

CORPORATE GOVERNANCE REPORT

Byggmax Group is a Swedish public limited liability company listed on Nasdaq Stockholm. Byggmax applies the Swedish Corporate Governance Code and hereby submits its Corporate Governance Report for the financial year 1 January to 31 December 2023.



Byggmax Group has prepared the Corporate Governance Report in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Corporate Governance Code. The guidelines for the Swedish Corporate Governance Code are available on the website of the Swedish Corporate Governance Board (www.corporategovernanceboard.se). The Corporate Governance Report is included as part of the Administration Report.

Corporate governance means the rules and regulations as well as the existing structure for managing and leading business activities in a limited company with an efficient and controlled approach. Ultimately, corporate governance aims to meet shareholder requirements in respect of return and to provide all stakeholders with adequate and correct information about the company and its development. Byggmax Group AB has been listed on Nasdaq OMX Stockholm since 2 June 2010, and has applied the Swedish Corporate Governance Code (the Code) from the date of its listing. The Code is built on the 'comply or explain' principle, which means that companies that apply the Code can deviate from specific rules but must explain the underlying reasons behind the deviation. Byggmax Group did not deviate from the Code in 2023.

SHAREHOLDERS

At year-end, the share capital in Byggmax Group was SEK 20,333,015, divided among 58,625,045 shares. There is one class of shares, and all shares carry equal rights to participation in the company's assets and profits. The number of shareholders on 31 December 2023 was 28,102. The largest shareholder as of 31 December 2023 is Försäkringsbolaget Avanza Pension with 10.2

percent of the shares. Non-Swedish shareholders accounted for approximately 44 percent of the total number of shares. For further share and ownership structure information, see pages 41–42 and byggmax.se.

ANNUAL GENERAL MEETING

Shareholders exercise their influence on the company at the Annual General Meeting (AGM), which is the company's highest decision-making body. Byggmax Group's Articles of Association are available in full at byggmax.se.

ANNUAL GENERAL MEETING 2023

The Annual General Meeting took place on 5 May 2023 in Stockholm. Anders Moberg was elected to chair the meeting. The main resolutions passed were as follows:

- Re-election of Board members Anders Moberg, Daniel Mühlbach, Gunilla Spongh, Lars Ljungälv, Catarina Fagerholm and Andreas Elgaard. Kjersti Hobøl declined re-election.
- Adoption of the 2023 income statement and balance sheet.
- The fees for Board members and policies governing remuneration for the President and CEO and senior executives.
- Issue authorisation.
- Resolution authorising the Board of Directors to decide on the acquisition and transfer of treasury shares.
- Resolution on an incentive programme, including a private placement and transfer of warrants.

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AGM minutes containing details of all resolutions are available on the Byggmax Group website under Corporate Governance, byggmax.se.

NOMINATION COMMITTEE

The Annual General Meeting held on 5 May 2023 resolved that a Nomination Committee be appointed ahead of the 2024 Annual General Meeting by the Chair of the Board convening the three largest owner-categorised shareholders of the company, according to Euroclear Sweden AB at 31 August, who will subsequently each be entitled to appoint one member to the Nomination Committee. The composition of the Nomination Committee is to be published not later than the end of the third quarter annually.

The Nomination Committee is to prepare and submit proposals to the General Meeting of Shareholders concerning a chair for the AGM, the Chairman of the Board of Directors and other members of the company's Board. The Nomination Committee is of the opinion that the requirements of the Swedish Corporate Governance Code in terms of versatility, breadth and gender balance are met appropriately by the proposal. The Nomination Committee is also tasked with submitting proposals for directors' fees that are to be allocated among the Chairperson and other members, fees for committee work, the election of, where applicable, and fees to, the auditor and decisions on the principles for appointing the Nomination Committee. No remuneration is payable to members of the Nomination Committee.

BOARD OF DIRECTORS

Each year, Byggmax Group's Board of Directors adopts a formal work plan and written instructions on financial reporting and allocation of duties between the Board

and the President and CEO. The formal work plan regulates the Board's obligations, the division of work among Board members, the minimum number of Board meetings per year, notice of and documents before Board meetings and the preparation of the minutes of Board meetings.

Written instructions govern the reporting system that exists to enable the Board to continuously assess the company and Group's financial situations and the allocation of work between the Board and the President and CEO.

