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Everyone should experience the joy of reading, every day!

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BOKUSGRUPPEN IN SHORT

Sweden's leading book retailer

Bokusgruppen is Sweden's market-leading book retailer, which with its strong and complementary brands Bokus, Bokus Play and Akademibokhandeln, reaches a large share of Sweden's population. In addition to books in all formats and channels (physical and digital), Bokusgruppen offers a large and inspiring range of writing products, board games and art supplies. Based on its vision – "Everyone should experience the joy of reading, every day" – Bokusgruppen aims to satisfy the customers' varying requirements and be the preferred choice for as many as possible. Bokusgruppen generated net sales of SEK 1.9 billion in 2021, had an average of 403 employees and is listed on Nasdaq First North Premier Growth Market.



A unique position in the book industry

Bokusgruppen is the only Swedish book retailer that offers books in all formats and channels, and the only operator with a nationwide network of stores.

- 100 physical stores with 13 million visits in 2021
- 39 million online visits in 2021
- 45% of sales in online channels and 55% in physical stores in 2021
- 76% of sales come from books

In addition to books (physical and digital), Bokusgruppen offers a large and inspiring range of other products, including writing products, board games and art supplies.

Clear vision, dedicated employees and focus on sustainability

With a strong corporate culture and dedicated employees, we all work towards the same vision: Everyone should experience the joy of reading, every day! Based on profitability, Bokusgruppen aims to contribute to a sustainable and democratic society, enabling future generations to have the opportunity to experience the joy of reading.

Strong brands and large customer base

The complementary brands Bokus, Bokus Play and Akademibokhandeln are well liked and familiar to a large part of Sweden's population.

- 0.9 million active* Bokus customers
- 2.1 million members of the Akademibokhandeln's Vänner loyalty club, of whom 1.3 million are active members*
- High brand awareness: 95% for Akademibokhandeln, 81% for Bokus

* At least one purchase in the last 12 months

bokus Online shopping with over 10 million physical and digital book titles, a seamless customer experience and low prices.

bokus play Subscription service for audio books and e-books with over 60,000 book titles.

AKADEMIBOKHANDELN A network of approximately 100 stores and a growing online shopping business. A product range of books, board games, toys, art supplies and gift wrapping. Centrally owned stores and franchise stores.

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HIGHLIGHTS OF THE YEAR

An eventful year



Bokusgruppen listed on Nasdaq First North Premier Growth Market

On 4 June, Bokusgruppen was listed on Nasdaq First North. The listing took the form of a distribution to the owners of the former Parent Company Volati. The initial public offering (IPO) puts us in a stronger position to reach out to existing and potential shareholders. It also allows us to independently control the cash flows that the company generates, for example by directing them towards investments required to generate digital growth in line with our financial targets.



“Skriva Spela Skapa” at Akademibokhandeln Online

In June, our range of other products – “Skriva Spela Skapa” – was launched in Akademibokhandeln’s online channel. The product range generates a significant portion of our store sales, accounting for 37% of sales in our Akademibokhandeln Stores segment. The products have been in demand and were very positively received online by our customers. In the fourth quarter of 2021, the product range accounted for 10% of Akademibokhandeln Online’s sales.

Stepping up our sustainability efforts

During the year, we launched major sustainability initiatives, which are now more ambitious than ever. We have formulated high-reaching targets for the next five years. You can read more about our sustainability areas and targets on pages 28–45.



Experimenting with new store formats

Akademibokhandeln’s store network consists of about 100 stores across the country. To further strengthen our relevance, we tested new store formats in 2021. In the summer, Akademibokhandeln’s pop-up bus visited holiday resorts from Piteå in the north to Malmö in the south. At the end of the year, a pop-up store in Tyresö Centrum opened its doors in time for the Christmas shopping season and the annual national book sale period. In the fourth quarter, a new store also opened in a prime location in Gothenburg. There, in a slightly smaller store format, new concepts are being tested, including self-checkouts.

Recruiting digital talent

An important success factor for our digital transformation, and to achieve our growth target in our online channels, is to increase our digital expertise. We can do this by developing the skills of our existing employees as well as by recruiting new employees. During the year, we made several important hires in digital subscriptions, technological development, customer analysis and digital marketing.



An important focus area for Bokusgruppen is to migrate the business to modern and flexible IT solutions.

Continued investments in digital transformation

An important focus area for Bokusgruppen is to migrate the business to modern and flexible IT solutions. During the year, we focused on creating an efficient, customer-friendly technical store solution that strengthens the stores’ connection to Akademibokhandeln’s online channel. The new solution was piloted in the autumn and was rolled out to all stores in early 2022.

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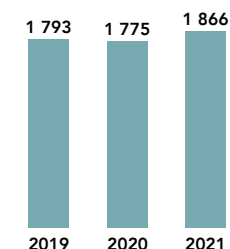
PROFITABLE GROWTH AND VERY STRONG CASH FLOW

- Net sales totalled MSEK 1,866.1, which is an increase of 5.1% driven by sales growth across all channels.
- Online sales accounted for 45% of total net sales, up from 44% in 2020.
- Net sales growth was 7.3% for the online channels and 3.4% for physical stores.
- Gross margin growth was 7.3%.
- EBITA was MSEK 124.1, or MSEK 108.5 adjusted for items affecting comparability.
- EBITA growth was 47.3%, or 71.1% adjusted for items affecting comparability.
- The EBITA margin was 6.7%, or 5.8% adjusted for items affecting comparability.
- Operating cash flow totalled MSEK 217.2 (188.5), or MSEK 109.3 (70.6) adjusted for repayments of lease liabilities.
- The Board of Directors proposes a dividend of SEK 3.00 (1.46) per share to be paid in two equal instalments, the first in May and the second six months thereafter.

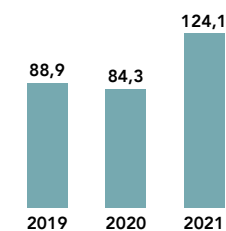
NET SALES ONLINE VS. STORES, %



NET SALES, MSEK



EBITA, MSEK



PERFORMANCE MEASURES

MSEK	2021	2020
Net sales	1,866.1	1,774.9
Net sales growth, %	5.1%	-1.0%
Gross margin, %	38.4%	37.7%
EBITDA	246.0	221.5
EBITA	124.1	84.3
EBITA excl. items affecting comparability	108.5	63.4
EBIT	81.1	43.2
Net profit/loss	50.5	4.3
Earnings per share, SEK	3.31	0.32
Operating cash flow	217.2	188.5
Dividend per share, SEK ¹⁾	3.00	1.46
Share of sales in online channels, %	45%	44%
Equity/assets ratio, %	45.8%	34.0%
Net debt/adjusted EBITDA, x	-1.2	1.6

1) The figure for 2021 refers to the proposed dividend



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Our focus on customers continues to yield results. We have made fantastic progress towards our three financial targets.

COMMENTS FROM THE CEO

A strong and eventful year

2021 was an eventful year during which many milestones were reached. Bokusgruppen once again showed that the company can successfully manage changed circumstances and continue to deliver value even in uncertain times.



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Bokusgruppen's ability to maintain its profitability is a sign of strength and bodes well for the future.

> We have completed an eventful year. I am pleased to note that our focus on customers has continued to yield results. In 2021, net sales increased by just over 5% to MSEK 1,866. Sales increased across all segments and EBITA improved. The adjusted EBITA margin was 5.8%, just below our stated target of 6%. Overall, we have made fantastic progress towards our three financial targets. In addition to a strong EBITA margin, our stores continued to grow in line with the economy, and growth in our online channels for the full year was 7.3%, which means that we are well on the way towards achieving our target of 10% average annual growth. Our customers have appreciated what we have done, as evidenced by the increase in our net promoter scores (NPS). Our NPS for Akademibokhandeln was 63, which is right on target, and our NPS for Bokus was 59, above our target of 55.

The fourth quarter was a strong period. Our business always experiences significant seasonal variations, with lower sales and earnings in the first two quarters. In the third quarter, sales increase gradually, culminating in the Christmas shopping season in the fourth quarter.

2021 was a year that to a large extent was still marked by the uncertainty we learned to live with in 2020 when the pandemic started. The fact that Bokusgruppen once again successfully managed this uncertainty and maintained its profitability is a sign of strength and bodes well for the future. Regardless of how we worked during the year – with or without restrictions in our stores, at the office or from home – our many dedicated employees ensured that we always reached our customers in new, innovative ways.

Minor impact from the pandemic in the second half of the year

In the first half of the year, in-store sales were hit by the pandemic and the restrictions that were introduced, while demand in our online channels was stronger. After the summer, as the vaccination rate increased and restrictions were eased, customer behaviour returned to its pre-pandemic pattern. Towards the end of the year, concerns increased again as restrictions, although minor, were reintroduced. These had a limited impact on Christmas sales in our physical stores. Fortunately, Bokusgruppen experienced only minor effects from

other consequences of the pandemic in 2021, in the form of an uncertain supply of goods, disruptions in supply chains and price increases, but some uncertainty will continue into 2022.

Key milestones

In the spring, we worked on preparations for Bokusgruppen's IPO on Nasdaq First North Premier Growth Market, which took place on 4 June 2021. Being a listed company puts us in a better position to reach existing and potential shareholders while also enabling us to independently control the cash flows we generate. This is an important factor for our ability to drive growth going forward.

In our online channels, we expanded the shipping options for our customers. We also launched our important range of other products – “Skriva Spela Skapa” – at akademibokhandeln.se, which was well received by the customers. The launch took place in the second quarter and towards the end of the year sales had reached really good levels.

In the autumn, we opened a new store on Kungsgatan in Gothenburg as well as a pop-up store in Tyresö Centrum, in time for the Christmas shopping season

INTRODUCING Maria Edsman

Maria Edsman started at Bokusgruppen as Head of Sales in 2014 and took on the role of CEO in 2018. She studied at the Stockholm School of Economics.

Favourite author: Carlos Ruiz Zafón

and the annual national book sale period. In these stores, we have tried out new concepts and ideas. In the summer, Akademibokhandeln also rolled out a summer bus, which made stops at various locations around Sweden and spread the joy of reading among holiday-makers. At the beginning of the year, we closed four stores as part of our ongoing efforts to optimise our store network based on customer flows and profitability. In all locations where we closed stores, however, we still have stores in the local area, either in the same area or in the same city.



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> In the final quarter of the year, we began the roll-out of a new IT platform for stores, which includes mobile and flexible checkouts and will enable us to integrate Akademibokhandeln's stores and online channel.

Focusing on sustainability

During the year, we worked hard to implement our updated sustainability strategies and sustainability targets throughout the business. These efforts engaged many of our employees as cross-functional teams worked dedicatedly to develop sub-targets for each sustainability area along with associated action plans. Our ambitious targets and action plans do not exist just on paper; they are concrete governing documents that will help us integrate sustainability aspects throughout our business. In 2021, we carried out a number of activities linked to our sustainability targets, including social audits at factories in high-risk countries. We also launched the Läsborgarmärket concept aimed at primary schools, to which 2,000 teachers responded by ordering materials to support them in teaching reading. We know that our customers and employees value serious sustainability work and that they expect us to do our bit. Our ambition is to reduce our already relatively low carbon emissions in the coming years and we will also work even harder on social sustainability, where we know we can do a lot of good by promoting reading among children, young people and adults.

Physical stores still going strong

Bokusgruppen is and remains a retailer and bookseller to be reckoned with. Year after year, our physical book retail business has continued to stand strong, and such was also the case in 2021 despite the impact of the pandemic, which affected our business during much of the year. Our customers always shop where it suits them best at any given time, in-store or online, and that's what makes our offering so strong.

Our physical stores are profitable, but are also important as storefronts for us across Sweden. We have a presence in nearly 100 locations where our customers can visit us and receive personal service. In addition to attracting customers, our stores also create loyalty and serve as inspiring meeting places.

Increased investments for long-term growth

In 2022, we will continue to roll out our new store system, which is a technical upgrade and will integrate Akademibokhandeln's stores with our online channel. Over the next two years, we will intensify our efforts to upgrade our online platforms. In addition to investing heavily in digitisation, we will continue to invest in technical expertise through recruitment as well as skills development. Technical expertise is a key success factor for our digital transformation and for achieving our financial growth target in our online channels.

In addition to investments in technological and skills development, we will be changing our partner for e-commerce logistics in 2022 in order to be able to offer even better delivery solutions to our online customers. We are also expanding our marketing efforts for Bokus and Bokus Play and will continue to develop our "SkriVA Spela Skapa" range.

A favourable outlook

Our increased investments may affect our earnings in the short term, but in the long term they will enable us to grow in line with our targets. We need to exceed our customers' new and increased expectations – this is essential to securing our future position.

I am very pleased that we delivered such strong results in 2021, despite all the challenges we faced. It is reassuring to know that together we can face the future with self-confidence and achieve success.

We will continue to deliver value, creativity and the joy of reading with a focus on the customer!

Maria Edsman
CEO Bokusgruppen

Bokusgruppen's annual report for 2021 was completed before Russia's invasion of Ukraine. The analyses and forward-looking statements presented in the report thus have not taken into account any consequences of the war.

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Technical expertise is a key success factor for our digital transformation and for achieving our growth target in our online channels.





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TRENDS AND MARKET

A changing world

The book industry has undergone major changes in recent years. The market continues to grow and the pandemic has had a positive impact on book sales. At the same time, demand is increasing for Bokusgruppen's range of other products – "Skriva Spela Skapa" – comprising art and craft supplies, jigsaw puzzles and board games.

The book industry has undergone a major structural change over the past 15 years. Technical improvements have given rise to new consumption habits and customer behaviours. While this has been challenging for many players, it has also created opportunities to generate interest in books among more people. There is a wealth of industry statistics for Swedish book sales that confirm these trends.

As a contrast to digitisation, there is also an offline trend of growing interest in creative arts, crafts, jigsaw puzzles and board games. This part of Bokusgruppen's product range is more fragmented and consists of a wide variety of product categories. There are no official industry statistics on these product categories.

A growing book market

Overall, the Swedish book market has expanded rapidly in recent years, increasing by an average of 4.4 % annually over the period 2015–2021. Sales of printed books have been relatively stable, while digital subscriptions have been added as a complement and driven growth in the market. In 2021, total book sales

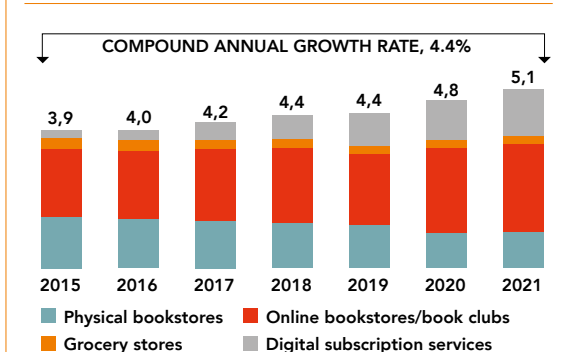


increased by 6.3% or MSEK 301, compared with 8.7% in 2020. The value of the book market thus passed the SEK 5 billion mark for the first time in 2021.

Printed books remained strong during the pandemic. Sales of paper books increased by 4% in 2021 and accounted for around 75% of the total book market.

Sales in the largest sales channel, online bookstores/book clubs, increased in 2021, but at a slightly lower rate than in 2020. Sales in physical bookstores also increased year on year after a very strong fourth quarter. Digital subscription services continued to grow rapidly during the pandemic, although not at the same rate as before the outbreak (Bokförsäljningsstatistiken 2015–2021).

A GROWING BOOK MARKET, SALES GROWTH BY CHANNEL 2015–2021, SEK BILLION



Source: Bokförsäljningsstatistiken 2015–2021

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Online stores have long been the biggest sales channel

The shift in channels in the book industry is very mature, with online stores becoming the largest channel for book sales back in 2012. In 2021, online sales accounted for 49% of the total book market, including digital subscription services (Bokförsäljningsstatistiken 2021).

In terms of single sales of paper books and digital formats, online sales accounted for 67% of total sales in 2021. This is significantly higher than in many other industries. In clothing, for example, the online share is 31% and in construction 15% (E-barometern 2021).

Strong online sales and stable physical bookstore sales

The book industry was an early adopter of e-commerce as a sales channel. Bokus was established back in 1997, as was our competitor Adlibris. Offering low prices, a wide range of products and delivery directly to the customer, Bokus and Adlibris quickly captured market share in the book industry and remain the dominant players to this day.

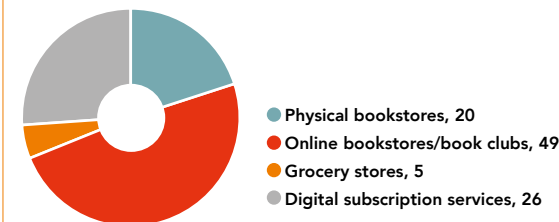
There are also a number of smaller players, both pure-play e-retailers and operators linked to physical bookstores, such as Akademibokhandeln's online business. Amazon launched its Swedish e-commerce business in autumn 2020 but has not established a strong position.

In face of the rapid growth of online retailers, physical retailers have adapted and consolidated. The number of booksellers is significantly lower today than 20 years ago. Akademibokhandeln has been instrumental in consolidating most of the smaller players and is now the only nationwide book retailer with a market share of over 70% in that channel. Its competitors are primarily independent booksellers, several of whom collaborate through the bookstore chain Ugglan.

Most book consumers can buy books online at lower prices, yet a large proportion of consumers still choose to buy at higher prices in-store for an experience that is more rewarding than a mere purchase transaction. Many appreciate the store environment and the knowledgeable staff who provide inspiration and advice to help customers find the right reading experiences and gifts. This was apparent, for example, in the rapid recovery which bookstores experienced as soon as pandemic restrictions were eased. Instead of sticking to new habits of shopping exclusively online, many customers returned to bookstores. This shows the importance of a physical location and personal meeting, and suggests that online and physical book retailers will continue to co-exist.

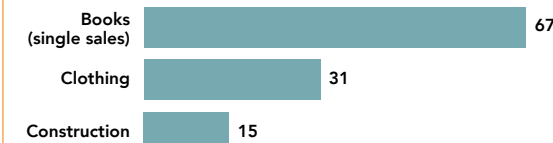
Several large formerly pure-play online retailers in other industries are also choosing to open physical stores. There are examples both in Sweden and internationally. Physical stores not only provide highly valuable brand exposure, but can also be used as local warehouses for fast distribution of online orders. Having a physical store in a certain location also has what is known as a halo effect, which means that retailers sell more online to customers in areas where they have a store.

BREAKDOWN BY SALES CHANNEL, %



Source: Bokförsäljningsstatistiken 2021

SHARE OF ONLINE SALES BY INDUSTRY SEGMENT, %



Source: E-barometern 2021 and Bokförsäljningsstatistiken 2021

Paper books include printed hardcover books and paperbacks that you buy online or in-store.

E-books are digital books that you read on your phone, iPad or e-reader. They can be purchased individually and downloaded or accessed using a subscription service such as Bokus Play.

Audio books are books that you listen to using a subscription service such as Bokus Play. They can also be purchased individually and downloaded or in the form of CDs.



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Continued growth in audio book and e-book subscriptions

The market for digital book subscriptions is still growing strongly, albeit at a slowing pace. For the full year 2021, the subscription segment grew 16.2%, compared with 25% in 2020. In addition to Bokus Play, there are three major, long-established players in the subscription market, the largest being Storytel. These have a strong focus on international geographic expansion.

Audio books have long been available in the Swedish market, originally in the form of CDs. The need for a physical medium and player was a limitation for the format but smartphones later made it possible to make audio available in all its forms. At first, customers could only buy single books. When the subscription form with streamed books was introduced, audio books really took off.

For many book consumers, listening to audio books is a complement to reading printed books. The format makes it easier for people to enjoy books at times when it is not possible to read. Subscriptions have therefore added value to the market as many customers have increased their spending on the book category. Some customers have switched completely to the audio format while others have discovered books by listening.

Subscriptions for digital books also include e-books, meaning books that are read digitally. While use of this format is increasing, audio books still account for the vast majority of consumption in subscriptions.

Among Swedes over the age of 18, 20% pay for a digital book subscription (The Swedes and the Internet 2021).

A growing emphasis on sustainability from suppliers as well as customers

Suppliers in the industry have a strong focus on minimising their carbon footprint and are choosing to shift more production to Europe while minimising the use of plastic and packaging in production and optimising deliveries. An example of this is the joint climate project of the Swedish Publishers Association, the Swedish Booksellers Association and streaming services in which different players in the book industry are working together to find ways to focus on and reduce their climate impact. Read more about this in our Sustainability Report on pages 28–45.

In the retail industry, it is becoming increasingly important to help the customer make good environmental choices by providing information about individual products' carbon footprint, where the product is produced, what certifications it has and what it contains, all of which Bokusgruppen also intends to highlight in the coming years. In e-commerce, customers want to be able to choose green transport options, which is another high-priority agenda item for us.

The book industry outside Sweden

The book industry differs from other consumer goods segments in that it has a strong local character. In most markets, the majority of books read are written by authors from the reader's own country and in the local language.

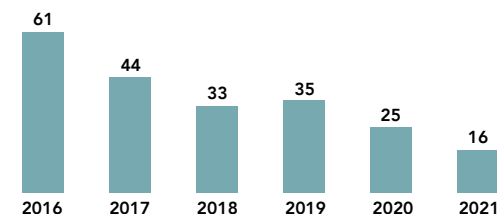
In some countries, the book industry is considered to have a great cultural policy value and is therefore regulated differently from other consumer goods. Several markets in Europe have a fixed price system for books, including France, Germany, the Netherlands and Norway. In France, the book industry was classified as an essential service during the pandemic and was exempted from lockdowns.

E-commerce as a sales channel has long existed in many markets but its share of the market differs between countries. Regulated markets with fixed price systems have a lower e-commerce share as online players cannot compete on price. Online retailers' market share for books is very high in Sweden compared with other markets. In many markets, Amazon has been the driving force behind e-commerce and has become the largest player in the book segment, notably in the US and UK markets. Amazon also has a strong position in Germany and France, even though these are fixed price markets.

Another difference between markets is how the digital book formats have evolved. In the Anglo-Saxon markets, e-books quickly captured market share from printed books, largely driven by the use of Amazon's Kindle e-reader. The e-book share of total book sales peaked five to ten years ago at about 25%. Since then, e-books have stabilised at that level or even ceded some ground to printed books.

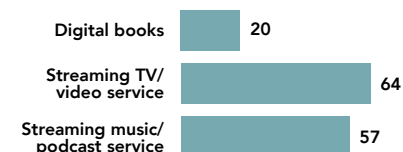
In Sweden, many industry experts long expected e-books to follow the same trajectory as in the UK and US. Instead, audio books took off from the early 2010s, and audio book penetration is now very high in Sweden compared with other markets.

SALES GROWTH IN AUDIO BOOK SUBSCRIPTIONS AND E-BOOKS, %

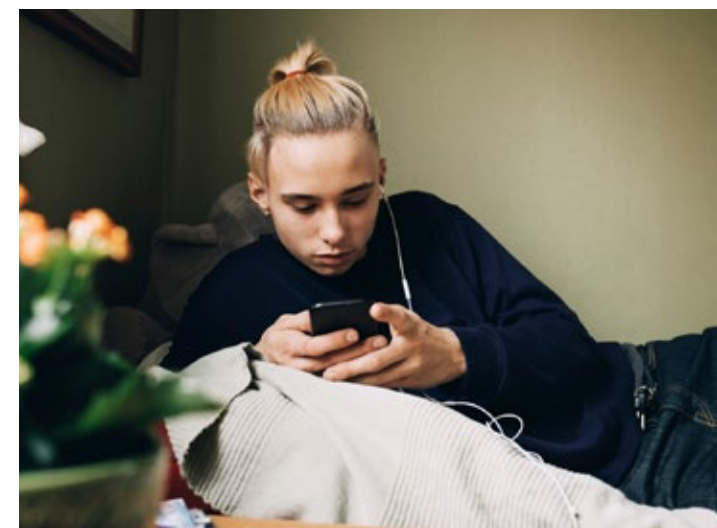


Source: Bokförsäljningsstatistiken 2016–2021

PROPORTION OF POPULATION OVER THE AGE OF 18 WHO PAY FOR A SUBSCRIPTION, %



Source: The Swedes and the Internet 2021



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READING HABITS

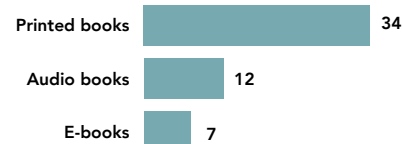
Who are the readers and what do they read?

Books compete with many other media but are holding their ground – 64% of the Swedish population read a book in a normal week. Printed books are still the dominant format but audio books are gaining ground.

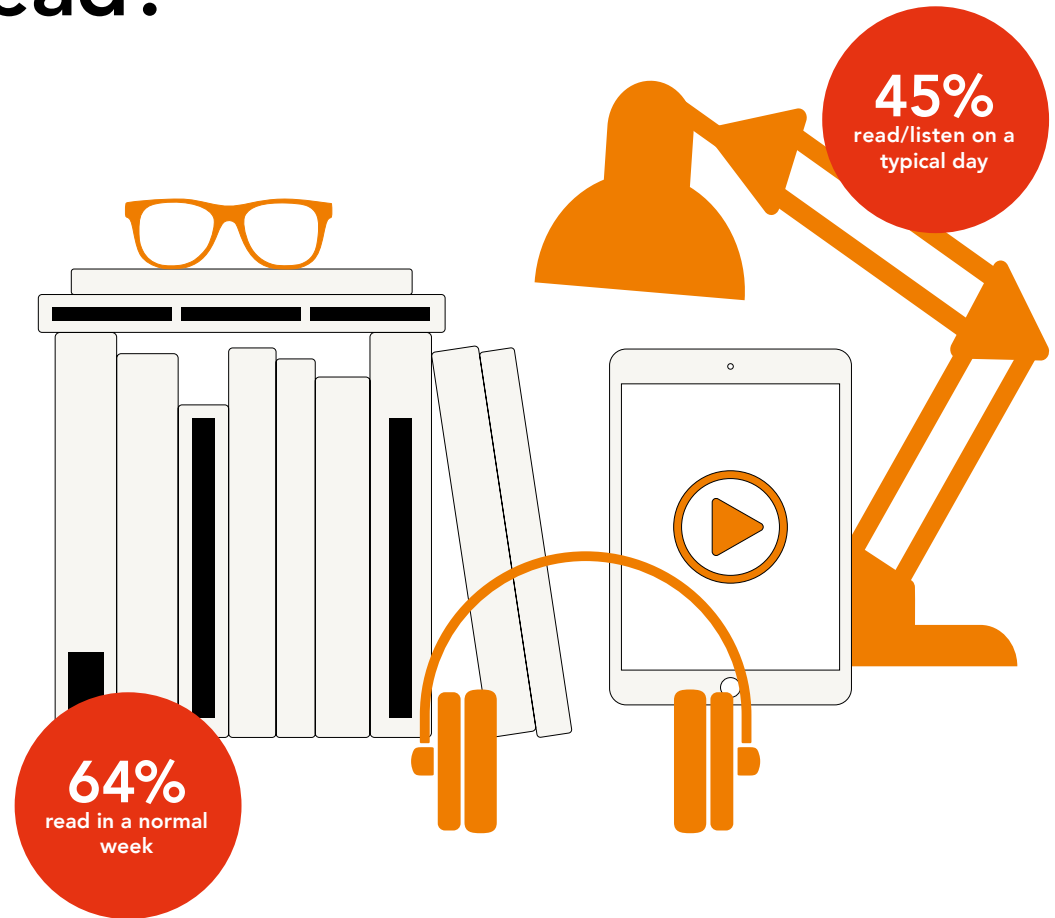
Books have retained their popularity despite increased competition from many new media. 45% of the population (9–85 years old) read or listen to a book in some format on a normal day (2020). In the course of week, as much as 64% of the population read a book. This is an increase from 2019 and is explained by increased use of audio books and e-books. Fiction is the dominant genre – one in three people read or listen to a fiction book on a typical day.

Printed books remain the dominant format across all age groups. 34% of the population spend time reading a printed book on a normal day. 12% of the population listen to audio books while e-book penetration remains low at 7%.

WHAT BOOK FORMATS DOES THE POPULATION (9–85 YEARS OLD) CONSUME ON A NORMAL DAY, %



Source: The Media Barometer 2020, p. 77, Nordicom, Gothenburg University



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> In general, women, the highly educated and those living in big cities are overrepresented among book readers. However, audio books have a higher penetration in rural areas and among the less educated, which has narrowed the gap and made fiction and non-fiction available to more people (The Media Barometer 2020, pp. 19, 76, 83, Nordicom, Gothenburg University). This is positive from a democracy perspective as more people are being given the opportunity to experience the joy of reading.

Women dominate reading in Sweden

It is women who are the big readers, continuing a pattern that has persisted since measurements began 40 years ago. This is true for all age groups and for both printed books and audio books. On an average day, 53% of women spend time reading, compared with 36% of men. This applies to both printed books and audio books. The pattern begins at an early age and is already noticeable in nine-year-olds (The Media Barometer 2020, p. 77, Nordicom, Gothenburg University).

This reflects the gender distribution in Bokusgruppen's customer bases, with women accounting for 76% of Akademibokhandeln's customers and 67% of Bokus's customers.

Interest in books is spread across all ages

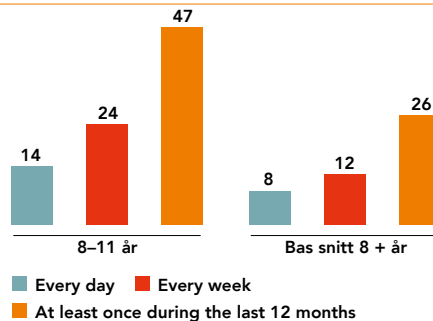
Interest in reading differs relatively little across age groups. The youngest (9–14 years old) and oldest (65–85 years old) age groups have the largest proportion of book readers: 59% and 48%, respectively, read on a typical day. For other age groups, the figure is around 40% (The Media Barometer 2020, p. 78, Nordicom, Gothenburg University). The fact that these groups read more than the average is probably explained by textbook reading among young people and more leisure time among the elderly. Looking at Bokusgruppen's customers, we also see a relatively even age distribution as a steady stream of new customers is continually added to the youth segment.

Strong interest in audio books among the very young

The survey The Swedes and the Internet (2021) specifically examines Internet users' media consumption. The survey points to a clear interest in audio books among the very young. Almost twice as many children between the ages of 8 and 11, 24%, listen to audio books every week compared with the average for all age categories.

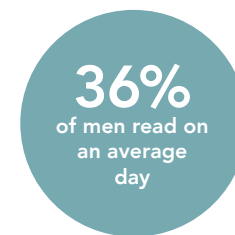


STRONG INTEREST IN AUDIO BOOKS AMONG THE VERY YOUNG, ALMOST TWICE AS MANY CHILDREN BETWEEN THE AGES OF 8 AND 11 LISTEN TO AUDIO BOOKS COMPARED WITH THE AVERAGE, %



Source: The Swedes and the Internet 2021

WOMEN DOMINATE READING



Operating environment

Trends and market

Reading habits

Other products

OTHER PRODUCTS

Fragmented market for Bokusgruppen's range of other products



Bokusgruppen's range of other products – "Skriva Spela Skapa" – consists of a variety of product categories and is part of a fragmented market with a large number of retailers.

The toy industry mainly sells online, offering a wide range of toys, craft supplies and board games for children of all ages. Two large retail chains disappeared from the Swedish market in 2018 due to increased online sales and tough competition from computer games and digital platforms. Today, only one large store chain remains, which offers a very wide product range consisting mainly of toys and craft supplies.

The growing arts trend can be seen in new and established online and brick-and-mortar retailers, which offer products for amateur painters as well as professional artists.

Grocery stores are placing an increasing emphasis on board games, jigsaw puzzles and toys and are challenging specialist retailers through low prices.

The traditional office supply sector offers a basic range of office products, pens and calendars which are sold by physical store chains and in grocery stores, but primarily online.

A clear offline trend

The pandemic has had a major impact on our lives and society at large. During this period, the offline trend has intensified further. People are spending more time at home, which is creating a greater need for entertainment. As a contrast to digitisation, social platforms and mobile phones, there is a demand for non-digital products in the form of board games, jigsaw puzzles and craft products.

Creative activities increase mental well-being and provide relaxation. Board games, jigsaw puzzles and crafts are a great way for children to practice patience and learn the art of being a good winner as well as a good loser. They are also ideal for spending time with family and friends in a way that encourages personal growth. Jigsaw puzzles and crafts provide opportunities to develop fine motor skills and patience. Bokusgruppen has seen a surge in demand for creative products in recent years and is developing its range to meet customer demand.

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Bokusgruppen has seen a surge in demand for creative products in recent years and is developing its range to meet customer demand.



