Invitation to acquire shares in Bygghemma Group First AB (publ)

Sole Global Coordinator and Joint Bookrunner

Carnegie

Joint Bookrunners

BERENBERG
PARTNERSHIP SINCE 1590

SEB

Invitation to acquire shares in Bygghemma Group First AB (publ)

IMPORTANT INFORMATION TO INVESTORS

This prospectus (the "**Prospectus**") has been prepared in connection with the offering to the general public of a maximum of 40,718,987 newly issued and existing shares in Bygghemma Group First AB (publ) (a Swedish public limited liability company) and the admission to trading of the shares on Nasdaq Stockholm (the "**Offering**"). In the Prospectus, depending on the context, "**Bygghemma**" or the "**Company**" refers to Bygghemma Group First AB (publ), one or more subsidiaries of Bygghemma, or the group in which Bygghemma is the parent company. Depending on the context, "**Bygghemma Group**" or the "**Group**" refers to the group in which the Company is the parent company. Depending on the context, "**Group Company**" or "**Group Companies**" refers to one or more companies in the Group. "**Principal Owners**" refers to each of (i) FSN Capital GP IV Limited acting in its capacity as general partner for and on behalf of each of FSN Capital IV L.P., FSN Capital IV (B) L.P. and FSN Capital IV Invest L.P. ("**FSN Capital IV**") (ii) FSN Capital GP V Limited acting in its capacity as general partner for and on behalf of each of FSN Capital V L.P., FSN Capital V (B) L.P. and FSN Capital V Invest L.P. ("**FSN Capital V**") and (iii) FSN Capital Project Growth GP Limited acting in its capacity as General Partner of FSN Capital Project Growth Co-Investment L.P. ("**FSN Capital Project Growth**"). "**Carnegie**" or "**Sole Global Coordinator**" refers to Carnegie Investment Bank AB (publ), "**SEB**" refers to Skandinaviska Enskilda Banken AB (publ) and "**Berenberg**" refers to Joh. Berenberg, Gossler & Co. KG. Carnegie, SEB and Berenberg are jointly referred to as the "**Managers**". Refer to the section "*Definitions*" for definitions of these and other terms used in the Prospectus.

The Offering consists of (i) an offering to the general public in Sweden and to institutional investors in Sweden and abroad; (ii) a private placement of shares in the United States to persons who are reasonably believed to be "qualified institutional buyers" ("**QIBs**") as defined in Rule 144A ("**Rule 144A**") under the United States Securities Act of 1933, as amended (the "**Securities Act**"), in reliance on Rule 144A; and (iii) private placements to certain qualified and/or institutional investors under applicable laws of the relevant jurisdiction in the rest of the world (those qualified and/or institutional investors (including Swedish institutional investors) together with the QIBs are collectively being referred to as the "**Institutional Investors**").

USA

The Offering does not constitute an offer to sell, or solicitation of an offer to buy, shares in any jurisdiction in which such offer or solicitation would be unlawful. The shares have not been, and will not be, registered under the Securities Act, or with any securities regulatory authority of any state or other jurisdiction of the United States and may be offered or sold within the United States, only to persons reasonably believed to be QIBs as defined in, and in reliance on, Rule 144A or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, and outside the United States only in offshore transactions in reliance on Regulation S. Prospective purchasers are hereby notified that sellers of the shares may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. The shares in the Offering have not been reviewed or recommended by any federal or state securities commission or regulatory authority in the United States, nor have the aforementioned authorities confirmed the accuracy, or determined the adequacy, of the Prospectus. Any representation to the contrary is a criminal offense in the United States. For further information on certain restrictions on transfers of the shares, see section "*Transfer Restrictions*".

EU

The Prospectus has been prepared on the basis that any offer of shares in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), other than the Offering in Sweden (the "**Permitted Public Offer**") which is contemplated in the Prospectus based on the Prospectus that has been approved and registered by the Swedish Financial Supervisory Authority (the "**SFSA**") and published by the Company, will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of shares. Accordingly, any person making or intending to make an offer in that Relevant Member State of shares which are the subject of the Offering contemplated in the Prospectus, other than the Permitted Public Offer, may only do so in circumstances in which no obligation arises for the Company or the Managers to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Company nor the Managers have authorised, nor do they authorise, the making of any offer (other than Permitted Public Offers) of shares in circumstances in which an obligation arises for the Company or Managers to publish or supplement a prospectus for such offer. The expression "**Prospectus Directive**" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

United Kingdom

The Prospectus is only being distributed to and is only directed at: persons who (1) are outside the United Kingdom; (2) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**"); (3) are persons falling within Article 49(2)(a)–(d) of the Order (high net worth companies, unincorporated associations, etc.); or (4) are persons to whom the Prospectus may otherwise lawfully be communicated (all such persons together being referred to as "**relevant persons**"). Any person who is not a relevant person should not act or rely on the Prospectus or any of its contents. Any investment or investment activity to which the Prospectus relates is available only to relevant persons and will be engaged in only with relevant persons.

Confidentiality and regulatory authority

Outside of Sweden, the Prospectus is being furnished on a confidential basis solely for the purpose of enabling a prospective investor to consider purchasing the particular securities described herein. The information contained in the Prospectus has been provided by the Company and other sources identified herein. Distribution of the Prospectus to any other party other than the recipient specified by the Company or the Managers or their representatives is prohibited, as is distribution to individuals who may have been commissioned to inform the recipient of the Prospectus, and any disclosure of its contents, without the Company's prior written consent, is also prohibited. Any reproduction or distribution of the Prospectus, in whole or in part, and any disclosure of its contents to any other person is prohibited. The Prospectus is personal for each recipient and does not constitute an offering to any other person or to the public in any country other than Sweden to subscribe for shares in the Offering.

The Swedish version of the Prospectus has been approved and registered by the Swedish Financial Supervisory Authority in accordance with the provisions of Chapter 2, Sections 25 and 26 of the Swedish Financial Instruments Trading Act (1991:980). Approval and registration does not infer that the Swedish Financial Supervisory Authority guarantees that the factual information in the Prospectus is accurate or complete. The Prospectus has been prepared in Swedish and English language versions. In the event of any discrepancies between the two versions, the Swedish version is to prevail.

The Offering and the Prospectus is governed by the laws of Sweden. Disputes that arise in connection with the Offering or the Prospectus shall be exclusively settled by Swedish courts, to the extent permissible under applicable law.

Presentation of financial information

All financial amounts are presented in Swedish kronor ("**SEK**"), unless otherwise indicated. "**SEK thousand**" refers to thousands of Swedish kronor and "**SEK million**" refers to millions of Swedish kronor. "**USD**" refers to United States dollars and "**USD million**" refers to millions of United States dollars. "**EUR**" refers to euro and "**EUR million**" refers to millions of euros. Certain financial information and other information presented in the Prospectus has been rounded to make the information easily comprehensible to the reader. Accordingly, the figures contained in certain columns do not tally with the total amount specified.

Forward-looking statements

The Prospectus contains certain forward-looking statements that reflect Bygghemma's views with respect to future events and financial and operational performance. Such words as "intends," "assesses," "expects," "can," "plans," "estimates" and other expressions that relate to indications or predictions concerning future development or trends and that are not based on historical facts constitute forward-looking statements. Forward-looking statements are, by nature, associated with known as well as unknown risks and uncertainties, given their dependence on future events and circumstances. Forward-looking statements are no guarantee of future results or trends, and the actual results could differ materially from those contained in the forward-looking statements. Factors that could result in Bygghemma's actual earnings and performance deviating from the content of the forward-looking statements include, but are not limited to, the descriptions in the section "*Risk factors*". Forward-looking statements in the Prospectus apply only on the date of publication of the Prospectus. Neither Bygghemma nor the Managers gives any undertaking that it will disclose any updates or revisions of forward-looking statements due to new information, future events or other such matters above and beyond what is required according to applicable laws.

Industry and market information

The Prospectus contains information about the Company's geographic markets and product markets, market size, market shares, market position and other information concerning Bygghemma's operations and market. Unless stated otherwise, such information is based on the Company's assessment of several different sources, including statistics and information from external industry or market reports, market surveys, publicly available information and commercial publications. Bygghemma has also obtained certain market and competitive-position data in the Prospectus from a report dated 30 November 2017, produced by Arthur D. Little (the "**Report**"). Bygghemma has commissioned the Report and believes it to be reliable. As part of its research for the Reports, Arthur D. Little received market and company information from Bygghemma. Other sources are stated as required. Information from third parties has been accurately reproduced and, as far as Bygghemma is aware and can ascertain by comparisons with other information published by the relevant third parties, no information has otherwise been omitted that could render the reproduced information inaccurate or misleading. Industry and market publications generally state that the information reproduced therein has been obtained from sources adjudged to be reliable, but the accuracy and completeness of such information is not guaranteed. Because the information has not been verified by the Company, the Company cannot guarantee the correctness of the market information contained in the Prospectus, including the Report, or that it has been collected or derived from these publications. Neither the Company nor any of the Managers assumes responsibility for the correctness of any industry or market information included in the Prospectus that has been provided by third parties. Market information and market statistics, by nature, are forward looking and subject to uncertainty, could be interpreted subjectively and are not necessarily reflective of actual or future market conditions. Such information and statistics are based on market surveys, which, in turn, are based on selection and subjective interpretations and assessments, including assessments about the type of products and transactions that should be included in the relevant market, with respect to both those who perform the surveys and the particular respondents. Accordingly, potential investors should be aware that the financial information, market information, forecasts and estimated market information contained in the Prospectus do not necessarily constitute reliable indicators of Bygghemma's future results.

The contents of the Company's website, the website of any Group Company or any third-party websites referred to herein do not constitute part of the Prospectus.

Stabilisation

In connection with the Offering, the Sole Global Coordinator may implement transactions designed to keep the market price of the shares at a higher level than might otherwise prevail in the market. Such stabilisation transactions may be carried out on Nasdaq Stockholm, in the over-the-counter market or otherwise, at any time during the period starting on the first day of trading in the shares on Nasdaq Stockholm and ending not later than 30 calendar days thereafter. However, the Sole Global Coordinator is not obligated to undertake any stabilisation measures and there is no assurance that stabilisation measures will be undertaken. Refer to the heading "*Stabilisation*" in the section "*Legal considerations and supplementary information*".

Although the Sole Global Coordinator is able to implement stabilisation measures, this does not necessarily mean that such measures will be taken. Any stabilisation measures that are undertaken may also be discontinued at any time. In accordance with Article 5(4) of the EU Market Abuse Regulation 596/2014, the Sole Global Coordinator must disclose any stabilisation measures implemented not later than the end of the seventh trading day after the stabilisation measures have be undertaken. Within one week of the end of the stabilisation period, the Sole Global Coordinator will disclose, through the Company, whether or not stabilisation measures were implemented, the date on which stabilisation started, the date on which the last stabilisation measure was implemented and the price range within which the stabilisation transactions were carried out for each of the dates on which stabilisation transactions were implemented.

Available information

As long as some of the shares invested in accordance with Rule 144A are restricted securities within the meaning of Rule 144 (a)(3) of the Securities Act, the Company, during all periods in which the Company is neither subject to Section 13 or 15 (d) of the US Securities Exchange Act of 1934, as amended ("**Exchange Act**"), nor exempted from reporting in accordance with Rule 1 2g3-2 (b) of the Exchange Act, must, upon request, provide all holders or beneficial owners of securities with transfer restrictions, or a proposed buyer appointed by such a holder or beneficial owner, with any information to be provided to such individuals in accordance with Rule 144A (d) (4) of the Securities Act. In such cases, the Company will also provide each such holder or beneficial owner with all information regarding general meetings of shareholders and other reports and information that are generally available to shareholders.

Contents

Important information about sale of shares

Notifications about allotment to the public in Sweden will be made through the distribution of contract notes, expected to be distributed on or about 27 March 2018. As soon as payment for the allotted shares has been processed by the Sole Global Coordinator, paid shares will be transferred to the securities depository account or securities account specified by the subscriber. The time required to transfer payments and transfer duly paid shares to the subscribers of shares in Bygghemma may mean that these subscribers will not have acquired shares that are available in the specified securities depository account or the securities account until 29 March 2018, at the earliest. Trading in Bygghemma's shares on Nasdaq Stockholm is expected to commence on or around 27 March 2018. Note that if shares are not available in a subscriber's securities account or securities depository account, the subscriber may not be able to sell these shares on Nasdaq Stockholm starting on the date on which trading in the shares commences, but rather when the shares are available in the securities account or the securities depository account.

Summary of the Offering

Price range	SEK 45–50
Application period for the public in Sweden	15 – 23 March 2018
Application period for Institutional Investors	15 – 26 March 2018
Estimated first day of trading on Nasdaq Stockholm	27 March 2018
Settlement date	29 March 2018

Other information

ISIN code	SE0010948588
Ticker on Nasdaq Stockholm	BHG

Financial calendar

Interim report for the period 1 January–31 March 2018	27 April 2018
Interim report for the period 1 January–30 June 2018	20 July 2018
Interim report for the period 1 January–30 September 2018	29 October 2018

Summary

Prospectus summaries are made up of disclosure requirements known as 'Elements'. These elements are numbered in Sections A – E (A.1 – E.7). The summary in the Prospectus contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not applicable for all issuers, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of "Not applicable".

SECTION A – INTRODUCTION AND WARNINGS

A.1	*Introduction and warnings*	This summary should be read as an introduction to the Prospectus. Any decision to invest in the securities should be based on consideration of the Prospectus as a whole by the investor. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.
A.2	*Subsequent resale of shares or final placement of shares by financial intermediaries*	*Not applicable.* The Company is not engaging any financial intermediaries for any resale of shares or final placement of shares after publication of the Prospectus.

SECTION B – ISSUER AND ANY UNDERWRITERS

B.1	*Legal and commercial name*	The Company's legal and commercial name is Bygghemma Group First AB (publ). Until 8 December 2017, the legal name was Bygghemma First Holding AB.
B.2	*Domicile/ legal form/ jurisdiction/ country of incorporation*	The Company is a Swedish public limited liability company formed and founded in Sweden on 1 September 2016 and registered with the Swedish Companies Registration Office on 21 September 2016. The Group was originally founded in Sweden in 2006. The Company's corporate registration number is 559077-0763. The registered seat of Bygghemma is in Malmö, Skåne county, Sweden, and its business operations are conducted in accordance with the Swedish Companies Act (2005:551). The Company's head office is located in Malmö, Sweden.
B.3	*Current operations*	Bygghemma Group is the leading online provider of home improvement products to consumers in Sweden, Finland, Norway and Denmark (the "**Nordic region**").1) The Company offers its customers a broad2) product assortment at competitive prices with convenient home delivery. Sales are predominantly made online and most orders are delivered directly from the supplier to the end customer. The Company's operations comprise two segments: Do-it-yourself ("**DIY**") and home furnishing. The DIY segment sells home and garden improvement products from well-known external brands, and the home furnishing segment sells furniture and decor primarily under own brands. 1) The Company's assessment supported by the analysis carried out by Arthur D. Little based on revenues within the Nordic online home improvement market during 2016. Calculations are based on publicly available information, such as annual reports and estimates on market size and share of online sales. The analysis excludes VAT. Bygghemma Group includes sales from the following companies: Bygghemma (Sweden, Norway, Denmark), Chilli (Sweden, Norway), Trademax (Sweden, Norway, Denmark, Finland), United Web, Stonefactory, Linoleumkompaniet, Kodin1, Taloon, Netrauta, Talotarvike, Polarpumpen, Vitvaruexperten, Golvpoolen, Furniturebox, My Home, Frej Jonsson and WeGot. 2) Based on a product range comprising approximately 250,000 products available for sale in the DIY segment and about 50,000 products available for sale in the home furnishing segment.

<table>
<tr><td>B.4a</td><td><i>Significant trends</i></td><td><i>Below is a description of the latest and most significant trends that have an impact on the Company and its market.</i>
Home improvement products are well-suited for online sales. Both DIY and home furnishing products are characterised by a combination of high average order values, attractive contribution margin and relatively low return rates.
The online home improvement market is characterised by strong growth, which can be attributed to several factors including selection, competitive prices and availability and convenience.</td></tr>
<tr><td>B.5</td><td><i>Description of the Group</i></td><td>Bygghemma Group First AB (publ) is the parent company in the Group which, aside from the Company, consist of 38 wholly or partly owned subsidiaries.</td></tr>
<tr><td>B.6</td><td><i>Major shareholders</i></td><td>As of the date of the Prospectus, the Company have 77 shareholders. As of the date of the Prospectus, there are several different share classes in the Company. In connection with the listing of the Company's shares on Nasdaq Stockholm, the current share structure will be settled, and the Company will, prior to first day of trading, only have one class of shares. The effect of such settlement is amongst other things dependent of the final Offering Price. The holdings stated below do not consider the settlement of the current share structure and changes in the shareholders' holdings as a result thereof. Beside from what is stated below, there are no shareholders holding at least five percent of the shares or votes in the Company.
<table>
<tr><th>Shareholdings based on the assumption that the Offering is fully subscribed and that the Offering Price is established in the midpoint of the Price Range (SEK 47.50)</th><th colspan="2">Shareholding before the Offering</th><th colspan="2">After the Offering (if the Offering is not increased and the Overallotment Option is not exercised)</th><th colspan="2">After the Offering (if the Offering is increased in full and the Overallotment Option is not exercised)</th><th colspan="2">After the Offering (if the Offering is increased in full and the Overallotment Option is exercised in full)</th></tr>
<tr><th></th><th>Number</th><th>Percent</th><th>Number</th><th>Percent</th><th>Number</th><th>Percent</th><th>Number</th><th>Percent</th></tr>
<tr><td>FSN Capital Project Growth</td><td>28,059,285</td><td>28.1%</td><td>22,447,428</td><td>20.9%</td><td>20,368,341</td><td>19.0%</td><td>18,334,182</td><td>17.1%</td></tr>
<tr><td>FSN Capital V</td><td>26,635,694</td><td>26.6%</td><td>21,308,556</td><td>19.8%</td><td>19,334,952</td><td>18.0%</td><td>17,403,997</td><td>16.2%</td></tr>
<tr><td>FSN Capital IV</td><td>17,757,027</td><td>17.8%</td><td>14,205,622</td><td>13.2%</td><td>12,889,894</td><td>12.0%</td><td>11,602,598</td><td>10.8%</td></tr>
<tr><td>Mikael Olander, indirectly through companies</td><td>6,675,611</td><td>6.7%</td><td>5,340,489</td><td>5.0%</td><td>5,340,489</td><td>5.0%</td><td>5,340,489</td><td>5.0%</td></tr>
<tr><td>Other existing shareholders</td><td>20,872,383</td><td>20.9%</td><td>19,681,824</td><td>18.3%</td><td>19,681,824</td><td>18.3%</td><td>19,681,824</td><td>18.3%</td></tr>
<tr><td>Total existing shareholders</td><td>100,000,000</td><td>100.0%</td><td>82,983,919</td><td>77.3%</td><td>77,615,500</td><td>72.3%</td><td>72,363,090</td><td>67.4%</td></tr>
<tr><td>New shareholders</td><td>–</td><td>–</td><td>24,384,502</td><td>22.7%</td><td>29,752,921</td><td>27.7%</td><td>35,005,331</td><td>32.6%</td></tr>
<tr><td>Total new and existing shareholders</td><td>100,000,000</td><td>100.0 %</td><td>107,368,421</td><td>100.0%</td><td>107,368,421</td><td>100.0%</td><td>107,368,421</td><td>100.0%</td></tr>
</table>
There is a shareholders' agreement between the Principal Owners in the Company.
There is also a shareholders' agreement between FSN Capital IV, FSN Capital V, the management team of the Company and certain prior owners to companies acquired by the Group who have reinvested parts of the purchase price from such acquisitions. Both shareholders' agreements will cease to apply in connection with the listing of the Company's shares on Nasdaq Stockholm.
To the best of the board's knowledge, no other shareholders' agreements or other arrangements will exist between the Company's shareholders pertaining to joint control over the Company at commencement of trading of the shares on Nasdaq Stockholm. Nor is the board aware of any agreements or similar undertakings that could lead to changes in control over the Company.
Arbejdsmarkedets Tillægspension ("ATP" and Creades (together "Cornerstone Investors") have undertaken to subscribe for shares the Offering at a value of SEK 150 million and SEK 100 million, respectively. Accordingly, Cornerstone Investors will, respectively, hold a maximum of 3,333,333 and 2,222,222 shares corresponding to 3.1 and 2.1 percent of the shares and votes in the Company after completion of the Offering and before first day of trading.</td></tr>
</table>

B.7 *Selected historical key financial information*

The following section presents selected historical financial information for Bygghemma Group First AB for the 2017 financial year, and selected historical financial information for Bygghemma Group Nordic AB for the 2016 and 2015 financial years. The financial statements for these periods have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) as adopted by the EU.

The financial information below for the 2017, 2016 and 2015 financial years has been derived from financial statements that has been audited by the Company’s auditor in accordance with RevR 5 – Examination of financial information in prospectuses.

Besides the pro forma financial statements for the 2017 financial year, no other information in the Prospectus has been audited or reviewed by the Company’s auditor.

The reason for presenting historical financial information from two different Group Companies is because Bygghemma Group First AB was established in September 2016 in connection with the Principal Owners’ acquisition of the Company. Before then, Bygghemma Group Nordic AB was the parent company of the Bygghemma Group. Readers of the Prospectus must observe that there exists some differences which affects the comparison of each group’s financial year due to Bygghemma Group First AB’s acquisition of Bygghemma Group Nordic AB. The differences mainly consist of acquisition financing and costs therefore, as well as items attributable to acquisition adjustments (primarily incremental intangible assets and amortisation on these).

Figures stated in these sections are rounded to SEK million, while the calculations are performed using an extended set of decimals. Percentages are displayed with one decimal place and are also rounded. Some calculations may appear to tally incorrectly due to rounding.

Condensed consolidated income statement

	1 Jan – 31 Dec (Audited)		
	Bygghemma Group First AB	**Bygghemma Group Nordic AB**	
SEK million	**2017**	**2016**	**2015**
Net sales	3,955.5	2,602.3	1,895.1
Other operating income	6.4	1.2	–
Total net sales	**3,961.9**	**2,603.6**	**1,895.1**
Cost of goods sold	–3,135.6	–2,093.4	–1,528.8
Personnel costs	–306.2	–190.5	–145.8
Other external costs	–373.5	–222.6	–161.0
Other operating costs	–0.3	–1.7	–1.7
Depreciation and amortisation of tangible and intangible assets	–54.7	–17.7	–12.7
Operating income (EBIT)	**91.5**	**77.6**	**45.1**
Net financials	–54.7	–4.2	–7.0
Profit before tax	**36.8**	**73.5**	**38.1**
Tax on net income for the period	–8.1	–16.5	–10.1
Net income for the period	**28.7**	**57.0**	**28.0**
Attributable to:			
Parent company shareholders	28.7	56.7	27.5
Non controlling interest	–	0.3	0.5
Net income for the period	**28.7**	**57.0**	**28.0**

B.7	*Selected historical key financial information, cont.*	**Condensed consolidated balance sheet**

	31 Dec (Audited)		
	Bygghemma Group First AB	**Bygghemma Group Nordic AB**	
SEK million	**2017**	**2016**	**2015**
Goodwill	2,451.1	346.1	255.3
Other intangible assets	1,166.3	228.9	150.6
Total intangible assets	**3,617.4**	**575.0**	**406.0**
Buildings and land	10.8	10.8	–
Other tangible assets	21.4	12.9	9.8
Total tangible assets	**32.3**	**23.8**	**9.8**
Financial assets	20.0	5.5	6.3
Total financial assets	**20.0**	**5.5**	**6.3**
Total non current assets	**3,669.6**	**604.2**	**422.1**
Inventory	400.4	137.4	89.5
Short term investments	192.8	87.5	64.1
Cash and cash equivalents	156.1	51.3	55.3
Total current assets	**749.3**	**276.2**	**208.8**
TOTAL ASSETS	**4,418.9**	**880.5**	**630.9**
Equity attributable to parent company shareholders	2,375.1	220.7	151.1
Total equity	**2,375.1**	**220.7**	**151.1**
Non-controlling interest	–	8.9	10.8
Non-controlling interest	**–**	**8.9**	**10.8**
Tax payables	259.0	49.0	28.0
Other provisions	1.4	1.8	1.5
Non current interest bearing debt to credit institutions	893.3	–	–
Other non current interest bearing debt	212.7	215.8	42.4
Total non current liabilities	**1,366.4**	**266.6**	**71.9**
Current interest bearing debt to credit institutions	44.2	3.5	109.6
Other current interest bearing debt	36.9	37.6	35.8
Other current liabilities	596.4	343.3	251.7
Total current liabilities	**677.5**	**384.3**	**397.1**
TOTAL EQUITY AND LIABILITIES	**4,418.9**	**880.5**	**630.9**

B.7

Selected historical key financial information, cont.

Condensed consolidated cash flow statement

	1 Jan – 31 Dec (Audited)		
	Bygghemma Group First AB	Bygghemma Group Nordic AB	
SEK million	**2017**	**2016**	**2015**
Profit before tax	36.8	73.5	38.1
Adjustment for items not included in cash flow	57.3	20.5	16.6
Paid income tax	–26.6	–4.8	–1.8
Cash flow from operating activities before changes in working capital	**67.5**	**89.2**	**52.9**
Cash flow from changes in working capital	73.7	22.5	51.3
Net cash flow from operations	**141.2**	**111.6**	**104.2**
Acquisition of subsidiaries	–731.8	–144.8	–90.0
Investments in tangible and intangible assets	–28.6	–19.5	–45.8
Sale of tangible assets	0,1	1,7	–
Sale of operations	–	–	7.9
Cash flow from/to investment activities	**–760.2**	**–162.5**	**–127.9**
New share issue	425.6	–	–
New loans	401.3	190.2	112.1
Amortisation of bank debt	–106.2	–143.5	–85.6
Dividend	–	0.1	–
New warrants issue	–	–	1.9
Repaid warrants	–	–0.1	–
Cash flow from financing activities	**720.7**	**46.7**	**28.4**
Change in cash and cash equivalents	**101.7**	**–4.2**	**4.7**
Cash and cash equivalents at start of the year	53.3	55.3	50.7
Exchange rate differences	1.0	0.3	–0.1
Cash and cash equivalents at end of the year	**156.1**	**51.3**	**55.3**

IFRS performance measures

	1 Jan – 31 Dec (Audited unless otherwise stated)		
	Bygghemma Group First AB	Bygghemma Group Nordic AB	
SEK million	**2017**	**2016**	**2015**
Net sales	3,955.5	2,602.3	1,895.1
Earnings before share, before dilution (SEK)	–333.30	8.56[1]	4.4[1]
Earnings before share, after dilution (SEK)	–333.30	7.78[1]	3.8[1]
Average number of outstanding shares, before dilution	529,031	6,295,794	6,295,794
Average number of outstanding shares, after dilution	529,031	6,919,075	6,295,794
Net income for the period	28.7	57.0	28.0

1) Not audited.

B.7

Selected historical key financial information, cont.

Alternative performance measures not defined in accordance with IFRS

	1 Jan – 31 Dec (Not audited unless otherwise stated)		
	Bygghemma Group First AB	Bygghemma Group Nordic AB	
SEK million (unless otherwise stated)	**2017**	**2016**	**2015**
Net sales growth	*52.0%*	*37.3%*	*72.9%*
Net sales	**3,955.5**	**2,602.3**	**1,895.1**
of which organic net sales	*2,951.1*	*2,402.2*	*1,870.8*
of which other net sales	*1,004.4*	*200.1*	*24.3*
Profitability			
Gross profit	820.0	508.9	366.3
Gross margin	*20.7%*	*19.6%*	*19.3%*
Adjusted gross profit	855.2	508.9	366.3
Adjusted gross margin	*21.6%*	*19.6%*	*19.3%*
Selling and administrative expenses	673.8	413.6	308.5
Selling and administrative expenses / net sales	*17.0%*	*15.9%*	*16.3%*
Operating income (EBIT)[1]	91.5	77.6	45.1
Operating margin (EBIT margin)	*2.3%*	*3.0%*	*2.4%*
EBITA	123.6	81.9	48.0
EBITA margin	*3.1%*	*3.1%*	*2.5%*
Adjusted EBITA	197.0	101.0	48.0
Adjusted EBITA margin	*5.0%*	*3.9%*	*2.5%*
EBITDA	146.2	95.4	57.8
EBITDA margin	*3.7%*	*3.7%*	*3.1%*
Adjusted EBITDA	219.7	114.5	57.8
Adjusted EBITDA margin	*5.6%*	*4.4%*	*3.1%*
Net debt	804.1	108.9	54.3
Cash flow			
Cash flow from operating activities[1]	141.2	111.6	104.2
Investments	–28.6	–19.5	–19.4
Investments / net sales	*–0.7%*	*–0.7%*	*–1.0%*
Adjusted operating cash flow	264.8	117.5	89.7
Cash conversion	*121%*	*103%*	*155%*
Financial position			
Working capital	–3.1	–118.4	–98.2
Working capital / net sales	*–0.1%*	*–4.5%*	*–5.2%*

[1] Audited.

B.7

Selected historical key financial information, cont.

Per segment

	1 Jan – 31 Dec (Not audited unless otherwise stated)		
	Bygghemma Group First AB	**Bygghemma Group Nordic AB**	
SEK million (unless otherwise stated)	**2017**	**2016**	**2015**
DIY segment			
Net sales[1]	2,342.2	1,665.2	1,270.6
Net sales growth	*40.7%*	*31.1%*	*76.1%*
Gross profit	468.4	308.6	240.9
Gross margin	*20.0%*	*18.5%*	*19.0%*
Adjusted gross profit	468.4	311.3	240.9
Adjusted gross margin	*20.0%*	*18.7%*	*19.0%*
Operating income (EBIT)[1]	87.0	53.2	30.2
Operating margin (EBIT margin)	*3.7%*	*3.2%*	*2.4%*
EBITA	110.8	56.8	32.4
Adjusted EBITA	114.4	61.8	32.4
Adjusted EBITA margin	*4.9%*	*3.7%*	*2.5%*
Operational performance measures			
Number of visits (thousands)	51,938	40,005	32,906
Number of orders (thousands)	674	515	350
AOV (SEK)	3,394	3,195	3,377
Home furnishing segment			
Net sales[1]	1,628.9	948.2	632.0
Net sales growth	*71.8%*	*50.0%*	*67.6%*
Gross profit	354.0	201.0	125.4
Gross margin	21.7%	21.2%	19.8%
Adjusted gross profit	389.2	201.0	125.4
Adjusted gross margin	*23.9%*	*21.2%*	*19.8%*
Operating income (EBIT)[1]	25.6	39.2	15.2
Operating margin (EBIT margin)	*1.6%*	*4.1%*	*2.4%*
EBITA	33.8	39.9	15.9
Adjusted EBITA	84.9	39.9	15.9
Adjusted EBITA margin	*5.2%*	*4.2%*	*2.5%*
Operational performance measures			
Number of visits (thousands)	39,732	21,618	12,793
Number of orders (thousands)	569	244	118
AOV (SEK)	2,868	3,935	3,866

1) Audited.

B.7

Selected historical key financial information, cont.

Definitions of alternative performance measures not defined in accordance with IFRS

Performance measure	Definition	Reasoning
Adjusted EBITA	EBITA excluding items affecting comparability. Items affecting comparability includes acquisition-related costs, costs related to change of ERP system, integration costs and costs related to the process for expanding the shareholder base.	The measurement is relevant in order to provide an indication of the Company's underlying results generated by the operating activities, excluding items affecting comparability.
Adjusted EBITA margin	Adjusted EBITA as a percentage of net sales.	The measurement is relevant in order to provide an indication of the Company's underlying results as a share of net sales generated by operating activities, excluding items affecting comparability.
Adjusted EBITDA	EBITDA excluding items affecting comparability. Items affecting comparability includes acquisition-related costs, costs related to change of ERP system, integration costs and costs related to the process for expanding the shareholder base.	The measurement is relevant in order to show the Company's results generated by the operating activities.
Adjusted EBITDA margin	Adjusted EBITDA as a percentage of net sales.	The measurement is relevant in order to provide an indication of the Company's underlying results as a share of net sales generated by operating activities.
Adjusted gross margin	Gross profit as a percentage of net sales excluding items affecting comparability.	Adjusted gross margin provides an indication of the contribution that shall cover fixed and semi-fixed costs in the Company, excluding items affecting comparability.
Adjusted gross profit	Net sales less cost of goods sold. Adjusted gross profit includes costs that are directly relatable to cost of goods sold, such as warehousing and shipping costs, but excluding items affecting comparability.	Adjusted gross profit provides an indication of the business' contribution margin excluding items affecting comparability.
Adjusted operational cash flow	Underlying cash flow from operations, defined as adjusted EBITDA including changes in working capital and excluding investments.	Adjusted operational cash flow is used to monitor cash flow in operations.
Adjusted selling and administrative expenses	The difference between gross profit and adjusted EBITDA, which thereby excludes items affecting comparability.	Adjusted selling and administrative expenses provides an indication of operating costs, excluding cost of goods sold, thereby providing an indication of the operation's fixed and semi-fixed cost base.
Adjusted selling and administrative expenses / net sales	Adjusted selling and administrative expenses as a percentage of net sales.	States adjusted operating costs as share of net sales and thereby providing an indication of scalability.
Average order value (AOV)	Total order value (i.e online sales, postage income and related services divided by number of orders).	Average order value is measured as an indicator of monetisation.

B.7	*Selected historical key financial information, cont.*	**Performance measure**	**Definition**	**Reasoning**
		Cash conversion	Operational cash flow as a percentage of adjusted EBITDA.	Cash conversion provides an indication of the Company's ability to generate cash flow from operating activities after investments and working capital needs.
		EBITA	Operating income with reversal of amortisation on acquisition related intangible assets.	EBITA provides an overall picture of profit generated by the operating activities with reversal of amortisation on acquisition related intangible assets.
		EBITA margin	EBITA as a percentage of net sales.	EBITA margin is a useful measurement together with net sales growth to monitor value creation.
		EBITDA	Operating income before depreciation and amortisation, financial items and tax.	EBITDA provides an overall picture of profit generated by the operating activities before depreciation and amortisation.
		EBITDA margin	EBITDA as a percentage of net sales.	EBITDA margin is a useful measurement together with net sales growth to monitor value creation.
		Gross margin	Gross profit as a percentage of net sales.	Gross margin provides an indication of the contribution that shall cover fixed and semi-fixed costs in the Company.
		Gross profit	Net sales less cost of goods sold. Gross profit includes costs directly attributable to goods sold, such as warehousing and shipping costs.	Gross profit provides an indication of the contribution that shall cover fixed and semi-fixed costs in the Company.
		Investments	Investments in other non-current assets adjusted for asset acquisitions.	Investments provides an indication of total investments in tangible, intangible and financial assets.
		Investments / net sales	Investments in other non-current assets in relation to net sales.	Investments in relation to net sales provides an indication of total investments in tangible, intangible and financial assets as a share of the Company's net sales.
		Items affecting comparability	Items affecting comparability refers to events and transactions whose effects on profit are important to notice when profit for the period is compared to previous periods and comprise, inter alia, capital gains and losses on divestments, costs related to significant cut-downs, restructuring measures in order to reorganize significant parts of operations, significant write-downs and other significant non-recurring costs and revenues.	Items affecting comparability is a notation of items, when excluded, shows the Company's earning excluding items that are non-recurring in ordinary operations.
		Net debt	The sum of current and non-current interest bearing liabilities towards credit institutions with deductions for cash and cash equivalents, current investments and transaction costs.	Net debt is a measurement showing the Company's total indebtedness.

		Performance measure	Definition	Reasoning
B.7	*Selected historical key financial information, cont.*	**Net sales growth**	Annual net sales growth, calculated in comparison with previous year, expressed as a percentage.	Net sales growth allows the Company to compare its growth rate between different periods and with the overall market and competitors.
		Number of orders	Number of orders that are placed during the measured time period.	Number of orders is a measurement that is used to measure customer activity.
		Number of visits	Number of visits to the Company's webstores during the measured time period.	Number of visits is a measurement that is used to measure customer activity.
		Operating cash flow	Underlying cash flow from operations. Adjusted EBITDA including changes in net working capital and excluding capital expenditures.	Operating cash flow is used to monitor the cash flow of the business.
		Operating margin (EBIT margin)	EBIT as a percentage of net sales.	Operating margin is a useful measurement together with net sales growth to monitor value creation.
		Organic growth	Change in net sales after adjustment for acquisition effects.	Organic growth allows the Company to monitor the underlying net sales growth excluding the impact of any acquisitions.
		Selling and administrative expenses	Difference between gross profit and EBITDA.	Selling and administrative expenses provides an indication of operating costs, excluding cost of goods sold, thereby providing an indication of the operation's fixed and semi-fixed cost base.
		Selling and administrative expenses / net sales	Selling and administrative expenses as a percentage of net sales.	States operating costs as a share of net sales and thereby provides an indication of scalability.
		Working capital	Non interest-bearing current assets less non interest-bearing current non financial liabilities as of the balance sheet day (i.e. 31 Dec).	Working capital gives an indication of the Company's short term financial health as it indicates whether the Company has sufficient current assets to cover current liabilities.
		Working capital / net sales	Non interest-bearing current assets less non interest-bearing current non financial liabilities in relation to net sales.	Working capital in relation to net sales provides an indication of the Company's short term abilities as a share of net sales, as it indicates whether the Company has sufficient current assets to cover current liabilities.

B.7	*Selected historical key financial information, cont.*	**Material changes in Bygghemma Group's financial situation during the period 1 January–31 December 2015 to 1 January – 31 December 2017** Bygghemma Group's operating income (EBIT) increased by SEK 13.9 million, or 17.9 percent, from SEK 77.6 million during 2016 to SEK 91.5 million during 2017. The EBIT margin decreased by 0.7 percentage points, from 3.0 percent during 2016 to 2.3 percent during 2017. The EBIT margin decrease was mainly attributable to an increase in sales and administration costs in relation to sales. Bygghemma Group's financial net costs increased by SEK 50.5 million, or 1,147.8 percent, from SEK 4.2 million during 2016 to SEK 54.7 million during 2017, and comprised in 2017 mainly of interest expenses to credit institutions amounting to SEK 35.7 million. Profit for the year 2017 decreased by SEK 28.3 million, or 49.6 percent, from SEK 57.0 million during 2016 to SEK 28.7 million during 2017. On 31 December 2017, equity amounted to SEK 2,375.1 million, compared to SEK 220.7 million on 31 December 2016. The increase of SEK 2,154.4 million, or 976.2 percent, was mainly attributable to that the Company carried out a number of new share issues. Bygghemma Group's operating income (EBIT) increased by SEK 32.5 million, or 72.0 percent, from SEK 45.1 million during 2015 to SEK 77.6 million during 2016. The EBIT margin increased by 0.6 percentage points, from 2.4 percent during 2015 to 3.0 percent during 2016. The EBIT margin increase was mainly attributable to an increase of gross margins and operational leverage (i.e. reduced sales and general and administrative costs as a share of sales). Bygghemma Group's net financial income decreased by SEK 2.8 million, or 40.0 percent, from SEK 7.0 million during 2015 to SEK 4.2 million during 2016. The decrease was mainly attributable to revaluation of conditional deferred payments that charged 2015 earnings by SEK 3.4 million during 2015 compared to SEK 0.9 million during 2016. Profit for 2016 increased by SEK 29.0 million, or 103.6 percent, from SEK 28.0 million during 2015 to SEK 57.0 during 2016. As of 31 December 2016, equity amounted to SEK 220.7 million, compared to SEK 151.1 million on 31 December 2015. The increase of SEK 69.6 million, or 46.0 percent, was mainly attributable to an improved net income for the year. **Significant changes concerning Bygghemma Group's financial situation and operating income after 31 December 2017** In connection with completion of the Offering, the Group's existing loan agreement will be canceled and repaid in its entirety, and all existing guarantees and securities provided thereunder will be released. The Group's primary financing arrangement will subsequently consist of a new financing arrangement amounting to a total of approximately SEK 1,100 million (nominal amount). SEB have undertaken to provide the financing arrangement and customary financing documentation will be signed and entered into prior to the first day of trading. Bygghemma Group intends to use the issue proceeds to pay outstanding debts, which will reduce its debt ratio and adapt it to the Company's capital structure targets.
B.8	*Selected pro forma financial information*	**Purpose of the pro forma information** During 2017, Bygghemma Group completed six acquisitions. With the purpose of illustrating the hypothetical impact that these acquisitions could have had if they had been executed prior to the beginning of financial year 2017, Bygghemma has prepared a pro forma income statement for 2017. The purpose of the following consolidated pro forma information is to report the hypothetical effect which the acquisitions and loan financing would have had on Bygghemma's consolidated income statement for financial year 2017. The pro forma information has the sole purpose of providing information and facts. This pro forma information is, by its nature, intended to describe a hypothetical situation and, consequently, is not intended to describe Bygghemma's factual financial position or results. Furthermore, the pro forma information is not representative in terms of what the operating results will look like in the future. In other words, investors should not assign major importance to this pro forma information. These pro forma accounts have the only purpose of being used in conjunction with the Offering and admission for trading in the company's shares on Nasdaq Stockholm in the manner stated in the Prospectus which has been approved by the Swedish Financial Supervisory Authority. The information has not been prepared in accordance with SEC Regulations S-X or in accordance with any other standards or practice generally accepted in the US. The pro forma accounts should be read together with the other information found in the Prospectus.

B.8

Selected pro forma financial information, cont.

Pro forma income statement

THE GROUP	*Audited* Bygghemma Group 2017	*Unaudited* Acquired[1] companies, sum 1 Jan 2017 – date of acquisition	*Unaudited* Pro forma-adjustments[2], sum	*Unaudited* Pro forma Bygghemma Group 2017
Revenue				
Net sales	3,955.5	463.3	–	4,418.9
Other operating income	6.4	–	–	6.4
	3,961.9	**463.3**	**–**	**4 425.3**
Costs				
Cost of goods sold	–3,135.6	–347.9	–	–3,483.4
Personnel costs	–306.2	–51.7	–	–357.9
Other external costs	–373.5	–58.7	9.3	–422.9
Oher operating expenses	–0.3	–0.5	–	–0.8
Depreciation and amortisation of tangible and intangible fixed assets	–54.7	–2.5	–3.8	–61.0
	–3,870.4	**–461.3**	**5.5**	**–4 326.2**
Operating income	**91.5**	**2.1**	**5.5**	**99.1**
Financial items				
Financial income	2.1	0.0	–	2.1
Financial expense	–56.8	0.2	–5.0	–61.7
Net financial	**–54.7**	**0.2**	**–5.0**	**–59.5**
Profit before tax	**36.8**	**2.3**	**0.5**	**39.6**
Taxes				
Tax on profit for the period	–8.1	2.3	–0.1	–5.9
NET INCOME FOR THE PERIOD	**28.7**	**4.6**	**0.4**	**33.7**

Note 1 Allocation of adjustments per each company regarding the period prior to consolidation

	Unaudited FB Internet AB 1 Jan 2017–28 Feb 2017	*Unaudited* The Polarpumpen group 1 Jan 2017–30 April 2017	*Unaudited* The Arredo Holding group 1 Jan 2017–31 May 2017	*Unaudited* The MyHome group 1 Jan 2017–30 Jun 2017	*Unaudited* Vitvaruexperten.com Nordic AB 1 Jan 2017–31 Oct 2017	*Unaudited* WeGot AB 1 Jan 2017–30 Nov 2017	*Unaudited* Acquired companies Sum
Revenue							
Net sales	76.9	27.1	118.7	149.5	30.0	61.1	463.3
Other operating income	–	–	–	–	–	–	–
	76.9	**27.1**	**118.7**	**149.5**	**30.0**	**61.1**	**463.3**
Costs							
Cost of goods sold	–66.2	–23.4	–81.0	–94.9	–27.6	–54.7	–347.9
Personnel costs	–5.6	–4.4	–11.9	–20.6	–2.1	–7.2	–51.7
Other external costs	–7.5	–1.7	–15.1	–26.5	–1.3	–6.5	–58.7
Oher operating expenses	–0.3	0.0	–0.0	–0.1	–	–0.2	–0.5
Depreciation and amortisation of tangible and intangible fixed assets	–0.4	–0.0	–1.4	–0.3	–0.4	–0.0	–2.5
	–79.9	**–29.4**	**–109.5**	**–142.4**	**–31.4**	**–68.6**	**–461.2**
Operating income	**–3.0**	**–2.3**	**9.2**	**7.1**	**–1.4**	**–7.5**	**2.1**
Financial items							
Financial income	0.0	0.0	–0.1	0.1	0.0	0.0	0.0
Financial expense	0.6	–0.0	–0.3	–0.1	–0.0	–0.0	0.2
	0.6	**–0.0**	**–0.4**	**0.0**	**–0.0**	**–0.0**	**0.2**
Profit before tax	**–2.4**	**–2.4**	**8.9**	**7.1**	**–1.4**	**–7.5**	**2.3**
Taxes							
Tax on profit for the period	0.7	0.4	1.9	–1.6	–	0.9	2.3
NET INCOME FOR THE PERIOD	**–1.7**	**–2.0**	**10.8**	**5.5**	**–1.4**	**–6.6**	**4.6**

B.8 *Selected pro forma financial information, cont.*

Note 2 Pro forma adjustments per company

	Unaudited	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*
	FB Internet AB	**The Polarpumpen group**	**The Arredo Holding group**	**The MyHome group**	**Vitvaruexperten.com Nordic AB**	**WeGot AB**	**Acquired companies**
	1 Jan 2017– 28 Feb 2017	**1 Jan 2017– 30 April 2017**	**1 Jan 2017– 31 May 2017**	**1 Jan 2017– 30 Jun 2017**	**1 Jan 2017– 31 Oct 2017**	**1 Jan 2017– 30 Nov 2017**	**Sum**
Revenue							
Net sales	–	–	–	–	–	–	–
Other operating income	–	–	–	–	–	–	–
	–	**–**	**–**	**–**	**–**	**–**	**–**
Costs							
Cost of goods sold	–	–	–	–	–	–	–
Personnel costs	–	–	–	–	–	–	–
Other external costs	4.4	0.9	1.5	1,7	0.5	0.3	9.3 1)
Oher operating expenses	–	–	–	–	–	–	–
Depreciation and amortisation of tangible and intangible fixed assets	–0.6	–0.4	–1.8	–0.3	–0.0	–0.8	–3.8 2)
	3.8	**0.5**	**–0.3**	**1.5**	**0.5**	**–0.4**	**5.5**
Operating income	**3.8**	**0.5**	**–0.3**	**1.5**	**0.5**	**–0.4**	**5.5**
Financial items							
Financial income	–	–	–	–	–	–	–
Financial expense 3)	–1.1	–0.2	–1.7	–1.2	–0.5	–0.4	–5.0
	–1.1	**–0.2**	**–1.7**	**–1.2**	**–0.5**	**–0.4**	**–5.0**
Profit before tax	**2.7**	**0.3**	**–2.0**	**0.3**	**–0.0**	**–0.8**	**0.5**
Taxes							
Tax on profit for the period	–0.6	–0.1	0.4	–0.1	0.0	0.2	–0.1
NET INCOME FOR THE PERIOD	**2.1**	**0.2**	**–1.6**	**0.2**	**–0.0**	**–0.6**	**0.4**

1) Dissolved transaction costs per company totaling SEK +9.3 million, related to the acquisitions made during the twelve–month period (including a tax effect of SEK –2.0 million). These adjustments are deemed to be non–recurring.

2) Amortizations of identified customer relationships over a 10 year period, totaling SEK –3.8 million including a tax effect of SEK +0.8 million.

3) Dissolved previous financing costs (Arredo Holding group SEK +0.3 million, and My Home group SEK +0.1 million) including tax effect of SEK –0.1 million and interest expenses and the current year's share of transaction expenses for the new loans in Bygghemma of SEK –4.8 million and SEK –0.2 million (FB Internet AB, SEK –0.8 million and SEK–0.0 million; The Polarpumpen group, SEK –0.2 million and SEK –0.0 million; Arredo Holding group, SEK –1.8 million and SEK –0.1 million; Vitvaruexperten.com Nordic AB, SEK –0.5 million and SEK –0.0 million; WeGot AB, SEK –0.4 million and SEK –0.0 million and the My Home group, SEK –1.1 million and SEK –0.1 million) which are linked to the acquisitions of the new companies including a tax effect of SEK +1.1 million. The loan expenses are deemed to be non-recurring, in contrast to the interests.

B.9	*Profit forecast*	*Not applicable.* The Company does not present a profit/loss forecast or calculation of expected earnings in the Prospectus.
B.10	*Audit report qualifications*	*Not applicable.* There are no qualifications in the audit report covering the period of the historical financial information.
B.11	*Working capital*	The Company believes that its existing working capital is sufficient to meet the Company's needs over the coming 12-month period.

SECTION C – SECURITIES

C.1	*Securities offered*	Shares in Bygghemma Group First AB (publ), ISIN code: SE0010948588.
C.2	*Currency*	The shares are denominated in SEK.
C.3	*Number of shares issued*	As of the date of the Prospectus, the registered share capital amounts to SEK 2,388,006.432 and there are a total of 199,000,536 shares outstanding in the Company, of which 68,474,609 are ordinary shares of class A and 130,525,927 shares are preference shares of different classes. The shares in the Company have been issued in accordance with Swedish law. All issued shares are fully paid. Each share has a quotient value of SEK 0.012. In connection with the listing of the Company's shares on Nasdaq Stockholm, the current share structure will be settled, after which the Company will have only one class of shares (named shares in the Prospectus). At an Offering Price corresponding to the lowest of the Price Range, the new share issue in the Offering will increase the total number of shares by a total of 7,777,777, from 100,000,000 to 107,777,777. At an Offering Price corresponding to the midpoint of the Price Range, the new share issue in the Offering will increase the total number of shares by a total of 7,368,421, from 100,000,000 to 107,368,421. At an Offering Price corresponding to the highest of the Price Range, the new share issue in the Offering will increase the total number of shares by a total of 7,000,000, from 100,000,000 to 107,000,000 (interval calculated based on an Offering Price corresponding to the lowest and highest within the Price Range). The settlement of the current share structure and the share issue comprised by the Offering are expected to result in a share capital of no less than SEK 3,210,000 and no more than SEK 3,233,333, depending on the final Offering Price and the number of newly issued shares in the Offering, giving a quota value of approximately SEK 0.03 per share.
C.4	*Rights associated with the shares*	The shares in the Offering are of the same class. The rights associated with shares issued by the Company, including those pursuant to the articles of association, may only be amended in accordance with the procedures set forth in the Swedish Companies Act (2005:551). Shareholders are entitled to vote for their full number of shares and all shares entitles the holder to one vote at general meetings. At the date of the Prospectus, there are both ordinary shares of class A and preference shares of different classes. In connection with the listing of the Company's ordinary shares on Nasdaq Stockholm, the current share structure will be settled, after which the Company will have only one class of shares, which all will carry the same rights. This means that all shares will carry equal rights to dividends and to the Company's assets and potential surplus in the event of liquidation. Resolutions regarding profit distribution in limited liability companies are made by a general meeting of shareholders. Entitlement to dividends accrues to those who, on the record date resolved by a general meeting of shareholders, are registered in the share register maintained by Euroclear Sweden as holders of shares. Dividends are normally paid to the shareholders as a cash amount per share through Euroclear Sweden, although they may also be paid in a form other than cash (cash-in-kind dividend). The shares entitle to dividends for the first time on the record date that occurs immediately after the Offering pursuant to a resolution by the annual general meeting. Should a shareholder not be reached through Euroclear Sweden, the shareholder will continue to have a claim against the Company concerning the dividend amount and this is only limited by rules concerning a ten-year statute of limitation. After the period of limitation, the dividend amount accrues to the Company. There are no restrictions regarding dividend rights for shareholders resident outside of Sweden. Shareholders who are not resident for tax purposes in Sweden must usually pay Swedish withholding tax.
C.5	*Restrictions on the free transferability*	*Not applicable*. All shares in the Offering are freely transferable.
C.6	*Admission to trading on a regulated market*	Nasdaq Stockholm's listing committee decided on 21 February 2018 to admit the Company's shares to trading on Nasdaq Stockholm subject to certain conditions and customary requirements, including the distribution requirement for the Company's shares, is met no later than on the first day of trading. Trading in the Company's shares is expected to commence on or about 27 March 2018.
C.7	*Dividend policy*	The board of directors has adopted a dividend policy stating that when free cash flow exceeds available investments in profitable growth, and under the requirement that the capital structure target is met, the surplus will be distributed to the shareholders.

SECTION D – RISKS

D.1	*Key risks related to the issuer and its industry*	*The Group's business and market are subject to certain risks which are completely or partly outside the control of the Company and which affect or could affect the Company's operations, financial position and earnings. Described below, in no particular order and without claim to be exhaustive, are a summary of key risks deemed to be material to Bygghemma's future development.* Key risks that could have an impact on Bygghemma's business include: **Bygghemma Groups's industry and operations are effected by the general economic climate and other macroeconomic effects** ■ The Company is affected by general economic, financial and political conditions at a national and global level, such as a recession, inflation, deflation, a general downturn in the retail market, changes in the purchasing power of enterprises and consumers as well as business and public investments and unbeneficial changes to such conditions, which could adversely impact the Company's operations, financial position and earnings. **Bygghemma Group operates in a competitive market** ■ The Nordic home improvement market is highly competitive. The Group's competitors include store chains, home fixer chains, niche players/OEMs and online players. These groups of competitors primarily offer their products in physical stores or showrooms and, to a various extent, also online. Bygghemma Group also risks new competition from domestic and international traditional or online companies, such as Amazon, that are, as of the date of the Prospectus, not active on Bygghemma Group's markets. There is a risk that Bygghemma Group will not be able to respond effectively and defend its position against such competition which could adversely impact the Company's operations, financial position and earnings. **Bygghemma Group's operations are dependent on development, access to, and availability of its IT systems and platforms** ■ The platforms used by Bygghemma Group form the foundation of the Group's IT structure and are a vital part of the Group's future success. It is of utmost importance that these at all times are available to the Group in order for the Group to continue to carry out its daily operations and to be able to maintain and increase its sales volumes. If Bygghemma e.g. fails to uphold the functionality of the platforms, are unable to obtain necessary licenses, if integration processes following acquisitions cause malfunction or interruptions or any other IT related problems occur, it could have a material adverse impact on the Group's operations, outlook, financial position and earnings. **The Company relies on third party payment solution providers** ■ The payment methods offered by the Company comprise credit cards, debit cards and cash payment using third party online banking services. All payment services are provided externally by third party service providers such as Klarna Bank AB and Svea Ekonomi AB (the latter also offers payment services such as part payment, deferred payment or invoice). Any disruptions or issues relating to these services could have an adverse impact on the Company's operations, outlook, earnings and financial position. **Changes in the value of Bygghemma Group's goodwill as well as brands could adversely impact the Company's earnings** ■ As of 31 December 2017, the value of the Company's goodwill amounted to SEK 2,451.1 million and the value of the Group's brands amounted to SEK 784.5 million. Deviations from the Company's assumption of future growth and profitability could lead to impairment in conjunction with future tests concerning changes in the value of goodwill and brands, which could have a material adverse impact the Company's operations, outlook, earnings and financial position. **Dissatisfaction with Bygghemma Group's customer service could affect the Group's customer retention** ■ It is vital that customer complaints, particularly regarding faulty or delayed home deliveries, are handled in a timely manner to the customers' satisfaction. Customer service that is, or is perceived to be, unsatisfactory could harm customer satisfaction and loyalty. Customers' dissatisfaction with Bygghemma Group's customer service units could impact the Group Companies' ability to retain and attract new customers, which could adversely impact the Company's operations, outlook, earnings and financial position.

D.1	*Key risks related to the issuer and its industry, cont.*	**Bygghemma Group's growth may be constrained if the integration of businesses and operations acquired by the Company is unsuccessful** ■ The Company has carried out more than 20 acquisitions since 2012. All acquisitions undertaken by Bygghemma Group could, among other things, lead to difficulties in integrating personnel and operations from acquired companies and in retaining and motivating key employees from acquired companies which could have a material adverse impact on Bygghemma Group's operations, earning or financial position. **The Company is dependent on its brands and other intellectual property rights** ■ Bygghemma Group's brands, including the names of its webstores, domain names and proprietary information related to e.g. the Group's IT platforms and systems, are some of the Company's key business assets. Any adverse events directly or indirectly relating to the Group's brands or other intellectual property could have a material adverse impact on the Company's operations, earning and financial position. The risks described above are not the only risks to which the Company and its shareholders may be exposed. There are other risks related to the markets in which Bygghemma is active or to the Company's operations that are, as of the date of the Prospectus, unknown to the Company or that the Company does not, as of the date of the Prospectus, regard as significant but that could also have an adverse impact on Bygghemma's operations, financial position or operating income.
D.3	*Key risks related to the securities*	*Any investment in shares involves risks. Such risks could cause the price of the Company's shares to decline significantly and investors could lose all or part of the value of their investment.* Key risks deemed to be of significance for Bygghemma's shares include, in no particular order: **An active, liquid and functioning market for trading in the Company's shares may not emerge and the share price may prove to be volatile and potential investors may partly or completely lose their investment** ■ Since Bygghemma's shares have not previously been subject to trading on a marketplace, it is difficult to predict the amount of trading or the interest that may be shown in the shares. There is a risk that the price of the shares will be highly volatile in connection with the listing. If active and liquid trading does not develop or does not prove sustainable, this could make it difficult for shareholders to sell their shares. **Following the Offering, the Principal Owners will continue to have significant influence over the Company and could delay or prevent changes in control of the Company** ■ There is a risk that the Principal Owners may exercise influence over the Company in a manner that does not necessarily promote the best interests of the other shareholders. **Future issues of shares or other securities in the Company could dilute shareholdings and affect the price of the shares** ■ Bygghemma may need additional capital to fund its business. Bygghemma may also need to make investments and raise additional capital. If the Company chooses to raise additional capital, for example through a new share issue, there is a risk that the Company's shareholders' equity interest could be diluted, which could also affect the share price. If these risks were to materialise, this could have a material adverse effect on the invested capital and/or the share price. **Cornerstone Investors' undertakings are not secured** ■ Bygghemma has received subscription undertakings in the Offering from the Cornerstone Investors corresponding to a total of SEK 250 million. These subscription undertakings in relation to Bygghemma have not been secured through a pledge of collateral, blocked funds or a similar arrangement to ensure that the guaranteed issue proceeds will accrue to the Company. There is a risk that the subscription undertakings provided in the Offering may not be fulfilled, which could have a material adverse impact on the implementation of the Offering. The risks described above are not the only risks to which the Company shares may be exposed. There are other risks related to the shares that are, as of the date of the Prospectus, unknown to the Company or that the Company, as of the date of the Prospectus, does not regard as significant but that could also have an adverse impact on Bygghemma's share price or the shares in general.

SECTION E – THE OFFERING

E.1	*Net proceeds and costs*	In connection with the Offering, the Company is carrying out a new ordinary share issue, which is expected to generate proceeds of SEK 321 million, after issue costs assuming that the Offering is fully subscribed. Provided that the Offering is fully subscribed, the Company's costs related to the Offering and the listing on Nasdaq Stockholm are expected to amount to approximately SEK 29 million. The costs are mainly related to the Managers' commission, tax and legal advice, auditors as well as the printing and distribution of the Prospectus.
E.2a	*Reasons for the Offering and use of proceeds*	The board of directors and the management of Bygghemma Group, together with the Principal Owners, believe that it is now an appropriate time to broaden the shareholder base and to apply for a listing of the shares on Nasdaq Stockholm. The Offering and the listing is expected to support future growth, provide the Company with access to capital markets and a diversified base of new Swedish and international shareholders. Bygghemma Group also expects that the listing on Nasdaq Stockholm will promote broader awareness among customers and suppliers. The Offering comprise the sale of both existing shares and new shares. If the Offering is fully subscribed, Bygghemma Group expects to receive net proceeds of approximately SEK 321 million from the Offering. Bygghemma Group intends to use the issue proceeds to pay outstanding debts, which will reduce its debt ratio and adapt it to the Company's capital structure targets.
E.3	*Terms and conditions*	*Not applicable.*
E.4	*Interests in the Offering*	Carnegie, SEB and Berenberg act as Managers in connection with the Offering. The Managers have provided, and may in the future provide, services within the course of the Principal Owners' and Bygghemma's ordinary business and in connection with other transactions, for which the Managers have received, or may in the future receive, remuneration. From time to time, the Managers may provide services within the course of the Principal Owners', or parties' closely-related to the Principal Owners, ordinary business and in connection with other transactions.
E.5	*Lock-up arrangement*	Pursuant to the Placing Agreement, the Company will provide an undertaking to Sole Global Coordinator and SEB that, for a period of 180 days from the first day of trading in the shares, it will not, without the written consent of Sole Global Coordinator and SEB, propose to the Company's shareholders any increase in capital or take any other measure which enables the Company, directly or indirectly, to issue, offer, pledge, sell, contract to sell or otherwise transfer or dispose of securities that are essentially equated with the shares, including securities that are convertible to or may be exchanged for, or represent a right to receive, shares in the Company; and that it shall not purchase or sell any option or other security or enter into swap, hedge or other arrangements which would have an economic effect corresponding to such measures. The Company's undertakings are subject to certain customary exceptions and shall also not be applied to the Company's previous, current or future share-based incentive programmes. The Principal Owners, shareholding board members, senior executives and employees in the Company who will continue to own shares subsequent to the Offering have vis-a-vis Carnegie and SEB, for a certain period of time after the first day of trading, 180 days for the Principal Owners and 360 days for shareholding board members, senior executives and the other employees (as applicable, the "**Lock-up Period**"), undertaken not to sell or otherwise transfer or dispose of their shares in the Company. The transfer restrictions are subject to customary restrictions and exemptions such as divestments in the context of the Offering, the acceptance of an offer to all shareholders of the Company in accordance with the Swedish takeover rules, sale or other divestment of shares as a result of an offer from the Company regarding the acquisition of own shares, or where a transfer of shares is required due to legal, administrative or judicial requirements. In addition, Carnegie and SEB may grant exemptions from the relevant undertakings, if deemed appropriate by Carnegie and SEB on a case by case basis, in which situations the shares may be offered for sale or other disposal. Upon expiry of the Lock-up Period, shareholders affected by lock-up undertakings may freely sell or dispose of their shares.
E.6	*Dilution*	The new share issue in connection with the Offering will at full subscription, and assuming an Offering Price established in the midpoint of the Price Range, result in an increase of up to 7,368,421 ordinary shares in the Company, corresponding to a dilution of approximately 7 percent of the number of shares and votes in the Company following the settlement of the preference share structure.
E.7	*Expenses charged to the investor*	*Not applicable.* No costs will be charged to investors in the Offering.

Risk factors

An investment in the Company's shares is associated with various risks. A number of factors affect, or could affect, the Group's operations, earnings and/or financial position, both directly and indirectly. Described below, in no particular order and with no claim to be exhaustive, are some of the risk factors and significant circumstances considered to be material for the Group's operations and future development. The risks described below are not the only risks to which the Group and its shareholders may be exposed. Additional risks that, as of the date of the Prospectus, are unknown to the Group or which the Group, as of the date of the Prospectus, considers to be immaterial may also adversely impact the Group's operations, earnings and/or financial position. Such risks could also cause the price of the Company's shares to fall significantly and investors risk losing part or all of their investment. In addition to considering carefully this section, investors should also fully consider other information in the Prospectus and should also consult, before making an investment decision with respect to the shares, their own financial, legal and tax advisers to carefully review the risks associated with an investment in the shares and consider such an investment decision in light of their personal circumstances.

The Prospectus contains forward-looking statements that may be affected by future events, risks and uncertainties. The Company's actual results could differ materially from those mentioned in the forward-looking statements due to several factors, some of which are beyond the Company's control.

Risks related to the Group and its market

Bygghemma Group's industry and operations are affected by the general economic climate and other macroeconomic effects

Bygghemma Group conducts business activities, primarily through sales online, in the Swedish, Norwegian, Finnish and Danish home improvement markets. The home improvement market and the Group's sales are dependent upon the health and stability of the general economy. Adverse changes in general economic conditions in Sweden and globally, such as periods of lower economic growth or recessions, inflation or deflation, a general downturn in the market and changes in the purchasing power of enterprises and consumers could affect demand for products that Bygghemma Group provides. Sales of many of the Group's product categories are driven by the activity level of home improvement projects. Economic fluctuations impact the new-build and renovation market, which may lead to waning interest in home improvement activities such as "Do It Yourself" ("**DIY**") or home furnishing and have an adverse effect on the Group's sales. If any of the above conditions were to materialise, this could have a negative effect on demand for Bygghemma Group's products and thereby materially and adversely impact the Group's operations, earnings and financial position.

Bygghemma Group operates in a competitive market

The Swedish, Norwegian, Finnish and Danish home improvement markets are highly competitive. The Group's competitors in the DIY segment can be divided into different types of categories and include, amongst others, online players such as BilligVVS and Buildor, traditional store chains such as Bauhaus, Byggmax, Kesko and Stark Group, home fixer chains such as ÖoB and Clas Ohlson and niche players and original equipment manufacturers ("**OEM**"). The Group's competitors in the home furnishing segment can be divided into different types of categories and include, amongst others, IKEA, online players such as Sleepo, Trendrum and Confident Living, store chains such as Mio, IDEmøbler and Sotka, and niche players such as Slettvoll and Svenssons i Lammhult. These groups of competitors primarily offer their products in stores or showrooms and, to varying extents, online. Bygghemma Group also risks new competition from domestic and international traditional or online companies, such as Amazon, that are, as of the date of the Prospectus, not active in Bygghemma Group's markets. Other examples of such potential competitors are general online retailers that have an established Nordic presence that decide to increase their sales in product categories that are also offered by Bygghemma Group, one of which could be the home furnishing segment. Additional examples are newly established companies, existing competitors in traditional markets or suppliers of the

Company that start focusing on the online market for DIY-products and home furnishing.

Bygghemma Group considers the main factors for competition to be online presence, product range, product availability, price strategy, customer service, payment solutions and credit services for customers, logistics solutions and services, store-keeping, the ability to advise customers and the location of stores or showrooms. The Group's competitors could pursue aggressive measures to increase their market shares, including creating new online sales channels, attempts to copy Bygghemma Group's concept and pricing products below acquisition cost to attract customers. There is a risk that Bygghemma Group will not be able to respond effectively and defend its position against such competition. Increased competition from existing and/or potential competitors could therefore lead to lower sales, profits and margins, which could materially and adversely impact the Group's operations, outlook, financial position and earnings.

Bygghemma Group's operations are dependent on development, access to, and availability of its IT systems and platforms

Bygghemma Group operates an online-first model and consequently, the Group devotes extensive resources to its technical platforms. The platforms used by Bygghemma Group form the foundation of the Group's IT infrastructure and are a vital part of the Group's future success. It is of utmost importance that the platforms are at all times available to the Group in order for the Group to continue to carry out its daily operations and maintain its sales volumes.

As of the date of the Prospectus, the Group primarily uses two different platforms which are not protected through patent or any other registrable intellectual property right held by the Group. One platform is developed by the Group itself and the Group claims exclusive rights, in the form of copyright, to the source code developed by the Group, which in turn is developed from open source code and integrated in the platform. The scope of the protection of such rights are difficult to define and there is a risk that the Group will be accused of infringement of a third party's intellectual property rights. If such claims were to be successful, third parties could be awarded the intellectual property that the Group uses (or previously used) or considers (or previously considered) as its own, which in turn could result in the Group being held liable for damages and being required to cease using such intellectual property. Furthermore, there is a risk that competitors or other third parties try to infringe or violate the Group's intellectual property. There is a risk that Bygghemma Group could fail to successfully defend itself from such acts. If Bygghemma Group must defend its intellectual property rights, it could also lead to substantial costs and it is difficult to predict the outcome of such disputes. Potential disputes could also require significant efforts from Bygghemma Group's board of directors or senior executives, which could adversely affect the Group's daily operations.

Apart from the Group's self-developed platform, the Group uses two platforms which are licenced from third parties. There is a risk that the Group may not be able to renew their license agreements with such third parties or that renewal can only be made on terms that are not beneficial to the Group. Bygghemma Group is also dependent on such third parties to continuously update and adapt their platforms to current and future technological developments and a failure in this regard may have an adverse impact on the reliability, functionality and availability of the Group's IT infrastructure.

As part of the Group's strategy to partly expand its business through mergers and acquisitions, the Group must, to a various extent on a case-by-case basis, ensure that acquired online platforms are duly integrated into existing platforms and/or IT infrastructure in order for the Group to benefit from expected synergies. Integration of acquired platforms may prove to be more resource- and time-consuming, restrain or restrict sales in the webstores to which the platform is attributable or more costly than initially expected. Such integration measures may also require hired expertise. There is also a risk that acquired platforms harm or damage existing platforms or cause an overall platform malfunction due to issues such as inherent incompatibility with other systems and/or platforms. Furthermore, there is a risk that acquired platforms cannot be integrated at all, which may require the Group to rebuild such platform, which in turn would expose the Group to additional costs.

If any of these issues were to arise, it could materially and adversely impact the Group's operations, outlook, financial position and earnings.

Interruption or operational disturbance in the Group's IT structure may have a material adverse impact on the Group's operations

The Group's historical success has to a great extent been dependent upon its IT infrastructure and the Company expects this to be the case also in the future. Customer-friendly, reliable, functional and available websites, as well as the Group's processes for integrating the Group's internal systems, such as the interoperability of various websites' with marketing and accounting systems, are of critical importance for the ability of the Group Companies to carry out their operations and maintain sales volumes.

In a typical order process, the customer's order and order processing, including communication with suppliers, are handled via various IT-systems. This applies both to sales online and to sales that are conducted in the Group's showrooms. Order processing is passed on to a payment service that is managed by an external party that has its own back-up system. Deliveries are managed through external couriers or postal services and the supply of goods offered by the Group are also managed through an IT system integrated with the suppliers' IT-systems. The Company's success and the quality of its services depends on the reliability, functionality, maintenance, operation and continuous development of the Group Companies' various IT-systems, including webstores, business systems for purchasing and sales, customer service, inventory management, economic activities and accounting, and marketing.

IT systems are normally provided by third parties and Bygghemma Group cannot itself control the quality and development measures taken by such third parties in order to keep the IT systems on a high functional level. Bygghemma Group is thus dependent on third parties to continuously improve and upgrade the IT systems in line with Bygghemmas Group's demand and expectations. Furthermore, Bygghemma Group must ensure that upgrades of third party IT systems, as well as acquired IT systems or platforms, are successfully implemented and integrated with existing systems and/or platforms. The outcome of such implementing and integrating measures affects, among other things, the possibility to complete customer sales and deliveries, and the successful integration of acquired businesses as well as the administration of inventories and accounts receivable.

A significant interruption or other type of operational disturbance to these IT systems could impact Bygghemma Group's general ability to conduct its operations, for example conducting efficient sales, marketing, invoicing and deliveries. There is also a risk that the Company's employees and other partners may not act in accordance with the Company's instructions and guidelines for ensuring adequate IT-security. In the event that Bygghemma Group falls short in providing its customers with products and services, Bygghemma Group may be liable. Furthermore, a part of the Group's IT structure is stored on, and based on information from, servers and cloud services. The operations of the Group Companies are dependent on the functionality and reliability of this storage media. There is a risk that the Group Companies will not have access to these servers and cloud services due to interruptions, malfunctions or for any other reason, which would have a material adverse impact on the Group's operation online and on their showrooms.

If Bygghemma Group were to experience infringements or other IT-related adverse affects relating to its IT-systems, including websites, webstores, servers and access to third parties, it could have a material adverse impact on Bygghemma Group's sales and Bygghemma Group's ability to carry out customer deliveries. Should any of the risks above materialise, it could materially and adversely impact the Group's operations, outlook, earnings and financial position.

Bygghemma Group may fail to adapt to technological developments

Because the online retail industry is characterised by rapid technological development, new developments may increase the competitive environment on the markets in which Bygghemma Group operates. The success of Bygghemma Group is dependent on its ability to continuously improve its technological platform and develop new applications for various platforms online. If Bygghemma Group fails to timely implement new technologies, customers could perceive the Group Companies' websites as less attractive compared to Bygghemma Group's competitors, thereby resulting in decreased sales and earnings.

Customers ordering products from mobile devices have increased significantly. In 2017, approximately 58 million visits on the Group's websites were made from mobile devices (mobile phones and tablets), representing approximately 63 percent of the total visits on the Group's websites. As new mobile devices and platforms are introduced it may cause difficulties to predict potential issues when developing or adapting mobile friendly websites and applications built on and for new mobile devices or platforms. Such adaption and development may require substantial investments and/or resources from Bygghemma Group's IT department and/or management.

Furthermore, operability is dependent on mobile operating systems, such as iOS and Android, and any changes in such systems may entail disadvantages as regards the functionality of Bygghemma Group's websites and benefits for competing websites. This may have a negative impact on Bygghemma Group's mobile offering, and result in lower traffic to Bygghemma Group's websites. If any of these risks were to materialise, it could material and adversely impact the Group's operations, outlook, earnings and financial position.

If realised, threats to data protection could significantly affect the Group's operations

A new Data Protection Law, the General Data Protection Regulation (EU) (2016/679) (the **"GDPR"**), has been adopted in the EU and will come into full force and effect as of May 25, 2018. The GDPR will then apply immediately throughout the EU and will (as regards Sweden) replace the Swedish Personal Data Act as regards the handling of personal data. Furthermore, the GDPR will be accompanied by a number of local laws making use of the so-called opener clauses which require or allow for local implementation of the GDPR (there will most likely be a new Swedish Personal Data Act in this regard). It is still uncertain precisely how the authorities in the countries where the Group operates will interpret and apply the regulations. The GDPR contains principles that as of the date of the Prospectus exist in the Swedish Personal Data Act (which is driven by the existing EU Data Protection Directive 95/46/EG), but there are additional new or amended provisions and principles. The GDPR also contains more stringent sanctions for failure to comply with its rules. Among other things, the supervisory authority is given the right to impose administrative fines of up to EUR 20 million, or four percent of a company's annual global turnover (whichever is higher), if certain rules are breached.

As a part of its business operations, Bygghemma Group handles large amounts of personal data on a daily basis. Bygghemma Group's measures to maintain the secrecy and integrity of personal data and protected information as well as the justification and lawfulness of the personal data handling as such could prove to be insufficient and it is therefore a risk for unlawful infringement or that personal data or protected information are being disclosed or handled in a way not compliant with applicable legislation in the jurisdictions in which Bygghemma Group operates or with the GDPR when it becomes applicable. There is a risk that Bygghemma Group's current assessment of being compliant with the GDPR could prove to be incorrect or insufficient, and any failure to comply with the GDPR when it comes into force could subject Bygghemma Group to litigation, civil or criminal penalties and adverse publicity as well as limitation of use of personal data required for the business as currently conducted that could have a material and adverse impact on Bygghemma Group's operations, financial position and earnings.

Further, as more and more companies are being targeted for sophisticated attacks by hackers, Bygghemma Group could also be held accountable if third-parties were to breach the Group's network security, including breaches from the employees of Bygghemma Group. This could also entail specifications related to other improper use of personal data, including unauthorised marketing. The Group could also be held accountable for incorrect information or for their integrity and data protection routines. Liability for misuse of personal data or inadequate routines or systems for handling such information could adversely impact the Company's earnings. Furthermore, failure to comply with data protection laws or security breaches relating to personal data could damage Bygghemma Group's reputation and cause the Company to be liable for damages, fines or other legal remedies, thereby resulting in increased costs and/or a loss of income. For example, it could entail significant costs for the Company in order to investigate and manage breaches and any subsequent consequences related thereto. The Company could also sustain damage to its reputation or the value of its brands could decline. If any of the above risks were to materialise, this could adversely impact the Group's operations, outlook, earnings and financial position.

The Company relies on third party payment solution providers

As of the date of the Prospectus, Bygghemma Group's payment platform offers various payment solutions tailored to meet customer behaviour and preferences. The payment methods offered by the Group comprise credit cards, debit cards and cash payment using third party online banking services. All payment services are provided externally by third party service providers such as Klarna Bank AB and Svea Ekonomi AB (which also offers payment services such as part payment, deferred payment or invoice). The range of payment solutions offered by Bygghemma Group entail risks relating to service outage in the payment process which could, if realised, adversely affect the conversion rate. Because payment is an integrated part of the overall experience in the purchasing process, the functionality of offered payment solutions will affect the customers' experience, and Bygghemma Group's reputation may be adversely affected if payment solutions do not correspond to customer expectations.

The payment methods offered by the Company, provided by third party service providers, may be subject to legislative measures, cyber attacks, and/or deceit from third parties. The Company is also exposed to risks relating to unauthorised or wrongly submitted purchase orders or payments, insufficient funds on customers bank accounts and fraud. For some payment solutions, Bygghemma Group also pays brokerage or other fees which can increase over time and result in increased operating expenses. Any negative changes as regards to payment terms could prolong the period under which the Company stands the risk for non-payment from customers who have already received their product. This could adversely impact the Company's liquidity. There is also a risk that payment solution providers terminate their agreements with the Company or refuse to renew them on terms acceptable to the Company, or at all. Furthermore, the Company could be unable to find other payment solution providers offering similar terms and conditions or within a reasonable time frame. If any of these risks were to materialise, it could materially and adversely impact the Group's operations, outlook, earnings and financial position.

Changes in the value of Bygghemma Group's goodwill as well as brands could adversely impact the Company's earnings

The Company has considerable intangible assets, the majority of which comprise goodwill and brands. Goodwill represents the difference between the cost for business combinations and the true value of acquired assets, assumed liabilities and contingent liabilities. As of 31 December 2017, the value of the Company's goodwill amounted to SEK 2,451.1 million and the value of the Group's brands amounted to SEK 784.5 million. Goodwill and brands have undefined useful lives and are therefore tested for impairment annually or as soon as indications arise that suggest that the asset in question has declined in value. Deviations from the Company's assumption of future growth and profitability could lead to impairment in conjunction with future tests concerning changes in goodwill and brand values, which could adversely impact the Group's operations, outlook, earnings and financial position.

The Company has undergone rapid growth in recent years but may not grow at the same pace, or at all, in the future

The Group's operations and number of employees has grown considerably from 2015 to 2017. Potential investors should not necessarily take Bygghemma Group's recent growth as an indication of future developments. Earlier growth has exposed, and future growth will expose, the Group's executive management, administration, IT system as well as operational and financial infrastructure to several challenges. Bygghemma Group's future success will partly rely on its ability to effectively manage growth. To manage the Group Companies' current operations and staff, which have grown in tandem with the Group, Bygghemma Group must continue to develop its operational, financial and management controls. If Bygghemma Group fails to effectively manage its growth, the Company could constrain the operational business plan, which could adversely impact the Group's operations, outlook, earnings and financial position.

As primarily an online player, the Company is mainly subject to its customers' confidence in and use of its online channel for buying home improvement products. When it comes to increasing its net sales, the Company is dependent on the trend of online sales increasing after a shift from traditional sales channels to online sales in the home improvement market. If the trend of increasing online sales and interest in home improvement should stagnate or regress (for example, due to a slow down in the trend of customers shifting from traditional sale channels to online retail) this could materially and adversely impact the Group's outlook, operations, financial position and earnings.

Bygghemma Group's growth may be constrained if the integration of businesses and operations acquired by the Company is unsuccessful

The Company's strategy involves both organic growth and growth through acquisitions by way of acquiring a company's shares or its assets. Bygghemma Group has historically financed its acquisitions through a combination of equity offerings and bank debt. The Company prefers to, which has also been the case historically, pay an initial payment when acquiring a majority share combined with an option to acquire the remaining minority shares. Sometimes, a performance based variable payment occurs (a so called earn out). Due to this preferred consideration structure, Bygghemma Group may from time to time have future payment obligations relating to acquisitions and there is a risk that such obligations, at the time of payment, may constrain liquidity and/or access to current funds.

From 2015 to 2017, the Company completed the acquisitions of the companies Chilli (asset purchase acquisition, chilli.se) (2015), Linoleumkompaniet AB (2015, wholly owned), Camola ApS (frishop.dk) (2016, equity acquisition of 70 percent), M & M Visions OY (talotarvike.com) (2016, wholly owned), FB Internet AB (furniturebox.se) (2017, wholly owned), Stonefactory Scandinavia AB (stonefactory.se) (2016, equity acquisition of 82.2 percent), the Danish group My Home Møbler (myhomemøbler.dk) (2017, equity acquisition of 89.2 percent of the holding company Inredhemma Danmark ApS which was established for the purpose of these acquisitions), Arredo Holding AB (arredo.se) (2017, wholly owned), Polarpumpen AB (polarpumpen.se) (2017, equity acquisition of 51 percent), Vitvaruexperten.com Nordic AB (2017, equity acquisition of 51 percent), WeGot AB (2017, wholly owned) and Frej Jonsson & Co AB (2017, wholly owned). Additional purchase prices entered as liabilities (deferred payments and earn-outs) amounted to SEK 249.6 million on 31 December 2017.