INDEPENDENCE OF THE BOARD

The Board's assessment of individual Board members' independence in relation to the company and shareholders is defined in the table 'The Board's composition and attendance at meetings' (see page 53). As can be seen, Byggmax Group complies with the Code's requirement that the majority of the members elected by the general meeting are independent of the company and the Group management and that at least two of these are also independent of the company's major shareholders.

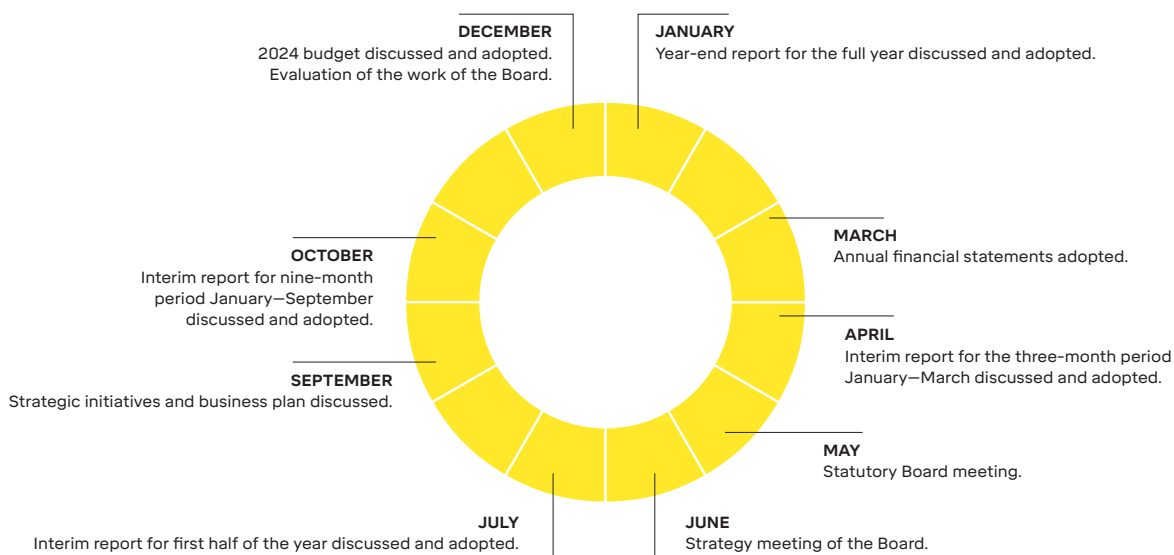
THE BOARD'S COMPOSITION AND ATTENDANCE AT MEETINGS

A more detailed description of the members of the Board of Directors can be found on page 56 and the Board's composition and attendance of meetings on page 53.

THE WORK OF THE BOARD IN 2023

The Board held 13 meetings in 2023. Key items discussed by the Board in 2023 in addition to the adoption of the Annual Report and interim reports, and adoption

THE BOARD'S YEAR



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of a business plan and associated budget, were as follows:

- Risk identification and establishment of company policies and governance documents
- Opening of new stores in all the countries
- Implementation of the new EU Sustainability Directive
- CEO recruitment
- Decision on extended bank financing
- Proposed dividend

The Group's President and CEO, Karl Sandlund, and CFO, Helena Nathhorst, attend Board meetings. Other employees may also attend Board meetings to present specific issues.

Auditors attend Board meetings as necessary, but at least once per year. During at least one of these meetings with the company's auditors, the Board is given the opportunity to meet the auditor without the company management being present.

EVALUATION OF THE WORK OF THE BOARD OF DIRECTORS IN 2023

The Chair of the Board is responsible for evaluating the work of the Board, including the input of the individual Board members. Among other items, the evaluation focuses on the supply and demand of specific skills and ways of working. The Board of Directors carries out an annual internal evaluation of the work of the Board.

THE BOARD'S REMUNERATION COMMITTEE

The Remuneration Committee comprises Anders Moberg (chair), Andréas Elgaard and Daniel Mühlbach. The Remuneration Committee prepares and addresses issues regarding remuneration and other employment terms for senior executives, and assesses the applica-

tion of the guidelines adopted by the AGM for remuneration of senior executives.

