



ANNUAL REPORT

2018

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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, listed on Nasdaq Stockholm Mid Cap with head office in Malmö, had sales of approximately SEK 5 billion in 2018.

The year in brief

IPO

On 27 March, Bygghemma Group First AB (publ) ("Bygghemma") was listed on Nasdaq Stockholm under the ticker BHG. The price per share in the IPO was set at SEK 47.50, corresponding to a total value of SEK 5,100 million for all outstanding shares.

The offering encompassed 29,647,660 shares, of which 7,368,421 were new shares issued by Bygghemma. The remaining 22,279,239 shares were offered by existing shareholders in Bygghemma. The offering of new shares provided Bygghemma with gross proceeds of SEK 350 million and net proceeds of about SEK 339 million (after bank syndicate fees).



FURNITURE1



Strategic acquisitions

On 5 September, Bygghemma Group announced the acquisition of 30 percent — with an option to acquire up to 80 percent — of the shares in Furniture1 UAB ("Furniture1"), the leading online pure-play retailer of furniture and home furnishings in the Baltics and Eastern Europe. Over the last three years, Furniture1 has reported an annual growth rate (CAGR) of approximately 73 percent. In 2018, the company had sales of approximately SEK 255.6 million, with operating income (EBIT) of around SEK 5.0 million. The company was founded in Lithuania in 2008, and has operations in Estonia, Latvia, Lithuania, Croatia, Hungary, Bulgaria, Slovenia, Greece and Romania.

edututor



7 years



Scandinavia



200 000 visitors/week



50 000 customer



100 000 orders



15 employees

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 strengthened Bygghemma's category expertise and leadership in these areas in Finland. Since it was founded in 2010, Edututor has had a CAGR of around 37 percent. The company conducts sales through a number of online stores, the largest of which are Grillikaupa.com, Led-Valot.fi and Paista.fi. In 2018, the company had sales of SEK 48.7 million, with operating income (EBIT) of around SEK -4.7 million.

Wholly owned distribution network

On 8 September, Bygghemma Group announced that the Home Furnishing segment in Sweden would establish its own distribution network for last-mile deliveries. With the new model, which has recently been successfully rolled out in the Stockholm area, approximately 70 percent of the ordered products will be delivered to the homes of end customers within two days. As part of the investment, Bygghemma will also establish a comprehensive network of pick-up terminals for customers who prefer to pick up their products themselves. In addition, a number of satellite ware-houses were consolidated in 2018 into a central warehouse in Helsingborg.



CEO's comments

2018 is a year that will forever remain a milestone in the history of Bygghemma Group. We grew over 25 percent and achieved sales of nearly SEK 5 billion, we posted our highest adjusted EBITA to date, at SEK 203 million, and the number of Group employees increased to more than 1,000. And last but not least, we listed Bygghemma on the Stockholm Stock Exchange (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 sense of enthusiasm and confidence.

Our 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 by the full integration of Furniturebox, our largest acquisition to date, by the roll-out of last-mile deliveries and by further strengthening our leading market position as an online retailer of furniture and building materials with a market share of 30 percent. Moreover, we strengthened our position outside Sweden and are now truly Nordic.

However, 2018 was also a challenging year – the hot, dry summer resulted in a sharp decline in our important garden sales and the weak Swedish krona made our furniture purchases in Europe and Asia more expensive. In combination with higher raw material prices, due to rising oil prices in the first nine months of the year, this meant that we had to address pressure on margins for a period of time.

We noted a return to normal conditions in the fourth quarter. Our gross margin has once again returned to normal and sales growth has picked up.

Ahead of the listing on Nasdaq Stockholm, we adopted our overriding financial targets for the next three to five years. I believe they provide a fairly accurate summary of the road ahead – if we take advantage of the possibilities on offer.

We operate in a market that is expected to grow by about 15 percent annually over the next five years, in other words, a market that is expected to double in size in five years.

I hardly need to say that this is an exciting market to operate in.

We are the clear market leader today and our plan is to continue to strengthen that position in the coming years. Over the next three to five years, we aim to grow by 20 to 25 percent per annum (of which, 15 percent will be organic growth).

Furthermore, we aim to increase our EBITA margin from 4.1 percent in 2018 to 7 percent in the medium-term horizon, while generating continued strong operational cash flow of around 100 percent of EBITDA.

Our capital structure target is to have a net debt to EBITDA ratio of around 1.5 to 2.5. This also sets the framework for our acquisition activities, which as a result, will remain active.

The fact that it is possible to combine all these aims – rapid growth in sales, profitability and extremely robust cash flows – demonstrates our business model's strength, but also says something about our culture: Cost control is not just an empty phrase to us – it's a way of living.



Mikael Olander, President and CEO

Finally, I would like to convey my gratitude for the time I have spent as CEO of Bygghemma Group. In 2019, I will pass the baton to our CFO, Martin Edblad, as Acting CEO. I will not, however, be leaving the Group, but will have the advantage of fully focusing on running our DIY division and M&A, hands-on. This is a major 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 caring even a little more for 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 maintain our efforts of continuous improvements and expect to see tangible results in the coming years from our efforts and initiatives over the past year.

Malmö, 29 mars 2019

Mikael Olander

President and CEO of Bygghemma Group

Financial overview

(SEKm)	2018	2017	2016
Net Sales	4,973.7	3,955.5	400.3
Gross profit	1,047.5	820.0	81.7
Gross margin (%)	21.1	20.7	20.4
Adjusted gross profit*	1,077.9	855.2	83.0
Adjusted gross margin (%)	21.7	21.6	20.7
Adjusted EBITDA*	231.1	219.7	10.9
Adjusted EBITDA-margin (%)	4.6	5.6	2.7
Adjusted EBITA**	202.7	197.0	9.0
Adjusted EBITA-margin (%)	4.1	5.0	2.2
Operating income	87.2	91.5	-26.7
Operating-margin (%)	1.8	2.3	-6.7
Net profit/loss for the period	50.8	28.7	-30.3
Cash flow from operations	120.3	141.2	-37.2
Visits (thousands)	116,120	91,670	9,389
Orders (thousands)	1,735	1,244	122
Conversion rate (%)	1.5	1.4	1.3
Average order value (SEK)	2,830	3,153	2,833

* Adjusted for items affecting comparability of SEK 77.9 million (73.5); 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.

Bygghemma Group First AB (publ) was established in September 2016 in conjunction with the principal owner's acquisition of the company, which is why comparable figures for 2015 and 2014 are not reported.

DIY segment

(SEKm)	2018					2017				
	Q1	Q2	Q3	Q4	Jan-Dec	Q1	Q2	Q3	Q4	Jan-Dec
Net Sales	607.2	900.5	798.6	767.5	3,073.8	397.3	640.0	659.5	645.3	2,342.2
Gross profit	123.6	172.6	155.4	160.5	612.1	73.8	124.8	130.6	139.3	468.4
Gross margin (%)	20.4	19.2	19.5	20.9	19.9	18.6	19.5	19.8	21.6	20.0
Adjusted gross profit*	123.6	172.6	155.4	160.5	612.1	73.8	124.8	130.6	139.3	468.4
Adjusted gross margin (%)	20.4	19.2	19.5	20.9	19.9	18.6	19.5	19.8	21.6	20.0
Adjusted EBITDA*	24.3	49.7	41.2	35.0	150.2	12.1	37.7	35.9	41.0	126.7
Adjusted EBITDA-margin (%)	4.0	5.5	5.2	4.6	4.9	3.1	5.9	5.4	6.4	5.4
Adjusted EBITA**	20.3	44.6	36.1	30.2	131.2	9.8	34.8	32.3	37.4	114.4
Adjusted EBITA-margin (%)	3.3	5.0	4.5	3.9	4.3	2.5	5.4	4.9	5.8	4.9
Operating income	13.2	37.4	29.2	23.1	102.9	4.5	27.9	25.1	29.5	87.0
Operating-margin (%)	2.2	4.2	3.7	3.0	3.3	1.1	4.4	3.8	4.6	3.7
Net profit/loss for the period	5.9	22.4	28.6	-44.4	12.5	2.2	19.8	17.8	-29.4	10.5
Cash flow from operations	44.9	145.3	-28.3	-19.5	142.1	29.3	106.0	-0.3	29.8	164.7
Visits (thousands)	14,020	18,247	17,584	15,911	65,762	11,192	14,795	14,626	11,326	51,938
Orders (thousands)	229	302	284	284	1,099	129	198	172	177	674
Conversion rate (%)	1.6	1.7	1.6	1.8	1.7	1.2	1.3	1.2	1.6	1.3
Average order value (SEK)	2,604	2,922	2,807	2,611	2,746	3,251	3,298	3,835	3,177	3,394

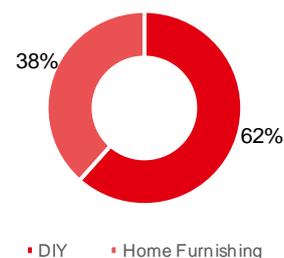
MARKET TRENDS

Arthur D. Little has estimated that the total DIY market in the Nordic region is expected to grow at a CAGR of 3 percent in 2016–2020, while the online channel is expected to continue increasing its share of the total market. Online penetration is expected to grow to nearly 18 percent in 2020, according to estimates from Arthur D. Little.

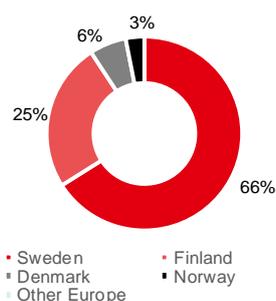
Several factors and drivers determine demand in the DIY market in Sweden, Finland, Norway and Denmark, such as the level of activity for DIY projects, developments with respect to disposable income, home ownership and sales in the housing market. There is also a long tradition in the Nordic countries of “doing the work yourself”, which is mainly driven by the relatively high cost of hiring tradesmen and the fact that many households own a second home. Interest in DIY products has increased in the Nordic region since the mid-1990s, which is also evident in the large number of television programmes and other media related to DIY.

As is the case for the sector in general, the first and fourth quarter are normally the weakest quarters in terms of sales for the DIY segment, while the second and third quarter are the seasonally strongest quarters of the year, driven by a larger 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. This scenario, with lower sales in the first quarter than in the other quarters, continued in 2018 due to the unusually late arrival of spring and cold weather, particularly in March. In the second quarter, which is the most important for the DIY segment from a sales perspective, the weather improved and sales were boosted considerably.

Net sales by segment
Jan-Dec 2018



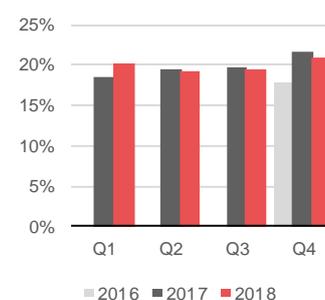
Distribution by country (%)



Net sales (SEKm)



Adjusted gross margin (%)



The positive sales trend for the DIY segment continued in the third quarter to begin with, but the extremely hot weather, primarily in July and August, had a strong negative impact on sales of gardening products in the latter half of the quarter — in particular for robot lawnmower sales, which are important for the period.

The fourth quarter marked a return to normal sales conditions after the extreme weather of the third quarter.

OPERATIONAL TRENDS

Sales rose by 31.2 percent between 2017 and 2018 to SEK 3,073.8 million (2,342.2), of which organic sales accounted for 18.7 percent and acquisitions accounted for the remaining growth.

Bygghemma Group's DIY segment is an online leader in the Nordic region. The segment continued to gain market shares in all Nordic countries during the year, especially through the acquisition of Edututor Oy, a leading online player in Finland with proprietary brands in grilling, LED lighting and kitchen products. The acquisition strengthened Bygghemma's category expertise and leadership in these areas in Finland. Since it was founded in 2010, Edututor has had a CAGR of around 37 percent. In 2018, the company had sales of approximately SEK 48.7 million.

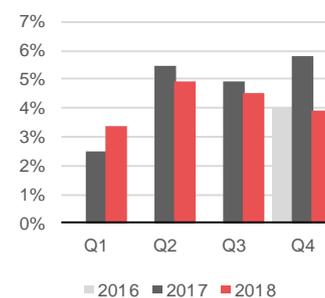
The segment's Finnish, Danish and Norwegian operations reported the strongest development for the full year, driven by strong economies, increased online penetration as well as focused work on developing web stores, the product range and pricing models.

The categories that delivered the strongest performance for the full year were kitchen/consumer appliances, heavy building materials and doors/windows. The Group's efforts to achieve category leadership in all areas where Bygghemma operates yielded positive results, especially in light of the category expertise added through the acquisition of Arredo and Vitvaruexperten in 2017 and Edututor in 2018.

Adjusted EBITA rose 14.7 percent to SEK 131.2 million (114.4), with an adjusted EBITA margin of 4.3 percent (4.9).

Operating income increased 18.4 percent to SEK 102.9 million (87.0), with an operating margin of 3.3 percent (3.7).

Adjusted EBITA margin (%)



Home furnishing segment

(SEKm)	2018					2017				
	Q1	Q2	Q3	Q4	Jan-Dec	Q1	Q2	Q3	Q4	Jan-Dec
Net Sales	421.6	524.0	457.0	516.2	1,918.8	275.1	444.3	471.9	437.6	1,628.9
Gross profit	90.3	120.3	88.7	137.9	437.2	58.3	94.1	105.7	96.0	354.0
Gross margin (%)	21.4	23.0	19.4	26.7	22.8	21.2	21.2	22.4	21.9	21.7
Adjusted gross profit*	97.8	127.4	100.4	142.0	467.6	60.9	103.8	117.1	107.4	389.2
Adjusted gross margin (%)	23.2	24.3	22.0	27.5	24.4	22.1	23.4	24.8	24.6	23.9
Adjusted EBITDA*	13.1	30.9	8.7	35.5	88.3	12.2	33.9	30.4	18.7	95.2
Adjusted EBITDA-margin (%)	3.1	5.9	1.9	6.9	4.6	4.4	7.6	6.4	4.3	5.8
Adjusted EBITA**	11.2	28.8	6.1	32.8	78.8	10.9	32.1	28.4	13.6	84.9
Adjusted EBITA-margin (%)	2.7	5.5	1.3	6.4	4.1	3.9	7.2	6.0	3.1	5.2
Operating income	0.5	19.2	-9.8	23.8	33.7	2.4	18.9	11.8	-7.5	25.6
Operating-margin (%)	0.1	3.7	-2.1	4.6	1.8	0.9	4.3	2.5	-1.7	1.6
Net profit/loss for the period	-3.8	10.0	-2.4	37.2	41.0	0.2	13.1	7.3	-6.1	14.5
Cash flow from operations	-31.4	38.3	-12.0	42.1	37.0	-50.2	32.6	24.1	16.9	23.3
Visits (thousands)	11,335	11,579	11,005	16,438	50,358	7,128	9,846	10,285	12,473	39,732
Orders (thousands)	159	163	142	172	636	70	121	147	231	569
Conversion rate (%)	1.4	1.4	1.3	1.0	1.3	1.0	1.2	1.4	1.9	1.4
Average order value (SEK)	2,752	3,071	2,978	3,092	2,976	3,829	3,588	3,038	2,094	2,868

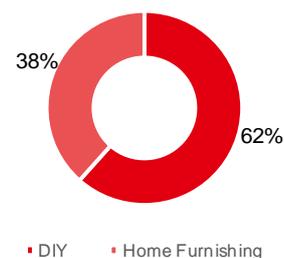
MARKET TRENDS

Arthur D. Little has estimated that the total home furnishing market in the Nordic region is expected to grow at a CAGR of 3 percent in 2016–2020, while the online channel is expected to continue increasing its share of the total market. Online penetration is expected to increase to 11 percent in 2020, according to estimates from Arthur D. Little.

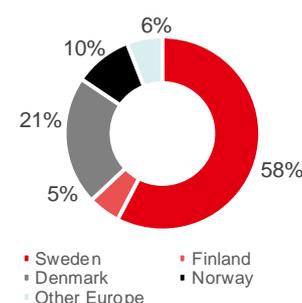
The end of the first quarter as well as the second and third quarter are normally the strongest quarters in terms of sales for the Home Furnishing segment, primarily driven by sales of outdoor furniture in the segment during the spring and summer months. In 2018, sales of outdoor furniture, which normally begin in March, were delayed due to the unusually cold weather, resulting in significantly lower sales during the first quarter.

The Swedish krona weakened during the third quarter, which significantly impacted the Home Furnishing segment since purchasing in the segment occurs primarily in EUR and USD, while a majority of sales takes place in the Swedish market in SEK. In contrast to Bygghemma Group, the primary competitors in the segment hedge their purchase prices since they issue catalogues with fixed prices. Accordingly, their prices are significantly adjusted only when new catalogues are distributed prior to a new season.

Net sales by segment
Jan-Dec 2018



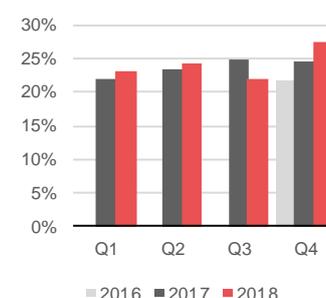
Distribution by country (%)



Net sales (SEKm)



Adjusted gross margin (%)



The online stores in the Home Furnishing segment chose to wait to do any major price adjustments until their competitors had corrected their catalogue prices to reflect increased purchasing costs, which took place before the release of the autumn and winter collections. As a result of this the margins for the Home Furnishing segment were low during the third quarter but were strengthened in the fourth quarter due to internal improvement initiatives and competitors' price adjustment.

OPERATIONAL TRENDS

Sales rose 17.8 percent between 2017 and 2018 to SEK 1,918.8 million (1,628.9), of which organic growth accounted for 4.5 percent and acquisitions accounted for the remaining growth.

Bygghemma Group is the leading player in the Nordic online market for home furnishing. In the third quarter of 2018, the operations also entered the rapidly growing online markets in the Baltics and Eastern Europe through the acquisition of 30 percent of the shares in Furniture1, including an option to acquire up to 80 percent of the shares in the company. Furniture1, the leading online pure-play retailer in the region, has shown a CAGR of approximately 73 percent over the last three years. In 2018, the company had sales of SEK 255.6 million.

In September, another important initiative in the segment was announced: the roll-out of last-mile deliveries in Sweden. As part of this project, Bygghemma began establishing a distribution network with its own trained drivers. Home furnishing customers can thus track their deliveries digitally up to the minute, all the way to their door. Long-term plans are also in the works for evening and weekend deliveries as well as carry-in, removal and assembly services.

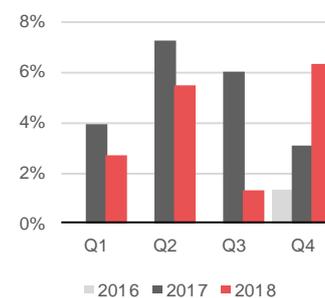
In 2018, the Group completed the integration project initiated in the second quarter of 2017 relating to the Furniturebox acquisitions, with the aim of realising the identified long-term sales and cost synergies. The final phase of the project, which involved the relocation of warehouses was completed in the third quarter, when three satellite warehouses were consolidated into a central warehouse in Helsingborg — a move that was also necessary to facilitate the last-mile project.

In total, the integration and consolidation work as well as the last mile project gave rise to items affecting comparability, totalling SEK 33.8 million in 2018.

Adjusted EBITA amounted to SEK 78.8 million (84.9), with an adjusted EBITA margin of 4.1 percent (5.2).

Operating income increased 31.6 percent to SEK 33.7 million (25.6), with an operating margin of 1.8 percent (1.6).

Adjusted EBITA margin (%)



Business model

Bygghemma Group's business model offers a number of advantages compared with the business models applied by competitors with store networks and regional distribution centers: the ability to offer a broader range of products; competitive pricing due to its online-first business model; and an excellent level of service owing to a large product offering, knowledgeable customer service staff and an in-house sales team. The business model is based on the following building blocks.

CATEGORY DOMINANCE

We have a clear vision aimed at creating a broad product range, the most competitive prices, and the best online shopping experience and expertise. The strategy is built on creating category dominance in the categories which Bygghemma chooses to target.

UNIQUE PRODUCT OFFERING

A broad range encourages customers to make repeat visits, increases the conversion rate and reduces marketing costs. Thanks to our growth, Bygghemma can also create advantages for suppliers, for example by serving as a channel for volume growth online, providing access to the Nordic consumer market, offering insight into consumer behaviour through data analysis and acting as a strong partner in campaigns and product launches.

DYNAMIC PRICING

Bygghemma aims to offer the best price on the market for products, but not at pricing below those of our competitors. This is why we have developed a tool for dynamic pricing that makes real-time price adjustments possible. Product prices are continuously monitored and can be adjusted up or down depending on the actions of our competitors and Bygghemma's pricing strategy. In addition, Bygghemma actively works with personalisation (for example through artificial intelligence and machine learning principles) and analysis of the contribution margin ratio per product to optimise product display.

TRAFFIC GENERATION EXPERTISE

In recent years, Bygghemma has made sizeable investments in its organisation in order to develop marketing expertise for the purpose of generating high traffic levels. In particular, generating online traffic — for example, through search engine optimisation (SEO), search engine marketing (SEM) and affiliates — was strengthened to ensure that Bygghemma's webstores are at least among the top two or three in each country, regardless of search engine.

HIGH SERVICE LEVELS IN ALL CHANNELS

We aim to use technology as a tool to create a better way to provide customers with a high level of service and convenience during the purchasing process. One example is the Group's responsive web stores, which range from destination stores (such as the core stores) to category and expert websites (such as golvpoolen.se and talotarvike.com).

SHOWROOMS AND SUPPORTING SALES

To support the webstores, we have established a network of showrooms located at popular retail centers and inner-city addresses in the Nordic region. We also offer customer service via telephone, social media and e-mail as well as knowledgeable sales representatives in the showrooms. Bygghemma also has dedicated in-house sales representatives who can offer help over the phone during the customer's journey towards a purchase or assist with complex orders. Customers can also get guidance and inspiration from the Bygghemma magazine, which is distributed twice per year. The magazine is also appreciated by suppliers as a forum for strengthening their brands.

COST EFFICIENCY

By being online-based and cost-conscious, we can reduce our relative overhead costs as the net sales increases. Our expanding customer base, growing sales and cost focus have enabled substantial investments in marketing, logistics, technology and infrastructure.

EFFICIENT DELIVERY MODEL

Customer deliveries go mainly directly from the supplier to the customer via established distribution companies. Deliveries within the Home Furnishing segment are however increasingly being carried out through the Group's own central ware houses, a network of pick-up terminals, via our own cars and drivers who transport products the last step to the customer, so called "last mile". Returns and guarantee issues are typically handled directly by the supplier.

CASH FLOW-POSITIVE PAYMENT MODEL

The direct fulfilment model enables a next to unlimited product range at low cost and with a negative working capital, as the customers typically pay for their orders at checkout and Bygghemma pays the suppliers afterwards.

Strategic targets

Bygghemma's strategy is to leverage the increasing online penetration in the home improvement market through organic growth and further consolidation of the Nordic online market. The following strategic targets have been identified.

LEVERAGE THE STRONG MARKET POSITION IN THE NORDIC REGION

For Bygghemma, an increase in online penetration means a larger addressable market and an opportunity to grow independently of total market performance.

EXPAND CATEGORY EXPERTISE

We aim to gradually build category leadership in Bygghemma's product categories, both online and in our showrooms. This can be pursued through organic initiatives, such as broadening the product range and adding new brands, or through acquisitions of established local category leaders in the market. Category leadership is important for building competitive advantages in relation to both customers and suppliers. A category leader can offer its customers the broadest, most relevant range of products. High volumes and scale in a category also generally lead to better purchasing terms with suppliers. Flooring, garden machinery and baths are examples of categories where Bygghemma has already established leadership in the Swedish market.

CONTINUOUSLY ENHANCE THE CUSTOMER EXPERIENCE

We strive to offer our customers the best online shopping experience, and continually develop the customer offering by expanding associated service offerings, such as customer support and home delivery. Bygghemma has already started to increase the flexibility in terms of customer deliveries, for example, through evening and weekend deliveries in certain cities as well as deliveries in-house, with own cars and drivers ("last mile"), which increases the possibilities of offering additional services.

DEVELOP ECONOMIES OF SCALE

Bygghemma's online-based business model benefits from economies of scale, which are expected to improve as Bygghemma expands further. Economies of scale have a positive impact on Bygghemma's purchasing, since higher volumes in general lead to better purchasing terms and provide operating leverage in marketing and other overhead costs. In general, Bygghemma's own brands have a higher gross margin than the external brands sold by the Group, and a larger share of own brands will typically have a positive margin effect. Bygghemma Group's marketing spend has increased in nominal value but declined as a percentage of net sales in recent years as a result of more efficient use of the funds as well as economies of scale.

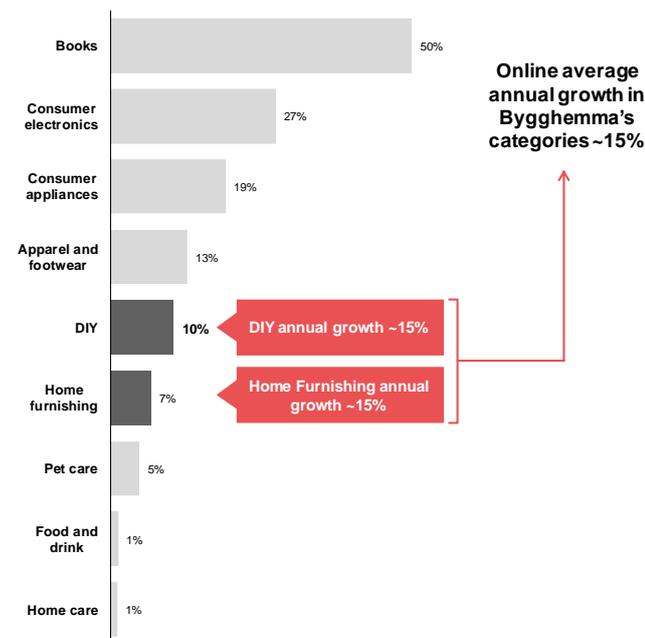
CONSOLIDATE THE HOME IMPROVEMENT MARKET

Bygghemma Group has a strong track record of successfully identifying and integrating acquisitions in the fragmented Nordic home improvement market, strengthening its market position and increasing online market penetration. We are actively seeking out additional companies to acquire for the purpose of developing category expertise, expanding the product range and improving operational capabilities. After making an acquisition, we aim to achieve operational synergies through improved purchasing terms, implementation of best practices and support for operational functions such as finance and IT. In addition, we seek to accelerate sales growth in the acquired companies through cross-selling on the Bygghemma Group platform and by implementing our direct fulfilment model, whereby products are delivered directly from a supplier to the end customer.

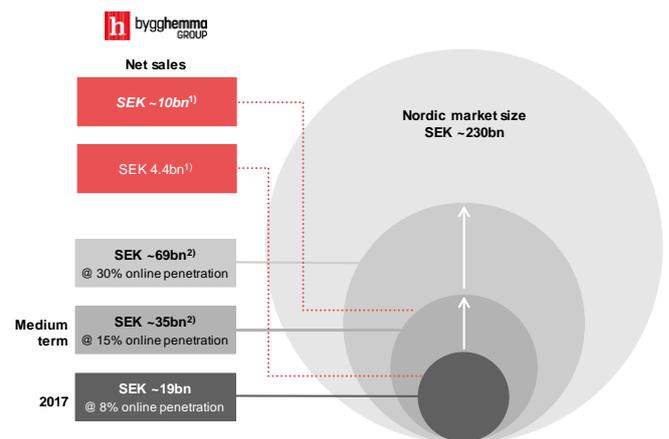
The market

The home improvement categories of DIY and home furnishing comprise the third largest retail category in the Nordic region (after food and drink, and apparel and footwear), valued at just over SEK 200 billion. The total market for home improvement products is relatively stable, but is changing as online sales increase at the expense of brick-and-mortar shopping. However, online penetration in home improvement products remains low compared with other retail categories such as consumer electronics, apparel and consumer appliances. The trend of increasing online penetration has primarily been driven by changing consumer behaviour and technological improvements, which benefit and are expected to continue benefiting online retailers such as Bygghemma Group. While the trend towards increased online penetration is primarily being driven by the millennial generation (meaning individuals who grew up with digital technology from an early age), a high level of online use in the Nordic region coupled with technological developments and an improved customer offering are further driving market growth.

Nordic online penetration by category (2016)



Nordic home improvement market (2016)



1) Bygghemma Group's sales in 2017 and in the medium term, assuming an annual market growth of 15% in the online market and that Bygghemma maintains its total market share.
 2) Online market is estimated based on 2016 market size of SEK 230bn, applying an online penetration of 15% and 30%.
 Source: Company data.

Home improvement products are well suited for online shopping. Both DIY and home furnishing products are characterised by a combination of high average order values, attractive gross margins and relatively low return rates. Fashion and inventory risks (the risk of products becoming obsolete) are also lower compared with categories such as apparel and consumer electronics.

