

BYGGMAX[®]

ANNUAL REPORT AND
SUSTAINABILITY REPORT

2023



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The Swedish version of this Annual Report is the original and has been audited by Byggmax Group's auditors.

This version is an adjusted version for layout of the adopted legal annual report, which is available in ESEF format.

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**

BYGGMAX GROUP IN BRIEF

EVERYBODY HAS THE RIGHT TO A FANTASTIC HOME

Byggmax Group primarily addresses private consumers and offers high-quality products for the most common DIY projects. Since being founded in 1993, the Group has consolidated a strong low-price position in the DIY market. The 209 stores combined with a wide range of products available online have created a popular omni-channel offering in Sweden, Norway, Finland and Denmark. We believe that everyone has the right to a fantastic home, and we do everything we can to make this a reality for as many people as possible.

Byggmax Group was established in 1993. We primarily addresses private consumers, and have always endeavoured to offer DIY products at the best price in the industry. This takes place in combination with a simple and cost-effective operational model. We have committed employees who work to ensure efficient administration and efficient store operation combined with a continuing focus on constantly improving the customer experience. This has been a successful concept; the Nordic region has a strong DIY culture and we have developed, grown and been profitable for 30 years.

CUSTOMER PROMISE

We believe that everyone has the right to a fantastic home, and we do everything we can to make it a reality for as many people as possible.

We offer relevant quality products for the most common DIY projects, such as timber, board materials, garden products, tools, paints, flooring, tiles and storage. The Group offers a variety of alternative ways to shop or take delivery, both online and in-store. The interaction between online shopping and stores is central, as this flexibility is much in demand and provides a better overall customer experience.

We continuously develop new ways to meet customer needs, which means we are constantly improving and expanding what we offer, to include more types of DIY projects. Examples of additions to the product range in 2023 include modular houses, customisable window sections and paint mixing not only in store, also on site.

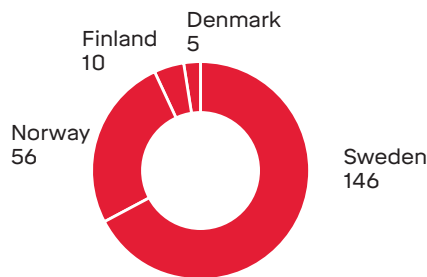
NET ZERO BY 2040

Our first sustainability target, to reduce the number of tons of CO₂e per ton of goods transported, was set back in 2010. We have since expanded our climate agenda to minimise our greenhouse gas emissions throughout the value chain and reach net zero by 2040. In addition to this challenge, we are committed to circular products, for example through the Green Ventures investment project.

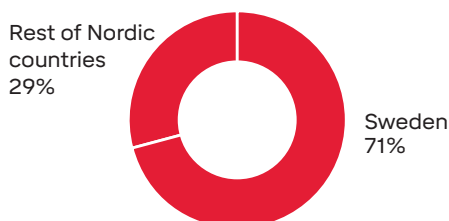
STRATEGIES

Byggmax Group has strong values and committed employees. The strategic focus over the next few years continues to be based on our simple and efficient operational model combined with focused growth based on the Group's strengths in store expansion, product range development and e-commerce.

209 STORES AND 8 SHOWROOMS FOR GREENHOUSES AND CONSERVATORIES



SALES BY GEOGRAPHY



2023 IN BRIEF

THE YEAR IN BRIEF

More and more customers are discovering that Byggmax Group's low-price concept delivers at the best level at the lowest price in the market. The Nordic DIY market developed weakly in 2023, while the Byggmax customer satisfaction index reached its highest level ever. Sales in 2023 for Byggmax Group totalled SEK 6.1 billion, 15.8 percent down on the previous year. The Nordic market for building materials is estimated to have decreased by around 20 percent over the same period.

SIGNIFICANT EVENTS IN 2023

- We stayed true to our priorities while ensuring that Byggmax Group is an even more efficient organisation than it was at the beginning of the year. We strengthened our online offering with a wider range of products and improved functionality. Costs were reduced by 10 percent compared to 2022. Our in-store product range was enhanced, and inventory levels were adapted to lower sales volumes.
- During the year we opened seven stores, four in Sweden and three in Norway. Over the same period we closed two stores.
- All Byggmax stores have been upgraded, resulting in a simpler customer experience and improved product presentation. In other words, we now provide an even better in-store customer experience.
- We made our second investment in Green Ventures by taking a stake in the Swedish company Recoma. Recoma produces building boards from recycled packaging waste, i.e. Tetra Pak materials. The production process emits about 80-90 percent less emissions than in the production of traditional building boards. The boards are available for sale at Byggmax.
- In May, Skånska Byggvaror launched the option of customising modular houses and having them delivered in smart kits. This solution makes it easy for customers to design the building entirely on their own.
- Karl Sandlund took over as President and CEO on 1 July 2023.

FINANCIAL PERFORMANCE

- The consumer market for construction materials continued to develop weakly throughout 2023. External factors contributed to cautious consumer behaviour, especially for major investments in the home.
- Net sales in 2023 amounted to SEK 6,113 million (7,260), down 15.8 percent (5). The Group's like-for-like sales fell by 14.9 percent.
- The gross margin was 33.4 percent, compared to 33.9 percent for the previous year.
- Personnel and other costs decreased by SEK 138 million compared to 2022. The cost base was adapted to lower sales through more efficient administration and a slower pace of development projects.
- EBITA for the year was SEK 179 million (509), and the EBITA margin was 2.9 percent (7.0).
- Earnings per share fell to SEK 0.44 from the previous year's SEK 5.34.
- The Group's cash flow from operating activities for the full year increased to SEK 781 million (536).
- Profit for the year was SEK 26 million (313).
- The Board of Directors proposes a dividend for 2023 of SEK 0.50 per share (0.00).
- Byggmax Group has signed a three-year revolving credit facility of SEK 1,000 million with DNB and Handelsbanken.

NUMBER OF STORES

	2023
At the start of the year	204
Sweden	
+ opened	4
+ acquired	0
- closed	0
Other Nordic	
+ opened	3
+ acquired	0
- closed	-2
At the end of the year	209

SALES OF
SEK **6.1**
BILLION

AVERAGE
NUMBER OF
EMPLOYEES
1,289
ENGAGEMENT
INDEX 82

MESSAGE FROM THE CEO

BYGGMAX IS READY WHEN THE MARKET TURNS

2023 was a year with a weak consumer market, in which building materials were particularly hard affected. As a leading low-price operator, Byggmax continues to strengthen its position with development of the product range, an improved store experience, lower costs and adjusted inventory levels. Byggmax's low-price concept is particularly relevant at a time when many consumers' personal finances have been stretched. Together with a strengthened balance sheet and short supply chains, we are ready to scale up quickly when the market turns.

SUMMING-UP OF 2023

Rising interest rates, high inflation and general geopolitical uncertainty contributed to a decline in the building materials market during the year. The decline was mainly driven by lower volume due to consumers holding off from large renovation projects and home investments. At the same time, we noticed that interest in smaller projects such as painting, bathrooms and energy related products remained strong.

Byggmax spent the time well. We took the opportunity to further strengthen our customer offering by enhancing the range, opening more and upgrading stores and expanding our online functionality. In order to offer our customers the best price, cost awareness permeates all parts of Byggmax. During the year, we further streamlined our operations, resulting in lowered costs and reduced inventory levels. Together with lower investment activity, this has contributed to strengthening our balance sheet.

We are continuing to strengthen our position among consumers. Despite the drop in sales during the year, we had a good influx of customers, even though they spent less. This shows the strength of our low-price offering.

STRENGTHENED CUSTOMER OFFERING

We constantly strive to improve our customer offering with a steadily updated product range, the best prices and efficient sales channels.

During the year, we opened seven new stores and now have 209 stores and 8 showrooms in four Nordic countries. In addition to opening new stores, we completed our programme of upgrades for the existing stores. This means an improved in-store experience with an enhanced customer flow, clearer product presentation and updated store design.

We also continued to enhance our e-commerce with more than 22,000 additional products compared to 2022. In addition, we launched a digital paint tool. Customers can test paints on various pre-selected spaces, both indoors and outdoors. It is also possible to order paint samples and customise any chosen paint for home delivery.

As a further improvement, since spring 2023 we have offered customised modular houses online. Customers choose the shape, size and position of doors and windows. The houses are then delivered in modular blocks,



allowing for quick and easy assembly. And of course they are sold at the best prices in the market.

With the inflation we have experienced in recent years, the work of purchasing becomes even more important. We have increased the frequency of negotiating sessions with our suppliers to obtain the best purchasing terms. By doing this, we can continue to offer our customers the most affordable prices.

THE LOWEST COSTS IN THE MARKET

Being able to offer the best prices requires the lowest costs. During the year, we further streamlined the way work is done in our stores, for example with the aid of new digital tools that streamline warehouse inventories and deliveries. We have improved scheduling systems. This has allowed us to better adapt staffing levels in

MESSAGE FROM THE CEO

stores. In addition, we constantly strive to reduce energy use by continually making savings on electricity, both large and small. At our head office, we have reduced both administration and external costs. In total, staff and other costs have been reduced by 10 percent compared to 2022, despite more stores and high inflation.

Another area we focused on is adapting our inventory to a lower volume of sales. At the end of the year, inventories were 20 percent lower than the previous year. Together with a lower rate of investment, this has allowed us to strengthen our balance sheet despite the weak market.

“ Byggmax spent the time well. We improved our customer offering while further streamlining our operations and strengthening our balance sheet.

REDUCED CLIMATE IMPACT

Our sustainability journey started in 2010 with our IPO. We want to make it easy for customers to make sustainable choices. In 2023, we continued our efforts to reduce our own emissions through an increased share of electric forklifts, lower total electricity consumption and the purchase of renewable electricity. We also make strict demands on our suppliers to reduce indirect greenhouse gas emissions.

As part of our sustainability work, in 2022 we launched the Green Ventures initiative, where we invest in companies working with circularity. The first investment in the company MoreWood was also made at that time. In June 2023, the next investment was made, in the company Recoma, which produces building boards from recycled Tetra Pak materials. The production process emits about 80–90 percent lower emissions than in the production of traditional building boards.

BYGGMAX'S FANTASTIC EMPLOYEES

Our employees are our most important asset. With great commitment, acceptance of responsibility and a positive attitude, Byggmax employees made magnificent efforts during the year to enable our customers to realise their DIY dreams. These efforts were recognised by customers and resulted in record high scores in our customer satisfaction surveys.

The positive culture, job satisfaction and good cooperation are also reflected in very high and increasing engagement and leadership indices.

READY WHEN THE MARKET TURNS

2023 was a challenging year with cautious consumers. Byggmax spent the time well and welcomes our customers with an improved customer offering while further streamlining our operations and strengthening the balance sheet.

We will continue to optimise our range, where large purchases, efficient logistics flows and inventory management mean that we are able to offer the right products at the best possible price. The combination of 209 stores and an online business with a wide range of products means that we are relevant to customers wherever they want to shop.

Our clear low-price position and further streamlined operations are a winning combination. Together with a strengthened balance sheet and short supply chains, we are ready to offer even more customers the best prices for their DIY projects. I would like to express my sincere gratitude to Byggmax's fantastic employees for this year. Together we look to the future with great confidence!

Stockholm, March 2024

Karl Sandlund
President and CEO

MARKET

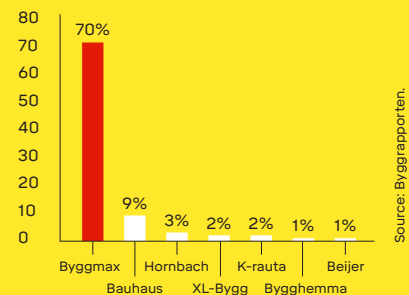
MARKET TRENDS

The low-price trend has developed into one of the main drivers of the retail sector. In a world of great uncertainty, with real-terms pay cuts, rampant inflation and high interest rates, interest in low prices has been further strengthened. The role of the home remains central; we still want to improve it and make it a more enjoyable place to be, which keeps the smaller projects going while more expensive maintenance and larger investments are deferred. Online shopping and physical stores are increasingly integrated, which favours and enhances the customer offering.

1. The low-price phenomenon

Low-price has been a strong trend for several years, both in the Nordics and in the rest of the world. Today, discounting is not just associated with ‘cheap’, but with a good range of the same or equivalent goods. With many people feeling more strained finances, low-price retailers are attracting more customers, and discounting has continued to grow in many retail sectors. In Byggrapporten (Construction Report), a survey conducted by Kantar Sifo in 2023, 7 out of every 10 answered the question ‘Which builders’ merchant do you find to have the lowest prices?’ with ‘Byggmax’.

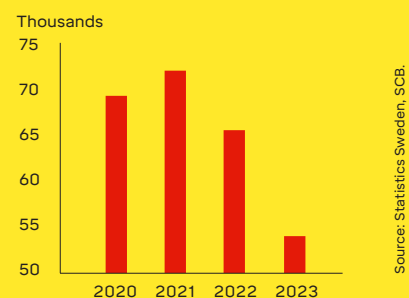
WHICH BUILDERS’ MERCHANT DO YOU FIND TO HAVE THE LOWEST PRICES?



2. The role of the home

The home and the DIY lifestyle are key drivers of our business. The role of the home continues to be central, but the economic situation means that more expensive projects and maintenance are being deferred. In the long term, our underlying market is affected by the number of houses and holiday homes sold, as many people who move into a new house find things they want to change and improve. Between 2022 and 2023, the number of transactions for detached houses and holiday homes fell by 17 percent. Since 2015, the number of transactions for detached houses and holiday homes has been around 60,000 per year. The low level of activity in new construction has a lesser impact as Byggmax Group mainly targets consumers.

NUMBER OF DETACHED HOUSES SOLD IN 2023 AT HISTORIC LOW



3. Omnichannel

Surveys show that the combination of stores and online sales is a strength that works well for the Byggmax Group. At the same time, user experience demands are high, and Byggmax Group works actively on continuously refining the customer experience. The majority of customers shop through both channels. Online offerings are balanced against personalised experience, shipping costs and immediate in-store availability. In 2023, online shopping in Sweden declined by two percent according to E-barometern. The fluctuations in online shopping have been greatly impacted by the pandemic and the state of the economy, while customer preferences clearly favour both channels.

“ More than three quarters of consumers say that their last purchase in a physical store was preceded by online research.

“ Consumers have proven to be adept at integrating both physical and online aspects into the buying process. One in three consumers often combine physical and digital when shopping.

Source: E-barometern Postnord Feb 2024.

MARKET

REDUCED SCOPE FOR CONSUMPTION

The Nordic Region remains the strongest DIY market in Europe in relation to population. Interest in the home remains strong, but rampant inflation and high interest rates are causing consumers to hold off on large renovation projects. Demand for products for smaller projects is continuing to grow.

We see consumers choosing builders' merchants based on price, store location and good e-commerce. Another trend is that build-your-own has become a necessity for many people in times of high interest rates and rampant inflation.

The Nordic Region remains the strongest DIY market in Europe in relation to its population. There are a few reasons for that:

- many people own more than one home
- hiring skilled tradespeople is relatively expensive
- traditionally, people take care of their own garden and renovate their own houses.

The Nordic market for DIY projects totalled approximately SEK 85 billion at 31 December 2023.

According to Kantar Sifo's Byggrapporten survey, 55 percent of respondents have put off construction projects in the past year due to increased costs.

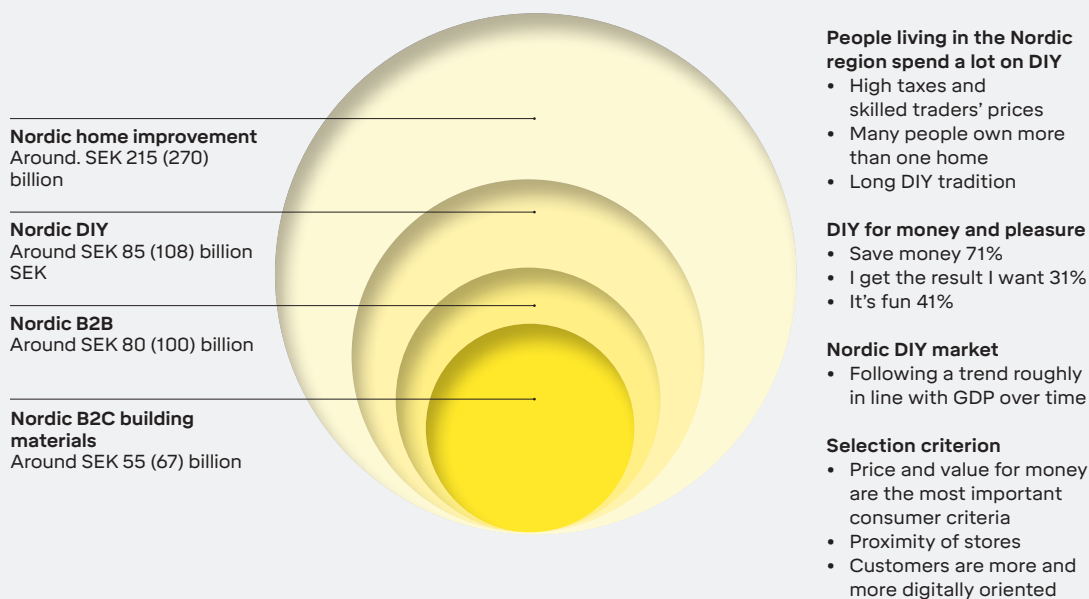
PRICE LEADER IN THE NORDIC REGION

Byggmax Group offers a combination of stores and online shopping, and at the end of 2023 Byggmax Group had 209 stores in four Nordic countries. This makes us a price-leading Nordic DIY company with a clear offering in the DIY and home improvement projects segment. Our competitors in larger towns and cities are big "box stores", as well as professionally focused builders' merchants.

In smaller towns, Byggmax is often the only builder's merchant. Byggmax is regarded as a builder's merchant with a strong local presence and a clear position in construction and with low prices.

DIY – A NORDIC LIFESTYLE

Byggmax Group sells building materials primarily to home improvers. The DIY market in Sweden, Norway, Finland and Denmark is estimated to be worth around SEK 85 billion.



BUSINESS MODEL AND STRATEGIES

EVERYBODY HAS THE RIGHT TO A FANTASTIC HOME!

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 experience. That is our customer promise. Our concept is simple as well – the customer does part of the job and we promise the lowest prices.

VISION AND CUSTOMER PROMISE

Byggmax Group's vision is to be the best DIY retailer in the world.

Our customer promise is to be at the customer's side throughout the DIY project, and we want our customers to be able to afford to fulfil their building dreams. We therefore offer high-quality products at the lowest possible price.

To be able to offer low prices, we make sure costs are kept low. We are a centralised cost-effective organisation with a selected product range in stores, and we buy in large volumes and are able to keep the price down.

STRATEGIES

FOCUSED GROWTH

We want Byggmax Group to mean more to more people by growing and continuing to be a low-price operator.

Our growth is driven by continuous range enhancement based on relevance and customer wishes and by continued development of our store concepts, customer offerings and product range.

Our online range will continue to be broadened and combined with increased functionality.

We will continue to open stores, mainly in locations where we do not yet have a presence, combined with additional acquisitions that create value in terms of category or geography.

SIMPLE AND EFFECTIVE

To be able to offer a simple, quick and enjoyable purchasing experience, we have a carefully selected range of products with a lowest-price guarantee and drive-in solutions with home delivery offerings. Online, the range of products is wider and there are more delivery options.

We aim to have the market's lowest costs, and the limited in-store range simplifies purchasing, administration and handling. We have few intermediaries and a head office with efficient centralised support functions.

STRONG VALUES

The Group's strong corporate culture and core values are crucial to the successful application and development of the company's business model.

We have a flat and communicative organisation.

Our value of 'responsibility' is also very much alive in our sustainability efforts, as we have been helping customers take care of their homes since 1993.

We combine low prices with high sustainability ambitions.

LONG-TERM TARGETS AND TARGET ACHIEVEMENT

TARGET	OUTCOME	TARGET ACHIEVEMENT												
<p>SALES GROWTH</p> <p>Net sales of at least SEK 10 billion by 2025.</p>	<p>Billion SEK</p> <table border="1"> <caption>Sales (Billion SEK)</caption> <thead> <tr> <th>Year</th> <th>Sales (Billion SEK)</th> </tr> </thead> <tbody> <tr> <td>2019</td> <td>5.2</td> </tr> <tr> <td>2020</td> <td>6.8</td> </tr> <tr> <td>2021</td> <td>7.5</td> </tr> <tr> <td>2022</td> <td>7.2</td> </tr> <tr> <td>2023</td> <td>6.1</td> </tr> </tbody> </table>	Year	Sales (Billion SEK)	2019	5.2	2020	6.8	2021	7.5	2022	7.2	2023	6.1	<p>Net sales in 2023 decreased by 15.8 percent, totalling SEK 6.1 billion (7.3).</p> <p>The sales target is to be achieved through range enhancement, store expansion, e-commerce, upgraded stores and additional acquisitions.</p>
Year	Sales (Billion SEK)													
2019	5.2													
2020	6.8													
2021	7.5													
2022	7.2													
2023	6.1													
<p>EBITA MARGIN</p> <p>The EBITA margin should be 7 to 8 percent per year.</p>	<p>EBITA margin, %</p> <table border="1"> <caption>EBITA margin (%)</caption> <thead> <tr> <th>Year</th> <th>EBITA margin (%)</th> </tr> </thead> <tbody> <tr> <td>2019</td> <td>3.5</td> </tr> <tr> <td>2020</td> <td>9.5</td> </tr> <tr> <td>2021</td> <td>10.5</td> </tr> <tr> <td>2022</td> <td>6.5</td> </tr> <tr> <td>2023</td> <td>2.9</td> </tr> </tbody> </table>	Year	EBITA margin (%)	2019	3.5	2020	9.5	2021	10.5	2022	6.5	2023	2.9	<p>The EBITA margin was 2.9 percent (7.0).</p> <p>A weak market has contributed to a decrease in gross profit. Personnel and other costs decreased by SEK 138 million, which was 10 percent down on the same period of the previous year. The target is to be achieved through continued strong cost control and volume-related economies of scale.</p>
Year	EBITA margin (%)													
2019	3.5													
2020	9.5													
2021	10.5													
2022	6.5													
2023	2.9													
<p>DIVIDEND</p> <p>Byggmax Group should distribute at least 50 percent of net profit as dividend, taking into account the financial position.</p>	<p>112%</p>	<p>The Board of Directors proposes a dividend of SEK 0.50 for 2023, which is 112 percent of the net profit for 2023.</p>												
<p>NET DEBT/EBITDA*</p> <p>Net debt/EBITDA should be no more than 2.5 times.</p> <p>* excl. IFRS16, EBITDA rolling 12 months.</p>	<p>2.8x</p>	<p>The ratio of net debt to EBITDA should be less than 2.5 times.</p> <p>Excluding the impact of IFRS 16, net debt to EBITDA was 2.8 times (1.8).</p>												
<p>SUSTAINABILITY</p> <p>CO₂e emissions per ton of goods transported should be reduced by 70 percent by 2030 compared to 2010.</p>	<p>-51%</p>	<p>The overall decrease compared with the 2010 level is 51 percent. The decrease is partly due to lower volumes and partly to more efficient logistics solutions where we have made active efforts to improve the fill rate of deliveries and local suppliers.</p>												
<p>SUSTAINABILITY</p> <p>CO₂e emissions from own operations should be reduced by 90 percent by 2027 compared to 2020.</p>	<p>-52%</p>	<p>Emissions are mainly generated from purchased electricity and heating in our stores, as well as emissions originating from diesel from forklifts in stores and vehicular transport. The reduction comes from both the increased share of electrified forklifts and the use of renewable energy in our stores.</p>												

OPERATIONS

Byggmax Group offers all DIY customers in the Nordic region high-quality products at the best price on the market. We sell through 209 stores and 8 showrooms in four Nordic countries, complemented by an online store containing over 79,000 products. We are constantly striving to improve the shopping experience, both by having a continuously updated product range and by always looking for details in the business that we can make even better.



