3.5	4.1	5.0	-18.2
Operating income	44.1	5.2	744.9	87.2	91.5	-4.7
Operating-margin (%)	3.4	0.5	612.8	1.8	2.3	-24.2
Net profit/loss for the period	49.5	-8.2	-707.0	50.8	28.7	76.7
Earnings per share before dilution, SEK	0.45	-1.37		0.00	-3.99	
Earnings per share after dilution, SEK	0.45	-1.37		0.00	-3.99	
Cash flow from operations	20.7	25.2	-17.7	118.5	141.1	-16.0
Net debt	473.6	804.1	-41.1	473.6	804.1	-41.1

* Adjusted for items affecting comparability (refer to "Relevant reconciliations of non-IFRS alternative performance measures (APM)"). Items affecting comparability impacting gross profit amounted to SEK 4.2 million (11.5) for the quarter, relating to the last-mile project, and SEK 30.4 million (35.2) for the year, relating to the Furniturebox integration, the warehouse move and the last-mile project. Items affecting comparability impacting EBITA totalled SEK 6.6 million (38.2) for the quarter and SEK 77.9 (73.5) for the year, relating to (i) acquisition costs of SEK 0.4 million (1.4) for the quarter and SEK 2.0 million (10.0) for the year, (ii) integration and warehouse move costs of SEK 27.5 million (44.7) for the year, (iii) costs of SEK 11.4 million (-) for the year related to the long-term incentive program launched in connection with the IPO, (iv) costs for the listing on Nasdaq of SEK 30.7 million (18.8) and (v) costs for establishing an own distribution network of 6.3 million (-) for the quarter.

** Adjusted EBITA is defined as operating income before depreciation and amortisation related to acquisitions and 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 32 in this report).

CEO's comments on the quarter

Mikael Olander, President and CEO

During 2018, we continued to strengthen our position as the number one European online retailer within home improvement, and we are now approaching a 30-percent online market share in the Nordics within DIY and Home Furnishing.

For the fourth quarter, we posted our highest results to date, driven by a solid development in both segments. It is with great satisfaction that I note that the challenging conditions we faced in the third quarter are now behind us and we returned to normal in the fourth quarter.

In the quarter, we achieved an adjusted EBITA margin of 4.7 percent which represents a significant improvement versus the third quarter. However, the margin is still slightly below last year explained by fewer invoicing days in December than last year for the DIY segment.

Our performance within the Home Furnishing segment improved considerably during the period. The segment reported its highest EBITA and EBITA margin ever, following the completion of the Furniturebox integration and supported by normalised market conditions. As expected, increased purchase prices were reflected in the market when the autumn/winter collections and catalogues were released.

Our focus on profitable growth, category leadership and increasing customer satisfaction continued during the fourth quarter. In October, we acquired Edututor Oy, a leading online player in Finland with proprietary brands in grilling, LED lighting and kitchen products. The acquisition will strengthen Bygghemma's expertise within these categories.

In September, we announced the roll-out of our own last-mile operations in Sweden. We have now been operative for over four months and can conclude that the service is delivering as expected. Although we still have a long way to go, we can already see increased customer satisfaction.

After the end of the period, on 29 January 2019, we acquired vvskupp.no, the leading online pure-play DIY retailer in Norway, alongside Bygghemma, primarily focused on bathroom products. This means we are now also the clear online leader in our area in Norway.

2018 was a milestone in the history of Bygghemma Group. We grew more than 25 percent and achieved sales of almost SEK 5 billion, we posted our highest adjusted EBITA to date, amounting to SEK 203 million, and the number of Group employees increased to more than 1,000. And last but not least, we listed Bygghemma on Nasdaq Stockholm (Mid Cap).

Six years after it was founded, we have developed Bygghemma Group into the largest, listed, consumer e-commerce company in the Nordic region. I am proud of what we have achieved together, but most of all, I look forward to the events to come with a strong sense of enthusiasm and confidence.

Our market position, business model and potential are extremely strong, and we have what it takes to reach our goals. In 2018, we laid the foundation for the next stage of our development through the full integration of Furniturebox, the roll-out of last-mile deliveries and by further strengthening our leading market position as an online retailer of furniture and building materials. Moreover, we considerably improved our positions outside Sweden and are now truly Nordic.

Finally, I would like to convey my gratitude for the time I have spent as CEO of Bygghemma Group. 1 April 2019, I will pass the baton over to our CFO, Martin Edblad, as Acting CEO. I will not, however, be leaving the Group, but rather will now be able to focus fully on running our DIY division and M&A, hands-on. This is a true privilege.

Knowing that there are now more than 1,000 individuals working every day to make Bygghemma Group a little better, a little stronger and take a little better care of our customers is an amazing feeling. I would like to thank you all for the past year.

As we now enter 2019, we are fully dedicated to our plans and goals. We are continuing our efforts to constantly improve and expect to see tangible results from our efforts and initiatives over the past year.

Malmö, 31 January 2019

Mikael Olander

President and CEO, Bygghemma Group

Condensed consolidated financial information

	Q4			Jan-Dec		
SEKm (if not otherwise stated)	2018	2017	Δ%	2018	2017	Δ%
Net Sales	1,279.7	1,079.7	18.5	4,973.7	3,955.5	25.7
Gross profit	298.2	234.2	27.3	1,047.5	820.0	27.7
Gross margin (%)	23.3	21.7	7.4	21.1	20.7	1.6
Adjusted gross profit*	302.3	245.7	23.1	1,077.9	855.2	26.0
Adjusted gross margin (%)	23.6	22.8	3.8	21.7	21.6	0.2
Adjusted EBITDA*	67.8	61.4	10.4	231.1	219.7	5.2
Adjusted EBITDA-margin (%)	5.3	5.7	-6.8	4.6	5.6	-16.3
Adjusted EBITA**	60.3	52.7	14.4	202.7	197.0	2.9
Adjusted EBITA-margin (%)	4.7	4.9	-3.5	4.1	5.0	-18.2
Operating income	44.1	5.2	744.9	87.2	91.5	-4.7
Operating-margin (%)	3.4	0.5	612.8	1.8	2.3	-24.2
Net profit/loss for the period	49.5	-8.2	-707.0	50.8	28.7	76.7
Cash flow from operations	20.7	25.2	-17.7	118.5	141.1	-16.0
Visits (thousands)	32,349	23,799	35.9	116,120	91,670	26.7
Orders (thousands)	456	408	11.9	1,735	1,244	39.5
Conversion rate (%)	1.4	1.7	-17.7	1.5	1.4	10.1
Average order value (SEK)	2,793	2,563	9.0	2,830	3,153	-10.3

* Adjusted for items affecting comparability of SEK 6.6 million (38.2) for the quarter and SEK 77.9 million (73.5) for the year, 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 OCTOBER-31 DECEMBER 2018

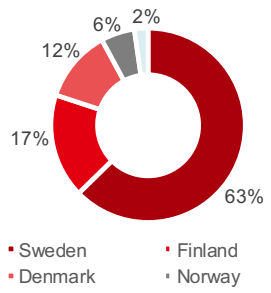
Group net sales rose 18.5 percent to SEK 1,279.7 million (1,079.7), of which organic growth accounted for 12.5 percent.