The rapid growth of the online home improvement market can be explained by several factors, including:

SELECTION

Given the virtually unlimited shelf space online, a very wide, easily navigated and clear product range is presented using an interactive functionality that can be adapted to the customer's needs. Online retailers such as Bygghemma can optimise their selection based on customer preferences by utilising big data and algorithms to pinpoint consumer behaviour, providing consumers with a focused and relevant offering. At the same time, online retailers can make their entire selection available in web stores without limitations in shelf space, which in turn increases the likelihood of customers finding the right products.

COMPETITIVE PRICES

Online retailers can offer attractive prices as a result of economies of scale in purchasing and a higher degree of operational efficiency. Retailers with a large network of physical stores are typically characterised by a higher share of fixed costs, such as store rental and personnel costs, which can lead to channel conflicts and difficulties in maintaining the same price levels in physical stores and online. In addition, online retailers can apply dynamic pricing based on supply and demand.

AVAILABILITY AND CONVENIENCE

In recent years, time spent online has become a larger part of everyday behaviour and has higher priority when people allocate their time. The ability to order goods at any time, anywhere, from a relevant selection of products and services results in increased convenience for online shoppers. This is further enhanced by flexible customer services, rapid deliveries, easy returns and secure payment solutions.

THE DIY MARKET IN THE NORDIC REGION

The total DIY market is expected to grow at a CAGR of 3 percent in 2016–2020, while the online channel is expected to continue increasing its share of the total market. Online penetration is expected to increase to nearly 18 percent in 2020, according to estimates from Arthur D. Little.

The DIY segment includes products for building, renovating and maintaining homes and gardens. The Nordic consumer market for DIY consists of sales from stores categorised as DIY retailers, which include both traditional building material retailers and web stores, but excludes sales to companies and professional tradesmen.

Trends and drivers

Several factors and drivers determine demand in the DIY market in Sweden, Finland, Norway and Denmark, such as the rate of activity for DIY projects, trends in disposable income, home ownership and sales in the housing market. There is also a long tradition in the Nordic countries of "doing it yourself", which is mainly driven by the relatively high cost of hiring tradesmen and the fact that many households own a holiday home. Interest in DIY products has increased in the Nordic region since the mid-1990s, which is also evident in the large number of television programmes and other media related to DIY. The DIY market has also historically been characterised by relatively low investments in online shopping, mainly because of a market structure featuring strong retailers and product brands.

Market structure and market competition

The Nordic DIY market can be divided into five segments: online players, traditional store chains, DIY chains, niche players/OEMs and B2B distributors. The various segments differ in terms of level of presence online, the combination of proprietary and external brands, as well as business models.

Online players

Players in this category primarily focus on DIY products or selected subcategories within DIY, such as doors or windows. The companies cater mainly to consumers and several players use physical stores or showrooms to complement their online offering. Examples of Bygghemma Group's brands in this category include Bygghemma.se, Taloon, Netrauta, Frishop, Bygghjemme.no, Polarpumpen and Stonefactory.

Traditional store chains

Players in this category include both retail chains and independent stores. Many players also offer a drive-in concept at their physical stores. The customer base comprises a mix of consumers and corporate customers. The offering often includes related services to help customers complete their projects, such as installation.

DIY chains

This category includes retail chains with a wide range of products that include some DIY and home furnishing or, alternatively, selected subcategories such as homes and gardens. The primary focus is consumers as well as products in the low or medium price range. Several players have created a network of stores with economies of scale — for example, through coordinated purchasing and logistics solutions.

Niche players/OEMs

Players in this category often have a strong brand and sell proprietary products to varying degrees through their own channels — both physical stores and webstores — and through retail outlets.

B2B distributors

This category includes distributors that offer large product portfolios with a focus on depth rather than breadth. These players have stores but typically do not target consumers; instead, they have business models adapted to business customers such as professional tradesmen.

HOME FURNISHING MARKET IN THE NORDIC REGION

The total home furnishing market is expected to grow at a CAGR of 3 percent in 2016–2020, while the online channel is expected to continue increasing its share of the total market. Online penetration is expected to increase to 11 percent in 2020, according to estimates from Arthur D. Little.

Trends and drivers

Several factors and drivers determine demand in the home furnishing market in Sweden, Finland, Norway and Denmark, such as the rate of activity for home furnishing projects, trends in disposable income and sales in the housing market. The growing interest in home furnishing and interior design since the mid-1990s is also a clear factor driving the growth of the home furnishing market in general.

Market structure and market competition

The Nordic home furnishing market can be divided into five segments: online players focused on home furnishing, traditional store chains, established online players in adjacent categories, IKEA and niche players. The various segments differ in terms of the level of their presence online, the combination of proprietary and external brands, and business models.

Online players focused on home furnishing

These players typically originate from online shopping or mail-order operations and primarily sell home furnishing products. These players mainly cater to consumers and, in some cases, also have physical stores or showrooms to support their online offering. The focus of the product range is items sold under proprietary brands or no brand. The Bygghemma Group brands Trademax, Chilli, Furniturebox, Kodin1, WeGot and My Home belong to this category.

Traditional store chains

These players include retail chains with a network of physical stores, either retailer owned or via franchise, or, alternatively, independent stores. The product range consists of a mix of proprietary and external brands. These players have gradually increased their presence in the online market and typically have a broad product portfolio that also includes other types of products, such as textiles.

Established online players in adjacent categories

As with the category above, these players originate from online shopping or mail-order operations, though the primary focus is on a broader range of products — for example, in interior design or fashion. The product range consists of a mix of proprietary and external brands. Several companies have physical stores or showrooms to complement their online offering.

IKEA

Has its own category due to its size, market share and long history in the Nordic region.

Niche players

This category includes well-known companies, often with a focus on premium products and/or premium brands in the home furnishing segment. These players mainly have physical stores but have recently begun to establish an online presence.

The share

The Bygghemma Group First AB (publ) share is listed on Nasdaq Stockholm Mid Cap under the ticker BHG. The market capitalisation of Bygghemma Group First AB (publ) on Nasdaq Stockholm as of the last trading day of 2018 was SEK 3.4 billion.

	Holding	Holding, %	Votes, %
FSN Capital*	58,015,959	54.0%	54.0%
Mikael Olander	5,862,954	5.5%	5.5%
Arbetsmarknedets Tillaegspension (ATP)	4,909,800	4.6%	4.6%
Nordea Livförsäkring Sverige AB	4,537,634	4.2%	4.2%
Janus Henderson Investors	3,855,747	3.6%	3.6%
Avanza Pension	3,642,746	3.4%	3.4%
Capital Group	2,185,000	2.0%	2.0%
Creades	2,105,263	2.0%	2.0%
All-on-green Fyra AB/ Danica Pension	2,061,364	1.9%	1.9%
All-on-green Sex AB/ Danica Pension	2,058,524	1.9%	1.9%
Danske Invest Fonder	1,984,451	1.8%	1.8%
BlackRock	1,883,198	1.8%	1.8%
Flying Pig Investment AB	1,211,236	1.1%	1.1%
Lombard Odier	1,025,000	1.0%	1.0%
Handelsbanken Fonder	975,506	0.9%	0.9%
Total, 15 largest shareholders by holdings	96,314,382	89.7%	89.7%
Other shareholders	11,054,039	10.3%	10.3%
Total shares issued	107,368,421	100.00%	100.00%

Data as of December 31, 2018 compiled by Monitor. Sources: Euroclear, Morningstar, the Swedish Financial Supervisory Authority, Nasdaq and Millistream.

* FSN Capital owns shares through the below funds:	Holding, %
FSN Capital GP IV Ltd.	13.3%
FSN Capital GP V Ltd.	19.9%
FSN Capital growth GP Limited	20.9%
FSN Capital	54.0%

Lock-up arrangement

Shareholding Board members, senior executives and employees of the company who owned shares in the company after the IPO on 27 March 2018 have made a commitment to Carnegie and SEB not to sell or otherwise transfer or divest their shares in the company for a period of 360 days after the first day of trading. A total of 19,895,318 shares are covered by this lock-up arrangement.

Share capital

As of 31 December 2018, the number of shares issued was 107,368,421, all of which are ordinary shares. The Group's share capital amounted to SEK 3.2 million at the end of the year. For changes in share capital between 2017 and 2018, refer to Page 49.

As of 13 December, there were 2,760,016 warrants outstanding attributable to the Group's incentive programme. For more information, refer to Note 7.

Dividend

The Parent Company paid no dividends in 2017, and the Board of Directors proposes no dividend to be paid for 2018.

Share trend

As of the IPO date, 27 March 2018, the share price was SEK 47.50. On the last day of trading, the share price was SEK 32.00. The highest price paid, quoted in March, was SEK 48.00, and the lowest price paid, quoted in September, was SEK 29.07.

During the period from the IPO on 27 March 2018 to 31 December 2018, a total of 29,229,461 BHG shares were traded on Nasdaq Stockholm, equivalent to a turnover rate of 27.22 percent.

Employees

Bygghemma Group regards its employees as a crucial factor in its operations. Attracting, retaining and developing people, is necessary for the success of Bygghemma Group and meeting defined goals for growth and business development.

The Group had 1,156 full-time employees at year end, compared with 910 at the beginning of 2018. Information on the average number of employees and salary costs can be found in Notes 7 and 8.

Directors' Report

GENERAL INFORMATION ABOUT THE OPERATIONS

Bygghemma Group is a leading Nordic online-based provider of home improvement products. Its business operations comprise two segments: DIY and Home Furnishing.

The DIY segment comprises sales of building materials and related products, and includes the main web stores www.bygghemma.se, www.netrauta.fi, www.taloon.com, www.frishop.dk, www.badshop.se, www.talotarvike.com, www.byghjemme.no, www.golvshop.se, www.byghjemme.dk, www.byggshop.se, www.stonefactory.se, www.golvpoolen.se, www.polarpumpen.se and www.vitvaruexperten.com as well as 16 showrooms in Sweden, Finland, Norway and Denmark.

The Home Furnishing segment comprises sales of furniture, home furnishings and related products, and includes the main web stores www.trademax.se, www.trademax.no, www.trademax.fi, www.trademax.dk, www.chilli.se, www.chilli.no, www.kodin.fi, www.furniturebox.se, www.furniturebox.no, www.furniturebox.fi, www.myhome-mobler.dk and www.wegot.se as well as 54 showrooms in Sweden, Finland and Denmark.

SIGNIFICANT EVENTS

Earnings and financial position

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

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

The Group's web stores received 116.1 million (91.7) visits during the year, 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 to the preceding 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 in 2017, with full effect in 2018.

The Group's gross margin remained essentially unchanged at 21.1 percent (20.7).

The Group's sales and administration costs (defined as the difference between gross profit and EBITDA) totalled SEK 894.3 million (673.8), corresponding to 18.0 percent (17.0) of net sales, driven by such factors as increased costs due to the listing on a regulated market.

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 operating income for the full year.

The Group's operating income totalled SEK 87.2 million (91.5), with an operating margin of 1.8 percent (2.3).

Operating income in 2018 was charged with costs attributable to the IPO on Nasdaq Stockholm (SEK 30.7 million), the long-term incentive programme (LITP) adopted at the 2018 Annual General Meeting (SEK 11.4 million) and the integration of Furniturebox that was completed in the third quarter of 2018 (SEK 27.5 million).

Amortisation of acquisition-related intangible fixed 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 requirements were identified for goodwill or other acquisition-related assets during the period or for the year-earlier period.

The Group's net financial items totalled SEK -39.9 million (-54.7) for the full year, primarily driven by re-assessed earn-outs of SEK 15.3 million attributable to acquisitions between 2014 and 2017 as well as prepaid borrowing costs of SEK -22.9 million linked to the Group's previous financing that were expensed in conjunction with the change of banks in the first quarter. Regular interest expenses during the period totalled SEK -23.9 million. Due to the new share issue and the signing of a new credit agreement in conjunction with the IPO on Nasdaq Stockholm, interest expenses decreased significantly from the second quarter of 2018 and 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 (-8.1) million, due to deferred tax liabilities being recalculated according to the new corporate tax rate of 21.4 percent to be introduced in 2019 and 20.6 percent to be introduced in 2021.

The Group's cash flow from operating activities was SEK 120.6 million (141.2). Cash flow from operating activities was mainly driven by the Group's earnings 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 Group's cash flow from investing activities was SEK -126.3 million (-760.2), mainly attributable to IT investments related to the web platform and logistical solutions as well as to deferred payments and earn-outs related to acquisitions during the 2014–2017 period. In addition, 30 percent of the shares in Furniture1 were acquired during the year (with an option to acquire up to 80 percent) along with 100 percent of the shares in Edututor Oy.

Cash flow from financing activities was SEK 75.3 million (720.7), 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.

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 positive cash flow during 2018, mainly as a result of increased negative tied-up working capital, positive earnings 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 345.2 million as a result of the new share issue in conjunction with the listing on Nasdaq Stockholm 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 year, compared with SEK 249.6 million at the beginning of the year.

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.

IPO

On 27 March, Bygghemma Group First AB (publ) ("Bygghemma") was listed on Nasdaq Stockholm under the ticker BHG. The price per share in the IPO was set at SEK 47.50, corresponding to a total value for the number of shares outstanding of SEK 5,100 million.

The offering encompassed 29,647,660 shares, of which 7,368,421 were new shares issued by Bygghemma. The remaining 22,279,239 shares were offered by existing shareholders in Bygghemma. The offering of new shares provided Bygghemma with gross proceeds of SEK 350 million and net proceeds of about SEK 339 million (after bank syndicate fees).

Strategic acquisitions

Furniture 1 UAB

On 5 September, Bygghemma Group announced that it had acquired 30 percent — with an option to acquire up to 80 percent — of the shares in Furniture1 UAB ("Furniture1"), the leading online pure-play retailer of furniture and home furnishings in the Baltics and Eastern Europe. Over the last three years, Furniture1 has shown a compound annual growth rate (CAGR) of approximately 73 percent. In 2018, the company had sales of approximately SEK 255.6 million, with operating income (EBIT) of around SEK 5.0 million. The company was founded in Lithuania in 2008, and has operations in Estonia, Latvia, Lithuania, Croatia, Hungary, Bulgaria, Slovenia, Greece and Romania.

Edututor Oy

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 strengthened Bygghemma's category expertise and leadership in these areas in Finland. Since it was founded in 2010, Edututor has had a CAGR of around 37 percent. The company conducts sales through a number of online stores, the largest of which are Grillikaupa.com, Led-Valot.fi and Paista.fi. In 2018, the company had sales of SEK 48.7 million, with operating income (EBIT) of around SEK -4.7 million.

Wholly owned distribution network

On 8 September, Bygghemma Group announced that the Home Furnishing segment in Sweden would establish its own distribution network for last-mile deliveries. Under the new model, which has recently been successfully rolled out in the Stockholm area, approximately 70 percent of products sold will be delivered to the homes of end customers within two days of the order. As part of the investment, Bygghemma will also establish a comprehensive network of pick-up terminals for customers who prefer to pick up their products themselves. In addition, a number of satellite ware-houses were consolidated into a central warehouse in Helsingborg.

Changes in management

On 1 April 2019, the current CFO, Martin Edblad, will take office as Acting President and CEO as well as head of the Home Furnishing segment. Mikael Olander will leave his position as President and 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 become head of New Operations. Adam Schatz will take office as the new CFO of Bygghemma.

EXPECTED FUTURE DEVELOPMENT

The total Nordic market for home improvement products — which includes DIY and home furnishing — is the third largest retail category (after food and drink, and apparel and footwear), valued at just over SEK 200 billion. While the total market for home improvement products is relatively stable, it is characterised by increased online sales.

Online penetration in home improvement products is low compared to other popular retail categories such as consumer electronics, apparel and consumer appliances. The trend of increasing online penetration has primarily been driven by changing consumer behaviour and technological improvements, which have benefited and are expected to continue benefiting online retailers such as Bygghemma Group.

The home improvement categories yield a high contribution margin per order as a result of a high average order value, attractive gross margins after fulfilment and distribution costs, and relatively low return rates.

Arthur D. Little expect online DIY and home furnishing sales in the Nordic region to be characterised by continuing strong growth, with an estimated average CAGR of 15 percent in 2016–2020.

The company's financial targets, which remain unchanged since its listing on Nasdaq Stockholm, are as follows:

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 ambition 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 (operating cash flow as a percentage of adjusted EBITDA) 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.

RISKS

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, seasonal 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 with respect to e-commerce. The Group is also exposed to interest-rate risk. The prospectus that was published in conjunction with the listing of Bygghemma Group on Nasdaq Stockholm 2018 contains a detailed description of the risks associated with Bygghemma Group's activities. The most material risks for Bygghemma Group are described below.

Bygghemma Group's industry and operations are affected by the general economic climate and other macroeconomic effects

Bygghemma Group conducts operations — primarily through online sales — in the Swedish, Norwegian, Finnish and Danish home improvement markets. The home improvement market and the Group's sales are dependent on the health and stability of the general economy. Adverse changes in general economic conditions in Sweden and globally, such as periods

of lower economic growth or recessions, inflation or deflation, a general downturn in the market and changes in the purchasing power of enterprises and consumers could affect demand for the products that Bygghemma Group provides. Sales of many of the Group's product categories are driven by the activity level in home improvement projects. Economic fluctuations impact the new-build and renovation market, which may lead to waning interest in home improvement activities such as DIY or home furnishing and have a negative impact on the Group's sales. If any of the above conditions were to materialise, this could have a negative effect on demand for Bygghemma Group's products and thereby have a material adverse impact on Group operations, financial position and earnings.

Bygghemma Group operates in a competitive environment

The Swedish, Norwegian, Finnish and Danish home improvement markets are highly competitive. The Group's competitors in the DIY segment can be divided into various categories, including online players, traditional store chains and niche players/OEMs. The Group's competitors in the Home Furnishing segment can be divided into various categories, including online players, traditional store chains and niche players. These groups of competitors primarily offer their products in stores or showrooms and, to varying extents, online. Bygghemma Group also runs the risk of new competition from domestic and international traditional or online companies. Other examples of such potential competitors are general online retailers with an established Nordic presence that decide to increase their sales in product categories that are also offered by Bygghemma Group, one of which could be the Home Furnishing segment. Additional examples are newly established companies, existing competitors in traditional markets or suppliers of the company that also start focusing on the online market for DIY products and home furnishing.

Bygghemma Group considers the main factors for competition to be online presence, product range, product availability, pricing strategy, customer service, payment solutions and credit services for customers, logistics solutions and services, inventory, the ability to advise customers and the location of stores and showrooms. The Group's competitors could pursue aggressive measures to increase their market shares, including creating new online sales channels, attempting to copy the Bygghemma Group concept and pricing products below cost to attract customers. There is a risk that Bygghemma Group will be unable to respond effectively and defend its position against such competition. Increased competition from existing and/or potential competitors could therefore lead to lower sales, profits and margins, which could have a material adverse impact on the Group's operations, outlook, financial position and earnings.

Consumer demand for home improvement products is seasonal

The Group companies have a product mix comprising a variety of products for indoor and outdoor use. Sales of products for outdoor use, including outdoor furniture and garden equipment, are affected by certain seasonal and weather variations. Deviations from normal weather conditions, such as unusually harsh weather, could negatively affect the company's sales and earnings in different quarters. For example, an unusually severe or long winter or a particularly rainy or severe drought during summer could have a negative effect in this regard. If weather variations were to be more extensive than usual, this could have a material adverse effect on the company's operations, earnings and financial position.

Financial risks

The following financial risks have been identified and are described in Note 25.

- Financing and liquidity risk
- Market risk – interest-rate risk
- Credit risk
- Market risk – currency exchange risk

BOARD OF DIRECTORS



Henrik Theilbjørn Born 1961.
Chairman of the Board and Board member

Primary employment: Board activities.

Other significant assignments: Chairman of the Board at Baum and Pferdgarten A/S, Bootz AB, ELKA Rainwear A/S, Kelly Invest A/S, PWT Holding A/S, PWT Group A/S, Scandinavian Designers A/S, Wagner China ApS, Wagner (Yantai) Co. Ltd. and Rabens Saloner A/S.

Board member of Sahva A/S, SIGNAL A/S, Signal Ejendomme ApS and Traede ApS. CEO, founder and Board member of EM-MADS Invest A/S.

Education/background: Henrik Theilbjørn holds an MSc in Economics from Aarhus University and an Executive MBA from the Scandinavian International Management Institute (SIMI). Henrik Theilbjørn has extensive experience in the apparel, fashion, home furnishing and lifestyle industries as well as the offline and online retail markets. Henrik Theilbjørn has been involved in more than 30 acquisitions and has more than ten years of CEO experience. Former assignments include CEO of IC Group A/S.

Holdings in Bygghemma Group: Henrik Theilbjørn owns, indirectly through companies, 71,522 shares and no warrants in the company



Peter Möller Born 1972.
Board member

Primary employment: Partner of FSN Capital Partners AB.

Other significant assignments: Chairman of the Board at FSN Capital Partners AB, Kjell Koncern AB, High-top HoldCo AB, Gimara Invest AB and Issake Invest AB.

Education/background: Peter Möller holds an MSc in Economics and Business Administration from both the Stockholm School of Economics and the Wharton School at the University of Pennsylvania in the US. Peter Möller has extensive experience of corporate development. He is employed by FSN Capital Partners AB, which acts in its capacity as investment advisor to (i) FSN Capital GP IV Limited acting in its capacity as general partner for and on behalf of FSN Capital IV L.P., FSN Capital IV (B) L.P. and FSN Capital IV Invest L.P.; (ii) FSN Capital GP V Limited acting in its capacity as general partner for and on behalf of FSN Capital V L.P., FSN Capital V (B) L.P. and FSN Capital V Invest L.P.; and (iii) FSN Capital Project Growth GP Limited acting in its capacity as general partner for FSN Capital Project Growth Co-Investment L.P. He also has previous experience from Goldman Sachs, where he worked with mergers and acquisitions, and Permira, where he worked with investments.

Holdings in Bygghemma Group: Peter Möller owns no shares or warrants in the company.



Ingrid Jonasson Blank Born 1962.
Board member

Primary employment: Board activities.

Other significant assignments: Board member at Ambea AB (publ), Bilia AB, Fiskars Oyj, Forenom Group, Ingrid Jonasson Blank AB, Kjell Koncern AB, Kjell HoldCo AB, Musti ja Mirri Group, Nordic Morning Group Oy, Orkla ASA, ZetaDisplay AB and Astrid Lindgren AB.

Education/background: Ingrid Jonasson Blank holds an MSc in Business Administration and Economics from the Gothenburg School of Economics and has also completed the Ahold Leadership Program at Harvard Business School and Oxford University. Ingrid Jonasson Blank has been employed by the ICA Group for more than 30 years and held several different positions, primarily within marketing and communication. She previously served as Vice President at Ica Sverige AB responsible for the marketing function (marketing, communication, brands, CRM, HR, CSR, quality and business development).

Holdings in Bygghemma Group: Ingrid Jonasson Blank owns 25,844 shares and no warrants in the company



Bert Larsson Born 1955.

Board member

Primary employment: Consultant through Numbers of Stockholm AB and Numbers Interim Management AB.

Other significant assignments: Chairman of the Board at Max Garden AB, Warmup Scandinavia AB, Numbers Interim Management AB and Gimo Järn Bygg AB as well as XL-BYGG Örebro, XL-BYGG Frövi and Kolmossens Fastighetsaktiebolag.

Board member of Genesis IT AB, Numbers of Stockholm Aktiebolag, Qvalitetscenter Skog & Trädgård QST i samverkan Ekonomisk förening, S Fastigheter i Luleå AB and WinGroup AG.

Education/background: Bert Larsson is a chemical engineer who graduated from Berzelius College. Bert Larsson has extensive experience from the home improvement and construction material markets, including sales to customers both online and offline through various board assignments and operational positions.

Holdings in Bygghemma Group: Bert Larsson owns 17,340 shares and no warrants in the company.



Florian Seubert Born 1973.

Board member

Primary employment: Founder of and partner in Maxburg Capital Partners GmbH.

Other significant assignments: Partner in Maxburg Capital Partners GmbH. CEO of AB1204 GmbH. Non-executive Board member at Metapaper GmbH, Susi Partners AG and Whiteaway A/S.

Education/background: Florian Seubert holds an MA in Politics, Philosophy and Economics. Florian Seubert is a founder and partner at Maxburg Capital Partners GmbH and the co-founder of Zooplus AG where he has also been employed as CFO. Florian Seubert has extensive board experience and has contributed to the build-up of Zooplus as a leading online EU pet supplies retailer, with a presence in 22 EU markets.

Holdings in Bygghemma Group: Florian Seubert owns 71,522 shares and no warrants in the company.



Lars Nilsson Born 1956.

Board member

Primary employment: Board activities.

Other significant assignments: Board member of Apoteket AB, Svenska Spel AB and LAIKN Finance AB. Deputy Board member of Apotekets Pensionsstiftelse.

Education/background: Lars Nilsson holds a BSc in Business Administration and Economics from the University of Linköping. Lars Nilsson has a long-standing background in finance as well as operational experience as CFO of companies including Tele2 AB, Axfood AB, Fritidsresegruppen AB and Eitel AB.

Holdings in Bygghemma Group: Lars Nilsson owns 64,288 shares and no warrants in the company.

SENIOR EXECUTIVES



Mikael Olander Born 1963.
President and CEO, and head of the DIY segment

President and CEO since 2012, and head of the DIY segment since 2013. As of 1 April 2019, COO and head of the DIY segment and M&A.

Education/background: MBA from the Anderson School of Management, UCLA and a BSc in Business Administration and Economics from Louisiana State University.

Mikael Olander was CEO of Bygghemma Group from 2012 to 2018; prior to that, he was CEO of CDON Group (publ), now Qliro Group, from 2010 to 2012. Prior to that, Mikael was head of the Internet Retailing business unit at MTG (publ), which includes CDON.com, Nelly.com, Gymgrossisten.com, Tretti.se and Lekmer.se.

Holdings in Bygghemma Group: Mikael Olander owns, indirectly through companies, 5,862,954 shares and no warrants in the company.



Martin Edblad Born 1977.
CFO

Board member since 2013. As of 1 April 2019, Acting CEO and head of the Home Furnishing segment.

Education/background: Martin Edblad holds an MSc in Business and Economics and an MBA in Finance from the Stockholm School of Economics, and a BA in Journalism from Stockholm University.

Martin Edblad was CFO of Bygghemma Group from 2013 to 2018; prior to that, he was CFO of CDON Group (publ), now Qliro Group, from 2010 to 2012. Prior to that, Martin held a number of finance-related positions at MTG (publ), including CFO of MTG's Online business area from 2008 to 2010.

Holdings in Bygghemma Group: Martin Edblad owns, indirectly through companies, 2,058,524 shares and no warrants in the company.



Peter Rosvall Born 1980.
COO

COO since 2013. As of 1 April 2019, head of New Operations.

Education/background: Peter Rosvall holds an MSc in Business and Economics from the University of Gothenburg.

Peter Rosvall was COO of Bygghemma Group from 2013 to 2018; prior to that, he was CEO of Nelly.com, Heppo.com and Gymgrossisten.com in the CDON Group (publ), now Qliro Group.

Holdings in Bygghemma Group: Peter Rosvall owns, indirectly through companies, 2,061,364 shares and no warrants in the company.



Christian Eriksson Born 1974.
CEO of Home Furnishing Nordic AB

CEO of Home Furnishing Nordic since 2014, which includes Trademax.se, Furniturebox.se and Wegot.se.

Education/background: Christian Eriksson holds a BSc in Informatics from the University of Lund.

Christian Eriksson has previously held different positions within the CDON Group (publ), now Qliro Group, including CEO of CDON AB and Tretti AB.

Holdings in Bygghemma Group: Christian Eriksson owns, indirectly through companies, 1,211,236 shares and no warrants in the company.



Johan Hähnel Born 1965.
Head of Investor Relations

Head of Investor Relations since 2018.

Education/background: Johan Hähnel holds a BSc in Marketing and Economics from Lund University and Stockholm University and has studied German at Universität Marburg and Arabic at Jordan University.

Johan Hähnel has over 22 years of experience from positions as head of communication at several international companies, including EQT, Unilever and 3i as well as Swedish listed companies Stockholm Stock Exchange, Atle, Nordea and Q-Med and is CEO at the consultancy firm Comir AB.

Holdings in Bygghemma Group: Johan Hähnel owns no shares and no warrants in the company.



Adam Schatz Born 1974.

Takes office as CFO on 1 April 2019.

Education/background: Adam Schatz holds an MBA in Finance from the Stockholm School of Economics and a BA in Philosophy from Lund University.

Previously, Adam Schatz was CFO and Deputy CEO at Axiell Group AB. Prior to that, he held various executive positions at GambroAB/Baxter International Inc. He was also President and Head of Investments for TeknoSeed Portfolio Management AB. Adam Schatz began his career as an analyst at Goldman Sachs.

Holdings in Bygghemma Group: Adam Schatz owns no shares and no warrants in the company.

GUIDELINES FOR REMUNERATION TO SENIOR EXECUTIVES

The annual general meeting held on 6 March 2018 adopted the following guidelines for remuneration to senior executives.

