

The logo for bhg. is displayed in a light blue circle. The letters 'bhg.' are in a lowercase, rounded, sans-serif font. The background of the slide is a photograph of a modern wooden building with a corrugated metal roof and an outdoor dining area with a table and chairs.

Today's presenters

A small circular portrait of Gustaf Öhrn, CEO, is positioned to the left of his name. He is wearing a dark suit and a white shirt.

Gustaf Öhrn, CEO

A small circular portrait of Jesper Flemme, CFO, is positioned to the left of his name. He is wearing a dark suit and a white shirt.

Jesper Flemme, CFO

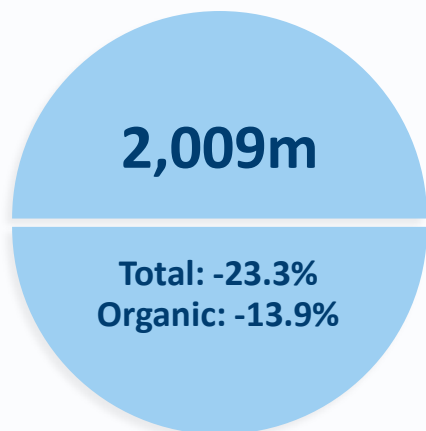
Q1 REPORT 2024

25 April 2024

Q1 2024 – Improved profitability in a continued challenging market

SALES

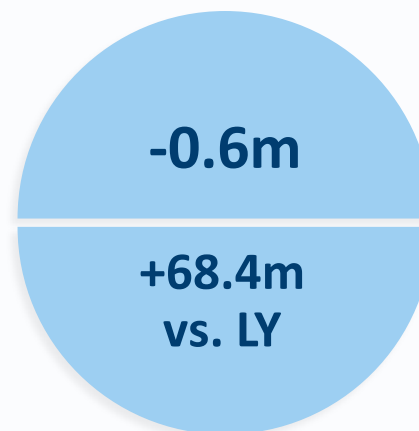
Net Sales (SEK)



Growth

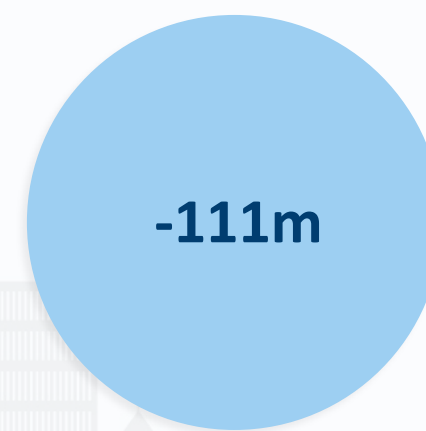
EARNINGS

Adj. EBIT(SEK)



CASH FLOW

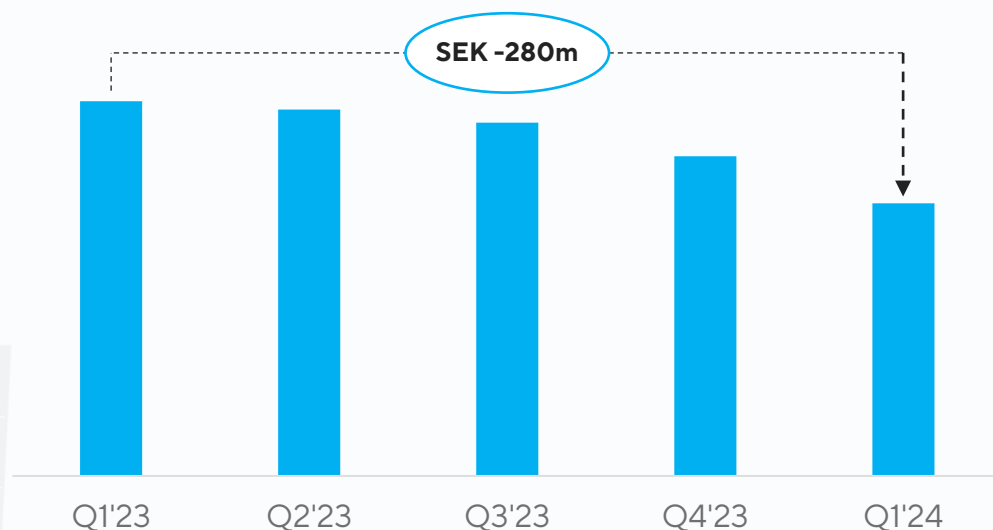
Cash flow from operating activities (SEK)



