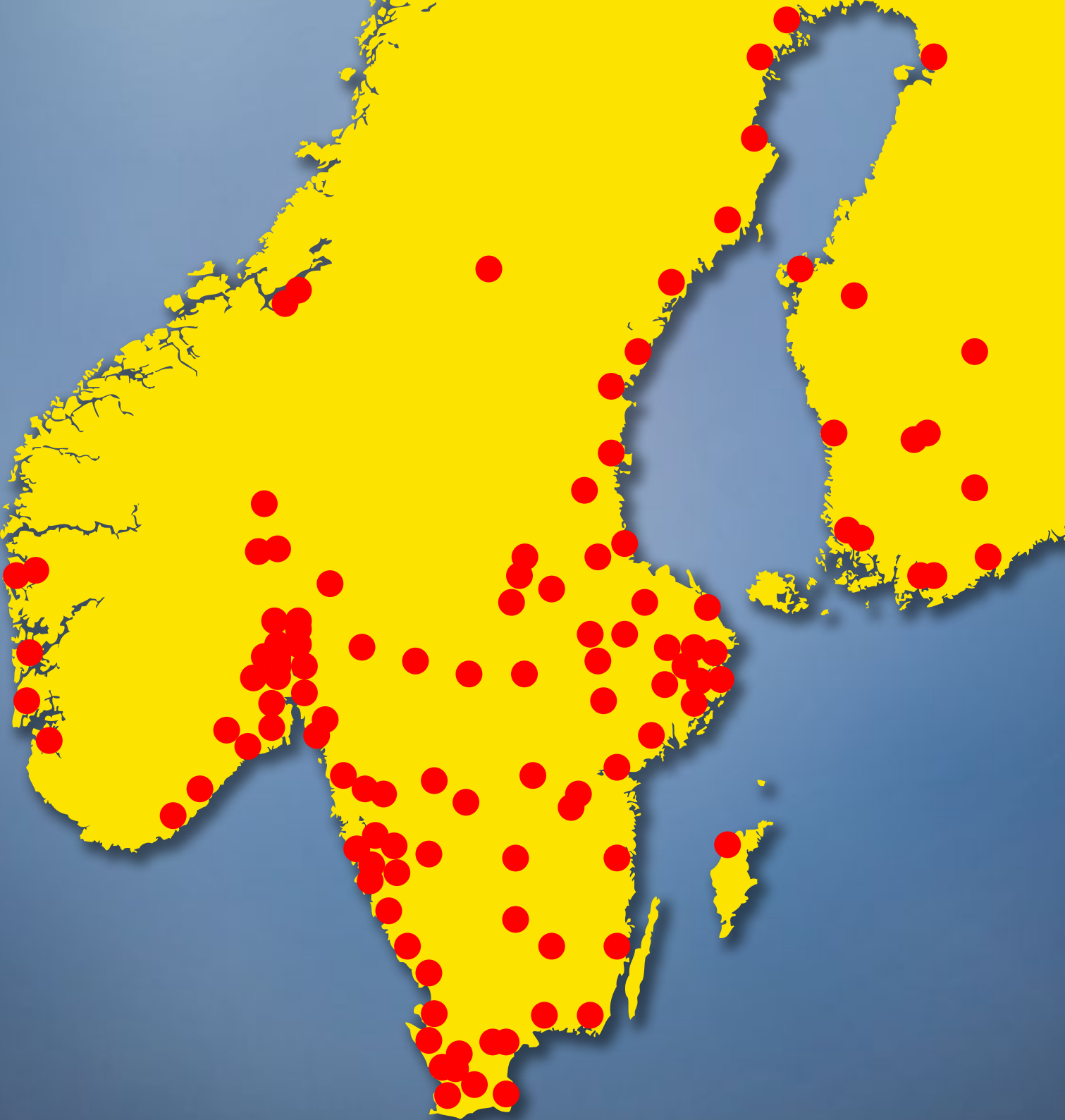




2014 ANNUAL REPORT



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Byggmax in Åkersberga



Home delivery of materials



Store opening in Pirkkala



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

A FOCUSED RANGE

An in-store product range limited to 2,000 items simplifies administration and procurement.

ECONOMICAL STORE LOCATIONS

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

DRIVE-IN AT ALL STORES

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

CONSTANT IMPROVEMENTS

Continuous efficiency enhancement of each process and procedure.

STRONG CORPORATE CULTURE

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

CUSTOMER-ORIENTED WEBSITE

Our customers find inspiration and building instructions on our website.

17900 SEK /PCS

WIRE NAILS
BOX 75x2.8mm, 5kg.

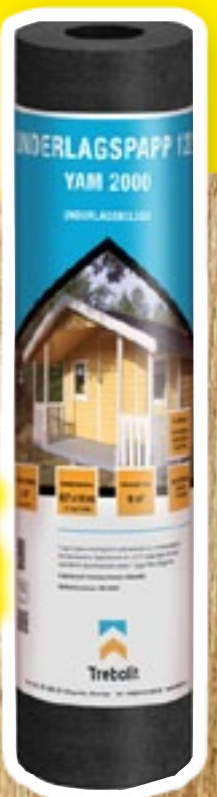


OUR LOWEST PRICE

9995 SEK /PCS

ROOFING UNDERLAYMENT

YAM 2000, 122.10 x 0.7m



Byggmax has always kept true to one simple fundamental concept: To retail high-quality standard building materials at the lowest possible price. We aim to do this in as simple and accessible a manner as possible in all of our 112 stores in the Nordic region. We will therefore remain true to our pricing model, meaning: No campaigns, no sales and no discounts. At Byggmax, the same low price applies for every customer.

ONLINE STORE

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



TV COMMERCIALS

In 2008, Byggmax aired its first TV commercial. Our customers played the leading roles and got to show their projects on TV while sharing their experiences.



BREAKTHROUGH FOR DIY PROGRAMS ON TV

The DIY trend took Sweden by storm in 1997. Many realize that building is not as hard as they thought and substantial sums can be saved. The building materials industry was at full capacity and Byggmax established operations in many locations.



ONLINE GOODS

In 2011, a range of products available only to order was added to Byggmax Online. In 2014, this range included about 5,600 products. These products are only sold online, which enables us to offer Byggmax prices on even more products without increasing store costs. The main focus of the website is ease of use, which makes it just as easy to shop online as in a store.

STOCK EXCHANGE LISTING

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

BYGGMAX IN NORWAY
On March 23, 2007, Byggmax opened its first store in Hamar, 140 km north of Oslo.



BYGGMAX CUSTOMER SERVICE CENTER OPENS

Byggmax opened a central customer service center in 2000 to answer customer questions seven days a week. Customer service aims to answer all calls within three minutes.

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

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



THE BYGGMAX CARD IS LAUNCHED

The Byggmax card was launched in 2007. Both companies and consumers could get between 30 and 60 days cost-free credit. Today, it is possible to use a PIN code and get a specified invoice sent home.



THE BYGGMAX BUSINESS CONCEPT FROM THE START

Byggmax opened its first stores in 1993 to retail high-quality standard building materials at low prices. The description of the product range is Lumber, Construction, Flooring and Paint. The idea from the start is for customers to be able to drive their vehicles in and load the products

themselves. Byggmax never has sales, discounts or campaigns. The range is of high quality and comes from Swedish suppliers. The entire range is subject to the same low prices and all stores have the same prices. To earn customer confidence, Byggmax became the first DIY retailer in Sweden to offer a Lowest-Price Guarantee. All customers can borrow a trailer at no cost.

concept

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

2015



BYGGMAX 2.0

In 2013, Byggmax launched the new store concept, Byggmax 2.0.

BUILDING SERVICES

In 2013, Byggmax launched fixed-price building services.

2014 Sweden: Värmdö Ullstämna (Linköping), Katrineholm, Munkedal.
Norway: Åsane (Bergen), Tønsberg. **Finland:** Pirkkala.

2013 Sweden: Karlskoga, Torstana, Sandviken, Härnösand, Arvika.
Norway: Askøy, Larvik, Haugenstua.
Finland: Esbo, Kangasala, Seinäjoki.

2012 Sweden: Malmö, Smedjebacken, Eslöv, Sjösjön.
Norway: Moss, Askim, Stord.
Finland: Uleåborg.

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

2009 Sweden: Piteå, Falkenberg, Kungsängen, Bromma, Borlänge.
Norway: Trondheim. **Finland:** Vasa.

2006 Sweden: Motala, Västervik, Örnköldsvik, Hässleholm, Kungsbacka and Nyköping. **Norway:** Sarpsborg, Sandefjord, Drammen, Ullensaker and Bærum. **Finland:** Turku.

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

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

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

2005 Örebro and Karlskrona.

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

2002 Kristianstad.

2001 Borås and Löddeköpinge (Malmö).

1999 Jönköping.

2000 Källered (Göteborg)

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

1997 Helsingborg.

1996 Staffanstorp (Malmö).

1993 Täby (Stockholm), Halmstad and Västerås.



BYGGMAX IN FINLAND

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

ALTOR BECOMES THE NEW OWNER

On January 1, 2006, the venture capital firm Altor 2003 Fund became the new majority shareholder. Altor believes in the Byggmax concept and wants to continue expanding in Sweden and abroad. In 2014, Altor divested the remainder of its holding in Byggmax.



RENAMED BYGGMAX

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



THE YEAR IN SUMMARY

In 2014, Byggmax generated sales of approximately SEK 3.5 billion, up 10 percent year-on-year. The EBIT margin amounted to 8.4 percent. The company opened 7 new stores and had 112 stores at year-end and an average of 673 employees over the year.

FIRST QUARTER

- NET SALES TOTALED SEK 487.0 M (431.9), UP 12.8 PERCENT.
- OPERATING LOSS AMOUNTED TO SEK -20.0 M (-27.4) AND THE EBIT MARGIN TO -2.3 PERCENT (-6.4).
- TWO (ONE) NEW STORES WERE OPENED: ONE IN SWEDEN AND ONE IN FINLAND.
- A TOTAL OF 12 STORES WERE CONVERTED TO THE BYGGMAX 2.0 CONCEPT.
- IN MARCH, ERIK BÖRJESSON ASSUMED THE POSITION OF IT MANAGER AT BYGGMAX AND BECAME A NEW MEMBER OF THE BYGGMAX GROUP MANAGEMENT.

SECOND QUARTER

- Net sales totaled SEK 1,136.7 M (976.0), up 16.5 percent.
- Operating profit amounted to SEK 95.1 M (69.9) and the EBIT margin to 8.4 percent (7.2).
- Three new stores were opened in the second quarter: two in Sweden and one in Norway.
- A total of four stores were converted to the Byggmax 2.0 concept.
- Byggmax signed a new three-year financing agreement with 30-percent lower interest expenses on a full-year basis.
- Karin Hygrel-Jonsson was elected as a new Board member of Byggmax Group AB (publ) and Johannes Lien declined re-election.

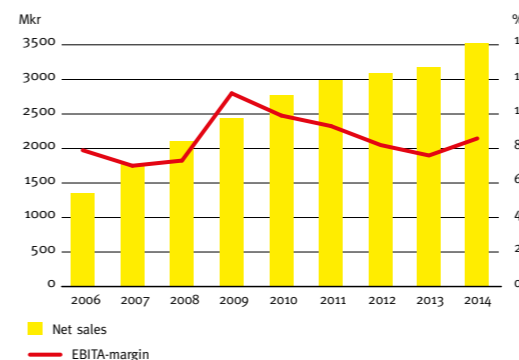
THIRD QUARTER

- Net sales totaled SEK 1,228.1 M (1,175.2), up 4.5 percent.
- Operating profit amounted to SEK 175.0 M (170.0) and the EBIT margin to 14.3 percent (14.5).
- Two (one) new stores were opened: one in Sweden and one in Norway.
- A total of four stores were converted to the Byggmax 2.0 concept.
- Mikael Bengtsson stepped down as Business Manager at the end of 2014 and was replaced by Marcus Hed who previously worked as a Regional Manager at Byggmax.

FOURTH QUARTER

- Net sales totaled SEK 695.4 M (633.2), up 9.8 percent.
- Operating profit amounted to SEK 37.9 M (34.2) and the EBIT margin to 5.4 percent (5.4).
- A total of 15 stores were converted to the Byggmax 2.0 concept.
- Per Haraldsson, Sourcing and Supply Chain Manager at Byggmax, took over responsibility for the category managers. Purchasing Manager Pär Petersson, who was a member of the Group management and responsible for the category managers, is leaving Byggmax at his own request in March 2015.
- The Administrative Court set aside the decision by Swedish Customs on March 26, 2012 pertaining to charges for customs and anti-dumping duties, as well as the decision by Swedish Customs on April 12, 2012 to levy additional customs charges. The decision had no impact on earnings. Byggmax is waiting for an answer as to whether the Swedish Customs will appeal the ruling.
- Byggmax signed a supplemental agreement with Svenska Handelsbanken, which resulted in a SEK 50 M increase in the revolving credit facility.
- The Board of Directors proposes a dividend of SEK 2.6 (2.3) per share.

NET SALES/EBITA MARGIN



	2014	2013	2012
Net sales, SEK M	3.547	3.216	3.090
Gross margin, %	31.1	30.7	30.2
EBITA, SEK M	297	247	252
EBITA margin, %	8.4	7.7	8.2
Profit after tax, SEK M	218	184	180
Cash flow from operations per share	5.1	3.2	3.6
Number of stores at year-end	112	105	94
Stores opened during the period	7	11	8

PRESIDENT'S COMMENTS

"Byggmax should be the natural choice for everyone wanting to renovate. We will be the world's best DIY retailer!"

BYGGMAX CONTINUES TO CAPTURE MARKET SHARES

In 2014, the Norwegian and Finnish markets trended below expectations, while the market in Sweden outperformed expectations. Low-price concepts such as Byggmax are favored in tougher economic climates and we are capturing market shares in all our markets.

COMMERCIAL STRATEGY – CONTINUED EXPANSION WITH STORES, MARKETING AND RANGE

Over the full year, Byggmax opened seven stores, which was in line with our target of 7-13 stores for the year. We have identified a potential to expand the existing total of 112 stores to a total of 180 stores in Sweden, Norway and Finland. The store potential by country is: Sweden 95, Norway 60 and Finland 25.

During the year, Byggmax has expanded building services to additional geographies in Sweden. Customers can buy a wide range of services (flooring, painting, bathroom renovation, window and door replacement, roofing, etc.) at fixed prices per square meter on the Byggmax website. The idea is to continue expanding the test geographically and the range of building services offered. The concept has significant potential as these building services attract an entirely new target group, people who want to renovate but who are either unable to or unwilling to do it themselves.

BYGGMAX 2.0 – ROLL-OUT OF THE UPGRADED STORE CONCEPT WITH A WIDER RANGE

Byggmax 2.0 is an updated store concept, with more articles and clearer communication, utilizing the same sales area as before and with substantially improved sales control. Byggmax 2.0 stores have delivered promising sales increases following conversion.

35 stores were converted during the year and, at the end of the year, a total of 61 stores (54 percent) were aligned with the concept. Our aim is to convert an additional 20-30 stores ahead of the peak season in 2015, in other words, by the end of April.

SUSTAINABILITY AT BYGGMAX

Since 2009, an annual environmental report has been produced on Byggmax's environmental impact. This year's report shows a reduction in carbon emissions per ton of materials sold and the single most important explanation for this is that we have increased the proportion of goods procured locally and reduced the percentage sourced from Asia. Since 2009, carbon emissions per ton transported have declined 14 percent and declined 8 percent in 2014. This means we are well on the way to reaching our goal of a 25-percent reduction by 2020.

As of 2011, Byggmax reports its sustainability initiatives in line with the Global Reporting Initiative's (GRI) framework for sustainability reporting. We report in line with the A+ level, which is the highest level under the GRI.

OUTLOOK - GROWTH CONTINUES WITH NEW INVESTMENTS

It is gratifying to have continued our growth and maintained healthy profitability. It shows the strength inherent in the concept and the increasing consumer trend towards choosing the low-price alternative when purchasing building supplies - irrespective of the economic situation. Many people dream of renovating their home themselves. We make it quick, simple and inexpensive to carry out large or small-scale construction projects. Naturally, we continue to see great potential in growing in the three countries where we currently have operations, and in the long term to also start looking further afield. We aim to establish a store network of 180 stores in our existing markets.

When we look ahead towards 2015, we foresee a number of areas with positive development potential. This includes opening new stores, an updated product range in Byggmax 2.0, building services, Finland and the online store. Byggmax is on a solid footing, which enables us to invest in several initiatives in parallel.

Byggmax is investing in online shopping, which is growing vigorously. Our aim is to significantly increase the range and presence online in 2015.

Byggmax has a number of investment areas: expansion in Finland, the online store and building services. In 2014, after depreciation and amortization, these areas resulted in a total charge of 2.1% on the EBIT margin. In other words, if these investments are disregarded, the EBIT margin would be 2.1% higher. We will continue to invest to grow and capture market shares in 2015. The aim is for the effect on the EBIT margin in 2015 to be less than three percentage points.

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



VISION, CONCEPT, TARGETS AND STRATEGY

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

BUSINESS CONCEPT AND THE BYGGMAX CONCEPT

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

A description of the Byggmax concept follows:

- **Low prices and a focused range:** Byggmax retails high-quality building supplies at the lowest possible price. We have no sales, discounts, campaigns or seconds quality items. All customers receive the same low price. A limited range of 2,000 products simplifies administration and procurement.
- **Drive-in and inexpensive store locations:** In our drive-in facilities, customers pack their goods directly into their vehicles thus lowering our costs. The stores are located in suburbs, in locations with easy access for customers with vehicles.
- **Constant improvement:** We challenge every process to enhance efficiency and to improve operating profits in all our areas of operation.
- **Strong corporate culture and cost focus:** The foundation of Byggmax's corporate culture is a genuine entrepreneurial spirit. The store managers and all employees feel pride in their own areas of responsibility. This means staying on top of costs and maintaining a focus on key ratios to perform well. All head office personnel work at least once per year out in the stores to maintain their links to store operations.

VISION

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

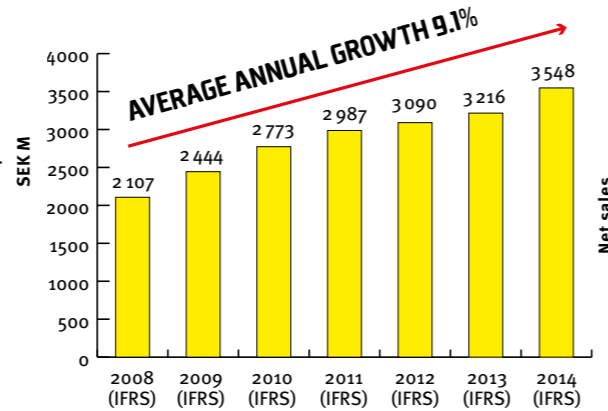
GOALS

Byggmax's goals are:

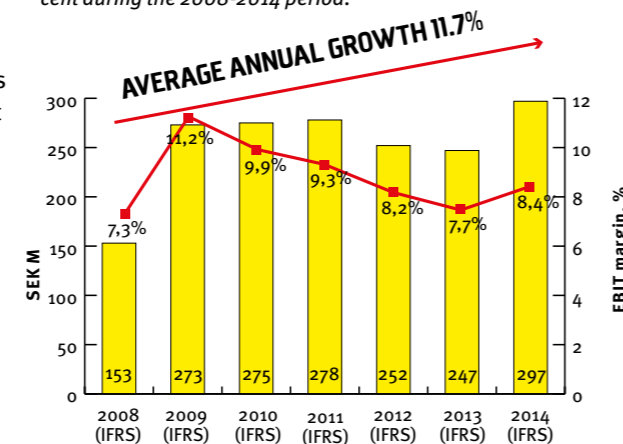
- to achieve organic growth in excess of 15 percent of net sales per year by expanding the store network and increasing sales in comparable stores, and
- to maintain an EBIT margin in relation to net sales of more than 11 percent.

Follow-up of goals

Operations in Sweden outperformed expectations in 2014, while the Norwegian and Finnish markets trended below expectations. During the year, expansion initiatives for Finland, the online store and building services were implemented with an impact on the EBIT margin after depreciation and amortization of a total of 2.1 percent. This meant that during the 2014 fiscal year, Byggmax achieved a growth in net sales of 10.3 percent and an EBIT margin of 8.4 percent.



Byggmax posted average annual net sales growth of 9.1 percent during the 2008-2014 period.



Byggmax posted average annual EBIT growth of 11.7 percent during the 2008-2014 period. The EBIT margin in 2008 was impacted by the establishment of operations in Norway and Finland, respectively. In 2010, the EBIT margin was impacted by listing costs. The EBIT margin amounted to 8.4 percent in 2014.