The strong momentum in the DIY segment continued during the fourth quarter, following a weak development in the third quarter caused by the extreme weather conditions in the summer months. Sales increased 18.9 percent compared to the same period in 2017, of which organic growth accounted for 18.3 percent. The Home Furnishing segment also showed strong positive signs after the challenging third quarter. Sales increased 18 percent in the fourth quarter compared to the same period in 2017, of which organic growth accounted for 1.4 percent. Traffic for Furniturebox improved slightly during the quarter but is still not back to its previous level after the change of the Furniturebox web platform. Traffic and sales are, however, expected to reach previous levels in the first two to three quarters of 2019. Furthermore, the Home Furnishing segment posted its highest quarterly EBITA ever. This higher EBITA is mainly attributable to market conditions returning to normal with regards to consumer prices, raw materials and FX, and the completion of the Furniturebox integration project in the third quarter of 2018, which has allowed the organisation to focus on the business again.

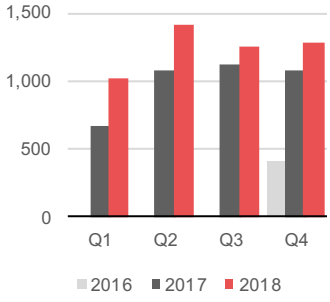
The Group's webstores received 32.3 million (23.8) visits during the quarter, generating 456 thousand (408) orders. Traffic from mobiles and tablets accounted for 67.2 percent (62.8) of the total number of visits to the Group's webstores, translating to an increase of 7.0 percent compared with last year. Mobiles and tablets accounted for 61.4 percent (57.0) of visits in the DIY segment and 75.8 percent (69.7) of visits in the Home Furnishing segment.

The Group's average order value for the quarter was SEK 2,793 (2,563), an increase partly driven by a growing number of returning customers, with a higher average order spend.

Distribution by country (%)



Net sales (SEKm)



The Group's adjusted gross margin was 23.6 percent (22.8) for the period. The increase is an effect of higher margins within the Home Furnishing segment, due to a more normalised FX development, lower raw material prices and the fact that market prices were adjusted to higher purchase prices during the period. The Group's unadjusted gross margin was 23.3 percent (21.7).

The Group's adjusted sales and administration costs (defined as the difference between adjusted gross profit and adjusted EBITDA) amounted to SEK 234.6 million (184.3), corresponding to 18.3 percent (17.1) of net sales, driven in part by increased capacity requirements following the listing on Nasdaq Stockholm in March 2018.

Including items affecting comparability for the period, sales and administration costs amounted to SEK 237.0 million (211.1), corresponding to 18.5 percent (19.5) of net sales.

The Group's adjusted EBITA for the quarter increased to SEK 60.3 million (52.7), the highest level to date for the period, corresponding to an adjusted EBITA margin of 4.7 percent (4.9). The DIY segment saw slightly lower margins in the quarter than last year, mainly due to strong comparables last year, with more invoicing days in December.

The items affecting comparability charged to the fourth quarter were mainly attributable to the implementation of the last-mile project and amounted to SEK 6.6 million. The items affecting comparability charged to the year-earlier period amounted to SEK 38.2 million and were related to the IPO process (18.4), the Furniturebox integration project (18.4) and acquisition-related costs (1.4).

Accordingly, the Group's unadjusted operating income for the period amounted to SEK 44.1 million (5.2), with an operating margin of 3.4 percent (0.5).

Amortisation of acquisition-related intangible assets amounted to SEK 9.6 million (9.3) for the fourth quarter and comprised amortisation of identified surplus values related to customer relationships and customer databases in acquired companies. No impairment requirements were identified for goodwill or other acquisition-related assets during 2018 or earlier.

The Group's net financial items for the quarter amounted to SEK +14.6 million (-17.4) and were partly attributable to reassessed earn-outs of SEK -15.3 million as well as the company's financing arrangements with SEB. Interest expenses for the period amounted to SEK -2.9 million (-13.4).

The Group's profit before tax was SEK 58.7 million (-12.1) for the period.

Net income for the quarter amounted to SEK 49.5 million (-8.2). The effective tax rate was -15.7 percent (-32.9), corresponding to SEK -9.2 million (4.0), mainly attributable to the reassessed earn-out amounts related to acquisitions during 2014-2017.

COMMENTS ON THE RESULT FOR THE PERIOD 1 JANUARY-31 DECEMBER 2018

Net sales rose 25.7 percent to SEK 4,973.7 million (3,955.5), of which the Group's organic growth accounted for 13.7 percent.

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

The Group's webstores received 116.1 million (91.7) visits during in 2018, generating 1.7 million (1.2) orders. Traffic from mobiles and tablets accounted for 66.6 percent (63.0) of the total number of visits to the Group's webstores, translating to an increase of 5.7 percent compared with last year. Mobiles and tablets accounted for 61.3 percent (57.2) of visits in the DIY segment and 74.4 percent (70.4) of visits in the Home Furnishing segment.

The Group's average order value for the full year was SEK 2,830 (3,153). The lower average order value was primarily attributable to a changed sales mix, mainly as a result of acquisitions that were made during 2017, with full effect in 2018.

The Group's adjusted gross margin was essentially flat and amounted to 21.7 percent (21.6). The Group's unadjusted gross margin was 21.1 percent (20.7).

The Group's adjusted sales and administration costs (defined as the difference between adjusted gross profit and adjusted EBITDA) amounted to SEK 846.8 million (635.5), corresponding to 17.0 percent (16.1) of net sales, primarily driven by acquisitions in 2017 as

well as increased capacity requirements following the listing on Nasdaq Stockholm in March 2018.

Unadjusted sales and administration costs amounted to SEK 894.3 million (673.8) for the period, corresponding to 18.0 percent (17.0) of net sales.

Sales and administration costs and the gross margin for the full year 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 the 12-month period.

The Group's adjusted EBITA for the full year amounted to SEK 202.7 million (197.0), corresponding to an adjusted EBITA margin of 4.1 percent (5.0).

The items affecting comparability charged to 2018 totalled SEK 77.9 million (73.5) and were attributable mainly to costs for the listing on Nasdaq Stockholm (SEK 30.7 million), the long-term incentive programme (LTIP) for key employees in the Group adopted at the general meeting of shareholders (SEK 11.4 million) and the Furniturebox integration project finalised in 2018 (SEK 27.5 million).

The Group's operating income, less items affecting comparability, amounted to SEK 87.2 million (91.5). The operating margin was 1.8 percent (2.3).

Amortisation of acquisition-related intangible assets amounted to SEK 37.5 million (32.1) for the full year 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 2018 or earlier.

The Group's net financial items for the full year amounted to SEK -39.9 million (-54.7), driven mainly by reassessed earn-out amounts of SEK -15.3 million related to acquisitions during 2014-2017 and 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 2018. Regular interest expenses attributable to the period amounted to SEK -23.9 million. Due to the new share issue and the signing of a new credit agreement in conjunction with the IPO in the first quarter 2018, interest expenses decreased significantly from the second quarter onwards.

The Group's profit before tax amounted to SEK 47.3 million (36.8) for the period.

