



Boozt

Annual Report 2018

On 10 May 2019, the Annual General Meeting in Boozt AB, reg. no. 556793-5183, resolved in respect of the appropriation of the company's profit in compliance with the proposal of the board of directors set out on page 82 of this Annual Report.

Boozt

A Nordic technology company selling fashion online - from apparel to beauty.
We offer our customers a curated and contemporary selection of brands, relevant to a variety of lifestyles, mainly through our multi-brand webstore Boozt.com.

The Boozt snapshot

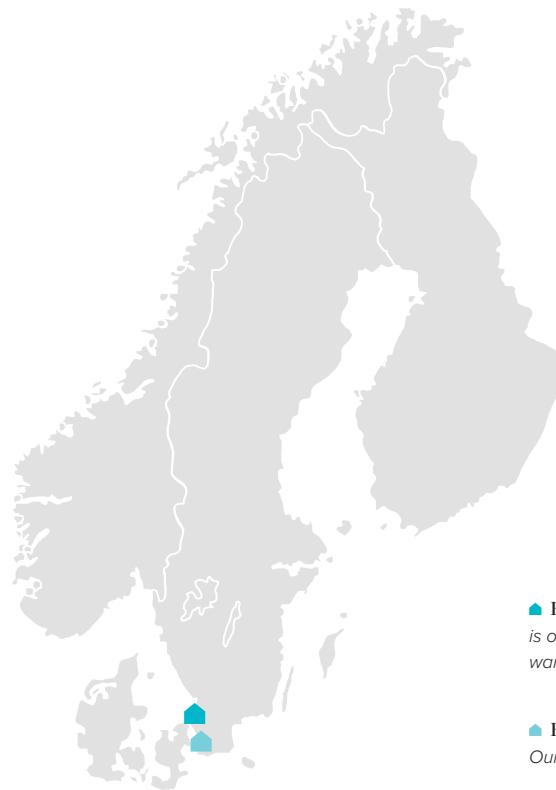
- Boozt.com launched 2011
- Head office in Malmö, Sweden
- Boozt AB is listed on Nasdaq Stockholm
- 2 online shops, Boozt.com & Booztlet.com
- SEK 2.784 million turnover in 2018

Our mission

is to deliver an outstanding online fashion shopping experience with unrivaled customer service

Our vision

is to become the leading player in Nordic fashion e-commerce



LEADING
CUSTOMER
SATISFACTION

▲ Boozt Fulfillment Centre
is our central and automated warehouse located in Ångelholm

▲ Boozt Headquarter
Our headquarter located in Malmö

324

Full time employees

33

Average age

32

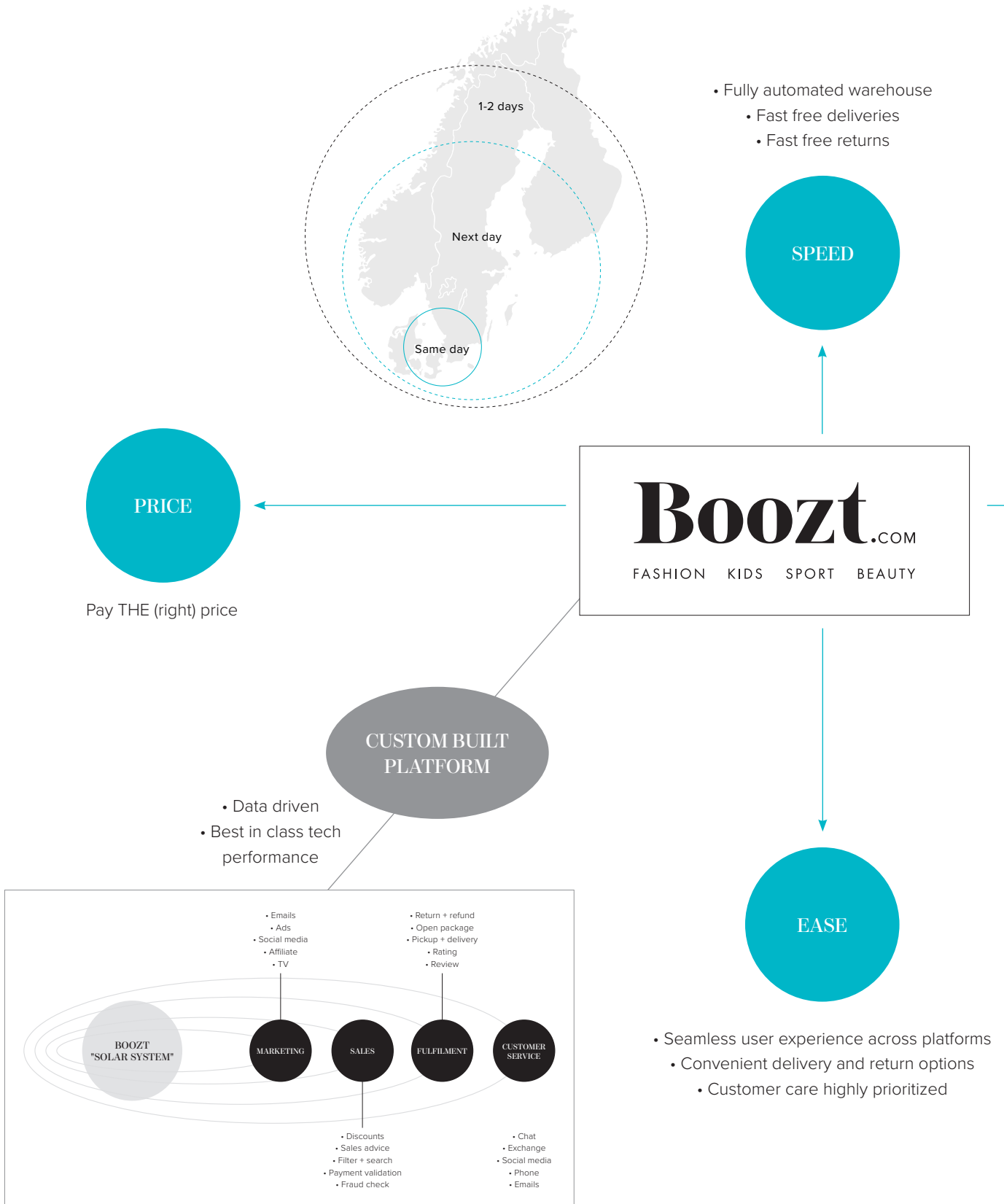
Different nationalities

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Unique positioning offers attractive growth and profitability opportunities

Key success factors in Nordic online fashion



Purpose-built infrastructure enables full control over the customer journey

Loyal customer base with attractive features in a market with strong growth potential

- Convenience is key
- Fashion followers

25-54

target customer age

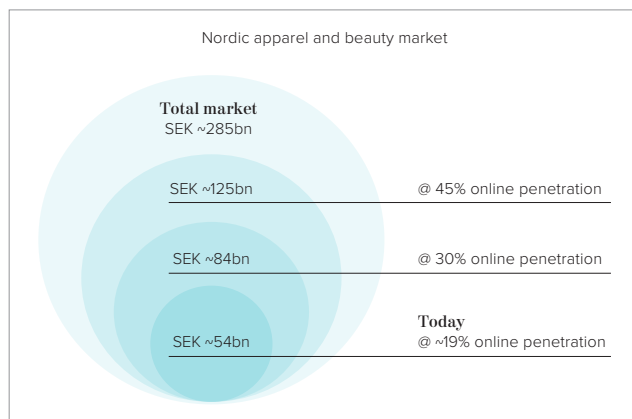


55% have kids

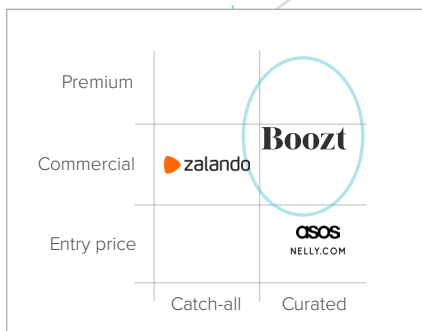


85% have a partner

RELEVANCE

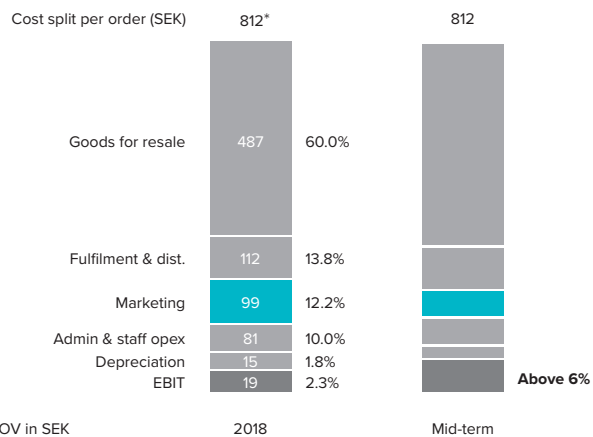


Positioning delivers a high AOV
(50-80% higher than peers)



Curated selection of Nordic brands as well as international power brands

Average order value (AOV) key to profitability



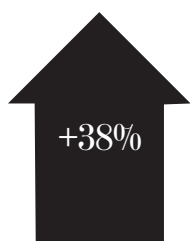
Local scale will drive cost ratios down



High customer satisfaction

Trustpilot 9.2 Net Promoter Score 71

2018 Highlights



38% growth in a challenging year

In a challenging year for the Nordic retail industry, with a long and cold winter followed by a long and record warm summer lasting well into the autumn, we managed to grow ahead of our own expectations by having the right assortment available at the right price points as dictated by the competitive situation.

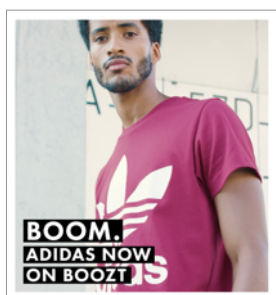
Building a leading online outlet in the Nordics

Booztlet grew more than 100% in 2018 with an improving EBIT margin, demonstrating the great potential within the off-price segment. We are further strengthening this business area in 2019 to ensure we become a leading player within the attractive off-price segment which today has a low online penetration.



Expanding warehouse capacity ahead of successful Black Friday

Following the latest expansion of our warehouse automation system, the Autostore, a total of 250 robots drive on top of an aluminium grid with 250,000 bins. This expansion was completed in early November ahead of Black Friday Weekend. As a result, Black Friday was a success and all systems passed the test of peak traffic handling.



Strengthening the sports/athleisure category

The launch of adidas and Reebok in late 2018 coincided with a relaunch of the sports/athleisure category on Boozt.com. It is a curated offering in the mid-to-premium end from both household brands such as Puma, New Balance and Peak Performance as well as attractive niche brands, many with roots in the Nordics.



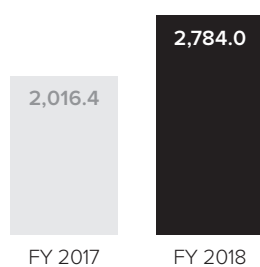
Making Boozt.com a beauty destination

The beauty category accelerated on Boozt.com in 2018 fuelled by the launch of more than 90 new international and Nordic brands targeting our core customers. During the year, we opened our flagship Beauty by Boozt offline store in Copenhagen, which helped attract many of the premium brands we launched. Unfortunately, the losses of the store were twice as large as expected and limiting the losses will be a focus area for 2019.

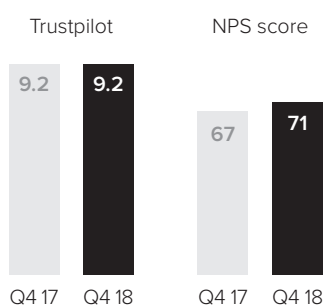
KPI Highlights

Net Revenue Group (SEK million)

+38.1%

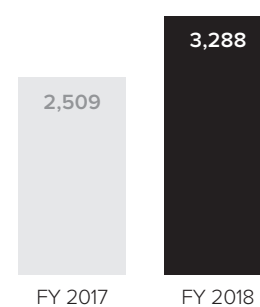


Customer Satisfaction



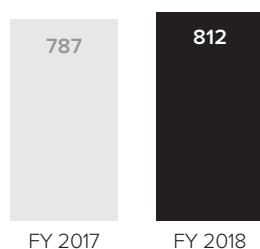
Number of Orders (000)

+31.0%



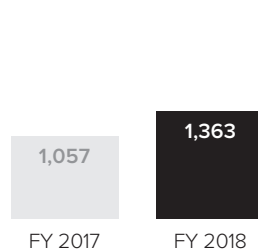
Average Order Value (SEK)

+3.2%



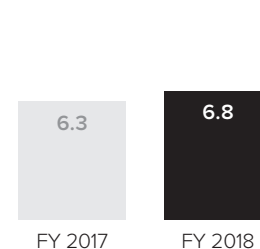
Active Customers (000)

+28.9%



True Frequency

+0.5



SEK million unless otherwise indicated

	Jan 1 - Dec 31, 2018	Jan 1 - Dec 31, 2017	Change
Net revenue	2,784.0	2,016.4	38.1%
Gross profit	1,113.1	861.0	29.3%
Gross margin (%)	40.0%	42.7%	-2.7 pp
Operating profit/loss (EBIT)	68.1	-69.8	n.m.
Adjusted EBIT	63.2	48.2	31.1%
Adjusted EBIT margin (%)	2.3%	2.4%	-0.1 pp
Earnings for the year	42.6	-12.6	n.m.
Cash flow for the year	-61.2	207.8	n.m.
Earnings per share before dilution (SEK)	0.75	-0.24	n.m.
Earnings per share after dilution (SEK)	0.74	-0.24	n.m.

See definitions on page 141

A portrait of Hermann Haraldsson, Co-Founder & CEO, wearing a dark suit jacket, a white shirt, and glasses. He is sitting with his hands clasped in front of him, looking directly at the camera with a serious expression. The background is dark and out of focus.

“We are blessed by having exceptionally smart people who demonstrate ‘care-why’ on a daily basis.”

Care-why

The other day, one of our good customers, Anne, posted on LinkedIn about an email she received from Boozt.com's customer service. Our warehouse staff had found a pair of luxury-brand sunglasses mixed in with the items she had returned and sent an email that her sunglasses would be returned.

This made me think.

First, I was happy that our customer shared her experience as we live off happy customers. She told her contacts about what happened with a remark that this was outstanding customer service. She did not have to, but she did – and I appreciate it.

Second, I was proud of our warehouse staff, who recognised that a personal item was accidentally placed in the return bag and took the time and care to make sure Anne got it back. Many of them, including the individual behind this specific case, are employed through our immigration integration project helping refugees enter the Swedish job market. Nobody would have noticed if he had not done it. But he chose to act. To do something about it. To go the extra mile to make sure that Anne would get her sunglasses back and demonstrated what we in our company call “care-why”.

In my experience people go through different phases in their professional lives. First, they learn the “know-what”, next they build a “know-how”, and this is followed by a “know-why”. Provided they work long enough; most people will eventually master these three steps. The exceptional people will reach a fourth level that we call “care-why”, where they demonstrate a passion for their profession, their customers and their company.

They not only know why - they care.

In our view the “care-why” is the difference between the ordinary and the exceptional. It is the “care-why” that provides the outstanding customer experience and it is the “care-why” that makes the customer return.

A year of many ups and a few downs

Our people have demonstrated “care-why” throughout the year, by not only elevating the customer satisfaction scores to an all-time high, but by also taking us successfully through a year of many challenges.

The seasons this past year in the Nordics were extraordinary, with a cold and long winter followed by an exceptionally warm and long summer. Following this the trading environment has been unusual and has required great agility and flexibility from our people to maneuver during the year.

“In our view the ‘care-why’ is the difference between the ordinary and the exceptional.”

“We are in this for the long run, and we will have to accept that the profitability journey will not be linear.”

“The categories, including a re-launched kids-category, and Booztlet, our on-line Nordic designer outlet, will fuel the growth going forward.”

With 38% growth for the full year, we continued our strong momentum. We attracted more new customers than ever before while our existing customers increased our share of their wallet.

Our categories started their lift off during the year, where our sports category got a boost from the launch of adidas and Reebok in September. Our beauty category continued to improve the offering with the launch of strong brands like MAC, Urban Decay, Kielhls and Estelle & Thild. And Booztlet demonstrated the potential of the off-price segment, by growing revenues 116% for the full year.

We believe that the categories, including a relaunched kids-category, and Booztlet, our on-line Nordic designer outlet, will fuel the growth going forward. Also, the fast-growing men's category will support the growth in the coming year.

In 2018, we delivered an adjusted EBIT margin of 2.3% in a year where gross margin was under pressure from the adverse trading conditions, and the investment in the physical beauty store was considerably costlier than we had expected. The adjusted EBIT was a tad lower than originally expected, but as our new customer intake was higher than ever and our growth was more than double the market - all in all it was okay. After all, we are in this for the long run, and we will have to accept that the profitability journey will not be linear, when you grow aggressively and launch new business ventures.

Focus and local scale

We have benefitted greatly from being focused as well as local.

Our strong focus on the mid to premium priced segment and steadfast focus on the local Nordic market, has allowed us to build a strong local infrastructure, -customer proposition and -brand strength with high efficiencies and economies of scale. We believe that this strong local focus will secure the cost leadership needed to operate in such a volatile business environment.

"Strong local focus will secure the cost leadership."

We experienced new heights, peaking with an exceptionally well executed Black Friday weekend, where we had a record high number of new customers, site visits and orders. We found ourselves stretching our capabilities as has become customary at this time, and yet again we succeeded. Our on-site performance as well as our fulfillment and distribution were outstanding, witnessed by a Net Promoter Score of around 70 during the weekend and nearly all orders being sent out to the customers by Monday.

Meanwhile, we continued the investments in our infrastructure by expanding our warehouse automation and improving our delivery footprint, so more orders are delivered next day as well as improving the same day delivery options. We believe that our delivery proposition in the Nordics is second to none, as most of our customers in the Nordics have the opportunity of getting free next day delivery. Still, we intend to get even better.

Being good

Being a good person has always been part of who we are as individuals and consequently also as an organisation. From the investments we've taken to only run on renewable energy in our environmentally friendly warehouse, to our work with our brands to ensure transparency, fair treatment and responsible production to the on-site guidance for customers to make sustainable choices. We have never been very vocal about this as it is not our style. But as we during the year became a signatory of the UN Global Compact we will begin to communicate more about the many initiatives taking place. Still a bit low key, but wanting to keep you informed, that we take this matter seriously. We recognise this is a journey that has only just began, but we are dedicated to doing our part to make the industry more sustainable. We will be using the Sustainable Development Goals (SDGs) as a framework for explaining where we can have the most impact on a sustainable development. I hope you will enjoy reading our improved sustainability report.

An antifragile business

We continue to see significant structural changes from the migration from offline to online. The fashion/apparel market is inherently volatile, where unexpected events and shocks strike on a frequent basis. But where some companies fold, others only get stronger. I believe Boozt is a company that gets stronger. I believe we are blessed by having exceptionally smart people who demonstrate care-why on a daily basis. For the customers, for each-other and for the company. This makes us stronger every day. My favorite philosopher calls this "antifragility". We intend to fortify our antifragility, continue growing and strengthening our competitive position and enter 2019 in better shape than ever before.

At the end of the day we are some 300 people of 32 different nationalities, who care about creating a world class work-place and by doing that creating a world class customer experience. When we succeed in doing so, we create value for our customers, our shareholders and ourselves. And I guess, that's what it's all about.

Best,
Hermann

“We are dedicated to doing our part to make the industry more sustainable.”

“We intend to fortify our anti-fragility, continue growing and strengthening our competitive position and enter 2019 in better shape than ever before.”



Management's report

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What we do

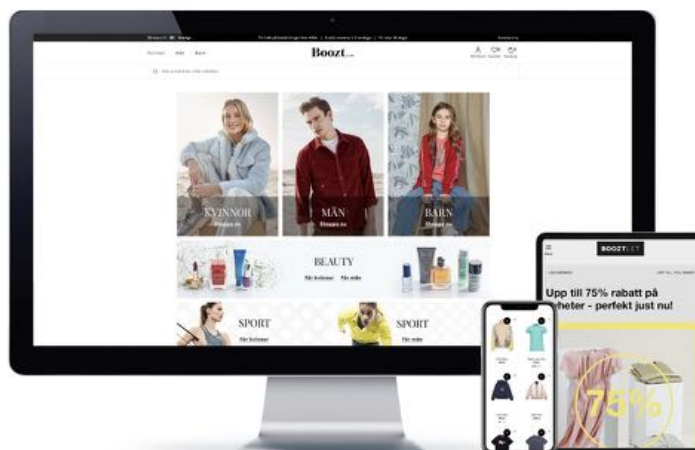
We are a Nordic technology company selling fashion. This includes fashion for women and men, kids, sports/athleisure and beauty. We offer our customers a curated and contemporary selection of brands, relevant to a variety of lifestyles, mainly through our multi-brand webstore Boozt.com.

We strive to offer a convenient shopping experience with high service levels, consistent user experiences across both mobile devices and desktop, quick deliveries and easy returns.

The Boozt brand is a leading name for fashion in the Nordics through high customer satisfaction. This is consistently proven by a Net Promoter Score* (NPS) of 71 (Q4 2018), a Trustpilot score of 9.2 (Q4 2018), and a growing base of loyal returning customers.

Boozt has grown rapidly over the last few years to reach SEK 2.8 billion in revenue in 2018 and building a base of 1,363,000 active customers on Boozt.com.

BZT Fashion (the original name) was founded in 2007 to conduct outsourced, online, mono-brand operations for fashion brands. That business model failed, and the company was relaunched in 2011 by the 5 co-founders, who joined during 2010 and 2011. Boozt.com was launched in August 2011 as a multibrand webstore on an in-house purpose built platform. In the following years, significant investments were made to support growth and increase the number of customers.



Optimized across platforms

Our segments

Boozt.com

The Boozt.com segment consists of the operational activities related to the multi-brand webstore Boozt.com. Boozt.com is focused on the Nordic region (with Nordic countries representing around 95 per cent of visits). However, we serve ten geographic areas (Sweden, Denmark, Norway, Finland, Germany, United Kingdom, France, the Netherlands, Poland and other European countries) and in nine languages based on a shared platform and common backend. Boozt.com is an online destination for fashion, tailored to deliver convenience and a curated selection from the Group's over 600 brand partners. Boozt.com presents fashion products split into the main categories; women, men, kids, sports & athleisure, beauty and home.

To support the convenient online shopping experience, Boozt.com offers free and fast deliveries, free and easy returns, customer support and a tailor-made selection catered to modern Nordic fashion followers, with limited minimum order value.

The Boozt.com segment generated net revenue of SEK 2,659.1 million (1,946.2) and an adjusted EBIT margin of 2.7% in 2018 (2.2%). Boozt.com had 1,363,000 active customers as of December 31, 2018.

Booztlet.com

The Booztlet.com segment consists of the operational activities related to Booztlet.com. The Booztlet.com segment was launched in 2016 and started as the Group's channel for inventory clearance, retailing items that did not sell within an allotted timeframe in the webstores. Following strong customer activity with limited marketing. The scope of Booztlet.com has now expanded to include its own inventory and we are pursuing a more aggressive strategy to become the leading online off-price player in the Nordics. Customers shopping at Booztlet.com are charged for deliveries and returns in exchange for attractive discounts. We see great potential in our outlet segment and going forward we will increase our focus further on this segment.

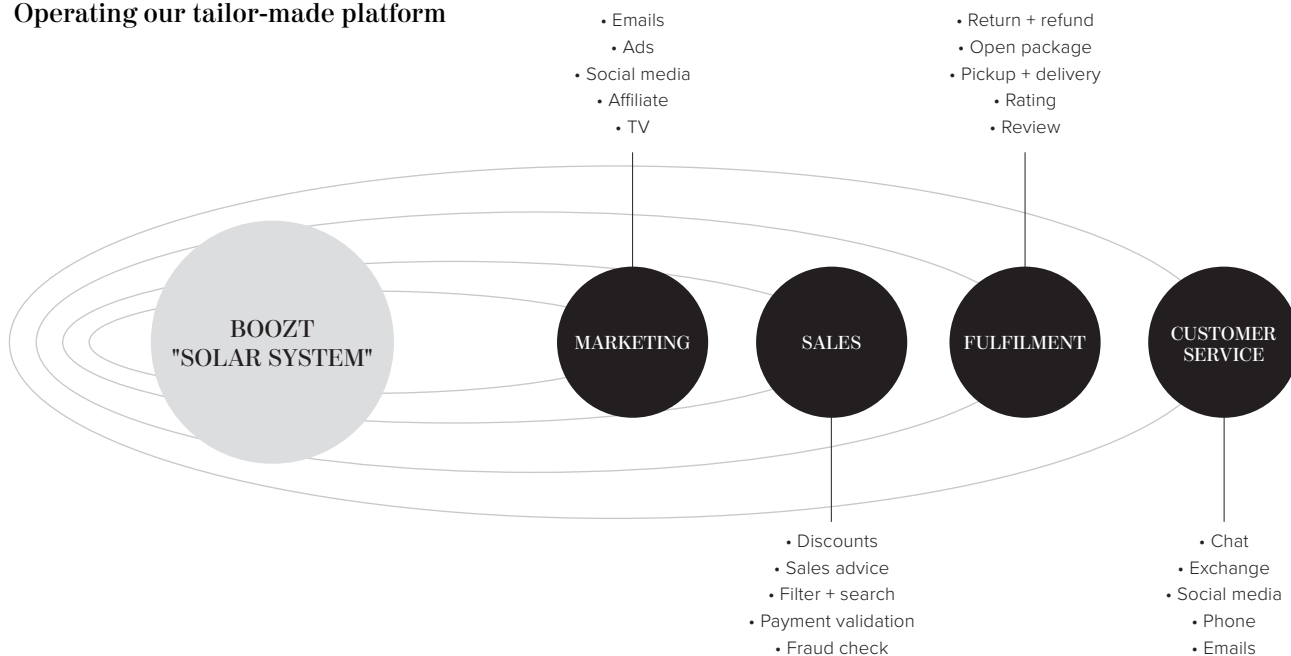
The Booztlet.com segment generated net revenue of SEK 105.9 million (49.1), and an adjusted EBIT margin of 11.5% (10.4%) in 2018.

Other

The Other segment consists of the operational activities related to the three physical retail stores in the Group. The Booztlet outlet store in Taastrup, which opened in December 2016, is the last resort of inventory clearance for the Group as well as an effective way of selling goods with claims. We have two Beauty by Boozt stores, the first opened in Roskilde, Denmark in 2017 and the second

**Net Promoter Score (NPS) is a tool to gauge the loyalty of a firm's customer relationships. The metric was developed by and is a registered trademark of Fred Reichheld, Bain & Company and Satmetrix*

Operating our tailor-made platform



opened in the summer of 2018 in Copenhagen. A physical presence in the Nordics was needed in order to get the online distribution rights for many of the brands we wanted to sell online as the first store was not large enough to carry all the strong brands who demonstrated an interest in working with us, we opened a new Flagship store in Copenhagen.

The Other segment generated net revenue of SEK 19.0 million (21.0) and an EBIT of SEK -20.2 million (-0.9) in 2018. The disappointing performance is driven by the Beauty by Boozt stores and especially the store in Copenhagen due to poor execution.

A tailor-made infrastructure

Boozt operates a purpose-built infrastructure built using cutting-edge web technologies and infrastructure components to ensure world class performance, scalability and security. This infrastructure enables control over the customer experience. We strive to use technology as a tool to create a better fashion experience and more

efficient operations. This approach, internally referred to as the "Halo", is central for our organisational activities, which are built on the Boozt integrated technology platform (the "Solar System").

Key business functions (including for example buying, merchandising, marketing, customer service, IT and finance) for all geographical areas are provided inhouse on a centralised basis. As a result, a large number of Boozt's personnel operate out of the Company's headquarters, which we see as an advantage in running a cost efficient and scalable organisational structure. Our e-commerce platform enables us to:

- Ensure full control of performance and stability
- Align the development roadmap with business priorities
- Be less dependent on external factors
- Keep us one step ahead of competition on business-critical processes

Our proprietary systems support our webstore management with a high degree of flexibility and scalability which is key for our continued growth.

Propilot supports our webstore content such as campaigns, brand- and product information and discount management while Podium supports our front end. Podium creates an optimised user-experience for mobile devices and delivers data for our mobile apps.

Our logistics- and distribution system Fastlane runs processes, including images and goods in and out of the warehouse. Fastlane integrates with our distribution partners and provides complex logistic services.

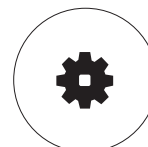
CS Eye was developed to give our customer service agents a cutting edge, 360-degree overview of our customers. Within the system, we have the possibility to gain full insight into our customer engagement and deliver top range service on a one-page interface.

Efficient communication channels between Boozt and our vendors are supported by our Partner Portal. The Partner Portal shares product-, order- and sales information and is also the main interface for the Boozt Media Partnership to exchange campaign planning and media content.

Our in-house systems are complemented by using best-in-class services for certain parts of the process, such as Qlik Sense (Business Intelligence) and Salesforce (Email and CRM).

In-house media expertise drives marketing efficiencies

Acquiring new customers is key in order to outgrow the market. To ensure the highest possible return on our marketing investment we have a channel-agnostic media strategy. We measure the efficiency of all channels – both offline and online media – on an ongoing basis – and direct the investment towards the most efficient channels. All media is produced and purchased in-house ensuring full control and the highest possible reach for the investments made.