General

Under these guidelines, "senior executives" refers to the CEO and executive management in the company. The aim of the guidelines is to ensure that the company can attract, motivate and retain senior executives, within both the company and its subsidiaries, in relation to comparable companies, which comprise Nordic online and offline retailers. Total remuneration is to be based on market conditions and be competitive and well-balanced. Furthermore, remuneration is to promote good ethics and a healthy corporate culture while also being aligned with the shareholders' interests. Remuneration to senior executives is to consist of fixed and variable salary as well as a possibility to participate in long-term incentive programmes including share-based instruments such as synthetic warrants and employee stock options as well as pension schemes. These components are to create well-balanced remuneration reflecting the individual's competence, responsibility and performance in the short and long term as well as the company's overall performance.

Fixed salary

Fixed salaries for senior executives are to be competitive and based on the individual executives' competence, responsibilities and performance. Fixed salaries can also be lower than what is regarded as market-based for comparable companies. In such cases, for salaries to be regarded as competitive and to motivate senior executives, they must be provided with an opportunity to receive variable remuneration or to participate in long-term incentive programmes.

Variable salary

Senior executives may receive variable remuneration in addition to their fixed salaries. The contracted variable remuneration for the CEO is not to exceed 200 percent of the fixed annual salary, and the contracted variable remuneration for other senior executives is not to exceed 150 percent of their respective fixed annual salaries. Variable remuneration is to be based on the senior executives' performance in relation to predetermined and measurable targets intended to promote the company's long-term value creation. These targets are to be established and documented annually.

Other benefits

Bygghemma Group offers other benefits to senior executives in line with local practice. Such other benefits may include a company car and company healthcare. Occasionally, for a limited period, housing allowances could be granted where appropriate.

Pension

Senior executives are entitled to pension contributions based on current practice in the country where they are employed. Pension contributions will be secured through premium payments to insurance companies.

Notice period and severance pay

The notice period for a senior executive may be no more than 12 months, during which period the salary will be paid out. The company does not allow any additional contractual severance pay.

Consultancy fees

If a Board member, on behalf of the company, performs work on behalf of the company that is beyond the scope of Board activities, consultancy fees and other remuneration for such work may be paid in accordance with a special resolution by the Board.

Deviations from the guidelines

Under certain circumstances, the Board has the right to deviate from the above guidelines. For example, extra variable remuneration can be paid in the case of an extraordinary performance. In such cases, the Board must explain the reason for the deviation at the next Annual General Meeting.

THE BOARD'S PROPOSALS TO THE 2019 AGM FOR GUIDELINES FOR REMUNERATION TO SENIOR EXECUTIVES**General**

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PARENT COMPANY

Bygghemma Group First AB (publ) is the Parent Company of the Group. The company does not engage in the sale of goods and services to external customers.

The Parent Company holds shares in its subsidiaries, as specified in Note 15.

The Parent Company's net sales totalled SEK 2.4 million (0.9). Bygghemma Group's CEO and CFO are employed by the Parent Company. The Parent Company posted an operating loss of SEK -32.3 million (-18.1). The loss was mainly due to costs attributable to the listing on Nasdaq Stockholm in the first quarter. The loss for the period amounted 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 be paid to the shareholders for the 2018 financial year. The basis for this proposal is the high availability of investments in profitable growth.

APPROPRIATION OF PROFITS

Bygghemma Group First AB
559077-0763

Appropriation of profits (SEK)

At the disposal of the annual general meeting

Retained earnings	54,777,099
Share premium reserve	2,667,441,766
Profit/loss for the year	-2,118,954
	2,720,099,911

The board of directors proposes
to be carried forward

	2,720,099,911
	2,720,099,911

SUSTAINABILITY REPORT

About the Sustainability Report

This is Bygghemma Group's Sustainability Report for the 2018 financial year. The report covers the Parent Company, Bygghemma Group First AB (publ), and all units consolidated into Bygghemma Group's consolidated financial statements for the same period, as indicated in Note 15.

The Sustainability Report was prepared in accordance with the provisions of Chapter 6 and 7 of the Swedish Annual Accounts Act. Guidance was taken from the Global Reporting Initiative (GRI) standards for sustainability reporting when the sustainability report was written, but the guidelines were not applied in full. In those instances where performance indicators were prepared using guidance from the GRI, this has been indicated in the Sustainability Report.

Bygghemma's business model

Bygghemma Group is Europe's leading online retailer of building and home furnishing products. The Group pursues a rapidly growing and profitable business model based on a multi-brand omnichannel strategy in which products are sold online with the support of 70 showrooms in the Nordic region. Bygghemma, Trademax, Chilli and Furniturebox are just a few of these online stores. Business operations are based on an extensive product range, competitive prices and an efficient distribution chain. The Group has no manufacturing plants of its own, and all products are purchased directly from suppliers or commercial agents.

The Group's business operations are conducted in two segments: DIY and Home Furnishing. The Group operates several web stores in Sweden, Norway, Denmark and Finland with an extensive product range delivered direct to customers' homes or, alternatively, to a pick-up point.

The Group's head office is located in Malmö, where certain Group-wide functions such as finance and accounting, legal and HR are also located.

Supply chain

Bygghemma Group has suppliers in Europe and Asia. Incoming shipments from suppliers are primarily delivered by ship from Asia and by truck from Europe. Outgoing deliveries from warehouses around the Nordic region are delivered by transport providers, with home delivery to customers or via an agent. In addition to the purchases mentioned, the Group also purchases electricity and heating at the locations where it operates. Significant supplier agreements are negotiated and decided centrally by the head office in order to achieve economies of scale and to ensure compliance with the Group's purchasing guidelines. Read more in the section on the Code of Conduct below.

Materiality analysis

Before preparing the Sustainability Report, the Board of Directors and company management conducted an overall analysis to determine which aspects of sustainability are most essential for Bygghemma, and where the Group's impact is considered to be most significant. The analysis was based on both risks and opportunities connected to sustainability. The overall areas taken into consideration are the environment, corporate social responsibility, HR issues, respect for human rights, business ethics and anti-corruption as well as responsibility and governance. The results of the materiality analysis are indicated by the topics and performance indicators described below.

Governance and responsibility for sustainability aspects in operations

The Board of Directors of Bygghemma Group has overall responsibility for governance of the Group, which also includes the sustainability aspects of its operations.

At one Board meeting during the year, the Board specifically dealt with issues related to sustainability, with a review of the overall risk analysis that had been conducted. At that meeting, the Board reviewed the materiality analysis by company management and decided to

approve it. A number of new or revised policies, including a Code of Conduct, an environmental policy and a whistleblower policy, were also established.

The CEO is responsible for enacting the decisions and strategies of the Board. As support for the CEO and other operations, the Group's COO — who is part of the management group and reports directly to the CEO — is responsible for managing and coordinating the Group's sustainability efforts. The COO is also responsible for producing documentation for decisions, conducting analyses and managing the work on producing sustainability reports. The Group's ambition is to involve all of the company's employees so that they feel a sense of ownership for the sustainability aspects related to their own positions. As an important step in achieving this, the Group conducted training in 2018 regarding its focus areas for sustainability, the Code of Conduct and business ethics guidelines.

Policy documents and guidelines

During the year, the Board adopted policies that apply to the Group as a whole, addressing such aspects as environmental issues, respect for human rights, working conditions and anti-corruption. The starting point for the Group is minimizing the negative effects of the operations in the form of environmental impact and social conditions as well as increasing the value created for the Group's various stakeholders. Some of the Group's objectives and ambitions are presented in this Sustainability Report. More information is available on the Group's website, www.bygghemmagroup.com/sustainability

During the previous financial year, the Board adopted a Code of Conduct that applies to all employees as well as the Group's suppliers.

In 2018, all employees underwent training that describes the guidelines in the Code, which has also been attached as an appendix to the employment contract for all new employees. The Code is based on the Ten Principles of the UN Global Compact; particular emphasis has been placed on clarifying the company's position on issues concerning respect for the environment, human rights and working conditions as well as sound business relationships and anti-corruption. The Code of Conduct is available on the Group's website, www.bygghemmagroup.com/sustainability

Material sustainability risks and risk management

As a retailer of building materials (DIY) and particularly home furnishing products, one of our important sustainability challenges involves ensuring ethical purchasing of products, traceability and supplier compliance with the requirements in the Group's Code of Conduct and other standards. In most cases, Bygghemma Group purchases products through intermediaries, and not directly from the plants where the products are manufactured. The Group's business partners and agents are evaluated; in turn, the business partners and agents conduct regular site visits to subcontractors and on-site audits to ensure compliance with sustainability policies.

In cases where the Group is a direct importer, a new process for assessing new suppliers has been implemented, with a detailed checklist and self-assessment in relation to the Group's sustainability policies. On this basis, the Group can analyse data and monitor results before a decision is taken on any supplier partnership. An overall summary of the Group's risks and preventive measures is presented below.

Aspect	Circumstances	Risks	Preventive measures
Suppliers and partners	<ul style="list-style-type: none"> Purchasing through agents in certain regions in Home Furnishing Importer of certain products to Europe Decentralised purchasing function Sourcing through purchasing organisations Presence in Asia, where the risks are higher 	Bribes and corruption	<ul style="list-style-type: none"> Code of Conduct Internal training in the Code of Conduct and business ethics guidelines Code of Conduct for Suppliers included in supplier agreements Whistleblower policy
Suppliers and partners	<ul style="list-style-type: none"> Use of subcontractors Use of agents Presence in Asia, where the risks are higher 	Working conditions, etc.	<ul style="list-style-type: none"> Code of Conduct Self-assessment and supplier audits Code of Conduct implemented in supplier agreements Whistleblower policy
Other risk areas including personnel and environment	<ul style="list-style-type: none"> Whistleblowing — reporting of violations and protection against reprisal Combating corruption, simplifying payments, accepting and providing hospitality, entertainment and gifts Conflicts of interest 	Bribes, corruption and the environment	<ul style="list-style-type: none"> Code of Conduct Internal training in the Code of Conduct and business ethics guidelines Environmental policy

As an extensive user of logistics services in the Nordic region, the Group also has a significant opportunity to minimise its environmental impact by optimising and coordinating its logistics, which in turn also creates significant potential in terms of both reduced environmental impact and lower costs.

Another risk the Group must routinely manage arises in connection with acquisitions of companies and involves evaluating the operations and any sustainability risks that exist in the operations being evaluated. Assessment of sustainability risks is included in the due diligence process conducted before an acquisition.

Bygghemma Group's areas of focus for sustainability

- Responsible purchasing
- Reduced climate impact
- Business ethics and anti-corruption
- HR and equality

Responsible purchasing

The Code of Conduct is sent to all suppliers with significant purchasing volumes. New suppliers must sign the Bygghemma Group Code of Conduct, or prove that they have their own equivalent code of conduct. In 2018, the Group monitored its sustainability efforts through self-assessments and/or site visits to suppliers' manufacturing plants in low-cost countries where the risk of deviations is greatest.

KPIs

- Proportion of suppliers evaluated or who have signed the Code of Conduct
- Proportion of assessments conducted

Reduced environmental impact

One of the areas in which the Group has the greatest climate impact is in logistics, where CO₂ and other emissions represent a significant portion of the Group's total emissions. Since the Group works with partners when it comes to logistics solutions, a continual dialogue with these partners is necessary in order to boost the efficiency of its deliveries and returns. Increased fill factor and smarter packaging and loading can reduce both emissions and use of packing material. Energy-saving measures at warehouses, showrooms and offices will be implemented in partnership with property owners.

KPIs

- Greenhouse gas (CO₂) emissions
- Climate-smart travel

Business ethics and anti-corruption

In 2018, the Group provided all employees with information on the company's business ethics guidelines and preventive work against corruption and bribes. Anti-corruption is also part of the Group's Code of Conduct for Suppliers. The Board of Directors is responsible for compliance with policies and guidelines. The Board has delegated responsibility for certain policies and guidelines to various functions in Bygghemma Group. Any deviations from the Code of Conduct and the Group's business ethics guidelines can be reported anonymously through the Group's whistleblower system.

KPIs

- Number of cases of corruption

Diversity and HR

Bygghemma strives for diversity and an equitable gender distribution in its operations. The goal is, initially, for each gender to account for 50 percent of the total number of employees and among management. The diversity goal also includes attaining a more equitable distribution as regards employees with non-Swedish backgrounds.

Other priority areas include health and safety. Local health and safety work is conducted in various ways and, in certain major workplaces, is carried out in accordance with various certifications, such as AFS 2001. The goal is to ensure a healthy work environment, reduce sick leave and prevent workplace injuries. On-the-job training and other forms of competence development are also an important part of the development of all employees in their respective roles in the Group.

In 2018, the Group conducted an employee survey that included an evaluation of the physical and psychosocial work environment as well as an analysis of sick leave in its subsidiaries. The results of the survey were relatively low, impacted by a high proportion of employees in customer service, which is characterised by a higher rate of staff turnover and, at times, high workloads. The Group has taken measures to improve the work environment through management training, reduced overtime, reduced noise levels and improved work tools.

KPIs

- Total proportion of men and women
- Proportion of men and women managers
- Sick leave
- NPS employees

KPIs	2018	2017
Proportion of suppliers evaluated or who have signed the Code of Conduct	95%	68.9%*
Share of self-assessments (SSA)	93%	19.6%*
Greenhouse gas emissions (WTW, CO ₂ e kg)	2,024,230 kg	1,888,157 kg
Climate-smart travel**	41,977 km	53,888 km
Number of cases of corruption	0	0
Total proportion of women and men	48/52	50/50
Proportion of women and men managers	20/80	33/67
Sick leave	4%	4%
NPS employees***	15%	11%

* Percentage of suppliers, measured as share of suppliers' sales, EMV concluded Nov 2018

** Jan-Sep of the respective year

*** Net Promoter Score (NPS) = %Promoters - %Detractors

CORPORATE GOVERNANCE REPORT

Bygghemma Group First AB (publ) is a Swedish public limited liability company listed on Nasdaq Stockholm since 27 March 2018. Bygghemma's corporate governance is based on Swedish legislation, Nasdaq Stockholm's Rule Book for Issuers and good practices in the securities market. Since the listing, Bygghemma applies the Swedish Corporate Governance Code (the "Code"). The company's governance is also based on internal regulations, such as the Board's rules of procedures, CEO instructions, policy documents and the Group's Code of Conduct.

Bygghemma does not in any regard deviate from the Code.

More information on the Code is available at www.bolagsstyrning.se. Bygghemma's Articles of Association and Code of Conduct are available at www.bygghemmagroup.se.

Shares and shareholders

By the end of 2018, Bygghemma's share capital consisted of 107,368,421 ordinary shares with one vote each, distributed across approximately 1,100 shareholders. The company's largest shareholder is FSN Capital, which represents 54 percent of the votes in the company. There are no limitations on how many votes each shareholder can cast at the Annual General Meeting.

Further information on the ownership structure and share development, etc. can be found on page 18.

Annual General Meeting

The general meeting of shareholders is the company's highest decision-making body. At a general meeting, the shareholders exercise their voting rights on issues, such as the adoption of income statements and balance sheets, allocation of the company's profit, discharge from liability of Board members and the CEO, election of Board members and auditors, and remuneration to the Board and auditors. The general meeting of shareholders also resolves on guidelines for remuneration to senior executives and any amendments to the Articles of Association.

An Annual General Meeting of shareholders is to be held within six months after the end of each financial year. Besides the Annual General Meeting, the company may convene extraordinary general meetings. According to the Articles of Association, general meetings of shareholders are to be convened through an announcement in the *Swedish Official Gazette* (Sw. *Post- och Inrikes Tidningar*) and by publishing the notice on the company's website. An announcement that the notice has been issued is also to be published in *Svenska Dagbladet*.

To participate in the Annual General Meeting, shareholders must be registered in the share register maintained by Euroclear Sweden AB not later than five weekdays prior to the meeting and notify the company of their intention to participate in the meeting (including any assistants) not later than on the date set forth in the notice of the meeting. Shareholders may attend general meetings in person or by proxy and may also be accompanied by a maximum of two assistants. Shareholders can normally register for general meetings in several different ways, as stated in the notice of the meeting.

Shareholders who wish to have a matter addressed at a general meeting must submit a written request to the Board of Directors. Normally, the request must have reached the Board of Directors no later than seven weeks prior to the general meeting of shareholders.

The general meeting of shareholders may be held in Malmö or Stockholm.

General meetings 2018

In 2018, an Annual General Meeting and two extraordinary general meetings were held.

At the Annual General Meeting on 6 March 2018:

- the income statement and balance sheet as well as the consolidated income statement and consolidated balance sheet were adopted and it was resolved that the profit in the company would be appropriated in accordance with the proposal of the Board in the annual report and that the Board and CEO would be discharged from liability;
- it was resolved that the Board is to consist of six directors and no deputy directors;
- it was resolved that remuneration is to be paid to the Board members as follows: SEK 150,000 to the Chairman, SEK 75,000 to other Board members, except Peter Möller who declined remuneration, and no separate remuneration for committee work;
- Ingrid Jonasson Blank, Bert Larsson, Peter Möller, Lars Nilsson, Florian Seubert and Henrik Theilbjørn were re-elected as Board members and Henrik Theilbjørn was re-elected as Chairman;
- Öhrlings PricewaterhouseCoopers AB was re-elected as auditor up until the end of the 2019 Annual General Meeting;
- the Board's proposal concerning principles for the establishment of a Nomination Committee was adopted;
- the Board's proposal concerning guidelines for remuneration to senior executives was adopted;
- the Board was authorised to issue no more than 8,000,000 ordinary shares in the company on one or more occasions, with or without preferential rights for the shareholders, within the limits stated in the Articles of Association, to be paid in cash, by way of set-off or by property, primarily in order to broaden the shareholder base in the company before and in connection with the listing of the company's shares; and
- the Board was authorised to issue a maximum number of ordinary shares, warrants and/or convertibles with the right to subscribe for or convert to ordinary shares in the company, corresponding to no more than 20 percent of the company's share capital after dilution immediately after the offer to subscribe for shares in connection with listing, on one or more occasions, with or without preferential rights for the shareholders, within the limits stated in the Articles of Association, to be paid in cash, by way of set-off or by property, primarily for the purpose of acquiring new capital to increase the company's flexibility or in connection with acquisitions.

The Extraordinary General Meeting on 9 February 2018 resolved on:

- an amendment of the Articles of Association and adoption of new Articles of Association;
- a share split;
- a reduction of share capital; and
- a conversion of preference shares to ordinary shares.

The Extraordinary General Meeting on 26 March 2018 resolved on:

- an amendment of the Articles of Association and adoption of new Articles of Association;
- a conversion of preference shares to ordinary shares;
- a reduction of share capital;
- a bonus issue of shares;
- a new emission of shares; and
- an emission of warrants.

Nomination Committee

The purpose of the nomination committee is to submit proposals in respect of: the Chairman at general meetings; Board members, including the Chairman; remuneration to each Board member as well as remuneration for committee work; election of and remuneration to the external auditors; and a proposal regarding changes to the instructions for the duties of the Nomination Committee.

It was resolved at the Annual General Meeting on 6 March 2018 that the Nomination Committee prior to the 2019 Annual General Meeting is to comprise four members, one of whom is to be the Chairman of the Board. Members are to be appointed by the three largest shareholders in the company – based on the share register maintained by Euroclear as of 30 September 2018 – with these shareholders being offered the possibility to appoint one member each. The Chairman of the Nomination Committee shall be the committee member representing the largest shareholder in terms of votes, unless the members agree to appoint another Chairman.

A shareholder who has appointed a member of the Nomination Committee always has the right to dismiss the member and appoint a replacement. If a member leaves the Nomination Committee prior to completion of the committee's work, the shareholder who appointed the departing member has the right to appoint a new member of the Nomination Committee. If a significant change in the company's ownership structure occurs more than two months before the Annual General Meeting and a shareholder, who after such a material change in ownership becomes one of the company's three largest shareholders, makes a request to the Chairman of the Nomination Committee to appoint a member of the Nomination Committee, the committee shall invite the shareholder to appoint a member of the Nomination Committee. This member shall replace the member appointed by the shareholder who, after the ownership change, is no longer one of the three largest shareholders.

No fees are paid to the members of the Nomination Committee. However, the Nomination Committee is entitled to charge the company with reasonable expenses for recruitment consultants or other consultants required for the committee to fully execute its assignment.

The shareholders are entitled to submit proposals to the Nomination Committee regarding nominations to the Board of Directors.

Ahead of the 2019 Annual General Meeting, the names of the members of the Nomination Committee are:

- Marcus Egelstig (Chairman), appointed by FSN Capital,
- Kristian Ford, appointed by Mikael Olander,
- Jonas Rennmark, appointed by ATP, and
- Henrik Theilbjørn, in his capacity as Chairman of the Board.

In its work, the Nomination Committee applies Rule 4.1 of the Code as equality policy. Additional information is available in the Nomination Committee's reasoned opinion regarding its proposal to the 2019 Annual General Meeting.

Board of Directors

The Board is the company's second-highest decision-making body after the general meeting of shareholders. The Board is responsible for the management and organisation of the company, which means that the Board is responsible for, among other tasks, establishing targets and strategies, ensuring that procedures and systems are in place for the evaluation of set targets, continuously evaluating the company's earnings and financial position, and evaluating executive management. The Board is also responsible for ensuring that annual reports and interim reports are prepared on time. The Board also appoints the CEO as well as the president.

Board members are normally elected by the Annual General Meeting for the period until the end of the next Annual General Meeting. According to the company's Articles of Association, the Board, insofar as it is elected by the general meeting of shareholders, is to consist of at least three members and at most ten members with no deputy members.

In accordance with the Code, the Chairman of the Board is elected by the general meeting of shareholders and has a special responsibility for managing the Board's work and ensuring that the Board's work is well organised and effectively implemented. The Board follows written rules of procedure, which are revised annually and adopted by the statutory Board meeting every year, or otherwise as required. Among other matters, the rules of procedure govern Board practice, functions and the division of work between the Board members and the CEO and the established committees. In connection with the statutory Board meeting, the Board also establishes terms of reference for the CEO, including instructions for financial reporting.

The Board of Directors meets according to an established annual schedule. In addition to these meetings, additional meetings can be convened to address issues which cannot be postponed until the next scheduled Board meeting. In addition to the Board meetings, the Chairman of the Board and the CEO continuously discuss the management of the company.

The Board's work is evaluated annually through established procedures whereby all Board members answer questions about the results of the work of the Board and the committees. The Chairman of the Board is responsible for the evaluation and ensures that the results are presented and discussed in the Board and the Nomination Committee. The evaluation of the Board's work during the year was presented and discussed at the Board meeting on 4 December 2018.

During the year, the Board held 27 meetings.

The Board members' remuneration, independence and attendance are shown in the table on page 41.

The Board is presented in more detail on pages 26-27.

Audit Committee

The Board established an Audit Committee on 22 November 2017. The current Audit Committee comprises three members: Lars Nilsson (Chairman), Henrik Theilbjørn and Peter Möller. The Audit Committee is mainly a preparatory body and prepares proposals for the Board. The Audit Committee works according to rules of procedure adopted by the Board. Its main duties are, without prejudice to the general duties and responsibilities of the Board of Directors, to:

- monitor the company's financial reporting,
- monitor the efficiency of the company's internal control and risk management with regard to the financial reporting,
- remain informed about the audit of the annual report and consolidated accounts,
- inform the Board of the results of the audit and of the manner in which the audit contributed to the reliability of the financial reporting and the committee's specific functions,
- review and monitor the auditor's impartiality and independence and note, in particular, whether the auditor provides the company with services other than audit services,
- approve the auditor's advisory services and adopt a policy for the auditor's advisory services,
- assist in the preparation of proposals for the general meeting's decision regarding the election of an auditor,
- evaluate the need for an internal audit function each year,
- assure the quality of the year-end report and interim reports prior to Board decisions, and

- the Audit committee may engage external consultants.

During the year, the Audit Committee held seven meetings.

Remuneration Committee

The Board established a Remuneration Committee on 22 November 2017. The committee comprises three members: Henrik Theilbjørn (Chairman), Bert Larsson and Florian Seubert. The Remuneration Committee is mainly a preparatory body and prepares proposals for the Board. The Remuneration Committee works according to rules of procedure adopted by the Board. The main duties of the Remuneration Committee are to:

- prepare the Board's decisions on matters related to the principles for remuneration and other terms of employment for senior executives,
- monitor and evaluate programmes for variable remuneration to the company's senior executives, both ongoing and those concluded during the year,
- monitor and assess the application of the guidelines for remuneration to senior executives approved by the Annual General Meeting and the applicable remuneration structures and levels in the company, and
- the Audit committee may engage external consultants.

During the year, the Remuneration Committee held two meetings.

Board members' independence, attendance and remuneration 1 January 2018–31 December 2018

Name	Position	Member since	Independent in relation to		Attendance			Board fee (tSEK)
			The company and its management	Major shareholders	Board meetings	Audit Committee	Remuneration Committee	
Henrik Theilbjørn	Chairman	2017	Yes	Yes	27/27	7/7	2/2	150
Peter Möller	Member	2016	Yes	No	25/27	7/7	-	-
Bert Larsson	Member	2016	Yes	Yes	27/27	-	2/2	75
Ingrid Jonasson Blank	Member	2017	Yes	Yes	27/27	-	-	75
Florian Seubert	Member	2017	Yes	Yes	26/27	-	2/2	75
Lars Nilsson	Member	2017	Yes	Yes	27/27	7/7	-	75

CEO and senior executives

The CEO answers to the Board of Directors and is responsible for the continuous management of the company and day-to-day operations. The division of work between the Board and the CEO is set forth in the rules of procedure for the Board and the instructions for the CEO. The CEO is also responsible for preparing reports and compiling information from executive management for the Board meetings and for presenting such materials at Board meetings. According to the instructions for financial reporting, the CEO is responsible for the financial reporting of the company and, accordingly, is to ensure that the Board of Directors receives adequate information to enable the Board of Directors to continuously evaluate company's financial position.

The CEO and other senior executives are presented on pages 28-29.

Auditor

The auditor is to review the company's annual report and accounting as well as the management of the Board and the CEO. Following each financial year, the auditor is to submit an audit report and a consolidated audit report to the Annual General Meeting.

In accordance with the company's Articles of Association, the company is to have an auditor or registered audit firm. The company's auditor is Öhrlings PricewaterhouseCoopers AB, with Authorised Public Accountant Eva Carlsvi as Auditor in Charge.

The auditors are appointed for services other than auditing in accordance with the audit services policy established by the Audit Committee. Bygghemma has deemed that procuring advisory services from Öhrlings PricewaterhouseCoopers AB has not compromised the auditor's independence.

The auditor participated in six of the Audit Committee's meetings and in one Board meeting. In connection to the Board meeting, the auditor met with the Board without the attendance of any employee of the Group (including senior executives).

Information on full remuneration to the auditors is presented in Note 6.

Remuneration of members of the Board of Directors

Fees and other remuneration to Board members, including the Chairman of the Board, are decided at the Annual General Meeting. The 2018 Annual General Meeting on 6 March 2018 resolved that remuneration of SEK 150,000 is to be paid to the Chairman of the Board and that remuneration of SEK 75,000 is to be paid to other Board members, except Peter Möller, who declined fees, for the period until the next Annual General Meeting. No remuneration is paid for work on Board committees.

Remuneration to CEO and other senior executives

The 2018 Annual General Meeting on 6 March 2018 adopted guidelines for remuneration to senior executives. The guidelines state that remuneration is to be based on market terms and be well balanced. In addition, remuneration should contribute to good ethics and a healthy corporate culture while also being aligned with the shareholders' interests. Remuneration to senior executives is to consist of a fixed and variable salary as well as the possibility to participate in a long-term incentive programme, including share-based instruments such as synthetic options and employee stock options, and pension schemes. These components are to create well-balanced remuneration reflecting the individual's competence, responsibility and performance in the short and long term as well as the company's overall performance.

Fixed salaries for senior executives are to be competitive and based on the individual senior executive's competence, responsibilities and performance. Fixed salaries may also be lower than what may be regarded as market-based for comparable companies. In such cases, for salaries to be regarded as market-based and to motivate senior executives, they must be given the opportunity to receive variable salary and participate in long-term incentive programmes. The contracted variable remuneration for the CEO is not to exceed a maximum of 200 percent of the fixed annual salary, and the contract variable remuneration for other senior executives is not to exceed 150 percent of their respective fixed annual salaries. Variable remuneration is to be based on the performance of the senior executives in relation to predetermined and measurable goals and targets aimed at promoting the company's long-term value creation, which are to be established and documented annually.

Bygghemma provides other benefits to senior executives in accordance with local practice. Such other benefits may include a company car and company healthcare. Occasionally, for a limited period, housing allowances could be granted where appropriate. The senior executives are entitled to pension contributions based on current practice in the country in which they are employed.

No senior executive is entitled to severance pay in addition to salary and benefits during the notice period. The notice period may not exceed 12 months.

In special circumstances, the Board may deviate from these guidelines. In such cases, the Board must explain the reason for the deviation at the following Annual General Meeting.

During the year, no senior executives participated in incentive programmes or received variable remuneration.