Profit after tax totalled SEK 50.8 million (28.7). The effective tax rate was 7.3 percent (21.9), corresponding to SEK +3.5 million (-8.1), due to deferred tax liabilities being recalculated according to the new corporate tax rate of 20.6 percent to be introduced in 2021.

Refer to the respective business segments for additional comments on the fourth quarter and the 12-month period.

KEY EVENTS DURING AND AFTER THE FOURTH QUARTER OF 2018

- On 23 October, Bygghemma Group announced the acquisition of Edututor Oy, a leading online player in Finland with proprietary brands in grilling, LED lighting and kitchen products. The acquisition will strengthen Bygghemma's expertise within these categories in Finland. Edututor was founded in 2010 and, since then, has had a CAGR of around 37 percent. The company conducts sales through a number of online stores, the largest of which are Grillikauppa.com, Led-Valot.fi and Paista.fi. In 2017, the company had sales of approximately EUR 4.5 million, with operating profit of around EUR 120 thousand.
- On 4 December, Bygghemma Group announced that Martin Edblad, who has worked as CFO of Bygghemma since 2012, had been appointed Acting President and CEO of Bygghemma and head of the Home Furnishing segment effective 1 April 2019. When Martin Edblad assumes his new positions, he will leave his role as CFO of Bygghemma. Mikael Olander, who has combined the roles of President and CEO and head of the DIY segment since 2012, will retain his position as President and CEO until 1 April. He will thereafter serve as head of the DIY segment and has been appointed COO with responsibility for M&A. Peter Rosvall, COO since 2012, will leave his role as COO on 1 April 2019 and has been appointed head of New Operations as of the same date. It was also announced that Adam Schatz had been appointed as the new CFO of Bygghemma as of 1 April 2019.

- On 29 January, Bygghemma Group announced the acquisition of Designkupp AS ("vvskupp.no"), the leading online player in Norway primarily focused on bathroom products. The acquisition will strengthen Bygghemma's leading position in Norway considerably. Designkupp was founded in 2005 and had sales of approximately SEK 100 million in 2018, with an operating margin north of 3 percent.

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 32 of this report).

DIY segment

- The DIY segment's net sales increased 18.9 percent during the fourth quarter, of which organic growth accounted for 18.3 percent, having returned to the level reported prior to the extreme weather in the third quarter. Net sales for the full year increased 31.2 percent
- The adjusted EBITA margin was 3.9 percent (5.8) for the fourth quarter and 4.3 percent (4.9) for the full year, with an unusually strong margin reported for the fourth quarter of 2017, partially due to a higher number of invoicing days
- The segment continued to increase its online market share during the period, especially in the markets outside Sweden

	Q4			Jan-Dec		
SEKm (if not otherwise stated)	2018	2017	Δ%	2018	2017	Δ%
Net Sales	767.5	645.3	18.9	3,073.8	2,342.2	31.2
Gross profit	160.5	139.3	15.2	612.1	468.4	30.7
Gross margin (%)	20.9	21.6	-3.1	19.9	20.0	-0.4
Adjusted gross profit	160.5	139.3	15.2	612.1	468.4	30.7
Adjusted gross margin (%)	20.9	21.6	-3.1	19.9	20.0	-0.4
Adjusted EBITA	30.2	37.4	-19.2	131.2	114.4	14.7
Adjusted EBITA-margin (%)	3.9	5.8	-32.0	4.3	4.9	-12.6
Operating income	23.1	29.5	-21.7	102.9	87.0	18.4
Operating margin (%)	3.0	4.6	-34.2	3.3	3.7	-9.8
Net profit/loss for the period	-44.4	-29.4	51.1	12.5	10.5	19.1
Visits (thousands)	15,911	11,326	40.5	65,762	51,938	26.6
Orders (thousands)	284	177	60.9	1,099	674	63.0
Conversion rate (%)	1.8	1.6	14.6	1.7	1.3	28.7
Average order value (SEK)	2,611	3,177	-17.8	2,746	3,394	-19.1

COMMENTS ON THE DIY SEGMENT

The fourth quarter marked a return to normal sales conditions after the extreme weather in the third quarter. This was clearly visible in the fact that sales growth returned to the high teens, in terms of both overall sales and organic sales.

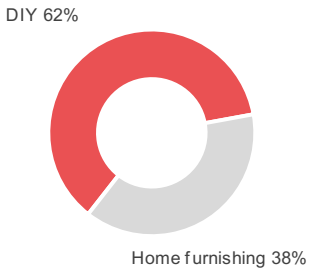
The segment's net sales increased 18.9 percent to SEK 767.5 million (645.3) in the quarter, driven by continued strong organic growth during the period. Net sales for the full year increased 31.2 percent to SEK 3,073.8 million (2,342.2).

The development of the Swedish housing market following the introduction of the second repayment requirement (increased loan restrictions for private home-owners) has not had any visible impact on Swedish sales in the DIY segment, which have been driven by a steadily growing online penetration as well as by continuous operational improvements in terms of service, assortment and pricing.

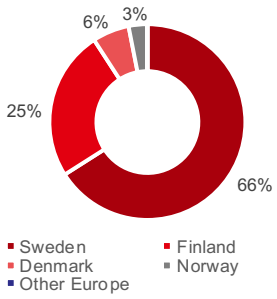
DIY accounted for 62 percent of the Group's total net sales for the full year and 60 percent in the fourth quarter.

The DIY segment continued to gain market shares in all Nordic markets during the quarter. The segment's Finnish, Danish and Norwegian operations accounted for the strongest performance during the quarter and the full year, driven by a positive economic development

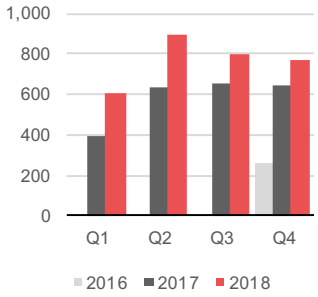
Net sales by segment Jan-Dec 2018



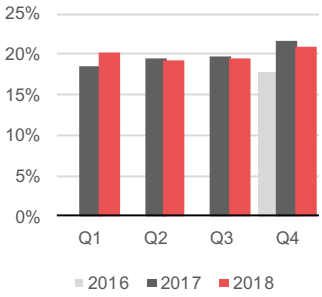
Distribution by country (%)



Net sales (SEKm)



Adjusted gross margin (%)



in these markets in general and by a rapidly increasing online penetration in particular, combined with focused work on the webstores, product ranges and pricing.

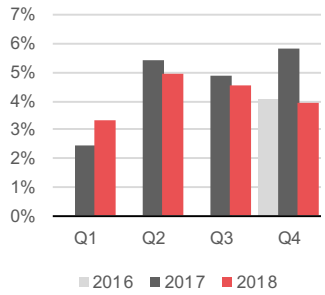
The strongest performance for both the quarter and the full year was attributable to the kitchen/whitegoods product category, followed by heavy construction and doors/windows. The focus on category leadership yielded positive results during the period, partly due to the specialised knowledge and brand expansion resulting from a number of strategic acquisitions in recent years, most recently from the acquisitions of Arredo and Vitvaruexperten in 2017 and Edututor in 2018.