As stated above, the Company holds both wholly owned and partially owned entities. To the extent entities are not wholly owned, the other shareholders normally consist of founders and key employees within the business conducted by the entity in question. There is a risk that such shareholders may have a different view on how the respective companies in which they own shares should be conducted. Furthermore, the existence of such shareholders and the fact that deferred payments and earn outs normally are a part of the consideration for the acquisitions increases the risk for disputes and litigations which may be costly and time consuming for Bygghemma to resolve and could also have an adverse affect on the Company's reputation and the possibility to conduct future acquisitions. Under the acquisition agreements, the Company normally retains the right to acquire minority stakes at a certain point in time.

In the future, Bygghemma may acquire companies to supplement the Group's current product portfolio or to gain access to new markets and increase the Company's sales to selected customer categories and geographical markets. Bygghemma has evaluated, and expects to continue to evaluate, potential strategic transactions to support the Company's long-term strategy. There is a risk that the Company will be unable to find suitable candidates for acquisition, that the Company will be unable to complete acquisitions on acceptable terms and conditions, or at all, or that the Company may fail to recover the acquisition cost. There is also a risk that acquisitions may be regarded by the financial market or investors as something negative, for example if the consideration price is deemed too high or if the acquisition is not considered to be in line with the Company's overall strategy which in turn may affect Bygghemmas share price.

In addition, all acquisitions undertaken by Bygghemma Group could lead to difficulties in integrating personnel and operations from acquired companies and in retaining and motivating key employees from acquired companies. Acquisitions and integration of operations could disrupt Bygghemma Group's current business activities (including its IT-systems), entail obligations with respect to premises leased or held by the acquired business, increase Bygghemma Group's expenses and have a material negative effect on the Company's operations, operating income or financial position. Furthermore, future acquisitions could reduce Bygghemma Group's cash and cash equivalents and increase its indebtedness, and any of these risks could materially and adversely affect Bygghemma Group's operations, outlook, earnings or financial position.

The Company is dependent on the continued relationship with its suppliers

The Company focuses on selling home improvement products in the Nordic countries. Bygghemma Group operates an online-first business model where sales are predominantly made online. The Group Companies serve as a link between the suppliers and the customers. Purchases are made from several suppliers.

One of the Company's foremost competitive advantages is its broad product range, and as a result, the Company is dependent on its suppliers providing such a range. Some of the Group Companies rely on access to a restricted number of suppliers for the product range and can, in certain instances, sell only certain suppliers' products, thereby exposing the Group to a risk that these suppliers may start collaborating with the Group's competitors. Some Group Companies' reliance on individual suppliers also exposes the Group to a risk that these suppliers will exploit the possibility of influencing the terms of the agreements between the supplier and Group Companies to the suppliers' advantage. If Bygghemma Group fails to retain and/or extend its current supplier base, there is a risk that it could affect the ability to extend the current assortment of products and thus limit Bygghemma Group's growth potential.

The Group is also exposed to a risk that suppliers may change their strategies and circumvent the Group Companies by selling their products directly to the Group Companies' customers. The Group Companies' access to products could also be negatively affected should the suppliers run into financial difficulties or fail to comply with applicable laws, trade restrictions, exchange rates, transport capacity, costs and other factors that are beyond the Company's control.

Bygghemma Group is dependent on the success of its suppliers and on customer demand for Bygghemma Group's supplier products. The Company cannot control these factors. A downturn in demand for its suppliers' products that is not offset by an upturn in demand for other products that the Company offers could negatively affect the Company. All these factors could materially and adversely impact the Group's operations, outlook, earnings and financial position.

Bygghemma Group's business model is dependent on third party logistics companies to deliver goods to its customers

Transport companies are a type of service supplier on which Bygghemma Group is dependent in order to conduct its operations. Bygghemma Group uses several external logistics companies that deliver products directly from suppliers or from the Group Companies' warehouses to end customers. To a certain extent, the Company also uses the suppliers' own transport companies to deliver products to end customers. The Company depends on transport companies' and suppliers' logistics to deliver products on time and to ensure that suppliers and/or the Company, as applicable, have the products in stock for collection. If a transport company should terminate its relationship with Bygghemma Group, declare bankruptcy or for any other reason not be able to deliver ordered products to end customers, there is a risk that the Group Companies may be unable to deliver products within expected lead times. Furthermore, this could entail higher costs and a certain downtime for Bygghemma Group to find new suppliers of these services. Strikes, inclement weather, fire, natural disasters and other service disruptions that transport companies may experience affect the Group Companies' ability to deliver products on time. If any of these risk factors were to materialise, this could materially and adversely impact the Group's reputation, operations, outlook, earnings and financial position.

Bygghemma Group's or its suppliers' goods in stock could be damaged and materially affect the Company's ability to fulfil its obligations

Bygghemma Group uses a number of warehouses for furniture and other products that are operated by a third party. There is a risk that the suppliers' stock may be damaged, which could also lead to delayed deliveries. Damages to products in stock caused by fire, sabotage, natural disasters or similar accidents could have consequences for Bygghemma Group's ability to fulfil their customer obligations and entail considerable losses for the Company, which could materially and adversely impact the Group's operations, outlook, earnings and financial position. If the Group's own stock is damaged, Bygghemma Group could also suffer impairment losses and the Group Companies could be forced to arrange deliveries of products ordered directly to end customers from their suppliers, which could lead to delays and more costly deliveries. There is a risk that Bygghemma Group may not be able to pass on such an increase in costs to its customers and delayed deliveries could damage the Group Companies' reputation. If these risks were to materialise, it could materially and adversely impact the Group's operations, outlook, earnings and financial position.

Inability to retain and recruit senior executives and other key employees could adversely impact the Group's operations

The Group's success depends largely on senior executives and other key employees who have extensive industry experience and certain expertise working at Bygghemma Group. The Group's ability to identify and develop new business opportunities depends on these employees' insight and expertise regarding the DIY and home furnishing market. There is a risk that senior executives and other key employees terminate their employment at Bygghemma Group. If any senior executive or other key employee were to leave the Group, this could materially and adversely impact the Group's operations, outlook, earnings and financial position.

Should the Group be unable to recruit or retain senior executives and other key employees, this could have a negative effect on the Group's supplier and customer relations as well as the Group's ability to develop services and solutions, which could materially and adversely impact the Group's operations, outlook, earnings and financial position. Refer also to the risk factor "*Damage to the Company's reputation could lead to losses in sales or growth opportunities for the Company*".

The Company is dependent on its brands and other intellectual property rights

Bygghemma Group's brands, including the names of its webstores, domain names and proprietary information related to, among other things, the Group's IT platforms and systems, are some of the Company's key business assets. Strong recognition of Bygghemma Group's brands generates more traffic to the webstores and thus lower marketing costs. The Group incurs costs to establish, protect and maintain its brands. Should the Company fail to establish, manage and protect its brands, or should the Group be exposed to requirements related to brand names or intellectual property rights that limit the use of such brands and/or intellectual property rights or are associated with costs, this could materially and adversely impact the Group's operations, outlook, earnings and financial position.

Furthermore, the value of the brands could deteriorate due to customer complaints, impaired relationships with suppliers, or negative publicity related to the brand or Group Companies (including Bygghemma Group's websites, products, delivery times, return processes, customer data management, security practices or customer support, including online-based platforms such as blogs, evaluation services and website pages for social media). The value of the brands could also be adversely impacted by insufficient investments in marketing and sales support, or a lack of continuous development to keep marketing and sales support at a relevant level for the customer. Weaker visibility or brand strength or negative publicity could lead to higher marketing costs aimed at driving traffic to the Group Companies' websites and could adversely impact the Group's operations, outlook, earnings and financial position.

The Company also relies on its registered domain names and has established an online presence based on these domain names that customers recognise. A significant part of the visitors to Bygghemma Group's website comes from search engines, such as Google, and social media. Online presence and visibility are thus key components in order to generate traffic to the Company's website. Historically, search engines and other social media have from time to time changed the way in which websites are ranked when searched upon. There is a risk that search engines and other social media further change the way in which websites are ranked when searched upon, and this could in turn negatively affect the number of visitors to the Company's website. Furthermore, there is a risk that competitors or other third parties attempt to register domain names that are similar to the ones used by Bygghemma Group for purposes of benefiting from Bygghemma Group's market position.

In addition to the risk that the Company could be found to be in breach of another party's intellectual property rights and, subsequently, become involved in legal processes, it could prove necessary for the Company to initiate legal processes to protect its intellectual property rights, including its brands and its domain names. Legal processes involving intellectual property rights could, as with disputes in general, prove complicated and costly, and there is always a risk that the Company could lose such a process. If any of the above mentioned risks were to materialise, it could materially and adversely impact the Group's operations, outlook, earnings and financial position.

Dissatisfaction with Bygghemma Group's customer service could affect the Group's customer retention

A satisfied, loyal customer base is crucial to the Company's continued growth. Strong customer service and otherwise competitive customer offerings are critical customer satisfaction elements. It is vital that customer complaints, particularly regarding faulty or delayed home deliveries, are handled in a timely manner to the customers' satisfaction. Because the Group Companies often do not have direct contact with the customers when orders are placed, customer contact via the Group Companies' customer service units is paramount in maintaining continuous and favourable customer relations. The Group Companies answer customer inquiries and questions via email or phone. Customer service responses that are, or are perceived to be, unsatisfactory could harm customer satisfaction and loyalty. Customers' dissatisfaction with Bygghemma Group's customer service units could impact the Group Companies' ability to retain existing and attract new customers, which could materially and adversely impact the Group's operations, outlook, earnings and financial position.

Customer returns could increase as the online market for home improvement products is growing

When ordering products online, customers are normally entitled to return their product within a certain period of time. In Sweden, this right is derived from the Distance Purchase Agreements Act (2005:59) (Sw. *Lag (2005:59) om distansavtal och avtal utanför affärslokaler*) that entitles customers to return ordered products within at least 14 days. The return rate for the Group amounted to less than five percent in 2017. As the online market for home improvement products is growing, Bygghemma Group expects return rates to increase in the foreseeable future, partly due to a maturing customer base, but also as a result of misuse of the return right (i.e. customers that order several products with the intention to keep only one or a few products). This entails increasing costs as returned products, to a certain extent, must be handled manually. Bygghemma Group charges customers a fee to return products, but there is a risk that the return fee will not be sufficient to compensate Bygghemma Group's increasing costs as a result of higher return rates, which in turn could materially and adversely impact the Group's operations, outlook, earnings and financial position.

Complaints, warranties and claims regarding product liability could damage the Company and lead to cash pay-outs

The Company is exposed to complaints and claims in the event that products are damaged, faulty or incorrect when they are delivered. In some cases, it is impossible to determine if a product was damaged in stock or during delivery to the end customer. To the extent that the Company cannot transfer claims for reimbursement to its suppliers or transporters, Bygghemma Group could be liable to rectify or compensate the faulty products.

The Group Companies are exposed to product liability if their products cause personal or property damage, for example, if a product causes damage due to faulty construction, installation or if the Group's customer service provides erroneous instructions. Complaints and product liability as well as the risk thereof, could materially and adversely impact the Group's operations, outlook, financial position and earnings.

The Group Companies also grant customer warranties. Typically, warranty periods are long and claims could therefore arise several years after the sale. In such cases, there is no direct connection between the sale and potential warranty costs. There is a risk that the provisions made in the ongoing administration of warranties will prove to be insufficient. In such cases, this could materially and adversely impact the Group's operations, outlook, financial position and earnings.

There is a risk that the Company's insurance coverage may be insufficient, or may not be applicable, to cover potential contractual liability that could ultimately arise, or that such insurance coverage will not continue to be available on terms that are acceptable to the Company. A successful claim against the Group Companies that exceeds the now available insurance level could adversely impact the Company's earnings. Moreover, each claim, regardless of whether it is successful or if it is covered by the available insurance policy, can increase the amount of the Group Companies' insurance premiums and harms the Company's reputation, which, in turn, could materially and adversely impact the Group's operations, outlook, earnings and financial position.

Damage to the Company's reputation could lead to losses in sales or growth opportunities for the Company

The Company is dependent on its reputation. A company's reputation is critical in relation to both new and existing customers when buying goods and services. Issues regarding quality, operations or logistics, or losses of existing customers or suppliers, could damage the Company's reputation and consequently lead to difficulties in retaining customers or attracting new customers.

Because Bygghemma Group's products are purchased from different suppliers, it may be difficult for the Company to supervise where the products are manufactured and the conditions under which they are manufactured. Therefore, there is a risk that products could be manufactured in countries that are subject to international sanctions or contractual restrictions, that products could be manufactured under conditions that do not conform to the Company's code of conduct or that products may not fulfil product safety standards or environmental standards. Such circumstances under which Bygghemma Group's products are manufactured could further lead to disputes with third parties or authorities in countries where the products are manufactured, which could have a material adverse impact on the Group's operations, outlook, financial position and earnings.

In addition to generate traffic to, *inter alia*, the Group Companies' websites, the Company utilises, for example, search engine optimisation ("**SEO**"), search engine marketing ("**SEM**") and coordinates with affiliates. In the use of actions to generate online traffic the Company and its reputation are exposed to a risk that the Company will be linked to unwanted affiliates.

The Finnish customs service has alleged that CDON Alandia Ab, a subsidiary of Qliro Group, in breach of the rules, during the years 2008 to 2013 has sold goods over the Internet free of VAT from Aland, which is not part of EU's tax union, to Finland. On this basis there is an ongoing administrative court procedure between the Finnish tax authorities and CDON Alandia Ab. Furthermore, in each of their previous capacities as representatives and employees of CDON Group (now known as Qliro Group), Mikael Olander (President and CEO, Bygghemma) and Christian Eriksson (Head of Home furnishing, Bygghemma), as well as one non-executive individual who is, as of the date of the Prospectus, employed by Bygghemma Group, are subject to a preliminary investigation relating to aggravated tax fraud, and with respect to Mikael Olander, this also includes certain accountancy crimes relating to actions taken when setting up the sale structure at CDON Alandia Ab. The preliminary investigation concerns the period when Mikael Olander and Christian Eriksson held the positions as CEOs in CDON Alandia Ab. As far as the Company knows, as of the date of the Prospectus, none of the three individuals have been prosecuted. The investigation does not involve Bygghemma Group.

The investigation is solely a result of their previous positions as representatives for and employees of CDON with the exemption of certain personal liability allegations relating to actions taken by Mikael Olander when CDON was setting up the sale structure on Aland. Aside from this, there is no allegation that any of the three individuals have enriched themselves or acted negligent for personal gain.

As of the date of the Prospectus, there is also an ongoing administrative court procedure between CDON and the Finnish tax authorities. If this procedure concludes that CDON has not acted erroneous, the Company believes that it is likely that the prosecutorial investigation against the three individuals will be closed. Both the outcome of the administrative court procedure and the prosecutor's decision on a potential prosecution is expected during the first half of 2018. If the prosecutor decides to proceed to trial, the next step is to handle the case in the district court. The outcome in the district court may be appealed to a higher court instance. Hence, in such scenario, it will likely take long time before the final outcome is concluded.

There is a risk that the prosecutor will decide to prosecute one or more of the three individuals and that they may be subject to criminal liability, provided that it is shown that they have acted wilfully. All three individuals have stated that they, as representatives for CDON, acted in good faith regarding the sale of goods from Aland to Finland by, *inter alia*, relying on advice from well-reputed consultants and because the sale arrangement was approved by the CDON board of directors.

Based on the current information, the board of directors has full confidence in these individuals and does not expect to reconsider until there is a final and unappealable judgement from a competent court. In the event that one or more of the three individuals become subject to any serious penalty and/or sentence relating to these allegations, the Company may have to terminate one or all of their employments. If the employment of either Mikael Olander and/or Christian Eriksson is terminated, it could have a significant adverse impact the Group's operations, outlook, earnings and financial position and require the Company to activate its action plan regarding the composition of its executive management.

The Company also faces the risk that senior executives within Bygghemma Group could make decisions that contradict the Company's strategy, internal guidelines and policy documents. Furthermore, Bygghemma Group employees and other individuals closely related to Bygghemma Group as well as its customers and suppliers could perform acts that are unethical, criminal (such as crimes against current corruption and bribery laws) or otherwise breach applicable laws and rules, or the Company's internal guidelines and policy documents. For information about ongoing disputes, see also the risk factor "*Disputes, claims, investigations and processes could lead to the Group Companies having to pay damages or cease certain operations*".

If the media were to identify and report such circumstances, or if such circumstances were to become public knowledge or become known to Bygghemma Group's customers, this could adversely impact the Company's reputation. If the Company's, or other Group Companies', reputation were to be damaged, this could lead to the loss of sales or growth opportunities for the Group, which could adversely impact the Group's operations, outlook, earnings and financial position.

Consumer demand for home improvement products are seasonal

The Group Companies have a product mix comprising a variety of products for indoor and outdoor use. Sales of products for outdoor use, including outdoor furniture and gardening equipment, are affected by certain seasonal and weather variations. Deviations from normal weather conditions, such as unusually harsh weather, could negatively affect the Company's sales and earnings for different quarters. For example, an unusually severe or long winter or particularly rainy summer could have a negative effect in this regard. If weather variations were to be more extensive than usual, this could adversely impact the Group's operations, earnings and financial position.

The Company is exposed to risks regarding political decisions, laws and regulations that could adversely affect the Group's sales

Political decisions include changes in laws in those countries where Bygghemma Group conducts its operations and can adversely affect demand for the Group's products.

For example, actual and predicted changes in taxation and subsidies for homes and residential development, tax deductions available to citizens of Sweden for labour costs for repairs and maintenance as well as renovations and extensions (the "**ROT deduction**") and amendments in regulatory frameworks for loans when buying property, such as the discontinuation of deductibility of interest on mortgages and repayment requirements, could create a more volatile market and adversely affect the Company's capacity planning and the demand for Bygghemma Group's products. Moreover, any amendments in consumer rights legislation could have negative consequences for the Company due to higher liability to the customers.

Various obstacles to trade and import bans could affect Bygghemma Group's product range and ability to provide its customers with in-demand products. Since most of Bygghemma Group's sales occur online, the Group Companies could also be affected by amended laws and regulations regarding e-commerce, such as data security and personal data processing, as well as various payment solutions for online sales, which could lead to higher costs for the Company and affect possibilities for the Company to expand its business. All these risks could materially and adversely impact the Group's operations, outlook, earnings and financial position.

Political, social or economic instability in countries where suppliers are located could affect the Company's operations

The products that the Group Companies sell are manufactured by or purchased from the Group Companies' suppliers located in, inter alia, Europe and China. Political, social or economic instability in regions where the Group Companies' suppliers buy or manufacture products that the Group Companies sell could interrupt trade. Other events that could also cause interruptions in the supply chain include:

- introduction of trade laws or regulations;
- introduction of duties and other import and export fees;
- fluctuations in foreign currencies;
- natural disasters or other unfavourable events occurring at, or affecting, any of the Group suppliers' facilities;
- restrictions concerning the transfer of funds or equivalent;
- financial instability or bankruptcy by a manufacturer; and
- major labour conflicts, such as strikes.

Trade restrictions, including new or expanded duties or fees, embargos, sanctions, security measures and customs restrictions concerning the products that the Group Companies sell as well as foreign strikes and work stoppage or boycotts could, if they occur, increase costs or reduce the range of available products which, in turn, could materially and adversely impact the Group's operations, outlook, earnings and financial position.

The Company is exposed to currency exchange risks

Bygghemma's currency exchange risk is made up of the components transaction risk and translation risk. Transaction risk is the risk of the Company's earnings and cash flow being impacted when the value of foreign currency flows changes as exchange rates change. Normally, Bygghemma has a net inflow of NOK and DKK and a net outflow of USD and EUR. This means that the Company is constantly exposed to transaction risks. For 2017, all other variables being constant, a 10-percent change in exchange rates of the respective currency would have the following impact on profit before tax: SEK/EUR +/– SEK 28.6 million, SEK/USD +/– SEK 22.8 million, SEK/NOK +/– SEK 14.5 million and SEK/DKK +/– SEK 9.6 million.

Translation risk comprises the risk that arises when translating foreign subsidiaries' net assets into the reporting currency of SEK. Foreign subsidiaries are located in Denmark (DKK), Norway (NOK) and Finland (EUR). The Company is affected by the translation of foreign subsidiaries' income and balance sheets to SEK. As of the date of the Prospectus, these exposures are not hedged. Because the exchange rate for foreign currencies fluctuates in relation to the SEK, there is a risk that future changes in exchange rates could materially and adversely impact the Group's operations, outlook, earnings and financial position.

Increased raw material prices and other increased costs could have an adverse affect on the Company's earnings

Using sophisticated pricing tools, the Group Companies can continuously change the prices in their webstores. These price adjustments are based on competitor prices as well as on supply and demand for the Group Companies' products. The Group Companies strive to adjust their prices continuously in both their webstores and showrooms. The Company is exposed to fluctuations in exchange rates, market prices for certain raw materials used to manufacture products that the Group Companies sell, and the price of fuel used for distribution and transport of the products. There is a risk that such fluctuations lead to increased costs for the Company that it may not be able to pass on to its customers which could negatively affect the Company's margins and materially and adversely impact the Group's operations, outlook, earnings and financial position.

While the majority of Bygghemma Group's sales take place online, some of the Group Companies – mainly My Home, Furniturebox and Trademax – conduct sales in a number of showrooms. All these showrooms are leased premises. Inflationary adjustments may adversely affect these agreements, in which case will need to be terminated and renegotiated pursuant to Bygghemma Group's termination rights under these agreements. Consequently, changes in the rental market, such as increases in market rent levels, entail cost increases for the Company. Such rent increases could materially and adversely impact the Group's operations, outlook, earnings and financial position.

The Group Companies must also observe and comply with changes in tax legislation when buying or determining the price of certain products, such as the newly implemented chemical tax regulation in Sweden which subjects companies handling certain electronical products to an additional tax. Increases in these prices could affect the price that the Group Companies pay for their products and thereby the Group Companies' cost of goods sold, which, in turn, could negatively affect the Company's earnings if the Company cannot fully transfer these costs to its customers. Furthermore, labour shortages and wage costs in countries where the Company buys its products increase the Company's cost of goods sold. Such increased costs could materially and adversely impact the Group's operations, outlook, earnings and financial position.

The Company is exposed to financing and liquidity risks

Bygghemma and certain Group Companies will prior to the first day of trading on Nasdaq Stockholm enter into an agreement on a new financing arrangement with SEB as lender of a total amount of approximately SEK 1,100 million (nominal amount). The finance agreement is conditional upon the Offering being completed. The new finance agreement contains, inter alia, customary obligations to maintain certain financial ratios relating to leverage and interest coverage. The new finance agreement also include other customary obligations and undertakings. The Company's ability to pay its debts, otherwise fulfil its obligations in accordance and compliance with the terms of the new finance agreement described above and any future finance agreements, and its ability to refinance the Company's loans and make payments under and in accordance with other obligations depends on the Company's future earnings. Some aspects of the Company's future earnings depend on economic, financial and competitive factors as well as those beyond the Company's control. If the Company and/or relevant Group Companies does not fulfil its obligations in accordance with the terms of the credit agreements, or is in breach of the financial covenants, this could materially and adversely impact the Group's operations, outlook, earnings and financial position as well as the Company's ability to receive further financing should it be necessary.

Disputes, claims, investigations and processes could lead to the Group Companies having to pay damages or cease certain operations

The Swedish Consumer Ombudsman has brought action against the Company's subsidiary, TM Helsingborg AB concerning an alleged violation of the Swedish Marketing Act relating to misleading marketing using undue specific marketing terms in connection with offers online. TM Helsingborg AB has disputed the claim. As of the date of the Prospectus the dispute is ongoing. The Swedish Consumer Ombudsman is claiming a market disruption penalty fee of SEK 10 million. A negative outcome of the proceedings may lead to market disruption penalty fee or other sanctions and/or require that the Group change its marketing methods and/or strategy which could have an adversely and a material impact on the Company's financial position or profitability.

In general, disputes, claims, investigations and processes could be time-consuming, interrupt normal business activities, entail substantial damages and lead to considerable costs. Moreover, it may be difficult to predict the outcome of complex disputes, claims, investigations and processes. Future disputes, claims, investigations and processes could materially and adversely impact the Group's operations, outlook, earnings and financial position.

The Company is exposed to insurance-related risks

Insurance risks refer to the costs that the Company could incur due to insufficient or inapplicable insurance coverage for products, property including leased premises, disruptions, liability, legal and administrative procedures, environment, transport, life and pensions. The Company has insurance policies for Bygghemma Group to the extent that it is deemed justified for business purposes. There is a risk that the scope of the Company's insurance coverage could prove to be insufficient or inapplicable in the event of claims for liability. If these risks were to materialise, it could materially and adversely impact the Group's operations, outlook, earnings and financial position.

Bygghemma Group's financial targets may deviate significantly from the Company's actual earnings and investors should not place undue reliance on them

The financial targets presented in the Prospectus and elsewhere reflect the Company's expectations regarding growth, profitability, capital structure and dividend targets. They are based on a number of assumptions which, in turn, are associated with considerable risks related to, among other things, the business, operations, the economy, many of which are beyond the control of the Company. The Company has based these targets on detailed assumptions that executive management and board members have applied when setting the targets. There is a risk that these assumptions may not, in future, reflect the commercial, regulatory and economic environment in which Bygghemma Group operates. Consequently, the actual outcome could differ from the assumptions that were made. In addition, unforeseen events could adversely impact the Company's actual future results, regardless of whether the assumptions prove to be correct or not. As a result, the Company's actual outcome could materially deviate from these targets. Should the Company fail to achieve its financial targets, this could materially and adversely impact the Group's operations, outlook, earnings and financial position.

Risks related to corporate governance and corporate social responsibility ("CSR")

Bygghemma Group has implemented a CSR policy and a code of conduct policy, which have been prepared to clarify the Group's responsibility for the impact its decisions and activities have on the surrounding areas and environment. The code of conduct applies to all employees in the Group, both in Sweden and abroad, and to suppliers and their sub-suppliers.

According to the CSR policy and the code of conduct respectively, Bygghemma Group is to actively consider its values and avoid involvement in activities that in any way violate these. All managers in the Group are expected to take responsibility to ensure that their employees read, understand and behave in accordance with both the content and intention of the code of conduct. Conduct and behaviour that does not comply, or that can be perceived as not complying, must be reported to the closest manager in accordance with the applicable whistleblowing policy. There is a risk that individuals within Bygghemma Group make decision or act in a way not compliant with the Group's strategies, internal guidelines and/or policy documents. Such decisions or acts could be of unethical or criminal nature (for example crimes against anti-corruption or bribery acts or internal fraud). Furthermore, all the Group Companies' suppliers have agreed to comply with the Group's code of conduct and there is a risk that one or several suppliers acts in conflict with such rules, forcing the relevant Group Company to terminate its agreement with the supplier. A breach of the code of conduct by suppliers could also have a negative impact on the Group's reputation in the market. If Bygghemma Group's policy documents, internal controls or other measures taken by the Company in order to ensure compliance with applicable laws and regulations, internal guidelines or policy documents, prove to be insufficient or if any employees or suppliers or other third parties that the Company relies on, conduct any breach of laws, regulations, the Company's CSR policy and/or code of conduct, Bygghemma Group may be subject to sanctions from authorities and its reputation may be adversely affected, which could materially and adversely impact the Group's operations, outlook, earnings and financial position.

The Company is exposed to interest rate risks

Interest rate risk refers to the risk that financial income and expenses as well as the value of financial instruments could fluctuate due to changes in market rates. Interest rate risks could lead to changes in market values and cash flow as well as fluctuations in Bygghemma Group's profit. The Company is exposed to interest rate risks, primarily through its non-current loans with variable interest rates. The Company's policy states that interest-bearing liabilities should have variable interest rates, but Bygghemma Group can, in accordance with policies adopted by the Company's board of directors, sign agreements or enter into other arrangements to manage its exposure to interest rate risks. It is not certain that future interest rate hedging will fully protect the Group from the negative effects of interest rate fluctuations. Moreover, the Group's interest rate hedging depends on the accuracy of its assumptions and forecasts.

In addition, the Group is indirectly affected by changes in the market interest rates in the countries where the Group offers its products. If the general market interest rates increase, it will normally have a general restraining effect on the housing prices. If the overall housing prices decrease or stagnate, or if the general public is expecting the house prices to decrease or stagnate due to pending market interest rate increases, it may also affect house and apartment owners incentives and interest in renovating their homes. As an effect of the above, increased market rates in the countries where Bygghemma Group operates, may have an adverse impact on the demand for Bygghemma's products, which in turn could materially and adversely impact the Group's operations, outlook, financial position and operating income.

Changes in accounting standards may adversely impact Bygghemmas' financial statements

The Bygghemma financial statements are affected by changes in IFRS as adopted by the EU, applicable from time to time. In the future Bygghemma's accounting, financial statements and internal control may be affected by changes in the application and interpretation of such accounting standards.

For example IFRS 16 (Leases) which is effective as of 1 January 2019, replacing the current standard IAS 17, will impose new requirements regarding the measurement, presentation and disclosure of leases, for Bygghemma as a lessee. Application of IFRS 16 will result in almost all leases being recognized on the balance sheet, as the distinction between operating and finance leases is removed. Under IFRS 16, an asset (the right to use the leased item) and a financial liability regarding the future rental payments are recognized. The only exceptions to this are for short-term and low-value leases. Instead of recognizing a rental expense, the profit or loss will be affected by an amortisation of the asset and an interest expense related to the liability. The main effect on the financial statements will be an increase in assets and liabilities and related KPIs as well as an effect on income statement related KPIs such as EBITDA. The calculations of the effect at transition or choice of transition method has not been made. As an effect of the above, there is a risk that the implementation of IFRS 16, or other changes that is being made to IFRS, could materially and adversely impact the Group's operations, outlook, earnings and financial position.

The Company is exposed to tax related risks

The Company conducts its operations, calculates its taxes and determines the scope of deferred tax assets in the accounts in accordance with its interpretation of current tax laws in Sweden, and in other countries where the Group operates. There is a risk that the Company's interpretation and application of current laws, regulations, legislative provisions based on court practices and relevant tax authorities' administrative practices have not been or will not be correct in future or that such laws, regulations, legislative provisions or practices will be amended, possibly with retroactive effect. There is a risk that the tax authorities in the relevant countries could arrive at decisions that differ from the interpretation made by the Company. The tax authorities could have a different opinion than the Company, particularly in regard to transactions between Group Companies in different countries (so-called transfer pricing). If these risks were to materialise, they could materially and adversely impact the Group's operations, outlook, earnings and financial position.

As of 31 December 2017, Bygghemma Group's deferred tax assets amounted to SEK 15.5 million. Existing deferred tax assets attributable to tax losses that have been transferred from previous periods which may be deducted against future profits of SEK 13.9 million and temporary differences of SEK 1.6 million. As of 31 December 2017, Bygghemma Group had an outstanding balance of SEK 71.6 million in deficits from previous periods, of which SEK 62.3 million was accounted for in the balance sheet as a deferred tax asset. The Company has informed relevant tax authorities regarding their losses from previous periods, but there is a risk that the Company will not be able to utilize such deficits to offset taxable income in coming periods.

Furthermore, on 20 June 2017, the Swedish government has submitted a memorandum for referral proposing, as a general rule, a limitation of internal and external interest deductions for companies. The final proposal suggests that the deduction for negative net interest income shall be limited to either (i) 35 percent of the fiscal EBIT or (ii) 25 percent of the fiscal EBITDA. These rules are suggested to be implemented on 1 July 2018 and put into practice the fiscal year starting after 30 June 2018. If these rules are implemented and if Bygghemma Group's negative net interest income comprises a significant part in relation to the business fiscal EBIT or EBITDA, or if any other limitation regarding interest deduction is implemented in Sweden, Bygghemma Group's tax expenses may increase which could materially and adversely impact the Group's operations, outlook, earnings and financial position.

The Group has partially grown through acquisitions. Acquisitions generally entail exposure to both current and future tax positions in relation to the object of the acquisition, which could materially and adversely impact the Group's operations, outlook, earnings and financial position.

The Company has carried out a number of new share issues, including to enable ownership for the board of directors, management, key persons and employees. The new share issues have been resolved by the shareholders' meetings and board of directors at estimated market value, but there has been no valuation by an independent third party. If the Swedish Tax Authority would be of the opinion that the shares were acquired at a value below market value, there is a risk that the difference is deemed to be a benefit for the purchaser entailing an obligation for the Company to pay social security costs on the same amount. There is also a risk that the Swedish Tax Authority in such situation, considers that a tax penalty fee shall be applied on the additional social security costs.

If these risks were to materialise, they could materially and adversely impact the Group's operations, outlook, earnings and financial position.

Risks related to the Offering

An active, liquid and functioning market for trading in the Company's shares may not emerge and the share price may prove volatile and potential investors may partly or completely lose their investment

Prior to the Offering, there was no public trading market for the Company's shares. There is a risk that an active, liquid trading market will not develop or, if it should, that it will not persist after the Offering is completed. The Offering Price will be determined through a book-building procedure and will consequently be based on demand and overall market conditions. The Offering Price will be determined by the board of directors and the Principal Owners in consultation with the Managers. This price will not necessarily reflect the price that investors in the market will be willing to pay to buy and sell the shares after the Offering. There is a risk that upswings and downturns will occur as regards prices and volumes, that have no relation to, or that is disproportionate in relation to, the Company's earnings and that are beyond the Company's control. General economic and industrial factors could have a material impact on the price of the Company's shares, regardless of its actual earnings. These fluctuations could be even more pronounced in share trading shortly after the Offering.

The trading market for the shares may also be influenced by the research reports that industry or securities analysts publish about the Company or its industry. If one or more of the analysts who cover the Company or its industry, downgrades its recommendation, the market price of the shares may fall. If one or more of the analysts ceases to cover the Company or fails to publish research reports about the Company on a regular basis, the Company may lose visibility in the financial markets, which could have an adverse impact on the liquidity in the Company's shares.

The above means that there is a risk that investors will be unable to resell the shares at a price corresponding to or exceeding the Offering price. Investors who buy shares in the Offering or the secondary market could subsequently lose part or all of their investment.

The sale of shares by existing shareholders, or the perception that such sales could occur, could reduce the market price of the shares

The market price of Bygghemma's shares could decline in the event of substantial sales of shares in the Company, particularly sales by the Company's board members, senior executives and major shareholders, or if a large number of shares are sold. The Principal Owners, shareholding board members, senior executives and employees in the Company who will continue to own shares subsequent to the Offering have, subject to certain exemptions and for a certain period of time after the first day of trading, 180 days for the Principal Owners and 360 days for shareholding board members, senior executives and employees in the Company who will continue to own shares subsequent to the Offering (as applicable, the "**Lock-up Period**"), undertaken not to sell or otherwise carry out any transaction with the same effect. Even if lock-up undertakings limits the possibilities for shareholders who are subject to such lock-up to sell their shares under the Lock-up Period, Managers may together and at any time, in their sole discretion, decide to disregard such limitations regarding the transfer of shares during the Lock-up Period. Upon expiry of relevant Lock-up Period, shareholders affected by the Lock-up Period may sell their shares in Bygghemma. Sales of substantial amounts of Bygghemma shares by the Principal Owners or other Bygghemma shareholders, or the perception that such a sale may occur, could have an adverse effect on the market price of the shares.

Following the Offering, the Principal Owners will continue to have significant influence over the Company and could delay or prevent changes in control of the Company

Based on the assumption that the Overallotment Option is fully exercised, the Principal Owners will own a total of 44.1 percent of the shares in the Company after the completion of the Offering (assuming that the Offering is fully upsized and subscribed and assuming an Offering Price corresponding to the midpoint of the Price Range of SEK 47.50). This means that the Principal Owners will continue to have significant influence over the outcome of matters submitted to the Company's shareholders for approval, including the election of board members, possible mergers, consolidations or the sale of all, or nearly all, of the Company's assets.

The Principal Owners' interests may not be aligned with the Company's interests or those of the other shareholders, and the Principal Owners could exercise influence over the Company in a manner that does not promote the best interests of the other shareholders. For example, a conflict could arise between the interests of the Principal Owners and the interest of Company or its other shareholders in regard to decisions concerning dividends. Such conflicts could adversely impact the Company's operations, earnings and financial position.

The Company's ability to pay dividends to its shareholders is dependent on the Company's future earnings, financial position, cash flow, working capital requirements, capital expenditures and other factors

Bygghemma has adopted a dividend policy stating that when free cash flow exceeds available investments in profitable growth, and under the requirement that the capital structure target is met, the surplus will be distributed to shareholders. The size of a potential dividend to the Company's shareholders, should such a dividend be paid, will depend on several factors, including future earnings, fulfilment of financial targets, financial position, cash flow, working capital requirements, capital expenditures and other factors. There is a risk that the Company may not have sufficient funds to make dividend payments and the Company's shareholders may not decide to approve dividend payments in the future.

Differences in currency exchange rates could adversely affect the value of shareholdings or dividends

The Company's shares will be listed only in SEK and potential dividends will be paid in SEK. This means that shareholders whose principal currency is not SEK will experience a negative effect on the value of their shareholdings and dividends when they are converted to other currencies if SEK decreases in value against their principal currency.

Shareholders in the US or other countries outside Sweden may be excluded from future cash issues

If the Company issues new shares against a contribution in cash, shareholders generally have preferential right to subscribe for new shares proportionally to the number of shares held prior to the issue. However, certain shareholders not residing in Sweden may be subject to restrictions that prevent them from participating in rights issues or otherwise make participation difficult or limited. For example, shareholders in the US may be unable to exercise preferential rights if the shares and subscription rights are not registered under the Securities Act and no exemption from the registration requirement is available. Shareholders in other jurisdictions outside Sweden could be similarly affected if the subscription rights or new shares are not registered or approved by the relevant authorities in these jurisdictions. The Company is not obliged to file a registration statement under the Securities Act or apply for similar approvals under the laws of any other jurisdiction outside Sweden in respect of any subscription rights or shares, and doing so in the future could be impractical and costly. To the extent that the Company's shareholders in jurisdictions outside Sweden are unable to exercise their rights to subscribe for new shares in any future rights issues, their proportional interests in the Company will be diluted.

Future issues of shares or other securities in the Company could dilute shareholdings and affect the price of the shares

The Company could, in future, decide to offer more shares or other securities in the Company to finance new capital-intensive projects, in conjunction with unforeseen obligations or costs or for other purposes. Any additional offerings could reduce the proportional ownership and voting rights for the Company's shareholders, earnings per share and net debt per share in the Company and adversely impact the market price for the shares.

Investors' rights as shareholders of the Company will be governed by Swedish law and may differ in some respects from the rights granted to shareholders in other companies under the laws of other jurisdictions

The Company is a Swedish public limited liability company organised under the laws of Sweden. The rights of holders of the Shares are governed by Swedish law and by the Company's articles of association. These rights may differ in material respects from the rights of shareholders in companies organised outside of Sweden.

Investors may not be able to recover in civil proceedings for U.S. securities laws violations

The Company's directors and members of senior management may not be resident in the jurisdiction of investors and the Company's assets and the assets of its directors and senior executives may be located outside the jurisdiction of investors. As a result, it may be difficult for investors to prevail in a claim against the Company or to enforce liabilities predicated upon the securities laws of jurisdictions outside of the Nordic region and, in general, for investors outside of the Nordic region to serve process on or enforce foreign judgments against the Company, its directors or its senior executives. In addition, there is uncertainty as to the enforceability in the Nordic region of original actions or in actions for enforcement of judgments of U.S. courts of civil liabilities predicated solely upon the federal securities laws of the U.S.

Cornerstone Investors' undertaking is not secured

The Cornerstone Investors have undertaken to acquire shares in the Offering corresponding to a total of SEK 250 million. Assuming that the Offering is fully subscribed, the Overallotment Option is fully exercised and the Offering Price is set at the middle of the price range (SEK 47.50), the undertaking is for 5,263,157 shares, corresponding to 13.1 percent of the number of shares included in the Offering and 4.9 percent of the total number of shares in the Company after the Offering. However, the Cornerstone Investors' undertaking is not secured through bank guarantees, blocked funds, pledged collateral or similar arrangements. Consequently, there is a risk that the Cornerstone Investors will be unable to fulfil their undertaking. Moreover, the Cornerstone Investors' undertaking is conditional. In the event that any of these terms are not fulfilled, there is a risk that the Cornerstone Investors will not fulfil their undertaking, which could have a negative effect on the implementation of the Offering.

Risks related to special US tax rules for US shareholders

In general, if at least 75 percent of the Company's gross income for any tax year comprises passive income or at least 50 percent of the average quarterly value of assets that can be attributed to assets that produce passive income or that are held for the production of passive income, including cash balance, the Company will be classified as a passive foreign investment company ("**PFIC**") for federal tax purposes in the US. For purposes of these tests, passive income includes dividends, interest, gains from the sale or exchange of investment property, and rents and royalties (excluding rents and royalties received from unrelated parties in connection with the active conducting of trade or business). Bygghemma does not believe the Company was characterised as a PFIC for the 2017 tax year. If Bygghemma is characterised as a PFIC for 2018 or any following year, US shareholders may be subject to adverse tax consequences, including gains on the sale of the Company's ordinary shares being treated as ordinary income rather than capital gains, the loss of the preferential rate applicable to dividends received on the Company's shares by individuals who are US shareholders, and being charged with interest expenses for dividends on shares in the Company and the proceeds of share sales. Since PFIC status depends on the composition of the Company's income and the composition and value of its assets, which may be largely determined by reference to the market value of the Company's shares, which may, from time to time, be volatile, the Company may be considered a PFIC for any taxable year. PFIC status is determined at the end of the tax year. If the Company is classified as a PFIC, then this will normally continue to apply for existing US shareholders in future tax years. Prospective US investors should discuss the issue of the Company's possible status as a PFIC with their tax advisors.

If a United States person is treated as owning (directly, indirectly or constructively) at least 10 percent of the value or voting power of the Company's shares, such person may be treated as a "United States shareholder" with respect to each "controlled foreign corporation" in the Company's group (if any). A United States shareholder of a controlled foreign corporation may be required to annually report and include in its U.S. taxable income its pro rata share of "Subpart F income", "global intangible low-taxed income" and investments in U.S. property by controlled foreign corporations, whether or not the Company makes any distributions. An individual that is a United States shareholder with respect to a controlled foreign corporation generally would not be allowed certain tax deductions or foreign tax credits that would be allowed to a United States shareholder that is a U.S. corporation. A failure to comply with the foregoing obligations may subject you to significant monetary penalties and may prevent the statute of limitations with respect to your U.S. federal income tax return for the year for which reporting was due from starting. The Company cannot provide any assurances that it will assist investors in determining whether any of its non-U.S. subsidiaries is treated as a controlled foreign corporation or whether any investor is treated as a United States shareholder with respect to any of such controlled foreign corporations, or furnish to any United States shareholders information that may be necessary to comply with the aforementioned reporting and tax paying obligations. United States investors should consult their own tax advisors regarding the potential application of the foregoing rules to its investment in the Company's shares.

Offering to acquire shares in Bygghemma Group First AB (publ)

In order to facilitate Bygghemma Group's continued growth and development, the Company and the Principal Owners have decided to diversify the Company's shareholder base. Accordingly, the board of directors has applied for the Company's shares to be admitted to trading on Nasdaq Stockholm.

On 21 February 2018, Nasdaq Stockholm's Listing Committee decided to admit the Company's shares to trading subject to certain conditions and customary requirements, including the condition regarding the distribution of the Company's shares, are fulfilled no later than by the first day of trading, which is expected to be 27 March 2018.

Investors are hereby offered to acquire a maximum of 30,018,931 shares, of which the Company offers up to 7,777,777 newly issued shares and the Principal Owners offer 22,241,154 existing shares.

The final price in the Offering (the "**Offering Price**") will be determined through a book-building process and set by the board of directors of Bygghemma Group and the Principal Owners in consultation with the Managers, and will be established within the price range SEK 45 – 50 (the "**Price Range**"). The Price Range have been established by the Company's board of directors and the Principal Owners in consultation with the Managers, based on the considered interest to invest shown by institutional investors. The Offering Price is expected to be made public around 27 March 2018.

At the extraordinary general meeting to be held on 26 March 2018, the Company intends to resolve on the final terms of the new share issue, which is expected to provide Bygghemma Group with approximately SEK 350 million before issue costs, with a minimum of 7,000,000 shares and a maximum of 7,777,777 shares, depending on the subscription price established within the Price Range of SEK 45 – 50. Based on the Offering being fully subscribed and a final Offering Price equal to the midpoint of the Price Range, SEK 47.50, the Company's share capital (following the Offering) will amount to SEK 3,221,053 divided into 107,368,421 shares, of which the newly issued shares in the Offering represent approximately 7 percent.

The Principal Owners offer 22,279,239 existing shares, which, based on a full subscription in the Offering and an Offering Price corresponding to the midpoint of the Price Range, SEK 47.50, represents approximately 21 percent of the total number of shares. The Principal Owners have reserved the right to extend the Offering by up to 5,368,419 shares, assuming the Offering Price corresponding to the midpoint of the Price Range. If the Principal Owners extend the Offering in full, the Offering will correspond to approximately 5 per cent of the total number of shares.

The Principal Owners will provide an option to the Sole Global Coordinator, as a representative for the Managers, which can be utilised in whole or in part for 30 days from the first date of trading in the shares on Nasdaq Stockholm, to acquire additional existing shares from the Principal Owners, equal to 15 percent of the maximum total number of shares encompassed by the Offering, to cover any overallotment in connection with the Offering (the "**Overallotment Option**"). Provided that the Offering is fully subscribed and the final Offering Price corresponds to the midpoint of the Price Range, the Overallotment Option will entail the right to purchase an additional maximum of 5,252,410 shares from the Principal Owners, corresponding to 15 percent of the maximum total number of shares encompassed by the Offering.

Provided that the Offering is fully subscribed and that the Overallotment Option is exercised in full, and taking into account the settlement of the current share structure and that the final Offering Price established corresponds to the midpoint of the Price Range, SEK 47.50, the Offering encompasses a maximum of 40,268,489 shares, which represents approximately 37.5 percent of the shares and votes in the Company.

The total value of the Offering, based on the Price Range of SEK 45–50, amounts to approximately SEK 1,832–1,993 million if the Offering is fully subscribed and the Overallotment Option is exercised in full and taking into account the settlement of the current share structure.

Malmö, 14 March 2018

Bygghemma Group First AB (publ)

The Board of Directors

Background and reasons

Bygghemma Group is the leading online provider of home improvement products to consumers in the Nordic region.[1] The Company offers its customers a broad[2] product assortment at competitive prices with convenient home delivery. Sales are predominantly made online and most orders are delivered directly from the supplier to the end customer.

Bygghemma Group was founded in Sweden in 2006 as an online-based provider of DIY products from well-known external brands, mainly through direct deliveries to the consumers. The majority of the current management team have worked in Bygghemma Group since 2012 and 2013 with the aim to accelerate the Company's growth in the Nordic region. In the following years, significant investments were made to support online market leadership in Nordic home improvment products. In 2017, Bygghemma Group reported net sales of SEK 4.0 billion and adjusted EBITA of SEK 197.0 million, corresponding to an adjusted EBITA margin of 5.0 percent.[3] Net sales pro forma for 2017 was SEK 4.4 billion.[4]

The business concept of the current Principal Owners of Bygghemma Group, is to acquire and develop unlisted companies. During the Principal Owners' ownership period, the Company have implemented several important strategical initiatives, carried out add-on acquisitions and strengthened the Company's market position. All in all, this has lead to that the targets set up at the Company's formation has been surpassed. The board of directors and the management of Bygghemma Group, together with the shareholders, believe that it is now an appropriate time to broaden the shareholder base and to apply for a listing of the shares on Nasdaq Stockholm. The Offering and the listing is expected to support future growth, provide the Company with improved access to capital markets and a diversified base of new Swedish and international shareholders. Bygghemma Group also expects that the listing on Nasdaq Stockholm will promote broader awareness of the Company among customers and suppliers. The Principal Shareholders' shareholding following the Offering also gives them an opportunity to participate in the continued development of Bygghemma Group.

The Offering comprise the sale of both existing shares and new shares. Bygghemma Group expects to receive proceeds of approximately SEK 350 million, before deduction of approximately SEK 29 million in transaction costs to be paid by the Company in relation to the Offering. Consequently, through the Offering, Bygghemma Group expects to obtain net proceeds of approximately SEK 321 million. Bygghemma Group intends to use the net proceeds to repay current outstanding debt and thereby reduce its financial leverage and align it with the Company's financial target for its capital structure. Bygghemma Group will not receive any proceeds from any sale of existing shares.

In addition, reference should be made to the full particulars of the Prospectus, which has been prepared by the board of directors of Bygghemma Group in connection with the application for listing of the shares on Nasdaq Stockholm and the Offering made in connection therewith.

The board of directors of Bygghemma Group is responsible for the contents of the Prospectus. It is hereby assured that all reasonable precautionary measures have been taken to ensure that the information contained in the Prospectus, as far as the board of directors is aware, corresponds to the facts and that nothing has been omitted that would affect its importance.

Malmö, 14 March 2018

Bygghemma Group First AB (publ)

The Board of Directors

The board of directors of Bygghemma is solely responsible for the content of the Prospectus in accordance with what is stated herein. However, the Principal Owners confirm the restrictions of the terms and conditions of the Offering.

Stockholm, 14 March 2018

The Principal Owners

[1] The Company's assessment supported by analysis carried out by Arthur D. Little based on revenues within the Nordic online home improvement market during 2016. Calculations are based on publicly available information, such as annual reports and estimates on market size and share of online sales. The analysis excludes VAT. Bygghemma Group includes sales from the following companies: Bygghemma (Sweden, Norway, Denmark), Chilli (Sweden, Norway), Trademax (Sweden, Norway, Denmark, Finland), United Web, Stonefactory, Linoleumkompaniet, Kodin1, Taloon, Netrauta, Talotarvike, Polarpumpen, Vitvaruexperten, Golvpoolen, Furniturebox, My Home, Frej Jonsson and WeGot.

[2] Based on a product range comprising approximately 250,000 products available for sale in the DIY segment and about 50,000 products available for sale in the home furnishing segment.

[3] For a complete description of the Group's performance measures, refer to section "*Selected historical financial information – Alternative performance measures not defined in accordance with IFRS*".

[4] For a full description of the Company's pro forma financial statements, refer to section "*Pro forma financial statements*".

Market overview

The Prospectus contains information about the Company's markets. Unless stated otherwise, the information is based on the Company's analyses, own market information and an external market study with market information by the international strategy consultants Arthur D. Little based on a report dated 30 November, 2017. Bygghemma Group has commissioned the report and believes it to be reliable. As part of its research for the report, Arthur D. Little received market and company information from Bygghemma Group. As the Company does not have access to all the facts and assumptions which form the basis of market information referred to in the Prospectus, nor statistical information and economic indicators in these third-party sources, the Company cannot verify such information and, although the Company is of the opinion that the information is reliable, the Company cannot guarantee its accuracy or completeness. As far as the Company is aware, and can ascertain by comparison with other information published by such sources, no information has been omitted that could render the reproduced information inaccurate or misleading.

Forecasts and forward-looking statements in this section do not constitute a guarantee for future outcomes, and actual events and circumstances could differ significantly from current expectations.

Introduction

Bygghemma Group is the leading online provider of home improvement to consumers in the Nordic region[1]. The Company offers its customers a broad[2] product offering at the most competitive prices with convenient home delivery. Sales are predominantly made online and most orders are delivered directly from the supplier to the end customer.

The total Nordic market for home improvement products, which includes DIY and home furnishing, was valued at approximately SEK 230 billion in 2016[3]. While the total market for home improvement products is relatively stable, it is being impacted by an on-going shift to online sales. Online penetration in home improvement remains low compared to other popular retail categories such as consumer electronics, apparel and consumer appliances. The trend of increasing online penetration has primarily been driven by changing consumer behaviour and technological improvements, which has and is expected to continue to benefit online retailers, such as Bygghemma Group. The home improvement categories offer a high absolute contribution per order as a result of a high average order value, attractive gross margins after fulfilment and distribution costs as well as relatively low return rates. Arthur D. Little expects DIY and home furnishing sales online in the Nordics to be characterised by continuing strong growth, with an estimated compound annual growth rate (“**CAGR**”) of 18 percent for DIY and 16 percent for home furnishing in the period 2016–2020E.

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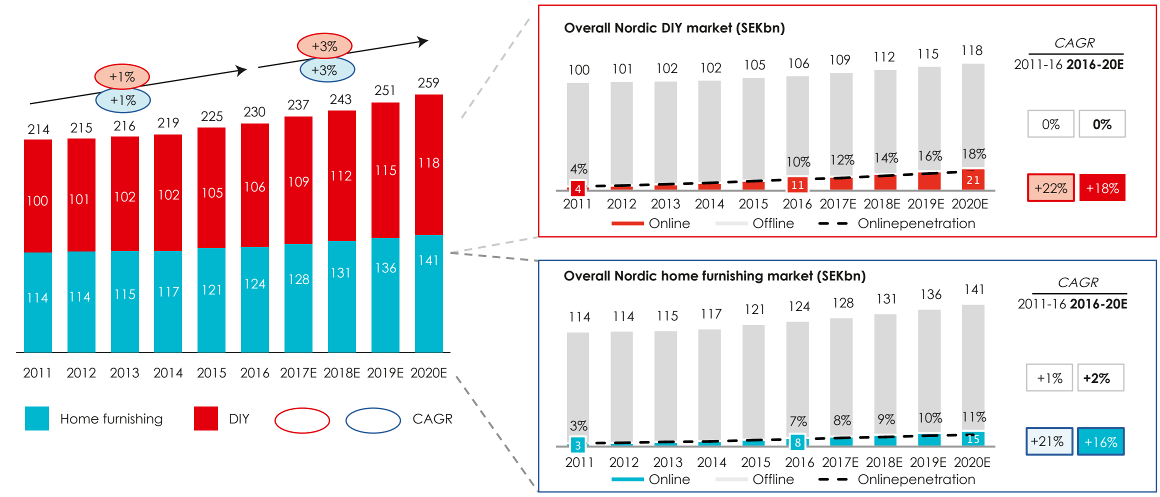
[1] The Company's assessment supported by analysis carried out by Arthur D. Little based on revenues within the Nordic online home improvement market during 2016. Calculations are based on publicly available information, such as annual reports and estimates on market size and share of online sales. The analysis excludes VAT. Bygghemma Group includes sales from the following companies: Bygghemma (Sweden, Norway, Denmark), Chilli (Sweden, Norway), Trademax (Sweden, Norway, Denmark, Finland), United Web, Stonefactory, Linoleumkompaniet, Kodin1, Taloon, Netrauta, Talotarvike, Polarpumpen, Vitvaruexperten, Golvpoolen, Furniturebox, My Home, Frej Jonsson and WeGot.

[2] Based on a product range comprising approximately 250,000 products available for sale in the DIY segment and about 50,000 products available for sale in the home furnishing segment.

[3] Arthur D. Little.

Online market growth is expected to continue at high teens



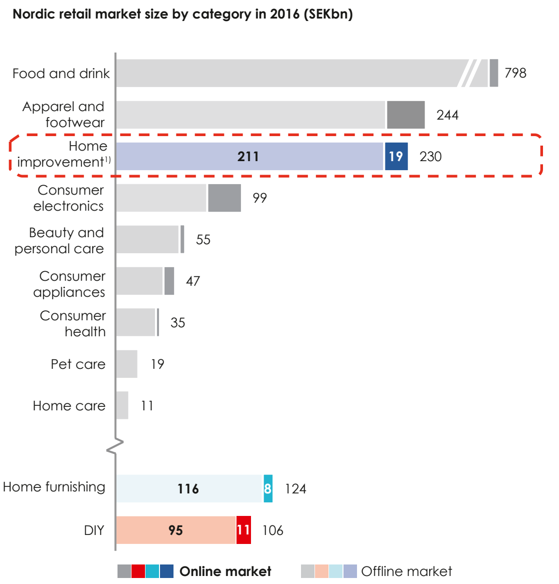
Source: Arthur D. Little analysis

Note: Nordic includes Sweden, Denmark, Norway and Finland. Forecast values are made in nominal terms, i.e. including inflation and constant exchange rates (December 2017).

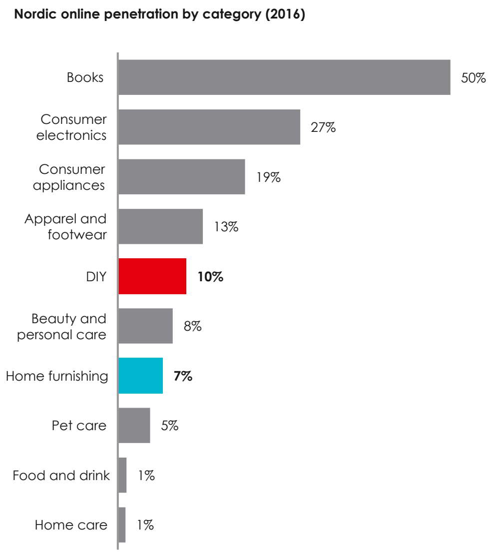
Bygghemma Group addresses a large Nordic market

The home improvement categories DIY and home furnishing together comprises the third largest retail category in the Nordic region (after food and drink and apparel and footwear). The Nordic DIY and home furnishing markets were estimated to SEK 106 billion and SEK 124 billion, respectively, in 2016 with an estimated online penetration of approximately 10 percent and 7 percent, respectively, of the total market for each category, according to Arthur D. Little. The growth of the online market for home improvement is positively impacted by the ongoing general shift from traditional offline to online shopping. The online penetration in the Nordic DIY and home furnishing markets remains low compared to other retail categories such as consumer electronics, apparel and consumer appliances. Online penetration in the Nordic home improvement market also remains below the levels seen in other countries such as the UK. Arthur D. Little estimated the online penetration in the home improvement market to be above 15 percent in the UK in 2016.

Large Nordic retail categories...



...with low online penetration



Source: Arthur D. Little analysis; Books is based on data for Sweden including e-books, taken from Boken 2017.

1) Aggregation of DIY and Home furnishing categories. Note: Nordic includes Sweden, Denmark, Norway and Finland.

Bygghemma Group expects the online penetration to increase to a much larger share of the total market for DIY and home furnishing, which is also supported by data from Arthur D. Little. The trend towards larger online penetration is primarily being driven by the millennial generation[1] (meaning individuals who grew up with digital technology from an early age), a high level of online experience in the Nordic region, technological developments and a strong customer proposition from shopping online.

Categories well suited for online sales

Home improvement products are well-suited for online sales. Both DIY and home furnishing products are characterised by a combination of high average order values, attractive contribution margin and relatively low return rates. Fashion and inventory risks (the risk of products becoming obsolete) are also lower compared with categories such as apparel and consumer electronics. Home improvement products are often large and bulky which require a complex supply chain. Online sales offers customers convenient home delivery and an opportunity to plan deliveries to suit planned projects or needs.

The rapid growth of the online home improvement market can be attributed to several factors including:

- *Selection:* Given the virtually unlimited shelf space online, an easily navigated and clear product assortment is presented using an interactive functionality that can be adapted to the customer needs. Online retailers such as Bygghemma Group can optimise selection based on specific customer's preferences by utilising big data and algorithms to pinpoint consumer behaviour, providing customers with a focused and relevant offering. At the same time, online retailers are able to make their entire selections available in webstores, which in turn increases the probability for the customer to find the right product.
- *Competitive prices:* Online retailers can offer attractive prices as a result of economies of scale in the supply chain and from a higher degree of operational efficiency. Retailers with a large network of physical stores are typically characterised by a higher share of fixed costs, such as store rental and personnel costs, which can lead to channel conflicts and difficulties in maintaining the same price levels in physical stores and online. In addition, online retailers have the opportunity to apply dynamic pricing based on supply and demand.
- *Availability and convenience:* In recent years, time spent online has become a larger part of everyday behaviour and a higher priority when people allocate their time. The ability to order merchandise at any time, at any location, and with a relevant selection of products offered and services provided, results in high levels of convenience for online shoppers. This is further enhanced by more flexible customer support, fast deliveries, easy returns and secure payment solutions.

Home improvement in general, and home furnishing in particular, has been traditionally characterised by long delivery times from traditional retailers as a result of products being made to order. Home improvement products are also characterised of being local, where standards and preferences vary by geography. Hence, several brands are local and source locally. Successful online-based retailers can offer a broad and relevant product assortment with convenient home delivery, leading to a more agile and efficient supply chain.

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1) Arthur D. Little.

The DIY market in the Nordic region

Arthur D. Little estimates that the total market for DIY products in the Nordic region amounted to SEK 106 billion in 2016, of which the online channel accounted for SEK 11 billion, corresponding to an online penetration of 10 percent. The total DIY market is expected to grow at a CAGR of 2.7 percent in the period 2016–2020E, at the same time as the online channel is continuously expected to increase its share. The online market is expected to grow at a CAGR of 18 percent in 2016–2020E. This is expected to result in an increase in the value of the online market for DIY from SEK 11 billion in 2016 to SEK 21 billion in 2020E, corresponding to an online penetration of 17.7 percent in 2020E, according to estimates by Arthur D. Little.

The DIY segment includes products for building, renovating and maintaining homes and gardens. The Nordic consumer market for DIY consists of sales from stores categorised as DIY retailers, which include both traditional building material retailers and webstores, and excludes sales to companies and professional craftsmen.

Trends and drivers

Several factors and drivers determine demand in the DIY market in Sweden, Finland, Norway and Denmark, such as the rate of activity for DIY projects, developments with respect to disposable income, home ownership and sales in the housing market. There is also a long tradition in the Nordic countries of "doing the work yourself", which is mainly driven by the relatively expensive cost of engaging professional craftsmen and the fact that many households own a second home. Interest in DIY products has increased in Nordic countries since the mid-1990s, which is also evident in the large number of television programs and other media related to DIY. The DIY market has also historically been characterised by relatively low investments in online sales, in part because of a market structure featuring strong retailers and product brands.

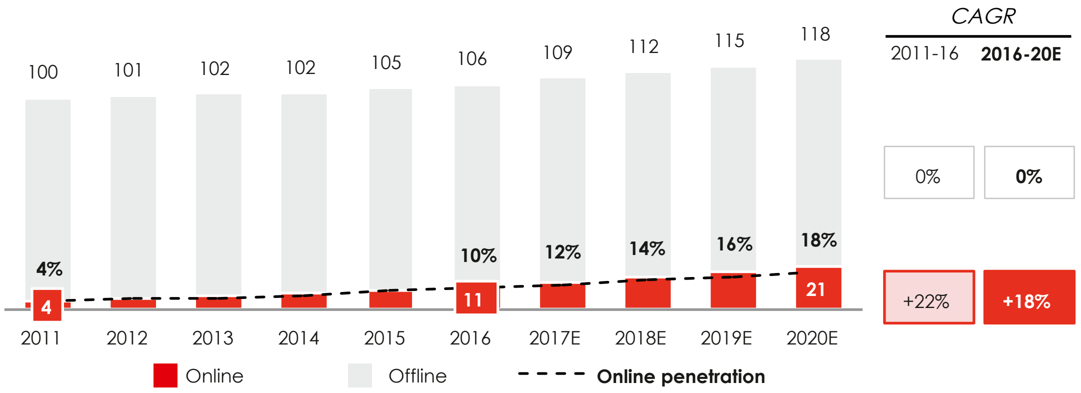
Market structure and market competition

The Nordic DIY market can be divided into five segments: online players, traditional store chains, home fixer chains, niche players/OEMs and B2B distributors. The various segments differ in terms of their online presence, the combination of own and external brands, and business model.

Online players: Players in this category primarily focus on DIY products or on selected subcategories within DIY, such as doors or windows. The companies cater mainly to consumers and several players use physical stores or showrooms to complement their online offering. Examples of players in this category include Bygghemma Group, Willab Garden, BilligVVS, Buildor, 10–4 and Hemfint.se.

Traditional store chains: Players in this category include both retail chains and independent stores. Many players also offer a drive-in concept at their physical stores. The customer base comprises a mix of consumers and corporate customers. The offering often includes related services to help customers complete their projects, such as installation. Examples of players in this category include Kesko (via, for example, K-Rauta and Rautia), Optimera, Byggmax, Bauhaus, Bolist, Maxbo, XL Bygg, Granngården and Stark Group (via, for example, Beijer Byggmaterial and Neumann Bygg).

Overall Nordic DIY market1) (SEKbn)



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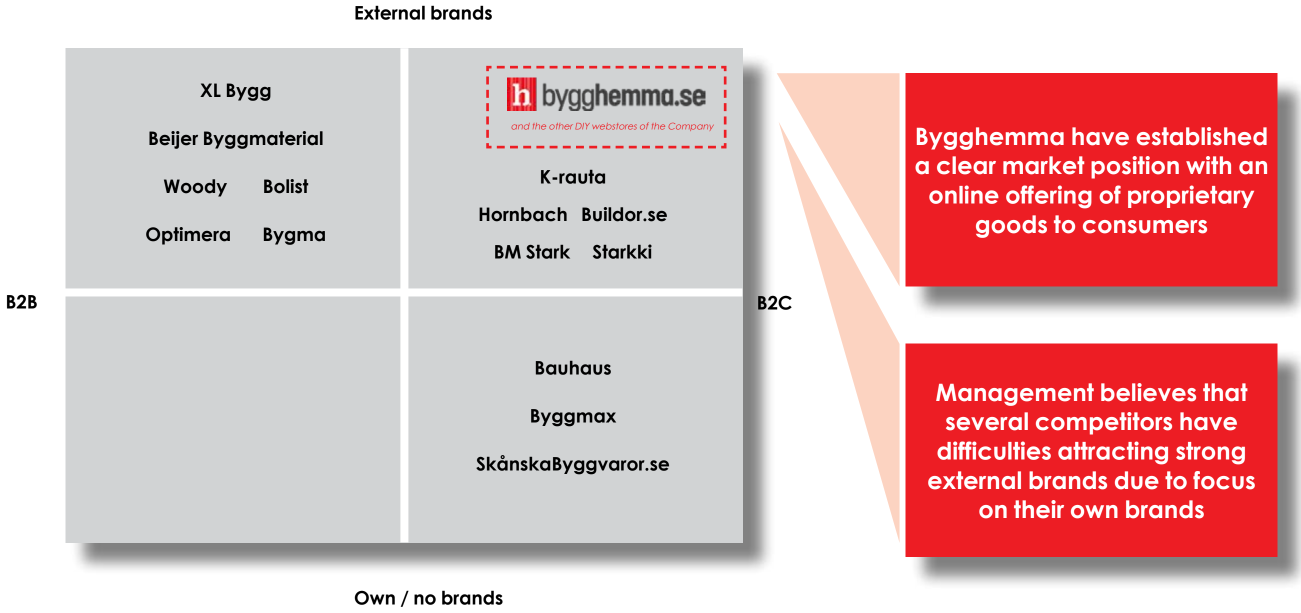
1) Arthur D. Little.

Home fixer chains: This category includes retail chains with a wide product assortment that include some DIY and home furnishing or, alternatively, selected subcategories such as homes and gardens. The primary focus is on consumers and typically products in the low or medium price range. Several players have created a network of stores with economies of scale, for example, through coordinated purchasing and logistics solutions. Examples of players in this category include Jula, ÖoB, Rusta and Clas Ohlson.

Niche players/OEMs: Players in this category often have a strong brand and sell proprietary products to varying degrees through their own channels, both physical stores and webstores, and through retail outlets.

B2B distributors: This category includes distributors that offer large product portfolios with a focus on depth rather than breadth. These players have stores but typically do not target consumers, but rather have business models adapted for business customers such as professional craftsmen. Examples of players in this category include Onninen, Ahlsell, Dahl, Solar and Momentum Group.

Bygghemma offers a wide and deep product offering



Bygghemma have established a clear market position with an online offering of proprietary goods to consumers

Management believes that several competitors have difficulties attracting strong external brands due to focus on their own brands

Home furnishing market in the Nordic region

Arthur D. Little estimates that the total market for home furnishing products in the Nordic region amounted to SEK 124 billion in 2016, of which the online channel accounted for SEK 8 billion, corresponding to an online penetration of 7 percent. The total home furnishing market is expected to grow at a CAGR of 3.2 percent in the period 2016–2020E, at the same time as the online channel is continuously expected to increase its share. The online market is expected to grow at a CAGR of 16 percent in 2016–2020E. This is expected to result in an increase in the value of the online market for home furnishing from SEK 8 billion in 2016 to SEK 15 billion in 2020E, corresponding to an online penetration of 11.0 percent in 2020E, according to estimates by Arthur D. Little.

Trends and drivers

Several factors and drivers determine demand in the home furnishing market in Sweden, Finland, Norway and Denmark, such as the rate of activity for home furnishing projects, developments with respect to disposable income and sales in the housing market. The growing interest in home furnishing and interior design since the mid-1990s is also a clear factor driving growth of the home furnishing market in general.

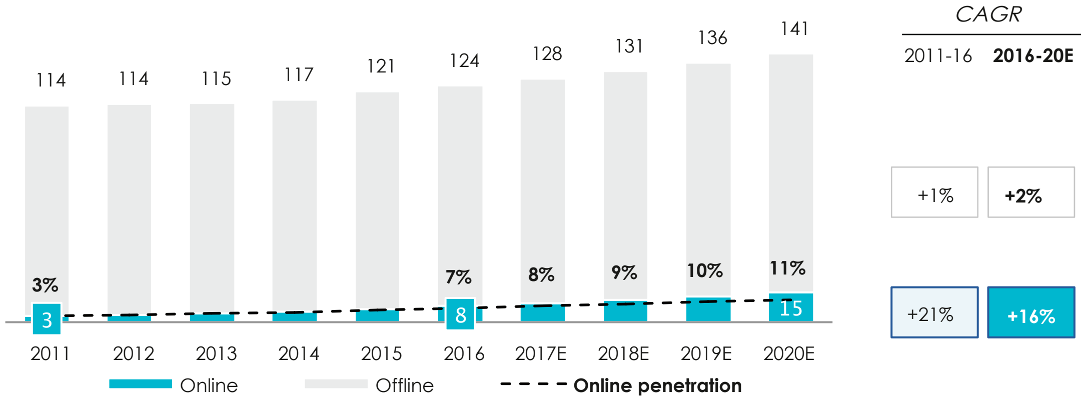
Market structure and market competition

The Nordic home furnishing market can be divided into five segments: online players focused on home furnishing, traditional store chains, established online players in adjacent categories, IKEA and niche players. The various segments differ in terms of the degree of their online presence, the combination of own and external brands, and business model.

Online players focused on home furnishing: These players typically originate from online or mail-order operations and primarily sell home furnishing products. These players mainly cater to consumers and, in some cases, also have physical stores or showrooms to back up their online offering. The focus for the product assortment is on items sold under their own brand or no brand. Bygghemma Group's brands Trademax, Chilli, Furniturebox, Kodin1, WeGot and My Home belong to this category. Examples of other players in this category include Jotex, Sleepo, Nice Home, Trendrum and Confident Living.

Traditional store chains: These players include retail chains with a network of physical stores, either retailer owned or via franchise or, alternatively, independent stores. The product assortment consists of a mix of own and external brands. These players have gradually increased their presence in the online market and typically have a broad product portfolio that also includes other types of products, such as textiles. Examples of players in this category include EM, Jysk, Stalands, Hemtex, Mio, IDEmøbler, Skeidar, Sotka and Møbelringen.

Overall Nordic home furnishing market1) (SEKbn)



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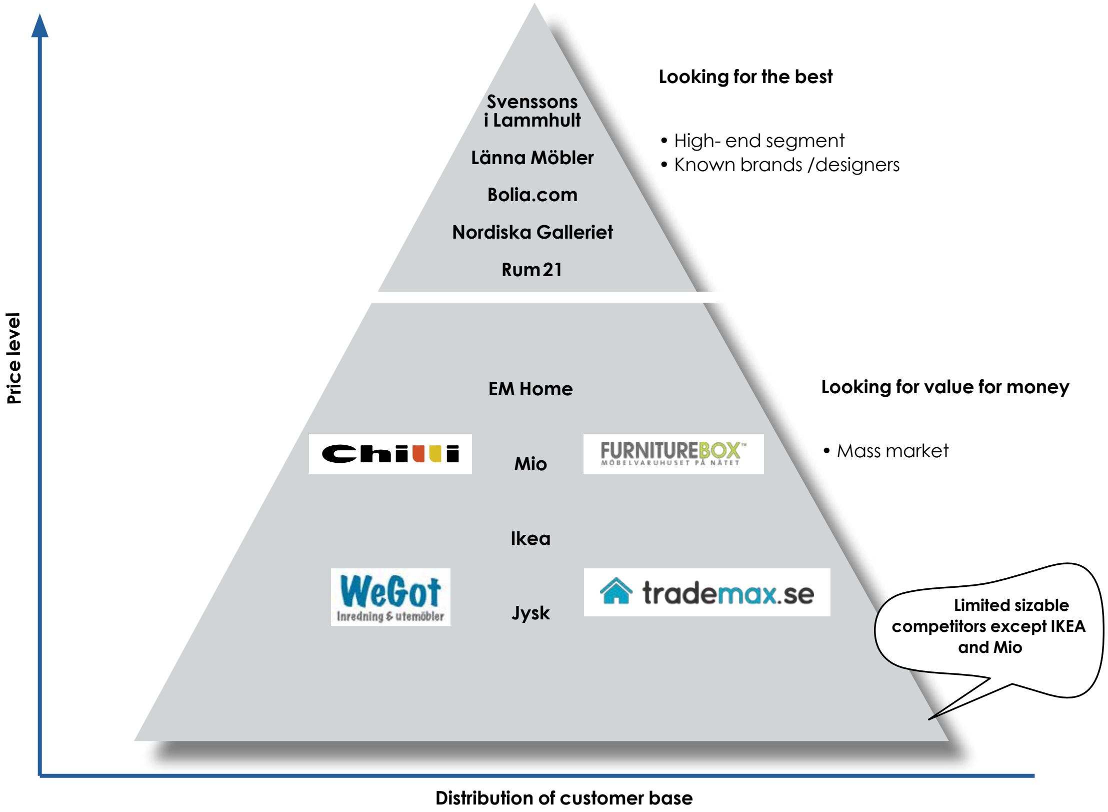
1) Arthur D. Little.

Established online players in adjacent categories: As with the category above, these players originate from online or mail-order operations, though the primary focus is on a broader assortment of products within, for example, interior design or fashion. The product assortment consists of a mix of own and external brands. Several companies have physical stores or showrooms as a complement to their online offering. Examples of players in this category include Cellbes, Ellos, Fyrklövern, Halens and Royal Design.

IKEA: Has its own category due to its size, market share and long history in the Nordic region.

Niche players: This category includes well-known companies, often with a focus on premium products and/or premium brands in the home furnishing segment. These players mainly have physical stores but have recently begun to establish an online presence. Examples of players in this category include Nordiska Galleriet, Länna Möbler, Bolia, Slettvoll and Svenssons i Lammhult.

The mass market is the biggest segment within the Nordic home furnishing market



Business overview

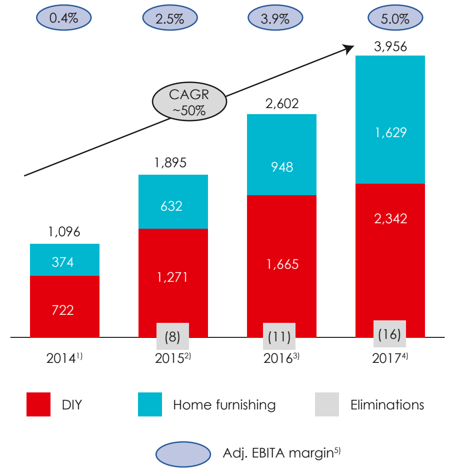
Introduction

Bygghemma Group is the leading online provider of home improvement in the Nordic region[1]. The Company offers its customers a broad[2] product assortment at competitive prices with convenient home delivery. Sales are predominantly made online and most orders are delivered directly from the supplier to the end customer. During 2015–2017, net sales grew by a CAGR of 44 percent, with an improvement in adjusted EBITA margin from 2.5 percent in 2015 to 5.0 percent in 2017. In 2017, Bygghemma Group reported net sales of SEK 4.0 billion and adjusted EBITA of SEK 197.0 million, corresponding to an adjusted EBITA margin of 5.0 percent.[3] Pro forma net sales for 2017 (which includes acquisitions carried out during 2017) amounted to SEK 4.4 billion.[4]

Since its inception in 2006, Bygghemma Group has expanded its product offering, made significant operational investments and broadened its geographical presence in Sweden, Finland, Norway and Denmark. As of 1 January 2018, the Company's webstores are supported by 72 showrooms, customer service and an inbound sales team. The Company is headquartered in Malmö (Sweden) and the Group had an average of 812 employees during 2017.

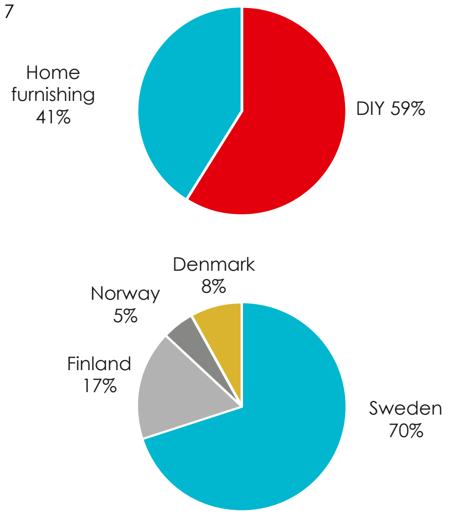
Financial overview

Net sales (SEK million)



Net sales by segment and geography[4]

2017



1) Based on information from Nordstjernan AB's consolidated annual report for the 2014 financial year, which is audited in accordance with the then applicable Swedish Annual Accounts Act and the Swedish Accounting Standards Board's guidelines.
2) Based on information from Bygghemma Group Nordic AB's consolidated annual report for the 2015 financial year, which is audited in accordance IFRS, as adopted by the EU.
3) Based on information from Bygghemma Group Nordic AB's annual report for the 2016 financial year, which is audited in accordance IFRS, as adopted by the EU.
4) Based on information from Bygghemma Group First AB's consolidated annual report for the 2017 financial year, which is audited in accordance IFRS, as adopted by the EU.
5) For a full description of the Group's performance measures, refer to section "*Selected historical financial information – Alternative performance measures not defined in accordance with IFRS*".

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1) The Company's assessment supported by analysis carried out by Arthur D. Little based on revenues within the Nordic online home improvement market during 2016. Calculations are based on publicly available information, such as annual reports and estimates on market size and share of online sales. The analysis excludes VAT. Bygghemma Group includes sales from the following companies: Bygghemma (Sweden, Norway, Denmark), Chilli (Sweden, Norway), Trademax (Sweden, Norway, Denmark, Finland), United Web, Stonefactory, Linoleumkompaniet, Kodin1, Taloon, Netrauta, Talotarvike, Polarpumpen, Vitvaruexperten, Golvpoolen, Furniturebox, My Home, Frej Jonsson and WeGot.
2) Based on a product range comprising approximately 250,000 products available for sale in the DIY segment and approximately 50,000 products available for sale in the home furnishing segment.
3) For a complete description of the Group's performance measures, refer to section "*Selected historical financial information – Alternative performance measures not defined in accordance with IFRS*".
4) For a full description of the Company's pro forma financial statements, refer to section "*Pro forma financial statements*".

Overview

The Company has 28 webstores of which seven are core stores. These are Bygghemma (Sweden, Norway and Denmark), Trademax (Sweden, Finland, Norway and Denmark), Chilli (Sweden and Norway), Furniturebox (Sweden, Finland and Norway), netrauta.fi, taloon.com and frishop.dk. These core stores are destination stores and represented more than 70 percent of total sales in 2017.

Bygghemma Group's operations comprise two segments: DIY and home furnishing.

- **DIY** sells products from well-known external brands for home and garden improvement. As of 1 January 2018, DIY comprises the webstores bygghemma.se, netrauta.fi, taloon.com, frishop.dk, badshop.se, talotarvike.com, bygghjemme.no, golvshop.se, byghjemme.dk, byggshop.se, stonefactory.se, golvpoolen.se, lindstromsbad.se, polarpumpen.se, vitvaruexperten.se, fuktkontroll.se, vitvaruexperten.se and tvexperten.se as well as 16 showrooms in Sweden (12), Finland (3) and Denmark (1).
- **Home furnishing** sells furniture and décor products, primarily under the Group's own brands. As of 1 January 2018, home furnishing comprises the webstores trademax.se, trademax.no, trademax.fi, trademax.dk, chilli.se, chilli.no, kodin1.com, furniturebox.se, furniturebox.no, furniturebox.fi, myhomemøbler.dk and wegot.se as well as 56 showrooms in Sweden (24), Finland (1) and Denmark (31).