Control environment

The Board has the overall responsibility for the internal control in relation to financial reporting. In order to create and maintain a functioning control environment, the Board has adopted a number of policies, guidelines and steering documents governing financial reporting.

These documents primarily comprise the rules of procedure for the Board, instructions for the CEO, instructions for financial reporting and instructions for committees established by the Board. The Board has also adopted attestation instructions and a finance policy. The company also has a financial manual, which contains principles, guidelines and procedure descriptions for accounting and financial reporting.

In addition, the Board has adopted several IT-related policies where matters such as data recovery are addressed. Furthermore, the Board has established an Audit Committee whose main task is to monitor the company's financial reporting, the effectiveness of the company's internal control and risk management as well as to review and monitor the auditor's impartiality and independence.

Responsibility for the day-to-day work of maintaining the control environment rests primarily with the company's CEO, who on a regularly basis reports to the Board in accordance with established instructions. Bygghemma's finance department plays an important role in ensuring that the financial reporting provides reliable information. It is responsible for the financial information being complete, correct and published in a timely fashion.

Each local entity within the Group is organised with its own Board of Directors and, as applicable, a CEO, with responsibility for control of the local business according to guidelines and instructions from Group level. Each local entity has its own administration, which takes care of bookkeeping and financial reporting.

The local entities primarily report to the company's CEO and CFO. In addition to internal monitoring and reporting, the company's external auditors report to the CEO and the Board throughout the financial year.

Risk assessment and control activities

Risk assessment includes identifying and evaluating the risk of material errors in the accounting and reporting at Group level as well as in the Group companies. A risk assessment is made regularly and in accordance with established guidelines focusing on individual projects. The Board is responsible for the internal control and monitoring management. This is carried out through both internal and external control activities as well as through examination and monitoring of the company's policies and steering documents. Within the Board, the Audit Committee is primarily responsible for continuously assessing the company's risk situation, after which the Board performs an annual review of the risk situation.

The company actively performs different control activities in order to identify, address and rectify risks in all parts of the organisation, and to ensure and improve internal control in operations. As part of the work with internal control, the company's key risks are assessed, evaluated and compiled on a yearly basis. Each identified risk is assessed based on its probability and potential impact/effect on operations. The work mainly concerns strategic and operational risks, but financial and legal risks and other key risks are also processed.

Uniform accounting and reporting instructions apply to all entities within the Group. The Group's guidelines for internal control are followed up in all entities during the financial year. The financial development of the local entities is continuously monitored through monthly reporting, which mainly focuses on revenue, earnings and the order book. It also includes legal and operational follow-up, with a focus on individual projects. Other key components of

the internal control are the annual business planning process, and budget and forecast processes.

Information and communication

The company has information and communication channels to ensure the financial reporting is correct and to facilitate reporting and feedback from the operations to the Board of Directors and management – for example, by making corporate governance documents such as internal policies, guidelines and instruction regarding the financial reporting available and known to the employees concerned. Financial reporting is carried out in a shared Group system with pre-defined reporting templates.

The company's financial reporting complies with Swedish laws and regulations and the local laws in each country where operations are conducted. The company's information to shareholders and other stakeholders is provided through the annual report, interim reports and press releases.

Monitoring

The compliance and effectiveness of the internal control is constantly monitored. The CEO ensures that the Board of Directors continuously receives reports on the development of the company's activities, including the development of the company's results and financial position as well as information regarding important issues and events. The CEO also reports on these matters at every ordinary Board meeting.

The Board and the Audit Committee examine the annual report and interim reports and conduct financial evaluations in accordance with an established plan and model. The Audit Committee monitors the financial reporting and other related matters and regularly discusses these matters with the auditors.

During the monitoring of the compliance and effectiveness of the internal control activities, the Board found that they are properly applied in the Group in all material respects and determined that an internal control function is the most effective method for monitoring the Group's internal control, given the format of the company's risk assessment and control activities. The Board has therefore decided not to establish a separate internal audit function.

Consolidated income statement

(SEKm)	Note	01/01/2018 31/12/2018	01/01/2017 31/12/2017
Operating income			
Net Sales	4	4,973.7	3,955.5
Other operating income	9	0.3	6.4
		4,974.0	3,961.9
Operating expenses			
Cost of goods sold		-3,926.2	-3,135.6
Personnel costs	7, 8	-420.4	-306.2
Other external costs and operating expenses	6, 26	-469.6	-373.5
Other operating expenses	9	-4.6	-0.3
Depreciation and amortization of tangible and intangible fixed assets	13, 14	-65.8	-54.7
		-4,886.7	-3,870.4
Operating income		87.2	91.5
Financial items			
Financial income	10	32.7	2.1
Financial expenses	10, 20	-72.6	-56.8
		-39.9	-54.7
Profit/loss before tax		47.3	36.8
Tax			
Income tax	11	3.5	-8.1
PROFIT/LOSS FOR THE YEAR		50.8	28.7
Attributable to:			
Equity holders of the parent		49.9	28.7
Non-controlling interest		0.9	-
PROFIT/LOSS FOR THE YEAR		50.8	28.7
Earnings per share before dilution, (SEK)	12	-0.00	-3.99
Earnings per share after dilution, (SEK)	12	-0.00	-3.99

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(SEKm)	Note	01/01/2018	01/01/2017
		31/12/2018	31/12/2017
Profit/loss for the year		50.8	28.7
Other comprehensive income			
<i>Items that may be reclassified subsequently to PnL</i>			
Translation differences for the year		7.2	2.1
	12, 19	7.2	2.1
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		58.0	30.8
Attributable to:			
Parent company shareholders		58.2	30.8
Non-controlling interest		-0.2	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		58.0	30.8

CHANGE IN NUMBER OF SHARES IN THE PERIOD

As part of the preparations for the company's IPO on Nasdaq Stockholm, 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 through a bonus issue without issuing new shares. The same meeting subsequently resolved to reduce the share capital by SEK 2,896 by withdrawing 241,332 series A ordinary shares without repayment to the shareholders. The meeting also 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. 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 (publ) 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 December, the total number of shares in the company thereby totalled 107,368,421.

Consolidated statement of financial position

(SEKm)	Note	31/12/2018	31/12/2017
ASSETS			
Non-current assets			
Intangible fixed assets	13		
Development expenses		77.4	40.8
Trademarks		827.3	784.5
Customer relationships		312.0	338.9
Goodwill		2,590.7	2,451.1
Other intangible fixed assets		8.6	2.1
		3,815.9	3,617.4
Tangible fixed assets	14		
Equipment		11.7	8.0
Buildings and land		11.3	10.8
Leasehold improvements		11.2	13.5
		34.2	32.3
Financial fixed assets			
Other financial fixed assets		5.4	4.5
		5.4	4.5
Deferred tax asset	11	6.0	15.5
Total fixed assets		3,861.5	3,669.6
Current assets			
Inventories	16		
Finished goods and merchandise		500.7	399.5
Advances to suppliers		4.2	1.0
		504.9	400.4
Short term receivables			
Accounts receivable	17	79.7	51.8
Other current receivables, non-interest-bearing		59.5	52.6
Prepaid expenses and accrued income	18	119.4	88.4
		258.6	192.8
Cash and cash equivalents	25		
Cash and cash equivalents		226.9	156.1
		226.9	156.1
Total current assets		990.4	749.3
TOTAL ASSETS		4,851.9	4,418.9

(SEKm)	Note	31/12/2018	31/12/2017
EQUITY AND LIABILITIES			
Equity	19		
<i>Equity attributable to owners of the parent</i>			
Share capital		3.2	2.4
Other capital contributions		2,667.4	2,323.1
Reserves		9.4	1.1
Retained earnings		103.0	48.5
		2,783.1	2,375.1
<i>Non-controlling interest</i>			
Non-controlling interest		31.3	-
Total equity		2,814.4	2,375.1
Non-current liabilities	25		
<i>Interest-bearing</i>			
Liabilities to credit institutions	20	694.9	893.3
Other liabilities	22, 25	278.3	212.7
		973.3	1,105.9
<i>Non-interest-bearing</i>			
Deferred tax liability	11	234.3	259.0
Other provisions	21	1.9	1.4
		236.3	260.4
Long term liabilities to Group companies		1,209.5	1,366.4
Current liabilities	25		
<i>Interest-bearing</i>			
Liabilities to credit institutions	20	-	44.2
Other liabilities	22, 25	42.0	36.9
		42.0	81.1
<i>Non-interest-bearing</i>			
Advance from customers		75.9	56.4
Accounts payable		497.9	370.1
Tax liabilities		13.6	16.5
Other liabilities		68.8	51.4
Accrued expenses and prepaid income	23	129.8	102.0
		786.0	596.4
Total current liabilities		828.1	677.5
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		4,851.9	4,418.9

For information concerning pledged assets and contingent liabilities, see Note 24.

Consolidated statement of changes in equity

(SEKm)	Note	Equity attributable to the Parent Company shareholder's				Total	Non-controlling interest	Total equity
		Share capital	Other capital contributions	Translations reserve	Retained earnings incl. Profit/loss for the year			
Opening balance, January 1, 2017		1.7	1,680.1	-1.0	19.7	1,700.6	-	1,700.6
Comprehensive income for the year								
Profit/loss for the year					28.7	28.7		28.7
Other comprehensive income				2.1		2.1		2.1
		-	-	2.1	28.7	30.8	-	30.8
Transactions with owners								
<i>Contributions by and transfer of value to the Group's owners</i>								
New share issue		0.6	643.0			643.6		643.6
		0.6	643.0	-	-	643.6	-	643.6
Closing balance, December 31, 2017		2.4	2,323.1	1.1	48.5	2,375.1	-	2,375.1
Comprehensive income for the year								
Profit/loss for the year					49.9	49.9	0.9	50.8
Other comprehensive income				8.3		8.3	-1.1	7.2
		-	-	8.3	49.9	58.2	-0.2	58.0
Transactions with owners								
<i>Contributions by and transfer of value to the Group's owners</i>								
New share issue *		0.9	344.3			345.2		345.2
Warrants	7				4.6	4.6		4.6
Transactions with non-controlling interest	5						31.5	31.5
		0.9	344.3	-	4.6	349.8	31.5	381.3
Closing balance, December 31, 2018		3.2	2,667.4	9.4	103.0	2,783.1	31.3	2,814.4

* Transaction-related costs of approximately SEK 8.1 million (SEK 6.3 million after tax) attributable to the issue of new ordinary shares are recognised net after tax directly in shareholders' equity, as a reduction of the share issue proceeds.

Consolidated statement of cash flows

(SEKm)	Note	01/01/2018 31/12/2018	01/01/2017 31/12/2017
Operating operations			
Profit before tax		47.3	36.8
Adjustments for items not included in cash flow	27	83.8	57.3
Income tax paid		-33.2	-26.6
		97.9	67.4
Cash flow from changes in working capital			
Increase (-)/decrease (+) in inventories		-98.5	47.2
Increase (-)/decrease (+) in other current receivables		-31.1	-31.2
Increase (+)/decrease (-) in accounts payable		110.5	27.4
Increase (+)/decrease (-) in other current liabilities		41.8	30.4
		22.7	73.7
Cash flow from operating activities		120.6	141.2
Investing activities			
Investment in operations	5	-58.4	-731.7
Investments in tangible fixed assets	14	-8.9	-7.6
Divestment of tangible fixed assets	14	0.1	0.1
Investments in intangible fixed assets	13	-59.5	-21.0
Divestment of financial fixed assets		0.3	-
Cash flow from/ to investing activities		-126.3	-760.1
Financing activities			
New share issue		343.4	425.6
Issue of warrants		4.6	-
Loans taken	25, 28	693.9	401.3
Amortization of loans	25, 28	-968.5	-106.2
Cash flow to/from financing activities		73.5	720.7
Cash flow		67.7	101.7
Cash and cash equivalents at the beginning of the year			
Translation differences in cash and cash equivalents		3.1	1.0
Cash and cash equivalents at the end of the year	28	226.9	156.1

Parent Company income statement

(SEKm)	Note	01/01/2018 31/12/2018	01/01/2017 31/12/2017
Operating income			
Net sales	4	2.4	0.9
		2.4	0.9
Operating expenses			
Personnel costs	7, 8	-15.9	-6.8
Other external costs and operating expenses	6, 26	-18.7	-12.2
Other operating expenses		-0.0	-0.0
		-34.7	-19.0
Operating income		-32.3	-18.1
Financial items			
Financial income	10	0.7	0.2
Financial expenses	11, 21	-0.6	-
		0.1	0.2
Profit/loss after financial items		-32.2	-17.9
Appropriations			
Group contributions received		29.5	18.2
		29.5	18.2
Profit/loss before tax		-2.6	0.3
Tax			
Income tax	11	0.5	-0.1
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		-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.

Parent Company balance sheet

(SEKm)	Note	31/12/2018	31/12/2017
ASSETS			
Non-current assets			
Intangible fixed assets	13		
Development expenses		0.1	-
Other intangible fixed assets		0.2	-
		0.2	-
Financial fixed assets			
Participations in Group companies	15	2,691.6	2,352.1
Receivables in Group companies		29.0	5.0
		2,720.6	2,357.1
Deferred tax assets	11	2.3	-
Total fixed assets		2,723.1	2,357.1
Current assets			
Short term receivables			
Receivables in Group companies		72.7	18.2
Other receivables		1.3	2.2
Prepaid expenses and accrued income	18	0.2	0.0
		74.2	20.4
Cash and cash equivalents	25		
Cash and cash equivalents		6.6	18.3
		6.6	18.3
Total current assets		80.8	38.7
TOTAL ASSETS		2,803.9	2,395.8

(SEKm)	Note	31/12/2018	31/12/2017
EQUITY AND LIABILITIES			
Equity	19		
<i>Restricted equity</i>			
Share capital		3.2	2.4
		3.2	2.4
<i>Unrestricted equity</i>			
Share premium reserve		2,667.4	2,323.1
Retained earnings		54.8	49.9
Profit/loss for the year		-2.1	0.2
		2,720.1	2,373.2
Total equity		2,723.3	2,375.6
Liabilities to credit institutions		30.0	-
Total non-current liabilities		30.0	-
Current liabilities			
Accounts payable		0.7	0.2
Liabilities to Group companies		43.2	10.3
Tax liabilities		-	0.0
Other liabilities		0.1	1.1
Accrued expenses and prepaid income	23	6.6	8.6
Total current liabilities		50.6	20.2
TOTAL SHAREHOLDERS' EQUITY AND LIABILITY		2,803.9	2,395.8

Parent Company statement of changes in equity

(SEKm)	Note	Restricted equity	Unrestricted equity			Total equity
		Share capital	Share premium reserve	Retained earnings	Profit/loss for the year	
Opening balance, January 1, 2017		1.7	1,680.1	50.0	-0.1	1,731.8
Comprehensive income for the year						
Appropriation of profits according to decision on annual general meeting				-0.1	0.1	-
Profit/loss for the year					0.2	0.2
		-	-	-0.1	0.3	0.2
Transactions with owners						
Contributions by and transfer of value to the Group's owners						
New share issue		0.6	643.0			643.6
		0.6	643.0	-	-	643.6
Closing balance, December 31, 2017		2.4	2,323.1	49.9	0.2	2,375.6
Comprehensive income for the year						
Appropriation of profits according to decision on annual general meeting				0.2	-0.2	-
Profit/loss for the year					-2.1	-2.1
		-	-	0.2	-2.3	-2.1
Transactions with owners						
Contributions by and transfer of value to the Group's owners						
New share issue *		0.9	344.3			345.2
Warrants	7			4.6		4.6
		0.9	344.3	4.6	-	349.8
Closing balance, December 31, 2018		3.2	2,667.4	54.8	-2.1	2,723.3

* Transaction-related costs of approximately SEK 8.1 million (SEK 6.3 million after tax) attributable to the issue of new ordinary shares are recognised net after tax directly in shareholders' equity, as a reduction of the share is-sue proceeds.

Parent Company statement of cash flows

(SEKm)	Note	01/01/2018 31/12/2018	01/01/2017 31/12/2017
Operating operations			
Profit before tax		-2.6	0.3
Adjustments for items not included in cash flow	27	-29.5	-18.2
Income tax paid		-0.0	-0.0
		-32.2	-17.9
Cash flow from changes in working capital			
Increase (-)/decrease (+) in other current receivables		18.9	-2.2
Increase (+)/decrease (-) in accounts payable		0.6	0.2
Increase (+)/decrease (-) in other current liabilities		-13.3	19.8
		6.2	17.8
Cash flow from operating activities		-26.0	-0.2
Investing activities			
Shareholders' contribution paid out		-339.5	-408.6
Investments in intangible fixed assets	13	-0.2	-
Loans to group companies		-24.0	-
Cash flow from/ to investing activities		-363.7	-408.6
Financing activities			
New share issue		343.4	425.6
Issue of warrants		4.6	-
Loans taken	25, 28	30.0	-
Cash flow to/from financing activities		378.0	425.6
Cash flow		-11.7	16.9
Cash and cash equivalents at the beginning of the year		18.3	1.5
Cash and cash equivalents at the end of the year		6.6	18.3

Supplementary disclosures

NOTE 1 GENERAL INFORMATION

Bygghemma Group First AB (publ) is registered in Malmö, Sweden. The company's address is Hans Michelsensgatan 9, SE-211 20 Malmö, Sweden. The consolidated income statement and balance sheet at 31 December 2018 include the Parent Company and its subsidiaries.

Bygghemma Group is a leading Nordic online-based provider of home improvement products. Bygghemma Group has continuously increased and broadened its product portfolio and geographical reach and is today a leading online player within DIY and home furnishings.

The DIY segment comprises sales of building materials and related products, and includes the main webstores www.bygghemma.se, www.netrauta.fi, www.taloon.com, www.frishop.dk, www.badshop.se, www.talotarvike.com, www.byghjemme.no, www.golvshop.se, www.byghjemme.dk, www.byggshop.se, www.stonefactory.se, www.golvpoolen.se, www.polarpumpen.se and www.vitvaruexperten.com as well as 16 showrooms in Sweden, Finland, Norway and Denmark.

The Home Furnishing segment comprises sales of furniture, home furnishings and related products, and includes the main webstores www.trademax.se, www.trademax.no, www.trademax.fi, www.trademax.dk, www.chilli.se, www.chilli.no, www.kodin.fi, www.furniturebox.se, www.furniturebox.no, www.furniturebox.fi, www.myhomemobler.dk and www.wegot.se as well as 54 showrooms in Sweden, Finland and Denmark.

Bygghemma Group First AB (publ) has been listed on Nasdaq Stockholm since 27 March 2018. For information about the company's owners, see page 18.

This annual report was approved for publication by the Board of Directors and the CEO on 29 March 2019.

NOTE 2 ACCOUNTING AND MEASUREMENT POLICIES

2.1 Compliance with standards and legislation

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 Parent Company applies the same accounting policies as the Group except in the cases specified below under the section "Parent Company accounting policies".

The Parent Company's functional currency is Swedish kronor (SEK), which also constitutes the reporting currency for the Parent Company and the Group. This means that the financial statements are presented in SEK. All amounts, unless otherwise stated, are rounded to the nearest million.

The accounting policies stated below have been applied consistently to all periods presented in the consolidated financial statements.

2.1.1 Disclosures concerning IFRS and interpretations that became effective in 2018

IFRS 9 Financial Instruments. IFRS 9 came into effect on 1 January 2018 and replaced the earlier standard IAS 39 Financial Instruments: Recognition and Measurement. Compared with IAS 39, IFRS 9 has resulted in changes with respect to the classification and measurement of financial assets, impairment testing of financial assets and hedge accounting. The changes concerning hedge accounting have not impacted Bygghemma since the Group does not apply hedge accounting. In accordance with the transition rules in IFRS 9, Bygghemma has chosen not to restate comparative information.

Classification and measurement

The changed model for classification of financial assets has not impacted the measurement of financial assets in terms of amounts. However, the implementation of IFRS 9 entails that the measurement categories included in IAS 39 are no longer used. The table below presents the original measurement categories according to IAS 39 and the new measurement categories according to IFRS 9 for the Group's financial assets and financial liabilities as of 1 January 2018.

(SEK million)	Classificati on according to IAS 39	Classificat ion according to IFRS 9	Carryin g amount accordi ng to IAS 39	Carryin g amount accordi ng to IFRS 9
Financial assets				
Deposits, accounts receivable, other receivables, accrued income, cash and cash equivalents	Loans and receivables	Amortised cost	256.9	256.9
Participations in unlisted companies	Available-for-sale financial assets	Fair value through profit or loss	1.0	1.0
Financial liabilities				
Credit facilities, accounts payable, other liabilities and accrued expenses	Other liabilities	Other liabilities	1,356.5	1,356.5
Earn-outs/deferred earn-outs	Liabilities measured at fair value	Fair value through profit or loss	249.6	249.6

Under IAS 39, participations in unlisted companies were recognised at cost since their fair value could not be determined with sufficient reliability. This exception has been removed under IFRS 9. Accordingly, participations in unlisted companies are measured at fair value under IFRS 9. Any change in value is recognised in profit or loss under IFRS 9. The transition to IFRS 9 had no impact since the cost according to Bygghemma's assessment comprised a reasonable approximation of the fair value of the participations as of 1 January 2018.

Impairment of financial assets

IFRS 9 requires recognition of a loss allowance that reflects the expected future credit losses, while under IAS 39, objective evidence is required proving that a loss event has occurred before an impairment loss may be recognised. For sales over the Group's e-commerce platforms, a significant portion of payments are made through the customer either paying directly using card/direct payments or through the customer utilising a loan provided by a financial institution with which the Group partners. For card payments, Bygghemma has only a short-term receivable from the card issuer until such time as liquidity is received, and in such cases where the customer chooses to pay with a loan from the Group's financial partner, the Group receives liquidity within a few days. Bygghemma is not exposed to a credit risk for the receivables which the financial institution has from customers who have chosen to pay through a loan from the institution. For the very short-term receivables that arise from the card issuer and from the Group's financial partner, no provision is recognised for expected credit losses due to materiality reasons. In cases where the Group itself offers the customer a loan, accounts receivable arise. However, the Group has historically had very small

credit losses on these types of sales. Implementation of IFRS 9 would have increased the Group's provision for credit losses by only about SEK 8 thousand as of 1 January 2018. Given this insignificant amount, the carrying amount for the provision for credit losses will not be adjusted in connection with the transition to IFRS 9.

IFRS 15 Revenue from Contracts with Customers. IFRS 15 Revenue from Contracts with Customers came into effect on 1 January 2018 and replaced IAS 18 Revenue. According to IFRS 15, the sales revenue from goods sold is to be reduced by the value of goods expected to be returned at the same time as an adjustment is also to be made of the cost of goods sold, taking into account the expected return rate. In such cases, a debt for repayments to the customer for the returned goods is recognised in the balance sheet as well as an asset matching the right to regain the goods. Under its earlier accounting policies, the Group has already adjusted the sales revenue and the cost of goods sold for the expected return rate in the manner required under IFRS 15. Accordingly, the transition to IFRS 15 has not had any impact on the Group's recognition of returns. Nor has the implementation of IFRS 15 had any material impact on the Group other than introducing expanded disclosure requirements.

2.1.2 New IFRS that have not yet been applied

IFRS 16 Leases. Bygghemma will apply IFRS 16 Leases as of 1 January 2019. IFRS 16 introduces a single lease recognition model for the lessee. A lessee recognises a right-of-use asset that represents a right to use the underlying asset and a lease liability that represents an obligation to make lease payments. The standard grants an exemption for short-term leases and leases where the assets have a low value.

IFRS 16 Leases replaces the existing IFRS related to the recognition of leases, such as IAS 17 Leases, IFRIC 4 Determining Whether an Arrangement Contains a Lease, SIC 15 Operating Leases – Incentives and SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

Bygghemma will recognise new assets and liabilities for operating leases primarily concerning rented warehouse, office and store premises. The costs for these leases will change, since the Group will recognise depreciation for right-of-use assets and interest expenses for lease liabilities. In the past, the Group recognised operating lease liabilities on a straight-line basis over the lease term and recognised assets (prepaid lease payments) and liabilities (accrued lease payments) only insofar as there was a difference between the actual lease payments and the recognised expense.

The Group will apply the modified retrospective approach. This entails that the accumulated impact of the implementation of IFRS 16 will be recognised in accumulated profit or loss in the opening balance as of 1 January 2019 without restating comparative figures. The right-of-use assets attributable to earlier operating leases will be measured at an amount corresponding to what would have been recognised if IFRS 16 had been applied as of the date when the lease was entered into, discounted by the incremental borrowing rate as of 1 January 2019. In accordance with the transition rules to IFRS 16, the Group also chose to exclude the leases concluded in 2019 from the liability recognised as of 1 January 2019.

Based on the information available, Bygghemma estimates that the Group will recognise additional lease liabilities of approximately SEK 366 million, right-of-use assets of about SEK 353 million and deferred tax assets of approximately SEK 3 million, which will reduce the Group's equity by about SEK 10 million, net, as of 1 January 2019.

Bygghemma expects that operating income and EBITA for 2019 will increase by approximately SEK 7 million compared with if previous accounting policies had been used, since a portion of the lease liabilities will be recognised as interest expenses. Moreover, cash flow from operating activities and operating cash flow will be impacted positively since the repayment rate of the lease payments is recognised in financing activities.

Low-value leases (leases where the underlying assets have a value of SEK 50 thousand or less in new condition) – which mainly comprise computers, printers/photocopiers and coffee machines – will not be included in the lease liability and will instead continue to be recognised as an expense on a straight-line basis over the lease term. Leases with a term of 12 months or less, so-called short-term leases, are not deemed to exist in the Group to any material extent.

Under IFRS 16, the Group will exclude non-lease components from the lease payments.

The Group's assumptions concerning operating leases amounted to SEK 455 million on 31 December 2018; refer to Note 26. The difference between this amount and the liability of approximately SEK 366 million, which will be recognised under IFRS 16 as of 1 January 2019, is mainly attributable to the fact that the Group has chosen to exclude leases that expire in 2019 from the lease liability in accordance with IFRS 16.

None of the other IFRS or IFRIC interpretations that have yet to come into effect are expected to have any material impact on the Group.

2.1.3 Measurement basis applied to the preparation of the financial statements

Assets and liabilities are recognised at historical cost, except for financial instruments. Financial assets and financial liabilities are measured at amortised cost with the exception of liabilities for earn-outs, which are measured at fair value.

2.2 Classification

Non-current assets and non-current liabilities consist, in all material respects, of amounts expected to be recovered or paid more than 12 months from the balance-sheet date. Current assets and current liabilities consist, in all material respects, of amounts expected to be recovered or paid within 12 months from the balance-sheet date.

2.3 Operating segment reporting

An operating segment is a part of the Group that conducts operations that can generate revenue and incur costs, and for which independent financial information is available. The earnings of an operating segment are also monitored by the company's chief operating decision-maker to enable them to be assessed and to allow resources to be allocated to the operating segment. The Group's operations are divided into two operating segments:

DIY is a retailer of building materials, and primarily comprises the webstores www.bygghemma.se, www.netrauta.fi, www.taloon.com, www.frishop.dk, www.badshop.se, www.talotarvike.com, www.byghjemme.no, www.golvshop.se, www.byghjemme.dk, www.byggshop.se, www.stonefactory.se, www.golvpoolen.se, www.polarpumpen.se and www.vitvaruexpertern.com as well as 16 showrooms in Sweden, Finland, Norway and Denmark.

Home Furnishing is a retailer of furniture and home furnishings, and primarily comprises the webstores www.trademax.se, www.trademax.no, www.trademax.fi, www.trademax.dk, www.chilli.se, www.chilli.no, www.kodin.fi, www.furniturebox.se, www.furniturebox.no, www.furniturebox.fi, www.myhomemobler.dk and www.wegot.se as well as 54 showrooms in Sweden, Finland and Denmark.

2.4 Consolidation policies and business combinations

2.4.1 Subsidiaries

Subsidiaries are companies that are under Bygghemma Group First AB's (publ) controlling influence. Controlling influence entails a direct or indirect right to shape a company's financial and operational strategies in order to obtain financial benefits. To assess whether a controlling influence exists, potential voting shares that can be immediately utilised or converted are taken into account.

2.4.2 Acquisitions

Subsidiaries are recognised in accordance with the purchase method of accounting. When applying the method, an acquisition of a subsidiary is viewed as a transaction in which the Group indirectly acquires the subsidiary's assets and assumes its liabilities. The acquisition analysis determines the fair value, on the date of acquisition, of the identifiable assets, assumed debts and any non-controlling interests. Transaction fees that arise, except for transaction fees attributable to issues of equity instruments or debt instruments, are recognised directly in profit or loss.

In business combinations where the transferred remuneration, any non-controlling interests and the fair value of previously held participations (step acquisitions) exceed the fair value of the acquired assets and assumed liabilities that are to be recognised separately, the difference is recognised as goodwill. If the difference is negative, known as a bargain acquisition, it is recognised directly in profit or loss.

When an acquisition does not involve 100 percent of the subsidiary, a non-controlling interest arises. There are two alternative methods for recognising non-controlling interests. These two alternatives are recognising the non-controlling interest's proportionate share of net assets or recognising the non-controlling interest at fair value, which means that the non-controlling interest has a share of goodwill. Bygghemma recognises the non-controlling interests' proportionate share of net assets.