STRATEGIES FOR REACHING THE GOALS

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

Store network expansion

Over time, Byggmax will increase its presence in Sweden to about 95 stores, in Norway to about 60 stores and in Finland to about 25 stores in economically attractive locations. Byggmax performs ongoing analyses of opportunities for establishment in new markets but as yet no decision has been made.

Operational excellence

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

Business development

Byggmax works continuously with business development. IT support and, in particular, the website are developed every year in a number of customer-focused projects. Purchasing, sales procedures and marketing undergo ongoing development in respect of private customers and professional tradesmen. The online store was launched in late 2008, delivering from the store to the customer and substantial focus has been placed on developing this service. In 2011, the online store was expanded with the addition of online goods with direct delivery to the customers from the suppliers. Byggmax has launched an offering of building services which is undergoing ongoing development. Byggmax is in the process of implementing the updated Byggmax 2.0 store concept. The concept entails enhanced store layout and a new interior design concept that allows a larger range and clearer communication. In addition, Byggmax is adjusting the range to seasonal variations to boost sales in the first and fourth quarters.

VALUE DRIVERS

Value drivers are factors that affect the development of Byggmax in the short and long term. The following constitute those that the management assesses as having most relevance. Many factors impact operations in both the short and long term and, as such, are listed under the category where they are considered to exert most influence.

Short-term factors

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

Long-term factors

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

STRATEGY

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

GOALS

- to achieve organic growth in excess of 15 percent of net sales per year by expanding the store network and increasing like-for-like sales, and
- to maintain an EBIT margin in relation to net sales of more than 11 percent.

OPERATIONS

Since the company was founded in 1993, the Byggmax concept has been essential to the development of operations. The concept is based on a focused product range, a resource-efficient organization, a strong corporate culture and consistent pricing strategy.

BUSINESS MODEL – POSSIBLY THE SIMPLEST IN THE WORLD

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

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

OPERATIONS, CONTINUED

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

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

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

MARKET – POTENTIAL FOR CONTINUED ORGANIC GROWTH

Byggmax conducts business activities in the Swedish, Norwegian and Finnish DIY markets. The European DIY market generates sales totaling approximately EUR 112.8 billion (estimated DIY market size in 2013) according to Mintel¹ and is expected to grow by about 2 percent annually over the next five years compared with average annual growth between 2009 and 2013 of 2.2 percent. Corresponding figures for the same period for Sweden, Norway and Finland show average annual growth that has outperformed many other European markets since 2009, with Sweden at the top with 7.6 percent. Sweden, Norway and Finland jointly represent almost 5 percent of the European market, with Norway accounting for the highest DIY sales per capita in Europe. Given Byggmax's average annual growth rate of 9.1 percent between 2008 and 2014, the growth potential in Sweden, Norway and Finland is assessed as remaining high. The building supplies market is fragmented and the housing market has a high turnover rate. It is relatively expensive to use professional tradesmen and there is a long tradition of doing the work oneself. Interest in home renovation and interior design has grown markedly in the Nordic region since the mid-1990s, which can be seen in the large number of DIY/ home decorating television programs and the range of interior-design publications.

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

COMPETITION

Byggmax's competitors are other retail chains, online stores and purchasing organizations, independent stores and wholesalers. The Swedish market has been dominated by Beijer and local DIY retailers, but the international chains and, above all, Byggmax are the companies growing rapidly. Many international chains are expending, for example Bauhaus and K-rauta.

The Norwegian market is dominated by a few strong chains with Byggmakker as the market leader. These chains sell to private consumers and professionals and other competitors include Maxbo, Coop Bygg, Optimera, Bygger'n, XL Bygg and Neumann Bygg. The market in Finland has been dominated by Rautakesko with its two concepts K-rauta and Rautia. In recent years, the only international chain to establish operations in Finland has been Bauhaus. Other competitors in Finland include Starkki, and sGruppen.

OFFERING – SIMPLICITY AND LOW PRICES

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

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



“THE TOTAL ON THE BILL IS ALWAYS OK.”

For many years, Øyvind has dreamed of the seas, and now it's time to make that dream a reality. Together with his neighbor and good friend, he has started building to the sound of lots of laughter and good stories.

ØYVIND: We are in Sveio, which is located twenty kilometers north of Haugesund, the center of the world, of course. This is where I am building a paradise, a deck and a pool with views of the sea. It's an old childhood dream that is being fulfilled. Gunnar, who moved here a while back, is helping me with the work. We have become good friends and “leisurely working colleagues”.

GUNNAR: I moved here from Sweden because of the fantastic scenery. It really is incredible. It's fantastic.

ØYVIND: The foundation here is an old stone-strewn slope, so building a terrace of concrete was never on the cards. Therefore, it will be pressure-treated lumber and the plan is to leave the wood like it is today. It will not be protected in any way, shape or form.

ØYVIND: Everything comes from Byggmax, right down to the last nail. I really like the simplicity of just driving into the yard and loading everything onto the trailer. You do everything in one go and then drive home. And the total on the bill is always OK.

Byggmax advertising circular in Norway, June 2014

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

tion, doors and windows.

Practically all Byggmax stores have an identical range of products, which assists customers in their purchase planning. The range consists of the most in-demand building supplies and includes about 2,000 products, which is far fewer than the industry norm where large retailers may have up to 100,000 products. The roll-out of the upgraded store concept Byggmax 2.0 has meant a slight increase in the range to cover a larger proportion of customers' needs for building material. The range in the stores normally only changes marginally from year to year since demand for products for repairs, maintenance and DIY projects is relatively stable. Demand and customer requests for specific new products are followed up by store personnel and the purchasing department based on close and regular contact. Byggmax also offers a range of online goods that, essentially, are sent directly from the supplier to the customer. The range of products available to order is supplemented on an ongoing basis with new items.

Pricing

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

Prices are set centrally, which enables rapid reaction to changes in market conditions.

For several consecutive years, Byggmax has been named the winner in price comparisons of various players in the building sector. According to the publication Vi-i-Villa's "villa panel", Byggmax continues to have a strong position among Sweden's house owners. Some 36 percent of house owners plan to shop at Byggmax according to the 2014 report, which was the highest figure for any DIY store included in the survey.

PURCHASING, DISTRIBUTION AND LOGISTICS – EFFICIENCY AT EVERY STAGE

Byggmax purchases its products from approximately 250 carefully selected suppliers, of which three-quarters are located in the Nordic countries. To an increasing extent, Byggmax sources products locally, for example, more than 80 percent of lumber, which



is Byggmax's largest product group, is procured locally. Byggmax defines locally as within one country, except for Sweden, which due to its size is divided into two parts; North and South. A delivery is deemed local if it originates in the same country or part of a country as its destination. Byggmax avoids being dependent on a single supplier by having at least two suppliers per product category.

With its product strategy, Byggmax is one of the largest purchasers in its geographic market and can negotiate attractive contractual terms and discounts. The majority of products are delivered by the supplier directly to the stores, in full truckloads. Byggmax has two distribution centers that handle one fourth of all deliveries, which gives us increased efficiency through consolidation effects with deliveries and has given us the right conditions to maintain lower inventory levels. The proportion delivered via the distribution centers has increased in recent years. Byggmax imposes strict requirements on its suppliers in such areas as delivery conditions, product quality, price, order confirmation and invoicing procedures, which are monitored using the company's integrated IT system (ERP – Enterprise Resource Planning system).

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

It can often be difficult as a retailer to get the opportunity to participate in and influence the life cycle of a product. As regards Byggmax's major product group, lumber, this is the product group

where the company is sometimes able to collaborate with suppliers and influence the development of the product concept, its manufacture and production, marketing, distribution and use as well as scrapping and recycling.

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

SALES – WINNING STORE CONCEPT AND SUCCESSFUL ONLINE SHOPPING

Since 2003, the store network has expanded from 19 stores to a total of 112 stores, of which 72 are located in Sweden, 27 in Norway and 13 in Finland. By owning and operating the individual stores itself, Byggmax can control every aspect of daily operations and ensure that the concept is fully applied throughout the chain. The performance of store managers is measured by a few key performance ratios that the managers themselves are able to directly and significantly impact. The store managers compare their performance with stores generating comparable sales and exchange experiences to meet their key performance ratios. Since 2009, part of the stores' day is to process the online store orders that are sent from store to customer. Store personnel have to provide information about and sell the new range of online goods that are sent directly to the customer from the supplier.

Stores

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

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

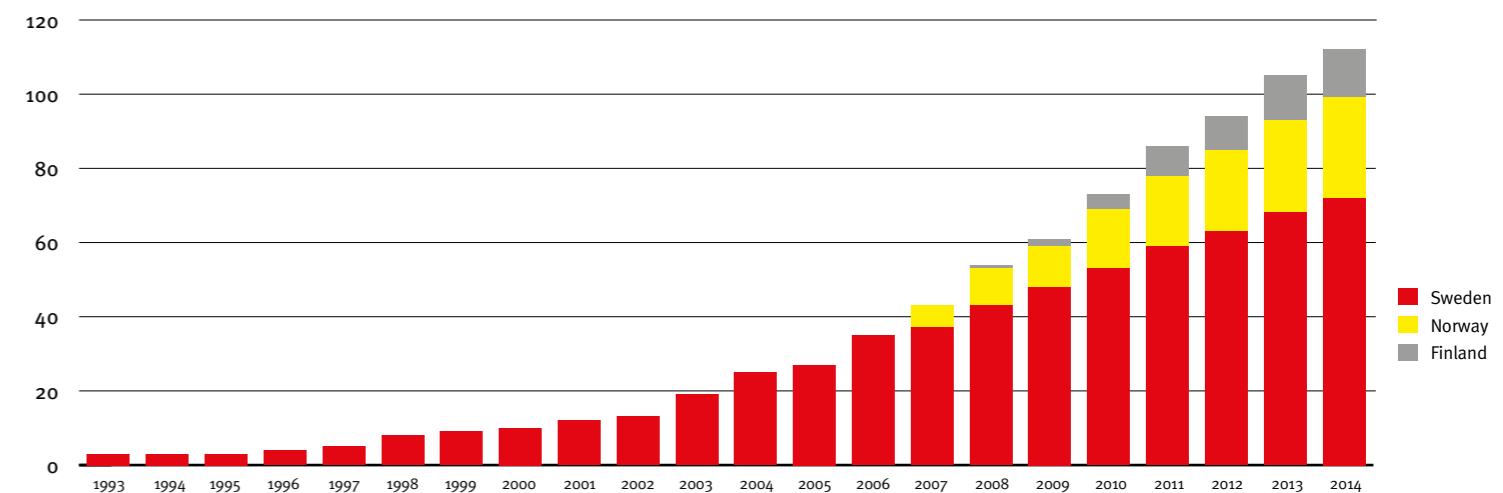
The Byggmax 2.0 concept

Byggmax 2.0 is an updated store concept, with more articles and clearer communication, utilizing the same sales area and with substantially improved sales control. The new concept makes it easier for customers to shop and means that Byggmax can meet a larger proportion of customers' building material needs. In 2014, 35 stores were converted to the new concept. At the end of the year, Byggmax had 61 stores under the Byggmax 2.0 concept. All new stores in 2014 opened with the new concept in place. In 2015, the conversion is planned for a further 20-30 stores.

New store openings

Byggmax continuously evaluates its store network and seeks new locations in which to establish outlets. A proven method for identifying attractive store sites exists with access to the store, and the demographics and disposable income in an area among the key criteria in determining the location of a new store. Byggmax also offers rewards to people who assist the company in identifying suitable plots or properties that are available. The method has proven effective and popular.

NUMBER OF STORES



The diagram illustrates the development in the number of stores since the start in 1993. Over the past four years, Byggmax has opened an average of ten new stores every year.

The costs of opening a new store are limited and a new outlet is expected to contribute to profitability after one year, and reach full sales maturity within two to three years. After a new rental lease is signed and the property made ready for occupancy, it normally takes Byggmax four to six weeks to open a store. The aim is to open new stores immediately before or in conjunction with the hectic summer season. During the past four years, Byggmax has opened an average of ten new stores every year. To date, Byggmax has not closed any of its stores, indicating that both the underlying analysis and expansion model works well. If Byggmax identifies a more attractive store location in an existing area, the store is relocated. This is one way of developing operations. In 2014, Byggmax relocated stores in Jönköping and Hudiksvall to new premises in the existing areas.

Online store

During 2009, Byggmax Online was launched to broaden the company's sales channels and capitalize on internet diversity. The online store includes an interactive catalog with descriptions and images of Byggmax's complete product range. The website consistently updates prices and inventory levels for each Byggmax store. This enables customers to check from the comfort of their home if the product they are seeking is available ahead of any visit to a store. Via Byggmax's online store, customers can also opt to order the full range of Byggmax's products for delivery direct to their home. At the end of April 2011, Byggmax launched online goods, which means more products are available via the online store than are available from the physical stores. Byggmax launched a new platform in 2013, which has a significantly enhanced performance to the previous platform, allows an expanded range on the website and simplifies navigation. The website also contains a library with instruction films that demonstrate building processes in a pedagogic manner.

Retailing building services

Byggmax has expanded the test launch of building services both geographically as well as in terms of the range of building services offered in 2014. Byggmax customers can buy flooring and painting services at fixed prices per square meter on the Byggmax website. The concept has significant potential among customers who want to renovate but who are either unable to or unwilling to do it themselves. In 2015, a general launch of building services is planned for the Swedish market. Thereafter, Byggmax plans test launches in the Norwegian and Finnish markets.

MARKETING – CONSISTENT BRAND STRATEGY-

The brand has been steadily strengthened as a result of Byggmax consistently applying its concept and continuously expanding the store network. Byggmax has now managed to achieve nationwide brand recognition in Sweden and high brand recognition in Norway and Finland, where the chain was launched in 2007 and 2008 respectively. The brand is strengthened by the company's distinct business concept and the characteristic and effective store design.

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

Byggmax has utilized the concepts "Sweden is building" and "Norway is building" in these countries in the period from 2010 to 2014. Byggmax's customers are the main characters in television commercials, advertisements, direct mail and on the website. Customers are interviewed while carrying out their building project over a summer and comment, without being directed, on Byggmax and its products. The concept demonstrates the geographical spread of Byggmax by using customers from all over Sweden. In particular, according to independent trade publications and surveys, it has strengthened Byggmax's price profile and brand. Byggmax does not use any advertising agencies. TV commercials are produced with the assistance of production companies and all Byggmax advertising is produced in-house.



EMPLOYEES

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

STRONG CORPORATE CULTURE - BYGGMAX'S VALUES

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

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

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

Byggmax applies a lean approach at both the head office and in the stores. Application of a lean approach means working with resource efficiency and minimizing waste.

ORGANIZATION – FUNCTION-CONTROLLED MANAGEMENT

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

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

WORKFORCE – 673 "BYGGMAXERS"

During 2014, Byggmax had an average of 673 full-

time employees (629), with store personnel accounting for the majority of the workforce. Due to significant seasonal variations, the operations require flexible store manning, which is achieved by having a substantial proportion of part-time employees. The relatively high degree of personal freedom of action for employees in combination with clearly defined areas of responsibility has created a highly motivated organization. Work attendance in relation to normal working hours was 96 (97) percent during the year.

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

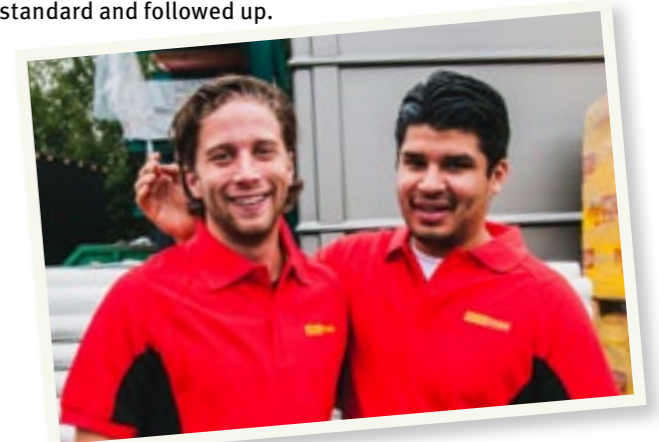
No written rules are in place as regards employing locally. However, established practice and the nature of business activities with operations in many smaller communities means the store staff, including the manager, are recruited locally.

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

Byggmax receives subsidies for the employment of certain members of staff who are participating in various state-funded employment measures to promote employment. The total amount received in such subsidies totaled SEK 6.1 M in 2014 and SEK 5.9 M in 2013.

SYSTEMATIC WORK ENVIRONMENT PROGRAM

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



In the 2014 fiscal year, the distribution of reported work accidents was as follows.

Work-related injuries	2014	2013
Number of personal injuries, employees	17	13
Fatalities	0	0
No. of lost time injuries (LTIs)	2	2
Total number of days absent (calendar days) due to work-related injuries	13	18
Accident ratio	2.6	2.1
Working days lost	2.0	2.9

TRAINING

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

	Introduction, number of hours	Annual repetition, number of hours
Pickers	15	10
Store employees	100	40
Store managers	150	60
Regional managers	80	80

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

EQUAL TREATMENT

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

in the form of an equality policy, personnel policy, ethical standpoint, HR strategy and an action plan for cases of abusive treatment are all contained in the Byggmax personnel manual, which is available to all Byggmax employees. The Equality Policy is also published on the Byggmax website. No known incidents of discrimination occurred in 2014.

On comparison within the same personnel category, women have somewhat higher salary levels than men at Byggmax. Base data comprised the closing basic salaries for store employees in Norway and Sweden as of December 31, 2014.

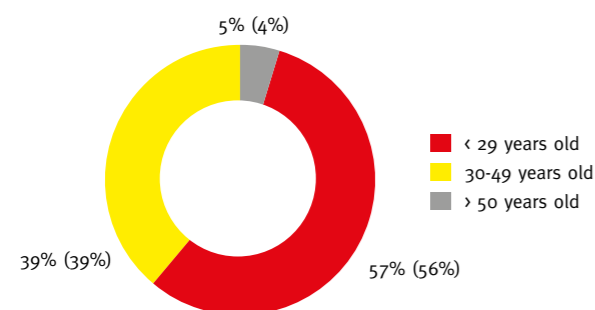
	2014	2013
Women's salaries as a percentage of men's	103.7	101.0

Gender	Staff turnover
Men	46%
Women	46%

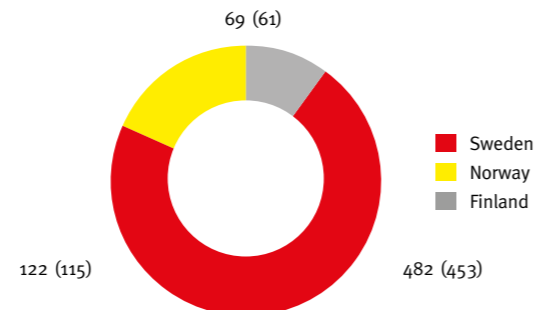
Age	Staff turnover
<30	58%
30-40	22%
40-50	27%
50+	22%
Total	46%

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

WORKFORCE, AGE DISTRIBUTION



WORKFORCE, EMPLOYEES BY COUNTRY



BYGGMAX'S VALUES

All permanent employees of Byggmax were gathered at a major conference on November 16-17, 2013, to draw up a new set of values. The conference was extremely successful and generated substantial energy and enthusiasm.

RESPONSIBILITY

I stand behind my thoughts, words and actions. I deliver what I promise and always act in the best interests of Byggmax.

RESPECT

I see, listen to and try to understand everyone around me. By treating others as I would like to be treated I contribute to building strong and healthy relations.

FUN

I view everyone as fantastic and spread joy by being open and through my smile. In this way, we all have fun together!

POSITIVE ATTITUDE

I choose to always see opportunities and solutions. My positive thinking energizes the team and our customers. Anything is possible!

COMMITMENT

I maintain an open attitude and go that extra mile. I actively participate and demonstrate a genuine interest in colleagues and customers.

100%

I always do my best and pay attention. We will be the world's best DIY retailer!

BYGGMAX ORGANISATION

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

Stores

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

Accounting and finance

Responsible for accounting, financial controlling, HR & payroll.

Purchasing

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

Marketing and IT

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



Byggmax gathered all permanent employees at a major conference on November 16-17, 2013, to draw up a new set of values.

THE DIGITAL REVOLUTIONARY

DIALOGUE WITH BYGGMAX'S WEB MANAGER MIA KAMLÉN

Mia Kamlén has succeeded with an impressive achievement. In just two years, she has transformed the Byggmax website from a modest entry in the digital arena to a prizewinning e-commerce site. But despite all the successes, this enthusiast is finding it difficult to be satisfied. She now aims to start a digital revolution in the building materials industry.

Mia joined Byggmax in 2012, and is now responsible for the company's fastest growing department with six full-time employees in website development and digital communication.