Propilot:
web store
management



Podium:
web store
front end



Fastlane:
Logistics and
distribution

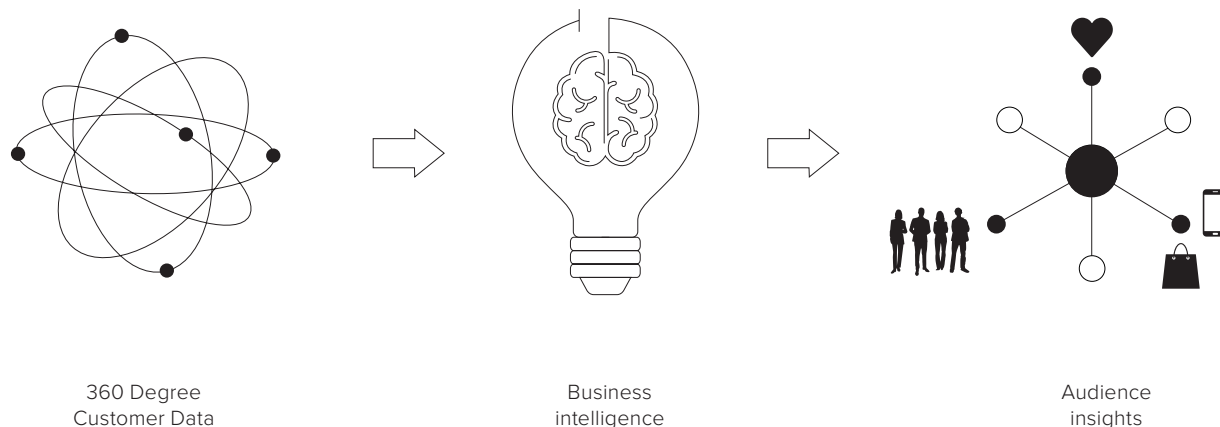


CS Eye:
Customer
service



Partner
Portal: Data
integration

Boozt media partnership



Boozt Media Partnership

Boozt Media Partnership (BMP) enables our brand partners to benefit from our extensive anonymised customer data, creating targeted campaigns that reach, engage and convert audiences. All with protection of customer privacy and in compliance with GDPR (read more on page 37). The BMP offers an in-depth understanding of their brand and the customers buying their brand. How loyal are they? How often do they re-order from the brand? How big a share is full price customers? Where in the customer lifecycle does the customer buy the brand? Which brands create a positive synergy? The BMP gives answers to these questions. By making big data actionable, we offer advanced advertising solutions for our brands – all with one goal; to help our partners reach, engage and convert both existing customers and new target groups.

Leading fulfilment and distribution setup

Boozt's logistics processes include fulfilment activities (inbound logistics, storage, outbound logistics and return

handling) and distribution activities (transportation and shipping services). The logistics process also includes handling of dangerous goods (UN marked cosmetic products).

The Boozt Fulfilment Centre (BFC) is located in Ängelholm, an hour's drive north of the Headquarter in Malmö. A central location in the Nordics with fast access to the entire region. The BFC is custom built to optimise the use of the automation system, AutoStore, and can be expanded in a modular way when more capacity is needed.

The automated BFC also has a photo studio with automated photo ramps for photographing merchandise and stations for taking detailed photos of e.g. shoes and jewellery.

The automated BFC is primarily staffed by an external staff provider and the facilities are leased by Boozt under a multiannual lease contract.



Boozt uses a combination of well-reputed, third-party distribution partners that vary by country to enable fast delivery to customers. We have a flexible process to use different distribution partners and continue to integrate additional partners. Orders are picked up multiple times throughout the day at the BFC to ensure fast deliveries.

In order to efficiently serve our customers in each geographical market, Boozt partners with local distribution partners. Our current partners are PostNord, GLS, Bring, BudBee, DHL, Best and UPS.

Integrated customer service

Customer satisfaction is our most important key performance indicator and if our customers need to get in contact, we strive to deliver a best-in-class customer service. Our customer service agents are therefore an essential part of the organisation and we continue to set higher standards for response times and quality on all communication channels.

Responsible clearance strategy

Our online Booztlet.com and the physical Booztlet store in Copenhagen support the journey towards minimising inventory risk, as well as ensuring a responsible handling of unsold items from Boozt.com. Customers shopping on Booztlet.com can buy items at a high discount. In exchange, customers pay for shipping and returns, thus covering the associated operational costs. The physical Booztlet store is the last resort and ensures that all items end up with a customer.

Sustainability report

This report constitutes our first GRI report and UN Global Compact Communication on Progress, as well as our statutory annual report.

The GRI Index can be found on:

<https://www.booztfashion.com/responsibility/sustainability-reports>

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A sustainable business

Boozt's sustainability approach – our challenges and opportunities

Boozt is dedicated to delivering fashion to our customers, through high-tech solutions and a curated selection of fashion brands. In this pursuit, sustainability is becoming more and more crucial for our business' success and for the industry movement we want to be part of shaping. As we market thirdparty products and do not own or operate any production facility, we are limited in our ability to control our suppliers' own supply chain. This does not excuse us from taking responsibility and we believe our greatest opportunity to contribute to sustainability is by engaging with our supply chain partners. It is the current and future dialogue with our partners and suppliers, such as brands, logistical partners, our customers, and other important stakeholders, that is a focal point for our sustainability work.

In addition to the dialogue evolving with our supply chain partners, we work to reduce the direct negative impacts our activities might have on society and on the environment. We are committed to conducting business responsibly, with the highest possible standards of ethics, openness and transparency. Areas of emphasis for our internal sustainability work include high environmental standards at our head office and fulfilment centre through energy consumption and waste management, the working environments of our employees and contractors-, and finally the materials used in our packaging. In 2018, we invested in solar panels for our Boozt Fulfillment Center and took steps toward developing non-fossil biodegradable bags for shipping products to our customers.

Internally, we will continue to support and create opportunities for our employees' development. Our employees have an absolutely central role in order for us to enable sustainable change and create results. Continuously improving the conditions for a healthy and efficient workplace is therefore always a priority.

Value chain and goals

Building blocks for a sustainable future

In 2018, we became a signatory of the UN Global Compact. With this commitment, we set the intention of adopting and adapting innovative ways to integrate the Ten Principles to establish a more sustainable business. This means operating in such a way as to promote and respect human rights and fair labour conditions, engage in the development of environmentally friendly technologies and prevent anti-corruption in all forms. It also includes taking action to deliver on the Sustainable Development Goals (SDGs), where we are in the early stages of aligning our business goals with them. This report serves as our first Communication on Progress (COP).



Focus areas for sustainable development

Beginning with this report, we will use the Global Reporting Initiative (GRI) as a reporting guideline to improve the quality of our sustainability reporting. We believe the GRI Standards provide a good framework for analysing and focusing our sustainability efforts. A materiality analysis was conducted in 2018 to identify the most important sustainability issues we needed to address. Accordingly, our focus areas include the economic, social and environmental topics we have prioritised. Considering our societal and environmental impact, four focus areas were deemed material for us. These are based on stakeholder dialogue with customers, employees, the investor community and our suppliers. The

four identified focus areas for sustainable development further explored in this report are: empowering our people, smarter product flows, building a sustainable future for fashion and abiding by high ethical standards.

The Sustainable Development Goals (SDGs)

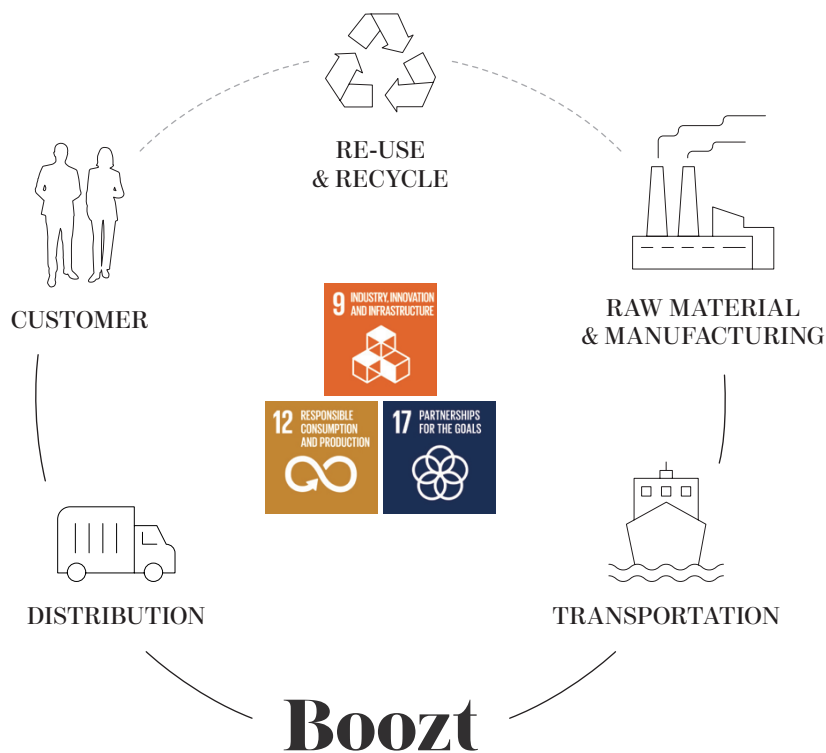
While we feel many of the SDGs include important bearings for supporting our contribution to sustainable development, the most relevant development goals we have chosen to address are SDGs 9, 12 and 17.

SDG 9



Goal 9. Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.

With the emergence of the internet in the '90s, the e-commerce concept of buying and selling products and services only truly launched in the early 2000's. This modern marketplace is a type of business/industry closely connected to businesses within logistics and warehousing. Retailers, logistical providers and businesses operating in



Boozt's focus areas for sustainable development

Smarter product flows

- Minimise unnecessary returns
- Enable intelligent customer decisions
- Sustainable and smarter packaging and distribution solutions
- Waste handling

Building a sustainable future for fashion

- Promote and trace materials sources
- Set environmental and social standards for brands
- Engagement/Sponsoring
- Communicating with the customer

High Ethical Standards

- Anti-corruption
- Insider trading
- Anti-competitive behaviour

Empowering our people

- Health promotion
- Values
- Learning and growth for people and their skills
- Diversity by default – equal opportunities

the industry of warehouse management are all developing fast and pushing their boundaries in order to tackle the opportunities and changes this industry brings to both customers and societies.

The impact the e-commerce business has on the local community is hard to estimate. One of the greatest impacts is in relation to the transport of goods and how customers transport themselves when picking up packages (or if they choose to receive it by home-delivery). The implications of the e-commerce model contrasted to the brick and mortar shop, where customers transport themselves to the different shops they need to visit, is widely debated but lacking analysis and empirical findings. The true impact in the change of buying patterns is therefore not fully known. But no matter the result we strive to reduce our ecological footprint.

Being innovative, especially with respect to distribution, is essential for our operations as well as our ability to stay competitive. This includes finding a more efficient and inventive use of resources, with our packaging material, warehouse technologies and the way goods are transported. Innovation in our industry and infrastructure is essential for our business and for achieving sustainable e-commerce. Therein, we consider SDG 9 key.

Agility for the future

Examining the intersections of our fulfilment centre and the practise of sustainability allow us to foresee greater demands for systematic approaches to updating our existing infrastructure for the near future. We will continue honing the quality, reliability and sustainability in our fulfilment centre.

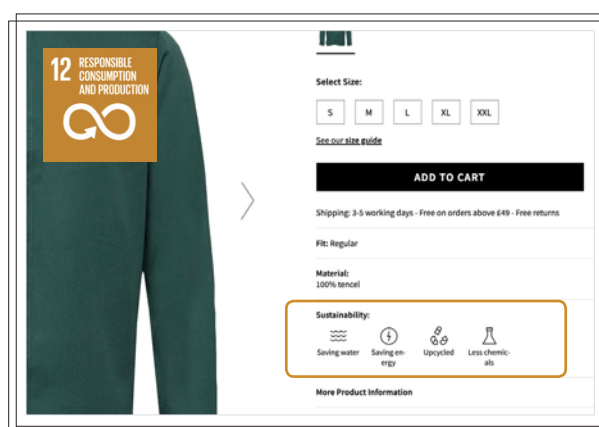
After introducing automation to the fulfilment centre in 2017 to improve resource-use efficiency and accuracy, we wanted to further enhance our renewable energy sources. In 2018, solar panels were installed on the roof of the fulfilment centre to produce solar energy. A major innovative step we also took in 2018 was reducing our dependency on fossil plastic packaging material with our new 100% biodegradable bags. Future steps for 2019 include further engagement with distributors in new-energy-projects, more investments in newer technologies and advancing the build out of self-

sufficient energy to optimise how we manage our energy consumption.

We aim to address Goal 9 through:

- Promoting innovation and new technical solutions to increase resource-use efficiency within our own operations
- Promoting and engaging in innovative distribution alternatives

SDG 12



Goal 12. Ensure sustainable consumption and production patterns.

Societal responsibility involves both businesses and consumers doing more with less. This responsibility also includes the returning, wasting and disposing of less. The fashion industry often goes against the grain of circularity as it is an industry known for emphasising the latest must-have fads and that last season's purchases are no longer in-style. Yet what this industry decides to do has a significant global impact and vital role for SDG 12. Although we do not produce our own label, we still contribute to the fashion sector. Together with our brands, we want to be both circular and responsible in the handling of all materials and waste. While we would like our customers to buy goods from us, our wish is that the items they purchase will last long. With respect to the environmental impact from our industry, the re-cycling and re-use of clothing/materials is crucial. Contributing to the proliferation of this industry and considering the environmental impacts, we see SDG 12 as essential to our focus.

Brands & Products

One initiative towards addressing SDG 12, is our brand partner survey which we distributed for the first time in 2018. The purpose was to gather information to improve the categorisation and navigation of sustainable products. With the data collected from our brand partner surveys, we could identify the sustainable icons to help customers distinguish environmentally-friendly choices on the web-shop.

We will continue focusing on data to stay aligned with Goal 12 in 2019. This includes aiming toward taking pro-active approaches to improving product data and developing sustainability guides for customers. We will also map out brand sustainability performance to identify maturity and focus areas. We believe this is a way to support and motivate sustainable materials and responsible production by our brands as well as help our customers recognise those brands and products.

We aim to address Goal 12 through:

- Helping consumers make “better” sustainable choices
- Working with brands to access better data (promoting transparency, alternative material choices)
- Via events and initiatives to advocate for a closed-loop fashion mentality
- Responsible use of resources within our own operations

SDG 17



Goal 17. Strengthen the means of implementation and revitalise the global partnership for sustainable development.

We make up a small part of the whole supply chain. As retailers without any own production, our operations do not have any direct impact on the production of the goods. We do, however, have the ability to inform, innovate and communicate a strategy with our brand partners as well as educate and impart knowledge to our customers about what matters. Similarly, as we do not directly manage any of our transport suppliers, building strong partnerships is key to having influential conversations and making an impact.

Partnerships

We believe deepened collaboration between sector stakeholders is key to achieving a sustainable fashion industry. In 2018, we intensified our stakeholder engagement to further contribute to Goal 17.

For 2019, we will concentrate on developing relationships with new and existing brand partners through common projects and focus areas. This will involve building the framework for establishing initiatives such as “Re-cycle your wardrobe” and circularity initiatives with strategic partners, such as Copenhagen Fashion Week, to close-the-loop. We intend to take strategic steps to support our data by integrating the tool/metric to rate products and brands on their environmental impact. This can also be used to better inform customers of their environmental choices.

We aim to address Goal 17 through:

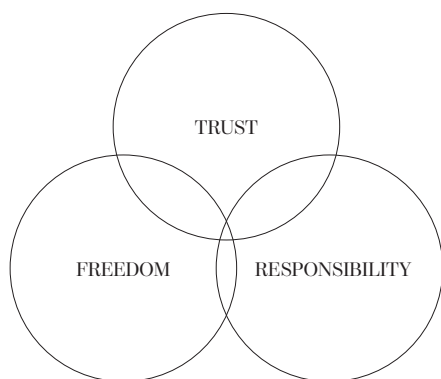
- Creating strong partnerships in our value chain.
- Elaborating with existing partners (such as brands, Copenhagen Fashion Week, distribution partners)
- Engaging in new partnerships

Empowering our people

Our progress so far is a product of our talented, creative and hard-working people who have fostered a company culture of Trust, Freedom and Responsibility. We will continue building on these fundamental values, and they will guide us in our journey to build the best company within fashion retailing in the Nordics.

Our culture and values

Three pillars make up our fundamental beliefs; trust, freedom and responsibility. These three pillars guide us and are the core values that we measure ourselves against in our daily work.



- **Trust.** There is a direct correlation between the level of trust in a society and the amount of wealth – be it financial or other non-financial prosperity measures. We believe the same holds true for companies. We know that trust is based on mutual respect and confidence, having the same goals and sharing the same motives and ultimately having common interests. Therefore, a core belief of ours is that when we can rely on each other, we make everyone stronger. Trust means that

everyone feels secure and when we feel secure, we can unfold our creativity and competencies.

- **Freedom.** We believe that our people are at their best, when they have freedom to act and solve the daily tasks in their own way. Our people don't really like being told what to do, and they want the freedom to make their own decisions, to learn, to be themselves and to suggest new ways of thinking and doing. We believe in having full freedom as long as we act in Boozt's best interest.
- **Responsibility.** Freedom comes with responsibility. We want our people to take responsibility for the customer and her interests, for the company and its interests, and for each other. It is our experience, that by acting responsibly and with accountability, we achieve the full freedom to which we aspire in our daily lives.

Talent outreach

To improve internal systems and initiate further activities for employee development, we deployed a learning management system (LMS) to evolve the learning and growth of our people. We have focused on expanding and improving current activities such as people development, community outreach and future talent. Activities in 2018 included speaking at various career and networking

Community matters

We use our size and reach as one of the leading online retailers in the Nordics to support a number of charities and causes within society that have a positive social impact. For five years, Boozt has been the official partner of the Knæk Cancer gala, a collaboration between Danish TV2 and Kræftens bekæmpelse, the Danish cancer association. Every year, we design and sell a men's and women's t-shirt and give a portion of the proceeds toward cancer research. In 2018, we donated DKK 650.000 (SEK 900.000).



exhibitions and hosting tech events at our head office to foster and inspire the future growth of IT students – ideally with higher participation by female IT students.



Average age



Number of nationalities

Employee onboarding

We believe integration is a key component to employee retention. All new hires undergo an 18-module digital onboarding programme to get a basic understanding of policies and procedures within the company. For additional onboarding support, orientations are hosted by members of senior management along with open classrooms. Open classrooms are an informal space for candid discussions on any questions from the onboarding programme.

Fostering diversity & equality

We believe that a core strength of the company is that we come from different backgrounds. That we share the

same goals but are very different. We are 32 different nationalities, women and men with different age, color, faith, sexual orientation, ethnicity - you name it. We really don't care. As long as you are a nice person and good at what you do you.

We believe in balance (even though it can be periodically skewed) and believe that a good work/life balance is important. Parental leave for both men and women is an intrinsic part of our company, our people have the ability to combine part-time parental leave with part-time work, and even though we prefer that our people spend most of their time with their colleagues, we support if people want to work from home from time to time or if they need time off to recharge.

We strongly believe in and actively support women's and men's equal rights in terms of employment, working conditions and professional development. The goal is for there to be no differences in terms of professional roles, recruitment, training and remuneration levels which can be explained by gender. Despite our aspiration, our business is exposed to gender imbalances in various departments – especially within our platform department, which has been predominantly male. We are working on changing that.

Boozt numbers, at a glimpse

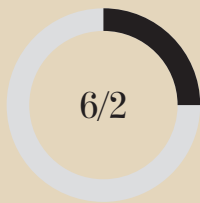
Gender distribution



Total, all employees



Group management



Board of directors

Men Women

In Feb 2019 one woman was recruited to the new position of Chief Human Resource officer as part of Boozt group management.

Employee distribution, (per country)



Age distribution, (total, all employees)



Age distribution for the Board of directors is 50% aged 30-50 and 50% over the age of 50. For the group management team age distribution is 50% aged 30-50 and 50% over the age of 50.



Healthier, happier & safer employees

We believe that healthier and happier employees will lead to a more positive and lasting work while also supporting employee retention. Our HR-policy covers occupational health and safety, as well as employee wellbeing. To cultivate and maintain a healthy working environment, we perform continuous risk assessments and use experts in the field to help us evaluate risks and set plans.

Occupational health & safety at headquarter

Any assessed risks related to the working environment are managed through a systematic approach to occupational health and safety (OHS). Risks at our head office include health risks due to poor ergonomics, lighting or ventilation, and also psychosocial risks, such as from stress. All employees who manage personnel are required to go through OHS training by external facilitators. The training includes work environment regulations, systematic occupational health and safety, organisational and social work environment and rehabilitation.

The purpose of our occupational health and safety (OHS) management system is to identify, assess, follow-up and develop working environment goals to mitigate risks for all workers. Risk assessments are documented and assessed by management. A review of the Boozt OHS system is conducted on an annual basis by the management and board. These results form the basis for the yearly OHS plan. We register the occurrence of any and all accidents. For severe accidents which need to be reported to authorities in accordance with regulations, no incidents or accidents were reported in 2018.

In 2018 we had our first annual company-wide employee survey. In general, it showed positive results in all areas, but with room for improvement in a few areas. The results of the 2018 survey provide the basis for the 2019 focus areas.

Supporting employee health & well-being

The aim is to reduce sick-leave and loss of revenue caused by reduced productivity, while also encouraging health and improving the quality of life for a company's employees. In

2018, 18 (6) employees were on sick leave for more than 14 days. The fast growth in number of employees has had an impact on the increase, as average number of employees increased from 224 to 325. Starting in 2019, our employees will be able to get an evaluation and advice from a health professional, inclusive of mental health support. Boozt will then be informed and advised on the necessary steps that should be taken to modify any stressors within the work environment. This external company is responsible for maintaining the confidentiality of any disclosed information.

Occupational health and safety at the Boozt Fulfilment Centre (BFC)

The safety of the working staff at the fulfilment centre is essential, and we aim for zero occupational injuries. All working conditions and environmental hazards at the fulfilment centre are carefully considered. The fulfilment centre encompasses the most modern standards for excellent air quality, lighting, safety and cleanliness. The greatest risk posed at the fulfilment centre is the risk of fire. Fire prevention is managed in a systematic way, with documented continuous safety rounds being performed and worker training. Other risks related to the work environment include physical risks, mainly in the handling of products and product returns, and also psychosocial risks, such as stress related to repetitive tasks and long hours on their feet. The most common work-related injury is shoulder pain from recurring work. To prevent the high potential for work-related incidences, we conduct frequent risk analyses and have been focusing on rotating the type of work the staff operates on a daily basis. This includes the addition of new routines and processes, integrating new equipment and making adjustments to static tasks. In 2018, no injuries were reported in the fulfilment centre.

Smarter product flows

It is essential for us to find smarter product flows in our operations. Smarter product flows can be understood as the using and discovering of processes within our daily operations which are more effective, efficient and sustainable. Creating smarter product flows can for example mean shorter processing times for customer orders, utilising renewable energy, lowering CO₂ emissions and finding a biodegradable solution for our Boozt.com bags shipping customer product. The areas where we have the most control when creating smarter product flows are through our head office in Hyllie and our logistic & fulfilment centre, the Boozt fulfilment Centre (BFC), in Ängelholm.

Packaging

A major focus for our operations is finding ways to reduce the fossil fuel dependency in our packaging. In 2017, we improved the composition of the material used in the Boozt.com bags, increasing the recyclable material from 50% to 80%. These mixed plastic bags were approximately 80% of all outbound packaging material in 2017. The conversation about what constitutes an environmentally better option is not so simple. We acknowledge that plastic is not sustainable, but this has been the preferred packaging solution for transport as they are durable, smaller and lighter than cardboard packaging. Being aware of the negative impact of plastic on the environment, our aim is clear, we want to avoid fossil plastics and focus on shifting to biodegradable bags. We set the ambitious target to introduce bags of fossil-free material in 2018.

Following more than a year of deliberations over various prototypes and extensive analyses with multiple suppliers, we found a non-fossil biodegradable solution. In collaboration with a packaging supplier, we began testing Boozt.com bags carrying product from our warehouse to the customer made of 100% biodegradable food waste. There have been challenges with the non-fossil bags which are preventing a smooth transition. This has included the biobag handles lacking the ability to support a large package weight, contents with sharp edges (e.g. shoe boxes) piercing through the bag as well as issues with recycling.

Prior to introduction of biobags	
Recyclable plastic bags 80% of all transports from warehouse to customer	Boxes 20% of all transports from warehouse to customer
Moving forward	
We intend for biobags to replace all recyclable plastic bags.	

The production of the biodegradable bag takes place in China. Our partners researched many options and determined that manufacturing the bags in China would be the most optimal place, CO₂ emissions from transport taken into account.

Energy efficiency at the Boozt Fulfilment Centre

At 42,000 m², our fulfilment centre is the largest building within our operations and demands the highest energy consumption. A GreenBuilding certified facility, our operations at the fulfilment centre are driven by energy efficient and modern technology. In 2018, we had solar panels installed on the roof of our fulfilment centre bringing us one step closer to being fully energy self-reliant. Total energy consumption for the BFC, our office in Hyllie and leased cars amounts to approximately 1500 MWh for 2018. In terms of green house gas emissions, scope 1 emissions from leased cars amount to approximately 85 tonnes CO₂. For scope 2, emissions amount to approximately 24 tonnes CO₂, including electricity consumption and estimates for district heating at the BFC and at the Hyllie office.

Offices for workplace well-being

In spring of 2019, our head office will move to Eminent, the first building in the Nordics to be certified by WELL. The International WELL Building Institute (IWBI) is a globally recognised building standard focused exclusively on human health and wellness in workplaces. Eminent will also be environmentally certified with ambitions to reach Miljöbyggnad Gold level, a Swedish environmental certification for sustainable buildings by the Sweden Green Building Council. This new facility will feature a massage room and a play area for parents to bring their kids if needed.



Combatting wrong-size returns

A recently developed tool handles large amounts of purchase data combined with machine learning to give a sizing recommendation based on the purchase history of similar customers. This can help the customer make the right sizing decision, independent of whether they have made previous purchases with this category.

With our biodegradable bag initiative, we hope to inspire our brands and suppliers to follow suit. In 2019, to address issues we've had with the biodegradable bag quality, we will continue to research more durable and sustainable material for our Boozt.com bags.

Waste management & recycling

With respect to the recycling of waste, the recycling process of all packaging material from inbound deliveries is handled through efficient recycling systems in the Boozt fulfilment centre. Recycled materials consist mainly of paper, wood and plastic. We reached our target to recycle 85% of all waste in 2018.

Upon only looking at the numbers, the amount of cardboard and combustible material has increased from 2017 to 2018. This is a result of our growth in volume (net revenue growth of 37% on Boozt.com and 116% on Booztlet.com in 2018). Naturally, this has been a result of the handling of more goods, both in terms of deliveries and returns.

A key focus for any e-commerce business is to decrease the number of unnecessary returns, supporting profitability and to lower the CO₂ emissions from transportation pick-ups and deliveries in addition to the amount of materials used for repackaging items. Decreasing the number of returns is tricky, but a large percentage of returns is often due to the unpredictable sizing of a brand's collection. We strive to eliminate the obvious mistakes when selecting a size by improving our size guide.

Transportation

As the use of e-commerce in everyday life increases, it is imperative that we anticipate and mitigate the environmental impacts of shipping and transportation activities. We aim to optimise the efficiency of our transport in various ways, not only for customer to receive their orders in a timely and reliable manner, but also to reduce our impact on the environment. Our operations work closely with transport partners to optimise internal and external flows in the supply chain to minimise CO₂ emissions and other local impacts.

For our selected suppliers, reducing fuel and CO₂ is a priority and we began sending out questionnaires asking for performance evaluations in 2018. The purpose was to gain an understanding of our partners' direction in their focus on sustainability. This knowledge puts us in a better position to drive a sustainability agenda together with our distribution partners. In 2019, we aim to continue to work with our distribution partners and perform a follow-up on their progress in the previous year.

In 2018, we added BEST to our team of distribution partners. BEST fully climate compensates all deliveries in Sweden and Denmark. For our customers in Germany, we offer DHL's GoGreen carbon neutral service.

We strive to provide our customers with distribution alternatives that fit each delivery need, including the ability to select more environmentally-friendly alternatives. Despite being dependent on the progress within our distribution partner's operation, this is an agenda we endorse.

Our environmental policy

Through our environmental policy, we aim to reduce our direct environmental impact and raise awareness among vendors and partners of our existing policies concerning any environmental impacts and to encourage them to adhere to these principles. We conduct a yearly follow-up of our direct environmental impact and have initiated mapping and measuring of indirect impacts.

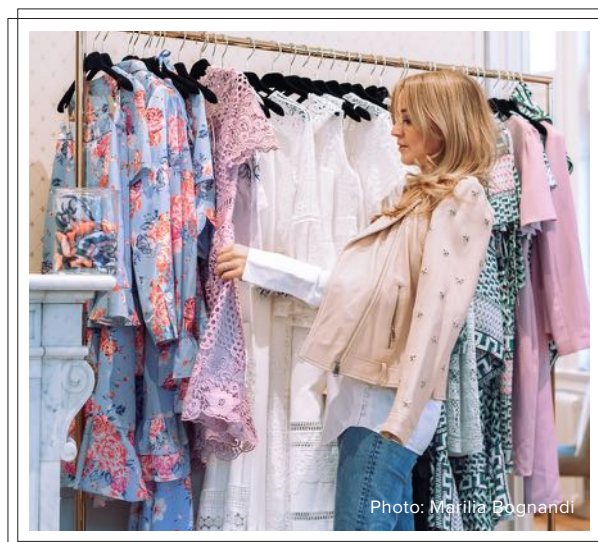
Building a sustainable future for fashion

We strive to use our positioning as a mid-to premium player focused in the Nordic market to motivate our brand partners to contribute to building a sustainable future for fashion. As we market third-party products, we do not own or operate any production facility. Therefore, we consider our greatest opportunity for contributing to sustainability to be through engaging with supply chain partners. 2018 marked the beginning of our efforts to promote sustainable fashion. We began by developing a strategy in order to boost our own awareness about sustainable fashion and enable increased collaboration with brands. The initial focus was on conducting dialogue with our brands and finding ways to better present sustainability information to the customer. In an effort to place the SDGs at the forefront and to align our goals with the UN Global Compact's business principles, we started to identify partnerships with those brands that could be potential partners for driving our sustainability agenda forward.

Working together for better future - brand dialogue

Our aim is to support brands that focus on sustainable materials and quality production and design for the longevity of products. Over the past year, we began to do just that. Our buying and merchandising team has been working to persuade our brands to seize upon better materials, from the initial sourcing stage to the creation of the final product. At the same time, our product management team focused on achieving sustainability through technology by accessing better information to share with our customers. Our buying and merchandising teams have been collaborating with Scandinavian brands to create a few sustainable collections. We have already

begun arranging our upcoming collections for 2019 and the request for sustainable materials is now an integral part of this business strategy.



In this process of becoming more involved with our brands, we will need to address many of the issues within the fashion industry. There is a need for quality and transparency in the supply chain, including respect for human rights and fair labour conditions, as well as environmental impact from production. In 2018, we initiated a brand partner survey to understand the environmental and social issues our brand partners are facing. The objective of the brand partner survey was to open a channel of communication with our targeted partners to address both the environmental and social issues in their supply chain. This was also an opportunity for feedback to inform us of any areas where our brand partners feel we could improve, so as to increase

consumer interest in sustainability. We understand that we are in the very initial phases of moulding our relationship with our brands to focus on sustainability.

