

affordable, quality building materials

BYGG max[®]



2012
ANNUAL REPORT

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HOW WE CAN SET A BYGGMAX PRICE ON HIGH-QUALITY GOODS:

A FOCUSED RANGE

A product range limited to 1,500 items simplifies administration and procurement.

ECONOMICAL STORE LOCATIONS

Out of town stores that are easily accessible for customers in vehicles provide low rents.

DRIVE-IN AT ALL STORES

Staff costs can be kept low when customers load their vehicles themselves.

CONSTANT IMPROVEMENTS

Continuous efficiency enhancement of each process and procedure.

STRONG CORPORATE CULTURE

The entrepreneurial spirit in each store forms the foundation for our ability to succeed.

CUSTOMER-ORIENTED WEBSITE

Our customers find inspiration and building instructions on our website.

25⁹⁵
150MM

CASTING CONCRETE FOR DECKS

Concreting pipes. Regular ready-mix concrete.

39⁹⁵
25 KG, REGULAR



338 different module sizes at byggmax.se

319⁰⁰
/ST

PVC FIXED 5x5

White, triple-glazed3-glas, U-value: 1.1



Byggmax has always kept true to one simple fundamental concept: To sell high-quality standard building materials at the lowest price possible. We aim to do this in as simple and accessible a manner as possible in all of our 94 stores in the Nordic region. We will therefore remain true to our pricing model, meaning: No campaigns, no sales and no discounts. At Byggmax, the same low price applies for every customer.

ONLINE STORE

In the spring of 2009, Byggmax launched its online store. The service comprises home delivery of all products in the range, which is unique when it comes to heavy construction materials. The goods are picked from the closest Byggmax store to the customer and the only additional costs are for picking and freight. In the majority of cases, delivery is the day following order.



3D HOUSE AT BYGGMAX.SE

In June 2011, Byggmax launched its true-to-scale 3D house that provides detailed instructions for a number of popular construction projects. The proper methods are described utilizing sample designs with the help of 3D animations and a narrator's voiceover. All information provided has been produced in collaboration with experts and based on the Swedish construction standard Hus AMA¹. New projects are continuously added to the database.



TV COMMERCIALS

In 2008, Byggmax airs its first TV commercial. Our customers play the leading roles and get to show their projects on TV while sharing their experiences.



DIY PROGRAMS ON TV MAKE A BREAKTHROUGH

The DIY trend takes Sweden by storm in 1997. Many realize that building is not as hard as they thought and substantial sums are there to be saved. The building materials industry is at full capacity and Byggmax establishes operations in many locations.



1993

THE BYGGMAX BUSINESS CONCEPT FROM THE START

Byggmax opened its first stores in 1993 to sell high-quality standard building materials at low prices. The description of the product range is Lumber, Construction, Flooring and Paint. The idea from the start is for customers to be able to drive their vehicles in and load the products themselves. Byggmax never has

sales, discounts or campaigns. The range is of high quality and comes from Swedish suppliers. The entire range is subject to the same low prices and all stores have the same prices. To earn customer confidence, Byggmax becomes the first DIY retailer in Sweden to offer a Lowest-Price Guarantee. All customers can borrow a trailer at no cost.

concept

- Low prices
- Price guarantee
- High quality
- Fixed range
- Drive-in
- Free trailer

ONLINE GOODS

In 2011, the range of products available to order from Byggmax Online was increased by over 1,200 new items. These products are only sold online, which enables us to offer Byggmax prices on an increased number of products without increasing store costs. The main focus of the website is ease of use, which makes it just as easy to shop online as in a store.

2012

2011 Sweden: Ängelholm, Lidköping, Norrtälje, Enköping, Avesta and Bollnäs. Norway: Trondheim Syd, Arendal and Lillehammer. Finland: Porvoo, Raisio, Vantaa and Pori.

2012 Sweden: Malmö, Smedjebacken, Eslöv and Sisjön. Norway: Moss, Askim and Stord. Finland: Oulu.

2010 Sweden: Ystad, Värnamo, Karlshamn, Trollhättan and Partille. Norway: Ski, Kristiansand, Stavanger, Fredrikstad and Haugesund. Finland: Jyväskylä.

2009 Sweden: Piteå, Falkenberg, Kungsängen, Bromma and Borlänge. Norway: Trondheim. Finland: Vaasa.

2008 Sweden: Motala, Västervik, Örnköldsvik, Hässleholm, Kungsbacka and Nyköping. Norway: Sarpsborg, Sandefjord, Drammen, Ulensaker and Bærum. Finland: Turku.

2007 Åkersberga (Stockholm) and Visby. Norway: Hamar, Skien, Abildsø, Gjøvik and Kongsvinger.

2006 Hudiksvall, Skellefteå, Skövde, Eskilstuna, Gävle, Uppsala, Varberg and Länna (Stockholm).

2005 Örebro and Karlskrona.

2004 Växjö, Norrköping, Falun, Östersund, Vellinge (Malmö) and Uddevalla.

2003 Linköping, Kalmar, Sundsvall, Tumba (Stockholm), Luleå and Karlstad.

2002 Kristianstad.

2001 Borås and Löddeköping (Malmö).

1999 Jönköping.

2000 Källered (Gothenburg).

1998 Hisings Backa (Gothenburg), Upplands Väsby (Stockholm) and Umeå.

1997 Helsingborg.

1996 Staffanstorps (Malmö).

1993 Täby (Stockholm), Halmstad and Västerås.

STOCK EXCHANGE LISTING

On June 2, 2010, Byggmax was listed on the NASDAQ OMX Stockholm Exchange.

BYGGMAX IN FINLAND

Byggmax opened in Turku on February 28, 2008. A strong DIY tradition exists in Finland and customers like the new contender, Byggmax. Byggmax receives much publicity in the media since all our low prices are published on the website.



ALTOR BECOMES THE NEW OWNER

On January 1, 2006, the venture capital firm Altor 2003 Fund became the new majority shareholder. Altor believes in the Byggmax concept and wants to continue expanding in Sweden and abroad.



RENAMED BYGGMAX

Since it was founded in 1993, the company's names were Gunnars Byggnetto, Byggnetto and Netto-Netto. In 1999, all the stores changed their name to Byggmax to establish a new, clear and unified profile. The logo, the name and the graphical profile are intended to convey the message that we have optimized the relationship between price and quality for standard building materials.



BYGGMAX SELLS PRESSURE-TREATED DECKING LUMBER FOR SEK 3.95 A METER

In parallel with Byggmax's opening in Staffanstorps in 1996, we started to sell pressure-treated decking lumber for SEK 3.95 a meter. Other companies were selling the same lumber for between SEK 8.00 and 13.00 a meter. The lines were long and success was cemented.



THE BYGGMAX CARD IS LAUNCHED

The Byggmax card was launched in 2002. Both companies and consumers could get between 30 and 60 days cost-free credit. Today, it is possible to use a PIN code and get a specified invoice sent home.



¹ The reference document for preparation of descriptions and for the execution of contracted construction work.

THE YEAR IN BRIEF

In 2012, Bygghmax generated sales of approximately SEK 3.1 billion, up 3.5 percent compared with 2011. The EBIT margin amounted to just over 8.2 percent. During the year, the company opened eight new stores and the company had 94 stores at year-end and an average of 574 employees over the year.

FIRST QUARTER

- Net sales totaled SEK 451.4 M (369.5) an increase of 22.2 percent.
- Operating loss amounted to SEK -9.6 M (-13.1) and the EBIT margin to -2.1 percent (-3.5).
- Two stores opened: Moss and Askim (Norway).

SECOND QUARTER

- Net sales totaled SEK 958.0 M (899.3), an increase of 6.5 percent.
- Operating profit amounted to SEK 64.6 M (83.7) and the EBIT margin to 6.7 percent (9.3).
- Four stores opened: Eslöv, Malmö and Smedjebacken (Sweden) and Stord (Norway).

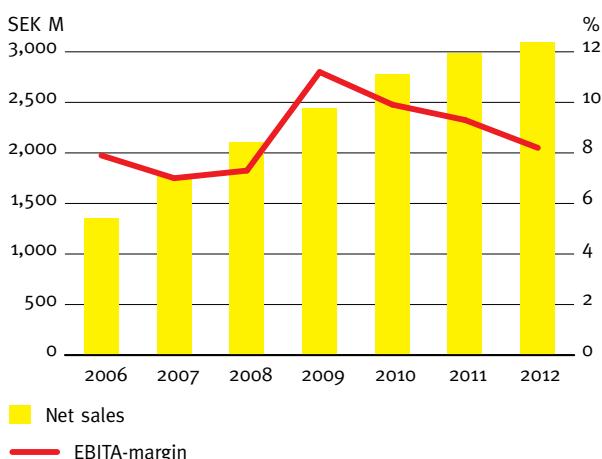
THIRD QUARTER

- Net sales totaled SEK 1,093.1 M (1,100.0), a decrease of 0.6 percent.
- Operating profit amounted to SEK 161.5 M (156.6) and the EBIT margin to 14.8 percent (14.2).
- Two stores opened: Sisjön (Sweden) and Oulu (Finland).
- Daniel Juhlin assumed his position as new Marketing and IT Manager.

FOURTH QUARTER

- Net sales totaled SEK 587.9 M (618.3), a decrease of 4.9 percent.
- Operating profit amounted to SEK 35.8 M (50.3) and the EBIT margin to 6.1 percent (8.1).
- During the quarter, two companies were acquired, one owning a property in Karlskoga and the other owning a property in Nacka.

NET SALES/EBITA MARGIN



	2012	2011	2010
Net sales, SEK M	3,090	2,987	2,773
Gross margin, %	30.2	30.1	29.7
EBITA, SEK M	252	278	275
EBITA, SEK M, excl. listing costs	252	278	292
EBITA margin, %	8.2	9.3	9.9
EBITA margin, %, excl. listing costs	8.2	9.3	10.5
Profit after tax, SEK M	180	182	172
Cash flow from operations per share	3.6	1.5	3.4
Number of stores at year end	94	86	73
Stores opened during the period	8	13	12

PRESIDENT'S COMMENTS

"Byggmax's corporate culture is based on entrepreneurship and pride. This enables us to keep a close eye on customers, costs and earnings."

WEAK MARKET TREND IN 2012

The market trend was weaker than expected in 2012. The year started strongly but nevertheless ended weaker. Consumption declined as a consequence of increased concern about the future. At the same time, low-price concepts such as Byggmax are favored in a tougher economic climate and we are capturing market shares.

COMMERCIAL STRATEGY – CONTINUED EXPANSION WITH STORES, MARKETING AND RANGE

During the year, Byggmax organized its second Byggmax Fair. During the fair, we gather all the employees and inform them about our vision and arrange shared training courses. This is highly appreciated by personnel and provides an excellent start to the season.

Marketing activities in all three countries were brought forward this year compared with the preceding year. We have moved marketing from the third and fourth quarters to the first and second quarters. Results received from market surveys confirm that marketing has been very successful, for example, according to the "Vi-i-villa" magazine panel, the proportion of single-family homes that state they plan to make purchases from us increased from 40 percent in 2011 to 45 percent in 2012.

We perceive our website as an extension of our stores. Our website offers a wider range and an extensive offering of information, inspiration and service.

The website supplements the stores through offering another type of service, for example, enabling the customer to peruse the entire product range in peace and quiet and receive clear price information. While there, the customer can also use the website's other tools, such as inspirational films and planning tools. The correctness of our thinking is reflected by Byggmax winning first prize in the e-commerce category in Internetworld's top 100 comparison despite competition from pure play e-commerce operators. Byggmax established a major distribution hub in Lysekil in the final quarter of 2011, thus enabling the reduction of stock levels in like-for-like stores in Sweden.

The strength of the concept is shown in the results of the surveys in which we have been included. We have won all the price surveys that we are aware of we were included in. In addition, Byggmax parquet flooring was also the overall test winner in Testfakta's quality test of parquet flooring in August 2012. In the "Listed Company of the Year" 2011 competition (Årets Börsbolag), which evaluates the financial communication of listed companies, Byggmax was awarded third place and was the company that had raised its points score more than any other company evaluated since the preceding year's survey. In 2012, we opened eight new stores, which, due to protracted permit processes, was fewer than anticipated.

BYGGMAX INCREASES THE IN-STORE PRODUCT RANGE – BYGGMAX 2.0

The investment in our distribution hub has enabled a reduction in stock levels at stores. The potential of the space thus liberated enables Byggmax to increase the in-store product range and thereby increase store revenue for each store. In 2013, Byggmax will start the transition to Byggmax 2.0 with tests in stores in Sweden ahead of roll-out in all of Byggmax's markets. Byggmax 2.0 is a key element in the company reaching its growth goals.





SUSTAINABILITY AT BYGGMAX

Since 2009, an annual environmental report has been produced on Bygghuset's environmental impact. This year's report shows a reduction in carbon emissions per ton of materials sold and the single most important explanation for this is the increase in the proportion of goods using rail and maritime freight. Since 2009, carbon emissions per ton of materials sold have declined, and were down 11 percent in 2010, 2 percent in 2011 and 4 percent in 2012. This means we are well on the way to reaching our goal of a 25-percent reduction by 2020.

As of 2011, Bygghuset reports its sustainability initiatives in line with the Global Reporting Initiative's (GRI) framework for sustainability reporting.

FUTURE PROSPECTS – GROWTH CONTINUES WITH NEW INVESTMENTS

It is gratifying to have continued our growth and maintained healthy profitability. It shows the strength inherent in the concept and the increasing consumer trend towards choosing the low-price alternative when purchasing building supplies – irrespective of the situation in the economy. Many people dream of renovating their home themselves. We make it quick, simple and inexpensive to carry out large or small-scale construction projects. Naturally, we continue to see great potential in growing in the three countries where we currently have operations, and in the long term to also start looking further afield. We aim to establish a store network of 155 stores in our existing markets.

When we look ahead towards 2013, we foresee a number of areas with positive development potential. This includes opening new stores, an updated product range in Bygghuset 2.0 and more training for our employees. Bygghuset is on a solid footing, which enables us to invest in several initiatives in parallel.

In conclusion, I would like to thank all of our employees, who were involved in helping us achieve our strong performance, and all of our customers who show their confidence in us every day.

Magnus Agervald

Magnus Agervald
Solna, March 2013



VISION, CONCEPT, TARGETS AND STRATEGY

The Bygghmax vision is to be the world's best DIY retailer. Read more about how we will achieve it.

BUSINESS CONCEPT AND THE BYGGMAX CONCEPT

The business concept is to sell high-quality building materials at the lowest possible price.

Below is a description of the Bygghmax concept:

- **Low prices and a focused range:** Bygghmax sells high-quality building supplies at the lowest possible price. We have no sales, discounts, campaigns or imperfect items. All customers receive the same low price. A limited range of 1,500 products simplifies administration and procurement.
- **Drive-in and inexpensive store locations:** In our drive-in facilities, customers pack their goods directly into their vehicles thus lowering our costs. The stores are located out-of-town, in locations with easy access for customers with vehicles.
- **Constant improvement:** We challenge every process to enhance efficiency and to improve operating profits in all our areas of operation.
- **Strong corporate culture and cost focus:** The foundation of Bygghmax's corporate culture is a genuine entrepreneurial spirit. The store managers and all employees feel pride in their own areas of responsibility. This entails staying on top of costs and maintaining a focus on key ratios to perform well. One of Bygghmax's catchphrases is "One for all and all for one." As part of strengthening ties to store operations, every member of the head office staff works in one of the stores at least one day per year.

VISION

The Bygghmax vision is to be the world's best DIY retailer.

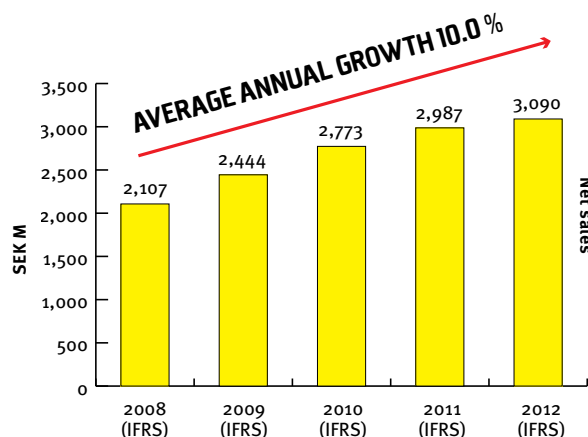
GOALS

Bygghmax's goals are:

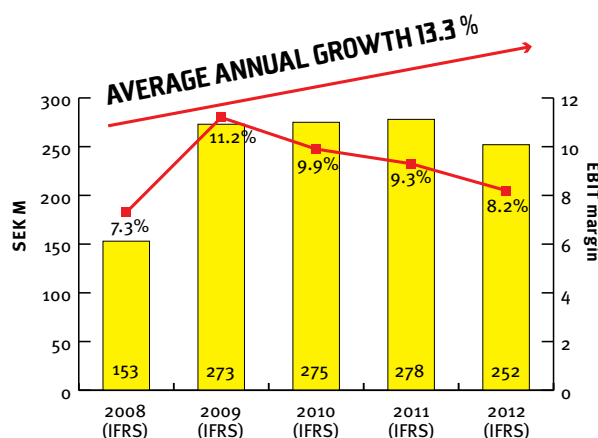
- to achieve organic growth in excess of 15 percent of net sales per year by expanding the chain of stores and increasing sales in comparable stores, and
- to maintain an EBIT margin in relation to net sales of over 11 percent.

Follow-up of goals

During the 2012 fiscal year, Bygghmax achieved a growth in net sales of 3.5 percent. Sales were negatively affected by the downturn in the consumer market.



Bygghmax has had an average annual growth rate of 10.0 percent since 2008. In 2012, the EBIT margin was 8.2 percent. The sales trend, as illustrated above, has had a negative impact on the EBIT margin.



Bygghmax has experienced average annual growth in EBIT of 13.3 percent over the past five years. The EBIT margin in 2008 was impacted by the establishment of operations in Norway and Finland, respectively. In 2010, the EBIT margin was impacted by listing costs.

STRATEGIES FOR REACHING THE GOALS

To achieve its financial goals, Byggmax has defined the following strategies to expand the store network, improve its operations and develop the business.

Store network expansion

Over time, Byggmax will increase its presence in Sweden to about 85 stores, in Norway to about 45 stores and in Finland to about 25 stores in economically attractive locations. Byggmax performs ongoing analyses of opportunities for establishment in new markets but as yet no decision has been made.

Operational excellence

Byggmax will improve the operations by further expanding its use of economies of scale at its purchasing function by handling larger product volumes and through procurement from low-cost countries. The organization will enhance its resource-efficiency by implementing continuous business process improvements and reducing costs. Furthermore, Byggmax will capitalize on newly opened stores becoming more profitable once they reach maturity and on increasing sales in already well-established stores.

Business development

Byggmax works continuously with business development. IT support and, in particular, the website are developed every year in a number of projects with the customer in focus. Procurement, sales procedures and marketing undergo ongoing development in respect of private customers and professional tradesmen. The online store was launched in late 2008, delivering from the store to the customer and substantial focus has been placed on developing this service. In 2011, the online store was expanded with the addition of online goods with direct delivery to the customers from the suppliers. In addition, Byggmax is adjusting the range to seasonal variations to boost sales in the first and fourth quarters.

STRATEGY

- Expansion of the store network
- Operational excellence
- Business development

GOAL

- to achieve organic growth in excess of 15 percent of net sales per year by expanding the chain of stores and increasing sales in comparable stores, and
- to maintain an EBIT margin in relation to net sales over of 11 percent.

VALUE DRIVERS

Value drivers are factors that affect the development of Byggmax in the short and long term. The following constitute those that the management assesses as having most relevance. Many factors impact operations in both the short and long term and, as such, are

listed under the category where they are considered to exert most influence.

Short-term factors

- Trends in purchasing prices – purchasing prices affect Byggmax's margins. Historically, the market has passed on adjustments in purchasing prices to the customer.
- Competitors' pricing – Byggmax pricing strategy is based on underpricing the competition with the aim of being the cheapest. Therefore the competition's pricing affects margins.
- Short-term trends in the DIY market – Byggmax operates in the DIY market and is thus affected by trends in the DIY market.
- Weather – Byggmax sells a substantial amount of products for outdoor use, which is why sales are impacted by weather conditions.
- The availability of attractive store locations – the establishment of new stores forms a key element of Byggmax's strategy both in the short and long term, and therefore the availability of new store locations is important.

Long-term factors

- The ability to maintain the strong corporate culture – the Byggmax culture has played an important role in the company's success, and retaining this culture is a key factor.
- The ability to implement the company's strategy and business concept – maintaining stringency throughout the range and pricing, as well as continuously tuning the organization through continuous improvement are a few of the keys to success.
- The ability to renew concepts and strategies when needed – the Byggmax concept has remained true to the original from 1993. However, the concept has developed over time and new ideas have been tested and incorporated or discarded
- Long-term development of the DIY market – Byggmax operates in the DIY market and is thus impacted market trends.
- Trends in the attractiveness of the low-price segment in the DIY market – Byggmax's strategy is to become the largest operator in the low-price segment in the Nordic region. Trends in the long-term development of this sector are therefore important.
- The strategies of the competition and their implementation thereof – Byggmax operates in a competitive market and the actions of the competition affect the company.

OPERATIONS

Since the company was founded in 1993, the Byggmax concept has been essential to the development of operations. The concept is based on a focused product range, a resource-efficient organization, a strong corporate culture and consistent pricing strategy. When combined with long-term favorable trends in the DIY market, Byggmax is well positioned to continue to grow.

BUSINESS MODEL – POSSIBLY THE SIMPLEST IN THE WORLD

Byggmax offers affordable high-quality products for the most common maintenance and DIY projects. The primary target group is consumers and the range of products encompasses standard building supplies, such as lumber, insulation, sheets and boards as well as paint – at the same low price regardless of whether the customer is a professional or a private consumer. With its focused range, Byggmax handles large volumes and can obtain economies of scale in purchasing

and logistics. Since the company was founded in 1993, its operations have been conducted in accordance with the Byggmax concept, which has been essential to the company's development. The concept is based on a focused product range, a resource-efficient organization, a strong corporate culture and effective pricing strategy, as well as the characteristic design of the stores. Today, Byggmax has a strong market position, an extensive store network and a popular brand.

ANYTHING FOR THE BOYS

Affordable materials led to an Astrid Lindgren style tree house

Having one son with low vision and another who is practically blind, the layout was crucial.

I **THOUGHT** about what the boys would think is cool and would enjoy and then built it for them. It's important that the boys get to develop and gain a sense of achievement from mastering their eyesight impairments.

IT **ALL STARTED** when I was going to build a boys' room and I saw myself as one of the boys. But then my boys came along and asked where I would be when they were in the room. So that plan went pear-shaped from the get-go. Of course, the room was theirs. We used the leftover material to build a tree house, which is also theirs.

We bought all the materials at Byggmax, which is great because you get to sort everything out yourself. You can look at the products in peace and quiet and get help when you want it. And, of course, they have excellent prices. It's brilliant!



/ Tage



OPERATIONS CONT.

FOR SEVERAL YEARS, BYGGMAX HAS BEEN NAMED THE WINNER IN PRICE SURVEYS OF DIY RETAILERS IN SWEDEN

Byggmax does not own its own factories and instead purchases goods from independent suppliers, primarily in the Nordic region, but also from other European countries and Asia. Byggmax does not own its own stores either; it leases store premises from international and local landlords.

All of the operations are managed from the head office in Solna. The company's business model serves as a platform to generate continued organic growth through both the expansion of the store network and increased comparable sales per store.

MARKET – POTENTIAL FOR CONTINUED ORGANIC GROWTH

Byggmax conducts business activities in the Swedish, Norwegian and Finnish DIY markets. The European DIY market generates sales totaling approximately EUR 92.9 billion according to Mintel¹ and is expected to grow by about 2 percent annually over the next five years compared with average annual growth between 2005 and 2009 of 0.9 percent. Corresponding figures for the same period for Sweden, Norway and Finland show average annual growth that has outperformed many other European markets since 2002. Sweden, Norway and Finland jointly represent almost one-tenth of the European market, with Norway accounting for the highest DIY sales per capita in Europe. Given Byggmax's average annual growth rate of 10.0 percent between 2008 and 2012, the growth potential in Sweden, Norway and Finland is assessed as remaining high. The building supplies market is fragmented and the housing market has a high turnover rate. It is relatively expensive to use professional tradesmen and there is a long tradition of doing the work oneself. Interest in home renovation and interior design has grown markedly in the Nordic region since the mid-1990s, which can be seen in the large number of DIY/ home decorating television programs and the range of interior-design publications.

Competition

Byggmax's competitors are other store chains, purchasing organizations, independent stores and



wholesalers. The Swedish market has been dominated by Beijer and local DIY retailers, but the international chains and, above all, Byggmax are the companies growing rapidly. Many international chains are expending, for example Bauhaus and K-rauta. The Norwegian market is dominated by a few strong chains with Bygghuset as the market leader. These chains sell to private consumers and professionals and other competitors include Maxbo, Coop Bygg, Optimera, Bygger'n, XL Bygg and Neumann Bygg. The market in Finland has been dominated by Rautakesko with its two concepts K-rauta and Rautia. In recent years, the only international chain to establish operations in Finland has been Bauhaus. Other competitors in Finland include Starkki, sGruppen and Kesko.

OFFERING SIMPLICITY AND LOW PRICES

The typical Byggmax customer is aged between 25 and 60 and the owner of a detached house, who wants to repaint the house, build a terrace or put up a fence. Most customers are private consumers, although about a fifth comprises professional tradesmen. Byggmax's offering includes the materials needed for building a house and carrying out the most common repairs, maintenance or DIY projects.

Byggmax's offering is based on simplicity and low prices – customers should focus less on their purchases and more on their DIY projects. Prices and stock availability are available from the website and stores have drive-in facilities, where customers do more themselves and the stores require fewer employees. By having a focused product range, Byggmax can maintain high volumes of sales for most of its products. In addition, the range primarily contains products that require a lower level of assistance and technical support, for example, sawn timber, insula-

¹ Mintel International Group – provider of market knowledge and analysis within the DIY sector – retail.

A FOCUSED PRODUCT RANGE ALLOWS US TO OFFER THE LOWEST PRICES.

tion, doors and windows.

Practically all Byggmax stores have an identical range of products, which assists customers in their purchase planning. The range consists of the most in-demand building supplies and includes about 1,500 products, which is far fewer than the industry norm where large retailers may have up to 100,000 products. The range in the stores only changes marginally from year to year since demand for products for repairs, maintenance and DIY projects is relatively stable. Demand and customer requests for specific new products are followed up by store personnel and the purchasing department based on close and regular contact. In 2012, the range was expanded with online goods that are sent directly from the supplier to the customer.

