

DESENIO

ADMISSION TO TRADING OF SHARES IN DESENIO GROUP AB (PUBL)

IMPORTANT INFORMATION ABOUT NASDAQ FIRST NORTH GROWTH MARKET

Nasdaq First North Growth Market is a registered SME growth market, in accordance with the Directive on Markets in Financial Instruments (EU 2014/65) as implemented in the national legislation of Denmark, Finland and Sweden, operated by an exchange within the Nasdaq group. Issuers on Nasdaq First North Growth Market are not subject to all the same rules as issuers on a regulated main market, as defined in EU legislation (as implemented in national law). Instead they are subject to a less extensive set of rules and regulations adjusted to small growth companies. The risk in investing in an issuer on Nasdaq First North Growth Market may therefore be higher than investing in an issuer on the main market. All issuers with shares admitted to trading on Nasdaq First North Growth Market have a Certified Adviser who monitors that the rules are followed. The respective Nasdaq exchange approves the application for admission to trading.

ABG
SUNDAL COLLIER

Carnegie

IMPORTANT INFORMATION

This company description (the "**Company Description**") has been prepared in connection with the application for admission of trading of shares in Desenio Group AB (publ), company reg. no. 559107-2839 ("**Desenio**" and/or the "**Company**") on Nasdaq First North Growth Market. For definitions of specific terms that are used in the Company Description, please refer to the section *Specific definitions and terms* below.

An investment in securities is associated with certain risks (please refer to the section *Risk factors*). When investors make investment decisions, they must rely on their own assessment of the Company, including existing facts and risks. Prior to an investment decision, potential investors should appoint their own professional advisors and also evaluate and assess a decision to invest. Investors may only rely on the information in this Company Description and applicable additions to this Company Description. No person is authorised to provide any other information or give any other statements than included in this Company Description. If such would nonetheless be provided, such information or such statements shall not be deemed approved by the Company, and the Company shall not be liable for such information or such statements.

Neither the publication nor the distribution of this Company Description shall be deemed to imply that the information in this Company Description is correct and valid at any time other than the date of its publication or that there has been no change in Desenio's operations after that date.

This Company Description does not constitute a prospectus in accordance with the definitions in the provisions of the Regulation (EU) 2017/1129 of the European Parliament and of the Council and has not been reviewed, registered or approved by the Swedish Financial Supervisory Authority (Sw. Finansinspektionen). The Company Description does not include any offer to the public to subscribe for shares or otherwise acquire shares or other financial instruments in Desenio, whether in Sweden or other jurisdictions. The Company Description may not be distributed in or into the United States (including its territories and possessions, any state of the United States and the District of Columbia), Canada, Japan, Hong Kong, New Zealand, Switzerland, Singapore, South Korea or South Africa, or in any other jurisdiction where the distribution would require additional registration or measures other than those set out in Swedish law or would violate applicable provisions in such jurisdiction. The recipient of this Company Description is obliged to keep itself informed of and comply with these restrictions and may not publish or distribute the Company Description in violation with applicable laws and regulations. Measures in violation of these rules may constitute a breach of applicable securities regulation.

No shares or other securities in the Company have been or will be registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or under the securities law of any state or other jurisdiction of the United States, and they may not be offered, sold or otherwise transferred, directly or indirectly, to or in the United States, unless in accordance with an applicable exemption from or in a transaction that does not fall within the registration requirements under the U.S. Securities Act and in accordance with securities legislation in the relevant state or other jurisdiction of the United States. The shares in Desenio have neither been approved nor rejected by the U.S. Securities and Exchange Commission, any securities authority on state level or any other authority in the United States, neither has any such authority approved or disapproved of the Company's shares or other securities or passed upon or endorsed the merits of any offer of shares or other securities in the Company, nor have they approved or made any statements about the accuracy or reliability of this Company Description. Any representation to the contrary is a criminal offence in the United States.

All prospective investors are urged to consult with their own tax advisers concerning the U.S. federal income tax considerations associated with acquiring, owning and disposing of the shares or other securities in the Company in light of their particular circumstances, as well as any considerations arising under the laws of any non-U.S. state, local or other taxing jurisdiction.

This Company Description does not purport to include the information required of a disclosure document under Chapter 6D of the Corporations Act. Accordingly: (a) no shares or other securities may be offered for issue to any person in Australia except to "wholesale clients" as defined in the Corporations Act and in circumstances where disclosure to investors is not required under Part 6D.2 of the Corporations Act; (b) no shares or other securities may be offered for sale (or transferred, assigned or otherwise accrued) to investors in Australia for at least twelve months after their issue, except in circumstances where disclosure to investors is not required under Part 6D.2 of the Corporations Act.

Forward-looking statements

This Company Description contains certain forward-looking statements and assumptions on future market conditions, operations and results. These statements are included in several sections and contain statements on the Company's current intentions, assessments and expectations. The words "consider", "intend", "assess", "expect", "anticipate", "plan" or similar expressions indicate some of these forward-looking statements. Other such statements are apparent from the actual context. Actual events and outcomes may significantly deviate from what is apparent from such statements, as a consequence of risks and other factors that affect the Company's operations. Such factors are compiled under the section *Risk factors*.

Industry and market information

This Company Description contains information about the industry and market attributable to the business of the Company and the markets within which the Company operates. Unless otherwise stated, such information is based on the Company's assessment of several different sources, including industry publications and reports. Industry publications and reports generally state that the information reproduced in them has been obtained from sources deemed to be reliable; however, the accuracy and completeness of such information is not guaranteed. The information has not been verified by the Company, therefore the Company cannot guarantee the accuracy of the industry- and market information contained in the Company Description or collected or derived from these publications or reports. Market information and market statistics are by their very nature forward-looking and subject to uncertainty, and they do not necessarily reflect actual or future market conditions. Such information and statistics are based on market surveys, which in turn are based on selection and subjective interpretations and assessments, including assessments about the type of products and transactions that should be included in the relevant market with respect to both those who perform the surveys and the individual respondents. Such information that is obtained from a third-party has been reproduced accurately and, as far as the Company knows and can ascertain by comparison with other information that has been published by the relevant third-party, no information has been excluded in such manner that would make the reproduced information incorrect or misleading.

The Company Description contains certain information about Desenio's competitive situation and marketing. Desenio assesses that such information, which is based on market data and industry statistics, is correct but has not independently verified the information. Desenio cannot guarantee that a third-party would reach the same conclusion, with the application of other methods to collect, assess and calculate market data or on the basis of information that have been made public by competitors. Furthermore, Desenio's competitors may define their respective markets and market positions in another way than the Company does and also define the elements in the operations and performance measures in a way that may entail that such information is not comparable with the information of Desenio.

Presentation of financial information

Certain financial information in the Company Description has been rounded, hence certain tables do not sum correctly.

Stabilisation

In connection with the Listing, ABG may undertake transactions for the purposes of bolstering the market price on the Company's share at a higher level than the level that otherwise may be prevailing on the market. Such stabilisation transactions may be undertaken on Nasdaq First North, OTC market or in another manner, and they may be undertaken at any time during the period commencing on the first day of trading of the Company's share on Nasdaq First North Growth Market and expiring no later than 30 calendar days thereafter. Please refer to the section *Legal inquiries and other information – Stabilisation*.

Specific definitions and terms

"**Desenio**", the "**Company**" or the "**Group**" may refer to Desenio Group AB (publ), company reg. no. 559107-2839 (of which company group Desenio is the parent company), or to a subsidiary in the Group, depending on the context. "**Poster Store**" refers to Poster Store Sverige AB, company reg. no. 559047-8151, which was acquired by the Company in December 2020. "**Company Description**" refers to this Company Description. "**Listing**" refers to the planned listing of the shares of Desenio on Nasdaq First North Growth Market. "**Transaction**" refers to the planned transaction in Desenio's shares prior to the Listing in order to achieve Nasdaq First North Growth Market's requirement on a sufficient number of qualified shareholders.

"**ABG**" refers to ABG Sundal Collier AB, company reg. no. 556538-8674. "**Carnegie**" refers to Carnegie Investment Bank AB (publ), company reg. no. 516406-0138. "**Euroclear**" refers to Euroclear Sweden AB, company reg. no. 556112-8074. "**Nasdaq First North Growth Market**" refers to the multilateral trading platform Nasdaq First North Growth Market that is operated by Nasdaq Stockholm AB, company reg. no. 556420-8394.

References to "**SEK**" are to Swedish krona.

Certified Adviser

FNCA Sweden AB, company reg.no. 559024-4876, is appointed as Certified Adviser for the Company in connection with the upcoming Listing at Nasdaq First North Growth Market.

Disputes

Any disputes arising from the Listing, the contents of this Company Description and the legal terms and conditions thereof shall be settled by Swedish courts. Swedish substantial law is exclusively applicable to the Company Description.

Table of contents

Risk factors	2	Board of directors, senior executives and auditor	40
Background and reasons	9	Corporate governance	44
CEO statement	10	Share capital and ownership	46
Market overview	11	Articles of Association	49
Business description	16	Legal inquiries and other information	50
Selected financial information	21	Certain tax considerations in Sweden	55
Comments to the financial development	28	Addresses	57
Pro forma financial information	31		
Capitalisation, indebtedness and other financial information	37		

Estimated first day of trading on Nasdaq First North Growth Market	25 February 2021
Announcement of interim report, January – March 2021	5 May 2021
Announcement of interim report, April – June 2021	18 August 2021
Announcement of interim report, July – September 2021	10 November 2021
ISIN code	SE0015657853
Ticker symbol	DSNO

Risk factors

Prior to an investment decision, it is important to carefully assess the risk factors that are considered to be of importance for the Group. The assessment of the materiality of each factor is based on the probability of its occurrence and the expected extent of its negative effects. The risk factors presented below are limited to such risks that are specific to the Group and/or the securities and that are material to a well-founded investment decision.

The information below is based on information that is available as of the date of this Company Description. The risk factors that currently are deemed to be the most material are presented first in each category, whereas the risk factors thereafter are presented in no particular order.

RISKS RELATED TO DESENIØ'S BUSINESS AND MARKET

Risks related to the IT systems of the business

The Group's business is online-based, which enables the customers to order affordable wall art that is delivered to the customers' home or other location. All orders are received by the Group's web platform. With IT systems and its web platform (which is the foundation for its business model), the Group is to a large extent dependent on functional IT systems and the ability to carry out necessary developments of IT systems that are suitable for the products, customers and the needs of the Group. The Group is therefore exposed to risks with respect to IT attacks, viruses and attacks on software or malicious code, leakage of customer data, downtime in networks and other interruptions in the Group's business. The IT strategy of the Group may turn out to be insufficient, which may lead to errors in the Group's IT systems, which in turn may result in errors in transactions and downtime in the Group's business. Such errors and downtime may have a high negative impact on the business of the Group, among other things insofar as customer confidence may decline and deliveries may be delayed, which in turn may have a high negative impact on the Group's earnings and financial position. The Company assesses that the probability of this risk occurring is low.

Developments in the global economy and implications of COVID-19

The Group conducts business in more than 35 different countries. Developments in the economy, such as events concerning the general corporate climate, interest rate changes, currency changes, inflation and deflationary levels, taxes and similar costs, the availability of customer credits, developments on the stock exchange, the level of un-employment, other local and global economic factors and uncertainties concerning economic prospects, affect the buying behavior of customers and the

purchasing power on all markets of the Group. The risk level of the corporate climate varies by the Group's geographical markets. During the first quarter of 2020, the COVID-19 pandemic broke out globally. The Company monitors development and assesses to what extent the pandemic may affect the Group's business on both a long-term and short-term basis. The Company has proactively taken a number of preventive measures to ensure that the business of the Group may continue, and to reduce the spread of the virus among employees. There is, however, no guarantee whether such preventive measures will be effective or sufficient or if the outcome may have a negative impact on the Group and future revenues. Despite that the Company is focused on online retail and has digital processes in place to ensure that the Group more or less operates as usual, the Group's revenues are dependent on the disposable income of its customers. COVID-19 is anticipated to have a negative impact on the global economy. A negative development in the global economy, macroeconomic factors, consumer trends and the effects of the impact of such trends on customers' disposable income could reduce customers' ability and desire to spend more money on the Group's products and may, therefore, have a low negative impact on the Group's operations, earnings and financial position. The Company assesses that the probability of this risk occurring is low.

The Group has an opportunistic view on expansion and may encounter difficulties when expanding to new geographical markets

Currently, the Group has locally adapted websites in 20 countries and one ".com" website which handles countries that currently do not have a local website and that, in the future, may handle global customers. The Group has an opportunistic view on expansion, and to expand to new geographical markets is an important future growth factor for the Group. To offer products on new geographical markets, e.g. via the expansion to Asia and North America, requires resources and efforts such as costs to

adapt and translate websites, marketing costs, customer support, freight, and entails that employees and senior executives must devote their time to expansion. These resources and efforts may be in vain if an expansion to such geographical markets later on turns out to be unprofitable or otherwise fails, which may have a low negative impact on the Group's future potential growth opportunities and profitability. The Company assesses that the probability for these risks occurring is medium.

Dependencies on suppliers

In order to deliver products to its customers, the Group is dependent on service providers for printing posters and manufacturing frames, as well as on reliable execution and freight services. At the date of the Company Description, the Group works primarily with three print suppliers and two frame manufacturers. When an order is received, it is processed by the Group's third-party supplier for logistics (Aditro Logistics AB) and others via the Company's internal logistics functions. Orders are transported to customers in more than 35 countries by various freight partners, such as Bring, Posti, Budbee, DHL Express, DHL Freight, UPS, PostNord, Asendia and DHL Parcel.

The Group is exposed to the risk that suppliers and partners terminate their agreements with the Group and that the Group fails to replace these services on equally favorable conditions and prices. Furthermore, the Group is exposed to potential downtime in the business of the suppliers. Such downtime would have a low negative impact on the Group's business, earnings and financial standing. The Company assesses that the probability of these risks occurring is low.

Seasonal sales and customer trends

The Group generates a large share of its revenues during the fourth quarter each year as a result of holidays such as Christmas occurring at that time but also larger sales events such as Black Friday. Potential problems that the Group's business faces and that are described in this section concerning risk may cause the Group to not perform optimally during such periods with large sales volumes. In the event that the Group would not perform optimally during such period, it could have a high negative impact on the Group's earnings and financial position.

The Group is dependent on customer trends and tastes, whereby it is important to have enough dedicated resources to ensure that the Group's selection of products is in line with customers' expectations and aesthetic preferences. The Group's ability to sell a sufficient number of products at a satisfactory price level is dependent on the Group's ability to anticipate and respond on time to trends and changes in customers' preferences. The Group is active within the market for affordable wall art (where prices are less than SEK 1,000 per product), which is sensitive to changes in customers' preferences.

Customers' preferences in design, quality and price tend to fluctuate, and it is difficult to anticipate future trends with high precision. The Group strives to identify and anticipate these trends accurately. The Group may, however, fail to anticipate and respond to trends on time.

There is a risk that potential mismatches occur regarding customer preferences and taste, which may have a medium negative impact on the Group's business, earnings and financial standing. The Company assesses that the probability of these risks fully or partially occurring is medium.

Decline in online sales

The main demographic target group of the Group is women between the age of 20-40. A decline in online demand for interior decorating within the stated target group may entail a high negative impact on the sales of the products of the Group given the current distribution. Factors that may give rise to a decline in online sales could be a skepticism concerning payment methods and insufficient IT security systems, the lack of a possibility to physically view/feel the products prior to making a decision to purchase the products, and perception on difficulties in returning products. A decline in online sales may have a high negative impact on the Group's earnings and financial position. The Company assesses that the probability of this risk occurring is low.

Dissatisfaction with the Group's customer service may hinder the ability to retain customers

A satisfied and loyal customer base is important to the Group's continued growth. It is important for the Group to offer good customer service in order to manage customer complaints in due time and in a satisfactory manner. The manner in which the Group handles customers in such contacts is crucial in order to retain customers and strengthen customer relations. A customer complaint that is poorly managed or that is perceived to be so by the customer such as due to a slow reply or poor communication, may have a negative effect on customer satisfaction and brand loyalty. If the Group does not succeed in retaining its customers efficiently, or in acquiring new customers due to poor customer service, or if customers would be dissatisfied, this can lead to a high negative impact on the Group's business and, in the long run, its earnings and financial position. The Company assesses that the probability of these risks occurring is low.

The Group may inefficiently manage growth

The rapid growth of the Group's business so far, as well as all future growth, has placed, and is expected to continue to place, high standards on the Group's senior executives and the operational and financial infrastructure of the Group. In connection with the continued

growth of the Group, the Group is expected to continuously improve, upgrade and invest in its systems and infrastructure to manage the increasing scope and complexity of the business. This applies specifically to the integrated technical platform of the Group and the infrastructure of its management. Investments in the business will require that the Company allocates a significant amount of resources from the Group's senior executives and operations and other resources but may lead to zero increase in the Group's sales and results. Furthermore, continued growth may also limit the Group's ability to maintain satisfactory service levels, attract, educate and motivate employees, and develop and improve their operations, management and financial controls. In addition, continued growth may lead to the Group's warehouse and business and IT systems not having sufficient capacity for additional customers or orders. The Group's business plan includes significant investments and aims to achieve economies of scale based on an expectation of continued growth. If this anticipated growth is not realised, the costs' share of these investments will increase, which may affect the cost base of the Group. In the event that the Group fails to manage the increase in size of business and the complexity that follows from future growth, it may have a medium negative impact on the Group's business, earnings and financial position. The Company assesses that the probability of these risks occurring is low.

Risks associated with future acquisitions

The Group may acquire businesses that are in line with the Group's strategic goals and thereby increase its market share. Each acquisition entails long-term legal, marketing and financial risks that are associated with the actual target company, and also the risk of failing to efficiently integrate the acquired company with the Group. Such acquisitions may also make it difficult to compare the historical financial data of the Group from year to year. The Group intends to continuously expand its business partly by acquisitions in order to support future growth and profitability, similar to the acquisition of Poster Store. Future growth through acquisitions is dependent on the Company's ability to identify suitable objects to acquire, to conduct appropriate due diligence, to negotiate favorable terms and to complete such acquisitions and integrate the target company or business with the Group. The Group may not generate expected margins or cash flows or realise the expected advantages of future acquisitions, including growth and synergies. The Group's assessment and assumptions on future growth targets may be proven incorrect, and actual development may deviate significantly from the expectations of the Group. Should any of the above risks occur in connection with an acquisition, the Company is of the opinion that the potential negative impact on the Group's growth potential, future financial earnings and ability to

finance future acquisitions is medium. The Company assesses the probability of these risks occurring to be low.

Dependencies on key personnel

The Group's operations are dependent on a number of key personnel, senior executives and staff with specific skills. Six individuals out of 250 employees in total are considered to be key personnel of the Group. These key personnel have established good relationships with market participants and have a good understanding of the environment in which the Group operates. Hence, these key personnel play a central role in the successful development of the Group's business. Should any of these key personnel terminate their relationship with the Group or materially change or reduce their position within the Group, it is possible that the Group may not replace them and their services with other staff who can contribute to the Group's business to the same extent within a reasonable period of time. In order to retain key personnel, the Group may incur increased costs for compensation to these individuals in terms of bonuses and other incentives. The Group's ability to efficiently compete on the market is furthermore dependent on its ability to retain and motivate its current employees. If the Group does not succeed in retaining key personnel, attracting new talent or if it incurs increased costs to achieve the aforementioned, it may have a medium negative impact on the profitability and management. The Company assesses the risk of the above occurring to be low.

Damage to the Group's reputation

The Group is a well-established business with a high level of brand recognition within the market for affordable wall art (where prices are less than SEK 1,000 per product) as a consequence of its successful business over several years. The Group is dependent on its good reputation. The reputation of the Group is particularly important in relation to new and existing customers and suppliers. As an example, operational or IT problems may damage the reputation of the Group, which may lead to difficulties for the Group to acquire new customers and retain existing customers. Furthermore, the Group may be subject to negative exposure in public and social media, such as Facebook and Instagram, with limited ability to anticipate or respond to such posts. Damage to the Group's reputation may lead to a loss in revenues or loss of growth potential, which in turn may lead to a medium negative impact on the Group's business, earnings and financial position. The Company assesses that the probability of this risk occurring is low.

Competition and changed market conditions

The Group operates within an industry with competition from national as well as international actors. Some of

the Group's primary competitors are Juniqe, Allposters and Society6. The Group's future competitive situation is dependent, among other things, on its ability to meet current and future market needs. In order to remain competitive, the Group must continue to offer a competitive product range and ensure that its products are delivered to the consumer in a satisfactory manner, as well as to increase and/or improve the Group's offering and delivery methods for its products. There is a risk that the Group does not successfully provide and/or deliver new competitive products or delivery options, or that costly investments, restructurings and/or price decreases must be implemented in order to adapt the business to the competitive situation. Certain industries, market segments and investment objects may be attractive to several investors, which may lead to a high level of competition and, consequently, lower returns. The costs for following the development of products and technique may be significant and affected by factors that fully or partially are beyond the control of the Group and that may not be anticipated. This entails that the level and time for future operating costs and capital requirements to keep up with the service and technical development may deviate materially from current estimates. The Group is active within an attractive category, with high profits and with the risk of increased competition from existing and new actors. A decreased ability within the Group to meet demand on certain products, delivery options or delivery capacity may have a material negative impact on the business, results and financial standing of the Group. Higher levels of competition may also increase the relative prices on digital marketing, which may have a medium negative impact on the business, earnings and financial standing of the Group. Changed behavior with the Group's customers, such as that the customers prefer to shop in physical stores, may have a medium negative impact on the Group's business, earnings and financial position. The Company assesses that the probability of these risks occurring is medium.