Human rights risks in the apparel and fashion industry have been well documented over the years and there has been greater pressure on brands and manufacturers to improve control of their supply chain. As a retailer, we strive to ensure that any products and goods sold have been produced under safe and fair working conditions. We adopted a supplier code of conduct in 2017 with the purpose to state and communicate minimum requirements for suppliers, including the respect for human rights and decent working conditions. The implementation of the supplier code of conduct is still ongoing.

Animal welfare

Since 2016, we have declared ourselves fur-free in cooperation with Swedish and Danish animal rights organisations, Djurens Rätt and Anima. We are aware of the challenges the fashion industry faces with regard to animal welfare and the ethical issues surrounding the well-being and treatment of animals. Our product management team methodically inspects all materials when product data is received from the brands. In 2018, prohibited materials with respect to our non-fur policy were identified at the time of in-delivery a handful times. The goods were then immediately returned to the brands. We have not sold any goods which violate our fur policy on our sites, nor have we sold any items with prohibited materials. The inspection controls are therefore considered to be effective. We are working on strengthening systematic preventive controls to further strengthen the internal control.

The Danish and Swedish fashion ethical charter

In 2018 we became a member of the Danish Fashion Ethical Charter and the Swedish Fashion Ethical Charter. The purpose of these charters and our commitment is to ensure the well-being of the models within the Danish and Swedish fashion industry. The charters require the adherence of rules in the form of health checks, age limits, healthy diets and wages for the models and are signed by

a broad coalition of stakeholders within the industry. As a signatory, we are committed to abide by these rules to ensure the well-being of models. As we work with many models, Boozt seeks to contribute to raising awareness of mental illnesses and influencing positive attitudes in fashion, media and society.



2019 – Next level efforts

In 2018, we began developing the right parameters for promoting sustainable choices to our customers. Doing so will enable us to assess their level of commitment and the areas of sustainable development we can tackle together. In 2019, we aim to develop more sustainable collections with our existing brand partners while also adding a stronger selection of sustainable brands within our offer. We began this process in 2018 by creating partnership with outdoor brands Icebreaker and Houdini, which have a strong focus on sustainability and innovative technologies.

High ethical standards

Some of our ethical requirements are intrinsic to our own business regulations. These are: anti-corruption, restrictions against insider trading and collusion, and preserving customer integrity are all examples of how we set forth minimum standards for business ethics.

Business ethics – anti-corruption & bribery

We have adopted an anti-corruption, an insider and a procurement policy to guarantee that business is conducted ethically. These policies outline our various positions on preventing and prohibiting corruption and bribery in accordance with local legislation where we operate as well as significant international regulatory regimes and laws with extraterritorial reach such as the UK Bribery Act and the US Foreign Corrupt Practices Act. These policies include never-acceptable practices and monitoring activities to support the prevention of corruption, bribery and conflicts of interest.

We are aware of the inherent risk that individuals in our operations or through interaction with us may breach legal requirements and our ethical principles related to anti-corruption and business ethics. Anti-corruption policies are communicated to all brands and business partners through our buying and merchandising department. Amongst the never accepted practices is the strict prohibition to accepting or offering purchase discounts, commissions, bonuses or kickbacks from our brands. The policies also detailed specific restrictions regarding private purchases by employees from our suppliers/brands for private use or consumption, at below market prices. Likewise, our anti-corruption policy establishes that our employees must not accept gifts or any

other compensation as there is a possibility that these may be perceived to improperly influence business decisions. The anti-corruption policy also expresses typical situations in which gifts from suppliers can be considered to be a means to influence business decisions.

Our position on corruption is conveyed through our learning management system. To ensure communication of the internal code of conduct to all levels of the company, all employees sign a document acknowledging its receipt. To further emphasise the code of conduct, staff are given a learning module within the LMS accompanied by a quiz. No substantiated complaints of corruption or anti-competitive behaviour were reported in 2018.

Whistleblower policy

Our whistleblower policy was adopted with the aim of encouraging a transparent business environment where we operate profitably while maintaining good ethics. We are committed to the handling and reporting of any wrongdoing. The whistleblower channel is available to all employees to report any illegal activity or violations to the code of conduct or other policies we have. Beyond communicating our policies to our staff through learning modules via the LMS, all documents are readily available via an online employee folder. Extra training material on how and when to use the whistleblower channel has been included in our new employee training programs. The whistleblower channel supported by an external supplier is used to support such reporting, and all cases are reported to the Chairman of the Board of Directors. No cases were reported in the whistleblower channel in 2018.



Customer integrity - data privacy

To prepare for the EU's General Data Protection Regulation (GDPR) in 2018, we rigorously combed through our data in 2017. With the introduction of GDPR, all systems were examined on top of the launch of processes to define data usage and procedures. We sign data processing agreements (DPAs) with anyone we send any data to. This agreement stipulates how data is managed, stored and used. We also maintain our own rigorous security processes.

Transparency with our customers and safe data storage has always been at the forefront of our platform department's agenda. Our data retaining time is between 3-7 years and explained in the Terms and Conditions and Frequently

Asked Questions (FAQs) on our web shops. To ensure our customers understand how their data is being used, they are able to access detailed information about how long we save data and for what specific purpose. Customers can also request a copy of their data. No substantiated complaints concerning breaches of customer privacy were received in 2018. In 2019, we aim to introduce a process where customers can request their data directly from the web shop and request their information be deleted without going through customer service.

Auditor's report on the statutory sustainability report

To the general meeting of the shareholders in Boozt AB (publ), corporate identity number 556793-5183

This is a translation of the Swedish language original. In the events of any differences between this translation and the Swedish original the latter shall prevail.

Engagement and responsibility

It is the Board of Directors who is responsible for the statutory sustainability report for the year 2018 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

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

Opinion

A statutory sustainability report has been prepared.

Malmö April 9th 2019

Deloitte AB

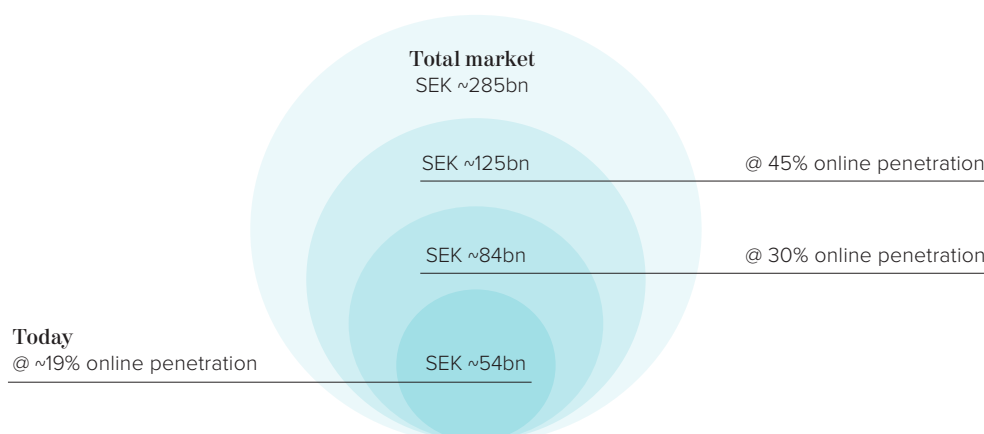
Didrik Roos

Authorized Public Accountant

The market

We estimate the total Nordic market for apparel, shoes, beauty and personal care to approximately 285 billion SEK and the online penetration to 19%. We believe that the Nordic online apparel market will continue to grow in the coming years.

Apparel is a category well suited for online sales, due to the high frequency of shopping and the attractive unit economics of scale this category can offer. Online penetration in the Nordic apparel market has increased steadily over the past five years, but remains below penetration levels achieved in markets like the United Kingdom and the US, leaving potential for future growth.



Online penetration in the Nordics

The growth of the online apparel market is positively influenced by the ongoing general shift from traditional offline to online shopping. Online penetration in the Nordic market for apparel, shoes and beauty products remains low compared to other consumer categories, such as books, consumer electronics and consumer appliances.

The development of the online market depends on the number of people with Internet access and the rates at which consumers move from offline to online shopping. We expect the online market growth to continue, with more and more customers migrating from offline to online shopping. We believe local scale is a key element for profitability in online fashion and we intend to continue investing in order to claim considerably more than our fair share of the market growth.

Drivers of online migration

The rapid growth of the online apparel market can be attributed to several factors including availability, selection, transparency and convenience.

Availability: Consumers have increased time spent online in recent years. The online environment provides a convenient shopping experience available at any time, without regard to location of the customer or devices (including mobile, desktops and other mobile devices).

Selection: By browsing online shops, consumers are able to access a relevant selection in a matter of seconds, providing online retailers an advantage over offline retailers. Online retailers can optimise their selection based on customer preferences by utilising big data and algorithms to pinpoint consumer behaviour which provide customers with a focused and relevant offering. At the same time, brands are able to make their entire selections available in webstores, which in turn increases the probability the customer will find their desired product.

Transparency: Online retailers can deliver the value chain at a lower cost than offline retailers and these savings, we believe, will ultimately ho back to the consumers. Customers do not want to pay more than needed and with easy price comparisons, they know what the market price is.

Convenience: The ability to order merchandise at any time and location, with a relevant selection of products offered and services provided, results in high levels of convenience for online shoppers. This is further enhanced by fast deliveries, easy returns and secure payment solutions.

The importance of local scale

E-commerce, and particularly fashion e-commerce, is a scale business. Local scale that is. By being strong in the individual market, you can harvest the local scale advantages in areas such as distribution, fulfilment, marketing & media and payment solutions.

The market rewards local scale giving significant barriers to entry. Successful online apparel retailers must achieve sufficient scale with their platforms to create efficient operations. However, to achieve such scale, sufficient order volume is required. With sufficient scale, supported by customers' purchase frequency, attractive unit economics can be achieved for returning customers.

Boozt aims to be the leader in the online apparel industry in the Nordics. To achieve this goal, we plan to leverage our local scale which generates a strong network effect which in turn improves our brand recognition and relevance for both customers and business partners. In addition, we will profit from attractive unit economics mainly due to a high, above industry average order value, while handling and fulfilment costs per order are relatively fixed in absolute terms, regardless of order value.

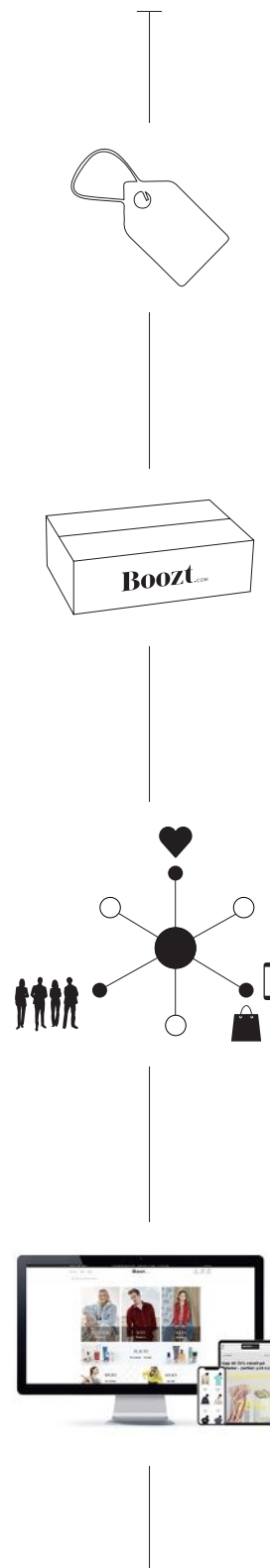
Areas that are affected by local scale:

Brand partnerships: The most in-demand brands within each corresponding segment are able to attract customers and strengthen the retailers' attractiveness. Brands, in turn, generally put high demands on their suppliers and may be reluctant to take risks that can harm their brand equity, for instance through associations with unproven or sub-scale online retailers.

Fulfilment and distribution: Fulfilment and distribution costs are one of the largest cost items for online retailers, in addition to costs of goods sold. These costs are generally improved by local scale, providing lower fulfilment cost per order and better terms with distribution partners. One of the key challenges for online apparel retailers is effectively handling the volume of products resulting from customer returns. Simultaneously, an easy return process is valuable to sustain customer satisfaction and to reduce perceived purchase risk, making return management a substantial entry barrier for new potential entrants.

Marketing and customer insight: Efficiency in acquiring new customers is affected by scale, for example, the ability to reach attractive agreements with media providers. Scale also allows for investments in resources to systematically use, analyse and monitor customer data for allocation of resources to those channels that show favourable return on investment.

Technology platform and efficiency of operations: As consumers place emphasis on the overall shopping experience, scale further enables online retailers to invest in new features to drive traffic and increase the time consumers spend in their webstores. The swiftness and efficiency of a webstore displaying relevant content and proper utilisation of customer data can positively impact the number of orders, the average order value and customer engagement. Strong operational infrastructure and execution, supported by the wide usage of technology in various business processes, enable efficient operations and increase the ability to offer a competitive customer experience.



































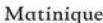










Growth strategy

Strengthening a distinct market position

We strive to offer Nordic consumers the best online shopping experience, with a carefully curated selection of over 600 mid- to premium fashion brands, around 200 beauty brands and industry-leading delivery times. Our customer focus has resulted in a strong Net Promoter Score of 71 on Boozt.com.

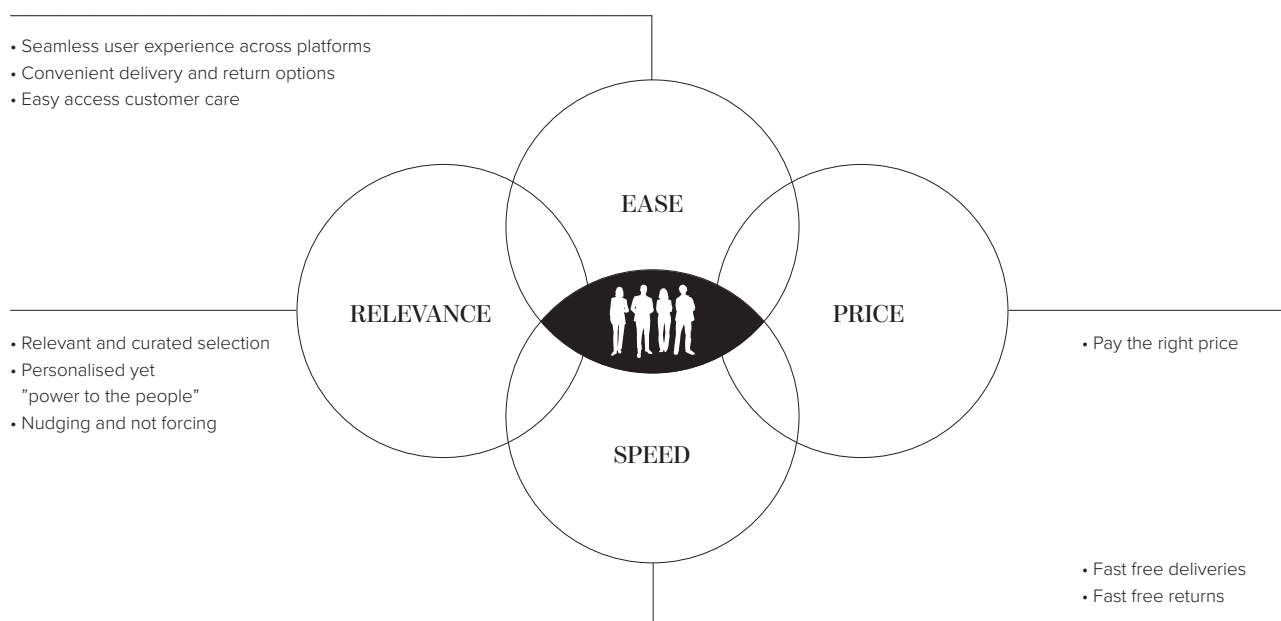
We offer a complementary assortment of fashion categories including clothing, shoes, accessories, sportswear, beauty products and soft home. Instead of searching for specific brands, most of our customers prefer to browse and mix and match different garments and products. Resulting from strong relationships with the brands, Boozt offers a combination of local and international brands, existing and new, that are relevant for Nordic customers.

We categorise our brand partners into three categories: premium brands, mid-market brands and entry brands, where we mainly focus on mid-market and premium brands, as these categories carry a higher average item price and hence contribute to a higher average order value. Entry brands also have considerably shorter sales periods and significantly shorter order lead times than those of mid-market and premium brands. Our brand portfolio includes:

Entry brands	Mid-market brands	Premium brands
 	  	  
 	  	  
 	  	  
 	  	  
 	  	  
	  	

* Net Promoter Points is a tool for measuring the loyalty of a company's customers. The calculation model was developed by Fred Reichheld, Bain & Company and Satmetrix, who also holds the registered trademark.

Key success factors in Nordic online fashion:



Staying relevant to our customers

Since the start, we have believed in building a strong Nordic brand. Our core customer group is women and men between 25 and 54 years old. They are typically in a relationship, have kids, well-educated and tend to have an above-average income. In 2018, our qualified brand awareness within this segment was 38% across the Nordics.

Rather than expanding our geographical market, we believe in expanding within our existing market position in the Nordic region. This also enables us to capitalise on the growing Nordic online fashion market by maintaining our distinct market position based on a curated fashion selection geared towards Nordic tastes, with a focus on mid-market and premium brands. We believe this strong position which will enable us to take advantage of a significant market opportunity for online apparel retail.

We will continue to increase our awareness in the part of the Nordics where there is lower awareness, so as to further fulfil our ambition for Boozt to become a household name in each of the Nordic markets. Thus, we will continue investing in both online- and offline campaigns to increase brand awareness and familiarity while focusing specifically on the underrepresented regions and customer groups.

It is crucial to stay relevant. By continuing to provide a curated selection in the mid- to premium segment, we believe we can maintain relevance with our Nordic audience. More than half of our sales are generated through local Nordic brands and we continuously develop our brand mix to ensure we offer the brands our customers desire.

Personalisation is important, but we want the customer to be in control of the personalisation. In other words, we

provide options for the customer on how to personalise, but it is the customer who decides where and when to use it. We are constantly improving the personalisation options on our webstores, developing search, sorting and filtering options as well as improving descriptions and the inspirational journey where relevant. A recent example is our improved size recommendation algorithm where the use of big data and machine learning which enables the customer to get a size recommendation in categories with no prior purchase history. By looking at the customers previous purchases in other categories, you can find similar customers who have also purchased in the new category to produce a size recommendation.

In the e-commerce business, ease and speed is of absolute importance. The customer experience should be fast, seamless and platform agnostic enabling the customer to start a shopping session by browsing on a mobile. If they then wish, they can continue with the actual purchase on a desktop. Should the customer need assistance from our customer service, it is essential that the customer service be both fast and accurate. We are constantly working with improvements to our customer service. As a testament of

our efforts, customer satisfaction, which we measure on a daily basis through Net Promoter Score and Trustpilot, was at an all-time high throughout the year.

Convenience, fast delivery and return options are key. With a standard delivery time of 1-2 days, offered to approximately 99% of our customers, we have a leading delivery proposition. In 2018, we focused on making sure that an increasing number received their order the next day. That work will continue in 2019. Also, same-day deliveries will be improved in 2019, where we will expand on our offering currently covering Southern Sweden and Denmark.

Returns must be convenient in order to satisfy our customers. Most of our customers reuse the bags that the goods arrived in as packaging for returns, which we encourage since it is resource efficient. A return label and return form is automatically included with each order. Requiring no further additional action, the return process is very convenient for the customer who normally receives their return payment within days of sending the item(s) back.

Being a strong partner for our brands

By choosing to work with Boozt, brand partners gain access to a highly attractive customer segment on the Nordic market via a single, reputable partner who will not compete with brand partners through a private label or own production. With the purpose to improve efficiency when interacting with partners, we introduced the Partner Portal in 2016, which we have since developed further. The majority of our brand partners are using the portal as the primary tool to exchange information with Boozt.

Consumer behaviour is changing at a rapid pace and relevance is key. Knowing your target group's needs and demands is essential and also complex. For apparel brands, this proves especially difficult as these companies often lack resources and skills to succeed in the online world. As a true online-first player, Boozt has in-depth knowledge from analysing and predicting





consumer behaviour. Our brand partners benefit from this knowledge as we use it to deliver successful campaigns and product launches with our partners. In 2018 we also had a growing number of exclusive collaborations with our brand partners, which we expand on further in 2019.

Benefiting from efficient operations and logistics

In 2017, we took a major step in operational efficiency. The year began with a move to the custom built Boozt Fulfilment Centre (BFC), handed over to Boozt in February. The custom built BFC is an investment that will facilitate our long-term expansion as it operationally supports our future growth. The BFC operates with an automated storage and retrieval system called AutoStore and the first module was installed from the beginning. With AutoStore, we have been able to create a more efficient picking process while reducing costs. The AutoStore system allows for a modular expansion which yields good flexibility and enables expanding capacity in-line with increased order

volumes. In 2018 we completed the second module of the in total four planned module expansions that can fit within the current warehouse.



*Following phase 3 expansion

Business performance

SEK million unless otherwise indicated	Jan 1 - Dec 31, 2018	Jan 1 - Dec 31, 2017	Change
GROUP			
Net revenue	2,784.0	2,016.4	38.1%
Net revenue growth (%)	38.1%	44.4%	-6.3 pp
Gross margin (%)	40.0%	42.7%	-2.7 pp
Fulfilment cost ratio (%)*	-13.8%	-15.5%	1.7 pp
Marketing cost ratio (%)*	-12.2%	-13.0%	0.8 pp
Admin & other cost ratio (%)*	-9.8%	-16.2%	6.3 pp
Depreciation cost ratio (%)*	-1.8%	-1.5%	-0.2 pp
Adjusted fulfilment cost ratio (%)*	-13.8%	-14.5%	0.7 pp
Adjusted admin & other cost ratio (%)*	-10.0%	-11.3%	1.3 pp
EBIT	68.1	-69.8	n.m.
EBIT margin (%)	2.4%	-3.5%	5.9 pp
Adjusted EBIT*	63.2	48.2	31.1%
Adjusted EBIT margin (%)*	2.3%	2.4%	-0.1 pp
Adjusted EBITDA*	112.3	79.0	42.1%
Adjusted EBITDA margin (%)*	4.0%	3.9%	0.1 pp
Earnings for the period	42.6	-12.6	55.2
Earnings per share before dilution (SEK)	0.75	-0.24	0.99
Earnings per share after dilution (SEK)	0.74	-0.24	0.98
Cash flow from operations	-13.8	-138.1	124.3
Net working capital*	314.6	200.4	114.2
Cash flow from investments	-91.9	-174.5	82.6
Net debt / -net cash*	-257.9	-328.5	70.6
Equity / asset ratio	47.5%	55.0%	-7.4 pp
Number of employees end of period	326	224	102
Boozt.com			
Net revenue	2,659.1	1,946.2	36.6%
EBIT	76.2	-71.0	n.m.
EBIT margin (%)	2.9%	-3.6%	6.5 pp
Adjusted EBIT*	71.3	44.1	61.8%
Adjusted EBIT margin (%)*	2.7%	2.3%	0.4 pp
Site visits (000)*	109,138	88,506	23.3%
No. of orders (000)*	3,288	2,509	31.0%
Conversion rate (%)*	3.01%	2.84%	0.18 pp
True frequency*	6.8	6.3	0.5
Average order value (SEK)*	812	787	3.2%
Active customers (000)*	1,363	1,057	29.0%
No. of orders per active customer*	2.41	2.37	1.6%
Booztlet.com			
Net revenue	105.9	49.1	116%
EBIT	12.1	2.1	467%
EBIT margin (%)	11.4%	4.3%	7.0 pp
Adjusted EBIT*	12.1	5.1	138%
Adjusted EBIT margin (%)*	11.5%	10.4%	1.1 pp
Other			
Net revenue	19.0	21.0	-9.4%
EBIT	-20.2	-0.9	-2,118%
EBIT margin (%)	-106%	-4.3%	-102 pp

Rounding differences may effect the summations.

*The figure is an Alternative Performance Measure (APM) (non-IFRS) and is described in definitions and reconciled on page 141.

KPI's

Looking at the key performance indicators related to customers on Boozt.com, we have had another strong year with solid progress.

Our most important KPI, customer satisfaction, trended positively during 2018. We ended the year with a 9.2 (9.2) score on Trustpilot and a Net Promoter Score of 71 (67), which is a highly satisfying level. Our analysis shows that customer satisfaction correlates well with frequency meaning that a high customer satisfaction is a prerequisite for our customers to keep coming back.

The number of site visits increased 23% compared to 2017, while the conversion rate increased to 3.01%. This led to 31% increase in the number of orders totalling 3,288,000 for the year. Active customers, which is defined as customers who at least shopped once during 2018, increased 29% to 1,363,000 and the number of orders per active customer increased to 2.41.

Another very important KPI is the true frequency, which is defined as the order frequency for customers that have been with Boozt.com during the last 12 months, hence not impacted by orders from new customers. The 2018 increase in true frequency; 6.8 compared to 6.3 the year earlier shows us that our loyal customers, continue to increase their share of wallet with us as time goes by. The average order value increased slightly to a very healthy SEK 827, although positively impacted by currency. Going forward we believe that the average order value will remain at the SEK 800 level.

Financials

Net revenue increased with 38.1% to SEK 2,784.0 million (2,016.4). Currency had a positive impact of around 5 percentage points on net revenue growth and relates primarily to the strengthening of DKK, EUR and NOK compared to SEK. The increase in net revenue is mainly attributable to the Boozt.com and Booztlet.com segments which grew with 36.6% and 116% respectively. Other net revenue increased to SEK 38.3 million (17.7) in 2018 driven by higher marketing income.

Net revenue growth in Sweden was 30.6%, while the increase in rest of Nordics was 41.8%. Rest of Europe increased 50.1% and represents around 6% of net revenue.

For the full year gross profit increased with 29.3% to SEK 1,113.1 million (861.0). The gross margin decreased to 40.0% (42.7%). The decrease in gross margin was driven by a difficult seasonal pattern leading to excess inventory levels in the industry, putting pressure on the overall price levels, as inventory is being cleared with elevated promotional activities. A long and cold winter delayed spending on full price spring items, followed by an abnormally long and warm summer in the Nordics impacting customer activity negatively and leading to a late start to the autumn/winter (AW) season.

The operating cost ratios all developed positively and combined offset the negative development of the gross margin. The adjusted fulfilment cost ratio improved with 0.7 percentage points driven by positive scale effects and efficiency gains from the Group's fulfilment centre. The marketing cost ratio and the adjusted admin & other costs improved with 1.3 percentage points driven by positive scale effects.

Adjusted EBIT amounted to SEK 63.2 million (48.2) leading to a 0.1 percentage point decrease in the adjusted EBIT margin to 2.3% (2.4%). The 2.7 percentage points lower gross margin was offset by the improved operational cost ratios. A slightly higher depreciation ratio led to the decrease for the year. The loss in the physical stores of SEK -20.2 million (-0.9), which was driven by the new Beauty by Boozt store in Copenhagen, had a significant negative impact on adjusted EBIT for the year.

EBIT increased to SEK 68.1 million (-69.8), while the EBIT margin increased 5.9 percentage points to 2.4% (-3.5%). The difference between adjusted EBIT and EBIT can be explained by adjustments of SEK 6.6 million related to change in the reserve for social charges related to the Group's warrant program and SEK -1.7 million for share-based payments related to the warrant program.

Cash flow amounted to SEK -61.5 million (207.8) whereof cash flow from operating activities amounted to SEK -13.8 million (-138.1). The improvement in cash flow from operations was driven by improved operating profit. Change in net working capital was affected by higher other receivables as a strong sale towards the end of the year. Coupled with one less bank day, compared to the same period in 2017 meant a high share of receivables were not received until beginning of January 2019. Adjusting for this, the net working capital % was around the same level as prior year as improvements in payment terms were offset by a higher inventory position driven by a large number of campaign buys.

Cash flow from investing activities amounted to SEK -91.9 million (-174.5) and are mainly attributable to expansion of warehouse automation, the new offline Beauty by Boozt store and capitalised development cost. Last year was further impacted by investments in the new fulfilment centre.

Segments

Boozt.com

Net revenue increased with 36.6% to SEK 2,659.1 million (1,946.2) supported by a positive impact of around 5%-points from currency. A difficult market situation driven by the unusual weather during 2018 required elevated promotional activities to secure the growth and maintain a healthy stock composition.

New customer intake has been slightly higher than expected as we continue to be able to attract new customers within our accepted customer acquisition costs frame. True frequency developed positively with an increase from 6.3 to 6.8. Customer satisfaction continued at a high level as shown by a Trustpilot score of 9.2 (9.2) and a NPS score of 71 (67). Average order value increased to SEK 812 (787). The increase was primarily driven by currency but also by a higher number of items per order, partly offset by lower price levels. Return rates have been unchanged around 40%.

Adjusted EBIT increased to SEK 71.3 million (44.1), while the adjusted EBIT margin improved 0.4 percentage points to 2.7% (2.3%). The increase was driven by improving cost ratios partly offset by lower gross margin.

Booztlet.com

Net revenue increased with 116% to SEK 105.9 million (49.1) and is attributable to an increased focus on attracting new customers in the off-price segment (customers with a high interest in discounted goods) as well as providing incentives for active customers to increase their buying frequency.

Adjusted EBIT increased to SEK 12.1 million (5.1), while the EBIT margin improved 1.1 percentage points to 11.5% (10.4%).

Other

Net revenue decreased with -9.4% to SEK 19.0 million (21.0). The decrease is attributable to the terminated commission sales agreement with ECCO, which ceased by the end of first quarter 2017, partly offset by the opening of the new offline Beauty by Boozt store in Copenhagen.

EBIT decreased to SEK -20.2 million (-0.9). The significant loss is driven by the new Beauty by Boozt store in Copenhagen, which has performed considerably worse than expected since the opening in June 2018. Primarily due to low conversion rates and too high staff costs. Both issues have been addressed and initiatives have been put in place to lower the current quarterly loss levels. The terminated commission sales agreement with ECCO also had a negative impact.

No adjustments to EBIT have been made for the segment Other.





Management team



Hermann Haraldsson, Co-founder & Group CEO

Born: 1966. **Group CEO since:** 2010.

Education: Master of Science in Business Economics.

Board assignments: TV2 Danmark A/S, Adform A/S

The CEO is responsible for the daily management of the company as instructed by the Board of Directors. This means that, among other things, the CEO focuses on sales and profitability, the customer offering, expansion and business development. The CEO reports to the Board of Directors on Boozt's development and makes the necessary preparations for taking decisions on investments, expansion and other strategic matters. As CEO, Hermann is the primary contact for communicating with external stakeholders. Before joining Boozt, Hermann was CEO of Brøndbyernes IF Fodbold A/S, a company listed on Nasdaq Copenhagen. Previous positions include CEO of Omnicom Media Group Nordic.

