

Annual Report
2020

Byggmax Group offers high-quality building materials and DIY products at the best price, in a quick, easy and friendly shopping experience.

We have 180 stores in Sweden, Norway, and Finland as well as a popular online store, making us one of the Nordic region's leading retailers in building and DIY products.

The Group had a turnover of SEK 6.8 billion kronor in 2020 and has been listed on Nasdaq since 2010.



CONTENTS

OVERVIEW

Byggmax Group in brief	03
2020 in brief	05
Comments from the CEO	07
Market	09

BUSINESS MODEL AND SEGMENT

Business model and strategies	11
Goals and goal achievement	13
Segments	14
Byggmax	15
Skånska Byggvaror	18

SUSTAINABILITY REPORT

Sustainability report	20
Social aspects	22
Climate	25
Purchasing	29
Auditor's report	30

THE SHARE, ETC.

The Share	31
Risks and risk management	33
Five-year overview	35

ANNUAL REPORT

Administration report	37
Chairman's comments	41
Corporate governance report	42
Board of Directors and auditor	47
Management	48
Financial tables	49
Accounting policies and notes	57
Signatures	84
Auditor's report	85

OTHER

Definitions and key performance indicators	89
--	----

The Swedish version of this annual report is the original and has been audited by Byggmax Group's auditor.

All amounts are stated in SEK million (SEK M) unless otherwise specified.

For more information, please contact:

Mattias Ankarberg, CEO, mattias.ankarberg@byggmax.se +46 76 11 90 985

Helena Nathhorst, CFO, helena.nathhorst@byggmax.se +46 76 11 90 040

EVERYBODY HAS THE RIGHT TO A FANTASTIC HOME

Best price quality products for the most common DIY projects – that is what you will find in our stores and online, whether you are in **Sweden, Norway or Finland**. We focus first and foremost on private consumers and in our product range customers will find timber, sheet materials, garden products, tools, paint and much more – **all at low prices**, regardless of who you are. Having a carefully selected range and the best prices on the market enables us to handle large volumes and gain economies of scale in purchasing and logistics.

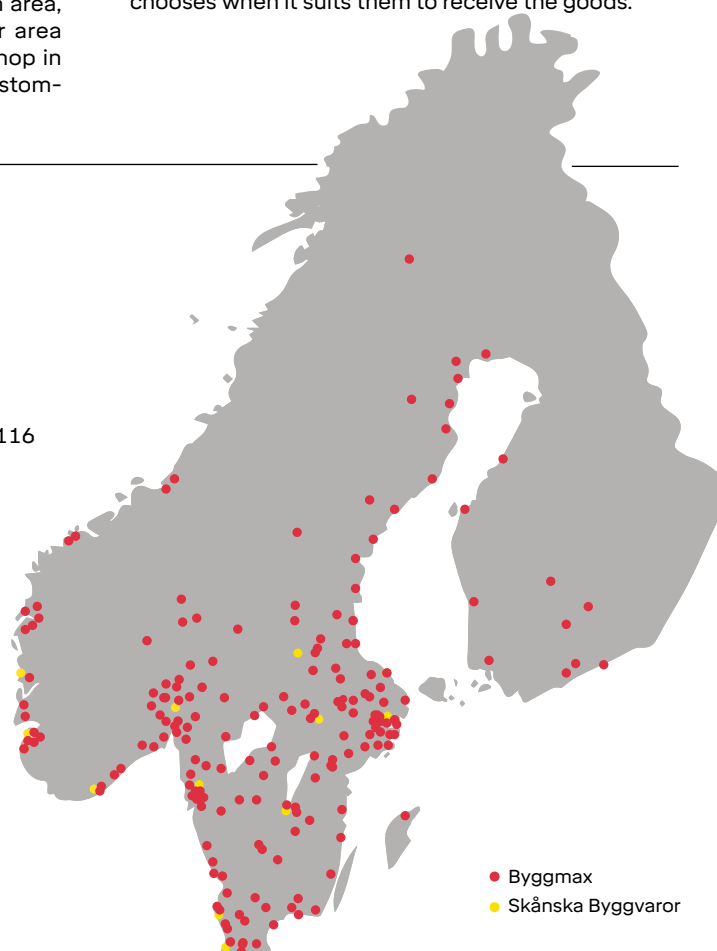
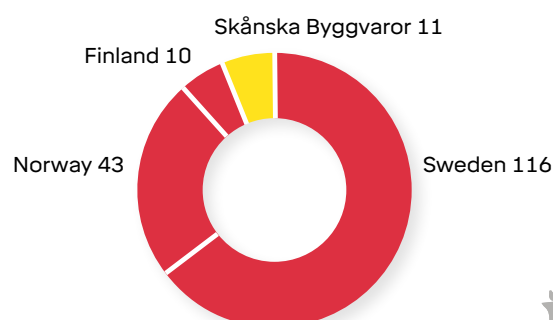
The Group includes Bygghmax and Skånska Byggvaror. Bygghmax sells carefully selected DIY products in stores and a large selection online. Skånska Byggvaror sells mostly products relating to garden buildings such as conservatories and greenhouses online.

E-COMMERCE AND STORES IN SYMBIOSIS

Our stores and online shopping operate in symbiosis with one another. When a new store opens in an area, online shopping increases from that particular area while at the same time customers also opt to shop in the store. We have many different options for customers to shop with us.

- Shop in the normal way in a store
- Shop from the car – load the goods, sit in the car, and pay
- Shop online – collect from the store
- Cheap home delivery – we bring the goods to the customer
- Quick home delivery – the express option
- Choose the day of home delivery – the customer chooses when it suits them to receive the goods.

180 STORES OF WHICH 169 BYGGMAX AND 11 SKÅNSKA BYGGVAROR



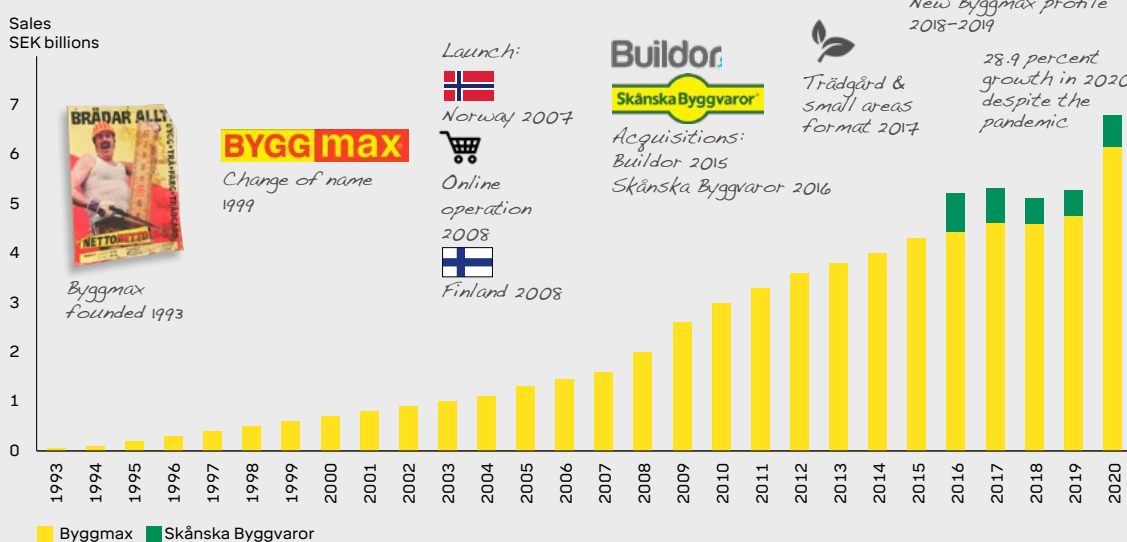


-32% CO₂
EMISSIONS
SINCE 2010
(PER TON
TRANSPORTED
GOODS)



HISTORY

Sales
SEK billions



THE YEAR IN BRIEF

In 2020, like the rest of the world, Byggmax Group lived with the coronavirus pandemic. Our main priority has been our employees' and customers' health and safety. In parallel, we implemented our plan for profitable growth and experienced an unusually strong market – partly driven by the fact that when customers are at home more of the time than usual, they have time to undertake DIY projects to a greater extent.

IMPORTANT EVENTS DURING 2020

- In 2020, we upgraded 20 Byggmax stores, which means that 39 percent of all our stores have been upgraded. The store upgrades have exceeded expectations in that they have generated six to eight percent growth in sales per store compared with the trend in other stores.
- We opened 10 new stores and are now to be found in large parts of Sweden, Norway, and Finland.
- Byggmax Group increased its online operations more rapidly than it had done previously. We introduced the concept of buying online and collecting from stores, which has been extremely successful.
- During the year, Byggmax won the annual price survey for terrace projects run by the Verdens Gang newspaper in Norway. Byggmax's terraces were judged to be the most affordable, in keen competition against Coop Bygg, Bauhaus, Maxbo and others.
- Byggmax holds top ranking in the Sustainable Brand Index of sustainable brands in the DIY and Crafts category. The Sustainable Brand Index is Europe's largest brand study of sustainability and is compiled by the votes of Swedish consumers.
- The Board of Directors proposes to the 2021 AGM a dividend of SEK 2.75 per share.
- In December 2020, Byggmax Group concluded an agreement to acquire 100 percent of the shares in Næstved Lavpristræ A/S on 1 January 2021.

FINANCIAL PERFORMANCE

- Net sales for the business amounted to SEK 6,801 M in 2020, an increase of 29 percent.
- During the year, Byggmax Group demonstrated an extremely strong ability to turn sales growth into increased profit. EBITA for the year increased by 160 percent to SEK 705 M and the EBITA margin increased to 10.4 percent from 5.1 percent in the previous year.
- The gross margin increased by 0.5 percentage points to 32.6 percent, boosted by continued improvement in the product mix and economies of scale.
- Cost control remained strong. Personnel costs and other expenses increased by SEK 101 M. Almost half of the cost increase was due to new stores, and the rest was primarily due to higher staffing in stores in a strong market.
- Profit for the year amounted to SEK 485 M and earnings per share increased to SEK 7.95 from SEK 2.32 in 2019.
- The Group's cash flow from operating activities for the entire year amounted to SEK 1,197 M.
- Disruptions to our business related to the pandemic have been manageable and the financial impact of the pandemic on Byggmax Group has been positive.

+32.6%
GROSS MARGIN



**SEK
6.8
BILLION
IN SALES**



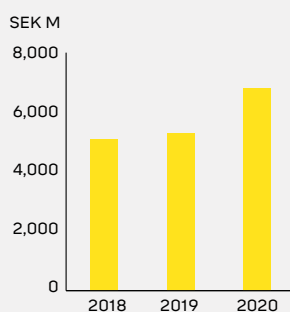
The full effect of the measures taken in recent years was seen in 2020. We managed to run a coronavirus-safe operation at the same time as we were able, with strong cost control, to exceed expectations in terms of margins and profit.

**10
NEW STORES
IN 2020**

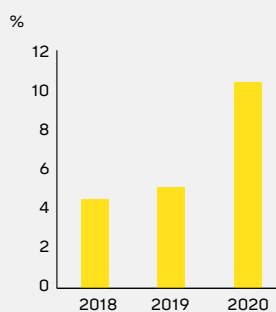
**39%
OF BYGGMAX'S
STORES WERE
UPGRADED TO
THE 3.0
CONCEPT**



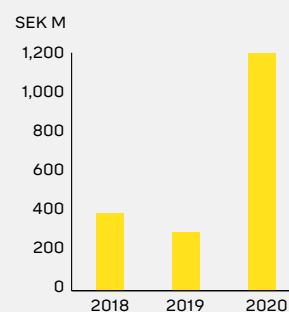
NET SALES



EBITA MARGIN



CASH FLOW¹



1) Cash flow from operating activities

RECORD YEAR 2020 – READY FOR 2021

In 2020, the coronavirus pandemic swept over the world, and our main priority became our employees' and customers' health and safety. The increased time people spent at home brought about a large increase in demand for DIY products, which benefited the company. 2020 also became the year we saw the results of the work we had put in during the last few years to modernise the company and upgrade our customer offering. With our strong market position and clear agenda we are ready for 2021.

In 2020, our position was strengthened further in the Nordic DIY market and the 29 percent increase in sales to SEK 6.8 billion means that we can say it was a record year. The EBITA margin doubled to 10.4 percent and online sales now make up 20 percent of the Group's sales.

HEALTH AND SAFETY FIRST

Our main priority during the coronavirus pandemic remains our employees' and customers' health and safety. The stores have the advantage that they are housed in free-standing buildings rather than in shopping centres and our concept is based on self-service, and that a large proportion of customers' shopping is done in an outdoor area. We have also taken many safety measures to be open in a responsible manner, such as enhanced hygiene procedures, a greater frequency of cleaning, hand sanitiser stations for customers, social distancing floor markers and protection screens at checkouts, as well as encouraging customers to choose home delivery. In addition, in May we launched the option of paying from the car.

The year enabled us to help customers and the community in new ways. We offered free home delivery to customers over the age of 70 and donated 50,000 face masks to hospitals in the Stockholm region.

CONTINUING STRONG MARKET GROWTH – AND RECORD-BREAKING ONLINE SALES

Market data shows that the "stay-at-home effect" boosted the Nordic consumer market for building materials and the market increased by 15–20 percent during the year.

Byggmax online sales increased by 50 percent during the year, which is well above growth in the market as a whole. Our model of integrating online sales and stores made a strong contribution to the strong growth. This is backed up by the fact that the "order online, collect at store" concept grew much more rapidly than home delivery, and that online sales typically increase by 15 percent to customers who live in an area where a new store opens. We continued to upgrade our store portfolio, and the 3.0 concept has now been implemented in 66 stores – 39 percent of the portfolio. It is a concept that increases sales by six percent per store. In total, we opened ten new stores during the year and closed two.

SKÅNSKA BYGGVAROR CONTINUES TO BE STRONG

Skånska Byggvaror did very well during 2020, benefiting from its leading niche position in the garden segment and well-executed initiatives in product development and digital sales. Order intake increased strongly, sales increased by 25 percent and profitability continued to improve.

EXPANSION INTO DENMARK

In January 2021 we established ourselves in Denmark for the first time with a combination of online sales and the acquisition of a profitable, founder-led chain – Næstved Lavpristræ. They have a low-price concept with sales amounting to approximately DKK 125 M, four stores in Sjælland, around 30 percent of sales from online operations and a history of organic growth with excellent profitability. In the first quarter of 2021, we are also going to open a Danish online operation under the Byggmax brand with additional product categories. This will give us a presence in the larger Nordic countries and a foothold for continued expansion in Denmark.

LONG-TERM SUSTAINABILITY EFFORTS

We want to combine low price with ambitious sustainability targets and are constantly working to reduce our environmental impact. During the year, carbon dioxide per transported ton fell by eight percent, a 32 percent reduction since 2010. By purchasing goods closer to our stores, we have succeeded in reducing emissions in absolute terms while increasing net sales. New and converted stores have LED lighting, many new trucks are electric, and new stores are built in line with applicable energy efficiency norms. In both Sweden and Norway, the use of electricity consists of 100 percent renewable energy. We are enormously proud that our sustainability efforts attracted attention during the year. The Sustainable Brand Index awarded Byggmax top position in the Building and DIY category in its 2020 sustainability rankings.

READY FOR 2021

We are going into 2021 stronger, with a clear agenda and confidence in the future enhanced by an attractive market, a stronger market position and growth initiatives that have considerably more to give.

We expect the home to have a bigger role in consumers' lives than it did before the pandemic and that low price will continue to be important in retail. We have great confidence in our combination of relevant stores and online operations – at the best price. We are going to continue to invest in online operations, store upgrades and new stores, and look forward to further expansion in the Danish market.

Finally, and most importantly, I would like to express my warmest thanks to all our fantastic colleagues who carried the spirit of Byggmax during 2020 with a positive attitude and enormous energy!

Stockholm, March 2021

Mattias Ankarberg
President and CEO

*Source: The Association of Swedish Building Materials Merchants (Byggmaterialhandlarna) and the Enterprise Federation of Norway (Virke)



“ In 2020, our position was strengthened further in the Nordic DIY market and the 29 percent increase in sales to SEK 6.8 billion means that we can say it was a record year.”

GROWING DIY MARKET

Byggmax Group's business model is to sell the most important DIY products at the lowest possible price and provide a good customer experience. We offer a carefully selected range of products in stores near to our customers' homes and a much broader range online.

The DIY market in the Nordic region has an annual turnover of approximately SEK 100 billion and has performed in line with BNP over a long period of time.

When the coronavirus pandemic in 2020 resulted in many people spending much more time at home than previously, the market grew rapidly. Many people spent time taking care of their homes and gardens. Market data* shows that the consumer market for building materials in Sweden, Norway and Finland grew by 15–20 percent during 2020.

The Nordic markets are large DIY markets relative to their populations – the highest in Europe. There are many reasons for this, and the main ones are that:

- many people own several houses and other types of accommodation
- taxes are high and hiring tradesmen is relatively expensive
- there is a tradition whereby people renovate their homes and take care of their gardens themselves

The most important criteria for Nordic consumers' choice of builders' merchants are the price of products, the location of stores and – to an increasing extent – a good online shopping experience.

BYGGMAX GROUP'S POSITION

The Group, with its 180 stores in three countries and turnover of SEK 6.8 billion in 2020 (5.3), has a strong position in the Nordic region.

We have a distinct position as a price leader. Building trade report Byggrapporten 2020, a study conducted

and produced by Kantar Sifo, revealed that 51 percent of participants answered "Byggmax" to the question "Which builders' merchants do you consider to have the lowest prices?" The fact that we are successful in both online and store sales strengthens our position.

OUR THREE COUNTRIES

Sweden

Byggmax is one of Sweden's largest DIY companies because we provide our customers with good quality at a low price and are relevant in both stores and online sales. Byggmax's direct competitors are primarily companies known as "big boxes" like Bauhaus and Hornbach, and builders' merchants targeting the professional building trade like Beijer, XL-BYGG, Bolist, Woody, and Optimera.

Norway

The competition in the Norwegian market consists primarily of the larger store format like Obs Bygg and Bauhaus, but also chains like Bygghuset, Montér and Maxbo, which are more focused on the professional building trade.

Finland

In Finland we are still small. Here we have worked on increasing profitability, which has produced good results. The biggest player on the Finnish market by some margin is the Kesko Group's K-Rauta concept.

* The Association of Swedish Building Materials Merchants Bygghandlarna and the Enterprise Federation of Norway (Virke)

DIY – A NORDIC LIFESTYLE

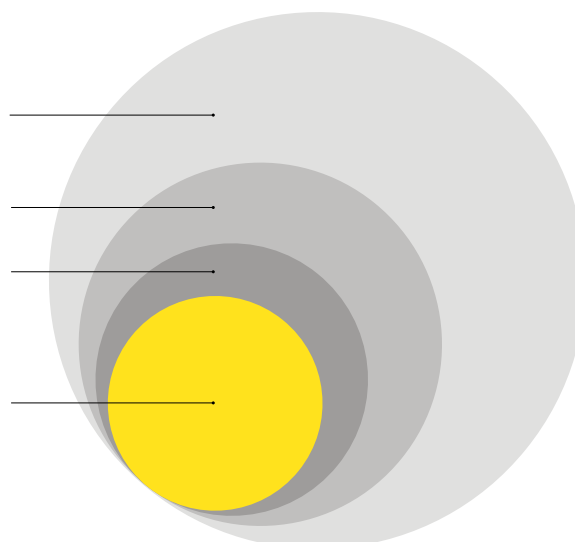
Byggmax Group sells building materials primarily to DIY enthusiasts. The market in Sweden, Norway and Finland is estimated to be worth SEK 50 billion. Adding in the rest of the Nordic countries, the figure increases by SEK 15 billion. The DIY market in the Nordic region is estimated at SEK 100 billion.

The Nordic market for home improvement SEK ~250 billion

Nordic DIY market DKK ~100 billion

Nordic market for B2C building materials DKK ~65 billion

SW/NO/FI B2C building materials DKK ~ 50 M



Source: EDRA (European DIY Retail Association), Byggmax

MARKET TRENDS

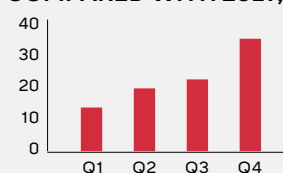
Byggmax Group's sales are impacted upon by the number of houses and holiday homes sold – the more there are, the more people shop with us. The DIY lifestyle, increased interest in low-price shopping and the development of online shopping are other factors substantially propelling our business forward.

1. The role of the home becomes more important, in life and in people's wallets

When the home becomes more important in life, the same happens in terms of people's pocketbooks. During the coronavirus pandemic, when people have spent more time at home, home improvements and house prices have risen. In the longer term the market is impacted upon by the number of transactions in the house and holiday homes segment – the more completions there are, the better it is for us. Many people, on moving into a new home, find something they want to change and improve.

Since 2015, the number of transactions in houses and holiday homes according to the SCB averages at 67,000 per year.

INCREASE IN THE NUMBER OF HOLIDAY HOMES SOLD IN 2020 COMPARED WITH 2019, %



Source: Svensk Mäklarstatistik (reporting Swedish realtor statistics)

2. DIY trends – more of what is fun to do

People's passion for their home remains, but the data changes. So do regulations. There are fewer people today who undertake major and complex renovations of areas like roofs and bathrooms themselves. On the other hand, more people are devoting time, money, and commitment to smaller projects such as painting, storage solutions, lighting, building pool decking or improving their gardens. There are fewer people who always employ tradesmen, and more who do parts of a larger project themselves and get someone else in to sort out the rest. More and more people do more of what is fun to do.

7 OUT OF 10 SWEDES HAVE BUILT SOMETHING DURING THE LAST YEAR

Source: Kantar, SIFO

3. The low-price phenomenon

Low price has been a strong trend for several years, both in the Nordics and internationally. According to a survey by Svensk Handel (the Swedish Trade Federation), the number of low-price stores in Sweden increased by 7 percent in 2019 and the number of other stores fell by 7 percent. Today, low price is not just associated with "cheap", but rather with a good offering for the same or equivalent goods – just more effectively managed. Low price continues to grow across different parts of the retail industry and more and more consumer groups shop in low-price outlets.

In a survey undertaken by Byggrapporten 2020, 51 percent answered "Byggmax" to the question, "Which builders' merchants do you consider to have the lowest prices?"

CHANGE* IN THE NUMBER OF STORES IN SWEDEN, %



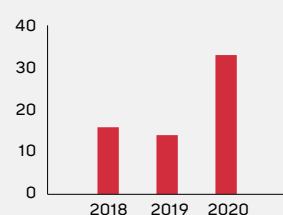
Source: Svensk Handel (the Swedish Trade Federation) and Byggmax.
* 2019

4. Online sales growing strongly

Online sales as a phenomenon continue to grow and their growth has accelerated during the year of the pandemic, 2020, when many people spent more time at home. Online sales are a significant and growing part of Byggmax Group's sales, and the fact that more people are shopping more and more online benefits the company.

Byggmax's online sales grew by more than 50 percent during the year, significantly more than the online market.

GROWTH OF ONLINE SHOPPING IN SWEDEN, %



Source: E-barometern (PostNord's E-barometer report on e-commerce). 2020 is a forecast.

WE WANT TO BE THE BEST IN THE WORLD FOR DIY PROJECTS

Our business model is a simple one. We sell building materials and related **products for DIY enthusiasts at the lowest price**. Shopping with us should be **quick, easy and friendly**. That is our customer promise. Our concept is simple as well – the customer does a part of the job and we **promise the lowest prices**.

FINANCIAL TARGETS

10–15%

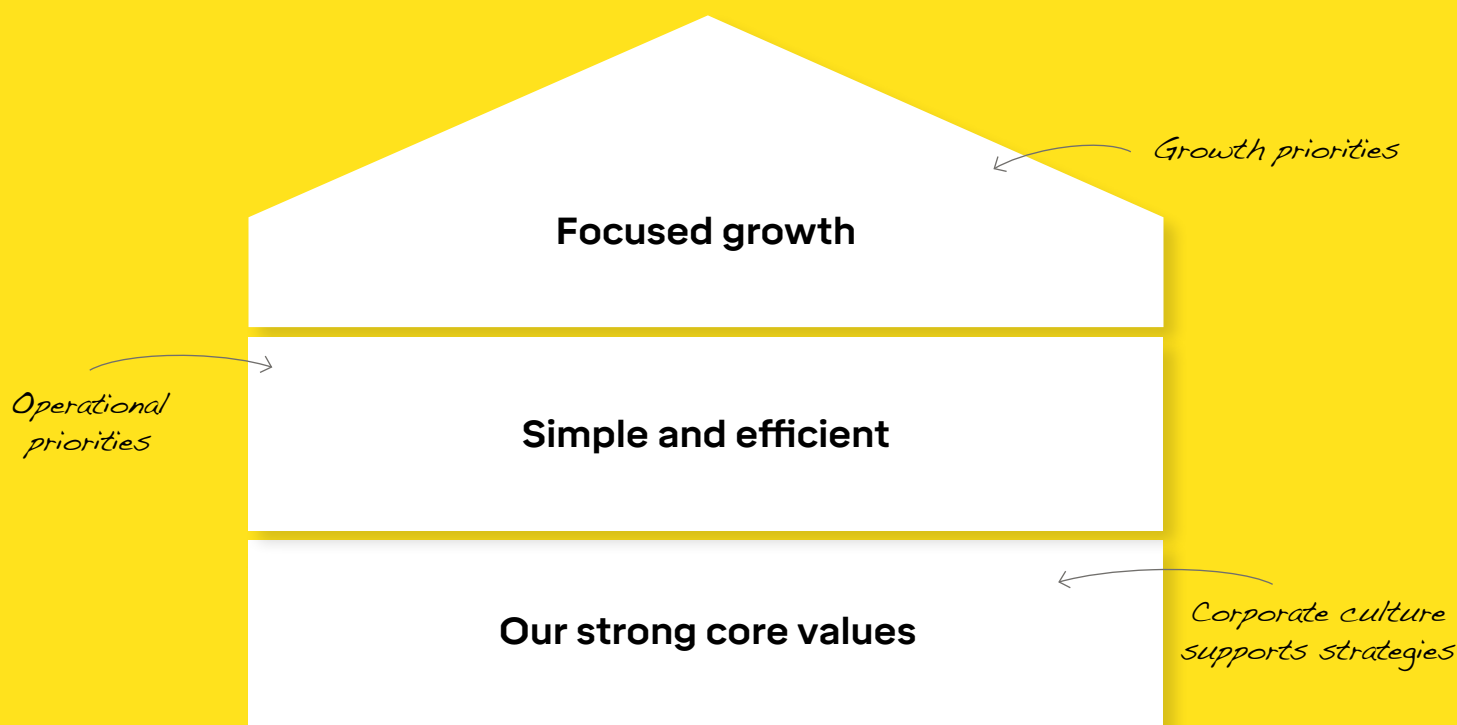
annual sales growth

7–8%

EBITA margin

50%

dividends in relation to net profit



VISION AND CUSTOMER PROMISE

Byggmax Group's vision is to be the world's best DIY retailer. Our customer promise is that we must support the customer throughout the DIY project. Therefore, we offer high-quality products at the lowest possible price. We want our customers to be able to get advice to make their building and home improvement dreams a reality. To be able to offer low prices, we make sure we keep our costs down. Having a carefully selected range of products in our stores means we can buy in large volumes and keep the price down.