LEGAL RISKS

Intellectual property rights infringements and insufficient protection for intellectual property

The Group holds intellectual property rights in three different ways to the images that are printed on posters: (i) royalty agreements or perpetual license agreements entered into with artists, photographers and third-party rights holders; (ii) license agreements for image banks, which give the Group the right to access, download and reproduce images and designs from third-party databases on a subscription basis; and (iii) proprietarily developed designs. However, historically there have been situations and there is a risk in future situations that someone within the Group is accused of having infringed upon a third-party intellectual property right (including

trademarks, company trade names and domain names) that may be obtained by registration, as well as rights that cannot be registered. Such infringement may damage the Group's reputation on the market and entail costs for dispute resolution. Should an infringement in turn occur on the intellectual property rights of the Group, the Group may be required to bring an action against the infringer, which may entail costs for the Group. The Group is also at risk of losing such a dispute and, consequently, the right to the disputed intellectual property, and the Group would also be obliged to compensate the counter-party for damages. All of these factors may lead to a low negative impact on the business and earnings of the Group.

The business in which the Group operates has a strong focus on intellectual property rights, and it is crucial to ensure that no competitor uses either design rights nor other intellectual property that the Group has spent resources on developing, for example by selling identical posters at a lower price. Should the Group not be successful in identifying and preventing such infringements, it may lead to a medium negative impact on the business and long-term earnings of the Group.

Some employees within the Group develop intellectual property within the framework of their employment, for example images for posters. When the employment relationship ends, there is a risk that the employee could claim ownership of the unregistered intellectual property that has been developed during the employment. In a court trial, there is a risk that the protection against such claims that the Group enjoys today through the employment agreements is not deemed to be sufficiently comprehensive or, in light of local legislation in the countries in which the Group operates, is deemed not applicable, and thus a court ruling goes against the Group. If this risk were to be realised, it would have a low impact on the Group's business and financial position. The Company assesses that the probability of these risks occurring is medium.

Risks related to data protection

As a part of its operations, the Group receives and maintains personal information from its customers, such as their, home address, name and phone number, and the Group is thus obliged to follow applicable legislation on data protection. Since 25 May 2018, the Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC ("GDPR"), is applicable in all EU member states and has replaced previous national data protection laws. There is a risk that the Group's current procedures for data protection are not in line with the requirements under the GDPR. Potential non-compliance concerning the GDPR may give rise to significant administrative

sanctions, beyond reputational damage caused by such non-compliance with the rules. The Group's non-compliance with applicable legislation on data protection may therefore have a medium negative impact on the Group's business and financial position. The Company assesses that the probability of this risk occurring is low.

FINANCIAL RISKS

Impairment losses on goodwill and other intangible fixed assets

As of 31 December 2020, goodwill, trademarks and customer relationships amounted to SEK 1,227 million, whereas SEK 1,166 million, after amortisations, refers to intangible assets from the Poster Store acquisition. Desenio applies accounting principles in accordance with the Swedish Accounting Standards Board accounting standard BFNAR 2012:1 (K3) and the Swedish Annual Accounts Act (1995:1554) and thus amortises intangible assets over its useful life. Desenio regularly monitors relevant circumstances that affect the Group's operations and the possible impact such circumstances could have on the valuation of the Group's goodwill and other intangible assets. There is a risk that changes in such circumstances, or that any of the assumptions made by Desenio, may necessitate the Group records impairments in the future. If such a situation should arise, it may have a medium negative effect on the Group's financial position and earnings. The Company assesses that the probability that the above risk occurs is medium.

Currency risk

The Group's financial streams are made in several different currencies, whilst the Group reports the income statement and balance sheet in SEK. Exchange rates between local currencies and SEK have fluctuated during more recent years, and the local currencies in which the Group's financial flows take place may fluctuate significantly in the future. As of 31 December 2020, the Group's total net exposure in foreign currency amounted to SEK 124 million. An unfavorable exchange rate development of ten per cent in each currency entails an adverse effect of SEK 12.4 million. Consequently, to the extent that foreign currency is not subject to hedging, changes in exchange rates may have a negative impact on the Group's financial earnings in a manner that is not related to the business and that may affect the Group's accounts.

As a consequence of international presence, the Group is exposed to risks related to exchange rate (or forex) changes primarily in connection with sales of the Group's products in foreign currencies. Approximately 90 per cent of the Group's net sales are made in foreign currencies, in particular in EUR, GBP and DKK and, increasingly, in USD. Therefore, the Group's consolidated revenues are exposed to forex changes. The Group does

not currently work with hedging of such forex exposure. There is a risk that this results in lower reported consolidated revenue with reduced earnings as a result therefore, which may have a low negative impact on the Group's earnings and financial position. The Company assesses that the probability of these risks occurring is medium.

Financing/liquidity risk and commitments due to the Company's issued bond

Financing needs may arise both in connection with the acquisition of businesses and in daily operations. Access to financing is affected by factors such as the general access to private equity and creditworthiness for the Group and its operations. The Company has issued a secured bond corresponding to a maximum nominal amount of SEK 1,800 million that runs with a variable interest. The terms and conditions for the bond include covenants in relation to (for example) financials, dividends, approval of loans to external parties and redemption or reduction of share capital. As security for the Company's obligations, the Group has provided collateral including pledging of shares in the Group's subsidiaries. In the event that the Group's development deviates from the current strategic direction, a situation may arise where the Group must raise new capital or breach the covenants and agreements into which it has entered. If such situation arises and the Group fails to raise new capital on favorable terms or not at all, it may have a negative impact on the Group's financial position and on the possibility to fulfil commitments under current financing agreements or the possibility to obtain financing in the future. The Company assesses that the probability of the risk above occurring is low.

Interest rate risk

As of 31 December 2020, the Company had outstanding bonds corresponding to SEK 1,100 million with a floating interest rate of STIBOR + 5.5 per cent, which gives an interest cost of 5.5 per cent and upwards depending on STIBOR. In a scenario where STIBOR is 0 per cent, an increase of 1 percentage point in interest rate (STIBOR) would impact the Group's profit after tax by SEK -8.7 million. In a scenario where STIBOR is 1 per cent or higher, a change of +/- 1 percentage point in interest rate (STIBOR) would impact the Group's profit after tax by +/- SEK 8.7 million. Based on STIBOR as of 31 December 2020 (STIBOR of -0.02 per cent), an increase of 1 percentage point in interest (STIBOR) would result in a reduction of the Group's profit after tax by SEK 8.6 million. A reduction of STIBOR as of 31 December 2020 by 1 percentage point would not have any effect on the Group's profit after tax, as STIBOR is at least 0 per cent for the Group's floating interest rate.

RISKS RELATED TO THE SHARE AND LISTING

The share's market price and limited liquidity

The Company's share has not previously been subject to organised trading. The Company cannot comment on whether investors' interest in the Company will lead to active trading of the share (provided that the Company's application for admission to trading is approved). The share price for newly listed companies can be particularly volatile for a period after the listing and there is a risk that the market will not be active and liquid, or that an active and liquid market will not remain. In the event that active and liquid trading does not develop or become stable, it may be difficult for shareholders to sell their shares, and there is a risk that the price of the shares will fall below the price at the time of the Listing. After the Listing, the difference between the purchase and sale price can vary significantly from time to time, which makes it more difficult for a shareholder to sell shares at a certain time and at a desired price. This can have a negative impact on the liquidity of the share and can result in a low trading volume. The degree of liquidity of the securities may adversely affect the price at which an investor can sell the shares. Since an investment in shares may decrease in value, there is a risk that an investor will not regain its invested capital.

The price of the shares may be volatile

Through so-called "lock-up agreements", the Company's major shareholders and some of the board members and senior executives, who collectively will hold approximately 63 per cent of the shares and the votes in the Company have, at the time of the Listing (and approximately 57 per cent if assuming full exercise of the over-allotment option), committed to not sell or otherwise transfer any shares during a period of 12 months from the first day of trading of the share on Nasdaq First North Growth Market. Fredrik Palm has committed to not sell or otherwise transfer any shares during a period of 24 months from the first day of trading of the share on Nasdaq First North Growth Market. The lock-up period may have a negative impact on the liquidity of the Company's shares and result in lower trading volumes than as would have otherwise been the case. The degree of liquidity of the securities may adversely affect the price at which an investor can sell the shares when the investor is seeking to achieve a sale within a short timeframe.

The lock-up agreements are subject to customary restrictions and exceptions, such as the approval of an offer to all shareholders in the Company subject to the Swedish rules for public takeover bids and on terms that treat all shareholders equally, or an unconditional commitment to accept an offer, sale or another disposal of shares as a result of an offer from the Company to

all shareholders regarding acquisition of own shares on equal terms. In addition, ABG and Carnegie may, if they deem it appropriate in the individual case, grant exemptions from the relevant commitments and the shares may then be offered for sale.

If any of the Company's major shareholders, board members or senior executives who are subject to lock-up agreements, after the end of the lock-up period, would sell a significant number of shares on the open market, or should the market believe that such sales would occur, the price on Desenio's shares may fall. There are no guarantees that the Company's major shareholders, Board members or senior executives will retain their shareholdings after the expiration of the lock-up agreements.

Verdane has a significant influence over Desenio

Following the Transaction, Verdane will hold a total of approximately 31 per cent of the shares and votes in the Company (and approximately 26 per cent if assuming full exercise of the over-allotment option). Hence, Verdane will have significant influence over the outcome of matters submitted to the Company's shareholders for approval, including the election of board members, possible mergers, consolidations or the sale of all, or nearly all, of the Group's assets. Verdane's interests may not be aligned with the Company's interest or those of other shareholders, and Verdane might influence the Company in a manner that does not necessarily correspond with the best interest of the other shareholders. For example, a conflict could arise between the interest of Verdane and the interest of the Company or its other shareholders in regard to decisions concerning dividends. Such conflicts may have a negative impact on the Group's business, earnings and financial position.

Shareholders in the US or other restricted countries outside Sweden may not be able to participate in potential future share issues

Desenio may in the future issue shares with a preferential right for its shareholders. Shareholders in certain countries may be subject to restrictions that prevent them from participating in such share issues, or that otherwise make participation difficult or limited. US shareholders may for example be prohibited from subscribing for new shares unless the share issue is registered in accordance with the U.S. Securities Act or carried out in accordance with an applicable exemption from the registration requirements under the U.S. Securities Act. Shareholders in other jurisdictions outside Sweden can be affected in a similar manner. To the extent that shareholders in jurisdictions outside Sweden are not able to exercise their rights to subscribe for new shares in any future share issue, their ownership in Desenio may be diluted. Therefore, such share issues can expose existing share-

holders to dilution, which can cause a negative impact on the stock price and net asset value per share.

Shareholders may have difficulty in effecting service of process on Desenio or its directors in the US, in enforcing US judgments in Sweden or in enforcing US securities laws in Swedish courts

All of the Desenio’s directors are residents of countries other than the US. Desenio is incorporated outside the US and its assets are located outside the US. As a result, it may not be possible for US shareholders to effect service of process within the US upon Desenio or its directors, or to obtain discovery of relevant documents and/or the testimony of witnesses. US shareholders may have difficulties enforcing in courts outside the US, judgments obtained in US courts against Desenio or its directors (including actions under the civil liability provisions of the US securities laws). US shareholders may also have difficulty enforcing liabilities under the US securities laws in legal actions originally brought in jurisdictions located outside the US.

Investors with a reference currency other than SEK will become subject to certain foreign exchange risks when investing in the share

The shares will be quoted in SEK only, and any dividends will be paid in SEK. As a result, shareholders outside of Sweden may experience adverse effects on the value of their shareholdings and their dividends, when converted into other currencies if SEK depreciates against the foreign currency.

Offer of shares in the future

Desenio may in the future issue shares or other securities, such as in order to be able to make acquisitions or other investments. A future issue of shares or other securities may adversely affect the share price and the distributable funds available to the shares. Furthermore, a new share issue may lead to dilution for shareholders who do not exercise their right to subscribe for shares in the issue or who for whatever reason cannot participate in the issue. A dilutive effect may also occur if the Company carries out a new share issue without preferential rights for existing shareholders.



Background and reasons

Desenio is a Swedish, fast-growing Direct-to-Consumer (“DTC”)¹⁾ company with a leading position as an online-based provider of affordable²⁾ wall art in Europe. Since 2014, the Group has successfully managed to expand from being a Nordic player to now being present in more than 35 countries across Europe, the US and Asia, with more than 2,3 million active customers who have shopped at the Company the last 24 months.³⁾ In 2020, the Company acquired Poster Store, to further strengthen its market position, complement its product portfolio as well as increase its geographical presence. Desenio has over time built up a well-crafted growth machine, leveraging its industrialised and data-driven creative process, coupled with a social media-driven customer acquisition model, which has enabled the Company to rapidly scale into new markets. The Company’s main owner since December 2016 is Verdane. Since Verdane became the main owner, Desenio has grown its net sales from approximately SEK 99 million in 2016 to SEK 981 million in 2020 and has entered several new markets in Europe and rest of the world. Verdane will remain as main owner following the Listing and is committed to actively support the future development and growth of Desenio.

The Company’s owners, board of directors and senior executives have ambitious growth plans, which include but are not limited to, continued growth in existing geographies as well as expansion into the North American and Asian markets. To support these ambitions, the Company’s board of directors has decided to apply for listing of the Company’s shares on Nasdaq First North Growth Market. The Company’s owners, board and senior executives believe that a listing of Desenio’s shares will be an important step in order to strengthen its position within the online affordable wall art segment, as well as increasing the brand awareness amongst consumers and customers. The access to capital markets, including a more diversified shareholder base is seen as a natural and positive step for the Company, which can strengthen the Company’s market positioning through offering a liquid share to a broad investor base. Moreover, the Listing is expected to give the Company access to Nordic and international high-quality investors which can facilitate and support the Company in realising its growth strategy, including both organic and inorganic growth initiatives. It is also Desenio’s opinion that the opportunity to own shares in Desenio may lead to increased engagement from customers as well as employees.

With reference to the background and reasons above, Desenio’s board of directors considers that this is the right time to apply for a listing of the Company’s shares on Nasdaq First North Growth Market.

The board of directors of the Company is solely responsible for the content of the Company Description. The board of directors hereby provides its assurance that all reasonable precautions have been made to ensure, to the best of the board of directors’ knowledge, that the information in the Company Description complies with actual circumstances and that nothing has been omitted that could influence its meaning.

Stockholm 22 February 2021

Desenio Group AB (publ)

The board of directors

1) Direct-to-Consumer, also known as D2C or DTC means that a company sells its products directly to its customer, without the use of any resellers, wholesalers or distributors.

2) Defined as prices below SEK 1,000 per item.

3) The number of active customers are accounted for excluding Poster Store.

CEO statement



In the past, art was something for wealthier people or those with the benefit to inherit a painting, however that kind of art often did not match the style of a modern home. Art used to have an expensive price tag. Eventually, more affordable art came along in the form of print on canvas or paper, so-called art prints or posters. It was mainly physical store chains that sold these, which led to a limited product range and you often discovered similar motifs at someone else's home.

Then the internet came along and with it, online sales. Suddenly online players could offer their customers an almost unlimited product assortment. Most of these players were resellers of external brands, which resulted in limited margins. This led to the emergence of so-called D2C models. Typically, these players offer products in a relatively narrow segment, but are experts in their field. As a result of the fact that they do not use any intermediaries in the distribution, they can offer affordable products with great quality and design in

combination with high margins.

Desenio has developed into an online-based D2C company in Europe in the field of trendy, affordable wall art, so-called art prints. From being primarily a Nordic player in 2016, when I joined Desenio as its first external CEO, we have successfully launched our model throughout Europe and more recently also to North America and Asia. Currently, we have simplified access to beautiful and trendy art in more than 35 countries.

Our rapid and profitable geographical expansion, which is a unique combination, has been possible because of our scalable technical platform that enables our data-driven approach for both art creation and marketing. We have built an inhouse design studio with our own design team where we have industrialised the creative process, which enables our high frequency of design releases with large volumes of trendy and modern designs at affordable prices. Furthermore, we use our data-driven strategy for marketing and customer acquisition, where we have developed a method for efficient acquisition of new customers through a combination of a variety of digital marketing channels. Our model has worked in every new market we have entered and typically reaches profitability within a few months.

Now the next chapter in our growth saga begins, but we are still at the beginning of our journey. Although we have grown rapidly in the last few years, we believe that we are still just scratching the surface of our largest European markets. Our position in the market has been further strengthened through our recent acquisition of Poster Store and we are now well prepared to continue to utilise our position and realise significant synergies from the acquisition. The Group has a long runway for growth still laying ahead in Europe and we see thereto big opportunities in both the US and Asia. Furthermore, we believe becoming a listed company will put us in a stronger position to continue growing and we welcome new investors onboard on our journey.

Fredrik Palm

CEO, Desenio Group AB (publ)

Market overview

This Company Description contains statistics, data and other information about markets, market sizes, market shares, market positions and other industry information about Desenio's operations and the markets in which Desenio operates. Desenio is responsible for the information in this document and that the information is accurately reproduced and, as far as Desenio can assess from the contents of the sources, no information has been omitted that would make the information incorrect or misleading.

If nothing else is stated, all information related to the market, market sizes, market shares, market trends and market positions is based on the Company's overall assessment of information from several sources, such as annual reports from competitors and Trustpilot, including a market study conducted by McKinsey & Company in 2020 on behalf of Desenio. This Company Description also contains certain industry and market information that comes from external third-party sources. Even if the information has been reproduced correctly and the Company considers that the sources are reliable, the Company has not undertaken to verify the information with the help of an independent party, hence correctness and completeness cannot be guaranteed. As far as the Company is aware and can ascertain by comparison with other information published by these sources, no information has been omitted in a way that could make the reproduced information incorrect or misleading.

MARKET INTRODUCTION¹⁾

Desenio is a Swedish, fast growing DTC company with a leading position as an online based provider of affordable wall art in Europe. The global addressable market for affordable wall art amounted to SEK 160 billion during 2019. Historically, the Company has focused on the European market, where the Nordics, the UK, Germany, France and the Benelux²⁾ countries constitute the Company's core markets. However, Desenio is currently present in more than 35 markets across different continents, with the ambition to grow within both existing as well as new markets.

The Company targets a segment of design interested, trendy and young customers by offering a curated portfolio of over 6,000 art print designs primarily produced by its in-house design team. These prints are sold online to consumers through the Company's websites.

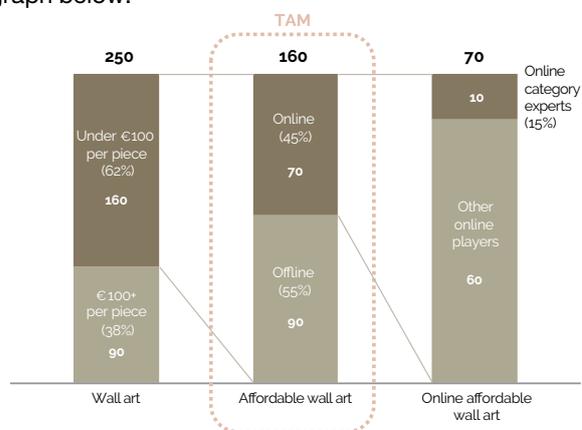
The overall market for affordable wall art is considered to be highly fragmented, with different archetypes of market operators, including both the online category specialist where Desenio operates, other home interior players (both online and omnichannel), as well as broader product market places.

ADDRESSABLE MARKET

As mentioned above, Desenio's addressable market is estimated to SEK 160 billion (in 2019), which constitutes

the global market for affordable wall art. Prior to the COVID-19 outbreak, and as illustrated below, approximately 45 per cent of Desenio's addressable market was estimated to be online, implying an estimated market size of approximately SEK 70 billion. Online category specialists that focus on the sale of affordable wall art, such as Desenio, accounted for approximately 15 per cent (equivalent to approximately SEK 10 billion) of total online sales.

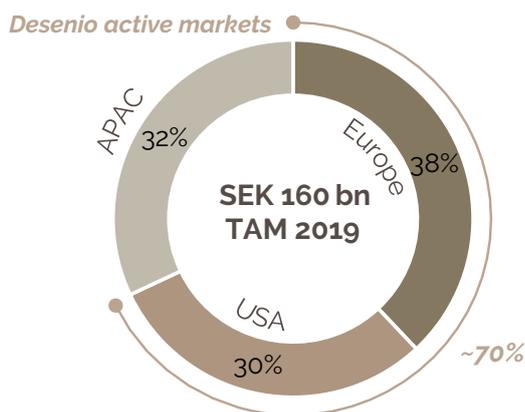
Desenio's addressable market, including the market breakdown between online and offline, is illustrated in the graph below.



Desenio's total addressable market ("TAM") breakdown (2019).

1) Unless otherwise stated, the information following constitutes the Company's view based on the sources mentioned in the introduction to this section.
 2) Benelux is the abbreviation of Belgium, the Netherlands and Luxembourg.

Breaking-down Desenio’s total addressable market, Europe accounted for 43 per cent, the US for 30 per cent and Asia for 27 per cent in 2019. The Company is currently primarily present in Europe, with its core markets in the Nordics, the UK, Germany, France and the Benelux countries, and to some extent in the US and Asia. The core markets only represent approximately 15 per cent of Desenio’s addressable market, meaning great potential for growth in other markets.