The Company constantly strives to leverage technology as a tool to create better ways for its customers to be inspired and shop for home improvement products. Bygghemma Group collects large amounts of data that is used to drive optimisation of the business, such as product display, marketing and pricing.

Bygghemma Group has a scalable business model, which has enabled an improved adjusted EBITA margin since 2014 as net sales have increased. The Company believes that this strong development is mainly attributable to Bygghemma Group's leading market position online and to its online-first model where sales are predominantly made online, which has made it possible to increase the proportion of returning customers and attract new customers at a relatively low marketing ratio, in relation to net sales.

The DIY and home furnishing segments follow similar business model fundamentals and strategy, operational activities, supplier contracts and financial profile. In addition, the segments generate operational synergies that increase the efficiency of the operations as a result of their efficient sales organisations, shared product categories and logistics setup, exchange of best practice, IT and systems, shared payment solutions and the ability to analyse data generated from a growing customer base.

As a result of its fulfillment model, were a large share of all orders are delivered directly from a supplier to a customer, as well as the fact that the home furnishing segment primarily stocks popular products with high turnover rates, Bygghemma Group can maintain low levels of inventory. This enables a potential for strong conversion of EBITDA to operating cash flow and the Company has had a cash conversion over 100 percent from 2015 to 2017.

Bygghemma Group has grown significantly in recent years, both organically and through acquisitions. Bygghemma Group has an active acquisition agenda to support its growth strategy and has, as of the date of the Prospectus, carried out 20 acquisitions since 2012. The strategic rationale behind these acquisitions has primarily been to build category expertise and to consolidate the market.

History

Bygghemma Group was founded in Sweden in 2006 and has since developed into the leading online provider of home improvement to consumers in the Nordic region. The following is a brief overview of the four phases of the Company's development.

Development of platform (2006–2011

Bygghemma Group was founded in Sweden in 2006 as an online-based provider of DIY products from well-known external brands, mainly through direct deliveries from the supplier to the consumer. The Company made large investments in the organisation, including building a user friendly webstore and adding on-boarding well-known brands to the platform. Since inception, Bygghemma.se has had the ambition to offer Sweden's broadest DIY assortment online.

Nordic roll-out (2012–2013)

In 2012, Mikael Olander was recruited as the CEO of Bygghemma.se in order to accelerate the Company's growth. An expansion strategy was implemented with a focus on expanding the Company's geographical presence in the Nordic region and strengthening the customer offering in home improvement. The Company entered the Finnish and Danish DIY markets through acquisitions. The Company also entered the Norwegian DIY market through Bygghjemme.no in Norway. In 2013, the Bygghemma Group was formed when the Company acquired Trademax, which became the start of the home furnishing segment. During this period, an extensive expansion of the product assortment was also carried out in both segments.

Historical development in four phases

Net sales

DEVELOPMENT OF PLATFORM	NORDIC ROLL-OUT	BUILDING ONLINE MARKET LEADERSHIP	BUILDING CATEGORY DOMINANCE
■ Founded in 2006 ■ Establishment of webstore with the ambition to offer the broadest DIY assortment online in Sweden ■ On-boarding of brands ■ Direct fulfilment model formed	■ Greenfield entry in Norway ■ Bolt-on acquisitions to enter Finland and Denmark ■ Acquisition of Trademax to form the Home furnishing segment	■ Significant expansion of assortment in both segments ■ Building highly localised market leadership ■ Multiple bolt-on acquisitions to strengthen offering with new categories and/or brand supply	■ Build category leadership online and offline ✔ Flooring, bathroom and garden machinery ■ Operational excellence ■ M&A for scale and enhanced capabilities
Focus on Sweden	*New management team in 2012–2013*	*Nordstjernan owner 2014–2016*	*Current owner since 2016*
2006–2011	2012–2013	2014–2015	2016 ➠

Source: Company data.

1) Based on information on net sales from Bygghemma Sverige AB's annual report for the period 3 November 2005 to 30 April 2007, which is audited in accordance with the then applicable Swedish Annual Accounts Act and the Swedish Accounting Standards Board's guidelines.
2) Based on information on net sales from Bygghemma Sverige AB's and TM Helsingborg AB's annual reports for the 2014 fiscal year, which both are audited in accordance with the then applicable Swedish Annual Accounts Act.
3) Based on information on net sales from Nordstjernan AB's consolidated annual report regarding the 2014 fiscal year, which is audited in accordance with the then applicable Swedish Annual Accounts Act and the Swedish Account Standards Board's guidelines.
4) Based on information on net sales from Bygghemma Group First AB's audited annual report for 2017, which has been prepared in accordance with IFRS, as adopted by the EU.

Building online market leadership (2014–2015)

In 2014, Bygghemma Group took the next step in its growth journey by establishing a clear strategy to achieve market leading positions online. This included further expansion of the product assortment, both in DIY and home furnishing, as well as a focus on gathering further insight into the various markets where the Company operates. To strengthen its market position and consolidate the Nordic online market, Bygghemma Group made several acquisitions during this period to support organic growth.

Building category dominance (2016 and onward)

Bygghemma Group considers its Nordic platform well positioned to capitalise on the structural shift to online sales in home improvement. Bygghemma Group has developed a clear strategy for growth in the coming years. This strategy includes expansion of category expertise (meaning that the Company intends to become a leader in a specific category in relation to consumers as well as individual suppliers, both online and offline). Bathroom, flooring and garden machinery are examples of segments where Bygghemma Group considers itself to be a category leader in the Nordic market context. The strategy for growth also includes investments in the customer experience, operational improvements and further market consolidation through an active merger and acquisition strategy.

Strengths and competitive advantages

Bygghemma Group believes that it has a number of significant strengths and competitive advantages that enable for the Company to carry out its strategy and achieve its financial targets.

Targeting a large and attractive Nordic market going digital

According to Arthur D. Little, the value of the Nordic home improvement market amounted to SEK 230 billion in 2016, making it the third largest Nordic retail category after food and drink and apparel and footwear. Arthur D. Little expects the Nordic home improvement market to grow by a CAGR of 2.9 percent during the period 2016–2020E. Over the same period, it is estimated that the online channel of this market will grow from SEK 19 billion to SEK 36 billion, an 87 percent increase from 2016, primarily as a consequence of growing online penetration. Arthur D. Little forecasts the online Nordic home improvement market to grow at 17.0 percent CAGR (2016–2020E) compared with 2.9 percent for Nordic home improvement market as a whole.

The Company considers home improvement products to be suitable for online sales due to high average order values, attractive contribution margin, negligible fashion and inventory risk as well as low return rates compared with other consumer categories. While demand is expected to accelerate, significant barriers to entry exist in the online home improvement segment relating to scale, developing a customer base, local products/brands (preferences and standards vary by geography) combined with high degree of local purchases, large and bulky products that require a complex supply chain and the development of the requisite technology. These barriers to entry helps Bygghemma Group to capitalise on future growth in this industry and further indicates attractive growth potential for online players with scale, such as Bygghemma Group.

Clear online leadership in a fragmented Nordic home improvement market

Bygghemma Group is the leading player in the Nordic online market for home improvement products.[1] The Company's webstores had approximately 91.7 million visits[2], received 1.24 million orders[3] and had pro forma net sales of SEK 4.4 billion in 2017[4], in an industry where scale is a critical success factor.[5] Scale allows the Company to achieve better purchasing terms, more efficient marketing, scale in overhead and ability to make investments in technology as well as in the organisation.

The Company believes its business model has a number of material scale and structural advantages compared to the models operated by most of the competitors with store networks and regional distribution centres. These are, among other things, the ability to offer a greater range of products (including a "long-tail" of slower-moving products which a traditional retailer might struggle to stock efficiently), competitive pricing due to an online-first business model and high service level from high product availability, knowledgeable customer service and an inbound sales team.

Proven and winning model to build category dominance

Bygghemma Group has a clear vision intended to offer an wide product assortment and the most competitive prices supported by the best online shopping experience and expertise. The Company has developed a 7-step wheel to illustrate its model which serve as a foundation to build category dominance.

- **Unrivalled product offering**

The Company offers a broad product assortment in both segments. In the DIY segment, the Company offers more than 250,000 products primarily from well-known external brands. In the home furnishing segment, the Company offers approximately 50,000 products primarily under the Group's own brands.

The aim of having a broad and relevant product assortment is to drive traffic to the Company's webstores, regardless of season. A broad and easily navigated assortment also increases the probability of a customer finding the "right" product. A broad assortment encourages customers to make repeat visits, increases the conversion rate and decreases marketing costs. Due to its growing size, Bygghemma Group can also create advantages for its suppliers, for example, by serving as a channel for online volume growth, providing broad access to the Nordic consumer market, offering consumer insight from data analytics and as a strong partner for campaigns and

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[1] Arthur D. Little.
[2] Defined as the total number of visits to Bygghemma Group's webstores.
[3] Defined as the number of orders placed by customers during the period.
[4] For a full description of the Company's pro forma financial statements, refer to section "*Pro forma financial statements*".
[5] For a complete description of the Group's performance measures, refer to section "*Selected historical financial information – Alternative performance measures not defined in accordance with IFRS*".

product launches. The Company's direct fulfilment model, where a large share of deliveries is made directly from the supplier to the consumer, is crucial for being able to offer a broad assortment in a cost and capital efficient way.

■ Real time price management

The Company aims to offer the best price on the market for its products, but not at prices below its competitors. Bygghemma Group has developed a pricing tool for dynamic pricing which enables price adjustments in real time. The prices of more than 100,000 products are continuously monitored and can be adjusted up or down, depending on the actions of its competitors and the Company's pricing strategy. In order to avoid channel conflicts, Bygghemma Group aims to offer the same price regardless of the sales channel. Active pricing allows for competitive prices of popular products and aims to ensures optimal margins on the rest of the assortment. In addition to the pricing tool, Trademax and Stonefactory offer a price guarantee in Sweden, where the customer receives double the price difference back if a competitor offers a comparable product at a lower price. In addition, the Company actively works with personalisation (through e.g. artificial intelligence and machine learning principles) and analysis of contribution margin by product to optimise product display.

■ Traffic generation expertise

In recent years, the Company has made sizeable investments in the organisation in order to develop marketing expertise when it comes to ensuring high traffic generation. In particular, the generation of online traffic, for example, through search engine optimisation (SEO), search engine marketing (SEM) and affiliates, was strengthened to ensure that the Company's webstores are at least among the top two or three in each country, regardless of search engine. Bygghemma Group has built up an extensive portfolio of keywords for which the Company actively bids and through which Bygghemma Group seeks to generate traffic to its webstores. Online marketing takes place through several channels based on a data-driven strategy with strict return-on-investment hurdles. Customer acquisition cost (CAC) is recovered by the Company in connection with a customer's first order given the high average order value, which implies a positive customer lifetime value (CLV) from the first order.

■ High service level in all channels

Bygghemma Group aims to use technology as a tool to create a better way to provide customers with a high level of service and convenience during the purchasing process. One example of this is the Group's responsive webstores, which range from destination stores (such as the core stores) to category and expert stores (such as golvpoolen.se and talotarvike.com). In 2017, traffic from mobile devices accounted for 63 percent of the number of visits to the Group's webstores. The Company launched an app for Bygghemma Sweden in December 2017 to further enable traffic from mobile devices.

To support the webstores, the Company has established a network of showrooms located at popular retail centres and inner city locations in the Nordic region, such as Kungens Kurva and Birger Jarlsgatan in Stockholm, Burlöv Center in Malmö and Tammisto in Vantaa, Finland. The Company also offers customer service by telephone, social media and e-mail as well as knowledgeable sales representatives in the showrooms. In addition, the Company has dedicated in-house sales representatives who can offer help over the phone during the customer's journey towards a purchase and in managing complex orders. Customers can also receive guidance and inspiration from the Bygghemma magazine, which is distributed twice per year. The premium magazine is also appreciated by suppliers as a forum to strengthen their brands.

■ Cost efficiency

Bygghemma Group's organisational culture is characterised by a strong customer focus and cost awareness. By being online-based and cost conscious, selling and admin costs can be leveraged as net sales grows. The Company's expanding customer base, growing scale and cost focus have enabled substantial investments in marketing, logistics, technology and infrastructure. Bygghemma Group has improved its margin every year the last three years, and in 2017 the Company's adjusted EBITA margin was 5.0 percent compared to 2.5 percent in 2015.1) The margin improvement was driven by several factors such as growing traffic, expansion of the product assortment, a high contribution per order (which is strengthened e.g. through better purchasing terms and active price management), enhanced logistics and delivery model, more efficient marketing spend, an increased share of returning customers and a cost-efficient organisation.

■ Agile and efficient delivery model

The Company operates a direct fulfilment model where a large share of deliveries is made directly from the supplier to the customer. The Company's warehouses are operated by third parties who primarily stocks a limited number of high-volume products. Warehousing is primarily carried out in the home furnishing segment. Customer deliveries are conducted using well-reputed transport companies, such as PostNord and DHL. Returns and guarantee issues are typically handled directly by the supplier. The direct fulfilment model enables an almost unlimited product assortment at low cost and with

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1) For a complete description of the Group's performance measures, refer to section "*Selected historical financial information – Alternative performance measures not defined in accordance with IFRS*".

negative net working capital, as the customer typically pays for the order at checkout and Bygghemma Group pays the supplier afterwards. The Company continuously develops the delivery model to enable higher flexibility for the customer, for example through weekend and evening deliveries, selection of time slots or installation service. See section "*Fulfilment and logistics*" for more information on the delivery model.

- **Winning culture**

Bygghemma Group has since its foundation developed a strong company culture characterised by high customer focus and cost consciousness. Stringent cost-discipline is, and has always been an important focus area for the Company and is something that characterises both the daily work and long-term strategic decisions for the whole organisation. The management team and the rest of the organisation are result-oriented and always strive to win, constantly improve themselves and outperform their competitors.

Attractive financial profile combining profitable growth, scale and strong cash generation

Bygghemma Group has generated strong growth in net sales, adjusted EBITDA and operating cash flow during 2015 to 2017. The Company has been successful in converting traffic to customer orders, which resulted in over 1.24 million orders in 2017 compared to 468 thousand in 2015.[1] The growth in number of orders has been driven by a combination of new customers, a growing share of returning customers as well as acquisitions. Returning customers enable Bygghemma Group to generate incremental sales at low effective marketing costs, resulting in decreasing overall marketing cost as a percentage of revenue. The Company's online-first model and cost-efficient organisation allows for a low fixed cost base in relation to net sales as it eliminates significant costs incurred by store-based retailers.

The Company further benefits from strong cash flow generation due to a limited need for capital expenditure and negative working capital. The Company's cash conversion was over 100 percent in the period 2015–2017. The Company's net sales, adjusted EBITDA and operating cash flow grew by a CAGR of 44 percent, 95 percent and 72 percent respectively from 2015 to 2017.[1]

Best-in-class management team with extensive experience and proven track record

Bygghemma Group's management group consists of highly qualified individuals with more than 50 years of combined experience in online, technology and the traditional retail sectors. The management group, which has been led by President and CEO Mikael Olander since 2012, has taken the Group from SEK 429 million in net sales in 2012 to SEK 4.4 billion in 2017 (pro forma)[2]. The management group is supported by a group of experienced managers, with significant expertise in their fields, who are responsible for the Group's local profit centres. Several of these managers have previously founded and had leading managerial roles in businesses acquired by the Company. Bygghemma Group believes that the collective industry knowledge and leadership capabilities of the management team will enable the Company to continue to successfully execute on the growth strategy.

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[1] For a complete description of the Group's performance measures, refer to section "*Selected historical financial information – Alternative performance measures not defined in accordance with IFRS*".

[2] For a full description of the Company's pro forma financial statements, refer to section "*Pro forma financial statements*".

Strategic targets

Bygghemma Group has set a clear strategy that is expected to lead to continued profitable growth. The strategy is intended to leverage on the increasing online penetration in the home improvement market, improved operational efficiency and by further consolidation of the Nordic online market. The following strategic targets have been identified.

Leverage on the strong market position in the Nordic region

The Nordic home improvement market is estimated at approximately SEK 230 billion (2016) and is expected to experience stable growth over the next few years, according to Arthur D. Little. The online market is expected to grow faster and consequently gain a larger share of the total home improvement market. In 2016, online penetration in DIY and home furnishing was approximately 10.3 percent and 6.8 percent, corresponding to about SEK 19 billion of the total home improvement market size. For Bygghemma Group, an increase in online penetration means a larger addressable market and an opportunity to grow independent of total market performance.

Expand category expertise

Bygghemma Group aims to gradually build category leadership within its product categories both online and in showrooms. This can be pursued through organic initiatives, such as broadening of the product assortment and adding new brands, or via acquisitions of established local category leaders in the market, such as the acquisitions of Golvpoolen and Stonefactory. Bygghemma Group believes category leadership is important to build a sustainable competitive advantage, both in relation to customers and suppliers. A category leader can offer the widest and most relevant assortment to its customers. High volume and scale in a category also generally lead to better purchasing terms with suppliers. Flooring, garden machinery and bath in Sweden are examples of categories where management believes the Group has already established category leadership.

Continuously enhancing the customer experience

The Company strives to offer its customers the best online shopping experience and constantly develop the customer offering by expanding associated service offerings such as customer support and home delivery. Bygghemma Group has already started to increase flexibility in terms of customer deliveries, for example through evening and weekend deliveries in certain cities as well as door-to-door deliveries.

The Company recognises that providing an outstanding customer experience is essential to its long-term success. Hence, Bygghemma Group plans to continue to improve the shopping experience through continuous optimisation of the products offered and services provided through investments in analytics in personalisation capabilities. Further operational improvement is reached by harmonising the customer offering between different geographical markets. The Company's business began in Sweden and the aim is to develop the other Nordic markets using the Swedish operations as a role model by sharing best practices between countries, (such as product assortment, online expertise and organisational processes).

Profitability improvements

Bygghemma Group's online-based business model benefits from economies of scale, which are expected to improve as the Company expands further. Economies of scale have a positive impact on Bygghemma Group's purchases, as higher volumes generally lead to better purchasing terms, and provide operating leverage in marketing and other operating costs. The Company's own brands generally have a higher gross margin than the external brands sold by the Group and a larger share of own brands in the future would imply a positive margin effect. Bygghemma Group's marketing spend has increased in value but declined as a percentage of net sales in recent years as a result of efficiencies in marketing spend and increased scale. Marketing investments also represent a discretionary investment in the acquisition of new customers, which enable the Company to flexibly manage growth. Bygghemma Group sees opportunity to further leverage its cost base and improve profitability going forward.

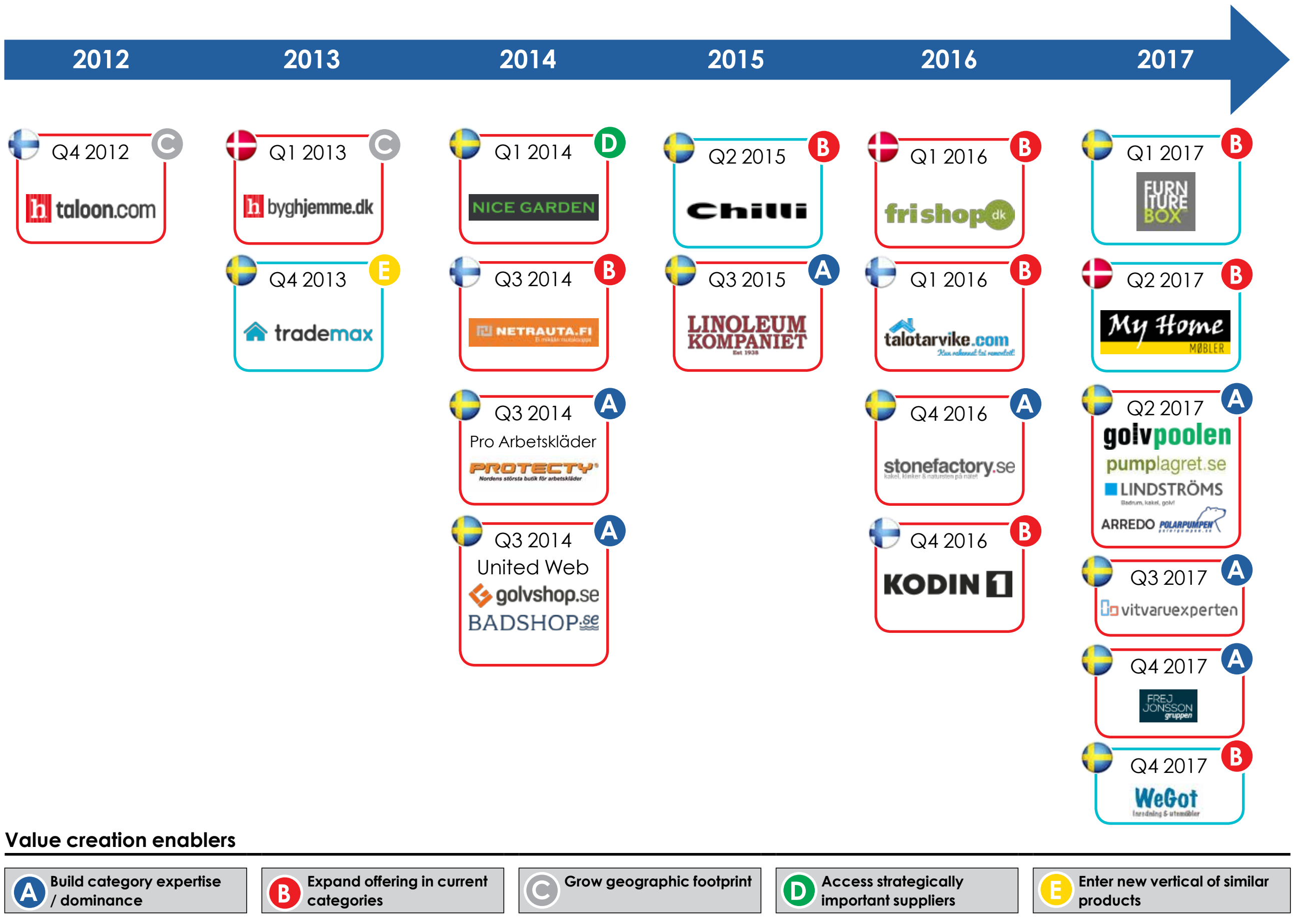
Consolidate the home improvement market

Bygghemma Group has a strong track record of successfully identifying and integrating add-on acquisitions in the fragmented Nordic home improvement market to strengthen its market position and increase online penetration in the market. Bygghemma is actively monitoring further companies to acquire with an objective to build category expertise, expand the product offering and improve operational capabilities.

After making an acquisition, Bygghemma Group seeks to achieve operational synergies through improved purchasing terms, implementation of best practices and support with organisational functions such as finance and IT. In addition, the Company seeks to accelerate sales growth in the acquired companies through cross-selling on Bygghemma Group's platform and implement the direct fulfilment model where products are delivered directly from a supplier to the end customer.

The Company has an extensive list of potential acquisition targets and has on-going negotiations in different stages with these potential targets.

Long experience of successfully identifying, completing and integrating bolt-on acquisitions



Acquisition strategy

Bygghemma Group has developed a structured process for identifying, evaluating and integrating acquisitions. Since 2012, Bygghemma Group has conducted 20 acquisitions,[1] which have been partly or fully integrated into the Group depending on time since acquisition. Each of these acquisitions was carried out for one or several of the following strategic reasons: to build category expertise (e.g. Stonefactory in 2016), expand the product offering in current categories (e.g. My Home Møbler in 2017), grow the geographical footprint (e.g. Taloon in 2012 to enter the Finnish market), access strategically important suppliers (e.g. Nice Garden acquired in 2014 to gain access to Husqvarna products), or to enter new verticals of similar products, i.e. other product categories within home improvement (acquisition of Trademax in 2013 to enter the Home furnishing segment).

Acquisition multiples have historically averaged around 5–10x EBITDA, before synergies.[2] Considering estimated synergies (meaning a value for estimated synergies is added to EBITDA affecting the implicated multiple), multiples have averaged around 6–8x EBITDA.[3] Bygghemma Group has historically financed its acquisitions through a combination of deferred payments, bank debt and equity. Deferred payments have typically corresponded to around 25–75 percent of the total purchase price to, in combination with earn outs (where the sellers must earn part of the purchase price based on the performance of the business following the acquisition), ensure continued strong momentum in the newly acquired businesses and to secure commitment from founders/management. After the earn-out period, Bygghemma Group aims to fully integrate the acquired companies into the Group structure. The integration process is adjusted depending on the acquired company and its need for organisational investments.

1) As per 31 December 2017.
2) Based on acquisition multiples for Stonefactory, Polarpumpen, Golvpoolen and My Home as well as each acquired company's EBITDA at the time of the acquisition.
3) Based on acquisition multiples for Stonefactory, Polarpumpen, Golvpoolen and My Home as well as each acquired company's EBITDA at the time of the acquisition, with adjustments for synergies affecting EBITDA estimated by Bygghemma Group in connection with the acquisition.

Vision and business concept

Vision

Bygghemma Group's vision is to make home improvement simple.

Business concept

To realise the vision, Bygghemma Group's mission is to offer a wide product offering at the most competitive prices with the best online shopping experience and expertise.

Financial targets and dividend policy

Financial targets

The board of directors has adopted the following financial targets.

Net sales growth

- Bygghemma Group aims to grow net sales by 20–25 percent on average per year in the medium term, of which approximately 15 percent attributable to organic growth. The Company's objective is to reach net sales of SEK 10 billion in the medium term including acquisitions.

Profitability and cash conversion

- Gradually improve profitability to reach an adjusted EBITA margin of around 7 percent in the medium term.
- Achieve cash conversion in line with adjusted EBITDA as a result of the business model.

Capital structure

- Net debt in relation to LTM EBITDA in the range of 1.5–2.5x, subject to flexibility for strategic activities.

Dividend policy

The board of directors has adopted a dividend policy stating that when free cash flow exceeds available investments in profitable growth, and under the requirement that the capital structure target is met, the surplus will be distributed to shareholders.

Bygghemma Group's financial targets presented above constitute forward-looking information. The financial targets are based on a number of assumptions concerning industry trends, and the macroeconomic and regulatory environment in which Bygghemma Group operates, which may differ considerably and become worse than Bygghemma Group's assumed when the above financial targets were set. As a result, Bygghemma Group's ability to achieve the financial targets are subject to uncertainties and eventualities, of which some are beyond the control of the Company, and there is no guarantee that Bygghemma Group can achieve the targets or that Bygghemma Group's financial position or operating income will not differ considerably from the financial targets.

Bygghemma Group overview

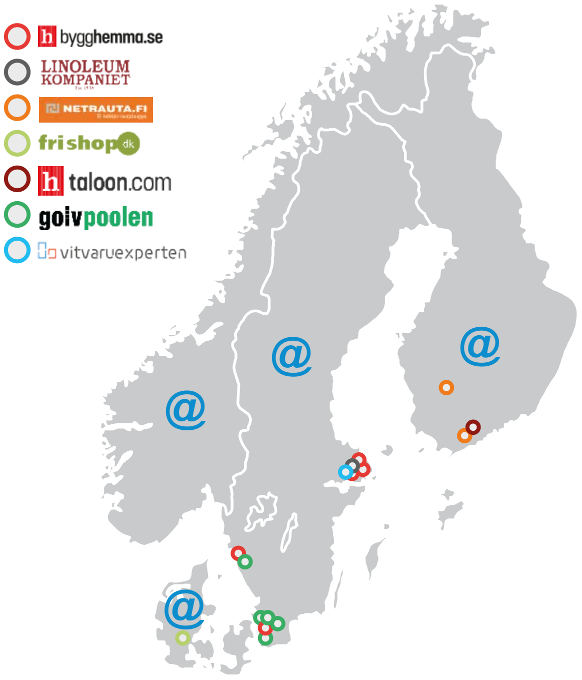
Improving the home and garden is a recurring and important activity in many people's lives. Bygghemma Group aspires to make the home improvement process convenient, efficient and stress-free. The Company combines market leading positions in two attractive market segments, DIY and home furnishing, in order to provide a superior value proposition to its customers. The combination of two large and growing categories that are transitioning to online enables favourable operational synergies for the Company. DIY and home furnishing have similar business model fundamentals and strategy, operational activities, supplier contracts and financial profiles. In addition, the two segments share common functions such as IT, finance and payment solutions. Below is a description of the Group's two segments.

DIY segment

The DIY segment offers a wide assortment of more than 250,000 products mainly from well-known external brands. The DIY segment comprises the webstores bygghemma.se, netrauta.fi, taloon.com, frishop.dk, badshop.se, talotarvike.com, bygghjemme.no, golvshop.se, byghjemme.dk, byggshop.se, stonefactory.se, golvpoolen.se, lindstromsbad.se, polarpumpen.se, fuktkontroll.se, vitvaruexperten.se, tvexperten.se and frejjonsson.se as well as 16 showrooms in Sweden, Finland, Norway and Denmark.

Segment overview – DIY

Showroom locations

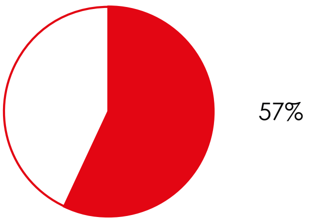


16
Showrooms in Sweden, Finland and Denmark

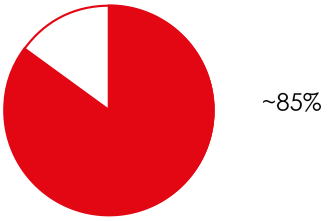
Webstores
in Sweden, Finland, Norway and Denmark

Share of Group net sales[1)]

Share of Group adj. EBITA[1)]



Online sales[1)]



1) Company data as per 31 Dec 2017.

	HOUSE & BUILDING	KITCHEN & BATHROOM	INDOOR	INTERIOR	OUTDOOR	TOOLS
Examples of brands by category (⬚ Own brand)	Elitfönster diplomat NOVOROOM LVI JABO SWEDOOR	bathlife BOSCH Hafa Miele SVEDBERGS	golvabia HILL Ceramic Höganäs Kährs PERGO Sadolin	BoråsTapeter Lundbergs elfa Mark Slöjd nordlux	GARDENA Husqvarna KLIPPO STIGA weber	AEG Makita HONDA HITACHI Einhell
# of brands1)	~350	~280	~150	~170	~300	~130

Source: Company data.

1) Data for Bygghemma.se.

The assortment within the DIY segment encompass approximately 1,700 different brands1), of which many are local, and offered together with the Company's category expertise, customer service and inbound sales team.

The product assortment varies between the countries based on local preferences and brands. For example, a wide variety of sauna products are offered in Finland. In recent years, the Company has marketed Bathlife, its own brand specialised in bathroom products, which has developed into one of the Group's most popular brands within the bathroom category. Bathlife also contributes with a higher gross margin than the average gross margin for external brands. Bathlife is sold both in the DIY and home furnishing segments. Above is an overview of the main product categories within DIY, exemplified by the assortment available on bygghemma.se.

The broad and large product assortment in combination with continuous campaigns aims to drive online traffic to the Company's webstores throughout the year. The customers vary in both age and life situation, but the typical customer is a price-conscious middle-aged man or woman with above average income living in an owned house or apartment with a relatively high product knowledge. The typical customer is also slightly more price sensitive than average within DIY and spends time online to understand the product and compare prices.

The DIY segment is exposed to some seasonal fluctuations, with the second and third quarter being the strongest in terms of sales since a larger proportion of DIY projects are conducted during the lighter and warmer seasons of the year.

The primary sales channels are the Company's webstores, mainly the destination stores. As a complement to the webstores, the Company has a network of 16 showrooms located in or near popular retail centres in the larger Nordic cities. As of the date of the Prospectus, the Company had 5 showrooms in Sweden under the Bygghemma brand, 1 under the Linoleumkompaniet brand, 2 under the Golvpoolen brand, 1 under the Frej Jonsson & Co brand, 2 under the Lindströms brand and 1 under the Vitvaruexperten brand, 2 in Finland under the Netrauta brand and 1 under the Taloon brand, and 1 in Denmark under the Frishop brand. In the showrooms, customers can touch and feel the products, talk to store personnel and place an order. The showrooms have no or a very limited inventory and are fully integrated into the online platform. Orders placed in the showrooms are handled in the same way as if it was placed by the customer from home.

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1) The total DIY assortment.

Home furnishing segment

The home furnishing segment offers a broad and relevant assortment of approximately 50,000 products. One significant difference between the home furnishing segment and the DIY segment is that a majority of the products are own branded or without a brand. Operations are mainly conducted through Trademax and Furniturebox in Sweden, Finland, Norway and Denmark and through Chilli in Sweden and Norway. In addition, sales within the home furnishing segment is also conducted through My Home Møbler in Denmark, Kodin1 in Finland and WeGot in Sweden.

The home furnishing segment provides a customer offering in the low to medium price segment based on affordable and available products.

Trademax aims to be price leading in its segment. The typical Trademax customer is a cost-conscious, middle-aged woman living in a house or apartment in a smaller city with below average income. Trademax has high brand awareness in the customer target group.

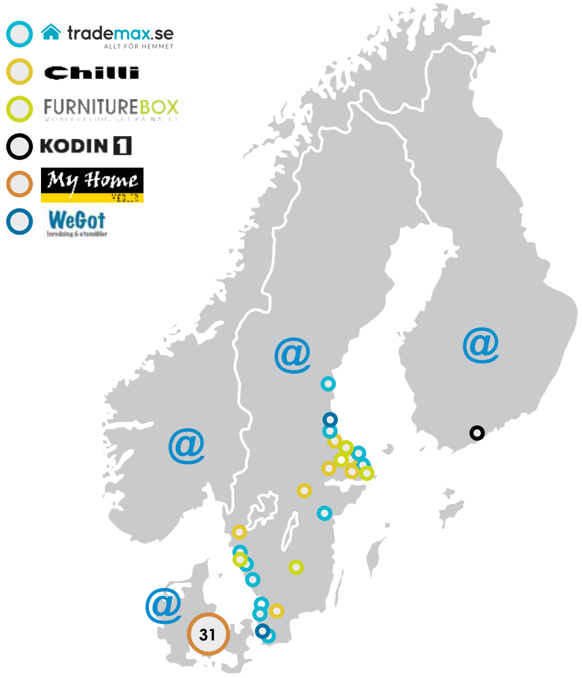
Chilli and Kodin1 focus on trendy and fun products with higher degree of design at affordable prices. The typical customer is a middle-aged woman living in a medium-sized city with an average income. Chilli and Kodin1 both have high brand awareness but relatively low market shares.1)

Furniturebox was acquired in 2017 to further expand the home furnishing offering and to strengthen the market position both in Sweden and in the rest of the Nordics. The brand focuses on design, styling and look-and-feel, at competitive prices. The typical customer is similar to the ones for Trademax and Chilli/Kodin1 but the customer is living in a larger Nordic city.1)

WeGot, acquired in the fourth quarter of 2017, has a curated assortment with focus on fast deliveries and high service level. Prices are in line with or slightly below Chilli/Kodin1. The WeGot brand has a high recognition in southern Sweden but is expected to be further explored as an integrated part of the Group.

Segment overview – Home furnishing

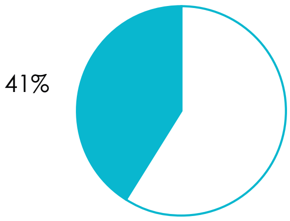
Showroom locations



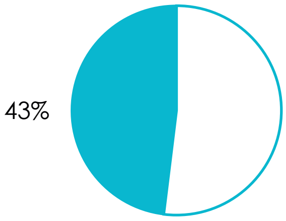
56
Showrooms in Sweden, Finland and Denmark

Webstores
in Sweden, Finland, Norway and Denmark

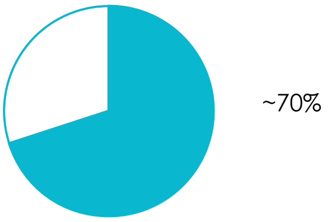
Share of Group net sales1)



Share of Group adj. EBITA1)



Online sales1)



1) Company data.

1) Company data as per 31 Dec 2017.

The product assortment within the home furnishing segment can be divided into six main categories, which are furniture, outdoor furniture, lighting, pool and spa, bathroom and cash and carry articles.

The Home furnishing segment is exposed to some seasonal fluctuations, with the second and third quarter being the strongest in terms of sales driven by a significant sale of outdoor furniture during the spring and summer period.

As a complement to the webstores, the Company has a total of 56 showrooms within the Home furnishing segment. In Sweden, the Company has twelve Trademax, six Chilli, four Furniturebox and two WeGot showrooms. In addition, Trademax has one outlet in Sweden. The outlet is connected to one of the warehouses and sells demonstration models and seconds-quality items at discounted prices. In Finland, there is one showroom under the Kodin1 brand, and in Denmark there are 31 showrooms under the My Home Møbler brand. The showrooms under the My Home Møbler brand hold minor inventory in its showrooms.

Sourcing and suppliers

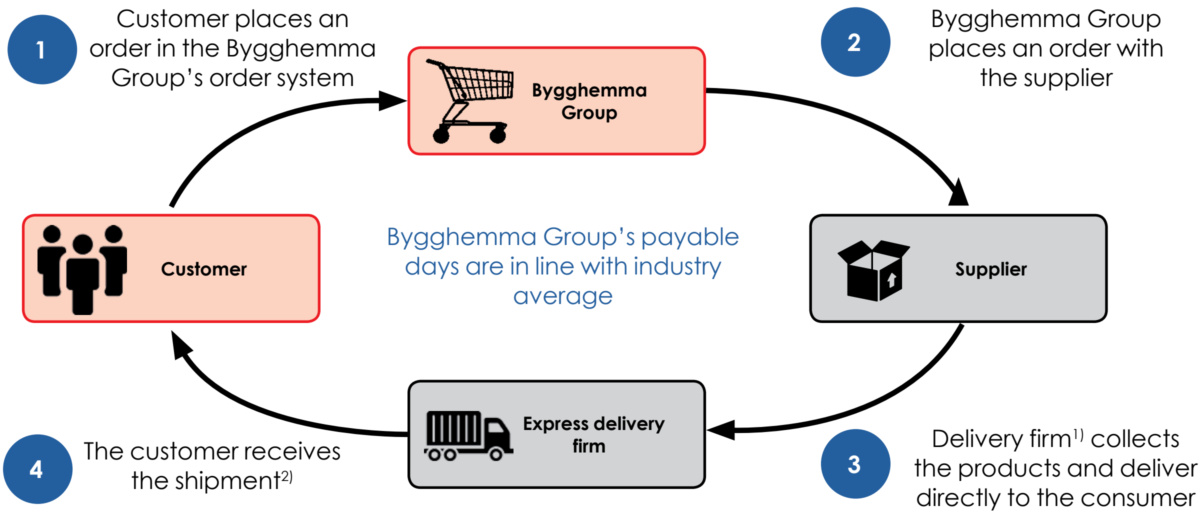
An efficient purchasing process and agreements on market terms with a large number of suppliers enables a competitive product assortment at competitive prices for Bygghemma Group's customers. Bygghemma Group is an important sales channel for its suppliers and can provide an efficient channel to consumers through its online platforms and Nordic base.

The single largest supplier in the home furnishing segment represented 6 percent of total purchases in 2016. The six largest suppliers accounted for 16 percent of total purchases the same year, since the Group's own brands require a closer collaboration with the suppliers.[1] According to Bygghemma, the Company is not dependent on any single supplier and the Company can turn to others if any individual supplier experiences unexpected problems in delivering as ordered. Bygghemma Group aims to increase the number of suppliers to support future growth.

Fulfilment and logistics

Convenient home deliveries are an important part of Bygghemma Group's business model. The delivery model is based on a large share of direct fulfilment (i.e. deliveries going directly from supplier to customer), which is a key factor to offering a broad product assortment in a cost efficient manner.

Description of the fulfilment model



Source: Company data.

1) Orders typically delivered using the Company's main delivery firm, however some orders are shipped via traditional mail and certain orders are shipped using other delivery firms.
2) Extra charge for delivery applied to certain made-to-order products and bulky goods that require special delivery vehicle (e.g. crane lorry), in addition to a fixed administration fee per order.

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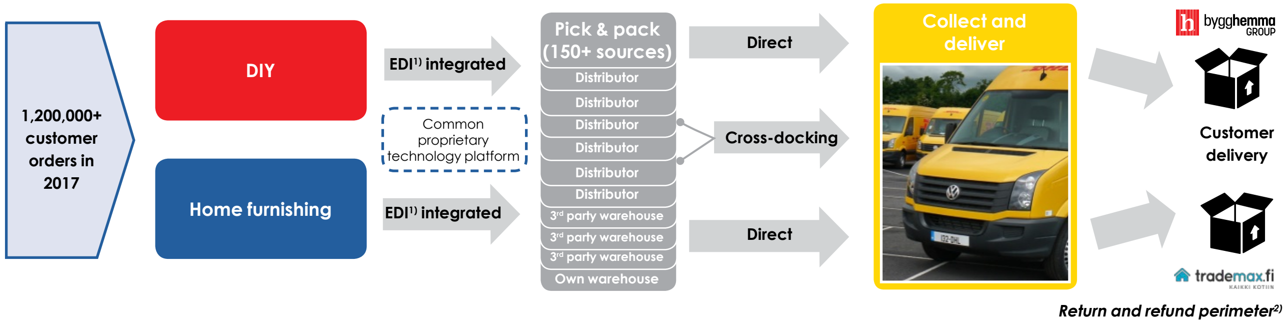
[1] Data derived from the Company's internal ERP.

The Company carries limited inventory, primarily in the home furnishing segment, which is managed by a third party and where mainly high-volume products or products purchased at high volume discounts are stocked. Certain suppliers also stock products on behalf of the Company, particularly in the home furnishing segment. Deliveries to the Company's customers are conducted by well-established transport companies, such as PostNord and DHL. As of the date of the Prospectus, the Company estimates that Bygghemma Group is among the largest single purchasers of mixed-goods logistics in the Nordic region.

Illustration of Bygghemma Group's distribution model



Source: Company data.

1) EDI = Electronic Data Interchange, i.e. computer-to-computer exchange of business documents between business partners.
2) Return and refund processes mainly handled by distributors, supported by Bygghemma Group's customer service function.

Bygghemma Group has continuously worked to develop the delivery model, primarily by improving direct fulfilment, aimed at increasing control over the distribution chain from supplier to end customer. This will enable a majority of suppliers to dispatch their parcels with the Company's transport partner, which thereby can consolidate the parcels before dispatching to end customers. The development of the distribution model is also expected to enable more options for the customer, such as installation, delivering products to the home and evening deliveries. For Bygghemma Group, the delivery model is expected to offer opportunities to improve customer satisfaction, lower costs and reduce environmental impact as fewer deliveries will be needed to reach the end customer. Within home furnishing, the Company can already accomplish the above for parcels dispatched via a warehouse.

Bygghemma Group received the Logistics Venture of the Year prize at the Retail Awards 2016, which are held by Dagens Handel and Svensk Handel. The jury explained its decision by highlighting the Company's purposefulness and well-planned investments in logistics as well as Bygghemma Group's setup, which enables shorter lead times and greater customisation without negatively impacting profitability.

Bygghemma Group's category of goods has low return rates compared with other categories of goods such as apparel. The return rate has averaged below five percent in both the DIY and home furnishing segments in the period 2015–2017. The return and refund processes are mainly handled directly by the suppliers, supported by Bygghemma Group's customer service function.

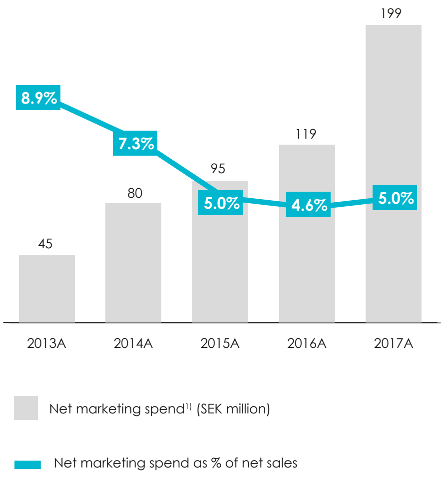
Payments

Customers can choose to pay by credit card, direct-payment (through internet bank) invoice, or part-payment. Invoice and part-payment are offered for customers in Sweden, Finland and Norway through Svea Ekonomi and Klarna.

Marketing

Bygghemma Group believes that an important form of marketing is to continually enhance the customer experience, because satisfied customers are more likely to return and recommend the Company to friends and family. Bygghemma Group utilises several different marketing channels in order to drive traffic. The Company uses both online and offline marketing channels with a strict return on investment focus in allocation of marketing resources. Through the use of effective marketing in combination with a growing scale, Bygghemma Group has managed to decrease net marketing spend as a percentage of net sales. The customer acquisition cost (“**CAC**”), defined as the average cost for acquiring a new customer, is typically recovered by the Company in connection with the customer’s first order as a result of the high absolute contribution per order. This implies a positive customer lifetime value and a high value of returning customers.

Low marketing spend as percentage of net sales



Bygghemma Group has been successful in converting traffic to the Company webstores into active customers. For example, the share of repeat orders on Bygghemma.se increased from 31 percent in 2015 to 38 percent in 2017. A repeat order is defined as an order from a customer that has previously ordered from Bygghemma Group.

The Company uses a data-driven approach to manage operations in real time. The methodology has been developed and refined by the management team over the last ten years, and involves monitoring KPIs on a daily, weekly and monthly basis. KPIs such as visitor behaviour, traffic by source, conversion and customer service performance are all monitored and analysed on a daily, ongoing, basis in order to optimise both the operations in general and marketing activities.

Online marketing

Traffic to the Company’s websites can be divided into two groups, based on how the customer arrived at the page: organic traffic and paid traffic. Organic traffic includes all traffic for which the Company does not pay, which includes directly writing the URL address (for example, bygghemma.se), e-mails sent to customer lists, SEO, links from social media, press releases or other direct referring links. Paid traffic includes all traffic paid for by Bygghemma Group. The largest driver of paid traffic is Google AdWords, but paid traffic also includes search engine marketing (SEM), remarketing, affiliates and price comparison websites, such as trustpilot.com and prisjakt.se. The online marketing aims to maximise traffic to the webstores at the lowest possible cost.

Bygghemma Group works actively with campaigns to drive traffic to the webstores. The campaigns are largely financed by the Company’s suppliers and run to different extents throughout the year. The Company uses fast-moving campaign planning, which allows it to extend successful campaigns and discontinue less successful campaigns prematurely.

Offline marketing

Bygghemma Group’s offline marketing is conducted to support the online marketing, and primarily consists of TV, printed media, radio and the Bygghemma magazine, a magazine distributed to active customers in Sweden twice per year. TV advertisements and printed media are often used to highlight campaigns and suppliers or to build awareness about the Company’s assortment. Such marketing is wholly or partially financed by the Company’s suppliers. The focus of the offline marketing is to build brand awareness, attract new customers and increase conversion rate.

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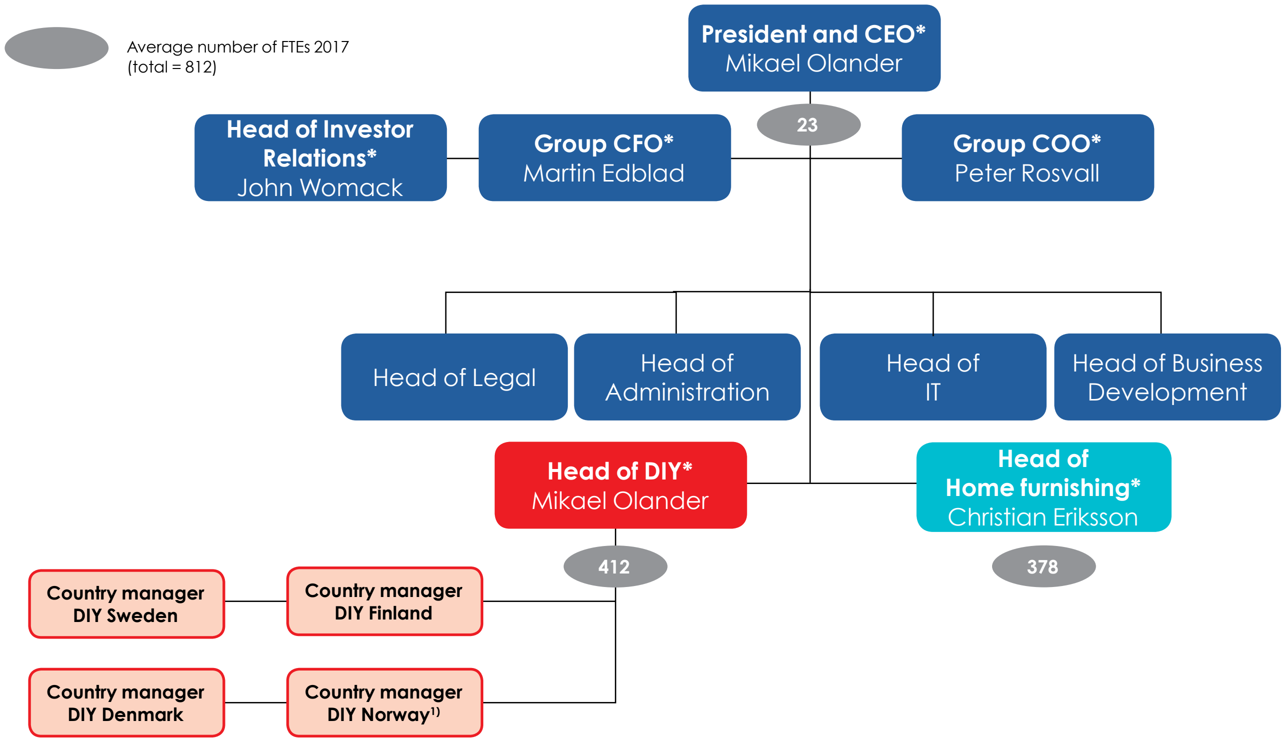
1) Defined as online marketing costs and advertising costs less media sales income.

Organisation and employees

The Company conducts its operations in two segments, DIY and home furnishing, which are each run by a business head. The two business heads are responsible for their respective segment and report to the Group CEO.

President and CEO is Mikael Olander who is also the Head of DIY and member of the executive management team. Other members of the executive management team are Martin Edblad (CFO), Peter Rosvall (COO), Christian Eriksson (Head of home furnishing) and John Womack (Head of Investor Relations). The DIY segment is managed by four country managers (Sweden, Finland, Norway and Denmark) due to the highly localised features of the Nordic DIY market, responsible for their respective territory's sales and marketing activities, and report to the Head of DIY. The home furnishing segment is centrally managed from Sweden.



Source: Company data.

* = members of the executive management team.

1) Primarily handles sales, assortment and relationship with brands in Norway. Marketing, IT and pricing activities are handled via Sweden.

Bygghemma Group's organisation encourages locally supported initiatives in order to maintain focus on the business and its customers, be flexible and to minimise bureaucracy.

Employees

In 2017, Bygghemma Group had an average of 812 employees of which 42 percent were women.

Bygghemma Group is of the opinion that it has an efficient organisation that has been strengthened with regard to the number of employees in recent years, a development that is in line with the Company's growth strategy. The increase in the number of employees has been driven in part by organic growth and in part through acquisitions. The table below provides an overview of the Company's development with respect to the number of employees by geography and business segment for the years 2015, 2016 and 2017. Since the two segments follow similar business model fundamentals, a large share of functions such as IT, logistics, finance, merchandising and administration is conducted on a group level.

Average number of employees

	2017	2016	2015
Segment			
DIY	412	208	173
Home furnishing	378	115	97
Key functions	23	23	17
Total	**812**	**346**	**287**
Sweden	569	242	218
Finland	89	74	58
Norway	8	4	1
Denmark	139	20	4
Estonia	7	6	6
Total	**812**	**346**	**287**

Technology and IT system

Bygghemma Group's major subsidiaries have dynamic and scalable IT systems based on an internally developed e-commerce platform to suit the Company's specific needs. The Company manages and analyses large amounts of data through a combination of third party systems and internally developed tools. Data is used and analysed to optimise sales and improve operations through big data, artificial intelligence and machine learning principles for e.g. optimising product display and marketing activities.

The Company's IT systems allow the Company's management to follow business operations down to the product level. The e-commerce platforms are developed to handle a larger product assortment in the future, to cope with a high load with many users and to make it easy for the Company's customers to shop, which is essential for continued growth.

The Company's DIY operations in Sweden and Norway use the platform together with a purchasing function and webstores that are integrated with the Company's IT system with support from an integrated ERP solution, systems for financial management and pricing. The infrastructure is also integrated with a number of third-party systems, including systems for customer financing and logistics.

The Company's DIY operations in Finland and Denmark as well as the home furnishing segment use separate IT systems (operations in Finland use the same layout as in Sweden and Norway, but supported by a different ERP solution). The Company has a long-term plan to integrate all countries and operations into the internally developed platform as existing systems become obsolete.

The main third-party business tools used are QlikView and Google Analytics, which are used Company-wide in daily operations to monitor and analyse traffic data in order to evaluate marketing initiatives and customer behaviour. A/B testing, a method of comparing two versions of a webpage or app against each other to determine which one performs better, is continuously used to analyse the user experience in order to optimise the webstores and process flow.

Corporate social responsibility

Bygghemma Group always strives to conduct its operations in an ethical, social and environmentally responsible manner. The Company has therefore created a CSR policy and a code of conduct to clarify the Group's responsibility for the impact its decisions and activities have on the surrounding areas and environment. The CSR policy and the code of conduct are based on international standards for corporate social responsibility and include both human rights and equality issues, such as health and environmental issues and anti-corruption. The code of conduct applies to all employees in the Group, both in Sweden and abroad, as well as to all suppliers and their sub-suppliers. Ensuring that all suppliers conduct its business in accordance with the Company's code of conduct is an important part of the process when entering new supplier contracts. New suppliers are required to fill in a survey with questions related to human rights, environment, equality etc.

According to the CSR policy and the code of conduct, Bygghemma Group is to actively consider its values and avoid involvement in activities that in any way violate these. All managers in the Group are expected to take responsibility to ensure that their employees read, understand and behave in accordance with both the content and intention of the code of conduct. Conduct and behaviour that does not comply, or that can be perceived as not complying, must be reported to the closest manager in accordance with the applicable whistleblowing policy.

Selected historical financial information

The following section presents selected historical financial information for Bygghemma Group First AB for the 2017 financial year, and selected historical financial information for Bygghemma Group Nordic AB for the 2016 and 2015 financial years. The financial statements for these periods have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) as adopted by the EU. The information in this section has been derived from audited financial statements and should be read together with the sections “*Operational and financial review*”, “*Capital structure, indebtedness and other financial information*” as well as the Company’s audited financial statements for 2017 and Bygghemma Group Nordic AB’s audited financial statements for 2016 and 2015, which are presented in the section “*Historical financial information*”. Besides the pro forma financial statements for the 2017 financial year, which is presented in the section “*Pro forma financial statements*”, no other information in the Prospectus has been reviewed or audited by the Company’s auditor.

The reason for presenting historical financial information from two different Group Companies is because Bygghemma Group First AB was established in September 2016 in connection with the Principal Owners’ acquisition of the Company. Before then, Bygghemma Group Nordic AB was the parent company of the Bygghemma Group. Readers of the Prospectus must observe that there exists some differences which affects the comparison of each group’s financial year due to Bygghemma Group First AB’s acquisition of Bygghemma Group Nordic AB. The differences mainly consist of acquisition financing and costs therefore, as well as items attributable to acquisition adjustments (primarily incremental intangible assets and amortisation on these).

Figures stated in these sections are rounded to SEK million, while the calculations are performed using an extended set of decimals. Percentages are displayed with one decimal place and are also rounded. Some calculations may appear to tally incorrectly due to rounding.

Condensed consolidated income statement

	1 Jan – 31 Dec (Audited)		
	Bygghemma Group First AB	Bygghemma Group Nordic AB	
SEK million	**2017**	**2016**	**2015**
Net sales	3,955.5	2,602.3	1,895.1
Other operating income	6.4	1.2	–
Total net sales	**3,961.9**	**2,603.6**	**1,895.1**
Cost of goods sold	–3,135.6	–2,093.4	–1,528.8
Personnel costs	–306.2	–190.5	–145.8
Other external costs	–373.5	–222.6	–161.0
Other operating costs	–0.3	–1.7	–1.7
Depreciation and amortisation of tangible and intangible assets	–54.7	–17.7	–12.7
Operating income (EBIT)	**91.5**	**77.6**	**45.1**
Net financials	–54.7	–4.2	–7.0
Profit before tax	**36.8**	**73.5**	**38.1**
Tax on net income for the period	–8.1	–16.5	–10.1
Net income for the period	**28.7**	**57.0**	**28.0**
Attributable to:			
Parent company shareholders	28.7	56.7	27.5
Non controlling interest	–	0.3	0.5
Net income for the period	**28.7**	**57.0**	**28.0**

Condensed consolidated balance sheet

For information about Bygghemma Group First AB's financial position as of 31 December 2016, see pages F-3 - F-4.

	31 Dec (Audited)		
	Bygghemma Group First AB	**Bygghemma Group Nordic AB**	
SEK million	**2017**	**2016**	**2015**
Goodwill	2,451.1	346.1	255.3
Other intangible assets	1,166.3	228.9	150.6
Total intangible assets	**3,617.4**	**575.0**	**406.0**
Buildings and land	10.8	10.8	–
Other tangible assets	21.4	12.9	9.8
Total tangible assets	**32.3**	**23.8**	**9.8**
Financial assets	20.0	5.5	6.3
Total financial assets	**20.0**	**5.5**	**6.3**
Total non current assets	**3,669.6**	**604.2**	**422.1**
Inventory	400.4	137.4	89.5
Short term investments	192.8	87.5	64.1
Cash and cash equivalents	156.1	51.3	55.3
Total current assets	**749.3**	**276.2**	**208.8**
TOTAL ASSETS	**4,418.9**	**880.5**	**630.9**
Equity attributable to parent company shareholders	2,375.1	220.7	151.1
Total equity	**2,375.1**	**220.7**	**151.1**
Non-controlling interest	–	8.9	10.8
Non-controlling interest	**–**	**8.9**	**10.8**
Tax payables	259.0	49.0	28.0
Other provisions	1.4	1.8	1.5
Non current interest bearing debt to credit institutions	893.3	–	–
Other non current interest bearing debt	212.7	215.8	42.4
Total non current liabilities	**1,366.4**	**266.6**	**71.9**
Current interest bearing debt to credit institutions	44.2	3.5	109.6
Other current interest bearing debt	36.9	37.6	35.8
Other current liabilities	596.4	343.3	251.7
Total current liabilities	**677.5**	**384.3**	**397.1**
TOTAL EQUITY AND LIABILITIES	**4,418.9**	**880.5**	**630.9**

Condensed consolidated cash-flow statement

	1 Jan – 31 Dec (Audited)		
	Bygghemma Group First AB	Bygghemma Group Nordic AB	
SEK million	**2017**	**2016**	**2015**
Profit before tax	36.8	73.5	38.1
Adjustment for items not included in cash flow	57.3	20.5	16.6
Paid income tax	–26.6	–4.8	–1.8
Cash flow from operating activities before changes in working capital	**67.5**	**89.2**	**52.9**
Cash flow from changes in working capital	73.7	22.5	51.3
Net cash flow from operations	**141.2**	**111.6**	**104.2**
Acquisition of subsidiaries	–731.8	–144.8	–90.0
Investments in tangible and intangible assets	–28.6	–19.5	–45.8
Sale of tangible assets	0,1	1,7	–
Sale of operations	–	–	7.9
Cash flow from/to investment activities	**–760.2**	**–162.5**	**–127.9**
New share issue	425.6	–	–
New loans	401.3	190.2	112.1
Amortisation of bank debt	–106.2	–143.5	–85.6
Dividend	–	0.1	–
New warrants issue	–	–	1.9
Repaid warrants	–	–0.1	–
Cash flow from financing activities	**720.7**	**46.7**	**28.4**
Change in cash and cash equivalents	**101.7**	**–4.2**	**4.7**
Cash and cash equivalents at start of the year	53.3	55.3	50.7
Exchange rate differences	1.0	0.3	–0.1
Cash and cash equivalents at end of the year	**156.1**	**51.3**	**55.3**

IFRS performance measures

The performance measures below have been obtained from the audited financial statements for the 2017, 2016 and 2015 financial years.

	1 Jan – 31 Dec (Audited unless otherwise stated)		
	Bygghemma Group First AB	Bygghemma Group Nordic AB	
SEK million	**2017**	**2016**	**2015**
Net sales	3,955.5	2,602.3	1,895.1
Earnings per share, before dilution (SEK)	–333.30	8.56[1)]	4.4[1)]
Earnings per share, after dilution (SEK)	–333.30	7.78[1)]	3.8[1)]
Average number of outstanding shares, before dilution	529,031	6,295,794	6,295,794
Average number of outstanding shares, after dilution	529,031	6,919,075	6,295,794
Net income for the period	28.7	57.0	28.0

1) Not audited.

Alternative performance measures not defined in accordance with IFRS

The Company applies European Securities and Markets Authority's (EMSA) guidelines on Alternative Performance Measures. These guidelines aims to make Alternative Performance Measures used in financial statements more perceivable, reliable and comparable, and in turn facilitate their usefulness. According to these guidelines, a performance measure is a financial measurement on historical or future earning trends, financial position, financial results or cash flows, that are not defined or provided for in applicable frameworks for financial reporting; IFRS and the Swedish Annual Accounts Act (Sw. *Årsredovisningslagen*). The guidelines are mandatory for financial reports published after 3 July 2016. Bygghemma consider that these alternative performance measures gives a better understanding of the Company's financial trends and that they are to a great extent used by the Company's management, investors, securities analysts, and other stakeholders as supplementary measurement of earning trends. These alternative performance measures, as defined by Bygghemma, shall not be compared with other performance measures with similar names used by other companies. This is because the above mentioned performance measures are not always defined in the same way and other companies may calculate them different than Bygghemma. For definitions and a description of the rationale for using the performance measures, refer to "*Definitions of alternative performance measures not defined in accordance with IFRS*".

The following table shows alternative performance measures for the fiscal years that ended 31 December 2017, 2016 and 2015, which have been derived from Bygghemma Group First (2017) and Bygghemma Group Nordic AB's (2016 and 2015) financial and operating systems, including the respective company's relevant audited consolidated financial statements and notes as of and for the periods presented, which are included in the Prospectus.

	1 Jan – 31 Dec (Not audited unless otherwise stated)		
	Bygghemma Group First AB	**Bygghemma Group Nordic AB**	
SEK million (unless otherwise stated)	**2017**	**2016**	**2015**
Net sales growth	*52.0%*	*37.3%*	*72.9%*
Net sales	**3,955.5**	**2,602.3**	**1,895.1**
of which organic net sales	*2,951.1*	*2,402.2*	*1,870.8*
of which other net sales	*1,004.4*	*200.1*	*24.3*
Profitability			
Gross profit	820.0	508.9	366.3
Gross margin	*20.7%*	*19.6%*	*19.3%*
Adjusted gross profit	855.2	508.9	366.3
Adjusted gross margin	*21.6%*	*19.6%*	*19.3%*
Selling and administrative expenses	673.8	413.6	308.5
Selling and administrative expenses / net sales	*17.0%*	*15.9%*	*16.3%*
Operating income (EBIT)¹⁾	91.5	77.6	45.1
Operating margin (EBIT margin)	*2.3%*	*3.0%*	*2.4%*
EBITA	123.6	81.9	48.0
EBITA margin	*3.1%*	*3.1%*	*2.5%*
Adjusted EBITA	197.0	101.0	48.0
Adjusted EBITA margin	*5.0%*	*3.9%*	*2.5%*
EBITDA	146.2	95.4	57.8
EBITDA margin	*3.7%*	*3.7%*	*3.1%*
Adjusted EBITDA	219.7	114.5	57.8
Adjusted EBITDA margin	*5.6%*	*4.4%*	*3.1%*
Net debt	804.1	108.9	54.3
Cash flow			
Cash flow from operating activities¹⁾	141.2	111.6	104.2
Investments	–28.6	–19.5	–19.4
Investments / net sales	*–0.7%*	*–0.7%*	*–1.0%*
Adjusted operating cash flow	264.8	117.5	89.7
Cash conversion	*121%*	*103%*	*155%*
Financial position			
Working capital	–3.1	–118.4	–98.2
Working capital / net sales	*–0.1%*	*–4.5%*	*–5.2%*

1) Audited.

Alternative performance measures not defined in accordance with IFRS (cont.)

Per segment

	1 Jan – 31 Dec (Not audited unless otherwise stated)		
	Bygghemma Group First AB	Bygghemma Group Nordic AB	
SEK million (unless otherwise stated)	**2017**	**2016**	**2015**
DIY segment			
Net sales[1)]	2,342.2	1,665.2	1,270.6
Net sales growth	*40.7%*	*31.1%*	*76.1%*
Gross profit	468.4	308.6	240.9
Gross margin	*20.0%*	*18.5%*	*19.0%*
Adjusted gross profit	468.4	311.3	240.9
Adjusted gross margin	*20.0%*	*18.7%*	*19.0%*
Operating income (EBIT)[1)]	87.0	53.2	30.2
Operating margin (EBIT margin)	*3.7%*	*3.2%*	*2.4%*
EBITA	110.8	56.8	32.4
Adjusted EBITA	114.4	61.8	32.4
Adjusted EBITA margin	*4.9%*	*3.7%*	*2.5%*
Operational performance measures			
Number of visits (thousands)	51,938	40,005	32,906
Number of orders (thousands)	674	515	350
AOV (SEK)	3,394	3,195	3,377
Home furnishing segment			
Net sales[1)]	1,628.9	948.2	632.0
Net sales growth	*71.8%*	*50.0%*	*67.6%*
Gross profit	354.0	201.0	125.4
Gross margin	21.7%	21.2%	19.8%
Adjusted gross profit	389.2	201.0	125.4
Adjusted gross margin	*23.9%*	*21.2%*	*19.8%*
Operating income (EBIT)[1)]	25.6	39.2	15.2
Operating margin (EBIT margin)	*1.6%*	*4.1%*	*2.4%*
EBITA	33.8	39.9	15.9
Adjusted EBITA	84.9	39.9	15.9
Adjusted EBITA margin	*5.2%*	*4.2%*	*2.5%*
Operational performance measures			
Number of visits (thousands)	39,732	21,618	12,793
Number of orders (thousands)	569	244	118
AOV (SEK)	2,868	3,935	3,866

1) Audited.

Definitions of alternative performance measures not defined in accordance with IFRS

Performance measure	Definition	Reasoning
Adjusted EBITA	EBITA excluding items affecting comparability. Items affecting comparability includes acquisition-related costs, costs related to change of ERP system, integration costs and costs related to the process for expanding the shareholder base.	The measurement is relevant in order to provide an indication of the Company's underlying results generated by the operating activities, excluding items affecting comparability.
Adjusted EBITA margin	Adjusted EBITA as a percentage of net sales.	The measurement is relevant in order to provide an indication of the Company's underlying results as a share of net sales generated by operating activities, excluding items affecting comparability.
Adjusted EBITDA	EBITDA excluding items affecting comparability. Items affecting comparability includes acquisition-related costs, costs related to change of ERP system, integration costs and costs related to the process for expanding the shareholder base.	The measurement is relevant in order to show the Company's results generated by the operating activities.
Adjusted EBITDA margin	Adjusted EBITDA as a percentage of net sales.	The measurement is relevant in order to provide an indication of the Company's underlying results as a share of net sales generated by operating activities.
Adjusted gross margin	Gross profit as a percentage of net sales excluding items affecting comparability.	Adjusted gross margin provides an indication of the contribution that shall cover fixed and semi-fixed costs in the Company, excluding items affecting comparability.
Adjusted gross profit	Net sales less cost of goods sold. Adjusted gross profit includes costs that are directly relatable to cost of goods sold, such as warehousing and shipping costs, but excluding items affecting comparability.	Adjusted gross profit provides an indication of the business' contribution margin excluding items affecting comparability.
Adjusted operational cash flow	Underlying cash flow from operations, defined as adjusted EBITDA including changes in working capital and excluding investments.	Adjusted operational cash flow is used to monitor cash flow in operations.
Adjusted selling and administrative expenses	The difference between gross profit and adjusted EBITDA, which thereby excludes items affecting comparability.	Adjusted selling and administrative expenses provides an indication of operating costs, excluding cost of goods sold, thereby providing an indication of the operation's fixed and semi-fixed cost base.
Adjusted selling and administrative expenses / net sales	Adjusted selling and administrative expenses as a percentage of net sales.	States adjusted operating costs as share of net sales and thereby providing an indication of scalability.

Performance measure	Definition	Reasoning
Average order value (AOV)	Total order value (i.e online sales, postage income and related services divided by number of orders.	Average order value is measured as an indicator of monetisation.
Cash conversion	Operational cash flow as a percentage of adjusted EBITDA.	Cash conversion provides an indication of the Company's ability to generate cash flow from operating activities after investments and working capital needs.
EBITA	Operating income with reversal of amortisation on acquisition related intangible assets.	EBITA provides an overall picture of profit generated by the operating activities with reversal of amortisation on acquisition related intangible assets.
EBITA margin	EBITA as a percentage of net sales.	EBITA margin is a useful measurement together with net sales growth to monitor value creation.
EBITDA	Operating income before depreciation and amortisation, financial items and tax.	EBITDA provides an overall picture of profit generated by the operating activities before depreciation and amortisation.
EBITDA margin	EBITDA as a percentage of net sales.	EBITDA margin is a useful measurement together with net sales growth to monitor value creation.
Gross margin	Gross profit as a percentage of net sales.	Gross margin provides an indication of the contribution that shall cover fixed and semi-fixed costs in the Company.
Gross profit	Net sales less cost of goods sold. Gross profit includes costs directly attributable to goods sold, such as warehousing and shipping costs.	Gross profit provides an indication of the contribution that shall cover fixed and semi-fixed costs in the Company.
Investments	Investments in other non-current assets adjusted for asset acquisitions.	Investments provides an indication of total investments in tangible, intangible and financial assets.
Investments / net sales	Investments in other non-current assets in relation to net sales.	Investments in relation to net sales provides an indication of total investments in tangible, intangible and financial assets as a share of the Company's net sales.
Items affecting comparability	Items affecting comparability refers to events and transactions whose effects on profit are important to notice when profit for the period is compared to previous periods and comprise, inter alia, capital gains and losses on divestments, costs related to significant cut-downs, restructuring measures in order to reorganize significant parts of operations, significant write-downs and other significant non-recurring costs and revenues.	Items affecting comparability is a notation of items, when excluded, shows the Company's earning excluding items that are non-recurring in ordinary operations.

Performance measure	Definition	Reasoning
Net debt	The sum of current and non-current interest bearing liabilities towards credit institutions with deductions for cash and cash equivalents, current investments and transaction costs.	Net debt is a measurement showing the Company's total indebtedness.
Net sales growth	Annual net sales growth, calculated in comparison with previous year, expressed as a percentage.	Net sales growth allows the Company to compare its growth rate between different periods and with the overall market and competitors.
Number of orders	Number of orders that are placed during the measured time period.	Number of orders is a measurement that is used to measure customer activity.
Number of visits	Number of visits to the Company's webstores during the measured time period.	Number of visits is a measurement that is used to measure customer activity.
Operating cash flow	Underlying cash flow from operations. Adjusted EBITDA including changes in net working capital and excluding capital expenditures.	Operating cash flow is used to monitor the cash flow of the business.
Operating margin (EBIT margin)	EBIT as a percentage of net sales.	Operating margin is a useful measurement together with net sales growth to monitor value creation.
Organic growth	Change in net sales after adjustment for acquisition effects.	Organic growth allows the Company to monitor the underlying net sales growth excluding the impact of any acquisitions.
Selling and administrative expenses	Difference between gross profit and EBITDA.	Selling and administrative expenses provides an indication of operating costs, excluding cost of goods sold, thereby providing an indication of the operation's fixed and semi-fixed cost base.
Selling and administrative expenses/net sales	Selling and administrative expenses as a percentage of net sales.	States operating costs as share of net sales and thereby providing an indication of scalability.
Working capital	Non interest-bearing current assets less non interest-bearing current non financial liabilities as of the balance sheet day.	Working capital gives an indication of the Company's short term financial health as it indicates whether the Company has sufficient current assets to cover current liabilities.
Working capital / net sales	Non interest-bearing current assets less non interest-bearing current non financial liabilities in relation to net sales.	Working capital in relation to net sales provides an indication of the Company's short term abilities as a share of net sales, as it indicates whether the Company has sufficient current assets to cover current liabilities.

Reconciliation of EBITA, EBITA margin, EBITDA, EBITDA margin, Adjusted EBITA, Adjusted EBITA margin, Adjusted EBITDA and Adjusted EBITDA margin

	1 Jan – 31 Dec		
	Bygghemma Group First AB	**Bygghemma Group Nordic AB**	
SEK million	**2017**	**2016**	**2015**
Operating income(EBIT)	91.5	77.6	45.1
Amortisation on acquisition related intangible assets	32.1	4.3	2.9
EBITA	**123.6**	**81.9**	**48.0**
EBITA margin	*3.1%*	*3.1%*	*2.5%*
Depreciation and amortisation of tangible and intangible assets	22.6	13.5	9.8
EBITDA	**146.2**	**95.4**	**57.8**
EBITDA margin	*3.7%*	*3.7%*	*3.1%*
Items affecting comparability			
Acquisition-related costs	10.0	16.1	–
Costs related to change of ERP system	–	3.1	–
Integration costs	44.7	–	–
Costs related to the process for expanding the shareholder base	18.8	–	–
Total items affecting comparability	**73.5**	**19.1**	**0.0**
Adjusted EBITA	**197.0**	**101.0**	**48.0**
Adjusted EBITA margin	*5.0%*	*3.9%*	*2.5%*
Depreciation and amortisation of tangible and intangible assets	22.6	13.5	9.8
Adjusted EBITDA	**219.7**	**114.5**	**57.8**
Adjusted EBITDA margin	*5.6%*	*4.4%*	*3.1%*

Reconciliation of gross profit and gross margin

	1 Jan – 31 Dec		
	Bygghemma Group First AB	**Bygghemma Group Nordic AB**	
SEK million	**2017**	**2016**	**2015**
Net sales	3,955.5	2,602.3	1,895.1
Cost of goods sold	–3,135.6	–2,093.4	–1,528.8
Gross profit	**820.0**	**508.9**	**366.3**
Gross margin	*20.7%*	*19.6%*	*19.3%*

Reconciliation of adjusted gross profit and adjusted gross margin

	1 Jan – 31 Dec		
	Bygghemma Group First AB	**Bygghemma Group Nordic AB**	
SEK million	**2017**	**2016**	**2015**
Gross profit	820.0	508.9	366.3
Total items affecting comparability	35.2	–	–
Adjusted gross profit	**855.2**	**508.9**	**366.3**
Adjusted gross margin	*21.6%*	*19.6%*	*19.3%*

Reconciliation of selling and administrative expenses

	1 Jan – 31 Dec		
	Bygghemma Group First AB	Bygghemma Group Nordic AB	
SEK million	**2017**	**2016**	**2015**
Gross profit	820.0	508.9	366.3
EBITDA	–146.2	–95.4	–57.8
Selling and administrative expenses	**673.8**	**413.6**	**308.5**
Selling and administrative expenses / net sales	*17.0%*	*15.9%*	*16.3%*

Reconciliation of adjusted selling and administrative expenses

	1 Jan – 31 Dec		
	Bygghemma Group First AB	Bygghemma Group Nordic AB	
SEK million	**2017**	**2016**	**2015**
Adjusted gross profit	855.2	508.9	366.3
Adjusted EBITDA	–219.7	–114.5	–57.8
Adjusted selling and administrative expenses	**635.5**	**394.4**	**308.5**
Adjusted selling and administrative expenses / net sales	*16.1%*	*15.2%*	*16.3%*

Reconciliation of investments

	1 Jan – 31 Dec		
	Bygghemma Group First AB	Bygghemma Group Nordic AB	
SEK million	**2017**	**2016**	**2015**
Investments in tangible and intangible assets	–28.6	–19.5	–45.8
Acquisition of Chilli assets	–	–	26.4
Investments	**–28.6**	**–19.5**	**–19.4**

Reconciliation of adjusted operating cash flow

	1 Jan – 31 Dec		
	Bygghemma Group First AB	Bygghemma Group Nordic AB	
SEK million	**2017**	**2016**	**2015**
Adjusted EBITDA	219.7	114.5	57.8
Changes in working capital	73.7	22.5	51.3
Investments	–28.6	–19.5	–19.4
Adjusted operating cash flow	**264.8**	**117.5**	**89.7**

Reconciliation of organic growth

	1 Jan – 31 Dec		
	Bygghemma Group First AB	**Bygghemma Group Nordic AB**	
SEK million	**2017**	**2016**	**2015**
Net sales	**3,955.5**	**2,602.3**	**1,895.1**
of which organic net sales	*2,951.1*	*2,402.2*	*1,870.8*
of which other net sales	*1,004.4*	*200.1*	*24.3*

Reconciliation of net debt

	1 Jan – 31 Dec		
	Bygghemma Group First AB	**Bygghemma Group Nordic AB**	
SEK million	**2017**	**2016**	**2015**
Non current interest-bearing debt	1,105.9	215.8	42.4
Current interest-bearing debt	81.1	41.0	145.3
Total debt	**1,187.1**	**256.9**	**187.7**
Cash and cash equivalents	–156.1	–51.3	–55.3
Adjustment conditional and deferred additional earn-outs	–249.6	–96.7	–78.2
Adjustment transaction costs	22.7	–	–
Net debt	**804.1**	**108.9**	**54.3**

Operational and financial review

The information presented below should be read together with the section "Selected historical financial information" and Bygghemma Group First AB's audited consolidated financial statements for the 2017 financial year and Bygghemma Group Nordic AB's audited consolidated financial statements for the 2016 and 2015 financial years, which were prepared in accordance with IFRS and are presented elsewhere in the Prospectus. The reason for presenting historical financial information from two different Group Companies is because Bygghemma Group First AB was established in September 2016 in connection with the Principal Owners' acquisition of the Company. Before then, Bygghemma Group Nordic AB was the parent company of the Bygghemma Group. Readers of the Prospectus must observe that, between the groups' Bygghemma Group First AB and Bygghemma Group Nordic AB, there exists certain differences affecting the comparison of their respective financial year due to Bygghemma Group First AB's acquisition of Bygghemma Group Nordic AB. The differences mainly consist of acquisition financing and costs therefore, as well as items attributable to acquisition adjustments (primarily incremental intangible assets and amortisation on these). The information below contains forward-looking statements that are subject to various risks and uncertainties. The Company's actual earnings could differ significantly from the earnings anticipated in these forward-looking statements due to many factors, including but not restricted to the factors described under the heading "Forward-looking statements" in the section "Important information to investors" and elsewhere in the Prospectus, especially in the section "Risk factors".

Overview

Bygghemma Group is the leading online provider of home improvement products to consumers in the Nordic region.[1] The Company offers its customers a broad[2] product assortment at competitive prices with convenient home delivery. Sales are predominantly made online and most orders are delivered directly from the supplier to the end customer. During 2015–2017, net sales grew at a Compound Annual Growth Rate (CAGR) of 44 percent, with an improvement in adjusted EBITA margin from 2.5 percent in 2015 to 5.0 percent in 2017. In 2017, Bygghemma Group reported net sales of SEK 4.0 billion and adjusted EBITA of SEK 197.0 million, corresponding to an adjusted EBITA margin of 5.0 percent.[3] Pro forma net sales for 2017 (which includes acquisitions carried out during 2017) amounted to SEK 4.4 billion.[4]

Since its inception in 2006, Bygghemma Group has expanded its product offering, made significant operational investments and broadened its geographical presence in Sweden, Finland, Norway and Denmark. As of 31 December 2017, the Company's webstores are supported by 72 showrooms, customer service and an inbound sales team. The Company is headquartered in Malmö (Sweden) and the Group had on average of 812 employees during 2017.

Bygghemma Group's operations comprise two segments: DIY and home furnishing.

- **DIY** include the sales of products from well-known external brands for home and garden improvement. DIY comprises the webstores bygghemma.se, netrauta.fi, taloon.com, frishop.dk, badshop.se, talotarvike.com, bygghjemme.no, golvshop.se, byghjemme.dk, byggshop.se, stonefactory.se, golvpoolen.se, lindstromsbad.se, polarpumpen.se, vitvaruexperten.se, fuktkontroll.se, vitvaruexperten.se and tvexperten.se as well as 16 showrooms in Sweden (12), Finland (3) and Denmark (1).
- **Home furnishing** include the sales of furniture and

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1) The Company's assessment supported by analysis carried out by Arthur D. Little based on revenues within the Nordic online home improvement market during 2016. Calculations are based on publicly available information, such as annual reports and estimates on market size and share of online sales. The analysis excludes VAT. Bygghemma Group includes sales from the following companies: Bygghemma (Sweden, Norway, Denmark), Chilli (Sweden, Norway), Trademax (Sweden, Norway, Denmark, Finland), United Web, Stonefactory, Linoleumkompaniet, Kodin1, Taloon, Netrauta, Talotarvike, Polarpumpen, Vitvaruexperten, Golvpoolen, Furniturebox, My Home, Frej Jonsson and WeGot.