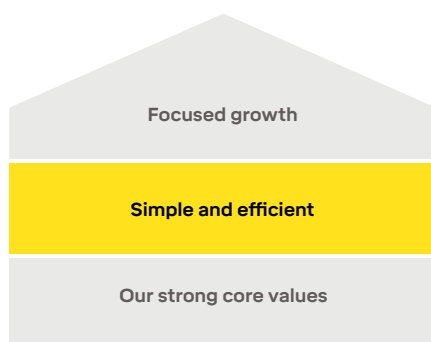
STRATEGIES



We want to offer more of Byggmax Group to more people. If one wants to grow, and at the same time be a low-cost operator, one has to set priorities.

So, we focus on three growth areas:

- Upgrade our stores to our latest 3.0 concept
- Growth in online sales
- New stores, primarily in areas where we do not yet operate.



So as to be able to offer our customers a simple, quick and fair purchasing experience, we have a carefully selected range of products, a drive-in arrangement and lowest-price guarantee. And home deliveries for those who want them. The online range is broader.

We want to reach the market's lowest costs and having a limited store range simplifies purchasing, administration and management. We have few intermediaries and a service office with centralised functions.



The Group's strong corporate culture and core values are prerequisites for the successful application and development of the company's business model. We have a flat and communicative organisational structure that is characterised by a distinct entrepreneurial spirit. Our core value "responsibility" also remains key in our sustainability efforts. We have been helping customers take care of their homes since we launched in 1993 and combine low prices with high sustainability ambitions.

GOALS AND GOAL ACHIEVEMENT

Byggmax Group has established the following long-term goals for the Group. Sales for the Group increased by 28.9 percent during 2020, and profitability measured as EBITA increased to 10.4 percent (5.1). The impact on sales was primarily due to the fact that, because of the pandemic, customers spent considerably more time at home. A part of the increase is the result of an improved sales mix, upgrade of stores and an improved range of products.

Financial targets	Outcome	Goal achievement												
Sales growth of 10 to 15 percent per year.	<p>% change</p>  <table><caption>Sales growth percentage</caption><thead><tr><th>Year</th><th>% change</th></tr></thead><tbody><tr><td>2016</td><td>5</td></tr><tr><td>2017</td><td>2</td></tr><tr><td>2018</td><td>-5</td></tr><tr><td>2019</td><td>5</td></tr><tr><td>2020</td><td>30</td></tr></tbody></table>	Year	% change	2016	5	2017	2	2018	-5	2019	5	2020	30	Net sales increased by 28.9 percent. Net sales in 2020 amounted to SEK 6,801 M (5,277). The Group's online sales increased by 33 percent.
Year	% change													
2016	5													
2017	2													
2018	-5													
2019	5													
2020	30													
The EBITA margin should be 7 to 8 percent per year.	<p>EBITA margin, %</p>  <table><caption>EBITA margin percentage</caption><thead><tr><th>Year</th><th>EBITA margin, %</th></tr></thead><tbody><tr><td>2016</td><td>9</td></tr><tr><td>2017</td><td>6</td></tr><tr><td>2018</td><td>4</td></tr><tr><td>2019</td><td>5</td></tr><tr><td>2020</td><td>11</td></tr></tbody></table>	Year	EBITA margin, %	2016	9	2017	6	2018	4	2019	5	2020	11	The EBITA margin was 10.4 percent (5.1). A strong increase in sales combined with good cost control have had a positive impact on the EBITA margin.
Year	EBITA margin, %													
2016	9													
2017	6													
2018	4													
2019	5													
2020	11													
Byggmax Group is to distribute at least 50 percent of net profit.	<p>35%</p>	The macroeconomic trend and its impact on the retail trade as a consequence of the pandemic remains uncertain. Bearing this in mind, the Board of Directors intends to protect Byggmax Group's sound financial position and flexibility, suggesting a dividend of SEK 2.75 per share for the 2020 financial year. The ambition is to increase the dividend over time.												

Our report is divided into two segments:

BYGGMAX

Byggmax focuses on **private consumers** and offers a carefully selected range of products that customers need for the most common **DIY** projects.

SKÅNSKA BYGGVAROR

Skånska Byggvaror is an **online trading company** that is experiencing strong growth, selling products for the **home and garden** – such as conservatories, greenhouses, bathroom interiors, windows and doors.



BYGGMAX

We would like everyone to be able to have a fantastic home, and our business model is to sell the most important DIY products at the lowest possible price involving a good customer experience. Byggmax offers a carefully selected range of products in stores near to its customers' homes and a much broader range online. By the end of 2020, Byggmax had its online operation and 169 stores in Sweden, Norway and Finland, of which ten opened during 2020.

The thinking behind our offering is that the customer should be able to focus less on purchasing and more on building and DIY. This is how it works:

We have stores near our customers' homes, with a carefully selected range of products and a drive-in arrangement so that shopping is quick and easy. We have a large supplementary range of DIY products online. And everything is at the best possible price, right from the outset and regardless of who you are, and is designed to give you a good customer experience.

ONLINE SALES INCREASE SYMBIOTICALLY WITH STORES

2008 saw the launch of Byggmax online, which is now a natural part of the operations. This is where customers can find over 50,000 items in terms of building materials and products for home and garden.

We have invested heavily in our online sales operation in the last three years, and in 2020 sales increased by 50 percent. We invested in a new technology platform, remodelled our online design, extended our range and expanded our carriage options. Today, customers can opt to have their online purchases delivered to their home with cheap standard delivery, choosing their delivery day, or collect them from the store.

These days, customers move between online shopping and stores, and this also means a positive enhancing link between online shopping and Byggmax stores. When we open a store in an area, online sales rise by an average of 15 percent in that area, the stores are used as bases for home deliveries, and in 2020 the "order online, collect from store" increased twice as much as home deliveries. We therefore believe that there is a positive symbiotic relationship between our stores and our online sales.

EVER MORE FIRST-RATE STORES

In recent years, we have worked hard to update our stores. We have developed several new store formats so as to both refresh and expand the range of products and to ensure a much improved store experience – with clear customer flow, updated communications and a more attractive store environment.

We currently have three store formats, all of which are based on our latest basic concept called the "3.0 concept".

Smaller stores for smaller communities

In order that as many DIY enthusiasts as possible should be close to a Byggmax store and be able to make their building and home improvement dreams a reality, in 2017 we launched a Byggmax format for smaller areas. A slightly smaller range, but where it is easier to order goods online, which the customer can then collect from the store or have delivered to their home. There are currently a total of 17 new, smaller Byggmax stores, of which 2 opened in 2020.

Standard stores with a small garden department

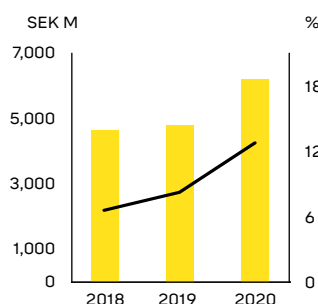
The latest "3.0 concept" design of our standard stores has several new ranges. Our customers will now find a better selection of products in the electrical, plumbing, storage and paint segments – as well as a small garden department.

Larger stores for larger communities including Byggmax Trädgård (Byggmax Garden)

In 2017, Byggmax launched its new garden concept. After trials with plants and compost in all our stores, we noticed demand is strong and we are confident in the combination of low prices, drive-in and garden segment. We developed the concept further during 2020, and Byggmax Trädgård is now accommodated in a larger store format for larger areas.

Our new store format is based on successful elements in earlier concepts. The stores have a standardised design for store communication, interior fittings and display of merchandise. Even though stores may

BYGGMAX NET SALES AND EBITDA MARGIN





vary in size and design, customers will always recognise a Byggmax store

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. Furthermore, all stores have a number of trailers that customers can borrow free of charge. The range in stores usually only changes gradually and marginally from one year to the next, unless we upgrade to a new concept.

We are currently working on upgrading all our stores to our 3.0 concept and today 66 of our 169 Byggmax stores are based on the 3.0 concept, i.e., 39 percent. We have a Byggmax garden concept in 19 of our stores.

WE MAKE SHOPPING EASIER

We have introduced several different solutions to make shopping easier in our stores. In addition to paying at the checkout as before, customers can now use the self-checkout function – the customer scans the code of the goods and pays by card – or pay from their car, i.e., the customer loads the goods they want to buy into their car, drives to a staffed monitoring station and pays from their car.

In 2020, we also tested a self-scanning system in a trial at selected stores in Sweden. The web-based system allows customers to scan and pay for their goods directly with their mobile, without needing an app or having to register. A map function also helps customers to find goods in the store quickly. Byggmax is the first construction materials chain to trial the solution in Sweden.

OWN STORES WITH MANAGERS WHO COLLABORATE WITH ONE ANOTHER

Byggmax operates all its stores under its own management, which enables it to have effective control on its store concept. By the end of 2020, Byggmax had a total of 169 stores – 116 in Sweden, 43 in Norway and 10 in Finland.

The performance of store managers is measured by key performance indicators (KPIs) 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 KPIs. This is at the heart of Byggmax's core values – we help one another, which benefits everyone.

BYGGMAX TRADESMEN SERVICES

Byggmax offers tradesmen services through a network of tradesmen who provide quotes to customers. We work together with external parties to make it possible for our customers to get help with a broader range of projects.

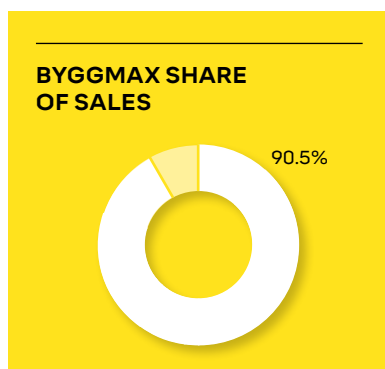
PRICING

Byggmax's pricing strategy is primarily built on offering competitive prices relative to the competition. In addition, Byggmax continuously analyses pricing and takes measures to ensure competitiveness as well as profitability. It should always be cheapest to buy supplies for building projects at Byggmax. We also have a "lowest price guarantee," which means that a customer who finds a comparable item at a lower price from a competitor will receive the lower price plus a 10-percent discount on the difference.

PURCHASING AND PRODUCT STRATEGY

Byggmax does not own any factories and instead purchases goods from some 400 selected suppliers. Of these, around three quarters are in the Nordic region and the remainder in Europe and Asia. We are, to an increasing extent, sourcing products – such as timber, pavers and concrete products – locally.

Byggmax has several suppliers per product category to ensure that stores have products in stock even if a supplier encounters delivery problems. The greatest volumes are delivered by the supplier in full truckloads directly to the stores. We have two distribution centres that handle most of our products, which puts us in a position to maintain lower inventory levels, decrease costs and purchase at lower prices. The proportion delivered via the distribution centres has increased in recent years.



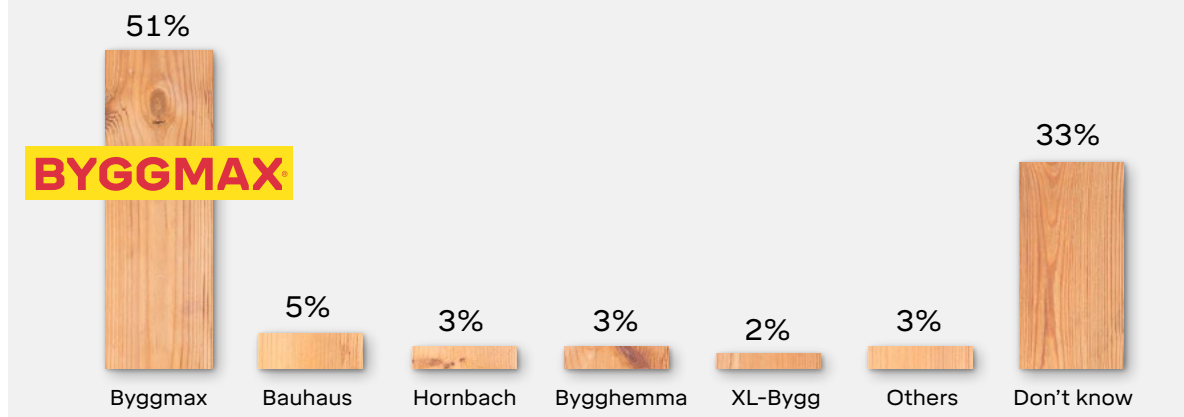
**6,2 SEK
BILLION
IN SALES**

**10
NEW STORES
2020**



WHICH BUILDERS' MERCHANT HAS THE LOWEST PRICE?

Building trade report Byggrapporten 2020-study conducted and produced by Kantar Sifo.
Answer to the question, "Which builders' merchant do you feel has the lowest price?"



SKÅNSKA BYGGVAROR

Skånska Byggvaror is a leading online trading company that is experiencing strong growth, selling products for the home and garden – such as conservatories, greenhouses, bathroom interiors, windows and doors – from carefully selected suppliers and its own brands.

ATTRACTIVE RANGE OF PRODUCTS

Over a million customers have shopped from Skånska Byggvaror, and each year sees new customers tempted by an attractive range of products for the home, both externally and internally. Attractive products sold under proprietary brands are created through internal product development and carefully selected suppliers. We always strive to ensure that the route from idea to launch is as short as possible. This gives Skånska Byggvaror a unique position and control over its range of products and their quality, design and pricing.

MAXIMUM CUSTOMER EXPERIENCE

Skånska Byggvaror started its online operation as early as in 1998 and it soon became a successful sales channel. Today, most customers choose to be inspired and then shop online. In 2014, Skånska Byggvaror established showrooms to make it easier for customers to “touch and feel” the products in true-to-life settings similar to their home environment. In the course of a typical purchase from Skånska Byggvaror, customers pass seamlessly several times between the different sales channels: showroom, online and via telephone. Skånska Byggvaror currently has 11 stores in the Nordic region.

FOCUS ON THE NORDIC MARKET

Since 2012, Skånska Byggvaror has also been selling its products in Norway through its own brand Grønt Fokus. In 2020, the company also established an online presence in the Finnish market via its own brand Nordrum.

PUNCTUAL AND CONVENIENT HOME DELIVERIES

Product deliveries go all the way to the customer’s home. The products are often transported in liveried trucks with drivers who help to unload the goods. The deliveries are sent out from the central warehouse in Ängelholm and are designed to be efficient and fast while also minimising any environmental impact by means of cleverly planned delivery loops. Having good control over the deliveries ensures that customers receive fault-free goods and are satisfied.

OUR VALUE CHAIN – A UNIQUE MODEL

Skånska Byggvaror has internal product development, production and refinement in its own factory in Skåne, its own stock-keeping and delivery to customers includ-

ing sales and service channels. This means full control over most of the range. All of this strengthens the product offering and ensures the best possible customer experience for the growing number of customers.

TREND

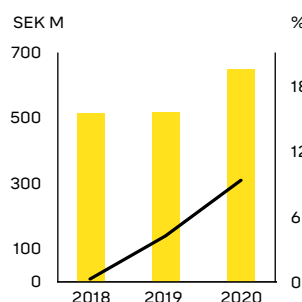
During 2020, the company continued to implement its strategic plan and met the high demand that emerged during the Covid-19 pandemic, combining to generate strong earnings. During the year, we have also been successful in terms of ensuring a good standard of health and protection for both customers and employees and shown operational strength despite a degree of disruption in the product supply chain due to the pandemic.

CONTINUED GROWTH

Focus on continued growth through campaigns relating to:

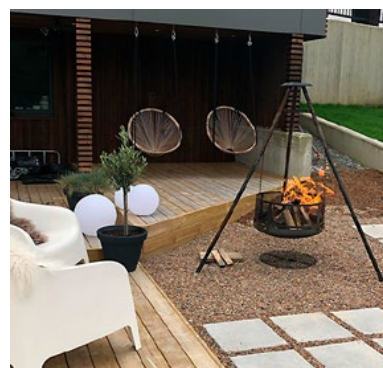
- Investments in developing products and the range to renew and expand the range.
- Continued opening of new stores and growth in the other Nordic markets.
- Continuous streamlining of distribution and manufacturing.

NET SALES AND EBITDA MARGIN

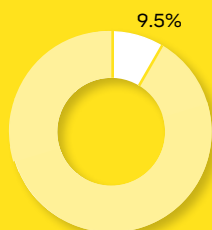




In 2020, Skånska Byggvaror established an operation in Finland under the Nordrum brand.



SKÅNSKA BYGGVAROR'S SHARE OF SALES



SEK
643 M
IN TURNOVER

TOTAL
11
SHOWROOMS



SUSTAINABILITY REPORT

Byggmax Group is part of the community, and it is of the utmost importance that we contribute to a long-term sustainable trend. This is why we work systematically to enhance the positive impact we have and diminish/reduce our negative impact. Our business model is to sell a carefully selected range of the most important DIY products at the lowest possible price.

This Sustainability Report¹ covers the two segments Byggmax and Skånska Bygghvaror.

The Sustainability Report has been prepared in accordance with the Swedish Annual Accounts Act (1995:1554) and appears on pages 20–29. The business model and sustainability framework are presented on pages 11–12 and 20–21, Environment on page 25, Social Relations and Staff on page 22, Human Rights and Anti-Corruption on page 21. Risk descriptions are on page 33.

We set up sustainability goals, which we measure on a regular basis, and ensure that the business lives up to them. What we measure is determined by what our stakeholders deem to be significant areas. We establish these by maintaining a continual dialogue with our stakeholders.

STAKEHOLDERS AND STAKEHOLDER ENGAGEMENT

The Group maintains contact with a number of stakeholder groups. These include customers, suppliers, employees, politicians, property owners, neighbours, and shareholders to name but a few. A description follows of how we communicate with key stakeholders.

Customers

We communicate with our customers by means of advertising and our website, as well as the employees providing customer service and working in stores. This communication is conducted on a daily basis. We also conduct a customer satisfaction survey every year in Sweden, Norway, and Finland. This year's customer satisfaction survey gave a rating of 82 in Norway and 81 in Sweden, and last year the comparative figures were 83 and 82.

Suppliers

The company buys its products from some 400 carefully selected suppliers. Discussions with them occur on a daily basis via the central purchasing function. In addition to that, we arrange what are known as suppliers' weeks annually, where we meet most of our suppliers. On these occasions we discuss sustainability, for the most part, with regard to product features and collaboration agreements. In all our agreements, suppliers undertake to comply with our Code of Conduct for Suppliers. In 2020, 98 percent of all our suppliers had signed up to the code.

Employees

We communicate with our employees via an intranet, through the company's management structure and through training. This communication is conducted on a daily basis. Furthermore, since 2011 we have carried

out regular employee surveys, which produces an engagement index – of enormous importance to us – that is stable at around 80 out of a maximum of 100. However, no employee survey was conducted in 2020.

Politicians

The company has relatively limited contact with political organisations and spokespeople. 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 in which Byggmax Group participates.

Owners

We communicate with our owners through quarterly reports, an annual report and press releases. In addition, we meet with investors in conjunction with the quarterly reports and invite shareholders to annual general meetings.

BYGGMAX GROUP'S STAKEHOLDERS SIGNIFICANT ISSUES

Issues that are significant to the Group's stakeholders have been defined as follows.

- Customers: products' quality, price, and environmental impact. Our employment conditions and terms of employment, and those of our suppliers, as well as our environmental impact.
- Suppliers: Our stability as a customer and financial impact.
- Employees: Our stability and attractiveness as an employer. Employment conditions and terms of employment, and our financial impact.
- Politicians: Our stability as an employer and our contribution to society as a whole together with our environmental impact.
- Owners: Future dividends from the Group and a sustainable enterprise. Our employment conditions and terms of employment, and those of our suppliers.

WHAT WE STRIVE FOR: FIVE FOCUS AREAS

In 2019, the Group produced a sustainability strategy, which aims to integrate our sustainability efforts into our customer promise, that is, how we want to be perceived by our customers.

The strategy complements our ambition to advance our brand position so that our customers will feel they are getting value for money when they shop with us. This is based on an analysis of Byggmax Group's impact on all the UN's Sustainability Development Goals (SDGs).

¹) This statutory Sustainability Report is submitted by the Board of Directors of Byggmax Group and is not part of the formal annual report documentation.

We decided to focus on five areas, based on both external and internal considerations. These are:

- Social Aspects
- Climate
- Purchasing
- Circular Approach
- Sustainable Construction

This year we reported on the Social Aspects, Climate and Purchasing areas since we had defined KPIs for them. We are continuing this exercise by reporting on two further areas in 2021 with the ambition of having defined measurable key performance indicators for these as well.

Below we describe in brief what we have in mind for each focus area.

Social Aspects

We have an impact on the communities where we operate by creating local jobs and encouraging inclusion in the form of local engagement and diversity. As we are geographically spread around Sweden, Norway, and Finland, we also contribute to creating jobs in areas where jobs are scarce.

As a large proportion of our purchasing is done locally in the markets where we operate, we contribute to creating vibrant communities.

We also add tax revenue to society and have a positive impact on the environment by helping our customers create fantastic homes!

We collaborate with Samhall by offering work training to people who have difficulty obtaining work, which sometimes concludes with employment. Read more about the Social Aspects focus area on page 22.

Climate

The Group works constantly to achieve a better understanding of our direct and indirect impact on climate so as to be able to reduce it. The Group's environmental impact is divided into three parts:

- the transportation of products from manufacturer to store or warehouse and from store to customer;
- the production and waste of environmentally hazardous materials;
- energy consumption in business activities, excluding transportation.

Read more about the Climate focus area on page 25.

Purchasing

We strive to ensure a sustainable value chain from origin to store. We do this in part by means of our Code of Conduct, which our suppliers comply with. Read more about the Purchasing focus area on page 29.

Circular Approach

We strive to improve our operations by establishing a more circular business model with our partners to have a positive impact on people and nature. We do this by increasing our recycling, for example, by reducing the quantity of damaged goods, or by giving away damaged goods instead of throwing them away.

Sustainable Construction

We make a sustainable lifestyle possible by inspiring and educating in the sphere of DIY work and by offering

products and services that are better for the environment and the climate. One such initiative is that we recommend and facilitate construction in wood.

Our products and services contribute towards everyone in society refurbishing and maintaining our homes so that they last longer. We are also a contributing agent to enable climate-friendly construction using wood based products. As wood captures carbon dioxide, from a sustainability perspective it is better for society.

We also offer an ecological range of products and strive to provide information as to how people can build and renovate sustainably. Generally speaking, if we maintain, renovate and make improvements, we create a home with a long lifespan.

"In 2020, we started hiring out tools. We also extended our returns policy conditions so that customers could return goods they had purchased but did not need – to reduce waste."

GOVERNANCE

The Board of Directors establishes group-wide policies on an annual basis and has ultimate responsibility for sustainability efforts. The Group has several governing documents set out as policies and guidelines. These are to provide guidance to operations, support an efficient way of working, and enable the Group to identify risks in the business by means of ongoing monitoring. The policies that govern our sustainability efforts are the Environmental Policy, Code of Conduct for Suppliers, Ethical Guidelines, Work Environment Policy and Policy for Diversity and Equal Opportunities.

HUMAN RIGHTS AND ANTI-CORRUPTION

Bygghmax Group has, for the most part, relationships with our suppliers going back several years, and less than 5 percent of purchasing is from countries outside the EU/EFTA. In order to take further steps to ensure that human rights are respected, we require all our suppliers to follow our Code of Conduct where we specify that they must respect human rights. 98 percent of our suppliers have signed up to our Code of Conduct. Read more about how the Group manages human rights on page 29.

By training our employees in what our policies involve, we lay the ground for operations that are free from corruption. Read more about how the Group manages anti-corruption on page 23.

The policy document in its entirety is available at [Bygghmax.se](https://byggmax.se).

SOCIAL ASPECTS

At Bygghmax Group, we are proud of our strong corporate culture and see ourselves as a company driven by its core values. One of the five focus areas in our sustainability strategy is Social Aspects. They include how we work to ensure our employees feel job satisfaction, are safe from injury at work and are provided with good healthcare, how we benefit the communities in which we operate by providing jobs and buying goods locally, and how we contribute tax revenue to the municipalities where we operate.