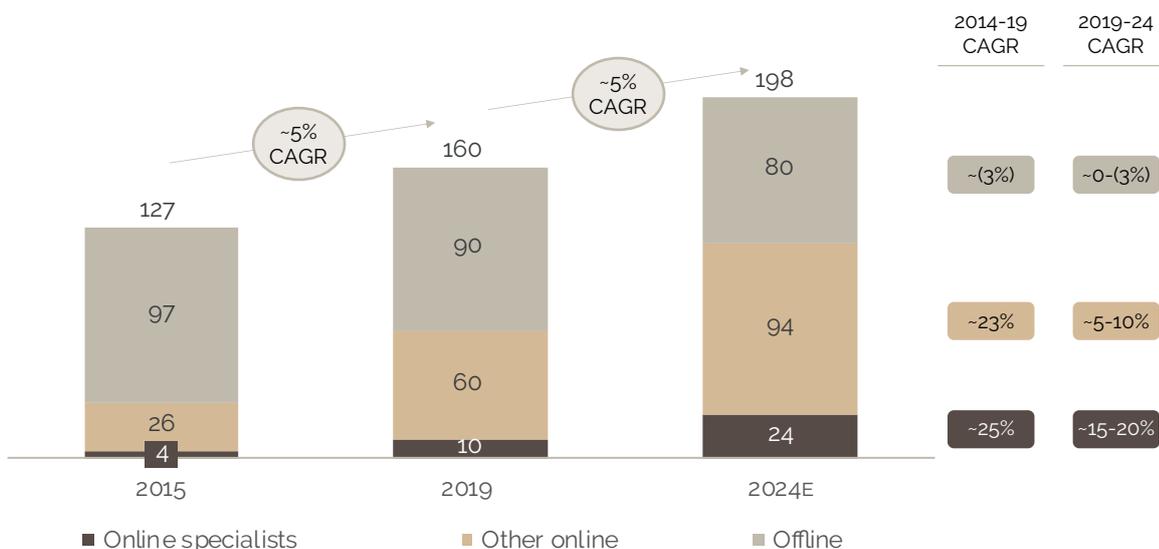


Desenio’s total addressable market by geography (2019).

HISTORICAL PERFORMANCE AND EXPECTED GROWTH

Desenio’s addressable market has grown by five per cent per annum over the last years (2015-2019) and is expected to continue at this rate in 2019-2024. The online specialist segment, where Desenio is present, is expected to grow at 15-20 per cent per annum and hence outgrow the overall addressable market. As for the other segments, the other online market is expected to grow approximately 5-10 per cent per annum, while the offline market is expected to decrease up to 3 per cent per annum.

The growth has been driven by several factors and trends of which the Company considers some of the most important to be: i) increased online penetration, ii) increased market share of online category specialists and iii) increased interest in affordable wall art.



Desenio’s total addressable market by sales channel (2015-2024).

The online penetration is considered to vary between geographies. For Europe and the US, the online penetration is estimated to approximately 40-50 per cent of the total market for affordable wall art, whereas this share is estimated to be at least 50 per cent in Asia³⁾ in 2020. Similarly, the online category specialist share also varies across markets, with an estimated share of 15-30 per cent in Europe and the US, and a penetration of up to 15 per cent in Asia⁴⁾ (depending on country).

Increased online penetration

The online market for affordable wall art has grown with an average of 25 per cent during 2015-2019. The growth has largely been driven by a general increase in the households’ online consumption, as well as increased preference among consumers for buying affordable wall art online.

3) China, Japan and South Korea.

4) China, Japan and South Korea.

The online penetration is expected to increase across markets from already high levels, as the various products within the art prints and frames category continue to leverage strong characteristics for online shopping with no need for “touch and feel” of the product and the importance of a broad and unique assortment with simple and efficient logistics. Furthermore, the improved accessibility of these products coupled with a convenient shopping experience are also supporting factors for the expected continued increase in online penetration. The share of physical stores in the affordable wall art market is expected to decrease over time, driven by a growing number of online category specialists, omnichannel players shifting to pure online business models, and continued strong presence of online marketplaces.

Increased market share for online category specialists

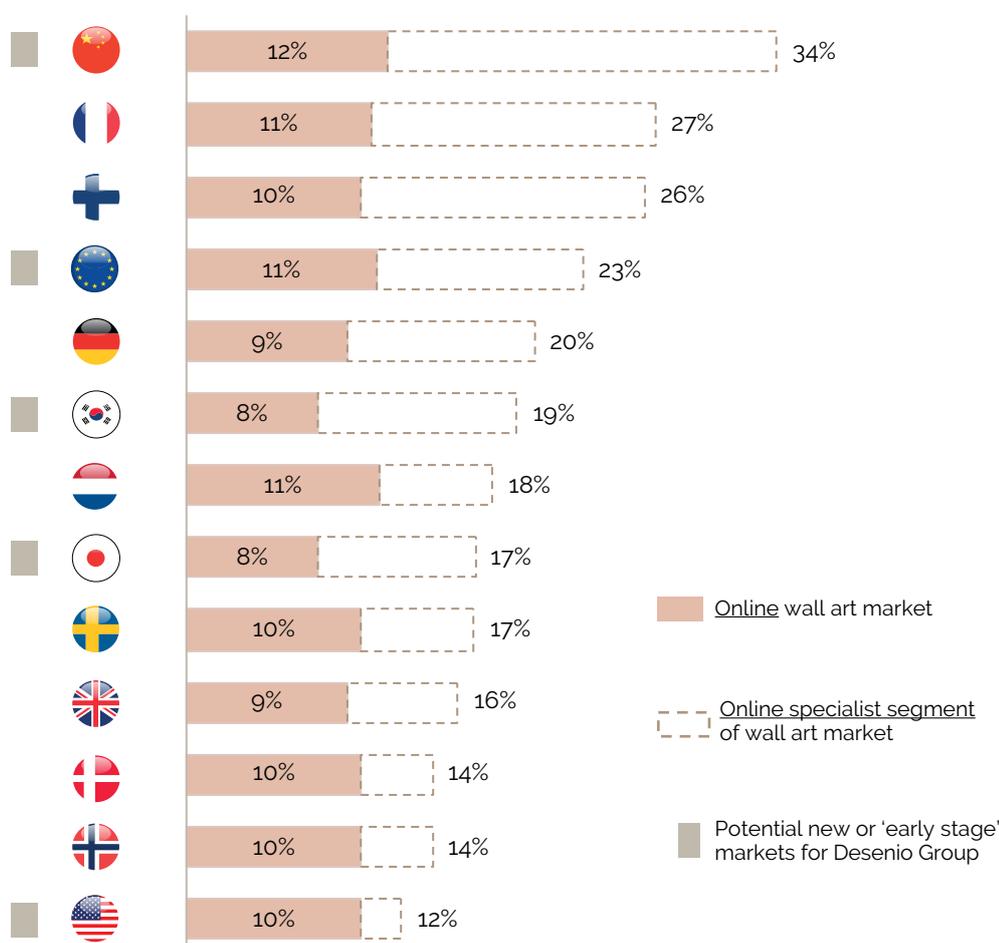
The market penetration of online category specialists (such as Desenio, Poster Store and Junique) is today relatively low, but is expected to increase over time. A broad and deep, curated product assortment has proven to be key purchasing criteria when browsing the affordable wall art market. Consumers have shown

appreciation towards a clear interface to navigate the large assortment, supporting the growth prospects for the online category specialists. In addition, social media marketing plays particularly well within this market, as purchases are often spontaneous and emotionally driven, and where leveraging curation of aesthetic and strong searching tools is proven to be a well-functioning model to inspire and drive customer demand.

The projected growth of online category specialists within the global affordable wall art market is expected to reach 15-20 per cent per annum until 2024.

Increased interest in affordable wall art

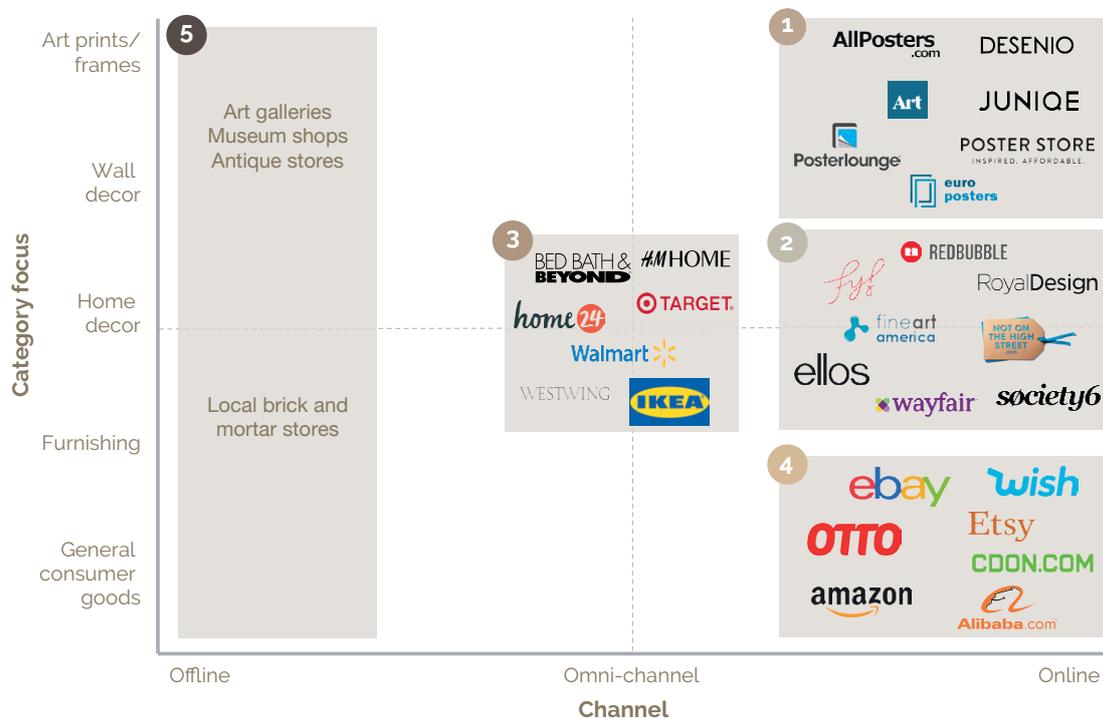
Increased interest in affordable wall art is expected to increase the average order value per customer and the size of the customer base, which will benefit even further from an increased online penetration. In addition, the customer base for affordable wall art is expected to continue its recent growth of approximately five per cent per annum, as more immature markets approach the mature. The UK is an example of a mature market where approximately 20 per cent of the population is purchasing affordable wall art on a regular basis.



Expected growth on selected geographical markets 2019-2024.

COMPETITIVE LANDSCAPE

The market for affordable wall art is fragmented with a broad range of players, but it can be divided into five categories:



Illustrative overview of the competitive landscape, selected players.

Online category specialists (1): Online based providers of printed wall decor (focused on art prints, other art and potentially also canvases, wallpaper, etc.). For example, Desenio, Junique and AllPosters.

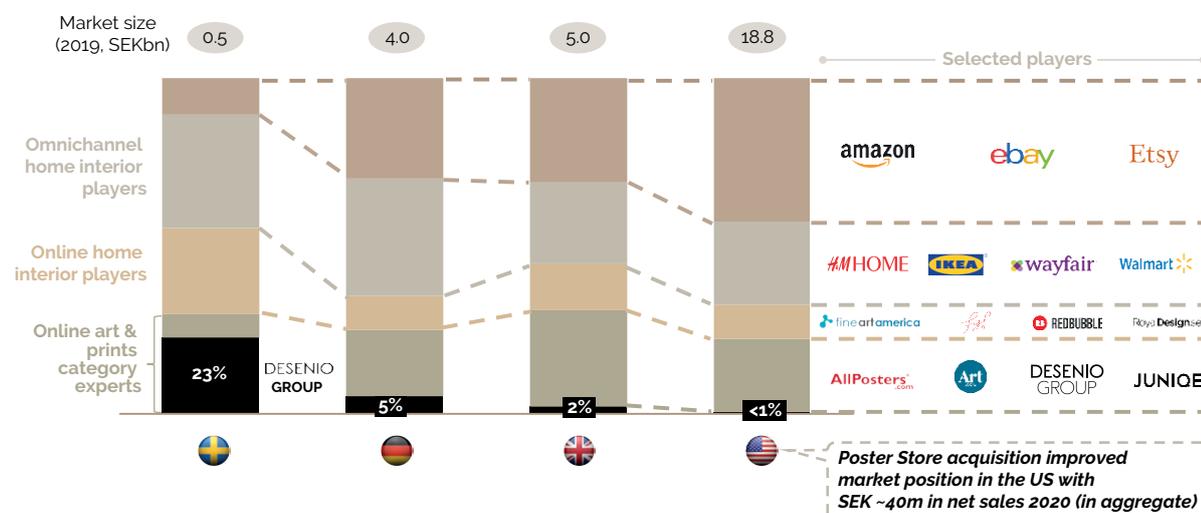
Pure online home interior players (2): Online based providers of home decor (e.g. home accessories and furniture). For example, RoyalDesign, Wayfair and Society6.

Omnichannel home interior players (3): Retail players with complementary online channels for home decor (e.g. home accessories and furniture). For example, IKEA, Target and Walmart.

Online marketplaces (4): Online based marketplaces providing general consumer goods. For example, Amazon, Etsy and eBay.

Traditional physical players (5): Players providing affordable wall art exclusively in physical stores. For example, art galleries and museums.

Desenio believes it is the European leader within the online market for affordable wall art, as illustrated in the figure below. However, the Company still holds a limited market share in most markets, with significant potential for further penetration.



Online market for affordable wall art, selected markets.

Over the years, Desenio has built up a market leading position through the Company’s brand awareness, size, and knowledge in search engine optimisation (“SEO”) and, search engine marketing (“SEM”), industrialised creative processes and high product margins due to large volumes, generates barriers to entry for new players trying to enter the online market for affordable wall art. Furthermore, the Company’s curated assortment of 6,000 designs created with the help of large amounts of customer data, is proven to be trendy and resonates emotionally with the target audience. The product development is enabled by Desenio’s data-driven creative approach, where the pace and creative discipline similar to fast fashion is applied to create art prints and frames through industrialised tech-driven processes.

In addition, Desenio’s expertise within digital marketing, combined with the large customer base, constitutes two essential components in reaching the target audience in an efficient way and generates further barriers for new competitors to enter the market for affordable wall art.

COVID-19 IMPACT

Overall, consumers have been negatively affected economically by the implications of COVID-19 through reduced household income. This has affected their level of consumption and led to somewhat higher price sensitivity. Furthermore, the pandemic has led to a sharp rise of the online penetration across most consumer products.

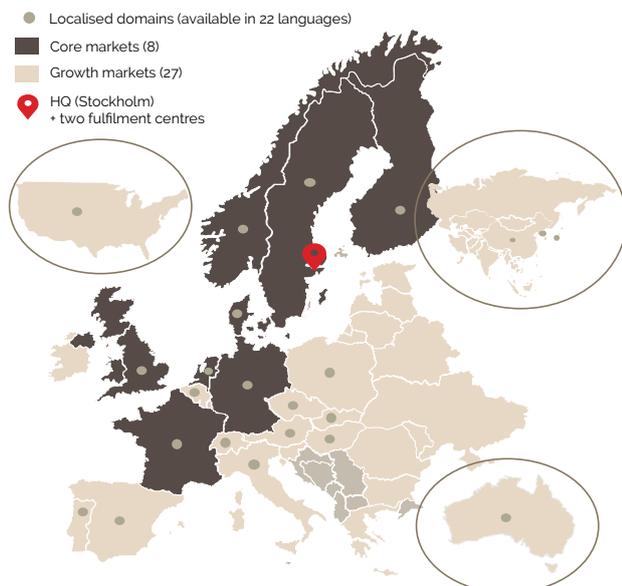
In the markets where Desenio operates, the Company experiences that the home improvement market, which includes art prints and frames, has proved to be less affected by COVID-19 compared to other consumer categories. Furthermore, several markets have also seen an upward trend with increased spending on decoration and renovation, possibly as a result of people spending more time at home and reducing their expenses on recreational activities, such as traveling and public socialising. The affordable wall art market has also benefited from price points low enough to not be impacted by reduced disposable income levels.

Global lockdowns and people being more prone to stay at home have contributed to an increased shift from offline- to online consumption. In addition, many retail shops have been closed or had limited operations during the pandemic, which has spurred the shift further. This is evident by the growth of 20-35 per cent in furnishing and renovation, where smaller household items have benefited the most.

Business description

INTRODUCTION

Desenio is a Swedish, fast growing DTC company with a leading position as an online based provider of affordable wall art in Europe. The Company offers its customers a unique and curated assortment of over 6,000 designs as well as frames and accessories in more than 35 countries via 20 local websites. The Company currently has established websites in Australia, Belgium, Denmark, Sweden, Germany, US, Finland, France, Ireland, Italy, Netherlands, Norway, Poland, Portugal, Switzerland, Slovakia, Spain, UK, Czech Republic and Austria. In 2020, more than 75 per cent of sales were generated outside the Nordic region.



Desenio applies a data-driven creative process that enables the Company to offer a unique range of self-produced designs that combine a high trend factor with commercial appeal to customers all over the world. The Company strives to offer a seamless shopping experience with a high level of service, a reliable and inspiring user experience, and fast deliveries at an attractive price. The result is a high customer satisfaction, as evidenced by a Trustpilot rating of 4.6 (excellent) for Desenio and 4.7 for Poster Store in February 2021.¹⁾ The Company's view is that Desenio's brand is the leading name in affordable wall art in Europe and the ambition is, in steps, to build the same position in the US, then eventually in Asia and globally.

The offering is focused on proprietary designs, where the majority are completely unique to Desenio. The products are delivered through a highly automated business process where the designs are printed in large batches and the logistics are handled through a combination of own warehouse and third-party logistics. This contributes to the Company generating a product margin of over 85 per cent and an EBITA margin of 26 per cent (adjusted EBITA margin of 27 per cent) in 2020.

Desenio has a history of profitable growth. The organic net sales growth and adjusted EBITA growth amounted to 63 per cent and 106 per cent respectively during 2020 compared to 2019. Desenio's net sales amounted to SEK 981 million and EBITA amounted to SEK 254 million in 2020 (adjusted EBITA amounted to SEK 267 million). On a pro forma basis including the acquisition of Poster Store as if it was completed on 1 January 2020, net sales amounted to SEK 1,291 million and EBITA amounted to SEK 327 million during the same time period (adjusted EBITA amounted to SEK 340 million).

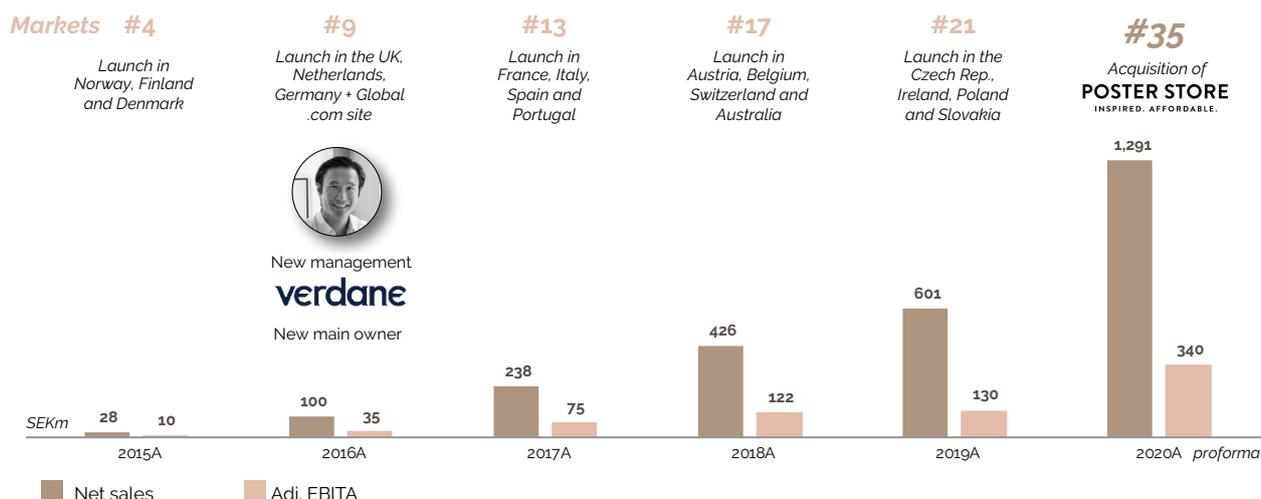
Desenio is a Swedish company with a total of 250 full-time employees in the Group at the end of 2020 and with headquarters in Stockholm.

Desenio's vision is to become the global leader in the market for affordable wall art, as well as help people make their homes more beautiful through increasing the availability of wall art.

HISTORY

Desenio was founded in 2008 by Martin and Helena Blomqvist and is since 2014 a global pioneer in online sales of affordable wall art. The Company's operations had a different orientation in the early years until the current business model was adopted in 2014. Sales were initially focused on Sweden and then expanded to the rest of the Nordic region in 2015. Fredrik Palm was recruited as the first external CEO in the spring of 2016 and began recruiting the senior executives for further expansion to the UK, the Netherlands, Germany and the launch of a global .com domain. In 2016, Alexander Hars (Chairman of the board) and Fredrik Palm (CEO) invested in the Company. Later in 2016 the private equity company Verdane and Jakob Tolleryd (board member) invested in Desenio. Today, the Company is a European market leader in trendy, affordable wall art with a presence in over 35 countries and more than 75 per cent of sales outside the Nordic region. In December

1) Based on 26,514 reviews in relation to Desenio.se and 1,329 reviews in relation to Posterstore.se.



2015-2018 in the above table refers to Desenio AB and is based on the audited annual reports for the financial years respectively and 2019 refers to Desenio Group AB and is based on the audited annual report for the financial year. 2020 refers to the pro forma financials for Desenio Group AB and Poster Store included, see section "Pro forma financial information".

2020, Desenio acquired the competitor Poster Store to strengthen its market position in Europe and to further increase its presence in the US market. Poster Store was founded in 2014 in Stockholm and today has sales in 33 countries, with net sales of SEK 340 million and EBITA margin of 20 per cent in 2020.

BUSINESS SEGMENTS

Posters accounted for 60 per cent of net sales and frames and other for 40 per cent of net sales in 2020.

Sales by product type 2019-2020 for Desenio Group AB (publ) (excluding Poster Store)

Share of net sales, %	2019	2020
Posters	60	60
Frames and other	40	40
Total net sales	100	100

Desenio conducts sales to over 35 countries with 24 per cent of net sales in the Nordic region, 73 per cent in the rest of Europe, two per cent in the US and zero per cent in the rest of the world in 2020.