2) Based on a product range comprising approximately 250,000 products available for sale in the DIY segment and about 50,000 products available for sale in the home furnishing segment.

3) For a full description of the Group's performance measures, refer to section "*Selected historical financial information – Alternative performance measures not defined in accordance with IFRS*".

4) For a full description of the Company's pro forma financial statements, refer to section "*Pro forma financial statements*".

décor products, primarily under the Group's own brands. Home furnishing comprises the webstores trademax.se, trademax.no, trademax.fi, trademax.dk, chilli.se, chilli.no, kodin1.com, furniturebox.se, furniturebox.no, furniturebox.fi, myhomemøbler.dk and wegot.se as well as 56 showrooms in Sweden (24), Finland (1) and Denmark (31).

The Company constantly strives to leverage technology as a tool to create better ways for its customers to be inspired and shop for home improvement products. Bygghemma Group collects large amounts of data that is used to drive optimisation of the business, such as product display, marketing and pricing.

The Company generally conducts its operations with a negative working capital due to a large proportion of direct fulfilment (i.e. shipments directly from a supplier to a customer), low levels of inventory and limited capital expenditure needs. This enables a potential for strong conversion of EBITDA to operating cash flow with a cash conversion over 100 percent from 2015 to 2017.

Key factors impacting the Group's operating income and cash flow

Bygghemma Group's financial position, cash flow and operating income have historically been, and are expected to continue to be, impacted by a number of key factors. The factors considered by the Company to be the most important in terms of earnings and cash flow are listed below.

- Continued growth of the Nordic online home improvement market
- Scale effects
- Customer engagement
- Operational efficiency
- Delivery model
- Limited working capital and capex needs
- Currency fluctuations
- Deferred tax assets
- Investment in personnel

Continued growth of the Nordic online home improvement market

Bygghemma Group's growth and earnings has been positively impacted by the general ongoing shift away from traditional retail stores towards online-based models. As the overall home improvement market has been fairly stable, the Company expects to benefit from a continued shift of spending from offline to online sales. This trend toward online sales has enabled the growth and expansion of the Company's business and Bygghemma Group expects to make further investments, especially with respect to the overall customer experience, to remain in-step with shifting customer demands and expectations.

Bygghemma Group has developed an online-first model and has expanded its operations, which initially only encompassed Sweden, to also include Finland, Norway and Denmark, through a combination of organic growth and add-on acquisitions. The focus in the immediate future will be on further developing the operations in the Company's existing geographic markets, expanding and broadening the product assortment, and improving operational efficiency. The overall objective is to further capitalise on the growing online home improvement market.

Scale effects

As an online-based provider, Bygghemma Group has a lower share of fixed costs than traditional retailers with extensive physical store networks. However, online retailers within the home improvement market are dependent on achieving a sufficient level of scale for their business platforms to enable efficient operations. The online home improvement market provides opportunities for improved margins, as it rewards scale which also contributes to create barriers for new entrants on the market.

In recent years, the Company has developed a scalable Nordic platform, which has enabled net sales to grow from SEK 1,895.1 million in 2015 to SEK 3,955.5 million in 2017. During the corresponding time period, its adjusted selling and administrative expenses decreased from 16.3 percent of net sales in 2015 to 16.1 percent of net sales in 2017. In turn, the cost of goods sold was reduced from 80.7 percent of net sales in 2015 to 79.3 percent of net sales in 2017. These improvements have resulted in a gradual improvement of the EBITA margin. Provided that the same conditions will be seen going forward, it is expected that economies of scale for Bygghemma will continue to improve.[1]

The Company believes that continued growth will enable more favourable suppliers terms, leading to further improvements in cash flow and further reduction of net working capital as percentage of sales. Bygghemma also believes that a leading online market position, in conjunction with an outstanding customer experience, product offering and delivery model, enables gradual

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1) For a full description of the Group's performance measures, refer to section "*Selected historical financial information – Alternative performance measures not defined in accordance with IFRS*".

2) The Company's assessment supported by analysis carried out by Arthur D. Little based on revenues within the Nordic online home improvement market during 2016. Calculations are based on publicly available information, such as annual reports and estimates on market size and share of online sales. The analysis excludes VAT. Bygghemma Group includes sales from the following companies: Bygghemma (Sweden, Norway, Denmark), Chilli (Sweden, Norway), Trademax (Sweden, Norway, Denmark, Finland), United Web, Stonefactory, Linoleumkompaniet, Kodin1, Taloon, Netrauta, Talotarvike, Polarpumpen, Vitvaruexperten, Golvpoolen, Furniturebox, My Home, Frej Jonsson and WeGot.

realisation of operating leverage and supports improved operating margins than what competitors with lower market share are able to achieve. The Company expects further growth to result in higher benefits of scale with respect to overall efficiency improvements of the operations such as a positive impact on marketing efficiency, brand awareness and the Group's ability to more effectively leverage technology investments.

Customer engagement

Bygghemma Group is the leading online provider of home improvement to consumers in the Nordic region.[2] The Company's earnings and financial position are dependent on consumers continuing to find Bygghemma Group's offering attractive. The Company's assortment is continuously developed and expanded to meet consumer needs and expectations. A large assortment increases the probability of finding the "right" product and assortment expansion promotes repeat purchases and increasing conversion. The Company primarily operates a direct fulfilment model where most of the purchased products are delivered directly from the supplier to the customer, which enables a larger assortment. The Company continuously works to improve the overall customer experience using marketing, customer service, efficient deliveries and competitive pricing. With respect to pricing, the Company does not strive to be a price pusher on the market. Instead, it applies a dynamic pricing model based on a proprietary pricing tool that enables price adjustments in real time based on competitors' prices and the Company's pricing strategy.

Operational efficiency

The Company's ability to maintain the cost efficiency of its operating activities impacts the Company's earnings. The Company's gross margin is mainly impacted by the cost of goods sold as well as costs related to inventory and deliveries. The gross margin is also impacted by differences in the distribution of net sales between the Company's two segments. The home furnishing segment generally has a higher gross margin, driven by a larger share of sales of products under own brands.

The Company's earnings and cash flow are also impacted by Bygghemma Group's ability to optimise its operating expenses by improving the efficiency of its internal work processes, implementing sufficient IT capacity to support its business development and maintaining a strict cost control.

In 2017, the Company initiated in an integration and consolidation work stream within the home furnishing segment, aiming to fully migrate Furniturebox (which were acquired in the first quarter of 2017) to Trademax's and Chilli's web platform, ERP, and inventory management solution. The work has progressed according to plan and the Company expect that it will take approximately six months after the change of the web platform before, allowing for a continued focus on growth. During the integration and consolidation process, the operational efficiency, and thus also the profitability, is expected to temporarily decline as a result of the expected downturn in traffic to Furniturebox.

Delivery model

High customer satisfaction and cost efficiency are crucial for Bygghemma Group. By operating a direct fulfilment model, the Company can keep its logistic operations at a cost efficient level despite its vast assortment of products. Bygghemma Group can also benefit from its size and market leading position[1] when negotiating terms with third party delivery service providers. Bygghemma has undertaken several measures to increase the efficiency of its delivery model and to reduce related costs.

Going forward, the Company aims to benefit from further efficiency improvements and is also contemplating more flexible service offerings relating to delivery e.g. weekend and evening deliveries, door delivery and removal of old products, which is expected to allow for additional revenue streams for the Company and higher service levels for the customer.

Efficient handling of customer returns is crucial for an online business since it drives cost and normally requires a higher level of manual handling which is time consuming and requires resources. The type of business that the Company is operating has a lower rate of customer returns compared to many other online retail categories. This is partly due to the nature of the products, partly due to the fact that customers to a larger extent do their research and evaluate different alternatives before they decide what product to buy. To compensate for the cost of returns that do take place, the Company offers return services to its customers at a fee.

Limited working capital and capex needs

As a result of the delivery model, Bygghemma Group can hold low inventory levels since a large share of orders are delivered directly from the supplier to the consumer, and as the home furnishing segment mainly stocks popular products with high inventory turnover rates. This model has a positive effect on the Company's working capital position in terms of lower inventories.

The Company's business model, whereby customers pay upon the time of purchase and the Group typically pays its suppliers later, contributes positively to cash flow in conjunction with growth and allows for the Company to operate on a limited net working capital.

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1) The Company's assessment based on a product assortment of approximately 250,000 products within the DIY segment and approximately 50,000 products within the home improvement segment.

Bygghemma Group has low capex needs which has resulted in a capex in relation to net sales amounting to an average of 0.8 percent per year during 2015–2017. The Company have a limited capex need, and significant investments in IT has been made historically, as well as that the Company have outsourced its warehousing function to an external party.

Negative working capital that maintains at the same (or more negative) share of net sales results in positive cash flow contribution as the Company's net sales grow. Operating cash flow normally exceeds adjusted EBITDA as a result of positive working capital changes and limited capex needs. Cash conversion amounted to more than 100 percent per year during 2015–2017.

Currency fluctuations

Although the Company's consolidated financial statements are prepared in SEK, the Company has operations in Sweden, Finland, Norway and Denmark, and a share of its total purchase of goods is conducted in currencies other than SEK.

In terms of foreign currencies, Bygghemma Group mainly has an inflow of DKK, EUR and NOK and a net outflow of USD and EUR, which entails that the Company is continuously exposed to transaction risk in respect of these currencies. For 2017, net flows of foreign currencies were primarily negative net outflows. The Company had net outflows of USD –26.7 million and EUR –29.7 million. Bygghemma Group also had a net inflow of DKK amounting to DKK 74.5 million and net outflow of NOK amounting to NOK 140.5 million. For more information about the Company's exposure to currency fluctuations, please see "*Sensitivity analysis*" below.

Investment in personnel

Bygghemma Group believes that its employees are one of the Company's most important assets and the Company intends to continue investing in hiring and retaining talented employees to find better ways to serve its customers and grow its business. As part of this, the Company's fixed and variable salaries may, especially in relation to key employees, increase over the coming years. In 2017, the Company had in average 812 employees. Bygghemma Group believes it will be important for the Company to attract, develop and retain key individuals in order to grow and manage its business successfully.

Key items in the income statement

A description of the key items in the Company's income statement is provided below.

Operating income

Operating income mainly consist of the Company's net sales attributable from the sale of goods in the Company's two business segments DIY and home furnishing. The sale of goods primarily takes place online through Bygghemma Group's webstores and through its showrooms. Income from the sale of goods is accounted for in accordance with trade terms, i.e. when the goods have been transferred to the transportation agency, less VAT, discounts and returns. As the majority of sales is carried out to consumers who, depending on country of residence, have statutory rights of withdrawal at distance purchases, the deduction for returns is a relatively significant item. The Group's income shows seasonal variations. The second and third quarter are normally the strongest in terms of sales.

Cost of goods sold

Cost of goods sold primarily consist of acquisition costs for products that are bought from suppliers, impairment of inventories, fraud, theft and other selling expenses.

Inventory is valuated to the lower of acquisition costs and net selling price. Acquisition costs is calculated by the first-in-first-out principle. Net selling price is the estimated selling price in the operating activities, less expected costs for completion and sale. Costs for inventory is based on the acquisition cost and includes expenditures that occur in connection with buying goods in a marketable condition and to the right place. Allocation for obsolescence is included in cost of goods sold.

Gross profit

The Company's gross profit pertains to operating income less costs for goods sold. Gross profit includes costs that are directly attributable to goods for resale, such as inventory and transportation costs.

Operating income (EBIT)

Operating income (EBIT) pertains to the Company's gross profit less personnel costs, other external expenses, other operating expenses and depreciation and amortisation of tangible and intangible assets.

Net financials

Net financials consist of the Company's financial income less financial expenses. Financial income consist of interest income on invested funds and positive currency fluctuations on financial assets or liabilities. Financial costs consist of interest costs on loans and negative currency fluctuations on financial assets or liabilities. Profit and losses that occur in changes of the fair value of conditional purchase prices and liabilities pertaining to holdings of non-controlling influence are accounted for among financial items.

Profit before tax

Profit before tax consist of the Company's operating income (EBIT) less net financials.

Tax

Tax expenses consist of current tax and deferred tax. Current tax pertains to tax that shall be paid or received the current year, applying tax rates that are decided or estimated as of the balance sheet date. Current tax also pertains to adjustments of current tax attributable to previous periods. Deferred tax is calculated in accordance with the balance sheet method, on the basis of temporary differences between accounted and fiscal values of assets and liabilities. Valuation of deferred tax is based on in what way underlying assets or liabilities will be realised or settled. Deferred tax is calculated applying the tax rates and tax rules that are decided or estimated as of the balance sheet day. Deferred tax assets as regards deductible temporary differences as well as losses carried-forward are accounted for only to the extent that it is probable that these can be utilized. The value of deferred tax assets is reduced when it is considered probable that these cannot be utilized.

Net income for the period

Net income for the period refers to profit before tax, less tax expenses.

Comparison between the 2017 and 2016 financial years

Readers of the Prospectus must observe that, between the groups' Bygghemma Group First AB and Bygghemma Group Nordic AB, there exists certain differences affecting the comparison of their respective financial year due to Bygghemma Group First AB's acquisition of Bygghemma Group Nordic AB in 2016. The differences mainly consist of acquisition financing and costs therefore, as well as items attributable to acquisition adjustments (primarily incremental intangible assets and amortisation on these).

Net sales

Bygghemma Group's net sales increased SEK 1,353.2 million, or 52.0 percent, from SEK 2,602.3 million in 2016 to SEK 3,955.5 million in 2017. The increase in net sales was mainly attributable to increasing market shares within both segments, continued rapid growth as regards online penetration and acquisitions. Acquisitions amounted to SEK 1,004.4 million. The average order value decreased SEK 231, or 6.8 percent, from SEK 3,384 in 2016 to SEK 3,153 in 2017, primarily due to that the majority of the companies that were acquired during the year had a lower average order value than the Group in general.

Net sales in the DIY segment increased SEK 676.9 million, or 40.7 percent, from SEK 1,665.2 million in 2016 to SEK 2,342.2 million in 2017. The increase was mainly the result of a strong organic growth combined with the acquisitions of Arredo and Polarpumpen during the second quarter, and Vitvaruexperten and Frej Jonsson during the fourth quarter. The average order value increased SEK 198.7, or 6.2 percent, from SEK 3,195 in 2016 to SEK 3,394 in 2017, primarily due to underlying product changes and acquisitions.

Net sales in the home furnishing segment increased SEK 680.7 million, or 71.8 percent, from SEK 948.2 million in 2016 to SEK 1,628.9 million in 2017. The increase was mainly the result of a strong organic growth combined with the acquisitions of Furniturebox during the first quarter, My Home Møbler during the second quarter, and WeGot during the fourth quarter. The average order value decreased SEK 1,066.6, or 27.1 percent, from SEK 3,935 in 2016 to SEK 2,868 in 2017, primarily due to that the companies that were acquired in the home furnishing segment during the year had a lower average order value than the segment in general.

Cost of goods sold

Bygghemma Group's cost of goods sold increased SEK 1,042.2 million, or 49.8 percent, from SEK 2,093.4 million in 2016 to SEK 3,135.6 million in 2017. Cost of goods sold as a proportion of net sales decreased by 1.2 percentage points, from 80.4 percent in 2016 to 79.3 percent in 2017, mainly as a result of improved trade terms with suppliers as a consequence of increased volumes.

Cost of goods sold in the DIY segment increased SEK 517.1 million, or 38.1 percent, from SEK 1,356.7 million in 2016 to SEK 1,873.8 million in 2017. Cost of goods sold as a proportion of net sales decreased by 1.5 percentage points, from 81.5 percent in 2016 to 80.0 percent in 2017, mainly as a result of improved trade terms with suppliers as a consequence of increased volumes.

Cost of goods sold in the home furnishing segment increased SEK 527.8 million, or 70.6 percent, from SEK 747.2 million in 2016 to SEK 1,275.0 million in 2017. Cost of goods sold as a proportion of net sales decreased by 0.5 percentage points, from 78.8 percent in 2016 to 78.3 percent in 2017, mainly as a result of improved trade terms with suppliers.

Gross profit

Bygghemma Group's gross profit increased SEK 311.1 million, or 61.1 percent, from SEK 508.9 million in 2016 to SEK 820.0 million in 2017. The increase in gross profit was mainly the result of an increase of net sales as a result of strong organic growth combined with acquisitions. The gross margin increased by 1.2 percentage points, from 19.6 percent in 2016 to 20.7 percent in 2017. The increase in gross margin was primarily due to underlying growth within both segments as well as that companies acquired during the year together had a higher gross margin than the Group in general.

Gross profit for the DIY segment increased SEK 159.8 million, or 51.8 percent, from SEK 308.6 million in 2016 to

SEK 468.4 million in 2017. The increase in gross profit was mainly the result of an increase of net sales due to strong organic growth combined with acquisitions. The gross margin increased by 1.5 percentage points, from 18.5 percent in 2016 to 20.0 percent in 2017. The increase in gross margin was primarily due to improved trade terms combined with that companies acquired during the year had a higher gross margin that the Group in general.

Gross profit for the home furnishing segment increased SEK 153.0 million, or 76.1 percent, from SEK 201.0 million in 2016 to SEK 354.0 million in 2017. The increase in gross profit was mainly the result of an increase of net sales as a result of strong organic growth in combination with acquisitions. The gross margin increased by 0.5 percentage points, from 21.2 percent in 2016 to 21.7 percent in 2017. The increase in gross margin was primarily due to improved trade terms in combination with that companies acquired during the year had a higher gross margin than the Group in general.

Operating income (EBIT)

Bygghemma Group's operating income (EBIT) increased SEK 13.9 million, or 17.9 percent, from SEK 77.6 million in 2016 to SEK 91.5 million in 2017. The EBIT margin decreased by 0.7 percentage points, from 3.0 percent in 2016 to 2.3 percent in 2017. The decrease in the EBIT margin was mainly due to an increase in selling and administrative expenses in relation to sales.

Segment earnings for DIY increased SEK 33.7 million, or 63.3 percent, from SEK 53.2 million in 2016 to SEK 87.0 million in 2017. The DIY segment increased by 0.5 percentage points, from 3.2 percent in 2016 to 3.7 percent in 2017. The increase in the EBIT margin was primarily the result of an improved gross margin and benefits of scale as regards selling and administration expenses.

Segment earnings for home furnishing (EBIT) decreased SEK 13.6 million, or 34.8 percent, from SEK 39.2 million in 2016 to SEK 25.6 million in 2017. The EBIT margin for the home furnishing segment decreased by 2.6 percentage points, from 4.1 percent in 2016 to 1.5 percent in 2017. The decrease in the EBIT margin was primarily the result of that certain acquisitions within the segment during the year had another margin and cost structure than the Group as a whole.

Net financials

Bygghemma Group's financial net costs increased by SEK 50.5 million, or 1,147.8 percent, from SEK 4.2 million during 2016 to SEK 54.7 million during 2017, and comprised in 2017 mainly of interest expenses to credit institutions amounting to SEK 35.7 million.

Profit before tax

Profit before tax decreased SEK 36.6 million, or 49.9 percent, from SEK 73.5 million in 2016 to SEK 36.8 million in 2017.

Tax

Bygghemma Group's tax decreased SEK 8.4 million, or 50.9 percent, from SEK 16.5 million in 2016 to SEK 8.1 million in 2017. The decrease was mainly due to that the profits before tax in 2017 was lower compared to 2016. The Group's effective tax rate decreased by 0.5 percentage points, from 22.4 percent in 2016 to 21.9 percent in 2017.

Net income for the period

As a result of all of the aforementioned factors, net income for the period decreased SEK 28.3 million, or 49.6 percent, from SEK 57.0 million in 2016 to SEK 28.7 million in 2017.

Comparison between the 2016 and 2015 financial years

Net sales

Bygghemma Group's net sales increased SEK 707.2 million, or 37.3 percent, from SEK 1,895.1 million in 2015 to SEK 2,602.3 million in 2016. The increase in net sales was mainly attributable to product expansion, organic growth and acquisitions. Acquisitions amounted to SEK 149.5 million. The average order value decreased SEK 116, or 3.3 percent, from SEK 3,500 in 2015 to SEK 3,384 in 2016, primarily due to changes in product mix as well as due to acquisitions.

Net sales in the DIY segment increased SEK 394.6 million, or 31.1 percent, from SEK 1,270.6 million in 2015 to SEK 1,665.2 million in 2016. The increase in net sales was mainly the result strong organic growth, driven by a broader product range and an increase in the total market, online penetration as well as by acquisitions (the acquisitions of Frishop and Talotarvike, both acquired in Q1 2016 and Stonefactory, acquired in Q4 2016) and an increase in traffic and conversion rate. The average order value decreased SEK 182, or 5.4 percent, from SEK 3,377 in 2015 to SEK 3,195 in 2016, primarily due to changes in product mix as well as due to acquisitions.

Net sales in the home furnishing segment increased SEK 316.2 million, or 50.0 percent, from SEK 632.0 million in 2015 to SEK 948.2 million in 2016. The increase in net sales was mainly the result of strong organic growth driven by a broader product assortment and an increase in the total market, online penetration. The average order value increased SEK 69, or 1.8 percent, from SEK 3,866 in 2015 to SEK 3,935 in 2016, primarily due to mix effects.

Cost of goods sold

Bygghemma Group's cost of goods sold increased SEK 564.6 million, or 36.9 percent, from SEK 1,528.8 million in 2015 to SEK 2,093.4 million in 2016, slightly below the growth in net sales. Cost of goods sold as a proportion of net sales decreased by 0.3 percentage points, from 80.7 percent in 2015 to 80.4 percent in 2016, mainly as a result of competitive pricing offset by improved trade terms with suppliers driven by increased volumes.

Cost of goods sold in the DIY segment increased SEK 327.0 million, or 31.8 percent, from SEK 1,029.7 million in 2015 to SEK 1,356.7 million in 2016. Cost of goods sold as a proportion of net sales increased by 0.5 percentage points, from 81.0 percent in 2015 to 81.5 percent in 2016, mainly as a result of competitive pricing.

Cost of goods sold in the home furnishing segment increased SEK 240.6 million, or 47.5 percent, from SEK 506.6 million in 2015 to SEK 747.2 million in 2016. Cost of goods sold as a proportion of net sales decreased by 1.4 percentage points, from 80.2 percent in 2015 to 78.8 percent in 2016, mainly as a result of improved trade terms due to increased volumes.

Gross profit

Bygghemma Group's gross profit increased SEK 142.6 million, or 38.9 percent, from SEK 366.3 million in 2015 to SEK 508.9 million in 2016. The increase in gross profit was mainly the result of strong organic growth, acquisitions as well as a better trade terms. The gross margin increased 0.3 percentage points, from 19.3 percent in 2015 to 19.6 percent in 2016. The growth in the gross margin was primarily due to lower cost of goods sold in relation to sales driven by improved trade terms.

Gross profit for the DIY segment increased SEK 67.7 million, or 28.1 percent, from SEK 240.9 million in 2015 to SEK 308.6 million in 2016. The increase in gross profit was mainly the result of an increase in net sales driven by product expansion, organic growth and acquisitions. The gross margin decreased 0.5 percentage points, from 19.0 percent in 2015 to 18.5 percent in 2016. The decrease in the gross margin was primarily due to competitive pricing.

Gross profit for the home furnishing segment increased SEK 75.6 million, or 60.3 percent, from SEK 125.4 million in 2015 to SEK 201.0 million in 2016. The increase in gross profit was mainly the result of an increase in net sales driven by product expansion, organic growth and acquisitions. The gross margin increased 1.4 percentage points, from 19.8 percent in 2015 to 21.2 percent in 2016. The increase in the gross margin was primarily due to lower cost of goods sold in relation to sales driven by improved trade terms.

Operating income (EBIT)

Bygghemma Group's operating income (EBIT) increased SEK 32.5 million, or 72.0 percent, from SEK 45.1 million in 2015 to SEK 77.6 million in 2016.

The EBIT margin increased 0.6 percentage points, from 2.4 percent in 2015 to 3.0 percent in 2016. The increase in the EBIT margin was mainly due to increased gross margin and operating leverage (i.e. reduced sales and general and administrative costs as share of sales).

Segment earnings for DIY (EBIT) increased SEK 23.0 million, or 76.4 percent, from SEK 30.2 million in 2015 to SEK 53.2 million in 2016. The EBIT margin for the DIY segment increased 0.8 percentage points, from 2.4 percent in 2015 to 3.2 percent in 2016. The increase in the EBIT margin was primarily the result of operating leverage (i.e. reduced sales and general and administrative costs as share of sales).

Segment earnings for home furnishing increased SEK 24.0 million, or 157.9 percent, from SEK 15.2 million in 2015 to SEK 39.2 million in 2016. The home furnishing segment increased 1.7 percentage points, from 2.4 percent in 2015 to 4.1 percent in 2016. The increase in the EBIT margin was primarily the result of an increased gross margin and operating leverage (i.e. reduced sales and general and administrative costs as share of sales).

Net financials

Bygghemma Group's net financial decreased by SEK 2.9 million, or 40.7 percent, from SEK 7.0 million in 2015 to SEK 4.2 million in 2016. The decrease was mainly due to revaluation of contingent considerations that affected earnings by SEK 3.4 million in 2015 compared to SEK 0.9 million in 2016.

Profit before tax

Profit before tax increased SEK 35.3 million, or 92.7 percent, from SEK 38.1 million in 2015 to SEK 73.5 million in 2016.

Tax

Bygghemma Group's tax increased SEK 6.3 million, or 62.2 percent, from SEK 10,1 million in 2015 to SEK 16.5 million in 2016. The increase was attributable to higher operating income (EBIT), driven by higher gross profit and limited increase in sales, general and administrative costs. The Group's effective tax rate decreased 4.2 percentage points, from 26.6 percent in 2015 to 22.4 percent in 2016.

Net income for the period

As a result of all of the aforementioned factors, net income for the period increased SEK 29.0 million, or 103.8 percent, from SEK 28.0 million in 2015 to SEK 57.0 million in 2016.

Cash flow

Cash flow from operating activities

The Company's cash flow from operating activities increased by SEK 29.6 million, or 26.5 percent, from SEK 111.6 million in 2016 to SEK 141.2 million in 2017. The increase in cash flow from operating activities was mainly due to an increase of working capital output.

The Company's cash flow from operating activities increased by SEK 7.4 million, or 7.1 percent, from SEK 104.2 million in 2015 to SEK 111.6 million in 2016. The increase of cash flow from operating activities was mainly due to an improved net profit and reduced net working capital.

Cash flow from investing activities

The Company's cash outflow from investing activities increased by SEK 828.4 million, or 509.6 percent, from SEK 162.5 million in 2016 to SEK 990.9 million in 2017. The increase of cash outflow from investing activities was mainly due to a significant increase of acquisitions in 2017, which amounted to SEK 962.5 million compared to SEK 144.8 million in 2016.

The Company's cash outflow from investing activities increased by SEK 34.6 million, or 27.1 percent, from SEK 127.9 million in 2015 to SEK 162.5 million in 2016. The increase in cash outflow from investing activities was mainly due to acquisitions amounting to SEK 144.8 million in 2016 compared to SEK 90.0 million in 2015.

Cash flow from financing activities

The Company's cash flow from financing activities increased by SEK 904.8 million, or 1,937.7 percent, from SEK 46.7 million in 2016 to SEK 951.4 million in 2017. The increase in cash flow from financing activities was mainly due to that the Company carried out a number of share issues during the year and raised new loans.

The cash flow from financing activities increased by SEK 18.3 million, or 64.4 percent, from SEK 28.4 million in 2015 to SEK 46.7 million in 2016. The increase in cash flow from financing activities was mainly due to new borrowings offset by amortisation of existing loans.

Liquidity and financial position

As of 31 December 2017, equity amounted to SEK 2,375.1 million, compared to SEK 220.7 million on 31 December 2016. The increase of SEK 2,154.4 million, or 976.2 percent, was mainly due to that the Company carried out a number of new share issues. As of 31 December 2017, the Company's cash and cash equivalents totalled SEK 156.1 million, compared to SEK 51.3 million on 31 December 2016. The increase of SEK 104.8 million, or 204.1 percent, was primarily attributable to the changes described above under "*Cash flow*".

As of 31 December 2016, equity amounted to SEK 220.7 million, compared with SEK 151.1 million on 31 December 2015. The increase of SEK 69.6 million, or 46.0 percent, was mainly due to an improved net income for the period. As of 31 December 2016, the Company's cash and cash equivalents totalled SEK 51.3 million, compared to SEK 55.3 million on 31 December 2015. The decrease of SEK 4.0 million, or 7.2 percent, was primarily attributable to acquisitions.

Contractual obligations

Bygghemma's total contractual obligations as of 31 December 2017 was SEK 1,759.5 million (excluding other undrawn facilities in an amount of SEK 171.1 million). The following table sets forth the principal contractual obligations of Bygghemma as of 31 December 2017 based on the remaining period to the contractual maturity date from the balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows for the liabilities.

	Payments due by period (Not audited unless other is stated)				
(SEK million)	**Total**	**Less than 1 year**	**Between 1 and 3 years**	**Between 3 and 5 years**	**More than 5 years**
Credit facilities	1,090.9	80.4	149.2	861.3	–
Deferred payments and earn outs	249.6[1]	36.9	212.7	–	–
Accounts payable	370.1[1]	370.1	–	–	–
Other liabilities	8.2[1]	8.2	–	–	–
Accrued expenses	40.8[1]	40.8	–	–	–

1) Audited

In addition to the obligations set forth in the table above, Bygghemma is also party to a number of operating leases. In connection with these leases, the minimum lease charges for non-callable operational leases at nominal values is SEK 126.5 million within 1 year, SEK 305.0 million for 1 to 5 years and SEK 27.0 million thereafter. The table does not include liabilities associated with pension entitlements or contingent liabilities. See notes 20, 24 and 25, respectively, of Bygghemma's audited consolidated financial statements for 2017 for further information regarding these liabilities.

Sensitivity analysis

A sensitivity analysis of key factors affecting the earnings for the Company's operations is described below. The analysis is based on values for the financial year ending 31 December 2017 and assumes that all other factors remain constant. The sensitivity analysis does not constitute a forecast.

- A change in the average sales price of +/- 10 percent would have an impact of approximately +/- SEK 395.6 million on operating income,
- A change in the average gross margin of +/- 1 percent would have an impact of approximately +/- SEK 39.6 million on operating income,
- A change of freight and logistics costs of +/- 1 percent would have an impact on the operating income of SEK 4.7 million.
- A change in the variable interest rate of the Group's credit facilities of +/- 1 percent would have an impact on the Group's net financial income of SEK 7.9 million.
- A currency change of +/- 10 percent in the EUR, USD, NOK and DKK against the SEK would have an impact of +/- SEK 28.6 million, +/- SEK 22.8 million, +/- SEK 14.5 million and +/- SEK 9.6 million, respectively, on operating income. The Company does not hedge currency exposures.

Investments

Ongoing and future investments

The Company has no significant ongoing investments nor made any undertakings with respect to any future significant investments.

Investments during the period 2015–2017

Excluding acquisitions, investments increased by SEK 0.1 million, or 0.5 percent, from SEK 19.4 million in 2015 to SEK 19.5 million in 2016. The Company's investments in 2016 pertained to SEK 6.0 million in tangible assets, SEK 13.0 million in intangible assets and SEK 0.5 million in financial assets.

Excluding acquisitions, investments increased by SEK 9.1 million, or 46.7 percent, from SEK 19.5 million in 2016 to SEK 28.6 million in 2017. The increase in investments consisted of tangible assets amounting to SEK 1.5 million and intangible assets amounting to SEK 8.0 million, as well as a SEK 0.5 million decrease in financial assets. The Company's investments in 2017 pertained to SEK 7.6 million in tangible assets, which mainly consisted of inventory and improvement expenses on third party property, as well as SEK 21.0 million in intangible assets attributable to internally developed intangible assets.

Working capital statement

The Company operates with a negative net working capital since a material share of the working capital refers to deferred income for goods that are to be provided by the Company. The Company thus expects that the negative net working capital will remain negative. As of the date of the Prospectus, the Group believes that its working capital is sufficient to meet the Group's needs over the coming 12-month period.

Tangible assets

The recognised net value of the Group's tangible assets amounted to SEK 32.3 million on 31 December 2017 and mainly comprised inventory, buildings and land, as well as improvement expenses on third party property.

Intangible assets

Intangible assets amounted to SEK 3,617.4 million on 31 December 2017 and mainly comprised of goodwill and trademarks.

Add-on acquisitions

The Company has completed several add-on acquisitions in recent years. From 2015 to 2017, the Company completed the acquisitions of the companies Chilli (asset purchase acquisition, chilli.se) (2015), Linoleumkompaniet AB (2015, wholly owned), Camola ApS (frishop.dk) (2016, equity acquisition of 70 percent), M & M Visions OY (talotarvike.com) (2016, wholly owned), FB Internet AB (furniturebox.se) (2017, wholly owned), Stonefactory Scandinavia AB (stonefactory.se) (2016, equity acquisition of 82.2 percent), the Danish group My Home Møbler (myhomemøbler.dk) (2017, equity acquisition of 89.2 percent of the holding company Inredhemma Danmark ApS which was established for the purpose of these acquisitions), Arredo Holding AB (arredo.se) (2017, wholly owned), Polarpumpen AB (polarpumpen.se) (2017, equity acquisition of 51 percent), Vitvaruexperten.com Nordic AB (2017, equity acquisition of 51 percent), WeGot AB (2017, wholly owned) and Frej Jonsson & Co AB (2017, wholly owned). Bygghemma Group typically pays for acquisitions through a combination of cash, equity and additional purchase prices. Additional purchase prices have historically comprised 25–75 percent of the total purchase price. Additional purchase prices entered as liabilities (deferred payments and earn-outs) amounted to SEK 249.6 million on 31 December 2017.

Seasonal variations

During the 2015–2017 period, the Company's net sales showed a certain overweighting, on average, towards the second and third quarter of the year, which accounted for 56 percent of net sales on an annualised basis. The first quarter is typically the Company's weakest in terms of net sales, which is largely driven by the natural downturn in connection with the winter season in the Nordic region.

Financial quarterly information

The Company believes that the information provided below is of material importance to investors. However, note that the table is based on information collated from the Company's internal accounting and is not audited by the Company's auditor. For a definition of the line items set out below, see "*Definitions of alternative performance measures not defined in accordance with IFRS*". Refer also to the introductions of sections "*Selected historical financial information*" and "*Alternative performance measures not defined in accordance with IFRS*".

	Bygghemma Group First AB				**Bygghemma Group Nordic AB**							
	2017				**2016**				**2015**			
SEK million, unless otherwise stated	**Q 4**	**Q 3**	**Q 2**	**Q 1**	**Q 4**	**Q 3**	**Q 2**	**Q 1**	**Q 4**	**Q 3**	**Q 2**	**Q 1**
Group												
Net sales	1,079.7	1,126.2	1,080.0	669.7	619.2	696.0	781.6	505.5	511.1	517.5	534.3	332.1
Net sales growth	74.4%	61.8%	38.2%	32.5%	21.2%	34.5%	46.3%	52.2%	60.8%	77.6%	73.5%	85.5%
EBITA	14.5	44.8	51.9	12.3	14.2	25.9	33.1	8.7	13.0	14.1	20.2	0.6
EBITA margin	1.3%	4.0%	4.8%	1.8%	2.3%	3.7%	4.2%	1.7%	2.6%	2.7%	3.8%	0.2%
Adjusted EBITA	52.7	60.5	64.3	19.5	15.7	29.8	43.6	11.8	13.0	14.1	20.2	0.6
Adjusted EBITA margin	4.9%	5.4%	6.0%	2.9%	2.5%	4.3%	5.6%	2.3%	2.6%	2.7%	3.8%	0.2%
Gross margin	21.7%	20.9%	20.3%	19.7%	20.3%	18.8%	19.5%	19.7%	20.7%	19.4%	18.4%	18.6%
Cash flow from operating activities	25.2	8.9	133.6	(26.6)	(4.5)	(31.2)	108.0	39.3	1.3	(25.8)	76.0	52.4
Number of visits (thousands)	23,799	24,911	24,641	18,320	14,766	16,318	17,011	13,528	11,435	11,938	12,519	9,808
Number of orders (thousands)	408	319	318	199	197	201	215	146	118	123	133	93
AOV (SEK)	2,563	3,467	3,408	3,455	3,087	3,398	3,591	3,651	3,454	3,530	3,669	3,278
DIY segment												
Net sales	645.3	659.5	640.0	397.3	400.8	458.1	502.0	304.4	323.2	356.1	369.3	221.9
EBITA	36.4	31.4	33.4	9.7	11.2	18.7	25.3	1.6	6.8	10.9	14.6	0.0
EBITA margin	5.6%	4.8%	5.2%	2.4%	2.8%	4.1%	5.0%	0.5%	2.1%	3.1%	4.0%	0.0%
Adjusted EBITA	37.4	32.3	34.8	9.8	12.8	19.0	26.0	4.0	6.8	10.9	14.6	0.0
Adjusted EBITA margin	5.8%	4.9%	5.4%	2.5%	3.2%	4.2%	5.2%	1.3%	2.1%	3.1%	4.0%	0.0%
Number of visits (thousands)	11,326	14,626	14,795	11,192	9,343	10,595	11,427	8,641	7,405	8,650	9,456	7,395
Number of orders (thousands)	177	172	198	129	139	136	144	95	90	95	96	69
AOV (SEK)	3,177	3,835	3,298	3,251	2,710	3,213	3,497	3,423	3,176	3,387	3,714	3,156
Home furnishing segment												
Net sales	437.6	471.9	444.3	275.1	220.3	241.8	283 .2	202.9	187.7	167.4	166.2	110.6
EBITA	–5.2	14.0	21.1	3.9	4.2	9.5	18.1	8.1	6.3	3.3	5.6	0.6
EBITA margin	–1.2%	3.0%	4.7%	1.4%	1.9%	3.9%	6.4%	4.0%	3.4%	2.0%	3.4%	0.5%
Adjusted EBITA	13.6	28.4	32.1	10.9	4.2	9.5	18.1	8.1	6.3	3.3	5.6	0.6
Adjusted EBITA margin	3.1%	6.0%	7.2%	3.9%	1.9%	3.9%	6.4%	4.0%	3.4%	2.0%	3.4%	0.5%
Number of visits (thousands)	12,473	10,285	9,846	7,128	5,424	5,723	5,585	4,886	4,030	3,288	3,062	2,413
Number of orders (thousands)	231	147	121	70	58	65	71	51	29	28	37	24
AOV (SEK)	2,094	3,038	3,588	3,829	3,998	3,788	3,915	4,078	4,332	4,004	3,552	3,630

Reconciliation of quarterly adjusted EBITA and adjusted EBITA margin

	Bygghemma Group First AB				Bygghemma Group Nordic AB							
SEK million	2017				2016				2015			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Operating income (EBIT)	**5.2**	**36.3**	**44.3**	**5.6**	**13.0**	**24.8**	**32.0**	**7.9**	**12.3**	**13.4**	**19.5**	**–0.1**
Operating margin (EBIT margin)	*0.5%*	*3.2%*	*4.1%*	*0.8%*	*2.1%*	*3.6%*	*4.1%*	*1.6%*	*2.4%*	*2.6%*	*3.6%*	*0.0%*
Amortisation on acquisition related intangible assets	9.3	8.5	7.6	6.7	1.2	1.1	1.1	0.9	0.7	0.7	0.7	0.7
EBITA	**14.5**	**44.8**	**51.9**	**12.3**	**14.2**	**25.9**	**33.1**	**8.7**	**13.0**	**14.1**	**20.2**	**0.6**
EBITA margin	*1.3%*	*4.0%*	*4.8%*	*1.8%*	*2.3%*	*3.7%*	*4.2%*	*1.7%*	*2.6%*	*2.7%*	*3.8%*	*0.2%*
Total items affecting comparability	38.2	15.7	12.4	7.2	1.6	3.9	10.5	3.1	–	–	–	–
Adjusted EBITA	**52.7**	**60.5**	**64.3**	**19.5**	**15.7**	**29.8**	**43.6**	**11.8**	**13.0**	**14.1**	**20.2**	**0.6**
Adjusted EBITA margin	*4.9%*	*5.4%*	*6.0%*	*2.9%*	*2.5%*	*4.3%*	*5.6%*	*2.3%*	*2.6%*	*2.7%*	*3.8%*	*0.2%*

Critical accounting estimates and judgments

Information on significant estimates and judgements in the accounts are provided for in Note 2 on pages F-7–F-8 regarding the Company, and in Note 2 on pages F-43–F-44 regarding Bygghemma Group Nordic AB.

Significant changes in Bygghemma Group's financial position or market position since 31 December 2017

In connection with completion of the Offering, the Group's existing loan agreement will be canceled and repaid in its entirety, and all existing guarantees and securities provided under these will be released. Thereafter, the Group's main financing will consist of a new financing arrangement amounting to approximately SEK 1,100 million in total (nominal amount). SEB have undertaken to provide the financing arrangement, and customary financing documents will be signed and entered into before first day of trading. Bygghemma Group intends to use the issue proceeds to pay outstanding debts, which will reduce its debt ratio and adapt it to the Company's capital structure targets.

Pro forma financial statements

Purpose of the pro forma information

During 2017, Bygghemma Group completed six acquisitions. With the purpose of illustrating the hypothetical impact that these acquisitions could have had if they had been executed prior to the beginning of financial year 2017, Bygghemma has prepared a pro forma income statement for 2017.

The purpose of the following consolidated pro forma information is to report the hypothetical effect which the acquisitions and loan financing would have had on Bygghemma's consolidated income statement for financial year 2017.

The pro forma information has the sole purpose of providing information and facts. This pro forma information is, by its nature, intended to describe a hypothetical situation and, consequently, is not intended to describe Bygghemma's factual financial position or results. Furthermore, the pro forma information is not representative in terms of what the operating results will look like in the future. Investors should thus not put to much emphasis to the pro forma information.

These pro forma accounts have the only purpose of being used in conjunction with the Offering and admission for trading in the company's shares on Nasdaq Stockholm in the manner stated in the Prospectus which has been approved by Finansinspektionen.

The information has not been prepared in accordance with SEC Regulations S-X or in accordance with any other standards or practice generally accepted in the US.

The pro forma accounts should be read together with the other information found in the Prospectus.

Background

The companies below were acquired in 2017 and is included in the pro forma accounting.

Acquisition of FB Internet AB

On 22 December 2016, Bygghemma Group entered into an agreement to acquire all of the shares in FB Internet AB as a stage in its strategy to strengthen its position within the interior decoration sector. The company sells furniture and interior decoration articles under the brand Furniturebox, primarily online. The acquisition strengthens the Group's position in the rapidly growing online interior decoration market. The total purchase consideration amounted to SEK 538.6 million. There is no agreement on contingent considerations. The acquisition was financed through external loans, SEK 120.3 million and capital contributions, SEK 418.3 million. According to the acquisition agreement, the right of ownership transfers to Bygghemma Group on the transfer date and FB Internet AB has therefore been consolidated in Bygghemma Group's consolidated accounts as of 1 March 2017. This is also in line with the Group management's judgments in accordance with IFRS.

Acquisition of Arredo Holding Group (Golvpoolen and Lindströms)

On 6 April 2017, Bygghemma Group entered into an agreement to acquire all of the shares in the Arredo Holding Group as a stage in its strategy to establish category expertise within the DIY segment. The company operates department stores and wholesale activities within the categories tiles, plumbing, and flooring. The department store operations include, primarily, the brands, Golvpoolen and Lindströms. The acquisition strengthened Bygghemma Group's position within the above-named categories, both online and offline. The total purchase consideration was SEK 208.4 million. There is no agreement on contingent considerations. The acquisition was financed through external loans, SEK 104.4 million and capital contributions, SEK 104.0 million. According to the acquisition agreement the ownership right transfers to Bygghemma Group on the transfer date and Arredo Holding Group has therefore been consolidated in Bygghemma Group's consolidated accounts as of 1 June 2017. This is also in line with the Group management's judgments in accordance with IFRS.

Acquisition of the Polarpumpen Group

On 24 April 2017, Bygghemma Group entered into an agreement to acquire 51 percent of the shares in Polarpumpen AB as a stage in its strategy to establish category expertise within the DIY segment. Polarpumpen is a retailer of heating pumps and installations, primarily online. The total estimated purchase consideration amounted to SEK 85.2 million, of which SEK 27.8 million had been paid as at date of acquisition. There is a contingent consideration valued at fair value of SEK 7.9 million to the operation's previous owner based on the fulfilment of certain terms and conditions, including, profitability targets. The maximum contingent consideration is equivalent to 7x the difference between 2017's and 2016's EBITDA, provided that there is a positive difference (in other words, the contingent consideration cannot be negative). The acquisition was financed through external loans, SEK 13.8 million, and capital contributions, SEK 14.0 million. According to the acquisition agreement, the ownership right transfers to the Bygghemma Group on the transfer date and the Polarpumpen Group has, therefore, been consolidated in Bygghemma Group's consolidated accounts as of 1 May 2017. This is also in line with the Group management's judgments in accordance with IFRS.

Acquisition of the My Home Group

On 8 June 2017, the Bygghemma Group entered into an agreement to acquire 89 percent of the shares in Inredhemma Danmark ApS and its subsidiary ("**My Home Group**") as part of a strategy to strengthen its presence in Denmark in the interior decoration sector. My Home Group is a leading retailer of furniture online and in physical stores under the My Home brand in Denmark. The total estimated purchase consideration amounted to DKK 120.4 million (SEK 187.5 million), of which DKK 106.4 million (SEK 141.2 million) had been paid as at the date of acquisition. There is a contingent consideration valued at fair value of DKK 13.7 million (SEK 18.2 million) to the previous owner of the business based on the fulfilment of certain conditions, including profitability targets. The maximum contingent consideration amounts to DKK 25.0 million (SEK 33.2 million) based on the earnings of 2018. The remaining portions of the consideration will be paid during the first six months of 2018 and the first six months of 2021. The acquisition was financed through external loans of SEK 71.3 million and capital contributions of SEK 69.9 million. According to the acquisition agreement, the ownership right transfers to the Bygghemma Group on the transfer date and the My Home Group has therefore been consolidated in Bygghemma Group's consolidated accounts as of 1 July 2017. This is also in line with the Group Management's assessments in accordance with IFRS.

Acquisition of Vitvaruexperten.com Nordic AB

On 12 October 2017, Bygghemma Group entered into an agreement to acquire 51 percent of the shares in Vitvaruexperten.com Nordic AB. ((www). vitvaruexperten.com and (www).tvexperten.com) as a stage in its strategy to establish category expertise within the DIY segment. Vitvaruexperten is a leading Swedish retailer of white goods and other home electronics goods online and strengthens the Group's position on the fast-growing Swedish online market, especially for white goods. The total estimated purchase consideration amounted to SEK 53.6 million, of which SEK 14.3 million have been paid as at the date of acquisition. There is a contingent consideration valued at fair value of SEK 2.3 million to the operation's previous owner based on the fulfilment of certain terms and conditions, including, profitability targets. The maximum contingent consideration is 35 percent of gross margin after direct selling expenses on the sale of white goods multiplied by 49 percent in 2018–2020, given that Vitvaruexperten.com Nordic AB achieves an EBITDA of at least SEK 0 million in 2018, at least SEK 5 million in 2019, and at least SEK 15 million in 2020 (the contingent consideration may not be negative). The acquisition was financed through external loans, SEK 14.3 million. According to the acquisition agreement, the ownership right transfers to Bygghemma Group on the transfer date and Vitvaruexperten.com has, therefore, been consolidated in Bygghemma Group's consolidated accounts as of 1 November 2017. This is also in line with the Group management's judgements in accordance with IFRS.

Acquisition of WeGot AB

On 20 November 2017, Bygghemma Group entered into an agreement to acquire all of the shares in WeGot AB ((www).wegot.se) as part of its strategy to establish category expertise in the interior decoration sector. WeGot is a leading Swedish retailer of furniture and interior decoration online and strengthens the Group's position on the fast-growing Swedish online market, primarily within the sofas and beds sector. The Company conducts operations via the online store (www).wegot.se and physical stores in Malmö and Gävle. The total estimated purchase consideration amounted to SEK 31.6 million, of which SEK 14.0 million has been paid as at the date of acquisition. There is a contingent consideration valued at fair value of SEK 17.6 million to the operation's previous owner based on the EBITDA results from 2018, 2019 and 2020 and the fulfilment of certain terms and conditions, including profitability targets. However, the contingent consideration may not be less than SEK 5.0 million. The acquisition was financed through external loans, SEK 9.2 million, and capital contributions, SEK 4.8 million. According the acquisition agreement, the ownership right transfers to Bygghemma Group on the transfer date and WeGot has, therefore, been consolidated in Bygghemma Group's consolidated accounts as of 1 December 2017. This is also in line with the Group management's judgements in accordance with IFRS.

Basis of the pro forma information

Accounting principles

The pro forma information has been based on Bygghemma Group's current accounting principles and on International Financial Reporting Standards (IFRS) as adopted by the EU (IFRS).

Bygghemma has made an analysis of whether there are any significant differences between the accounting principles they apply according to IFRS and those applied by the acquired companies prior to their consolidation, and the results of this analysis are presented in the table below.

	FB Internet AB	The Polarpumpen group	The Arredo Holding group	The MyHome group	Vitvaruexperten.com Nordic AB	WeGot AB
Consolidated from	2017-03-01	2017-05-01	2017-06-01	2017-07-01	2017-11-01	2017-12-01
Accounting principles	K3	K2	K3	Årsregnskabsloven (Danish GAAP)	K2	K2
Material differences for the pro forma	None	None	None	None	None	None

Basis

The pro forma information for 2017 has been prepared with the starting point comprised of Bygghemma Group's audited annual financial statements for 2017, which were prepared in accordance with IFRS. For the other companies, the non-audited internal reports for the period 1 January 2017 to the respective acquisition dates apply and these were prepared according to the companies' previous accounting principles (see the table above).

My Home Group has DKK as its functional currency. The internal report for the My Home companies providing the basis of the pro forma income statement have been translated to SEK based on the accumulated average exchange rates for SEK/DKK. The exchange rate used in the translation to SEK is based on the equivalent exchange rate applied in Bygghemma Group's accounts (SEK/DKK: 1.23).

Pro forma adjustments

The pro forma adjustments are described in detail below and in the notes to the pro forma accounts. Unless stated otherwise, the adjustments are recurring.

Acquisition analysis

The preliminary acquisition analysis and the pro forma information in general are based on the following assumptions per company:

Acquired share of the target companies	FB Internet AB 100%	The Polarpumpen group 51%	The Arredo Holding group 100%	The MyHome group 89%	Vitvaruexperten.com Nordic AB 51%	WeGot AB 100%	Unaudited* acquired companies, sum
Net identifiable assets and debts[1]	22.1	13.0	144.6	45.1	2.5	4.8	232.2
Trademarks	109.5	20.6	22.3	35.4	13.3	5.3	206.5
Customer relationships[2]	34.7	11.1	43.2	5.8	0.3	8.2	103.3
Goodwill	404.0	47.5	12.7	110.2	40.5	16.2	631.1
Deferred tax liabilitiy	–31.7	–7.0	–14.4	–9.1	–3.0	–3.0	–68.1
Total purchase consideration	**538.6**	**85.2**	**208.4**	**187.5**	**53.6**	**31.6**	**1 104.9**
Liability to holding without controlling interets	–	49.5	–	28.1	37.0	–	114.7
Provision for contingent considerations	–	7.9	–	18.2	2.3	17.6	46.0
Cash flow	**–538.6**	**–27.8**	**–208.4**	**–141.2**	**–14.3**	**–14.0**	**–944.2**

1) Identifiable assets and liabilites have been assumed to correspond to the actual value.
2) The estimated useful life for customer relationships is ten years.

Financing and interest expenses

Loans in the acquired companies have been dissolved and associated interest expenses of SEK +0.4 million including a tax effect of SEK –0.1 million have been resubmitted.

In order to finance the acquisitions during 2017, the Bygghemma Group, in addition to receiving a capital contribution of SEK 593.7 million from their owners, took up a loan for a total of SEK 323.9 million. Adjusted for borrowing costs of SEK –3.6 million and interest expenses incurred on the borrowing, this will negatively impact the income statement. The bank loans have tenors in excess of six years and are divided between main facilities totaling SEK 818 million, an acquisition facility of SEK 125 million, and a working capital facility (“**RCF**”) of SEK 185 million. The total of all granted credits amounts to SEK 1.128 million. All of the facilities have tenors in excess of six years and incur an interest rate equivalent to IBOR + 2.50–4.00 percent, depending on the Group’s debt/equity ratio, measured, quarterly, as net debt/LTM EBITDA (where LTM EBITDA refers to the rolling 12–month EBITDA).

As regards the main facility of SEK 818 million, it is comprised of two parts – a term facility A (“**TFA**”), of SEK 245.4 million with a tenor of six years and which is amortised at SEK 36.6 million per financial year and a term facility B (“**TF B**”), of SEK 572.5 million, which has a tenor of six years and is to be thereafter repaid in its entirety (so–called bullet loan, that is, there is no amortisation during the tenor of the loan). The acquisition facility (“**AF**”) is amortisation–free during the tenor of the loan agreement’s first four years and is subsequently amortised twice a year in pace with the equivalent amortisation of the TF A. The RCF is utilised as needed, and is, therefore, not subject to amortisation according to plan.

The total effect on the pro forma financial net of the change in borrowings is SEK –5 million.

Bygghemma Group has not utilised any of their own cash to finance the acquisitions, but these have instead been financed entirely through loans or capital contributions.

Transaction costs

Total calculated costs in conjunction with the acquisitions comprise of transaction costs such as fees to financial and legal advisors. These are estimated to total approximately SEK 9.3 million (including a tax effect of SEK + 2.0 million) which is adjusted for in the pro forma income statement since they were capitalised during 2017 but should have been incurred prior to the acquisition. This pro forma adjustment is of a one–off nature and is not repetitive.

Taxes

The pro forma interest costs of SEK –4,8 million referring to the financing of the acquisitions and the arrangement costs of SEK –0.2 million result in a positive impact on tax expenses in the pro forma income statement equivalent to SEK +1.1 million, respective SEK +0.1 million based on 22 percent which is the current tax rate in Sweden, which is the country of origin of the financing.

The pro forma amortisations referring to acquired customer relationships, which result in an increased cost for 2017 of SEK –3.8 million, also imply a positive impact on tax expenses in the pro forma income statement equivalent to SEK +0.8 million.

Pro forma information 2017

The consolidated preform accounts are based on Bygghemma Group’s audited accounts for the period January–December.

The income statement January–December 2017

The consolidated pro forma income statement for the period January–December 2017 has been prepared as if the six acquisitions had taken place on 1 January 2017.

Bygghemma Group First AB
559077-0763

Pro forma income statement

	Audited	*Unaudited*	*Unaudited*	*Unaudited*
THE GROUP	**Bygghemma Group 2017**	**Acquired[1] companies, sum 1 Jan 2017 – date of acquisition**	**Pro forma-adjustments[2], sum**	**Pro forma Bygghemma Group 2017**
Revenue				
Net sales	3,955.5	463.3	–	4,418.9
Other operating income	6.4	–	–	6.4
	3,961.9	**463.3**	**–**	**4 425.3**
Costs				
Cost of goods sold	–3,135.6	–347.9	–	–3,483.4
Personnel costs	–306.2	–51.7	–	–357.9
Other external costs	–373.5	–58.7	9.3	–422.9
Oher operating expenses	–0.3	–0.5	–	–0.8
Depreciation and amortisation of tangible and intangible fixed assets	–54.7	–2.5	–3.8	–61.0
	–3,870.4	**–461.3**	**5.5**	**–4 326.2**
Operating income	**91.5**	**2.1**	**5.5**	**99.1**
Financial items				
Financial income	2.1	0.0	–	2.1
Financial expense	–56.8	0.2	–5.0	–61.7
	–54.7	**0.2**	**–5.0**	**–59.5**
Profit before tax	**36.8**	**2.3**	**0.5**	**39.6**
Taxes				
Tax on profit for the period	–8.1	2.3	–0.1	–5.9
NET INCOME FOR THE PERIOD	**28.7**	**4.6**	**0.4**	**33.7**

Note 1 Allocation of adjustments per each company regarding the period prior to consolidation

	Unaudited	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*
	FB Internet AB	**The Polarpumpen group**	**The Arredo Holding group**	**The MyHome group**	**Vitvaru-experten.com Nordic AB**	**WeGot AB**	**Acquired companies**
	1 Jan 2017–28 Feb 2017	**1 Jan 2017–30 April 2017**	**1 Jan 2017–31 May 2017**	**1 Jan 2017–30 Jun 2017**	**1 Jan 2017–31 Oct 2017**	**1 Jan 2017–30 Nov 2017**	**Sum**
Revenue							
Net sales	76.9	27.1	118.7	149.5	30.0	61.1	463.3
Other operating income	–	–	–	–	–	–	–
	76.9	**27.1**	**118.7**	**149.5**	**30.0**	**61.1**	**463.3**
Costs							
Cost of goods sold	–66.2	–23.4	–81.0	–94.9	–27.6	–54.7	–347.9
Personnel costs	–5.6	–4.4	–11.9	–20.6	–2.1	–7.2	–51.7
Other external costs	–7.5	–1.7	–15.1	–26.5	–1.3	–6.5	–58.7
Oher operating expenses	–0.3	0.0	–0.0	–0.1	–	–0.2	–0.5
Depreciation and amortisation of tangible and intangible fixed assets	–0.4	–0.0	–1.4	–0.3	–0.4	–0.0	–2.5
	–79.9	**–29.4**	**–109.5**	**–142.4**	**–31.4**	**–68.6**	**–461.2**
Operating income	**–3.0**	**–2.3**	**9.2**	**7.1**	**–1.4**	**–7.5**	**2.1**
Financial items							
Financial income	0.0	0.0	–0.1	0.1	0.0	0.0	0.0
Financial expense	0.6	–0.0	–0.3	–0.1	–0.0	–0.0	0.2
	0.6	**–0.0**	**–0.4**	**0.0**	**–0.0**	**–0.0**	**0.2**
Profit before tax	**–2.4**	**–2.4**	**8.9**	**7.1**	**–1.4**	**–7.5**	**2.3**
Taxes							
Tax on profit for the period	0.7	0.4	1.9	–1.6	–	0.9	2.3
NET INCOME FOR THE PERIOD	**–1.7**	**–2.0**	**10.8**	**5.5**	**–1.4**	**–6.6**	**4.6**

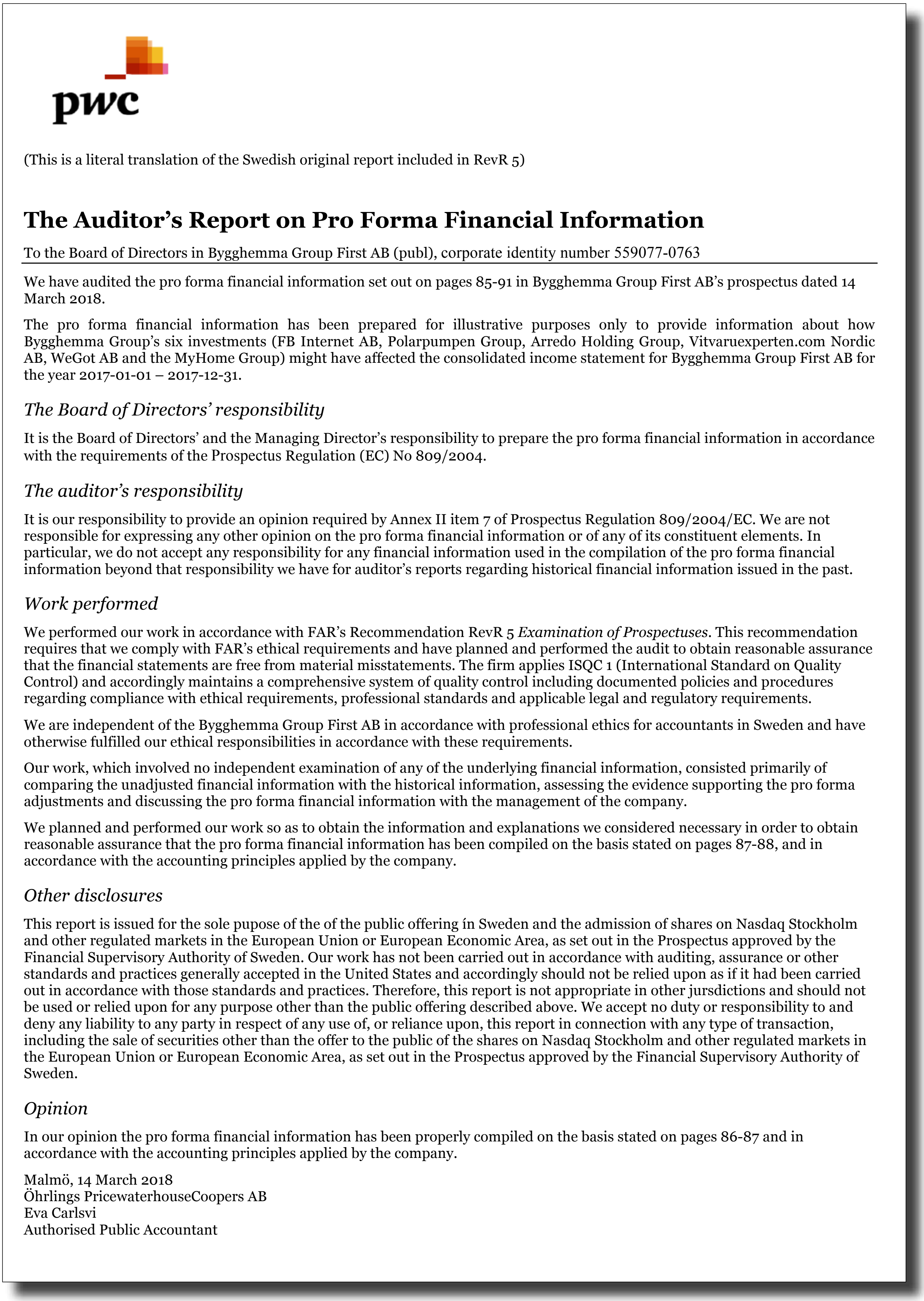
Note 2 Pro forma adjustments per company

	Unaudited	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*
	FB Internet AB	**The Polarpumpen group**	**The Arredo Holding group**	**The MyHome group**	**Vitvaru-experten.com Nordic AB**	**WeGot AB**	**Acquired companies**
	1 Jan 2017–28 Feb 2017	**1 Jan 2017–30 April 2017**	**1 Jan 2017–31 May 2017**	**1 Jan 2017–30 Jun 2017**	**1 Jan 2017–31 Oct 2017**	**1 Jan 2017–30 Nov 2017**	**Sum**
Revenue							
Net sales	–	–	–	–	–	–	–
Other operating income	–	–	–	–	–	–	–
	–	**–**	**–**	**–**	**–**	**–**	**–**
Costs							
Cost of goods sold	–	–	–	–	–	–	–
Personnel costs	–	–	–	–	–	–	–
Other external costs	4.4	0.9	1.5	1.7	0.5	0.3	9.3[1]
Oher operating expenses	–	–	–	–	–	–	–
Depreciation and amortisation of tangible and intangible fixed assets	–0.6	–0.4	–1.8	–0.3	–0.0	–0.8	–3.8[2]
	3.8	**0.5**	**–0.3**	**1.5**	**0.5**	**–0.4**	**5.5**
Operating income	**3.8**	**0.5**	**–0.3**	**1.5**	**0.5**	**–0.4**	**5.5**
Financial items							
Financial income	–	–	–	–	–	–	–
Financial expense[3]	–1.1	–0.2	–1.7	–1.2	–0.5	–0.4	–5.0
	–1.1	**–0.2**	**–1.7**	**–1.2**	**–0.5**	**–0.4**	**–5.0**
Profit before tax	**2.7**	**0.3**	**–2.0**	**0.3**	**–0.0**	**–0.8**	**0.5**
Taxes							
Tax on profit for the period	–0.6	–0.1	0.4	–0.1	0.0	0.2	–0.1
NET INCOME FOR THE PERIOD	**2.1**	**0.2**	**–1.6**	**0.2**	**–0.0**	**–0.6**	**0.4**

[1] Dissolved transaction costs per company totaling SEK +9.3 million, related to the acquisitions made during the twelve–month period (including a tax effect of SEK –2.0 million). These adjustments are deemed to be non–recurring.

[2] Amortizations of identified customer relationships over a 10 year period, totaling SEK –3.8 million including a tax effect of SEK +0.8 million.

[3] Dissolved previous financing costs of SEK +0.4 million (Arredo Holding group SEK +0.3 million, and My Home group SEK +0.1 million) including tax effect of SEK –0.1 million and interest expenses and the current year's share of transaction expenses for the new loans in Bygghemma of SEK –4.8 million and SEK –0.2 million (FB Internet AB, SEK –0.8 million and SEK–0.0 million; The Polarpumpen group, SEK –0.2 million and SEK –0.0 million; Arredo Holding group, SEK –1.8 million and SEK 0.1 million; Vitvaruexperten.com Nordic AB, SEK –0.5 million and SEK –0.0 million; WeGot AB, SEK –0.4 million and SEK –0.0 million and the My Home group, SEK –1.1 million and SEK –0.1 million) which are linked to the acquisitions of the new companies including a tax effect of SEK +1.1 million. The loan expenses are deemed to be non-recurring, in contrast to the interests.



(This is a literal translation of the Swedish original report included in RevR 5)

The Auditor's Report on Pro Forma Financial Information

To the Board of Directors in Bygghemma Group First AB (publ), corporate identity number 559077-0763

We have audited the pro forma financial information set out on pages 85-91 in Bygghemma Group First AB's prospectus dated 14 March 2018.

The pro forma financial information has been prepared for illustrative purposes only to provide information about how Bygghemma Group's six investments (FB Internet AB, Polarpumpen Group, Arredo Holding Group, Vitvaruexperten.com Nordic AB, WeGot AB and the MyHome Group) might have affected the consolidated income statement for Bygghemma Group First AB for the year 2017-01-01 – 2017-12-31.

The Board of Directors' responsibility

It is the Board of Directors' and the Managing Director's responsibility to prepare the pro forma financial information in accordance with the requirements of the Prospectus Regulation (EC) No 809/2004.

The auditor's responsibility

It is our responsibility to provide an opinion required by Annex II item 7 of Prospectus Regulation 809/2004/EC. We are not responsible for expressing any other opinion on the pro forma financial information or of any of its constituent elements. In particular, we do not accept any responsibility for any financial information used in the compilation of the pro forma financial information beyond that responsibility we have for auditor's reports regarding historical financial information issued in the past.

Work performed

We performed our work in accordance with FAR's Recommendation RevR 5 *Examination of Prospectuses*. This recommendation requires that we comply with FAR's ethical requirements and have planned and performed the audit to obtain reasonable assurance that the financial statements are free from material misstatements. The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We are independent of the Bygghemma Group First AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the historical information, assessing the evidence supporting the pro forma adjustments and discussing the pro forma financial information with the management of the company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to obtain reasonable assurance that the pro forma financial information has been compiled on the basis stated on pages 87-88, and in accordance with the accounting principles applied by the company.

Other disclosures

This report is issued for the sole pupose of the of the public offering ín Sweden and the admission of shares on Nasdaq Stockholm and other regulated markets in the European Union or European Economic Area, as set out in the Prospectus approved by the Financial Supervisory Authority of Sweden. Our work has not been carried out in accordance with auditing, assurance or other standards and practices generally accepted in the United States and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices. Therefore, this report is not appropriate in other jursdictions and should not be used or relied upon for any purpose other than the public offering described above. We accept no duty or responsibility to and deny any liability to any party in respect of any use of, or reliance upon, this report in connection with any type of transaction, including the sale of securities other than the offer to the public of the shares on Nasdaq Stockholm and other regulated markets in the European Union or European Economic Area, as set out in the Prospectus approved by the Financial Supervisory Authority of Sweden.

Opinion

In our opinion the pro forma financial information has been properly compiled on the basis stated on pages 86-87 and in accordance with the accounting principles applied by the company.

Malmö, 14 March 2018
Öhrlings PricewaterhouseCoopers AB
Eva Carlsvi
Authorised Public Accountant

Capital structure, indebtedness and other financial information

The tables in this section show Bygghemma Group's capital structure at group level as of 31 December 2017. For information on the Company's share capital and shares, refer to the section "*Share capital and ownership structure*". The tables in this section should be read together with the sections "*Selected historical financial information*" and "*Operational and financial overview*" in the Prospectus.

Equity, liabilities, and net indebtedness

As of 31 December 2017, equity amounted to SEK 2,375 million, of which share capital amounted to SEK 2.4 million. As of 31 December 2017, Bygghemma had SEK 2,400 million in pledged assets and no contingent liabilities or indirect liabilities. The table for net indebtedness below includes both current and non-current interest-bearing liabilities. For further information about the Offering and the new finance arrangements, refer to the sections "*Background and reasons*" and "*Capital structure in connection with the listing*" below.

The tables below presents the Company's capital structure and net indebtedness according to the following:

- on a factual basis and as of 31 December 2017, stating accounted figures in the consolidated statement of financial position; and
- on an adjusted basis as provided for in the column: "*Following the Offering and the completion of the new financing arrangements*" in order to reflect:
  - (i) the conclusion of the new financing arrangements[1] and utilization of approximately SEK 600 million of the new financing arrangements to repay existing debt:
  - (ii) an increase of the Company's share capital of SEK 221,053 through a share issue of 7,368,421 shares as a consequence of the Offering; and
  - (iii) utilization of the estimated net proceed of approximately SEK 339.5 million (i.e. less transaction costs of SEK 10.5 million which will be charged the Company and directly affect the balance sheet) in order to reduce the Company's indebtedness relating to existing credit facilities.

Changes following the Offering are presented subject to the assumption of an Offering Price established in the midpoint of the Price Range.

It should be noted that the Company's capital structure and net indebtedness as of 31 December 2017 includes additional purchase prices, which are subject to an implicit interest expense, but are excluded from the Company's definition of net debt. As of 31 December 2017, additional purchase prices totaled SEK 249.6 million. For further information, refer to "*Selected historical financial information*".

For information on the Company's share capital and the number of issued shares, as well as changes in connection with the Offering, refer to "*Shares and share capital*". Refer to "*Capital structure in connection with the listing*" below for further information on the refinancing. The information presented below should be read together with the section "*Operational financial review*" and the Company's consolidated financial statements with related notes, which are included in the section "*Historical financial information*".

Capital structure

SEK million	31 December 2017	Adjustments	Following the Offering and the completion of the new financing arrangements
Current liabilities			
Guaranteed	–	–	
Secured[1)]	44.2	105.8	150.0
Unguaranteed/Unsecured	36.9	–	36.9
Total current interest-bearing liabilities	**81.1**	**105.8**	**186.9**
Non-current liabilities			
Guaranteed	–	–	–
Secured[1)]	893.3	–398.3	495.0
Unguaranteed/Unsecured	212.7	–	212.7
Total non-current interest-bearing liabilities	**1,105.9**	**–398.3**	**707.7**
Shareholders' equity			
Share capital	2.4	0.2	2.6
Other capital contributions	2,323.1	339.3	2,662.4
Statutory reserve	1.1	–	1.1
Accumulated profit/loss	48.5	–	48.5
Total shareholders' equity	**2,375,1**	**339.5**	**2,714.6**
Total capitalization	**3,562,1**	**47.0**	**3,609.1**

1) Mainly pledges in subsidiary shares.

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[1] For a full description of the new financing arrangements, refer to section "*Capital structure in connection with the listing*" below.

Net debt

SEK million	31 December 2017	Adjustments	Following the Offering and the completion of the new financing arrangements
(A) Cash	–	–	–
(B) Cash equivalents[1]	156.1	3.5	159.6
(C) Trading securities	–	–	–
(D) Total liquidity (A)+(B)+(C)	**156.1**	**3.5**	**159.6**
(E) Current financial receivables	**–**	**–**	**–**
(F) Current bank debt[2]	–	–	–
(G) Current portion of non-current debt[2]	44.2	105.8	150.0
(H) Other current financial debt[3]	36.9	–	36.9
(I) Current interest-bearing debt (F)+(G)+(H)	**81.1**	**105.8**	**186.9**
(J) Net current financial indebtedness (F)+(G)+(H)	**–74.9**	**102.3**	**27.4**
(K) Non-current bank loans[2]	893.3	–398.3	495.0
(L) Bonds issued	–	–	–
(M) Other non-current loans[2,3]	212.7	–	212.7
(N) Non-current financial indebtedness (K)+(L)+(M)	**1,105.9**	**–398.3**	**707.7**
(O) Net financial indebtedness (J)+(N)	**1,031.0**	**–296.0**	**735.0**

1) Cash and bank balances.
2) Interest bearing debt.
3) Including additional purchase prices, subject to a implicit interest cost.

Information regarding Bygghemma Group's capital structure and indebtedness on an adjusted basis constitutes forward-looking information, which by its nature is intended to describe a hypothetical situation, and is provided for illustrative purposes only. Forward-looking information does not constitute any guarantee as regards future earnings or development and the actual outcome may deviate significantly from what was directly or indirectly expressed in such forward-looking information for a number of reasons, including those described in the section "Risk factors".

Besides what is stated above, the Company has no reason to assume that any significant change has occurred since 31 December 2017 as regards the Company's actual capitalization.

Capital structure in connection with the listing

The existing financing arrangement of the Group will be cancelled and repaid in full, with release in all existing guarantees and security provided thereunder, in connection with the completion of the Offering. The main financial arrangement of the Group will thereafter consist of a new financing arrangement of a total of approximately SEK 1,100 million (nominal amounts). Detailed below are the existing financial arrangement and the new financial arrangement.

Existing financing arrangement

Bygghemma and certain Group Companies have entered into a secured facilities agreement, originally entered into on 9 November 2016 (as amended and restated from time to time) with Nordea Bank AB (publ) and Swedbank AB (publ) as lenders relating, originally, to a SEK 730 million term loan facility. The obligors under the existing facilities agreement (the "**Existing Loan Agreement**") have provided guarantees and security in respect of their obligations under the Existing Loan Agreement. The security consists of shares in certain Group companies, intra-group loan agreements, business mortgages, warrants and rights under certain acquisition agreements. The Existing Loan Agreement is intended to be replaced by a new finance agreement in connection with the completion of the Offering, which will be unsecured (besides through a customary parent company guarantee). In connection with the replacement and repayment of the Existing Loan Agreement, any and all guarantees and security provided in respect of the Existing Loan Agreement will be unconditionally and irrevocably released in full. The new finance agreement is described below.

New finance agreement with Skandinaviska Enskilda Banken AB (publ) conditioned upon the completion of the Offering

Bygghemma and certain Group companies intends to, prior to the first day of trading, enter into an agreement with respect to a new financing arrangement with SEB as lender of a total amount of approximately SEK 1,100 million (nominal amount), out of which approximately SEK 500 million refers to a long-term non-amortising loan facility to be used for the repayment of existing loans and financing transaction costs occurred in connection with the Offering, as well as for general corporate purposes, SEK 300 million refers to an acquisition and capital expenditure facility (the "**Acquisition and Capex Facility**") intended to mainly finance future acquisitions and related acquisition costs, earn-out payments and refinancing in relation to acquired entities, SEK 240 million refers to a revolving credit facility to be used for, *inter alia*, the repayment of existing loans and financing transaction costs in respect of the Offering and also towards working capital and general corporate purposes, and SEK 60 million refers to a letter of credit intended to be used for the purpose of granting short term credits to suppliers. The new financing arrangement is conditional upon the Offering being completed and that the Company provides the lender with customary documentation. The new loan facilities are expected to be due for repayment on the date falling five years after the date of the first loan disbursed under the new financing arrangement, with no amortisation other than repayment of the Acquisition and Capex Facility starting after two years. Funding is expected to occur primarily in SEK and have variable interest rates in accordance with an interest rate ratchet tied to the Group's leverage ratio.

The Company expects that the new financing arrangement will contain customary obligations to maintain certain financial ratios relating to leverage and interest coverage. The new financing agreement also contain other commitments, which among other things include restrictions on the raising of new debt (with some exceptions), a negative clause regarding the provision of collateral and guarantees (with some exceptions), and restrictions on acquisitions (except for acquisitions within the Group and other acquisitions, at arm's length, of shares, companies or businesses within the European Economic Area conducting a business similar or complementary to that of the Group subject to, *inter alia*, the total consideration not exceeding a certain amount for each such acquisition).

The new financing arrangement also include customary termination events including termination rights in connection with (i) de-listing of Bygghemma from Nasdaq Stockholm, or (ii) change of control of the Borrower (save for control by the Principal Owners or related parties to the Principal Owners). The new financing arrangement are conditional upon the Offering being completed. In connection with the existing debt under the existing financing arrangements being repaid, all existing security and guarantees under the existing financing arrangement will be released and discharged. If the Offering is not completed, the existing financing arrangements will remain in effect in accordance with its terms.

Tax situation

As of 31 December 2017, Bygghemma Group's deferred tax assets amounted to SEK 15.5 million. Existing deferred tax assets attributable totax losses that have been transferred from previous periods which may be deducted against future profitsof SEK 13.9 million and temporary differences of SEK 1.6 million. As of 31 December 2017, Bygghemma Group had an outstanding balance of SEK 71.6 million in deficits from previous periods, of which SEK 62.3 million was accounted for in the balance sheet as a deferred tax asset. The Company has informed relevant tax authorities regarding their losses from previous periods, but there is a risk that the Company will not be able to utilize such deficits to offset taxable income in coming periods.

On 20 June 2017, the Swedish government has submitted a memorandum for referral proposing, as a general rule, a limitation of internal and external interest deductions for companies. The final proposal suggests that the deduction for negative net interest income shall be limited to either (i) 35 percent of the fiscal EBIT or (ii) 25 percent of the fiscal EBITDA. These rules are suggested to be implemented on 1 July 2018 and put into practice the fiscal year starting after 30 June 2018. If these rules are implemented and if Bygghemma Group's negative net interest income comprises a significant part in relation to the business fiscal EBIT or EBITDA, or if any other limitation regarding interest deduction is implemented in Sweden, Bygghemma Group's tax expenses may increase.

The Company has carried out a number of new share issues, e.g., to enable ownership for board of directors, management, key persons and employees. The new share issues have been resolved by the shareholders' meetings and board of directors at estimated market value, but there has been no valuation by an independent third party. If the Swedish Tax Authority would be of the opinion that the shares were acquired at a value below market value, there is a risk that the difference is deemed to be a benefit for the purchaser entailing an obligation for the Company to pay social security costs on the same amount. There is also a risk that the Swedish Tax Authority in such situation, considers that a tax penalty fee shall be applied on the additional social security costs.

For more information about the risks relating to the above tax matters, please refer to section "*Risk factors – The Company is exposed to tax risks*".

Other information

As of the date of the Prospectus, the board of directors is of the opinion that there are, in addition to those described in the sections "*Risk factors*" and "*Trends and drivers*", no known trends, uncertainty factors, potential claims or other requirements, obligations or events that can be expected to have a significant impact on Bygghemma Group's business outlook in the current financial year.

In addition to what is described in the section "*Risk factors*" and above, the Company is also unaware of any public, economic, tax policy, monetary policy or other political measures which, directly or indirectly, significantly impacted or could significantly impact Bygghemma Group's business operations.

Board of directors, senior executives and auditor

Board of directors

The Company's board of directors consists of six individuals, including the chairman of the board, with no deputy board members, who have been elected for the period up until the end of the 2019 annual general meeting. The table below lists the members of the board of directors, when they were first elected to the board and if they are independent in relation to the Company and its management and/or Principal Owners.

Name	Position	Member since	Independent in relation to:	
			the Company and its management	Shareholders in the Company holding ≥10%
Henrik Theilbjørn	Board member, chairman	2017	Yes	Yes
Peter Möller	Board member	2016	Yes	No
Bert Larsson	Board member	2016	Yes	Yes
Ingrid Jonasson Blank	Board member	2017	Yes	Yes
Florian Seubert	Board member	2017	Yes	Yes
Lars Nilsson	Board member	2017	Yes	Yes

Henrik Theilbjørn

Born 1961. Chairman of the Board and board member since 2017.

Education and background: Henrik Theilbjørn holds a MSc in Economics from Aarhus University and an Executive MBA (SIMI). Henrik Theilbjørn has extensive experience within the apparel, fashion, home accessories and lifestyle industries as well as within the offline and online retail markets. Henrik Theilbjørn has experience of the Chinese market, having previously established two joint ventures with local Chinese partners. Henrik Theilbjørn has been involved in more than 30 acquisitions and has more than ten years of CEO experience. Former assignments includes, among others, CEO of IC Group A/S.