AUDIT COMMITTEE

The Audit Committee comprises Gunilla Spongh (chair), Catarina Fagerholm and Lars Ljungälv. The Audit Committee monitors financial reporting, the effectiveness of the Group's internal control and risk management. The Committee meets the company's auditors three times a year to discuss matters such as audit plans and audit reports. The committee is also responsible for reviewing and monitoring the auditor's impartiality and independence and determining which engagements the audit firm may undertake in addition to auditing Byggmax Group.

THE PRESIDENT AND CEO AND OTHER MANAGEMENT

The President and CEO is tasked with managing the ongoing operations of the company in accordance with the written instructions adopted by the Board. Karl Sandlund has been President and CEO of Byggmax Group since 1 July 2023. He has no shareholdings in or part ownership of companies with which the company has significant business connections. Byggmax Group's management team comprises seven members, including the President and CEO. A description of the management team can be found under the Management heading on page 57.

REMUNERATION GUIDELINES

For information concerning salaries and other remuneration paid to the President and CEO and other senior executives, see Note 9.

THE BOARD'S COMPOSITION AND ATTENDANCE AT MEETINGS

Name	Role	Elected onto the Board	Attendance Board meetings	Attendance Remuneration Committee	Attendance Audit Committee	Board fee, SEK	Dependence on company management and major shareholders
Anders Moberg	Chairperson	2006	13/13	2/2		957,935	No
Gunilla Spongh	Board member	2019	13/13		6/6	527,091	No
Daniel Mühlbach	Board member	2015	13/13	2/2		397,196	No
Lars Ljungälv	Board member	2020	13/13		6/6	435,539	No
Catarina Fagerholm	Board member	2021	13/13		6/6	435,539	No
Kjersti Hobøl ¹	Board member	2021	3/4			121,461	No
Andréas Elgaard	Board member	2021	13/13	2/2		397,196	No

1) Board member until 5 May 2023.

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ORGANISATION

Byggmax Group has a resource-efficient organisation with the majority of business activities centrally managed. Aside from the sales force, which is based in stores, most business processes are managed from the service office in Stockholm. Byggmax stores are organised around three main areas of responsibility: country, regional and store management. The country managers are responsible for the entirety of their country. The regional managers are responsible for a number of store managers in a region.

Skånska Byggvaror's business activities are managed close to the operational business. Support personnel associated with product and order flows and customer services are located at the facilities in Bjuv and Ängelholm, while other business processes are managed at the service office in Stockholm.

Right Price Tiles is managed from the service office in Oslo. The stores are supported by the service office's operations, finance, marketing, purchasing and online sales departments in the same way as the service office in Stockholm. To maintain close contact between products and expertise, the customer service department is located in the Right Price Tiles flagship store in Oslo. Goods are dispatched from a central warehouse in Vestby.

AUDITOR

The AGM appoints the company's auditor every year. Öhrlings PricewaterhouseCoopers, referred to below as PwC, has been the company's auditor since the 2010 AGM. The 2020 AGM appointed Cesar Moré as the new principal auditor. In addition to the audit engagement, Byggmax Group has consulted PwC about taxation and various accounting issues. PwC is obliged to test its independence prior to accepting independent advisory engagements in addition to its auditing engagements for the Group. Information in respect of the fees paid to the auditing company is provided in Note 8. According to the Code, the company's Board should ensure that the interim report in respect of the second or third quarter is reviewed by the auditor. Byggmax Group's auditor conducted a review of the company's nine-month interim report.

INTERNAL AUDIT

The company has a simple legal and operational structure and a comprehensive management and internal control system. The Board (and the Audit Committee) supervises the company's assessment of the internal audit through contact with the company's auditors. In view of the above, the Board has opted not to have a separate internal audit function. The question of whether to establish a separate internal audit function is reviewed on an annual basis.

INTERNAL CONTROL OF FINANCIAL REPORTING

The Board's responsibility for internal control is regulated by the Swedish Companies Act and in the Swedish Corporate Governance Code, which contains requirements for annual external disclosures regarding the organisation of internal control for financial reporting. The Board has overall responsibility for the Group's internal control. The President and CEO has ongoing responsibility for maintaining internal governance and control. The ultimate aim of internal control is to ensure that Byggmax Group's financial reports are prepared in accordance with legislation, applicable accounting policies and other requirements that apply to listed companies, in addition to protecting the Group's assets. Byggmax Group has elected to use COSO's¹ definition of internal control as the foundation for its work with internal control. According to COSO, internal control comprises five different elements: control environment, risk assessment, control activities, information and communication, and monitoring. These various elements are described briefly below.

