Corporate governance report

This report is published April 9, 2019

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 the 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			
Name	Position	Member since	The Company and executive management	Major shareholders	Board meetings	Audit Committee meetings	Remuneration Committee meetings	Directors' fees - SEK (000)
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 memberr	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 Bjørnsson	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

Director's report

This report is published April 9, 2019

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).

Renumeration 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	• The Group targets annual net revenue growth in the range of 25-30% in the medium term
ADJUSTED EBIT MARGIN	• The Group targets an adjusted EBIT margin exceeding 6% in the medium term • The Group expects to increase the adjusted EBIT margin annualy 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 appropiation 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


SACHAJUAN
STOCKHOLM
OCEAN MIST
VOLUME SHAMPOO
PROFESSIONAL
HAIRCARE
250 ML
BIOTHERM
BATH THERAPY
DELIGHTING BLEND
gommage lissant réconfortant
infusé au pamplemousse et sauge
body smoothing scrub
infused with grapefruit and sage
200 ml 6.76 FL OZ
BLACK
OPIUM
YVESSAINTLAURENT
ELEMIS
PRO-COLLAGEN
ROSE CLEANSING BALM
Super cleansing treatment balm
DECLÉOR
PARIS
HUILE CICA-BOTANIC
BOURRACHE
CICA-BOTANIC OIL
100 ml
CLINIQUE
dramatically different
hydrating jelly
gelée hydratante
tellement différente
O·P·I
INFINITE
SHINE 2
LONG WEAR LACQUER
VERNIS LONGUE TENUE

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.

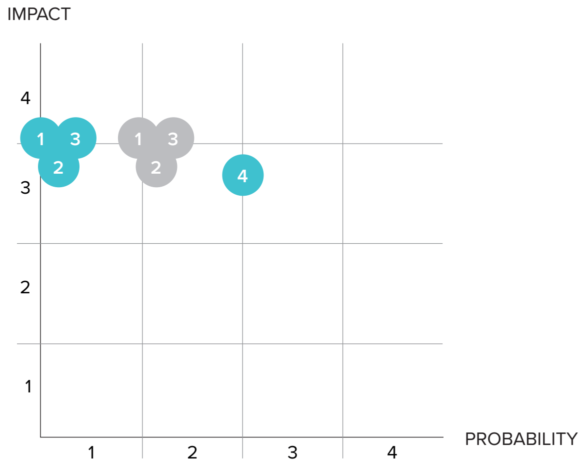
Operational risks are continuously evaluated within the daily operations. Management related risks are continuously reviewed by management and documented by the Internal Control Function. Group Management reports monthly to the Board of Directors on potential risk issues. The Board of Directors are responsible 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.



1. Re-financing risks
2. Liquidity reserve risk
3. Accounts receivable risk
4. Currency risk

Current risk rating

Previous risk rating (if changed)

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

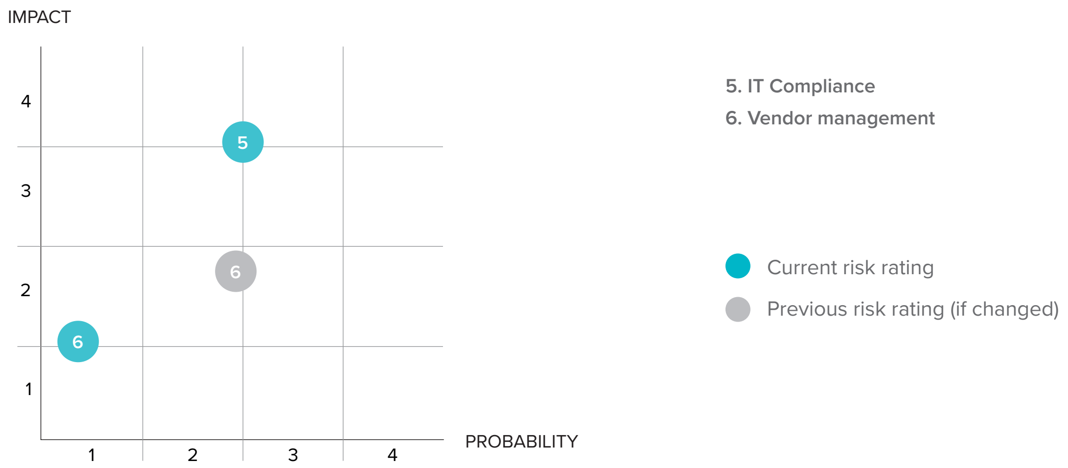
The Group faces two seasonality low points in liquidity per fiscal year. The Group shall strive to have a sufficient liquidity reserve. During low-points the Group has access to a revolving credit facility to ensure a sufficient liquidity reserve.