Current positions: Chairman of the Board of Directors of Baum and Pferdgarten A/S, Boozt AB, Boozt Fashion AB, Carl Ras A/S, ELKA Rainwear A/S, HTM Group ApS, Kelly Invest A/S, Performance Group Scandinavia A/S, PWT Holding A/S, PWT Group A/S, Scandinavian Designers A/S, Wagner China Aps and Wagner (Yantai) CO. Ltd.

Member of the Board of November 2009 Option Holding AB, Sahva A/S, SIGNAL A/S and Signal Ejendomme ApS and Traede Aps.

CEO, founder and member of the Board of Directors of EMMADS Invest A/S.

Prior positions (past five years): Chairman of the Board of Directors of 11/11 Invest ApS, A-Tex Holding A/S, A-Tex A/S, Onstage Aps, Birger Christensen China Holding A/S, Birger Christensen A/S, Borch Textile Holding ApS, Borch Textile Group A/S, Bruuns Bazar A/S, modevirksomheden 8.3–16, Munthe A/S, Bloomingville A/S, Bloomingville Holding A/S, Languagewire A/S, Langulize A/S, and Saint Tropez AF 1993 A/S.

Member of the Board of Directors of Birger Christensen General Trading Company A/S, HB Textil A/S, Jamist A/S, Jamist Holding A/S, Jamist Invest A/S and Jamist Support A/S.

Share ownership in the Company: After settlement of the preference share structure and before completion of the Offering, Henrik Thielbjørn owns, indirectly through companies, 88,736 shares and no warrants in the Company.

Peter Möller

Born 1972. Board member since 2016.

Education and background: Peter Möller holds a Master's degree in Economics and Business Administration, from both the Stockholm School of Economics as well as the Wharton School at the University of Pennsylvania in the US.

Peter Möller has extensive experience of corporate development. He is employed by FSN Capital Partners AB, which is acting in its capacity as sub-investment advisor to each of (i) FSN Capital GP IV Limited acting in its capacity as general partner for and on behalf of each of FSN Capital IV L.P., FSN Capital IV (B) L.P. and FSN Capital IV Invest L.P., (ii) FSN Capital GP V Limited acting in its capacity as general partner for and on behalf of each of FSN Capital V L.P., FSN Capital V (B) L.P. and FSN Capital V Invest L.P., and (iii) FSN Capital Project Growth GP Limited acting in its capacity as General Partner of FSN Capital Project Growth Co-Investment L.P. He also has previous experience from Goldman Sachs, where he worked with mergers and acquisitions, and Permira, where he worked with investments.

Current positions: Chairman of the board of directors of Aura Light International AB, FSN Capital Partners AB, Kjell BidCo AB, Kjell HoldCo AB, Kjell Koncern AB and Kjell MidCo AB.

Member of the board of directors of Aura Light Group AB, Aura Light International AB, Gimara Invest AB, Kjell Koncern AB, Instalco Intressenter AB (publ) and Issake Invest AB.

Prior positions (past five years): Chairman of the board of directors of Instalco Intressenter AB (publ), Instalco Sverige AB and Troax Corp AB (publ).

Chairman and member of the board of directors of Instalco Holding AB, Troax Group AB (publ) and Vindora Holding AB.

Member of the board of directors of Aura Light International AB, CTEK, Dorothy Holding AB, Dorothy Top Holding AB, Green Landscaping Holding AB, Kjell HoldCo AB, Kjell & Co Elektronik AB, Norlandia AB and Vindora Holding AB.

Share ownership in the Company: Peter Möller owns no ordinary shares, preference shares or warrants in the Company.

Ingrid Jonasson Blank

Born 1962. Board member since 2017.

Education and background: Ingrid Jonasson Blank holds an MSc in Economics and Business Administration from the Gothenburg School of Economics and has also completed the IFL management programme at the Stockholm School of Economics. Furthermore, she has completed the Ahold Leadership Program provided by Harvard Business School and Oxford University. Ingrid Jonasson Blank has been employed by the ICA Group for more than 30 years and held several different positions, primarily within marketing and communication. As of the date of the Prospectus, she holds the position as vice president at Ica Sverige AB responsible for the marketing function.

Current positions: Chairman of the board of directors of Stor & Liten AB. Member of the boards of directors of Ambea AB (publ), Bilia AB, Fiskars Oyj, Forenom Group, Ingrid Jonasson Blank AB, Kjell Koncern AB, Kjell HoldCo AB, Kulturkvarteret Astrid Lindgrens Näs AB, Martin & Servera Aktiebolag, Musti ja Mirri Group, Nordic Morning Group Oy, Orkla ASA, Royal Unibrew AS and ZetaDisplay AB. Deputy board member of Matas Sverige AB.

Prior positions (past five years): Member of the board of directors of AMB Apelsinen AB, Ambea Vård & Omsorg AB, Forex Bank Aktiebolag, GfK NORM AB, Hellefors Bryggeri Aktiebolag, Matse Holding AB (publ), Scandinavian Talents AB, Telia Company AB and Travel Support & Services Nordic AB.

Share ownership in the Company: After settlement of the preference share structure and before completion of the Offering, Ingrid Jonasson Blank owns 25,677 shares and no warrants in the Company.

Bert Larsson

Born 1955. Board member since 2016.

Education and background: Bert Larsson is a chemical engineer who graduated from Berzelius School. Bert Larsson has extensive experience from the home improvement and construction material markets, including sales to customers online as well as offline through various board assignments.

Current positions: Chairman of the board of directors of Max Garden AB, Numbers Interim Management AB and Gimo Järn och Bygg AB.

Member of the board of directors of Byggmaterialhandlarna i Sverige AB, Genesis IT AB, Numbers Interim Management AB, Numbers Of Stockholm Aktiebolag, Qvalitetscenter Skog & Trädgård QST i samverkan Ekonomisk förening, S Fastigheter i Luleå AB and WinGroup AG.

Prior positions (past five years): Chairman of the board of directors of Genesis IT Stockholm AB and Bygghandlarnas Inköpsorganisation, BIO AB.

Chairman of the board of directors and CEO of XL-BYGG AB and Bygghandlarnas BIAB Inköpsaktiebolag.

Member of the board of directors of Bygghandlarnas Inköpsorganisation, BIO AB and Max Garden AB.

Share ownership in the Company: After settlement of the preference share structure and before completion of the Offering, Bert Larsson owns 22,861 shares and no warrants in the Company.

Florian Seubert

Born 1973. Board member since 2017.

Education and background: Florian Seubert holds an M.A. in Politics, Philosophy and Economics. Florian Seubert is a founder and partner at Maxburg Capital Partners GmbH and the Co-founder of Zooplus AG where he has also been employed as CFO. Florian Seubert has extensive board experience and has contributed to the build-up of Zooplus as a leading EU pet supplies online retailer with presence in 22 EU markets.

Current positions: Partner at Maxburg Capital Partners GmbH. CEO of ABA204 GmbH. Non-executive member of the Board of Directors of Metapaper GmbH, Susi Partners AG and Whiteaway A/S.

Prior positions (past five years): Non-executive member of the Board of Directors of CDON Group AB and CFO of Zooplus AG.

Share ownership in the Company: After settlement of the preference share structure and before completion of the Offering, Florian Seubert owns 94,947 shares and no warrants in the Company.

Lars Nilsson

Born 1956. Board member since 2017.

Education and background: Lars Nilsson holds a BSc in Business Administration and Economics from the University of Linköping. Lars Nilsson has a long-standing background in finance as well as operational experience as CFO of, inter alia, Tele2 AB, Axfood AB, Fritidsresegruppen AB and Eltel AB.

Current positions: Member of the board of directors of LAIKN Finance AB.

Prior positions (past five years): Chairman of the Board of Directors of Datametrix AB, Svenska UMTS-nät Holding AB, Tele2 Financial Services AB, Tele2 Holding Aktiebolag, Tele2 Luxembourg AB, Tele2 Russia Two AB and Tele2 Treasury AB,

Member of the Board of Directors of Interloop GSM AB, Nordic Cinema Group Management AB, Qliro Group AB, Swefour GSM AB, Tele2 Russia Holding AB, Tele2 Russian Investments AB and Tele2 Sverige Aktiebolag,

CFO and external vice president of Tele2 AB.

CFO of Eltel AB and Nordic Cinema Group AB.

Share ownership in the Company: After settlement of the preference share structure and before completion of the Offering, Lars Nilsson owns 49,914 shares and no warrants in the Company.

Senior executives

Name	Position	Employed by the Company since
Mikael Olander	President, CEO and Head of DIY	2012
Martin Edblad	CFO	2013
Peter Rosvall	COO	2013
Christian Eriksson	Head of Home Furnishing	2014
John Womack (consultant)	Head of Investor Relations	2017

Mikael Olander

Born 1963. President and CEO since 2012 and Head of DIY since 2013.

Education and background: MBA from the Anderson School of Management, UCLA and a BSc in Business and Economics from Louisiana State University.

Current positions: Chairman of the board of directors of EmployeeCo First AB.

Member of the board of directors of All-On-Green Ett AB and All-On-Green Två AB.

Deputy board member of All-On-Green Fem AB and All-On-Green Sex AB.

Prior positions (past five years): –

Share ownership in the Company: After settlement of the preference share structure and before completion of the Offering, Mikael Olander owns, indirectly through companies, 6,922,355 shares and no warrants in the Company.

Martin Edblad

Born 1977. CFO since 2013.

Education and background: Martin Edblad holds a BSc in Business and Economics and a MBA in Finance from Stockholm School of Economics as well as a BA in Journalism from Stockholm University. Martin Edblad previously worked with MTG in a number of finance related positions and became in 2008 CFO of MTG's whole online business area (comprising assets such as CDON.com, nelly.com, viaplay.com and bet24.com). Co-founder of Pineapple Invest AB a consultancy firm within the e-commerce industry.

Current positions: Chairman of the board of directors of Pineapple Invest AB.

Member of the board of directors of All-On-Green Fem AB, All-On-Green Sex AB, EmployeeCo First AB and Pinapple Invest AB.

Deputy board member of All-On-Green Tre AB and All-On-Green Fyra AB.

Prior positions (past five years): Member of the board of directors of All-On-Green AB.

Deputy board member of Roland Olsson Trading and Industry Consulting, ROTIC, Aktiebolag.

Share ownership in the Company: After settlement of the preference share structure and before completion of the Offering, Martin Edblad owns, indirectly through companies, 2,844,523 shares and no warrants in the Company.

Peter Rosvall

Born in 1980. COO since 2013.

Education and background: Peter Rosvall holds an MSc in Business and Economics from the University of Gothenburg. Peter Rosvall previously worked as CEO of Nelly.com, Heppo.com and Gymgrossisten.com and is co-founder of Pineapple Invest AB – a consultancy firm within the e-commerce industry.

Current positions: Member of the board of directors of Pineapple Invest AB, All-On-Green Tre AB, All-On-Green Fyra AB and EmployeeCo First AB.

Deputy board member of All-On-Green Ett AB and All-On-Green Två AB.

Previous positions (past five years): –

Share ownership in the Company: After settlement of the preference share structure and before completion of the Offering, Peter Rosvall owns, indirectly through companies, 2,844,523 shares and no warrants in the Company.

Christian Eriksson

Born 1974, Head of Home Furnishings since 2014.

Education and background: Christian Eriksson holds a Bachelor degree in Informatics from the University of Lund. Christian Eriksson has previously held different positions within CDON, such as CEO, COO and business controller.

Current positions: Member of the board of directors of Flying Pig Investment AB.

Previous positions (past five years): Member of the board of directors and CEO of CDON AB, CDON Group E-commerce AB and Tretti AB.

Member of the board of directors of CDON Alandia, CDON Group Logistics AB, CDON Group Online Retailing AB, Health and Sports Nutrition Group HSNG AB, Lekmer AB, NLY Scandinavia AB and Tretti Options AB.

Share ownership in the Company: After settlement of the preference share structure and before completion of the Offering, Christian Eriksson owns, through companies, 1,780,625 shares and no warrants in the Company.

John Womack

Born 1966, Head of Investor relations since 2017.

Education and background: John Womack holds a BSc in Economics from Lund University and a Diploma from DIHR in communication and advertising. John Womack is a Certified Investor Relations Officer with the Swedish Society of Financial Analysts and has over 20 years experience from working with IR and communication. He is a Senior Advisor at the communications agency Fogel&Partners and is also currently retained as a Director of IR by Munters Group AB and held the same type of position in Clas Ohlson AB between 2008 and 2013 as well as in Alimak Group AB during 2015.

Current positions: Member of the board of directors of ArtGlass i Malmö AB, CarpetVista AB, Carpet Vista Group AB and Womack Investor Relations AB. Director of IR of Munters Group AB.

Previous positions (past five years): –

Share ownership in the Company: John Womack owns no shares or warrants in the Company.

Other information about the board of directors and senior executives

There are no family ties between any board members or senior executives.

Bert Larsson is chairman of the board of directors in Max Garden AB which is a supplier to Bygghemma Group that the Company in turn owns 2.5 percent of the shares in. This is not considered to affect Bert Larsson's independence vis-à-vis the Company or its management. Peter Möller is employed by FSN Capital Partners AB, which is acting in its capacity as sub-investment advisor to each of (i) FSN Capital GP IV Limited acting in its capacity as general partner for and on behalf of each of FSN Capital IV L.P., FSN Capital IV (B) L.P. and FSN Capital IV Invest L.P., (ii) FSN Capital GP V Limited acting in its capacity as general partner for and on behalf of each of FSN Capital V L.P., FSN Capital V (B) L.P. and FSN Capital V Invest L.P., and (iii) FSN Capital Project Growth GP Limited acting in its capacity as General Partner of FSN Capital Project Growth Co-Investment L.P.

Aside from the above, there are no conflicts of interest or potential conflicts of interest between the undertakings of the board members and senior executives in relation to the Company and their private interests and/or other undertakings. Shareholding board members and senior executives will undertake, with certain exceptions, not to sell their respective holdings for a certain period after trading on Nasdaq Stockholm has commenced. Refer to the section "*Share capital and ownership structure*" under the heading "*Undertaking to refrain from selling shares (Lock-up)*".

The Finnish customs service has alleged that CDON Alandia Ab, a subsidiary of Qliro Group, in breach of the rules, during the years 2008 to 2013 has sold goods over the Internet free of VAT from Aland, which is not part of EU's tax union, to Finland. On this basis there is an ongoing administrative court procedure between the Finnish tax authorities and CDON Alandia Ab. Furthermore, in each of their previous capacities as representatives and employees of CDON Group (now known as Qliro Group), Mikael Olander (President and CEO, Bygghemma) and Christian Eriksson (Head of Home Furnishing, Bygghemma), as well as one non-executive individual who is, as of the date of the Prospectus, employed by Bygghemma Group, are subject to a preliminary investigation relating to aggravated tax fraud, and with respect to Mikael Olander this also includes certain accountancy crimes relating to actions taken when setting up the sale structure at CDON Alandia Ab, concerning the period when Mikael Olander and Christian Eriksson, during different periods, held the positions as CEOs in CDON Alandia. As far as the Company knows, as of the date of the Prospectus, none of the three individuals have been prosecuted. The investigation does not involve Bygghemma Group.

The investigation is solely a result of their previous positions as representatives for and employees of CDON Alandia Ab with the exemption of certain personal liability allegations relating to actions taken by Mikael Olander when CDON Alandia Ab was setting up the sale structure on Aland. Aside from this, there is no allegation that any of the three individuals have enriched themselves or acted negligent for personal gain.

As of the date of the Prospectus, there is also an ongoing administrative court procedure between CDON Alandia Ab and the Finnish tax authorities.

If it is shown that CDON Alandia Ab or the three individuals covered by the preliminary investigation has not acted in violation of applicable rules and regulations, the Company believes that it is likely that the prosecutorial investigation against the three individuals will be closed. Both the outcome of administrative court procedure and a decision on a potential prosecution is expected during the first half of 2018. If the prosecutor decides to proceed to trial, the next step is to handle the case in the district court. The outcome in the district court may be appealed to a higher court instance. Hence, in such scenario, it will likely take long time before the final outcome is concluded.

If it is concluded that CDON Alandia Ab has acted erroneous in the ongoing administrative court procedure, there is a risk that the prosecutor decides to prosecute one or several of the three individuals and that they may be subject to criminal liability, provided that it is shown that they have acted wilfully.

All three individuals have stated that they, as representatives for CDON Alandia Ab, acted in good faith regarding the sale of goods from Aland to Finland by, *inter alia*, relying on advice from well-reputed consultants and because the arrangement was approved by the board of directors of CDON Alandia Ab. In the event that one or more of the three individuals become subject to any serious penalty and/or sentence, the Company may have to terminate one or all of their employments. If the employment of either Mikael Olander and/or Christian Eriksson is terminated, the board has established and adopted an action plan based primarily on an internal reorganization of the executive management team. If Mikael Olander's employment is terminated, his position as CEO would succeed to the Company's CFO, Martin Edblad, who would stay on as CFO during a transitional period while a substitute is recruited. Furthermore, the Group's current Head of DIY in Finland, Kimmo Lähteenmäki, would replace Mikael Olander's position as Head of DIY. If Christian Eriksson's employment is terminated, his position as Head of Home Furnishing would succeed to the Company's current COO, Peter Rosvall.

Henrik Theilbjørn was chairman of the Board of Directors of Bruuns Bazaar A/S when the company filed a petition for bankruptcy in 2016 and 11/11 Invest ApS when the company filed a petition for bankruptcy in 2016. Ingrid Jonasson Blank was member of the board of directors of ONOFF Sverige AB when the company filed a petition for bankruptcy in 2016. The bankruptcy was concluded 11 December 2017.

Except as set out above, during the past five years, no board members or senior executives have (i) been convicted in fraud-related court cases, (ii) represented a company that has been declared bankrupt or has entered into compulsory liquidation, (iii) apart from what is stated above, been the subject of sanctions or accused by a public authority or organisation that represents a certain professional grouping and is governed via public sector law, or (iv) banned from taking part in business activities.

All board members and senior executives can be contacted via the Company's main office at Hans Michelsensgatan 9, SE-211 20 Malmö.

Auditor

The Company's auditor is Öhrlings PricewaterhouseCoopers AB (“**PwC**”), with authorised public accountant Eva Carlsvi as auditor in charge. Eva Carlsvi is an authorised public accountant and member of FAR (the Swedish trade organisation for accounting consultants, auditors and advisors). PwC and Eva Carlsvi have been the Company's auditor for the entire period covered by the historical financial information in the Prospectus and can be contacted at Öhrlings PricewaterhouseCoopers AB, Box 4009, SE-203 11 Malmö.

Corporate governance

Corporate governance

The Company is a Swedish public limited liability company. Prior to the listing on Nasdaq Stockholm, corporate governance in the Company was based on Swedish law and internal rules and instructions. Once the shares in the Company are listed on Nasdaq Stockholm, the Company will also comply with Nasdaq Stockholm's Rule Book for Issuers and apply the Swedish Corporate Governance Code (the "**Code**"). The Company is not obliged to comply with every rule in the Code as the Code itself provides for the possibility to deviate from the rules, provided that any such deviations and the chosen alternative solutions are described and the reasons therefore are explained in the corporate governance report (referred to as the "comply or explain" principle).

The Company will apply the Code from the date on which its shares are listed on Nasdaq Stockholm. Any deviations from the Code will be reported in the Company's corporate governance report, which will be prepared for the first time for the financial year 2018.

General meeting of shareholders

According to the Swedish Companies Act, the general meeting of shareholders is the Company's highest decision-making body. At a general meeting, the shareholders exercise their voting rights on key issues, such as the adoption of income statements and balance sheets, allocation of the Company's profit, discharge from liability of board members and the CEO, election of board members and auditors, and remuneration to the board and auditors.

An annual general meeting of shareholders shall be held within six months after the end of each financial year. Besides the annual general meeting, the Company may convene extra general meetings.

Notice of a general meeting of shareholders

According to the articles of association, general meetings of shareholders are to be convened through an announcement in the Swedish Official Gazette (Sw. *Post- och Inrikes Tidningar*) and by publishing the notice on the Company's website. At the time of notice, an announcement that the notice has been issued is to be published in Svenska Dagbladet.

Right to participate in a general meeting of shareholders

To participate in the general meeting, a shareholder must be directly registered in the share register maintained by Euroclear Sweden not later than five week-days prior to the meeting and notify the Company its intention to participate (including any assistants) at the general meeting not later than on the date set forth in the notice of the meeting. This date may not be a Saturday, Sunday, public holiday, Midsummer Eve, Christmas Eve or New Year's Eve, nor may it fall less than five week-days prior to the meeting. Shareholders may attend the general meeting of shareholders in person or by proxy and may also be accompanied by a maximum of two assistants. Shareholders can normally register for the general meeting of shareholders in several different ways, as stated in the notice of the general meeting.

Shareholder initiatives

Shareholders who wish to have a matter addressed at the general meeting of shareholders must submit a written request to the board of directors. Normally, the request must normally have reached the board of directors no later than seven weeks prior to the general meeting of shareholders.

Nomination committee

Under the Code, the Company shall have a nomination committee, the purpose of which is to submit proposals in respect of the chairman at general meetings, board members, including who should be chairman, remuneration to each board member as well as remuneration for committee work, election of and remuneration to the external auditors, and a proposal regarding changes to the instructions for the duties of the nomination committee.

It was resolved at the annual general meeting on 6 March 2018 that the nomination committee prior to the 2019 annual general meeting is to comprise four members, of which one should be the chairman of the board. In addition to the chairman, the members are to be appointed through a meeting, convened by the chairman of the board, of the three largest shareholders in the Company – based on the share register maintained by Euroclear as of 30 September 2018 – during which these shareholders are offered the possibility of appointing one member each. If any of the three largest shareholders wishes to refrain from exercising the right to appoint a member of the nomination committee, the chairman of the board shall give the next largest shareholder the opportunity to appoint a member.

The chairman of the nomination committee shall be the committee member representing the largest shareholder, in terms of votes, unless the members agree to appoint another chairman. The chairman of the nomination committee shall not be a board member of the company.

A shareholder who has appointed a member of the nomination committee always has the right to dismiss the member and appoint a replacement. If a member leaves the nomination committee prior to completion of the committee's work, the shareholder who appointed the departing member has the right to appoint a new member of the nomination committee.

If a significant change in the Company's ownership structure occurs more than two months before the annual general meeting and a shareholder, who after such a material change in ownership becomes one of the Company's three largest shareholders, makes a request to the chairman of the nomination committee to appoint a member of the nomination committee, the committee shall invite the shareholder to appoint a member of the nomination committee. This member shall replace the member appointed by the shareholder who, after the ownership change, is no longer one of the three largest shareholders.

Ahead of the annual general meeting 2019, the names of the members of the nomination committee and shareholders they are appointed by are to be announced by the Company as soon as possible after 30 September 2018, but not later than six months before the annual general meeting. The term of office for the nomination committee appointed in accordance with the above will extend until a new nomination committee has been appointed and announced. No fees will be paid to the members of the nomination committee. However, the nomination committee is to be entitled to charge the Company with reasonable expenses for recruitment consultants or other consultants required for the committee to fully execute its assignment. In addition to the above, the Company, at the request of the nomination committee, must provide reasonable personnel resources, such as secretarial functions, to facilitate the work of the nomination committee.

The shareholders are entitled to submit proposals to the nomination committee regarding nominations to the board of directors.

Board of directors

The board of directors is the Company's second highest decision-making body after the general meeting of shareholders. In accordance with the Swedish Companies Act, the board is responsible for the management and organisation of the Company, which means that the board is responsible for, among other tasks, establishing targets and strategies, ensuring that procedures and systems are in place for the evaluation of set targets, continuously evaluating the Company's earnings and financial position, and evaluating executive management. The board is also responsible for ensuring that annual reports and interim reports are prepared on time. The board also appoints the CEO.

Board members are normally elected by the annual general meeting for the period until the end of the next annual general meeting. According to the Company's articles of association, the board, insofar as it is elected by the general meeting of shareholders, is to consist of at least three (3) members and at most ten (10) members with no deputy members.

In accordance with the Code, the chairman of the board is elected by the general meeting of shareholders and has a special responsibility for managing the board's work and ensuring that the board's work is well organised and effectively implemented.

The board follows written rules of procedure, which are revised annually and adopted by the inaugural meeting with the board of directors, every year, or otherwise as required. Among other matters, the rules of procedure govern board practice, functions and the division of work between the board members and the CEO and the established committees. In connection with the inaugural meeting with the board of directors, the board also establishes terms of reference for the CEO, including instructions for financial reporting.

The board of directors meets according to an established annual schedule. In addition to these meetings, additional meetings can be convened to address issues which cannot be postponed until the next scheduled board meeting. In addition to the board meetings, the chairman of the board and the CEO continuously discuss the management of the Company.

As of the date of the Prospectus, the Company's board of directors consists of six ordinary members, who are presented in the section "*Board of directors, senior executives and auditor*". All board members were re-elected by the annual general meeting held on 6 March 2018. At the same annual general meeting Henrik Theilbjørn was re-elected as Chairman of the Board of Directors. All members of the Board of Directors are currently elected for the period until the end of the 2019 annual general meeting.

Audit committee

The board has on 22 November 2017 established an audit committee. The current audit committee, which was re-appointed at the inaugural meeting with the board of directors held on 6 March 2018, comprises three members: Lars Nilsson (chairman), Henrik Theilbjørn and Peter Möller. The audit committee is mainly a preparatory body and prepares proposals for the board. The audit committee works according to rules of procedure adopted by the board. Its main duties are, without prejudice to the general duties and responsibilities of the board of directors, to:

- monitor the Company's financial reporting,
- monitor the efficiency of the Company's internal control and risk management with regard to the financial reporting,
- remain informed about the audit of the annual report and consolidated accounts,

- inform the board of the results of the audit and of the manner in which the audit contributed to the reliability of the financial reporting and the committee's specific functions,
- review and monitor the auditor's impartiality and independence and note, in particular, whether the auditor provides the Company with services other than audit services,
- approve the auditor's advisory services and adopt a policy for the auditor's advisory services,
- assist in the preparation of proposals for the general meeting's decision regarding the election of an auditor,
- evaluate the need for an internal audit function each year, and
- assure the quality of the year-end report and interim reports prior to board decisions.

Remuneration committee

The board has on 22 November 2017 established a remuneration committee. The committee, which was re-appointed at the inaugural meeting with the board of directors held on 6 March 2018, comprises three members: Henrik Theilbjørn (chairman), Bert Larsson and Florian Seubert. The remuneration committee is mainly a preparatory body and prepares proposals for the board. The remuneration committee works according to rules of procedure adopted by the board. The main duties of the remuneration committee are to prepare the board's decisions on matters related to the principles for remuneration, remuneration and other terms of employment for senior executives, monitor and evaluate ongoing programs for variable remuneration to Company's senior executives, both ongoing and those concluded during the year, as well as monitor and assess the application of the guidelines for remuneration of senior executives approved by the annual general meeting and the applicable remuneration structures and levels in the Company.

CEO and other senior executives

The CEO answers to the board of directors and is responsible for the day-to-day management of the Company and daily operations. The division of work between the board and the CEO is set forth in the rules of procedure for the board and the instructions for the CEO. The CEO is also responsible for preparing reports and compiling information from executive management for the board meetings and for presenting such materials at board meetings.

According to the instructions for financial reporting, the CEO is responsible for the financial reporting of the Company and shall, accordingly, ensure that the board of directors receives adequate information to enable the board of directors to continuously evaluate the Company's financial position.

The CEO and other senior executives are presented in the section "*Board of directors, senior executives and auditor*".

Guidelines for remuneration of the CEO and other senior executives

In accordance with the Swedish Companies Act, the general meeting of shareholders is to pass a resolution on remuneration guidelines for the CEO and other senior executives. The following guidelines were adopted by the annual general meeting on 6 March 2018, to be applied from the date of the listing of the Company's shares on Nasdaq Stockholm.

Guidelines for remuneration of CEO and other senior executives

Senior executives refers to the CEO and executive management, and, as of the date of the Prospectus, comprises five individuals in total. The aim of the guidelines is to ensure that Bygghemma Group can attract, motivate and retain senior executives, both within Bygghemma Group and its subsidiaries, in relation to comparable companies which comprises of Nordic online and offline retailers. The aggregate remuneration shall be based on market conditions and be competitive and well-balanced. Furthermore, the remuneration shall contribute to good ethics and company culture and at the same time be aligned with the shareholders' interests. Remuneration to the senior executives shall consist of a fixed and variable salary, as well as the possibility to participate in a long-term incentive program, including share based instruments such as synthetic options and employee stock options, and pension schemes. These components shall create well-balanced remuneration reflecting the individual's competence, responsibility and performance, in both the short and long term, and Bygghemma Group's overall performance.

Fixed salary

The senior executives' fixed salary is to be competitive and based on the individual senior executive's competences, responsibilities and performance. Fixed salary may also be lower than what may be regarded as marketable for comparable companies. In order for the salary to be regarded as competitive and motivate the senior executives, they shall be given the opportunity to receive variable salary and participate in long-term incentive programs.

Variable salary

The senior executives may receive variable remuneration in addition to fixed salaries. The contracted variable remuneration for the CEO shall not exceed a maximum of 200 percent of the fixed annual salary and will not exceed 150 percent of the other senior executives' fixed annual salary. The variable remuneration shall be based on the performance of the senior executives in relation to predetermined and measurable targets aimed at promoting the Bygghemma Group's long term value creation, which are to be established and documented annually.

Other benefits

Bygghemma Group provides other benefits to senior executives in accordance with local practice. Such other benefits may include a company car and company healthcare. Occasionally, for a limited period, housing allowance could be granted where appropriate.

Pension

The senior executives are entitled to pension contributions based on what is customary in the country in which they are employed. Pension contributions will be secured through premium payments to insurance companies.

Notice of termination and severance pay

The maximum notice period in any senior executive's contract may be no more than twelve months during which time salary payment will continue. The Company does not allow any additional contractual severance payments.

Consultancy fees

If a board member carries out work on behalf of the Company, besides duties falling within the scope of the assignment as a board member, consultancy fees and other remuneration for such work may be discharged after a board resolution.

Deviations from the guidelines

In special circumstances, the board of directors may deviate from the above guidelines, for example additional variable remuneration in the case of extraordinary results. In such a case the board of directors shall explain the reason for the deviation at the following annual general meeting.

Remuneration in the 2017 financial year

Remuneration from the Group received by board members and senior executives during the 2017 financial year is presented below.

SEK thousand Name	Basic salary/ Directors' fees	Variable remuneration	Other benefits	Pension costs	Total
Board of directors					
Henrik Theilbjørn	–	–	–	–	–
Peter Möller	–	–	–	–	–
Ingrid Jonasson Blank	–	–	–	–	–
Bert Larsson	–	–	–	–	–
Florian Seubert	–	–	–	–	–
Lars Nilsson	–	–	–	–	–
Total board of directors	**–**	**–**	**–**	**–**	**–**
Senior executives					
Mikael Olander, President and CEO	1,052	–	–	262	1,314
Other senior executives (three people)[1]	2,982	–	–	605	3,587
Total senior executives	**4,033**	**–**	**–**	**867**	**4,900**
Total remuneration to the board of directors and senior executives	**4,033**	**–**	**–**	**867**	**4,900**

[1] John Womack's consulting assignment commenced in December 2017 and no remuneration for services provided were thus given during the 2017 financial year.

Remuneration of board members, CEO and other senior executives

Remuneration of members of the board of directors

Fees and other remuneration to board members, including the chairman, are decided at the annual general meeting. The annual general meeting on 6 March 2018 resolved that a fee of SEK 150 thousand shall be paid to the chairman of the board of directors and a fee of SEK 75 thousand shall be paid to other members of the board of directors, excluding Peter Möller who declined a fee, for the period until the next annual general meeting. No remuneration shall be paid for work in board committees.

Remuneration to the CEO and other senior executives

Remuneration to the CEO and other senior executives are subject to an annual review in accordance with the Company's guidelines for remuneration to the CEO and other senior executives.

Current employment contract for the CEO and agreements with other senior executives

As of the date of the Prospectus, the CEO receives a monthly fixed salary of SEK 80,000. The CEO may, based on predetermined parameters pertaining to the Company's earnings, receive variable salary of no more than 200 percent of the fixed salary. As of the date of the Prospectus, other senior executives receives a monthly fixed salary of SEK 80,000. The other senior executives may, based on corresponding predetermined parameters applicable for the CEO, receive a variable salary of 100–150 percent of their annual salary.

The CEO's employment contract stipulates a reciprocal period of notice of nine months. The CEO is bound by a non-compete clause that extends for two years after the end of employment. During the period of the non-compete clause, remuneration is paid up to 60 percent of the CEO's final salary. For other senior executives, the reciprocal period of notice is between three to six months. No senior executive has the right to severance pay in addition to salary and benefits during the period of notice.

In addition to the above, the Company has entered into a consultancy agreement with the Company's Head of Investor Relations, John Womack, comprising work corresponding to 16 hours a week or more if the assignment so requires. The reciprocal period of notice is three months. At the earliest, the consultancy agreement may be terminated nine months after the first day of trading in the Company's shares at Nasdaq Stockholm, at which point, the agreement may terminated with three months notice.

Internal control

The board and the CEO's responsibility for internal control is governed by the Swedish Companies Act and the Swedish Annual Reports Act, which requires that information about the main features of the Company's system for internal control must be included in the corporate governance report, the Code, the rules of procedure for the board and instructions to the CEO as well as the instructions for the financial reporting. The board of directors is, amongst other things, to ensure that the Company has sufficient internal control and formalised routines to secure that established principles for financial reporting are followed and that there are effective systems in place to monitor and control the Company's operations and the risks associated with the Company's business and operations.

The overall purpose of the internal control is to ensure, to a reasonable degree, that the Company's operating strategies and targets are monitored and that the shareholders' investments are protected. Furthermore, the internal control is to ensure that the external financial reporting, with reasonable certainty, is reliable and prepared in accordance with GAAP, that applicable laws and regulations are followed and that the requirements imposed on listed companies are complied with.

The control environment forms the basis for the internal control, which also includes risk assessment, control activities, information and communication as well as monitoring. This is further described below.

The Company has not established a separate internal audit function; this task is instead performed by the board of directors.

Control environment

The board of directors has the overall responsibility for the internal control in relation to financial reporting. In order to create and maintain a functioning control environment, the board of directors has adopted a number of policies, guidelines and steering documents governing financial reporting. These documents primarily comprise the rules of procedures for the board of directors, instructions for the CEO, instructions for financial reporting and instructions for committees established by the board of directors. The board of directors has also adopted attestation instructions and a finance policy. The Company also has a financial manual which contains principles, guidelines and procedure descriptions for accounting and financial reporting. In addition the board of directors has also adopted several IT related policies where matters such as data recovery are managed. Furthermore, the board of directors has established an audit committee whose main task is to monitor the Company's financial reporting, the effectiveness of the Company's internal control, internal audit (if such function is established) and risk management as well as to review and monitor the auditor's impartiality and independence.

The responsibility for the day-to-day work of maintaining the control environment rests primarily with the Company's CEO, who on a regularly basis reports to the board of directors in accordance with established instructions.

The Group's finance division has an important role in ensuring that the financial reporting provides reliable information. It is responsible for the financial information being complete, correct and timely published. As of the date of the Prospectus and in addition to the CFO, the Group finance division consist of three employees in the form of one Group Financial Controller, the Group Accounting Manager and the Group Business Controller. The finance division reports to the CFO who in turns reports to the CEO.

In addition to the CEO and finance division, the Company's central organisation consists of the COO who is responsible for the Group's operational issues and reports to the CEO, the CIO who is responsible for the Group's IT environment and IT function and reports to the CEO, the Head of Administration and Processes who is responsible for administration and implementation of processes as well as Human Resources and reports to the CEO, the Head of Business Development who is responsible for the Group's business development and reports to the CEO, and the Head of Legal who is responsible for legal matters and board administration and reports to the CFO.

Each local entity within the Group is organised with its own board of directors and, as applicable, CEO, with responsibility for control of the local business according to guidelines and instructions from group level. Each local entity has its own administration which takes care of book-keeping and financial reporting. The local entities primarily reports to the Company's CEO and CFO. In addition to internal monitoring and reporting, the Company's external auditors reports to the CEO and the board of directors routinely throughout the financial year. The auditor's reporting provides the board of directors with a good view and understanding of the financial reporting in the annual report.

Risk assessment and control activities

Risk assessment includes identifying and evaluating the risk of material errors in the accounting and reporting at group level as well as in the Group Companies. Risk assessment is made regularly and in accordance with established guidelines focusing on individual projects. The board of directors are responsible for the internal control and to monitor management. This is carried out through both internal and external control activities as well as through examination and monitoring of the Company's policies and steering documents. Within the board of directors it is the audit committee who is primarily responsible to continuously assess the Company's risk situation, after which the board of directors performs an annual review of the risk situation.

The Company actively performs different control activities in order to identify, address and rectify risks in all parts of the organization, and to ensure and improve internal control in operations. As part of the work with internal control and risk, the Company's key risks are assessed, evaluated and compiled on a yearly basis. Each identified risk is assessed after probability and potential impact/effect on operations. The work concerns preferably strategical and operational risks, but financial and legal risks as well as other key risks are also processed.

These activities follows a yearly schedule and commence in March/April, at which point the activities' plan and scope are established. Thereafter, instructions are delivered to the entities who are affected within the Group. The activities are lead by the Group Head of Admin who administer and support these activities in the different group companies. The activities are carried out from May to September and follows a centrally prepared control matrix comprising 1) business planning and follow-up, 2) governance, and 3) compliance, through which the processes HR, finance, customer service, IT and information security, and communication are reviewed and evaluated. The control matrix consist of a number of control points, which together forms the Companys "minimum internal control requirements" ("**MICR**"). All identified key risks are compiled in a matrix with assessed probability on the X-axis and assessed impact/effect on the Y-axis, and presented on a yearly basis to the audit committee and the board of directors in November/December, together with proposed action plans in order to reduce and/or rectify the risks. This process is, if appropriate, continuously updated with new controls activities (for example, M&A was added to the control framwork as a new business process during 2017).

Uniform accounting and reporting instructions apply to all entities within the Group. The Group's guidelines for internal control are followed up in all entities during the fiscal year. The local entities financial development is continuously monitored through monthly reporting, which is focused mainly on revenues, earnings and order book. It also includes legal and operational follow up, with a focus on individual projects. Other key components of the internal control are the annual business planning process and budget and forecast processes.

Information and communication

The Company has information and communication channels to enable the correctness of the financial reporting and to facilitate reporting and feedback from the operations to the board of directors and management, for example by making corporate governance documents such as internal policies, guidelines and instruction regarding the financial reporting available and known to the employees concerned. Financial reporting is made in a common group system with pre-defined reporting templates.

The Company's financial reporting complies with Swedish laws and regulations and the local rules in each country where operations are conducted. The Company's information to shareholders and other stakeholder is provided through the annual report and will hereafter also be provided through interim reports and press releases (please also refer to "Stock market information and insider rules" below).

Monitoring

The compliance and effectiveness of the internal control are constantly monitored. The CEO ensures that the board of directors continuously receives reports on the development of the Company's activities, including the development of the Company's results and financial position, as well as information regarding important issues and events, such as the development of specific projects. The CEO also reports on these matters at every board meeting.

The board of directors and the audit committee examines the annual report and interim reports and conducts financial evaluations in accordance with an established plan and model. The audit committee monitors the financial reporting and other related matters and regularly discusses these matters with the auditors.

Auditing

The auditor is to review the Company's annual report and accounting as well as the management of the board and the CEO. Following each financial year, the auditor is to submit an audit report and a consolidated audit report to the annual general meeting.

In accordance with the Company's articles of association, the Company shall have one auditor or registered audit firm. The Company's auditor is Öhrlings PricewaterhouseCoopers AB, with authorised public accountant Eva Carlsvi as auditor in charge. Eva Carlsvi is an authorised public accountant and member of FAR (the Swedish trade organisation for accounting consultants, auditors and advisors). The Company's auditor is presented in greater detail in the section "*Board of directors, senior executives and auditor*".

In 2017, remuneration of the Company's auditor totalled SEK 6.3 million, of which SEK 2.8 million pertained to audit services and SEK 3.5 million pertained to other consulting services.

Share capital and ownership structure

General information

According to the Company's articles of association at the date of the Prospectus, the share capital may not be less than SEK 2,370,000 and not exceed SEK 9,480,000, and the number of shares may not be less than 190,000,000 and not exceed 760,000,000. As of the date of the Prospectus, the Company's registered share capital amounts to SEK 2,388,006.432 and there are a total of 199,000,536 shares outstanding in the Company, of which 68,474,609 are ordinary shares of class A and 130,525,927 shares are preference shares of different classes. The shares are denominated in SEK and each share has a quotient value of SEK 0.0120.

Preference shares have preferential rights to all forms of value transfers from the Company to the shareholders up to a certain amount calculated according to a certain formula based on the subscription price and the time of the Board of Directors allotment resolution for each preference share class. Thereafter, ordinary shares of series A are entitled to all forms of value transfers from the Company. In connection with the listing of the Company's shares on Nasdaq Stockholm, the current preference share structure will be settled. Consequently, the Company will have only one share class, and these will carry the same rights.

The shares in the Company have been issued in accordance with Swedish law. All issued shares are fully paid and freely transferable.

The shares on offer are not subject to any offering made due to a mandatory bid, redemption rights or sell-out obligation. No public takeover bid has been submitted regarding the shares on offer during the current or preceding financial year.

Settlement of the current share structure

At the date of the Prospectus, there are several different classes of shares in the Company. In connection with the listing of the Company's shares on Nasdaq Stockholm, all share classes will be converted (1:1) to the same class (the "**Share Conversion**"). The Share Conversion will be decided upon at an extra general meeting. All shareholders have committed to attend such general meeting by proxy and to vote for the settlement of the current share structure, which is expected to be registered with the Swedish Companies Registration Office on or about 28 March 2018. Thus, after the Share Conversion, there will be only one class of shares in the Company, named shares. According to the articles of association which will apply after the registration of the Share Conversion, the share capital shall not be less than SEK 3,000,000 and not more than SEK 12,000,000, divided into not less than 100,000,000 shares and not more than 400,000,000 shares.

For the Share Conversion to result in equal treatment of all shareholders based on the value of their shares prior to the Offering, the settlement of the current share structure will also include a reduction of the share capital by retirement of preference shares and conversion of preference shares into ordinary shares, whereby the exact relationships are dependent on the final Offering Price. At an Offering Price corresponding to the lowest of the Price Range, the settlement will entail that the total number of preference shares (prior to conversion (1: 1)) decreases from 130,525,927 to 99,000,536. At an Offering Price corresponding to the midpoint of the Price Range, the settlement will entail that the total number of preference shares (prior to conversion (1:1)) decreases from 130,525,927 to 99,000,536. At an Offering Price corresponding to the highest of the Price Range, the settlement will entail that the total number of preference shares (prior to conversion (1:1)) decreases from 130,525,927 to 99,009,349 (interval calculated based on an Offering Price corresponding to the lowest and highest within the Price Range).

In connection with the reduction, the share capital will be increased through bonus issues with and without the issuance of shares, partly to compensate for the decrease in share prices and partly to adjust the quota value to the new number of shares. The exact increase is dependent on the share capital and number of shares after settlement of the current share structure, which in turn depends on the final Offering Price. The bonus issues will be registered with the Swedish Companies Registration Office at the same time as the reduction.

The number of new ordinary shares issued in the Offering is dependent on the final Offering Price. At an Offering Price corresponding to the lowest of the Price Range, a total number of 7,777,777 new ordinary shares will be issued. At an Offering Price corresponding to the midpoint of the Price Range, a total number of 7,368,421 new ordinary shares will be issued. At an Offering Price corresponding to the highest of the Price Range, a total number of 7,000,000 new ordinary shares will be issued (interval calculated based on an Offering Price corresponding to the lowest and highest within the Price Range).

The reduction of share capital, bonus issues and issuance of new ordinary shares are expected to result in a share capital of at least approximately SEK 3,210,000 and no more than approximately SEK 3,233,333, depending on the final Offering Price and the number of newly issued shares in the Offering, giving a quota value of SEK 0.03 per share.

Sale of shares from existing shareholders

Certain existing shareholders (owning shares directly as well as indirectly) comprising, inter alia, board members, senior executives and other employees will be offered to sell their shares in the Company in connection with the Offering. For the Company's CEO, CFO and COO, a limitation applies as regards the number of shares that may be sold in connection with Offering, equivalent to a total of 20 and 30 percent of the shares' value. The corresponding limitation for other existing shareholders varies and depends on, inter alia, the size of the existing equity interest. Participants in the new incentive program described below in section "*Warrants, convertibles etc. - Incentive programs – LTIP*" will be offered to sell shares in connection with the Offering in order to finance payment of the warrants premium and to cover tax effects and other potential costs arising in connection with the sale of shares. In order to carry out sales in accordance with the above, these shareholders will sell the shares that are to be sold in the Offering to the Principal Owners. All shares acquired by investors are thus provided by the Principal Owners.

Certain rights associated with the shares

Subsequent to the Share Conversion the Company's shares on offer will be of the same class. The rights associated with shares issued by the Company, including those pursuant to the articles of association, may only be amended in accordance with the procedures stated in the Swedish Companies Act (2005:551).

Voting rights

As of the date of the Prospectus, all outstanding ordinary shares and preference shares in the Company entitles the holder to one vote per share at general meetings. Only ordinary shares will remain following the Share Conversion, and each of these shares will also entitle the holder to one vote at general meetings of shareholders and each shareholder will be entitled to cast votes equal in number to the number of shares held by the shareholder in the Company.

Preferential rights to new shares, etc.

Subsequent to the Share Conversion the clause regarding shareholders' rights at an increase of the share capital in the articles of association will be removed. Therefore, if the Company issues new shares, warrants or convertibles in a cash issue or a set-off issue, shareholders shall, as a general rule, have preferential rights to subscribe for such securities proportionally to the number of shares held prior to the issue.

Rights to dividends and liquidation proceeds

After the Share Conversion, the Company will have only one class of shares, after which all shares in the Company give equal rights to dividends and the Company's assets and any surpluses in the event of liquidation.

Decisions regarding dividends are made by the general meeting of shareholders and dividends are paid through Euroclear Sweden. All shareholders who are registered in the share register maintained by Euroclear Sweden on the record date determined by the general meeting of shareholders are entitled to receive dividends. Dividends are normally paid as a cash amount per share, although they may also be paid in a form other than cash (cash-in-kind dividend). Dividends may only be paid in an amount that ensures there is full coverage for the Company's restricted equity after the dividend is paid and provided that the dividend appears to be justifiable taking into account (i) the demands placed on the size of the Company's equity due to the type of business conducted, its scope and risks, and (ii) the Company and the Group's consolidation needs, liquidity and position in general. As a general rule, the shareholders are not permitted to decide on dividends in an amount larger than that proposed or approved by the board of directors.

The right to dividends applies to shareholders who are registered as shareholders in the share register maintained by Euroclear Sweden on the record date for dividends decided by the general meeting of shareholders. Should a shareholder not be reached through Euroclear Sweden, the shareholder will continue to have a claim against the Company concerning the dividend amount and this is only limited by rules concerning a ten-year statute of limitation. After the period of limitation, the dividend amount accrues to the Company. Neither the Swedish Companies Act nor the Company's articles of association contain any restrictions regarding the right to dividends for shareholders outside Sweden. Apart from the restrictions pursuant to banking and clearing systems, payments to such shareholders are made in the same manner as those made to shareholders domiciled in Sweden. Shareholders who are not subject to taxation in Sweden are normally subject to Swedish withholding tax. Refer to the section "*Tax considerations in Sweden*".

Central securities depository

The Company's shares are issued in dematerialised form through the services of Euroclear Sweden AB (P.O. Box 191, SE-101 23 Stockholm, Sweden). In accordance with the Swedish Financial Instruments Accounts Act (Sw. *lag (1998:1479)* om värdepapperscentraler och kontoföring av finansiella instrument), Euroclear is the central securities depository and clearing organisation for the shares. Accordingly, no share certificates have been issued and any share transfers are made electronically. All shares are fully paid and denominated in the currency SEK. The ISIN code for the Company's shares is SE0010948588.

Share capital trend

The following table shows the historical trend for the Company's share capital since it was founded on 1 September 2016 and the changes that will take place with respect to the number of shares and the share capital in conjunction with the listing of the Company's shares on Nasdaq Stockholm (the table shall be read in conjunction with the information provided under "*Settlement of the current share structure*". The Company has carried out a number of new share issues to finance acquisitions and to enable ownership for key employees as well as for re-investments of the sellers of acquired companies. Such shares issues have been made to market value calculated by the board of directors based on customary valuation principles.

Date	Event	Change in number of shares	Change in share capital (SEK)	Total number of shares	Total share capital (SEK)
September 2016	New formation	–	–	50,000	50,000
November 2016	New share issue (cash payment)	1,444,300	1,444,300	1,494,300	1,494,300
November 2016	New share issue (in kind payment)	231,100	231,100	1,725,400	1,725,400
December 2016	New share issue (cash payment)	5,200	5,200	1,730,600	1,730,600
December 2016	New share issue (cash payment)	1,200	1,200	1,731,800	1,731,800
January 2017	New share issue (cash and in kind payment)	439,352	439,352	2,171,152	2,171,152
February 2017	New share issue (cash payment)	1,600	1,600	2,172,752	2,172,752
May 2017	New share issue (in kind payment)	18,375	18,375	2,191,127	2,191,127
May 2017	New share issue (cash payment)	2,950	2,950	2,194,077	2,194,077
July 2017	New share issue (cash payment)	77,004	77,004	2,271,081	2,271,081
July 2017	New share issue (in kind payment)	29,627	29,627	2,361,869	2,361,869
July 2017	New share issue (cash payment)	3,160	3,160	2,332,242	2,332,242
July 2017	New share issue (cash payment)	58,001	58,001	2,329,082	2,329,082
November 2017	New share issue (cash payment)	5,724	5,724	2,367,593	2,367,593
November 2017	New Share Issue (in kind payment)	3,400	3,400	2,370,993	2,370,993
January 2018	New Share Issue (cash payment)	234	234	2,371,227	2,371,227
January 2018	New Share Issue (cash payment)	700	700	2,371,927	2,371,927
February 2018	Split of all shares 1:84	196,869,941	–	199,241,868	2,371,927
February 2018	Increase of the share capital through bonus issue without issuance of new shares	–	18,975.416	199,241,868	2,390,902.416
February 2018	Reduction of the share capital and redemption of ordinary shares of series A	–241,332	–2,895.984	199,000,536	2,388,006.432
February 2018	Conversion of preference shares of series B01 to ordinary shares of series A[1]	–	–	199,000,536	2,388,006.432
March 2018	Conversion of preference shares of different classes to ordinary shares[2]	–	–	199,000,536	2,388,006.432
March 2018	Reduction of the share capital and redemption of preference shares of different classes[3]	–99,000,536	1,188,006.43	100,000,000	1,200,000
March 2018	Increase of the share capital through bonus issue without issuance of new shares	–	1,800,000	100,000,000	3,000,000
March 2018	New share issue comprised by the Offering[4]	7,368,421	221,052.63	107,368,421	3,221,052.63

1) 20,641,649 PREF B01 converted.

2) In total, 31 525,391 preference shares of different classes converted, provided that the Offering is completed and fully subscribed at an Offering Price corresponding to the midpoint of the Price Range.

3) All preference shares, provided that the Offering is completed and fully subscribed at an Offering Price corresponding to the midpoint of the Price Range.

4) After the completion of the Offering and provided that the Offering is fully subscribed at an Offering Price corresponding to the midpoint of the Price Range. Please refer to section "*Settlement of the current share structure*" above for a description of the effects of the share capital and the number of shares at an Offering Price corresponding to the lowest and the highest in the Price Range.

Authorisation

On 6 March 2018 the annual general meeting of the shareholders resolved to authorize the board of directors to issue a maximum of 8,000,000 ordinary shares in the Company, on one or more occasions, with or without preferential rights for shareholders, within the limits of the articles of association, to be paid in cash, by set-off or in-kind. The purpose for the board to resolve on issuances with deviation from the shareholders preferential rights in accordance with the above is primarily to broaden the shareholder base in the Company prior and in connection with a listing of the Company's shares. If the board of directors finds it suitable in order to enable delivery of shares in connection with an issuance as set out above it may be made at a subscription price corresponding to the shares quota value.

On 6 March 2018 the annual general meeting of the shareholders resolved to authorize the board of directors to issue a maximum of ordinary shares, warrants and/or convertibles, with the right to subscribe and convert to ordinary shares, respectively, in the Company, corresponding to not more than 20 percent of the share capital of the Company after dilution at the time immediately after completion of the Offering, on one or more occasions, with or without preferential rights for shareholders, within the limits of the articles of association, to be paid in cash, by set-off or in-kind. The purpose for the board to resolve on issuances with deviation from the shareholders preferential rights in accordance with the above is primarily for the purpose to raise new capital to increase flexibility of the Company or in connection with acquisitions. If the board of directors finds it suitable in order to enable delivery of shares in connection with a share issuance as set out above it may be made at a subscription price corresponding to the shares quota value.

Ownership structure

As of the date of this Prospectus, there are 77 shareholders in the Company. Specified holdings are presented as if the settlement of the current share structure, and any adjustment of the shareholders' share of the total number of shares as a consequence thereof, has been carried out. For further information on the settlement of the current share structure, refer to "*Settlement of the current share structure*" above. The table below shows the Company's ownership structure immediately before the Offering and immediately after completion of the Offering as well as changes in the event the Offering is fully subscribed and the Overallotment Option is fully exercised. The ownership structure, which is based on the Share Conversion being registered, is presented with regard to the settlement of the current share structure and assuming that the Offering Price will correspond to the midpoint of the Price Range.

Shareholdings based on the assumption that the Offering is fully subscribed and that the Offering Price is established in the midpoint of the Price Range (SEK 47.50)	**Shareholding before the Offering**		**After the Offering (if the Offering is not increased and the Overallotment Option is not exercised)**		**After the Offering (if the Offering is increased in full and the Overallotment Option is not exercised)**		**After the Offering (if the Offering is increased in full and the Overallotment Option is exercised in full)**	
Shareholder	**Number**	**Percent**	**Number**	**Percent**	**Number**	**Percent**	**Number**	**Percent**
Principal Owners								
FSN Capital Project Growth[1]	28,059,285	28.1%	22,447,428	20.9%	20,368,341	19.0%	18,334,182	17.1%
FSN Capital V[1]	26,635,694	26.6%	21,308,556	19.8%	19,334,952	18.0%	17,403,997	16.2%
FSN Capital IV[1]	17,757,027	17.8%	14,205,622	13.2%	12,889,894	12.0%	11,602,598	10.8%
Shareholding members of the board of directors, Group Management and other shareholders								
Mikael Olander, indirectly through companies	6,675,611	6.7%	5,340,489	5.0%	5,340,489	5.0%	5,340,489	5.0%
Martin Edblad, indirectly through company	2,723,886	2.7%	1,906,721	1.8%	1,906,721	1.8%	1,906,721	1.8%
Peter Rosvall, indirectly through company	2,723,886	2.7%	1,906,721	1.8%	1,906,721	1.8%	1,906,721	1.8%
Christian Eriksson, indirectly through company	1,730,337	1.7%	1,211,236	1.1%	1,211,236	1.1%	1,211,236	1.1%
Henrik Theilbjørn, indirectly through company	89,402	0.1%	71,522	0.1%	71,522	0.1%	71,522	0.1%
Florian Seubert, indirectly through company	95,984	0.1%	95,984	0.1%	95,984	0.1%	95,984	0.1%
Lars Nilsson	50,288	0.1%	49,996	<0.1%	49,996	<0.1%	49,996	<0.1%
Ingrid Jonasson Blank	25,844	<0.1%	25,754	<0.1%	25,754	<0.1%	25,754	<0.1%
Bert Larsson, indirectly through company	23,120	<0.1%	17,340	<0.1%	17,340	<0.1%	17,340	<0.1%
Cornerstone investors								
Arbejdsmarkedets Tilægspension	–	–	3,157,895	2.9%	3,157,895	2.9%	3,157,895	2.9%
Creades	–	–	2,105,263	2.0%	2,105,263	2.0%	2,105,263	2.0%
Other existing shareholders	13,409,636	13.4%	9,133,392	8.5%	9,133,392	8.5%	9,133,392	8.5%
Total existing shareholders	**100,000,000**	**100.0%**	**82,983,919**	**77.3%**	**77,615,500**	**72.3%**	**72,363,090**	**67.4%**
New shareholders[2]	–	–	24,384,502	22.7%	29,752,921	27.7%	35,005,331	32.6%
Total new and existing shareholders	**100,000,000**	**100.0%**	**107,368,421**	**100.0%**	**107,368,421**	**100.0%**	**107,368,421**	**100.0%**

1) Contact address Biblioteksgatan 8, SE-111 46 Stockholm, Sweden.
2) Means the individuals and companies that will receive shares as a result of the allocation in the Offering.

Shareholder agreements

The Principal Owners have entered into a shareholders' agreement relating to the shares in the Company. FSN Capital Fund IV, FSN Capital Fund V, EmployeeCo First AB and Bygghemma's management team have entered into a shareholders' agreement relating to the shares in the Company.

Both shareholders' agreements will, in connection with the first day of trading, automatically terminate except for customary surviving provisions such as confidentiality, governing law and dispute resolution.

To the best of the board's knowledge, no other shareholders' agreements or arrangements exist between the Company's shareholders pertaining to joint control over the Company. Nor is the board aware of any agreements or similar undertakings that could lead to changes in control over the Company.

Warrants, convertibles etc.

As of the date of this Prospectus, the Company has no outstanding warrants, convertibles or other financial instruments which would result in a dilution for existing shareholders if exercised other than the warrants described below. Historically, share related incentive programs for board members, management and key individuals have consisted of the possibility of ownership through purchase of newly issued shares at market value calculated by the board.

Incentive programs – LTIP

At an extraordinary general meeting scheduled to be held 26 March 2018, the shareholders intends to implement an incentive program for key individuals within the Group. None of the senior executives will participate in the program. In total, approximately 60 persons in the Group are offered to participate in the program which comprises of a maximum of approximately 2,700,000 warrants, each entitling the holder to subscribe for one new ordinary share in the Company (the "Shares" after the settlement of the current share structure).

The maximum number of warrants that can be allotted to participants of the program is to correspond to no more than 2.5 percent of the share capital and voting rights of the Company after the dilution at the time immediately after completion of the Offering. The calculation of the dilution effect also takes into account the implementation of the settlement of the current share structure (please refer to section "*Settlement of the current share structure*" above). The maximum number of warrants in the in the program may further be adjusted in relation to the final Offering Price, i.e., the dilution effect calculated as set forth above will not exceed 2.5 percent of the share capital and voting rights of the Company after completion of the Offering.

The warrants will be issued in one serie. Each participant is entitled to subscribe for a certain maximum number of warrants, depending on the participants position within the Group. The exercise price shall amount to 130 percent of the final Offering Price. The warrants can be exercised from the publication of the Company's interim report for the first quarter of 2021 up to and including 30 June 2021.

The subscription price for the warrants (the warrant premium), shall correspond to the market value of the warrants at the time of subscription and allotment, which shall be calculated in accordance with the Black & Scholes valuation model, with valuation principles in line with market practice.

Implementation of the program should not entail any social security costs for the Group in Sweden, Denmark and Finland. For employees in Norway, social security costs will arise in connection with the exercise of the warrants, which as of the date of the Prospectus amounts to a rate of 14.1 percent.

The Company intends to finance 50 percent of the costs relating to the warrants premium. After implementation of the program, costs will be limited to costs for administration of the program as well as social security costs in Norway in accordance with the above and provided that the warrants are utilized.

Undertaking to refrain from selling shares (Lock-up)

Pursuant to the Placing Agreement, the Company will provide an undertaking to Sole Global Coordinator and SEB that, for a period of 180 days from the first day of trading in the shares, it will not, without the written consent of Sole Global Coordinator and SEB, propose to the Company's shareholders any increase in capital or take any other measure which enables the Company, directly or indirectly, to issue, offer, pledge, sell, contract to sell or otherwise transfer or dispose of securities that are essentially equated with the shares, including securities that are convertible to or may be exchanged for, or represent a right to receive, shares in the Company; and that it shall not purchase or sell any option or other security or enter into swap, hedge or other arrangements which would have an economic effect corresponding to such measures. The Company's undertakings are subject to certain customary exceptions and shall also not be applied to the Company's previous, current or future share-based incentive programmes.

The Principal Owners, shareholding board members, senior executives and employees in the Company who will continue to own shares subsequent to the Offering have vis-a-vis Carnegie and SEB, for a certain period of time after the first day of trading, 180 days for the Principal Owners and 360 days for shareholding board members, senior executives and employees in the

Company who will continue to own shares subsequent to the Offering (as applicable, the "**Lock-up Period**"), undertaken not to sell or otherwise transfer or dispose of their shares in the Company. The transfer restrictions are subject to customary restrictions and exemptions such as divestments in the context of the Offering, the acceptance of an offer to all shareholders of the Company in accordance with the Swedish takeover rules, sale or other divestment of shares as a result of an offer from the Company regarding the acquisition of own shares, or where a transfer of shares is required due to legal, administrative or judicial requirements. In addition, Carnegie and SEB may grant exemptions from the relevant undertakings, if deemed appropriate by Carnegie and SEB on a case by case basis, in which situations the shares may be offered for sale or other disposal. Upon expiry of relevant Lock-up Period, shareholders affected by lock-up undertakings may freely sell or dispose of their shares.

Dividend policy

The board of directors has adopted a dividend policy stating that when free cash flow exceeds available investments in profitable growth, and under the requirement that the capital structure target is met, the surplus will be distributed to shareholders.

Shareholders in the Company will be entitled to future dividends, including dividends for the 2017 financial year and all subsequent periods, provided that a resolution regarding dividends is made.

The Company's shareholders have not resolved to distribute any dividends during the period covered by the historical financial information.

Articles of association at the date of the Prospectus

Articles of association for Bygghemma Group First AB (publ), corporate registration number 559077-0763, adopted at an extra general meeting on 9 February 2018.

§ 1 Company name

The name of the company is Bygghemma Group First AB. The company is a public company (publ).

§ 2 Registered office

The board of directors shall have its registered office in the municipality of Malmö, Skåne county.

§ 3 Object of the company

The company's objects are equity participation in subsidiaries and provision of consultancy services regarding strategy, management, business development and administration to group companies and conduct any activities related to the aforementioned.

§ 4 Share capital

The share capital shall not be less than SEK 2,370,000 and not more than SEK 9,480,000.

§ 5 Amount of shares and share classes

The number of outstanding shares shall not be less than 190,000,000 and not more than 760,000,000.
Shares may be issued in 16 different classes, common shares of series A and preference shares of series B1. B2, B3, B4, B5, B6, B7, B8, B9, B10, B11, B12, B13, B14 and B15 (together "**Preference B-Shares**"). All share classes may be issued in a number corresponding to the total number of outstanding shares in the company.

§ 6 Dividends

Upon payment of dividends all funds shall be allocated in accordance with the following:

1. Firstly, the Preference B-Shares shall, pari passu, be entitled to dividends up to the Maximum Dividend Amount (as defined below) attributable to each respective Preference B-Share. Each Preference B-Share shall, once the Maximum Dividend Amount for such Preference B-Share has been paid out, not be entitled to any further dividends.
2. Secondly, common shares of class A shall be entitled pari passu to all dividends exceeding the Maximum Dividend Amount.

The Maximum Dividend Amount per Preference B-Share is calculated by multiplying the subscription price for such preference share with 1.12 raised with the quota of the number of months (rounded off to the nearest whole month) between the allocation date for such preference shares and the dividend payment date divided with 12 and reduced with the subscription price. The calculation can be expressed with the following formula.

> The Maximum Dividend Amount = (subscription price x $1.12^{\text{(number of months between the allocation date and the payment date of the dividend/12)}}$) – subscription price

The Maximum Dividend Amount shall, if a certain preference share has received dividend payments prior to the dividend resolution at hand, be reduced by multiplying such previous dividend amounts with 1.12 raised with the quota of the number of months (rounded off to the nearest whole month) between the respective payment date of the dividend that was previously paid out on such preference share and the date the shareholders' meeting resolved to pay out the dividends at hand divided with 12. The calculation can be expressed with the following formula.

> Maximum Dividend Amount – each respective dividend payment x $1.12^{\text{(number of months between the date of the previous dividend payment and the date of the dividend payment at hand/12)}}$

The Preference B-Shares' right to dividend shall be capitalised.

§ 7 Liquidation

Upon liquidation all funds shall be allocated in accordance with the following:

1. Firstly, the Preference B-Shares shall, pari passu, be entitled to dividends up to the Maximum Liquidation Amount (as defined below) attributable to each respective Preference B-Share.
2. Secondly, common shares of class A shall he entitled pari passu to all dividends exceeding the Maximum Liquidation Amount.

The Maximum Liquidation Amount per Preference B-Share. respectively, is calculated by multiplying the subscription price for such preference share with 1.12 raised with the quota of the number of months (rounded off to the nearest whole month) between the allocation date such preference shares and the dividend payment date divided with 12. The calculation can be expressed with the following formula.

Maximum Liquidation Amount = each respective dividend payment x $1,12^{(\text{number of months between the date of the respective allocation date for the relevant preference share and the payment date of the dividend/12})}$

The Maximum Liquidation Amount shall, if a certain preference share has received dividend payments prior to the completion of the liquidation, be reduced by multiplying such previous dividend amounts with 1.12 raised with the quota of the number of months (rounded off to the nearest whole month) between the respective payment date of the dividend was previously paid out on such preference share and the payment date of the final liquidation proceeds divided with 12. The calculation can be expressed with the following formula.

Maximum Liquidation Amount – each respective dividend payment x $1.12^{(\text{number of months between the date of the respective dividend payment and the payment date of the final liquidation proceeds/12})}$

§ 8 Shareholder's right at an increase of the share capital

If the company decides to issue new shares of all share classes issued, through either a cash issue or a set-off issue, then the holders of shares shall have a preferential right to subscribe for shares of the same class in relation to the number of shares previously owned (primary preferential right). Shares that are not subscribed for through primary preferential right shall be offered to all shareholders (subsidiary preferential right). If the whole amount of shares subscribed for through subsidiary preferential right cannot be issued, the shares shall be divided between the subscribers in relation to the number of shares previously owned by them and, in the event that this cannot be done, the shares shall be divided by the drawing of lots.

If the company decides to issue new shares of only one class, through either a cash issue or a set-off issue, then each shareholder, without regard to different classes of shares, shall have a preferential right to subscribe for new shares in relation to the number of shares previously owned by them.

If the company decides to issue subscription options or convertibles, through either a cash issue or a set-off issue, then each shareholder shall have a preferential right to subscribe for the subscription options as if the issue was for the shares that may be subscribed for through the subscription option and, respectively, each shareholder shall have a preferential right to subscribe for the convertibles as if the issue was for the shares that the convertibles may be converted into.

What has been slated above shall not impose any limitation in the possibility to decide on a cash issue or a set-off issue with deviation from the shareholders' preferential right.

If the share capital is increased through a bonus issue, new shares of each class of shares shall be issued in relation to the number of shares of the same class that existed before the bonus issue. In that respect, old shares of a certain class entitles to new shares of the same class. What has now been stated shall however not impose any limitation in the possibility to issue shares of a new class through a bonus issue, following a requisite amendment of the articles of association.

§ 9 Board of directors

The board of directors shall consist of a minimum of three and a maximum of ten directors.

§ 10 Auditors

For the review of the company's annual report as well as the management pursued by the board of directors and the managing director, the annual general meeting shall elect one auditor or audit firm.

§ 11 Convening of shareholders' meeting

Notice of general meetings shall be made by announcement in the Official Swedish Gazette and by posting the notice on the company's website. At the time of the notice, an announcement with information that the notice has been issued shall be published in Svenska Dagbladet.

§ 12 Attendance at shareholders' meeting

A shareholder that wishes to participate in a general meeting must be recorded in a printout or other transcript of the share ledger as of five (5) weekdays before the meeting, and notify the company of his/her, and any advisors (no more than two), intention to attend the meeting no later than on the date stated in the notice of the meeting. Such a date may not be a Sunday, other public holiday, Saturday, Midsummer Eve, Christmas Eve or New Year's Eve and may not occur earlier than the fifth weekday prior to the general meeting.

§ 13 Place for holding shareholders' meeting

A general meeting is to be held where the board of directors has its registered office or in the municipality of Stockholm.

These articles of association have been adopted at the extra general meeting on 9 February 2018.

§ 14 Matters of the annual general meeting

The annual general meeting shall be held annually within six months after the end of the financial year. At the annual general meeting, the following matters shall be considered:

1. Opening of the meeting.
2. Election of chairman of the meeting.
3. Preparation and approval of the voting list.
4. Election of one or more persons to certify the minutes.
5. Examination of whether the meeting has been properly convened.
6. Approval of the agenda.
7. Presentation of the annual report and the auditors' report and the group annual report and the group auditor's report.
8. Resolutions regarding:
    a. adoption of income statement and balance sheet and the group income statement and the group balance sheet,
    b. decision regarding the profit or loss of the company in accordance with the adopted balance sheet and group balance sheet, and
    c. discharge from liability of the board of directors and the managing director.
9. Determination of the number of directors and auditors.
10. Determination of fees to the board of directors and to the auditors.
11. Election of the board of directors and auditors.
12. Any other matter to be dealt with by the meeting according to the Swedish Companies Act or the articles of association.

§ 15 Financial year

The fiscal year of the company shall be 1 January to 31 December.

§ 16 Conversion right

In the event that the board of directors announces the intention of the company to apply for a listing on a stock exchange or any other recognized market place, all Preference B-Shares shall upon the request of the board of directors be converted into ordinary shares of series A, whereby one Preference B-share shall be converted into one ordinary share of series A.

The conversion shall promptly be submitted to the Swedish Companies Registration Office for registration and is effected upon such registration and upon registration in the central securities register.

§ 17 Central securities depository registration

A shareholder or nominee that is registered in the share register and a CSD register on the record date, in accordance with Ch. 4 the Central Securities Depositories and Financial Instruments Accounts Act (SFS 1998:1479), or registered in a CSD account pursuant to Ch. 4 Sec. 18 first § item 6–8 of the aforementioned act, is deemed to have the right to exercise the rights stipulated in Ch. 4 Sec. 39 the Swedish Companies Act (SFS 2005:551).

These articles of association have been adopted at the extra general meeting on 9 February 2018.

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Articles of association that will be adopted prior to the first day of trading on Nasdaq Stockholm

Articles of association for Bygghemma Group First AB (publ), corporate registration number 559077-0763, that will be adopted at the extraordinary general meeting scheduled to be held on 26 March 2018 and registered prior to the settlement of the Offering.

§ 1 Company name

The name of the company is Bygghemma Group First AB. The company is a public company (publ).

§ 2 Registered office

The board of directors shall have its registered office in the municipality of Malmö, Skåne county.

§ 3 Object of the company

The company's objects are equity participation in subsidiaries and provision of consultancy services regarding strategy, management, business development and administration to group companies and conduct any activities related to the aforementioned.

§ 4 Share capital

The share capital shall not be less than SEK 3,000,000 and not more than SEK 12,000,000.

§ 5 Number of shares

The number of outstanding shares shall not be less than 100,000,000 and not more than 400,000,000.

§ 6 Board of directors

The board of directors shall consist of a minimum of three and a maximum of ten directors.

§ 7 Auditors

For the review of the company's annual report as well as the management pursued by the board of directors and the managing director, the annual general meeting shall elect one auditor or audit firm.

§ 8 Convening of shareholders' meeting

Notice of general meetings shall be made by announcement in the Official Swedish Gazette and by posting the notice on the company's website. At the time of the notice, an announcement with information that the notice has been issued shall be published in Svenska Dagbladet.

§ 9 Attendance at shareholders' meeting

A shareholder that wishes to participate in a general meeting must be recorded in a printout or other transcript of the share ledger as of five (5) weekdays before the meeting, and notify the company of his/her, and any advisors (no more than two), intention to attend the meeting no later than on the date stated in the notice of the meeting. Such a date may not be a Sunday, other public holiday, Saturday, Midsummer Eve, Christmas Eve or New Year's Eve and may not occur earlier than the fifth weekday prior to the general meeting.

§ 10 Place for holding shareholders' meeting

A general meeting is to be held where the board of directors has its registered office or in the municipality of Stockholm.

§ 11 Matters of the annual general meeting

The annual general meeting shall be held annually within six months after the end of the financial year. At the annual general meeting, the following matters shall be considered:

1. Opening of the meeting.
2. Election of chairman of the meeting.
3. Preparation and approval of the voting list.
4. Election of one or more persons to certify the minutes.
5. Examination of whether the meeting has been properly convened.
6. Approval of the agenda.
7. Presentation of the annual report and the auditors' report and the group annual report and the group auditor's report.
8. Resolutions regarding:
    a. adoption of income statement and balance sheet and the group income statement and the group balance sheet,
    b. decision regarding the profit or loss of the company in accordance with the adopted balance sheet and group balance sheet, and
    c. discharge from liability of the board of directors and the managing director.
9. Determination of the number of directors and auditors.
10. Determination of fees to the board of directors and to the auditors.
11. Election of the board of directors and auditors.
12. Any other matter to be dealt with by the meeting according to the Swedish Companies Act or the articles of association.

§ 12 Financial year

The fiscal year of the company shall be 1 January to 31 December.

§ 13 Central securities depository registration

A shareholder or nominee that is registered in the share register and a CSD register on the record date, in accordance with Ch. 4 the Central Securities Depositories and Financial Instruments Accounts Act (SFS 1998:1479), or registered in a CSD account pursuant to Ch. 4 Sec. 18 first § item 6–8 of the aforementioned act, is deemed to have the right to exercise the rights stipulated in Ch. 4 Sec. 39 the Swedish Companies Act (SFS 2005:551).

These articles of association have been adopted at the extra ordinary general meeting held 26 March 2018.

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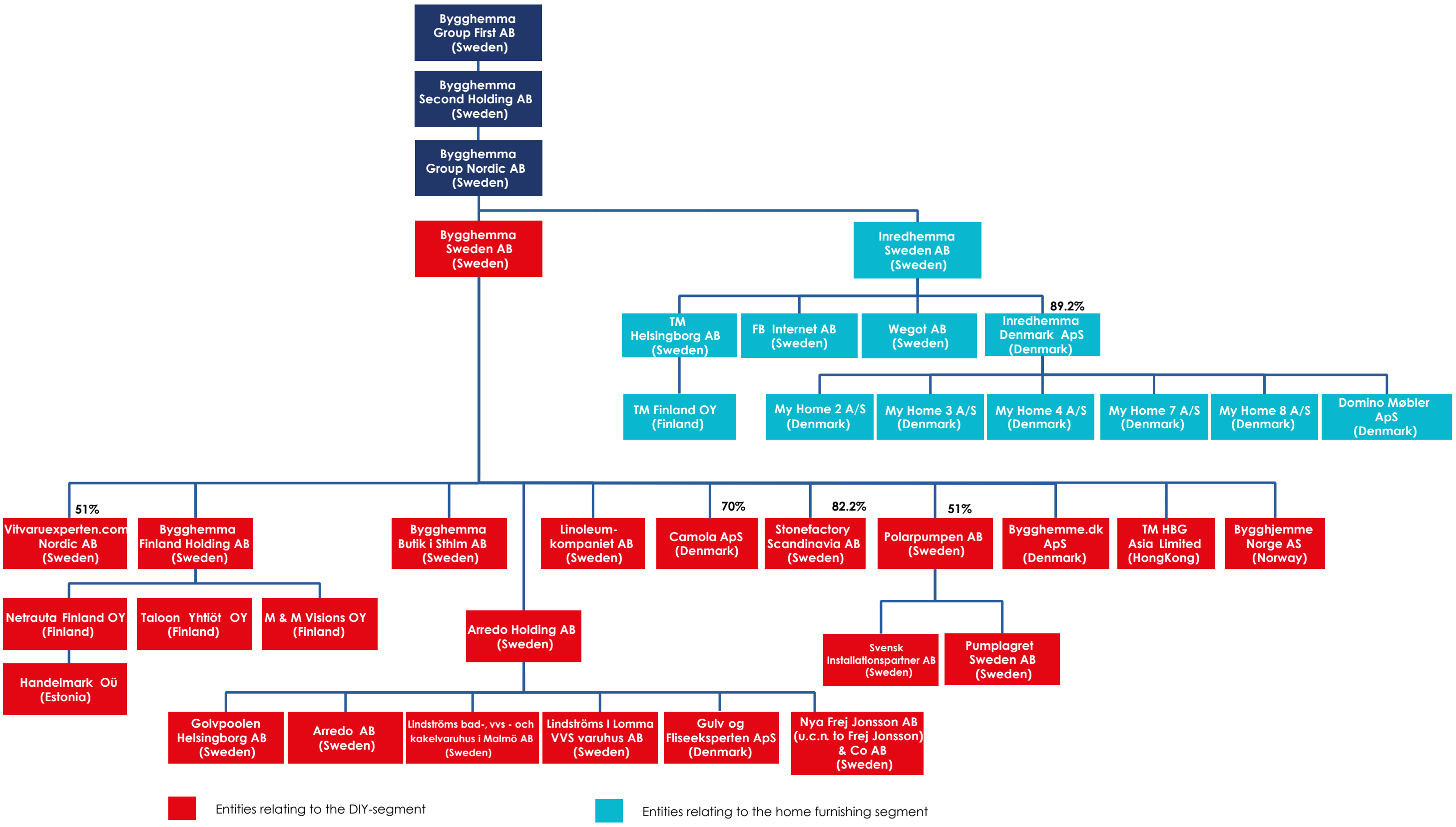
Legal considerations and supplementary information

General company and group information

Bygghemma Group First AB (publ), corporate registration number 559077-0763, is a Swedish public limited liability company, founded in Sweden on 1 September 2016 and registered with the Swedish Companies Registration Office on 21 September 2016. The Company's current firm name (and also its trade name) was adopted in November 2017 when it was changed from Bygghemma First Holding AB. The Company registered office is in Malmö, Skåne county, Sweden. The Company's operations are governed by the Swedish Companies Act (2005:551). Prior to the Offering, approximately 71.5 percent of the Company is owned by the Principal Owners.

Bygghemma Group structure

The following group structure illustrates the Group's legal structure. The Company is the parent company in the Group which consist of 38 wholly and partly owned subsidiaries. Group holdings in associated companies are not of material importance to the Company's financial position or earnings.



Material agreements

Supplier and customer agreements

General information about supplier and customer agreements

Bygghemma Group has entered into a large number of supplier agreements, through which products are purchased and then sold in the Group's webstores and physical showrooms. Bygghemma Group also has a large number of customers who are primarily private individuals, which is why written agreements are not entered into with these customers. Instead, general terms and conditions apply between the Group Companies and these customers. The general terms and conditions are available on the Group Companies' websites. The Company is not dependent on any single customer.

Bygghemma applies two different supply models. Goods are either purchased as drop shipments, where the supplier delivers directly to the end customer, or purchased for delivery to the Group's warehouses, from where it is subsequently delivered to the end customer. The Company either (i) orders goods directly from suppliers based on their offerings; (ii) modifies goods supplied by suppliers, whereby a new design is created; or (iii) designs the goods itself which are then produced to the Company's order by a manufacturer.

All agreements with suppliers include a Code of Conduct under which the suppliers agree to conduct its business in accordance with a legal and ethical framework set out by Bygghemma.

Agreement with TM Helsingborg AB regarding furniture sales

In August 2016, TM Helsingborg AB (“**TMH**”) entered into a supply agreement with a Lithuanian supplier regarding the sale of furniture. The terms are provided under the condition that TMH provides a bank guarantee and that Bygghemma Group Nordic AB provides a payment guarantee.

The agreement contains an exclusivity clause in favour of TMH. In general, the supplier offers a warranty on all products sold to TMH.

The agreement also includes a minimum purchase undertaking for TMH. If the minimum level is not met, TMH has the opportunity to purchase the amount that is left to reach the minimum level. TMH may become liable for a compensation fee. The liability is applicable only if the Lithuanian supplier has met all its obligations under the agreement.

Agreement with TM Helsingborg AB regarding delivery of furniture and home decoration products

In July 2017, TMH entered into a supply agreement with a Swedish company regarding furniture and home decoration. The agreement contains an exclusivity clause in favor of TMH. The agreement terminates on 31 December 2018 but is subject to annual renegotiation. As of the date of the Prospectus, both parties have expressed their intention to continue the cooperation. Negotiations are scheduled for the summer of 2018.

