



ANNUAL REPORT AND
SUSTAINABILITY REPORT

2021
BYGGMAX®

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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 millions (SEK M) unless otherwise specified.

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**BYGGMAX – QUALITY PRODUCTS
FOR THE MOST COMMON HOME
IMPROVEMENT PROJECTS AT THE
LOWEST PRICE**

EVERYBODY HAS THE RIGHT TO A FANTASTIC HOME

Quality products for the most common home improvement projects at the lowest prices – that is what is available in our total of 192 stores and online, whether it is in **Sweden, Norway, Denmark or Finland**. With a carefully selected range and the **best prices** on the market we handle large volumes and gain economies of scale in purchasing and logistics. We share strong values and high sustainability ambitions.

We primarily target private consumers and our customers will find products such as timber, board material, garden products, tools, paint, tiles and much more for the most common home improvement projects – always at the lowest price, no matter who you are.

OUR CUSTOMER PROMISE

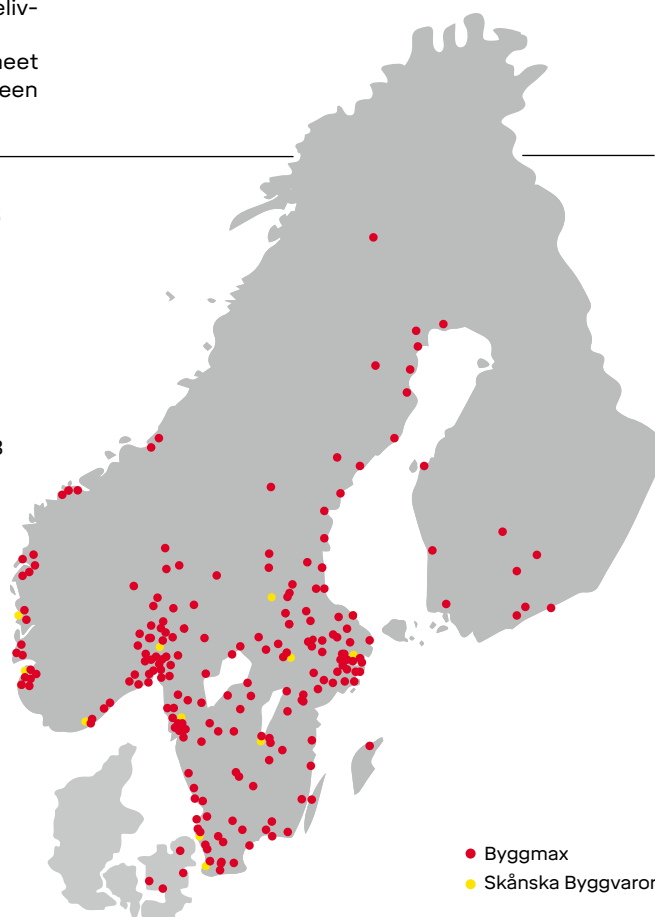
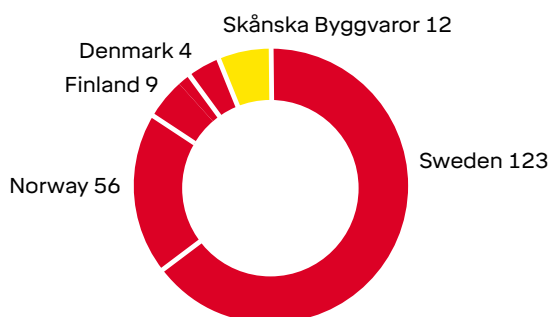
We believe that everyone has the right to a fantastic home! We make this possible by offering good quality at the lowest price, with generous instructional guides containing tips and tricks on how best to build, and a variety of different ways to shop and have items delivered – online or in store.

We are continuously developing new ways to meet customers' needs and see a strong interplay between online shopping and in-store retail.

THE HOME IMPROVEMENT MARKET IS GROWING

During the year, the importance of the home remained strong and working from home was widespread. This has also contributed to the high number of transactions in the housing market. Moving houses often inspires to new home improvement projects, which benefits our market. The home is expected to continue to play a central role in everyday life. This has led to a strong do-it-yourself market, one in which we have done well by gaining market share and growing faster than the market.

192 BYGGMAX STORES AND 12 SKÅNSKA BYGGVAROR SHOWROOMS

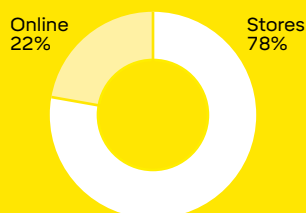


SALES OF
SEK 7.6
BILLION

1,370
EMPLOYEES



SALES
IN STORES vs. ONLINE

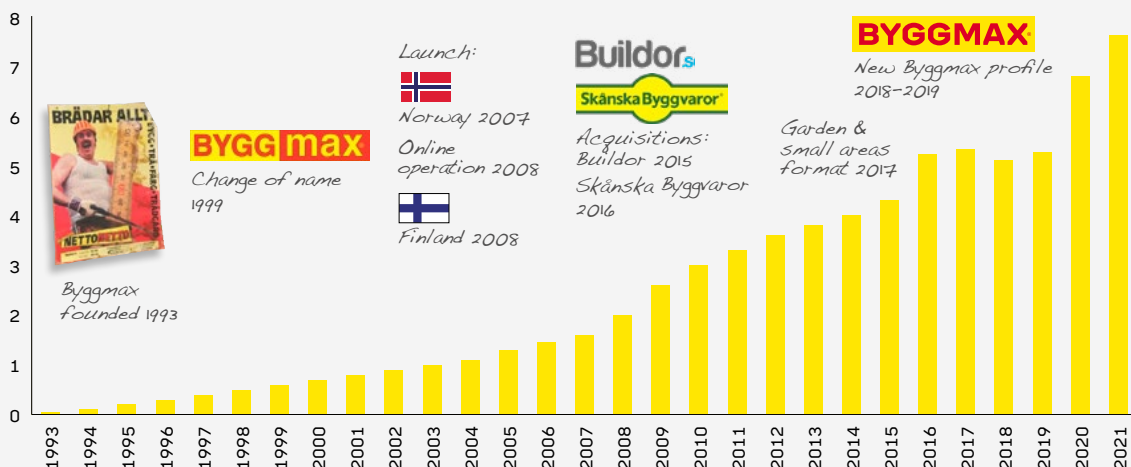


-41% CO₂
EMISSIONS
SINCE 2010
(PER TON
TRANSPORTED
GOODS)



SALES

SEK billions



THE YEAR IN BRIEF – A RECORD YEAR

2021 was a record year for Byggmax Group. Sales increased by 12 percent to SEK 7.6 billion and the EBITA margin increased to 11.7 percent. Ten new stores and two acquisitions have contributed to the increase in sales. In addition, a record number of stores have been upgraded, 68 percent of the store portfolio is now Store 3.0, our online sales position has been strengthened and sales of garden products have doubled in two years.

IMPORTANT EVENTS DURING 2021

As the restrictions were lifted, the market slowly returned to a more normal state in the second half of the year. The Group continued to outperform the market during the year – gaining market share from our competitors.

Online sales continue to grow and sales of garden products have doubled compared with 2019.

Low-price operators have been gaining market share from the remaining operators, a long-term trend that has been accentuated, and not only in the DIY market.

With the acquisition of Næstved Lavpris Træ in January, we added another country to our operations – Denmark. It has four stores, which has provided us with a good base for further expansion. The synergies we hoped for have been realised – we are increasingly serving Danish customers through Byggmax's existing supply chain, which drives sales and gross margin.

In August, we acquired Right Price Tiles, Norway's leading low-cost operator as regards tiles and clinker bricks. This acquisition has also been a success, adding new knowledge of tiles, clinker bricks and bathrooms to the Group.

At the end of the year, we had 192 stores and 12 showrooms. During the year, 10 stores were opened, 3 were closed and 16 stores were acquired and a new showroom has been added. Of the 180 stores in the Byggmax segment, 123 have the Store 3.0 concept, that is 68 percent. A year ago, the corresponding figure was 39 percent.

FINANCIAL PERFORMANCE

- Net sales for the business in 2021 amounted to SEK 7,645 M, an increase of 12 percent. The acquisitions and new stores increased total sales.
- EBITA for the year amounted to SEK 895 M and the EBITA margin increased to 11.7 from 10.4 percent
- The gross margin increased by 1.5 percent from 32.6 to 34.1 percent.
- Earnings per share increased to SEK 10.23 from last year's SEK 7.95.
- The Group's cash flow from operations for the entire year amounted to SEK 814 M.
- Profit for the period was SEK 621 M, an increase of 28 percent.
- Cost control in the Group remained good, and the increase in costs was mainly driven by acquired businesses and new stores.
- Continued focus on efficiency projects and work on strategic initiatives such as store upgrades and strengthened online sales.
- Overall, supply challenges have been manageable.
- The Board of Directors proposes a dividend of SEK 4.00 (2.75) per share to the 2022 Annual General Meeting.
- As at 31 December, 2,374,000 shares have been repurchased under the share buy-back programme decided by the Board in September. SEK 200 million was used to buy back Byggmax Group shares between September and December.

NUMBER OF STORES

Byggmax segment	192
Byggmax stores	176
– of which new	10
– of which closed	-3
– of which moved	2
Number of Store 3.0s	123
Acquired stores	16
– of which Right Price Tiles	12
– of which Næstved Lavpris Træ	4
Skånska Byggvaror segment	12
– of which new showrooms	1



68%
SHARE
BYGGMAX
STORES
3.0 CONCEPT



SEK M 814
CASH FLOW
FROM
OPERATIONS

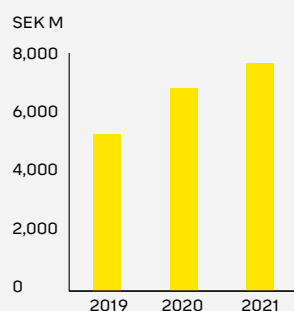


34.1%
GROSS MARGIN

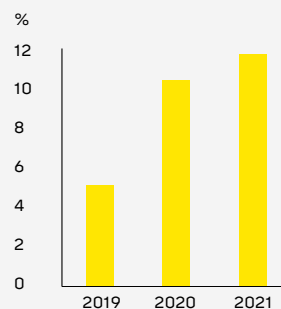
-41%

At the turn of the year, we achieved a 41-percent reduction in CO₂ emissions from transports compared with 2010, well on our way to achieving our goal of reducing CO₂ emissions by 70 percent per ton goods transported by 2030.

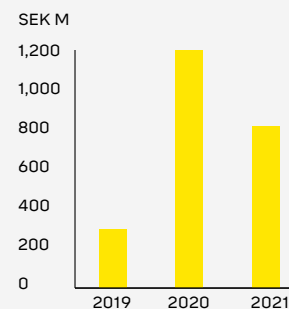
NET SALES



EBITA MARGIN



CASH FLOW¹



1) Cash flow from operations

RECORD YEAR AND INCREASED MARKET SHARE

RECORD YEAR 2021

2021 was a record year for Byggmax Group. We continued to gain market share and go into 2022 with a modern discount concept and a profitable presence in four Nordic markets.

Both sales and profitability reached record levels in 2021. Sales increased by 12 percent to SEK 7.6 billion, with further improvement in profitability. EBITA for the whole year amounted to SEK 895 M (705) and the EBITA margin increased to 11.7 percent (10.4). The online operation continued to grow and accounted for 22 percent (20) of the Group's sales.

The record result was achieved in a year with several major challenges. The first half of the year was marked by the Covid-19 pandemic, and our top priority was the health and safety of our employees and customers. We took many precautions to stay open responsibly, and our store staff made enormous efforts to help customers under new conditions. The year was also affected by major disruptions in the supply of goods, both in the Nordic region and worldwide. Owing to our having a favourable position, with high volumes on few products, and the considerable efforts of many employees, this challenge has overall been manageable.

A MODERNISED BYGGMAX GROUP

With 2021 now over, we can say that the efforts made in recent years to modernise Byggmax Group have produced strong results. We can state:

Byggmax Group's modern discount concept has gained a lot of market share. The Nordic market was positively affected during the pandemic period and grew by 20 percent between 2019 and 2021 – and during the same period Byggmax Group's sales have increased by 45 percent, i.e. we have grown more than twice as fast as the market

We have a large and successful footprint in online sales, new categories and new countries. Compared with 2019, both online sales of the Byggmax brand and sales of garden products have doubled. This year's acquisition of Right Price Tiles adds decorative categories and contributes to off-season sales. In 2019, we turned our operations in Finland around, and in 2021 we successfully set up a presence in Denmark

We have strengthened our leading discount position, while consumers increasingly associate Byggmax with quality, a relevant range and good customer service

In addition, the cash flow from our operations enables both investment and value transfer to shareholders. We end the year with a strong balance sheet, despite investments for organic growth, two completed acquisitions, dividends, and a completed share buy-back programme.

THE MARKET STABILISES

In the first half of 2021, the market continued to be strongly impacted in a positive way by a 'stay-at-home' effect, with high demand for DIY products. This effect gradually diminished in the second half of the year as pandemic restrictions eased. At the same time, the role of the home continued to strengthen, with record levels of activity in the housing market during the year and

increasing numbers of people set to continue working from home part of the time.

As regards the full year 2021, our overall assessment is that the Nordic consumer market for building materials ended at the same level as in 2020, or an increase of about 20 percent compared with 2019.

The market also continues – like other retail sectors – to shift towards low price players. The shift to low prices is accelerating in a higher-price environment, and our modern low-price concept continued to gain market share in all quarters of the year.

GROWTH INITIATIVES PRODUCE RESULTS

The continued growth of the Byggmax segment is mainly due to continuing good results from our three main growth initiatives: store upgrades, online sales and store expansion.

A store increases sales by an average of 6 percent when it is upgraded to Store 3.0, our concept with a wider range of products and a better customer experience. By the end of 2021, 68 percent of Byggmax segment stores had been upgraded to Store 3.0, compared with 39 percent by the end of 2020.

The online operation continues to be a strength for the Group, and although supply chain challenges have impacted some online-exclusive ranges negatively in certain periods, online sales of our in-store range continued to grow despite tough comparatives from 2020. We also see online sales continuing to grow most strongly in combination with in-store retail. The fastest growth continued to come from 'order online, pick up in store' business, which has tripled in two years. Online sales in areas where a store opens are growing by 15 percent on average.

In January, the Group added another country to its operations by acquiring the Danish company Næstved Lavpris Træ (NLT). Our entry into Denmark, via NLT, has been successful. Our expectations as to how good a fit it would be with the Byggmax concept have been met, and NLT stores have increased the proportion of ranges from the Byggmax supply chain during the year. The Danish business has both strong online sales growth and good profitability, and we look forward to continued expansion in the Danish market.

In August, we acquired Right Price Tiles, a Norwegian owner-operated low-price concept focused on modern tiles, clinker bricks and accessories at the best possible price. Right Price Tiles has 14 stores (two of which are franchises) and a small, fast-growing online business in Norway. The range is complemented by bathroom products and flooring. The acquired company has a long history of profitable organic growth.

The acquisition gives us access to a leading portfolio of own brands, which is broadly complementary to our current offering, and in-depth expertise in tiles and clinker bricks. We are now planning for continued growth under the Byggmax brand. We intend to start by offering Right Price Tiles products through Byggmax's online operation and in selected stores, and then expand with concept stores focused on tiles and clinker bricks outside Norway under the Byggmax brand.



“ We start 2022 with a modern discount concept and a presence in four Nordic markets. Now we are continuing together towards our goal of 10 billion in sales by 2025!

In 2021, the Bygghem segment opened 10 stores, and the acquisitions in Denmark and Norway added a further 16 stores.

Skånska Bygghem increased its sales by 10 percent with continued improvement in profitability, driven by an increasingly strong and profitable portfolio of proprietary products.

LONG-TERM SUSTAINABILITY EFFORTS

Our long-term sustainability work also continues to show good results, and we are on track to achieve a 70-percent reduction in CO2 emissions from transport by 2030 compared with 2010. By the end of 2021, we had achieved a 41-percent reduction. Our suppliers undertake contractually to comply with our Code of Conduct, which covers working conditions, human rights and social responsibility.

READY FOR 2022

We start 2022 with a modern low-price concept and a presence in four Nordic markets. Our view remains that the DIY market will be larger after the pandemic than before it, but not as large as during the pandemic. The shift towards low prices is accelerating in an environment where prices are higher.

We end the year with a strong balance sheet, despite investments for organic growth, two completed acquisitions,

dividends, and a completed share buy-back programme. The Board of Directors proposes a dividend of SEK 4.00 per share (2.75).

All our growth initiatives have more to offer. In 2022, we will continue to upgrade stores at a record pace, improve our online offering, open new stores, and complement our organic plan with additional acquisitions when the time is right.

We plan to open at least 15 new stores in 2022, including the launch of two new formats. This summer we will be opening our first store for retail spaces. This in a new format that allows us to bring together our entire product range and drive-in solution in one compact design in an indoor environment, closer to customers' homes. We also intend to expand the Right Price Tiles concept to the Swedish market in a format under the Bygghem brand, and to open our first such store in Sweden in the second half of 2022.

I would like to thank all our employees – they have done a fantastic job under extraordinary circumstances in 2021. Now we are continuing together towards our goal of 10 billion in sales by 2025!

Stockholm, March 2022

Mattias Ankarberg
President and CEO

MARKET TRENDS

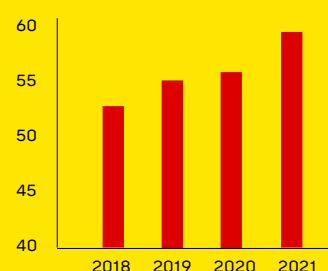
The DIY lifestyle is a key driver of our business. The number of home improvement projects is growing, not only for increased functionality in the home but also for increased well-being. Home improvement projects are also generated by the uptick in the number of villas and vacation homes that have been sold in the community. Demand for low-price retailing associated with quality and a good customer experience, as well as the development of online sales, are other key drivers of our business.

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 wallets. During the Covid-19 pandemic, when people spent more time at home, home improvement projects and house prices increased. 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.

Boverket reported in December 2021 that the construction of small houses increased by about 25 percent during the year.

INCREASE IN THE NUMBER OF VILLAS SOLD BY 11% SINCE 2018



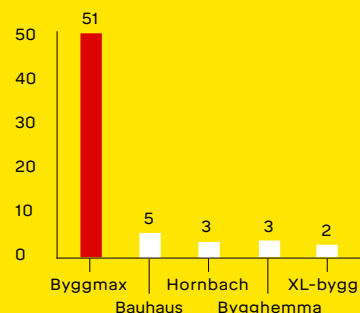
Source: Svensk Mäklarstatistik (reporting Swedish estate agent statistics)

2. The low-price phenomenon

Low price has been a strong trend for several years, both in the Nordics and internationally. 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 prices continue to grow in many different retail sectors and more and more consumer groups are shopping with low-price operators, a shift that is accelerating in a context of rising prices.

In a survey conducted by Byggrapporten two years in a row, when participants were asked the question 'Which builders' merchant do you consider to have the lowest prices?', in both 2020 and 2021 51 percent answered 'Bygghemma'.

WHICH BUILDERS' MERCHANT DO YOU CONSIDER TO HAVE THE LOWEST PRICES?



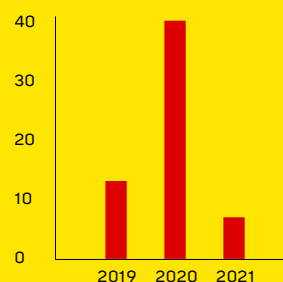
Source: Byggrapporten

3. Online sales growing strongly

Online sales continue to grow as a phenomenon. The combination of stores and the online operation is a strength, and a significant and growing part of Bygghemma Group's sales. The online element offers a larger and wider range of products, while customers sometimes want to go to a store to feel and touch the goods, ask questions or combine buying with picking up goods they have ordered.

The Group's online sales grew by 18 percent (33) during the year, significantly more than the online sales market as a whole. Bygghemma is continuously developing new ways to meet customers' desire for more flexibility and sees that online sales continue to grow most strongly in the interplay between online shopping and the store network.

GROWTH OF ONLINE SHOPPING IN SWEDEN, %



Source: E-barometern 2020 (PostNord's E-barometer report on online shopping)
Information for 2021 is a forecast.

STRONG DIY MARKET IN THE NORDIC REGION

The DIY market has stabilised at a higher level than a few years ago. Our habits and behaviours towards working and holidaying more at home have changed, and this means we are putting more resources into our homes and gardens. Interest in online sales is also growing steadily.

The DIY market in the Nordic region has an annual turnover of approximately SEK 120 billion and has performed in line with GDP over a long period of time before the pandemic. Market data* shows that the consumer market for building materials in Sweden, Norway and Finland grew by 20 percent in 2020, after which it stabilised in 2021. The Nordic markets are large DIY markets relative to their populations – the highest in Europe, in fact. 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.

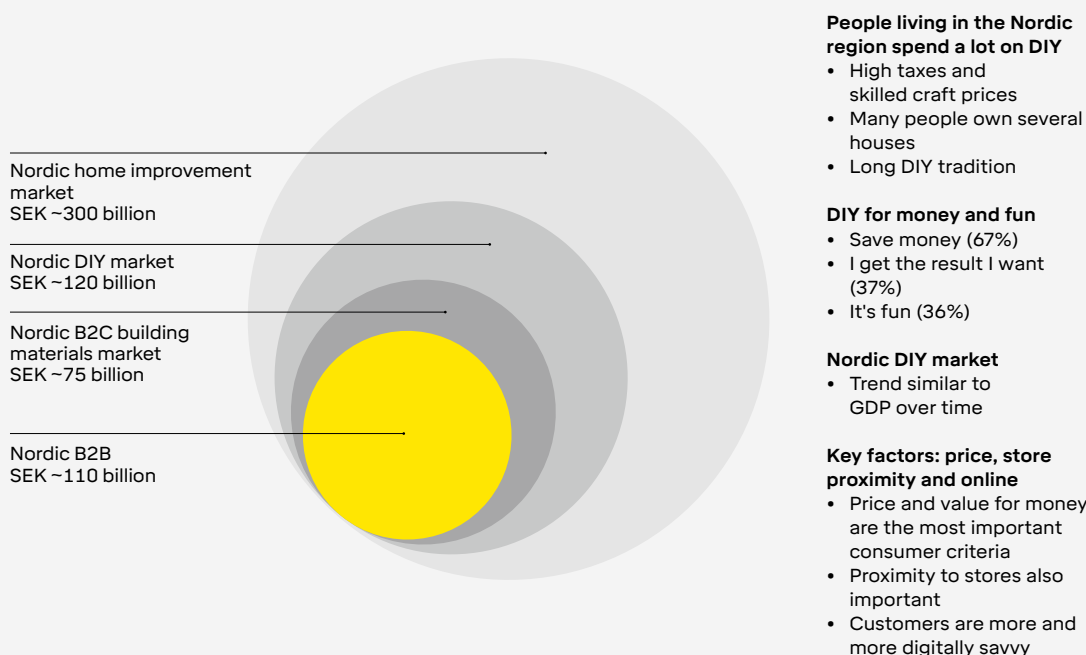
The most important criteria for Nordic consumers' choice of builders' merchants are the price of products, the location of stores and – to an increasing extent – a good online shopping experience.