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 gods 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

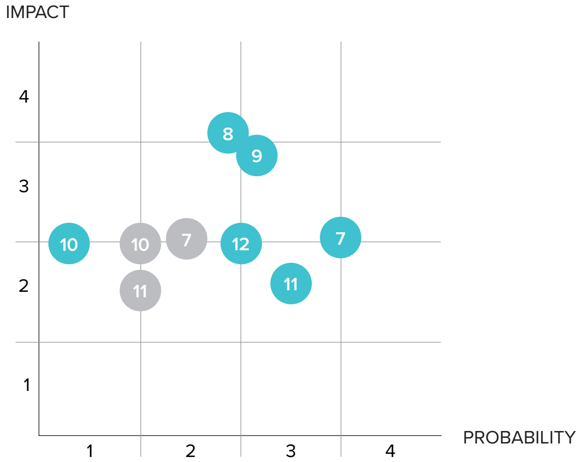
In 2018 Nasdaq has performed a one-year review of the Group's communication and compliance with rules and regulations. A few areas were improved as consequence of the evaluation, but the conclusion was that no sanctions were invoked on the Group.

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.



7. Competitiveness
8. Growth
9. & 10. Personnel
11. Overall economic risks
12. Reputational risk

Current risk rating
Previous risk rating (if changed)

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

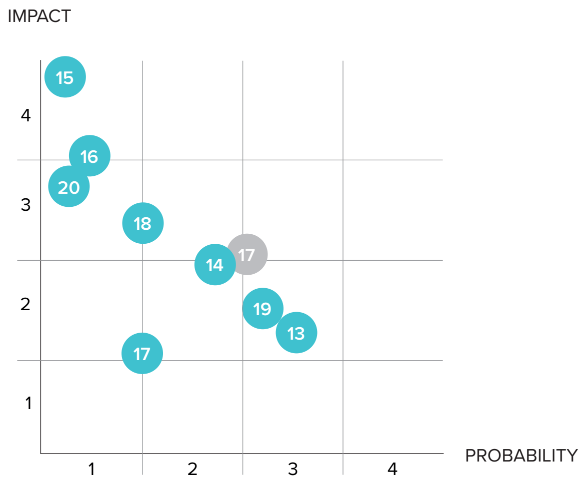
Competitiveness
With our curated offering, positioned to stay relevant to the modern Nordic fashion follower, we believe that our competitive advantage is strong. We have high awareness within our target group and continue to differentiate ourselves by creating customer loyalty through analysis and data 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"



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

This report is published April 9, 2019

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	20	429.7	221.8
CASH AND CASH EQUIVALENTS END OF THE YEAR	**20**	**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 FINIANCIAL 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 Average number of employees	2018 Men	2017 Average number of employees	2017 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	-	-
DEFFERED 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
Recalulation 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
DEFFERED 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 liabilitites	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 liabilitites	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.

Maturity structure of borrowing 2018	Total borrowing	Maturity within one year	Maturity within one to two years	Maturity within three to five years	Maturity after five years
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		1 106.4	1 081.8
Retained earnings		-343.1	-330.7
Net income		-2.8	-12.4
		760.6	**738.7**
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 Average number of employees	2018 Men	2017 Average number of employees	2017 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	-	-
	-	-
DEFFERED 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
Recalulation 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
DEFFERED 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 deffered 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.