STRATEGIC FOCUS

Strategic focus

The value shelf

Strategy

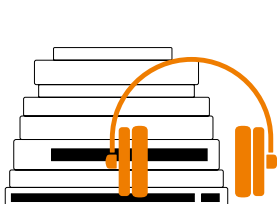
Vision and corporate culture

Targets and results

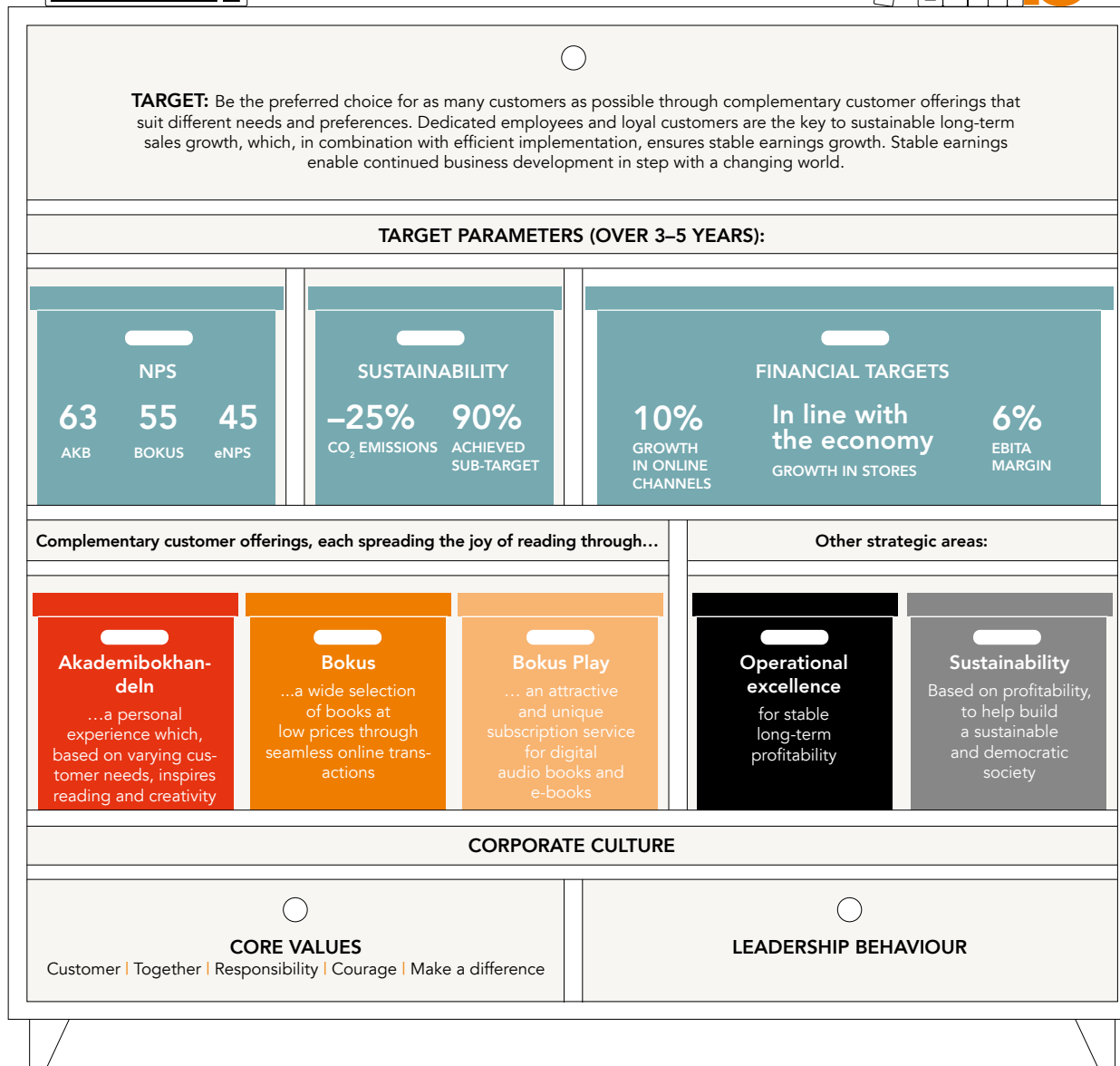
THE VALUE SHELF

The value shelf expresses Bokusgruppen's targets and direction

Bokusgruppen's targets and strategies are summarised in a value shelf which consists of five strategic building blocks supported by a strong, enduring and unifying corporate culture. The value shelf shows how we create value for our customers, employees and owners and how we create the best possible conditions for achieving our targets and delivering on our vision: Everyone should experience the joy of reading, every day!



VISION:
Everyone should experience the joy of reading, every day!



Strategic focus

The value shelf

Strategy

Vision and corporate culture

Targets and results

STRATEGY

Five strategic building blocks

Bokusgruppen's overall goal – focusing on the customer and employees

Our customers are the most important thing we have and are the focus of everything we do. Our overall goal is to be the preferred choice for as many customers as possible. Our greatest asset is our employees – they create the conditions that enable us to succeed in our ambition. Dedicated employees and loyal customers are the key to sustainable long-term sales growth.

Our five strategic building blocks

We have five strategic building blocks: three that are directly connected to our various customer offerings and two overall areas, one for sustainability and one for profitability improvements.

”

We will achieve our overall goal – to be the preferred choice for as many customers as possible – through our three complementary brands Bokus, Bokus Play and Akademibokhandeln.

Three complementary brands

We will achieve our overall goal – to be the preferred choice for as many customers as possible – through our three complementary brands Bokus, Bokus Play and Akademibokhandeln. Through these, we meet all types of customer preferences, regardless of the channel through which customers choose to shop. We respond to new needs and consumer behaviours and continually develop our offerings with a focus on the customer. No other player in the Swedish market has a comprehensive offering covering all book formats in physical and digital channels as well as an inspiring and creative range of other products (“Skriva Spela Skapa”). With three strong brands that interpret our vision – Everyone should experience the joy of reading, every day! – in different ways, we reach a very large part of the Swedish population.

We are focused on creating growth in our online channels: the Bokus online store, our subscription service for digital books, Bokus Play, and Akademibokhandeln's online store. Bokus Play operates in a market segment that is growing faster than the rest of the book market, and our goal is to capture market share in this growing market. Bokus Play has a competitive advantage when it comes to recruiting new customers as it is able to recruit from Akademibokhandeln's and Bokus's customer bases, at a significantly lower cost. Bokus Play subscribers are also offered benefits when they shop with Akademibokhandeln and Bokus.

The goal for our online business is to capture market share through Bokus and Akademibokhandeln in a market segment that is also growing, although not as fast as our digital subscription services. To succeed, we are focusing on offering the smoothest possible customer journey from the inspiration stage to purchase, delivery and contact with our customer service when needed. We have improvement initiatives planned for the IT platform for our online stores, for our consumer logistics and for our customer service. Our range of other products provides another avenue for growth, as we recently made this range available through Akademibokhandeln Online. We see that there is still great potential in this business.

For our stores, we strive to maintain stable sales, which requires reviewing our in-store customer offering so that it remains relevant as customer preferences and behaviours change. We test different concepts and locations to learn more about what our customers value and what generates sufficient sales and profitability. Together with Akademibokhandeln Online, we provide

a comprehensive and integrated offering to our customers. During the year, we upgraded the IT platform for our stores in order to provide even better service to our customers and to make it easier to integrate our store business with our online business and enable our customers to move seamlessly between the two channels. Going forward, we need to make the most of this new opportunity in order to further improve our customer interface. Another important element of our store business is our range of other products, known as “Skriva Spela Skapa”. We see an opportunity for higher growth in this area than for our range of books, and we are continuously developing this range while increasing the share of private label products.

Sustainability

In addition to our three strong customer offerings through Bokus, Bokus Play and Akademibokhandeln, sustainability is an important strategic area. Bokusgruppen has an important role in society and needs to contribute to the positive development of society so that future generations can also experience the joy of reading. Our sustainability management activities are focused on reading promotion initiatives, employees, product range, the environment and climate. At Bokusgruppen, sustainability aspects are integrated into our business activities and affect many employees on a daily basis. Our customers, suppliers and other stakeholders also have high expectations of our sustainability work. Read more about our sustainability strategy and sustainability management on pages 28–45.

Profitability improvements

Constant efforts to improve profitability are a hallmark of Bokusgruppen's business and all three segments show good profitability. Many of the improvements stem from a continuous effort to strengthen our gross margins. This is achieved through automated price optimisation, a well-balanced product range and successful supplier negotiations. We also work continuously on staffing optimisation and lease negotiations to improve the profitability of our store business. Major improvements have been made in these areas in recent years, but we still see further potential. Our focus going forward is very much on developing better IT tools for increased efficiency and automation, which will have a positive effect on the share of fixed costs in sales. Bokusgruppen's profitability focus is noticeable both in our daily activities and in our work to develop our business for the future.

Strategic focus

The value shelf

Strategy

Vision and corporate culture

Targets and results

VISION AND CORPORATE CULTURE

A strong and unifying corporate culture

The five strategic building blocks rest on a solid foundation of a strong and unifying corporate culture. A strong corporate culture is always a key factor for building commitment and loyalty and promoting well-being among employees. It also rubs off on customers and suppliers. In a world undergoing rapid and major changes, corporate culture is even more important and becomes a unifying force that helps us navigate challenging situations.

Bokusgruppen's corporate culture rests on core values that are shared by all employees.

- > Our **CUSTOMERS** are the most important thing we have and are the focus of everything we do.
- > We have the **COURAGE** to challenge ourselves and invest in new solutions based on customer needs.
- > We take **RESPONSIBILITY** in our relationships and for running a profitable and sustainable business.
- > We work **TOGETHER**. We make use of each other's knowledge and experience, show trust and give everyone the opportunity to develop while enjoying their work.

> We make a **DIFFERENCE** for our customers, colleagues and owners and for society as a whole.

Good leadership contributes to good results

At Bokusgruppen, good leadership is important for creating motivation, developing the business together and achieving our common goals. In our strategic

framework, leadership behaviours have been established as an important building block. Based on our core values, the behaviours are designed to ensure that all leaders act in accordance with these values while continually building a positive corporate culture throughout the organisation.

Everyone should experience the joy of reading, every day!

Our vision is to contribute to a democratic and sustainable society where everyone has an opportunity to exchange thoughts and opinions. People who read develop their language skills and learn how to express themselves and engage in discussions. Through language, we understand each other, society and ourselves.

Our vision is to inspire people to read, learn and be creative, and for books in all formats to be available wherever people are, both in-store and online. We want to be a hub of cultural life, a meeting place for all, a place where children and young people are inspired and develop, where literature from all parts of the world is made available to everyone, every day, around the clock.

Based on profitability, our vision is to contribute to a sustainable society, enabling future generations to also have the opportunity to experience the joy of reading.



Strategic focus

- The value shelf
- Strategy
- Vision and corporate culture
- Targets and results**

TARGETS AND RESULTS

Clear progress towards our financial targets

2021 was a successful and eventful year for Bokusgruppen. The year was marked by the global Covid-19 pandemic, during which our chief concern was the health of our employees and ensuring the continuity of our operations in order to deliver growth and profitability. Both net sales and earnings increased on the previous year, enabling us to make significant progress towards achieving our financial targets.

Net sales growth was 5.15, driven by growth in all channels. Net sales growth amounted to 7.3% for online channels and 3.4% for physical stores. EBITA for the full year was MSEK 124.1, which corresponds to an EBITA margin of 6.7%. Adjusted for items affecting comparability, EBITA was MSEK 108.5, which corresponds to an EBITA margin of 5.8%. The results for our customer targets also improved during the year. Our NPS for Bokus

Online and Akademibokhandeln Stores increased to 59 and 63, respectively. Our employee Net Promoter Score (eNPS) was 21, compared with a target of 45. In 2021, two new sustainability targets were adopted: reducing CO₂e emissions by 25% and achieving at least 90% of our sub-targets within five years.

FINANCIAL TARGETS

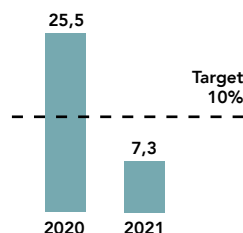
NET SALES GROWTH IN ONLINE CHANNELS, %

Target: 10%

Annual average net sales growth of 10% for the mid- to long term (three to five years).

Target achievement:

Net sales growth in our online channels was 7.3%, which is approaching our financial target of 10%.



NET SALES GROWTH IN PHYSICAL STORES, %

Target: In line with the economy

Net sales growth in the physical store network should follow the growth rate of the economy as a whole.

Target achievement:

Net sales growth for physical stores was 3.4%, which is in line with the economy.



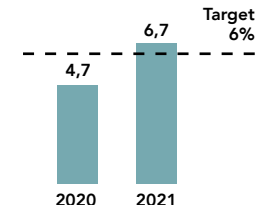
EBITA MARGIN, %

Target: 6%

EBITA margin of approximately 6% for the mid- to long term (three to five years).

Target achievement:

The EBITA margin was 6.7% and the adjusted EBITA margin 5.8%, which is just below our target of 6%.



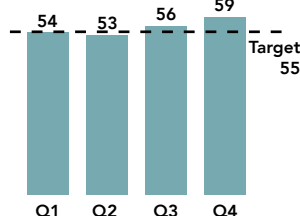
CUSTOMER AND EMPLOYEE TARGETS

NPS – BOKUS

Target: 55

Target achievement:

Our NPS for the full year 2021 was 59, which exceeds our target of 55. The trend was positive over the year. The figures are reported on a quarterly basis for the last 12-month period.

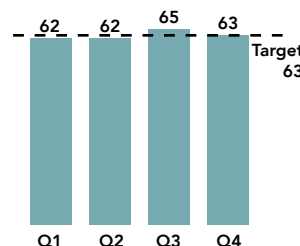


NPS – AKADEMIBOKHANDELN

Target: 63

Target achievement:

Our NPS for the full year 2021 came in on target at 63. Our NPS for the year remained stable with a slight upward trend. The figures are reported on a quarterly basis for the last 12-month period.

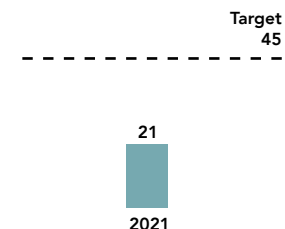


eNPS

Target: 45

Target achievement:

The target is ambitious and there was only one measuring point for the entire company for 2021. In 2022, eNPS will be measured more frequently.



Strategic focus

- The value shelf
- Strategy
- Vision and corporate culture
- Targets and results**

SUSTAINABILITY TARGETS








During the year, a major review of Bokusgruppen’s sustainability work was carried out and previous sustainability strategies and sustainability targets were evaluated, assigned priorities and reformulated. Sustainability teams were appointed at the beginning of the year with each team consisting of representatives from various central functions. During the year, the teams formulated sub-targets and action plans linked to the overall targets. The sub-targets were then

approved by Bokusgruppen’s Head of Sustainability, Group management and Board of Directors. In 2022, we intend to start work on implementing sustainability strategies and sustainability targets.

Our target is to achieve 90% of all sub-targets within five years – a target that is part of our strategic platform. Among our overall targets, we have also chosen to highlight the target of reducing our carbon emissions* by 25% within 5 years.



*Bokusgruppen’s greenhouse gas emissions in the 2020 financial year are reported in tonnes of CO₂ equivalents (CO₂e), by emission source and by Greenhouse Gas Protocol Scopes 1, 2 and 3. Read more about Bokusgruppen’s energy consumption and climate impact in the Sustainability Report on page 28.

 <p>Reading promotion initiatives for everyone</p>	 <p>Energy consumption and climate impact</p>	 <p>Sustainable supply chain</p>	 <p>Safe, high-quality products and services</p>	 <p>Circular economy, reuse and environmental impact in business operations</p>	 <p>Data integrity and data security</p>	 <p>Inclusion and diversity</p>
<p>TARGET Contribute to increased reading among adults and children in Sweden.</p>	<p>TARGET Reduce our total carbon emissions by 25%.</p>	<p>TARGET Greater focus on ensuring sustainable supply chains.</p>	<p>TARGET Deliver high-quality products and services without health and safety deficiencies, at least in accordance with EU legislation.</p>	<p>TARGET Minimise the environmental impact of the business operations through increased recycling and reuse and reduced use of resources.</p>	<p>TARGET No incidents related to data security and data integrity.</p>	<p>TARGET Increased diversity and inclusion without discrimination and victimisation.</p>
<p>TARGET ACHIEVEMENT During the year, Akademi-bokhandeln engaged in activities to promote reading among children, such as Läslövet, Världsbokveckan and Läsborgarmärket. Läsborgarmärket is a concept designed to help children discover and keep alive the joy of reading, and in 2021 the concept was expanded to Swedish primary schools. During the year, Akademi-bokhandeln also entered into a partnership with Berättarministeriet.</p>	<p>TARGET ACHIEVEMENT In 2021, we produced a climate report for 2020, which is our base year. We have initiated a dialogue about gaining access to monthly updates on emissions broken down by carrier in order to be able to monitor the data on an ongoing basis. We have launched a project aimed at highlighting greener shipping options in our online business. From 2021, we will also be participating in the Swedish Book Industry Climate Initiative, a new project aimed at reducing the book industry’s climate impact.</p>	<p>TARGET ACHIEVEMENT In 2021, a screening of the publishers that account for 80% of the total sales volume began. The screening is expected to be completed in 2022. We also conducted three social audits at factories in high-risk countries where parts of our range of other products are produced, and conducted product tests on an entire product series aimed at children.</p>	<p>TARGET ACHIEVEMENT In 2021, the share of products manufactured in the Nordic region was increased, for example by expanding our range of jigsaw puzzles to include Finnish-made jigsaw puzzles made from recycled paper. The share of Nordic Ecolabelled or FSC-certified paper used in our products is also being increased. From 2022, we will be working to enable measurability of eco-labels in our product range, and to identify and decide which environmental criteria to approve. We have also reviewed a large number of test protocols for products in our range to ensure compliance with legal requirements and regulations.</p>	<p>TARGET ACHIEVEMENT In 2021, we identified and evaluated various circular business models that we can proceed with and test. We also launched a survey to determine our current recycling rate. The share of customers receiving or buying a plastic bag has decreased from 65% in 2017 to 13% in 2021. For our “Låna & Läs” service, we got rid of the membership card and instead register membership on the customer’s ID card. In the 2020–2021 academic year, “Låna & Läs” had around 11,000 members.</p>	<p>TARGET ACHIEVEMENT In 2021, we established a GDPR Committee that works continuously on issues related to the EU General Data Protection Regulation (GDPR) and conducts annual audits. We also conducted a data security course consisting of short modules which the participants completed over an extended period of time, a method known as nano-learning.</p>	<p>TARGET ACHIEVEMENT In 2021, with the help of Statistics Sweden, we measured the extent to which our workforce reflects Swedish society with regard to Swedish or foreign background. We have also produced statistics on the breakdown of the workforce by gender and age and compared the figures with the country as a whole. The measurements will be used to prepare an action plan aimed at increasing diversity and inclusion at Bokusgruppen. We conducted an employee survey using the digital platform Eletive, and in 2022 we will be conducting shorter, continuous surveys.</p>



OUR BUSINESS

Our business

Bokusgruppen's segments

Bokus Online

Akademibokhandeln Online and Stores

BOKUSGRUPPEN'S SEGMENTS

Profitable segments

Bokusgruppen owns and operates the strong and successful brands Bokus, Bokus Play and Akademibokhandeln. Together, the brands have a large and loyal customer base, which includes the 2.1 million members of the Akademibokhandeln's Vänner loyalty programme.

In our financial review, we have divided our operations into four segments: Bokus Online, which comprises the brands Bokus and Bokus Play; Akademibokhandeln Online, Akademibokhandeln's online business; Akademibokhandeln Stores, which comprises the Akademibokhandeln stores; and Central Functions, which consists of the Parent Company and parts of Group management.

Performance

measures segments

2021

Bokus Online	Net sales, MSEK	747.2
	EBITA margin, %	5.8
Akademibokhandeln Online	Net sales, MSEK	84.0
	EBITA margin, %	11.8
Akademibokhandeln Stores	Net sales, MSEK	1,035.0
	EBITA margin, %	7.4

OUR BRANDS



Bokus – an e-commerce pioneer in Sweden

Started back in 1997, Bokus is one of the pioneers of online retailing in Sweden. Bokus has evolved into an established and much loved brand with a large customer base. Bokus offers a wide range of books in all formats from all parts of the world. With a seamless customer experience, low prices and over 10 million book titles, customers can always find what they are looking for.



Bokus Play – a unique subscription service

Launched in 2018, Bokus Play is an attractive subscription service that is relatively new in the Swedish book market. In addition to 60,000 audio books and e-books, customers are offered unique added value in the form of discounts and other offers at Akademibokhandeln and Bokus. Bokus Play is active in the fastest-growing segment of the book market.



Akademibokhandeln – the largest bookstore chain in Sweden

Akademibokhandeln's first store opened in 1971. Since then, Akademibokhandeln has grown steadily and, through organic growth and acquisitions, has become the largest bookstore chain in Sweden. Akademibokhandeln consists of a large, profitable network of 100 stores, including 73 centrally owned stores and 27 franchise stores, and a growing online business. The stores offer high-quality service and a personalised shopping experience to guide customers in their creativity and reading. They offer a carefully selected range of books, art supplies, board games, toys, planners, gift wrapping and cards.

OUR SEGMENTS

Bokus Online

The Bokus Online segment brings together bokus.com, our online business with over 10 million physical and digital book titles, and Bokus Play, our subscription service for audio books and e-books with over 60,000 book titles.

Akademibokhandeln Online

The Akademibokhandeln Online segment comprises our growing online business, akademibokhandeln.se, which offers over ten million book titles, and a wide range of other products consisting of art supplies, board games and writing products. Together with Akademibokhandeln Stores, the segment provides a competitive omnichannel offering.

Akademibokhandeln Stores

The Akademibokhandeln Stores segment consists of Akademibokhandeln's stores, which offer a wide range of books and a range of other products comprising art supplies, board games and writing products. Together with Akademibokhandeln Online, the segment provides a competitive omnichannel offering.

Central Functions

Central Functions consist of the Parent Company and parts of Group management.

Our business

Bokusgruppen's segments

Bokus Online

Akademibokhandeln Online and Stores

10+
million book titles
at bokus.com

BOKUS ONLINE

A segment with two much-loved brands

Bokus Online consists of our brands Bokus and Bokus Play.

Bokus

Bokus, which was formed back in 1997, is a pioneer in online shopping in Sweden. Today, Bokus has developed into a well-established and appreciated brand with a large customer base. Bokus offers a wide range of books in all formats from all parts of the world. With a seamless customer experience, low prices and over ten million book titles, customers can always find what they are looking for.

Bokus's product range includes hardcover and paperback books, audio books and e-books. Despite the large number of titles offered, Bokus maintains a very limited stock.

Bokus's main target group is private consumers, with students representing a particularly important target group, followed by businesses and the public sector. 67% of Bokus's private customers are women.

Bokus is a strong and well-known brand that is established throughout Sweden. In 2021, aided brand awareness was 81%. Bokus has more than 0.9 million active customers and Bokus.com had around 39 million visits in 2021. Customer satisfaction is high with an NPS of 59.

Bokus Play

Launched in 2018, Bokus Play is a subscription service



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Bokus is a pioneer in Swedish online retailing and makes books available to people of all interests through a wide range of books at low prices.

Our business

Bokusgruppen's segments

Bokus Online

Akademibokhandeln Online and Stores

for audio books and e-books with over 60,000 book titles. In addition to affordable and flexible subscription options, Bokus Play also offers added value in the form of customer discounts and other offers at Bokus and Akademibokhandeln.

Bokus Play is active in the fastest-growing segment of the book market. In 2021, digital subscription services grew by 16%.

Bokus Play's customers can switch freely between three different subscription options: Basic, which gives customers access to one book a month; Premium, which offers unlimited listening/reading; and Family.

Bokus Play is integrated with Bokusgruppen's other brands. This means that Bokus Play is marketed in all of Bokusgruppen's channels, including the store network and to Akademibokhandeln's 2.1 million members. Customers are also offered discounts and other offers at Bokus and Akademibokhandeln.

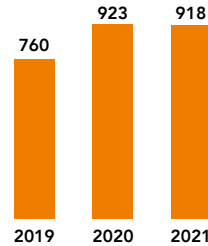
Financial performance Bokus Online

Net sales for the Bokus Online segment increased by 5.3% to MSEK 747.2 (709.6). Sales of digital books (single sales and subscriptions) increased 8.1% compared with the previous year. Subscription sales continued to display significantly higher growth than the market, while single sales decreased due to restrictive rules for advertising on Google.

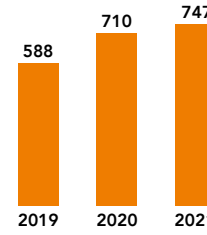
The positive trend for Bokus Online has continued over an extended period, both in terms of sales and with respect to the number of active customers. During the year, Bokus launched a new shipping checkout and expanded the shipping offering to include more alternatives, such as home deliveries and parcel delivery lockers, which is in line with customer demand. Efforts to improve the customer offering at Bokus have yielded results and the NPS increased to 59.

EBITA increased by MSEK 9.4, or 27.7%, compared with the previous year. This increased profitability is a result of sharply increased volumes in combination with a stronger gross margin compared with the previous year. The latter is the result of long-term work related to price optimisation and supplier negotiations.

NUMBER OF ACTIVE CUSTOMERS BOKUS, THOUSANDS



NET SALES BOKUS ONLINE, MSEK

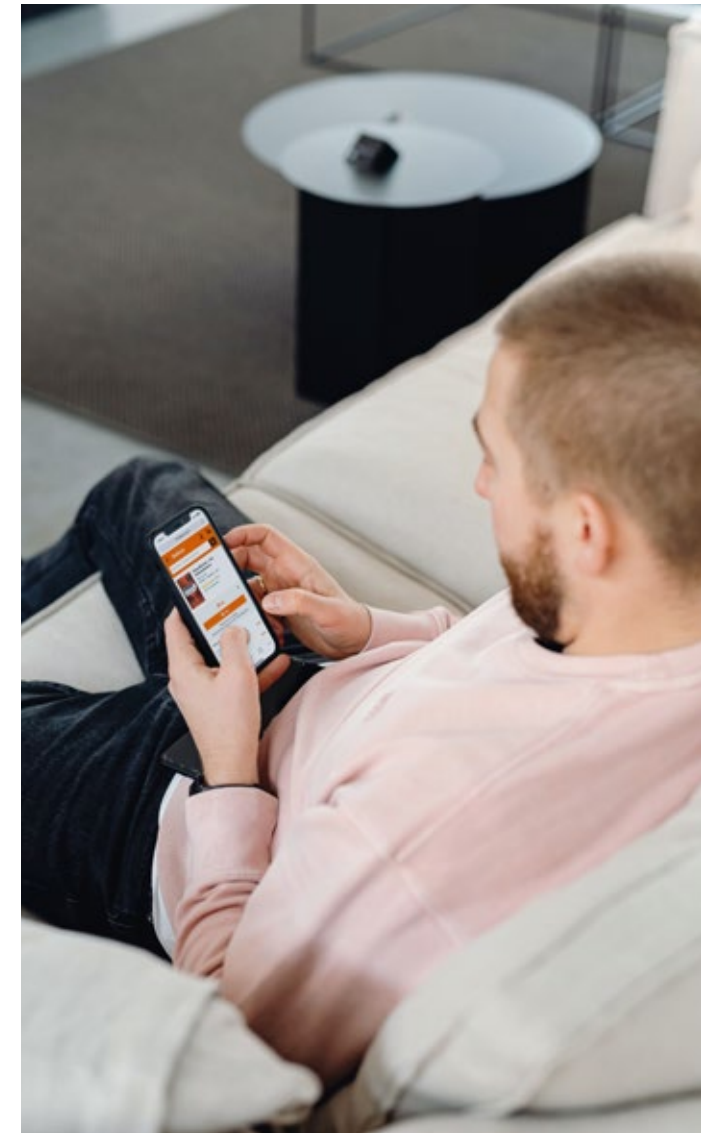


The compound average growth rate from 2019–2021 was 12.7%.

BOKUS CUSTOMERS, %



- Women, 67
- Men, 24
- Not stated, 9



Our business

Bokusgruppen's segments
 Bokus Online
Akademibokhandeln Online and Stores



AKADEMIBOKHANDELN ONLINE AND STORES

One of Sweden's best known brands

Akademibokhandeln is divided into two segments – Akademibokhandeln Online and Akademibokhandeln Stores.

Akademibokhandeln

Akademibokhandeln consists of a large, profitable store network and a growing online channel, akademibokhandeln.se. As of 31 December 2021, Akademibokhandeln had 100 physical stores – 73 centrally owned stores and 27 franchise stores.

Most of Akademibokhandeln's customers are private individuals. 76% of loyalty programme members are women and nearly 60% of the members are aged 30–60.

Akademibokhandeln is a strong, stable and well-known brand that is established throughout Sweden. In 2021, aided awareness was 95%. Akademibokhandeln's Akademibokhandeln's Vänner loyalty club has more than 2.1 million committed, book-loving members. Akademibokhandeln's customer satisfaction is high, as shown by an NPS of 63. Akademibokhandeln has a large and loyal customer base and a nationwide network of stores that strengthens the brand as well as the customer experience while driving additional sales across all channels.

By combining the full range of products provided online with the advantages of physical stores, Akademibokhandeln's offering is unique and hard to duplicate. This omnichannel offering creates great visibility in the customers' daily lives, which is based on awareness and drives traffic and loyalty.

In addition to books, Akademibokhandeln also offers a large and inspiring range of other products ("Skriva Spela Skapa") consisting of private label goods and well-known external brands. In 2021, books accounted for approximately 63% of sales, with other products accounting for 37%. The average store offers

about 5,000 book titles and the largest physical store about 30,000 titles. In 2021, Akademibokhandeln's stores received around 13 million visits.

In 2021, a new IT platform for stores was developed with the aim of providing data-driven and mobile purchasing support to create a seamless and efficient purchasing process for the customer. The mobile checkouts in the stores enable more flexible and active customer service. The goal is to integrate physical stores and online shopping and further improve customers' shopping experience. The system was tested in five pilot stores in the autumn and will be rolled out to all stores in the first quarter of 2022.

We have also launched our range of other products in Akademibokhandeln Online, and in the fourth quarter this range accounted for 10.1% of total sales in this channel.

Financial performance Akademibokhandeln Online

Net sales in the Akademibokhandeln Online segment increased to MSEK 84.0 (64.7), which is an increase of 29.8% on the previous year. A contributing factor was the range of other products that was introduced online during the second half of the year and was well received by customers. In particular, our back-to-school range and the collection we produced in collaboration with Efva Attling proved hugely popular both in-store and online.

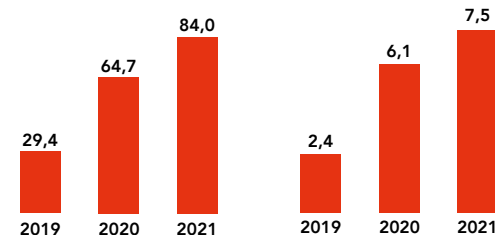
EBITA was MSEK 9.9 (6.0), which is a marked improvement on the previous year. The improvement is due to the strong sales growth.

The online sales share of total sales for Akademibokhandeln (in-store and online) was 7.5%.

Financial performance Akademibokhandeln Stores

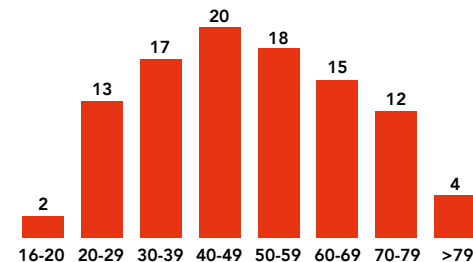
Net sales for the Akademibokhandeln Stores segment amounted to MSEK 1,035.0 (1,000.6). Akademibokhandeln Stores benefited from a recovery in in-store

NET SALES AKADEMI BOKHANDELN ONLINE, MSEK

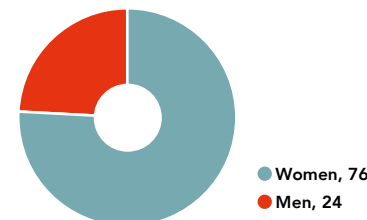


SHARE OF ONLINE SALES IN AKADEMI BOKHANDELN (STORES + ONLINE SEGMENTS), %

AGE DISTRIBUTION OF AKADEMI BOKHANDELN MEMBERS, %



AKADEMI BOKHANDELN'S CUSTOMERS, %



Our business

Bokusgruppen's segments

Bokus Online

Akademibokhandeln Online and Stores

customer traffic in the second half of the year, which resulted in a sales increase of 3.4% compared with the previous year. This shows that stores remain a popular purchase point among customers.

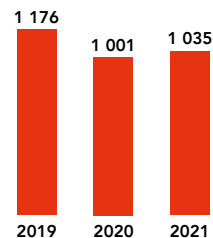
During the year, four stores were closed. This was part of a long-term restructuring of the store network and not a direct result of the pandemic. In all areas where stores were closed, there are other local stores. At the end of the year, the store network was expanded with the opening of a new store in a prime location in Gothenburg and a pop-up store in a new format in Tyresö Centrum. Trials of new concepts and store locations are being planned to adapt the store offering to customer behaviour and post-pandemic needs. The number of customers was slightly higher than for the full year 2020 as customers returned to shopping in physical stores. The strong performance of the Stores segment also had a positive effect on the range of other products, which is primarily sold in stores.

Net sales for the range of other products increased 5.5%. The share of total net sales in the Store segment attributable to the range of other products was 36.6%

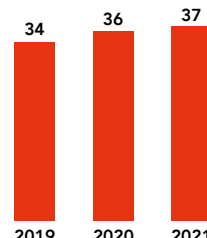
and the share of private label products in our range of other products was 17.5% (17.6).

EBITA was MSEK 76.1 (52.1), which was an improvement of 46.2% on the previous year. The improvement was due to a gradual improvement in in-store sales as pandemic restrictions were lifted. The vast majority of stores made a positive contribution to the operations despite the impact of the pandemic. Stores in urban locations were hardest hit, but after the summer these stores also experienced a clear recovery.