Pricing

Byggmax's pricing strategy is primarily built on offering competitive prices relative to the competition rather than making specific mark-ups on its own purchases. In addition, Byggmax continuously analyzes pricing and takes measures to secure competitiveness as well as profitability. The company also has a "lowest price guarantee," which means that a customer who finds an item at a lower price from a competitor will receive the lower price plus a discount of the difference. Another element of Byggmax's pricing strategy is to always offer low pricing instead of applying seasonal sales or campaign discounts. Prices are set centrally, which enables rapid reaction to changes in market conditions.

For several consecutive years, Byggmax has been named the winner in price comparisons of various players in the building sector. According to the publication Vi-i-Villa's "villa panel", Byggmax continues to have a strong position among Sweden's house owners. Some 50 percent of men and 39 percent of women planned to shop at Byggmax according to the 2012 report.

PURCHASING, DISTRIBUTION AND LOGISTICS – EFFICIENCY AT EVERY STAGE

Byggmax purchases its products from approximately 180 carefully selected suppliers, of which three-quarters are located in the Nordic countries. To an increasing extent, Byggmax sources products locally, for example, more than 80 percent of lumber, which is Byggmax's largest product group, is procured locally. Byggmax defines locally as within one country, except for Sweden, which due to its size is divided



into two parts; North and South. A delivery is deemed local if it originates in the same country or part of a country as its destination. The company avoids being dependent on a single supplier by having at least two suppliers per product category. With its product strategy, Byggmax is one of the largest purchasers in its geographic market and can negotiate attractive contractual terms and discounts. Byggmax has a distribution center but the majority of products are delivered by the supplier directly to the stores, in full truckloads. Byggmax imposes strict requirements on its suppliers in such areas as delivery conditions, product quality, price, order confirmation and invoicing procedures, which are monitored using the company's integrated IT system (ERP – Enterprise Resource Planning system).

The high inventory turnover places major demands on efficient distribution and logistics. Presently, two-thirds of the orders from suppliers are handled automatically in the ERP system and the company strives to further automate its supply chain. Using the system, the purchasing department can identify inventory shortages in all of the stores at any one time and place an order. Furthermore, the purchasing department communicates closely and regularly with store personnel to pinpoint sales trends and activities not identified by the ERP system.

It can often be difficult as a retailer to get the opportunity to participate in and influence the lifecycle of a product. As regards Byggmax's major product group, lumber, this is the product group where Byggmax is sometimes able to collaborate with suppliers and influence the development of the product concept, its manufacture and production, marketing, distribution and use as well as scrapping and recycling.

In regard to the evaluation of health and safety issues over a product lifecycle, for the lumber category, Byggmax has evaluated all stages in the product life-cycle with the exception of research and development as well as license application and approval, since the company in its capacity as retailer has no direct opportunity to evaluate and influence. Byggmax elects not to reveal the mark-ups utilized for the major product and service categories for reasons of business confidentiality.

SALES – WINNING STORE CONCEPT AND SUCCESSFUL ONLINE SHOPPING

Since 2003, the store network has expanded from 19 stores to a total of 94 stores, of which 63 are located in Sweden, 22 in Norway and nine in Finland. By owning and operating the individual stores itself, Byggmax can control every aspect of the daily operations and ensure that the concept is fully applied throughout the chain. The performance of store managers is measured by a few key performance ratios that the managers themselves are able to directly affect to a significant degree. The store managers compare their performance with stores generating comparable sales and exchange experiences to meet their key performance ratios. Since 2009, part of the stores' day is to process the online store orders that are sent from store to customer. Since 2011, store personnel have provided information about and sold the new range of online goods on the website that are sent directly to the customer from the supplier.

Stores

Byggmax's stores have a standardized design for store communication, interior fittings and display of merchandise. Even if stores can vary in size and

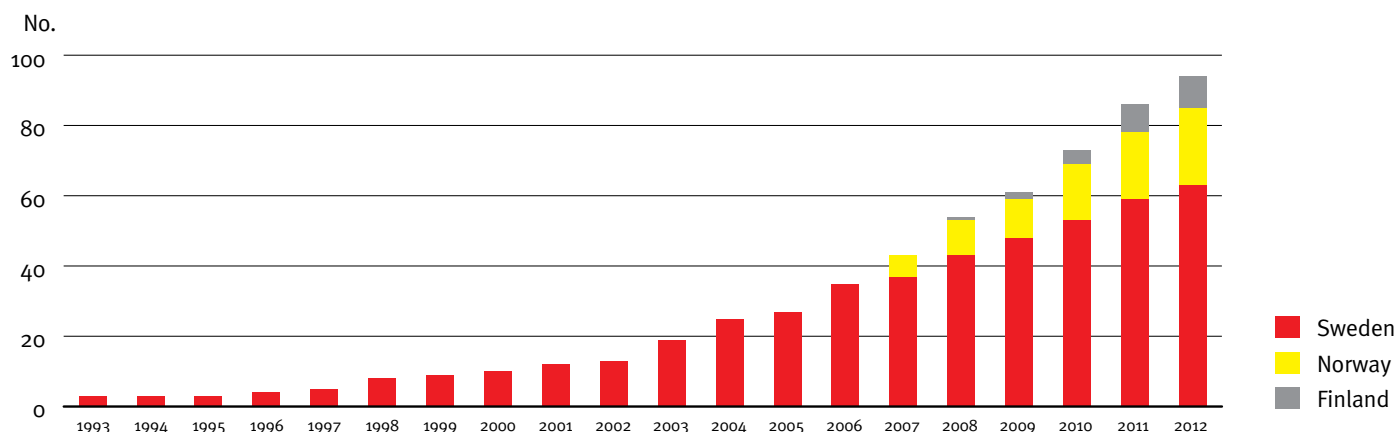
design, customers always recognize a Byggmax store. In principle, all stock is located in the area or directly adjacent to the area where sales are made. The stores are designed to enable customers to drive into and around the site, and to allow customers to quickly load goods into their vehicles. All stores have a number of trailers that customers can borrow free of charge. All products are clearly labeled with prices and this facilitates driving between open storage and storage racks used outside for displaying merchandise. Inside, in the heated area of the store, products are located according to product category. As an inventory is regularly taken of the entire stock and all stock is procured centrally by head office, the shelves and store are rarely out of stock. The stores are sparsely manned and the main task of store employees is to organize the store's inventory, receive deliveries, assist customers and manage payment transactions.

New store openings

Byggmax continuously evaluates its store network and seeks new locations in which to establish outlets. A proven method for identifying attractive store sites exists with access to the store, and the demographics and disposable income in an area among the key criteria in determining the location of a new store. Byggmax also offers rewards to people who assist the company in identifying suitable plots or properties that are available. The method has proven effective and popular. As recently as the store inauguration in Sisjön, Sweden in August 2012, a finder's reward check of SEK 100,000 was presented to the company who notified Byggmax about the plot.

The costs of opening a new store are limited and a new outlet is expected to contribute to profitability after one year, and reach full sales maturity within two to three years. After a new rental lease is signed and the property made ready for occupancy, it normally

NUMBER OF STORES



takes Byggmax four to six weeks to open a store. The aim is to open new outlets immediately before or in conjunction with the hectic summer season. During the past four years, Byggmax has opened an average of ten new stores every year. To date, the company has not closed any of its stores, indicating that both the underlying analysis and expansion model works well.

Online store

During 2009, Byggmax launched an online store to broaden its sales channels and capitalize on Internet diversity. The online store includes an interactive catalog with descriptions and images of Byggmax's complete product range. The website consistently updates prices and inventory levels for each Byggmax store. This enables customers to check from the comfort of their home if the product they are seeking is available ahead of any visit to a store. Via Byggmax's online store, customers can also opt to order the full range of Byggmax's products for delivery direct to their home. At the end of April 2011, Byggmax launched online goods, which means more products are available via the online store than are available from the physical stores.

In early 2010, Byggmax launched the Byggla.se website – a Swedish Internet community for DIY projects – in a bid to add to the exposure of its online store operations. In addition, work continued on the development and fine-tuning of internal and external logistics by way of support for the store network and web-based sales.

MARKETING – CONSISTENT BRAND STRATEGY

The brand has been steadily strengthened as a result of Byggmax consistently applying its concept and continuously expanding the store network. Byggmax has now managed to achieve nationwide brand recognition in Sweden and high brand recognition in Norway, where the chain was launched in 2007. The brand is strengthened by the company's distinct business concept and the characteristic and effective store design.

Byggmax has invested substantial time and effort in developing its brand and attaining economies of scale in its marketing concept. Advertising uses a consistent form of expression, with realistic situations and real customer projects. This adds a documentary feeling to activities, all in line with the strategy of making things easy for DIY enthusiasts. This concept is used in a similar fashion with local adjustments to suit Sweden, Norway and Finland.

Byggmax has utilized the concepts "Sweden is building" and "Norway is building" in these countries in the period from 2010 – 2012. Byggmax's customers are the main characters in television commercials, advertisements, direct mail and on the website. Customers are interviewed while carrying out their building project over a summer and comment, without being directed, on Byggmax and its products. The concept demonstrates the geographical spread of Byggmax by using customers from all over Sweden. In particular, according to independent trade publications and surveys, it has strengthened Byggmax's price profile and brand. Byggmax does not use any advertising agencies. TV commercials are produced with the assistance of production companies and all Byggmax advertising is produced in-house.



EMPLOYEES

Byggmax's business model is based on a solid corporate culture, with the focus on freedom of action and clearly defined areas of responsibility for employees.

SOLID CORPORATE CULTURE – THE BYGGMAX SPIRIT

Byggmax's solid corporate culture – the Byggmax spirit – is a prerequisite for the successful application and development of the company's business model. The corporate culture highlights freedom of action and clearly defined areas of responsibility for employees, in addition to a flat and communicative organization, cost awareness, continuously improved business processes and efficiency in daily operations.

Consultants are seldom used, and regional managers are normally recruited internally – primarily through the promotion of store managers. As a result, the organization is characterized by efficient decision-making processes and a distinct entrepreneurial spirit.

The corporate culture is maintained by means of robust and integrated business methods, continuous internal communication and through the presence of corporate culture bearers with extensive experience in various areas of operations. All head office personnel work at least once per year out in the stores to maintain their links to store operations.

ORGANIZATION – FUNCTION-CONTROLLED MANAGEMENT

Byggmax has a resource-efficient organization with the majority of business activities centrally managed. Aside from the sales force, which is based in Byggmax stores, most business processes are managed function-wide across all stores by the head office in Solna, near Stockholm. Thus, there are no local offices – a feature that contributes to the efficiency and economies of scale that characterize the Byggmax concept.

Store operations are organized around two main areas of responsibility, namely, regional and store management. Regional managers are responsible for the management, operation and financial performance of a number of stores in a specific region and for identifying appropriate new locations for additional outlets. Currently, there are eight regional managers in Sweden, Norway and Finland. The regional managers are responsible for a number of store managers

in their respective region, who in turn manage the day-to-day operations.

WORKFORCE – 574 “BYGGMAXERS”

During 2012, Byggmax had an average of 574 full-time employees, with store personnel accounting for the majority of the workforce. Due to significant seasonal variations, the operations require flexible store manning, which is achieved by having a substantial proportion of part-time employees. The relatively high degree of personal freedom of action for employees in combination with clearly defined areas of responsibility have created a highly motivated organization. Work attendance vis-à-vis normal working hours was 97 (97) percent during the year.

Investments in store personnel are made on an ongoing basis through regular internal training courses in product knowledge, sales and customer service. In addition, the company uses mystery shoppers each month to evaluate stores in terms of customer service, appearance, work environment and safety.

No written rules are in place as regards employing locally. However, established practice and the nature of business activities with operations in many smaller communities means the store staff, including the manager, are recruited locally.

Of the Group management, 100 percent (five of five) reside in Sweden. Of other individuals in senior positions in the remainder of the organization (regional managers), eight of eight (100 percent) are local employees. At the next management level down, 100 percent of store managers in Sweden and Finland are locally employed and the corresponding figure for Norway is 68 percent.

Byggmax receives subsidies for the employment of certain members of staff who are participating in various state-funded employment measures to promote employment. The total amount received in such subsidies totaled SEK 5.1 M in 2012 and SEK 4.0 M in 2011.

SYSTEMATIC WORK ENVIRONMENT PROGRAM

Since 2008, Byggmax has had an extensive systematic work environment program, in which all accidents

and incidents are reported pursuant to a unified standard and followed up. In fiscal year 2012, the distribution of reported work accidents was as follows.

Work-related injuries	2012	2011
Number of personal injuries, employees	12	15
Fatalities	0	0
No. of lost time injuries (LTIs)	6	5
Total number of days absent (calendar days) due to work-related injuries ¹	119	242
Accident ratio	2.11	2.88
Working days lost	21.0	46.3

TRAINING

The following table specifies the estimated number of hours training for each personnel category per employee per year. The variation in the number of hours is attributable to the individual levels of previous experience and knowledge. The lower number of hours is specified for individuals with substantial previous experience, for example, of the company and similar positions.

	Introduction, number of hours	Annual repetition, number of hours
Pickers	12	5
Store employees	60	30
Store managers	100	40
Regional managers	150	50

The proportion of external training amounts to between 25 percent and 35 percent of the total number of hours of training, depending on whether it is calculated on the higher or lower number of hours per personnel category.

EQUAL TREATMENT

Bygghmax strongly distances itself from any form of discrimination. Written policies and procedures,

in the form of an equality policy, personnel policy, ethical standpoint, HR strategy and an action plan for cases of abusive treatment are all contained in the Bygghmax personnel manual, which is available to all Bygghmax employees. The Equality policy is also published on the Bygghmax website. No known incidents of discrimination occurred in 2012.

On comparison within the same personnel category, women have somewhat higher salary levels than men at Bygghmax. Base data comprised the closing basic salaries for store employees in Norway and Sweden as of December 31, 2012.

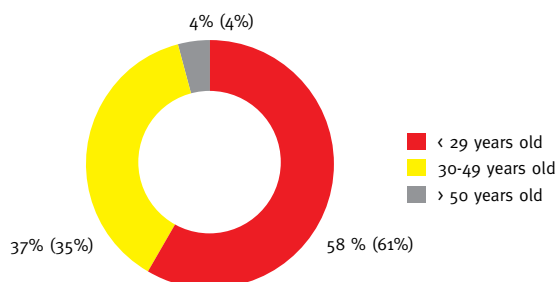
	2012	2011
Women's salaries as a percentage of men's	100.4%	100.4%

Gender	Staff turnover
Men	34%
Women	35%

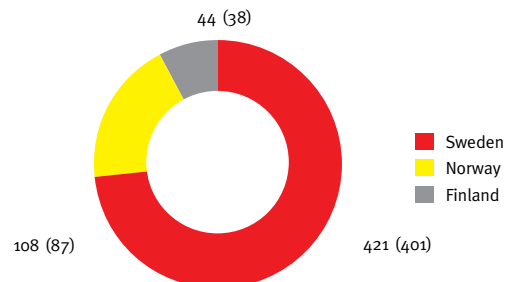
Age	Staff turnover
<30	41%
30-40	19%
40-50	19%
>50	24%
Total	34%

The above table illustrates staff turnover by age group and gender. The high total level of staff turnover is attributable to the seasonal nature of Bygghmax's operations and the corresponding large increase in temporary staff during the summer. Estimates have been made pursuant to the GRI standard but are shown according to gender and age due to insufficient basic data for statistical certainty.

WORKFORCE, AGE DISTRIBUTION



WORKFORCE, EMPLOYEES BY COUNTRY



¹ The outcome in 2011 for days lost to LTIs is attributable to two of the five accidents resulting in longer periods of sickness absence compared with accidents in 2012.

THE BYGGMAX SPIRIT

Take responsibility

- I take responsibility
- My behavior at Byggmax reflects my valuing Byggmax as if it were my own.

One for all, all for one

- I help my colleagues to succeed.
- I treat others as I myself would like to be treated.
- I follow the decisions taken by Byggmax.

Customer first

- I am interested in what my customer wants.
- I try to meet my customer's needs.

Low costs

- I help my customers realize their goals at the lowest price possible.
- I strive to ensure that costs are minimized for Byggmax.

Fast and fun at Byggmax

- I meet everyone with a positive attitude.

Develop together

- I always do my best.
- I accept that both I and others make mistakes, but not that the mistake is left unrectified.

BYGGMAX ORGANIZATION

Byggmax has a resource-efficient organization with the majority of business activities centrally managed. Aside from the sales force, which is based in Byggmax stores, most business processes are managed function-wide across all stores by the head office in Solna, near Stockholm. Thus, there are no local offices – a feature that contributes to the efficiency and economies of scale that characterize the Byggmax concept.

Stores

Responsible for store operations, customer service, establishment of new stores and training.

Accounting and finance

Responsible for accounting, financial controlling, HR & payroll.

Purchasing

Responsible for strategic purchases, supplies, pricing, product range and logistics.

Marketing and IT

Responsible for market strategy, production of advertising materials, the website, and operation and development of the IT environment.

Images from the Byggmax Fair in spring 2012



AT THE HEART OF THE WEB

INTERVIEW WITH MIA KAMLÉN

Mia Kamlén has been webmaster at Bygghem since spring 2012.

How did you wind up at Bygghem?

I love working with the Web and with DIY. I have renovated houses myself since 2006 and before that a number of apartments. So when I saw a job that involved both the Web and DIY it felt like a perfect combination.

What do you do at Bygghem?

I am responsible for the company's digital presence, e-commerce and communication through digital channels.

What do you perceive as the greatest challenge for e-commerce operations?

One of the largest challenges for building materials with e-commerce is logistics – sending a sweater by post is a piece of cake compared with sending all the building materials required for a construction project. And then there is the fact that we do not offer discounts, requiring creative solutions to rouse interest in our range. Offering the customer the perception of personal service, even on the Web, can

be viewed both as an opportunity and as a challenge. In this area, we are striving to provide customers with as much information as possible about our building products and with building instructions covering everything from a simple headboard to an entire house.

What have been Bygghem's major development issues for the Web?

A catchword for us is proximity, being close to the customer. The Web can play a central role in this area. The planning for a construction project is most often performed in front of a computer or on the sofa with a tablet or even on a mobile phone when on the go. Accordingly, we have devoted much of the year to working with availability on all devices and made the site responsive so that it adapts and is easily navigable irrespective of whether you are using your laptop, tablet or smartphone. We have also released Apps for iPhone and Android, which enables customers to check stock balancers at their local store, create shopping lists and get help in finding their way to the store. This saves our customers time and trouble, which enables them to start their projects more quickly.

The substantial growth in the product range poses another challenge. A wider range, with new product categories requires enhanced presentation and information for customers to be able to make a decision to purchase. This is where visual aspects becomes more important. Customers want to see more and larger images of the product. Therefore, we have worked extensively with image displays. We have also focused intensely on linking products to our instructional films. The essence of it all lies in simplicity, making it as simple as possible for customers to buy and realize their construction projects. We still have work to do in this area, but we have already made good progress.

What potential do you see for e-commerce at Bygghem?

In the last quarter, we have seen mobile phone traffic increase by about 130 percent and sales have increased even more. I believe that growth potential is still substantial for mobile commerce – in particular, when more and more people discover our App and now that



the site is responsive. I believe that we have only just seen the start of an increasing trend whereby more people buy everything they need online. Physical stores with no digital presence in the form of an online store will find it ever more difficult to survive. I feel secure knowing that at Byggmax, we are at the forefront of digital developments. Further confirmation was provided for this when we won the Sweden's best e-commerce award at Internetworld's top 100 event.

Why do you think Byggmax was selected as Sweden's best e-commerce site 2012?

Partly because we have created excellent mobile availability and partly because factors other than just making a purchase were included. We have worked intensively with something we call the extended shopping experience, in other words, not just focusing on a transaction but on the entire customer experience. For us, this means that we worked extensively with content such as construction projects, instructional films and inspiration – as part of making it easier and more fun for our customers to realize their construction dreams.

What is working at Byggmax like?

I think it is great fun! The company's values were a major reason why I joined the Byggmax, I really like what it stands for. These are not just something we say, these are values that we live by on a daily basis. One of the values is to have fun and develop together, which we really do.

Is there a Byggmax spirit, and how do you notice it?

Well, those of us who work here have a shared desire to solve problems, have fun and develop. The customer comes first is another value that permeates decisions at all levels, from daily operations to long-term development work aimed at becoming the world's best retailer of building materials.



What are the objectives for the development of e-commerce moving forward?

Our ambition is to continue growing and developing the e-commerce side, which is why we are in the process of producing a new e-commerce platform and implementing a new product management system and an intelligent search function – as part of making it easier for our customers to realize their construction dreams.

Byggmax's business concept is affordable building materials with high quality. In practice, this means that we have not had the largest product range in our physical stores. However, the Web provides us with the opportunity to develop and widen the offering without compromising our pricing strategy. Byggmax e-commerce supplements the stores' offering and, together, the stores and Web create an excellent overall offering for the customer. The Web allows Byggmax to offer a growing product range of affordable building materials with high quality in parallel with providing motivating instructions and inspiration. The Web also enables us to be available everywhere and at any time of day or night. All-in-all, the combination of the stores and the Web comprise a strong offering that enables increasing numbers of people to realize their construction ideas.



OUR RESPONSIBILITY

Byggmax's guidelines for social responsibility comprise a code of conduct for suppliers, ethical guidelines, environmental policy, work environment policy and equality policy. All policy documents are available in their entirety on Byggmax's website.

"It is important for Byggmax to contribute to sustainable development in society. We started a few years ago by producing our environmental report and are continuing now with a more general report on sustainable development.

In the short term, it is important for us to be able to measure major parts of our impact on society, which we are doing by producing a sustainability report that follows the GRI framework for sustainability reporting. We believe that reporting pursuant to an internationally accepted framework is important to enable evaluation and comparison of various companies' impact on society. In the mid to long term, increased efforts with development and improvement are prioritized.

Environmental impact and the greenhouse effect are issues of continued importance. Byggmax's first report on sustainable development focused on the environment. This is also an area where Byggmax can make a direct and indirect impact.

In 2012, work continued on reducing the environmental impact, and carbon emissions per ton of goods carried declined. Even refuse disposal at stores improved in 2012 and the proportion of waste sorted increased from 84 percent to 87 percent.

The goal for the next few years is to continue to improve in the prioritized areas. In 2013, this applies primarily to the environmental area, where we have a measurement method that has been established over a number of years."



Magnus Agervald, President

Byggmax's guidelines for social responsibility comprise a code of conduct for suppliers, ethical guidelines, environmental policy, work environment policy and equality policy. All policy documents are available in their entirety at Byggmax's website.

Byggmax's policy documents are based on the Global Compact and the OECD's guidelines for multinational companies. Below is an overview of the UN Global Compact's ten principles in the areas of human rights, labor, the environment and anti-corruption for companies, with reference to the documents and policies where the guidelines have been incorporated into Byggmax's operations.

HUMAN RIGHTS

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights (Code of conduct for suppliers).

Principle 2: Businesses should make sure that they are not complicit in human rights abuses (Work environment policy, Equality policy).

LABOR

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining (Code of conduct for suppliers).

Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labor (Code of conduct for suppliers).

Principle 5: Businesses should uphold the effective abolition of child labor (Code of conduct for suppliers).

Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation (Work environment policy, Equality policy and Code of conduct for suppliers).

ENVIRONMENT (ENVIRONMENTAL POLICY)

Principle 7: Businesses should support a precautionary approach to environmental challenges.

Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility.

Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.

ANTI-CORRUPTION

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery (Code of conduct for suppliers and Ethical guidelines).

The Byggmax set of values serves as a supplement to the above documents. All of these documents form part of the Byggmax work environment process, which ensures that these documents remain relevant for the organization.

BYGGMAX IMPACT

Since Byggmax performs a minor portion of its procurement in Asia, about 5 percent, the risks associated with such procurements are relatively limited

compared with if the proportion had been higher. However, these risks are not negligible. The greatest opportunity for Byggmax to make an impact is in relation to the environment, specifically, the transport of goods to stores.

MEASURING METHODS AND REVIEW

The Annual Report contains various numerical measurements applicable to the company's impact on society. The measuring methods used are primarily the aggregate of actual outcomes at stores. Sometimes, tracking is performed on an aggregate level, when it is impractical to track outcomes per store. In some cases, a single product category has been selected for tracking. In such instances, it is necessary for Byggmax to be a relatively large buyer to be able to influence various supplier behaviors and, consequently, not all product categories are relevant.

To reconcile and support the measuring methods utilized, Byggmax has examined this summary and the Group's reporting based on the guidelines for sustainability reporting G3.1, produced by the international stakeholder organization Global Reporting Initiative (GRI). This examination was performed by Tyréns AB, an external consulting firm.

STAKEHOLDERS

Byggmax maintains contact with a number of stakeholder groups. These include customers, suppliers, employees, politicians, property owners, neighbors and shareholders to name but a few. The policy applied to select which stakeholders Byggmax will systematically communicate with has been to select those parties with which communication is frequent at present. A description follows of how Byggmax communicates with key stakeholders:

Customers: Through advertising, the website,

customer service, employees in the store and Byggla. This communication is conducted on a daily basis.

Suppliers: Through the head office via purchasing. This communication is conducted on a daily basis.

Employees: Via intranet, through the company's management structure and through training. This communication is conducted on a daily basis. In addition, an annual employee survey has been performed since 2011.

Politicians: Byggmax has relatively limited contact with political organizations and spokespersons. The company is a member of a European collaboration, EDRA, which has a number of contacts at EU level. EDRA has meetings two to four times per year at which Byggmax participates.

Owners: Byggmax submits financial reports every quarter. In addition, the company participates in Small Cap meetings arranged by shareholder clubs three to five times per year, meets investors in conjunction with the interim reports and invites shareholders to the annual general meetings.

Core issues for Byggmax stakeholders are defined as follows:

Customers: Product quality and price.

Suppliers: The stability of Byggmax as a customer.

Employees: The stability and attractiveness of Byggmax as an employer.

Politicians: The stability of Byggmax as an employer and the Group's contribution to society as a whole.

Owners: Future dividends from Byggmax and sustainable business.

Over the past year, Byggmax has produced a structured environmental report. This was included in the Annual Report and extracts from it have been displayed on signs in stores. A number of Byggmax's owners who invested in conjunction with the stock exchange listing of Byggmax in 2010 have indicated that they would like to see a more complete review of the impact of Byggmax in line with the GRI framework.