Shareholding in Boozt AB

- 362,195 directly
- 128,436 indirectly



Allan Junge-Jensen, Co-founder & Group CFO

Born: 1972. **Group CFO since:** 2011.

Education: Master of Science in Int. Marketing and Management.

As CFO, Allan's responsibilities including financial business planning such as budgets and forecasts, liquidity and financing. Further, the Finance Team (responsible for accounting, tax and financial reporting as well as management of internal controls), the Corporate Services team (responsible for legal issues, monitoring intellectual property, facility management, compliance and governance) and the Order Management team within the Group are also under Allan's purview. Before joining Boozt, Allan was CFO for CBB Mobil A/S in Denmark, a part of the Telenor Group, listed on Oslo Stock Exchange.

Shareholding in Boozt AB

- 198,000 directly



Niels Hemmingsen, Co-founder & Group COO

Born: 1965. **Group COO since:** 2011.

Education: General staff's officer's course & Bachelor of Business Administration

Niels' responsibilities encompass warehouse operations, logistics, fulfilment, distribution, photo studio, product management, and customer service. Before joining Boozt, Niels was VP/COO of SAS Scandinavian Airlines in Denmark overseeing more than 2,500 staff members in the Cabin- and Flight Deck Operations.

Shareholding in Boozt AB

• 256,236 directly



Peter G. Jørgensen, Co-founder & Group CCO

Born: 1975. **Group CCO/CMO since:** 2011.

Education: Master of Science in Int. Marketing & Management.

Peter is responsible for the teams that drive sales, on- and offline marketing, CRM, design, usability and Business Intelligence. Before joining Boozt, Peter was CMO at Telenor Denmark, Consumer Market, a part of the Telenor Group, listed on Oslo Stock Exchange.

Shareholding in Boozt AB

• 239,364 directly



Jesper Brøndum, Co-founder & Group CTO

Born: 1969. **Group CTO since:** 2010.

Education: Master of Science computer engineering & Ph.D in multivariate statistics and image analysis.

Jesper is responsible for Boozt's technical infrastructure, research & development, and maintenance of the e-commerce platform: webstores & apps, as well as all internal business systems and proprietary software. Before joining Boozt, Jesper was the Principal at Netcompany A/S.

Shareholding in Boozt AB

• 221,116 directly



Mads Bruun Famme, Group CPO

Born: 1976. **Group CPO since:** 2017.

Education: Three years of economics studies at University of Southern Denmark.

As CPO (Chief Purchasing Officer), Mads oversees buying and merchandising. He focuses on using a data-driven approach combined with soft fashion buying skills. Mads is responsible for deciding the product and brand mix for Boozt, identifying the market wants and trends, and handling the stock mix and pricing strategies. Prior to Boozt, Mads was Head of Merchandising at Magasin du Nord in Denmark.

Shareholding in Boozt AB

• 66,387 directly



Anders Enevoldsen, Head of IR & Corporate Communication

Born: 1984. **Head of IR & Corporate Communications since:** 2018.

Education: Master of Science in Applied Economics & Finance.

Anders handles the day-to-day management of Investor Relations and corporate communication activities. Anders focuses on developing the corporate storyline, communication strategies, and other issues for management preparation. Prior to Boozt, Anders was Senior Investor Relations Officer at Chr. Hansen Holding A/S.

Shareholding in Boozt AB

• 3,000 directly



Cæcilie Rottbøll, CHRO

Born: 1984. **CHRO since:** 2019.

Education: Bachelor in Military Operations and further military studies, Royal Danish Defence College.

Cæcilie holds the responsibility for Human Resources across the company. Her engagement includes but is not limited to developing and implementing our HR strategy with valuable business impact, ensuring that Boozt has the right team in place at all times. Furthermore, she is in charge of empowering and nurturing the culture at Boozt, securing an agile and passion-driven environment across the organization. Before joining Boozt, Cæcilie was engaged as a Captain in the Royal Danish Army, training the next generation of leaders and young officers, after returning from a successful deployment in Afghanistan in 2012.

Shareholding in Boozt AB

-



Board of Directors



Henrik Theilbjørn

Born: 1961. **Chairman of the board since:** 2009.

Education: Master of Science in Economics and Management, Aarhus University.

Other current assignments: Chairman of the board of directors of Bygghemma Group First AB (publ), PWT Holding A/S, PWT Group A/S, Wagner China ApS, ELKA Rainwear A/S, Kelly Invest A/S, Baum und Pferdgarten A/S, Scandinavian Designers A/S. Board member of Sahva A/S, New Nordic Brand House A/S, Signal Ejendomme A/S and November 2009 Option Holding AB. CEO, founder and board member of EMMADS Invest A/S.

Previous assignments: Chairman of the board of Languagewire A/S, director of A-Tex Holding A/S, A-Tex A/S, 11/11 Invest ApS, Onstage ApS, Borch Textile Holding ApS, Borch Textile Group A/S, modevirksomheden 8.3-16, Birger Christensen China HOolding A/S, Birger Christensen A/S, Saint Tropez af 1993 A/S, Munthe A/S and Bruuns Bazar A/S. Board member of Birger Christensen General Trading Company A/S, Jamist Holding A/S, Jamist A/S, Jamist Support A/S, Jamist Invest A/S, Langulize A/S, Bloomingville A/S, BV Holding Company ApS and HB Textil A/S, Performance Group Scandinavia A/S, Chairman, Carl Ras A/S, Chairman, HTM Group A/S, Chairman.

Shareholding in Boozt AB: Henrik holds 241,527 shares in the Company indirectly through a company.



Jimmy Fussing Nielsen

Born: 1970. **Board member since:** 2014.

Education: Master of Science in Finance and Accounting, Copenhagen Business School.

Other current assignments: CEO of White Pines ApS. CEO and board member of Heartcore Capital A/S, Co-CEO and board member of Sunstone Capital A/S. Board member of Grad ApS, CapitalAid DK ApS, Sourced Technologies S.L., Oaxaca Group ApS, RFRSH Entertainment ApS, Zolar GmbH, Seriously Inc, Grandhood ApS, Orbital Express Ltd, Futureplay OY, and member of the advisory board of Exporo AG.

Previous assignments: Board member of Asetek Holding Inc, IPtronics A/S, Layer B.V., Epista Software A/S, Game Analytics ApS and Mofibo Books ApS.

Shareholding in Boozt AB: Jimmy holds no shares in the Company.



Staffan Mörndal

Born: 1977. **Board member since:** 2012.

Education: Master of Science in Business Administration, University of Linköping and PLD program, Harvard Business School.

Other current assignments: Chairman of the board of directors of Hemmalivs Sverige AB. CEO and board member of Mörndal Holding AB. Board member of VCA IX Hold Co II AB, VCA IX Hold-Co I AB, VC IX Invest AB, Verdane Capital IX (D) AB, Verdane Capital IX (E) AB, Verdane Capital Advisors IX AB, Verdane Capital Advisors Future AB, Verdane Capital Advisors AS, Verdane Capital Advisors VIII AS, Verdane Fund V-VIII Holding AS, Verdane Capital Advisors Holding AS, MMSports AB, Chris Hollywood Konfektions AB, Californian roots AB, Outnorth AB and MatHem i Sverige AB. Deputy board member of andmotion AB and Animail AB.

Previous assignments: Board member of Nordic Functional Group AB, LensOn AB, NBIS Kalmar AB, Liaison Technologies NA, EasyArt NA, KSD Software AS, Ikivo AB and Prenax Global AB. Deputy board member of Åkerströms Björbo AB, Åkerströms Intressenter AB, eleven AB, eleven Holding AB, WRAP International AB and Wazoo Holding AB.

Shareholding in Boozt AB: Staffan holds no shares in the Company.



Charlotte Svensson

Born: 1967. **Board member since:** August 2017.

Education: Mathematics, Data Science, System Engineering, Finance and Marketing, Chalmers University of Technology, Gothenburg University and Karlstad University.

Other current assignments: Board member of eBoks A/S, deputy board member of Tranholmen Invest AB. Owner of Tranholmen båtcharter HB.

Previous assignments: CEO and board member of MWM Group AB. Board member of MWM System AB. Deputy board member of MWM Media Workflow Management Consulting AB and ITK Affärssystem AB. CIO of AB Dagens Nyheter. CIO, CDO and CMO of Bonnier News. CTO of Bonnier AB.

Shareholding in Boozt AB: Charlotte holds no shares in the Company.



Kent Stevens Larsen

Born: 1964. **Board member since:** 2009.

Education: Master of Science in Engineering, Technical University of Denmark and MBA, INSEAD.

Other current assignments: CEO of Phoenix Capital ApS, Phoenix Advisors ApS, UM Properties APS and Bjorktorpet Invest ApS. Chairman of the board of Hørsholm City ApS. Board member of Dansk Vækstkapital II Komplementar ApS, Dansk Vækstkapital II K/S, Hudcancerkliniken Sverige AB, Hudkræftklinikken.dk ApS, Norna Playgrounds A/S and Norna Partners ApS.

Previous assignments: Senior Director at Nordic Capital and consultant at McKinsey & Co.

Shareholding in Boozt AB: Kent holds 1,050,000 shares in the Company.



Jón Björnsson

Born: 1968. **Board member since:** 2012.

Education: Bachelor of Science in Business Administration, Rider University.

Other current assignments: Chairman of the board of Kronan, Board member of Áhléns AB, IC Group A/S, Copenhagen Chocolate Factory Aps, Joe and the Juice Iceland, Braud & Co, Perroy (Nespresso Iceland).

Previous assignments: CEO of Festi hf. Iceland.

Shareholding in Boozt AB: Jón holds 28,569 shares in the Company.



Cecilia Lannebo

Born: 1973. **Board member since:** 2018.

Education: MBA from Mälardalen College and Wirtschafts-universität Vienna.

Other current assignments: CEO and director of I-Core Communications AB. Deputy board member of Zubrizuri AB. Head of Investor Relations in Balco Group AB.

Previous assignments: Head of Investor Relations in Humana AB and Leovegas AB.

Shareholding in Boozt AB: Cecilia holds 5,000 shares in the Company.



Bjørn Folmer Kroghsbo

Born: 1958. **Board member since:** 2018.

Education: Trained banker and Board Certification from Board Assure and CBS Executive Board Leadership Masterclass.

Other current assignments: Bjørn Folmer Kroghsbo is a Board member and representative of Sampension KP Livsforsikring A/S, which he joined in 1990 and works as a Senior Portfolio Manager. He is specialized in Equities and Alternative Assets. In addition, responsible for ESG related issues and engagement plans on the investment side. Since 1998 Bjørn Folmer Kroghsbo has been Chairman of Sampension Invest.

Previous assignments: From 1998 to 2018 Board member of Sampension Livsforsikring A/S and Sampension Administration A/S.

Shareholding in Boozt AB: Bjørn holds no shares in the Company.





Corporate governance report

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Boozt AB (publ) is a Swedish public limited liability company listed on Nasdaq OMX Stockholm (mid cap). Corporate governance refers to the system through which shareholders directly or indirectly govern the company. The company's governance is based on Swedish law, the company's Articles of Associations, Nasdaq Stockholm's Rule Book for Issuers and internal rules and instructions. The company also applies the Swedish Corporate Governance Code (the "Code"). The Code applies to all Swedish companies with shares listed on a regulated market in Sweden.

The company is not obliged to comply with all rules in the Code since the Code provides for the possibility to deviate from the rules, provided that any such deviations and the chosen alternative solutions are described and that the reasons for the deviation are explained in the corporate governance report (according to the "comply or explain principle").

During 2018 Boozt deviated from the Code in the following matters:

The Code stipulates a vesting period of at least three years for warrant programs. The Group issued a warrant program in 2015, before the Company was listed with a validity date starting with the possible listing of the Company's shares. The issued program has a shorter vesting period than three years for the first 33% of the total program from the date of issuing the program. 33% of the program vested in June 2018 and was exercised in August 2018 after the release of the interim report for Q2 2018.

Shares and shareholders

The Boozt share has been traded on Nasdaq OMX Stockholm (mid cap) since May 31, 2017. At the end of 2018, the total number of shares and votes was 57,082,433, distributed among approximately 4,100 shareholders. The share capital consists of one share type: ordinary shares. There are no restrictions on the number of votes each shareholder can cast at the Annual General Meeting.

The ten largest known shareholders accounted for 60.22% of the shares outstanding. At December 31, 2018, there were no shareholders with holdings that separately represented 10% or more of the number of shares and votes in the company.

10 largest known shareholders as per December 31, 2018:

Name	Ownership (%)
SAMPENSION KP LIVSFORSIKRING A/S	9.74
ARBEJDSMARKEDETS TILLÆGSPENSION (ATP)	8.49
RUANE, CUNNIFF & GOLDFARB	8.43
OPPENHEIMER	6.57
FERD AS	5.86
VERDANE CAPITAL	5.42
THORNBURG INVESTMENT MANAGEMENT	4.55
FRIHEDEN INVEST A/S	4.37
CATELLA FUNDS	4.23
LA FINANCIÈRE DE L'ECHIQUIER	2.56
TOTAL 10 LARGEST SHAREHOLDERS	60.22

Source: Monitor by Modular Finance AB

General Meeting

The general meeting is the Company's highest decision-making forum, where the shareholders exercise their right to decide on the Company's affairs.

The Annual General Meeting is held once a year, within six months from the end of the financial year. Notice of general meetings shall be published in the Swedish Official Gazette and be kept available on the company's website. At the time of the notice, an announcement with information that the notice has been issued shall be published in Svenska Dagbladet.

Registered shareholders who have given notice of their attendance on time are entitled to participate in the meeting and vote for the total number of shares they hold.

Shareholders who wish to participate in a general meeting must be included in the shareholders' register maintained by Euroclear Sweden on the day falling five workdays prior to the meeting and notify the Company of their participation no later than on the date stipulated in the notice convening the meeting. Shareholders may attend the general meetings in person or by proxy and may be accompanied by a maximum of two advisors. Typically, it is possible for a shareholder to register for the general meeting in several different ways as indicated in the notice of the meeting. A shareholder may vote for all shares owned or represented by the shareholder. Extraordinary general meetings can also be held when needed.

Among other things, the general meeting makes decisions concerning:

- Adoption of the income statement and balance sheet
- Adoption on consolidated income statement and statement of financial position
- Appropriation of the earnings according to the adopted balance sheet
- Resolution on authorisation for the Board of Directors regarding new share issue
- Resolution on implementation of long-term incentive program by way of directed issue of warrants and approval of transfer of warrants
- Discharge of the members of the Board of Directors and the CEO from liability
- Election of board members and the Chairman of the Board
- Remunerations to the Board of Directors
- Amendments to the Articles of Association
- Election of auditor
- Establishment of principles for the nomination committee

2019 Annual General Meeting (the "AGM")

The Annual General Meeting 2019 will be held Friday, 10 May 2019, 10:00 CET, at Setterwalls advokatbyrå, Stortorget 23, 211 34 Malmö, Sweden. Notice to attend the AGM along with proposals from the Nomination Committee will be published on the company's website no later than 9 April 2019.

Important dates for the AGM:

- 4 May, record date for the 2019 AGM
- 6 May, final date for notification of participation at the AGM.
- 10 May, 9:45 CET admission to the AGM begins
- 10 May, 10:00 CET the AGM begins.

A shareholder who wishes to have a matter considered by the Annual General Meeting must submit a written request

- via email to: legal@boozt.com or
- by letter to: Boozt AB (publ), Att: Legal/AGM, Hyllie Boulevard 10 B, 215 32 Malmö, Sweden.

Proposals for the Agenda shall be submitted no later than seven weeks prior to the Annual General Meeting, or in any case, if required, in time for the matter to be included in the notice convening the Annual General Meeting.

Nomination Committee

Companies complying with the Code shall have a nomination committee. According to the Code, the General Meeting shall appoint the members of the nomination committee or resolve on procedures for appointing the members. The Nomination Committee shall, pursuant to the Code, consist of at least three members of which a majority shall be independent in relation to the Company and the Group Management. In addition, at least one member of the nomination committee shall be independent in relation to the largest shareholder in terms of voting rights or Group of shareholders who cooperates in terms of the Company's management. At the Annual General Meeting held on April 27, 2018 it was resolved that the Nomination Committee should consist of representatives of the three largest shareholders listed in the shareholders' register maintained by Euroclear Sweden as of August 31, 2018 and the Chairman of the Board. The member representing the largest shareholder shall be appointed chairman of the nomination committee, unless the Nomination Committee unanimously appoints someone else.

The largest shareholders as per August 31, 2018 were Sampension KP Livsforsikring A/S (9.74%), ATP (7.49%) and OppenheimerFunds (6.57%), where the latter declined a seat on the Nomination Committee, why the fourth largest shareholder, Verdane Capital VII K/S (5.42%), was asked and accepted the seat. The Nomination Committee is therefore represented by Bjørn Folmer Kroghsbo, Claus Wiinblad and Frida Einarson and together with the Chairman of the Board of Directors Henrik Theilbjørn constitute the Nomination Committee. The Nomination Committee has appointed Frida Einarson as chairwoman of the Nomination Committee as per August 31, 2018.

The Nomination Committee's complete proposals to the 2019 AGM will be presented in the official notification of the AGM.

Assessing the performed work by the board as well as the composition of the board, is reviewed continuously over the year. The Nomination Committee held meetings at the end of 2018 and in the beginning of 2019.

Board of Directors

The Board of Directors is the second-highest decision-making body of the Company after the Annual General Meeting. Members of the Board of Directors are normally appointed by the Annual General Meeting for the period until the end of the next Annual General Meeting. According to the Company's articles of association, the members of the Board of Directors elected by the general meeting shall be not less than three and not more than ten members with no deputy members. At the 2018 AGM, 8 board members were elected, without deputy members.

Responsibilities of the Board of Directors and composition
According to the Swedish Companies Act, the Board of Directors is responsible for the organisation of the Company and the management of the Company's affairs, which means that the Board of Directors is responsible for, among other things, setting targets and strategies, securing processes and systems for evaluation of targets, continuously assessing the financial condition and profits as well as ensuring an

appropriate organisation, management, guidelines and internal control. The Board of Directors is also responsible for ensuring that annual reports and interim reports are prepared in a timely manner. Moreover, the Board of Directors appoints the Group CEO. According to the Code, the Chairman of the Board of Directors is to be elected by the General Meeting and is responsible for managing the work of the Board of Directors and to ensure that the work of the Board of Directors is efficiently organised. The Board of Directors applies written rules of procedures, which are revised annually and adopted by the inaugural board meeting every year. Among other things, the rules of procedure govern the practice of the Board of Directors and the division of work between the members of the Board of Directors and the Group CEO.

The Board is evaluated each year for the purpose of developing the board's work and to create a basis for the Nomination Committee's evaluation of the Board's composition. Evaluation of the Board in 2018 took place in February, the board members did a self-assessment with satisfactory results. The Board's evaluation revealed that the Board's work has worked well and that comments from the 2017 evaluation was taken into account. The evaluation showed that the board is deemed well-composed and that the members adds relevant competence and has experience from various areas that are relevant to the Group's activities.

In 2018, the Board of Directors held 16 meetings.

The members' attendance is presented in the table below.

Board of directors 2018			Independent in relation to		Attendance			Directors' fees - SEK (000)
Name	Position	Member since	The Company and executive management	Major shareholders	Board meetings	Audit Committee meetings	Remuneration Committee meetings	
Henrik Theilbjørn	Chairman of the Board	2009	Yes	Yes	16/16	5/5	6/6	550
Staffan Mörndal	Board member	2012	Yes	No	16/16	2/2		300
Kent Stevens Larsen	Board member	2009	Yes	Yes	15/16	5/5		350
Gerd Rahbek-Clemmensen	Board member	2013-2018 (apr)	Yes	No	6/6			250
Jimmy Fussing	Board member	2014	Yes	No	15/16		6/6	250
Jón Björnsson	Board member	2012	Yes	Yes	15/16		6/6	250
Lotta Lundén	Board member	2016-2018 (apr)	Yes	Yes	6/6	-	3/3	250
Charlotte Svensson	Board member	2017	Yes	Yes	13/16	-	2/3	250
Cecilia Lannebo	Board member	2018 (apr)	Yes	Yes	9/10	3/3		300
Bjørn Folmer Kroghsbo	Board member	2018 (apr)	Yes	No	8/10	-		250

Directors' fees cover the period from AGM 2018 to AGM 2019.

Work performed in 2018

During the fiscal year, the Board of Directors held 16 meetings, including statutory, extraordinary and per capsulam. Ordinary meetings are held in accordance with a yearly adopted calendar. In addition to these meetings, additional board meetings can be convened to handle issues, which cannot be postponed until the next ordinary board meeting. In addition to the board meetings, the Chairman of the Board of Directors and the Group CEO continuously discuss the management of the Company.

During the year the Board regularly reviewed Boozt Group's consolidated earnings, financial position, organisation and administration. During its meetings, the Board has dealt with matters involving Boozt Group's strategy, including budget and other financial forecasting, capital structure

and financing, investments in equipment, the establishment of new operations and continued streamlining of internal procedures and control processes.

The Company's Group CEO and other members of Group Management are present at all ordinary board meetings, but they do not participate when the Board evaluates the Group CEO or makes decisions regarding remunerations to Group Management or meets with the Company's auditors to evaluate Group Management.

At the inaugural board meeting, the Board of Directors adopts Rules of Procedure for the Board of Directors, written instructions to the Group CEO, including instructions for financial reporting.

Audit committee

The Company's Audit Committee consisting of three members: Kent Stevens Larsen (chairman), Cecilia Lannebo and Henrik Theilbjørn. The Audit Committee shall, without it affecting the responsibilities and tasks of the Board of Directors, monitor the Company's financial reporting, monitor the efficiency of the Company's internal controls, internal auditing and risk management, keep itself informed of the auditing of the annual report and the consolidated accounts, review and monitor the impartiality and independence of the auditors and pay close attention to whether the auditors are providing other services besides audit services for the Company, and assist in the preparation of proposals for the general meeting's decision on election of auditors.

The Audit Committee held 5 meetings during 2018. The work of the Committee has mainly focused on review and improvement of the financial reporting and financial processes, examination of company risks and evaluation of the internal control environment, and follow-up and review of the work of the external auditor.

Remuneration committee

Boozt has a remuneration committee consisting of four members: Jón Björnsson (chairman), Charlotte Svensson, Jimmy Fussing Nielsen and Henrik Theilbjørn. The remuneration committee shall prepare matters concerning remuneration principles, remuneration and other employment terms for the Group CEO and the Group Management.

The remuneration committee held 6 meetings during 2018.

Diversity in the Board

In 2017, the Board of Directors adopted the "Group Policy – Diversity in the BoD" in compliance with the directives in the Swedish Corporate Governance Code stating that the Board of Directors should be constituted of members with diverse competences, experiences, and backgrounds.

The adopted policy states that members should possess the competence and experience appropriate for the responsibilities and work carried out for the Group.

Additionally, it should be considered if the individual members are appropriate considering the aim for diverse competences, experiences, and backgrounds within the Board of Directors with respect to gender, age, geographical origin and educational background.

It is the responsibility of the Nomination Committee of the Board of Directors to consider the requirements stated in the policy.

During 2018 Bjørn Folmer Kroghsbo replaced Gerd Rahbæk Clemmensen and Cecilia Lannebo replaced Lotta Lundén as a member of the Board of Directors. When electing Bjørn Folmer Kroghsbo, the diversity in the Board of Directors with respect to gender became more imbalanced.

With respect to gender 2 out of total 8 members (25.0%) in the Board of Directors are women.

Group CEO and Group Management

Group CEO

The Group CEO is responsible for the daily operation of the Group in accordance with guidelines and instructions from the Board of Directors. The division of work between the Board of Directors and the Group CEO is set out in the rules of procedure for the Board of Directors and the written instructions to the Group CEO. The Group CEO is also responsible for the preparation of reports and compiling information for the board meetings and for presenting such materials at the board meetings. According to the instructions for the financial reporting, the Group CEO is responsible for the financial reporting in the Company and consequently must ensure that the Board of Directors receives adequate information for the Board of Directors to be able to assess the Company's financial condition.

Among other things, the Group CEO must focus on recruitment of senior executives, buying and logistics matters, the customer offering, pricing strategy, sales and profitability, sustainability matters, marketing, business development and IT development. The Group CEO reports to the Board of Directors and makes the necessary

preparations for taking decisions on investments, expansion, etc. The role of Group CEO includes contact with the financial market, media and legal authorities.

Group Management

The Group CEO leads the Group Management team which consists of the Chief Financial Officer (CFO), Chief Operations Officer (COO), Chief Commercial Officer (CCO), Chief Technical Officer (CTO), Chief Purchasing Officer (CPO), Chief Human Resources Officer and Head of Investor Relations and Corporate Communication (IRM). The Group CEO leads the work of Group Management. Group Management meetings are held weekly and focus primarily on monitoring of performance and strategic and operative monitoring and development. A presentation of Group Management is available in the section "Group Management" on page 51-53.

Ownership by Board of Directors and Group Management as per Dec 31. 2018

Name	Number of shares Directly owned	Number of shares Indirectly owned	% ownership	Number of warrants in program 2018/2021 Directly owned
Hermann Haraldsson	362,195	128,436	0.86%	172,347
Allan Junge-Jensen	198,000		0.35%	93,000
Niels Hemmingsen	256,236		0.45%	93,000
Peter G- Jørgensen	239,364		0.42%	93,000
Jesper Brøndum	221,116		0.39%	93,000
Mads Bruun Famme	66,387		0.12%	93,000
Anders Enevoldsen	3,000		0.01%	50,000
Management Total	1,346,298	128,436	2.58%	687,347
Henrik Theilbjørn		241,527	0.42%	
Staffan Mörndal			0.00%	
Kent Stevens Larsen	1,050,000		1.84%	
Gerd Rahbæk Clemmensen			0.00%	
Jimmy Fussing			0.00%	
Jón Björnsson	28,569		0.05%	
Lotta Lunden			0.00%	
Charlotte Svensson			0.00%	
Cecilia Lannebo	5,000		0.01%	
Bjørn Folmer Kroghsbo			0.00%	
Board of Directors total	1,083,569	241,527	2.32%	0
Board & Management total	2,429,867	369,963	4.90%	687,347

Auditors

Boozt AB's auditor Deloitte AB was elected by the 2018 AGM for a period of one year. Didrik Roos, certified public accountant, has been responsible for the audit of the company on behalf of Deloitte AB.

The auditor reports its findings to the shareholders by means of the auditors' report, which is presented to the AGM. In addition, the auditor reports detailed findings to the Audit Committee and to the full Board at least once a year, and annually provide assurance of their impartiality and independence to the Audit Committee.

Audit engagements involve examination of the annual report and financial accounting, administration by the Board and Group CEO, other tasks related to the duties of a company auditor and consultations or other services that may result from observations noted during such examination or implementation of such other engagements. For more detailed information on auditing fees for the year, see Note 7 in this annual report.

Remunerations to Group Management

Remunerations to the Group CEO and other members of Group Management are decided by the Board of Directors, whom are authorised to make decisions in accordance with guidelines for remunerations as set by the AGM. The Remuneration Committee presents recommendations to the Board of Directors.

Guidelines for remuneration

The AGM held on April 27, 2018 adopted guidelines for remuneration applied for Group CEO and Group Management. The guidelines reflect the Company's objectives for good corporate governance as well as sustained long-term value creation for shareholders.

Remunerations of the CEO and Group Management

The remuneration of Boozt's Group Management is proposed by the Remuneration Committee and subsequently approved by the Board of Directors. The total remuneration shall be based on market terms, be

competitive, well balanced, as well as contribute to good ethics and company culture. The fixed salary shall be based on the Group Management's competence and area of responsibility, be individual and shall normally be reviewed every year. See note 9 for more information.

Short term incentive programs

The remuneration of Group Management shall include a short term incentive program (STIP) which is measured on yearly adjusted EBITDA with a target of 25% of annual fixed salary. The STIP includes a possibility for Group Management to have up to 50% of their annual fixed salary provided the Group's yearly adjusted EBITDA targets are exceeded. A prerequisite for the STIP to be vested is that the Group's annual net revenue target is met with a minimum of index 95.

The Board intends to have the remuneration policy unchanged for the coming year.

Benefits

In addition to the fixed salary, Group Management shall have benefits such as company car, contribution to health activities and newspapers.

Pension / Severance payments

Group Management shall not be entitled to a company expensed pension scheme, unless the manager resides in Sweden, but has a 5% mandatory self-financed pension scheme, which include insurances for health and loss of working ability. If the manager resides in Sweden the pension scheme shall be customary to the practice here. Severance payment cannot exceed 12 months of fixed salary if stipulated in contracts.

Deviations from the guidelines

The Board may decide to deviate from the above guidelines if special reasons so justify. Deviations could include additional STIP elements based on length of employment, exceptional performance or similar. In such case the additional remuneration, cannot exceed 25% of the fixed annual salary.

Long-term incentive programs

The Company's long-term incentive programs (LTIP) shall have the objective of aligning interests of the Group Management and selected key employees with the long-term goals of the Company and its shareholders. The vesting period for long term incentive programs shall be at least three years. LTIPs shall always be based on shares or share linked instruments. LTIPs shall ensure a long-term commitment to the development of the Company. Any share based long term incentive programs will be subject to shareholder approval before being launched.

As per Dec 31, 2018 the Company has two outstanding programs: Warrant programme 2015/2025 and Warrant programme 2018/2021.

Warrant programme 2015/2025 was issued in November 2015 and will be fully vested by the participants in June 2020. In June 2018 the first 33% of the program vested with the possibility to exercise first time in August 2018. The next 33% will vest in June 2019 with the possibility to exercise in August 2019 and the last 34% will vest in June 2020 with the possibility to exercise in August 2020.

Warrant programme 2018/2021 was issued end May 2018 where participants have bought warrants at Black Scholes value with an exercise window, June 1-14, 2021 at a predetermined share price of 96.31 SEK. For more information on the programs please see www.booztfashion.com.



The board's report on internal control

To ensure that Boozt complies with applicable laws and regulations and to ensure that the Group's values are incorporated throughout the organisation the Group has adopted a Code of Conduct with mandatory principles regarding behaviour for management and employees. Additionally, several Group-wide policies have been adopted and a process for managing governing documents such as policies and procedures has been implemented.

