

The background image shows a modern office interior. Two women are sitting on a grey sofa. The woman on the left is wearing a white shirt and light-colored pants, and is using a laptop. The woman on the right is wearing a dark blue turtleneck and glasses. They are both looking at the laptop. In front of them is a black metal coffee table with a glass top, holding a white bowl and some papers. The room has large windows with black frames and a glass railing on the upper floor. The ceiling has exposed pipes and a modern light fixture.

Boozt

ANNUAL REPORT

2019

Boozt

A Nordic technology company selling fashion online - from apparel to beauty.
We offer our customers a curated and contemporary selection of brands, relevant to a variety of lifestyles through our multi-brand webstores Boozt.com and Booztlet.com.

THE BOOZT SNAPSHOT

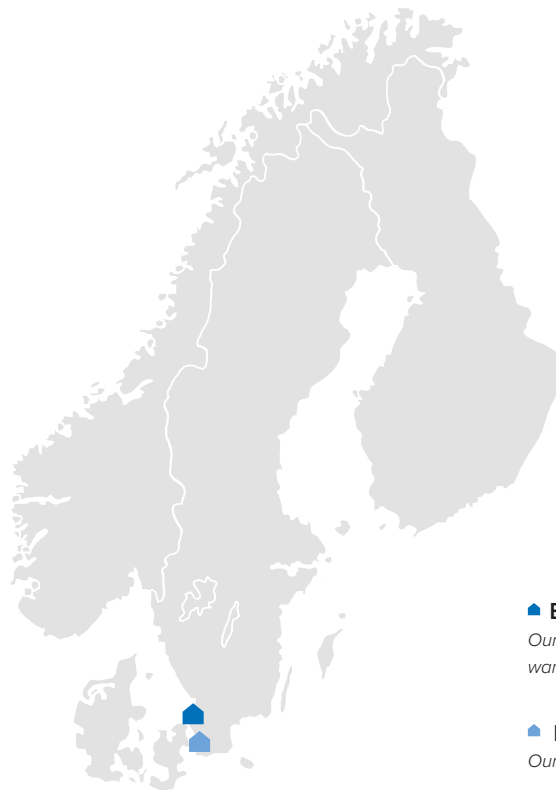
- Boozt.com launched 2011
- Head office in Malmö, Sweden
- Boozt AB is listed on Nasdaq Stockholm
- 2 online shops, Boozt.com & Booztlet.com
- SEK 3.425 million turnover in 2019

OUR MISSION

is to deliver an outstanding online fashion shopping experience with unrivaled customer service

OUR VISION

is to become the leading player in Nordic fashion e-commerce



LEADING
CUSTOMER
SATISFACTION

■ Boozt Fulfillment Centre

Our central and automated warehouse located in Ångelholm

■ Boozt Headquarter

Our headquarter located in Malmö

371

FULL TIME EMPLOYEES

34

AVERAGE AGE

33

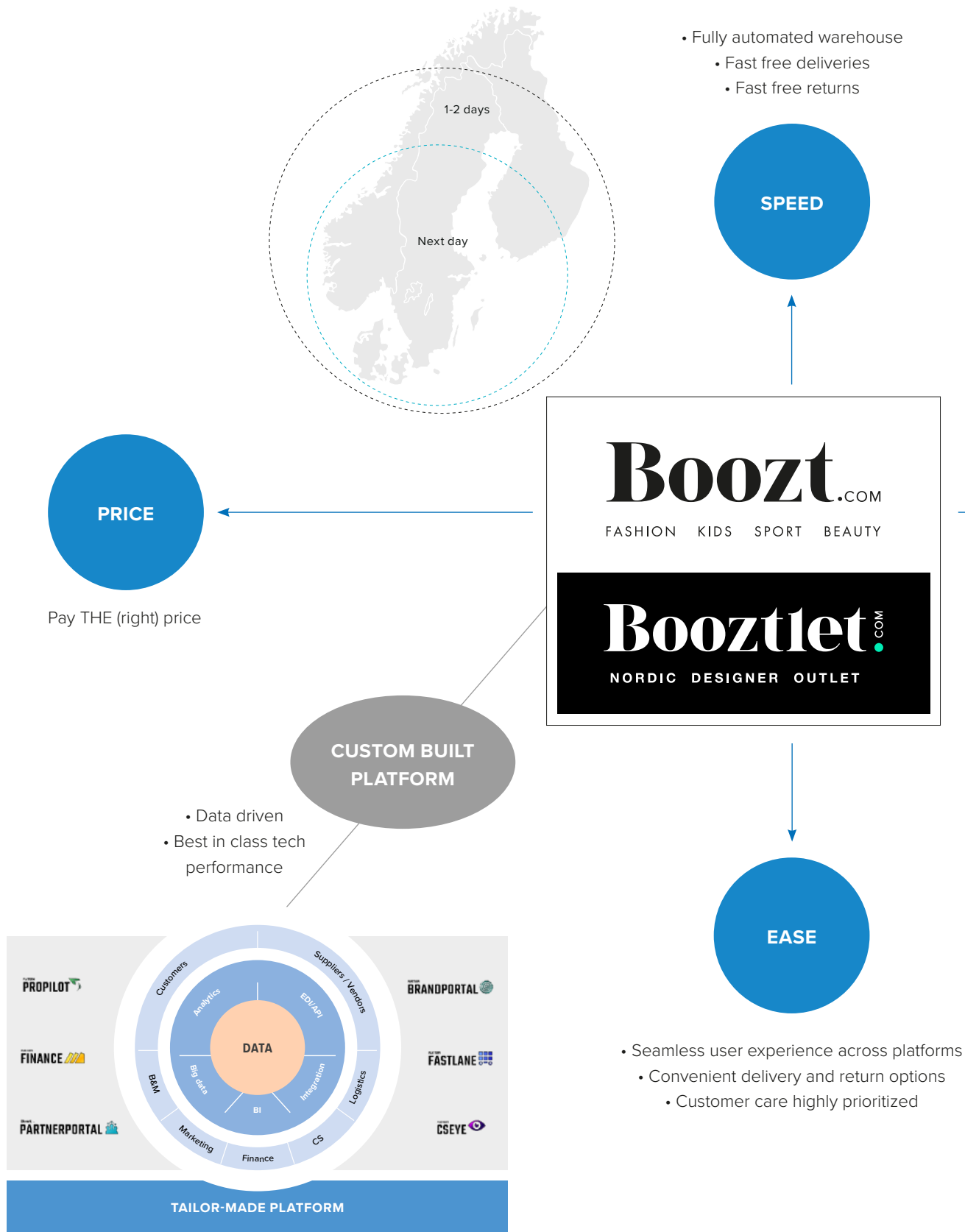
DIFFERENT
NATIONALITIES

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UNIQUE POSITIONING OFFERS ATTRACTIVE GROWTH AND PROFITABILITY OPPORTUNITIES

Key success factors in Nordic online fashion



Boozt.com

Loyal Nordic customer base with attractive features in a market with strong growth potential

- Convenience is key
- Fashion followers

25-54

target customer age



55% have kids

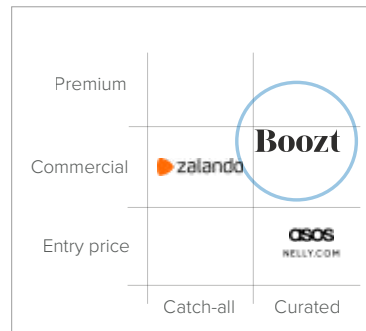


85% have a partner

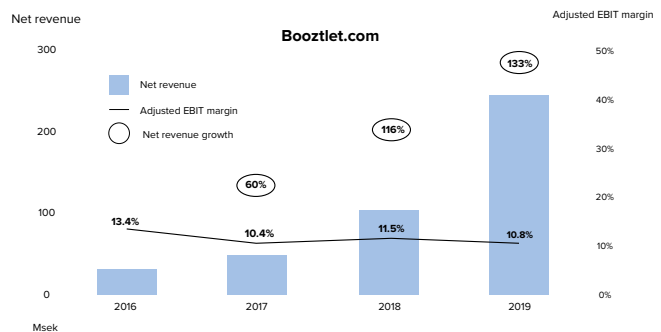
RELEVANCE

Booztlet.com

- Shopping prior season fashion from strong brands
- Price-conscious and bargain hunting



- Positioning delivers high AOV and combined with local scale a high profit per order...
- Allowing for a high marketing spend to drive market leading growth...
- While still showing a positive and increasing margin



- Hyper growth from unique online position
- Strong profit from solid gross margin, low marketing need and distribution income



High customer satisfaction

Trustpilot
4.6

Net Promoter Score
71

Boozt.com

2019 HIGHLIGHTS



STRONG MARKET SHARE GAINS WITH IMPROVING PROFITABILITY

Despite a difficult year for the fashion industry in the Nordics with a slightly declining overall market, we managed to take significant market share. At the same time, we improved profitability driven by our high average order value, a stable gross margin and operational improvements in especially the fulfilment area.



BOOZT INNOVATION LAB TO SECURE CUTTING-EDGE MOBILE AND APP EXPERIENCE

The acquired app specialist Touchlogic has been turned into Boozt Innovation Lab to further strengthen our app and mobile capabilities. It will secure that we can be at the forefront of app development and build the online shopping experience of tomorrow for both our customers and brand partners.



INDUSTRY LOW CO2 EMISSION PER ORDER FROM LOCAL OPTIMISED OPERATION

Local anchoring is key to minimise the footprint of an e-commerce business. This goes especially for fashion with the high return rates. Having a fulfilment centre located close to the customer and ideally in only one location to avoid intra-company shipments is instrumental for a low impact. As a result, we have been able to achieve an industry-leading low 300g CO2 emission per order including returns, which corresponds to driving 2.6 kilometres in a new car with roots in the Nordics.



BOOZTLET.COM ON A HYPERGROWTH TRAJECTORY

Building on the momentum of last year we have during the year further strengthened the dedicated Booztlet.com organisation as well as the support from the entire Boozt organisation. This yielded for 2019 a 133% growth with a 10.8% adjusted EBIT margin. And it also put us in a great position to continue the journey.



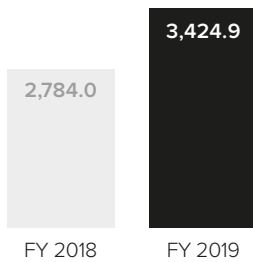
FAIR USE POLICY IMPLEMENTED

We recently introduced a fair use clause which means that we can "pause" customers who show no intention of keeping the items they purchase. These customers have repeatedly placed unusually large orders, only to return all or almost all items or return several times on a large scale. With this effort, we aim to contribute and encourage more responsible shopping behaviour within e-commerce.

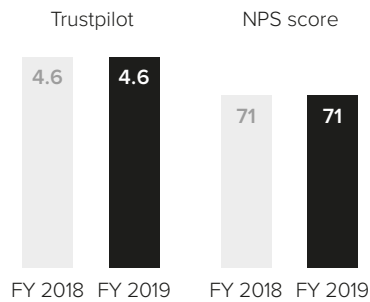
KPI HIGHLIGHTS

Net Revenue Group (SEK million)

+23.0%

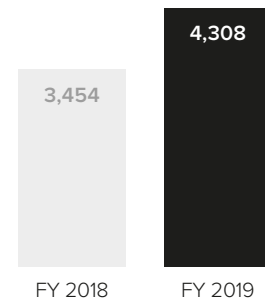


Customer Satisfaction



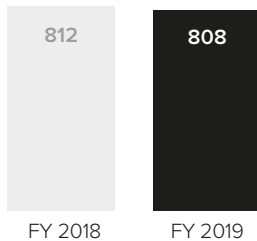
Number of Orders Group (000)

+24.7%



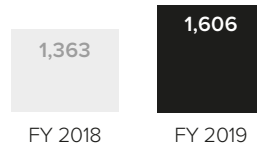
Average Order Value (SEK)

-0.5%



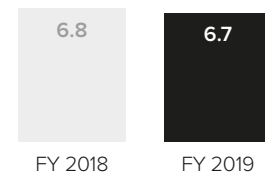
Active Customers (000)

+17.8%



True Frequency

-0.1



Unless otherwise stated all KPIs are for Boozt.com

SEK million unless otherwise indicated	01-01-2019 31-12-2019	01-01-2018 31-12-2018	Change
Group			
Net revenue	3,424.9	2,784.0	23.0%
Gross profit	1,361.0	1,113.1	22.3%
Gross margin (%)	39.7%	40.0%	-0.2pp
Operating profit/loss (EBIT)	91.8	68.1	34.8%
Adjusted EBIT	109.0	63.2	72.4%
Adjusted EBIT margin (%)	3.2%	2.3%	0.9pp
Earnings for the year	54.8	42.6	28.6%
Cash flow for the year	-28.8	-61.2	n.m.
Earnings per share before dilution (SEK)	0.96	0.75	27.3%
Earnings per share after dilution (SEK)	0.95	0.74	28.2%

See definitions on page 183-184



“Ever since we started this company some 10 years ago, we have known that it is not just about being robust, you want to be antifragile.”

Antifragility

Twelve years ago, I had a short stint as the CEO of my favourite football club. It was Denmark's leading (best) football club, and we were leading the league when the winter break came.

Thinking back on the first half of the season, with the team sitting at the top of the table during the winter break, I noticed one thing. The team always performed best in the second half of the matches, and most matches were won during the second half.

In football, you spend a lot of time practicing and preparing for the match. You set the tactics during the pre-match tactics meeting, and then you go out and play. But as Mike Tyson once said; "everyone has a plan until they get punched in the face". In football terms, at best you follow the plan during the first half. In the second half, the team needs to improvise, and it all comes down to the ability of the team to adapt to the development of the match. Basically, does the team work together as a team and do the players have the grit that is needed when it gets tough.

At the time of the writing of this letter, it feels a bit like this. We had a plan, and we got punched in our faces. And now it comes down to our ability to work as a team, to demonstrate our care-why and to prove that it is not just about robustness, but more about the antifragility that we have talked about before.

Antifragility is to thrive and grow when exposed to volatility, randomness, disorder, and stressors. It is to cut away the left tail risk, or in plain language; to ensure you never risk going out of business.

In general, we in the management team have always been inspired by the philosopher Nassim Nicholas Taleb and his thoughts about "antifragility". Ever since we started this company some 10 years ago, we have known that it is not just about being robust, you want to be antifragile. We in the management team basically did not know if the company would survive until 2015, we were close to running out of money several times before that time, and we got kicked in our face quite often. But we always got back on our feet again. We knew that by building a lean and agile company, focusing on building local leadership, using technology to reduce or even avoid complexity, and hiring people with a care-why mindset would take us stronger through whatever would come at us.

Citius, Altius, Fortius

During 2019, we took many actions to further build the antifragility that would enable us to come out stronger from the current extremely difficult retail environment as a result of the outbreak of the coronavirus pandemic.

"Building a lean and agile company, focusing on building local leadership, using technology to reduce or even avoid complexity, and hiring people with a care-why mindset would take us stronger through whatever would come at us."

"We accelerated Booztlet with a growth of more than 130%. This is perhaps the area that we are most excited about."

"There is increasing evidence of fashion e-commerce being the most Co2 friendly way of shopping,"

"Being local with a local environmentally optimised distribution centre, running on 100% renewable energy, that handles all orders as well as returns, gives a carbon footprint that our peers cannot match."

We tightened control of our operations and put a lot of emphasis on being able to allocate all fulfillment costs on a per-item basis. This gives us the transparency and understanding to maintain a low cost per order even during periods of high volatility on order levels. These improvements were visible in our fulfillment and distribution costs during the fourth quarter and we expect to have reached a new lower level of cost per order.

We bought the Danish app developer Touchlogic and created Boozt Innovation Lab, with the intent to create the most innovative app development environment in the Nordics. The mission seems to be accomplished with a very successful integration and some very exciting app projects to be launched during the year to the benefit of both our customers and partners.

We introduced a Fair Use Policy, blocking customers with extremely high order and return frequency abusing our fast, free shipping and free returns policy at the expense of our loyal customers. The feedback has been overwhelmingly positive from both our customers, partners and most of our colleagues in the industry. Customers abusing the service is an issue for most online fashion retailers and we are proud to take action to combat this behaviour and we hope to inspire our peers. For the benefit of both the business and the environment.

We accelerated Booztlet with a growth of more than 130%. This is perhaps the area that we are most excited about. Apart from increasing our addressable market in the Nordics, we have always believed that Booztlet will be our hedging (or option if you like) when the next recession would hit. It seems to be coming now, and from the early signs, it seems that we were right about that. With a dedicated and experienced team in place and drawing on the experience and resources of the entire Boozt organisation, we are committed to building the best and biggest off-price business in the Nordics.

The local Nordic shop – just online

We are the Nordic online fashion destination. The majority of our revenue is from Nordic brands and our operation is located centrally in the Nordics allowing for faster delivery and the lowest possible carbon footprint. We are becoming more vocal about our environmental footprint. We believe there is increasing evidence of fashion e-commerce being the most CO2 friendly way of shopping, and we are proud that we have managed to get our carbon footprint per order down to approximately 0.3 kg CO2e, which is equal to driving some 2.6 kilometres in a new car. This is significantly lower than the average carbon footprint from shopping in a physical store in Sweden. Being local with a local environmentally optimised distribution centre, running on 100% renewable energy, that handles all orders as well as returns, gives a carbon footprint that our peers cannot match. We are very proud of this, and it motivates us to reduce our footprint even further.

Same strategy, new faces

It is now three years since we listed the company and while the net revenue for 2019 is at the level we expected back then, the profitability is slightly behind our expectations. Most of the deviation is self-inflicted and is related to delayed efficiency gains from automating our fulfillment centre and the opening of the too expensive physical beauty store. Both things will be fixed. As explained in our updated medium-term outlook, we have a clear pathway to becoming the most profitable online fashion retailer. It all comes down to the basket size and unit economics. We are obsessed with it. A healthy profit per order before marketing investments is key to build an online business that scales on profitability.

During the year we made some significant changes to the management team. Two of the co-founders left and were replaced by awesome people. Sandra Gadd as the new CFO and Lars Lindgaard as our new Head of Fulfillment. The rest of us feel motivated as ever before. We like it when things get a bit tough and rough. We like when it is not too easy and when there is a high sense of urgency. We still want to build the best and biggest fashion store in the Nordics. For my part if anything, it feels more like “the end of the beginning” as Winston Churchill famously phrased it. I still intend to stick around for quite some time.

Best
Hermann

**“Two of the
co-founders left
and were replaced
by awesome people.
The rest of us feel
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STORY OF BOOZT

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WHAT WE DO

We are a Nordic technology company selling fashion. This includes fashion for women, men, kids, sports/athleisure and beauty. We offer our customers a curated and contemporary selection of brands, relevant to a variety of lifestyles for the Nordic customer, mainly through our multi-brand webstore Boozt.com. The technological infrastructure of the company is own developed and built, allowing for full control of the customer experience, which is key to our ability to achieve industry-leading customer satisfaction.

We strive to offer a convenient shopping experience with high service levels, consistent user experiences across both mobile devices and desktop, quick deliveries and easy returns.

The Boozt brand is a leading name for fashion in the Nordics through high customer satisfaction. This is consistently proven by a Net Promoter Score* (NPS) of 71 (2019), a Trustpilot score of 4.6 (2019), and a growing base of loyal returning customers.

Boozt has grown rapidly over the last few years to reach SEK 3.5 billion in revenue in 2019 and building a base of 1,606,000 active customers on Boozt.com.

BZT Fashion (the original name) was founded in 2007 to conduct outsourced, online, mono-brand operations for fashion brands. That business model failed, and the company was relaunched in 2011 by the five co-founders, who joined during 2010 and 2011. Boozt.com was launched in August 2011 as a multi-brand webstore on an in-house purpose-built platform. In the following years, significant investments were made to support growth and increase the number of customers.

*Net Promoter Score (NPS) is a tool to gauge the loyalty of a firm's customer relationships. The metric was developed by and is a registered trademark of Fred Reichheld, Bain & Company and Satmetrix

Our segments

Boozt.com

The Boozt.com segment consists of the operational activities related to the multi-brand webstore Boozt.com. Boozt.com is focused on the Nordic region (with Nordic countries representing around 95 percent of visits). However, we serve ten geographic areas (Sweden, Denmark, Norway, Finland, Germany, United Kingdom, France, the Netherlands, Poland, and other European countries) and in nine languages based on a shared platform and common backend. Boozt.com is an online destination for fashion, tailored to deliver convenience and a curated selection from the Group's over 600 brand partners. Boozt.com presents fashion products split into the main categories; women, men, kids, sports and athleisure, beauty and home.

To support the convenient online shopping experience, Boozt.com offers free and fast deliveries, free and easy returns, customer support and a tailor-made selection catered to modern Nordic fashion followers, with limited minimum order value.

The Boozt.com segment generated net revenue of SEK 3,150.7 million (2,659.1) and an adjusted EBIT margin of 3.1% in 2019 (2.7%). Boozt.com had 1,606,000 active customers as of December 31, 2019.

Booztlet.com

The Booztlet.com segment consists of the operational activities related to Booztlet.com. The Booztlet.com segment was launched in 2016 and started as the Group's channel for inventory clearance, retailing items that did not sell within an allotted timeframe. Following strong customer activity with limited marketing, the scope of Booztlet.com has now expanded to include its own inventory and we are pursuing a more dedicated strategy to become the leading online off-price player in the Nordics. Customers shopping at Booztlet.com is charged for deliveries and returns in exchange for attractive discounts. We see great potential in our outlet



Optimized across platforms

segment and going forward we will increase our focus further on this segment.

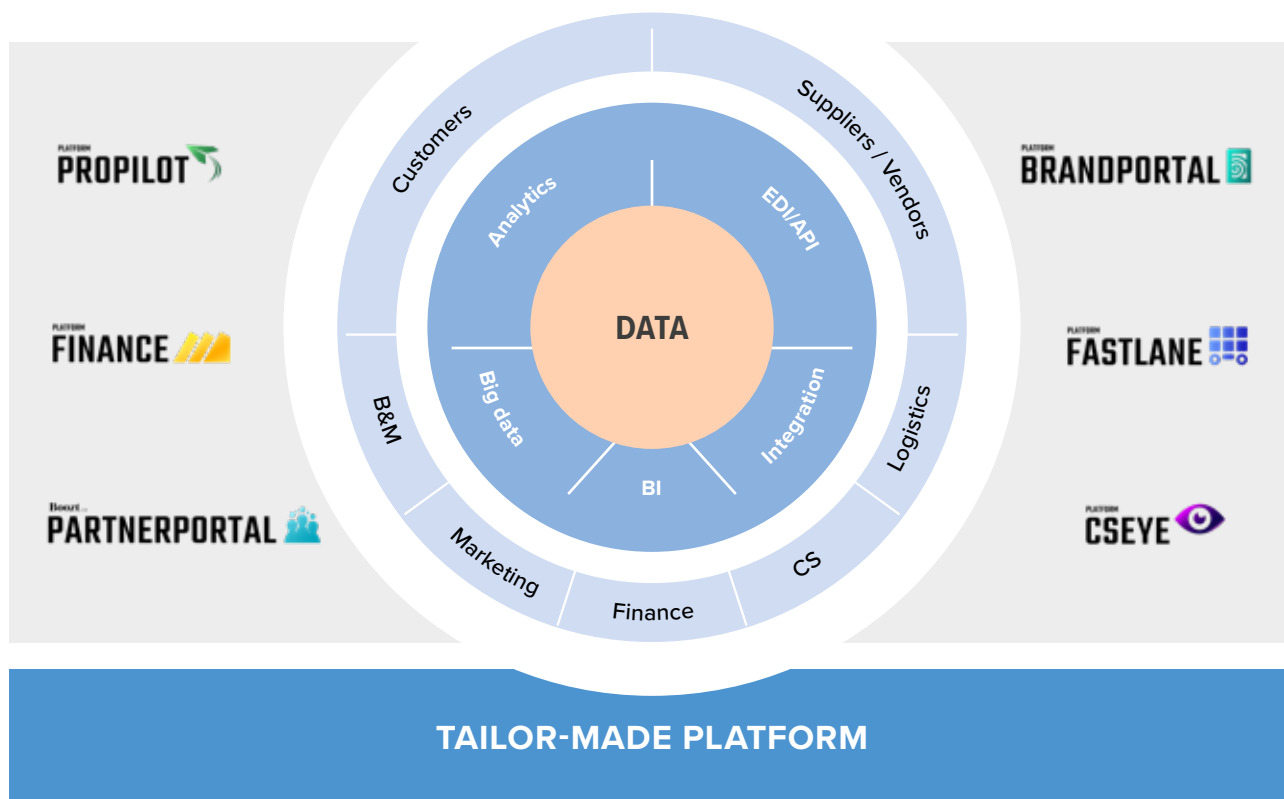
The Booztlet.com segment generated net revenue of SEK 246.5 million (105.9), and an adjusted EBIT margin of 10.8% (11.5%) in 2019.

Other

The Other segment consists of the operational activities related to the two physical retail stores in the Group. The Booztlet outlet store in Taastrup, which opened in December 2016, is the last resort of inventory clearance for the Group as well as an effective way of selling goods with claims. The first Beauty by Boozt store opened in Roskilde, Denmark in December 2016 and served the purpose of strengthening the relationship with the beauty brands helping build a strong offering online on Boozt.com. A larger store was opened in Copenhagen in June 2018 to cater to a growing number of premium beauty brands. One store can serve the purpose and consequently the smaller store in Roskilde was closed in the second quarter of 2019. The structure of the physical retail operation of Beauty by Boozt is under evaluation.

The Other segment generated net revenue of SEK 27.7 million (19.0) and an adjusted EBIT of SEK -15.6 million (-20.2) in 2019. The disappointing performance is driven by the Beauty by Boozt stores and especially the store in Copenhagen due to poor execution.

BOOZT “SOLAR SYSTEM”



A tailor-made infrastructure

At the core of what we do as a business is our technology. We have built one of the most advanced e-commerce platforms in the Nordics using cutting-edge web technologies and infrastructure components. This purpose-built infrastructure enables full control over the customer experience and ensures world-class performance, scalability, and security. We strive to use technology as a tool to create a better fashion experience and more efficient operations. Our operations are built on the Boozt integrated technology platform (the “Solar System”) and used by all of our business functions. Internally we refer to this approach as the “Halo” as our technology is central for all our organisational activities.

Over the years, we have fostered a strong innovation culture that empowers our developers to experiment with new technologies and build better solutions that are tailor-made for our business. The success of our technology ecosystem has been made possible by our community of more than 90 developers. Our teams are spread across five tech hubs in different geographical locations around Sweden, Denmark,

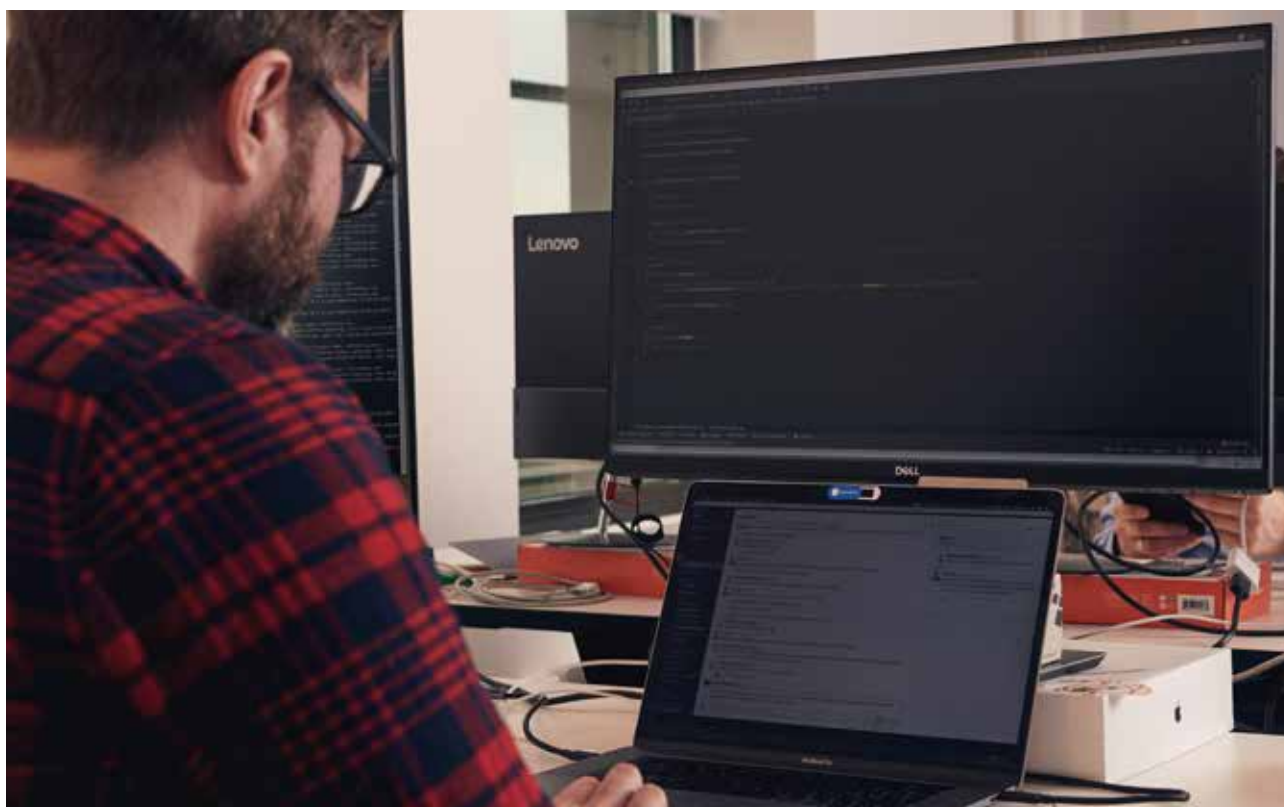
Poland, and Lithuania, and work with a non-hierarchical, dynamic and international setup. A large number of Boozt developers operate out of the company’s headquarters, which we see as an advantage in running a cost-efficient and scalable organisational structure.

Established processes and practices enable our developers to work efficiently and flexibly, adapting to the changing needs of the business. Key business functions (such as buying, merchandising, marketing, customer service, IT and finance) for all geographical areas are provided in-house on a centralised basis. To ensure that new functionalities and improvements to the systems are aligned with existing processes, developers work in small cross-functional teams in direct relation to a business function or unit. Projects are managed directly between the developers and the business specialists, without the need for project managers. We trust in our people and this approach allows for speed and flexibility, with a proven lower overhead. The cross-functional collaboration also ensures that the development roadmap is aligned with business priorities.

In 2019, we continued to invest in innovations and development that will help us stay at the forefront of the online shopping experience. We acquired the app developer Touchlogic and created Boozt Innovation Lab, our fifth tech hub with a focus on strengthening our competences within the app and mobile web development. The new team works in collaboration with the business, but more autonomous than the other tech hubs, to ensure more progressive thinking. They also work closely with our established data intelligence team, experimenting with technologies such as augmented reality, voice control, and next-generation UI. Boozt Innovation Lab enables us to fast-track projects in our pipeline and means that we can explore new technology with our efficient and well-run technical platform in a fail-fast approach.

The Boozt platform strategy is based on building tailor-made tech solutions for all core processes regarding the business

and the customer. In 2019, we replaced our old ERP-system with an in-house developed core-financials system. With the new system, we gain full control of our major enterprise functions and have the flexibility to add functionalities to other systems as needed. This is an improvement to the internal workflow, ensuring the Finance Department can work more efficiently as systems are built to fit our ideal business processes. Another improvement was the implementation of our new, in-house developed, AutoStore interface software. With the expansion of our fulfillment centre, we saw a need to update the previous technology which was running on third-party software with slow development time. Since the system could not meet our demands for expansion, we utilised the competence we had in-house to build a completely new software (Fastbrain) in just three months time. This is a testament to the high productivity and relevance that working in cross functional teams can achieve and the competence of our people.



BOOZT HOME GROWN SYSTEMS



Our logistics- and distribution system Fastlane runs processes, including images and goods in and out of the warehouse. Fastlane integrates with our distribution partners and provides complex logistic services. The Fastbrain module ensures full control of the AutoStore and processes without having to rely on a third-party system.



BrandPortal is our own internal Product Management System. It provides a complete overview of our supply chain, enabling us to monitor product and data updates, supplier order requests, responses, dispatches and received goods.



CS Eye was developed to give our customer service agents a cutting edge, 360-degree overview of our customers. Within the system, we have the possibility to gain full insight into our customer engagement and deliver top range service on a one-page interface.



Propilot supports our webstore content such as campaigns, brand- and product information and discount management while Podium supports our front end. Podium creates an optimised user-experience for mobile devices and delivers data for our mobile apps.



Efficient communication channels between Boozt and our vendors are supported by our Partner Portal. The Partner Portal shares product-, order- and sales information and is also the main interface for the Boozt Media Partnership to exchange campaign planning and media content.



All financial activities are supported by our Boozt Finance System, including book-keeping, order management and GL. The system is fully developed to fit our business processes and improve efficiency of our finance functions.





At Boozt we are passionate about sharing our journey and collaborating with partners and stakeholders. Our tech hubs are constantly developing new solutions and learning about the latest technologies. With our position as one of the largest technology fashion companies in the Nordics, we want to make our knowledge available to the rest of the tech community. Therefore, in 2019, we started out Boozt Tech Blog. It's a collective effort from our Platform team, driven and directed by our writers. Our developers share their thoughts and knowledge about the latest engineering efforts, product developments, company events, and more. This is not only a way to connect with the tech community, but it is also a platform for our people from other business units to stay updated on the latest technology developments from our tech hubs.

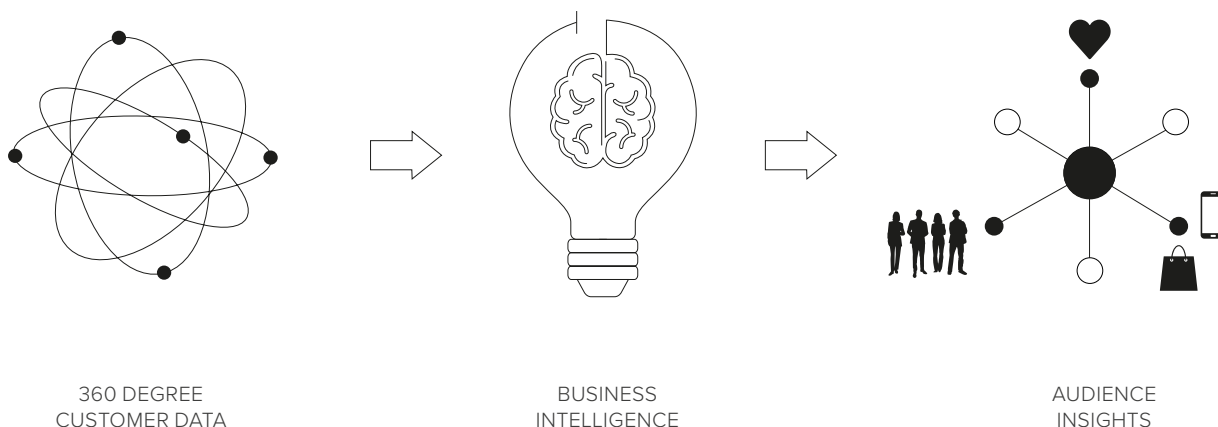
Strategically positioning our technology projects close to the business units has enabled us to develop a unique combination of systems ranging from the webshop, content and product management, warehouse management, customer service, financial services, apps and more. Our in-house systems are complemented by using best-in-class services for certain parts of the process, such as Qlik Sense

(Business Intelligence) and Salesforce (Email and CRM). As an evolution of our strong partnership with Google, we have also moved all major sites and services to Google Cloud infrastructure, ensuring flexibility and increased security. As we constantly strive to improve the customer experience we believe that a prerequisite for success is a well invested, data-driven operating platform. By leveraging the use of big data, AI and machine learning we can track consumer behaviour and advance our offerings. Furthermore, our proprietary systems support our webstore management with a high degree of flexibility and scalability which is key for our continued growth.

OUR E-COMMERCE PLATFORM ENABLES US TO:

- **Ensure full control of performance and stability**
- **Align the development roadmap with business priorities**
- **Be less dependent on external factors**
- **Keep us one step ahead of the competition on business-critical processes**

BOOZT MEDIA PARTNERSHIP



Data-driven customer journey optimisation

Customer satisfaction is built through each touchpoint with the customer. Ranging from when the customer enters the site for the first time to when they receive their order and all touchpoints in between such as navigation, filtering, check-out, and customer service. We use customer-generated data to constantly evaluate all these touchpoints as well as to improve the customer journey with innovative additions

In-house media expertise drives marketing efficiencies

Acquiring new customers is key in order to outgrow the market. To ensure the highest possible return on our marketing investment we have a channel-agnostic media strategy. We measure the efficiency of all channels – both offline and online media – on an ongoing basis and direct the investment towards the most efficient channels. All media is produced and purchased in-house ensuring full control and the highest possible reach for the investments made.

Boozt Media Partnership

Boozt Media Partnership (BMP) enables our brand partners to benefit from our extensive anonymised customer data, creating targeted campaigns that reach, engage and convert audiences. All with the protection of customer privacy and in compliance with GDPR (read more on page 36). The BMP offers an in-depth understanding of their brand and the customers buying their brand. How loyal are they? How often do they re-order from the brand? How big a share is full price customers? Where in the customer lifecycle does the customer buy the brand? Which brands create a positive synergy? The BMP gives answers to these questions. By making big data actionable, we offer advanced advertising solutions for our brands – all with one goal; to help our partners reach, engage and convert both existing customers and new target groups. The BMP is an area of increased internal focus with a great potential to strengthen brand relationships as well as monetise our extensive data on the Nordic fashion customer.



Leading fulfilment and distribution setup

Boozt's logistics processes include fulfilment activities (inbound logistics, storage, outbound logistics, and return handling) and distribution activities (transportation and shipping services). The logistics process also includes the handling of dangerous goods (UN marked cosmetic products).

The Boozt Fulfilment Centre (BFC) is located in Ängelholm, an hour's drive north of the Headquarter in Malmö. A central location in the Nordics with fast access to the entire region. The BFC is custom-built to optimise the use of the automation system, AutoStore, and can be expanded in a modular way when more capacity is needed. Our AutoStore installation is the largest in the world and it will be further expanded during 2020. During 2019 an own developed robot management system was implemented

and replaced the standard system, which was not built to handle the capacity we are at today. The new robot management system allows for greater control to improve the customer experience and is also a key component in gaining operational improvements at the BFC.

The automated BFC also has a photo studio with automated photo ramps for photographing merchandise and stations for taking detailed photos of e.g. shoes and jewellery.

The automated BFC is primarily staffed by an external staff provider. This contract was terminated in December 2019, running out on December 31, 2020. Following this, the intention is to insource the staff to gain better control and cost savings. The BFC facilities are leased by Boozt under a multiyear lease contract.



Boozt uses a combination of well-reputed, third-party distribution partners that vary by country to enable a fast delivery to customers. We have a flexible process to use different distribution partners and continue to integrate additional partners. Orders are picked up multiple times throughout the day at the BFC to ensure fast deliveries. In order to efficiently serve our customers in each geographical market, Boozt partners with local distribution partners. We have a strategy of having at least two distribution partners in each country in the Nordics.

Integrated customer service

Customer satisfaction is our most important key performance indicator and if our customers need to get in contact, we strive to deliver a best-in-class customer service. Our customer service agents are therefore an essential part of the organisation and we continue to set

higher standards for response times and quality on all communication channels. This includes phone, email, and social media.

Responsible clearance strategy

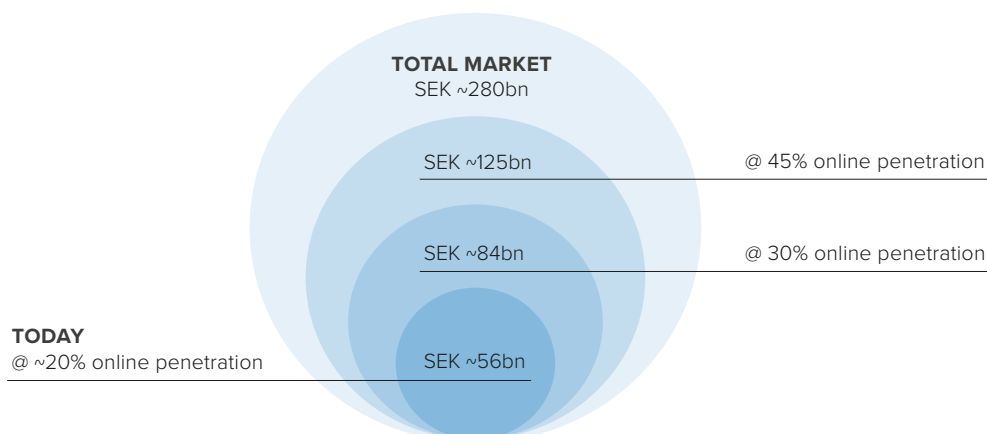
Our online webshop Booztlet.com and the physical Booztlet store in Copenhagen support the journey towards minimising inventory risk, as well as ensuring a responsible handling of unsold items from Boozt.com. Customers shopping on Booztlet.com can buy items at a high discount. In exchange, customers pay for shipping and returns, thus covering the associated operational costs. The physical Booztlet store is the last resort and ensures that all items end up with a customer.



THE MARKET

We estimate the total Nordic market for apparel, shoes, beauty and personal care to approximately 280 billion SEK and the online penetration to 20%. We believe that the Nordic online apparel market will continue to grow in the coming years.

Apparel is a category well suited for online sales, due to the high frequency of shopping and the attractive unit economics of scale this category can offer. Online penetration in the Nordic apparel market has increased steadily over the past five years, but remains below penetration levels achieved in markets like the United Kingdom and the US, leaving potential for future growth.