CODE OF CONDUCT FOR SUPPLIERS

Byggmax does not conduct manufacturing operations but instead buys its products from some 180 carefully selected suppliers. The company's purchasing strives to find products that hold high quality and which follow relevant standards.



OUR RESPONSIBILITY CONT.

The company has guidelines that cover work conditions and social responsibility in its own operations as well as in relationships with suppliers of products and services. The code of conduct complies with the UN's Global Compact and the OECD's guidelines for multinational companies. Suppliers are personally responsible for ensuring that their operations are pursued in line with the code of conduct and, when requested, must provide Byggmax with information concerning their sub-suppliers.

ETHICAL GUIDELINES

Byggmax's employees must fulfill their undertakings in a manner that does not abuse the company's confidence. This means, for example, that employees must not abuse corporate information, act in matters in which they are partial, or permit their personal undertakings to take precedence over their duty and responsibility to Byggmax.

In their capacity as employees at Byggmax, personnel must not offer, request or accept inappropriate gifts, payments or trips for themselves or for relatives. Under no circumstances are employees at Byggmax to participate in any cartel or act in a manner that improperly curtails free competition.

ENVIRONMENTAL POLICY

Using active environmental programs, Byggmax promotes sustainable social development. Byggmax primarily impacts the environment through product transport, the environmentally hazardous content of packaging and products, printing and distribution of brochures, and through the energy consumption of business activities. The company takes environmental considerations into account in all decisions and at all levels of operations and endeavors to comply with applicable legislation and other environmental requirements.

Environmental programs are based on a lifecycle perspective and thus take into account the environmental impact throughout the product's entire value chain. The company pursues continuous dialog with suppliers and entrepreneurs and imposes relevant requirements. Byggmax also seeks to raise employee awareness of environmental issues and stimulates participation in environmental work. In addition, the share of green products will increase, supplemented by improvements in environmental information for customers. Environmental programs are based on an environmental policy with concrete objectives and measures for priority areas. The programs are assessed each year in an environmental report that measures the status and development in each area. The goal is to achieve improvement in priority areas from year to year.

WORK ENVIRONMENT POLICY

The goals of Byggmax's systematic work environment programs are to prevent occupationally related illnesses and promote a good physical and psychosocial work environment. These efforts encompass the study of working conditions, risk assessment, implementation of preventive measures and the monitoring of activities. To facilitate these programs, considerable efforts are made to ensure that all the company's executives undergo training in work environment-related programs and fire safety.

The company endeavors to handle work environment issues locally in the organization and make them a natural part of day-to-day activities. The CEO has primary responsibility for work environment programs and fire safety in the organization. The regional managers are responsible for ensuring that store managers in their region have undergone training and that the established procedures are complied with. All store managers are responsible for safety, fire safety and the work environment at their facilities and must ensure that all employees have received basic training in these issues, as well as access to current legislation and regulations in addition to the opportunity to participate in work environment programs.

EQUALITY POLICY

Byggmax seeks to create an environment in which women and men – both as groups and individuals – jointly and equally create range and totality in operations. The company endeavors to create an awareness of gender and equality that permeates the entire organization and which forms a natural part of internal and external recruitment, pay setting and pay negotiations. Women and men have equal rights, obligations and opportunities within the framework of their employment at Byggmax. This applies both to the physical and psychosocial work environment.

BYGGMAX GRI PROFILE

The Byggmax GRI profile is available on page 81 with page references. Byggmax reports pursuant to level A+ according to the GRI.

BYGGMAX ENVIRONMENTAL REPORT 2012

Introduction

During 2009, Byggmax initiated its environmental program through the creation of an environmental policy with environmental goals. As a consequence of this policy, an environmental report has been produced and efforts to continuously achieve improvements commenced to reduce Byggmax's negative impact on the environment.

Byggmax's main impact on the environment is defined in the environmental policy as follows:

- transportation of products from manufacturer to store or warehouse and from store to customer
- the products' contents of environmentally hazardous substances and the products' packaging
- printing and distribution of brochures
- energy consumption in business activities.

Byggmax's environmental policy stipulates yearly measurement of the status and trends in the aforementioned items, in the form of measures implemented and quantitative measurement. The ambition is to achieve improvement in the above specified areas every year. The aim is a 25-percent reduction in carbon dioxide and other greenhouse gases between 2009 and 2020.

The calculation methods utilized and the format of the report are checked by an external consultant.

Transportation

At the end of 2011, Byggmax consolidated existing warehouse operations in Gothenburg and Uddevalla

into one new combined picking and bulk warehouse in Lysekil. The new warehouse enabled more efficient transport solutions, a higher share of full-truck deliveries to stores and lower inventory levels in stores.

It is noticeable that the increase in the volume of transported goods is lower than the percentage increase in the number of stores. Furthermore, freight transported per ton was reduced by seven percent.

During the year, the logistics flow for purchasing was changed and marine freight is increasingly being used for goods from continental Europe. While the total tonnage of goods transported from Europe by boat has more than doubled from 2011 to 2012, total maritime freight measured in ton-kilometers has fallen slightly due to a changed geographic distribution of suppliers. Freight that was previously transported by rail is now being shipped.



	2012	2011	2010	Trend 2011-2012
Transported goods [thousand tons]	484.1	467.0	419.4	4%
Freight [million ton-kilometers]	347.2	360.6	316.4	-4%
Of which marine [million ton-kilometers]	88.9	90.4	65.5	-2%
Share marine	26%	25%	21%	2%
Of which rail [million ton-kilometers]	0.0	3.8	2.9	-100%
Share rail	0%	1.1%	0.9%	-100%
Of which road [million ton-kilometers]	258.4	266.3	248.0	-3%
Share road	74%	74%	78%	1%
Freight per ton [ton-kilometers/ton]	717	772	754	-7%
CO ₂ Carbon emissions per ton of goods transported [kg]	32.7	35.2	36.1	-7%
Absolute carbon emissions CO ₂ [ton]	15,816	16,426	15,150	-4%

Table 1, compilation of key transport ratios. Emissions per ton-kilometer are based on emission data from ntmcalc.se. Figures are not comparable with earlier reports due to double counting of certain freight volumes during 2010 and 2011. These years were restated in this report.

Emissions of other greenhouse gases and environmentally hazardous substances per ton and in absolute figures are presented in table 2 below. This category includes nitrogen oxides (NO_x), hydrocarbons (HC), carbon monoxide (CO) and small particles.

	2012	2011	2010	Trend 2011-2012
NO _x [g/ton]	285	286	310	0%
CO [g/ton]	71.2	68.5	76.9	4%
HC [g/ton]	12.4	12.4	13.4	1%
Particles [g/ton]	7.1	7.2	7.5	-1%
NO _x [ton]	138.7	133.4	130.1	4%
CO [ton]	34.6	32.0	32.3	8%
HC [ton]	6.1	5.8	5.6	5%
Particles [ton]	3.5	3.4	3.2	3%

Table 2, emissions of greenhouse gases and environmentally hazardous substances per ton of goods transported and in absolute measures. Emissions per ton-kilometer are based on emission data from ntmcalc.se. Figures are not comparable with earlier reports due to double counting of certain freight volumes during 2010 and 2011. These years were restated in this report.

A MOTHER-IN-LAWS NIGHTMARE IN LEATHER PANTS

Hunting for the lowest prices with the neighborhood's prince of darkness

Family life is combined with hard rock when Lindome's answer to Gene Simmons chooses Byggmax so that he can afford both a rehearsal studio and a trip to LEGOLAND.

I HAVE ALWAYS dreamed about a having a studio close to home so that I can just put on my dressing gown and go downstairs and start recording songs. Hard rock has always been closest to my heart. When I was just a boy, I practically wore out my aunt's KISS records – they rocked!

SO NOW I AM REALIZING

my dream by building a rehearsal studio in the garage.

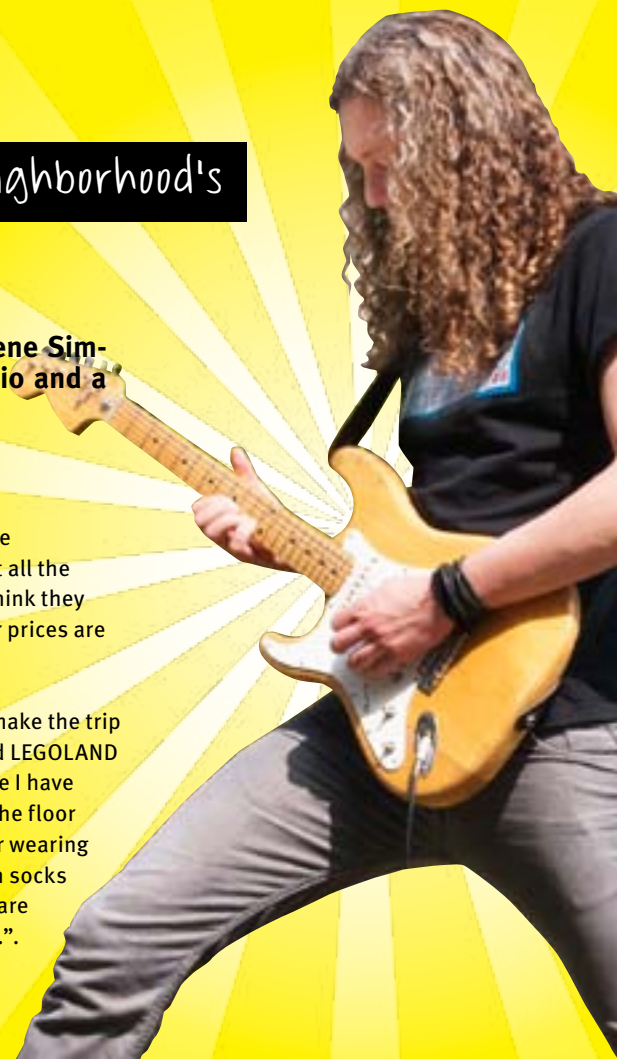
The next job on my list is to install the insulation, ceiling and floor. I bought all the materials from Byggmax because I think they have good quality products and their prices are fantastic.

MY BUDDIES AND I were supposed to make the trip to Sweden Rock, but now I've booked LEGOLAND with the family instead. And of course I have to finish off the studio. When I have the floor down, no one will be allowed to enter wearing shoes. They'll have to wear moccasin socks – moccasin socks and leather pants are the coolest there is.”.

/ christian

Byggmax advertising circular in Sweden,

June 2012





The emissions calculations did not include the transport of online goods and home deliveries from stores. At present, such transportation comprises a relatively small portion of the company's total goods freight. An increasing element of online goods and home deliveries also reduces freight and emissions, in part through optimizing freight to end customers, and in part through customers ordering online and not utilizing their vehicles to go shopping.

Products and packaging

Products and packaging affect the environment directly and indirectly, for example, through the raw materials they contain, the energy they consume in their manufacture and in use, and to the extent to which they are recycled or reused at the end of their service life.

Bygghmax works actively to promote the use of wood and thus reduce the use of less environmentally friendly material including concrete, cement and hard plastic. Bygghmax only retails NTR-labeled pressure-treated wood that complies with the environmental goals set by the Swedish Wood Preserving Association and the Nordic Wood Preservation Council. Lumber is procured from Nordic suppliers and in full loads directly from sawmills to minimize environmental impact.

All parquet flooring and timber sold is labeled FSC, Forest Stewardship Council, the international environmental labeling that aims to promote sustainable forestry. During the year, the traditional Swedish distemper paint sold by Bygghmax was substituted and is now based on a pigment that is free from lead and other harmful heavy metals.



Bygghmax handles goods with a low proportion of packaging. Only about 10 percent of articles sold in stores are packaged, meaning the packaging material is sold together with the goods and taken home by the customer. Otherwise, products have varying types of transport packaging for protection. Transport packaging is recycled in partnership with recycling centers and pallets are reused in the pallet exchange system of the major freight forwarders and in the building pallet exchange system.

Through membership in REPA, the producer part of the Packaging and Newspaper Collection Service tasked with ensuring that packaging and newspapers in Sweden are collected and recycled, Bygghmax shoulders its responsibility as a producer for packaging on all brought-in and imported goods. For goods manufactured in Sweden, it is the producer that bears the producer responsibility, meaning that Bygghmax indirectly defrays the costs for the handling of these products.

In Sweden, Bygghmax has a broad collaboration with Ragn-Sells to ensure that as much of the stores' waste as possible is recovered and converted into energy or new materials. The aim is to minimize the amount of waste that goes to landfill and achieve zero mixed waste.

From Table 3 below, it is possible to decipher a trend in the distribution of the types of waste of Byggmax, with a reduction in mixed waste and an increase of sorted waste and waste to landfill. The increase of waste to landfill can principally be attributed to a rise in the number of handling stages for gypsum plasterboard which, due to the fragile nature of the product, results in more damaged goods.

The most significant reductions of sorted waste were made in concrete, electronics, mixed metal scrap, petroleum-spirit-based paints and strip lights. The areas that have showed the greatest increase in waste include gypsum plasterboard, plastic sheeting, paper, timber and corrugated board.

Type of waste	2012	2011	2010	Difference 2011-2012
Mixed waste	6.1%	9.4%	10.9%	-3.3%
To landfill, unsorted	7.0%	6.5%	6.2%	+0.5%
Sorted	86.9%	84.1%	82.8%	+2.8%

Table 3, division of waste by type 2010, 2011 and 2012.

Printed matter

The printed matter produced and distributed by the Group is an important and often ignored part of its environmental impact. Over a four-year period – from 2009 to 2012 – Byggmax has reduced the total volume of printed advertisements by 13.6 percent. The reduction between 2011 and 2012 was just below 8 percent.

In addition to the change in total volume, new stores are being established in existing distribution areas, which has significantly cut the volume of advertisements distributed per store. The reduction between 2009 and 2012 was 44 percent, while it was 15.5 percent between 2011 and 2012.

Byggmax cooperates with a printing house that is certified in accordance with the Nordic Ecolabel, ISO 14001, EMAS and FSC, meaning that it minimizes the use of health-impairing chemicals in printing ink and paper and that it strives to promote socially and economically sustainable forestry.

Printed matter	2012	2011	2010	Difference 2011-2012
Printed, direct mail (tons)	950	1,028	1,212	-7.6%
Printed, direct mail (tons/ store)	10.1	12.0	16.6	-15.5%

Table 4, weight of printed matter 2010, 2011 and 2012

Energy consumption

Byggmax endeavors to achieve energy efficiency and the new stores that are constructed surpass the building regulations imposed in the respective countries. Prefabricated insulating facades and thermopane glass in the buildings' windows contribute to favorable energy utilization. Newly built stores have heat recycling integrated in the ventilation system and do not just rely on direct heating.

Heating of stores	District heating	Air-source heat pump	Direct-acting electric heating
Sweden	55%	30%	15%
Norway	5%	10%	85%
Finland	90%	-	10%
Group (weighted)	47%	22%	31%

Table 5, heating methods for Byggmax stores 2012.

The direct energy used by Byggmax principally comprises fuel in the form of diesel and gasoline used in the organization's vehicles. These comprise diesel forklifts, company cars and private cars used for work.

Direct energy use (GJ)	2012	2011	2010
Diesel	9,429	9,241	8,643
Gasoline	172	198	216
Total	9,501	9,438	8,859

Table 6, direct energy use by energy source for 2011 and 2012.

The fleet of forklifts is gradually being renewed and all new forklift trucks that are procured are of environmental class III, in accordance with the European Parliament directive 97/68/EU, and electric/diesel hybrids. The possibility of changing to biodiesel has been examined but the volumes of diesel that Byggmax buys are too small for such a change to be financially viable at present.

The indirect energy used by Byggmax per primary energy source primarily comprises electricity and heat.

	Total (TJ)	Of which, renewable energy	Of which, nuclear power	Of which, fossil fuel
Sweden	22,856	100%	0%	0%
Norway	17,578	100%	0%	0%
Finland	i.n.	i.n.	i.n.	i.n.

Table 7, indirect energy used by Byggmax per primary energy source 2012.

In 2011, the electricity agreements were renegotiated in Sweden for the stores that do not have electricity included in rental agreements and the choice fell to guarantee-of-origin hydroelectricity from power stations in Ljusnan. As a result, emissions of carbon dioxide from the production of electricity have fallen from 635 tons to zero, according to Swedenenergy's environmental assessment. 100 percent of the energy for the Group's stores in Norway is also derived from renewable sources.

In addition to purchasing guarantee-of-origin hydroelectric power, a project was launched in collaboration with the electricity supplier to identify and eliminate unnecessary grid loads in Byggmax stores.

Responsible establishment

A review was performed of Byggmax stores and their locations in relation to protected or valuable areas of nature. The county administrative boards' GIS-database was used to provide basic data including the layers of data available that applied to areas of valuable and protected nature. The supporting data differs between the various counties, but the most common types of nature protection are the same for all counties, areas of national interest and Natura 2000, nature reserves and national parks. In Norway, basic data has been collected from the Norwegian government site www.environment.no.

In terms of critical proximity to protected or valuable areas of nature, only one store was identified. This is the store in Karlstad, which is located in an area designated in the Swedish national wetland inventory for biological diversity and is located in the vicinity of valuable water resources (meriting protection for fish and birds, water catchment, Natura 2000 and natural environment of national interest).

Through its location, which is in a heavily developed area, the store has no impact on biological diversity in the area designated in the Swedish national wetland inventory.

Risks and opportunities attributable to climate change

Senior management has taken climate change and the risks and opportunities this entails for the organization into consideration. The major risks to the operation comprise physical changes, such as seasonal variations and flooding, as well as climate-related regulations. The opportunities created through climate change include improved communication of the environmental efforts being made by Byggmax to create an environmental profile toward the customer and to launch products that have less of an impact on the environment than current products.



THE BYGGMAX SHARE

The Byggmax share was listed on June 2, 2010, on NASDAQ OMX Stockholm and is traded on the Mid Cap list.

TRADING IN THE SHARE AND SHARE PRICE TRENDS, 2012

The last price paid on December 31, 2012 was SEK 29.00, corresponding to a market capitalization for Byggmax of SEK 1,761 million. The highest price noted for the share during the fiscal years was SEK 42.80 and the lowest notation was SEK 26.40. In 2012, approximately 38 percent of trading in the Byggmax share took place on NASDAQ OMX Stockholm and only about 0.3 percent was carried out on Burgundy. The majority of share trading, 60 percent, comprised over-the-counter (OTC) trading. OTC trading is subsequently reported to, among others, Boat xoff and the Stockholm Stock Exchange for registration.

SHARE CAPITAL

The share capital in Byggmax Group AB (publ) amounted to SEK 20,245,682 divided among 60,737,045 shares with a quotient value of SEK 0.33 per share. Only one class of share exists and all shares have the same rights.

SHAREHOLDERS

At December 31, 2012, the number of shareholders in Byggmax was 4,839 according to Euroclear. The ten largest shareholders owned shares amounting to 73.6 percent of the votes and capital in the company. The percentage of non-Swedish ownership amounted to 70.9 percent.

STOCK MARKET INFORMATION

Byggmax endeavors to furnish the stock market with

clear and current information. Financial information is provided primarily in the Annual Report, the year-end report and in three interim reports. Before publication of the reports, Byggmax maintains a quiet period of 30 days. Byggmax's annual report is only distributed via the Group's website, where it is possible to subscribe to the company's financial reports.

INCENTIVE SCHEME

The 2011 Annual General Meeting resolved to introduce an options program for about 20 senior executives and other key staff at Byggmax. The term for the options was set at 3.5 years and they can be exercised in the final six months. A total of 565,000 warrants were issued, corresponding to nearly 1 percent in dilution. The warrants are priced at market value (SEK 6.77 per warrant) and the valuation was made by an independent party. Each warrant will entitle its holder to subscribe for one share in the company at an exercise price of SEK 63.90. The participants of the warrants program have entered into a pre-emption agreement.

DIVIDEND POLICY

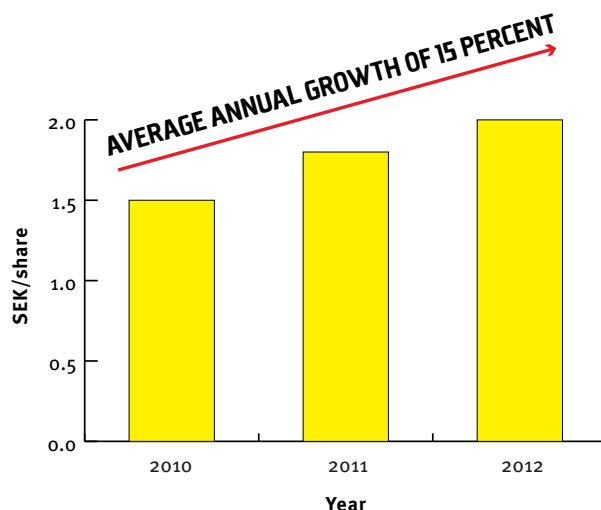
Byggmax policy is for dividends to amount to at least 50 percent of Byggmax's net profits for the preceding fiscal year, subject to Byggmax's need for capital, EBIT, financial position, capital requirements and economic conditions.

PROPOSED DIVIDEND

The Board of Directors proposes to the Annual General Meeting a dividend of SEK 2.00 per share for 2012, equivalent to 68 percent of the company's profit after tax for the year.



Byggmax President, Magnus Agervald, rings in the stock exchange listing together with Byggmax Board Member Stefan Linder from Altor Equity Partners AB, at NASDAQ OMX Stockholm on June 2, 2010.



SHARE PERFORMANCE

	2012	2011
Earnings per share, SEK	3.0	3.0
Equity per share, SEK	15.1	13.9
Dividend per share, SEK	2.0	1.8
Cash flow from operating activities per share, SEK	3.6	1.5
Number of shares outstanding, thousands	60,737	60,737
Average number of shares, thousands	60,737	60,737
Dividend as a percentage of profit after tax	68%	60%
Number of shareholders	4,839	4,748
Share price at December 31	29.0	26.5
Direct return	6.9%	6.8%

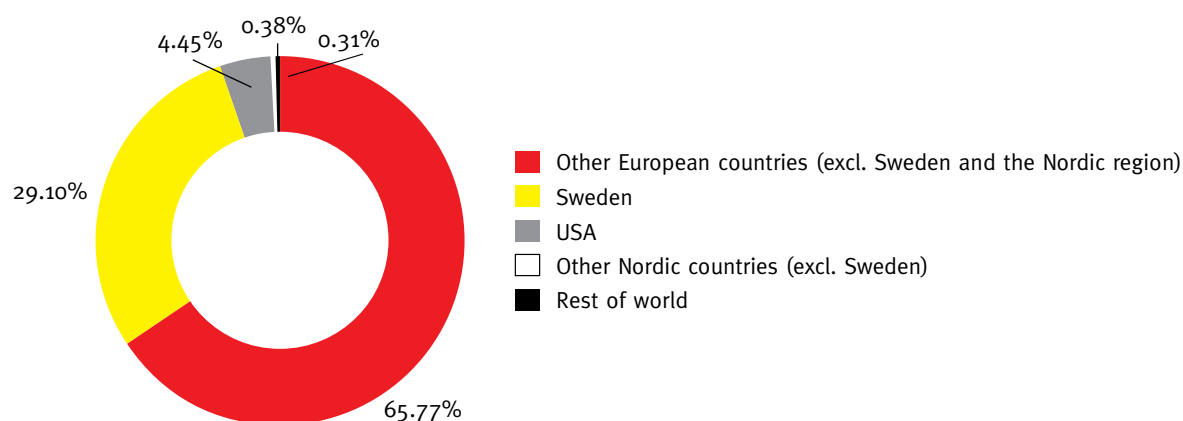
TEN LARGEST SHAREHOLDERS

Name	Number of shares	Holding (%)
Altor 2003 Sarl	21,720,908	35.76%
Lannebo fonder	6,035,227	9.94%
Zamgate Investments (Stig Notlöv)	3,078,042	5.07%
Schroder Investment Management North America, Inc	2,497,084	4.11%
Jarrton Management (Göran Peterson)	2,381,296	3.92%
Öresund, Investment AB	2,122,948	3.50%
Handelsbanken fonder	2,095,314	3.45%
Norges Bank Investment Management	1,742,210	2.87%
Uslane holdings (Lars Lindberg)	1,715,000	2.82%
Fjärde AP-fonden	1,307,864	2.15%
Total of the ten major shareholders	44,695,893	73.59%
Total other shareholders	16,041,152	26.41%
Total at December 31, 2012	60,737,045	100.00%

Source: Euroclear

For non-Swedish shareholders, the above data is based on available information.

Stakeholder categories



MULTI-YEAR OVERVIEW

MSEK 2012¹ 2011¹ 2010¹ 2009¹ 2008¹ 2008²

Results

Net sales	3,090.4	2,987.1	2,773.0	2,443.5	2,107.0	2,107.0
EBITDA	305.6	323.0	314.0	306.7	181.6	163.5
EBITA	252.2	277.5	274.8	272.7	153.0	148.3
EBIT	252.2	277.5	274.8	272.7	153.0	86.3
Profit before tax	231.5	251.6	237.4	203.9	51.8	1.6
Income tax	-51.7	-69.5	-65.2	-42.7	-11.6	-15.5
Profit/loss for the year	179.8	182.2	172.2	161.2	40.2	-13.9

Net sales growth. %	3.5	7.7	13.5	16.0	19.0	19.0
Like-for-like (LFL) sales growth. %	-2.7	-1.9	2.7	6.0	1.3	1.3
Gross margin. %	30.2	30.1	29.7	29.8	28.2	28.2
EBITDA margin. %	9.9	10.8	11.3	12.5	8.6	7.7
EBITA margin. %	8.2	9.3	9.9	11.2	7.3	7.0
Operating (EBIT) margin. %	8.2	9.3	9.9	11.2	7.3	4.1
Interest coverage ratio. %	18.9	19.7	13.3	8.2	–	–

Balance sheet

Assets

Fixed assets	1,266.5	1,218.2	1,207.4	1,181.6	1,186.4	1,064.8
Inventories	465.8	424.9	350.5	295.0	232.7	232.7
Other current assets	87.3	99.8	70.0	98.0	55.8	57.0
Cash and cash equivalents	33.9	22.8	34.1	31.6	124.6	124.6
Total assets	1,853.5	1,765.8	1,662.0	1,606.3	1,599.5	1,479.0

Shareholders' equity and liabilities

Shareholders' equity	914.2	844.4	748.5	337.8	174.5	86.9
Long-term interest-bearing liabilities	0.0	130.0	239.3	765.3	926.5	1,009.7
Long-term non-interest-bearing liabilities	82.4	100.8	53.6	58.4	41.0	21.9
Current interest-bearing liabilities	483.5	344.0	240.0	71.3	106.8	0.0
Accounts payable	278.7	268.9	268.9	285.6	302.2	302.2
Other current interest-bearing liabilities	94.7	77.7	111.7	88.0	48.5	58.4
Total liabilities and shareholders' equity	1,853.5	1,765.8	1,662.0	1,606.3	1,599.5	1,479.0

Operating capital	1,381	1,332	1,194	1,143	1,083	972
Operating capital less goodwill	330	281	143	98	39	-10
Net debt	467	488	445	805	909	885
Return on operating capital. %	18.6	22.0	23.5	24.3	–	14.1
Return on operating capital less goodwill. %	82.6	131.0	228.2	347.2	–	366.8
Return on equity. %	20.4	22.9	31.7	62.9	29.6	-15.1
Net debt/EBITDA	1.5	1.5	1.4	2.6	5.0	5.4
Average net working capital. % of net sales	0.5	-1.5	-3.0	-2.8	-2.4	-2.4
Equity/assets ratio/risk-bearing capital. %	49.3	47.8	45.0	49.5	37.1	36.5

Per share data

Equity per share. SEK	15.1	13.9	12.3	6.1	3.2	1.6
Earnings per share. SEK	3.0	3.0	2.8	2.9	2.2	-0.8
Dividend per share. SEK	2.0	1.8	1.5	–	–	–
Cash flow from operating activities per share. SEK	3.6	1.5	3.4	2.9	3.6	2.6

1) The International Financial Reporting Standards (IFRS)

2) The Swedish Accounting Standards Board (BFN)



**” YOU CAN TRUST BYGGMAX,
THEIR PRICES ARE GOOD.”**



99⁰⁰

RED PAINT, 10L



239⁰⁰ /M²

PARQUET FLOORING, OAK

Varnished, three-strip, 14 mm, 3.18 m² per package
5G click system

PAVERS

Fiber sheeting. Wall block rustic gray.
Paver Max. Olympia gray.