Sales by geographical area 2019-2020 for Desenio Group AB (publ) (excluding Poster Store)

Share of net sales, %	2019	2020
Nordics	32	24
Rest of Europe	66	73
US	1	2
Rest of the world	0	0
Total net sales	100	100

BUSINESS MODEL

Design and product development

Desenio's product development is handled internally to create a unique and well-balanced assortment based on analysis of trends, other external factors and the Company's sales in different geographical markets and in different customer segments. Desenio is continuously expanding its assortment to meet the latest trends in interior design and other design – often inspired by Scandinavian design. Desenio's product development is described in the table below.

1. <i>Trendwork</i>	Analysis of current and coming trends on all Desenio's markets
2. <i>Craftmanship & studio art</i>	Analysis and translation of trends into design
3. <i>Design of campaigns and releases</i>	The Group's creative ability is translated into commercially viable and efficient campaigns to inspire and drive sales
4. <i>High-frequency releases of new designs</i>	Application of the pace and the creative discipline from fast-fashion to posters

With the help of its extensive and growing sales volume, Desenio analyses which products that sell best and identifies trends and high-performance categories in real time. The Company also uses sales analysis to identify best-selling designs. The product development process enables frequent launches of in-demand products: eleven to twelve collections are released per year consisting of 120 designs per release.

The Company's customer offering

Desenio's customer offering consists of a unique and curated assortment of over 6,000 designs as well as frames and accessories. The Company offers fast deliv-

ery and to a large extent local service. As of 31 December 2020, Desenio AB had over 2.3 million active customers who had made a purchase during the past 24 months.²⁾

Out of the sales in 2020, about 80 per cent of the orders were from women. Majority of the customers are between 20-40 years old and 25-35 per cent of customers state in customer surveys conducted by Desenio that they are interested in design and another 30-35 per cent that they are interested in interior design.³⁾ The main drivers of customers' purchases of posters are an easy-to-navigate and wide product range as well as the availability of attractive and affordable products. The Company has continuously worked for and invested in offering a customer experience of the highest class. This has made the Desenio brand a recognised name within posters in Europe – as evidenced by a Trustpilot rating of 4.6 (excellent) in relation to Desenio and 4.7 in relation to Poster Store as of February 2021⁴⁾, a large following base on social media and a growing number of repeat customers. In January 2021, Desenio and Poster Store together had 2.5 million followers on Instagram. This can be compared to competitors like Juniqe, Art.com and Allposters who had 326,000, 46,000 and 13,000 followers respectively on Instagram in January 2021. In addition, Desenio had 570,000 followers on Facebook as of January 2021.

Marketing

Desenio's marketing strategy focuses on social media as well as SEM and SEO, to effectively reach its target audience. The Company has made significant brand investments over the past four years, with the cost for brand-building marketing amounting to more than SEK 300 million. The Company has a flexible market strategy per country and region, which is decided annually and then analysed continuously on a daily basis to enable short-term adjustments. Desenio's marketing model, driven by so-called influencer marketing⁵⁾ in combination with significant investments in SEM and SEO, has resulted in a high proportion of brand-related search volumes and top positions for the Company's two brands for searches related to the Company's products.⁶⁾ These strong positions are the result of many years of long-term optimisation, local growing customer base and constitute a barrier to entry for competitors.

The Company's customers have an attractive profitability already on the first order. There are two fundamental concepts that the Company follows regarding customer acquisition: customer acquisition costs ("CAC") and customer lifetime value ("CLV"). CAC is defined as

the average cost of acquiring a new customer. CLV is defined as the total contribution margin after goods for resale costs, fulfilment and distribution costs, that a customer is expected to generate during the total period as a customer of the Company. When the customer lifetime value exceeds the customer acquisition cost, value is created for the Company and its shareholders. Desenio's CLV in relation to CAC is 2.6 times⁷⁾ already at the first order and increases to 4.1 times during year two. This is due to the Company's strong customer offering, high product margin and efficient marketing. In 2020, traffic from paid influencers accounted for twelve per cent of orders, other paid channels (including SEM and social media) for 49 per cent and free channels (including SEO, direct searches and email) for the remaining 38 per cent.

Technology platform and logistics

The Company has a centralised and fully integrated tech platform. The Company's ambition is to consistently use technology as a tool to create a better customer experience and more efficient operations. The Company's technology platform Desenio Flow is an important part of the core of the business. The platform's flexibility is maintained with a number of independent external components, which means that the Company has reduced the technical risk that may arise through individual system-independent components. The platform is built to handle a large amount of traffic in a scalable way. The Flow platform's various retrieval and business intelligence tools are used by the staff in various departments in the organisation as well as by the board to facilitate and streamline decision-making processes.

Desenio offers easy and fast deliveries to its customers. This is an important part of the customer offering and consumer expectations are constantly increasing. The Group's main products are printed in large batches and the logistics are handled through a combination of its own warehouse and third-party logistics (3PL) in Stockholm.

Sustainability

Sustainability is an important part of Desenio's strategic agenda, and the Company is continuously working to improve the production process and to reduce the environmental impact. Desenio only works with suppliers who share the Company's agenda for sustainable consumption. The Company has two main processes for this: i) Forest Stewardship Council certification ("FSC") ensures that all stakeholders involved in production work

2) The number of active customers are accounted for excluding Poster Store.

3) Customer survey conducted June-July 2020.

4) Based on 26,514 reviews in relation to Desenio.se and 1,329 reviews in relation to Posterstore.se.

5) Influencer marketing is a form of product placement in social media where persons that are considered influencers shows the company's products to its followers.

6) According to the Google Search Console, Desenio is ranked on average of 1.3 and 1.2 in the Nordic region and the Company's other core markets in Europe, respectively, for searches on "posters" or equivalent in each language. Poster Store is ranked an average of 2.5 and 1.9, respectively, in the corresponding regions.

7) Based on 24 months cohort data during the period January 2017 to August 2020.

in accordance with the FSC rules to sustainably use the resources from the world's forests; and ii) all suppliers sign and comply with Desenio's Code of Conduct. Desenio has a dedicated sustainability manager who reports to the Company's CFO.

Desenio has also been a partner with the Blue Marine Foundation since 2019 and has created an "Art for Oceans" collection to increase awareness of the crisis facing the world's oceans.

In addition, the Company became a partner in 2017 with the organisation Vi-Skogen, which since 1983 has planted 134 million trees and helped over 2.4 million people in the fight against poverty. Together with Vi-Skogen, Desenio plants two new trees for each tree used in the production of the posters sold. Over 15,000 trees have been planted since 2017.

Employees

The Group's ability to attract, develop and retain employees with the right skills is a basic prerequisite for running a successful business over time. The Company's working conditions together with clear gender equality and diversity work create a framework for a healthy workplace where employees thrive and develop. The Group had approximately 250 full-time employees at the beginning of 2021, with the majority having Stockholm as their place of work.

STRATEGY

Geographical expansion

The global market for affordable wall art, in which Desenio operates, was estimated to amount to approximately SEK 160 billion in 2020.⁸⁾ Desenio currently conducts sales to more than 35 countries, where the core markets consist of the Nordic countries, the UK, Germany, France and Benelux as well as a number of other European countries where Desenio has built up a strong position. The Company believes that there is still a lot to be gained in all of these markets in Europe in the next few years, while at the same time seeing significant potential to establish itself as a leading player in other European markets.

The Company also sees great potential to grow strongly in the US, a market whose customer preferences are judged to be similar to those of Sweden and the UK. The local players in the US market usually have a more general product offering and approach, and do not have the same DTC strategy and offering in social media channels as Desenio. The Company believes that this results in a great opportunity in the US market where there should be room to establish its business model and build a significant market position. The acquisition of Poster

Store, which also has an established presence in the US, is expected to contribute to the US expansion plan.

In the longer term, the Asian markets are also of great interest and should suit Desenio and its products well.

Desenio has a method for expanding to new countries, which has continuously been improved, as the Company has established itself in more than 35 markets. A market launch involves limited initial costs and all markets where Desenio has been launched to date have reached profitability within a few months.

Customer loyalty

Desenio has identified opportunities to increase customer loyalty through personal communication and a personal shopping experience. The Company believes that customer loyalty and the repurchase frequency will increase significantly when this type of communication becomes increasingly personalised, which also is in line with Desenio's future plan.

Utilise combined Group strengths

Desenio has a history of profitable growth and has made a number of investments in the business in recent years to enable continued profitable growth. At the end of 2020, the competitor Poster Store was acquired, and the Company is currently focusing on realising the synergies that the acquisition enables. The Company estimates that the annual synergies in the medium term will exceed SEK 50 million. The synergies include:

- Improvement in product margin through savings in production and sourcing of frames combined with improved shipping costs and payment fees through economies of scale;
- Marketing of two brands in the same organisation improves search visibility, mitigates search competition and improves efficiency in influencer marketing; and
- Reducing key personnel costs around central functions.

Aggregated figures for Desenio Group AB including Poster Store in relation to the twelve-month period January-December 2020 as follows:

- Product margin amounted to 84 per cent;
- Fulfilment cost as share of sales amounted to 28 per cent;
- Marketing costs as share of sales amounted to 20 per cent; and
- Adjusted admin cost and other costs as share of sales amounted to ten per cent.

Platform opportunities

Desenio sees further expansion opportunities linked to the Company's market position, brand and growing

8) Based on the Company's assessment of information provided through the sources referred to in the *Market overview*.

customer base. Although Desenio intends to maintain its clear focus on posters, continued expansion may take place through broadening of the product range, launch of value-added services, strategic partnerships or acquisitions to strengthen the Company's position. Desenio will focus on initiatives that are compatible with or serves as a complement to the existing operations to utilise existing infrastructure and limit additional investment and operational requirements.

FINANCIAL TARGETS

The financial targets set out below are based upon a number of assumptions relating to, among others, the development of the Company's industry, business, results of operations and financial condition. The Company's business, results of operations and financial condition, and the development of the industry and the macro-economic environment in which the Company operates, may differ materially from, and be more negative than, those assumed by the Company when preparing the financial targets set out below.

Net sales

In the medium term, the Company's goal is to achieve an annual organic sales growth of around 30 per cent and potentially further supplemented by impact from add-on acquisitions. The goal is to grow net sales by approximately 35-40 per cent during 2021. In the long term, Desenio's goal is to achieve sales growth in line or slightly above the online market for affordable wall art.

Synergies

Desenio expects that the annual synergies from the acquisition of Poster Store in the medium term will exceed SEK 50 million. In 2021, about half of the medium term synergies are expected to materialise.

Profitability

Desenio's goal is to maintain an adjusted EBITA margin of approximately 25 per cent in the medium term. In 2021, a slight improvement is expected compared with the previous year's adjusted EBITA margin as a result of current expectations for materialisation of synergies, offset by higher sales growth (compared to the medium term target). Desenio expects to increase the adjusted EBITA margin over time in connection with the Company achieving economies of scale through continued net sales growth and the generation of synergies related to the integration of Poster Store. In the long term, the EBITA margin is expected to approach 30 per cent.

Dividend policy

Desenio intends to distribute excess liquidity to shareholders, subject to flexibility for strategic initiatives, such as expansion into new markets and / or acquisitions, as well as consideration of capital structure.

Considering the above, Desenio intends to distribute 30-50 per cent of net income for the year.



Selected financial information

The following section presents historical financial information for the Company and its wholly owned Group companies regarding the financial years 2019 and 2020. The financial information for 2019 and 2020 is taken from the Company's audited annual reports for each year, which have been prepared in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Accounting Standards Board accounting standard BFNAR 2012:1 (K3).

The presented historical financial information below must be read together with the Company's audited annual reports with accompanying notes for the financial years 2019 and 2020, which have been incorporated in the Company Description by reference. The parts of the financial information that have not been incorporated by reference are either not relevant to investors or can be found elsewhere in the Company Description.

The Company Description contains certain financial key figures that have not been defined according to K3. The Company assesses that these key figures provide a better understanding of the Company's financial trends. The Group's key figures have not been revised or reviewed by the Company's auditor unless otherwise stated.

CONSOLIDATED INCOME STATEMENT

Desenio Group AB AMOUNT IN SEK MILLION	Jan-Dec 2020	Jan-Dec 2019
Net sales	980.5	600.8
Other operating income	19.4	6.2
	999.9	606.9
Operating expenses		
Goods for resale	-343.0	-223.2
Other external costs	-312.8	-199.4
Personnel costs	-74.3	-53.7
Depreciation and amortisation of tangible and intangible assets	-69.7	-46.7
Other operating costs	-14.3	0.0
Operating profit (EBIT)	185.7	83.9
Profit from financial items		
Financial income and similar income items	0.0	-
Financial expenses and similar expense items	-18.7	-7.0
Profit after financial items	167.1	77.0
Profit before tax	167.1	77.0
Income tax	-49.7	-26.4
Profit for the year	117.4	50.6

CONSOLIDATED BALANCE SHEET

Desenio Group AB AMOUNT IN SEK MILLION	31 Dec 2020	31 Dec 2019
ASSETS		
Fixed assets		
Intangible assets		
Capitalised expenses for R&D and similar	7.7	–
Concessions, patents, licenses, trademarks and similar rights	258.0	2.4
Customer relationships	98.7	–
Goodwill	870.2	118.7
	1,234.6	121.1
Tangible fixed assets		
Property, plants and equipment	5.2	4.9
	5.2	4.9
Financial assets		
Long-term receivables	4.7	3.3
	4.7	3.3
Total fixed assets	1,244.5	129.3
Current assets		
Inventories, etc.		
Inventory	52.8	40.8
	52.8	40.8
Receivables		
Accounts receivables	–	0.0
Other receivables	37.1	8.7
Prepaid expenses and accrued income	14.2	5.5
	51.3	14.2
Cash and cash equivalents	647.4	128.5
Total current assets	751.5	183.5
TOTAL ASSETS	1,996.0	312.8
EQUITY AND LIABILITIES		
Equity		
Share capital	0.5	0.1
Retailed earnings including profit of the year	89.2	72.3
Equity attributable to parent company shareholders	89.7	72.4
Total equity	89.7	72.4
Provisions		
Deferred tax liability	73.5	–
Long-term liabilities		
Corporate bond	1,065.5	–
Other non-current liabilities to credit institutions	–	43.3
	1,139.1	43.3
Current liabilities		
Liabilities to credit institutions	–	58.3
Prepayments from customers	5.1	3.2
Accounts payables	91.3	54.8
Current tax liabilities	49.2	27.5
Other current liabilities	571.2	29.1
Accrued expenses and prepaid income	50.4	24.1
	767.3	197.1
TOTAL EQUITY AND LIABILITIES	1,996.0	312.8

CONSOLIDATED CASH FLOW ANALYSIS

Desenio Group AB AMOUNT IN SEK MILLION	Jan-Dec 2020	Jan-Dec 2019
Operating activities		
Profit after financial items	167.1	77.0
Adjustments for non-cash items etc.	82.9	30.9
	250.0	107.9
Paid income tax	-43.8	1.1
Cash flow from operating activities before changes in working capital	206.2	109.0
<i>Cash flow from changes in working capital</i>		
Increase (-) / Decrease (+) of inventory	5.7	-11.3
Increase (-) / Decrease (+) in receivables	-20.1	-1.8
Increase (-) / Decrease (+) of operating liabilities	61.8	20.9
Cash flow from operating activities	253.6	116.8
Investment activities		
Investment in tangible assets	-0.8	-3.6
Investment in intangible assets	-6.5	-2.5
Acquisition of subsidiaries/assets	-579.4	-
Investments in financial assets	-0.9	-3.3
Cash flow from investing activities	-587.5	-9.4
Financing activities		
Redeemed warrants	-0.1	-0.1
New loans	1,065.0	-
Repayment of loans	-101.7	-58.3
Dividend paid	-100.0	-
Cash flow from financing activities	863.2	-58.4
Cash flow for the year	529.3	48.9
Cash and cash equivalents at the beginning of the year	128.5	79.6
Exchange rate difference in cash and cash equivalents	-10.5	-
Cash and cash equivalents at year-end	647.4	128.5

SELECTED INFORMATION BY GEOGRAPHICAL AREA

Desenio Group AB (excluding Poster Store)	Jan-Dec 2020	Jan-Dec 2019
Nordics	24%	32%
Rest of Europe	73%	66%
US	2%	1%
Rest of the world	0%	0%
Total net sales	100%	100%

SELECTED KEY PERFORMANCE MEASUREMENTS

Desenio Group AB AMOUNT IN SEK MILLION (unless otherwise stated)	Jan-Dec 2020	Jan-Dec 2019
Net sales	980.5	600.8
Net sales growth, %	63.2%	41.0%
Operating profit (EBIT)	185.7	83.9
EBIT margin, %	18.9%	14.0%
Adjusted EBIT	198.8	83.9
Adjusted EBIT margin, %	20.3%	14.0%
EBITA	254.1	129.7
EBITA margin, %	25.9%	21.6%
Adjusted EBITA	267.2	129.7
Adjusted EBITA margin, %	27.3%	21.6%
EBITDA	255.4	130.6
EBITDA margin, %	26.1%	21.7%
Adjusted EBITDA	268.5	130.6
Adjusted EBITDA margin, %	27.4%	21.7%
Cash flow from operating activities	253.6	116.8
Investments	7.3	6.1
Net debt / net cash	631.9	-26.8
Desenio AB (12 months) and Poster Store (15 days) (aggregated)		
Product margin, %	85%	82%
Fulfilment cost ratio, %	29%	31%
Marketing cost ratio, %	19%	19%
Adjusted admin and cost ratio, %	9%	11%
Desenio AB (excluding Poster Store)		
	Jan-Dec 2020	Jan-Dec 2019
No. of visits, 000	84,525	51,018
No. of orders, 000	1,966	1,299
Average order value, SEK	502	485
Active customers, 000	2,301	1,673

SELECTED QUARTERLY INFORMATION

The Company believes that the information below is of significant importance to investors. Unless otherwise stated, the information and calculations below have been taken from the Company's internal accounts and have neither been audited nor reviewed by the Company's auditor. The amounts in the quarterly key figures presented in the table below have not been adjusted for certain income items as certain adjustments are made on an annual basis and consequently the sum from all quarters in one year does not have to correspond to the sum from the annual reports from such year.

Desenio Group AB AMOUNT IN SEK MILLION	2020					2019				
	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3	Q4	Full year
Net sales	182.1	256.7	211.3	330.9	981.0	129.4	107.7	151.6	212.0	600.7
EBITDA	33.5	73.3	51.9	96.3	255.0	33.6	20.4	29.1	47.5	130.6

RECONCILIATION TABLES

Net sales growth (Desenio Group AB) AMOUNT IN SEK MILLION	Jan-Dec 2020	Jan-Dec 2019
Net sales	980.5	600.8
<i>Growth in net sales</i>	63.2%	41.0%
Operating profit (EBIT), EBITA and EBITDA (Desenio Group AB) AMOUNT IN SEK MILLION	Jan-Dec 2020	Jan-Dec 2019
Profit of the year	117.4	50.6
Income tax on profit for the period	49.7	26.4
Net financial items	18.7	7.0
Operating profit (EBIT)	185.7	83.9
<i>EBIT margin, %</i>	18.9%	14.0%
Depreciation on intangible assets	68.3	45.8
EBITA	254.1	129.7
<i>EBITA margin, %</i>	25.9%	21.6%
Depreciation on tangible assets	1.3	0.9
EBITDA	255.4	130.6
<i>EBITDA margin, %</i>	26.1%	21.7%
Adjusted EBIT (Desenio Group AB) AMOUNT IN SEK MILLION	Jan-Dec 2020	Jan-Dec 2019
Operating profit (EBIT)	185.7	83.9
1. Transaction costs	4.4	–
2. Warehouse relocation costs	8.7	–
Total adjustments	13.1	–
Adjusted EBIT	198.8	83.9
<i>Adjusted EBIT margin, %</i>	20.3%	14.0%
Adjusted EBITA (Desenio Group AB) AMOUNT IN SEK MILLION	Jan-Dec 2020	Jan-Dec 2019
EBITA	254.1	129.7
1. Transaction costs	4.4	–
2. Warehouse relocation costs	8.7	–
Total adjustments	13.1	–
Adjusted EBITA	267.2	129.7
<i>Adjusted EBITA margin, %</i>	27.3%	21.6%
Adjusted EBITDA (Desenio Group AB) AMOUNT IN SEK MILLION	Jan-Dec 2020	Jan-Dec 2019
EBITDA	255.4	130.6
1. Transaction costs	4.4	–
2. Warehouse relocation costs	8.7	–
Total adjustments	13.1	–
Adjusted EBITDA	268.5	130.6
<i>Adjusted EBITDA margin, %</i>	27.4%	21.6%
Investments (Desenio Group AB) AMOUNT IN SEK MILLION	Jan-Dec 2020	Jan-Dec 2019
Acquisition of tangible assets	–0.8	–3.6
Acquisition of intangible assets	–6.5	–2.5
<i>Investments</i>	–7.3	–6.1

SELECTED FINANCIAL INFORMATION

Net debt / net cash (Desenio Group AB)

AMOUNT IN SEK MILLION

	Jan–Dec 2020	Jan–Dec 2019
Corporate bond	1,065.5	–
Other interest-bearing liabilities to credit institutions	–	43.3
Interest-bearing liabilities to credit institutions	–	58.3
Liability for additional cash consideration	213.8	–
Cash & cash equivalents	–647.4	–128.5
Net debt / net cash	631.9	–26.8
Net debt / adjusted EBITDA	2.4x	–0.2x

DEFINITIONS OF KEY FIGURES

Key figures	Definitions	Reason for use
Active customers	Number of customers who have completed at least one order during the previous 24-month period.	This key figure measures the Company's ability to attract and retain customers.
Administration and other costs ratio, %	Administration and other costs consist of operating costs less costs for goods for resale, fulfilment costs and marketing costs. Administration and other costs include personnel costs, rent, consultancy costs and other operating expenses as well as depreciation of tangible assets. Administration and other costs are found in the income statement on the rows for personnel costs and other operating costs as well as part of the line item other external costs as well as depreciation of tangible assets. The key figure is calculated by dividing administration and other costs by net sales, expressed as a percentage.	This key figure gives the Company an indication of external costs, per krona earned, which are not attributable to fulfilment costs or marketing costs and is thus an indication of the efficiency of the Company's operations.
Fulfilment cost ratio, %	Fulfilment costs include costs for 3PL, shipping costs to customers, costs for bank and checkout (primarily costs for payment suppliers such as Klarna and Paypal) and IT- and system costs. Fulfilment costs are found in the income statement as part of the posts goods for resale and other external costs. The key figure is calculated by dividing fulfilment costs by net sales, expressed as a percentage.	This key figure gives the Company an indication of how much of the costs for each krona earned in net sales derives from handling and distribution, and thus constitutes an indication of how efficient the Company's operations are.
Marketing cost ratio, %	Marketing costs are found in the income statement as part of the post other external costs. The key figure is calculated by dividing marketing costs by net sales, expressed as a percentage.	This key figure enables the Company to measure how efficient its marketing activities are and thus constitutes an indication of how efficient the Company's operations are.
Number of visits	Number of visits to a website or a group of websites during the measurement period (irrespective of device used).	This key figure enables the Company to measure its scope and marketing activity.
Number of orders, 000	Number of orders placed during the measurement period, adjusted for cancellations and returns.	Number of orders is a key figure used to measure customer engagement.
EBIT (Operating profit)	Operating profit as presented in the Group's income statement.	Operating profit provides an overall picture of profit generated by operating activities.
EBIT margin, %	Operating profit (EBIT) divided by net sales, expressed as a percentage.	Operating margin provides an overview of the result that has been generated by operating activities.
EBITA	Operating profit with add-back of amortisation on acquisition-related write-downs on intangible assets.	EBITA provides an overall picture of profit generated by the business with the reversal of amortisations on acquisition-related intangible assets.
EBITA margin, %	EBITA as a percentage of net sales.	The EBITA margin is a useful measure together with net sales growth to monitor value creation.
EBITDA	Profit before financial items, tax and depreciation and amortisations.	EBITDA shows an overall picture of the result that has been generated in the operating activities.
EBITDA margin, %	EBITDA divided by net sales, expressed as a percentage.	This key figure is used for analysis of value creation.
Average order value (AOV)	Transaction-based net sales divided by the number of orders during the measurement period. Average order value is minus discounts, excluding VAT and after returns.	Average order value is measured as an indicator of revenue generation. This is a key figure for how attractive the Company's products and websites are to customers.
Investments	Cashflow from acquisition of tangible fixed assets and acquisition of intangible fixed assets.	This key figure gives the Company a picture of investments in the operating activities.