For step acquisitions, the goodwill is established at the same time as the controlling interest arises. Previous holdings are measured at fair value and the change in value is recognised in profit or loss.

For divestments that lead to a loss of controlling influence but where a holding remains, the holding is measured at fair value and the change in value is recognised in profit or loss.

2.4.3 Acquisitions of non-controlling interests

Acquisitions of non-controlling interests are recognised as a transaction of equity, meaning between the owner of the Parent Company (within retained earnings) and the non-controlling interest. This is the reason why goodwill does not arise in these transactions. The change in non-controlling interests is based on their proportionate share of net assets.

2.4.4 Put options and call options on acquiring non-controlling interests

In connection with acquisitions, the Group has entered into agreements with non-controlling interests to acquire their holdings at some point in the future. These put options and call options on acquiring non-controlling interests are recognised as a financial liability, initially at the estimated

discounted value of the future strike amount (fair value), and they reduce the equity of non-controlling interests in the Group when the shares are considered to be acquired. Accordingly, the Group does not recognise non-controlling interests for these entities in subsequent periods and their profit/loss is attributed in its entirety to Parent Company shareholders. Any remeasurements of the liabilities are recognised in profit or loss.

2.4.5 Transactions eliminated on consolidation

Intra-Group receivables and liabilities, revenue or expenses, and unrealised gains or losses arising in intra-Group transactions between Group companies are eliminated in their entirety when preparing the consolidated financial statements.

2.5 Foreign currency

2.5.1 Transactions in foreign currency

Transactions in foreign currency are translated to the functional currency using the exchange rate prevailing on the transaction date. The functional currency is the currency of the primary economic environments in which the companies conduct their operations. Monetary assets and liabilities in foreign currency are translated to the functional currency at the exchange rate prevailing on the balance-sheet date. Exchange-rate differences that arise during translation are recognised in profit or loss.

2.5.2 Financial statements for foreign operations

Assets and liabilities in foreign entities, including goodwill and other consolidated surplus values and deficits, are translated from the foreign entity's functional currency to the Group's reporting currency, SEK, at the exchange rate prevailing on the balance-sheet date. Revenue and expenses from a foreign operation are translated to SEK using an average exchange rate which is an approximation of the exchange rates prevailing at the various transaction dates. Exchange-rate differences arising from currency translation in foreign operations are recognised in other comprehensive income and accumulated in a separate component of equity, called the translation reserve. In the event of a foreign operation not being wholly owned, the translation difference is allocated to non-controlling interests based on the proportional ownership. When a foreign entity is divested, the accumulated translation differences attributable to the entity are realised, upon which they are reclassified from the translation reserve in equity to profit or loss. In the case of a divestment where the controlling interest remains, a proportional share of the accumulated translation difference is transferred from other comprehensive income to non-controlling interests.

2.6 Revenue

2.6.1 Sale of goods via e-commerce platforms

Revenue from the sale of goods via e-commerce platforms is recognised at a certain point in time, usually when the goods have been submitted to a third-party logistics

company since control over the goods is transferred at this point. Revenue is recognised after deducting value added tax, discounts and the expected return rate. The majority of total sales are made to consumers who, depending on the country, usually have a right of withdrawal for distance shopping. At the same time as a deduction is made from the revenue for expected returns of goods, a deduction is also made from the cost of goods sold corresponding to the cost of the goods expected to be returned. The revenue reduction for the expected return rate is recognised as a liability for returns under "Accrued expenses and deferred income" in the statement of financial position, while a return asset that reflects the right to receive the returned goods is recognised under "Prepaid expenses and accrued income". The Group reassesses its estimate of expected returns on each balance-sheet date and updates the amount of the asset and the liability accordingly.

The Group's revenue shows seasonal variations. Along with the third quarter, the second quarter normally has the highest sales.

The policies for recognising revenue from the sale of goods via e-commerce platforms before the transition to IFRS 15 on 1 January 2018 corresponded to those specified above, with the exception that the liability for returns and the return asset were recognised in a net amount in the statement of financial position; refer also to section 2.1.1 above.

2.6.2 Gift cards

Revenue from sales of gift cards is recognised as a liability when the gift card is exchanged for a product. The liability is included in other liabilities.

2.7 Leasing

2.7.1 Operating leases

Costs related to operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Benefits received in connection with the signing of a contract are recognised in profit or loss as a straight-line reduction in lease payments over the term of the lease. Variable fees are expensed in the periods in which they arise. See also Note 26.

2.8 Financial income and expenses

Financial income comprises interest income on invested funds and is recognised in profit or loss applying the effective interest method.

Financial expenses consist of interest expenses on loans. Borrowing costs are recognised in profit or loss applying the effective interest method.

Exchange rate gains and losses are recognised on a net basis in operating income for operational activities and on a financial basis for financial items.

Gains and losses arising from a change in the fair value of contingent earn-outs, and liabilities to non-controlling interests, are recognised among financial items.

The effective interest rate is the rate that discounts the estimated future receipts and disbursements during the financial instrument's expected term to the recognised net value of the financial receivable or liability. The calculation includes all fees paid or received by the contractual parties, transaction costs or other premiums or deficits.

2.9 Taxes

Income tax comprises current tax and deferred tax. Income tax is recognised in profit or loss, except when the underlying transaction is recognised in other comprehensive income or in equity, in which case the associated tax effect is also recognised in other comprehensive income or in equity.

Current tax is tax to be paid or refunded relating to the current year, with the application of the tax rates resolved, or in practice resolved, as of the balance-sheet date. Current tax also includes adjustments of current tax attributable to earlier periods.

Deferred tax is calculated in accordance with the balance-sheet method, based on temporary differences between carrying amounts and tax bases of assets and liabilities. Temporary differences are not taken into account in consolidated goodwill; nor are they taken into account for differences arising on initial recognition of assets and liabilities that are not business combinations which, at the time of the transaction, do not affect recognised or taxable earnings.

Furthermore, temporary differences related to participations in subsidiaries that are not expected to be transferred within a foreseeable future are not taken into account. The measurement of deferred tax is based on how the underlying assets or liabilities are expected to be realised or settled. Deferred tax is calculated by applying the tax rates and tax rules resolved, or in practice resolved, as of the balance-sheet date. Deferred tax assets pertaining to deductible temporary differences and loss carryforwards are recognised only to the extent that it is probable that it will be possible to utilise them. The value of the deferred tax assets is reduced when it is no longer considered likely that they can be utilised.

Potential additional income tax related to dividends is recognised at the same time as the dividend is recognised as a liability.

2.10 Financial instruments

Financial instruments recognised in the statement of financial position include deposits, accounts receivable, other receivables, accrued income, participations in unlisted companies, cash and cash equivalents on the

asset side. The liability side includes liabilities through the Group's credit facility, earn-outs, accounts payable, other liabilities and accrued expenses.

2.10.1 Recognition in and derecognition from the statement of financial position

A financial asset or financial liability is recognised in the statement of financial position when Bygghemma becomes party to the asset or liability in accordance with the instrument's contractual conditions. Accounts receivable are recognised in the statement of financial position when an invoice has been sent. A liability is recognised when the counterparty has performed and a contractual obligation for the company to pay exists, even if an invoice has not yet been received. Accounts payable are recognised when an invoice has been received.

On some of the Group's e-commerce platforms, customers are offered loans from a financial institution that Bygghemma partners with to finance their purchases. If the customer chooses to utilise such a credit solution, the financial institution receives a receivable from the customer, while Bygghemma receives liquidity from the institution within a couple days of the completed purchases. Bygghemma assumes no credit risk or other risk for the receivables the credit institution has from the customer. Accordingly, Bygghemma recognises no accounts receivable in the statement of financial position if the customer chooses to utilise a credit solution from the financial institution, since in these cases it is the financial institution that is entitled to receive payment from the customer and is entitled to all of the risks and rewards associated with the receivable. However, during the period from the time the purchase is made until Bygghemma receives liquidity from the financial institution, Bygghemma recognises a receivable from the institution for the liquidity amount.

A financial asset is derecognised from the statement of financial position when the rights in the contract are realised, expire or Bygghemma loses control of them. A financial liability is derecognised from the statement of financial position when the obligation in the contract is met or extinguished in another manner.

Acquisitions and divestments of financial assets are recognised on the settlement day. The settlement day is the day on which an asset is delivered to or from the company.

2.10.2 Classification and measurement of financial assets

All financial assets, except the Group's participations in unlisted companies, are measured at amortised cost, since they are held within the framework of a business model wherein the aim is to receive the contractual cash flows, while the cash flows from the assets only comprise payments of the principal and interest.

Participations in unlisted companies are measured at fair value through profit or loss. However, Bygghemma Group First has concluded that the cost of participations in unlisted companies is a fair approximation of their fair value; see Note 25.

2.10.3 Subsequent classification and measurement of financial liabilities

Financial liabilities are classified as either measured at amortised cost or measured fair value through profit or loss. The Group's liabilities for earn-outs attributable to business combinations are measured at fair value through profit or loss. Other financial liabilities are recognised at amortised cost.

Recognition of financial income and expenses is also addressed under accounting policy 2.8 above.

2.10.4 Classification of financial assets and financial liabilities in 2017

In 2017, the Group's financial assets were classified in the following categories in accordance with IAS 39:

- Loans and receivables
- Available-for-sale financial assets
- Financial liabilities were classified as follows in 2017:
- Liabilities measured at fair value through profit or loss
- Other liabilities

For information concerning classification of financial assets and financial liabilities in the comparative year, refer to Note 25.

2.11 Tangible fixed assets

Tangible fixed assets are recognised in the Group at cost less accumulated depreciation and any impairment. Cost includes the purchase price and costs directly attributable to transporting the asset to the correct site and preparing it for the manner intended by the acquisition. Borrowing costs directly related to the purchase, construction or production of assets that took a significant amount of time to finalise for the intended use or sale are included in cost.

The carrying amount of a tangible asset is derecognised from the statement of financial position when it is disposed or divested or when no future financial benefits are expected from the use or disposal/divestment of the asset.

Gains or losses arising from the divestment or disposal of an asset consist of the difference between the selling price and the asset's carrying amount less direct selling expenses. Gains and losses are recognised as other operating income/expenses.

2.11.1 Depreciation policies for tangible fixed assets

Depreciation is effected straight line over the estimated useful life of the asset. The depreciation methods, residual values and useful lives used are retested at the end of each year.

The estimated useful lives are:

Equipment	5 years
Buildings	20 years

2.12 Intangible fixed assets**2.12.1 Intangible fixed assets with an indefinite useful life****2.12.1.1 Goodwill**

Goodwill is measured at cost less any accumulated impairment losses. Goodwill is distributed to cash generating units and is tested, at least annually, for impairment (see accounting policy 2.14). The Group's cash generating units match the operating segments (see accounting policy 2.3).

2.12.1.2 Trademarks

Trademarks are recognised at cost less any accumulated impairment losses. Trademarks are allocated to cash generating units and are tested, at least annually, for impairment (see accounting policy 2.14).

2.12.2 Intangible fixed assets with a definite useful life**2.12.2.1 Development expenditure**

Expenditure for development of new or improved products and processes is recognised as an asset in the statement of financial position if the process is technically and commercially useful and the Group has sufficient resources for completion. The carrying amount includes direct costs and, when applicable, salary costs and share of indirect costs. Other expenses are recognised in profit or loss as a cost when they arise. In the statement of financial position, capitalised development expenditure is recognised at cost less accumulated amortisation and any impairment losses. Capitalised development expenditure is mainly related to software and software platforms.

2.12.2.2 Customer relationships

Customer relationships are recognised at cost less accumulated amortisation (see below) and any impairment losses (see accounting policy 2.14).

2.12.2.3 Other intangible fixed assets

Other intangible fixed assets are recognised at cost less accumulated amortisation (see below) and any impairment losses (see accounting policy 2.14).

2.12.3 Amortisation policies for intangible fixed assets

Amortisation is recognised in profit or loss straight line over the intangible fixed asset's estimated useful life, unless the useful life is indefinite. The useful life is retested at least annually. Goodwill and trademarks with an indefinite useful

life are tested for impairment annually or as soon as there are indications implying that the asset's value has decreased. Intangible fixed assets with a definite useful life are amortised from the point in time when they become available for use.

The estimated useful lives are:

Development expenditure	5 years
Customer relationships	10 years
Other intangible fixed assets	5 years

2.13 Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is calculated using the first-in-first-out principle (FIFO). Net realisable value is the estimated selling price in the operating activities less the estimated cost of completion and sale. Inventory cost is based on cost and includes costs arising in connection with acquisition of goods and bringing the goods to their condition and location. Reserves for obsolescence are included in the cost of goods sold.

2.14 Impairment

The Group's recognised assets are tested at each balance-sheet date to determine if there is an indication of an impairment requirement. IAS 36 is applied for impairment of assets other than financial assets, which are recognised in accordance with IFRS 9.

2.14.1 Impairment of tangible and intangible fixed assets

If there is an indication of an impairment requirement, the recoverable amount of the asset is calculated (see below). The recoverable amount of goodwill, trademarks and intangible fixed assets not yet ready for use is also calculated annually.

If it is not possible to determine essentially independent cash flows for an individual asset and its fair value less selling expenses cannot be used, the assets are to be grouped for impairment testing at the lowest level at which it is possible to identify essentially independent cash flows – referred to as a cash generating unit.

An impairment loss is recognised when an asset's or cash generating unit's (group of units) carrying amount exceeds the recoverable amount. An impairment loss is recognised as a cost in profit or loss. If a need for impairment is identified that cannot be attributed to an individual asset but only to a cash generating unit (group of units), the impairment amount is allocated primarily to goodwill. Thereafter, a proportional impairment of other assets included in the unit (group of units) is carried out.

The recoverable amount is the highest of the fair value less selling expenses and value in use. For the purpose of calculating the value in use, future cash flows are discounted using a discount factor that reflects risk-free interest rate and the risk associated with the specific asset.

Impairment losses are reversed if there is an indication that the impairment requirement no longer exists and a change has been made to the assumptions that formed the basis of the calculation of the recoverable amount. However, impairment of goodwill is never reversed. A reversal is only performed to the extent that the carrying amount of the asset after reversal does not exceed the carrying amount that would have been recognised, less any depreciation/amortisation where relevant, if no impairment loss had been recognised.

2.14.2 Impairment of financial assets

Bygghemma recognises provisions for expected credit losses on financial assets measured at amortised cost. The loss allowance for accounts receivable is measured at an amount corresponding to the expected credit losses throughout the term of the receivable.

A need for impairment of accounts receivable is established using historical experience of customer bad debts for similar claims. The credit losses are measured as the present value of all deficits in the cash flows (meaning the difference between the contractual cash flows and the cash flow the Group expects to receive). Accounts receivable are normally 100 percent impaired 90 days after the repayment date since, according to Bygghemma's assessment, this corresponds to the expected credit loss at this point in time.

The loss allowance reduces the fair value of the assets in the statement of financial position.

In 2017, loss allowances are recognised in accordance with IAS 39. Under IAS 39, an impairment loss is to be recognised only when a credit event has occurred that has a negative impact on the possibility to recover the entire value of the receivable.

2.15 Dividends to owners

2.15.1 Dividends

Dividends are recognised as a liability after the Annual General Meeting has approved the dividend.

2.15.2 Buyback of own shares

Buybacks of own shares are recognised as a deduction from equity. Proceeds from the divestment of such equity instruments are recognised as an increase in equity. Any transaction costs are recognised directly in equity.

2.16 Employee benefits

2.16.1 Short-term employee benefits

Short-term employee benefits are calculated without discounting and recognised as an expense when the related services are provided.

A provision is recognised for the expected cost of bonus payments when the Group has a valid legal or informal obligation to make such payments as a result of services received from employees and the obligation can be reliably calculated.

2.16.2 Long-term employee benefits

Incentive programme

In 2018, Bygghemma introduced an incentive programme for key employees in the Group. Within the framework of the programme, participants are offered an opportunity to acquire warrants at a price corresponding to the fair value of the warrants on the subscription date. Since the warrants are acquired at fair value, no cost for the programme arises that must be allocated to a particular period under IFRS 2 Share-based Payment. The warrant premium received has been recognised in retained earnings.

2.16.3 Defined-contribution pension plans

Plans where the company's obligation is limited to the fees that the company has undertaken to pay are classified as defined-contribution pension plans. In such cases, the amount of the employee's pension depends on the contributions that the company pays to the plan or to an insurance company and the return generated by the contribution. Consequently, it is the employee who bears the actuarial risk (that remuneration can be lower than expected) and the investment risk (that the invested assets will be insufficient for the expected remuneration). The company's obligations regarding contributions to defined-contribution plans are recognised as an expense in profit or loss at the rate at which they are vested by employees performing services for the company during a period.

2.16.4 Termination benefits

A cost for termination of employment is only recognised if the company is evidently obliged, without a realistic possibility of withdrawal, due to a formal detailed plan to terminate employment before the usual point in time. When benefits are paid as an offer to encourage voluntary redundancy, an expense is recognised if it is probable that the offer will be accepted and the number of employees who will accept the offer can be reliably estimated.

2.17 Provisions

A provision differs from other liabilities because there is uncertainty regarding the date of payment and the amount required for settling the provision. A provision is recognised in the statement of financial position when there is an existing legal or informal obligation due to an event that has occurred, and it is probable that an outflow of financial resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

Provisions are made in an amount that corresponds to the most reliable estimate of the amount required to settle the existing commitment on the balance-sheet date. Where the effect of when a payment is made is significant, provisions are calculated through the discounting of the anticipated future cash flow at an interest rate before tax that reflects current market assessments of the time value of money and, if applicable, the risks related to the liability.

2.18 Contingent liabilities

A contingent liability is recognised when there is a possible commitment originating from events that have occurred and whose occurrence is confirmed only by one or several uncertain future events or when there is a commitment that is not recognised as a liability or provision because it is not probable that an outflow of resources will be required.

2.19 Parent Company accounting policies

The Parent Company prepares its annual accounts in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Accounting Standards Council's recommendation RFR 2 Accounting for legal entities. Statements issued by the Swedish Financial Accounting Standard Council for listed companies are also applied. RFR 2 entails that the Parent Company, in the annual accounts for the legal entity, is required to apply all EU-approved IFRS and statements, as far as possible, within the framework of the Annual Accounts Act and the Swedish Pension Obligations Vesting Act, and taking into account the connection between accounting and taxation. The recommendation specifies the exceptions and supplements that should be applied in relation to IFRS.

2.19.1 Differences between the accounting policies of the Group and the Parent Company

The differences between the accounting policies of the Group and the Parent Company are stated below. The accounting policies stated below for the Parent Company have been applied consistently for all presented periods in the Parent Company's financial statements.

2.19.1.1 Changed accounting policies

Unless otherwise stated below, the Parent Company's accounting policies during 2018 have changed according to what is stated above regarding the Group.

2.19.1.2 Classification and presentation formats

The Parent Company uses the terms "balance sheet" and "cash flow statement" for the statements designated as the "statement of financial position" and "statement of cash flows" for the Group. The income statement and balance sheet for the Parent Company are prepared according to the stipulations of the Annual Accounts Act while the statement of comprehensive income, statement of changes in equity and cash flow statement are based on IAS 1 Presentation of Financial Statements and IAS 7 Statement of Cash Flows, respectively.

The differences between the Group statements and the Parent Company's income statement and balance sheet mainly comprise the recognition of financial income and expenses, equity and the occurrence of provisions as a separate item in the balance sheet.

2.19.1.3 Subsidiaries

Participations in subsidiaries in the Parent Company are recognised according to the cost method. This means that transaction fees are included in the carrying amount of shareholdings in subsidiaries. In the consolidated financial statements, transaction fees attributable to subsidiaries are recognised directly in profit or loss when they arise.

The value of contingent earn-outs is based on the probability that the consideration will be paid. Possible changes in the provision are added to/reduce the cost. In the consolidated financial statements, contingent earn-outs are recognised at fair value with changes in value recognised in profit or loss.

2.19.1.4 Group and shareholder contributions for legal entities

The Parent Company recognises received and paid Group contributions as appropriations in accordance with RFR 2. Shareholder contributions are recognised directly against equity for the recipient and capitalised in shares and participations for the provider if there is no need for impairment.

2.19.1.5 Financial instruments

IFRS 9 is not applied in the Parent Company, which entails that financial instruments are measured at cost. In subsequent periods, financial assets acquired to be held in the short term will be recognised at the lower of cost or market value. In subsequent recognition, financial assets held in the long term will be measured at cost and be tested for impairment.

NOTE 3 IMPORTANT ESTIMATES AND ASSUMPTIONS

Preparing financial statements in accordance with IFRS requires the Board of Directors and executive management to make assessments and estimates that affect the application of the accounting policies and the carrying amounts of assets, liabilities, revenue and costs. The estimates and assumptions are based on historical experience and a number of other factors which under the current conditions seem reasonable. The results of these judgements and estimates are used to determine the carrying amounts of assets and liabilities that are not otherwise apparent from other resources.

The actual outcome may deviate from these estimates and assessments.

The estimates and assumptions are reviewed on a regular basis. Changes in estimates are recognised in the period

when the change is made if the change affects this period only, or in the period when the change is made and in future periods if the change affects the current period as well as future periods.

3.1 Significant sources of estimation uncertainty

Note 13 contains information on assumptions and risk factors applying to impairment testing of goodwill and other intangible fixed assets with an indefinite useful life. A description of the provisions posted is presented in Note 21.

3.2 Goodwill and other intangible fixed assets

Goodwill and other intangible fixed assets with an indefinite useful life are impairment tested annually or when there are indications of a need for impairment. The impairment testing requires that executive management establishes the fair value of cash generating units based on cash flow forecasts and internal business plans and forecasts.

3.3 Insolvency testing of inventories

Inventories are examined each month to determine potential needs for impairment. Impairment losses are recognised in cost of goods sold at an amount which, after careful consideration, is deemed necessary for inventory obsolescence. If actual obsolescence differs from the calculations or if executive management makes future adjustments of the underlying assumptions, the change in valuation may affect profit or loss as well as financial position.

3.4 Assessment of return rate

The need for provisions related to future returns is assessed each month. The assessment is based on historical outcomes and actual sales. The need for provision is recognised as a decrease in net sales plus an adjustment of cost of goods sold taking into account the margin on the product.

3.5 Measurement of earn-outs

In many of the Group's business combinations, contingent earn-outs to the seller arise. The earn-outs are largely dependent on the acquired company's earnings trend. The earn-outs are measured at fair value through profit or loss. Accordingly, an important estimate in determining the fair

value of each earn-out is the Group's assessment of the acquired company's future earnings trend.

3.6 Deferred taxes

The Group recognises deferred tax assets based on loss carryforwards. Management has made assumptions and assessments regarding the business's future earnings capacity and, based on these, assessed the possibilities of future use of these loss carryforwards.

NOTE 4 OPERATING SEGMENTS

The Group's operations are divided into two segments. Each segment has a segment manager who regularly reports to executive management. The Group's internal reporting is structured to enable executive management to monitor the various segments' sales growth and operating income.

- DIY is a retailer of building materials and primarily comprises the webstores www.bygghemma.se, www.netrauta.fi, www.taloon.com, www.frishop.dk, www.badshop.se, www.talotarvike.com, www.bygghjemme.no, www.golvshop.se, www.byghjemme.dk, www.byggshop.se, www.stonefactory.se, www.golvpoolen.se, www.polarpumpen.se and www.vitvaruexpertern.com as well as 16 showrooms in Sweden, Finland, Norway and Denmark.
- Home Furnishing is a retailer of furniture and home furnishings, and primarily comprises the webstores www.trademax.se, www.trademax.no, www.trademax.fi, www.trademax.dk, www.chilli.se, www.chilli.no, www.kodin.fi, www.furniturebox.se, www.furniturebox.no, www.furniturebox.fi, www.myhomemobler.dk and www.wegot.se as well as 54 showrooms in Sweden, Finland and Denmark.

Subsidiaries are attributed in their entirety to a particular segment.

Other

The Parent Company provides management services to the Group's segments. Such sales occurred at cost price.

(SEKm)	2018				
	DIY	Home Furnishing	Other	Eliminations	Group
Net Sales	3,073.8	1,918.8	20.1	-39.0	4,973.7
Net Sales to other segments	7.3	11.6	20.1	-39.0	-
Depreciation, amortization and impairment	-46.3	-19.5	-	-	-65.8
Operating income	102.9	33.7	-49.4	-	87.2
Financial income					32.7
Financial expenses					-72.6
Profit/loss before tax					47.3

2017

(SEKm)	DIY	Home Furnishing	Other	Eliminations	Group
Net Sales	2,342.2	1,628.9	19.1	-34.7	3,955.5
Net Sales to other segments	7.2	8.3	19.1	-34.7	-
Depreciation, amortization and impairment	-36.3	-18.4	-	-	-54.7
Operating income	87.0	25.6	-21.0	-	91.5
Financial income					2.1
Financial expenses					-56.8
Profit/loss before tax					36.8

No single customer in the Group accounts for more than 10 percent of the Group's revenue.

geographic area. Sales are recognised in those countries where the sales occur.

The Group's segments operate mainly in the Nordic region. Net sales and non-current assets are recognised below per

2018

(SEKm)	DIY	Home Furnishing	Other	Eliminations	Group
Sweden	2,029.1	1,105.1	20.1	-37.3	3,116.9
Finland	762.4	102.3	-	-	864.7
Denmark	187.3	413.8	-	-1.3	599.9
Norway	95.0	184.9	-	-0.3	279.5
Other Europe	-	112.8	-	-	112.8
Net Sales	3,073.8	1,918.8	20.1	-39.0	4,973.7

2017

(SEKm)	DIY	Home Furnishing	Other	Eliminations	Group
Sweden	1,571.2	1,208.9	19.1	-32.8	2,766.4
Finland	570.4	89.9	-	-1.4	659.0
Denmark	132.9	188.6	-	-0.5	321.0
Norway	67.6	141.5	-	-	209.2
Net Sales	2,342.2	1,628.9	19.1	-34.7	3,955.5

Fixed assets

(SEKm)	2018	2017
Sweden	3,467.8	3,471.4
Finland	57.6	16.5
Denmark	169.4	161.7
Other Europe	155.3	0.0
	3,850.1	3,649.6

(SEKm)	Contract balances	
	2018	2017
Assets		
Refund asset	5.6	1.8
Account receivables	79.7	51.8
Accrued income	9.3	6.8
	94.6	60.4
Liabilities		
Advance from customers	-75.9	-56.4
Refund liability	-9.4	-3.4
Other prepaid income	-1.1	-0.9
	-86.4	-60.7
Contracts balances	8.2	-0.3

All contract liabilities recognised at the beginning of the year were recognised as revenue in 2018. No information is presented regarding transaction price allocated to the remaining performance obligations since there were no such obligations with an original expected term of more than one year as of 31 December 2018.

NOTE 5 BUSINESS COMBINATIONS

Subsidiaries are companies that are under Bygghemma Group First AB's (publ) controlling influence. Controlling influence entails a direct or indirect right to shape a company's financial and operational strategies in order to obtain financial benefits. To assess whether a controlling influence exists, potential voting shares that can be immediately utilised or converted are taken into account.

Summary acquisition (SEKm)	Group	
	2018	2017
Acquisition of shares		
Net identifiable assets and liabilities	13.8	489.7
Goodwill	133.5	637.2
Purchase price	147.3	1,127.0
Cash and cash equivalents	12.9	30.9
Contingent/ deferred purchase price, promissory note	107.5	405.4
	-26.9	-690.7
Acquisition of operations	-1.0	-
Earnouts for previous years' acquisitions	-30.5	-41.1
Net cash flow	-58.4	-731.7

Acquisitions in 2018

- In 2018, the Group acquired 80 percent of the shares of Furniture1 UAB (initial acquisition of 30 percent with an option to acquire an additional 50 percent). The acquisition is recognised in the Home Furnishing segment.
- In 2018, the Group acquired 100 percent of the shares of Edututor Oy. The acquisition is recognised in the DIY segment.

(SEKm)	2018					
	Net identifiable assets and liabilities	Goodwill	Purchase price	Cash and cash equivalents	Contingent/ deferred purchase price, promissory note	Net cash flow
Acquisition of shares in Furniture1 UAB	17.3	108.6	125.9	12.5	94.7	-18.7
Acquisition of shares in Edututor Oy	-3.5	24.9	21.3	0.4	12.8	-8.1
Earnout, My Home	-	-	-	-	-	-12.0
Earnout, Arredo Holding AB	-	-	-	-	-	-0.4
Earnout, M & M Visions Oy	-	-	-	-	-	-6.3
Earnout, Stonefactory Scandinavia AB	-	-	-	-	-	-11.8
Acquisition of Hus och Stuga (husochstuga.se)	-	-	-	-	-	-1.0
	13.8	133.5	147.3	12.9	107.5	-58.4

Revenue and earnings

Since the acquisition date, the acquisitions have contributed SEK 122.1 million to consolidated revenue and SEK 2.2 million to consolidated after-tax profit. If the acquisitions had been consolidated for the full financial year, the com-

panies would have contributed SEK 304.3 million to consolidated revenue and SEK -2.3 million to consolidated after-tax profit.