BYGGMAX GROUP IN THE LOCAL COMMUNITY

The Group provides jobs in our stores and most of our jobs are located outside metropolitan areas. We are delighted to be able to contribute to creating jobs around the whole country.

In order to reduce our environmental impact, we largely buy in goods locally in the immediate region. We thus also contribute to creating indirect jobs. We buy in goods amounting to approximately SEK 4.5 billion annually. Of these, an estimated SEK 3.5 billion relates to purchases made locally within the country, which may be assumed to generate several thousand jobs. Typically, the areas where we buy our goods are not located in big cities – they are often smaller and spread out across the country.

We often provide employment to people who need to get into the job market. We have many young employees who obtained their first job with us. We also collaborate locally with Samhall and offer work training to people who are excluded from the job market.

CONTRIBUTION TO THE TAX BASE

The Group contributes to tax revenue to the state and also the municipalities where we operate – indirectly through the taxes and contributions that are paid by our employees.

STRONG CORE VALUES

Our strong corporate culture and values are prerequisites for the successful application and development of the company's business model. We have a flat organisational structure that is characterised by a distinct entrepreneurial spirit and an efficient and cost conscious way of working. A streamlined decision-making process gives us flexibility and helps employees and managers make quick decisions and take responsibility.

Our seven core value words were produced jointly and provide guidance on an everyday basis and when difficult decisions have to be taken. The core values are implemented at the recruitment stage for new employees and are also included in management training. We constantly refer to these core value words in our daily work in the course of activities and discussions throughout our operations – in stores, in the service office and in management. They help us to continually improve, to achieve our objectives and to create a pleasant work environment for our employees.

Our seven core value words were produced jointly and provide guidance on an everyday basis and when difficult decisions have to be taken. The core values are implemented at the recruitment stage for new employees and are also included in management training. We constantly refer to these core value words in our daily work in the course of activities and discussions throughout our operations – in stores, in the service office and in management. They help us to continually improve, to achieve our objectives and to create a pleasant work environment for our employees.

FUNCTION-CONTROLLED ORGANISATIONAL STRUCTURE

We have a resource-efficient organisational structure with most business activities centrally managed. Aside from the sales force, which is based primarily in stores, most business processes including online shopping are managed by the service office in Solna and customer service in Lund. This is conducted cross-functionally across all stores, which contributes to the efficiency and economies of scale that characterise Bygghmax Group.

Store operations are organised around two main areas of responsibility: regional and store management. Regional managers are responsible for the manage-

BYGGMAX GROUP'S CORE VALUES

RESPONSIBILITY

I am responsible for what I think, say, and do. I keep my promises and always act based on what is best for Bygghmax.

RESPECT

I see, listen, and try to understand everyone around me. By treating everyone else the way I would like to be treated we build strong, good relationships.

FUN

To me, everyone is special – I greet everyone with an open mind, a smile, and a generous and friendly approach. That way we can all have fun together!

POSITIVE ATTITUDE

I choose to always see opportunities and solutions. My positive approach enables me to contribute

energy to the situation and our customers. Anything is possible!

COMMITMENT

I keep an open mind, have a generous and friendly outlook, and go the extra mile. I am an active participant and show a genuine interest in both colleagues and customers.

HUNDRED PERCENT

I always do my best and am fully present. We aim to be the best in the world for home improvement projects!

TOGETHER

I prioritise the big picture and address my colleagues directly.



Clear areas of responsibility and a high degree of freedom of action for our employees have created a motivated organisation



ment, operation, and financial performance of a number of stores in a specific region and for identifying new locations for additional outlets. In this, they are also supported by our establishment team.

In 2020, there were 13 regional managers in Sweden, Norway, and Finland, and three country managers who support the regional managers and work strategically on development issues. Skånska Byggvaror's store operations are organised by eight store managers, who take care of day-to-day operations, and a customer centre manager responsible for management, operations, and results.

GOVERNANCE, ETHICS, AND ANTI-CORRUPTION

Governing documents for the social aspects of the Group's activities include the Work Environment Policy, the Diversity and Equality Policy and the Ethical Guidelines.

The Ethical Guidelines stipulate that our employees must fulfil 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 have a conflict of interest or permit their personal undertakings to take precedence over their duty and responsibility to Byggmax Group.

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

Employees are informed of the ethical guidelines in their employment contract and in our staff handbook. Inductions of new employees include going through the guidelines and policies in our staff handbook.

MOTIVATED AND COMMITTED EMPLOYEES

During 2020, the Group had an average of 1,212 (1,103) full-time employees, with store staff accounting for

most of the workforce. Due to significant seasonal variations, our operations require flexible store staffing, 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 organisation, as shown by the high commitment rating of 80 the last time it was measured in 2019. Work attendance relative to normal working hours was 93 percent (96) during the year for Byggmax and 97 percent (97) for Skånska Byggvaror.

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 Group management, 90 percent (80) reside in Sweden. Of other individuals in senior positions in the remainder of the organisation (regional managers), 13 of 13 are locally employed. At the next management level down, 100 percent (100) of store managers in Sweden, Norway and Finland are locally employed. The Group receives subsidies for the employment of certain members of staff who are participating in various state funded employment measures to promote employment in the community. The total amount received for such subsidies totalled SEK 8.6 M (8.8).

SYSTEMATIC WORK ENVIRONMENT PROGRAM

Since 2008, Byggmax Group has had an extensive systematic work environment program, in which all accidents and incidents ("near misses") are reported pursuant to a unified standard and followed up.

In the 2020 financial year, the distribution of reported work accidents was as shown in the table on the right. Out of 34 (39) personal injuries, 9 (12) were to women and 25 (27) were to men.

Since 2019, we have made clear the importance of reporting near misses and accidents in the systematic

work environment program. This has provided us with a better overview in 2020, enabled us to be proactive and meant that we have registered fewer such incidents. We have also had a clearer training program as regards the work environment for our store managers. Some of the injuries we had during 2020 have resulted in longer sickness absence than last year, but the injury ratio has gone down as we have more employees than in 2019.

TRAINING

We train store staff on an ongoing basis through regular internal training courses in product knowledge, sales, and customer service.

The table on the right specifies the estimated number of hours' training for each staff category per year. The variation in the number of hours is attributable to the person's previous experience and knowledge. The lower number of hours is specified for people with substantial previous experience, for example of the company and similar positions.

EQUAL TREATMENT

The company distances itself strongly from any form of discrimination. There are written policies and procedures in the form of a Diversity and Equality Policy, Ethical Guidelines, and compliance with action plans. All employees have access to these via Byggmax's or Skånska Byggvaror's staff handbook. The Diversity and Equality Policy is also published on Byggmax Group's website. No known incidents of discrimination occurred in 2020 (0). Equal pay regardless of gender and background is an essential element of our organisation and forms a part of our core values as it is included in the core value word "Respect."

Work-related injuries	2020	2019
Number of personal injuries, employees	34	39
Women	9	12
Total	25	27
Fatalities	—	—
No. of lost time injuries (LTIs)	11	4
Total number of days absent (calendar days) due to work-related injuries	270	76
Injury ratio	2.9	4.1
Lost workdays	22.8	8.01

	Staff turnover %	
Gender	2020	2019
Total	22	31
Women	26	40

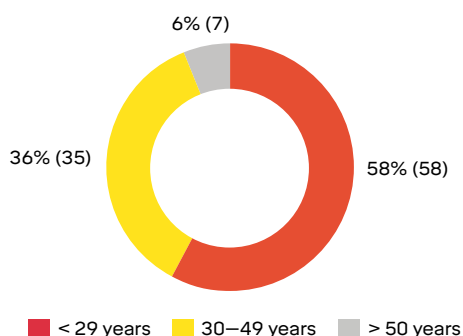
	Staff turnover %	
Age	2020	2019
<30	30	45
30–40	19	27
40–50	17	23
50+	14	21
Total	23	34

The above table illustrates staff turnover by age group and gender for permanent employees.

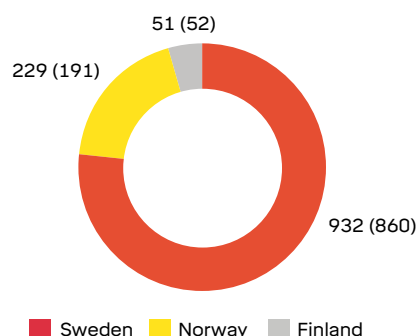
	Introduction, number of hours	Annual repetition, number of hours
TRAINING		
Store employees	80	10
Site managers	120	40
Regional managers	160	100

Portion of external training between 25–35 percent

AGE DISTRIBUTION OF WORKFORCE



1,212 EMPLOYEES IN THREE COUNTRIES



CLIMATE

An environmental policy was drawn up in 2009 with defined environmental objectives as a part of Byggmax Group's sustainability efforts. Every year since then, an environmental report has been produced and continual efforts have been made to reduce the organisation's negative impact on the environment while also enhancing our positive impact. Climate is one of our five focus areas, which is where we believe we can have the greatest impact.

The Environmental Policy concludes that Byggmax Group should promote sustainable social development using active environmental programs. The company takes environmental considerations into account in all decisions and at all levels of operations and endeavours to comply with applicable legislation and other environmental requirements.

We summarise our environmental impact in three main groups, which are presented on the following pages:

- the transportation of products to store or warehouse and from store to customer;
- environmentally hazardous materials;
- energy consumption on our premises.

The Group measures the status and trend of the above parameters annually – we note both measures that have been taken and possible quantitative amounts. Our ambition is to make improvements every year.

The company maintains a continuous dialogue on environmental issues with suppliers and partners and imposes relevant requirements. We also seek to raise employee awareness of environmental issues and encourage participation in environmental work. In addition, the share of environmentally friendly products should increase, supplemented by improvements in environmental information for customers. The Environmental Policy includes tangible objectives and measures for priority areas.

In 2020, the Group focused on undertaking an analysis of our environmental impact in line with the GHG Protocol, scope 1, 2 and 3. This involves tracking where the Group's material impact is located in our own operations, in the supply chain and on the customer side. This is the basis for determining the targets Byggmax Group should aim to achieve. There remains a lot of work to be done, but we believe that it is the right way to go.

In 2020, we continued to develop flows of goods with



a view to reducing our climate impact. By buying important categories locally we reduce transportation, and by transporting imported goods by boat we reduce our environmental impact. We have also launched new environmentally profiled ranges and started rolling out communications concepts in the stores to guide customers towards more environmentally friendly choices when they shop in store. The quantity of eco-labelled products has increased during the year and currently constitutes 247 items compared with 128 a year ago. In addition to this, about half of all the timber we buy is FSC/PEFC-certified.

MEASURING METHODS

We specify various metrics applicable to the Group's impact on society. The measuring methods used are primarily the aggregate of actual outcomes at individual stores. When it is impractical to track outcomes per store, tracking is sometimes performed at an aggregate level.

THE IMPACT OF TRANSPORTATION ON THE ENVIRONMENT

We see efficient logistics solutions as a key factor in reducing our climate impact. This is part of the reason we have distribution centres in the port of Lysekil. This enabled us to replace thousands of instances of road transportation with maritime transportation in 2020, which both reduces the impact on the environment and facilitates deliveries out to our stores.

Measuring methods for the environmental impact of transportation

In the emissions calculations below, certain exceptions have been made for such streams as comprise a relatively small portion of the Group's total transportation of goods. Skånska Byggvaror's goods are not included

in the calculation since they are purchased by the supplier inclusive of transportation and are reported and accounted for by the supplier.

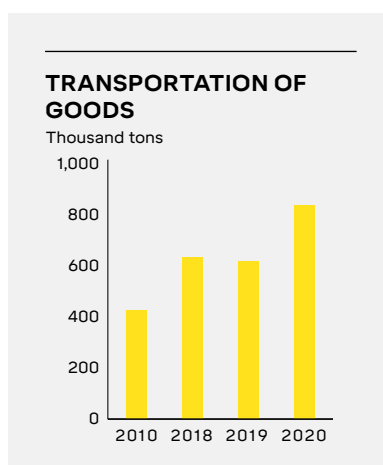
Skånska Byggvaror has incoming transportation of materials for fitting sunrooms, incoming transportation of goods to distribution centres and outgoing transportation to end customers. The emissions calculations for the Byggmax segment did not include online goods deliveries and home deliveries from stores. However, all incoming transportation to stores and distribution centres is included as well as outgoing transportation from distribution centres to stores.

The year's CO₂ emissions

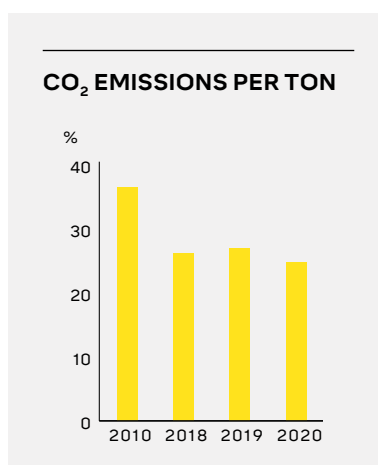
We reduced our emissions by 8 percent per transported ton of goods. This improvement is partly due to the fact that we chose to buy in more from local producers at the same time as our weighted sales from these increased. We also believe that a contributory factor to this change is our proactive efforts to highlight that we only sell local wood, as well as our customers making more conscious and active choices. In addition to this, a larger proportion (6 percent) of our goods were transported by boat, which made a positive contribution to reducing our CO₂ emissions per transported ton of goods.

Absolute emissions increased by 25 percent, which is connected to our strong increase in sales.

The goal set in 2009 was to reduce emissions of carbon dioxide and other greenhouse gases per transported ton by 25 percent by 2020. This goal had already been met in 2017. Byggmax Group's new goals, which are in line with Sweden's goals for domestic freight, are to reduce carbon emissions per transported ton of goods by 70 percent by 2030 at the latest compared with 2010. Since 2010 we have reduced emissions by 32 percent. The year's reduction finished up at 8 percent.



The quantity of goods transported increases alongside growth in sales.



Emissions per ton of transported goods has decreased since 2010. The trend has continued during 2020.



CO₂ relative to transported ton of goods 2010–2020. Our goal is to reach a 70 percent reduction per transported ton of goods by 2030.

ENVIRONMENTALLY HAZARDOUS MATERIALS

We include products and packaging as environmentally hazardous materials, as well as the amount of printed matter we currently produce.

Products and packaging

Products and packaging have an impact on the environment directly and indirectly, for example, through the raw materials they contain, the energy required in their manufacture and use, and through the extent to which they are recycled or reused once they have served their purpose.

Only a small proportion of the many articles Bygghmax sells in stores have consumer packaging, meaning packaging that is sold together with the goods and is taken home by the customer. Otherwise, products have varying types of transport packaging for protection. Transport packaging is recycled in partnership with recycling centres and pallets are reused in the pallet exchange system of the major freight forwarders and in the building pallet exchange system.

Printed matter

Over the period from 2009 to 2020, the Group reduced the volume of printed materials by nearly 90 percent per store and around 65 percent overall. This is primarily due to marketing having become digitalised to a great extent, in combination with changed distribution patterns and a change in the types of paper used. As our use of paper has decreased dramatically, we no longer consider it to be significant.

Producer responsibility

Through membership of FTI, the Packaging and Newspaper Collection Service in Sweden, and Grønt Punkt in Norway, we shoulder our responsibility as a producer for packaging on all imported goods.

In Sweden and Norway, Bygghmax Group has a broad collaboration with Ragn-Sells to ensure that as much as possible of the stores' waste is recovered and recycled as energy. The aim is to minimise the amount of waste that goes to landfill and achieve zero mixed waste. Waste that cannot be recycled (materials or energy) goes to landfill. Total waste volumes per store decreased over the year as a result of a reduction in the quantities of wood waste and landfill. The average store produced 54.2 tons of waste in 2011, compared with 48.4 tons for 2020. The amount to be sorted also decreased somewhat.

Product labeling

Environmental labeling and other similar labeling are important for our customers to be able to make informed choices in terms of environmental impact. Work started in 2019 on the launch of Nordic Ecolabel chemical products and by the end of 2020 they had reached 34 percent with a total of 157 products.

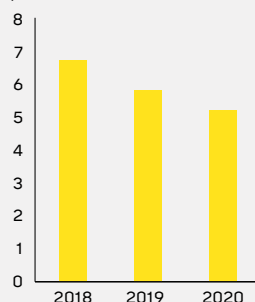
Use of wood

Bygghmax Group works actively to increase the use of wood in society and thereby encourage sustainable and climate-positive construction.

Of the wood we bought in during 2020, 52 percent is environmentally labelled and comes from forests that are sustainably managed, i.e. are FSC- or PEFC-certified. Timber is purchased from Nordic suppliers whose production is in the Nordic region and in full loads directly from sawmills to minimise environmental impact. By and large, timber is purchased near the stores where it is sold to minimise the environmental impact of transportation. Bygghmax Group only retails NTR-labelled pressure-treated timber that complies with the environmental goals set by the Swedish Wood Preserving Association and the Nordic Wood Preservation Council.

WASTE TO LANDFILL

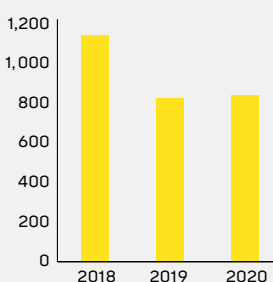
Proportion in %



Landfill is waste that cannot be recycled, and the proportion of our waste that is landfill is stated above. The figures are based on the Swedish stores in view of the difficulties in comparing data from different countries.

PACKAGING MATERIALS AND PRINTED MATTER

Tons



Cumulative figures for the Group's use of packaging material and printed matter. We have substantially reduced the amount of printed and distributed brochures.

RECYCLING

+0.6%
**RECYCLED
MATERIAL**

The proportion of material that we have recycled increased by 0.6 percent in 2020, equivalent to 19 percent of our waste. The target is to be able to recycle 10 percent of our waste.

ENERGY CONSUMPTION ON OUR PREMISES

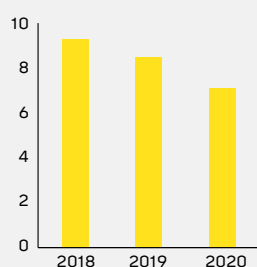
Byggmax Group strives for energy efficiency, and our stores comply with or exceed the building regulations imposed in each country. All new and renovated stores have LED lighting installed as the light source. All new trucks are electric, except for the northernmost stores, where the local climate makes their use impractical. All new stores are built in accordance with the current norms for energy efficiency.

Our total direct energy consumption includes fuel for company vehicles and trucks and the electricity consumed by the production and warehouse operations, as well as trucks and machinery at Skånska Byggvaror. Over time, the change will drastically reduce the company's purchases of fossil fuels.

Fuel is not reported separately at Skånska Byggvaror and cannot therefore be included in this year's reporting. Our indirect energy consumption in terms of primary energy source is mainly electricity and heating. Most of our stores have electric heating. Where stores in Sweden do not have electricity included in their lease agreements, we purchase guarantee-of-origin hydroelectricity. In Norway and Sweden, 100 percent of the energy is derived from renewable sources. In Finland, the stores have a residual mix of electricity. Total electricity consumption has risen owing to the increased number of stores.

ENERGY CONSUMPTION DIESEL

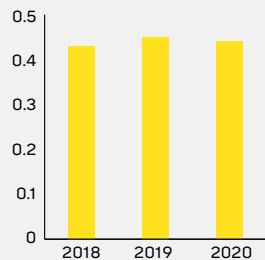
GJ (parts per hundred)



Direct energy consumption of diesel per incoming delivery.

ENERGY CONSUMPTION PER STORE

TJ



The increase in the number of electric trucks has compensated for the energy efficiency programs in store.

ENERGY

100%
RENEWABLE
ELECTRICITY

PURCHASING

Byggmax Group strives to have a responsible supply chain from source to store. Sustainable purchasing for us is primarily about the range, the suppliers and proximity to them. Purchasing is one of our five focus areas in our sustainability efforts.

There are over 50 certification programs in the world, managing different types of timber. The two most common ones are PEFC¹ and FSC². Wood products with those labels come from responsible forestry, i.e. forestry that takes people and the environment into consideration. Some 52 percent (49) of the wood based products we buy are FSC/PEFC-certified. And over 90 percent of the floors we sell are FSC/PEFC-certified.

A VERY SMALL PROPORTION FROM HIGH-RISK COUNTRIES

Less than five percent of purchases are made from high-risk countries outside the EU/EFTA. In order to take responsibility for our purchasing outside Europe, we are involved in the Brico Alliance purchasing collaboration. We are also involved in EDRA, the European collaborative organisation for DIY retailers. We take part in discussions with politicians at EU level through this organisation.

STRINGENT REQUIREMENTS TO BE MET BY SUPPLIERS

Byggmax Group sets high standards for our suppliers to meet as regards delivery terms and conditions, product quality, price, procedures, and sustainability efforts. Our suppliers undertake contractually to comply with our Code of Conduct for Suppliers, which covers working conditions and social responsibility. In 2020, 98 percent of our suppliers had signed our Code of Conduct for Suppliers.

In 2018, a process was designed for conducting checks of suppliers' sustainability efforts in cases where we consider there to be a substantial risk linked with the supplier. In 2019 and 2020, two and three in-depth checks were conducted on suppliers where we felt there were particular reasons for doing so. In 2021, we intend to undertake a structured review of the supplier base and expand our work on checking suppliers. Our assessment is that this will lead to more in-depth checks.

WORKING CONDITIONS AND SOCIAL RESPONSIBILITY

98%

percent of our suppliers have signed our Code of Conduct. The target is 100%.

CERTIFICATION TARGETS

approx. **50%**

of all timber we buy is FSC/PEFC-certified. The goal is to reach 75% by 2025.

1) Program for the Endorsement of Forest Certification

2) Forest Stewardship Council

AUDITOR'S REPORT ON THE STATUTORY SUSTAINABILITY REPORT

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

ENGAGEMENT AND RESPONSIBILITY

It is the board of directors who is responsible for the statutory Sustainability Report for the year 2020 on pages 20-29 and that it has been prepared in accordance with the Annual Accounts Act.

THE SCOPE OF THE AUDIT

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

OPINION

A Sustainability Report statement has been prepared.

Stockholm, March 12, 2021

Öhrlings PricewaterhouseCoopers AB

Cesar Moré

Authorised Public Accountant

SHARE INFORMATION

Byggmax Group's 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 TREND IN 2020

The last price paid on 31 December 2020, was SEK 51.25, corresponding to a market capitalisation for Byggmax Group of SEK 3,126 M. The highest price noted for the share during the financial year was SEK 59.80 and the lowest notation was SEK 20.28. In 2020, approximately 71 percent of trading in Byggmax Group's share was on Nasdaq OMX Stockholm. Over-the-counter (OTC) trading accounted for 17 percent. OTC trading is subsequently reported to Boast xoff and the Stockholm Stock Exchange, among others, for registration. For the 2020 period, the standard deviation for the share price was 2.76 percent and the Beta 0.86 against the OMX Stockholm All Share index.

SHARE CAPITAL

The share capital in Byggmax Group AB (publ) amounts to SEK 20,333,015 divided into 60,999,045 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

According to Euroclear, the number of shareholders in Byggmax Group at 31 December 2020, was 21,282 (16,019). The ten largest shareholders owned shares amounting to 47.76 percent of the votes and capital in the company. The percentage of non-Swedish ownership amounted to 39 percent.

STOCK MARKET INFORMATION

We endeavour 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, the company maintains a quiet period of 30 days. Byggmax Group's Annual Report is distributed via the Group's website. It is possible to subscribe to financial reports online.

INCENTIVE PROGRAMS

The 2017 and 2019 AGMs resolved to introduce warrant programs for senior executives and other key staff in the company. These can be exercised in the final six months of their term. The warrants are priced at market value, which is based on a valuation made by an inde-

pendent party. Each warrant entitles its holder to subscribe for one share in the company at the exercise prices shown in the table below. The participants in the warrants program have entered into a pre-emption agreement. No warrants were exercised for the 2017 warrant program, which expired on 7 December 2020. The 2019 warrant program expires on 9 December 2024 and can be exercised from June 10, 2024. In 2020, 50,000 warrants were repurchased.

DIVIDEND POLICY

Byggmax Group's policy is that dividends are to correspond to at least 50 percent of the company's net profits for the preceding financial year subject to the Group's need for capital, its earnings before tax, financial position, capital requirements and current economic conditions.

PROPOSED DIVIDEND

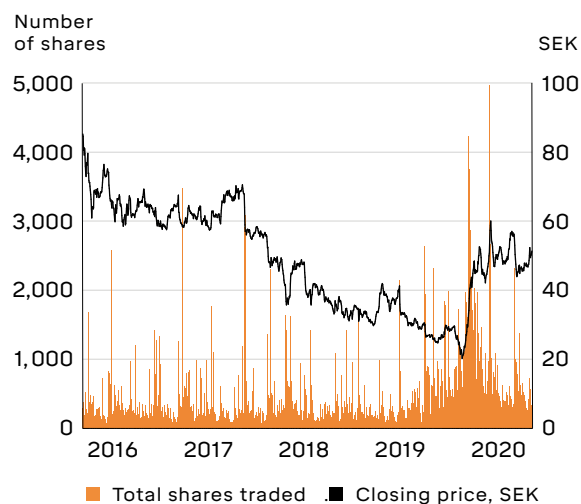
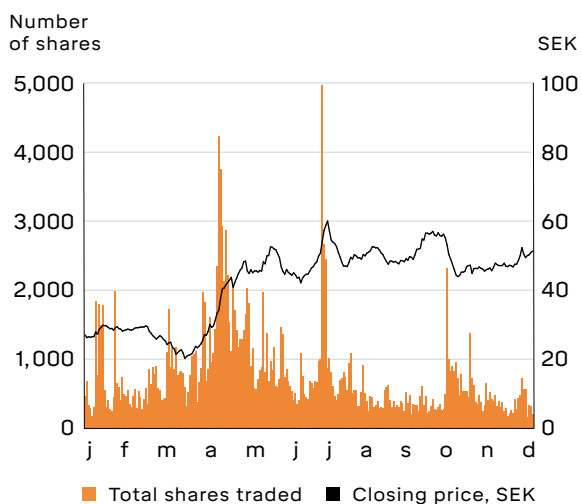
The Board of Directors proposes a dividend of SEK 2.75 per share (previous year SEK 0 per share).