In addition to the overall risk management system, a level of expected governance and key controls has been stipulated for identified key processes of the operations and supporting financial processes. The expected governance and key controls should be in place at all times with the purpose to enhance and ensure a sufficient level of internal controls. At least once a year the Board evaluates the identified top 20 risks of the company and discuss with Group Management the prioritisation of risks and which activities should be in place to mitigate any impact of risks.

Processes relating to financial closing and reporting are specifically considered in the internal control system. It appoints ownership of sub-processes and accountability to ensure compliance with applicable laws, regulations and internal policies and procedures. Processes managing the business and delivering value shall be defined within the business management system. Further descriptions (procedures, instructions) within the Group shall be aligned with these processes. Group CEO is responsible for the process structure within the Group.

The Board's focus is to strengthen the self-assessments of internal processes systematically in order to secure as little impact as possible in the event of errors or inadequacies.

Information and communication

The Group's policies and procedures are updated on an ongoing basis by the appointed policy owner. The Board of Directors assesses the need to add/update or delete policies continuously. Policies are shared with all employees via a shared online portal. The policy owner is responsible to ensure that all employees to whom the policy is of importance are informed and aware of policies that should be applied.

A self-assessment of minimum requirements of defined controls mitigating identified risks for each business process shall annually be performed and reported to the Audit Committee and the Board of Directors. Group CFO is responsible for the self-assessment process, which is facilitated by the Internal Controls Function. In addition, the Internal Controls Function performs reviews of the Risk and Internal Controls system according to the plan agreed with the Board of Directors and Group Management.

Monitoring

Boozt Group shall comply with applicable laws and the Governing documents are a support for this. Management and employees have the responsibility for compliance within the working areas that they are responsible for. Within the Governing documents each policy has an appointed owner that is responsible for following up on the policy within the Group. Group CFO is responsible for reporting to the Audit Committee and Board of Directors on policy compliance as a whole for the Group once a year.

The Group CEO shall address any request for exception in writing to the Board of Directors. The Board of Directors shall assess and decide on each request individually. The assessment shall take both local and group-wide risks into consideration.

Internal audit

With respect to the Company's current size and operations, the Board of Directors has decided not to have a separate internal audit function, but it annually assesses the need of such a function. The Board has assessed in 2018 that the

most effective method for the monitoring and follow-up of internal control in the Group still is through an internal control function, which is integrated in the Group's finance function. This internal control function monitors all subsidiaries of the Group. The function regularly reports to the Group CFO, who in turn reports back to the Audit Committee. In addition, the company's external auditor review and assess the company's internal control environment and reports its observations and evaluation to the Audit Committee.

Auditor's report on the corporate governance statement

To the general meeting of the shareholders in Boozt AB, corporate identity number 556793-5183

Engagement and responsibility

It is the board of directors who is responsible for the corporate governance statement for the financial year 2018-01-01 - 2018-12-31 on pages 61-73 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

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

Opinions

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

Malmö April 9th 2019
Deloitte AB

Didrik Roos

Authorized Public Accountant

A pair of white and beige sneakers with yellow soles is positioned on a colorful, patterned rug in front of a rustic wooden door. The door is made of horizontal wooden planks and has a small, dark, circular mark on the upper right. The rug features various colors including red, orange, yellow, green, blue, and purple. The sneakers have black laces and a prominent yellow sole. The overall scene is set in a rustic, outdoor or semi-outdoor environment.

Director's report

Operations in the parent company are exercised by owning and managing its wholly-owned subsidiary Boozt Fashion AB and its subsidiaries. During 2018, main activities of the Group were conducted in Boozt Fashion AB who runs Boozt.com which is one of the leading players in the Nordic e-commerce market for fashion clothing, shoes and accessories.

The Board of Directors and the Group CEO of Boozt AB (publ), Corporate ID no. 556793-5183, registered in Sweden and with its head office in Malmö, hereby present their Annual Report for the financial year of 2018.

Further information on the business

Boozt is a Nordic technology company selling fashion online. The Group offers its customers a curated and contemporary selection of fashion brands, relevant to a variety of lifestyles through the multi-brand webstore Boozt.com. Boozt.com have more than 1,363,000 active customers as per Dec 31, 2018 (1,057,000) because of a convenient shopping experience with high service levels across both mobile devices and desktop, quick deliveries, and easy returns. Boozt targets Nordic fashion followers, primarily consumers aged 25-54, that value convenience and a relevant offer in their customer experience and which tend to generate a high average order value.

Boozt operates a tailor-made, integrated technology platform that enables the Group to manage the customer experience and to accommodate further growth. Fulfilment is executed through the automated fulfilment centre, strategically located in Ängelholm, with 43,500 m² (77,000 m² at maximum build-out), 250 picking robots and capacity exceeding 450,000 stock keeping unit ("SKU"), that enables next-day delivery to 90% of the Nordic region. Boozt also have capacity of same-day delivery to 3.5 million inhabitants in the south of Sweden and Denmark.

Boozt has a strong track-record of growth, mainly driven by the fast evolution of Boozt.com. The fast growth is

primarily attributable to Boozt's strong online market position and its competitive customer offering, which has enabled Boozt to attract new customers and increase the number of orders from returning customers.

Boozt was founded in 2007 to conduct outsourced online mono-brand operations for fashion brands. The current management team joined Boozt in 2010-2011 to assist the Group in the 2011 relaunch, following the termination of the largest customer contract, and Boozt.com was established. In the following years, significant investments have been made to support growth and increase the number of customers. The Group has continuously grown net revenue in the last years, with gradually improved profitability.

On May 31, 2017, the shares of Boozt AB (publ) was listed on Nasdaq OMX Stockholm (mid cap). The listing of the Company's shares has given the Group access to the capital markets and has enabled the establishment of a diversified base of Nordic and international shareholders. The listing was an important milestone for the Group in the journey of becoming the primary e-commerce fashion retailer in the Nordic region.

Operations in the Group are divided into three operating segments, Boozt.com, Booztlet.com and Other. The Boozt.com segment includes operations related to the Boozt.com site and the parent company Boozt AB. Segment Booztlet.com includes operations on the Booztlet.com site, which is the Group's online outlet. The segment Other includes the Group's physical retail outlet; Booztlet and the two retail stores Beauty by Boozt. Operations by other subsidiaries in the Group are also included in the segment Other.

Boozt AB's accounts are reported in Swedish kronor as Swedish kronor is the company's functional currency.

The report has been prepared in SEK million, why there may be rounding differences in the totals.



Financial year of 2018

The Group managed to deliver a full year net revenue growth of 38.1% for the Group, mainly attributed to the Boozt.com and Booztlet.com segments with a growth of 36.6% and 116% respectively. The year was unusual from a seasonal point of view. A long and cold winter delayed spending on full price spring items, followed by an abnormal long and warm summer in the Nordics impacting customer activity negatively and leading to a late start to the autumn/winter (AW) season. The pattern from the last few years with sales in the apparel industry increasingly being driven by market events, such as the Black Friday, continued. For the Group, the Black Friday weekend was again successful with strong growth and profitability.

The Group's gross margin decreased to 40.0% (42.7%). The decrease in gross margin was driven by a difficult seasonal pattern leading to excess inventory levels in the industry, putting pressure on the overall price levels, as inventory is being cleared with elevated promotional activities. This is preferable to building up an unhealthy inventory position of too many out-of-season items.

EBIT for the Group amounted to 2.4% (-3.5%). It was positively impacted by economies of scale on the operational cost ratios. Last year was negatively impacted by the listing of the Company's shares in May 2017 and the warehouse move performed in the first quarter of 2017.

The Group's cash flow amounted to SEK -61.2 million (207.8), whereof cash flow from operating activities amounted to SEK -13.8 million (-138.1). The improvement was driven by improved operating profit. Change in net working capital was affected by higher other receivables as a strong sale towards the end of the year coupled with one less bank day compared to the same period last year meant a high share of receivables were not received until beginning of January 2019. Adjusted for this, the net working capital % was around the same level as last year as the improvements in payment terms were offset by a higher inventory position driven by a large number of campaign buys.

Cash flow from investing activities amounted to SEK -91.9 million (-174.5) and are mainly attributable to expansion of

warehouse automation, the new offline Beauty by Boozt store and capitalized development cost. Last year was impacted by investments in the new fulfilment centre.

Cash flow for financing activities amounted to SEK 44.4 million (520.4). Last year was impacted by the new share issues that was performed at the time of the listing and sale of shares in own portfolio.

Comments on the financial position

Total assets increased to SEK 1,833.5 million (1,439.1) driven by increased inventory volumes which is related to expected revenue growth and a high number of campaign buys.

Fixed assets increased to SEK 176.2 million (155.1). The increase compared to last year relates to investments made for the Group's fulfilment centre and the investments in the flagship beauty store in Copenhagen.

Deferred tax assets decreased to SEK 73.4 million (92.5) and consist of capitalised tax losses carried forward.

Other receivables increased to SEK 110.8 million (38.2) as a strong sale towards the end of the year coupled with one less bank day compared to the same period last year meant a high share of receivables were not received until beginning of January 2019.

Significant events during the financial year 2018

Agreement with adidas and Reebok

The agreement contains Reebok Classic and adidas Originals lifestyle collections of footwear, apparel and accessories. In addition, Boozt.com will be selling a curated selection of adidas and Reebok Sport Performance products including footwear, apparel and accessories. This will significantly strengthen the selection of the athleisure and sports category on Boozt.com. adidas and Reebok was launched on Boozt.com in the AW 2018 season, and the full assortment will be available for the SS 2019 season.

Beauty offering strengthened with MAC, Kiehl's and Urban Decay and opening of new flagship beauty store in Copenhagen

Both MAC, Kiehl's and Urban Decay have a limited distribution in the Nordics, so becoming one of the few selected distributors strengthens the position as a leading online beauty retailer in the region. The Beauty category is important to Boozt.com, as fashion and beauty products go hand in hand. The customers can complete their look(s) with complementary beauty products and with a strong offering with many of the leading brands the building blocks for a successful category expansion is in place. The 500 m² Beauty by Boozt store allows for a physical presentation of the brands being sold on Boozt.com. The store itself is not a typical beauty store, as it gives the guests a completely different aesthetic and holistic experience than they are used to when shopping and will also serve as a marketing platform for Boozt. The store proved to be more loss-making than expected.

Boozt fulfilment centre capacity expansion

Ahead of Black Friday the last part of our phase 2 warehouse automation expansion of Autostore was completed. The entire automation setup now holds 250,000 bins and 250 robots and has a capacity for more than 3 million items.

An agreement for further expansion of the fulfilment automation system has been agreed with AutoStore and Element Logic. First part of phase 3 is expected to be completed during the first half of 2019.

Changes in Group Management and in the Board of Directors in Boozt AB (publ)

On March 12, 2018, Anders Enevoldsen assumed the position as Head of Investor Relations and Corporate Communication of the Group and became a member of Boozt's Group Management.

Bjørn Folmer Kroghsbo and Cecilia Lannebo were elected as new ordinary board members at the Annual General Meeting held in Malmö on April 27, 2018, replacing Gerd Rahbek-Clemmensen and Lotta Lundén who had declined re-election as board members.

Appointment of Nomination Committee

The Nomination Committee has been appointed in accordance with the principles adopted by the Annual General Meeting on April 27, 2018 stating that the Nomination Committee shall consist of representatives of the three, per August 31, 2018, by votes, largest shareholders according to the shareholders' register held by Euroclear Sweden, and the Chairman of the Board.

The Nomination Committee has been formed in accordance with the principles adopted by the Annual General Meeting and has the following composition:

- Frida Einarson (representing Verdane Capital VII K/S), Chairman of the Nomination Committee
- Bjørn Folmer Kroghsbo (representing Sampension KP Livsforsikring A/S),
- Claus Wiinblad (representing ATP)
- Henrik Theilbjørn, Chairman of the Board of Boozt AB (publ)

The Nomination Committee submits proposals to the AGM regarding the composition of the Board, remuneration of the Board, election of auditors and auditor fees.

Events after the reporting date

After the reporting date, the Group's business continued to develop in accordance with expectations, without any external or internal events with considerable effects on the daily operations.

On February 5, 2019 the Group assigned the newly established position as Chief Human resource Officer and member of Group Management to Cæcilie Rottbøll. Cæcilie commenced her position at Boozt on April 1, 2019.

Multi-year summary

SEK million	2018	2017	2016	2015
Net revenue	2,784.0	2,016.4	1,396.4	817.2
Profit after financial items	61.6	-68.2	20.5	-13.2
Operating margin	2.4%	neg	1.5%	neg
Return on equity	4.9%	neg	3.5%	neg
Total assets	1,833.5	1,384.0	799.3	445.4
Solidity	47.5%	57%	46.0%	48.1%
Average number of full time employees	250	190	149	113

Financing and liquidity

During the fiscal year, the Group signed hire- purchase agreements with Danske Bank for further expansions of the automated storage and retrieval system AutoStore for the fulfilment centre. The interest-bearing liabilities has increased with new loans of SEK 51.6 million, re-payments have been done with a total of SEK 42.3 million.

The revolving credit facility with Danske Bank signed in 2017 remain unchanged in 2018. The facility amounted to SEK 140.0 million, whereof SEK 60.0 million is accessible to the Group at all times (overdraft facility). To access the remaining SEK 80.0 million the Group must notify the bank. The revolving credit facility is contracted for 2 years as from the date of the listing of Boozt AB (publ), meaning until May 31, 2019. The revolving credit facility has not been used during the financial year of 2018.

Information on the Company's share

The Boozt share

The Boozt share is traded under the ticker BOOZT and with the ISIN-code SE0009888738.

The lowest quoted market price at close during the period was SEK 45.05 per share (December 27) and the highest quoted market price during the period was SEK 92.80 (February 19). The closing price as per December 31, 2018, was SEK 45.25. The average turnover of the Boozt share was 160,246 shares per day during 2018.

As per December 31, 2018 the company had approximately 4,100 shareholders, whereof the largest shareholders were Sampension (9.74%), ATP (8.49%) and Ruane, Cunniff & Goldfarb (8.43%). Other major shareholders (above 5%) are Oppenheimer, Ferd and Verdane Capital.

The total number of shares at the end of the reporting period amounted to 57,082,433, with a quota value of SEK 0.0833 per share. During August a total of 744,000 new shares were issued as a result of the exercise of 62,000 warrants issued under the 2015/2025 employee warrant programme resolved at the shareholders' meeting on 9 November 2015. From the 2015/2025 warrant program 205,500 warrants were outstanding at the end of the reporting period. Each warrant in the 2015/2025 gives a right to purchase 12 shares, meaning a total of 2,460,000 shares. From the 2018/2021 warrant program 1,137,347 warrants were outstanding at the end of the period. Each warrant in the 2018/2021 gives a right to purchase 1 share, meaning a total of 1,137,347 shares.

There is one class of shares in Boozt AB (publ). There are no shares with special rights or preferences. Beyond shares, the Company has issued warrants (right to acquire shares under specific terms and conditions).

All shares in the Company are listed. The market value for the Company as per December 31, 2018 amounted to SEK 2,584 million.

Warrants

Warrant program 2015/2025

The Group issued a warrant program for employees identified as key personnel in the Group. The Group CEO is included in this group. A total of 267,500 warrants have been issued within the program. Out of these warrants, 63,954 warrants have been issued to a fully owned subsidiary with purpose to counteract cash flow implications related to the social charges that the company will be liable to pay at the redemption date. Each warrant gives a right to purchase 12 shares.

The vesting of warrants was triggered in conjunction with the listing of the Company's shares, whereby 33% of the warrants are vested from the issuing date up until 12 months occurring after the first day of trading of the Company's shares on Nasdaq OMX Stockholm, meaning May 31, 2018. 33% of the warrants are vested on the date occurring 24 months after the first day of trading of company's shares, meaning May 31, 2019, and the remaining 34% of the warrants are vested on the date occurring 36 months after the first day of trading of the company's shares, meaning May 31, 2020.

In the second quarter of 2018, management and key employees utilised their vested rights to buy shares in Boozt AB at a predetermined price set out in the terms and conditions of the warrant program 2015/2025. The number of warrants exercised were 62,000 with the right to purchase 12 shares per warrant, which totalled 744,000 new shares. The exercise price was set at 33.19 SEK, and the proceeds to the Group from the sale of shares was SEK 24.7 million. The outstanding number of warrants are 141,545 of which 5,158 is vested as per the end of the quarter. In addition, the Group has 63,954 warrants in own portfolio, to offset any cash flow impact of the exercise of warrants. However, the Group has not utilised any warrants in own portfolio to offset the cash flow impact from social charges on warrants exercise.

Warrant program 2018/2021

The Annual General Meeting on 27 April 2018 in Boozt AB (publ) resolved on a long-term incentive program by way of a directed issue of warrants to a wholly owned subsidiary and approval of transfer of warrants from the subsidiary to group management and key employees (the "Warrants Program 2018/2021"). In accordance with the terms and conditions for Warrants Program 2018/2021, the subsidiary has subscribed for and transferred a total of 1,137,347 warrants to group management and key employees. Each warrant in Warrants Program 2018/2021 entitles to subscription of one share in the company at a subscription price of SEK 96.31 corresponding to 126 per cent of the volume weighted average price according to Nasdaq

Stockholm's official price list for shares in the company during the period as from 18 May 2018 to and including 24 May 2018. Subscription of shares by virtue of the warrants may be affected as from 1 June 2021 up to and including 14 June 2021. The transfer of the warrants to the participants in Warrants Program 2018/2021 has been made at a price per warrant of SEK 9.18, corresponding to the fair market value of a warrant as of 31 May 2018 as established by Öhrlings Pricewaterhouse Coopers AB in accordance with the Black Scholes formula. Hence no IFRS 2 cost will affect the Group, and no provisions will be made for social charges.

Sustainability report

The statutory sustainability report is presented on page 20-37.

Employees

At the end of 2018 the Group had 326 employees (224) The Group's personnel were mainly employed in Boozt Fashion AB. The average number of employees in the Group was 250 (190), whereof 67% women and 33% men (59% women and 41% men).

Remuneration Policy for the Group Management

See note 9.

Related party transactions

During the year management purchased shares from the 2015/2025 warrant program totalling SEK 15.9 million and purchased warrants in the program 2018/2021 for SEK 6.3 million.

SEK million	Jan 1 - Dec 31, 2018	Jan 1 - Dec 31, 2017
Management of Boozt AB (publ) (PDMR)		
Purchase of warrants 2018/2021 program	6.3	-
Purchase of shares 2015/2025 program	15.9	-
Total value of transactions with related parties	22.2	-

Parent company

The parent company Boozt AB (publ) (registration number 556793-5183) is a Swedish public limited liability company which was founded on October 15, 2009 and registered

with the Swedish Companies Registration Office on November 13, 2009. The Company's business is conducted in accordance with the Swedish Companies Act.

Since May 31, 2017, Boozt AB (publ) is listed on Nasdaq OMX Stockholm's main list.

The address to the head office is Hyllie Boulevard 10 B, 215 32 Malmö, Sweden.

The net revenue for the financial year of 2018 amounted to SEK 49.3 million (81.8) and consisted of invoiced fees for management services.

The Company's accumulated costs amounted to SEK -52.3 million (-107.7) and mainly consist of salaries to Group management. Last year was impacted by the listing of the company's shares.

The net result for the financial year of 2018 amounted to SEK -2.8 million (-12.4).

The parent company has a Group internal receivable respectively a liability to different counterparties within the Group, which together with shares in the subsidiary Boozt Fashion AB and equity constitutes the majority of the financial position of the Company.

Outlook

The Group maintains the below medium term financial targets adopted by the Board of Directors at the time of the listing of the Group.

NET REVENUE GROWTH	<ul style="list-style-type: none"> The Group targets annual net revenue growth in the range of 25-30% in the medium term
ADJUSTED EBIT MARGIN	<ul style="list-style-type: none"> The Group targets an adjusted EBIT margin exceeding 6% in the medium term The Group expects to increase the adjusted EBIT margin annually as the cost base is further leveraged by net revenue growth

The Group expects net revenue growth for 2019 of above 27%. The adjusted EBIT margin is expected to improve from 2018. The Other segment is expected to have a negative impact on adjusted EBIT of around SEK 20 million in 2019. The outlook assumes constant currencies from the time of this announcement and for the remainder of the financial year.

Dividend policy

When free cash flow exceeds available investments in profitable growth, the surplus will be distributed to shareholders.

Proposed appropriation of profits

SEK

Share premium reserve	1,106,567,275
Retained earnings	-343,120,139
Profit/loss for the year	-2,825,758
Total	760,621,378

The board of Directors proposes that profits/losses are distributed as follows

Profit/loss brought forward	760,621,378
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BIOFERM

BATH THERAPY

BLACK OPIUM

SACHA JUAN

SACHA JUAN

ELEMIS

ELEMIS

DEC

ELEMIS

Risks and risk management

Boozt works continuously to identify, assess and evaluate risks to which the Group is currently exposed to, and risks that are probable to occur in the foreseeable future. Risks are identified, assessed and managed based on the Group's vision and goals. The Group uses the following categories to manage risks; Financial-, Strategic-, Operational- and Compliance risks.

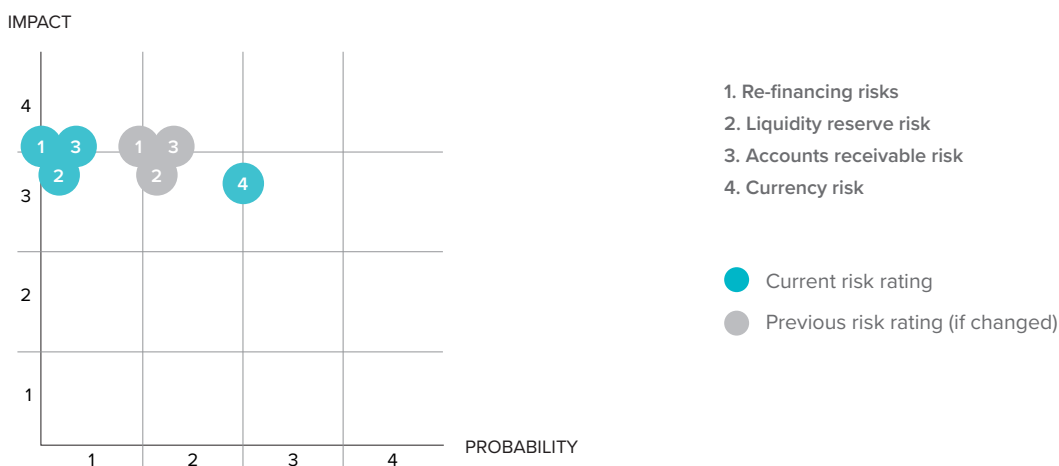
Operational risks are continuously evaluated within the daily operations. Management related risks are continuously reviewed by management and documented by the Internal Control Function. Group Management reports monthly to the Board of Directors on potential risk issues. The Board of Directors are responsible to the shareholders for the Group's risk management and formally assess risks annually or more often when needed.

Identified risks are assessed regarding probability of occurrence and impact if occurring. The effectiveness of existing risk responses (such as safeguards, control activities etc.) are qualitatively assessed. The residual risk is illustrated and considers the effectiveness of all current existing risk responses. All identified risks are documented in a risk map and further explained in a risk register, internally called Boozt Risk Library.

Risks can be mitigated through proactive actions, such as insurances or legal agreements, and in some cases the Group can influence the likelihood of a risk-related event occurring. Other risks are not possible to eliminate, such as risks dependent on political decisions, or other macroeconomic factors. If a risk is related to events beyond the control of the Company, work is aimed at alleviating the consequences.

Overview of identified risks

In the following section, we report the identified risks which are considered to have considerable impact on the business as per December 2018. In the Boozt Risk Library we have identified over a hundred risks, however several of them have a relative low risk of occurrence or low possible impact, and therefore are not included in the reported risks below. The relative possibility of occurrence and impact if occurring of the risk changes over time, meaning that the reported risks is to be seen as a snapshot of current risks. The Group disclose the top 20 risk list, which can differ from year to year as some risks might increase in probability or appear for the first time and others might be less probable or is downgraded due to mitigating activities.



Financial risks

Financial risks include risks that effects the business ability to provide the business with sufficient funding and liquidity to operate and develop the business according to business plan. See note 26 for more information.

Risk

1. Re-financing risks

Risk regarding ability to provide the Group with sufficient funding *With respect to growth plans and access to capital markets/bank institutions.*

Rating: Lower probability compared to last year

2. Liquidity reserve risk

Risk that the Group does not have a sufficient liquidity reserve *Due to inefficient cash management planning or un-expected events with heavy cash-flow implications.*

Rating: Lower probability compared to last year

3. Accounts receivable risk

Risk that acquiring banks/institutions stop cash in-flow *Credit-rating of the Group can affect decision to release accounts receivables.*

Rating: Lower probability compared to last year

4. Currency risk

Currency risk - operational transactions *Due to operational cashflow in different exchange rates (selling of goods and purchase of goods)*

Rating: Unchanged compared to last year

Mitigation of risk

1. Re-financing risks

The risk is mitigated by adopted policies regarding target debt ratios, maturity date spreads for funding of the group and a risk diversification policy regarding financial counterparties (e.g. minimum number of banks).

2. Liquidity reserve risk

The Group faces two seasonality low points in liquidity per fiscal year. The Group shall strive to have a sufficient liquidity reserve. During low-points the Group has access to a revolving credit facility to ensure a sufficient liquidity reserve.

3. Accounts receivable risk

The Group's current cash position is strong, and the Group has access to a revolving credit facility. Prices for inventories are set when placing orders but paid when received, which gives sufficient time to plan cash management.

4. Currency risk

The transactional exposure is managed primarily through natural hedges, meaning that procurement is carried out in the same currency as inflow from revenue. The Group constantly evaluates if currency hedges shall be enforced. Currency hedging has been applied for exposure towards the Norwegian NOK.



Compliance risks

Compliance risks are related to the business ability to manage impact of new legalisation and regulation, as well as process to manage unforeseen disputes or other legal or contractual uncertainties.

Risk

5. IT Compliance

Risk for compliance with EU privacy regulation/GDPR
Especially regarding third-party involvement.

Rating: Unchanged compared to last year

Non-financial reporting

Compliance with Nasdaq regulations

As a newly listed company there's a risk that the Group is not aware/able to comply with regulations required of a listed company (including regulations set by Nasdaq, SFSA (Finansinspektionen) and other official authorities.

Rating: Downgraded below top 20 risks

6. Vendor management

Product quality risk

Selling goods from vendors, who's product quality we do not have control over.

Rating: Lower probability and lower impact compared to last year

Working environment regulations

Risk that operations aren't compliant with working environment regulations

The business going through major changes/transformations, risk that some part of regulations or common practice is not considered

Rating: Downgraded below top 20 risks

Mitigation of risk

5. IT Compliance

The Group has prepared for the GDPR implementation through an internal project group with additional help from external legal experts, ensuring full compliance with the regulation. Training programs for employees have been performed.

Non-financial reporting

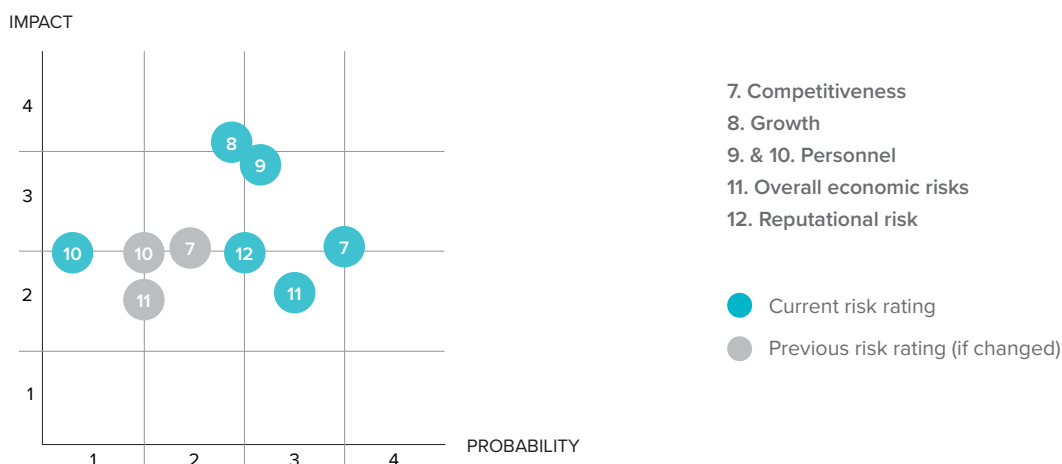
In 2018 Nasdaq has performed a one-year review of the Group's communication and compliance with rules and regulations. A few areas were improved as consequence of the evaluation, but the conclusion was that no sanctions were invoked on the Group.

6. Vendor management

We have long-term relationships with our brands and disputes are most often managed informally. To minimise the risk of uncertainties that may lead to a dispute and the risk for financial exposure contractual agreements has been signed with vendors.

Working environment regulations

The Group has a systematic approach to manage and review its working environment. In 2018, the Group has had a review by the Swedish working environment authorities, which led to actions and measures which minimised the Group's risk exposure.



Strategic risks

Strategic risks are risks relating to the businesses ability to stay competitive in the long-term. Risks included is the risk for demand shortfall, marketing- and brand risks and dependency of individuals and external partners.

Risk

7. Competitiveness

International player entering Nordic market

Risk that an international strong market player decides to enter the Nordic market and change the market conditions substantially.

Rating: Increased probability compared to last year

8. Growth

Revenue growth too slow in relation to “getting big fast”

Revenue growth may be influenced negatively by external factors such as macroeconomic cycles, negative development of salary wages or other changes in other macroeconomic conditions.

Rating: Unchanged compared to last year

9 & 10. Personnel

Strategic risks related to personnel

9: Risk that the Group lack ability to keep key personnel (retention).

10: Risk that the Group lack ability to attract desired personnel.

Various reasons connected to the offer (monetary, benefits, working environment etc).

Rating: 9: Unchanged compared to last year 10: Lower probability compared to last year

11. Overall economic risks

Risks due to macroeconomic external factors

Risks that are related to the overall or specific economic development in the geographical area that Boozt operates in.

Rating: Increased probability compared to last year

12. Reputational risk

Risks due to negative change in the reputation of the Group.

Rating: New top 20 risk

Mitigation of risk

Competitiveness

With our curated offering, positioned to stay relevant to the modern Nordic fashion follower, we believe that our competitive advantage is strong. We have high awareness within our target group and continue to differentiate ourselves by creating customer loyalty through analysis and data of our product mix, ease and speed of our offering to the customers. We do however see an increase in the risk of new entries.