42⁹⁵

390x190x138MM

349⁰⁰ /ST

1,4x25M

Class N1

159⁰⁰ /M²

21x14x5CM

99⁰⁰ /M²

MAX, 21x14x4CM



SWEDISH-MANUFACTURED
PAVERS AND WALL
BLOCKS



6895⁰⁰ /ST

VIKEN

100x210 cm, red
Horizontal window, incl. frame

BUILD A DECK

Pressure-treated NTR/AB. Concrete plinth.

73⁹⁵

CONCRETE PLINTH

500mm, 35kg

6⁹⁰ /M

WOODEN DECKING 22x95

9⁹⁵ /M

WOODEN DECKING 28x120

Applies to lengths of 2.4-3.6 m

16⁹⁵ /M

WOODEN STUD 45x95



18⁹⁵ /SÄCK

PLAINTING SOIL

Hammenhög, 40L



ADMINISTRATION REPORT

The Board of Directors and President of Byggmax Group AB (publ), corporate registration number 556656-3531, with its registered office in Stockholm and head office in Solna, Stockholm, hereby submits its Annual Report for the fiscal year January 1, 2012 to December 31, 2012. Unless otherwise specified, all information applies to the Group. Information in brackets refers to the preceding year. All amounts are given in SEK millions unless otherwise specified.

Operations in general

The Byggmax Group conducts sales of building supplies. The business concept is to retail high-quality building supplies at the lowest possible price. Business activities are conducted in Sweden, Norway and Finland. On December 31, 2012, there were 94 stores, of which 63 were in Sweden, 22 in Norway and nine in Finland.

The share and ownership structure

Byggmax Group AB's (publ) share is listed on NASDAQ OMX Stockholm. The principal shareholder in the company is Altor 2003 Sarl, which owns 35.8 percent of the shares and capital. A list of the ten largest shareholders is available on page 29.

Byggmax Group AB's (publ) share capital was SEK 20,245,682 and consists of 60,737,045 shares with a quotient value of SEK 0.33 per share. All shares have equal voting rights. The Articles of Association contain no pre-emption rights or other limitations on the share's assignability. No circumstances exist of the type the company has an obligation to report in accordance with the provisions in the Annual Accounts Act, chapter 6, section 2a paragraphs 4-11.

Subsidiaries

The Byggmax Group's retail sales in Norway are conducted by the subsidiary Byggmax Norge and in Finland by the subsidiary Byggmax AB Finland.

Significant events during the fiscal year

- During the year, eight new stores were opened, four of which were in the Swedish market (Eslöv, Malmö, Smedjebacken and Sisjön), three in the Norwegian market (Moss, Askim and Stord) and one in the Finnish market (Oulu).
- During the year, Byggmax acquired the company Romell Förvaltning AB, which owns a site in Karlskoga, Sweden.
- During the year, Byggmax acquired the company Lännersta 14:1 Fastighets AB, which owns a site in Nacka, Sweden.
- Daniel Juhlin took office as the new Marketing and IT Manager.

The Byggmax Group's net sales and profit, five-year summary, SEK M

	2012*	2011*	2010*	2009*	2008*	2008**
Net sales	3,090.4	2,987.1	2,773.0	2,443.5	2,107.0	2,107.0
EBIT before depreciation	305.6	323.0	314.0	306.7	181.6	163.5
EBIT before goodwill amortization	305.6	323.0	314.0	306.7	181.6	148.5
Equity/assets ratio ¹⁾	49.3%	47.8%	45.0%	49.5%	37.1%	36.5%
Net debt/EBITDA ²⁾	1.5	1.5	1.4	1.1	2.7	2.9

1) (Adjusted shareholders' equity + subordinated shareholder loans)/total assets

2) ((Interest-bearing debt excluding shareholder loan – cash)/EBIT before depreciation

* Prepared according to IFRS

**Prepared according to the former accounting policies from BFN

Sales and earnings

Net sales amounted to SEK 3,090.4 M, compared with SEK 2,987.1 M in the preceding year, which was an increase of 3.5 percent. The increase in net sales in like-for-like stores was 2.7 percent measured in local currency and currency effects on sales were a negative 0.2 percent.

The gross profit margin amounted to 30.2 percent, compared with 30.1 percent for the preceding year. Personnel and operating expenses increased by SEK 52.4 M. This was primarily due to costs of SEK 47.1 M incurred for new stores that were not open in the year-earlier period.

EBIT before depreciation amounted to SEK 305.6 M (323.0), a deterioration of 5.4 percent year-on-year. EBIT was negatively affected by a weaker consumer market. The operating margin excluding depreciation was 9.9 percent (10.8).

Cash flow and financial position

Cash flow from operations amounted to SEK 220.5 M (92.5), up SEK 128.0 M year-on-year. Taxes paid were SEK 35.1 M lower than in the preceding year. The higher level of income tax paid in 2011 was due to payment of final income tax for the 2010 fiscal year. On December 31, 2012, inventory amounted to SEK 465.8 M (424.9). Compared with the same period in the preceding year, eight new stores were added, and inventory in the new stores amounted to SEK 32.8 M. Distribution inventory was SEK 30.3 M higher than in the year-earlier period, due to more products being distributed through the distribution hub. Inventory turnover was a multiple of 4.8 (5.4) during the fiscal year. Investments during the year (including financial leasing) totaled SEK 83.6 M (62.5). The higher investment level compared with the year-earlier period was primarily attributable to the fact that the Group no longer leases inventory to the same extent as in the past, but rather these are financed internally.

Consolidated shareholders' equity amounted to SEK 914.2 M (844.4) on December 31, 2012. The net debt of the Group was SEK 466.8 M (487.5) and decreased SEK 20.7 M compared to the preceding year. Net debt in relation to EBITDA amounted to a multiple of 1.5 (1.5). The equity/assets ratio amounted to 49.3 percent (47.8).

Risk factors and risk management

Just as in any other business, Bygghmax's business activities are associated with risks. The management of risks is of fundamental significance for the Group's success. Some of the risk factors and significant relationships that are assessed as being of significance for Bygghmax's business activities, financial position and performance are shown below.

Market

- Changes in sales levels in the housing market
- Changes in households' disposable income
- Consumer demand for building supplies. The Group's business is very seasonal (see below).
- Changes in prices of raw materials
- The competitors' pricing
- The trend in the low-price segment in the DIY market.

Operations

- Expansion of the chain of stores is greatly dependant on the ability to locate plots and properties that are suitable for Bygghmax.
- Interference or faults in the IT-system
- Changes in the rental market and in the terms and conditions of existing lease agreements for stores
- The ability to identify and develop relations with qualified suppliers
- The ability to renew and develop the concept.

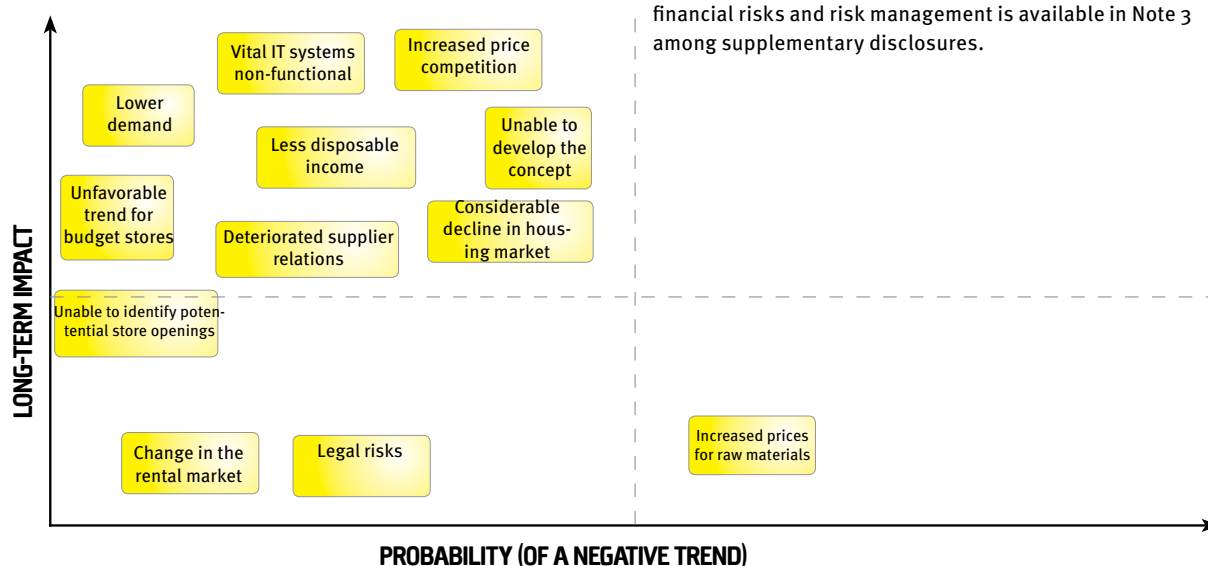
Sensitivity analysis operational risks

	Change (percentage point), all other factors unchanged	Effect on profit (SEK M) after tax 2012
Cost price	+1%	-15.9
Personnel costs	+1%	-2.0

Financial risks

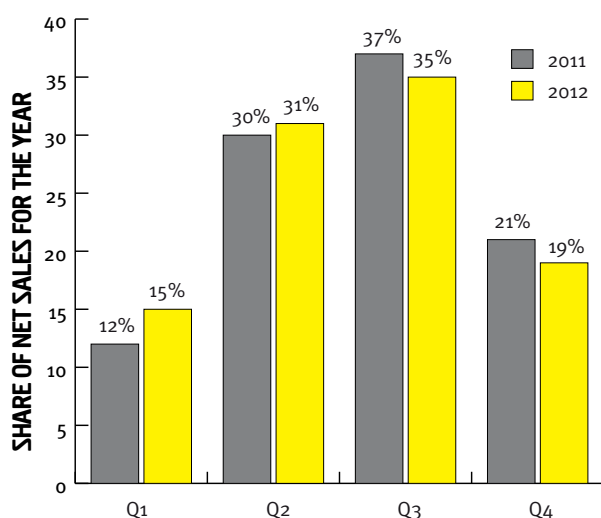
- Meeting the need for working capital
- Obligations in credit agreements
- Currency risk
- Interest risk
- Legal risks such as those related to customs handling

Risk management is performed by the finance department in accordance with the finance policy set annually by the Board of Directors. A more detailed description of the Group's financial risks and risk management is available in Note 3 among supplementary disclosures.



Seasonal variations

Consumer demand for standard building supplies and the Group's business activities are strongly affected by seasonal variations. Due to the weather's effect on demand, Byggmax sales and cash flow are normally higher during the second and third quarters when approximately two-thirds of Byggmax's sales are generated and subsequently decline in the fourth and first quarters. While seasonal variations do not normally affect Byggmax's EBIT and cash flow from year-to-year, they can be affected in a year with abnormally harsh or mild weather conditions, or with abnormal amounts of precipitation. Byggmax strives to balance the seasonal effects by, for example, launching new products throughout the year that are not as susceptible to seasonal variations.



Number of employees

The average number of employees, (full-time employees) totaled 574 (527). Further information about employees can be found in Note 9 of the Annual Report.

Expectations regarding future development

Operations will continue to expand through the opening of new stores in Sweden, Norway and Finland and through the refinement and enhancement of existing stores. Over time, Byggmax will increase its presence in Sweden with up to approximately 85 stores, in Norway up to approximately 45 stores and in Finland up to approximately 25 stores in financially attractive locations. The Board of Directors expects a continued positive sales trend. Byggmax does not provide forecasts for competitive reasons.

Environmental information

Byggmax mainly affects the environment through transportation of products from manufacturers to stores or warehouses and from stores to customers, through products containing substances that impact the environment and through product packaging. Byggmax strives to minimize its impact on the environment and comply with environmental requirements according to Swedish legislation. The environmental effort is conducted through such measures as a continuous dialog on environmental issues with our suppliers and contractors and by imposing relevant requirements. Byggmax works to increase the proportion of environmentally friendly products and to improve environmentally oriented information to customers. Byggmax's environmental report is included in the Annual Report (see page 23).

Guidelines for compensation to senior executives

Pursuant to a motion to the 2012 Annual General Meeting, the Board proposes that the following guidelines apply until the 2013 Annual General Meeting. The guidelines are to apply for employee agreements that are entered into after the Meeting's resolutions and in cases in which amendments are made to existing agreements after the Meeting's resolutions.

The overriding principles for compensation to leading executives are to be based on position, individual performance and the Group's EBIT. Compensation must be competitive in the country of employment. Total compensation to senior executives consists of fixed salary, variable salary in the form of Short-Term Incentives based on annual performance targets, Long-Term Incentives based on performance over several years, pension and other benefits. In addition, there are conditions relating to termination and severance pay. Fixed salaries should be set below market averages. However, overall remuneration, including Short-Term Incentives and Long-Term Incentives, entails that the market average may be exceeded. The combined remuneration must be reviewed annually to ensure that it is in line with the market and competitive. When making comparisons, position, the company's size, salary and the person's experience must be taken into consideration.

Fixed salaries

Fixed salaries form the basis for total compensation. Fixed salaries must be related to the relevant market and reflect the scope of responsibility that the work entails.

Variable salary, Short-Term Incentives (STIs)

In addition to fixed salary, senior executives are able to receive STIs for results that exceed one or more predefined performance levels during a fiscal year. Compensation from the STI program can amount to a maximum of 100 percent of the fixed salary for the President and 30 percent of fixed salaries for the remaining management, thus enabling Byggmax to calculate maximum levels of remuneration. STIs are determined by both qualitative and quantitative measures.

Long-Term Incentives, (LTIs)

The 2011 Annual General Meeting resolved to introduce a warrant-based incentive scheme, which is described in Note 9.

Pension

Where possible, pension agreements should be premium-based and formulated in accordance with the levels and practices applicable in the country where the senior executive is employed.

Other benefits

Other benefits may be provided in accordance with the conditions that apply in the country where the senior executive is employed. However, the extent of such benefits must be limited as much as possible and may not comprise a major portion of the total compensation.

Notice period and severance pay

Senior executives are to be offered terms of employment according to the prevailing legislation and practices in the country in which the senior executive is employed. During the notice period, the senior executive is prohibited from working for a competing business. In certain cases, a prohibition of competition may be applied in exchange for continued remuneration for a maximum of 24 months after the end of the notice period. Currently, the longest notice period in

the Byggmax Group is 12 months and no contract includes severance pay.

The Board has the right to deviate from the aforementioned guidelines if the Board deems that it is motivated in specific cases

Refer to Note 9 for further information on senior executives.

Corporate governance report

In compliance with the Swedish Annual Accounts Act, chapter 6, section 8, Byggmax prepares a separate corporate governance report.

Significant events after the balance-sheet date

Swedish Customs decided to levy an additional charge on Byggmax with respect to customs and anti-dumping duties for 2008, 2009 and 2010. The total sum was SEK 23.3 M. Byggmax intends to appeal parts of this decision. Byggmax has agreed compensation in a corresponding amount with the supplier that sold the products in question to Byggmax. In 2012, Byggmax paid a total of SEK 10.3 M in customs and anti-dumping duties and will pay an additional SEK 13.0 M in the first quarter of 2013. Byggmax has agreed compensation in a corresponding amount with the supplier and exposure to the supplier amounts to a total of SEK 22.3 M at January 22, 2013. This has not impacted the company's earnings since the amount is recognized as a receivable from the supplier.

Parent Company

Byggmax Group AB is a holding company. Operations are conducted in the subsidiary Byggmax AB (corp. reg. no. 556645-6215), in the subsidiary Byggmax Fastighetsutveckling AB (corp. reg. no. 556726-8593), in a subsidiary to that company Byggmax Fastighetsholding AB (corp. reg. no. 556726-8601) and in Svea Distribution AB (corp. reg. no. 556602-5895). Byggmax Group AB did not have any employees during the year.

PROPOSED DISTRIBUTION OF EARNINGS

Byggmax's dividend policy is presented in greater detail under the "Byggmax share" on page 28.

Earnings brought forward	227,233,480
Profit for the year	1,867,494
TOTAL	229,100,974
The Board of Directors and the President propose that these earnings be distributed such that:	
Dividend to shareholders (SEK 2.00 per share)	121,474,090
To be carried forward	107,626,884
TOTAL	229,100,974

Statement by the Board of Directors pursuant to the Swedish Companies Act, Chapter 18, Section 4

Byggmax Group AB's (publ) aim is that dividends to shareholders comprise a minimum of 50 percent of the net profit for the year, subject to Byggmax's need for capital, its EBIT, financial position, capital requirements and the prevailing economic conditions.

The Board has examined the Parent Company's and the Group's financial positions and finds, after close consideration, that a dividend in accordance with the Board's proposal is justifiable in respect of the prudence concept in Chapter 17, section 3, second and third paragraphs of the Swedish Companies Act (2005:551). The opinion of the Board is that the character, scope and risks of the business are currently of such an extent that the proposed dividend does not affect the above assessment.

After payment of the proposed dividend, the Parent Company and the Group will still retain a healthy equity/assets ratio, which in the opinion of the Board corresponds with those requirements that can be set at present for the industry in which the Group operates. After payment of the proposed dividend, the liquidity of the Parent Company and Group is deemed satisfactory and their consolidation needs as met.

The Board of Directors is of the opinion that the proposed distribution of profits will not lead to any material limitation of the company's or Group's ability to make any necessary investments or to meet their obligations in the short and long term. Nor is the proposed value transfer expected to impact the company's ability to make any necessary investments.

On overall assessment of the Parent Company's and the Group's financial positions, the Board finds no obstacles to the proposed distribution of profits in line with the Board's proposal.



CONSOLIDATED INCOME STATEMENT

Amounts in SEK millions (SEK M)	Note	2012	2011
Operating income			
Net sales	5	3,090.4	2,987.1
Other operating income	6. 12. 18	7.2	5.0
Total operating income		3,097.6	2,992.1
Operating expenses			
Goods for resale	34	-2,158.6	-2,088.0
Other costs	7.8. 12.18. 33. 34	-360.9	-333.9
Personnel costs	9. 29	-272.6	-247.1
Depreciation, amortization and impairment of tangible and intangible fixed assets	13. 14	-53.4	-45.6
Total operating expenses		-2,845.4	-2,714.6
EBIT		252.2	277.5
Financial income	12	15.9	7.0
Financial expenses	12	-36.6	-32.9
Loss from financial items	10	-20.7	-25.8
Profit before tax		231.5	251.6
Income tax	11	-51.7	-69.5
Profit for the year		179.8	182.2
Earnings per share before dilution. SEK		3.0	3.0
Earnings per share after dilution. SEK		3.0	3.0
Average number of shares. thousands. before dilution		60,737	60,737
Average number of shares. thousands. after dilution		60,737	60,737
Number of shares outstanding at end of period		60,737	60,737

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in SEK millions (SEK M)	Note	2012	2011
Profit for the year		179.8	182.2
Other comprehensive income for the year			
Translation differences		-0.6	0.9
Total other comprehensive income for the year		-0.6	0.9
Total comprehensive income for the year		179.2	183.1

The profit and the total comprehensive income for the year are attributable in their entirety to Parent Company shareholders.

CONSOLIDATED BALANCE SHEET

Amounts in SEK millions (SEK M)	Note	Dec. 31. 2012	Dec. 31. 2012
ASSETS			
Fixed assets			
Capitalized expenses for development work	5. 13	27.9	21.6
Goodwill	5. 13	1,051.0	1,051.0
Buildings and land	5. 14	34.9	6.7
Land improvements on another party's property	5. 14	6.6	4.3
Equipment, tools and installations	5. 14	133.3	129.5
Deferred tax assets	28	1.7	4.0
Other long-term receivables		11.1	1.1
Total fixed assets		1,266.5	1,218.2
Current assets			
Inventories	21	465.8	424.9
Work in progress on behalf of another party	21	0.0	0.0
Prepayments to suppliers	21	0.1	0.0
Accounts receivable	20	7.9	3.8
Derivatives	19	0.5	0.6
Other receivables	22	51.5	63.3
Prepaid expenses and accrued income	23	27.2	32.0
Cash and cash equivalents	24	33.9	22.8
Total current assets		587.0	547.5
TOTAL ASSETS		1,853.5	1,765.8

CONSOLIDATED BALANCE SHEET, CONT.

Amounts in SEK millions (SEK M)	Note	Dec. 31, 2012	Dec. 31, 2011
SHAREHOLDERS' EQUITY			
Capital and reserves that can be attributed to the Parent Company's owners			
Share capital	25	20.2	20.2
Other capital contributions	25	441.0	441.0
Reserves	26	-1.7	-1.0
Earnings brought forward including profit for the year		454.6	384.1
Total shareholders' equity		914.2	844.4
LIABILITIES			
Long-term liabilities			
Borrowing from credit institutions	27	17.2	166.3
Derivative instruments	19	0.0	0.0
Deferred tax liabilities	28	65.2	64.5
Total long-term liabilities		82.4	230.8
Current liabilities			
Borrowing from credit institutions	27	483.5	344.0
Accounts payable	34	278.7	268.9
Current income tax liabilities		3.8	4.5
Derivative instruments	19	0.0	0.0
Other liabilities	30	20.7	12.6
Accrued expenses and prepaid income	31	70.3	60.6
Total current liabilities		856.9	690.6
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,853.5	1,765.8
Pledged assets - shares in subsidiaries			
		1,022.9	845.6
Pledged assets - chattel mortgages			
		120.0	120.0
Pledged assets - blocked bank funds			
		10.3	12.3
Contingent liabilities			
		None	None

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Amounts in SEK millions (SEK M)	Note 25, 26	Attributable to shareholders in Parent Company			Earnings brought forward	Total sha- reholders' equity
		Share capital	Other capital con- tributions	Reserves		
Opening balance at January 1, 2011		20.2	441.0	-2.0	289.2	748.5
Profit for the year					182.2	182.2
Other comprehensive income for the year						
Translation differences				0.9		0.9
Total comprehensive income		0.0	0.0	0.9	182.2	183.1
New issue/share premium reserve					3.8	3.8
Dividend ¹					-91.1	-91.1
Total transactions with shareholders		0.0	0.0	0.0	-87.3	-87.3
Closing balance on December 31, 2011		20.2	441.0	-1.1	384.1	844.4
Opening balance at January 1, 2012		20.2	441.0	-1.1	384.1	844.4
Profit for the year					179.8	179.8
Other comprehensive income for the year						
Translation differences				-0.6		-0.6
Total comprehensive income		20.2	441.0	-0.6	563.9	1,023.5
New issue/share premium reserve						
Dividend ²					-109.3	-109.3
Total transactions with shareholders		0.0	0.0	0.0	-109.3	-109.3
Closing balance on December 31, 2012		20.2	441.0	-1.7	454.6	914.2

¹Dividend 2011, SEK 1.5 per share

²Dividend 2012, SEK 1.8 per share

CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in SEK millions (SEK M)	Note	2012	2011
Cash flow from operating activities			
EBIT		252.2	277.5
Non-cash items			
– Depreciation/amortization of tangible and intangible fixed assets		50.9	45.6
– Capital gains from divestment of subsidiaries		0.0	0.0
– Other non-cash items ¹		2.4	2.3
Interest received		9.2	6.0
Interest paid		-29.8	-33.7
Tax paid		-49.4	-84.5
Cash flow from operating activities before changes in working capital		235.5	213.1
Changes in working capital			
Increase/decrease in inventories and work in progress	21	-41.0	-93.0
Increase/decrease in other current receivables	22	2.2	-43.4
Increase/decrease in other current liabilities	30	23.8	15.8
Cash flow from operating activities		220.5	92.5
Cash flow from investing activities			
Divestment of subsidiaries	18	0.0	26.8
Investment in intangible fixed assets		-14.3	-13.7
Investment in tangible fixed assets		-50.6	-23.0
Divestment of tangible fixed assets		-0.1	-0.1
Investment in other financial fixed assets		2.0	0.9
Investment in subsidiaries		-22.3	-0.2
Cash flow from investing activities		-85.3	-9.2
Cash flow from financing activities			
New issue	25	0.0	3.8
Change in overdraft facility		186.2	99.1
Borrowings		0.0	0.0
Dividend to Parent Company's shareholders		-109.3	-91.1
Amortization of loans		-199.0	-105.5
Cash flow from financing activities		-122.2	-93.7
Cash flow for the year		13.1	-10.4
Cash and cash equivalents at the beginning of the year	24	10.5	20.9
Cash and cash equivalents at the end of the year ²	24	23.6	10.5

¹ Other non-cash items pertains to translation differences

² Note that cash and cash equivalents in the cash flow is adjusted for blocked funds deposited with banks

PARENT COMPANY INCOME STATEMENT

Amounts in SEK millions (SEK M)	Note	2012	2011
Operating income			
Net sales		0.0	0.0
Other operating income		0.3	0.3
Total operating income		0.3	0.3
Operating expenses			
Other external expenses	8, 9	-4.2	-4.1
Personnel costs	9	-0.4	-0.4
Total operating expenses		-4.6	-4.5
Operating loss		-4.3	-4.2
Interest income and similar items		33.8	25.9
Interest expenses and similar items		-27.6	-21.7
Profit from financial items	10	6.2	4.2
Profit before tax		1.9	0.0
Tax on profit for the year	11	0.0	0.0
Profit for the year		1.9	0.0

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

Amounts in SEK millions (SEK M)	2012	2011
Profit for the year	1.9	0.0
Other comprehensive income for the year		
Translation differences	0.0	0.0
Total other comprehensive income for the year	0.0	0.0
Total comprehensive income for the year	1.9	0.0

PARENT COMPANY BALANCE SHEET

Amounts in SEK millions (SEK M)	Note	Dec 31, 2012	Dec. 31, 2011
ASSETS			
Fixed assets			
Financial fixed assets			
Participations in Group companies	15	358.0	358.0
Receivables from Group companies		354.0	354.0
Total fixed assets		712.1	712.1
Current assets			
Current receivables			
Receivables from Group companies		17.1	14.3
Other receivables		0.0	0.0
Prepaid expenses and accrued income		1.5	0.9
Total current receivables		18.7	15.2
Cash and cash equivalents		0.0	0.0
Total current assets		18.7	15.2
TOTAL ASSETS		730.8	727.3

PARENT COMPANY BALANCE SHEET, CONT.