BYGGMAX GROUP AS AN INVESTMENT

Byggmax Group has an attractive business model with a strategy that builds on our strengths and aims to create value for shareholders. We combine good growth, a position as a low-price operator with the industry's lowest costs and a capital-efficient business model. Historically, we have generated good cash flows that have been used both for dividends and to invest in business activities.

We have a history of healthy growth and have successfully established stores since the company started trading in 1993. We estimate that the number of ordinary Byggmax stores in existing markets (Sweden, Norway, and Finland) can be increased from 169 to just over 250. The Byggmax Group also has a number of areas for investment, which include development of our online sales and upgrading of our existing stores, continued development of our garden concept and continued geographical expansion.

BYGGMAX GROUP'S SHARE IN 2020 AND 2016–2020



SHARE PERFORMANCE

	2020	2019
Earnings per share, SEK	7.9	2.3
Equity per share, SEK	32.2	24.6
Dividend per share, SEK	2.75	–
Cash flow from operations per share, SEK	19.6	4.9
Number of shares outstanding, thousand	60,999	60,999
Average number of shares, thousand	60,999	60,999
Dividend as a percentage of profit after tax	35	–
Number of shareholders	21,282	16,019
Share price at 31 December, SEK	51.2	26.4
Dividend yield, %	5.4	0.0

Source: Euroclear. As regards non-Swedish shareholders, the above data is based on the information available.

THE TEN LARGEST SHAREHOLDERS

	Number of shares	Holding (%)
Odin Fonder	5,934,476	9.7
Avanza Pension	5,886,644	9.6
AFA Försäkring	5,243,442	8.6
Brown Brothers Harriman/ Lux	3,229,938	5.3
Unionen	2,400,000	3.9
PRI Pensionsgaranti	1,476,711	2.4
JP Morgan Asset Management	1,329,242	2.2
State Street Bank and Trust	1,217,549	2.0
BNY Mellon SA	1,209,645	2.0
Nordea Livförsäkring Sverige AB	1,204,963	2.0
Total of the ten largest owners	29,132,610	47.8
Total other owners	31,866,435	52.2
Total at 31 December 2020	60,999,045	100.0

RISKS AND RISK MANAGEMENT

All business activities involve a certain degree of risk-taking. Systematic and structured work relating to risk assessments enables significant risks to be identified, analysed, and addressed. Byggmax Group works continuously on the company's risks and risk management.

The Board of Directors conducts an annual risk assessment where all risks are evaluated. This includes assessing the preventative measures taken to reduce the company's risks, which entails ensuring the company undertakes such evaluations on an ongoing basis, monitoring significant risks, and that the company has the requisite policies and guidelines in place. The Group

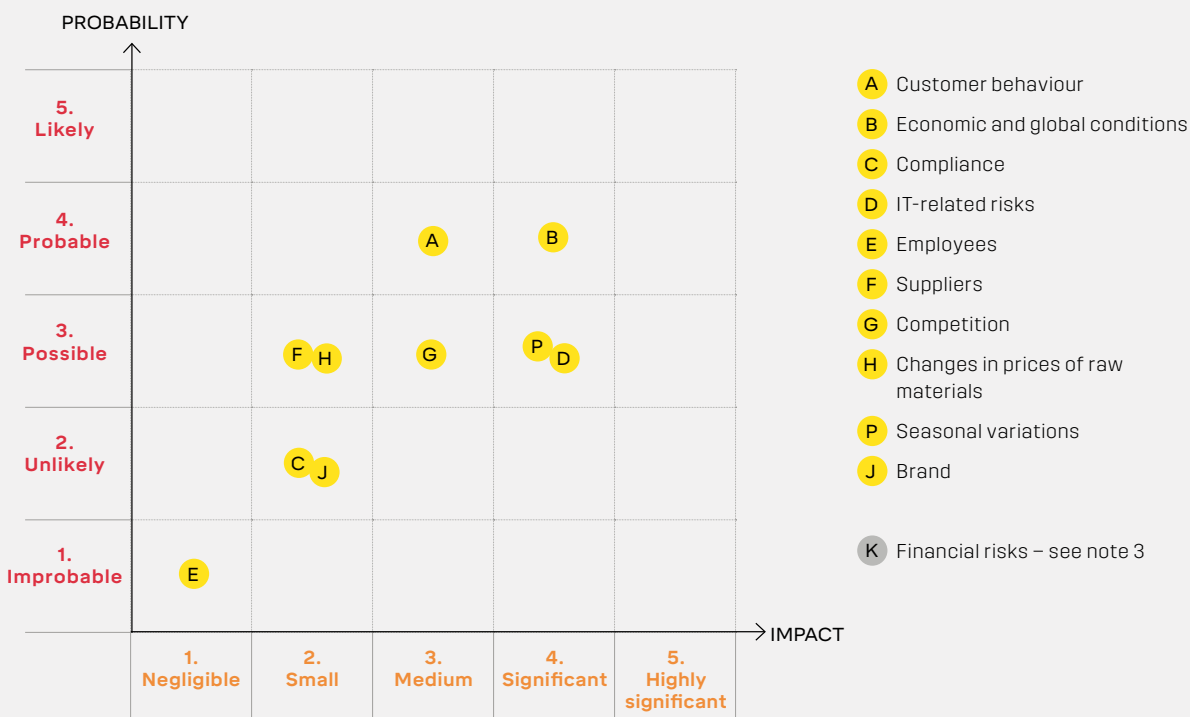
management team is responsible for ongoing risk management within the Group and for ensuring that there are procedures and processes in place to guarantee compliance with policies and guidelines. The effects of the coronavirus and the macroeconomic effects that impact on the Group's business have been analyzed continually.

RISK MANAGEMENT PROCESS

Byggmax Group continually updates its risk exposure via a systematic process in which risks are identified, evaluated, reported, and addressed. This work is carried out in each function based on Group management's compilation of risks.



RISK ANALYSIS



Probability 1 = Improbable 2 = Unlikely 3 = Possible 4 = Probable 5 = Likely

Impact 1 = Negligible 2 = Small 3 = Medium 4 = Significant 5 = Highly significant

Risk	Description	Probability	Impact	How Byggmax Group manages risk
A Customer behaviour	Changes in customer behaviour and patterns of consumption have an impact on demand for the company's products.	4	3	The Group constantly adapts and analyzes its customer offering in order to be able to meet demand from customers currently and in the future.
B Economic and global conditions	Demand for our products is affected by general economic trends, households' disposable income, changes in turnover in the housing market and by external factors such as natural disasters and pandemics.	4	4	Byggmax Group counters external risks by locating its business in several geographical markets and by operating in a low-price segment in the DIY market. The Board of Directors and management team monitor external changes and try to adapt the business to them.
C Compliance	Non-compliance can damage confidence in the company.	2	2	The Group follows changes in legislation, regulations, and other external requirements closely in the markets where the company operates.
D IT-related risks	Byggmax Group is dependent on a functioning IT environment to be able to run its operations. Breakdown or malfunction of the operational environment or the loss of sensitive information may impact the Group's earnings and lead to diminished confidence in the company.	3	4	Byggmax Group continuously works to evaluate operational safety and the IT environment to prevent and counter any IT-related risks.
E Employees	The ability to recruit and retain employees is a prerequisite for the Group to be able to achieve its long-term objectives and financial targets.	1	1	We strive actively to be an attractive employer by focusing on skills development, offering a safe work environment, and providing the opportunity to grow within the company.
F Suppliers	The Group depends on long-term relationships with its suppliers. Loss of suppliers can lead to difficulties delivering products that customers demand.	3	2	To reduce the risk, the Group tries to have relationships with several suppliers within important product groups. We conduct a continuous dialogue with our suppliers on sustainability issues by having requirements that are relevant.
G Competition	Byggmax Group is constantly subject to increased competition from other operators. The establishment of global online companies and price pressure in the market may have a negative impact on the company.	3	3	The Group works continuously to improve its competitiveness by focusing on selected segments of the market, developing new store concepts, and working actively on pricing.
H Changes in the prices of raw materials	The company is affected by the market price of many input goods. This applies above all to wood products. If the sales price cannot be adjusted owing to competition or for other reasons, this will have a negative impact on the company's margins.	3	2	To reduce the risk, Byggmax Group tries to have an extensive product range and to have relationships with several suppliers.
I Seasonal variations	Byggmax Group's business activities are strongly affected by seasonal variations governed by weather effects that impact consumer demand for standard building materials.	3	4	Byggmax Group strives to balance these seasonal effects during the year, for example by launching products that are not as susceptible to seasonal variations.
J Brand	Byggmax Group's brand and trust in the group may be impacted negatively by events that are not consistent with the core values we stand for.	2	2	Our core values, guidelines and open corporate culture form the basis on which we communicate with one another, with our customers and with our suppliers in a respectful and responsible manner. The Group has procedures for assessing products and managing whether a product is found to be malfunctioning or defective.

FIVE-YEAR OVERVIEW

SEK M	2020	2019	2018	2017	2016
Earnings					
Net sales	6,801	5,277	5,108	5,321	5,219
EBITA	705	270	228	319	437
EBIT	665	230	188	272	392
Profit before tax	623	175	162	258	350
Tax	-139	-33	-25	-64	-66
Profit for the year	485	142	138	195	285
Net sales growth, %	28.9	3.3	-4.0	2.0	26.3
Like-for-like (LFL) sales growth, %	28.5	-2.3	-10.8	-0.1	0.8
Gross margin, %	32.6	32.1	30.8	31.0	30.6
EBITA margin, %	10.4	5.1	4.5	6.0	8.4
Operating (EBIT) margin, %	9.8	4.4	3.7	5.1	7.5
Balance sheet					
Assets					
Non-current assets	3,754	3,916	2,576	2,575	2,619
Inventories	967	929	871	880	818
Other current assets	150	168	167	154	151
Cash and cash equivalents	62	32	52	40	42
Total assets	4,933	5,044	3,666	3,648	3,630
Shareholders' equity and liabilities					
Shareholders' equity	1,968	1,501	1,346	1,359	1,302
Non-current interest-bearing liabilities	916	1,240	305	406	572
Non-current non-interest-bearing liabilities	184	180	192	201	201
Current interest-bearing liabilities	823	1,377	846	812	700
Other current liabilities	1,042	747	977	870	855
Total shareholders' equity and liabilities	4,933	5,044	3,666	3,648	3,630
Capital employed	3,178	4,086	2,445	2,536	2,532
Net debt	1,677	2,585	1,098	1,178	1,230
Return on capital employed, %	19.4	8.3	9.1	11.0	21.9
Return on equity, %	27.9	10.0	10.2	14.6	23.3
Average working capital as a percentage of net sales, %	-1.7	0.7	0.5	-0.8	-3.6
Equity/assets ratio, %	39.9	29.8	36.7	37.3	35.9
Per share data					
Equity per share, SEK	32.3	24.6	22.1	22.3	18.8
Earnings per share, SEK	7.9	2.3	2.3	3.2	4.3
Dividend per share, SEK	2.75	0.0	0.0	2.5	2.14
Cash flow from operating activities per share, SEK	19.6	4.9	6.4	5.0	8.1

IFRS 16 leases are reported for the years 2019 and 2020

For definitions and key performance indicators, see page 89

BYGGMAX®

ANNUAL REPORT

FROM ADMINISTRATION REPORT TO NOTES

ADMINISTRATION REPORT

The Board of Directors and the President of Byggmax Group AB (publ), corporate registration number 556656-3531, with its registered office in Stockholm and head office in Solna, Stockholm, hereby submit the Annual Report for the financial year 1 January 2020 to 31 December 2020. Unless otherwise specified, all information applies to the Group. Information in brackets refers to the preceding year. All amounts are stated in SEK million (SEK M) unless otherwise specified.

OPERATIONS IN GENERAL

Byggmax Group conducts sales of building materials in stores and online. Our business concept is to sell building supplies and other products to DIY enthusiasts at the lowest price. Shopping at Byggmax should be affordable, quick and simple. Business activities are conducted in Sweden, Norway and Finland. At the end of the period, the Group had 180 stores: 116 in Sweden, 43 in Norway and 10 in Finland, and 11 showrooms under the Skånska Byggvaror concept. In addition to Byggmax stores there is also a service office in Solna. The office houses the purchasing, online sales and finance functions, as well as marketing and IT across the stores. Solna is also home to the centralised functions for Skånska Byggvaror Group AB.

SHARE INFORMATION AND OWNERSHIP STRUCTURE

Byggmax Group's share is listed on Nasdaq OMX Stockholm. At 31 December 2020, the largest shareholder was Odin fonder with 9.73 percent of the shares. A list of the 10 largest shareholders is provided on page 32.

Byggmax Group's share capital was SEK 20,333,015 and consists of 60,999,045 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 that oblige the company to report in accordance with the provisions in the Annual Accounts Act, Chapter 6, Section 2a, paragraphs 4–11. The Sustainability Report in this Annual Report has observed the requirements of the Swedish Annual Accounts Act concerning sustainability reporting. The Sustainability Report pertains to Byggmax Group and the subsidiaries that meet the requirements under the Swedish Annual Accounts Act for preparing a separate sustainability report. The Board of Directors is responsible for the Sustainability Report. The reader is referred to the Group's Sustainability Report on pages 20–29.

BRANCHES AND FOREIGN SUBSIDIARIES

Byggmax Group's retail operations in Norway are conducted by the branch Byggmax Norge and in Finland by the branch Byggmax AB Finland. Skånska Byggvaror Group owns the subsidiary Grönt Fokus AS.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- The Group opened 10 (11) Byggmax stores, including seven in Sweden and three in Norway.
- The Board of Directors proposes a dividend of SEK 2.75 per share to the 2021 AGM.

GROUP SALES AND EARNINGS

Net sales for the business amounted to SEK 6,801 M (5,277), up 28.9 percent. Operating income totalled SEK 6,827 M (5,287), an increase of 29.1 percent. Net sales for comparable stores grew by 28.5 percent in local currency. Currency effects on sales were -3.0 percent (+0.1). The gross profit margin amounted to 32.6 percent, compared with 32.1 percent for the preceding year. The gross profit margin was affected positively by economies of scale within purchasing and logistics, as well as product mix effects in Skånska Byggvaror.

Personnel and other external expenses rose by a total of SEK 101 M. Costs associated with new stores amounted to SEK 56 M (65).

EBITA amounted to SEK 705 M (270), corresponding to an EBITA margin of 10.4 percent (5.1).

Profit before tax amounted to SEK 623 M (175). Net financial items amounted to an expense of SEK 42 M (expense: 55).

Net financial items for the period were impacted by exchange-rate effects of negative SEK 2 M (neg: 12).

The tax expense for the year amounted to SEK 139 M (expense: 33).

SALES AND EARNINGS BY SEGMENT

Byggmax Group supplies segment information for two segments: Byggmax and Skånska Byggvaror.

The Byggmax segment includes Byggmax AB and the branches Byggmax Norge, Byggmax AB Finland, Buildor and Svea Distribution AB. Net sales increased by 29.3 percent to SEK 6,158 M (4,763). EBITDA amounted to SEK 775 M (378) for the full year. Earnings are affected by store costs of SEK 56 M (65). The EBITDA margin was 12.6 percent (7.9) for the full year.

Net sales for the Skånska Byggvaror segment rose by 25.0 percent to SEK 643 M (514). EBITDA amounted to SEK 58 M (19). The EBITA margin was 9.0 percent (3.7).

CASH FLOW AND FINANCIAL POSITION

Cash flow from operating activities amounted to SEK 1,197 M (300), an increase of SEK 900 M year-on-year. No dividend was paid for 2020, which has had a positive impact on cash flow compared with the previous year.

At the end of the financial year, inventory totalled SEK 967 M (929), which was an increase of SEK 38 M year-on-year. At the end of the period, Skånska Byggvaror's inventory totalled SEK 73 M (52). Compared with the end of the year-earlier period, 10 (11) new Byggmax stores were added and the inventory associated with new stores amounted to SEK 50 M (51). Investments during the year totalled SEK 172 M (145). Of this total, SEK 40 M (24) relates to upgrades to the 3.0 store portfolio, and SEK 63 M (51) is attributable to investments in stores that opened in 2020, while SEK 8 M (22) concerns IT investments. Consolidated shareholders' equity

amounted to SEK 1,968 M (1,501) at 31 December 2020. Consolidated net debt was SEK 1,677 M (2,585). The equity/assets ratio amounted to 39.9 percent (29.8). Unutilised credits totalled SEK 791 M (78).

RISK FACTORS AND RISK MANAGEMENT

As with any other business, Byggmax Group's business activities are associated with risks. The management of risks is of fundamental significance for the Group's success. Further information about risk management can be found on pages 33–34 and in Note 3.

The Board of Directors conducts systematic and organised work relating to risk assessments, enabling significant risks to be identified, analysed and addressed. The Group continually updates its risk exposure via a systematic process in which risks are identified, evaluated, reported and addressed. This work is carried out in each function based on Group management's compilation of risks.

The Group believes the most significant risks to be changes in customer behaviour, changes in economic and global conditions, seasonal variations and IT-related risks.

SEASONAL VARIATIONS

Byggmax Group's business activities are strongly affected by seasonal variations steered by consumer demand for standard building materials. Due to the weather's effect on demand, the Group's sales and cash flow are normally higher during the second and third quarters, when approximately two-thirds of the Group's sales are generated, and subsequently decline in the fourth and first quarters. Although seasonal variations do not normally impact the Group's earnings and cash flow from year to year, earnings and cash flow may be impacted during the year by unusually harsh or mild weather conditions, or by excessive or insufficient precipitation. Byggmax Group strives to balance these seasonal effects, for example by launching new products throughout the year that are not as susceptible to seasonal variations.

NUMBER OF EMPLOYEES

The average number of employees (full-time positions) amounted to 1,212 (1,103). Further information about employees can be found in Note 9.

EXPECTATIONS REGARDING FUTURE DEVELOPMENT

The strategic orientation over the next few years is based on a simple, efficient operating model in combination with focused growth based on the Group's strengths in store expansion, online shopping and product range development. Byggmax Group will continue to expand with new stores and has identified a potential for 250 stores in current markets (Sweden, Norway and Finland). Moreover, there is additional potential for store expansion in the form of a roll-out of the smaller format for smaller locations, launched in 2017. The 3.0 concept store will continue to be rolled out and all new stores will be opened with this concept. The 3.0 concept entails us upgrading the offering in the form of a larger range and an enhanced store experience. We have

mainly added products in the electrical, plumbing and garden segments.

Skånska Byggvaror has undergone a transition to a focused online operator in sun rooms, garden buildings, greenhouses, etc.

Byggmax Group does not provide forecasts for competitive reasons. In March 2020, Covid-19 (the coronavirus) started to spread rapidly across the Nordic region. This has created considerable uncertainty about future economic growth both worldwide and in the Nordic region. At the time of writing, Byggmax Group has not noted any material negative impact on its operations, but the Group has implemented measures to protect our staff and customers, and will adapt operations on an ongoing basis in response to developments in our operating environment.

SUSTAINABILITY WORK

Byggmax Group mainly affects the environment and climate through the transportation of products from manufacturers to stores or warehouses and from stores to customers, as well as through environmentally hazardous waste and energy consumption on our premises. Byggmax Group endeavours to minimise its impact on the environment and satisfy environmental requirements according to Swedish legislation, while keeping pace with society's long-term sustainability goals.

Our environmental work is conducted via a continuous dialogue with our suppliers and contractors on sustainability issues, and by imposing relevant requirements. Byggmax Group strives to increase the proportion of environmentally sustainable products and to improve environment-related information to customers.

Byggmax Group is a company governed by values. Our conduct and attitudes towards each other lay the foundation for job satisfaction and social relations. Dedicated employees are an essential component in developing the company.

In contracts, our suppliers undertake to comply with our Code of Conduct for suppliers, which covers working conditions and social responsibility. In 2020, 98 percent of our suppliers had signed our Code of Conduct for suppliers.

In 2019, the Group drew up a sustainability strategy that aims to integrate sustainability work into our customer pledge: how we want to be perceived by our customers. We decided to focus on five areas, based on both external and internal considerations: Social Aspects, Climate, Purchasing, Circular Approach and Sustainable Construction.

The Group's Sustainability report is included in this Annual Report on pages 20–29.

GUIDELINES FOR REMUNERATION OF SENIOR EXECUTIVES

Guidelines adopted by the 2020 AGM shall apply until further notice, however not beyond the 2024 AGM. The guidelines are to apply to employment contracts entered into after the Meeting's resolutions and in cases where amendments are made to existing agreements after the Meeting's resolutions. Please refer to Note 9 for guidelines for 2020. Byggmax Group's business strategy and management of the company's long-term interests and sustainability requires Byggmax

Group, based on country of employment, to offer remuneration that is competitive and compatible with market rates, and employment terms to retain and, as needed, attract individuals with the necessary skills and experience for Group management. Total compensation to senior executives consists of fixed salary, variable salary in the form of short-term incentives (STIs) based on annual performance targets, long-term incentives (LTIs) based on performance over several years, pension and other benefits. In addition, there are terms for notice of termination and severance pay. Fixed salaries should be set below market averages. However, overall remuneration, including STIs and LTIs, entails that the market average may be exceeded. The combined remuneration must be reviewed annually to ensure it is competitive and consistent with market levels. When making comparisons, position, the company's size, salary and the person's experience must be taken into consideration.

FIXED SALARIES

Fixed salary comprises the basis for total remuneration. The fixed salary should relate to the relevant market and reflect the scope of the responsibility entailed by the position.

VARIABLE SALARY (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 financial year. Remuneration from the STI programme can amount to a maximum of 100 percent of the fixed salary for the President and 40 percent of fixed salaries for the remaining management, thus enabling the company to calculate maximum levels of remuneration. STIs are measured with qualitative and quantitative measures.

LONG-TERM INCENTIVES

The 2019 AGM resolved to introduce warrants-based incentive programmes. The incentive programmes are described in Note 9 of the Annual Report.

PENSIONS

Where possible, pension agreements should be premium-based and designed 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 remuneration.

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 non-competition clause against continued compensation is applicable for a period of up to 24 months after termination of the notice period. At

present, the longest notice period in Byggmax Group is 12 months and no severance pay agreement exists in any employment contract.

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

GUIDELINES FOR DETERMINING SALARY AND OTHER BENEFITS TO THE PRESIDENT AND SENIOR EXECUTIVES FOR 2020

The Board evaluated the application of the guidelines for the remuneration and terms of employment for the President and other members of company management (Group management) resolved at the AGM. The Board declared that remuneration and other terms of employment for the President and other senior executives were applied in accordance with said guidelines in 2020.

DEVIATION FROM GUIDELINES

The Board has the right to deviate from the guidelines, partially or entirely, if it is motivated in specific cases. Departures are only permitted if they are deemed necessary to ensure the company's long-term interests and sustainability, or to safeguard the company's financial strength. If the Board deviates from the guidelines for remuneration to Group management, this is reported at the next AGM.

CORPORATE GOVERNANCE REPORT

In compliance with the Swedish Annual Accounts Act, Chapter 6, Section 8, Byggmax Group prepares a Corporate Governance Report, which is included in the Administration Report on pages 42–46.

SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

The management and Board are monitoring general developments in terms of the Covid-19 virus and its impact on the company's operations, and are implementing actions and measures. Byggmax Group is actively working to minimise the disruption caused by the situation, and is taking precautionary measures to prepare the company for future situations. The Covid-19 pandemic has not negatively impacted Byggmax Group so far. Given the prevailing global circumstances, uncertainty regarding potential economic effects and the spread of Covid-19 remains high, and it is not possible at present to predict the ultimate impact on the Group's sales, earnings and financial position in 2021.

Byggmax acquired Næstved Lavpristræ A/S ("NLT") as of 1 January 2021. NLT is an owner-led discount DIY concept, with annual sales of approximately DKK 125 M, 30 percent of which is generated by online sales. NLT will be consolidated as of 1 January 2021 and will be included in the Byggmax segment.

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), Svea Distribution AB (Corp. Reg. No. 556602-5895), Skånska Byg-

gvaror Group AB (Corp. Reg. No. 556987- 6849) and in Buildor AB (Corp. Reg. No. 556867-2405). Byggmax Group AB did not have any employees during the year. Net sales for the Parent Company amounted to SEK 0 M (0). Earnings before tax totalled SEK 214 M (70) for the entire financial year. Earnings were impacted by Group contributions received of SEK 238 M and an anticipated dividend for 2019 of SEK 70 M.

PROPOSED DISTRIBUTION OF EARNINGS

The following earnings in the Parent Company are at the disposal of the Annual General Meeting (SEK):

Retained earnings	222,838,394
Profit for the year	166,160,505
TOTAL	388,998,899

The Board of Directors and the President propose that these earnings be appropriated such that:

Dividend to shareholders	167,747,374
To be carried forward	221,251,525
TOTAL	388,998,899

The Board of Directors' statement on the proposed dividend according to Chapter 18, Section 4 of the Swedish Companies Act

The Board of Directors has examined the company and Group's financial situation and notes that a dividend payment in accordance with the Board's proposal is justifiable considering the precautionary principle in Chapter 17 Section 3, second and third paragraphs of the Swedish Companies Act (2005:551). The Board's understanding is that the nature, scope and risks of the business are currently such that the proposed dividend does not affect this assessment.