- When I started, there was no digital capacity whatsoever. So the first measures were to organize the work of putting products and prices on the website. We could then work in a more structured manner with search engine optimization (SEO), search engine marketing (SEM) and digital communication. The next step was to make the website compatible with mobile devices.

It didn't take long for Mia's action plan to bear fruit. Under her leadership, Byggmax was first in Sweden with responsive e-commerce. Furthermore, in 2013, the company won Internet World's prize for Best E-commerce Website. However, as the product range grew so did the challenges.

- The system needed modernization to manage the growing product range. Therefore, we developed a new e-commerce platform and, in parallel, increased relevance for visitors through an enhanced search function with product suggestions. We also started presenting our best-selling products more clearly, which led to better sales.

The positive trend continued throughout the remainder of 2013. The social media presence was increased and a newsletter initiative with inspiration and simple DIY projects was launched. The result was a notable 25% increase in web sales in 2014.

But the greatest challenge is still waiting for Mia and the website team. Facing 2015, the team's ambition level is in a class of its own.

- We want to revolutionize the way customers buy building material. At the moment, we are in full swing with developing a new service we call Design and Estimate. First out, as part of this initiative, will be Room Renovation – a tool that will make it easier than ever to renovate.

“WE ALSO STARTED PRESENTING OUR BEST-SELLING PRODUCTS MORE CLEARLY, WHICH LED TO BETTER SALES.”

Customers draw the room to be renovated in an interactive environment and can then apply design choices, such as wallpaper, flooring, doors, windows, etc., thus creating a clear image of the end result.

When customers are satisfied with their choices, a personal shopping list is generated with all the items necessary to complete the project. Customers can then print out the list, have all the material sent to their home or order a tradesman to come and do the entire job for the customer at a fixed price. In this way, we can package building projects to make them more accessible than ever – like Lego in a construction kit.

Mia's commitment is unmistakable when she describes the advantages of Design and Estimate. Before she rushes back to her computer, her motivation bursts through one more time.

- This is about removing the single largest barrier to ideas for projects becoming a reality. Our aim is to be the world's best, online building materials supplier and with these services mean we will have made considerable progress to that end.

Name: Mia Kamlén
Title: Web Manager
Age: 37
Time at Byggmax: Three years
Goal: Become the world's best, online building materials supplier.



OUR RESPONSIBILITY

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

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

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

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

In 2014, work continued on reducing the environmental impact, and carbon emissions per ton of goods carried declined. Waste management at stores has developed well over time and the proportion of mixed waste declined from 11 percent in 2009 to six percent in 2014, in other words, sorted and rejected waste increased from 83 percent to 87 percent in 2014.

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



Magnus Agervald, CEO

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

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

HUMAN RIGHTS

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights (Code of conduct for suppliers). Principle 2: Businesses should make sure that they are not complicit in human rights abuses (Work environment policy, Equality policy).

LABOR LEGISLATION

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

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

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

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

ENVIRONMENT (ENVIRONMENTAL POLICY)

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

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

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

ANTI-CORRUPTION

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

Byggmax's values serve as a supplement to the above documents. All of these documents form part of the Byggmax work environment process, which ensures that these policy documents remain relevant for the organization.

BYGGMAX IMPACT

Since Byggmax performs a minor portion of its procurement in Asia, about 5 percent, the risks associated with such procurements are relatively limited compared with if the proportion had been higher. However, these risks are not negligible. The greatest opportunity for Byggmax to make an impact is in relation to the environment, specifically, the transport of goods to stores.

MEASURING METHODS AND REVIEW

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

To reconcile and support the measuring methods utilized, Byggmax has examined this summary and reporting based on the guidelines for sustainability reporting G3.0, produced by the international stakeholder organization the Global Reporting Initiative (GRI). This examination was performed by Tyréns AB, an external consulting firm.

STAKEHOLDERS

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

Customers: Through advertising, the website, customer service and employees in the store. This communication is conducted on a daily basis.

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

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

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

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

Core issues for Byggmax stakeholders are defined as follows:

Customers: Product quality and price.

Suppliers: The stability of Byggmax as a customer

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

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

Owners: Future dividends from Byggmax and sustainable business.

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

CODE OF CONDUCT FOR SUPPLIERS

Byggmax does not conduct manufacturing operations but instead buys its products from some 250 carefully selected suppliers. The company's purchasing strives to find products that hold high quality and which follow relevant standards.

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



OUR RESPONSIBILITY, CONTINUED

ETHICAL GUIDELINES

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

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

ENVIRONMENTAL POLICY

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

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

WORK ENVIRONMENT POLICY

The goals of Byggmax's systematic work environment programs are to prevent occupationally related illnesses and promote a good physical and psychosocial work environment. These efforts encompass the study of working conditions, risk assessment, implementation of preventive measures and the monitoring

of business activities. To facilitate these programs, considerable efforts are made to ensure that all the company's executives undergo training in work environment-related programs and fire safety.

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

EQUALITY POLICY

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

BYGGMAX GRI PROFILE

The Byggmax GRI profile is available on page 88 with page references. Byggmax reports in line with the A+ level, which is the highest level under the GRI.



BYGGMAX 2014 ENVIRONMENTAL REPORT

Introduction

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

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

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

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

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

Transportation

In 2014, the performance of our own distribution centers stabilized and ordering procedures were fine tuned. Warehouse facilities were unchanged during

the year, but the loading schedule underwent a major review, which has opened up for considerably more consolidated shipments and more resource-efficient flows.

This has resulted in transport work per ton of goods transported decreasing for the third consecutive year. The quantity of CO₂ per ton of transported goods declined 19 percent compared with 2009. Given the improvements posted over the past few years, the target of a 25-percent reduction will be reached as early as 2016.

The proportion of marine freight increased slightly, which was partially attributable to excess inventory for certain product groups which are generally transported over long distances by ship. As these inventories declined, more needed to be ordered for the coming year, which is also reflected in the increased number of ton-kilometers of marine freight. As a consequence of the above, the proportion of road freight declined by a corresponding amount.



	2014	2013	2012	Trend 2013-2014	Trend 2009-2014
Transported goods [thousand tons]	565.9	521.5	484.1	9%	43%
Freight [million ton-kilometers]	343.2	319.1	347.2	8%	26%
Of which marine [million ton-kilometers]	76.5	56.2	88.9	36%	63%
Share marine	22%	18%	26%	27%	29%
Of which rail [million ton-kilometers]	0.0	0.0	0.0	0%	0%
Share rail	0.0%	0.0%	0.0%	0%	0%
Of which road [million ton-kilometers]	266.7	262.1	258.4	2%	19%
Share road	78%	82%	74%	-5%	-6%
Freight per ton [ton-kilometers/ton]	606	612	717	-1%	-12%
CO ₂ emissions per ton of goods transported [kg]	28.4	30.0	32.7	-6%	-19%
CO ₂ per krona of sales [kg/SEK]	4.5	4.9	5.1	-7%	-20%
Absolute carbon emissions, CO ₂ [ton]	16,046	15,662	15,816	2%	16%

Table 1, compilation of key freight ratios. Emissions per ton-kilometer are based on emission data from ntmcalc.se.

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

The emissions of other greenhouse gases per ton of goods transported is also declining over time. The fact that total emissions of greenhouse gases and environmentally hazardous substances have increased since 2009 was attributable to the number of stores increasing from 61 to 112 over the corresponding period and to the stores' geographic spread now being substantially larger than it was five years ago.

	2014	2013	2012	Trend 2013-2014	Trend 2009-2014
NOx [g/ton]	246	256	285	-4%	-17%
CO [g/ton]	63.7	66.3	71.2	-4%	-16%
HC [g/ton]	10.8	11.1	12.4	-3%	-16%
Particles [g/ton]	6.1	6.1	7.1	-1%	-14%
NOx [ton]	139.0	133.4	138.7	4%	18%
CO [ton]	36.0	34.6	34.6	4%	20%
HC [ton]	6.1	5.8	6.1	5%	20%
Particles [ton]	3.4	3.2	3.5	8%	23%

Table 2, emissions of greenhouse gases and environmentally hazardous substances per ton of goods transported and in absolute measures. Emissions per ton-kilometer are based on emission data from ntmcalc.se.



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

Products and packaging

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

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

All parquet flooring and timber sold is labeled FSC, Forest Stewardship Council, the international environmental labeling that aims to promote sustainable forestry.

Byggmax handles goods with a low proportion of packaging. Only about 10 percent of articles sold in stores have consumer packaging, meaning packaging that is sold together with the goods and taken home by the customer. Otherwise, products have varying

types of transport packaging for protection. Transport packaging is recycled in partnership with recycling centers and pallets are reused in the pallet exchange system of the major freight forwarders and in the building pallet exchange system.

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

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

Mixed waste has a declining trend when viewed between 2009 and 2014, but has leveled off at about 6 percent over the last few years. Total waste volumes are increasing per store, which is attributable to many of the items that have been included in the range being of the type that has more transport packaging than heavy building materials.

“WE FOLLOW BYGGMAX’S INSTRUCTION VIDEOS TO THE LETTER”

For Gun and Lennart the good old days are part of daily life. But when it’s time to lay roofing felt, they’re not afraid to roll up their sleeves and surf in to www.byggmax.se.

LENNART: At the moment we’re replacing our roof. We looked at Byggmax’s instruction video about the right way to lay roofing felt and we’ve tried to follow that to the letter. It’s important not to forget the safety harness when I go up on the roof – otherwise Gun gets angry.

GUN: The video gives excellent step-by-step instructions on needs to do. We normally go to Byggmax when we have a project – the last time was when we rebuilt the kitchen to what it looked like back in the 1700s. I’m extremely interested in old things, it comes from parents and ancestors having lived in this house.

LENNART: I also like old things and, most of all, motor vehicles. The oldest car I have is a Model T Ford, which is almost a hundred years old. I got it because it needs a different technique for driving and is a challenge compared with modern cars. When we go out in the car we dress up as people used to when the car was new.

GUN: It’s fun to drive around in period clothing. When would I otherwise get the chance to wear my grandmother’s wedding dress from 1901?

BYGGmax
TILLBAKA TILL DÅTIDEN
2495
1195
999

Byggmax advertising circular in Sweden, August 2014

The benefit of laying roofing felt: the view.

Waste category	2014	2013	2012	Diff 2013-2014	Diff 2009-2014
Mixed waste	6.2%	6.7%	6.1%	-0.54%	-5.14%
To land-fill	7.1%	7.6%	7.0%	-0.51%	1.19%
Sorted	86.8%	85.7%	86.9%	1.05%	3.95%
Total	100%	100%	100%		

Table 3, division of waste by category 2012, 2013 and 2014.

Waste in tons	2014	2013	2012	Diff 2013-2014	Diff 2009-2014
Mixed waste	3.5	3.7	3.3	-6.1%	-31.5%
To land-fill	4.0	4.2	3.8	-4.0%	12.0%
Sorted	49.4	47.7	46.9	3.5%	8.6%
Total	56.9	55.7	54.0	2.3%	5.0%

Table 4, waste volumes by store in Sweden, 2012-2014.

Printed matter

The printed matter produced and distributed by the Group is an important part of its environmental impact. Over a six-year period – from 2009 to 2014 – Byggmax has reduced the volume of printed advertisements per store by about 46 percent. This change was primarily attributable to new stores being established in existing distribution areas, which has significantly cut the average volume of advertisements distributed per store.

The total weight of printed direct mail has not changed appreciably between 2013 and 2014.

During the year, price signs have started to increasingly be produced in-store, instead of being produced and delivered from a central printing works.

Byggmax works together with a printing firm that is certified in line with the Nordic Ecolabel, EU Ecolabel, PEFC and FSC. Among other measures, this means minimizing the use of health-impairing chemicals in printing ink and paper and striving to promote socially and economically sustainable forestry. The printing firm runs entirely on renewable electricity.

Printed matter	2014	2013	2012	Trend 2013-2014	Trend 2009-2014
Printed, direct mail (ton)	1,097	1,105	950	-0.70%	-0.3%
Printed, direct mail (ton/store)	9.79	10.5	10.1	-8.50%	-46.6%

Table 5, total printed matter and per store for the 2009-2014 period.

Energy consumption

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

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

Direct energy use (GJ)	2014	2013	2012
Diesel	10,142	9,772	9,429
Gasoline	0.3	49	172
Total	10,142	9,821	9,501
Per store	91	94	101

Table 6, direct energy use by energy source, 2012-2014.

The fleet of forklifts is gradually being renewed and all new forklifts procured are of environmental class III, in accordance with the European Parliament directive 97/68/EU, and electric/diesel hybrids. About 75% of the forklift fleet are now either hybrid or electric. The possibility of changing to biodiesel has been examined but the volumes of diesel that Byggmax buys are too small for such a change to be financially viable at present. Tests will be conducted in 2015 of electric versions of the large forklifts used at stores.

The indirect energy used by Byggmax per primary energy source mainly comprises electricity and heat. In 2011, the electricity agreements were renegotiated in Sweden for the stores that do not have electricity included in lease agreements and the choice fell to guarantee-of-origin hydroelectricity from power stations in Ljusnan from 2012. In addition, 100 percent of the energy for the stores in Norway is also derived from renewable sources. Stores in Finland have a residual mix of electricity.

	Of which, renewable energy	Of which, nuclear power	Of which, fossil fuel
Sweden	100%	0%	0%
Norway	100%	0%	0%
Finland	9.5%	35.4%	55.1%

Table 7, indirect energy use by primary energy source in 2014 for stores where indirect use is possible to influence. The data for Finland pertains to 2013.

In collaboration with the electricity supplier, an initiative was carried out to identify and eliminate unnecessary grid loads in Byggmax stores in Sweden. All store managers have undergone energy efficiency training and receive reports of energy use and power usage.

Total (TJ)	2014	2013	2012
Sweden	23.2	23.4	22.9
Norway	17.8	18.8	17.6
Finland	3.8	1.7*	n/a
Per store, Sweden	0.3	0.3	0.4
Per store, Norway	0.7	0.8	0.8
Per store, Finland	0.3	0.1*	n/a

Table 8, indirect energy in the 2012-2014 period for stores where indirect use is possible to influence. * The low figures for Finland in 2013 were due to data only being available for part of the year.

Responsible establishment

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

sources (meriting protection for fish and birds, water catchment, Natura 2000 and natural environment of national interest). Through its location, which is in a heavily developed area, the store has no impact on biological diversity in the area designated in the wetland inventory. The Torslanda store is located relatively close to an embankment protected inlet and known bird habitat. The store in Larvik, Norway, is located in the vicinity of important coastal biotopes. In general, stores located near the coast can be assumed to be more exposed to climate change.

Risks and opportunities attributable to climate change

Senior management has taken climate change and the risks and opportunities this entails for the organization into consideration. The major risks to operations comprise physical changes (seasonal variations and flooding) as well as regulatory changes. The opportunities include better communication of Byggmax's environmental initiatives to create an environmental profile toward customers and to launch new products that are more environmentally-friendly than existing products.



Pictures from Byggmax's online exhibition at Ullstämman in Norway. The online showroom was built as part of the new Byggmax 2.0 concept.

THE BYGGMAX SHARE

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

TRADING IN THE SHARE AND THE SHARE PRICE TREND IN 2014

The last price paid on December 31, 2014 was SEK 52.8, corresponding to a market capitalization for Byggmax of SEK 3,207 million. The highest price noted for the share during the fiscal year was SEK 59.0 and the lowest notation was SEK 41.8. In 2014, approximately 39 percent of trading in the Byggmax share took place on Nasdaq OMX Stockholm and only about 0.04 percent was carried out on Burgundy. The majority of share trading, 57 percent, comprised over-the-counter (OTC) trading. OTC trading is subsequently reported to, among others, Boat xoff and the Stockholm Stock Exchange for registration.

SHARE CAPITAL

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

SHAREHOLDERS

At December 31, 2014, the number of shareholders in Byggmax was 7,919 (5,734) according to Euroclear. The ten largest shareholders owned shares amounting to 54 percent of the votes and capital in the company. The percentage of non-Swedish ownership amounted to 55.9 percent.

STOCK MARKET INFORMATION

Byggmax endeavors to furnish the stock market with clear and current information. Financial information is provided primarily in the Annual Report, the year-end report and in three interim reports. Before publication of the reports, Byggmax maintains a quiet period of 30 days. Byggmax's annual report is only distributed

via the Group's website, where it is possible to subscribe to the company's financial reports.

INCENTIVE SCHEME

The 2011 and 2013 annual general meetings resolved to introduce warrant programs for senior executives and other key staff at Byggmax. The warrants can be exercised in the final six months of their term. The warrants are priced at market value, which is based on a valuation made by an independent party. Each warrant entitles its holder to subscribe for one share in the company at the exercise prices shown in the table below. The participants of the warrants program have entered into a pre-emption agreement. The 2011 warrant program expired on October 16, 2014 and was not exercised since the share price was lower than the exercise price.

	2013
Total number	600,000
Price	2.24
Exercise price	42.8
Term	4.5
No. of participants	27

DIVIDEND POLICY

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

PROPOSED DIVIDEND

The Board of Directors proposes to the Annual General Meeting a dividend of SEK 2.6 (2.3) per share for 2014, equivalent to 73 percent (76) of the Group's profit after tax.

BYGGMAX AS AN INVESTMENT

Byggmax has an attractive business model that creates value for shareholders. Byggmax combines healthy growth with a favorable dividend yield. Since being listed in 2010, the dividend has increased annually by 15 percent.

Byggmax has a history of healthy growth and has successfully established stores since its start in 1993. We estimate that the number of stores in existing markets can be increased from 112 to 180. Byggmax also has a number of exciting investments currently being developed. These include the increased investment in e-commerce, continued conversion of existing stores to the Byggmax 2.0 store concept and sales of building services.

SHARE PERFORMANCE

SHARE PERFORMANCE	2014	2013
Earnings per share, SEK	3.6	3.0
Equity per share, SEK	17.2	16.0
Dividend per share, SEK	2.6 ¹	2.3
Cash flow from operations per share, SEK	5.1	3.2
Number of shares outstanding, thousands	60,737	60,737
Average number of shares, thousands	60,737	60,737
Dividend as a percentage of profit after tax, %	74 ¹	76
Number of shareholders	7,919	5,734
Share price at December 31	52.8	48.4
Dividend yield, %	4.9 ¹	4.8

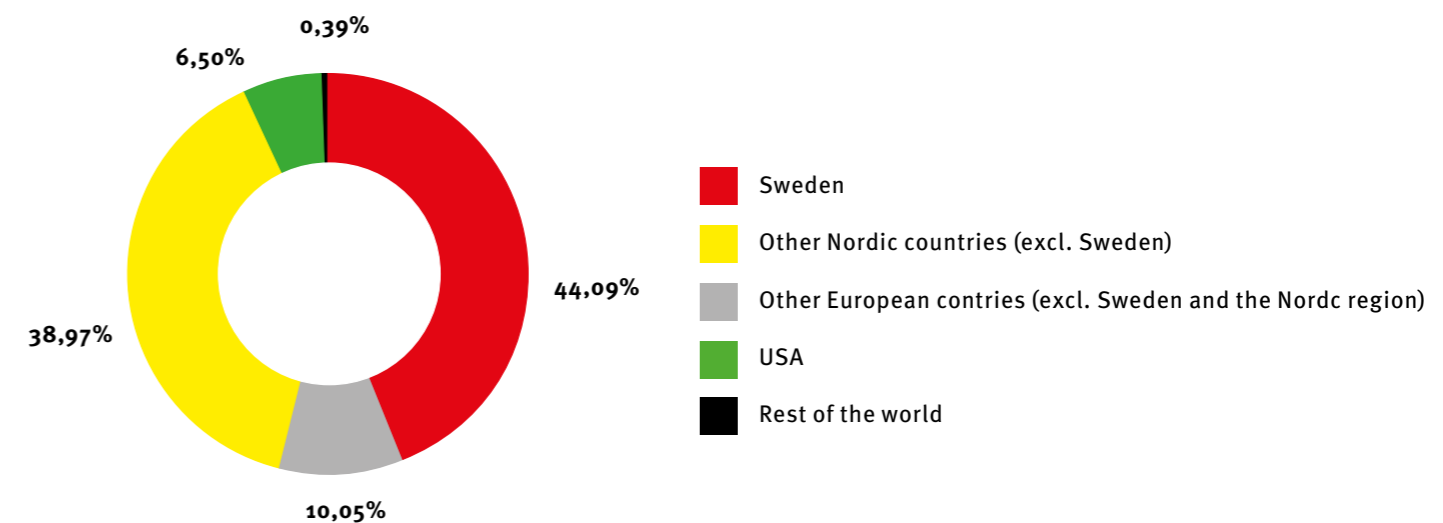
TEN LARGEST SHAREHOLDERS

Name	Number of shares	Holding (%)
Nordea investment Funds	6,115,778	10.07%
Swedbank Robur fonder	4,369,140	7.19%
SEB Investment Management	3,594,648	5.92%
Handelsbanken Fonder AB	3,561,862	5.86%
Norges Bank Investment Management	3,384,378	5.57%
JP Morgan Assets Management (UK) Ltd.	3,035,975	5.00%
Schroder Investment Management North America Inc	2,400,000	3.95%
Jarrton Management (Göran Petersson)	2,381,296	3.92%
The Fourth Swedish National Pension Fund	2,002,796	3.30%
Öresund, Investment AB	1,979,952	3.26%
Total of the ten major shareholders	32,825,825	54.05%
Total other shareholders	27,911,220	45.95%
Total at December 31, 2014	60,737,045	100.00%

Source: Euroclear

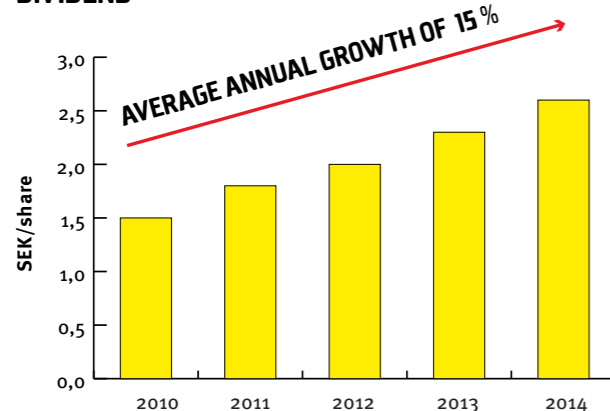
For non-Swedish shareholders, the above data is based on available information.