Adjusted EBITA amounted to SEK 30.2 million (37.4) during the fourth quarter, with an adjusted EBITA margin of 3.9 percent (5.8). Adjusted EBITA for the full year increased by 14.7 percent to SEK 131.2 million (114.4), with an adjusted EBITA margin of 4.3 percent (4.9).

The segment's operating income amounted to SEK 23.1 million (29.5) during the fourth quarter, with an operating margin of 3.0 percent (4.6). For the full year, operating income increased by 18.4 percent to SEK 102.9 million (87.0), with an operating margin of 3.3 percent (3.7).

Items affecting comparability attributable to the LTIP and IPO have not been allocated at business segment level.

Adjusted EBITA margin (%)

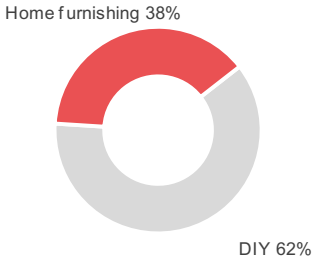


Home Furnishing segment

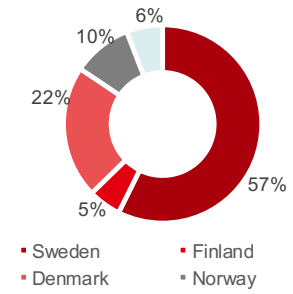
- Net sales increased by 18.0 percent during the fourth quarter, returning to solid growth figures after a challenging third quarter, with organic growth of 1.4 percent in the quarter. Net sales for the full year increased by 17.8 percent
- The adjusted EBITA-margin amounted to a record-high 6.4 percent (3.1) in the quarter, driven by normalised market conditions, the completion of the Furniturebox integration project in the third quarter and by lower raw material prices compared to the third quarter and to the same period in the preceding year
- The roll-out of the last-mile operations continued according to plan during the quarter, with a positive reception

	Q4			Jan-Dec		
SEKm (if not otherwise stated)	2018	2017	Δ%	2018	2017	Δ%
Net Sales	516.2	437.6	18.0	1,918.8	1,628.9	17.8
Gross profit	137.9	96.0	43.6	437.2	354.0	23.5
Gross margin (%)	26.7	21.9	21.8	22.8	21.7	4.8
Adjusted gross profit	142.0	107.4	32.2	467.6	389.2	20.1
Adjusted gross margin (%)	27.5	24.6	12.0	24.4	23.9	2.0
Adjusted EBITA	32.8	13.6	140.8	78.8	84.9	-7.1
Adjusted EBITA-margin (%)	6.4	3.1	104.1	4.1	5.2	-21.2
Operating income	23.8	-7.5	-416.4	33.7	25.6	31.9
Operating margin (%)	4.6	-1.7	-368.2	1.8	1.6	12.0
Net profit/loss for the period	37.2	-6.1	-709.2	41.0	14.5	182.5
Visits (thousands)	16,438	12,473	31.8	50,358	39,732	26.7
Order (thousands)	172	231	-25.6	636	569	11.7
Conversion rate (%)	1.0	1.9	-43.5	1.3	1.4	-11.9
Average order value	3,092	2,094	47.6	2,976	2,868	3.7

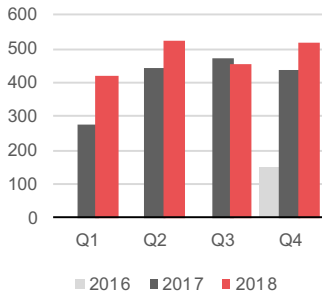
Net sales by segment Jan-Dec 2018



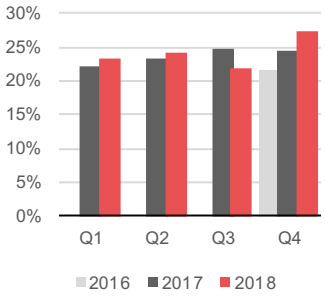
Distribution by country (%)



Net sales (SEKm)



Adjusted gross margin (%)



COMMENTS ON THE HOME FURNISHING SEGMENT

The Home Furnishing segment returned to solid growth of 18 percent in the fourth quarter, breaking the negative trend in the third quarter. Traffic for Furniturebox improvement slightly during the quarter but is still not back to its previous level after the change of the Furniturebox web platform. Traffic and sales are, however, expected to reach previous levels in the first two to three quarters of 2019. Furthermore, the segment reported its highest EBITA and profit margin ever. This higher EBITA is mainly attributable to market conditions returning to normal with regards to consumer prices, raw materials and FX, and the completion of the Furniturebox integration project in the third quarter, which has allowed the organisation to focus on the business again.

In total, the segment's net sales increased 18.0 percent to SEK 516.2 million (437.6) for the fourth quarter and 17.8 percent to SEK 1,918.8 million (1,628.9) for the 12-month period.

The Home Furnishing division gained online market shares in all product categories and geographical markets during 2018 compared with last year. The segment accounted for 38 percent of the Group's total net sales in 2018.

The comprehensive integration and consolidation work initiated in 2017, wherein Furniturebox was fully migrated to Home Furnishing's common web platform, ERP system and central warehouse, and the two organisations merged into one, was completed during

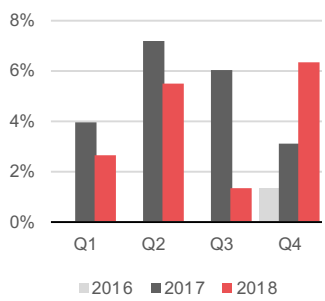
the third quarter of 2018, as planned, and generated total integration costs of SEK 27.5 million in 2018. In the third quarter, the last-mile project was rolled out, wherein the Home Furnishing division took control of deliveries to end consumers in Sweden. This project has developed according to plan, with costs affecting comparability in the fourth quarter of SEK 6.3 million, slightly lower than the expected SEK 7.0 million.

Adjusted EBITA in the period increased by 140.8 percent to SEK 32.8 million (13.6), with an adjusted EBITA margin of 6.4 percent (3.1). Adjusted EBITA for the 12-month period was SEK 78.8 million (84.9), with an adjusted EBITA margin of 4.1 percent (5.2).

The segment's operating income amounted to SEK 23.8 million (-7.5) for the quarter, with an operating margin of 4.6 percent (-1.7). Operating income for the 12-month period totalled SEK 33.7 million (25.6), with an operating margin of 1.8 percent (1.6).

Items affecting comparability for the first nine months attributable to the LTIP 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 7.0 million (2.3) for the quarter and SEK 20.1 million (19.1) for the full year. Operating income totalled SEK -2.7 million (-16.7) for the quarter and SEK -49.4 million (-21.0) for the 12-month period. 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 full year is in all material respects attributable to the costs associated with the listing on Nasdaq Stockholm in the first quarter.

CASH FLOW AND FINANCIAL POSITION

The Group's cash flow from operating activities for the quarter was SEK 20.7 million (25.2). For the 12-month period, cash flow from operating activities was SEK 118.5 million (141.1). Cash flow from operating activities was mainly driven by the EBITDA generated in the period as well as by the Group's negative working capital position, 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 increase in net working capital in the period is partly the result of fewer invoicing days than usual in December.