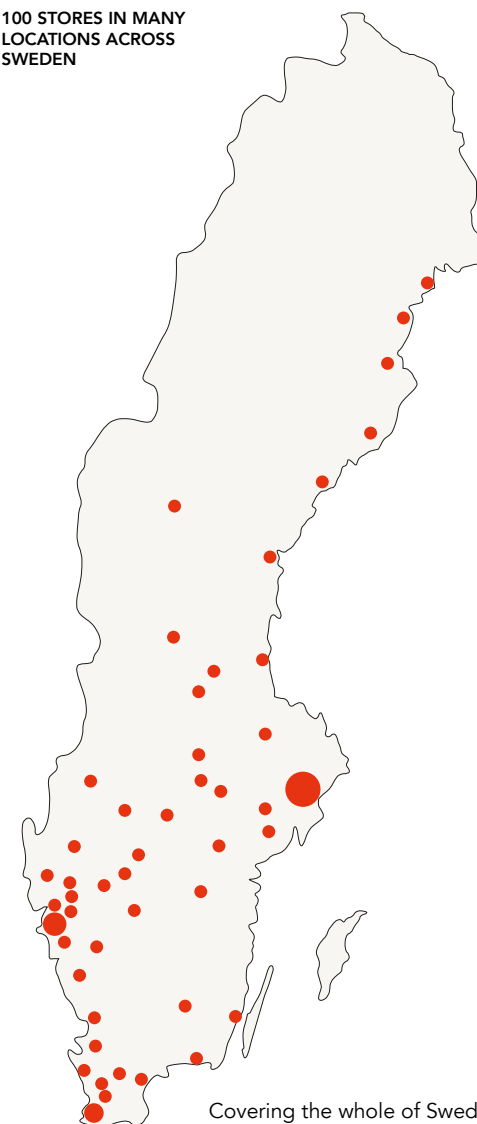
NET SALES AKADEMIBOKHANDELN STORES, MSEK



SHARE OF TOTAL NET SALES IN STORES ATTRIBUTABLE TO THE RANGE OF OTHER PRODUCTS, %



100 STORES IN MANY LOCATIONS ACROSS SWEDEN



Covering the whole of Sweden, Akademibokhandeln's store network comprised 100 stores as of 31 December 2021, including 73 centrally owned stores and 27 franchise stores.

"Skriva Spela Skapa" – Akademibokhandeln's range of other products

In addition to books, Akademibokhandeln offers a wide range of pens, notebooks, calendars, board games, jigsaw puzzles, craft supplies and office products. Our ambition is for this product range to be inspiring, affordable, sustainable and creative.

The art supplies product category is a growing part of Akademibokhandeln's product range where we have invested in developing our own unique range for both adults and children. This range is sold under our own brands Kollektion Stora A and Kollektion Lilla a.

A growing number of younger consumers and families are discovering our wonderful range of painting products, which we are constantly expanding with new products and brands.

Pens and notepads are other strong product categories where we offer a wide and carefully chosen range of products for all needs and in all price categories, many of which have been developed specially for Akademibokhandeln.

Demand for board games, toys and jigsaw puzzles has increased sharply in recent years. We have broadened our range and now offer a wide selection of products to suit all target groups. During the year, we developed several unique jigsaw puzzle series made in Finland from recycled paper.

Gift wrapping, cards and calendars have been a growing category for several years. Unfortunately, due to the pandemic the older target group that mainly buys these products has not been able to visit our stores to the same extent.





SUSTAINABILITY REPORT



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Sustainability highlights

The information in the Sustainability Reports covers

Bokusgruppen AB including the Akademibokhandeln brand in Bokhandelsgruppen i Sverige AB and its sister company Bokus AB. Franchisees operating under the Akademibokhandeln brand operate as independent businesses and are therefore not included.

This Sustainability Report is the Group's and the company's statutory annual sustainability report.

For questions about the Sustainability Report, contact info@bokusgruppen.com.



Scholarship for reading promotion

At the end of the year, Bokus launched Bokusstipendiet, a scholarship for reading promotion. The scholarship is aimed at students who have helped to promote reading and have a continued commitment to the cause. The amount of the scholarship, SEK 50,000, has been set so as to be potentially decisive in enabling a student to continue pursuing his or her idea or service.

Sustainability management – moving up a gear

In 2021, we intensified our efforts in sustainability management. In addition to a Head of Sustainability, we appointed cross-functional teams with responsibility for our various sustainability areas and for formulating sub-targets.

Sustainability is high on our agenda and we are determined to make a real difference. The year's COP26 climate summit in Scotland further demonstrated the importance of taking an integrated and professional approach to sustainability.



Cecilia Oseroff, Head of Sustainability

“ Sustainability is high on our agenda and we are determined to make a real difference.

Lead partner of Berättarministeriet

During the year, Akademibokhandeln became a lead partner of Berättarministeriet, which promotes the right of all children to equal access to good schooling and works to reduce the negative consequences of segregation in schools. Berättarministeriet runs training centres in Stockholm and Gothenburg, and Akademibokhandeln will be helping to finance the activities over a three-year period.

Läsborgarmärket – promoting children's reading

Akademibokhandeln's own Läsborgarmärket concept, which has existed since 2011, is a way to help children discover and keep alive the joy of reading. In 2021, the concept was also launched for primary schools, with teachers being given the opportunity to order teacher kits free of charge to support their teaching. In just a few weeks, 2,000 kits were ordered!



Book industry launches climate initiative

In 2021, the Swedish Publishers Association, the Swedish Booksellers Association, online retailers and streaming services launched a joint climate project – the Book Industry Climate Initiative. The initiative aims to map the industry's current carbon footprint and set targets for reducing that footprint, for example through an industry-wide ambition to reduce the industry's climate impact.

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SUSTAINABILITY AT BOKUSGRUPPEN

Based on profitability, Bokusgruppen wants to help build a sustainable and democratic society where future generations can also experience the joy of reading. Sustainability issues are affecting us as a company and our stakeholders to an increasing degree, and we have been taking a dedicated approach to sustainability since 2016. In 2021, we adopted even more ambitious sustainability targets based on the review initiated in the previous year. Bokusgruppen's sustainability management is based on our four sustainability strategies: the joy of reading, product range, environment and climate, and employees.

1 Joy of reading
We work actively on initiatives that promote reading and thereby contribute to getting more adults and children to read regularly and thus experience the joy of reading. Reading and languages are decisive for the development of both the individual and society, and Bokusgruppen is an important player in this endeavour.

2 Product range
We seek to ensure a sustainable, safe and long-term customer offering. Together with our suppliers, we ensure that our products and services are safe and of high quality, have a long lifecycle and are produced responsibly.

3 Environment and climate
We work actively to reduce our operations' adverse impact on the environment and climate by making improvements in terms of transport, packaging, consumption of energy, recycling and reuse. We also want to give our customers the right conditions for making good choices from an environmental and climate perspective.

4 Employees
We want to be a safe, inspiring and fair workplace that utilises people's differences and skills.



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SUSTAINABILITY FRAMEWORK

Seven clear sustainability areas








Each sustainability area has an overall target and a number of sub-targets.

Our ambition is to achieve 90% of all sub-targets within five years. Among our overall targets, we have

also chosen to highlight the target of reducing our CO₂e emissions* by 25% within five years, with 2020 as our base year.

In our sustainability framework below, we highlight

two sub-targets per area, but each area can have more than two sub-targets. Our targets are linked to several of the UN Sustainable Development Goals (SDGs)**.

UN SDG	SUSTAINABILITY AREA	OVERALL TARGET	SUB-TARGET	SUB-TARGET
	Reading promotion initiatives for everyone	Contribute to increased reading among adults and children in Sweden	Instil a desire to read in children at an early age to create interest and establish good reading habits	Highlight, initiate dialogue and be a clear and strong voice on issues related to reading
	Energy consumption and climate impact	Reduce our total CO ₂ e emissions by 25%	Reduce CO ₂ e emissions from our products by 10% by 2023	Reduce CO ₂ e emissions from our transports by 10% by 2023
	Sustainable supply chain	Greater focus on ensuring sustainable supply chains	Carry out risk mapping of key suppliers	Ensure that our Code of Conduct and Environmental Appendix are appended to all contracts
	Safe, high-quality products and services	Deliver high-quality products and services without health and safety deficiencies, at least in accordance with EU legislation	Ensure a higher proportion of environmentally certified materials (initially FSC) in our product range	Specify requirements and guidelines for Bokusgruppen's eco-labelling
	Circular economy, reuse and environmental impact in business operations	Minimise the environmental impact of the business operations through increased recycling and reuse and reduced use of resources	Include at least one circular business model in the next three years	All waste to be recycled by 2026
	Inclusion and diversity	Increased diversity and inclusion without discrimination and victimisation	Attract and retain the right talent from across the whole of society, without bias	The company's communication (internal and external) is to target existing and new target groups throughout society in an inclusive way
	Data integrity and data security	No incidents related to data security and data integrity	Establish a clear strategy for data integrity and data security	All employees should have basic knowledge of data security

* Carbon dioxide equivalent (CO₂e) is a weighted measure of greenhouse gas emissions (CO₂, CH₄, N₂O, HFC, PFC, SF₆) which takes into account the fact that different greenhouse gases contribute to the greenhouse effect and global warming to different degrees. The carbon dioxide equivalent measure for a greenhouse gas indicates how much fossil carbon dioxide would need to be emitted to have the same impact on the climate.

** The UN Agenda 2030 and 17 SDGs aim to eradicate poverty and hunger, realise human rights for all, achieve gender equality and empowerment for all women and girls, and ensure the lasting protection of the planet and its natural resources. The SDGs are integrated and indivisible and balance the three dimensions of sustainable development: economic, social and environmental.

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READING PROMOTION INITIATIVES FOR EVERYONE

**OVERALL TARGET: Contribute to increased reading among adults and children in Sweden**

Reading and languages are decisive for the development of both the individual and society, and Bokusgruppen is an important player in this endeavour. We work actively on initiatives that promote reading and thereby contribute to getting more adults and children to read regularly and thus experience the joy of reading.

Reading and the joy of reading are also part of Bokusgruppen's vision – Everyone should experience the joy of reading, every day! Bokusgruppen has therefore always had a strong focus on reading and reading promotion.

Sub-target 1: Instil a desire to read in children at an early age to create interest and establish good reading habits

Research has shown that children who read acquire a greater vocabulary, develop their language faster and have a higher degree of empathy. Early establishment of good reading habits is crucial to becoming a competent reader later in life with the ability to assimilate different perspectives and make your voice heard.

Akademibokhandeln has for many years engaged in reading promotion activities aimed at children, such as the industry initiatives Läslöv and Världsbokveckan (in connection to World Book Day) as well as its own Läsborgarmärket concept. Läsborgarmärket is a way to help children discover and keep alive the joy of reading, and in 2021 the concept was expanded to Swedish primary schools. Teachers were given the opportunity to order teacher kits free of charge to support their teaching, and in just a few weeks 2,000 kits were ordered. In 2022, we plan to start measuring awareness of Läsborgarmärket as well as the number of diplomas distributed, and to explore the possibility of digitising the concept.

In 2021, Akademibokhandeln also entered into a partnership with Berättarministeriet where Akademibokhandeln will be providing financial support over a three-year period. Berättarministeriet works to promote equal access to good schooling.

Sub-target 2: Highlight, initiate dialogue and be a clear and strong voice on issues related to reading

Bokusgruppen is the only bookstore operator in Sweden that has books in all formats – physical books, e-books and streamed books – and all channels, a nationwide network of stores, two strong online stores and a subscription service. As a leading player, we can contribute to the debate on reading and promote a positive development.

In 2021, we initiated a project to formulate how Bokusgruppen can best contribute to the debate on reading. For the Bokus brand, we established the Bokus Scholarship, which is aimed at students engaged in promoting reading. For 2022, the ambition is for Bokusgruppen to organise a number of industry activities on the theme of reading and the book industry.

Sub-target 3: Develop events that are accessible and of interest to more people

Akademibokhandeln has long been positioning itself as a meeting place. Events are important occasions where authors can reach out to readers and where the bookstore engages with customers, both those who are interested in books and those who want to write, play or create. To attract more visitors, events need to be organised that are accessible and interesting, both physical and digital events.

In 2021, physical events were severely affected by the Covid-19 pandemic. Some events were held digitally but did not fully replace the physical events. Towards the end of 2021, it was again possible to organise more physical events. In 2022, our ambition is to reach a normal level for the number of events. Our long-term goal is to increase the number of events and especially the number of visitors to the events.

Sub-target 4: Help more people who do not want to or are unable to read physical books to discover the joy of reading through the audio book format

Not everyone can read books in the traditional form. We want more people to discover the joy of reading through the audio book format. In 2022, we will be evaluating various forms of collaboration to help bring audio books to a wider cross-section of society, for example to groups that struggle to read texts due to various functional variations or for other reasons.

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Early establishment of good reading habits is crucial to becoming a competent reader later in life with the ability to assimilate different perspectives and make your voice heard.



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We are also offsetting carbon emissions for all of Bokus' customer transports in Sweden through a partnership with Vi-skogen.

ENERGY CONSUMPTION AND CLIMATE IMPACT



OVERALL TARGET: Reduce our total CO₂e emissions by 25%

Energy use and climate impact is a high priority area for Bokusgruppen. The purpose is to contribute to the UN SDG for responsible consumption and production. According to Bokusgruppen's climate report for the base year 2020, total CO₂e emissions amounted to 8,223 tonnes. This equates to emissions of 4.64 tonnes of CO₂e/MSEK, which is low compared with many other retailers. 88% of our total emissions came from purchased goods and services such as books, other products and packaging. Transport accounted for 7% of emissions.

Sub-target 1: Reduce CO₂e emissions from our products by 10% by 2023

The largest share of Bokusgruppen's CO₂e emissions comes from the products in our range. Books and other products generated 37% and 48%, respectively, of our total emissions in 2020. These emissions often occur upstream in the product chain, when the products are produced, which makes it harder for us to influence them.

Our suppliers are at different stages in terms of reporting emissions data, and as a major retailer we are able to demand greater access to emissions data. Based on the emissions data, we can work with the suppliers to streamline production and we can choose to favour suppliers with lower emissions. In 2022, we plan to identify which suppliers have the greatest climate impact in each product category in order to establish a joint plan for how to reduce emissions. Our ambition is to monitor our largest suppliers' emissions data continuously from 2022 in order to work together to reduce our carbon footprint. Bokusgruppen will also be participating in the Swedish Book Industry Climate Initiative, a new project that aims to reduce the book industry's climate impact.

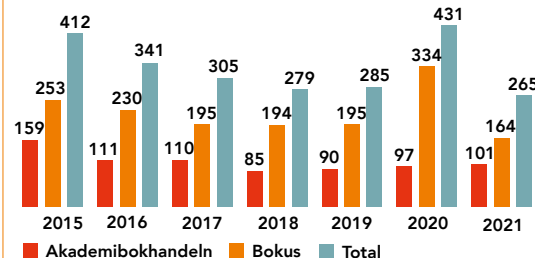
Sub-target 2: Reduce CO₂e emissions from our transports by 10% by 2023

We have been working actively for several years to reduce emissions from transports. The changes introduced include fixed order days and direct deliveries from the supplier to the store. In our online business, online orders are being consolidated as far as possible so that the customer receives a single delivery even if the order includes products from different suppliers.

We are also offsetting carbon emissions for all of Bokus' customer transports in Sweden through a partnership with Vi-skogen.

Our carriers have continued to convert their fleets to lower-emission alternatives, which has contributed to reduced emissions over the years. Our goal is to be as transparent as possible with our emissions data, but since our carriers report their emissions in varying

BOKUSGRUPPEN'S EMISSIONS FROM TRANSPORT 2015–2021, CO₂ TONNES



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> degrees of detail it is difficult to make exact comparisons. Some of our carriers report CO₂ emissions while others report CO₂e emissions. Moreover, some carriers report tank-to-wheel emissions, which only include the climate impact of combustion of fuel in the vehicle. Others report well-to-wheel emissions, which take into account emissions throughout the chain, including production, distribution and combustion of the fuel. Nevertheless, emissions data are an important instrument that provides an indication of change over time.

In 2021, emissions from transport decreased compared with 2020 and this is part of a long-term trend. In 2020, emissions increased, partly due to changes in calculations by individual carriers. Due to the aforementioned general differences in carriers' methods of calculation and reporting, Bokusgruppen's summary of reported emissions should be viewed primarily as an indication of the long-term trend. However, we are constantly working to gain access to more uniform emissions data in order to be able to monitor progress over time more accurately.

One part of this is to gain access to monthly updates on emissions for each carrier, which is something we requested during the year and expect to be able to ensure. The purpose is to compile this data and monitor developments on a monthly basis to obtain a clearer picture of emissions and then use this as a basis for future measures. We also launched a project aimed at showcasing more environmentally sustainable shipping options at checkout in our online business. The goal is to eventually be able to show emissions for each shipping option and thus enable customers to make sustainable choices. In 2022, we are also aiming to start a pilot project in which Akademibokhandeln's stores will be used as warehouses for online orders in order to reduce transport distances and emissions. In another initiative, we are working continuously to switch to transports with a lower climate impact both in our store network and in our online business.

Sub-target 3: Reduce CO₂e emissions from packaging and wrapping paper by 10% by 2023

Packaging accounted for 2% of Bokusgruppen's CO₂e emissions in 2020, so a review of packaging is a key step towards reducing our carbon footprint. Yet we also need to ensure that our packaging is functional and



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Our packaging is made from FSC-certified paper and can be recycled as 100% paper packaging.

environmentally friendly, which means that it needs to provide effective protection during transport and be made from environmentally friendly materials.

For our stores, this will mainly involve reviewing the filling materials and packaging used during transport, for example by investigating whether the packaging used by our suppliers during transport to our stores and warehouses can be reused to a greater extent. This will enable us to reduce the amount of packaging purchased and thereby also our emissions. In 2022, we will identify which suppliers have the highest packaging-related emissions. Our ambition is to then initiate a project together with five selected suppliers to minimise these emissions.

In our online business, we already use packaging made from FSC-certified paper without plastic strapping, which means that the packaging can be recycled as 100% paper packaging at the end consumer stage. It is also available in five different sizes, which makes it possible to avoid unnecessarily large packages, resulting in a more efficient logistics chain. Going forward, we will continuously review our packaging and identify

new solutions to reduce resource use. In 2022, for example, a new project aimed at reducing packaging consumption in deliveries to the end customer will be initiated.

Packaging also includes the paper and gift string we use for gift wrapping in Akademibokhandeln's stores. As the string used today is made of polypropylene, we will investigate in 2022 whether it is possible to switch to a renewable material. Another factor is that wrapping paper is sometimes discarded in our stores. This is because Akademibokhandeln uses a new paper design every year, which thus becomes obsolete at a certain point. We have therefore decided to ensure that no stores throw away wrapping paper and, where necessary, to review the procedures for sending out wrapping paper in order to reduce waste and overproduction.

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SUSTAINABLE SUPPLY CHAIN



OVERALL TARGET: Greater focus on ensuring sustainable supply chains

Regardless of which channel our customers choose to use to buy or consume our products, we need to ensure that the products are always safe to use and of high quality and are manufactured in a socially sustainable way, with zero tolerance for all forms of child labour. To achieve this, we are working on product development and testing, renegotiating contracts and conducting social audits of producers. We have a Code of Conduct for Suppliers and an Environmental Appendix that are integrated into most contracts.

Bokusgruppen does not have its own factories. Instead, all production is carried out by contracted suppliers, mainly in Europe and Asia. The products sold under our own brands Kollektion Stora A and Kollektion Lilla are produced in the Baltic States, Poland, Austria, China and India. We strive to establish long-term business relationships and transparency in order to influence our suppliers to take responsibility for the environment and their employees. We will be placing a stronger emphasis on ensuring sustainable supply chains.

Sub-target 1: Carry out risk mapping of key suppliers

During the year, a supplier inventory was initiated in each function. We also decided to carry out a screening of those publishers that account for 80% of our total sales volume. The screening will be initiated in 2022. For our range of other products, a screening of suppliers was carried out in 2019 and is followed up on an ongoing basis.

We also conduct regular social audits at factories in high-risk countries that manufacture products for Akademibokhandeln's own brands. In early 2021, a follow-up audit was conducted to check that issues discovered in 2020 had been remedied. The follow-up audit showed that the identified issues had been remedied.

Our products are safety-tested and examined through product tests and random checks. In 2021, we carried out three factory visits to manufacturers of

products in our range of other products and conducted product tests on an entire product series aimed at children. We give priority to auditing and testing of our unique private label range. Inspections are also carried out by environmental health departments at local authorities, which we welcome as these inspections give us another chance to check our products.

Sub-target 2: Ensure that our Code of Conduct and Environmental Appendix are appended to all contracts

For several years now, our Code of Conduct for Suppliers and our Environmental Appendix have been an integrated part of all product supplier contracts, except in cleaning, rental, IT and some other contracts as the Code of Conduct is currently not adapted to different types of suppliers. The Code of Conduct is based on internationally accepted initiatives and standards such as the UN Global Compact, the Declaration of Human Rights, the Convention on the Rights of the Child and the Convention on the Elimination of all Forms of Discrimination Against Women as well as ILO conventions. The Environmental Appendix contains detailed information about our products, such as which substances are prohibited and whether they are covered by special legislation.

The Code of Conduct sets out specific requirements and states that we have the right to investigate compliance with the requirements. If deviations are identified and the supplier does not remedy these within a reasonable time, we have the right to terminate the contract. We prefer to work together to solve the problems than to hastily end the relationship because we believe that in the long run the best option is to build long-term partnerships with carefully selected suppliers.

Most suppliers have signed our Code of Conduct, but not all. 75% of our net sales from books is attributable to suppliers who have signed the Code of Conduct. However, with 11 million book titles, we are linked to more than 15,000 suppliers through global book databases. This means that we sometimes buy books from book suppliers who have not signed our Code of Conduct. For our range of other products, comprising non-book products, all our partners have signed our supplier contract and Code of Conduct.



From 2022, we are planning to prepare customised Codes of Conduct for different types of suppliers, not just product suppliers. We will also take stock of our existing contracts and review all current contracts with the aim of implementing a digital contract portal for signatures.

75%
of our net sales from books is attributable to suppliers who have signed our Code of Conduct.

100%
of our suppliers for our range of other products have signed our Code of Conduct.

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SAFE PRODUCTS

OVERALL TARGET: Deliver high-quality products and services without health and safety deficiencies, at least in accordance with EU legislation

We always strive to offer eco-labelled products. Our product range aimed at customers who want to write, draw, do crafts, plan, play games or play with toys was expanded during the year and its share of our total sales also increased. This is therefore a high-priority area from a sustainability perspective. Quality is another important aspect of product development as we want to ensure that the products can be used for several generations.

The products we buy also need to be safe to use. Large parts of the product range are manufactured in Europe and in 2021 we increased the share of products manufactured in the Nordic region. We want to deliver high-quality products and services without health and safety deficiencies, at least in accordance with EU legislation

Sub-target 1: Ensure a higher proportion of environmentally certified materials (initially FSC) in our product range

The products included in our range have been carefully selected and we expect high standards from our suppliers. In collaboration with our suppliers, we are constantly working to improve our product range. The paper used in our product range, for example, is increasingly Nordic Ecolabelled or FSC-certified. We are now raising our ambition and are aiming to ensure an even higher proportion of environmentally certified material in our product range.

Currently, we can only estimate how much of the product range is eco-labelled as we do not have the means to measure this. We know that we have a large share of eco-labelled paper but lack reliable figures. From 2022, we will therefore be working to enable measurability for continuous monitoring and to clarify the content of products from a sustainability perspective for our customers.

Sub-target 2: Specify requirements and guidelines for Bokusgruppen's eco-labelling

In order to maintain high quality and continue to ensure that our products are free from health and safety issues, we need to continuously define and update requirements and guidelines for which eco-labels we allow for the products we sell.

In an initial stage, we will identify and decide which environmental criteria to approve for our product range. This work will begin in 2022. We will also work to ensure that these criteria are clearly communicated to our suppliers and partners while also developing a clear manner of communication to make it easier for our customers to make informed environmental choices when they shop with us. To do this, our store employees need to receive support so that they are able to explain our eco-labelling to customers.



FSC member since 2017

In 2017, Bokusgruppen became the first book retailer in Sweden to become a member of the Forest Stewardship Council (FSC). The FSC encourages environmentally friendly, socially responsible and economically viable use of the world's forests – an effort that we as a member company are involved in and support. FSC Sweden is a stand-alone non-profit organisation that operates in accordance with the values and statutes of the international FSC.



Green Toys, which are part of our product range, are made from 100% recycled plastic and are completely non-toxic.

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CIRCULAR ECONOMY, REUSE AND ENVIRONMENTAL IMPACT IN BUSINESS OPERATIONS



OVERALL TARGET: Minimise the environmental impact of the business operations through increased recycling and reuse and reduced use of resources

An important step towards reducing our environmental and climate impact is to increase our recycling and reuse rates. Through circular business models, we can increase our resource efficiency and reduce emissions linked to the purchase of goods and services, which account for 88% of Bokusgruppen's total emissions. A key step towards reducing our resource use is to achieve a recycling rate of 100% throughout the company.

Sub-target 1: Include at least one circular business model in the next three years

Circular business models have the potential to change the way we generate value while having a positive impact on our relationships with our customers and suppliers. By taking a circular approach, we strengthen our power to innovate and can develop more sustainable solutions that open up new business and growth opportunities while at the same time reducing our carbon footprint.

Akademibokhandeln's stores already offer the "Låna & Läs" circular business model, a book loan service that allows customers to borrow and take home 55 books per year for SEK 395. The service has existed for many years, and in the 2020–2021 academic year 11,000 customers purchased a "Låna & Läs" subscription. Another example is the Bokus buy and sell market, a marketplace for used university textbooks. The buy and sell market has an estimated 1,000–2,000 active ads around the start of each academic semester.

By introducing more circular business models, we can create profitability while reducing our consumption of raw materials and thereby also reduce our climate impact. In 2021, we identified and evaluated a number of initiatives, some of which we are planning to test and learn more about in 2022. We are also exploring the possibility of developing new circular business models together with external partners.

Sub-target 2: All waste to be recycled by 2026

To minimise the environmental impact of our operational activities, we are planning to review our waste management to ensure that we achieve a 100% recycling rate throughout the company by 2026. By recycling, we take responsibility for ensuring that the collected material is turned into new products and thereby contribute to sustainable resource use.

Our ability to recycle materials is partly affected by external factors, such as leases in our store networks. Increasing our recycling rate is also about developing or giving priority to products that can easily be recycled when they become obsolete, such as calendars, which are a product group with a short lifespan. Together with a supplier, we started to review most of our calendars during the year to make them easier to recycle and the plan going forward is to replace the plastic used in certain calendars with renewable materials.

Bokusgruppen is affiliated with Förpacknings- och tidningsinsamlingen (FTI), which collects packaging and newspapers. To fulfil our responsibility as a producer, we report consumption statistics and pay a fee for the packaging we use. We are currently unable to determine our recycling rate, which is why we initiated an effort during the year to identify what is not being recycled in each department. In 2022, we will draw up a plan for how to reach our sub-target of a 100% recycling rate by 2026.



Fewer plastic bags

On 1 August 2017, we started charging for plastic carrier bags. The share of customers receiving or buying a plastic bag in 2017 is estimated at 65%. Since then, consumption has continued to decline. In 2021, 13% bought a plastic bag.

"Låna & Läs" card

"Låna & Läs" is a good alternative for customers who want to read a lot while also reducing their consumption. In total, "Låna & Läs" customers borrow 120,000 books in an average academic year. During the year, we got rid of the actual "Låna & Läs" card and instead register customers' membership directly on their ID cards.

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DATA INTEGRITY AND DATA SECURITY

**OVERALL TARGET: No incidents related to data security and data integrity**

To achieve this target, we need to ensure and continuously monitor that our customers' and employees' personal data is processed correctly and securely while also protecting our company information.

Sub-target 1: Establish a clear strategy for data integrity and data security

To achieve our overall target, we need to establish a clear strategy for data integrity and data security. Our current IT policy will be evaluated and developed. This work, including the development of new data storage guidelines, will begin in 2022.

In 2021, we established a GDPR Committee that works continuously on GDPR issues and conducts annual audits. In 2022, the committee will continue its efforts to improve GDPR compliance management in the company.

Sub-target 2: All employees should have basic knowledge of data security

Awareness of data security and knowledge of how to protect ourselves against security threats require training. Our ambition is for more employees to complete our existing data security training course, and also to develop a data security training course that will be part of the introduction for new employees.

In 2021, we conducted a data security course consisting of short modules which the participants completed over an extended period of time, a method known as nano-learning. All employees with a personal e-mail address were sent a new module every two weeks over a period of several months. 70% of the modules sent out have been started and 100% of the lessons started have been completed. In 2022, we will develop a data security training course that will be part of the onboarding of new employees, and our ambition is for 100% of our employees to complete a data security training course by 2023.



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INCLUSION AND DIVERSITY

OVERALL TARGET: Increased diversity and inclusion without discrimination and victimisation

Our vision is to spread the joy of reading to everyone, every day and to contribute to a democratic society where everyone is able to express their opinion. Diversity and inclusion are important aspects of realising this vision. That is why, over the coming years, we will be placing a strong emphasis on developing our recruitment, communication and work environment as well as our product range.

Sub-target 1: Attract and retain the right talent from across the whole of society, without bias

We believe that the greater the number of perspectives represented in our company, the stronger it will be. We believe that diversity improves the work environment while also encouraging creativity and innovation. For us, diversity means that we recruit based on merit and without bias. Diversity encompasses a variety of parameters, not all of which are measurable. For 2021, we took a closer look at gender, age and Swedish/foreign background, but there are many other diversity aspects we can promote by taking an unbiased approach to recruitment.

In 2021, with the help of Statistics Sweden, we measured the extent to which our workforce reflects Swedish society with regard to Swedish or foreign background. Bokusgruppen itself has also produced statistics on the breakdown of the workforce by gender and age and compared the figures with the country as a whole. The surveys will be used to prepare an action plan aimed at increasing diversity and inclusion at the company, and will be carried out annually to monitor the success of our efforts.

The results of the 2021 surveys showed that 11.4% of Bokusgruppen's employees had a



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> foreign background compared with 29.8% for Sweden as a whole, according to figures from Statistics Sweden for 2021.

In 2022, all employees in managerial positions will take part in a training course on inclusion and diversity from a recruitment perspective. Our current recruitment process will then be evaluated and updated to enhance our ability to recruit diverse talent.

Sub-target 2: Meaningfulness and participation

Succeeding in attracting, developing and retaining employees is crucial to our success. That's why we take a proactive approach to health and safety. We have several central health and safety policies, safety inspections are carried out every year, employees are invited to target-setting and motivational interviews twice a year, and our core values play a key role in strengthening our corporate culture.

We see our low sickness absence rate, at 5.2%, as proof of the success of our efforts to promote health and safety. In 2020 and 2021, however, sickness absence increased slightly due to the pandemic. During the year, we conducted an employee survey using the digital platform Eletive. These surveys will be conducted regularly in 2022. The surveys measure 11 driving forces among employees, one of which is

meaningfulness and participation, which encompasses diversity and discrimination aspects. The surveys enable us to continuously monitor whether any bullying or abusive behaviour occurs in the company and if so to respond quickly based on action plans and policies. Our target for the 2021 to 2023 period is to increase the score for meaningfulness and participation among our employees from 4.3 to 4.5 on a five-point scale.

Sub-target 3: The company's communication (internal and external) is to target existing and new target groups throughout society in an inclusive way

Successful promotion of diversity and inclusion strengthens Bokusgruppen's brand in the eyes of more target groups, which makes it easier to retain and attract new employees and customers. Communication is a key aspect in this regard. During the year, we started planning for a current situation analysis of our communication that will be carried out in 2022. We also started planning a training course in inclusion and diversity from a communication perspective, which staff in relevant functions at the company will complete in 2022.

In connection with this course, we are also planning to review our tonality and brand guidelines in order to update, if necessary, our existing guidelines or include new sections on diversity and inclusion no later than 2023. The purpose of these measures is to ensure that our communication is inclusive for target groups throughout society.

Sub-target 4: Our product range should contribute to a democratic society in an inclusive way and attract existing and new target groups throughout society

Our product range should contribute to a democratic society where everyone can express their thoughts and opinions. We therefore always strive to ensure that the product range we offer is as broad and inspiring as possible. During the year, we decided to review and update our purchasing and product range policies. The goal is for our product range to attract existing as well as new target groups throughout society in an inclusive way.



THE AVERAGE NUMBER OF EMPLOYEES IN BOKUSGRUPPEN IN 2021 WAS 403.

Breakdown between store and office	Store	Office	Total
Average number of employees	306	97	403
Group	Women	Men	Total
Average number of employees	306	97	403
- of which Group management incl. CEO	6	3	9
Managers in charge of setting salaries excl. Group management	Women	Men	Total
Office	10	6	16
Store managers	51	14	65
Board	Women	Men	Total
Bokusgruppen	2	2	4

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SUSTAINABILITY MANAGEMENT

Sustainability organisation

Bokusgruppen's sustainability management activities are led by the Head of Sustainability and are conducted by a steering group and five cross-functional teams that are responsible for the seven overall targets and the sub-targets.

The sustainability teams were appointed in early 2021 and each team consists of representatives from various central functions. During the year, the teams

formulated the sub-targets linked to the overall targets. The sub-targets were then approved by Bokusgruppen's Head of Sustainability, Group management and Board of Directors.