Key figures	Definitions	Reason for use
Adjusted administration and other costs ratio, %	Administration and other costs ratio adjusted for items affecting comparability. Items affecting comparability includes transaction-related costs and warehouse relocation costs.	This key figure gives the Company an indication of external costs, per krona earned, which are not attributable to fulfilment costs or marketing costs and is thus an indication of the efficiency of the Company's operations, adjusted for items affecting comparability.
Adjusted EBIT	EBIT excluding items affecting comparability. Items affecting comparability includes transaction-related costs and warehouse relocation costs.	Adjusted EBIT is adjusted for items affecting comparability and is thus considered to be a useful measure of the Company's underlying profit generated from operating activities.
Adjusted EBIT margin, %	Adjusted EBIT divided by net sales, expressed as a percentage.	Adjusted EBIT margin is adjusted for items affecting comparability and is thus considered to be a useful measure of the Company's underlying profit generated from operating activities.
Adjusted EBITA	EBITA excluding items affecting comparability. Items affecting comparability includes transaction-related costs and warehouse relocation costs.	The measure is relevant to give an indication of the Company's underlying results generated by operating activities excluding items affecting comparability.
Adjusted EBITA margin, %	Adjusted EBITA divided by net sales, expressed as a percentage.	The measure is relevant for giving an indication of the Company's underlying profit as a share of net sales, which is generated by operating activities excluding items affecting comparability.
Adjusted EBITDA	EBITDA excluding items affecting comparability. Items affecting comparability includes transaction-related costs and warehouse relocation costs.	Adjusted EBITDA is adjusted for items affecting comparability and is thus considered to be a useful measure of the Company's underlying profit generated from operating activities before depreciation and amortisation.
Adjusted EBITDA margin, %	Adjusted EBITDA divided by net sales, expressed as a percentage.	Adjusted EBITDA margin is adjusted for items affecting comparability and is thus considered to be a useful measure of the Company's underlying profit generated from operating activities before depreciation and amortisation.
Customer lifetime value (CLV)	Defined as the product result minus fulfilment costs as well as marketing costs attributable to a specific customer group (i.e. customers that have been acquired during a specific period of time) since the customer group was acquired.	CLV allows the Company to measure the value of each customer, often expressed in terms of customer groups. CLV is calculated with a high level of detail for each marketing activity. Desenio measures how profitable new customers can be expected to be by comparing a group of customers' customer life value with the same group of customers' customer acquisition cost.
Customer Acquisition Cost (CAC)	Average cost of acquiring a new customer defined as total marketing cost during a certain period divided by the number of new customers that have been acquired during the same period.	This key figure measures the efficiency of the Company's marketing. CAC is calculated with a high level of detail for each marketing activity.
Net sales growth, %	Annual growth in net sales, expressed as a percentage. The amount is calculated in SEK and does not take any foreign currencies into account.	This key figure enables the Company to compare its growth rate between different periods and with the market as a whole and competitors.
Net debt / net cash	Interest-bearing liabilities reduced by cash and cash equivalents. Interest-bearing liabilities include the corporate bond, liabilities to credit institutions and earn-out liability.	Net debt / net cash is a key figure that shows the Company's total indebtedness.
Product margin, %	Product profit consists of net sales less costs of goods sold, shipping cost to the warehouse and write-downs for obsolescence. These costs are found in the income statement as part of the costs for goods for resale. This key figure is calculated by dividing the product profit with net sales, expressed as a percentage.	The product result provides an overview of the product margin generated by the current operations.

Comments to the financial development

The information below must be read together with the section *Selected financial information* above and the audited annual reports with accompanying notes for the financial years 2019 and 2020.

JAN-DEC 2019 COMPARED TO FINANCIAL YEAR 2020

A comparison between the periods 1 January – 31 December 2020 and 1 January – 31 December 2019. Note that Desenio consolidated Poster Store on the 16 December 2020, meaning the acquisition is from the acquisition date included in the consolidated statements of income, balance sheet and cash flow for the period ending 31 December 2020. However, the acquisition of Poster Store did not have any meaningful impact on the 2020 operating profit for Desenio since it was consolidated at the end of the 2020 financial year.

Net sales

Net sales increased by SEK 379.8 million, corresponding to 63.2 per cent, from SEK 600.8 million during the 2019 financial year to SEK 980.5 million during the 2020 financial year. The increase was due to a strong organic growth during the year, both on current and new markets that the Company expanded to during 2020.

Other operating income

Other operating income increased by SEK 13.2 million, or 213.5 per cent, from SEK 6.2 million in the 2019 financial year to SEK 19.4 million in the 2020 financial year. The increase was mainly due to currency effects.

Goods for resale

The cost of goods for resale increased by SEK 119.8 million, or 53.7 per cent, from SEK -223.2 million in the 2019 financial year to SEK -343.0 million in the 2020 financial year. The increase was mainly due to increased sales.

Other external costs

Other external costs increased by SEK 113.5 million, or 56.9 per cent, from SEK -199.4 million in the 2019 financial year to SEK -312.8 million in the 2020 financial year. The increase was mainly due to increased marketing costs and inventory management costs.

Personnel costs

Personnel costs increased by SEK 20.6 million, or 38.3 per cent, from SEK -53.7 million in the 2019 financial year to SEK -74.3 million in the 2020 financial year. The increase was mainly due to an increased number of employees as the Company has grown.

Depreciation and amortisation of tangible and intangible assets

Depreciation and amortisation of tangible and intangible assets increased by SEK 23.0 million, or 49.3 per cent, from SEK -46.7 million in the 2019 financial year to SEK -69.7 million in the 2020 financial year. The increase is mainly attributable to amortisation of goodwill, trademarks and customer relations, as a result of the Poster Store acquisition.

Other operating costs

Other operating costs increased by SEK 14.3 million from SEK 0.0 million in the 2019 financial year to SEK -14.3 million in the 2020 financial year. The increase was mainly due to currency effects.

Operating profit (EBIT)

Operating profit increased by SEK 101.8 million, or 121.3 per cent, from SEK 83.9 million in the 2019 financial year to SEK 185.7 million in the 2020 financial year. The increase was due to a combination of the Company's strong growth during the period and the scalability of the business model.

Financial income and similar income items

Financial income and similar income items were SEK 0.0 million in the 2019 financial year and SEK 0.0 million in the 2020 financial year.

Financial expenses and similar income items

Financial expenses and similar income items increased by SEK 11.7 million, or 168.0 per cent, from SEK -7.0 million in the 2019 financial year to SEK -18.7 million in the 2020 financial year. The increase was mainly due to interest expenses associated with the Company's corporate bond which was issued in 2020.

Profit after financial items

Profit after financial items increased by SEK 90.1 million, or 117.1 per cent, from SEK 77.0 million in the 2019 financial year to SEK 167.1 million in the 2020 financial year. The increase was mainly due to increased sales.

Income tax

Income tax increased by SEK 23.3 million, or 88.4 per cent, from SEK -26.4 million in the 2019 financial year to SEK -49.7 million in the 2020 financial year.

Profit for the year

Profit for the year increased by SEK 66.8 million, or 132.0 per cent, from SEK 50.6 million in the 2019 financial year to SEK 117.4 million in the 2020 financial year.

CASH FLOW

Cash flow from operating activities increased by SEK 136.9 million, from SEK 116.8 million in the 2019 financial year to SEK 253.6 million in the 2020 financial year. The increase was mainly due to the Company's expansion of its business having a positive effect on the operating profit.

Cash flow from investing activities decreased by SEK 578.1 million, from SEK -9.4 million in the 2019 financial year to SEK -587.5 million in the 2020 financial year. The decrease was mainly due to the acquisition of Poster Store in 2020.

Cash flow from financing activities increased by SEK 921.7 million, from SEK -58.4 million in the 2019 financial year to SEK 863.2 million in the 2020 financial year. The increase was mainly due to the issued bond in December 2020, associated with the acquisition of Poster Store.

LIQUIDITY AND FINANCIAL POSITION

As of 31 December 2020, equity amounted to SEK 89.7 million, compared to SEK 72.4 million as of 31 December 2019. The increase of SEK 17.3 million, or 23.9 per cent, was mainly due to increased profit. As of 31 December 2020, cash and cash equivalents amounted to SEK 647.4 million, compared to SEK 128.5 million at 31 December 2019. The increase of SEK 518.9 million was mainly due to the changes described under *Cash flow* above.

HISTORICAL INVESTMENTS

Desenio's standard investments relate to investments in intangible and tangible assets. Desenio makes continuous investments in warehouse and platform development.

The table below shows Desenio's main investments during the financial years 2019 and 2020.

SEK MILLION	2020	2019
Investments in tangible assets	-0.8	-3.6
Investments in intangible asset	-6.5	-2.5
Total investments	-7.3	-6.1

Ongoing and approved investments

Other than continuous investments in line with, or slightly above, the historical spending, Desenio has no material ongoing investments and has no undertakings in terms of material future investments.

SEASONAL VARIATIONS

While home interior products in general are less affected by short-term fashion and style trends, Desenio's business is still subject to seasonal variations. During the warmer months and in weeks that contain holidays, Desenio typically sees lower customer engagement as many customers spend time outside or away from their homes. Deviations from normal weather conditions, such as unusually long winter or particularly rainy summer could therefore have a positive effect in these regards. In addition, certain special events (such as Black Friday) typically result in peak demand for Desenio's products. Consequently, the fourth quarter is usually the most important sales and earnings period of the year. It should be noted, however, that the Company's high growth somewhat mitigates seasonal variations.

In the first quarter 2021, net sales are expected to grow significantly as result of both organic growth and the effect from consolidation of Poster Store. In the same period, underlying profitability is expected to increase compared to last year. In the second quarter, net sales are expected to grow as result of Poster Store consolidation. However, organic sales development in the period is expected to be negative as result of the levels of purchase frequency is expected to moderate. As organisational costs and other operating expenses are primarily fixed or semi-fixed, profitability is positively impacted by higher net sales. Consequently, underlying profitability in the second quarter is expected to decline compared to last year.

The information in respect of the Company's near-term outlook and other forward-looking performance measures represent the Group's targets only and should not be relied upon to predict or forecast actual near- and medium-term results or future events. Such targets and beliefs are unaudited and reflect a number of assumptions relating to future orders, frequency of purchases, new customers acquired, retention of previously acquired customers and their purchase behaviour reflecting the historical patterns observed by the Company in the past, the Company's continued brand strength, market share and capital expenditures, any of which may not be borne out due to both known and unforeseen risks, uncertainties and other important factors beyond the control of

the Company that could affect actual results, including understanding the overall impact of COVID-19. The Company's targets and the underlying assumptions and judgments carry an inherent degree of uncertainty and may not take into account all relevant considerations. Desenio's actual results could differ materially from those expressed or implied by these forward-looking statements as result of many factors, including but not limited to those described under the chapter *Risk factors*. The Company has not historically produced consolidated quarterly statements and hence comparable historical quarterly information for Desenio is limited. Investors are urged not to place undue reliance on any of the statements set forth above.

SIGNIFICANT EVENTS AFTER 31 DECEMBER 2020

In addition to the events described in the section *Capitalisation, indebtedness and other financial information*, the Company considers that no significant events have occurred after 31 December 2020.



Pro forma financial information

The purpose of the pro forma financial information in this section is only to illustrate the hypothetical effects that the acquisition and financing of Poster Store could have had on Desenio's consolidated income statement for the period 1 January – 31 December 2020 if the transaction had been completed 1 January 2020. The hypothetical consolidated profit/loss for the group presented in this section may deviate from the actual consolidated profit/loss. Desenio would have had if the transaction had been completed as of the date above. The pro forma financial information is also not intended to indicate Desenio's future consolidated profit/loss.

Consequently, readers of the Company Description should therefore not place too much emphasis on the pro forma financial information in the event of a decision to invest in shares in Desenio. The pro forma financial information should be read together with other information in the Company Description, such as the sections *Selected financial information*, *Comments to the financial development* and *Capitalisation, indebtedness and other financial information*.

BACKGROUND AND PURPOSE OF THE PRO FORMA FINANCIAL STATEMENT

On 16 December 2020, Desenio acquired 100 per cent of the shares (100 shares) in Poster Store (the “**Acquisition**”). The consideration of all shares in Poster Store consisted of cash, vendor notes, and earn-out. The cash and earn-out components of the settlement was financed through existing cash and the issuance of a corporate bond with a four-year tenor. The corporate bond was listed on the Frankfurt Stock Exchange Open Market Quotation Board on 8 February 2021.

The acquisition of Poster Store, and the financing prompted by the acquisition of Poster Store, is considered to have a direct and significant effect on future income, financial position and cash flows for the group of which Desenio Group AB is the parent company.

The purpose of the pro forma financial information is only to illustrate the hypothetical effects that the acquisition and financing of Poster Store could have had on Desenio's consolidated income statement for the period 1 January – 31 December 2020 if the Acquisition had been completed 1 January 2020.

An investor should be aware that the hypothetical profit/loss illustrated by the pro forma statement of income can differ from what the corresponding figures would have looked like if the acquisition had been completed 1 January 2020. The pro forma financial statement does not show the profit/loss for any future period either. This should be considered in potential investment decisions.

No pro forma adjustments have been made for synergy effects or integrational costs. The pro forma financial statement has only been prepared with the

purpose of being presented in this Company Description and should be read together with other information in the Company Description.

An assurance report from an independent auditor is available in the section *Independent auditor's assurance report on the compilation of pro forma financial information in a Company description*.

BASIS FOR THE PRO FORMA FINANCIAL INFORMATION

The pro forma income statement for the period 1 January – 31 December 2020 is based on Desenio's consolidated income statement for financial year 2020, which is included in Desenio's audited annual report for financial year 2020 and have been incorporated by references in this Company Description, and have been based on Poster Store's income statement for the period 1 January – 31 December 2020, which is included in Poster Store's audited annual report for financial year 2020.

Desenio applies accounting principles in accordance with the Swedish Accounting Standards Board accounting standard BFNAR 2012:1 (K3) and the Swedish Annual Accounts Act (1995:1554). The financial information for Poster Store has been prepared in accordance with the Swedish Accounting Standards Board accounting standard BFNAR 2012:1 (K3) and the Swedish Annual Accounts Act (1995:1554). The pro forma financial statement has been prepared in accordance with the accounting principles regarding the preparation of consolidated accounting in Desenio as described in *Note 1 Accounting principles* in Desenio's audited annual report for financial year 2020, which has been incorporated by reference in this Company Description.

PRO FORMA ADJUSTMENTS

The pro forma adjustments are described below and in the notes to the pro forma income statement.

Consideration and purchase price allocation

A purchase price allocation regarding the acquisition of Poster Store has been prepared. Poster Store is consolidated in Desenio's consolidated income statement as of the acquisition date 16 December 2020. The initial purchase price for the shares in Poster Store was paid on the acquisition date and amounted to SEK 935.2 million, which consisted of a cash settlement of SEK 639.2 million and vendor notes of SEK 296.0 million. These vendor notes have through an offset issue been settled with newly issued shares in Desenio. The vendor notes carried no interest. In addition, an earn-out was paid which has been set at SEK 213.8 million. The earn-out carried interest at a rate of 3 per cent from the acquisition date. The earn-out, including interest, totalling SEK 214.9 million, was paid 19 February 2021.

In accordance with the accounting principles in K3, transaction costs of SEK 6.4 million have not been expensed but is included in the reported acquisition value for Poster Store. The total reported acquisition value for the shares amounts to SEK 1,155.5 million, consisting of the initial purchase price, earn-out and transaction costs.

In the purchase price allocation prepared as of 16 December 2020, fair values were allocated to the acquired company's identifiable assets and liabilities. The difference between the reported acquisition value and the fair values of the acquired company's identifiable assets and liabilities is reported as goodwill. The difference between fair values and book values of the acquired company's identifiable assets and liabilities is here referred to as surplus values. In the purchase price allocation, surplus values of trademarks and customer relationships were identified, which along with goodwill is reported in Desenio's consolidated balance sheet. Effects from deferred taxes attributable to surplus values have been considered in the pro forma financial statement.

SEK MILLION	
Acquired identifiable assets and liabilities, net	54.2
Fair value adjustment, intangible assets	
Trademarks	260.0
Customer relationships	100.0
Total fair value adjustment, intangible assets	360.0
Deferred taxes attributable to fair value adjustment, intangible assets	-74.2
Goodwill	815.4
Reported acquisition value for Poster Store	1,155.5

The estimated useful life of trademarks and goodwill are five years, while customer relationships are estimated to three years. Amortisation is linear during the estimated

useful life, meaning the annual amortisation amounts to; trademarks SEK 52 million, goodwill SEK 163.1 million and customer relationships SEK 33.3 million, totalling SEK 248.4 million per annum the first three years. In the pro forma financial statement, adjustments have been made for amortisation of goodwill, trademarks and customer relationships as if the acquisition was completed 1 January 2020.

Poster Store's profit/loss for the period 16 December – 31 December 2020

Poster Store's profit/loss for the above-mentioned period is included in Desenio's consolidated income statement for the period 1 January – 31 December. In the pro forma income statement, adjustments have been made for the profit/loss of Poster Store.

Financing

The cash component of the settlement, which was paid in full on the acquisition date 16 December, and the earn-out component which was paid 19 February 2021, was financed through existing cash and the issuance of a corporate bond of SEK 1,100 million. The corporate bond was issued by Desenio on the 10 December 2020 with the purpose of financing the part of the initial cash payment (SEK 639.2 million), earn-out (SEK 213.8 million), transaction costs (SEK 6.4 million) attributable to the Acquisition as well as other purposes. The corporate bond was also used to finance a dividend of SEK 285.1 million, decided and paid 19 February 2021. The corporate bond has a tenor of four years with an annual interest payment of STIBOR three months (at least zero) plus a margin of 5.5 per cent.

Financing costs of SEK 1.5 million have been expensed in conjunction with the corporate bond issue. Additional financing costs of SEK 35 million have been accrued over the corporate bond's tenor, representing SEK 8.8 million per annum.

The bond contract includes a requirement that previously existing debt to credit institutions is to be repaid. Prior to the issue of the bond, Desenio's existing debt to credit institutions, amounting to SEK 58.5 million, was repaid on 24 November 2020 with existing cash.

Pro forma adjustment regarding increased interest expenses and financing costs have been calculated as if the shares in Poster Store had been acquired, previously existing debt to credit institutions had been repaid and the corporate bond had been issued as of 1 January 2020. These pro forma adjustments are illustrated in item financial expenses and similar expense items.

Differences in accounting principles

An analysis has been made to review the applied accounting principles in Poster Store. No significant differences between Desenio and Poster Store's account-

ing principles have been identified. Consequently, no adjustments have been made in the pro forma income statement.

Other pro forma adjustments

Key individuals within Poster Store have received variable compensation during 2020, attributable to excess work performed due to the sales process of Poster Store realised during 2020. Costs relating to this compensation have affected Poster Store's income statement for the period 1 January – 31 December 2020. Pro forma adjustments have been made corresponding to these costs with the purpose of not affecting the pro forma income statement as they are attributable to the time before the acquisition.