Agreement for the delivery of goods to TM Helsingborg AB

In March 2017, TMH and a Lithuanian company entered into a supply agreement for the delivery of goods to TMH. The agreement terminates on 31 December 2018 and is prolonged on a rolling one-year basis if not terminated by either party subject to a six months notice. The agreement provides for a competition clause in favor of TMH.

xlhemma.se

The Company's subsidiary Bygghemma Sverige AB has entered into an agreement with XL-Bygg AB with the aim to optimize online sales on XL-Bygg's webstores. According to the agreement, Bygghemma Sverige AB is responsible for order management, product range, pricing, transport as well as managing returns and customer service vis-a-vis XL Bygg AB's customers. Bygghemma Sverige AB also owns, and is responsible for operating, the technical platform for the webstores. The Company owns 0.7 percent of the shares in XL-Bygg AB.

Logistics and distribution agreements

Logistic Agreements

The Group companies have a number of logistics and storage agreements with a number of suppliers including HFK Logistics AB and Nowaste Logistic AB. The services provided under the agreements include (i) storage and (ii) management and booking of shipment.

The logistic suppliers can not claim ownership of the goods stored at the suppliers' warehouses on behalf of Bygghemma. Some of the agreements/agreement contain monthly minimum storage commitments. The storage area used is flexible and can be adjusted if the purchaser wishes to do so.

The Group is not dependent on a single supplier of logistics services.

Distribution Agreements

Bygghemma Sverige AB, and other Group companies, have a number of distribution and shipment agreements with, amongst other, DHL Freight (Sweden) AB, Postnord Sverige AB and M Gustdolf Åkeri AB. The shipment services covers distribution from the Group's suppliers to its costumers in Sweden, Denmark and Finland. Some of the distribution agreements contain a minimum volume commitments.

The shipments are covered by a transport insurance signed by Bygghemma.

Agreement on payment services

Svea Ekonomi AB

The Company has entered into an agreement with Svea Ekonomi AB, which provides an online payment service to be used by businesses with web stores. Svea Ekonomi

AB provides the Company with a payment solution that facilitates payment by card, bank transfer, invoice and partial payments. The agreement was entered into in January 2016 for a fixed term and is thereafter automatically extended by a period of twelve months unless notice is given six months in advance of the end of the contract period. Svea Ekonomi has agreed letting acquired Group Companies that have existing agreements with another supplier of these services to continue to use such payment services until the agreement with the supplier expire.

Klarna

In addition to the payment service agreement with Svea, FB Internet AB has entered into a payment service agreement with Klarna AB (publ) ("**Klarna**") relating to the furniturebox-websites. The agreement is governed by Swedish law and is automatically prolonged for twelve months unless terminated by three months notice prior to expiry.

Real estate and leased premises

Real property

Bygghemma owns no real property in Sweden.

Lease agreements

Bygghemma's Swedish subsidiaries have about 45 leases and one sublease (as a tenant) for premises located mainly in the Stockholm, Gothenburg and Malmö regions for stores, offices and storage use. The provisions of the leases and subleases contains customary provisions for this type of leases.

Acquisitions and divestments

The following is a summary of the acquisitions the Company has completed since the 1 January 2015 (excluding shelf companies):

	Acquire dentity	Year	Ownership, %
i.	Chilli (asset transfer) (chilli.se)	2015	100
ii.	Linoleumkompaniet AB	2016	100
iii.	Camola ApS (frishop.dk)	2016	70
iv.	M & M Visions OY (talotarvike.com)	2016	100
v.	Stonefactory Scandinavia AB (stonefactory.se)	2016	82,2
vi.	FB Internet AB (furniturebox.se)	2017	100
vii.	The Danish My Home Møbler group (myhomemøbler.dk)	2017	89.2
viii.	Arredo Holding AB (arredo.se)	2017	100
ix.	Polarpumpen AB (polarpumpen.se)	2017	51
x.	Vitvaruexperten.com Nordic AB (vitvaruexperten.se)	2017	51
xi.	WeGot AB (wegot.se)	2017	100
xii.	Frej Jonsson & Co AB (frejjonsson.se)	2017	100

All acquisitions included both a fixed and variable consideration. The variable consideration is based on said target company's earnings (earn out). Outstanding purchase considerations remain in relation to the sellers of Camola ApS, M & M Visions Oy, Stonefactory Scandinavia AB, the Danish group My Home Møbler, Arredo Holding AB, Polarpumpen AB, Vitvaruexperten.com Nordic AB, WeGot AB and Frej Jonsson & Co AB. In accordance with the shareholder agreement between Bygghemma Sverige and Camola Holding ApS pertaining to shareholdings in Camola ApS, Bygghemma Sverige is obligated to acquire the remaining 30 percent of the shares from Camola Holding ApS on 1 January 2020.

Additional purchase prices (deferred payments and earn-outs) amounted to SEK 249.6 million on 31 December 2017.

Financing arrangements

In connection with completion of the Offering, the Existing Loan Agreement will be canceled and repaid in its entirety, and all existing guarantees and securities provided thereunder will be released. The Group's primary financing arrangement will subsequently consist of a new financing arrangement amounting to a total of approximately SEK 1,100 million (nominal amount). SEB have undertaken to provide the financing arrangement and customary financing documentation will be signed and entered into before the first day of trading. Bygghemma Group intends to use the issue proceeds to pay outstanding debts, which will reduce its debt ratio and adapt it to the Company's financial capital structure targets.

Refer to the section "*Capital structure, indebtedness and other financial information – Capital structure in connection with the listing*" for more information on credit agreements signed in connection with, and conditional on, the Offering.

Intellectual property rights

Trademarks

The Group holds around 100 registered trademarks and pending applications pertaining to its different brands and products. The ownership is divided between nine different entities in the Group. Bygghemma Sverige AB is the holder of the important TRADEMAX and BYGGHEMMA logo trademarks. Most trademarks are protected in the Nordics (Sweden, Finland and Norway) and some trademarks are protected in the EU or in Estonia.

Internet domains

The Group holds around 180 registered domain names. Both "Bygghemma" (along with a couple of common misspellings thereof) and "Trademax" are registered on the most common top domains of which the most important domains are the national top domains for the Nordic Region: .se, .fi, .no and .dk followed by .com. The

Company also operates the websites bygghemmagroup.com and bygghemmagroup.se for IR-purposes.

IT

IT – General

Software developed by the Group

The platforms used by the Group form the foundation of the Group's IT structure. The Group primarily uses two different platforms which are not protected through patents or any other registrable intellectual property right held by the Group. One platform is developed by the Group itself and the Group claims exclusive rights, in the form of copyright, to the source code developed by the Group, which in turn is developed from open source code and integrated in the platform.

Bygghemma.se/.no and Trademax have developed their respective web shops internally. The Bygghemma shop is MS.net based whereas Trademax's is based on PHP.

Taloon has developed a backend software named Anvil that Taloon considers to be proprietary, that is used for automatic order handling, EDI, purchase invoice handling.

The Company's DIY operations in Sweden and Norway use the platform together with a purchasing function and webstores that are integrated with the Company's IT system with support from an integrated ERP solution, systems for financial management and pricing. The infrastructure is also integrated with a number of third-party systems, including systems for customer financing and logistics.

The Company's DIY operations in Finland and Denmark as well as the home furnishing segment use separate IT systems (operations in Finland use the same layout as in Sweden and Norway, but supported by a different ERP solution). The Company has a long-term plan to integrate all countries and operations into the internally developed platform as existing systems become obsolete.

Apart from the Group's self-developed platforms, the Group uses two platforms which are licensed from third parties.

IT – Agreements

Reseller agreement for Microsoft Dynamics and consultancy services with Orango AB

Bygghemma Sverige AB has a reseller agreement for Microsoft Dynamics and consultancy services with Orango AB. The agreement was entered into on 3 September 2015. The consultancy agreement runs until further notice by either party giving three (3) months' written notice.

Outsourcing agreement with Axians IT AB

Bygghemma Group Nordic AB has an outsourcing agreement with Axians IT AB (“**Axians**”). The agreement covers outsourcing of operations to Axians. The agreement entered into force on 10 August 2017.

The initial term is thirtysix (36) months with a twelve (12) months termination notice period. In the absence of termination, the agreement is prolonged by twelve (12) months at the time.

The agreement prescribes a customary liability cap of 100 percent of the fees paid for the service at hand.

Framework agreement for contact centre solution with ClearIT AB

ClearIT AB provides a contact center solution along with its operation, maintenance, backup, database administration and surveillance around the clock. The agreement was entered into in October 2017. The term of the agreement is twelve (12) months from the go live date, which, according to the agreement, was planned to 1 December 2017.

Agreement with Apptus Technologies AB

The agreement was entered into on 15 August 2017 with an initial term of three (3) years. According to the agreement, Apptus shall provide an eSales license that all brands within the Group can use. The subscription fee is based on a combination of traffic (sessions) as defined by Google Analytics' default definition, and visible products, that are defined as base variations as presented in search result lists. The solution is provided as a Saas cloud service, whose terms of use is governed by Apptus Cloud Agreement. Google Analytics is used as a subcontractor to Apptus Technologies AB.

Termination requires a written notice at least six (6) months prior to 15 August each year. If the agreement is not terminated, it is automatically extended by one (1) year at the time.

The parties have, in addition, entered into an agreement for consultancy services on 7 December 2011.

Agreement with Medius AB on electronic invoicing

Bygghemma Sverige AB and Medius Sverige AB has entered into an agreement regarding electronic invoicing on 30 May 2016. The agreement applies to Bygghemma Sverige AB, Bygghemma Norge AB, Bygghemma Danmark AB, Nesto Home AB and Trademax. There are three (3) amendment agreements of which one expands the MediusFlow services and the other two (2) agreements expand the Readsoft Invoices license.

Agreement with Stratiteq Sweden AB

The agreement was entered into 30 January 2012 and covers Stratiteq's consultancy services for implementation of Perfion PIM system. Competencies for Datawarehouse and Qlikview are however managed internally, with services per quotation when needed.

Disputes, legal proceedings and arbitration proceedings

Aside from the disputes mentioned below, the Bygghemma Group has not been party to any legal proceedings or arbitration proceedings (including any unsettled cases or any cases that the Company knows may arise) during the past 12 months that have had, or could have, a material impact on the Company's financial position or profitability.

The Swedish Consumer Ombudsman has brought action against the Company's subsidiary, TM Helsingborg AB, for alleged violations of the Swedish Marketing Act. The alleged violations relates to misleading and undue marketing via trademax.se. TM Helsingborg AB has disputed the claim.

The Swedish Consumer Ombudsman is claiming a market disruption penalty fee of SEK 10 million and prohibition of usage of the disputed marketing measures. A negative outcome of a dispute may entail penalties or other sanctions, and/or entail that the Group is forced to change its marketing measures and/or strategies.

Mikael Olander and Christian Eriksson as well as one non-executive individual who, as of the date of the Prospectus, is employed by Bygghemma are subject to a preliminary investigation relating to aggravated tax fraud in Finland relating to their former positions in the CDON Group with no connection to the Company or the Group. For more information about this procedure, see sections "*Board of directors, senior executives and auditor – Other information about the board of directors and senior executives*" and "*Risk factors – Damage to the Company's reputation could lead to losses in sales or growth opportunities for the Company*"

Non-significant disputes

The Group has on a number of occasions during the past years been, and still is from time to time, accused of IP infringement, for example in copyrights and trademarks regarding products that are sold via the Group's websites. Most allegations have been dropped and/or not resulted in any major actions, but these matters may be pursued by the alleged holders of the IP if the Group continues to offer these products for sale.

In addition, the Group operates in several countries and, within the framework of its operating activities, the Group is, from time to time, the object of non-material disputes, claims and administrative proceedings.

Environment and regulatory issues

The Company does not conduct operations that require a permit or that are notifiable in accordance with the Swedish Environmental Code (1998:808).

General Data Protection Regulation

The Company has performed GAP-/FIT-analyses of the Groups' compliance with the GDPR and has initiated organizational, technical and administrative adaptions throughout the Group. The Company believes that it will be compliant with the GDPR when it comes into force 25 May 2018.

Insurance policies

The Company believes the Group possesses insurance cover that encompasses the types of damages and for the amounts the Company considers customary in the industry. Insurance cover for the Group's employees meets the requirements of applicable collective bargaining agreements and binding legislation. Furthermore, the Company has a directors' and officers' insurance.

Related-party transactions

Material related-party transactions entered into by the Group during the period encompassed by the financial information in the Prospectus are presented in Note 28 on page F-36 relating to Bygghemma Group First AB and in Note 28 on page F-64 relating to Bygghemma Group Nordic AB in the section "*Historical financial information*" below. No related-party transactions have occurred after 31 December 2017 up to the date of the Prospectus.

It is the Company's opinion that all related-party transactions have occurred on normal market terms.

Acquisition of Bygghemma Group Nordic AB

On 10 November 2016, a company established by the Principal Owners, which later name changed to Bygghemma Second Holding AB, acquired 100 percent of the shares in Bygghemma Group Nordic AB from Nordstjernan Investment AB and eight members of management. The purchase price was paid partly in cash and partly by issuing consideration shares subscribed by members of management that sold shares in Bygghemma Group Nordic AB. The acquisition was subject to customary guarantees from the sellers. The Swedish Competition Authorities approved the acquisition. The acquisition was the initial step in the establishment of the Group where the Company is the parent company.

Stabilisation

In connection with the Offering, the Sole Global Coordinator may implement transactions designed to keep the market price of the shares at a higher level than might otherwise prevail in the market. Such stabilisation transactions may be carried out on Nasdaq Stockholm, in the over-the-counter market or otherwise, at any time during the period starting on the first day of trading in the shares on Nasdaq Stockholm and ending not later than 30 calendar days thereafter. However, the Sole Global Coordinator is not obligated to undertake any stabilisation measures and there is no assurance that stabilisation measures will be undertaken. In no event will transactions be effected at a price that is higher than the price set in the Offering.

Although the Sole Global Coordinator is able to implement stabilisation measures, this does not necessarily mean that such measures will be taken. If stabilisation commences, it may be suspended at any time without warning. In accordance with Article 5(4) of the EU Market Abuse Regulation 596/2014, the Sole Global Coordinator must disclose any stabilisation measures implemented not later than the end of the seventh trading day after the stabilisation measures have be undertaken. Within one week of the end of the stabilisation period, the Sole Global Coordinator will disclose, through the Company, whether or not stabilisation measures were implemented, the date on which stabilisation started, the date on which the last stabilisation measure was implemented and the price range within which the stabilisation transactions were carried out for each of the dates on which stabilisation transactions were implemented.

Subscription undertakings

Undertakings from Cornerstone Investors

Undertakings to acquire shares have been provided of SEK 250 million in total, equivalent to 13.1 percent of the Offering (assuming that the Offering Price will correspond to the midpoint of the price range , that the Offering is increased and subscribed for in full and that the Over-Allotment Option is exercised in full). No compensation is paid to those who have provided subscription undertakings. The share subscription undertakings were entered into in the middle of March 2018. The undertakings are not secured by any pledge, blocked funds or similar arrangement. As shown in the table below, subscription undertakings have only been provided by third parties.

Cornerstone investor	Subscription undertaking (SEK)	Number of shares1)	Percentage of the number of shares in the Offering (%)2)	Percentage of the total number of shares in the company after the Offering (%)
Arbejdsmarkedets Tilægspension	150,000,000	3,157,894	7.8%	2.9%
Creades	100,000,000	2,105,263	5.2%	2.0%
Total	250,000,000	5,263,157	13.1%	4.9%

1) Based on full subscription in the Offering and the midpoint of the Price Range in the Offering (SEK 47.50).
2) Based on an Offering Price in the middle of the Price Range (SEK47.50) and that the Offering is increased and subscribed for in full and that the Over-Allotment Option is exercised in full.

Placing agreement

In accordance with the terms and conditions of an agreement regarding placing of shares, which is intended to be entered into on or about 26 March 2018 between the Company, the Principal Owners (who will offer shares in the Offering) and the Managers (the "**Placing Agreement**"), the Company undertakes to issue the shares included in the Offering to the investors referred by the Managers; alternatively, if the Managers are unable to convey such investors, the Managers have committed to acquire the shares being offered in the Offering itself, provided that the Offering is not canceled before then (see further below). The Principal Owners has reserved the right to expand the Offering by an additional maximum of 5,388,886 shares equivalent to five percent of the total number of shares in the Company. The Principal Owners also intends to provide an Overallotment Option, representing an undertaking, at the request of the Sole Global Coordinator as a representative of the Managers, not later than 30 days from the first day of trading in the Company's shares on Nasdaq Stockholm, to sell an additional maximum of 15 percent of the number of shares included in the Offering, at a price equal to the Offering Price. The Overallotment Option may only be exercised in order to cover overallotment in the Offering, but the shares covered by the Overallotment Option may also be used for potential stabilisation (see "*Legal considerations and supplementary considerations – Stabilisation*" below). Through the Placing Agreement, the Company provides customary representations, guarantees and undertakings to the Managers, primarily to the effect that the information in the Prospectus is correct, that the Prospectus and the Offering fulfil requirements of laws and regulations, and that there are no legal or other obstacles preventing the Company from entering into the agreement or that would prevent completion of the Offering. In accordance with the Placing Agreement, the Managers' undertaking to refer buyers or, should the Managers fail to do so, itself acquire the shares offered in the Offering, is subject to conditions, such as that the representations and guarantees provided by the Company under the Placing Agreement are correct and that no events occur having such material adverse effect on the Company that it is unsuitable to complete the Offering. Under such circumstances, the Managers are entitled to terminate the Placing Agreement until the settlement date and the Offering may be canceled. In such event, neither delivery of, nor payment for, the shares will be carried out under the Offering. In accordance with the Placing Agreement the Company undertakes, subject to the fulfillment of customary conditions, to indemnify the Managers should any claims be directed at the Managers or if any damage occur.

Undertaking to refrain from selling shares (Lock-up)

Pursuant to the Placing Agreement, the Company will provide an undertaking to Sole Global Coordinator and SEB that, for a period of 180 days from the first day of trading in the shares, it will not, without the written consent of Sole Global Coordinator and SEB, propose to the Company's shareholders any increase in capital or take any other measure which enables the Company, directly or indirectly, to issue, offer, pledge, sell, contract to sell or otherwise transfer or dispose of securities that are essentially equated with the shares, including securities that are convertible to or may be exchanged for, or represent a right to receive, shares in the Company; and that it shall not purchase or sell any option or other security or enter into swap, hedge or other arrangements which would have an economic effect corresponding to such measures. The Company's undertakings are subject to certain customary exceptions and shall also not be applied to the Company's previous, current or future share-based incentive programmes.

The Principal Owners, shareholding board members, senior executives and employees in the Company who will continue to own shares subsequent to the Offering have vis-a-vis Carnegie and SEB, subject to certain exceptions and for a certain period of time after the first day of trading, 180 days for the Principal Owners and 360 days for shareholding board members, senior executives and employees in the Company who will continue to own shares subsequent to the Offering (as applicable, the "**Lock-up Period**"), undertaken not to sell or otherwise transfer or dispose of their shares in the Company. The transfer restrictions are subject to customary restrictions and exemptions such as divestments in the context of the Offering, the acceptance of an offer to all shareholders of the Company in accordance with the Swedish takeover rules, sale or other divestment of shares as a result of an offer from the Company regarding the acquisition of own shares, or where a transfer of shares is required due to legal, administrative or judicial requirements. In addition, Carnegie and SEB may grant exemptions from the relevant undertakings, if deemed appropriate by Carnegie and SEB on a case by case basis, in which situations the shares may be offered for sale or other disposal. Upon expiry of relevant Lock-up Period, shareholders affected by Lock-up Periods may freely sell or dispose of their Bygghemma shares.

Advisors' interests

Bygghemma's and the Principal Owners' financial advisors in connection with the Offering are the Managers. The Managers have provided, and may in the future provide, services in the ordinary course of business and in connection with other transactions for the Principal Owners and Bygghemma, for which the Managers have received, and may in the future receive, remuneration. From time to time, Managers may provide services in the ordinary course of business and in connection with other transactions to the Principal Owners and and to related-parties of the Principal Owners.

Information to Distributors

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the securities in Bygghemma have been subject to a product approval process, which has determined that such securities are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, Distributors should note that: the price of the securities in Bygghemma may decline and investors could lose all or part of their investment; the securities in Bygghemma offer no guaranteed income and no capital protection; and an investment in the securities in Bygghemma is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offer.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the securities in Bygghemma.
Each distributor is responsible for undertaking its own target market assessment in respect of the securities in Bygghemma and determining appropriate distribution channels.

Costs for the Offering

Provided that the Offering is fully subscribed, the Company's costs related to the Offering and the listing on Nasdaq Stockholm are expected to amount to approximately SEK 29 million. The costs are mainly related to the Managers' commission, tax and legal advice, auditors as well as the printing and distribution of the Prospectus.

Documents available for inspection

The following documents are available for inspection during office hours at the Company's main office on Hans Michelsensgatan 9, SE-211 20 Malmö:

(i) the Company's articles of association;
(ii) the Company's, and its subsidiaries', audited annual reports for the 2017 fiscal year, as well as Bygghemma Group Nordic AB's and its subsidiaries' audited annual reports for the 2016 and 2015 financial years; and
(iii) the Prospectus.

These documents are also available in electronic form on the Group's website, bygghemmagroup.se.

Certain tax considerations in Sweden

Below is a summary of certain Swedish tax issues related to the Offering and the admission of the Company's shares to trading on Nasdaq Stockholm for physical persons and limited liability companies domiciled in Sweden for tax purposes, unless otherwise specified. The summary is based on applicable current legislation and is intended only as general information relating to the shares in the Company from the time the shares have been admitted to trading on Nasdaq Stockholm.

The summary does not cover:

- situations where shares are held as current assets in business operations,
- situations where shares are held by limited partnerships or partnerships,
- the specific rules on tax-free capital gains (including prohibition of deduction in the event of capital losses) and dividends in the corporate sector which may become applicable when investors hold shares in the Company which are considered to be business related (taxable),
- the specific rules which may in certain cases become applicable to shares in companies which are, or have been, micro-enterprises or shares acquired with the aid of such shares,
- the specific rules which may become applicable to physical persons who apply or return investment deductions,
- foreign enterprises carrying out activities from permanent establishments in Sweden, or
- foreign enterprises which have been Swedish enterprises.

Specific tax rules also apply to certain categories of enterprise. The tax treatment of each individual shareholder depends in part on their particular situation. Each shareholder should consult independent tax advisers about the tax consequences which the Offering and the admission of the shares in the Company to trading on Nasdaq Stockholm may arise for their part, including the applicability and impact of foreign legislation (including directives) and double taxation agreements.

Physical persons

For physical persons who are subject to unlimited tax liability in Sweden, capital income such as interest, dividends and capital gains are taxed as income from capital assets. The tax rate for income from capital assets is 30 percent.

Capital gains and capital losses respectively are equivalent to the difference between sales compensation, after deduction for sales costs, and the purchase price. The total purchase price for all shares of the same class and type is divided by the number of shares. For market-listed shares, the purchase price may alternatively be calculated at 20 percent of the income after deduction of sales costs (Average Cost Price (Sw. *Schablonmetoden*)).

Capital losses on market-listed shares may be fully offset against taxable capital gains on shares that same year, as well as on market-listed securities which are taxed as shares (however not mutual funds or hedge funds) or which only comprise Swedish receivables, i.e. interest relief funds. Capital losses which are not offset by said offset facility are deductible at 70 percent of income from capital assets.

If a net loss arises in income from capital assets, a reduction of the tax on income from service and business activities, as well as property tax and municipal property tax, is permitted. The tax reduction is 30 percent of the net loss up to SEK 100,000 and 21 percent of a potentially remaining net loss. A net loss may not be transferred to future tax years.

For physical persons who are subject to unlimited tax liability in Sweden, a preliminary tax on dividends of 30 percent is withheld. The preliminary tax is usually withheld by Euroclear Sweden or by the nominee in the case of nominee-registered shares.

Physical persons who own shares through an investment savings account are not taxed on capital gains or on dividends from such shares. Consequently, losses are not deductible. Tax is levied on an ascribed income which is based on a capital base multiplied by the government borrowing rate, irrespective of whether the investment savings account yields a profit or loss. The ascribed tax is based on a capital base multiplied by the government borrowing rate, increased by 1.0 percentage units, but is a minimum of 1.25 percent of the capital base.

Limited liability companies

For limited liability companies, all income, including taxable capital gains and taxable dividends, are taxed as income from business activities at 22 percent.

Deductions for deductible capital losses on shares are only permitted against taxable capital gains on shares and other securities taxed as shares. Capital losses on shares which it has not been possible to utilise in the year in which the loss occurs, may be saved for an unlimited period (by the limited liability company which suffered the loss) and offset against taxable capital gains on shares and other securities taxed as shares in the following tax year. If a capital loss cannot be offset by the company which made the loss, it may be offset against taxable capital gains on shares and other securities taxed as shares by another company in the same Group, if Group contribution rights exist between the companies and both companies request this for a tax year which has the same declaration date (or would have had it if the companies' accounting obligation had not expired). Specific tax rules may be applicable to certain categories of company or certain legal entities, for example investment companies.

Shareholders with limited tax liability in Sweden

For shareholders with limited tax liability in Sweden who receive dividends on shares in a Swedish limited liability company, Swedish withholding tax is normally payable. The same applies to certain types of payments from a Swedish limited liability company in connection with, among other things, the redemption of shares and repurchasing of equity shares through an acquisition offer directed at all shareholders or all holders of shares of a certain class. The tax rate is 30 percent. The tax rate is, however, usually reduced by double taxation treaties. In Sweden, deductions for withholding tax are normally performed by Euroclear Sweden or by the nominee in relation to nominee-registered shares.

On disposal of shares, shareholders with limited tax liability in Sweden — and who do not conduct activities from a permanent establishment in Sweden — are normally not taxed on capital gains in Sweden. Shareholders may, however, be subject to tax in their state of residence.

A specific rule, however, states that physical persons with limited tax liability in Sweden are subject to capital gains taxation in Sweden on disposal of shares in the Company, if they at any time during the calendar year in which the disposal occurs or during the previous ten calendar years have been resident in Sweden or permanently lived in Sweden. The applicability of the rule is however limited in many cases by double tax treaties.

THE FOLLOWING SECTION “CERTAIN U.S. FEDERAL TAX CONSIDERATIONS” ON PAGES 128–132 IS ONLY APPLICABLE TO U.S. CITIZENS AND INDIVIDUALS WHO ARE TAX RESIDENT IN THE UNITED STATES, AND TO U.S. CORPORATIONS AND ENTITIES AND CERTAIN NON-US CORPORATIONS AND ENTITIES THAT HAVE A CONNECTION TO THE UNITED STATES. THIS SECTION SHOULD THEREFORE NOT BE RELEVANT TO PERSONS THAT ARE NOT U.S. CITIZENS OR TAX RESIDENTS IN THE UNITED STATES OR ARE NOT RELATED TO THE UNITED STATES THAT ARE NOT SUBJECT TO US FEDERAL INCOME TAX.

Certain federal tax considerations in the US

Investors are hereby notified that information in the Prospectus concerning U.S. federal tax issues is included by the Company in connection with its promotion or marketing of the Offering or matters addressed herein. Investors should seek advice based on their particular circumstances from an independent tax advisor.

Introduction

The following is a general description of certain U.S. federal income tax consequences that may be relevant with respect to the acquisition, ownership and disposition of shares by a U.S. Holder (as defined below). This summary deals only with initial purchasers of shares in the Offering who use USD as their functional currency and will hold the shares as capital assets (within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the ”**Code**”)).

This description does not purport to address all material U.S. tax consequences of the acquisition, ownership and disposition of shares and it does not address aspects of U.S. federal income taxation that may be applicable to investors that are subject to special tax rules, including without limitation:

- certain financial institutions;
- dealers or certain traders in securities;
- real estate investment trusts, regulated investment entities or grantor trusts;
- persons holding shares as part of a straddle, wash sale, conversion transaction or integrated transaction, or persons entering into a constructive sale with respect to the shares;
- persons not using USD as their functional currency for U.S. federal income tax purposes;
- persons who receive shares as compensation for the performance of services;
- persons who are resident in or have a permanent establishment in Sweden;
- tax-exempt entities;
- certain U.S. expatriates;
- ”double resident” corporations;
- persons that own or are deemed to own 10 percent or more of the Company’s voting stock or value; or
- persons holding shares in connection with a trade or business outside the Unites States.

Further, this description does not address state, local, non-U.S. or other tax laws, the U.S. alternative minimum tax, or the U.S. federal gift and estate tax consequences of the acquisition, ownership and disposition of shares. This description is based on the Code, its legislative history, existing and proposed regulations promulgated thereunder, published rulings and court decisions, as well as on the Income Tax Convention between the Unites States and Sweden for avoidance of double taxation (the “**Treaty**”), in each case as in effect on the date of the Prospectus, all of which are subject to change (or to changes in interpretation), possibly with retroactive effect. The Company has not requested, and does not intend to request, a ruling from the U.S. Internal Revenue Service (the “**IRS**”) with respect to matters addressed herein.

U.S. Holders

You are a "**U.S. Holder**" for purposes of this discussion if for U.S. federal income tax purposes you are a beneficial owner of the Company's shares and are:

- a citizen or individual resident of the United States;
- a corporation created or organised in or under the laws of the United States, any state therein or the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust if (i) a court within the United States is able to exercise primary supervision over its administration and one or more U.S. persons have the authority to control all of the substantial decisions of such a trust, or (ii) the trust has a valid election in effect to be treated as a U.S. person for U.S. federal income tax purposes.

If a partnership (or any other entity treated as a partnership for U.S. federal income tax purposes) holds shares, the tax treatment of the partnership and its partners will generally be dependent on the status of the partner and the activities of the partnership. Such a partner or partnership should consult its advisor as to the U.S. federal tax consequences of acquiring, owning or disposing of the shares.

THE FOLLOWING SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES IS FOR GENERAL INFORMATION ONLY. ALL POTENTIAL BUYERS ARE RECOMMENDED TO CONSULT THEIR TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES APPLICABLE WHEN THEY HOLD THE SHARES, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL, NON-U.S. AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAWS.

THE COMPANY BELIEVES THAT IT WAS NOT A "PASSIVE FOREIGN INVESTMENT COMPANY" OR "PFIC" IN 2017. HOWEVER, AS THE DETERMINATION OF PFIC STATUS MUST BE MADE AT THE END OF EACH TAXABLE YEAR, THERE CAN BE NO ASSURANCE THAT THE COMPANY WILL NOT BE CONSIDERED A PFIC FOR ITS CURRENT TAXABLE YEAR OR ANY FUTURE TAXABLE YEAR. POTENTIAL U.S. INVESTORS SHOULD REVIEW THE INFORMATION UNDER "PASSIVE FOREIGN INVESTMENT COMPANY" BELOW.

Taxation of distributions

Subject to the PFIC rules discussed below, distributions paid on the shares (including the amount of any Swedish tax withheld) other than certain pro rata distributions of shares to all shareholders, will be treated as dividends to the extent they are paid out of the Company's current or accumulated earnings and profits, as determined under U.S. federal income tax principles. As the Company does not maintain calculations of its earnings and profits under U.S. federal income tax principles, it is expected that distributions generally will be reported to you as dividends.

Subject to applicable limitations, if you are a non-corporate U.S. Holder, dividends paid to you may be eligible for taxation as "qualified dividend income" and therefore may be taxable at favourable rates. Dividends will be treated as qualified dividends (a) if certain holding period requirements are satisfied, (b) if the Company is eligible for benefits according to the Treaty that the IRS has approved for purposes of the qualified dividend rules, and (c) provided that the Company was not a PFIC in the year prior to the year in which the dividend was paid, and is not a PFIC in the year in which the dividend is paid. The Treaty has been approved for the purposes of the qualified dividend rules. Although B shares of the Company will be listed on the Nasdaq Stockholm Stock Exchange (a "recognized stock exchange" for purposes of the Treaty), the B shares may not constitute the Company's "principal class of shares" (as that term is defined in the Treaty), Thus, each potential non-corporate investor should consult with its tax adviser regarding whether the Company will be eligible for benefits under the Treaty for purposes of the qualified dividend rules. In addition, as discussed below under "Passive Foreign Investment Company", the Company does not believe that it was a PFIC in 2017. However, as the determination of PFIC status must be made annually at the end of each taxable year, there can be no assurance that the Company will not be considered a PFIC for its 2018 taxable year or any future taxable year. See the information below under "Passive foreign investment companies". Accordingly, the Company strongly urges potential non-corporate investors to consult with their tax advisors regarding the availability of the reduced tax rate on qualified dividends.

Dividends will generally be included in your income on the date of receipt. Dividends will not be eligible for the dividends-received deductions generally available to U.S. corporations under the Code. The amount of any dividend income paid in SEK will be the USD amount calculated by reference to the spot rate in effect on the date of receipt, regardless of whether the payment is in fact converted into USD. If the dividend is converted into USD on the date of receipt, you should not be required to recognise foreign currency gain or loss in respect to the amount received. You may have foreign currency gain or loss if the dividend is converted into USD after the date of receipt, and any such gain or loss will be U.S.-source ordinary income or loss.

Dividends will be treated as foreign-source dividend income for foreign tax credit purposes. Subject to applicable limitations, some of which may vary depending on your circumstances, Swedish income taxes withheld from dividend payments on shares at a rate not exceeding the applicable Treaty rate will be creditable against your U.S.

federal income tax liability. Swedish income taxes withheld in excess of the applicable Treaty rate will not ordinarily be eligible for credit against your U.S. federal income tax liability. The rules governing foreign tax credits are complex and you should consult your tax advisor regarding the creditability of foreign taxes in your particular circumstances. Instead of claiming a foreign tax credit you may, subject to applicable restrictions, elect to deduct foreign taxes, including any Swedish taxes, when computing your taxable income. An election to deduct foreign taxes instead of claiming foreign tax credits applies to all foreign taxes paid or accrued in the relevant taxable year.

Sale or other taxable disposition of shares

Subject to the PFIC rules discussed below, you generally will recognise taxable gain or loss on a sale or other taxable disposition of the shares equal to the difference between the amount realised on the sale or disposition and your tax basis in the shares, each as determined in USD. This gain or loss will generally be capital gain or loss, and will be long-term capital gain or loss if at the time of the sale or disposition the shares have been held for more than one year. Any gain or loss will generally be U.S.-source for foreign tax credit purposes. The deductibility of capital losses is subject to limitations.

If you receive SEK (or a currency other than USD) upon a sale, exchange or other taxable disposition of the shares, the amount realised generally will be the USD value of the payment received, determined on (a) the date of receipt of payment in the case of a cash basis U.S. Holder and (b) the date of disposition in the case of an accrual basis U.S. Holder. If the shares are traded on an "established securities market", a cash basis taxpayer, or if it so elects, an accrual basis taxpayer, will determine the USD value of the amount realised by translating the amount received at the spot rate of exchange on the settlement date of the sale. A U.S. Holder will have a tax basis in the foreign currency received equal to the USD amount realised. Any foreign currency exchange gain or loss realised on a subsequent conversion of the foreign currency into USD for a different amount will generally be treated as ordinary income or loss from sources within the United States. However, if such foreign currency is converted into USD on the date received by the U.S. Holder, a cash basis or electing accrual basis U.S. Holder should not recognise any foreign currency gain or loss on such conversion.

Passive foreign investment company

A non-U.S. corporation will be classified as a "passive foreign investment company" or PFIC, for U.S. federal income tax purposes in any taxable year in which, after applying certain look-through rules, either:

- at least 75.0 percent or more of its gross income is "passive income"; or
- at least 50 percent or more of the quarterly average value of its gross assets is attributable to assets that produce "passive income" or are held for the production of passive income.

Passive income for this purpose generally includes, among other things, dividends, interest, royalties, rents and gains from commodities and securities transactions and from the sale or exchange of property that gives rise to passive income. However, royalties and gains derived in the active conduct of a trade or business in certain circumstances are considered active income. In determining whether a non-U.S. corporation is a PFIC a proportional share of the income and assets of each corporation in which it owns, directly or indirectly, at least 25.0 percent (by value) is taken into account. Based upon the Company's financial statements and its existing operations and assets, the Company believes that it was not a PFIC for the tax year ended December 31, 2017. Since PFIC status depends upon the composition of the Company's income and assets and the market value of the Company's assets from time to time (which will be measured by the Company's stock price) and as the determination of PFIC status must be made annually at the close of each taxable year, there can be no assurance as to the Company's status in this respect for 2018 or any future taxable year. The Company's PFIC status may be affected by changes in the nature of the Company's income or assets, the rate at which the Company utilises the proceeds of the Offering, or a decrease in the trading price of the Company's shares. If the Company were a PFIC in any year during a U.S. investor's holding period for the shares, the Company would ordinarily continue to be treated as a PFIC for each subsequent year during which the U.S. investor owns the shares, and similar rules could apply to the Company's subsidiaries that are or become PFICs.

If the Company is a PFIC for any taxable year, a direct (and in some cases indirect), a U.S. Holder generally would be subject to special rules with respect to (i) any gains realised on the sale or other disposition of the shares, and (ii) any "excess distribution" received from the Company in respect of the shares (generally any distributions to the holder in respect of the shares during a single taxable year that total more than 125 percent of the average annual distributions received by the U.S. Holder in respect of the shares during the three preceding taxable years (or, if shorter, the U.S. Holder's holding period for the shares). Under these rules, (a) the gain or excess distribution is allocated rateably over the U.S. Holder's holding period for the shares, (b) the amount allocated to the taxable year in which the gain or excess distribution is realised or to any year before the Company became a PFIC would be taxable as ordinary income during the current fiscal year, (c) the amount allocated to each other taxable year would be subject to tax at the highest rate in effect for ordinary income for that year, and (d) an interest charge, at the rate generally applicable to an underpayment of tax, would be imposed in respect of the tax attributable to each prior year described in (c). These rules effectively prevent a U.S. Holder from treating gain on the shares as capital gain. For these purposes, gifts, exchanges pursuant to a corporate reorganisation and use of the shares as security for a loan may be treated as dispositions.

The above adverse U.S. tax results may be minimised if a U.S. Holder in a PFIC is eligible for and timely makes a valid qualified electing fund election ("**QEF election**"). If a QEF election is made, such a U.S. Holder generally will be required to include in income on a current basis its pro rata share of the Company's ordinary income and net capital gains. In order for a U.S. Holder to be able to make a QEF election the Company is required to provide the U.S. Holder with certain information. As the Company does not expect to provide U.S. Holders with the required information, prospective investors should assume that a QEF election will not be available.

Another way a U.S. Holder may minimise adverse PFIC tax consequences is by making a "mark-to-market" election. A mark-to-market election is available to a U.S. Holder only if the shares are considered "marketable stock". Generally, stock will be considered marketable stock if it is "regularly traded" on a "qualified exchange" within the meaning of applicable U.S. Treasury regulations. A class of stock is regularly traded during any calendar year during which such class of stock is traded, other than in de minimis quantities, on at least 15 days during each calendar quarter. A qualified exchange includes a non-U.S. securities exchange that is regulated or supervised by a governmental authority of the country in which the securities exchange is located and meets certain trading, listing, financial disclosure and other requirements set forth in U.S. Treasury regulations. It is unclear whether Nasdaq Stockholm would be treated as a "qualified exchange" for these purposes. If the Company's stock qualifies as "marketable stock" a U.S. Holder who makes the mark-to-market election, for each year in which the Company is a PFIC, will generally include as ordinary income the excess, if any, of the fair market value of the shares at the end of the taxable year over their adjusted tax basis, and will be permitted an ordinary loss in respect of the excess, if any, of the adjusted tax basis of the shares, over their fair market value at the end of the taxable year (but only to the extent of the net amount of previously included income as a result of the mark-to-market election). If a U.S. Holder makes the election, the holder's tax basis in the shares will be adjusted to reflect the amount of any such income or loss. Any gain or loss recognised on the sale or other disposition of shares in a year in which the Company is a PFIC will be treated as ordinary income or ordinary loss. The mark-to-market election, however, is inapplicable to any subsidiaries of the Company that are PFICs since their shares are not "marketable stock". Any excess distribution from a subsidiary of the Company or gain or loss on a disposition of stock in such a subsidiary will be subject to the adverse U.S. tax rules initially discussed above. U.S. Holders should consult their tax advisors regarding the availability or advisability of the mark-to-market election.

If the Company were regarded as a PFIC, a U.S. Holder of the shares generally would be required to file an information return on IRS Form 8621 for any year in which it receives a direct or indirect distribution with respect to the shares, recognises gain on direct or indirect disposition of the shares, or makes an election with respect to the shares, reporting distributions received and gains realised with respect to the shares. In addition, if the Company were regarded as a PFIC, a U.S. Holder of the shares would be required to file an annual information return (also on IRS Form 8621) relating to the holder's ownership of the shares. This requirement would be in addition to other reporting requirements applicable to ownership in a PFIC.

U.S. Holders should consult their tax advisors concerning the U.S. federal income tax consequences of holding the shares if the Company were considered to be a PFIC.

Backup withholding and information reporting

Payments of dividends and sales proceeds that are made within the United States or through U.S. or certain U.S.-related financial intermediaries will generally be subject to information reporting and backup withholding, unless (i) you are an exempt recipient or (ii) in the case of backup withholding, you provide a correct taxpayer identification number and certify that you are not subject to backup withholding. Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against your U.S. federal income tax liability, provided that the required information is timely furnished to the IRS.

Under U.S. federal income tax law, certain U.S. Holders with interests in "specified foreign financial assets" with an aggregate value in excess of certain threshold amounts are, subject to certain exceptions, required to report certain information with respect to the

Company's shares to the IRS by attaching a complete IRS Form 8938 (Statement of Specified Foreign Financial Assets) to their tax return for each year in which they hold shares. U.S. Holders should consult their own tax advisors regarding information reporting requirements relating to their ownership of the Company's shares, including the requirement to file IRS Form 8938.

U.S. Holders who acquire any of the shares for cash may be required to file an IRS Form 926 (Return by a U.S. Transferor of Property to a Foreign Corporation) with the IRS and to supply certain additional information to the IRS if (i) immediately after the transfer, the U.S. Holder owns directly or indirectly (or by attribution) at least 10 percent of the Company's total voting power or value, or (ii) the amount of cash transferred to the Company in exchange for the shares when aggregated with all related transfers under applicable regulations exceeds 100,000 USD. Substantial penalties may be imposed on a U.S. Holder who fails to comply with this reporting requirement. Each U.S. Holder is urged to consult with its own tax advisor regarding these reporting obligations.

THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE IMPORTANT TO A PURCHASER OF THE COMPANY'S SHARES. EACH PROSPECTIVE PURCHASER SHOULD CONSULT ITS OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES OF AN INVESTMENT IN THE COMPANY'S SHARES UNDER THE INVESTOR'S OWN CIRCUMSTANCES.

IN THE SUBSEQUENT SECTION "TRANSFER RESTRICTIONS" ON PAGES 133–134, THE TRANSFER RESTRICTIONS APPLICABLE TO SHARES OFFERED AND SOLD PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ARE ONLY APPLICABLE TO PURCHASERS OF SHARES IN THE UNITED STATES. THE TRANSFER RESTRICTIONS APPLICABLE TO SHARES OFFERED AND SOLD PURSUANT TO REGULATION S UNDER THE SECURITIES ACT ARE RELEVANT TO ALL OTHER INVESTORS IN THE SHARES.

Transfer restrictions

The shares in the Offering have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any state of the United States, and may not be offered or sold within the United States, except in a transaction not subject to, or pursuant to an exemption from, the registration requirements of the Securities Act. In addition, until the end of the 40th calendar day after the closing of the Offering, an offer or sale of Shares within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the Securities Act.

Rule 144A Shares

Each purchaser of Shares in the Offering within the United States purchasing pursuant to Rule 144A under the Securities Act or another exemption from, or in an transaction not subject to, the registration requirements of the Securities Act will be deemed to have represented, agreed and acknowledged that:

- it has received a copy of the Prospectus in English and such information as it deems necessary to make an informed investment decision;
- the shares in the Offering have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any state of the United States, and may not be offered or sold, except in a transaction not subject to, or pursuant to an exemption from, the registration requirements of the Securities Act and are subject to significant restrictions on transfer;
- it (a) is a QIB as that term is defined in Rule 144A under the Securities Act, (b) is aware that, and each beneficial owner of such Shares has been advised that, the sale to it is being made in reliance on Rule 144A under the Securities Act or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, (c) is acquiring such Shares in the Offering for its own account or for the account of a QIB and (d) if it is acquiring such Shares for the account of one or more QIBs, has sole investment discretion with respect to each such account and has full power to make the representations, agreements and acknowledgements herein on behalf of each such account;
- the shares in the Offering are being offered in the United States in a transaction not involving any public offering in the United States within the meaning of the Securities Act;
- if, in the future, it decides to offer, resell, pledge or otherwise transfer shares sold in the Offering, such Shares may be offered, sold, pledged or otherwise transferred only (a) to a person whom the beneficial owner or any other person acting on its behalf reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S under the Securities Act, or (c) in accordance with Rule 144 under the Securities Act (if available), in each case in accordance with any applicable securities laws of any state of the United States or any other jurisdiction;
- the shares in the Offering are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act and no representation is made as to the availability of the exemption provided by Rule 144 for the resale of any Shares;
- it will not deposit or cause to be deposited the shares in the Offering into any depositary receipt facility established or maintained by a depositary bank other than a Rule 144A restricted depositary receipt facility, for so long as such Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act;
- The Company and the Managers and their respective affiliates and others will rely upon the truth and accuracy of the foregoing representations, agreements and acknowledgements; and

- The Company shall not recognise any offer, sale, pledge or other transfer of the shares made otherwise than in compliance with the above stated restrictions.

PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT SELLERS OF SHARES MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A.

Regulation shares

Each purchaser of shares in the Offering purchasing in compliance with Regulation S will be deemed to have represented, agreed and acknowledged that (terms used in this paragraph that are defined in Regulation S are used herein as defined in Regulation S):

- it has received a copy of the Prospectus and such other information as it deems necessary to make an informed investment decision:
- the shares in the Offering have not been, and will not be, registered under the Securities Act, or with any securities regulatory authority of any state of the United States;
- it and the person, if any, for whose account or benefit it is acquiring the shares in the Offering was located outside the United States at the time that the buy order for the shares was originated for the purposes of Rule 903 of Regulation S under the Securities Act and continues to be located outside the United States and has not purchased the shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the shares or any economic interest therein to any person in the United States;
- the purchaser is not an affiliate of the Company or a person acting on behalf of such affiliate;
- the shares have not been offered to it by means of any "directed selling efforts" as defined in Regulation S;
- if it is acquiring Shares as a fiduciary or agent for one or more investor accounts, it has sole investment discretion with respect to each such account and it has full power to make the representations, agreements and acknowledgements herein on behalf of each such account;
- the shares in the Offering are being offered outside the United States pursuant to Regulation S and, subject to certain exceptions, such Shares may not be offered or sold within the United States;
- it is aware of the restrictions on the offer and sale of the shares in the Offering pursuant to Regulation S described in the Prospectus.
- the Company, the Managers and their respective affiliates and others will rely upon the truth and accuracy of the foregoing representations, agreements and acknowledgements; and
- the Company shall not recognise any offer, sale, pledge or other transfer of the shares made otherwise than in compliance with the above stated restrictions.

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Historical financial information

Readers of the Prospectus must observe that, between the groups' Bygghemma Group First AB and Bygghemma Group Nordic AB, there exists certain differences affecting the comparison of their respective financial year due to Bygghemma Group First AB's acquisition of Bygghemma Group Nordic AB. The differences mainly consist of acquisition financing and costs therefore, as well as items attributable to acquisition adjustments (primarily incremental intangible assets and amortisation on these).

Historical financial information for Bygghemma Group First AB for the period 1 January – 31 December 2017 as well as for the period 21 September – 31 December 2016

Income statement

THE GROUP **(SEK thousand unless otherwise stated)**	**Note**	**2017-01-01** **2017-12-31**	**2016-09-21** **2016-12-31**
Total net sales			
Net sales	4	3,955,542	400,342
Other operating income	9	6,350	1,238
		3,961,892	**401,579**
Operating costs			
Cost of goods sold		–3,135,556	–318,629
Personnel costs	7, 8	–306,249	–33,877
Other external costs	6, 25	–373,544	–68,048
Other operating costs	9	–309	–312
Depreciation and amortisation of tangible and intangible fixed assets	13, 14	–54,727	–7,419
		–3,870,385	**–428,285**
Operating income		**91,507**	**–26,706**
Financial items			
Financial income	10	2,110	771
Financial expenses	10, 20	–56,798	–5,201
		–54,688	**–4,429**
Profit before tax		**36,819**	**–31,135**
Tax			
Income tax	11	–8,077	885
NET INCOME FOR THE YEAR		**28,742**	**–30,251**
Attributable to:			
Parent company shareholders		28,742	–30,251
NET INCOME FOR THE YEAR		**28,742**	**–30,251**
Earnings per share, before dilution (SEK)	12	–333.30	–302.62
Earnings per share, after dilution (SEK)	12	–333.30	–302.62

Statement of comprehensive income

THE GROUP **(SEK thousand)**	**Not**	**2017-01-01** **2017-12-31**	**2016-09-21** **2016-12-31**
Earnings for the year		28,742	–30,251
Other comprehensive income for the year			
Items that may be reclassified to the income statement			
Translation differences for the year		2,080	–998
		2,080	**–998**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**30,822**	**–31,249**
Attributable to:			
Parent company shareholders		30,822	–31,249
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**30,822**	**–31,249**

Statement of financial position

THE GROUP **(SEK thousand)**	**Note**	**2017-12-31**	**2016-12-31**
ASSETS			
Non-current assets			
Total intangible fixed assets	13		
Development costs		40,822	30,086
Brands		784,498	572,968
Customer relations		338,905	252,799
Goodwill		2,451,059	1,813,853
Other intangible assets		2,084	400
		3,617,367	**2,670,106**
Total tangible fixed assets			
Equipment	14	7,966	4,156
Buildings and land		10,826	10,848
Leasehold improvements		13,459	8,762
		32,251	**23,766**
Financial fixed assets			
Other financial fixed assets		4,479	1,216
Deferred tax asset	11	15,532	5,092
		20,012	**6,308**
Total non-current assets		**3,669,630**	**2,700,180**
Current assets			
Inventory	16		
Finished goods and goods for resale		399,477	137,385
Advance payments to suppliers		967	-
		400,444	**137,385**
Short-term investments			
Accounts receivables	17	51,836	20,212
Other receivables, non-interest bearing		52,583	19,479
Pre-paid expenses and accrued income	18	88,379	47,623
		192,798	**87,314**
Cash and cash equivalents	24		
Cash and cash equivalents		156,073	53,300
		156,073	**53,300**
Total current assets		**749,316**	**277,999**
TOTAL ASSETS		**4,418,946**	**2,978,179**

Statement of financial position

THE GROUP **(SEK thousand)**	**Note**	**2017-12-31**	**2016-12-31**
EQUITY AND LIABILITIES			
Equity			
Equity attributable to parent company shareholders	19		
Share capital		2,371	1,732
Other capital contributions		2,323,110	1,680,118
Reserves		1,082	-998
Retained earnings		48,492	19,749
		2,375,054	**1,700,601**
Total equity		**2,375,054**	**1,700,601**
Non-current liabilities	24		
Interest bearing			
Non-current interest bearing liabilities to credit institutions	20	893,274	619,929
Other non-current liabilities	24	212,659	59,110
		1,105,933	**679,039**
Non interest bearing			
Deferred tax liabilities	11	258,995	187,021
Other provisions	21	1,444	1,787
		260,439	**188,808**
Total non-current liabilities		**1,366,372**	**867,847**
Current liabilities	24		
Interest bearing			
Short-term interest bearing loans to credit institutions	20	44,218	25,485
Other current liabilities	24	36,916	37,556
		81,134	**63,041**
Non interest bearing			
Advance payments from customers		56,407	22,732
Accounts payable		370,097	216,467
Current tax liabilities		16,486	13,238
Other liabilities		51,386	19,708
Accrued expenses and prepaid income	22	102,009	74,544
		596,385	**346,689**
Total current liabilities		**677,519**	**409,730**
TOTAL EQUITY AND LIABILITIES		**4,418,946**	**2,978,179**

For information about pledged assets and contingent liabilities, see note 23.

Statement of changes in shareholder's equity

	Equity attributable to parent company's shareholders						
THE GROUP (SEK thousand)	**Share capital**	**Other Contri-buted capital**	**Translation reserve**	**Retained earnings including net income for the year**	**Total**	**Non-controlling interest**	**Total equity**
Equity, opening balance January 1, 2016	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total comprehensive income for the year							
Net income for the year				–30,251	–30,251	–	–30,251
Other comprehensive income for the year			–998		–998	–	–998
	–	**–**	**–998**	**–30,251**	**–31,249**	**–**	**–31,249**
Transactions with owners							
Contribution from and transfer of value to the Group's owners							
New share issue	1,732	1,680,118			1,681,850		1,681,850
Shareholder contribution				50,000	50,000		50,000
	1,732	**1,680,118**	**–**	**50,000**	**1,731,850**	**–**	**1,731,850**
Equity, closing balance December 31, 2016	**1,732**	**1,680,118**	**–998**	**19,749**	**1,700,601**	**–**	**1,700,601**
Total comprehensive income for the year							
Net income for the year				28,742	28,742	–	57,014
Other comprehensive income for the year			2,080	–	2,080	–	10,700
	–	**–**	**2,080**	**28,742**	**30,822**	**–**	**30,822**
Transactions with owners							
Contribution from and transfer of value to the Group`s owners							
New share issue	639	642,992		–	643,631		643,631
	639	**642,992**	**–**	**–**	**643,631**	**–**	**643,631**
Equity, closing balance December 31, 2017	**2,371**	**2,323,110**	**1,082**	**48,492**	**2,375,054**	**–**	**2,375,054**

Statement of cash flows

THE GROUP (SEK thousand)	Note	2017-01-01 2017-12-31	2016-09-21 2016-12-31
Operating activities			
Profit before tax		36,819	–31,135
Adjustments for items not included in cash flow	26	57,313	12,940
Paid income tax		–26,631	47
		67,502	**–18,147**
Cash flow from change in working capital			
Increase (-)/decrease (+) in inventory		47,177	–34,919
Increase (-)/decrease (+) in other current receivables		–31,180	18,257
Increase (-)/decrease (+) accounts payable		27,350	8,821
Increase (-)/decrease (+) in other current liabilities		30,361	–11,140
		73,709	**–18,981**
Cash flow from operating activities, net		**141,211**	**–37,128**
Investing activities			
Investments in operations		–731,750	–1,966,046
Investments in tangible fixed assets		–7,616	–2,638
Divestment of tangible fixed assets		127	17
Investments in intangible fixed assets		–20,964	–2,600
Divestment of intangible fixed assets		–	0
Investments in financial fixed assets		–	–459
Divestment of financial fixed assets		–	1,621
Cash flow from/to investing activities		**–760,202**	**–1,970,105**
Financing activities			
New share issue		425,630	1,450,750
Shareholder contributions		–	50,000
New loans		401,250	641,929
Amortisation of bank debt		–106,159	–82,552
Cash flow from/to financing activities		**720,721**	**2,060,127**
Change in cash and cash equivalents		**101,730**	**52,893**
Cash and cash equivalents at start of year		**53,300**	**–**
Exchange rate differences in cash and cash equivalents		1,043	407
Cash and cash equivalents at end of year	27	**156,073**	**53,300**

Supplementary disclosures

Note 1 General information

Bygghemma Group First AB is registered in Stockholm, Sweden. The Company's address is Hans Michelsensgatan 9, SE-211 20 Malmö, Sweden. The consolidated income statement and balance sheet at 31 December 2017 include the parent company and its subsidiaries.

Bygghemma Group is a leading Nordic online-based provider of home improvement products. Since the start in 2006, Bygghemma Group has increased and broadened its product portfolio and geographical reach and is today a leading online player within DIY and home furnishings.

The DIY segment comprises sales of home and garden products as well as related products, and includes the following main webstores www.bygghemma.se, www.netrauta.fi, www.taloon.com, www.frishop.dk, www.badshop.se, www.talotarvike.com, www.bygghjemme.no, www.golvshop.se, www.byghjemme.dk, www.byggshop.se, www.hemochbastu.com, www.stonefactory.se, www.golvpoolen.se, www.lindstromsbad.se, www.polarpumpen.se, www.pumplagret.se, www.fuktkontroll.se and www.vitvaruexperten.com as well as 16 showrooms in Sweden, Finland, Norway and Denmark.

The Home Furnishing segment comprises sales of furniture, home furnishings and related products, and includes the following main webstores www.trademax.se, www.trademax.no, www.trademax.fi, www.trademax.dk, www.chilli.se, www.chilli.no, www.kodin.fi, www.furniturebox.se, www.furniturebox.no, www.furniturebox.dk, www.furniturebox.fi, www.myhomemøbler.dk and www.wegot.se as well as 56 showrooms in Sweden, Finland, Norway and Denmark.

Bygghemma Group First AB is owned by FSN Capital GP IV Ltd. (30.2 percent), FSN Capital GP V Ltd. (28.6 percent) and FSN Capital Growth GP Limited (19.1 percent). The remaining 22.1 percent is owned by board members and senior executives.

Unless otherwise is stated, all amounts herein are presented in thousands of SEK.

Note 2 Accounting and measurement policies

Compliance with standards and legislation

The consolidated financial statements have been prepared in compliance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as well as the interpretations of the International Financial Reporting Interpretations Committee IFRIC) as adopted by the EU. Similarly, the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups has been applied when preparing the consolidated financial statements.

The parent company applies the same accounting policies as the Group except in the cases specified below under the section "Parent company accounting policies".

The parent company's functional currency is Swedish kronor (SEK), which also constitutes the reporting currency for the parent company and the Group. This means that the financial statements are presented in SEK. All amounts, unless otherwise stated, are rounded to the nearest thousand.

The accounting policies stated below have been applied consistently to all periods presented in the consolidated financial statements.

Disclosures concerning IFRS and interpretations that became effective in 2017

The IFRS that became effective in 2017 have had no significant impact on the consolidated financial statements.

New IFRS that have not yet been applied

IFRS 9 Financial Instruments addresses the classification, measurement and recognition of financial assets and liabilities and replaces IAS 39 as the IFRS for recognising financial instruments. Compared with IAS 39, IFRS 9 results in changes mainly in respect of the classification and measurement of financial assets and liabilities, impairment losses on financial assets and hedge accounting. IFRS 9 will not impact how Bygghemma Group classifies and measures financial assets or financial liabilities. Nor will the changes in respect of hedge accounting affect Bygghemma Group because the Group currently does not hedge account any financial instruments. However, IFRS 9 will have some impact on how the Group makes provisions for loan losses on accounts receivable. IFRS 9 requires recognition of a loss reserve that reflects estimated future loans losses, while under IAS 39, objective evidence is required proving that a loss event has occurred before an impairment loss may be recognised. Historically, the Group has incurred minor loan losses, since most of its accounts receivable are sold to an external factoring company whereby the credit risk is transferred in full. According to Bygghemma Group's calculations, the introduction of IFRS 9 will increase the Group's provision for loan losses by only about SEK 8,000. Due to the minor amount, the carrying amount for the provision for loan losses will not be adjusted in connection with the transition to IFRS 9.

IFRS 15 Revenue from Contracts with Customers becomes effective on 1 January 2018 and replaces existing IFRS governing revenue recognition, such as IAS 18 Revenue including associated interpretations. IFRS 15 contains increased guidance in respect of, for example, the recognition of sales of goods with the right of return. According to IFRS 15, the sales revenue from goods sold is to be reduced by the value of goods expected to be returned at the same time as an adjustment is also to be made of the cost of goods sold, taking into account the expected return rate. In such cases, a debt for repayments to the customer for the returned goods is recognised in the balance sheet as well as an asset matching the right to regain the goods. The Group has already adjusted the sales revenue and the cost of goods sold for the expected return rate in the manner required under IFRS 15. However, in the statement of financial position, the debt for the repayment and the asset matching the right to regain the goods are to be recognised net, while IFRS 15 states that the asset and the liability are to be recognised gross. Accordingly, as of 1 January 2018, the Group will commence gross recognition of the asset and liability for returns. As of 31 December 2017, the provision for returns amounted to SEK 3.4 million net, resulting from a liability for returns of SEK 9.6 million and an asset for returns of SEK 6.2 million. Apart from gross recognition of the provision for returns in the statement of financial position, IFRS 15 will not impact Bygghemma Group's revenue recognition. Due to the limited impact of IFRS 15, the Bygghemma Group has chosen to utilise the opportunity provided by IFRS 15 not to restate comparative figures.

IFRS 16 Leases. IFRS 16 will replace IAS 17 Leases and associated interpretations. IFRS 16 was adopted by the EU in October 2017. The standard requires that assets and liabilities attributable to leases, with a few exceptions, be recognised in the statement of financial position. This method of recognition is based on the approach that the lessee is entitled to use an asset during a specific period of time while simultaneously being liable to pay for this right. The standard is applicable for financial years beginning on or after 1 January 2019. Bygghemma Group does not plan to introduce IFRS 16 prospectively. The standard will primarily affect the Group insofar as agreements on rent for premises will be recognised in the statement of financial position in the form of assets reflecting the right to use the premises during the leasing period as well as liabilities for the obligation to pay rent. The Group's operating income will also be affected since a certain part of the lease payments is considered, under IFRS 16, to constitute interest expense on the lease debt and will be recognised as a financial expense. Because the Group has not yet completed a detailed study of the consequences of IFRS 16, no quantitative information on the impact of IFRS 16 can be presented here. Nor has the Group made a decision on which transition method will be applied. For information on the Group's leases and future minimum lease payments, refer to Note 25.

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

Measurement basis applied to the preparation of the financial statements

Assets and liabilities are recognised at historical cost, except for financial assets and liabilities, which are recognised at amortised cost.

Classification

Non-current assets and non-current liabilities consist, in all material respects, of amounts expected to be recovered or paid within 12 months from the balance-sheet date. Current assets and current liabilities essentially comprise amounts expected to be recovered or paid within 12 months from the balance-sheet date.

Operating segment reporting

An operating segment is a part of the Group that conducts operations that can generate revenue and incur costs, and for which independent financial information is available. The earnings of an operating segment are also monitored by the Company's chief operating decision-maker to enable them to be assessed and to allow resources to be allocated to the operating segment. The Group's operations are divided into two operating segments:

DIY is a provider of home and garden products and consists of the webstores www.bygghemma.se, www.netrauta.fi, www.taloon.com, www.frishop.dk, www.badshop.se, www.talotavirke.com, www.bygghjemme.no, www.golvshop.se, www.byghjemme.dk, www.fyndmax.se, www.byggshop.se and www.stonefactory.se as well as nine physical stores in Sweden, Finland, Norway and Denmark.

Home Furnishing is a provider of furniture and home furnishings and consists of the webstores www.trademax.se, www.trademax.no, www.trademax.fi, www.trademax.dk, www.chilli.se, www.chilli.no and www.kodin1.fi as well as 18 physical stores in Sweden, Finland, Norway and Denmark.

Consolidation policies and business combinations

Subsidiaries

Subsidiaries are companies that are under Bygghemma Group First AB's controlling influence. Controlling influence entails a direct or indirect right to shape a company's financial and operational strategies in order to obtain financial benefits. To assess whether a controlling influence exists, potential voting shares that can be immediately utilised or converted are taken into account.

Acquisitions

Subsidiaries are recognised in accordance with the purchase method of accounting. When applying the method, an acquisition of a subsidiary is viewed as a transaction in which the Group indirectly acquires the subsidiary's assets and assumes its liabilities. The acquisition analysis determines the fair value, on the date of acquisition, of the identifiable assets, assumed debts and any non-controlling interests. Transaction fees that arise, except for transaction fees attributable to issues of equity instruments or debt instruments, are recognised directly in profit or loss.

In business combinations where the transferred remuneration, any non-controlling interests and the fair value of previously held participations (step acquisitions) exceed the fair value of the acquired assets and assumed liabilities that are to be recognised separately, the difference is recognised as goodwill. If the difference is negative, known as a bargain acquisition, it is recognised directly in profit or loss.

When an acquisition does not involve 100 percent of the subsidiary, a non-controlling interest arises. There are two alternative methods for recognising non-controlling interests. These two alternatives are recognising the non-controlling interest's proportionate share of net assets or recognising the non-controlling interest at fair value, which means that the non-controlling interest has a share of goodwill. Which of these two alternatives is to be applied for the recognition of non-controlling interests can be determined on a case-by-case basis.

For step acquisitions, the goodwill is established at the same time as the controlling interest arises. Previous holdings are measured at fair value and the change in value is recognised in profit or loss.

For divestments that lead to a loss of controlling influence but where a holding remains, the holding is measured at fair value and the change in value is recognised in profit or loss.

Acquisitions of non-controlling interests

Acquisitions of holdings without controlling interest are recognised as a transaction of equity, meaning between the owner of the parent company (within retained earnings) and the non-controlling interest. This is the reason why goodwill does not arise in these transactions. The change in non-controlling interests is based on their proportionate share of net assets.

Put options and call options on acquiring non-controlling interests

In connection with acquisitions, the Group has entered into agreements with non-controlling interests to acquire their holdings at some point in the future. These put options and call options on acquiring non-controlling interests are recognised as a financial liability, initially at the estimated discounted value of the future strike amount (fair value), and they reduce the equity of non-controlling interests in the Group when the shares are considered to be acquired. Accordingly, the Group does not recognise non-controlling interests for these entities in subsequent periods and their profit/loss is attributed in its entirety to parent company shareholders. Any remeasurements of the liabilities are recognised in profit or loss.

Transactions eliminated on consolidation

Intra-group receivables and liabilities, income or expenses, and unrealised gains or losses arising in intra-group transactions between group companies are eliminated in their entirety when preparing the consolidated financial statements.

Foreign currency

Transactions in foreign currency

Transactions in foreign currency are translated to the functional currency using the exchange rate prevailing on the transaction date. The functional currency is the currency of the primary economic environments in which the companies conduct their operations. Monetary assets and liabilities in foreign currency are translated to the functional currency at the exchange rate prevailing on the balance-sheet date. Exchange-rate differences that arise during translation are recognised in profit or loss.

Financial statements for foreign operations

Assets and liabilities in foreign entities, including goodwill and other consolidated surplus values and deficits, are translated from the foreign entity's functional currency to the Group's reporting currency, SEK, at the exchange rate prevailing on the balance-sheet date. Revenue and costs from a foreign operation are translated to SEK using an average exchange rate which is an approximation of the exchange rates prevailing at the various transaction dates. Exchange-rate differences arising from currency translation in foreign operations are recognised in other comprehensive income and accumulated in a separate component of equity, called the translation reserve. In the event of a foreign operation not being wholly owned, the translation difference is allocated to holdings without controlling interest based on the proportional ownership. When a foreign entity is divested, the accumulated translation differences attributable to the entity are realised, upon which they are reclassified from the translation reserve in equity to earnings for the year. In the case of a divestment where the controlling interest remains, a proportional share of the accumulated translation difference is transferred from other comprehensive income to non-controlling interests.

Revenue

Sale of goods and services

Revenue from the sale of goods is recognised according to the terms and conditions of sale, meaning when the goods have been submitted to a third-party logistics company after deducting value added tax, discounts and returns. As the majority of total sales are made to consumers who, depending on the country, usually have a right of withdrawal when purchasing on distance, the deduction of returns is a relatively significant item. The Group's revenue shows seasonal variations. The second quarter together with the third quarter normally has the highest sales.

Revenue from sales of services is recognised when the service is delivered.

Gift cards

Revenue from sales of services is recognised when the service is delivered.

Leasing

Operating leases

Costs related to operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Benefits received in connection with the signing of a contract are recognised in profit or loss as a straight-line reduction in leasing fees over the course of the lease. Variable fees are expensed in the periods in which they arise. See also Note 25.

Financial income and expenses

Financial income comprises interest income on invested funds and is recognised in profit or loss applying the effective interest method.

Financial expenses consist of interest expense on loans. Borrowing costs are recognised in profit or loss applying the effective interest method.

Exchange rate gains and losses are recognised on a net basis, in operating income for operational activities and on a financial basis for financial items.

Gains and losses arising from a change in the fair value of contingent earn-outs, and liabilities to non-controlling interests, are recognised among financial items.

The effective interest rate is the rate that discounts the estimated future receipts and disbursements during the financial instrument's expected term to the recognised net value of the financial receivable or liability. The calculation includes all fees paid or received by the contractual parties, transaction costs or other premiums or deficits.

Taxes

Income tax comprises current tax and deferred tax. Income tax is recognised in profit or loss, except when the underlying transaction is recognised in other comprehensive income or in equity, in which case the associated tax effect is also recognised in other comprehensive income or in equity.

Current tax is tax to be paid or refunded relating to the current year, with the application of the tax rates resolved, or estimated as of the balance-sheet date. Current tax also includes adjustments of current tax attributable to earlier periods.

Deferred tax is calculated in accordance with the balance-sheet method, based on temporary differences between carrying amounts and tax bases of assets and liabilities.

Temporary differences are not taken into account in consolidated goodwill; nor are they taken into account for differences arising on initial recognition of assets and liabilities that are not business combinations which, at the time of the transaction, do not affect recognised or taxable earnings.

Furthermore, temporary differences related to participations in subsidiaries that are not expected to be transferred within a foreseeable future are not taken into account. The valuation of deferred tax is based on how the underlying assets or liabilities are expected to be realised or settled. Deferred tax is calculated with the application of the tax rates and tax rules established or estimated on the balance-sheet date. Deferred tax assets pertaining to deductible temporary differences and loss carryforwards are recognised only to the extent that it is probable that it will be possible to utilise them. The value of the deferred tax assets is reduced when it is no longer considered likely that they can be utilised.

Potential additional income tax related to dividends is recognised at the same time as the dividend is recognised as a liability.

Financial instruments

Financial instruments recognised in the statement of financial position include cash and cash equivalents, loans and receivables on the asset side. Accounts payable and loan liabilities are included on the liability side.

Recognition in and derecognition from the statement of financial position

A financial asset or financial liability is recognised in the statement of financial position when the Company becomes party to this in accordance with the instrument's contractual conditions. A receivable is recognised when the Company has performed and the counterparty has a contractual obligation to pay, even if an invoice has not yet been sent. Accounts receivable are recognised in the statement of financial position when an invoice has been sent. A liability is recognised when the counterparty has performed and a contractual obligation for the Company to pay exists, even if an invoice has not yet been received. Accounts payable are recognised when an invoice has been received.

A financial asset is derecognised from the statement of financial position when the rights in the contract are realised, expire or the Company loses control of them. The same applies to components of a financial asset. A financial liability is derecognised from the statement of financial position when the obligation in the contract is met or extinguished in another manner. The same applies to components of a financial liability.

A financial asset and a financial liability are offset and recognised at a net amount in the statement of financial position only when a legal right exists to offset the amounts and the intention is present to settle the item in a net amount or simultaneously realise the asset and settle the liability.

Acquisitions and divestments of financial assets are recognised on the settlement day. The settlement day is the day on which an asset is delivered to or from the Company.

Classification and measurement

All financial instruments that are not derivatives are initially recognised at cost, corresponding to the fair value of the instrument plus transaction costs for all financial instruments, with the exception of those items classified as financial assets measured at fair value in profit or loss, which are measured at fair value excluding transaction costs. A financial instrument is classified on initial recognition based on, among other things, the purpose of acquiring the instrument. This classification determines how the financial instrument is measured after its initial recognition as described below.

The Group has financial assets in the categories Loans and receivables and Available-for-sale financial assets. All financial liabilities are recognised as Other liabilities, apart from earn-outs, which belong to the category Financial liabilities at fair value through profit or loss.

Cash and cash equivalents comprise cash assets.

Loans and receivables

Loans and receivables are financial assets that are not derivative instruments, that have fixed or fixable payments and that are not traded on any active market. These assets are measured at amortised cost. Amortised cost is determined from the effective interest rate determined at the date of acquisition. Accounts receivable are recognised at the amount expected to be realised, meaning after deduction of bad debt.

Available-for-sale financial assets

The Group's holdings of participations in unlisted companies are recognised in this category. In principle, the assets in this category are measured continuously at fair value, with value changes for the period recognised in other comprehensive income and the accumulated value changes in a special component of equity, apart from impairment losses and dividend income, which are recognised in profit or loss. However, Bygghemma Group First has concluded that the cost of participations in unlisted companies is a fair approximation of their fair value; see Note 24.

Financial liabilities measured at fair value through profit or loss

Earn-outs attributable to business combinations are recognised in this category. Earn-outs are recognised continuously at fair value in the statement of financial position and value changes are recognised in profit or loss.

Other financial liabilities

Loans and other financial liabilities, such as accounts payable, are included in this category. These liabilities are measured at amortised cost.

To which category the Group's financial assets and liabilities belong is presented in Note 24 Financial instruments and financial risk management. Recognition of financial income and expense is also treated under the above policy for Financial income and expenses.

Tangible fixed assets

Tangible fixed assets are recognised in the Group at cost less accumulated depreciation and any impairment. Cost includes the purchase price and costs directly attributable to transporting the asset to the correct site and preparing it for the manner intended by the acquisition. Borrowing costs directly related to the purchase, construction or production of assets that took a significant amount of time to finalise for the intended use or sale are included in cost.

The carrying amount of a tangible asset is derecognised from the statement of financial position when it is disposed or divested or when no future financial benefits are expected from the use or disposal/divestment of the asset.

Gains or losses arising from the divestment or disposal of an asset consist of the difference between the selling price and the asset's carrying amount less direct selling expenses. Gains and losses are recognised as other operating income/expenses.

Depreciation policies for tangible fixed assets

Depreciation is effected straight line over the estimated useful life of the asset. The depreciation methods, residual values and useful lives used are retested at the end of each year.

The estimated useful lives are:

Equipment	5 years
Buildings and land	20 years

Intangible fixed assets

Intangible fixed assets with an indefinite useful life

Goodwill

Goodwill is measured at cost less any accumulated impairment losses. Goodwill is distributed to cash generating units and is tested, at least annually, for impairment (see accounting policy for Impairment). The Group's cash generating units match the operating segments (see accounting policy for Operating segment reporting).

Brands

Brands are recognised at cost less any accumulated impairment losses. Brands are allocated to cash generating units and are tested, at least annually, for impairment (see accounting policy for Impairment).

Intangible fixed assets with a definite useful life

Development expenditure

Expenditure for development of new or improved products and processes is recognised as an asset in the statement of financial position if the process is technically and commercially useful and the Group has sufficient resources for completion. The carrying amount includes direct costs and, when applicable, salary cost and share of indirect costs. Other expenses are recognised in profit or loss as a cost when they arise. In the statement of financial position, capitalised development expenditure is recognised at cost less accumulated amortisation and any impairment losses. Capitalised development expenditure is mainly related to software and software platforms.

Customer relationships

Customer relationships are recognised at cost less accumulated amortisation (see below) and any impairment losses (see accounting policy for Impairment).

Other intangible fixed assets

Other intangible fixed assets are recognised at cost less accumulated amortisation (see below) and any impairment losses (see accounting policy for Impairment).

Amortisation policies for intangible fixed assets

Amortisation is recognised in profit or loss straight line over the intangible fixed asset's estimated useful life, unless the useful life is indefinite. The useful life is retested at least annually. Goodwill and brands with an indefinite useful life are tested for impairment annually or as soon as there are indications implying that the asset's value has decreased. Intangible fixed assets with a definite useful life are amortised from the point in time when they become available for use.

The estimated useful lives are:

Development expenditure	5 years
Customer relationships	10 years
Other intangible fixed assets	5 years

Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is calculated using the first-in-first-out principle (FIFO). Net realisable value is the estimated selling price in the operating activities less the estimated cost of completion and sale. Inventory cost is based on cost and includes costs arising in connection with acquisition of goods and bringing the goods to their condition and location. Reserves for obsolescence are included in the cost of sale.

Impairment

The Group's recognised assets are tested at each balance-sheet date to determine if there is an indication of an impairment loss. IAS 36 is applied for impairment of assets other than financial assets, which are recognised in accordance with IAS 39.

Impairment of tangible and intangible fixed assets

If there is an indication of an impairment requirement, the recoverable amount of the asset is calculated (see below). The recoverable amount of goodwill, brands and intangible fixed assets not yet ready for use is also calculated annually. If it is not possible to determine essentially independent cash flows for an individual asset and its fair value less selling expenses cannot be used, the assets are to be grouped for impairment testing at the lowest level at which it is possible to identify essentially independent cash flows – referred to as a cash generating unit.

An impairment loss is recognised when an asset's or cash generating unit's (group of units) carrying amount exceeds the recoverable amount. An impairment loss is recognised as a cost in profit or loss. If a need for impairment is identified that cannot be attributed to an individual asset but only to a cash generating unit (group of units), the impairment amount is allocated primarily to goodwill. Thereafter, a proportional impairment of other assets included in the unit (group of units) is done.

The recoverable amount is the highest of the fair value less selling expenses and value in use. For the purpose of calculating the value in use, future cash flows are discounted using a discount factor that reflects risk-free interest rate and the risk associated with the specific asset.

Impairment of financial assets

At each reporting date, the Company tests whether there is objective evidence that a financial asset or a group of assets is in need of impairment. Objective evidence comprises observable circumstances that have occurred and that have a negative impact on the possibility of recovering the cost.

A need for impairment of accounts receivable is established using historical experience of customer bad debts for similar claims. Accounts receivable subject to an impairment requirement are recognised at the value of expected future cash flows; normally, accounts receivable are 100 percent impaired 90 days after the repayment date.

Reversal of impairment

Impairment losses on assets included in the scope of IAS 36 are reversed if there is an indication that the impairment requirement no longer exists and a change has been made to the assumption that formed the basis of the calculation of the recoverable amount. However, impairment of goodwill is never reversed. A reversal is only performed to the extent that the carrying amount of the asset after reversal does not exceed the carrying amount that would have been recognised, less any depreciation/amortisation where relevant, if no impairment loss had been recognised.

Impairment of loans and receivables recognised at amortised cost is reversed if the former reasons for impairment no longer exists and full payment is expected to be received from the customer.

Dividends to owners

Dividends

Dividends are recognised as a liability after the annual general meeting has approved the dividend.

Buyback of own shares

Buybacks of own shares are recognised as a deduction from equity. Proceeds from the divestment of such equity instruments are recognised as an increase in equity. Any transaction costs are recognised directly in equity.

Employee benefits

Short-term employee benefits

Short-term employee benefits are calculated without discounting and recognised as an expense when the related services are provided.

A provision is recognised for the expected cost of bonus payments when the Group has a valid legal or informal obligation to make such payments as a result of services received from employees and the obligation can be reliably calculated.

Defined-contribution pension plans

Plans where the Company's obligation is limited to the fees that the Company has undertaken to pay are classified as defined-contribution pension plans. In such cases, the amount of the employee's pension depends on the contributions that the Company pays to the plan or to an insurance company and the return generated by the contribution. Consequently, it is the employee who bears the actuarial risk (that remuneration can be lower than expected) and the investment risk (that the invested assets will be insufficient for the expected remuneration). The Company's obligations regarding contributions to defined-contribution plans are recognised as an expense in profit or loss at the rate at which they are vested by employees performing services for the Company during a period.

Defined-benefit pension plans

For salaried employees in Sweden, defined-benefit pension obligations for retirement and family pensions under the ITP 2 plan are secured through insurance in Alecta. According to a statement from the Swedish Financial Reporting Board, UFR 10 Recognition of ITP 2 Pension Plan financed through insurance in Alecta, this constitutes a multi-employer defined-benefit plan. For the 2017 financial year, the Company did not have access to the type of information required for reporting its proportional share of the plan's commitments, plan assets and costs, which makes it impossible to report these plans as defined-benefit plans. Accordingly, the ITP 2 plan is secured through insurance in Alecta are recognised as a defined-contribution plan. The premium for the defined-benefit retirement and family pension is individually calculated and is in part dependent on salary, previously earned pension and expected remaining period of service.

The collective consolidation ratio consists of the market value of Alecta's assets as a percentage of its insurance obligations, calculated in accordance with Alecta's actuarial accounting methods and assumptions, which do not comply with IAS 19. The collective consolidation ratio is normally allowed to vary between 125 and 155 percent. If Alecta's collective consolidation ratio falls below 125 percent or exceeds 155 percent, actions must be taken in order to create the conditions for the consolidation ratio to return to the normal range. At low consolidation, one action could be to raise the agreed price for new subscriptions and extend existing benefits. At high consolidation, one action could be to introduce premium reductions. At the end of 2017, Alecta's surplus in the form of its collective consolidation ratio was 154 percent (2016: 149 percent, 2015: 153 percent).

Termination benefits

A cost for termination of employment is only recognised if the Company is evidently obliged, without a realistic possibility of withdrawal, due to a formal detailed plan to terminate employment before the usual point in time. When benefits are paid as an offer to encourage voluntary redundancy, an expense is recognised if it is probable that the offer will be accepted and the number of employees who will accept the offer can be reliably estimated.