BYGGMAX GROUP'S POSITION

Byggmax Group has 192 stores in four countries and sales of SEK 7.6 billion in 2021 (6.8). This means it is in a very strong position as the price leader in the Nordic region. The building trade report Byggrapporten 2021, a study conducted and produced by Kantar Sifo, revealed that 51 percent of participants who were asked the question 'Which builders' merchants do you consider to have the lowest prices?' responded 'Byggmax'. It was the second year in a row that we achieved this position. The fact that we are successful in both online and store sales strengthens our position.

DIY – A NORDIC LIFESTYLE

Byggmax Group sells building materials primarily to DIY enthusiasts. The DIY market in Sweden, Norway, Finland and Denmark is estimated to be worth SEK 120 billion.



*Source: EDRA (European DIY Retail Association), Byggmax

OVERVIEW COMPETITION

Building materials					Home & Interiors	
Trade	BYGGMAX	Big box	Home & Hardware	Online sales		
B2B	B2C	B2C (+B2B)	B2C	B2C		
<ul style="list-style-type: none"> • Service • Skills • Individual price 	<ul style="list-style-type: none"> • Lowest price • Quick & easy • Most stores & local presence 	<ul style="list-style-type: none"> • Large selection – all under one roof with many product options • Low price 	<ul style="list-style-type: none"> • Shops in shopping centres • Large selection of home & hardware products • Low price 	<ul style="list-style-type: none"> • Large range of goods • Good online shopping experience 		
XL Bygg Bygghemmakker Bolist Beijer Colorama Optimera etc.		Bauhaus Hornbach K-Rauta Obs Bygg etc.	Biltema Jem & fix Jula Puuilo etc.	Bygghemma Garden Store Netrauta etc.		
Offers building materials	Offers building materials	Offers building materials	Does not offer building materials	Does not offer building materials		

Byggmax Group has a clear position in construction, based on low prices, many stores where it is quick and easy to shop, a local presence and a growing online shopping position.

OUR FOUR COUNTRIES

Sweden

Byggmax is one of Sweden's largest DIY chains because we provide our customers with good quality at a low price and we have a relevant presence both in stores and online. 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, Colorama, and Optimera.

Norway

Norway is one of Byggmax's strongest growing markets. The competition is mainly from larger retail formats such as Obs Bygg and Bauhaus, but also from chains like Bygghemmakker, Monter and Maxbo, which are more focused on the professional building trade.

Denmark

Byggmax set itself up in Denmark through the acquisition of NLT in 2021. Competition comes from both larger store formats such as Bauhaus and larger chains targeting professional customers. The country's largest home improvement chain in the low-price segment is Jem & Fix, which is purely low-price with a low level of service and a narrow range.

Finland

In Finland we are still relatively small. The largest player in the Finnish market is the Kesko Group's K-Rauta concept, which has a clear focus on professional customers. Their marketing and online presence is prominent. Competitors more oriented towards the consumer are local chains such as Motonet, Tokmanni, Puuilo and Bauhaus.



**VERY STRONG
POSITION AS
PRICE LEADER
IN THE NORDIC
REGION**



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**.

GOALS

10

SEK billion
in net sales 2025

7-8%

EBITA margin

50%

dividends in relation
to net profit

At most
2.5x

Net debt/EBITDA¹

70%

reduction of
CO₂emissions
from transport²



1) Excl. IFRS16, EBITDA rolling 12 months

2) By 2030

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 afford to fulfil their building dreams, and 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.

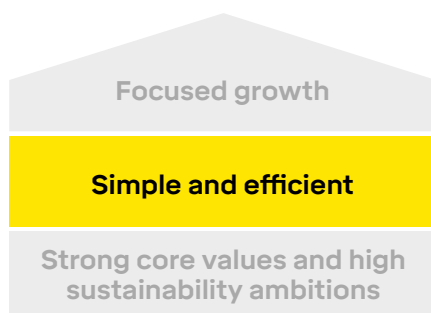
STRATEGIES



We want Byggmax Group to mean more to more people. We want to grow and at the same time be a low-price operator, which means we need to prioritise.

So, we focus on three growth areas:

- Upgrade our stores to our latest Store 3.0 concept
- Online sales
- New stores, primarily in areas where we do not yet have a presence.



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.

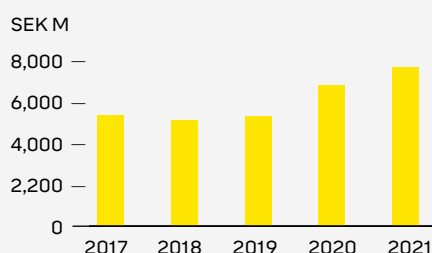
GOALS AND GOAL ACHIEVEMENT

Byggmax Group has set long-term goals for the Group. Byggmax Group's financial goals includes net sales of at least 10 billion by 2025 at an operating margin of 7–8 percent per year. In addition, net debt/EBITDA must be less than 2.5 times and the dividend must represent at least half of earnings per share after tax, taking into account the financial position. CO₂ emissions from freight transport must be reduced by 70% per ton per km by 2030 compared with 2010.

Goals	Outcome	Goal achievement
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SALES GROWTH

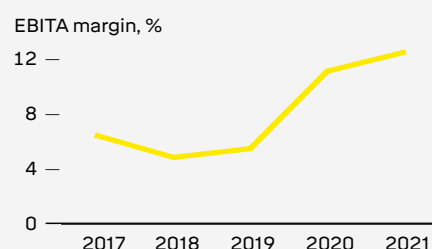
Net sales of at least SEK 10 billion by 2025.



Net sales increased by 12.4 percent. Net sales in 2021 amounted to SEK 7,645 M (6,801). The Group's online sales increased by 18 percent.

EBITA MARGIN

The EBITA margin should be 7 to 8 percent per year.



The EBITA margin was 11.7 percent (10.4). A strong increase in sales combined with good cost control have had a positive impact on the EBITA margin.

DIVIDENDS

Byggmax Group must distribute at least 50 percent of net profit, taking into account the financial position.

39%

The Board of Directors proposes a dividend of SEK 4 per share for the 2021 financial year. In addition to the proposed dividend, Byggmax Group has repurchased shares for a capital amount of SEK 200 million.

NET DEBT/EBITDA*

Net debt/EBITDA should be no more than 2.5x.

0.8x

The ratio of net debt to EBITDA must be less than 2.5 times. Investments are planned taking into account the financial position, cash flow and strategic activities. Excluding the impact of IFRS 16, net debt to EBITDA was 0.8 times (0.4).

*excl. IFRS16, EBITDA rolling 12 months

SUSTAINABILITY

CO₂ emissions from freight transport must be reduced by 70 percent* by 2030.

-41%

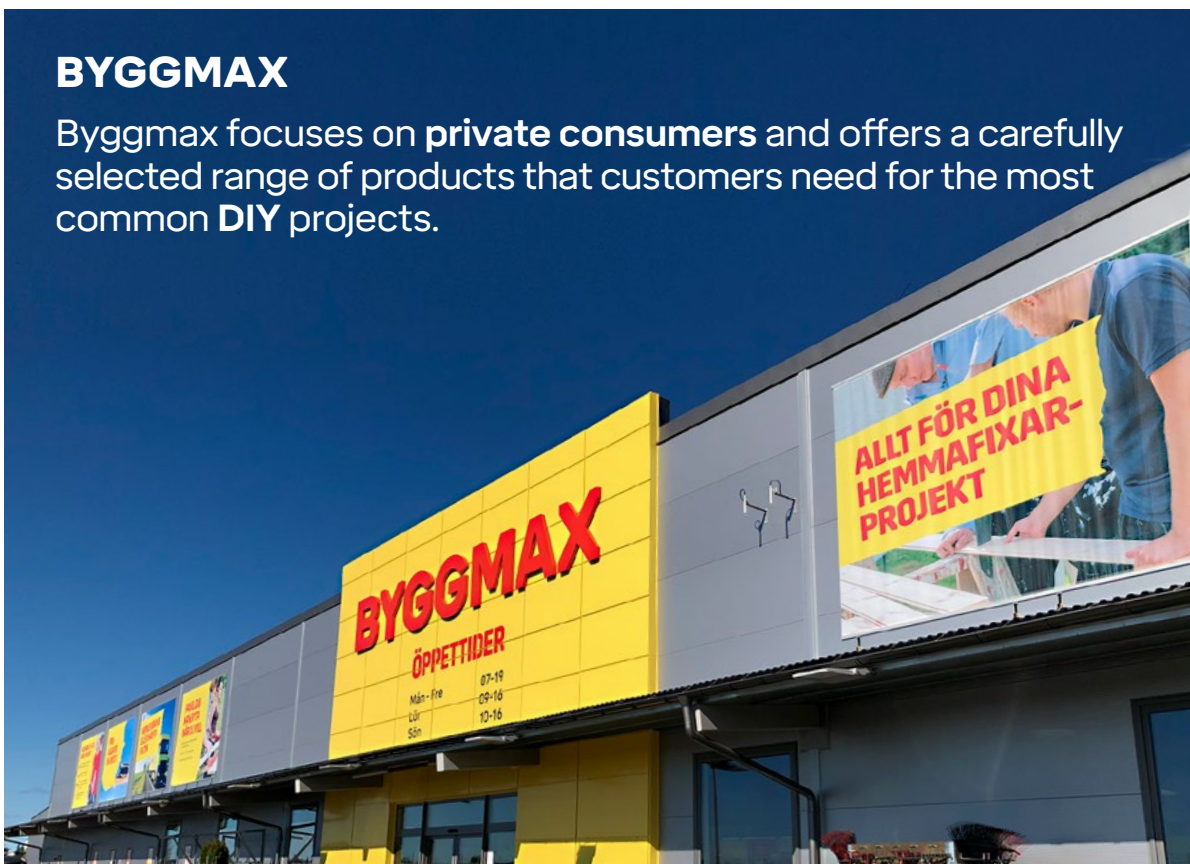
Emissions generated by freight transport were reduced by 12 percent per ton of goods transported in 2021. The overall decrease compared with the 2010 level is minus 41%.

*per ton and km, compared with 2010 level

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

Byggmax offers the most important DIY products at the lowest possible price and provides 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. At the end of 2021, the Byggmax segment had 192 stores in Sweden, Norway, Finland and Denmark, of which 10 were opened and 16 were acquired during 2021.

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 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's online operation, which is now a natural and growing part of the business. This is where customers will find over 50,000 products for construction, home and garden.

We have invested heavily in our online sales operation in recent years, and in 2021 sales increased by 26 percent compared with the previous year. The increase is partly driven by the pandemic, which saw people spending more time at home, but also by the promotional activities we carried out. Today, customers can choose to get the items they have purchased online delivered at home by low-price standard delivery, express delivery or the flex option where customers choose the day the delivery arrives.

Today's customers move seamlessly between online shopping and stores, and for Byggmax there is also a positive reinforcing link between online shopping and stores. When we open a store in a locality, online shopping from that area grows by an average of 15 percent. Stores are used for home delivery, and in 2021 the 'order online, pick up in store' concept grew twice as fast as home delivery. We therefore believe that there is a positive symbiotic relationship between our stores and our online sales.

MORE MODERN SHOPS

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 – providing clear customer flow, updated communications and a more attractive store environment.

We currently have three store formats, all based on our latest core concept, which we call the '3.0 concept'.

Smaller stores for smaller communities

In order to ensure that as many DIY enthusiasts as possible should have a Byggmax store nearby and be able to realise their home improvement dreams, in 2017 we launched a Byggmax format for smaller towns. The format has a slightly smaller range of products, but it is easy to order online products, which the customer can

pick up at the store or have delivered to their home. There are currently 20 smaller Byggmax stores in total, 5 of which were opened in 2021.

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 sections – as well as a small garden department.

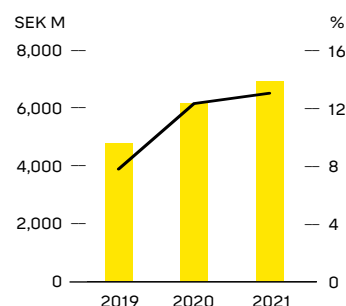
Larger stores for larger communities including Byggmax Trädgård

In 2017, Byggmax launched its new garden concept. The sale of seedlings and soil has been tested in all Byggmax stores and we have noticed that there is plenty of demand – this gives us confidence in the combination of low prices, the drive-in concept and gardening. We developed the concept further during 2021, and Byggmax Trädgård is now accommodated in a larger store format for larger areas.

Our new store format is based on successful elements from earlier concepts. The stores have a standardised design for store communication, interior fittings and display of merchandise. Even though stores may vary in size and design, customers will always recognise a Byggmax store.

All stock is located in the area where sales are made or somewhere directly adjacent to it. 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 our stores tends to only change gradually and marginally from one year to the next, unless we upgrade to a new concept. We are currently working to upgrade all our stores to our 3.0 concept, which is already in place in 123 of our 180 Byggmax stores, i.e. 68 percent.

NET SALES AND EBITDA MARGIN



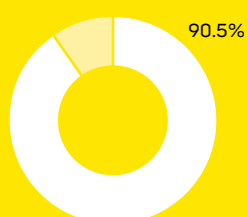


SEK
6.9^{BN}
IN SALES

12
NEW STORES IN
CONNECTION
WITH THE
ACQUISITION
IN NORWAY



PROPORTION OF SALES



ACQUISITION OF
DANISH
**NÆSTVED
LAVPRIS
TRÆ**

4
NEW STORES IN
CONNECTION
WITH THE
ACQUISITION
IN DENMARK



WE MAKE YOUR SHOP VISIT EASIER

We have introduced several different solutions to make shopping in our stores easier. As well as paying at the checkout as before, customers can now use the self-checkout – they scan the goods with a scanner, and pay by card or directly with their mobile phone, in a web portal, without having to have an app or to register. You can also pay from your car, i.e. the customer loads the goods they want, drives up to a staffed point of sale and pays from their car.

A digital map function at the store entrance also makes it possible to find goods in the store quickly.

DIRECTLY-OWNED STORES WITH MANAGERS WHO COLLABORATE WITH ONE ANOTHER

Byggmax operates all its stores under its own management, which enables it to have effective control of its store concept. By the end of 2021, Byggmax had a total

of 192 stores – 123 in Sweden, 56 in Norway, 9 in Finland and 4 in Denmark.

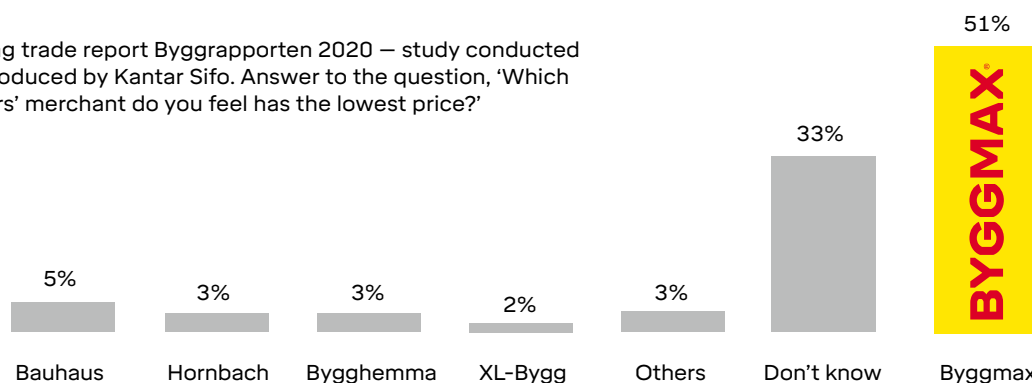
The performance of store managers is measured by key performance indicators (KPIs), which they are able to influence directly to a significant degree. The store managers compare their performance with stores generating similar sales and exchange experiences to meet their KPIs. This is at the heart of Byggmax's core values – we help one another, which benefits everyone.

PRICING

Byggmax's pricing strategy is based primarily on offering goods at competitive prices. 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 from a competitor at a lower price will pay the lower price – plus a 10-percent discount on the difference.

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?'





PURCHASING AND PRODUCT STRATEGY

Byggmax purchases goods from more than 400 selected suppliers. Of these, about 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 one particular supplier has 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 and costs, and to buy items in at lower prices. The proportion delivered via the distribution centres has increased in recent years.

THE DANISH ACQUISITION NÆSTVED LAVPRIS TRÆ

In January 2021, we set up in the Danish market through the acquisition of Næstved Lavpris Træ A/S ('NLT'), an owner-operated low-price concept in the DIY sector with four stores on Zealand. Like Byggmax, NLT focuses on building materials, such as wood, stone, paint and tools, and sells mainly to consumers. The overlap with Byggmax in terms of product categories and suppliers is considerable, providing good opportunities for synergies. Byggmax will be able to supply the Danish market through its current supply chain and warehouse structure.

ACQUISITION OF RIGHT PRICE TILES IN NORWAY

In August 2021, we acquired the Contera Group in Norway, the owner of Right Price Tiles ('RPT'), a Norwegian owner-operated low-price concept focused on modern tiles, clinker bricks and accessories. RPT has a

long history of profitable organic growth, and we added 12 directly-owned stores (plus two franchise stores) and a small, fast-growing online business. The acquisition gives Byggmax access to a leading own-brand product portfolio and in-depth expertise in tiles and clinker bricks, which Byggmax will use for continued growth under its own brand.

RPT's product offering is based on modern designed tiles, clinker bricks and accessories, with additional sales in bathrooms and flooring. Like Byggmax, Right Price Tiles offers quality products at the best possible price – and the same price for everyone. The tile and clinker brick portfolio is broadly complementary to Byggmax's current offering.

SETTING UP IN DENMARK

Establishing an operation in Denmark means that Byggmax now has a presence in all four Nordic countries and a foothold for further expansion.

Our expectations have been met during the year as to how good a fit NLT would be with the Byggmax concept, and NLT stores have increased the proportion of ranges from the Byggmax supply chain. Overall, the Danish business has developed extremely well, with both strong online growth and good profitability, and we look forward to further expansion in the Danish market.

SKÅNSKA BYGGVAROR

Skånska Byggvaror is a leading Nordic online trading company experiencing strong growth. The products for home and garden include its own design and production as well as carefully selected suppliers in areas such as conservatories, greenhouses, bathroom interiors, tiles, clinker bricks, windows and doors.

ATTRACTIVE RANGE OF PRODUCTS

Skånska Byggvaror attracts new customers every year with an attractive range of products for the home, both externally and internally. With in-house product development, in-house production and carefully selected suppliers, we offer an attractive range that mixes external suppliers with our own brands. 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 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 often interact several times between the different sales channels: showroom, online and advice over the phone. Skånska Byggvaror currently has 12 showrooms 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 2021, the company also established a presence in the Finnish market by setting up an online operation under its own brand Nordrum and at the end of 2021 opened the first showroom in Finland in Vantaa outside Helsinki.

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.

STRONG VALUE CHAIN

Skånska Byggvaror has internal product development, production and processing in its own factory in Ängelholm, and its own warehousing and delivery to customers, including 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

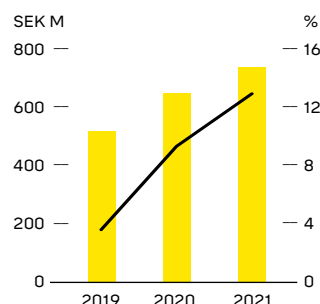
In 2021, the company has continued to implement its strategic plan while capturing the high demand generated during the Covid-19 pandemic. This, combined with our operational strength, has generated a strong result, despite challenges in the supply chain.

CONTINUED GROWTH

Skånska Byggvaror continues to focus on profitable growth through:

- broader development of products and lines to renew and expand the range,
- stronger customer relationships and a safer buying journey for the customer,
- continued opening of new stores and growth in the other Nordic markets,
- continuous streamlining of distribution and manufacturing.