Tax effects have been considered in the pro forma income statement if the adjustments have been tax deductible. Furthermore, deferred tax revenue has been taken into account for changes in deferred tax liabilities attributable to amortisation of customer relationships and trademark. The estimated tax rate applied to adjustments attributable to Desenio and Poster Store amounts to 21.4 per cent. Actual tax rate of the transaction can differ from the estimated tax rate used in the pro forma financial statement.



PRO FORMA INCOME STATEMENT, 31 DECEMBER 2020

AMOUNT IN SEK MILLION	Desenio Group AB – the Group ¹⁾		Pro forma adjustment	Notes	Pro forma
	Audited	Poster Store AB ²⁾ Audited			
Operating incomes etc.					
Net sales	981	340	–29		1,291
Other operating income	19	3	–1		21
	1,000	343	–30		1,313
Operating expenses					
Goods for resale	–343	–195	17		–521
Other external costs	–313	–32	4		–341
Personnel costs	–74	–47	13	(3)	–108
Depreciation and amortisation of tangible and intangible assets	–70	0	–239	(4)	–309
Other operating costs	–14	0	0		–14
Operating profit	186	69	–236		19
Profit from financial items					
Financial income and similar income items	0	0	0		0
Financial expenses and similar expense items	–19	0	–63	(5)	–82
Profit after financial items	167	69	–299		–62
Profit before tax	167	69	–299		–62
Income tax	–50	–17	29	(6)	–38
Profit for the year	117	52	–270		–100

Notes to the pro forma financial statement

- 1) Derived from Desenio's consolidated income statement for financial year 2020, included in Desenio's audited annual report for financial year 2020 and has been incorporated by reference in this Company Description.
- 2) Poster Store's income statement for financial year 2020, derived from Poster Store's audited annual report for financial year 2020.
- 3) Pro forma adjustment has been made regarding variable compensation to key individuals within Poster Store attributable to excess work performed due to the sales process of Poster Store completed in 2020. The adjustment has reduced personnel costs with SEK 10.0 million and has increased income tax with SEK 2.1 million. The adjustment is non-recurring and does not have a continuing impact.
- 4) Pro forma adjustments have been made regarding amortisation of customer relationships, trademarks and goodwill which has been identified in the prepared purchase price allocation. The amortisations are linear during the estimated useful life of three years (customer relationships) and five years (trademarks and goodwill). Pro forma adjustments refer to amortisation of approximately 11.5 months as amortisations corresponding to approximately half a month is included in Desenio's consolidated income statement for financial year 2020. Amortisations in the pro forma income statement has been adjusted by SEK 238.9 million. Deferred tax revenue on amortisation of customer relationships and trademarks have been adjusted. The adjustment has reduced income tax with SEK 17.6 million. The adjustments are recurring.
- 5) Pro forma adjustment has been made with regards to the increased interest expense attributable to the corporate bond as if the bond was issued 1 January 2020. From the acquisition date 16 December 2020 until 19 February 2021, STIBOR has been negative, meaning the bond's interest rate during this period has amounted to 5.5 per cent. This interest rate of 5.5 per cent constitutes the basis of the pro forma adjustment. Interest expenses from the corporate bond have been adjusted with SEK 56.9 million in the pro forma income statement (increased interest expense), representing 11.5 months. The adjustment has reduced income tax with SEK 12.2 million.
Furthermore, the interest expense regarding repaid debt to credit institutions of SEK 2.5 million has been added back as a pro forma adjustment (reduced interest expense), see section *Financing* above. The adjustment has increased income tax with SEK 0.5 million.
Interest of 3 per cent on the earn-out have compounded as of the acquisition date until the payment, which occurred 19 February 2021, corresponding to 65 days after the acquisition date. Pro forma adjustment has been made with regards to the increased interest expense of SEK 0.9 million. The adjustment has reduced income tax with SEK 0.2 million.
Financing costs attributable to the corporate bond issue have been accrued over the bond's four-year tenor. Pro forma adjustment, corresponding to approximately 11.5 months, have been made regarding increased financing costs of SEK 8.2 million and is illustrated in the item *Financial expenses and similar income items*. The adjustment has reduced income tax with SEK 1.8 million.
Above pro forma adjustments result in an increased cost of SEK 63.5 million attributable to financial expenses and similar income items (interest expense corporate bond SEK 56.9 million, interest expense repaid debt to credit institutions SEK –2.5 million, interest expense earn-out SEK 0.9 million and accrued financing cost SEK 8.2 million) and have reduced income tax with SEK 13.6 million.
The adjustments regarding repaid debt to credit institutions and interest on the earn-out are non-recurring and do not have a continuing impact, while the other adjustments are recurring.
- 6) Pro forma adjustment has been made regarding deferred tax income attributable to amortisations of customer relationships and trademarks amounting to SEK 17.6 million (Note 4). The adjustment has reduced income tax. Other adjustments attributable to taxes, which have reduced income tax with SEK 11.4 million, refer to pro forma adjustments in Note 3 and Note 5.
The adjustments regarding income tax have been calculated with a tax rate of 21.4 per cent and amounts to SEK 29.0 million.

INDEPENDENT AUDITOR'S REPORT ON COMPILATION OF FINANCIAL PRO FORMA INFORMATION IN A COMPANY DESCRIPTION



This is a literal translation of the Swedish original report included in the Swedish version of the Company description

Independent auditor's assurance report on the compilation of pro forma financial information included in a company description

To the Board of Directors of (Desenio Group AB (publ), corporate identity number 559107-2839)

Report on the compilation of pro forma financial information included in a company description

We have completed our assurance engagement to report on the compilation of pro forma financial information of Desenio Group AB ("the company") by the Board of Directors. The pro forma financial information consists of the pro forma income statement for the period 1 January – 31 December 2020 and related notes as set out on pages 31-34 of this company description. The applicable criteria on the basis of which the Board of Directors has compiled the pro forma financial information are specified in the Delegated Regulation (EU) 2019/980 and described on pages 31-33.

The pro forma financial information has been compiled by the Board of Directors to illustrate the hypothetical effects that the acquisition and financing of Poster Store Sverige AB (corporate identity number 559047-8151), which was performed in December 2020, could have had on the consolidated income statement for the period 1 January – 31 December 2020 as if the acquisition of Poster Store Sverige AB had taken place at 1 January 2020. As part of this process, information about the company's financial position and financial performance has been extracted by the Board of Directors from the company's financial statements for the period ended 31 January 2020, on which an auditor's report has been published.

Responsibilities of the Board of Directors for the pro forma financial information

The Board of Directors is responsible for compiling the pro forma financial information in accordance with the requirements of the Delegated Regulation (EU) 2019/980.

Our independence and quality control

We have complied with the independence and other ethical requirements in Sweden, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

KPMG applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's responsibility

Our responsibility is to express an opinion about whether the pro forma information, in all material respects, has been compiled correctly by the Board of Directors in accordance with the Delegated Regulation (EU) 2019/980, on the bases given and that these bases are consistent with the company's accounting policies.

We have conducted the engagement in accordance with International Standard on Assurance Engagements ISAE 3420 *Assurance engagements to report on the compilation of pro forma financial information included in a prospectus*, issued by the International Auditing and Assurance Standards Board. This standard requires that the auditor plan and perform procedures to obtain reasonable assurance about whether the Board of Directors has compiled, in all material respects, the pro forma financial information in accordance with the delegated regulation.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.



The purpose of pro forma financial information included in a company description is solely to illustrate the impact of a significant event or transaction on the company's unadjusted financial information as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 1 January 2020 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Board of Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient and appropriate audit evidence about whether:

- The pro forma adjustments have been compiled correctly on the specified basis.
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information
- The stated basis comply with the company's accounting policies.

The procedures selected depend on the auditor's judgment, having regard to his or hers understanding of nature of the company, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

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

Opinion

In our opinion the pro forma financial information has been compiled, in all material respects, on the bases stated on pages 31-33 and these bases are consistent with the accounting policies applied by the company.

Stockholm 22 February 2021

KPMG AB

Sven Cristea

Authorized/ Public Accountant

Capitalisation, indebtedness and other financial information

The tables in this section describe the Company's capitalisation and indebtedness on Group level. Desenio presents the information partly on an actual basis as of 31 December 2020 (in other words based on the figures from the Company's balance sheet as of 31 December 2020 derived from the annual report for financial year 2020 or from Desenio's internal accounting system) and partly on an adjusted basis to illustrate the effects from the events which have contributed to any major changes to Desenio's capitalisation and indebtedness since 31 December 2020. The presented debts included in the tables below are interest-bearing. Refer to the section *Share capital and ownership structure* for further information about the Company's share capital and shares. The information presented in this section should be read together with the section *Comments to the financial development* and *Selected financial information* and

Desenio's audited annual report for the financial year 2020, which has been incorporated in the Company Description through reference.

As mentioned above, the tables below show the Company's capitalisation and indebtedness on an adjusted basis. The following three events occurred after the 31 December 2020 up until the publication of the Company Description and have been taken into account:

- Payment of earn-out, including interest, totalling SEK 214.9 million for the acquisition of Poster Store. The earn-out was paid 19 February 2021.
- Dividend to shareholders of SEK 285.1 million decided on 19 February 2021 and paid 19 February 2021.
- Payment of non-interest-bearing vendor notes for the acquisition of Poster Store of SEK 296 million through an offset of newly issued shares in the Company. This offset issue was completed 19 February 2021.

CAPITALISATION

AMOUNT IN SEK MILLION	31 December 2020	Adjustments	Note	31 December 2020 adjusted basis
Current debt				
Guarantee *	213.8	-213.8	(1)	-
Secured	-	-		-
Unguaranteed / Unsecured	-	-		-
Total current debt	213.8	-213.8		-
Non-current debt				
Guarantee	-	-		-
Secured *	1,100.0	-		1,100.0
Unguaranteed / Unsecured	-	-		-
Total non-current debt	1,100.0	-		1,100.0
Shareholder's equity				
Share capital	0.5	0.0	(2)	0.5
Additional paid in capital	-	296.0	(2)	296.0
Reserves	-	-		-
Retained earnings (including profit for the year)	89.2	-285.1	(3)	-195.9
Total equity	89.7	10.9		100.6
Total capitalisation (including profit for the year)	1,403.5	-202.9		1,200.6

* The capitalisation table presented above only includes interest-bearing debts. The item "Current debt guarantee" in the column "31 December 2020" consists of debt attributable to earn-out (contractual guarantee), which is included as a sub-item in the balance sheet item "Other current liabilities" as of 31 December 2020. The item "Non-current debt secured" refers to the issued bond excluding financing costs. The corporate bond of SEK 1,100 million, after deduction of financing costs of SEK 35 million which has been accrued over the bond's four-year tenor, is reported as "Corporate bond" of SEK 1,065.5 million in the balance sheet as of 31 December 2020. The shares in the Company have been pledged as guarantee for the bond.

(1) 19 February 2021 payment of the earn-out was completed, meaning the debt attributable to earn-out as of 31 December 2020 was paid. The earn-out was financed through the issued bond.

(2) 19 February 2021 non-interest-bearing vendor notes for the acquisition of Poster Store of SEK 296.0 million was offset by newly issued shares in the Company through an offset issue, meaning the quota value of the shares increased "Share capital" and the remaining amount increased "Additional paid in capital". As the vendor notes did not carry interest, the liability has not been included in the capitalisation table.

(3) 19 February 2021 payment of the decided dividend to shareholders of SEK 285.1 million was completed. The dividend has reduced "Retained earnings (including result for the period)". The dividend was financed through the issued bond.

NET INDEBTEDNESS

AMOUNT IN SEK MILLION	31 December 2020	Adjustments	Note	31 December 2020 adjusted basis
A – Cash *	147.4	-		147.4
B – Cash equivalents *	500.0	-500.0	(1)(2)	-
C – Trading securities	-	-		-
D – Liquidity (A+B+C)	647.4	-500.0		147.4
E – Current financial receivable	-	-		-
F – Current bank debt	-	-		-
G – Current portion of non-current debt	-	-		-
H – Other current financial debt **	213.8	-213.8	(1)	-
I – Current financial debt (F+G+H)	213.8	-213.8		-
J – Net current financial indebtedness (I – E – D)	-433.6	286.2		-147.4
K – Non-current bank loans	-	-		-
L – Bonds issued **	1,100.0	-		1,100.0
M – Other non-current loans	-	-		-
N – Non-current financial indebtedness (K+L+M)	1,100.0	-		1,100.0
O – Net financial indebtedness (J+N)	666.4	286.2		952.6

* The item "Cash" includes existing cash and available balances at banks and corresponding institutes, while "Cash equivalents" includes a reserved balance at a bank, known as an escrow account, with the purpose of financing the payment of the earn-out and dividend.

** The net indebtedness table only includes interest-bearing debt. The item "Other current financial debt" in the column "31 December 2020" consists of debt attributable to earn-out, which is included as a sub-item in the balance sheet item "Other current liabilities" as of 31 December 2020. The item "Bonds issued" refers to the issued corporate bond excluding financing costs. The corporate bond of SEK 1,100 million, after deduction of financing costs of SEK 35 million which has been accrued over the bond's four-year tenor, is reported as "Corporate bond" of SEK 1,065.5 million in the balance sheet as of 31 December 2020. The Company received the bond in December 2020, whereof SEK 500 million was deposited in an escrow account.

(1) 19 February 2021 payment of the earn-out was completed, meaning the debt attributable to earn-out as of 31 December 2020 was paid. The earn-out was financed through the issued bond, presented as cash equivalents.

(2) 19 February 2021 payment of the decided dividend to shareholders of SEK 285.1 million was completed. The dividend was financed through the issued bond, presented as cash equivalents.

WORKING CAPITAL STATEMENT

It is the opinion of Desenio's board of directors that, as of the date of the Company Description, the Company has enough working capital to meet its payment obligations over the next twelve months after the Listing.

Working capital refers to Desenio's possibility of obtaining access to cash and cash equivalents to meet its payment obligations as they fall due.



Board of directors, senior executives and auditor

According to Desenio's articles of association, the board shall consist of a minimum of three and a maximum of seven board members appointed by the general meeting. Desenio's board currently consists of five ordinary board members, including the chairman of the board, who are elected for the period until the end of the 2021

annual general meeting. The table below lists the board members, with information on year of birth, year of election to the Company's board and the board of the operating subsidiary Desenio AB, respectively, and anticipated shareholdings in Desenio as of the day of this Company Description.

Name	Position	Elected to the board of directors for the Company/ Desenio AB	Independent in relation to the Company and its senior executives	Independent in relation to the Company's major shareholders	Anticipated shareholding prior to the Transaction	Anticipated sale of shares as part of the transaction	Anticipated shareholding following the Transaction
Alexander Hars	Chairman of the board	16 December 2019/ 11 May 2016	Yes	No	15,365,000	1,536,500	13,828,500
Martin Blomqvist	Board member	16 December 2019/ 31 July 2008*	Yes	No	22,283,800	4,011,084	18,272,716
Max Carlsén	Board member	16 December 2019/ 19 December 2016*	Yes	No	0	0	0
Jakob Tolleryd	Board member	16 December 2019/ 19 December 2016*	Yes	No	849,800**	849,800	0
Nathalie du Preez	Board member	18 January 2021/ 3 May 2019*	Yes	Yes	0	0	0

* As part of Listing preparations, a reorganisation of the boards of the Company and Desenio AB has occurred. Starting January 2021, the board of Desenio AB consists of Alexander Hars and Fredrik Palm as board member and deputy board member, respectively.

** Indirect through holding company. The investment took place in 2016, prior to Jakob Tolleryd's employment with Verdane.

BOARD



Alexander Hars

Chairman of the board of the Company since 16 December 2019 and chairman of the board of Desenio AB since 19 December 2016.

Born: 1978.

Education: Master of Computer Technology from Chalmers University of Technology.

Work experience: Co-founder and CEO of Alva Linen AB, Lets Deal AB and System OK AB.

Other ongoing engagements: Chairman of the board of Pet Media Group International AB, Once Upon Publishing AB and Zalster AB. Board member and CEO of Alva Linen AB. Board member of Hars Holding AB, Desenio AB and Poster Store Sverige AB. Deputy board member of Textual Relations AB and Fifth and Folsom AB.

Independent in relation to the Company and its senior executives: Yes.

Independent in relation to the Company's major shareholders: No.

Holding of shares in Desenio: 15,365,000 shares (incl. company) prior to the Transaction and an anticipated holding of 13,828,500 shares following the Transaction.



Martin Blomqvist

Board member of the Company since 16 December 2019 and chairman of the Board/board member of Desenio AB since 31 July 2008.

Born: 1972.

Education: Jakobsberg High School (Sw. gymnasium),

natural sciences track.

Work experience: Co-founder of Desenio.

Other ongoing engagements: Chairman of the Board and CEO of MBHB Holding AB. Board member of FMA Holding AB and The Kailo AB.

Independent in relation to the Company and its senior executives: Yes.

Independent in relation to the Company's major shareholders: No.

Holding of shares in Desenio: 22,283,800 shares (incl. company) prior to the Transaction and an anticipated holding of 18,272,716 shares following the Transaction.



Max Carlsén

Board member of the Company since 16 December 2019 and deputy board member/board member of Desenio AB since 19 December 2016.

Born: 1991.

Education: Bachelor of Science in Business and

Economics from Stockholm School of Economics, with a specialisation within financial economics and accounting.

Work experience: Director at Verdane and part of the investment team since 2016. Board member of Stor & Liten AB, JSB Group AS and Jupiter Bach AS. Previous experience from management consulting at AT Kearney and investment banking from Citigroup and Handelsbanken.

Other ongoing engagements: Chairman of the board of Verdane Capital X Cordelia Co-invest AB. Board member of Babyland Online Nordic AB, Rörstrand Invest AB, and Norsk Bildelsenter AS. Deputy Board member of Cura of Sweden AB, Desenio AB and Poster Store Sverige AB.

Independent in relation to the Company and its senior executives: Yes.

Independent in relation to the Company's major shareholders: No.

Holding of shares in Desenio: –



Jakob Tolleryd

Board member of the Company since 16 December 2019 and board member of Desenio AB since 19 December 2016.

Born: 1973.

Education: Master of Science in Business Administration and Economics from Stockholm

School of Economics, with a specialisation within financial economics and international business. MBA studies at Ivey Business School in Canada.

Work experience: Partner at Verdane since 2017. Former entrepreneur and private investor in the IT industry. Founder of and board member/CEO of Compricer, Klikki, Easyart, Carambole & Domain Network. Investor and board member of i.a. Mathem, Sneakers n Stuff (chairman of the board), Unilited Travel Group UTG AB (publ), and Hygglo.

Other ongoing engagements: Chairman of the board of EMG – Educations Media Group AB, Inovia Group AB, Inovia AB, EMG Holding AB and Verdane Conscriptor Holding AB. Board member of Once Upon Publishing AB, FindCourses PRO AB, Verdane InCoMax Holding AB, Mindful Ventures Investment AB and Mindful Ventures

Sverige AB. Ongoing engagement as an advisor to the Bonnier group.

Independent in relation to the Company and its senior executives: Yes.

Independent in relation to the Company's major shareholders: No.

Holding of shares in Desenio: 849,800 shares (incl. company) and warrants corresponding to 560,000 shares upon full exercise. The investment took place in 2016, prior to Jakob's employment with Verdane. Following the Transaction, it is anticipated that Jakob Tolleryd will hold 0 shares in the Company and warrants corresponding to 560,000 shares.



Nathalie du Preez

Board member of the Company since 18 January 2021 and board member of Desenio AB since 3 May 2019.

Born: 1983.

Education: Bachelor of Economics from Wharton School at the University of Pennsylvania and an MBA with honors

from Harvard Business School.

Work experience: COO for Quill Content in London, the UK with knowledge in business development, marketing, customer service, sales, technical development and the business itself. Former COO for blow LTD in the UK and CEO and co-founder of Bunchcut in the US.

Other ongoing engagements: –

Independent in relation to the Company and its senior executives: Yes.

Independent in relation to the Company's major shareholders: Yes

Holding of shares in Desenio: –

SENIOR EXECUTIVES



Fredrik Palm

CEO of the Company since 17 April 2017 and since 3 June 2016 of Desenio AB.

Born: 1974.

Education: Master of Management of Growing Enterprises from Gothenburg School of Economics.

Work experience: Former

CEO of Lekmer AB, Rum21 AB, Tretti AB. Former Chairman of the Board and board member of Sleepo AB. CEO of all the companies within the Group.

Other ongoing engagements: Chairman of the board of Beauty Icons AB and Beauty Icons Holding AB. Board member of Brand plus Net Consulting AB and Brand plus Net AB. Deputy board member of Desenio AB and Poster Store Sverige AB.

Holding of shares in Desenio: 11,529,000 shares (incl. company) prior to the Transaction and an anticipated holding of 9,098,445 shares following the Transaction.



Petter Blid

CFO (interim) since 27 January 2020.

Born: 1981.

Education: Master of Science in Business and Economics from University of Linköping.

Work experience: Former CFO for Sportamore AB (publ), Skincity Sweden AB and Nordicfeel/Eleven and Head of Controlling at Lidl Sweden.

Co-founder of WS Company AB.

Other ongoing engagements: Board member of WS Company AB and Blid Consulting AB.

Holding of shares in Desenio: –



Peter Nee

Chief Sales Officer since 21 August 2017.

Born: 1978.

Education: Master of Economics from University of Uppsala.

Work experience: Head of Digital Sales ATG, sales manager Footway Group AB

and Marketing Director Brandos AB.

Other ongoing engagements: –

Holding of shares in Desenio: Warrants corresponding to 560,000 shares upon full exercise.



Annica Wallin

Executive Creative Director and employed within the Group since 2016.

Born: 1969.

Education: Advertising & Graphic Design and Design Management Executive from Berghs School of Communication.

Work experience: Former Global Creative Director at Oriflame Cosmetics, Art Director Lead at Valtech and Art Director at Pacer Communication and Docendo.