After the proposed dividend has been distributed, the company and Group will retain sufficient financial strength, which according to the Board's assessment corresponds to the requirements that may currently be imposed for the industry in which the company operates. Following distribution of the dividend, the company and Group are deemed to have satisfactory liquidity and a consolidation requirement that can be considered to be met.

The Board of Directors is of the opinion that the proposed dividend does not impact the company's opportunities to fulfil its obligations in the short or long term. It is also assumed that the proposed value transfer will not affect the company's ability to make potential necessary investments.

In an overall assessment of the company and Group's financial conditions, the Board of Directors does not believe that there are any obstacles to implementing the proposed dividend in accordance with the Board's proposal.

CHAIRMAN'S COMMENTS



“2020 has been a tumultuous year, and despite the pandemic and subsequent significant pressure on society, Byggmax Group remains stronger than ever.”

2020 has been a tumultuous year, and despite the pandemic and subsequent significant pressure on society, Byggmax Group remains stronger than ever. We have all spent so much more time at home that interest in the DIY market has soared. Furthermore, online shopping has become increasingly attractive to consumers. These external factors, combined with the Group's strong ability to continually develop the business, are proof of the strength of our business model.

THE BOARD'S WORK

Byggmax Group has a Board composed of individuals with expertise and experience in retail. Board work is stimulating, particularly since members complement one another so well. The Board members and I feel pride at being able to contribute towards developing the Group's business.

During the year, the Board held 10 meetings and key discussions concerned:

- Opening of new stores
- Transition in response to the coronavirus pandemic and the safety of our employees and customers
- The acquisition of Næstved Lavpristræ A/S

- The dividend proposal
- Appointment of a remuneration committee

FINANCIAL POSITION

I am delighted about our healthy balance sheet and the strong earnings we are reporting for 2020. The Group, with the two segments Byggmax and Skånska Byggvaror, has delivered a 29-percent increase in sales and the EBITA margin has doubled.

I look ahead to 2021 with great confidence, as we continue our expansion on existing markets and our establishment in Denmark starts to take shape. You can read more about our outlook and forthcoming investments in Mattias Ankarberg's comments.

On behalf of the Board of Directors, I would like to convey my thanks to Byggmax Group's President and CEO, Mattias, his management team and all our fantastic employees for their excellent contribution in 2020.

Anders Moberg
Chairman of the Board

CORPORATE GOVERNANCE REPORT



Byggmax Group is a Swedish public limited liability company listed on Nasdaq Stockholm. Byggmax applies the Swedish Corporate Governance Code and hereby submits its Corporate Governance Report for the financial year 1 January 2020 to 31 December 2020.

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

Corporate governance means the rules and regulations as well as the existing structure for managing and leading business activities in a limited company with an efficient and controlled approach. Ultimately, corporate governance aims to meet shareholder requirements in respect of return and to provide all stakeholders with adequate and correct information about the company and its development. Byggmax Group AB has been listed on Nasdaq OMX Stockholm since 2 June 2010, and applies the Swedish Corporate Governance Code (the Code) from the date of its listing. The Code builds on the “comply or explain” principle, which means that companies that apply the Code can deviate from specific rules but must explain the underlying reasons behind the deviation. Byggmax Group has not made any deviations from the Code in 2020.

SHAREHOLDERS

At year-end, the share capital in Byggmax Group amounted to SEK 20 M divided among 60,999,045 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 31 December 2020 was 21,282. At 31 December 2020, the

largest shareholder was Odin fonder with 9.73 percent of the shares. Non-Swedish owners accounted for ownership of approximately 39 percent of the total number of shares. For further information regarding the share and shareholders, please see pages 32–33 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. Byggmax Group's Articles of Association are available in their entirety at byggmax.se.

2020 ANNUAL GENERAL MEETING

The 2020 AGM was held on 6 May in Stockholm, Sweden. Gunilla Spongh was elected Chairwoman of the AGM. The main resolutions passed were as follows:

- Re-election of Board members Anders Moberg, Anders Berg, Kjersti Hobøl, Daniel Mühlbach, Hannele Kemppainen and Gunilla Spongh; election of new member Lars Ljungälv. Per Strömberg and Ullrika Eliasson declined re-election.
- Adoption of the 2019 income statement and balance sheet.
- The fees for Board members and policies governing remuneration for the President and senior executives.
- Policies for the appointment of the Nomination Committee.

AGM minutes including details of all decisions are available on Byggmax Group's website under Corporate Governance, byggmax.se.

NOMINATION COMMITTEE

The AGM on 6 May 2020 resolved that a nomination committee would be appointed for the 2021 AGM. The Chairman will convene the three largest owner-categorised shareholders of the company – according to Euroclear Sweden AB at 31 August – who will subsequently each be entitled to appoint 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 Annual General Meeting 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 of the opinion that the requirements of the Swedish Corporate Governance Code in terms of versatility, breadth and gender balance are met appropriately by the proposal. The Nomination Committee is also tasked with submitting proposals for directors' fees that are to be allocated among the Chairman and other members, remuneration for committee work, the election of (where applicable) and fees to auditors, as well as decisions on policies governing the appointment of the Nomination Committee's members. No remuneration is payable to members of the Nomination Committee.

BOARD OF DIRECTORS

Each year, Byggmax Group's Board of Directors adopts a formal work plan and written instructions in respect of financial reporting and allocation of duties between the Board and the CEO. The formal work plan regulates the Board's obligations, the division of work among Board members, the minimum number of Board meetings per year, notice of and documents before Board meetings and the preparation of the minutes of Board meetings.

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

INDEPENDENCE OF THE BOARD

The Board's assessment of individual Board members' independence in relation to the company and shareholders is defined in the table "The Board's composition and attendance at meetings" (see page 44). As is made evident, Byggmax meets the Code's requirement that the majority of the elected Board members are independent of the company and Group management, and that at least two of these are independent of the company's major shareholders.

THE BOARD'S COMPOSITION AND ATTENDANCE AT MEETINGS

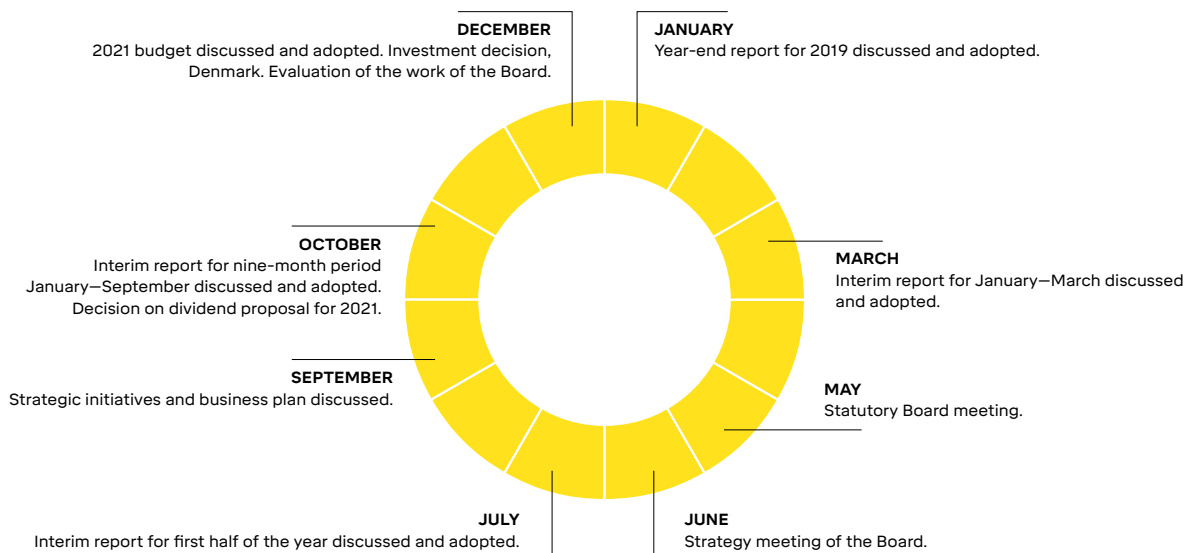
A detailed description of the Board members is available on page 47 and the Board's composition and attendance at Board meetings is presented on page 44.

THE WORK OF THE BOARD IN 2020

The Board held 10 meetings in 2020. Important issues addressed by the Board in 2020, in addition to the adoption of the Annual Report and interim reports, and the business plan and attendant budget, included the following:

- Proposed dividend
- Revision and adoption of the company's policies
- Opening of new stores in every country
- Decision to acquire Næstved Lavpristræ A/S
- The Group's President and CEO, Mattias Ankarberg, and CFO, Helena Nathhorst, participate in Board meetings. Other employees may also participate in Board meetings to present specific issues.

THE BOARD YEAR



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

EVALUATION OF THE WORK OF THE BOARD OF DIRECTORS IN 2020

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

THE BOARD'S REMUNERATION COMMITTEE

The Remuneration Committee is made up of Anders Moberg (chairman), Daniel Berg and Daniel Mühlbach. The Remuneration Committee prepares and addresses issues regarding remuneration and other employment terms for senior executives, and assesses the application of the guidelines adopted by the AGM for remuneration of senior executives.

AUDIT COMMITTEE

The Audit Committee consists of Gunilla Spongh (chairwoman), Hannele Kemppainen and Lars Ljungälv. The Audit Committee monitors financial reporting, the effectiveness of the Group's internal control and risk management. The Committee meets with the company's auditors three times a year to discuss such matters as audit plans and audit reports. The Committee is also responsible for monitoring the impartiality and independence of the auditor.

CEO AND SENIOR EXECUTIVES

The CEO is tasked with managing the ongoing operations of the company in accordance with the written instructions adopted by the Board. Mattias Ankarberg has been President and CEO of Byggmax Group since 14 November 2016. He has no shareholdings or co-ownership in companies with which the company has significant business connections. Byggmax Group's management team comprises 11 members, including the CEO. A description of the management team is available under the heading 'Byggmax Group Management' (page 48).

REMUNERATION GUIDELINES

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

ORGANISATION

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

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

THE BOARD'S COMPOSITION AND ATTENDANCE AT MEETINGS

Name	Function	Elected onto the Board	Attendance Board meetings	Attendance Remuneration Committee	Attendance Audit Committee	Board fee, SEK	Dependent on the company's management and major shareholders
Anders Moberg	Chairman	2006	10/10	2/2		663,735	No
Hannele Kemppainen	Board member	2015	10/10		4/4	326,662	No
Kjersti Hobøl	Board member	2019	10/10			300,000	No
Per Strömberg ¹	Board member	2018	4/4			104,932	No
Gunilla Spongh	Board member	2019	9/10		6/6	400,000	No
Daniel Mühlbach	Board member	2015	10/10	2/2	2/2	333,998	No
Anders Berg	Board member	2019	10/10	2/2		320,116	No
Lars Ljungälv ²	Board member	2020	6/6		3/4	222,553	No
Ullrika Eliasson ¹	Board member	2016	4/4		2/2	118,922	No
Per Strömberg	Board member	2018	14/14			295,151	No

1) Board member up to and including 6 May 2020.

2) Board member as of 6 May 2020.

AUDITOR

The AGM appoints the company's auditors every year. Öhrlings PricewaterhouseCoopers, referred to below as PwC, has been the company's auditor since the 2010 AGM. The 2020 AGM appointed Cesar Moré as the new principal auditor. In addition to the audit assignment, Byggmax Group has consulted PwC on taxes and other accounting issues. PwC is obligated to test its independence prior to accepting independent advisory assignments in addition to its auditing assignments for the Group. Information in respect of the fees paid to the auditing company is provided in Note 8. According to the Code, the company's Board should ensure that the interim report in respect of the second or third quarter is reviewed by the auditors. Byggmax Group's auditor 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 Board (and Audit Committee) supervises 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 internal audit function. The question of whether to establish a separate internal audit function is reviewed on an annual basis.

INTERNAL CONTROL OF FINANCIAL REPORTING

The Board's responsibility for internal control is regulated by the Swedish Companies Act and in the Swedish Corporate Governance Code, which contains requirements for annual external disclosures regarding the organisation of internal control for financial reporting. The Board has overriding responsibility for the Group's internal control. The President has ongoing responsibility for maintaining internal governance and controls. The ultimate aim of internal control is to ensure that Byggmax Group'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 the Group's assets. Byggmax Group has elected to use COSO's¹ definition of internal control as the foundation for its work with internal control. According to COSO, internal control comprises five different elements: control environment, risk assessment, control activities, information and communication and follow-up. These various elements are described briefly below.

CONTROL ENVIRONMENT

The control environment forms the basis of internal control and builds on the culture according to which the Board of Directors and management communicate and work. It primarily comprises values, expertise, management philosophy, organisational structure, responsibility and authorisations, as well as policies and procedures. A key component of the control environment is the clear

definition and communication of decision paths, authorisations and responsibility between differing levels in the organisation, and that steering documents in the form of internal policies and guidelines include all material areas and provide guidance for the various employees of Byggmax Group.

At Byggmax, we work systematically to streamline and improve operations and their flows. This approach impacts how the Group's internal control work is conducted. An important part of this work is identifying the root cause behind a discrepancy whenever one arises as part of a work process, and then implementing an improvement to counteract the discrepancy arising again. By working in this way, robust work processes are created that can be continuously developed and improved. Byggmax Group's internal control work is based more on continuously improving work processes than double-checking different work procedures. 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, finance policy, IT policy, information policy and the logbook and inside information policy. The aim of these policies includes creating the foundation for sound internal control. All policies are reported annually and adopted by Group management or the Board. Byggmax Group's accounting process is documented in an accounting manual.

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

RISK ASSESSMENT

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

CONTROL ACTIVITIES

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

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.

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

INFORMATION AND COMMUNICATION

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

FOLLOW-UP

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 in both Byggmax and Skånska Byggvaror. The accounting function has the same procedures and documentation requirements at every monthly accounts date. The Board continuously evaluates the information provided by Group management, as well as compliance with the control activities undertaken within the Group. The work includes ensuring that measures are taken in respect of faults and proposed measures that may have been identified in the external audit. The work on internal control supports the Board and management with assessing and reviewing significant risk areas in financial reporting, to thereafter be able to select actions and follow-up measures in the chosen areas.

BOARD OF DIRECTORS AND AUDITOR



ANDERS MOBERG

Chairman of the Board since 2006.

Born: 1950.

Background: Board member of Velux A/S and ICA and CEO of the IKEA Group, Royal Ahold N.V. and Majid Al Futtaim Group LLC.

Other appointments: Board member of ZetaDisplay, ITAB, BoConcept and Bergendahl & Son.

Shareholding: 350,000 shares via endowment insurance.



ANDERS BERG

Board member since 2019.

Born: 1972.

Master of Science Industrial Engineering & Management, Luleå University of Technology.

Background: President and CEO of Lindab and Plannja, Vice President SSAB Asia Pacific. CEO Necst Motors East Africa.

Other appointments: Chairman of Cimco Marine and Runway Safe Sweden. Board member of Symbio. Co-founder Aecores Group

Shareholding: 0.



KJERSTI HOBØL

Board member since 2019.

Born: 1961.

BI Norwegian Business School.

Background: CEO Nille. Previously, Chief Executive Officer for Kid ASA, Board member of Expert and Kid Interiør and Senior Vice President for DNB.

Other appointments: Board member of XXL, Elektroimportøren og Aspelin Ramm.

Shareholding: 0.



HANNELE KEMPPAINEN

Board member since 2015.

Born: 1970.

BSc in International Business and Marketing from the American College of Switzerland.

Background: General Manager Colgate Palmolive Finland and prior to this Country Manager Colgate Palmolive Finland. Previously worked for Procter & Gamble and Reckitt Benckiser.

Other appointments: 0.

Shareholding: 0.



LARS LJUNGÄLV

Board member since 2020.

Born: 1969.

MSc in Economics and Business, Lund University.

Background: President and CEO Bergendahl & Son. Previously global manager for major companies and institutions at Swedbank and President and CEO of Sparbanken Öresund.

Other appointments: Board member of Ikano Bank and Annehem Fastigheter.

Shareholding: 0.



DANIEL MÜHLBACH

Board member since 2015.

Born: 1974.

MSc Engineering from Luleå University of Technology.

Background: Currently CEO and co-owner of FootWay Group. Previously CEO of Lensway Group.

Other appointments: Board member, Footway Group.

Shareholding: 6,000 shares.



GUNILLA SPONGH

Board member since 2019.

Born: 1966.

MSc in Engineering and Industrial Economics from the Institute of Technology, Linköping University.

Background: Former CFO of Preem, Board member of B&B Tools and Head of International Business and CFO of Mekonomen.

Other appointments: Board member of Pierce Group, Momentum Group, AQ Group, Lernia, Systemair and Consivo Group.

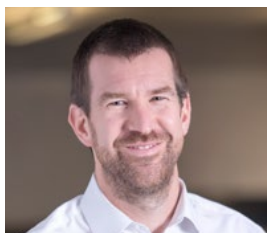
Shareholding: 2,400 shares.

AUDITOR

Byggmax Group's auditor is Öhrlings PricewaterhouseCoopers, with Cesar Moré as Auditor in Charge since 2020. Cesar Moré is an Authorised Public Accountant and a member of FAR SRS.

The address of Öhrlings PricewaterhouseCoopers' offices is Torsgatan 21, SE-113 97 Stockholm, Sweden.

MANAGEMENT



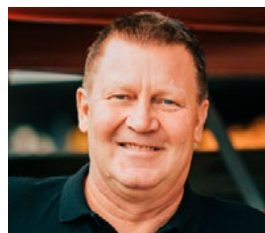
MATTIAS ANKARBERG

President and CEO since 2016.
Born: 1976.
MSc Business and Administration, Stockholm School of Economics.
Previous roles: Several senior positions and member of Group management at H&M, and consultant at McKinsey in Sweden and the US.
Other appointments: Board member, Thule Group.
Shareholding: 110,000 shares, 400,000 warrants.



HELENA NATHHORST

CFO since 2019.
Born: 1967.
MSc Business and Administration from Uppsala University.
Previous roles: CFO of Addnode Group, CFO Teracom Boxer Group and consultant for KPMG M&A Advisory.
Other appointments: Board member Nilar.
Shareholding: 9,000 shares.



MIKAEL BENGTSSON

Country Manager and Head of Expansion at Byggmax Norway since September 2019.
Born: 1966.
BA Social psychology, Jönköping University.
Previous roles: Business Manager at Byggmax Nordic, leadership coach.
Other appointments: 0.
Shareholding: 14,300 shares.



NIKLAS HAMBERG

Head of Logistics Byggmax Group since 2017 (joined 2009).
Born: 1983.
MSc in Engineering from Lund University of Technology.
Other appointments: Deputy Board member of Sierra Blue Invest.
Shareholding: 798 shares, 80,000 warrants.



PER HARALDSSON

Commercial Manager since 2018. Previously Chief Purchasing Officer from 2013 (employed 2008).
Born: 1974.
MSc in Engineering from the Institute of Technology, Linköping University.
Previous roles: Business area manager, Rusta.
Other appointments: 0.
Shareholding: 58,965 shares, 80,000 warrants, 48,850 shares via endowment insurance.



SARAH KÖNIG

Head of Group Expansion at Byggmax Group since 2017.
Born: 1974.
Law graduate, Stockholm University.
Previous roles: Leasing Director at Steen & Ström, Real Estate and Expansion Manager at RNB, and several positions at Jones Lang LaSalle and Tenants & Partn.
Other appointments: 0.
Shareholding: 80,000 warrants.



ELLIOT LINDBERG*

Country Manager at Byggmax Sweden since 2021.
Born: 1992.
Previous roles: Regional Manager at Byggmax and former professional footballer, several leadership courses.
Other appointments: Board member, GEL Investment.
Shareholding: 0 shares.

*Marcus Essesjö was Country Manager for Byggmax Sweden in 2020.



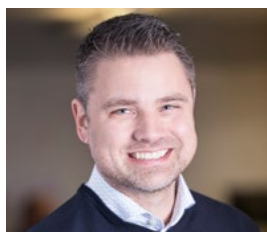
JOHAN QUIST

Head of Store Development at Byggmax since 2017.
Born: 1985.
International purchasing from Stockholm International Business School.
Previous roles: Category Manager, Byggmax.
Other appointments: 0.
Shareholding: 4,225 shares, 30,000 warrants.



OSKAR RÖÖS

CIO since 2018.
Born: 1978.
MSc Business and Economics from Uppsala University; BSc in Computer and Systems Sciences from Stockholm University.
Previous roles: CIO at Espresso House Group.
Other appointments: .
Shareholding: 2,000 shares, 80 000 warrants.



OSCAR TJÄRNBERG

President of Skånska Byggarvaror; member of Group management of Byggmax Group since 2017.
Born: 1972.
MSc Engineering from Luleå University of Technology.
Previous roles: CEO of Lekmer, Deputy CEO of inkClub, Head of Online at Telenor Sweden, CSO and COO at Lensway.
Other appointments: 0.
Shareholding: 34,000 shares, 80 000 warrants.



ALEKSI VIRKKUNEN

Country Manager at Byggmax Finland since 2015.
Born: 1975.
MSc in Economics from Helsinki Graduate School of Economics.
Previous roles: Store Intensity Manager at Rautakesko.
Other appointments: 0.
Shareholding: 0.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in SEK M	Note	2020	2019
Operating income			
Net sales		6,801	5,277
Other operating income	6, 13	26	10
Total operating income	5	6,827	5,287
Operating expenses			
Cost of goods sold		-4,584	-3,587
Other external costs ¹	7, 8, 13	-400	-354
Personnel costs	9, 31	-707	-652
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets ¹	14, 15, 16	-470	-464
Total operating expenses		-6,162	-5,057
EBIT		665	230
Profit from participations in Group companies		0	0
Financial income	10	22	14
Financial expenses ¹	10	-64	-69
Profit/loss from financial items	10	-42	-55
Profit before tax		623	175
Income tax	11	-139	-33
Profit for the year		485	142
Other comprehensive income for the year			
Items that will not be reclassified to profit or loss		0	0
		0	0
Items that may be reclassified to profit or loss for the year			
Translation differences		-18	9
Other comprehensive income for the year		-18	9
Comprehensive income for the year		467	151
Earnings per share before dilution, SEK	12	7.95	2.32
Earnings per share after dilution, SEK	12	7.95	2.32

1) IFRS 16 had a positive impact of SEK 314 M (+304) on other external costs, a negative impact of SEK 294 M (neg: 286) on depreciation and a negative impact of SEK 29 M (neg: 32) on financial expenses.

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 M	Note	31/12/2020	31/12/2019
ASSETS			
Non-current assets			
Capitalised expenses for development work	5, 14	66	66
Goodwill, customer relationships and brands	5, 14	2,006	2,046
Buildings and land	5, 15	3	4
Right-of-use assets	5, 16	1,238	1,379
Leasehold improvements	5, 15	17	19
Equipment, tools, fixtures and fittings	5, 15	409	387
Deferred tax assets	29	12	7
Other non-current receivables	19	2	8
Total non-current assets		3,754	3,916
Current assets			
Inventories	22	967	929
Prepayments to suppliers		20	12
Trade receivables	21	13	11
Current tax assets		0	39
Other receivables	23	95	72
Prepaid expenses and accrued income	24	21	34
Cash and cash equivalents	25	62	32
Total current assets		1,179	1,128
TOTAL ASSETS		4,933	5,044
EQUITY AND LIABILITIES			
Equity			
Share capital	26	20	20
Other capital contributions	26	441	441
Reserves	27	-22	-7
Earnings brought forward including profit for the year		1,529	1,046
Total shareholders' equity		1,968	1,501
LIABILITIES			
Non-current liabilities			
Borrowing from credit institutions	28	—	200
Lease liabilities	28	916	1,040
Deferred tax liabilities	29	183	179
Non-current liabilities	30	1	1
Total non-current liabilities		1,100	1,420
Current liabilities			
Borrowing from credit institutions	28	529	1,042
Lease liabilities	28	294	335
Provisions	34	1	2
Trade payables		687	512
Current income tax liabilities	11	41	0
Derivatives	20	1	1
Other liabilities	32	82	58
Accrued expenses and deferred income	33	231	174
Total current liabilities		1,865	2,124
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		4,933	5,044

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Amounts in SEK M	Notes 12, 26, 27	Attributable to shareholders in Parent Company				Total shareholders' equity
		Share capital	Other capital contributions	Reserves	Earnings brought forward incl. profit for the year	
Opening balance at 1 January 2019		20	441	-14	899	1,346
Profit for the year					142	142
Other comprehensive income for the year						
Translation differences				9		9
Total comprehensive income				9	142	151
Issues of warrants					3	3
Total transactions with shareholders		0	0	0	3	3
Closing balance at 31 December 2019		20	441	-4	1,044	1,501
Opening balance at 1 January 2020		20	441	-4	1,044	1,501
Profit for the year					485	485
Other comprehensive income for the year						
Translation differences				-18		-18
Total comprehensive income				-18	485	467
Issues of warrants					—	—
Total transactions with shareholders		20	441	0	0	0
Closing balance at 31 December 2020		20	441	-22	1,529	1,968

CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in SEK M	Note	2020	2019
Cash flow from operations			
EBIT ¹		665	230
Non-cash items			
Depreciation/amortisation of property, plant and equipment and intangible assets ¹		475	464
Other non-cash items		-6	21
Interest received		22	9
Interest paid ¹		-64	-66
Tax paid		-61	-65
Cash flow from operating activities before changes in working capital		1,031	594
Changes in working capital			
Increase/decrease in inventories and work in progress		-47	-58
Increase/decrease in other current receivables		-46	0
Increase/decrease in other current liabilities	32	259	-236
Cash flow from operating activities		1,197	300
Cash flow from investing activities			
Investments in non-current intangible assets	14	-27	-22
Divestment of non-current intangible assets	14	—	0
Investments in property, plant and equipment	15	-146	-121
Divestment of property, plant and equipment	15	1	0
Amortisation of other non-current financial assets		2	—
Cash flow from investing activities		-170	-142
Cash flow from financing activities			
Change in overdraft facility		-512	107
Issue/redemption of warrants		0	3
New borrowing		—	89
Repayment of lease liabilities ¹		-284	-272
Amortisation of loans		-200	-105
Cash flow from financing activities	35	-996	-178
Cash flow for the year		30	-21
Cash and cash equivalents at the beginning of the year	25	32	53
Cash and cash equivalents at the end of the year	25	62	32

1) IFRS 16 had a positive effect of SEK 19 M (18) on EBIT, a positive effect of SEK 294 (286) M on depreciation/amortisation, a negative effect of SEK 29 M (neg: 32) on interest paid and a negative effect of SEK 284 M (neg: 272) on repayment of lease liabilities.