The Group's cash flow and working capital levels follow a seasonal profile, with increasing inventory levels 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 a cash conversion mainly during the second quarter, due to the seasonally high sales levels and the corresponding reduction of inventory during that period.

The Group's cash flow to investing activities was SEK -33.1 million (-38.1) for the quarter and SEK -126.7 million (-760.1) for the full year, mainly attributable to IT investments related to the web platform and logistical solution as well as to deferred payments and earn-outs related to acquisitions during the 2014-2017 period. In addition, 100 percent of the shares in Edututor Oy were acquired in the fourth quarter and 30 percent of the shares in Furniture1 were acquired during the third quarter (with an option to acquire up to 80 percent of the shares).

Cash flow from financing activities was SEK 3.7 million (23.5) for the quarter and SEK 75.4 million (720.8) for the 12-month period, 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 185.5 million (264.8) for the full year, corresponding to a cash conversion of 80 percent (121), driven in part by seasonal effects with fewer invoicing days in December compared to last year. Operating cash flow was driven by a combination of growth of adjusted EBITDA, a positive change in working capital and the Group's limited capex requirements.

Compared with the beginning of the year, the Group's cash and cash equivalents at the end of the reporting period amounted to SEK 226.9 million (156.1), primarily attributable to the fact that the Group generated a positive cash flow during 2018, mainly as the result of increased negative tied-up working capital, 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 473.6 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 2.1x. This is in line with the company's mid-term financial targets, reduced by SEK 343.3 million as a result of the new share issue in the first quarter of 2018 as well as the cash flow generated during the 12-month period.

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 320.3 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 394.5 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 4,851.9 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 2,814.4 million (2,375.1). This increase was mainly attributable to the new share issue carried out during in the first quarter.

EMPLOYEES

The number of employees (measured as full-time equivalents, FTEs) was 1,032 at the end of the period. The average number of employees (measured as FTEs) for the most recent 12-month period was 923.

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 extremely hot or cold 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 amounted to SEK 0.2 million (0.9) for the quarter and SEK 2.4 million (0.9) for the full year. Bygghemma Group's CEO and CFO are employed by the Parent Company. The Parent Company posted an operating loss of SEK -2.9 million (-17.5) for the quarter and SEK -32.3 million (-18.1) for the full year. The loss was mainly due to costs attributable to the listing on Nasdaq Stockholm in the first quarter. Profit for the quarter amounted to SEK 20.8 million (0.6) and profit for the 12-month period to SEK -2.1 million (0.2). The Parent Company's cash and cash equivalents totalled SEK 6.6 million at the end of the reporting period, compared with SEK 18.3 million at the beginning of the year.

The Board of Directors' proposal to the Annual General Meeting is that no dividend is to be paid for the 2018 financial year. The basis for this proposal is the high availability of investments in profitable growth.

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 1-14 is an integrated part of this financial report.

The Group applies the same accounting policies as those stated in the Annual Report for 2017, except for IFRS 9 and IFRS 15, which entered into force on 1 January 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 28-31 of this report.

Bygghemma is currently conducting a project to prepare for the transition to IFRS 16. As a part of this work, Bygghemma has made the decision to apply the transitional provisions in IFRS 16, which stipulate that comparisons for periods before 1 January 2019 do not need to be restated (the so-called “modified retrospective approach”).

Based on the information that is known, Bygghemma expects that the Group will recognise additional leasing liabilities for approximately SEK 366 million (after adjustment for prepaid lease payments recognised as of December 31), right-of-use assets of approximately SEK 353 million and deferred tax assets of about SEK 3 million, which in total will reduce the Group’s total equity by approximately SEK 10 million as of 1 January 2019.

Bygghemma expects its operating income for 2019 to increase by SEK 7 million compared to if the previous accounting policies had been applied, due to the fact that part of the leasing cost will be recognised as interest expense.

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 4 in this report.

OTHER INFORMATION

No other information applies at the end of the period.

Malmö, 31 January 2019

Henrik Theilbjørn	**Florian Seubert**	**Peter Möller**
Chairman	*Board member*	*Board member*
Lars Nilsson	**Bert Larsson**	**Ingrid Jonasson Blank**
Board member	*Board member*	*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. The information was submitted for publication, through the agency of the contact persons set out below, at 7:00 CET on 31 January 2019.

CONTACT INFORMATION

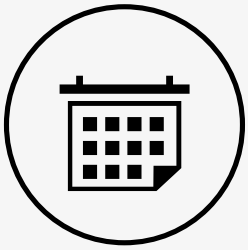
For further information, visit www.bygghemmagroup.se or contact:

Mikael Olander, President and CEO
mikael.olander@bygghemmagroup.se
+46 (0)708-19 43 00

Martin Edblad, CFO
martin.edblad@bygghemmagroup.se
+46 (0)734-24 68 51

Johan Hähnel, Head of Investor Relations
ir@bygghemmagroup.se
+46 (0)70-605 63 34

TELECONFERENCE IN CONNECTION WITH PUBLICATION OF THE QUARTERLY REPORT



On Monday, 31 January at 10:00 a.m. CET, Mikael Olander, President and CEO, and Martin Edblad, CFO, will hold a conference call concerning the publication of the quarterly report. The call will be held in English. To participate, please call the following number: +46 (0)8-566 427 04 or go to the weblink https://tv.streamfabriken.com/bygghemma-group-q4-2018. The presentation is available at Bygghemma Group's website: http://www.bygghemmagroup.com/investor-relations/presentations

FINANCIAL CALENDAR

Week of 15 April 2019	Annual report 2018
25 April 2019	Interim report January-March 2019
15 May 2019	Annual General Meeting (in Malmö)
18 July 2019	Interim report January-June 2019
25 October 2019	Interim report January-September 2019

ABOUT BYGGHEMMA 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 5 billion in 2018, has its head office in Malmö and is listed on Nasdaq Stockholm Mid Cap.

Condensed consolidated income statement

	Q4		Jan-Dec	
SEKm	2018	2017	2018	2017
Net Sales	1,279.7	1,079.7	4,973.7	3,955.5
Other operating income	0.5	2.4	-0.0	6.1
Total Net Sales	**1,280.2**	**1,082.1**	**4,973.7**	**3,961.7**
Cost of goods sold	-981.6	-845.5	-3,926.2	-3,135.6
Personnel costs	-114.9	-94.8	-420.4	-306.2
Other external costs and operating expenses	-122.6	-118.6	-469.6	-373.5
Other operating expenses	-0.1	-0.1	-4.4	-0.1
Depreciation and amortization of tangible and intangible fixed assets	-16.9	-17.9	-65.8	-54.7
Operating income	**44.1**	**5.2**	**87.2**	**91.5**
Profit/loss from financial items	14.6	-17.4	-39.9	-54.7
Profit before tax	**58.7**	**-12.1**	**47.3**	**36.8**
Income tax	-9.2	4.0	3.5	-8.1
Profit/loss for the period	**49.5**	**-8.2**	**50.8**	**28.7**
Attributable to:				
Equity holders of the parent	48.6	-8.2	49.9	28.7
Non-controlling interest	0.8	-	0.9	-
Net income for the period	**49.5**	**-8.2**	**50.8**	**28.7**
Earnings per share before dilution, SEK	0.45	-1.37	0.00	-3.99
Earnings per share after dilution, SEK	0.45	-1.37	0.00	-3.99

Earnings per share has been calculated with deduction of preference interest.