Byggmax Group operates in Sweden, Norway, Finland and Denmark, under the brands Byggmax, Skånska Byggvaror, Right Price Tiles, Grönt Fokus, Næstved Lavpristræ, Nordrum, and the online operator BygMax A/S. Our philosophy is to always help customers get the best deal for their particular project. The customer should receive enough help to allow them to focus and enjoy the project and not spend unnecessary time on purchases. The Group therefore has a lot of stores so that stores are not far away. Once in the store, we do what we can to make your visit easier, such as the possibility of a drive-in service and availability of knowledgeable staff. At the check-out, we offer self-scanning and additional online ordering options.

EXPECTED NEW FEATURES ONLINE AND IN STORES

Offering customers the opportunity to shop not only in-store but also online is a given. We are gradually developing our online shop: during the year we added around 22,000 products, and now offer more than 79,000 products online.

A popular new feature launched in 2023 is that the customer can see from home whether the length of timber they want is in stock in the store. Previously, it was only possible to see that the store carried the selected timber, not what lengths were actually in stock.

Another improvement during the year is a digital paint tool, which makes it easier for customers to repaint their homes. The tool allows customers to test paints against different spaces, both indoors and outdoors. In addition, it is possible to order paint samples and customise any chosen paint for home delivery.

For several years, we have seen very positive reinforcement between online shopping and stores. When we open a store in a place where Byggmax did not previously have a presence, online shopping from that area also increases. The stores are used, among other things, for the collection of goods resulting from the delivery option order online and pick up in-store. It is also the case that online customers have different wishes and make use of all the different delivery options we offer: cheap standard delivery, express delivery, or the flex option, where the customer chooses the date of delivery.

OPERATIONS

OUR STORE FORMATS

In recent years, we have put substantial energy into developing 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. Today, Byggmax stores have three store formats, all based on our upgraded basic concept. The store formats are 'Large', 'Medium' and 'Small'.

In addition to these three basic formats, two smaller store formats, Compact and Studio, were launched in 2022, which are more focused on shopping centres.

The stores have a standardised design for store communication, interior fittings and display of goods. Although stores may vary in size and design, customers will always recognise a Byggmax store.

Large

The 'Large' store format is designed for large cities. It is a full-scale store, including a garden range. 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. All the stores also provide access to trailers. There are 29 of this type of store in the Nordic region.

Medium

The 'Medium' store format is adapted for medium-sized towns and cities. It includes a small garden

section. On 31 December 2023, there were 134 medium-sized Byggmax stores in the Nordic region.

Small

The 'Small' store format was launched in 2017 and there are now a total of 27 stores of this format in the Nordic region. They are adapted to smaller towns. The stores have a slightly smaller range of products, but it is easy to order online products, which can then be collected at the store or delivered to the customer's home.

Compact

The Compact format: takes our entire product range, including our drive-in solution, to shopping centres. It is therefore reduced in size to fit into a smaller area. As a result, it fits well in shopping centres. One difference with the Compact store is that timber and heavy building materials are located indoors. The first unit with the new Compact format opened in the Marieberg shopping centres outside Örebro in summer 2022.

Byggmax Studio

Byggmax Studio offers tiles, flooring and paints with accessories for indoor surface renovation, with readily available in-store sales assistance. Byggmax Studio only exists in Sweden and is similar to the Group's Norwegian Right Price Tiles stores.

Showrooms

Skånska Byggvaror's eight showrooms offer customers direct contact with our knowledgeable sales staff and the opportunity to experience and perceive the feel of our greenhouses, windows and conservatories.

CONSTANT SIMPLIFICATIONS TO THE SHOPPING EXPERIENCE

We continue to simplify the shopping experience for our customers. For several years, customers have been able to manage and pay for their purchases at the check-out, by card or directly on their phones. During the year, we also implemented a tool that enables staff to help customers in stores to order online products in a smooth way.

We notice that these simplifications are appreciated by customers, and we are therefore continuing to fine-tune the technology to further improve the store experience.

We also have new digital tools that allow staff to receive, authorise and register a goods delivery faster, saving staff and therefore costs.

OWN OPERATION OF STORES PROVIDES GOOD CONTROL

Byggmax Group operates all its stores itself, enabling it to have effective control of its operations. The performance of store managers is also measured through key performance indicators, which they are able to influence themselves. They compare themselves against the stores in the same region that have similar sales, and swap experiences with one another. In tough times, we notice that the cooperation and support between store managers becomes even stronger.

LOW-PRICE LEADERS

As a leading low-cost Group, our pricing strategy from the start has focused on offering the lowest prices on the market. It should always be cheapest to buy supplies for building projects at one of Byggmax Group's stores. We also have a 'lowest-price guarantee'. This

OPERATIONS

means that a customer who finds a comparable item from a competitor at a lower price will pay the lower price, and will additionally receive a further 10 percent discount on the difference.

SWEDEN

Sweden is Byggmax Group's largest and most established market, accounting for 71 percent of Group sales in 2023. Sales in Sweden totalled SEK 4,387 M (5,163), down 15 percent from 2022. The Swedish market for building materials is estimated to have declined by about 20 percent over the corresponding period, which means that the Swedish business maintained its strong position.

We have two brands in the Swedish market, Byggmax and Skånska Byggvaror. Byggmax clearly links the in-store and online sales channels, while Skånska Byggvaror is based more on online sales and complements this with showrooms in which customers are offered the opportunity to experience the feel of our greenhouses, windows, doors and conservatories.

At the end of 2023, Byggmax in Sweden had 138 stores and Skånska Byggvaror had four showrooms. During the year, Byggmax opened four new stores in Sweden.

OTHER NORDIC COUNTRIES

Byggmax Group also operates in Norway, Denmark and Finland. Sales for the other Nordic countries totalled SEK 1,778 M (2,177) in 2023, a decrease of 18.3 percent. In line with Sweden, the Nordic DIY market remained weak in 2023, especially for larger investments. Other Nordic countries account for 29 percent of the Group's turnover in 2023.

Norway

In Norway, the Group operates through the brands Byggmax, Right Price Tiles and Grönt Fokus. Byggmax has the same concept and offer there as in Sweden. Right Price Tiles focuses entirely on quality tile products and accessories at the best price. Right Price Tiles has 12 stores and currently only has a presence in the Norwegian market. Grönt Fokus, with three showrooms, is Skånska Byggvaror's greenhouse and conservatory brand in Norway. At the end of 2023, there were 44 Byggmax stores in Norway. During the year, Byggmax opened two and closed two stores in Norway.

Denmark

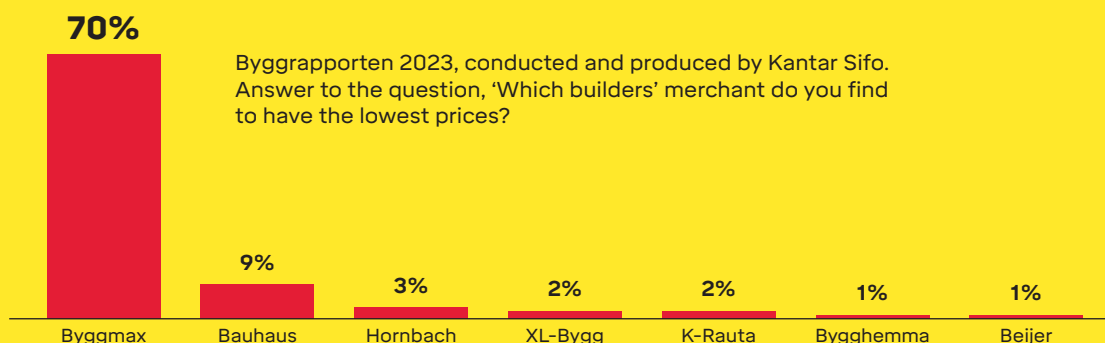
In 2022, the Group opened the first Byggmax store in Denmark, centrally located in Vejle in Jutland. This was an important step in our plan to increase our presence in Denmark. The store chain Næstved Lavpristræ, which was acquired in 2021, has four stores, all located on the island of Zealand.

In Denmark, there are also the operations of BygMax A/S, which is a pure e-commerce business with a wide product range, which helps strengthen our online offering in Denmark.

Finland

In 2023, we opened another Byggmax store in Finland, bringing the total number of stores there to 10. The Group also operates a showroom for Nordrum, Skånska Byggvaror's Finnish brand.

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



OPERATIONS

**WE OFFER TILES, FLOORING AND
PAINTS FOR INDOOR SURFACE
RENOVATION**



RISKS AND RISK MANAGEMENT

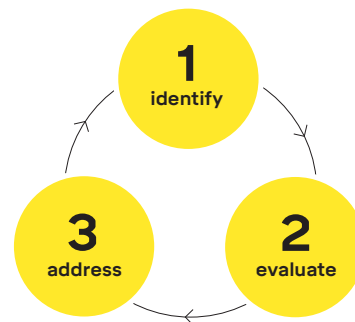
All business activities are associated with a certain degree of risk-taking. A systematic and structured approach to risk assessment enables the identification, analysis, mitigation and remediation of significant risks. Byggmax Group works continuously to monitor the company's risks and risk management.

The Board of Directors is ultimately responsible for and conducts an annual risk assessment in which 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

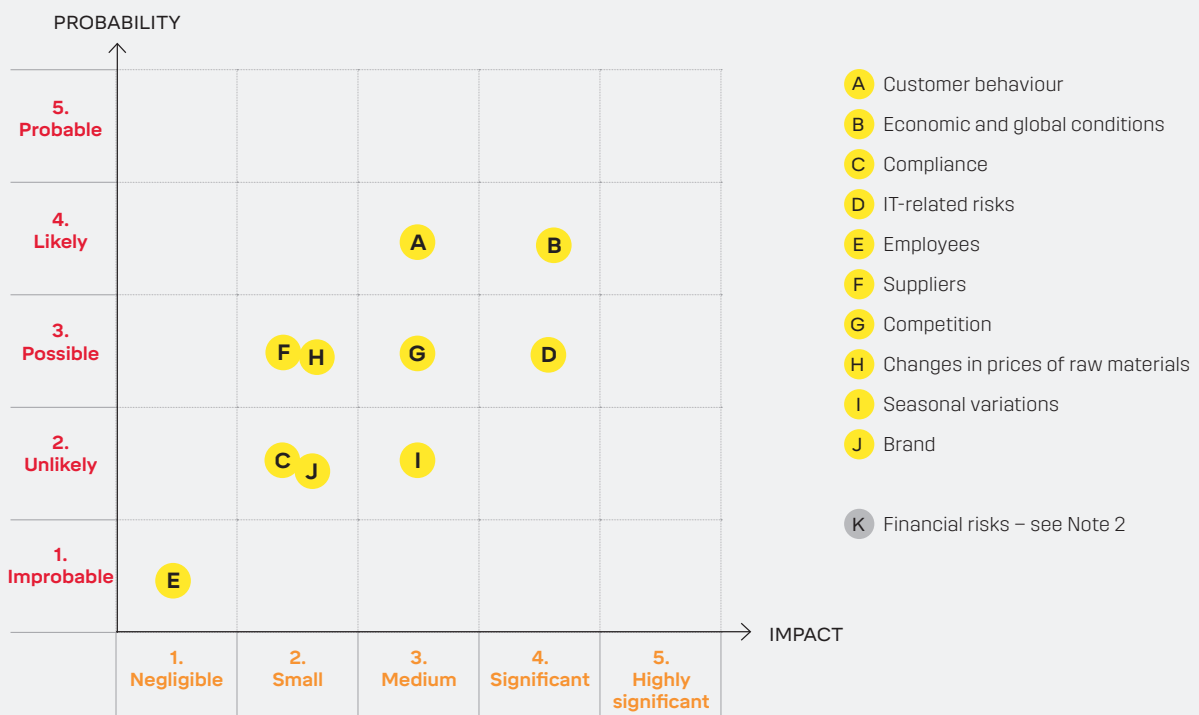
is responsible for ongoing risk management within the Group and for ensuring that there are procedures and processes in place to guarantee compliance with policies and guidelines. The uncertainty regarding geopolitical developments in the world and other macroeconomic effects that have an impact on the Group's operations has been continuously analysed.

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 composition.



RISK ANALYSIS



RISKS AND RISK MANAGEMENT

		Probability Improbable = 1 Unlikely = 2 Possible = 3 Likely = 4 Probable = 5	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 continuously adapts and analyses its customer offering in order to be able to meet demand from customers today and in the future.	
B Economic and global conditions	Demand for our products is affected by general economic trends, disposable household incomes, changes in turnover in the housing market and external factors such as natural disasters, pandemics and geopolitical risks.	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 monitors 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 loss of sensitive information may impact the Group's earnings and lead to diminished confidence in the company.	3	4	Byggmax Group continuously works to evaluate operational safety and the IT environment to prevent and counter any IT-related risks.	
E Employees	The ability to recruit and retain employees is a prerequisite for the Group to be able to achieve its long-term objectives and financial targets.	1	1	We make active efforts 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 good 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 Competitors	Byggmax Group is continuously 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 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 affected by seasonal variations, partly governed by weather effects, with an impact on demand among consumers for standard building materials.	2	3	Byggmax Group strives to level out these seasonal effects during the year, for example by launching products that are not as susceptible to seasonal variations.	
J Brand	Byggmax Group's brands and trust in the Group may be impacted negatively by events that are not compatible with the values we espouse.	2	2	Our values, guidelines and open corporate culture form the foundation 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 dealing with whether a product is found to be defective or harmful.	

SUSTAINABILITY REPORT

At Byggmax Group, we work broadly with sustainability issues throughout the value chain. From working on sustainable purchasing, our own operations and providing information on end-of-life management of leftover products and packaging to our customers. With us, sustainability responsibilities are decentralised to the functions that can best influence outcomes. We work deliberately to enhance the positive impact we have and minimise our negative impact.

Byggmax Group's sustainability efforts are based on five focus areas: purchasing, circularity, climate, our customers' construction and social aspects. Each focus area has action plans and targets.

The Board of Directors is ultimately responsible and annually ensures effective governance of the Group's work on sustainability. Our sustainability targets have been identified on the basis of the Group's strategy and through dialogue with our stakeholders.

The sustainability work is coordinated centrally, but the day-to-day work and responsibility lies with the functions that mainly influence the outcome. We continuously monitor and measure our targets.

SCOPE OF THE REPORT

Our sustainability reporting covers the entire Byggmax Group. Some calculations have been made using assumptions based on the Byggmax brand, which accounts for 84 percent of the Group's sales. Other subsidiaries have been estimated based on the number of stores and turnover.

Sustainability aspects of our value chain are presented on page 20. Our stakeholder dialogue is summarised on page 21.

Our five focus areas, with action plans and targets, are developed on pages 22–32.

Human rights, ethics and anti-corruption are discussed on pages 22, 30–31 and 34.

The sustainability reporting also includes the statutory Sustainability Report in accordance with Chapter 6, Section 11 of the Swedish Annual Accounts Act.

POLICIES

Ways of working comprise organisational structure, values, expertise, management philosophy, responsibility and authorisations, as well as policies and procedures. These are to provide guidance to operations, support an efficient way of working, and through regular follow-ups limit the Group's identified risks and guide towards targets.

The policies and procedures that are central to the sustainability efforts are the Ethics Policy, Code of Conduct for Suppliers, Work Environment Policy and Diversity and Gender Equality Policy.

Ethical guidelines are signed by all employees. Recruiting managers are responsible for ensuring that each employee is informed of the applicable policies and guidelines upon commencement of employment.

WHISTLEBLOWING

We want to do the right thing and endeavour to maintain a transparent business climate and high business ethics. We are committed to the safety of and respect for all people affected by our activities, and we regard our whistleblowing service as an early warning system to reduce risks. It is important to nurture good corporate governance and to maintain customer and public confidence in us.

The service can be used to warn about serious risks of irregularities that may affect people, our organisation, society or the environment. No proof is required, but all notifications must be made in good faith. To ensure anonymity, the service is managed by an external party and the communication channel is encrypted and password protected. All notifications are treated confidentially.

SUSTAINABILITY RISKS

Negative environmental impact

Greenhouse gas emissions are a risk to the long-term development of Byggmax Group. Climate change remains one of our most serious sustainability issues. There are risks associated with our supply of timber-based products, as there is a risk of ecosystems coming under more stress in a warming world. We participate in public debate, for instance to change forestry in a more responsible direction. Buying timber products that are produced in a responsible way is an important priority for us in both the long and short term perspectives.

Threats to safety and health

In order to minimise risks of threats to the health and safety of its own workforce and to follow up on incidents, the Group undertakes systematic work environment management.

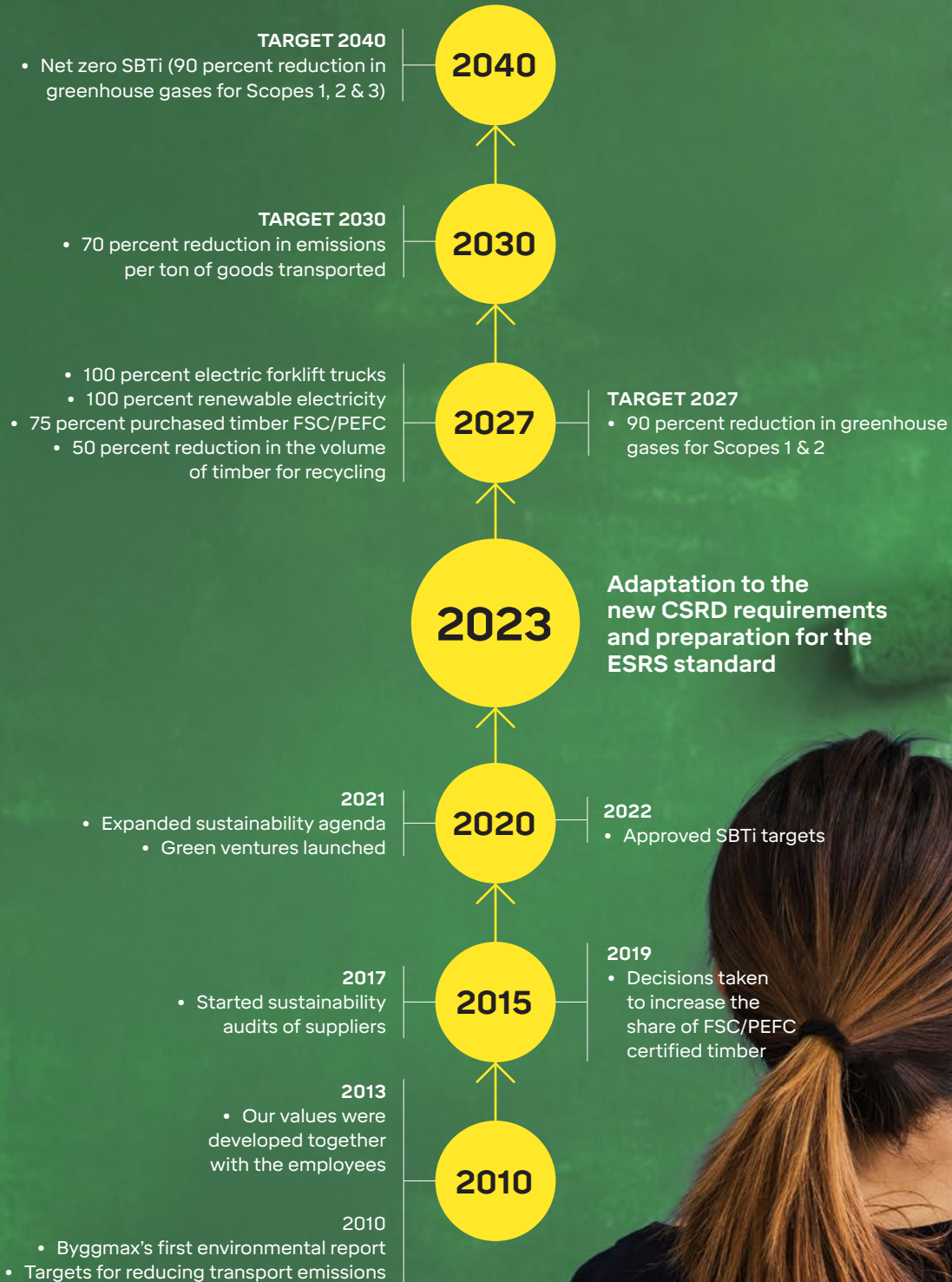
We regularly conduct employee surveys on at least an annual basis and sometimes more frequently. Our vision of zero accidents and our work on gender equality and prejudice-free recruitment are prioritised issues.