Online penetration in the Nordics

The growth of the online apparel market is positively influenced by the ongoing general shift from traditional offline to online shopping. Online penetration in the Nordic market for apparel, shoes and beauty products remains low compared to other consumer categories, such as books, consumer electronics, and consumer appliances.

The development of the online market depends on the number of people with Internet access and the rates at which consumers move from offline to online shopping. We expect online market growth to continue, with more and more customers migrating from offline to online shopping. We believe the local scale is a key element for profitability in online fashion and we intend to continue investing in order to claim considerably more than our fair share of the market growth.

Drivers of online migration

The rapid growth of the online apparel market can be attributed to several factors including availability, selection, transparency, and convenience.

Availability: Consumers have increased the time spent online in recent years. The online environment provides a convenient shopping experience available at any time, without regard to the location of the customer or devices (including mobile, desktops and other mobile devices).

Selection: By browsing online shops, consumers are able to access a relevant selection in a matter of seconds, providing online retailers an advantage over offline retailers. Online retailers can optimise their selection based on customer preferences by utilising big data and algorithms to pinpoint consumer behaviour which provides customers with a focused and relevant offering. At the same time, brands are able to make their entire selections available in web stores, which in turn increases the probability the customer will find their desired product.

Transparency: Online retailers can deliver the value chain at a lower cost than offline retailers and these savings, we believe, will ultimately go back to the consumers. Customers do not want to pay more than needed and with easy price comparisons, they know what the market price is.

Convenience: The ability to order merchandise at any time and location, with a relevant selection of products offered and services provided, results in high levels of convenience for online shoppers. This is further enhanced by fast deliveries, easy returns, and secure payment solutions.

The importance of local scale

E-commerce, and particularly fashion e-commerce, is a scale business. Local-scale that is. By being strong in the individual market, you can harvest the local scale advantages in areas such as distribution, fulfilment, marketing and media, and payment solutions.

The market rewards local scale giving significant barriers to entry. Successful online apparel retailers must achieve sufficient scale with their platforms to create efficient operations. However, to achieve such scale, sufficient order volume is required. With sufficient scale, supported by customers' purchase frequency, attractive unit economics can be achieved for returning customers.

Boozt aims to be the leader in the online apparel industry in the Nordics. To achieve this goal, we plan to leverage our local scale which generates a strong network effect which in turn improves our brand recognition and relevance for both customers and business partners. In addition, we will profit from attractive unit economics mainly due to a high, above industry average order value. This allows for a high absolute profit per order as fulfilment and distribution costs are relatively fixed on a per order basis, regardless of order value.

Areas that are affected by local scale:

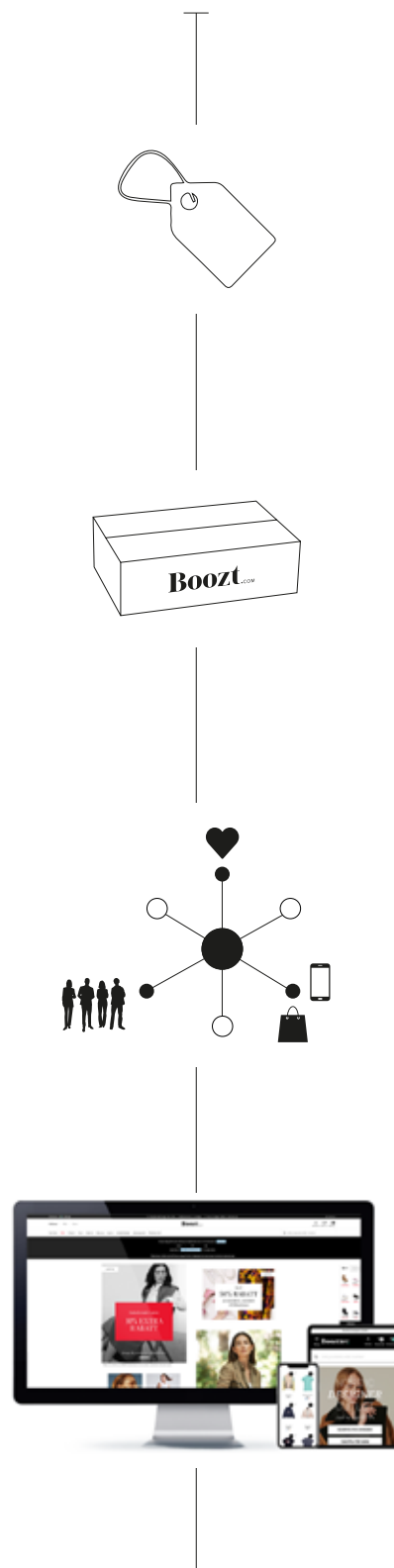
Brand partnerships: The most in-demand brands within each corresponding segment are able to attract customers and strengthen the retailers' attractiveness. Brands, in turn, generally put high demands on their suppliers and may be reluctant to take risks that can harm their brand equity, for instance through associations with unproven or sub-scale online retailers.

Fulfilment and distribution: Fulfilment and distribution costs are one of the largest cost items for online retailers, in addition to the costs of goods sold. These costs are generally improved by local scale, providing lower fulfilment cost per order and better terms with distribution partners. One of the key challenges for online apparel retailers is effectively handling the volume of products resulting from customer returns. Simultaneously, an easy return process is valuable to sustain customer satisfaction and to reduce perceived purchase risk, making return management a substantial entry barrier for new potential entrants.

Marketing and customer insight: Efficiency in acquiring new customers is affected by scale, for example, the ability to reach attractive agreements with media providers. The scale also allows for investments in resources to systematically use, analyse and monitor customer data for allocation of resources to those channels that show favourable return on investment.

The technology platform and efficiency of operations:

As consumers place emphasis on the overall shopping experience, scale further enables online retailers to invest in new features to drive traffic and increase the time consumers spend in their webstores. The swiftness and efficiency of a webstore displaying relevant content and proper utilisation of customer data can positively impact the number of orders, the average order value, and customer engagement. Strong operational infrastructure and execution, supported by the wide usage of technology in various business processes, enable efficient operations and increase the ability to offer a competitive customer experience.



GROWTH STRATEGY

Nordic online leadership through best-in-class customer satisfaction

We strive to offer Nordic consumers the best online shopping experience, with a carefully curated selection of over 600 mid-to premium fashion brands, around 200 beauty brands and industry-leading delivery times. Our customer focus has resulted in a strong Net Promoter Score of 71 on Boozt.com.

We offer a complementary assortment of fashion categories including clothing, shoes, accessories, sportswear, beauty products, and soft home. Instead of searching for specific brands, most of our customers prefer to browse and mix and match different garments and products. Resulting from strong relationships with the brands, Boozt offers a combination of local and international brands, existing and new, that are relevant for Nordic customers.

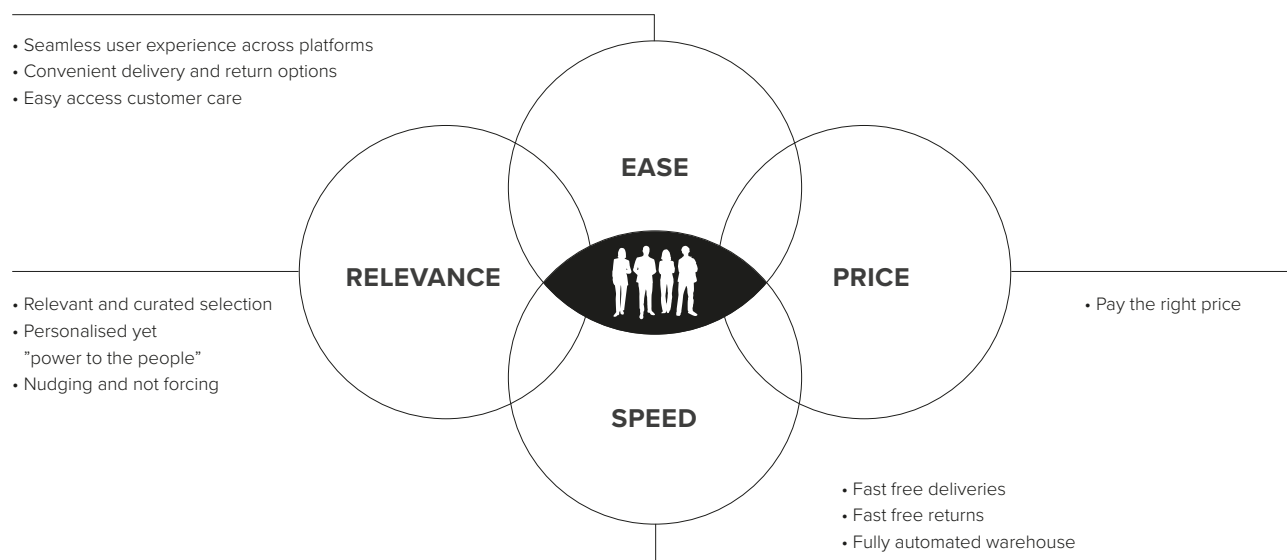
Boozt.com targets the mid-to-premium segment of the Nordic market, while Booztlet.com is focusing on the price-

conscious consumers shopping at lower price points as well as the bargain hunting segment. With the accelerating focus and momentum on Booztlet.com we increasingly have a relevant offering to most of the Nordic market. This strategy of having two distinct brands also serves as a hedge in periods of economic uncertainty where customers on average trade down, allowing us to capture the growth at risk on Boozt.com and Booztlet.com.

We categorise our brand partners into three categories: premium brands, mid-market brands, and entry brands, where we mainly focus on mid-market and premium brands representing more than 90% of our selection. Premium and mid-market brands carry a higher average item price and hence contribute to a higher average order value. Entry brands also have considerably shorter sales periods compared to premium brands. We have a strong focus on building the premium brand equity of Boozt.com to offer our brands a platform where they can build brand equity towards the Nordic consumer. Our brand portfolio includes:

ENTRY	COMMERCIAL	PREMIUM
MANGO	ECCO	XHOUDINI
GAP	LYLES & SCOTT	ZADIG & VOLTAIRE
ginatricot	BARBOUR INTERNATIONAL	TOMMY HILFINGER
ESPRIT	SECOND FEMALE	BOSS
VILA	BANANA REPUBLIC	HOLZWEILER
SELECTED HOMME	IDA SJÖSTEDT	BY MALENE BERGER
Tamaris	GANT	CALVIN KLEIN
soyaconcept®	Motinique	GANNI
name it™	BAUM UND PFERDGARTEN	TIGER OF SWEDEN
	ILSE JACOBSEN	ETON
	DAY	Filippa K
	LES DEUX	STINE GÖTA
	LEVIS	mini rodini
	VAGABOND	MORRIS
	POLARIS D. FRET	RALPH LAUREN
	BY MALINA	R. M. WILLIAMS
	Peak Performance	
	Superdry	
	SAHNDZ & SAHNDZ	
	MOS MÖR	

CURATION AND CONVENIENCE ARE KEY SUCCESS FACTORS IN NORDIC ONLINE FASHION



Staying relevant to our customers

Since the start, we have believed in building a strong Nordic brand. Our core customer group is women and men between 25 and 54 years old. They are typically in a relationship, have kids, well-educated and tend to have an above-average income. In 2019, our qualified brand awareness within this segment was 38% across the Nordics.

Rather than expanding our geographical market, we believe in expanding within our existing market position in the Nordic region. This also enables us to capitalise on the growing Nordic online fashion market by maintaining our distinct market position based on a curated fashion selection geared towards Nordic tastes. For Boozt.com with a focus on mid-market and premium brands and on Booztlet.com with a focus on lower price points and the off-price market. We believe this strong position will enable us to take advantage of a significant market opportunity for online apparel retail.

We will continue to increase our awareness in the part of the Nordics where there is lower awareness, so as to

further fulfil our ambition for Boozt to become a household name in each of the Nordic markets. Thus, we will continue investing in both online- and offline campaigns to increase brand awareness and familiarity while focusing specifically on the underrepresented regions and customer groups.

It is crucial to stay relevant. By continuing to provide a curated selection in the mid- to premium segment on Boozt.com, we believe we can maintain relevance with our Nordic audience. More than half of our sales are generated through local Nordic brands and we continuously develop our brand mix to ensure we offer the brands our customers desire.

For Booztlet.com price is the main driver for the customers and here we leverage our strong relationships with the brands to purchase excess inventory at high discounts we can then transfer to the customers.

Personalisation is important, but we want the customer to be in control of the personalisation. In other words, we provide options for the customer on how to personalise, but it is the customer who decides where and when to use it. We are constantly improving the personalisation

options on our webstores, developing search, sorting and filtering options as well as improving descriptions and the inspirational journey where relevant. An example is our size recommendation algorithm where the use of big data and machine learning which enables the customer to get a size recommendation in categories with no prior purchase history. By looking at the customers previous purchases in other categories, you can find similar customers who have also purchased in the new category to produce a size recommendation.

In the e-commerce business, ease and speed are of absolute importance. The customer experience should be fast, seamless and platform-agnostic enabling the customer to start a shopping session by browsing on a mobile. If they then wish, they can continue with the actual purchase on a desktop. Should the customer need assistance from our customer service, it is essential that the customer service be both fast and accurate. We are constantly working with improvements to our customer service. As a testament of our efforts, customer satisfaction, which we measure on a daily basis through Net Promoter Score and Trustpilot, continues to be at industry-leading levels.



Convenience, fast delivery and return options are key. With a standard delivery time of 1-2 days, offered to approximately 99% of our customers, we have a leading delivery proposition. We continue to focus on increasing the number of customers who receive their order the next day.

Returns must be convenient in order to satisfy our customers. Most of our customers reuse the bags that the goods arrived in as packaging for returns, which we encourage since it is resource-efficient. A return label and return form is automatically included with each order. Requiring no further additional action, the return process is very convenient for the customer who normally receives their return payment within days of sending the item(s) back.

Being a strong partner for our brands

By choosing to work with Boozt, brand partners gain access to a highly attractive customer segment on the Nordic market via a single, reputable partner who will not compete with brand partners through a private label or own production. With the purpose to improve efficiency when interacting with partners, we introduced the Partner Portal in 2016, which we have since developed further. The majority of our brand partners are using the portal as the primary tool to exchange information with Boozt.

Consumer behaviour is changing at a rapid pace and relevance is key. Knowing your target group's needs and demands are essential and also complex. For apparel brands, this proves especially difficult as these companies often lack resources and skills to succeed in the online world. As a true online-first player, Boozt has in-depth knowledge from analysing and predicting consumer behaviour. Due to our size within the Nordic mid-to-premium market, we have second-to-none data in this segment allowing us to create unique insights for our brand partners. They benefit from this knowledge as we use it to deliver successful campaigns and product launches through Boozt Media Partnership strengthening our brand partners position in the market. This is an area of increasing focus and we are developing new tools



to further increase our relevance to our brands. In 2019 we also expanded further on the number of exclusive collaborations with our brand partners. More information on this can be found in the Sustainability Report.

Benefiting from efficient operations and logistics

In 2017, we took a major step in operational efficiency. The year began with a move to the custom-built Boozt Fulfilment Centre (BFC), handed over to Boozt in February. The custom-built BFC is an investment that will facilitate our long-term expansion as it operationally supports our future growth. The BFC operates with an automated storage and retrieval system called AutoStore and the first module was installed from the beginning. With AutoStore, we have been able to create a more efficient picking process while reducing costs. The AutoStore system allows for a modular expansion which yields good flexibility and enables expanding capacity in-line with increased order volumes. In 2018 we completed the second module and during 2019 the third module was completed. In total, we have planned four-module expansions that can fit within the current warehouse. A new warehouse next to the current one is being built during 2020 and we expect

to take it into operation in the first half of 2021. During 2020 we replaced the standard software in the AutoStore robots with our internally developed robot management system allowing for higher efficiency and flexibility. This new robot management system is contributing to lower costs and it gives us the ability to improve the customer experience for our top tier customers.

LARGEST AUTOSTORE WORLDWIDE

**360.000
BINS
+
360
ROBOTS**

>3,000

orders per hour in
handling capacity

Capacity of

**4
MILLION+**
items and >650,000
SKU locations

**OWN DEVELOPED
WAREHOUSE
AND ROBOT
MANAGEMENT
SYSTEM**

BUSINESS PERFORMANCE

SEK million unless otherwise indicated	01-01-2019 31-12-2019	01-01-2018 31-12-2018	Change YTD
GROUP			
Net revenue	3,424.9	2,784.0	23.0%
Net revenue growth (%)	23.0%	38.1%	-15.1pp
Gross margin (%)*	39.7%	40.0%	-0.2pp
Fulfilment cost ratio (%)*	-13.7%	-13.8%	0.1pp
Marketing cost ratio (%)*	-10.0%	-12.2%	2.2pp
Admin & other cost ratio (%)*	-10.3%	-9.8%	-0.5pp
Depreciation cost ratio (%)*	-3.1%	-1.8%	-1.3pp
Adjusted admin & other cost ratio (%)*	-9.9%	-10.0%	0.1pp
EBIT	91.8	68.1	34.8%
EBIT margin (%)	2.7%	2.4%	0.2pp
Adjusted EBIT*	109.0	63.2	72.4%
Adjusted EBIT margin (%)*	3.2%	2.3%	0.9pp
Earnings for the period	54.8	42.6	12.2
Earnings per share before dilution (SEK)	0.96	0.75	0.21
Earnings per share after dilution (SEK)	0.95	0.74	0.21
Cash flow from operations	76.5	-13.8	90.3
Net working capital*	435.3	314.6	120.6
Cash flow from investments	-171.3	-91.9	-79.5
Net debt / -net cash*	295.6	-257.9	553.5
Equity / asset ratio*	37.9%	47.5%	-9.6pp
Number of employees end of period	371	326	45
Boozt.com			
Net revenue	3,150.7	2,659.1	18.5%
EBIT	86.6	76.2	13.8%
EBIT margin (%)	2.7%	2.9%	-0.1pp
Adjusted EBIT*	98.0	71.3	37.5%
Adjusted EBIT margin (%)*	3.1%	2.7%	0.4pp
Site visits (000)*	135,318	109,138	24.0%
No. of orders (000)*	3,917	3,288	19.1%
Conversion rate (%)*	2.89%	3.01%	-0.12 pp
True frequency*	6.7	6.8	-2.1%
Average order value (SEK)*	808	812	-0.5%
Active customers (000)*	1,606	1,363	17.8%
No. of orders per active customer*	2.44	2.41	1.1%
Booztlet.com			
Net revenue	246.5	105.9	133%
EBIT	25.6	12.1	111%
EBIT margin (%)	10.4%	11.4%	-1.0pp
Adjusted EBIT*	26.6	12.1	119%
Adjusted EBIT margin (%)*	10.8%	11.5%	-0.7pp
Site visits (000)*	16,297	7,199	126%
No. of orders (000)*	391	166	136%
Conversion rate (%)*	2.40%	2.30%	0.1 pp
Average order value (SEK)*	641	645	-0.6%
Other			
Net revenue	27.7	19.0	45.4%
EBIT	-20.5	-20.2	-1.4%
EBIT margin (%)	-74.0%	-106%	32.1pp
Adjusted EBIT*	-15.6	-20.2	22.8%
Adjusted EBIT margin (%)*	-56.4%	-106%	49.8pp

Rounding differences may effect the summations.

*The figure is an Alternative Performance Measure (APM) (non-IFRS) and is described in definitions and reconciled on page 183-186.

KPI's

Looking at the key performance indicators related to customers on Boozt.com, we have had another strong year with solid progress.

Our most important KPI, customer satisfaction, maintained a high level during 2019. We ended the year with a 4.6 (4.6) score on Trustpilot and a Net Promoter Score of 71 (71), which is a highly satisfying level. Our analysis shows that customer satisfaction correlates well with frequency meaning that high customer satisfaction is a prerequisite for our customers to keep coming back.

The number of site visits in Boozt.com numbers increased 24% compared to 2018, while the conversion rate decreased to 2.89%. The decrease in conversion rate was driven by the migration from desktop to mobile platforms leading to more site visits from the same customer before the purchase is completed. This led to a 19% increase in the number of orders totalling 3,917,000 for the year. Active customers, which are defined as customers who at least shopped once during 2019, increased 18% to 1,606,000 and the number of orders per active customer increased to 2.44.

Another very important KPI is the true frequency, which is defined as the order frequency for customers that have been with Boozt.com during the last 12 months. It measures the order frequency in 2019 for the customer cohort who shopped on Boozt.com during Q4 2018. The idea is to measure the order frequency without an impact from new customers as they would not have had the opportunity to order throughout the 12 months of 2019, hence dragging down the order frequency. True frequency in 2019 ended at 6.7 compared to 6.8 the year earlier. The decrease can be explained by the implementation of the fair use policy in November, prohibiting a group of high-frequency shoppers from ordering with us. This high level of true frequency shows us that we have a relevant offering for our loyal customers. The all-important average order value was unchanged at SEK 808 (SEK 812) driven by the focus on a high average selling price. Going forward we believe that the average order value will remain at the SEK 800 level.

Financials

Net revenue increased with 23.0% to SEK 3,424.9 million (2,784.0). Currency had a positive impact of around 1 percentage point on net revenue growth relating to the strengthening of DKK and EUR compared to SEK. The increase in net revenue is mainly attributable to Boozt.com and Booztlet.com segments which grew with 18.5% and 133% respectively. Other net revenue increased to SEK 45.9 million (38.3) in 2019 driven by higher marketing income.

Net revenue growth in Sweden was 19.3%, while Denmark grew 17.6% negatively impacted by softer apparel markets. Norway grew 23.4% and Finland grew 34.1%. The increase in the Rest of Europe was 61.6%. The marketing strategy outside the Nordics has been unchanged throughout 2019, as it remains online marketing only.

For the full-year gross profit increased with 22.3% to SEK 1,361.0 million (1,113.1). The gross margin decreased 0.2 percentage point to 39.7% (40.0%). The decrease in gross margin was primarily driven by elevated promotional activities to ensure a continuously healthy stock composition in a market affected by high inventory levels during the first half of 2019. The first quarter was impacted by a late start to the autumn/winter 2018 season which continued to impact the market in terms of increased inventory levels throughout the winter months, while the second quarter was negatively impacted by a late start to the summer in the Nordics compared to last year. This was partly offset by a higher product margin in the Autumn/Winter season compared to last year as well as internal and contractual improvements impacting the fourth quarter. For the full year EBIT increased to SEK 91.8 million (68.1), while the EBIT margin increased by 0.2 percentage point to 2.7% (2.4%). The increase was driven by a lower marketing cost ratio partly offset by a higher admin and other cost ratios. Also negatively impacting is the loss-making Beauty by Boozt store as well as higher social charges and share based compensation related to the Group's LTI programs.

Adjusted EBIT amounted to SEK 109.0 million (63.2). The adjusted EBIT margin was 3.2% (2.3%). The adjustment

consists of social charges related to the Group's LTI Program 2015/2025 and LTI Program 2019/2022 of SEK -5.2 million (6.6) and IFRS 2 costs for share-based payments related to the LTI program 2015/2025 and LTI Program 2019/2022 of SEK -7.2 million (-1.7). The adjustment also consists of one-off costs affecting comparability related to the closure of the smaller Beauty by Boozt store in Roskilde in Q2 of SEK 4.9 million. Cash flow amounted to SEK -28.8 million (-61.2). Cash flow from operating activities increased to SEK 76.5 million (-13.8) driven by improved operating profit after adjustments for non-cash items.

The Group realised a net working capital of SEK 435.3 million (314.6) equivalent to 12.7% (11.3%) of the net revenue for the last twelve months. The increase in net working capital was primarily driven by lower accounts payable as well as higher accrued income and higher accounts receivable. This was partly offset by lower inventory growth supported by the change to a consignment-like agreement with a large brand. Lower accounts payable was driven by a higher maturity of the campaign goods as they were bought earlier this year compared to last year. The Group has, compared to last year an additional accrued income of approximately SEK 70 million in reverse customs from returns in Norway and from a brand buying back inventory in the consignment-like agreement. Also, accounts receivable was approximately SEK 25 million higher as we invoiced our partners in Boozt Media Partnership in December this year compared to November in 2019. Adjusting for these timing effects of approximately SEK 95 million the working capital percent would have been approximately 10%.

Cash flow from investing activities amounted to SEK -171.3 million (-91.9) and are mainly attributable to the expansion of warehouse automation and capitalised development cost.

Segments

Boozt.com

Net revenue increased with 18.5% to SEK 3,150.7 million (2,659.1) supported by a positive impact of around 1%-point from currency. The increase was driven by a higher new customer intake compared to 2018.

The overall market for apparel in especially Sweden and Denmark has been challenged by weaker consumer sentiment. As a result, the promotional activities in the market increased putting pressure on gross margin. A positive development in the Autumn/Winter season mitigated this as a healthy inventory position following a strong sell-through and fuelled by a high level of campaign buys allowed for disciplined pricing and a lower level of discounts compared to many market participants. Also, contractual improvements with suppliers supported the improved gross margin.

EBIT increased to SEK 86.6 million (76.2), and the EBIT margin decreased to 2.7% (2.9%). Adjusted EBIT increased to SEK 98.0 million (71.3), while the adjusted EBIT margin increased to 3.1% (2.7%). The improved adjusted EBIT margin was driven by a lower marketing cost ratio

Booztlet.com

Net revenue increased with 133% to SEK 246.5 million (105.9) and is attributable to an increased focus on attracting new customers in the off-price segment (customers with a high interest in discounted goods) as well as providing incentives for active customers to increase their buying frequency. Also, a continuously improving and increasing stock composition supports the strong growth trajectory

Adjusted EBIT increased to SEK 26.6 million (12.1), while the adjusted EBIT margin decreased to 10.8% (11.5%). The decrease is a result of the increased relative marketing spend for Booztlet.com in order to support the accelerated growth of this segment.

Other

Net revenue increased with 45.4% to SEK 277 million (19.0). The increase is mainly attributable to the opening of the new offline Beauty by Boozt store in Copenhagen in June 2018 but also a positive development in the Booztlet store.

EBIT improved to SEK -15.6 million (-20.2), in line with expectations previously communicated. The adjustment consists of one-off costs including write-downs related to the closure of the Beauty by Boozt store in Roskilde, Denmark in the second quarter of 2019.



A man with glasses and a dark sweater is standing and looking down at a piece of white fabric held by a woman with blonde hair in a ponytail. Another woman with dark hair is seated at a table, also looking at the fabric. In the background, there is a clothing rack with various items hanging on it. The scene is set in a modern, minimalist interior with a blue carpet.

SUSTAINABILITY REPORT

This report constitutes our GRI report and UN Global Compact Communication on Progress, as well as our statutory sustainability report.

The GRI Index can be found on:

<https://www.booztfashion.com/responsibility/sustainability-reports>

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LETTER FROM CEO HERMANN

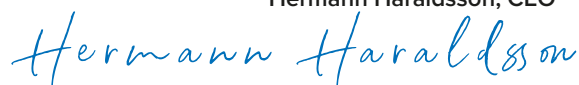
In last year's letter to shareholders, I discussed why the "care-why" culture is instrumental to the success of our company. People who "care-why" demonstrate a passion for their profession, their customers and their company. Boozt has been built by people with this mindset. This mentality is also what enables us to lead the progress towards a more responsible industry. This is important to us, and this is important to our customers. Our customers should shop with us knowing they support a responsible company that takes real action towards contributing to a more sustainable future.

Local anchoring is key to minimise the footprint of an e-commerce business. This goes especially for fashion with the high return rates. Having a fulfilment centre located close to the customer and ideally in only one location to avoid intra-company shipments is instrumental for a low impact. As a result, we have been able to achieve an industry-leading low 300g CO2 distribution emission per distributed order including returns, which corresponds to driving 2.6 kilometres in a new car. In other words, our optimised business model shows that the "public transportation" of goods to the consumer is having a significantly lower impact than traditional brick and mortar stores.

Although we strive to minimise the impact of our operations through first-mover investments in innovative energy-efficient fulfilment solutions, the major environmental impact in our industry still lies within the production phase. As we don't produce ourselves, we focus on building relationships with high quality brands that focus on producing better quality and longer-lasting items, which we believe is the most sustainable solution.

At the end of the day, we just want to make sustainable choices easy. We want our customers to shop their favourite brands with no second thoughts as they know we take our responsibility very seriously. Whether that is buying a conventional brand or shopping in our rapidly growing sustainable fashion category. We cannot change the industry alone. However, we are committed to inspiring positive change through our actions such, as partners and by making it easier for our customers to find and choose sustainable fashion. We also welcome legislative action in the form of a CO2 tax to accelerate the drive towards a more sustainable industry.

Hermann Haraldsson, CEO



OUR VISION

Our vision is to use our local Nordic position and our technology platforms to make sustainable choices easy for our customers and our partners.

By taking responsibility for our direct and indirect footprint on the value chain, and empowering people to act consciously, we strive to build a more sustainable future for fashion.

We have a strong and well-established tradition of always striving to be a fair and responsible business. We recognise the need to address the social and environmental challenges within the fashion industry, and that emphasis must be on taking responsibility for our impact. With the influence we have as a leading player on the market, we can push for a more sustainable industry by setting standards for more responsible practices. We must work together to improve the quality and transparency in the supply chain, including respect for human rights, fair labour conditions, as well as reducing the environmental impact from production and operations.

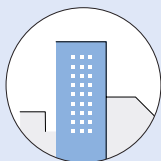
To achieve our vision we will act strategically, leveraging our leading position in the Nordics and strong local influence, along with our competence within technology and innovation. By making responsible choices in all areas of our business, we can reduce the direct footprint of our local operations, while also engaging our partners in the journey to becoming a more sustainable fashion industry.

Our responsibility vision is very much aligned with who we are as a business. We strive to take responsibility wherever and whenever it is possible in the supply chain while staying mindful of the challenges that come with being part of changing an industry. To help guide us on our journey, we have concentrated our efforts into four main focus areas: Our house, Our people, Our partners, and Our selection. Anchored in our 'care-why' culture and ethical standards, these areas allow us to adopt a holistic approach when taking responsibility for our direct and indirect impact on the fashion supply chain.

We are dedicated to delivering great fashion to our customers, through high-tech solutions and a curated selection of fashion brands. In this pursuit, sustainability is a crucial building block for our long-term business success, ensuring that we meet the needs of our customers and the industry. Our aspiration is that our actions will always reflect our desire to do good. With the help of a clear vision and open communication, we intend to amplify our efforts and share best practices that can influence a more sustainable industry.

OUR FOCUS AREAS

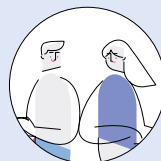
OUR HOUSE



We want to provide the best possible customer experience, while conducting our operations in an economically, socially and environmentally responsible way.

We are taking responsibility for the footprint of our operations. Reducing the footprint we have through our carbon emissions, energy, waste and packaging.

OUR PEOPLE

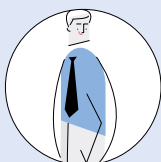


We want to make it easy for our people to do good.

A strong company culture and intelligent investments enable our people to contribute positively to the environment and the community.

'CARE WHY' CULTURE

OUR PARTNERS



We want to inspire our partners to make a positive impact on the value chain.

By partnering with key stakeholders, sharing our knowledge and best practice, we aim to encourage a more sustainable industry

OUR SELECTION



We aim to make sustainable choices easy for our customers through transparency and technology.

We are building the largest Nordic sustainable fashion selection based on accredited certifications and industry standards.

Reporting requirements

Making responsible choices that have a positive impact on the industry requires a solid foundation in science-based research, strong partnerships and a clear understanding of where we can make the greatest impact. With this report, we use the Global Reporting Initiative (GRI) as a reporting guideline to improve the quality of our sustainability reporting. We believe the GRI standards provide a solid framework for analysing and focusing our sustainability efforts.

In 2018, we became a signatory of the UN Global Compact. With this commitment, we set the intention of adopting and adapting innovative ways to integrate the Ten Principles to establish a more sustainable business. This means operating in such a way as to promote and respect human rights and fair labour conditions, engage in the development of environmentally friendly technologies and prevent corruption in all forms. It also includes taking action to deliver on the Sustainable Development Goals (SDGs) and we are committed to aligning our business goals with them. This has been the focus of our 2019 sustainability initiatives and this report serves as our Communication on Progress (COP).

Materiality assessment

Based on our materiality analysis, this report focuses on the most important sustainability issues and includes the economic, social and environmental topics we have prioritised. Within sustainability, materiality refers to the areas of heightened concern from internal and external stakeholders compared to relevant environmental, social and governance issues. Our material issues, viewed alongside our value chain, demonstrate focus areas where we can develop more programs directly targeting the areas of greatest impact.

In 2018, we undertook our first materiality analysis. This is reviewed and updated continuously through internal assessments and dialogues with partners, customers, and external stakeholders. Based on this analysis, we identified the focus areas where we can make the biggest difference: Optimising our local operations, empowering our employees, engaging our partners, and curating our sustainable selection. This has served as our blueprint for adopting the Sustainable Development Goals (SDGs) and upholding the Ten Principles that are most relevant and interconnected to our business in leading action towards more responsible and circular business models. While we feel many of the SDGs include important bearings for supporting our contribution to sustainable development, the most relevant development goals we have chosen to address are SDGs 9, 12 and 17.



United Nations
Global Compact

HOW BOOZT GROUP AIMS TO ACHIEVE SUSTAINABLE DEVELOPMENT GOALS 9, 12 & 17.



Goal 9. Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.

- *Power our operations with renewable energy*
- *Promote innovation and new technical solutions within our own operations*
- *Promote and engage in innovative distribution alternatives*
- *Upgrade and retrofit existing infrastructure to make the industry more sustainable.*

Read more about our strategy with this principle on page 46-57



Goal 12. Ensure sustainable consumption and production patterns.

- *Empower consumers to make more sustainable choices*
- *Work with brand partners to improve traceability in the supply chain*
- *Advocate for longevity by extending the lifecycle of products*
- *Responsible use of resources within our own operations*

Read more about our strategy with this principle on page 46-57, 66-71, 72-77



Goal 17. Strengthen the means of implementation and revitalize the global partnership for sustainable development.

- *Use our position as a leading player in the Nordics to share best practices with the industry*
- *Engage in new partnerships from other industries*
- *Strengthen our collaboration with our brand and distribution partners to reduce environmental impact*

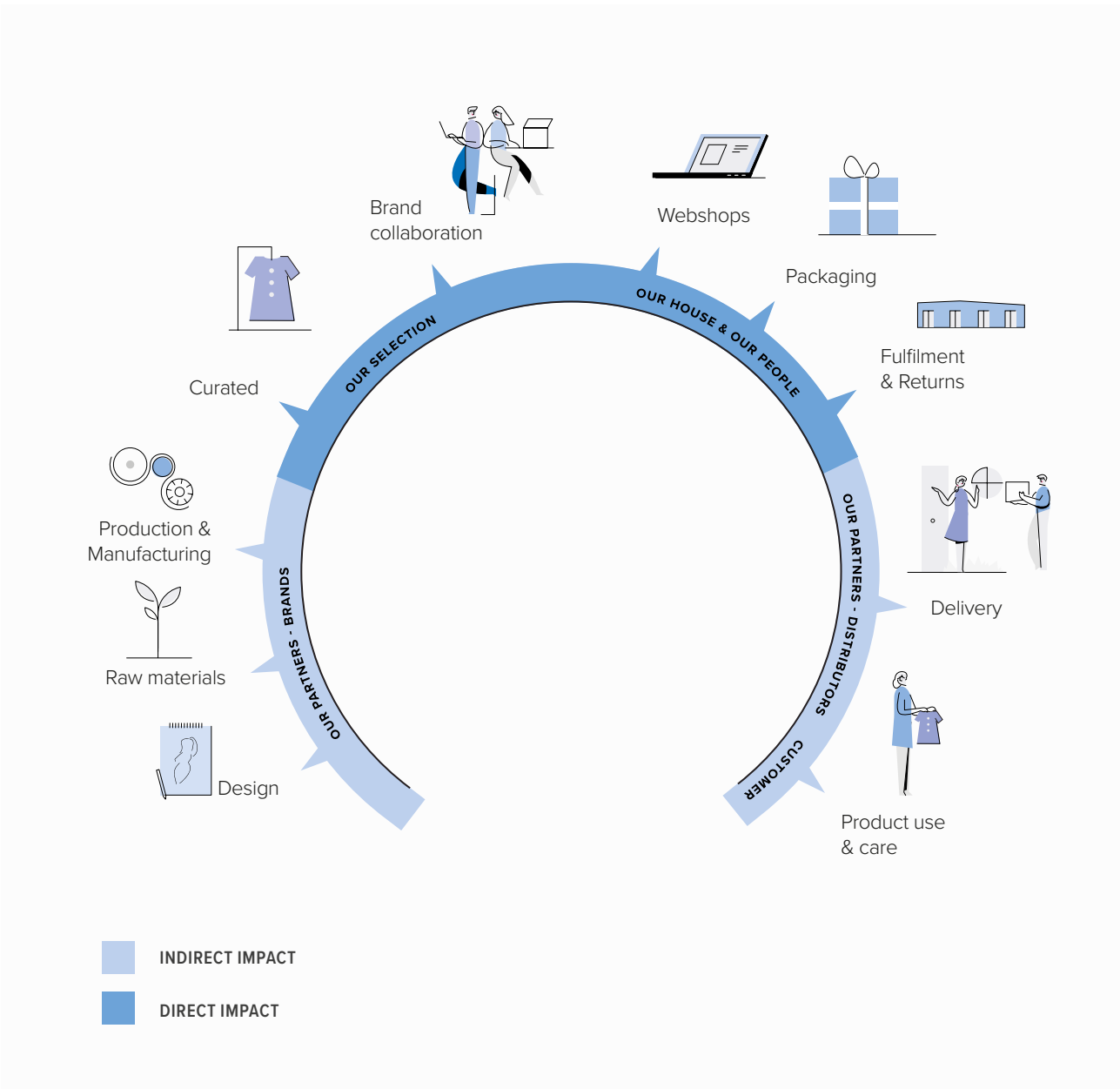
Read about our strategy with this principle on page 46-57, 66-71, 72-77

Managing sustainability

We are committed to conducting our business responsibly, with the highest possible standards of ethics, openness, and transparency to build trust with our stakeholders and establish accountability. The strategic responsibility for our sustainability strategy lies with Management which is then implemented by our Sustainability team. Through close collaboration between the Sustainability team and other departments across the Boozt Group, we work together to execute our sustainability efforts. Continuously reviewing our materiality analysis helps us to ensure that we act in

an economically, socially and environmentally responsible way in all areas of business. The greatest assets in our sustainability effort are our people. A strong company culture, based on the values of Trust, Freedom, and Responsibility, reinforced with intelligent investments, enables our people to contribute positively to the environment, the business and the community. By offering continuous training and professional opportunities, we want to provide opportunities for our employees to utilise their knowledge, passion, and skills to imagine new sustainable solutions and contribute to our vision.

OUR ROLE IN THE FASHION SUPPLY CHAIN

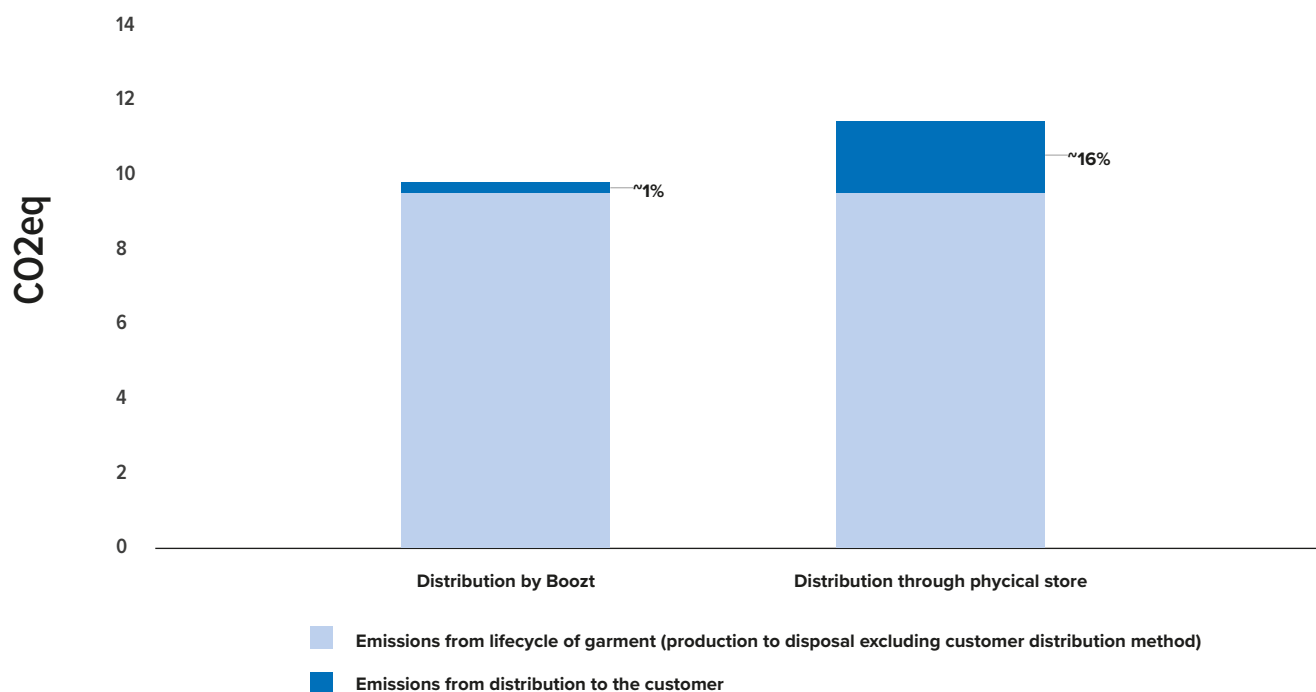


Boozt Group makes up only a small part of the whole fashion supply chain. As a retailer without any own production, we do not have a direct impact on the production of the goods we sell. However, we proactively take responsibility for the indirect impact we have on our network of business partners that operate in other parts of the supply chain. Through our leading position in the market, we have the ability to inform, innovate, and communicate a strategy with our brand and distribution partners as well as educate and impart knowledge to our customers about the changing industry landscape.