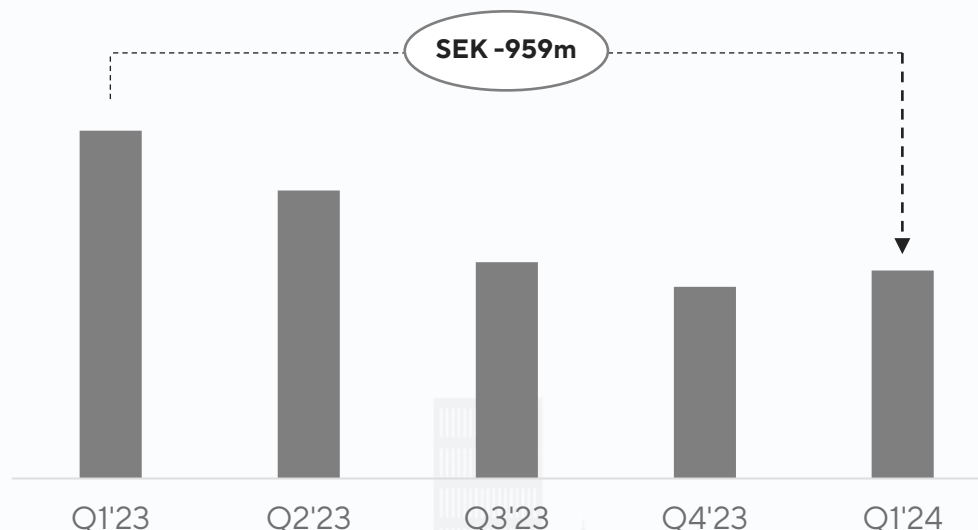
- For the second consecutive quarter, we improved our profitability compared with last year
- Market remains challenging despite several positive macro-signs
- Strategy to improve our long-term competitiveness is working and delivering results