SHAREHOLDER CATEGORIES



¹The dividend for 2014 is the proposed dividend by the Board to the AGM.

DIVIDEND



CHAIRMAN'S COMMENTS

It has been an intensive year for Byggmax, with increased market shares, the opening of seven new stores and the conversion of 35 stores to the new Byggmax 2.0 concept. Naturally, these events characterized the Board's work and influenced the financial situation.

THE BOARD'S WORK

Byggmax has a well-composed Board with members of varying and complementary backgrounds and skills. The Board held 11 meetings during the year. Important resolutions taken during the year included:

- Revision and adoption of the company's policies
- Opening of new stores in all three countries
- Continued work on improving operating activities
- Continued expansion of the online range
- Roll out of the new store concept, Byggmax 2.0
- Continued expansion of the offering of building services

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

COMMENTS ON THE CORPORATE GOVERNANCE REPORT

As made evident in the Corporate Governance Report, Byggmax applies the Swedish Corporate Governance Code. The Audit Committee follows up the company's assessment of the internal audit through contact with the company's auditors.

FINANCIAL POSITION

Through its budget concept, Byggmax has historically strengthened its market position in a weaker economy. At year-end 2014, Byggmax held a strong position. Net profit amounted to SEK 218 M (184). Shareholders' equity had increased from SEK 970 M in December 31, 2013 to SEK 1,048 M at December 31, 2014. Byggmax's financial strength is important as it enables us to invest in the future.

You can read more about our investments in the President's Comments. I am very enthusiastic regarding the investments being made, with more stores in all of the countries and the roll-out of Byggmax 2.0.

Finally, I would like to show my appreciation to our Group management and all employees for a job well done in 2014.



Fredrik Cappelen

Fredrik Cappelen
Chairman of the Board

Experience Nordic tenaciousness. In color.

Midun is a brand of paint tailored to our capricious climate.

The philosophy builds on carefully selected raw materials, which make paints equipped to battle many years of foul weather, UV radiation and mildew.

So the next time a project deserves a longer service life – let Midun provide the protection.

Want to know more about paint?
Visit www.midun.se

But despite its rough and ready nature, the paints are a delight to work with. The high quality of the ingredients means they are easy to paint with and provide an extra high coverage capacity.



1. WOOD STAIN V
Water-soluble. Colors: brown, dark brown and black. 3L SEK 299:-, 10L SEK 699:-

2. PAINT FOR IRON AND METAL
Anti-corrosive. Colors: white and black.

3. OIL-BASED PAINT V
Water-soluble. Colors: white, black, red, brown, yellow and gray.
1L SEK 149:-, 3L SEK 349:-, 10L SEK 899:-

4. WOOD PRIMER, OUTDOOR
Water-soluble. Colors: white, black, red, brown, yellow and gray.

5. PAINT FOR WINDOWS AND DOORS
Water-soluble. 1L SEK 149:-, 2.5L SEK 299:-

6. ACRYLIC PAINT V
Water-soluble. Colors: white, black, red, brown, yellow and gray.
1L SEK 139:-, 3L SEK 299:-, 10L SEK 799:-

7. OIL PRIMER
Water-soluble. 1L SEK 119:-, 3L SEK 249:-

8. PAINT FOR RENDER AND CONCRETE
Water-soluble. Colors: white, light gray, medium gray and

Midun paints are available
at your Byggmax store or
from www.byggmax.se

midun
color of the north®

ADMINISTRATION REPORT

The Board of Directors and President of Byggmax Group AB (publ), corporate registration number 556656-3531, with its registered office in Stockholm and head office in Solna, Stockholm, hereby submits its Annual Report for the fiscal year January 1, 2014 to December 31, 2014. Unless otherwise specified, all information applies to the Group. Information in brackets refers to the preceding year. All amounts are stated in SEK million (SEK M) unless otherwise specified.

Operations in general

The Byggmax Group conducts sales of building supplies. The business concept is to retail high-quality building supplies at the lowest possible price. Business activities are conducted in Sweden, Norway and Finland. At the end of the period, there were 112 stores, of which 72 were in Sweden, 27 in Norway and 13 in Finland. In addition to the Byggmax stores, there is a service office that manages the purchasing, accounting and finance as well as IT functions across the stores.

The share and ownership structure

Byggmax Group AB's (publ) share is listed on Nasdaq OMX Stockholm. At December 31, 2014, the largest shareholder was Nordea Investment Funds with 10.1 percent of the shares. In 2013, Altor 2003 Sarl was the largest shareholder until they sold their holding and, at December 31, 2013, Altor owned 19.6 percent of the shares. In 2014, Altor divested its entire shareholding in Byggmax. A list of the ten largest shareholders is available on page 29.

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

Subsidiaries

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

Significant events during the fiscal year

- During the year, seven new stores were opened, four of which were in the Swedish market (Munkedal, Ullstämman in Linköping, Värmdö and Katrineholm), two in the Norwegian market (Åsane in Bergen and Tønsberg) and one in the Finnish market (Pirkkala). The stores in Jönköping and Hudiksvall moved to new premises.
- A total of 35 stores were converted to the Byggmax 2.0 concept.
- In March, Erik Börjesson assumed the position of IT Manager at Byggmax and became a new member of the Byggmax Group management.
- During the second quarter, Byggmax signed a new three-year financing agreement with 30-percent lower interest expenses on a full-year basis.
- During the second quarter, Karin Hygrelle-Jonsson was elected as a new Board member of Byggmax Group AB (publ) and Johannes Lien declined re-election.
- Mikael Bengtsson stepped down as Business Manager at the end of 2014 and was replaced by Marcus Hed

who previously worked as a Regional Manager at Byggmax.

- Per Haraldsson, Sourcing and Supply Chain Manager at Byggmax, took over responsibility for the category managers. Purchasing Manager Pär Petersson, who was a member of the Group management and responsible for the category managers, is leaving Byggmax at his own request in March 2015.
- During the fourth quarter, the Administrative Court set aside the decision by Swedish Customs on March 26, 2012 pertaining to charges for customs and anti-dumping duties, as well as the decision by Swedish Customs on April 12, 2012 to levy additional customs charges. The decision had no impact on earnings. Byggmax is waiting for an answer as to whether the Swedish Customs will appeal the ruling.
- During the fourth quarter, Byggmax signed a supplemental agreement with Svenska Handelsbanken, which resulted in a SEK 50 M increase in the revolving credit facility.

Sales and earnings

Net sales amounted to SEK 3,547.2 M, compared with SEK 3,216.4 M in the preceding year, which was an increase of 10.3 percent. Net sales in comparable stores rose 3.8 percent measured in local currency and currency effects on sales were 0.6 percent.

The gross profit margin amounted to 31.1 percent, compared with 30.7 percent for the preceding year. Personnel and operating expenses increased by a total of SEK 58.1 M. This was primarily due to costs of SEK 55.7 M incurred for new stores that were not open at December 31, 2013. From January 1, investments related to the conversion to Byggmax 2.0 will be capitalized. At December 31, 2014, Byggmax had a total of 61 stores with the Byggmax 2.0 concept in place, 35 of which were conversions of existing stores, seven newly opened stores in 2014 and two stores that moved to new premises in existing locations. Moving forward, the total investment to convert a store is expected to be around SEK 1.7 M and conversion is expected to lead to about SEK 0.6 M tied up in inventory, which is partly financed by an increase in accounts payable.

EBIT before depreciation amounted to SEK 366.4 M (304.1), a decline of 20.5 percent year-on-year. The EBIT margin excluding depreciation was 10.3 percent (9.5).

Cash flow and financial position

Cash flow from operating activities amounted to SEK 311.1 M (192.5), up SEK 118.6 M year-on-year. At the end of the fiscal year, inventory amounted to SEK 612.7 M (538.3). Compared with the same period in the preceding year, seven new sto-

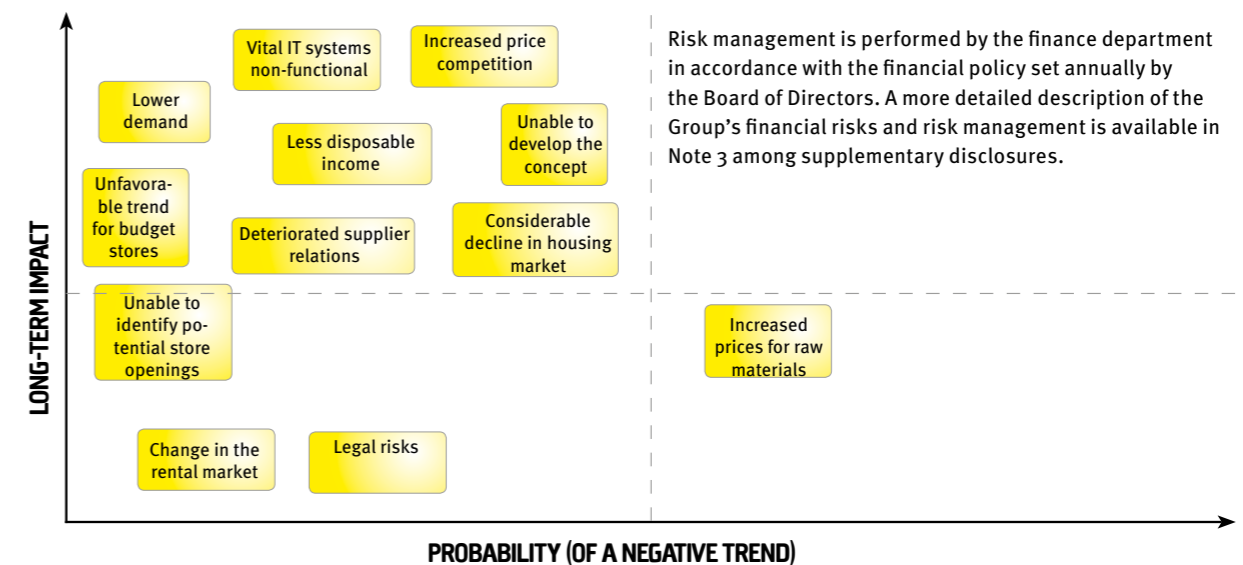
res were added, and inventory in the new stores amounted to SEK 33.5 M. Distribution inventory was SEK 14.3 M higher than in the year-earlier period. Inventory turnover was a multiple of 4.2 (4.6) during the fiscal year. Investments during the year (including financial leasing) totaled SEK 146.5 M (94.6), of which SEK 50.4 M pertained to stores converted to the Byggmax 2.0 concept.

Consolidated shareholders' equity amounted to SEK 1,047.6 M (970.0) on December 31, 2014. Consolidated net debt was SEK 451.5 M (477.0) and decreased SEK 25.5 M compared to the preceding year. Net debt in relation to EBITDA amounted to a multiple of 1.2 (1.6). The equity/assets ratio amounted to 49.4 percent (49.9).

Swedish Customs had previously decided, on two occasions (decisions in 2012 and 2013), to levy an additional charge on Byggmax with respect to customs and anti-dumping duties for 2010. In spring 2013, Swedish Customs reviewed the decision regarding customs and anti-dumping duties and reduced the overall amount by SEK 3.2 M. Following the review, the total amount is SEK 29.3 M. Byggmax has appealed parts of this decision. In autumn 2014, the Administrative Court set aside the decision by Swedish Customs on March 26, 2012 pertaining to charges for customs and anti-dumping duties. The Administrative Court also annulled the decision by Swedish Customs on April 12, 2012 to levy additional customs charges. The total value amounts to SEK 12.2 M, which has no impact on earnings for Byggmax. Byggmax is waiting for an answer as to whether the Swedish Customs will appeal the ruling. Byggmax has also appealed the second decision (from 2013) and the appeal is currently being heard in the Administrative Court. Byggmax has agreed on future compensation in a corresponding amount with the supplier that sold the products in question to Byggmax. Byggmax paid a total of SEK 23.2 M in customs and anti-dumping duties and exposure to the supplier amounts to SEK 20.1 M (21.8) at December 31, 2014. This receivable is reported under long-term receivables.

Risk factors and risk management

Just as in any other business, Byggmax's business activities



The above diagram displays the identified risks and their likelihood as well as the size of the long-term impact.

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

Market

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

Operations

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

Sensitivity analysis operational risks

	Change (percentage point), all other factors unchanged	Effect on profit (SEK M) after tax 2014
Cost price	+1%	-19,0
Personnel costs	+1%	-2,6

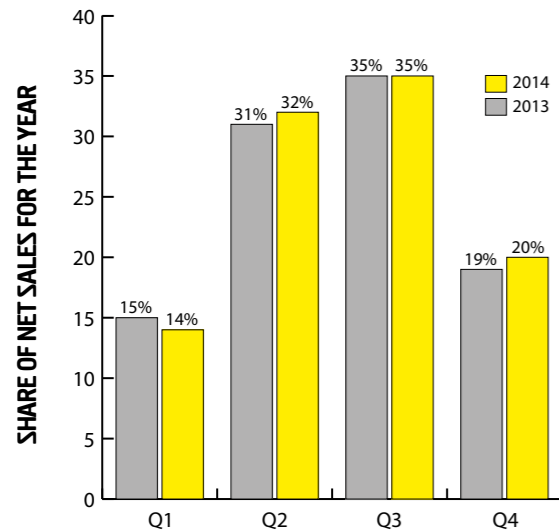
Financial risks

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

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

Seasonal variations

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



Number of employees

The average number of employees, (full-time employees) totaled 673 (629). Further information about employees can be found in Note 9.

Expectations regarding future development

Operations will continue to expand through the opening of new stores in Sweden, Norway and Finland and through the refinement and enhancement of existing stores. Over time, Byggmax will increase its presence in Sweden to about 95 stores, in Norway to about 60 stores and in Finland to about 25 stores. The Board of Directors expects a continued positive sales trend. Byggmax does not provide forecasts for competitive reasons.

Environmental information

Byggmax mainly affects the environment through transportation of products from manufacturers to stores or warehouses and from stores to customers as well as through products containing substances that impact the environment and through product packaging. Byggmax strives to minimize its impact on the environment and comply with environmental requirements according to Swedish legislation. The environmental effort is conducted through such measures as a continuous dialog on environmental issues with our suppliers and contractors and by imposing relevant requirements. Byggmax works to increase the proportion of environmentally friendly products and to improve environ-

mentally oriented information to customers. Byggmax's environmental report is included in the Annual Report (see page 23).

Guidelines for compensation to senior executives

Pursuant to a motion to the 2015 Annual General Meeting (AGM), the following guidelines apply until the 2016 AGM. The guidelines are to apply for employment contracts that are entered into after the Meeting's resolutions and in cases in which amendments are made to existing agreements after the Meeting's resolutions.

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

Fixed salaries

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

Variable salary, short-term incentives (STIs)

In addition to their fixed salaries, senior executives should receive STIs for performance that surpasses one or more predetermined performance targets during the fiscal year. Remuneration from the STI program is limited to a maximum of 100% of the fixed salary for the President and 30% of fixed salary for other management, which means that Byggmax can immediately calculate the maximum variable remuneration level. STIs are measured with qualitative and quantitative measures.

Long-Term Incentives

The 2011 and 2013 general meetings resolved to introduce a warrants-based incentive program. The incentive program is described in Note 9 of the Annual Report.

The Board has evaluated the need of an additional incentive program and decided to propose that the 2015 AGM resolve to adopt a warrants-based incentive program in accordance with separate decision data.

Pension

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

Other benefits

Other benefits may be provided in accordance with the conditions that apply in the country where the senior executive is employed. However, all such benefits should be as limited in scope as possible and are not permitted to comprise a significant proportion of total remuneration.

Notice period and severance pay

Senior executives are to be offered terms of employment according to the prevailing legislation and practices in the country in which the senior executive is employed. During the notice period, the senior executive is prohibited from working for a competing business. In certain cases, a prohibition of competition may be applied in exchange for continued remuneration for a maximum of 24 months after the end of the notice period. Currently, the longest notice period in the Byggmax Group is 12 months and no contract includes severance pay.

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

The above guidelines are unchanged compared with the guidelines adopted by the 2014 AGM.

Refer to Note 9 for further information on senior executives.

Corporate Governance Report

In compliance with the Swedish Annual Accounts Act, Chapter 6, Section 8, Byggmax prepares a Corporate Governance Report, which is included in the Administration Report on pages 36-39.

Significant events after the end of the fiscal year

No significant events have occurred since the end of the fiscal year.

Parent Company

Byggmax Group AB is a holding company. Operations are conducted in the subsidiary Byggmax AB (Corp. Reg. No. 556645-6215), in the subsidiary Byggmax Fastighetsutveckling AB (Corp. Reg. No. 556726-8593), in a subsidiary to that company Byggmax Fastighetsholding AB (Corp. Reg. No. 556726-8601) and in Svea Distribution AB (Corp. Reg. No. 556602-5895). Byggmax Group AB (publ) did not have any employees during the year. Net sales for the Parent Company amounted to SEK 0.3 M (0.3). Profit after financial items was SEK 170.0 M (100.0). For 2014, the Parent Company has an anticipated dividend of SEK 170 M from Byggmax AB.

PROPOSED DISTRIBUTION OF EARNINGS

Byggmax's dividend policy is presented in greater detail under the "Byggmax share" on page 28. The following earnings in the Parent Company are at the disposal of the Annual General Meeting:

Retained earnings	67,930,725
Profit for the year	170,000,276
TOTAL	237,931,001
The Board of Directors and the President propose that these earnings be distributed such that:	
Dividend to shareholders (SEK 2.6 per share)	157,916,317
To be carried forward	80,014,684
TOTAL	237,931,001

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

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

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

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

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

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



CORPORATE GOVERNANCE

Byggmax Group AB (publ) is a Swedish public limited liability company listed on Nasdaq OMX Stockholm. Byggmax applies the Swedish Corporate Governance Code and hereby submits its Corporate Governance Report for the fiscal year January 1, 2014 to December 31, 2014. Byggmax has prepared the Corporate Governance Report in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Corporate Governance Code. The guidelines for the Swedish Corporate Governance Code are available from the website of the Swedish Corporate Governance Board (www.corporategovernance-board.se). The Corporate Governance Report is included as part of the Administration Report.

Corporate governance means the rules and regulations as well as the existing structure for managing and leading business activities in a limited company with an efficient and controlled approach. Ultimately, corporate governance aims to meet shareholder requirements in respect of return and to provide all stakeholders with adequate and correct information about the company and its development.

The Byggmax Group AB (publ), hereinafter called Byggmax or the company, is listed on Nasdaq OMX Stockholm and applies the Swedish Corporate Governance Code (the Code) from the date of its listing, which was June 2, 2010. The Code builds on the principle “comply or explain,” which means that companies that apply the Code can deviate from specific rules but must explain the underlying reasons behind the deviation. Byggmax has not made any deviations from the Code in 2014.

SHAREHOLDERS

The share capital in Byggmax amounted to SEK 20,245,682 M divided among 60,737,045 shares. Only one class of shares exists and all shares have equal rights to participation in the company's assets and profits. The number of shareholders on December 31, 2014 was 7,919. At December 31, 2014, the largest shareholder was Nordea Investment Funds with 10.1 percent of the shares. Non-Swedish owners accounted for ownership of approximately 55.9 percent of the total number of shares. For further information regarding the share and shareholders please see pages 28-29 and the Byggmax website.