Amounts in SEK millions (SEK M)	Note	Dec. 31, 2012	Dec. 31, 2011
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Restricted equity			
Share capital	25	20.2	20.2
Total restricted equity		20.2	20.2
Unrestricted equity			
Share premium reserve		418.7	418.7
Earnings brought forward		-191.4	-82.1
Profit/loss for the year		1.9	-0.0
Total unrestricted equity		229.2	336.6
Total shareholders' equity		249.3	356.8
Long-term liabilities			
Liabilities to credit institutions	27	0.0	130.0
Total long-term liabilities		0.0	130.0
Current liabilities			
Borrowing from credit institutions	27	479.6	237.7
Accounts payable		0.0	0.0
Current income tax liabilities		0.0	0.0
Other liabilities	30	0.0	0.0
Accrued expenses and prepaid income	31	1.8	2.8
Total current liabilities		481.4	240.5
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		730.8	727.3
Pledged assets	32	358.0	358.0
Contingent liabilities	32	None	None

CHANGES IN PARENT COMPANY'S SHAREHOLDERS' EQUITY

Amounts in SEK millions (SEK M)	Note 25, 26	Res- tricted share- holders' equity	Unrestricted shareholders' equity			Total sha- reholders' equity
		Share capital	Share premium reserve	Earnings brought forward	Profit/ loss for the year	
Shareholders' equity on January 1, 2011		20.2	418.7	38.4	-29.4	447.9
Carried forward				-29.4	29.4	0.0
Profit for the year					0.0	0.0
Other comprehensive income						0.0
Total comprehensive income						0.0
Dividend ¹				-91.1		-91.1
Total transactions with shareholders				-91.1		-91.1
Shareholders' equity on December 31, 2011		20.2	418.7	-82.1	0.0	356.8
Shareholders' equity on January 1, 2012		20.2	418.7	-82.1	0.0	356.8
Carried forward						0.0
Profit for the year					1.9	1.9
Other comprehensive income						0.0
Total comprehensive income					1.9	1.9
Dividend ²				-109.3		-109.3
Total transactions with shareholders				-109.3		-109.3
Shareholders' equity on December 31, 2012		20.2	418.7	-191.4	1.9	249.3

¹Dividend 2011, SEK 1.5 per share

²Dividend 2012, SEK 1.8 per share

PARENT COMPANY CASH FLOW STATEMENT

Amounts in SEK millions (SEK M)	Note	2012	2011
Cash flow from operating activities			
EBIT		-4.3	-4.2
Adjustment for non-cash items			
– Group contributions received		17.1	14.3
– Other non-cash items		0.0	0.0
Interest received		15.5	12.8
Interest paid		-29.2	-24.5
Tax paid		0.0	0.0
Cash flow from operating activities before changes in working capital		-0.9	-1.6
Changes in working capital			
Operating receivables		-2.8	-12.7
Operating liabilities		1.2	-2.1
Cash flow from operating activities		-2.5	-16.5
Cash flow from investing activities			
Investments in subsidiaries		0.0	0.0
Cash flow from investing activities		0.0	0.0
Cash flow from financing activities			
Repayment of debt		-170.0	-80.0
Dividend		-109.3	-91.1
Changes in short-term financial liabilities		281.9	175.7
Cash flow from financing activities		2.5	4.6
Cash flow for the year		0.0	-11.9
Cash and cash equivalents at the beginning of the year		0.0	11.9
Cash and cash equivalents at the end of the year		0.0	0.0

ACCOUNTING POLICIES AND NOTES

1 GENERAL INFORMATION

The Byggmax Group conducts sales of building supplies and is established in 63 locations in Sweden, 22 locations in Norway and nine locations in Finland. Byggmax's business concept is to sell high-quality building supplies at the lowest possible price.

The Parent Company is a limited-liability company registered in Sweden with its registered office in Solna, Stockholm. The address of the head office is Armégatan 40, SE-17 171 Solna.

The Parent Company is listed on NASDAQ OMX Stockholm.

On March 5, 2013, the Board of Directors approved these consolidated accounts and the annual report for publication. The income statement and balance sheet will be presented to the Annual General Meeting on April May 15, 2013.

All amounts are recognized in SEK millions (SEK M) unless otherwise specified. Amounts in brackets represent the preceding period.

2 SUMMARY OF IMPORTANT ACCOUNTING POLICIES

The most important accounting policies applied in the preparation of this annual report are detailed below. The same policies are usually applied by both the Parent Company and the Group.

2.1 Basis for preparing annual accounts

The financial statements of the Byggmax Group were prepared in accordance with the Annual Accounts Act and International Financial Reporting Standards (IFRS)/International Accounting Standards (IAS), as adopted by the EU, and recommendation RFR 1 Supplementary Accounting Rules for Groups issued by the Swedish Financial Reporting Board.

Recommendation RFR 2 Accounting for Legal Entities, issued by the Swedish Financial Reporting Board, and the Annual Accounts Act were applied in the preparation of the financial statements of the Parent Company.

The financial statements of the Group and the Parent Company refer to the fiscal year ended December 31, 2012. Byggmax applies the acquisition method when measuring assets and liabilities, with the exception of derivative instruments, which are recognized at fair value in profit or loss.

2.1.1 Introduction of new and revised IAS/IFRS

None of the new or revised IFRS or IFRIC interpretations that first became mandatory for the fiscal year that commenced on January 1, 2012, have had any material impact on the Group.

2.1.2 *New standards*, amendments and interpretations of existing standards that have not been applied prospectively by the Group. A number of new standards and amendments to interpretations and existing standards came into effect for fiscal years beginning on or after January 1, 2012 and were not applied in the preparation of the Group's financial reports. None of these are expected to materially impact the Group's financial statements, with the exception of those outlined below:

IAS 1, "*Presentation of Financial Statements*," has introduced amendments concerning other comprehensive income. The most significant change in the revised IAS 1 is the requirement that the items recognized under "other comprehensive income" are to be presented in two separate groups. The grouping is to be based on whether or not the items can potentially be reclassified to profit or loss (reclassification adjustments). The amendment does not address the issue of which items are to be included in "other comprehensive income." New disclosure requirements in IAS 19 have been introduced, but these will not impact the accounts.

IFRS 13, "*Fair Value Measurement*" aims to make fair value measurements more consistent and less complex in that the standard provides an exact definition and a shared source in IFRS to fair value measurement and related disclosures. The standard provides guidance for the fair value measurement of all types of assets and liabilities, both financial and non-financial. While the requirements does not expand the scope for when fair value should be applied, it provides guidance concerning the way it should be applied when other IFRSs already stipulate or allow fair value measurement. The standard has been adopted by the EU and will be applied to the fiscal year commencing January 1, 2013.

IFRS 9 "*Financial Instruments*" addresses the classification, measurement and recognition of financial liabilities and assets. IFRS 9 was issued in November 2009 for financial assets and in October 2010 for financial liabilities and replaces those sections of IAS 39 related to classification and measurement of financial instruments. IFRS 9 states that financial assets have to be classified in two measurement categories: measurement at fair value or measurement at amortized cost. The classification is determined at initial recognition based on the company's business model and the characteristic conditions in the contractual cash flows. For financial liabilities, no major changes take place compared with IAS 39. The most significant change relates to liabilities identified at fair value. For these, the portion of the fair value change arising from own credit risk must be recognized in other comprehensive income instead of profit/loss provided that this does not give rise to accounting mismatch. The Group aims to apply the new standard not later than for the fiscal year commencing on January 1, 2015, and has yet to evaluate the effects. The Group will assess the effects of the remaining phases of IFRS 9 when they have been finalized by the IASB.

IFRS 10 "Consolidated financial statements" is based on already existing principles defining control as the decisive factor in determining whether a company is to be included in the consolidated accounts. The standard provides further guidance that can be of assistance when it is difficult to determine control. The standard has been adopted by the EU and will be applied to by the Group in the fiscal year commencing January 1, 2014 and Bygghem has yet to evaluate its full effect on the financial statements.

IFRS 12 "Disclosures of Interests in Other Entities" includes the disclosure requirements for subsidiaries, joint arrangements, associated companies and unconsolidated structured entities. The standard has been adopted by the EU and will be applied to by the Group in the fiscal year commencing January 1, 2014 and Bygghem has yet to evaluate its full effect on the financial statements.

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

2.1.3 Use of assessments

The preparation of financial statements in compliance with IFRS and generally accepted Swedish accounting principles requires assessments and assumptions to be made that affect recognized asset and liability items and income and expense items, respectively, as well as other information disclosed. The actual outcome may differ from these assessments. The areas that require a high degree of complex assessment, or such areas in which assumptions and estimates are of material significance to the consolidated accounts, are detailed in Note 4.

2.2 Consolidated accounts

Subsidiaries

Subsidiaries are all the companies in which the Group has the right to formulate financial and operative strategies in a manner that normally results from a shareholding exceeding 50 percent of the voting rights of the shares or participations or in which the Group through an agreement is the sole party exercising a controlling influence. Subsidiaries are included in the consolidated accounts from the date on which the controlling influence was transferred to the Group. They are eliminated from the consolidated accounts as of the date the controlling influence ceases.

The acquisition method is applied in recognizing the Group's acquisitions of subsidiaries. The cost of an acquisition corresponds to the fair value of the assets received as compensation, issued shareholders' equity instruments and liabilities arising or assumed on the acquisition date. Expenses directly attributable to the acquisition should be recognized in profit or loss. Identifiable acquired assets and assumed liabilities and contingent liabilities in an acquisition of a business are initially measured at fair value on the acquisition date, regardless of any minority interest. The surplus that corresponds to the difference between the cost and the fair value of the Group's share of identifiable acquired assets, liabilities and contingent liabilities is recognized as goodwill. If the cost is less than the fair value of the acquired subsidiary's assets, liabilities and contingent liabilities, the

difference is recognized directly in profit or loss.

Intra-group transactions and balance-sheet items, as well as unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated, although losses are considered an indication that a need for impairment may exist. The accounting policies for subsidiaries were changed as appropriate to guarantee consistent application of the Group's policies.

Asset acquisitions

In connection with the acquisition of a company, an assessment is made as to whether the acquisition should be classified as a business or an asset. Bygghem defines the acquisition as a business acquisition in the event of the existence of a business activity with employees in addition to the acquired assets and liabilities. Business combinations are recognized in accordance with IFRS 3, which entails, for example, that acquisition costs are expensed directly and that deferred tax is recognized as the difference between the acquired assets' market value and their residual value for tax purposes. For assets acquisitions, all acquisition costs are recognized as an increase of the cost in accordance with IAS 16 and IAS 38. Bygghem determines whether the acquisition is to be classified as a business or an asset on a case-by-case basis. All acquisitions in 2012 were classified as asset acquisitions.

2.3 Segment reporting

Operating segments are recognized in a manner that corresponds to the internal reporting submitted to the chief operating decision maker (CODM). The CODM is the function that is responsible for the allocation of resources and assessment of the operating segments' results. In the Group, this function was identified as the Board of Directors. Bygghem has only one identified operating segment, which is the Nordic segment.

2.4 Translation of foreign currency

Functional currency and reporting currency

Items included in the financial reports for the various units in the Group are measured in the currency used in the economic environment in which each company is primarily active (functional currency). In the consolidated accounts, Swedish kronor (SEK) is used, which is the Parent Company's functional currency and reporting currency.

Transactions and balance-sheet items

Transactions in foreign currency are translated to the functional currency according to the exchange rate prevailing on the transaction date. Exchange-rate gains and losses arising in payment of such transactions and in translation of monetary assets and liabilities in foreign currencies at the closing-date rate are recognized in profit or loss. Exchange-rate differences in accounts payable and accounts receivable are recognized among EBIT. Other exchange-rate differences are recognized in net financial items.

Consolidation of foreign subsidiaries and branches

The assets and liabilities of foreign subsidiaries and branches are translated at the closing-date rate, while all items in profit or loss are translated monthly at the month's

average rate and all exchange-rate differences that arise in the translation of foreign subsidiaries' financial statements are recognized in other comprehensive income.

2.5 Intangible assets

Capitalized expenses for development and similar work

Capitalized expenses for development and similar work, primarily capitalized investments in the Group's business system and website, are recognized at historical cost reduced by accumulated amortization and any impairment. Amortization is applied on a straight-line basis over the estimated economic lifetime, which is five years.

Costs for maintenance of proprietary development work are expensed as they arise. Development costs attributable to development and testing of identifiable products and systems are recognized as an intangible fixed asset when the criteria for recognizing an intangible asset are satisfied.

Goodwill

Goodwill corresponds to the amount by which the cost exceeds the fair value of the Group's share of an acquired subsidiary's identifiable net assets on the acquisition date. Goodwill from the acquisition of subsidiaries is recognized as an intangible asset.

Goodwill, which is recognized separately, is tested annually to identify possible impairment needs and is recognized at cost less accumulated impairment. Impairment of goodwill is not reversed. Gains or losses from the divestment of a unit include the remaining recognized value of the goodwill attributable to the divested unit.

Goodwill is distributed among the cash-generating units that existed when the goodwill item arose, when assessing possible impairment needs. The distribution is based on the cash-generating units or groups of cash generating units that are expected to benefit from the acquisition of operations that resulted in the goodwill item. The Byggmax Group distributes the original goodwill to the segments existing on the date when the original goodwill arose. Additional goodwill is distributed to the units deemed to benefit from the acquisition of operations.

2.6 Tangible fixed assets

All tangible fixed assets are recognized at cost reduced by depreciation. The cost includes fees that can be directly attributed to acquisition of the asset.

Additional fees are added to the asset's recognized value or recognized as a separate asset, depending on what is most appropriate, only if it is probable that the future economic benefits associated with the asset will accrue to the Group and the asset's cost can be measured in a reliable manner. The recognized value for the replaced portion is eliminated from the balance sheet. All other forms of repairs and maintenance are recognized as costs in profit or loss during the period in which they arise. There is no depreciation on land. Depreciation of other assets to reduce their cost to the estimated residual value over the estimated useful lifetime is linear according to the following:

Renovations and land maintenance	20 years
Fittings, tools and installations	5 years
Computers and IT-related equipment	5 years

The residual values of assets and their economic lifetimes are reviewed every balance-sheet date and adjusted as necessary. An asset's carrying amount is immediately written down to its recovery value if the asset's carrying amount is greater than its recovery value.

Gains and losses from divestments are established by comparing the sale proceeds with the recognized value and are recognized under other operating income or other operating expenses in profit or loss. Properties that the Group owns are sold when the building is ready for use. Thus depreciation does not arise on Byggmax's properties, which are sold directly after construction. All properties are classified as operating properties.

2.7 Borrowing costs

As of January 1, 2009, the revised standard IAS 23 Borrowing Costs is applied, meaning that the Group as of January 1, 2009 capitalizes borrowing costs that are directly attributable to the purchase, construction or production of an asset that takes a substantial period of time to complete for its intended use or sale as part of the cost of the asset. For periods prior to January 1, 2009, the principle was to immediately expense all borrowing costs. During 2012, the Group did not capitalize borrowing costs, since there were no assets during the period that required a substantial period of time for completion for use or for sale.

2.8 Impairment of non-financial fixed assets

Assets that have an indeterminate economic lifetime, such as goodwill, are not depreciated but instead tested annually for the need for impairment. Tangible fixed assets that are depreciated and such intangible assets that are amortized are assessed with respect to decline in value whenever events or changes in circumstances indicate that the asset's recognized value exceeds its recovery value. Impairment is recognized in an amount corresponding to the amount by which the asset's recognized value exceeds the recovery value. The recovery value is the higher of the asset's fair value reduced by sales costs and its useful value. In assessing impairment needs, assets are grouped at the lowest level for which separate cash flows can be identified (cash-generating units). For tangible and intangible assets that have been depreciated or amortized, an assessment is made on each balance-sheet date as to whether a reversal should take place. Amortization of goodwill is not reversed.

2.9 Financial instruments

The Group classifies its financial assets in the following categories: financial assets and liabilities measured at fair value in profit or loss, loan receivables and accounts receivable, financial assets held until maturity, financial assets available for sale and other financial assets. This classification depends on the purpose for which the financial asset was acquired. Management establishes the classification of the financial assets on the first reporting date and reassesses this decision on every reporting date. At present, the Group has no financial assets that are classed as financial

assets held until maturity or financial assets available for sale.

Financial assets and liabilities measured at fair value in profit or loss

Financial assets and liabilities measured at fair value in profit or loss are financial instruments held for sale. A financial asset or a financial liability is classified in this category if it was primarily acquired to be sold within a short period. Derivatives are classified as held for sale unless they are identified as hedges. The Group holds derivative instruments in the form of currency forwards. The Bygghem Group does not apply hedge accounting according to IAS 39, meaning that all derivative instruments are measured at fair value in profit or loss. Changes in value of derivative instruments attributable to borrowing are recognized under financial expenses. Other changes in value of derivative instruments are recognized as financial income or expenses.

Loan receivables, accounts receivable and other receivables.

Loan receivables, accounts receivable and other receivables are financial assets which are not derivatives, which have payments that are established or can be established and which are not listed on an active market. They are included in current assets with the exception of items with maturity dates greater than 12 months from the balance-sheet date, which classifies them as fixed assets. Loan receivables, accounts receivable and other receivables are recognized as accounts receivable, other receivables and long-term receivables in the balance sheet. Cash and cash equivalents are also included in this category. An impairment of accounts receivable and other receivables is recognized in profit or loss under other external costs.

Övriga finansiella skulder

The Group's borrowing (which includes borrowing from credit institutions and other long-term borrowing in the balance sheet) and accounts payable are classified as other financial liabilities.

General policies

Purchases and sales of financial assets and liabilities are recognized on the transaction date, which is the date on which the Group pledged to purchase or sell the asset or liability. Financial assets and liabilities are initially recognized at fair value in the balance sheet. Financial assets are removed from the balance sheet when the right to receive cash flows from the instrument has expired or been transferred and the Group has transferred virtually all risks and benefits associated with ownership rights. Financial liabilities are removed from the balance sheet when the contractual obligation has been fulfilled or in some other manner extinguished.

Financial assets and liabilities measured at fair value in profit or loss and financial assets available for sale are recognized after the acquisition date at fair value. Loan receivables, accounts receivable and other receivables and financial assets held until maturity and other financial liabilities are recognized after the acquisition date at accrued cost with application of the effective-interest method.

The fair value of currency forward contracts is established

using observable data for currency forwards on the balance-sheet date. Fair value for interest swaps is calculated as the current value of estimated cash flows.

On each balance-sheet date, the Group considers whether there is objective evidence that a need for impairment exists for a financial asset or a group of financial assets, such as the closure of an active market or the probability that a debtor will not be able to meet its obligations. Impairments of equity instruments, which are recognized in profit or loss, are not reversed in profit or loss. Impairment assessment of accounts receivable is described below.

Accounts receivable and other receivables

Accounts receivable and other receivables are initially recognized at fair value and thereafter at accrued cost with application of the effective-interest method reduced by any provisions for decline in value. The recognized value for accounts receivable and other receivables, after any impairments, is assumed to correspond to the fair value, since this item is short-term by nature. Provisions for a decline in value are made when there is objective evidence that the Group will not be able to receive all amounts due according to the original terms of the receivable. Significant financial difficulties for the debtor, probability that the debtor will be declared bankrupt or undergo financial reconstruction and missing or late payments (due for more than 90 days) are considered indicators that a need for impairment of an account receivable may pertain. Losses relating to accounts receivable, other receivables and recovered and previously impaired accounts receivable and other receivables are recognized under the item Other operating expenses in profit or loss.

Cash and cash equivalents

In the Group's report on financial position, cash and cash equivalents correspond to cash, bank balances, other short-term investments with maturity dates within three months from the acquisition date and blocked bank holdings that are expected to be settled within 12 months after the balance-sheet date. The overdraft facility is recognized as borrowing among current liabilities.

Cash and cash equivalents in the cash-flow statement do not agree with the definition of cash and cash equivalents in the balance sheet. In the cash-flow statement, we have excluded blocked accounts, since they are expected to be settled later than three months from the acquisition date.

Share capital

Common shares are classified as shareholders' equity. Transaction costs that can be directly attributed to new share issues are recognized in net amounts after tax in shareholders' equity as a deduction from the issue proceeds. Premiums for warrants are recognized in the shareholders' equity item Earnings brought forward.

Accounts payable

Accounts payable are initially recognized in the balance sheet at fair value and then at accrued cost with application of the effective-interest method. The recognized value of accounts payable is assumed to correspond to their fair value, since this item is short-term by nature.

Borrowing

Borrowing is recognized initially at fair value net after transaction costs. Borrowing is subsequently recognized at accrued cost, and any difference between the amount received (net after transaction costs) and the repayment amount is recognized in profit or loss distributed over the term of the loan with application of the effective-interest method. Borrowing is classified as current liabilities unless the Group has an unconditional right to defer payment of the debt for at least 12 months after the balance-sheet date.

2.10 Inventories

Inventories are recognized at the lower of cost and net sales value. The cost is established using the weighted-average method. The cost of goods for resale corresponds to the purchasing cost for the goods. Borrowing costs are not included. Inventory consists of building supplies sold in Bygghem stores. The net sales value is the estimated sales price in ongoing operations reduced by applicable variable sales costs. Provisions required for obsolescence were made.

2.11 Current and deferred tax

The tax cost for the year comprises current and deferred tax. Tax is recognized in profit or loss, except when tax pertains to items that are recognized in other comprehensive income or directly in shareholders' equity. In such cases, tax is recognized in other comprehensive income and shareholders' equity respectively.

The current tax cost is calculated based on the tax regulations that are in effect or in practice approved in the countries in which the Parent Company's subsidiaries are active and generate taxable income. Management actively evaluates the claims that are made in tax returns regarding situations where tax regulations are subject to interpretation and allocates reserves where appropriate for amounts that are likely to be paid to tax authorities.

Deferred tax is recognized in its entirety according to the balance-sheet method on all temporary differences arising between the value for tax purposes of assets and liabilities and their carrying amounts in the consolidated accounts. The deferred taxes are not recognized, however, if they arise as a result of the initial recording of goodwill. Neither are deferred taxes recognized if they arise as a result of a transaction for an asset or liability being recognized for the first time that is not an operating acquisition and which on the acquisition date does not affect recognized or taxable earnings. Deferred income tax is calculated by applying tax rates and laws that have been approved or announced on the balance-sheet date and which are expected to apply when the deferred tax asset is realized or when the deferred tax liability is settled.

Deferred tax assets are recognized to the extent that it is

probable that future surpluses for tax purposes will be available to offset temporary differences.

Deferred tax is calculated on the basis of temporary differences arising in participations in subsidiaries except in cases where reversal of the temporary differences can be controlled by the Group and it is probable that the temporary difference will not be reversed in the foreseeable future.

When there is an intent to settle balances through net payments, deferred tax assets and liabilities are offset when a legal right of offset exists for current tax assets and tax liabilities and when the deferred tax assets and liabilities can be attributed to taxes debited by one and the same tax authority and apply to the same tax subject or different tax subjects.

2.12 Ersättningar till anställda

Pension obligations

The Group companies only have defined-contribution pension plans with the exception of Alecia, which is a defined-benefit plan that for the time being can be treated as a defined-contribution plan.

For defined-contribution plans, Bygghem pays a fee to a publically or privately administered pension insurance plan on an obligatory, contractual or voluntary basis. The Group has no further payment obligations when the fees have been paid. The fees are recognized as personnel costs in profit or loss at the rate in which they are earned by employees performing services for the company during a period. Prepaid fees are recognized as an asset to the extent that cash payment or a reduction of future payments will accrue to the Group.

Compensation on termination of employment

Compensation on termination of employment is paid when employment is terminated by Bygghem prior to the normal pension age or when the employee accepts a voluntary termination in exchange for such compensation. The Group recognizes severance pay when the Group is demonstrably obligated either to terminate employment according to a detailed formal plan without any option for recall or to provide compensation in a case of termination of employment as a result of an offer made to encourage voluntary resignation. Benefits that are due more than 12 months after the balance-sheet date are discounted to current value.

Bonus plans

The Group recognizes a liability and an expense for bonuses. The Group recognizes a provision when there is a legal obligation or an informal obligation due to previous practice.

Share-based payments

Share-based payments within the scope of the existing options program do not entail any cost under IFRS 2, since the price of the warrants corresponds to their fair value.

2.13 Income recognition

Sale of goods

The Group's income is generated from the sale of goods

that are included in the Byggmax product range. Sales are primarily to private customers, although there are some sales to companies. There is no production or development of products within the Group. Sales recognized are net of intra-Group sales.

Income includes the fair value of what has been received or will be received for goods sold in the Group's ongoing operations. Income is recognized in net amounts with deductions for VAT, returns and discounts. The Group recognizes income when its amount can be measured in a reliable manner and it is probable that future economic benefits will accrue to the company. This date coincides with delivery of the goods to the customer.

Interest income

Interest income is recognized at the rate in which it is earned.