Forceful actions taken in 2023 have made us better positioned for 2024

SG&A rollings 12 months, SEKm



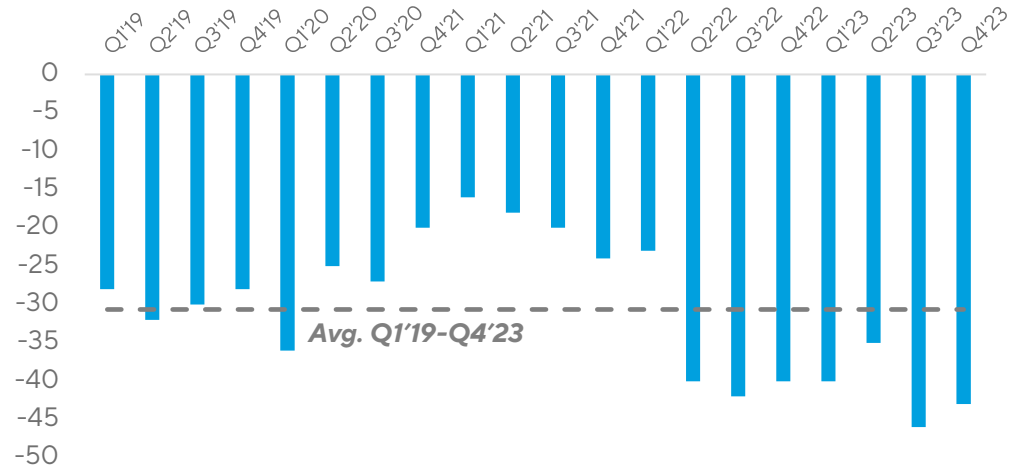
Inventory level, SEKm



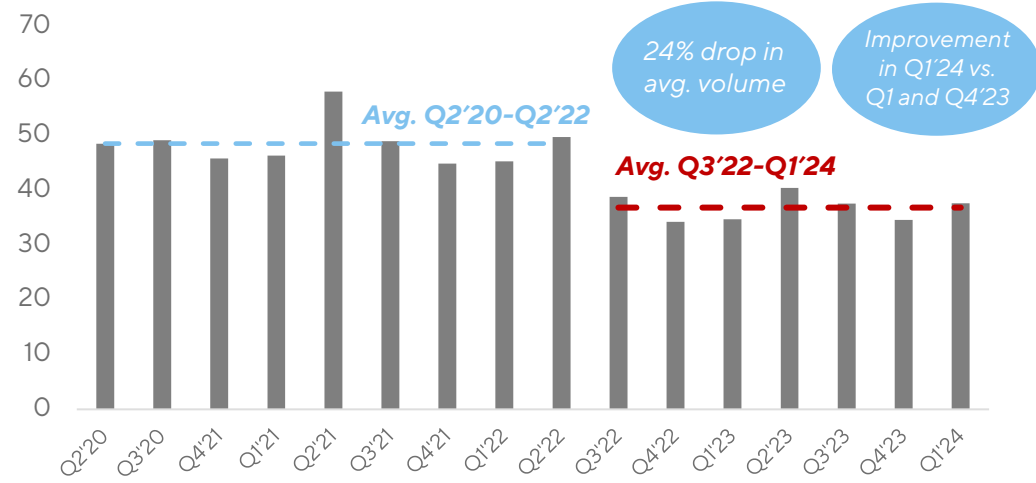
- On a rolling 12 months basis we have **reduced SG&A** by SEK 280m, whereof SEK 129m in Q1 2024
- Our **inventory level** in the first quarter is reduced by SEK 959m compared to same period last year

We expect the market to remain challenging during 2024

Intention to renovate within next 12 months (Sweden), Index



Housing transactions in Sweden, thousands



- Several positive macro indicators such as decreasing inflation, projected decrease in interest rate levels and a rising number of housing transactions...
- ...however positive effects on consumer demand will come with a delay and disposable income will remain on low levels throughout 2024

Our main priority for 2024 is to improve profitability



CONSOLIDATION



GROWTH INITIATIVES



EFFICIENCY

**IMPROVED PROFITABILITY
AND CUSTOMER VALUE**

Several consolidations ongoing in our business units to increase economies of scale and improve customer value

Home Improvement



- Create **Nordic DIY-powerhouse** led by Bygghemma through consolidation of country organisations
- Localised offerings while consolidated support functions to improve scale and synergies
- Expected to take 18 months

Value Home



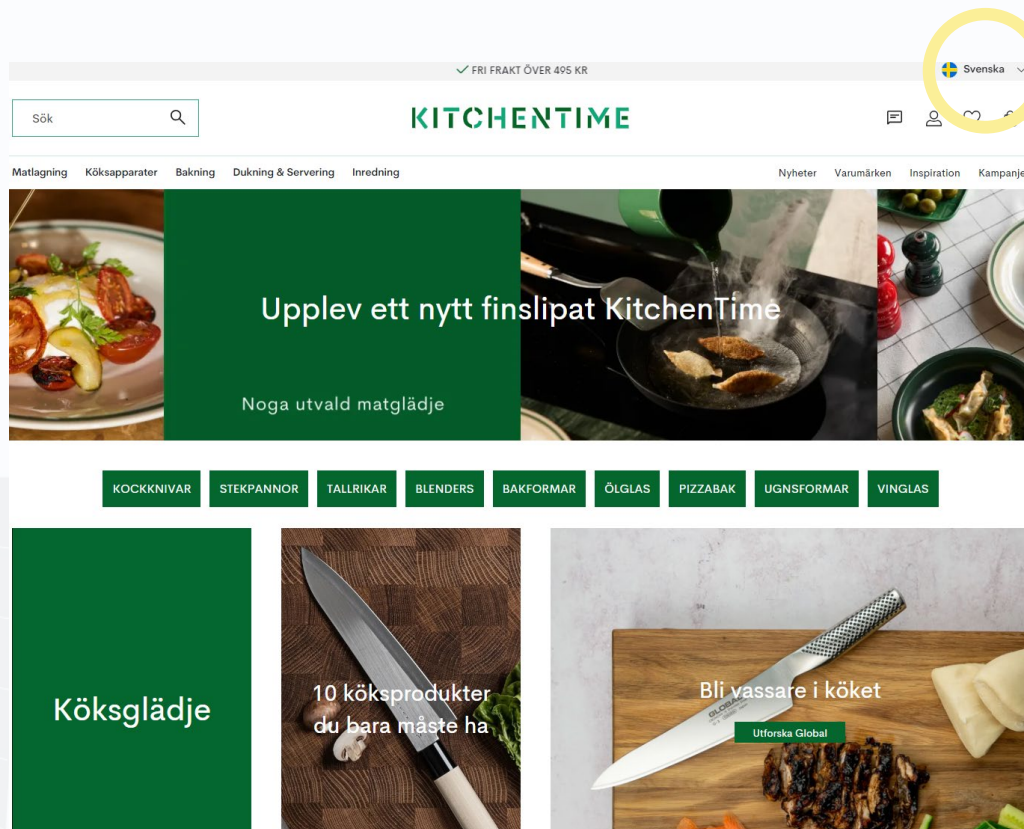
- Creating a scalable private label platform in **Hemfint Group** by consolidating Hemfint, Arc E-commerce and newly acquired Trendrum
- Individual destinations, but support functions will be consolidated, thereby achieving efficiency gains