PARENT COMPANY

INCOME STATEMENT

Amounts in SEK M	Note	2020	2019
Operating income			
Net sales		0	0
Other operating income		0	0
Total operating income		0	0
Operating expenses			
Other external expenses	8, 9	-11	-7
Personnel costs	9	-1	-1
Total operating expenses		-12	-8
EBIT		-11	-8
Dividends from Group companies		0	70
Interest income and similar items		6	35
Interest expenses and similar items		-18	-27
Profit/loss from financial items	10	-12	78
Appropriations, Group contributions received		238	0
Profit before tax		214	70
Tax on profit for the year	11	-48	0
Profit for the year		166	70

No statement of other comprehensive income was prepared since the company recognised no transactions under other comprehensive income. Accordingly, comprehensive income for the year corresponds with profit or loss for the year.

PARENT COMPANY

BALANCE SHEET

Amounts in SEK M	Note	31/12/2020	31/12/2019
ASSETS			
Non-current assets			
Non-current financial assets			
Investments in Group companies	17	1,219	1,219
Receivables from Group companies		354	354
Total non-current assets		1,573	1,573
Current assets			
Current receivables			
Receivables from Group companies		238	22
Other receivables	23	0	70
Prepaid expenses and accrued income		0	1
Total current receivables		238	94
Cash and bank balances		0	0
Total current assets		238	94
TOTAL ASSETS		1,811	1,667
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Restricted equity			
Share capital	26	20	20
Total restricted equity		20	20
Unrestricted equity			
Share premium reserve		430	430
Retained earnings		-207	-277
Profit for the year		166	70
Total unrestricted equity		389	223
Total shareholders' equity		409	243
Non-current liabilities			
Liabilities to credit institutions	28	—	200
Total non-current liabilities		—	200
Current liabilities			
Borrowing from credit institutions	28	1,350	1,221
Current income tax liabilities		48	—
Accrued expenses and deferred income	33	4	3
Total current liabilities		1,402	1,224
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		1,811	1,667

PARENT COMPANY

CHANGES IN SHAREHOLDERS' EQUITY

Amounts in SEK M	Note 12, 26, 27	Restricted equity	Unrestricted equity			Total shareholders' equity
		Share capital	Share premium reserve	Retained earnings	Profit/loss for the year	
Shareholders' equity at 1 January 2019		20	430	-347	70	173
Carried forward				70	-70	0
Profit for the year					70	70
Other comprehensive income						0
Total comprehensive income					70	70
Dividends				—		—
Total transactions with shareholders		0	0	0	0	0
Shareholders' equity at 31 December 2019		20	430	-277	70	243
Shareholders' equity at 1 January 2020		20	430	-277	70	243
Carried forward				70	-70	0
Profit for the year					166	166
Other comprehensive income						0
Total comprehensive income					166	166
Dividends				—		—
Total transactions with shareholders		20	430	-207	166	409
Shareholders' equity at 31 December 2020		20	430	-207	166	409

PARENT COMPANY

CASH FLOW STATEMENT

Amounts in SEK M	Note	2020	2019
Cash flow from operations			
EBIT		-11	-8
Adjustment for non-cash items			
Group contributions received		238	22
Other non-cash items		0	70
Interest received		6	12
Interest paid		-18	-28
Tax paid		0	0
Cash flow from operating activities before changes in working capital		214	69
Changes in working capital			
Operating receivables		-145	-1
Operating liabilities		1	0
Cash flow from operating activities		71	68
Cash flow from financing activities			
Repayment of debt		-200	-105
New share issues		0	0
Changes in current financial liabilities		129	37
Cash flow from financing activities		-71	-68
Cash flow for the year		0	0
Cash and cash equivalents at the beginning of the year		0	0
Cash and cash equivalents at the end of the year		0	0

ACCOUNTING POLICIES AND NOTES

1 GENERAL INFORMATION

Byggmax Group AB is a limited-liability company registered in Sweden with its registered office in Solna, Stockholm. The address of the head office is Armégatan 38, SE-171 71 Solna.

The Parent Company is listed on Nasdaq OMX Stockholm. The Board of Directors approved these consolidated financial statement for publication on 11 March 2021. The annual accounts will be presented to the Annual General Meeting on 6 May 2021.

All amounts are recognised in SEK million (SEK M) unless otherwise specified. Amounts in brackets represent the corresponding year-earlier period.

2 SUMMARY OF KEY 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 THE ANNUAL ACCOUNTS

The financial statements of 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 financial year ended 31 December 2020. Byggmax Group applies the acquisition method when measuring assets and liabilities, with the exception of derivatives, which are recognised at fair value in profit or loss.

New standards, amendments and interpretations of existing standards that have not been applied by the Group

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

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 recognised 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 companies over which the Group exercises controlling influence. The Group controls an entity when the Group is exposed to, or is entitled to variable returns from its holding in the entity, and has the ability to affect those returns through its influence over the company. Subsidiaries are fully consolidated from the date on which controlling influence is transferred to the Group. They are eliminated from the consolidated accounts as of the date the controlling influence ceases.

The acquisition method is the recognition method used when consolidating a subsidiary. The cost of an acquisition corresponds to the fair value of the assets received as compensation, issued equity instruments and liabilities arising or assumed on the acquisition date. Expenses attributable to the acquisition should be recognised as a cost. Identifiable assets, liabilities and contingent liabilities are initially measured at fair value, regardless of any minority interest. A positive difference between the cost of the acquisition and the fair value of the Group's share of net assets is recognised as goodwill. If the cost of the acquisition is less than the fair value of the Group's share of net acquired assets, the difference is recognised directly in the statement of comprehensive income.

Intra-group transactions and balance-sheet items, as well as unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated, unless the transaction provides evidence of a need for impairment of the transferred asset. The accounting policies for subsidiaries were changed as appropriate to guarantee consistent application of the Group's policies. The subsidiary Buildor AB was acquired in November 2015 and is included in the consolidated financial statements as of 2 November 2015. The subsidiary Skånska Byggvaror AB was acquired in January 2016. This company is included in the consolidated financial statements from the acquisition date on 1 January 2016. Næstved Lavpristræ A/S was acquired in January 2021. This company will be included in the consolidated financial statements as of the acquisition date, 1 January 2021, and will be part of the Byggmax segment.

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. Byggmax Group defines the acquisition as a business combination in the event the acquired business includes employees in addition to the acquired assets and liabilities. Business combinations are recognised in accordance with IFRS 3, which entails, for example, that acquisition costs are expensed directly and that deferred tax is recognised as the difference between the acquired assets' market value and their residual value for tax purposes. For asset acquisitions, all acquisition costs are recognised as an increase of the cost in accordance with IAS 16 and IAS 38. Byggmax Group determines whether the acquisition is to be classified as a business or an asset on a case-by-case basis.

2.3 SEGMENT REPORTING

Operating segments are recognised 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.

Note 2 cont.

In the Group, this function was identified as the CEO. Segment information is provided for two segments and 'Other' from 2016. These two segments are Byggmax, Skånska Byggvaror and 'Other'.

'Other' includes the Parent Company Byggmax Group AB (publ) and the Group's property company. As of the fourth quarter of 2019, Byggmax Group changed its reporting and Buildor and Svea Distribution are recognised in the Byggmax segment instead of 'Other'. The change was applied retroactively as of 1 January 2018.

No individual part of 'Other' represents such a material part that it forms a reportable segment.

Skånska Byggvaror Group AB was acquired in January 2016 and remains its own segment. However, changes in internal management and monitoring of the segments also entails that EBITDA and EBITA for the segments exclude the effects of IFRS 16. The effects of IFRS 16 continue to be reviewed and recognised at Group level. For further information, see Note 5.

2.4 TRANSLATION OF FOREIGN CURRENCY

Functional currency and reporting currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 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 recognised in the statement of comprehensive income.

Exchange-rate differences in trade payables and trade receivables are recognised in operating profit/loss. Other exchange-rate differences are recognised 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 the statement of comprehensive income 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 recognised in other comprehensive income.

2.5 INTANGIBLE ASSETS

Capitalised expenses for development work and similar items

Capitalised expenses for development work and similar items, primarily capitalised investments in the Group's business system and website, are recognised at cost less accumulated amortisation and any impairment. Amortisation is applied on a straight-line basis over the estimated useful lives, which is five years.

Costs for maintenance of proprietary development work are expensed as they arise. Development costs attributable to the development and testing of identifiable products and systems are recognised as a non-current intangible asset when the criteria below are satisfied.

- It is likely that the expected financial advantages will accrue to the reporting unit.
- Expenses for the asset can be reliably calculated.

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 recognised as an intangible asset.

Goodwill, which is recognised separately, is tested annually to identify possible impairment needs and is recognised at cost less accumulated impairment. Impairment of goodwill is not reversed. Gains or losses from the divestment of a unit include the remaining recognised value of the goodwill attributable to the divested unit. Goodwill is allocated to the cash-generating unit (CGU) that existed when the goodwill item arose when assessing possible impairment needs. The distribution is based on the CGUs or groups of CGUs that are expected to benefit from the business combination that resulted in the goodwill item. Byggmax Group distributes the original goodwill to the CGU Sweden that existed on the date when the original goodwill arose. As regards the acquired goodwill from the acquisition of Skånska Byggvaror Group AB, the CGU is considered to comprise Skånska Byggvaror Group AB in its entirety. Additional goodwill is distributed to the units deemed to benefit from the business combination.

Intangible assets in the form of brands and customer relationships were identified in connection with the acquisition of Skånska Byggvaror. These assets are measured at fair value on the acquisition date. Brands and customer relationships are amortised over their useful lives, which is deemed to be 10 years for brands and 10 years for customer relationships.

2.6 PROPERTY, PLANT AND EQUIPMENT

All property, plant and equipment is recognised at cost less depreciation. The cost includes fees that can be directly attributed to the acquisition of the asset.

Additional fees are only added to the asset's carrying amount or recognised as a separate asset, depending on what is most appropriate, 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 carrying amount for the replaced portion is eliminated from the balance sheet. All other forms of repairs and maintenance are recognised as costs in the statement of comprehensive income 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 life is applied on a straight-line basis as follows:

- Renovations and land maintenance 20 years
- Equipment, tools, fixtures and fittings 5–10 years
- Computers and IT-related equipment 5 years

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

Gains and losses from divestments are established by comparing the sale proceeds with the carrying amount, and are recognised under Other operating income or Other 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

Borrowing costs mean that the Group capitalises 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. During 2020, the Group did not capitalise borrowing costs, since there were

Note 2 cont.

no assets during the period that required a substantial period of time for completion for use or for sale.

2.8 IMPAIRMENT OF NON-CURRENT ASSETS NON-FINANCIAL ASSETS

Assets that have an indeterminate useful life, such as goodwill, are not depreciated but instead tested annually for the need for impairment. Property, plant and equipment that is depreciated and such intangible assets that are amortised are assessed with respect to decline in value whenever events or changes in circumstances indicate that the asset's carrying amount exceeds its recoverable amount. Impairment is recognised in an amount corresponding to the amount by which the asset's carrying amount exceeds the recoverable amount. The recoverable amount is the higher of the asset's fair value reduced by sales costs and its value in use. In assessing impairment needs, assets are grouped at the lowest level for which separate cash flows can be identified (CGUs). For property, plant and equipment and non-current intangible assets that have been impaired, an assessment is made on each balance-sheet date as to whether a reversal should take place. Impairment of goodwill is not reversed.

2.9 FINANCIAL INSTRUMENTS

The Group classifies its financial instruments in the following categories: financial assets measured at fair value via profit or loss, financial assets at amortised cost, liabilities at amortised cost and other financial liabilities. 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.

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

Derivatives are held only for financial hedging of risks and not for speculative purposes. These derivatives are recognised at fair value in profit or loss. They are classified as current assets or current liabilities if they are expected to be settled within 12 months of the end of the reporting period. Byggmax Group does not apply hedge accounting. Changes in the value of derivative instruments attributable to borrowing are recognised under financial expenses. Other changes in the value of derivatives are recognised as financial income or expenses.

Financial assets at amortised cost

Financial assets at amortised cost 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 non-current assets. Financial assets at amortised cost are recognised as trade receivables, other receivables and other non-current receivables in the balance sheet. Cash and cash equivalents are also included in this category. An impairment of trade and other receivables is recognised in the statement of comprehensive income under other expenses. The Group applies the modified retrospective approach for calculating expected credit losses. This method means that expected losses during the receivable's entire lifetime are used as the basis for trade receivables and contractual assets.

Other financial liabilities

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

General policies

Purchases and sales of financial assets and liabilities are recognised 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 recognised 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 are recognised after the acquisition date at fair value. Financial assets at amortised cost and other financial liabilities are recognised after the acquisition date at amortised cost, applying 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 of a need for impairment 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 discharge its obligations.

Cash and cash equivalents

In the Group's statement of financial position, cash and cash equivalents correspond to cash, bank balances, other short-term investments with maturity dates within three months of the acquisition date and blocked bank balances if they are expected to be settled within three months of the balance-sheet date. The overdraft facility is recognised as borrowing among current liabilities.

Share capital

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

Trade payables

Trade payables are initially recognised in the balance sheet at fair value and then at amortised cost with application of the effective-interest method. The carrying amount of trade payables is assumed to correspond to their fair value, since this item is short-term by nature.

Borrowings

Borrowing is measured initially at fair value net after transaction costs. Borrowing is subsequently recognised at amortised cost, and any difference between the amount received (net after transaction costs) and the repayment amount is recognised in the statement of comprehensive income distributed over the term of the loan, applying 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 recognised 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 predominantly consists of building materials that are sold in the Group's stores and via online

Note 2 cont.

sales. The net sales value is the estimated sales price in 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 recognised in the statement of comprehensive income, except when tax pertains to items that are recognised in other comprehensive income or directly in shareholders' equity. In such cases, tax is recognised in other comprehensive income and shareholders' equity respectively. The current tax cost is calculated based on the tax regulations that are in effect on the balance-sheet date or in practice approved in the countries in which the Parent Company's subsidiaries are active and generate taxable income. Management regularly 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 recognised 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. A deferred tax liability is not recognised, however, if it arises as a result of the initial recognition of goodwill. Neither is deferred tax recognised if it arises as a result of a transaction for an asset or liability being recognised for the first time that is not a business combination, and which on the acquisition date does not affect recognised 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 assets are realised, or when the deferred tax liabilities are settled.

Deferred tax assets are recognised 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 difference 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 EMPLOYEE BENEFITS

Pension obligations

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

For defined-contribution pension plans, Byggmax Group pays a fee to a publicly 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 recognised as personnel costs in the statement of comprehensive income at the rate at which they are earned by employees performing services for the company during a period. Prepaid fees are recognised 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 Byggmax Group prior to the normal pension age, or when the employee accepts a volun-

tary termination in exchange for such compensation. The Group recognises 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 recognises a liability and an expense for bonuses. The Group recognises 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 share warrant programme do not entail any cost, since the price of the warrants corresponds to their fair value.

2.13 REVENUE RECOGNITION

Sales of goods and services

The Group's income is generated from the sale of goods and services that are included in the Byggmax product range. Sales are primarily to private customers, although there are some sales to companies. Own production or development of products occurs in Skånska Byggvaror. Sales recognised are net of intra-Group sales.

Income includes the fair value of what has been received or will be received for goods sold and services in the Group's ongoing operations. Income is recognised in net amounts with deductions for VAT, returns and discounts. The Group recognises 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 the transfer of control over the goods to the customer, which occurs upon delivery of the goods to the customer in the store or via online shopping. There is no variable remuneration, and provisions are calculated for expected returns based on past performance. The right of return for goods purchased in store is 365 days. Right of return for online goods is 14 days.

Interest income

Interest income is recognised at the rate at which it is earned.

2.14 EARNINGS PER SHARE

Earnings per share before dilution is calculated based on profit/loss for the year pertaining to the Parent Company's owners and the weighted average number of shares outstanding. Earnings per share after dilution is calculated based on profit/loss for the year pertaining to the Parent Company's owners and the weighted average number of shares outstanding after dilution. Dilution effects arise owing to share options that can be settled with shares. Share options have a dilution effect when the average share price during the period exceeds the exercise price of the warrants. See also Note 12.

2.15 LEASES

The Group's leases comprise properties, including stores, offices and warehouses. The terms and conditions are negotiated separately for each lease and include a number of different contractual terms.

Leases are recognised as right-of-use assets with a corresponding liability on the date the leased asset becomes available for use by the Group. Each lease payment breaks down into a debt repayment and a financial expense. The financial expense portion is allocated so that an amount is recognised that corresponds to a fixed interest rate for the

Note 2 cont.

liability recognised in each period. Straight-line depreciation is applied to the right-of-use asset over the shorter of the asset's useful life and the term of the lease. The lease period is defined as the date on which the lease starts until the first possible exit period. Stated options periods or extensions that arise when a lease is not terminated are only included if an extension is highly likely.

Assets and liabilities that arise from leases are initially recognised at present value.

Lease liabilities include the present value of the following lease payments:

- Fixed payments
- Variable index-related lease payments
- Fees for possible exit

Lease payments are discounted using the incremental borrowing rate.

Right-of-use assets are measured at cost and include the following:

- The initial valuation of the lease liability
- Payments made at or prior to when the leased asset became available to the lessee.

Low-value leases are expensed on a straight-line basis in profit or loss.

2.16 PROVISIONS

A provision is recognised in the balance sheet when the Group has an existing legal or informal obligation as a consequence of an incident that has occurred, and it is likely that an outflow of financial resources will be required to settle the obligation and the amount can be reliably estimated. Provisions mainly pertain to ongoing restructuring projects.

2.17 DIVIDENDS

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

2.18 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's recommendation, RFR 2 Accounting for Legal Entities. This means 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.

Format for the income statement and the balance sheet

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

Shares in subsidiaries

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

recognised under income from participations in Group companies.

Group contributions and shareholder contributions

The Parent Company applies RFR 2 for Group contributions. This means that Group contributions that the Parent Company receives from subsidiaries are recognised as financial income, and that Group contributions paid by the Parent Company to subsidiaries are recognised as an increase in the participation in a subsidiary. The tax on Group contributions received/paid is recognised in accordance with IAS 12 in profit or loss.

3 FINANCIAL RISK MANAGEMENT

3.1 FINANCIAL RISK FACTORS

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 finance policy is intended to identify and minimise the effects of financial risks. Practical risk management is handled by Byggmax Group's central finance department according to the finance policy established each year by the Board of Directors. The Board of Directors continuously receives reports in respect of cash flows, debt levels and fulfilment of the terms of financial agreements, together with comparisons with budgets and forecasts.

The Parent Company Byggmax Group AB (publ) 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 managed.

a) Market risk

(i) Currency risk

Byggmax Group's consolidated accounts are stated in SEK, but apart from Sweden the Group also has operations in Norway, Finland and Denmark, and a large portion of the purchases in these countries are made in currencies other than the functional currency for the Group. This means that the Group is exposed to currency risk in that unfavourable changes in exchange rates can have a negative effect on EBIT, shareholders' equity and cash flow.

Transaction exposure in commercial flows

Payment flows in the form of trade receivables and trade payables in foreign currency result in currency exposure for the Group. Byggmax Group has currency exposure in SEK and NOK, and 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

	Change (percentage), all other factors unchanged	Effect on earnings (SEK M) 2020	Effect on earnings (SEK M) 2019
NOK	+10/-10%	+/- 3	+/- 3
EUR	+10/-10%	+/- 1	+/- 0

Note 3 cont.

Exposure in another currency other than the functional currency at 31 December 2020, in the transaction currency

	DKK	EUR	NOK	PLZ	SEK	USD	GBP
Accounts receivable	0.0	2.7	0.0	0.0	0.7	0.0	0.0
Trade payables	8.1	82.5	0.3	0.0	33.0	5.5	2.7

Exposure in another currency other than the functional currency at 31 December 2019, in the transaction currency

	DKK	EUR	NOK	PLZ	SEK	USD	GBP
Trade receivables	0.0	3.6	1.5	0.0	0.0	0.0	0.0
Trade payables	5.4	71.3	0.3	0.2	17.3	1.5	0.0

Parts of the Group hedge 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. At times, the Group's hedging level has been somewhat lower.

Translation 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 thus arise for the shareholders' equity of the Group in consolidation of the balance sheets of foreign companies and branches. This risk is not hedged.

Translation of foreign subsidiaries' income statements

Translation of foreign subsidiaries' income statements is done at the average rates of the respective periods. Changes in exchange rates in 2020 impacted the Group's comprehensive income by SEK -18 M (9). Assuming the invoicing and net earnings for 2020, a five-percent change in the SEK rate against NOK and EUR would impact net sales by SEK 92 M (69) and net earnings by SEK 4 M (3).

Translation of foreign subsidiaries' balance sheets

Translation of foreign subsidiaries' balance sheets is done at the balance-sheet date rate. The translation risk is attributable to changes in the exchange rate that impact the value of the foreign net assets upon translation to SEK. On the balance-sheet date, foreign net assets totalled SEK 266 M (250). In accordance with the finance policy, the Group does not hedge this risk. A five-percent change in the SEK rate against NOK and EUR would impact shareholders' equity by SEK 14 M (13).

(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's policy is that interest is to 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 percentage point higher/lower during 2020, with all other variables constant, the consolidated profit after tax for the financial year would have been SEK 5 M lower/higher, primarily as an effect of higher interest expenses for borrowing with variable interest. Byggmax Group continuously monitors the interest risk by examining the effect of loans with variable interest on EBIT for the year. Byggmax Group conducts interest-rate hedging in the form of an interest-rate cap.

Sensitivity analysis, interest risk

	Change (percentage), all other factors unchanged	Effect on earnings (SEK M) 2020	Effect on earnings (SEK M) 2019
Interest rate	+1%/-1%	5	8

b) Credit risk

Byggmax Group 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 invoices external customers to a lesser extent. Credit exposure primarily comprises accrued but as yet unpaid bonuses from suppliers, except for Skånska Byggvaror, which has a larger share of receivables exposed to credit risk. Normally, Skånska Byggvaror has had customer losses under one percent. Approximately 95 percent of trade receivables in Skånska Byggvaror come from private individuals.

c) Liquidity risk

Byggmax Group's policy in respect of liquidity risk is to ensure the Group has sufficient cash and cash equivalents to finance its operating activities. The Board of Directors manages the liquidity risk exposure by ensuring Byggmax Group has sufficient credit facilities in place to satisfy the future needs of the business. Needs are established through continuous follow up of forecast and actual cash flows, taking account of the maturities of financial assets and liabilities in the balance sheet. Byggmax Group's primary credit facility is provided by Svenska Handelsbanken by way of a credit agreement. The agreement with Svenska Handelsbanken extends until 21 December 2021. Byggmax Group has fulfilled covenant requirements under the banking agreement during the year.

The size of the credit facility available is reviewed regularly and is designed to cover forecast peaks in the gross debt level with a healthy margin. At 31 December 2020, the Group had cash and cash equivalents totalling SEK 62 M (32) and an unutilised credit facility of SEK 791 M (78). The table below shows the non-discounted cash flows arising from the Group's liabilities in the form of financial instruments based on the remaining contracted periods on the balance-sheet date. For derivatives, however, amounts have been indicated at fair value, and where their amounts have no major impact on assessment of future liquidity risks for the company. Amounts in foreign currencies and amounts to be paid are based on a variable interest rate and were estimated using the exchange and interest rates prevailing on the balance-sheet date.

Note 3 cont.

Group (SEK M)	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
At 31 December 2020				
Borrowings	529	—	—	—
Lease liabilities	294	678	72	166
Derivatives settled gross (currency forwards)	—	—	—	—
Trade payables	687	—	—	—
Total	1,510	678	72	166
At 31 December 2019				
Borrowings	1,042	200	—	—
Lease liabilities	335	798	109	133
Derivatives settled gross (currency forwards)	—	—	—	—
Trade payables	512	—	—	—
Total	1,889	998	109	133
Parent Company (SEK M)	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
At 31 December 2020				
Borrowings	529	—	—	—
Total	529	—	—	—
At 31 December 2019				
Borrowings	1,042	200	—	—
Total	1,042	200	—	—

3.2 MANAGEMENT OF FINANCING/CAPITAL RISK

Byggmax Group reduces its capital/financing risk by:

- Establishing adequate credit facilities well in advance of foreseeable needs.
- Monitoring due dates for the total debt in order to match amortisation to anticipated cash flows.
- Satisfying key performance indicators according to financing contracts. The KPIs are the interest-coverage ratio, debt/equity ratio and the equity ratio/risk-bearing capital.
- Optimising working capital within the Group. Working capital refers to: the total of inventory, trade receivables,

receivables on bonuses from suppliers, other receivables and prepaid expenses/accrued income less the total of trade payables, tax liabilities, other current liabilities and accrued expenses/deferred income. While Byggmax Group has no specified goal for the equity/assets ratio, there is a dividend target. Byggmax Group's policy is for dividends to amount to at least 50 percent of its net profits for the preceding financial year, subject to the Group's need for capital, EBIT, financial position, capital requirements and current economic conditions.