Provisions

A provision differs from other liabilities because there is uncertainty regarding the date of payment and the amount required for settling the provision. A provision is recognised in the statement of financial position when there is an existing legal or informal obligation due to an event that has occurred, and it is probable that an outflow of financial resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

Provisions are made in an amount that corresponds to the most reliable estimate of the amount required to settle the existing commitment on the balance-sheet date. Where the effect of when a payment is made is significant, provisions are calculated through the discounting of the anticipated future cash flow at an interest rate before tax that reflects current market assessments of the time value of money and, if applicable, the risks related to the liability.

Contingent liabilities

A contingent liability is recognised when there is a possible commitment originating from events that have occurred and whose occurrence is confirmed only by one or several uncertain future events or when there is a commitment that is not recognised as a liability or provision because it is not probable that an outflow of resources will be required.

Note 3 Important estimates and assumptions

Preparing financial statements in accordance with IFRS requires the board of directors and executive management to make assessments and estimates that affect the application of the accounting policies and the carrying amounts of assets, liabilities, revenue and costs. The estimates and assumptions are based on historical experience and a number of other factors which under the current conditions seem reasonable. The results of these judgements and estimates are used to determine the carrying amounts of assets and liabilities that are not otherwise apparent from other resources.

The actual outcome may deviate from these estimates and assessments.

The estimates and assumptions are reviewed on a regular basis. Changes in estimates are recognised in the period when the change is made if the change affects this period only, or in the period when the change is made and in future periods if the change affects the current period as well as future periods.

Significant sources of estimation uncertainty

Note 13 contains information on assumptions and risk factors applying to impairment testing of goodwill and other intangible fixed assets with an indefinite useful life. A description of the provisions posted is presented in Note 21.

Goodwill and other intangible fixed assets

Goodwill and other intangible fixed assets with an indefinite useful life are impairment tested annually or when there are indications of a need for impairment. The impairment testing requires that executive management establishes the fair value of cash generating units based on cash flow forecasts and internal business plans and forecasts.

Insolvency testing of inventories

Inventories are examined each month to determine potential needs for impairment. Impairment losses are recognised in cost of goods sold at an amount which, after careful consideration, is deemed necessary for inventory obsolescence. If actual obsolescence differs from the calculations or if executive management makes future adjustments of the underlying assumptions, the change in valuation may affect profit or loss as well as financial position.

Assessment of return rate

The need for provisions related to future returns is assessed each month. The assessment is based on historical outcomes and actual sales. The need for provision is recognised as a decrease in net sales plus an adjustment of cost of goods sold taking into account the margin on the product.

Provisions and contingent liabilities

Liabilities are recognised when there is an existing obligation due to a past event, when it is probable that an outflow of financial benefits will occur and when the amounts can be assessed reliably. In these cases, a calculation of the provision is effected, which is recognised in the statement of financial position. A contingent liability is recognised in a note when a possible obligation has arisen whose existence can only be confirmed by one or more uncertain future events beyond the Group's control, or when it is not possible to calculate the full amount. The realisation of contingent liabilities not recognised in the annual accounts may have a significant impact on the Group's financial position.

The Group regularly reviews outstanding disputes to determine the need for provisions. Factors taken into account in such an assessment include type of litigation, the amount of the potential compensation, the development of the litigation, the opinions of legal and other advisors, experience from similar cases and decisions made by executive management regarding the Group's conduct with respect to these disputes. However, estimates may not necessarily reflect the outcome of settled litigation, and differences between outcomes and estimates could significantly impact the Company's financial position and unfavourably impact operating income and liquidity. For additional information, see Note 21 Other provisions.

Deferred taxes

The Group recognises deferred tax assets based on loss carryforwards. Management has made assumptions and assessments regarding the business's future earnings capacity and, based on these, assessed the possibilities of future use of these loss carryforwards.

Items affecting comparability

Items affecting comparability pertain to events and transactions whose impact on earnings is important to note when financial results for the period are compared with previous periods and include:

- Capital gains and losses on the divestment of product groups or major units
- Closure or other material downsizing of major units and operations
- Restructuring with action plans designed to restructure a major structure or process
- Material impairment losses
- Other material non-recurring costs and revenue

First-time adoption of International Financial Reporting Standards (IFRS)

Bygghemma Group First AB was formed on 21 September 2016 and these are the first comprehensive financial statements presented by the Company in accordance with IFRS as adopted by the EU (IFRS). The accounting policies presented in Note 2 have been applied when preparing the financial statements as of 31 December 2017 and for the comparative information that is presented.

According to IFRS 1, the Group must present a reconciliation of equity and total comprehensive income recognised according to former accounting policies for periods with corresponding items according to IFRS. Since this is the first time that Bygghemma Group First AB has presented consolidated financial statements, no consolidated financial statements exist according to previous accounting policies against which to conduct a reconciliation. Accordingly, no transitional information is presented for the Group.

Choices made on first-time adoption of IFRS

Upon initial application of IFRS in consolidated financial statements, the statements must be prepared in accordance with IFRS 1 First-time Adoption of International Financial Reporting Standards. The general requirement is that all applicable IFRS and IAS that have entered force and been adopted by the EU must be applied retrospectively. However, IFRS 1 contains transitional regulations that give companies some options to deviate from a full retrospective approach. None of these transitional requirements have been applied.

Note 4 Operating segments

The Group's operations are divided into two segments: Each segment has a head who regularly reports to executive management, which is the Group's chief operating decision-maker. The Group's internal reporting is structured to enable executive management to monitor the various segments' sales growth and EBITA.

- The DIY segment comprises sales of home and garden products as well as related products, and includes the following main webstores www.bygghemma.se, www.netrauta.fi, www.taloon.com, www.frishop.dk, www.badshop.se, www.talotarvike.com, www.bygghjemme.no, www.golvshop.se, www.byghjemme.dk, www.byggshop.se, www.hemochbastu.com, www.stonefactory.se, www.golvpoolen.se, www.lindstromsbad.se, www.polarpumpen.se, www.pumplagret.se, www.fuktkontroll.se and www.vitvaruexperten.com as well as 16 showrooms in Sweden, Finland, Norway and Denmark.
- The Home Furnishing segment comprises sales of furniture, home furnishings and related products, and includes the following main webstores www.trademax.se, www.trademax.no, www.trademax.fi, www.trademax.dk, www.chilli.se, www.chilli.no, www.kodin.fi, www.furniturebox.se, www.furniturebox.no, www.furniturebox.dk, www.furniturebox.fi, www.myhomemøbler.dk and www.wegot.se as well as 56 showrooms in Sweden, Finland, Norway and Denmark.

Subsidiaries are attributed in their entirety to a particular segment.

Other

The parent company provides management services to the Group's segments. Such sales occurred at cost price.

GROUP	**2017**				
(SEK thousand)	**DIY**	**Home Furnishing**	**Other**	**Eliminations**	**Group**
Sales	2,342,152	1,628,947	19,121	–34,678	3,955,542
Sales to other segments	7,245	8,311	19,121	–34,678	–
Depreciation/amortisation and impairment	–36,300	–18,427	–	–	–54,727
Operating income	86,957	25,562	–21,012	–	91,507
Financial income					2,110
Financial expenses					–56,798
Profit before tax					**36,819**

GROUP	**2016**				
(SEK thousand)	**DIY**	**Home Furnishing**	**Other**	**Eliminations**	**Group**
Sales	255,269	146,370	4,052	–5,349	400,342
Sales to other segments	566	732	4,052	–5,349	–
Depreciation/amortisation and impairment	–5,832	–1,587	–	–	–7,419
Operating income	3,103	1,106	–30,915	–	–26,706
Financial income					771
Financial expenses					–5,201
Loss before tax					**–31,135**

No single customer in the Group accounts for more than 10 percent of the Group's revenue.

The Group's segments operate mainly in the Nordic region. Net sales and non-current assets are recognised below per geographic area. Sales are recognised in those countries where the sales occur.

GROUP	**Net sales**		**Non-current assets**	
(SEK thousand)	**2017**	**2016**	**2017**	**2016**
Sweden	2,766,407	282,991	3,471,424	2,671,338
Norway	209,154	24,598	–	75
Finland	658,907	73,529	16,471	12,921
Denmark	321,026	19,180	161,682	9,480
Germany	–	11	–	–
Estonia	48	33	42	58
	3,955,542	**400,342**	**3,649,618**	**2,693,872**

Note 5 Business combinations

Subsidiaries are companies that are under Bygghemma Group Nordic AB's controlling influence. Controlling influence entails a direct or indirect right to shape a company's financial and operational strategies in order to obtain financial benefits. To assess whether a controlling influence exists, potential voting shares that can be immediately utilised or converted are taken into account. All purchase price calculations are considered preliminary until management has ultimately adopted the applied measurement assumptions underlying the calculation, which is done no later 12 months after the acquisition date.

	Group	
Summary of acquisitions (SEK thousand)	**2017**	**2016**
Acquisition of shares		
Net identifiable assets and liabilities	489,717	430,961
Goodwill	637,238	1,816,044
Purchase consideration	1,126,955	2,247,004
Cash and cash equivalents	30,910	31,372
Contingent/deferred earn-outs, promissory notes	405,370	254,534
	–690,675	**–1,961,098**
Acquisition of operations	–	–4,948
Earn-outs for previous year's acquisitions	–41,075	–
Net cash flow	**–731,750**	**–1,966,046**

Acquisitions in 2017

In 2017, the Group acquired 100 percent of the shares of FB Internet AB. The acquisition is recognised in the Home Furnishing segment.

In 2017, the Group acquired 51 percent of the shares of Polarpumpen AB. The acquisition is recognised in the DIY segment.

In 2017, the Group acquired 100 percent of the shares of Arredo Holding AB. The acquisition is recognised in the DIY segment.

In 2017, the Group acquired 89.2 percent of the shares of My Home. The acquisition is recognised in the Home Furnishing segment.

In 2017, the Group acquired 51 percent of the shares of Vitvaruexperten.com Nordic AB. The acquisition is recognised in the DIY segment.

In 2017, the Group acquired 100 percent of the shares of WeGot AB. The acquisition is recognised in the Home Furnishing segment.

In 2017, the Group acquired 100 percent of the shares of Frej Jonsson & Co AB. The acquisition is recognised in the DIY segment.

Earn-outs were paid for Bygghemma Butik i Sthlm AB, United Web Sweden AB, Stonefactory Scandinavia AB and M & M Visions Oy during the year according to the acquisition agreements. The acquisitions are recognised in the DIY segment.

Earn-outs were paid for TM Helsingborg AB during the year according to the acquisition agreement. The acquisition is recognised in the Home Furnishing segment.

	2017					
Summary of acquisitions (SEK thousand)	**Net identifiable assets and liabilities**	**Goodwill**	**Purchase consideration**	**Cash and cash equivalents**	**Contingent/ deferred earn-outs, promissory notes**	**Net cash flow**
Acquisition of shares of FB Internet AB	134,633	404,000	**538,632**	1,969	165,035	**–371,629**
Acquisition of shares of Polarpumpen AB	37,728	47,480	**85,208**	6,583	75,756	**–2,868**
Acquisition of shares of Arredo Holding AB	195,655	12,697	**208,352**	3,391	29,627	**–175,334**
Acquisition of shares of My Home	77,255	110,226	**187,480**	14,311	59,038	**–114,132**
Acquisition of shares of Vitvaruexperten.com Nordic AB	13,125	40,493	**53,618**	3,614	39,360	**–10,644**
Acquisition of shares of WeGot AB	15,387	16,200	**31,587**	991	22,550	**–8,045**
Acquisition of shares of Frej Jonsson & Co AB	15,934	6,144	**22,078**	50	14,004	**–8,024**
Earn-out, Bygghemma Butik i Sthlm AB	–	–	**–**	–	–	**–2,000**
Earn-out, United Web Sweden AB	–	–	**–**	–	–	**–15,063**
Earn-out, TM Helsingborg AB	–	–	**–**	–	–	**–16,667**
Earn-out, Stonefactory Scandinavia AB	–	–	**–**	–	–	**–3,500**
Earn-out, M & M Visions Oy	–	–	**–**	–	–	**–3,845**
Total	**489,717**	**637,238**	**1,126,955**	**30,910**	**405,370**	**–731,750**

Revenue and earnings

Since the acquisition date, the acquisitions have contributed SEK 776.7 million to consolidated revenue and SEK -12.9 million to consolidated after-tax profit. If the acquisitions had been consolidated for the full financial year, the companies would have contributed SEK 1,239.1 million to consolidated revenue and SEK -8.3 million to consolidated after-tax profit.

Transaction costs

Transaction costs for the acquisitions amount to SEK 10.0 million and are recognised as other external costs in the statement of profit/loss and other comprehensive income.

Acquisition of shares of FB Internet AB

As of 31 January, 2017, Bygghemma Group acquired 100 percent of the shares in FB Internet AB (www.furniturebox.se). The earn-out is estimated at SEK 538.6 million. FB Internet AB is a leading Swedish online provider of furniture and home furnishings, and the acquisition strengthens the Group's position in the fast-growing Swedish online market for furniture and home furnishings. FB Internet AB is recognised in the Home Furnishing segment.

Revenue and earnings

Since the acquisition date, FB Internet AB has contributed SEK 348.4 million to consolidated revenue and SEK -24.2 million to consolidated after-tax profit. If FB Internet had been consolidated for the full financial year, the company would have contributed SEK 425.4 million to consolidated revenue and SEK -25.9 million to consolidated after-tax profit.

Acquired receivables

All receivables are recognised at fair value in the acquisition analyses, which matches the amount that the Group is expected to be able to collect.

Net assets acquired (SEK thousand)	Carrying amount
Brands	109,517
Customer relationships	34,699
Intangible fixed assets	4,882
Tangible fixed assets	2,027
Financial assets	551
Inventories	99,505
Accounts receivable	10,408
Other receivables	10,094
Cash and cash equivalents	1,969
Deferred tax liability	–31,082
Provisions	–230
Accounts payable	–80,019
Other liabilities	–27,688
Net identifiable assets and liabilities	**134,633**
Goodwill	404,000
Purchase consideration	**538,632**
Promissory notes	165,035
Cash flow	**–373,597**

Goodwill

Goodwill includes synergies, market position, supplier relationships and personnel. It is worth noting that the acquisition gave rise to a leading position in dedicated online sales of furniture and home furnishings in Sweden.

Transaction costs

Transaction costs for the acquisition of FB Internet AB amount to SEK 4.4 million and are recognised as other external costs in the statement of profit/loss and other comprehensive income.

Promissory notes

Promissory notes have been converted to shares in Bygghemma Group First AB through a non-cash issue.

Acquisition of shares of Polarpumpen AB

As of 24 April 2017, Bygghemma Group acquired 51 percent of the shares of Polarpumpen AB. The earn-out is estimated at SEK 85.2 million, of which SEK 27.8 million had been paid on the balance-sheet date. Polarpumpen is 100 percent consolidated and is recognised in the DIY segment.

Revenue and earnings

Since the acquisition date, Polarpumpen AB has contributed SEK 88.8 million to consolidated revenue and SEK 5.5 million to consolidated after-tax profit. If Polarpumpen had been consolidated for the full financial year, it would have contributed SEK 115.9 million to consolidated revenue and SEK 3.5 million to consolidated after-tax profit.

Net assets acquired (SEK thousand)	Carrying amount
Brands	20,632
Customer relationships	11,056
Inventories	9,516
Accounts receivable	4,391
Other receivables	2,404
Cash and cash equivalents	6,583
Deferred tax liability	–7,869
Accounts payable	–5,611
Other liabilities	–3,376
Net identifiable assets and liabilities	**37,728**
Goodwill	47,480
Purchase consideration	**85,208**
Promissory notes	18,375
Liabilities to non-controlling interests	49,500
Provision for contingent earn-outs	7,881
Cash flow	**–9,452**

Goodwill

Goodwill includes synergies, market position, supplier relationships and personnel. It is worth noting that the acquisition represents a dominant position in dedicated online sales of heat pumps in Sweden as well as leading category expertise in the installation of the said items and other products.

Transaction costs

Transaction costs for the acquisition of Polarpumpen AB amount to SEK 0.9 million and are recognised as other external costs in the statement of profit/loss and other comprehensive income.

Contingent earn-out

The acquisition agreement states that a contingent earn-out is to be paid to the former owner based on fulfilment of certain terms and conditions, such as profitability targets. The contingent earn-out is capped at seven times the difference between EBITDA in 2017 and 2016, assuming that the difference is positive (the contingent earn-out cannot be negative).

Promissory notes

Promissory notes have been converted to shares in Bygghemma Group First AB through a non-cash issue.

Acquisition of shares of Arredo Holding AB

As of 6 April 2017, Bygghemma Group acquired 100 percent of the shares of Arredo Holding AB. The earn-out is estimated at SEK 208.4 million, of which SEK 208.4 million had been paid on the balance-sheet date. Arredo Holding is recognised in the DIY segment.

Revenue and earnings

Since the acquisition date, Arredo Holding AB has contributed SEK 159.3 million to consolidated revenue and SEK 0.4 million to consolidated after-tax profit. If Arredo Holding had been consolidated for the full financial year, it would have contributed SEK 277.1 million to consolidated revenue and SEK 11.2 million to consolidated after-tax profit.

Net assets acquired (SEK thousand)	Carrying amount
Brands	22,306
Customer relationships	43,165
Intangible fixed assets	861
Tangible fixed assets	3,908
Financial assets	830
Deferred tax asset	4,620
Inventories	133,984
Accounts receivable	19,056
Other receivables	7,481
Cash and cash equivalents	3,391
Deferred tax liability	–14,404
Accounts payable	–21,564
Other liabilities	–7,980
Net identifiable assets and liabilities	**195,655**
Goodwill	12,697
Purchase consideration	**208,352**
Promissory notes	29,627
Cash flow	**–178,725**

Goodwill

Goodwill includes synergies, market position, supplier relationships and personnel. It is worth noting that the acquisition represents a dominant position in dedicated online sales of flooring in Sweden as well as leading category expertise in sales of bathroom tiles and bathroom products.

Transaction costs

Transaction costs for the acquisition of Arredo Holding AB amount to SEK 1.5 million and are recognised as other external costs in the statement of profit/loss and other comprehensive income.

Contingent earn-out

The acquisition agreement states that a contingent earn-out is to be paid to the former owner based on fulfilment of certain terms and conditions, such as profitability targets. The contingent earn-out is capped at SEK 15.0 million.

Promissory notes

Promissory notes have been converted to shares in Bygghemma Group First AB through a non-cash issue.

Acquisition of shares of My Home

As of 30 June 2017, Bygghemma Group acquired 89.2 percent of the shares of the My Home companies. The earn-out is estimated at DKK 120.4 million, of which DKK 106.4 million had been paid on the balance-sheet date. The remainder will be paid in the first half of 2018 and the first half of 2021. The My Home companies are leading Danish providers of furniture and home furnishings online and in stores, and strengthen the Group's position in the rapidly growing Danish online market for furniture and home furnishings. My Home is 100 percent consolidated and is recognised in the Home Furnishing segment.

Revenue and earnings

Since the acquisition date, the My Home companies have contributed SEK 164.5 million to consolidated revenue and SEK 5.9 million to consolidated after-tax profit. If the My Home companies had been consolidated for the full financial year, they would have contributed SEK 313.9 million to consolidated revenue and SEK 11.5 million to consolidated after-tax profit.

Net assets acquired (SEK thousand)	Carrying amount
Brands	35,365
Customer relationships	5,843
Intangible fixed assets	222
Tangible fixed assets	748
Financial assets	2,144
Inventories	62,424
Accounts receivable	1,691
Other receivables	2,113
Cash and cash equivalents	14,311
Deferred tax liability	–9,066
Accounts payable	–16,224
Other liabilities	–22,317
Net identifiable assets and liabilities	**77,255**
Goodwill	110,226
Purchase consideration	**187,480**
Promissory notes	12,723
Liabilities to non-controlling interests	28,139
Provision for contingent earn-outs	18,176
Cash flow	**–156,582**

Goodwill

Goodwill includes synergies, market position, supplier relationships and personnel. It is worth noting that the acquisition gives rise to a leading position in physical and online sales of furniture and home furnishings in the budget segment in Denmark, based on an efficient distribution network of stores that cover the entire country.

Transaction costs

Transaction costs for the acquisition of My Home amount to SEK 1.7 million and are recognised as other external costs in the statement of profit/loss and other comprehensive income.

Contingent earn-out

The acquisition agreement states that a contingent earn-out is to be paid to the former owner based on fulfilment of certain terms and conditions, such as profitability targets. The contingent earn-out is capped at DKK 25 million based on earnings in 2018.

Promissory notes

Promissory notes have been converted to shares in Bygghemma Group First AB through a non-cash issue.

Acquisition of shares of Vitvaruexperten.com Nordic AB

As of 12 October 2017, Bygghemma Group acquired 51 percent of the shares of Vitvaruexperten.com Nordic AB. The earn-out is estimated at SEK 53.6 million, of which SEK 14.3 million had been paid on the balance-sheet date. The remainder will be paid during 2018-2020. Vitvaruexperten is a leading dedicated Swedish online provider of white goods, small household appliances and TVs, and the acquisition strengthens the Group's position in the fast-growing Swedish online market, primarily for white goods. Vitvaruexperten is 100 percent consolidated and is recognised in the DIY segment.

Revenue and earnings

Since the acquisition date, Vitvaruexperten.com Nordic AB has contributed SEK 7.2 million to consolidated revenue and SEK -0.3 million to consolidated after-tax profit. If Vitvaruexperten.com had been consolidated for the full financial year, the company would have contributed SEK 37.2 million to consolidated revenue and SEK -1.7 million to consolidated after-tax profit.

Net assets acquired (SEK thousand)	Carrying amount
Brands	13,334
Customer relationships	254
Intangible fixed assets	528
Financial assets	80
Inventories	1,284
Accounts receivable	1,862
Other receivables	123
Cash and cash equivalents	3,614
Deferred tax liability	–2,989
Accounts payable	–3,502
Other liabilities	–1,463
Net identifiable assets and liabilities	**13,125**
Goodwill	40,493
Purchase consideration	**53,618**
Liabilities to non-controlling interests	37,047
Provision for contingent earn-outs	2,313
Cash flow	**–14,258**

Goodwill

Goodwill includes synergies, market position, supplier relationships and personnel. It is worth noting that the acquisition significantly strengthens the Group's expertise and position in the Swedish online market in terms of white goods and related products targeted at private individuals.

Transaction costs

Transaction costs related to the acquisition of Vitvaruexperten.com Nordic AB amount to SEK 0.5 million and are recognised as other external costs in the statement of profit/loss and other comprehensive income.

Contingent earn-out

The acquisition agreement states that a contingent earn-out is to be paid to the former owner based on fulfilment of certain terms and conditions, such as profitability targets. The contingent earn-out is capped at 35 percent of the gross margin after direct selling expenses for sales of white goods times 49 percent during 2018-2020, assuming that Vitvaruexperten.com Nordic AB achieves at least break-even EBITDA in 2018, at least SEK 5 million in 2019 and at least SEK 15 million in 2020 (the contingent earn-out cannot be negative).

Acquisition of shares of WeGot AB

As of 20 November 2017, Bygghemma Group acquired 100 percent of the shares of WeGot AB (www.wegot.se). The earn-out is estimated at SEK 31.6 million for 100 percent of the shares. WeGot is a leading dedicated Swedish online provider of furniture and home furnishings, and the acquisition strengthens the Group's position in the fast-growing Swedish online market, primarily for sofas and beds. WeGot is recognised in the Home Furnishing segment.

Revenue and earnings

Since the acquisition date, WeGot has contributed SEK 4.2 million to consolidated revenue and SEK 1.0 million to consolidated after-tax profit. If WeGot had been consolidated for the full financial year, the company would have contributed SEK 65.3 million to consolidated revenue and SEK -5.6 million to consolidated after-tax profit.

Net assets acquired (SEK thousand)	Carrying amount
Brands	5,343
Customer relationships	8,243
Tangible fixed assets	61
Deferred tax asset	941
Inventories	7,365
Accounts receivable	2,322
Other receivables	1,062
Cash and cash equivalents	991
Deferred tax liability	–3,086
Accounts payable	–4,697
Other liabilities	–3,159
Net identifiable assets and liabilities	**15,387**
Goodwill	16,200
Purchase consideration	**31,587**
Promissory notes	4,964
Provision for contingent earn-outs	17,587
Cash flow	**–9,036**

Goodwill

Goodwill includes synergies, market position, supplier relationships and personnel. It is worth noting that the acquisition significantly strengthens the Group's expertise and position in the Swedish online market in terms of sofas and beds and related products targeted at private individuals.

Transaction costs

Transaction costs for the acquisition of WeGot amount to SEK 0.3 million and are recognised as other external costs in the statement of profit/loss and other comprehensive income.

Contingent earn-out

The acquisition agreement states that a contingent earn-out is to be paid to the former owner based on fulfilment of certain terms and conditions, such as profitability targets. The contingent earn-out is capped at SEK 30 million based on earnings in during 2018-2020 (meaning that it extends over three calendar years).

Promissory notes

Promissory notes have been converted to shares in Bygghemma Group First AB through a non-cash issue.

Acquisition of shares of Frej Jonsson & Co AB

As of 9 November 2017, Bygghemma Group acquired 100 percent of the shares of Nya Frej Jonsson AB (renamed Frej Jonsson & Co AB). The earn-out is estimated at SEK 22.1 million for 100 percent of the shares. Frej Jonsson is a leading Swedish online destination for bathroom products and floor/wall tiles, and strengthens the Group's position as a destination for bathroom products, floor/wall tiles and flooring. Frej Jonsson is recognised in the DIY segment.

Revenue and earnings

Since the acquisition date, Frej Jonsson & Co AB has contributed SEK 4.3 million to consolidated revenue and SEK -1.4 million to consolidated after-tax profit. If Frej Jonsson & Co AB had been consolidated for the full financial year, the company would have contributed SEK 4.3 million to consolidated revenue and SEK -1.4 million to consolidated after-tax profit.

Net assets acquired (SEK thousand)	Carrying amount
Brands	5,040
Customer relationships	15,324
Intangible fixed assets	720
Inventories	1,206
Cash and cash equivalents	50
Deferred tax liability	–4,480
Other liabilities	–1,926
Net identifiable assets and liabilities	**15,934**
Goodwill	6,144
Purchase consideration	**22,078**
Provision for contingent earn-outs	14,004
Cash flow	**-8,074**

Goodwill

Goodwill includes synergies, market position, supplier relationships and personnel. It is worth noting that the acquisition significantly strengthens the Group's expertise and position as a destination in western Sweden for bathroom products, floor/wall tiles, flooring and related products targeted at private individuals.

Transaction costs

Transaction costs for the acquisition of Frej Jonsson & Co AB amount to SEK 0.5 million and are recognised as other external costs in the statement of profit/loss and other comprehensive income.

Contingent earn-out

The acquisition agreement states that a contingent earn-out is to be paid to the former owner based on fulfilment of certain terms and conditions, such as profitability targets. The contingent earn-out is capped at SEK 15 million based on earnings in during 2018-2020 (meaning that it extends over three calendar years).

Acquisitions in 2016

In 2016, the Group acquired 100 percent of the shares of Bygghemma Group Nordic AB.

In 2016, the Group acquired 73.3 percent of the shares of Stonefactory Scandinavia AB. The acquisition is recognised in the DIY segment.

In 2016, the Group acquired the Kodin1 brand and the www.kodin1.fi domain.

	2016					
Summary of acquisitions (SEK thousand)	**Net identifiable assets and liabilities**	**Goodwill**	**Purchase consideration**	**Cash and cash equivalents**	**Contingent/ deferred earn-outs, promissory notes**	**Net cash flow**
Acquisition of shares in Bygghemma Group Nordic AB	408,025	1,786,045	**2,194,070**	22,664	231,100	**–1,940,306**
Acquisition of shares in Stonefactory Scandinavia AB	22,936	29,998	**52,934**	8,708	23,434	**–20,792**
Acquisition of the Kodin1 brand (www.kodin1.fi)	–	–	**–**	–	–	**–4,948**
Total	**430,961**	**1,816,044**	**2,247,004**	**31,372**	**254,534**	**–1,966,046**

Acquisition of shares of Bygghemma Group Nordic AB

As of 9 November 2016, Bygghemma Group acquired 100 percent of the shares of Bygghemma Group Nordic AB. Bygghemma Group Nordic is a leading Nordic online provider of home improvement products. Bygghemma Group Nordic has been consolidated since 9 November 2016 and is recognised in the DIY and Home Furnishing segments. The earn-out is estimated at SEK 2,194.1 million, of which SEK 2,194.1 million had been paid on the balance-sheet date.

Revenue and earnings

Since the acquisition date, Bygghemma Group Nordic has contributed SEK 398.0 million to consolidated revenue and SEK 6.5 million to consolidated after-tax profit. If Bygghemma Group Nordic had been consolidated for the full financial year, it would have contributed SEK 2,571.5 million to consolidated revenue and SEK 55.4 million to consolidated after-tax profit.

Acquired receivables

All receivables are recognised at fair value in the acquisition analyses, which matches the amount that the Group is expected to be able to collect.

Net assets acquired (SEK thousand)	Carrying amount
Brands	548,888
Customer relationships	252,773
Intangible fixed assets	30,680
Buildings and land	11,229
Tangible fixed assets	10,996
Financial assets	10,557
Deferred tax asset	5,072
Inventories	104,881
Accounts receivable	31,511
Other receivables	73,635
Cash and cash equivalents	22,664
Deferred tax liability	–177,640
Other provisions	–2,357
Liabilities to credit institutions	–31,250
Other non-current liabilities	–76,657
Deferred income	–29,424
Accounts payable	–204,769
Other liabilities	–172,764
Net identifiable assets and liabilities	**408,025**
Goodwill	1,786,045
Purchase consideration	**2,194,070**
Promissory notes	231,100
Cash flow	**–1,962,970**

Goodwill

Goodwill includes synergies, market position, supplier relationships and personnel. It is worth noting that the acquisition represents a leading position in the online markets for DIY (meaning home and garden products as well as related products targeted at private individuals) and home furnishings (meaning furniture and decor as well as related products targeted at private individuals) in the Nordic region (Sweden, Norway, Denmark and Finland).

Transaction costs

Transaction costs for the acquisition of the shares of Bygghemma Group Nordic AB amount to SEK 30.0 million and are recognised as other external costs in the statement of profit/loss and other comprehensive income.

Promissory notes

Promissory notes have been converted to shares in Bygghemma Group First AB through a non-cash issue.

Acquisition of shares of Stonefactory Scandinavia AB

As of 1 December 2016, Bygghemma Group acquired 73.3 percent of the shares of the Stonefactory Scandinavia AB (www.stonefactory.se). The earn-out is estimated at SEK 53.1 million. Stonefactory is a leading Swedish online provider of wall/floor tiles and natural stone, and the acquisition strengthens the Group's position in the fast-growing online market for these product groups. Stonefactory Scandinavia AB is 100 percent consolidated and is recognised in the DIY segment.

Revenue and earnings

Since the acquisition date, Stonefactory Scandinavia AB has contributed SEK 2.3 million to consolidated revenue and SEK -0.5 million to consolidated after-tax profit. If Stonefactory Scandinavia had been consolidated for the full financial year, it would have contributed SEK 30.9 million to consolidated revenue and SEK 1.6 million to consolidated after-tax profit.

Net assets acquired (SEK thousand)	Carrying amount
Brands	19,132
Customer relationships	4,276
Financial assets	100
Accounts receivable	969
Current receivables	579
Cash and cash equivalents	8,708
Deferred tax liability	–5,282
Provisions	–100
Accounts payable	–3,996
Other liabilities	–1,450
Net identifiable assets and liabilities	**22,936**
Goodwill	29,998
Purchase consideration	**52,934**
Liabilities to non-controlling interests	9,900
Provision for contingent earn-outs	13,534
Cash flow	**–29,500**

Goodwill

Goodwill includes synergies, market position, supplier relationships and personnel.

Transaction costs

Transaction costs for the acquisition of Stonefactory Scandinavia AB amount to SEK 0.1 million and are recognised as other external costs in the statement of profit/loss and other comprehensive income.

Contingent earn-out

The acquisition agreement states that a contingent earn-out is to be paid to the former owner based on fulfilment of certain terms and conditions, such as profitability targets. The contingent earn-out is capped at SEK 25.0 million.

Note 6 Fees and remuneration to auditors

	Group	
(SEK thousand)	**2017**	**2016**
PwC		
Auditing assignments	–2,813	–351
Audit activity in addition to the auditing assignment	–701	–1
Tax advisory services	–18	–0
Other services	–2,741	–
	–6,273	**–353**
Other audit bureaus		
Auditing assignments	–350	–38
Other services	–137	–6
	–487	**–44**
Total all audit bureaus	**–6,760**	**–396**

Note 7 Personnel costs and remuneration of senior executives

	Group	
(SEK thousand)	**2017**	**2016**
Salaries	–215,216	–23,734
Social security contributions	–57,663	–6,615
Pension costs, defined-contribution plans	–16,246	–1,904
	–289,125	**–32,252**

	Group	
Basic salary and other remuneration	**2017**	**2016**
Senior executives (4 persons)	–4,033	–1,131
of which, variable increment	*–*	*–438*
Other employees	–211,183	–22,602
	–215,216	**–23,734**

	2017					
Remuneration and other benefits (SEK thousand)	**Basic salary/ directors' fees**	**Variable remuneration**	**Other benefits**	**Pension costs**	**Cost for share awards**	**Total**
Mikael Olander, President and CEO						
Remuneration from parent company	–267	–	–	–42	–	–309
Remuneration from subsidiaries	–785	–	–	–220	–	–1,005
Other senior executives (3 persons)						
Remuneration from parent company	–329	–	–	–29	–	–358
Remuneration from subsidiaries	–2,653	–	–	–576	–	–3,229
	–4,033	**–**	**–**	**–867**	**–**	**–4,900**

Accrued remuneration to be paid to the CEO and other senior executives after year-end amounts to SEK 0.0 million (1.0) and SEK 0.0 million (1.0), respectively.

The CEO and the Company are subject to a period of notice of nine months, and the CEO is not entitled to severance pay.

No directors' fees were paid to the board in 2017.

	2016					
Remuneration and other benefits (SEK thousand)	**Basic salary/ directors' fees**	**Variable remuneration**	**Other benefits**	**Pension costs**	**Cost for share awards**	**Total**
Mikael Olander, President and CEO						
Remuneration from subsidiaries	–182	–219	–	–46	–	–447
Other senior executives (3 persons)						
Remuneration from subsidiaries	–512	–219	–	–132	–	–862
	–693	**–438**	**–**	**–178**	**–**	**–1,309**

Accrued variable remuneration to be paid to the CEO and other senior executives after year-end amounts to SEK 1.0 million (1.0) and SEK 1.0 million (1.5), respectively.

No directors' fees were paid to the board in 2016.

Note 8 Average number of employees

	2017		2016	
GROUP	**Men**	**Women**	**Men**	**Women**
Sweden	326	243	121	121
Denmark	105	34	12	8
Estonia	1	6	1	5
Finland	36	53	36	38
Norway	5	3	3	1
Total	**473**	**339**	**173**	**173**
Total average number of employees		**812**		**346**

Gender balance among senior executives

	2017		2016	
GROUP	**Men (%)**	**Women (%)**	**Men (%)**	**Women (%)**
Board of directors	83	17	100	–
CEO and other members of management	94	6	100	–
Total	**92**	**8**	**100**	**–**

Note 9 Other operating revenue and operating expenses

	Group	
(SEK thousand)	**2017**	**2016**
Other operating revenue		
Gain on the sale of non-current assets	107	1,230
Exchange-rate gains on operating receivables/liabilities	6,243	–
Other operating revenue	–	8
	6,350	**1,238**
Other operating expenses		
Loss on the sale of non-current assets	–72	–1
Exchange-rate losses on operating receivables/liabilities	–236	–311
	–309	**–312**
	6,042	**926**

Note 10 Financial items

	Group	
(SEK thousand)	**2017**	**2016**
Financial income		
Interest income	1,867	4
Net exchange-rate differences	–	716
Dividends	61	51
Other financial income	182	–
	2,110	**771**
Financial expenses		
Interest expenses, credit institutions	–35,726	–3,653
Interest expenses, other	–2,474	–41
Revaluation of contingent earn-out	–2,761	–719
Net exchange-rate differences	–6,923	–
Other financial expenses	–8,914	–788
	–56,798	**–5,201**
	–54,688	**–4,429**

Note 11 Taxes

	Group	
(SEK thousand)	**2017**	**2016**
Current tax expense		
Current tax expense	–18,543	4,723
	–18,543	**4,723**
Deferred tax		
Deferred tax pertaining to temporary differences	3,929	–4,088
Deferred tax attributable to the capitalised tax value of loss carryforwards during the year	8,465	721
Deferred tax expenses in loss carryforwards utilised during the year	–1,919	–473
Revaluation of loss carryforwards	–8	0
Effect of changed tax rate	–	1
	10,467	–3,839
	–8,077	**885**

GROUP	Group			
(SEK thousand unless otherwise stated)	**2017**	**%**	**2016**	**%**
Profit/loss before tax	36,819		–31,135	
Tax according to applicable tax rate for parent company	–8,100	–22.0	6,856	–22.0
Effect of other tax rates for foreign subsidiaries	306	0.8	36	–0.1
Non-taxable revenue	308	0.8	–12	0.0
Non-deductible costs	–1,748	–4.7	–7,036	22.6
Losses for which deferred tax has not been recognised	–	–	217	–0.7
Revaluation of loss carryforwards	1,157	3.1	822	–2.6
Effect of changed tax rate	–	–	1	–0.0
Effective tax/tax rate	**–8,077**	**–21.9**	**885**	**–2.8**

	Group	
(SEK thousand)	**2017**	**2016**
Deferred tax asset		
Loss carryforwards	13,881	4,538
Other	1,651	554
	15,532	**5,092**
Deferred tax liability		
Equipment, tools, fixtures and fittings	235	226
Intellectual property rights	243,793	177,191
Untaxed reserves	14,967	9,603
Revaluation of loss carryforwards	258,995	187,021
	–243,463	**–181,928**

Note 12 Earnings per share

	Before dilution		After dilution	
(SEK thousand unless otherwise stated)	**2017**	**2016**	**2017**	**2016**
Earnings per share (SEK)	–333.30	–302.62	–333.30	–302.62
The amounts used in numerators and denominators and are presented below:				
Net profit/loss for the year attributable to parent company shareholders	28,742	–30,251	28,742	–30,251
Less interest on preference shares	–205,069	–22,246	–205,069	–22,246
Net loss for the year attributable to holders of the parent company's ordinary shares	**–176,326**	**–52,497**	**–176,326**	**–52,497**
Average number of shares	529,031	173,476	529,031	173,476
Earnings per share	**–333.30**	**–302.62**	**–333.30**	**–302.62**

Note 13 Intangible fixed assets

Internally developed intangible fixed assets

	Group	
Development expenditure (SEK thousand)	**2017**	**2016**
Opening accumulated cost	**62,968**	**–**
Investments through acquisitions	4,292	61,037
Investments	20,355	2,607
Reclassifications	2,753	7
Divestments	–	–0
Translation difference	721	–682
Closing accumulated cost	**91,090**	**62,968**
Opening accumulated amortisation	**–32,165**	**–**
Amortisation through acquisitions	–2,993	–30,817
Amortisation for the year	–14,794	–1,700
Reclassifications	794	–1
Divestments	–	0
Translation difference	–394	352
Closing accumulated amortisation	**–49,551**	**–32,165**
Opening accumulated impairment losses	**–717**	**–**
Impairment losses for the year	–	–717
Closing accumulated cost	**–717**	**–717**
Carrying amount	**40,822**	**30,086**

The item pertains to costs for the Group's online platform.

Both internal and external costs have been capitalised. No borrowing costs have been capitalised because the projects are short term and thus do not satisfy the criteria for capitalisation.

Acquired intangible fixed assets

	Group	
Brands (SEK thousand)	**2017**	**2016**
Opening accumulated cost	**572,968**	**–**
Investments through acquisitions	210,784	571,990
Investments	–	4,948
Translation difference	746	–3,970
Closing accumulated cost	**784,498**	**572,968**
Carrying amount	**784,498**	**572,968**

The item refers to the brands (www).byghjemme.dk, (www).netrauta.fi, (www).badshop.se, (www).golvshop.se, (www).fyndmax.se, (www).trademax.se, (www).trademax.fi, (www).trademax.no, (www).trademax.dk, (www).chilli.se and (www).chilli.no, (www).frishop.dk, (www).talotavirke.fi, (www).kodin1.fi, (www).stonefactory.se (www).furniturebox.se, (www).furniturebox.no, (www).furniturebox.dk, (www).furniturebox.fi, (www).golvpoolen.se, (www).lindstromsbad.se, (www).polarpumpen.se, (www).pumplagret.se, (www).fuktkontroll.se, (www).vitvaruexperten.com, (www).myhomemøbler.dk and (www).wegot.se.

	Group	
Customer relationships (SEK thousand)	**2017**	**2016**
Opening accumulated cost	**256,894**	**–**
Investments through acquisitions	118,461	257,049
Translation difference	271	–155
Closing accumulated cost	**375,626**	**256,894**
Opening accumulated amortisation	–4,095	–
Amortisation for the year	–32,472	–4,267
Translation difference	–154	172
Closing accumulated amortisation	**–36,721**	**–4,095**
Carrying amount	**338,905**	**252,799**

The item refers to identified customer relationships from acquisitions of Billigbyg.net A/S, Netrauta Finland Oy, United Web Sweden AB, TM Helsingborg AB, Camola ApS, M & M Visions Oy, Stonefactory Scandinavia AB, FB Internet AB, Polarpumpen AB, Arredo Holding AB, My Home, Vitvaruexperten.com Nordic AB, Frej Jonsson & Co AB and WeGot AB.

Note 13 Intangible fixed assets, cont.

Goodwill (SEK thousand)	Group 2017	 2016
Opening accumulated cost	**1,813,853**	**–**
Investments through acquisitions	637,238	1,816,044
Translation difference	–32	–2,191
Closing accumulated cost	**2,451,059**	**1,813,853**
Carrying amount	**2,451,059**	**1,813,853**

The item refers to goodwill arising from acquisition of Billigbyg.net A/S, Netrauta Finland Oy, Taloon Yhtiöt Oy, Bygghemma Sverige AB, United Web Sweden AB, Linoleumkompaniet AB, Bygghemma Butik i Sthlm AB, Pro HBG Arbetskläder AB, TM Helsingborg AB, Camola ApS, M & M Visions Oy, Stonefactory Scandinavia AB, FB Internet AB, Polarpumpen AB, Arredo Holding AB, My Home, Vitvaruexperten.com Nordic AB, Frej Jonsson & Co AB and WeGot AB.

Other intangible fixed assets (SEK thousand)	Group 2017	 2016
Opening accumulated cost	**2,406**	**–**
Investments through acquisitions	6,730	2,420
Investments	608	–
Reclassifications	–2,753	–8
Divestments	–	–0
Translation difference	46	–7
Closing accumulated cost	**7,037**	**2,406**
Opening accumulated amortisation	**–2,005**	**–**
Amortisation through acquisitions	–1,602	–1,961
Amortisation for the year	–507	–52
Reclassifications	–794	2
Divestments	–	0
Translation difference	–46	5
Closing accumulated amortisation	**–4,954**	**–2,005**
Carrying amount	**2,084**	**400**

Only external costs have been capitalised. No borrowing costs have been capitalised.

Impairment testing of goodwill

Impairment testing of goodwill and brands is conducted annually, and at any time indications of a value decline are identified. The Group currently has two cash generating units: DIY and Home Furnishing.

Goodwill and brands per cash generating unit (SEK thousand)	Goodwill 2017	 2016	Brands 2017	 2016
DIY	1,270,280	1,163,528	427,037	365,732
Home Furnishing	1,180,779	650,325	357,461	207,236
	2,451,059	**1,813,853**	**784,498**	**572,968**

Impairment testing for cash generating units containing goodwill

Impairment testing of goodwill is conducted annually, and at any time indications of a value decline are identified. When testing, the assets are grouped in cash generating units. Bygghemma Group's cash generating units match the defined operating segments (DIY and Home Furnishing) When testing, carrying amounts of cash generating units are compared with recoverable amounts. The recoverable amount of the respective cash generating units is determined by discounting future cash flows in order to determine the value in use. Calculations of future cash flows are based on the strategic plans adopted by executive management for the coming three to five years (detailed plans). The carrying amount of the cash generating unit includes goodwill, brands with an indefinite useful life and assets with a definite useful life, such as non-current assets, brands and working capital. The value of assets that are amortised is tested for impairment whenever there are indications that the carrying amount may possibly not be recoverable.

Should the carrying amount of an asset or a cash generating unit exceed its estimated recoverable amount, the asset is impaired down to the recoverable amount. Previous impairment losses are reversible if the reasons for the impairment no longer exist. However, a reversal may never exceed what the carrying amount would have been had the impairment loss not been recognised in a prior year. Impairment of goodwill is never reversed.

In conjunction with the annual impairment testing of goodwill, the value in use is recalculated. The value in use of the cash generating units is determined by calculating the value in use. The calculation of value in use is based on the three to five year strategy plans that have been adopted by the board, which are based in turn on assumptions and judgements that are mainly formulated by executive management. The most material assessments and assumptions entail forecasts of organic growth, profit margin, market growth (total market plus the online market) and the discount interest rate used. Assumptions are based on both historical experience and current market information.

Discount interest rate

The discount interest rate used in the present value calculation of expected future cash flows is the current weighted average cost of capital (WACC) established for each operating segment based on the Capital Asset Pricing Model (CAPM), and the assumed long-term capital structure and tax rate (which is currently ~10 percent). Assumptions regarding profit margins in both business segments are based on the estimated development in the particular product segments in respect of sales mix and operating margin trend, with current market prices and costs plus real development and cost inflation as the point of departure.

Growth assumptions

The growth assumptions in the forecast period comply with the Group's target of growing in line with the market organically. The market is defined as the online market in the Nordic region for furniture and home and garden products which, according to available market data, is expected to grow by 15 percent annually over the coming five years. Expected sustainable future cash flow for the period beyond the planning horizon for the strategy plan is extrapolated from the final year of the strategy plan up to an including year ten with sustainable growth of 2.5 percent (which is established on the basis of assumed nominal GDP growth in the relevant markets). The value of cash flow for the time beyond ten years has been calculated using the Gordon Growth model.

Sensitivity

The impairment tests that have been conducted show that there is no need for impairment. The impairment tests generally have a margin that entails that any negative changes in individual parameters would reasonably not result in the recoverable amount declining to less than the carrying amount. However, forecast cash flows are uncertain and can also be affected by factors beyond the Company's control. Even if the estimated growth rate that was applied after the forecast five-year period had been 1.5 percent instead of management's assessment of 2.5 percent, no need for impairment of goodwill would have arisen. Even if the estimated operating margin that was applied for the forecast five-year period had been 2 percent lower, no need for impairment of goodwill would have arisen. Even if the estimated discount interest rate before tax that was applied for discounted cash flows had been 11.0 percent instead of management's assessment of 10.0 percent, no need for impairment of goodwill would have arisen. Management also assesses that no reasonable changes in other important assumptions would result in the recoverable amount declining to less than the carrying amount.

Impairment testing for cash generating units containing brands

For information on the impairment testing of these cash generating units, refer to the above information on goodwill testing. In addition to being included in the cash generating units tested above, the brands have been tested individually, based on a royalty factor and forecasts of future net sales. The forecasts for the five-year period ahead, the long-term growth rate and the discount interest rate have been conducted in the same way and amount to the same total as that shown above.

Indefinite useful lives

The recognised brands have an indefinite useful life because they pertain to well-known market brands that the Group intends to retain and further develop and that thus may be expected to generate cash flows during an indefinite period ahead.

Note 14 Tangible fixed assets

	Group	
Equipment (SEK thousand)	**2017**	**2016**
Opening accumulated cost	**9,041**	**–**
Investments through acquisitions	21,979	8,629
Investments	3,284	543
Reclassifications	–8,853	–
Divestments	–1,013	–2
Translation difference	187	–129
Closing accumulated cost	**24,626**	**9,041**
Opening accumulated depreciation	**–4,885**	**–**
Depreciation through acquisitions	–15,250	–4,763
Depreciation for the year	–2,068	–211
Reclassifications	4,728	–
Divestments	920	2
Translation difference	–104	87
Closing accumulated depreciation	**–16,659**	**–4,885**
Carrying amount	**7,966**	**4,156**

	Group	
Buildings and land (SEK thousand)	**2017**	**2016**
Opening accumulated cost	**11,746**	**–**
Investments through acquisitions	–	12,180
Investments	–	0
Translation difference	328	–435
Closing accumulated cost	**12,074**	**11,746**
Opening accumulated depreciation	**–898**	**–**
Depreciation through acquisitions	–	–874
Depreciation for the year	–318	–54
Translation difference	–32	31
Closing accumulated depreciation	**–1,247**	**–898**
Carrying amount	**10,826**	**10,848**

	Group	
Leasehold improvements (SEK thousand)	**2017**	**2016**
Opening accumulated cost	**12,883**	**–**
Investments through acquisitions	720	10,865
Investments	4,332	2,095
Reclassifications	8,853	–
Divestments	–71	–
Translation difference	143	–77
Closing accumulated cost	**26,858**	**12,883**
Opening accumulated cost	**–4,121**	**–**
Investments through acquisitions	–	–3,733
Investments	–4,567	–418
Reclassifications	–4,728	–
Divestments	71	–
Translation difference	–56	31
Closing accumulated depreciation	**–13,400**	**–4,121**
Carrying amount	**13,459**	**8,762**

Note 15 Participations in group companies

Parent company	Corporate registration number	Registered office	No. of shares	Share capital (%)	Share of voting rights (%)	Carrying amount 31 December 2017	Carrying amount 31 December 2016
Bygghemma Second Holding AB	559077-0771	Stockholm	50,000	100.0	100.0	2,352,073	1,725,450
						2,352,073	**1,725,450**

Group	Corporate registration number	Registered office	No. of shares	Share capital (%)	Share of voting rights (%)
Bygghemma Second Holding AB	**559077-0771**	**Malmö**	**50,000**	**100.0**	**100.0**
Bygghemma Group Nordic AB	556800-9798	Malmö	6,295,794	100.0	100.0
Bygghemma Sverige AB	556689-4282	Oskarshamn	1,629	100.0	100.0
Bygghemma Butik i Sthlm AB	556822-1476	Enebyberg	1,000	100.0	100.0
Linoleumkompaniet AB	556599-6484	Stockholm	1,000	100.0	100.0
Bygghjemme Norge A/S	993,392,375	Nøtterøy	3,000	100.0	100.0
Byghjemme.dk ApS	34901783	Frederica	700,000	100.0	100.0
TM HBG ASIA LIMITED	2255795	Hong Kong	10,000	100.0	100.0
Camola ApS	32342396	Frederica	80,000	70.0	70.0
Stonefactory Scandinavia AB	556786-1454	Linköping	1,260	82.2	82.2
Vitvaruexperten.com Nordic AB	559010-7792	Sollentuna	111,800	51.0	51.0
Bygghemma Finland Holding AB	559023-3853	Malmö	476	100.0	100.0
Taloon Yhtiöt Oy	1870108-3	Riihimäki	1,000	100.0	100.0
M & M Visions Oy	1052664-7	Helsinki	150	100.0	100.0
Netrauta Finland Oy	2166342-8	Hämeenlinna	11,839	100.0	100.0
Handelmark OÜ	11607700	Tallinn	1	100.0	100.0
Arredo Holding AB	556872-6367	Malmö	1,000	100.0	100.0
Arredo AB	556245-2994	Malmö	3,333	100.0	100.0
Golvpoolen Helsingborg AB	556859-0458	Helsingborg	50,000	100.0	100.0
Lindströms Bad-, VVS- och Kakelvaruhus i Malmö AB	556652-2156	Malmö	1,000	100.0	100.0
Lindströms i Lomma VVS Varuhus AB	556545-7149	Lomma	1,000	100.0	100.0
Gulv og Fliseeksperten ApS	38113844	Copenhagen	50,000	100.0	100.0
Frej Jonsson & Co AB	559125-5848	Gothenburg	500	100.0	100.0
Polarpumpen AB	556749-0262	Askim	1,000	51.0	51.0
Svensk Installationspartner AB	556842-1076	Askim	500	100.0	100.0
Pumplagret Sverige AB	556972-5400	Västra Frölunda	500	100.0	100.0
Inredhemma Sverige AB	556913-0403	Oskarshamn	500	100.0	100.0
FB Internet AB	556890-4808	Stockholm	10,000	100.0	100.0
WeGot AB	556692-6852	Malmö	1,000	100.0	100.0
TM Helsingborg AB	556780-9685	Helsingborg	1,000	100.0	100.0
TM Finland Oy	2662443-6	Helsinki	1,000	100.0	100.0
Inredhemma Danmark ApS	38575945	Copenhagen	10,879,500	89.2	89.2
My Home 2 A/S	30601319	Birkeød	500	100.0	100.0
My Home 3 A/S	30739043	Fårup	500	100.0	100.0
My Home 4 A/S	30736443	Randers	500	100.0	100.0
My Home 7 A/S	30526953	Randers	500	100.0	100.0
My Home 8 A/S	31427800	Fårup	500	100.0	100.0
Domino Møbler ApS	19176398	Fårup	315,000	100.0	100.0

Note 16 Inventories

The Group's costs of goods sold include impairment losses on inventories of SEK -5.1 million (-1.7).

Note 17 Accounts receivable

Credit exposure

Accounts receivable were recognised after taking into account loan losses arising in the Group during the year of SEK 0.8 million (recovered: 0.6). The loan losses pertain to a number of minor accounts. See also Note 24.

	Group	
(SEK thousand)	**2017**	**2016**
Accounts receivable not past due and not impaired	42,868	17,865
Accounts receivable past due but not impaired	9,110	1,951
Accounts receivable impaired	5,715	3,068
Provision for doubtful accounts receivable	–5,856	–2,673
	51,836	**20,212**

The credit risk pertaining to accounts receivable that are not past due or impaired is not assessed to be material. No single customer in the Group accounts for more than 10 percent of the Group's accounts receivable. For additional information on credit risks, see Note 24.

The Company's accounts receivable are primarily denominated in SEK. The assessment is that the accounts receivable are not exposed to any material currency exposure.

Past due receivables not included in the provision for doubtful receivables	Group	
(SEK thousand)	**2017**	**2016**
<30 days	6,858	1,687
30 – 90 days	610	264
>90 days	1,642	–
	9,110	**1,951**

Provision for doubtful accounts receivable	Group	
(SEK thousand)	**2017**	**2016**
Carrying amount at the beginning of the period	**–2,673**	**–4,105**
Provisions made during the period	–2,804	–1,991
Unutilised amounts reversed during the period	326	2,788
Realised losses	–712	677
Translation difference	6	–42
Carrying amount at the end of the period	**–5,856**	**–2,673**

Note 18 Prepaid expenses and accrued income

	Group	
(SEK thousand)	**2017**	**2016**
Prepaid rents	19,572	9,441
Deferred insurance costs	249	685
Accrued supplier bonuses	50,124	31,267
Accrued income	6,764	1,053
Accrued interest income	–	–
Other	11,671	5,178
	88,379	**47,623**

Note 19 Equity

As of 31 December 2017, the share capital consisted of 2,370,993 shares (1,731,800). Each share has a quotient value of SEK 1.

	Ordinary shares		Preference shares	
Issued shares (SEK)	**2017**	**2016**	**2017**	**2016**
Issued shares at the beginning of the period	**406,960**	**–**	**1,324,840**	**–**
Cash issue	89,798	302,265	337,896	1,198,435
Non-cash issue	75,310	104,695	136,189	126,405
	572,068	**406,960**	**1,798,925**	**1,324,840**

Preference shares

The Company has issued Class A ordinary shares and preference shares in 11 classes: B01-B11. As of 31 December 2017, 1,798,925 preference shares (1,324,840) had been issued. Each preference share carries one vote. Preference shares have identical preferential rights to a dividend up to the maximum amount, which corresponds to 12 percent annual accumulative return. Upon liquidation, preference shares have corresponding preferential rights to allocated funds up to the same maximum amount. According to the Company's articles of association, all preference shares are subject to a conversion clause and a post-sale purchase clause.

The Company is of the opinion that preference shares should be classified as equity since, according to the terms and conditions, there is no legal obligation to pay a dividend for them or buy them back.

Other capital contributions

The premium reserve arises when shares are issued at a premium, meaning that the shares are paid for at a price that exceeds the quotient value.

Translation reserve

The translation reserve encompasses all exchange-rate differences that arise when translating income statements and balance sheets to SEK in the consolidated financial statements.

	Group	
(SEK thousand)	**2017**	**2016**
Translation reserve at the beginning of the period	–998	–
Translation difference during the year, net after tax	2,080	–998
Translation reserve at the end of the period	**1,082**	**–998**

Retained earnings

Retained earnings include previously earned profit.

Proposed dividend

The board will propose to the 2018 annual general meeting that no dividend be paid to the shareholders for the financial year that ended on 31 December 2017 and that the Company's retained earnings be carried forward into the accounts for 2018.

Note 20 Liabilities to credit institutions

	Group	
(SEK thousand)	**2017**	**2016**
Bank loans	934,174	641,929
Property mortgages	3,318	3,485
	937,492	**645,414**
Liabilities that fall due for payment later than 5 years after the balance-sheet date	–	–

During 2017, the Group raised new loans of SEK 401.3 million and repaid SEK 106.2 million.

Note 21 Other provisions

	Group	
(SEK thousand)	**2017**	**2016**
Other provisions		
Provisions for own pension obligations (endowment policy)	132	102
Provisions for guarantees	1,312	1,685
	1,444	**1,787**

	Group	
(SEK thousand)	**2017**	**2016**
Carrying amount at the beginning of the period	1,787	–
Provisions through acquisitions	–	2,357
Provisions made during the period	41	–569
Amounts utilised during the period	–388	–
Translation difference	3	–
Carrying amount at the end of the period	**1,444**	**1,787**
Of which, total non-current portion of the provisions	788	945
Of which, total current portion of the provisions	656	842

Note 22 Accrued expenses and deferred income

	Group	
(SEK thousand)	**2017**	**2016**
Accrued personnel costs	56,934	32,285
Accrued marketing costs	6,457	4,907
Accrued freight costs	6,253	3,889
Accrued cost of materials	4,015	2,020
Accrued audit expenses	2,399	1,194
Accrued interest expenses	1,391	3,616
Accrued rental expenses	6,884	706
Provision for returns	3,385	3,024
Deferred income	915	12,600
Other	13,376	10,301
	102,009	**74,544**

Note 23 Pledged assets and contingent liabilities

	Group	
(SEK thousand)	**2017**	**2016**
Third-party guarantees	13,091	480
Shares in subsidiaries	2,364,446	1,699,115
Floating charges	22,300	12,300
	2,399,837	**1,711,895**

Note 24 Financial instruments and financial risk management

Capital management

The Group's objective is to have a good financial position that helps to uphold the confidence of investors, creditors and the market, and provides a basis for further business development at the same time as the long-term return generated for the shareholders is satisfactory.

Capital is defined as total equity.

	Group	
(SEK thousand)	**2017**	**2016**
Total equity	2,375,054	1,700,601

Bygghemma Group's financing agreements contain customary covenants, some of which were fulfilled at the end of the financial year.

Financial policy

Through its operations, Bygghemma Group is exposed to various types of financial risks: market risk, financing and liquidity risk, and credit risk. The Bygghemma Group's financial risk management is centralised to the parent company in order to achieve economies of scale and synergies as well as to minimise the management of risks. The parent company also functions as the Group's internal bank and is responsible for financing and the financial policy. This includes merging liquidity needs. The financial policy formulated by the board of directors includes overall risk management as well as specific areas, such as liquidity risk, currency exchange risk, exchange rate risk, credit risk, insurance risk, use of financial instruments and placement of excess liquidity.

Financing and liquidity risk

The Group's external financing mainly comprises a number of loans raised with the Group's banks – Nordea and Swedbank. These have an average maturity of 4.8 years.

The Group's ability to pay its debts, otherwise fulfil its obligations in accordance and compliance with the terms of the credit agreements, and to refinance its loans and make payments in accordance with other obligations depends on the Group's future earnings. Some aspects of the Group's future earnings depend on economic, financial and competitive factors as well as other factors beyond the Group's control. If the Group does not fulfil its obligations in accordance with the terms of the credit agreements, this could have a material negative impact on the Group's operations, financial position and earnings as well as the Group's ability to receive further financing should it be necessary.

Financing and liquidity risk is managed centrally by the parent company, which ensures that there is always sufficient cash and cash equivalents available for the group companies (the Group's liquidity reserve should never fall below 2 percent of the Group's rolling 12-month sales). The availability of cash and cash equivalents for the subsidiaries is partially secured through the use of a joint cash pool for all group companies. As of 31 December 2017, the Group had SEK 156.1 million (53.3) in liquidity and available loans of SEK 171.1 million.

Liquidity management is important for Bygghemma Group. Bygghemma Group monitors its liquidity on a daily basis and forecasts of cash assets are evaluated monthly. Bygghemma Group endeavours to optimise its access to funds by focusing on its operating activities and through active management of working capital as well as by ensuring that there are necessarily large lines of credit with the Group's banks. The aim of Bygghemma Group's financial policy is to secure sufficient liquid reserves at every given point in time in order to satisfy the group companies' operational and strategic financial needs.

Refinancing

On 22 December 2017, Bygghemma Group First entered into an agreement on new financing in the event of a public listing of the Company's shares on Nasdaq Stockholm. This agreement replaces existing financing agreements for the Group, in accordance with the following terms and conditions.

The bank loans have a term of five years and comprise a basic facility of SEK 500 million, an acquisition facility of SEK 300 million, a working capital facility of SEK 240 million and a letter of credit facility of SEK 60 million, amounting to total granted credit facilities of SEK 1,100 million.

All of the facilities have a term of five years and carry interest rate at a rate of IBOR + 1.30–2.40 percent, depending on the Group's debt/equity ratio. At a debt/equity ratio of >=3.00x, interest is payable at a rate of IBOR + 2.40 percent, while at a debt/equity ratio <=1.00x, interest is payable at a rate of IBOR +1.30 percent; between these amounts, the interest rate is adjusted depending on the debt/equity ratio at IBOR levels of 1.50, 1.75 and 2.00 percent.

The basic facility of SEK 500 million has a term of five years and then has to be repaid in full – what is known as a bullet loan. With respect to the acquisition facility, repayment of the principal starts after year three, while the working capital and letter of credit facilities are to be utilised as needed and, consequently, are not subject to any scheduled repayment.

Market risks – interest rate risk

Interest rate risk refers to the risk that financial income and expenses as well as the value of financial instruments could fluctuate due to changes in market rates. Interest rate risks could lead to changes in market values and cash flows as well as fluctuations in the Group's profit. The Group is exposed to interest rate risks, primarily through its non-current loans with variable interest rates. As of the balance-sheet date, all non-current liabilities carried variable interest.

According to the Group's financial policy, the board of directors must make decisions annually concerning the Group's structuring and distribution of interest-bearing assets and liabilities.

At year-end, the Group's interest-bearing liabilities were broken down as follows:

	Group	
(SEK thousand)	**2017**	**2016**
Bank loans	934,174	641,929
Property mortgages	3,318	3,485
Earn-outs/deferred earn-outs	249,576	96,667
	1,187,067	**742,081**

Note 24 Financial instruments and financial risk management, cont.

In 2017, a +/– 1-percent change in the variable interest rate on the Group's loans would have impacted consolidated net financial items in an amount of SEK 7.9 million.

Credit risk

Credit risk involves exposure to losses if a counterparty to a financial instrument is unable to fulfil its obligations. The exposure is based on the carrying amount of the financial assets, most of which consist of accounts receivable, cash and cash equivalents. The Group has established a credit policy for managing customer credits.

The credit risk associated with the Group's accounts receivable is spread over a large number of customers, mainly private individuals. Accounts receivable are sold to factoring companies and the absolute majority of the accounts receivable are sold with a full transition of credit risk to the counterparty. Factoring is used to reduce the credit risk associated with accounts receivable and to release cash and cash equivalents. The sum of accounts receivable for which the credit risk is not transferred to a factoring company does not amount to a significant amount. For additional information on accounts receivable, see Note 17.

According to the Group's credit policy, factoring companies are to be used to minimise bad debts and improve the Group's cash flow.

Market risk – currency exchange risk

The Group's currency exchange risk comprises transaction exposure and translation exposure.

Transaction exposure

Transaction exposure is the risk associated with the Group's earnings and cash flows and arises when the value of receipts and disbursements in foreign currencies changes because of fluctuations in exchange rates. Transactions are not currency hedged.

The net flow in foreign currency, defined as sales less purchases per currency, is shown below:

	Group	
(SEK thousand)	**2017**	**2016**
DKK	96,413	6,342
EUR	–285,736	–187,185
NOK	145,162	50,275
USD	–227,931	–73,559

Exposure to foreign currencies entails that the Group is subject to currency exchange risk. For 2017 and assuming all other variables remain unchanged, an exchange rate fluctuation of 10 percent for the various currencies would affect pre-tax profit by the following amounts:

	Group	
Sensitivity analysis (SEK million)	**2017**	**2016**
DKK	+/– 9.6	+/– 0.6
EUR	+/– 28.6	+/– 18.7
NOK	+/– 14.5	+/– 5.0
USD	+/– 22.8	+/– 7.4

Translation exposure

Translation exposure is the risk that arises from the translation of net assets in foreign subsidiaries to the reporting currency (SEK). Foreign subsidiaries have operations in Denmark (DKK), Norway (NOK) and Finland (EUR). The Group is affected by translation of the income statements and balance sheets of foreign subsidiaries into SEK. Such translation exposure is not currency hedged. Because the exchange rate for foreign currencies fluctuates in relation to SEK, there is a risk that future changes in exchange rates could materially and adversely impact the Group's operations, outlook, earnings and financial position. According to the Group's financial policy, the Group must work actively to match receipts and disbursements in foreign currency, and measure and follow up the currency exposure of the various subsidiaries.

Foreign net assets, including goodwill and other intangible fixed assets arising from acquisitions, are broken down as follows:

	Group			
(SEK thousand)	**2017**	**%**	**2016**	**%**
DKK	199,537	47.2	–599	–0.4
EUR	214,695	50.7	158,229	99.2
NOK	8,843	2.1	1,829	1.1
	423,075	**100.0**	**159,459**	**100.0**

For 2017 and assuming all other variables remain unchanged, an exchange rate fluctuation of 10 percent for the various currencies would affect pre-tax profit by the following amounts:

	Group	
Sensitivity analysis (SEK million)	**2017**	**2016**
DKK	+/– 20.0	+/– 0.1
EUR	+/– 21.5	+/– 15.8
NOK	+/– 0.9	+/– 0.2

Note 24 Financial instruments and financial risk management, cont.

Categorisation of financial instruments

Contingent and deferred earn-outs belong to Level 3 of the valuation hierarchy. Apart from earn-outs, the carrying amounts correspond to the fair value for all financial instruments recognised in the statement of financial position.

	Carrying amount					Fair value		
2017 (SEK thousand)	**Loans and receivables**	**Available-for-sale financial assets**	**Liabilities recognised at fair value**	**Other liabilities**	**Total**	**Level 1**	**Level 3**	**Total**
Financial assets measured at fair value								
Participations in unlisted companies		967			967	967		967
Financial assets not measured at fair value								
Deposits	3,513				3,513	3,513		3,513
Accounts receivable	51,836				51,836	51,836		51,836
Other receivables	38,754				38,754	38,754		38,754
Receivables from group companies	–				–	–		–
Accrued income	6,764				6,764	6,764		6,764
Cash and cash equivalents	156,073				156,073	156,073		156,073
Total financial assets	**256,940**	**967**	**–**	**–**	**257,906**	**257,906**	**–**	**257,906**
Financial liabilities measured at fair value								
Earn-outs			249,576		249,576		249,576	249,576
Financial assets not measured at fair value								
Lines of credit				937,492	937,492	937,492		937,492
Liabilities to group companies				–	–	–		–
Accounts payable				370,097	370,097	370,097		370,097
Other liabilities				8,181	8,181	8,181		8,181
Accrued expenses				40,774	40,774	40,774		40,774
Total financial liabilities	**–**	**–**	**249,576**	**1,356,544**	**1,606,119**	**1,356,544**	**249,576**	**1,606,119**

In the statement of financial position, deposits and participations in unlisted companies are recognised under other financial assets and earn-outs are recognised under other non-current liabilities.

Measurement of fair value

Participations in unlisted companies

Participations in unlisted companies pertain to membership of purchasing organisations. It is estimated that amortised cost reflects the fair value, since these are not transferable in the open market.

Earn-outs

The fair value of contingent and deferred earn-outs is calculated by discounting future cash flows with a risk-adjusted discount interest rate. Expected cash flows are forecast using probable scenarios for future EBITDA levels, amounts that will result from various outcomes and the probability of those outcomes.

Accounts receivable and payable

For accounts receivable and payable with a remaining life of less than six months, the carrying amount is deemed to reflect the fair value. The Group has no accounts receivable or payable with a life exceeding six months.

Note 24 Financial instruments and financial risk management, cont.

	Carrying amount					Fair value		
2016 (SEK thousand)	**Loans and receivables**	**Available-for-sale financial assets**	**Liabilities recognised at fair value**	**Other liabilities**	**Total**	**Level 1**	**Level 3**	**Total**
Financial assets measured at fair value								
Participations in unlisted companies		990			990	990		990
Financial assets not measured at fair value								
Deposits	225				225	225		225
Accounts receivable	20,212				20,212	20,212		20,212
Other receivables	18,832				18,832	18,832		18,832
Accrued income	1,053				1,053	1,053		1,053
Cash and cash equivalents	53,300				53,300	53,300		53,300
Total financial assets	**93,622**	**990**	**–**	**–**	**94,613**	**94,613**	**–**	**94,613**
Financial liabilities measured at fair value								
Earn-outs			96,667		96,667		96,667	96,667
Financial assets not measured at fair value								
Lines of credit				645,414	645,414	645,414		645,414
Liabilities to group companies				–	–	–		–
Accounts payable				216,467	216,467	216,467		216,467
Other liabilities				3,131	3,131	3,131		3,131
Accrued expenses				26,634	26,634	26,634		26,634
Total financial liabilities	**–**	**–**	**96,667**	**891,647**	**988,314**	**891,647**	**96,667**	**988,314**

	Group	
Earn-outs	**2017**	**2016**
Carrying amount at the beginning of the period	**96,667**	**–**
Provisions through acquisitions	–	80,823
Provisions during the period	188,863	21,431
Payments	–41,080	–5,000
Unutilised amounts reversed during the period	–	–
Fair value changes	2,762	712
Currency adjustment	381	–491
Translation difference	1,983	–808
Carrying amount at the end of the period	**249,576**	**96,667**

	2017				
Due date structure, financial liabilities – undiscounted cash flows	**Total**	**0–3 months**	**3 months–1 year**	**1–5 years**	**>5 years**
Earn-outs	249,576	11,695	25,222	212,659	–
Lines of credit	1,090,911	9,292	71,089	1,010,530	–
Accounts payable	370,097	370,097	–	–	–
Other liabilities	8,181	8,181	–	–	–
Accrued expenses	40,774	40,774	–	–	–
	1,759,539	**440,039**	**96,310**	**1,223,189**	**–**

	2016				
Due date structure, financial liabilities – undiscounted cash flows	**Total**	**0–3 months**	**3 months–1 year**	**1–5 years**	**>5 years**
Earn-outs	96,667	–	37,556	59,110	–
Lines of credit	789,722	6,574	53,888	215,333	513,926
Accounts payable	216,467	216,467	–	–	–
Other liabilities	3,131	3,131	–	–	–
Accrued expenses	26,634	26,634	–	–	–
	1,132,621	**252,807**	**91,444**	**274,444**	**513,926**

Note 25 Operating leases

The Group rents essentially all of its office and warehouse premises under operating leases. The parent company rents essentially all of its office premises under operating leases.

	Group	
(SEK thousand)	**2017**	**2016**
Within one year	–126,007	–59,656
Between one and five years	–304,967	–111,239
Longer than five years	–27,047	–3,116
Total leasing – and other obligations	**–458,021**	**–174,011**
Leasing costs during the year	–120,095	–61,575

Note 26 Supplementary disclosures for the statement of cash flows

Profit/loss items during the year that do not generate cash flow from operating activities:

	Group	
(SEK thousand)	**2017**	**2016**
Depreciation/amortisation, impairment and scrapping of non-current assets	54,727	7,419
Capital gain on divestment of non-current assets	–35	–1,229
Change in other provisions	4,454	1,061
Group contributions received	–	–
Unrealised exchange-rate differences	3,693	2,238
Accrued interest expenses and income	–5,526	3,450
	57,313	**12,940**
Other supplementary disclosures		
Interest received during the financial year	1,867	4
Interest paid during the financial year	–40,425	–78
	–38,559	**–74**

Note 27 Reconciliation of net debt/cash

			Changes in non-cash items			
2017 (SEK thousand)	**Opening balance**	**Cash flow**	**Acquisition**	**Exchange-rate differences**	**Accruals**	**Closing balance**
Liabilities						
Lines of credit	661,500	295,350	–	–	–	956,850
Property mortgages	3,485	–259	–	92	–	3,318
Transaction fees	–19,571	–	–	–	–3,105	–22,676
Total liabilities	**645,414**	**295,091**	**–**	**92**	**–3,105**	**937,491**
Cash and cash equivalents						
Cash and bank	–53,300	–70,820	–30,910	–1,043	–	–156,073
Total cash and cash equivalents	**–53,300**	**–70,820**	**–30,910**	**–1,043**	**–**	**–156,073**
Net debt/cash	**592,114**	**224,271**	**–30,910**	**–952**	**–3,105**	**781,418**

			Changes in non-cash items			
2016 (SEK thousand)	**Opening balance**	**Cash flow**	**Acquisition**	**Exchange-rate differences**	**Accruals**	**Closing balance**
Liabilities						
Lines of credit	–	579,000	82,500	–	–	661,500
Property mortgages	–	–52	3,644	–106	–	3,485
Transaction fees	–	–19,571	–	–	–	–19,571
Total liabilities	**–**	**559,377**	**86,144**	**–106**	**–**	**645,414**
Cash and cash equivalents						
Cash and bank	–	–21,521	–31,372	–407	–	–53,300
Total cash and cash equivalents	**–**	**–21,521**	**–31,372**	**–407**	**–**	**–53,300**
Net debt/cash	**–**	**537,856**	**54,771**	**–514**	**–**	**592,114**

Note 28 Transactions with related parties

Transactions between Bygghemma Group First AB and its subsidiaries, which are related to Bygghemma Group First AB, have been eliminated in the consolidated financial statements.

All transactions between related parties have been made on market conditions and terms and on arm's length.

Transactions with the owners

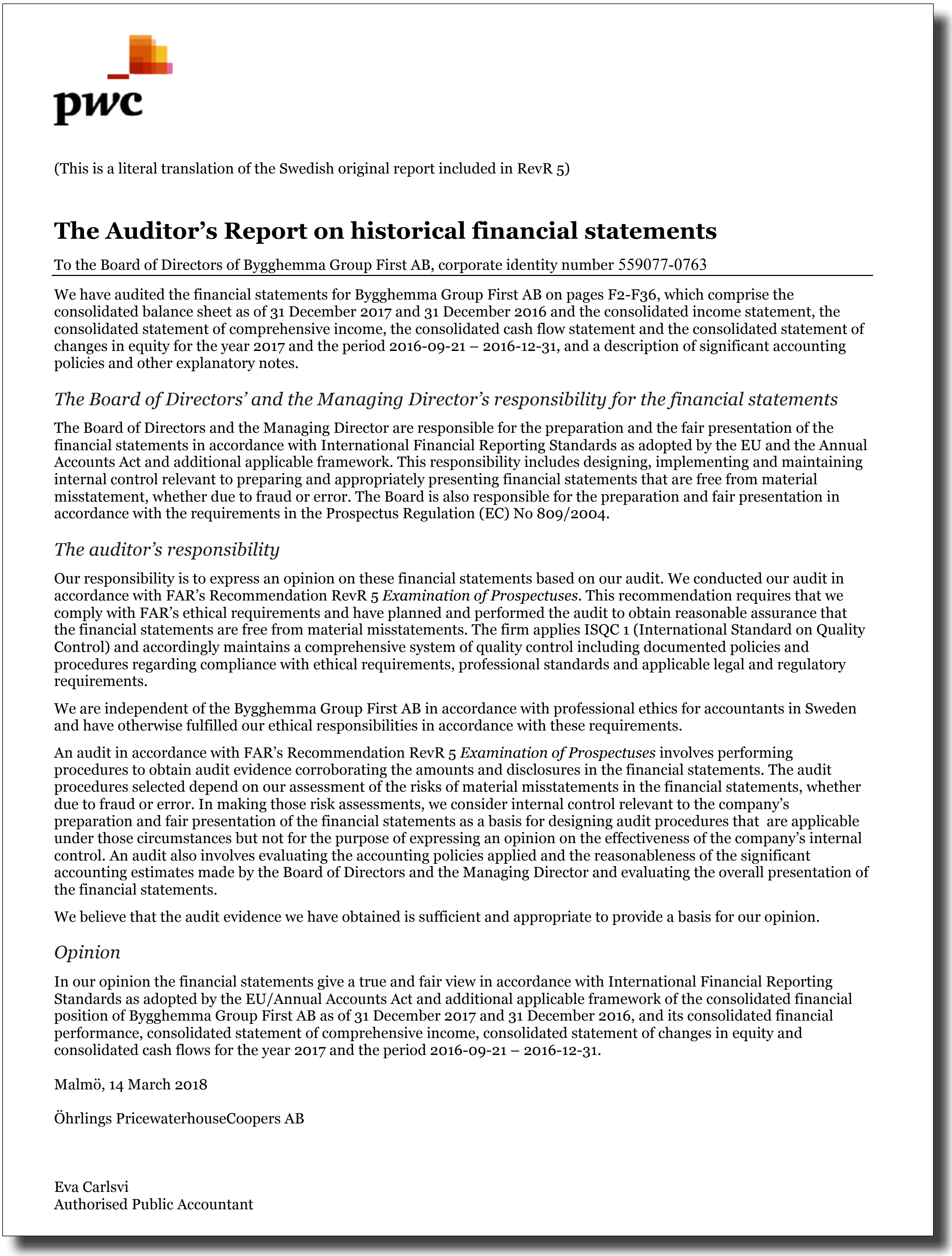
Bygghemma Group First AB is owned by FSN Capital GP IV Ltd. (30.2 percent), FSN Capital GP V Ltd. (28.6 percent) and FSN Capital Growth GP Limited (19.1 percent). The remaining 22.1 percent is owned by board members and senior executives.

During the year, Bygghemma Group First AB made a number of new share issues, which contributed total equity of SEK 643.6 million.

Transactions with board members and senior executives

There were no transactions with senior executives, apart from those recognised above and in Note 7.

The auditors' report on historical financial statements



(This is a literal translation of the Swedish original report included in RevR 5)

The Auditor's Report on historical financial statements

To the Board of Directors of Bygghemma Group First AB, corporate identity number 559077-0763

We have audited the financial statements for Bygghemma Group First AB on pages F2-F36, which comprise the consolidated balance sheet as of 31 December 2017 and 31 December 2016 and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the year 2017 and the period 2016-09-21 – 2016-12-31, and a description of significant accounting policies and other explanatory notes.

The Board of Directors' and the Managing Director's responsibility for the financial statements

The Board of Directors and the Managing Director are responsible for the preparation and the fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the EU and the Annual Accounts Act and additional applicable framework. This responsibility includes designing, implementing and maintaining internal control relevant to preparing and appropriately presenting financial statements that are free from material misstatement, whether due to fraud or error. The Board is also responsible for the preparation and fair presentation in accordance with the requirements in the Prospectus Regulation (EC) No 809/2004.

The auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with FAR's Recommendation RevR 5 *Examination of Prospectuses*. This recommendation requires that we comply with FAR's ethical requirements and have planned and performed the audit to obtain reasonable assurance that the financial statements are free from material misstatements. The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We are independent of the Bygghemma Group First AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

An audit in accordance with FAR's Recommendation RevR 5 *Examination of Prospectuses* involves performing procedures to obtain audit evidence corroborating the amounts and disclosures in the financial statements. The audit procedures selected depend on our assessment of the risks of material misstatements in the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the company's preparation and fair presentation of the financial statements as a basis for designing audit procedures that are applicable under those circumstances but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also involves evaluating the accounting policies applied and the reasonableness of the significant accounting estimates made by the Board of Directors and the Managing Director and evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion the financial statements give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU/Annual Accounts Act and additional applicable framework of the consolidated financial position of Bygghemma Group First AB as of 31 December 2017 and 31 December 2016, and its consolidated financial performance, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flows for the year 2017 and the period 2016-09-21 – 2016-12-31.