Premium Living



- Integration of **KitchenTime** and **LampGallerian** into **Nordic Nest Group**
- Creating category specialists in Furniture (Svenssons), Cooking & Dining (KitchenTime) and Lighting (LampGallerian) and increased economies of scale through shared backend

Acquisition and successful integration of KitchenTime



- On 11 January, we announced the **acquisition of the KitchenTime brand to strengthen our Premium segment further**
- **Within 3 months we launched 6 sites with 6 different languages** – showing great speed and urgency to cater to new customers around Europe

- 🇩🇪 Deutsch
- 🇩🇰 Dansk
- 🇫🇮 Suomi
- 🇳🇴 Norsk
- 🇸🇪 Svenska
- 🇬🇧 English

We are executing several initiatives across our business units to improve efficiency

Fulfilment



- **Warehouse automation** in Premium Living
- Leverage **reduced inventory** levels to decrease warehouse space in all BUs

Artificial intelligence



- Leverage AI to support **Customer service** in select entities
- Using AI to generate **content** and improve **marketing**

Group wide agreements



- Leverage the Group's size to negotiate group wide agreements
- New agreements in place for **last mile** and **payment solutions**

Multiple initiatives for profitable growth identified and ongoing

Examples of initiatives

Geographic Expansion



- Expand into **new geographies**
- Primarily potential in **Premium Living**

Category Expansion



- Add **new product categories**
- Mainly potential in **Home Improvement** through drop ship model

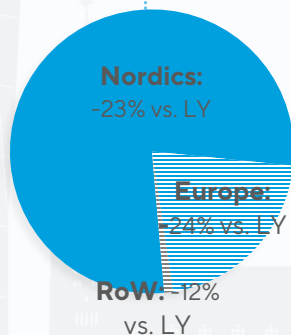
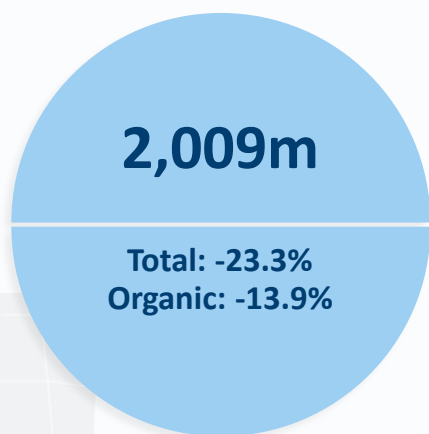
Marketplaces



- Enter **new marketplaces**
- Mainly through **private label** assortment in **Value Home**

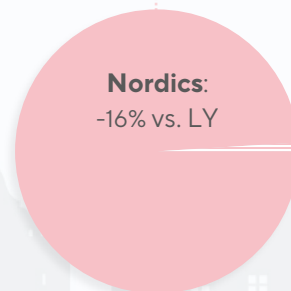
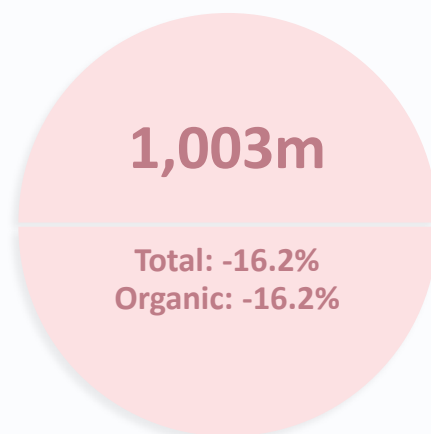
We are continuing to develop cost-efficient growth through international expansion

BHG Group

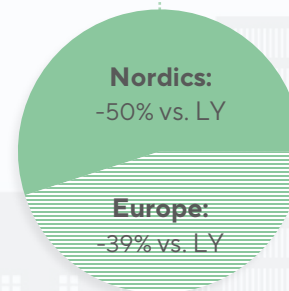
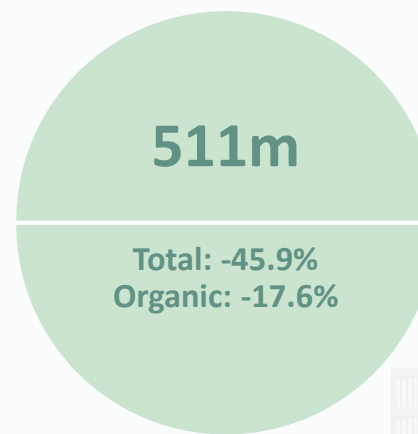