4 IMPORTANT ESTIMATES AND ASSESSMENTS

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 31 December 2020 have also taken account of the uncertainty surrounding the Covid-19 pandemic and are not considered to be able to significantly affect the Group's EBIT and financial position for the coming financial year.

LEASES

The Group's leases pertain to rental of premises. The terms and conditions are negotiated separately for each lease and include a number of different contractual terms.

Leases are recognised as right-of-use assets with a corresponding liability on the date the leased asset becomes available for use by the Group. Each lease payment breaks down into a debt repayment and a financial expense. The financial expense portion is allocated so that an amount is recognised that corresponds to a fixed interest rate for the liability recognised in each period. Straight-line depreciation is applied to the right-of-use asset over the shorter of the asset's useful life and the term of the lease. The lease period is defined as the date on which the lease starts until the first possible exit period.

Lease liabilities have been measured at the present value of the remaining lease payments. When calculating this value, the rate stated in the agreement, or where this is not available, the lessee's incremental borrowing rate at any given time has been used. The weighted average incremental borrowing rate that applied for these lease liabilities was 1.4 percent in 2020.

TESTING OF IMPAIRMENT NEED FOR GOODWILL

The Group determines each year if there is any need to recognise an impairment of goodwill, in accordance with the accounting policy described in Note 2.8 Impairment of non-current non-financial assets. The assumptions and assessments made in respect of expected cash flows and the discount rate are described in Note 14.

PROVISIONS

A provision is recognised in the balance sheet when the Group has an existing legal or informal obligation as a consequence of an incident that has occurred, and it is likely that an outflow of financial resources will be required to settle the obligation and the amount can be reliably estimated.

If the effect of the point in time of payment is material, provisions are calculated by discounting the expected future cash flow at an interest rate before tax that reflects current market assessments of the time value of money and – if suitable – the risks associated with the liability. Provisions are attributable to reconstruction costs. See Note 34.

5 SEGMENT REPORTING

Segment information by brand, SEK M	Byggmax		Skånska Byggvaror		Other		IFRS 16		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Income										
Total net sales by segment	7,394	5,763	665	530	0	1	—	—	8,059	6,295
Internal net sales	-1,236	-1,000	-23	-16	0	-1	—	—	-1,258	-1,017
External net sales	6,158	4,763	643	514	0	0	—	—	6,801	5,277
EBITDA	775	378	58	19	-11	-7	314	304	1,135	694
Depreciation/amortisation and impairment of property, plant and equipment and non-current intangible assets	-128	-128	-8	-10	0	0	-294	-286	-431	-425
EBITA	647	250	50	9	-11	-7	20	18	705	270
Amortisation of customer relationships and brands	—	—	-40	-40	—	—	—	—	-40	-40
Net financial items ¹	-192	-28	-46	-3	226	7	-29	-32	-42	-55
Profit/loss before tax	455	223	-36	-34	214	0	-10	-14	623	175

1) Finance costs have been affected by interest on leases in a negative amount of SEK 29 M (neg: 32); see Note 10.

Geographical area/country	Net sales		Non-current assets		Investments	
	2020	2019	2020	2019	2020	2019
Norway	1,397	1,081	556	653	31	23
Sweden	5,184	4,039	3,134	3,207	140	119
Other countries	220	160	49	56	2	2
Group	6,801	5,277	3,740	3,916	173	143

The segment division is described in Note 2.3. The Parent Company has no net sales. The geographical information provides details of revenue based on where customers are based, while the non-current assets are founded on where

the plants are situated. These assets include non-current assets, in addition to financial instruments and deferred tax assets.

Assets per segment	Byggmax		Skånska Byggvaror		Other		IFRS 16		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Total assets per segment	3,324	2,666	860	813	-442	202	1,192	1,364	4,933	5,044
Of which non-current assets	1,295	1,279	859	898	357	358	1,243	1,382	3,754	3,916
Liabilities and shareholders' equity per segment										
Total liabilities per segment	Byggmax		Skånska Byggvaror		Other		IFRS 16		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Total liabilities per segment	3,324	2,666	860	813	-442	202	1,192	1,364	4,933	5,044

6 OTHER OPERATING INCOME

Group	2020	2019
Exchange-rate differences	17	5
Profit from sale of equipment	2	1
Earnings from investments in Group companies	0	0
Other	7	3
Total other operating income	26	10

7 OTHER EXPENSES

Group	2020	2019
Exchange-rate differences	12	12
Loss from sale of equipment	4	1
Other	0	0
Total other expenses	17	14

8 REMUNERATION OF AUDITORS

The 'audit assignment' includes examining the annual financial statements and accounting records, as well as the Board and President's management, other tasks incumbent on the company's auditor and advice or other assis-

tance occasioned by observations during said examination or the implementation of such other tasks. Everything else is other assignments.

Group	2020	2019
Öhrlings PricewaterhouseCoopers		
Audit assignment	2	2
Other assignments	0	0
Tax consulting	1	1
Other services	0	0
Total remuneration of auditors	3	2

Parent Company	2020	2019
Öhrlings PricewaterhouseCoopers		
Audit assignment	1	0
Other assignments	0	0
Tax consulting	1	0
Other services	0	0
Total remuneration of auditors	2	1

The Group's Swedish auditors, Öhrlings PricewaterhouseCoopers AB, have been paid the following amounts during the year:

	2020	2019
Audit assignment	2	1
Tax consulting	1	1
Other services	0	0
Total remuneration	3	2

9 EMPLOYEE BENEFITS

Group	2020	2019
Salaries and remuneration ¹	526	468
Social security expenses	139	131
Pension costs	34	32
Other personnel costs	2	13
Total employee benefits	700	644

1) Capitalised development expenses for intangible assets relating to development of the company's business system and website mainly comprise personnel costs. Personnel costs of SEK 8 M (2) have been capitalised as an intangible asset.

The guidelines adopted at the 2020 AGM for determining remuneration of senior executives will apply until further notice, however not beyond the 2024 AGM. Remuneration has been paid to senior executives in accordance with

previous decisions and the guidelines that were established at the AGM. Bonus payments to the Board, President and other senior executives amounted to SEK 0 M (0).

Salaries and other remuneration, social security expenses (SEK M)	2020			2019		
	Salaries and other remuneration	Social security expenses (of which pension costs)	Quantity	Salaries and other remuneration	Social security expenses (of which pension costs)	Quantity
Group						
Board members, Presidents	17	9 (3)	10	12	7 (2)	11
Other employees	512	164 (31)	1,209	459	157 (30)	1,100
Total	529	173 (34)	1,219	471	163 (32)	1,111
Parent Company						
Board members	3	1 (0)	7	3	1 (0)	8
President and other senior executives (incl. Svea)	0	0	1	0	0	1
Other employees	0	0	0	0	0	0
Total	3	1 (0)	8	3	1 (0)	9

No separate fee was paid to the Group's President from the Parent Company Bygghmax Group AB (publ) in 2020.

	2020		2019	
	Average number of employees	Of whom men, %	Average number of employees	Of whom men, %
Subsidiaries				
Sweden	932	70	860	70
Norway	229	85	191	84
Finland	51	66	52	68
Total in subsidiaries	1,212	72	1,103	72
Group total	1,212	72	1,103	72

Note 9 cont.

	2020		2019	
	Quantity on balance-sheet date	Of whom men, %	Quantity on balance-sheet date	Of whom men, %
Group (including subsidiaries)				
Board members	7	57	8	50
Presidents and other senior executives	13	85	12	75
Group total	20	71	20	63
Parent Company				
Board members	7	57	8	50
President and other senior executives	1	100	1	100
Parent Company total	8	79	9	75

Remuneration of senior executives (SEK M)	Basic salary/ Directors' fee	Variable remuner- ation ¹	Other benefits	Pension cost	Other remuner- ation	Total
2020						
Chairman of the Board – Anders Moberg	0.7					0.7
Board member – Daniel Mühlbach	0.3					0.3
Board member – Hannele Kemppainen	0.3					0.3
Board member – Kjersti Hobøl	0.3					0.3
Board member – Ullrika Eliasson	0.1					0.1
Board member – Gunilla Spongh	0.4					0.4
Board member – Lars Ljungälv	0.2					0.2
Board member – Anders Berg	0.3					0.3
Board member – Per Strömberg	0.1					0.1
President – Mattias Ankarberg	5.2	4.8	0	1.6	1.3	12.9
Other senior executives (11, including two women) ¹	15.0	6.0	0	3.8	0.8	25.6
Total	23.0	10.8	0	5.4	2.1	41.3

Remuneration of senior executives (SEK M)	Basic salary/ Directors' fee	Variable remuner- ation ¹	Other benefits	Pension cost	Other remuner- ation ²	Total
2019						
Chairman of the Board – Anders Moberg	0.6					0.6
Board member – Daniel Mühlbach	0.3					0.3
Board member – Hannele Kemppainen	0.3					0.3
Board member – Kjersti Hobøl	0.2					0.2
Board member – Lottie Svedenstedt	0.1					0.1
Board member – Mikael Norman	0.1					0.1
Board member – Ullrika Eliasson	0.3					0.3
Board member – Gunilla Spongh	0.3					0.3
Board member – Anders Berg	0.2					0.2
Board member – Per Strömberg	0.3					0.3
President – Mattias Ankarberg	5.0	0.5	0.0	1.5	1.0	8.0
Other senior executives (11, including three women) ¹	15.5	5.1	0.0	4.3	2.1	27.1
Total	23.2	5.6	0.0	5.8	3.1	37.8

1) One senior executive has invoiced parts of the year and is recognised under variable remuneration.

2) The Board of Directors has taken the opportunity, as stated in the guidelines, to deviated from the guidelines if there are specific reasons that the Board believes justify such deviation. During the year, a fixed bonus was paid in the amount of SEK 1 M to a senior executive, and in connection with an individual on the Group management team resigning from their position a fixed bonus (stay-on bonus) of SEK 1 M was paid, which is also pensionable income. 'Other remuneration' also includes SEK 4 M for remuneration that the CEO and other senior executives received on subscribing for new warrants.

Note 9 cont.

There are no severance pay agreements for the President or other senior executives. The period of notice for the President in the event of termination by the company or by the President is three months. The retirement age for the President and other senior executives is 65. Fixed salary and pensions reflect the scope and responsibility entailed in the assignment. The President has a defined-contribution pension. Variable remuneration pertains to remuneration for bonus earned in 2020 that is payable in 2021.

SHARE WARRANT PROGRAMME

The 2017 and 2019 AGMs resolved to introduce warrant programmes for senior executives and other key staff within Byggmax Group. The warrants are priced at market value, which is based on a valuation made by an independent party using the Black-Scholes model. Each warrant

entitles its holder to subscribe for one share in the company at the exercise prices shown in the table below. The participants in the warrant programme have entered into a pre-emption agreement. No warrants were exercised for the 2017 warrant programme, which expired on 7 December 2020. The 2019 warrant programme expires on 9 December 2024 and can be exercised from 10 June 2024. Repurchases were carried out in 2020 of 50,000 warrants.

Share warrant programme	2019
Total number of warrants	870,000
Price	3.45
Exercise price	47.4
Term	5.5
Number of participants	8

10 PROFIT/LOSS FROM FINANCIAL ITEMS

Group	2020	2019
Financial income		
Exchange-rate gains	19	8
Changes in fair value – interest swaps and currency derivatives	4	6
Interest income	-2	0
Other financial income	1	0
Total	22	14
Financial expenses		
Exchange-rate losses	-21	-14
Changes in fair value – interest swaps and currency derivatives	-5	-5
Interest expenses, bank loans	-8	-16
Interest expense, leases	-29	-32
Other financial expenses	-1	-3
Total	-64	-69
Profit/loss from financial items	-42	-55
Parent Company	2020	2019
Earnings from shares in Group companies		
Dividends from Group companies	0	70
Total	0	70
Interest income and similar items		
Exchange-rate gains	1	1
Group contributions	238	22
Interest income	5	12
Total	244	35
Interest expenses and similar items		
Exchange-rate losses	-1	-0
Interest expenses	-17	-27
Total	-18	-27
Profit/loss from financial items	226	77

11 INCOME TAX

Group	2020	2019
Current tax for the year	-126	-39
Current tax attributable to previous years	-8	0
Remeasured deferred tax due to changed tax rate in Sweden	5	0
Deferred tax expense relating to temporary differences	-22	-7
Deferred tax income relating to temporary differences	12	13
Total	-139	-33

Parent Company	2020	2019
Current tax for the year	-48	0
Total	-48	0

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

Group	2020	2019
Profit/loss before tax	623	175
Income tax calculated according to the Group's prevailing tax rate	-133	-37
Non-taxable income	0	0
Non-deductible costs	-1	-1
Tax effect of interest on the tax allocation reserve	-1	-1
Remeasured deferred tax due to changed tax rate in Sweden	5	0
Blocked amounts on foreign taxes for tax purposes	-2	0
Adjustment of current tax relating to previous years	-8	0
Other	1	7
Tax expense	-139	-33

Parent Company	2020	2019
Profit/loss before tax	214	70
Income tax calculated according to prevailing tax rate	-46	15
Non-taxable income	0	-15
Adjustment of current tax relating to previous years	-2	—
Tax expense	-48	0

Weighted average tax rate within the Group:	22.3%	20.8%
---	-------	-------

The prevailing tax rate for income tax within the Group and the Parent Company is 21.4 percent (21.4).

12 EARNINGS PER SHARE

Before dilution	2020	2019
Profit for the year attributable to the Parent Company's shareholders	485	142
Weighted average number of shares before dilution (thousand)	60,999	60,999
Earnings per share before dilution (SEK)	7.95	2.32
After dilution		
Profit for the year attributable to the Parent Company's shareholders	485	142
Weighted average number of shares before dilution (thousand)	60,999	60,999
Dilution effect regarding warrants	0	0
Weighted average number of shares after dilution (thousand)	60,999	60,999
Earnings per share after dilution (SEK)	7.95	2.32
Number of shares outstanding at end of year (thousand)	60,999	60,999
Dividend per share (SEK)	2.75	–

13 EXCHANGE-RATE DIFFERENCES

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

Group	2020	2019
Other income	17	5
Other expenses	0	-11
Financial income	18	8
Financial expenses	-16	-14
Total exchange-rate differences	19	-11

14 INTANGIBLE ASSETS

Capitalised expenses for development work

Group	2020	2019
Opening cost	183	160
New acquisitions	27	23
Sales and scrapping	0	0
Reclassifications	0	1
Exchange-rate differences	-3	-1
Closing accumulated cost	207	183
Opening depreciation	-117	-91
Sales and scrapping	0	0
Depreciation for the year	-25	-24
Impairment	0	0
Reclassifications	0	-2
Exchange-rate differences	0	0
Closing accumulated depreciation	-141	-117
Closing carrying amount	66	66

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

Note 14 cont.

Goodwill, customer relationships and brands	Goodwill		Customer relationships		Trademark		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
Opening cost	1,808	1,808	91	106	147	172	2,046	2,086
Amortisation	0	0	-15	-15	-25	-25	-40	-40
Impairment	0	0	0	0	0	0	0	0
Closing carrying amount	1,808	1,808	76	91	123	147	2,006	2,046

ANNUAL IMPAIRMENT TESTING OF GOODWILL

Of recognised goodwill, SEK 1,173 M relates to the Swedish operations in Byggmax and SEK 636 M to Skånska Byggvaror, which was acquired in 2016.

The carrying amount for goodwill is tested on an annual basis. In addition, Byggmax Group assesses at the end of each reporting period if there is any indication that an asset may have declined in value. If there is an indication of a decline in value, the asset is tested for impairment. During the fourth quarter of each year, the Group examines whether or not there is any impairment need for goodwill.

The Swedish operations in Byggmax Group are deemed to be one of two cash-generating units (CGUs). For the goodwill arising in connection with the acquisition of Skånska Byggvaror, the CGU is considered to comprise Skånska Byggvaror in its entirety.

The recoverable amount for the CGU linked to the Swedish operations of Byggmax and the CGU comprising Skånska Byggvaror were all determined on the basis of calculations of value in use.

In both cases, the calculation is based on estimated future cash flows based on the 2021 business plan for each CGU and forecasts for the period from 2022 to 2025 that were prepared by Group management and approved by the Board. The management's forecasts are based on historical experience as well as external data on market growth, etc. The forecasts are based on a number of principal assumptions concerning future growth and EBIT margins. The calculated recoverable amount is compared with the carrying amount. Cash flows beyond the five-year period, meaning after 2025, are extrapolated using an estimated growth rate of 2 percent, which corresponds to a weighted average growth rate under the Riksbank's (Swedish Central Bank) inflation target and is in line with sustainable growth for the industry. The margin used was in line with that used in previous years for the respective CGUs. When discounting expected future cash flows, a weighted average cost of capital (WACC) before tax was used, which is currently 8.8 percent (8.8) for Byggmax AB. As regards an assessment of possible impairment needs for Skånska Byggvaror, a WACC of 12.9 percent (12.9) was used. The WACC was based on the following assumptions:

- Risk-free interest rate: Ten-year treasury bond rate
- Market risk premium per cash-generating unit
- Beta value: Fixed beta value for Byggmax Group

Testing indicates that the recoverable amount in Byggmax exceeds the carrying amount, while in Skånska Byggvaror it is consistent with the carrying amount. However, the outcome pertaining to Skånska Byggvaror is sensitive to changes in key assumptions. The calculated recoverable amount for Skånska Byggvaror leaves no scope for changes in key assumptions. The intangible assets customer relationships and brand are written down according to plan.

SENSITIVITY ANALYSIS

EBIT margin and future growth: If the EBIT margin were one percentage point lower than management's assumption, or an estimated growth rate for extrapolating cash flow beyond the forecast period had been one percentage point lower than the basic assumption, the aggregate recoverable amount for Skånska Byggvaror would decrease by 6.7 percent and 3.9 percent, respectively, which would lead to a need for impairment. The equivalent sensitivity analysis for Byggmax reduces the aggregate recoverable amount by 11.4 and 14.5 percent, respectively, which does not lead to any need for impairment.

The primary assumption for average growth over a five-year period (2021–2025) is 9.2 percent and 8.2 percent for the average margin for Skånska Byggvaror. A reduction in either of these parameters would mean that the recoverable amount would be lower than the cost.

Discount rate: If the estimated weighted average cost of capital (WACC) applied to discounted cash flows for the Group had been one percentage point higher than the basic assumption of 8.8 percent (8.8), that would still not lead to an impairment need for Byggmax. For Skånska Byggvaror, a WACC higher than 12.9 percent (12.9) would entail a need for impairment.

These calculations are hypothetical, and are not to be regarded as an indication that these changes are more or less likely. The sensitivity analysis should therefore be interpreted with caution. None of the hypothetical cases above should give rise to an impairment of goodwill in the cash-generating unit Byggmax but would entail impairment in the Skånska Byggvaror unit.

15 PROPERTY, PLANT AND EQUIPMENT

Equipment, tools, fixtures and fittings

Group	2020	2019
Opening cost	1,115	1,004
Purchases	145	121
Sales and scrapping	-15	-18
Reclassifications	0	0
Exchange-rate differences	-27	8
Closing accumulated cost	1,219	1,115
Opening depreciation	-728	-626
Sales and scrapping	12	13
Depreciation for the year	-109	-112
Reclassifications	16	0
Exchange-rate differences	0	-4
Closing accumulated depreciation	-810	-728
Closing carrying amount	409	387

Buildings and land

Group	2020	2019
Opening cost	8	8
Closing accumulated cost	8	8
Opening depreciation	-4	-4
Depreciation for the year	0	0
Closing accumulated depreciation	-5	-4
Closing carrying amount	3	4

Leasehold improvements

Group	2020	2019
Opening cost	31	31
Purchases	0	0
Sales and scrapping	-1	-1
Exchange-rate differences	-1	0
Closing accumulated cost	29	31
Opening depreciation	-12	-10
Sales and scrapping	0	0
Depreciation for the year	-2	-2
Exchange-rate differences	2	0
Closing accumulated depreciation	-12	-12
Closing carrying amount	17	19

16 RIGHT-OF-USE ASSETS

Group	2020	2019
Opening cost	1,660	1,478
Purchases	212	183
Sales and scrapping	-29	0
Exchange-rate differences	-66	0
Closing cost	1,777	1,660
Opening accumulated depreciation	-281	0
Sales and scrapping	18	0
Depreciation for the year	-294	-286
Reclassifications	4	0
Exchange-rate differences	14	5
Closing accumulated depreciation	-539	-281
Closing carrying amount	1,238	1,379

Amounts expensed for short-term leases amounted to SEK 0 M (1). Amounts expensed for low-value leases amounted to SEK 10 M (13). Total cash flow for leases amounted to an outflow of SEK 295 M (outflow: 286)

For further information, see Notes 3.1, 10 and 35.

17 PARTICIPATIONS IN GROUP COMPANIES

Parent Company	2020	2019
Opening cost	1,219	1,219
Closing carrying amount	1,219	1,219

The Parent Company has participations in the following Group companies:

Name	Corp. reg. no	Registered office	Share of capital, %	Number of shares	Carrying amount	
					2020	2019
Companies owned by Byggmax Group AB (publ)						
Byggmax AB	556645-6215	Halmstad	100	100,000	476	476
Svea Distribution AB	556602-5895	Eslöv	100	200	0	0
Byggmax Fastighetsutveckling AB	556726-8593	Stockholm	100	1,000	0	0
Buildor AB	556867-2405	Stockholm	100	1,558	0	0
Skånska Byggvaror Group AB	556987-6849	Helsingborg	100	11,057,970	743	743
					1,219	1,219
Holdings in other Group companies						
Byggmax International Purchasing AB	556757-2473	Stockholm	100			
Byggmax Fastighets Holding AB	556726-8601	Stockholm	100			
Byggmax Fastighetsutveckling 7 AB	556757-3133	Stockholm	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			
Skånska Byggvaror AB	556100-1891	Helsingborg	100			
Grönt Fokus AS	976,461,428	Kristiansand	100			

18 FINANCIAL INSTRUMENTS BY CATEGORY

The Group's financial assets and liabilities are measured at amortised cost with the exception of derivatives, which are measured at fair value in profit or loss. Derivatives are recognised separately on a separate line in the balance sheet. For a more detailed description of the Group's derivatives, please refer to Note 20.

Financial instruments measured at fair value in the balance sheet and disclosures regarding their valuation at fair value broken down by level in the following fair-value hierarchy comprise:

- Listed prices (unadjusted) in 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 (such as 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).

Byggmax Group only holds derivatives measured at fair value in its financial statements. These instruments are measured at fair value in profit or loss. The value of the derivatives is attributable to Level 2 and is based on the closing-date rate at year end provided by the external valuers. No reclassifications between the various levels took place during the financial year.

Assets in the balance sheet at 31/12/2020	Assets carried at amortised cost	Assets measured at fair value via profit or loss	Total
Derivatives	—	0	0
Trade and other receivables excluding prepaid expenses and accrued income	111	—	111
Cash and cash equivalents	62	—	62
Other non-current receivables	—	—	—
Total	173	0	173

Liabilities in the balance sheet at 31/12/2020	Liabilities carried at amortised cost	Liabilities measured at fair value via profit or loss	Total
Borrowings	529	—	529
Lease liabilities	1,210	—	1,210
Derivatives	—	1	1
Trade and other payables excluding accrued expenses and deferred income	770	—	770
Total	2,509	1	2,510

Assets in the balance sheet at 31/12/2019	Assets carried at amortised cost	Assets measured at fair value via profit or loss	Total
Derivatives	—	—	—
Trade and other receivables excluding prepaid expenses and accrued income	91	—	91
Cash and cash equivalents	32	—	32
Other non-current receivables	—	—	—
Total	123	0	123

Liabilities in the balance sheet at 31/12/2019	Liabilities carried at amortised cost	Liabilities measured at fair value via profit or loss	Total
Borrowings	1,242	—	1,242
Lease liabilities	1,375	—	1,375
Derivatives	—	1	1
Trade and other payables excluding accrued expenses and deferred income	570	—	570
Total	3,139	1	3,188

19 OTHER NON-CURRENT RECEIVABLES

Group	2020	2019
Other	2	8
Total other non-current receivables	2	8

During 2012–2013, in two principal cases, Swedish Customs decided to levy Byggmax Group for additional VAT charges, customs sanction fees, customs and anti-dumping duties. The current status is that in 2019, the Supreme Administrative Court decided not to pass leave to appeal for the cases from 2013, which had been sent there for appeal by Byggmax Group's subsidiaries. For further historical information on these cases, please refer to the Annual Report for 2015 and previous years. In 2019, Bygg-

max agreed on future compensation in a corresponding amount with the supplier that sold the products in question and on which general customs and anti-dumping duties were payable. Byggmax paid a total of SEK 23 M in customs and anti-dumping duties to Swedish Customs, while outstanding supplier receivables amount to SEK 0 M (6). This claim is recognised as an 'other non-current receivable' for 2019.