Sale of properties

The Group builds properties which after completion are sold to a leasing company (see also 2.14 Leasing below with respect to Sale-and-leaseback transactions). Income from the sale of the property is recognized when risks and benefits associated with ownership are transferred to the leasing company, which normally coincides with the transfer date.

2.14 Leasing

Leasing in which a significant portion of the risks and benefits of ownership are retained by the leaser is classified as operational leasing. Payments made during the leasing period are expensed in profit or loss linearly over the leasing period.

Leasing of fixed assets in which Byggmax in all significant respects has the economic risks and benefits associated with ownership is classified as financial leasing. At the beginning of the leasing period, financial leasing is recognized in the balance sheet at the lower of the leasing object's fair value and the current value of the minimum leasing fees. Each leasing payment is distributed between amortization of the debt and financial expenses to achieve a fixed interest rate for the recognized liability. The corresponding payment obligations, after deduction of financial expenses, are included in the balance sheet under borrowing from credit institutions. The interest portion of financial expenses is recognized in profit or loss and distributed over the leasing period so that an amount is recognized in every reporting period that corresponds to a fixed interest rate for the recognized liability during the respective period. Fixed assets held according to financial leasing contracts are amortized over the shorter of the periods for the asset's useful life and the leasing period.

Sale-and-leaseback transactions

A sale-and-leaseback transaction comprises sale of an asset and subsequent leasing of the same asset according to a leasing contract. When Byggmax builds a property, it is sold after completion to an external party, whereby the property is leased back to Byggmax for its operations. In assessing the terms of the sales transaction and the leasing contract, the Group considers if the sale price is on market terms and if the leasing fee that the Group pays is based on market levels.

All sale-and-leaseback transactions are considered to be operational leasing contracts, and the sale is considered to be based on market terms, meaning that the leasing fee was not subject to adjustments. The leasing fee is expensed linearly over the period of the leasing contract and in accordance with the contract.

Gains relating to sale-and-leaseback transactions are recognized in the item Financial income in profit or loss and losses relating to sale-and-leaseback transactions are recognized in the item Financial expenses in profit or loss.

2.15 Dividends

Dividends to the Parent Company's shareholders are recognized as a liability in the consolidated financial accounts in the period in which the dividend is approved by the Parent Company's shareholders.

2.16 Parent Company accounting policies

The Parent Company has prepared its Annual Report in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board, RFR 2 Reporting for legal entities. This entails that in interim reporting for legal entities, the Parent Company is to apply all IFRSs and interpretations approved by the EU as far as possible within the framework of the Swedish Annual Accounts Act and take into account the connection between accounting and taxation. The recommendation specifies the exceptions and supplements that are to be applied from IFRS. The Parent Company applies different accounting policies than the Group as specified below.

Presentation form for the income statement and the balance sheet

The Parent Company applies the presentation forms specified in the Annual Accounts Act, which means in part that another presentation of shareholders' equity is applied and that provisions are recognized under a separate heading in the balance sheet.

Shares in subsidiaries

Aktier i dotterbolag redovisas till anskaffningsvärde efter avdrag för eventuella nedskrivningar. Erhållna utdelningar redovisas som intäkter varpå en bedömning görs huruvida det föreligger ett nedskrivningsbehov avseende aktier i dotterbolag. När det finns en indikation på att aktier och andelar i dotterbolag minskat i värde görs en beräkning av återvinningsvärdet. Är detta lägre än det redovisade värdet görs en nedskrivning. Nedskrivningar redovisas i posten Resultat från andelar i koncernbolag.

Koncernbidrag och aktieägartillskott

Shares in subsidiaries are recognized at cost after deduction of any impairment. Received dividends are recognized as income, whereupon an assessment is made of the possible need for an impairment of shares in subsidiaries. When there is an indication that shares and participations in subsidiaries have declined in value, a calculation of the recovery value is performed. If that value is lower than the carrying amount, impairment is recognized. Impairments are recognized under Income from participations in Group companies.

3 FINANCIAL RISK FACTORS

3.1 Finansiella riskfaktorer

Through its operations, the Group is exposed to various financial risks, such as market risk (including currency and interest risk), credit risk and liquidity risk.

The Group's overriding financial policy is intended to identify and minimize the effects of financial risks. Practical risk management is handled by Bygghmax's central finance department according to the financial policy established each year by the Board of Directors. The financial hedging relations established by the Group as part of its risk management do not qualify for hedge accounting according to the rules in IAS 39.

The Board of Directors continuously receives reports in respect of cash flows, debt levels and fulfillment of the terms of financial agreements, together with comparisons with budgets and forecasts.

The Parent Company Bygghmax Group AB is deemed to have limited risk exposure, meaning that the descriptions below primarily relate to the Group as a whole. The described risks can thus affect the Parent Company indirectly in that the asset item Participations in Group companies may be positively or negatively affected by how the risks described below are handled.

a) Market risk

(i) Currency risk

Although Bygghmax's consolidated accounts are stated in SEK, the Group has operations in Sweden, Norway and Finland and purchases some goods in other currencies than SEK. This means that the Group is exposed to currency risks in that unfavorable changes in exchange rates can have a negative effect on cash flow, EBIT and shareholders' equity.

Transaction exposure in commercial flows

Payment flows in the form of accounts receivable and accounts payable in foreign currency result in currency exposure for the Group. Bygghmax has currency exposure in NOK, some exposure resulting from the purchase of goods in USD and in EUR (for which there is a natural hedge in sales in EUR in the Finnish market).

Sensitivity analysis, currency risk for 2012

	Change in (per- centage points) all other factors unchanged	Effect on EBIT (SEK M) 2012	Effect on EBIT (SEK M) 2011		
NOK	+/- 10%	+/- 1.7	+/- 1.5		
EUR	+/- 10%	+/- 0.3	+/- 0.3		
		DKK	EUR	NOK	SEK
Accounts receivable		-	0.0	0.0	0.6
Accounts payable		2.9	1.6	0.0	19.4

Exposure in another currency other than the functional currency at December 31, 2012 in the transaction currency

	EUR	SEK
Accounts receivable	0,1	1,0
Accounts payable	0,9	21,5

Exposure in another currency other than the functional currency at December 31, 2011 in the transaction currency

Bygghmax hedges currency positions greater than SEK 100 M on an annual basis each quarter by hedging 50 percent for the coming six months and 25 percent for the coming quarter, meaning that 75 percent is hedged.

Transaction exposure in consolidation of units outside Sweden

The Group's EBIT is also affected by currency effects arising due to exchange-rate trends in the local currencies of the various foreign subsidiaries and branches against SEK. Translation effects also arise for the Group's net assets in consolidation of the balance sheets of foreign companies and branches. This risk is not hedged.

(ii) Interest risk

The Group's interest risk arises primarily through long-term borrowing. The Group's borrowing carries variable interest, thus resulting in exposure. Borrowing that is subject to variable interest exposes the Group to interest risk with respect to cash flow. To reduce the interest risk, the Group has as its policy that interest shall be fixed for 50 percent of the remaining bank loans for at least two years. If interest on the Group's borrowing in SEK had been 1.0 percentage point higher/lower during 2012 with all other variables constant and consideration taken to interest swaps, the consolidated profit after tax for the fiscal year would have been SEK 2.5 M higher/lower, primarily as an effect of higher interest costs for borrowing with variable interest. Bygghmax continuously monitors the interest risk by examining the effect of loans with variable interest on the EBIT for the year. Because Bygghmax signed a new financing agreement with Svenska Handelsbanken in 2012, there was no long-term borrowing at December 31, 2012 and thus no hedging of interest rates was carried out.

Sensitivity analysis, interest-rate risk for 2012

	Change in (percentage points) all other factors unchanged	Effect on EBIT (SEK M) 2012	Effect on EBIT (SEK M) 2011
Interest Rate	+ 1%	-2.5	-2.2

b) Credit risk

Bygghmax has very low credit risk in relation to the Group's customers in that the majority of sales are in cash and since the Group does not invoice external customers. Credit exposure primarily comprises accrued but as yet unpaid bonuses from suppliers.

c) Liquidity risk

Byggmax policy in respect of liquidity risk is to ensure the Group has sufficient cash and cash equivalents to finance operating activities. The Board of Directors manages the liquidity risk exposure through ensuring that Byggmax has sufficient credit facilities in place to satisfy the future needs of the business. The need is established through continuous follow up of forecast and actual cash flows with consideration taken to the tenors of financial assets and liabilities in the balance sheet. Byggmax's primary credit facility is provided by Svenska Handelsbanken by way of a credit agreement. The agreement with Svenska Handelsbanken extends until summer 2015. The size of the credit facility available is

reviewed regularly and drawn up to cover forecast peaks in the gross debt level with a healthy margin. On December 31, 2012, the Group had cash and cash equivalents totaling SEK 33.9 M (22.8) and an unutilized credit facility of SEK 110.1 M (70.2). Information regarding blocked funds is available in Note 24. The table below shows the non-discounted cash flows that arise from the Group's liabilities in the form of financial instruments based on the contracted remaining periods on the balance-sheet date. Amounts in foreign currencies and amounts to be paid are based on variable interest and were estimated by using the exchange and interest rates prevailing on the balance-sheet date.

Group (SEK M)	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
On December 31, 2012				
Borrowing	461.2	1.1	0.9	
Liabilities relating to financial leasing	23.5	13.3	3.9	
Net regulated derivative instruments (interest swaps)				
Gross regulated derivative instruments (currency forwards)	0.5			
Accounts payable	278.7			
Total	764.0	14.4	4.7	0.0
On December 31, 2011				
Borrowing	320.0	133.0		
Liabilities relating to financial leasing	30.2	22.8	13.6	
Net regulated derivative instruments (interest swaps)	0.0			
Bruttoreglade derivatinstrument (valutaterminskontrakt)	0.6			
Accounts payable	268.9			
Total	619.8	155.8	13.6	0.0
Parent Company (SEK M)				
On December 31, 2012				
Borrowing	461.2	1.1	0.9	
Total	461.2	1.1	0.9	0.0
On December 31, 2011				
Borrowing	320.0	133.0		
Total	320.0	133.0	0.0	0.0

3.2 Handling of financing/capital risk

The Byggmax Group works to reduce its capital/financing risk by:

- establishing sufficient credit facilities well in advance of foreseeable needs
- monitoring due dates for the total debt in order to match amortization to anticipated cash flow.
- satisfying key ratios according to financing contracts. The key ratios are the interest-coverage ratio, debt/equity ratio and the equity ratio/ risk bearing capital.
- Optimizing working capital within the Group. Working capital refers to: the total of inventory, accounts receivable,

receivables on bonus from suppliers, other receivables and prepaid expenses/accrued income less the total of accounts payable, tax liabilities, other current liabilities and accrued expenses/prepaid income.

While Byggmax has no specified goal for the equity ratio, there is a dividend target. Byggmax policy is for dividends to amount to at least 50 percent of Byggmax's net profits for the preceding fiscal year, subject to Byggmax's need for capital, its EBIT, financial position, capital requirements and economic conditions.

4 IMPORTANT ESTIMATES AND ASSUMPTIONS

Important estimates and assumptions for accounting purposes

The Group makes estimates and assumptions regarding the future to be able to prepare the accounts in accordance with generally accepted accounting practices. Estimates and assumptions are evaluated regularly and are based on historical experience and other factors, including expectations regarding future events that are considered reasonable under the prevailing circumstances. The actual outcome may differ from the estimates and assumptions made. The estimates and assumptions made in the final accounts on December 31, 2012, are not considered to be able to significantly affect the Group's EBIT and financial position for the coming fiscal year.

Leasing

All sale-and-leaseback transactions are considered to be operational leasing contracts, which is based on an appraisal of each leasing contract in relation to the following criteria: financial implication, leasing period and whether the contract contains an option on the property.

Assumption of need for impairment of goodwill

The Group determines each year if there is any need to recognize an impairment of goodwill, in accordance with the accounting policy described in Note 2.8. Impairment of non-financial fixed assets. The estimates and assumptions made in respect of expected cash flows and the discount rate are described in Note 13.

Group management does not consider that the carrying amount can be affected by any reasonably possible change in the assumptions on which the cash flow generating units' recovery value is based on, such that this value exceeds the recovery value.

5 SEGMENT INFORMATION

Information by geographic area	2012	2011
Net sales Sweden	2,263.1	2,269.0
Net sales other countries	827.3	718.0
Total sales	3,090.4	2,987.1
Tangible fixed assets and intangible fixed assets	2012	2011
Assets in Sweden	1,194.7	1,166.6
Assets in other countries	59.1	46.5
Total tangible and intangible fixed assets	1,253.8	1,213.1

Byggmax has only identified one operating segment, the Nordic segment, as described in Note 2.3.
The Parent Company has no net sales.

6 OTHER OPERATING INCOME

Group	2012	2011
Exchange-rate differences	5.4	3.8
Gain from divestment of equipment	0.0	0.0
Other	1.8	1.2
Total other operating income	7.2	5.0

7 OTHER EXTERNAL COSTS

Group	2012	2011
Exchange-rate differences	-7.7	-3.9
Loss from divestment of equipment	-0.3	0.0
Total other external costs	-8.0	-4.0

8 AUDITORS' FEES

Auditing assignments include reviews of the Annual Report and financial statements, as well as administration by the Board of Directors and the President, other work assignments that are the responsibility of the company's auditors, and guidance and assistance occasioned by observations in conjunction with such reviews or the completion of such other work assignments. Everything else is other assignments.

Group	2012	2011
Öhrlings PricewaterhouseCoopers AB		
Auditing assignments	1.0	0.9
Other assignments	0.0	0.0
Tax consultancy	0.3	0.1
Other services	0.0	0.2
Total auditors' fees	1.3	1.2
Parent Company	2012	2011
Öhrlings PricewaterhouseCoopers AB		
Auditing assignments	0.4	0.3
Other assignments	0.0	0.0
Tax consultancy	0.1	0.0
Other services	0.0	0.1
Total auditors' fees	0.5	0.4

9 EMPLOYEE BENEFITS

Group	2012	2011
Salaries and other compensation	210.0	184.7
Social costs	47.9	43.2
Pension costs	9.8	9.2
Other personnel costs	5.0	10.0
Total employee benefits	272.6	247.1

	2012			2011		
Salaries and other compensation plus social costs (SEK M)	Salaries and other compensation	Social costs (of which pension costs)	Number	Salaries and other compensation	Social costs (of which pension costs)	Number
Group						
Board members, President and other senior executives	8.4	4.0 (1.4)	11	7.9	3.8 (1.3)	11
Other employees	202.9	53.7 (8.4)	563	176.8	52.4 (7.9)	516
Total	211.3	57.7 (9.8)	574	184.7	56.2 (9.2)	527
Parent Company						
Board members, President and other senior executives	1.3	0.4 (0.0)	7	1.3	0.4 (0.0)	7
Other employees	0.0	0.0 (0.0)	0	0.0	0.0 (0.0)	0
Total	1.3	0.4 (0.0)	7	1.3	0.4 (0.0)	7

The guidelines for determining compensation to senior executives that were adopted by the 2012 Annual General Meeting correspond, in all material respects, with the guidelines that are being proposed to the 2013 Annual General Meeting. Information about these guidelines is available in the Administration Report on page 34. Compensation to senior executives was paid in accordance with previous resolutions and the guidelines that were adopted at the Annual General Meeting. Bonuses to the Board of Directors, President and other senior executives amounted to SEK 0 M (0).

9 EMPLOYEE BENEFITS, CONT.

	2012		2011	
	Average number of employees	Of whom men	Average number of employees	Of whom men
Subsidiaries				
Sweden	422	82%	402	81%
Norway	108	89%	87	90%
Finland	44	75%	38	82%
Total in subsidiaries	574	83%	527	83%
Group total	574	83%	527	83%

	2012		2011	
	Number on the balance-sheet date	Of whom men	Number on the balance-sheet date	Of whom men
Group (including subsidiaries)				
Board members	8	75%	8	75%
President and other senior executives	5	80%	5	80%
Group total	13	85%	13	85%

Parent Company

Board members	6	83%	6	83%
President and other senior executives	1	100%	1	100%
Parent Company total	7	86%	7	86%

Absenteeism due to sickness, %

	2012	2011
Total absenteeism due to sickness	3.4	3.1
Long-term absenteeism due to sickness	19.7	11.7
Absenteeism due to sickness, men	2.9	2.6
Absenteeism due to sickness, women	5.6	5.7
Employees aged 29 and under	3.2	3.0
Employees aged 30-49	3.6	3.3
Employees aged 50 and over	3.5	3.1

Compensation to senior executives (SEK M)	Base salary/Board fee	Variable compensation	Other benefits	Pension costs	Other compensation	Total
2012						
Chairman of the Board – Fredrik Cappelen	0.5					0.5
Board member – Anders Moberg	0.3					0.3
Board member – Johannes Lien	0.0					0.0
Board member – Lottie Svedenstedt	0.3					0.3
Board member – Stig Notlöv	0.3					0.3
Board member – Stefan Linder	0.0					0.0
President	2.2	0.8		0.4		3.4
Other senior executives (four persons, of whom one woman)	3.9	0.3		1.0		5.2
Total	7.3	1.1	0.0	1.4	0.0	9.8

9 EMPLOYEE BENEFITS, CONT.

Compensation to senior executives (SEK M)	Base salary/Board fee	Variable compensation	Other benefits	Pension costs	Other compensation	Total
2011						
Chairman of the Board – Fredrik Cappelen	0,5					0,5
Board member – Anders Moberg	0,3					0,3
Board member – Johannes Lien	0,0					0,0
Board member - Lottie Svedenstedt	0,3					0,3
Board member – Stig Notlöv	0,3					0,3
Board member – Stefan Linder	0,0					0,0
President	2,0	0,5	0,0	0,4		2,9
Other senior executives (four persons, of whom one woman)	3,8	0,3	0,0	0,9		5,0
Total	7,1	0,8	0,0	1,3	0,0	9,2

There are no agreements concerning severance pay for the President or Group management. The period of notice for the President in the event of termination by the company or by the President is three months.

Options program

The 2011 Annual General Meeting resolved to introduce an options program for about 20 senior executives and other key staff at Bygghmax. The term for the options was set at 3.5 years and they can be exercised in the final six months. A total of 565,000 warrants were issued, corresponding to nearly 1 percent in dilution. The warrants are priced at market value (SEK 6.77 per warrant) and the valuation was made by an independent party. Each warrant will entitle its holder to subscribe for one share in the company at a price of SEK 63.9. The participants of the warrants program have entered into a pre-emption agreement.

10 INCOME/LOSS FROM FINANCIAL ITEMS

Group	2012	2011
Financial income		
Exchange-rate gains	8.5	4.9
Changes in fair value – interest swaps and currency derivatives	6.6	2.1
Interest income	0.7	0.0
Other financial income	0.0	0.0
Total	15.9	7.0
Financial expenses		
Exchange-rate losses	-11.2	-13.6
Changes in fair value – interest swaps and currency derivatives	-6.8	0.0
–interest expenses, bank loans	-16.2	-16.4
–financial leasing, reversal of discounting effect	-2.0	-2.1
Other financial expenses	-0.4	-0.7
Total	-36.6	-32.9
Loss from financial items	-20.7	-25.8

10 INCOME/LOSS FROM FINANCIAL ITEMS, CONT.

Parent Company	2012	2011
Interest income and similar items		
Exchange-rate gains	0.1	0.1
Group contributions	17.1	14.4
Interest income	16.6	11.4
Total	33.8	25.9
Interest expenses and similar items		
Exchange-rate losses	-0.3	-0.1
Interest expenses	-27.3	-21.6
Total	-27.6	-21.7
Income from financial items	6.2	4.2

11 INCOME TAX

Group	2012	2011
Current tax for the year	-50.8	-46.6
Current tax attributable to previous years	-0.5	0.0
Remeasured deferred tax due to changed tax rate in Sweden	12.0	0.0
Deferred tax expense relating to temporary differences	-13.0	-23.6
Deferred tax income relating to temporary differences	0.6	0.7
Total	-51.7	-69.5
Parent Company	2012	2011
Current tax for the year	0.0	0.0
Total	0.0	0.0

The difference between recognized tax expense and the estimated tax expense based on prevailing tax rates was as follows

Group	2012	2011
Profit before tax	231.5	251.6
Income tax calculated according to the Group's prevailing tax rate	-60.9	-66.2
Non-taxable income	0.0	0.5
Non-deductible costs	-0.7	-1.6
Tax effect of interest on the tax allocation reserve	0.0	0.0
Remeasured deferred tax due to changed tax rate in Sweden	12.0	0.0
Deficits for tax purposes for which no deferred tax asset is recognized	0.2	0.0
Effect of foreign tax rates	-2.0	-2.1
Adjustment of current tax relating to previous years	-0.5	0.0
Other	0.0	0.0
Tax expense	-51.7	-69.5

11 INCOME TAX, CONT.

Parent Company	2012	2011
Profit before tax	1.9	0.0
Income tax calculated according to prevailing tax rate 26.3 (26.3) percent	0.0	0.0
Tax expense	0.0	0.0
Weighted average tax rate within the Group:	22.33%	27.61%

The prevailing tax rate for income tax within the Group and the Parent Company is 26.3 (26.3) percent.

12 EXCHANGE-RATE DIFFERENCES

Exchange-rate differences were recognized in profit or loss according to the following:

Group	2012	2011
Other operating income	5.4	3.8
Other external costs	-7.7	-3.9
Financial income	7.7	4.1
Financial expenses	-10.9	-13.3
Total exchange-rate differences	-5.5	-9.4

13 INTANGIBLE FIXED ASSETS

Capitalized expenses for development work

Group	2012	2011
Cost on the opening date	41.3	27.6
New acquisitions	14.3	13.7
Exchange-rate differences	-0.1	0.0
Accumulated cost on the balance-sheet date	55.5	41.3
Amortization on the opening date	-19.7	-14.4
Amortization for the year	-7.9	-5.3
Exchange-rate differences	0.0	0.0
Accumulated amortization on the balance-sheet date	-27.6	-19.7
Carrying amount on the balance-sheet date	27.9	21.6

Capitalized development costs relate to development of business systems and the website.

Goodwill	2012	2011
Cost on the opening date	1,051.0	1,051.0
Accumulated cost on the balance-sheet date	1,051.0	1,051.0
Carrying amount on the balance-sheet date	1,051.0	1,051.0

Testing of impairment need for goodwill

Under IFRS 3 Business Combinations, the carrying amount for goodwill is to be tested on an annual basis. In addition, Byggmax assesses at the end of each reporting period if there is an indication that an asset has declined in value. If there is an indication of a decline in value, it must be impairment tested in accordance with IAS 36. During the fourth quarter of each year, the Group examines whether or not there is any impairment requirement for goodwill.

13 IMMATERIELLA TILLGÅNGAR FORTSÄTTNING

Recognized goodwill of SEK 1,051.0 M is entirely attributable to the Swedish element of the business, which is considered the cash-generating unit (CGU).

The recoverable amount for the CGU is determined on the basis of calculations of useful life.

The calculation is based on estimated future cash flows before tax based on the 2012 business plan and forecasts for the year from 2014 to 2017 that were prepared by Group management and approved by the Board. The forecasts are based on a number of principal assumptions concerning future growth and operating margins. The calculated reversible amount is compared with the carrying amount. Cash flows beyond the five-year period, meaning after 2017, are extrapolated using an estimated growth of 2 percent, which corresponds to a weighted average growth under Riksbanken's (the Swedish Central Bank) inflation targets. In the corresponding calculations for 2011, an estimated growth of 2 percent was used.

When discounting expected future cash flows, a weighted average cost of capital (WACC) before tax was used, which is currently 7 percent. The WACC was based on the following assumptions:

- Risk-free interest rate: Ten-year treasury bond rate
- Market risk premium: 5.6 percent
- Beta value: Fixed beta value for Byggmax

Testing indicates that the recoverable amount exceeds the carrying amount.

Sensitivity analyses show that a rise in the discount rate of 4 percent or a decline in cash flow of 10 percent would not affect the results of the test.

14 TANGIBLE FIXED ASSETS

Equipment, tools and installations

Group	2012	2011
Cost on the opening date	290.5	232.4
Purchases	51.6	62.5
Sales and scrapping	-3.7	-4.3
Increase through corporate acquisitions	0.3	0.0
Reclassifications	0.0	0.0
Exchange-rate differences	0.2	-0.1
Accumulated cost on the balance-sheet date	338.9	290.5
Depreciation on the opening date	-161.0	-121.8
Sales and scrapping	0.3	0.3
Increase through corporate acquisitions	0.0	0.0
Depreciation for the year	-44.8	-39.5
Reclassifications	0.0	0.0
Exchange-rate differences	-0.1	0.1
Accumulated depreciation on the balance-sheet date	-205.6	-161.0
Carrying amount on the balance-sheet date	133.3	129.5

14 TANGIBLE FIXED ASSETS, CONT.

The item Equipment, tools and installations includes leasing objects that the Group holds according to financial leasing contracts in the following amounts:

Group	2012	2011
Cost – capitalized financial leasing	163.2	162.6
Accumulated depreciation	-114.8	-88.9
Carrying amount	48.5	73.7

Byggmax leases a large portion of the Group's equipment, and there are a relatively large number of financial leasing contracts relating to such equipment including store fittings and fork-lift trucks. Byggmax signs leasing contracts for three to five years, and there is an option to purchase the contract after the contract period. As of 2012, the Group does not lease inventory to the same extent as earlier, but rather these are financed internally.