ANNUAL GENERAL MEETING

Shareholders exercise their influence over the company at the Annual General Meeting (AGM) which constitutes the company's highest decision making body. Byggmax's Articles of Association are available in their entirety at byggmax.com.

2014 Annual General Meeting

The 2014 AGM was held on May 8, 2014, at the Primus conference center in Stockholm. At the AGM, 100 shareholders representing 41.0 percent of the votes were present either in person or via representatives. Fredrik Cappelen was elected Chairman of the AGM.

The main resolutions passed were as follows:

- Reelection of Board members Fredrik Cappelen, Stefan Linder, Anders Moberg, Stig Notlöv and Lottie Svedenstedt. The election of Karin Hygrel-Jonsson as a new Board member
- Policies for compensation and terms of employment for the President and other senior executives
- Policies for the appointment of the Nomination Committee

Proposals for the 2015 AGM

The next AGM for shareholders in Byggmax will be held on Tuesday, May 5, 2015, at the Primus conference center in Solna (Stockholm) from 10:00 a.m. to 12:00 a.m. For further information regarding the AGM, please visit the Byggmax website.

NOMINATION COMMITTEE

The AGM on May 8, 2014, resolved that a Nomination Committee would be appointed for the 2015 AGM. The Chairman will convene the three largest owner-categorized shareholders of the company – according to Euroclear Sweden AB as of August 31 – who will subsequently each be entitled to appoint a member to the Nomination Committee. The composition of the Nomination Committee will be published not later than six months prior to the AGM. The Nomination Committee is to prepare and submit proposals to the General Meeting of Shareholders concerning a Chairman for the AGM, the Chairman of the Board of Directors and other members of the company's Board. The Nomination Committee is also tasked with submitting proposals for directors' fees that are to be allocated among the Chairman and other members, the election of (where applicable) and fees to auditors, as well as decisions on principals governing the appointment of the Nomination Committee's members. No remuneration is payable to members of the Nomination Committee.

BOARD OF DIRECTORS

The Board's formal work plan and written instructions

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

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

Independence of the Board

The Board's assessment of the individual Board members relation to the company and the shareholders is defined in the table “The Board's composition and attendance at meetings” (See page 38). As is made evident, Byggmax meets the Code's requirement that the majority of the elected Board members are independent of the company and the Group management and that at least two of these are independent of the company's major shareholders.

The Board's composition and attendance at meetings

A detailed description of the Board members is available on page 77 and the Board's composition and attendance at Board meetings is presented on page 38.

The Board's work in 2014

The Board held 11 meetings in 2014. Important issues addressed by the Board in 2014, in addition to the adoption of the Annual Report and interim reports, and the business plan and attendant budget, included the following:

- Resolution on dividend for 2014 of SEK 2.3 per share
- Revision and adoption of the company's policies
- Opening of new stores in all three countries
- Continued expansion of the online range
- Roll out of the new store concept, Byggmax 2.0.
- Continued work on improving operating activities
- Continued expansion of the offering of tradesmen services

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

Evaluation of the work of the Board of Directors in 2014

The Chairman of the Board is responsible for evaluating the work of the Board including the input of the individual Board members. The evaluation focuses on the supply and demand of specific competence and ways of working. In 2013, an external company was engaged to carry out a thorough evaluation of the Board's members and work. The evaluation of the work of the Board concluded that the work is efficient and goal oriented. The external company used also completed an evaluation of members of the Group management and the assessment was that the management functions well. In 2014, the Board carried out an internal evaluation of the Board's work.

Board committees

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

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

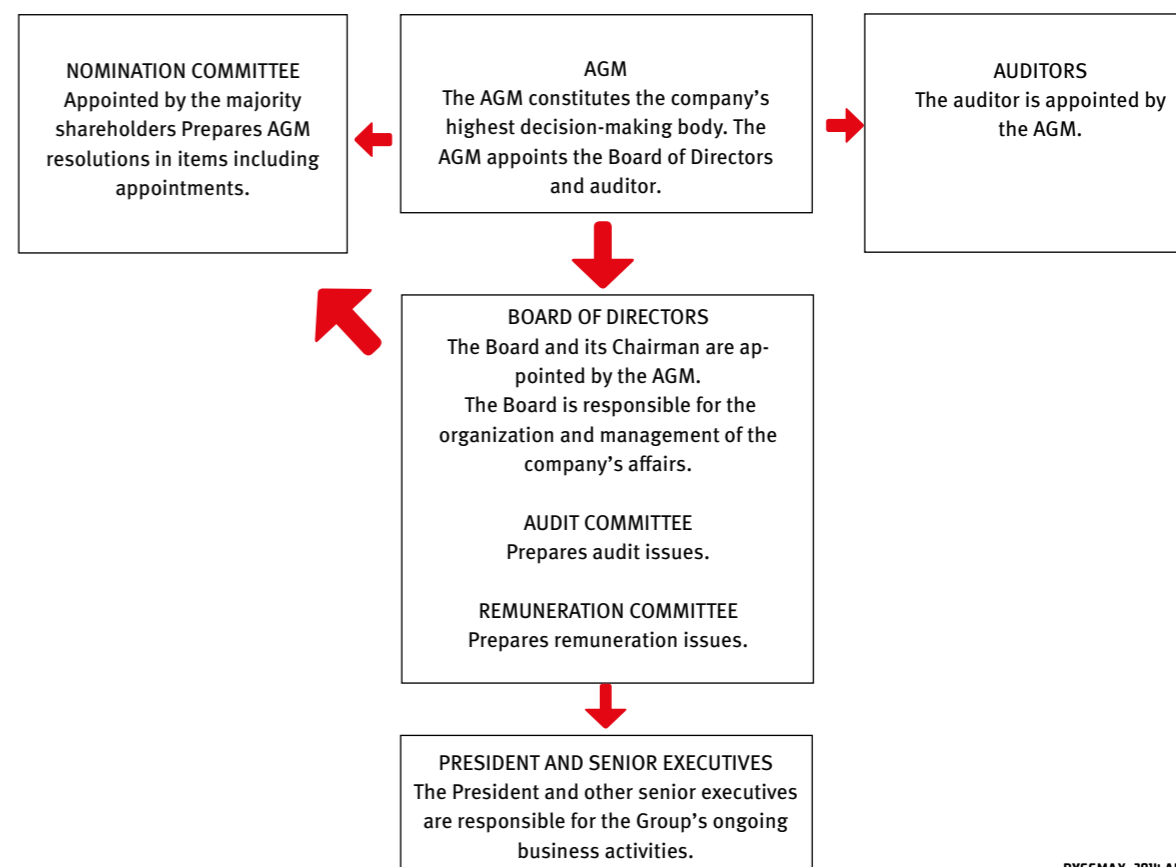
PRESIDENT AND SENIOR EXECUTIVES

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

The Byggmax Group management comprises six members including the President. A description of the management is available from the Annual Report under the heading “Byggmax Group Management” (page 76).

REMUNERATION GUIDELINES

For information concerning salaries and other remuneration to the President and other senior executives see Note 9, page 60.



AUDITORS

The AGM appoints the company's auditors every four years (from the 2014 AGM, on an annual basis). Öhrlings Price-waterhouseCoopers, hereinafter called PWC, was elected by the 2010 AGM for a mandate period of four years. PWC has appointed Authorized Public Accountant Anna-Carin Bjelkeby as Auditor in Charge for the audit. As Ms. Bjelkeby had held this assignment for seven years, in autumn 2013, Ann-Christine Hägglund was appointed the new Auditor in Charge for the audit. In addition to the audit assignment, Byggmax has consulted PWC on taxes and other accounting issues. PWC is obligated to test its independence prior to accepting independent advisory assignments in addition to its auditing assignments for Byggmax. Information in respect of the fees paid to the auditing company is provided in Note 8.

THE BOARD'S COMPOSITION AND ATTENDANCE AT MEETINGS

Name	Function	Elected	Board attendance	Directors' fees	Independence of the company's management and major shareholders
Fredrik Cappelen	Chairman of the Board	2006	11/11	SEK 500,000	No
Anders Moberg	Board member	2006	11/11	SEK 250,000	No
Karin Hygrell-Jonsson ¹	Board member	2014	7/7	SEK 162,293	No
Johannes Lien ²	Board member	2006	4/4	None	No
Lottie Svedenstedt	Board member	2010	11/11	SEK 250,000	No
Stefan Linder	Board member	2006	11/11	None	No
Stig Notlöv	Board member	2006	9/11	SEK 250,000	No

According to the Code, the company's Board should ensure that the interim report in respect of the second or third quarter is reviewed by the auditors. Byggmax's auditors conducted a review of the company's nine-month interim report.

INTERNAL AUDIT

The company has a simple legal and operative structure and a comprehensive management and internal control system. The Audit Committee follows up the company's assessment of the internal audit through contact with the company's auditors. In view of the aforementioned, the Board has opted not to have a separate internal audit. The question of whether to establish a separate internal audit function will be retested on an annual basis.

INTERNAL CONTROL OF FINANCIAL REPORTING

The Board's responsibility for internal control is regulated by the Swedish Companies Act and in the Swedish Corporate Governance Code, which contains requirements for annual external disclosures regarding the organization of internal control for financial reporting.

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

Control environment

The control environment forms the basis for the internal control and builds on the culture that the Board of Directors and management communicate and work by. It primarily comprises values, competence, management philosophy, organizational structure, responsibility and authorizations as well as policies and routines. A key component of the control environment is the clear definition and communication of decision paths, authorizations and responsibility between differing levels in the organization and that steering documents in the form of internal policies and guidelines include all material areas and that these provide guidance to the various employees of Byggmax.

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

Risk assessment

All business activities are linked to a certain degree of risk taking. A structured risk assessment enables the identification of significant risks. Byggmax operates an ongoing process of risk analysis in which the risks of errors in the financial reporting of significant income statement and balance sheet items are analyzed. Other risks in conjunction with the financial reporting include the risk of fraud, loss or misappropriation of assets. The Board of Byggmax

continuously assesses the company's risk management. This includes assessing the preventative measures taken to reduce the company's risks, which entails ensuring the company is appropriately insured and that the company has the requisite policies and guidelines in place.

Control activities

The Group's control structure is designed to handle the risks the Board assesses as being significant for the internal control of financial reporting. In Byggmax, the control structures comprise an organization with clear roles that enables an efficient, and from an internal control perspective, suitable allocation of responsibilities, and additionally of specific control activities that are aimed at identifying or safeguarding from the risks of errors in the reporting. Byggmax applies a systematic *modus operandi* to minimize the risk of fraud and/or theft, this includes efforts to minimize waste in the stores.

Information and communication

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

Follow-up

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

¹Karin Hygrell-Jonsson was elected as a new Board member at the 2014 AGM.

²Johannes Lien Lien declined re-election ahead of the 2014 AGM.

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

MULTI-YEAR OVERVIEW

	2014	2013	2012	2011	2010	2009	2008
Results, SEK M							
Net sales	3,547.2	3,216.4	3,090.4	2,987.1	2,773.0	2,443.5	2,107.0
EBITDA	366.4	304.1	305.6	323.0	314.0	306.7	181.6
EBITA	296.8	246.7	252.2	277.5	274.8	272.7	153.0
EBIT	296.8	246.7	252.2	277.5	274.8	272.7	153.0
Profit before tax	283.2	237.9	231.5	251.6	237.4	203.9	51.8
Income tax	-65.2	-53.9	-51.7	-69.5	-65.2	-42.7	-11.6
Profit for the year	217.9	184.0	179.8	182.2	172.2	161.2	40.2
Net sales growth, %	10.3	4.1	3.5	7.7	13.5	16.0	19.0
Like-for-like (LFL) sales growth, %	3.8	-0.7	-2.7	-1.9	2.7	6.0	1.3
Gross margin, %	31.1	30.7	30.2	30.1	29.7	29.8	28.2
EBITDA margin, %	10.3	9.5	9.9	10.8	11.3	12.5	8.6
EBITA margin, %	8.4	7.7	8.2	9.3	9.9	11.2	7.3
EBIT margin, %	8.4	7.7	8.2	9.3	9.9	11.2	7.3
Interest coverage ratio, %	40.6	21.0	18.9	19.7	13.3	8.2	-
Balance sheet, SEK M							
Assets							
Fixed assets	1,375.5	1,299.6	1,266.5	1,218.2	1,207.4	1,181.6	1,186.4
Inventories	612.7	538.3	465.8	424.9	350.5	295.0	232.7
Other current assets	100.4	73.8	87.3	99.8	70.0	98.0	55.8
Cash and cash equivalents	30.9	33.1	33.9	22.8	34.1	31.6	124.6
Total assets	2,119.5	1,944.8	1,853.5	1,765.8	1,662.0	1,606.3	1,599.5
Shareholders' equity and liabilities							
Shareholders' equity	1,047.6	970.0	914.2	844.4	748.5	337.8	174.5
Long-term interest-bearing liabilities	0.0	0.0	0.0	130.0	239.3	765.3	926.5
Long-term non-interest-bearing liabilities	97.4	84.1	82.4	100.8	53.6	58.4	41.0
Current interest-bearing liabilities	480.5	504.3	483.5	344.0	240.0	71.3	106.8
Accounts payable	370.4	284.7	278.7	268.9	268.9	285.6	302.2
Other current interest-bearing liabilities	123.6	101.7	94.7	77.7	111.7	88.0	48.5
Total liabilities and shareholders' equity	2,119.5	1,944.8	1,853.5	1,765.8	1,662.0	1,606.3	1,599.5
Operating capital	1,499	1,447	1,381	1,332	1,194	1,143	1,083
Operating capital less goodwill	448	396	330	281	143	98	39
Net debt	451	477	467	488	445	805	909
Return on operating capital, %	20.1	17.4	18.6	22.0	23.5	24.3	-
Return on operating capital less goodwill, %	70.3	68.0	82.6	131.0	228.2	347.2	-
Return on equity, %	21.6	19.5	20.4	22.9	31.7	62.9	29.6
Net debt/EBITDA	1.2	1.6	1.5	1.5	1.4	2.6	5.0
Average net working capital, % of net sales	2.2	1.4	0.5	-1.5	-3.0	-2.8	-2.4
Equity ratio/risk-bearing capital, %	49.4	49.9	49.3	47.8	45.0	49.5	37.1
Per share data							
Equity per share, SEK	17.2	16.0	15.1	13.9	12.3	6.1	3.2
Earnings per share, SEK	3.6	3.0	3.0	3.0	2.8	2.9	2.2
Dividend per share, SEK	2.6	2.3	2.0	1.8	1.5	-	-
Cash flow from operating activities per share, SEK	5.1	3.2	3.6	1.5	3.4	2.9	3.6

CONSOLIDATED INCOME STATEMENT

Amounts in SEK M	Note	2014	2013
Operating income			
Net sales	5	3,547.2	3,216.4
Other operating income	6, 12, 18	12.2	6.6
Total operating income		3,559.4	3,223.0
Operating expenses			
Goods for resale		-2,443.6	-2,227.6
Other expenses	7, 8, 12, 18, 33	-409.6	-382.2
Personnel costs	9, 29	-339.7	-309.1
Depreciation, amortization and impairment of tangible and intangible fixed assets	13, 14	-69.6	-57.4
Total operating expenses		-3,262.6	-2,976.3
EBIT		296.8	246.7
Profit from participations in Group companies		0.0	0.4
Financial income	12	15.0	13.9
Financial expenses	12	-28.6	-23.1
Loss from financial items	10	-13.6	-8.7
Profit before tax		283.2	237.9
Income tax	11	-65.2	-53.9
Profit for the year		217.9	184.0
Other comprehensive income for the period			
Items that will not be reclassified to profit or loss		0.0	0.0
		0.0	0.0
Items that may be subsequently reclassified to profit or loss			
Translation differences		-0.6	-6.7
Other comprehensive income for the period		-0.6	-6.7
Comprehensive income for the period		217.3	177.3
Earnings per share before dilution, SEK		3.6	3.0
Earnings per share after dilution, SEK		3.6	3.0
Average number of shares, thousands, before dilution		60,737	60,737
Average number of shares, thousands, after dilution		60,737	61,337
Number of shares outstanding at end of period		60,737	60,737

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

CONSOLIDATED BALANCE SHEET

Amounts in SEK M	Note	December 31, 2014	December 31, 2013
ASSETS			
Fixed assets			
Capitalized expenses for development work	5, 13	31.5	30.4
Goodwill	5, 13	1,051.0	1,051.0
Buildings and land	5, 14	41.4	28.7
Leasehold improvements	5, 14	11.8	10.9
Equipment, tools, fixtures and fittings	5, 14	214.3	154.3
Deferred tax assets	28	4.6	1.6
Other long-term receivables		20.9	22.6
Total fixed assets		1,375.5	1,299.6
Current assets			
Inventories	21	612.7	538.3
Prepayments to suppliers	21	4.0	0.0
Accounts receivable	20	1.6	1.9
Derivatives	19	1.3	0.8
Current tax assets		0.0	2.8
Other receivables	22	53.5	40.0
Prepaid expenses and accrued income	23	40.0	28.2
Cash and cash equivalents	24	30.9	33.1
Total current assets		744.0	645.2
TOTAL ASSETS		2,119.5	1,944.8

CONSOLIDATED BALANCE SHEET, CONTINUED

Amounts in SEK M	Note	December 31, 2014	December 31, 2013
SHAREHOLDERS' EQUITY			
Capital and reserves that can be attributed to the Parent Company's owners			
Share capital	25	20.2	20.2
Other capital contributions	25	441.0	441.0
Reserves	26	-6.0	-8.4
Earnings brought forward including profit for the year		592.3	517.1
Total shareholders' equity		1,047.6	970.0
LIABILITIES			
Long-term liabilities			
Borrowing from credit institutions	27	1.8	5.8
Derivative instruments	19	0.0	0.0
Deferred tax liabilities	28	95.6	78.4
Total long-term liabilities		97.4	84.1
Current liabilities			
Borrowing from credit institutions	27	480.5	504.3
Accounts payable		370.4	284.7
Current income tax liabilities		6.7	0.0
Derivative instruments	19	0.0	0.0
Other liabilities	30	29.1	24.9
Accrued expenses and deferred income	31	87.8	76.7
Total current liabilities		974.5	890.7
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2,119.5	1,944.8
Pledged assets - shares in subsidiaries			
		1,147.4	1,100.2
Pledged assets - chattel mortgages			
		120.0	120.0
Pledged assets - blocked bank funds			
		8.4	8.4
Contingent liabilities			
		None	None

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Amounts in SEK M	Notes 25, 26	Attributable to shareholders in Parent Company				Total shareholders' equity
		Share capital	Other capital contributions	Reserves	Retained earnings	
Opening balance at January 1, 2013		20.2	441.0	-1.7	454.6	914.2
Profit for the year					184.0	184.0
Other comprehensive income for the year						
Translation differences				-6.7		-6.7
Total comprehensive income				-6.7	184.0	177.3
Dividend ¹					-121.5	-121.5
Total transactions with shareholders		0.0	0.0	0.0	-121.5	-121.5
Closing balance at December 31, 2013		20.2	441.0	-8.4	517.1	970.0
Opening balance at January 1, 2014		20.2	441.0	-8.4	517.1	970.0
Profit for the year					217.9	217.9
Other comprehensive income for the year						
Translation differences				-0.6		-0.6
Total comprehensive income				-0.6	217.9	217.3
New issue/share premium reserve						
Dividend ²					-139.7	-139.7
Total transactions with shareholders		0.0	0.0	0.0	-139.7	-139.7
Closing balance at December 31, 2014		20.2	441.0	-9.0	595.3	1,047.6

¹Dividend 2013, SEK 2.0 per share

²Dividend 2014, SEK 2.3 per share

CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in SEK M	Note	2014	2013
Cash flow from operations			
EBIT		296.8	246.7
Non-cash items			
– Depreciation/amortization of tangible and intangible fixed assets		69.6	57.4
– Other non-cash items ¹		1.4	-2.7
Interest received		6.9	10.3
Interest paid		-21.0	-19.7
Tax paid		-44.6	-45.1
Cash flow from operations before changes in working capital		309.0	246.9
Changes in working capital			
Increase/decrease in inventories and work in progress	21	-78.3	-72.5
Increase/decrease in other current receivables	22	-20.5	1.3
Increase/decrease in other current liabilities	30	100.9	16.7
Cash flow from operations		311.1	192.5
Cash flow from investing activities			
Divestment of subsidiaries	18	0.0	10.7
Investment in intangible fixed assets		-12.0	-12.3
Investment in tangible fixed assets		-134.5	-82.3
Divestment of tangible fixed assets		-0.6	0.0
Investment in other financial fixed assets		0.0	1.9
Investment in subsidiaries		0.0	0.0
Cash flow from investing activities		-147.1	-82.1
Cash flow from financing activities			
Change in overdraft facility		-16.7	31.4
Dividend to Parent Company's shareholders		-139.7	-121.5
Amortization of loans		-9.8	-19.1
Cash flow from financing activities		-166.2	-109.2
Cash flow for the period		-2.2	1.1
Cash and cash equivalents at the beginning of the period	24	24.7	23.6
Cash and cash equivalents at the end of the period²	24	22.5	24.7

