

BHG Group continues structural simplification to improve profitability and strengthen long term competitiveness

In order to improve profitability and in line with BHG Group's strategy to enhance long term competitiveness through simplification and consolidation, a broad restructuring program in the Value Home segment is launched. The program lays a foundation for a long term cost efficient and scalable business. BHG Group will have a more focused structure with a lower share of offline retail and hence lower fixed costs. We will also improve our flexibility to scale and grow internationally from our Nordic home base.

The financial implication of the program - on a rolling twelve month basis ending 30 June 2023 - is a proforma improvement of EBIT by SEK 91.4m and reduced fixed costs by SEK 371.8m relating to SG&A and depreciation of leased assets. The proforma effect on sales is SEK -1,211.4m.

- The restructuring program is implemented as part of BHG Group's strategy to enhance long term competitiveness by simplifying the business, consolidating operations into fewer platforms and strengthening the digital offering.
- As part of the strategy a close review of the Group's operations has been undertaken. The process has identified a number of businesses where we don't see a clear path back to profitability or which add complexity to the business without adding scalability.
- BHG Group has entered into an agreement to transfer AH-Trading GmbH to the current minority owner and founder for EUR 1. The new owner will fully own the AH-Trading from 29 September 2023.
- BHG Group has entered into an agreement to transfer the Danish operation My Home Møbler A/S (22 stores) to the founder for DKK 1, substantially reducing BHG Group's physical store footprint in Denmark. The new owner will fully own My Home from 29 September 2023.
- In Sweden 15 physical stores will be closed (within the brands Trademax and Chilli). In Norway 7 stores (Trademax) and in Finland one store (Kodin1) will be closed. When the restructuring program is implemented, there will be about 30 physical stores within BHG Group.
- A substantial part of the restructuring is achieved by the divestments of AH-Trading and My Home, and the other parts are expected to be completed by midyear 2024.
- All decisions concerning staff reductions will be due to national legislation and pending trade union negotiations in the respective market.

"With this decision we continue to implement our strategy and take another step towards a structure that in a better and more cost efficient way meets the needs of our customers. As I said in the Q2 report, our strategic goal is to consolidate our operations into fewer and larger platforms in order to achieve economies of scale and provide a better customer offering. With this restructuring program we reduce our fixed costs, but we also implement a clear shift towards our digital offering, while simplifying our business and strengthening the foundation for profitable

growth. We leave businesses that do not fit into our strategy and burdens our profitability. We will continue to have physical presence where it strengthens our offer, our brands and our business, says CEO Gustaf Öhrn.

Financial impact

The proforma impact of the program is an improvement of adjusted EBIT by SEK 37.1m for January-June 2023 and by SEK 59.5m for full year 2022. The below table describes the proforma first half year 2023 and the proforma full year 2022 financial impact once the program is fully implemented, expected by midyear 2024.

SEKm (if not otherwise stated)	Jan-Jun			Jan-Dec		
	2023	Adj. restruct.	2023 proforma	2022	Adj. restruct.	2022 proforma
Net sales	6,099.6	-693.3	5,406.3	13,433.6	-1,308.1	12,125.6
Adjusted EBITDA	285.7	-23.0	262.8	813.8	-49.8	764.0
Adjusted EBIT	29.5	+37.1	66.6	374.9	+59.5	434.5
Working capital	622.7	-298.2	324.5	1,403.2	-387.9	1,015.2
Total interest bearing debt	4,077.9	-242.7	3,835.2	4,141.1	-248.2	3,893.0
Net debt	968.8	-19.1	949.7	1,543.4	-21.0	1,522.4

- Total cost of the restructuring program amounts to SEK 1,261m, divided into restructuring costs of SEK 21m, impairments of SEK 79m, and capital loss of SEK 1,160m. Impairments and the capital loss do not impact the Group's cash flow. All costs will be charged to the third quarter and relate primarily to the Value Home segment.
- By the transfer of AH-Trading, BHG's obligations linked the minority owners put option cease and acquisition related liabilities are thereby reduced with SEK 85m.

Contacts

Gustaf Öhrn, President and CEO of BHG Group
Telefon: +46 (0) 70 420 44 36. E-mail: gustaf.ohrn@bhgggroup.se

Jesper Flemme, CFO of BHG Group
Tel: +46 (0) 720 80 25 69. E-mail: jesper.flemme@bhgggroup.se

Jakob Nylin, Head of Investor Relations of BHG Group
Tel: +46 (0) 760 48 02 38. E-mail: jakob.nylin@bhgggroup.se

This information is information that BHG Group AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 2023-09-29 02:05 CEST.

Attachments

[BHG Group continues structural simplification to improve profitability and strengthen long term competitiveness](#)