We have identified sustainability risks related to suppliers, brand, regulatory compliance, customer behaviour and IT. Read more about these risks on pages 16-17.

SUSTAINABILITY REPORT

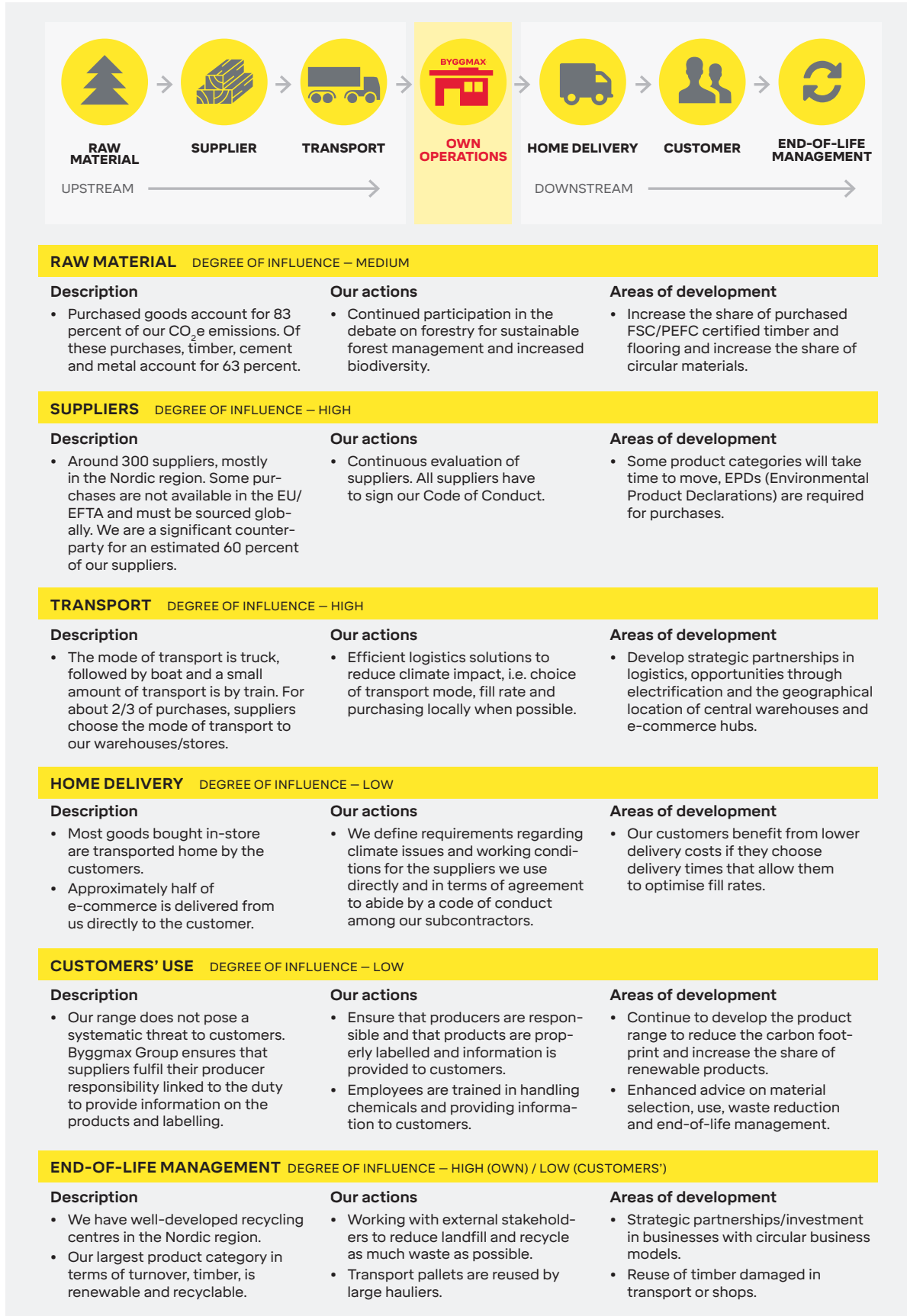
MILESTONES IN OUR WORK

Our sustainability journey started back in 2010 with our IPO. In connection with the stock market listing, targets were set for reducing emissions from goods transport. We have since gradually expanded our climate agenda and are now working towards being climate neutral throughout the value chain by 2040.



SUSTAINABILITY REPORT

BYGGMAX GROUP VALUE CHAIN



SUSTAINABILITY REPORT

OUR STAKEHOLDER DIALOGUE

We are in regular contact with our stakeholders and participate in various forums for dialogue and development of key issues. The main stakeholders are customers, employees, suppliers, investors and society. Below are examples of how we continuously communicate with stakeholders.

STAKEHOLDERS	FORM OF DIALOGUE	KEY ISSUES
Customers	<ul style="list-style-type: none"> • Daily in store and customer service • Customer and market research 	<ul style="list-style-type: none"> • Sustainable construction • Product safety/labelling • Final disposal of products
Employees	<ul style="list-style-type: none"> • Daily contacts • Performance reviews • Large meetings • Industrial relations • Employee survey 	<ul style="list-style-type: none"> • Health and safety • Equality and gender equality • Skills and career development • Leadership/employeehip • Inclusion and respect for one another
Suppliers	<ul style="list-style-type: none"> • Annual supplier days • Sustainability review and subsequent dialogue 	<ul style="list-style-type: none"> • Byggmax requirements for responsible purchasing • The Paris Agreement, future development and human rights • Environmental product declaration at product level (EPD)
Investors	<ul style="list-style-type: none"> • Investor meetings • ESG surveys • Financial statements 	<ul style="list-style-type: none"> • Long-term sustainable economic value creation • Green finance based on targets for Scopes 1 and 2 • Risk management and climate change
Society	<ul style="list-style-type: none"> • The company is a member of a European cooperative organisation, the European DIY Retail Association (EDRA), which has contacts at the EU level. We attend EDRA meetings two to four times a year 	<ul style="list-style-type: none"> • Industry issues related to environment/ climate and human rights • Advantages and drawbacks of different forestry practices as timber products make up a large part of our product range



SUSTAINABILITY REPORT

OUR FIVE AREAS OF SUSTAINABILITY

Byggmax Group’s sustainability efforts are based on five focus areas: purchasing, circularity, climate, our customers’ construction and social aspects. The Group endeavours to create a sustainable company through various initiatives linked to the focus areas. We have identified targets and action plans for each area, which we monitor regularly. Below we briefly describe these focus areas and the UN Sustainable Development Targets to which they relate.



PURCHASING

Byggmax Group strives to ensure a sustainable value chain from raw material via store to final disposal. Responsible sourcing for us is about good raw materials, human rights, manufacturing processes and the supplier base, our relationship and proximity to them. One instrument is our Supplier Code of Conduct, which is signed along with the contract. Suppliers are reviewed on an ongoing basis.



CIRCULARITY

We strive to improve our operations by, together with partners, reducing total use of resources in production by making use of recycled material, or waste and consequently creating a more circular business model. In that way we have a positive impact on people and nature.



CLIMATE

The Group makes systematic efforts to better understand our direct and indirect impact on climate in order to be able to reduce it. The Group’s climate impact arises, among other things, from the production of the goods sold, the transport and handling of goods in our operations, and the consumption of electricity and heating.



OUR CUSTOMERS’ CONSTRUCTION

More than half of Swedish people make conscious choices to ensure that their building projects are more environmentally sustainable, and almost as many say they want advice on how to build in a climate smart way*. Our contribution is to offer both products with a lower carbon footprint and provide advice that leads to reduced waste, correct handling of products and their end-of-life management.



* Source: www.sabyggersvenskarna.se



SOCIAL ASPECTS

"Everyone has the right to a great workplace" is the promise we make to our employees. We are a values-driven Group with a strong corporate culture that values individual responsibility and high commitment. We have a zero vision for occupational injuries, and our ambition is to reflect society at large by working proactively with equality, diversity and inclusion.



SUSTAINABILITY REPORT

PURCHASING

Responsible purchasing for us is about good raw materials, human rights, manufacturing processes and the supplier base and proximity to them. One instrument is our Supplier Code of Conduct, which suppliers sign along with the contract. Byggmax Group has, in most cases, relationships with our suppliers dating back several years, and only a minor share of procurement is from countries outside the EU/EFTA.

Global geopolitical uncertainty, high inflation and high interest rates have affected our supply chains both directly and indirectly. Price negotiations take place with greater frequency than previously, and Byggmax Group endeavours, as always, to keep prices down and at the same time respond to various sustainability issues.

STRINGENT REQUIREMENTS TO BE MET BY SUPPLIERS

We set high standards for our suppliers to meet as regards delivery terms and conditions, product quality, price, procedures and sustainability efforts. Group companies have long-standing relationships with their suppliers. Only a small proportion of purchases are made from outside the EU/EFTA. In 2023, we continued to ask our suppliers about their strategies for reducing greenhouse gas emissions and working with human rights. We see it as a long-term strategic endeavour to drive positive change along with our suppliers.

Our suppliers undertake contractually to comply with our Supplier Code of Conduct, which covers working conditions, human rights and social responsibility. At the end of 2023, 100 percent of Byggmax suppliers had signed the Code of Conduct. There is also a supplementary way of working to carry out in-depth checks on suppliers' attitude to and compliance with our Code of Conduct. 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. In 2024, an update of the Supplier Code of Conduct will be issued, emphasising a clearer focus on the Paris Agreement and joint anti-corruption work.

LOCAL PURCHASES

Byggmax Group purchases goods from more than 300 selected suppliers. The Group strives to buy goods locally, as close to its stores as possible. By purchasing locally, we reduce the use of resources for transport and thus also the environmental impact. Three quarters of them are in the Nordic countries, the remainder in the rest of Europe and a few in Asia. We always have several suppliers per product category – if there are disruptions to deliveries from one producer, we can compensate with larger deliveries from the others.

During the year, we increased our focus on our sustainability agenda in the supplier dialogue.

TIMBER PRODUCTS

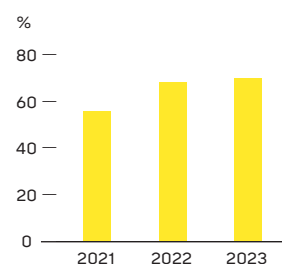
Timber products are the Group's largest single purchasing category. The timber category accounts for 27 percent of emissions. There are many certification pro-

grammes dealing with different types of wood, the two most common being FSC and PEFC. Timber products labelled with these certificates of origin show that the raw material has been delivered from forestry that strives to maintain a good balance between sustainable timber production and environmental and social concerns, i.e. forest management that takes account of people and the environment. More than 69 (67) percent of the timber we buy and 56 (56) percent of the flooring we sell is FSC/PEFC certified. The target is for 75 percent of the timber we buy to be FSC/PEFC certified.

METAL, CEMENT AND GYPSUM

Metal, cement and gypsum are our product categories that, together with timber, have the greatest climate impact. The success of national roadmaps and investments in electrification and new technologies is essential to reduce their emissions. We are committed to the transition of society and are ready to contribute to it in whatever way we can. As for gypsum, we now buy a higher proportion in the markets where we operate, which means more purchasing from the Nordic countries. In Norway, one of our gypsum suppliers is pursuing a transition from fossil gas to green energy, which will make a positive contribution to reducing carbon dioxide emissions.

FSC/PEFC CERTIFIED WOOD



SUSTAINABILITY REPORT

CIRCULARITY

We aim to improve our operations by establishing, together with partners, a more circular business model. By reducing the overall use of resources, we contribute to a positive impact on people and nature. During the year, we replaced a plastic roof in our range with a roof made of sugar cane, but with no change in characteristics.

A few years ago, we launched Green Ventures, an initiative under which we invest in organisations with circular business models such as MoreWood and now Recoma. These are companies that produce new goods from waste or recycled materials, reducing the flow of goods going to recycling or landfill and consequently the overall pressure on the environment. We also get a range with a lower climate footprint.

This means that these businesses contribute to attaining the objectives of the Paris Agreement. Read more about Recoma, our second investment in Green Ventures, on page 25.

Our focus in circularity is to:

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

The total amount of waste in the Group in 2023 was approximately 4,218 tons (6,215), a decrease of 32 percent. The decrease is due to lower volume but also to improved in-store procedures for damaged goods.

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 are prominent in terms of having great potential to reduce the amount of return flow. The most important thing is timber – in 2022, Byggmax Group sent 1,783 tons of timber for recycling. By 2023, we had reduced this to 1,398 tons. Timber sent for recycling is used primarily to create district heating. In 2023, we achieved the target of reducing the proportion of timber going to recycling by 50 percent by 2025 in comparison with 2020.

REDUCE THE AMOUNT OF WASTE GOING TO LANDFILL

Waste that cannot be recycled by a process such as incineration, and is placed in tips instead, is called landfill. Byggmax Group strives to reduce landfill waste to a minimum.

PRODUCER RESPONSIBILITY

According to FTI, the Packaging and Newspaper Collection Service in Sweden, and Grønt Punkt in Norway, we fulfil 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

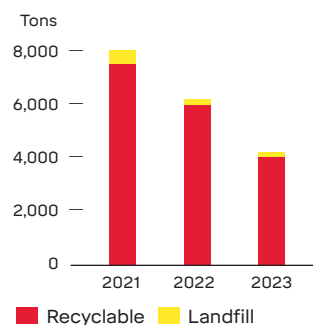
ensure that as much as possible of the stores' waste is recovered and recycled as energy. The aim is to reduce the amount of mixed waste and landfill waste.

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 hauliers.

The consumption of paper and cardboard has decreased dramatically in the 21st century. We therefore no longer consider this consumption to be significant, and consequently do not measure the KPI for packaging.

BREAKDOWN OF WASTE, 4,218 TONS



QUANTITY OF WOOD GOING TO RECYCLING COMPARED TO 2020

-50%

The target has been reached, a 50 percent reduction by 2025 compared to 2020.

SUSTAINABILITY REPORT



“ Recoma and Byggmax share the vision of offering circular building boards with the same price and quality as traditional boards.

RECOMA PART OF BYGGMAX GREEN VENTURES

During the year, Byggmax Group invested in the Swedish company Recoma, which transforms recycled packaging waste into sustainable and circular building boards. The initiative is part of Byggmax Green Ventures. An initiative to create climate benefits by investing in companies producing circular products.

Recoma's building board is made from recycled Tetra Pak materials and can replace all types of timber boards, and sometimes even two-layer structures. It is strong and rigid enough to allow furnishings to be mounted on the wall, yet smooth enough that with a little extra work from the painter it can be surface-treated like plasterboard.

“We are really pleased with the investment and establishing a relationship early in Recoma's development phase. We share the same vision of offering circular building boards at the same price as traditional boards,” says Per Haraldsson, Commercial Director at Byggmax Group.

Recoma's building boards are similar to OSB or plasterboard, but cause 80-90 percent lower carbon emissions. Recoma's building board is available to buy at Byggmax.

“We are very positive about the cooperation with Byggmax, which allows us to reach a wider customer base. In addition, we receive acknowledgement that we have a product that is not only sustainable and circular, but also fulfils the requirements to be considered attractive on the construction market,” says Max Rosenberg, CEO of Recoma.

Byggmax Group already has another Green Venture investment, in the Swedish company MoreWood, which produces a timber stud made from recycled waste wood. This is also available at Byggmax.

SUSTAINABILITY REPORT

OUR CUSTOMERS' CONSTRUCTION

For the fifth year in a row, we conducted a major market survey aimed at identifying trends in Swedish construction and renovation. More than half of Swedish consumers say that they make conscious choices to make their building project more environmentally sustainable, and almost as many say they want advice on how to build in a climate-smart way.

54%

THINK THAT PRICE IS IMPORTANT WHEN BUYING SUSTAINABLE PRODUCTS

51%

WANT ADVICE ON HOW TO BUILD IN A CLIMATE-SMART WAY.

52%

MAKE CONSCIOUS CHOICES SO THAT THE CONSTRUCTION PROJECT IS SUSTAINABLE FOR THE ENVIRONMENT AND CLIMATE



By working strategically to reduce the climate footprint throughout the entire product range and providing advice about reducing waste, correct handling of products and eventually their final disposal, we can help our customers make wise choices. For example, our website provides tips on DIY and information on the climate impact of products using Environmental Product Declarations (EPDs).

Each year we make decisions on how to address climate and social issues in each product category. This involves choosing a supplier, changing logistic arrangements, launching new ranges, removing products from existing ranges, but also communicating more clearly about products and labelling.

ASSOCIATED WITH TIMBER PRODUCTS

Timber is one of the Group's most important product ranges, and if you ask customers what they most associate with Byggmax Group, timber comes out top of the list. We want the timber we sell to come from responsibly managed forests. As part of that effort, we buy most of our timber with FSC and PEFC certification. The forestry standards promoted by these two organisations go further than national legislation. The FSC requires at least five percent of forests to be covered by what is known as voluntary set-aside, 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

Timber is purchased from Nordic suppliers with production is in the Nordic region, in full loads that go directly from the sawmills to our stores to limit the environmental impact. Timber is mainly 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 targets set by the Swedish Wood Preserving Association and the Nordic Wood Preservation Council.

PRODUCT LABELLING

Labelling on products is important to enable our customers to make informed choices. We have been selling chemical products with different eco-labels for many years. We have worked since 2019 on the launch of Nordic Swan eco-labelled chemical products. As of 31 December 2023, 16 percent (31) of the chemical range was Nordic Swan eco-labelled. The decrease is mainly due to an increase in the product range.

SUSTAINABILITY REPORT

CLIMATE

Greenhouse gas emissions are one of the most important issues of our time and a threat to the long-term development of the planet. Byggmax Group prioritises the climate issue as the single biggest environmental issue by having a business strategy that aligns with the Paris Agreement and a transformation plan that has been independently validated.

Our key issues concern our products and the climate impact of our own business operations.

There are also risks associated with our supply of wood-based products, as there is a risk of ecosystems coming under greater stress in a warming world. Cherishing the climate services provided by forests and buying timber products that are produced in a sustainable way are important to us in both the long and the short term.

Carbon dioxide emissions	2023	2022	2021
Scope 1 (ktons CO ₂ e)	0.4	0.9	1.1
Scope 2 (ktons CO ₂ e)	2	3.5	4.5
Scope 3 (ktons CO ₂ e)	159	188	229
Total emissions (ktons CO₂e)	161	192	234

The Group's total climate impact in 2023 was just under 161,000 tons of CO₂e (192,000), down 38 percent from the baseline year 2020.

The emissions from the value chain are divided into three parts:

- Scope 1 – emissions from our own operations
- Scope 2 – indirect emissions from purchased electricity and heating
- Scope 3 – Indirect emissions from the value chain

KPI: TOTAL EMISSIONS SCOPE 1–3

-38%

ktons CO₂e 2023 compared to 2020

The target is net zero emissions by 2040.

SBTi VALIDATED BYGGMAX GROUP'S CLIMATE TARGETS IN 2022

NET ZERO TARGET

- Achieve net zero greenhouse gas emissions throughout the value chain by 2040.

Status in 2023: -38 percent

SHORT-TERM TARGETS

- Reduce absolute greenhouse gas emissions in Scopes 1 and 2 by 90 percent by 2030 compared to the base year 2020*.

Status in 2023: -52 percent

- Reduce Scope 3 greenhouse gas emissions from the use of sold products by 42 percent by 2030 compared to the base year 2020*.

Status in 2023: +18 percent

- Reduce all remaining Scope 3 greenhouse gas emissions by 52 percent per ton of product sold by 2030 compared to the base year 2020.

Status in 2023: -3 percent

LONG-TERM TARGETS

- Maintain absolute Scope 1 and 2 emission reductions of 90 percent by 2040 compared to the base year 2020*.

- Reduce absolute emissions in Scope 3 by 90 percent compared to the base year 2020*.

Status in 2023: -38 percent

We have strict requirements and have prioritised Scope 1 and 2 targets in the short term as these are closest to the business and we have good opportunities to influence them. We have increased both the number of electric forklifts and the use of renewable energy in our stores. We are also actively working on increasing the efficiency of transporting our products and changing the product range.

Our Scope 3 emissions from the use of sold products have increased due to increased sales of fossil LPG. The aim is to change the product range and offer bio LPG instead.

To reduce Scope 3 emissions, we are actively working to change our product range to products with lower emissions. This includes choosing local suppliers to reduce transport and choosing products made from renewable raw materials.

For more information, see the SBTi website <https://sciencebasedtargets.org/>



DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

* The target includes land-related emissions and removals from bioenergy raw material.

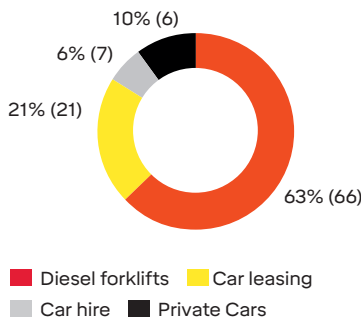
SUSTAINABILITY REPORT

SCOPE 1 EMISSIONS FROM OWN OPERATIONS

Scope 1 includes all emissions generated directly in the company’s own operations. For Byggmax Group, this mainly applies to diesel emissions from forklifts in the stores and vehicular transport. The Group is working on

replacing all diesel-powered forklifts with electric ones. As at 31 December 2023, 69 (63) percent of all forklifts were electrified, and we expect to be fully electrified by 2025.