NET SALES AND EBITDA MARGIN

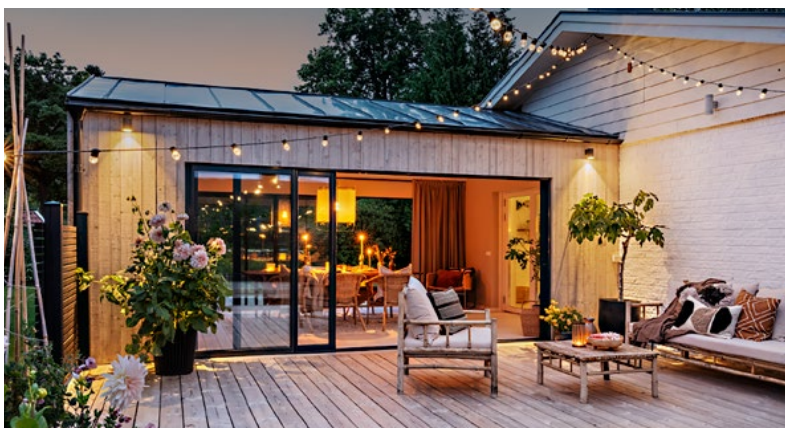




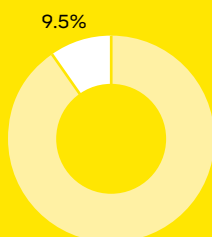
SkånskaByggvaror.se®

**SEK
729_M
IN SALES**

**TOTAL
12
SHOWROOMS**



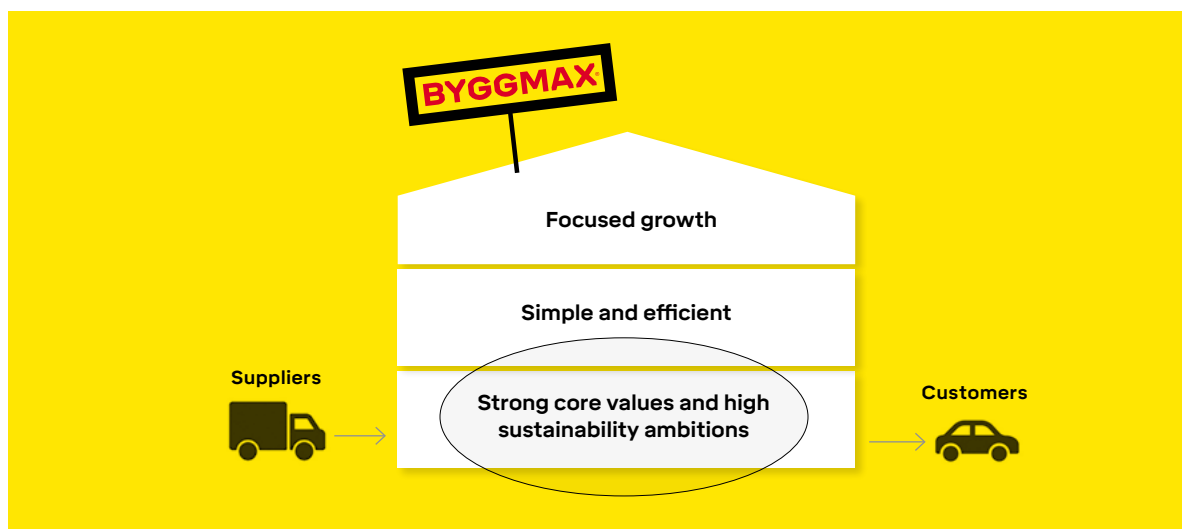
PROPORTION OF SALES



In 2021, Skånska Byggvaror set up operations in
FINLAND
UNDER THE TRADEMARK
NORDRUM

SUSTAINABILITY REPORT

Byggmax Group is part of the community, and it is important that we contribute to a long-term sustainable trend. This is why we work systematically to enhance the positive impact we have and minimise our negative impact. Our business model, which underpins – but is also supported by – all our sustainability work, is to sell a carefully selected range of the most important DIY products at the lowest possible price.



SUSTAINABILITY HIGHLIGHTS OF THE YEAR

2021 continued to be affected by the Covid-19 pandemic. The Group complies with all guidelines issued by public authorities to help control the spread of infection and out of concern for employees, customers, suppliers and other contacts.

Sustainability efforts in 2021 were characterised by a transition to measuring scopes 1, 2 and 3 in line with the Greenhouse Gas Protocol (GHG) guidelines.

What we achieved during the year was that almost 50 percent of our fork lifts are now electrically powered. The goal is 100 percent by 2025.

We also worked hard during the year to create a good overview of what we can do to get control of our own emissions.

SCOPE OF THE REPORT

Our sustainability reporting¹ covers the entire impact of Byggmax Group in the focus area 'Climate'. The other focus areas are calculated on the basis of the Byggmax segment, which is the Group's main segment, accounting for 90.6 percent of the Group's turnover. We have calculated the Danish business in proportion to the Swedish business, based on store and turnover. Right Price Tiles is not included as the acquisition was completed in the autumn of 2021.

We monitor and measure certain objectives, and these are determined by what our stakeholders consider to be key areas. We establish these by maintaining a continual dialogue with our stakeholders (see page 25).

MATERIAL RISKS IN SUSTAINABILITY

We have identified three specific risks in the sustainability area:

- a) Corruption – the risk of employees fuelling or contributing to corruption. The company has specific instructions to clarify how employees in sensitive roles may and may not act. There are also attestation regulations that make corruption more difficult. In 2021, no cases were detected.
- b) Threats to safety and health – employee surveys are conducted regularly on at least an annual basis and sometimes with greater frequency. We also take systematic work environment management measures to prevent risks and follow up on incidents.
- c) Negative environmental impact – greenhouse gas emissions are a risk to the long-term development of Byggmax Group. There are risks associated with our supply of wood-based products, as ecosystems risk coming under more stress in a warming world. Furthermore, there is a risk that current forest management will have to change to focus on the climate services provided by forests. Based on this and other factors, we have chosen to make climate change our most important sustainability goal. We are also active in the public debate and with suppliers to change forestry towards a more sustainable approach being taken. Buying timber products that are produced in a sustainable way is an important priority for us in both the long and short term. Read more about the Group's risks on pages 44–45.

1) The Sustainability Report on pages 24–39 is included in the Annual Report. The business model and sustainability framework are presented on pages 11–12 and 24–27. Read about the five focus areas: Climate on pages 28–31, Purchasing on pages 32–33, Social Aspects on pages 34–36, Circularity on pages 37–38 and Sustainable Construction on page 39. Human rights and Anti-corruption are covered on page 27.

STAKEHOLDERS AND THEIR ENGAGEMENT

Byggmax Group has regular contact with a number of stakeholders, the most important of whom are customers, suppliers, employees, shareholders and politicians. A description follows of how we communicate with key stakeholders.

Stakeholders	How dialogue takes place	Key issues
Customers	We communicate through advertising and our website, as well as through our customer service and store employees. This communication takes place on a daily basis. We conduct regular customer satisfaction surveys in Sweden and Norway. The 2020 Customer Satisfaction Index measurement in Norway came out at 82, and the year's measurement in Sweden came out at 81 (81). Customer satisfaction was not measured in Norway, Denmark or Finland in 2021.	Product quality, price and environmental impact. Employment and working conditions in our company and its suppliers, and our environmental impact.
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, mostly with regard to product features and collaboration agreements. The goal is for all suppliers to have signed the Code, and as at 31 December 2021 we had achieved 100 (98) percent.	Our stability and size as a customer.
Employees	We communicate via the intranet, through the management structure of the company and through training. This communication takes place on a daily basis. Furthermore, since 2011 we have carried out regular employee surveys, which produce an engagement index – of enormous importance to us – that is stable at around 80 out of a maximum of 100. The employee survey that was carried out in 2021 resulted in an index of 82 (80). Much of the increase is attributed to the fact that we improved management communications during the pandemic.	Our stability and attractiveness as an employer. Employment conditions and terms of employment.
Shareholders	We communicate with our shareholders 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.	Future dividends from the Group and a sustainable enterprise. Our employment conditions and terms of employment, and those of our suppliers.
Politicians	The company has relatively limited contact with political organisations and spokespeople. The company is a member of a European collaboration, EDRA, which has contacts at EU level. The Group participates in EDRA's two to four meetings per year.	Our stability as an employer and our contribution to society as a whole together with our environmental impact.



OUR FIVE FOCUS AREAS

In 2019, the Group developed a sustainability strategy that aims to identify the most significant areas in terms of our sustainability efforts for Byggmax Group. 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.

Based on the stakeholder dialogue, the materiality analysis, the 2019 strategy work and the UN's Sustainable Development Goals, we have identified five focus areas around which to build our sustainability work.

- Climate
- Purchasing
- Social Aspects
- Circularity
- Sustainable Construction

We have identified KPIs for each area, which we monitor regularly. We have also selected which of the UN's Sustainable Development Goals (SDGs) are relevant to each focus area. Below we give a brief description of each focus area, and where it fits into our circle of influence (see page 27).

Climate

The Group is constantly working to better understand our direct and indirect impact on climate in order to be able to reduce it. Last year, we divided the Group's environmental impact 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.

This year we have moved to divide the focus area into scopes 1, 2, 3a and 3b. Read about the Climate focus area and the definition of the three scopes on pages 28–31.

Purchasing

Byggmax Group strives to ensure a sustainable value chain from source to store. For us, sustainable sourcing is about the products, the supplier base and our proximity to them. One tool is our Code of Conduct, which our suppliers abide by.

Read more about the Purchasing focus area on page 32–33.

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. We want to be a good employer that offers good development opportunities. By being geographically spread out in the

markets where we operate, we also help to create jobs where they are in short supply. 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 participate in various employment measures designed to promote employment in the community.

Read more about the Social Aspects focus area on pages 34–36.

Circularity

We strive to improve our operations by working with partners to establish a more circular business model and reduce overall use of resources so as to have a positive impact on people and nature. By producing new goods from waste or recycled materials and reducing the flow of goods going to recycling or landfill, we reduce overall pressure on the environment.

Read more about this focus area on pages 37–38.

Sustainable Construction

We enable sustainable living by inspiring and educating people about sustainable DIY and by offering products and services that are better for the environment and the climate. One such initiative is that we recommend and facilitate climate-friendly construction in timber. As wood captures carbon dioxide, from a sustainability perspective it is better for society. We also offer a range of products with an eco-label. Our products and services contribute towards everyone in society refurbishing and maintaining their homes so that they last longer. Generally speaking, if we maintain, renovate and make improvements, we create a home with a long lifespan.

Read more about the Sustainable Construction focus area on page 39.

GOVERNANCE

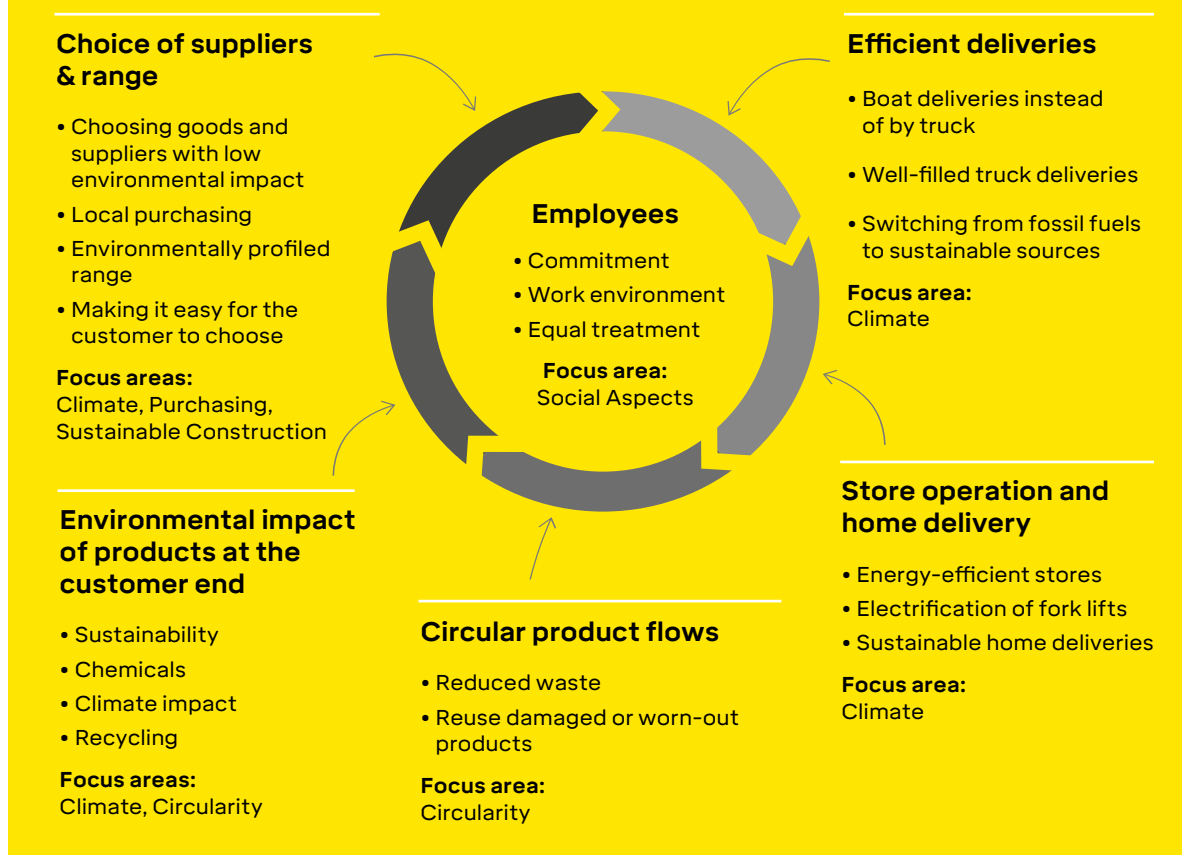
The Board of Directors establishes group-wide policies on an annual basis and has ultimate responsibility for sustainability efforts. The Group has several governing documents set out as policies and guidelines. These are

GOVERNING DOCUMENTS AND TOOLS

- Environmental policy
- Code of Conduct (suppliers and employees)
- Ethical guidelines
- Work environment policy
- Diversity and gender equality policy

OUR IMPACT FOR LONG-TERM SUSTAINABLE DEVELOPMENT

Byggmax Group value chain shows how our business generates value at its various stages. Here we have also highlighted where we focus our sustainability efforts, and where the five focus areas are relevant.



to provide guidance to operations, support an efficient way of working, and manage the Group's identified risks by means of ongoing monitoring. The policies that govern our sustainability efforts are the Environmental Policy, Code of Conduct for Suppliers and Employees, Ethical Guidelines, Work Environment Policy and the Diversity and Gender Equality Policy. The Environmental Policy and Ethical Guidelines are included in employee role descriptions and the Code of Conduct is signed by all employees. The Work Environment Policy and the Diversity Policy are available to all employees in our staff handbook and are part of our mandatory induction training for new employees.

HUMAN RIGHTS AND ANTI-CORRUPTION

Byggmax 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, which requires them to respect human rights. As at 31 December 2021, 100 (98) percent of our suppliers had signed up to our Code of Conduct. Read more about the Group's approach to human rights on page 36. We educate our employees as to what our policies involve, and thus lay the ground for operations that are free from corruption.

Read more about how the Group manages anti-corruption and other issues on page 36. The policy document in its entirety is available at byggmax.se.

CLIMATE



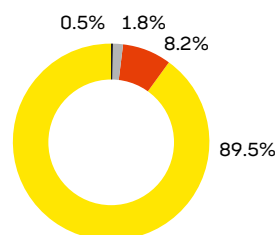
Climate impact is Byggmax's highest priority area within its sustainability strategy. We intend to be a positive force by actively minimising our own emissions, influencing suppliers in a climate neutral direction and launching initiatives to create climate benefits around our overall business.

The key issues in this area are our products and our own environmental impact. The Group's total climate impact in 2021 was just over 225 kilotons of CO₂e.

This year we have moved to dividing climate emissions into four parts:

- Scope 1 – emissions from our own operations
- Scope 2 – indirect emissions from purchased electricity and heat
- Scope 3a – emissions generated by transport from supplier to store
- Scope 3b – all other emissions – upstream and downstream

BREAKDOWN OF CO₂E BETWEEN SCOPES 1, 2, 3A AND 3B



■ Scope 1 ■ Scope 2 ■ Scope 3a ■ Scope 3b

Total CO₂e emissions in scope 1, 2, 3a and 3b were just over 225 kilotons.

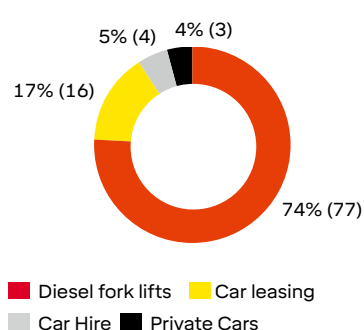


SCOPE 1 – EMISSIONS FROM OUR OWN OPERATIONS

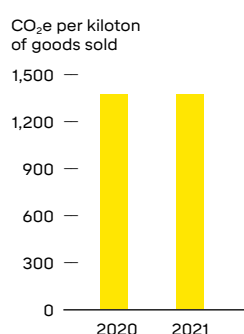
Scope 1 includes all emissions generated directly in the company's own operations. For Byggmax Group, this mainly concerns diesel emissions from fork lifts in stores and car transport. Since 2017, a programme has been underway to replace all fork lifts with electrically

powered fork lifts. As at 31 December 2021, almost half of all fork lifts are electrified, and we expect to be fully electrified by 2025 at the latest. In the bar chart below, we see that the amount of CO₂ equivalents per kiloton of goods sold is basically unchanged between 2020 and 2021. We expect the electrification of vehicles to reduce Scope 1 emissions in the coming years.

SCOPE 1 – BREAKDOWN CO₂e



SCOPE 1 – EMISSIONS



PROPORTION ELECTRIC FORK LIFT

48%

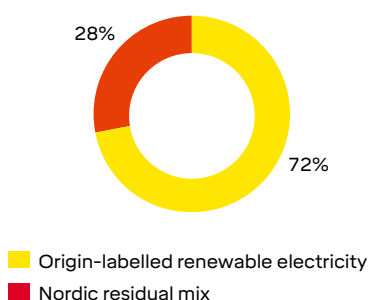
The goal is to achieve 100% electric fork lifts in stores by 2025.

SCOPE 2 – INDIRECT EMISSIONS FROM PURCHASED ELECTRICITY AND HEAT

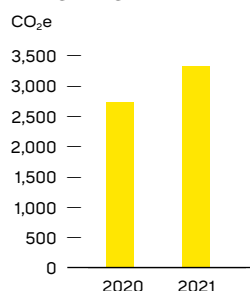
Scope 2 includes all emissions generated from purchased electricity and heat. Byggmax buys renewable, origin-labelled electricity from all suppliers where we have electricity contracts ourselves, which accounts for 72% of stores. In a small number of stores, we buy electricity as part of our lease agreements. A review of this electricity is ongoing. Some stores are connected to district heating – again reviews are ongoing, broken down into each individual property. As for the other companies in the Group, we are expecting the same breakdown as for the Byggmax segment.

Since we currently know nothing about the origin of the energy we buy from our landlords, we calculate an emission factor based on the Nordic residual mix. The bar chart below shows emissions from all the Group's purchased electricity and heat. Since 72 per cent of the total comes from origin-marked renewable electricity, we know that quotient emits virtually nothing at all. Thus, the bars represent the emissions generated by the remaining 28 percent. The increase is due to elements such as the fact that the Group had more stores in 2021 than it had in 2020, and 2021 was colder than the previous year.

ORIGIN OF ELECTRICITY CONSUMPTION



SCOPE 2 – INDIRECT EMISSIONS GENERATED BY PURCHASED ELECTRICITY AND HEAT



PROPORTION RENEWABLE ELECTRICITY

72%
of electricity consumption is renewable

SCOPE 3A – EMISSIONS GENERATED BY TRANSPORT FROM SUPPLIER TO STORE

Scope 3a includes all emissions generated by transport from suppliers' point of delivery to Byggmax Group stores and end customers – including transport via central warehouses. Bulk ship, container, truck transport and home delivery by crane trucks are included in the figures. Byggmax has been actively monitoring and working with this data since 2009; it thus has long series of measurements to look at and has the trend in these emissions well in hand.

Efficient logistics solutions are a key factor in reducing climate impact. This includes the choice of means of transport, the degree of replenishment of deliveries and choosing local suppliers of goods where possible.

By running deliveries through our central warehouses, we have an opportunity to maximise the fill rate of vehicles for in-store replenishment. During the year, we also replaced some 2,400 long-distance truck transports with sea transport. This, combined with local supply, has been a contributing factor to efficient flows of goods that have progressively reduced our environmental impact.

Measuring methods for the environmental impact of transport

Calculations of emissions include Byggmax, Skånska Byggarvaror and Næstved Lavpris Træ. The emissions calculations exclude certain goods flows that represent a small proportion of the Group's total goods transport.

This year, home delivery transport from stores is included in our reporting. It constitutes a small part of the total transport carbon footprint but is a flow that is growing and becoming a larger part of our total freight transport year on year.

The year's CO₂ emissions

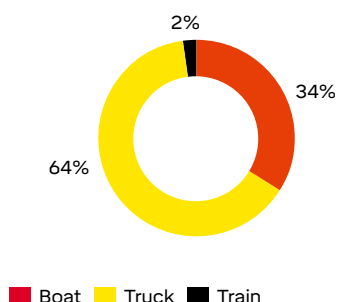
We reduced our emissions by 12 percent per transported ton of goods. This improvement is largely due to the fact that we have been able to do the calculations on a better basis for emission factors. Swedish truck transport emits less carbon dioxide equivalent per ton transported than the European average, and this year we have taken this into account. This difference is largely due to the Swedish reduction obligation* for petrol and diesel and the fact that trucks in Sweden, Norway and Finland load more tons than trucks on the Continent. Excluding this effect, emissions have decreased by about 3 percent during the year.

In addition to this, a larger proportion (4 percent) of goods were transported by boat, which made a positive contribution to reducing our CO₂ emissions per ton of goods transported. This year, rail transport is also included, accounting for 2 percent of total transport. Absolute emissions have fallen by 13 percent compared with 2010. Byggmax Group's goal, which is in line with Sweden's domestic transport goal, is to reduce carbon dioxide emissions per ton of goods transported by 70 percent by 2030 compared with 2010. Since 2010, we have reduced emissions by 41 percent.

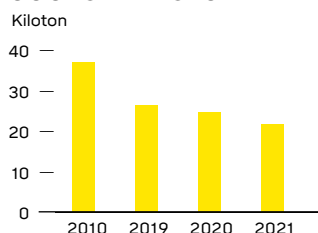
Kiloton CO ₂ e	2021	2020	2019	2010
Total emissions from Scope 3A	18.4	21.1	16.9	15.3

*The reduction obligation for petrol and diesel was introduced on 1 July 2018. It involves blending biofuels into petrol and diesel to reduce carbon dioxide emissions.

TRANSPORT WORK, KILOMETRE-TONS



CO₂E EMISSIONS PER TON OF GOODS TRANSPORTED



The reduction is due to efficient logistics solutions, maximised fill rates, the reduction obligation, more efficient engines, and choosing local suppliers.

SCOPE 3A IMPACT

-41%
Kilotons CO₂e per ton of goods transported

The goal is a 70% reduction by 2030 compared with 2010.

SCOPE 3B – ALL OTHER EMISSIONS – UPSTREAM AND DOWNSTREAM

Scope 3b includes all CO₂e emissions from operations not covered in the previous scopes. In practice, it covers:

- goods and services purchased,
- use of goods and services sold,
- waste from operations,
- business travel and commuting,
- capital goods (investments in stores).