The operational sustainability management activities are carried out throughout the organisation and in all departments and are implemented in the company's daily operations.



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To provide guidance and ensure that sustainability management is implemented operationally in the organisation, around 20 policies have been adopted to provide a governance framework. The policies are communicated at meetings of the departments and are published on the company's intranet so that they are easy to access for all employees. Briefings are also given to new employees to ensure they have a good knowledge of the policies. The following are some of our policies.

Internal Code of Conduct

Bokusgruppen's sustainability management is based on the four areas of the UN Global Compact, which is aimed at fighting corruption, for example. Our Internal Code of Conduct is based on our sustainability management, vision and core values. All employees need to familiarise themselves with the Internal Code of Conduct, as it sets forth how we as a business partner and employer, as an employee and as a social actor should conduct ourselves and relate to each other in different situations. All employees have a responsibility to follow the Code of Conduct and be good ambassadors of the company in all contexts. All employees are encouraged to sound the alarm if they suspect that someone or something is violating the Code of Conduct, either by contacting their manager or through our whistleblower system.

Supplier policy and product range policy

To ensure sustainable supply chains, Bokusgruppen has adopted a product range policy and supplier policy.

Supplier policy

The supplier policy covers matters such as the handling of gifts and describes how employees should interact with suppliers and business partners in different situations. All employees have a duty to report to their manager any attempt by a supplier to offer something that could be perceived as a bribe.

Product range policy

Our book range should help spread the joy of reading, and in the long run also contribute to a sustainable and open society. That is why we always strive to ensure that the range of books we offer is as broad and inspiring as possible, in all our sales channels. There may be cases where it is doubtful whether certain books are suitable in our range. The title may be on the right side of the law but may be questionable from a moral or ethical perspective. When such situations arise, we may choose to remove the title from our range. We should never make books available that contain incitement to racial hatred, slander, child pornography, corporal punishment of children or illegal depictions of violence or when it is obvious that the author is infringing on someone else's copyright. Our product range policy has been formulated to make it easier for our buyers to know where to draw the line when deciding whether or not to include a book in our range. Inspired by the line "to contribute to a democratic and sustainable society where everyone has an opportunity to exchange thoughts and opinions," which is part of our vision, we intend to continue to provide the broadest and most inspiring range of products possible, as long as the titles do not deviate from our product range policy.

In our range of other products, we offer a sustainable and profitable range of products that are inspiring, affordable and of high quality. Our products have a natural place in an up-to-date, modern bookstore and the policy provides guidance on the criteria for bringing in new products or engaging a new supplier.

Whistleblower service

If an employee suspects that a deviation from our policies may have occurred, they are encouraged to report this to their manager or manager's manager or using the whistleblower system. There is a whistleblower service managed by an external party where all employees can anonymously sound the alarm and report any misconduct. The external party reports to the Board of Directors. The whistleblower service is intended to be used for serious misconduct and as a complement to the ordinary reporting systems and to report serious irregularities such as financial corruption, serious harassment or discrimination, safety risks in the workplace and environmental crimes. No incidents were reported during the year.

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Our book range should help spread the joy of reading, and in the long run also contribute to a sustainable and open society.

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Sustainability management**SUSTAINABILITY RISKS**

A risk analysis is carried out twice a year by the management team, which then reports to the Board. Risks are identified in the areas strategic risks, operational risks, financial risks and compliance risks. Each identified risk is assessed in two dimensions: 1. Probability of it occurring and 2. Consequence if it occurs. For each risk, an action plan is drawn up which, in each risk analysis, is assessed as sufficiently effective to address the risk, in need of improvement or insufficient. To manage risks that materialise, the company has a crisis management plan and crisis management team. There

is also a business continuity plan that is designed to minimise risks in case of various types of interruptions in the operations.

Crisis management

Bokusgruppen's crisis management team always has access to the latest version of the crisis management plan. In a crisis situation, the task of the crisis management team is to rapidly address the situation in order to prevent the company's assets from being adversely affected, and to return to a normal situation as soon as

possible. The regular members of the crisis management team are the members of the Group management and a secretary but additional roles can be added if necessary.

The crisis management plan consists of a large number of issues that have varying degrees of relevance in different situations. In a crisis there is also a great need for information. Information issues need to be handled judiciously so that they do not amplify the actual risk. The primary purpose of communication in a crisis situation is to provide accurate information to employees, their families, the authorities involved and the media.

**STAKEHOLDER DIALOGUE**

What our stakeholders think about our sustainability management is obviously important to us. We need to focus not only on sustainability in our own operations but also have a broader perspective where we look at the bigger picture. In our daily contacts with our customers and employees as well as with our suppliers, partners and other stakeholders, we listen and learn.

In spring 2021, we conducted a stakeholder dialogue with customers and employees based on the AA1000SES standard.

How was the survey conducted?

An online questionnaire was sent out to a representative sample of 30,000 registered Bokus customers and 10,000 Akadembokhandeln customers. The difference in the number of sample customers is due to the difference in propensity to respond for the two customer groups. We received 889 responses from our customers. The number of responses was considered sufficient as the additional responses received did not add any new perspectives.

An online questionnaire was also sent out to all 410 employees, from whom we received 352 responses.

In the questionnaire, customers and employees were asked to rank sustainability areas and identify any missing areas based on their expectations of the com-

pany. All responses, from customers and employees, were anonymous.

What do our customers and employees think?

- Asked how important the sustainability issue is, both customers and employees rank it as 8 on a 10-point scale.
- Reading promotion initiatives for all is the sustainability area that is ranked as the most important by all stakeholder groups. Sustainable supply chain and Energy consumption and climate impact are also ranked highly by all groups.
- Employees are more familiar with our sustainability management activities than customers.
- Customers and employees expect Bokusgruppen to be at the forefront of sustainability management, not least in view of the size of the company.
- Both stakeholder groups say that Bokusgruppen needs to live up to the targets it has set and that changes need to be implemented throughout the company.
- Customers want to see more information and communication about the company's sustainability management, for example on the website, in the Sustainability Report and in product descriptions.

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PARTNERSHIPS AND FUNDRAISING

Book Industry Climate Initiative

In 2021, the Swedish Publishers Association, the Swedish Booksellers Association, online retailers and streaming services launched a joint climate project – the Book Industry Climate Initiative. In 2022, the Initiative is aiming to map the industry's current carbon footprint and set targets for reducing that footprint:

- Identify the industry's carbon footprint (according to the GHG Protocol) and prepare an annual report.
- Set individual targets and a common ambition to reduce the industry's climate impact, for example over one, three and five years.
- Collaborate, share knowledge, inspire and guide each other as colleagues.
- Develop new labelling to show that a product has been produced in accordance with the Climate Initiative's agreed standard.
- Network and engage in advocacy, for example with suppliers.

Berättarministeriet

In 2021, Bokusgruppen, acting under the Akademi-bokhandeln brand, entered into a partnership as the main sponsor of Berättarministeriet. Berättarministeriet is a politically and religiously independent non-profit group. It works to reduce the negative consequences of segregation on children's schooling by supporting teachers and students in areas with high unemployment in their daily teaching. Berättarministeriet runs training centres in Husby and Hagsätra in Stockholm and in Gamlestaden in Gothenburg. The organisation's vision is a Sweden where all children have equal access to good schooling regardless of socio-economic background.

As part of the partnership, all Bokusgruppen employees have been offered an opportunity to complete a training course for volunteers. On completing the course, employees can choose to work as volunteers at Berättarministeriet. At Akademi-bokhandeln's stores, customers are informed about ways in which they can support Berättarministeriet. The partnership will run for three years.

**SOS Children's Villages – Läsa Lära Leva**

Läsa Lära Leva is a joint project between Akademi-bokhandeln and SOS Children's Villages. In 2021, Akademi-bokhandeln raised SEK 606,925 for the project. The money will go to the SOS Children's Villages school in Bouar in the Central African Republic, one of the world's poorest nations. Akademi-bokhandeln's customers were encouraged to donate via Swish or to round up their purchase at the checkout. For every krona donated by the customers, Akademi-bokhandeln donated the same amount. Reading is strongly linked to health, longevity and opportunities to get out of poverty, which is why this project is extremely important

and a way to promote social sustainability together with our customers.

Product partnerships

Every year, we work with organisations through various product partnerships. In 2021, in connection with the sale of Christmas cards, we donated SEK 212,000 to the Swedish Cancer Society, SEK 22,000 to Children's Rights in Society (BRIS) and SEK 472,000 to UNICEF. By donating SEK 10 per sold copy of the biography of Avicii, Bokusgruppen also contributed SEK 150,000 to the Tim Bergling Foundation, which works to prevent mental illness.

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BOKUSGRUPPEN'S CLIMATE REPORT

In connection with the review of Bokusgruppen's sustainability management, a climate report was prepared covering greenhouse gas emissions from all operations in the 2020 financial year. The climate report will serve as a baseline for sustainability management activities in future years. Emissions have been calculated in accordance with the GHG Protocol, which is the most widely used international calculation and accounting standard for climate reporting.

Emissions are reported in tonnes of carbon dioxide equivalents* (CO₂e), by emission source and divided into three categories. Scope 1 comprises emissions that Bokusgruppen has direct control over, Scope 2 refers to emissions from purchased electricity, heat and cooling, and Scope 3 covers all other emissions resulting from the operations, such as production and transportation of sold products.

In 2020, Bokusgruppen generated total emissions of 8,223 tonnes of CO₂e. This equates to emissions of 4.64 tonnes of CO₂e/MSEK, which is low compared with many other retailers. The climate report showed that 88% of Bokusgruppen's emissions come from purchased goods and services, which include the production of all books and other products purchased and sold during the year as well as packaging used in

transport. The second largest source of emissions was transport, which accounted for 7% of total emissions, followed by business trips and commuting to work at 4%.

For purchases of goods and services, the distribution of emissions was as shown in the chart below. The majority of emissions come from the purchase of books and other products, which is not unexpected as our business concept is based on the purchase and sale of these products. Emissions from goods and services often occur upstream in the value chain, which makes it harder for us to influence them.

The climate report has influenced our priorities for the coming years. These include, for example, reusing packaging to a greater extent, purchasing more products from the Nordic countries and Europe, evaluating material choices in our product range, promoting the use of electric vehicles and renewable fuels for transport, and demanding emissions data from suppliers as a means of driving emissions reductions.

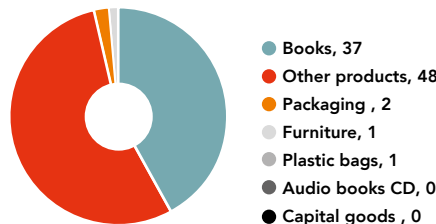
* Carbon dioxide equivalent (CO₂e) is a weighted measure of greenhouse gas emissions (CO₂, CH₄, N₂O, HFC, PFC, SF₆) which takes into account the fact that different greenhouse gases contribute to the greenhouse effect and global warming to different degrees. The carbon dioxide equivalent measure for a greenhouse gas indicates how much fossil carbon dioxide would need to be emitted to have the same impact on the climate.



EMISSIONS BY SOURCE, %



EMISSIONS, PURCHASED GOODS AND SERVICES, %





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Directors' Report

The Board of Directors and CEO of Bokusgruppen AB, corp. ID no. 559025-8637, with its registered office and head office in Stockholm, hereby presents its annual report for the 1 January–31 December 2021 financial year. The annual report contains the Group's financial statements, including disclosures on the nature and focus of the business. Bokusgruppen is Sweden's market-leading book retailer which, with strong and complementary brands, reaches a very large share of Sweden's population. Bokusgruppen offers books in all channels and formats as well as a large and inspirational range of other products to consumers, companies and public-sector operations. Unless otherwise stated, all amounts are expressed in millions of Swedish kronor (MSEK). Figures in parentheses refer to the comparative year.

Operations

Bokusgruppen operates in the Swedish book market as an online retailer and through physical bookstores (centrally owned stores and franchise stores). The company's net sales consist of sales of physical books, digital subscription services, e-books and audio books as well as Bokusgruppen's range of other products. The products are sold under the complementary brands Bokus, Bokus Play and Akademibokhandeln. The Group has an average of 403 (410) employees.

Significant events

On 4 June, Bokusgruppen was listed on Nasdaq First North Premier Growth Market. For most of the year, Bokusgruppen's operations were affected by the global pandemic. The effects of the pandemic have been successfully managed, as Bokusgruppen has online channels as well as a store chain through which it can meet customer demand in response to changing circumstances. In the book industry, the pandemic led to an increase in online shopping, while shopping in physical stores decreased. As the spread of infection decreased and restrictions were eased in the second half of 2021, physical bookstores saw a pick-up in activity.

It has been an eventful year for Bokusgruppen. Investments were made to continue the company's digital

transformation and expand our expertise in e-commerce. Akademibokhandeln's range of other products – "Skriva Spela Skapa" – was launched online, new store concepts were tested such as the book bus and pop-up stores, and a new store opened in a prime location in Gothenburg. At the end of the year, work began on implementing a new IT platform for stores with mobile and flexible checkouts that will enable us to engage more actively with customers and provide a higher level of service.

Bokus Online launched a new shipping checkout solution and new delivery options, and formulated targets for its delivery offering and customer service. We also strengthened our workforce through by recruiting additional e-commerce talent.

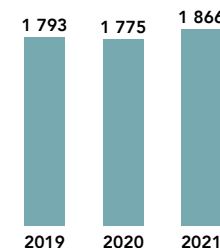
During the year, Bokusgruppen worked dedicatedly on sustainability issues. We raised our ambition further and stepped up our efforts to promote sustainability. The emphasis was on Bokusgruppen's four overall sustainability strategies and targets for its seven underlying sustainability areas. Read more in our Sustainability Report on page 28–45.

The Group's financial performance

Net sales and earnings

Consolidated net sales increased 5.1% to MSEK 1,866.1 (1,774.9). Online sales increased 7.3% to

NET SALES, MSEK



Consolidated net sales increased 5.1% to MSEK 1,866.1 (1,774.9).

NET SALES ONLINE VS. STORES, %



Sales in online channels accounted for 45% of total consolidated net sales.

● Online, 45 ● Stores, 55

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The accelerated investments in future growth in the form of investments in digital business development, such as the digital platform for stores and ongoing development of Bokus Play, continued during the year.

MSEK 831.1 (774.3) and in-store sales increased 3.4% to MSEK 1,035.0 (1,000.6). Sales in online channels accounted for 45% of total consolidated sales, a slight increase from 44% in the previous year.

The Group's costs for goods for resale increased 4% to MSEK 1,149.0 (1,106.6). The gross margin was 38.4%, which is an improvement of 0.7 percentage points on the previous year. The improvement was achieved through improved margins for Bokus Online and Akademibokhandeln Stores as well as an increased share of store sales.

The Group's other expenses increased 5% compared with 2020. Personnel expenses increased to MSEK 280.0 (271.6). This is mainly explained by the fact that the Group did not receive furlough support in 2021, although this was partly offset by pension refund.

A part of the rent support received in 2020 was accrued until 2021 and is recognised in the item "Depreciation of right-of-use assets".

EBITA was MSEK 124.1 (84.3), which is an increase of 47.3%. The improvement in earnings is due to increased net sales and higher margins. EBITA excluding items affecting comparability was MSEK 108.5 (63.4). Items affecting comparability refer to subsidies and government grants, listing costs and pension refund. The EBITA margin was 6.7% (4.7). Adjusted for items affecting comparability, the EBITA margin was 5.8%.

Profit/loss after financial items amounted to MSEK 62.6 (14.9). The tax expense was MSEK 12.2 (10.6). Undiluted and diluted earnings per share increased to SEK 3.31 (0.32).

Investments

Investments for the year totalled MSEK 46.4 (28.3) and related mainly to the development of the new store IT platform, which includes mobile and flexible checkouts. This will enable store staff to engage more actively with customers and provide a higher level of service. Integrating physical stores with online retail provides an even better shopping experience. The system was tested in five pilot stores in the autumn and will be rolled out to all stores in the first quarter of 2022. Depreciation and amortisation decreased by MSEK 13.4 for the Group due to lower depreciation of right-of-use assets in accordance with IFRS 16.

Cash flow

Cash flow from operating activities before non-cash items and changes in working capital increased to MSEK 81.1 (43.2). Bokusgruppen's inventories decreased by MSEK -2.2 (4.6). Changes in operating receivables totalled MSEK -3.3 (2.9) and changes in operating liabilities amounted to MSEK 41.7 (-0.1). Operating cash flow after investing activities amounted to MSEK 217.2 (188.5). Adjusted for repayments of lease liabilities, adjusted operating cash flow was MSEK 109.3 (70.6). Investments in intangible assets totalled MSEK 35.5 (21.8) and investments in property, plant and equipment amounted to MSEK 10.9 (6.6). The accelerated investments in future growth in the form of investments in digital business development, such as the store IT platform and ongoing development of Bokus Play, continued during the year.

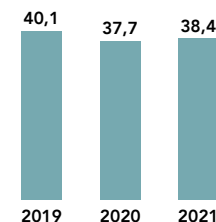
Cash flow from financing activities amounted to MSEK -251.9 (-232.1). The change is explained by the new financing structure resulting from the repayment of Bokusgruppen's liability to the former Parent Company Volati AB (publ) on 4 June 2021. The liability, which totalled MSEK 319.8, was settled through an offset issue of MSEK 165.0 and a payment of MSEK 154.8 financed by own funds and by partially utilising the Group's overdraft facility. The overdraft facility was unutilised as of 31 December. Total cash flow for the period was thus MSEK -34.7 (-43.6).

Consolidated net debt at the end of the period, meaning interest-bearing liabilities less cash and cash equivalents, amounted to MSEK -131.7 (148.7). Excluding the effect of IFRS 16, net debt in relation to EBITDA was -1.2x (1.6). The improvement is explained by the fact that the Group's long-term debt was settled in connection with the company's listing on Nasdaq First North Premier Growth Market.

Seasonal variations

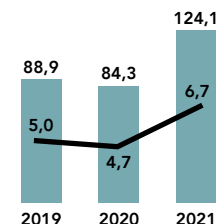
Bokusgruppen's sales are affected by seasonal variations due to factors such as the Christmas shopping season in December and the start of the academic year in the autumn. Earnings and cash flow thus generally rise sharply in the fourth quarter each year. The Akademibokhandeln Stores segment displays the largest seasonal variations. This affects net sales but also EBITA, which is low or negative in the first two quarters and then increases in the second half of the year.

GROSS MARGIN, %



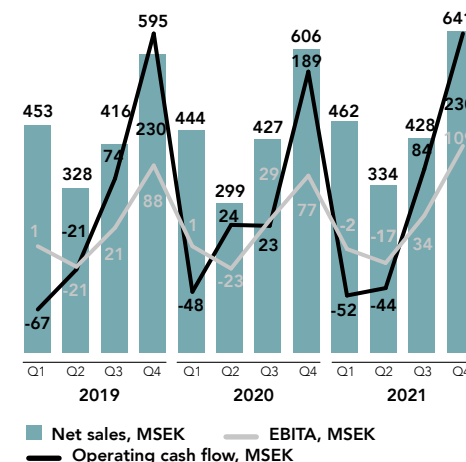
The increased gross margin was achieved through improved margins for Bokus Online and Akademibokhandeln Stores.

EBITA & EBITA MARGIN



The increase in EBITA was due to higher net sales and improved margins.

SEASONAL VARIATIONS



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Employees

The average number of full-time employees was 403 (410). Further information about employees can be found in Note 6 to the financial statements.

Sustainability and social responsibility

Bokusgruppen has worked dedicatedly on sustainability since 2016. In 2021, we adopted even more ambitious targets based on the review initiated in the previous year. Bokusgruppen's sustainability management is based on four strategies: the joy of reading, product range, environment and climate, and employees as well as seven sustainability areas and associated overall targets. The Group's sustainability management activities are led by the Head of Sustainability and a sustainability management team and are conducted in cross-functional teams linked to each sustainability area.

Bokusgruppen has chosen to integrate its Sustainability Report with its Annual Report. In accordance with Chapter 6, Section 11 of the Swedish Annual Accounts Act, Bokusgruppen's Sustainability Report is found on pages 28–45 of the Annual Report. The Sustainability Report is also available on the company's website, bokusgruppen.com.

Guidelines for remuneration of senior executives

The following guidelines for remuneration of senior executives were adopted at the Annual General Meeting (AGM) on 30 April 2021 and apply until further notice but will expire at the end of the 2024 AGM.

These guidelines are applicable to remuneration that is agreed, and changes to already agreed remuneration, after the date on which the guidelines were adopted by the AGM.

In this context, the term senior executives refers to the CEO of Bokusgruppen AB and the other members of Group management.

The guidelines are designed to promote the company's business strategy, long-term interests and sustainability. The successful implementation of Bokusgruppen's business strategy and safeguarding of its long-term interests is dependent on Bokusgruppen being able to recruit, develop and retain senior executives with relevant experience, expertise and qualified leadership skills. It is therefore important for Bokusgruppen to be able to offer its senior executives competitive total remuneration.

On this basis, the company is to endeavour to offer

its senior executives terms that are market-based and motivating as well as well-balanced and reasonable based on the expertise, responsibility and performance of the senior executives.

The remuneration guidelines are intended to provide a clear framework for remuneration of Bokusgruppen's senior executives so that terms can be formulated that promote Bokusgruppen's business strategy and long-term interests, including its sustainability, lasting growth and profitability.

Remuneration may take the following forms:

- Fixed cash remuneration
- Variable cash remuneration
- Pension benefits
- Other benefits

Guidelines for fixed remuneration

Each senior executive is to receive fixed cash remuneration, in other words a fixed monthly basic salary. This comprises predictable remuneration that contributes to attracting and retaining qualified employees. The senior executives' fixed remuneration is to be competitive and based on the individual's experience, area of responsibility and performance.

Guidelines for variable remuneration

Senior executives may receive variable remuneration in addition to fixed remuneration. Variable remuneration is to be linked to pre-defined targets and measurable criteria that can be financial or non-financial. The targets and criteria should be designed to promote Bokusgruppen's business strategy, long-term interests and sustainability by having a clear connection to Bokusgruppen's business targets and/or strategies.

For variable remuneration, limits for the maximum amount to be paid are set for each individual senior executive. The award of variable remuneration is contingent on the fulfilment of the targets or criteria linked to the remuneration proving to be sustainable from a long-term perspective and on the remuneration not having material negative impact on Bokusgruppen's position. The AGM can also resolve that variable remuneration be paid in the form of shares in the company as well as its subsidiaries. In addition to promoting the company's business strategy, long-term interests and sustainability, share-based remuneration must be de-

signed to more closely align the interests of the senior executive with those of the company's shareholders.

Whether or not the agreed targets or criteria for variable remuneration have been achieved is to be determined when the relevant measurement period has ended. The Board is responsible for any evaluation of variable remuneration paid to the CEO. The CEO is responsible for any evaluation of variable remuneration paid to the senior executive concerned. For financial targets, the evaluation is based on Bokusgruppen's most recently published financial information.

For each senior executive concerned, variable remuneration may represent a maximum of 25% of the fixed remuneration and, if full variable remuneration, pension benefits and other benefits are paid, a maximum of 14% of the total remuneration.

Guidelines for pension benefits

Pension benefits are generally paid in accordance with rules, collective agreements (which may involve a right to early retirement), and, if relevant, common practice in the senior executive's permanent country of residence. This comprises predictable remuneration that contributes to attracting and retaining qualified employees. Pension benefits comprise defined-contribution pensions, unless the individual in question is covered by a defined benefit pension in accordance with compulsory collective agreement provisions. Pension benefits are vested when they have accrued. Variable remuneration is only pensionable if it follows from compulsory collective agreement rules. For each senior executive concerned, defined-contribution pension benefits may represent a maximum of 33% of the fixed remuneration and, if full variable remuneration, pension benefits and other benefits are paid, a maximum of 19% of the total remuneration.

Guidelines for other benefits

Senior executives may be entitled to both general benefits offered to all employees and additional benefits. These benefits contribute to attracting and retaining qualified employees. Examples of other benefits that may be received by senior executives include car allowance, health insurance, household-related services and financial protection for family/survivors. For each senior executive concerned, other benefits may represent a maximum of 15% of the fixed remuneration and, if full variable remuneration, pension

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benefits and other benefits are paid, a maximum of 9% of the total remuneration.

Guidelines for termination of employment and severance pay

Employment contracts between Bokusgruppen and its senior executives normally pertain to permanent employment. The CEO's contract may be terminated without objective grounds by either party. Salary during the period of notice and any severance pay due are generally to comply with rules, collective agreements and common practices. In addition, the following applies: If employment is terminated by Bokusgruppen, the period of notice is not to exceed 12 months. The combined remuneration during the period of notice and period of severance pay is not to exceed a total amount corresponding to the agreed fixed monthly salary at the time of termination and contractual benefits for 12 months plus the fixed monthly salary for 12 months. If employment is terminated by the senior executive, the period of notice is not to exceed six months, without severance pay. If Bokusgruppen chooses to apply a non-compete agreement in certain cases, fixed remuneration may be paid during the relevant period.

Consideration of remuneration and employment terms of other employees

In preparing the Board's proposal for these remuneration guidelines, salary and terms of employment for Bokusgruppen's other employees have been taken into account by ensuring that information about the company's total salary costs and other personnel expenses is included in the Board's support material for these guidelines.

Decision-making process for establishing, reviewing and implementing the guidelines

Bokusgruppen's Board of Directors is tasked with monitoring and evaluating the application of the guidelines for remuneration of senior executives, current programmes for variable remuneration of senior executives and programmes completed during the year, and applicable remuneration structures and remuneration levels in Bokusgruppen.

Every four years, or earlier if there is a need for significant amendments to the guidelines, the Board is to prepare proposed guidelines for resolution by the AGM. The AGM is to resolve on the proposal. The guidelines apply to each remuneration obligation to senior executives, and any change to such an obliga-

tion, decided after the AGM at which the guidelines were adopted. The guidelines do not therefore have any effect on previously binding contractual obligations. The guidelines apply until new guidelines are adopted by the AGM and made available to the public on Bokusgruppen's website.

When the Board considers and decides on remuneration-related matters, the CEO and other members of Group management are not present, insofar as they are affected by the matters.

Right to decide on deviations from these guidelines

The Board may decide to temporarily deviate from the guidelines, in whole or in part, if there are special reasons for doing so in an individual case and a deviation is necessary to promote Bokusgruppen's long-term interests, including its sustainability, or to ensure Bokusgruppen's financial viability. For further information on remuneration, see Note 6 to the financial statements.

Internal control

The purpose of internal control of financial reporting is to provide reasonable assurance regarding the reliability of the company's external financial reporting and to ensure that the financial statements are prepared in accordance with generally accepted accounting policies, applicable laws and other requirements for listed companies. The Board has overall responsibility for ensuring that the Group has effective internal control. The responsibility is regulated by the Swedish Companies Act, which also states that the Audit Committee has a special responsibility for monitoring the effectiveness of risk management and internal control regarding financial reporting. The CEO is responsible for ensuring that there is a process and an organisation that ensure effective internal control as well as the quality of the Group's internal and external reporting.

Transactions with related parties

In connection with its listing in June 2021, Bokusgruppen obtained a MSEK 200.0 overdraft facility. At the same time, Bokusgruppen's liability to its former Parent Company Volati AB (publ) of MSEK 319.8 was repaid through a combination of an offset issue of MSEK 165.0 and a payment of MSEK 154.8. No other transactions with related parties have taken place other than intra-Group transactions made on market terms. See also Note 27 to the financial statements.

Parent Company

The Parent Company reported net sales for the financial year of MSEK 13.8 (0). The profit/loss after financial items was MSEK -14.9 (28.7). Investments for the period totalled MSEK 0 (0).

Significant events after the end of the financial year

In the autumn, Bokusgruppen completed a procurement of third-party logistics (3PL) services for the company's e-commerce logistics. In early 2022, a decision was made to enter into an agreement with a new 3PL supplier, meaning that online shopping logistics will move from the current supplier on 30 June 2022. The change is being made to further improve Bokusgruppen's online deliveries in order to meet new and increasing expectations from customers.

Two stores, one in Umeå and one in Stockholm, closed in January 2022 as part of our continuous review of the store network. There are nearby stores in both areas.

Proposed appropriation of retained earnings

Given Bokusgruppen's strong financial position and the robust cash flow in 2021, the Board proposes that the 2022 AGM approve a dividend of SEK 3.00 (1.46) per share, totalling MSEK 48.5. The dividend will be paid in two instalments of SEK 1.50 per share each. The record date for the first payment is to be as soon as possible after the AGM and the record date for the second is to be six months after the first. The proposed appropriation of retained earnings is described in full in Note 34 on page 90 and the Board's opinion pursuant to Section 18:4 of the Swedish Companies Act can be found on page 91.

Outlook for the coming financial year

In the long term, Bokusgruppen expects that demand for books, e-books and subscription services will increase both in physical stores and especially online. Investments in digital transformation, customer benefit, sustainability and improved consumer logistics will accelerate significantly in 2022 compared with 2021. These investments are being made out after several years of strong performance and will be financed by robust cash flows and a low loan-to-value ratio. In the short term, the investments may have an impact on earnings. In the longer term, this will lead to continued growth and improved profitability in line with Bokusgruppen's financial targets.

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RISKS AND RISK MANAGEMENT

Systematic risk management

Bokusgruppen takes a systematic approach to identifying, assessing and managing risk. The operations conducted entail risks that in varying degrees can have a negative impact on the Group. The risks can be divided into strategic, operational, financial and compliance risks. The Group's risk environment can change quickly, which is why a structured and continuous approach to risk ensures fast and efficient risk management.

Risk management

Bokusgruppen is a book retailer that offers products in the books and other products segments, primarily to end consumers but also to businesses and the public sector, in physical stores as well as online and through digital subscription services. In recent years, the retail market has faced challenges and undergone structural shifts that may entail risks that could affect the Group. The risks can be divided into strategic, operational, financial and compliance risks.

Bokusgruppen takes a systematic approach to identifying, assessment and managing risks. Priority is given to those that risks are expected to have the greatest negative impact. It is stated clearly who in Group management is responsible for preparing action plans. A review is carried out twice a year during which Bokusgruppen's Group management addresses and discusses any new and old risks. The overall risk scenar-

io is then addressed by the Audit Committee. Finally, the risks are discussed at a regular Board meeting. Major risks, such as the pandemic, have required continuous monitoring and actions in response to changes in society.

Bokusgruppen's Group management and Board of Directors also evaluate and monitor Bokusgruppen's internal control through a self-evaluating control matrix. The control matrix covers controls in all departments. The control matrix describes the risk, who is the control owner, the frequency of controls and whether the controls are preventive or detective. Supporting documentation and evidence that the control has been carried out must also be archived.

Bokusgruppen has also developed a business continuity plan for business-critical processes. The business continuity plan describes the activity, the role that performs the activity, who is the process owner, the maximum acceptable outage time, what the risk is if the activity is not carried out within the acceptable outage time as well as probability and consequence. It also describes the backup and recovery procedures and includes contact details for the role/person needed to implement the solution.

Bokusgruppen faces risks that can escalate into crisis situations. It is essential to ensure that a crisis situation can be managed while Bokusgruppen's normal business activities continue. Order and control need to be established rapidly to prevent any negative consequences for the company. A clear crisis management plan is in place to assist Bokusgruppen's crisis management activities. The crisis management team consists of members of the Group management team and the Head of Communications (with deputies).

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Ultimate responsibility for managing and monitoring Bokusgruppen's risks rests with the Board of Directors. The framework for managing and monitoring risks is established by the Board and revised annually.

Risk map

Risks are compiled in a risk map to provide a clear overview and assist in determining which measures to prioritise. Each risk is assessed based on consequence and probability. The effectiveness of the action plans for each risk is also assessed on the basis that there are measures that are considered to be effective in addressing and managing the identified risk. This mapping is carried out at Group level and is an important part of Group management and the Board's strategic and operational management.

Bokusgruppen's principal risks

Strategic risks: Strategic risks are risks that affect the

probability that the chosen strategy will be successful in accordance with the defined targets. Risks include changes in customer behaviour, increased competition or revolutionary technological transformation. The analysis aims to ensure that Bokusgruppen's business model meets its customers', suppliers', owners' and other stakeholders' requirements and expectations of the Group in the long and short term. External factors can have a significant impact on Bokusgruppen's strategies and business targets. Such risks can lead to changed purchasing behaviours and increased competition.

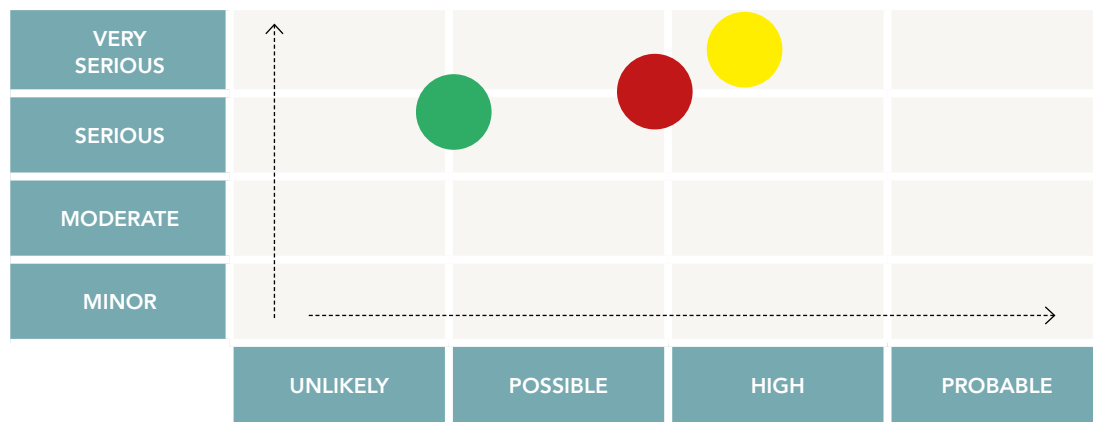
Operational risks: Operational risks are risks linked to day-to-day business processes and working methods, which can have a direct impact on the Group's financial position. Operational risks can arise from product purchases, third-party logistics, leases, IT systems and skills requirements.