SCOPE 1 – BREAKDOWN OF CO₂e



KPI: PROPORTION OF ELECTRIC FORKLIFTS 2023

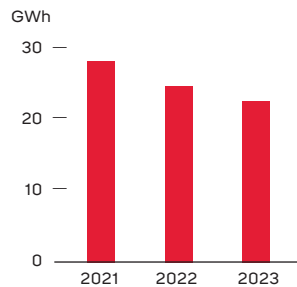
69%

The target is to achieve 100 percent electric forklifts in stores by 2025.

SCOPE 2 INDIRECT EMISSIONS FROM PURCHASED ELECTRICITY AND HEATING

Scope 2 includes all emissions generated from purchased electricity and heating. Byggmax buys renewable, origin-labelled electricity from all suppliers where we have electricity contracts ourselves, and this applies to 85 (75) percent of the stores. The remaining 15 percent of the electricity is Nordic residual mix. In a small number of stores, we buy electricity as part of our lease agreements. Surveying of this electricity is ongoing and we are gradually ensuring that we have renewable electricity at these too. Some stores are connected to district heating, and here too analysis is ongoing, broken down into each individual property. We currently do not have full insight into the origin of the energy we buy through the landlords, so we calculate an emission factor based on the Nordic residual mix. To further reduce Scope 2 emissions, Byggmax stores have worked on raising awareness of energy use.

TOTAL ELECTRICITY CONSUMPTION



SCOPE 3 INDIRECT EMISSIONS FROM THE VALUE CHAIN

Our Scope 3 emissions account for the majority of our emissions. Scope 3 is divided into two subcategories. 3a includes all emissions generated by transport from suppliers’ points of delivery to Byggmax Group stores and end customers – including transport via central warehouses. 3b includes emissions related to the purchase of goods and services, use of products sold and other emissions, upstream and downstream. The target validated by SBTi for 2040 means that all emissions in the entire value chain outside Byggmax Group’s own operations will be reduced by 90 percent compared to 2020 in absolute terms.

SCOPE 3A – TRANSPORT FROM SUPPLIERS TO STORE

Emissions included in Scope 3a come from bulk vessel transport, container transport, truck transport and home deliveries by crane trucks. Byggmax Group has been actively working with data since 2010; and has long series of measurements and keeps a close check on the trend in emissions.

Efficient logistics solutions are a key factor in reducing climate impact; this involves the choice of means of transport, the fill rate of deliveries and the choice of

SUSTAINABILITY REPORT

local suppliers of goods. By running deliveries through our central warehouses, we have an opportunity to maximise the fill rate of vehicles for in-store replenishment. Efficient flows of goods using local deliveries and sea transport instead of long-distance truck transport are helping to gradually reduce the environmental impact. We have also chosen to use rail for all transport from warehouses to stores in Norrland (northern Sweden).

The decrease in emissions per ton of transported goods is largely driven by lower emissions from truck transport in Sweden, which in turn is largely driven by the Swedish reduction obligation. Excluding this effect, emissions per ton transported are unchanged from the previous year.

Byggmax Group's target, which is in line with Sweden's domestic transport target, is to reduce CO₂e emissions per ton of goods transported by 70 percent by 2030 compared with 2010. Cumulatively, emissions from transporting goods from all the suppliers to our stores and warehouses have decreased by 51 percent in comparison with 2010.

POLITICAL DECISIONS

Our target to reduce emissions from transport by 70 percent by 2030 compared to 2010 depends on the transport sector reducing its use of fossil fuels.

Sweden's strategy to phase out fossil fuels is to blend biogenic fuels into diesel, known as the reduction obligation. There is a risk of emissions from transport starting to increase again as a consequence of new political decisions.

SCOPE 3B - PURCHASED GOODS AND SERVICES

The goods purchased emit CO₂e before they reach Byggmax Group. The category with the greatest impact is cement/concrete, followed by timber. We look for opportunities to replace or offer alternative products with a lower climate footprint. The reason why timber accounts for a high share of CO₂e emissions is the high volume of purchases.



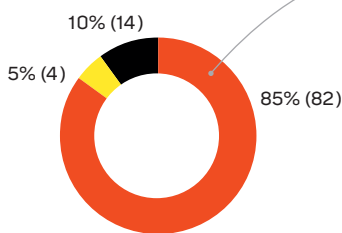
KPI: SCOPE 3A IMPACT

-51%

ktons CO₂e per transported ton of goods since 2010

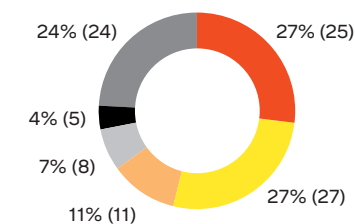
The target is a 70 percent decrease by 2030.

BREAKDOWN OF CO₂e EMISSIONS



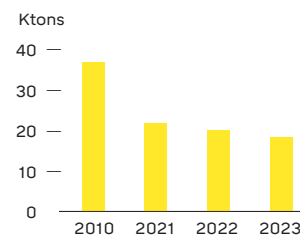
- Goods and services purchased
- Use of products sold
- Other

PURCHASED GOODS AND SERVICES BREAKDOWN OF TONS OF CO₂e



- Wood
- Cement/concrete
- Metal
- Gypsum
- Insulation
- Other

CO₂e EMISSIONS PER TON OF GOODS TRANSPORTED



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

SUSTAINABILITY REPORT

SOCIAL ASPECTS EMPLOYEES

Our people are our most important asset in our vision to be the best in the world at DIY projects. Our employees are also key to our ability to fulfil our customer promise quickly, easily and fairly. We firmly believe that we must offer our employees the very best, and we do this through our promise to them: “Everyone has the right to a fantastic workplace”.

We have a flat organisational structure with an efficient and cost-conscious way of working. A streamlined decision-making process gives us flexibility and helps employees and managers make quick decisions and take responsibility. During 2023, the Group had an average of 1,289 (1,387) full-time employees, with in-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 significant proportion of part-time employees.

Despite the economic and political turmoil in the world around us, our employees show a very high level of commitment and trust in our leaders. In this year’s employee survey, we reached 82 (81) in the engagement index. Clear areas of responsibility and a relatively high degree of personal freedom of action for our employees have created a motivated organisation that takes great responsibility. A culture we cherish and work strategically and continuously with in our daily work.

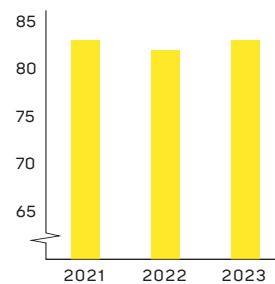
POLICIES AND GOVERNANCE

The Byggmax HR Manager is responsible for the company’s overall HR policies, objectives and follow-up. The overall governing documents are the work environment policy, the diversity and equality policy and the ethical guidelines. Employees are informed of the policies and ethical guidelines via their employment contracts and in the staff handbook. Induction for new employees includes a review of policies, guidelines and the staff handbook.

STRONG COMMITMENT DESPITE TOUGH TIMES

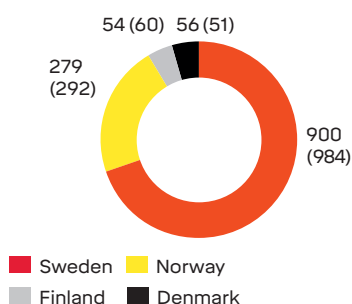
To ensure that we have a healthy organisation, we conduct regular employee surveys. These enable us to analyse and drive change from a strategic perspective, while picking up signals in each team about what they want to change to take the team to the next level. In 2023, the annual employee survey was complemented by a slightly smaller pulse survey to ensure progress on key employee and leadership issues.

ENGAGEMENT INDEX

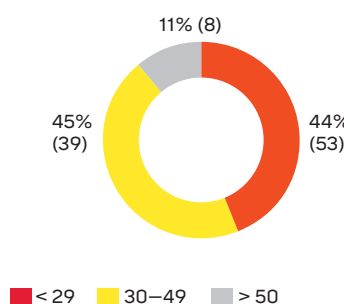


Once again, the employee survey reflected the high level of commitment that exists within Byggmax Group. On a scale from 1-100, we climbed another place to 82. in 2023.

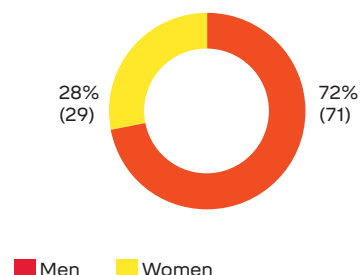
1,289 EMPLOYEES IN FOUR COUNTRIES



BREAKDOWN OF WORKFORCE BY AGE



BREAKDOWN OF WORKFORCE BY GENDER



SUSTAINABILITY REPORT



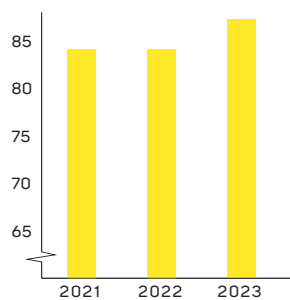
Clear areas of responsibility and a high degree of autonomy for our employees have created a motivated organisation.

GOOD LEADERSHIP

A present and coaching leadership is a strong contributory factor to committed employees, and our ambition is that everyone should have a committed manager. In this year's employee survey, the leaders at Byggmax receive a leadership index of 86 (83), which is an impressive achievement, especially in tough times. We are extremely proud of the cooperation and leadership we have within our organisation, but we are not complacent.

In 2023, we ran a project to identify success factors in leadership and development opportunities. Among other things, we have set a vision for leadership; "Through committed leaders, we jointly develop the Byggmax ambassadors of the future", together with three guiding leadership criteria that will serve as compasses and yardsticks for leaders in the future.

LEADERSHIP INDEX



In the year's employee survey, leaders at Byggmax achieved a leadership index of 86, which is impressive, especially in tough times.

RECRUITMENT

As we are an employer with a large influx of staff during the spring and summer season, we work in parallel to continuously develop our recruitment process. The aim is to help our managers to be efficient and accurate in their recruitment. At the same time, we are endeavouring to train all managers in skills-based recruitment to ensure that we have the diversity we want and need in our stores and service office to reflect our growing customer base.

In 2023, we trained our managers on a wide range of recruitment topics and updated materials and processes to make it easier to find the right candidates. This work will continue next year.

DIVERSITY AND EQUALITY

A diverse workforce is crucial to our growth, and as active employers in the retail construction industry, we know there are areas where there is room for improvement. We strongly oppose all types of discrimination and during the year all regional and site managers were trained in diversity issues, with this knowledge then being passed on to their teams. During the year, we worked to highlight language that can be perceived as offensive or negative in some way. The results of this effort are clearly apparent in the employee survey, and we are very proud of the progress we have made on these important issues.

There are written policies and procedures in place in the form of a diversity and gender equality policy, ethical guidelines, as well as subsequent action plans. These are available to all staff on our internal intranet, but the most important thing is to work with and raise awareness of the issues in everyday working life.

SUSTAINABILITY REPORT

We want to empower employees in our stores and communicate how we, as an employer, clearly convey our position on the equal value of everyone.

Equal pay regardless of gender and background is an essential element of our organisation and forms a part of our core values as it is included in the core value 'Respect'. An annual pay survey is carried out.

SYSTEMATIC WORK ENVIRONMENT MANAGEMENT

Our employees' health and well-being are of paramount importance, and we operate an extensive systematic work environment programme, in which all accidents and incidents ('near misses') are reported under a unified standard and followed up. To ensure a safe and fair workplace, we train all managers in the work environment, and there is a clear training plan for each employee on work environment issues.

Our zero vision on occupational injuries is linked to our high ambitions for committed leaders and employees in the organisation and our promise that everyone has the right to a fantastic workplace.

In 2023, we had a total of 31 (29) reported occupational injuries, of which 19 (22) affected men and 12 (7) women.

Work-related injuries	2023	2022	2021
Number of injuries, employees	31	29	39
Women	12	7	14
Men	19	22	25
Fatalities	0	0	0
Lost time injury frequency rate	7	12	9
Total number of days absent (calendar days) due to work-related injuries	30	49	167
Injury ratio	2.4	2.2	3.3
Lost workdays	2.3	3.6	14.1

Staff turnover %	2023	2022	2021
Men	22	22	23
Women	23	27	26

Staff turnover %	2023	2022	2021
<30	31	35	35
30–40	20	19	16
40–50	13	14	15
50+	15	11	20
Total	22	24	24

The table above shows staff turnover by age category and gender for permanent positions.

BYGGMAX ACADEMY

In the changing world we live in, continuous learning is a key to continued relevance and development. Based on the company's overall objectives, our leaders have an important responsibility to identify and plan the development needs of employees. They are supported by our internal training system, Academy, which includes the majority of our store employees' training, such as regular internal training in product knowledge, sales and customer service. Our managers' training consists of both internal and external training programmes. Proof of successful skills development is the internal mobility we see at Byggmax. Employees choose to stay and develop their careers within the company. We are proud of that.

ATTRACTING THE TALENT OF TOMORROW

Karriärsföretagen is an award for employers who offer unique career and development opportunities for students and people who have been working for a few years. In 2023, we were honoured with the "Newcomer of the Year" award at the Great Careers Day with the following citation:

"Byggmax is a newcomer that excels in the way it lifts its employees. It has a clear storytelling narrative that tells us that its employees are its greatest assets. Through unique career opportunities, Byggmax creates the best conditions for its employees to achieve their targets. In recent years it has developed its employer branding, which is both impressive and inspiring."



SUSTAINABILITY REPORT

CULTURE BASED ON STRONG VALUES

At Byggmax we are proud to be a values-driven company, where our values guide us in our daily work and in the decisions we make. We see this as a strong basis for successfully applying and developing the company's business model.

One factor in the success of our values is that they were developed jointly by employees. Extensive work that is still highly relevant ten years later. The core values are introduced already at 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 office and in management. They help us to continually improve, to achieve our objectives and to create a pleasant work environment for our employees.

VALUE OF THE MONTH

During the year, we launched an initiative we call 'Value of the Month'. Each working group receives prompts and challenges linked to a specific value, which then result in lessons learnt that are disseminated through the intranet and by email. The ambition is to spread knowledge and pride and to embody our values in everyday working life.

OUR CORE VALUES

Our seven core values were devised jointly and provide guidance for everyday work, and when decisions are made.



RESPONSIBILITY

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

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 myself, 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 DIY projects!

TOGETHER

I prioritise the big picture and address my colleagues directly.

SUSTAINABILITY REPORT

ETHICS AND ANTI-CORRUPTION

We educate our employees as to what our policies and instructions involve, and thus lay the groundwork for operations that are free from corruption and based on business ethics. Our ethical guidelines are the governing document for the ethical aspects of the Group's activities.

Our 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 misuse 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.

Staff must not offer, request or accept inappropriate gifts, payments, or trips either for themselves or for relatives. Under no circumstances may they participate in any cooperative venture or act in a manner that improperly hampers free competition. Employees are informed of the guidelines through their employment contracts, in our staff handbook and during the induction programme at the start of their employment.

To minimise the risk of employees contributing to corruption, we have special instructions to clarify how employees in sensitive roles may and may not act. There are also authorisation rules that make corruption more difficult. In 2023, no cases of corruption were discovered.

SUSTAINABILITY REPORT

BYGGMAX AND THE EU TAXONOMY REGULATION

The EU Taxonomy Regulation is intended to support the financing of sustainable investments to contribute to the EU's climate and energy targets. At present, no part of Byggmax Group's sales is covered by economic activities described in the Taxonomy Regulation.

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 accordance with the Taxonomy Regulation as a non-financial company. 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 economic activities that are considered to be environmentally sustainable according to the technical review criteria. Technical screening criteria have so far been defined for the environmental objectives 'Climate change mitigation', 'Climate change adaptation', 'Water and marine resources', 'Circular economy', 'Pollution' and 'Biodiversity and ecosystems'. Article 8 requires non-financial corporations to provide information on the share of their turnover, capital expenditure and operating expenditure covered by those economic activities and the alignment of existing economic activities with the environmental objectives 1 and 2 included in the Taxonomy for the financial year 2023. For additional economic activities in environmental objectives 1 and 2, and environmental objectives 3–6, only applicability in 2023 is reported. The analysis of additional economic activities carried out by Byggmax shows that they are not affected by any of these.

ACCOUNTING POLICIES

Byggmax's total net sales are SEK 6.1 billion (7.3) for 2023, which also corresponds to total turnover as defined in the Taxonomy Regulation. Total turnover is shown on the net sales line in the statement of comprehensive income on page 58. The Group's products and services (described on pages 12–14) are not Taxonomy-eligible, and the proportion of applicable turnover is therefore 0 (0) percent for the 2023 financial year.

Total capital expenditure consists of the year's investments in intangible assets (excluding goodwill), tangible assets and right-of-use assets, which can be found in Note 14 on the line 'New acquisitions', Note 15 on the line 'Purchases' and Note 16 on the line 'Acquisitions' on pages 78–80 of the Annual Report.

Applicable capital expenditure consists of purchases from suppliers whose economic activities are described in the Taxonomy. This item consists entirely of rented property, mainly retail property, which is included in economic activity CCM 7.7, acquisition and ownership of buildings. No part of the applicable investment has been assessed as taxonomy-compliant as it has not been possible to ensure that all landlords fulfil the requirements to be Taxonomy-compliant for the financial year 2023.

Byggmax Group is working on developing processes to ensure that our property landlords are Taxonomy-compliant in the future.

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 tangible assets. In 2023, there is no Taxonomy-eligible operating expenditure, and the proportion of Taxonomy-eligible operating expenditure is therefore assessed as 0 (0) percent for the 2023 financial year.



SUSTAINABILITY REPORT

PROPORTION OF TAXONOMY-ALIGNED ECONOMIC ACTIVITIES

Proportion of turnover (sales) from products or services related to Taxonomy-aligned economic activities – disclosure covering 2023.

Economic activities (1)	Year		Criteria for substantial contribution							Criteria regarding do no significant harm (h)							Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1) or eligible (A.2.) turnover, 2022 (18)	Category enabling economic activities (19)	Category transitional economic activities (20)
	Code (a) (2)	Turnover (3)	Proportion of turnover, 2023 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)					
	SEK M	%	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T	
A. TAXONOMY-ELIGIBLE ECONOMIC ACTIVITIES																				
A.1. Environmentally sustainable economic activities (Taxonomy-aligned)																				
Environmentally sustainable economic activities turnover (A.1)		-	-	-	-	-	-	-	-								-			
- Of which enabling economic activities																				
- Of which transitional economic activities																				
A.2 TAXONOMY-ELIGIBLE BUT NOT ENVIRONMENTALLY SUSTAINABLE ECONOMIC ACTIVITIES (NOT TAXONOMY-ALIGNED) (G)																				
Turnover of the Taxonomy-eligible but not environmentally sustainable economic activities (not Taxonomy-aligned) (A.2)		-	-	-	-	-	-	-	-								-			
A. Turnover for Taxonomy-eligible economic activities (A.1+A.2)		-	-	-	-	-	-	-	-								-			
B. TAXONOMY NON-ELIGIBLE ECONOMIC ACTIVITIES																				
Turnover for Taxonomy non-eligible economic activities		6,113	100																	
TOTAL		6,113	100																	

SUSTAINABILITY REPORT

The proportion of capital expenditure from products or services related to economic activities aligned with Taxonomy requirements - disclosure covering 2023.

Economic activities (1)	Year		Criteria for substantial contribution							Criteria regarding do no significant harm (h)							Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or eligible (A.2.) capital expenditure, 2023 (18)	Category enabling economic activities (19)	Category transitional economic activities (20)
	Code (2)	Capital expenditure (3)	Proportion of capital expenditure, 2023 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)					
	SEK M	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	F	T	
A. TAXONOMY-ELIGIBLE ECONOMIC ACTIVITIES																				
A.1. Environmentally sustainable economic activities (Taxonomy-aligned)																				
Capital expenditure for the environmentally sustainable (Taxonomy-aligned) economic activities (A.1)																				
– Of which enabling economic activities																				
– Of which transitional economic activities																				
A.2 TAXONOMY-ELIGIBLE BUT NOT ENVIRONMENTALLY SUSTAINABLE ECONOMIC ACTIVITIES (NOT TAXONOMY-ALIGNED ACTIVITIES) (G)				EL, N/EL	EL, N/EL	EL, N/EL	EL, N/EL	EL, N/EL	EL, N/EL											
Acquisition and ownership of buildings	CCM 7.7	256	64%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								57%			
Capital expenditure for Taxonomy-eligible but not environmentally sustainable economic activities (not Taxonomy-aligned) (A.2)		256	64%	64%													57%			
A. Capital expenditure for Taxonomy-eligible economic activities (A.1+A.2)		256	64%	64%	–	–	–	–	–								57%			
B. TAXONOMY NON-ELIGIBLE ECONOMIC ACTIVITIES																				
Capital expenditure for economic activities not eligible for the Taxonomy		146	36%																	
TOTAL		402	100%																	

SUSTAINABILITY REPORT

Proportion of **operating expenditure** from products or services related to Taxonomy-aligned economic activities – disclosure covering 2023.