Goods and services purchased

Of the emissions of CO₂e under scope 3b, 93 percent consist of emissions from the production of the goods we buy from our suppliers, while the use of products sold accounts for about 5 percent of emissions.

Byggmax Group's range includes many products with a high climate impact, such as cement and steel. However, the majority of our range is made up of wood-based products which, although they capture and store carbon in the finished product, contribute to a negative climate impact from a total system perspective. Byggmax Group has some, albeit limited, ability to influence emissions from these industries. In Sweden, the national roadmaps describe how each such sector is to contribute to the national climate neutrality goals. The Group is in discussions with all major suppliers with a view to encouraging them to make the necessary investments to reduce their carbon footprint.

Use of goods and services sold

Certain products emit CO₂e when the customer uses them, and the product category with the greatest impact is liquefied petroleum gas (LPG).

Capital goods

Investments in stores result in climate-impacting emissions. For example, metal warehouse and store fittings and the purchasing of fork lifts.

Business travel and commuting

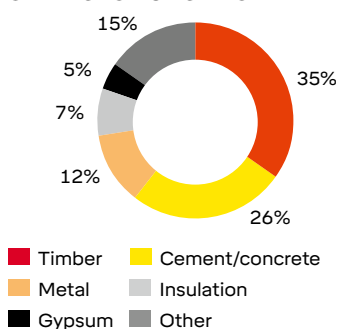
Travel to and from the workplace, and business-related travel. A travel policy is being drawn up.

Waste from operations

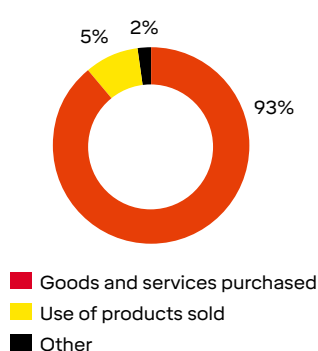
Byggmax is trying to reduce the amount of waste from its operations, especially the part that goes to landfill, i.e. that cannot be reused. Initiatives are also under way to reduce the quantity of products sent for recycling.

Kiloton CO ₂ e	2021	2020
Emissions from the use of products sold	11.1	10.4
Emissions from goods and services purchased	186.6	204.1

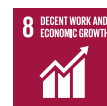
BREAKDOWN OF TONS OF CO₂E BY GOODS AND SERVICES PURCHASED



SCOPE 3B – BREAKDOWN OF CO₂e EMISSIONS



PURCHASING



Byggmax Group strives to have a responsible supply chain from source to store. For us, sustainable sourcing is about the products, the supplier base and our proximity to them.

In 2021, Byggmax Group purchased goods worth more than SEK 5 billion. The most important changes we made during the year in terms of purchasing were to carry out more in-depth inspections of high-risk suppliers – suppliers outside the EU/EFTA. In 2021, 16 in-depth inspections were carried out.

WOOD PRODUCTS AND ENVIRONMENTAL CONSIDERATIONS

Wood products account for more than half of the Group's purchasing. There are many certification schemes in the world, dealing with different types of wood. The two most common are PEFC and FSC. Wood products labelled with these certificates of origin show that the raw material has been harvested from forests that strive to maintain a good balance between sustainable wood production and environmental and social concerns, i.e. forest management that takes into account people and the environment. More than 55 (52) percent of the timber we buy and 56 percent of the flooring we sell is FSC/PEFC certified.

Forestry debate

Recently, the debate on the advantages and disadvantages of different forestry practices has intensified. Some argue that the highly productive tract farming that makes up the majority of forestry in the Nordic countries is the best option for the climate. Others argue that there are additional values to be considered including biodiversity, carbon capture and storage from a systems perspective, and aesthetic and recreational values associated with forests. From a climate perspective, there are researchers who represent both camps, i.e. some argue that traditional forestry (clearcutting) is the best for the climate, while others argue that what is known as continuous forestry is better for total carbon capture and storage, where the soil, the trees and the end products are all taken into account. Today, a proportion of a few percent of managed forests in Sweden and Norway are managed on continuous forestry principles. In Finland, the proportion is slightly higher.

Byggmax Group's approach

Our position is that it would be positive to increase the proportion of forests managed by continuous forestry. We want to contribute to an increase in the proportion

of forests free of coppice and see several benefits for society: forests contribute even more to capturing and storing carbon dioxide, biodiversity increases, and the quality of life in local communities increases when forests are suitable for recreational purposes. In continuous forestry, a higher proportion of heavy wood is harvested and used for timber, and the thin wood is left to grow. We believe that it is positive from a climate perspective that a greater proportion of harvested wood is turned into longer lasting products such as building wood. The Group has begun to promote its position in the debate and intends to do so even more in the future.

STEEL, CONCRETE AND GYPSUM

As for the other categories of purchasing, steel, concrete and gypsum are the ones with the highest climate impact. To reduce emissions from these, it is important that the national roadmaps achieve their targets. Society needs to invest in electrification and new technology in order to succeed. We are committed to the transformation of society and are ready to contribute to it in whichever way we can. As regards gypsum, during the year we have moved to buying a significantly larger proportion in the markets where we operate. We want to continue our efforts to buy as much as possible locally in the markets where we operate.

STRINGENT REQUIREMENTS TO BE MET BY SUPPLIERS

Byggmax Group sets high standards for its 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, which covers working conditions, human rights and social responsibility. As at 31 December 2021, 100 percent of suppliers had signed Byggmax Group's Code of Conduct. We monitor suppliers' sustainability performance through annual supplier meetings. A supplier who does not comply is given a certain amount of time to rectify the situation. If this does not happen, despite repeated reminders, the collaboration is terminated.

CODE OF CONDUCT

100%

**of our suppliers
have signed the
Byggmax Group
Code of Conduct**

The goal is 100%



LOCAL SOURCING

Byggmax strives to buy goods locally, as close to the stores as possible. By buying locally, we reduce the use of resources for transport, thereby reducing our environmental impact and contributing to strong and vibrant local communities. Around 60 percent of our purchasing is done in the market where we operate. The purchases we make contribute to thousands of jobs and hundreds of millions in tax revenue in the markets where we also operate our stores.

SUPPLIER RISK

According to our standard, we consider all direct suppliers located outside the EU/EFTA to constitute a supplier

risk. In 2018, a way of working was developed to carry out checks on suppliers' attitude to and compliance with our Code of Conduct. In 2021, we carried out a structured review and verification of suppliers. This has led to more in-depth checks, 16 in total. One supplier received a warning, and we decided to refrain from starting a collaboration with another.

BYGGMAX GROUP ADVOCACY WORK

Byggmax Group is a member of the European DIY Retailer Association (EDRA). This organisation enables us to participate in discussions with politicians at EU level, which has been particularly relevant in the context of the Covid-19 pandemic.

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. This includes how we work to ensure that our employees enjoy their work, are injury-free and are provided with good healthcare. Social aspects also include how we benefit the communities in which we operate by providing jobs, and buying goods locally, as well as how we contribute tax revenue to the municipalities in which we operate.

2021 has been marked by the Covid-19 pandemic and our focus during the year has continued to be the health and safety of our employees and customers in stores. We have supported colleagues who have been working from home with technical support and held more frequent digital briefings for our senior managers. For employees who have been unable to work from home, we have supported them with protective equipment, training and hygiene rules. Despite a challenging year, recruitment has gone well and new staff have been added in both the stores and at the service point. In 2021, an employee survey was conducted for the majority of the Group's employees.

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 jobs indirectly. We buy in goods amounting to just over SEK 5 billion annually. Of these, an estimated 60 percent are purchased in the markets where we operate, which can be expected 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 offer employment to people who need to enter the labour market. We have many young employees who obtained their first job with us.

CONTRIBUTION TO THE TAX BASE

The Group contributes tax revenue to the state and also the municipalities where we operate – indirectly



OUR VALUES

RESPONSIBILITY

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

POSITIVE ATTITUDE

I always choose to see opportunities and solutions. My positive approach enables me to contribute energy to the situation and our customers. Anything is possible!

FUN

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

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.

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 autonomy for our employees have created a motivated organisation

through the taxes and contributions that are paid by our employees.

STRONG CORE VALUES

Our strong corporate culture and values are a prerequisite 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 shoulder 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 introduced as early as the recruitment stage for new employees and are also included in management training. We regularly reflect these core values in our daily work through activities and conversations throughout the business – in the stores, at the service point 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

Byggmax Group has a resource-efficient organisational structure where most business activities are managed centrally. Aside from the sales force, which is based primarily in the stores, most business processes including online shopping are managed from the service point 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 Byggmax Group.

Store operations are organised around two main areas of responsibility: regional and store management. Regional managers are responsible for the management, operation and financial performance of a number of stores in a specific region and for identifying new locations for additional outlets. Here they are also supported by our expansion department and our establish-

ment team. In 2021, there were 14 regional managers in Sweden, Norway and Finland, and three country managers who support the regional managers and work strategically on development issues. Skånska Bygghvaror's sales are organised through nine managers who run the day-to-day operations of their showrooms located in Sweden, Norway and Finland, supported by three regional managers who are responsible for management, operations and results. Right Price Tiles is organised through 12 store managers, who manage day-to-day operations, and a country manager.

MOTIVATED AND COMMITTED EMPLOYEES

During 2021, Byggmax Group had an average of 1,370 (1,212) 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.

Clearly defined areas of responsibility and a relatively high degree of autonomy for our employees have created a motivated organisation that shows a high engagement index, 82 against the benchmark of 80 in the 2021 measurement. Work attendance relative to normal working hours was 94 (93) percent during the year for Byggmax, 96 (97) percent for Skånska Bygghvaror and 94 percent for Right Price Tiles.

The Group receives grants for certain employees who are participating in various state-funded employment measures intended to promote employment in the community. The total amount received in terms of such grants amounted to SEK 11.4 M (8.6).

SYSTEMATIC WORK ENVIRONMENT MANAGEMENT

Since 2008, Byggmax Group has had an extensive systematic work environment management system, in which all accidents and incidents ('near misses') are reported according to a unified standard and then followed up.

In the 2021 financial year, the breakdown of reported work injuries was as shown in the table on the next page.

1) The figure of 80 is our benchmark and is based on the results of some 670,000 responses from 284 Nordic and international organisations in various sectors.

Out of 39 (34) personal injuries, 14 (9) were to women and 25 (25) were to men.

For a few years now, we have made it clear how important it is to report incidents and accidents as part of our systematic work environment management, and this has given us a better overview and enabled us to act proactively. We have also had a clearer training scheme for our store managers as regards the work environment. We have had a few more injuries compared with last year, and it is among women that the increase has occurred. This may be due to the fact that we have more women employed this year. However, the number of accidents resulting in sickness absence has decreased and the number of days of absence due to workplace accidents has also decreased.

TRAINING

We train store staff through regular internal training courses in product knowledge, sales and customer service. Most training of store staff takes place digitally in our internal training system. Management training is both internal and external.

EQUAL TREATMENT

The company strongly rejects all forms of discrimination. There are written policies and procedures in place in the form of a Diversity and Gender Equality Policy, Ethical Guidelines, as well as action plans relating to them. All employees have access to these documents via Byggmax's or Skånska Byggvaror's staff handbook. The Diversity and Gender Equality Policy is also published on Byggmax Group's website.

GOVERNANCE, ETHICS AND ANTI-CORRUPTION

The governing documents for the social aspects of the Group's activities are the Work Environment Policy, the Diversity and Gender Equality Policy, and the Ethical Guidelines. The Ethical Guidelines stipulate that our employees must fulfil their obligations in a manner that does not abuse the company's trust. 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 hampers free competition. Employees are informed of the ethical guidelines in their employment contract and in our staff handbook.

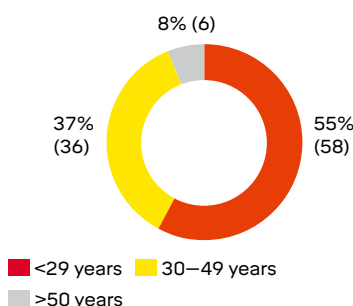
Work-related injuries	2021	2020
Number of personal injuries, employees	39	34
Women	14	9
Men	25	25
Fatalities	–	–
Lost time injury frequency rate	9	11
Total number of days absent (calendar days) due to work-related injuries	167	270
Injury ratio	3.3	2.9
Lost workdays	14.1	22.8

	Staff turnover %	
Gender	2021	2020
Men	23	22
Women	26	26

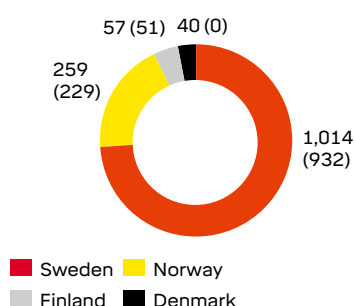
	Staff turnover %	
Age	2021	2020
<30	35	30
30–40	16	19
40–50	15	17
50+	20	14
Total	24	23

The table above shows the staff turnover by age group and gender for permanent positions

AGE DISTRIBUTION OF WORKFORCE



1,370 EMPLOYEES IN FOUR COUNTRIES



EIS, EMPLOYEE ENGAGEMENT

82
an increase from 80 in 2020.

The goal is >80%.

CIRCULARITY



We strive for increased circularity to reduce overall resource use. By producing new goods from waste or recycled materials and reducing the flow of goods going to recycling or landfill, we reduce overall pressure on the environment. We welcome suppliers who contribute to circular flows and we intend to contribute to an increased level of circularity ourselves in various ways.

THE YEAR IN SUMMARY

The most important aspects of circularity in the Byggmax Group are to

- reduce the amount of waste
- reduce the amount of packaging
- contribute to increased circularity in the supply chain.

The total amount of waste in the Group in 2021 was approximately 8,000 tons.

In 2021, we launched an initiative to sell second-hand goods instead of sending them for recycling.

REDUCE THE AMOUNT OF WASTE GOING TO RECYCLING

By analysing the quantity of damaged goods sent for recycling, we can conclude that there is potential to reduce the amount by changing ways of working in our stores. Some product types stand out – where we see potential to reduce the amount of return flow. The most important thing is timber – in 2021, Byggmax Group sent 2,400 tons of timber for recycling. Timber sent for recycling is used primarily to create district heating. Wood is a biogenic product, i.e. it does not count as contributing to the greenhouse effect when burned for heat, as the forest is a system that both emits and absorbs CO₂. But obviously a better solution is for wood to be used for long-life building products that lock away CO₂ instead of releasing it into the atmosphere. This is why it is important that we send as little timber as possible for recycling and instead let our customers build with it. The goal is to reduce the proportion of timber going to recycling by 50 percent compared with 2020.

REDUCE THE AMOUNT OF WASTE GOING TO LANDFILL

Waste that cannot be recycled by a process such as incineration, and is buried instead, is called landfill.

Byggmax Group strives to reduce landfill waste to a minimum.

PACKAGING AND PRINTED MATTER

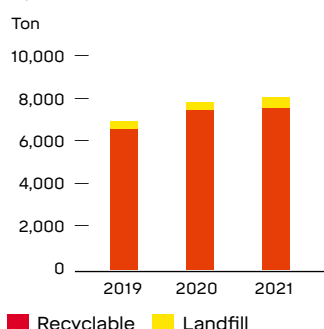
Only a small proportion of the many articles Byggmax sells in its stores have consumer packaging, that is packaging that is sold together with the goods and is taken home by the customer. Otherwise, products have varying types of transport packaging for protection. Transport packaging is recycled in 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.

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. Since paper consumption has decreased dramatically, we no longer consider this component part to be significant, so we do not measure any CPI in packaging.

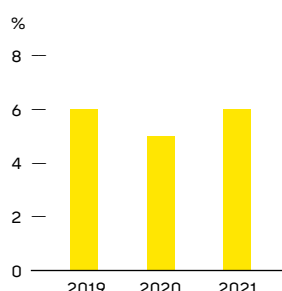
PRODUCER RESPONSIBILITY

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, Byggmax 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 reduce the amount of mixed waste and landfill waste. The total amount of waste per store is equivalent to what it was in 2020.

BREAKDOWN OF WASTE, 8,033 TONS



LANDFILL WASTE AS PROPORTION OF TOTAL WASTE



AMOUNT OF WOOD FOR RECYCLING

+7%
compared with 2020

The goal is a 50% reduction by 2025 compared with 2020.

SUSTAINABLE CONSTRUCTION



For us, sustainable construction is about helping customers to understand how they can build sustainably, but also about providing ranges that have a good environmental profile.

We want to make it easier for consumers to make more sustainable choices when building or renovating. Informing customers about the beneficial environmental profile of products makes it easier for those who want to build sustainably to choose to do so. Sustainability is also an integral part of the process of deciding on what ranges to stock. Each year we make decisions as to how to address sustainability in each product range. This involves choosing a supplier, changing logistics, launching new ranges, removing products from existing ranges, but also communicating more clearly about existing ranges, in order to make things easier for customers.

A CLEAR SUSTAINABILITY STRATEGY

A clear sustainability strategy helps everyone in the organisation to make the right decisions based on their own area of responsibility. Sustainability has thus become an integral part of Byggmax Group's way of working and corporate culture. Timber is one of the Group's most important ranges, and if you ask customers what they associate most with Byggmax Group, this category comes out top of the list. We want the timber we sell to contribute to sustainable forestry. As part of that effort, we buy more than half of our timber with FSC and PEFC certification. The forestry standards promoted by these two organisations go beyond national legislation. The FSC requires at least 5 percent of forests to be covered by what are known as voluntary set-asides, with the aim of increasing biodiversity and further contributing to carbon capture and storage. PEFC, which is currently the most widespread forestry certification scheme in the world, promotes sustainable forestry and was founded with the aim of taking advantage of the conditions of small-scale European family forestry.

USE OF Timber

Byggmax Group contributes to increasing the use of

timber in society, thereby encouraging more sustainable construction. Timber is purchased from Nordic suppliers, whose production is in the Nordic region, and in full loads directly from the sawmills to our stores to minimise the environmental impact. By and large, timber is purchased near the stores where it is sold in order to minimise transport. Byggmax 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.

PRODUCT LABELLING

Environmental labelling and other similar labelling are important for our customers to be able to make informed choices in terms of environmental impact. We have been selling chemical products with different types of eco-labels for many years. Work started in 2019 on the launch of Nordic Eco-label chemical products. As of 31 December 2021, 26 percent of the chemical range were Nordic Eco-labelled.



MOREWOOD – CIRCULAR JOISTS

Byggmax has invested in a start-up company, MoreWood, whose business concept is to use waste from the manufacture of cross-laminated timber building elements. Today, there is industrial production of wood building elements emerging to replace concrete construction, with the aim of reducing the climate impact of the construction industry. Building elements are currently made up in factories, i.e. sawn out for doors and windows. The resulting waste is currently being burned and MoreWood's idea is to use the waste to make new products, such as joists

or stairways. For every m³ of wood raw material used for new construction products instead of energy recovery, about three tons of CO₂ are saved.

POTENTIAL TO CREATE MAJOR CLIMATE BENEFITS

MoreWood's production of circular wood products has the potential to create climate benefits equivalent to large parts of Byggmax Group's own impact, and their products will be FSC-recycled. Byggmax's investment in MoreWood will contribute to lower carbon emissions for both



CLT, Cross-Laminated Timber, consists of solid wood panels built up by gluing together layer upon layer of planed and strength-graded boards of timber from environmentally certified Swedish forests.

Byggmax and others, and we intend to sell these joists in our stores. MoreWood's production is scheduled to start in 2022.

EU TAXONOMY REGULATION

The EU Taxonomy Regulation came into force in 2021. At present, Byggmax Group has no economic activities covered by the Taxonomy Regulation as the sector in which Byggmax Group operates is not included in the current implementation phase.

The Taxonomy Regulation is an important part of the European Commission's action plan to redirect capital flows towards a more sustainable economy. It represents an important step towards achieving carbon neutrality by 2050 in line with the EU's climate targets as the taxonomy is a classification system for environmentally sustainable activities.

Byggmax Group is subject to the reporting requirements of the Annual Accounts Act in line with the Taxonomy Regulation as a non-financial corporation. According to Article 8 of the Taxonomy Regulation, companies covered by the Non-Financial Reporting Directive (NFRD) should report on how and to what extent their business is associated with activities that are considered to be environmentally sustainable according to the technical review criteria. The technical review criteria have so far been defined in line with the environmental objectives 'Mitigation of climate change' and 'Adaptation to climate change'. Article 8 requires non-financial corporations to provide information on the share of their turnover, capital expenditure and operating expenditure covered by the activities included in the Taxonomy for the financial year 2021. The Regulation must be fully applied by companies covered by the NFRD as from 1 January 2022: they must then state, for

the next financial year, the proportion of their turnover, capital expenditure and operating expenditure that falls within the Taxonomy and thus meets the technical review criteria set out in Annexes 1 and 2 of the delegated acts of the Taxonomy Regulation.

Byggmax Group's products and services (described on page 14) are excluded from the Taxonomy and the proportion of applicable turnover is therefore 0 percent. Byggmax Group's total turnover amounts to SEK 7.6 billion for 2021.

Total capital expenditure consists of the year's investments in tangible and intangible fixed assets (excluding goodwill), which are shown in notes 14, 15 and 16 on pages 82 to 85 of the Annual Report. Total operating expenses consist of expenses incurred for short-term leases, maintenance and repairs, and other direct expenses related to the day-to-day maintenance of property, plant and equipment. In 2021, there is no capital or operating expenditure covered by the Taxonomy, so the proportion of capital and operating expenditure to which the Taxonomy applies is estimated at 0 percent.

Assessments and interpretations of the Taxonomy have been made based on information available as at January 2022.

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 2021 on pages 24-39 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 22, 2022

Öhrlings PricewaterhouseCoopers AB

Cesar Moré

Authorised Public Accountant

SHARE INFORMATION

Byggmax Group's share was listed on Nasdaq OMX Stockholm on 2 June 2010 and is traded on the Mid Cap list.