Net sales Q1 - SEKm

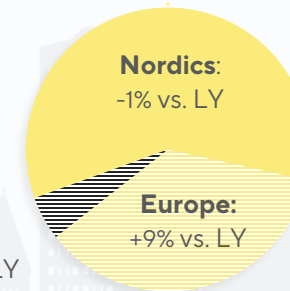
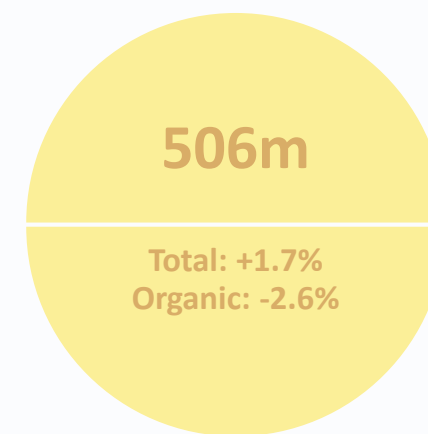
Home Improvement



Value Home

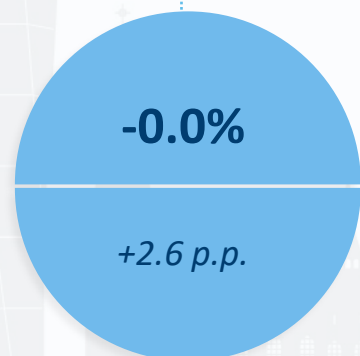
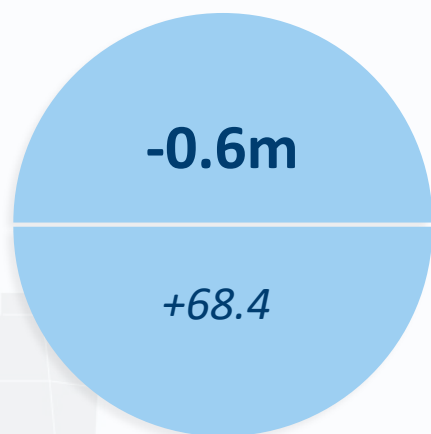


Premium Living

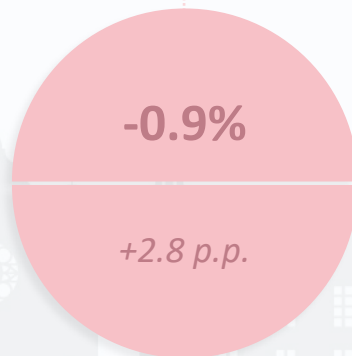
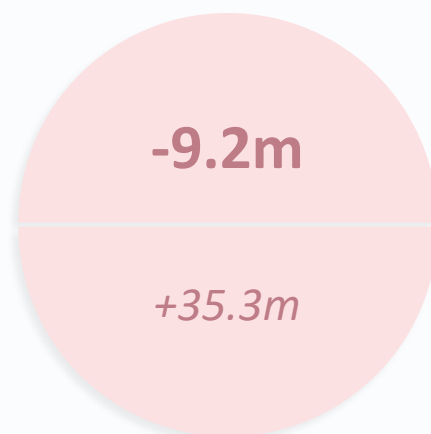


Profitability in Q1 was improved significantly compared to last year

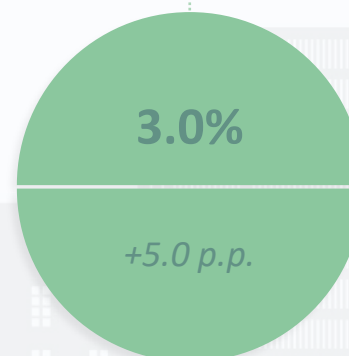
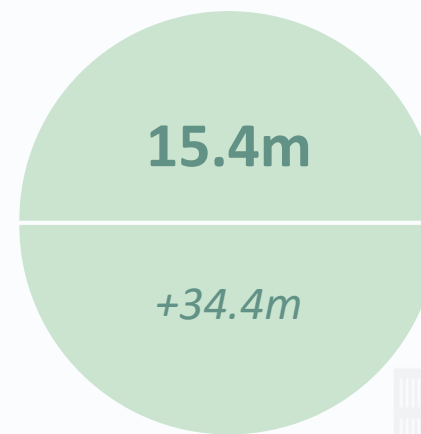
BHG Group