Economic activities (1)	Year			Criteria for substantial contribution							Criteria regarding do no significant harm (h)									
	Code (a) (2)	Operating expenditure (3)	Proportion of operating expenditure, 2023 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy aligned (A.1) or eligible (A.2.) operating expenditure, 2022 (18)	Category enabling economic activities (19)	Category transitional economic activities (20)	
	SEK M		%	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T	
A. TAXONOMY-ELIGIBLE ECONOMIC ACTIVITIES																				
A.1. Environmentally sustainable economic activities (Taxonomy-aligned)																				
Operating expenditure for environmentally sustainable (Taxonomy-aligned) economic activities (A.1)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
- Of which enabling economic activities																				
- Of which transitional economic activities																				
A.2 TAXONOMY-ELIGIBLE BUT NOT ENVIRONMENTALLY SUSTAINABLE ECONOMIC ACTIVITIES (NOT TAXONOMY-ALIGNED) (G)																				
Capital expenditure for Taxonomy-eligible but not environmentally sustainable economic activities (not Taxonomy-aligned) (A.2)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
A. Operating expenditure for Taxonomy-eligible economic activities (A.1+A.2)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
B. TAXONOMY NON-ELIGIBLE ECONOMIC ACTIVITIES																				
Operating expenditure for economic activities that are not Taxonomy-eligible		12	100																	
TOTAL		12	100																	

SUSTAINABILITY REPORT**ECONOMIC ACTIVITIES RELATING TO NUCLEAR ENERGY AND FOSSIL GAS****Nuclear energy-related economic activities**

The company conducts, finances or is exposed to research, development, demonstration and expansion of innovative electricity generation facilities that produce energy from nuclear energy processes with minimal waste from the fuel cycle.	NO
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The company carries out, finances or is exposed to the construction and safe operation of new nuclear facilities for the production of electricity or process heat, including for district heating or industrial processes such as hydrogen production, as well as for safety upgrades using the best available technology.	NO
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The company carries out, finances or is exposed to the safe operation of existing nuclear facilities producing electricity or process heat, including for district heating or industrial processes such as hydrogen production from nuclear energy, as well as safety upgrades of these.	NO
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Fossil gas-related economic activities

The company undertakes, finances or is exposed to the construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
---	----

The company undertakes, finances or is exposed to the construction, renovation and operation of plants for the combined production of heating/cooling and electricity using fossil gaseous fuels.	NO
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The company undertakes, finances or is exposed to the construction, renovation and operation of heat production plants that produce heating/cooling using fossil gaseous fuels.	NO
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SUSTAINABILITY REPORT

AUDITOR'S STATEMENT 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 that is responsible for the statutory Sustainability Report for the year 2023 on pages 18-39 and for it having been prepared in accordance with the Annual Accounts Act.

THE FOCUS AND SCOPE OF THE AUDIT

Our examination of the sustainability report has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's examination of the statutory sustainability statement. This means that our review of the sustainability report has a different focus and a substantially narrower scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that this review has provided us with sufficient basis for our opinion.

OPINION

A Sustainability Report statement has been prepared.

Stockholm, 21 March 2024, as shown by our
electronic signature

Öhrlings PricewaterhouseCoopers AB

Cesar Moré

Authorised Public Accountant

THE SHARE

The Byggmax Group share has been listed on Nasdaq Stockholm since 2 June 2010 and is traded on the Mid Cap list.

TRADING IN THE SHARE AND SHARE PRICE TREND IN 2023

In 2023, the share price fell to SEK 37.94 at 31 December, down by 23.7 percent compared to the previous period. The highest price in 2023 was SEK 55.50, and the lowest price was SEK 26.36. Byggmax Group's total market capitalisation on 31 December 2023 was SEK 2,224 million. The standard deviation of the share price was 2.49 percent, and the Beta was 0.95 for the period 2023 against the OMX Stockholm All Share index.

SHARE CAPITAL

The share capital in Byggmax Group AB (publ) was SEK 20,333,015, divided among 58,625,045 shares with a quotient value of SEK 0.35 per share. There is only one class of share, and all shares carry the same rights.

SHAREHOLDERS

According to Euroclear, the number of shareholders in Byggmax Group at 31 December 2023 was 28,102 (32,705). The ten largest shareholders owned shares representing 45.3 percent of the votes and 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 silent period of 30 days. Byggmax Group's Annual Report is made available on the Group's website. It is possible to subscribe to the financial reports online.

INCENTIVE PROGRAMMES

The 2019, 2021, 2022 and 2023 AGMs resolved to introduce warrant programmes for senior executives and other key individuals 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.

The 2022 warrant programme of 500,000 warrants expires on 13 December 2027 and redemption at a price of SEK 82.00 is possible from 14 June 2027.

The 2023 warrant programme of 466,000 warrants expires on 11 December 2028 and redemption at a price of SEK 37.70 is possible from 12 June 2028.

DIVIDEND POLICY

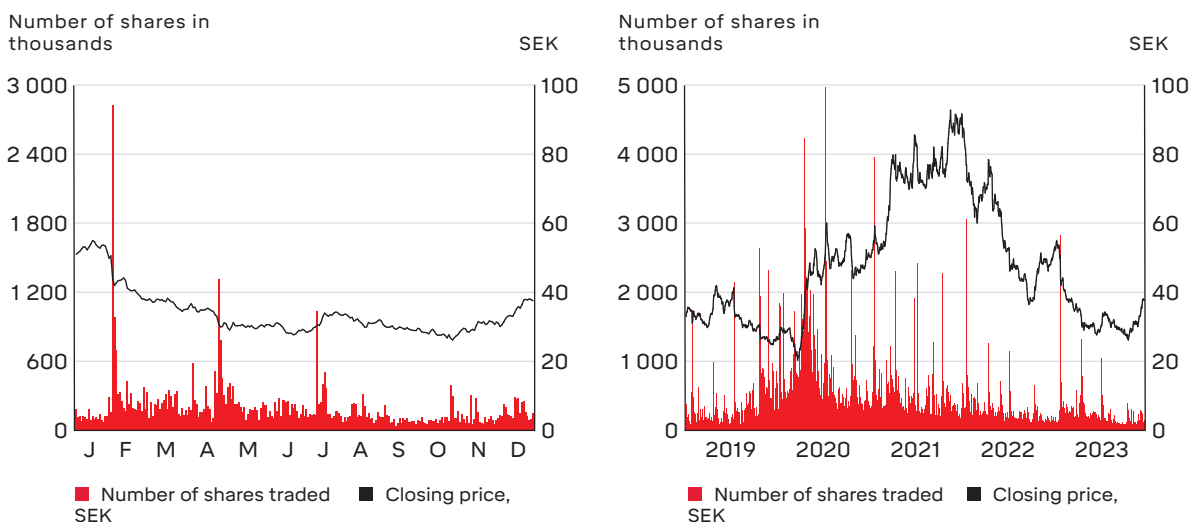
Byggmax Group's policy is for dividends to amount to 50 percent of the company's net profits for the preceding financial year, subject to the Group's need for capital, its results, financial position, capital requirements and current economic conditions.

PROPOSED DIVIDEND

The Board of Directors proposes a dividend of SEK 0.50 (0.00) per share.

THE SHARE

BYGGMAX GROUP'S SHARE IN 2023 AND 2019–2023



SHARE PERFORMANCE	2023	2022
Earnings per share, SEK	0.4	5.3
Equity per share, SEK	40.3	40.3
Dividend per share, SEK	0.50	0.00
Cash flow from operating activities per share, SEK	13.3	9.1
Number of shares outstanding, thousands	58,625	58,625
Average number of shares, thousands	58,625	58,625
Dividend as a percentage of profit after tax	0	39
Number of shareholders	28,102	32,705
Share price as at 31 December, SEK	37,94	49,74
Dividend yield, %	1.4	0.0

Source: Euroclear. With regard to non-Swedish shareholders, the above data is based on available information.

THE TEN LARGEST SHAREHOLDERS	Number of shares	Holding, %	Votes (%)
Försäkringsaktiebolaget, Avanza Pension	5,955,640	10.2	10.2
Verdipapirfondet Odin Sverige	5,800,000	9.9	9.9
Afa Försäkring	3,765,392	6.4	6.4
Unionen	2,300,000	3.9	3.9
CBNY-Norges Bank	1,754,244	3.0	3.0
Brown Brothers Harriman/LUX, W8IMY WPR	1,701,425	2.9	2.9
Försäkringsbolaget PRI	1,640,351	2.8	2.8
Vevlen Gård AS	1,350,000	2.3	2.3
AAT Invest AS	1,200,000	2.0	2.0
Handelsbanken funds	1,104,462	1.9	1.9
Total of the ten largest shareholders (grouped by ownership)	26,571,514	45.3	45.3
Total other shareholders	32,053,531	54.7	54.7
Total number of shares	58,625,045	100.0	100.0

INVESTMENT CASE

INVESTMENT CASE

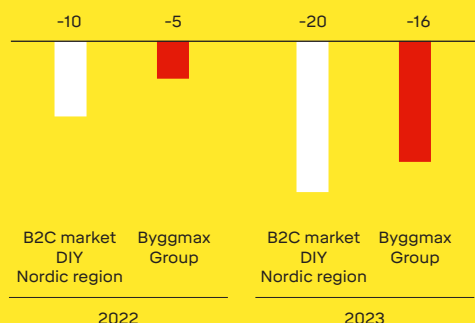
Byggmax Group has a strong brand and an established low-price concept with a presence in four Nordic markets. Byggmax Group works on the basis of a simple and cost-effective operational model. We offer a wide range of DIY products through a well-developed omni-channel offering with a well thought-out online site and an extensive store network. The strong cash flow puts the company in a good position for dividends and growth investments.

1. Clear low-price position

A strong low-price position requires not just a low price but also a good customer experience. A good customer experience with a relevant product range, clear and accessible product information, flexible delivery options, professional customer care and a genuine commitment to sustainability. Keeping prices low also requires low overheads; and Byggmax Group has the lowest operating costs in the industry.

We have a simple efficient operational model with low administration, a limited store range with economies of scale in logistics and purchasing combined with centralised support functions.

MARKET GROWTH, %

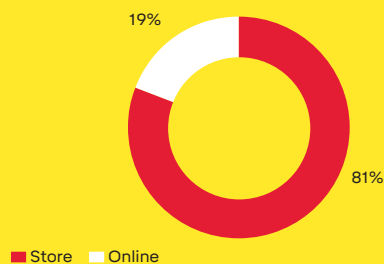


2. Strong online sales combined with a widespread store network

Byggmax Group has a successful online shopping concept that offers a wide range of products for home improvement projects. Our e-commerce has good interaction with the stores. This provides customers with a flexible and convenient shopping experience wherever, whenever and however they wish to shop.

Byggmax Group continuously develops new ways to meet customer wishes in terms of product range and product information as well as different delivery options. The possibility for customers to collect online purchases in store remains a popular delivery option for online shopping.

PROPORTION OF ONLINE SALES 2023

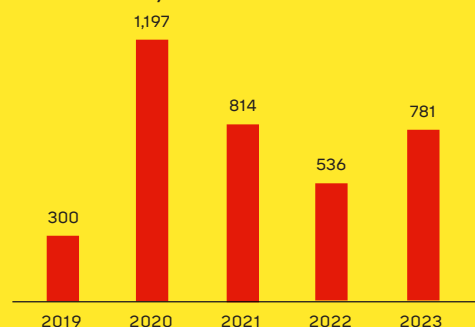


3. Cash flow enables organic growth and dividends

The Group'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 mainly investing in new stores, store upgrades and improvements and personalisation of the company's e-commerce site.

The cumulative cash flow from operating activities over the last three years amounts to SEK 2.1 billion.

CASH FLOW, SEK MILLION



FIVE-YEAR OVERVIEW

SEK M	2023	2022	2021	2020	2019
Earnings					
Net sales	6,113	7,260	7,645	6,801	5,277
EBITA	179	509	895	705	270
Operating profit (EBIT)	123	452	850	665	230
Profit before tax	14	402	799	623	175
Tax	12	-89	-177	-139	-33
Profit/loss for the year	26	313	621	485	142
Net sales growth, %	-15.8	-5.0	12.4	28.9	3.3
Like-for-like sales growth, %	-16.9	-12.2	5.4	28.5	-2.3
Gross margin, %	33.4	33.9	34.1	32.6	32.1
EBITA margin, %	2.9	7.0	11.7	10.4	5.1
Operating (EBIT) margin, %	2.0	6.2	11.1	9.8	4.4
Balance sheet					
Assets					
Non-current assets	4,674	4,680	4,246	3,754	3,916
Inventories	1,281	1,608	1,550	967	929
Other current assets	200	200	233	150	168
Cash and cash equivalents	10	19	43	62	32
Total assets	6,165	6,508	6,073	4,933	5,044
Shareholders' equity and liabilities					
Shareholders' equity	2,361	2,361	2,252	1,968	1,501
Non-current interest-bearing liabilities	1,363	1,284	995	916	1,240
Non-current non-interest-bearing liabilities	144	174	298	184	180
Current interest-bearing liabilities	1,378	1,587	1,193	823	1,377
Other current liabilities	919	1,102	1,335	1,042	747
Total shareholders' equity and liabilities	6,165	6,508	6,073	4,933	5,044
Capital employed	5,092	5,212	4,397	3,178	4,086
Net debt	2,731	2,851	2,145	1,677	2,585
Return on capital employed, %	3.5	10.6	22.2	19.4	8.3
Return on equity, %	1.1	13.6	29.4	27.9	10.0
Equity/assets ratio, %	38.3	36.3	37.1	39.9	29.8
Per share data					
Equity per share, SEK	40.3	40.3	37.6	32.3	24.6
Earnings per share, SEK	0.4	5.3	10.2	7.9	2.3
Dividend per share, SEK	0.50	0.00	4.00	2.75	0.0
Cash flow from operating activities per share, SEK	13.3	9.1	13.4	19.6	4.9

For definitions and key performance indicators, see page 94.

BYGGMAX[®]

ANNUAL REPORT

FROM ADMINISTRATION REPORT TO NOTES

ADMINISTRATION REPORT

The Board of Directors and the President and CEO of Byggmax Group AB (publ), corporate registration number 556656-3531, with its registered office and head office in Stockholm, hereby submit the annual financial statements for the financial year 1 January 2023 to 31 December 2023. Unless otherwise specified, all information applies to the Group. Information in brackets refers to the previous 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 home improvers 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 209 stores, with 138 in Sweden, 56 in Norway, 10 in Finland, and 5 in Denmark, as well as 8 showrooms under the Skånska Byggvaror concept. In addition to Byggmax Group's stores there is a head office in Stockholm. This office houses the purchasing, online sales and finance functions, as well as marketing and IT across the stores.

SHARE INFORMATION AND OWNERSHIP

Byggmax Group's share is listed on Nasdaq OMX Stockholm. The largest shareholder as of 31 December 2023 is Försäkringsbolaget Avanza Pension with 10.2 percent of the shares. A list of the ten largest shareholders is provided on page 42.

Byggmax Group's share capital is SEK 20,333,015 and consists of 58,625,045 shares with a quotient value of SEK 0.35 per share. All shares carry 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 of 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. Refer to the Group's Sustainability Report on pages 18–39.

BRANCHES AND FOREIGN SUBSIDIARIES

Byggmax Group's retail operations in Norway are conducted by the branch Byggmax Norge and Right Price Tiles AS. Finland has the branch Byggmax AB Finland and Denmark has Næstved Lavpris Træ A/S, Byggmax Denmark ApS and BygMax A/S. Skånska Byggvaror Group has the subsidiaries Grønt Fokus AS in Norway and Nordrum Oy in Finland.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- During the year, 7 (13) stores were opened and 2 (1) were closed.
- The President and CEO Karl Sandlund took up his duties on 1 July.
- Byggmax Group AB has signed a three-year revolving credit facility of SEK 1,000 M with DNB and Handelsbanken.
- The Board of Directors proposes a dividend for 2023 of SEK 0.50 (0.00) per share to the 2024 AGM.

GROUP SALES AND EARNINGS

Net sales for the business totalled SEK 6,113 M (7,260), down 15.8 percent. Operating income totalled SEK 6,152 M (7,298). Net sales for like-for-like stores decreased by 16.9 percent in constant currency. Currency effects on sales were -0.3 percent (0.5). The gross margin was 33.4 percent, compared to 33.9 percent for the preceding year. Product range and sourcing improvements have had a positive impact on the gross margin, while the decrease in volume has contributed to negative economies of scale.

Personnel and other external expenses decreased by a total of SEK 138 M. Costs for new stores and closed stores totalled SEK 48 M (122).

EBITA was SEK 179 M (509), corresponding to an EBITA margin of 2.9 percent (7.0).

Profit before tax was SEK 14 M (402). Net financial items were SEK -109 M (-51). Net financial items for 2023 were affected by exchange-rate effects of SEK -5 M (8).

The tax expense for the year was SEK 12 M (-89).

CASH FLOW AND FINANCIAL POSITION

Cash flow from operations amounted to SEK 781 M (536), a increase of SEK 246 M compared to the previous year. The change is mainly driven by a decrease in inventory value that compensates for the lower operating profit.

At the end of the financial year, inventories totalled SEK 1,281 M (1,608), a decrease of SEK 327 M compared to the previous year. In 2023, two stores were closed and seven new stores were added. Inventories related to these stores totalled SEK 22 M.

Investments in fixed assets totalled SEK 146 M (255) in 2023. Of these, SEK 44 M (76) relates to IT invest-

ADMINISTRATION REPORT

ments and upgrades of the store portfolio, and SEK 41 M (89) relates to investments in new and relocated stores.

Consolidated net debt was SEK 2,731 M (2,851). The equity/assets ratio was 38.3 percent (36.3). Unutilised credits totalled SEK 543 M (718).

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 to the Group's success. Further information about risk management can be found on pages 16–17 and in Note 2.

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 the 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 constantly to offset 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 1,289 (1,387). Further information about employees can be found in Note 9.

EXPECTATIONS OF FUTURE DEVELOPMENTS

The strategic focus is based on the Group's strengths in store opening, e-commerce and product range development combined with a cost-effective operational model. In the short term, Byggmax Group will continue to focus on further increasing flexibility by adapting costs, inventory levels and investments to meet fluctua-

tions in demand due to the economic situation. We plan to open around four stores in 2024. We have identified a long-term potential of around 280 stores in the current markets (Sweden, Norway, Finland and Denmark).

Byggmax Group does not provide forecasts. Like other companies, Byggmax Group faces challenges due to changes in the global macroeconomic and geopolitical situation. Changing circumstances, such as political uncertainty and possible virus outbreaks or, in the worst case, a pandemic, can lead to rapid changes in the conditions for conducting business. Since February 2022, uncertainty related to geopolitical developments and ongoing sanctions between countries in Europe has increased.

SUSTAINABILITY EFFORTS

Byggmax Group works in a systematic and integrated manner on sustainability issues throughout the organisation and the value chain. The Group's sustainability strategy formulates five focus areas: Purchasing, Circularity, Climate, Our customers' construction and Social aspects. Based on the EU's long-term target of a climate-neutral Europe, we have had our climate targets validated by the Science Based Targets initiative, showing that our ambitions and targets are in line with the Paris Agreement.

Environmental and climate-related work is carried out through a continuous dialogue with our suppliers, where we set clear and relevant requirements, linked both to climate issues and human rights. Byggmax Group makes efforts to reduce the climate footprint in the entire product range, optimise our transport and contribute to our customers being able to make well-informed decisions linked to environmental impact by increasing the proportion of environmental declarations on the goods in stores and online.

Byggmax Group is a values-driven company. Our conduct and attitudes towards one another lay the foundation for satisfaction and social relations. Committed employees are crucial in developing the company and ensuring a good working environment, where the focus on health and safety is a top priority.

Our suppliers undertake contractually to comply with our Supplier Code of Conduct, which covers working conditions and corporate social responsibility. Compliance is monitored through annual reviews.

The Group's Sustainability Report is included in this Annual Report on pages 18–39.

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. Refer to Note 9 for guidelines. Byggmax Group's business strategy and

ADMINISTRATION REPORT

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 median salaries. However, overall remuneration, including STIs and LTIs, means that the market median salaries may be exceeded. The combined remuneration is to be reviewed annually to ensure it is commensurate with the market and competitive. When making comparisons, the position, size of the company, salary and person's experience are to be taken into consideration.

FIXED SALARY

Fixed salary should form 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 INCENTIVES, STIs)

In addition to fixed salary, senior executives are able to receive STIs for results that exceed one or more predefined performance levels during a financial year. Remuneration from the STI programme can amount to a maximum of 100 percent of the fixed salary for the President and CEO and 40 percent of fixed salaries for the remaining management, thus enabling the company to calculate maximum levels of remuneration. STIs are measured by both qualitative and quantitative measures.

LONG-TERM INCENTIVES

The 2019, 2021, 2022 and 2023 Annual General Meetings resolved to introduce warrant-based incentive programmes. The incentive programmes are described in Note 9.

PENSIONS

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

OTHER BENEFITS

Other benefits may be provided in accordance with the conditions that apply in the country where the senior executive is employed. However, the extent of such benefits must be limited as much as possible and may not make up 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 REMUNERATION TO THE PRESIDENT AND CEO AND SENIOR EXECUTIVES FOR 2023

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 Group Management were applied in accordance with the guidelines in 2023.

DEVIATION FROM THE GUIDELINES

The Board has the right to deviate from the guidelines, partially or entirely, if doing so is justified in specific cases. Deviations are permitted only if they are deemed necessary to satisfy 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 of 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 51–57.

PARENT COMPANY

Byggmax Group AB is the Group's Parent Company and constitutes a holding company where the Group's President and CEO has been employed since 1 January 2023. Operations are conducted in the subsidiaries Byggmax AB (corporate identity number 556645-6215), Svea Distribution AB (corporate identity number 556602-5895),

ADMINISTRATION REPORT

Skånska Byggvaror Group AB (corporate identity number 556987-6849, Næstved Lavpris Træ A/S (26 14 69 25) and Contera AS (986 607 021), Byggmax Denmark ApS (42 09 25 41) and the subsidiary BygMax A/S (36 90 67 82).

Net sales for the Parent Company totalled SEK 14 M (9). Earnings before tax totalled SEK 13 M (202) for the whole financial year. Earnings were affected by Group contributions of SEK 118 M (250), dividends from subsidiaries of SEK 485 M (0) and impairment of shares in the subsidiary Skånska Byggvaror Group AB of SEK 482 M (0).

PROPOSED DISTRIBUTION OF EARNINGS

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

Retained earnings	493,951,063
Profit/loss for the year	3,486,614
TOTAL	497,437,676

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

Dividend to shareholders (SEK 0.50 per share)	29,312,523
To be carried forward	468,125,154
TOTAL	497,437,676

SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

No significant events have occurred after the end of the financial year.

CHAIRMAN'S COMMENTS



“ The Group performed strongly in a very tough market, and I am cautiously optimistic for 2024.