Other ongoing engagements: –

Holding of shares in Desenio: Warrants corresponding to 560,000 shares upon full exercise.



Jimmy Bergstedt

CTO since 1 September 2015.

Born: 1991.

Education: Web and multimedia management/webmaster from Karlstad University.

Work experience: Former developer at Furniturebox.

Other ongoing engagements: Chairman of the board

of Fivseo AB and Fivseo Invest AB. Board member of J. Bergstedt AB.

Holding of shares in Desenio: Warrants corresponding to 1,120,000 shares upon full exercise.



Anette Abel

Head of Business Development since 5 November 2020 and Head of Poster Store since 18 January 2021.

Born: 1980.

Education: Master of Science in Accounting and Financial Management from Stockholm School of Economics.

Work experience: Founder and former CEO of Veridi AB, employed at Lekmer AB as inter alia Head of Customer Experience and COO, Senior Manager (Category & Vendor Management) for Wayfair (London, UK), Account Manager for Real Madrid and FC Barcelona's e-commerce via Kitbag.com, buyer Nike UK and consultant with the Mercer group (Mercer Human Resource Consulting and Oliver Wyman). Former board member of Sleepo AB, Ateles Consulting, Atlasbalans and RTM Business Media Sales.

Other ongoing engagements: –

Holding of shares in Desenio: –

AUDITOR

On 20 April 2017, Sven Cristea (KPMG AB) was appointed as independent auditor. Sven Cristea has served as independent auditor until the Company's extraordinary general meeting on 1 February 2021, when KPMG AB were elected as independent auditors until the period up to the end of the 2021 annual general meeting. Sven Cristea is the principal auditor. Sven Cristea is a chartered accountant and a member of FAR (FAR – the trade association for accounting consultants, auditors and advisers). KPMG AB's office address is Vasagatan 16, 111 20 Stockholm. Each of Sven Cristea and KPMG AB have submitted audit reports for the annual reports 2019 and 2020, respectively, as well as an independent auditor's assurance report on the compilation of pro forma financial information included in a company description.

OTHER INFORMATION REGARDING THE BOARD AND SENIOR EXECUTIVES

All people on the Company's board and senior executives can be reached via the Company's office address, Maria Bangata 4A, 118 63, Stockholm. None of the board members or senior executives above have any family ties to another board member or to senior executives in the Company. No board member or senior executive has been convicted in any fraud-related case during the past five years.

In addition, no board member or senior executive has received an accusation and/or sanction against him or her in the past five years from authorities authorised by law or regulation (including approved professional associations). During the past five years, no board member or senior executive has been prohibited by a court from being a member of a company's administrative, management or supervisory body or from having a leading or comprehensive function at a company. Except as stated below, no board member or senior executive has been involved in any bankruptcy, liquidation or bankruptcy administration during the past five years.

No board member or senior executive has any private interests that may conflict with the Company's interests. As stated above, however, some board members and

senior executives have financial interests in the Company through their shareholdings.

To the best of the board's knowledge, there have been no special agreements with major shareholders, customers, suppliers or other parties, pursuant to which board members, senior executives or the auditor have been elected or appointed.

Agreement on compensation after completion of service

The Company has not entered into an agreement with any member of the Company's administrative, executive or governing bodies that entitles such member to benefits after resigning from their service. At the time of the publication of this Company Description, there have been no provisions in relation to occupational pensions.

A mutual notice period of six months applies between the Company and the CEO. For other senior executives, the notice period is one to three months. The Company has an ongoing recruitment process with the intention of hiring a permanent CFO.

Salaries and remuneration of the Board and senior executives

Pursuant to the decision of the annual general meeting on 19 February 2021. For board service in the Company, compensation amounting to SEK 400,000 shall be paid to Alexander Hars (chairman of the board) and SEK 200,000 to Nathalie Du Preez, for the period until the annual general meeting 2022. For board service in the Company, no compensation was paid during the financial year 2020. For board service in Desenio AB, compensation amounting to SEK 200,000 was paid to Alexander Hars (chairman of the board) and SEK 150,000 each to Jakob Tolleryd and Nathalie Du Preez for the financial year 2020.

The table below lists the amounts that have been paid in remuneration to senior executives (including any conditional or deferred remuneration or similar) during the period 1 January 2020 to and including 31 December 2020, as well as any benefits in-kind granted by the Company or its subsidiaries for services that have performed for the Group, regardless of in which capacity the services have been performed and regardless of who has performed the service.

Senior executives (SEK)	Fixed salary and other benefits	Variable remuneration	Pension costs	Amount
Fredrik Palm (CEO)	1,577,680	273,000	374,929	2,225,609
Petter Blid (Interim CFO)	1,655,034	-	-	1,655,034
Peter Nee (Chief Sales Officer)	976,802	174,300	173,280	1,324,382
Annica Wallin (Executive Creative Director)	920,588	168,000	211,535	1,300,123
Jimmy Bergstedt (CTO)	742,934	128,100	91,845	962,879
Anette Abel (Head of Business Development/Head of Poster Store)*	139,110	-	22,827	161,937
Total	6,012,148	743,400	874,416	5,974,930

* Anette commenced her employment on 5 November 2020.

Corporate governance

LEGISLATION, THE SWEDISH CORPORATE GOVERNANCE CODE, ARTICLES OF ASSOCIATION

Desenio is a Swedish public limited company and is regulated by Swedish legislation, primarily through the Swedish Companies Act (2005:551). The Company's share is expected to be admitted to trading on Nasdaq First North Growth Market, which is why the Company also will apply Nasdaq First North's rules for issuers. The Swedish Corporate Governance Code (the "Code") shall be applied by companies whose shares are admitted to trading on a regulated market. Desenio has applied for admission to trading of the Company's shares on Nasdaq First North Growth Market, which is a growth market. Consequently, Desenio has no formal obligation to apply the Code and has initially chosen to not apply the Code.

Apart from legislation and rules and recommendations, the articles of association form the basis for the management of the Company's operations. Among other things, the articles of association stipulate where the board has its registered office, business activities, share capital and share amount limits, as well as the conditions for participating in the annual general meeting. The most recent registered articles of association were adopted at the extraordinary general meeting on 18 January 2021. The articles of association are presented in full in this Company Description; please refer to the section *Articles of Association*.

ANNUAL GENERAL MEETING

The annual general meeting is the highest decision-making body where shareholders exercise their voting rights. At the annual general meeting, decisions are made regarding adoption of the annual report, dividends, election to the board and, where applicable, election of an auditor, remuneration of board members and the auditor, and other matters in accordance with the Swedish Companies Act and the articles of association. Further information about the annual general meeting and meeting minutes are available on the Company's website. No special arrangements are applied by the Company regarding the function of the annual general meeting under either a provision in the articles of association or under agreements between shareholders, as far as is known to the Company.

According to Desenio's articles of association, notice of the annual general meeting shall be given by advertisement in the Swedish Official Gazette (Sw. Post- och Inrikes Tidningar) and on the Company's website. That a

summons to attend has been issued shall also be published in the Swedish national daily newspaper Svenska Dagbladet.

THE RIGHT TO ATTEND GENERAL MEETINGS AND THE SHAREHOLDERS' RIGHT TO INITIATIVES

Shareholders who are registered in the share register kept by Euroclear six weekdays before the annual general meeting and who have notified the Company of their intention to attend no later than the date specified in the notice convening the annual general meeting, are entitled to attend the annual general meeting and vote for the number of shares held. Shareholders may attend the annual general meeting in person or by proxy. A maximum of two counsels may accompany a shareholder to the annual general meeting if the shareholder notifies this in accordance with the applicable procedure for shareholder notification.

In order to be entitled to attend the annual general meeting, shareholders whose shares are nominee-registered with a bank or other nominee must request that their shares be temporarily registered in their own name in the share register kept by Euroclear, in addition to informing Desenio. Shareholders should inform their nominees well in advance of the record date.

Shareholders who wish to have a matter considered at a general meeting must submit a written notice to the board. Generally, such request must be received by the board no later than one week before the earliest date when the notice of the annual general meeting may be issued in accordance with the Swedish Companies Act (2005:551). Every shareholder who submits a matter with sufficient notice has the right to have the matter considered at the annual general meeting.

THE BOARD

According to Desenio's articles of association, the board shall consist of a minimum of three and a maximum of seven board members, without deputy board members. The members are elected annually at the annual general meeting for the period until the end of the next annual general meeting. There is no limit as to how long a member may serve. Desenio's board of directors currently consists of five ordinary board members, elected at the extraordinary general meeting on 18 January 2021 for the period until the annual general meeting 2021. Information on the board members can be found under the section *Board of directors, senior executives and auditor*.

THE BOARD'S RESPONSIBILITIES AND WORK

The board is the Company's second-highest decision-making body, and its tasks and duties are set forth in the Swedish Companies Act (2005:551). According to the Swedish Companies Act (2005:551), the board is responsible for, among other things, the Company's organisation and the management of the Company's affairs, which means that the board is responsible for setting goals and strategy, ensuring that routines and systems are in place for evaluating those goals, continuously assessing the financial position and results, and reviewing operational management. The board is also responsible for preparing the annual report and interim reports on time. The board also appoints the Company's CEO.

In addition to the Swedish Companies Act (2005:551), the board's work is regulated by rules of procedure adopted by the board. The board shall annually adopt written rules of procedure that stipulate the board's tasks and its internal division and delegation of tasks and duties, including the rules of procedure within the board, the board's meeting rules and the chairman's duties. The board shall also issue an instruction to the CEO and an instruction for financial reporting to the board.

THE BOARD'S RULES OF PROCEDURE

The board's rules of procedure shall be reviewed, updated and adopted annually. If the board establishes sub-committees, the Board's rules of procedure shall set forth which tasks and which governing power the board has delegated to the sub-committees and how the sub-committees shall report back to the board. The board shall hold regular meetings in accordance with a program set forth in the rules of procedure, which includes set resolution agenda items and other resolution items as necessary. During the financial year 2020, the board held five documented meetings in the subsidiary Desenio AB and, during the current financial year and after the transfer of the board from the subsidiary, the Company's board has so far held four documented meetings. At its ordinary meetings, the board shall consider the set resolution items in each board meeting's agenda, in accordance with the board's rules of procedure.

AUDIT AND REMUNERATION COMMITTEES

Under the Swedish Companies Act, companies whose shares are admitted to trading on a regulated market must have an audit committee. In addition, companies that apply the Code are obliged to set up a remuneration committee. As the Company's shares are not subject to trading on any regulated market and the Company does not apply the Code on a voluntary basis, the Company has no formal obligation to establish an audit or remuneration committee. The board has made the assessment that, in view of the scope of the business and the Company's size, it is currently not justified to establish special committees within the Board, and that these issues may instead be dealt with by the entire board.

CEO

The CEO is Fredrik Palm. A presentation of Fredrik Palm may be found under the section *Board of directors, senior executives and auditor* and on the Company's website. The CEO is appointed by the board and is tasked with the day-to-day management of the Company in accordance with the guidelines and instructions set out by law, the articles of association and the internal instructions issued to the CEO. The day-to-day management includes all those measures that are not of an unusual nature or of great significance given the scope and nature of the Company's operations, or those that have been explicitly defined as falling under the exclusive responsibility of the board. The CEO leads the work of company management and makes decisions in consultation with other senior executives. In addition to Fredrik Palm, the senior executives consists of Petter Blid, Peter Nee, Annica Wallin, Jimmy Bergstedt and Anette Abel. A more detailed presentation of the senior executives may be found in the section *Board of directors, senior executives and auditor* and on the Company's website.

Share capital and ownership

SHARE INFORMATION

On the date of this Company Description, Desenio's registered share capital amounts to SEK 500,000, divided into 140,000,000 shares. Each share has a quotient value of SEK 0.00357. The shares have been issued in accordance with Swedish law and are denominated in SEK. All shares are fully paid and freely transferable. According to the articles of association adopted at the extraordinary general meeting on 18 January 2021, the share capital shall be a minimum of SEK 500,000 and a maximum of SEK 2,000,000, divided into a minimum of 140,000,000 and a maximum of 560,000,000 shares. The rights of the shares may only be changed in accordance with the Swedish Companies Act (2005:551).

Desenio does not hold any own shares in the Company. The Company's board of directors has applied for listing of the Company's shares on Nasdaq First North Growth Market. Upon approval of the Company's application for listing on Nasdaq First North Growth Market, there will be no outstanding warrants, convertibles or other share-related financial instruments in the Company, other than what is stated below under *Share-based incentive programs*. The shares of Desenio are not subject to an offer made as a result of a mandatory bid, redemption right or redemption obligation.

CERTAIN RIGHTS ATTACHED TO THE SHARES

General meetings and voting rights

Notice of a general meeting shall be given by advertisement in the Swedish Official Gazette (Sw. Post- och Inrikes Tidningar) and on Desenio's website. That a summons to attend has been issued shall be published in Swedish national daily newspaper Svenska Dagbladet. Shareholders who are entered in the share register six weekdays before the general meeting and who have notified their participation to the Company no later than the day specified in the notice convening the general meeting, have the right to participate in the general meeting. At the general meeting, each share in the Company entitles the holder to one vote. At the general meeting, each shareholder entitled to vote may vote for the full number of shares owned and represented by him or her without any restriction in voting rights.

Preferential rights for new issues of shares

Under the Swedish Companies Act (2005:551), shareholders normally have a preferential right to subscribe for new shares, warrants and convertibles unless the general meeting or the Board decides to deviate from the shareholders' preferential rights pursuant to an authorisation granted to it by the general meeting.

Right to dividends and distribution in connection with liquidation

Each share entails an equal right to dividends and to any surplus in the event of liquidation.

SHARE CAPITAL DEVELOPMENT

The table below summarises the historical development of Desenio's share capital since the registration of the Company in April 2017.

Date	Event	Shares		Share capital		Quotient value (SEK)
		Change in number of shares	Total number of shares	Change in share capital (SEK)	Total share capital (SEK)	
2017-04-03	Initial formation	100,000	100,000	50,000	50,000	0.5
2020-11-19	Bonus issue	0	100,000	450,000	500,000	5
2021-01-18	Split (1:1,400)	139,900,000	140,000,000	0	500,000	0.00357

OWNERSHIP STRUCTURE

The following is an overview of existing shareholders with holdings exceeding five per cent of the Company's shares and votes as of 22 February 2021, prior to the Transaction and the reinvestment of the Poster Store sellers, and with subsequently known changes.

Following the Transaction and the reinvestment of the Poster Store sellers, neither the sellers of Poster Store nor any investor is expected to hold more than five per cent of the Company's shares and votes through, see section *Undertakings to purchase shares in the Company* in the chapter *Legal inquiries and other information*.

Shareholder	Number of shares	% of capital and votes
Verdane Capital IX (D) AB	43,897,000	31.35
Verdane Capital IX (E) AB	46,075,400	32.91
MBHB Holding AB (Martin Blomqvist)	22,283,800	15.91
Hars Holding AB (Alexander Hars)	15,365,000	10.97
Brand plus Net AB (Fredrik Palm)	11,529,000	8.23
Other	849,800	0.60
Total	140,000,000	100.00

SHARE-BASED INCENTIVE PROGRAMS

The Company has issued warrants to the Group's employees in two separate incentive programs: series 2017/2022 and series 2018/2023. Fully exercised, the warrants constitute 4.5 per cent of the Company's share capital. The period for exercising the warrants and subscribing for shares in series 2017/2022 is 1 April 2022–31 May 2022 and 1 October 2023–31 October 2023 for series 2018/2023. In accordance with the terms, the Company's board has the right to resolve on an amended subscription period (however, not after 31 May 2022 for the 2017/2022 series and not after 31 October 2023 for the 2018/2023 series) in the event that the warrant holders have been given written notice of such change. On 18 June 2020, the redemption price for the 2017/2022 program was changed from SEK 827 to SEK 0.5 and, for the 2018/2023 program, from SEK 12,727 to SEK 11,773. After adjustments for the share split with ratio 1:1,400, completed on 18 January 2021, the redemption price for the programs amounts to SEK 0.00357 and SEK 8.4 respectively.

The extraordinary general meeting on 19 February 2021 decided to issue warrants through two new incentive programs, one to the Group's employees, series 2021/2025 and one to the board of directors of the Company, series 2021/2025B. Together with the two previously issued incentive programs, the warrants for the two incentive programs constitute 5 per cent of the Company's share capital on a fully diluted basis. The period for exercising the warrants and subscribing for shares in series 2021/2025 is 4 June 2025–3 September 2025. In accordance with the terms, the Company's board has the right to resolve on an amended subscription period (however, not after 3 September 2025) in the event that the warrant holders have been given written notice of such change. The redemption price for the program amount to 130 per cent of the volume-weighted average price for the Company's share on Nasdaq First North

Growth Market (where the Company has applied for Listing) during the period commencing on 22 March 2021 up to and including 30 April 2021. However, the exercise price may not be less than the shares quota value (applicable at the time). Day without quotation price shall not be included in the calculation.

LISTING ON NASDAQ FIRST NORTH GROWTH MARKET

The board of Desenio has decided to apply for admission of the Company's shares to trading on Nasdaq First North Growth Market. The first day of trading is scheduled for 25 February 2021.

SHAREHOLDER AGREEMENT

As far as the Board is aware, as of the date of the Listing, there is no shareholder agreement or corresponding agreement between shareholders in Desenio for the purpose of creating joint influence or control over the Company.

LOCK-UP ARRANGEMENTS

By agreement with ABG and Carnegie, the Company's major shareholders, board members and senior executives have committed not to sell or execute other transactions with a similar effect as a sale within a period of 12 months from the first day of trading on Nasdaq First North Growth Market, without, in each individual case, first having obtained written consent from ABG and Carnegie. Fredrik Palm has committed to not sell or otherwise transfer any shares during a period of 24 months from the first day of trading of the share on Nasdaq First North Growth Market. Decisions to issue such written consent shall be made at the discretion of ABG and Carnegie, and an assessment shall be made in each individual case. Consent may depend on both individual and commercial reasons. In total, signed lock-up agreements represent approximately 63 per cent of the shares and votes in the

Company at the time of the Listing (and approximately 57 per cent if assuming full exercise of the over-allotment option).

After the expiration of each lock-up period, the shares may be offered for sale, which may affect the market price of the share. Exceptions from lock-up may be made in accordance with the terms and conditions and as an acceptance of a public takeover bid in accordance with the Stock Market (Takeover Bids) Act (2006:451).

CENTRAL SECURITIES DEPOSITORY

Desenio's articles of association include a central securities depository clause, and the Company's shares are connected to the electronic securities system, with Euroclear as the central securities manager (Euroclear Sweden AB, Box 191, 101 23 Stockholm), which means that the Company's share register is kept by Euroclear. No share certificates have been issued or will be issued for shares issued in the future. The Company's shares have the ISIN code SE0015657853.

AUTHORISATION

The annual general meeting of the Company, held on 19 February 2021, decided to authorise the Board to decide on a new issue of shares, warrants and/or convertible debentures during the period until the next annual general meeting, on one or more occasions and with or without deviation from the shareholders' preferential rights. Issuance may be possible against payment in cash or in-kind consideration or through set-off, or otherwise with conditions. The number of shares that may be issued on the basis of the authorisation shall not be limited in any other way than what follows from the articles of association's current share capital limits. In the event of a deviation from the shareholders' preferential rights, the new share issue shall take place on market terms, subject to a market issue discount, if applicable.



Articles of Association

ARTICLES OF ASSOCIATION FOR DESENIÓ GROUP AB (PUBL), COMPANY REG. NO. 559107-2839

Adopted on the extra general meeting on 18 January 2021.

1. Company name

The company's name is Desenio Group AB (publ).

2. Registered Office of the Board of directors

The Board of director's registered office shall be situated in Stockholm, Sweden.

3. Business

The object of the company's business is to manufacture, sell, distribute and market posters and wall art, and manage securities, and conduct other business compatible therewith.

4. Share capital

The share capital shall not be less than SEK 500,000 and not more than SEK 2,000,000.

5. Number of shares

The number of shares shall not be less than 140,000,000 and not more than 560,000,000.

6. Board of directors and auditor

The Board of directors shall consist of not less than three (3) members and not more than seven (7) members, without deputy board members. The Board is elected annually at the annual general meeting for the period until the next annual general meeting has been held.

The company shall have one (1) or two (2) auditors with not more than two (2) deputy auditors. A chartered auditor and, as applicable, deputy auditor shall be appointed as auditor or a registered auditing company.

7. Notice of general meeting

Notice of general meetings shall be published on the company's website and in Post- och Inrikes Tidningar. Information that notice has been made shall be published in Svenska Dagbladet.

Right to participate in general meetings is granted the shareholder who notifies its participation and not more than two (2) counsels to the company no later than the day which is specified in the notice to the meeting. This date may not be a Saturday, Sunday, another public holiday, Midsummer's Eve, Christmas Eve, or New Year's Eve, and may not fall earlier than the fifth (5) ordinary business day prior to the meeting.

8. Annual general meeting

The annual general meeting is held annually within six (6) months after the end of the fiscal year.

The following items shall be addressed at the annual general meeting.

1. Election of the Chairman of the meeting,
2. Preparation and approving of the voting list,
3. Approval of the agenda,
4. Election of one or two verifiers of the minutes,
5. Determination that the meeting has been duly convened,
6. Presentation of the submitted annual report and the auditor's report and, where appropriate, the consolidated financial statements and the consolidated auditor's report,
7. Resolutions regarding
 - a) Adoption of the income statement and balance sheet and, where appropriate, consolidated income statement and consolidated balance sheet,
 - b) Appropriation of the Company's profit or loss pursuant to the adopted balance sheet,
 - c) Discharge of the members of the Board and the CEO from liability,
8. Determination of remuneration to members of the Board and auditors,
9. Election to the Board of Directors and auditing company or auditors and, where appropriate, deputy auditors,
10. Any other business that arises at the meeting in accordance with the Swedish Companies Act or the articles of association.