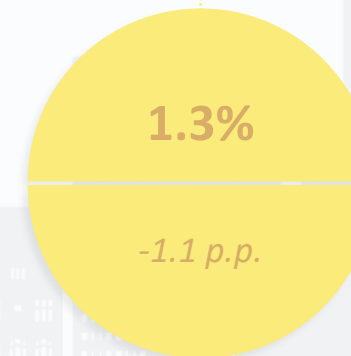
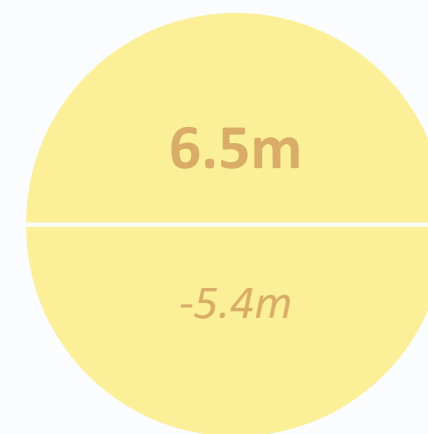
Home Improvement



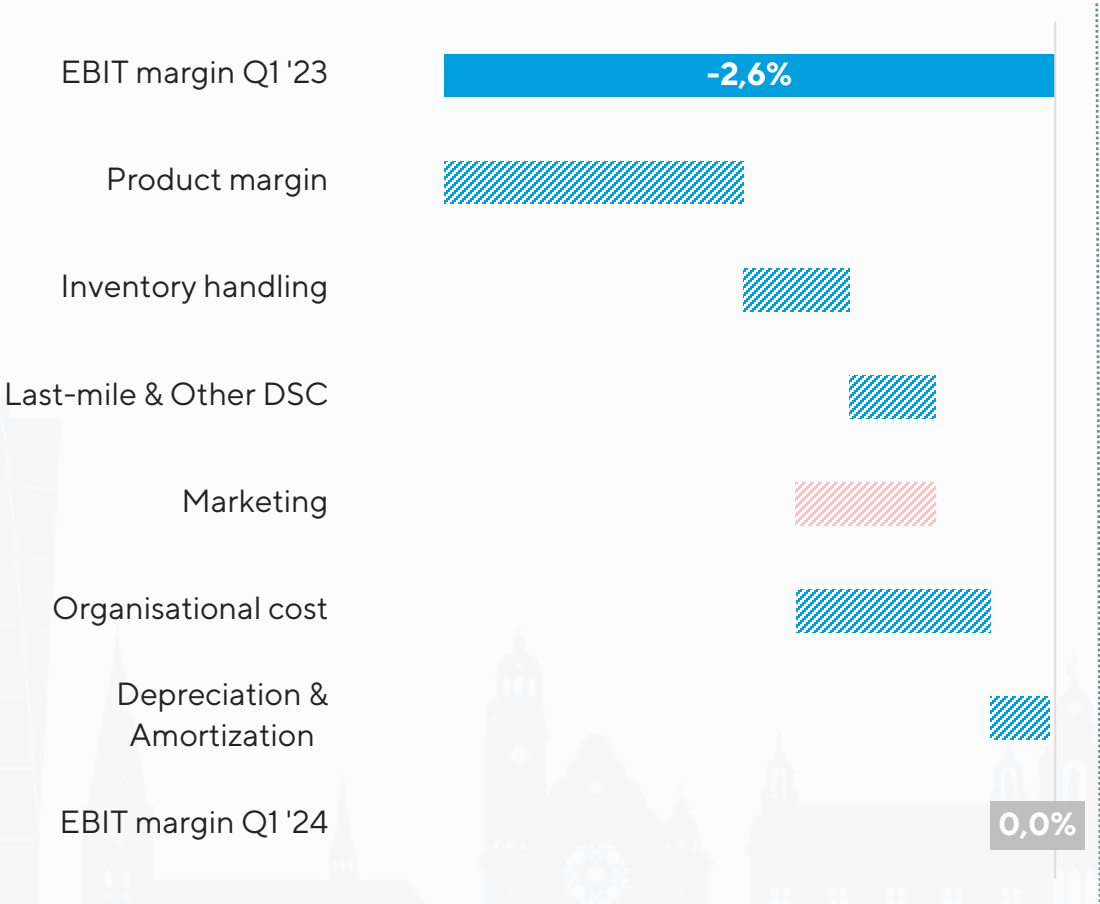
Value Home



Premium Living



EBIT margin bridge 2023 Q1 → 2024 Q1

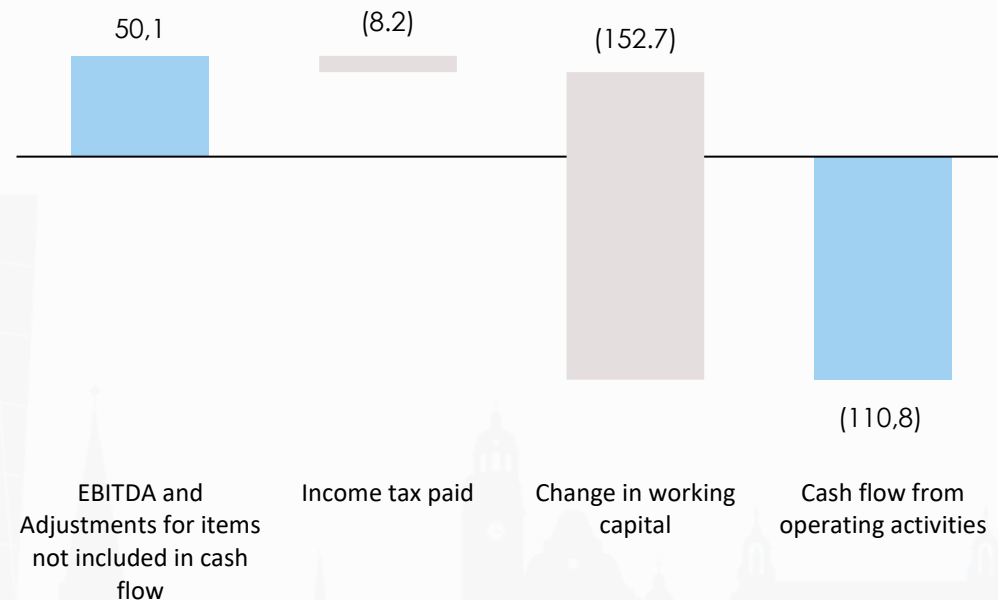


- The improvement in **Gross Margin** was primarily driven by **Home Improvement and Value Home**, thanks to our efforts to normalise the margin structure
- Fulfilment costs improved as a result of **cost initiatives and rationalisations of warehouse staff as well