2023 was a tough year, with continued high inflation, high interest rates and geopolitical uncertainty causing consumers to tighten their belts. In a weak market, the Group managed to achieve major cost savings and adapted inventory volumes, while consolidating its strong low-price position and high level of customer satisfaction.

NEW PRESIDENT AND CEO

During the year, we welcomed Byggmax Group's new President and CEO, Karl Sandlund, and thanked Mattias Ankarberg, who had directed the Group for six years. Karl comes from a long career at SAS in many different senior positions and most recently from Academedia, where he served as CCO. I wish Karl a warm welcome to Byggmax Group.

THE BOARD'S WORK

Byggmax Group has a well composed Board, with members who have complementary skills and experience, making our cooperation stimulating and

rewarding. The Board held 13 meetings during the year. Important discussions concerned the economic situation, implementation of the EU's new Sustainability Directive and reporting standard, development of strategy and objectives, and continued Green Venture investments in circular operations.

FINANCIAL POSITION

The Group has a strong balance sheet and a clear market position. The Board of Directors proposes a dividend of SEK 0.50 per share (0.00) for the financial year.

On behalf of the Board of Directors, I would like to express my thanks to Karl, his management team and all our committed employees for their excellent work in 2023. The Group has delivered strongly in a very tough market, and I am cautiously optimistic for 2024.

Anders Moberg
Chair 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 to 31 December 2023.



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

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

SHAREHOLDERS

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

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

ANNUAL GENERAL MEETING

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

ANNUAL GENERAL MEETING 2023

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

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

CORPORATE GOVERNANCE REPORT

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

NOMINATION COMMITTEE

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

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

BOARD OF DIRECTORS

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

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

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

INDEPENDENCE OF THE BOARD

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

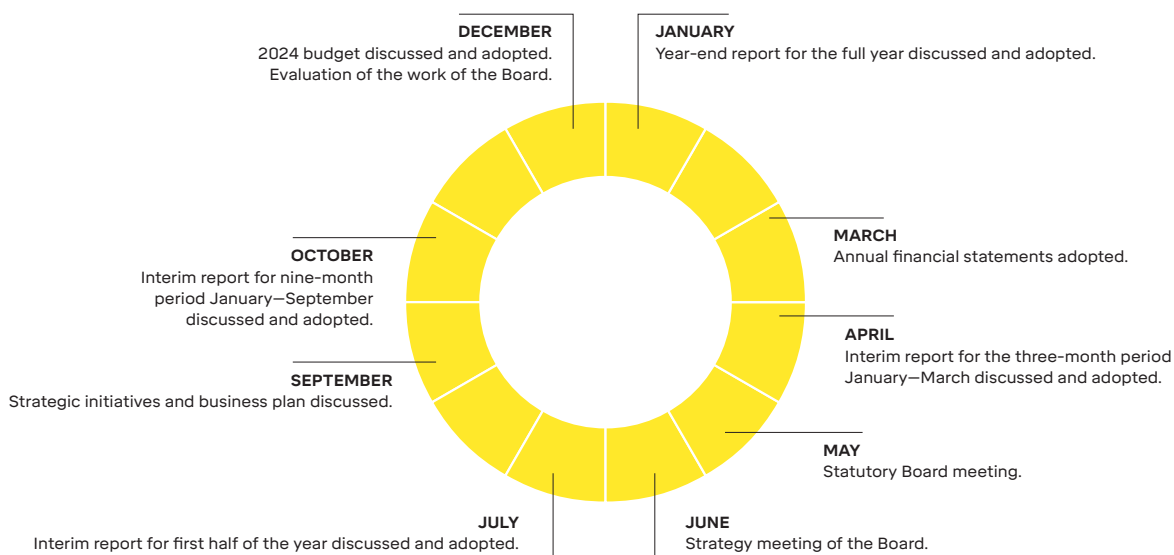
THE BOARD'S COMPOSITION AND ATTENDANCE AT MEETINGS

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

THE WORK OF THE BOARD IN 2023

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

THE BOARD'S YEAR



CORPORATE GOVERNANCE REPORT

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

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

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

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

EVALUATION OF THE WORK OF THE BOARD OF DIRECTORS IN 2023

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

THE BOARD'S REMUNERATION COMMITTEE

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

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

AUDIT COMMITTEE

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

THE PRESIDENT AND CEO AND OTHER MANAGEMENT

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

REMUNERATION GUIDELINES

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

THE BOARD'S COMPOSITION AND ATTENDANCE AT MEETINGS

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

1) Board member until 5 May 2023.

CORPORATE GOVERNANCE REPORT

ORGANISATION

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

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

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

AUDITOR

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

INTERNAL AUDIT

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

INTERNAL CONTROL OF FINANCIAL REPORTING

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

CONTROL ENVIRONMENT

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

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

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

CORPORATE GOVERNANCE REPORT

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

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

RISK ASSESSMENT

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

CONTROL ACTIVITIES

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

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

INFORMATION AND COMMUNICATION

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

MONITORING

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

BOARD OF DIRECTORS AND AUDITOR



ANDERS MOBERG

Chair of the Board since 2015.
Board member 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: Chair of the Boards of ITAB, Viva Wine Group and Capital Sweden SS Holding and member of the Board of Bergendahl & Son, Citygross, INGKA, IMAS and IKEA Foundation.

Shareholding: 590,000 shares.



ANDR AS ELGAARD

Board member since 2021.

Born: 1972.

MSc Engineering, Lund University.

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

Other appointments: Board appointments in ITAB Group and Munksj  Paper.

Shareholding: Zero shares.



CATARINA FAGERHOLM

Board member since 2021.

Born: 1963.

MSc in Economics, Helsinki School of Economics.

Background: Previously 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: 10,000 shares.



LARS LJUNG LV

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  resund.

Other appointments: Member of the Boards of Ikano Bank, Annehem Fastigheter and Viva Wine Group.

Shareholding: 40,000 shares.



DANIEL M HLBACH

Board member since 2015.

Born: 1974.

MSc in Engineering from Lule  University of Technology.

Background: CEO of and partner in Footway Group. Previously CEO of Lensway Group.

Other appointments: Member of the Board of Footway Group.

Shareholding: 9,000 shares.



GUNILLA SPONGH

Board member since 2019.

Born: 1966.

MSc in Engineering and Industrial Economics from the Institute of Technology, Link ping University.

Background: Previous positions include CFO of Preem and CFO and Head of International Business Mekonomen.

Other appointments: Board member AQ Group, Lernia, Momentum Group, ViaCon, Systemair, Dacke Industri, Meds Apotek, OptiGroup, Consivo Group, and Chair of the Board Bluefish Pharmaceuticals.

Shareholding: 11,000 shares.

AUDITOR

Byggmax Group's auditor is  hrlings PricewaterhouseCoopers, with Cesar Mor  as principal auditor since 2020. Cesar Mor  is an Authorised Public Accountant and a member of FAR SRS.

The office address of  hrlings PricewaterhouseCoopers is Torsgatan 21, 113 97 Stockholm.

MANAGEMENT



KARL SANDLUND

President and CEO since 2023.
Born: 1977.

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

Previous appointments: COO at Academedia, CCO and several other senior roles at SAS, and consultant at McKinsey.

Shareholding: 50,000 shares, 200,000 warrants.



HELENA NATHHORST

CFO since 2019.

Born: 1967.

MSc in Business and Administration from Uppsala University.

Previous appointments: CFO of Addnode Group, CFO of Teracom Boxer Group and Director KPMG M&A Advisory.

Shareholding: 9,000 shares, 118,000 warrants.



ELLIOT LINDBERG

Country Manager at Byggmax Sweden since 2021.

Born: 1992.

Previous appointments: Regional Manager at Byggmax and former professional footballer, several leadership courses.

Other appointments: Member of the Board of GEL Investment.

Shareholding: 118,000 warrants.



PER HARALDSSON

Commercial Manager since 2018.

Born: 1974.

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

Previous appointments: Purchasing Manager Byggmax and Business Area Manager Rusta.

Shareholding: 58,965 shares, 198,000 warrants, 78,850 shares through endowment insurance.



ANNE MARIE INDRELID

CEO of Right Price Tiles since 2023.

Born: 1979.

Studies in economics at the University of Oslo and various courses in finance.

Previous appointments: Financial, IT and administrative manager at Contera AS.

Shareholding: Zero shares.



NIKLAS HAMBERG

Country Manager Byggmax Other Nordics since 2021.

Born: 1983.

MSc in Engineering from Lund University of Technology.

Previous appointments: Logistics Manager Byggmax.

Other appointments: Deputy member of the Board of Sierra Blue Invest.

Shareholding: 798 shares, 198,000 warrants.



OSCAR TJÄRNBERG

CEO of Skånska Byggvaror since 2017.

Born: 1972.

MSc Engineering from Luleå University of Technology.

Previous appointments: CEO of Lekmer, Deputy CEO of inkClub, Head of Online at Telenor Sweden, CSO and COO at Lensway.

Shareholding: 55 966 shares, 160,000 warrants.

FINANCIAL TABLES

GROUP

STATEMENT OF COMPREHENSIVE INCOME

Amounts in SEK M	Note	2023	2022
Operating income			
Net sales	4	6,113	7,260
Other income	5, 7	39	38
Total operating income		6,152	7,298
Operating expenses			
Cost of goods sold		-4,069	-4,799
Other expenses	6, 7, 8	-488	-609
Personnel costs	9, 10	-811	-827
Depreciation, amortisation and impairment of tangible and intangible assets	14, 15, 16	-658	-609
Share of profit or loss of equity accounted companies		-3	-
Total operating expenses		-6,029	-6,845
Operating profit (EBIT)		123	452
Financial items			
Profit/loss from participations in Group companies		0	-
Financial income	11	45	40
Financial expenses	11	-154	-91
Profit/loss from financial items	11	-109	-51
Profit before tax		14	402
Income tax	12	12	-89
Profit/loss for the year		26	313
Other comprehensive income for the year			
Items that may be reclassified to profit or loss for the year:			
Translation differences		-27	28
Other comprehensive income for the year		-27	28
Comprehensive income for the year		-1	341
Earnings per share before dilution, SEK	13	0.44	5.34
Earnings per share after dilution, SEK	13	0.44	5.32

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

FINANCIAL TABLES

GROUP

BALANCE SHEET

Amounts in SEK M	Note	31 Dec 2023	31 Dec 2022
ASSETS			
Non-current assets			
Capitalised expenses for development costs	14	87	80
Goodwill, customer relationships and trademark	14	2,219	2,294
Buildings and land	15	2	2
Right-of-use assets	16	1,793	1,676
Leasehold improvements	15	15	16
Equipment, tools, fixtures and fittings	15	524	583
Investments reported using the equity method		9	7
Deferred tax assets	27	14	17
Other financial assets		5	–
Other non-current receivables	18	5	5
Total non-current assets	4	4,674	4,680
Current assets			
Inventories	19	1,281	1,608
Prepayments to suppliers		15	18
Accounts receivable	20	18	29
Current tax assets		29	3
Other receivables	21	87	105
Prepaid expenses and accrued income	22	52	45
Cash and cash equivalents	23	10	19
Total current assets		1,491	1,827
TOTAL ASSETS		6,165	6,508
SHAREHOLDERS' EQUITY			
Capital and reserves attributable to Parent Company shareholders			
Share capital	25	20	20
Other capital contributions	25	441	441
Reserves	25	8	34
Earnings brought forward including profit for the year		1,892	1,865
Total shareholders' equity		2,361	2,361
LIABILITIES			
Non-current liabilities			
Lease liabilities	26	1,363	1,284
Deferred tax liabilities	27	143	174
Non-current liabilities	28	1	1
Total non-current liabilities		1,506	1,458
Current liabilities			
Borrowings from credit institutions	26	958	1,202
Lease liabilities	26	421	385
Accounts payable		588	543
Current income tax liabilities	12	22	111
Other liabilities	29	73	81
Accrued expenses and deferred income	30	236	367
Total current liabilities		2,298	2,688
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		6,165	6,508

FINANCIAL TABLES

GROUP

STATEMENT OF CHANGES IN EQUITY

Amounts in SEK M	Notes 13, 25	Attributable to shareholders in Parent Company				Total shareholders' capital
		Share capital	Other capital contributions	Reserves	Earnings brought forward incl. profit for the year	
Opening balance at 1 January 2022		20	441	6	1,784	2,252
Profit/loss for the year					313	313
Other comprehensive income for the year						
Translation differences				28		28
Total comprehensive income				28	313	341
Issuance of warrants					2	2
Buyback of shares and bonus issue					0	0
Dividend to shareholders					-235	-235
Total transactions with shareholders		–	–	–	-232	-232
Closing balance at 31 December 2022		20	441	34	1,865	2,361
Opening balance at 1 January 2023		20	441	34	1,865	2,361
Profit/loss for the year					26	26
Other comprehensive income for the year						
Translation differences				-27		-27
Total comprehensive income				-27	26	-1
Issuance of warrants					1	1
Dividend to shareholders					–	–
Total transactions with shareholders		–	–	–	1	1
Closing balance at 31 December 2023		20	441	8	1,892	2,361

FINANCIAL TABLES

GROUP

STATEMENT OF CASH FLOWS

Amounts in SEK M	Note	2023	2022
Cash flow from operating activities			
Operating profit (EBIT)		123	452
Non-cash items			
Depreciation/amortisation of tangible fixed assets and intangible assets		658	609
Other non-cash items		8	-3
Interest received		45	39
Interest paid		-148	-91
Tax paid		-136	-143
Cash flow from operating activities before changes in working capital		551	865
Change in working capital			
Increase/decrease in inventories		308	-58
Increase/decrease in other current receivables		21	10
Increase/decrease in other current liabilities		-99	-281
Cash flow from operating activities		781	536
Cash flow from investing activities			
Investments in non-current intangible assets	14	-35	-42
Investments in non-current tangible assets	15	-111	-213
Investments in financial assets		-10	0
Investments in subsidiaries		-	-64
Sale of tangible assets	15	3	11
Cash flow from investing activities		-153	-308
Cash flow from financing activities			
Change in overdraft facility		-245	354
Buyback of shares and bonus issue		-	0
Dividend to Parent Company's shareholders		-	-235
Repayment of lease liabilities		-410	-375
Warrants and issued shares		1	2
Cash flow from financing activities	31	-655	-253
Cash flow for the year		-26	-26
Cash and cash equivalents at the beginning of the year	23	19	43
Cash flow for the year		-26	-26
Exchange rate effect		17	2
Cash and cash equivalents at the end of the year	23	10	19

FINANCIAL TABLES

PARENT COMPANY

INCOME STATEMENT

Amounts in SEK M	Note	2023	2022
Operating income			
Net sales		14	9
Other operating income		0	0
Total operating income		14	9
Operating expenses			
Other external expenses	8, 9	-17	-38
Personnel costs	9	-14	-3
Total operating expenses		-31	-40
Operating profit (EBIT)		-17	-31
Financial items			
Dividends from Group companies		485	–
Impairment of participations in Group companies		-482	–
Interest income and similar items		51	29
Interest expenses and similar items		-126	-46
Profit/loss from financial items	11	-72	-17
Appropriations	11	102	250
Profit before tax		13	202
Tax on profit for the year	12	-10	-42
Profit/loss for the year		3	160

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

FINANCIAL TABLES

PARENT COMPANY

BALANCE SHEET

Amounts in SEK M	Note	31 Dec 2023	31 Dec 2022
ASSETS			
Non-current assets			
Financial non-current assets			
Participations in Group companies	17	1,213	1,694
Other financial assets		5	–
Total non-current assets		1,218	1,694
Current assets			
Current receivables			
Receivables from Group companies		438	257
Other receivables	21	7	2
Prepaid expenses and accrued income	22	4	5
Total current receivables		448	264
Cash and cash equivalents		0	0
Total current assets		448	264
TOTAL ASSETS		1,666	1,959
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Restricted equity			
Share capital	25	20	20
Total restricted equity		20	20
Unrestricted equity			
Share premium reserve		430	430
Retained earnings		64	-96
Profit/loss for the year		3	160
Total unrestricted equity		497	494
Total shareholders' equity		518	514
Untaxed reserves	11	16	–
Total untaxed reserves		16	–
Current liabilities			
Borrowings from credit institutions	26	1,110	1,107
Liabilities to Group companies		–	21
Current income tax liabilities		3	185
Other current liabilities		4	3
Accrued expenses and deferred income	30	16	128
Total current liabilities		1,133	1,444
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		1,666	1,959

FINANCIAL TABLES

PARENT COMPANY

CHANGE IN SHAREHOLDERS' EQUITY

Amounts in SEK M	Note 13, 25	Restricted equity	Unrestricted equity			Total shareholders' equity
		Share capital	Share premium reserve	Retained earnings	Profit for the year	
Opening balance at 1 January 2022		20	430	-409	548	589
Carried forward				548	-548	0
Profit/loss for the year					160	160
Other comprehensive income						0
Total comprehensive income					160	160
Buyback of shares and bonus issue				0		0
Dividend to shareholders				-235		-235
Total transactions with shareholders		–	–	-235	–	-235
Closing balance at 31 December 2022		20	430	-96	160	514
Opening balance at 1 January 2023		20	430	-96	160	514
Carried forward				160	-160	0
Profit/loss for the year					3	3
Other comprehensive income						0
Total comprehensive income					3	3
Dividend to shareholders				–		–
Total transactions with shareholders		–	–	–	–	–
Closing balance at 31 December 2023		20	430	64	3	518

FINANCIAL TABLES

PARENT COMPANY

CASH FLOW STATEMENT

Amounts in SEK M	Note	2023	2022
Cash flow from operating activities			
Operating profit (EBIT)		-17	-31
Adjustments for non-cash items			
Group contributions received		118	250
Anticipated dividends		320	–
Other non-cash items		3	3
Dividends received from subsidiaries		165	–
Interest received		51	29
Interest paid		-120	-46
Tax paid		-197	–
Cash flow from operating activities before changes in working capital		324	205
Change in working capital			
Operating receivables		-179	460
Operating liabilities		-142	14
Cash flow from operating activities		3	680
Cash flow from investing activities			
Investments in subsidiaries		-5	-120
Cash flow from investing activities		-5	-120
Cash flow from financing activities			
Borrowings		80	420
Dividend to Parent Company's shareholders		–	-235
Changes in current financial liabilities		-78	-745
Cash flow from financing activities		2	-560
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

NOTES

ACCOUNTING POLICIES AND NOTES

1 GENERAL INFORMATION & SUMMARY OF KEY ACCOUNTING POLICIES

COMPANY INFORMATION

Byggmax Group AB is a limited-liability company registered in Sweden with registered office in Stockholm, Sweden. The Parent Company's corporate registration number is 556656-3531. The address of the head office is Lindhagensgatan 112, 112 51 Stockholm.

The Parent Company's shares are listed on the Stockholm Stock Exchange, Nasdaq Stockholm. The financial statements of the Group and the Parent Company refer to the financial year ended 31 December 2023. The Annual Report was approved for publication by the Board of Directors on 21 March 2024 and will be submitted to the Annual General Meeting for adoption on 6 May 2024.

1.1 BASIS OF PRESENTATION

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

The consolidated accounts are prepared in accordance with 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 Corporate Reporting Board's Recommendation RFR 1, Supplementary Accounting Rules for Groups. Accounting is based on historical cost for the valuation of assets and liabilities.

The Parent Company's functional currency is the Swedish krona, which is also the reporting currency for the Parent Company and the Group. All amounts are reported in SEK million (SEK M) unless otherwise specified. Amounts in brackets relate to the corresponding period of the previous year.

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

New interpretations or amendments with future application are not applied early. 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.

The amendment in IAS 1 Presentation of Financial Statements effective from 1 January 2023 to disclose significant accounting policies has been applied for the financial year 2023 by Byggmax Group. The amendment to IAS 12 Income Taxes effective from 1 January 2023 regarding the presentation of deferred tax relating to IFRS 16 Leases has been applied for the 2023 financial year by Byggmax Group.

Application of assessments

In preparing the annual and consolidated financial statements, estimates, assumptions and assessments are made regarding the application of the accounting policies. These affect the recognised amounts of assets, liabilities, income, expenses and supplementary disclosures. Estimates and assumptions are based on historical experience, other relevant factors and future expectations, and are reviewed regularly. The actual outcome may therefore

differ from the estimates and assumptions made. Those 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 3.

1.2 CONSOLIDATED ACCOUNTS

The consolidated financial statements include the Parent Company and its subsidiaries and are prepared using the acquisition method. The financial statements of the Parent Company and subsidiaries included in the consolidated financial statements relate to the same period and are prepared in accordance with the accounting policies applicable to the Group. 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.

Subsidiaries

All companies in which the Group holds or has disposal of more than 50 percent of the voting rights or in which the Group exercises sole control by agreement are consolidated as subsidiaries. A subsidiary is included in the consolidated financial statements from the date of acquisition, which is the date on which the Parent Company obtains control, and is included in the consolidated financial statements until the date on which control ceases.

The cost of the investment in the subsidiary is the cash amount and the fair value of any other form of consideration paid for the participations. Expenses attributable to the acquisition are recognised as a cost. The value of the net asset acquired, the equity of the entity, is determined by measuring the acquired assets, liabilities and contingent liabilities at fair value at the acquisition date. These fair values represent the Group's cost of acquisition. If the cost of the shares in the subsidiary exceeds the fair value of the identifiable net assets of the acquired company, the difference is recognised as consolidated 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.

Associated companies and joint ventures

All companies in which Byggmax Group has significant influence but which are not controlled by the Group, generally those in which the Group owns between 20 and 50 percent of the voting rights, are treated as associates. Companies in which Byggmax Group, together with other parties, has joint controlling influence over operations through agreements are classified as joint ventures. Investments in associates and joint ventures are accounted for using the equity method and are initially recognised at cost.

NOTES

Note 1 cont.

Asset acquisitions and business combinations

In connection with the acquisition of a company, an assessment is made as to whether the acquisition should be classified as a business or an asset. Byggmax Group defines the acquisition as a business combination in the event the acquired business includes employees in addition to the acquired assets and liabilities. Business combinations are recognised in accordance with IFRS 3. For asset acquisitions, all acquisition costs are recognised as an increase in 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.