Buildings and land

Group	2012	2011
Cost on the opening date	7.9	12.3
Increase through asset acquisitions	28.9	0.0
Sales and scrapping	0.0	-4.4
Exchange-rate differences	0.0	0.0
Accumulated cost on the balance-sheet date	36.8	7.9
Depreciation on the opening date	-1.2	-0.8
Sales and scrapping	0.0	0.0
Depreciation for the year	-0.7	-0.4
Exchange-rate differences	0.0	0.0
Accumulated depreciation on the balance-sheet date	-1.9	-1.2
Carrying amount on the balance-sheet date	34.9	6.7

Land improvements on another party's property

Group	2012	2011
Cost on the opening date	6.0	5.3
Purchases	2.7	0.8
Sales and scrapping	0.0	0.0
Exchange-rate differences	0.0	0.0
Accumulated cost on the balance-sheet date	8.7	6.0
Depreciation on the opening date	-1.7	-1.3
Sales and scrapping	0.0	0.0
Depreciation for the year	-0.5	-0.4
Exchange-rate differences	0.0	0.0
Accumulated depreciation on the balance-sheet date	-2.2	-1.7
Carrying amount on the balance-sheet date	6.6	4.3

15 PARTICIPATIONS IN GROUP COMPANIES

Parent Company	2012	2011
Cost on the opening date	358.0	358.0
Investments	0.0	0.0
Capital contributions	0.0	0.0
Carrying amount on the balance-sheet date	358.0	358.0

The Parent Company has participations in the following Group companies:

Name	Corporate registration number	Registered office	Share of capital	Number of shares	Carrying Amount	
					2012	2011
Companies owned by Byggmax Group AB (publ)						
Byggmax AB	556645-6215	Halmstad	100%	100,000	345.0	345.0
Svea Distribution AB	556602-5895	Eslöv	100%	200	13.0	13.0
Byggmax Fastighetsutveckling AB	556726-8593	Stockholm	100%	1,000	0.1	0.1
					358.0	358.0
Holdings in other Group companies						
Byggmax International Purchasing AB	556757-2473	Stockholm	100%			
Byggmax Fastighets Holding AB	556726-8601	Stockholm	100%			
Byggmax Fastighetsutveckling 6 AB	556751-4442	Stockholm	100%			
Byggmax Fastighetsutveckling 7 AB	556757-3133	Stockholm	100%			
Byggmax Fastighetsutveckling 8 AB	556889-6780	Stockholm	100%			
Byggmax Fastighetsutveckling 9 AB	556916-5250	Stockholm	100%			
Lännersta 14:1 Fastighets AB	556791-3818	Stockholm	100%			
Romell Förvaltning AB	556872-7662	Örebro	100%			
Byggmax Fastighet 2 AS	991 127 895	Oslo	100%			
Byggmax Fastighet 3 AS	991 127 917	Oslo	100%			
Byggmax Finland Fastighetsholding 1 Oy	2186417-4	Helsinki	100%			
Byggmax Finland Fastighet 1 Oy	2186407-8	Helsinki	100%			
Byggmax Finland Fastighetsholding 2 Oy	2186507-0	Helsinki	100%			

Byggmax i Karlstad AB was merged with Byggmax AB in 2012.

16 DISCLOSURES ON ACQUISITIONS

Acquisitions completed in 2012 pertained to the acquisition of assets.

Acquisition of Romell Förvaltning AB

On October 9, 2012, Bygghmax Fastighetsutveckling 6 AB acquired 100 percent of the shares in the company Romell Förvaltning AB. Romell Förvaltning AB owns a property in Karlskoga, where Bygghmax plans to open a store. The company was formed in November 9, 2011. The purchase consideration amounted to SEK 2.1 M and was paid in cash. Costs for advisory services in conjunction with the acquisition were SEK 0.1 M, which are recognized as shares in the subsidiary.

Purchase consideration	
Cash and cash equivalents	2.1
Purchase consideration paid	2.1
Recognized amounts of identified acquired assets and assumed liabilities	
Tangible fixed assets	5.5
Accounts receivable	0.0
Cash and bank balances	0.1
Loans from credit institutions	-3.0
Other current liabilities	-0.6
Total identifiable net assets	0.0
Total	2.1

Acquisition of Lännersta 14:1 Fastighets AB

On October 29, 2012, Bygghmax Fastighetsutveckling 8 AB acquired 100 percent of the shares in the company Lännersta 14:1 Fastighets AB. Lännersta 14:1 Fastighets AB owns a property in Nacka, where Bygghmax plans to establish a store. In 2011, Lännersta 14:1 Fastighets AB reported sales of SEK 0.0 M and profit after tax of SEK 0.0 M. The purchase consideration amounted to SEK 20.3 M and was paid in cash. Costs for advisory services in conjunction with the acquisition were SEK 0.4 M, which are recognized as shares in the subsidiary.

Purchase consideration	
Cash and cash equivalents	20.3
Purchase consideration paid	20.3
Recognized amounts of identified acquired assets and assumed liabilities	
Tangible fixed assets	24.0
Other current receivables	0.0
Cash and bank balances	0.1
Other current liabilities	-3.7
Total identifiable net assets	0.1
Total	20.3

17 FINANCIAL INSTRUMENTS BY CATEGORY

The Group's financial assets and liabilities are measured at accrued cost with the exception of derivative instruments, which are measured at fair value in profit or loss. Derivative instruments are recognized separately on a separate line in the balance sheet. For a more detailed description of the Group's derivative instruments, refer to Note 19.

As of January 1, 2009, the Group applies an amendment of IFRS 7 for financial instruments measured at fair value in the balance sheet. Information is thus required on valuation at fair value per level in the following fair-value hierarchy:

- Listed prices (unadjusted) on active markets for identical assets or liabilities (level 1)
- Other observable data for the asset or liability than listed prices included in level 1, either direct (i.e. like price quotations) or indirect (i.e. derived from price quotations) (level 2).
- Data for the asset or liability that is not based on observable market data (i.e. non-observable data) (level 3).

17 FINANCIAL INSTRUMENTS BY CATEGORY CONT.

Bygghmax only holds derivative instruments measured at fair value in its financial statements. These instruments are measured at fair value in profit or loss. The value of the derivative instruments is based on observable data for the asset or liability, i.e. level 2. No reclassifications between the various levels took place during the fiscal year.

Assets in the balance sheet December 31, 2012	Loan receivables and accounts receivable	Assets recognized at fair value in profit or loss	Total
Derivative instruments		0.5	0.5
Accounts receivable and other receivables	59.5		59.5
Cash and cash equivalents	33.9		33.9
Total	93.3	0.5	93.8

Liabilities in the balance sheet December 31, 2012	Other financial liabilities	Total
Borrowings (excluding liabilities related to financial leasing)	459.9	459.9
Liabilities related to financial leasing	40.7	40.7
Accounts payable and other liabilities	299.4	299.4
Total	800.0	800.0

Assets in the balance sheet December 31, 2012	Loan receivables and accounts receivable	Assets recognized at fair value in profit or loss	Total
Derivative instruments		0.6	0.6
Accounts receivable and other receivables	67.1		67.1
Cash and cash equivalents	22.8		22.8
Total	89.9	0.6	90.5

Liabilities in the balance sheet December 31, 2012	Other financial liabilities	Total
Borrowings (excluding liabilities related to financial leasing)	313.8	313.8
Liabilities related to financial leasing	66.6	66.6
Accounts payable and other liabilities	281.5	281.5
Total	661.8	661.8

18 DIVESTMENT OF SUBSIDIARIES

No subsidiaries were divested in 2012. In 2011, the subsidiary Bygghmax Fastighetsutveckling 5 AB was divested. This transaction did not entail any impact on earnings.

19 DERIVATIVE INSTRUMENTS

Group December 31, 2012	Asset	Liabilities
Derivative instruments		
Interest swaps – held for sale	0.0	0.0
Currency forwards – held for sale	0.7	0.2
Total derivative instruments	0.7	0.2

19 DERIVATIVE INSTRUMENTS CONT.

Group December 31, 2011	Assets	Liabilities
Derivative instruments		
Interest swaps – held for sale	0.0	0.0
Currency forwards - held for sale	1.5	0.8
Total derivative instruments	1.5	0.8

Derivative instruments held for sale are classified as current assets or current liabilities. The nominal amount for outstanding currency forwards was SEK 76.1 M (179.2) on the balance-sheet date. The nominal amount for outstanding interest swaps was SEK 0.0 M (125.0) on the balance-sheet date.

The maximum exposure to credit risks on the balance-sheet date was the fair value of the derivative instruments recognized as assets in the balance sheet.

20 ACCOUNTS RECEIVABLE

Group	2012	2011
Kundfordringar	8.2	3.8
Reservering för osäkra fordringar	-0.3	0.0
Summa kundfordringar	7.9	3.8

Det verkliga värdet på koncernens kundfordringar överensstämmer med det redovisade värdet.

21 INVENTORIES

Group	2012	2011
Completed goods and goods for resale	465.8	424.9
Prepayments to suppliers	0.1	0.0
Total inventories	465.9	424.9

Inventories consist in their entirety of goods for resale. No impairment was carried out.

22 OTHER RECEIVABLES

	2012	2011
Bonus receivables from suppliers	47.4	54.0
Other receivables	4.1	9.3
Total other receivables	51.5	63.3

Most bonus receivables are in SEK. As of December 31, 2012, no other receivables were considered doubtful. In respect of existing bonus receivables, the majority of the items have a corresponding entry in accounts payable. The fair value of the Group's other receivables corresponds to the carrying amount.

23 PREPAID EXPENSES AND ACCRUED INCOME

Group	2012	2011
Prepaid rent	21.4	26.6
Prepaid leasing fees	0.5	0.4
Accrued interest income	0.0	0.0
Other items	5.3	5.1
Total prepaid expenses and accrued income	27.2	32.0

24 CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the balance sheet and the cash-flow statement include the following:

Group	2012	2011
Balance sheet		
Cash and bank balances	23.6	10.5
Blocked funds	10.3	12.3
Total cash and cash equivalents	33.9	22.8
Cash-flow statement		
Cash and bank balances	23.6	10.5
Short-term investments	0.0	0.0
Total cash and cash equivalents	23.6	10.5

Blocked funds refer to rent deposits of SEK 2.8 M (4.8), a customs credit of SEK 7.0 M (7.0) and a deposit bank account of SEK 0.5 M (0.5).

25 SHARE CAPITAL AND OTHER CAPITAL CONTRIBUTIONS

The specification of changes in shareholders' equity is presented in the report Changes in shareholders' equity directly after the balance sheet.

Group	No. of shares (000s)	Share capital	Other capital contributions	Total
On 31 december 2011	60.7	20.2	441.0	461.3
On 31 december 2012	60.7	20.2	441.0	461.3

The shares have a quotient value of SEK 0.33 per share (SEK 0.33 per share). Each share represents one vote. All registered shares were paid in full on the balance sheet date.

26 RESERVES

The category Reserves within shareholders' equity consists in its entirety of exchange-rate differences arising in the translation of foreign subsidiaries.

27 BORROWING

Group	2012	2011
Long-term		
Liabilities to credit institutions	0.0	130.0
Liabilities related to financial leasing	17.2	36.3
Total	17.2	166.3
Short-term		
Liabilities to credit institutions	100.0	40.0
Overdraft facilities	359.9	273.8
Liabilities related to financial leasing	23.5	30.2
Total	483.5	344.0
Total borrowing	500.6	510.3

All borrowing within the Group is in SEK. All external loans have an interest period of three months, meaning that the carrying amount closely corresponds to fair value. There are pledged assets for these loans. See Note 32.

The Group has the following unutilized credit facilities:

Group	2012	2011
Overdraft facility	40.1	76.2
Total	40.1	76.2

Of the above available overdraft facilities, SEK 7 M is a customs credit.

27 BORROWING CONT.

Financial leasing

Gross debt relating to financial leasing

Group	2012	2011
Within one year	18.3	38.2
Later than one year but within five years	24.2	31.8
Later than five years	0.0	0.0
Total	42.5	70.1
Future financial expenses for financial leasing	-1.8	-3.5
Present value of liabilities relating to financial leasing	40.7	66.6

In the balance-sheet item Borrowing from credit institutions, financial leasing is included as follows:

Group	2012	2011
Within one year	23.5	30.2
Later than one year but within five years	17.2	36.3
Later than five years	0.0	0.0
Total	40.7	66.6

See also Note 33, Obligations.

28 DEFERRED TAX

Group	2012	2011
Deferred tax liabilities		
Untaxed reserves	63.3	62.6
Leasing	1.9	1.9
Total deferred tax liabilities	65.2	64.5
Deferred tax assets		
Derivatives	-0.1	-0.2
Valuation of loss carry-forwards	1.8	4.2
Other	0.0	0.0
Total deferred tax assets	1.7	4.0
Deferred tax liabilities, net	63.5	60.4

Gross changes relating to deferred taxes are as follows:

Group	2012	2011
On the opening date	60.4	37.5
Reversal of discount effect	0.0	0.0
Recognition in profit or loss	13.3	22.9
Recognition in profit or loss due to changed tax rate in Sweden	-10.2	0.0
Acquired deferred tax liability	0.0	0.0
Adjustment from current receivable to deferred tax asset	0.0	0.0
Exchange-rate differences	0.0	0.0
On the balance-sheet date	63.5	60.4

Deferred tax assets are recognized as loss carry-forwards for tax purposes insofar as it is probable that they can be offset by future taxable profits. The Group recognized deferred tax assets of SEK 1.7 M (4.0). Of these, SEK 0.0 (2.3) is in respect of losses amounting to SEK 0.1 M (8.7) that can be offset against future taxable profits. SEK 0.6 M (0.5) pertains to taxes on internal gains of SEK 2.7 M (1.6), a negative SEK 0.1 M (neg: 0.2) to derivatives and SEK 1.4 M (1.4) to blocked amounts for foreign tax.

29 PENSIONS

Pension insurance in Alecta

Obligations for retirement and family pensions for salaried employees in Sweden are secured via insurance with Alecta. According to statement UFR 6 from the Swedish Financial Reporting Board, this is a defined-benefit plan that includes several employers. For the 2012 fiscal year, the Group did not have access to information that would enable it to be recognized as a defined-benefit plan. The pension plan according to ITP that is secured through insurance in Alecta is therefore recognized as a defined-contribution plan. The year's fees for pension insurance issued by Alecta amounted to SEK 3.8 M (3.1). Alecta's surplus can be distributed to policy holders and/or insured persons. On December 31, 2012, Alecta's surplus in the form of the collective consolidation level amounted to 129 percent (113). The collective consolidation level corresponds to the market value of Alecta's assets as a percentage of pension obligations as calculated according to Alecta's actuarial assumptions, which are not in agreement with IAS 19.

30 OTHER LIABILITIES

Group	2012	2011
VAT liabilities	10.2	0.9
Personnel-related liabilities	4.6	4.1
Other	6.0	7.6
Total other liabilities	20.7	12.6
Parent Company		
Other	0.0	0.0
Total other liabilities	0.0	0.0

31 ACCRUED EXPENSES AND PREPAID INCOME

Group	2012	2011
Accrued salaries	18.4	16.2
Accrued vacation pay	27.7	24.1
Accrued social fees	8.8	6.5
Other	15.3	13.8
Total accrued expenses and prepaid income	70.3	60.6
Parent Company		
Other	1.8	2.8
Total accrued expenses and prepaid income	1.8	2.8

32 PLEDGED ASSETS AND CONTINGENT LIABILITIES

Pledged assets

Group	2012	2011
For own debts and provisions:		
Shares in subsidiaries	1,022.9	845.6
Blocked bank funds	10.3	12.3
Chattel mortgages	120.0	120.0
Total pledged assets and contingent liabilities	1,153.2	977.9
Parent Company		
Shares in subsidiaries	358.0	358.0
Total pledged assets and contingent liabilities	358.0	358.0

32 PLEDGED ASSETS AND CONTINGENT LIABILITIES, CONT.

Contingent liabilities

Group	2012	2011
Capital coverage guarantee on behalf of Group companies	None	None

33 OBLIGATIONS

Obligations relating to operational leasing

The Group leases rental premises, as well as miscellaneous small equipment, according to terminable operational leasing contracts.

Future leasing fees for non-terminable operational leasing contracts fall due for payment according to the following:

Group	2012	2011
Within one year	131.0	114.2
Later than one year but within five years	426.3	403.3
Later than five years	323.8	326.2
Total	881.1	843.7

Most of the above amounts relate to the rent for premises. In other respects, most of the Group's leasing contracts are classified as financial leasing. Information on financial leasing is presented in Note 27. Expensed leasing costs amounted to SEK 113.6 M (116.3).

34 TRANSACTIONS WITH RELATED PARTIES

A related party is defined as a party that exercises a controlling influence (owns more than 50 percent) or that has a substantial influence (owns more than 20 percent). The Byggmax Group is 35.8 percent owned by the Altor 2003 Fund, which thus has controlling influence over the Group. Altor has controlling influence over Senzum AB (a subsidiary of Lindorff Group AB, which is owned by the Altor 2003 fund and Altor Fund II), Carnegie Investment Bank (owned by Altor Fund III) and Dustin Financial Services AB (owned by Altor Fund II).

Purchases of goods and services

During the year, Byggmax purchased call-center services from Senzum AB, which is a subsidiary of Lindorff Group AB. Total costs during 2012 amounted to SEK 3.6 M (3.0).

During the year, Byggmax purchased IT equipment from Dustin Financial Services. Total costs during 2012 amounted to SEK 0.6 M (0.7).

Receivables and liabilities on Dec. 31, 2012 as a result of sales and purchases of goods and services

Liabilities to related parties:	2012	2011
Senzum AB	0.2	0.0
Total	0.2	0.0
Receivables to related parties:	2012	2011
-	0.0	0.0
Total	0.0	0.0

Receivables from related parties are primarily the result of sales transactions and fall due for payment one month after the sale date. The Group has no collateral for these receivables. No interest is charged. Liabilities to related parties are primarily the result of purchase transactions and fall due for payment one month after the purchase date. These liabilities carry no interest.

Information regarding key individuals in senior management is provided in Note 9, Employee benefits.

35 EVENTS AFTER THE BALANCE-SHEET DATE

Swedish Customs decided to levy an additional charge on Bygghem with respect to customs and anti-dumping duties for 2008, 2009 and 2010. The total sum was SEK 23.3 M. Bygghem intends to appeal parts of this decision. Bygghem has agreed compensation in a corresponding amount with the supplier that sold the products in question to Bygghem. In 2012, Bygghem paid a total of SEK 10.3 M in customs and anti-dumping duties and will pay an additional SEK 13.0 M in the first quarter of 2013. Bygghem has agreed compensation in a corresponding amount with the supplier and exposure to the supplier amounts to a total of SEK 22.3 M at January 22, 2013. This has not impacted the company's earnings since the amount is recognized as a receivable from the supplier.

The Board of Directors and President hereby affirm that the consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU, and provide an accurate portrayal of the Group's position and EBIT. The Annual Report has been prepared in accordance with the generally accepted accounting practice in Sweden and accurately reflects the Parent Company's position and EBIT. The Administration Report for the Group and the Parent Company provides an accurate overview of trends in the Group's and Parent Company's operations, positions and EBITs, as well as describing significant risks and instability factors faced by the Parent Company and companies in the Group.

The Parent Company's income statement and balance sheet and the Group's consolidated income statement and balance sheet will be presented to the Annual General Meeting on May 15, 2013 for adoption.

Stockholm, March 5, 2012

FREDRIK CAPPELEN

Chairman of the Board

ANDERS MOBERG

Board member

JOHANNES LIEN

Board member

LOTTIE SVEDENSTEDT

Board member

STEFAN LINDER

Board member

STIG NOTLÖV

Board member

MAGNUS AGERVALD

President

Our auditors' report was submitted on March 12, 2013
Öhrlings PricewaterhouseCoopers AB

ANNA-CARIN BJELKEBY

Authorized Public Accountant

AUDITORS' REPORT

To the annual meeting of the shareholders of
Bygghmax Group AB (publ),
corporate registration number 556656-3531

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of Bygghmax Group AB (publ) for the year 2012. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 32-70.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts and consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director 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.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

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 2012 and of its financial performance and its cash flows 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 2012 and of

their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have examined the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Bygghmax Group AB (publ) for the year 2012.

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, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act. As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

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

Opinions

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

Stockholm, March 12, 2013

Öhrlings PricewaterhouseCoopers AB

Anna-Carin Bjelkeby
Authorized Public Accountant

BYGGMAX GROUP MANAGEMENT

MAGNUS AGERVALD

President since 2008 (employed since 2006). Born 1975. **Education:** B. Sc. Stockholm School of Economics and graduate engineer KTH Royal Institute of Technology. **Background:** Formerly worked as a consultant at McKinsey & Company and analyst at IDI AB and founder of Icomera. **Other assignments:** No other assignments. **Shareholding:** 255,000 shares and 250,000 warrants.

MIKAEL BENGTTSSON

Business Manager since 2008 (employed since 1999). Born 1966. **Education:** Social educationist Jönköping University. **Background:** Formerly department head of Obs Byggmarknad. **Other assignments:** No other assignments. **Shareholding:** 87,000 shares and 50,000 warrants.

DANIEL JUHLIN

Marketing and IT Manager since 2012. Born 1974. **Education:** Graduate engineer KTH Royal Institute of Technology. **Background:** Formerly worked as a consultant at McKinsey & Company, held several sales and marketing positions at Toms and Cloetta Fazer, President of Friggs AB and President of Karamellkungen AB. **Other assignments:** No other assignments. **Shareholding:** 4,971 shares via endowment insurance and 3,000 shares via pension insurance.

PÅR PETERSSON

Purchasing Manager since 2007 (employed since 2000). Born 1961. **Education:** Technology studies in the sales field. **Background:** Formerly sales representative and district manager of Påls Bagerier. **Other assignments:** No other assignments. **Shareholding:** 64,000 shares and 50,000 warrants.

PERNILLA WALFRIDSSON

CFO since 2005. Born 1973. **Education:** Master of Science in Business and Economics, Växjö University. **Background:** Formerly CFO of consumer electronics chain Power, Business Controller of IKEA Russia and Controller at IKEA AB. **Other assignments:** No other assignments. **Shareholding:** 240,000 shares and 50,000 warrants.

REVISORER

Byggmax's auditor is Öhrlings PricewaterhouseCoopers AB, with Anna-Carin Bjelkeby as auditor in charge since 2007. Anna-Carin Bjelkeby is an authorized public accountant and a member of FAR SRS. The address of Öhrlings PricewaterhouseCoopers AB's offices is Torsgatan 21, SE-113 97 Stockholm, Sweden.



Daniel Juhlin, Pernilla Walfridsson, Pär Petersson, Magnus Agervald and Mikael Bengtsson.

BYGGMAX BOARD OF DIRECTORS



Fredrik Cappelen



Anders Moberg



Johannes Lien



Lottie Svedenstedt



Stefan Linder



Stig Notlöv

FREDRIK CAPPELEN

Chairman of the Board since 2008. Born 1957. **Education:** Graduate in Business Administration and studies in political science at Uppsala University. **Background:** Formerly President and CEO, as well as Board member, of Nobia AB and Board member of Danske Træløst. **Other assignments:** Chairman of the Board of Munksjö AB, Sanitec OY and Dustin AB, Board member of Securitas AB, Carnegie Investment Bank AB and Granngården AB. **Shareholding:** Owns no shares, but is exposed to 406,759 shares through his endowment insurance and to 200,000 Byggmax shares through an associated company.

ANDERS MOBERG

Board member since 2006. Born 1950. **Background:** Formerly Board member of Velux A/S and ICA AB and CEO of the IKEA Group, Royal Ahold N.V. and Majid Al Futtaim Group LLC. **Other assignments:** Anders is Chairman of the Board of Clas Ohlson AB, OBH Nordica AB and Biva A/S, as well as a Board member of DFDS A/S, Husqvarna AB, ZetaDisplay AB, Hema B.V., ITAB AB, Rezidor AB, Amor GMBH and Ahlstrom OY. **Shareholding:** Does not own any shares but is exposed to 800,000 shares in Byggmax through his endowment insurance.

JOHANNES LIEN

Board member since 2009, deputy Board member since 2007. Born 1977. **Education:** M.Sc. from the Norwegian School of Economics **Background:** Previously a consultant at McKinsey & Company, formerly Board member of Helly Hansen Group AS, N Holding AB and SPT Group. **Other assignments:** Johannes is also a director at Altor Equity Partners AB, Board member of Elixia Holding IV AS, Navico Holding AS and Ket-lav Invest AS. He is also a partner and Board member of Cretum Invest AB. **Shareholding:** Does not own any shares but is exposed to 20,000

shares in Byggmax through his endowment insurance.

LOTTIE SVEDENSTEDT

Board member since 2010. Born 1957 **Education:** Lawyer from Uppsala University. **Background:** Former Regional Manager for H&M, President Inter Ikea Systems A/S, Business Area Manager Ikea of Sweden and CEO Kid Interiør A/S. **Other assignments:** Chairman of the Management Institute in Lund (MIL). Board member of Clas Ohlson AB, Swedavia AB, Global Health Partner AB, Thule Group AB, Vanna AB, Stampen AB, Liberala Tidningar i Mellansverige AB, Mediebolaget Promedia i Mellansverige AB and ITAB Shop Concept AB. **Shareholding:** 10,000 shares.

STEFAN LINDER

Board member since 2006. Born 1968. **Education:** B.Sc. Stockholm School of Economics. **Background:** Board member of Industri Kapital and works in the field of investment banking at Morgan Stanley in London. **Other assignments:** Stefan is partner and Board member of Altor Equity Partners AB, Chairman of EuroCater A/S, Board member of ApoPharm AB, CTEK Holding AB and Dustin Group AB. **Shareholding:** 0 shares.

STIG NOTLÖV

Board member of the current company since 2006, Board member of former Parent Company since 1993. Born 1947. **Background:** Formerly President of Byggmax. **Other assignments:** No other assignments. **Shareholding:** 3,078,042 shares through companies.

CHAIRMAN'S COMMENTS

It has been an extremely intensive year for Byggmax, with a weak market trend, the opening of eight new stores and one distribution hub, and effects that this had on the business. These events have naturally influenced the work of the Board and affected the financial situation.

THE BOARD'S WORK

Byggmax has a well-composed Board with members of varying and supplementary backgrounds and skills. The Board held 12 meetings during the year. Important resolutions taken during the year included:

- Revision and adoption of the company's policies
- Opening of new stores in all three countries
- Continued work on improving operating activities.
- Continued expansion of the online range.
- Test of a new store concept, Byggmax 2.0.

The evaluation of the Board's work concluded that it is effective and goal-oriented.

COMMENTS ON THE CORPORATE GOVERNANCE REPORT

As made evident in the Corporate Governance Report, Byggmax applies the Swedish Code of Corporate Governance. In a few specific areas the Board has elected to diverge from specific rules and explain why instead. This applies to internal auditing, where the Board has elected to not have a specific internal audit since the company has a straightforward legal and operational structure, and comprehensive management and internal control systems. The Audit Committee follows up the company's assessment of the internal audit through contact with the company's auditors.

FINANCIAL SITUATION

Through its budget concept, Byggmax has historically strengthened its market position in a weaker economy. At year-end 2012, Byggmax held a strong position. Net profit amounted to SEK 180 M (182). Shareholders' equity had increased from SEK 844 M in December 31, 2011 to SEK 914 M at December 31, 2012. Byggmax's financial strength is im-

portant as it enables us to invest in the future. You can read more about our investments in the President's Comments.