We believe that on the journey towards reducing the impact of our operations and contributing to a sustainable supply chain, we need correct and comprehensive information about the ramifications of the e-commerce

model on the environment. New research from the 2019 report "Environmental assessment of Swedish clothing consumption" by RISE (Research Institutes of Sweden) shows the impact of the transportation of the customer back and forth from the physical store. When we compare this data with the impact of our ecommerce model, the carbon footprint is significantly lower than when shopping in a physical store in Sweden. While we will always strive to lower the footprint of our operations, the true environmental impact of the e-commerce model next to the brick and mortar shop is still hard to pinpoint and greater data should be collected and compared. Therefore, we wish to use our positioning in the Nordic market to partner with researchers that can help provide a better understanding of this topic based on empirical findings.

A pair of jeans sold in Sweden - total CO₂eq emission by distribution method*



*Data sourced from the 2019 report "Environmental assessment of Swedish clothing consumption" by RISE (Research Institutes of Sweden). The distribution emission data for a physical store is based on the carbon footprint per item bought from the average user transportation to the store. This is a mix of non-emitting transportation, public transportation and personal car transportation. Emission from lighting and heating of the physical store is not included in the "distribution through physical store".

Emission per item from Boozt is derived by dividing the emission per order (314g) with average items per order (2.8).

Boozt Group value chain

Our value chain allows us to deliver great fashion and exceptional shopping experience for our customers. It outlines our three main business areas and the flow of products within the Boozt Group ecosystem. Although only a small part of the larger fashion supply chain, our Boozt value chain is where we have the most immediate direct impact on our footprint. This is where we can ensure that we are running a responsible and efficient business, one that leads by example and will hopefully inspire throughout the greater supply chain.

The Boozt Group is not a fast-fashion company. Our strategy is to offer a large curated selection of premium brands with a strong focus on quality products that are made to last. And we want to make sure that all items ultimately end up with our customers, who will prolong the lifespan of the item and minimise waste. Taking responsibility for the direct impact of our value chain, we extend the products' life cycle across all of our platforms. This means that products have multiple chances to sell,

both initially online and then offline. Any items that cannot sell are ultimately donated.

Our three business segments, Boozt.com, Booztlet.com and Other (physical stores), reflect the Nordic online apparel market growth opportunities while enabling us to make responsible choices in the way we handle our inventory and claims. Excess stock from Boozt.com is given a new opportunity to sell on Booztlet.com and items with minor defects are being sold at high discounts in our physical Booztlet store. We also partner with brands to support their inventory clearance which we purchase at discounted prices. This enables our brands to use our platforms as a responsible alternative for handling their excess inventory.

In terms of our online platforms, they are all hosted on Google Cloud servers, run entirely on renewable energy from one of the world's most energy-efficient facilities in St. Ghislain, Belgium.



IN SEASON

Mid-to-premium fashion for the Nordic customer

OFFPRICE

Responsible handling of prior season stock from brands and Boozt.com

LAST RESORT OUTLET

Items that did not sell online or goods with minor defects





OUR HOUSE

We want to provide the best possible customer experience while conducting our operations in an economically, socially and environmentally responsible way. We are taking responsibility for the footprint of our operations.

Reducing the footprint we have through our carbon emissions, energy, waste, and packaging.

At the core of everything we do is our house. Our house encompasses all parts of our business and enables us to deliver an outstanding shopping experience to our customers. As this is where we have the most direct impact on our footprint, it is essential we find smarter product flows in our operations. Smarter product flows is best articulated through the use and discovery of processes within our daily operations which are more effective, efficient and sustainable. For example, shortening processing times for customer orders, utilising renewable energy, finding the optimal solution for our Boozt.com and Booztlet.com shipping bags and lowering CO2 emissions.

As a Nordic company with a leading position in the market, we believe that much of our success lies in keeping our operations local. Based on our location, we can optimise deliveries to customers, create strong brand networks and engage our local community. Our investments to handle all shipments and returns in our local fulfilment centre in Ängelholm, Sweden has also contributed to more environmentally-friendly delivery patterns. It enables us to keep the carbon emissions per distributed order at 0.3 kg/ CO2e. This low number is the result of our decision to handle shipping and returns locally.

Being innovative is essential to us. Innovation helps us to continue optimising our house to ensure the longevity of our business and the environment. The areas where

we have the greatest control to innovate smarter product flows while also having a direct impact on our footprint are with our head office in Hyllie and our fulfilment centre in Ängelholm. Whether its packaging materials, warehouse technologies or the way we transport our goods, we can seek more efficient and inventive use of resources through these two facilities. To further our focus on modernisation and development, we invested in the Boozt Innovation Lab in 2019. The Boozt Innovation Lab will allow us to stay at the forefront of cutting-edge innovation that can help transform our business and the industry.

Data-driven decisions

We work continuously to optimise our operations and improve efficiency. One of the main focuses of 2019 was to gather data about the impact of our operations. Creating a comprehensive overview of our business allows us to better understand where to focus our responsibility efforts. We partnered with a company that has developed a platform to collect and manage sustainability data to obtain an ongoing collection of metrics to deepen the insight into our footprint. Our goal is to make it easier for our customers and us to track progress and understand the areas to address and reduce our environmental footprint.

Through the system, we track the environmental performance of our facilities and have processes in place for a regular and ongoing collection of energy and emissions metrics. In



terms of greenhouse gas emissions, it can be broken down into three Scopes. Scope 1: Emissions are direct emissions from owned or controlled sources. Scope 2: Emissions are indirect emissions from the energy we use for our business operations, our headquarter and our fulfilment centre. Scope 3: Emissions are all indirect emissions (not included in scope 2) that occur in our value chain which include shipping to our customers including returns and business travels. Our scope 1 emissions amount to approximately 89 tons of CO₂e from leased cars. Scope 2 emissions amount to 0 tons of CO₂ e. For scope 2, all energy and heating used in our fulfilment centre and headquarter is from renewable sources, including the energy we do not produce ourselves. For example, the electricity we purchase at the fulfilment centre is from hydropower that is 100% renewable and environmentally declared according to the EPD R system*.

The digital footprint of our business is offset as all servers are hosted via the Google Cloud Platform, which is run 100% on renewable energy. Scope 3 emissions relate to distribution partners and domestic and international business travel which collectively amounts to an estimate of 2,020 ton CO₂ e for 2019. By implementing our new data collection system, we can continuously track and measure data to aid in understanding the footprint of our operations and give us tangible data to work with to reduce it. We are also on-boarding our distribution partners to use the system, allowing us to keep track of their development and push for positive change. In 2019, we received carbon data from our distribution partners representing 97% of our orders.

GREENHOUSE GAS EMISSIONS	METRIC TONS CO ₂ EQUIVALENT (T CO ₂ E)
SCOPE 1	89
SCOPE 2	0
SCOPE 3	2,020

Returns

One of the afflictions of running an e-commerce business is handling returns. A key focus for us has been to decrease the number of unnecessary returns to lower the CO₂ emissions from transportation pick-ups and deliveries as well as the amount of materials used for repackaging items. Lowering returns will also support the sustainability of the business model from an economic perspective. Decreasing the number of returns is tricky, however, we've established that a large percentage of returns is often due to the unpredictable sizing of a brand's collection. We strive to eliminate the obvious mistakes when selecting a size by improving our size guide. An example of this is our recently launched machine learning-based size recommendation tool. We also recently introduced a fair use clause which means that we can "pause" customers who show no intention of keeping the items they purchase. These customers have repeatedly placed unusually large orders, only to return all or almost all items or return several times on a large scale. With this effort, we aim to contribute and encourage more responsible shopping behaviour within e-commerce.

REDUCING RETURNS THROUGH MACHINE LEARNING

Through system developments and partnerships with our brands, we are working on creating size predictions for our customers. Using machine learning technology, we have been able to collect information about customer size choices and returns to suggest the best size option available. This will help customers make the right sizing decision, independent of whether they have made previous purchases in this category. Our aim is to bring technology and fashion together to create the best customer experience and reduce size related returns.

* Environmental Product Declarations (EPD) System is a global programme for environmental declarations based on ISO 14025 and EN 15804

Data privacy

To prepare for the EU's General Data Protection Regulation (GDPR) that was implemented in 2018, we rigorously combed through our data in 2017. With the introduction of GDPR, all systems were examined on top of the launch of processes to define data usage and procedures.

We sign data processing agreements (DPAs) with anyone we send any data to. This agreement stipulates how data is managed, stored and used. To this day, we also maintain our own rigorous security processes, transparency with our

customers and safe data storage has always been at the forefront of our platform department's agenda. Our data retaining time is between 3-7 years and is explained in the Terms & Conditions and Frequently Asked Questions (FAQs) on our webshops. To ensure our customers understand how their data is being used, they are able to access detailed information about how long we save data and for what specific purpose. Customers can also request a copy of their data. No substantiated complaints concerning breaches of customer privacy were received in 2019.







Fulfilment Centre

Local and innovative, the Boozt Fulfilment Centre (BFC) represents one of the most significant stops on a product's journey to our customer's door. Since the BFC became operational, we have continued to optimise the quality, reliability, and sustainability of our fulfilment centre. In 2019, attention was placed on further engagement with our distributors in new-energy-projects, greater investments in newer technologies and advancing the build-out of self-sufficient energy to optimise how we manage our energy consumption.

Our R&D partnership with AutoStore and automation service partner Element Logic safeguard our position at the forefront of warehouse automation. We have maintained our ambition to create an e-commerce supply chain cluster centred around our local operations in Ängelholm. The new R&D partnership represents an organic step as part of our combined journey to constantly improve warehouse

automation. It allows us to test the latest advancements and developments in robot technology in our facilities. The first example of this was the introduction of the new Blackline version of the AutoStore robots currently running on our grid as the first site of scale in the world.

We strive to keep our operations local and all our returns are handled in our fulfilment centre in Ängelholm, Sweden. In 2019, we further optimised our processes in the return area at the fulfilment centre supported by best practice process optimisation from new management. Also, the implementation of a new prediction model contributed to us being able to compete with outsourcing options for return handling by lowering the costs associated with returns. Strategic partnerships have also continued to keep us competitive. Many of the staff at the fulfilment centre, for example, are employed through our immigration integration project which helps refugees enter the Swedish job market.



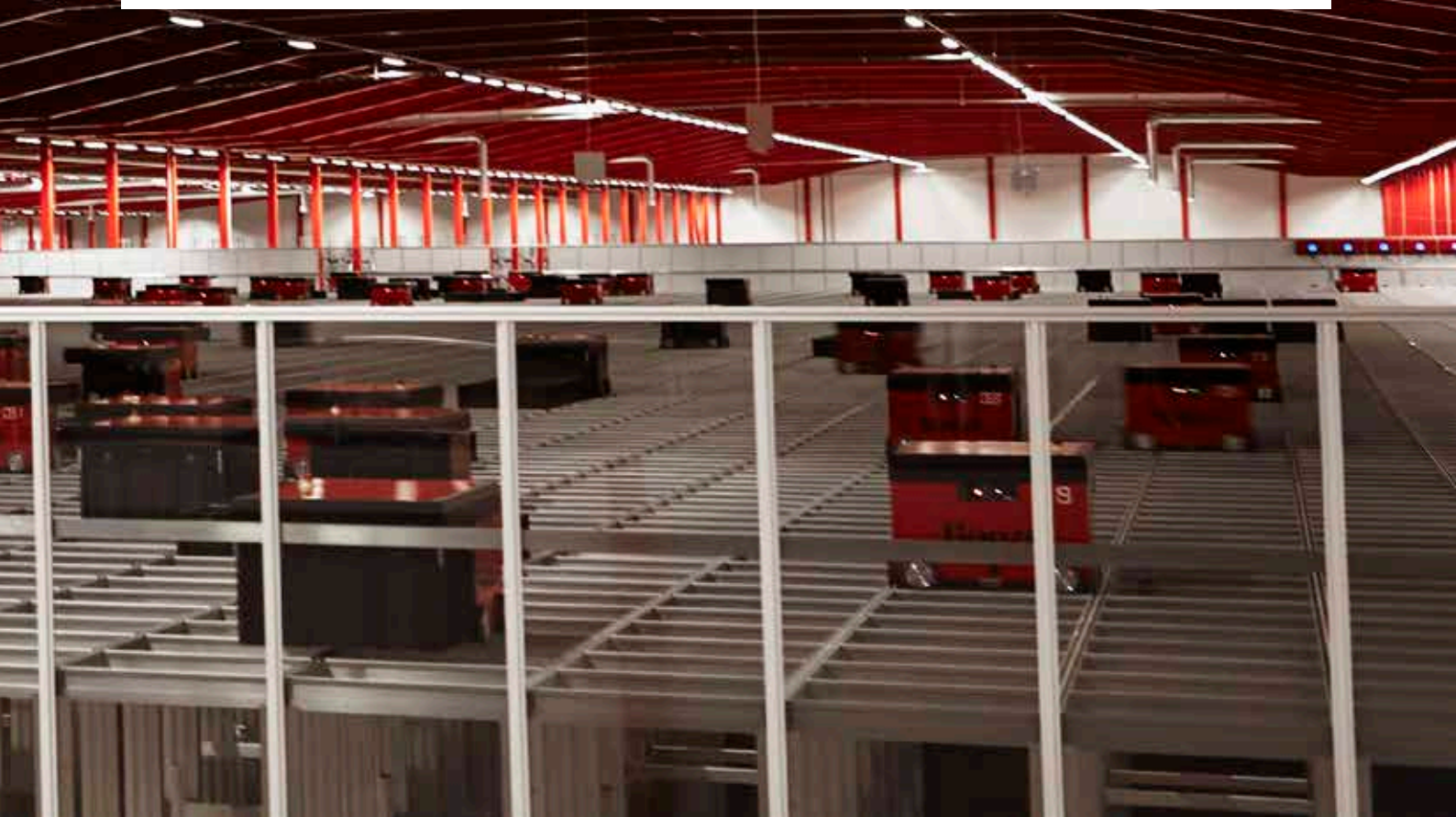
THE BOOZT FULFILMENT CENTRE

Key features of our environmentally optimized facility

RUNS ON 100% RENEWABLE ENERGY, INCLUDING ENERGY SOURCED FROM OWN SOLAR PANELS. GREEN-BUILDING CERTIFIED.

FULLY AUTOMATED WITH THE LARGEST AUTOSTORE INSTALLATION IN THE WORLD.

POSITIONED LOCALLY IN THE NORDICS TO MAXIMIZE SPEED OF DELIVERY AND MINIMIZE ENVIRONMENTAL IMPACT



Energy sourcing

A critical part of Boozt's goal has always been to scale up the use of renewable energy. At 42,000 m², our fulfilment centre remains the largest building within our operations and demands the highest energy consumption. We rely fully on clean energy sources to power our services to our customers. As a Green Building certified facility, our fulfilment centre operations are driven by energy-efficient and modern technology. The 2018 installation of solar panels on the roof brought us a step closer to being completely energy self-sufficient. The solar panels contributed 8% of the total energy consumption at BFC in 2019.

Total energy consumption for the BFC, our office in Hyllie and leased cars amounted to approximately 1500 MWh for 2018. In 2019, our total energy consumption increased to 1700 MWh. This energy increase can be explained by more output from our robots due to a higher number of orders. An increase of 13%, well below the net revenue growth of 23% compared to 2018, demonstrates the leverage on energy consumption from our business model and investments. Any energy we do not produce is from renewable sources such as wind, water and solar. Through studying our energy patterns, we are continuously improving and learning to optimise the efficiency of our operations to uncover energy-saving opportunities.

Waste management & recycling

For both our business and customers, we are persistent in our effort to eliminate waste across our operations. The recycling process of all packaging material from inbound deliveries is handled through efficient sorting systems at the Boozt Fulfilment Centre. Recycled materials consist mainly of paper, wood, and plastic. Thanks to a close partnership with a local waste management facility, we reached our goal of recycling 85% of our waste in 2018. In 2019, this close partnership enabled us to recycle 100% of our waste. However, not everything can be recycled. Any remaining non-recyclable materials are burned for energy recovery in one of two certified centres in Sweden. Looking ahead, we know this is not our final stop. We will continue to explore ways to reduce and reuse our material resources before recycling to extend a material's life cycle and close the loop on the waste within our operations.

Packaging

Our customers want to receive the right-sized, recyclable packaging materials that minimise waste and ensure damage-free and intact delivery. As we look for more circular options for packaging solutions, the impact of packaging is a core area of focus for the Boozt Group. The conversation about what constitutes an environmentally better option remains complex. However, the role of packaging remains relevant to online businesses. Despite it constituting a small part of the overall impact of a garment's lifecycle, packaging provides opportunities to discover more sustainable alternatives. Since the beginning, we have always sought more eco-conscious alternatives to plastic packaging (the preferred material within the industry).

The first Boozt.com bag in 2012 was made from 50% recyclable plastic. Over the years we continued to improve the composition of the bag. First, by increasing the percentage of recycled plastic and then in 2018 we set an ambitious target to introduce bags composed of fossil-free material. In collaboration with a packaging supplier, we developed Boozt.com bags made of 100% biodegradable food waste. Unfortunately, there were challenges with recycling, as the adoption of recycling opportunities for bio-degradable bags progressed slower than anticipated. Currently, the industrially compostable facilities in the region which the Boozt Group operates lack the proper infrastructure, including the necessary structures for proper post-consumer collecting, sorting and composting. Therefore, compostable material may end up in the recycling stream of plastic, decreasing the quality and recyclability of the end product. Due to this, we have decided to suspend the use of biodegradable bags and hope to reintroduce them once the proper handling facilities become available.

In 2019, we addressed the issues with the biodegradable bag and will continue our long-term research for more circular and sustainable material for our Boozt.com bags. Our aim is to provide proof of concept for our industry partners when testing new packaging solutions. During 2020, we will shift to 100% recycled, Blue Angel certified, plastic material for our shipping bags. We have also maintained the dialogue



with our partners searching for possible ways to reduce the use of polybags and the need to utilise new raw materials. Our shipping boxes are also made of a single material from 100% FSC certified paper to ensure full traceability and recyclability. We have been working with the packing material supplier on various projects around the circularity of our boxes. Our focus on circularity within our packaging integrates with our goals to meet SDG 12 and implement its targets to significantly reduce waste generation through

prevention, reduction, recycling and reuse by 2030. Based on the efforts previously described, we are already close to reaching this goal now. By sharing what knowledge we have learned across our industry, our partners can benefit from our experience which we believe can amplify the impact.

We will continue to challenge ourselves and explore smarter packaging solutions.

HISTORY OF THE BOOZT BAG

2012



From the start we have made responsible choices about how we choose to package our products. The first Boozt.com bag was made from 50% recyclable plastic - a decision taken back when recycling options for packaging were still not part of the conversation.

2017



We improved the composition of the material used in the Boozt.com bags. The recyclable material increased from 50% to 80% recyclable plastic and resulted in less waste and lighter weight during transportation.

2018



We introduced our 100% biodegradable bags. In collaboration with a packaging supplier, Boozt.com bags were made completely from biodegradable food waste. The material used was MATER-BI from the international leader in bioplastic NOVAMONT and biodegradable and compostable according to European standard EN13432.

2020



During 2020, we will shift to 100% recycled, Blue Angel certified, plastic material for our shipping bags. We are also in dialogue with our packaging partners to explore possible ways to reduce the use of polybags and the need to utilise new raw material

*color and design of the bag to be decided

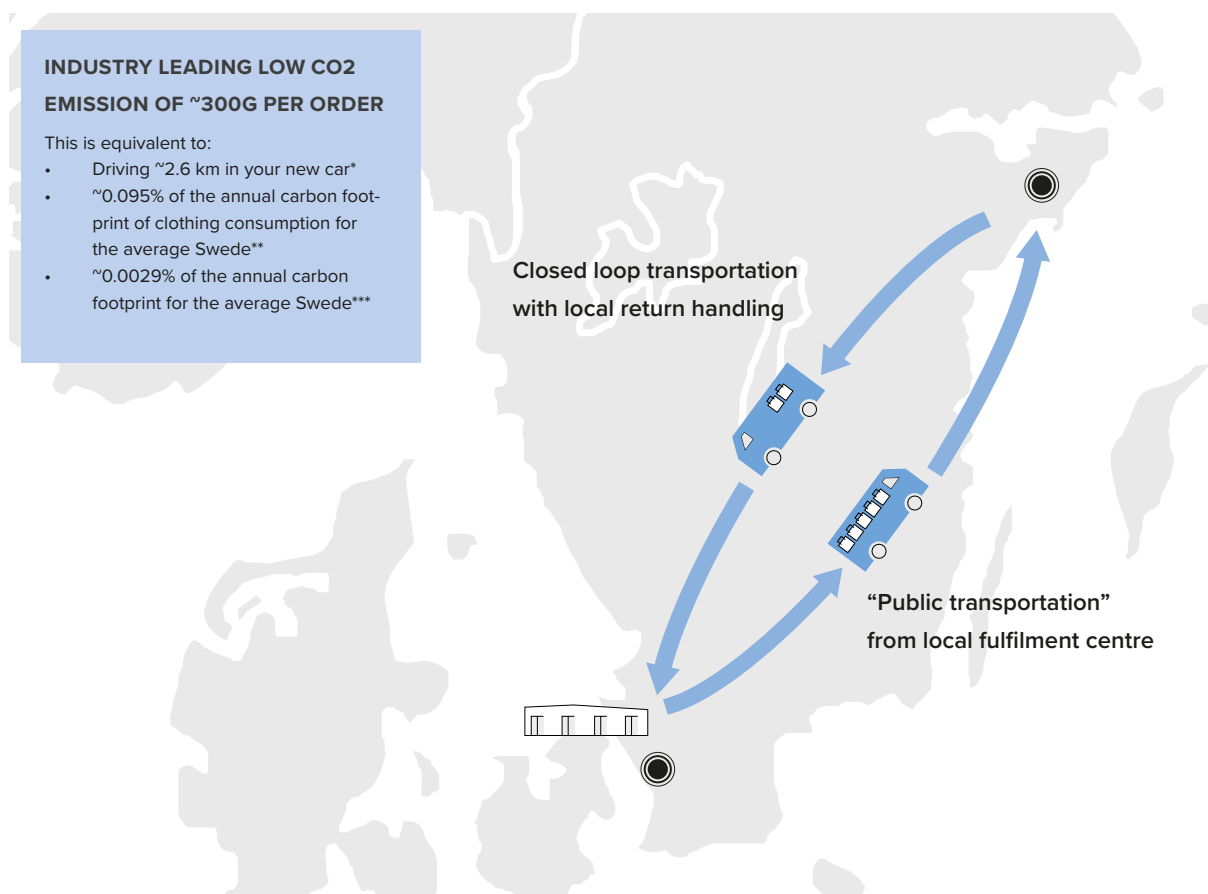
Distribution

We aim to optimise the efficiency of our distribution in various ways, not only for customers to receive their orders in a timely and reliable manner, but also to reduce our environmental impact. Many of the sustainability issues that we prioritise at Boozt are enhanced through partnerships and collaborative initiatives that minimise CO₂ emissions in the supply chain and other local impacts.

We work with a variety of vendors to provide our customers with distribution alternatives that satisfy each delivery need. We strive to give customers the ability to select more environmentally-friendly alternatives, such as electric car delivery and climate compensated options. Despite being dependent on the progress within our distribution partner's operation, we endorse this agenda and share it with our partners. In 2019, we worked with our distribution

partners to measure the emissions from shipping to our customers. Regular reporting in collaboration with our partners provides us the opportunity to measure the impact of our operations as well as benchmark and set goals for continuous improvement.

Through this collaboration, we were able to calculate the estimated carbon emissions per order delivered including returns, which amounted to 0.3 kg/ CO₂ e. The low result is only possible due to investments in the optimisation of our local distribution patterns. This involves a selection of climate compensated delivery options and efficient returns transportation in a closed-loop centred around our one local fulfilment centre. We are proud to share this result as it reflects the value of investing in local operations and resource-efficient solutions.



*Source: https://www.eea.europa.eu/data-and-maps/daviz/average-emissions-for-new-cars-5#tab-chart_1 (0.314kg CO₂ eq / 0.120 Co₂ eq)

**Source: Environmental assessment of Swedish clothing assumption (0.314kg CO₂ eq/11.000kg CO₂ eq)

***Source: Environmental assessment of Swedish clothing assumption (0.314kg CO₂ eq/330kg CO₂ eq)



Headquarters

In the spring of 2019, our head office moved to Eminent, the first building in the Nordics to be certified by WELL. The International WELL Building Institute (IWBI) is a globally recognised building standard focused on human health and wellness in workplaces. This new facility fosters a positive working environment including features such as a massage room and a play area for parents to bring their kids when needed. Eminent is also environmentally certified with Miljöbyggnad Gold level, a Swedish environmental certification for sustainable buildings by the Sweden Green Building Council. This certification guarantees a reduction of energy consumption by 25% compared to conventional buildings.

OUR HOUSE AIMS TO ADDRESS THE FOLLOWING SDGS:




GOAL 9. Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation



GOAL 12. Ensure sustainable consumption and production patterns.



GOAL 17. Strengthen the means of implementation and revitalize the global partnership for sustainable development.

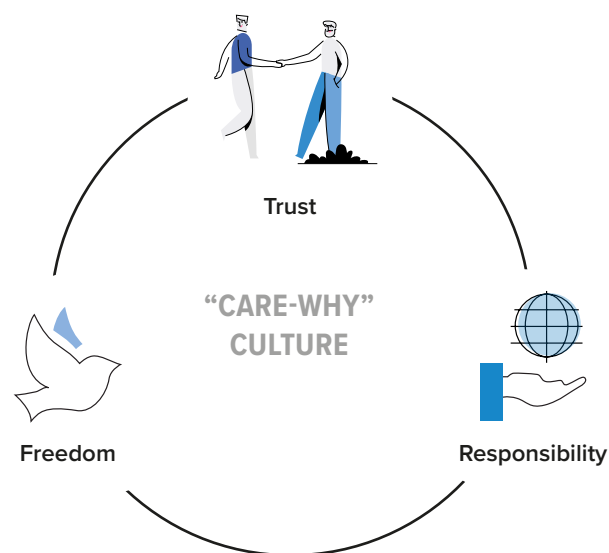
OUR PEOPLE

We want to make it easy for our people to do good. A strong company culture and intelligent investments enable our people to contribute positively to the environment and the community.

An organisation is only as great as the people that work within it. Our people have a central role in our responsibility efforts. It is through their passion, hard work, and creative thinking that our responsibility vision comes alive. We will continue to support and create opportunities for our people's development. Therefore, continuously improving the conditions for a healthy and efficient workplace is always a priority.

In 2018, we conducted our first annual company-wide employee survey. The results provided the basis for the new survey platform, BooztUs, which launched in 2019. The goal is to make it easier for employees to instantly and anonymously share their thoughts regarding the company culture, how teams are managed and the overall direction of the company. With questions now being sent on a monthly basis, the participation rate for the survey has increased to 80% (72%). Providing the opportunity for our people to frequently offer their feedback and opinions means they will have more of an immediate influence over the work environment. The answers serve as a basis for management to make informed decisions about our people's well-being and take the necessary actions to ensure that we are providing a healthy company culture that stimulates the effectiveness and motivation of each team and individual.

Culture and values



Our company culture lays the foundation for everything we do and all the decisions we make. Central to our culture is the 'care-why' mindset. It is not only about knowing, but also caring. Being curious about why things are the way they are, choosing to act and going the extra mile for the customer, the company, and each other. We believe a strong company culture enables our people to contribute positively to the environment and the community.

“In our view it is the ‘care-why’ that marks the difference between the ordinary and the exceptional” - Hermann Haraldsson

The three pillars of trust, freedom, and responsibility make up our fundamental beliefs and provide the core values that we measure ourselves against in our daily work. These pillars are explained in our HR policy, emphasised during employee onboarding and remain available on our online learning management system to all staff.

- **TRUST.** Be it financial or other non-financial prosperity measures, there is a direct correlation between the level of trust in a society and the amount of wealth – be it financial or other non-financial prosperity measures. We believe the same holds true for companies. Trust at Boozt is based on mutual respect and confidence, having the same goals, sharing the same motivations and ultimately, sharing common interests. Therefore, a core belief at Boozt is that by relying on each other, we make everyone stronger. Trust means that everyone feels secure and when we feel secure, we can unfold our creativity and competencies.

- **FREEDOM.** Individuals can reach their fullest potential when they have the freedom to act and solve daily tasks in their own, unique way. Our people don't really like being told what to do, and they want the freedom to make their own decisions, to learn, to be themselves and to suggest new ways of thinking and doing. We believe in having full freedom as long as we act in Boozt's best interest.

- **RESPONSIBILITY.** Freedom comes with responsibility. We want our people to take responsibility for the customer's interests, Boozt's interests, and for each other. In our experience, by acting responsibly and with accountability, we can achieve the kind of freedom to which we aspire in our daily lives.

Business ethics – anti-corruption & bribery

Our anti-corruption, insider and procurement policies guarantee that business is conducted ethically. These policies outline our various positions on preventing and prohibiting corruption and bribery in accordance with local legislation where we operate as well as significant international regulatory regimes and laws with extraterritorial reach such as the UK Bribery Act and the US Foreign Corruption Practices Act. These policies include never-acceptable practices and monitoring activities to support the prevention of corruption, bribery, and conflicts of interest.

We are aware of the inherent risk that individuals in our operations or through interaction with us may breach legal requirements and our ethical principles related to anti-corruption and business ethics. Anti-corruption policies are communicated to all brands and business partners through our buying and merchandising department. Amongst the never accepted practices is the strict prohibition to accepting or offering purchase discounts, commissions, bonuses or kickbacks from our brands for a personal gain. The policies also detailed specific restrictions regarding private purchases by employees from our suppliers/brands for private use or consumption, at below-market prices. Likewise, our anti-corruption policy establishes that our employees must not accept gifts or any other compensation as there is a possibility that these may be perceived to improperly influence business decisions. The anti-corruption policy also expresses typical situations in which gifts from suppliers can be considered to be a means to influence business decisions.

Our position on corruption is conveyed through our learning management system. To ensure communication of the internal code of conduct to all levels of the company, all employees sign a document acknowledging its receipt. To further emphasise the code of conduct, staff are given a learning module within the LMS accompanied by a quiz. No substantiated complaints of corruption or anti-competitive behaviour were reported in 2019.

Whistleblower policy

Our whistleblower policy was adopted with the aim of encouraging a transparent business environment where we operate profitably while maintaining good ethics. We are committed to the handling and reporting of any wrongdoing. The whistleblower channel is available to all employees to report any illegal activity or violations to the code of conduct or other policies we have. Beyond communicating our policies to our staff through learning modules via the LMS, all documents are readily available via an online employee folder. Extra training material on how and when to use the whistleblower channel has been included in our new employee training programs. The whistleblower channel supported by an external supplier is used to support such reporting, and all cases are reported to the Chairman of the Board of Directors. No cases were reported in the whistleblower channel in 2019.

Employee growth

Our success at Boozt is a product of our talented, hardworking people and the various skills and energy they bring to the table. Knowing this, we strive to create a working environment that provides opportunities for their continuous development to amplify our business and sustainability goals. To continue growing as a company, we must invest in the growth of our people.

We believe in giving freedom and responsibility for personal career development by offering our people opportunities to develop themselves professionally within the company. We promote internal hires and encourage individuals to apply for internal positions when they feel ready to take the next step in their career or to explore other areas of the business. In this way, we can retain critical talent and skills in the business while allowing our people to evolve and challenge themselves.

To improve internal systems and initiate further activities for employee development, we deployed an online learning management system (LMS). By making learning tools easy and accessible, we empower our people to constantly seek new knowledge and self-development opportunities. We believe this is the key to employee satisfaction.

Talent outreach

During 2019, we focused on expanding and improving current activities such as people development, community outreach, and future talent. These activities included speaking at various career and networking exhibitions and hosting tech events at our head office to foster and inspire the future growth of IT students. Other events included local tech talks and network events open to the public in both Denmark and Sweden. Our HR department has also taken part in local mentoring programs for career development as well as talent outreach.

Employee onboarding

We believe integration is a key component to employee retention. All new hires undergo an 18-module digital onboarding program to get a basic understanding of policies and procedures within the company. For additional onboarding support, half-day orientations are hosted by members of senior management and HR. During these sessions, new employees get an introduction to the Boozt Group, our culture and values, and an introduction to our departments. This is also an informal space for our new employees to meet each other and for candid discussions on any questions from the onboarding program.

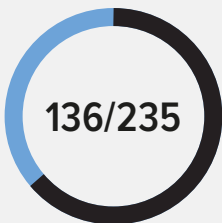
BOOZT CODING ACADEMY

As a technology company, it is critical for every employee to feel comfortable and confident using our IT systems. We rely on systems that have been developed solely in-house, therefore granting us the ability to change and modify our technology to accommodate our needs. As everyone is not comfortable or confident in programming, we offer the Boozt Coding Academy. The Boozt Coding Academy is an opportunity for employees to enrol in a two-month course to learn the basics of coding. We know not everyone wants to become a programmer, but we still aspire for our employees to be curious, challenge themselves and always strive towards professional growth.

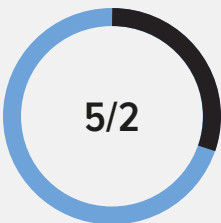


OVERVIEW OF BOOZT NUMBERS

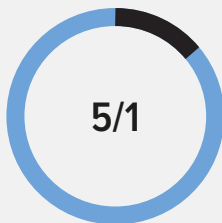
GENDER DISTRIBUTION



TOTAL, ALL EMPLOYEES



GROUP MANAGEMENT

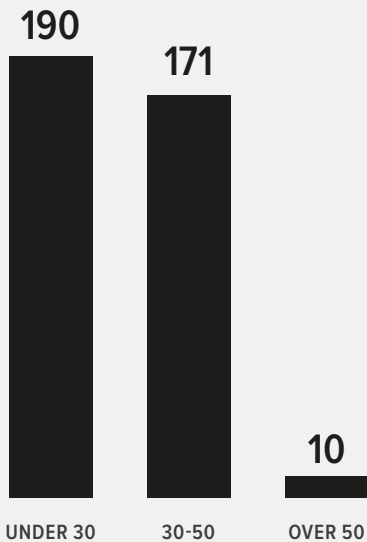


BOARD

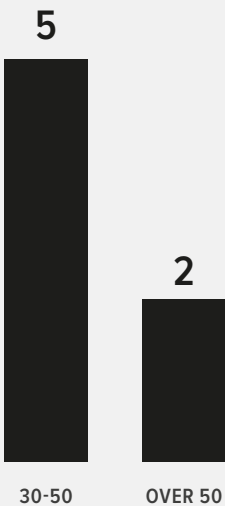
MEN WOMEN

AGE DISTRIBUTION

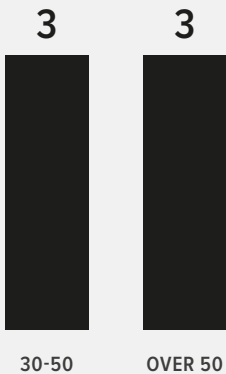
TOTAL, ALL EMPLOYEES



GROUP MANAGEMENT



BOARD



371
TOTAL NUMBER OF
EMPLOYEES

34
AVERAGE AGE

33
NUMBER OF
NATIONALITIES



Fostering diversity & equality

We believe that the core strength of our company is the diversity of our backgrounds. At 33 nationalities, we acknowledge our differences, but still, share the same goals. Additionally, we emphasise the work/life balance at Boozt. Parental leave for both men and women is an intrinsic part of our company. Our people have the ability to combine part-time parental leave with part-time work. Even though we prefer people to be in the office to nurture our company/family bond, we support if our staff want to occasionally work from home or if they need time off to recharge.

We strongly believe in and actively support women's and men's equal rights in terms of employment, working conditions and professional development. There are no differences in terms of professional roles, recruitment, training and remuneration levels which can be explained by gender.

Health and safety

Boozt is committed to contributing to the creation of healthier and happier employees. We feel investing in the wellbeing of our people will lead to more positive and sustained work output and retention. Our HR-policy covers occupational health and safety, as well as employee wellbeing. To cultivate and maintain a nourishing working environment, we perform continuous risk assessments and use experts in the field to help evaluate risks and set plans.

Occupational safety at our headquarters

Healthy and safe workplaces are a top priority. Any assessed risks related to the working environment are managed through a systematic approach to occupational health and safety (OHS). Risks at our head office include health risks due to poor ergonomics, lighting or ventilation, and also psychosocial risks, such as from stress. All employees who manage personnel are required to go through OHS training by external facilitators. The training includes work environment regulations, systematic occupational health and safety, organisational and social work environment and rehabilitation.



The purpose of our occupational health and safety (OHS) management system is to identify, assess, follow-up and develop working environmental goals to mitigate risks for all workers. Risk assessments are documented and assessed by management. A review of the Boozt OHS system is also conducted on an annual basis by the management and board. These results form the basis for the yearly OHS plan. We register the occurrence of any and all accidents. For severe accidents, which need to be reported to authorities in accordance with regulations, no incidents or accidents were reported in 2019.

Occupational safety at the Fulfilment Centre

The safety of the working staff at the fulfilment centre is essential to our operations, and we aim for zero occupational injuries. All working conditions and environmental hazards are carefully considered. The fulfilment centre encompasses the most modern standards for excellent air quality, lighting, safety and cleanliness. The greatest threat posed at the fulfilment centre is the risk of fire. Fire prevention is managed systematically, with documented continuous safety rounds being performed and worker training. Other risks related to the work environment include physical risks, mainly in the handling of products and product returns, and also psychosocial risks, such as stress-related to repetitive tasks and prolonged standing. The most common work-related injury is shoulder pain from recurring work. To prevent the high potential for work-related incidences, we conduct frequent risk analyses and have been focusing on rotating the type of work the staff operates daily. This includes the addition of new routines and processes, integrating new equipment and making adjustments to static tasks. In 2019, no injuries were reported in the fulfilment centre.

Employee health & wellbeing

The aim is to reduce sick-leave and loss of revenue caused by reduced productivity, while also encouraging health and improving the quality of life for the company's employees. In 2018, 18 employees (7.2%) were on sick leave for more than 14 days. In 2019, 22 employees (6.5%) were on sick leave for more than 14 days, a slight decrease in percentage compared to 2018. In 2019, our employees



were able to get medical evaluation and advice, including occupational health, on a weekly basis from an inhouse primary care doctor. Employees also have the opportunity to get company-supported massages at the head office. We believe this has helped us to detect more cases and offer approved rehabilitation plans and/or dedicated arrangements for any employees in need of extra support. The Boozt Group is then informed and advised on the necessary steps that should be taken to modify any stressors within the work environment. This external company is responsible for maintaining the confidentiality of any disclosed information.



OUR PARTNERS

We want to inspire our partners to make a positive impact on the value chain.
By partnering with key stakeholders, sharing our knowledge and best practice,
we aim to encourage a more sustainable industry.

Collaboration across the value chain is key to achieving industry-wide transformation in sustainability. Our teams work to develop partnerships with our brands and distributors to communicate our standards and help our partners build their capacity. We also believe in the opportunities they present to improve and build a competitive advantage.

In 2019, we have expanded on our effort from 2018 to promote sustainable fashion. This year, we reviewed and updated our strategy, created stronger partnerships and focused on curating our selection of Nordic brands leading with sustainability. Our aim is to support brands that focus on sustainable materials, quality production and design for the longevity of products. As part of our responsibility vision, we will maintain support for our brand partners on their sustainability journey, helping them set milestones and track their progress.

From the initial design stage to the creation of the final product, our buying and merchandising teams work closely with our brands to source better materials. Aligned with our core business, we collaborate with local Nordic brands to create sustainable collections exclusive to Boozt Group. These collections concentrate on sustainable materials and production. Our first collections launched in AW 2019, with upcoming collections for 2020.

The process of becoming more involved with our brands involves addressing many of the issues within the fashion industry. There is a need for quality and transparency in the supply chain, including respect for human rights and fair labour conditions, and addressing the environmental impact from production. In 2018, we initiated a brand partner survey to understand the environmental and social issues our brand partners are facing. The objective of the brand partner survey was to open a channel of communication with our targeted partners to address both the environmental and social issues in their supply chain. During 2019, we optimised the way we systematically collected information from brands.

Human rights risks in the apparel and fashion industry have been well documented over the years. There has been growing pressure on brands and manufacturers to improve control of their supply chain. As a retailer, we strive to ensure that any products and goods sold have been produced under safe and fair working conditions. We adopted a supplier code of conduct in 2017 with the purpose to state and communicate minimum requirements for suppliers, including respect for human rights and decent working conditions. In 2019, we updated the Boozt Group Code of Conduct for Suppliers to increase the focus on our brand partners' compliance. The standards set out in the document are based on the UN Universal

Declaration of Human Rights and the conventions of the International Labour Organization (ILO). Suppliers must meet all legal requirements and regulations in operating countries.

Supply chain transparency

We believe the greatest challenge and opportunity for change in the fashion supply chain is within data. The information we are able to share with our customers is only as good as the data we can gather from our brand partners. As consumer behaviour changes and the demand for better-made products in terms of environmental and social impact increases, so does the need for relevant and transparent information. For us, this means taking proactive approaches to improve product data, developing sustainability guides for customers and increasing targeted communication. To achieve full transparency of the whole supply chain requires close collaboration with our brand partners.

Our 2018 brand questionnaire has evolved into a more systematic way of collecting and analysing information at both the brand and product level in terms of responsible business practices and supply chain transparency. In 2019, we worked with more than 200 brand partners to develop dedicated data templates that would make it easier to share information about materials certifications as well as supply chain transparency through Tier 1-2-3-4.