TRADING IN THE SHARE AND SHARE PRICE TREND IN 2021

The closing price on 31 December 2021 was SEK 89.55, giving a market capitalisation for Byggmax Group of SEK 5,462 million. The highest price quoted during the financial year was SEK 92.25 and the lowest price was SEK 49.56. In 2021, approximately 58 percent of trading in Byggmax Group's share was on Nasdaq OMX Stockholm. Over-the-counter (OTC) trading accounted for 29 percent. OTC trading is subsequently reported to Boat xoff and the Stockholm Stock Exchange, among others, for registration. For the 2021 period, the standard deviation of the share price was 2.31 percent and the Beta 0.91 against the OMX Stockholm All Share index.

SHARE CAPITAL

The share capital in Byggmax Group AB (publ) amounted to SEK 20,333,015 divided among 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 as at 31 December 2021 was 29,875 (21,282). The ten largest shareholders owned shares corresponding to 43.5 percent of the votes and 41.8 percent of the capital in the company. The proportion of non-Swedish share ownership was 44 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 made available via the Group's website. It is possible to subscribe to financial reports online.

INCENTIVE SCHEMES

The 2019 and 2021 AGMs resolved to introduce warrant programmes 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 independent party. Each warrant will entitle its holder to subscribe for one share in the company at an exercise price as shown below. The participants in the warrant programme have entered into a pre-emption agreement. The 2019 warrant programme of 830,000 warrants expires on 9 December 2024 and redemption at a price of SEK 47.40 is possible from 10 June 2024. The 2021 warrant programme of 480,000 warrants expires on 14 December 2026 and redemption at a price of SEK 91.20 is possible from 15 June 2026.

DIVIDEND POLICY

Byggmax Group's policy is for dividends to amount 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 results, financial position, capital requirements and current economic conditions.

PROPOSED DIVIDEND

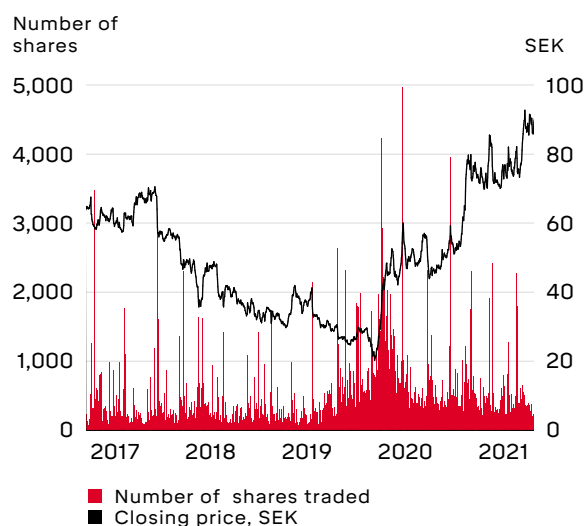
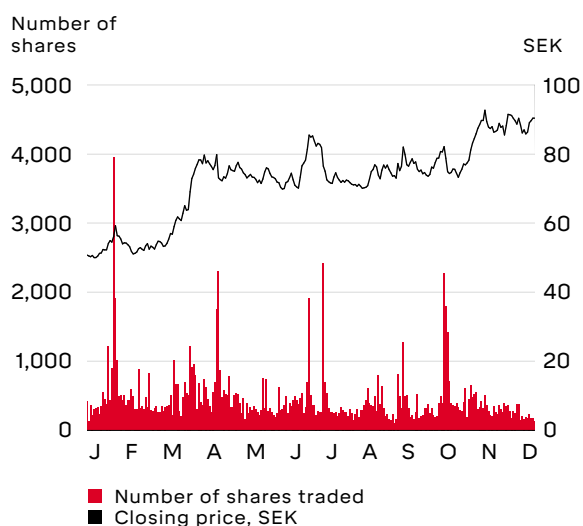
The Board of Directors proposes a dividend of SEK 4.00 (2.75) per share.

BUY-BACK OF SHARES

The 2021 AGM decided to authorise the Board of Directors to decide on the buy-back of shares. The Board has decided, on the basis of that authorisation, to introduce a buy-back programme comprising a maximum of 3,049,900 shares at a maximum of SEK 200 million. The buy-back programme aims to adjust the company's capital structure by withdrawing the bought-back shares and reducing the share capital.

During 2021, 2,374,000 shares corresponding to 3.89 percent of outstanding shares were bought back for SEK 200 million. The buy-back programme is thus terminated as the maximum amount of the programme has been reached.

BYGGMAX GROUP'S SHARE IN 2021 AND 2017–2021



SHARE PERFORMANCE

	2021	2020
Earnings per share, SEK	10.2	7.9
Equity per share, SEK	37.6	32.2
Dividend per share (SEK)	4.00	2.75
Cash flow from operations per share, SEK	13.4	19.6
Number of shares outstanding, thousands	60,999	60,999
Average number of shares, thousands	60,711	60,999
Dividend as a percentage of profit after tax	35	—
Number of shareholders	29,875	21,282
Share price as at 31 December, SEK	89.6	51.2
Dividend yield, %	4.5	5.4

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

THE TEN LARGEST SHAREHOLDERS

	Number of shares	Holding, %	Votes (%)
ODIN Fonder	6,000,000	9.8	10.2
AFA Försäkring	3,758,292	6.2	6.4
Avanza Pension	3,622,726	5.9	6.2
Dimensional Fund Advisors	2,524,521	4.1	4.3
Unionen	2,400,000	3.9	4.1
Fidelity International (FIL)	2,330,365	3.8	4.0
Evil Fonder	1,590,259	2.6	2.7
Arbona AB (publ)	1,353,093	2.2	2.3
Norges Bank	970,966	1.6	1.7
Nordnet Pensionsförsäkring	970,055	1.6	1.7
Total of the ten largest shareholders (grouped by ownership)	25,520,277	41.8	43.5
Total other shareholders	33,104,768	54.3	56.5
Outstanding shares	58,625,045	96.1	100.0
Shares held by Byggmax Group AB	2,374,000	3.9	—
Total number of shares	60,999,045	100.0	100.0

WHY INVEST IN BYGGMAX?

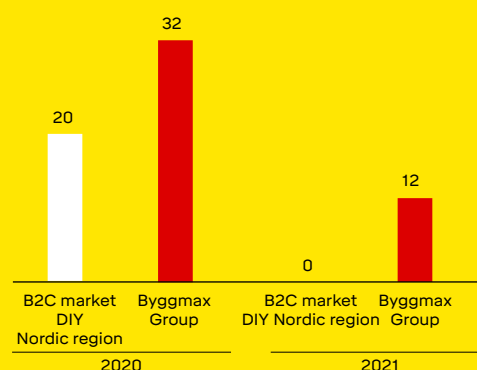
Byggmax has a modern discount concept and a presence in four Nordic markets. We have captured market share and created strong sales growth and scale during 2021. Byggmax meets customers' desire for increased flexibility and sees that online sales grow strongest in the interplay between online shopping and the store network. The strong cash flow puts the company in a good position for dividends and growth investments.

1. Byggmax's modern low prices drive profitable growth

A modern discount position is not only low price but also a good customer experience, both in store and online. A good customer experience with professional customer care, a relevant product range, clear and accessible product information, flexible delivery options and a genuine commitment to sustainability. Keeping prices low also requires low overheads; Byggmax has the lowest operating costs in the industry.

The pandemic has made the home an even more central part of people's lives, and we are expected to continue to spend more time at home. This has led to strong growth in the DIY market where Byggmax Group has done well by growing faster than the market.

MARKET GROWTH, %

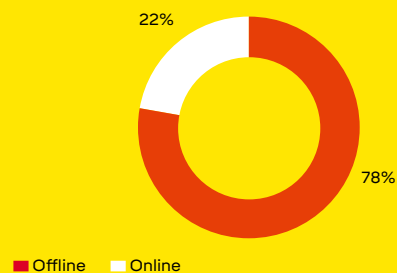


2. We are successful both in store and in online sales

Byggmax Group has a successful online shopping concept that offers a wide range of products for home improvement projects. Byggmax's online sales continue to grow strongest in combination with stores. This provides customers with a flexible and convenient shopping experience wherever, whenever and however they want to shop.

Byggmax is continuously developing new ways to meet customer demand for increased flexibility. Click & Collect, which allows customers to pick up online purchases in store, remains the fastest growing delivery option for online sales.

ONLINE SALES PROPORTION 2021

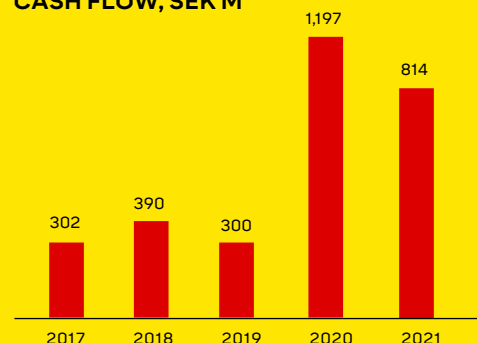


3. Strong cash flow enables organic growth and dividends

The company's balance sheet, combined with a strong cash flow from operating activities, provides the opportunity for investment in growth and scope for dividends to shareholders. Byggmax is investing in its strategic growth initiatives: store expansion, online sales and store upgrades. In 2021, two company acquisitions and a buy-back programme were also completed.

The cumulative cash flow from operating activities over the last three years amounts to SEK 2.3 billion.

CASH FLOW, SEK M



RISKS AND RISK MANAGEMENT

All business activities are associated with a certain degree of risk taking. A systematic and structured approach to risk assessment enables the identification, analysis, mitigation and remediation of significant risks. Byggmax Group works continuously to monitor 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 include ensuring that 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

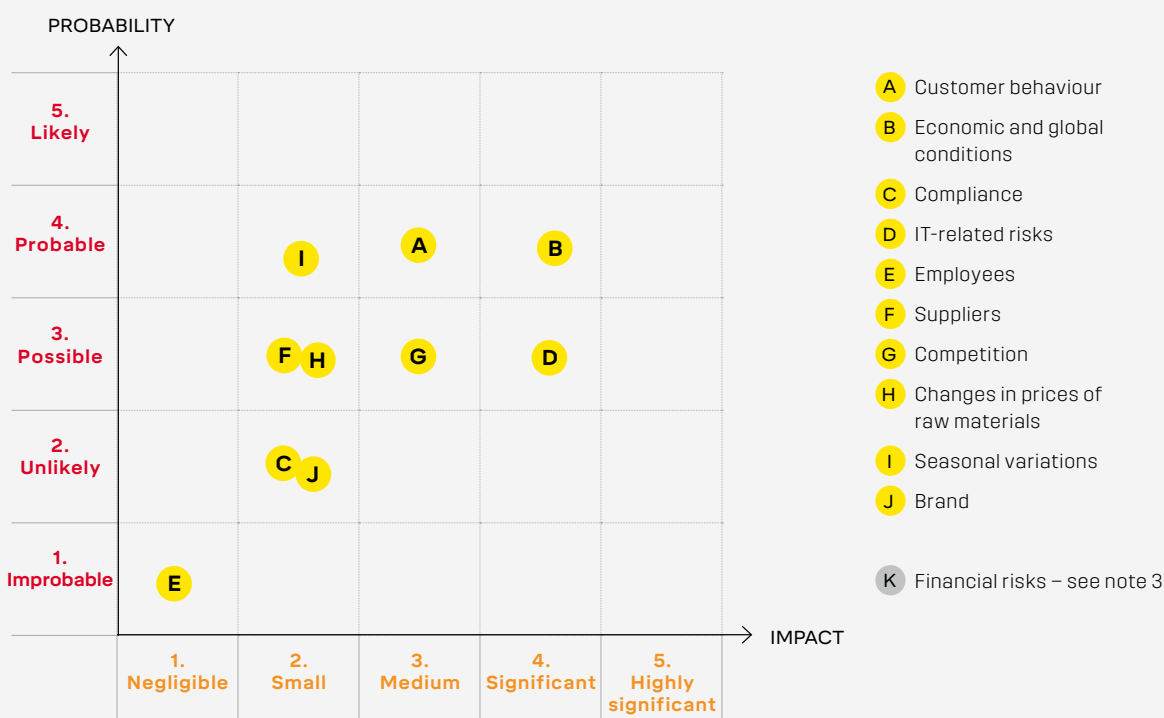
management team is responsible for ongoing risk management within the Group and for ensuring that there are procedures and processes in place to guarantee compliance with policies and guidelines. The macro-economic impact of the Covid-19 pandemic on the Group's operations has been analysed continuously.

RISK MANAGEMENT PROCESS

Byggmax Group works continuously to update the Group's risk exposure by means of operational processes where risks are identified, assessed, reported and addressed on an ongoing basis. 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 = Likely 5 = Probable**

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 analyses 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 goals.	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 continuous discussions with our suppliers on sustainability issues by imposing relevant requirements.
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	The Group's business activities are strongly affected by seasonal variations governed by weather effects that impact consumer demand for standard building materials.	4	2	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	2021	2020	2019	2018	2017
Earnings					
Net sales	7,645	6,801	5,277	5,108	5,321
EBITA	895	705	270	228	319
Operating profit	850	665	230	188	272
Profit before tax	799	623	175	162	258
Tax	-177	-139	-33	-25	-64
Profit for the year	621	485	142	138	195
Net sales growth, %	12.4	28.9	3.3	-4.0	2.0
Like-for-like (LFL) sales growth, %	5.4	28.5	-2.3	-10.8	-0.1
Gross margin, %	34.1	32.6	32.1	30.8	31.0
EBITA margin, %	11.7	10.4	5.1	4.5	6.0
Operating (EBIT) margin, %	11.1	9.8	4.4	3.7	5.1
Balance sheet					
Assets					
Non-current assets	4,246	3,754	3,916	2,576	2,575
Inventories	1,550	967	929	871	880
Other current assets	233	150	168	167	154
Cash and cash equivalents	43	62	32	52	40
Total assets	6,073	4,933	5,044	3,666	3,648
Shareholders' equity and liabilities					
Shareholders' equity	2,252	1,968	1,501	1,346	1,359
Non-current interest-bearing liabilities	995	916	1,240	305	406
Non-current non-interest-bearing liabilities	298	184	180	192	201
Current interest-bearing liabilities	1,193	823	1,377	846	812
Other current liabilities	1,335	1,042	747	977	870
Total shareholders' equity and liabilities	6,073	4,933	5,044	3,666	3,648
Capital employed	4,397	3,178	4,086	2,445	2,536
Net debt	2,145	1,677	2,585	1,098	1,178
Return on capital employed, %	22.2	19.4	8.3	9.1	11.0
Return on equity, %	29.4	27.9	10.0	10.2	14.6
Equity/assets ratio, %	37.1	39.9	29.8	36.7	37.3
Per share data					
Equity per share, SEK	37.6	32.3	24.6	22.1	22.3
Earnings per share, SEK	10.2	7.9	2.3	2.3	3.2
Dividend per share (SEK)	4.00	2.75	0.0	0.0	2.5
Cash flow from operating activities per share, SEK	13.4	19.6	4.9	6.4	5.0

IFRS 16 leases are reported from 2019.

For definitions and key performance indicators, see page 102.

BYGGMAX[®]

ANNUAL REPORT

FROM ADMINISTRATION REPORT TO NOTES

ADMINISTRATION REPORT

The Board of Directors and President and CEO 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 2021 to 31 December 2021. 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. The 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, Finland and Denmark. At the end of the period, the Group had 192 stores, with 123 in Sweden, 56 in Norway, 9 in Finland, and 4 in Denmark, and 12 showrooms under the Skånska Byggvaror concept. In addition to Byggmax's 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 of Skånska Byggvaror Group AB.

SHARE INFORMATION AND OWNERSHIP STRUCTURE

Byggmax Group's share is listed on Nasdaq OMX Stockholm. At 31 December 2021, the largest shareholder was Odin fonder with 9.8 percent of the shares. A list of the ten largest shareholders is provided on page 42.

Byggmax Group's share capital amounts to SEK 20,333,015 and consists of 60,999,045 shares, of which 2,374,000 are held by Byggmax Group AB. 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 of the Swedish Annual Accounts Act on preparation of 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 24–39.

BRANCHES AND FOREIGN SUBSIDIARIES

Byggmax Group's retail operations in Norway are conducted through the subsidiary Byggmax Norway and Contera AS, owner of the retail concept Right Price Tiles AS, in Finland in the branch Byggmax AB Finland and in Denmark in Næstved Lavpris Træ A/S and Byggmax Denmark Aps. Skånska Byggvaror Group has the subsidiaries Grønt Fokus AS in Norway and Nordrum Oy in Finland.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- Byggmax Group AB acquired 100 percent of the shares in the Danish company Næstved Lavpris Træ AS, an owner-operated low-price DIY concept with four profitable stores and rapidly growing online business in Denmark.
- Byggmax Group AB acquired 100 percent of the shares in the Norwegian company Contera AS, owner of the retail concept Right Price Tiles, the leading Norwegian low-price wall and floor tile retailer with 14 stores (of which two franchises) and a small fast-growing online business in Norway. Contera Group is also a direct importer of wall and floor tiles and related products.
- During the year, 10 (10) stores were opened, 3 were closed and 16 stores were acquired. A new showroom has been added.
- As of 31 December 2021, 2,374,000 shares corresponding to 3.89 percent of outstanding shares have been bought back for SEK 200 M under the buyback programme resolved upon by the Board in September following authorisation from the 2021 AGM.
- The Board of Directors proposes a dividend of SEK 4.00 (2.75) per share to the 2022 AGM.

GROUP SALES AND EARNINGS

Net sales for the business amounted to SEK 7,645 M (6,801), up 12.4 percent. Operating income totalled SEK 7,671 M (6,827). Net sales for comparable stores grew by 5.4 percent in constant currency. Currency effects on sales were +0.5 percent (-3.0). The gross margin amounted to 34.1 percent, compared to 32.6 percent for the preceding year. The gross margin was boosted by consumer prices rising earlier than expected raw material prices, particularly in the second and third quarters. Scale effects in purchasing and product mix also had a positive impact. Gross margin increased compared to the previous period in both segments.

Personnel and other external expenses rose by a total of SEK 156 M. Costs for new stores and acquired businesses in the Byggmax segment amounted to SEK 117 M (56).

EBITA amounted to SEK 895 M (705), corresponding to an EBITA margin of 11.7 percent (10.4).

Profit before tax amounted to SEK 799 M (623). Net financial items amounted to SEK -52 (-42). Net financial items for 2021 were impacted negatively by exchange rate effects of SEK -14 M (-2).

The tax expense for the year amounted to SEK -177 M (-139).

SALES AND EARNINGS BY SEGMENT

Byggmax Group reports on the basis of the two segments Byggmax and Skånska Byggvaror.

The Byggmax segment includes Byggmax AB and the subsidiaries Byggmax Norge, Byggmax AB Finland, Buildor AB and Svea Distribution AB. In 2021, Byggmax Denmark Aps and the acquired companies Næstved Lavpris Træ A/S and Contera Group, owner of the Right Price Tiles retail concept in the Nordic region, were added to the Byggmax segment. Net sales increased by 12.5 percent SEK 6,929 M (6,158). The acquisitions of Næstved Lavpris Træ and Right Price Tiles contributed SEK 279 M. EBITDA amounted to SEK 941 M (775) for the full year. Earnings for the year are affected by costs of new and acquired businesses of SEK 117 M (56). The EBITDA margin was 13.6 percent (12.6) for the full year.

Net sales for the Skånska Byggvaror segment rose by 9.5 percent to SEK 729 M (665). EBITDA amounted to SEK 94 M (58). The EBITDA margin was 12.9 (8.7) percent.

CASH FLOW AND FINANCIAL POSITION

Cash flow from operations amounted to SEK 814 M (1,197), a decrease of SEK 383 M compared to the previous year. The decrease is mainly driven by changes in working capital, with lower accounts payable and increased inventories. Inventories in turn are strongly influenced by price effects.

At the end of the financial year, inventories amounted to SEK 1,550 M (967), a decrease of SEK 583 M compared to the previous year. At the end of the period, Skånska Byggvaror's inventory value totalled SEK 118 M (73). In 2021, three Byggmax stores closed, ten new stores were added, and sixteen were acquired. Inventories related to these stores amounted to SEK 172 M.

Investments in fixed assets in 2021 amounted to SEK 237 M (172). Of these, SEK 110 M (48) relate to IT investments and upgrades of the store portfolio to Store 3.0, and SEK 58 M (63) relates to investments in new stores.

Byggmax Group AB acquired 100 percent of the shares in Næstved Lavpris Træ A/S on 1 January 2021. The purchase consideration corresponds to a maximum value of SEK 57 M, of which SEK 30 M is the initial purchase consideration and the remainder is based on developments in 2021 and 2022.

Net assets acquired amount to SEK 18 M and goodwill to SEK 39 M.

Byggmax Group AB acquired 100 percent of the shares in the Norwegian company Contera AS, owner of the retail concept Right Price Tiles, on 31 August 2021. The consideration corresponded to a maximum value of SEK 282 M, of which SEK 173 M has been paid initially. The acquisition analysis includes a contingent consideration entered as a liability corresponding to 90 percent of the maximum outcome. The contingent consideration is based on performance in 2021 and 2022.

Acquired net assets total SEK 182 M, of which surplus values in the form of trademark and customer relations amount to SEK 139 M and goodwill to SEK 111 M. Byggmax amortises trademarks and customer relations, and the annual amortisation amount is expected to be

SEK 14 M. The acquisition analysis is subject to final adjustment.

Consolidated net debt was SEK 2,145 M (1,677). The equity/assets ratio amounted to 37.1 percent (39.9). Unutilised credits totalled SEK 473 M (791).

RISK FACTORS AND RISK MANAGEMENT

As with any other business, Byggmax Group's business activities are associated with a certain degree of risk. The management of risks is of fundamental significance for the Group's success. Further information about risk management can be found on pages 44–45 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 and monitors 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.

The Group considers the most significant risks to be related to economic and global conditions, IT-related risks and customer behaviour.

SEASONAL VARIATIONS

Byggmax Group's business activities are affected by seasonal variations dictated by consumer demand for heavy building materials. Due to the weather factors, 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 equivalents) was 1,370 (1,212) persons. Further information about employees can be found in Note 9.

EXPECTATIONS CONCERNING FUTURE DEVELOPMENTS

The strategic direction 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 potential for 280 stores in its current markets (Sweden, Norway, Finland and Denmark). The Store 3.0 concept 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 added products in the electrical, plumbing and heating and gardening segments in particular.