Condensed consolidated statement of comprehensive income

	Q4		Jan-Dec	
SEKm	2018	2017	2018	2017
Profit or loss for the period	49.5	-8.2	50.8	28.7
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Translation differences for the period	-2.6	5.7	7.2	2.1
Other comprehensive income for ther period	**-2.6**	**5.7**	**7.2**	**2.1**
Total comprehensive income for ther period	**46.9**	**-2.5**	**58.0**	**30.8**
Total comprehensive income attributable to:				
Parent company shareholders	46.0	-2.5	56.8	30.8
Non-controlling interest	0.8	-	-0.2	-
Total comprehensive income for the period	**46.9**	**-2.5**	**56.6**	**30.8**
Shares outstanding at period's end				
Before dilution	107,368,421	572,068	107,368,421	570,138
After dilution	107,368,421	572,068	107,368,421	570,138
Average number of shares				
Before dilution	107,368,421	47,720,820	95,781,974	44,197,259
After dilution	107,368,421	47,720,820	95,781,974	44,197,259

CHANGE IN NUMBER OF SHARES IN THE PERIOD

As part of the 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, the meeting 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, the meeting 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

	31 Dec	
SEKm	2018	2017
Non-current assets		
Goodwill	2,590.7	2,451.1
Other intangible fixed assets	1,225.3	1,166.3
Total intangible fixed assets	**3,815.9**	**3,617.4**
Buildings and land	11.3	10.8
Tangible fixed assets	22.9	21.4
Financial fixed assets	5.4	4.5
Deferred tax asset	6.0	15.5
Total fixed assets	**3,861.5**	**3,669.6**
Current assets		
Inventories	504.9	400.4
Current receivables	258.6	192.8
Cash and cash equivalents	226.9	156.1
Total current assets	**990.4**	**749.3**
Total assets	**4,851.9**	**4,418.9**
Equity		
Equity attributable to owners of the parent	2,783.1	2,375.1
Non-controlling interest	31.3	-
Total equity	**2,814.4**	**2,375.1**
Non-current liabilities		
Deferred tax liability	234.3	259.0
Other provisions	1.9	1.4
Non-current interest bearing liabilites to credit institutions	694.9	893.3
Other non-current liabilities	278.3	212.7
Total non-current liabilities	**1,209.5**	**1,366.4**
Current liabilities		
Short term interest bearing loans to credit institutions	-	44.2
Other interest bearing liabilities	42.0	36.9
Other current liabilities	786.0	596.4
Total current liabilities	**828.1**	**677.5**
Total shareholders' equity and liabilities	**4,851.9**	**4,418.9**

Condensed consolidated statement of cash flows

	Q4		Jan-Dec	
SEKm	2018	2017	2018	2017
Cash flow from operating activities before changes in working capital	59.1	-3.4	96.0	67.4
Changes in working capital	-38.3	28.6	22.5	73.7
Cash flow from operations	**20.7**	**25.2**	**118.5**	**141.1**
Investments in operations	-11.5	-28.6	-58.9	-731.7
Investments in other non-current assets	-21.6	-9.7	-68.1	-28.6
Divestment of other tangible fixed assets	0.0	0.1	0.1	0.1
Cash flow to/from investing activities	**-33.1**	**-38.1**	**-126.7**	**-760.1**
New share issue	-	8.6	345.2	425.6
Loans taken	11.9	35.5	694.1	401.3
Amortization of loans	-8.2	-20.6	-968.5	-106.2
Issue of warrants	-	-	4.6	-
Dividends to shareholders	0.0	-0.0	0.1	0.1
Cash flow to/from financing activities	**3.7**	**23.5**	**75.4**	**720.8**
Cash flow for the period	**-8.7**	**10.6**	**67.3**	**101.7**
Cash and cash equivalents at the beginning of the period	**237.5**	**143.8**	**156.1**	**53.3**
Translation differences in cash and cash equivalents	-1.9	1.6	3.6	1.0
Cash and cash equivalents at the end of the period	**226.9**	**156.1**	**226.9**	**156.1**

Condensed consolidated statement of changes in equity

	31 Dec	
SEKm	2018	2017
Opening balance	2,375.1	1,700.6
Comprehensive income for the period	58.0	30.8
Acquisitions of partly-owned subsidiaries	31.5	-
New share issue	345.2	643.6
Issue of warrants	4.6	-
Closing balance	2,814.4	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 are reported net after tax directly in shareholders' equity, as a reduction of the share issue amount.

Notes

NOTE 1 SEGMENTS

	Q4		Jan-Dec	
SEKm	2018	2017	2018	2017
Net Sales				
DIY	767.5	645.3	3,073.8	2,342.2
Home Furnishings	516.2	437.6	1,918.8	1,628.9
Total net sales	**1,283.7**	**1,082.9**	**4,992.6**	**3,971.1**
Other	7.0	2.3	20.1	19.1
Eliminations	-10.9	-5.5	-39.0	-34.7
Group consolidated total	**1,279.7**	**1,079.7**	**4,973.7**	**3,955.5**
Revenue from other segments				
DIY	1.8	2.3	7.3	7.2
Home Furnishings	2.2	0.9	11.6	8.3
Other	7.0	2.3	20.1	19.1
Total	**10.9**	**5.5**	**39.0**	**34.7**

	Q4		Jan-Dec	
SEKm	2018	2017	2018	2017
Operating income and profit before tax				
DIY	23.1	29.5	102.9	87.0
Home Furnishings	23.8	-7.5	33.7	25.6
Total operating income	**46.8**	**22.0**	**136.7**	**112.5**
Other	-2.7	-16.7	-49.4	-21.0
Group consolidated operating income	**44.1**	**5.2**	**87.2**	**91.5**
Financial net	14.6	-17.4	-39.9	-54.7
Group consolidated profit before tax	**58.7**	**-12.1**	**47.3**	**36.8**

NOTE 2 DISCLOSURES ON ACQUISITIONS

All purchase price allocations are considered preliminary until management has ultimately adopted the applied valuation assumptions behind the allocation. This is done at the latest 12 months after the acquisition date.

Net sales and profit/loss for the period for acquired companies

Since consolidation, the acquisitions have contributed SEK 121.8 million to the Group's net sales and SEK 2.0 million to the Group's profit/loss for the period. If the acquisitions had been consolidated for the whole financial year, they would have contributed SEK 304.0 million to the Group's net sales and SEK -1.2 million to the Group's profit/loss for the period.

Acquisition of Furniture1 UAB

On 5 September 2018, Furniture1 UAB ("Furniture1"), a leading online pure-play home furnishings retailer in the Baltics and Eastern Europe, was acquired with the aim of entering the rapidly growing home furnishings e-commerce markets in this region, as well as to reap synergies from joint purchases and operational development – not least within last-mile logistics where Furniture1 is at the forefront in the industry. Furniture1 was founded in 2008 in Lithuania and currently has operations in Estonia, Latvia, Lithuania, Croatia, Hungary, Bulgaria, Greece, Slovenia and Romania and 100 employees. The acquisition includes 30 percent of the shares in Furniture1 UAB and an option to acquire up to 80 percent of the shares in the company. The option to acquire up to 80 percent of the shares has no time limit. Furniture1 is fully consolidated within the Home Furnishing segment and has affected the consolidated balance sheet and cash and cash equivalents as set out below.