Our business processing management team, in partnership with our sustainability team, collect and process this information to share it with our customers. We asked brands to supply the names and addresses of the factories they were using for the different production stages, encouraging accountability as well as traceability of their products. While information regarding Tier 1 is somewhat easier to collect, only a limited amount of our brands have been able to provide information about their Tier 2 and only a few were able to share full traceability.

Supply chains are complex and difficult to trace. We will continue the dialogue to locate the easiest and best

way to use our technology expertise to systematically collect, review and share information. Transparency in the supply chain is a long-term commitment. Recognising this commitment, we will continue pushing for more information about the supply chain in 2020, including facilitating data. We remain dedicated to working with our brand partners to create the most efficient way to gather information and work across the fashion supply chain.

TIER 1



ASSEMBLY

Assembly and manufacturing of final product.

TIER 2



MANUFACTURING

Production of all the sub-components needed for final assembly and manufacturing.

TIER 3



RAW MATERIALS PROCESSING

Raw materials are processed into yarn, leather etc. This include spinning, dyeing, weaving.

TIER 4



RAW MATERIALS PRODUCTION

Extraction and or farming of primary materials used in production such as cotton, animal, metals mining.

Partnerships

We achieve many of the sustainability issues we prioritise at Boozt through collaborations where we seek mutually beneficial partnerships. In 2019, we focused on taking strategic steps to support our data collection from brands with the aim of motivating brands to become more engaged with sustainability.

Brand collaborations

Our buying and merchandising teams collaborate with Nordic brands to create sustainable collections. This provides a unique opportunity to work closely with our brand partners to develop proof of concept for sustainable materials and motivating brands to incorporate sustainability in their collections.

DOUBLING THE NUMBER OF SUSTAINABLE BOOZT COLLABS

AW19

8

14%*

SS20

16

52%*

*percentage of Boozt Collabs for season fulfilling our sustainability criteria

One of the results of our strengthened partnerships with our brands has been the launch of our Boozt Collabs. The Boozt Collabs present an opportunity for us to collaborate on exclusive or limited collections for our customers. This gives us a powerful tool to create a positive impact, encourage behavioural change and push the sustainable agenda forward. In AW2019, the percentage of sustainable

Boozt Collabs reached 14% and will increase to 52% in our SS20 collection. We strive to provide knowledge and exposure to brands that may be at the beginning of their journey, motivating them to work more actively with sustainability. For this reason, we do not solely collaborate with sustainable brands. We put a lot of focus on brands that are interested in exploring how they can work more actively with sustainability and believe we can provide a meaningful positive influence here.





Community engagement

We use our size and reach as one of the leading online retailers in the Nordics to support a number of charities and causes within society that have a positive social impact. For the fifth year in a row, Boozt Group has brought together a strong team to raise awareness about cancer prevention and research. Since 2015, our brand collaborations have raised SEK 4.5 million through the sale of the official Knæk Cancer t-shirt. In 2019 alone, we have raised SEK 1 million for this important. All monies raised go toward the prevention, research, and support for patients and relatives. We are grateful to everyone that has been involved in the project and appreciate the sustained support. We will continue to partner with well known Nordic fashion brands to bring greater awareness and support Knæk Cancer campaign.



The Danish and Swedish Fashion Ethical Charter

As a supplier of fashion, we acknowledge our role in the fashion industry as it relates to the treatment of models used in our campaigns. In 2018, we became a member of the Danish Fashion Ethical Charter and the Swedish Fashion Ethical Charter. The purpose of these charters and our commitment is to ensure the well-being of the models within the Danish and Swedish fashion industry. The charters require the adherence of rules in the form of health checks, age limits, healthy diets and wages for the models and are signed by a broad coalition of stakeholders within the industry. As a signatory, we are committed to abiding by these rules to ensure the well-being of models. As we work with many models, Boozt Group seeks to contribute to raising awareness of mental illnesses and influencing positive attitudes in fashion, media and, society.

OUR PARTNERS AIMS TO ADDRESS THE FOLLOWING SGDS:



GOAL 12. Ensure sustainable consumption and production patterns.



GOAL 17. Strengthen the means of implementation and revitalize the global partnership for sustainable development.



TAKING AN ACTIVE ROLE IN THE NORDIC FASHION ECO-SYSTEM

We take our role leading role in Nordic fashion seriously. We want to help innovative and upcoming brands with a platform to reach the Nordic customers. An example is our participation in the Next Level Award from the Danish industry organisation for fashion, Dansk Mode & Textil, where an upcoming brand or designer is awarded with a prize and an order from Boozt.com. Another ambition is to make the fashion world accessible for all people, exemplified by our open-for-all opening show of the Copenhagen Fashion Week, which is the largest event during the week. We have a longstanding partnership with Copenhagen Fashion Week and in 2019, we participated in the sustainability fashion talks during the AW19 fashion week, highlighting brands and issues focusing on sustainable fashion innovation. We have also become part of Copenhagen Fashion Week's newly appointed Sustainability Advisory Board, supporting the change towards a more sustainable industry. Together with other experts from the industry, Boozt will act as a knowledge partner and sounding board to help determine how the fashion week can drive change and motivate brands to work more actively with sustainability.



Boozt fashion show at Copenhagen Fashion Week SS20. Largest show during the week and only show open for the public.



OUR SELECTION

We aim to make sustainable choices easy for our customers through transparency and technology.
Building the largest Nordic sustainability selection based on accredited certifications and industry standards.

We aim to keep the customer front and centre of everything we do. Hence our goal to provide effortless user experience combined with relevant and reliable information about products. Thanks to our local position in the Nordics and the market where we operate, we partner with local brands that are driving the movement within the fashion sector. Through brand and industry knowledge partners, we can build a framework to better navigate our changing industry.

Doing good and making responsible choices lies at the heart of our organisation. We want our customers to feel confident that when they buy from us, they know that they are shopping with a responsible business. From the investments taken to run on 100% renewable energy in our environmentally-friendly fulfilment centre to working with our brands to ensure transparency, fair treatment and responsible production in the supply chain, we want our customers to rest assured.

More and more of our customers are becoming curious about sustainable fashion and how they can contribute to making a positive impact on the environment. As a part of the fashion industry, together with our brands, we strive to take our consumers on a journey towards more sustainable fashion consumption. We have curated one of the largest sustainability selections in the Nordics, with products that

meet our industry-leading standards of sustainability. It is important to us that shopping sustainably is made easy for our customers and that they can trust that the products we have curated have a positive impact on the environment and community.

Sustainable fashion

With our sustainable category, we highlight brands that emphasise sustainability and support those at the beginning of their journey. Thanks to our local position in the Nordics and the market where we operate, we partner with brands that are driving the movement to produce more responsibly within the fashion sector. Through the selection and content available, we can offer customers high-quality, timeless designs and reliable information to shop with confidence according to the values that matter the most to them. In 2019, we updated the category in terms of filtering options and information on a product level. This has made it easier for customers to identify and discover sustainable alternatives. Our focus is to improve the user experience for our consumers when shopping for our sustainable selection.

We have a curated selection of products from more than 160 brands as part of our sustainability category. All selected products must fulfil our criteria* for what constitutes a sustainable product. A strong focus on quality exists in

*Boozt current sustainability criteria: fabrics included in our sustainable category are according to Textile Exchange Preferred Fabrics list with our 50% requirement for material composition (minimum 50% material content lyocell, flax linen, hemp, Lenzing Viscose, Lenzing TM Ecovero, Lenzing Tencel, Birla Viscose, Econyl, FSC Viscose, paper), organic cotton (minimum of 50%), recycled material (minimum 50% polyester, cotton, nylon, wool, down feathers, rubber), Better Cotton (minimum of 50%), eco-processing (Bluesign, OEKO-TEX Made in Green). Certifications we currently include: Nordic Ecolabel, Fairtrade, Global Organic Textile Standard (GOTS), Global Recycled Standard (GRS), EU Ecolabel, Responsible Down Standard (RDS), Responsible Wool Standard, Leather Working Group



all that we offer to our customers and is no less true for our sustainable selection. We have set industry-leading standards as the foundation for our sustainable category in terms of material composition and better manufacturing processes. We are continuously working on improving our criteria according to the evolving industry standards. Data transparency is a challenge for all multi-brand retailers. Through automating processes, strong relationships and ongoing communication with our brand partners, we strive to improve the quality of data and information accuracy to better capture what is needed.

Requirements for the category were set in 2018 and further developed in 2019. Our sustainability requirements are being constantly reviewed to inspire change. We want to increase traceability and promote consciously made products. Each product must be made of either sustainable materials or have sustainable certifications. This means all styles are made from more than 50% organic, recycled or low environmental impact materials, and/or accredited by internationally recognised certifications. Having a minimum requirement of 50% sustainable material content in the products is one example of where we are leading in our criteria. Requirements for the sustainable category and guidelines for data sharing are available in our B2B platform to ensure transparency with all of our brand partners. Knowledge sources that have been used in setting our requirements are according to industry benchmarking and

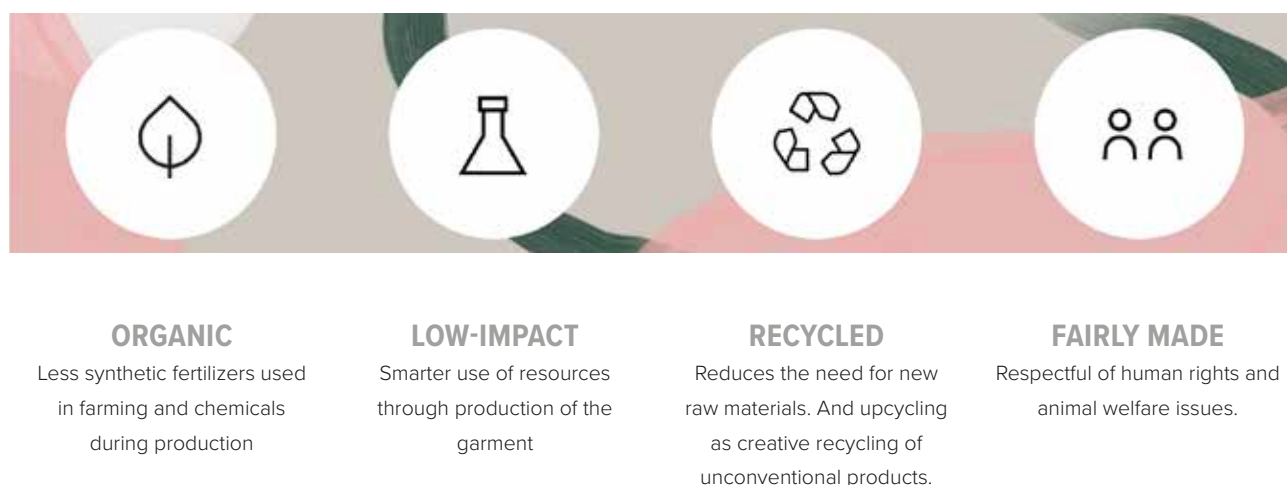
standards provided by already existing guidelines, industry standards, and research*.

Animal welfare policy

As sellers of animal-derived products, we have a responsibility to uphold animal welfare within our supply chain. Since 2016, we have declared ourselves fur-free in cooperation with Swedish and Danish animal rights organisations, Djurens Rätt and Anima. We are aware of the challenges the fashion industry faces with regard to animal welfare and the ethical issues surrounding the well-being and treatment of animals. Our product management team methodically inspects all materials when product data is received from the brands. We have not sold any goods which violate our fur policy on our sites, nor have we sold any items with prohibited materials. The inspection controls are therefore considered to be effective. We are working on strengthening systematic preventive controls to further strengthen internal control.

Environmental policy

We conduct a yearly follow-up of our direct environmental impact and have initiated mapping and measuring of indirect impacts. Through our environmental policy, we aim to reduce our direct environmental impact and raise awareness among vendors and partners of our existing policies concerning any environmental impacts and to encourage them to adhere to these principles.



* Textile Exchange "Preferred Fibers & Materials Benchmark Report 2018"; Higg Materials Sustainability Index (MSI); G. Sandin "Environmental assessment of Swedish clothing consumption - six garments, sustainable futures." Mistra Future Fashion 2019.





Shopping with confidence

Part of our responsibility vision is to use our position and competences to make sustainable choices easy for our customers. Our customers should feel confident that through their Boozt purchase, they are supporting a business that makes responsible choices in all parts of the value chain. Providing information about the impact of materials and production processes, empowers customers to make more educated decisions about the products they buy. This means actively informing our customers of the latest initiatives that promote a sustainable fashion industry and sharing any knowledge that we acquire through research, materiality analysis, and best practices.

In 2019, we created greater awareness of our sustainable products and the new sustainable edit. Dedicated marketing email campaigns and onsite placements were aimed to inspire customers toward more sustainable choices. These emails also included information about the

different sustainable materials, internationally recognised certifications and better manufacturing process that serve as the criteria for our sustainable edit.

Going forward we will work on cross-over communication to all of our platforms to increase customer awareness and inspire interest in sustainable fashion. In the first half of 2020, we will extend our communication reach to social media via weekly sustainability posts. This is an opportunity to engage with our customers on a valuable topic as well as to facilitate engagement. During 2019, we laid the groundwork for our Boozt Care Guide initiative that will launch in 2020. We aim to guide our customers on how to best care for their products to both lengthen the lifespan of a garment while also having a positive impact on the environment. The Boozt Care Guide will be communicated through various channels ensuring that we reach our large customer base across all platforms.



Fair use

As part of our efforts to lead the change toward a more responsible industry, we have updated the Boozt Terms & Conditions regarding returns with a fair use clause. The fair use clause allows us to pause those customers we suspect have no intention of keeping the (often many) items they purchase and thus exploit our high service levels of free shipping and return. This is a first important step in eliminating unnecessary returns, which we have seen significantly increase over the last two years.

This update is in line with our aspirations for more sustainable business practices, both in relation to environmental impact and in terms of longevity of the business so we can continue offering our customers the best shopping experience and outstanding customer service.

A Boozt cornerstone is our 30-day offer of free returns. The vast majority of our customers shop thoughtfully and only ship goods when needed. We fully understand that a product may have a different size/fit than expected or that a customer changes their mind and therefore wants to return a purchase.

The fair use clause, however, helps us engage in a dialogue with the few of our customers who for example, repeatedly place unusually large orders and return all or almost all items.

We take a co-responsibility to look after the environment and reduce our environmental impact whenever possible. We hope to influence our industry peers to similar solutions to this increasing issue for the e-commerce business model.

OUR SELECTION AIMS TO ADDRESS THE FOLLOWING SDGS:



GOAL 12. Ensure sustainable consumption and production patterns



GOAL 17. Strengthen the means of implementation and revitalize the global partnership for sustainable development.

WHAT IS "FAIR USE"

Background:

- Significant increase in extreme return behaviour with little or no intention to keep items from a small group of customers
- 1% of customers represents 12% of returns

Implementation:

- "Fair use" policy implemented in November 2019 based on an algorithm assisted by a fair use "task force"
- Some 9,000 customers put on pause corresponding to less than 0.5% of customer base

Impact:

- Lower return rate beneficial for the environment and sustainability of business model
- More seasonal items available for customers
- Quicker response time in customer service
- Negative impact on net revenue

OUR FUTURE ACTIONS

With our position as the leading e-commerce player in the Nordics, we have the opportunity to shape our sector by setting standards for more responsible practices. Within our operations, we will continue to focus on circularity, beginning with our packaging choices, pushing forward our agenda by collaborating with our brands and distribution partners. Through our partnerships, the goal is to create a platform for collaboration within the industry, to empower innovation and sharing our technology expertise to accelerate change. Furthermore, we aim to continue with our mission to create awareness around brands leading the sustainability movement and act as knowledge partners to brands that are at the beginning of their journey. The ultimate goal is to motivate brands to introduce more sustainable materials in their mainline collections.

We believe that educated customers become ethically conscious shoppers. Thus, we intend to further educate consumers by sharing our knowledge on more sustainable material choices and encouraging sustainable consumption practices across our business platforms. With our sustainable category, we aim to offer a curated selection of products that meet our high criteria to help our customers discover and empower sustainable

alternatives. Going forward we will set higher standards for our sustainable category to further, encourage brands into actively working within sustainability and expanding our sustainable fashion offering.

Our strong focus on circularity, automation, and renewable energy enable us to leverage our knowledge and position to lead the way. We are dedicated to re-think and re-imagine ways to improve current business models towards circularity and create closer relationships with our consumers. We have come a long way and remain motivated to do more. Exploring circular business models within the fashion industry is key in helping redefine the life cycle of a garment and giving apparel multiple lives. The rapidly changing consumer behaviour and awareness demands that the industry rethink its traditional linear 'take, make, dispose' economic model.

We see the rise in the availability of shared closets and second-hand clothing resale to represent the starting point for brands and retailers to explore circularity in extending longevity as well as close the loop in fashion. As a tech-company operating within the fashion industry, we are excited to combine the sustainability and technology dimensions to shape a better industry.

AUDITOR'S REPORT ON THE STATUTORY SUSTAINABILITY REPORT

To the general meeting of the shareholders in Booxt AB (publ), corporate identity number 556793-5183

This is a translation of the Swedish language original. In the events of any differences between this translation and the Swedish original the latter shall prevail.

Engagement and responsibility

It is the Board of Directors who is responsible for the statutory sustainability report for the year 2019 on pages 36-78 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

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 substantially different and 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.

Opinion

A statutory sustainability report has been prepared.

Malmö April 16th 2020

Deloitte AB

Didrik Roos

Authorized Public Accountant

A photograph of two women in a professional setting. The woman in the foreground is seated, wearing a brown and black checkered blazer over a light-colored turtleneck, glasses, and a small rainbow flag pin on her lapel. She is looking down at a document. The woman in the background is standing, wearing a grey plaid blazer over a red and black striped top, and glasses. She is also looking down at the document. A white mug is visible on the right. The background shows a blurred office environment with shelves and a yellow object.

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Boozt AB (publ) is a Swedish public limited liability company listed on Nasdaq OMX Stockholm (mid cap). Corporate governance refers to the system through which shareholders directly or indirectly govern the company. The company's governance is based on Swedish law, the company's Articles of Associations, Nasdaq Stockholm's Rule Book for Issuers and internal rules and instructions. The company also applies the Swedish Corporate Governance Code (the "Code"). The Code applies to all Swedish companies with shares listed on a regulated market in Sweden.

The company is not obliged to comply with all rules in the Code since the Code provides for the possibility to deviate from the rules, provided that any such deviations and the chosen alternative solutions are described and that the reasons for the deviation are explained in the corporate governance report (according to the "comply or explain principle").

During 2019 Boozt deviated from the Code in the following matters:

The Code stipulates a vesting period of at least three years for warrant programs. The Group issued an option program in 2015, before the Company was listed with a validity date starting with the possible listing of the Company's shares. The issued program has a shorter vesting period than three years for the secondary 33% of the total program from the date of issuing the program. 33% of the program vested in June 2019 and was partly exercised in August 2019 after the release of the interim report for Q2 2019.

The Extraordinary Annual General Meeting on 24 June 2019 in Boozt AB (publ) resolved on a long-term incentive program by way of approval of transfer of performance shares to group management and key employees (the "LTI Program 2019/2022"). The LTI Program 2019/2022 entitles the company's CEO, Group Management and key employees to receive shares in the company at a subscription price of SEK 0.00 if certain performance measures are met at the end of the performance period 31

December 2021. The vesting takes place 24 June 2022, where after the performance shares can be distributed to the participants in the program. The maximum number of performance shares that can be distributed to the participants is 406,994.

More information can be found on pages 144-145.

Shares and shareholders

The Boozt share has been traded on Nasdaq OMX Stockholm (mid-cap) since May 31, 2017. At the end of 2019, the total number of shares and votes was 57,370,853, distributed among approximately 4,600 shareholders. The share capital consists of two share classes: ordinary shares (57,370,853 shares issued) with one voting right per share and C shares (0 shares issued) with 1/10 voting right per share. There are no restrictions on the number of votes each shareholder can cast at the Annual General Meeting.

The ten largest known shareholders accounted for 61.0% of the shares outstanding. On December 31, 2019, there were no shareholders with holdings that separately represented 10% or more of the number of shares and votes in the company.

10 largest known shareholders as per December 31, 2019:

Name	Ownership (%)
SAMPENSION KP LIVSFORSIKRING A/S	9.7
RUANE, CUNNIFF & GOLDFARB	9.0
ARBEJDSMARKEDETS TILLÆGSPENSION (ATP)	8.4
INVESCO	6.5
FERD AS	6.2
VERDANE CAPITAL	5.4
LÄNSFÖRSÄKRINGAR FUNDS	4.4
FRIHEDEN INVEST A/S	4.3
THORNBURG INVESTMENT MANAGEMENT INC	4.0
FIDELITY INTERNATIONAL (FIL)	3.1
TOTAL 10 LARGEST SHAREHOLDERS	61.0

Source: Monitor by Modular Finance AB

General Meeting

The general meeting is the Company's highest decision-making forum, where the shareholders exercise their right to decide on the Company's affairs.

The Annual General Meeting is held once a year, within six months from the end of the financial year. Notice of general meetings shall be published in the Swedish Official Gazette and be kept available on the company's website. At the time of the notice, an announcement with information that the notice has been issued shall be published in Svenska Dagbladet.

Registered shareholders who have given notice of their attendance on time are entitled to participate in the meeting and vote for the total number of shares they hold.

Shareholders who wish to participate in a general meeting must be included in the shareholders' register maintained by Euroclear Sweden on the day falling five workdays prior to the meeting and notify the Company of their participation no later than on the date stipulated in the notice convening the meeting. Shareholders may attend the general meetings in person or by proxy and may be accompanied by a maximum of two advisors. Typically, it is possible for a shareholder to register for the general meeting in several different ways as indicated in the notice of the meeting. A shareholder may vote for all shares owned or represented by the shareholder. Extraordinary general meetings can also be held when needed.

Among other things, the general meeting makes decisions concerning:

- Adoption of the income statement and balance sheet
- Adoption on consolidated income statement and statement of financial position
- Appropriation of the earnings according to the adopted balance sheet
- Resolution on authorisation for the Board of Directors regarding new share issue
- Resolution on implementation of long-term incentive program by way of directed issue of warrants and approval

of transfer of warrants

- Discharge of the members of the Board of Directors and the CEO from liability
- Election of board members and the Chairman of the Board
- Remunerations to the Board of Directors
- Amendments to the Articles of Association
- Election of auditor
- Establishment of principles for the nomination committee

2020 Annual General Meeting (the "AGM")

The Annual General Meeting 2020 will be held Wednesday 27 May 2020, 15:00 CET, at Setterwalls Advokatbyrå, Stortorget 23, 211 34 Malmö, Sweden. Notice to attend the AGM along with proposals from the Nomination Committee will be published on the company's website no later than 28 April 2020.

Important dates for the AGM:

20 May 2020, record date for the 2020 AGM

22 May 2020, final date for notification of participation at the AGM.

27 May 2020, 14:45 CET admission to the AGM begins

27 May 2020, 15:00 CET the AGM begins.

A shareholder who wishes to have a matter considered by the Annual General Meeting must submit a written request

- via email to: agm@boozt.com or
- by letter to: Boozt AB (publ), Att: AGM/Årsstämma, Box 4535, 203 20 Malmö, Sweden.

Proposals for the Agenda shall be submitted no later than seven weeks prior to the Annual General Meeting, or in any case, if required, in time for the matter to be included in the notice convening the Annual General Meeting.

Nomination Committee

Companies complying with the Code shall have a nomination committee. According to the Code, the General Meeting shall appoint the members of the nomination committee or resolve on procedures for appointing the members.

The Nomination Committee shall, pursuant to the Code, consist of at least three members of which a majority shall be independent in relation to the Company and the Group Management. In addition, at least one member of the nomination committee shall be independent in relation to the largest shareholder in terms of voting rights or the Group of shareholders who cooperates in terms of the Company's management. At the Annual General Meeting held on May 10, 2019 it was resolved that the Nomination Committee should consist of representatives of the three largest shareholders listed in the shareholders' register maintained by Euroclear Sweden as of August 31, 2019, and the Chairman of the Board. The member representing the largest shareholder shall be appointed chairman of the nomination committee unless the Nomination Committee unanimously appoints someone else.

The largest shareholders as per August 31, 2019, were Sampension KP Livsforsikring A/S (9.69%), ATP (8.45%) and Ruane, Cuniff & Goldfarb (8.31%). In order of size, the largest shareholders were asked if they would accept a seat on the Nomination Committee. ATP (8.49%), Verdane Capital VII K/S (5.39%) and Länsförsäkringar Funds (2.9%) accepted the seats. The Nomination Committee is therefore represented by Claus Wiinblad (ATP), Daniel Ahlstrand (Verdane), Johannes Wingborg (Länsförsäkringar) and together with the Chairman of the Board of Directors Henrik Theilbjørn constitute the Nomination Committee.

The Nomination Committee has appointed Claus Wiinblad as chairman of the Nomination Committee as per August 31, 2019. The Nomination Committee's complete proposals to the 2020 AGM will be presented in the official notification of the AGM.

Assessing the performed work by the board as well as the composition of the board, is reviewed continuously over the year. The Nomination Committee held meetings at the end of 2019 and in the beginning of 2020.

Board of Directors

The Board of Directors is the second-highest decision-making body of the Company after the Annual General Meeting. Members of the Board of Directors are normally

appointed 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 members of the Board of Directors elected by the general meeting shall be not less than three and not more than ten members with no deputy members. At the 2019 AGM, 6 board members were elected, without deputy members.

Responsibilities of the Board of Directors and composition

According to the Swedish Companies Act, the Board of Directors is responsible for the organisation of the Company and the management of the Company's affairs, which means that the Board of Directors is responsible for, among other things, setting targets and strategies, securing processes and systems for evaluation of targets, continuously assessing the financial condition and profits as well as ensuring an appropriate organisation, management, guidelines, and internal control. The Board of Directors is also responsible for ensuring that annual reports and interim reports are prepared in a timely manner. Moreover, the Board of Directors appoints the Group CEO. According to the Code, the Chairman of the Board of Directors is to be elected by the General Meeting and is responsible for managing the work of the Board of Directors and to ensure that the work of the Board of Directors is efficiently organised. The Board of Directors applies written rules of procedures, which are revised annually and adopted by the inaugural board meeting every year. Among other things, the rules of procedure govern the practice of the Board of Directors and the division of work between the members of the Board of Directors and the Group CEO.

The Board is evaluated each year for the purpose of developing the board's work and to create a basis for the Nomination Committee's evaluation of the Board's composition. The latest evaluation of the Board took place in November 2019, the board members did a self-assessment with satisfactory results. The Board's evaluation revealed that the Board's work has worked well and that comments from the 2018 evaluation was taken into account. The evaluation showed that the board is deemed well-composed and that the members add relevant competence and have experience from various areas that are relevant to the Group's activities.

THE MEMBERS' ATTENDANCE IS PRESENTED IN THE TABLE BELOW.

Board of directors 2019

Name	Position	Member since	Independent in relation to		Attendance			
			The Company and executive management	Major shareholders	Board meetings	Audit Committee meetings	Remuneration Committee meetings	Directors' fees - SEK (000)
Henrik Theilbjørn	Chairman of the Board	2009	Yes	Yes	16/16	6/6	4/4	740
Kent Stevens Larsen	Board member	2009	Yes	Yes	16/16	6/6	-	450
Jón Björnsson	Board member	2012	Yes	Yes	15/16	-	4/4	375
Cecilia Lannebo	Board member	2018	Yes	Yes	16/16	6/6	-	400
Bjørn Folmer Kroghsbo	Board member	2018	Yes	Yes	14/16	-	-	300
Luca Martines	Board member	2019 (May)	Yes	Yes	11/12	-	1/1	340
Staffan Mörndal	Board member	2012-2019 (May)	Yes	No	3/4	-	-	0
Jimmy Fussing	Board member	2014-2019 (May)	Yes	No	3/4	-	2/3	0
Charlotte Svensson	Board member	2017-2019 (May)	Yes	Yes	2/4	-	3/3	0

Directors' fees cover the period from AGM 2019 to AGM 2020.

Work performed in 2019

During the fiscal year, the Board of Directors held 16 meetings, including statutory, extraordinary and per capsulam. Ordinary meetings are held in accordance with a yearly adopted calendar. In addition to these meetings, additional board meetings can be convened to handle issues, which cannot be postponed until the next ordinary board meeting. In addition to the board meetings, the Chairman of the Board of Directors and the Group CEO continuously discuss the management of the Company.

During the year the Board regularly reviewed Boozt Group's consolidated earnings, financial position, organisation, and administration. During its meetings, the Board has dealt with matters involving Boozt Group's strategy, including budget and other financial forecasting, capital structure

and financing, investments in equipment, the establishment of new operations and continued streamlining of internal procedures and control processes.

The Company's Group CEO and other members of Group Management are present at all ordinary board meetings, but they do not participate when the Board evaluates the Group CEO or makes decisions regarding remunerations to Group Management or meets with the Company's auditors to evaluate Group Management.

At the inaugural board meeting, the Board of Directors adopts Rules of Procedure for the Board of Directors, written instructions to the Group CEO, including instructions for financial reporting.

Audit committee

The Company's Audit Committee consisting of three members: Kent Stevens Larsen (chairman), Cecilia Lannebo and Henrik Theilbjørn. The Audit Committee shall, without it affecting the responsibilities and tasks of the Board of Directors, monitor the Company's financial reporting, monitor the efficiency of the Company's internal controls, internal auditing and risk management, keep itself informed of the auditing of the annual report and the consolidated accounts, review and monitor the impartiality and independence of the auditors and pay close attention to whether the auditors are providing other services besides audit services for the Company, and assist in the preparation of proposals for the general meeting's decision on election of auditors.

The Audit Committee held 6 meetings during 2019. The work of the Committee has mainly focused on review and improvement of the financial reporting and financial processes, the examination of company risks and evaluation of the internal control environment, and follow-up and review of the work of the external auditor.

Remuneration committee

Boozt has a remuneration committee consisting of three members: Jón Björnsson (chairman), Luca Martines and Henrik Theilbjørn. The remuneration committee shall prepare matters concerning remuneration principles, remuneration and other employment terms for the Group CEO and the Group Management.

The remuneration committee held 4 meetings during 2019.

Diversity in the Board

In 2017, the Board of Directors adopted the "Group Policy – Diversity in the BoD" in compliance with the directives in the Swedish Corporate Governance Code stating that the Board of Directors should be constituted of members with diverse competences, experiences, and backgrounds.

The adopted policy states that members should possess the competence and experience appropriate for the responsibilities and work carried out for the Group.

Additionally, it should be considered if the individual members are appropriate considering the aim for diverse competences, experiences, and backgrounds within the Board of Directors with respect to gender, age, geographical origin, and educational background.

It is the responsibility of the Nomination Committee of the Board of Directors to consider the requirements stated in the policy.

During 2019 Luca Martines replaced Staffan Mörndal, Jimmy Fussing, and Charlotte Svensson as a member of the Board of Directors. When electing Luca Martines, the diversity in the Board of Directors with respect to gender became more imbalanced.

With respect to gender 1 out of total 6 members (16.6%) in the Board of Directors are women.





Group CEO and Group Management

Group CEO

Group CEO The Group CEO is responsible for the daily operation of the Group in accordance with guidelines and instructions from the Board of Directors. The division of work between the Board of Directors and the Group CEO is set out in the rules of procedure for the Board of Directors and the written instructions to the Group CEO. The Group CEO is also responsible for the preparation of reports and compiling information for the board meetings and for presenting such materials at the board meetings. According to the instructions for the financial reporting, the Group CEO is responsible for the financial reporting in the Company and consequently must ensure that the Board of Directors receives adequate information for the Board of Directors to be able to assess the Company's financial condition.

Among other things, the Group CEO must focus on recruitment of senior executives, buying and logistics matters, the customer offering, pricing strategy, sales and profitability,

sustainability matters, marketing, business development, and IT development. The Group CEO reports to the Board of Directors and makes the necessary preparations for taking decisions on investments, expansion, etc. The role of the Group CEO includes contact with the financial market, media, and legal authorities.

Group Management

The Group CEO leads the Group Management team which consists of the Chief Financial Officer (CFO), Chief Commercial Officer (CCO), Chief Technical Officer (CTO), Chief Purchasing Officer (CPO), Chief Human Resources Officer (CHRO) and Head of Investor Relations and Corporate Communication (IRM). The Group CEO leads the work of Group Management. Group Management meetings are held weekly and focus primarily on monitoring of performance and strategic and operative monitoring and development. A presentation of Group Management is available in the section "Group Management" on page 95-97.

Ownership by Group Management and Board of Directors as per December 31, 2019.

Name	Number of shares Directly owned	Number of shares Indirectly owned	% ownership	Number of warrants in program 2018/2021 Directly owned
Hermann Haraldsson (CEO)	362,195	141,911	0.88%	172,347
Sandra Gadd (CFO)	7,500 *		0.01%	18,000*
Peter G. Jørgensen (CCO)	239,364		0.42%	93,000
Jesper Brøndum (CTO)	221,116		0.39%	93,000
Mads Bruun Famme (CPO)	70,000		0.12%	93,000
Anders Enevoldsen (IRM)	3,000		0.01%	50,000
Cæcilie Rottbøll (CHRO)	0		0.00%	0
Group Management Total	903,175	141,911	1.57%	519,347
Henrik Theilbjørn	0	241,527	0.42%	
Kent Stevens Larsen	1,050,000		1.83%	
Jón Björnsson	28,569		0.05%	
Bjørn Folmer Kroghsbo	0		0.00%	
Cecilia Lannebo	5,000		0.02%	
Luca Martines	0		0.00%	
Board of Directors total	1,083,569	241,527	2.32%	0
Board & Management total	1,986,744	383,438	4.14%	519,347

*Shares/warrants bought prior to accepting CFO position and thereby becoming PDMMR

Auditors

Boozt AB's auditor Deloitte AB was elected by the 2019 AGM for a period of one year. Didrik Roos, a certified public accountant, has been responsible for the audit of the company on behalf of Deloitte AB.

The auditor reports its findings to the shareholders by means of the auditors' report, which is presented to the AGM. In addition, the auditor reports detailed findings to the Audit Committee and to the full Board at least once a year, and annually provide assurance of their impartiality and independence to the Audit Committee.

Audit engagements involve examination of the annual report and financial accounting, administration by the Board and Group CEO, other tasks related to the duties of a company auditor and consultations or other services that may result from observations noted during such examination or implementation of such other engagements. For more detailed information on auditing fees for the year, see Note 7 in this annual report.

Remunerations to Group Management

Remunerations to the Group CEO and other members of Group Management are decided by the Board of Directors, who are authorised to make decisions in accordance with guidelines for remunerations as set by the AGM. The Remuneration Committee presents recommendations to the Board of Directors.

Guidelines for remuneration

The AGM held on May 10, 2019, adopted guidelines for remuneration applied for Group CEO and Group Management. The guidelines reflect the Company's objectives for good corporate governance as well as sustained long-term value creation for shareholders.

Remunerations of the CEO and Group Management

The remuneration of Boozt's Group Management is proposed by the Remuneration Committee and subsequently approved by the Board of Directors. The

total remuneration shall be based on market terms, be competitive, well balanced, as well as contribute to good ethics and company culture. The fixed salary shall be based on the Group Management's competence and area of responsibility, be individual and shall normally be reviewed every year. See Note 9 for more information.

Short term incentive programs

The remuneration of Group Management shall include a short-term incentive program (STIP) which is measured on yearly adjusted EBITDA with a target of 25% of the annual fixed salary. The STIP includes a possibility for Group Management to have up to 50% of their annual fixed salary provided the Group's yearly adjusted EBITDA targets are exceeded. A prerequisite for the STIP to be vested is that the Group's annual net revenue target is met with a minimum of index 95.

The Board intends to have the remuneration policy unchanged for the coming year.

Benefits

In addition to the fixed salary, Group Management shall have benefits such as company car, contribution to health activities and newspapers.

Pension / Severance payments

Group Management shall not be entitled to a company-paid pension scheme, but has a 5% mandatory self-financed pension scheme, which includes insurance for health and loss of working ability. Severance payment cannot exceed 12 months of fixed salary if stipulated in contracts.

Deviations from the guidelines

The Board may decide to deviate from the above guidelines if special reasons so justify. Deviations could include additional STIP elements based on length of employment, exceptional performance or similar. In such case, the additional remuneration, cannot exceed 25% of the fixed annual salary.

Long-term incentive programs

The Company's long-term incentive programs (LTIP) shall have the objective of aligning interests of the Group Management and selected key employees with the longterm goals of the Company and its shareholders. The vesting period for long term incentive programs shall be at least three years. LTIPs shall always be based on shares or share linked instruments. LTIPs shall ensure a long-term commitment to the development of the Company. Any share-based long term incentive programs will be subject to shareholder approval before being launched.

As per December 31, 2019, the Company has three outstanding programs: LTI Program 2015/2025, LTI Program 2018/2021, and LTI Program 2019/2022.

LTI Program 2015/2025 was issued in November 2015 and will be fully vested by the participants in June 2020. In June 2018 the first 33% of the program vested with the possibility to exercise first time in August 2018. The next 33% will vest in June 2019 with the possibility to exercise in August 2019 and the last 34% will vest in June 2020 with the possibility to exercise in August 2020.

LTI Program 2018/2021 was issued in May 2018 where participants have bought warrants at Black Scholes value with an exercise window, June 1-14, 2021 at a predetermined share price of 96.31 SEK.

LTI Program 2019/2022 was issued in June 2019 where participants can receive a number of performance shares subject to certain performance targets (Share Price (Group Mgmt), Net Promoter Score, Revenue Growth, EPS and NWC ratio). Max number of shares to be awarded in the program is 406,994 shares. The program has a 36-month cliff vesting period and expires in July 2022.

For more information on the programs please see www.booztfashion.com.





THE BOARD'S REPORT ON INTERNAL CONTROLS

To ensure that Boozt complies with applicable laws and regulations and to ensure that the Group's values are incorporated throughout the organisation the Group has adopted a Code of Conduct with mandatory principles regarding behaviour for management and employees. Additionally, several Group-wide policies have been adopted and a process for managing governing documents such as policies and procedures has been implemented.

In addition to the overall risk management system, a level of expected governance and key controls has been stipulated for identified key processes of the operations and supporting financial processes. The expected governance and key controls should be in place at all times with the purpose to enhance and ensure a sufficient level of internal controls. At least once a year the Board evaluates the identified top 20 risks of the company and discusses with Group Management the prioritisation of risks and which activities should be in place to mitigate any impact of risks.

Processes relating to financial closing and reporting are specifically considered in the internal control system. It appoints ownership of sub-processes and accountability to ensure compliance with applicable laws, regulations and internal policies and procedures. Processes managing the business and delivering value shall be defined within the business management system. Further descriptions (procedures, instructions) within the Group shall be aligned with these processes. Group CEO is responsible for the process structure within the Group.

The Board's focus is to strengthen the self-assessments of internal processes systematically in order to secure as little impact as possible in the event of errors or inadequacies.

Information and communication

The Group's policies and procedures are updated on an ongoing basis by the appointed policy owner. The Board of Directors assesses the need to add/update or delete policies continuously. Policies are shared with all employees via a shared online portal. The policy owner is responsible to ensure that all employees to whom the policy is of importance are informed and aware of policies that should be applied.

A self-assessment of minimum requirements of defined controls mitigating identified risks for each business process shall annually be performed and reported to the Audit Committee and the Board of Directors. Group CFO is responsible for the self-assessment process, which is facilitated by the Internal Controls Function. In addition, the Internal Controls Function performs reviews of the Risk and Internal Controls system according to the plan agreed with the Board of Directors and Group Management.

Monitoring

Boozt Group shall comply with applicable laws and the Governing documents are a support for this. Management and employees have the responsibility for compliance within the working areas that they are responsible for. Within the Governing documents, each policy has an

appointed owner that is responsible for following up on the policy within the Group. Group CFO is responsible for reporting to the Audit Committee and Board of Directors on policy compliance as a whole for the Group once a year.

The Group CEO shall address any request for an exception in writing to the Board of Directors. The Board of Directors shall assess and decide on each request individually. The assessment shall take both local and group-wide risks into consideration.

Internal audit

With respect to the Company's current size and operations, the Board of Directors has decided not to have a separate internal audit function, but it annually assesses the need of such a function. The Board has again assessed in 2019 that the most effective method for the monitoring and follow-up of internal control in the Group still is through an internal control function, which is integrated in the Group's finance function. This internal control function monitors all subsidiaries of the Group. The function regularly reports to the Group CFO, who in turn reports back to the Audit Committee. In addition, the company's external auditor review and assess the company's internal control environment and reports its observations and evaluation to the Audit Committee.



GROUP MANAGEMENT



HERMANN HARALDSSON, CO-FOUNDER & GROUP CEO

Born: 1966. **Group CEO since:** 2010.

Education: Master of Science in Business Economics.

Board assignments: TV2 Danmark A/S, Brøndbyernes I.F. Fodbold A/S.

The CEO is responsible for the daily management of the company as instructed by the Board of Directors. This means that, among other things, the CEO focuses on sales and profitability, the customer offering, expansion and business development. The CEO reports to the Board of Directors on Boozt's development and makes the necessary preparations for taking decisions on investments, expansion and other strategic matters. As CEO, Hermann is the primary contact for communicating with external stakeholders. Before joining Boozt, Hermann was CEO of Brøndbyernes IF Fodbold A/S, a company listed on Nasdaq Copenhagen. Previous positions include CEO of Omnicom Media Group Nordic.

Shareholding in Boozt AB

- 362,195 directly
- 141,911 indirectly



SANDRA GADD GROUP CFO

Born: 1983 **Group CFO since:** 2019.