CONTROL ENVIRONMENT

The control environment forms the basis of internal control and builds on the culture according to which the Board of Directors and management communicate and work. It primarily comprises values, expertise, management philosophy, organisational structure, responsibility and authorisations, as well as policies and procedures. A key component of the control environment is the clear definition and communication of decision paths, authorisations and responsibility between differing levels in the organisation, and that steering documents in the form of internal policies and guidelines include all material areas and provide guidance for the various employees of Byggmax Group.

At Byggmax Group, we work systematically to streamline and improve operations and their flows. This approach impacts how the Group's internal control work is conducted. An important part of this work is identifying the root cause of a discrepancy whenever one arises as part of a work process, and then implementing an improvement to prevent the discrepancy from arising again. By working in this way, robust work processes are created that can be continuously developed and improved. Byggmax Group's internal control work is based more on continuously improving work processes than double-checking different work procedures. An important part of the Board's work is to approve a number of governance documents, such as the Board's rules of procedure and the CEO's instructions, and to establish risk management and ensure compliance. The aim of these governance documents includes creating the basis for sound internal control. All

1) COSO (Committee of Sponsoring Organizations of the Treadway Commission), which is the framework that has the widest spread and international acceptance, and which takes a particular position on the definition of accepted internal control.

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governance documents are revised annually and adopted by the senior management or the Board. Byggmax Group's financial process is documented in a financial accounting manual.

Furthermore, the Board has ensured that the organisational structure provides clear roles, responsibilities and processes that promote efficient management of operating risks and enable targets to be achieved. The responsibility structure includes, as one element, evaluation by the Board of the performance and results of business activities through an appropriate reporting package comprising outcome, forecasts, business plans, strategic plans, monitoring of financial risks and analyses of key performance indicators.

RISK ASSESSMENT

All business activities are associated with a certain degree of risk-taking. A structured risk assessment enables the identification of significant risks. Byggmax Group operates an ongoing process of risk analysis in which the risks of errors in financial reporting of significant income statement and balance sheet items are analysed. Other risks in conjunction with financial reporting include the risk of fraud, loss or misappropriation of assets. Byggmax Group's Board of Directors continuously assesses the company's risk management. This includes assessing the preventative measures taken to reduce the company's risks, which entails ensuring the company is appropriately insured and that the company has the requisite policies and guidelines in place.

CONTROL ACTIVITIES

The Group's control structure is designed to manage the risks the Board assesses as being significant for the internal control of financial reporting. In Byggmax Group, the control structures comprise an organisation with clear roles that enables an efficient, and, from an internal control perspective, appropriate allocation of responsibilities, as well as specific control activities aimed at identifying or safeguarding from the risk of errors in reporting.

Byggmax Group applies a systematic approach to minimising the risk of fraud and/or theft, which includes efforts to minimise waste in stores and online fraud.

INFORMATION AND COMMUNICATION

Byggmax Group has an information policy that includes guidelines for internal and external information from the company. External information is disclosed in compliance with stock exchange and securities legislation and the Swedish Financial Supervisory Authority's regulations. Internal dissemination of price-sensitive information occurs only after Byggmax Group has released the corresponding information to the stock market. Governance documentation in the form of policies, guidelines and manuals is communicated through the Group's intranet and accounting manual.

MONITORING

The Board and Group management are provided with ongoing information in respect of the Group's financial performance and situation, and the development of the business. The reports also contain analytical monitoring, trend monitoring and benchmarking between stores within Byggmax Group. The accounting function has the same procedures and documentation requirements at every monthly accounts date. The Board continuously evaluates the information provided by Group management, as well as compliance with the control activities undertaken within the Group. The work includes ensuring that measures are taken in respect of deficiencies and proposed measures that may have been identified in the external audit. The work on internal control assists the Board and management with assessing and reviewing significant risk areas in the financial reporting to thereafter be able to select actions and follow-up measures in the chosen areas.