Malmö, 14 March 2018

Öhrlings PricewaterhouseCoopers AB

Eva Carlsvi
Authorised Public Accountant

Historical financial information for Bygghemma Group Nordic AB for the period 1 January – 31 December 2016 and 2015

Income statement

THE GROUP (SEK thousand)	Note	16-01-01 16-12-31	15-01-01 15-12-31
Total net sales			
Net sales	4	2,602,312	1,895,101
Other operating income	9	1,248	–
		2,603,561	**1,895,101**
Operating costs			
Cost of goods sold		–2,093,378	–1,528,769
Personnel costs	7, 8	–190,454	–145,817
Other external costs	5, 6, 25	–222,619	–160,958
Other operating costs	9	–1,739	–1,735
Depreciation and amortisation of tangible and intangible assets	12, 13	–17,732	–12,673
		–2,525,922	**–1,849,953**
Operating income		**77,639**	**45,148**
Financial items			
Financial income	10	915	2,666
Financial expenses	10, 20	–5,081	–9,688
		–4,166	**–7,022**
Profit before tax		**73,473**	**38,126**
Tax			
Income tax	11	–16,459	–10,147
NET INCOME FOR THE YEAR		**57,014**	**27,979**
Attributable to:			
Parent company shareholders		56,698	27,495
Non-controlling interests		315	484
NET INCOME FOR THE YEAR		**57,014**	**27,979**

Statement of comprehensive income

THE GROUP (SEK thousand)	Not	16-01-01 16-12-31	15-01-01 15-12-31
Net income for the year		57,014	27,979
Other comprehensive income for the year			
Items that have been reclassified or may be reclassified to the income statement			
Translation differences for the year		10,700	–5,770
		10,700	**–5,770**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**67,713**	**22,209**
Attributable to:			
Parent company shareholders		67,037	21,610
Non-controlling interests		677	599
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**67,713**	**22,209**

Statement of financial position

THE GROUP (SEK thousand)	Note	2016-12-31	2015-12-31
ASSETS			
Non-current assets			
Total intangible fixed assets	12		
Development costs		30,086	25,741
Brands		158,064	99,476
Customer relations		40,330	23,911
Goodwill		346,118	255,326
Other intangible assets		400	1,500
		574,998	**405,954**
Total tangible fixed assets			
Equipment	13	4,156	3,058
Buildings and land		10,848	–
Leasehold improvements		8,762	6,716
		23,766	**9,774**
Financial fixed assets			
Other financial fixed assets		1,216	1,770
Deferred tax assets	11	4,268	4,561
		5,484	**6,331**
Total non-current assets		**599,979**	**417,498**
Deferred tax assets	11	4,268	4,561
Current assets			
Inventory	15		
Finished goods and goods for resale		137,385	89,489
Advance payments to suppliers		–	8
		137,385	**89,497**
Short-term investments			
Accounts receivables	16	20,212	19,962
Other receivables, non-interest bearing		19,481	12,225
Receivables, Group companies, non interest-bearing		227	–
Pre-paid expenses and accrued income	17	47,607	31,869
		87,526	**64,056**
Cash and cash equivalents			
Cash and cash equivalents	23	51,321	55,284
		51,321	**55,284**
Total current assets		**276,232**	**208,837**
TOTAL ASSETS		**880,479**	**630,896**

Statement of financial position

THE GROUP (SEK thousand)	Note	2016-12-31	2015-12-31
EQUITY AND LIABILITIES			
Equity			
Equity attributable to parent company shareholders	18		
Share capital		6,296	6,296
Other capital contributions		145,259	145,259
Reserves		12,321	1,982
Retained earnings		56,820	–2,425
		220,696	**151,112**
Non-controlling interests		8,852	10,836
Non-controlling interests		**8,852**	**10,836**
Total equity		**229,548**	**161,948**
Non-current liabilities	23		
Interest bearing			
Non-current interest bearing liabilities to group companies		156,724	–
Other non-current liabilities	23	59,110	42,390
		215,835	**42,390**
Non interest bearing			
Deferred tax liabilities	11	48,998	27,981
Other provisions	20	1,787	1,518
		266,620	**71,889**
Total non-current liabilities		**599,979**	**417,498**
Current liabilities			
Interest bearing	23		
Short-term interest bearing loans to credit institutions	19	3,485	109,563
Other current liabilities	23	37,556	35,765
		41,041	**145,329**
Non interest bearing			
Advance payments from customers		22,732	15,043
Liabilities, Group companies		–	300
Accounts payable		216,452	162,364
Current tax liabilities		13,238	5,940
Other liabilities		19,940	22,681
Accrued expenses and prepaid income	21	70,908	45,404
		343,270	**251,731**
Total current liabilities		**384,311**	**397,060**
TOTAL EQUITY AND LIABILITIES		**880,479**	**630,897**

For information attributable to pledged assets and contingent liabilities, see note 24.

Statement of changes in shareholder's equity

	Equity attributable to parent company's shareholders						
THE GROUP (SEK thousand)	**Share capital**	**Other Contributed capital**	**Translation reserve**	**Retained earnings including net income for the year**	**Total**	**Non-controlling interest**	**Total equity**
Equity, opening balance January 1, 2015	**6,296**	**145,259**	**7,868**	**–32,208**	**127,215**	**2,686**	**129,901**
Total comprehensive income for the year							
Net income for the year				27,495	27,495	484	27,979
Other comprehensive income for the year			–5,885		–5,885	116	–5,770
Other intangible fixed assets							
	6,296	**145,259**	**1,983**	**–4,712**	**148,825**	**3,285**	**152,110**
Transactions with owners							
Contribution from and transfer of value to the Group's owners							
Warrants				1,919	1,919		1,919
Change in ownership interest in subsidiaries							
Divestment to non-controlling interest				367	367	7,551	7,918
	–	**–**	**–**	**2,286**	**2,286**	**7,551**	**9,837**
Equity, closing balance December 31, 2015	**6,296**	**145,259**	**1,983**	**–2,426**	**151,111**	**10,836**	**161,948**
Total comprehensive income for the year							
Net income for the year				56,698	56,698	315	57,014
Other comprehensive income for the year			10,338		10,338	361	10,700
	6,296	**145,259**	**12,321**	**54,272**	**218,148**	**11,513**	**229,661**
Transactions with owners							
Contribution from and transfer of value to the Group's owners							
Warrants				–114	–114		–114
Change in ownership interest in subsidiaries							
Acquisition from non-controlling interest				2,661	2,661	–2,661	–
	–	**–**	**–**	**2,548**	**2,548**	**–2,661**	**–114**
Equity, closing balance December 31, 2016	**6,296**	**145,259**	**12,321**	**56,820**	**220,696**	**8,852**	**229,548**

Statement of cash flows

THE GROUP (SEK thousand)	**Note**	**2016-01-01 2016-12-31**	**2015-01-01 2015-12-31**
Operating activities			
Profit before tax		73,473	38,126
Adjustments for items not included in cash flow	25	20,531	16,613
Paid income tax		–4,844	–1,812
		89,160	**52,927**
Cash flow from change in working capital			
Increase (-)/decrease (+) in inventory		–34,871	–33,625
Increase (-)/decrease (+) in other current receivables		–8,606	–15,145
Increase (-)/decrease (+) accounts payable		39,249	65,233
Increase (-)/decrease (+) in other current liabilities		26,680	34,834
		22,453	**51,297**
Cash flow from operating activities, net		**111,613**	**104,224**
Investing activities			
Investments in operations		–144,768	–90,006
Divestment of operations		–	7,918
Investments in tangible fixed assets		–6,095	–6,508
Divestment of tangible fixed assets		67	–
Investments in intangible fixed assets		–12,952	–39,338
Divestment of intangible fixed assets		39	–
Investments in financial fixed assets		–459	–
Divestment of financial fixed assets		1,621	–
Cash flow from/to investing activities		**–162,546**	**–127,934**
Financing activities			
Received dividend		51	–
Warrants issue		–	1,919
Repaid warrants		–114	
New loans		190,248	112,063
Amortisation of bank debt		–143,494	–85,581
Cash flow from/to financing activities		**46,692**	**28,401**
Change in cash and cash equivalents		**–4,242**	**4,691**
Cash and cash equivalents at start of year		**55,283**	**50,669**
Exchange rate differences in cash and cash equivalents		279	–77
Cash and cash equivalents at end of year	26	**51,321**	**55,283**

Supplementary disclosures

Note 1 General information

Bygghemma Group Nordic AB is registered in Malmö, Sweden. The Company's address is Hans Michelsensgatan 9, SE-211 20 Malmö, Sweden. The consolidated income statement and balance sheet at 31 December 2016 include the parent company and its subsidiaries.

Bygghemma Second Holding AB (559077-0771) owns 100 percent of Bygghemma Group Nordic AB. Bygghemma Second Holding AB is also included in the first-tier group Bygghemma First Holding AB (559077-0763), registered in Stockholm.

Unless otherwise is stated, all amounts herein are presented in thousands of SEK.

Note 2 Accounting and measurement policies

Compliance with standards and legislation

The consolidated financial statements have been prepared in compliance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as well as the interpretations of the International Financial Reporting Interpretations Committee IFRIC) as adopted by the EU. Similarly, the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups has been applied when preparing the consolidated financial statements.

The parent company applies the same accounting policies as the Group except in the cases specified below under the section "*Parent company accounting policies*".

The parent company's functional currency is Swedish kronor (SEK), which also constitutes the reporting currency for the parent company and the Group. This means that the financial statements are presented in SEK. All amounts, unless otherwise stated, are rounded to the nearest thousand.

The accounting policies stated below have been applied consistently to all periods presented in the consolidated financial statements.

Disclosures concerning IFRS and interpretations that became effective in 2016

The IFRS that became effective in 2016 have had no significant impact on the consolidated financial statements.

New IFRS that have not yet been applied

IFRS 9 Financial Instruments addresses the classification, measurement and recognition of financial assets and liabilities. This replaces the parts of IAS 39 that govern the classification and measurement of financial instruments. IFRS 9 retains a mixed measurement approach but simplifies this approach in certain respects. There will be three measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. How an instrument is to be classified depends on the Company's business model and the characteristics of the instrument. Investments in equity instruments are to be recognised at fair value through profit or loss but there is also a possibility to initially recognise the instrument at fair value through other comprehensive income. In such a case, no reclassifications to profit or loss will occur when the instrument is divested. The classification and measurement of financial liabilities is not changed apart from cases when a debt is recognised at fair value through profit or loss based on the fair value alternative. The standard is to be applied to financial years beginning on or after 1 January 2018. Early adoption is permitted. The Group has initiated work to analyse the effects of IFRS 9. The impact on the financial statements in connection with the date of transition on 1 January 2018 is not expected to be material.

IFRS 15 Revenue from Contracts with Customers governs the manner in which revenue is to be recognised. IFRS 15 is based on principles aimed at providing the users of financial statements with more relevant disclosures about the Company's revenue. The expanded disclosure requirements mean that information must be provided about the nature, timing and uncertainty of revenue and cash flows arising from the Company's contracts with customers. Under IFRS 15, revenue is to be recognised when customers gain control of the sold product or service and are able to use or receive benefits from the product or service. IFRS 15 replaces IAS 18 Revenue and IAS 11 Construction Contracts, and the associated SIC and IFRIC. IFRS 15 enters force on 1 January 2018. Advance application is permissible. The Group has initiated analyses to determine the impact in connection with the introduction of IFRS 15. The Group anticipates that application of IFRS 15 will not have any material impact on the financial statements in connection with the date of transition. A decision concerning whether the transition to IFRS 15 will take place on 1 January 2017 or 1 January 2018 has yet to be taken by the Group.

IFRS 16 Leases. In January 2016, the IASB published a new leasing standard that will replace IAS 17 Leasing contracts as well as accompanying interpretations IFRIC 4, SIC-15 and SIC-27. The standard requires that, with a few exceptions, assets and liabilities attributable to all leasing contracts be recognised in the balance sheet. This report is based on the view that the lessee is entitled to use an asset for a specific period of time while also having an obligation to pay for this entitlement. The report by the lessor will be largely unchanged. The standard applies to financial years beginning on or after 1 January 2019. Advance application is permissible. The EU has not yet adopted the standard. The Group has not yet evaluated the impact of IFRS 16. For information on the Group's leases and future minimum lease payments, refer to Note 24.

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

Measurement basis applied to the preparation of the financial statements

Assets and liabilities are recognised at historical cost, except for financial assets and liabilities, which are recognised at amortised cost.

Classification

Non-current assets and non-current liabilities consist, in all material respects, of amounts expected to be recovered or paid within 12 months from the balance-sheet date. Current assets and current liabilities essentially comprise amounts expected to be recovered or paid within 12 months from the balance-sheet date.

Operating segment reporting

An operating segment is a part of the Group that conducts operations that can generate revenue and incur costs, and for which independent financial information is available. The earnings of an operating segment are also monitored by the Company's chief operating decision-maker to enable them to be assessed and to allow resources to be allocated to the operating segment. The Group's operations are divided into two operating segments:

DIY is a provider of home and garden products and consists of the webstores (www.)bygghemma.se, (www.) netrauta.fi,
(www.)taloon.com, (www.)frishop.dk, (www.)badshop.se, (www.)talotavirke.com, (www.)bygghjemme.no, (www.) golvshop.se, (www.)byghjemme.dk, (www.)fyndmax.se and (www.)byggshop.se and (www.)stonefactory.se as well as nine physical stores in Sweden, Finland, Norway and Denmark.

Home Furnishing is a provider of furniture and home furnishings and consists of the webstores (www.)trademax.se, (www.)trademax.no, (www.)trademax.fi, (www.)trademax.dk, (www.)chilli.se, (www.)chilli.no and (www.)kodin1.fi as well as 18 physical stores in Sweden, Finland, Norway and Denmark.

Consolidation policies and business combinations

Subsidiaries

Subsidiaries are companies that are under Bygghemma Group Nordic AB's controlling influence. Controlling influence entails a direct or indirect right to shape a company's financial and operational strategies in order to obtain financial benefits. To assess whether a controlling influence exists, potential voting shares that can be immediately utilised or converted are taken into account.

Acquisitions

Subsidiaries are recognised in accordance with the purchase method of accounting. When applying the method, an acquisition of a subsidiary is viewed as a transaction in which the Group indirectly acquires the subsidiary's assets and assumes its liabilities. The acquisition analysis determines the fair value, on the date of acquisition, of the identifiable assets, assumed debts and any non-controlling interests. Transaction fees that arise, except for transaction fees attributable to issues of equity instruments or debt instruments, are recognised directly in profit or loss.

In business combinations where the transferred remuneration, any non-controlling interests and the fair value of previously held participations (step acquisitions) exceed the fair value of the acquired assets and assumed liabilities that are to be recognised separately, the difference is recognised as goodwill. If the difference is negative, known as a bargain acquisition, it is recognised directly in profit or loss.

When an acquisition does not involve 100 percent of the subsidiary, a non-controlling interest arises. There are two alternative methods for recognising non-controlling interests. These two alternatives are recognising the non-controlling interest's proportionate share of net assets or recognising the non-controlling interest at fair value, which means that the non-controlling interest has a share of goodwill. Which of these two alternatives is to be applied for the recognition of non-controlling interests can be determined on a case-by-case basis.

For step acquisitions, the goodwill is established at the same time as the controlling interest arises. Previous holdings are measured at fair value and the change in value is recognised in profit or loss.

For divestments that lead to a loss of controlling influence but where a holding remains, the holding is measured at fair value and the change in value is recognised in profit or loss.

Acquisitions of non-controlling interests

Acquisitions of holdings without controlling interest are recognised as a transaction of equity, meaning between the owner of the parent company (within retained earnings) and the non-controlling interest. This is the reason why goodwill does not arise in these transactions. The change in non-controlling interests is based on their proportionate share of net assets.

Transactions eliminated on consolidation

Intra-group receivables and liabilities, income or expenses, and unrealised gains or losses arising in intra-group transactions between group companies are eliminated in their entirety when preparing the consolidated financial statements.

Foreign currency

Transactions in foreign currency

Transactions in foreign currency are translated to the functional currency using the exchange rate prevailing on the transaction date. The functional currency is the currency of the primary economic environments in which the companies conduct their operations. Monetary assets and liabilities in foreign currency are translated to the functional currency at the exchange rate prevailing on the balance-sheet date. Exchange-rate differences that arise during translation are recognised in profit or loss.

Financial statements for foreign operations

Assets and liabilities in foreign entities, including goodwill and other consolidated surplus values and deficits, are translated from the foreign entity's functional currency to the Group's reporting currency, SEK, at the exchange rate prevailing on the balance-sheet date. Revenue and costs from a foreign operation are translated to SEK using an average exchange rate which is an approximation of the exchange rates prevailing at the various transaction dates. Exchange-rate differences arising from currency translation in foreign operations are recognised in other comprehensive income and accumulated in a separate component of equity, called the translation reserve. In the event of a foreign operation not being wholly owned, the translation difference is allocated to holdings without controlling interest based on the proportional ownership. When a foreign entity is divested, the accumulated translation differences attributable to the entity are realised, upon which they are reclassified from the translation reserve in equity to net income for the year. In the case of a divestment where the controlling interest remains, a proportional share of the accumulated translation difference is transferred from other comprehensive income to non-controlling interests.

Revenue

Sales of goods and performance of service assignments

Revenue from the sale of goods is recognised according to the terms and conditions of sale, meaning when the goods have been submitted to a third-party logistics company after deducting value added tax, discounts and returns. As the majority of total sales are made to consumers who, depending on the country, usually have a right of withdrawal when purchasing on distance, the deduction of returns is a relatively significant item. The Group's revenue shows seasonal variations. The second quarter and third quarter normally have the highest sales.

Revenue from sales of services is recognised when the service is delivered.

Gift cards

Income from the sale of gift cards is recognised as a liability and revenue is recognised when the gift card is exchanged for a product.

Leasing

Operating leases

Costs related to operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Benefits received in connection with the signing of a contract are recognised in profit or loss as a straight-line reduction in leasing fees over the course of the lease. Variable fees are expensed in the periods in which they arise. See also Note 24.

Financial income and expenses

Financial income comprises interest income on invested funds.

Financial expenses consist of interest expense on loans. Borrowing costs are recognised in profit or loss applying the effective interest method.

Exchange rate gains and losses are recognised on a net basis, in operating income for operational activities and on a financial basis for financial items.

Gains and losses arising from a change in the fair value of contingent earn-outs, and liabilities to non-controlling interests, are recognised among financial items.

The effective interest rate is the rate that discounts the estimated future receipts and disbursements during the financial instrument's expected term to the recognised net value of the financial receivable or liability. The calculation includes all fees paid or received by the contractual parties, transaction costs or other premiums or deficits.

Taxes

Income tax comprises current tax and deferred tax. Income tax is recognised in profit or loss, except when the underlying transaction is recognised in other comprehensive income or in equity, in which case the associated tax effect is also recognised in other comprehensive income or in equity.

Current tax is tax to be paid or refunded relating to the current year, with the application of the tax rates resolved or estimated as of the balance-sheet date. Current tax also includes adjustments of current tax attributable to earlier periods.

Deferred tax is calculated in accordance with the balance-sheet method, based on temporary differences between carrying amounts and tax bases of assets and liabilities. Temporary differences are not taken into account in consolidated goodwill; nor are they taken into account for differences arising on initial recognition of assets and liabilities that are not business combinations which, at the time of the transaction, do not affect recognised or taxable earnings.

Furthermore, temporary differences related to participations in subsidiaries that are not expected to be transferred within a foreseeable future are not taken into account. The valuation of deferred tax is based on how the underlying assets or liabilities are expected to be realised or settled. Deferred tax is calculated with the application of the tax rates and tax rules established or estimated on the balance-sheet date. Deferred tax assets pertaining to deductible temporary differences and loss carryforwards are recognised only to the extent that it is probable that it will be possible to utilise them. The value of the deferred tax assets is reduced when it is no longer considered likely that they can be utilised.

Potential additional income tax related to dividends is recognised at the same time as the dividend is recognised as a liability.

Financial instruments

Financial instruments recognised in the statement of financial position include cash and cash equivalents, loans and receivables on the asset side. Accounts payable and loan liabilities are included on the liability side.

Recognition in and derecognition from the statement of financial position

A financial asset or financial liability is recognised in the statement of financial position when the Company becomes party to this in accordance with the instrument's contractual conditions. A receivable is recognised when the Company has performed and the counterparty has a contractual obligation to pay, even if an invoice has not yet been sent. Accounts receivable are recognised in the statement of financial position when an invoice has been sent. A liability is recognised when the counterparty has performed and a contractual obligation for the Company to pay exists, even if an invoice has not yet been received. Accounts payable are recognised when an invoice has been received.

A financial asset is derecognised from the statement of financial position when the rights in the contract are realised, expire or the Company loses control of them. The same applies to components of a financial asset. A financial liability is derecognised from the statement of financial position when the obligation in the contract is met or extinguished in another manner. The same applies to components of a financial liability.

A financial asset and a financial liability are offset and recognised at a net amount in the statement of financial position only when a legal right exists to offset the amounts and the intention is present to settle the item in a net amount or simultaneously realise the asset and settle the liability.

Acquisitions and divestments of financial assets are recognised on the settlement day. The settlement day is the day on which an asset is delivered to or from the Company.

Classification and measurement

All financial instruments that are not derivatives are initially recognised at cost, corresponding to the fair value of the instrument plus transaction costs for all financial instruments, with the exception of those items classified as financial assets measured at fair value in profit or loss, which are measured at fair value excluding transaction costs. A financial instrument is classified on initial recognition based on, among other things, the purpose of acquiring the instrument. This classification determines how the financial instrument is measured after its initial recognition as described below.

Cash and cash equivalents comprise cash assets.

Loans and receivables

Loans and receivables are financial assets that are not derivative instruments, that have fixed or fixable payments and that are not traded on any active market. These assets are measured at amortised cost. Amortised cost is determined from the effective interest rate determined at the date of acquisition. Accounts receivable are recognised at the amount expected to be realised, meaning after deduction of bad debt.

Other financial liabilities

Loans and other financial liabilities, such as accounts payable, are included in this category. These liabilities are measured at amortised cost.

The categories to which the Group's financial assets and liabilities belong are presented in Note 23 Financial instruments and financial risk management. Recognition of financial income and expenses is also addressed under the policy for Financial income and expenses above.

Tangible fixed assets

Tangible fixed assets are recognised in the Group at cost less accumulated depreciation and any impairment. Cost includes the purchase price and costs directly attributable to transporting the asset to the correct site and preparing it for the manner intended by the acquisition. Borrowing costs directly related to the purchase, construction or production of assets that took a significant amount of time to finalise for the intended use or sale are included in cost.

The carrying amount of a tangible asset is derecognised from the statement of financial position when it is disposed or divested or when no future financial benefits are expected from the use or disposal/divestment of the asset.

Gains or losses arising from the divestment or disposal of an asset consist of the difference between the selling price and the asset's carrying amount less direct selling expenses. Gains and losses are recognised as other operating income/expenses.

Depreciation policies for tangible fixed assets

Depreciation is effected straight line over the estimated useful life of the asset. The depreciation methods, residual values and useful lives used are retested at the end of each year.

The estimated useful lives are:

Equipment	5 years
Buildings and land	20 years

Intangible fixed assets

Intangible fixed assets with an indefinite useful life

Goodwill

Goodwill is measured at cost less any accumulated impairment losses. Goodwill is distributed to cash generating units and is tested, at least annually, for impairment (see accounting policy for Impairment). The Group's cash generating units match the operating segments (see accounting policy for Operating segment reporting).

Brands

Brands are recognised at cost less any accumulated impairment losses. Brands are allocated to cash generating units and are tested, at least annually, for impairment (see accounting policy for Impairment).

Intangible fixed assets with a definite useful life

Development expenditure

Expenditure for development of new or improved products and processes is recognised as an asset in the statement of financial position if the process is technically and commercially useful and the Group has sufficient resources for completion. The carrying amount includes direct costs and, when applicable, salary cost and share of indirect costs. Other expenses are recognised in profit or loss as a cost when they arise. In the statement of financial position, capitalised development expenditure is recognised at cost less accumulated amortisation and any impairment losses. Capitalised development expenditure is mainly related to software and software platforms.

Customer relationships

Customer relationships are recognised at cost less accumulated amortisation (see below) and any impairment losses (see accounting policy for Impairment).

Other intangible fixed assets

Other intangible fixed assets are recognised at cost less accumulated amortisation (see below) and any impairment losses (see accounting policy for Impairment).

Amortisation policies for intangible fixed assets

Amortisation is recognised in profit or loss straight line over the intangible fixed asset's estimated useful life, unless the useful life is indefinite. The useful life is retested at least annually. Goodwill and brands with an indefinite useful life are tested for impairment annually or as soon as there are indications implying that the asset's value has decreased. Intangible fixed assets with a definite useful life are amortised from the point in time when they become available for use.

The estimated useful lives are:

Development expenditure	5 years
Customer relationships	10 years
Other intangible fixed assets	5 years

Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is calculated using the first-in-first-out principle (FIFO). Net realisable value is the estimated selling price in the operating activities less the estimated cost of completion and sale. Inventory cost is based on cost and includes costs arising in connection with acquisition of goods and bringing the goods to their condition and location. Reserves for obsolescence are included in the cost of sale.

Impairment

The Group's recognised assets are tested at each balance-sheet date to determine if there is an indication of an impairment loss. IAS 36 is applied for impairment of assets other than financial assets, which are recognised in accordance with IAS 39.

Impairment of tangible and intangible fixed assets

If there is an indication of an impairment requirement, the recoverable amount of the asset is calculated (see below). The recoverable amount of goodwill, brands and intangible fixed assets not yet ready for use is also calculated annually. If it is not possible to determine essentially independent cash flows for an individual asset and its fair value less selling expenses cannot be used, the assets are to be grouped for impairment testing at the lowest level at which it is possible to identify essentially independent cash flows – referred to as a cash generating unit.

An impairment loss is recognised when an asset's or cash generating unit's (group of units) carrying amount exceeds the recoverable amount. An impairment loss is recognised as a cost in profit or loss. If a need for impairment is identified that cannot be attributed to an individual asset but only to a cash generating unit (group of units), the impairment amount is allocated primarily to goodwill. Thereafter, a proportional impairment of other assets included in the unit (group of units) is done.

The recoverable amount is the highest of the fair value less selling expenses and value in use. For the purpose of calculating the value in use, future cash flows are discounted using a discount factor that reflects risk-free interest rate and the risk associated with the specific asset.

Impairment of financial assets

At each reporting date, the Company tests whether there is objective evidence that a financial asset or a group of assets is in need of impairment. Objective evidence comprises observable circumstances that have occurred and that have a negative impact on the possibility of recovering the cost.

A need for impairment of accounts receivable is established using historical experience of customer bad debts for similar claims. Accounts receivable subject to an impairment requirement are recognised at the value of expected future cash flows; normally, accounts receivable are 100 percent impaired 90 days after the repayment date.

Reversal of impairment

Impairment losses on assets included in the scope of IAS 36 are reversed if there is an indication that the impairment requirement no longer exists and a change has been made to the assumption that formed the basis of the calculation of the recoverable amount. However, impairment of goodwill is never reversed. A reversal is only performed to the extent that the carrying amount of the asset after reversal does not exceed the carrying amount that would have been recognised, less any depreciation/amortisation where relevant, if no impairment loss had been recognised.

Impairment of loans and receivables recognised at amortised cost is reversed if the former reasons for impairment no longer exists and full payment is expected to be received from the customer.

Dividends to owners

Dividends

Dividends are recognised as a liability after the annual general meeting has approved the dividend.

Buyback of own shares

Buybacks of own shares are recognised as a deduction from equity. Proceeds from the divestment of such equity instruments are recognised as an increase in equity. Any transaction costs are recognised directly in equity.

Employee benefits

Short-term employee benefits

Short-term employee benefits are calculated without discounting and recognised as an expense when the related services are provided.

A provision is recognised for the expected cost of bonus payments when the Group has a valid legal or informal obligation to make such payments as a result of services received from employees and the obligation can be reliably calculated.

Defined-contribution pension plans

Plans where the Company's obligation is limited to the fees that the Company has undertaken to pay are classified as defined-contribution pension plans. In such cases, the amount of the employee's pension depends on the contributions that the Company pays to the plan or to an insurance company and the return generated by the contribution. Consequently, it is the employee who bears the actuarial risk (that remuneration can be lower than expected) and the investment risk (that the invested assets will be insufficient for the expected remuneration). The Company's obligation regarding contributions to defined-contribution plans are recognised as an expense in profit or loss at the rate at which they are vested by employees performing services for the Company during a period.

Termination benefits

A cost for termination of employment is only recognised if the Company is evidently obliged, without a realistic possibility of withdrawal, due to a formal detailed plan to terminate employment before the usual point in time. When benefits are paid as an offer to encourage voluntary redundancy, an expense is recognised if it is probable that the offer will be accepted and the number of employees who will accept the offer can be reliably estimated.

Provisions

A provision differs from other liabilities because there is uncertainty regarding the date of payment and the amount required for settling the provision. A provision is recognised in the statement of financial position when there is an existing legal or informal obligation due to an event that has occurred, and it is probable that an outflow of financial resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

Provisions are made in an amount that corresponds to the most reliable estimate of the amount required to settle the existing commitment on the balance-sheet date. Where the effect of when a payment is made is significant, provisions are calculated through the discounting of the anticipated future cash flow at an interest rate before tax that reflects current market assessments of the time value of money and, if applicable, the risks related to the liability.

Contingent liabilities

A contingent liability is recognised when there is a possible commitment originating from events that have occurred and whose occurrence is confirmed only by one or several uncertain future events or when there is a commitment that is not recognised as a liability or provision because it is not probable that an outflow of resources will be required.

Note 3 Important estimates and assumptions

Preparing financial statements in accordance with IFRS requires the board of directors and executive management to make assessments and estimates that affect the application of the accounting policies and the carrying amounts of assets, liabilities, revenue and costs. The estimates and assumptions are based on historical experience and a number of other factors which under the current conditions seem reasonable. The results of these judgements and estimates are used to determine the carrying amounts of assets and liabilities that are not otherwise apparent from other resources.

The actual outcome may deviate from these estimates and assessments.

The estimates and assumptions are reviewed on a regular basis. Changes in estimates are recognised in the period when the change is made if the change affects this period only, or in the period when the change is made and in future periods if the change affects the current period as well as future periods.

Significant sources of estimation uncertainty

Note 12 contains information on assumptions and risk factors applying to impairment testing of goodwill and other intangible fixed assets with an indefinite useful life. A description of the provisions posted is presented in Note 20.

Goodwill and other intangible fixed assets

Goodwill and other intangible fixed assets with an indefinite useful life are impairment tested annually or when there are indications of a need for impairment. The impairment testing requires that executive management establishes the fair value of cash generating units based on cash flow forecasts and internal business plans and forecasts.

Insolvency testing of inventories

Inventories are examined each month to determine potential needs for impairment. Impairment losses are recognised in cost of goods sold at an amount which, after careful consideration, is deemed necessary for inventory obsolescence. If actual obsolescence differs from the calculations or if executive management makes future adjustments of the underlying assumptions, the change in valuation may affect profit or loss as well as financial position.

Assessment of return rate

The need for provisions related to future returns is assessed each month. The assessment is based on historical outcomes and actual sales. The need for provision is recognised as a decrease in net sales with a corresponding adjustment to the cost of goods sold.

Provisions and contingent liabilities

Liabilities are recognised when there is an existing obligation due to a past event, when it is probable that an outflow of financial benefits will occur and when the amounts can be assessed reliably. In these cases, a calculation of the provision is effected, which is recognised in the statement of financial position. A contingent liability is recognised in a note when a possible obligation has arisen whose existence can only be confirmed by one or more uncertain future events beyond the Group's control, or when it is not possible to calculate the full amount. The realisation of contingent liabilities not recognised in the annual accounts may have a significant impact on the Group's financial position.

The Group regularly reviews outstanding disputes to determine the need for provisions. Factors taken into account in such an assessment include type of litigation, the amount of the potential compensation, the development of the litigation, the opinions of legal and other advisors, experience from similar cases and decisions made by executive management regarding the Group's conduct with respect to these disputes. However, estimates may not necessarily reflect the outcome of settled litigation, and differences between outcomes and estimates could significantly impact the Company's financial position and unfavourably impact operating income and liquidity. For additional information, see Note 20 Other provisions.

Deferred taxes

The Group recognises deferred tax assets based on loss carryforwards. Management has made assumptions and assessments regarding the business's future earnings capacity and, based on these, assessed the possibilities of future use of these loss carryforwards.

Items affecting comparability

Items affecting comparability pertain to events and transactions whose impact on earnings is important to note when financial results for the period are compared with previous periods and include:

- Capital gains and losses on the divestment of product groups or major units
- Closure or other material downsizing of major units and operations
- Restructuring with action plans designed to restructure a major structure or process
- Material impairment losses
- Other material non-recurring costs and revenue

Note 4 Operating segments

The Group's operations are divided into two segments: Each segment has a head who regularly reports to executive management, which is the Group's chief operating decision-maker. The Group's internal reporting is structured to enable executive management to monitor the various segments' sales growth and EBITA. DIY is a provider of home and garden products and consists of the webstores (www.)bygghemma.se, (www.)netrauta.fi, (www.)taloon.com, (www.)frishop.dk, (www.)badshop.se, (www.)talotavirke.com, (www.)bygghjemme.no, (www.)golvshop.se, (www.)bygh-jemme.dk, (www.)fyndmax.se, (www.)byggshop.se and (www.)stonefactory.se as well as nine physical stores in Sweden, Finland, Norway and Denmark.

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Subsidiaries are attributed in their entirety to a particular segment.

Other

The parent company provides management services to the Group's segments. Such sales occurred at cost price.

GROUP	**2016**				
(SEK thousand)	**DIY**	**Home Furnishing**	**Other**	**Eliminations**	**Group**
Sales	1,665,230	948,217	23,824	–34,959	2,602,312
Sales to other segments	3,381	7,754	23,824	–34,959	–
Depreciation/amortisation and impairment	–13,115	–4,616	–	–	–17,732
Operating income/loss	53,237	39,207	–14,806	–	77,639
Financial income					915
Financial expenses					–5,081
Profit before tax					**73,473**

GROUP	**2015**				
(SEK thousand)	**DIY**	**Home Furnishing**	**Other**	**Eliminations**	**Group**
Sales	1,270,590	632,021	17,059	–24,569	1,895,101
Sales to other segments	1,241	6,269	17,059	–24,569	–
Depreciation/amortisation and impairment	–9,701	–2,973	–	–	–12,673
Operating income/loss	30,188	15,169	–209	–	45,148
Financial income					2,666
Financial expenses					–9,688
Profit before tax					**38,126**

No single customer in the Group accounts for more than 10 percent of the Group's revenue.

The Group's segments operate mainly in the Nordic region. Net sales and non-current assets are recognised below per geographic area. Sales are recognised in those countries where the sales occur.

GROUP	**Net sales**		**Non-current assets**	
(SEK thousand)	**2016**	**2015**	**2016**	**2015**
Sweden	1,869,986	1,388,001	294,012	231,924
Norway	153,783	99,300	75	143
Finland	451,790	365,300	213,877	178,174
Denmark	126,482	42,500	90,741	5,415
Germany	211	–	–	–
Estonia	59	–	58	72
	2,602,312	**1,895,101**	**598,763**	**415,728**

Note 5 Business combinations

The acquisitions are assessed as not individually having any material impact on the Group's consolidated results and financial position.

Summary of acquisitions (SEK thousand)	**Group**	
	2016	**2015**
Acquisition of shares		
Net identifiable assets and liabilities	76,198	2,905
Goodwill	86,809	12,985
Purchase consideration	163,007	15,890
Cash and cash equivalents	4,919	1,073
Contingent/deferred earn–outs	62,726	5,000
	–95,362	**–9,817**
Acquisition of operations	–4,948	–
Earn–outs	–44,458	–80,189
Net cash flow	**–144,768**	**–90,006**

Acquisitions in 2016

In 2016, the Group acquired 70 percent of the shares of Camola ApS. The acquisition is recognised in the DIY segment.

In 2016, the Group acquired 100 percent of the shares of M & M Visions Oy. The acquisition is recognised in the DIY segment.

In 2016, the Group acquired 73.3 percent of the shares of Stonefactory Scandinavia AB. The acquisition is recognised in the DIY segment.

In 2016, the Group acquired the Kodin1 brand and the (www.)kodin1.fi domain.

Earn-outs were paid for Taloon Yhtiöt Oy, United Web Sweden AB, Bygghemma Butik i Sthlm AB and Linoleumkompaniet AB according to the acquisition agreements. The acquisitions are recognised in the DIY segment.

Earn-outs were paid for TM Helsingborg AB during the year according to the acquisition agreement. The acquisition is recognised in the Home Furnishing segment.

Revenue and earnings

Since the acquisition date, the acquisitions have contributed SEK 149.6 million to consolidated revenue and SEK 3.5 million to consolidated after-tax profit. If the acquisitions had been consolidated for the full financial year, the companies would have contributed SEK 188.9 million to consolidated revenue and SEK 5.2 million to consolidated after-tax profit.

Transaction costs

Transaction costs for the acquisitions amount to SEK 2.0 million and are recognised as other external costs in the statement of profit/loss and other comprehensive income.

Acquisitions in 2015

In 2015, the Group acquired 100 percent of the shares of Linoleumkompaniet AB. The acquisition is recognised in the DIY segment.

Earn-outs were paid Pro HBG Arbetskläder AB, Netrauta Finland Oy, United Web Sweden AB, Bygghemma Butik i Sthlm AB and Taloon Yhtiöt Oy according to the acquisition agreements. The acquisitions are recognised in the DIY segment. Earn-outs were paid for TM Helsingborg AB during the year according to the acquisition agreement. The acquisition is recognised in the Home Furnishing segment.

Revenue and earnings

Since the acquisition date, Linoleumkompaniet has contributed SEK 24.3 million to consolidated revenue and SEK 1.8 million to consolidated after-tax profit. If Linoleumkompaniet had been consolidated for the full financial year, it would have contributed SEK 49.6 million to consolidated revenue and SEK 3.0 million to consolidated after-tax profit.

Transaction costs

Transaction costs for the acquisition of the shares of Linoleumkompaniet AB amount to SEK 0.8 million and are recognised as other external costs in the statement of profit/loss and other comprehensive income.

Note 6 Fees and compensation to auditors

	Group	
(SEK thousand)	**2016**	**2015**
PwC		
Auditing assignments	–1,327	–766
Audit activity in addition to the auditing assignment	–355	–191
Tax advisory services	–939	–49
Other services	–6,348	–419
	–8,969	**–1,426**
Grant Thornton		
Auditing assignments	–	–
Audit activity in addition to the auditing assignment	–	–78
Tax advisory services	–	–
Other services	–	–
	–	**–78**
KPMG		
Auditing assignments	–	–8
Audit activity in addition to the auditing assignment	–	–
Tax advisory services	–	–
Other services	–	–3
	–	**–11**
Other audit bureaus		
Auditing assignments	–151	–300
Audit activity in addition to the auditing assignment	–	–60
Tax advisory services	–	–
Other services	–85	–232
	–235	**–593**
Total all audit bureaus	**–9,204**	**–2,107**

Note 7 Personnel costs and remuneration of senior executives

	Group	
(SEK thousand)	**2016**	**2015**
Salaries	–130,518	–100,868
Social security contributions	–34,780	–23,412
Pension costs, defined-contribution plans	–10,734	–7,813
	–176,032	**–132,093**

	Group	
Basic salary and other remuneration	**2016**	**2015**
Senior executives (4 persons)	–5,978	–5,593
of which, variable increment	*–2,040*	*–2,000*
Other employees	–124,539	–95,275
	–130,518	**–100,868**

	2016					
Remuneration and other benefits (SEK thousand)	**Basic salary/ directors' fees**	**Variable remuneration**	**Other benefits**	**Pension costs**	**Cost for share awards**	**Total**
Board of directors						
Annemarie Gardshol	–113	–	–	–	–	–113
Thomas Keifer	–154	–	–	–	–	–154
Bert Larsson	–56	–	–	–	–	–56
Lars Lindgren	–113	–	–	–	–	–113
Mikael Olander, President and CEO						
Remuneration from parent company	–1,056	–1,000	–	–278	–	–2,335
Other senior executives (3 persons)						
Remuneration from parent company	–2,016	–1,040	–	–373	–	–3,429
Remuneration from subsidiaries	–866	–	–	–278	–	–1,144
	–4,375	**–2,040**	**–**	**–929**	**–**	**–7,344**

Accrued remuneration to be paid to the CEO and other senior executives after year-end amounts to SEK 1.0 million (1.0) and SEK 1.0 million (1.5), respectively.

The CEO and the Company are subject to a period of notice of six months, and the CEO is not entitled to severance pay.

	2015					
Remuneration and other benefits (SEK thousand)	**Basic salary/ directors' fees**	**Variable remuneration**	**Other benefits**	**Pension costs**	**Cost for share awards**	**Total**
Mikael Olander, President and CEO						
Remuneration from parent company	–617	–1,000	–	–115	–	–1,733
Remuneration from subsidiaries	–415	–	–	–204	–	–619
Other senior executives (3 persons)						
Remuneration from parent company	–1,678	–1,000	–	–380	–	–3,058
Remuneration from subsidiaries	–884	–	–	–204	–	–1,088
	–3,593	**–2,000**	**–**	**–904**	**–**	**–6,497**

Accrued remuneration to be paid to the CEO and other senior executives after year-end amounts to SEK 1.0 million and SEK 1.5 million, respectively.

No directors' fees were paid to the board in 2015.

Note 8 Average number of employees

	2016		2015	
GROUP	**Men**	**Women**	**Men**	**Women**
Sweden	121	121	110	108
Denmark	12	8	2	2
Estonia	1	5	1	5
Finland	36	38	19	39
Norway	3	1	1	–
Total	**173**	**173**	**133**	**154**
Total average number of employees		**346**		**287**

Gender balance among senior executives

	2016		2015	
GROUP	**Men (%)**	**Women (%)**	**Men (%)**	**Women (%)**
Board of directors	100	–	100	–
CEO and other members of management	100	–	100	–
Total	**100**	**–**	**100**	**–**

Note 9 Other operating revenue and operating expenses

	Group	
(SEK thousand)	**2016**	**2015**
Other operating revenue		
Gain on the sale of non–current assets	1,248	–
	1,248	**–**
Other operating expenses		
Loss on the sale of non–current assets	–140	–
Exchange–rate losses on operating receivables/liabilities	–1,599	–1,735
	–1,739	**–1,735**
	–491	**–1,735**

Note 10 Financial items

	Group	
(SEK thousand)	**2016**	**2015**
Financial income		
Interest income	175	517
Interest income, Group companies	–	–
Revaluation of contingent earn–out	13	1,500
Net exchange–rate differences	671	599
Dividends	51	50
Other financial income	5	–
	915	**2,666**
Financial expenses		
Interest expenses, credit institutions	–3,161	–3,847
Interest expenses, Group companies	–588	–
Interest expenses, other	–242	–693
Revaluation of contingent earn–out	–955	–4,912
Other financial expenses	–135	–236
	–5,081	**–9,688**
	–4,166	**–7,022**

Note 11 Taxes

	Group	
(SEK thousand)	**2016**	**2015**
Current tax expense		
Current tax expense	–10,879	–7,123
	–10,879	**–7,123**
Deferred tax		
Deferred tax pertaining to temporary differences	–5,272	–4,047
Deferred tax attributable to the capitalised tax value of loss carryforwards during the year	229	1,285
Deferred tax expenses in loss carryforwards utilised during the year	–601	–1,403
Revaluation of loss carryforwards	120	1,147
Effect of changed tax rate	–56	–6
	–5,580	**–3,024**
	–16,459	**–10,147**

GROUP	Group			
(SEK thousand)	**2016**	**%**	**2015**	**%**
Profit before tax	73,473		38,126	
Tax according to applicable tax rate for parent company	–16,164	–22.0	–8,388	–22.0
Effect of other tax rates for foreign subsidiaries	70	0.1	421	1.1
Non–taxable revenue	21	0.0	469	1.2
Non–deductible costs	–946	–1.3	–2,321	–6.1
Losses for which deferred tax has not been recognised	–325	–0.4	–1,384	–3.6
Revaluation of loss carryforwards	942	1.3	1,065	2.8
Effect of changed tax rate	–56	–0.1	–9	–0.0
Effective tax/tax rate	**–16,459**	**–22.4**	**–10,147**	**–26.6**

	Group	
(SEK thousand)	**2016**	**2015**
Deferred tax asset		
Loss carryforwards	3,714	3,774
Other	554	787
	4,268	**4,561**
Deferred tax liability		
Equipment, tools, fixtures and fittings	226	329
Intellectual property rights	39,169	22,777
Untaxed reserves	9,603	4,874
	48,998	**27,981**
Deferred tax, net	**–44,731**	**–23,419**

Note 12 Intangible fixed assets

Internally developed intangible fixed assets

Development expenditure (SEK thousand)	Group 2016	Group 2015
Opening accumulated cost	**48,343**	**44,815**
Investments through acquisitions	25	–
Investments	12,902	11,599
Reclassifications	981	427
Divestments	–51	–8,011
Translation difference	768	–487
Closing accumulated cost	**62,968**	**48,343**
Opening accumulated amortisation	**–22,602**	**–22,643**
Amortisation through acquisitions	–25	–
Amortisation for the year	–9,027	–7,382
Reclassifications	–168	–799
Divestments	32	8,011
Translation difference	–376	211
Closing accumulated amortisation	**–32,165**	**–22,602**
Opening accumulated impairment losses	**–**	**–**
Impairment losses for the year	–717	–
Closing accumulated impairment losses	**–717**	**–**
Carrying amount	**30,086**	**25,741**

The item pertains to costs for the Group's online platform.

Both internal and external costs have been capitalised. No borrowing costs have been capitalised because the projects are short term and thus do not satisfy the criteria for capitalisation.

Acquired intangible fixed assets

Brands (SEK thousand)	Group 2016	Group 2015
Opening accumulated cost	**99,476**	**88,372**
Investments through acquisitions	55,789	–
Investments	–	13,000
Translation difference	2,799	–1,896
Closing accumulated cost	**158,064**	**99,476**
Carrying amount	**158,064**	**99,476**

The item refers to the following brands: (www.)byghjemme.dk,
(www.)netrauta.fi, (www.)badshop.se, (www.)golvshop.se, (www.)fyndmax.se, (www.)trademax.se, (www.)trademax.fi, (www.)trademax.no, (www.)trademax.dk, (www.)chilli.se and (www.)chilli.no, (www.)frishop.dk, (www.)talotavirke.fi, (www.)kodin1.fi and (www.)stonefactory.se.

Customer relationships (SEK thousand)	Group 2016	Group 2015
Opening accumulated cost	**28,231**	**28,808**
Investments through acquisitions	19,907	–
Translation difference	909	–577
Closing accumulated cost	**49,047**	**28,231**
Opening accumulated amortisation	**–4,320**	**–1,517**
Amortisation for the year	–4,263	–2,857
Translation difference	–135	54
Closing accumulated amortisation	**–8,717**	**–4,320**
Carrying amount	**40,330**	**23,911**

The item refers to identified customer relationships from acquisitions of Billigbyg.net A/S, Netrauta Finland Oy, United Web Sweden AB, TM Helsingborg AB, Camola ApS, M & M Visions Oy and Stonefactory Scandinavia AB.

Goodwill	Group 2016	Group 2015
Opening accumulated cost	**255,326**	**231,655**
Investments through acquisitions	85,883	12,985
Investments	–	14,002
Translation difference	4,910	–3,316
Closing accumulated cost	**346,118**	**255,326**
Carrying amount	**346,118**	**255,326**

The item refers to goodwill arising from acquisition of Billigbyg.net A/S, Netrauta Finland Oy, Taloon Yhtiöt Oy, Bygghemma Sverige AB, United Web Sweden AB, Linoleumkompaniet AB, Bygghemma Butik i Sthlm AB, Pro HBG Arbetskläder AB, TM Helsingborg AB, Camola ApS, M & M Visions Oy and Stonefactory Scandinavia AB.

Note 12 Intangible fixed assets, cont.

(SEK thousand)	Group	
Other intangible fixed assets	**2016**	**2015**
Opening accumulated cost	**3,455**	**1,148**
Investments through acquisitions	21	–
Investments	50	1,265
Reclassifications	–1,110	1,237
Divestments	–57	–160
Translation difference	47	–35
Closing accumulated cost	**2,406**	**3,455**
Opening accumulated amortisation	**–1,955**	**–743**
Amortisation through acquisitions	–21	–
Amortisation for the year	–326	–564
Reclassifications	297	–823
Divestments	18	160
Translation difference	–19	15
Closing accumulated amortisation	**–2,005**	**–1,955**
Carrying amount	**400**	**1,500**

The item includes costs for registering and establishing the Group's Internet domains.

Only external costs have been capitalised. No borrowing costs have been capitalised.

Impairment testing of goodwill

Impairment testing of goodwill and brands is conducted annually, and at any time indications of a value decline are identified. The Group currently has two cash generating units: DIY and Home Furnishing.

Goodwill and brands per cash generating unit (SEK thousand)	Goodwill	
	2016	**2015**
DIY	305,633	214,840
Home Furnishing	40,485	40,485
	346,118	**255,326**

Impairment testing for cash generating units containing goodwill

The recoverable amount of cash generating units is determined based on calculations of value in use. The starting point for these calculations is estimated future cash flows before tax over a five-year period, based on financial budgets and forecasts. Budgets and forecasts are based on historical experience, and estimated market growth and cost increases. The single most important variables when setting up the impairment tests are net sales and operating margin. Forecast net sales are the sum total of the estimated trend in the various product segments, and forecast operating margin is based on an average of the product mix. The cash flows that have been calculated for each specific unit after the first five years have been based on annual growth of 2.5 percent (2.5).

Discount interest rate

The cash flow for each unit has been discounted using an appropriate discount interest rate, taking into account the cost of capital and risk. The present value of the estimated cash flows has been calculated using a discount interest rate of 10.0 percent (10.0, 10.0) before tax. The type of operation and market, and thus the risk, of all the units have been assessed to be so similar that the same discount interest rate has been used for all cash generating units.

Sensitivity

The impairment tests that have been conducted show that there is no need for impairment. The impairment tests generally have a margin that entails that any negative changes in individual parameters would reasonably not result in the recoverable amount declining to less than the carrying amount. However, forecast cash flows are uncertain and can also be affected by factors beyond the Company's control. Even if the estimated growth rate that was applied after the forecast five-year period had been 1.5 percent instead of management's assessment of 2.5 percent, no need for impairment of goodwill would have arisen. Even if the estimated operating margin that was applied for the forecast five-year period had been 2 percent lower, no need for impairment of goodwill would have arisen. Even if the estimated discount interest rate before tax that was applied for discounted cash flows had been 11.0 percent instead of management's assessment of 10.0 percent, no need for impairment of goodwill would have arisen. Management also assesses that no reasonable changes in other important assumptions would result in the recoverable amount declining to less than the carrying amount.

Impairment testing for cash generating units containing brands

For information on the impairment testing of these cash generating units, refer to the above information on goodwill testing. In addition to being included in the cash generating units tested above, the brands have been tested individually, based on a royalty factor and forecasts of future net sales. The forecasts for the five-year period ahead, the long-term growth rate and the discount interest rate have been conducted in the same way and amount to the same total as that shown above.

Indefinite useful lives

The recognised brands have an indefinite useful life because they pertain to well-known market brands that the Group intends to retain and further develop and that thus may be expected to generate cash flows during an indefinite period ahead.

Note 13 Tangible fixed assets

Internally developed intangible fixed assets

Equipment (SEK thousand)	Group 2016	 2015
Opening accumulated cost	**6,267**	**4,721**
Investments through acquisitions	1,026	682
Investments	2,135	1,943
Reclassifications	–	65
Divestments	–526	–1,052
Translation difference	138	–92
Closing accumulated cost	**9,041**	**6,267**
Opening accumulated depreciation	**–3,210**	**–2,918**
Depreciation through acquisitions	–765	–607
Depreciation for the year	–1,203	–785
Reclassifications	–	–3
Divestments	373	1,052
Translation difference	–80	51
Closing accumulated depreciation	**–4,885**	**–3,210**
Carrying amount	**4,156**	**3,058**

Buildings and land (SEK thousand)	Group 2016	 2015
Opening accumulated cost	**–**	**–**
Investments through acquisitions	11,539	–
Investments	71	–
Translation difference	136	–
Closing accumulated cost	**11,746**	**–**
Opening accumulated depreciation	**–**	**–**
Depreciation through acquisitions	–602	–
Depreciation for the year	–286	–
Translation difference	–10	–
Closing accumulated depreciation	**–898**	**–**
Carrying amount	**10,848**	**–**

Leasehold improvements (SEK thousand)	Group 2016	 2015
Opening accumulated cost	**8,893**	**6,154**
Investments	3,889	4,564
Reclassifications	–	–1,729
Translation difference	101	–96
Closing accumulated cost	**12,883**	**8,893**
Opening accumulated depreciation	**–2,177**	**–2,757**
Depreciation for the year	–1,911	–1,086
Reclassifications	–	1,625
Translation difference	–33	41
Closing accumulated depreciation	**–4,121**	**–2,177**
Carrying amount	**8,762**	**6,716**

Note 14 Participations in Group companies

Parent company	Corporate registration number	Registered office	No. of shares	Share capital (%)	Share of voting rights (%)	Carrying amount 31 December 2016	Group 31 December 2015
Bygghemma Sverige AB	556689-4282	Oskarshamn	1,629	100.0	100.0	100,000	100,000
Inredhemma Sverige AB	556913-0403	Oskarshamn	500	100.0	100.0	320	320
						100,320	**100,320**

Group	Corporate registration number	Registered office	No. of shares	Share capital (%)	Share of voting rights (%)
Bygghemma Sverige AB	**556689-4282**	**Oskarshamn**	**1,629**	**100.0**	**100.0**
Pro HBG Arbetskläder AB	556720-9340	Landskrona	1,250	100.0	100.0
United Web Sweden AB	556931-5673	Malmö	7,143	100.0	100.0
Bygghemma Butik i Sthlm AB	556822-1476	Malmö	1,000	100.0	100.0
Linoleumkompaniet AB	556599-6484	Stockholm, Sweden	1,000	100.0	100.0
Bygghjemme Norge A/S	993392375	Nøtterøy	3,000	100.0	100.0
Byghjemme.dk ApS	349001783	Brøndby	700,000	100.0	100.0
Bygghemma Finland Holding Oy	2662443-6	Vilnius (Lithuania)	1,000	100.0	100.0
TM HBG ASIA LIMITED	2255795	Hong Kong	10,000	100.0	100.0
Camola ApS	32342396	Fredericia	80,000	70.0	70.0
Stonefactory Scandinavia AB	556786-1454	Oxelösund	1,260	73.3	73.3
Bygghemma Finland Holding AB	559023-3853	Malmö	476	95.2	95.2
Taloon Yhtiöt Oy	1870108-3	Riihimäki	1,000	100.0	100.0
M & M Visions Oy	1052664-7	Tuusula	150	100.0	100.0
Netrauta Finland Oy	2166342-8	Tampere	11,839	100.0	100.0
Handelmark OÜ	11607700	Tallinn	1	100.0	100.0
Inredhemma Sverige AB	**556913-0403**	**Oskarshamn**	**500**	**95.0**	**95.0**
TM Helsingborg AB	556780-9685	Helsingborg	1,000	100.0	100.0

Note 15 Inventories

The Group's costs of goods sold include impairment losses on inventories of SEK -1.7 million (-2.0).

Note 16 Accounts receivable

Credit exposure

Accounts receivable were recognised after taking into account loan losses arising in the Group during the year of SEK -0.6 million (recovered: 0.2). The loan losses pertain to a number of minor accounts. See also Note 23.

	Group	
(SEK thousand)	**2016**	**2015**
Accounts receivable not past due and not impaired	17,865	14,816
Accounts receivable past due but not impaired	1,951	4,190
Accounts receivable impaired	3,068	5,061
Provision for doubtful accounts receivable	–2,673	–4,105
	20,212	**19,962**

The credit risk pertaining to accounts receivable that are not past due or impaired is not assessed to be material. No single customer in the Group accounts for more than 10 percent of the Group's accounts receivable. For additional information on credit risks, see Note 23.

The Company's accounts receivable are primarily denominated in SEK. The assessment is that the accounts receivable are not exposed to any material currency exposure.

(SEK thousand)	Group	
Past due receivables not included in the provision for doubtful receivables	**2016**	**2015**
<30 days	1,687	3,209
30 – 90 days	264	776
>90 days	–	205
	1,951	**4,190**

(SEK thousand)	Group	
Provision for doubtful accounts receivable	**2016**	**2015**
Carrying amount at the beginning of the period	**–4,105**	**–3,723**
Provisions made during the period	–1,991	–4,137
Unutilised amounts reversed during the period	2,788	3,177
Realised losses	677	546
Translation difference	–42	31
Carrying amount at the end of the period	**–2,673**	**–4,105**

Note 17 Prepaid expenses and accrued income

	Group	
(SEK thousand)	**2016**	**2015**
Prepaid rents	9,441	6,251
Deferred insurance costs	669	487
Accrued supplier bonuses	31,267	18,990
Accrued income	1,053	–
Accrued interest income	–	112
Other	5,178	6,029
	47,607	**31,869**

Note 18 Equity

As of 31 December 2016, the share capital consisted of 6,295,794 (6,295,794) shares. Each share has a quotient value of SEK 1.

Issued shares (SEK)	No. of shares	Quotient value
Ordinary shares	6,295,794	1.0
	6,295,794	**1.0**

Other capital contributions

The premium reserve arises when shares are issued at a premium, meaning that the shares are paid for at a price that exceeds the quotient value.

Translation reserve

The translation reserve encompasses all exchange-rate differences that arise when translating income statements and balance sheets to SEK in the consolidated financial statements.

	Group	
(SEK thousand)	**2016**	**2015**
Opening balance	**1,983**	**7,868**
Translation differences during the year, net after tax	10,338	–5,885
Closing balance	**12,321**	**1,983**

Retained earnings

Retained earnings include previously earned profit.

Proposed dividend

The board will propose to the 2017 annual general meeting that no dividend be paid to the shareholders for the financial year that ended on 31 December 2016 and that the Company's retained earnings be carried forward into the accounts for 2017.

Note 19 Liabilities to credit institutions

	Group	
(SEK thousand)	**2016**	**2015**
Bank loans	3,485	97,500
Account credit	–	12,063
	3,485	**109,563**
Liabilities that fall due for payment later than 5 years after the balance-sheet date	–	–

During 2016, the Group renegotiated its loan terms and repaid the bank loan of SEK 97.5 million.

Note 20 Other provisions

	Group	
(SEK thousand)	**2016**	**2015**
Other provisions		
Provisions for own pension obligations (endowment policy)	102	–
Provisions for guarantees	1,685	1,518
	1,787	**1,518**

	Group	
(SEK thousand)	**2016**	**2015**
Carrying amount at the beginning of the period	**1,518**	**–**
Provisions through acquisitions	100	–
Provisions made during the period	169	1,518
Carrying amount at the end of the period	**1,787**	**1,518**
Of which, total non-current portion of the provisions	945	759
Of which, total current portion of the provisions	842	759

Note 21 Accrued expenses and deferred income

	Group	
(SEK thousand)	**2016**	**2015**
Accrued personnel costs	32,285	28,043
Accrued marketing costs	4,907	4,691
Accrued freight costs	3,889	1,504
Accrued cost of materials	2,020	–
Accrued audit expenses	1,194	996
Accrued interest expenses	–	274
Accrued rental expenses	706	2,981
Provision for returns	3,024	899
Deferred income	12,600	492
Other	10,281	5,524
	70,908	**45,404**

Note 22 Pledged assets and contingent liabilities

	Group	
(SEK thousand)	**2016**	**2015**
Third-party guarantees	527	480
Shares in subsidiaries	75,797	9,333
Guarantees for subsidiaries	-	-
Floating charges	12,300	2,000
	88,624	**11,813**

Third-party guarantees pertain to bank guarantees and sureties on behalf of suppliers and other external parties for subsidiaries in the Group.

Guarantees for subsidiaries pertain to parent company/bank guarantees and sureties on behalf of suppliers and other external parties for subsidiaries in the Group.

Note 23 Financial instruments and financial risk management

Capital management

The Group's objective is to have a good financial position that helps to uphold the confidence of investors, creditors and the market, and provides a basis for further business development at the same time as the long-term return generated for the shareholders is satisfactory. Stated quantitative goals, such as debt ratio, do not exist.

Capital is defined as total equity.

	Group	
(SEK thousand)	**2016**	**2015**
Total equity	229,548	161,948

Neither the parent company nor any of the subsidiaries is subject to any external capital requirements.

Financial policy

Through its operations, Bygghemma Group is exposed to various types of financial risks: market risk, financing and liquidity risk, and credit risk. The Bygghemma Group's financial risk management is centralised to the parent company in order to achieve economies of scale and synergies as well as to minimise the management of risks. The parent company also functions as the Group's internal bank and is responsible for financing and the financial policy. This includes merging liquidity needs. The financial policy formulated by the board of directors includes overall risk management as well as specific areas, such as liquidity risk, interest rate risk, exchange rate risk, credit risk, insurance risk, use of financial instruments and placement of excess liquidity.

Financing and liquidity risk

The Group's external financing mainly comprises a number of loans raised by the owner Bygghemma Second Holding AB and a loan raised by Bygghemma First Holding AB.

The Group's ability to pay its debts, otherwise fulfil its obligations in accordance and compliance with the terms of the credit agreements, and to refinance its loans and make payments in accordance with other obligations depends on the Group's future earnings. Some aspects of the Group's future earnings depend on economic, financial and competitive factors as well as other factors beyond the Group's control. If the Group does not fulfil its obligations in accordance with the terms of the credit agreements, this could adversely impact the Group's operations, financial position and earnings as well as the Group's ability to receive further financing should it be necessary.

This risk is managed centrally by the parent company, ensuring that there are always sufficient cash and cash equivalents, and an ability to increase the available funding. The availability of cash and cash equivalents for the subsidiaries is partially secured through the use of cash pools. In 2016, the Group repaid all loans with Handelsbanken, SEK 143.5 million, and raised new loans with Bygghemma First and Second Holding AB totaling SEK 156.7 million. All available loans had been utilised on the balance-sheet date. As of 31 December 2016, the Group had SEK 51.3 million (55.3) in liquidity.

Market risks – Interest rate risk

Interest rate risk refers to the risk that financial income and expenses as well as the value of financial instruments could fluctuate due to changes in market rates. Interest rate risks could lead to changes in market values and cash flows as well as fluctuations in the Group's profit. The Group is exposed to interest rate risks, primarily through its non-current loans at variable interest rates. As of the balance-sheet date, all non-current liabilities carried fixed interest.

According to the Group's financial policy, the board of directors must make decisions annually concerning the Group's structuring and distribution of interest-bearing assets and liabilities. The financial policy states that the Group should primarily use variable interest rates.

At year-end, the Group's interest-bearing liabilities were broken down as follows:

	Group	
(SEK thousand)	**2016**	**2015**
Bank loans	3,485	97,500
Utilised bank overdraft facility	–	12,063
Earn-outs	96,667	78,156
Loan from Group companies	156,724	–
	256,876	**187,719**

Had the variable interest rate on the Group's loans increased or decreased by 1 percent in 2015, this would have affected the Group's net financial items by SEK 1.5 million.

Credit risk

Credit risk involves exposure to losses if a counterparty to a financial instrument is unable to fulfil its obligations. The exposure is based on the carrying amount of the financial assets, most of which consist of accounts receivable, cash and cash equivalents. The Group has established a credit policy for managing customer credits.

The credit risk associated with the Group's accounts receivable is spread over a large number of customers, mainly private individuals. Accounts receivable are sold to a

Note 23 Financial instruments and financial risk management, cont.

factoring company and the absolute majority of the accounts receivable are sold with a full transition of credit risk to the counterparty. Factoring is used to reduce the credit risk associated with accounts receivable and to release cash and cash equivalents. The sum of accounts receivable for which the credit risk is not transferred to a factoring company does not amount to a significant amount. For additional information on accounts receivable, see Note 16.

According to the Group's credit policy, factoring companies are to be used to minimise bad debts and improve the Group's cash flow.

Market risk – currency exchange risks

Currency exchange risk refers to the risk that exchange rate fluctuations will have a material adverse effect on the consolidated income statement, balance sheet or cash flow statement. The consolidated financial statements are prepared in SEK, but the Group has operations in Sweden, Norway, Finland and Denmark, and some of the goods are purchased in currencies other than SEK. Furthermore, exchange rate fluctuations could affect the Group and its customers' competitiveness and thus indirectly affect the Group's sales and earnings. The Group is primarily exposed to fluctuations in EUR, USD and NOK through accounts receivable and payable. This means that the Group is exposed to currency risk. The risk can be divided into transaction exposure and translation exposure.

Transaction exposure

Transaction exposure is the risk arising from the inflows and outflows in foreign currencies that are needed in the operation and its financing. Transactions are not currency hedged.

The net flow in foreign currency, defined as sales less purchases per currency, is shown below:

	Group	
(SEK thousand)	**2016**	**2015**
DKK	–21,951	6,342
EUR	–287,724	–187,185
NOK	85,397	50,275
USD	–167,917	–73,559

An exchange rate fluctuation of 5 percent for the various currencies would affect pre-tax profit by the following amounts:

	Group	
Sensitivity analysis (SEK million)	**2016**	**2015**
DKK	+/– 1.1	+/– 0.3
EUR	+/– 14.4	+/– 9.4
NOK	+/– 4.3	+/– 2.5
USD	+/– 8.4	+/– 3.7

Translation exposure

Translation exposure is the risk that arises from the translation of equity in foreign subsidiaries. Translation exposure is not hedged.

According to the Group's financial policy, the Group must work actively to match receipts and disbursements in foreign currency, and measure and follow up the currency exposure of the various subsidiaries. Profit impacting currency exposure is not hedged.

Foreign net assets, including goodwill and other intangible fixed assets arising from acquisitions, are broken down as follows:

	Group			
(SEK thousand)	**2016**	**%**	**2015**	**%**
DKK	62,278	23.1	–599	–0.4
EUR	198,828	73.7	158,229	99.2
NOK	8,592	3.2	1,829	1.1
	269,698	**100.0**	**159,459**	**100.0**

An exchange rate fluctuation of 5 percent for the various currencies would affect pre-tax profit by the following amounts:

	Group	
Sensitivity analysis (SEK million)	**2016**	**2015**
DKK	+/– 3.1	+/– 0.0
EUR	+/– 9.9	+/– 7.9
NOK	+/– 0.4	+/– 0.1

Note 23 Financial instruments and financial risk management, cont.

Categorisation of financial instruments

Contingent and deferred earn-outs belong to Level 3 of the valuation hierarchy. Apart from earn-outs, the carrying amounts correspond to the fair value for all financial instruments recognised in the statement of financial position.

	Carrying amount				Fair value		
2016 (SEK thousand)	**Loans and receivable**	**Available-for-sale financial assets**	**Other liabilities**	**Total**	**Level 1**	**Level 3**	**Total**
Financial assets measured at fair value							
Participations in unlisted companies		990		990	990		990
Financial assets not measured at fair value							
Deposits	225			225	225		225
Accounts receivable	20,212			20,212	20,212		20,212
Other receivables	19,481			19,481	19,481		19,481
Receivables from group companies	227						
Cash and cash equivalents	51,321			51,321	51,321		51,321
Total financial assets	**91,466**	**990**	**–**	**92,230**	**92,230**	**–**	**92,230**
Financial liabilities measured at fair value							
Earn-outs	96,667			96,667		96,667	96,667
Financial assets not measured at fair value							
Lines of credit			3,485	3,485	3,485		3,485
Liabilities to group companies			156,724	156,724	156,724		156,724
Advance payments from customers			22,732	22,732	22,732		22,732
Accounts payable			216,452	216,452	216,452		216,452
Other liabilities			19,940	19,940	19,940		19,940
Accrued expenses and deferred income			70,908	70,908	70,908		70,908
Total financial liabilities	**96,667**	**–**	**490,241**	**586,908**	**490,241**	**96,667**	**586,908**

In the statement of financial position, deposits and participations in unlisted companies are recognised under other financial assets and earn-outs are recognised under other non-current liabilities.

Measurement of fair value

Participations in unlisted companies

Participations in unlisted companies pertain to membership of purchasing organisations. It is estimated that amortised cost reflects the fair value, since these are not transferable in the open market.

Earn-outs

The fair value of contingent and deferred earn-outs is calculated by discounting future cash flows with a risk-adjusted discount interest rate. Expected cash flows are forecast using probable scenarios for future EBITDA levels, amounts that will result from various outcomes and the probability of those outcomes.

Accounts receivable and payable

For accounts receivable and payable with a remaining life of less than six months, the carrying amount is deemed to reflect the fair value. The Group has no accounts receivable or payable with a life exceeding six months.

Note 23 Financial instruments and financial risk management, cont.

	Carrying amount				Fair value		
2015 **(SEK thousand)**	**Loans and receivable**	**Availa-ble-for-sale financial assets**	**Other liabilities**	**Total**	**Level 1**	**Level 3**	**Total**
Financial assets measured at fair value							
Participations in unlisted companies		900		900	900		900
Financial assets not measured at fair value							
Deposits	870			870	870		870
Accounts receivable	19,962			19,962	19,962		19,962
Other receivables	12,225			12,225	12,225		12,225
Cash and cash equivalents	55,284			55,284	55,284		55,284
Total financial assets	**88,340**	**900**	**–**	**89,241**	**89,241**	**–**	**89,241**
Financial liabilities measured at fair value							
Earn-outs	78,156			78,156		78,156	78,156
Financial assets not measured at fair value							
Lines of credit			109,563	109,563	109,563		109,563
Liabilities to group companies			300	300	300		300
Advance payments from customers			15,043	15,043	15,043		15,043
Accounts payable			162,364	162,364	162,364		162,364
Other liabilities			22,681	22,681	22,681		22,681
Accrued expenses and deferred income			45,404	45,404	45,404		45,404
Total financial liabilities	**78,156**	**–**	**355,355**	**433,510**	**355,355**	**78,156**	**433,510**

	Group	
Earn-outs	**2016**	**2015**
Carrying amount at the beginning of the period	**78,156**	**136,052**
Provisions during the period	60,722	9,912
Payments	–44,471	–66,052
Unutilised amounts reversed during the period	–	–1,495
Fair value changes	956	–
Currency adjustment	529	–261
Translation difference	776	–
	96,667	**78,156**

	2016				
Due date structure, financial liabilities – undiscounted cash flows	**Total**	**0–3 months**	**3 months–1 year**	**1–5 years**	**>5 years**
Earn-outs	96,667	2,000	35,556	59,110	–
Liabilities to group companies	168,592	–	–	168,592	–
Lines of credit	3,485	44	3,441	–	–
Advance payments from customers	22,732	22,732	–	–	–
Accounts payable	216,452	216,452	–	–	–
Other liabilities	19,940	19,940	–	–	–
Accrued expenses and deferred income	70,908	70,908	–	–	–
	598,776	**332,076**	**38,997**	**227,703**	**–**

	2015				
Due date structure, financial liabilities – undiscounted cash flows	**Total**	**0–3 months**	**3 months–1 year**	**1–5 years**	**>5 years**
Earn-outs	78,156	–	35,765	42,390	–
Liabilities to group companies	300	300	–	–	–
Lines of credit	110,541	5,449	105,092	–	–
Advance payments from customers	15,043	15,043	–	–	–
Accounts payable	162,364	162,364	–	–	–
Other liabilities	22,681	22,681	–	–	–
Accrued expenses and deferred income	45,404	45,404	–	–	–
	434,488	**251,240**	**140,857**	**42,390**	**–**

Note 24 Operating leases

The Group rents essentially all of its office and warehouse premises under operating leases. The parent company rents essentially all of its office premises under operating leases.

	Group	
(SEK thousand)	**2016**	**2015**
Within one year	–59,656	–51,725
Between one and five years	–111,239	–152,724
Longer than five years	–3,116	–9,431
Total leasing and other obligations	**–174,011**	**–213,880**
Leasing costs during the year	–61,575	–43,496

Note 25 Supplementary disclosures to the statement of cash flows

Profit/loss items during the year that do not generate cash flow from operating activities:

	Group	
(SEK thousand)	**2016**	**2015**
Depreciation/amortisation, impairment and scrapping of non-current assets	17,732	12,673
Capital gain on divestment of non-current assets	1,108	–
Change in provision for contingent earn-outs	–	3,412
Change in other provisions	1,861	986
Accrued interest expenses and income	–170	–458
	20,531	**16,613**

Other supplementary disclosures

Interest received during the financial year	287	704
Interest paid during the financial year	–4,264	–5,210
	–3,977	**–4,506**

Note 26 Reconciliation of net debt/cash

			Changes in non-cash items		
2016 **(SEK thousand)**	**Opening balance**	**Cash flow**	**Acquisition**	**Exchange-rate differences**	**Closing balance**
Liabilities					
Lines of credit	97,500	–97,500	–	–	–
Property mortgages	–	–181	3,628	38	3,485
Liabilities to group companies	–	156,498	–	227	156,724
Lease liabilities	–	–	–	–	–
Total liabilities	**97,500**	**58,817**	**3,628**	**265**	**160,210**
Cash and cash equivalents					
Cash and bank	–55,284	9,161	–4,919	–279	–51,321
Bank overdraft facility	12,063	–12,063			–
Total cash and cash equivalents	**–43,220**	**–2,902**	**–4,919**	**–279**	**–51,321**
Net debt/cash	**54,280**	**55,915**	**–1,291**	**–14**	**108,888**

			Changes in non-cash items		
2015 **(SEK thousand)**	**Opening balance**	**Cash flow**	**Acquisition**	**Exchange-rate differences**	**Closing balance**
Liabilities					
Lines of credit	83,081	14,419	–	–	97,500
Total liabilities	**83,081**	**14,419**	**–**	**–**	**97,500**
Cash and cash equivalents					
Cash and bank	–50,654	–3,633	–1,073	77	–55,284
Bank overdraft facility	–	12,063			12,063
Total cash and cash equivalents	**–50,654**	**8,430**	**–1,073**	**77**	**–43,220**
Net debt/cash	**32,427**	**22,849**	**–1,073**	**77**	**54,279**

Note 27 Transactions with related parties

Transactions between Bygghemma Group Nordic AB and its subsidiaries, which are related to Bygghemma Group Nordic AB, have been eliminated in the consolidated accounts.

All transactions between related parties have been conducted on market conditions and at an arm's length.

Nordstjernan Investment AB

Up to November 2016, Nordstjernan Investment AB held shares in Bygghemma Group Nordic AB.

During the year, the Group paid a management fee to Nordstjernan.

Bygghemma Second Holding AB

Bygghemma Second Holding AB owns 100 percent of Bygghemma Group Nordic AB.

During 2016, the Group received a loan of SEK 151.7 million from Bygghemma Second Holding AB.

Bygghemma First Holding AB

Bygghemma First Holding AB owns 100 percent of Bygghemma Group Nordic AB.

During 2016, the Group received a loan of SEK 5.0 million from Bygghemma First Holding AB.

Transactions with senior executives

There were no transactions with senior executives, apart from those recognised in Note 7.

Note 28 Significant events after the end of the financial year

Acquisition of shares of FB Internet AB

As of 31 January 2017, Bygghemma Group acquired 100 percent of the shares in FB Internet AB ((www.)furniturebox.se). The earn-out is estimated at SEK 543.0 million. FB Internet AB is a leading Swedish online provider of furniture and home furnishings and the acquisition strengthens the Group's position in the fast-growing Swedish online market for furniture and home furnishings. FB Internet AB is recognised in the Home Furnishing segment.

Revenue and earnings

In 2015, FB Internet AB recognised sales of SEK 324.8 million, with after-tax profit of SEK 19.8 million.

Goodwill

Goodwill includes synergies, market position, supplier relationships and personnel. It is worth noting that the acquisition gave rise to a leading position in dedicated online sales of furniture and home furnishings in Sweden.

Transaction costs

Transaction costs for the acquisition of FB Internet AB amount to SEK 4.4 million and are recognised as other external costs in the statement of profit/loss and other comprehensive income.

The auditors' report on historical financial statements

(This is a literal translation of the Swedish original report included in RevR 5)

The Auditor's Report on historical financial statements

To the Board of Directors of Bygghemma Group Nordic AB, corporate identity number 556800-9798

We have audited the financial statements for Bygghemma Group Nordic AB on pages F38-F64, which comprise the consolidated balance sheet as of 31 December 2016 and 31 December 2015 and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the years then ended, and a description of significant accounting policies and other explanatory notes.

The Board of Directors' and the Managing Director's responsibility for the financial statements

The Board of Directors and the Managing Director are responsible for the preparation and the fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the EU and the Annual Accounts Act and additional applicable framework. This responsibility includes designing, implementing and maintaining internal control relevant to preparing and appropriately presenting financial statements that are free from material misstatement, whether due to fraud or error. The Board is also responsible for the preparation and fair presentation in accordance with the requirements in the Prospectus Regulation (EC) No 809/2004.

The auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with FAR's Recommendation RevR 5 *Examination of Prospectuses*. This recommendation requires that we comply with FAR's ethical requirements and have planned and performed the audit to obtain reasonable assurance that the financial statements are free from material misstatements. The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We are independent of the Bygghemma Group Nordic AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

An audit in accordance with FAR's Recommendation RevR 5 *Examination of Prospectuses* involves performing procedures to obtain audit evidence corroborating the amounts and disclosures in the financial statements. The audit procedures selected depend on our assessment of the risks of material misstatements in the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the company's preparation and fair presentation of the financial statements as a basis for designing audit procedures that are applicable under those circumstances but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also involves evaluating the accounting policies applied and the reasonableness of the significant accounting estimates made by the Board of Directors and the Managing Director and evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion the financial statements give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU/Annual Accounts Act and additional applicable framework of the consolidated financial position of Bygghemma Group Nordic AB as of 31 December 2016 and 31 December 2015, and its consolidated financial performance, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flows for these years.

Malmö, 14 March 2018

Öhrlings PricewaterhouseCoopers AB

Eva Carlsvi
Authorised Public Accountant

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Definitions

The terms defined below are applied in the Prospectus:

Active customers	Customers that have made at least one purchase during the last 12 months
Affiliate	A party that uses advertisements to convey visitors to the advertiser's website. The advertiser pays a fee for this service
AOV	Average order value
Berenberg	Joh. Berenberg, Gossler & Co. KG
Bygghemma, the Company, Bygghemma Group or the Group	Bygghemma Group First AB (publ), the group in which Bygghemma is the parent company or a subsidiary in the group, depending on the context
CAC	Customer acquisition cost
CAGR	Compound annual growth rate
Carnegie	Carnegie Investment Bank AB (publ)
CLV	Customer lifetime value
The Code	Swedish Corporate Governance Code
DIY	An acronym for "do it yourself"
DKK	Danish krone
EUR	Euro
Euroclear Sweden	Euroclear Sweden AB
FSN Capital IV	FSN Capital GP IV Limited acting in its capacity as general partner for and on behalf of each of FSN Capital IV L.P., FSN Capital IV (B) L.P. and FSN Capital IV Invest L.P.
FSN Capital V	FSN Capital GP V Limited acting in its capacity as general partner for and on behalf of each of FSN Capital V L.P., FSN Capital V (B) L.P. and FSN Capital V Invest L.P.
FSN Capital Project Growth	FSN Capital Project Growth GP Limited acting in its capacity as general partner for FSN Capital Project Growth Co- Investment L.P.
Managers	Jointly Carnegie Investment Bank AB (publ), Skandinaviska Enskilda Banken AB (publ) and Joh. Berenberg, Gossler & Co. KG.
Lock-up Period	The lock-up period described under the heading "*Undertaking to refrain from selling shares (Lock-up)*" in the section "*Share capital and ownership structure*"
LTM EBITDA	Refers to the rolling 12-month EBITDA
Nasdaq Stockholm	The regulated market operated by Nasdaq Stockholm AB
The Nordic region	Sweden, Finland, Norway and Denmark
The Offering	The offering of shares described in the Prospectus
The Price Range	The price range within which the Offering Price will be established
Offering Price	The final Offering Price expected to be determined within the Price Range
Overallotment Option	To cover any overallotment in connection with the Offering, the Principal Owners has undertaken, at the request of Sole Global Coordinator as a representative of Managers, to sell additional shares corresponding to a maximum of 15 percent of the number of shares encompassed by the Offering
Principal Owners	Each of FSN Capital IV, FSN Capital V and FSN Capital Project Growth
The Prospectus	This prospectus
SEB	Skandinaviska Enskilda Banken AB (publ)
SEK	Swedish kronor
SEK million	Millions of Swedish kronor
SEM	Search Engine Marketing
SEO	Search Engine Optimization
USD	US dollars

Addresses

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bygghemma GROUP

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