Education: MBA, Lund University

As CFO, Sandra's responsibilities include financial business planning including budgets and forecasts, liquidity and financing. Further, the Finance Team (responsible for accounting, tax and financial reporting as well as management of internal controls), the Corporate Services team (legal issues, monitoring intellectual property, facility management, compliance and governance) and the Order Management team within the Group are also under Sandra's purview. Prior to this role Sandra held the positions as Transformation Finance Manager and Business Development Director. Before joining Boozt, Sandra was an Authorized Public Accountant and Audit Manager at Deloitte.

Shareholding in Boozt AB

- 7,500 directly



PETER G. JØRGENSEN,
CO-FOUNDER & GROUP CCO

Born: 1975. **Group CCO/CMO since:** 2011.

Education: Master of Science in Int. Marketing & Management.

Peter is responsible for the teams that drive sales, on- and offline marketing, CRM, design, usability and Business Intelligence. Before joining Boozt, Peter was CMO at Telenor Denmark, Consumer Market, a part of the Telenor Group, listed on Oslo Stock Exchange.

Shareholding in Boozt AB

• 239,364 directly



JESPER BRØNDUM,
CO-FOUNDER & GROUP CTO

Born: 1969. **Group CTO since:** 2010.

Education: Master of Science computer engineering & Ph.D in multivariate statistics and image analysis.

Jesper is responsible for Boozt's technical infrastructure, research & development, and maintenance of the e-commerce platform: webstores & apps, as well as all internal business systems and proprietary software. Before joining Boozt, Jesper was the Principal at Netcompany A/S.

Shareholding in Boozt AB

• 221,116 directly



MADS BRUUN FAMME,
GROUP CPO

Born: 1976. **Group CPO since:** 2017.

Education: Three years of economics studies at University of Southern Denmark.

As CPO (Chief Purchasing Officer), Mads oversees buying and merchandising. He focuses on using a data-driven approach combined with soft fashion buying skills. Mads is responsible for deciding the product and brand mix for Boozt, identifying the market wants and trends, and handling the stock mix and pricing strategies. Prior to Boozt, Mads was Head of Merchandising at Magasin du Nord in Denmark.

Shareholding in Boozt AB

• 70,000 directly



ANDERS ENEVOLDSEN,
GROUP HEAD OF IR
& CORPORATE COMMUNICATION

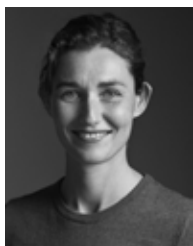
Born: 1984. **Group Head of IR & Corporate Communications since:** 2018.

Education: Master of Science in Applied Economics & Finance.

Anders handles the day-to-day management of Investor Relations and corporate communication activities. Anders focuses on developing the corporate storyline, communication strategies, and other issues for management preparation. Prior to Boozt, Anders was Senior Investor Relations Officer at Chr. Hansen Holding A/S.

Shareholding in Boozt AB

- 3,000 directly



CÆCILIE ROTTBØLL,
GROUP CHRO

Born: 1984. **Group CHRO since:** 2019.

Education: Bachelor in Military Operations and further military studies, Royal Danish Defence College.

Cæcilie holds the responsibility for Human Resources across the company. Her engagement includes but is not limited to developing and implementing our HR strategy with valuable business impact, ensuring that Boozt has the right team in place at all times. Furthermore, she is in charge of empowering and nurturing the culture at Boozt, securing an agile and passion-driven environment across the organization. Before joining Boozt, Cæcilie was engaged as a Captain in the Royal Danish Army, training the next generation of leaders and young officers, after returning from a successful deployment in Afghanistan in 2012.

Shareholding in Boozt AB

-



BOARD OF DIRECTORS



HENRIK THEILBJØRN

Born: 1961. **Chairman of the board since:** 2009.

Education: Master of Science in Economics and Management, Aarhus University.

Other current assignments: Chairman of the board of directors of Bygghemma Group First AB (publ), PWT Holding A/S, PWT Group A/S, Wagner China ApS, ELKA Rainwear A/S, Kelly Invest A/S, Baum und Pferdgarten A/S, Scandinavian Designers A/S. Board member of Sahva A/S, New Nordic Brand House A/S, Signal Ejendomme A/S and November 2009 Option Holding AB. CEO, founder and board member of EMMADS Invest A/S.

Previous assignments: Chairman of the board of Languagewire A/S, director of A-Tex Holding A/S, A-Tex A/S, 11/11 Invest ApS, Onstage ApS, Borch Textile Holding ApS, Borch Textile Group A/S, modevirksomheden 8.3-16, Birger Christensen China HOolding A/S, Birger Christensen A/S, Saint Tropez af 1993 A/S, Munthe A/S and Bruuns Bazar A/S. Board member of Birger Christensen General Trading Company A/S, Jamist Holding A/S, Jamist A/S, Jamist Support A/S, Jamist Invest A/S, Langulize A/S, Bloomingville A/S, BV Holding Company ApS and HB Textil A/S, Performance Group Scandinavia A/S, Chairman, Carl Ras A/S, Chairman, HTM Group A/S, Chairman.

Shareholding in Boozt AB: Henrik holds 241,527 shares in the Company indirectly through a company.



KENT STEVENS LARSEN

Born: 1964. **Board member since:** 2009.

Education: Master of Science in Engineering, Technical University of Denmark and MBA, INSEAD.

Other current assignments: CEO of Phoenix Capital ApS, Phoenix Advisors ApS, UM Properties ApS, Aketopa Holding ApS and Bjorktorpet Invest ApS. Chairman of the board of Hørsholm City ApS. Board member of Dansk Vækstkapital II Komplementar ApS, Dansk Vækstkapital II K/S, Apoteka ApS, Hudcancerkliniken Sverige AB, Hudkræftklinikken.dk ApS, Norna Playgrounds A/S and Norna Partners ApS.

Previous assignments: Senior Director at Nordic Capital and consultant at McKinsey & Co.

Shareholding in Boozt AB: Kent holds 1,050,000 shares in the Company.



JÓN BJÖRNSSON

Born: 1968. **Board member since:** 2012.

Education: Bachelor of Science in Business Administration, Rider University.

Other current assignments: Chairman of the board of Joe and Juice Iceland and Braud & Co, Board member of Áhléns AB, By Malene Birger A/S, Copenhagen Chocolate Factory Aps, Perroy (Nespresso Iceland) and Billboard

Previous assignments: CEO of Festi hf. Iceland.

Shareholding in Boozt AB: Jón holds 28,569 shares in the Company.



BJØRN FOLMER KROGHSBO

Born: 1958. **Board member since:** 2018.

Education: Trained banker and Board Certification from Board Assure and CBS Executive Board Leadership Masterclass.

Other current assignments: No current assignments.

Previous assignments: Senior Portfolio Manager at Sampension KP Livsforsikring A/S and previously their representative on the Boozt Board of Directors. Board member of Sampension Livsforsikring A/S and Sampension Administration A/S.

Shareholding in Boozt AB: Bjørn holds no shares in the Company.



LUCA MARTINES

Born: 1975. **Board member since:** 2019.

Education: Bachelor in Political Science, Sapienza University of Rome, Italy.

Other current assignments: Chief Executive Officer of Reda Rewoolution.

Shareholding in Boozt AB: Luca holds no shares in the Company.



CECILIA LANNEBO

Born: 1973. **Board member since:** 2018.

Education: MBA from Mälardalen College and Wirtschafts-universität Vienna.

Other current assignments: CEO and director of I-Core Communications AB. Deputy board member of Zubrizuri AB.

Previous assignments: Head of Investor Relations in Humana AB, Leovegas AB and Balco Group AB.

Shareholding in Boozt AB: Cecilia holds 5,000 shares in the Company.

AUDITOR'S REPORT ON THE CORPORATE GOVERNANCE STATEMENT

To the general meeting of the shareholders in Boozt AB, corporate identity number 556793-5183

Engagement and responsibility

It is the board of directors who is responsible for the corporate governance statement for the financial year 2019-01-01 - 2019-12-31 on pages 80-101 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been 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.

Opinions

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

Malmö April 16th 2020
Deloitte AB

Didrik Roos

Authorized Public Accountant





DIRECTOR'S REPORT

THIS REPORT IS PUBLISHED APRIL 16 2020

Operations in the parent company are exercised by owning and managing its wholly-owned subsidiary Boozt Fashion AB and its subsidiaries. During 2019, the main activities of the Group were conducted in Boozt Fashion AB who runs Boozt.com which is one of the leading players in the Nordic e-commerce market for fashion clothing, shoes, and accessories. The Board of Directors and the Group CEO of Boozt AB (publ), Corporate ID no. 556793-5183, registered in Sweden and with its head office in Malmö, hereby present their Annual Report for the financial year of 2019.

Further information on the business

Boozt is a Nordic technology company selling fashion online. The Group offers its customers a curated and contemporary selection of fashion brands, relevant to a variety of lifestyles, primarily through the multi-brand webstore Boozt.com. Boozt.com has more than 1,606,000 active customers as per Dec 31, 2019 (1,363,000) because of a convenient shopping experience with high service levels across both mobile devices and desktop, quick deliveries, and easy returns. Boozt targets Nordic fashion followers, primarily consumers aged 25-54, that value convenience and a relevant offer in their customer experience and which tend to generate a high average order value.

Boozt operates a tailor-made, integrated technology platform that enables the Group to manage the customer experience and to accommodate further growth. Fulfilment is executed through the automated fulfilment centre which is strategically located in Ängelholm. The fulfilment centre consists of two independent cubes with 43,500 m² (77,000 m² at maximum build-out), 360 picking robots and capacity exceeding 650,000 stock keeping units ("SKU"), that enables next-day delivery to 90% of the Nordic region. A new fulfillment centre of 23,000 m² is now being built next to the current one. Handover is expected in Q4 2020 and it will be used to facilitate the growth in the coming years.

Boozt has a strong track record of growth, mainly driven by

the fast evolution of Boozt.com. The fast growth is primarily attributable to Boozt's strong online market position and its competitive customer offering, which has enabled Boozt to attract new customers and increase the number of orders from returning customers.

Boozt was founded in 2007 to conduct outsourced online mono-brand operations for fashion brands. The majority of the current management team for 2019 joined Boozt in 2010-2011 to assist the Group in the 2011 relaunch, following the termination of the largest customer contract, and Boozt.com was established. In the following years, significant investments have been made to support growth and increase the number of customers. The Group has continuously grown net revenue in the last years, with gradually improved profitability.

On May 31, 2017, the shares of Boozt AB (publ) was listed on Nasdaq OMX Stockholm (mid-cap). The listing of the Company's shares has given the Group access to the capital markets and has enabled the establishment of a diversified base of Nordic and international shareholders. The listing was an important milestone for the Group in the journey of becoming the primary e-commerce fashion retailer in the Nordic region.

Operations in the Group are divided into three operating segments, Boozt.com, Booztlet.com and Other. The Boozt.com segment includes operations related to the Boozt.com site and the parent company Boozt AB. Segment Booztlet.com includes operations on the Booztlet.com site, which is the Group's online outlet. The segment Other includes the Group's physical retail outlet; Booztlet and the two retail stores Beauty by Boozt. Operations by other subsidiaries in the Group are also included in the segment Other.

Boozt AB's accounts are reported in Swedish kronor as Swedish kronor is the company's functional currency. The report has been prepared in SEK million, why there may be rounding differences in the totals.



The financial year of 2019

The Group managed to deliver full-year net revenue growth of 23.0%, mainly attributed to the Boozt.com and Booztlet.com segments with a growth of 18.5% and 133% respectively. The overall apparel struggled with weaker consumer sentiment, which especially goes for Sweden and Denmark. This meant that the overall apparel market in the Nordics slightly declined in size, impacting the structural growth towards online which was at a lower pace than previously. The pattern from the last few years with sales in the apparel industry increasingly being driven by market events, such as the Black Friday, continued. For the Group, the Black Friday weekend was again successful with strong growth and profitability.

The Group's gross margin decreased to 39.7% (40.0%). The decrease in gross margin was primarily driven by elevated promotional activities to ensure a continuously healthy stock composition in a market affected by high inventory levels during the first half of 2019. The first quarter was impacted by a late start to the autumn/winter 2018 season which continued to impact the market in terms of

increased inventory levels throughout the winter months, while the second quarter was negatively impacted by a late start to the summer in the Nordics compared to last year. This was partly offset by a higher product margin in the Autumn/Winter 2019 season compared to last year as well as internal and contractual improvements impacting the fourth quarter.

EBIT for the Group amounted to 2.7% (2.4%). The increase was driven by a lower marketing cost ratio partly offset by a higher admin & other cost ratio. Negatively impacting is the loss-making Beauty by Boozt store as well as higher social charges and share-based compensation related to the Group's LTI programs.

The Group's cash flow amounted to SEK -28.8 million (-61.2), whereof cash flow from operating activities amounted to SEK 76.5 million (-13.8). The improvement was driven by improved operating profit after adjustments for non-cash items. Networking capital increased to SEK 435.3 million (314.6) equivalent to 12.7% (11.3%) to the Group's net revenue.. The increase in net working capital

was primarily driven by lower accounts payable as well as higher accrued income and higher accounts receivable. This was partly offset by lower inventory growth supported by the change to a consignment-like agreement with a large brand. Lower accounts payable was driven by a higher maturity of the campaign goods as they were bought earlier this year compared to last year. The Group has, compared to last year an additional accrued income of approximately SEK 70 million in reverse customs from returns in Norway and from a brand buying back inventory in the consignment-like agreement. Also, accounts receivable was approximately SEK 25 million higher as we invoiced our partners in Boozt Media Partnership in December this year compared to November in 2019. Adjusting for these timing effects of approximately SEK 95 million the working capital percent would have been approximately 10%.

Cash flow from investing activities amounted to SEK -171.3 million (-91.9) and are mainly attributable to extension phase 3 of warehouse automation and capitalized development cost. Cash flow for financing activities amounted to SEK 66.1 million (44.4) and is attributable to a new loan for the third extension phase of Autostore, which partly offset the amortization of the lease debt attributable to the implementation of IFRS 16.

Comments on the financial position

Total assets increased to SEK 2,487.2 million (1,833.5) driven by higher fixed assets as a result of the implementation of IFRS 16 and investment in automation.

Intangible fixed assets increased to SEK 75.1 million (40.4). Driven by additional Goodwill of SEK 9.8 million (0.0) from the acquisition of Touchlogic ApS, and development of the Group's web platform.

Tangible assets increased to SEK 681.2 million (176.2). The increase was driven by the implementation of IFRS 16 resulting in a right of use asset of SEK 421.4 million (and corresponding lease liabilities) and the phase 3 expansion of AutoStore in the fulfilment centre. The right of use

asset is primarily made up of leasing contracts relating to the premises for the fulfilment centre in Ängelholm (equivalent to around 70% of the total lease liability), the headquarter in Hyllie and the physical retail stores. In addition, the Group has accounted for other essential lease agreements regarding cars, trucks, and machines. Equipment increased compared to last year due to investments made in the Group's fulfilment centre. During the fourth quarter of 2019, the acquisition of Touchlogic was finalised and the Group's assets increased with SEK 9.8 million in goodwill.

Deferred tax assets decreased to SEK 46.9 million (73.4) and consist of capitalised tax losses carried forward.

Inventory increased with 6%, less than revenue growth, impacted by improved sell-through, a lower up-front buy compared to last year and the change to a consignment like agreement with a large brand.

Total equity and liabilities increased to SEK 2,487.2 million (1,833.5) driven primarily by non-current liabilities from the implementation of IFRS 16.

Significant events during the financial year 2019

Beauty by Boozt store in Roskilde closed

The first Beauty by Boozt store opened in Roskilde, Denmark in December 2016 and served the purpose of strengthening the relationship to the beauty brands helping build a strong offering online on Boozt.com. As the new larger store in Copenhagen can serve that purpose alone, the store in Roskilde was closed by the end of the second quarter. The future strategy of the physical stores is under evaluation.

Acquisition of Touchlogic and inauguration of Boozt Innovation Lab

In October 2019, all shares were acquired in Touchlogic ApS. Touchlogic is an app and mobile web development company based out of Copenhagen, Denmark with 11 developers. Touchlogic will strengthen current front-end capabilities regarding the app and mobile web and enable

an acceleration of the development as well as foster further innovation regarding app usability and functionality. The offices of Touchlogic now serves as the home of the new Boozt Innovation Lab, which will be separated from the daily operations. The focus is on developing innovative tools and applications to stay in the forefront of meeting the increasing expectations from customers and partners as well as improving the internal workflows. The total purchase price consideration preliminary amounted to SEK 10.2 million. For more information, see note 17.

R&D partnership with AutoStore and Element Logic

Boozt has strengthened its ties to the automation partner AutoStore and the automation service partner Element Logic with an R&D partnership to ensure continued progress in increased productivity and adoption of the latest advancements within the technology. In close cooperation, new technology can be developed and tested in a controlled environment limiting the potential risk of adopting new and improved technology. A key benefit for Boozt is the early access to new technology.

Agreement with Catena to build a new fulfilment centre

The existing fulfilment centre in Ängelholm is expected to be fully build-out with automation during 2020. The new fulfilment centre, of approximately 23.000 m², will be situated next to the current and is expected to be handed over and be operational by the end of 2020.

Contract with fulfilment staff provider terminated

The contract with current fulfilment staff provider Logent AB has been terminated. The contract will terminate December 31, 2020. The purpose is to achieve significant cost savings from 2021. Either by insourcing the fulfilment staff or by negotiating a new contract with the current or another third-party logistics provider.

Changes in Group Management

Cæcilie Rottbøll has been employed in the newly established position as Chief Human Resource Officer and member of Boozt's Group Management.

After almost 9 years with Boozt, CFO and co-founder Allan Junge Jensen has decided to pursue a career outside of Boozt. Allan left Boozt by the end of January 2020. Sandra Gadd was subsequently appointed as CFO and assumed her new position on December 1, 2019. Sandra is Swedish and 36 years old. She holds an MBA degree from Lund University and has been an Authorized Public Accountant. Sandra Gadd has been with Boozt since October 2016 where she took the position as Transformation Finance Manager, responsible for the internal financial preparations for Boozt's IPO on Nasdaq Stockholm in May 2017. In January 2018, Sandra Gadd was appointed Business Development Director. Before joining Boozt, Sandra had been working with Deloitte for 8 years in the audit practice as Authorized Public Accountant and Audit Manager.

Niels Hemmingsen left his position as Chief Operating Officer on November 1, 2019. The position as Chief Operating Officer has been split to reflect the increased complexity of the role's many responsibilities and to reflect that Boozt is entering a phase with more focus on optimising the operational processes compared to previous years' focus on handling the high relative growth. Lars Lindgaard, previously Distribution Director, has taken up the position as Head of Fulfilment Operations and reports directly to CEO Hermann Haraldsson.

Changes in the Board of Directors in Boozt AB (publ)

During 2019 Luca Martines replaced Staffan Morndal, Jimmy Fussing, and Charlotte Svensson as a member of the Board of Directors.

Appointment of Nomination Committee

The Nomination Committee has been appointed in accordance with the principles adopted by the Annual General Meeting on May 10, 2019, stating that the Nomination Committee shall consist of representatives of the three, per August 31, 2019, by votes, largest shareholders according to the shareholders' register held by Euroclear Sweden, and the Chairman of the Board. The Nomination Committee has been formed in accordance

with the principles adopted by the Annual General Meeting and has the following composition:

- *Claus Wiinblad (representing ATP), Chairman of the Nomination Committee*
- *Daniel Ahlstrand (representing Verdane Capital VII K/S),*
- *Johannes Wingborg (representing Länsförsäkringar)*
- *Henrik Theilbjørn, Chairman of the Board of Boozt AB (publ)*

The Nomination Committee submits proposals to the AGM regarding the composition of the Board, remuneration of the Board, the election of auditors and auditor fees.

Events after the reporting date

After the reporting date, the Group's business has been significantly impacted by the uncertainty caused by the Corona pandemic. The main focus during this period of high economic uncertainty is to keep costs low and protect cash in the balance sheet. For more information about the impact of the Corona pandemic on the Group, see note 29.

New credit facility

During Q1 2020 Boozt has signed a new revolving credit facility agreement with Danske Bank. The credit facility of SEK 200.0 million runs for three years and have covenants attached. The covenants are unchanged from the previous facility. For a description of the covenants see note 23. In addition to the revolving credit facility, Boozt has an overdraft facility of SEK 60.0 million that are renewed every year.

Issue and repurchase of series C shares for performance based share program

Pursuant to the authorization granted by the Extraordinary General Meeting on June 24, 2019, the Board of directors decided on March 2, 2020, to issue and then repurchase 374,586 C-shares. The shares were issued and repurchased in accordance with the performance based share program LTI 2019, which was adopted by the Extraordinary General Meeting on June 24, 2019. The

subscription price amounted to the share's quota value of approximately SEK 0.083333 per share.

Multi-year summary

SEK million	2019	2018	2017	2016
Net revenue	3,424.9	2,784.0	2,016.4	1,396.4
Profit after financial items	81.3	61.6	-68.2	20.5
Operating margin	2.7%	2.4%	neg	1.5%
Return on equity	5.8%	4.9%	neg	3.5%
Total assets	2,487.2	1,833.5	1,384.0	799.3
Solidity	37.9%	47.5%	57.0%	46.0%
Average number of full time employees	337	250	190	149

Financing and liquidity

During the fiscal year, the Group signed hire- purchase agreements with Danske Bank for further expansions of the automated storage and retrieval system AutoStore for the fulfilment centre. The interest-bearing liabilities has increased with new loans of SEK 132.7 million, re-payments have been done with a total of SEK 35.5 million.

The revolving credit facility with Danske Bank signed in 2017 remains unchanged in 2019. The facility amounted to SEK 140.0 million, whereof SEK 60.0 million is accessible to the Group at all times (overdraft facility). To access the remaining SEK 80.0 million the Group must notify the bank. During 2020 the group has signed a new revolving credit facility that replaces the above-mentioned facility with a revolving credit facility that runs for three years of SEK 200 million, and an overdraft facility of SEK 60 million that is renewed every year.

The revolving credit facility has not been used during the financial year of 2019.

Information on the Company's share

The Boozt share

The Boozt share is traded under the ticker BOOZT and with the ISIN-code SE0009888738. The lowest quoted market price at close during the period was SEK 44.75 per share (January 3) and the highest quoted market price during the period was SEK 79.90 (May 3). The closing price as per December 31, 2019, was SEK 53.0. The average turnover of the Boozt share was 78,633 shares per day during 2019.

As per December 31, 2019, the company had approximately 4,600 shareholders, whereof the largest shareholders were Sampension (9.69%), Ruane, Cunniff & Goldfarb (9.0%) and ATP (8.45%). Other major shareholders (above 5%) are Invesco, Ferd, and Verdane Capital. The total number of shares at the end of the reporting period amounted to 57,370,853, with a quota value of SEK 0.0833 per share.

During August a total of 288,420 new shares were issued as a result of the exercise of 24,035 options issued under the LTI Program 2015/2025 resolved at the shareholders' meeting on 9 November 2015. From LTI Program 2015/2025, 181,465 stock options were outstanding at the end of the reporting period. Each employee stock option in the 2015/2025 program gives the right to buy 12 shares, which means a total of 2,177,580 shares.

From the LTI Program 2018/2021, 1,137,347 warrants were outstanding at the end of the period. Each subscription warrant in the LTI Program 2018/2021 gives the right to buy 1 share, which means a total of 1,137,347 shares. From the LTI Program 2019/2022, 104,074 performance shares (C shares) are considered to have been vested. The share capital is divided into 57,370,853 ordinary shares and 0 C shares. The shareholding entitles to voting rights at the AGM with 1 vote for each ordinary share and 1/10 vote for each C share. Holders of ordinary shares are entitled to dividends, while holders of C-shares are not entitled to dividends. All shares have the same right to remaining net assets, however, C shares are not entitled to higher amounts than the share's quota value.

In addition to shares, the company has issued warrants and

options (the right to acquire shares under special conditions). All ordinary shares in the company are listed. The market capitalization of the company as of December 31, 2019, amounted to SEK 3,041 million.

Long-term incentive programs in Boozt AB

Boozt AB has three active Long-term incentive programs with individual terms and conditions (LTI Program 2015/2025, LTI Program 2018/2021 and LTI Program 2019/2022). The programs are directed to staff identified as key employees. The Group CEO is included among these.

LTI Program 2015/2025

In 2015 the Group issued a stock option program for employees identified as key personnel in the Group. The Group CEO is included in this group. A total of 267,500 options have been issued within the program. Out of these options, 63,954 options have been issued to a fully owned subsidiary with a purpose to counteract cash flow implications related to the social charges that the company will be liable to pay at the redemption date. Each option gives a right to purchase 12 shares.

The vesting of options was triggered in conjunction with the listing of the Company's shares, whereby 33% of the options are vested from the issuing date up until 12 months occurring after the first day of trading of the Company's shares on Nasdaq OMX Stockholm, meaning May 31, 2018. 33% of the options are vested on the date occurring 24 months after the first day of trading of company's shares, meaning May 31, 2019, and the remaining 34% of the options are vested on the date occurring 36 months after the first day of trading of the company's shares, meaning May 31, 2020. If a participant's employment is terminated during the vesting period, the participant will be excluded from the program with regard to those options that are not vested at such time. The LTI program 2015/2025 is classified as an IFRS 2 program, whereas the costs associated with the program will be distributed over the period vesting period. In addition, the Group will account for provisions for social charges during the expected lifetime of the LTI program.

In 2019, management and key employees utilised their vested rights to buy shares in Boozt AB at a predetermined price set out in the terms and conditions of the LTI Program 2015/2025. The number of options exercised were 24,035 with the right to purchase 12 shares per option, which totalled 288,420 new shares. The exercise price was set at 35.85 SEK, and then proceeds to the Group from the sale of shares was SEK 10.3 million. In 2018 a total of 62,000 options were exercised and as a result, 744,000 new shares were issued. The exercise price was set at 33.19 SEK, and the proceeds to the Group from the sale of shares was SEK 24.7 million.

The outstanding number of options is 109,861 inclusive 55 unallocated. In addition, the Group has 71,604 options in own portfolio, to offset any cash flow impact of the exercise of warrants. Participants leaving the program increased the number of options kept in own portfolio with 7,650 options. However, the Group has not utilised any options in own portfolio to offset the cash flow impact from social charges on options exercise.

LTI Program 2018/2021

The annual general meeting in Boozt AB (publ.) decided to implement a long-term incentive program on April 27, 2018 through the directed issue of warrants to a wholly-owned subsidiary and approved the transfer of warrants from the subsidiary to the Group management and key persons ("LTI Program 2018/2021"). In accordance with the terms of the LTI Program 2018/2021, the subsidiary has subscribed and transferred a total of 1,137,347 warrants to Group management and key employees.

Each warrant in the 2018/2021-program entitles the holder to subscribe for one share in the company at a subscription price of SEK 96.31, corresponding to 126 percent of the volume-weighted average price according to Nasdaq Stockholm's official price list for shares in the company during the period from May 18, 2018, to May 24, 2018. Subscription of shares attributable to the warrants shall be able to take place from June 1, 2021, until June 14, 2021. The transfer of warrants to the participants in LTI Program

2018/2021 has been made at a price per warrant of SEK 9.18, corresponding to the real market value of a warrant on May 31, 2018, as determined by Öhrlings Pricewaterhouse Coopers AB according to the Black Scholes formula. No IFRS 2 costs will affect the Group and no provisions will be made for social charges

LTI Program 2019/2022

The Extraordinary Annual General Meeting on 24 June 2019 in Boozt AB (publ) resolved on a long-term incentive program by way of approval transfer of performance shares to group management and key employees (the "LTI Program 2019/2022"). The LTI Program 2019/2022 entitles the company's CEO, Group Management and key employees to receive shares in the company at a subscription price of SEK 0.00 if certain performance measures are met at the end of the performance period 31 December 2021. The terms and conditions of the program also contain a networking capital constraint.

The vesting takes place 24 June 2022, where after the performance shares can be distributed to the participants in the program. The maximum number of performance shares that can be distributed to the participants is 406,994. The LTI program 2019/2022 is classified as an IFRS 2 program, whereas the costs associated with the program will be distributed over the period from July 2019 until the end of June 2022. In addition, the Group will account for provisions for social charges during the expected lifetime of the LTI program. By closing date December 31, the Group considers 104,074 performance shares to have been vested.

For more information about the underlying assumptions in the programs, see note 1 accounting principles.

Sustainability report

The statutory sustainability report is presented on page 36-78

Corporate governance report

The corporate governance report is presented on pages 80-101.

Employees

At the end of 2019, the Group had 371 employees (326). The Group's personnel were mainly employed in Boozt Fashion AB. The average number of employees in the Group was 337 (250), whereof 65% women and 35% men (67% women and 33% men). More information about Boozt employees and corporate culture are presented in the Sustainability Report on pages 36-78.

Remuneration Policy for the Group Management

The Board of Directors' proposed guidelines for remuneration of senior executives to be presented for approval by the Annual General Meeting 2020 essentially agree with the guidelines adopted by the Annual General Meeting in 2019. The proposed guidelines have been adjusted in relation to the current guidelines as a result of new regulations with the purpose to increase the transparency, but does not entail any material changes. Details of the current guidelines for remuneration of senior executives approved by the Annual General Meeting are to be found in note 9.

Related party transactions

During the year management purchased shares from the 2015/2025 LTI Program totalling SEK 3.0 million.

SEK million	2019	2018
Management of Boozt AB (publ) (PDMR)		
Purchase of warrants 2018/2021 program	-	6.3
Purchase of shares 2015/2025 program	3.0	15.9
Total value of transactions with related parties	3.0	22.2

Parent company

The parent company Boozt AB (publ) (registration number 556793-5183) is a Swedish public limited liability company that was founded on October 15, 2009, and registered with the Swedish Companies Registration Office on November 13, 2009. The Company's business is conducted in accordance with the Swedish Companies Act. Since May 31, 2017, Boozt AB (publ) is listed on Nasdaq OMX Stockholm's main list. The address to the head office is Hyllie Boulevard 35, 215 37 Malmö, Sweden.

The net revenue for the financial year of 2019 amounted to SEK 36.6 million (49.3) and consisted of invoiced fees for management services.

The Company's accumulated costs amounted to SEK -48.2 million (-52.3) and mainly consist of salaries to Group management.

The net result for the financial year of 2019 amounted to SEK -9.2 million (-2.8).

The parent company has a Group internal receivable respectively a liability to different counterparties within the Group, which together with shares in the subsidiary Boozt Fashion AB and equity constitutes the majority of the financial position of the Company.

Outlook for 2020

The coronavirus pandemic has had a significant negative impact on spending on fashion. Due to the uncertainty around the impact for the remainder of the year, the outlook for 2020 was suspended on 5 April 2020. In line with the medium-term outlook, the Group does, however, expect to continue to significantly outgrow the Nordic market.

Previously the Group expected net revenue growth of between 15 and 20% and the adjusted EBIT margin to improve from 2019 driven by operational improvements and scale effects.

Medium-term financial ambitions through 2022

As the Group during 2020-2022 (3-5 years from IPO) is entering the medium-term set out at the time of the listing of the Group in May 2017, the Board of Directors has adopted updated financial targets for the Group for the period up to and including 2022.

NET REVENUE GROWTH	The Group targets to outgrow the Nordic online market significantly to expand market share
ADJUSTED EBIT MARGIN	The Group targets an adjusted EBIT margin exceeding 6% in 2022

Net revenue growth

The Group targets to outgrow the Nordic online market significantly to expand market share. In line with previous years, the Group plans to continue to grow significantly faster than the Nordic online market within apparel and beauty. The Nordic online market within apparel and beauty is currently estimated to grow around 10%. Key drivers underpinning the net revenue growth target:

- Continue to invest in leading customer satisfaction
- Acquire new customers at a high pace without overpaying, focusing on the relationship between customer lifetime value (CLV) and customer acquisition costs (CAC)
- High level of investment in Booztlet.com to fuel continued hyper-growth

Adjusted EBIT margin

The Group targets an adjusted EBIT margin exceeding 6% in 2022.

Key drivers underpinning the adjusted EBIT margin target in 2022:

- Average order value (AOV) maintained around the current level
- Gross margin around 39-40% supported by contractual improvements and disciplined pricing

- Fulfilment cost ratio is targeted to improve 1-2 percentage points driven by various ongoing and planned operational improvement initiatives within our fulfilment operations. This includes lower staff cost from 2021 as a consequence of an improved cost setup at the fulfilment centre following the termination of the contract with the current staff provider
- Admin & Other cost ratio targeted to improve around 1%-point from scale effects, lower loss in Beauty by Boozt physical retail and new customs regulations in Norway
- Marketing cost ratio targeted to improve around 1%-point from leverage on offline marketing spend.

Dividend policy

When free cash flow exceeds available investments in profitable growth, the surplus will be distributed to shareholders.

Proposed appropriation of profits

Share premium reserve	1,120,350,085
Retained earnings	-345,945,897
Profit/loss for the year	-9,188,043
Total	765,216,145

The board of Directors proposes that profits/losses are distributed as follows

Profit/loss brought forward	765,216,145
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RISKS AND RISK MANAGEMENT

Boozt works continuously to identify, assess and evaluate risks to which the Group is currently exposed to, and risks that are probable to occur in the foreseeable future. Risks are identified, assessed and managed based on the Group's vision and goals. The Group uses the following categories to manage risks; Financial-, Strategic-, Operational- and Compliance risks.

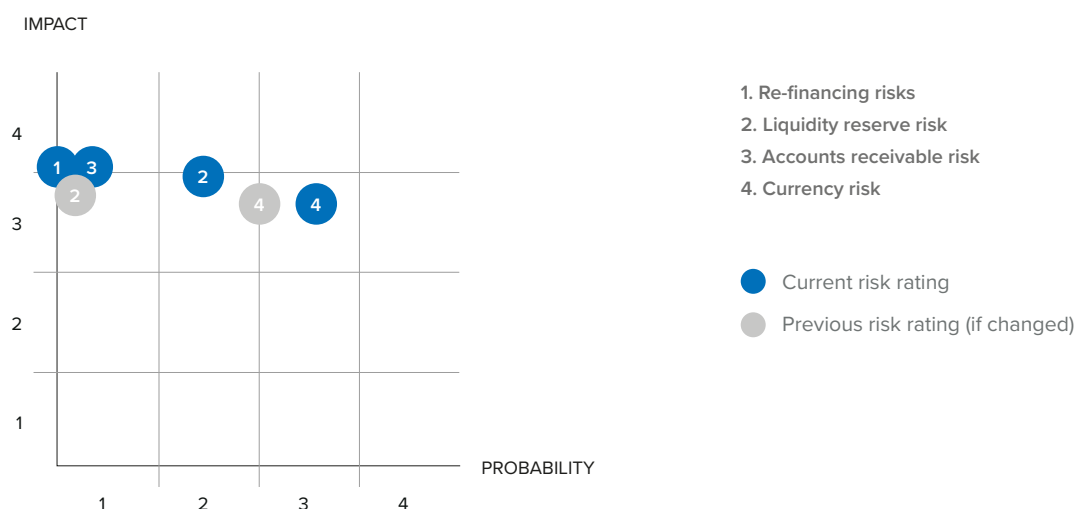
Operational risks are continuously evaluated within daily operations. Management-related risks are continuously reviewed by management and documented by the Internal Control Function. Group Management reports monthly to the Board of Directors on potential risk issues. The Board of Directors is responsible to the shareholders for the Group's risk management and formally assess risks annually or more often when needed.

Identified risks are assessed regarding the probability of occurrence and impact if occurring. The effectiveness of existing risk responses (such as safeguards, control activities etc.) is qualitatively assessed. The residual risk is illustrated and considers the effectiveness of all current existing risk responses. All identified risks are documented in a risk map and further explained in a risk register, internally called Boozt Risk Library.

Risks can be mitigated through proactive actions, such as insurances or legal agreements, and in some cases, the Group can influence the likelihood of a risk-related event occurring. Other risks are not possible to eliminate, such as risks dependent on political decisions, or other macroeconomic factors. If a risk is related to events beyond the control of the Company, work is aimed at alleviating the consequences.

Overview of identified risks

In the following section, we report the identified risks which are considered to have a considerable impact on the business as per April 2020. We have evaluated the risk picture considering the impact of the current economic uncertainty as a consequence of the coronavirus pandemic. Although there is considerable uncertainty on this impact, we believe that risk 2, risk 4, risk 10, risk 15 and risk 17 is affected by the situation. Read more in note 29. In the Boozt Risk Library, we have identified over a hundred risks, however several of them have a relative low risk of occurrence or low possible impact, and therefore are not included in the reported risks. The relative possibility of occurrence and impact if occurring of the risk changes over time, meaning that the reported risks are to be seen as a snapshot of current risks. The Group discloses the top 20 risk list in a non-prioritised order. The list can differ from year to year as some risks might increase in probability or appear for the first time and others might be less probable or is downgraded due to mitigating activities.



FINANCIAL RISKS

Financial risks include risks that effects the business ability to provide the business with sufficient funding and liquidity to operate and develop the business according to business plan. See note 28 for more information.

Risk

1. Re-financing risks

Risk regarding ability to provide the Group with sufficient funding With respect to growth plans and access to capital markets/bank institutions.

Rating: Unchanged compared to last year

2. Liquidity reserve risk

Risk that the Group does not have a sufficient liquidity reserve Due to inefficient cash management planning or un-expected events with heavy cash-flow implications.

Rating: Increased probability compared to last year

3. Accounts receivable risk

Risk that acquiring banks/institutions stop cash in-flow Credit-rating of the Group can affect decision to release accounts receivables.

Rating: Unchanged compared to last year

4. Currency risk

Currency risk - operational transactions Due to operational cashflow in different exchange rates (selling of goods and purchase of goods)

Rating: Increased probability compared to last year

Mitigation of risk

1. Re-financing risks

The risk is mitigated by adopted policies regarding target debt ratios, maturity date spreads for funding of the group and a risk diversification policy regarding financial counterparties (e.g. minimum number of banks).

2. Liquidity reserve risk

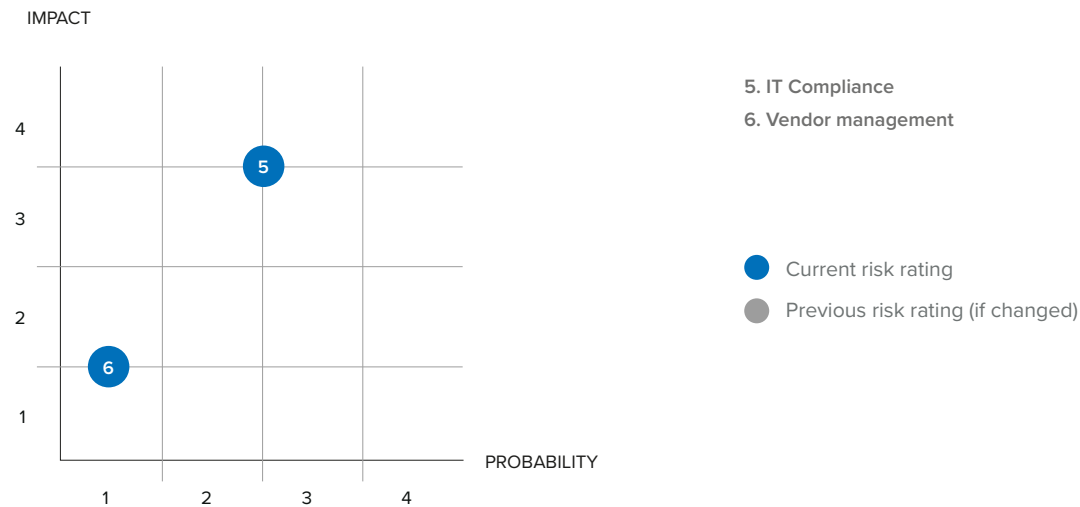
The Group faces two seasonality low points in liquidity per fiscal year. The Group shall strive to have a sufficient liquidity reserve. During low- points the Group has access to a revolving credit facility and an overdraft facility to ensure a sufficient liquidity reserve. The reserve also serves to mitigate the impact of general macroeconomic uncertainty and operational disturbances.

3. Accounts receivable risk

The Group's current cash position is strong, and the Group has access to a revolving credit facility. Prices for inventories are set when placing orders but paid when received, which gives sufficient time to plan cash management.

4. Currency risk

The transactional exposure is managed primarily through natural hedges, meaning that procurement is carried out in the same currency as inflow from revenue. The Group constantly evaluates if currency hedges shall be enforced.



COMPLIANCE RISKS

Compliance risks are related to the business ability to manage impact of new legalisation and regulation, as well as process to manage unforeseen disputes or other legal or contractual uncertainties..

Risk

5. IT Compliance

Risk for compliance with EU privacy regulation/GDPR
Especially regarding third-party involvement.

Rating: Unchanged compared to last year

6. Vendor management

Product quality risk
Selling goods from vendors, who's product quality we do not have control over.