as a decrease in the number of warehouses** following a sharp reduction in inventory in 2023
- Improvements in Last-mile was driven by efficiencies and better **Group-wide agreements with third party suppliers**
- Significant improvement in SG&A was a result of the **extensive savings and structural measures we took in 2023**

Cash flow follows the normal seasonal pattern

Negative development of working capital is a consequence of BHG's seasonal profile

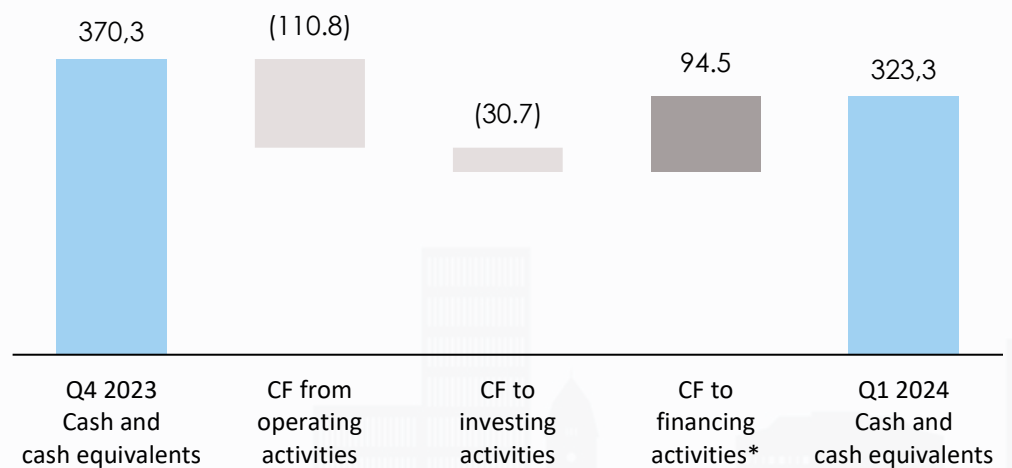
Jan-Mar 2024 (SEKm)