I am very enthusiastic regarding the investments being made, with more stores in all of the countries and the forthcoming test of Byggmax 2.0. I am particularly pleased about all of the recognition the company has earned, not only in price surveys, but the award for the best flooring, best e-commerce company and the prize for our financial communication.

Finally, I would like to show my appreciation to our Group management and all employees for a job well done in 2012.



Fredrik Cappelen
Chairman of the Board



CORPORATE GOVERNANCE REPORT

Byggmax Group AB (publ) is a Swedish public limited liability company listed on NASDAQ OMX Stockholm. Byggmax applies the Swedish Corporate Governance Code and hereby submits its Corporate Governance Report for the fiscal year January 1, 2012 to December 31, 2012. Byggmax 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 from the website of the Swedish Corporate Governance Board (www.corporategovernanceboard.se).

Corporate governance regards 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.

The Byggmax Group AB (publ), hereinafter called Byggmax or the company, is listed on NASDAQ OMX Stockholm and applies the Swedish Corporate Governance Code (the Code) from the date of its listing, which was June 2, 2010. The Code builds on the principle "comply or explain" which means that companies that apply the Code can deviate from specific rules but must explain the underlying reasons behind the deviation. Byggmax has made the following deviations from the Code:

- The Board has elected to not have a specific internal audit since the company has a straightforward legal and operational structure, and comprehensive management and internal control systems

SHAREHOLDERS

The share capital in Byggmax amounted to SEK 20,245,682 M divided among 60,737,045 shares. Only one class of shares exists and all shares have equal rights to participation in the company's assets and profits. The number of shareholders on December 31, 2012 was 4,839. Altor 2003 fund is the largest shareholder and has a holding equivalent to 35.8 percent. Non-Swedish owners accounted for ownership of approximately 70.9 percent of the shares. For further information regarding the share and shareholders please see pages 28-29 and the Byggmax website.

ANNUAL GENERAL MEETING

Shareholders exercise their influence over the company at the Annual General Meeting (AGM) which constitutes the company's highest decision making body.

2012 Annual General Meeting

The 2012 AGM was held on April 20, 2012, at the Primus conference center in Stockholm. At the AGM, 66 shareholders representing 76 percent of the votes were present either in person or via representatives. Fredrik Cappelen was elected Chairman of the AGM.

The main resolutions passed were as follows:

- Reelection of Board members Fredrik Cappelen, Johannes Lien, Stefan Linder, Anders Moberg, Stig Nottlöv and the election of Lottie Svedenstedt
- Policies for compensation and terms of employment for the President and other senior executives
- Policies for the appointment of the Nomination Committee

Proposal for 2013 AGM

The next AGM for shareholders in Byggmax will be held on Wednesday, May 15, 2013, at the Primus conference center in Solna (Stockholm) from 10:00 a.m. to 11:00 a.m. For further information regarding the AGM, visit the Byggmax website.

NOMINATION COMMITTEE

The AGM on April 20, 2012, resolved that a Nomination Committee would be appointed for the AGM 2013. The Chairman will convene the three largest owner-categorized shareholders of the company – according to Euroclear Sweden AB as of August 31 – who will subsequently each be entitled to appoint a member to the Nomination Committee. The composition of the Nomination Committee will be published not later than six months prior to the AGM. The Nomination Committee is to prepare and submit proposals to the General Meeting of Shareholders concerning a Chairman for the AGM, the Chairman of the Board of Directors and other members of the company's Board. The Nomination Committee is also tasked with submitting proposals for directors' fees that are to be allocated among the Chairman and other members, the election of (where applicable) and fees to auditors, as well as decisions on principals concerning the appointment of the Nomination Committee's members.

BOARD OF DIRECTORS

Each year the Byggmax Board of Directors adopts a formal work plan and written instructions in respect of financial reporting and allocation of duties between the Board and the President. The formal work plan regulates the Board's obligations, 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 regulate the reporting system that exists to enable the Board to continuously assess the

company's and the Group's financial situations and the allocation of work between the Board and the President.

Independence of the Board

The Board's assessment of the individual Board members relation to the company and the shareholders is defined in the table "Composition and attendance of Board meetings" (See page 77). As is made evident, Byggmax meets the Code's requirement that the majority of the elected Board members are independent of the company and the Group management and that at least two of these are independent of the company's major shareholders.

Composition and attendance of Board meetings

A detailed description of the Board members is available on page 73 and the Board's composition and attendance at Board meetings is presented on page 77.

The Board's work in 2012

The Board held 12 meetings in 2012. Important issues addressed by the Board in 2012, in addition to the adoption of the Annual Report and interim reports, and the business plan and attendant budget, included the following:

- Resolution on dividend for 2012 of SEK 1.8 per share
- Revision and adoption of the company's policies
- Opening of new stores in all three countries

The Group's President, Magnus Agervald and CFO, Pernilla Walfridsson, participate at Board meetings. Other employees may also participate in Board meetings as reporters for specific issues.

Evaluation of the work of the Board of Directors in 2012

The Chairman of the Board is responsible for evaluating the work of the Board including the input of the individual Board members. The evaluation focuses on the supply and demand of specific competence and ways of working. The evaluation of the work of the Board has concluded that the work is efficient and goal oriented.

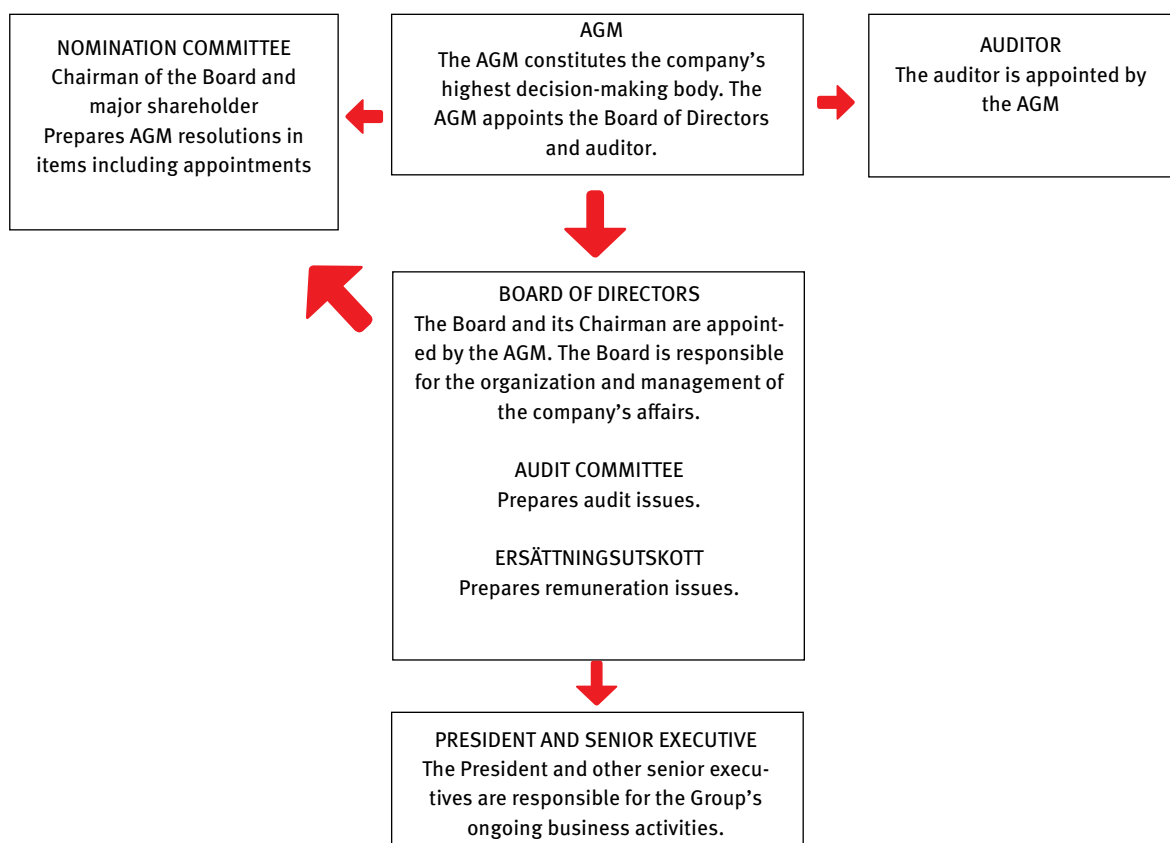
Board committees

The Board currently has no separate remuneration committee or audit committee. It is the Board's belief that the tasks that would otherwise be performed by committees can be carried out more effectively by the Board in its entirety.

The Board, as a whole, prepares and addresses issues regarding remuneration and other employment terms for senior executives. The audit committee is comprised by the Board in its entirety. The committees/Board meet the company's auditors twice yearly to discuss matters including audit plans and audit reports. At meetings with the company's auditors, the committees/Board are given the opportunity to meet with the auditor without the President being present.

PRESIDENT AND SENIOR EXECUTIVES

President, also CEO, is tasked with managing the ongoing operation of the company in accordance with the written instructions adopted by the Board. Magnus Agervald has been the President and CEO of Byggmax since January 1, 2008. He has no shareholding or partnership in any company that the company has a significant business relationship with.



The Byggmax Group management comprises five members including the President. A description of the management is available under the heading "Byggmax Group Management" (page 72).

REMUNERATION GUIDELINES

For information concerning salaries and other remuneration to the President and other senior executives see Note 9, page 55.

AUDITORS

The AGM appoints the auditor for the company every four years. Öhrlings PriceWaterhouseCoopers, hereinafter called PWC, was elected by the AGM 2010 for a mandate period of four years. PWC has appointed Authorized Public Accountant Anna-Carin Bjelkeby as principal auditor for the audit. In addition to the audit assignment, Byggmax has consulted PWC on taxes and other accounting issues. PWC is obligated to test its independence prior to accepting independent ad-

visory assignments in addition to its auditing assignments for Byggmax. 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 auditors. Byggmax's auditors conducted a review of the company's nine-month interim report..

INTERNAL AUDIT

The company has a simple legal and operative structure and a comprehensive management and internal control system. The Audit Committee follows up the company's assessment of the internal audit through contact with the company's auditors. In view of the aforementioned, the Board has opted not to have a separate Corporate Internal Audit.

THE BOARD'S COMPOSITION AND ATTENDANCE AT MEETINGS

Name	Function	Elected	Board attendance	Director fees	Independence of the company's management and major shareholder
Fredrik Cappelen	Chairman of the Board	2006	12/12	500,000 SEK	No
Anders Moberg	Board member	2006	12/12	250,000 SEK	No
Johannes Lien	Board member	2009	12/12	Inget	Yes
Lottie Svedenstedt	Board member	2010	12/12	250,000 SEK	No
Stefan Linder	Board member	2006	12/12	Inget	Yes
Stig Notlöv	Board member	2006	12/12	250,000 SEK	No

INTERNAL CONTROL

The Board has overriding responsibility for internal control at Byggmax. The President has the ongoing responsibility for maintaining internal steering and controls. The ultimate aim of internal control is to ensure that Byggmax's financial reports are prepared in accordance with the law, applicable accounting policies and other requirements that apply to listed companies in addition to protecting Byggmax's assets. Byggmax has elected to use COSO's definition of internal control as the foundation for its work with internal control. According to COSO, internal control comprises five different parts; the control environment, risk assessment, control activities, information and communication and follow-up. These various parts are described briefly below.¹

Control environment

The control environment forms the basis for the internal control and builds on the culture that the Board of Directors and management communicate and work by. It primarily

comprises values, competence, management philosophy, organizational structure, responsibility and authorizations as well as policies and routines. A key component of the control environment is the clear definition and communication of decision paths, authorizations and responsibility between differing levels in the organization and that steering documents in the form of internal policies and guidelines include all material areas and that these provide guidance to the various employees of Byggmax.

A key component of the Board's work is the preparation and approval of a number of policies including the rules of procedure for the Board of Directors, the President's instructions, financial policy, IT policy, information policy and the logbook and insider policy. The aim of these policies includes creating the foundation for acceptable internal control. All policies are reported annually and adopted by the Group management or Board. Byggmax's accounting process is documented in an accounting manual.

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.

Risk assessment

All business activities are linked to a certain degree of risk taking. A structured risk assessment enables the identification of significant risks. Bygghmax operates an ongoing process of risk analysis in which the risks of errors in the financial reporting of significant income statement and balance sheet items are analyzed. Other risks in conjunction with the financial reporting include the risk of fraud, loss or misappropriation of assets. The Board of Bygghmax continuously assess 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 handle the risks the Board assesses as being significant for the internal control of financial reporting. In Bygghmax, the control structures comprise an organization with clear roles that enables an efficient, and from an internal control perspective, suitable allocation of responsibilities, and additionally of specific control activities that are aimed at identifying or safeguarding from the risks of errors in the reporting. Bygghmax has a systematic modus operandi to minimize the risk of fraud and/or theft, this includes efforts to minimize waste in the stores.

Information and communication

Bygghmax 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 Bygghmax has released the corresponding information to the stock market. Steering documentation in the form of policies, guidelines and manuals are communicated via the Group's intranet and accounting manual.

Follow up

The Group's accounting functions are integrated via a joint accounting and reporting system. The Board and Group management are provided with ongoing information in respect of the Group's financial performance, situation and development of the business. The reports also contain analytical follow-ups, trend monitoring and benchmarking between stores. The accounting function has the same procedures and requirements of documentation at every monthly accounts date. The Board continuously evaluates the information provided by the Group management. The work includes ensuring that measures are taken in respect of faults and proposed measures that may have been identified in the external audit.

FREDRIK CAPPELEN
Chairman of the Board

ANDERS MOBERG
Board member

JOHANNES LIEN
Board member

LOTTIE SVEDENSTEDT
Board member

STEFAN LINDER
Board member

STIG NOTLÖV
Board member

AUDITOR'S STATEMENT ON THE CORPORATE GOVERNANCE REPORT

To the Annual General Meeting of Bygghmax Group AB (publ), corporate registration number 556656-3531

It is the Board of Directors who is responsible for the Corporate Governance Report for 2012 on pages 75–78 and that it has been prepared in accordance with the Annual Accounts Act.

We have read the corporate governance report and, based on that reading and our knowledge of the company and the Group, we believe that we have a sufficient basis for our opinions. This means that our statutory examination of the Corporate Governance Report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

In our opinion, the Corporate Governance Report has been prepared and its statutory content is consistent with the annual accounts and the consolidated accounts.

Stockholm, March 12, 2013
Öhrlings PricewaterhouseCoopers AB

Anna-Carin Bjelkeby
Authorized Public Accountant

DEFINITIONS

DEFINITIONS OF FINANCIAL KEY RATIOS/REPORTING TERMINOLOGY

Average net capital employed: Each year's monthly net capital employed has been weighted in the same manner to calculate an average.

Average operating capital employed: Operating capital employed for the past two years divided by two.

Cash flow from business activities per share: Cash flow from business activities for the year divided by the number of shares.

Dividend per share: Dividend divided by the number of shares.

EBITA: EBIT after depreciation/amortization and impairment but before deduction for impairment of goodwill.

EBITDA: EBIT before depreciation/amortization and impairment.

Equity/assets ratio/risk-bearing capital: Adjusted shareholders' equity plus subordinated shareholder loans divided by total assets.

Interest-coverage ratio: EBITDA in relation to total interest expenses.

Net debt: Interest-bearing liabilities less cash and cash equivalents.

Net debt/EBITDA: Interest-bearing liabilities excluding shareholder loans minus cash and cash equivalents divided by EBITDA.

Net debt-equity ratio: Net debt divided by equity.

Net operating capital: Balance-sheet data from the principal ledger (not amended), measured as the total of inventory, accounts receivable, receivables on bonus from suppliers, other receivables and prepaid expenses/accrued income less the total of accounts payable, tax liabilities, other current liabilities and accrued expenses/prepaid income.

Operating capital: Equity plus net debt.

Operating margin (EBIT margin): EBIT (operating profit) divided by net sales.

Return on equity: Earnings for the year divided by average equity.

Return on operating capital employed: EBITA divided by average operating capital.

Shareholders' equity per share: Shareholders' equity divided by the number of shares outstanding.

Stock turnover: Inventory costs for the year divided by the average inventory (mean value of incoming and outgoing inventory value).

DEFINITION OF SECTOR-SPECIFIC KEY RATIOS

Growth in like-for-like sales: A comparable unit (like-for-like unit) is regarded as comparable from the second year-end after the store opened. For example, this means that a store that opened in 2010 is classified as a comparable unit from 2012. Stores relocated to new premises in an existing location are handled in the same manner.

DEFINITIONS FROM ENVIRONMENTAL REPORT

CO₂ per transported ton of goods [kg] – Carbon emissions per ton of transported goods.

General waste, unsorted - General waste that is not suitable for recycling or energy recovery.

Mixed-waste - Unsorted material that is not packaging. Paper, corrugated board, wood and plastic, mixed scrap, textiles, non-combustible waste.

Sorted waste – Not general waste or mixed waste.

Transported goods [ton] – The amount of goods, in tons, that are transported from suppliers to Bygghuset facilities and distribution centers.

Transport work per ton [ton km/ton] – The amount of transport work per ton of goods transported.

Transport work [ton km] – The mass in tons of every individual type of goods multiplied by the transport distances in kilometers.

DISTRIBUTION OF ANNUAL REPORT

Bygghuset's Annual Report is available only via the Group's website.

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CONTENT INDEX INCLUDING STANDARD GRI DISCLOSURES CONT.

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LA4	Percentage of employees covered by collective bargaining agreements.	91
LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.	91
Occupational health and safety		
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	91*
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.	16
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CONTENT INDEX INCLUDING STANDARD GRI DISCLOSURES CONT.

Disclosure	Explanation	Page in AR
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LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	92*
LA12	Percentage of employees receiving regular performance and career development reviews.	92*
Diversity and equal opportunity		
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	72-73
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HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.	91
HR2	Percentage of significant suppliers that have undergone human rights screening, and actions taken.	91
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	92*
Non-discrimination		
HR4	Total number of incidents of discrimination and corrective actions taken.	16
Freedom of association and collective bargaining		
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.	91
Child labor		
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	91

CONTENT INDEX INCLUDING STANDARD GRI DISCLOSURES CONT.

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HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	92*
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HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	92*
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Anti-competitive behavior		
SO7	Total number of legal actions for anticompetitive behavior, antitrust, and monopoly practices and their outcomes.	92
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CONTENT INDEX INCLUDING STANDARD GRI DISCLOSURES CONT.

Disclosure	Explanation	Page in AR
PRODUCT RESPONSIBILITY		
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	12
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services, by type of outcomes.	92*
Product and service labeling		
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	92
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	92*
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	92*
Market communications		
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, PR and sponsorship	92
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	92
Customer Privacy		
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	92
Compliance		
PR9	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services.	92

BYGGMAX GRI PROFILE

Byggmax's sustainability report presents GRI disclosures concerning its primary commercial operations. These operations comprise the store organization of Byggmax AB, including affiliates, as well as the subsidiary Svea Distribution, where applicable. The administration element of the organization is not included in the sustainability report, since this is not included in the core operations. All Group subsidiaries, except Byggmax Fastighetsutveckling AB, are jointly reported unless otherwise specified. Byggmax Fastighetsutveckling AB is not reported on at all since the company did not conduct any significant operations in 2012. Significance is defined on a case-by-case basis, based on what indicator is being reported, since no general definition covers all indicators. The definitions of significance and limitations for each indicator have been made in close cooperation with an external consultant. Byggmax has identified the stakeholders that are expected to deploy the sustainability report comprise suppliers, employees, customers, shareholders and financiers.

Listed below are the indicators for which Byggmax does not report according to GRI guidelines, since they are not deemed relevant, or for which reporting is briefer. The explanation below is general, not comprehensive. A more complete explanation was reviewed by an external party.

Indicator/ Explanation

EC8

Byggmax has not made any infrastructure or service investments, which are primarily made for the benefit of the public. While Byggmax has been indirectly impacted in a number of ways, such as making pellets more available, these initiatives are not deemed sufficient enough to warrant a separate item in the report.

EN1

Since Byggmax is not a production company, this is not relevant.

EN2

Since Byggmax is not a production company, this is not relevant.

EN8

The EN8 indicator is not relevant for Byggmax since water consumption only pertains to household purposes and not production purposes. All of Byggmax's water consumption derives from municipal water.

EN9

The EN9 indicator is not relevant for Byggmax since water consumption only pertains to household purposes and not production purposes.

EN10

The EN10 indicator is not relevant for Byggmax since water consumption only pertains to household purposes and not production purposes.

EN17

According to GRI's definition of indirect emissions of greenhouse gases by weight, this information falls outside the framework for our system limits thus rendering it immeasurable within the organization.

EN19

Byggmax does not cause emissions of ozone-depleting substances.

EN21

Byggmax had no planned or unplanned water emissions in 2012. Household wastewater, which is the only source of water emissions at Byggmax, does not qualify as water emissions under GRI's definition.

EN22

Since Byggmax is not a production company, this is not relevant. Regarding packaging and advertisements, refer to the environmental report.

EN23

A diesel tank in Trondheim leaked small amounts of diesel over an extended period. The leak has been fixed and the area has been decontaminated.

EN28

Byggmax has not been fined or sanctioned due to any transgressions of environmental legislation or regulations.

LA3

No differences in benefits to full-time or part-time employees have been noted at Byggmax.

LA4

Collective bargaining agreements are applied for 100 per cent of staff.

LA5

Periods of notice are specified in the collective bargaining agreement.

LA8

Since Byggmax only conducts operations in the Nordic region, where the healthcare system is well-established and there are very few contagious diseases, no special training or consulting was conducted concerning contagious diseases for the company's employees. Where applicable, such situations are managed by Byggmax's personnel department or by the crisis group.

BYGGMAX GRI-PROFILE CONT.

HR1

Significant investment decisions for Byggmax comprise the opening of new stores. Since these are conducted in the Nordic region, where Byggmax believes that human rights are respected to an extremely high degree, no particular consideration is paid to human rights in these decisions.

HR 2

A total of 61 percent of the major suppliers (90 percent of sales) were reviewed by way of a supplier survey in 2012.

HR5

No operations have been identified in which the right to association and the right to collective bargaining agreements could be significantly threatened. It should be noted that Byggmax purchases most of its material in the Nordic region.

HR6

No operations have been identified in which there is a significant risk of child labor. A minor incident was discovered and dealt with during the year. It should be noted that Byggmax purchases most of its material in the Nordic region.

HR7

No operations have been identified in which there is a significant risk of forced labor or mandatory work. It should be noted that Byggmax purchases most of its material in the Nordic region.

SO2

All stores are routinely analyzed in terms of wastage, transactions that are incompatible with the pattern and other indicators.

SO3

Site Manager's introductory training courses include ethical guidelines and corruption management.

SO4

Byggmax always reports incidents of corruption to the police. In 2012, no police reports were filed.

SO5

Byggmax does not directly participate in political decision-making processes or lobbying, except for building permits.

SO6

Byggmax does not give any contributions or gifts to political parties, politicians or similar institutions.

SO7

No actions have been taken against Byggmax for anti-competitive activities, transgressions of competition legislation or antitrust behavior.

SO8

In 2012, Byggmax did not pay any fines for non-compliance with laws or regulations.

PR3

Byggmax's policy stipulates that all products must have a product description. Furthermore, society requires certain products, primarily of a chemical nature, to have a safety data sheet. This comprises 15 percent of all products.

PR6

All decisions concerning PR, marketing and sponsorship are made by the marketing manager or President. There is no formal policy for sponsorship or other marketing, beyond complying with the prevailing legislation.

PR7

No known transgressions in 2012.

PR8

No complaints concerning transgressions of customer integrity in 2012.

PR 9

No fines were paid in 2012 for breaches against the prevailing laws and regulations concerning the supply and deployment of products and services.

*Byggmax has addressed, but not reported, the indicators below.

These are supplementary indicators according to GRI.

EC5

EC9

EN5

EN6

EN13

EN14

EN15

EN24

EN25

EN29

EN30

LA6

LA9

LA11

LA12

HR3

HR8

HR8

HR9

PR2

PR4

PR5

REVIEWER'S CONCLUSION

Tyréns (the Reviewer) has reviewed Bygghmax's sustainability report for the 2012 fiscal year. The review was based on GRI version 3.0. The Reviewer can affirm that the work was conducted in a goal-oriented and ambitious manner and that the information that is presented in the final sustainability report is truthful and traceable. Bygghmax has responded appropriately to the reviewer's questions and provided supplementary documentation upon request. When it has not been possible to comply with GRI's guidelines and the indicator index in its entirety, Bygghmax has provided explanations that have been approved by the Reviewer.

In addition to reviewing the 2012 sustainability report, the Reviewer had good insight into the processes in 2011 and 2012 aimed at building up procedures for and implementing Bygghmax's first sustainability report for 2011. The Reviewer also had good insight into the decisions behind and preparation of documentation for the final report. The Reviewer noted positive progress in the organization's management and reporting of sustainability issues. The scope and limitation of the report were also conducted in sufficient accordance with GRI's instructions.

The Reviewer can with a high but not absolute degree of uncertainty state that the sustainability report fulfils the criteria for the A+ application level.



INFORMATION ABOUT THE ANNUAL GENERAL MEETING

Shareholders in the Byggmax Group AB (publ), corporate registration number 556656-3531, are invited to attend the Annual General Meeting (AGM) on May 15, 2013, at 10:00 a.m. at Primus conference center in Stockholm.

Right to participate in the AGM

Shareholders who wish to participate in the AGM must: both be listed in the register of shareholders maintained by Euroclear Sweden AB on Wednesday, May 8, 2013, and notify the company of their intention to attend the AGM, and the attendance of any advisors, no later than at 4:00 p.m. on Wednesday, May 8, 2013.

Notification

Notice of participation in the AGM should be submitted in one of the following ways:

- By e-mail: info@byggmax.se
- By telephone: +46 8 514 930 60
- By mail: Byggmax Group AB, Box 6063, SE-171 06 Solna, Sweden (Label the letter "AGM")

On notification, shareholders must provide the following information:

- Name
- Address and daytime telephone number
- Address and daytime telephone number
- Shareholding in Byggmax
- Where applicable, the names of any advisors, maximum two, who will accompany the shareholder to the AGM, or the name of a proxy.

When applicable, notice should be accompanied by full proof of authority such as the certificate of registration or its equivalent.

Trustee registered shares

Shareholders who have registered their shares in the name of a trustee via a bank or securities institution must temporarily re-register the shares in their own names in order to participate at the AGM. Such temporary re-registration must be executed with Euroclear Sweden AB no later than Wednesday, May 8, 2013, which means that shareholders are advised to notify their trustee well in advance of this date.

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BYGG max