Transaction costs

Transaction costs for the acquisitions amounted to SEK 1.7 million and are recognised as other external costs in profit or loss and the statement of other comprehensive income.

Acquired receivables

All receivables are recognised at fair value in the acquisition analyses, which matches the amount that the Group is expected to be able to collect.

Acquisition of shares of Furniture1 UAB

On 5 September 2018, Bygghemma Group acquired 30 percent of the shares in Furniture1 UAB ("Furniture1"), with an option to acquire up to 80 percent of the shares in the company. Furniture1 is the leading online pure-play retailer of furniture and home furnishings in the Baltics and Eastern Europe. The company was founded in 2008 in Lithuania, currently has operations in Estonia, Latvia, Lithuania, Croatia, Hungary, Bulgaria, Greece, Slovenia and Romania and has 100 employees. The goal of the acquisition is to expand the Home Furnishing segment's leading Nordic position to include the fast-growing online markets in the Baltics and Eastern Europe, and to achieve synergies through shared purchasing and business development, not least within logistics and last-mile deliveries, where Furniture1 holds an advanced position. Management has deemed that a controlling influence exists as a result of the option to acquire an additional 50 percent of the company. Furniture1 is 80 percent consolidated in the Home Furnishing segment and the impact of the acquisition on the Group's balance sheet is presented below.

Revenue and earnings

Since the acquisition date, Furniture1 UAB has contributed SEK 112.8 million to consolidated revenue and SEK 4.1 million to consolidated after-tax profit. If Furniture1 had been consolidated for the full financial year, the company would have contributed SEK 255.6 million to consolidated revenue and SEK 2.9 million to consolidated after-tax profit.

Acquired net assets - Furniture1 UAB (SEKm)	Booked value
Trademarks	37.5
Customer relationships	9.8
Tangible fixed assets	2.4
Financial fixed assets	0.0
Inventories	5.0
Accounts receivables	11.2
Other receivables	7.9
Cash and cash equivalents	12.5
Deferred tax liability	-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
Purchase price	125.9
Liability to non-controlling interest	94.7
Cash flow	-31.2

Goodwill

Goodwill includes synergies, market position, supplier relationships and personnel. It is worth noting that the acquisition represents an introduction to the fast-growing e-commerce markets for furniture and home furnishings in the Baltics and Eastern Europe, where Furniture1 is the leading online pure-play retailer.

Moreover, significant synergies are expected to arise from the Group's shared purchasing of EMV products in Asia and Eastern/Central Europe, which is expected to improve the company's opportunities to negotiate prices and volumes within the stated areas.

Transaction costs

Transaction costs for the acquisition of Furniture1 UAB amounted to SEK 0.8 million and are recognised as other external costs in profit or loss and the statement of other comprehensive income.

Liabilities to non-controlling interests

The acquisition agreement includes an option that entitles Bygghemma to acquire an additional 50 percent of Furniture1 UAB. This option can be utilised at any time except the closing date and gives Bygghemma a material right to exercise control over Furniture1 UAB, which in turn means that Bygghemma is considered to have a controlling influence over Furniture1 UAB. In accordance with IFRS 10, the company has therefore been consolidated in the Group from 1 September 2018. The redemption price for 50 percent of the shares in Furniture1 UAB is set at an amount corresponding to 10–20 times EBIT in the acquired company. There is no cap for the maximum redemption price. At the same time as Bygghemma has an option to purchase an additional 50 percent of the shares in Furniture1 UAB, the seller also has an option to demand that Bygghemma purchase an additional 50 percent of the shares.

Given the seller's option, Bygghemma recognises a liability corresponding to the present value of the redemption price for an additional 50 percent of the shares in Furniture1 UAB.

Acquisition of shares of Edututor Oy

On 23 October 2018, Bygghemma Group acquired 100 percent of the shares in Edututor Oy, a leading online player in Finland with proprietary brands in grilling, lighting and kitchen products. The acquisition will strengthen Bygghemma's category leadership in these areas. Since it was founded in 2010, Edututor has had a CAGR of around 37 percent. The company conducts sales through a number of online stores, the largest of which are Grillikaupa.com, Led-Valot.fi and Paista.fi. In 2017, Edututor had sales of approximately SEK 45 million with EBIT of about SEK 1.2 million. Edututor is fully consolidated in the DIY segment and the impact of the acquisition on the Group's balance sheet is presented below.

Revenue and earnings

Since the acquisition date, Edututor Oy has contributed SEK 9.3 million to consolidated revenue and SEK -1.9 million to consolidated after-tax profit. If Edututor had been consolidated for the full financial year, the company would have contributed SEK 48.7 million to consolidated revenue and SEK -5.2 million to consolidated after-tax profit.

Acquired net assets - Edututor Oy (SEKm)	Booked value
Trademarks	3.1
Customer relationships	1.5
Intangible fixed assets	1.2
Tangible fixed assets	0.0
Financial fixed assets	0.3
Inventories	2.7
Accounts receivables	1.5
Other receivables	0.9
Cash and cash equivalents	0.4
Deferred tax liability	-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
Purchase price	21.3
Provision of contingent purchase price	12.8
Cash flow	-8.5

Goodwill

Goodwill includes synergies, market position, supplier relationships and personnel. It is worth noting that the acquisition

has strengthened Bygghemma Group's leading position in the DIY segment in Finland. In particular, significant synergies are expected to arise with respect to EMV products in Asia, which, along with the company's numerous brands, will strengthen Bygghemma's total offering in the Finnish market.

Transaction costs

Transaction costs for the acquisition of Edututor Oy amounted to SEK 0.3 million and are recognised as other external costs in profit or loss and the statement of other comprehensive income.

Contingent earn-out

The acquisition agreement states that a contingent earn-out is to be paid to the former owner based on the fulfilment of certain terms and conditions, such as profitability targets for 2019–2021. The contingent earn-out is capped at EUR 2.6 million.

Acquisitions in 2017

- In 2017, the Group acquired 100 percent of the shares of FB Internet AB. The acquisition is recognised in the Home Furnishing segment.
- In 2017, the Group acquired 51 percent of the shares of Polarpumpen AB. The acquisition is recognised in the DIY segment.
- In 2017, the Group acquired 100 percent of the shares of Arredo Holding AB. The acquisition is recognised in the DIY segment.
- In 2017, the Group acquired 89.2 percent of the shares of My Home. The acquisition is recognised in the Home Furnishing segment.
- In 2017, the Group acquired 51 percent of the shares of Vitvaruexperter.com Nordic AB. The acquisition is recognised in the DIY segment.
- In 2017, the Group acquired 100 percent of the shares of WeGot AB. The acquisition is recognised in the Home Furnishing segment.
- In 2017, the Group acquired 100 percent of the shares of Frej Jonsson & Co AB. The acquisition is recognised in the DIY segment.
- Earn-outs were paid for Bygghemma Butik i Sthlm AB, United Web Sweden AB, Stonefactory Scandinavia AB and M & M Visions Oy during the year according to the acquisition agreements. The acquisitions are recognised in the DIY segment.

Earn-outs were paid for TM Helsingborg AB during the year according to the acquisition agreement. The acquisition is recognised in the Home Furnishing segment.

(SEKm)	2017					
	Net identifiable assets and liabilities	Goodwill	Purchase price	Cash and cash equivalents	Contingent/deferred purchase price, promissory	Net cash flow
Acquisition of shares in FB Internet AB	134.6	404.0	538.6	2.0	165.0	-371.6
Acquisition of shares in Polarpumpen AB	37.7	47.5	85.2	6.6	75.8	-2.9
Acquisition of shares in Arredo Holding AB	195.7	12.7	208.4	3.4	29.6	-175.3
Acquisition of shares in My Home	77.3	110.2	187.5	14.3	59.0	-114.1
Acquisition of shares in Vitvaruexperter.com Nordic AB	13.1	40.5	53.6	3.6	39.4	-10.6
Acquisition of shares in WeGot AB	15.4	16.2	31.6	1.0	22.6	-8.0
Acquisition of shares in Frej Jonsson & Co AB	15.9	6.1	22.1	0.1	14.0	-8.0
Earnout, Bygghemma Butik i Sthlm AB	-	-	-	-	-	-2.0
Earnout, Web Sweden AB	-	-	-	-	-	-15.1
Earnout, TM Helsingborg AB	-	-	-	-	-	-16.7
Earnout, Stonefactory Scandinavia AB	-	-	-	-	-	-3.5
Earnout, M & M Visions Oy	-	-	-	-	-	-3.8
	489.7	637.2	1,127.0	30.9	405.4	-731.7

Revenue and earnings

Since the acquisition date, the acquisitions have contributed SEK 776.7 million to consolidated revenue and SEK -12.9 million to consolidated after-tax profit. If the acquisitions had been consolidated for the full financial year, the companies would have contributed SEK 1,239.1 million to consolidated revenue and SEK -8.3 million to consolidated after-tax profit.

Transaction costs

Transaction costs for the acquisitions amounted to SEK 10.0 million and are recognised as other external costs in profit or loss and the statement of other comprehensive income.

Acquired receivables

All receivables are recognised at fair value in the acquisition analyses, which matches the amount that the Group is expected to be able to collect.

Acquisition of shares in FB Internet AB

On 31 January, 2017, Bygghemma Group acquired 100 percent of the shares in FB Internet AB (www.furniturebox.se). The earn-out is estimated at SEK 538.6 million. FB Internet AB is a leading Swedish online retailer of furniture and home furnishings, and the acquisition has strengthened the Group's position in the fast-growing Swedish online market for furniture and home furnishings. FB Internet AB is recognised in the Home Furnishing segment.

Revenue and earnings

Since the acquisition date, FB Internet AB has contributed SEK 348.4 million to consolidated revenue and SEK -24.2 million to consolidated after-tax profit. If FB Internet had been consolidated for the full financial year, the company

would have contributed SEK 425.4 million to consolidated revenue and SEK -25.9 million to consolidated after-tax profit.

Acquired net assets - FB Internet AB (SEKm)	Booked value
Trademarks	109.5
Customer relationships	34.7
Intangible fixed assets	4.9
Tangible fixed assets	2.0
Financial fixed assets	0.6
Inventories	99.5
Accounts receivables	10.4
Other receivables	10.1
Cash and cash equivalents	2.0
Deferred tax liability	-31.1
Provisions	-0.2
Accounts payable	-80.0
Other liabilities	-27.7
Net identifiable assets and liabilities	134.6
Goodwill	404.0
Purchase price	538.6
Promissory note	165.0
Cash flow	-373.6

Goodwill

Goodwill includes synergies, market position, supplier relationships and personnel. It is worth noting that the acquisition represents a leading position in dedicated online sales of furniture and home furnishings in Sweden.

Transaction costs

Transaction costs for the acquisition of FB Internet AB amounted to SEK 4.4 million and are recognised as other external costs in profit or loss and the statement of other comprehensive income.

Promissory note

A promissory note was converted to shares in Bygghemma Group First AB (publ) through a non-cash issue.

Acquisition of shares in Polarpumpen AB

On 24 April 2017, Bygghemma Group acquired 51 percent of the shares in Polarpumpen AB. The earn-out is estimated at SEK 85.2 million, of which SEK 27.8 million had been paid on the balance-sheet date. Polarpumpen is 100 percent consolidated and is recognised in the DIY segment.

Revenue and earnings

Since the acquisition date, Polarpumpen AB has contributed SEK 88.8 million to consolidated revenue and SEK 5.5 million to consolidated after-tax profit. If Polarpumpen had been consolidated for the full financial year, the company would have contributed SEK 115.9 million to consolidated revenue and SEK 3.5 million to consolidated after-tax profit.

Acquired net assets - Polarpumpen AB (SEKm)	Booked value
Trademarks	20.6
Customer relationships	11.1
Inventories	9.5
Accounts receivables	4.4
Other receivables	2.4
Cash and cash equivalents	6.6
Deferred tax liability	-7.9
Accounts payable	-5.6
Other liabilities	-3.4
Net identifiable assets and liabilities	37.7
Goodwill	47.5
Purchase price	85.2
Promissory note	18.4
Liability to non-controlling interest	49.5
Provision of contingent purchase price	7.9
Cash flow	-9.5

Goodwill

Goodwill includes synergies, market position, supplier relationships and personnel. It is worth noting that the acquisition represents a dominant position in dedicated online sales of heat pumps in Sweden as well as leading category expertise in the installation of said items and other products.

Transaction costs

Transaction costs for the acquisition of Polarpumpen AB amounted to SEK 0.9 million and are recognised as other

external costs in profit or loss and the statement of other comprehensive income.

Contingent earn-out

The acquisition agreement states that a contingent earn-out is to be paid to the former owner based on the fulfilment of certain terms and conditions, such as profitability targets. The contingent earn-out is capped at seven times the difference between EBITDA in 2017 and 2016, assuming that the difference is positive (the contingent earn-out cannot be negative).

Promissory note

A promissory note was converted to shares in Bygghemma Group First AB (publ) through a non-cash issue.

Acquisition of shares in Arredo Holding AB

On 6 April 2017, Bygghemma Group acquired 100 percent of the shares in Arredo Holding AB. The earn-out is estimated at SEK 208.4 million, of which SEK 208.4 million had been paid on the balance-sheet date. Arredo Holding is recognised in the DIY segment.

Revenue and earnings

Since the acquisition date, Arredo Holding AB has contributed SEK 159.3 million to consolidated revenue and SEK 0.4 million to consolidated after-tax profit. If Arredo Holding had been consolidated for the full financial year, the company would have contributed SEK 277.1 million to consolidated revenue and SEK 11.2 million to consolidated after-tax profit.

Acquired net assets - Arredo Holding AB (SEKm)	Booked value
Trademarks	22.3
Customer relationships	43.2
Intangible fixed assets	0.9
Tangible fixed assets	3.9
Financial fixed assets	0.8
Deferred tax asset	4.6
Inventories	134.0
Accounts receivables	19.1
Other receivables	7.5
Cash and cash equivalents	3.4
Deferred tax liability	-14.4
Accounts payable	-21.6
Other liabilities	-8.0
Net identifiable assets and liabilities	195.7
Goodwill	12.7
Purchase price	208.4
Promissory note	29.6
Cash flow	-178.7

Goodwill

Goodwill includes synergies, market position, supplier relationships and personnel. It is worth noting that the acquisition represents a dominant position in dedicated online

sales of flooring in Sweden as well as leading category expertise in the sale of wall/floor tiles and bathroom products.

Transaction costs

Transaction costs for the acquisition of Arredo Holding AB amounted to SEK 1.5 million and are recognised as other external costs in profit or loss and the statement of other comprehensive income.

Contingent earn-out

The acquisition agreement states that a contingent earn-out is to be paid to the former owner based on the fulfilment of certain terms and conditions, such as profitability targets. The contingent earn-out is capped at SEK 15.0 million.

Promissory note

A promissory note was converted to shares in Bygghemma Group First AB (publ) through a non-cash issue.

Acquisition of shares of My Home

On 30 June 2017, Bygghemma Group acquired 89.2 percent of the shares of the My Home companies. The earn-out is estimated at DKK 120.4 million, of which DKK 106.4 million had been paid on the balance-sheet date. The remainder will be paid in the first half of 2018 and the first half of 2021. The My Home companies are leading Danish providers of furniture and home furnishings online and in stores, and strengthen the Group's position in the rapidly growing Danish online market for furniture and home furnishings. My Home is 100 percent consolidated and is recognised in the Home Furnishing segment.

Revenue and earnings

Since the acquisition date, the My Home companies have contributed SEK 164.5 million to consolidated revenue and SEK 5.9 million to consolidated after-tax profit. If the My Home companies had been consolidated for the full financial year, they would have contributed SEK 313.9 million to consolidated revenue and SEK 11.5 million to consolidated after-tax profit.

Acquired net assets - My Home (SEKm)	Booked value
Trademarks	35.4
Customer relationships	5.8
Intangible fixed assets	0.2
Tangible fixed assets	0.7
Financial fixed assets	2.1
Inventories	62.4
Accounts receivables	1.7
Other receivables	2.1
Cash and cash equivalents	14.3
Deferred tax liability	-9.1
Accounts payable	-16.2
Other liabilities	-22.3
Net identifiable assets and liabilities	77.3
Goodwill	110.2
Purchase price	187.5
Promissory note	12.7
Liability to non-controlling interest	28.1
Provision of contingent purchase price	18.2
Cash flow	-128.4

Goodwill

Goodwill includes synergies, market position, supplier relationships and personnel. It is worth noting that the acquisition represents a leading position in physical and online sales of furniture and home furnishings in the budget segment in Denmark, based on an efficient distribution network of stores that cover the entire country.

Transaction costs

Transaction costs for the acquisition of My Home amounted to SEK 1.7 million and are recognised as other external costs in profit or loss and the statement of other comprehensive income.

Contingent earn-out

The acquisition agreement states that a contingent earn-out is to be paid to the former owner based on the fulfilment of certain terms and conditions, such as profitability targets. The contingent earn-out is capped at DKK 25 million based on earnings in 2018.

Promissory note

A promissory note was converted to shares in Inredhemma Danmark ApS through a non-cash issue.

Acquisition of shares in Vitvaruexperthen.com Nordic AB

On 12 October 2017, Bygghemma Group acquired 51 percent of the shares in Vitvaruexperthen.com Nordic AB. The earn-out is estimated at SEK 53.6 million, of which SEK 14.3 million had been paid on the balance-sheet date. The remainder will be paid between 2018 and 2020. Vitvaruexperthen is a leading dedicated Swedish online provider of white goods, small household appliances and TVs, and the acquisition strengthens the Group's position in the fast-

growing Swedish online market, primarily for consumer appliances. Vitvaruexperten is 100 percent consolidated and is recognised in the DIY segment.

Revenue and earnings

Since the acquisition date, Vitvaruexperten.com Nordic AB has contributed SEK 7.2 million to consolidated revenue and SEK -0.3 million to consolidated after-tax profit. If Vitvaruexperten.com had been consolidated for the full financial year, the company would have contributed SEK 37.2 million to consolidated revenue and SEK -1.7 million to consolidated after-tax profit.

Acquired net assets - Vitvaruexperten.com Nordic AB (SEKm)	Booked value
Trademarks	13.3
Customer relationships	0.3
Intangible fixed assets	0.5
Financial fixed assets	0.1
Inventories	1.3
Accounts receivables	1.9
Other receivables	0.1
Cash and cash equivalents	3.6
Deferred tax liability	-3.0
Accounts payable	-3.5
Other liabilities	-1.5
Net identifiable assets and liabilities	13.1
Goodwill	40.5
Purchase price	53.6
Liability to non-controlling interest	37.0
Provision of contingent purchase price	2.3
Cash flow	-14.3

Goodwill

Goodwill includes synergies, market position, supplier relationships and personnel. It is worth noting that the acquisition has significantly strengthened the Group's expertise and position in the Swedish online market in terms of consumer appliances and related products targeted at private individuals.

Transaction costs

Transaction costs for the acquisition of Vitvaruexperten.com Nordic AB amounted to SEK 0.5 million and are recognised as other external costs in profit or loss and the statement of other comprehensive income.

Contingent earn-out

The acquisition agreement states that a contingent earn-out is to be paid to the former owner based on fulfilment of certain terms and conditions, such as profitability targets. The contingent earn-out is capped at 35 percent of the gross margin after direct selling expenses for sales of consumer appliances times 49 percent during 2018–2020, assuming that Vitvaruexperten.com Nordic AB achieves at least break-even EBITDA in 2018, at least SEK 5 million in

2019 and at least SEK 15 million in 2020 (the contingent earn-out cannot be negative).

Acquisition of shares in WeGot AB

On 20 November 2017, Bygghemma Group acquired 100 percent of the shares in WeGot AB (www.wegot.se). The earn-out is estimated at SEK 31.6 million for 100 percent of the shares. WeGot is a leading dedicated Swedish online provider of furniture and home furnishings, and the acquisition strengthens the Group's position in the fast-growing Swedish online market, primarily for sofas and beds. WeGot is recognised in the Home Furnishing segment.

Revenue and earnings

Since the acquisition date, Wegot AB has contributed SEK 4.2 million to consolidated revenue and SEK 1.0 million to consolidated after-tax profit. If Wegot had been consolidated for the full financial year, the company would have contributed SEK 65.3 million to consolidated revenue and SEK -5.6 million to consolidated after-tax profit.

Acquired net assets - WeGot AB (SEKm)	Booked value
Trademarks	5.3
Customer relationships	8.2
Tangible fixed assets	0.1
Deferred tax asset	0.9
Inventories	7.4
Accounts receivables	2.3
Other receivables	1.1
Cash and cash equivalents	1.0
Deferred tax liability	-3.1
Accounts payable	-4.7
Other liabilities	-3.2
Net identifiable assets and liabilities	15.4
Goodwill	16.2
Purchase price	31.6
Promissory note	5.0
Provision of contingent purchase price	17.6
Cash flow	-9.0

Goodwill

Goodwill includes synergies, market position, supplier relationships and personnel. It is worth noting that the acquisition has significantly strengthened the Group's expertise and position in the Swedish online market for sofas, beds and related products targeted at private individuals.

Transaction costs

Transaction costs for the acquisition of Wegot AB amounted to SEK 0.3 million and are recognised as other external costs in profit or loss and the statement of other comprehensive income.

Contingent earn-out

The acquisition agreement states that a contingent earn-out is to be paid to the former owner based on fulfilment of

certain terms and conditions, such as profitability targets. The contingent earn-out is capped at SEK 30 million based on earnings during 2018–2020 (meaning that it extends over three calendar years).

Promissory note

A promissory note was converted to shares in Bygghemma Group First AB (publ) through a non-cash issue.

Acquisition of shares in Frej Jonsson & Co AB

On 9 November 2017, Bygghemma Group acquired 100 percent of the shares in Nya Frej Jonsson AB (renamed Frej Jonsson & Co AB). The earn-out is estimated at SEK 22.1 million for 100 percent of the shares. Frej Jonsson is a leading Swedish online destination for bathroom products and wall/floor tiles, and strengthens the Group's position as a destination for bathroom products, wall/floor tiles and flooring. Frej Jonsson is recognised in the DIY segment.

Revenue and earnings

Since the acquisition date, Frej Jonsson & Co AB has contributed SEK 4.3 million to consolidated revenue and SEK -1.4 million to consolidated after-tax profit. If Frej Jonsson & Co had been consolidated for the full financial year, the company would have contributed SEK 4.3 million to consolidated revenue and SEK -1.4 million to consolidated after-tax profit.

Acquired net assets - Frej Jonsson & Co AB (SEKm)	Booked value
Trademarks	5.0
Customer relationships	15.3
Intangible fixed assets	0.7
Inventories	1.2
Cash and cash equivalents	0.1
Deferred tax liability	-4.5
Other liabilities	-1.9
Net identifiable assets and liabilities	15.9
Goodwill	6.1
Purchase price	22.1
Provision of contingent purchase price	14.0
Cash flow	-8.1

Goodwill

Goodwill includes synergies, market position, supplier relationships and personnel. It is worth noting that the acquisition has significantly strengthened the Group's expertise and position as a destination in western Sweden for bathroom products, floor/wall tiles, flooring and related products targeted at private individuals.

Transaction costs

Transaction costs for the acquisition of Frej Jonsson & Co AB amounted to SEK 0.5 million and are recognised as other external costs in profit or loss and the statement of other comprehensive income.

Contingent earn-out

The acquisition agreement states that a contingent earn-out is to be paid to the former owner based on fulfilment of certain terms and conditions, such as profitability targets. The contingent earn-out is capped at SEK 15 million based on earnings during 2018–2020 (meaning that it extends over three calendar years).

NOTE 6 FEES AND REMUNERATION TO AUDITORS

(SEKm)	Group		Parent company	
	2018	2017	2018	2017
PwC				
Audit engagements	-3.0	-2.8	-0.9	-1.2
Audit-related services	-3.7	-0.7	-3.2	-
Tax consulting	-0.9	-0.0	-0.8	-
Other services	-1.1	-2.7	-0.9	-2.7
	-8.7	-6.3	-5.8	-3.9
Other audit firms				
Audit engagements	-0.5	-0.4	-	-
Audit-related services	-0.0	-	-	-
Tax consulting	-0.0	-	-	-
Other services	-0.0	-0.1	-	-
	-0.5	-0.5	-	-
Total all audit firms	-9.3	-6.8	-5.8	-3.9

Of the above fees to PwC, SEK 8.0 million (5.6) pertains to the Group's fee to Öhrlings PricewaterhouseCoopers AB. For the Parent Company, the entire fee pertains to Öhrlings PricewaterhouseCoopers AB.

NOTE 7 PERSONNEL COSTS AND REMUNERATION OF SENIOR EXECUTIVES

(SEKm)	Group		Parent company	
	2018	2017	2018	2017
Salaries	-281.5	-215.2	-4.0	-0.6
Social security contributions	-71.4	-57.7	-1.2	-0.2
Share-based remuneration	-10.0	-	-10.0	-
Pension expenses, defined contribution plans	-22.8	-16.2	-0.4	-0.1
	-385.7	-289.1	-15.6	-0.9
(SEKm)	Group		Parent company	
	2018	2017	2018	2017
Senior executives (4 persons)	-4.1	-4.0	-2.2	-0.6
<i>of which variable salary</i>	-0.2	-	-0.2	-
Other employees	-277.4	-211.2	-1.8	-
	-281.5	-215.2	-4.0	-0.6

Remuneration and other benefits (SEKm)	2018					Total
	Basic salary/ Board remuneration	Variable remuneration	Other benefits	Pension expenses	Rights issue expenses	
Board of Directors						
Henrik Theilbjørn	-0.2	-	-	-	-	-0.2
Peter Möller	-	-	-	-	-	-
Ingrid Jonasson Blank	-0.1	-	-	-	-	-0.1
Bert Larsson	-0.1	-	-	-	-	-0.1
Florian Seubert	-0.1	-	-	-	-	-0.1
Lars Nilsson	-0.1	-	-	-	-	-0.1
Mikael Olander, CEO						
Remuneration from parent company	-1.0	-	-	-0.2	-	-1.3
Other senior executives (3 persons)						
Remuneration from parent company	-1.0	-0.2	-	-0.2	-	-1.4
Remuneration from subsidiaries	-1.9	-	-	-0.4	-	-2.2
	-4.4	-0.2	-	-0.8	-	-5.3

Remuneration to the Head of Investor Relations was invoiced in 2018, which is why this is not included in the remuneration or the number of senior executives above. The cost amounted to SEK 1.6 million (0.0).

The CEO and the company are subject to a period of notice of nine months, and the CEO is not entitled to severance pay.

Accrued variable remuneration to be paid to the CEO and other senior executives after year-end amounts to SEK 0.0 million (0.0) and SEK 0.0 million (0.0), respectively.

Remuneration and other benefits (SEKm)	2017					Total
	Basic salary/ Board remuneration	Variable remuneration	Other benefits	Pension expenses	Rights issue expenses	
Mikael Olander, CEO						
Remuneration from parent company	-0.3	-	-	-0.0	-	-0.3
Remuneration from subsidiaries	-0.8	-	-	-0.2	-	-1.0
Other senior executives (3 persons)						
Remuneration from parent company	-0.3	-	-	-0.0	-	-0.4
Remuneration from subsidiaries	-2.7	-	-	-0.6	-	-3.2
	-4.0	-	-	-0.9	-	-4.9

Accrued variable remuneration to be paid to the CEO and other senior executives after year-end amounts to SEK 0.0 million (1.0) and SEK 0.0 million (1.0), respectively.

No directors' fees were paid to the Board in 2017.

Share-based remuneration

On 26 March 2018, Bygghemma Group First AB's (publ) general meeting of shareholders decided to introduce an incentive programme for key employees in the Group.

2018 incentive programme – LTIP 2018

The 2018 incentive programme encompasses 56 employees in the Group. In total, the programme encompasses just over 2,760,016 warrants, each of which entitles the holder to subscribe for one ordinary share in the company. The subscription price for shares through warrants amounts to 130 percent of the company's listing price on 27 March 2018. The warrants can be utilised as of the publication date of the company's interim report for the first quarter of 2021 until 30 June 2021.

The price for the warrants (warrant premium) corresponds to the market value of the warrants on the date of subscription and allotment, which has been calculated in accordance with the Black-Scholes pricing model, with measurement policies in accordance with market practice.

Cost effects of incentive programme

The programme is an equity-based programme. Since the warrants are acquired at fair value, no cost for the programme arises that must be allocated to a particular period under IFRS 2. The company has financed 50 percent of the warrant premium. The cost for the company amounts to SEK 10.0 million (0.0).

Dilution

If all of the warrants allotted to key employees had been utilised as of 31 December 2018, the number of shares issued by the company would have increased by 2,760,016 ordinary shares, corresponding to a dilution of 2.57 percent of the capital and votes at year-end 2018.

Parent company				
Granted warrants	President and CEO	Senior executives	Other key-employees	Total
Long-term incentive program, 2018	-	-	2,760,016	2,760,016
Total outstanding as at December 31, 2018	-	-	2,760,016	2,760,016

None of the senior executives are participating in the programme.