Financial risks: Financial risks are risks that can have a direct impact on the Group's financial position.

Through its operations, Bokusgruppen is exposed to various financial risks, such as currency risk, credit risk, liquidity risk and refinancing risk. The objective of the Group's financial operations is to ensure that the Group is able to fulfil its payment obligations, access the required financing, optimise its net financial income/expense and strive for an efficient capital structure.

Compliance risks: Compliance risks are primarily risks that can affect confidence in Bokusgruppen, which could have an impact on the Group's reputation and brands and thereby also on its market position and could also lead to delivery disruptions, breaches of the law and unforeseen costs. The risks are primarily identified in the areas of social, environmental, data integrity and product security. Active management of compliance issues ensures that Bokusgruppen is regarded by its customers, employees, suppliers, owners and other stakeholders as a credible company that helps to build a better society through its actions and vision.

RISK MAP



Green = measures to address the risk are considered to be effective
 Yellow = measures to address the risk exist but could be improved
 Red = measures to address the risk do not exist or are considered to be ineffective

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SUMMARY OF BOKUSGRUPPEN'S RISKS

Strategic risks	Description of risk	Risk management and comments
Changed consumer behaviour	Changes in external factors, such as increased digitisation, could result in Bokusgruppen's business development not being in tune with market developments, or in investments being made too early or too late, or being too large or too small.	Changes in the business environment are managed through step-by-step, customer-facing business development based on an updated business strategy. In this context, it is crucial that the right priorities are made on an ongoing basis.
Talent management	Bokusgruppen's growth-focused strategy requires the right talent in several areas of expertise. There is a risk that it will be difficult to recruit the technical and digital talent required to deliver on the strategy.	To ensure the right talent in all areas, the focus is on creating awareness of what Bokusgruppen is, what we stand for and the benefits of working for us.
Value chain	Changes can occur in the industry's value chain. For example, publishers could start selling directly to customers, new payment solutions could be introduced or last mile operators could assume the role of retailers, or similar changes.	Bokusgruppen manages this risk by maintaining good relationships with its contractual partners. Bokusgruppen also works to strengthen its brands and customer relationships.
Shifts in channels and changed customer flows	Shifts in channels and changed customer flows can change the attractiveness of store locations, which could force Bokusgruppen to terminate leases and close physical stores.	To manage these risks, Bokusgruppen has introduced a store opening strategy with a focus on shortening the length of new and existing leases.
Competition	There is a risk that Bokusgruppen's competitors will strengthen their customer offerings as well as their communication and marketing activities. Increased competition is expected to increase the costs for purchased search/traffic to the website to attract customers.	Bokusgruppen will continue its efforts to strengthen its brands, customer relationships and packaging offer. Automated solutions are employed to ensure competitive prices.

Operational risks	Description of risk	Risk management and comments
Key personnel	The risk that key personnel will leave, or that Bokusgruppen will have difficulty recruiting the right people to critical positions.	Bokusgruppen reduces the risk through active employer engagement, continuous monitoring of its pool of talent and key personnel, and succession planning.
Logistics	Operations issues can affect third-party logistics providers.	Bokusgruppen has established a close relationship with its service provider, ensures a clear regulation of liability issues, and develops alternative plans together with the service provider.
IT systems	Key systems for the core business need to be upgraded.	To manage this risk, Bokusgruppen engages in investment and development activities in accordance with its adopted IT strategy, which involves building a digital platform with micro-services and upgrading business-critical systems.
IT operations	The company could be hit by serious IT operations problems, for example as a result of a cyber attack.	Bokusgruppen has back-up procedures and a business continuity plan and specifies requirements for service providers. During the year, a security audit was carried out along with ongoing training in data security.
Pandemic – general risks	In response to a pandemic, changes and restrictions may be introduced in society.	Bokusgruppen's principle is to follow the advice of the Swedish Public Health Agency, and the company adapts its operations accordingly and in response to changing circumstances.
Pandemic – purchasing risk	A pandemic can have long-term negative effects on supply chains, which can lead to a restricted supply of goods and higher prices.	To manage the purchasing risk, Bokusgruppen maintains a close dialogue with suppliers as well as larger inventories during critical sales periods. Other measures include adjusting consumer prices to purchase prices.
Pandemic – store staffing	A pandemic can lead to restrictions that affect in-store sales.	Bokusgruppen did not need to furlough any store staff in 2021 but staffing levels in the stores were reviewed based on individual stores' customer flows.

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Financial risks	Description of risk	Risk management and comments
Inflation	Increased inflation has a significant negative impact on the company's costs.	Flexibility has been ensured to enable to the company to adapt its fixed costs quickly when needed. During the year, Bokusgruppen sought to remove indexation clauses from leases through negotiation.
Refinancing risk	The risk that it will prove difficult to refinance the company, that financing cannot be obtained, or that it can only be obtained at a higher cost.	Bokusgruppen has a positive cash flow over the year, but seasonal variations have a clear impact on the company's liquidity. To balance these variations, Bokusgruppen finances its cash flow through a revolving credit facility with a variable interest rate.
Liquidity risk	Liquidity risk is the risk of not being able to meet payment obligations when these fall due as a result of insufficient liquidity.	Through liquidity forecasting, Bokusgruppen ensures that sufficient cash is available to meet the needs of the company's day-to-day operations. Measures are also taken to ensure that the Group has access to sufficient agreed credit facilities to enable the payment of debts when they fall due. Group management monitors rolling forecasts of the Group's liquidity reserve and cash and cash equivalents based on expected cash flows.

Financial risks	Description of risk	Risk management and comments
Credit and counterparty risk	The risk that a counterparty in a transaction will be unable to fulfil its obligation and thereby incur a loss for the Group. The risk arises mainly with regard to balances with banks and credit institutions and to customers of the Group who fail to fulfil their obligations.	Bokusgruppen's Financial Policy stipulates that only banks and credit institutions which have received a credit rating of "A" or higher from independent valuers may be accepted. Credit risks are managed through an established credit assessment process in which the customer's creditworthiness and financial position are taken into account along with previous experience and other factors. Individual risk limits are determined based on internal or external credit assessments in accordance with the limits set by Group management. Use of credit limits is reviewed regularly and there are daily procedures for following up payments. Doubtful debts are monitored continuously to ensure that sufficient provisions are made. The quality of trade receivables is considered to be good. The Group's credit losses have historically been insignificant and the customers' payment histories are good. Impairment losses on outstanding trade receivables as of 31 December 2021 were limited. See also Note 18 Trade receivables.
Interest rate risk	The risk that changes in market interest rates will affect Bokusgruppen's net financial income/expense. In the longer term, changes in interest rates have a significant impact on Bokusgruppen's earnings and cash flow.	Bokusgruppen has an agreed MSEK 200.0 overdraft facility which expires on 30 April 2022 and is extended automatically by 12 months. The overdraft facility has a market interest rate and is subject to normal financial covenants.
Currency risk	The risk of losses arising from exchange rate movements.	The Group's companies have few expenses in currencies other than SEK, and the risk of losses from exchange rate movements is therefore low. The Group currently does not use any derivatives to reduce currency risk.

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Compliance risk	Description of risk	Risk management and comments
Data integrity	There is a risk that Bokusgruppen will fail to comply with GDPR requirements.	All employees need to have basic knowledge of the GDPR and processing of personal data. There are processes and procedures in place to manage any incidents. During the year, Bokusgruppen also established a GDPR Committee and clarified procedures for deletion of data.
Environmental risks	There is a risk that Bokusgruppen's CO2 emissions will contribute to a rise in temperature.	Bokusgruppen works actively to reduce its footprint through improved a circular economy and improved reuse and by reducing packaging as well as transports.
Supply chain	There is a risk that Bokusgruppen will receive products of low quality and with safety issues.	Bokusgruppen's suppliers are required to deliver in accordance with the Group's Code of Conduct and Environmental Appendix. Bokusgruppen carries out inspections at factories that produce the Group's own brands.
Diversity and inclusion	A lack of diversity can be a limiting factor in meetings with customers and result in Bokusgruppen not being perceived as a relevant employer.	The company's communications and staff need to reflect society as a whole. Clear recruitment processes are in place. The product range needs to attract all groups in society.

Compliance risk	Description of risk	Risk management and comments
Compliance	There is a risk that Bokusgruppen will be exposed to legal and regulatory sanctions, incur financial losses or suffer reputational damage as a result of non-compliance. Corruption and bribery can occur in markets where Bokusgruppen is active through production and/or product purchases. There is a risk that employees will become involved in corrupt activities.	Bokusgruppen works to integrate compliance into the company's culture. The company has an internal Code of Conduct that is based on its sustainability management, vision and core values. Bokusgruppen's sustainability management is based on the four general areas of the UN Global Compact. One of these areas centres on combating all forms of corruption, including extortion and inducements. It is the responsibility of all employees to follow the company's Code of Conduct and be a good ambassador of the company in all contexts. Internal control procedures are used to detect and prevent deviations. Bokusgruppen provides a whistleblower service where employees can anonymously report suspected irregularities in the Group.

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COMMENTS FROM THE CHAIRMAN

Long-term value creation

Bokusgruppen delivers strong results and stands stronger than ever. The company has been very successful over time and delivers value to society, customers, employees and shareholders.

We have completed a very successful year. Bokusgruppen has delivered strong results, profitable growth and favourable cash flow. During the year, we also continued to invest for the future, which has further enhanced the customer experience and created increased sales opportunities.

A company to be proud of

I am proud to be part of Bokusgruppen and it is with great pleasure that I take on the role of Chairman. We are a company that matters to many people. To our customers, who get to experience the joy of reading through reading experiences in all channels and formats. To society, where learning and education are becoming ever more important to safeguard a democratic society. To all our employees, in our offices and in our stores, who in their every interaction with the customers really show how much they love what they do. To us shareholders, for whom the prospects of long-term value creation are very good.

Bokusgruppen has delivered stable sales, good profits and favourable cash flows for many years. We are therefore in a strong position and can distribute SEK 3.00 per share to our shareholders while at the same time stepping up the pace of our investments for a few years to further enhance the customer experience in all channels and formats. These investments will lay the foundation for future growth and cash flows. We have an exciting journey ahead of us.

A well-functioning Board

I am satisfied with how Group management and the Board of Directors worked during the year. In a structured and orderly manner, we addressed the most important issues together.

To ensure that the Board spends enough time on the longer-term, strategic issues, we agree each year on a number of issues that will be included in the agenda. The Corporate Governance Report shows which topics were addressed in the past year. We held 18 Board meetings, of which seven were regular meetings and 11 extraordinary meetings. The annual evaluation of the Board's work showed that the Board functioned very effectively. The evaluation is an important tool in the effort to constantly improve our work.

Those of us on the Board also have the privilege of working with an experienced and competent management team. The industry has been under considerable pressure to change for a long time and Bokusgruppen's management has safely guided the company through these changes. Bokusgruppen is now stronger than ever and we look forward with great anticipation to what is yet to come.

March 2022

Mårten Andersson
Chairman of the Board



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We are a company that matters to many people. To our customers, who get to experience the joy of reading through reading experiences in all channels and formats. To society, where learning and education are becoming ever more important to safeguard a democratic society.

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CORPORATE GOVERNANCE

Corporate governance

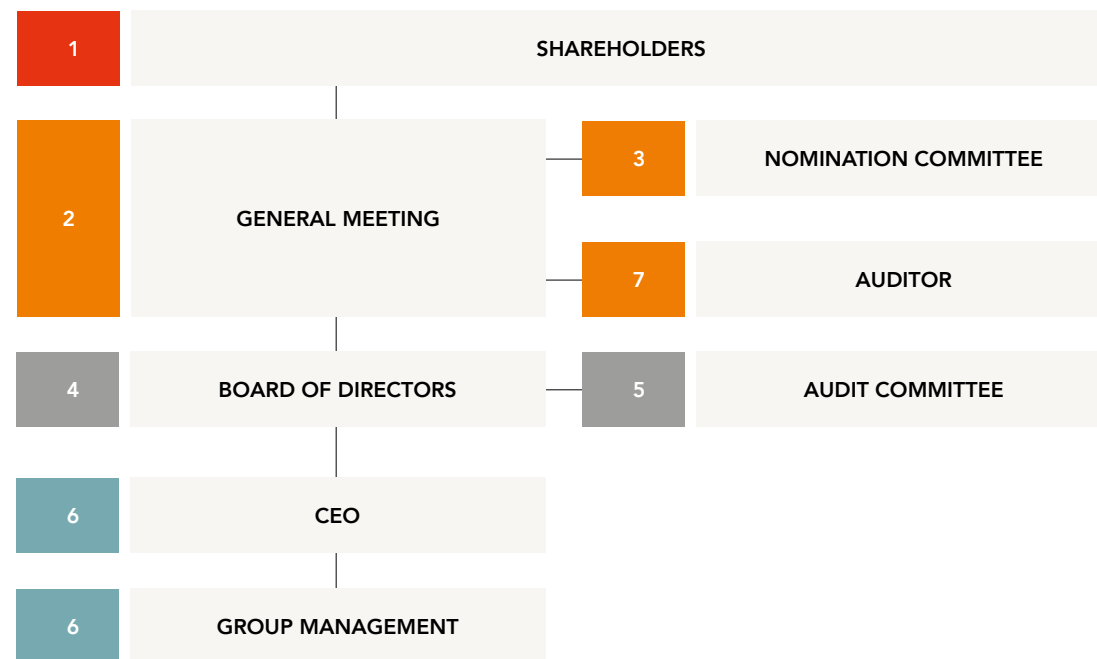
Good corporate governance is essential to maintaining the trust of Bokusgruppen's shareholders, customers and other external stakeholders and is based on the company's targets and strategies, which inspire the entire organisation.

Governance of the Group

Bokusgruppen AB is a Swedish public limited liability company with its registered office in Stockholm, Sweden, whose shares are listed on Nasdaq First North Premier Growth Market. The company's corporate governance is based on Swedish law, primarily the Companies Act (2005:551), the Annual Accounts Act, the Nasdaq First North Premier Growth Markets rules for issuers and the company's Articles of Association as well as other applicable external laws and regulations. The company's corporate governance is also based on internal rules (comprising instructions and policies), including the Group's Code of Conduct, which all employees are required to be aware of and observe in the performance of their duties.

Swedish Corporate Governance Code

Bokusgruppen intends to apply the Swedish Corporate Governance Code (the "Code"). The Code serves as a standard for good corporate governance at a higher level of ambition than the Companies Act and the minimum requirements specified in other rules. Companies are not obliged to follow all the rules set forth in the Code. The company may choose other solutions that are considered more appropriate for its specific circumstances, provided that all such deviations and selected alternative solutions are described and the reasons are described in the company's corporate governance report (according to the "comply or explain" principle).



Bokusgruppen has followed all the rules set forth in the Code since Bokusgruppen's shares were listed on Nasdaq First North Premier Growth Market.

1 SHAREHOLDERS

The largest shareholders are private individuals and Swedish funds and institutions. The number of shareholders at year-end was 3,571 (6). The single largest

shareholders were Karl Perlhagen and Patrick Wahlén. The share of foreign ownership was 0.4%. More information about the shareholder structure can be found on Bokusgruppen's website. The shareholders exercise their decision-making powers by submitting proposals to and participating in and voting on the resolutions submitted to the AGM and any extraordinary general meetings. Shareholders may have a matter considered at the AGM if a written request is submitted to

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the Board within the prescribed time, sufficiently far in advance of the meeting to allow the matter to be included in the notice of the AGM. Shareholders are welcome to submit questions about the company's affairs to the Chairman of the Board, Board of Directors, CEO, auditor or Chairman of the Audit Committee during the AGM.

Share information and dividend policy

Bokusgruppen's shares are listed on Nasdaq First North Premier Growth Market. As of 31 December 2021, Bokusgruppen had a market capitalisation of MSEK 641.2. Bokusgruppen strives to pay a stable, long-term and gradually rising dividend while maintaining an efficient long-term capital structure. When operating cash flow exceeds the need for investments in profitable expansion on a long-term basis and the stipulated targets for the company's capital structure have been met, the surplus can be distributed to the shareholders. Given Bokusgruppen's strong financial position and the robust cash flow in 2021, the Board proposes that the AGM approve a dividend of SEK 3.00 (1.46) per share, totalling MSEK 48.5. The dividend will be paid in two instalments of SEK 1.50 per share each. The record date for the first payment is to be as soon as possible after the AGM and the record date for the second is to be six months thereafter.

Share capital and voting rights

As of 31 December 2021, Bokusgruppen's share capital amounted to SEK 600,864 distributed between 16,151,226 shares and voting rights. The company's shares have a quotient value of approximately SEK 0.037. All shares in Bokusgruppen are issued in accordance with Swedish law and are fully paid and freely transferable. Each share in Bokusgruppen entitles the holder to one vote at general meetings and each shareholder has the right to vote for all shares owned. If Bokusgruppen issues new shares, warrants or convertibles in a cash issue or offset issue, shareholders generally have first refusal on the issue of such securities in relation to the number of shares held before the issue. The company's Articles of Association do not restrict the company from issuing shares, warrants or convertibles in disapplication of shareholders' pre-emption rights, if this is prescribed in the Companies Act.

2 GENERAL MEETINGS

Under the Companies Act (2005:551), the general meeting is the company's highest decision-making body. At the AGM, the shareholders exercise their voting rights on key issues, such as the adoption of the income statement and balance sheet, the appropriation of the company's earnings, release from liability for the members of the Board and the CEO, the election of Directors and auditors, remuneration of Directors and auditors' fees. Where applicable, the AGM also adopts resolutions on amendments to the Articles of Association. The AGM must be held within six months of the end of the financial year. According to the Articles of Association, general meetings are to be convened through a notice in Post- och Inrikes Tidningar (the Official Swedish Gazette) and on Bokusgruppen's website. The notice is to be simultaneously announced in Svenska Dagbladet.

Shareholders who wish to participate in the general meeting must be entered into the register maintained by Euroclear six business days ahead of the general meeting and register their intention to participate with Bokusgruppen no later than the date stated in the notice convening the general meeting.

In addition to notifying the company of their intention to participate, shareholders whose shares are registered in the name of a nominee through a bank or other nominee must, in order to be entitled to participate in the Meeting, request that their shares be temporarily registered in their own names in the share register maintained by Euroclear. Shareholders should inform their nominees of this in good time before the record date. Shareholders may attend the general meeting in person or through a proxy, and may be accompanied by no more than two assistants.

2021 AGM

The AGM in Stockholm in April 2021 was attended by shareholders representing 100% of the share capital and voting rights.

Among other matters, the AGM passed resolutions on:

- A distribution of SEK 1.46 per share in a directed dividend to Volati AB.

- The re-election of Mårten Andersson, Mattias Björk, Cecilia Marlow and Anna Wallenberg as Directors for the period until the end of the next AGM. The re-election of Mårten Andersson as Chairman of the Board.
- The re-election of the audit firm Ernst & Young as the company's auditors.
- Remuneration of the Board of Directors.
- Guidelines for remuneration of senior executives.
- Principles for the appointment of and terms of reference for the Nomination Committee.
- The consolidation of shares (reverse split) 1:25. After the share consolidation, the number of shares in Bokusgruppen was 320,000.
- A new issue of shares with pre-emption rights.
- An increase in the number of shares through a 42:1 share split.
After the above actions, the number of shares in Bokusgruppen was 16,151,226.
- A new issue of warrants under the company's warrant programme.
- Formal amendments to the Articles of Association.

For further information about the AGM, including the minutes, see Bokusgruppen's website, bokusgruppen.com.

2022 AGM

Bokusgruppen's next AGM will be held on 12 May 2022. Shareholders who wish to have a matter addressed at the AGM must submit a written request to bolagsstamma@bokusgruppen.com. To ensure that the matter is included in the notice of the AGM, the request must have been received no later than 24 March 2022. Further information on how and when to register for the AGM will be published well in advance of the meeting.

3 NOMINATION COMMITTEE

According to the terms of reference adopted for the Nomination Committee at the 2021 AGM, the Nomination Committee shall consist of at least three members,

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one of whom may be the company's Chairman. The Chairman of the company's Board of Directors shall, no later than six months before the AGM, decide whether he or she wishes to be a member of the Nomination Committee. If the Chairman of the Board is a member of the Nomination Committee, the other members shall be appointed through a procedure in which the Chairman of the Board, no later than six months before the AGM, offers the two largest shareholders of the company, based on Euroclear Sweden AB's list of registered shareholders on the last business day in September of the same year, an opportunity to appoint one representative each to be a member of the Nomination Committee. If the Chairman of the Board refrains from joining the Nomination Committee, the members of the Nomination Committee shall be appointed through a procedure in which the Chairman of the Board, no later than six months before the AGM, offers the three largest shareholders, based on Euroclear Sweden AB's list of registered shareholders on the last business day in September of the same year, an opportunity to appoint one representative each to be a member of the Nomination Committee. The composition of the Nomination Committee shall be announced no later than six months before the AGM. The Nomination Committee's term of office extends until a new Nomination Committee has been constituted. The Nomination Committee appoints its own Chairman and works in the interests of all shareholders. The members of the Nomination Committee receive no remuneration.

Prior to the 2022 AGM, the Nomination Committee consists of Carin Wahlén (Patrik Wahlén), Jannis Kitsakis (The Fourth Swedish National Pension Fund) and Mårten Andersson (Chairman of the Board). The Nomination Committee represents 34.12% of the voting rights in Bokusgruppen AB based on the list of shareholders from Euroclear Sweden AB as of 31 December 2021. If the ownership structure changes, the composition of the Nomination Committee may be changed to reflect this.

The Nomination Committee's task, on behalf of the shareholders, is to prepare and submit to the general meeting proposals for the election of meeting Chairman, Directors and Chairman of the Board, the fees payable to each of the Directors and the Chairman of the Board as well as other remuneration for Board assignments, the fees payable to the company's auditor

and, where applicable, proposals for auditors. The Nomination Committee shall also prepare and submit to the general meeting proposals for principles for the composition of the Nomination Committee. The Audit Committee assists the Nomination Committee in preparing the proposal for the election of an external auditor.

The Nomination Committee is to apply Rule 4.1 of the Swedish Corporate Governance Code as its diversity policy and factor in the fact that the Board, in view of the operations, development stage and other circumstances of the company, should have an appropriate composition. The Nomination Committee is also to promote the goal of achieving an even gender distribution on the Board.

Prior to the 2022 AGM, the Nomination Committee will make an assessment of whether the current Board consists of members who jointly possess knowledge and experience that meet the owners' requirements for the company's highest governing body. In the process of preparing proposals for the election of Directors, the Chairman of the Board therefore presents the evaluation of the work performed by the Board and by the individual Directors during the past year.

The Nomination Committee's proposal to the 2022 AGM will be published no later than at the time of the notice of the AGM, which is expected to be published in April 2022.

4 BOARD OF DIRECTORS

The Board of Directors is the company's second highest decision-making body after the general meeting. The duties of the Board are regulated by the Swedish Companies Act and the company's Articles of Association as well as by the rules of procedure adopted by the Board annually. The rules of procedure regulate the division of duties between the Board, the Chairman of the Board and the CEO. The Board also adopts terms of reference for the CEO. The Board is appointed by the owners to assume ultimate responsibility for the company's organisation and the management of its affairs, which includes responsibility for establishing overall, long-term strategies and targets, establishing guidelines to ensure that the company's operations create long-term value, and making decisions on matters related to investments and sales, capital structure and dividend

policy. The Board is also responsible for developing and adopting the company's central policies, ensuring that control systems are in place for monitoring policies and ensuring compliance with guidelines. A further duty of the Board is to appoint the CEO and determine the salary and other remuneration of the CEO and other senior executives in accordance with the guidelines for remuneration of senior executives adopted by the general meeting. The Board has appointed an Audit Committee from among its members.

Among other duties, the Chairman of the Board is responsible for ensuring that the Directors receive all the necessary documents and the information they need to be able to monitor the company's financial position, earnings, liquidity, financial planning and performance in other respects. The Chairman of the Board shall, in close collaboration with the CEO, monitor the company's earnings and prepare and preside at meetings of the Board. The Chairman is also responsible for ensuring that the Board evaluates its own and the CEO's work annually. A further duty of the Chairman is to monitor and evaluate individual Directors' competence, work and contributions to the Board.

The Board meets according to a predetermined schedule (see the overview on page 62). In addition to these meetings, additional Board meetings may be convened to address issues that cannot be postponed until the next regular Board meeting. Documentation for the Board's consideration of matters is sent to the Directors five days before the Board meeting.

Composition of the Board

The Board of Directors, including the Chairman, is elected annually at the AGM for the period until the end of the next AGM and shall, according to the Articles of Association, consist of at least three and not more than ten Directors without deputies. The Directors are all independent of major shareholders and of the company and Group management. The Board thus meets the Code's requirements for independent members. Bokusgruppen's diversity policy, which is applied by the company's Board of Directors, consists of Rule 4.1 of the Swedish Corporate Governance Code. In 2021, the Nomination Committee took account of the diversity policy in preparing its proposal for the election of Directors at the AGM. Following the election at the 2021 AGM, the Board has consisted of four

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Directors (including the Chairman) with no deputies, elected for the period until the end of the 2022 AGM. The Board consists of 50% women and 50% men. The Board is presented on page 63 and on Bokusgruppen's website.

The Board's activities during the year

During the year, the Board held 18 meetings, including three inaugural meetings. At the beginning of the year, the Board decides what is to be discussed at each meeting. In the spring, more meetings were held than usual in connection with the IPO. At its regular meetings, the Board received information on the company's commercial and financial performance as well as on the achievement of Bokusgruppen's sustainability targets.

Important issues addressed by the Board during the year included strategy and budget matters, the IPO in June, the effects of the pandemic, sustainability issues, internal control, seasonal variations, cash flow and investments. During the year, the Board stepped up its monitoring of external factors, such as disruptions to supply chains and raw material shortages. Despite the impact of the pandemic on large parts of society, the global trend towards a stronger focus on sustainability has continued. During the year, Bokusgruppen's focus was on its four overall sustainability strategies and the targets for the seven underlying sustainability areas.

The work of the Board is evaluated annually in the form of a questionnaire answered by the Directors. A summary of the results is presented to the Board, which then discusses areas of potential improvement.

Risk management and internal control

The Board has overall responsibility for the Group's risk management. Bokusgruppen takes a systematic approach to identifying, assessing and managing risks and producing action plans. Priority is given to those that risks are expected to have the greatest negative impact. Risks are reviewed twice a year. First, any new and old risks are discussed and addressed by Bokusgruppen's Group management. The overall risk scenario is then presented for consideration by the Audit Committee and finally the risks are discussed at a regular Board meeting.

Risks are compiled in a risk map to provide a clear overview and assist in determining which measures to prioritise. Each risk is assessed based on consequence

and probability. The effectiveness of the action plans for each risk is also assessed on the basis that there are measures that are considered to be effective in addressing and managing the identified risk. This mapping is an important part of Group management's and the Board's strategic and operational management.

The Board also evaluates Bokusgruppen's internal control through a self-assessment control matrix. The control matrix covers controls in all departments. The control matrix describes the risk, who is the control owner, the frequency of controls and whether the controls are preventive or detective. Supporting documentation and evidence that the control has been carried out must also be archived.

See the risk section on pages 51–55.

5 AUDIT COMMITTEE

Bokusgruppen has an Audit Committee consisting of three members. In 2021, the Audit Committee consisted of Mattias Björk (Chairman), Mårten Andersson and Cecilia Marlow. The Audit Committee is to fulfil the duties stipulated in the Swedish Companies Act (2005:551) and Regulation (EU) No. 537/2014 of the European Parliament on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC. The Audit Committee is to serve as a preparatory body with responsibility for pursuing, analysing, initiating and monitoring economic and financial issues.

It engages in ongoing dialogue with the company's external auditor regarding the focus and scope of the audit as well as other matters. The Audit Committee is also responsible for evaluating the audit engagement and keeping itself informed of the results of the Audit Inspectorate's quality control of the auditor and for informing the company's Board of Directors of the results of its evaluation. It is further tasked with supporting the Nomination Committee in preparing a proposal for the election of an external auditor, and also reviews and monitors the auditor's impartiality and independence, paying special attention to whether the auditor provides the company with non-audit services. The Audit Committee establishes guidelines for the contracting

of non-audit services from the company's auditor, but otherwise has no decision-making powers. In 2021, the committee held three meetings. The company's external auditor also attended two of these meetings, along with representatives from Group management. Important matters addressed by the Audit Committee during the year included internal control, year-end accounting and valuation issues, financing, tax issues and risk management. Meetings of the Audit Committee are minuted and a report on each meeting is given at the next regular Board meeting.

Remuneration of the Board of Directors

The remuneration payable to Board Directors is decided by the general meeting. The 2021 AGM resolved that a fee of SEK 200,000 be paid to each of the Directors and that Directors be paid SEK 100,000 each for work on the Audit Committee. For further information on the remuneration of the Directors in 2021, see Note 6 to the financial statements.

ATTENDANCE IN 2021, BOARD AND COMMITTEES

Directors	Board of	
	Directors	Audit Committee
Mårten Andersson	18/18	3/3
Mattias Björk ¹	17/17	3/3
Cecilia Marlow ²	16/16	3/3
Anna Wallenberg ³	17/17	
Patrik Wahlén ⁴	1/1	

1) Elected to the Board on 3 March 2021

2) Elected to the Board on 15 March 2021

3) Elected to the Board on 3 March 2021

4) Dismissed from the Board on 3 March 2021

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6 CEO AND GROUP MANAGEMENT

Group management consists of the CEO, CFO, Marketing and Communications Manager, Sales Manager, HR Manager, Logistics Manager, Assortment and Purchasing Manager, Head of Business Development, and CIO. For a presentation of the CEO and other members of Group management, see page 64.

The CEO is subordinate to the Board of Directors and is responsible for the day-to-day management and operation of the company. The division of duties between the Board and CEO is set forth in the rules of procedure for the Board and the terms of reference for the CEO.

The CEO is responsible for leading the company's operations in accordance with the Board's guidelines and instructions and for providing the Board with information and the necessary decision guidance documents. The CEO has ultimate responsibility for the company's strategic direction and for ensuring that the Board's decisions are implemented and complied with, and that risk management, governance, systems, organisation and processes are satisfactory. In her work, the CEO is assisted by the Group management team. Group management meets once a week to review the operations, discuss matters related to the Group as a whole and prepare proposals for a strategic plan, business plan and budget which the CEO will present to the Board. Within the organisation, responsibilities and authority are delegated within a clear framework. This framework is defined by the company's governing documents, strategic plan and budget.

Policies and guidelines

Significant policies and guidelines in the Group include financial control, communication issues, insider issues, the Group's brands, sustainability issues, data protection and internal control. The governing documents are available on Bokusgruppen's intranet and form the internal framework required for effective governance. These documents include the Code of Conduct and Environmental Appendix, Financial Policy, Guidelines for Financial Management, Whistleblower Policy, Supplier Policy, GDPR Policy, Health and Safety Policy, and a number of other governing documents.

7 AUDITOR

The AGM annually appoints auditors for the Parent Company. Bokusgruppen's external auditor since 2018 is Ernst & Young, with Andreas Troberg as Auditor in Charge. Andreas Troberg is an authorised public accountant and a member of FAR (Sweden's professional institute for authorised public accountants) at Ernst & Young. Ernst & Young has been appointed for the period until the 2022 AGM. Ernst & Young submits an auditor's report regarding Bokusgruppen AB and the Group. The audit of Bokusgruppen AB also covers the administration of the Board of Directors and CEO. The external audit is conducted in accordance with the International Standards of Auditing (ISA) and generally accepted auditing standards in Sweden. Information on the fees paid to the auditors in 2021 can be found in Note 5 to the financial statements.

The external auditor is an independent auditor who examines the accounts to ensure that they provide a correct, accurate and complete picture of the company's financial position and earnings in all material respects. The auditor also reviews the administration of the Board and CEO and reports his observations to the Board without the presence of management. The auditor is in contact with Group management in connection with audits or issues requiring attention. The auditor participates in some of the meetings of the Audit Committee and met the Board without management's presence on one occasion in 2021. The auditor also reports to the shareholders at the AGM.



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CLEAR AND METHODICAL MONITORING

Bokusgruppen has an annual calendar for its work which includes seven regular meetings at which the Board discusses pre-selected topics. The Audit Committee meets five times a year. Bokusgruppen's Group management also has an annual calendar for its weekly meetings.

● **Monthly reporting**

The Board receives a monthly report on the company's financial and strategic performance from Group management.