1.3 SEGMENT REPORTING

Operating segments are recognised in a manner that corresponds to the internal reporting submitted to the chief operating decision maker, which in Byggmax Group is the President and CEO. The Group's operations consist mainly of the sale of building materials in stores and online. In the different countries, similar products are sold through similar sales channels to similar customers. Most of the purchases of goods are made jointly for the Group. Several countries have similar economic characteristics.

The Parent Company, together with subsidiaries with no external sales, is recognised separately under 'Group-wide'. No individual part of Group-wide represents such a material part that it constitutes a reportable segment.

In the geographical information, revenues are reported based on the location of the customers.

1.4 TRANSLATION OF FOREIGN CURRENCY**Functional currency and reporting currency**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). In the consolidated accounts, Swedish kronor (SEK) is used, which is the Parent Company's functional currency and reporting currency.

Transactions and balance-sheet items

Transactions in foreign currency are translated to the functional currency according to the exchange rate prevailing on the transaction date. Exchange-rate gains and losses arising in payment of such transactions and in translation of monetary assets and liabilities in foreign currencies at the closing-date rate are recognised in the statement of comprehensive income.

Exchange-rate differences in trade payables and trade receivables are recognised in operating profit/loss. Other exchange-rate differences are recognised in net financial items.

Consolidation of foreign subsidiaries and branches

The assets and liabilities of foreign subsidiaries and branches are translated at the closing rate, and all items in the statement of comprehensive income are translated monthly at the average rate for the month. Exchange rate differences arising from the translation of a foreign operation's financial statements are recognised in other comprehensive income.

1.5 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 in accordance with the requirements of IAS 38.

Goodwill, trademarks and customer relationships

Goodwill consists of 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.

Recognised goodwill 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.

In the context of business acquisitions, intangible assets in the form of trademarks and customer relationships can be identified. These assets are measured at fair value on the acquisition date. Trademarks and customer relationships are amortised over their useful lives, which is assessed to be 10 years for trademarks and customer relationships.

1.6 TANGIBLE FIXED ASSETS

All tangible non-current assets are recognised at cost less depreciation. Cost includes fees that can be directly attributed to the acquisition of the asset.

Additional expenditure is 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 is calculated 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 the statement of comprehensive income.

1.7 IMPAIRMENT OF NON-CURRENT NON-FINANCIAL ASSETS

Assets that have an indeterminate useful life, such as goodwill, are not depreciated but instead tested annually for impairment. Property, plant and equipment that are depreciated and such intangible assets as 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 less sales costs and its value

NOTES

Note 1 cont.

in use. In assessing impairment needs, assets are grouped at the lowest level for which separate cash flows can be identified (cash-generating units). For tangible and intangible fixed 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.

1.8 FINANCIAL INSTRUMENTS

Purchases and sales of financial assets and liabilities are recognised on the transaction date, which is the date on which the Group commits to purchase or sell the asset or liability. The Group classifies its financial instruments in the following categories: financial assets measured at fair value in profit or loss, financial assets at amortised cost and financial liabilities at amortised cost.

Financial assets at amortised cost

Financial assets at amortised cost are financial assets which have payments that have been 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 entire lifetime of the receivable are used as the basis for accounts receivable and contractual assets.

Financial liabilities carried at amortised cost

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

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

Ordinary 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.

Accounts payable

Accounts payable 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.

Borrowing

Borrowing is measured initially at fair value net after transaction costs. Borrowing is subsequently recognised at amortised cost, and any difference between the amount

received (net after transaction costs) and the repayment amount is recognised in the statement of comprehensive income distributed over the term of the loan, applying the effective-interest method. Borrowing is classified as current liabilities unless the Group has an unconditional right to defer payment of the debt for at least 12 months after the balance-sheet date.

1.9 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 or online. The net sales value is the estimated sales price in operations less applicable variable sales costs. The Group applies an individual assessment of obsolescence. No significant impairment losses have been recognised in the current or previous financial year.

1.10 CURRENT AND DEFERRED TAX

The tax expense 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' and its 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 and does not give rise to equal taxable and deductible temporary differences. 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.

NOTES

Note 1 cont.

Pillar II

The Group is subject to the OECD Pillar II model rules. Pillar II legislation has been adopted in Sweden, where Byggmax Group AB has its registered office, and will enter into force on 1 January 2024. As the Pillar II legislation was not in force on the balance sheet date, the Group has no related current tax exposure. The Group applies the exemption to recognise and disclose deferred tax assets and liabilities related to income taxes from Pillar II, as set out in the amendments to IAS 12 issued in May 2023.

The legislation requires the Group to pay additional tax on the difference between the effective tax rate calculated according to the GloBE rules for each jurisdiction and the minimum tax rate of 15 percent. All Group companies have an effective tax rate of more than 15 percent.

For the financial year 2024, Byggmax Group AB (publ) is not covered by the OECD model rules for Pillar II as the Group does not meet the thresholds applied by the regulations. The Group continuously evaluates the tax exposure and works with tax specialists regarding the Pillar II regulations.

1.11 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 a mandatory, contractual or voluntary basis. The Group has no further payment obligations when the contributions have been paid. The contributions are recognized as personnel costs in the statement of comprehensive income at the rate in which they are earned by employees performing services for the company during a period. Prepaid contributions are recognised as an asset to the extent that cash payment or a reduction in future payments will accrue to the Group.

Compensation upon termination of employment

Compensation on termination of employment is paid when employment is terminated by Byggmax Group prior to the normal pension age, or when the employee accepts a voluntary termination in exchange for such compensation. The Group recognises severance pay when the Group is demonstrably obliged either to terminate employment according to a detailed formal plan without any option for recall, or to provide compensation in a case of termination 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

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

Share-based payments

Share-based payments within the scope of the existing share warrant programme do not entail any cost, since the price of the warrants corresponds to their fair value.

1.12 REVENUE RECOGNITION**Sales of goods and services**

The Group's income is generated from the sale of goods and services that are in Byggmax Group's range. Sales are

mainly made to private individuals but also to some extent to business customers, with the same price applying to all customers. Any price reductions are general and not targeted at any specific individual. Proprietary production or development of products occurs within Skånska Byggnärrör but accounts for an insignificant portion of the Group's sales. The 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 operating activities. Income is recognised 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-store or via online shopping. There are returns, and provisions are calculated for expected returns based on historical data and best estimate. The right of return meets at least each country's local rules and is 365 days for goods purchased in stores and 14 days for goods purchased online.

The terms of payment are the same for all customers for cash and card payments, and the amount of the reimbursement is not variable.

Interest income

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

1.13 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 shareholders and the weighted average number of shares outstanding after dilution. Dilution effects arise owing to share options that can be settled with shares. Share options have a dilution effect when the average share price during the period exceeds the exercise price of the warrants. See also Note 13.

1.14 LEASES

The Group's leases comprise properties, including store premises, offices and warehouse 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 is broken 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 reasonably certain.

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

NOTES

Note 1 cont.

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 the time when the leased asset became available to the lessee.

Low-value and short-term leases are expensed on a straight-line basis in the income statement.

1.15 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.

1.16 PARENT COMPANY ACCOUNTING POLICIES

The Parent Company applies the Swedish Annual Accounts Act and the Swedish Corporate 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 in the cases 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 that a different presentation of shareholders' equity is applied and that provisions are recognised under a separate heading in the balance sheet.

Subsidiaries and associates

Shares in subsidiaries and associates 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 and associates. When there is an indication that shares and participations in subsidiaries and associates 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 recognises Group contributions according to RFR 2's alternative rule, which means that both received and paid Group contributions are recognised as appropriations.

2 FINANCIAL RISK MANAGEMENT**2.1 FINANCIAL RISK FACTORS**

Through its operations, the Group is exposed to various financial risks, such as market risk (comprising currency and interest risk), credit risk and liquidity risk. The Group's overall financial 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 adopted 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 can thus affect the Parent Company indirectly by the asset item 'Participations in Group companies' being positively or negatively affected by how the risks described below are managed.

a) Market risk**(i) Currency risk**

Byggmax Group's consolidated accounts are stated in SEK, but 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 risks in that unfavourable changes in exchange rates can have a negative effect on earnings, shareholders' equity and cash flow.

Transaction exposure in commercial flows

Payment flows in the form of trade receivables and trade payables in foreign currency result in currency exposure for the Group. Byggmax Group has currency exposure in SEK and NOK, and some exposure resulting from the 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 point), all other factors unchanged	Effect on earnings (SEK M) 2023	Effect on earnings (SEK M) 2022
NOK	+10/-10 %	+/- 4	+/- 7
EUR	+10/-10 %	+/- 0	+/- 1
DKK	+10/-10 %	+/- 1	+/- 1

NOTES

Note 2 cont.

Exposure in a currency other than the functional currency at 31 December 2023, in the transaction currency

	DKK	EUR	NOK	SEK	USD	GBP
Accounts receivable	—	1	—	0	—	—
Accounts payable	8	126	0	16	2	—

Exposure in a currency other than the functional currency at 31 December 2022, in the transaction currency

	DKK	EUR	NOK	SEK	USD	GBP
Accounts receivable	—	6	—	0	—	—
Accounts payable	2	129	0	13	7	0

Translation exposure in consolidation of entities outside Sweden

The Group's earnings are 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 periods concerned. Changes in exchange rates had an impact of SEK -27 M (28) on the Group's comprehensive income in 2023. Assuming 2023's invoicing and net profit, a change in the SEK exchange rate against NOK, DKK and EUR by 5 per cent would have an impact on net sales of SEK 89 M (109) and on net profit of 3 M (5).

Translation of foreign subsidiaries' balance sheets

Translation of foreign subsidiaries' balance sheets is done at the closing rate. The translation risk is attributable to changes in the exchange rate that affect the value of the foreign net assets on translation to SEK. On the balance-sheet date, foreign net assets totalled SEK 298 M (341). 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 15 M (17).

(ii) Interest rate risk

The Group's rate interest risk arises primarily through borrowing. The Group's borrowing carries variable interest, thus resulting in exposure. Borrowing that is subject to variable interest exposes the Group to interest rate risk with respect to cash flow. To reduce the interest risk, the Group's policy is for the interest rate to be fixed for 50 per cent of the outstanding bank loans for at least two years. If the rate of interest on the Group's borrowing in SEK had been 1 percentage point higher/lower during 2023, with all other variables constant, the consolidated profit after tax for the financial year would have been SEK 8 M lower/higher, primarily as an effect of higher interest expenses for borrowing at variable interest rate. Byggmax Group continuously monitors the interest rate risk by examining the effect of loans with variable interest on profit.

Sensitivity analysis, interest rate risk

	Change (in percentage points), all other factors unchanged	Effect on earnings (SEK M) 2023	Effect on earnings (SEK M) 2022
Interest rate	+1%/-1 %	8	8

b) Credit risk

Byggmax Group has a very low credit risk in relation to the Group's customers as the majority of sales are in cash and since the Group invoices external customers to a lesser extent. The credit exposure consists mainly of accrued but not yet paid bonuses from suppliers.

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 that 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 and DNB through two credit agreements, amounting to a total of SEK 1,500 M. The first agreement amounting to SEK 500 M, a sustainability-linked credit facility solely with Svenska Handelsbanken, runs until 19 December 2025. The second agreement amounting to SEK 1,000 million, together with DNB and Svenska Handelsbanken, expires on 22 December 2026. Byggmax Group fulfilled the covenant requirements under the banking agreement during the year. As of 31 December 2023, Byggmax Group has utilised these long-term credit facilities with short maturity as shown in the table below.

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 2023, the Group had cash and cash equivalents totalling SEK 10 M (19) and an unutilised credit facility of SEK 543 M (718). 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. Amounts in foreign currencies and amounts to be paid are based on variable rate of interest and were estimated by using the exchange and interest rates prevailing on the balance-sheet date.

NOTES

Note 2 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 2023				
Borrowing	1,000	–	–	–
Lease liabilities	455	295	772	437
Derivatives settled gross (currency forwards)	–	–	–	–
Accounts payable	588	–	–	–
Total	2,043	295	772	437
At 31 December 2022				
Borrowing	1,272	–	–	–
Lease liabilities	414	405	504	494
Derivatives settled gross (currency forwards)	–	–	–	–
Accounts payable	543	–	–	–
Total	2,229	405	504	494
Parent Company (SEK M)	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
At 31 December 2023				
Borrowing	1,152	–	–	–
Total	1,152	–	–	–
At 31 December 2022				
Borrowing	1,177	–	–	–
Total	1,177	–	–	–

2.2 FUNDING/CAPITAL RISK MANAGEMENT

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 interest-coverage ratio, debt/equity ratio and 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 target for the equity/assets ratio, there is a dividend target. Byggmax Group's policy is for dividends to amount to at least 50 percent of its net profits for the preceding financial year, subject to the Group's need for capital, profit, financial position, capital requirements and current economic conditions.

NOTES

3 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 practice. 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 2023 have also taken into account the uncertainty relating to geopolitical developments and ongoing sanctions between countries in Europe and are not expected to have a material impact on the results and position for the coming financial year.

LEASES

The application of the IFRS 16 standard, which is applied by the Group for the leasing of retail, office and warehouse premises, requires assessments and assumptions, such as determination of lease term and interest rate. The assumption that has the greatest impact on the size of the lease liability is the assessment of lease term. At the end of a lease period, a contract may be fully terminated, renegoti-

ated or extended depending on the nature of the contract. The right to terminate contracts during the period reduces the lease term used in the calculation and is underpinned by the best possible assessment and is based on historical data and prevailing market conditions. The possibility of extension is taken into account if the lessee is reasonably certain to use the option of tariff extension. The termination of contracts before the end of the lease period has historically been rare. The calculation of lease term for warehouses and offices is based on the length of the lease. The assumptions for the Group are continuously evaluated based on changes in the industry. The discount rate used in the calculation corresponds to the Group's incremental borrowing rate, which is evaluated and updated on a quarterly basis. The incremental borrowing rate corresponds to the Group's credit risk.

IMPAIRMENT TESTING OF 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 1.7 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.

4 SEGMENT INFORMATION

Group	Total net sales		Of which online sales		Share of online sales, %	
	2023	2022	2023	2022	2023	2022
Sweden	4,387	5,163	790	1,056	18%	20%
Norway	1,324	1,678	225	269	17%	16%
Other countries	454	499	179	204	40%	41%
Eliminations	-53	-80	-52	-70	-	-
Group	6,113	7,260	1,142	1,459	19%	20%

Group	Non-current assets		Investments		Amortisation	
	2023	2022	2023	2022	2023	2022
Sweden	2,868	2,947	112	189	-420	-378
Norway	759	874	24	45	-196	-199
Other countries	1,047	859	10	21	-42	-32
Group	4,674	4,680	146	255	-658	-609

Byggmax Group is recognised as a segment. More information is described in Note 1.3. 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.

NOTES

5 OTHER INCOME

Group	2023	2022
Exchange-rate gains	14	13
Profit from sale of equipment	3	4
Other	22	21
Total other income	39	38

6 OTHER EXPENSES

Group	2023	2022
Exchange-rate losses	15	28
Loss from sale of equipment	4	1
Total other expenses	20	30

7 EXCHANGE-RATE DIFFERENCES

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

Group	2023	2022
Other income	14	13
Other expenses	-15	-28
Financial income	37	38
Financial expenses	-43	-29
Total exchange-rate differences	-6	-7

8 REMUNERATION OF AUDITORS

The 'audit engagement' 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 engagements.

Group	2023	2022
Öhrlings PricewaterhouseCoopers		
Audit engagement	3	3
Audit activities other than audit engagements	0	0
Tax advice	0	1
Other services	—	0
Total remuneration paid to auditors	4	4

Other auditors	2023	2022
Total remuneration of other auditors	1	1
Total remuneration of other auditors	1	1

Parent Company	2023	2022
Öhrlings PricewaterhouseCoopers		
Audit engagement	1	1
Audit activities other than audit engagements	—	0
Tax advice	0	1
Other services	—	—
Total remuneration paid to auditors	1	2

NOTES

9 EMPLOYEE BENEFITS

Group	2023	2022
Salaries and remuneration	603	622
Social security expenses	159	160
Pension expenses	47	45
Other personnel costs	3	-1
Total employee benefits	811	827

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 adopted at the AGM. Bonus payments to the Board, President and CEO, and other senior executives total SEK 0 M (0).

Salaries and other remuneration, social security expenses (SEK M)	2023			2022		
	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	16	8 (2)	9	15	8 (2)	10
Other employees	590	199 (45)	1,286	610	199 (43)	1,384
Total	606	206 (47)	1,295	625	207 (45)	1,394
Parent Company						
Board members	3	1 (0)	6	3	1 (0)	7
President and CEO and other senior executives	8	5(2)	1	0	0	1
Other employees	0	0	0	0	0	0
Total	11	6 (2)	7	3	1 (0)	8

Average number of employees	2023		2022	
	Total	Of whom men, %	Total	Of whom men, %
Subsidiaries				
Sweden	900	68	984	68
Norway	279	84	292	87
Finland	54	62	60	66
Denmark	56	95	51	92
Total in subsidiaries	1,289	72	1,387	73
Group total	1,289	72	1,387	73

Number on balance-sheet date	2023		2022	
	Total	Of whom men, %	Total	Of whom men, %
Group				
Board members	6	67	7	57
President and CEOs and other senior executives	7	71	12	83
Group total	13	69	19	70
Parent Company				
Board members	6	67	7	57
President and CEO and other senior executives	1	100	1	100
Parent Company total	7	83	8	79

NOTES

Note 9 cont.

Remuneration of senior executives (SEK M)	Basic salary/ Directors' fee	Variable remuneration ¹	Other benefits	Pension cost	Other remuneration	Total
2023						
Chair of the Board – Anders Moberg	1.0					1.0
Board member – Daniel Mühlbach	0.4					0.4
Board member – Gunilla Spongh	0.5					0.5
Board member – Catarina Fagerholm	0.4					0.4
Board member – Lars Ljungälv	0.4					0.4
Board member – Andréas Elgaard	0.4					0.4
Board member – Kjersti Hobøl ⁴	0.1					0.1
President and CEO – Mattias Ankarberg ²	3.8	0.7	0.0	1.2	0.8	6.5
President and CEO – Karl Sandlund ³	2.6	0.3	0.0	0.8	0.0	3.6
Other senior executives (6, including two women) ¹	15.7	5.2	0.0	3.1	1.0	25.0
Total	25.3	6.1	0.0	5.1	1.8	38.3

Remuneration of senior executives (SEK M)	Basic salary/ Directors' fee	Variable remuneration ¹	Other benefits	Pension cost	Other remuneration	Total
2022						
Chair of the Board – Anders Moberg	0.9					0.9
Board member – Daniel Mühlbach	0.4					0.4
Board member – Gunilla Spongh	0.5					0.5
Board member – Kjersti Hobøl	0.3					0.3
Board member – Catarina Fagerholm	0.4					0.4
Board member – Lars Ljungälv	0.4					0.4
Board member – Andréas Elgaard	0.4					0.4
President and CEO – Mattias Ankarberg	6.0	1.2	0.0	1.6	0.6	9.4
Other senior executives (10, including two women) ¹	15.2	4.9	0.0	3.8	0.7	24.6
Total	24.5	6.2	0.0	5.4	1.3	37.4

1) One senior executive has invoiced and is recognised under variable remuneration. As of 1 December – 31 December 2023, there are 7 members of the Group management. For the period 1 January – 30 November 2023, there were 10 members of the Group management.

2) President and CEO for the period 1 January - 30 June 2023.

3) President and CEO for the period 1 July - 31 December 2023.

4) Board member until 5 May 2023.

There are no severance pay agreements for the President and CEO or other senior executives. The notice period for the President and CEO is 12 months in the case of termination by the company and 6 months in the case of own termination. The retirement age for the President and CEO and other senior executives is 67. 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 2023, payable in 2024.

The participants in the warrant programme have entered into a pre-emption agreement. The 2019 warrant programme expires on 9 December 2024 and can be exercised from 10 June 2024. The 2021 warrant programme expires on 14 December 2026 and can be exercised from 15 June 2026. The 2022 warrant programme expires on 13 December 2027 and can be exercised from 14 June 2027. The 2023 warrant programme expires on 11 December 2028 and can be exercised from 12 June 2028.

WARRANT PROGRAMMES

The 2019, 2021, 2022 and 2023 AGMs resolved to introduce warrant programmes for senior executives and other key individuals 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 will entitle its holder to subscribe for one share in the Company at an exercise price as shown below.

Warrant programme	2023	2022	2021	2019
Total number of warrants	466,000	500,000	480,000	830,000
Price	1.85	4.58	6.12	3.45
Exercise price	37.7	82.0	91.2	47.4
Term	5.5	5.5	5.5	5.5
Number of participants	8	8	8	8

NOTES

10 PENSIONS

PENSION INSURANCE IN ALECTA

Obligations for retirement and family pensions for salaried employees in Sweden are secured through insurance with Alecta. According to statement UFR 10 from the Swedish Corporate Reporting Board, this is a defined-benefit plan that covers several employers. For the 2023 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 with Alecta total SEK 13.5 M (14.9), of which ITP2 is SEK 3.0 M (3.5). The Group's level of participation in the

ITP2 plan was 0.01868 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 3.2 M (2.7). Alecta's surplus can be distributed to the policy holders and/or insured persons. At the end of 2023, Alecta's surplus in the form of the collective consolidation level amounted to 157 percent (172). 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.