Outstanding warrants	Parent company			
	2018	Weighted redemption price	2017	Weighted redemption price
Outstanding as at January 1	-	-	-	-
Issued during the year	2,760,016	61.75	-	-
Outstanding as at December 31	2,760,016	61.75	-	-

Fair value and assumptions regarding warrants	Parent company
	LTIP 2018
Share price	37.33
Redemption price	61.75
Expected volatility (%)	28.00
Expected maturity (years)	2.95
Risk-free interest (%)	-0.34
Fair value	1.66

Personnel costs for share-based remuneration (SEKm)	Group		Parent company	
	2018	2017	2018	2017
LTIP 2018	-10.0	-	-10.0	-
	-10.0	-	-10.0	-

NOTE 8 AVERAGE NUMBER OF EMPLOYEES

Group	2018		2017	
	Men	Women	Men	Women
Sweden	322	239	326	243
Denmark	106	41	105	34
Finland	47	76	36	53
Norway	5	5	5	3
Belgium	6	2	-	-
Estonia	16	12	1	6
Greece	1	-	-	-
Croatia	12	6	-	-
Hungary	15	7	-	-
Lithuania	31	24	-	-
Latvia	9	9	-	-
Romania	2	-	-	-
Slovenia	5	5	-	-
Total	577	426	473	339
Total average no. of employees	1,003		812	

Parent company	2018		2017	
	Men	Women	Men	Women
Sweden	2	-	1	-
Total	2	-	1	-
Total average no. of employees	2		1	

Gender balance among senior executives

Group	2018		2017	
	Men %	Women %	Men %	Women %
Board of Directors	98	2	83	17
CEO and other executives	89	11	94	6
Total	95	5	92	8

NOTE 9 OTHER OPERATING REVENUE AND OPERATING EXPENSES

(SEKm)	Group		Parent company	
	2018	2017	2018	2017
Other operating income				
Gain from sale of fixed assets	0.0	0.1	-	-
Exchange gains on operating receivables/liabilities	0.3	6.2	-	-
	0.3	6.4	-	-
Other operating expenses				
Loss from sale of fixed assets	-0.1	-0.1	-	-
Exchange losses on operating receivables/liabilities	-4.5	-0.2	-0.0	-0.0
	-4.6	-0.3	-0.0	-0.0
	-4.4	6.0	-0.0	-0.0

NOTE 10 FINANCIAL ITEMS

(SEKm)	Group		Parent company	
	2018	2017	2018	2017
Financial income				
Interest income	0.8	1.9	-	-
Interest income, Group	-	-	0.7	0.2
Revalued contingent earnout	31.2	-	-	-
Net exchange differences	-	-	0.0	-
Dividend	0.1	0.1	-	-
Other financial income	0.6	0.2	-	-
	32.7	2.1	0.7	0.2
Financial expenses				
Interest expense, credit institutions	-18.2	-35.7	-0.6	-
Interest expense, other	-3.8	-2.5	-	-
Revalued contingent purchase price	-18.2	-	-	-
Interest contingent purchase price	-4.7	-2.8	-	-
Net exchange differences	-1.3	-6.9	-	-
Other financial expenses	-26.3	-8.9	-0.0	-
	-72.6	-56.8	-0.6	-
	-39.9	-54.7	0.1	0.2

NOTE 11 TAXES

(SEKm)	Group		Parent company	
	2018	2017	2018	2017
Current tax expense				
Current tax expense	-19.5	-18.5	-	-0.0
Adjustment of prior year income tax	-0.0	-	-0.0	-
	-19.5	-18.5	-0.0	-0.0
Deferred tax				
Deferred tax on temporary differences	20.0	3.9	-	-
Deferred tax income in capitalized taxable value of loss carry-forwards for the year	0.6	8.5	0.6	-
Deferred tax expense in loss carry-forwards used during the year	-11.1	-1.9	-	-0.0
Revalued loss carry-forwards	-0.3	-0.0	-	-
Effects of changes in tax rate	13.8	-	-0.1	-
	23.0	10.5	0.5	-0.0
	3.5	-8.1	0.5	-0.1

Tax of SEK 1.8 million attributable to transaction costs in connection with the issue of new ordinary shares has been recognised in equity.

(SEKm)	Group			
	2018	%	2017	%
Profit before tax	47.3		36.8	
Tax as per applicable tax rate for parent company	-10.4	-22.0	-8.1	-22.0
Effect of other tax rates for foreign subsidiaries	1.0	2.2	0.3	0.8
Non-taxable income	0.8	1.6	0.3	0.8
Non-deductible expenses	-0.3	-0.7	-1.7	-4.7
Losses for which deferred tax is not reported	-1.1	-2.3	-	-
Revalued loss carry-forwards	-0.3	-0.6	1.2	3.1
Adjustment of prior year income tax	-0.0	-0.0	-	-
Effects of changes in tax rate	13.8	29.2	-	-
Effective tax/tax rate	3.5	7.3	-8.1	-21.9

(SEKm)	Parent company			
	2018	%	2017	%
Profit before tax	-2.6		0.3	
Tax as per applicable tax rate for parent company	0.6	-22.0	-0.1	-22.0
Non-taxable income	-	-	-0.0	-0.5
Non-deductible expenses	-0.0	0.1	-	-
Adjustment of prior year income tax	-0.0	0.2	-	-
Effects of changes in tax rate	-0.1	2.5	-	-
Effective tax/tax rate	0.5	-19.3	-0.1	-22.5

(SEKm)	Group		Parent company	
	2018	2017	2018	2017
Deferred tax asset				
Loss carry-forwards	3.7	13.9	2.3	-
Other	2.3	1.7	-	-
	6.0	15.5	2.3	-
Deferred tax liability				
Equipment, tools and installations	0.3	0.2	-	-
Intellectual property rights	231.1	243.8	-	-
Untaxed reserves	2.9	15.0	-	-
	234.3	259.0	-	-
Deferred tax, net	-228.3	-243.5	2.3	-

None of the recognised loss carryforwards have a maturity date.

Loss carryforwards for which no deferred tax asset is recognised amount to SEK 15.0 million (10.3).

NOTE 12 EARNINGS PER SHARE

(SEKm)	Before dilution		After dilution	
	2018	2017	2018	2017
Earnings per share (SEK)	-0.00	-3.99	-0.00	-3.99
The amounts used in numerators and denominators are shown below:				
Profit for the year attributable to parent company shareholders	49.9	28.7	49.9	28.7
Deduction preference interest	-50.3	-205.1	-50.3	-205.1
Profit for the year attributable to parent company shareholders of ordinary shares	-0.4	-176.3	-0.4	-176.3
Average number of shares	95.8	44.2	95.8	44.2
Earnings per share (SEK)	-0.00	-3.99	-0.00	-3.99

Since the redemption price for the outstanding warrants was lower than the market value as of 31 December 2018, the warrants have not had a dilution effect on the calculation of earnings per share.

Earnings per share for the comparative period have been calculated taking into account the change in the number of shares in 2018.

NOTE 13 INTANGIBLE FIXED ASSETS**Internally developed intangible fixed assets**

Capitalized expenditures for development (SEKm)	Group		Parent company	
	2018	2017	2018	2017
Opening accumulated cost	91.1	63.0	-	-
Investments through acquisitions	1.9	4.3	-	-
Investments	52.2	20.4	0.1	-
Reclassifications	-	2.8	-	-
Divestments	-5.6	-	-	-
Translations difference	1.2	0.7	-	-
Closing accumulated cost	140.8	91.1	0.1	-
Opening accumulated amortization	-49.6	-32.2	-	-
Amortization through acquisitions	-0.7	-3.0	-	-
Amortization for the year	-17.3	-14.8	-	-
Reclassifications	-	0.8	-	-
Divestments	5.6	-	-	-
Translations difference	-0.7	-0.4	-	-
Closing accumulated amortization	-62.7	-49.6	-	-
Opening impairment losses	-0.7	-0.7	-	-
Impairment losses for the year	-	-	-	-
Closing impairment losses	-0.7	-0.7	-	-
Carrying amounts	77.4	40.8	0.1	-

The item pertains to costs for the Group's online platform.

Both internal and external costs have been capitalised. No borrowing costs have been capitalised because the projects are short term and thus do not satisfy the criteria for capitalisation.

Acquired intangible fixed assets

Trademarks (SEKm)	Group		Parent company	
	2018	2017	2018	2017
Opening accumulated cost	784.5	573.0	-	-
Investments through acquisition	40.6	210.8	-	-
Investments	2.0	-	-	-
Translations difference	0.2	0.7	-	-
Closing accumulated cost	827.3	784.5	-	-
Carrying amounts	827.3	784.5	-	-

The item primarily refers to the following brands: www.byghjemme.dk, www.netrauta.fi, www.badshop.se, www.golvshop.se, www.fyndmax.se, www.trademax.se, www.trademax.fi, www.trademax.no, www.trademax.dk, www.chilli.se, www.chilli.no, www.frishop.dk, www.talotavirke.fi, www.kodin1.fi, www.stonefactory.se www.furniturebox.se, www.furniturebox.no, www.furniturebox.dk, www.furniturebox.fi, www.golvpoolen.se, www.lindstromsbad.se, www.polarpumpen.se, www.pumplagret.se, www.fuktkontroll.se, www.vitvaruexperten.com, www.myhomemobler.dk and www.wegot.se.

Customer relationships	Group		Parent company	
	2018	2017	2018	2017
Opening accumulated cost	375.6	256.9	-	-
Investments through acquisitions	11.2	118.5	-	-
Translation difference	0.1	0.3	-	-
Closing accumulated cost	387.0	375.6	-	-
Opening accumulated amortization	-36.7	-4.1	-	-
Amortization for the year	-38.0	-32.5	-	-
Translation difference	-0.2	-0.2	-	-
Closing accumulated amortization	-74.9	-36.7	-	-
Carrying amounts	312.0	338.9	-	-

The item refers to identified customer relationships from acquisitions of Billigbyg.net A/S, Netrauta Finland Oy, United Web Sweden AB, TM Helsingborg AB, Camola ApS, M & M Visions Oy, Stonefactory Scandinavia AB, FB Internet AB, Polarpumpen AB, Arredo Holding AB, My Home, Vitvaruexperten.com Nordic AB, Frej Jonsson & Co AB, WeGot AB and Furniture1 UAB.

Goodwill (SEKm)	Group		Parent company	
	2018	2017	2018	2017
Opening accumulated cost	2,451.1	1,813.9	-	-
Investments through acquisitions	138.9	637.2	-	-
Investments	0.0	-	-	-
Translations difference	0.7	-0.0	-	-
Closing accumulated cost	2,590.7	2,451.1	-	-
Carrying amounts	2,590.7	2,451.1	-	-

The item refers to goodwill arising from acquisition of Billigbyg.net A/S, Netrauta Finland Oy, Taloon Yhtiöt Oy, Bygghemma Sverige AB, United Web Sweden AB, Linoleumkompaniet AB, Bygghemma Butik i Sthlm AB, Pro HBG Arbetskläder AB, TM Helsingborg AB, Camola ApS, M & M Visions Oy, Stonefactory Scandinavia AB, FB Internet AB, Polarpumpen AB, Arredo Holding AB, My Home, Vitvaruexperten.com Nordic AB, Frej Jonsson & Co AB, WeGot AB, Furniture1 UAB and Edututor Oy.

Other intangible non-current assets (SEKm)	Group		Parent company	
	2018	2017	2018	2017
Opening accumulated cost	7.0	2.4	-	-
Investments through acquisitions	0.0	6.7	-	-
Investments	7.3	0.6	0.2	-
Reclassification	0.1	-2.8	-	-
Divestments	-0.0	-	-	-
Translations difference	0.1	0.0	-	-
Closing accumulated cost	14.6	7.0	0.2	-
Opening accumulated amortization	-5.0	-2.0	-	-
Amortization through acquisitions	-0.0	-1.6	-	-
Amortization for the year	-0.8	-0.5	-	-
Reclassification	-0.1	-0.8	-	-
Divestments	0.0	-	-	-
Translations difference	-0.1	-0.0	-	-
Closing accumulated amortization	-6.0	-5.0	-	-
Carrying amounts	8.6	2.1	0.2	-

The item includes costs for registering and establishing the Group's Internet domains.

Only external costs have been capitalised. No borrowing costs have been capitalised.

Impairment testing of goodwill

Impairment testing of goodwill and brands is conducted annually, and at any time indications of a value decline are identified. The Group currently has two cash generating units: DIY and Home Furnishing.

Goodwill and trademark per cash-generating unit (SEKm)	Goodwill		Trademark	
	2018	2017	2018	2017
DIY	1,295.4	1,270.3	432.2	427.0
Home Furnishing	1,295.2	1,180.8	395.1	357.5
	2,590.7	2,451.1	827.3	784.5

Impairment testing for cash generating units containing goodwill

Impairment testing of goodwill is conducted annually, and at any time indications of a value decline are identified. When testing, the assets are grouped in cash generating units. Bygghemma Group's cash generating units match the defined operating segments (DIY and Home Furnishing) When testing, carrying amounts of cash generating units are compared with recoverable amounts. The recoverable amount of the respective cash generating units is determined by discounting future cash flows in order to determine the value in use. Calculations of future cash flows are based on the strategic plans adopted by executive management for the coming five years (detailed plans). The carrying amount of the cash generating unit includes goodwill, brands with an indefinite useful life and assets with a definite useful life, such as non-current assets, brands and working capital. The value of assets that are amortised is tested for impairment whenever there are indications that the carrying amount may possibly not be recoverable.

Should the carrying amount of an asset or a cash generating unit exceed its estimated recoverable amount, the asset is impaired down to the recoverable amount. Previous impairment losses are reversible if the reasons for the impairment no longer exist. However, a reversal may never exceed what the carrying amount would have been had the impairment loss not been recognised in a prior year. Impairment of goodwill is never reversed.

In conjunction with the annual impairment testing of goodwill, the value in use is recalculated. The value in use of the cash generating units is determined by calculating the value in use. The calculation of value in use is based on the five-year strategy plans that have been adopted by the Board, which are based in turn on assumptions and judgments that are mainly formulated by executive management. The most material assessments and assumptions entail forecasts of organic growth, profit margin, market

growth (total market plus the online market) and the discount interest rate used. Assumptions are based on both historical experience and current market information.

Discount interest rate

The discount interest rate used in the present value calculation of expected future cash flows is the current weighted average cost of capital (WACC) established for each operating segment based on the Capital Asset Pricing Model (CAPM), and the assumed long-term capital structure and tax rate (which is currently 9.6 percent). Assumptions regarding profit margins in both business segments are based on the estimated development in the particular product segments in respect of sales mix and operating margin trend, with current market prices and costs plus real development and cost inflation as the point of departure.

Growth assumptions

The growth assumptions in the forecast period comply with the Group's target of growing in line with the market organically. The market is defined as the online market in the Nordic region for furniture and building materials which, according to available market data, is expected to grow by 15 percent annually over the coming five years. Expected sustainable future cash flow for the period beyond the planning horizon for the strategy plan is extrapolated with assumed sustainable growth of 2.5 percent (which is established on the basis of assumed nominal GDP growth in the relevant markets).

Sensitivity

The impairment tests that have been conducted show that there is no need for impairment. The impairment tests generally have a margin that entails that any negative changes in individual parameters would reasonably not result in the recoverable amount declining to less than the carrying amount. However, forecast cash flows are uncertain and can also be affected by factors beyond the company's control. Even if the estimated growth rate that was applied after the forecast five-year period had been 1.5 percent instead of management's assessment of 2.5 percent, no need for impairment of goodwill would have arisen. Even if the estimated operating margin that was applied for the forecast five-year period had been 2 percent lower, no need for impairment of goodwill would have arisen. Even if the estimated discount interest rate before tax that was applied for discounted cash flows had been 11.0 percent instead of management's assessment of 9.6 percent, no need for impairment of goodwill would have arisen. Management also assesses that no reasonable changes in other important assumptions would result in the recoverable amount declining to less than the carrying amount.

Summary of material parameters

CAGR years 1-5	10-15 %
CAGR after year 5	2,5 %
Discount interest rate before tax	9,6 %
Average operating margin	5-6 %

Impairment testing for cash generating units containing brands

For information on the impairment testing of these cash generating units, refer to the above information on goodwill testing. In addition to being included in the cash generating units tested above, the brands have been tested individually, based on a royalty factor and forecasts of future net sales. The forecasts for the five-year period ahead, the long-term growth rate and the discount interest rate have been conducted in the same way and amount to the same total as that shown above.

Indefinite useful lives

The recognised brands have an indefinite useful life because they pertain to well-known market brands that the Group intends to retain and further develop and that thus may be expected to generate cash flows during an indefinite period ahead.

NOTE 14 TANGIBLE FIXED ASSETS

Equipment	Group		Parent company	
	2018	2017	2018	2017
Opening accumulated cost	24.6	9.0	-	-
Investments through acquisitions	3.4	22.0	-	-
Investments	5.7	3.3	-	-
Reclassification	1.3	-8.9	-	-
Divestments	-1.7	-1.0	-	-
Translation difference	0.3	0.2	-	-
Closing accumulated cost	33.7	24.6	-	-
Opening accumulated depreciation	-16.7	-4.9	-	-
Depreciation through acquisitions	-1.1	-15.2	-	-
Depreciation for the year	-3.9	-2.1	-	-
Reclassification	-1.5	4.7	-	-
Divestments	1.4	0.9	-	-
Translation difference	-0.2	-0.1	-	-
Closing accumulated depreciation	-22.0	-16.7	-	-
Carrying amounts	11.7	8.0	-	-

Buildings and land	Group		Parent company	
	2018	2017	2018	2017
Opening accumulated cost	12.1	11.7	-	-
Investments	0.4	-	-	-
Translation difference	0.5	0.3	-	-
Closing accumulated cost	12.9	12.1	-	-
Opening accumulated depreciation	-1.2	-0.9	-	-
Depreciation for the year	-0.3	-0.3	-	-
Translation difference	-0.1	-0.0	-	-
Closing accumulated depreciation	-1.6	-1.2	-	-
Carrying amounts	11.3	10.8	-	-

Leasehold improvements	Group		Parent company	
	2018	2017	2018	2017
Opening accumulated cost	26.9	12.9	-	-
Investments through acquisitions	-	0.7	-	-
Investments	2.8	4.3	-	-
Reclassification	0.3	8.9	-	-
Divestments	-	-0.1	-	-
Translation difference	0.2	0.1	-	-
Closing accumulated cost	30.2	26.9	-	-
Opening accumulated depreciation	-13.4	-4.1	-	-
Depreciation for the year	-5.5	-4.6	-	-
Reclassification	-0.1	-4.7	-	-
Divestments	-	0.1	-	-
Translation difference	-0.1	-0.1	-	-
Closing accumulated depreciation	-19.1	-13.4	-	-
Carrying amounts	11.2	13.5	-	-

NOTE 15 PARTICIPATIONS IN GROUP COMPANIES

Group	Corporate ID number	Registered office	No. of shares	Share capital (%)	Voting rights (%)	Carrying amount Dec 31, 2018	Carrying amount Dec 31, 2017
Bygghemma Second Holding AB	559077-0771	Malmö	50,000	100.0	100.0	2,691.6	2,352.1
						2,691.6	2,352.1

Group	Corporate ID number	Registered office	No. of shares	Share capital (%)	Voting rights (%)
Bygghemma Second Holding AB	559077-0771	Malmö	50,000	100.0	100.0
Bygghemma Group Nordic AB	556800-9798	Malmö	6,295,794	100.0	100.0
Bygghemma Sverige AB	556689-4282	Malmö	1,629	100.0	100.0
Bygghemma Butik i Sthlm AB	556822-1476	Malmö	1,000	100.0	100.0
Linoleumkompaniet AB	556599-6484	Stockholm	1,000	100.0	100.0
Bygghjemme Norge AS	993 392 375	Nøtterøy	3,000	100.0	100.0
Byghjemme.dk ApS	34901783	Frederica	700,000	100.0	100.0
TM HBG ASIA LIMITED	2255795	Hong Kong	10,000	100.0	100.0
Camola ApS	32342396	Frederica	80,000	70.0	70.0
Stonefactory Scandinavia AB	556786-1454	Linköping	1,260	82.2	82.2
Vitvaruexperten.com Nordic AB	559010-7792	Sollentuna	111,800	51.0	51.0
Bygghemma Finland Holding AB	559023-3853	Malmö	500	100.0	100.0
Taloon Yhtiöt Oy	1870108-3	Riihimäki	1,000	100.0	100.0
M & M Visions Oy	1052664-7	Helsinki	150	100.0	100.0
Netrauta Finland Oy	2166342-8	Hämeenlinna	11,839	100.0	100.0
Handelmark OÜ	11607700	Talinn	1	100.0	100.0
Eduutor Oy	2357972-1	Kangasala	1,322	100.0	100.0
Arredo Holding AB	556872-6367	Malmö	1,000	100.0	100.0
Arredo AB	556245-2994	Malmö	3,333	100.0	100.0
Golvpoolen Helsingborg AB	556859-0458	Lomma	50,000	100.0	100.0
Lindströms Bad-, VVS- och Kakelvaruhus i Malmö AB	556652-2156	Lomma	1,000	100.0	100.0
Lindströms i Lomma VVS Varuhus AB	556545-7149	Lomma	1,000	100.0	100.0
Gulv og Fliseeksperten ApS	38113844	København	50,000	100.0	100.0
Frej Jonsson & Co AB	559125-5848	Göteborg	500	100.0	100.0
Polarpumpen AB	556749-0262	Göteborg	1,000	51.0	51.0
Svensk Installationspartner AB	556842-1076	Göteborg	500	100.0	100.0
Pumplagret Sverige AB	556972-5400	Göteborg	500	100.0	100.0
Inredhemma Sverige AB	556913-0403	Malmö	500	100.0	100.0
FB Internet AB	556890-4808	Stockholm	10,000	100.0	100.0
WeGot AB	556692-6852	Malmö	1,000	100.0	100.0
TM Helsingborg AB	556780-9685	Helsingborg	1,000	100.0	100.0
TM Finland Oy	2662443-6	Helsinki	1,000	100.0	100.0
Inredhemma Danmark ApS	38575945	København	10,879,500	89.2	89.2
My Home 2 A/S	30601319	Birkeød	500	100.0	100.0
My Home 3 A/S	30739043	Fårup	500	100.0	100.0
My Home 4 A/S	30736443	Randers	500	100.0	100.0
My Home 7 A/S	30526953	Randers	500	100.0	100.0
My Home 8 A/S	31427800	Fårup	500	100.0	100.0
Domino Møbler ApS	19176398	Fårup	315,000	100.0	100.0
Inredhemma Europa AB	38575945	Malmö	50,000	100.0	100.0
Furniture1 UAB	304742023	Vilnius	89,100	30.0	30.0
Baldai1 UAB	302935803	Vilnius	100	100.0	100.0
Eurotrade1 SIA	40103665706	Riga	3,000	100.0	100.0
ETR1 Group OU	12741670	Tallinn	1	100.0	100.0
Furniture1 KFT	01-09-270625	Budapest	1	100.0	100.0
Furniture1 DOO	33412662987	Zagreb	1	100.0	100.0
Eurotrade1 DOO	7104456000	Ljubljana	1	100.0	100.0
Mebeli24 OOD	204743793	Sofia	100	80.0	80.0
Furniture1 Hellas IKE	801003026	Aspropyrgos	1,000	80.0	80.0
Mobilier1 Concept SLR	39413592	Bukarest	465	80.0	80.0

NOTE 16 INVENTORIES

The Group's cost of goods sold includes impairment losses on inventories of SEK 0.3 million (-5.1).

NOTE 17 ACCOUNTS RECEIVABLE

Accounts receivable were recognised after taking into account loan losses arising in the Group during the year of SEK -3.8 million (0.8). The loan losses pertain to a number of minor accounts. See also Note 25.

Credit exposure (SEKm)	Group		Parent company	
	2018	2017	2018	2017
Accounts receivable not overdue or impaired	49.4	42.9	-	-
Accounts receivable overdue but not impaired	28.7	9.1	-	-
Accounts receivable impaired	9.3	5.7	-	-
Provision for bad debts	-7.6	-5.9	-	-
	79.7	51.8	-	-

The credit risk pertaining to accounts receivable that are not past due or impaired is not assessed to be material. No single customer in the Group accounts for more than 10 percent of the Group's accounts receivable. For additional information on credit risks, see Note 25.

The company's accounts receivable are primarily denominated in SEK. The assessment is that the accounts receivable are not exposed to any material currency exposure.

2018 (SEKm)	Group		
	Weighted average loss level (%)	Reported value, gross	Loss reserves
Not overdue	0.0	49.4	0.0
Overdue < 30 days	-0.0	16.0	-0.0
Overdue 30 -90 days	-47.0	7.5	-3.5
Overdue > 90 days	-28.6	14.4	-4.1
		87.3	-7.6

Provision for bad debts (SEKm)	Group		Parent company	
	2018	2017	2018	2017
Opening balance, January 1	-5.9	-2.7	-	-
Additional provisions	-7.2	-2.8	-	-
Reversed provisions	4.2	0.3	-	-
Actual losses	1.3	-0.7	-	-
Translation difference	-0.0	0.0	-	-
Closing balance, December 31	-7.6	-5.9	-	-

NOTE 18 PREPAID EXPENSES AND ACCRUED INCOME

(SEKm)	Group		Parent company	
	2018	2017	2018	2017
Prepaid rent	19.2	19.6	-	-
Prepaid insurance expenses	1.1	0.2	0.1	0.0
Accrued supplier bonus	72.1	50.1	-	-
Accrued income	9.3	6.8	-	-
Refund asset	5.6	1.8	-	-
Other	12.1	9.8	0.1	-
	119.4	88.4	0.2	0.0

NOTE 19 EQUITY

As of 31 December 2018, the share capital consisted of 107,368,421 shares (2,370,993). Each share has a quotient value of SEK 0.03.

Issued shares (numbers)	Ordinary shares		Preference shares	
	2018	2017	2018	2017
Issued shares, January 1	572,068	406,960	1,798,925	1,324,840
Cash issue	7,368,666	89,798	689	337,896
Non-cash issue	-	75,310	-	136,189
Stock split	47,501,979	-	149,367,962	-
Redemption of ordinary shares	-241,332	-	-	-
Conversion of preference shares	52,167,040	-	-52,167,040	-
Withdrawing of preference shares	-	-	-99,000,536	-
	107,368,421	572,068	-	1,798,925

Other capital contributions

The premium reserve arises when shares are issued at a premium, meaning that the shares are paid for at a price that exceeds the quotient value.

Translation reserve

The translation reserve encompasses all exchange-rate differences that arise when translating income statements and balance sheets to SEK in the consolidated financial statements.

(SEKm)	Group	
	2018	2017
Translations difference, January 1	1.1	-1.0
Translations difference for the year	8.3	2.1
Translations difference, December 31	9.4	1.1

Appropriation of profits

Bygghemma Group First AB
559077-0763

Appropriation of profits (SEK)

At the disposal of the annual general meeting

Retained earnings	54,777,099
Share premium reserve	2,667,441,766
Profit/loss for the year	-2,118,954
	2,720,099,911
The board of directors proposes to be carried forward	2,720,099,911
	2,720,099,911

NOTE 20 LIABILITIES TO CREDIT INSTITUTIONS

(SEKm)	Group		Parent company	
	2018	2017	2018	2017
Loans from banks	694.9	934.2	30.0	-
Property loans	-	3.3	-	-
	694.9	937.5	30.0	-
Liabilities due for payment later than five years after the closing date	-	-	-	-

During 2018, the Group raised new loans of SEK 693.9 million and repaid SEK 968.5 million.

NOTE 21 OTHER PROVISIONS

Other provisions (SEKm)	Group		Parent company	
	2018	2017	2018	2017
Provisions warranties	1.4	1.3	-	-
Provisions pension (capital insurance)	0.2	0.1	-	-
Other provisions	0.4	-	-	-
	1.9	1.4	-	-

(SEKm)	Group		Parent company	
	2018	2017	2018	2017
Total carrying amount at start of period	1.4	1.8	-	-
Provisions during the period	0.5	0.0	-	-
Amount used during the period	-	-0.4	-	-
Translation difference	-0.0	0.0	-	-
Total carrying amount at the end of the period	1.9	1.4	-	-
Of which total non-current portion of provisions	1.0	0.8	-	-
Of which total current portion of provisions	0.9	0.7	-	-

NOTE 22 OTHER INTEREST-BEARING LIABILITIES

Other interest-bearing liabilities pertain to contingent and deferred earn-outs attributable to the Group's acquisitions.