SEKm	
Acquisition of Furniture1 UAB	
Net assets at time of acquisition	
Trademarks	37.5
Customer relationships	9.8
Tangible fixed assets	2.4
Financial fixed assets	0.0
Inventory	5.0
Accounts receivable	11.2
Other receivables	7.9
Cash and cash equivalents	12.5
Deferred tax lliability	-7.6
Accounts payable	-18.3
Other liabilities	-11.7
Net identifiable assets and liabilities	**48.8**
Non-controlling interest	-31.5
Goodwill	108.6
Total purchase consideration	**125.9**
Unpaid part of the purchase consideration	94.7
Change in the Group's cash and cash equivalents following the acquisition	**-31.2**

Acquisition of Edututor Oy

On 23 October 2018, Bygghemma successfully acquired Edututor Oy, a leading online player in Finland with proprietary brands in grilling, LED lighting and kitchen products. The acquisition will strengthen Bygghemma's expertise within these categories. Edututor was founded in 2010 and, since then, has had a compound annual growth rate (CAGR) of around 37 percent. The company conducts sales through a number of online stores, the largest of which are Grillikauppa.com, Led-Valot.fi and Paista.fi. In 2017, Edututor had sales of approximately EUR 4.5 million, with operating profit of around EUR 120 thousand. The acquisition includes 100 percent of the shares in the company. Edututor Oy is fully consolidated within the DIY segment and has affected the consolidated balance sheet and cash and cash equivalents as set out below.

SEKm	
Förvärv av Edututor Oy	
Net assets at time of acquisition	
Trademarks	3.1
Customer relationships	1.5
Intangible fixed assets	1.2
Tangible fixed assets	0.0
Financial fixed assets	0.3
Inventory	2.7
Accounts receivable	1.5
Other receivables	0.9
Cash and cash equivalents	0.4
Deferred tax lliability	-0.9
non-current liabilities	-8.3
Accounts payable	-3.5
Other liabilities	-2.5
Net identifiable assets and liabilities	**-3.5**
Goodwill	24.9
Total purchase consideration	**21.3**
Earnout provision	12.8
Change in the Group's cash and cash equivalents following the acquisition	**-8.5**

NOTE 3 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.

	31 Dec	
SEKm	2018	2017
Fair value on the opening date	**249.6**	**96.7**
Recognition in profit or loss	-7.7	5.1
Utilized amount	-30.1	-41.1
Acquisition value at cost	108.5	188.9
Fair value on the closing date	**320.3**	**249.6**

NOTE 4 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. In addition, the company issued warrants during the year, which contributed total equity just under SEK 5 million.

Condensed Parent Company income statement

	Q4		Jan-Dec	
SEKm	2018	2017	2018	2017
Net Sales	0.2	0.9	2.4	0.9
Total net sales	**0.2**	**0.9**	**2.4**	**0.9**
Personnel cost	-2.1	-6.8	-15.9	-6.8
Other external costs	-1.0	-11.6	-18.7	-12.2
Operating income	**-2.9**	**-17.5**	**-32.3**	**-18.1**
Profit/loss from financial items	0.2	0.0	0.1	0.2
Appropriations	29.5	18.2	29.5	18.2
Profit before tax	**26.8**	**0.7**	**-2.6**	**0.3**
Income tax	-6.0	-0.2	0.5	-0.1
Profit/loss for the period	**20.8**	**0.6**	**-2.1**	**0.2**

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

	31 Dec	
SEKm	2018	2017
Non-current assets		
Other intangible fixed assets	0.2	-
Total intangible fixed assets	**0.2**	**-**
Participations in Group companies	2,691.6	2,352.1
Long term receivables from Group companies	29.0	5.0
Deferred tax asset	2.3	-
Total fixed assets	**2,723.1**	**2,357.1**
Current assets		
Short term receivables	1.5	2.2
Short term receivables from Group companies	72.7	18.2
Cash and cash equivalents	6.6	18.3
Total current assets	**80.8**	**38.7**
Total assets	**2,803.9**	**2,395.8**
Equity		
Restricted equtiy	3.2	2.4
Unrestriced equity	2,720.1	2,373.2
Total equity	**2,723.3**	**2,375.6**
Non-current liabilities		
Non-current interest bearing liabilites to credit institutions	30.0	-
Total non-current liabilities	**30.0**	**-**
Current liabilities		
Other current liabilities	50.6	20.2
Total current liabilities	**50.6**	**20.2**
Total shareholders' equity and liabilities	**2,803.9**	**2,395.8**

Key ratios

	2018					2017				
	Q4	Q3	Q2	Q1	Jan-Dec	Q4	Q3	Q2	Q1	Jan-Dec
THE GROUP										
Adjusted total expenses	-251.6	-225.8	-236.1	-199.3	-912.8	-202.2	-194.4	-171.8	-121.8	-690.2
Adjusted EBITA-margin %	4.7	3.2	5.1	3.0	4.1	4.9	5.4	6.0	2.9	5.0
Adjusted gross profit	302.3	256.4	298.6	220.6	1,077.9	245.7	246.4	228.5	134.6	855.2
Adjusted gross margin %	23.6	20.5	21.1	21.5	21.7	22.8	21.9	21.2	20.1	21.6
Equity/asset ratio %	58.0	57.2	57.1	55.1	58.0	53.7	54.7	53.4	57.5	53.7
Net debt (+) / Net cash (-)	473.6	451.1	357.5	496.3	473.6	804.1	808.8	826.4	741.4	804.1
Cash flow from operations (SEKm)	20.7	-46.7	162.8	-18.3	118.5	25.2	10.5	132.0	-26.6	141.1
Earnings per share (SEK)	0.45	0.23	0.30	-1.73	0.00	-1.37	-0.80	-0.62	-1.24	-3.99
Visits (thousands)	32,349	28,589	29,827	25,355	116,120	23,799	24,911	24,641	18,320	91,670
Orders (thousands)	456	426	465	387	1,735	408	319	318	199	1,244
Average order value (SEK)	2,793	2,864	2,974	2,665	2,830	2,563	3,467	3,408	3,455	3,153
DIY										
Visits (thousands)	15,911	17,584	18,247	14,020	65,762	11,326	14,626	14,795	11,192	51,938
Orders (thousands)	284	284	302	229	1,099	177	172	198	129	674
Average order value (SEK)	2,611	2,807	2,922	2,604	2,746	3,177	3,835	3,298	3,251	3,394
Home Furnishings										
Visits (thousands)	16,438	11,005	11,579	11,335	50,358	12,473	10,285	9,846	7,128	39,732
Orders (thousands)	172	142	163	159	636	231	147	121	70	569
Average order value (SEK)	3,092	2,978	3,071	2,752	2,976	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