11 PROFIT/LOSS FROM FINANCIAL ITEMS

Group	2023	2022
Financial income		
Exchange-rate gains	37	38
Changes in fair value – interest swaps and currency derivatives	–	1
Interest income	8	1
Other financial income	0	–
Total	45	40
Financial expenses		
Exchange-rate losses	-43	-29
Interest expenses	-70	-33
Interest expenses leases	-35	-28
Additional purchase consideration	-6	–
Other financial expenses	0	-1
Total	-154	-91
Profit/loss from financial items	-109	-51
Parent Company	2023	2022
Profit/loss from participations in Group companies		
Dividends from Group companies	485	–
Impairment of participations in Group companies	-482	–
Total	3	–
Interest income and similar items		
Exchange-rate gains	8	13
Interest income	43	16
Total	51	29
Interest expenses and similar items		
Exchange-rate losses	-19	-10
Interest expenses	-101	-36
Additional purchase consideration	-6	–
Total	-126	-46
Profit/loss from financial items	-72	-17
Appropriations		
Accumulation reserve, provision for the year	-16	–
Group contributions, received	118	250
Total	102	250

NOTES

12 INCOME TAX

Group	2023	2022
Current tax for the year	-38	-106
Current tax attributable to previous years	23	-1
Deferred tax relating to temporary differences	27	18
Total	12	-89
Parent Company	2023	2022
Current tax for the year	-10	-42
Total	-10	-42

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

Group	2023	2022
Profit before tax	14	402
Income tax calculated according to the Group's prevailing tax rate	-3	-83
Non-taxable income	104	0
Earnings from associated companies and joint ventures	1	-
Impairment of shares in subsidiaries	-139	-
Non-deductible costs	-15	-20
Tax effect of interest on the tax allocation reserve	-2	-1
Blocked amounts on foreign taxes for tax purposes	10	10
Adjustment of current tax relating to previous years	23	-1
Other	34	7
Tax expense	12	-89
Parent Company	2023	2022
Profit before tax	13	202
Income tax calculated according to prevailing tax rate	-3	-42
Non-deductible costs	-2	0
Non-taxable income	100	-
Impairment of shares in subsidiaries	-99	-
Other	6	-
Tax expense	-10	-42
Weighted average tax rate within the Group:	-84.2%	22.1%

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

13 EARNINGS PER SHARE

Before dilution	2023	2022
Profit for the year attributable to Parent Company shareholders	26	313
Weighted average number of shares before dilution (thousands)	58,625	58,625
Earnings per share before dilution (SEK)	0.44	5.34
After dilution		
Profit for the year attributable to Parent Company shareholders	26	313
Weighted average number of shares before dilution (thousands)	58,625	58,625
Dilution effect regarding warrants ¹	-	133
Weighted average number of shares after dilution (thousands)	58,625	58,758
Earnings per share after dilution (SEK) ¹⁾	0.44	5.32
Number of shares outstanding at end of year (thousands)	58,625	58,625
Dividend per share (SEK)	0.50	0.00

1) The 2,276,000 options allocated during 2019–2023 have not been included in the calculation of earnings per share as they do not give rise to any dilution effect for 2023. However, the options may have a dilutive effect on earnings per share in future years.

14 INTANGIBLE ASSETS

Capitalised expenses for development work

Group	2023	2022
Opening cost	268	226
New acquisitions	35	42
Increase through acquisitions	-	-
Sales and retirements	-14	-
Reclassifications	0	-
Exchange-rate differences	0	0
Closing accumulated cost	288	268
Opening depreciation	-188	-162
Sales and retirements	13	-
Depreciation for the year	-26	-26
Reclassifications	0	-
Exchange-rate differences	0	0
Closing accumulated depreciation	-201	-188
Closing carrying amount	87	80

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

NOTES

Note 14 cont.

Goodwill, customer relationships and trademark	Goodwill		Customer relationships		Brand		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Opening carrying amount	2,024	1,963	123	123	147	180	2,294	2,265
Increase through acquisitions	—	51	—	21	—	—	—	73
Amortisation	—	—	-24	-24	-34	-36	-58	-59
Impairment	—	—	—	—	—	—	—	—
Reclassifications	—	—	—	—	—	—	—	—
Exchange-rate differences	-8	10	-4	3	-5	2	-17	16
Closing carrying amount	2,015	2,024	96	123	108	147	2,219	2,294

ANNUAL IMPAIRMENT OF GOODWILL

During the fourth quarter of each year, the Group examines whether or not there is any impairment need for goodwill.

Byggmax Group is assessed as being a cash-generating unit (CGU). The recoverable amount of the cash generating unit has been determined based on a value in use calculation.

The calculation is based on estimated future cash flows based on the budget for 2024 and forecasts for the period 2025–2028 prepared by the Group management team and approved by the Board of Directors. The management's forecasts are partly 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 operating margin. The calculated recoverable amount is compared with the carrying amount. Cash flows beyond the five-year period, meaning after 2028, are extrapolated using an estimated growth rate of 2 percent, which corresponds to a weighted average growth rate under the Riksbank (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. When discounting expected future cash flows, a weighted average cost of capital (WACC) before tax was used, which is currently 15.4 percent for Byggmax Group. The WACC was based on the following assumptions:

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

The tests show that the recoverable amount for Byggmax Group exceeds the carrying amount. The intangible assets relating to customer relationships and trademark are impaired according to plan.

SENSITIVITY ANALYSIS

Operating 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 would decrease by 5.4 percent and 15.7 percent respectively, which would lead to a need for impairment.

The primary assumption for average growth over a five year period (2024–2028) is 9.1 percent and is 5.7 percent for the average EBIT margin. The 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 15.4 percent, that would still not lead to an impairment need.

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 above hypothetical cases would lead to an impairment of goodwill.

NOTES

15 PROPERTY, PLANT AND EQUIPMENT

Equipment, tools, fixtures and fittings

Group	2023	2022
Opening cost	1,540	1,321
Purchases	110	211
Increase through acquisitions	–	1
Sales and retirements	-37	-9
Reclassifications	0	-2
Exchange-rate differences	-26	18
Closing accumulated cost	1,587	1,540
Opening depreciation	-957	-810
Sales and retirements	32	7
Depreciation for the year	-157	-142
Reclassifications	0	0
Exchange-rate differences	17	-12
Closing accumulated depreciation	1,063	-957
Closing carrying amount	524	583

Buildings and land

Group	2023	2022
Opening cost	8	8
Closing accumulated cost	8	8
Opening depreciation	-6	-5
Depreciation for the year	0	0
Closing accumulated depreciation	-6	-6
Closing carrying amount	2	2

Leasehold improvements

Group	2023	2022
Opening cost	33	31
Purchases	1	2
Sales and retirements	-3	–
Exchange-rate differences	-1	0
Closing accumulated cost	31	33
Opening depreciation	-17	-15
Sales and retirements	3	–
Depreciation for the year	-2	-2
Exchange-rate differences	0	0
Closing accumulated depreciation	-16	-17
Closing carrying amount	15	16

16 RIGHT-OF-USE ASSETS AND LEASES

Group	2023	2022
Opening cost	2,758	2,154
Purchases	256	360
Sales and retirements	-24	-9
Reclassifications	253	214
Exchange-rate differences	-74	40
Opening cost	3,169	2,758
Opening accumulated depreciation	-1,081	-801
Sales and retirements	10	26
Depreciation for the year	-415	-379
Reclassifications	83	86
Exchange-rate differences	28	-14
Closing accumulated depreciation	-1,376	-1,081
Closing carrying amount	1,793	1,676
Income statement		
Depreciation of right-of-use assets	-415	-379
Interest on lease liabilities	-35	-28
Short-term lease costs	-1	-4
Costs of low-value leases	-10	-11
Total income effects related to leases	-462	-422
Cash flows		
Interest rate	-35	-28
Repayment	-410	-375
Short-term and low-value lease payments	-12	-15
Total cash flows related to leases	-457	-418

For further information, see also Note 1.14, Note 3, Note 11 and Note 31.

NOTES

17 PARTICIPATIONS IN GROUP COMPANIES

Parent Company	2023	2022
Opening cost	1,694	1,570
Investments	–	124
Impairment	-482	–
Closing carrying amount	1,213	1,694

The Parent Company has participations in the following Group companies:

Name	Corp. reg. no	Registered office	Share of capital, %	Number of shares	Carrying amount	
					2023	2022
Companies owned by Byggmax Group AB (publ)						
Byggmax AB	556645-6215	Halmstad	100	100,000	681	477
Svea Distribution AB	556602-5895	Eslöv	100	200	0	0
Skånska Byggvaror Group AB	556987-6849	Solna	100	11,057,970	56	743
Næstved Lavpris Træ A/S	26146925	Øverup	100	500,000	57	57
Contera AS	986,607,021	Oslo	100	130,000	294	294
Byggmax Denmark ApS	42092541	Copenhagen	100	40,000	45	45
BygMax A/S	36906782	Rødning	100	1000	80	80
					1,213	1,694
Holdings in other Group companies						
Skånska Byggvaror AB	556100-1891	Solna	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			
Nordrum	3189979-2	Vantaa	100			

18 OTHER NON-CURRENT RECEIVABLES

Group	2023	2022
Other	5	5
Total other non-current receivables	5	5

19 INVENTORIES

Group	2023	2022
Completed goods and goods for resale	1,274	1,598
Work in progress	7	10
Total inventories	1,281	1,608

Inventories consist essentially of goods for resale. There were no significant impairment in inventories.

NOTES

20 ACCOUNTS RECEIVABLE

Group	2023	2022
Accounts receivable	20	30
Provisions for doubtful receivables	-1	-2
Total accounts receivable	18	29

Specification of the provision for bad debts	2023	2022
Opening balance	-2	-4
Reservations	-1	0
Reversals	0	1
Recognised and recovered bad debt losses	1	2
Closing balance	-1	-2

Age analysis of trade receivables	2023	2022
Trade receivables not yet due	7	14
Overdue trade receivables 0-30 days	4	5
Overdue trade receivables 31-60 days	1	1
Overdue trade receivables 61-90 days	1	0
Overdue trade receivables >91 days	6	9
Total	20	30

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

21 OTHER RECEIVABLES

Group	2023	2022
Bonus receivables from suppliers	67	91
Other receivables	19	15
Total other receivables	87	105

Parent Company	2023	2022
Other receivables	7	2
Total other receivables	7	2

Most bonus receivables are in SEK. At the balance sheet date of 31 December 2023, 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.

22 PREPAID EXPENSES AND ACCRUED INCOME

Group	2023	2022
Prepaid rent	5	10
Prepaid lease payments	1	1
Other items	45	34
Total prepaid expenses and accrued income	52	45

Parent Company	2023	2022
Other items	4	5
Total prepaid expenses and accrued income	4	5

23 CASH AND CASH EQUIVALENTS

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

Group	2023	2022
Balance sheet		
Cash and bank balances	10	19
Total cash and cash equivalents	10	19
Cash flow statement		
Cash and bank balances	10	19
Total cash and cash equivalents	10	19

NOTES

24 FINANCIAL INSTRUMENTS BY CATEGORY

The Group's financial assets and liabilities are measured at amortised cost.

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).

Assets in the balance sheet at 31 Dec 2023	Assets carried at amortised cost	Assets measured at fair value in profit or loss	Total
Accounts receivable and other receivables excluding prepaid expenses and accrued income	105	–	105
Cash and cash equivalents	10	–	10
Total	115	–	115

Liabilities in the balance sheet at 31 Dec 2023	Liabilities carried at amortised cost	Liabilities measured at fair value in profit or loss	Total
Borrowing	958	–	958
Lease liabilities	1,783	–	1,783
Accounts payable and other liabilities excluding accrued expenses and deferred income	661	–	661
Total	3,402	–	3,402

Assets in the balance sheet at 31 Dec 2022	Assets carried at amortised cost	Assets measured at fair value in profit or loss	Total
Accounts receivable and other receivables excluding prepaid expenses and accrued income	134	–	134
Cash and cash equivalents	19	–	19
Total	153	–	153

Liabilities in the balance sheet at 31 Dec 2022	Liabilities carried at amortised cost	Liabilities measured at fair value in profit or loss	Total
Borrowing	1,202	–	1,202
Lease liabilities	1,669	–	1,669
Accounts payable and other liabilities excluding accrued expenses and deferred income	624	–	624
Total	3,495	–	3,495

All borrowing within the Group is in Swedish kronor (SEK). All external loans have an interest period of three months, meaning that the carrying amount closely corresponds to fair value. See Note 26 and Note 2c for further information. There are no pledged assets for loans, see Note 32.

NOTES

25 SHARE CAPITAL AND OTHER CAPITAL CONTRIBUTIONS

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

Group	2023	2022
Number of shares outstanding (thousands)	58,625	58,625
Total number of shares outstanding (thousands)	58,625	58,625
Share capital	20	20
Other capital contributions	2,341	2,341
Total	2,361	2,361

The shares have a quotient value of SEK 0.35 per share (SEK 0.35 per share). Each share represents one vote. All shares registered on the balance-sheet date were paid up in full.

SHARES

The total number of shares and votes in the company is 58,625,045. The share capital is SEK 20,333,015.

RESERVES

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

26 BORROWING

Group	2023	2022
Non-current		
Non-current lease liabilities	1,363	1,284
Total	1,363	1,284
Current		
Liabilities to credit institutions	900	820
Overdraft facilities	58	382
Current lease liabilities	421	385
Total	1,378	1,587
Total borrowing	2,741	2,871

All borrowing within the Group is in Swedish kronor (SEK). All external loans have an interest period of three months, meaning that the carrying amount closely corresponds to fair value. See Note 24 and Note 2c for further information. There are no pledged assets for loans, see Note 32.

Parent Company	2023	2022
Current		
Liabilities to credit institutions	900	820
Overdraft facility ¹	210	287
Total	1,110	1,107
Total borrowing	1,110	1,107

1) Of the overdraft facility, SEK152 M (95) pertains to intra-Group balances. The total overdraft facilities utilised by the Group are SEK 58 M (382).

THE GROUP HAS THE FOLLOWING UNUTILISED CREDIT FACILITIES

Group	2023	2022
Overdraft facility	543	218
Unutilised credit facilities	—	500
Total	543	718

NOTES

27 DEFERRED TAX

Deferred tax assets	2023	2022
Valuation of loss carryforwards	8	8
Lease liabilities	376	354
Other	-2	2
Total deferred tax assets	382	364
Amounts offset against deferred tax liabilities	-368	-347
Net deferred tax assets	14	17

Gross changes	Loss carryforwards for tax purposes	Other	Leases	Total
At 1 January 2023	8	2	354	363
Recognised:				
In profit or loss	0	-3	22	19
Reclassification	-	-	0	0
Directly in shareholders' equity	-	-	-	-
At 31 December 2023	8	-2	376	382

Gross changes	Loss carryforwards for tax purposes	Other	Leases	Total
At 1 January 2022	7	10	284	301
Recognised:				
In profit or loss	1	-8	70	63
Directly in shareholders' equity	-	-	-	-
At 31 December 2022	8	2	354	363

Deferred tax liabilities	2023	2022
Untaxed reserves	98	114
Non-current intangible assets	44	57
Right-of-use assets	368	347
Other	1	2
Total deferred tax liabilities	511	520
Amounts offset against deferred tax liabilities	-368	-347
Net deferred tax assets	143	174

Gross changes	Un-taxed reserves	In-tangible assets	Other	Leases	Total
At 1 January 2023	114	57	2	347	520
Recognised:					
in profit or loss	-17	-14	0	21	-9
Reclassification	-	-	0	-	0
Directly in shareholders' equity	-	-	-	-	-
At 31 December 2023	98	44	1	368	511

Gross changes	Un-taxed reserves	In-tangible assets	Other	Leases	Total
At 1 January 2022	126	63	3	278	470
Recognised:					
in profit or loss	-12	-6	-1	69	50
Directly in shareholders' equity	-	-	-	-	-
At 31 December 2022	114	57	2	347	520

Deferred tax liabilities, net	2023	2022
Total deferred tax liabilities, net	129	157

Net changes relating to deferred taxes are as follows:

Group	2023	2022
On the opening date	157	170
Recognition in profit or loss	-29	-13
At the end of the year	129	157

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.

NOTES

28 NON-CURRENT LIABILITIES

Group	2023	2022
Guarantee commitments	1	1
Other non-current liabilities	–	–
Total non-current liabilities	1	1

29 OTHER LIABILITIES

Group	2023	2022
VAT liabilities	30	38
Personnel-related liabilities	16	17
Other	26	26
Total other liabilities	73	81

30 ACCRUED EXPENSES AND DEFERRED INCOME

Group	2023	2022
Accrued salaries	50	51
Accrued holiday pay	82	83
Accrued social security contributions	27	27
Additional purchase consideration for acquisitions	–	109
Other	78	96
Total accrued expenses and deferred income	236	367

Parent Company	2023	2022
Additional purchase consideration for acquisitions	–	109
Accrued salaries	3	3
Accrued social security contributions	1	1
Other	12	14
Total accrued expenses and deferred income	16	128

31 CHANGES TO CASH FLOW IN INDEBTEDNESS RECOGNISED IN FINANCING ACTIVITIES

Group	Opening balance 2023	Cash flow	Exchange rate differences	Items not affecting cash flow	Closing balance 2023
Borrowings	820	80	–	–	900
Non-current lease liability	1,284	–	-31	110	1,363
Current lease liability	385	-410	-12	48	421
	2,489	-330	-43	158	2,684
Utilised overdraft facility	382	-325	–	–	57
Cash flow changes in financing activities	2,871	-655	–	525	2,741

Group	Opening balance 2022	Cash flow	Exchange rate differences	Items not affecting cash flow	Closing balance 2022
Borrowings	400	420	–	–	820
Non-current lease liability	995	–	21	268	1,284
Current lease liability	346	-375	7	407	385
	1,741	-188	28	674	2,256
Utilised overdraft facility	447	-65	–	–	382
Cash flow changes in financing activities	2,188	-253	–	703	2,638

NOTES

**32 PLEDGED ASSETS,
CONTINGENT LIABILITIES AND
CONTINGENT ASSETS**

Pledged assets

Group	2023	2022
For own debts and provisions:		
Blocked bank funds	120	120
Total pledged assets, contingent liabilities and contingent assets	120	120

Contingent liabilities

Group	2023	2022
Capital adequacy guarantee on behalf of Group companies	None	None

**33 TRANSACTIONS WITH RELATED
PARTIES**

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.

**34 EVENTS AFTER THE
BALANCE-SHEET DATE**

No significant events have occurred after the balance sheet date.

35 DISTRIBUTION OF EARNINGS

Retained earnings	493,951,063
Profit/loss for the year	3,486,614
TOTAL	497,437,676

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

Dividend to shareholders (SEK 0.50 per share)	29,312,523
To be carried forward	468,125,154
TOTAL	497,437,676

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 generally accepted accounting practices in Sweden and accurately reflects the Parent Company's

financial position and performance. The Administration Report for the Group and the Parent Company provides an accurate overview of trends in the Group's and Parent Company's operations, financial position and performance, as well as describing significant risks and uncertainties faced by the Parent Company and companies in the Group.

The Parent Company's income statement and balance sheet and the Group's consolidated income statement and balance sheet will be presented to the Annual General Meeting to be held on 6 May 2024 for adoption.

Stockholm, 21 March 2024

ANDERS MOBERG
Chair of the Board

ANDRÉAS ELGAARD
Board member

CATARINA FAGERHOLM
Board member

LARS LJUNGÄLV
Board member

DANIEL MÜHLBACH
Board member

GUNILLA SPONGH
Board member

KARL SANDLUND
President and CEO

Our Auditor's Report was issued on 21 March 2024, as shown by our electronic signature
Öhrlings PricewaterhouseCoopers AB

CESAR MORÉ
Authorised Public Accountant

AUDITOR'S REPORT

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 2023 except for the corporate governance statement on pages 51–57. The annual accounts and consolidated accounts of the company are included on pages 45–88 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 2023 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 2023 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 51–57. 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 72% of consolidated sales, while Norway represents approximately 22% of sales, and other countries account for the remaining portion of total turnover. We audited the majority of all companies, representing approximately 89% 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% 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.

AUDITOR'S REPORT

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 1.12 Income recognition, Note 4 (segment information) and Note 20 – Accounts receivable.

The Group's sales for 2023 were SEK 6,113 M. One key audit matter as regards the 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. 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.

Valuation of goodwill

We refer to Note 3 – Material 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 the Byggmax group's balance sheet of SEK 2,219 M at December 31, 2023. Byggmax group's goodwill as at December 31, 2023 amounted to SEK 2,015 M.

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. The 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 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.

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

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

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.

We have discussed the methods, estimates and assumptions on which the 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.

AUDITOR'S REPORT

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 1–44 and 94. 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 Director's and the Managing Director of Byggmax Group AB (publ) for the year 2023 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 Director's 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' 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

AUDITOR'S REPORT

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

AUDITOR'S RESPONSIBILITY

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

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

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

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

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisorsansvar. 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 2023.

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

In our opinion, the Esef report 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 firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable 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

AUDITOR'S REPORT

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 validation that the Esef report has been prepared in a valid XHTML format 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 consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report has been marked with iXBRL in accordance with what follows from the Esef regulation.

THE AUDITOR'S EXAMINATION OF THE CORPORATE GOVERNANCE STATEMENT

The Board of Directors is responsible for that the corporate governance statement on pages 51–57 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 5 May 2023 and has been the company's auditor since May 2006.

Stockholm, 21 March 2024, as shown by our electronic signature

Öhrlings PricewaterhouseCoopers AB

Cesar Moré
Authorised 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 operations' 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 at www.byggmax.se under financial statistics, or at <https://om.byggmax.se/sv/investerare/finansuell-statistik/>.

DEFINITIONS OF FINANCIAL KEY PERFORMANCE INDICATORS/ACCOUNTING TERMINOLOGY

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.

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

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 intangible and tangible assets, 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 EBITDA as earnings before depreciation, amortisation and impairment of tangible and intangible assets excluding IFRS 16.

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

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

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.

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.

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

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.

Operating margin: Operating profit in relation to 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 balance sheet total.

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.

DEFINITION OF SECTOR-SPECIFIC KEY PERFORMANCE INDICATORS

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

Online sales: Net sales generated by online orders placed via any of our e-commerce sites, as well as all net sales from Skånska Byggvaror.

Net sales for like-for-like 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.

BYGGMAX®

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