2018 (SEKm)	Reported values opening balance	Added during the period	Reported values in PnL			Cash flow	Reported values closing balance
			Changes in net present value	Interest expenses	Translation difference	Utilized amounts	
My Home	62.7	-	15.1	0.9	2.3	-12.0	69.1
Camola ApS	34.7	-	-	1.1	1.4	-	37.2
Stonefactory Scandinavia AB	20.3	-	-	0.0	-	-11.8	8.5
Polarpumpen AB	57.9	-	-7.9	1.5	-	-	51.5
Vitvaruexperten.com Nordic AB	39.4	-	-2.3	1.1	-	-	38.2
Hus och Stuga	-	1.0	-	-	-	-	1.0
M & M Visions Oy	3.0	-	3.1	-	0.2	-6.3	-
Edututor Oy	-	12.8	-	-	-0.1	-	12.7
Wegot AB	17.6	-	-8.2	0.1	-	-	9.5
Frej Jonsson & Co AB	14.0	-	-12.8	0.0	-	-	1.2
Furniture1 UAB	-	94.7	-	-	-3.2	-	91.5
	249.6	108.5	-13.0	4.7	0.6	-30.1	320.3

2017 (SEKm)	Reported values opening balance	Added during the period	Reported values in PnL			Cash flow	Reported values closing balance
			Changes in net present value	Interest expenses	Translation difference	Utilized amounts	
My Home	-	61.0	-	0.4	1.3	-	62.7
Camola ApS	32.8	-	-	1.0	0.9	-	34.7
Bygghemma Butik	2.0	-	-	-	-	-2.0	-
Stonefactory Scandinavia AB	23.4	-	-	0.4	-	-3.5	20.3
Polarpumpen AB	-	56.9	-	1.0	-	-	57.9
Vitvaruexperten.com Nordic AB	-	39.4	-	-	-	-	39.4
M & M Visions Oy	6.7	-	-	-	0.1	-3.9	3.0
Wegot AB	-	17.6	-	-	-	-	17.6
Frej Jonsson & Co AB	-	14.0	-	-	-	-	14.0
United Web Sweden AB	15.1	-	-	-	-	-15.1	-
Home Furnishing Nordic AB	16.7	-	-	-	-	-16.7	-
	96.7	188.9	-	2.8	2.4	-41.1	249.6

NOTE 23 ACCRUED EXPENSES AND DEFERRED INCOME

(SEKm)	Group		Parent company	
	2018	2017	2018	2017
Accrued personnel expenses	62.7	56.9	1.1	0.7
Accrued marketing expenses	6.6	6.5	-	-
Accrued freight expenses	14.2	6.3	-	-
Accrued cost of goods sold	9.0	4.0	-	-
Accrued audit expenses	2.4	2.4	0.4	0.6
Accrued interest expenses	0.2	1.4	0.0	-
Accrued rent	5.3	6.9	-	-
Refund liability	9.4	3.4	-	-
Prepaid income	1.1	0.9	-	-
Other	18.9	13.4	5.1	7.4
	129.8	102.0	6.6	8.6

NOTE 24 PLEDGED ASSETS AND CONTINGENT LIABILITIES

(SEKm)	Group		Parent company	
	2018	2017	2018	2017
Guarantees to external parties	13.7	13.1	-	-
Financial guarantees on behalf of subsidiaries	-	-	702.8	-
Shares in subsidiaries	-	2,364.4	-	2,352.1
Floating charge	22.3	22.3	-	-
	36.0	2,399.8	702.8	2,352.1

NOTE 25 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Capital management

The Group's objective is to have a good financial position that helps to uphold the confidence of investors, creditors and the market, and provides a basis for further business development at the same time as the long-term return generated for the shareholders is satisfactory. The Group's goal for the capital structure is net debt in relation to rolling 12-month (LTM) EBITDA in the range of 1.5–2.5x, subject to flexibility for strategic activities.

Capital is defined as total equity.

(SEKm)	Group	
	2018	2017
Total equity	2,814.4	2,375.1

Bygghemma Group's financing agreements contain customary covenants related to the relationship between EBITDA and net debt.

Financial policy

Through its operations, Bygghemma Group is exposed to various types of financial risks: market risk, financing and liquidity risk, and credit risk. Bygghemma Group's financial risk management is centralised to the Parent Company in order to achieve economies of scale and synergies as well as to minimise the management of risks. The Parent Company also functions as the Group's internal bank and is responsible for financing and the financial policy. This includes merging liquidity needs. The financial policy formulated by the Board of Directors includes overall risk management as well as specific areas, such as liquidity risk, interest-rate risk, currency exchange risk, credit risk, insurance risk, use of financial instruments and placement of excess liquidity.

Financing and liquidity risk

The Group's external financing mainly comprises a number of loans raised with the Group's bank, SEB. These have an average maturity of 4.3 years.

The Group's ability to pay its debts, otherwise fulfil its obligations in accordance and compliance with the terms of the credit agreements, and to refinance its loans and make payments in accordance with other obligations depends on the Group's future earnings. Some aspects of the Group's future earnings depend on economic, financial and competitive factors as well as other factors beyond the Group's control. If the Group does not fulfil its obligations in accordance with the terms of the credit agreements, this could adversely impact the Group's operations, financial position and earnings as well as the Group's ability to receive further financing should it be necessary.

Financing and liquidity risk is managed centrally by the Parent Company, which ensures that there is always sufficient cash and cash equivalents available for the Group companies; the Group's liquidity reserve should never fall below 2 percent of the Group's rolling 12-month sales, which was not the case at any time during the year. The availability of cash and cash equivalents for the subsidiaries is partially secured through the use of a joint cash pool for all Group companies. As of 31 December 2018, the Group had SEK 226.9 million (156.1) in liquidity and available loans of SEK 394.5 million.

Liquidity management is important for Bygghemma Group. Bygghemma Group monitors its liquidity on a daily basis and forecasts of cash assets are evaluated monthly. Bygghemma Group endeavours to optimise its access to funds by focusing on its operating activities and through active management of working capital as well as by ensuring that there are necessarily large credit facilities with the Group's banks. The aim of Bygghemma Group's financial policy is to secure sufficient liquid reserves at every given point in time in order to satisfy the Group companies' operational and strategic financial needs.

Refinancing

In conjunction with the IPO on Nasdaq Stockholm, Bygghemma Group carried out a refinancing, whereby all of the Group's loans with Nordea/Swedbank were settled and prepaid borrowing costs of SEK 21.9 million were expensed. The Group's financing agreements are subject to the following terms and conditions.

The bank loans have a term of five years, from the IPO on 27 March 2018, and comprise a basic facility of SEK 495 million, an acquisition facility of SEK 300 million, a working capital facility of SEK 240 million and a letter of credit facility of SEK 60 million, amounting to total granted credit facilities of SEK 1,095 million.

All of the facilities have a term of five years and carry interest rate at a rate of IBOR + 1.30–2.40 percent, depending on the Group's debt/equity ratio. At a debt/equity ratio of $\geq 3.00x$, interest is payable at a rate of IBOR + 2.40 percent, while at a debt/equity ratio $\leq 1.00x$, interest is payable at a rate of IBOR + 1.30 percent; between these amounts, the interest rate is adjusted depending on the debt/equity ratio at IBOR levels of 1.50, 1.75 and 2.00 percent.

The basic facility of SEK 495 million has a term of five years and then has to be repaid in full – what is known as a bullet loan. With respect to the acquisition facility, the principal is to be repaid at 12.5 percent per year starting after year three, while the working capital and letter of credit facilities are to be utilised as needed and, consequently, are not subject to any scheduled repayment.

As of the balance-sheet date, the Group had utilised SEK 700.5 million of the credit facilities, paid SEK 5.6 million in transaction fees and had unutilised loans totalling SEK 394.5 million.

Market risks – interest-rate risk

Interest-rate risk refers to the risk that financial income and expenses as well as the value of financial instruments could fluctuate due to changes in market rates. Interest-rate risks could lead to changes in market values and cash flows as well as fluctuations in the Group's profit. The Group is exposed to interest-rate risks, primarily through its non-current loans with variable interest rates. As of the balance-sheet date, all non-current liabilities carried variable interest.

According to the Group's financial policy, the Board of Directors must make decisions annually concerning the Group's structuring and distribution of interest-bearing assets and liabilities.

At year-end, the Group's interest-bearing liabilities were broken down as follows:

(SEKm)	Group	
	2018	2017
Loans from banks	694.9	934.2
Property loans	-	3.3
Earnouts/ deferred earnouts	320.3	249.6
	1,015.3	1,187.1

In 2018, a +/- 1-percent change in the variable interest rate on the Group's loans would have impacted consolidated net financial items in an amount of SEK 8.1 million.

Credit risk

Credit risk involves exposure to losses if a counterparty to a financial instrument is unable to fulfil its obligations. The exposure is based on the carrying amount of the financial assets, most of which consist of accounts receivable, cash and cash equivalents. The Group's cash and cash equivalents comprise bank balances. Most of the bank balances are in banks with a long-term rating of Aa2 from Moody's.

On some of the Group's e-commerce platforms, customers are offered loans from a financial institution that Bygghemma partners with to finance their purchases. If the customer chooses to utilise such a credit solution, the financial institution receives a receivable from the customer, while Bygghemma receives liquidity from the institution within a couple days of the completed purchases. Bygghemma assumes no credit risk or other risk for the receivables the credit institution has from the customer. The Group's cost for the credit solution offered to customers amounted to SEK 7.0 million (16.2).

However, on some of the Group's platforms, Bygghemma itself offers customers loans. The credit risk associated with the Group's accounts receivable is spread over a large number of customers, mainly private individuals. The Group has established a credit policy for managing customer credits. For information concerning credit exposure and impairment of accounts receivable, refer to Note 17.

Market risk – currency exchange risk

The Group's currency exchange risk comprises transaction exposure and translation exposure.

Transaction exposure

Transaction exposure is the risk associated with the Group's earnings and cash flows and arises when the value of receipts and disbursements in foreign currencies changes because of fluctuations in exchange rates. Transactions are not currency hedged.

According to the Group's financial policy, the Group must work actively to match receipts and disbursements in foreign currency, and measure and follow up the currency exposure of the various subsidiaries.

The net flow in foreign currency, defined as sales less purchases per currency, is shown below:

(SEKm)	Group	
	2018	2017
DKK	213.0	96.4
EUR	-526.0	-285.7
NOK	193.3	145.2
USD	-335.8	-227.9

Exposure to foreign currencies entails that the Group is subject to currency exchange risk. For 2018 and assuming all other variables remain unchanged, an exchange rate fluctuation of 10 percent for the various currencies would affect pre-tax profit by the following amounts:

Sensitivity analysis (SEKm)	Group	
	2018	2017
DKK	+/- 21,3	+/- 9,6
EUR	+/- 52,6	+/- 28,6
NOK	+/- 19,3	+/- 14,5
USD	+/- 33,6	+/- 22,8

Translation exposure

Translation exposure is the risk that arises from the translation of net assets in foreign subsidiaries to the reporting currency (SEK). Foreign subsidiaries primarily have operations in Denmark (DKK), Norway (NOK), Finland (EUR)

and the Baltics (EUR). The Group is affected by translation of the income statements and balance sheets of foreign subsidiaries into SEK. Such translation exposure is not currency hedged. Because the exchange rate for foreign currencies fluctuates in relation to SEK, there is a risk that future changes in exchange rates could materially and adversely impact the Group's operations, outlook, earnings and financial position.

Foreign net assets, including goodwill and other intangible fixed assets arising from acquisitions, are broken down as follows:

(SEKm)	Group			
	2018	%	2017	%
DKK	221.5	39.5	199.5	47.2
EUR	327.2	58.3	214.7	50.7
NOK	12.6	2.2	8.8	2.1
	561.3	100.0	423.1	100.0

Categorisation of financial instruments

Shares in unlisted companies and contingent and deferred earn-outs belong to Level 3 of the measurement hierarchy. Apart from earn-outs, the carrying amounts correspond to the fair value for all financial instruments recognised in the statement of financial position.

2018 (SEKm)	Carrying amounts				Fair value			
	Financial assets measured at amortized cost	Financial assets measured at fair value through PnL	Financial liabilities measured at fair value through PnL	Financial liabilities measured at amortized cost	Total	Level 2	Level 3	Total
Financial assets measured at fair value								
Shares in unlisted companies		0.7			0.7		0.7	0.7
Financial assets not measured at fair value								
Deposit	4.7				4.7	4.7		4.7
Accounts receivable	79.7				79.7	79.7		79.7
Other receivable	34.0				34.0	34.0		34.0
Receivables from Group companies	-				-	-		-
Accrued income	9.3				9.3	9.3		9.3
Cash and cash equivalents	226.9				226.9	226.9		226.9
Total financial assets	354.7	0.7	-	-	355.4	354.7	0.7	355.4
Financial liabilities measured at fair value								
Earnouts			320.3		320.3		320.3	320.3
Financial liabilities not measured at fair value								
Credit facilities				700.5	700.5	700.5		700.5
Accounts payable				497.9	497.9	497.9		497.9
Other liabilities				3.3	3.3	3.3		3.3
Accrued expenses				56.6	56.6	56.6		56.6
Total financial liabilities	-	-	320.3	1,258.3	1,578.7	1,258.3	320.3	1,578.7

In the statement of financial position, deposits and participations in unlisted companies are recognised under other financial assets and earn-outs are recognised under other non-current and current liabilities.

For a reconciliation between the carrying amount of earn-outs at the beginning of the period and at the end of the period, refer to Note 22.

Measurement of fair value

Participations in unlisted companies

Participations in unlisted companies pertain to membership of purchasing organisations. It is estimated that amortised cost reflects the fair value, since these are not transferable in the open market.

Accounts receivable and payable

For accounts receivable and payable with a remaining life of less than six months, the carrying amount is deemed to

reflect the fair value. The Group has no accounts receivable or payable with a life exceeding six months.

Earn-outs

The fair value of contingent and deferred earn-outs is calculated by discounting future cash flows with 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.

Credit facilities

The Group's credit facilities carry variable interest. Since the time that the facilities were raised, Bygghemma's assessment is that no changes have occurred in credit margins that would give rise to a material difference between the nominal amount and fair value of the loan.

2017 (SEKm)	Carrying amounts				Fair value			
	Financial assets measured at amortized cost	Financial assets measured at fair value through PnL	Financial liabilities measured at fair value through PnL	Financial liabilities measured at amortized cost	Total	Level 2	Level 3	Total
Financial assets measured at fair value								
Shares in unlisted companies		1.0			1.0		1.0	1.0
Financial assets not measured at fair value								
Deposit	3.5				3.5	3.5		3.5
Accounts receivable	51.8				51.8	51.8		51.8
Other receivable	38.8				38.8	38.8		38.8
Receivables from Group companies	-				-	-		-
Accrued income	6.8				6.8	6.8		6.8
Cash and cash equivalents	156.1				156.1	156.1		156.1
Total financial assets	256.9	1.0	-	-	257.9	256.9	1.0	257.9
Financial liabilities measured at fair value								
Earnouts			249.6		249.6		249.6	249.6
Financial liabilities not measured at fair value								
Credit facilities				960.2	960.2	960.2		960.2
Accounts payable				370.1	370.1	370.1		370.1
Other liabilities				3.0	3.0	3.0		3.0
Accrued expenses				40.8	40.8	40.8		40.8
Total financial liabilities	-	-	249.6	1,374.0	1,623.6	1,374.0	249.6	1,623.6

2018

Maturity structure of financial liabilities – undiscounted cash flows (SEKm)	2018				
	Totalt	0 - 3 mo.	3 mo. - 1 year	1 - 5 years	> 5 years
Earnouts	320.3	4.4	37.6	278.3	-
Credit facilities	747.0	3.1	9.2	734.8	-
Accounts payable	497.9	497.9	-	-	-
Other liabilities	3.3	3.3	-	-	-
Accrued expenses	56.6	56.6	-	-	-
	1,625.2	565.3	46.8	1,013.1	-

2017

Maturity structure of financial liabilities – undiscounted cash flows (SEKm)	2017				
	Totalt	0 - 3 mo.	3 mo. - 1 year	1 - 5 years	> 5 years
Earnouts	249.6	11.7	25.2	212.7	-
Credit facilities	1,090.9	9.3	71.1	1,010.5	-
Accounts payable	370.1	370.1	-	-	-
Other liabilities	3.0	3.0	-	-	-
Accrued expenses	40.8	40.8	-	-	-
	1,754.3	434.8	96.3	1,223.2	-

NOTE 26 OPERATING LEASES

The Group rents essentially all of its office and warehouse premises under operating leases. The Parent Company rents essentially all of its office premises under operating leases.

(SEKm)	Group		Parent company	
	2018	2017	2018	2017
Within a year	-122.0	-126.0	-	0.1
Between one to five year	-249.9	-305.0	-	0.0
More than five years	-83.5	-27.0	-	-
Total lease- and other commitments	-455.4	-458.0	-	0.1
Leasing costs during the year	-157.1	-120.1	-0.1	0.0

NOTE 27 SUPPLEMENTARY DISCLOSURES FOR THE STATEMENT OF CASH FLOWS

Profit/loss items during the year that do not generate cash flow from operating activities.

(SEKm)	Group		Parent company	
	2018	2017	2018	2017
Depreciation, amortization, impairment and scrapping of non-current assets	65.8	54.7	-	-
Capital gains disposal of non-current assets	0.1	-0.0	-	-
Change in other provisions	0.2	4.5	-	-
Group contributions received	-	-	-29.5	-18.2
Reassessed earnouts	3.1	-	-	-
Unrealized exchange differences	-7.9	3.7	-	-
Accrued interest expenses and income	22.5	-5.5	0.0	-
	83.8	57.3	-29.5	-18.2
Other supplementary disclosures				
Interest received during the financial year	0.8	1.9	-	0.2
Interest paid during the financial year	-23.3	-40.4	-0.6	-
	-22.5	-38.6	-0.6	0.2

NOTE 28 RECONCILIATION OF NET DEBT/CASH

2018 (SEKm)	Opening balance	Cash flows	Changes in non-cash items			Closing balance
			Acquisitions	Exchange rate difference	Accruals	
Liabilities						
Credit facilities	956.8	-264.5	8.2	-	-	700.5
Property loans	3.3	-3.5	-	0.1	-	-
Transaction expenses	-22.7	-6.6	-	-	23.7	-5.6
Total liabilities	937.5	-274.6	8.2	0.1	23.7	694.9
Cash and cash equivalents						
Cash and cash equivalents	-156.1	-54.8	-12.9	-3.1	-	-226.9
Total cash and cash equivalents	-156.1	-54.8	-12.9	-3.1	-	-226.9
Net debt/ net cash	781.4	-329.4	-4.7	-2.9	23.7	468.0

2017 (SEKm)	Opening balance	Cash flows	Changes in non-cash items			Closing balance
			Acquisitions	Exchange rate difference	Accruals	
Liabilities						
Credit facilities	661.5	295.4	-	-	-	956.8
Property loans	3.5	-0.3	-	0.1	-	3.3
Transaction expenses	-19.6	-	-	-	-3.1	-22.7
Total liabilities	645.4	295.1	-	0.1	-3.1	937.5
Cash and cash equivalents						
Cash and cash equivalents	-53.3	-70.8	-30.9	-1.0	-	-156.1
Total cash and cash equivalents	-53.3	-70.8	-30.9	-1.0	-	-156.1
Net debt/ net cash	592.1	224.3	-30.9	-1.0	-3.1	781.4

NOTE 29 RELATED-PARTY TRANSACTIONS

Transactions between Bygghemma Group First AB (publ) and its subsidiaries, which are related to Bygghemma Group First AB (publ), have been eliminated in the consolidated accounts.

All transactions between related parties have been conducted on market conditions and at an arm's length.

Transactions with the owners

During the year, the company implemented several new share issues, which contributed total equity of SEK 343 million for the company. The company also issued warrants

during the year, which contributed nearly SEK 5 million in equity for the company.

Transactions with Board members and senior executives

There were no transactions with senior executives, apart from those recognised above and in Note 7.

Parent company

	Year	Sale of goods/ services to related parties	Purchase of goods/ services from related parties	Other (e.g. interest dividend)	Claims on related parties at December 31	Liability to related parties at December 31
Subsidiaries	2018	2.4	-	0.7	101.7	43.2
Subsidiaries	2017	0.9	-	0.2	23.2	10.3

NOTE 30 SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

Acquisition of Designkupp AS

On 29 January 2019, Bygghemma Group acquired 95 percent of Designkupp AS ("VVSKupp"). VVSKupp, which was founded in 2005, is the leading online player in Norway within bathroom products, with sales of approximately SEK 100 million in 2018 and an EBIT margin of 3 percent.

Acquired net assets - Designkupp AS (SEKm)	Booked value
Trademarks	11.5
Customer relationships	12.5
Intangible fixed assets	0.1
Tangible fixed assets	0.7
Inventories	9.2
Accounts receivables	1.8
Other receivables	0.0
Cash and cash equivalents	11.3
Deferred tax liability	-5.5
Non-current liabilities	-0.7
Accounts payable	-8.9
Other liabilities	-3.2
Net identifiable assets and liabilities	28.8
Goodwill	51.5
Purchase price	80.3
Liability to non-controlling interest	5.1
Provision of contingent purchase price	37.5
Cash flow	-37.7

Acquisition of Nordiska Fönster i Ängelholm AB

On 1 March 2019, Bygghemma Group acquired 100 percent of Nordiska Fönster i Ängelholm AB ("Nordiska Fönster"). Nordiska Fönster, which was founded in 2011, offers primarily high-quality windows and doors at competitive prices, with sales of just over SEK 50 million in 2018 and marginally positive earnings.

The acquisition of Nordiska Fönster will not have any significant effect on Bygghemma's earnings and financial position current year. Preliminary acquisition calculation will be presented in the quarterly report for the first quarter in 2019.

Signing of the annual report

Malmö, 29 March 2019

Henrik Theilbjørn
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

Our audit report was submitted on 29 March 2019
Öhrlings PricewaterhouseCoopers AB

Eva Carlsvi
Authorised Public Accountant

Auditor's report

To the general meeting of the shareholders of Bygghemma Group First AB (publ), corporate identity number 559077-0763

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of Bygghemma Group First AB (publ) for the year 2018 except for the corporate governance statement and the statutory sustainability report on pages 37-44 and 33-36 respectively. The annual accounts and consolidated accounts of the company are included on pages 21-95 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company as of 31 December 2018 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2018 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement and the statutory sustainability report on pages 37-44 and 33-36 respectively. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

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

Basis for Opinions

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

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

Our audit approach

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Particularly important area	How our audit considered the particularly important area
<p>Valuation of intangible assets <i>With reference to Note 13.</i></p> <p>Goodwill and other intangible assets with an indefinite useful life represents a significant part of Bygghemma's assets. The Company performs an impairment assessment of the assets based on a calculation of the discounted cash flow for the cash generating units in which goodwill and other intangible assets are reported.</p> <p>This impairment test is based on a high level of judgements and assumptions regarding future cash flows. Information is provided in Notes 13 as to how the Company's management has undertaken its assessments, and also provides information on important assumptions and sensitivity analyses. Key variables in the test are growth rate, profit margins, overheads, working capital requirements, investment requirements and discount factor (cost of capital).</p> <p>It is presented that no impairment requirement has been identified based on the assumptions undertaken.</p>	<p>In our audit, we have evaluated the calculation model applied by management and conducted that the model is compatible with acceptable valuation techniques.</p> <p>We have reconciled and critically tested essential assumptions against budget and strategic plan for the Company. We have analyzed the accuracy on how previous years assumptions have been met and assessed any adjustments to assumptions compared to previous year, as a result from changes in the business and external factors.</p> <p>We have tested the sensitivity analysis for key assumptions in order to assess the risk of need for impairment.</p> <p>We have not noted any need for impairment based on procedures performed.</p> <p>We have also assessed the correctness of the disclosures included in the financial statements.</p>
<p>Recognition of acquisitions <i>With reference to Note 5.</i></p> <p>In the financial year 2018, Bygghemma made two business acquisitions across all business areas. Information on these acquisitions is presented in Note 5.</p> <p>The total purchase price for the business acquisitions, net of acquired cash and cash equivalents, was SEK 26,8 million, of which SEK 51,9 million refers to identified fair value adjustments in the acquisition analyses for trademarks and customer relationships and SEK 133,5 million refers to goodwill.</p> <p>The recognition of acquisitions involves a high degree of judgement by management. Significant estimates and judgements refer to the purchase price allocation of fair value in acquisition analyses for assets and liabilities, as well as referring to adjustments for adaptation to the group's accounting principles</p>	<p>Our audit of the acquisitions were partially based on assessment of the acquisition agreements as well as supporting documents for opening balances in the acquired companies. We have also evaluated the implemented adjustments for adaptation to the group's accounting principles.</p> <p>Our audit has also included an assessment of significant estimates and judgements made in connection with the purchase price allocation of fair value in the acquisition analyses. We have also assessed the basis for the judgements and comparing those judgements with similar acquisitions in the group in previous years.</p> <p>We have also assessed the correctness of the disclosures of acquisitions included in the financial statements and assessed supporting documentation for the accounting of the acquisitions.</p> <p>No deviations were noted in our audit.</p>

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 2-20 and 102-106. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is

materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Director's and the Managing Director

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

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

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

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Director's and the Managing Director of Bygghemma Group First AB (publ) for the year 2018 and the proposed appropriations of the company's profit or loss.

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

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Re-

sponsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Director's and the Managing Director

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

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

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

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

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

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

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 37-44 has been prepared in accordance with the Annual Accounts Act.

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

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

The auditor's opinion regarding the statutory sustainability report

The Board of Directors is responsible for the statutory sustainability report on pages 33-36, and that it is prepared in accordance with the Annual Accounts Act.

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

A statutory sustainability report has been prepared.

Öhrlings PricewaterhouseCoopers AB has been the company's auditor since 2016.

Malmö 29 March 2019

Öhrlings PricewaterhouseCoopers AB

Eva Carlsvi

Authorized Public Accountant

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)	Group	
	2018	2017
Operating income	87.2	91.5
Depreciation and amortization of acquisition related intangible fixed assets	37.5	32.1
EBITA	124.8	123.6
EBITA (%)	2.5	3.1
Acquisition-related costs	2.0	10.0
Integration costs and costs related to warehouse move	27.5	44.7
Costs in connection with the establishment of own distribution network	6.3	-
Costs related to LTIP	11.4	-
Costs related to the process for expanding the shareholder base	30.7	18.8
Total items affecting comparability	77.9	73.5
Adjusted EBITA	202.7	197.0
Adjusted EBITA (%)	4.1	5.0
Depreciation and amortization of tangible and intangible fixed assets	28.4	22.7
Adjusted EBITDA	231.1	219.7
Adjusted EBITDA (%)	4.6	5.6
Net Sales	4,973.7	3,955.5
Cost of goods sold	-3,926.2	-3,135.6
Gross profit	1,047.5	820.0
Gross profit (%)	21.1	20.7
Integration costs and costs related to warehouse move	26.3	35.2
Costs in connection with the establishment of own distribution network	4.2	-
Adjusted gross profit	1,077.9	855.2
Adjusted gross profit (%)	21.7	21.6

DIY segment

(SEKm)	DIY	
	2018	2017
Operating income	102.9	87.0
Depreciation and amortization of acquisition related intangible fixed assets	27.4	23.8
EBITA	130.3	110.8
EBITA (%)	4.2	4.7
Acquisition-related costs	0.9	3.6
Total items affecting comparability	0.9	3.6
Adjusted EBITA	131.2	114.4
Adjusted EBITA (%)	4.3	4.9
Depreciation and amortization of tangible and intangible fixed assets	19.0	12.4
Adjusted EBITDA	150.2	126.7
Adjusted EBITDA (%)	4.9	5.4
Net Sales	3,073.8	2,342.2
Cost of goods sold	-2,461.7	-1,873.8
Gross profit	612.1	468.4
Gross profit (%)	19.9	20.0
Adjusted gross profit	612.1	468.4
Adjusted gross profit (%)	19.9	20.0

Home Furnishing segment

(SEKm)	Home Furnishing	
	2018	2017
Operating income	33.7	25.6
Depreciation and amortization of acquisition related intangible fixed assets	10.2	8.2
EBITA	43.9	33.8
EBITA (%)	2.3	2.1
Acquisition-related costs	1.1	6.4
Integration costs and costs related to warehouse move	27.5	44.7
Costs in connection with the establishment of own distribution network	6.3	-
Total items affecting comparability	34.9	51.1
Adjusted EBITA	78.8	84.9
Adjusted EBITA (%)	4.1	5.2
Depreciation and amortization of tangible and intangible fixed assets	9.4	10.3
Adjusted EBITDA	88.3	95.2
Adjusted EBITDA (%)	4.6	5.8
Net Sales	1,918.8	1,628.9
Cost of goods sold	-1,481.7	-1,275.0
Gross profit	437.2	354.0
Gross profit (%)	22.8	21.7
Integration costs and costs related to warehouse move	26.3	35.2
Costs in connection with the establishment of own distribution network	4.2	-
Adjusted gross profit	467.6	389.2
Adjusted gross profit (%)	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.

Net debt / Net cash (SEKm)	Group	
	2018	2017
Non-current interest bearing debt	973.3	1,105.9
Short-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 contingent 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.

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FINANCIAL CALENDAR

15 May 2019 Annual General Meeting (in Malmö)

18 July 2019 Interim report January - June 2019

25 October 2019 Interim report January - September 2019

30 January 2020 Year-end report 2019