¹ Other non-cash items pertain to translation differences

² Note that cash and cash equivalents in the cash flow is adjusted for blocked bank funds (SEK 8.4 M in 2014 and SEK 8.4 M in 2013)

PARENT COMPANY INCOME STATEMENT

Amounts in SEK M	Note	2014	2013
Operating income			
Net sales		0.0	0.0
Other operating income		0.3	0.3
Total operating income		0.3	0.3
Operating expenses			
Other external expenses	8, 9	-4.9	-3.6
Personnel costs	9	-0.4	-0.8
Total operating expenses		-5.3	-4.4
EBIT		-5.0	-4.1
Dividends from Group companies		170.0	100.0
Interest income and similar items		27.4	32.0
Interest expenses and similar items		-22.4	-27.9
Profit from financial items	10	175.0	104.1
Profit before tax		170.0	100.0
Tax on profit for the year	11	0.0	0.0
Profit for the year		170.0	100.0

No statement of other comprehensive income was prepared since the company recognized no transactions under other comprehensive income. Accordingly, the profit for the period corresponds with the comprehensive income for the period

PARENT COMPANY BALANCE SHEET

Amounts in SEK M	Note	December 31, 2014	December 31, 2013
ASSETS			
Fixed assets			
Financial fixed assets			
Participations in Group companies	15	358.0	358.0
Receivables from Group companies		354.0	354.0
Total fixed assets		712.1	712.1
Current assets			
Current receivables			
Receivables from Group companies		12.1	15.6
Other receivables	22	170.0	100.0
Prepaid expenses and accrued income		1.7	1.0
Total current receivables		183.8	116.6
Cash and bank balances		0.0	0.0
Total current assets		183.8	116.6
TOTAL ASSETS		895.9	828.7

PARENT COMPANY BALANCE SHEET, CONTINUED

Amounts in SEK M	Note	December 31, 2014	December 31, 2013
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Restricted equity			
Share capital	25	20.2	20.2
Total restricted equity		20.2	20.2
Unrestricted equity			
Share premium reserve		418.7	418.7
Retained earnings		-350.7	-311.0
Profit for the year		170.0	100.0
Total unrestricted equity		238.0	207.7
Total shareholders' equity		258.2	227.9
Long-term liabilities			
Liabilities to credit institutions	27	0.0	0.0
Total long-term liabilities		0.0	0.0
Current liabilities			
Borrowing from credit institutions	27	635.7	598.4
Accounts payable		0.2	0.5
Current income tax liabilities		0.0	0.0
Other liabilities		0.2	0.0
Accrued expenses and deferred income	31	1.6	1.9
Total current liabilities		637.7	600.8
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		895.9	828.7
Pledged assets			
	32	358.0	358.0
Contingent liabilities	32	None	None

CHANGES IN PARENT COMPANY'S SHAREHOLDERS' EQUITY

Amounts in SEK M	Notes 25, 26	Restricted equity		Unrestricted equity		Total share- holders' equity
		Share capital	Share premium reserve	Retained earnings	Profit/ loss for the year	
Shareholders' equity on January 1, 2013		20.2	418.7	-191.4	1.9	249.3
Carried forward				1.9	-1.9	0.0
Profit for the year					100.0	100.0
Other comprehensive income						0.0
Total comprehensive income					0.0	0.0
Dividend ¹				-121.5		-121.5
Total transactions with shareholders				-121.5		-121.5
Shareholders' equity on December 31, 2013		20.2	418.7	-311.0	100.0	227.9
Shareholders' equity on January 1, 2014		20.2	418.7	-311.0	100.0	227.9
Carried forward				100.0	-100.0	0.0
Profit for the year					170.0	170.0
Other comprehensive income						0.0
Total comprehensive income					0.0	0.0
Dividend ²				-139.7		-139.7
Total transactions with shareholders				-139.7		-139.7
Shareholders' equity on December 31, 2014		20.2	418.7	-350.7	170.0	258.2

¹Dividend 2013, SEK 2.0 per share

²Dividend 2014, SEK 2.3 per share

PARENT COMPANY CASH-FLOW STATEMENT

Amounts in SEK M	Note	2014	2013
Cash flow from operations			
EBIT		-5.0	-4.1
Adjustment for non-cash items			
– Group contributions received		12.1	15.6
– Other non-cash items		170.0	100.0
Interest received		15.3	16.4
Interest paid		-21.7	-27.2
Tax paid		0.0	0.0
Cash flow from operations before changes in working capital		170.6	100.7
Changes in working capital			
Operating receivables		-68.1	-98.5
Operating liabilities		-0.1	0.4
Cash flow from operations		102.4	2.6
Cash flow from investing activities			
Investments in subsidiaries		0.0	0.0
Cash flow from investing activities		0.0	0.0
Cash flow from financing activities			
Repayment of debt		0.0	0.0
Dividend		-139.7	-121.5
Changes in current financial liabilities		37.3	118.8
Cash flow from financing activities		-102.4	-2.6
Cash flow for the period		0.0	0.0
Cash and cash equivalents at the beginning of the period		0.0	0.0
Cash and cash equivalents at the end of the period		0.0	0.0

ACCOUNTING POLICIES AND NOTES

1 GENERAL INFORMATION

The Byggmax Group conducts sales of building supplies and is established in 72 locations in Sweden, 27 locations in Norway and 13 locations in Finland. Byggmax's business concept is to sell high-quality building supplies at the lowest possible price.

The Parent Company is a limited-liability company registered in Sweden with its registered office in Solna, Stockholm. The address of the head office is Armégatan 40, SE-171 71 Solna, Sweden.

The Parent Company is listed on Nasdaq OMX Stockholm.

On March 6, 2015, the Board of Directors approved these consolidated financial statements for publication. The annual accounts will be presented to the Annual General Meeting on May 5, 2015.

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

2 SUMMARY OF IMPORTANT ACCOUNTING POLICIES

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

2.1 Basis for preparing the annual accounts

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

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

The financial statements of the Group and the Parent Company refer to the fiscal year ended December 31, 2014. Byggmax applies the acquisition method when measuring assets and liabilities, with the exception of derivative instruments, which are recognized at fair value in profit or loss.

2.1.1 New and amended standards applied by the Group
Those standards applied by the Group for the first time for the fiscal year starting January 1, 2014 and that have a material impact on the consolidated financial statements are detailed below:

The implementation of IFRS 10 *Consolidated Financial Sta-*

tements, IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of Interests in Other Entities* only impacted supplementary disclosures.

Other standards, amendments and interpretations that enter force for fiscal years starting January 1, 2014 have no material impact on the consolidated financial statements.

2.1.2 New standards, amendments and interpretations of existing standards that have not been applied by the Group.
A number of new standards and interpretations came into effect for fiscal years beginning after January 1, 2014 and were not applied in the preparation of these financial statements. None of these are expected to materially impact the consolidated financial statements, with the exception of those outlined below:

IFRS 9 *Financial Instruments* addresses the classification, measurement and recognition of financial assets and liabilities. The complete version of IFRS 9 was issued in July 2014, and replaces the parts of IAS 39 relating to the classification and measurement of financial instruments. The standard is to be applied to fiscal years beginning on or after January 1, 2018. Early adoption is permitted. The Group has yet to evaluate the impact of implementing the standard.

IFRS 15 *Revenue from Contracts with Customers* governs how income recognition is performed. The principles on which IFRS 15 is based aim to provide users of financial reports with more informative, relevant disclosures about the company's revenue. The expanded disclosure requirements mean that information about the nature, timing and uncertainty of revenue and cash flows arising from the company's contracts with customers must be provided. Under IFRS 15, revenue should be recognized 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 *Revenues* and IAS 11 *Construction Contracts* as well as the SICs and IFRICs relating thereto. IFRS 15 enters force on January 1, 2017. Early adoption is permitted. The Group has yet to evaluate the impacts of implementing the standard.

IFRIC 21 *Levies* is an interpretation of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. IFRIC 21 deals with the recognition of levies i.e. different forms of charges which may be imposed on a company by a State, or corresponding agency, through legislation and/or regulation, which, in the Group's case, affects the recognition of property taxes. The obligating event that gives rise to the recognition of a liability is defined as the activity that triggers the payment of the levy. The interpretation enters force for fiscal years starting after June 17, 2014 according to the EU. The interpretation will not impact the Group on a full-year basis, however, the property tax liability will be recognized as of January 1 and the cost expensed in a straight line over the year.

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

2.1.3 Use of assessments

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

2.2 Consolidated accounts

Subsidiaries

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

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

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

Asset acquisitions

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

with IAS 16 and IAS 38. Byggmax determines whether the acquisition is to be classified as a business or an asset on a case-by-case basis. No acquisitions were made in 2014.

2.3 Segment reporting

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

2.4 Translation of foreign currency

Functional currency and reporting currency

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

Transactions and balance-sheet items

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

Consolidation of foreign subsidiaries and branches

The assets and liabilities of foreign subsidiaries and branches are translated at the closing-date rate, while all items in profit or loss are translated monthly at the month's average rate and all exchange-rate differences that arise in the translation of foreign subsidiaries' financial statements are recognized in other comprehensive income.

2.5 Intangible assets

Capitalized expenses for development work and similar items

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

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

Goodwill

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

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

Goodwill is allocated to the cash-generating unit (CGU) that existed when the goodwill item arose, when assessing possible impairment needs. The distribution is based on the CGUs or groups of CGUs that are expected to benefit from the business combination that resulted in the goodwill item. The Byggmax Group distributes the original goodwill to the segments existing on the date when the original goodwill arose. Additional goodwill is distributed to the units deemed to benefit from the business combination.

2.6 Tangible fixed assets

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

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

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

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

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

2.7 Borrowing costs

As of January 1, 2009, the revised standard IAS 23 *Borrowing Costs* is applied, meaning that the Group as of January 1, 2009 capitalizes borrowing costs that are directly attributable to the purchase, construction or production of an asset that takes a substantial period of time to complete for its intended use or sale as part of the cost of the asset. For periods prior to January 1, 2009, the principle was to immediately expense all borrowing costs. During 2014, the

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

2.8 Impairment of non-financial fixed assets

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

2.9 Financial instruments

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

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

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

Loan receivables, accounts receivable and other receivables

Loan receivables, accounts receivable and other receivables are financial assets which are not derivatives, which have payments that are established or can be established and which are not listed on an active market. They are included in current assets with the exception of items with maturity dates greater than 12 months from the balance-sheet date, which classifies them as fixed assets. Loan receivables,

accounts receivable and other receivables are recognized as accounts receivable, other receivables and other long-term receivables in the balance sheet. Cash and cash equivalents are also included in this category. An impairment of accounts receivable and other receivables is recognized in profit or loss under other expenses.

Other financial liabilities

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

General policies

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

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

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

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

Accounts receivable and other receivables

Accounts receivable and other receivables are initially recognized at fair value and thereafter at amortized cost with application of the effective-interest method reduced by any provisions for decline in value. The carrying amount for accounts receivable and other receivables, after any impairments, is assumed to correspond to the fair value, since this item is short-term by nature. Provisions for a decline in value in accounts receivable are made when there is objective evidence that the Group will not be able to receive all amounts due according to the original terms of the receivables. Significant financial difficulties for the debtor, probability that the debtor will be declared bankrupt or un-

dergo financial reconstruction and missing or late payments (due for more than 90 days) are considered indicators that a need for impairment of an account receivable may apply. Losses relating to accounts receivable, other receivables and recovered and previously impaired accounts receivable and other receivables are recognized under the item other expenses in profit or loss.

Cash and cash equivalents

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

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

Share capital

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

Accounts payable

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

Borrowing

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

2.10 Inventories

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

2.11 Current and deferred tax

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

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

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

Deferred tax assets are recognized to the extent that it is probable that future surpluses for tax purposes will be available to offset temporary differences.

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

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

2.12 Employee Benefits

Pension obligations

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

For defined-contribution pension plans, Byggmax pays a fee to a publicly or privately administered pension insu-

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

Compensation on termination of employment

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

Bonus plans

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

Share-based payments

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

2.13 Income recognition

Sale of goods

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

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

Interest income

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

Sale of properties

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

transfer date.

2.14 Leasing

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

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

Sale-and-leaseback transactions

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

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

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

2.15 Dividends

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

2.16 Parent Company accounting policies

The Parent Company has prepared its Annual Report in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation, RFR 2 Accounting for Legal Entities. This entails that in the annual report for the legal entity, the Parent Company is to apply all IFRS and interpretations approved by the EU as far as possible

within the framework of the Swedish Annual Accounts Act and take into account the connection between accounting and taxation. The recommendation specifies the exceptions and supplements that are to be applied from IFRS. The Parent Company applies different accounting policies than the Group as specified below.

Presentation form for the income statement and the balance sheet

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

Shares in subsidiaries

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

Group contributions and shareholder contributions

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

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

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

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

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

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

a) Market risk

(i) Currency risk

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

Transaction exposure in commercial flows

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

Sensitivity analysis, currency risk for 2014

	Change (percentage point), all other factors unchanged	Effect on EBIT (SEK M) 2014	Effect on EBIT (SEK M) 2013
NOK	+/- 10%	+/- 1.3	+/- 1.2
EUR	+/- 10%	+/- 0.2	+/- 0.3

Exposure in another currency other than the functional currency at December 31, 2014, in the transaction currency

	DKK	EUR	NOK	SEK	USD
Accounts receivable	0.0	0.1	0.0	0.3	0.0
Accounts payable	3.7	3.5	0.4	27.7	0.3

Exposure in another currency other than the functional currency at December 31, 2013, in the transaction currency

	DKK	EUR	NOK	SEK	USD
Accounts receivable	0.0	0.1	0.0	0.0	0.0
Accounts payable	4.6	2.4	0.1	13.1	0.1

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

Transaction exposure in consolidation of units outside Sweden

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

(ii) Interest risk

The Group's interest risk arises primarily through long-term borrowing. The Group's borrowing carries floating-rate interest, thus resulting in exposure. Borrowing that is subject to floating-rate interest exposes the Group to interest risk with respect to cash flow.

To reduce the interest risk, the Group has as its policy that interest is to be fixed for 50 percent of the remaining bank loans for at least two years. If interest on the Group's borrowing in SEK had been 1.0 percentage point higher/lower during 2014 with all other variables constant and consideration taken to interest swaps, the consolidated profit after tax for the fiscal year would have been SEK 4.2 M higher/lower, primarily as an effect of higher interest expenses for borrowing with floating-rate interest. Byggmax continuously monitors the interest risk by examining the effect of loans with floating-rate interest on EBIT for the year. Under the existing financing agreement with Handelsbanken, there was no long-term borrowing at December 31, 2014 and thus no hedging of interest rates was carried out.

Sensitivity analysis, interest risk for 2014

	Change (percentage point), all other factors unchanged	Effect on EBIT (SEK M) 2014	Effect on EBIT (SEK M) 2013
Interest Rate	+ 1%	-4.2	-3.0

b) Credit risk

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

c) Liquidity risk

Byggmax's policy in respect of liquidity risk is to ensure the Group has sufficient cash and cash equivalents to finance operating activities. The Board of Directors manages the liquidity risk exposure through ensuring that Byggmax has sufficient credit facilities in place to satisfy the future needs of the business. The need is established through continuous follow up of forecast and actual cash flows with consideration taken to the tenors of financial assets and liabilities in the balance sheet. Byggmax's primary credit facility is provided by Svenska Handelsbanken by way of a credit agreement. The agreement with Svenska Handelsbanken extends until March 31, 2017.

The size of the credit facility available is reviewed regularly and is designed to cover forecast peaks in the gross debt level with a healthy margin. On December 31, 2014, the Group had cash and cash equivalents totaling SEK 30.9 M (33.1) and an unutilized credit facility of SEK 99.2 M (78.8). Information regarding blocked bank funds is available in Note 24. The table below shows the non-discounted cash flows that arise from the Group's liabilities in the form of financial instruments based on the contracted remaining periods on the balance-sheet date. Amounts in foreign currencies and amounts to be paid are based on floating-rate interest and were estimated by using the exchange and interest rates prevailing on the balance-sheet date.

Group (SEK M)	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
At December 31, 2014				
Borrowing	476.7	1.2		
Liabilities relating to financial leasing	4.7	1.8		
Net regulated derivative instruments (interest swaps)				
Gross regulated derivative instruments (currency forwards)	1.3			
Accounts payable	370.4			
Total	853.1	3.0	0.0	0.0
At December 31, 2013				
Borrowing	492.4	0.9		
Liabilities relating to financial leasing	13.0	5.4	0.4	
Net regulated derivative instruments (interest swaps)				
Gross regulated derivative instruments (currency forwards)	0.8			
Accounts payable	284.8			
Total	791.0	6.3	0.4	0.0
Parent Company (SEK M)				
	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
At December 31, 2014				
Borrowing	476.7	1.2		
Total	476.7	1.2	0.0	0.0
At December 31, 2013				
Borrowing	492.4	0.9		
Total	492.4	0.9	0.0	0.0

3.2 Management of financing/capital risk

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

- Establishing adequate credit facilities well in advance of foreseeable needs.
- Monitoring due dates for the total debt in order to match amortization to anticipated cash flow.
- Satisfying key ratios according to financing contracts. The key ratios are the interest-coverage ratio, debt/equity ratio and the equity ratio/risk-bearing capital.
- Optimizing working capital within the Group. Working capital refers to: the total of inventory, accounts receivable, receivables on bonuses from suppliers, other receivables and prepaid expenses/accrued income less the total of accounts payable, tax liabilities, other current liabilities and accrued expenses/deferred income. While Byggmax has no specified goal for the equity ratio, there is a dividend target. Byggmax policy is for dividends to amount to at least 50 percent of Byggmax's net profits for the preceding fiscal year, subject to Byggmax's need for capital, EBIT, financial position, capital requirements and current economic conditions.

4 IMPORTANT ESTIMATES AND ASSESSMENTS

Important estimates and assumptions for accounting purposes

The Group makes estimates and assumptions regarding the future to be able to prepare the accounts in accordance with generally accepted accounting practices. Estimates and assumptions are evaluated regularly and are based on historical experience and other factors, including expectations regarding future events that are considered reasonable under the prevailing circumstances. The actual outcome may differ from the estimates and assumptions made. The estimates and assumptions made in the final accounts on December 31, 2014, are not considered able to significantly affect the EBIT and financial position for the coming fiscal year.

Leasing

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

Testing of impairment need for goodwill

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

5 SEGMENT INFORMATION

Information by geographic area	2014	2013
Net sales Sweden	2,606.2	2,363.0
Net sales Norway	771.7	704.3
Net sales other countries	169.2	149.1
Total sales	3,547.2	3,216.4

ASSETS	2014	2013
Assets in Sweden	1,887.4	1,744.5
Assets in Norway	199.8	169.6
Assets in other countries	32.3	30.7
Total assets	2,119.5	1,994.8

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

6 OTHER OPERATING INCOME

Group	2014	2013
Exchange-rate differences	7.0	2.6
Gain from divestment of equipment	0.3	0.3
Other	4.9	3.8
Total other operating income	12.2	6.6

7 OTHER EXPENSES

Group	2014	2013
Exchange-rate differences	-8.2	-7.8
Loss from divestment of equipment	-0.7	-0.2
Total other operating expenses	-8.9	-8.0

8 AUDITORS' FEES

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

Group	2014	2013
Öhrlings PricewaterhouseCoopers AB		
Auditing assignments	0.9	1.0
Other assignments	0.0	0.0
Tax consultancy	0.5	0.4
Other services	0.3	0.2
Total auditors' fees	1.7	1.6
Parent Company	2014	2013
Öhrlings PricewaterhouseCoopers AB		
Auditing assignments	0.4	0.4
Other assignments	0.0	0.0
Tax consultancy	0.0	0.0
Other services	0.0	0.0
Total auditors' fees	0.4	0.4

9 EMPLOYEE BENEFITS

Group	2014	2013
Salaries and other compensation	269.9	236.8
Social costs	61.2	52.2
Pension costs	14.7	12.9
Other personnel costs	7.2	6.4
Total employee benefits	353.0	309.1

The guidelines for determining compensation to senior executives that were adopted by the 2014 AGM correspond, in all material respects, with the guidelines proposed to the 2015 AGM. Information about these guidelines is available in the Administration Report on page 32. Remuneration to senior executives was paid in accordance with previous resolutions and the guidelines that were adopted at the AGM. Bonuses to the Board of Directors, President and other senior executives amounted to SEK 0.0 M (0.0).