8. Growth

We actively monitor macroeconomic trends and development within the region that we operate in, as well as the online factors and trends that may affect the sector in which we operate.

9 & 10. Personnel

The Group seeks to be an attractive employer by a competitive offering both in terms of salary and benefits, but also by creating a culture that our employees enjoy being a part of. In our Code of Conduct, we state the values that we want the business to live by.

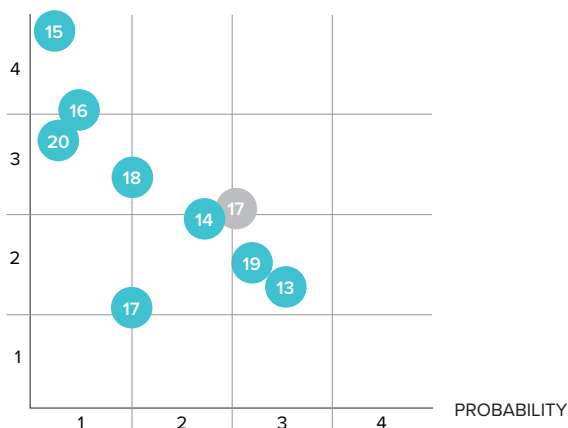
11. Overall economic risks

We actively monitor macroeconomic trends and development within the region that we operate in, as well as the online factors and trends that may affect the sector in which we operate.

12. Reputational risk

Proper treatment of employees (participation in Collective Bargaining Agreement) and excess employees in the form of cash remuneration and outplacement. In relation to brands, we align performance to secure long lasting relationships. In relation to customers, we constantly monitor satisfaction and live by the notion – “if any doubt – the customer is right”

IMPACT



- 14 & 15. Risks related to technical performance
- 16. Dependency on logistical partners
- 17. Incident risks
- 18. Efficiency and capacity warehouse
- 19. Suppliers and partners

- Current risk rating
- Previous risk rating (if changed)

Operational risks

Operational risks are related to the daily operations, and the ability to fulfil obligations to customers. Operational risks can often be managed with internal mitigation strategies.

Risk

13. Technical robustness and capacity

14: Risk that the technical systems are hacked/attacked. Insufficient security, or lack of ability to foresee new ways that systems are attacked or exposed to virus outbreak. 15: Risk for site breakdowns, or features directly connected to the site, such as payment systems. Can be a result of systems failure or by actual traffic on our sites that exceeds capacity levels.

Rating: Re-phrased but no change in risk assessment

14. Dependency on logistical partners

Risk related to dependency on distribution partners and their performance.

Risk related to default of partner of significant importance and risk related to poor performance by partner with direct effect on customer experience for Boozt customers.

Rating: Unchanged compared to last year

15. Incident risks

Risk for fire accident

Primarily regarding the warehouse, where the implications would be significantly more severe than at the HQ.

Rating: Unchanged compared to last year

16. Efficiency and capacity warehouse

Warehouse efficiency

The business is depending on having efficient logistic infrastructure. With increased volumes of returns, the number of hours with need of manual work increases, with less ability to increase efficiency.

Rating: Unchanged compared to last year

17. Suppliers and partners

Risks arising from the setup of outsourcing stock picking/management Third party involvement in one of the most central operational procedures, that highly effect performance in meeting customer expectations.

Rating: Lower probability and lower impact compared to last year

Mitigation of risk

13. Technical robustness and capacity

Boozt assesses and monitors the risk for the occurrence of different scenarios that affect the function of the webstores that Boozt operates. Our IT Disaster Recovery Plan prioritises roles, responsibilities and actions to mitigate disruption events. The webstores are monitored in real time and actions can be taken in minutes to ensure website functionality.

14. Dependency on logistical partners

We are in constant dialogue with our logistical partners and implement improvements to the customer offering continuously. Through close partnership with several of the leading logistical providers in the region, we don't consider the dependency of a single partner to be critical.

15. Incident risks

Boozt assesses and evaluates different possible scenarios and has defined what actions to take if such events occur. Contingency plans are adopted and includes responsibility- and crisis management.

16. Efficiency and capacity warehouse

The growth of the business is in accordance with the strategic business plan. Strategic and tactical planning is performed to support the growth considering factors such as warehouse/logistics capacity, recruitment strategies etc. Group Management and the Board of Directors continuously review the business plan and the strategic and tactical planning continuously. Through a close partnership with our contractor in the BFC we are able to keep high financial efficiency in the return handling.

17. Suppliers and partners

We have a long term and well-functioning relationship with the contractor, who has been the contracted supplier of pick and pack services for Boozt since the business was started. Contractual terms reflect the need to ensure compliance with demands, growth plans and policies set by the Group, including values as stated in the Group's Code of Conduct.

18. Flaws in pricing or other data elements of the web store

Risks arising from implementing wrong prices in the offer to customers.

Rating: New risk

19. Operational dependency on third party providers

Dependency risk on third party software and software updates and its implications on the Group's operation.

Rating: New risk

20. Non-competitive customer offering

Risk of not being attractive to consumers in the Nordic area, in terms of product offering, speed of offering, and conditions in general.

Rating: New risk

18. Flaws in pricing or other data elements of the web store

Control of prices (to ensure minimum gross margin) before being set live. Strengthening internal control on gross margin performance.

19. Operational dependency on third party providers

Considering in-sourcing of the most critical dependencies, as well as securing SLA's which can compensate the Group in case of events.

20. Non-competitive customer offering

Get overview of market trends via attending fashion fairs, monitor competition, monitor NPS score, and constant evaluation of our product offering and categories.

Consolidated financial statements



Consolidated income statement

SEK million unless otherwise indicated	Note	01-01-2018 31-12-2018	01-01-2017 31-12-2017
OPERATING INCOME			
Net revenue	3, 4	2,784.0	2,016.4
		2,784.0	2,016.4
OPERATING COSTS			
Goods for resale		-1,671.0	-1,155.4
External fulfilment and distribution costs	6	-383.1	-312.4
External marketing costs	6	-339.5	-261.4
Other external costs	6, 7, 8	-112.1	-126.3
Cost of personnel	9	-157.1	-197.3
Depreciation and impairment losses of tangible and intangible assets	10	-49.1	-30.8
Other operating costs	5	-4.1	-2.6
Total operating costs		-2,715.9	-2,086.2
OPERATING PROFIT/LOSS (EBIT)	4	68.1	-69.8
FINANCIAL INCOME AND EXPENSES			
Financial income		4.4	9.2
Financial expenses		-10.8	-7.6
Net financial items	11	-6.4	1.6
PROFIT/LOSS BEFORE TAX	4	61.6	-68.2
Income tax	12	-19.0	55.6
PROFIT/LOSS FOR THE YEAR		42.6	-12.6
ATTRIBUTABLE TO:			
Parent company's shareholders		42.6	-12.6
Earnings per share before dilution(SEK)	13	0.75	-0.24
Earnings per share after dilution (SEK)	13	0.74	-0.24

Rounding differences may effect the summations.

Consolidated statement of comprehensive income

SEK million		01-01-2018 31-12-2018	01-01-2017 31-12-2017
PROFIT/LOSS FOR THE PERIOD		42.6	-12.6
Items that may be reclassified to the income statement			
Translation differences		0.2	0.1
Other comprehensive income		42.8	-12.5
TOTAL COMPREHENSIVE PROFIT/LOSS FOR THE PERIOD		42.8	-12.5
ATTRIBUTABLE TO			
Parent company's shareholders		42.8	-12.5

Rounding differences may effect the summations.

Consolidated statement of financial position

SEK million	Note	31-12-2018	31-12-2017
ASSETS			
Non-current assets			
Intangible assets			
Web platform	14	40.4	19.5
		40.4	19.5
Tangible assets			
Equipment	15	176.2	155.1
		176.2	155.1
Other non-current assets			
Deposits		12.3	11.8
Deferred tax asset	12	73.4	92.5
		85.7	104.3
Total non-current assets		302.2	278.9
Current assets			
Inventories	16	984.9	626.7
Accounts receivables	17	26.6	34.0
Other receivables		110.8	38.2
Current tax assets		0.6	0.5
Prepaid expenses and accrued income	18	40.1	26.9
Derivatives financial instruments	19	-	4.4
Cash and cash equivalents	20	368.3	429.7
Total current assets		1,531.2	1,160.2
TOTAL ASSETS		1,833.5	1,439.1
EQUITY AND LIABILITIES			
Equity			
Share capital		4.8	4.7
Other capital contributions		1 161.1	1 124.3
Reserves		0.3	0.1
Retained earnings including profit for the year		-295.7	-338.3
Equity attributable to parent company shareholders	21	870.4	790.8
Non-current liabilities			
Interest bearing liabilities - non-current	22	75.0	70.6
Other provisions	22	4.3	21.1
Total non-current liabilities		79.3	91.7
Current liabilities			
Interest bearing liabilities - current	22	35.5	30.6
Accounts payables		521.2	282.7
Other liabilities		86.8	62.0
Derivatives financial instruments	19	-	0.3
Accrued expenses and prepaid income	23	240.3	181.1
Total current liabilities		883.8	556.6
Total liabilities		963.0	648.3
TOTAL EQUITY AND LIABILITIES		1,833.5	1,439.1

Rounding differences may effect the summations.

Consolidated statement of changes in equity

SEK million	Share capital	Other capital contributions	Reserves*	Profit brought forward incl. profit/loss for the year	Total equity attributable to parent company shareholders
Opening balance 01-01-2017	3.9	689.2	-	-325.8	367.3
Profit for the year	-	-	-	-12.6	-12.6
Other comprehensive income	-	-	0.1	-	0.1
COMPREHENSIVE PROFIT/LOSS FOR THE YEAR	-	-	0.1	-12.6	-12.5
New share issue	0.7	399.2	-	-	400.0
Costs of share issue	-	-15.6	-	-	-15.6
Sell of shares in own portfolio*	0.1	46.8	-	-	46.9
Share based payments	-	4.8	-	-	4.8
Re-classifications**	-	-0.1	-	0.1	-
Total transactions with owners	0.8	435.1	-	0.1	436.0
Equity as per 31-12-2017	4.7	1,124.3	0.1	-338.3	790.8

Rounding differences may effect the summations.

*The amount consists of two transactions where repurchase of warrants and the resulting debt to option holders were resolved in a set-off issue where the net amount for these two transactions amounted to SEK 46.9 million. See also Note 1 in the Annual Report 2017.

**Related to the liquidation of the second-tier subsidiary Lucky Little Me AB.

SEK million	Share capital	Other capital contributions	Reserves*	Profit brought forward incl. profit/loss for the year	Total equity attributable to parent company shareholders
Equity as per 01-01-2018	4.7	1,124.3	0.1	-338.3	790.8
Profit for the year	-	-	-	42.6	42.6
Other comprehensive income	-	-	0.2	-	0.2
COMPREHENSIVE PROFIT/LOSS FOR THE YEAR	-	-	0.2	42.6	42.8
New share issue	0.1	24.6	-	-	24.7
Sell of shares in own portfolio	-	10.4	-	-	10.4
Share based compensation	-	1.7	-	-	1.7
Total transactions with owners	0.1	36.8	-	-	36.8
Equity as per 31-12-2018	4.8	1,161.1	0.3	-295.7	870.4

Rounding differences may effect the summations.

Consolidated statement of cash flow

SEK million	Note	01-01-2018 31-12-2018	01-01-2017 31-12-2017
OPERATING ACTIVITIES			
Operating profit		68.1	-69.8
Adjustments for items not included in cash flow:			
Share based compensations - social charges		-16.8	4.8
Share based compensations		1.7	4.8
Depreciations	10	49.1	30.8
Other items not included in cash flow		0.7	-0.1
Interest paid		-2.4	-2.5
Paid income tax		-0.1	-0.0
CASH FLOW BEFORE CHANGES IN WORKING CAPITAL		100.2	-32.0
WORKING CAPITAL			
Changes in goods inventory		-358.2	-237.9
Changes in current assets		-78.4	10.0
Changes in current liabilities		322.6	122.1
Cash flow from working capital		-114.0	-105.8
CASH FLOW FROM OPERATING ACTIVITIES		-13.8	-137.8
INVESTMENTS			
Acquisition of fixed assets	15	-61.8	-162.7
Acquisition of financial assets		-0.8	-2.1
Acquisition of intangible assets	14	-29.3	-10.1
CASH FLOW FROM INVESTMENTS		-91.9	-174.9
FINANCING			
New share issue	21	35.1	431.2
New loans	22	51.6	163.1
Loan repayments	22	-42.3	-74.0
CASH FLOW FROM FINANCING		44.4	520.4
Cash flow for the year		-61.2	207.7
Currency exchange gains/losses in cash and cash equivalents		-0.1	0.2
Cash and cash equivalents beginning of the year		429.7	221.8
CASH AND CASH EQUIVALENTS END OF THE YEAR		368.3	429.7

Rounding differences may effect the summations.

Note 1 - Significant accounting principles

These annual accounts and consolidated accounts include the Swedish parent company Boozt AB, corporate identity number 556793-5183, and its subsidiaries. The Group's main business is sale of clothes, shoes and accessories.

The parent company Boozt AB (publ) (registration number 556793-5183) is a Swedish public limited liability company registered in Sweden domiciled in Malmö. The head office address is Hyllie Boulevard 10B, 215 32 Malmö.

The Board of Directors and the CEO has on April 9, 2019 approved the annual accounts and consolidated accounts which will be submitted for adoption at the Annual General Meeting on May 10, 2019.

Applied rules and regulations

The consolidated accounts have been prepared in accordance with the Swedish Annual Accounts Act and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as defined by the European Union (EU). In addition, the consolidated accounts follow the recommendation of the RFR 1 "Supplementary accounting rules for Groups".

New or amended accounting standards 2018

IFRS 15 has replaced all previously issued standards and interpretations which manage revenue with a comprehensive model for revenue recognition. 99% of the Group's current revenue streams consist of sales of goods with a right of return. For sales with a right of return, revenues are not recognised for products that are expected to be returned. Any received payments for expected returns are reported as debt for repayment. The expected rate of return is to be calculated reliably. The Group's current principle for sale of goods with a right of return is made in accordance with the principle described above. Expected rate of returns are calculated with a consistent model used over time and based on historical data.

The Group has applied full retroactive accounting on the transition to IFRS 15. The effects on the income statement, balance sheet and cash flow for the comparison year are displayed below.

SEK million	Dec 31, 2017	IFRS 15 changes	Dec 31, 2017 re-stated
CONSOLIDATED INCOME STATEMENT			
Net revenue	-	-	-
Other external costs	-	-	-
CONSOLIDATED STATEMENT OF FINANCIAL POSITION			
Inventories	571.6	55.1	626.7
Accrued expenses and prepaid income	126.0	55.1	181.1
CONSOLIDATED STATEMENT OF CASH FLOW			
Changes in inventory	100.9	-55.1	45.8
Changes in current liabilities	-53.3	55.1	1.8

Rounding differences may effect the summations.

IFRS 9 Financial Instruments has replaced IAS 39 Financial Instruments: Accounting and valuation. The new standard entails new starting points for classification and valuation of financial instruments, a forward-looking write-down model and simplified conditions for hedge accounting. The Group's accounting was not significantly affected by the implementation of IFRS 9, therefore no recalculation of historical figures has been made.

Valuation Basis

Assets and liabilities are based on historical acquisition costs except for certain financial assets and liabilities measured at fair value.

Currency

Functional currency is the currency of the primary economic environment in which companies operate. The parent company's functional currency is SEK, which is also the reporting currency for the parent company and the Group.

This means that the financial reports are presented in SEK. All amounts, unless otherwise indicated, are rounded to the nearest million with one decimal.

Consolidation

Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group has a controlling interest of a company when it is exposed to or has the right to variable returns from its holdings in the company and has the opportunity to impact the return, through its influence in the company. Subsidiaries are consolidated from the date on which the control is transferred to the Group. They are excluded from the consolidated accounts from the date when the control ceases.

Acquisitions are accounted for using the purchase method. The method implies that the acquisition of a subsidiary is considered a transaction through which the Group indirectly acquires the subsidiary's assets and assumes its liabilities. The acquisition analysis/purchase price allocation establishes the fair value at the acquisition date of the identifiable assets acquired and liabilities assumed and any non-controlling interests.

Transaction costs, except for transaction costs that are attributable to the issuance of equity or debt instruments, are recognised immediately in profit/loss for the year. For acquisitions where the consideration transferred exceeds the fair value of acquired assets and assumed liabilities that are recognised separately, the difference is recognised as goodwill. When the difference is negative, known as a bargain acquisition, this is recognised directly in profit/loss for the year.

Transactions eliminated in consolidation

Group internal receivables and liabilities, revenues or costs and unrealised gains or losses relating to Group internal transactions between Group companies are eliminated when the Group's accounts are consolidated.

Classification

Fixed assets and long-term liabilities essentially consist of amounts expected to be recovered or settled after more than twelve months from the balance sheet date. Current assets and current liabilities essentially consist of amounts expected to be recovered or settled within twelve months from the balance sheet date.

Segment reporting

An operating segment is a component of the Group that conducts operations from which it can generate revenues and incur costs and for which independent information is available.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief executive decision-maker (Board of Directors) to allocate resources to the operating segment. Boozt has identified and reports three operating segments; Boozt.com, Booztlet.com and Other.

The assumptions and key ratios for allocating resources to the operating segments have been consistent over time.

For reporting by segment see note 4.

Transactions in foreign currency

Transactions in foreign currencies are translated into the functional currency at the exchange rate prevailing on the transaction date. Monetary assets and liabilities in foreign currencies are translated into the functional currency at the exchange rate prevailing at the balance sheet date. Exchange rate differences arising on translation are recognised in net profit/loss for the year. Exchange gains and losses on operating receivables and liabilities are recognised in operating profit/loss, while gains and losses on financial assets and liabilities are reported as financial items.

Translation of foreign operations

Assets and liabilities of foreign operations, including goodwill and other Group surpluses and deficits, are translated from their functional currency to the Group's reporting currency, Swedish kronor, at the exchange rate prevailing on the balance sheet date. Revenues and expenses of foreign operations are translated to Swedish kronor at an average rate that is an approximation of the exchange rates prevailing on the transaction dates. Translation differences arising on translation of foreign operations are recognised as comprehensive income and accumulated in a separate component in equity called translation reserve. On disposal of a foreign operation,

the cumulative translation differences relating to the activities are realised, whereby they are reclassified from comprehensive income to net profit/loss for the year.

Revenue

The Group recognises revenue when the amount can be measured in a reliable way, it is probable that future economic benefits will flow to the company and specific criteria have been met for each of the Group's businesses. Revenue comprises the fair value of the consideration that has been received or will be received for goods and services sold in the Group's operating activities. Revenue is recognised excluding VAT, expected returns and discounts and after eliminating inter-company sales.

Commission Sales

When the Group sells goods or services as an agent, revenue and payments to suppliers are recognised net under net revenue and represent the margin/commission earned by the Group. The Group is liable for any value added tax on the total value of items sold to end consumers. The Group recognises actual and expected returns in the same manner as for sale of goods. Whether the Group is considered as principal or agent in a transaction is based on an analysis of both the legal form and the content of the agreement between the Group and its business partner, these assessments affect the amount of recognised net sales and operating expenses, but not profit/loss for the year or cash flows.

Sale of goods

All sales are made on a 30-day return. Revenue recognised is reduced with the transactional price (excl. VAT) for the items that are expected to be returned. The reduced amount are accounted for as a provision for returns and complaints. The provision consists of a liability classified as Accrued expenses and prepaid income and an asset classified as inventories. The provision is based on sales statistics and an assessment of future complaints and returns, and occurs in the same period as the sale. In the annual accounts for 2018, 89% of the provision is based on the actual outcome of returns received in January 2019, while the remaining 11% is an estimate. The revenue is booked when the goods leave the warehouse.

Gift Cards

Upon the sale of gift cards the entire amount is recognised as a provision and is recognised as revenue when the gift card is used, or when its validity expires.

Sale of marketing services

For sale of marketing services a revenue is recognized from the brand partners that the Company sold marketing services to. The net revenue is recognised when the services is performed. The services are normally invoiced in advance why the company recognizes an accrued income in the balance sheet.

Employee benefits

Current benefits

Current employee benefits such as salary, social security contributions, holiday pay and bonus are expensed in the period when the employees provides the services.

Pensions

Boozt AB's pension obligations are covered by defined contribution plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or informal obligations to pay further contributions if this legal entity does not have sufficient assets to pay all employee benefits relating to employee services in the current and prior periods. The Group has therefore no additional risk. The Group's obligations for contributions to defined contribution plans are recognised as an expense in profit/loss for the year as they are earned by the employee performing services for the Group during a period.

Compensation on termination

An expense for remuneration in connection with termination of personnel is recognised only if the company is demonstrably committed, without realistic possibility of withdrawal, by a formal detailed plan to terminate an employment before the normal dismissal time. When remuneration is paid as an offer to encourage voluntary redundancy, a cost is recognised if it is probable that the offer will be accepted and the number of employees who will accept the offer can be reliably estimated.

Share-based payments

Key employees are invited to participate in warrant programs in Boozt AB. At the programs end, key employees, in case the conditions of the program are met, have the right to receive warrants to purchase shares for a pre-determined price. The Group recognises share-based payments for warrants which personnel in question may receive. A personnel cost is recognised, together with a corresponding increase in equity, distributed over the period in which the vesting conditions are met, which is the date on which the relevant employees become fully entitled to the compensation. The cumulative expense recognised at each reporting date shows the progress of the vesting period with an estimate of the number of warrants that will finally become fully vested. At each balance sheet date the Group revises its estimate of the number of warrants expected to be vested. Any deviations from the original assessments are reported in the income statement and the corresponding adjustments are made in equity.

Social security costs attributable to share-based payments as above are expensed in the periods in which the services are provided. The liability for social security costs arising is revalued at each reporting date based on a new calculation of the fees expected to be paid when the warrants are redeemed. This means that a new market valuation of the warrants is made at each balance sheet date which is the basis for the calculation of the liability for social security charges.

Warrant program 2015/2025

The Group issued a warrant program for employees identified as key personnel in the Group. The Group CEO is included in this group. A total of 267,500 warrants have been issued within the program. Out of these warrants, 63,954 warrants have been issued to a fully owned subsidiary with purpose to counteract cash flow implications related to the social charges that the company will be liable to pay at the redemption date. Each warrant gives a right to purchase 12 shares.

The vesting of warrants was triggered in conjunction with the listing of the Company's shares, whereby 33% of the warrants are vested from the issuing date up until 12 months occurring after the first day of trading of the Company's

shares on Nasdaq Stockholm, meaning May 31, 2018. 33% of the warrants are vested on the date occurring 24 months after the first day of trading of company's shares, meaning May 31, 2019. The remaining 34% of the warrants are vested on the date occurring 36 months after the first day of trading of the company's shares, meaning May 31, 2020.

Warrant program 2018/2021

The annual general meeting in Boozt AB (publ.) decided to implement a long-term incentive program on April 27, 2018 through directed issue of warrants to a wholly owned subsidiary and approved the transfer of warrants from the subsidiary to the Group management and key persons ("Warrant program 2018/2021"). In accordance with the terms of the warrant program 2018/2021, the subsidiary has subscribed and transferred a total of 1137347 warrants to Group management and key employees.

Each warrant in the 2018/2021-program entitles the holder to subscribe for one share in the company at a subscription price of SEK 96.31, corresponding to 126 percent of the volume weighted average price according to Nasdaq Stockholm's official pricelist for shares in the company during the period from May 18, 2018 to May 24, 2018. Subscription of shares attributable to the warrants shall be able to take place from June 1, 2021 until June 14, 2021.

The transfer of warrants to the participants in Warrants program 2018/2021 has been made at a price per warrant of SEK 9.18, corresponding to the real market value of a warrant on May 31, 2018, as determined by Öhrlings Pricewaterhouse Coopers AB according to the Black Scholes formula. No IFRS 2 costs will affect the Group and no provisions will be made for social charges.

More information is available at www.booztfashion.com.

Other share-based payments

An agreement with a supplier regarding purchase of tv-spots have been delivered during 2016-2018 was entered in 2016. The agreement has been settled by allotment of shares. The fair value of the transaction has been established jointly by the parties on the basis of the current market for this type of services.

Leasing

Financial lessee

The Group does not account for any financial leases during 2018.

Operating lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are expensed in the income statement over the lease period. The Group's major leases refer to rental contracts for premises.

Financial costs

Financial costs comprise interest on loans and costs for revolving credit facilities.

Income taxes

Reported tax comprises current tax and deferred tax. Income tax is recognised in profit or loss unless the underlying transaction is recognised in other comprehensive income or in equity, whereby the associated tax effect is recognised in other comprehensive income or in equity.

Current tax is tax to be paid or received for the current year, using tax rates enacted or substantially enacted at the balance sheet date. Current tax also includes adjustments of current tax attributable to previous periods. Deferred tax is recognised in full, using the balance sheet method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Temporary differences attributable to participations in subsidiaries and associated companies that are not expected to be reversed in the foreseeable future are not considered.

The valuation of deferred tax is based on how underlying assets or liabilities are expected to be realised or settled. Deferred tax is calculated by applying the tax rates and tax rules enacted or announced at the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets for deductible temporary differences and tax losses carried forward are only recognised to the extent that it is probable that they can be utilised. The value of deferred tax assets is reduced when it is no longer considered probable that they can be utilised.

Intangible assets

Web platform

Development expenditure for new or improved processes within the Group's web platform designed for e-commerce is recognised as an asset in the balance sheet if the process is technically and commercially feasible and the Group has sufficient resources to complete the process. Capitalised expenses relate to software and software platform. Resources to capitalised proprietary software such as Fastlane, Propilot, Partner Portal, CSEye and Finance is allocated via an allocation formula based on the number of code lines produced by the Group's developers.

Depreciation principles

Depreciation is recognised in profit/loss of the year on a straight-line basis over the depreciable intangible assets' estimated useful lives.

The estimated useful lives are;

- Web platform 5 years

The useful lives are reviewed at least annually.

Tangible assets

Tangible assets are recognised at acquisition cost less accumulated depreciation and any impairment losses. The cost includes the purchase price and expenses directly attributable to the asset to bring it in place and in condition to be used in accordance with the purpose of the acquisition. The carrying amount of an asset is derecognised from the balance sheet on disposal or sale or when no future economic benefits are expected from the use or disposal/sale of the asset.

Gain or loss arising on the disposal or disposal of an asset is the difference between the sale price and the asset's carrying amount less direct selling expenses. Gains

and losses are recognised as other operating income/expenses.

Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that future economic benefits associated with the asset will flow to the Group and the acquisition cost can be measured in a reliable way. All other subsequent expenditure is expensed in the period they occur. Repairs are expensed continuously.

Depreciation principles

Depreciation is made on a straight-line basis over the asset's estimated useful life.

The estimated useful lives are;

- Equipment, tools, fixtures and fittings 5 years
- Computers 3 years

Depreciation methods, residual values and useful lives are reassessed at each year-end.

Impairment of non-financial assets

Assets that are depreciated are assessed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less selling expenses and value in use. When assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). When impairment has been identified for a cash-generating unit (group of units) the impairment loss is primarily allocated to goodwill. Thereafter, a proportional impairment of other assets in the unit (group of units) is made. The previously recognised impairment loss is reversed if the recoverable amount is estimated to exceed the carrying value.

However, reversal must only be made with an amount so that the carrying value amounts to what it would have been if the impairment had not been recognised in previous periods. Impairment of goodwill is never reversed though.

Financial assets and liabilities

A financial asset or financial liability is recognised in the balance sheet when the Group becomes a party to the instrument's contractual terms. Accounts receivables are recognised when invoices are sent. When accounts receivables are transferred to the credit institution at the time of the customers' transaction, no account receivable is recognized. Instead the receivable is classified as other receivable until the credit institution makes the payment. The transactional cost for the selling of accounts receivable is recognized as an external operating cost. Liabilities are recognised when the counterparty has performed and there is a contractual obligation to pay, even if an invoice has not yet been received. Accounts payables are recognised when invoices are received. A financial asset is derecognised in the balance sheet when the contractual rights are realised, expire or the Group loses control over them. The same applies to part of a financial asset. A financial liability is derecognised in the balance sheet when the obligation in the agreement is fulfilled or otherwise settled. The same applies to part of a financial liability.

Financial assets and financial liabilities are offset and the net amount is recognised in the balance sheet only when there is a legal right to offset the amounts and there is an intention to settle the items on a net basis or to realise the asset and at the same time settle the liability. Purchases and sales of financial assets are recognised on the trade date. Trade date is the day when the company commits to acquire or sell the asset.

Classification and valuation of financial instruments

Financial instruments are initially recognised at acquisition cost, corresponding to fair value of the instrument plus transaction costs for all financial instruments except for those classified as financial assets/liabilities recognised at fair value through profit or loss, which are recognised at fair value excluding transaction costs.

A financial instrument is classified on initial recognition among others based on the purpose for which it was acquired. The classification determines how the financial instrument is valued after the initial recognition. The Group holds financial instruments in the following categories;

- Loan receivables and accounts receivables
- Other financial liabilities

Loan receivables and accounts receivables

Loan receivables and accounts receivables are financial assets that are not derivatives, that have fixed or determinable payments and that are not listed in an active market. These assets are valued at accrued acquisition cost. Accrued acquisition cost is determined using the effective interest rate calculated at the acquisition date. Receivables are recognised at the amount expected to be received i.e. after deductions for bad debts.

Other financial liabilities

Loans and other financial liabilities such as accounts payables are included in this category. Loans are initially recognised at fair value, net of transaction costs. Subsequently, they are recognised at accrued acquisition cost. Any difference between the amount received and the amount to be repaid is recognised as interest in the income statement over the loan period using the effective interest method.

Accounts payables are obligations to pay for goods or services acquired in the ordinary course of business from suppliers. Accounts payables are classified as current liabilities if they fall due within one year or less. If not, they are reported as long-term liabilities. Accounts payables are recognised initially at fair value and subsequently at accrued acquisition cost using the effective interest method.

Impairment of financial assets

The Group assesses at the end of each reporting period if there is objective proof that there is a need for impairment of a financial asset. If impairment is required, the asset's carrying amount is written down and the impairment loss is recognised in the consolidated profit/loss.

Inventories

Inventories are valued at the lower of acquisition cost and net realisable value. Acquisition cost is calculated under the so-called first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them

to their present location and condition. Net realisable value is defined as the selling price less selling expenses. Inventories are exposed to obsolescence. Factors that affect the risk of obsolescence includes among others the risk that returned goods are unsaleable and risk of redundancy.