9. Fiscal year

The calendar year shall be the company's fiscal year.

10. Central securities depository

The company's shares shall be registered in a Central Securities Depository Register (CSD) pursuant to chapter 4 of the Swedish Financial Instrument Accounts Act (1998:1479).

Legal inquiries and other information

LEGAL GROUP STRUCTURE

The Company is a public limited company formed and registered under Swedish law, under the name Desenio Group AB (publ) and with registered office in Stockholm. The Company's legal entity type is regulated by, and its shares have been issued in accordance with, the Swedish Companies Act (2005:551). The Company was incorporated in Sweden on 22 March 2017 and registered with the Swedish Companies Registration Office on 3 April 2017. The current name was registered with the Swedish Companies Registration Office on 3 April 2017. The Company's registration number is 559107-

2839. According to § 3 of the articles of association, the object of the Company's business shall be to directly or indirectly conduct the manufacturing, sales, distribution and marketing of posters and wall decoration, and to conduct business compatible therewith; please refer to the section *Articles of Association*.

As of the date of this Company Description, the Company is the parent company of two subsidiaries. The Company also operates a branch in Norway. The branch is only registered for VAT reasons, and Desenio does not have a permanent establishment in Norway.

Group structure	Country	Ownership share (%)
Desenio Group AB (publ), company reg. no. 559107-2839	SE	
Desenio AB, company reg. no. 556763-0693	SE	100
Poster Store Sverige AB, company reg. no. 559047-8151	SE	100

MATERIAL AGREEMENTS

Logistics and warehousing agreements

The Group has entered into an agreement with Aditro Logistics AB for handling logistics, including packaging of orders and warehousing. The agreement has been entered into on customary terms and runs until 2025 and is then extended by twelve months each time, provided that neither party has terminated the agreement twelve months in advance. It follows from the agreement that the counter-party is entitled to compensation in the event that the Group does not meet certain order levels specified in the agreement. The Company assesses that, at the time of the Company Description, there is no risk that the Group would not achieve the minimum levels for orders.

Agreement regarding the SaaS e-commerce platform

The Group has entered into an agreement with Askås I&R AB, supplier of a SaaS e-commerce platform. The services offered under the agreement include operational services via a web hotel, server hotel and access to a SaaS e-commerce platform. In addition, Askås I&R AB provides support and continuous updates of the e-commerce platform. The terms of the agreement follow from the standard Swedish terms for Cloud Computing from 2010, adopted by the Swedish industry organisation IT & Telekomföretagen, and the agreement is thus drawn up on customary terms. In accordance with the standard

terms, the availability of the services under the agreement shall correspond to 98.5 per cent. The agreement was entered into in 2014 and has since been extended by three months each time, with a mutual notice period of three months.

INTELLECTUAL PROPERTY RIGHTS

The Group is dependent on access to designs to be able to develop its product offering according to current trends. To meet the need for intellectual property rights, the Group carries out proprietary development of images but has also entered into agreements with several parties regarding licenses for the use of existing designs. The license agreements consist partly of royalty agreements with artists, photographers and third-party holders, and perpetual license agreements, under which intellectual property rights have been acquired for a one-time fee, and partly of license agreements that give the Group the right to reproduce, market, sell and distribute images and designs through subscription from a third-party database. The license agreements, regarding intellectual property rights entered into for the purpose of acquiring or using images in the Group's business have been drawn up on customary terms and with relatively short terms, to enable the Group to follow trends and contract with those holders of images and designs who currently offer an appealing selection.

OTHER AGREEMENTS

Customer agreements

The Group applies general terms and conditions with consistent, standard terms applicable to its end-users. These terms set forth the purchase and delivery terms applied when ordering from one of the Group's websites. Among other things, sales to end-users are also regulated by mandatory legislation in favour of consumers in their capacity of private individuals, such as the Swedish Consumer Sales Act (1990:932) and the Swedish Distance and Off-Premises Contracts Act (2005:59).

Supplier and production agreements

Within the scope of its day-to-day operations, the Group has entered into a number of supplier agreements for frames and hanging accessories, as well as production agreements with printers. The terms of the agreements differ; however, in principle they are entered into on customary terms in favour of the Group and run until further notice, with a mutual notice period between three and twelve months, depending on the agreement. The Company does not consider any of the Group's supplier and/or production agreements to be individually material for the business.

CORPORATE BONDS

The Company issued a secured bond with a variable interest rate on 16 December 2020, corresponding to a maximum nominal amount of SEK 1,800,000,000, with an initial nominal amount for each bond of SEK 1,250,000. The maximum nominal amount for the initial bonds is SEK 1,100,000,000.

The bonds constitute direct, unconditional, non-subordinated, secured obligations for the Company. The Company is obliged to redeem all outstanding bonds at the final maturity date with an amount per bond corresponding to the nominal amount, together with accrued and unpaid interest. The final maturity date is 16 December 2024.

Voluntary repayment

The Company has a right to repay all of the outstanding bonds in full after notice to the bond holders. In the event of such repayment, the repayment shall correspond to 102.75-100.00 per cent of the nominal amount, depending on time for the repayment, together with accrued, unpaid interest.

In connection with the Listing, the Company has an opportunity to partially repay up to 35 per cent of the total initial nominal amount. In the event of such repayment, all outstanding bonds shall be partially repaid by being reduced nominally pro rata. The repayment shall be made on one of the repayment dates for interest specified in the terms of the bond within 180 days after the first day of trading of the Company's shares. The repayment shall

correspond to the repaid per centage of the nominal amount plus a premium on the repaid amount of three per cent, together with accrued, unpaid interest.

In addition to the opportunity to partially repay the bond subsequent to the Listing, the Company has a right to, in whole or in part, on one or more occasions, repay up to 60 per cent of the total initial nominal amount. In the event of such repayment, all outstanding bonds shall be partially repaid by being reduced nominally pro rata. The repayment shall be made on one of the repayment dates for interest specified in the terms of the bond. The repayment shall correspond to the repaid per centage of the nominal amount plus a premium on the repaid amount in accordance with voluntary repayment (102.75-100.00 per cent depending on time for the repayment), together with accrued, unpaid interest.

As of the date of this Company Description, the Company does not plan to carry out any voluntary, early repayment of the bonds.

Mandatory repayment in the event of a change of control

In the event of a change of control, the Company has an obligation to repay the bonds immediately. The repayment shall correspond to 101.00 per cent of the nominal amount, together with accrued, unpaid interest. Change of control refers to an event where one or more persons, acting together, acquire control, direct and indirectly over more than 50 per cent of the votes in the Company. Verdane should not be considered as such shareholder.

Other commitments and terms of the bond

The Company's bonds have been listed on the Frankfurt Stock Exchange Open Market Quotation Board since 8 February 2021. In accordance with the terms and conditions of the bonds, the Company intends to list the bonds on the regulated market Nasdaq Stockholm no later than 16 December 2021.

By issuing the bonds and entering into the associated terms, the Company has undertaken to meet certain information requirements; for example, the Company must submit financial reports in accordance with the terms and conditions. Among other things the Group is also partially limited from paying dividends, redeeming or reducing its share capital or other portions of restricted equity through repayment to shareholders.

The shares in Desenio AB and Poster Store have been pledged as collateral for the bond. In addition, the Group has entered into a number of agreements to hedge the bond and the underlying financial agreements to the bond.

DISPUTES AND GOVERNMENT PROCEEDINGS

From time to time and as part of its day-to-day operations, the Group is subject to minor claims regarding intellectual property rights infringements. The Company

does not consider that any claim made against the Company during the past twelve months has had or could have significant effects on the Company's financial position and profitability.

The Swedish Tax Agency claims that Desenio AB has not acted correctly in connection with retroactive registration of VAT in Poland. The Swedish Tax Agency has consequently issued a fine corresponding to approximately SEK 300,000 on 22 December 2020. It is the Company's opinion that the registration process has been handled correctly, and the Company has therefore requested a review of the decision from the Swedish Tax Agency. In the event that the Swedish Tax Agency continues to hold that Desenio AB has acted incorrectly, the amount of the fine will not have any significant effect on the Company's financial position or profitability.

Apart from what is described above, the Group is not and has not been a party to any legal proceedings or settlement proceedings in court during the last twelve months that have had or could have significant effects on the Company's financial position or profitability.

PERMITS

The Company does not currently conduct any activities that require a permit.

INSURANCE

Desenio holds corporate insurance customary for the industry. In view of the nature and scope of the business, Desenio's board considers that the Group's insurance coverage is satisfactory.

LIQUIDITY PROVIDER

In February 2021, Desenio entered into an agreement with ABG according to which ABG will act as a liquidity provider for the Company's share regarding trading on Nasdaq First North Growth Market (provided that the Company's application for admission to trading is approved). The commitment means that the liquidity provider undertakes to, when possible, set prices on both the buy-side and sell-side, with the effect that the difference between the buy and sell price does not exceed a certain level. The purpose of the agreement is thus to promote the liquidity of the Company's share.

PLACING AGREEMENT FOR THE TRANSACTION

Pursuant to the terms and conditions of a placement agreement intended to be entered around 25 February 2021 among the Company, Verdane, ABG and Carnegie (the "**Placement Agreement**"), Verdane undertakes to sell a total of up to 44,986,200 shares in the Company to those buyers whom ABG and Carnegie identifies. Furthermore, in connection with the Place-

ment Agreement, other shareholders in the Company, including MBHB Holding AB (board member of the Company), Hars Holding AB (chairman of the board of the Company), Brand plus Net AB (CEO of the Company) and Mindful Ventures Investment AB (board member of the Company), intend to undertake, under separate agreements with ABG and Carnegie, to sell a further total of up to 8,827,939 shares in the Company. The sale of shares in accordance with the Placement Agreement and the aforementioned side agreements are hereinafter referred to as the "**Share Sale**". According to the Placement Agreement, Verdane will grant an over-allotment option to ABG and Carnegie, which means that ABG and Carnegie have the right to request that Verdane sells a further maximum of 8,072,120 shares, corresponding to approximately 15 per cent of the total number of shares in the Share Sale, at a price corresponding to the price in the Share Sale. Such request must be made at the latest 30 days after the first day of trading in the Company's shares on Nasdaq First North Growth Market. The over-allotment option may only be exercised for the purpose of covering any over-allotment in the Share Sale. Under to the Placement Agreement, the Company provides customary warranties to ABG and Carnegie, primarily in relation to that the information in the Company Description is correct, that the Company Description meets relevant legal and regulatory requirements, and that there are no legal or other obstacles to the Company entering into agreements or completing the Listing. The Placement Agreement stipulates that the completion of the Share Sale is conditional upon the warranties provided by the Company being correct, among other things. Subject to customary reservations, the Company undertakes under the Placement Agreement to indemnify ABG and Carnegie under certain conditions against certain claims. According to the Placement Agreement, for a period of twelve months from the first trading day, the Company also undertakes not to: (i) offer, pledge, allot, issue, sell, or enter into any agreement to sell, sell an option or enter into an agreement to buy, buy a put option, grant an option, right or warrant with the right to buy, or otherwise transfer or sell, directly or indirectly, any of the Company's shares or other securities that can be converted into or can be exercised or exchanged for such shares; or (ii) enter into a swap or other agreement which, in whole or in part, entails the transfer of the financial risk of ownership of such shares to another party, without the prior written consent of ABG and Carnegie. ABG and Carnegie may grant exemptions from these restrictions, however. For information on the lock-up commitments from the Company's major shareholders, board members and senior executives in the Company, please refer to the section *Share capital and ownership structure – Lock-up arrangements*.

CONDITIONAL TRADING

The first day of trading is scheduled for 25 February 2021. This means that trading will begin before all the conditions for the completion of the Transaction have been fulfilled. Consequently, trading in the Company's share that takes place before the Transaction is completed is conditional. If the Transaction is not completed, any delivered shares and made payments must be returned, please refer to the section *Placing Agreement for the Transaction* above for further information.

UNDERTAKINGS TO PURCHASE SHARES IN THE COMPANY

Cornerstone Investors (listed in the table below) have undertaken to purchase a total of 43,888,886 shares, under certain conditions and at the same price as other investors in the Share Sale, which corresponds to an approximate amount of SEK 3,159,999,792 and 30.5 per cent of the total number of shares and votes in the Company.¹⁾ The undertakings of Cornerstone Investors are subject to certain conditions.

The cornerstone agreements are not secured by bank guarantee, pledge, lien or any similar arrangement. Hence, there is a risk that the commitments, in whole or in part, will not be fulfilled.

Cornerstone Investor	Number of shares	Amount (SEK)	Share of total number of outstanding shares/votes in the Company (%)
Capital Research Global Investors	4,625,000	333,000,000	3.2
Capital World Investors	5,097,222	366,999,984	3.5
Cliens Kapitalförvaltning	5,555,555	399,999,960	3.9
DNB Asset Management	3,472,222	249,999,984	2.4
Fidelity International	5,000,000	360,000,000	3.5
Handelsbanken Fonder	5,555,555	399,999,960	3.9
Kuvari Partners LLP	5,555,555	399,999,960	3.9
Lannebo Fonder	5,555,555	399,999,960	3.9
Ophir Asset Management Pty Ltd	3,472,222	249,999,984	2.4
Totalt	43,888,886	3,159,999,792	30.5

STABILISATION

In connection with the Listing, ABG may undertake transactions for the purposes of supporting the market price on the Company's share at a higher level than the level that otherwise may be prevailing on the market. Such stabilisation transactions may be undertaken on Nasdaq First North Growth Market, OTC market or in another manner, and may be undertaken at any time during the period that commences on the first day of trade of the Company's share on Nasdaq First North Growth Market and end no later than 30 calendar days thereafter. ABG, however, has no obligation to undertake any stabilisation, and there is no guarantee that the stabilisation will be undertaken. Furthermore, stabilisation, if initiated, may be interrupted at any time without notice. Under no circumstances will transactions be undertaken to support the market price of the shares at a price higher than SEK 72 per share. No later than the end of the seventh trading day following the execution of stabilisation operations, if any, ABG shall publish that stabilisation measures have been undertaken, in accordance with Article 5 (4) of the Market Abuse Regulation (EU) No 596/2014. Within one week after the end of the stabilisation period, ABG will, through the Company, publish whether or not stabilisa-

tion measures were undertaken, the date on which stabilisation was initiated, the date on which stabilisation was last undertaken, and the price range in which stabilisation transactions were undertaken for each of the dates on which the stabilisation transactions were undertaken.

TRANSACTIONS WITH RELATED PARTIES

Apart from what is stated in the section *Board of directors, senior executives and auditor* above on remuneration from the Company to Desenio's board and senior executives, there are no related party transactions within the Group.

COSTS

The Group's total costs for the Listing are estimated at approximately SEK 15 million. Such costs are primarily attributable to costs for financial advice, auditors, legal advice, tax advice, printing and distribution of the Company Description etc.

1) Based on the number of outstanding shares as of the date of the Company Description (including reinvestment by the Poster Store sellers but excluding outstanding warrants).

INTERESTS AND CONFLICTS OF INTEREST

Apart from the fact that a number of board members and senior executives have financial interests in Desenio through their share and warrant holdings, there are no conflicts of interest between the commitments of the board members or senior executives towards the Company and their private interests and/or other engagements.

INTERESTS OF ADVISERS

In connection with the Listing, Carnegie and ABG provide financial advice to the Company, for which Carnegie and ABG may receive compensation. From time to time, Carnegie and ABG will provide other financial services to the Company within day-to-day operations, such as analytical coverage or in connection with capital raisings. ABG has also been retained to act as a liquidity provider in the Company's share, provided that the Company's application for admission to trading is approved. As a liquidity provider, ABG will provide their services for free during an initial period of three months and will then receive pre-agreed remuneration. The law firm Advokatfirman Delphi KB has acted as legal advisor to the Company. The law firm Advokatfirman Delphi KB may provide additional legal advice within the Company's ongoing operations. FNCA Sweden AB has been appointed Certified Adviser. FNCA Sweden AB does not own any shares or other financial instruments in the Company.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents are incorporated into the Company Description by reference and thus form part of the Company Description. The parts of the documents below that are not incorporated are either not relevant to an investor or are reproduced elsewhere in the Company Description.

- The Company's audited annual reports and associated auditor's reports for the financial years 2019 and 2020.

The Company Description and the documents incorporated by reference in accordance with the above will be available in electronic form on the Company's website during the Company Description's period of validity, deseniogroup.com. The articles of association are also available on the website. Upon request, the memorandum of association may be obtained from the Swedish Companies Registration Office together with the current registration certificate.

Certain tax considerations in Sweden

Below is a summary of certain tax issues and the consequences that are actualised for natural persons and limited companies that, unless otherwise stated, have unlimited tax liability in Sweden due to holdings and trading in shares in the Company after admission to trading on Nasdaq First North Growth Market. The summary is based on the fact that the shares in the Company, from a legal perspective, are considered to be listed on the market, which is the case if trading in the shares on Nasdaq First North Growth Market takes place to a sufficiently large extent. Furthermore, the summary is based on current legislation at the time of publication of the Company Description and is intended only as general information regarding the shares of the Company from and including the time the shares have been admitted to trading on Nasdaq First North Growth Market. The account below does not cover situations where the shares in the Company are held as business-related shares or current assets in business operations or are held by trading companies. The Company Description does not include the specific rules that may be applicable to holdings that are or have previously been so-called "close corporations" or to shares acquired with the support of so-called "qualified shares" in close corporations. The summary also does not include shares held in a so-called "investment savings accounts" and which are covered by special rules on flat-rate taxation. Specific rules also apply to certain categories of taxpayers (for example, investment funds, investment companies and insurance companies). The tax treatment of each individual shareholder depends in part on his or her specific situation. Every shareholder should therefore consult a tax adviser regarding the tax consequences that may arise in the individual case, including the applicability and effect of foreign rules and tax treaties.

TAX ON THE SALE OF SHARES IN THE COMPANY

Natural persons

When shares in the Company are sold, capital gains taxation is triggered. For natural persons and estates, capital gains and capital losses on listed shares are normally taxed in the capital income category at 30 per cent. Capital gains or losses on shares are calculated as the difference between the proceeds (after deduction of sales costs) and the cost basis of the shares sold. When calculating capital gains, the average-cost method is generally used. According to this method, the cost basis for a share shall consist of the average cost basis for all shares of the same type and variety. When selling listed shares, such as the Company's share, the cost basis may alternatively be determined according to the standardised approach to 20 per cent of the proceeds after deduction of sales expenses.

Capital losses on listed shares are fully deductible against taxable capital gains that arise during the same tax year of shares and other listed ownership units,

except for units in securities funds or special funds that invest in only Swedish debt instruments (fixed income funds). Capital losses on shares that cannot be offset in this way may be offset up to 70 per cent against other income from the capital income category. Should there be a deficit in capital income, a tax credit is allowed on municipal and state income tax as well as property tax and municipal property tax. The tax reduction allowed is 30 per cent of the deficit up to SEK 100,000, and 21 per cent of any remainder. Deficits of this kind may not be carried forward to subsequent tax years.

Legal entities

For limited companies, taxable capital gains in the business activities income category are taxed at a rate of 20.6 per cent for the tax year 2021. Capital gains and losses are essentially calculated in the same way as described for natural persons above. Deductible capital losses on shares or other ownership units may only be deducted from taxable capital gains on such shares. Such a capital loss may also, if certain conditions are met, be off-set

against capital gains in companies within the same group. Capital losses that have not been utilised for one year may be saved and deducted against taxable capital gains on shares and other ownership units during subsequent tax years without any limitation in time.

TAX ON DIVIDENDS

Natural persons

In general, dividends on shares are taxable. Natural persons who are subject to unlimited tax liability in Sweden are taxed in the capital income category at a rate of 30 per cent. Preliminary tax on dividends is normally withheld at 30 per cent by Euroclear, or by the nominee if the shares are nominee-registered. The Company is not responsible for any withholding tax being withheld. For limited companies and other legal entities, dividends in the business activity income category are taxed at 20.6 per cent for the tax year 2021.

Legal entities

For Swedish limited companies and economic associations, there is a tax-free dividend on so-called "business-related shares". Shares listed on Nasdaq First North Growth Market are considered business-related if the shareholding corresponds to at least ten per cent of the votes or that the shareholding is conditional upon the business. Tax exemption for dividends on listed shares requires that the shares are not sold within one year of the shares becoming business-related to the holder. The holding period requirement does not have to be met at the time of dividends.

SHAREHOLDERS WHO ARE SUBJECT TO LIMITED TAX LIABILITY IN SWEDEN

Shareholders who are subject to limited tax liability in Sweden and who do not conduct business from a permanent establishment in Sweden to which shares in Swedish companies may be allocated, may in some cases be subject to coupon tax on dividends from Swedish limited companies. The tax rate is 30 per cent but is generally reduced through tax treaties that Sweden has concluded with certain other countries to avoid double taxation. Many of the tax treaties that Sweden has concluded enable reduction of the Swedish tax to the tax rate provided in the treaty when the dividend is paid, when requisite details regarding the right to dividend are provided. In Sweden the deduction for withholding tax is normally carried out by Euroclear Sweden or, in regard to nominee registered shares, by the nominee. In cases where the 30 per cent withholding tax is deducted from payment of dividend to a person entitled to a lower tax rate, or when excess to withholding tax is otherwise deducted, a refund thereof may be requested from the

Swedish Tax Agency before expiration of the fifth calendar year after the dividend payment.

Shareholders with limited tax liability in Sweden and whose holding is not associated with a permanent establishment in Sweden are normally not taxed for capital gains in Sweden on the disposal of their shares. These shareholders, however, may be subject to taxation in their country of domicile. As provided by a special tax rule, natural persons with limited tax liability in Sweden may be subject to Swedish capital gains taxation on the sale of shares if they have at any time during the year of the disposal, or any of the ten preceding calendar years, been a permanent resident or permanently resided in Sweden. Application of this rule may, however, be limited by tax treaties between Sweden and other countries.

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