Rating: Unchanged compared to last year

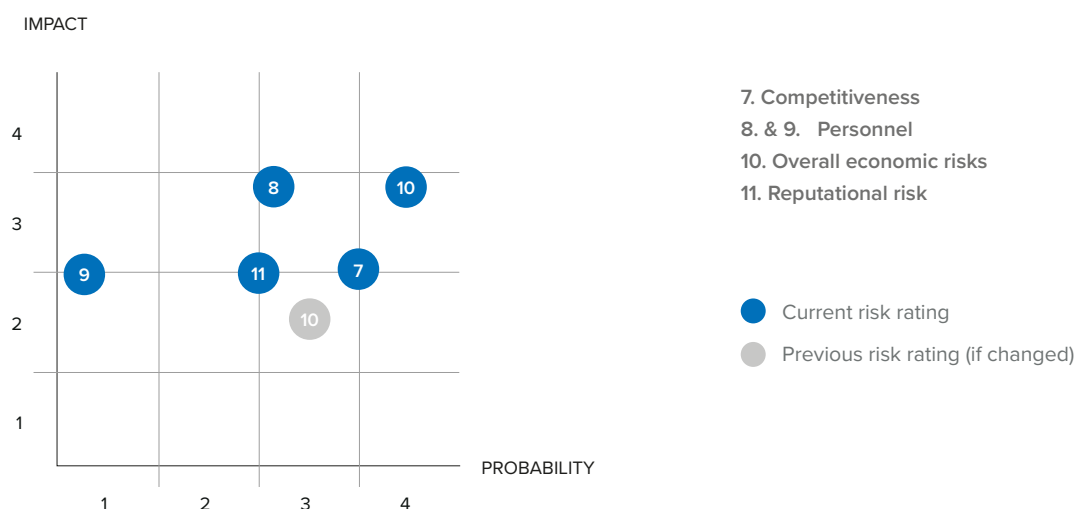
Mitigation of risk

5. IT Compliance

The Group has since the GDPR implementation continuously worked with data privacy, ensuring full compliance with the regulation. Data are not spread across different third-party systems securing data discipline and control in own systems.

6. Vendor management

We have long-term relationships with our brands and disputes are most often managed informally. To minimise the risk of uncertainties that may lead to a dispute and the risk for financial exposure contractual agreements has been signed with vendors.



STRATEGIC RISKS

Strategic risks are risks relating to the businesses ability to stay competitive in the long-term. Risks included is the risk for demand shortfall, marketing- and brand risks and dependency of individuals and external partners.

Risk

7. Competitiveness

International player entering Nordic market

Risk that an international strong market player decides to enter the Nordic market and change the market conditions substantially.

Rating: Unchanged compared to last year

Growth

Revenue growth too slow in relation to "getting big fast"

Revenue growth may be influenced negatively by external factors such as macroeconomic cycles, negative development of salary wages or other changes in other macroeconomic conditions.

Rating: Downgraded below top 20 risks as local scale is now in place

8 & 9. Personnel

Strategic risks related to personnel

8: Risk that the Group lack ability to keep key personnel (retention).

9: Risk that the Group lack ability to attract desired personnel.

Various reasons connected to the offer (monetary, benefits, working environment etc).

Rating: 8 and 9: Unchanged compared to last year

10. Overall economic risks

Risks due to macroeconomic external factors

Risks that are related to the overall or specific economic development in the geographical area that Boozt operates in.

Rating: Increased probability and increased impact compared to last year

11. Reputational risk

Risks due to negative change in the reputation of the Group.

Rating: Unchanged compared to last year

Mitigation of risk

7. Competitiveness

With our curated offering, positioned to stay relevant to the modern Nordic fashion follower, we believe that our competitive advantage is strong. We have high awareness within our target group and continue to differentiate ourselves by creating customer loyalty through a curated Nordic offering based on analysis and data as well as convenience through ease and speed of our offering to the customers.

Growth

We actively monitor macroeconomic trends and development within the region that we operate in, as well as the online factors and trends that may affect the sector in which we operate

8 & 9. Personnel

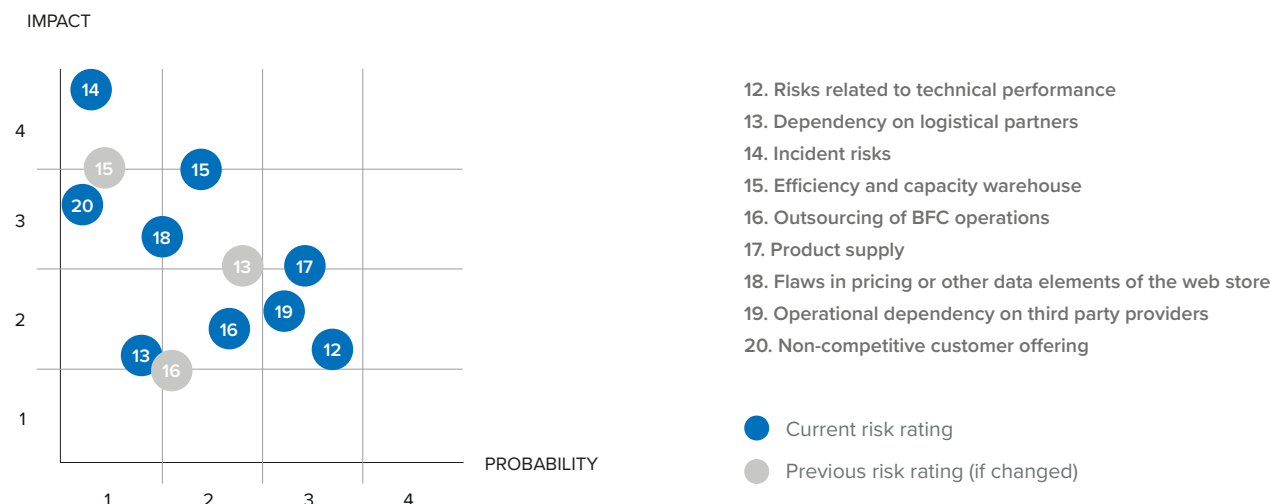
The Group seeks to be an attractive employer by a competitive offering both in terms of salary and benefits, but also by creating a culture that our employees enjoy being a part of. In our Code of Conduct, we state the values that we want the business to live by.

10. Overall economic risks

We actively monitor macroeconomic trends and development within the region that we operate in, as well as the online factors and trends that may affect the sector in which we operate. To mitigate impact of a demand shock we focus on having as few fixed costs as possible to make the cost base variable to the revenue. And then we focus on preserving cash in the balance sheet by measures such as reducing the working capital exposure.

11. Reputational risk

Proper treatment of employees (participation in Collective Bargaining Agreement) and excess employees in the form of cash remuneration and outplacement. In relation to brands, we align performance to secure long lasting relationships. In relation to customers, we constantly monitor satisfaction and live by the notion – "if any doubt – the customer is right"



OPERATIONAL RISKS

Operational risks are related to the daily operations, and the ability to fulfil obligations to customers. Operational risks can often be managed with internal mitigation strategies.

Risk

12. Technical robustness and capacity

Risk that the technical systems are hacked/attacked. Insufficient security, or lack of ability to foresee new ways that systems are attacked or exposed to virus outbreak.

Risk for site breakdowns, or features directly connected to the site, such as payment systems. Can be a result of systems

Rating: Unchanged compared to last year

13. Dependency on logistical partners

Risk related to dependency on distribution partners and their performance.

Risk related to default of partner of significant importance and risk related to poor performance by partner with direct effect on customer experience for Boozt customers.

Rating: Decreased probability and decreased impact compared to last year

14. Incident risks

Risk for fire accident

Primarily regarding the warehouse, where the implications would be significantly more severe than at the HQ.

Rating: Unchanged compared to last year

15. Efficiency and capacity warehouse

Warehouse efficiency

The business is depending on having efficient logistic infrastructure. With increased volumes of returns, the number of hours with need of manual work increases, with less ability to increase efficiency.

Rating: Increased probability compared to last year

16. Outsourcing of BFC operations

Risks arising from the setup of outsourcing stock picking/management Third party involvement in one of the most central operational procedures, that highly effect performance in meeting customer expectations.

Rating: Re-phrased from Suppliers and Partners. Increased propability and increased impact compared to last year

Mitigation of risk

12. Technical robustness and capacity

Boozt assesses and monitors the risk for the occurrence of different scenarios that affect the function of the webstores that Boozt operates. Our IT Disaster Recovery Plan prioritises roles, responsibilities and actions to mitigate disruption events. The webstores are monitored in real time and actions can be taken in minutes to ensure website functionality.

13. Dependency on logistical partners

We are in constant dialogue with our logistical partners and implement improvements to the customer offering continuously. Through close partnership with several of the leading logistical providers in the region, we don't consider the dependency of a single partner to be critical.

14. Incident risks

Boozt assesses and evaluates different possible scenarios and has defined what actions to take if such events occur. Contingency plans are adopted and includes responsibility- and crisis management.

15. Efficiency and capacity warehouse

Strategic and tactical planning is performed to support the growth considering factors such as warehouse/logistics capacity, recruitment strategies etc. Group Management and the Board of Directors continuously review the business plan and the strategic and tactical planning continuously. The capacity can be expanded in a modular way securing high utilization at all time and flexibility around when to add capacity. As we have terminated the contract with the staff provider at BFC, we must be in close control until the contract expires.

16. Outsourcing of BFC operations

We have had a long term and well-functioning relationship with the contractor, who has been the contracted supplier of pick and pack services for Boozt since the business was started. Contractual terms reflect the need to ensure compliance with demands, growth plans and policies set by the Group, including values as stated in the Group's Code of Conduct. As we have terminated the contract with the staff provider at BFC, we must be in close control until we take over the BFC operations January 1, 2021.

17. Product supply

A lack of product supply from widespread disruption to the supply chain in Asia and Europe.

Rating: New risk

18. Flaws in pricing or other data elements of the web store

Risks arising from implementing wrong prices in the offer to customers.

Rating: Unchanged compared to last year

19. Operational dependency on third party providers

Dependency risk on third party software and software updates and its implications on the Group's operation.

Rating: Unchanged compared to last year

20. Non-competitive customer offering

Risk of not being attractive to consumers in the Nordic area, in terms of product offering, speed of offering, and conditions in general.

Rating: Unchanged compared to last year

17. Product supply

Secure status as preferred partner through building long-lasting and mutually beneficially partnerships with supply partners. This should ensure prioritization if supply chain disruption occurs. Also focus on not being dependent on single brands.

18. Flaws in pricing or other data elements of the web store

Control of prices (to ensure minimum gross margin) before being set live. Strengthening internal control on gross margin performance.

19. Operational dependency on third party providers

Considering in-sourcing of the most critical dependencies, as well as securing SLA's which can compensate the Group in case of events.

20. Non-competitive customer offering

Get overview of market trends via attending fashion fairs, monitor competition, monitor NPS score, and constant evaluation of our categories and product and service offering.

A low-angle, upward-looking perspective of a modern skyscraper with a glass facade. The building's lines converge towards the top of the frame, creating a strong sense of height and scale. The sky is a deep blue, with wispy white clouds visible in the upper right and lower right corners. The overall mood is professional and aspirational.

CONSOLIDATED FINANCIAL STATEMENTS

THIS REPORT IS PUBLISHED APRIL 16, 2020

CONSOLIDATED INCOME STATEMENT

SEK million unless otherwise indicated	Note	01-01-2019 31-12-2019	01-01-2018 31-12-2018
OPERATING INCOME			
Net revenue	3,4	3,424.9	2,784.0
Total operating income		3,424.9	2,784.0
OPERATING COSTS			
Goods for resale		-2,063.9	-1,671.0
Other external costs	6,7,8	-935.7	-834.7
Cost of personnel	9	-225.3	-157.1
Depreciation and amortisation of tangible and intangible assets	8,10	-106.2	-49.1
Other operating costs	5	-2.0	-4.1
Total operating costs		-3,333.1	-2,715.9
OPERATING PROFIT/LOSS (EBIT)		91.8	68.1
FINANCIAL INCOME AND EXPENSES			
Financial income	11,19	-0.0	4.4
Financial expenses	8,11,19	-10.5	-10.8
Net financial items		-10.5	-6.4
PROFIT/LOSS BEFORE TAX		81.3	61.6
Income tax	12	-26.5	-19.0
PROFIT/LOSS FOR THE YEAR		54.8	42.6
ATTRIBUTABLE TO:			
Parent company's shareholders		54.8	42.6
Earnings per share before dilution(SEK)	13	0.96	0.75
Earnings per share after dilution (SEK)	13	0.95	0.74

Rounding differences may effect the summations.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK million	Note	01-01-2019 31-12-2019	01-01-2018 31-12-2018
PROFIT/LOSS FOR THE PERIOD		54.8	42.6
Items that have or can be reallocated to profit for the year			
Translation differences	25	-0.1	0.2
TOTAL COMPREHENSIVE PROFIT/LOSS FOR THE PERIOD		54.7	42.8
ATTRIBUTABLE TO			
Parent company's shareholders		54.7	42.8

Rounding differences may effect the summations.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEK million	Note	31-12-2019	31-12-2018
ASSETS			
Non-current assets			
Intangible assets			
Goodwill	14	9.8	-
Web platform	15	65.3	40.4
		75.1	40.4
Tangible assets			
Right of use asset	8	421.4	-
Machinery and equipment	16	259.8	176.2
		681.2	176.2
Other non-current assets			
Deposits		12.3	12.3
Deferred tax asset	12	46.9	73.4
		59.2	85.7
Total non-current assets		815.5	302.2
Current assets			
Inventories	18	1,043.8	984.9
Accounts receivables	19	50.5	26.6
Other receivables		105.9	110.8
Current tax assets		1.3	0.6
Prepaid expenses and accrued income	20	130.8	40.1
Cash and cash equivalents	22	339.4	368.3
Total current assets		1,671.7	1,531.2
TOTAL ASSETS		2,487.2	1,833.5
EQUITY AND LIABILITIES			
Equity			
Share capital		4.8	4.8
Other capital contributions		1,178.6	1,161.1
Reserves		0.2	0.3
Retained earnings including profit for the year		-240.9	-295.7
Equity attributable to parent company shareholders	25	942.6	870.4
Non-current liabilities			
Interest bearing liabilities - non-current	23	109.3	-
Lease liabilities	8	382.5	75.0
Other provisions	23	12.6	4.3
Total non-current liabilities		504.4	79.3
Current liabilities			
Interest bearing liabilities - current	23	98.4	35.5
Lease liabilities	8	44.8	-
Accounts payables		500.7	521.2
Other liabilities		100.5	86.8
Accrued expenses and prepaid income	24	295.8	240.3
Total current liabilities		1,040.3	883.8
Total liabilities		1,544.6	963.0
TOTAL EQUITY AND LIABILITIES		2,487.2	1,833.5

Rounding differences may effect the summations.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK million	Share capital	Other capital contributions	Reserves	Profit brought forward incl. profit/loss for the year	Equity attributable to parent company shareholders
Equity as per 01-01-2018	4.7	1,124.3	0.1	-338.3	790.8
Profit for the year	-	-	-	42.6	42.6
Other comprehensive income	-	-	0.2	-	0.2
COMPREHENSIVE PROFIT/LOSS FOR THE YEAR	-	-	0.2	42.6	42.8
Share capital increases	0.1	24.6	-	-	24.7
Sell of shares in own portfolio	-	10.4	-	-	10.4
Share based payments	-	1.7	-	-	1.7
Total transactions with owners	0.1	36.8	-	-	36.8
Equity as per 31-12-2018	4.8	1,161.1	0.3	-295.7	870.4

SEK million	Share capital	Other capital contributions	Reserves	Profit brought forward incl. profit/loss for the year	Equity attributable to parent company shareholders
Equity as per 01-01-2019	4.8	1,161.1	0.3	-295.7	870.4
Profit for the year	-	-	-	54.8	54.8
Other comprehensive income	-	-	-0.1	-	-0.1
COMPREHENSIVE PROFIT/LOSS FOR THE YEAR	-	-	-0.1	54.8	54.7
Share capital increases	0.0	10.3	-	-	10.3
Share based compensation	-	7.2	-	-	7.2
Total transactions with owners	0.0	17.5	-	-	17.5
Equity as per 31-12-2019	4.8	1,178.6	0.2	-240.9	942.6

Rounding differences may effect the summations.

CONSOLIDATED STATEMENT OF CASH FLOW

SEK million	Note	01-01-2019 31-12-2019	01-01-2018 31-12-2018
OPERATING ACTIVITIES			
Operating profit		91.8	68.1
Adjustments for items not included in cash flow:			
Share based compensations - social charges		4.2	-16.8
Share based compensations		7.2	1.7
Depreciations	10	106.2	49.1
Other items not included in cash flow		0.7	0.7
Interest paid	11	-10.5	-2.4
Paid income tax		-0.7	-0.1
CASH FLOW BEFORE CHANGES IN WORKING CAPITAL		198.9	100.2
WORKING CAPITAL			
Changes in goods inventory		-59.0	-358.2
Changes in current assets		-106.6	-78.4
Changes in current liabilities		43.1	322.6
Cash flow from working capital		-122.4	-114.0
CASH FLOW FROM OPERATING ACTIVITIES		76.5	-13.8
INVESTMENTS			
Acquisition of subsidiaries, net liquidity effect	17	-3.9	-
Acquisition of fixed assets	16	-127.6	-61.8
Acquisition of financial assets		0.0	-0.8
Acquisition of intangible assets	15	-39.8	-29.3
CASH FLOW FROM INVESTMENTS		-171.3	-91.9
FINANCING			
New share issue	25	10.3	35.1
New loans	23	132.7	51.6
Loan repayments	23	-35.5	-42.3
Repayments of lease liability	8	-41.5	-
CASH FLOW FROM FINANCING		66.1	44.4
Cash flow for the year		-28.8	-61.2
Currency exchange gains/losses in cash and cash equivalents		-0.1	-0.1
Cash and cash equivalents beginning of the year	22	368.3	429.7
CASH AND CASH EQUIVALENTS END OF THE YEAR		339.4	368.3

Rounding differences may effect the summations.

NOTE 1 - SIGNIFICANT ACCOUNTING PRINCIPLES

These annual accounts and consolidated accounts include the Swedish parent company Boozt AB, corporate identity number 556793-5183, and its subsidiaries. The Group's main business is sale of clothes, shoes and accessories.

The parent company Boozt AB (publ) (registration number 556793-5183) is a Swedish public limited liability company registered in Sweden domiciled in Malmö. The head office address is Hyllie Boulevard 35, 215 37 Malmö.

The Board of Directors and the CEO has on April 16, 2020 approved the annual accounts and consolidated accounts which will be submitted for adoption at the Annual General Meeting on May 27, 2020.

Applied rules and regulations

The consolidated accounts have been prepared in accordance with the Swedish Annual Accounts Act and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as defined by the European Union (EU). In addition, the consolidated accounts follow the recommendation of the RFR 1 "Supplementary accounting rules for Groups".

New or amended accounting standards 2019

IFRS 16 Leasing replaced IAS 17 as of January 1, 2019. According to the new standard, the majority of leases are reported as lease liabilities and right-of-use assets in the statement of financial position. The only exceptions are short-term contracts and leasing contracts with low value. For the Group the implementation of IFRS 16 affected the financial statements as all leases in the Group are capitalized, i.e. an asset (the right to use the leased item) and a financial liability to pay rent are recognised. The IFRS 16 implementation resulted in a right of use asset and lease liability of SEK 466.1 million. This have an effect on the total statement of financial position and key ratios such as solidity.

The contracts that have had the greatest impact are leases for the fulfilment centre in Ängelholm (about 70%

of the Group's lease liability), the head office in Hyllie and the physical stores. In addition, the Group has identified leasing agreements of lower value for cars, trucks and smaller machines that are also accounted under IFRS 16. The Group has applied the simplified (forward-looking) transition method where the comparative period has not been recalculated in accordance with the new standard. The difference between the Group's operating leases reported in accordance with IAS 17 and the opening balance according to IFRS 16 on January 1, 2019 is presented in Note 8. For more information see the chapter "Leases under IFRS 16 below".

Other amended or new standards taking effect from 2019 have not had any material impact on Boozt's financial reports for the financial year 2019.

Valuation Basis

Assets and liabilities are based on historical acquisition costs except for certain financial assets and liabilities measured at fair value via income statement.

Currency

Functional currency is the currency of the primary economic environment in which companies operate. The parent company's functional currency is SEK, which is also the reporting currency for the parent company and the Group. This means that the financial reports are presented in SEK. All amounts, unless otherwise indicated, are rounded to the nearest million with one decimal.

Changed estimates

The depreciation period for the automated warehouse system AutoStore has been changed from January 1, 2019. The residual value as per January 1, 2019 will be linearly depreciated resulting in a total depreciation period of 10 years from the first day of capitalisation. Aluminium grid and boxes are depreciated over 10 years and the remaining components over 5 years. The operation of Autostore until today has shown that the durability and service life of aluminium grid and boxes is very good and exceeds the original assessment of 5 years. For robots and other components, the depreciation period of 5 years is retained.

Consolidation

Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group has control of a subsidiary when it is exposed to or has the right to variable returns from its holdings in the company and has the opportunity to impact the return, through its influence in the company. Subsidiaries are consolidated from the date on which the control is transferred to the Group. They are excluded from the consolidated accounts from the date when the control ceases.

Acquisitions are accounted for using the purchase method. The method implies that the acquisition of a subsidiary is considered a transaction through which the Group indirectly acquires the subsidiary's assets and assumes its liabilities. The acquisition analysis/purchase price allocation establishes the fair value at the acquisition date of the identifiable assets acquired and liabilities assumed and any non-controlling interests.

Transaction costs, except for transaction costs that are attributable to the issuance of equity or debt instruments, are recognised immediately in profit/loss for the year. For acquisitions where the consideration transferred exceeds the fair value of acquired assets and assumed liabilities that are recognised separately, the difference is recognised as goodwill. When the difference is negative, known as a bargain acquisition, this is recognised directly in profit/loss for the year.

Transactions eliminated in consolidation

Group internal receivables and liabilities, revenues or costs and unrealised gains or losses relating to Group internal transactions between Group companies are eliminated when the Group's accounts are consolidated.

Classification

Fixed assets and long-term liabilities essentially consist of amounts expected to be recovered or settled after more than twelve months from the statement of financial position date. Current assets and current liabilities essentially consist of amounts expected to be recovered or settled within twelve months from the statement of financial position date.

Segment reporting

An operating segment is a component of the Group that conducts operations from which it can generate revenues and incur costs and for which independent information is available.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief executive decision-maker (Board of Directors) to allocate resources to the operating segment. Boozt has identified and reports three operating segments; Boozt.com, Booztlet.com and Other.

The assumptions and key ratios for allocating resources to the operating segments have been consistent over time.

For reporting by segment see note 4.

Transactions in foreign currency

Transactions in foreign currencies are translated into the functional currency at the exchange rate prevailing on the transaction date. Monetary assets and liabilities in foreign currencies are translated into the functional currency at the exchange rate prevailing at the statement of financial position date. Exchange rate differences arising on translation are recognised in net profit/loss for the year. Exchange gains and losses on operating receivables and liabilities are recognised in operating profit/loss, while gains and losses on financial assets and liabilities are reported as financial items.

Translation of foreign operations

Assets and liabilities of foreign operations, including goodwill and other Group surpluses and deficits, are translated from their functional currency to the Group's reporting currency, Swedish kronor, at the exchange rate prevailing on the statement of financial position date. Revenues and expenses of foreign operations are translated to Swedish kronor at an average rate that is an approximation of the exchange rates prevailing on the transaction dates. Translation differences arising on translation of foreign operations are recognised as comprehensive income and accumulated in a separate component in equity called translation reserve. On loss of control due to disposal of

a foreign operation, the cumulative translation differences relating to the activities are realised, whereby they are reclassified from comprehensive income to net profit/loss for the year.

Revenue recognition

Revenue is recognized in line with IFRS 15 Revenue from Contracts with Customers. Recognition is made when the control of the product passes to the customer or the service is provided in accordance with the agreement, its amount can be measured in a reliable manner and the future economic benefit will accrue to the Group. Recognized revenue is equivalent with the expected economic compensation where adjustment has been made for the performance obligations. Boozt is obliged to comply with in accordance to contractual commitments, as discount and return obligations.

Sale of goods

Boozt identify its performance obligations within sale of goods when the goods has been delivered from the BFC. All sales are made on a 30-day return. Revenue recognised is reduced with the transactional price (excl. VAT) for the items that are expected to be returned. The reduced amount are accounted for as a refund liability for returns and complaints. The refund liability is classified as accrued expenses and the goods expected to be returned is classified as inventories.

The expected return is based on sales statistics and an assessment of future complaints and returns, and occurs in the same period as the sale. In the annual accounts for 2019, 89% of the provision is based on the actual outcome of returns received in January 2020, while the remaining 11% is an estimate.

Commission Sales

When the Group sells goods or services as an agent, revenue and payments to suppliers are recognised net under net revenue and represent the margin/commission earned by the Group. The Group is liable for any value added tax on the total value of items sold to end consumers. The Group recognises actual and expected returns in the

same manner as for sale of goods. Whether the Group is considered as principal or agent in a transaction is based on an analysis of both the legal form and the content of the agreement between the Group and its business partner, these assessments affect the amount of recognised net sales and operating expenses, but not profit/loss for the year or cash flows.

Gift Cards

Upon the sale of gift cards the entire amount is recognised as a liability and is recognised as revenue when the gift card is used, or when its validity expires.

Sale of marketing services

For sale of marketing services a revenue is recognized from the brand partners that the Group sold marketing services to. The net revenue is recognised when the services is performed where the company has fulfilled its obligation to the brand partner. The services are normally invoiced in advance why the company recognizes an accrued income in the statement of financial position.

Employee benefits

Current benefits

Current employee benefits such as salary, social security contributions, holiday pay and bonus are expensed in the period when the employees provides the services.

Pensions

Boozt AB's pension obligations are covered by defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or informal obligations to pay further contributions if this legal entity does not have sufficient assets to pay all employee benefits relating to employee services in the current and prior periods. The Group has therefore no additional risk. The Group's obligations for contributions to defined contribution plans are recognised as an expense in profit/loss for the year as they are earned by the employee performing services for the Group during a period.

Compensation on termination

An expense for remuneration in connection with termination of personnel is recognised only if the company is demonstrably committed, without realistic possibility of withdrawal, by a formal detailed plan to terminate an employment before the normal dismissal time. When remuneration is paid as an offer to encourage voluntary redundancy, a cost 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.

Share-based payments

Key employees are invited to participate in long-term incentive programs in Boozt AB. At the programs end, key employees, in case the conditions of the program are met, have the right to receive options to purchase shares for a pre-determined price and receive performance shares if certain performance measures are met. The Group recognises share-based payments for options and performance shares which personnel in question may receive. A personnel cost is recognised, together with a corresponding increase in equity, distributed over the period in which the vesting conditions are met, which is the date on which the relevant employees become fully entitled to the compensation. The cumulative expense recognised at each reporting date shows the progress of the vesting period with an estimate of the number of options or performance shares that will finally become fully vested. At each statement of financial position date the Group revises its estimate of the number of options or performance shares that are expected to be vested. Any deviations from the original assessments are reported in the income statement and the corresponding adjustments are made in equity.

Social security costs attributable to share-based payments as above are expensed in the periods in which the services are provided. The liability for social security costs arising is revalued at each reporting date based on a new calculation of the fees expected to be paid when the options and performance shares are redeemed. This means that a new market valuation of the options and vested performance shares are made at each statement of financial position

date which is the basis for the calculation of the liability for social security charges.

LTI Program 2015/2025

The LTI Program 2015/2025 was issued in 2015 and constitutes of 267,500 options, whereof 203,545 are allotted to employees free of charge. 63,955 are held by the Company to cover social charges. In 2019 24,035 options have been redeemed and in total given the option holders 288,420 shares.

The LTI Program 2015/2025 was triggered when the company was listed before a given point in time. The options are subject to a vesting period as follows; 33% will vest 1 year after the listing, 33% will vest 2 years after the listing and 34% will vest 3 years after the listing. Once the options are vested, the option holders may convert a option to a common share in the Company at a predefined price (the strike price). The strike price has been calculated as 26.16833 SEK per share accruing with an interest of 8% per year effective from 30 June 2015 and gives the right to purchase 12 shares. If a participant's employment is terminated during the vesting period, the participant will be excluded from the program with regard to those options that are not vested at such time.

The LTI Program 2015/2025 is classified as share based program in the scope of IFRS 2. The program is equity settled and will be recorded as a cost in the income statement for the employees that are part of the programs. The corresponding amount as recorded in the income statement will be booked to equity.

For the LTI Program 2015/2025 the volatility is set at 35% and the annual risk free interest rate is set at -0.5%. The exercise price is calculated as the strike price in 2015 with an interest of 8% per annum until expected exercise.

In 2019 24,035 options from the LTI Program 2015/2025 has been exercised and in total given the option holders 288,420 shares at a purchase price of 35.85 per share. By end of the reporting period the outstanding number of options in LTI program 2015/2025 was 109,861 inclusive 55 unallocated. In addition, the Group had 71,604 options in own portfolio, to offset any cash flow impact of the exercise of options. Participants leaving the program increased the number of

options kept in own portfolio with 7,650 options. However, the Group has not utilized any options in own portfolio to offset the cash flow impact from social charges on options exercise.

LTI Program 2018/2021

The annual general meeting in Boozt AB (publ.) decided to implement a long-term incentive program on April 27, 2018 through directed issue of warrants to a wholly owned subsidiary and approved the transfer of warrants from the subsidiary to the Group management and key persons ("LTI Program 2018/2021"). In accordance with the terms of the LTI Program 2018/2021, the subsidiary has subscribed and transferred a total of 1,137,347 warrants to Group management and key employees.

Each warrant in the 2018/2021-program entitles the holder to subscribe for one share in the company at a subscription price of SEK 96.31, corresponding to 126 percent of the volume weighted average price according to Nasdaq Stockholm's official pricelist for shares in the company during the period from May 18, 2018 to May 24, 2018. Subscription of shares attributable to the warrants shall be able to take place from June 1, 2021 until June 14, 2021.

The transfer of warrants to the participants in LTI Program 2018/2021 has been made at a price per warrant of SEK 9.18, corresponding to the real market value of a warrant on May 31, 2018, as determined by Öhrlings Pricewaterhouse Coopers AB according to the Black Scholes formula. No IFRS 2 costs will affect the Group and no provisions will be made for social charges.

LTI Program 2019/2022

The Extraordinary Annual General Meeting on 24 June 2019 in Boozt AB (publ) resolved on a long-term incentive program by way of approval of transfer of performance shares (C shares) to group management and key employees (the "LTI Program 2019/2022"). The LTI Program 2019/2022 entitles the company's CEO, Group Management and key employees to receive shares in the company at a subscription price of SEK 0.00 if certain performance measures are met at the end of the performance period 31 December 2021. The vesting takes place 24 June 2022, where after the performance

shares can be distributed to the participants in the program. The maximum number of performance shares that can be distributed to the participants are 406,994. The LTI program 2019/2022 is classified as an IFRS 2 program, whereas the costs associated with the program will be distributed over the period from July 2019 until the end of June 2022. In addition, the Group will account for provisions for social charges during the expected lifetime of the LTI program.

By closing date December 31, the Group considers 104,074 performance shares to have been vested with the following IFRS 2 impact: For non-market vesting conditions the IFRS 2 cost is set at 61.7 SEK per performance share and for market vesting conditions the IFRS 2 cost is calculated with a Monte Carlo model setting the IFRS 2 cost to SEK 40.1 per performance share. The underlying assumptions in the Monte Carlo model are a risk free interest rate of -0.591% and a volatility of 37.7%. In addition, the Group applies probabilities to the calculation of the total amount of vested performance shares per closing date taking into consideration survival rate employees (hence performance shares), a probability of reaching the pre-determined targets for achieving a grant of performance shares in 2022 and a probability for achieving the net working capital constraints as set out in the terms and conditions of the program.

More detailed information and T&C for the LTI Programmes are available at www.booztfashion.com

Leases under IFRS 16

The Group assesses whether a contract is, or contains, a lease at the beginning of the contract. The Group recognizes a right of use asset and a corresponding lease liability for all leases in which the Group is lessee, except for short-term leases (leases with a leasing period of a maximum of 12 months) and for leases where the underlying asset is of low value (approximately SEK 50,000).

For lease contracts that meet the criteria for the relief rules, the Group recognizes leasing fees as a straight-line operating cost over the lease period, unless another systematic method of accruing the lease fee gives a more accurate picture of how the economic benefits from the underlying asset are consumed by the lessee.

The lease liability is initially valued at the present value of future lease payments that have not been paid at the commencement date of the lease, discounted with the implicit interest rate, or if this cannot be easily determined, the group's marginal loan interest rate of 1.5% on January 1, 2019. The loan interest rate is the interest rate that a lessee would have to pay for financing through loans during a corresponding period, and with similar collateral, for the right of use of an asset in a similar economic environment. For information of the impact on the lease liability due to discounted value based on the group's incremental borrowing rate of 1.5 % on the opening balance, see note 8.

Lease payments included in the valuation of lease liabilities include the following;

- Fixed fees (including in-substance fixed fees), after deduction of any benefits in connection with the signing of the lease to be obtained;
- Variable fees that depend on an index or price initially valued using the index or price at the commencement date;
- Amounts expected to be paid by the lessee under residual value guarantees;
- The exercise price for an option to buy if the lessee is reasonably sure to take advantage of such an opportunity; and
- Penalty fees that are payable upon termination of the lease agreement, if the lease period reflects that the lessee will use an opportunity to terminate the lease.

Lease liabilities are presented on a separate line in the statement of financial position.

Lease liabilities are recognized in the subsequent period by increasing the debt to reflect the effect of interest and reducing it to reflect the effect of lease payments made.

Lease liabilities are revalued with a corresponding adjustment of the right of use according to the rules found in the standard. No adjustments have been made during the current period.

The rights of use asset are initially recognized at the value of the lease liability, with the addition of lease payments made

on or before the commencement date of the lease and initial direct expenses. The right of use asset is recognized in the subsequent period at cost less depreciation and write-downs.

If the Group incurs obligations for dismantling of a leased asset, restoration of land or restoration and renovation of access to condition agreed in a contract, a provision for such obligations is reported in accordance with IAS 37.

Right of use assets are depreciated over the estimated useful life or, if shorter, over the agreed lease term. If a lease transfers ownership at the end of the lease period or if the acquisition value includes a probable exercise of a call option, the right of use is depreciated over the useful life. Depreciation begins on the commencement date of the lease.

Right of use assets are presented on a separate line in the report on financial position with specification in note 8.

The Group applies the principles in IAS 36 for impairment of rights to use assets and reports this in the same way as described in the principles for impairment of non-financial assets.

Variable lease payments that do not depend on an index or price are not included in the valuation of lease liabilities and right of use assets. Such lease payments are recognized as an expense in operating profit in the period in which they arise.

Financial income and costs

Financial income comprise of exchange gains from derivate contracts measured at fair value via the income statement.

Financial costs consists of exchange losses from derivate contracts measured at fair value via income statement, interest on loans and costs for revolving credit facilities. Since the IFRS 16 implementation in 2019 interest expenses for leases are recognised as financial costs.

Income taxes

Reported tax comprises current tax and deferred tax. Income tax is recognised in profit or loss unless the underlying transaction is recognised in other comprehensive income or in equity, whereby the associated tax effect is recognised

in other comprehensive income or in equity.

Current tax is tax to be paid or received for the current year, using tax rates enacted or substantially enacted at the statement of financial position date. Current tax also includes adjustments of current tax attributable to previous periods. Deferred tax is recognised in full, using the statement of financial position method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Temporary differences attributable to participations in subsidiaries and associated companies that are not expected to be reversed in the foreseeable future are not considered.

The valuation of deferred tax is based on how underlying assets or liabilities are expected to be realised or settled. Deferred tax is calculated by applying the tax rates and tax rules enacted or announced at the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax assets for deductible temporary differences and tax losses carried forward are only recognised to the extent that it is probable that they can be utilised. The value of deferred tax assets is reduced when it is no longer considered probable that they can be utilised.

Intangible assets

Web platform

Development expenditure for new or improved processes within the Group's web platform designed for e-commerce is recognised as an asset in the statement of financial position if the process is technically and commercially feasible and the Group has sufficient resources to complete the process. Capitalised expenses relates to software and software platform. Resources to capitalised proprietary software such as Fastlane, Propilot, Partner Portal, CSEye and Finance is allocated via an allocation formula based on the number of code lines produced by the Group's developers.

Amortization principles

Amortization is recognised in profit/loss of the year on a straight-line basis over the depreciable intangible assets'

estimated useful lives.

The estimated useful lives are;

- Web platform 5 years

The useful lives are reviewed at least annually.

Goodwill

Goodwill is measured at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and tested at least once a year for potential impairment as no goodwill amortization is made. Goodwill represents the difference between the acquisition value and the fair value of acquired assets, assumed liabilities and possible liabilities. Goodwill in foreign currency is recalculated on each reporting date.

Tangible assets

Tangible assets are recognised at acquisition cost less accumulated depreciation and any impairment losses. The cost includes the purchase price and expenses directly attributable to the asset to bring it in place and in condition to be used in accordance with the purpose of the acquisition. The carrying amount of an asset is derecognised from the statement of financial position on disposal or sale or when no future economic benefits are expected from the use or disposal/ sale of the asset.

Gain or loss arising on the disposal or disposal of an asset is the difference between the sale price and the asset's carrying amount less direct selling expenses. Gains and losses are recognised as other operating income/ expenses.

Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that future economic benefits associated with the asset will flow to the Group and the acquisition cost can be measured in a reliable way. All other subsequent expenditure is expensed in the period they occur. Repairs are expensed continuously.

Depreciation principles

Depreciation is made on a straight-line basis over the asset's estimated useful life.

The estimated useful lives are;

- Equipment, tools, fixtures and fittings: 5 years
- Computers: 3 years
- Aluminium grids and boxes in automated storage system, Autostore: 10 years

The depreciation period for aluminium grids and boxes in the Group's automated storage system, Autostore, was changed from 1 January 2019.

Depreciation methods, residual values and useful lives are reassessed at each year-end.

Impairment of non-financial assets

Assets that are depreciated are assessed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less selling expenses and value in use. When assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). When impairment has been identified for a cash-generating unit (group of units) the impairment loss is primarily allocated to goodwill. Thereafter, a proportional impairment of other assets in the unit (group of units) is made. The previously recognised impairment loss is reversed if the recoverable amount is estimated to exceed the carrying value. However, reversal must only be made with an amount so that the carrying value amounts to what it would have been if the impairment had not been recognised in previous periods. Impairment of goodwill is never reversed though.

Financial instruments

A financial asset or financial liability is recognised in the statement of financial position when the Group becomes a party to the instrument's contractual terms. Financial instruments include cash and cash equivalent, deposit, accounts receivable, interest bearing receivable, accounts payable, derivative and borrowing.

Account receivables are recognised when invoices are sent to the customer. Since a receivable relating to consumer transactions are transferred to a credit institution at the time of the customers' transaction, no account receivable is recognized. Instead the receivable is classified as other receivable until the credit institution makes the payment. When a consumer use invoice as payment method, instead of direct debit, the Group sell the receivable to a financial institute. The transactional cost for the selling of the accounts receivable is recognised as an external operating cost. Liabilities are recognised when the counterparty has performed, and there is a contractual obligation to pay, even if an invoice not yet has been received. Account payables are recognised when invoices are received.

A financial asset is derecognised in the statement of financial position when the contractual rights are realised, expire or the Group loses control over them. The same applies to part of a financial asset. A financial liability is derecognised in the statement of financial position when the obligation in the agreement is fulfilled or otherwise settled. The same applies to part of a financial liability. Financial assets and financial liabilities are offset and the net amount is recognised in the statement of financial position only when there is a legal right to offset the amounts and there is an intention to settle the items on a net basis or to realise the asset and at the same time settle the liability. Purchases and sales of financial assets are recognised on the trade date. Trade date is the day when the company commits to acquire or sell the asset.

Classification and valuation of financial instruments

Financial instruments are initially recognised at acquisition cost, corresponding to fair value of the instrument plus transaction costs for all financial instruments except for those classified as financial assets/liabilities recognised via income statement, which are recognised at fair value excluding transaction costs. A financial instrument is classified on initial recognition among others based on the Group's business model and purpose for which it was acquired and its contractual cash flow. The classification determines how the financial instrument is valued after the initial recognition.

Financial instruments are classified based on the following categories:

- Financial assets or liabilities valued at amortised cost
- Financial assets or liabilities measured at fair value through other comprehensive income
- Financial assets or liabilities measured at fair value through profit or loss.

Financial instruments valued at amortised cost

The Group valued financial instruments at amortised cost in the following categories;

- Loan receivables and accounts receivables
- Other financial liabilities
- Cash and cash equivalents

Loan receivables and accounts receivables

Loan receivables and accounts receivables are financial assets that are not derivatives, that have fixed or determinable payments and that are not listed in an active market. These assets are valued at accrued acquisition cost. Accrued acquisition cost is determined using the effective interest rate calculated at the acquisition date. Receivables are recognised at the amount expected to be received i.e. after deductions for bad debts.

Cash and cash equivalents

Cash and cash equivalents consist of cash deposited through banks and similar financial institutions. It may occur that parts are restricted. See note 20.

Other financial liabilities

Loans and other financial liabilities such as accounts payables are included in this category. Amortised cost refers to the amount at which liability measured is initially recognised net of amortisation and impairment losses as well as additions for the accrual of the initial amount and the maturity amount at amortised cost. Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial assets or liabilities measured at fair value via income statement

Financial assets and liabilities measured at fair value consists of derivatives and liabilities for purchase consideration.

During 2019 the Group has measure a purchase consideration derived from the acquisition of Touchlogic ApS at fair value via income statement, see note 17 and note 28. No derivatives have been held during 2019.

The group has no financial instrument measured at fair value through other comprehensive income.

Provision for credit losses

A provision for expected credit loss is recognised for all financial assets other than financial asset measured at fair value via income statement. At each reporting date a provision corresponding to expected credit losses for the remaining maturity period of the asset is recognised which reduce the value of the asset.

The expected credit loss is based on estimates build upon the Group's knowledge and historical information about similar asset or counterparties together with potential future events and changes in the economic cycle. The assessments are done on both collectively and individually basis. The underlying criterias and assumptions are evaluated on continuously basis to reflect the current situation.

Financial assets are together with coherent credit loss provisions derecognised from the statement of financial position when there aren't any expectations of future recovery, remaining collateral or all right to collections has been settled.

For more information of the Group's financial instruments, see note 19-24 and note 28.