Cash and cash equivalents

Cash and cash equivalents consist of cash deposited through banks and similar financial institutions. It may occur that parts are restricted. See note 20.

Contingent liabilities

A contingent liability is recognised when there is a possible obligation that arises from past events and whose existence is confirmed only by one or more uncertain future events or when there is one or several commitments that are not recognised as a liability or provision because it is not probable that an outflow of resources will be required.

Estimates and assumptions

Preparation of the financial reports in accordance with IFRS requires management to make assessments and estimates and assumptions that affect application of the accounting policies and the recognised amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and assumptions are continually evaluated. Changes in estimates are recognised in the period the change is made if the change only affected that period or in the period the change is made and in future periods if the change affects both current and future periods.

Important assessments

An assessment item is expected returns on the sales reported for the period. The estimate is based on historical information on the return percentage on sales. Estimations are monitored and deviations are investigated monthly. As of the closing date, the provision for expected returns amounts to SEK 128.5 million classified as Accrued expenses and prepaid income and a receivable of SEK 76.8 million classified as inventory. The estimated portion of the reservation amounts to 11% of the total amount.

For the Group, the deferred tax assets are fully attributable to losses carried forward. The deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the accumulated deficits can be utilised. The Group's losses carried forward are attributable to Sweden, where losses carried forward are not time limited. It is the Group's assessment that the coming years will generate taxable income to the extent that the losses carried forward can be utilised.

Inventories are recognised at the lower of acquisition cost and net realisable value. When calculating the net realisable value, an assumption is made of outgoing items, surplus items, damaged goods and the estimated sales value based on available information.

For warrant program 2015/2025, a probability assessment of the proportion of warrant holders expected to fulfil the terms and conditions that gives them a right to exercise the issued warrants is performed at each reporting date. The assessment is thereby a factor in the calculation of the liability (social charges) for share based payments to employees for the period.

Legal proceedings

In accordance with IFRS, a liability is recognised when there is an obligation as a result of an event and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. A regular review is made of the outstanding legal cases. An assessment is then made of the need for provisions in the financial reports. The Group companies are only involved in minor disputes that are directly attributable to the business. Appropriate provisions are made when the assessment resulted in a risk. As per balance sheet day 2018 no liabilities related to legal proceedings are accounted for.

Note 2 - Accounting standards that the Group will adopt as from January 1, 2019

IFRS 16

IFRS 16 Leasing replaces IAS 17 as of January 1, 2019. Under the new standard, the majority of leased assets are to be reported in the balance sheet. The only exceptions are short-term and low-value leases. For the Group the implementation of IFRS 16 is expected to affect the financial statements as essential leasing contracts in the Group will be capitalized, i.e. an asset (the right to use the leased item) and a financial liability to pay rent are recognised. This will have an effect on the balance sheet and key ratios such as solidity. The contracts that are deemed to have the greatest impact are leasing contracts relating to the premises for the fulfilment centre in Ängelholm (equivalent to around 70% of the total lease liability), the headquarter in Hyllie and the physical retail stores.

In addition, the Group has identified other essential lease agreements regarding cars, trucks and machines which also will be accounted for under IFRS 16. By using the simplified transition method (forward-looking) the Group's right of use asset is estimated to be approximately SEK 467 million. The right of use asset is less than the total sum of future leasing costs disclosed in note 8 as the future minimum leasing costs calculation excludes any interest component. First time disclosure of IFRS 16 impact will be in the Group's report for the first quarter of 2019.

Note 3 - Net revenue per region and breakdown of revenue

SEK million	2018	2017
Sweden	987.8	756.3
Denmark	991.8	695.0
Norway	417.9	301.8
Finland	221.8	153.6
Rest of Europe	164.7	109.7
TOTAL	2,784.0	2,016.4

	2018	2017
Sale of goods	2,705.5	1,951.6
Commission sales	40.2	47.0
Other services	38.3	17.7
TOTAL	2,784.0	2,016.4

Note 4 - Segment reporting

SEK million	2018	2017
NET REVENUE		
Boozt.com	2,659.1	1,946.2
Booztlet.com	105.9	49.1
Other	19.0	21.0
TOTAL NET REVENUE	2,784.0	2,016.4
EBIT		
Boozt.com	76.2	-71.0
Booztlet.com	12.1	2.1
Other	-20.2	-0.9
TOTAL OPERATING PROFIT/LOSS	68.1	-69.8
OPERATING PROFIT/LOSS BEFORE TAX		
Boozt.com	70.0	-69.4
Booztlet.com	11.9	2.2
Other	-20.2	-0.9
TOTAL OPERATING PROFIT/LOSS BEFORE TAX	61.6	-68.2

The Group reports operating segments in accordance with IFRS 8. The Group's operations are divided into three segments which constitute 100% of the revenue generated. The Group reports net revenue, EBIT and operating profit/loss before tax for each of the operating segments. No information on assets and liabilities attributable to segments are reported to the highest operating decision maker.

Note 5 - Other operating costs

Other operating costs

SEK million	2018	2017
Currency exchange rate differences	-4.1	-2.6
TOTAL	-4.1	-2.6

Note 6 - External costs

SEK million	2018	2017
EXTERNAL COSTS ARE CONSTITUTED BY:		
External fulfilment and distribution costs	-383.1	-312.4
External marketing costs	-339.5	-261.4
IPO related costs	-	-27.8
Other	-112.1	-98.5
TOTAL EXTERNAL COSTS	-834.7	-700.1

Marketing costs includes SEK -12.1 million attributable to tv-spot time for a specific contract. The agreement covers the period 2016-2018, and was settled with a share based payment. The fair value of the services was determined to be SEK 36.4 million, and shares with corresponding fair value of SEK 36.4 million at grant date was issued. During 2018, SEK -12.1 million was recorded as a marketing cost.

Note 7 - Audit fees

SEK million	2018	2017
Ernst & Young AB		
Auditing assignments	-0.3	-1.5
Tax advice	-	-
Other services	-	-0.4
Deloitte AB		
Auditing assignments	-0.9	-
Tax advice	-	-
Other services	-	-
TOTAL	-1.2	-1.9
Other		
Auditing assignments	-0.4	-0.1
Tax advice	-	-
Other services	-	-
TOTAL	-0.4	-0.1

Auditing assignments include auditing of the annual accounts and bookkeeping as well as administration for the Board of Directors and the CEO, other duties undertaken by the Group's accountants, and advice or other assistance arising from observations - during such auditing or implementation of similar tasks. Other services include advice in accountancy related fields such as accounting, due diligence etc.

Note 8 - Leasing agreements

Operational leasing

Leasing costs for assets held through operating lease contracts, such as rented premises, machinery and office equipment, are reported in operating expenses and amount to SEK -39.4 million (-25.8), of which property rental charges amount to SEK -37,9 million (-24.3). Future payments for non-cancellable operating lease contracts amount to SEK -514.5 million (-488,7) and are broken down as follows:

SEK million	2018	2017
FUTURE MINIMUM LEASING COSTS		
Within 1 year	-47.6	-39.1
Between 1-5 years	-244.0	-195.4
More than 5 years	-222.9	-254.2
TOTAL	-514.5	-488.7

Variable charges consist of variable interest rates. Existing lease contracts vary in length from 1 to 15 years. There are no material subleases, no material contingent rents, no renewal or purchase options nor any restrictions imposed by leasing agreements. The above table of future leasing costs does not contain any interest component, why the total amount is higher than the calculation of Right of Use Asset (RoA) as defined by IFRS 16.

Financial lease

The Group has not accounted for any financial leasing during 2018.

Note 9 - Employees and personnel costs

Average number of employees	2018		2017	
	Average number of employees	Men	Average number of employees	Men
Sweden	221	78	176	69
Denmark	29	11	14	7
GROUP	250	89	190	76
GENDER BALANCE AMONG SENIOR EXECUTIVES				
Board members	8	6	8	5
CEO and other senior executives	7	7	7	7
GROUP	15	13	15	12

Salaries, other remuneration and social costs

SEK million	2018	2017
COSTS FOR EMPLOYEE REMUNERATION		
Salaries and remuneration	-151,3	-240,3
Social costs	-29,3	-83,7
Pension costs	-5,1	-4,0
	-185,7	-328,0
SENIOR EXECUTIVES		
Hermann Haraldsson (Group CEO):		
Salaries and remuneration	-10,3	-46,0
- hereof bonuses	-0,6	-5,7
- hereof share based payments	-4,8	-36,6
Pension costs	-	-
	-10,3	-46,0
Other senior executives:		
Salaries and remuneration	-36,2	-98,7
- hereof bonuses	-2,8	-11,8
- hereof share based payments	-19,3	-76,9
Pension costs	-	-
TOTAL	-36,2	-98,7

Senior executives include the Board of Directors, the Group CEO, and other senior executives. The other senior executives includes the Group CFO, Group CMO, Group CTO, Group COO, Group CPO and Head of Investor Relations, whom together with the Group CEO constitutes the management team of the Group. The unusually high remuneration in 2017 is explained by the company's IPO.

Decision processes for remuneration

Remuneration and terms for the Group CEO are decided by the Board of Directors. Remuneration of other senior executives is decided by the Group CEO, in some cases after consultation with the Chairman of the Board. The Chairman of the Board and members of the Board of Directors receive a fixed fee as well as board meeting remunerations in accordance with the Annual General Meeting's decision. For more information on remuneration to senior executives and the Board of Directors, see the Corporate Governance Report, p. 60.

Remuneration and conditions for senior executives

Remuneration to the Group CEO and other senior executives consists of basic salary, variable remuneration and other benefits such as a company car. Other senior executives include the six other C-level managers who together with the Group CEO comprise the Group Management. Variable remunerations refers to bonus that is paid out depending on the performance according to pre-established goals. The Group CEO has a notice period of 6 months plus 12 months' severance payment if the termination is decided by the Group. If the Group CEO chooses to terminate his employment, the notice period is the same. No pension benefits are paid to the Group CEO and senior executives.

As per closing day the Group CEO has been allotted 24,000 warrants for the program 2015/2025. The other senior executives have been allotted 97,008 warrants for the program 2015/2025.

Directors' fees

The 2018 Annual General meeting approved the directors' fees to the board members for a total amount of SEK 2,5 million, whereof SEK 0,6 million to the chairman and SEK 1.9 million to the other board members. In the total amount to the board members SEK 0,3 million is assigned to the audit committee

Name	Directors' fee(SEK)
Henrik Theilbjørn	550 000
Staffan Mörndal	300 000
Jimmy Fussing Nielsen	250 000
Jón Björnsson	250 000
Kent Stevens Larsen	350 000
Charlotte Svensson	250 000
Bjørn Folmer Kroghsbo	250 000
Cecilia Lannebo	300 000
TOTAL	2 500 000

Warrant programs in Boozt AB

Boozt AB has two active warrant programs with individual terms and conditions (the 2018/2022 program and the 2015/2025 program). The programs are directed to staff identified as key employees. The Group CEO is included among these.

Warrant program 2015/2025

The 2015/2025 program was issued in 2015 and constitutes 267,500 warrants, whereof 203,545 are allotted to employees free of charge. 63,955 are held by the Company to cover social charges. In 2018 62,000 warrants have been redeemed and in total given the warrant holders 744,000 shares.

The 2015/2025 program was triggered when the company was listed before a given point in time. The warrants are subject to a vesting period as follows; 33% will vest 1 year after the listing, 33% will vest 2 years after the listing and 34% will vest 3 years after the listing. Once the options are vested, the warrant holders may convert a warrant to a common share in the Company at a predefined price (the strike price). The strike price has been calculated as 26.16833 SEK per share accruing with an interest of 8% per year effective from 30 June 2015 and gives the right to purchase 12 shares. If a participant's employment is terminated during the vesting period, the participant will be excluded from the program with regard to those options that are not vested at such time.

The 2015/2025 program is classified as share based program in the scope of IFRS 2. The program is equity settled and will be recorded as a cost in the income statement for the employees that are part of the programs.

The corresponding amount as recorded in the income statement will be booked to equity. Further disclosures regarding effects in the income statement as per reporting date are stated in the section regarding estimates and assumptions in note 1.

For the 2015/2025 program the volatility is set at 35% and the annual risk free interest rate is set at -0.5%. The exercise price is calculated as the strike price in 2015 with an interest of 8% per annum until expected exercise.

Warrant program 2018/2021

The annual general meeting in Boozt AB (publ.) decided to implement a long-term incentive program on April 27, 2018 through directed issue of warrants to a wholly owned subsidiary and approved the transfer of warrants from the subsidiary to the Group management and key persons ("Warrant program 2018/2021"). In accordance with the terms of the warrant program 2018/2021, the subsidiary has subscribed and transferred a total of 1137347 warrants to Group management and key employees.

Each warrant in the 2018/2021-program entitles the holder to subscribe for one share in the company at a subscription price of SEK 96.31, corresponding to 126 percent of the volume weighted average price according to Nasdaq Stockholm's official pricelist for shares in the company during the period from May 18, 2018 to May 24, 2018. Subscription of shares attributable to the warrants shall be able to take place from June 1, 2021 until June 14, 2021.

The transfer of warrants to the participants in Warrants program 2018/2021 has been made at a price per warrant of SEK 9.18, corresponding to the real market value of a warrant on May 31, 2018, as determined by Öhrlings Pricewaterhouse Coopers AB according to the Black

Scholes formula. No IFRS 2 costs will affect the Group and no provisions will be made for social charges.

More information is available at www.booztfashion.com.

Note 10 - Depreciations and impairment losses of tangible and intangible assets

SEK million	2018	2017
Web platform	-8.4	-5.6
Equipment	-40.7	-25.2
TOTAL	-49.1	-30.8

Note 11 - Net interest expense

SEK million	2018	2017
FINANCIAL INCOME		
Interests	0.0	0.0
Derivatives	4.4	9.2
	4.4	9.2
FINANCIAL EXPENSES		
Interests	-2.4	-2.5
Derivatives	-8.5	-5.1
TOTAL	-10.8	-7.6

For further information about the Group's derivatives, see note 19 and 26.

Note 12 - Taxes

SEK million	2018	2017
CURRENT TAX		
Tax on profit for the year	-	-
DEFERRED TAX		
Change in deferred tax related to tax losses carried forward	-19.0	55.7
	-19.0	55.7
RECONCILIATION OF REPORTED TAX		
Profit/loss before tax	61.6	-68.2
Tax in accordance with current tax rates for parent company (22%)	-13.6	15.0
Non-deductible expenses	-0.6	-0.4
Costs of share issue (Equity)	0.0	3.4
Recalculation of deferred tax assets with new tax rate (21.4%)	-2.0	0.0
Capitalised tax assets related to earlier years losses in dormant Swedish subsidiaries	1.6	0.0
Tax asset related to losses 2016 and earlier	0.0	38.5
Not recognised tax asset related to tax losses carried forward	-4.5	-0.9
TOTAL	-19.0	55.7

The Group has no tax items accounted in other total income or direct in equity.

During 2018 the Group has accounted for deferred tax assets related to taxable losses in the Swedish second-tier subsidiaries of Boozt Fashion AB with an amount of SEK 1.6 million. Further, the Group has re-calculated the deferred tax asset using the new lower company tax rate that has been implemented in Sweden as of January 2019.

The Group's losses carried forward amounts to SEK 365.0 million (432.5) at year end.

The following table specifies the tax effect of the temporary differences:

SEK million	31-12-2018	31-12-2017
DEFERRED TAX ASSETS		
Deferred tax related to tax losses carried forward	73.4	92.5
TOTAL	73.4	92.5

Specification of changes in deferred tax assets:

SEK million	31-12-2018	31-12-2017
Recognised deferred tax asset relating to tax losses carried forward, opening balance	92.5	36.8
Deferred tax asset incurred during the year	-19.0	55.7
TOTAL DEFERRED TAX ASSET	73.4	92.5

Deferred tax assets for tax losses carried forward are reported to the extent that it is likely they will be utilised. The Group expects to utilise the deferred tax assets recognised within the coming 3 years. There is no time limitation for the deferred tax asset relating to tax losses carried forward.

Note 13 - Earnings per share

Earnings per share is calculated by dividing the profit/loss for the period with the average number of shares outstanding during the period. With respect to the warrant programs issued by the company which is described in note 9, there is a potential future dilution effect of the company's issued shares given that certain criteria are met.

	2018	2017
Profit for the year	42,594,364	-12,630,217
Weighted average number of shares outstanding during the period before dilution	56,609,534	52,335,943
Weighted average number of shares outstanding during the period after dilution	57,624,505	52,335,943
Earning per share before dilution	0.75	-0.24
Earning per share after dilution	0.74	-0.24

Note 14 - Web platform

SEK million	31-12-2018	31-12-2017
WEB PLATFORM		
Accumulated acquisition values, opening balance	53.6	43.5
Acquisitions	29.3	10.1
ACQUISITION VALUES, CLOSING BALANCE	82.9	53.6
Accumulated amortisation according to plan, opening balance	-34.1	-28.5
Amortisation for the year	-8.4	-5.6
Accumulated amortisation according to plan, closing balance	-42.5	-34.1
NET CARRYING VALUE AT END OF YEAR	40.4	19.5

Note 15 - Tangible fixed assets

SEK million	31-12-2018	31-12-2017
EQUIPMENT, TOOLS AND INSTALLATIONS		
Accumulated acquisition values, opening balance	191.1	28.5
Acquisitions	61.8	162.7
ACQUISITION VALUES, CLOSING BALANCE	252.9	191.1
Accumulated amortisation, opening balance	-36.0	-10.8
Amortisations for the year	-40.7	-25.2
Accumulated amortisations, closing balance	-76.7	-36.0
NET CARRYING VALUE AT END OF YEAR	176.2	155.1

Note 16 - Inventories

SEK million	2018-12-31	2017-12-31
Inventories - goods for resale	905.3	576.5
Expected returns	76.8	47.9
Packing materials	2.8	2.3
TOTAL	984.9	626.7

During the year, inventory items were written down with a value of SEK 31.3 million (14.7). This amount is entirely accounted for in the income statement as Goods for resale. The cost has arisen at the time when the inventory items reached the age when they should be the subject of write-downs in accordance with the principles described in note 1. Impaired goods are not discarded immediately.

Note 17 - Accounts receivables

SEK million	31-12-2018	31-12-2017
Accounts receivables	27.5	34.6
Provision for bad debt	-0.9	-0.7
TOTAL	26.6	34.0

There is no collateral or bank guarantees for the Group's accounts receivables. Accounts receivables are not pledged. Account receivables consist of unpaid invoices from B2B sales. Since a receivable relating to a consumer customer transaction is transferred to the credit institution at the time of the customer's purchase, the Group accounts for "other receivables" instead of accounts receivable at the time of the transaction. The receivable is credited when the credit institution performs the payment. Transaction costs for the transfer are reported as external costs. For more information on accounts receivables see note 26.

Note 18 - Prepaid expenses and accrued income

SEK million	31-12-2018	31-12-2017
Prepaid inventories	2.1	2.6
Prepaid marketing expenses	9.6	13.6
Prepaid rental charges	1.9	1.7
Prepaid fulfillment costs	7.0	5.1
Accrued inventory discounts	4.8	0.5
Prepaid leasing fees	0.2	0.7
Other prepaid expenses	14.4	2.7
TOTAL	40.1	26.9

Note 19 - Derivatives

SEK million	2018	2017
FINANCIAL INCOME AND EXPENSES		
Financial income - Derivatives	4.4	9.2
Financial expense - Derivatives	-8.5	-5.1
NET FINANCIAL ITEMS - DERIVATIVES	-4.1	4.1
CURRENT ASSETS		
Derivatives financial instruments	-	4.4
CURRENT LIABILITIES		
Derivatives financial instruments	-	-0.3
NET FINANCIAL ASSETS - DERIVATIVES	-	4.1

The Group's derivative contracts was of the type "FX options", where the Group has a right to purchase EUR in exchange for NOK until including March 2018, and from April until including July 2018 the Group has a right to purchase SEK in exchange for NOK. The asset and liability value of the Group's FX options are calculated by end of the period using the Black Scholes model.

Note 20 - Cash and cash equivalents

SEK million	31-12-2018	31-12-2017
Cash and bank	368.3	429.7
TOTAL	368.3	429.7

Restricted cash of the Group amounts to SEK 7.2 million (5.3) and is attributable to the leasing agreement for the Boozt headquarter.

Note 21 - Equity

Share capital

As of December 31, 2018 the registered share capital amounts to 4,756,869 common shares (4,694,869) with a nominal value of SEK 0.0833. Holders of ordinary shares are entitled to a dividend determined step by step, and the shareholding entitles the holder to vote with one vote per share at the Annual General Meeting. All shares have the same right to the remaining net assets. All shares are fully paid and no shares are reserved for transfer. No shares are held by the company or its subsidiaries. Specification of changes in share capital below:

Date	Event	No. of shares per new issue	Share issue	New number of shares	Share capital changes	Share capital after transaction
12-05-2017	Share split 1:12	3,891,295	42,804,245	46,695,540	0	3,891,295
31-05-2017	Conversion of warrants into shares	46,695,540	2,405,361	49,100,901	200,447	4,091,742
02-06-2017	Sell of shares in own portfolio of shares	49,100,901	786,532	49,887,433	65,544	4,157,286
02-06-2017	New share issue	49,887,433	6,451,000	56,338,433	537,583	4,694,869
21-08-2018	Conversion of warrants into shares	56,338,433	744,000	57,082,433	62,000	4,756,869
31-12-2018	Closing balance			57,082,433		4,756,869

Other capital contributions

Other capital contributions consist of equity contributed by the company's owners.

Conversion reserve

The conversion reserve includes the exchange differences arising on conversion of financial statements of foreign operations that have prepared their financial reports in a currency other than the operating currency in which the consolidated financial statements are presented. The Parent Company and the Group present their financial reports in Swedish kronor (SEK). Accumulated conversion differences are accounted in the profit/loss when disposing of foreign operations.

Warrants

The number of issued warrants amounted to 205,500 as per year end 2018, whereof each warrant has a right to acquire twelve shares in Boozt AB. In 2018 62,000 warrants have been redeemed and in total given the warrant holders 744,000 shares at a purchase price of SEK 33.19 per share. For more information on the warrant program see note 9.

Average number of shares:

	2018	2017
Average no. of shares issued during the year (000)	56,610	52,336
Average no. of shares issued during the year after dilution (000)	57,625	54,782

Note 22 - Liabilities and provisions

Liabilities

SEK million	31-12-2018	31-12-2017
NON-CURRENT		
Liabilities to credit institutions	75.0	70.6
TOTAL	75.0	70.6
CURRENT		
Liabilities to credit institutions	35.5	30.6
TOTAL	35.5	30.6
TOTAL BORROWING	110.5	101.2

Loans to credit institutions carry an average effective interest rate of 1.7% per annum (3.1% per annum). Total borrowing consists of a loan from Danske Bank for the Group's investments in automated storage, AutoStore. Security for the bank loans consists of floating charges.

SEK million	31-12-2018	31-12-2017
Used overdraft facility	-	-
Available overdraft facility	140.0	140.0

The overdraft facilities consist of a SEK 60.0 million ordinary overdraft facility that can be used at any time, and another SEK 80.0 million revolving credit facility that can be called without new credit approval. The overdraft facilities have covenants attached. The covenants are as follows: (Cash interest cover 4.0:1 and Leverage ratio 3.0:1.) The covenants have not been breached at any time during the year.

Provisions

SEK million	31-12-2018	31-12-2017
Provision for social charges related to warrant program 2015/2025	4.3	21.1
TOTAL	4.3	21.1

For more information see note 26.

Note 23 - Accrued expenses and prepaid income

SEK million	31-12-2018	31-12-2017
Accrued holiday pay	15.2	10.9
Accrued social charges relating to personnel	7.6	5.6
Accrued marketing costs	8.5	11.5
Accrued costs - inventories	0.2	11.5
Accrued costs for returns	128.5	88.9
Accrued salaries	11.5	8.2
Prepaid marketing fee	28.0	22.3
Other	40.9	22.2
TOTAL	240.3	181.1

Note 24 - Pledged assets and contingent liabilities

SEK million	31-12-2018	31-12-2017
Floating charges	61.0	61.0
Restricted cash	7.2	5.3
TOTAL	68.2	66.3

Floating charges are attributable to security regarding loans and the revolving credit facility from Danske Bank. Restricted cash is attributable to the leasing agreement for the Boozt headquarter.

A contingent liability exists where Danske Bank in case of a breach of contract from the Company is entitled to reclaim the Company's automated warehouse system AutoStore with a book value of SEK 143.7 million.

Note 25 - Related party transactions

The Group has transactions with companies owned by individuals with considerable influence on Boozt AB (publ). Transactions with related parties are mainly attributable to the purchase of goods and sales of consignment goods in co-operation with the ECCO group companies ECCO EMEA B.V. and KRM AG. In 2017 this co-operation was terminated and the ECCO group has not been a related party during the financial year 2018.

All related party transactions are priced at market conditions.

SEK million	2018	2017
PURCHASE OF GOODS		
ECCO EMEA B.V.	-	40,6
TOTAL	-	40,6
CONSIGNMENT SALES		
KRM AG	-	13,7
TOTAL	-	13,7
PURCHASE OF SERVICES (+) AND RE-INVOICING OF COSTS (-)		
Rapp Management & EMMADS Invest A/S	-	0,4
TOTAL	-	0,4

The liability to related parties as per year end is presented below:

SEK million	31-12-2018	31-12-2017
DEBT TO RELATED PARTIES		
ECCO EMEA B.V.	-	8,2
KRM AG	-	9,4
TOTAL	-	17,7

Boozt AB has not provided guarantees or securities to or for the benefit of directors or other senior executives. During 2018 or 2017, none of the directors or other senior executives had any direct or indirect business transactions with the Group over and above the remuneration stated in this note and note 9.

Note 26 - Financial risks

The Group's business is exposed to various financial risks; currency risk, interest rate risk, credit risk and liquidity risk. The Group's overall risk management strategy is focused on managing uncertainty in the financial markets and strives to minimise potential adverse effects on the Group's financial results.

The Group has developed a risk management framework in order to strengthen risk management in the Group. The framework establishes how risks are identified, assessed and monitored. The Board of Directors has decided on the general principles that applies to the management of financial risks through the adopted treasury policy. The treasury policy mainly covers the following areas; capital structure, capital raising, debt financing and liquidity management.

The key financial risks are described below.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The main exposure is derived from the Group's sales and purchases in foreign currencies. This exposure is called transactional exposure. Currency risks also exist in the translation of foreign operations' assets and liabilities into the parent company's functional currency, known as translational exposure. The translational exposure for the Group is limited.

According to the Group's treasury policy, transactional exposure is primarily managed through natural hedges, which means that the risk of major performance impact due to fluctuations in exchange rates is reduced by having available cash with the corresponding currency distribution as for future payments of current liabilities. The applied principle also implies that the Group will strive to make product purchases with the same currency distribution as budgeted revenues. In addition the Group shall evaluate any imbalances in the currency inflow and outflow and seek forward contracts to hedge those imbalances. The Group has in this respect recognised a surplus of NOK and a deficit of EUR.

For this reason the Group has had hedging contracts in 2018 to secure a fixed exchange rate between NOK and EUR on a monthly basis until including March 2018. From April 2018 the monthly hedges are between NOK and SEK until including September 2018. After closing date the Group has no active secured hedge contracts. For further details about the group's hedging activities see note 1.

As shown in the table below, the Group's main transaction exposure consists of SEK, DKK, EUR and NOK. A 3% stronger SEK against the EUR and DKK would have a positive effect on profit for the year of SEK 1.9 million. A 3% stronger NOK against the SEK would have a positive effect on profit for the year of SEK 10.3 million.

Currency exposure 2018 (2017) in %

	Operating income	Operating expenditure
SEK	36% (38%)	43% (49%)
DKK	35% (35%)	32% (29%)
EUR	13% (12%)	21% (18%)
NOK	15% (15%)	3% (3%)
GBP	1% (1%)	0% (2%)
Other	0% (0%)	0% (0%)
	100% (100%)	100% (100%)

Currency exposure 2018 (2017) in %

	Short term liabilities	Cash and cash equivalents
SEK	62% (55%)	17% (33%)
DKK	21% (26%)	50% (45%)
EUR	14% (15%)	19% (15%)
NOK	3% (4%)	11% (7%)
GBP	0% (1%)	2% (1%)
Other	0% (0%)	1% (0%)
	100% (100%)	100% (100%)

Interest rate risk

The Group is exposed to interest rate risk on interest-bearing long-term and current liabilities. The Group is exposed to the impact of variable interest on liabilities. On fixed-rate loans, the Group is exposed to market risk. With regards to the Group's loan-to-value ratio, the present interest risk is limited. If interest rates had been 3 percentage points higher with all other variables held constant, profit/loss for the year before taxes would have been approximately SEK 3,2 million lower.

Credit risk

Group principles state that customers who wish to trade on credit do so through a third-party solution in which the Group takes no credit risk. To a small extent other legal entities are invoiced. The accounts receivables ledger is monitored continuously and the value of doubtful debts is not significant. With regard to credit risks arising from the Group's other financial assets, which include cash and cash equivalents, the Group's main credit risk is associated with counterparties' failure to comply with their commitments, e.g. due to the counterparty going into bankruptcy. The Group's maximum exposure consists of the carrying value of these financial instruments. There is no significant credit risk within the Group as per year-end 2018.

Liquidity risk

The liquidity risk to which the Group is exposed is attributable to the operation's seasonal variations. Purchases are cyclical, and inventories are built up before each season, based on the Group's expected sales. This means that the timing of the outflow of cash for the purchase of stock items is not consistent with the timing of inflows of cash and cash equivalents attributable to sales, resulting in a liquidity risk. The liquidity risk is managed by the principle of financial flexibility covered by the Group's treasury policy and implies that there should be available liquid funds covering expected liquidity needs during the periods when the Group has the lowest access to liquid funds. This is managed by having access to overdraft facilities, which as per year-end 2018 amounts to SEK 60 million and a revolving credit facility of another SEK 80 million, which can be called without further

credit approval. There is also a liquidity risk attributable to business growth and the need to improve, upgrade and invest in technology and infrastructure to manage increased sales volumes and complexity in operations. To manage this risk, the Board of Directors has set guidelines for the level of liquidity reserves to strive for in order to meet the arising needs.

Cash flow forecasts are prepared and followed up on a weekly basis (operational activities, credits and current liquidity). Rolling forecasts are also prepared to ensure constant availability of sufficient liquidity to meet business needs as well as to have reserves in unexploited credit flows. The Group monitors that credit limits are not violated. Further information on maturity analysis is provided on page 120.