Skånska Byggvaror is continuing expansion towards being a focused online trader in conservatories, garden buildings and greenhouses.

Byggmax Group does not provide forecasts for competition reasons. Byggmax Group, like other companies, is facing challenges due to the unsettled global environment and the effects of the Covid-19 pandemic. Byggmax Group is actively working to minimise the disruption caused by the situation, and is taking precautionary measures to prepare the company to be able to respond to different future situations. The Covid-19 pandemic has to date had a positive impact on Byggmax Group.

SUSTAINABILITY WORK

Byggmax Group mainly has a climate impact through the transporting of products from manufacturers to stores or warehouses and from stores to customers, as well as through environmentally hazardous waste and energy consumption on its premises. Byggmax Group is committed to minimising its environmental impact and helping to keep pace with long-term sustainability goals in society.

Byggmax Group is a values-driven company. 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 2019, the Group developed a sustainability strategy, which aims to integrate our sustainability efforts into our customer promise. We decided to focus on five areas, based on both external and internal considerations: Social Aspects, Climate, Purchasing, Circularity and Sustainable Construction.

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 sound products and to improve environment-related information to customers.

Our suppliers undertake contractually to comply with our Code of Conduct for Suppliers, which covers working conditions and corporate social responsibility.

The Group's Sustainability report is included in this Annual Report on pages 24–39.

GUIDELINES FOR REMUNERATION OF SENIOR EXECUTIVES

Guidelines adopted by the 2020 AGM are to 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. 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 and terms of employment that are competitive and compatible with market rates in order to retain and, as needed, attract individuals with the necessary skills and experience for Group management. Total remuneration of senior executives consists of fixed salary, variable salary in the form

of short-term incentives based on annual performance targets (STIs), long-term incentives based on performance over several years (LTIs), and 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 comparing, account is to be taken of position, the company's size, salary and the person's experience.

FIXED SALARY

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 (SHORT-TERM INCENTIVE 'STI')

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 annual salary for the President and CEO and 40 percent of fixed annual salary for other management, thus enabling the company to calculate maximum levels of variable remuneration from the outset. STIs are measured with qualitative and quantitative measures.

LONG-TERM INCENTIVES

The 2019 and 2021 Annual General Meetings resolved to introduce warrant-based incentive programmes. The incentive programmes are described in Note 9 of the Annual Report.

PENSION

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-compete clause against continued remuneration is applicable for a period of up to 24 months after the end 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.

GUIDELINES FOR DETERMINING SALARY AND OTHER BENEFITS TO THE PRESIDENT AND CEO AND SENIOR EXECUTIVES FOR 2021

The Board of Directors has evaluated the application of the adopted guidelines for determining the salary and other remuneration of the President and CEO and the Group Management. The Board's assessment is that salary and other remuneration for the President and CEO and other senior executives were applied in accordance with the guidelines in 2021.

DEVIATION FROM THE 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 53–57.

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 Byggarvaror Group AB (Corp. Reg. No. 556987-6849), Buildor AB (Corp. Reg. No. 556867-2405). In 2021, the subsidiary Næstved Lavpris Træ A/S (26146925) and Contera AS (986 607 021) and its subsidiaries Right Price Tiles AS (988 210 641), Contera Engros AS (912 639 142) and RPT Scandinavia AS (912 761 479) were acquired.

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 688 M (214) for the entire financial year. The earnings are affected by Group contributions received of SEK 714 M (238).

PROPOSED DISTRIBUTION OF EARNINGS

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

Retained earnings	21,213,997
Profit/loss for the year	547,707,123
TOTAL	568,921,120

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

Dividend to shareholders	234,500,180
To be carried forward	334,420,940
TOTAL	568,921,120

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.

SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

Byggmax Group has acquired the Danish online trader ByggMax A/S and the associated e-byggestore A/S as of 1 January 2022, and this will be reported as part of the Byggmax segment. The company is an owner-operated Danish online trading pioneer offering building materials and DIY products at low prices. The business has grown organically over a long period with good profitability and complements Byggmax's current Danish operations well. Sales in 2021 amounted to DKK 93 M.

Since February 2022, uncertainty related to geopolitical developments and ongoing sanctions between countries in Europe has increased. It is not possible at present to assess what impact these may have on the economy in Europe or on Byggmax's areas of business.

CHAIRMAN'S COMMENTS



“I am very pleased with our solid balance sheet and the strong results we are reporting for 2021, a 12 percent increase in sales and continued improvement in EBITA margin.”

2021 was another very good year for Bygghmax Group, and we are more strongly placed than ever. The role of the home has been strengthened during the year for most people, partly due to the pandemic. As a result, the growing interest in the DIY market, already evident in 2020, was consolidated in 2021. In addition, online trading is growing, which Bygghmax was early in understanding and exploiting. These external factors, combined with the Group's strong ability to continually develop the business, mean that we are favourably placed for the future.”

THE BOARD'S WORK

Bygghmax Group has a well composed Board, with members who have complementary skills and experience from the retail sector, making our cooperation stimulating and enhancing. The whole Board, including myself, feel pride at being able to contribute towards developing the Group's business.

During the year, the Board held 13 meetings, and some key discussions concerned:

- Setting of new financial goals
- Opening of new stores and concepts
- Incorporation of Danish Næstved Lavpristæ A/S

- Continued management of the ongoing coronavirus pandemic, in terms of both the supply chain and the safety of our employees and customers
- The acquisition of Right Price Tiles in Norway
- Development of the sustainability strategy and objective

FINANCIAL POSITION

I am delighted with our healthy balance sheet and the strong earnings we are reporting for 2021. The Board of Directors proposes a dividend of SEK 4.00 per share (2.75). The Group has delivered a 12 percent increase in sales with continued improvement in EBITA margin. I look forward with great confidence to 2022, as we continue our expansion. On behalf of the Board of Directors, I would like to convey my thanks to Mattias, his management team and all our enthusiastic employees for their excellent contributions in 2021.

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 2021 to 31 December 2021.

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 has applied 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 did not make any deviations from the Code in 2021.

SHAREHOLDERS

The share capital of Byggmax Group at year-end amounted to SEK 20 M divided into 60,999,045 shares of which 2,374,000 shares are held by Byggmax Group AB. There is one class of shares, and all shares have equal rights to participation in the company's assets

and profits. The number of shareholders on 31 December 2021 was 29,875. At 31 December 2021, the largest shareholder was Odin fonder with 9.8 percent of the shares. Non-Swedish shareholders accounted for approximately 44 percent of the total number of shares. For further share and ownership structure information, see pages 41–42 and 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.

ANNUAL GENERAL MEETING 2021

The Annual General Meeting took place on 6 May 2021 in Stockholm. Anders Moberg was elected to chair the meeting. The main resolutions passed were as follows:

- Re-election of Board members Anders Moberg, Kjersti Hobøl, Daniel Mühlbach, Gunilla Spongh and Lars Ljungälv and new election of Catarina Fagerholm and Andreas Elgaard. Hannele Kemppainen and Anders Berg declined re-election.
- Adoption of the 2020 income statement and balance sheet.
- The fees for Board members and policies governing remuneration for the President and CEO and senior executives.
- Policies for the appointment of the Nomination Committee.

- Resolution authorising the Board of Directors to decide on the acquisition and transfer of the company's own shares.

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

NOMINATION COMMITTEE

The Annual General Meeting held on 6 May 2021 resolved that a nomination committee be appointed for the 2022 AGM. The Chairman of the Board 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 is to be published not later than the end of the third quarter annually.

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

BOARD OF DIRECTORS

Each year, Byggmax Group's Board of Directors adopts a formal work plan and written instructions in respect of financial reporting and allocation of duties between the Board and the President and CEO. The rules of procedure govern the duties of the Board, the allocation of responsibilities within the Board, the minimum number of Board meetings per year, the convening and documentation of Board meetings and the drafting of Board minutes.

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 President and CEO.

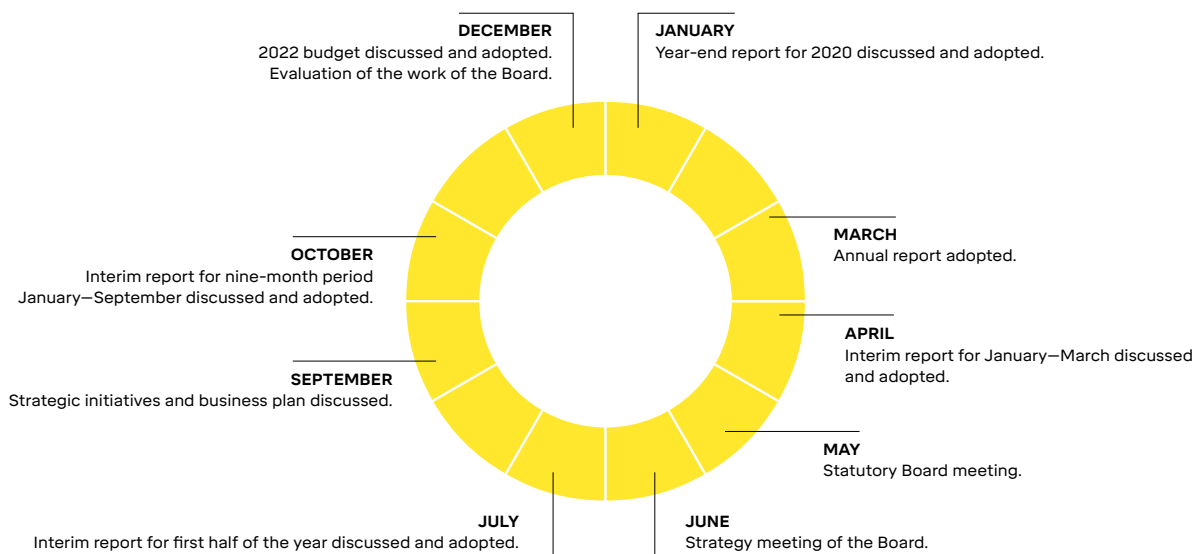
INDEPENDENCE OF THE BOARD

The Board's assessment of individual Board members' independence in relation to the company and shareholders is defined in the table "The Board's composition and attendance at meetings" (see page 55). As can be seen, Byggmax complies with the Code's requirement that the majority of the members elected by the general meeting are independent in relation to the company and the Group management and that at least two of these are independent in relation to the company's major shareholders.

THE BOARD'S COMPOSITION AND ATTENDANCE AT MEETINGS

A more detailed description of the members of the Board of Directors can be found on page 58 and the Board's composition and attendance of meetings on page 55.

THE BOARD'S YEAR



THE WORK OF THE BOARD IN 2021

The Board held 13 meetings in 2021. Key items discussed by the Board in 2021 in addition to the adoption of the Annual Report and interim reports, and adoption of a business plan and associated budget, were as follows:

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

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 company management being present.

EVALUATION OF THE WORK OF THE BOARD OF DIRECTORS 2021

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

THE BOARD'S REMUNERATION COMMITTEE

The Remuneration Committee comprises Anders Moberg (Chair), Andréas Elgaard and Daniel Mühlbach. The Remuneration Committee prepares and addresses issues regarding remuneration and other employment terms for senior executives, and assesses the application of the guidelines adopted by the AGM for remuneration of senior executives.

AUDIT COMMITTEE

The Audit Committee comprises Gunilla Spongh(chair), Catarina Fagerholm and Lars Jungälv. 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 matters such as audit plans and audit reports. The Committee is also responsible for monitoring the impartiality and independence of the auditor.

THE PRESIDENT AND CEO AND SENIOR EXECUTIVES

The President and 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 in or part ownership of companies with which the company has significant business connections. Byggmax Group's management team comprises eleven members, including the President and CEO. A description of the management team is available under the heading 'Byggmax Management' on page 59.

REMUNERATION GUIDELINES

For information concerning salaries and other remuneration paid to the President and CEO 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.

THE BOARD'S COMPOSITION AND ATTENDANCE AT MEETINGS

Name	Role	Elected onto the Board	Attendance Board meetings	Attendance Remuneration Committee	Attendance Audit Committee	Board fee, SEK	Dependence in relation to company management and major shareholders
Anders Moberg	Chairman	2006	13/13	4/4		785,817	No
Hannele Kemppainen ¹	Board member	2015	4/4		3/3	118,922	No
Kjersti Hobøl	Board member	2019	13/13			316,844	No
Gunilla Spongh	Board member	2019	13/13		6/6	449,732	No
Daniel Mühlbach	Board member	2015	13/13	4/4		353,437	No
Anders Berg ¹	Board member	2019	4/4	1/1		115,425	No
Lars Jungälv	Board member	2020	13/13		6/6	379,817	No
Catarina Fagerholm ²	Board member	2021	9/9		3/3	250,868	No
Andréas Elgaard ²	Board member	2021	9/9	3/3		238,917	No

1) Board member until 5 May 2021.

2) Board member from 5 May 2021.

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.

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 auditor in charge. In addition to the audit engagement, Byggmax Group has consulted PwC on taxation and various accounting issues. PwC is obliged to test its independence prior to accepting independent advisory engagements in addition to its auditing engagements for the Group. Information in respect of the fees paid to the auditing company is provided in Note 8. According to the Code, the company's Board should ensure that the interim report in respect of the second or third quarter is reviewed by the 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 overarching responsibility for the Group's internal control. The President and CEO 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 legislation, applicable accounting policies and other requirements that apply to listed companies, in addition to protecting the Group's assets. Byggmax Group has chosen to use COSO's¹ definition of internal control as the foundation for its work with internal control. According to COSO, internal control comprises five different elements: control environment, risk assessment, control activities, information and communication, and monitoring. These various elements are described briefly below.

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.

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 that these provide guidance to 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 of a discrepancy whenever one arises as part of a work process, and then implementing an improvement to prevent the discrepancy from arising again. By working in this way, robust work processes are created that can be continuously developed and improved. Byggmax Group's internal control work is based more on continuously improving work processes than double-checking different work procedures. 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 and CEO's instructions, finance policy, IT policy, information policy and logbook and insider 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 financial 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 goals to be achieved. The responsibility structure includes, as one element, evaluation by the Board of the performance and results of business activities through an appropriate reporting package comprising outcome, forecasts, business plans, strategic plans, monitoring of financial risks and analyses of key performance indicators.

RISK ASSESSMENT

All business activities are associated with a certain degree of risk taking. A structured risk assessment enables the identification of significant risks. Byggmax Group operates an ongoing process of risk analysis in which the risks of errors in the 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 the Board assesses as being 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.

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

INFORMATION AND COMMUNICATION

Byggmax Group has an information policy that includes guidelines for both 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 only takes place after Byggmax Group has published corresponding information to the stock market. Governing documentation in the form of policies, guidelines and manuals is communicated through the Group's intranet and accounting manual.

MONITORING

The Board and Group management are provided with ongoing information in respect of the Group's financial performance and situation, and the development of the business. The reports also contain analytical monitoring, trend monitoring and benchmarking between stores 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 assists the Board and management with assessing and reviewing significant risk areas in the financial reporting to thereafter be able to select actions and follow-up measures in the chosen areas.

BOARD OF DIRECTORS AND AUDITOR



ANDERS MOBERG

Chairman of the Board since 2006.

Born: 1950.

Background: Member of the Boards of ICA, Husqvarna and OBH Nordica, and CEO of the IKEA Group, Royal Ahold and Majid Al Futtaim Group.

Other appointments: Member of the Boards of ITAB, BoConcept Bergendahl & Son, Viva Wine and City Gross.

Shareholding: 500,000 shares.



ANDREAS ELGAARD

Board member since 2021.

Born: 1972.

M.Sc. Engineering, Lund University.

Background: CEO of ITAB Shop Concept. Previously held various management positions at IKEA, Ballingslöv, Sperian, Icopal and Saint-Gobain Isover.

Other appointments: Board appointments in the ITAB Group

Shareholding: Zero shares.



KJESTI HOBØL

Board member since 2019.

Born: 1961.

BI Norwegian Business School.

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

Other appointments: Member of the Boards of XXL, Elektroimportøren, Axer and Aspelin Ramm.

Shareholding: Zero shares.



CATARINA FAGERHOLM

Board member since 2021.

Born: 1963.

MSc in Economics, Helsinki School of Economics.

Background: Former CEO Instru Optiikka, CEO BSH Kodinkoneet Oy. Executive positions in Electrolux/AEG and in Amer Group.

Other appointments: Member of the Boards of Attendo, Restel, CapMan and Lekolar.

Shareholding: 5,000 shares.



LARS LJUNGÄLV

Board member since 2020.

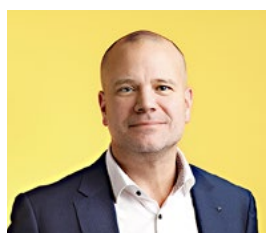
Born: 1969.

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: Member of the Boards of Ikano Bank and Annehem Fastigheter.

Shareholding: 10,000 shares.



DANIEL MÜHLBACH

Board member since 2015.

Born: 1974.

MSc in Engineering from Luleå University of Technology.

Background: CEO and partner in FootWay Group. Previously served as CEO of Lensway Group.

Other appointments: Member of the Board of 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: Previous positions include CFO of Preem and CFO and Head of International Business for Mekonomen.

Other appointments: Board member Pierce Group, Momentum Group, AQ Group, Lernia, Systemair, Swedish Stirling, Meds Apotek ViaCon, Consivo Group and Chairman of Bluefish Pharmaceuticals.

Shareholding: 5,000 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 office address of Öhrlings PricewaterhouseCoopers is Torsgatan 21, 113 97 Stockholm.

MANAGEMENT



MATTIAS ANKARBERG

President and CEO since 2016.
Born: 1976.
Master's degree from Stockholm School of Economics.
Previous roles: Several senior roles and Group management at H&M, and consultant at McKinsey in Sweden and the USA.
Other appointments: Member of the Board of Thule Group.
Shareholding: 120,000 shares, 600,000 warrants.



HELENA NATHTHORST

CFO since 2019.
Born: 1967.
MSc in Business and Administration from Uppsala University.
Previous roles: CFO of Addnode Group, CFO of Teracom Boxer Group and consultant for KPMG M&A Advisory.
Other appointments: Member of the Board of Nilar.
Shareholding: 9,000 shares, 40,000 warrants.



MIKAEL BENGTSSON

Country Manager at Byggmax Denmark since 2021.
Born: 1966.
BA Social Psychology Jönköping University.
Previous roles: Business Manager at Byggmax Nordics, Country Manager at Byggmax Norway, leadership coach.
Shareholding: 14,300 shares.



NIKLAS HAMBERG

Country Manager Byggmax Norway since 2021.
Born: 1983.
MSc in Engineering from Lund University of Technology.
Previous roles: Logistics Manager Byggmax.
Other appointments: Deputy member of the Board of Sierra Blue Invest.
Shareholding: 798 shares, 120,000 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 for Rusta.
Shareholding: 58,965 shares, 120,000 warrants, 78,850 shares through 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 (Klépierre), Fastighets- and Head of Real Estate and Expansion at RNB, several roles within JLL and Tenant & Partner.
Shareholdings: 120,000 warrants.



ELLIOT LINDBERG

Country Manager at Byggmax Sweden since 2021.
Born: 1992.
Previous roles: Regional Manager for Byggmax and former professional footballer including several leadership courses.
Other appointments: Member of the Board of GEL Investment.
Shareholding: 40,000 warrants.



MIKAEL NILSSON

Purchasing Manager Byggmax since 2021.
Born: 1976.
Marketing economist from IHM Business School.
Previous roles: Deputy Purchasing Manager and Category Manager at Byggmax. Previously various roles in retailing since 1997
Shareholding: 300 shares.



OSKAR RÖÖS

CIO since 2018.
Born: 1978.
BSc in economics from Uppsala University, with degree in computer and systems science from Stockholm University.
Previous roles: CIO at Espresso House Group.
Shareholding: 2,000 shares, 120,000 warrants.