9 EMPLOYEE BENEFITS. CONT.

Salaries and other compensation plus social costs (SEK M)	2014			2013		
	Salaries and other compensation	Social costs (of which pension costs)	Number	Salaries and other compensation	Social costs (of which pension costs)	Number
Group						
Board members, President and other senior executives	14.3	7.3 (2.5)	12	11.3	5.6 (2.0)	12
Other employees	256.8	68.7 (12.2)	661	222.1	59.6 (10.2)	617
Total	271.1	76.0 (14.7)	673	233.4	65.2 (12.2)	629
Parent Company						
Board members	1.4	0.4 (0.0)	6	1.3	0.4 (0.0)	7
President and other senior executives	0.0		1			
Other employees	0.0	0.0 (0.0)	0	0.0	0.0 (0.0)	0
Total	1.4	0.4 (0.0)	7	1.3	0.4 (0.0)	7

No separate remuneration is payable to the President of Byggmax Group AB (publ) 2014.

Subsidiaries	2014		2013	
	Average number of employees	Of whom men	Average number of employees	Of whom men
Sweden	482	80%	453	79%
Norway	122	86%	115	92%
Finland	69	69%	61	74%
Total in subsidiaries	673	80%	629	81%
Group total	673	80%	629	81%

Group (including subsidiaries)	2014		2013	
	Number on the balance-sheet date	Of whom men	Number on the balance-sheet date	Of whom men
Board members	6	67%	6	75%
President and other senior executives	8	88%	8	84%
Group total	14	78%	14	86%
Parent Company				
Board members	6	67%	6	83%
President and other senior executives	1	100%	1	100%
Parent Company total	7	84%	7	86%

9 EMPLOYEE BENEFITS. CONT.

Compensation to senior executives (SEK M)	Base salary/ Directors' fees	Variable compen- sation	Other benefits	Pension costs	Other compen- sation	Total
2014						
Chairman of the Board – Fredrik Cappelen	0.5					0.5
Board member – Anders Moberg	0.3					0.3
Board member – Karin Hygrell-Jonsson	0.2					0.2
Board member – Lottie Svedenstedt	0.3					0.3
Board member – Stig Notlöv	0.3					0.3
Board member – Stefan Linder	0.0					0.0
President	3.2	2.0		1.0		6.2
Other senior executives (five individuals, of whom one woman)	6.5	0.8		1.5		8.8
Total	11.3	2.8	0.0	2.5	0.0	16.6

Compensation to senior executives (SEK M)	Base salary/ Directors' fees	Variable compen- sation	Other benefits	Pension costs	Other compen- sation	Total
2013						
Chairman of the Board – Fredrik Cappelen	0.5					0.5
Board member – Anders Moberg	0.3					0.3
Board member – Johannes Lien	0.0					0.0
Board member – Lottie Svedenstedt	0.3					0.3
Board member – Stig Notlöv	0.3					0.3
Board member – Stefan Linder	0.0					0.0
President	3.2	0.8		0.8		4.8
Other senior executives (five individuals, of whom one woman)	5.4	0.3		1.1		6.8
Total	10.0	1.1	0.0	1.9	0.0	13.0

There are no agreements concerning severance pay for the President or Group management. The period of notice for the President in the event of termination by the company or by the President is three months. The retirement age for the President and other senior executives is 65. Fixed salary and pension was renegotiated for the President in 2014 in line with the relevant market and reflects the scope and responsibility entailed in the assignment. The President has a defined-contribution pension. Variable compensation pertains to remuneration for bonus earned in 2014 that is payable in 2015.

Warrant program

The 2011 AGM resolved to introduce a warrant program for about 20 senior executives and other key staff at Byggmax. The 2011 warrant program expired on October 16, 2014 and was not exercised since the share price was lower than the exercise price.

The 2013 AGM resolved to introduce a warrant program for about 27 senior executives and other key staff at Byggmax. The term for the warrants was set at 4.5 years and they can be exercised in the final six months. A total of 600,000 warrants were subscribed for. The warrants are priced at market value (SEK 2.24 per warrant) and the valuation was made by an independent party. Each warrant will entitle its holder to subscribe for one share in the company at an exercise price of SEK 42.80. The participants in the warrants program have entered into a pre-emption agreement.

10 PROFIT/LOSS FROM FINANCIAL ITEMS

Group	2014	2013
Profit from participations in Group companies	0.0	0.4
Total	0.0	0.4
Financial income		
Exchange-rate gains	7.2	10.1
Changes in fair value – interest swaps and currency derivatives	8.1	3.6
Interest income	-0.4	0.2
Other financial income	0.1	0.1
Total	15.0	13.9
Financial expenses		
Exchange-rate losses	-11.0	-3.8
Changes in fair value – interest swaps and currency derivatives	-7.6	-3.3
–interest expenses, bank loans	-9.0	-14.5
–financial leasing, reversal of discounting effect	-0.4	-1.1
Other financial expenses	-0.5	-0.4
Total	-28.6	-23.1
Loss from financial items	-13.6	-8.7
Parent Company	2014	2013
Earnings from shares in Group companies		
Dividends from Group companies	170.0	100.0
Total	170.0	100.0
Interest income and similar items		
Exchange-rate gains	0.0	0.1
Group contributions	12.1	15.6
Interest income	15.3	16.4
Total	27.4	32.0
Interest expenses and similar items		
Exchange-rate losses	0.0	-0.1
Interest expenses	-22.4	-27.8
Total	-22.4	-27.9
Profit from financial items	175.0	104.1

11 INCOME TAX

Group	2014	2013
Current tax for the year	-51.3	-41.5
Current tax attributable to previous years	0.0	0.2
Remeasured deferred tax due to changed tax rate in Sweden	0.0	0.0
Deferred tax expense relating to temporary differences	-17.0	-12.6
Deferred tax income relating to temporary differences	3.1	0.0
Total	-65.2	-53.9
Parent Company	2014	2013
Current tax for the year	0.0	0.0
Total	0.0	0.0

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

Group	2014	2013
Profit before tax	283.2	237.9
Income tax calculated according to the Group's prevailing tax rate	-62.3	-52.3
Non-taxable income	0.1	0.6
Non-deductible costs	-2.3	-1.4
Tax effect of interest on the tax allocation reserve	0.0	0.0
Remeasured deferred tax due to changed tax rate in Sweden	0.0	0.0
Deficits for tax purposes for which no deferred tax asset is recognized	0.0	0.0
Blocked amounts on foreign taxes for tax purposes	-1.1	-2.0
Effect of foreign tax rates	0.0	0.4
Adjustment of current tax relating to previous years	0.0	0.2
Other	0.5	0.7
Tax expense	-65.2	-53.9

Parent Company	2014	2013
Profit before tax	170.0	100.0
Income tax calculated according to prevailing tax rate 22.0 (26.3) percent	0.0	0.0
Tax expense	170.0	100.0
Weighted average tax rate within the Group:	23.03%	22.67%

The prevailing tax rate for income tax within the Group and the Parent Company is 22.0 (22.0) percent.

12 EXCHANGE-RATE DIFFERENCES

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

Group	2014	2013
Other operating income	7.0	2.6
Other expenses	-8.2	-7.8
Financial income	6.3	10.3
Financial expenses	-10.1	-4.1
Total exchange-rate differences	-4.9	1.1

13 INTANGIBLE FIXED ASSETS

Capitalized expenses for development work

Group	2014	2013
Opening cost	67.7	55.5
New acquisitions	12.0	12.3
Sales and scrapping	-4.3	0.0
Exchange-rate differences	0.1	-0.2
Closing accumulated cost	75.7	67.7
Opening amortization	-37.3	-27.6
Sales and scrapping	4.2	0.0
Amortization for the year	-10.8	-9.8
Exchange-rate differences	0.0	0.1
Closing accumulated amortization	-44.0	-37.3
Closing carrying amount	31.5	30.4

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

Goodwill	2014	2013
Opening cost	1,051.0	1,051.0
Closing accumulated cost	1,051.0	1,051.0
Closing carrying amount	1,051.0	1,051.0

Testing of impairment need for goodwill

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

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

The recoverable amount for the CGU is determined on the basis of calculations of value in use. The calculation is based on estimated future cash flows based on the 2014 business plan and forecasts for the period from 2015 to 2019 that were prepared by Group management and approved by the Board. The management's forecasts are based on historical experience as well as external data on market growth, etc. The forecasts are based on a number of principal assumptions concerning future growth and EBIT margins. The calculated recoverable amount is compared with the carrying amount. Cash flows beyond the five-year period, meaning after 2019, are extrapolated using an estimated growth rate of 2 percent, which corresponds to a weighted average growth rate under Riksbanken's (the Swedish Central Bank) inflation targets and is in line with sustainable growth for the industry. In the corresponding calculations for 2014, an estimated growth rate of 2 percent was used.

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

- Risk-free interest rate: Ten-year treasury bond rate
- Market risk premium: 5.9 percent
- Beta value: Fixed beta value for Byggmax

Testing indicates that the recoverable amount exceeds the carrying amount.

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

14 TANGIBLE FIXED ASSETS

Equipment, tools, fixtures and fittings	2014	2013
Group		
Opening cost	405.6	338.9
Purchases	119.1	72.8
Sales and scrapping	-8.8	-2.0
Increase through business combinations	0.0	0.0
Reclassifications	0.0	0.0
Exchange-rate differences	-0.2	-4.1
Closing accumulated cost	516.1	405.6
Opening depreciation	-251.3	-205.6
Sales and scrapping	7.0	0.6
Increase through business combinations	0.0	0.0
Depreciation for the year	-54.9	-48.0
Reclassifications	0.0	0.0
Exchange-rate differences	-2.6	1.7
Closing accumulated depreciation	-301.8	-251.3
Closing carrying amount	214.3	154.3

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

Group	2014	2013
Cost – capitalized financial leasing	152.5	157.0
Accumulated depreciation	-140.5	-128.9
Carrying amount	12.0	28.1

As of 2012, the Group does not lease inventory to the same extent as earlier, but rather these are financed internally.

Buildings and land	2014	2013
Group		
Opening cost	31.5	36.8
Increase through asset acquisitions	13.6	4.1
Sales and scrapping	0.0	-9.5
Exchange-rate differences	0.0	0.0
Closing accumulated cost	45.1	31.5
Opening depreciation	-2.7	-1.9
Sales and scrapping	0.0	0.3
Depreciation for the year	-1.0	-1.1
Exchange-rate differences	0.0	0.0
Closing accumulated depreciation	-3.7	-2.7
Closing carrying amount	41.4	28.7

14 TANGIBLE FIXED ASSETS. CONT.

Land improvements on another party's property	2014	2013
Group		
Opening cost	13.8	8.7
Purchases	2.2	5.3
Sales and scrapping	-0.4	0.0
Exchange-rate differences	0.0	-0.2
Closing accumulated cost	15.6	13.8
Opening depreciation	-2.9	-2.2
Sales and scrapping	0.1	0.0
Depreciation for the year	-1.1	-0.8
Exchange-rate differences	0.0	0.1
Closing accumulated depreciation	-3.8	-2.9
Closing carrying amount	11.8	10.9

15 PARTICIPATIONS IN GROUP COMPANIES

Parent Company	2014	2013
Opening cost	358.0	358.0
Investments	0.0	0.0
Capital contributions	0.0	0.0
Closing carrying amount	358.0	358.0

The Parent Company has participations in the following Group companies:

Name	Corporate registration number	Registered office	Share of capital	Number of shares	Carrying amount	
					2014	2013
Companies owned by Byggmax Group AB (publ)						
Byggmax AB	556645-6215	Halmstad	100%	100,000	345.0	345.0
Svea Distribution AB	556602-5895	Eslöv	100%	200	13.0	13.0
Byggmax Fastighetsutveckling AB	556726-8593	Stockholm	100%	1,000	0.1	0.1
					358.0	358.0
Holdings in other Group companies						
Byggmax International Purchasing AB	556757-2473	Stockholm	100%			
Byggmax Fastighets Holding AB	556726-8601	Stockholm	100%			
Byggmax Fastighetsutveckling 6 AB	556751-4442	Stockholm	100%			
Byggmax Fastighetsutveckling 7 AB	556757-3133	Stockholm	100%			
Byggmax Fastighetsutveckling 8 AB	556889-6780	Stockholm	100%			
Byggmax Fastighetsutveckling 9 AB	556916-5250	Stockholm	100%			
Lännersta 14:1 Fastighets AB	556791-3818	Stockholm	100%			
Byggmax Fastighet 2 AS	991127895	Oslo	100%			
Byggmax Fastighet 3 AS	991 127 917	Oslo	100%			
Byggmax Finland Fastighetsholding 1 Oy	2186417-4	Helsinki	100%			
Byggmax Finland Fastighet 1 Oy	2186407-8	Helsinki	100%			
Byggmax Finland Fastighetsholding 2 Oy	2186507-0	Helsinki	100%			

16 DISCLOSURES ON ACQUISITIONS

No subsidiaries were acquired in 2014.

17 FINANCIAL INSTRUMENTS BY CATEGORY

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

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

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

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

Assets in the balance sheet at Dec. 31, 2014	Loan receivables and accounts receivable	Assets measured at fair value in profit or loss	Total
Derivative instruments		1.3	1.3
Accounts receivable and other receivables excluding prepaid expenses and accrued income	55.1		55.1
Cash and cash equivalents	30.9		30.9
Total	86.0	1.3	87.3

Liabilities in the balance sheet at Dec. 31, 2014	Other financial liabilities	Total
Borrowings (excluding liabilities related to financial leasing)	475.8	475.8
Liabilities relating to financial leasing	6.5	6.5
Accounts payable and other liabilities excluding accrued expenses and deferred income	399.6	399.6
Total	881.9	881.9

Assets in the balance sheet at Dec. 31, 2013	Loan receivables and accounts receivable	Assets measured at fair value in profit or loss	Total
Derivative instruments		0.8	0.8
Accounts receivable and other receivables excluding prepaid expenses and accrued income	41.9		41.9
Cash and cash equivalents	33.1		33.1
Total	75.0	0.8	75.8

Liabilities in the balance sheet at Dec. 31, 2013	Other financial liabilities	Total
Borrowings (excluding liabilities related to financial leasing)	491.3	491.3
Liabilities relating to financial leasing	13.0	13.0
Accounts payable and other liabilities excluding accrued expenses and deferred income	309.7	309.7
Total	814.0	814.0

18 DIVESTMENT OF SUBSIDIARIES

No subsidiaries were divested in 2014.

19 DERIVATIVE INSTRUMENTS

Group, December 31, 2014	Assets	Liabilities
Derivative instruments		
Interest swaps – held for sale	0.0	0.0
Currency forwards - held for sale	1.3	0.0
Total derivative instruments	1.3	0.0

Group, December 31, 2013	Assets	Liabilities
Derivative instruments		
Interest swaps – held for sale	0.0	0.0
Currency forwards - held for sale	1.3	0.5
Total derivative instruments	1.3	0.5

Derivative instruments held for sale are classified as current assets or current liabilities. The nominal amount for outstanding currency forward contracts was SEK 150.0 M (133.9) on the balance-sheet date. The nominal amount for interest swaps outstanding was SEK 0.0 M (0.0) on the balance-sheet date.

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

20 ACCOUNTS RECEIVABLE

Group	2014	2013
Accounts receivable	1.6	2.0
Provisions for doubtful receivables	0.0	-0.1
Total accounts receivable	1.6	1.9

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

21 INVENTORIES

Group	2014	2013
Completed goods and goods for resale	612.7	538.3
Prepayments to suppliers	4.0	0.0
Total inventories	616.7	538.3

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

22 OTHER RECEIVABLES

	2014	2013
Bonus receivables from suppliers	40.2	31.9
Other receivables	13.3	8.0
Total other receivables	53.5	40.0
Parent Company		
Dividends from Group companies	170.0	100.0
Total other receivables	170.0	100.0

22 OTHER RECEIVABLES, CONT.

Most bonus receivables are in SEK. As of the balance-sheet date, December 31, 2014, no other receivables were considered doubtful. In respect of existing bonus receivables, the majority of the items have a corresponding entry in accounts payable. The fair value of the Group's other receivables corresponds to the carrying amount. Dividends from Group companies pertain to receivables for anticipated dividends.

23 PREPAID EXPENSES AND ACCRUED INCOME

Group	2014	2013
Prepaid rent	33.5	22.8
Prepaid leasing fees	0.3	0.5
Accrued interest income	0.0	0.0
Other items	6.2	4.8
Total prepaid expenses and accrued income	40.0	28.2

24 CASH AND CASH EQUIVALENTS

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

Group	2014	2013
Balance sheet		
Cash and bank balances	22.5	24.7
Blocked funds	8.4	8.4
Total cash and cash equivalents	30.9	33.1
Cash-flow statement		
Cash and bank balances	22.5	24.7
Short-term investments	0.0	0.0
Total cash and cash equivalents	22.5	24.7

Blocked funds refer to rent deposits of SEK 1.9 M (1.9) and a customs credit of SEK 6.5 M (6.5).

25 SHARE CAPITAL AND OTHER CAPITAL CONTRIBUTIONS

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

Group	No. of shares (000s)	Share capital	Other capital con- tributions	Total
At December 31, 2014	60.7	20.2	441.0	461.3
At December 31, 2013	60.7	20.2	441.0	461.3

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

26 RESERVES

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

27 BORROWING

Group	2014	2013
Long-term		
Liabilities related to financial leasing	1.8	5.8
Total	1.8	5.8

Group	2014	2013
Short-term		
Liabilities to credit institutions	175.0	100.0
Overdraft facilities	300.8	391.3
Liabilities related to financial leasing	4.7	13.0
Total	480.5	504.3

Total borrowing	482.3	510.1
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Parent Company	2014	2013
Liabilities to credit institutions	460.7	498.4
Overdraft facility	175.0	100.0
Total	635.7	598.4

Total borrowing	635.7	598.4
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All borrowing within the Group is in SEK. All external loans have an interest period of three months, meaning that the carrying amount closely corresponds to fair value. There are pledged assets for these loans. See Note 32.

The Group has the following unutilized credit facilities:

Group	2014	2013
Overdraft facility	99.2	78.7
Total	99.2	78.7

Of the above available overdraft facilities, SEK 6.5 M is a customs credit.

Financial leasing

Group	2014	2013
Gross liabilities for financial leasing		
Within one year	5.1	13.3
Later than one year but within five years	2.1	6.2
Total	7.2	19.5

Future financial expenses for financial leasing	-0.7	-0.7
Present value of liabilities related to financial leasing	6.5	18.8

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

Group	2014	2013
Within one year	4.7	13.0
Later than one year but within five years	1.8	5.8
Later than five years	0.0	0.0
Total	6.5	18.8

See also Note 33, Obligations.

28 DEFERRED TAX

Group	2014	2013
Deferred tax liabilities		
Untaxed reserves	94.4	76.1
Leasing	1.2	2.2
Total deferred tax liabilities	95.6	78.4
Deferred tax assets		
Derivatives	-0.3	-0.2
Valuation of loss carry-forwards	4.9	1.8
Other	0.0	0.0
Total deferred tax assets	4.6	1.6
Deferred tax liabilities, net	90.9	76.7

Gross changes relating to deferred taxes are as follows:

Group	2014	2013
On the opening date	76.7	63.5
Reversal of discount effect	0.0	0.0
Recognition in profit or loss	13.9	12.9
Recognition in profit or loss due to changed tax rate in Sweden	0.0	0.0
Acquired deferred tax liability	0.0	0.0
Adjustment from current receivable to deferred tax asset	0.0	0.0
Exchange-rate differences	0.3	0.4
On the balance-sheet date	90.9	76.7

Deferred tax assets are recognized as loss carry-forwards for tax purposes insofar as it is probable that they can be offset by future taxable profits. The Group recognized deferred tax assets of SEK 4.6 M (1.6). Of these, SEK 0.0 M (0.0) is in respect of losses amounting to SEK 0.0 M (0.0) that can be offset against future taxable profits. SEK 3.7 M (0.6) pertains to taxes on internal gains of SEK 16.8 M (2.7), a negative SEK 0.3 M (neg: 0.2) to derivatives and SEK 1.2 M (1.2) to blocked amounts for foreign tax.