● **Quarterly reporting**

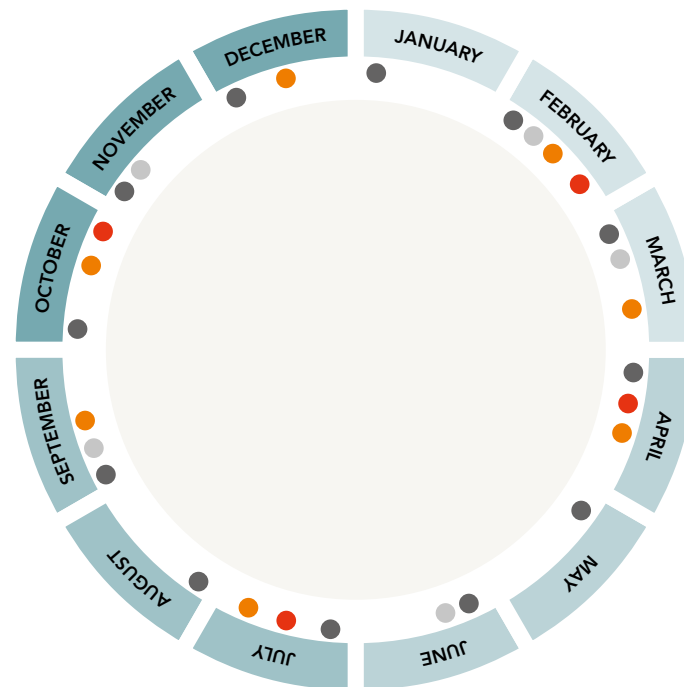
The Board reports quarterly on Bokusgruppen's financial performance to the stock market.

● **Board meetings**

Bokusgruppen holds seven regular Board meetings annually as well as extraordinary Board meetings when required. In 2021, seven regular and 11 extraordinary Board meetings were held.

● **Audit Committee meetings**

The Audit Committee holds five meetings annually.



MEETINGS IN 2021

FEBRUARY

Regular Board meeting 1: Year-end report, financial position and analysis, capital structure

Audit Committee meeting 1: Year-end report, audit (auditor participates), annual report, general meeting and accounting policies

MARCH

Regular Board meeting 2: AGM documents

Extraordinary Board meeting 1: Decisions on the rules of procedure for the Board, the terms of reference for the CEO, and insider and communication policies

Extraordinary Board meeting 2: Election of Directors

Audit Committee meeting 2: Quarterly report, annual report, general meeting, accounting policies

APRIL

Extraordinary Board meeting 3: Quarterly report, strategy

Extraordinary Board meeting 3: Timetable for listing

Extraordinary Board meeting 4: Q1 interim report

Extraordinary Board meeting 5: General meeting

MAY

Regular Board meeting 4: Business intelligence, strategy, vision, targets

Extraordinary Board meeting 6: Issue of shares

Extraordinary Board meeting 7: Decision on listing

JUNE

Audit Committee meeting 3: Interim report, principles for risks and controls, accounting policies, tax, audit plan (auditor participates)

Extraordinary Board meeting 8: Decision on warrant subscription price

JULY

Regular Board meeting 4: Interim report

Extraordinary Board meeting 9: 3PL

Extraordinary Board meeting 10: Q2 interim report

SEPTEMBER

Regular Board meeting 5: Strategic initiatives, risk analysis and internal control

Audit Committee meeting 4: Quarterly report, accounting policies, financial calendar for the coming year, financing issues, Sustainability Report and judgements

OCTOBER

Regular Board meeting 6: Quarterly report, financial calendar, HR issues, risk analysis and internal control

NOVEMBER

Audit Committee meeting 5: Annual report, impairment tests, risk analysis and control matrix, accounting policies, tax for current year, audit (review of internal control and year-end audit)

DECEMBER

Regular Board meeting 7: Budget, risk analysis

Extraordinary Board meeting 11: 3PL

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BOARD OF DIRECTORS

MÅRTEN ANDERSSON

Chairman of the Board
Director since 2017
Born 1971



Education: B.Sc. Business Administration, Lund University

Other current directorships: Director/Chairman of several companies in the Volati Group

Previous directorships in the last five years: CEO of Volati AB (publ), Director/Chairman of several companies in the Volati Group

Shareholding: 502,306 shares

Independent of the company and management: Yes

Independent of major shareholders: Yes

MATTIAS BJÖRK

Director since 2021
Born 1975



Education: LL.M., Lund University, M.Sc. Economics and Business, Lund University

Other current directorships: Director of several companies

Previous directorships in the last five years: CFO of Volati AB (publ), Director of several companies in the Volati Group

Shareholding: 838,129 shares

Independent of the company and management: Yes

Independent of major shareholders: Yes

ANNA WALLENBERG

Director since 2021
Born 1975



Education: M.Sc. International Business Studies, Uppsala University

Other current directorships: CEO of Reitan Sweden

Previous directorships in the last five years: Director of Bonava AB (publ), Akademibokhandeln Holding AB and United Space

Shareholding: 0 shares

Independent of the company and management: Yes

Independent of major shareholders: Yes

CECILIA MARLOW

Director since 2021
Born 1960



Education: M.Sc. Economics and Business, Stockholm School of Economics, Leading from the Chair, INSEAD

Other current directorships: Chairman of Wästbygg Gruppen AB, Director of Kivra AB, Spendrups Bryggeriaktiebolag, Alligo AB, Desenio AB and Karl Fazer Oy

Previous directorships in the last five years: Director of AR Packaging Group AB (publ), Director of Clas Ohlson Aktiebolag, Chairman of LSTH Svenska Handelsfastigheter AB, Director of Midsona AB, Director and CEO of Internationella Engelska Skolan i Sverige AB, Director of Platzer Fastigheter Holding AB (publ), Director of MatHem i Sverige AB, Director and CEO of Internationella Engelska Skolan i Sverige Holdings II AB

Shareholding: 0 shares

Independent of the company and management: Yes

Independent of major shareholders: Yes

BOARD COMPOSITION AND SHAREHOLDINGS

Name	Position	Elected	Born	Audit Committee	Shareholding*
Mårten Andersson	Chairman	2017	1971	Member	502,306
Mattias Björk	Director	2021	1975	Chairman	838,129
Anna Wallenberg	Director	2021	1975	–	0
Cecilia Marlow	Director	2021	1960	Member	0

* = Own shareholding and shareholdings of related legal entities and/or natural persons, 31 December 2021. Applies to the Board of Directors and Group management

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GROUP MANAGEMENT

MARIA EDSMAN

CEO since 2018
Born 1968

Education: M.Sc. Economics and Business, Stockholm School of Economics, directorship training, Swedish Academy of Board Directors

Other current directorships: Director of Rusta AB, Deputy Director of Tekholmen AB, CEO of Galadriel AB, Director of Swedish Booksellers Association

Previous directorships in the last five years: Sales Manager at Akademibokhandeln 2014–2018, Director of Lammhults Design Group AB, Director of INTERSPORT Sverige AB

Shareholding: 100,800 shares

**JANE JANGENFELDT**

CFO since 2013
Born 1961

Education: Bachelor of Science, Stockholm University

Other current directorships: Trustee of Arista Trust

Previous directorships in the last five years: -

Shareholding: 67,200 shares

**CECILIA HELSING**

Marketing and Communications Manager since 2020
Born 1970

Education: B.Sc. Media and Communication, Örebro University

Other current directorships: -

Previous directorships in the last five years: Marketing Manager at Akademibokhandeln and Bokus 2010–2020

Shareholding: 26,880 shares

**JOHAN JUNEHED**

Sales Manager since 2019
Born 1973

Education: M.Sc. Business Administration and Economics, Jönköping International Business School

Other current directorships: Partner at JnJ Consulting AB

Previous directorships in the last five years: Director and CEO of Cervera

Shareholding: 0 shares

**ANITA JANSSON**

HR Manager since 2012
Born 1970

Education: Human Resources Management, Mid Sweden University

Other current directorships: -

Previous directorships in the last five years: -

Shareholding: 67,200 shares

**PATRIK ÖVREBY**

Assortment and Purchasing Manager since 2018
Born 1979

Education: M.Sc. Industrial Engineering and Management, Linköping University

Other current directorships: -

Previous directorships in the last five years: Category Manager

Books at Bokusgruppen

Shareholding: 7,854 shares

**HANNES KARLSTRÖM**

Head of Business Development since 2021
Born 1993

Education: M.Sc. Mechanical Engineering Chalmers University of Technology, M.Sc. Industrial Engineering and Management Chalmers University of Technology, B.Sc. Business Administration Gothenburg University

Other current directorships: -

Previous directorships in the last five years: -

Shareholding: 0 shares

**SARA HILDINGSSON**

Logistics Manager since 2020
Born 1989

Education: M.Sc. Industrial Engineering and Management, Luleå University of Technology

Other current directorships: -

Previous directorships in the last five years: -

Shareholding: 0 shares

**KENT KARLSSON**

CIO since 2021
Born 1975

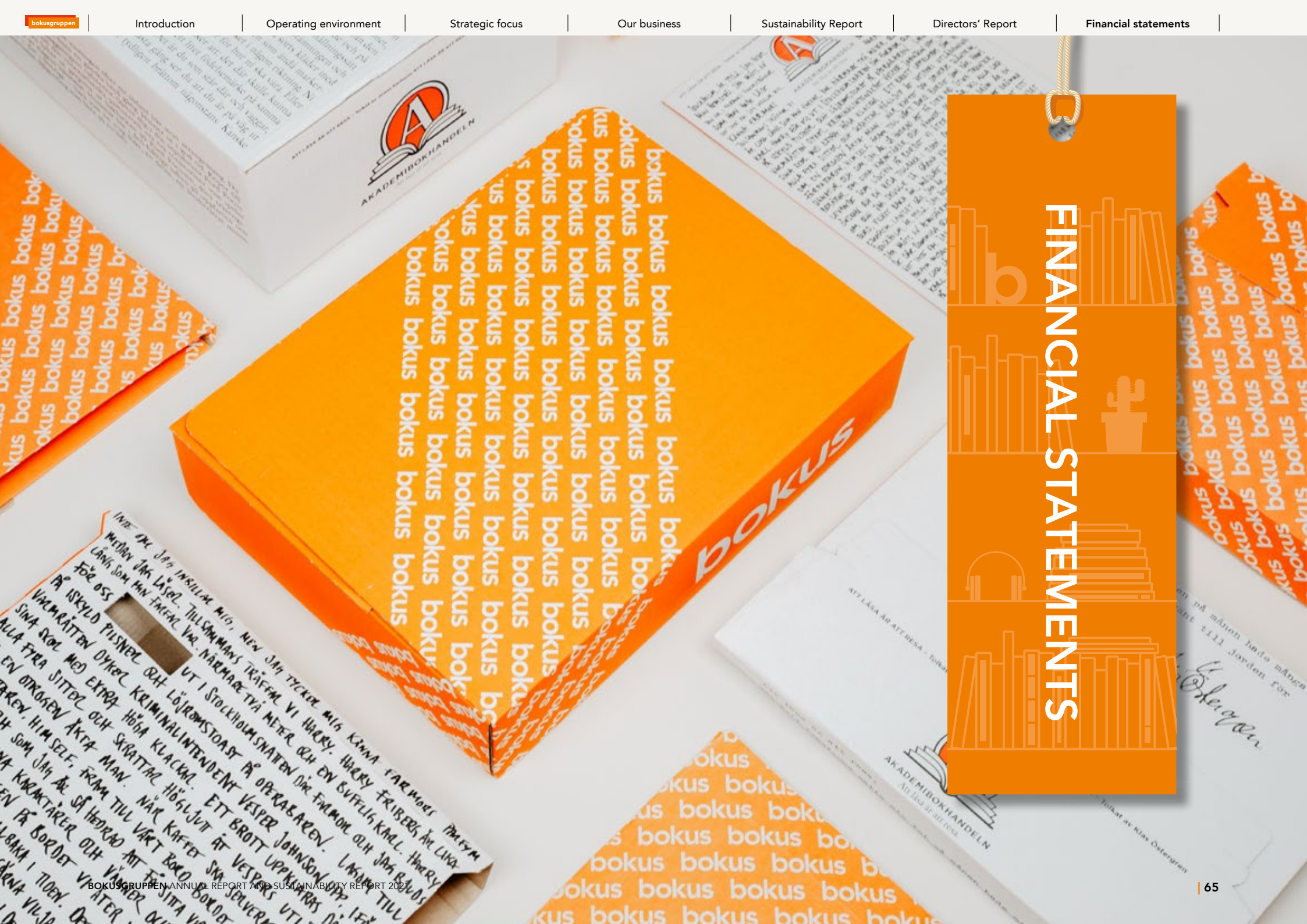
Education: B. Sc. Information Systems Analysis, Linnaeus University

Other current directorships: -

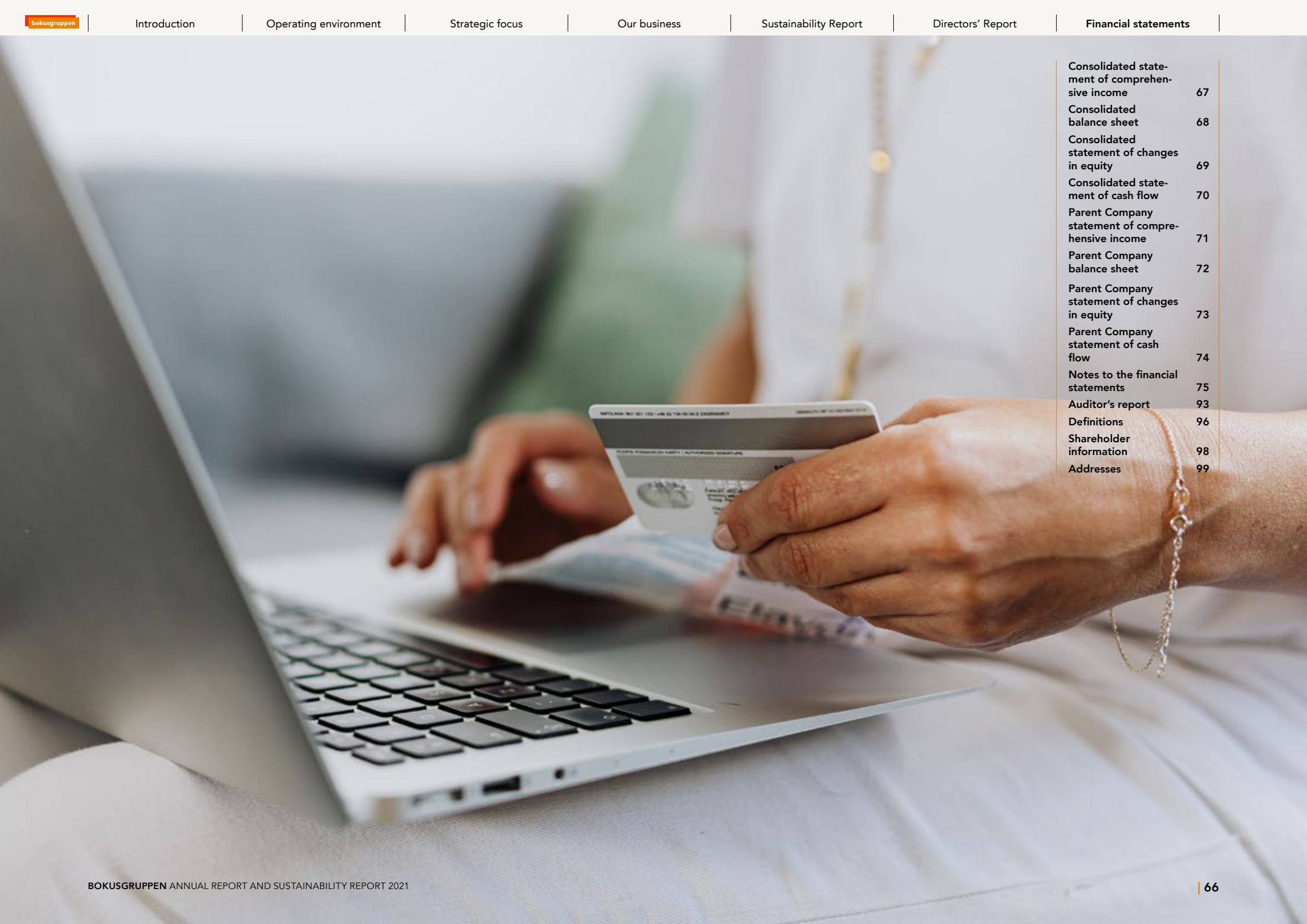
Previous directorships in the last five years: CIO at Daniel Wellington, Business Development Manager at Wasa Kredit

Shareholding: 0 shares





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Amounts in MSEK	Note	2021	2020
Net sales	4	1,866.1	1,774.9
Total revenue		1,866.1	1,774.9
Operating expenses			
Goods for resale	10	-1,149.0	-1,106.6
Other external costs	5	-191.0	-175.1
Personnel expenses	6,7	-280.0	-271.6
Other operating expenses		-0.0	-0.1
EBITDA		246.0	221.5
Depreciation of right-of-use assets	7,15	-111.4	-125.1
Depreciation of property, plant and equipment	14	-10.5	-12.1
EBITA		124.1	84.3
Amortisation of intangible assets	13	-19.4	-17.5
Amortisation of acquisition-related intangible assets	13	-23.6	-23.6
EBIT		81.1	43.2
Financial income	8	0.0	0.0
Financial expenses	8	-18.4	-28.3
Net financial items		-18.4	-28.3
Profit/loss after financial items		62.6	14.9
Income tax	9	-12.2	-10.6
Net profit/loss		50.5	4.3
Other comprehensive income:			
Other comprehensive income for the period		-	-
Total comprehensive income for the period		50.5	4.3
Earnings per share before and after dilution, SEK	11	3.31	0.32
Average no. of shares before and after dilution		15,267,292	13,440,000

Net profit/loss and total comprehensive income for the period are attributable in their entirety to the owners of the Parent.

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Amounts in MSEK	Note	31 Dec 2021	31 Dec 2020	Amounts in MSEK	Note	31 Dec 2021	31 Dec 2020
ASSETS				EQUITY AND LIABILITIES			
Non-current assets				EQUITY			
Intangible assets	13			Share capital	22	0.6	0.1
Goodwill		410.1	410.1	Other paid-in capital		252.7	87.5
Trademarks		240.1	240.1	Retained earnings including net profit/loss		428.3	390.0
Customer relationships		84.8	104.5	Total equity attributable to owners of the Parent		681.6	477.5
Capitalised expenditure for development work		73.9	61.8				
Total intangible assets and goodwill		809.0	816.5	LIABILITIES			
				Non-current liabilities			
Property, plant and equipment	14			Lease liabilities	15	134.8	151.7
Equipment, fixtures and fittings		25.8	25.4	Deferred tax liabilities	23	93.0	92.1
Total property, plant and equipment		25.8	25.4	Total non-current liabilities		227.8	243.8
Right-of-use assets	15	256.8	273.8	Current liabilities			
Deferred tax asset	23	2.0	2.8	Liabilities to Group companies	16,24	–	149.9
Total non-current assets		1,093.5	1,118.5	Lease liabilities	15	108.1	104.7
				Current tax liabilities		17.3	12.1
Current assets				Trade payables	16	245.6	240.2
Finished goods and goods for resale	17	195.7	193.5	Advance payments from customers		1.0	1.0
Trade receivables	16,18	18.5	22.4	Other current liabilities	16,25	59.5	57.6
Other receivables	16,19	22.8	23.2	Accrued expenses and deferred income	26	148.2	113.7
Receivables from Group companies	16,27	–	22.1	Total current liabilities		579.6	679.4
Prepaid expenses and accrued income	20	26.0	18.4				
Cash and cash equivalents	16	132.5	2.5	Total liabilities		807.4	923.1
Total current assets		395.6	282.1				
				TOTAL EQUITY AND LIABILITIES		1,489.1	1,400.7
TOTAL ASSETS		1,489.1	1,400.7				

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in MSEK	Note	Attributable to owners of the Parent			Total equity
		Share capital	Other paid-in capital	Retained earnings including net profit	
Opening balance, 1 Jan 2020		0.1	70.1	390.6	460.7
Net profit/loss				4.3	4.3
Other comprehensive income				–	–
Total comprehensive income				4.3	4.3
Transactions with shareholders in their capacity as owners					
Group contributions, net after tax			17.4		17.4
Dividend (SEK 0.6065/share)				–4.9	–4.9
Closing balance, 31 Dec 2020		0.1	87.5	390.0	477.5
Opening balance, 1 Jan 2021		0.1	87.5	390.0	477.5
Net profit/loss				50.5	50.5
Other comprehensive income				–	–
Total comprehensive income				50.5	50.5
Transactions with shareholders in their capacity as owners					
Bonus issue	22	0.4		–0.4	–
New issue	22	0.1	164.9		165.0
Warrants	22		0.3		0.3
Dividend (SEK 1.4588/share)				–11.7	–11.7
Closing balance, 31 Dec 2021		0.6	252.7	428.3	681.6

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CONSOLIDATED STATEMENT OF CASH FLOW

Amounts in MSEK	Note	2021	2020
Cash flow from operating activities			
EBIT		81.1	43.2
Adjustments for non-cash items:			
– Depreciation, amortisation and impairment of assets		164.9	178.3
– Other non-cash items		0.1	0.1
Interest received		0.0	0.0
Interest paid		–13.3	–12.1
Tax paid		–5.3	–0.1
Cash flow from operating activities before changes in working capital		227.5	209.4
Cash flow from changes in working capital			
Increase (–)/Decrease (+) in inventories		–2.2	4.6
Increase (–)/Decrease (+) in operating receivables		–3.3	2.9
Increase (+)/Decrease (–) in operating liabilities		41.7	–0.1
Total changes in working capital		36.1	7.4
Cash flow from operating activities		263.6	216.8
Cash flow from investing activities			
Investments in intangible assets		–35.5	–21.8
Investments in property, plant and equipment		–10.9	–6.6
Cash flow from investing activities		–46.4	–28.3
Operating cash flow		217.2	188.5
Cash flow from financing activities			
Borrowings	30	–	40.0
Repayment of interest-bearing liabilities		–154.8	–165.0
Proceeds from warrants	22	0.3	–
Group contributions received		22.1	15.6
Repayment of lease liabilities		–107.9	–117.8
Dividends paid		–11.7	–4.9
Cash flow from financing activities		–251.9	–232.1
Decrease/increase in cash and cash equivalents		–34.7	–43.6
Cash and cash equivalents at beginning of year		167.2	210.9
Cash and cash equivalents at end of year	21	132.5	167.2

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PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

Amounts in MSEK	Note	2021	2020
Net sales	27	13.8	–
Total revenue		13.8	–
Operating expenses			
Other external costs		–6.5	–0.5
Personnel expenses	6	–8.5	–
Amortisation of intangible assets	13	–12.0	–10.0
Total operating expenses		–27.0	–10.5
Operating profit/loss		–13.2	–10.5
Profit/loss from financial items			
Profit from participations in Group companies	31	–	55.0
Other interest income and similar profit/loss items	8	10.5	5.9
Interest expenses and similar profit/loss items	8	–12.1	–21.7
Total financial items		–1.7	39.2
Profit/loss after financial items		–14.9	28.7
Appropriations	32	14.2	10.5
Profit/loss before tax			
Net profit/loss	9	–0.6	39.2

The Parent Company has no items recognised as other comprehensive income. Total comprehensive income is therefore the same as net profit/loss for the year.

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Amounts in MSEK	Note	31 Dec 2021	31 Dec 2020	Amounts in MSEK	Note	31 Dec 2021	31 Dec 2020
ASSETS				EQUITY AND LIABILITIES			
Non-current assets				Equity			
Intangible assets				Restricted equity			
Concessions, patents, licenses, brands and similar intellectual property	13	38.0	50.0	Share capital	22	0.6	0.1
Total intangible assets		38.0	50.0	Total restricted equity		0.6	0.1
Financial assets				Non-restricted equity			
Participations in Group companies	12	553.7	433.7	Retained earnings		277.9	250.8
Total financial assets		553.7	433.7	Share premium reserve		165.2	–
Total non-current assets		591.7	483.7	Net profit/loss		–0.6	39.2
Current assets				Total non-restricted equity		442.5	290.0
Receivables from Group companies		382.0	510.2	Total equity		443.1	290.0
Current tax asset		0.5	–	Untaxed reserves			
Prepaid expenses and accrued income		0.9	–			8.6	8.0
Other receivables		0.1	–	Non-current liabilities			
Total current receivables		383.5	510.2	Liabilities to Group companies		180.0	180.0
Cash and bank balances	21	130.4	–	Total non-current liabilities		180.0	180.0
Total current assets		513.9	510.2	Current liabilities			
TOTAL ASSETS		1,105.5	993.8	Trade payables		0.3	–
				Liabilities to Group companies		471.1	515.8
				Other current liabilities		0.5	–
				Accrued expenses and deferred income		2.0	–
				Total current liabilities		473.8	515.8
				TOTAL EQUITY AND LIABILITIES		1,105.5	993.8

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Amounts in MSEK	Note	Restricted equity	Non-restricted equity		Total equity
		Share capital	Share premium reserve	Retained earnings	
Opening balance, 1 Jan 2020		0.1	–	255.6	255.7
Net profit/loss for the year/comprehensive income				39.2	39.2
Transactions with shareholders in their capacity as owners					
Dividend (SEK 0.6065/share)				–4.9	–4.9
Closing balance, 31 Dec 2020		0.1	–	290.0	290.0
Opening balance, 1 Jan 2021		0.1	–	290.0	290.0
Net profit/loss for the year/comprehensive income				–0.6	–0.6
Transactions with shareholders in their capacity as owners					
Bonus issue		0.4		–0.4	–
New issue		0.1	164.9		165.0
Warrants			0.3		0.3
Dividend (SEK 1.4588/share)				–11.7	–11.7
Closing balance, 31 Dec 2021		0.6	165.2	277.3	443.1

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PARENT COMPANY STATEMENT OF CASH FLOW

Amounts in MSEK	Note	2021	2020
Cash flow from operating activities			
Operating profit/loss		-13.2	-10.5
Adjustments for non-cash items			
– Depreciation, amortisation and impairment of assets		12.0	10.0
Interest paid		-6.5	-5.4
Interest received		9.3	5.9
Income tax paid		-0.5	–
Cash flow from operating activities before changes in working capital		1.2	-0.0
Cash flow from changes in working capital			
Change in current operating receivables		-10.9	0.0
Change in current operating liabilities		2.8	-64.2
Total changes in working capital		-8.1	-64.2
Cash flow from operating activities		-6.9	-64.2
Cash flow from investing activities			
Shareholders' contributions provided		–	-50.0
Cash flow from investing activities		–	-50.0
Cash flow from financing activities			
Borrowings from Group companies		–	40.0
Loans to Group companies		–	-120.0
Change in balances with Group companies		114.4	–
Repayment of interest-bearing liabilities		-154.8	-165.0
Proceeds from warrants	22	0.3	–
Group contributions received		18.5	0.1
Dividends received		55.0	–
Dividends paid		-11.7	-4.9
Cash flow from financing activities		21.7	-249.8
Decrease/increase in cash and cash equivalents		14.8	-364.0
Cash and cash equivalents at beginning of year		115.6	479.5
Cash and cash equivalents at end of year	21	130.4	115.6

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NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

This annual report covers the Parent Company Bokusgruppen AB, corporate ID number 559025-8637, and its subsidiaries. Bokusgruppen AB is a parent company registered in Sweden with its registered office in Stockholm at Lindhagensgatan 74, SE-112 18 Stockholm, Sweden. Through Bokus AB, Akademibokhandeln Holding AB and Bokhandelsgruppen i Sverige AB, the Group is Sweden's market-leading book retailer.

Amounts are stated in millions of SEK (MSEK) unless otherwise specified. Figures in parentheses refer to the comparative year.

BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The consolidated financial statements of Bokusgruppen have been prepared in accordance with the Swedish Annual Accounts Act, the Swedish Financial Reporting Board's Recommendation RFR 1 Supplementary Financial Reporting Rules for Groups, the International Financial Reporting Standards (IFRS) and the interpretations of the IFRS Interpretations Committee (IFRS IC), as adopted by the EU.

This note contains a list of significant accounting policies that have been applied in preparing these consolidated financial statements. Unless otherwise stated, these policies have been applied consistently for all the years presented. The consolidated financial statements cover the Parent Company Bokusgruppen AB and its subsidiaries.

The consolidated financial statements have been prepared using the cost method.

The preparation of financial statements in compliance with IFRS requires the use of critical accounting estimates. Group management is also required to make certain judgements in applying the Group's accounting policies. Areas which involve a high degree of judgement, are complex, or where assumptions and estimates have a material impact on the consolidated financial statements are described in Note 3.

In April 2021, the IFRS IC published a decision regarding cloud computing arrangement costs, referring to costs incurred for configuring or adapting software in cloud-based solutions. Bokusgruppen has analysed the effects of the IFRS IC's agenda decisions and found that there is no significant impact on the consolidated financial statements.

New and amended standards that have not yet been applied by the Group.

A number of new standards and interpretations will become effective for financial years beginning on or after 1 January 2022 and have not been applied in preparing these financial statements nor had any impact on the Group.

CONSOLIDATED FINANCIAL STATEMENTS

Subsidiaries

All companies in which the Group has a controlling interest are classified as subsidiaries. The Group controls an entity when it is exposed to or has the right to a variable return on its investment in the entity and is able to influence the return through its interest in the entity. Subsidiaries are included in the consolidated financial statements as of the date on which control is transferred to the Group. They are excluded from the consolidated financial statements from the date when control ceases.

The purchase method is applied for recognition of the Group's business combinations. The consideration paid for the acquisition of a subsidiary comprises the fair value of the transferred assets and liabilities incurred by the Group to previous owners of the acquired entity. The consideration also includes the fair value of all assets or liabilities that are a consequence of a contingent consideration arrangement. Identifiable assets acquired and liabilities assumed in a business combination are initially measured at fair value on the acquisition date. Acquisition-related costs are expensed as incurred.

Intra-Group transactions and balances, and unrealised gains and losses on transactions between Group companies are eliminated. Where applicable, the accounting policies for subsidiaries have been amended to guarantee a consistent application of the Group's policies.

SEGMENT REPORTING

For Bokusgruppen, the chief operating decision maker is Group management, as it is this group which has primary responsibility for the allocation of resources and evaluation of results. The assessment of the Group's operating segments is based on the financial information reported to Group management. The financial information reported to Group management as a basis for allocating resources and assessing the Group's results refers to the operating segments Bokus Online, Akademibokhandeln Online, Akademibokhandeln Stores and Central Functions.

TRANSLATION OF FOREIGN CURRENCY

Functional currency and reporting currency

The Group only has Swedish entities. Swedish krona (SEK), the functional and reporting currency of the Parent Company and Group, is used in the consolidated financial statements.

Transactions and balances

Transactions in foreign currency are translated to the functional currency at the transaction date exchange rates. Foreign exchange gains and losses arising from such transactions and on translation of monetary assets and liabilities in foreign currency at the closing rate are recognised in profit or loss in the statement of comprehensive income.

Foreign exchange gains and losses attributable to loans, and cash and cash equivalents are recognised in the statement of comprehensive income as financial income or expenses. All other foreign exchange gains and losses are recognised in the items "Other operating expenses" and "Other operating income" in the statement of comprehensive income.

REVENUE RECOGNITION

Sales of goods

Sales of goods comprise sales of books, e-books, audio books, board games, jigsaw puzzles, toys and art supplies. Sales of goods are partly made under framework agreements. For the recognition of revenue, an order in combination with a framework agreement is considered to constitute a contract with the customer and each separate product in the order is considered a performance obligation. The transaction price depends on the variable components, which usually consist of open purchase. Revenue is recognised at a point in time as none of the criteria for transfer of control over time are met. Control is usually transferred upon completion of delivery in accordance with the terms of delivery, which is also the point at which risks and rewards are transferred to the customer.

Customer loyalty programme

Bokhandelsgruppen i Sverige AB (Akademibokhandeln) has a customer loyalty programme. The customer loyalty programme does not offer members the opportunity to collect points or rewards that can be redeemed and used as payment for future purchases. The customer loyalty programme therefore does not affect the recognition of revenue.

Product returns

The Group recognises a refund liability for the portion of revenue which at the time of sale is considered uncertain in view of future product returns. To assess the refund liability, which is thus a reduction in revenue until the risk of product returns is no longer probable, the Group uses statistical models based on historical customer data. Most product returns are made within days, which means that the Group recognises a provision along with a reduction in revenue during

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this period. The Group also recognises an asset corresponding to the cost of the portion which is considered uncertain due to the right to return the product at the time of the transaction. This asset is recognised in inventories. The cost is the portion of the cost of goods sold that relates to the right to return the product less the Group's costs for selling the product again.

Gift cards

When a gift card is sold, most of the amount is recognised as other liability and is recognised as revenue only when the gift card is used, or when its validity expires. The smaller portion which the companies expect not to be used during the validity of the card is recognised as revenue on an ongoing basis.

Commission liability

The company sells goods on commission to some extent. In this case, the full amount is recognised as revenue at the time of sale and an estimate of the cost of goods sold is recognised as other liability.

Franchisee service fees

In the Group, revenue is received in the form of service fees from franchisees, which cover the right to use the brand, support in connection with the start-up and running of stores, and coordination of goods purchases. The service fee is recognised on a straight-line basis over the term of the agreement to which it refers.

Other

The Group rents out commercial premises on a small scale. Income from subletting is recognised as net sales. The Group receives marketing grants, which are recognised as net sales. Subscription revenue is recognised in the period to which the subscription refers.

Interest income

Interest income is recognised over the term of the loan using the effective interest method.

CURRENT AND DEFERRED INCOME TAX

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income, except when the tax refers to items which are recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or equity.