20 DERIVATIVES

Group, 31/12/2020	Assets	Liabilities
Derivatives		
Currency forwards – held for sale	0	1
Total derivatives	0	1

Group, 31/12/2019	Assets	Liabilities
Derivatives		
Currency forwards – held for sale	0	1
Total derivatives	0	1

Derivatives held for sale are classified as current assets or current liabilities. The nominal amount for outstanding currency forwards on the balance-sheet date was SEK 6 M

(6). The maximum exposure to credit risks on the balance-sheet date was the fair value of the derivatives recognised as assets in the balance sheet.

21 TRADE RECEIVABLES

Group	2020	2019
Trade receivables	17	14
Provisions for doubtful receivables	-4	-3
Total trade receivables	13	11

Of the total reserve for doubtful trade receivables of SEK 4 M (3), SEK 2 M (2) pertains to Skånska Byggarvaror. Ninety-five percent of the provision in Skånska Byggarvaror con-

sists of a large number of private individuals. Byggmax's provision amounted to SEK 2 M (1).

AGE DISTRIBUTION OF IMPAIRED TRADE RECEIVABLES 2020

Group	Not past-due	1–30 days	31–60 days	61–90 days	>90 days
Expected credit loss level, %	0	0	0	0	100

AGE DISTRIBUTION OF IMPAIRED TRADE RECEIVABLES 2019

Group	Not past-due	1–30 days	31–60 days	61–90 days	>90 days
Expected credit loss level, %	0	0	0	0	100

The fair value of the Group's trade receivables corresponds with the carrying amount.

22 INVENTORIES

Group	2020	2019
Completed goods and goods for resale	963	924
Work in progress	5	5
Total inventories	967	929

Inventories consist essentially of goods for resale. No impairment was carried out.

23 OTHER RECEIVABLES

Group	2020	2019
Bonus receivables from suppliers	73	60
Other receivables	23	12
Total other receivables	95	72
Parent Company		
Dividends from Group companies	–	70
Total other receivables	–	70

Most bonus receivables are in SEK. At the balance-sheet date, 31 December 2020, no other receivables were considered doubtful. In respect of existing bonus receivables,

the majority of the items have a corresponding entry in trade payables. The fair value of the Group's other receivables corresponds to the carrying amount.

24 PREPAID EXPENSES AND ACCRUED INCOME

Group	2020	2019
Prepaid rent	1	0
Prepaid lease payments	2	1
Prepaid non-current assets	–	9
Accrued interest income	–	1
Other items	18	23
Total prepaid expenses and accrued income	21	34

25 CASH AND CASH EQUIVALENTS

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

Group	2020	2019
Balance sheet		
Cash and bank balances	62	32
Total cash and cash equivalents	62	32
Cash flow statement		
Cash and bank balances	62	32
Total cash and cash equivalents	62	32

26 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	2020	2019
No. of shares (000)	60,999	60,999
Share capital	20	20
Other capital contributions	1,947	1,480
Total	1,968	1,501

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

27 RESERVES

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

28 BORROWINGS

Group	2020	2019
Long-term		
Liabilities to credit institutions	—	200
Non-current liabilities attributable to IFRS 16	916	1,040
Total	916	1,240
Short-term	2020	2019
Liabilities to credit institutions	100	490
Overdraft facilities	429	552
Current liabilities attributable to IFRS 16	294	335
Total	824	1,377
Total borrowing	1,740	2,617
Parent Company	2020	2019
Long-term		
Liabilities to credit institutions	—	200
Total	—	200
Short-term	2020	2019
Liabilities to credit institutions	100	490
Overdraft facility ¹	1,250	731
Total	1,350	1,221
Total borrowing	1,350	1,421

1) Of the overdraft facilities, SEK 821 M (178) pertained to intra-Group balances. The total overdraft facilities utilised by the Group amounted to SEK 429 M (552).

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. Please

refer to Note 3c for further information. There are no pledged assets for loans, see Note 36.

Note 28 cont.

THE GROUP HAS THE FOLLOWING UNUTILISED CREDIT FACILITIES:

Group	2020	2019
Overdraft facility	140	48
Unutilised credit facilities	651	30
Total	791	78

29 DEFERRED TAX

Group	2020	2019
Deferred tax liabilities		
Untaxed reserves	142	130
Non-current intangible assets	41	49
Total deferred tax liabilities	183	179

Gross changes	Untaxed reserves	Intangible assets	Total
At 1 January 2020	130	49	179
Recognised:			
In profit or loss	12	-8	3
Directly in shareholders' equity	—	—	—
At 31 December 2020	142	41	183

Gross changes	Untaxed reserves	Intangible assets	Total
At 1 January 2019	131	60	191
Recognised:			
In profit or loss	-1	-11	-12
Directly in shareholders' equity	—	—	—
At 31 December 2019	130	49	179

Deferred tax assets	2020	2019
Valuation of loss carryforwards	4	4
Other	8	3
Total deferred tax assets	12	7

Note 29 cont.

Gross changes	Derivatives	Loss carryforwards for tax purposes	Other	Total
At 1 January 2020	0	4	3	7
Recognised:				
In profit or loss	—	—	5	5
Directly in shareholders' equity	—	—	—	—
At 31 December 2020	0	4	8	12

Gross changes	Derivatives	Loss carryforwards for tax purposes	Other	Total
At 1 January 2019	0	5	0	5
Recognised:				
In profit or loss	0	-1	3	2
Directly in shareholders' equity	—	—	—	—
At 31 December 2019	0	4	3	7

Deferred tax liabilities, net	2020	2019
Total deferred tax liabilities, net	171	172

Net changes relating to deferred taxes are as follows:

Group	2020	2019
On the opening date	172	186
Recognition in profit or loss	-1	-13
Other	—	0
On the balance-sheet date	171	172

Deferred tax assets are recognised as loss carryforwards for tax purposes insofar as it is probable that they can be offset by future taxable profits. The Group recognised deferred tax assets of SEK 12 M (7). Of these, SEK 3 M (2) pertained

to losses amounting to SEK 15 M (8) that can be offset against future taxable profits. SEK 2 M (1) pertained to taxes on internal gains of SEK 12 M (4), SEK 0 M (0) to derivatives and SEK 2 M (2) to blocked amounts for foreign tax.

30 NON-CURRENT LIABILITIES

Group	2020	2019
Guarantee commitments	1	1
Total non-current liabilities	1	1

31 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 10 from the Swedish Financial Reporting Board, this is a defined-benefit plan that includes several employers. For the 2020 financial year, the Group did not have access to information that would enable it to be recognised as a defined-benefit plan. The pension plan according to ITP that is secured through insurance in Alecta is therefore recognised as a defined-contribution plan. The year's fees for pension insurance issued by Alecta amounted to SEK 11.2 M (11.2), of which ITP2 SEK 3.2 M (3.4). The Group's level of partici-

pation in the ITP2 plan was 0.009 percent and is indicated as the Group's share of the aggregate fees to the plan. Anticipated fees for the ITP2 plan next year total SEK 3.5 M (3.2). Alecta's surplus can be distributed to policy holders and/or insured persons. At the end of 2020, Alecta's surplus in the form of the collective consolidation level amounted preliminarily to 148 percent (148). 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 consistent with IAS 19.

32 OTHER LIABILITIES

Group	2020	2019
VAT liabilities	44	28
Personnel-related liabilities	13	12
Other	25	19
Total other liabilities	82	58

33 ACCRUED EXPENSES AND DEFERRED INCOME

Group	2020	2019
Accrued salaries	62	38
Accrued vacation pay	69	60
Accrued social fees	23	19
Other	77	60
Total accrued expenses and deferred income	231	176

Parent Company	2020	2019
Other	4	3
Total accrued expenses and deferred income	4	3

34 PROVISIONS

Group	2020	2019
Restructuring costs, Skånska Byggvaror	1	2
Total other provisions	1	2

35 CHANGES TO CASH FLOW IN INDEBTEDNESS RECOGNISED IN FINANCING ACTIVITIES

Group	IB 2020	Cash flow	Reclassifications and other non-cash items	CB 2020
Loans	690	-590		100
Share warrant programme	—	—	—	—
Non-current liabilities, IFRS 16	1,040	—	-124	916
Current liabilities, IFRS 16	335	-284	244	294
	2,065	-875	120	1,310
Utilised credit	552	-123		429
Cash flow changes in financing activities	2,617	-996	120	1,740

Group	OB 2019	Cash flow	Reclassifications and other non-cash items	CB 2019
Loans	706	-16		690
Share warrant programme	—	—	—	—
Non-current liabilities, IFRS 16	1,132	—	-92	1,040
Current liabilities, IFRS 16	309	-272	298	335
	2,148	-288	206	2,065
Utilised credit	445	107		552
Cash flow changes in financing activities	2,592	-181	206	2,617

36 PLEDGED ASSETS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Pledged assets

Group	2020	2019
For own debts and provisions:		
Blocked bank funds	—	—
Total pledged assets, contingent liabilities and contingent assets	—	—

Contingent liabilities

Group	2020	2019
Capital adequacy guarantee on behalf of Group companies	None	None

37 RELATED-PARTY TRANSACTIONS

No related-party transactions took place apart from compensation to the Board and senior executives. Information

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

38 EVENTS AFTER THE BALANCE-SHEET DATE

The management and Board are monitoring general developments in terms of the Covid-19 virus and its impact on the company's operations, and have implemented a number of actions and measures. Byggmax Group is actively working to minimise the disruption caused by the situation, and is taking precautionary measures to prepare the company for future situations. The Covid-19 pandemic has not negatively impacted Byggmax Group so far. Given the prevailing global circumstances, uncertainty regarding potential economic effects and the spread of Covid-19 remains high, and it is not possible at present to predict

the ultimate impact on the Group's sales, earnings and financial position in 2021.

Byggmax Group acquired Næstved Lavpristræ A/S ("NLT") as of 1 January 2021. NLT is an owner-led discount DIY concept, with annual sales of approximately DKK 125 M, 30 percent of which is generated by online sales. NLT will be consolidated as of 1 January 2021 and will be included in the Byggmax segment.

From February 2021, Elliot Lindberg has replaced Marcus Essesjö as Country Manager for Byggmax Sverige.

39 APPROPRIATION OF EARNINGS

Retained earnings	222,838,394
Profit for the year	166,160,505
TOTAL	388,998,899

The Board of Directors and the CEO propose that these earnings be appropriated as follows:

Dividend to shareholders (SEK 2.75 per share)	167,747,374
To be carried forward	221,551,525
TOTAL	388,998,899

THE BOARD OF DIRECTORS' STATEMENT ON THE PROPOSED DIVIDEND ACCORDING TO CHAPTER 18, SECTION 4 OF THE SWEDISH COMPANIES ACT

The Board of Directors has examined the company and Group's financial situation and notes that a dividend payment in accordance with the Board's proposal is justifiable considering the precautionary principle in Chapter 17 Section 3, second and third paragraphs of the Swedish Com-

panies Act (2005:551). The Board's understanding is that the nature, scope and risks of the business are currently such that the proposed dividend does not affect this assessment.

After the proposed dividend has been distributed, the company and Group will retain sufficient financial strength, which according to the Board's assessment corresponds to the requirements that may currently be imposed for the industry in which the company operates. Following distribution of the dividend, the company and Group are deemed to have satisfactory liquidity and a consolidation requirement that can be considered to be met.

The Board of Directors is of the opinion that the proposed dividend does not impact the company's opportunities to fulfil its obligations in the short or long term. It is also assumed that the proposed value transfer will not affect the company's ability to make potential necessary investments.

In an overall assessment of the company and Group's financial conditions, the Board of Directors does not believe that there are any obstacles to implementing the proposed dividend in accordance with the Board's proposal.

SIGNATURES

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 financial position and performance. The Annual Report has been prepared in accordance with the generally accepted accounting practices in Sweden

and accurately reflects the Parent Company's financial position and performance. 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, financial position and performance, as well as describing significant risks and uncertainties 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 6 May 2020 for adoption.

The Swedish version has been signed

Stockholm, 11 March 2021

ANDERS MOBERG
Chairman of the Board

ANDERS BERG
Board member

KJERSTI HOBØL
Board member

HANNELE KEMPPAINEN
Board member

LARS LJUNGÄLV
Board member

DANIEL MÜHLBACH
Board member

GUNILLA SPONGH
Board member

MATTIAS ANKARBERG
President and CEO

Our auditor's report was submitted on 12 March 2021
Öhrlings PricewaterhouseCoopers AB

CESAR MORÉ
Authorised Public Accountant

AUDITORS' REPORT

Unofficial translation

To the general meeting of the shareholders of Byggmax Group AB (publ), corporate identity number 556656-3531

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

OPINIONS

We have audited the annual accounts and consolidated accounts of Byggmax Group AB (publ) for the year 2020 except for the corporate governance statement on pages 42-46. The annual accounts and consolidated accounts of the company are included on pages 37-84 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2020 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2020 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 42-46. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the consolidated statement of comprehensive income and balance sheet as well as the income statement and balance sheet for the parent company.

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

BASIS FOR OPINIONS

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

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

OUR AUDIT APPROACH

AUDIT SCOPE

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

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

Byggmax Group consists of a number of subsidiaries and branches in the Nordic countries. Sweden represents about 76% of consolidated sales, while Norway represents approximately 21% of sales, and other countries account for the remaining portion of total turnover. We audited the majority of all companies, representing approximately 99% of consolidated sales to determine the group's and parent company's results and financial position. Our audit procedures are, in all material aspects, performed by the central audit team. All subsidiaries and affiliates are also subject to statutory audits in their respective countries. Byggmax Group's business is seasonal and approximately 69% of the company's revenues are earned during the second and third quarters.

MATERIALITY

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

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

KEY AUDIT MATTERS

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated

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

KEY AUDIT MATTER

Accuracy, completeness and allocation of revenues

We refer to Note 2.13 Income recognition, Note 5 (segment) and Note 21 – Accounts receivable.

The Group's sales for 2020 were SEK 6,801 M. One key audit matter as regards Byggmax Group is revenue recognition. Revenue is comprised of a large number of transactions and there is an inherent risk that errors could arise in individual sales transactions or in other types of transactions impacting revenue. The sales take place in the Nordic countries both through direct sales in the stores and through sales via the web (e-commerce). A large portion of the sales are sold to private customers but also to corporate clients. The revenue transactions for Byggmax are based on price lists for the goods sold in the stores or via the web. For Skånska Byggvaror, sales are based on price lists but also on separate contracts with clients where a variety of prices and delivery terms are applied. Revenue is recognized when the delivery to the customer takes place according to the applicable delivery terms. Provisions are calculated for expected returns based on past performance.

HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

We evaluated the design and effectiveness of certain selected controls in the sales process, with the aim of verifying that there are controls in place to ensure that correct prices are applied and to ensure that revenue transactions are reported in the correct periods. In our audit of the cash handling in stores, we have also executed control testing of the inventory and control calculations regarding daily cash and cash receipts. In addition, the relevant IT systems have been tested.

As a supplement to the testing of controls and IT systems, detailed testing has been undertaken through transaction analyses which included the major portion of the group's revenue and where each transaction was analyzed on the basis of controlling that a movement in inventory could be matched against a given revenue transaction.

In conjunction with the year-end closing, we also executed supplementary testing of controls and undertook analytical procedures to verify that correct allocations had been reported in the annual accounts.

KEY AUDIT MATTER

Valuation, allocation and the existence of inventory

We refer to Note 2.10 – Inventory, Note 22 – Inventory.

Byggmax Group's inventories are found, physically, at a number of locations, in stores in the Nordic region and at three distribution centers in Sweden. As at December 31, 2020, the total value of the inventories was SEK 967 M and is comprised primarily by finished goods for sale.

Inventories comprised a key audit matter in our audit, since valuation of the inventory is affected by management's assessments and since the group's purchases of goods and the valuation of these goods is a very transaction-intensive process and comprises a significant cost in the company's operations. There is an inherent risk that errors can arise in transactions both as regards the delivery of goods to the inventory and delivery of goods from the inventories. Errors can also arise in conjunction with the calculation of rebates and volume related bonuses which impact the cost of the goods.

The acquisition value of the goods is based on their purchase price. In the valuation of the entire inventory the management also makes assessments involving subjective components, for example, the assessment of obsolescence and assessment of the net sales value in applying the lowest value principle.

HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

We have evaluated the design and effectiveness of certain selected controls in Byggmax group's business process for the purchase of goods and in its own manufacturing of goods. In addition, the relevant IT systems have been tested.

As a supplement to the testing of controls and IT systems, detailed testing has been undertaken of a sample of products in the inventory for goods for resale and of a selection of the calculations providing the basis of the valuation of the products in progress and in the finished goods inventory.

In addition, we have also undertaken a certain amount of detailed testing of raw materials and other input goods to ensure that they have been correctly valued. We have also ensured, within the framework of our audit, that the finished goods inventory has been correctly valued in relation to the lowest value principle. This is done on the basis of sample testing of sales prices against invoice details and through analyzing the coverage based on the transaction analysis performed.

In addition to this, we have also undertaken a transaction analysis (equivalent to what was described above as regards revenue) to verify that a withdrawal from the inventory is matched with a revenue item and is, thereby, reported as a cost of goods sold. We have also followed up the company's routines for identifying any possible obsolescence/wastage per store. Furthermore, we have reviewed certain selected controls in the inventory process. We have participated in a number of stock-takes, which have taken place on an ongoing basis in the stores and we have followed up the inventory executed by a third party as regards the distribution centers. We have also, on a sample basis, checked the calculations regarding and assessed the company's receivables with suppliers for bonuses yet to be paid out by the suppliers.

KEY AUDIT MATTER

Valuation of Goodwill

We refer to Note 4 – Important estimates and assessments and Note 14 – Intangible fixed assets

Acquired goodwill and other acquisition-related intangible assets including customer relationships comprise a

significant portion of Byggmax Group's balance sheet of SEK 2,006 M at December 31, 2020. Byggmax group's goodwill as at December 31, 2020 amounted to SEK 1,808 M and is allocated to two cash-generating units: Byggmax and Skånska Byggvaror.

Goodwill is not subject to ongoing depreciation and is, therefore, tested annually for impairment in accordance with IFRS requirements. Goodwill is also tested for impairment if there are indications that a write-down requirement has been identified. Byggmax Group has a routine and process for executing these tests. The test is based on the recoverable amount which is equivalent to the value of the discounted cash flows for identified cash-generating units. These are based on the group's budget and strategy plans. Central assumptions in these calculations are that of future growth, the margin and the discount rate ("WACC"). As the process is, by its nature, based on estimates and assessments, this area comprises a key audit matter.

As described in Note 14 of the Annual Report, Skånska Byggvaror is being reorganized through several profitability-enhancing measures in the core business. Note 14 also describes Byggmax Group's assumptions, assessments and decisions regarding the above assets at December 31, 2020.

HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

We have assessed whether the company's testing of write-down requirements is based on the budgets and strategy plans adopted by the management and Board of Directors. Furthermore, we have assessed the reasonableness of these assumptions. We have also assessed the growth assumption applying to the time horizon covered by the Board's and management's three-to-five-year strategic plan and have, in addition, assessed the assumptions regarding the discount rate applied in the impairment testing. To assess the management's assumptions, we have evaluated the management's process for producing forecasts, we have verified data, such as expected inflation rates, against external data sources and we have consulted PwC's valuation experts.

In conjunction with our testing of the write-down requirements, we have also undertaken a special examination of the sensitivity of the valuations to changes in significant parameters which, individually or on a collective basis, could result in the existence of a write-down requirement. As described in Note 14, testing the cash-generating unit Skånska Byggvaror indicated a sensitivity to changes in material parameters and the calculated recoverable amount leaves no scope for changes in key assumptions.

We have discussed the methods, estimates and assumptions on which Byggmax Group's assessments are based with management and the audit committee.

Finally, we have assessed the information provided in Note 14 (Goodwill, Customer Relationships and brands) to deem if such information is appropriate.

OTHER INFORMATION THAN THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-36 and 89-90. Other information also

consists of the remuneration report that we read before the date of this audit report. The Board of Directors and the Managing Director are responsible for this other information.

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

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

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

RESPONSIBILITIES OF THE BOARD OF DIRECTOR'S AND THE MANAGING DIRECTOR

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

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

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

AUDITOR'S RESPONSIBILITY

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

the basis of these annual accounts and consolidated accounts.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

OPINIONS

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Byggmax Group AB (publ) for the year 2020 and the proposed appropriations of the company's profit or loss.

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

BASIS FOR OPINIONS

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

RESPONSIBILITIES OF THE BOARD OF DIRECTOR'S AND THE MANAGING DIRECTOR

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

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

AUDITOR'S RESPONSIBILITY

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

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

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

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

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

THE AUDITOR'S EXAMINATION OF THE CORPORATE GOVERNANCE STATEMENT

The Board of Directors is responsible for that the corporate governance statement on pages 42-46 has been prepared in accordance with the Annual Accounts Act.

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

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

Öhrlings PricewaterhouseCoopers AB, was appointed auditor of Byggmax Group AB (publ) by the general meeting of the shareholders on the 6 May 2020 and has been the company's auditor since May 2006.

Stockholm 12 March 2021

Öhrlings PricewaterhouseCoopers AB

Cesar Moré

Authorized Public Accountant

DEFINITIONS AND KEY PERFORMANCE INDICATORS

Byggmax Group uses terminology for alternative performance measures in accordance with the guidelines from the European Securities and Markets Authority (ESMA). Byggmax Group uses the alternative performance measures EBITDA, EBITA, return on equity, working capital, net debt, equity/assets ratio, capital employed, interest-bearing liabilities, non-current non-interest-bearing liabilities and average working capital as a percentage of net sales. The Group believes that these key performance indicators can be utilised by users of the financial statement as a supplement in assessing the possibility of dividends, making strategic investments, evaluating profitability and assessing the Group's ability to meet its financial commitments. Byggmax Group reports alternative performance measures to describe the operations' underlying profitability and to improve comparability between reporting periods and industries. The Group's definitions are unchanged compared with prior periods. Calculations of alternative performance measures can be found on [www.byggmax.se](http://www.byggmax.se/under-financial-statistics) under financial statistics, or at <http://om.byggmax.se/sv/investerare/finansuell-statistik/>.

DEFINITIONS OF FINANCIAL KEY PERFORMANCE INDICATORS/REPORTING TERMINOLOGY

Average working capital as a percentage of net sales: Average working capital as a percentage of net sales is a ratio that the Group considers to be relevant for investors seeking to understand how much of the company's sales are bound up in working capital. The Group defines average working capital as a percentage of net sales as the average working capital for the year, as defined by the Group, divided by net sales.

Capital employed: Capital employed is a ratio that the Group considers to be relevant for investors seeking to understand the company's profitability in relation to externally financed capital and shareholders' equity. The Group defines capital employed as shareholders' equity plus net debt.

Cash flow from operations per share: Cash flow from operating activities for the period, divided by the number of shares outstanding on the balance-sheet date.

Earnings per share: Profit after tax divided by the average number of shares outstanding at the end of the period.

EBITA: EBITA is a ratio that the Group considers to be relevant for investors seeking to understand earnings generation before amortisation and impairment of goodwill. The Group defines EBITA as operating profit after depreciation/amortisation and impairment of non-current intangible assets and property, plant and equipment, but before deduction for impairment of goodwill, customer relationships and brands.

EBITA margin: EBITA divided by net sales.

EBITDA: EBITDA is a ratio that the Group considers to be relevant for investors seeking to understand earnings generation before investments in non-current assets. The Group defines earnings before interest, tax,

depreciation and amortisation (EBITDA) as EBIT from continuing operations excluding depreciation/amortisation and impairment of property, plant and equipment and intangible assets.

EBITDA margin: EBITDA divided by net sales.

Equity/assets ratio: The equity/assets ratio is a ratio that the Group considers to be important to creditors who want to understand the Group's long-term solvency. The Group defines the equity/assets ratio as shareholders' equity in relation to total assets.

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

Interest coverage ratio: EBITDA divided by total interest expenses.

Interest-bearing liabilities: Interest-bearing liabilities are used to calculate net debt. The Group defines interest-bearing liabilities as borrowing from credit institutions plus other non-current liabilities.

Net debt: Net debt is a ratio that the Group considers to be relevant for creditors who want to see the scope of the Group's total liabilities situation. The Group defines net debt as interest-bearing liabilities less cash and cash equivalents.

Non-current non-interest-bearing liabilities: Non-current non-interest-bearing liabilities are a ratio that the Group considers to be relevant for investors seeking to understand the company's indebtedness without interest-rate exposure. The Group defines non-current non-interest-bearing liabilities as non-current liabilities without interest-rate obligations.

Operating margin: Operating profit in relation to net sales.

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

Return on equity: Return on equity is a ratio that the Group considers to be relevant for investors seeking to compare their investments with alternative investments. The Group defines return on equity as profit after tax divided by average shareholders' equity.

Working capital: Working capital is a ratio that the Group considers to be relevant for creditors and investors seeking to compare the amount of capital required by the Group to finance its operating activities. The Group defines working capital as items on the assets side (inventories, current receivables) less items on the liabilities side (trade payables, current income tax liabilities, other liabilities, accrued expenses and deferred income).

DEFINITION OF SECTOR-SPECIFIC KPIS

Gross margin: Net sales less cost of goods in relation to net sales.

Net sales for comparable stores: Net sales for comparable stores is an important sector-specific ratio for the organic increase in sales. The ratio is an effective tool for investors who want to compare sales increases for different companies in the sector. The Group defines this as sales for stores that are comparable. Comparable sales relates to stores that have been open for more than 12 months. Comparable sales are calculated in constant currency. All online sales are regarded as comparable.

New stores: Stores that have been open for less than 12 months.

Online sales: Net sales generated by online orders for Byggmax and Buildor, as well as all net sales from Skånska Byggvaror.

BYGGMAX[®]

Box 6063, 171 06 Solna, Sweden
www.byggmax.se