* Including translation differences

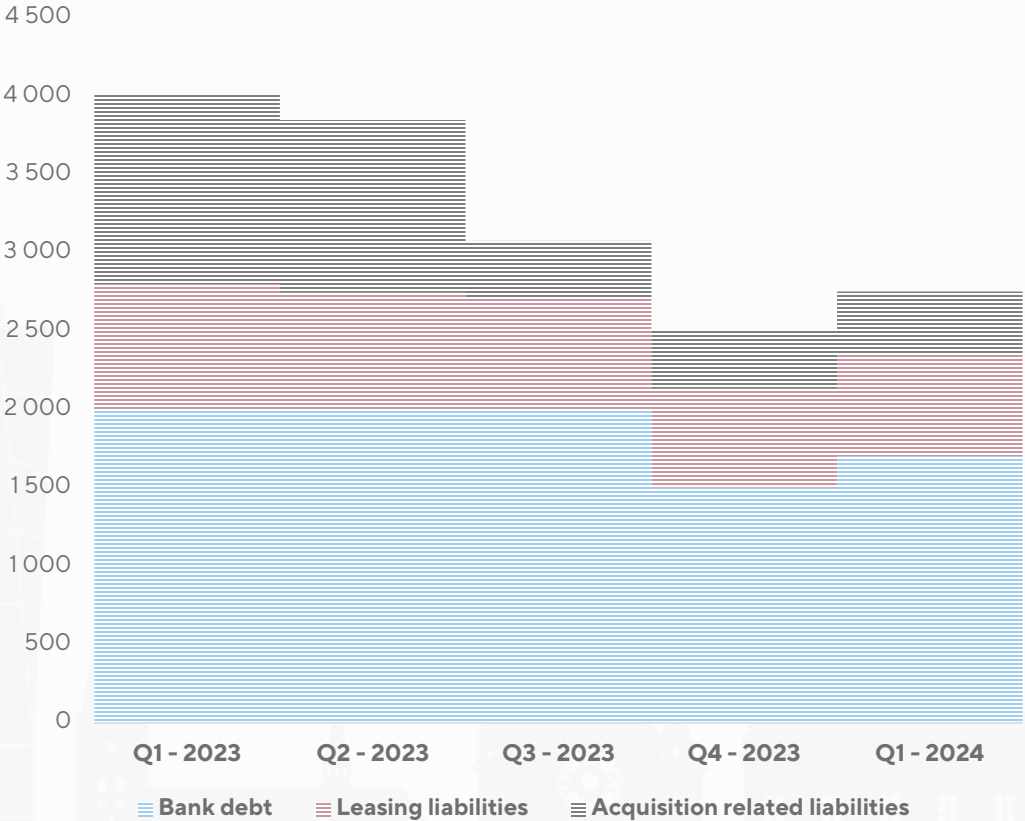
Stable development in liquidity

SEKm



Extended financing agreement in place

Interest-bearing liabilities & Leverage



Net debt

1,376.7m

=

4.69x

EBITDAaL LTM

293.5m

- We have **extended our financing agreement** with our banks until May 2026
- Total facilities **reduced from SEK 3.3bn to SEK 2.3bn**, where of SEK 0.6bn unutilised*
- Acquisition related liabilities amounts to **407m** whereof **160m** short-term

* Taking into account reduction of total facility once new agreement enter into force, 26 April 2024

Summary



MARKET

- The market **is difficult**, but **fundamental drivers remains**
- Macro has improved but we're **not seeing a clear effect on demand yet**



KEY FOCUS REMAINS

- **Our consolidation journey continues** across our business units
- We are executing **several initiatives** to improve efficiency
- **Growth** through internationalisation, marketplaces and category expansion



IMPROVED PROFITABILITY

- We are **very pleased with the result of the work we did last year**, reducing inventory, **superstrong cashflow**, **reducing cost** and **strengthening our balance sheet**
- We have done and are doing the work to be in **good shape and well positioned when the market bounces back**, and our focus for 2024 is **continued focus on profitability**

WELCOME

- We'd like to invite you to join us to our very first **Capital Markets Day on 14 May 2024 at Nordic Nest HQ in Kalmar, Sweden**
- The Capital Markets Day will include **presentations by CEO Gustaf Öhrn and CFO Jesper Flemme as well as in-depth presentations of the respective Group Business Units**
- Participants are welcome to participate physically at Nordic Nest AB in Kalmar, Sweden or digitally
- **We hope to see you there!**