OSCAR TJÄRNBERG

CEO of Skånska Byggvaror since 2017.
Born: 1972.
MSc in 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.
Shareholding: 40,002 shares, 120,000 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.
Shareholding: Zero shares.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in SEK M	Note	2021	2020
Operating income			
Net sales		7,645	6,801
Other income	6, 13	25	26
Total operating income	5	7,671	6,827
Operating expenses			
Cost of goods sold		5,038	-4,584
Other expenses	7, 8, 13	-481	-400
Personnel costs	9, 31	-782	-707
Depreciation, amortisation and impairment of tangible and intangible assets	14, 15, 16	-519	-470
Total operating expenses		6,820	-6,162
EBIT		850	665
Profit from participations in Group companies		0	0
Financial income	10	10	22
Financial expenses	10	-62	-64
Profit/loss from financial items	10	-52	-42
Profit before tax		799	623
Income tax	11	-177	-139
Profit for the year		621	485
Other comprehensive income for the year			
Items that may be reclassified to profit or loss for the year			
Translation differences		28	-18
Other comprehensive income for the year		28	-18
Comprehensive income for the year		649	467
Earnings per share before dilution, SEK	12	10.23	7.95
Earnings per share after dilution, SEK	12	10.18	7.95

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	31/12/2021	31/12/2020
ASSETS			
Non-current assets			
Capitalised expenses for development work	5, 14	64	66
Goodwill, customer relationships and brands	5, 14	2,265	2,006
Buildings and land	5, 15	3	3
Right-of-use assets	5, 16	1,353	1,238
Leasehold improvements	5, 15	16	17
Equipment, tools, fixtures and fittings	5, 15	511	409
Investments reported using the equity method		7	–
Deferred tax assets	29	23	12
Other non-current receivables	19	4	2
Total non-current assets		4,246	3,754
Current assets			
Inventories	22	1,550	967
Prepayments to suppliers		0	20
Trade receivables	21	26	13
Current tax assets		53	0
Other receivables	23	125	95
Prepaid expenses and accrued income	24	29	21
Cash and cash equivalents	25	43	62
Total current assets		1,827	1,179
TOTAL ASSETS		6,073	4,933
SHAREHOLDERS' EQUITY			
Capital and reserves attributable to Parent Company shareholders			
Share capital	26	20	20
Other capital contributions	26	441	441
Reserves	27	6	–22
Earnings brought forward including profit for the year		1,784	1,529
Total shareholders' equity		2,252	1,968
LIABILITIES			
Non-current liabilities			
Lease liabilities	28	995	916
Deferred tax liabilities	29	193	183
Non-current liabilities	30	105	1
Total non-current liabilities		1,293	1,100
Current liabilities			
Borrowing from credit institutions	28	847	529
Lease liabilities	28	346	294
Provisions	34	0	1
Trade payables		773	687
Current income tax liabilities	11	180	41
Derivatives	20	1	1
Other liabilities	32	86	82
Accrued expenses and deferred income	33	295	231
Total current liabilities		2,528	1,865
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		6,073	4,933

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Amounts in SEK M	Notes 12, 26, 27	Attributable to shareholders in Parent Company				
		Share capital	Other capital contributions	Reserves	Earnings brought forward incl. profit for the year	Total shareholders' equity
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
Total transactions with shareholders		—	—	—	—	—
Closing balance at 31 December 2020		20	441	-22	1,529	1,968
Opening balance at 1 January 2021		20	441	-22	1,529	1,968
Profit for the year					621	621
Other comprehensive income for the year						
Translation differences				28		28
Total comprehensive income				28	621	649
Issues of warrants					3	3
Repurchase of shares					-200	-200
Dividend to shareholders					-168	-168
Total transactions with shareholders		—	—	—	-365	-365
Closing balance at 31 December 2021		20	441	6	1,784	2,252

CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in SEK M	Note	2021	2020
Cash flow from operations			
EBIT		850	665
Non-cash items			
Depreciation, amortisation and impairment of tangible and intangible assets		519	475
Other non-cash items		12	-6
Interest received		10	22
Interest paid		-62	-64
Tax paid		-131	-61
Cash flow from operations before changes in working capital		1,198	1,031
Changes in working capital			
Increase/decrease in inventories		-453	-47
Increase/decrease in other current receivables		-26	-46
Increase/decrease in other current liabilities	32	95	259
Cash flow from operating activities		814	1,197
Cash flow from investing activities			
Investments in intangible assets	14	-22	-27
Investments in tangible assets	15	-207	-146
Investments in non-current financial assets		-8	—
Investments in subsidiaries		-234	—
Divestment of tangible assets	15	5	1
Amortisation of other non-current financial assets		0	2
Cash flow from investing activities		-466	-170
Cash flow from financing activities			
Change in overdraft facility		314	-512
Repurchase of shares		-200	—
Dividend to Parent Company's shareholders		-168	—
Repayment of lease liabilities		-322	-284
Amortisation of loans		—	-200
Cash flow from financing activities	35	-375	-996
Cash flow for the year		-28	30
Cash and cash equivalents at the beginning of the year	25	62	32
Cash flow for the year		-28	30
Exchange rate effect		9	—
Cash and cash equivalents at the end of the year	25	43	62

PARENT COMPANY

INCOME STATEMENT

Amounts in SEK M	Note	2021	2020
Operating income			
Net sales		0	0
Other operating income		0	0
Total operating income		0	0
Operating expenses			
Other external expenses	8, 9	-15	-11
Personnel costs	9	-1	-1
Total operating expenses		-15	-12
EBIT		-15	-11
Dividends from Group companies		0	0
Interest income and similar items		8	6
Interest expenses and similar items		-20	-18
Profit/loss from financial items	10	-11	-12
Appropriations, Group contributions received	10	715	238
Profit before tax		688	214
Tax on profit for the year	11	-141	-48
Profit for the year		548	166

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	31/12/2021	31/12/2020
ASSETS			
Non-current assets			
Non-current financial assets			
Participations in Group companies	17	1,570	1,219
Receivables from Group companies		–	354
Total non-current assets		1,570	1,573
Current assets			
Current receivables			
Receivables from Group companies		715	238
Other receivables	23	44	0
Prepaid expenses and accrued income	24	9	0
Total current receivables		768	238
Cash and cash equivalents		0	0
Total current assets		768	238
TOTAL ASSETS		2,338	1,811
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
Repurchase of shares		-200	–
Retained earnings		-209	-207
Profit for the year		548	166
Total unrestricted equity		569	389
Total shareholders' equity		589	409
Non-current liabilities			
Other non-current liabilities	30	105	–
Total non-current liabilities		105	–
Current liabilities			
Borrowing from credit institutions	28	1,433	1,350
Current income tax liabilities		187	48
Accrued expenses and deferred income	33	25	4
Total current liabilities		1,644	1,402
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		2,338	1,811

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 for the year	
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
Total transactions with shareholders		–	–	–	–	–
Shareholders' equity at 31 December 2020		20	430	-207	166	409
Shareholders' equity at 1 January 2021		20	430	-207	166	409
Carried forward				166	-166	0
Profit for the year					548	548
Other comprehensive income						0
Total comprehensive income					548	548
Issues of warrants						
Repurchase of shares				-200		-200
Dividend to Parent Company's shareholders				-168		-168
Total transactions with shareholders		–	–	-368	–	-368
Shareholders' equity at 31 December 2021		20	430	-409	548	589

PARENT COMPANY

CASH FLOW STATEMENT

Amounts in SEK M	Note	2021	2020
Cash flow from operations			
EBIT		-15	-11
Non-cash items			
Group contributions received		714	238
Other non-cash items		6	0
Interest received		8	6
Interest paid		-20	-18
Tax paid		-46	0
Cash flow from operations before changes in working capital		648	214
Changes in working capital			
Increase/decrease in other current receivables		-486	-145
Increase/decrease in other current liabilities		19	1
Cash flow from operations		182	71
Cash flow from investing activities			
Investments in subsidiaries		-251	—
Cash flow from investing activities		-251	—
Cash flow from financing activities			
Amortisation of loans		—	-200
Borrowings		300	—
Dividend to Parent Company's shareholders		-168	—
Repurchase of shares		-200	—
Changes in current financial liabilities		-217	129
Change in short-term interest-bearing receivables		354	—
Cash flow from financing activities		69	-71
Cash flow for the year		0	0
Cash and cash equivalents at the beginning of the year		0	0
Cash flow for 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 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 22 March 2022. The annual accounts will be presented to the Annual General Meeting on 5 May 2022.

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 are prepared in accordance with The Swedish Annual Accounts Act and International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB) and interpretations issued by the IFRS Interpretations Committee, as adopted in the EU and the Swedish Financial Reporting Board's Recommendation RFR 1, Supplementary Accounting Rules for Groups.

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 2021.21. 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

New interpretations or changes with future application are not applied in advance. None of the IFRS or IFRIC interpretations that are not yet effective are expected to have a material impact on the Group and its financial statements.

Application 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 accounting method used for the consolidation of subsidiaries. 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 of 1 January 2016. In January 2021, the subsidiary Næstved Lavpris Træ A/S was acquired, which is included in the consolidated financial statements from the acquisition date of 1 January 2021. In August 2021, the subsidiary Contera AS was acquired. This company is included in the consolidated financial statements from the acquisition date of 31 August 2021.

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 if 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.

Note 2 cont.

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.

In the Group, this function was identified as the President and CEO. Byggmax Group reports on the basis of the two segments Byggmax and Skånska Byggvaror. Skånska Byggvaror Group AB was acquired in January 2016 and reports as a separate segment. The companies acquired in 2021, Næstved Lavpris Træ A/S and Contera Group, owner of the Right Price Tiles retail concept in the Nordic region, have been added to the Byggmax segment. The Byggmax segment includes Byggmax AB, including the branches in Norway and Finland, Buildor AB, Svea Distribution AB, Byggmax Denmark ApS and Næstved Lavpris Træ A/S, which was added in the first quarter of 2021, and Contera Group, which was added in the third quarter of 2021. Buildor's results are monitored as part of Byggmax, as aspects such as purchasing and e-commerce platform development are carried out jointly. Svea Distribution is a wholly owned distribution company that supplies Byggmax.

Other includes intra-group rentals, Parent Company and inter-segment eliminations. No individual part of Other represents such a material part that it forms a reportable segment. IFRS 16 is not applied in segment reporting. Other is recognised using the same accounting policies as the Group. The difference between the sum of the segments' and other EBITDA results and the Group's profit before tax for the quarter relates to 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. Foreign exchange gains and losses arising on the settlement of such transactions and regarding the translation of monetary assets and liabilities denominated in foreign currencies at the closing 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 activities, mainly capitalised investments in the Group's

business systems and websites, are recognised at cost less accumulated depreciation and any impairment losses. 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, trademarks and customer relationships

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.

In the context of business acquisitions, intangible assets in the form of brands and customer relationships can be identified. 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 TANGIBLE ASSETS

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.

Note 2 cont.

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 2021, the Group did not capitalise borrowing costs, since there were no assets during the period that required a substantial period of time for completion for use or for sale.

2.8 IMPAIRMENT OF NON-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 cashflows 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 into the following categories: financial assets measured at fair value through profit or loss, financial assets at amortised cost, financial 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.

Shareholders' equity

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. When Byggmax shares classified as shareholders' equity are repurchased, the amount of the purchase price paid is recognised as a reduction of shareholders' equity. Repurchased shares are classified as treasury shares and recognised as a deduction from shareholders' equity.

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

Note 2 cont.

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 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 upon termination of employment

Compensation is paid if an employee's employment is terminated by Byggmax Group prior to the normal pension age, or if the employee accepts a voluntary 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 in existing warrant programmes 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 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

Note 2 cont.

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 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 accounts in accordance with the Swedish Annual Accounts Act (ÅRL) 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. The practical risk management is handled by Byggmax Group's central finance department according to the financial 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 risks described may therefore affect the Parent Company indirectly through the asset item Participations in Group companies is positively or negatively affected by the management of the risks described below.

a) Market risk

(i) Currency risk

Byggmax Group's consolidated accounts are stated in SEK, but in addition to 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 payments to suppliers in foreign currency cause currency exposure for the Group. Byggmax Group has currency exposure in SEK and NOK,

Note 3 cont.

and some exposure resulting from the purchasing 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) 2021	Effect on earnings (SEK M) 2020
NOK	+10/-10%	+/- 7	+/- 3
EUR	+10/-10%	+/- 0	+/- 1
DKK	+10/-10%	+/- 2	—

Exposure in another currency other than the functional currency at 31 December 2021, in the transaction currency

	DKK	EUR	NOK	PLZ	SEK	USD	GBP
Accounts receivable	0	4	2	—	0	—	—
Trade payables	3	129	1	—	58	24	0

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

	DKK	EUR	NOK	PLZ	SEK	USD	GBP
Trade receivables	0	3	0	—	1	0	—
Trade payables	8	83	0	—	33	6	3

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 affected the Group's comprehensive income by SEK 28 M (-18) in 2021. Assuming 2021's invoicing and net income, a change in the SEK exchange rate against NOK, DKK and EUR by 5 percent would affect net sales by SEK 108 M (92) and net profit by 5 M (4).

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 451 M (266). In accordance with the finance policy, the Group does not hedge this risk. A five percent change in the SEK rate against NOK, DKK and EUR would impact shareholders' equity by SEK 23 M (14).

(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 2021, with all other variables constant, the consolidated profit after tax for the financial year would have been SEK 3 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) 2021	Effect on earnings (SEK M) 2020
Interest rate	+1%/-1%	3	5

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 accounts receivable 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 30 April 2024. Byggmax Group has fulfilled the covenant requirements under the banking agreement during the year.

The size of the available credit facility is reviewed regularly and is designed to cover forecast peaks in the gross debt level with a healthy margin. At 31 December 2021, the Group had cash and cash equivalents totalling SEK 43 M (62) and an unutilised credit facility of SEK 473 M (791). 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 variable rate interest and were estimated by 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 2021				
Borrowings	847	—	—	—
Lease liabilities	346	196	526	273
Derivatives settled gross (currency forwards)	0	—	—	—
Trade payables	773	—	—	—
Total	1,742	161	644	414
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
Parent Company (SEK M)				
At 31 December 2021				
Borrowings	847	—	—	—
Total	847	—	—	—
At 31 December 2020				
Borrowings	529	—	—	—
Total	529	—	—	—

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 goal. 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 MATERIAL ESTIMATES AND ASSESSMENTS

MATERIAL 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 financial statements at 31 December 2021 have also taken into account the uncertainty relating to the Covid-19 pandemic and are not expected to have a material impact on the results and position for the coming financial year.

LEASES

The Group's leasing relates to the 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 amounted to 1.1 percent in 2021.

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. The provisions relate to restructuring costs. See Note 34.

5 SEGMENT REPORTING

	Byggmax		Skånska Byggvaror		Other		IFRS 16		Total	
SEK M	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Income										
Total net sales	6,929	6,158	SEK 729	665	-12	-22	—	—	7,645	6,801
Net sales external	6,929	6,158	717	643	0	0	—	—	7,645	6,801
Transactions between segments	0	—	12	23	-12	-23	—	—	0	0
EBITDA	941	775	94	58	-15	-11	349	314	1,369	1,135
Depreciation/amortisation and impairment of tangible and intangible assets	-138	-128	-9	-8	0	0	-328	-294	-474	-431
EBITA	803	647	85	50	-15	-11	21	20	895	705
Amortisation of intangible assets related to acquired surplus values	-5	—	-40	-40	—	—	—	—	-44	-40
Net Financial items	658	-192	-70	-46	703	226	-27	-29	-52	-42
Profit before tax	141	455	-25	-36	688	214	-6	-10	799	623

	Net sales		tangible assets		Investments	
Geographical area/country	2021	2020	2021	2020	2021	2020
Norway	1,652	1,397	622	556	22	31
Sweden	5,578	5,184	3,538	3,134	447	140
Other countries	415	220	58	49	1	2
Group	7,645	6,801	4,219	3,740	471	173

The segment division is described in Note 2.3. The Parent Company has no net sales. In the geographical information, revenues are reported based on the location of the customers, while non-current assets are based on the

location of the assets. These assets include non-current assets, in addition to financial instruments and deferred tax assets.

	Byggmax		Skånska Byggvaror		Other		IFRS 16		Total	
Assets per segment	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Total assets per segment	4,421	3,324	842	860	-508	-442	1,318	1,192	6,073	4,933
Of which tangible assets	2,060	1,295	824	859	3	357	1,359	1,243	4,246	3,754
Liabilities and shareholders' equity per segment										
Total liabilities per segment	4,421	3,324	842	860	-508	-442	1,318	1,192	6,073	4,933

6 OTHER OPERATING INCOME

Group	2021	2020
Exchange-rate differences	7	17
Profit from sale of equipment	4	2
Earnings from investments in Group companies	0	0
Other	15	7
Total other income	25	26

7 OTHER EXPENSES

Group	2021	2020
Exchange-rate differences	10	12
Loss from sale of equipment	5	4
Total other expenses	15	17

8 REMUNERATION OF AUDITORS

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

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

Group	2021	2020
Öhrlings PricewaterhouseCoopers		
Audit assignment	2	2
Other audit assignments	0	0
Tax consulting	1	1
Other services	—	0
Total remuneration of auditors	3	3

Other auditors	2021	2020
Audit assignment	1	—

Parent Company	2021	2020
Öhrlings PricewaterhouseCoopers		
Audit assignment	1	1
Other audit assignments	0	0
Tax consulting	1	1
Other services	—	0
Total remuneration of auditors	2	2

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

	2021	2020
Audit assignment	2	2
Tax consulting	1	1
Other services	—	0
Total remuneration	3	3

9 EMPLOYEE BENEFITS

Group	2021	2020
Salaries and remuneration ¹	590	526
Social security expenses	154	139
Pension costs	37	34
Other personnel costs	2	2
Total personnel costs	782	700

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 14 M (8) 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 CEO, and other senior executives amounted to SEK 0 M (0).

Salaries and other remuneration, social security expenses (SEK M)	2021			2020		
	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, President and CEOs	18	9 (3)	11	17	9 (3)	10
Other employees	575	182 (35)	1,366	512	164 (31)	1,209
Total	593	191 (37)	1,377	529	173 (34)	1,219
Parent Company						
Board members	3	1 (0)	7	3	1 (0)	7
President and CEO 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)	8

No separate fee was paid to the Group's President and CEO from the Parent Company Byggmax Group AB (publ) in 2021.

	2021		2020	
	Average number of employees	Of whom men, %	Average number of employees	Of whom men, %
Subsidiaries				
Sweden	1,014	69	932	70
Norway	259	84	229	85
Finland	57	54	51	66
Denmark	40	95	—	—
Total in subsidiaries	1,370	72	1,212	72
Group total	1,370	72	1,212	72

Note 9 cont.

	2021		2020	
	Quantity on balance-sheet date	Of whom men, %	Quantity on balance-sheet date	Of whom men, %
Group (including subsidiaries)				
Board members	7	57	7	57
President and CEOs and other senior executives	13	85	13	85
Group total	20	71	20	71
Parent Company				
Board members	7	57	7	57
President and CEO and other senior executives	1	100	1	100
Parent Company total	8	79	8	79

Remuneration of senior executives (SEK M)	Basic salary/ Directors' fee	Variable remuner- ation ¹	Other benefits	Pension cost	Other remuner- ation	Total
2021						
Chairman of the Board – Anders Moberg	0.8					0.8
Board member – Daniel Mühlbach	0.4					0.4
Board member – Hannele Kemppainen	0.1					0.1
Board member – Kjersti Hobøl	0.3					0.3
Board member – Catarina Fagerholm	0.3					0.3
Board member – Gunilla Spongh	0.4					0.4
Board member – Lars Ljungälv	0.4					0.4
Board member – Anders Berg	0.1					0.1
Board member – Andréas Elgaard	0.2					0.2
President and CEO – Mattias Ankarberg	5.2	4.4	0	1.6	0.3	11.5
Other senior executives (10, including two women) ¹	13.7	7.0	0	3.8	0.3	24.8
Total	21.9	11.4	0	5.4	0.6	39.3

Remuneration of senior executives (SEK M)	Basic salary/ Directors' fee	Variable remuner- ation ¹	Other benefits	Pension cost	Other remuner- ation ²	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 and CEO – Mattias Ankarberg	5.2	4.8	0	1.6	1.3	12.9
Other senior executives (11, including two women) ¹	13.5	6.0	0	3.8	0.8	24.1
Total	21.4	10.8	0	5.4	2.1	39.7

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

Note 9 cont.

There are no severance pay agreements for the President and CEO or other senior executives. The period of notice for the President and CEO in the event of termination by the company or by the President and CEO is three months. The retirement age for the President and CEO, and other senior executives is 65. Fixed salary and pension reflect the scope and responsibility entailed in the assignment. The President and CEO has a defined-contribution pension. Variable remuneration pertains to remuneration for bonus earned in 2021 that is payable in 2022.

SHARE WARRANT PROGRAMME

The 2019 and 2021 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 right of first refusal agreement. The 2019 warrant programme expires on 9 December 2024 and exercising is possible from 10 June 2024. The 2021 warrant programme expires on 14 December 2026 and can be exercised from 15 June 2026.

Share warrant programme	2019	2021
Total number of warrants	830,000	480,000
Price	3.45	6.12
Exercise price	47.4	91.2
Term	5.5	5.5
Number of participants	8	8

10 PROFIT/LOSS FROM FINANCIAL ITEMS

Group	2021	2020
Financial income		
Exchange-rate gains	10	19
Changes in fair value – interest swaps and currency derivatives	0	4
Interest income	0	-2
Other financial income	0	1
Total	10	22
Financial expenses		
Exchange-rate losses	-24	-21
Changes in fair value – interest swaps and currency derivatives	0	-5
Interest expenses, bank loans	-11	-8
Interest expense, leases	-27	-29
Other financial expenses	-1	-1
Total	-62	-64
Profit/loss from financial items	-52	-42
Parent Company	2021	2020
Earnings from shares in Group companies		
Dividends from Group companies	–	–
Total	–	–
Interest income and similar items		
Exchange-rate gains	4	1
Group contributions	715	238
Interest income	4	5
Total	723	244
Interest expenses and similar items		
Exchange-rate losses	-8	-1
Interest expenses	-12	-17
Total	-20	-18
Profit/loss from financial items	703	226

11 INCOME TAX

Group	2021	2020
Current tax for the year	-205	-126
Current tax attributable to previous years	-2	-8
Remeasured deferred tax due to changed tax rate in Sweden	—	5
Deferred tax expense relating to temporary differences	-2	-22
Deferred tax income relating to temporary differences	32	12
Total	-177	-139
Parent Company	2021	2020
Current tax for the year	-141	-48
Total	-141	-48

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

Group	2021	2020
Profit before tax	799	623
Income tax calculated according to the Group's prevailing tax rate	-164	-133
Non-taxable income	0	0
Non-deductible costs	-14	-1
Tax effect of interest on the tax allocation reserve	-1	-1
Remeasured deferred tax due to changed tax rate in Sweden	—	5
Blocked amounts on foreign taxes for tax purposes	-13	-2
Adjustment of current tax relating to previous years	-2	-8
Other	17	1
Tax expense	-177	-139
Parent Company	2021	2020
Profit before tax	688	214
Income tax calculated according to prevailing tax rate	-142	-46
Non-deductible costs	-1	0
Adjustment of current tax relating to previous years	2	-2
Tax expense	-141	-48
Weighted average tax rate within the Group:	22.2%	22.3%

The prevailing tax rate for income tax within the Group and the Parent Company is 20.6 percent (21.4).

12 EARNINGS PER SHARE

Before dilution	2021	2020
Profit for the year attributable to the Parent Company's shareholders	621	485
Weighted average number of shares before dilution (thousand)	60,711	60,999
Earnings per share before dilution (SEK)	10.23	7.95
After dilution		
Profit for the year attributable to the Parent Company's shareholders	621	485
Weighted average number of shares before dilution (thousand)	60,711	60,999
Dilution effect regarding warrants	301	0
Weighted average number of shares after dilution (thousand)	61,012	60,999
Earnings per share after dilution (SEK)	10.18	7.95
Number of shares outstanding at end of year (thousand)	60,999	60,999
Shares held by Byggmax Group AB (thousand)	2,374	—
Dividend per share (SEK)	4.00	2.75

13 EXCHANGE-RATE DIFFERENCES

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

Group	2021	2020
Other income	7	17
Other expenses	-10	0
Financial income	10	18
Financial expenses	-24	-16
Total exchange-rate differences	-17	19

14 INTANGIBLE ASSETS

Capitalised expenses for development work

Group	2021	2020
Opening cost	207	183
New acquisitions	22	27
Increase through acquisitions	0	-
Sales and scrapping	0	0
Reclassifications	-3	0
Exchange-rate differences	0	-3
Closing accumulated cost	226	207
Opening depreciation	-141	-117
Sales and scrapping	0	0
Depreciation for the year	-21	-25
Impairment	-	0
Reclassifications	0	0
Exchange-rate differences	0	0
Closing accumulated depreciation	-162	-141
Closing carrying amount	64	66

The capitalised development costs relate to the development of business systems and the website.