Inventories

Inventories are valued at the lower of acquisition cost and net realisable value. Acquisition cost is calculated under the so-called first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their present location and condition. Net realisable value is defined as the selling price less selling expenses.

Inventories are exposed to obsolescence. Factors that affect the risk of obsolescence includes among others the risk that returned goods are unsaleable and risk of redundancy.

Contingent liabilities

A contingent liability is recognised when there is a possible obligation that arises from past events and whose existence is confirmed only by one or more uncertain future events or when there is one or several commitments that are not recognised as a liability or provision because it is not probable that an outflow of resources will be required.

Estimates and assumptions

Preparation of the financial reports in accordance with IFRS requires management to make assessments and estimates and assumptions that affect application of the accounting policies and the recognised amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and assumptions are continually evaluated. Changes in estimates are recognised in the period the change is made if the change only affected that period or in the period the change is made and in future periods if the change affects both current and future periods.

Leasing

When reporting leases under IFRS 16 estimations and judgements are made in the terms of the possibility and coherent probability to exercising extending options, termination of contracts, estimated useful life of a lease that is extended on an ongoing basis if neither party actively terminates the lease and actual expected useful life of the lease asset.

Boozt has estimate the useful life of a lease in line with the underlying contract. The largest lease contract, which constitute approximately 70 % of the value of the group's leases is the premises for the fulfillment centre in Ängelholm which runs for 13 years.

Reservation of returns

The estimate on expected returns is based on historical

information on the return percentage on sales. Estimations are monitored and deviations are investigated monthly. As of the closing date, the provision for expected returns amounts to SEK 142.9 million classified as Accrued expenses and prepaid income and a receivable of SEK 85.4 million classified as inventory. The estimated portion of the reservation amounts to 11% of the total amount.

Deferred tax

For the Group, deferred tax assets are fully attributable to losses carried forward. The deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the accumulated deficits can be utilised. The Group's losses carried forward are attributable to Sweden, where losses carried forward are not time limited. It is the Group's assessment that the coming years will generate taxable income to the extent that the losses carried forward can be utilised.

Inventories

Inventories are recognised at the lower of acquisition cost and net realisable value. When calculating the net realisable value, an assumption is made of outgoing items, surplus items, damaged goods and the estimated sales value based on available information.

Share based payments

For LTI Program 2015/2025, a probability assessment of the proportion of option holders expected to fulfil the terms and conditions that gives them a right to exercise the issued options is performed at each reporting date. For LTI Program 2019/2022 a probability assessment of reaching the pre-defined targets and fulfil the terms and condition for achieving a grant of performance share is performed at each reporting date. The assessments are thereby a factor in the calculation of the liability (social charges) for share based payments to employees for the period.

Legal proceedings

In accordance with IFRS, a liability is recognised when there is an obligation as a result of an event and it is probable that an outflow of resources will be required

to settle the obligation and a reliable estimate of the amount can be made. A regular review is made of the outstanding legal cases. An assessment is then made of the need for provisions in the financial reports. The Group companies are only involved in minor disputes that are directly attributable to the business. Appropriate provisions are made when the assessment resulted in a risk. As per December 31, 2019 no liabilities related to legal proceedings are accounted for.

NOTE 2 - ACCOUNTING STANDARDS THAT THE GROUP WILL ADOPT AS FROM JANUARY 1, 2020

New and revised standards and interpretations that will enter into force for financial years beginning after January 1, 2020 are not considered to have a significant impact on the Group's financial reporting and Boozt has not applied these in the financial statement 2019.

NOTE 3 - NET REVENUE PER REGION AND BREAKDOWN OF REVENUE

SEK million	2019	2018
Sweden	1,178.9	987.8
Denmark	1,166.7	991.8
Norway	515.6	417.9
Finland	297.5	221.8
Rest of Europe	266.2	164.7
TOTAL	3,424.9	2,784.0

	2019	2018
Sale of goods	3,329.7	2,705.5
Commission sales	49.2	40.2
Other services	45.9	38.3
TOTAL	3,424.9	2,784.0

Of the Group's sale of goods, approximately 99.2 % (99.3) are through the online stores Boozt.com and Booztlet.com. The remaining sale of goods are through the company's physical outlet- and beauty stores.

Commission sales consist of commission service fee when Boozt act as an agent for the business partner who's goods are sold on the online stores Boozt.com and Booztlet.com.

Other services is revenue not directly linked to the product such as marketing income from Boozt Media Partnership, freight income and breakage from gift cards.

NOTE 4 - SEGMENT REPORTING

SEK million	2019	2018
Boozt.com - Net revenue		
Sweden	1,079.2	942.1
Denmark	1,031.7	919.8
Norway	513.7	417.9
Finland	279.2	214.9
Rest of Europe	246.9	164.3
TOTAL NET REVENUE	3,150.7	2,659.1
Booztlet.com - Net revenue		
Sweden	99.7	45.7
Denmark	107.4	53.0
Norway	1.9	-
Finland	18.3	6.9
Rest of Europe	19.3	0.3
TOTAL NET REVENUE	246.5	105.9
Other - Net revenue		
Sweden	-	-
Denmark	27.7	19.0
Norway	-	-
Finland	-	-
Rest of Europe	-	-
TOTAL NET REVENUE	27.7	19.0
EBIT		
Boozt.com	86.6	76.2
Booztlet.com	25.6	12.1
Other	-20.5	-20.2
TOTAL OPERATING PROFIT/LOSS	91.8	68.1
OPERATING PROFIT/LOSS BEFORE TAX		
Boozt.com	76.9	70.0
Booztlet.com	24.9	11.9
Other	-20.5	-20.2
TOTAL OPERATING PROFIT/LOSS BEFORE TAX	81.3	61.6

The Group reports operating segments in accordance with IFRS 8. The Group's operations are divided into three segments which constitute 100% of the revenue generated.

Operations in the Group are divided into three operating segments, Boozt.com, Booztlet.com and Other. The Boozt.com segment includes operations related to the Boozt.com site and the parent company Boozt AB. Segment Booztlet.com includes operations on the Booztlet.com site, which is the Group's online outlet. The segment Other includes the Group's physical retail outlet; Booztlet and the beauty store Beauty by Boozt.

The Group reports net revenue, EBIT and operating profit/loss before tax for each of the operating segments. No information on assets and liabilities attributable to segments are reported to the highest operating decision maker.

NOTE 5 - OTHER OPERATING COSTS

SEK million	2019	2018
Other operating costs		
Currency exchange rate differences	-2.0	-4.1
TOTAL	-2.0	-4.1

NOTE 6 - EXTERNAL COSTS

SEK million	2019	2018
External costs are constituted by:		
Fulfilment and distribution costs	-469.5	-383.1
Marketing costs	-342.6	-339.5
Other external costs	-123.6	-112.1
TOTAL EXTERNAL COSTS	-935.7	-834.7

NOTE 7 - AUDIT FEES

SEK million	2019	2018
EY		
Auditing assignments	-	-0.3
Tax advice	-	-
Other services	-	-
Deloitte		
Auditing assignments	-1.1	-0.9
Tax advice	-	-
Other services	-0.1	-
TOTAL	-1.2	-1.2
Other		
Auditing assignments	-0.3	-0.4
Tax advice	-	-
Other services	-	-
TOTAL	-0.3	-0.4

Auditing assignments include auditing of the group's annual accounts and bookkeeping, as well as administration for the Board of Directors and the CEO, other duties undertaken by the Group's accountants, and advice or other assistance arising from observations during such auditing or implementation of similar tasks. Other services include advice in accountancy related fields such as accounting, due diligence etc.

NOTE 8 - LEASING AGREEMENTS

IFRS 16 Leasing replaced IAS 17 as of January 1, 2019. The transition method that the Group has elected to apply for application of IFRS 16 entails that comparative information has not been restated to reflect the new standard. For more information of the IFRS 16 implementation, see note 1.

IFRS 16 Effects 2019

The financial lease contracts that have the greatest impact are leasing contracts relating to the premises for the fulfilment centre in Ängelholm (approximately 70% of the Group's lease liability), the headquarter in Hyllie and the physical retail stores. In addition, the Group has identified smaller lease agreements with cars, trucks and minor machines which also are accounted under IFRS 16. The following table describes the difference between the Group's operating leases recognized in accordance with IAS17 and the accounting of leases in accordance with IFRS 16.

	Total
COMMITMENT FOR OPERATING LEASES AT 31 DECEMBER 2018	514.5
Impact due to discounted value base on average incremental borrowing rate at 1.5 %	-49.0
Contracts pertaining to short-term leases that are expensed	-0.2
Leasing agreements in accordance with IFRS 16	1.5
OPENING BALANCE AT 1 JANUARY 2019	466.9

Amounts reported in the Statement of financial position

	Property	Office- and store-premises	Vehicles	Total
Right of use assets				
Opening balance	313.7	150.6	2.7	466.9
Acquisitions	-	-	2.1	2.1
Depreciations	-23.7	-22.5	-1.3	-47.5
Closing balance	290.0	128.0	3.4	421.4

LEASE LIABILITY

	31-12-2019
Short-term liability	44.8
Long-term liability	382.5
TOTAL	427.3

Amount reported in the Statement of profit or loss and other comprehensive income

	2019
Depreciation of right of use asset	-47.5
Interest on lease liabilities	-6.7
Variable lease payments not included in the the lease liability	-1.4
Costs for short-term leasing	-2.3
Cost of lease contracts of lower value	-0.2
TOTAL	-58.0

As of December 31, 2019 the group has short-term lease obligations of 0.8 million. For operational leasing costs in 2018, see Annual Report 2018 note 8

Amount reported in the cash flow statement

	2019
Total cash flow attributable to leases	-52.0

Future lease payments

Existing lease contracts vary in length from 1 to 13 years. There are no material subleases, no material contingent rents, no renewal or purchase options nor any restrictions imposed by leasing agreements. Future payments, including interest for non-cancellable lease amount to SEK -463.8 million (-527.0) and are broken down as follows:

	31-12-2019
Within 3 months	12.6
Between 3-12 months	38.2
Between 2 and 5 years	183.7
Between 5 and 9 years	142.8
Longer than 9 years	86.5
TOTAL	463.8

Future lease payments longer than nine years relate to the Group's fulfillment centre in Ängelholm.

Future lease agreements

The Group has signed an agreement to extend its current fulfillment centre as of Q4 2020. The agreement will have substantial IFRS 16 impact when the facility is handed over to the Group and the expected commence date will be in Q4 2020. The expected IFRS 16 impact is approximately between 135-145 million in right of- use assets and lease liabilities as the agreement length is set to 12 years.

NOTE 9 - EMPLOYEES AND PERSONNEL COSTS

Average number of employees	2019		2018	
	Average number of employees	Men	Average number of employees	Men
Sweden	292	101	221	78
Denmark	45	17	29	11
GROUP	337	118	250	89
GENDER BALANCE AMONG SENIOR EXECUTIVES				
Board members	6	5	8	6
CEO and other senior executives	7	6	7	7
GROUP	13	11	15	13

Salaries, other remuneration and social costs

SEK million	2019	2018
COSTS FOR EMPLOYEE REMUNERATION		
Salaries and remuneration	-167.0	-151.3
Social costs	-50.8	-29.3
Pension costs	-9.4	-5.1
	-227.2	-185.7
SENIOR EXECUTIVES		
Hermann Haraldsson (Group CEO):		
Salaries and remuneration	-7.0	-10.3
- hereof bonuses	-0.7	-0.6
- hereof share based payments	-1.0	-4.8
Social costs	-2.2	-3.2
	-9.2	-13.6
Other senior executives:		
Salaries and remuneration	-23.6	-36.2
- hereof bonuses	-2.5	-2.8
- hereof share based payments	-5.2	-19.3
Social costs	-7.4	-11.4
TOTAL	-31.0	-47.6

Senior executives include the Board of Directors, the Group CEO, and other senior executives. The other senior executives includes the Group CFO, Group CCO, Group CTO, Group CPO, Group CHRO and Head of Investor Relations, whom together with the Group CEO constitutes the management team of the Group.

Decision processes for remuneration

Remuneration and terms for the Group CEO are decided by the Board of Directors. Remuneration of other senior executives is decided by the Group CEO, in some cases after consultation with the Chairman of the Board. The Chairman of the Board and members of the Board of Directors receive a fixed fee as well as board meeting remunerations in accordance with the Annual General Meeting's decision. For more information on remuneration to senior executives and the Board of Directors, see the Corporate Governance Report, page 89.

Remuneration and conditions for senior executives

Remuneration to the Group CEO and other senior executives consists of basic salary, variable remuneration and other benefits such as a company car. Other senior executives include the seven other C-level managers who together with the Group CEO comprise the Group Management. Variable remunerations refers to bonus that is paid out depending on the performance according to pre-established goals. The Group CEO has a notice period of 6 months plus 12 months' severance payment if the termination is decided by the Group. If the Group CEO chooses to terminate his employment, the notice period is the same. No pension benefits are paid to the Group CEO and senior executives.

As per closing day the Group CEO has been allotted 24,000 options for the LTI Program 2015/2025, 172,347 warrants for the LTI Program 2018/2021 and 51,366 performance shares for the LTI Program 2019/2022. The other senior executives have been allotted 78,258 options for the program 2015/2025, 347,000 warrants for the LTI Program 2018/2021 and 152,110 performance shares for the LTI Program 2019/2022.

Directors' fees

The 2019 Annual General meeting approved the director's fees to the board members for a total amount of 2.6 million, whereof 0.7 million to the chairman and SEK 1.9 million to the other board members. In the total amount

to the board members SEK 0.4 million is assigned to the audit committee and SEK 0.2 million is assigned to the remuneration committee.

Name	Directors' fee(SEK)
Henrik Theilbjørn	740,000
Kent Stevens Larsen	450,000
Jón Björnsson	375,000
Cecilia Lannebo	400,000
Bjørn Folmer Kroghsbo	300,000
Luca Martines	340,000
TOTAL	2,605,000

Long-term incentive programs in Boozt AB

Boozt AB had three active Long-term incentive programs with individual terms and conditions (LTI Program 2015/2025, LTI Program 2018/2021 and LTI Program 2019/2022). The programs are directed to staff identified as key employees. The Group CEO is included among these.

LTI Program 2015/2025

The Group issued a stock option program for employees identified as key personnel in the Group. The Group CEO is included in this group. A total of 267,500 options have been issued within the program. Out of these options, 63,955 have been issued to a fully owned subsidiary with purpose to counteract cash flow implications related to the social charges that the company will be liable to pay at the redemption date. Each option gives a right to purchase 12 shares.

The vesting of options was triggered in conjunction with the listing of the Company's shares, whereby 33% of the options are vested from the issuing date up until 12 months occurring after the first day of trading of the Company's shares on Nasdaq OMX Stockholm, meaning May 31, 2018. 33% of the options are vested on the date occurring 24 months after the first day of trading of company's shares, meaning May 31, 2019, and the remaining 34% of the options are vested on the date occurring 36 months

after the first day of trading of the company's shares, meaning May 31, 2020. If a participant's employment is terminated during the vesting period, the participant will be excluded from the program with regard to those options that are not vested at such time. The LTI program 2015/2025 is classified as an IFRS 2 program, whereas the costs associated with the program will be distributed over the period vesting period. In addition, the Group will account for provisions for social charges during the expected lifetime of the LTI program.

In 2019, management and key employees utilised their vested rights to buy shares in Boozt AB at a predetermined price set out in the terms and conditions of the LTI Program 2015/2025. The number of options exercised were 24,035 with the right to purchase 12 shares per options, which totalled 288,420 new shares. The exercise price was set at 35,85 SEK, and the proceeds to the Group from the sale of shares was SEK 10.3 million.

In 2018 a total of 62,000 options were exercised and as a result 744,000 new shares were issued. The exercise price was set at 33.19 SEK, and the proceeds to the Group from the sale of shares was SEK 24.7 million.

The outstanding number of options are 109,861 inclusive 55 unallocated. In addition, the Group has 71,604 options in own portfolio, to offset any cash flow impact of the exercise of options. Participants leaving the program increased the number of options kept in own portfolio with 7,650 options. However, the Group has not utilised any options in own portfolio to offset the cash flow impact from social charges on options exercise.

LTI Program 2018/2021

The annual general meeting in Boozt AB (publ.) decided to implement a long-term incentive program on April 27, 2018 through directed issue of warrants to a wholly owned subsidiary and approved the transfer of warrants from the subsidiary to the Group management and key persons ("LTI Program 2018/2021"). In accordance with the terms of the LTI Program 2018/2021, the subsidiary has

subscribed and transferred a total of 1,137,347 warrants to Group management and key employees.

Each warrant in the 2018/2021-program entitles the holder to subscribe for one share in the company at a subscription price of SEK 96.31, corresponding to 126 percent of the volume weighted average price according to Nasdaq Stockholm's official pricelist for shares in the company during the period from May 18, 2018 to May 24, 2018. Subscription of shares attributable to the warrants shall be able to take place from June 1, 2021 until June 14, 2021.

The transfer of warrants to the participants in LTI Program 2018/2021 has been made at a price per warrant of SEK 9.18, corresponding to the real market value of a warrant on May 31, 2018, as determined by Öhrlings Pricewaterhouse Coopers AB according to the Black Scholes formula. No IFRS 2 costs will affect the Group and no provisions will be made for social charges

LTI Program 2019/2022

The Extraordinary Annual General Meeting on 24 June 2019 in Boozt AB (publ) resolved on a long-term incentive program by way of approval of transfer of performance shares to group management and key employees (the "LTI Program 2019/2022"). The LTI Program 2019/2022 entitles the company's CEO, Group Management and key employees to receive shares in the company at a subscription price of SEK 0.00 if certain performance measures are met at the end of the performance period 31 December 2021. The terms and conditions of the program also contains a net working capital constraint.

The vesting takes place 24 June 2022, where after the performance shares can be distributed to the participants in the program. The maximum number of performance shares that can be distributed to the participants are 406,994. The LTI program 2019/2022 is classified as an IFRS 2 program, whereas the costs associated with the program will be distributed over the period from July 2019 until the end of June 2022. In addition, the Group will account for provisions for social charges during the expected lifetime of the LTI program.

By closing date December 31, the Group considers 104,074 performance shares to have been vested.

For more information about the underlying assumptions in the programs, see note 1 accounting principles.

More detailed information and T&C for the LTI Programmes are available at www.booztfashion.com.

NOTE 10 - DEPRECIATIONS AND IMPAIRMENT LOSSES OF TANGIBLE AND INTANGIBLE ASSETS

SEK million	2019	2018
Web platform	-14.8	-8.4
Equipment	-43.9	-40.7
Right of use asset	-47.5	-
TOTAL	-106.2	-49.1

NOTE 11 - NET INTEREST EXPENSE

SEK million	2019	2018
FINANCIAL INCOME		
Interests	0.0	0.0
Derivatives	0.0	4.4
	0.0	4.4
FINANCIAL EXPENSES		
Interests	-3.7	-2.4
Lease interests	-6.7	0.0
Derivatives	-	-8.5
TOTAL	-10.5	-10.8

For further information about the Group's derivatives, see note 21 and 28.

NOTE 12 - TAXES

SEK million	2019	%	2018	%
CURRENT TAX				
Tax on profit for the year	-		-	
DEFERRED TAX				
Change in deferred tax related to tax losses carried forward	-26.5		-19.0	
	-26.5		-19.0	
RECONCILIATION OF REPORTED TAX				
Profit/loss before tax	81.3		61.6	
Tax in accordance with current tax rates for parent company	-17.4	21.4%	-13.6	22.0%
Non-deductible expenses	-2.1	2.6%	-0.6	0.9%
Recalculation according to new Swedish tax rate	0.0	0.0%	-2.0	3.3%
Capitalised tax assets related to earlier years losses in dormant Swedish subsidiaries	-	-	1.6	-2.7%
Not recognised tax asset related to tax losses carried forward	-5.2	6.4%	-4.5	7.4%
Utilisation of tax losses carryforward in Danish subsidiaries where no recognition of deferred tax previously has been made	0.7	-0.9%	0.0	0.0%
Temporary difference between IFRS 16 lease liability and right of use assets	-1.3	1.6%	0.0	0.0%
Adjustment of deferred tax pertaining to previous years	-1.2	1.5%	0.0	0.0%
TOTAL	-26.5	32.6%	-19.0	30.9%

The group has no tax items accounted in other comprehensive income or directly in equity.

A deferred tax asset is accounted for only if the probability that the Group will use the deferred tax asset is highly probable. Deferred tax assets for tax losses carried forward are reported to the extent that it is likely that they will be able to be used. Currently the Group has only recognised deferred tax on tax losses carryforward for Swedish subsidiaries.

The Group expects to utilise the deferred tax assets recognised within the coming 1-2 years. There is no time limitation for the deferred tax asset relating to tax losses carried forward.

The Group's losses carried forward amounts to SEK 261.9 million (365.0) at year end, wherof deferred tax has been recognised on SEK 219.1 million (337.4).

Reported deferred tax assets

SEK million	31-12-2019	31-12-2018
DEFERRED TAX ASSETS		
Deferred tax related to tax losses carried forward	46.9	73.4
TOTAL	46.9	73.4

Specification of changes in deferred tax assets:

SEK million	2019	2018
Recognised deferred tax asset relating to tax losses carried forward, opening balance	73.4	92.5
Deferred tax asset incurred during the year	-25.3	-19.0
Adjustment of deferred tax pertaining to previous years	-1.2	-
TOTAL DEFERRED TAX ASSET	46.9	73.4

NOTE 13 - EARNINGS PER SHARE

SEK million	2019	2018
Profit for the year	54,787,528	42,594,364
Average number of shares issued at end of period	57,188,319	56,609,534
Earning per share before dilution	0.96	0.75
Profit for the year	54,787,528	42,594,364
Average number of shares issued at end of period after dilution	57,815,000	57,624,505
Earning per share after dilution	0.95	0.74

Earnings per share is calculated by dividing the profit/loss for the period with the weighted average number of shares outstanding during the period. With respect to the longterm incentive programs issued by the company which is described in note 9, there is a potential future dilution effect of the company's issued shares given that certain criteria are met.

NOTE 14 - GOODWILL

SEK million	31-12-2019	31-12-2018
GOODWILL		
Accumulated acquisition values, opening balance	-	-
Acquisitions	10.1	-
Translation difference	-0.3	-
ACQUISITION VALUES, CLOSING BALANCE	9.8	-
Accumulated amortisation according to plan, opening balance	-	-
Amortisation for the year	-	-
Translation difference	-	-
ACCUMULATED AMORTISATION ACCORDING TO PLAN, CLOSING BALANCE	-	-
NET CARRYING VALUE AT END OF YEAR	9.8	-

The Group's goodwill is related to the acquisition of Touchlogic ApS in October 2019.

The acquisition was made in order to gain the technical competence of the developers and strengthen Boozt's competence within the interface that meets customer (frontend) in apps and on mobile websites. Since the acquisition, Touchlogic has been transformed into Boozt Innovation lab, a separate unit that only works with internal development projects to meet customers and partners' increased expectations and to improve internal workflows. Hence, Boozt Innovation Lab has no external revenue and the technology and development created are used at the Group's websites Boozt.com and Booztlet.com, why Boozt Innovation Lab is an important part of the Group's future development and in order to achieve the financial targets stated in the director's report on pages 112-113. At the reporting date, no indication of impairment of goodwill has been identified.

For information regarding the acquisition, see note 17.

NOTE 15 - WEB PLATFORM

SEK million	31-12-2019	31-12-2018
WEB PLATFORM		
Accumulated acquisition values, opening balance	82.9	53.6
Acquisitions	39.8	29.3
ACQUISITION VALUES, CLOSING BALANCE	122.7	82.9
Accumulated amortisation according to plan, opening balance	-42.5	-34.1
Amortisation for the year	-14.8	-8.4
ACCUMULATED AMORTISATION ACCORDING TO PLAN, CLOSING BALANCE	-57.3	-42.5
NET CARRYING VALUE AT END OF YEAR	65.4	40.4

NOTE 16 - TANGIBLE FIXED ASSETS

SEK million	31-12-2019	31-12-2018
EQUIPMENT, TOOLS AND INSTALLATIONS		
Accumulated acquisition values, opening balance	252.9	191.1
Acquisitions	127.6	61.8
ACQUISITION VALUES, CLOSING BALANCE	380.5	252.9
Accumulated amortisation, opening balance	-76.7	-36.0
Amortisations for the year	-43.9	-40.7
ACCUMULATED AMORTISATIONS, CLOSING BALANCE	-120.7	-76.7
NET CARRYING VALUE AT END OF YEAR	259.8	176.2

NOTE 17 - ACQUISITIONS OF OPERATIONS

In October 2019, all shares were acquired in Touchlogic ApS. Touchlogic is an app and mobile web development company based out of Copenhagen, Denmark with 11 developers. Touchlogic will strengthen current front-end capabilities regarding app and mobile web and enable an acceleration of the development as well as foster further innovation regarding app usability and functionality. The offices of Touchlogic now serves as the home of the new Boozt Innovation Lab, which will be separated from the daily operations. The focus is on developing innovative tools and applications to stay in the forefront of meeting the increasing expectations from customers and partners as well as improving the internal workflows.

The total purchase price consideration preliminary amounted to SEK 10.2 million, whereof SEK 4.1 million were paid in cash at the takeover and 6.1 million in earn-outs that will be paid over a three-year period. SEK 2.3 million of the earn-out is conditional, which may be triggered based on performance targets within the area of technical development and technical competence and its fair value is based on an assessment of the likelihood to achieve the performance targets. As of December 31, 2019 the propability of reach the performance targets is estimated to occur, why 100 % of the conditional purchase price has been recognised as a liability.

Acquisition-related expenses amounted to SEK 0.1 million and were recognised as other operating expenses in profit for the year for 2019.

From the acquisition date until 31 December 2019, the acquired operations contributed SEK 0.0 million to consolidated net sales and SEK -0.7 million to consolidated net profit. If the acquisition had occurred on 1 January 2019, estimated cotribution to the consolidated net sales for the period January–December 2019 would have been SEK 0.0 million and net profit of SEK -2.8 million.

Effects of acquisitions 2019

SEK million	Fair value
THE ACQUIRED COMPANY'S NET ASSETS ON THE ACQUISITION DATE:	
Intangible assets	–
Tangible assets	0.1
Financial assets	0.2
Accounts receivables and other receivables	3.1
Cash and cash equivalents	0.2
Accounts payables and other current liabilitie	-3.5
TOTAL IDENTIFIED NET ASSETS	0.1
Consolidated Goodwill	10.1
Purchase price	10.2

The value of acquired intangible asset of SEK 10.1 million (DKK 7.0 million) is preliminary.

The goodwill value contains the value of the developers technical knowlededge. The goodwill recognised is not expected to be tax deductible. The fair value of accounts receivable amounted to SEK 3.1 million (DKK 2.2 million) and was, in its entirety, fully settled at the end of the period.

Transferred consideration

SEK million	2019
Cash on transfer of control	4.1
Purchase consideration recognised as liability	3.8
Conditional purchase consideration recognised as liability	2.3
TOTAL	10.2

Effect on cash flow

SEK million	2019
Purchase consideration paid	-4.1
Cash and cash equivalent in aquired operations	0.2
TOTAL CASH FLOW EFFECT	-3.9

NOTE 18 - INVENTORIES

SEK million	31-12-2019	31-12-2018
Inventories - goods for resale	954.9	905.3
Expected returns	85.4	76.8
Packing materials	3.5	2.8
TOTAL	1,043.8	984.9

During the year, inventory items were written down, with a value of SEK 39,9 million (31,3). This amount is entirely accounted for in the income statement as Goods for resale and is related to inventory items written down in accordance with principle for write-downs described in note 1. Impaired goods are not discarded immediately.

NOTE 19 - ACCOUNT RECEIVABLES

SEK million	31-12-2019	31-12-2018
Accounts receivables	59.6	27.5
Provision for bad debt	-9.1	-0.9
TOTAL	50.5	26.6

Boozt account for a bad debt provision when a credit loss is expected or where an individual assessment indicates a loss, where uncollectible receivables are fully written off.

Account receivables consist of unpaid invoices from B2B marketing sales to the Group's brand partners, which the Group regularly conduct inventory purchase from. Sales to consumer account for 98.7 % of the Group's total net revenue. At the time of a consumer transaction, the Group receive the payment immediately or the transaction is transferred to the payment provider, to whom the Group recognise an "other receivable" towards until the payment is collected. In general the payment is collected within 1-3 days. If the consumer choose to use invoice as payment option, the Group transfer the the receivable to a credit institution whom carry the credit risk. Transaction costs for the transfer are reported as external costs.

The current provision for bad debt constitute of individual anticipated allowances, where one supplier represent SEK 7.7 million of the total provision. The risk is mitigated as Boozt held account payables to the debited brand partners, thus the expected credit loss is deemed to be insignificant. Adjusted for the bad debt of SEK 7.7 million, the credit losses for the year amounts to 0.5 (0.3).

There is no collateral or bank guarantees for the Group's accounts receivables. Accounts receivables are not pledged.

For more information on accounts receivables, see note 28.

NOTE 20 - PREPAID EXPENSES AND ACCRUED INCOME

SEK million	31-12-2019	31-12-2018
Prepaid inventories	0.8	2.1
Prepaid marketing expenses	11.7	9.6
Prepaid rental charges	3.6	1.9
Prepaid fulfillment costs	7.2	7.0
Accrued inventory discounts	16.7	4.8
Prepaid leasing fees	-	0.2
Prepaid customs	53.9	10.9
Other prepaid expenses	36.8	3.6
TOTAL	130.8	40.1

NOTE 21 - DERIVATIVES

SEK million	2019	2018
FINANCIAL INCOME AND EXPENSES		
Financial income - Derivatives	-	4.4
Financial expense - Derivatives	-	-8.5
NET FINANCIAL ITEMS - DERIVATIVES	-	-4.1
CURRENT ASSETS		
Derivatives financial instruments	-	-
CURRENT LIABILITIES		
Derivatives financial instruments	-	-
NET FINANCIAL ASSETS - DERIVATIVES	-	-

The Group's derivative contracts was of the type "FX options", where the Group had a right to purchase EUR in exchange for NOK until including March 2018, and from April until including July 2018 the Group had a right to purchase SEK in exchange for NOK. The group had no active derivative contracts during 2019.

NOTE 22 - CASH AND CASH EQUIVALENTS

SEK million	31-12-2019	31-12-2018
Cash and bank	339.4	368.3
TOTAL	339.4	368.3

Restricted cash amounts to SEK 13.9 million (7.2) and are attributable to the leasing agreement for the Boozt headquarter and to a supplier.

NOTE 23 - LIABILITIES AND PROVISIONS

Liabilities

SEK million	31-12-2019	31-12-2018
NON-CURRENT		
Liabilities to credit institutions	109.3	75.0
TOTAL	109.3	75.0
CURRENT		
Liabilities to credit institutions	98.4	35.5
TOTAL	98.4	35.5
TOTAL BORROWING	207.7	110.5

Loans to credit institutions carry an average effective interest rate of 1.5% per annum (1.7% per annum). Total borrowing consist of a loan to Danske Bank for the automated storage and retrieval system AutoStore. Security for the bank loans consist of floating charges.

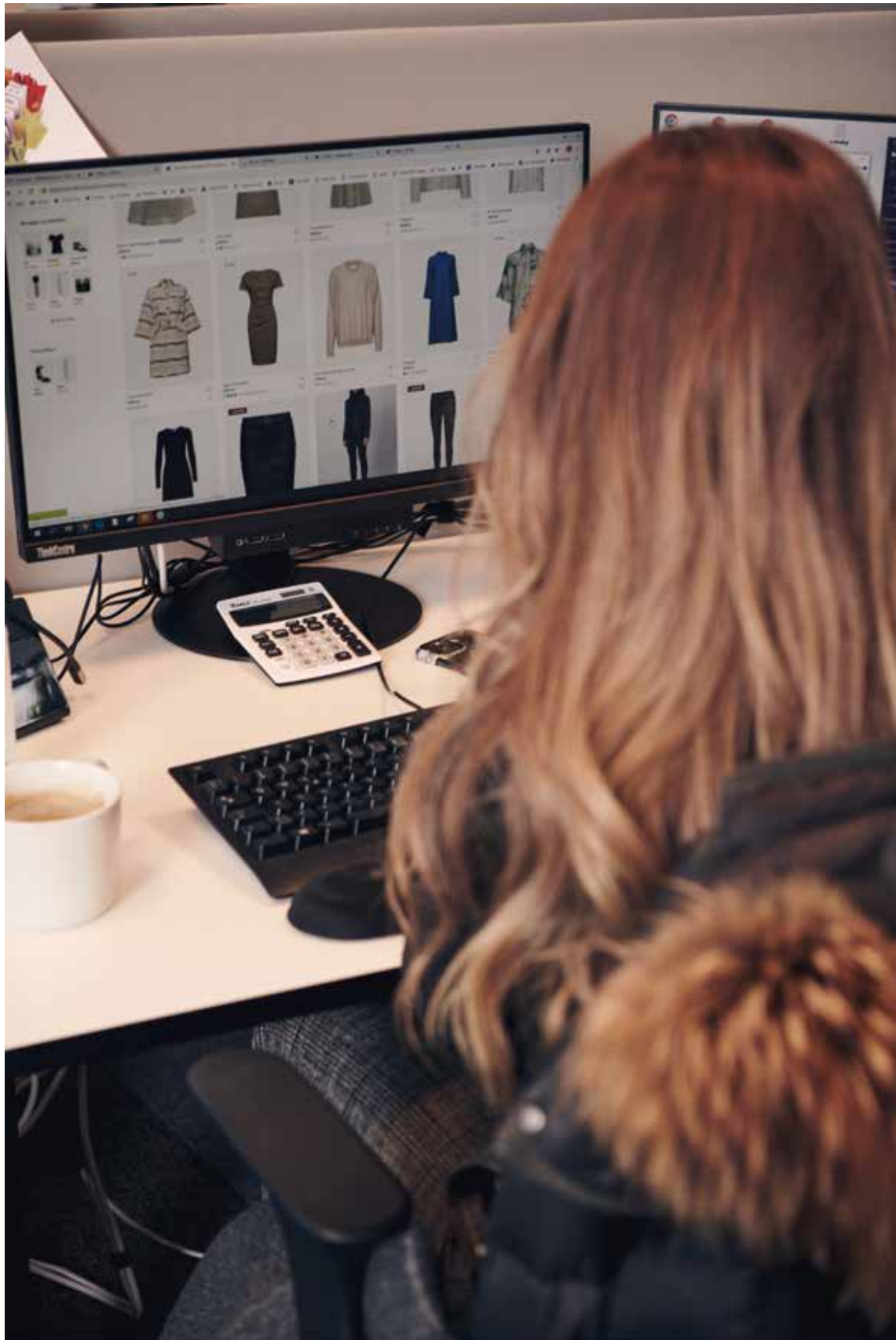
SEK million	31-12-2019	31-12-2018
Used overdraft facility	-	-
Available overdraft facility	140.0	140.0
TOTAL	140.0	140.0

The overdraft facilities consist of a SEK 60.0 million ordinary overdraft facility that can be used at any time, and another SEK 80.0 million revolving credit facility that can be called without new credit approval. The overdraft facilities have covenants attached. The covenants are as follows: (Cash interest cover 4.0:1 and Leverage ratio 3.0:1.) The covenants have not been breached at any time during the year. During Q1 2020 a new revolving credit facility agreement of SEK 200.0 million has been signed. For further information, see note 28 and 29.

Provisions

SEK million	31-12-2019	31-12-2018
Provision for social charges related to LTI program 2015/2025	6.8	4.3
Provision for social charges related to LTI program 2019/2022	1.7	-
Provision for purchase consideration, acquisition of operations	4.1	-
TOTAL	12.6	4.3

For information of share-based payments and the Group's LTI program, see note 1 and note 9. The provision for purchase conditions relates to the Acquisition of Touchlogic ApS, where SEK 6,1 million in purchase consideration will be paid over a three-years period. SEK 2.0 million is recognised as current liability. For more information of the acquisition, see note 17



NOTE 24 - ACCRUED EXPENSES AND PREPAID INCOME

SEK million	31-12-2019	31-12-2018
Accrued holiday pay	20.4	15.2
Accrued social charges relating to personnel	9.6	7.6
Accrued marketing costs	6.0	8.5
Accrued costs - inventories	24.8	0.2
Accrued costs for returns	142.9	128.5
Accrued salaries	7.5	11.5
Prepaid marketing fee	37.4	28.0
Other	47.2	40.9
TOTAL	295.8	240.3

Accrued costs for returns relate to the groups expected returns, for more information see important assessments in note 1.

NOTE 25 - EQUITY

Share capital

As of December 31, 2019 the registered share capital amounts to 4,780,904 SEK (4,756,869) with a nominal value of SEK 0.0833. The share capital consists of two share classes: ordinary shares (57,370,853 shares issued) with 1 voting right per share and C shares (0 shares issued) with 1/10 voting right per share. Holders of ordinary shares are entitled to a dividend, while holders of C shares are not entitled to dividend. All shares have the same right to the remaining net assets, however C shares are not entitled to an amount exceeding the quota value of the share. All shares are fully paid and no shares are reserved for transfer. No shares are held by the company or its subsidiaries. Specification of changes in share capital below:

Date	Event	No. Of shares pre new issue	Share issue	New number of shares	Share capital changes	Share capital after transaction
12-05-2017	Share split 1:12	3,891,295	42 804,245	46,695,540	0	3,891,295
31-05-2017	Conversion of options into shares	46,695,540	2 405,361	49,100,901	200,447	4,091,742
02-06-2017	Sell of shares in own portfolio of shares	49,100,901	786,532	49,887,433	65,544	4,157,286
02-06-2017	New share issue	49,887,433	6 451,000	56,338,433	537,583	4,694,869
21-08-2018	Conversion of options into shares	56,338,433	744,000	57,082,433	62,000	4,756,869
30-08-2019	Conversion of options into shares	57,082,433	288,420	57,370,853	24,035	4,780,904
31-12-2019	Closing balance			57,370,853		4,780,904

Other capital contributions

Other capital contributions consist of equity contributed by the company's owners.

Conversion reserve

The conversion reserve includes the exchange differences arising on conversion of financial statements of foreign operations that have prepared their financial reports in a currency other than the operating currency in which the consolidated financial statements are presented. The Parent Company and the Group present their financial reports in Swedish kronor (SEK). Accumulated conversion differences are accounted in the statement of comprehensive income.

Longterm Incentive Program

In 2019 24,035 options from LTI Program 2015/2025 has been exercised and in total given the option holders 288,420 shares at a purchase price of 35.85 per share. At the end of the reporting date the number of outstanding options from the LTI Program 2015/2025 amounts to

181,465. Each option in the LTI Program 2015/2025 gives a right to purchase 12 shares, meaning a total of 2,177,580 shares. From the LTI Program 2018/2021 1,137,347 warrants were outstanding at the end of the period. Each warrant in the LTI Program 2018/2021 gives a right to purchase 1 share, meaning a total of 1,113,347 shares.

From the LTI Program 2019/2022, the group consider 104,074 performance shares (C shares) to have been vested. The maximum number of performance shares that can be distributed to the participants are 406,994.

For more information on the LTI programs see note 1 and note 9.

Average number of shares:

	2019	2018
Average number of shares issued at end of period (000)	57,188	56,610
Average number of shares issued at end of period after dilution (000)	57,815	57,625

NOTE 26 - PLEDGED ASSETS AND CONTINGENT LIABILITIES

SEK million	31-12-2019	31-12-2018
Floating charges	61.0	61.0
Restricted cash	13.9	7.2
TOTAL	74.9	68.2

Floating charges are attributable to loans and revolving credit facility from Danske Bank. Restricted cash is attributable to the leasing agreement for the Boozt headquarter and to one of the group's suppliers. A contingent liability exists where Danske Bank in case of a breach of contract from the Company is entitled to reclaim the Company's automated warehouse system AutoStore with a book value of SEK 230.0 million.

NOTE 27 - RELATED PARTY TRANSACTIONS

The Group don't have any transactions with companies owned by or are defined as a related party to individuals with considerable influence on Boozt AB (publ).

There have been transactions classified as related party transactions as management purchased shares from the LTI Program 2015/2025 totalling SEK 3,0 (15,9) million. Last year Group Management purchased warrants from the LTI Program 2018/2021 for SEK 6,3 million. During the year a new LTI Program 2019/2022 has been implemented. More information regarding the Group's LTI program can be found in note 1 and note 9.

SEK million	2019	2018
Management of Boozt AB (publ) (PDMR)		
Purchase of warrants LTI Program 2018/2021	-	6.3
Purchase of shares LTI Program 2015/2025	3.0	15.9
TOTAL value of transactions with related parties	3.0	22.2

Boozt AB has not provided guarantees or securities to or for the benefit of directors or other senior executives. None of the directors or other senior executives in 2019 or 2018 had any direct or indirect business transactions with the Group over and above the remuneration stated in this note and note 9.

NOTE 28 - FINANCIAL RISKS

The Group's business is exposed to various financial risks; currency risk, interest rate risk, credit risk and liquidity risk. The Group's overall risk management strategy is focused on managing uncertainty in the financial markets and strives to minimise potential adverse effects on the Group's financial results.

The Group has developed a risk management framework in order to strengthen risk management in the Group. The framework establishes how risks are identified, assessed and monitored. The Board of Directors has decided on the general principles that applies to the management of financial risks through the adopted treasury policy. The treasury policy mainly covers the following areas; capital structure, capital raising, debt financing and liquidity management.

The key financial risks are described below.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The main exposure is derived from the Group's sales and purchases in foreign currencies. This exposure is called transactional exposure. Currency risks also exist in the translation of foreign operations' assets and liabilities into the parent company's functional currency, known as translational exposure. The translational exposure for the Group is limited.