29 PENSIONS

Pension insurance in Alecta

Obligations for retirement and family pensions for salaried employees in Sweden are secured via insurance with Alecta. According to statement UFR 6 from the Swedish Financial Reporting Board, this is a defined-benefit plan that includes several employers. For the 2014 fiscal year, the Group did not have access to information that would enable it to be recognized as a defined-benefit plan. The pension plan according to ITP that is secured through insurance in Alecta is therefore recognized as a defined-contribution plan. The year's fees for pension insurance issued by Alecta amounted to SEK 4.6 M (3.9). Alecta's surplus can be distributed to policy holders and/or insured persons. On December 31, 2014, Alecta's surplus in the form of the collective consolidation level amounted to 144 percent (149). The collective consolidation level corresponds to the market value of Alecta's assets as a percentage of pension obligations as calculated according to Alecta's actuarial assumptions, which are not in agreement with IAS 19.

30 OTHER LIABILITIES

Group	2014	2013
VAT liabilities	9.5	13.0
Personnel-related liabilities	5.7	5.3
Other	13.9	6.7
Total other liabilities	29.1	24.9

31 ACCRUED EXPENSES AND DEFERRED INCOME

Group	2014	2013
Accrued salaries	27.5	22.2
Accrued vacation pay	33.5	30.2
Accrued social fees	9.5	8.4
Other	17.2	16.0
Total accrued expenses and deferred income	87.8	76.7
Parent Company		
Other	1.6	1.9
Total accrued expenses and deferred income	1.6	1.9

32 PLEDGED ASSETS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Group	2014	2013
Pledged assets		
For own debts and provisions:		
Shares in subsidiaries	1,147.4	1,100.2
Blocked bank funds	8.4	8.4
Chattel mortgages	120.0	120.0
Total pledged assets, contingent liabilities and contingent assets	1,275.8	1,228.6
Parent Company		
Shares in subsidiaries	358.0	358.0
Total pledged assets and contingent liabilities	358.0	358.0

Contingent liabilities

Group	2014	2013
Capital adequacy guarantee on behalf of Group companies	None	None

33 OBLIGATIONS

Obligations relating to operational leasing

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

Future leasing fees for non-terminable operational leasing contracts fall due for payment as follows:

Group	2014	2013
Within one year	164.5	155.3
Later than one year but within five years	512.0	492.4
Later than five years	308.4	348.0
Total	984.9	995.6

Most of the above amounts relate to the rent for premises. In other respects, most of the Group's leasing contracts are classified as financial leasing. Information on financial leasing is presented in Note 27. Expensed leasing costs amounted to SEK 171.3 M (146.7).

34 TRANSACTIONS WITH RELATED PARTIES

No related-party transactions took place during the year. Information regarding key individuals in senior management is provided in Note 9, Employee benefits.

35 EVENTS AFTER THE BALANCE-SHEET DATE

No significant events have occurred since the end of the fiscal year.

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

The Parent Company's income statement and balance sheet and the Group's consolidated income statement and balance sheet will be presented to the Annual General Meeting on May 5, 2015 for adoption.

Stockholm, March 6, 2015

FREDRIK CAPPELEN
Chairman of the Board

ANDERS MOBERG
Board member

KARIN HYGRELL-JONSSON
Board member

LOTTIE SVEDENSTEDT
Board member

STEFAN LINDER
Board member

STIG NOTLÖV
Board member

MAGNUS AGERVALD
President and CEO

Our auditors' report was submitted on March 9, 2015
Öhrlings PricewaterhouseCoopers AB

ANN-CHRISTINE HÄGGLUND
Authorized Public Accountant

AUDITORS' REPORT

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

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of Byggmax Group AB (publ) for the year 2014 with the exception of the Corporate Governance Report on pages 36-39. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 32-74.

Responsibilities of the Board of Directors and the President for the annual accounts and consolidated accounts

The Board of Directors and the President are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the President determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

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

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Parent Company as of December 31, 2014 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as of December 31, 2014 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the Corporate Governance Report on pages 36-39. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts. We therefore re-

commend that the Annual General Meeting (AGM) adopt the income statement and balance sheet for the Parent Company and the Group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the President of Byggmax Group AB (publ) for the year 2014. We have also conducted a statutory examination of the Corporate Governance Report.

Responsibilities of the Board of Directors and the President

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the President are responsible for administration under the Companies Act and that the Corporate Governance Report on pages 36-39 has been prepared in accordance with the Annual Accounts Act.

Auditor's responsibility

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

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

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

Opinions

We recommend to the AGM that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the President be discharged from liability for the fiscal year. In our opinion, the Corporate Governance Report has been prepared and its statutory content is consistent with the other parts of the annual accounts and the consolidated accounts.

Stockholm, March 9, 2015
Öhrlings PricewaterhouseCoopers AB

Ann-Christine Hägglund
Authorized Public Accountant
Auditor in Charge

BYGGMAX GROUP MANAGEMENT

MAGNUS AGERVALD

President since 2008 (employed since 2006). Born 1975. **Education:** M.Sc. Stockholm School of Economics and M.Sc. Engineering KTH Royal Institute of Technology. **Background:** Formerly worked as a consultant at McKinsey & Company and analyst at IDI AB and was the founder of Icomera. **Other assignments:** Board member of Grangården. **Shareholding:** 100,000 shares and 300,000 warrants.

DANIEL JUHLIN

Marketing and IT Manager since 2012. Born 1974. **Education:** M.Sc. Engineering KTH Royal Institute of Technology. **Background:** Formerly worked as a consultant at McKinsey & Company, held several sales and marketing positions at Toms and Cloetta Fazer, President of Friggs AB and President of Karamellkungen AB. **Other assignments:** No other assignments. **Shareholding:** 2,451 shares via endowment insurance, 1,000 shares via pension insurance and 60,000 warrants.

ERIK BÖRJESSON

IT Manager since 2009 (employed 2008). Born 1985. **Education:** Graduate engineer from Luleå University of Technology. **Background:** Previously positions at Byggmax were as a Strategic Purchaser and Purchasing Analyst. **Other assignments:** No other assignments. **Shareholding:** 4 shares and 2,000 warrants.

MARCUS HED

Business Manager since 2015 (employed since 2006). Born 1975. **Education:** 3-year high-school program in vehicle system technology and a technical foundation year. **Background:** Previously Store Manager and Regional Manager at Byggmax, and Store Manager for Intersport. **Other assignments:** No other assignments. **Shareholding:** None

PER HARALDSSON

Sourcing and Supply Chain Manager since 2013 (employed in 2008). Born 1974. **Education:** M.Sc. in Engineering from the Institute of Technology, Linköping University. **Background:** Previously Business Area Manager at Rusta. **Other assignments:** No other assignments. **Shareholding:** 41,440 shares, 24,000 warrants and exposure through endowment insurance to a further 28,850 shares

PERNILLA WALFRIDSSON

CFO since 2005. Born 1973. **Education:** Master of Science in Business and Economics, Växjö University. **Background:** Formerly CFO of consumer electronics chain Power, Business Controller of IKEA Russia and Controller at IKEA AB. **Other assignments:** No other assignments. **Shareholding:** 230,000 shares and 44,000 warrants.

AUDITORS

Byggmax's auditor is Öhrlings PricewaterhouseCoopers AB, with Ann-Christine Hägglund as Auditor in Charge since 2013. Ann-Christine Hägglund is an Authorized Public Accountant and a member of FAR SRS. The address of Öhrlings PricewaterhouseCoopers AB's offices is Torsgatan 21, SE-113 97 Stockholm, Sweden.



BYGGMAX BOARD OF DIRECTORS



Fredrik Cappelen



Anders Moberg



Karin Hygrell-Jonsson



Lottie Svedenstedt



Stefan Linder



Stig Notlöv

FREDRIK CAPPELEN

Chairman of the Board since 2008. Board member since 2006. Born 1957 **Education:** M.Sc. in Business and Economics and studies in political science at Uppsala University. **Background:** Formerly President and CEO, as well as Board member, of Nobia AB and Board member of Danske Træløst. **Other assignments:** Chairman of the Board of Dustin AB, Sanitec Oy, Tereystalo OY, Domestic AB and vice Chairman of the Board of Munksjö Oy. Board member of Securitas AB. **Shareholding:** Owns no shares, but is exposed to 200,000 Byggmax shares through an associated company.

ANDERS MOBERG

Board member since 2006. Born 1950. **Background:** Formerly Board member of Velux A/S and ICA AB and CEO of the IKEA Group, Royal Ahold N.V. and Majid Al Futtaim Group LLC. **Other assignments:** Anders is Chairman of the Board of OBH Nordica AB, and a Board member of ZetaDisplay AB, Hema B.V., ITAB AB, Rezipor AB, Amor GMBH, Ahlstrom OY, Bergendahl & Son AB and Suomen Lahikauppa OY. **Shareholding:** Does not own any shares but is exposed to 350,000 shares in Byggmax through his endowment insurance.

KARIN HYGRELL-JONSSON

Board member since 2014. Born 1955. **Education:** M.Sc. Stockholm School of Economics. **Background:** Currently CFO of Axfood AB. Employed by the Axfood Group since 1991 and a member of Group management since 2007. **Other assignments:** Board member of Fujifilm Sverige AB. **Shareholding:** 2,000 shares in Byggmax.

LOTTIE SVEDENSTEDT

Board member since 2010. Born 1957. **Education:** Lawyer from Uppsala University. **Background:** Former Regional Manager for H&M, President Inter Ikea Systems A/S, Business Area Manager Ikea of Sweden and CEO Kid Interiør A/S. **Other assignments:** Chairman of the Board of the MiL Institute, Uppstart Helsingborg and K-utveckling Engineering AB. Board member of Åhus Studiodata AB, Orango AB, ITAB Shop Concept AB, Swedavia AB and Vanna AB. **Shareholding:** 10,000 shares.

STEFAN LINDER

Board member since 2006. Born 1968. **Education:** M.Sc. Stockholm School of Economics. **Background:** Partner in Altor Equity Partners sedan 2004. Previously, Board member of Industri Kapital and worked in the field of investment banking at Morgan Stanley in London. **Other assignments:** Stefan is a Board member of Altor Equity Partners AB, CTEK Holding AB and Dustin Group AB. **Shareholding:** 0 shares.

STIG NOTLÖV

Board member of the current company since 2006, Board member of former Parent Company since 1993. Born 1947. **Background:** Formerly President of Byggmax. **Other assignments:** No other assignments. **Shareholding:** 200,000 shares through companies.

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PERFORMANCE INDICATORS, CONTINUED

Indicator	Explanation	Page
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PERFORMANCE INDICATORS, CONTINUED

Indicator	Explanation	Page
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PERFORMANCE INDICATORS, CONTINUED

Indicator	Explanation	Page
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HR2	Percentage of significant suppliers and sub-suppliers that have undergone human rights screening, and actions taken	89
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	89*
Non-discrimination		
HR4	Total number of incidents of discrimination and corrective actions taken	16

PERFORMANCE INDICATORS, CONTINUED

Indicator	Explanation	Page
Freedom of association and collective bargaining		
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights	89
Child labor		
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective elimination of child labor	89
Forced or compulsory labor		
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor	89
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Indigenous rights		
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	89*
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Corruption		
SO2	Percentage and total number of business units analyzed for risks related to corruption	89
SO3	Percentage of employees trained in the organization's anti-corruption policies and procedures	89
SO4	Actions taken in response to incidents of corruption	89

PERFORMANCE INDICATORS, CONTINUED

Indicator	Explanation	Page
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SO5	Public policy positions and participation in public policy development and lobbying	89
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SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	89
Compliance		
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	89
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PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes	89*
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PR3	Type of product and service information required by procedures, and percentage of products and services subject to such information requirements	89
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	89*
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	89*

PERFORMANCE INDICATORS, CONTINUED

Indicator	Explanation	Page
Market communication		
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communication, including advertising, PR and sponsorship	89
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communication, including advertising, promotion, and sponsorship by type of outcomes	89
Customer Privacy		
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	89
Compliance		
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	89

BYGGMAX GRI PROFILE

Byggmax's sustainability report presents GRI disclosures concerning its primary commercial operations. These operations comprise the store organization of Byggmax AB, including affiliates, as well as the subsidiary Svea Distribution, where applicable. The administration element of the organization is not included in the sustainability report, since this is not included in the core operations. All Group subsidiaries, except Byggmax Fastighetsutveckling AB, are jointly reported unless otherwise specified. Byggmax Fastighetsutveckling AB is not reported at all, since the company did not conduct any significant operations in 2014. Significance is defined on a case-by-case basis, based on what indicator is being reported, since no general definition covers all indicators. The definitions of significance and limitations for each indicator have been made in close cooperation with an external consultant. Byggmax has identified the stakeholders that are expected to deploy the sustainability report comprise suppliers, employees, customers, shareholders and financiers.

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

Indicator/Explanation

EC8
Byggmax has not made any infrastructure or service investments, which are primarily made for the benefit of the public. While Byggmax has indirectly impacted in a number of ways, such as making pellets more available, these initiatives are not deemed sufficient to warrant a separate item in the report.

EN1
Since Byggmax is not a production company, this is not relevant.

EN2
Since Byggmax is not a production company, this is not relevant.

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

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

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

production purposes.

EN17
According to the GRI's definition of indirect emissions of greenhouse gases by weight, this information falls outside the framework for our system limits thus rendering it immeasurable within the organization.

EN19
Byggmax does not cause emissions of ozone-depleting substances.

EN21
Byggmax had no planned or unplanned water emissions in 2014. Household wastewater, which is the only source of water emissions at Byggmax, does not qualify as water emissions under the GRI's definition.

EN22
Since Byggmax is not a production company, this indicator is not relevant. Regarding packaging and advertisements, refer to the environmental report.

EN23
No known events in 2014.

EN28
Byggmax has not been fined or sanctioned due to any transgressions of environmental legislation or regulations.

LA3
No differences in benefits to full-time or part-time employees have been noted at Byggmax.

LA4
Collective bargaining agreements are applied for 100 percent of staff.

LA5
Periods of notice are specified in the collective bargaining agreement.

LA8
Since Byggmax only conducts operations in the Nordic region, where the healthcare system is well-established and there are very few contagious diseases, no special training or consulting was conducted concerning contagious diseases for the company's employees. Where applicable, such situations are managed by Byggmax's personnel department or by the crisis group.

HR1
Significant investment decisions for Byggmax comprise the opening of new stores. Since these are conducted in the Nordic region, where Byggmax believes that human rights are respected to an extremely high degree, no particular consideration is paid to human rights in these decisions.

BYGGMAX GRI PROFILE, CONTINUED

HR 2
A total of 61 percent of the major suppliers (90 percent of sales) were reviewed by way of a supplier survey in 2012. No significant changes have occurred in the supplier base and, accordingly, the next survey will be carried out in 2015.

HR5
No operations have been identified in which the right to freedom of association and the right to collective bargaining agreements might be at significant risk. It should be noted that Byggmax purchases most of its material in the Nordic region.

HR6
No operations have been identified in which there is a significant risk of child labor. It should be noted that Byggmax purchases most of its material in the Nordic region.

HR7
No operations have been identified in which there is a significant risk of forced or compulsory labor. It should be noted that Byggmax purchases most of its material in the Nordic region.

SO2
All stores are routinely analyzed in terms of wastage, transgressions that deviate from the norm and other indicators.

SO3
Store managers' introductory training courses include ethical guidelines and corruption management.

SO4
Byggmax always reports incidents of corruption to the police. In 2013, no police reports were filed.

SO5
Byggmax does not directly participate in political decision-making processes or lobbying, except for building permits.

SO6
Byggmax does not give any contributions or gifts to political parties, politicians or similar institutions.

SO7
No actions have been taken against Byggmax for anti-competitive behavior, anti-trust, and monopoly practices.

SO8
In 2014, Byggmax did not pay any fines for non-compliance with laws or regulations.

PR3
Byggmax's policy stipulates that all products must have a product description. Furthermore, society requires certain products, primarily of a chemical nature, to have a safety data sheet. This comprises about 15 percent of all products.

PR6
All decisions concerning PR, marketing and sponsorship are made by the Marketing Manager or President. There is no formal policy for sponsorship or other marketing, beyond complying with the prevailing legislation.

PR7
No known transgressions in 2014.

PR8
No complaints concerning transgressions of customer integrity in 2014.

PR9
No fines were paid in 2014 for breaches against the prevailing laws and regulations concerning the provision and use of products and services.

*Byggmax has addressed, but not reported, the indicators below. These are supplementary indicators according to GRI.

EC5
EC9
EN5
EN6

EN13
EN14
EN15
EN24

EN25
EN29
EN30
LA6

LA9
LA11
LA12
HR3

HR8
HR9
PR2
PR4

PR5

REVIEWER'S CONCLUSION

Tyréns (the Reviewer) has reviewed Byggmax's sustainability report for the 2014 fiscal year. The review was based on GRI version 3.0. The Reviewer can affirm that the work was conducted in a goal-oriented and ambitious manner and that the information that is presented in the final sustainability report is truthful and traceable. Byggmax has responded appropriately to the reviewer's questions and provided supplementary documentation upon request. When it has not been possible to comply with the GRI guidelines and the indicator index in its entirety, Byggmax has provided explanations that have been approved by the Reviewer.

In addition to reviewing the 2014 sustainability report, the Reviewer had good insight into the processes in 2011, 2012, 2013 and 2014 aimed at building up procedures for and implementing Byggmax's first sustainability report for 2011. The Reviewer also had good insight into the decisions behind and preparation of documentation for the final report. The Reviewer noted positive progress in the organization's management and reporting of sustainability issues. The scope and limitation of the report were also conducted in sufficient accordance with GRI's instructions.

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

DEFINITIONS

DEFINITIONS OF FINANCIAL KEY RATIOS/REPORTING TERMINOLOGY

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

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

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

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

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

EBITDA: EBIT before depreciation/amortization and impairment.

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

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

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

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

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

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

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

Operating capital: Shareholders' equity plus net debt.

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

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

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

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

DEFINITION OF SECTOR-SPECIFIC KEY RATIOS

Growth in like-for-like sales: A comparable unit (like-for-like unit) is regarded as comparable from the second year-end after the store has opened. For example, this means that a store that opened in 2011 is classified as a comparable unit from 2013. Stores relocated to new premises in an existing location are treated in the same manner.

DEFINITIONS FROM THE ENVIRONMENTAL REPORT

CO₂ per ton of goods transported [kg]: CO₂ emissions per ton of goods transported.

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

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

Sorted waste: Not landfill or mixed waste.

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

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

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

DISTRIBUTION OF ANNUAL REPORT

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



INFORMATION ABOUT THE ANNUAL GENERAL MEETING

The Annual General Meeting (AGM) of Byggmax Group AB (publ), corporate registration number 556656-3531, will be held on Tuesday, May 5, 2015, at 10:00 a.m. at Primus conference center, Primusgatan 18 in Stockholm, Sweden.

Right to participate in the AGM

Shareholders who wish to participate in the AGM must: both be listed in the register of shareholders maintained by Euroclear Sweden AB on Tuesday, April 28, 2015, and notify the company of their intention to attend the AGM, no later than at 4:00 p.m. on Tuesday, April 28, 2015.

Notification

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

- By e-mail: info@byggmax.se
- By telephone: +46 (0) 8 514 930 60
- By mail: Byggmax Group AB, Box 6063, SE-171 06 Solna, Sweden (Label the letter "AGM")

On notification, shareholders must provide the following information:

- Name
- Personal ID/corporate registration number
- Address and daytime telephone number
- Shareholding in Byggmax
- Where applicable, the names of any advisers, maximum two, who will accompany the shareholder to the AGM, or the name of a proxy

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

Trustee registered shares

Shareholders who have registered their shares in the name of a trustee must temporarily re-register the shares in their own names in the register maintained by Euroclear Sweden AB in order to participate at the AGM. Such temporary re-registration must be executed no later than Tuesday, April 28, 2015, which means that shareholders are advised to notify their trustee well in advance of this date.

welcome to Byggmax's investor relations pages on www.om.byggmax.se/en

SUSTAINABILITY AT BYGGMAX
IT IS IMPORTANT TO CONTRIBUTE TO SUSTAINABLE DEVELOPMENT

READ MORE

LATEST PRESS RELEASES	LATEST REPORTS	THE SHARE
<p>27 April 2015 10:00 Byggmax opened new store in Malmöstad</p> <p>27 March 2015 08:00 NOTIFICATION OF THE ANNUAL GENERAL MEETING OF BYGGMAX GROUP AB (PUBL)</p> <p>27 March 2015 08:00 NOTIFICATION OF THE ANNUAL GENERAL MEETING OF BYGGMAX GROUP AB (PUBL)</p> <p>All press releases</p>	<p>26 January 2015 Year-end report January - December 2014</p> <p>20 October 2014 Interim report January - September 2014</p> <p>15 July 2014 Interim report January - June 2014</p> <p>All reports</p>	<p>12 Apr 11:35 59.25 SEK 1.28%</p> <p>Line chart showing share price from 2010 to 2014.</p> <p>All info on the Byggmax share</p>

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