	Goodwill		Customer relationships		Trademark		Total	
Goodwill, customer relationships and brands	2021	2020	2021	2020	2021	2020	2021	2020
Opening carrying amount	1,808	1,808	76	91	123	147	2,006	2,046
Increase through acquisitions	150	-	62	-	107	-	319	-
Amortisation	-	-	-17	-15	-28	-25	-45	-40
Impairment	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-24	-	-24	-
Exchange-rate differences	4	-	2	-	2	-	8	-
Closing carrying amount	1,963	1,808	123	76	180	123	2,265	2,006

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, SEK 39 M to Næstved Lavpris Træ A/S and SEK 115 M to Contera AS, both of which were acquired in 2021 and are part of the Byggmax segment.

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 of Byggmax Group are considered 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.

Note 14 cont.

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 business plan of the respective CGU for 2022 and forecasts for the period 2023–2026 prepared by the Group management team and approved by the Board of Directors. 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 2026, 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 8.6 percent (8.8) for Byggmax AB. As regards an assessment of possible impairment needs for Skånska Byggvaror, a WACC of 11.1 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

The tests show that the recoverable amount for Byggmax and Skånska Byggvaror exceed 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.

VULNERABILITY 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 10.1 percent and 8.9 percent, respectively, which would lead to a need for impairment. The equivalent sensitivity analysis for Byggmax reduces the aggregate recoverable amount by 11.2 and 12.5 percent, respectively, which does not lead to any need for impairment.

The primary assumption for average growth over a five year period (2022–2026) is 9.2 percent and 10.4 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 7.2 percent (8.8), that would still not lead to an impairment need for Byggmax. For Skånska Byggvaror, a WACC higher than 11.9 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	2021	2020
Opening cost	1,219	1,115
Purchasing	206	145
Increase through acquisitions	41	–
Sales and scrapping	-31	-15
Reclassifications	0	0
Exchange-rate differences	18	-27
Closing accumulated cost	1,321	1,219
Opening depreciation	-810	-728
Sales and scrapping	26	12
Depreciation for the year	-146	-109
Reclassifications	132	16
Exchange-rate differences	-12	0
Closing accumulated depreciation	-810	-810
Closing carrying amount	511	409

Note 15 cont.

Buildings and land

Group	2021	2020
Opening cost	8	8
Closing accumulated cost	8	8
Opening depreciation	-5	-4
Depreciation for the year	0	0
Closing accumulated depreciation	-5	-5
Closing carrying amount	3	3

Leasehold improvements

Group	2021	2020
Opening cost	29	31
Purchasing	1	0
Increase through acquisitions	0	—
Sales and scrapping	0	-1
Exchange-rate differences	1	-1
Closing accumulated cost	31	29
Opening depreciation	-12	-12
Sales and scrapping	0	0
Depreciation for the year	-2	-2
Exchange-rate differences	0	2
Closing accumulated depreciation	-15	-12
Closing carrying amount	16	17

16 RIGHT-OF-USE ASSETS AND LEASES

Group	2021	2020
Opening cost	1,777	1,660
Purchases	389	212
Sales and scrapping	-63	-29
Reclassifications	-6	—
Exchange-rate differences	55	-66
Closing cost	2,154	1,777
Opening accumulated depreciation	-539	-281
Sales and scrapping	35	18
Depreciation for the year	-328	-294
Reclassifications	48	4
Exchange-rate differences	-17	14
Closing accumulated depreciation	-801	-539
Closing carrying amount	1,353	1,238

Note 16 cont.

Group	2021	2020
Income statement		
Depreciation of right-of-use assets	-328	-294
Interest on lease liabilities	-27	-29
Short-term lease costs	-3	0
Costs of low-value leases	-11	-10
Total income effects related to leases	-369	-333
Cash flows		
Interest	-27	-29
Repayment	-322	-284
Short-term and low-value lease payments	-14	-10
Total cash flows related to leases	-363	-323

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

17 PARTICIPATIONS IN GROUP COMPANIES

Parent Company	2021	2020
Opening cost	1,219	1,219
Investments	351	—
Closing carrying amount	1,570	1,219

The Parent Company has participations in the following Group companies:

					Carrying amount	
Name	Corp. reg. no	Registered office	Share of capital, %	Number of shares	2021	2020
Companies owned by Byggmax Group AB (publ)						
Byggmax AB	556645-6215	Halmstad	100	100,000	477	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
Næstved Lavpris Træ A/S	26146925	Øverup	100	500,000	57	—
Contera AS	986,607,021	Oslo	100	130,000	293	—
Byggmax Denmark ApS	42092541	Copenhagen	100	40,000	0	—
					1,570	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			
Skånska Byggvaror AB	556100-1891	Helsingborg	100			
Grønt Fokus AS	976 461 428	Kristiansand	100			
Right Price Tiles AS	988 210 641	Oslo	100			
Contera Engros AS	912 639 142	Oslo	100			
RPT Scandinavia AS	912 761 479	Oslo	100			
Nordrum	3189979-2	Helsinki	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 Dec 2021	Assets carried at amortised cost	Assets measured at fair value in profit or loss	Total
Derivatives	—	—	—
Accounts receivable and other receivables excluding prepaid expenses and accrued income	204	—	204
Cash and cash equivalents	43	—	43
Other non-current receivables	—	—	—
Total	247	—	247

Liabilities in the balance sheet at 31 Dec 2021	Liabilities carried at amortised cost	Liabilities measured at fair value in profit or loss	Total
Borrowings	847	—	847
Lease liabilities	1,341	—	1,341
Derivatives	—	1	1
Accounts payable and other liabilities excluding accrued expenses and deferred income	859	—	859
Total	3,047	1	3,048

Assets in the balance sheet at 31 Dec 2020	Assets carried at amortised cost	Assets measured at fair value in profit or loss	Total
Derivatives	—	0	0
Accounts receivable 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 Dec 2020	Liabilities carried at amortised cost	Liabilities measured at fair value in profit or loss	Total
Borrowings	529	—	529
Lease liabilities	1,210	—	1,210
Derivatives	—	1	1
Accounts payable and other liabilities excluding accrued expenses and deferred income	770	—	770
Total	2,509	1	2,510

19 OTHER NON-CURRENT RECEIVABLES

Group	2021	2020
Other	4	2
Total other non-current receivables	4	2

20 DERIVATIVES

Group, 31 Dec 2021	Assets	Liabilities
Derivatives		
Currency forwards – held for trading	–	1
Total derivatives	–	1

Group, 31 Dec 2020	Assets	Liabilities
Derivatives		
Currency forwards – held for trading	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 11 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 ACCOUNTS RECEIVABLE

Group	2021	2020
Accounts receivable	30	17
Provisions for doubtful receivables	-4	-4
Total accounts receivable	26	13

Of the total provision for doubtful accounts receivable of SEK 4 M (4), SEK 2 M (2) comes from Skånska Byggaror. Ninety-five percent of the provision in Skånska Byggaror

consists of a large number of private individuals. Byggmax's provision amounts to SEK 2 M (2).

AGE DISTRIBUTION OF IMPAIRED ACCOUNTS RECEIVABLE IN 2021

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 ACCOUNTS RECEIVABLE IN 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

The fair value of the Group's accounts receivable corresponds to the carrying amount.

22 INVENTORIES

Group	2021	2020
Completed goods and goods for resale	1,542	963
Work in progress	8	5
Total inventories	1,550	967

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

23 OTHER RECEIVABLES

Group	2021	2020
Bonus receivables from suppliers	115	73
Other receivables	10	23
Total other receivables	125	95
Parent Company	2021	2020
VAT receivable	44	—
Total other receivables	44	—

Most bonus receivables are in SEK. At the balance sheet date 31 December 2021, no other receivables are assessed as doubtful. In respect of existing bonus receivables, the

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

24 PREPAID EXPENSES AND ACCRUED INCOME

Group	2021	2020
Prepaid rent	1	1
Prepaid lease payments	1	2
Other items	27	18
Total prepaid expenses and accrued income	29	21
Parent Company	2021	2020
Other items	9	0
Total prepaid expenses and accrued income	9	0

25 CASH AND CASH EQUIVALENTS

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

Group	2021	2020
Balance sheet		
Cash and bank balances	43	62
Total cash and cash equivalents	43	62
Cash flow statement		
Cash and bank balances	43	62
Total cash and cash equivalents	43	62

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	2021	2020
Number of shares outstanding (thousand)	60,999	60,999
Of which, held by Byggmax Group AB (thousand)	-2,374	–
Total number of shares outstanding excluding shares held by Byggmax Group AB (thousand)	58,625	60,999
Share capital	20	20
Other capital contributions	2,232	1,947
Total	2,252	1,968

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.

BUY-BACK OF OWN SHARES

The 2021 Annual General Meeting resolved to authorise the Board of Directors to decide on buy-back of shares. On the basis of that authorisation, the Board has resolved to

introduce a buy-back programme comprising a maximum of 3,049,900 shares to a maximum of SEK 200 million. The buy-back programme aims to adapt the company's capital structure by withdrawing the bought-back shares and reducing the share capital. At 31 December 2021, 2,374,000 shares, corresponding to 3.89 percent of the outstanding shares, have been bought back for SEK 200 M, thus completing the buy-back programme.

27 RESERVES

The category of reserves within equity refers in its entirety to translation differences arising from the translation of foreign subsidiaries.

28 BORROWINGS

Group	2021	2020
Long-term		
Non-current lease liabilities	995	916
Total	995	916
Short-term		
Liabilities to credit institutions	400	100
Overdraft facilities	447	429
Current lease liabilities	346	294
Total	1,193	824
Total borrowing	2,188	1,740
Parent Company		
Short-term		
Liabilities to credit institutions	400	100
Overdraft facility ¹	1,033	1,250
Total	1,433	1,350
Total borrowing	1,433	1,350

1) Of the overdraft facility, SEK 585 M (821) pertains to intra-group balances. The total overdraft facilities utilised by the Group amount to SEK 447 M (429).

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 more information. There are no pledged assets for loans, see Note 37.

Note 28 cont.

THE GROUP HAS THE FOLLOWING UNUTILISED CREDIT FACILITIES:

Group	2021	2020
Overdraft facility	153	140
Unutilised credit facilities	320	651
Total	473	791

29 DEFERRED TAX

Group	2021	2020
Deferred tax liabilities		
Untaxed reserves	127	142
Non-current intangible assets	63	41
Other	2	—
Total deferred tax liabilities	193	183

Gross changes	Untaxed reserves	Intangible assets	Other	Total
At 1 January 2021	142	41	0	183
Recognised				
In profit or loss	-16	22	3	10
Directly in shareholders' equity	—	—	—	—
At 31 December 2021	127	63	3	193

Gross changes	Untaxed reserves	Intangible assets	Other	Total
At 1 January 2020	130	49	—	179
Recognised				
In profit or loss	12	-8	0	3
Directly in shareholders' equity	—	—	—	—
At 31 December 2020	142	41	0	183

Deferred tax assets	2021	2020
Derivatives	0	0
Valuation of loss carryforwards	7	4
Leases	6	5
Other	9	3
Total deferred tax assets	23	12

Note 29 cont.

Gross changes	Derivatives	Loss carryforwards for tax purposes	Other	Total
At 1 January 2021	0	4	8	12
Recognised:				
In profit or loss	0	3	8	11
Directly in shareholders' equity	—	—	—	—
At 31 December 2021	0	7	16	23

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

Deferred tax liabilities, net	2021	2020
Total deferred tax liabilities, net	170	171

Net changes relating to deferred taxes are as follows:

Group	2021	2020
On the opening date	171	172
Recognition in profit or loss	-1	-1
On the balance-sheet date	170	171

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) pertain to losses amounting to SEK 15 M (8) that can be

offset against future taxable profits. SEK 2 M (1) pertain 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	2021	2020
Guarantee commitments	1	1
Other non-current liabilities	105	—
Total non-current liabilities	105	1

Parent Company	2021	2020
Other non-current liabilities	105	—
Total non-current liabilities	105	—

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 2021 financial year, the Group did not have access to information that would enable this plan 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 amount to SEK 15.6 M (11.2), of which ITP2 SEK 3.9 M (3.2). The Group's level of participa-

tion in the ITP2 plan was 0.01392 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 3.0 M (3.5). Alecta's surplus can be distributed to policy holders and/or insured persons. At the end of 2021, Alecta's surplus in the form of the collective consolidation level amounted to 172 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	2021	2020
VAT liabilities	37	44
Personnel-related liabilities	17	13
Other	33	25
Total other liabilities	86	82

33 ACCRUED EXPENSES AND DEFERRED INCOME

Group	2021	2020
Accrued salaries	64	62
Accrued holiday pay	81	69
Accrued social security contributions	32	23
Other	118	77
Total accrued expenses and deferred income	295	231
Parent Company	2021	2020
Other	25	4
Total accrued expenses and deferred income	25	4

34 PROVISIONS

Group	2021	2020
Restructuring costs, Skånska Byggarb	0	1
Total other provisions	0	1

35 CHANGES TO CASH FLOW IN INDEBTEDNESS RECOGNISED IN FINANCING ACTIVITIES

Group	OB 2021	Cash flow	Reclassifications and other non-cash items	CB 2021
Loans	100	300	—	400
Repayment of interest-bearing liabilities acquisitions	—	-3	—	-3
Dividends	—	-168	—	-168
Repurchase of own shares	—	-200	—	-200
Non-current lease liability	916	—	79	995
Current lease liability	294	-322	374	346
	1,310	-393	453	1,370
Utilised credit	429	18	—	447
Cash flow changes in financing activities	1,740	-375	453	1,817

Group	OB 2020	Cash flow	Reclassifications and other non-cash items	CB 2020
Loans	690	-590	—	100
Warrant programme	—	—	—	—
Non-current lease liability	1,040	—	-124	916
Current lease liability	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

36 DISCLOSURE OF ACQUISITIONS

In order to establish Byggmax in the Danish market, Næstved Lavpris Træ A/S ('NLT') (corp. ID No 26146925), an owner-managed low-price do-it-yourself concept with four profitable stores and a rapidly growing online business in Denmark, was acquired on 1 January 2021. Like Byggmax, NLT focuses on building materials, such as timber, stone, paint and tools, and sells mainly to consumers. The overlap in product categories and suppliers with Byggmax is high, and Byggmax will be able to supply the

Danish market through its current supply chain and warehouse structure. The acquisition relates to 100 percent of the shares in Næstved Lavpris Træ A/S and has had the following impact on the Group's balance sheet and cash and cash equivalents. The purchase consideration corresponded to a maximum value of SEK 57 M, of which SEK 30 M is the initial consideration and the remainder is based on developments in 2021 and 2022. Net assets acquired amount to SEK 18 M and goodwill to SEK 39 M.

Næstved Lavpris Træ A/S – Acquisition analysis	Fair value, SEK M
Tangible fixed assets	5
Deferred tax assets	0
Other non-current receivables	2
Inventories	19
Accounts receivable and other receivables	5
Cash and cash equivalents	4
Deferred tax	-4
Accounts payable and other payables	-13
Net assets acquired	18
Goodwill	39
Total consideration	57
Unpaid consideration	-27
Cash and cash equivalents in acquired company	-4
Change in cash and cash equivalents at acquisition	26

Note 36 cont.

In order to further accelerate growth in wall and floor tiles and new concept stores in the Byggmax brand, Contera AS (corp. ID No 986 607 021), owner of the retail concept Right Price Tiles, the leading Norwegian low-price wall and floor tile retailer with 14 stores (of which two franchises) and a small fast-growing online business in Norway, was acquired on 31 August 2021. Contera Group is also a direct importer of wall and floor tiles and related products. The product offering is based on wall and floor tiles and accessories with a modern design, with additional sales in bathrooms and flooring. The acquisition relates to 100 percent of the shares in Contera AS and has had the following impact on the Group's balance sheet and cash and cash

equivalents. The consideration corresponded to a maximum value of SEK 282 M, of which SEK 173 M has been paid initially. The acquisition analysis includes a contingent consideration entered as a liability corresponding to 90 percent of the maximum outcome. The contingent consideration is based on developments in 2021 and 2022. Acquired net assets total SEK 182 M, of which surplus values in the form of brand and customer relations amount to SEK 139 M and goodwill to SEK 111 M. Byggmax amortises trademarks and customer relations, and the annual amortisation amount is expected to be SEK 14 M. The acquisition analysis is subject to final adjustment.

Contera AS – Preliminary acquisition analysis	Fair value, SEK M
Customer relations	62
Trademark	77
Intangible fixed assets	6
Tangible fixed assets	11
Deferred tax assets	3
Inventories	73
Accounts receivable and other receivables	11
Cash and cash equivalents	13
Deferred tax	-44
Accounts payable and other payables	-30
Net assets acquired	182
Goodwill	111
Total consideration	293
Unpaid consideration	-99
Cash and cash equivalents in acquired company	-13
Change in cash and cash equivalents at acquisition	181

37 PLEDGED ASSETS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Pledged assets

Group	2021	2020
For own debts and provisions:		
Blocked bank funds	—	—
Total pledged assets, contingent liabilities and contingent assets	—	—

Contingent liabilities

Group	2021	2020
Capital adequacy guarantee on behalf of Group companies	None	None

38 RELATED-PARTY TRANSACTIONS

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

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

39 SUBSEQUENT EVENTS

Byggmax Group has acquired the Danish online trader BygMax A/S and the associated e-bygstore A/S as of 1 January 2022, and this will be reported as part of the Byggmax segment. The company is an owner-operated Danish online trading pioneer offering building materials and DIY products at low prices. The business has grown organically over a long period with good profitability and complements

Byggmax's current Danish operations well. Sales in 2021 amounted to DKK 93 M.

Since February 2022, uncertainty related to geopolitical developments and ongoing sanctions between countries in Europe has increased. It is not possible at present to assess what impact these may have on the economy in Europe or on Byggmax's areas of business.

40 APPROPRIATION OF EARNINGS

Retained earnings	21,213,997
Profit/loss for the year	547,707,123
TOTAL	568,921,120

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

Dividend to shareholders (SEK 4.00 per share)	234,500,180
To be carried forward	334,420,940
TOTAL	568,921,120

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

The Board of Directors has examined the company's and Group's financial situation and notes that a dividend payment in accordance with the Board's proposal is justifiable in consideration of 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.

SIGNATURES

The Board of Directors and President and CEO 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 Com-

pany'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 to be held on 5 May 2022 for adoption.

Stockholm, 22 March 2022

ANDERS MOBERG
Chairman of the Board

ANDRÉAS ELGAARD
Board member

KJERSTI HOBØL
Board member

CATARINA FAGERHOLM
Board member

LARS LJUNGÄLV
Board member

DANIEL MÜHLBACH
Board member

GUNILLA SPONGH
Board member

MATTIAS ANKARBERG
President and CEO

Our audit report has been submitted on the date indicated by my electronic signature
Öhrlings PricewaterhouseCoopers AB

CESAR MOREÉ
Authorised Public Accountant

AUDITOR'S 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 2021 except for the corporate governance statement on pages 53–57. The annual accounts and consolidated accounts of the company are included on pages 48–96 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 2021 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 2021 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 53–57. 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 73 percent of consolidated sales, while Norway represents approximately 22 percent of sales, and other countries account for the remaining portion of total turnover. We audited the majority of all companies, representing approximately 98 percent 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 68 percent 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. 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 2021 were SEK 7,645 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 Byggarb, 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 analysed 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, 2021, the total value of the inventories was SEK 1,550 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 analysing 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 2,265 M at December 31, 2021. Byggmax Group's goodwill as at December 31, 2021 amounted to SEK

1,963 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.

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 1–47 and 102. 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 2021 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 fulfil 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 ESEF REPORT OPINION

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Byggmax Group AB (publ) for the financial year 2021.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report #f5b6ec-fa908a96d3835a5040a5e3be5acb09260f66a3d-1c5f07ed6ce369f859e has been prepared in a format that, in all material respects, enables uniform electronic reporting.

BASIS FOR OPINIONS

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Byggmax Group AB (publ) 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 evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

The Board of Directors and the Managing Director are responsible for ensuring that the Esef report has been prepared in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors (and the Managing Director) determine is necessary to

prepare the Esef report without material misstatements, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to form an opinion with reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The reasonable assurance engagement involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The reasonable assurance engagement also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a technical validation of the Esef report, i.e. if the file containing the Esef report meets the technical specification set out in the Commission's Delegated Regulation (EU) 2019/815 and a reconciliation of the Esef report with the audited annual accounts [and consolidated accounts].

Furthermore, the procedures also include an assessment of whether the Esef report has been marked with iXBRL which enables a fair and complete machine-readable version of the consolidated statement of financial performance, statement of financial position, statement of changes in equity and the statement of cash flow.

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 2021 and has been the company's auditor since May 2006.

Stockholm 22 March 2022

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, net debt, equity/assets ratio, capital employed, interest-bearing liabilities and non-current non-interest-bearing liabilities. 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 operation's underlying profitability and to improve comparability between reporting periods and industries. The Group's definitions are unchanged from previous periods. Calculations of alternative performance measures can be found on www.byggmax.se under financial statistics, or at <http://om.byggmax.se/sv/investerare/finansuell-statistik/>.

DEFINITIONS OF FINANCIAL KEY PERFORMANCE INDICATORS/REPORTING TERMINOLOGY

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 indebtedness.

Cash flow from operating activities 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 measure 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 measure 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.

DEFINITION OF SECTOR-SPECIFIC KEY PERFORMANCE INDICATORS

Gross margin: Net sales less cost of materials 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 a good 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 relate to stores that have been open for more than 12 months. Comparable sales are calculated in constant currency. All online sales are regarded as being 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 Byggarvaror.

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