According to the Group's treasury policy, transactional exposure is primarily managed through natural hedges, which means that the risk of major performance impact due to fluctuations in exchange rates is reduced by having available cash with the corresponding currency distribution as for future payments of current liabilities. The applied principle also implies that the Group will strive to make product purchases with the same currency distribution as budgeted revenues. In addition the Group shall evaluate any imbalances in the currency inflow and outflow and seek forward contracts to hedge those imbalances. The Group has in this respect recognised a surplus of DKK and NOK and a deficit of SEK and EUR.

During the year, the Group did not had any active secured hedge contracts.

As shown in the table below, the Group's main transaction exposure consists of SEK, DKK, EUR and NOK. A 3% stronger SEK against the EUR and DKK would have a positive effect on profit for the year of SEK 1.1 million. A 3% stronger NOK against the SEK would have a positive effect on profit before tax for the year of SEK 11.3 million.

Currency exposure 2019 (2018) in %

	Operating income	Operating expenditure
SEK	35% (36%)	45% (43%)
DKK	34% (35%)	31% (32%)
EUR	15% (13%)	18% (21%)
NOK	15% (15%)	4% (3%)
GBP	1% (1%)	0% (0%)
USD	0% (0%)	1% (0%)
Other	0% (0%)	0% (0%)
	100% (100%)	100% (100%)

	Short term liabilities	Cash and cash equivalents
SEK	51% (62%)	16% (17%)
DKK	29% (21%)	41% (50%)
EUR	11% (14%)	16% (19%)
NOK	7% (3%)	13% (11%)
GBP	1% (0%)	5% (2%)
USD	1% (0%)	7% (1%)
Other	0% (0%)	3% (1%)
	100% (100%)	100% (100%)

Interest rate risk

The Group is exposed to interest rate risk on interest-bearing long-term and current liabilities. The Group is exposed to the impact of variable interest on liabilities. On fixed-rate loans, the Group is exposed to market risk. With regards to the Group's loan-to-value ratio, the present interest risk is limited. If interest rates had been 3 percentage points higher with all other variables held constant, profit/loss for the year before taxes would have been approximately SEK 4.5 million lower.

If the interest will increase with 3 % the group's future lease contracts will be discounted with an implicit rate of 4.5 %.

Credit risk

Group principles state that customers who wish to trade on credit do so through a third-party solution through a financial institute in which the Group takes no credit risk. Other receivables consists mainly of undeposited funds from customer transactions in connection with reporting date where the Group recognise a receivable towards a financial institute until the Group receive the payment within a couple of days.

To a small extent other legal entities are invoiced. The counter parties to the Group's account receivables are the Group's brand partners which the Group continuously buy goods from and the Group has an accounts payable to. The account receivables are monitored continuously and the value of doubtful debts is not significant. See information in note 23.

With regard to credit risks arising from the Group's other financial assets, which include cash and cash equivalents, the Group's main credit risk is associated with counterparties' failure to comply with their commitments, e.g. due to the counterparty going into bankruptcy. The Group's maximum exposure consists of the carrying value of these financial instruments. With exception of accounts receivables, appropriately 93.2 % of the Group's financial assets has a financial institute or bank as counter part.

There is no significant credit risk within the Group as per year-end 2019.

Liquidity risk

The liquidity risk to which the Group is exposed is attributable to the operation's seasonal variations. Purchases are cyclical, and inventories are built up before each season, based on the Group's expected sales. This means that the timing of the outflow of cash for the purchase of stock items is not consistent with the timing of inflows of cash and cash equivalents attributable to sales, resulting in a liquidity risk. The liquidity risk is managed by the principle of financial flexibility

covered by the Group's treasury policy and implies that there should be available liquid funds covering expected liquidity needs during the periods when the Group has the lowest access to liquid funds. This is managed by having access to overdraft facilities, which as per year-end 2019 amounts to SEK 60 million and a revolving credit facility of another SEK 80 million, which can be called without further credit approval. As per year-end 2019, available liquidity amounts to SEK 479.4 million. There is also a liquidity risk attributable to business growth and the need to improve, upgrade and invest in technology and infrastructure to manage increased sales volumes and complexity in operations. To manage this risk, the Board of Directors has set guidelines for the level of liquidity reserves to strive for in order to meet the arising needs.

Cash flow forecasts are prepared and followed up on a weekly basis (operational activities, credits and current liquidity). Rolling forecasts are also prepared to ensure constant availability of sufficient liquidity to meet business needs as well as to have reserves in unexploited credit flows. The Group monitors that credit limits are not violated. Further information on maturity analysis is provided on page 162.

Capital risk management

Regarding capital structure, the Group strives to secure the Group's ability to continue to operate in order to continue to generate profit for shareholders and value for other stakeholders as well as maintaining an optimal capital structure. To maintain or adjust the capital structure, the Group can change any future dividends paid to shareholders, repay capital to shareholders, issue new shares or sell assets to reduce liabilities. The Group assesses the capital based on the debt/equity ratio. The debt/equity ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current liabilities and long-term liabilities) less cash and cash equivalents. The Group has covenant obligations. See note 23 for further information.

SEK million	Financial assets valued at amortised cost	Financial liabilities valued at amortised cost	Financial assets and liabilities measured at fair value via income statement	Total carrying amount	Fair value
Financial assets as per Dec 31, 2018					
Deposits	12.3	-	-	12.3	12.3
Accounts receivables	26.6	-	-	26.6	26.6
Other receivables	110.8	-	-	110.8	110.8
Cash and cash equivalents	368.3	-	-	368.3	368.3
TOTAL ASSETS	518.0	-	-	518.0	518.0
Financial liabilities as per Dec 31, 2018					
Interest bearing liabilities	-	110.5	-	110.5	110.5
Accounts payables	-	521.2	-	521.2	521.2
Other liabilities	-	86.8	-	86.8	86.8
TOTAL LIABILITIES	-	718.4	-	718.4	718.4

SEK million	Financial assets valued at amortised cost	Financial liabilities valued at amortised cost	Financial assets and liabilities measured at fair value via income statement	Total carrying amount	Fair value
Financial assets as per Dec 31, 2019					
Deposits	12.3	-	-	12.3	12.3
Accounts receivables	50.5	-	-	50.5	50.5
Other receivables	105.9	-	-	105.9	105.9
Cash and cash equivalents	339.3	-	-	339.3	339.3
TOTAL ASSETS	508.0	-	-	508.0	508.0
Financial liabilities as per Dec 31, 2019					
Liabilities to credit institutions	-	207.7	-	207.7	207.7
Lease liabilities	-	427.4	-	427.4	427.4
Accounts payables	-	500.7	-	500.7	500.7
Other liabilities	-	98.5	6.1	104.6	104.6
TOTAL LIABILITIES	-	1,234.3	6.1	1,240.4	1,240.4

Maturity structure of outstanding accounts receivables and other receivables	31-12-2019	31-12-2018
Accounts receivables		
Payment not due	55.4	3.8
Overdue 1-30 days	2.0	21.1
Overdue > 30 days	2.2	2.6
Doubtful accounts receivables	-9.1	-0.9
TOTAL	50.5	26.6

	31-12-2019	31-12-2018
Other receivables		
Paid within 0-30 days	105.9	110.8
Paid later than 30 days	-	-
Doubtful other receivables	-	-
TOTAL	105.9	110.8

Due to the short-term nature of accounts- and other receivables, the effect of discounting is not deemed to be material and considered good for all outstanding not doubtful receivables.

For the Group's principles regarding expected credit loss, see note 1.

	Total borrowing	Maturity within one year	Maturity within one to two years	Maturity within three to five years	Maturity after five years
Maturity structure of borrowing 2019					
Liabilities to credit institutions	207.7	98.4	40.0	69.3	-
Lease liabilities	427.4	44.8	43.1	121.4	218.1
Accounts payables	500.7	500.7	-	-	-
Other current liabilities	104.6	100.5	2.0	2.0	-
TOTAL	1,240.4	744.4	85.1	192.8	218.1
Maturity structure of borrowing 2018					
Liabilities to credit institutions	110.5	35.5	25.1	49.9	-
Accounts payables	521.2	521.2	-	-	-
Other current liabilities	86.8	86.8	-	-	-
TOTAL	718.5	643.5	25.1	49.9	-

NOTE 29 - SIGNIFICANT EVENTS AFTER YEAR END

Impact of corona virus pandemic

After the reporting date, the Group's business has been significantly impacted by the uncertainty caused by the corona virus pandemic.

A number of safety measures to adapt to the current situation and to secure that the business can continue being fully operational has been taken. All office employees have been working from home, and several initiatives has been taken at the fulfilment centre to ensure the safety of the staff. During this period of high economic uncertainty, the main focus is to keep costs low and protect cash in the balance sheet.

Besides personnel costs, most costs are variable to sales. Fulfilment costs are directly linked to the number of orders and marketing costs are adjusted daily to reflect the demand in the market. The Group has a solid cash position. In addition, access to a revolving credit facility with Danske Bank of SEK 200 million as well as an overdraft facility of SEK 60 million. To further protect the balance sheet the upfront buy for the Autumn/Winter season has been trimmed. As a consequence of expected subdued demand for the remainder of the year, an extraordinary write-down of prior season items was announced on April 5, 2020.

Since year-end the risk picture has been affected by economic uncertainty following the coronavirus pandemic. Especially risk 2 (liquidity reserve risk), risk 4 (currency risk), risk 10 (overall economic risk), risk 15 (efficiency and capacity warehouse risk) and risk 17 (product supply) has been affected.

Liquidity reserve risk: Due to the current economic uncertainty a prolonged demand shock affecting cash generation has increased in probability. Measures to lower costs and protect balance sheet has been taken.

Currency risk: Due to the current economic uncertainty, currency fluctuations in SEK and NOK has increased. To mitigate, discount levels are adjusted on a country-by-country basis.

Overall economic risk: The risk of a prolonged macroeconomic downturn has increased following the mitigating actions to control the corona virus pandemic. Measures to lower costs and protect balance sheet has been taken.

Efficiency and capacity warehouse risk: The risk of a forced temporary shutdown by the authorities to control the corona virus pandemic has increased in probability. Many safety initiatives have been taken to limit the risk of infection at the fulfilment centre.

Product supply risk: The risk of disruption to the supply chain has increased due to the corona virus pandemic affecting many countries where brands are producing. To mitigate the impact a close dialogue with brands are maintained, so potentially affected products can be replaced by similar products from a different brand.

New credit facility

During Q1 2020 Boozt has signed a new revolving credit facility agreement with Danske Bank. The credit facility of SEK 200.0 million runs for 3 years and have covenants attached. The covenants are unchanged from the previous facility. For description of the covenants see note 23. In addition to the revolving credit facility Boozt has an overdraft facility of SEK 60.0 million that are renewed every year.

Issue and repurchase of series C shares for performance-based share program

Pursuant to the authorization granted by the Extraordinary General Meeting on June 24, 2019, the Board of directors decided on March 2, 2020 to issue and then repurchase 374,586 C-shares. The shares were issued and repurchased in accordance with the performance-based share program LTI 2019, which was adopted by the Extraordinary General Meeting on June 24, 2019. The subscription price amounted to the share's quota value of approximately SEK 0.083333 per share.

No other significant events have occurred after the reporting date.

PARENT COMPANY INCOME STATEMENT

SEK million	Note	01-01-2019 31-12-2019	01-01-2018 31-12-2018
OPERATING INCOME			
Net revenue		36.6	49.3
		36.6	49.3
OPERATING COSTS			
General expenses	2,3	-5.0	-5.4
Personnel costs	4	-43.2	-46.9
Total operating costs		-48.2	-52.3
OPERATING PROFIT		-11.6	-3.0
FINANCIAL INCOME AND EXPENSES			
Financial costs		0.0	0.0
Net financial items		0.0	0.0
PROFIT/LOSS BEFORE TAX		-11.6	-3.0
Income tax	5	2.5	0.2
PROFIT/LOSS FOR THE YEAR		-9.2	-2.8

Rounding differences may effect the summations.

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

SEK million	01-01-2019 31-12-2019	01-01-2018 31-12-2018
PROFIT/LOSS FOR THE YEAR	-9.2	-2.8
Other comprehensive income	-	-
COMPREHENSIVE PROFIT/LOSS FOR THE YEAR	-9.2	-2.8

Rounding differences may effect the summations.

PARENT COMPANY FINANCIAL POSITION

SEK million	Note	31-12-2019	31-12-2018
ASSETS			
Non-current assets			
Participation in Group companies	6	747.3	747.3
Deferred tax asset	5	16.1	13.7
Total non-current assets		763.4	760.9
Current assets			
Account receivables		0.0	-
Receivables from Group companies		60.0	53.4
Current tax assets		0.1	-
Prepaid expenses and accrued income		0.2	0.1
Cash and cash equivalents	7	1.3	3.8
Total current assets		61.5	57.2
TOTAL ASSETS		824.9	818.2
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital		4.8	4.8
		4.8	4.8
Unrestricted equity			
Share premium reserve		1,120.4	1,106.6
Retained earnings		-345.9	-343.1
Net income		-9.2	-2.8
		765.2	760.6
TOTAL EQUITY		770.0	765.4
LIABILITIES			
Non-current liabilities			
Other provisions		4.7	2.4
Total non-current liabilities		4.7	2.4
Current liabilities			
Accounts payable		0.0	0.3
Liabilities to Group companies		37.8	37.8
Other liabilities		2.5	2.6
Accrued expenses and prepaid income	10	10.0	9.7
Total current liabilities		50.3	50.3
TOTAL LIABILITIES		54.9	52.8
TOTAL EQUITY AND LIABILITIES		824.9	818.2

Rounding differences may effect the summations.

PARENT COMPANY CHANGES IN EQUITY

SEK million	Share capital	Share premium reserve	Profit/loss brought forward	Total equity
Equity as per 01-01-2018	4.7	1,081.8	-343.1	743.4
Profit for the year	-	-	-2.8	-2.8
Other comprehensive income	-	-	-	-
COMPREHENSIVE PROFIT/LOSS FOR THE YEAR	-	-	-2.8	-2.8
Share capital increase	0.1	24.6	-	24.7
Share based compensation	-	0.1	-	0.1
Total transactions with owners	0.1	24.8	-	24.8
Equity as per 31-12-2018	4.8	1,106.6	-345.9	765.4

Rounding differences may effect the summations.

SEK million	Share capital	Share premium reserve	Profit/loss brought forward	Total equity
Equity as per 01-01-2019	4.8	1,106.6	-345.9	765.4
Profit for the year	-	-	-9.2	-9.2
COMPREHENSIVE PROFIT/LOSS FOR THE YEAR	-	-	-9.2	-9.2
Share capital increase	0.0	10.3	-	10.3
Share based compensation	-	3.5	-	3.5
Total transactions with owners	0.0	13.8	-	13.8
Equity as per 31-12-2019	4.8	1,120.4	-355.1	770.0

Rounding differences may effect the summations.

PARENT COMPANY CASH FLOW

SEK million	Note	01-01-2019 31-12-2019	01-01-2018 31-12-2018
OPERATING ACTIVITIES			
Operating profit		-11.6	-2.9
Adjustments for items not included in cash flow:			
Non-cash remuneration from share based payments		5.7	2.4
CASH FLOW BEFORE CHANGES IN WORKING CAPITAL		-5.9	-0.5
WORKING CAPITAL			
Changes in current assets		-6.8	-31.3
Changes in current liabilities		-0.1	5.6
Cash flow from working capital		-6.9	-25.7
CASH FLOW FROM OPERATING ACTIVITIES		-12.8	-26.1
INVESTMENTS			
Shareholder contributions		-	-
CASH FLOW FROM INVESTMENTS		-	-
FINANCING			
New share issue		10.3	24.7
CASH FLOW FROM FINANCING		10.3	24.7
Cash flow for the year		-2.5	-1.4
Cash and cash equivalents beginning of period		3.8	5.2
Cash and cash equivalents end of period	7	1.3	3.8

NOTE 1 - PARENT COMPANY'S ACCOUNTING PRINCIPLES

Parent company accounting principles

The parent company has prepared its annual accounts in accordance with the Swedish Annual Accounts Act and the recommendation RFR2 'Accounting for Legal Entities' issued by The Swedish Financial Reporting Council.

The differences between the Group's and the parent company's accounting principles are shown below. The below stated accounting principles of the parent company have been applied consistently to all periods presented in the parent company's financial reports, unless otherwise stated.

Subsidiaries

Participations in subsidiaries are recognised in the parent company using the acquisition cost method. This means that transaction costs are included in the carrying value of participations in subsidiaries.

Financial assets and liabilities

Due to the connection between accounting and taxation, the rules on financial instruments in accordance with IFRS 9 are not applied in the parent company as a legal entity, but the parent company applies in accordance with the Swedish Annual Accounts Act, the acquisition cost method. In the parent company, thus financial fixed assets are valued at acquisition cost less any impairment loss and financial current assets at the lower of cost or market.

Shareholders' contributions

Shareholders' contributions are recognised directly against equity at the recipient and capitalised in shares and participations at the contributor to the extent impairment is not required.

Accounting of Group contributions

Paid and received Group contributions are recognised as an appropriation.

NOTE 2 - AUDIT FEES

SEK million	2019	2018
DELOITTE AB		
Auditing assignments	-0.1	-0.1
Other services	-	-
TOTAL	-0.1	-0.1

NOTE 3 - EXTERNAL COSTS

SEK million	2019	2018
Other external costs	-5.0	-5.4
TOTAL	-5.0	-5.4

NOTE 4 - EMPLOYEES AND PERSONNEL COSTS

Average number of employees	2019		2018	
	Average number of employees	Men	Average number of employees	Men
Sweden	7	7	7	7
TOTAL	7	7	7	7
GENDER BALANCE AMONG SENIOR EXECUTIVES				
Board members	6	5	8	6
CEO and other senior executives	7	6	7	7
GROUP	13	11	15	13

Salaries, other remuneration and social costs

SEK million	2019	2018
COSTS FOR EMPLOYEE REMUNERATION		
Salaries and remuneration	-38.0	-51.8
Social costs	-8.7	-17.2
Pension costs	-	-
TOTAL	-46.7	-68.9
SENIOR EXECUTIVES		
Hermann Haraldsson (Group CEO):		
Salaries and remuneration	-7.0	-10.3
- hereof bonuses	-0.7	-0.6
- hereof share based payments	-1.0	-4.8
Social costs	-2.2	-3.2
TOTAL	-9.2	-13.6
Other senior executives:		
Salaries and remuneration	-23.6	-36.2
- hereof bonuses	-2.5	-2.8
- hereof share based payments	-5.2	-19.3
Social costs	-7.4	-11.4
TOTAL	-31.0	-47.6

Senior executives include the Board of Directors, the Group CEO, and other senior executives. The other senior executives include the Group CFO, Group CCO, Group CTO, Group CPO, Group CHRO and Head of Investor Relations, whom together with the Group CEO constitutes the management team of the Group.

NOTE 5 - TAXES

SEK million	2019	%	2018	%
CURRENT TAX				
Tax on profit for the year	-		-	
	-		-	
DEFERRED TAX				
Change in deferred tax related to tax losses carried forward	2.5		0.2	
	2.5		0.2	
RECONCILIATION OF REPORTED TAX				
Profit/loss before tax	-11.6		-3.0	
Tax in accordance with current tax rates for parent company	2.5	21.4	0.7	22.0%
Non-deductible expenses	0.0	-0.2%	-0.1	-2.5%
Deferred tax calculated with 21,4% (Company tax rate 2019-2020)	-	-	-0.4	-12.7%
TOTAL	2.5	21.2%	0.2	6.6%

The following table specifies the tax effect of the temporary differences:

SEK million	31-12-2019	31-12-2018
DEFERRED TAX ASSETS		
Deferred tax related to tax losses carried forward	16.1	13.7
TOTAL	16.1	13.7

Specification of changes in deferred tax assets:

SEK million	31-12-2019	31-12-2018
Opening balance deferred tax	13.7	-
Deferred tax asset incurred during the year	2.5	13.7
TOTAL DEFERRED TAX ASSET	16.1	13.7

A deferred tax asset is accounted for only if the probability that the Group will use the deferred tax asset is highly probable. Deferred tax assets for tax losses carried forward are reported to the extent that it is likely that they will be able to be used. The Group expects to utilise the deferred tax assets recognised within the coming 1-2 years. There is no time limitation for the deferred tax asset relating to tax losses carried forward.

NOTE 6 - SHARES IN GROUP COMPANIES

SEK million	31-12-2019	31-12-2018
BOOZT FASHION AB	747.3	747.3
TOTAL	747.3	747.3

Company name	Boozt Fashion AB
Domicile/country	Malmö, Sweden
Org. no.	556710-4699
Share of ownership	100%
Business	Retail

Company name (SEK million)	Equity	Profit for the year	No. of shares	Accounted value 2019	Accounted value 2018
Boozt Fashion AB	811.8	69.5	288,095	747.3	747.3

List of Group companies		Share	Org. no.	Place
Boozt Fashion ApS	second-tier subsidiary	100%	32 55 14 16	Copenhagen, Denmark
Boozt M Partnership AB	second-tier subsidiary	100%	556723-8182	Malmö, Sweden
Boozt Retail AB	second-tier subsidiary	100%	556734-1200	Malmö, Sweden
Boozt Technology AB	second-tier subsidiary	100%	556746-1222	Malmö, Sweden
November 2009 Option Holding AB	second-tier subsidiary	100%	556826-4252	Malmö, Sweden
Beauty by Boozt A/S	second-tier subsidiary	100%	38 13 88 71	Copenhagen, Denmark
Boozt Retail A/S	second-tier subsidiary	100%	37 98 21 48	Copenhagen, Denmark
Boozt Technology A/S	second-tier subsidiary	100%	39 03 27 91	Copenhagen, Denmark
Boozt Innovation Lab Aps	second-tier subsidiary	100%	31 86 31 47	Copenhagen, Denmark

NOTE 7 - CASH AND CASH EQUIVALENTS

SEK million	31-12-2019	31-12-2018
Cash and cash equivalents	1.3	3.8
TOTAL	1.3	3.8

NOTE 8 - SHARE CAPITAL

As of December 31, 2019 the registered share capital amounts to 4.780,904 SEK (4.756,869) with a nominal value of SEK 0.0833. The share capital consists of two share classes: ordinary shares (57,370,853 shares issued) with 1 voting right per share and C shares (0 shares issued) with 1/10 voting right per share. Holders of ordinary shares are entitled to a dividend, while holders of C shares are not entitled to dividend. All shares have the same right to the remaining net assets, however C shares are not entitled to an amount exceeding the quota value of the share. All shares are fully paid and no shares are reserved for transfer. No shares are held by the company or its subsidiaries.

NOTE 9 - SIGNIFICANT EVENTS AFTER YEAR END

Issue and repurchase of series C shares for performance-based share program

Pursuant to the authorization granted by the Extraordinary General Meeting on June 24, 2019, the Board of directors decided on March 2, 2020 to issue and then repurchase 374,586 C-shares. The shares were issued and repurchased in accordance with the performance-based share program LTI 2019, which was adopted by the Extraordinary General Meeting on June 24, 2019. The subscription price amounted to the share's quota value of approximately SEK 0.083333 per share.

No other significant events have occurred in the parent company after the reporting date.

For more information of significant events after year end for the group, see note 29

NOTE 10 - ACCRUED EXPENSES AND PREPAID INCOME

SEK million	31-12-2019	31-12-2018
Accrued holiday pay	4.2	3.0
Accrued social charges relating to personnel	2.8	2.6
Accrued salaries	2.9	4.1
TOTAL	10.0	9.7

NOTE 11 - PROPOSED APPROPRIATION OF PROFITS

SEK	31-12-2019	31-12-2018
Premium fund	1,120,350,085	1,106,567,275
Retained earnings	-345,945,897	-343,120,139
Profit/loss for the year	-9,188,043	-2,825,758
TOTAL	765,216,145	760,621,378
The board of Directors proposes that profits/losses are distributed as follows		
Profit/loss brought forward	765,216,145	760,621,378

CERTIFICATION

The Board of Directors and the CEO certify that the consolidated financial statements have been prepared in accordance with the Swedish Annual Accounts Act and International Financial Reporting Standards (IFRS) as adopted by the EU and give a true and fair view of the Group's financial position and results.

The annual report has been prepared in accordance with generally accepted accounting principles and gives a true and fair view of the parent company's financial position and results.

The Directors' Report for the Group and the Parent Company provides a fair review of the Group's and Parent Company's operations, financial positions and results, and describes significant risks and uncertainty factors that the Parent Company and the companies included in the Group face.

The income statement and balance sheet and consolidated balance sheets will be presented to the Annual General Meeting on May 27, 2020 for adoption.

SIGNATURES

MALMÖ, APRIL 16, 2020

HENRIK THEILBJØRN
Ordförande

HERMANN HARALDSSON
Verkställande direktör

JÓN BJÖRNSSON

KENT STEVENS LARSEN

CECILIA LANNÉBO

BJØRN FOLMER KROGHSBO

LUCA MARTINES

Our audit report was submitted on April 16, 2020
Deloitte AB

Didrik Roos
Authorised Public Accountant

AUDITOR'S REPORT

To the general meeting of the shareholders of Boozt AB (publ) corporate identity number 556793-5183

This is a translation of the Swedish language original. In the events of any differences between this translation and the Swedish original, the latter shall prevail.

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Boozt AB (publ) for the financial year 2019-01-01 - 2019-12-31. The annual accounts and consolidated accounts of the company are included on pages 104-175 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 the parent company as of 31 December 2019 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 2019 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 include the corporate governance statement on pages 80-101 and the sustainability report on pages 36-78. 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 statement of comprehensive income and the statement of financial position of the group. Our opinions in this report on the 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.

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.

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 2-37, 180-187. 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

Revenue recognition with right of return

Description of risk	Our audit procedures
<p>The Group recognizes revenue when the control has been transferred to the buyer and its amount can be measured in a reliable manner and it is probable that future economic benefits will accrue to the Group. Net sales amount to SEK 3,425 million in 2019, spread over approximately 4.3 million customer orders, which means that Boozt handles large transaction volumes on a daily basis. Well-established routines for secure IT operations and well-functioning IT processes are thus of great importance for Boozt's operations since the extensive and intensive transaction volume means that completeness is critical for a significant error in the financial reporting not to arise. Revenue recognition also includes estimates and judgments since the reserve for expected returns, which as of December 31, 2019 amounts to SEK 143 million, is based on historical data and management's experience.</p> <p>Consequently, revenue recognition of sales of goods with the right of return is deemed to be a key audit matter.</p> <p>For further information, see Note 1 on "Accounting principles" on page 127 on "Revenue recognition", "Estimates and assumptions" on page 134 on "Reservation for returns", note 3 "Net sales per region and breakdown of revenue" on page 136, and note 24 "Accrued expenses and prepaid income" on page 156.</p>	<p>Our audit procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Review of general security controls for involved systems for customer orders, inventories and accounting systems with involvement of IT auditor. • Data analysis on completeness and accuracy in sales and inventory transactions. • Review of the Group's processes and routines for revenue recognition with tests of design and implementation of key controls. • Assessed the management's assumption by comparing the accuracy of historical assessments in order to assess the precision and made the subsequent examination of actual outcomes of returns. • Review of completeness and correctness in relevant notes and disclosures provided in the financial statements.

Inventory valuation

Description of risk	Our audit procedures
<p>On December 31, 2019, Boozt's inventories representing approximately 42% of the Group's total assets and amounts to SEK 1,044 million. Inventories mainly consist of goods in the Group's central warehouse in Ängelholm. Inventories are valued at the lower of cost and net realisable value, where the acquisition value is calculated according to the "first-in-first-out principle" and the net realisable value is defined as the selling price reduced by selling costs.</p> <p>Incorrect assessment of purchases and large stocks that bind capital entail a risk of obsolescence and to determine the size of the obsolescence, the management must make assessments of future events and sales of individual products and product groups.</p> <p>The size of the post and the inherent complexity of assessment and estimation are critical and increases the risk of material misstatement in the financial reporting, which is why valuation of inventories is considered a key audit matter.</p> <p>For further information, see note 1 on "Accounting principles" on page 133-134 on "inventories", "Estimates and assumptions" on page 134 on "Inventories", and note 18 "Inventories" on page 151.</p>	<p>Our audit procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Review of the Group's processes and routines regarding the reporting of inventories with tests of design and implementation of key controls • Carried out data analysis to identify slow-moving and obsolete items and possibly additional obsolescence needs. • Test of details of accounting at acquisition value against purchase invoice. • Performed data analysis on sales transactions to ensure that valuation takes place according to the lowest value principle. • Review of completeness and correctness in relevant notes and disclosures provided in the financial statements.

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 Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS 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 have 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 responsibilities for the audit of the annual accounts and consolidated accounts is located at the Swedish Inspectorate of Auditors website:

["http://www.revisorsinspektionen.se/revisornsansvar"](http://www.revisorsinspektionen.se/revisornsansvar).

This description forms part of the auditor's report.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements**Opinions**

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Boozt AB (publ) for the financial year 2019-01-01 - 2019-12-31 and the proposed appropriations of the company's profit or loss.

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

Basis for Opinions

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

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

Responsibilities of the Board of Directors and the Managing Director

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

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

Auditor's responsibility

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

the Managing Director in any material respect:

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

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

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

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

["http://www.revisorsinspektionen.se/revisornsansvar"](http://www.revisorsinspektionen.se/revisornsansvar).

This description forms part of the auditor's report.

Deloitte AB was appointed auditor of Boozt AB (publ) by the general meeting of the shareholders on 27 April 2018 and has been the company's auditor since that date.

Malmö at April 16 2020

Deloitte AB

Signature on Swedish original

Didrik Roos

Authorized public accountant







ADDITIONAL INFORMATION

DEFINITIONS AND RATIONALE FOR THE USE OF CERTAIN ALTERNATIVE PERFORMANCE MEASURES (APM)

Explanation	APM/ IFRS	Definition	Rationale
Active customers	APM	Number of customers which made at least one order during the last 12 months.	The measure is to display, together with historical figures, how the number of active customers have developed in absolute figures.
Adjusted Admin & Other cost ratio	APM	Total operating costs less items affecting comparability, less share based compensations, less fulfilment costs, less marketing costs, less goods for resale less depreciation plus other operating income divided by net revenue.	The aim of the figure is to demonstrate the development of administration & other costs without the effect of one time events, as well as costs linked to the share price development of Boozt AB (publ).
Adjusted EBIT	APM	Profit/loss before interest, tax, share based payments related to employees and items affecting comparability.	The aim of the figure is to display the operating profit excluding non-recurring items and share based compensation related to employees and items affecting comparability are excluded from this metric.
Adjusted EBIT margin	APM	Adjusted EBIT divided by net revenue.	The aim of the figure is to display the Group's effectiveness in profit creation excluding impact from share price dependent costs.
Adjusted fulfilment cost ratio	APM	Fulfilment and distribution cost less items affecting comparability divided by net revenue.	The aim is to group the costs which is related to pick, pack, return handling, indeliveries and all distribution costs associated with shipping parcels to and from customers as well as business to business distribution costs less any cost items, which might affect the trend being one time by nature, and then evaluate these costs against net revenue created.
Adjusted net debt/net cash	APM	Interest bearing liabilities excluding interest bearing lease liabilities (IFRS 16) less cash and cash equivalents.	The aim is to display the cash and cash equivalent available after having theoretical settled all interest bearing liabilities be it current or non-current (excluding interest bearing lease liabilities).
Admin & Other cost ratio	APM	Total operating costs less fulfilment costs, less marketing costs, less goods for resale, less depreciation plus other operating income divided by net revenue.	The aim of the figure is to demonstrate the development of admin & other costs and then evaluate these costs against net revenue created.
Average order value	APM	Transactional net revenue divided by no. of orders.	The aim of the figure is to show the average consumer monetary value per basket excluding VAT, which again is very important to determine and understand the unit economics of each basket of the Group's operation.
BFC	APM	Boozt Fulfilment Centre.	The location of the Group's warehouse.
Conversion rate	APM	Total number of orders divided by total number of site visits.	The aim is to understand how traffic sent to the Group's websites are converting into monetary orders.
Depreciation cost ratio	APM	Depreciation and amortizations divided by net revenue.	The aim of the figure is to track the development of depreciation / amortization costs and then evaluate these costs against net revenue created.
Earnings per share	IFRS	Profit/loss for the period divided by weighted average number of shares outstanding during the period.	The aim is to distribute the company's profit to each share.
Earnings per share after dilution	IFRS	Profit/loss for the period divided by the diluted weighted average number of shares outstanding during the period. The number of ordinary shares shall be the weighted average number of shares, used when per share, plus the weighted average number of shares that would be issued measuring basic earnings on the conversion of all the dilutive potential shares into ordinary shares. Potential ordinary shares shall be treated as dilutive when, and only when, their conversion to ordinary shares would decrease earnings per share or increase loss per share.	The aim is to distribute the company's profit to each share including the net non registered shares (i.e. warrants or similar).
EBIT (Operating profit)	IFRS	Profit/loss before interest and tax.	The aim of this figure is to display the profit/loss before interests and tax
Equity / asset ratio	APM	Total equity divided by total assets.	To what degree are the Group's assets funded by capital ultimately owned by the Group's shareholders.
Fulfilment cost ratio	APM	Fulfilment and distribution cost divided by net revenue.	The aim is to group the costs which is related to pick, pack, return handling, indeliveries and all distribution costs associated with shipping parcels to and from customers as well as business to business distribution costs and then evaluate these costs against net revenue created.

ADDITIONAL INFORMATION

Explanation	APM/ IFRS	Definition	Rationale
Gross profit	APM	Net revenue decreased with cost of goods for resale.	The aim is to show the contribution left after cost of goods for resale, implying the amount of funds available for the remaining costs and profit.
Gross margin	APM	Gross profit (excluding other operating income) as a percentage of net revenue.	The aim is to analyse gross profit over time, expressed as percent of net revenue.
Growth in local currency	APM	Growth in local currency weighted with the local currency's share of net revenue in SEK in the reporting quarter.	To illustrate the growth adjusted for the impact of translating foreign currency to SEK.
Items affecting comparability	APM	Items that are not related with the operations and are the type of items that are not expected to re-occur often or regularly and that are items of significant value.	The aim is to isolate events, that cannot be characterised as normal operational costs or non-recurring.
Lease liabilities	IFRS	The Group's lease liabilities taking into consideration the Group's borrowing interest rate and length of lease agreements, options etc.	The Group's lease liabilities considered as a loan with amortizations and interest.
Marketing cost ratio	APM	Marketing cost divided by net revenue.	The aim is to group the costs which is related to production, media airtime, online exposures, analytics concerning monitoring of sales, CRM activities and then evaluate these costs against net revenue created.
Net working capital	APM	Current assets, excluding cash and cash equivalents, less non-interest bearing current liabilities.	The purpose of displaying net working capital is to display short-term financial health since the measure indicate if the company has enough short-term assets to cover its short-term debt. Net working capital can be put in relation to net revenues to understand efficiency of net working capital tied up in operations.
Net debt / net cash	APM	Interest bearing liabilities less cash and cash equivalents.	The aim is to display the cash and cash equivalent available after having theoretical settled all interest bearing liabilities be it current or non-current.
Net revenue	IFRS	Transactional net revenue less fees paid to consignment partners plus other revenue.	This is the IFRS net revenue measurement taking into consideration that only the commission share of a transaction can be recognised as revenue, and even to include revenue which does not come from transactions with customers.
No. of orders	APM	Number of orders placed by customers during the period, irrespective of cancellations or returns	Number of orders is a parameter in measuring the average order value.
No. of orders per active customer (order frequency)	APM	Number of orders during the last 12 months divided by the total number of active customers end of period.	This number illustrates the frequency for an isolated cohort (active customers). It helps the reader in understanding to what extend the customers are coming back and the frequency at which they have shopped during the last 12 months, irrespective of whether they have been active from the start of the 12 months or are new customers who have been active in less than 12 months.
Right of use asset	IFRS	Present value of the Group's lease assets taking into consideration the Group's borrowing interest rate.	To clarify the Group's contingent assets which will have to be considered in combination with the Group's contingent lease liabilities.
Site visits	APM	Number of visits to a site or group of sites, irrespective of device used.	This number is relevant to understand the conversion rate.
Share based payments	APM	Costs of the Group which are settled via issuing of shares.	The aim is to isolate all costs associated with share based payments be it IFRS 2 costs and taxes associated with share based payments. Since these costs to a large extend will fluctuate with the share price development or employee turnover, it can assist the reader in evaluating the Group's performance excluding these share based payment costs.
Transactional net revenue	APM	Gross sales (incl. shipping and invoice income) less discounts and returns, excl. VAT.	"The aim of the figure is to display the total consumer value of the orders processed less returns and excluding VAT. Transactional net revenue less fee to consignment partners plus other revenue not related to consumer orders equals net revenue. The transactional net revenue can be calculated as average order value (AOV) multiplied with no. of orders."
True frequency	APM	Order frequency for customers that have been with Boozt.com during last 12 months, hence not impacted by orders from new customers.	This figure isolates the co-hort which purchased with the Group 12 months ago, and then looks at this co-hort's behaviour for the proceeding 12 months in terms of frequency (how many orders do they place on average). This will give the reader an understanding about the co-horts frequency behaviour once they mature.

RECONCILIATION OF TOTAL OPERATING INCOME

SEK million	01-01-2019 31-12-2019	01-01-2018 31-12-2018
GROUP		
Transactional net revenue	3,443.7	2,796.4
Less consignment sales	-64.8	-50.7
Other revenue	45.9	38.3
Net revenue	3,424.9	2,784.0
Other operating income	-	-
Total operating income	3,424.9	2,784.0
BOOZT.COM		
Transactional net revenue	3,165.6	2,670.5
Less consignment sales	-60.8	-49.8
Other revenue	45.9	38.3
Net revenue	3,150.7	2,659.1
Other operating income	-	-
Total operating income	3,150.7	2,659.1
BOOZTLET.COM		
Transactional net revenue	250.5	106.8
Less consignment sales	-4.0	-0.9
Other revenue	-	-
Net revenue	246.5	105.9
Other operating income	-	-
Total operating income	246.5	105.9
OTHER		
Transactional net revenue	27.7	19.0
Less consignment sales	-	-
Other revenue	-	-
Net revenue	27.7	19.0
Other operating income	-	-
Total operating income	27.7	19.0

RECONCILIATION OF ADJUSTED EBIT

SEK million	01-01-2019 31-12-2019	01-01-2018 31-12-2018
EBIT	91.8	68.1
Share-based payments related to employees (social charges)	5.2	-6.6
Share-based payments related to employees	7.2	1.7
Non-recurring items affecting comparability*	4.9	-
Adjusted EBIT	109.0	63.2

Rounding differences may affect the summations.

*Non-recurring items affecting comparability are related to the closing of the Beauty by Boozt store in Roskilde.

RECONCILIATION WITH FINANCIAL STATEMENTS ACCORDING TO IFRS

SEK million unless otherwise indicated	01-01-2019 31-12-2019	01-01-2018 31-12-2018
Cash and cash equivalents	-339.4	-368.3
Interest bearing liabilities (current and non-current)	207.7	110.5
Interest bearing lease liabilities	427.4	-
Net debt / -net cash	295.6	-257.9
Total equity	942.6	870.4
Total assets	2 487.2	1 833.5
Equity / asset ratio	37.9%	47.5%
No. of orders (000) (A)	3,917	3,288
Site visits (000) (B)	135,318	109,138
Boozt.com - Conversion rate (A) / (B)	2.89%	3.01%
Transactional net revenue - Boozt.com (A)	3,165.6	2,670.5
No. of orders (000) (B)	3,917	3,288
Average order value (SEK) (A) / (B)	808	812
No. of orders (000) (LTM) (A)	3,917	3,288
Active customers (000) (B)	1,606	1,363
No. of orders per active customer (A) / (B)	2.44	2.41
Inventory	1,043.8	984.9
Accounts receivables	50.5	26.6
Other receivables	105.9	110.8
Current tax assets	1.3	0.6
Prepaid expenses and accrued income	130.8	40.1
Accounts payables	-500.7	-521.2
Other liabilities	-100.5	-86.8
Accrued expenses and prepaid income	-295.8	-240.3
Net working capital	435.3	314.6
Net working capital - percent of LTM net revenue rolling 12 months	12.7%	11.3%
Gross margin (%)	39.7%	40.0%
Fulfilment cost ratio (%)	-13.7%	-13.8%
Marketing cost ratio (%)	-10.0%	-12.2%
Admin & other cost ratio (%)	-10.3%	-9.8%
Depreciation cost ratio (%)	-3.1%	-1.8%
EBIT margin (%)	2.7%	2.4%

Rounding differences may affect the summations.

Some of the key ratios such as gross margin, earnings per share and EBIT margin may be easily calculated from the financial statements. Such metrics are regarded as reconciled and are not presented above. In addition the two metrics conversion rate and average order value for Booztlet.com can be easily calculated using the same methodology as for Boozt.com displayed above.

Financial calendar

May 14, 2020

Interim report January – March 2020, Q1 2020

May 27, 2020

Annual General Meeting

August 21, 2020

Interim report January – June 2020, Q2 2020

November 18, 2020

Interim report January – September 2020, Q3 2020

February 26, 2021

Interim report January – December 2020, Q4 2020

Financial reports

Consolidated financial statements are available at www.booztfashion.com. Boozt AB (publ) is a public limited company. In case of enquiries or questions to the Group, please contact:

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This report is such information as Boozt AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 16.00 CET on April 16 2020. (shall be updated)

This report may contain forward-looking information that is based on the present expectations of Boozt's management. No assurance may be given that these expectations will prove to be correct. Actual outcomes may deviate significantly from what is reflected in the forward-looking information due to changed conditions relating to the economy, market or competition, changes in legal requirements and other political measures, fluctuations in exchange rates and other factors outside of Boozt's control.



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