Capital risk management

Regarding capital structure, the Group strives to secure the Group's ability to continue to operate in order to continue to generate profits for shareholders and value for other stakeholders as well as maintaining an optimal capital structure. To maintain or adjust the capital structure, the Group can change any future dividends paid to shareholders, repay capital to shareholders, issue new shares or sell assets to reduce liabilities. The Group assesses the capital based on the debt/equity ratio. The debt/equity ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current liabilities and long-term liabilities) less cash and cash equivalents. The Group has covenant obligations. See note 22 for further information.

31-12-2018	Accounts receivables and loans receivables	Other financial liabilities	Financial assets and liabilities measured at fair value via income statement	Total carrying amount	Fair value
Assets					
Deposits	12.3	-	-	12.3	12.3
Accounts receivables	26.6	-	-	26.6	26.6
Other receivables	110.8	-	-	110.8	110.8
Cash and cash equivalents	368.3	-	-	368.3	368.3
TOTAL ASSETS	518.0	-	-	518.0	518.0
Liabilities					
Interest bearing liabilities	-	110.5	-	110.5	110.5
Accounts payables	-	521.2	-	521.2	521.2
Other liabilities	-	86.8	-	86.8	86.8
TOTAL LIABILITIES	-	718.4	-	718.4	718.4

31-12-2017	Accounts receivables and loans receivables	Other financial liabilities	Financial assets and liabilities measured at fair value via income statement	Total carrying amount	Fair value
Assets					
Deposits	11.8	-	-	11.8	11.8
Accounts receivables	34.0	-	-	34.0	34.0
Other receivables	38.2	-	-	38.2	38.2
Derivatives	-	-	4.4	4.4	4.4
Cash and cash equivalents	429.7	-	-	429.7	429.7
TOTAL ASSETS	513.7	-	4.4	518.1	518.1
Liabilities					
Interest bearing liabilities	-	101.2	-	101.2	101.2
Accounts payables	-	282.7	-	282.7	282.7
Other liabilities	-	62.0	-	62.0	62.0
Derivatives	-	-	0.3	0.3	0.3
TOTAL LIABILITIES	-	445.8	0.3	446.2	446.2

Calculation of fair value

For the current financial year, the fair value of financial assets and liabilities is considered to approximate the fair value, whereupon the carrying amount is deemed to be the same as the fair value.

Maturity structure of outstanding accounts receivables and other receivables

	31-12-2018	31-12-2017
Accounts receivables		
Payment not due	3.8	25.7
Overdue 1-30 days	21.1	2.0
Overdue > 30 days	2.6	6.9
Doubtful accounts receivables	-0.9	-0.7
TOTAL	26.6	34.0

	31-12-2018	31-12-2017
Other receivables		
Paid within 0-30 days	110.8	38.2
Paid later than 30 days	-	-
Doubtful other receivables	-	-
TOTAL	110.8	38.2

Due to the short-term nature of the receivables, the effect of discounting is not deemed to be material and the carrying amount is considered to be consistent with the fair value. This is thus the maximum exposure. The credit quality is considered good for all outstanding not doubtful accounts receivables and other receivables. Impairment of receivables' credit quality is performed on a case by case basis.

	Total borrowing	Maturity within one year	Maturity within one to two years	Maturity within three to five years	Maturity after five years
Maturity structure of borrowing 2018					
Liabilities to credit institutions	110.5	35.5	25.1	49.9	-
Accounts payables	521.2	521.2	-	-	-
Other current liabilities	86.8	86.8	-	-	-
Maturity structure of borrowing 2017					
Liabilities to credit institutions	101.2	30.6	17.6	52.9	-
Accounts payables	282.7	282.7	-	-	-
Other current liabilities	62.0	62.0	-	-	-

Note 27 - Significant events after year end

After the reporting date, the Group's business continued to develop in accordance with expectations, without any external or internal events with considerable effects on the daily operations.

On February 5, 2019 Cæcilie Rottbøll was assigned the permanent position as Chief Human Resources Officer. Cæcilie commenced her position at Boozt on April 1, 2019.

Parent company income statement

SEK million	Note	01-01-2018 31-12-2018	01-01-2017 31-12-2017
OPERATING INCOME			
Net revenue		49.3	81.8
		49.3	81.8
OPERATING COSTS			
General expenses	2, 3	-5.4	-29.6
Personnel costs	4	-46.9	-78.0
Total operating costs		-52.3	-107.7
OPERATING PROFIT		-3.0	-25.9
FINANCIAL INCOME AND EXPENSES			
Financial costs		0.0	0.0
Net financial items		0.0	0.0
PROFIT/LOSS BEFORE TAX		-3.0	-25.9
Income tax	5	0.2	13.4
PROFIT/LOSS FOR THE YEAR		-2.8	-12.4

Rounding differences may effect the summations.

Parent company statement of comprehensive income

SEK million	01-01-2018 31-12-2018	01-01-2017 31-12-2017
PROFIT/LOSS FOR THE YEAR	-2.8	-12.4
Other comprehensive income	-	-
COMPREHENSIVE PROFIT/LOSS FOR THE YEAR	-2.8	-12.4

Rounding differences may effect the summations.

Parent company financial position

SEK million	Note	31-12-2018	31-12-2017
ASSETS			
Fixed assets			
Financial assets			
Participation in Group companies	6	747.3	747.3
Deferred tax asset	5	13.7	13.4
Total fixed assets		760.9	760.7
Current assets			
Short term receivables			
Receivables from Group companies		53.4	22.2
Förutbetalda kostnader och upplupna intäkter		0.1	-
Cash and cash equivalents	7	3.8	5.2
Total current assets		57.2	27.4
TOTAL ASSETS		818.2	788.1
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital		4.8	4.7
		4.8	4.7
Unrestricted equity			
Share premium reserve		1106.4	1081.8
Retained earnings		-343.1	-330.7
Net income		-2.8	-12.4
TOTAL EQUITY		765.4	743.4
LIABILITIES			
Non-current liabilities			
Other provisions		2.4	-
Total non-current liabilities		2.4	-
Current liabilities			
Accounts payable		0.3	0.4
Liabilities to Group companies		37.8	37.8
Other liabilities		2.6	1.5
Accrued expenses and prepaid income	10	9.7	5.0
Total current liabilities		50.3	44.7
TOTAL LIABILITIES		52.8	44.7
TOTAL EQUITY AND LIABILITIES		818.2	788.1

Rounding differences may effect the summations.

Parent company changes in equity

SEK million	Share capital	Share premium reserve	Profit/loss brought forward	Total equity
Equity as per 01-01-2017	3.9	689.2	-330.7	362.4
Profit for the year	-	-	-12.4	-12.4
Other comprehensive income	-	-	-	-
TOTAL NET INCOME	-	-	-12.4	-12.4
New share issue	0.7	361.4	-	362.2
Costs of share issue	-	-15.6	-	-15.6
Share based payments	0.1	46.8	-	46.9
Total transactions with owners	0.8	392.6	-	393.4
Equity as per 31-12-2017	4.7	1 081.8	-343.1	743.4

Rounding differences may effect the summations.

SEK million	Share capital	Share premium reserve	Profit/loss brought forward	Total equity
Equity as per 01-01-2018	4.7	1,081.8	-343.1	743.4
Profit for the year	-	-	-2.8	-2.8
Other comprehensive income	-	-	-	-
TOTAL PROFIT FOR THE YEAR	-	-	-2.8	-2.8
New share issue	0.1	24.6	-	24.7
Total transactions with owners	0.1	24.6	-	24.7
Equity as per 31-12-2018	4.8	1,106.4	-345.8	765.4

Rounding differences may effect the summations.

Parent company cash flow

SEK million	Note	01-01-2018 31-12-2018	01-01-2017 31-12-2017
OPERATING ACTIVITIES			
Operating profit		-2.9	-25.9
Adjustments for items not included in cash flow:			
Other items not included in cash flow		2.4	-
CASH FLOW BEFORE CHANGES IN WORKING CAPITAL		-0.5	-25.9
WORKING CAPITAL			
Changes in current assets		-31.3	-22.2
Changes in current liabilities		5.6	44.2
Cash flow from working capital		-25.7	22.0
CASH FLOW FROM OPERATING ACTIVITIES		-26.1	-3.9
INVESTMENTS			
Shareholder contributions		-	-384.4
CASH FLOW FROM INVESTMENTS		-	-384.4
FINANCING			
New share issue		24.7	393.4
CASH FLOW FROM FINANCING		24.7	393.4
Cash flow for the year		-1.4	5.2
Cash and cash equivalents beginning of period	7	5.2	0.0
Cash and cash equivalents end of period	7	3.8	5.2

Note 1 - Parent company's accounting principles

Parent company accounting principles

The parent company has prepared its annual accounts in accordance with the Swedish Annual Accounts Act and the recommendation RFR2 'Accounting for Legal Entities' issued by The Swedish Financial Reporting Council.

The differences between the Group's and the parent company's accounting principles are shown below. The below stated accounting principles of the parent company have been applied consistently to all periods presented in the parent company's financial reports, unless otherwise stated.

Subsidiaries

Participations in subsidiaries are recognised in the parent company using the acquisition cost method. This means that transaction costs are included in the carrying value of participations in subsidiaries.

Financial assets and liabilities

Due to the connection between accounting and taxation, the rules on financial instruments in accordance with IAS 39 are not applied in the parent company as a legal entity, but the parent company applies in accordance with the Swedish Annual Accounts Act, the acquisition cost method. In the parent company, thus financial fixed assets are valued at acquisition cost less any impairment loss and financial current assets at the lower of cost or market.

Shareholders' contributions

Shareholders' contributions are recognised directly against equity at the recipient and capitalised in shares and participations at the contributor to the extent impairment is not required.

Accounting of Group contributions

Paid and received Group contributions are recognised as an appropriation.

Note 2 - Audit fees

SEK million	2018	2017
Ernst & Young AB		
Auditing assignments	-	-0.1
Tax advice	-	-
Other services	-	-
Deloitte AB		
Auditing assignments	-0.1	-
Tax advice	-	-
Other services	-	-
TOTAL	-0.1	-0.1

Note 3 - External costs

SEK million	2018	2017
IPO related costs	-	-27.1
Other external costs	-5.4	-2.5
TOTAL	-5.4	-29.6

Note 4 - Employees and personnel costs

Average number of employees	2018		2017	
	Average number of employees	Men	Average number of employees	Men
Sweden	7	7	7	7
TOTAL	7	7	7	7
GENDER BALANCE AMONG SENIOR EXECUTIVES				
Board members	8	6	8	5
CEO and other senior executives	7	7	7	7
GROUP	15	13	15	12

Salaries, other remuneration and social costs

SEK million	2018	2017
COSTS FOR EMPLOYEE REMUNERATION		
Salaries and remuneration	51.8	145.4
Social costs	17.2	45.9
Pension costs	-	-
TOTAL	68.9	191.4
SENIOR EXECUTIVES		
Hermann Haraldsson (Group CEO):		
Salaries and remuneration	10.3	46.0
- hereof bonuses	0.6	5.7
- hereof share based payments	4.8	36.6
Pension costs	-	-
TOTAL	10.3	46.0
Other senior executives:		
Salaries and remuneration	36.2	98.7
- hereof bonuses	2.8	11.8
- hereof share based payments	19.3	76.9
Pension costs	-	-
TOTAL	36.2	98.7

Senior executives include the Board of Directors, the Group CEO, and other senior executives. The other senior executives include the Group CFO, Group CMO, Group CTO, Group COO, Group CPO and Head of Investor Relations, whom together with the Group CEO constitutes the management team of the Group. The unusually high remuneration in 2017 is explained by the company's IPO. For detailed information, see the Group's note 9.

Note 5 - Taxes

SEK million	2018	2017
CURRENT TAX		
Tax on profit for the year	-	-
	-	-
DEFERRED TAX		
Change in deferred tax related to tax losses carried forward	0.2	13.4
	0.2	13.4
RECONCILIATION OF REPORTED TAX		
Profit/loss before tax	-3.0	-25.9
Tax in accordance with current tax rates for parent company (22%)	0.7	5.7
Non-deductible expenses	-0.1	-0.1
Recalculation of deferred tax assets with new tax rate (21.4%)	-0.4	-
Costs of share issue (Equity)	-	3.4
Tax asset related to losses 2017 and earlier	-	4.4
TOTAL	0.2	13.4

The following table specifies the tax effect of the temporary differences:

SEK million	31-12-2018	31-12-2017
DEFERRED TAX ASSETS		
Deferred tax related to tax losses carried forward	13.7	13.4
TOTAL	13.7	13.4

Specification of changes in deferred tax assets:

SEK million	31-12-2018	31-12-2017
Opening balance deferred tax	13.4	-
Deferred tax asset incurred during the year	0.2	13.4
TOTAL DEFERRED TAX ASSET	13.7	13.4

Deferred tax assets for tax losses carried forward are reported to the extent that it is likely they will be utilised. The Group expects to utilise the deferred tax assets recognised within the coming 3 years. There is no time limitation for the deferred tax asset relating to tax losses carried forward.

Note 6 - Shares in Group companies

SEK million	31-12-2018	31-12-2017
OPENING BALANCE	747.3	362.9
Shareholders' contributions	-	384.4
Impairment losses for the year	-	-
CLOSING BALANCE	747.3	747.3

Company name	Boozt Fashion AB
Domicile/country	Malmö, Sweden
Org. no.	556710-4699
Share of ownership	100%
Business	Retail

Company name	Equity	Profit for the year	No. of shares	Accounted value 2018	Accounted value 2017
Boozt Fashion AB	808.1	46.7	288.095	747.3	747.3

List of Group companies		Share	Org. no.	Place
Boozt Fashion ApS	second-tier subsidiary	100%	32 55 14 16	Copenhagen, Denmark
Boozt M Partnership AB	second-tier subsidiary	100%	556723-8182	Malmö, Sweden
Boozt Retail AB	second-tier subsidiary	100%	556734-1200	Malmö, Sweden
Boozt Technology AB	second-tier subsidiary	100%	556746-1222	Malmö, Sweden
November 2009 Option Holding AB	second-tier subsidiary	100%	556826-4252	Malmö, Sweden
Beauty by Boozt A/S	second-tier subsidiary	100%	38 13 88 71	Copenhagen, Denmark
Boozt Retail A/S	second-tier subsidiary	100%	37 98 21 48	Copenhagen, Denmark
Boozt Technology A/S	second-tier subsidiary	100%	39 03 27 91	Copenhagen, Denmark

Note 7 - Cash and cash equivalents

SEK million	31-12-2018	31-12-2017
Cash and cash equivalents	3.8	5.2
TOTAL	3.8	5.2

Note 8 - Share capital

Share capital consists of 57,082,433 (56,338,433) common shares as per December 31, 2018. Common shares have a nominal value of SEK 0.08 (0.08). All shares hold the same voting and financial rights. Boozt AB does not hold any own shares.

Note 9 - Significant events after year end

On February 5, 2019 Cæcilie Rottbøll was assigned the permanent position as Chief Human resource Officer. Cæcilie commenced her position at Boozt on April 1, 2019.

Note 10 - Accrued expenses and prepaid income

SEK million	31-12-2018	31-12-2017
Accrued holiday pay	3.0	2.5
Accrued social charges relating to personnel	2.6	1.5
Accrued salaries	4.1	1.0
TOTAL	9.7	5.0

Note 11 - Proposed appropriation of profits

SEK	2018	2017
Premium fund	1,106,567,275	1,081,810,229
Retained earnings	-343,120,139	-330,695,313
Profit/loss for the year	-2,825,758	-12,424,826
Total	760,621,378	738,690,090
THE BOARD PROPOSES THAT PROFITS BE DISTRIBUTED AS FOLLOWS		
Profit/loss brought forward	760,621,378	738,690,090

Certification

The Board of Directors and the CEO certify that the consolidated financial statements have been prepared in accordance with the Swedish Annual Accounts Act and International Financial Reporting Standards (IFRS) as adopted by the EU and give a true and fair view of the Group's financial position and results.

The annual report has been prepared in accordance with generally accepted accounting principles and gives a true and fair view of the parent company's financial position and results.

The Directors' Report for the Group and the Parent Company provides a fair review of the Group's and Parent Company's operations, financial positions and results, and describes significant risks and uncertainty factors that the Parent Company and the companies included in the Group face.

The income statement and balance sheet and consolidated balance sheets will be presented to the Annual General Meeting on May 10, 2019 for adoption.

Signatures

MALMÖ, APRIL 9, 2019

HENRIK THEILBJØRN
Ordförande

HERMANN HARALDSSON
Verkställande direktör

JIMMY FUSSING NIELSEN

STAFFAN MÖRNDAL

JÓN BJÖRNSSON

KENT STEVENS LARSEN

CECILIA LANNEBO

BJØRN FOLMER KROGHSBO

CHARLOTTE SVENSSON

Our audit report was submitted on April 9, 2019
Deloitte AB

Didrik Roos
Authorised Public Accountant

Auditor's report

To the general meeting of the shareholders of Boozt AB (publ) corporate identity number 556793-5183

This is a translation of the Swedish language original. In the events of any differences between this translation and the Swedish original, the latter shall prevail.

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Boozt AB (publ) for the financial year 2018 except for the corporate governance statement on pages 61-73 and the sustainability report on pages 20-37. The annual accounts and consolidated accounts of the company are included on pages 75-133.

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 31 December 2018 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2018 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU and the Annual Accounts Act. Our opinions do not include the corporate governance statement on pages 61-73 and the sustainability report on pages 20-37.

The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the statement of

comprehensive income and the statement of financial position of the group.

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

Other information

The audit of the annual accounts for the financial year 2017-01-01 – 2017-12-31 was performed by another auditor who submitted an auditor's report dated 5 April 2018, with unmodified opinions in the Report on the annual accounts and consolidated accounts.

Basis for Opinions

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

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

Key Audit Matters

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

Revenue recognition with right of return

Description of risk	Our audit procedures
<p>The Group recognizes revenue when the control has been transferred to the buyer and its amount can be measured in a reliable manner and it is probable that future economic benefits will accrue to the Group. Net sales amount to SEK 2,784 million in 2018, spread over approximately 3.3 million customer orders, which means that Boozt handles large transaction volumes on a daily basis. Well-established routines for secure IT operations and well-functioning IT processes are thus of great importance for Boozt's operations since the extensive and intensive transaction volume means that completeness is critical for a significant error in the financial reporting not to arise. Revenue recognition also includes estimates and judgments since the reserve for expected returns, which as of December 31, 2018 amounts to SEK 129 million, is based on historical data and management's experience.</p> <p>Consequently, revenue recognition of sales of goods with the right of return is deemed to be a key audit matter.</p> <p>For further information, see Note 1 on "Accounting principles" on page 97 on Revenue, "Important estimates and assumptions" on page 101-102, note 3 "Net sales per region and distribution of income" on page 103, and note 23 "accrued expenses and prepaid income" on page 115.</p>	<p>Our audit procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Review of general security controls for involved systems for customer orders, inventories and accounting systems with involvement of IT auditor. • Data analysis on completeness and accuracy in sales and inventory transactions. • Review of the Group's processes and routines for revenue recognition with tests of design and implementation of key controls. • Assessed the management's assumption by comparing the accuracy of historical assessments in order to assess the precision and made the subsequent examination of actual outcomes of returns. • Review of completeness and correctness in relevant notes and disclosures provided in the financial statements.

Inventory valuation

Description of risk	Our audit procedures
<p>On December 31, 2018, Boozt's inventories representing approximately 54% of the Group's total assets and amounts to SEK 985 million. Inventories mainly consist of goods in the Group's central warehouse in Ängelholm. Inventories are valued at the lower of cost and net realisable value, where the acquisition value is calculated according to the "first-in-first-out principle" and the net realisable value is defined as the selling price reduced by selling costs.</p> <p>Incorrect assessment of purchases and large stocks that bind capital entail a risk of obsolescence and to determine the size of the obsolescence, the management must make assessments of future events and sales of individual products and product groups.</p> <p>The size of the post and the inherent complexity of assessment and estimation are critical and increases the risk of material misstatement in the financial reporting, which is why valuation of inventories is considered a key audit matter.</p> <p>For further information, see note 1 on "Accounting principles" on page 101 on inventories, "Estimates and assumptions" on page 102, and note 16 "Inventories" on page 111.</p>	<p>Our audit procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Review of the Group's processes and routines regarding the reporting of inventories with tests of design and implementation of key controls • Carried out data analysis to identify slow-moving and obsolete items and possibly additional obsolescence needs. • Test of details of accounting at acquisition value against purchase invoice. • Performed data analysis on sales transactions to ensure that valuation takes place according to the lowest value principle. • Review of completeness and correctness in relevant notes and disclosures provided in the financial statements.

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-19, 39-59 and 140-145. The Board of Directors and the Managing Director are responsible for this other information.

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

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

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

Responsibilities of the Board of Directors and the Managing Director

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

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the

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

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

Auditor's responsibility

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

- identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of the company's internal control relevant to our audit 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.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Boozt AB (publ) for the financial year 2018 and the proposed appropriations of the company's profit or loss. We recommend to the general meeting of shareholders that the profit to be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

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

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

Responsibilities of the Board of Directors and the Managing Director

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

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

Auditor's responsibility

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

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

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

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

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

Deloitte AB was appointed auditor of Boozt AB (publ) by the general meeting of the shareholders on 27 April 2018 and has been the company's auditor since that date.

Malmö at 9 April 2019
Deloitte AB
Signature on Swedish original

Didrik Roos
Authorized public accountant



A red corduroy jacket is hanging on a light-colored wooden hanger inside a locker. The locker door is light-colored wood with several dark, round knobs. The jacket is a button-down style with a collar and a chest pocket. A white label is visible inside the collar. The background is a plain, light-colored wall.

Additional information

Definitions / glossary

Active customers:	Number of customers which made at least one order during the last 12 months
Adjusted Admin & Other cost ratio:	Total operating costs less items affecting comparability, less share based compensations, less fulfilment costs, less marketing costs, less goods for resale less depreciation plus other operating income divided by net revenue
Adjusted EBIT:	Profit/loss before interest, tax, share based payments related to employees and items affecting comparability
Adjusted EBIT margin:	Adjusted EBIT divided by net revenue
Adjusted EBITDA:	Profit/loss before interest, tax, depreciation, amortisation, share based pay-ments related to employees and items affecting comparability
Adjusted EBITDA margin:	Adjusted EBITDA divided by net revenue
Adjusted fulfilment cost ratio:	Fulfilment and distribution cost less items affecting comparability divided by net revenue
Admin & Other cost ratio:	Total operating costs less fulfilment costs, less marketing costs, less goods for resale, less depreciation plus other operating income divided by net revenue
Average order value:	Transactional net revenue divided by no. of orders
BFC:	Boozt Fulfilment Centre
Conversion rate:	Total number of orders divided by total number of site visits
Depreciation cost ratio:	Depreciation and amortizations divided by net revenue
Earnings per share:	Profit/loss for the period divided by weighted average number of shares out-standing during the period
Earnings per share after dilution:	Profit/loss for the period divided by the diluted weighted average number of shares outstanding during the period. The number of ordinary shares shall be the weighted average number of shares, used when measuring basic earnings per share, plus the weighted average number of shares that would be issued on the conversion of all the dilutive potential shares into ordinary shares. Potential ordinary shares shall be treated as dilutive when, and only when, their conversion to ordinary shares would decrease earnings per share or increase loss per share.
Equity / asset ratio:	Total equity divided by total assets
Fulfilment cost ratio:	Fulfilment and distribution cost divided by net revenue
Items affecting comparability:	Items that are not related with the operations and are the type of items that are not expected to re-occur often or regularly and that are items of significant value
Gross margin:	Cost of merchandise divided by net sales
Gross profit:	Net sales decreased with cost for merchandise
Gross profit margin:	Gross profit (excluding other operating income) as a percentage of net sales
Marketing cost ratio:	Marketing cost divided by net revenue
Net working capital:	Current assets, excluding cash and cash equivalents, less non-interest bearing current liabilities
Net debt / net cash:	Interest bearing liabilities less cash and cash equivalents
Net revenue:	Transactional net revenue less fees paid to consignment partners plus other revenue
No. of orders:	Number of orders placed by customers during the period, irrespective of cancellations or returns
No. of orders per active customer (order frequency):	Number of orders during the last 12 months divided by the total number of active customers end of period
Site visits:	Number of visits to a site or group of sites, irrespective of device used
Share based payments:	Costs of the Group which are settled via issuing of shares
Transactional net revenue:	Gross sales (incl. shipping and invoice income) less discounts and returns, excl. VAT
True frequency:	Order frequency for customers that have been with Boozt.com during last 12 months, hence not impacted by orders from new customers

Rationale for the use of certain Alternative Performance Measures (APM)

Adjusted EBIT:

The aim of the figure is to display the operating profit excluding non-cash items and non-recurring items. Hence share based compensation related to employees and items affecting comparability are excluded from this metric.

Adjusted EBITDA:

The aim of this figure is to display profit/loss before depreciation and amortisation excluding non-cash items and non-recurring items, hence the operating profit/loss from the day to day operation excluding effects from investments, share based compensation related to employees and items affecting comparability.

EBITDA:

The aim of this figure is to display the profit/loss before interests, depreciation, and amortisation. Hence the operating profit/loss from the day to day operation excluding effects from investments.

Net working capital:

The purpose of displaying net working capital is to display short-term financial health since the measure indicate if the company has enough short-term assets to cover its short-term debt. Net working capital can be put in relation to net revenues to understand efficiency of net working capital tied up in operations.

Transactional net revenue:

The aim of the figure is to display the total consumer value of the orders processed less returns and excluding VAT. Transactional net revenue less fee to consignment partners plus other revenue not related to consumer orders equals net revenue. The transactional net revenue can be calculated as average order value (AOV) multiplied with no. of orders.

Reconciliation of total operating income

SEK million	01-01-2018 31-12-2018	01-01-2017 31-12-2017
GROUP		
Transactional net revenue	2,796.4	2,071.2
Less consignment sales	-50.7	-72.6
Other revenue	38.3	17.7
Net revenue	2,784.0	2,016.4
Other operating income	-	-
Total operating income	2,784.0	2,016.4
BOOZT.COM		
Transactional net revenue	2,670.5	1,975.2
Less consignment sales	-49.8	-46.7
Other revenue	38.3	17.7
Net revenue	2,659.1	1,946.2
Other operating income	-	-
Total operating income	2,659.1	1,946.2
BOOZTLET.COM		
Transactional net revenue	106.8	49.8
Less consignment sales	-0.9	-0.7
Other revenue	-	-
Net revenue	105.9	49.1
Other operating income	-	-
Total operating income	105.9	49.1
OTHER		
Transactional net revenue	19.0	46.2
Less consignment sales	-	-25.2
Other revenue	-	-
Net revenue	19.0	21.0
Other operating income	-	-
Total operating income	19.0	21.0

Reconciliation of adjusted EBIT

SEK million	01-01-2018 31-12-2018	01-01-2017 31-12-2017
EBIT	68.1	-69.8
Share-based payments related to employees (social charges)	-6.6	47.2
Share-based payments related to employees	1.7	4.8
IPO preparation costs	-	45.4
Other items affecting comparability*	-	20.6
Adjusted EBIT	63.2	48.2

Rounding differences may affect the summations.

*Other items affecting comparability are related to the Group's warehouse move.

Reconciliation with financial statements according to IFRS

SEK million unless otherwise indicated	01-01-2018 31-12-2018	01-01-2017 31-12-2017
Cash and cash equivalents	-368.3	-429.7
Interest bearing liabilities (current and non-current)	110.5	101.2
Net debt / -net cash	-257.9	-328.5
Total equity	870.4	790.8
Total assets	1,833.5	1,439.1
Equity / asset ratio	47.5%	55.0%
No. of orders (000) (A)	3,288	2,509
Site visits (000) (B)	109,138	88,506
Boozt.com - Conversion rate (A) / (B)	3.01%	2.84%
Transactional net revenue - Boozt.com (A)	2,670.5	1,975.2
No. of orders (000) (B)	3,288	2,509
Average order value (SEK) (A) / (B)	812	787
No. of orders (000) (LTM) (A)	3,288	2,509
Active customers (000) (B)	1,363	1,057
No. of orders per active customer (A) / (B)	2.41	2.37
Inventory	984.9	626.7
Accounts receivable	26.6	34.0
Other receivables	110.8	38.2
Current tax assets	0.6	0.5
Prepaid expenses and accrued income	40.1	26.9
Accounts payable	-521.2	-282.7
Other liabilities	-86.8	-62.0
Accrued expenses and prepaid income	-240.3	-181.1
Net working capital	314.6	200.4
Net working capital - percent of LTM net revenue	11.3%	9.9%
Gross margin (%)	40.0%	42.7%
Fulfilment cost ratio (%)	-13.8%	-15.5%
Marketing cost ratio (%)	-12.2%	-13.0%
Admin & other cost ratio (%)	-9.8%	-16.2%
Depreciation cost ratio (%)	-1.8%	-1.5%
EBIT margin (%)	2.4%	-3.5%
Operating profit/loss (EBIT)	68.1	-69.8
Depreciation and amortisation	49.1	30.8
EBITDA	117.2	-39.0
Share-based payments related to employees (social charges)	-6.6	47.2
Share-based payments	1.7	4.8
IPO preparation costs	-	45.4
Other items affecting comparability*	-	20.6
Adjusted EBITDA	112.3	79.0

Rounding differences may affect the summations.

*Other items affecting comparability are related to the Group's warehouse move. Some of the key ratios such as gross margin, earnings per share and EBIT margin may be easily calculated from the financial statements. Such metrics are regarded as reconciled and are not presented above.

Financial calendar

May 10, 2019

Annual General Meeting 2019

May 15, 2019

Interim report January – March, Q1 2019

August 15, 2019

Interim report January – June, Q2 2019

November 14, 2019

Interim report January – September, Q3 2019

Financial reports

Consolidated financial statements are available at www.booztfashion.com.

Boozt AB (publ) is a public limited company. In case of enquiries or questions to the Group, please contact:

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This information is such information as Boozt AB (publ) is obliged to make public pursuant to the Swedish Securities Markets Act. The information was submitted for publication at 16:00 a.m CET on April 9, 2019.

This report may contain forward-looking information that is based on the present expectations of Boozt's management. No assurance may be given that these expectations will prove to be correct. Actual outcomes may deviate significantly from what is reflected in the forward-looking information due to changed conditions relating to the economy, market or competition, changes in legal requirements and other political measures, fluctuations in exchange rates and other factors outside of Boozt's control.

Boozt

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