The current tax expense is calculated based on the tax rules which have been enacted or substantively enacted on the balance sheet date in those countries where the Parent Company and its subsidiaries operate and generate taxable revenue. Group management regularly evaluates claims made in tax returns which relate to situations where the applicable tax rules are subject to interpretation and, where this is deemed appropriate, makes provisions for amounts that will probably be payable to the tax authority.

Deferred tax is recognised for all temporary differences between the carrying amounts and tax bases of assets and liabilities in the consolidated financial statements. Deferred tax is not recognised if it is incurred as a result of a transaction that constitutes the initial recognition of an asset or liability which is not a business combination and which at the time of the transaction affects neither the accounting profit nor the tax profit. Deferred income tax is calculated by applying tax rates (and tax laws) that have been enacted or announced on

the balance sheet date and are expected to apply when the deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax liabilities are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be wholly or partially offset.

Deferred tax assets and liabilities are offset when there is a legally enforceable right of set-off for the tax assets and liabilities concerned, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority and refer to either the same taxable entity or different taxable entities, and there is an intention to settle the balances on a net basis.

LEASES

The Group's leases refer essentially to retail premises. The Group acts as both lessee and lessor.

Lessee

The leases are recognised as right-of-use assets with corresponding liabilities on the day when the leased asset is available for use by the Group. Each lease payment is distributed between amortisation of the liability and financial expense. The financial expense is allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term. Assets and liabilities arising from leases are initially recognised at present value. Lease liabilities include the present value of the fixed lease payments: Lease payments are discounted at the incremental borrowing rate.

The Group's right-of-use assets are measured at cost and include the following:

- the initial measurement of the lease liability and
- payments made on or before the date when the leased asset is made available for use to the lessee.

Lease payments under short-term leases and leases for which the underlying asset is of low value are expensed on a straight-line basis over the lease term. Leases for which the underlying asset is of low value refer essentially to office equipment.

Options to extend and terminate leases

Options to extend or terminate leases are included in the Group's leases for retail premises. The terms are used to maximise flexibility in terms of how the contracts are managed. Options to extend or terminate a lease are included in the asset and liability when it is reasonably certain that they will be exercised.

Lessor

Revenue from the lease of the Group's retail premises is recognised as net sales on a straight-line basis over the lease term.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment include equipment, store fixtures and computers. Property, plant and equipment are recognised at cost less depreciation. Cost includes expenditure directly attributable to the acquisition of the asset.

To distribute the cost of assets over their estimated useful lives down to the estimated residual value, assets are depreciated on a straight-line basis as follows:

- Equipment and store fixtures 3–5 years
- Computers 3 years

Residual values and useful lives of assets are tested at the end of each reporting period and adjusted where necessary.

An asset's carrying amount is impaired to the recoverable amount immediately if the carrying amount exceeds the estimated recoverable amount. Gains and losses from the sale of assets are determined by comparing the sale proceeds and carrying amount. The difference is recognised on a net basis in other operating income/other operating expenses in the statement of comprehensive income.

INTANGIBLE ASSETS

Goodwill

Goodwill arises on business combinations and represents the amount by which the consideration paid and the fair value of the Group's equity interest in the acquired entity on the acquisition date exceed the fair value of identifiable acquired net assets.

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For the purpose of impairment testing, goodwill acquired in a business combination is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the combination. Each unit or group of units to which goodwill has been allocated represents the lowest level in the Group at which the goodwill is monitored for internal management purposes. Goodwill is monitored at operating segment level.

Trademarks

Trademarks are recognised at cost less accumulated impairment and are not amortised but tested for impairment annually.

Trademarks are allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination which gave rise to the item "Trademarks".

In the Group, three cash-generating units have been identified, among which the item "Trademarks" has been apportioned. These are Bokus Online, Akademibokhandeln Online and Akademibokhandeln Stores. The division is based on operating segments in accordance with internal reports used to monitor and evaluate the operations. Based on net sales and earnings performance for the last few years and management's expectation that the Group's segments will maintain this performance, the Group's trademarks are expected to retain their value for a long time to come. The Group's trademarks, Akademibokhandeln and Bokus, are therefore considered to have an indefinite useful life.

Capitalised expenditure for development work

Development costs directly attributable to the development of IT systems controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete them so that they will be available for use,
- the company intends to complete them and use them,
- there is reason to expect that the company will be able to use or sell them,
- it can be shown that they will generate probable future economic benefits,
- adequate technical, economic and other resources are available to complete the development of and use or sell them, and
- the costs attributable to them during their development can be reliably measured.

Directly attributable costs that are capitalised as development costs include costs for employees and external consultants.

Other development expenditure which does not meet these criteria is expensed as incurred. Previously expensed development expenditure is not capitalised in later periods.

Capitalised development costs that meet the above criteria for capitalisation have a definite useful life. Amortisation begins from the date when the asset is ready for use. Assets are amortised on a straight-line basis over the expected useful life. The estimated useful life is three to five years.

The cost of capitalised expenditure for development work acquired in a business combination is the fair value on the acquisition date. Subsequent expenditures are recognised in the same way as described above. In subsequent periods, these intangible assets are recognised at cost less accumulated amortisation and impairment.

Customer relationships

Customer relationships are recognised at fair value on the acquisition date and are amortised on a straight-line basis over the estimated useful life, which is the estimated period during which the assets will generate cash flows. Customer relationships are amortised over a period of ten years.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Intangible assets with indefinite useful lives (goodwill and trademarks) and intangible assets which are not yet available for use (capitalised expenditure for development work) are not amortised but tested annually for impairment. Assets that are depreciated or amortised are tested

for impairment when an event or change of circumstance indicates that the carrying amount may not be recoverable. The difference between the carrying amount and recoverable amount is recognised as an impairment loss. The recoverable amount is the higher of the fair value of the asset less selling expenses and value in use. In testing for impairment, assets are grouped at the lowest levels at which there are essentially independent identifiable cash flows (cash-generating units). For assets (other than goodwill) which have previously been impaired, an impairment test is performed on each balance sheet date to determine if a reversal is required.

FINANCIAL INSTRUMENTS

The Group's financial assets and liabilities comprise the items trade receivables and accrued income, cash and cash equivalents, liabilities to and receivables from Group companies, trade payables and accrued expenses.

Initial recognition

Financial assets and financial liabilities are recognised when the Group becomes party to the contractual provisions of the instrument. Purchases and sales of financial assets and liabilities are recognised on the transaction date, which is the date on which the Group commits to purchase or sell the asset.

Financial instruments are initially recognised at fair value plus, in the case of assets or financial liabilities not measured at fair value through profit or loss, transaction costs directly attributable to the acquisition or issue of a financial asset or financial liability, such as fees and commissions.

Financial assets – Classification and measurement

The Group classifies and measures its financial assets in the category amortised cost. The classification of investments in debt instruments depends on the Group's business model for managing financial assets and their contractual cash flow characteristics.

Financial assets measured at amortised cost

Assets held for the purpose of collecting contractual cash flows that are solely payments of principal and interest are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit losses that have been recognised (see "Impairment of financial assets" below). The Group's financial assets measured at amortised cost consist of the items trade receivables, other receivables, accrued income, and cash and cash equivalents.

Financial liabilities – Classification and measurement

Financial liabilities measured at amortised cost

Subsequent to their initial recognition, the Group's financial liabilities are measured at amortised cost using the effective interest method. Financial liabilities comprise liabilities to Group companies, trade payables and accrued expenses. Financial liabilities can also refer to an overdraft facility.

Derecognition of financial assets and financial liabilities

Financial assets are derecognised from the statement of financial position when the right to receive cash flows from the instrument has expired or been transferred and the Group has transferred essentially all risks and rewards of ownership. Financial liabilities are derecognised from the statement of financial position when the obligation arising from the agreement has been fulfilled or otherwise been extinguished. When the terms of a financial liability are renegotiated, and the liability is not derecognised, a gain or loss is recognised in the statement of comprehensive income. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate.

Offset of financial instruments

Financial assets and liabilities are offset and the net amount recognised in the balance sheet only when there is a legally enforceable right to offset the recognised amounts and an intention to settle them on a net basis or to realise the asset and settle the liability simultaneously. The legally enforceable right must not depend on future events, and must be legally binding for the

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company and the counterparty both in case of normal business activities and in case of default, insolvency or bankruptcy.

Impairment of financial assets

Assets measured at amortised cost

The Group estimates expected future credit losses on assets measured at amortised cost. The Group recognises a loss allowance for such expected credit losses on each reporting date. For trade receivables, the Group applies the simplified approach for expected credit losses, which means that it recognises a loss allowance equal to the expected loss over the expected life of the trade receivable. To measure expected credit losses, trade receivables are grouped based on allocated credit risk characteristics and days past due. The Group uses forward-looking variables for expected credit losses. Expected credit losses are recognised in the consolidated statement of comprehensive income in the item "Other operating expenses".

Calculation and disclosure of fair value

For the Group's current financial assets and liabilities, their carrying amounts are considered to be a reasonable approximation of fair value as they refer to current receivables and liabilities for which the discount efficient is insignificant.

TRADE RECEIVABLES

Trade receivables are amounts due from customers for goods sold in the ordinary course of business. Trade receivables are classified as current assets. Trade receivables are initially recognised at the transaction price. The Group holds trade receivables for the purpose of collecting contractual cash flows.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash assets as well as immediately available balances with banks and similar institutions.

SHARE CAPITAL

Ordinary shares are classified as equity.

TRADE PAYABLES

Trade payables are financial instruments and refer to obligations to pay for goods and services purchased from suppliers in the ordinary course of business. Trade payables are classified as current liabilities if they fall due within one year. If not, they are recognised as non-current liabilities.

Trade payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

SUBSIDIES AND GOVERNMENT GRANTS

Subsidies and government grants are recognised at fair value, as there is reasonable assurance that the grants will be received and that the Group will meet the conditions attached to the grants. Grants received before the criteria for recognising them as a reduced cost have been met are recognised as liability.

During the financial year, the Group received grants in the form of compensation for sick pay costs. Compensation for sick pay costs are recognised in the item "Personnel expenses". In 2020, the Group also received rental discounts, of which a portion was accrued until 2021 and has been recognised in the item "Depreciation of right-of-use assets".

INVENTORIES

Inventories are recognised at the lower of cost and net realisable value. Cost is calculated using the average cost method. The cost of goods for resale is the purchase cost of the goods. Inventories mainly comprise books. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

For Akademibokhandeln Stores, a provision is made for the portion of the inventory value of the remaining products (surplus inventory) based on the store's historical sales in the past 12 and

24 months. Products that can be returned to the supplier are always considered to be saleable and are not impaired. Akademibokhandeln Online does not have its own inventories.

Bokus's obsolescence model is based on the date when a book was published and the date of delivery to the warehouse. For Swedish literature that is older than six months, a provision of 50% of the value of the product is made, and for foreign literature a provision of 90%, provided that the product cannot be returned. The product is cancelled if it has been in stock for one year and has not been sold through price activation.

EMPLOYEE BENEFITS

Short-term employee benefits

Liabilities for salaries and benefits, including non-monetary benefits and paid leave which are expected to be settled within 12 months of the end of the financial year, are recognised as current liabilities at the undiscounted amount that is expected to be paid when the liabilities are settled. The cost is recognised in the statement of comprehensive income as the services are performed by the employees. The liability is recognised as an employee benefit obligation in the consolidated balance sheet.

Pension obligations

The Group has both defined contribution and defined benefit pension plans. Defined contribution pension plans are pension plans under which the company pays fixed contributions to a separate legal entity. The Group has no legal or constructive obligations to pay further contributions if this legal entity does not hold sufficient assets to pay all employee benefits relating to current and past service. The contributions are recognised as personnel expenses in the statement of comprehensive income as they fall due.

For salaried employees, the KTP 2 plan's defined benefit pension obligations for retirement and family pensions are secured through an insurance policy with Folksam. This is a multi-employer defined benefit plan. The company has not had access to information that would enable it to recognise its proportionate share of the plan's obligations, assets and expenses. It has therefore not been possible to recognise the plan as a defined benefit plan. The KTP 2 pension plan secured through insurance with Folksam has therefore been recognised as a defined contribution plan.

Termination benefits

Compensation in the case of termination is paid when an employee's employment has been terminated before the normal time of retirement or when an employee accepts voluntary redundancy in exchange for such compensation. The Group recognises severance pay when it is demonstrably obliged either to give notice to employees under a detailed formal plan without possibility of retraction or to provide compensation on termination as a result of an offer to encourage voluntary redundancy.

PROVISIONS

A provision is recognised in the balance sheet when the Group has an existing legal or constructive obligation as a result of a past event, it is likely that an outflow of economic resources will be required to settle the obligation and the amount can be reliably estimated. In cases where the effect of the time at which payment is made is material, the provision is calculated by discounting the estimated future cash flow at a pre-tax interest rate that reflects current market assessments of the time value of money and, where applicable, the risks associated with the liability.

EARNINGS PER SHARE

Earnings per share before dilution

Earnings per share before dilution are calculated by dividing:

- earnings attributable to owners of the Parent,
- by the average number of outstanding ordinary shares during the period (see Note 11).

There are no potential ordinary shares that could have a dilutive effect.

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STATEMENT OF CASH FLOW

The statement of cash flow is prepared using the indirect method. The reported cash flow only includes transactions which involve incoming or outgoing payments.

PARENT COMPANY ACCOUNTING POLICIES

Significant accounting policies applied in preparing these annual accounts are described in the following. Unless otherwise stated, these policies have been applied consistently for all the years presented.

The annual accounts of the Parent Company have been prepared in accordance with RFR 2 Financial Reporting for Legal Entities and the Swedish Annual Accounts Act.

The annual accounts have been prepared in accordance with the cost method.

Preparing financial statements in compliance with RFR 2 requires the use of critical accounting estimates. Group management is also required to make certain judgements in applying the Parent Company's accounting policies. Areas which involve a high degree of judgement, are complex or where assumptions and estimates have a material impact on the annual accounts are described in Note 3.

Through its activities, the Parent Company is exposed to a wide range of financial risks: market risk (currency risk and interest rate risk), credit risk and liquidity risk. The Parent Company's overall risk management policy focuses on the unpredictability of financial markets and strives to minimise potential adverse effects on the Group's financial results. For more information on financial risks, see Note 2.

In cases where the Parent Company applies other accounting policies than the Group, these are indicated below.

Formats

The format prescribed in the Annual Accounts Act is used for the income statement and balance sheet. The statement of changes in equity follows the format used in the Group but contains the columns specified in the Annual Accounts Act. This also means that different names are used than in the consolidated financial statements, primarily with regard to financial income and expense, and equity.

Participations in subsidiaries

Participations in subsidiaries are recognised at cost less any impairment. Cost includes acquisition-related costs.

When there is an indication that participations in subsidiaries are impaired, an estimate is made of the recoverable amount. If the recoverable amount is less than the carrying amount, an impairment loss is recognised. Impairment losses are recognised in the item "Profit from participations in Group companies".

Shareholders' contributions

In the Parent Company, shareholders' contributions paid are recognised as an increase in the carrying amount of the participation.

Financial instruments

IFRS 9 is not applied in the Parent Company. The Parent Company instead applies the sections specified in RFR 2 (IFRS 9 Financial Instruments, paragraphs 3–10).

Financial instruments are measured at cost. In subsequent periods, financial assets which have been acquired with the intention of being held for the short term are recognised at the lower of cost or fair value using the lower of cost or market method.

In calculating the net realisable value of receivables that are current assets, the policies for impairment testing and expected loss allowance in IFRS 9 are applied. For a receivable that is recognised at amortised cost at Group level, this means that the loss allowance recognised in the consolidated financial statements in accordance with IFRS 9 is also recognised in the Parent Company.

Leased assets

The Parent Company has chosen not to apply IFRS 16 Leases, opting instead to apply RFR 2 paragraphs 2–12, which means that all lease payments are expensed on a straight-line basis over the lease term.

2 FINANCIAL RISK MANAGEMENT

FINANCIAL RISK FACTORS

Through its operations, the Group is exposed to a wide range of financial risks, such as various market risks (currency risk), credit risk, liquidity risk and refinancing risk. The objective of the Group's financial activities is to:

- ensure that the Group is able to meet its payment obligations,
- manage financial risks,
- ensure access to the necessary financing, and
- optimise the Group's net financial income/expense, and
- strive for an efficient capital structure

Ultimate responsibility for risk exposure and the management and monitoring of Bokusgruppen's risks rests with the Board of Directors. The framework for risk exposure and management and monitoring of financial risks is determined by the Board and revised annually. The Board has delegated responsibility for daily risk management to the CEO.

SENSITIVITY ANALYSIS – TRANSACTION EXPOSURE

The companies in the Group have a small portion of their costs in different currencies and are therefore to a small extent exposed to risks arising from changes in exchange rates.

If the SEK weakened/strengthened by 10% against foreign currencies, with all other variables held constant, the restated profit/loss after tax for the 2021 financial year as well as the effect on equity would have been MSEK 0.7 lower/higher. The effect is largely a result of gains/losses on translation of trade payables. The Group currently does not use any derivatives to reduce currency risk.

Currency	Change, %	Effect on earnings after tax
USD	+/-10	+/-0.1
GBP	+/-10	+/-0.5
EUR	+/-10	+/-0.1

INTEREST RATE RISK

Interest rate risk is the risk that changes in market interest rates will affect Bokusgruppen's net financial income/expense. In the longer term, changes in interest rates have a significant impact on Bokusgruppen's earnings and cash flow.

The Group has an agreed MSEK 200.0 overdraft facility which expires on 30 April 2022 and is extended automatically by 12 months. The overdraft facility has a market interest rate and is subject to normal financial covenants. The Group's borrowings as well as receivables are recognised at amortised cost.

The Group's total interest expense for lease liabilities was MSEK 10.3 (10.8). The discount rate for lease liabilities ranges from 2.50% to 6.10%.

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CREDIT RISK

Credit risk arises through deposits with banks and financial institutions and customer credit exposures, including outstanding receivables. Ultimate responsibility for credit risks rests with the CEO. The CFO is responsible for daily monitoring and management of credit risks. Only banks and credit institutions which have received a credit rating of "A" or higher from independent valuers are accepted. The Group does not have any contract assets.

The majority of sales are made to private customers who pay directly by card or cash. Sales to businesses may be made on credit. If no independent credit assessment exists, a risk assessment is made of the customer's creditworthiness based on the customer's financial position, previous experiences and other factors. Individual risk limits are determined based on internal or external credit assessments in accordance with the limits set by Group management. The use of credit limits is monitored regularly.

No credit limits were exceeded during the reporting period, and the Group management does not expect any losses due to non-payments from these counterparties. The Group's credit losses have historically been insignificant, and the customers' payment histories are good. In view of this, and taking account of prospective information about macroeconomic factors that may affect customers' ability to pay a receivable, the Group's expected credit losses are also considered to be low.

	Receivables not past due	1-30 days past due	31-60 days past due	61-90 days past due	More than 90 days past due	Total
31 December 2021						
Gross carrying amount of trade receivables	16.9	1.0	0.3	0.2	1.1	19.4
Loss allowance	-0.0	-0.0	-0.1	-0.0	-0.8	-0.9
Total	16.9	0.9	0.2	0.2	0.3	18.5

Liquidity risk

Through liquidity forecasting, the Group ensures that sufficient cash is available to meet the needs of the company's day-to-day operations. Measures are also taken to ensure that the Group has access to sufficient agreed credit facilities to enable the payment of debts when they fall due. Group management monitors rolling forecasts of the Group's liquidity reserve and cash and cash equivalents based on expected cash flows.

Refinancing risk

Refinancing risk is the risk that it will prove difficult to refinance the company, that financing cannot be obtained, or that it can only be obtained at higher cost. The size and timing of the Group's potential future capital requirements depend on a number of factors. There is a risk that the necessary financing for the business will not be available at the right time and at reasonable cost.

The Group is financed through a Group cash pool with an agreed MSEK 200.0 overdraft facility which expires on 30 April 2022 and is extended automatically by 12 months.

The following table shows an analysis of the Group's financial liabilities by remaining maturity from the balance sheet date. The amounts indicated in the table are the contractual, undiscounted cash flows. Future cash flows in foreign currency have been calculated based on the exchange rate on the balance sheet date.

31 December 2020	Less than 1 year	Between 1 and 5 years	More than 5 years	Total contractual cash flows	Carrying amount
Financial liabilities					
Liabilities to Group companies	149.9	-	-	149.9	149.9
Lease liabilities	104.7	150.8	6.5	262.1	256.4
Trade payables	240.2	-	-	240.2	240.2
Other liabilities	37.4	-	-	37.4	37.4
Accrued expenses	102.4	-	-	102.4	102.4
Total	634.7	150.8	6.5	792.1	786.3

31 December 2021	Less than 1 year	Between 1 and 5 years	More than 5 years	Total contractual cash flows	Carrying amount
Financial liabilities					
Liabilities to Group companies	-	-	-	-	-
Lease liabilities	102.4	145.5	-	247.9	242.9
Trade payables	245.6	-	-	245.6	245.6
Other liabilities	38.5	-	-	38.5	38.5
Accrued expenses	137.1	-	-	137.1	137.1
Total	523.5	145.5	-	669.0	664.1

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MANAGEMENT OF CAPITAL

The Group's goal in respect of capital structure is to secure its ability to continue its operations with a view to continuing to generate a return for the shareholders and benefits for other stakeholders, and to maintain an optimal capital structure in order to keep the costs of capital down.

To maintain, or adjust, its capital structure, the Group may change the dividend that is paid to the shareholders, return capital to the shareholders, issue new shares or sell assets to reduce its liabilities.

Like other companies in the industry, the Group assesses its capital based on the debt/equity ratio. This key ratio is calculated as net debt divided by total capital. Net debt is calculated as the sum of bond loans, liabilities to Group companies, lease liabilities and trade payables less cash and cash equivalents (including cash pool). Total capital is calculated as equity in the consolidated financial statements plus net debt.

The Group has a strategy of having a balanced capital structure where the debt/equity ratio is monitored continually based on the Group's capital debt/equity ratio requirements at each closing date, as follows:

	31 Dec 2021	31 Dec 2020
Total borrowings	488.2	811.3
Less: cash and cash equivalents	132.5	167.2
Net debt	355.6	644.1
Total capital	1,037.3	1,121.6
Debt/equity ratio	34.3%	57.4%

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes estimates and assumptions about the future. The resulting accounting estimates will by definition seldom equal the related actual results. Estimates and assumptions which involve a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next financial year are addressed below.

Estimates and judgements related to impairment testing

Goodwill and trademarks are recognised at cost less accumulated impairment and are not amortised on a straight-line basis. Instead, they are tested for impairment annually. For these calculations, certain estimates need to be made (Note 13).

To test for impairment, an estimate is made of future cash flows attributable to the asset or the cash-generating unit to which the asset will be allocated on its completion. An appropriate discount rate also needs to be determined in order to discount estimated cash flows.

Inventory obsolescence

Provisions are made in-store for the portion of the inventory value of each product that exceeds two years' sales with a stable sales rate. Returnable products are not impaired. The cost of ongoing scrapping of obsolete goods is adjusted against this provision. As of 31 December 2021, the provision for obsolescence in stores was MSEK 11.8 (10.5).

Bokus's obsolescence model is based on the date when a book was published and the date of delivery to the warehouse. For Swedish literature that is older than six months, a provision of 50% of the value of the product is made, and for foreign literature a provision of 90%, provided that the product cannot be returned. The product is cancelled if it has been in stock for one year and has not been sold through price activation. As of 31 December 2021, the provision for obsolescence in Bokus was MSEK 0.4 (1.1).

Judgement of options to extend leases

When the lease term has been determined, all available information that creates an economic incentive to exercise an option to extend, or not to terminate, a lease is considered. For leases of commercial premises, the following factors are normally most significant in determining lease term:

If terminating (or not extending) the lease would incur significant fees, the Group normally considers that it is reasonably certain that the lease will be extended. Other factors are historical lease terms, and the costs and disruptions to the operations required to replace the leased asset. The majority of extension options for leases of commercial premises have not been taken into account in calculating the lease liability as the Group is able to replace the asset without significant costs or disruptions to its operations.

4 OPERATING SEGMENTS

As the chief operating decision maker, Group management has determined the operating segments based on the information used as the basis for allocating resources and evaluating performance. Group management primarily assesses operating segment performance based on EBITA. Group management assesses the operations for Bokus Online, Akademibokhandeln Online and Akademibokhandeln Stores separately. Revenue comes from the sale of books, e-books, audio books, board games, jigsaw puzzles, toys and art supplies.

- The Bokus Online segment consists of physical books, e-books and a digital book subscription service.
- The Akademibokhandeln Online segment consists of physical books and other products such as board games, jigsaw puzzles, toys and art supplies.
- The Akademibokhandeln Stores segment consists of physical books and other products such as board games, jigsaw puzzles, toys and art supplies.
- The Central Functions segment consists of the Parent Company and Group management.

Revenue

Revenue from external parties that is reported to the CEO is measured in the same manner as in the consolidated statement of comprehensive income.

Revenue, in all material aspects, is recognised at a point in time and all sales are conducted in Sweden.

Revenue

	2021	2020
Bokus Online total revenue	796.0	748.1
- less intra-Group sales*	-48.8	-38.5
Bokus Online	747.2	709.6
Akademibokhandeln Online	84.0	64.7
Akademibokhandeln Stores	1,035.0	1,000.6
Central Functions	-	-
Total external revenue	1,866.1	1,774.9

* In Bokus Online, MSEK 48.8 (38.5) was eliminated in 2021 as it relates to intra-Group sales to the

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Akademibokhandeln Online segment.

	Bokus Online	Akademi-bokhandeln Online	Akademi-bokhandeln Stores	Central Functions	Total
Full-year 2020					
Physical books	651.4	62.1	597.3	–	1,310.8
Digital books	38.1	–	–	–	38.1
Other products	–	–	358.6	–	358.6
Other revenue	20.1	2.6	44.7	–	67.4
Total revenue	709.6	64.7	1,000.6	–	1,774.9

	Bokus Online	Akademi-bokhandeln Online	Akademi-bokhandeln Stores	Central Functions	Total
Full-year 2021					
Physical books	682.7	77.2	617.3	–	1,377.2
Digital books	41.2	–	–	–	41.2
Other products	–	3.3	378.4	–	381.7
Other revenue	23.2	3.4	39.3	–	66.0
Total revenue	747.2	84.0	1,035.0	–	1,866.1

EBITA

	2021	2020
Bokus Online	43.2	33.8
Akademibokhandeln Online	9.9	6.0
Akademibokhandeln Stores	76.1	52.1
Central Functions	–5.1	–7.7
Total EBITA	124.1	84.3
Amortisation of intangible assets	–43.0	–41.1
EBIT	81.1	43.2
Net financial items	–18.4	–28.3
Profit/loss after financial items	62.6	14.9

5 AUDITORS' FEES

Group	2021	2020
EY		
– Audit engagement	1.4	0.9
– Other services	1.2	0.3
PwC		
– Other services	0.2	–
Total	2.7	1.2

6 EMPLOYEE BENEFITS, ETC.

Group	2021	2020
Salaries and other benefits	210.3	202.8
Social security contributions	65.0	63.4
Pension costs – defined contribution plans	22.1	21.2
Pension refund*	–10.0	–
Subsidies and government grants (see Note 7)	–1.1	–14.6
Capitalised costs	–9.4	–5.4
Total	276.8	267.5

* In 2021, the Group received a MSEK 10.0 pension refund from Pensionsvalet relating to collectively agreed group health insurance premiums for the period 2004–2008. The bonus has been recognised as personnel expenses in the income statement.

Salaries, other benefits and social security contributions

	2021		2020	
	Salaries and other benefits (of which bonuses)	Social security contributions (of which pension costs)	Salaries and other benefits (of which bonuses)	Social security contributions (of which pension costs)
Directors, CEO and other senior executives	13.6	8.2 (3.9)	11.7	7.7 (4.1)
Other employees	196.7	78.9 (18.2)	191.1	76.9 (17.1)
Total Group	210.3	87.1	202.8	84.6

Average number of employees and geographic distribution by country

	2021		2020	
	Average number of employees	Of which men	Average number of employees	Of which men
Sweden	403	97	410	101
Total Group	403	97	410	101

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Gender distribution in the Group (incl. subsidiaries) for Directors and other senior executives

	2021		2020	
	Number on balance sheet date	Of which men	Number on balance sheet date	Of which men
Directors	13	2	12	8
CEO and other senior executives	36	16	32	8
Total Group	49	18	44	16

Remuneration and other benefits 2020

	Basic salary/Director's fee	Variable remuneration	Other benefits	Pension cost	Total
Chairman of the Board – Mårten Andersson	-	-	-	-	-
Director – Patrik Wahlén (from 26 Mar 2020)	-	-	-	-	-
Director – Andreas Stenbäck (from 26 Mar 2020)	-	-	-	-	-
Director – Peter Killberg (to 26 Mar 2020)	0.0	-	-	-	0.0
Director – Stefan Sjöstrand (to 26 Mar 2020)	0.0	-	-	-	0.0
Director – Jacob Dalborg (to 26 Mar 2020)	0.0	-	-	-	0.0
Director – Anna Wallenberg (to 26 Mar 2020)	0.0	-	-	-	0.0
CEO – Maria Edsman	2.3	-	0.1	0.7	3.1
Other senior executives (9 individuals)	9.1	-	0.1	3.4	12.6
Total	11.5	-	0.2	4.1	15.8

Remuneration and other benefits 2021

	Basic salary/Director's fee	Variable remuneration	Other benefits	Pension cost	Total
Chairman of the Board – Mårten Andersson	0.2	-	-	-	0.2
Director – Andreas Stenbäck (to 4 Mar 2021)	-	-	-	-	-
Director – Patrik Wahlén (to 4 Mar 2021)	-	-	-	-	-
Director – Mattias Björk (from 4 Mar 2021)	0.3	-	-	-	0.3
Director – Anna Wallenberg (from 4 Mar 2021)	0.2	-	-	-	0.2
Director – Cecilia Marlow (from 16 Mar 2021)	0.2	-	-	-	0.2
CEO – Maria Edsman	2.6	0.7	0.1	0.8	4.1
Other senior executives (9 individuals)	8.5	1.7	0.1	3.6	13.9
Total	11.9	2.4	0.2	4.4	18.9

Parent Company

	2021	2020
Salaries and other benefits		
Board of Directors and CEO	2.3	-
Other employees	3.6	-
	5.9	-
Social security contributions		
Statutory and contractual social security contributions	2.1	-
Pension costs for Board and CEO (incl. payroll tax)	0.1	-
Other pension costs	0.0	-
	2.2	-

Other benefits refer to company cars, health and medical care, and meal allowances.

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Guidelines

Fees are paid to the Chairman and members of the Board of Directors in accordance with the resolution of the AGM.

The general meeting of shareholders has adopted the following guidelines for remuneration of management. The remuneration paid to the CEO and other senior executives consists of a basic salary, variable remuneration, other benefits and pension contributions, etc. Other senior executives refers to the nine people who, together with the CEO, make up Group management.

The balance between basic salary and variable remuneration must be proportionate to the executive's responsibilities and authority. For the CEO, variable remuneration is capped at 25% of the basic salary. For other senior executives, variable remuneration is capped at 25% of the basic salary. Variable remuneration is based on outcomes in relation to individually defined targets.

Pension benefits and other benefits for the CEO and other senior executives form part of the total remuneration.

Pensions

The Group has both defined contribution and defined benefit pension plans. Pension cost refers to the cost which affects the profit/loss for the year.

For salaried employees, the KTP 2 plan's defined benefit pension obligations for retirement and family pensions are secured through an insurance policy with Folksam. This is a multi-employer defined benefit plan. For the 2021 financial year, the company has not had access to information that would enable it to account for its proportionate share of the plan's obligations, assets and expenses. It has therefore not been possible to recognise the plan as a defined benefit plan. The KTP 2 pension plan secured through insurance with Folksam has therefore been recognised as a defined contribution plan. The contribution for defined benefit retirement and family pensions is calculated individually and depends on factors such as salary, previously earned pensions and expected remaining period of service. Expected fees in the next reporting period for KTP 2 insurance policies with Folksam are MSEK 14.7 (13.9).

The collective funding ratio is defined as the market value of Folksam's assets as a percentage of its commitments to policyholders calculated using Folksam's actuarial methods and assumptions, which do not comply with IAS 19. The collective funding ratio may not fall below 125%. If the funding ratio falls below the limit (125%), measures must be taken that will make it possible for the ratio to return to 125% or more. The measures taken must, as a minimum, take account of the expected return, capital market conditions, distinguishing characteristics of the portfolio and the company's equity/assets ratio. Within 12 months of the date when the collective funding ratio fell below the limit (125%), a plan must be prepared for restoring the ratio to a level above the limit. The adopted plan must in turn be completed within a further 12 months. If the collective funding ratio exceeds 160%, the Board must be informed (annually) and measures may need to be taken. The priority measure for influencing the collective funding ratio is premium discounts.

The retirement age for the CEO is 67 years. The amount of pension contributions paid is specified in the pension agreement between Fremia (formerly KFO) and PTK and equates to just under 35% of the pensionable salary.

No pension commitments have been made to Directors who are not permanent employees of any Group company.

Severance pay

The contract between the company and the CEO is terminable on nine months' notice by the CEO and on 12 months' notice by the company. There is no agreement on severance pay between the company and the CEO.

The contracts between the company and senior executives are terminable on 4 to 12 months' notice. There are no agreements on severance pay for other senior executives.