	Q4		Jan-Dec	
SEKm	2018	2017	2018	2017
Operating income	44.1	5.2	87.2	91.5
Depreciation and amortization of acquisition related intangible fixed assets	9.6	9.3	37.5	32.1
EBITA	**53.7**	**14.5**	**124.8**	**123.6**
EBITA (%)	**4.2**	**1.3**	**2.5**	**3.1**
Acquisition-related costs	0.4	1.4	2.0	10.0
Integration costs and costs related to warehouse move	-	18.4	27.5	44.7
Costs in connection with the establishment of own distribution network	6.3	-	6.3	-
Costs related to LTIP	-	-	11.4	-
Costs related to the process for expanding the shareholder base	-	18.4	30.7	18.8
Total items affecting comparability	**6.6**	**38.2**	**77.9**	**73.5**
Adjusted EBITA	**60.3**	**52.7**	**202.7**	**197.0**
Adjusted EBITA (%)	**4.7**	**4.9**	**4.1**	**5.0**
Depreciation and amortization of tangible and intangible fixed assets	7.5	8.7	28.4	22.6
Adjusted EBITDA	**67.8**	**61.4**	**231.1**	**219.7**
Adjusted EBITDA (%)	**5.3**	**5.7**	**4.6**	**5.6**
Net Sales	1,279.7	1,079.7	4,973.7	3,955.5
Cost of goods sold	-981.6	-845.5	-3,926.2	-3,135.6
Gross profit	**298.2**	**234.2**	**1,047.5**	**820.0**
Gross profit (%)	**23.3**	**21.7**	**21.1**	**20.7**
Integration costs and costs related to warehouse move	-	11.5	26.3	35.2
Costs in connection with the establishment of own distribution network	4.2	-	4.2	-
Adjusted gross profit	**302.3**	**245.7**	**1,077.9**	**855.2**
Adjusted gross profit (%)	**23.6**	**22.8**	**21.7**	**21.6**

DIY segment

	Q4		Jan-Dec	
SEKm	2018	2017	2018	2017
Operating income	23.1	29.5	102.9	87.0
Depreciation and amortization of acquisition related intangible fixed assets	6.9	6.9	27.4	23.8
EBITA	**29.9**	**36.4**	**130.3**	**110.8**
EBITA (%)	**3.9**	**5.6**	**4.2**	**4.7**
Acquisition-related costs	0.3	1.0	0.9	3.6
Total items affecting comparability	**0.3**	**1.0**	**0.9**	**3.6**
Adjusted EBITA	**30.2**	**37.4**	**131.2**	**114.4**
Adjusted EBITA (%)	**3.9**	**5.8**	**4.3**	**4.9**
Depreciation and amortization of tangible and intangible fixed assets	4.8	3.6	19.0	12.4
Adjusted EBITDA	**35.0**	**41.0**	**150.2**	**126.7**
Adjusted EBITDA (%)	**4.6**	**6.4**	**4.9**	**5.4**
Net Sales	767.5	645.3	3,073.8	2,342.2
Cost of goods sold	-607.0	-506.1	-2,461.7	-1,873.8
Gross profit	**160.5**	**139.3**	**612.1**	**468.4**
Gross profit (%)	**20.9**	**21.6**	**19.9**	**20.0**
Adjusted gross profit	**160.5**	**139.3**	**612.1**	**468.4**
Adjusted gross profit (%)	**20.9**	**21.6**	**19.9**	**20.0**

Home Furnishing segment

	Q4		Jan-Dec	
SEKm	2018	2017	2018	2017
Operating income	23.8	-7.5	33.7	25.6
Depreciation and amortization of acquisition related intangible fixed assets	2.7	2.3	10.2	8.2
EBITA	**26.5**	**-5.2**	**43.9**	**33.8**
EBITA (%)	**5.1**	**-1.2**	**2.3**	**2.1**
Acquisition-related costs	0.1	0.4	1.1	6.4
Integration costs and costs related to warehouse move	-	18.4	27.5	44.7
Costs in connection with the establishment of own distribution network	6.3	-	6.3	-
Total items affecting comparability	**6.3**	**18.8**	**34.9**	**51.1**
Adjusted EBITA	**32.8**	**13.6**	**78.8**	**84.9**
Adjusted EBITA (%)	**6.4**	**3.1**	**4.1**	**5.2**
Depreciation and amortization of tangible and intangible fixed assets	2.7	5.1	9.4	10.3
Adjusted EBITDA	**35.5**	**18.7**	**88.3**	**95.2**
Adjusted EBITDA (%)	**6.9**	**4.3**	**4.6**	**5.8**
Net sales	516.2	437.6	1,918.8	1,628.9
Cost of goods sold	-378.4	-341.6	-1,481.7	-1,275.0
Gross profit	**137.9**	**96.0**	**437.2**	**354.0**
Gross Profit (%)	**26.7**	**21.9**	**22.8**	**21.7**
Integration costs and costs related to warehouse move	-	11.5	26.3	35.2
Costs related to warehouse move	4.2	-	4.2	-
Adjusted gross profit	**142.0**	**107.4**	**467.6**	**389.2**
Adjusted gross profit (%)	**27.5**	**24.6**	**24.4**	**23.9**

NET DEBT/NET CASH

Management calculates total net debt/net cash as the Group's non-current and current interest-bearing liabilities to credit institutions less cash and cash equivalents, investments in securities and transaction fees, excluding other non-current and current interest-bearing liabilities. 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 and uncertainty with respect to their actual outcome.

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 pertained to a long-term loan facility not subject to amortisation that was used to repay the Group's earlier loans, to cover the transaction costs that arose in connection with the listing and for general business purposes. SEK 300 million pertained to an acquisition and investment facility, which will primarily be used to finance future acquisitions and acquisition-related costs, SEK 240 million pertained to a revolving credit facility in the form of working capital financing, and SEK 60 million pertained to a letter of credit financing.

Following the proceeds of the new share issue in connection with the IPO, net debt totalled SEK 496.3 million at the end of the first quarter, 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, and at the end of the third quarter, net debt amounted to SEK 451.1 million, corresponding to a net debt in relation to LTM adjusted EBITDA of 2.0x. At the end of the fourth quarter, net debt amounted to SEK 473.6 million, corresponding to a net debt in relation to LTM adjusted EBITDA of 2.1x. 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 320.3 million at the end of the quarter, compared with SEK 249.6 million at the beginning of the year.

SEKm	31 Dec 2018	31 Dec 2017
Non-current interest bearing debt	973.3	1,105.9
Shor-term interest bearing debt	42.0	81.1
Total interest bearing debt	**1,015.3**	**1,187.1**
Cash and cash equivalents	-226.9	-156.1
Adjustment of earnouts and deferred payments	-320.3	-249.6
Adjustment transaction costs	5.6	22.7
Net debt (+) / Net cash (-)	**473.6**	**804.1**

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 amortisation and impairment.	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 relate to events and transactions whose impact on earnings are important to note when the financial results for the period are compared with previous periods. Items affecting comparability include costs of advisory services in connection with acquisitions, costs resulting from strategic decisions and significant restructuring of operations, capital gains and losses on divestments, material impairment losses and other material non-recurring costs and revenue. Items affecting comparability are reported separately to illustrate the performance of the underlying operations.	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 (Δ 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.