7 SUBSIDIES AND GOVERNMENT GRANTS

Group

The Group received subsidies and government grants in 2021 in the form of compensation for sick pay costs. In 2020, the Group received grants in the form of rental discounts, of which a portion was accrued until 2021.

	2021	2020
Short-time work allowance (recognised in the income statement item "Personnel expenses")	–	11.3
Reduction of social security contributions (recognised in the income statement item "Personnel expenses")	–	1.3
Compensation for sick pay costs (recognised in the income statement item "Personnel expenses")	1.1	2.0
Rental discounts (recognised in the income statement item "Depreciation of right-of-use assets")	6.3	6.3
Total	7.4	20.9

There are no unfulfilled terms or contingent liabilities connected to these grants. The Group has not received any other forms of government grants.

8 FINANCIAL INCOME AND FINANCIAL EXPENSES

Group

	2021	2020
Interest income	0.0	0.0
Other financial income	0.0	0.0
Total financial income	0.0	0.0
Interest expense	–0.8	–0.2
Interest expense, lease liability	–10.3	–10.8
Interest expense paid to former Parent Company*	–5.1	–16.3
Other financial expenses	–2.2	–1.1
Total financial expenses	–18.4	–28.3
Net financial items	–18.4	–28.3

* Refers to interest expense paid to Volati AB, which was the Parent Company at the time of incurring the expense.

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Parent Company

	2021	2020
Interest income received from Group companies	10.5	5.9
Total interest income and similar income	10.5	5.9
	2021	2020
Interest expense	-0.8	-
Interest expense paid to Group companies	-4.8	-5.4
Interest expense paid to former Parent Company*	-5.1	-16.3
Other financial expenses	-1.4	-
Total interest income and similar income	-12.1	-21.7

* Refers to interest expense paid to Volati AB, which was the Parent Company at the time of incurring the expense.

9 INCOME TAX

Group

	2021	2020
Current tax		
Current tax on profit/loss for the year	-10.9	-5.6
Adjustments relating to previous years	0.4	-2.2
Total current tax	-10.5	-7.7
Deferred tax (Note 23)		
Origination and reversal of temporary differences	-1.7	11.9
Revaluation arising from loss carryforwards	-	1.2
Utilised loss carryforwards	-	-15.6
Effect of change in tax rate	-	-0.4
Total deferred tax	-1.7	-2.8
Total income tax	-12.2	-10.6

The income tax on consolidated profit/loss before tax differs from the theoretical amount that would have resulted from the use of the same tax rate for the earnings of the consolidated companies as follows:

	2021	2020
Profit/loss before tax	62.6	14.9
Income tax calculated at tax rate in Sweden (2021: 20.6%, 2020: 21.4%)	-12.9	-3.2
Tax effects of:		
Non-deductible expenses	-0.9	-6.2
Non-taxable income	0.7	0.2
Tax attributable to previous years	0.4	-2.2
Recognition of previously uncapitalised loss carryforwards	-	1.2
Effect of change in tax rate	-	-0.4
Unrecognised temporary differences, loss carryforwards	-	0.0
Other	0.5	-
Income tax	-12.2	-10.6

Tax recognised in equity:

	2021	2020
Current tax:		
- Group contributions	-	-4.7
Deferred tax:		
- Other	-	0.0
Total income tax in equity	-	-4.7

Parent Company

Reported tax in statement of comprehensive income

	2021	2020
Current tax on profit/loss for the year	-	-
Total reported tax	-	-

The income tax on profit/loss before tax differs from the theoretical amount that would have resulted from the use of the tax rate for the Parent Company as follows:

	2021	2020
Profit/loss before tax	-0.6	39.2
Income tax calculated at tax rate in Sweden (2021: 20.6%, 2020: 21.4%)	0.1	8.4
Tax effects of:		
Non-taxable income	-	-11.8
Non-deductible expenses	-0.1	-
Net interest income received	-	3.4
Total reported tax	-	-

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10 NET FOREIGN EXCHANGE DIFFERENCES

Group

Foreign exchange differences have been recognised in the statement of comprehensive income as follows:

	2021	2020
Goods for resale	-2.1	1.5
Total	-2.1	1.5

11 EARNINGS PER SHARE

	2021	2020
Earnings per share before and after dilution, SEK	3.31	0.32
Earnings measures used in the calculation of earnings per share		
Profit attributable to owners of the Parent, MSEK	50.5	4.3
Weighted average number of ordinary shares	15,267,292	13,440,000

12 PARTICIPATIONS IN SUBSIDIARIES

Parent Company

The Parent Company has participations in subsidiaries:

Name	Corp. ID no.	Registered office	No. of shares	Carrying amount 31 Dec 2021	Carrying amount 31 Dec 2020
Akademibokhandeln Holding AB	559101-0938	Stockholm	8,000,000	433.7	313.7
Bokus AB	556493-0492	Stockholm	100	120.0	120.0
				31 Dec 2021	31 Dec 2020
Opening cost				433.7	263.7
Acquisitions				-	120.0
Shareholders' contributions provided				120.0	50.0
Closing accumulated cost				553.7	433.7
Closing carrying amount				553.7	433.7

Indirect ownership in subsidiaries included in the Group:

Name	Corp. ID no.	Registered office	Equity interest, %	No. of shares
Bokhandelsgruppen i Sverige AB	556204-5004	Stockholm	100	100

13 INTANGIBLE ASSETS

Group

	Goodwill	Trademarks	Customer relationships	Capitalised development costs	Total
31 December 2020					
Cost	410.1	240.1	196.4	186.5	1,033.1
Accumulated amortisation	-	-	-91.9	-124.7	-216.6
Carrying amount	410.1	240.1	104.5	61.8	816.5

2021 financial year

Opening carrying amount	410.1	240.1	104.5	61.8	816.5
Acquisitions for the year	-	-	-	35.5	35.5
Amortisation for the year	-	-	-19.6	-22.2	-41.8
Impairment for the year	-	-	-	-1.2	-1.2
Closing carrying amount	410.1	240.1	84.8	73.9	809.0

31 December 2021

Cost	410.1	240.1	196.4	218.5	1,065.2
Accumulated amortisation	-	-	-111.6	-143.5	-255.0
Accumulated impairment	-	-	-	-1.2	-1.2
Carrying amount	410.1	240.1	84.8	73.9	809.0

Remaining useful life at 31 Dec 2021, MSEK

	Cost	Remaining useful life
Customer relationships	126.4	44 months
Customer relationships	70.0	66 months
Total	196.4	
Capitalised development costs	31.1	Ongoing
Capitalised development costs	7.1	1-12 months
Capitalised development costs	31.8	13-24 months
Capitalised development costs	0.9	25-36 months
Capitalised development costs	24.6	37-48 months
Capitalised development costs	12.8	49-60 months
Capitalised development costs	110.3	Fully amortised
Total	218.5	

Customer relationships arose as part of the business combination of Akademibokhandelsgruppen AB (merged into Akademibokhandeln Holding AB since 2020) and the acquisition of Bokhandelsgruppen i Sverige AB (Akademibokhandeln) and its subsidiary Bokus AB in 2015. In connection with the acquisition of Akademibokhandelsgruppen AB and its subsidiary by Akademibokhandeln Holding AB in 2017, a new valuation of customer relationships took place which showed that there had been no change in value.

See Note 1 for further information on intangible assets.

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Impairment testing of goodwill and trademarks

In the impairment test, goodwill and trademarks are allocated to the business areas that are considered cash-generating units, which comprise the operating segments Bokus Online, AkademiBokhandeln Online and AkademiBokhandeln Stores. The values of goodwill and trademarks in each cash-generating unit are tested annually against the estimated recoverable amount.

The recoverable amounts of goodwill and trademarks have been determined based on calculations of value in use. The forecast cash flows are based on reasonable and verifiable assumptions that are also Bokusgruppen's best estimates of expected future conditions. The estimate of future cash flows was made using forecasts based on the latest budgets, forecasts and business plans for each cash-generating unit. These comprise the budget for the coming year and forecasts for the following three to five years. Cash flows after the forecasting period are calculated using an assumed long-term annual growth rate after the forecasting period of 2%.

Key assumptions used in the calculation include discount rate, net sales growth, EBITA margins, changes in working capital and investment requirements.

Material assumptions used in calculating values in use in all cash-generating units:

	31 Dec 2021	31 Dec 2020
Pre-tax discount rate, %*	9.6	9.6
Long-term growth rate, %**	2.0	2.0

* Pre-tax discount rate used in calculating the present value of estimated future cash flows.

** Weighted average growth rate used to extrapolate cash flows beyond the forecasting period.

	Goodwill 31 Dec 2021	Trademarks 31 Dec 2021	Goodwill 31 Dec 2020	Trademarks 31 Dec 2020
AkademiBokhandeln Stores	219.8	128.7	219.8	128.7
AkademiBokhandeln Online	64.2	17.9	64.2	17.9
Bokus Online	126.2	93.6	126.2	93.6
	410.1	240.1	410.1	240.1

Sensitivity analysis for goodwill and trademarks

Value in use for each cash-generating unit is dependent on the assumptions used in calculating discounted cash flows. Bokusgruppen has carried out simulations to determine value in use in case of changes in the key assumptions used in the calculation. In comparing the carrying amount with value in use based on the assumption of a 20% reduction in the EBITA margin compared with the forecasts for all years covered by the forecast, value in use would exceed the carrying amount for all cash-generating units.

In similar comparisons using the assumption that the annual growth rate after the forecasting period, meaning from year five onwards, would be 1% rather than the 2% assumed in the forecast, value in use would still exceed the carrying amount for all units.

In a simulation based on the assumption that the discount rates would increase by 1%, value in use would exceed the carrying amount for all units.

Parent Company

Trademarks

	31 Dec 2021	31 Dec 2020
Opening accumulated cost	60.0	–
Purchases	–	60.0
Sales and disposals	–	–
Closing accumulated cost	60.0	60.0
Opening accumulated amortisation	–10.0	–
Amortisation for the year	–12.0	–10.0
Sales and disposals	–	–
Closing accumulated amortisation	–22.0	–10.0
Carrying amount	38.0	50.0

14 EQUIPMENT, FIXTURES AND FITTINGS

	31 Dec 2021	31 Dec 2020
Opening accumulated cost	267.2	264.7
Purchases	10.9	6.6
Sales and disposals	–74.6	–4.0
Closing accumulated cost	203.5	267.2
Opening accumulated depreciation	–241.8	–234.4
Depreciation for the year	–10.5	–11.4
Sales and disposals	74.5	4.0
Closing accumulated depreciation	–177.7	–241.8
Carrying amount	25.8	25.4

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15 LEASES

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The following lease-related amounts have been recognised in the balance sheet:		
Right-of-use assets		
Premises	255.8	272.4
Equipment	1.0	1.4
Total	256.8	273.8
Lease liabilities		
Short-term	108.1	104.7
Long-term	134.8	151.7
Total	242.9	256.4
Opening accumulated cost	430.3	323.0
Purchases	94.7	187.5
Sales and disposals	-42.2	-80.2
Closing accumulated cost	482.9	430.3
Opening accumulated depreciation	-156.6	-109.6
Depreciation for the year	-111.4	-125.9
Sales and disposals	41.9	78.9
Closing accumulated depreciation	-226.1	-156.6
Carrying amount	256.8	273.8

Additional right-of-use assets in 2021 amounted to MSEK 94.7 (187.5).

The following lease-related amounts have been recognised in the income statement:

	2021	2020
Depreciation of right-of-use assets:		
Premises	-110.8	-125.1
Other	-0.7	-0.8
Total	-111.4	-125.9
Interest expense (included in financial expenses)	-10.3	-10.8
Expenses related to leases for which the underlying asset is of low value that are not short-term leases (included in the item "Other external costs")	-0.5	-0.7

Total lease-related cash flow was MSEK -107.9 (-117.8). For information on maturities of lease liabilities, see Note 2. A maturity analysis of lease liabilities is presented in Note 2.

16 FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets measured at amortised cost

	31 Dec 2021	31 Dec 2020
Trade receivables	18.5	22.4
Other receivables	14.1	23.2
Receivables from Group companies	-	22.1
Cash and cash equivalents	132.5	2.5
Total	165.2	70.2

All of the Group's financial assets are recognised in the category "Financial assets measured at amortised cost".

Financial liabilities measured at amortised cost

	31 Dec 2021	31 Dec 2020
Trade payables	245.6	240.2
Liabilities to Group companies	-	149.9
Other current liabilities	38.5	37.4
Long-term lease liability	134.8	151.7
Short-term lease liability	108.1	104.7
Accrued expenses	137.1	102.4
Total	664.1	786.3

All of the Group's financial liabilities are recognised in the category "Financial liabilities measured at amortised cost".

In addition to the financial instruments presented in the tables (above), the Group has financial liabilities in the form of lease liabilities that are recognised and measured in accordance with IFRS 16 (see Note 15).

The financial instruments' carrying amounts approximate their fair values, as the interest rates are comparable to actual market rates or because the items are short-term.

17 INVENTORIES

	31 Dec 2021	31 Dec 2020
Goods for resale	195.7	193.5
Total	195.7	193.5

In the 2021 financial year, MSEK -1,149.0 (-1,106.6) in costs of goods sold was recognised in the income statement. The amount was recognised as goods sold in the item "Goods for resale". As of 31 December 2021, the provision for obsolescence was MSEK 12.2 (11.6).

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18 TRADE RECEIVABLES

	31 Dec 2021	31 Dec 2020
Trade receivables	19.4	23.0
Loss allowance for expected credit losses	-0.9	-0.6
Net trade receivables	18.5	22.4

The maximum exposure to credit risk for trade receivables on the balance sheet date is the carrying amount, as shown above. The fair value of trade receivables approximates the carrying amount, as the discount effect is insignificant.

See also Note 2 for disclosures on loss allowance for credit losses.

19 OTHER RECEIVABLES

	31 Dec 2021	31 Dec 2020
VAT	2.7	2.8
Other receivables	20.1	20.4
Total	22.8	23.2

20 PREPAID EXPENSES AND ACCRUED INCOME

	31 Dec 2021	31 Dec 2020
Prepaid rents	15.8	6.7
Prepaid insurance premiums	0.2	0.2
Other items	10.0	11.5
Total	26.0	18.4

21 CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOW

Group

	31 Dec 2021	31 Dec 2020
Cash pool (at Volati AB (publ))	-	164.7
Cash and bank balances	132.5	2.5
Total	132.5	167.2

Parent Company

	31 Dec 2021	31 Dec 2020
Balance on Group account	-	115.6
Cash and bank balances	130.4	-
Total	130.4	115.6

22 SHARE CAPITAL AND OTHER PAID-IN CAPITAL

	No. of shares, thousands	Share capital	Other paid-in capital	Total
Opening balance, 1 Jan 2020	8,000	0.1	70.1	70.2
Group contributions			17.4	17.4
Closing balance, 31 Dec 2020	8,000	0.1	87.5	87.6
Opening balance, 1 Jan 2021	8,000	0.1	87.5	87.6
Bonus issue, March 2021, 1)		0.4		0.4
Reverse split 1:25, April 2021	-7,680			-
New issue, April 2021, 2)	65	0.1	164.9	165.0
Split 42:1, April 2021	15,766			-
Warrants, 3)			0.3	0.3
Closing balance, 31 Dec 2021	16,151	0.6	252.7	253.3

1) In March 2021, the company made a MSEK 0.4 bonus issue, which reduced retained earnings by the same amount.

2) In April 2021, the company issued MSEK 165.0 in new shares to settle liabilities to Group companies in the same amount.

3) Comprises premiums paid of MSEK 0.7 and external costs of MSEK 0.4 related to the introduction of the programme.

At 31 December 2021, the share capital consisted of 16,151,226 (8,000,000) ordinary shares with a quotient value of SEK 0.0372 (0.0066) per share. All shares issued by the Parent Company are fully paid up.

In 2021, senior executives acquired warrants at market price. The warrants entitle the holder to acquire shares in Bokusgruppen AB (publ). The exercise price for the allotted warrants corresponds to the average volume-weighted price paid for the shares on Nasdaq First North Premier Growth Market during the period 7–11 June 2021 plus 30%. The average volume-weighted price was SEK 42.90. The subscription price for the warrants amounts to SEK 1.30 per warrant and the future exercise price for the share based on the warrant amounts to SEK 55.80 per share. The subscription price was set at market price and calculated using the Black & Scholes model. All employees paid a market price for the warrants upon issue, which means that the warrants will not give rise to an accounting cost. The warrants can be exercised starting three years after the allotment date. The warrants have a contractual exercise period of four months. The Group has no legal or constructive obligation to repurchase or settle the warrants in cash.

During the year, 550,585 warrants were allotted, of which were allotted 117,647 to the CEO and 432,938 to other senior executives. No warrants expired or were forfeited or exercised during this period. The exercise price per warrant is SEK 55.80.

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23 DEFERRED TAX

Deferred tax liabilities

	Intangible assets	Bonds	Untaxed reserves	Other	Total
1 January 2020	-86.7	-3.8	-15.2	-0.0	-105.7
Recognised in equity	-0.1	3.8	-	-	3.6
Recognised in the statement of comprehensive income	14.1	-	-4.2	0.1	10.0
31 December 2020	-72.8	-	-19.4	0.1	-92.1
Recognised in equity	-	-	-	-	-
Recognised in the statement of comprehensive income	-1.2	-	0.4	-0.1	-0.9
31 December 2021	-74.0	-	-19.0	-	-93.0

Deferred tax assets

	Loss carry-forwards	Bonds	Lease liability	Other	Total
1 January 2020	14.4	3.6	1.2	0.1	19.2
Recognised in equity	-	-3.6	-0.1	-0.0	-3.6
Recognised in the statement of comprehensive income	-14.4	-	1.7	-0.1	-12.8
31 December 2020	-	-	2.8	0.0	2.8
Recognised in equity	-	-	-	-	-
Recognised in the statement of comprehensive income	-	-	-0.8	-0.0	-0.8
31 December 2021	-	-	2.0	-	2.0

24 BORROWINGS

Short-term unsecured loans

	31 Dec 2021	31 Dec 2020
Liabilities to Group companies	-	149.9
Total short-term unsecured loans	-	149.9
Total borrowings	-	149.9

Overdraft facility

The Group previously financed its operations through an internal loan from its previous principal owner Volati AB (publ) and a cash pool with Volati. The internal loan of approximately MSEK 165.0 was repaid in the second quarter through an offset against new shares. To secure a financing solution after this repayment, Bokusgruppen was granted an overdraft facility of MSEK 200.0. Of the overdraft facility granted, MSEK 0.0 had been utilised as of 31 December 2021. According to the terms of the loan, certain financial covenants must be fulfilled with respect to the Group's debt/equity ratio and equity/assets ratio. The covenants were met as of 31 December 2021.

25 OTHER CURRENT LIABILITIES

	31 Dec 2021	31 Dec 2020
VAT	11.1	10.7
Gift card and commission liability	32.5	31.9
Employee-related expenses	9.9	9.6
Other items	6.0	5.5
Total	59.5	57.6

26 ACCRUED EXPENSES AND DEFERRED INCOME

	31 Dec 2021	31 Dec 2020
Accrued salaries	10.0	10.6
Accrued holiday pay	27.0	27.5
Accrued social security contributions	11.0	11.2
Accrued cost of goods sold	68.7	41.0
Accrued logistics costs	8.7	6.1
Other items	22.8	17.2
Total	148.2	113.7

27 TRANSACTIONS WITH RELATED PARTIES

In connection with receiving an overdraft facility of MSEK 200.0 in the second quarter of 2021, Bokusgruppen's liability to its former Parent Company Volati AB (publ) of MSEK 319.8 was repaid through a combination of an offset issue of MSEK 165.0 and a payment of MSEK 154.8 financed by own funds and the aforementioned overdraft facility. There were no other transactions with related parties.

Balances with Group companies

	31 Dec 2021	31 Dec 2020
Current receivables related to Group contributions	-	22.1
Current liabilities to former Parent Company (Volati AB (publ))	-	-314.7
Cash pool (at Volati AB (publ))	-	164.7
Total	-	-127.9

Parent Company

Bokusgruppen AB (publ) is the ultimate Parent Company of the Group. Related parties are all subsidiaries as well as senior executives in the Group and their close family members. Transactions are made on market terms. For information on remuneration of senior executives, see Note 7 to the consolidated financial statements.

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The following transactions have been made with related parties:

	31 Dec 2021	31 Dec 2020
Sale of administrative services to subsidiaries	13.8	–
Total	13.8	–

28 PLEDGED ASSETS

Group
None

Parent Company
None

29 CONTINGENT LIABILITIES

Group
None

Parent Company
None

30 CHANGES IN LIABILITIES IN FINANCING ACTIVITIES

	1 Jan 2020	Cash inflow	Cash outflow	Non-cash items	31 Dec 2020
Lease liabilities	185.4	–	–117.8	188.8	256.4
Liabilities to Group companies	423.4	40.0	–165.0	16.3	314.7
Total	608.8	40.0	–282.8	205.1	571.1

	1 Jan 2021	Cash inflow	Cash outflow	Non-cash items	31 Dec 2021
Lease liabilities	256.4	–	–107.9	94.4	242.9
Liabilities to Group companies	314.7	–	–154.8	–159.9	–
Total	571.1	–	–262.7	–65.5	242.9

31 PROFIT FROM PARTICIPATIONS IN GROUP COMPANIES

Parent Company

	2021	2020
Anticipated dividend	–	55.0
Total profit from participations in Group companies	–	55.0

32 APPROPRIATIONS

Parent Company

	2021	2020
Group contributions received	14.8	18.5
Change in accelerated depreciation	–0.6	–8.0
Total	14.2	10.5

33 EVENTS AFTER THE REPORTING PERIOD

In the first quarter, two stores were closed without any significant financial impact on the Group. At the beginning of January, Bokusgruppen's subsidiary Bokus AB entered into an agreement on e-commerce logistics. A third-party logistics provider will take over responsibility for e-commerce logistics for Bokus Online and Akademibokhandeln Online from 1 July 2022.

34 PROPOSED APPROPRIATION OF RETAINED EARNINGS

The following funds are available for distribution by the AGM:

Retained earnings	277,876,771
Share premium reserve	165,219,897
Net profit/loss	–615,202
SEK	442,481,466

The Board proposes the following appropriation of retained earnings:

a dividend of SEK 3 to the shareholders, totalling	48,453,678
carried forward	394,027,788
SEK	442,481,466

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APPROPRIATION OF RETAINED EARNINGS FOR 2021 AND REASONED OPINION PURSUANT TO CHAPTER 18, SECTION 4 OF THE COMPANIES ACT

Bokusgruppen's dividend policy states that when operating cash flow exceeds the need for investments in profitable expansion on a long-term basis and the stipulated goals for the company's capital structure have been met, the surplus may be distributed to the shareholders. The Board of Directors proposes that the AGM approve a dividend of SEK 3.00 (1.45) per share, or MSEK 48.5 (11.7) in total, which equates to 96% of the consolidated profit/loss after tax for 2021. The Parent Company has MSEK 442.5 in non-restricted equity and the Group has total equity of MSEK 681.6. After the proposed dividend to the shareholders, the Parent Company's non-restricted equity will be MSEK 394.0 and the Group's equity MSEK 633.1. The remaining non-restricted equity of the Parent Company will be carried forward. In its dividend proposal, the Board has taken account of expected risks in the industry and the risks generally associated with business activities. Bokusgruppen has generated significant cash flows and has a strong financial position.

The Board of Directors and CEO certify that the consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU, and provide a true and fair view of the Group's financial position and results. The annual accounts have been prepared in accordance with generally accepted accounting standards and provide a true and fair view of the Parent Company's financial position and results.

The Directors' Report for the Group and Parent Company provides a true and fair overview of the development of the Group's and Parent company's business, financial position and results, and describes significant risks and uncertainties faced by the Parent Company and the companies included in the Group.

Stockholm, 30 March 2022

Mårten Andersson
Chairman of the Board

Maria Edsman
CEO

Mattias Björk
Director

Cecilia Marlow
Director

Anna Wallenberg
Director

Our auditor's report was submitted on the date stated in our electronic signature 30 March 2022

Ernst & Young AB

Andreas Troberg
Authorised Public Accountant

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AUDITOR'S REPORT

To the general meeting of the shareholders of Bokusgruppen AB, corporate identity number 559025-8637

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of Bokusgruppen AB for the year 2021.

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 2021 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 2021 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 57-64. 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 group.

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.

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

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–45 and 94–98. The Board of Directors and the Managing Director are responsible for this other information.

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

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

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

Responsibilities of the Board of Directors and the Managing Director

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

In preparing the annual accounts and consolidated accounts, The Board of Directors and the

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

Auditor's responsibility

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors [and the Managing Director].
- Conclude on the appropriateness of the Board of Directors' [and the Managing Director's] use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the

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entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Bokusgruppen AB for the year 2021 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

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

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

Responsibilities of the Board of Directors and the Managing Director

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

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

Auditor's responsibility

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

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

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted

in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

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

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 57–64 has been prepared in accordance with the Annual Accounts Act.

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

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

Stockholm 30 March 2022

Ernst & Young AB

Andreas Troberg
Authorized Public Accountant

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CALCULATION OF ALTERNATIVE PERFORMANCE MEASURES

Amounts in MSEK	2021	2020	Amounts in MSEK	2021	2020
Calculation of gross margin, %			EBITA excluding items affecting comparability		
Net sales	1,866.1	1,774.9	EBITA	124.1	84.3
Goods for resale	-1,149.0	-1,106.6	Subsidies and government grants	-7.4	-20.9
Gross margin, %	717.1	668.3	Pension refund	-10.0	0.0
Gross margin, SEK/Net sales	38.4%	37.7%	Listing costs	1.8	-
Adjusted EBITDA LTM			EBITA excluding items affecting comparability	108.5	63.4
EBITDA LTM	246.0	221.5	Calculation of adjusted operating cash flow		
Reversal of IFRS 16 effect	-125.0	-127.8	Operating cash flow	217.2	188.5
Items affecting comparability*	-8.2	0.0	Repayment of lease liabilities	-107.9	-117.8
Adjusted EBITDA LTM	112.8	93.7	Adjusted operating cash flow	109.3	70.6
*Items affecting comparability refer to listing costs and pension refund			Adjusted cost of store premises as a % of total sales in Akademibokhandeln, LTM		
Calculation of net debt (excl. lease liabilities)/adjusted EBITDA LTM, x			Cost of premises	-42.7	-38.5
Financial liabilities	0.8	1.3	Reversal of costs unrelated to stores	5.5	5.7
Interest-bearing liabilities	0.0	314.7	Reversal of IFRS 16 effect	-125.0	-127.8
Cash and cash equivalents	-132.5	-167.2	Adjusted cost of store premises	-162.2	-160.6
Net debt	-131.7	148.7	Sales in Akademibokhandeln (Online and Stores)	1,119.0	1,065.3
Adjusted EBITDA LTM	112.8	93.7	Adjusted cost of store premises as a % of total sales in Akademibokhandeln, LTM	14.5%	15.1%
Net debt/adjusted EBITDA, x	-1.2	1.6			

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DEFINITIONS

Definitions of Bokusgruppen's performance measures are presented in the following table.

PERFORMANCE MEASURE	DESCRIPTION	REASON FOR USE
EBITDA	Earnings before interest, tax, depreciation, amortisation and impairment.	Together with EBITA, EBITDA provides an overview of the profit/loss generated by operating activities by highlighting earnings before the effects of depreciation and impairment as well as amortisation of acquisition-related intangible assets.
Adjusted EBITDA	Calculated as EBITDA LTM as of the reporting date, excluding IFRS 16 adjustments and adjusted for other revenue and expenses considered to be items affecting comparability.	Adjusted EBITDA provides Group management and investors with an overview of the size of the operations included in the Group as of the reporting date, since this is adjusted for items that do not directly pertain to operating activities. Also used when calculating our covenants with banks.
Net debt/adjusted EBITDA	Interest-bearing liabilities and cash and cash equivalents, excluding IFRS 16, in relation to adjusted EBITDA for the period.	Used to assess the Group's financial risk and in calculations of covenants with banks.
EBITA	Earnings before amortisation of generated intangible assets and acquisition-related intangible assets.	Together with EBITDA, EBITA provides an overview of the profit/loss generated by operating activities.
EBITA margin	Earnings before amortisation of intangible assets generated and acquisition-related intangible assets as a percentage of total revenue.	The EBITA margin shows profit/loss generated by operating activities as a percentage of total revenue.

PERFORMANCE MEASURE	DESCRIPTION	REASON FOR USE
EBITA excluding items affecting comparability	Calculated as EBITA adjusted for items affecting comparability.	Used by Group management to monitor the underlying earnings growth for the Group.
Items affecting comparability	The Group's earnings may be affected by certain items which affect comparability between years. Items affecting comparability are defined as non-recurring items not directly related to the ordinary course of business, such as government grants, listing costs and pension plan bonuses.	Recognising items affecting comparability provides a better understanding of the Group's operating activities.
EBIT	Earnings before net financial items and tax.	EBIT provides an overview of the profit/loss generated by operating activities and its financing.
Operating cash flow	Calculated as the total of cash flow from operating activities and cash flow from investing activities.	Operating cash flow is used by Group management to monitor the cash flow generated by operating activities, including investments, before the repayment of lease liabilities.
Adjusted operating cash flow	Calculated as the difference between operating cash flow and payments relating to the repayment of lease liabilities.	Adjusted operating cash flow gives Group management a clear overview of the development of cash flow directly attributable to the operations.
Gross margin	Calculated as net sales less goods for resale as a percentage of net sales.	Gives Group management a clear overview of the profitability of products sold.
Equity/assets ratio	Equity as a percentage of the balance sheet total.	Used to assess financial risk.
Net sales growth	Calculated as total sales during the period compared with sales in the year-earlier period.	Gives Group management a clear overview of how total sales develop over time.

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PERFORMANCE MEASURE	DESCRIPTION	REASON FOR USE
Growth in digital books	Calculated as sales of digital books (individual items in digital formats and sub-descriptions) during the period compared with sales in the year-earlier period.	Digital books is an important growth area.
Growth in online channels	Sales in online channels during the period compared with sales in the year-earlier period.	Online growth is an important growth area.
Share of online sales	The share of online sales in relation to total sales.	Gives Group management a clear overview of changes in the share of total sales attributable to digital sales.
Share of Akademibokhandeln Online	The share of Akademibokhandeln Online sales in relation to total Akademibokhandeln sales.	Gives Group management a clear overview of changes in the share of Akademibokhandeln's total sales attributable to digital sales.
Growth in physical stores	Sales in physical stores during the period compared with sales in the year-earlier period.	Stores is the largest business area, with healthy gross margins. This performance measure is used by Group management to monitor financial performance.
Growth in other products	Sales of other products during the period compared with sales in the year-earlier period.	Other products is an important growth area.
Share of private label in other products	The share of private label products in relation to other products.	Private label products have favourable gross margins. This performance measure is used by Group management to monitor the share of other products attributable to private label products.
Store contributions to operations LTM	Store contributions to operations refers to direct revenue and expenses generated in individual stores.	Provides guidance about individual stores' profitability and contributions to EBITA.

PERFORMANCE MEASURE	DESCRIPTION	REASON FOR USE
Cost of premises (excl. IFRS 16) as a % of sales in Akademibokhandeln Online and Stores	Calculated as total cost of store premises for the period, excluding IFRS 16 adjustments, in relation to sales in Akademibokhandeln Online and Stores for the last 12 months and the full year.	Provides guidance about how the key item of cost of premises developed in relation to Akademibokhandeln's total sales. The share of cost of premises attributable to rent is an important factor for profitability and shows how effective renegotiations with landlords have been.
Number of active customers	Number of customers who have made at least one purchase in the last 12 months. For Akademibokhandeln, this refers to members of the loyalty club. For Bokus, this refers to all customers.	Provides an overview of how the customer bases are developing, how many customers have been active in the last year and how many customers have been dormant.
NPS (net promoter score)	Based on accumulated data for the last 12 months. NPS data is collected through e-mail questionnaires from customers.	Used to monitor overall customer satisfaction and loyalty over time as well as whether they are likely to recommend the company.

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SHAREHOLDER INFORMATION

AGM

Bokusgruppen AB's 2022 AGM will be held on 12 May 2022 in Stockholm. Further information will be provided in the notice of the AGM. For more information, see Bokusgruppen's website.

Notice of the AGM

Notice of the AGM will be given by way of an advertisement in Post- and Inrikes Tidningar and (the Official Swedish Gazette) by publication of the notice on the company's website. An announcement that notice has been given will be made in Svenska Dagbladet. Documents to be presented at the AGM will be made available on the company's website around four weeks before the meeting.

Proposed dividend

Given Bokusgruppen's strong financial position and the robust cash flow in 2021, the Board proposes that the AGM approve a dividend of SEK 3.00 (1.46) per share, totalling MSEK 48.5. The dividend will be paid in two instalments of SEK 1.50 per share each. The record date for the first payment is as soon as possible after the AGM and the record date for the second is six months thereafter.

Distribution policy for the Annual Report and Sustainability Report

This year's Annual Report and Sustainability Report is digital. A limited physical edition is available for distribution to shareholders who wish to receive a copy. Distribution will take place around four weeks before the AGM. Bokusgruppen's Annual Report and Sustainability Report as well as other financial information are available on the company's website.

Financial calendar

Bokusgruppen will release financial information for the 2022 financial year as follows:

- 28 April 2022 Q1 2022 interim report
- 15 July 2022 Q2 2022 interim report
- 25 October 2022 Q3 2022 interim report



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SE-416 64 Göteborg

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SE-211 33 Malmö

