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"Our focus has been on strengthening our balance sheet and cash flow by reducing inventory and implementing changes that simplify, lower the cost base and consolidate our structure. There has been significant progress in all of these areas in 2023 and we are now financially, structurally and commercially stronger. Our strategy is working and yielding results. In the fourth quarter, we improved our profitability compared with the previous year for the first time since mid-2021"

*Gustaf Öhrn,
President and CEO*

Q4 2023

BHG Group AB (publ)
Nasdaq Stockholm

Interim report: 1 January-31 December 2023

Significantly strengthened balance sheet and reduced inventory levels during the year and improved profitability in the quarter

– During the year, we generated SEK 1.6 billion in cash flow from operating activities, reduced our total interest-bearing liabilities by SEK 1.6 billion and carried out several structural changes in order to simplify and streamline our operations in line with our strategy

HIGHLIGHTS

1 October-31 December

- Net sales declined -14.5% to SEK 2,828.8 million (3,307.9). Organic growth was -10.6% and pro-forma organic growth was -10.6%
- Adjusted gross profit amounted to SEK 718.1 million (804.9), corresponding to an adjusted gross margin of 25.4% (24.3)
- Adjusted EBIT amounted to SEK 54.8 million (30.7), corresponding to an adjusted EBIT margin of 1.9% (0.9)
- Cash flow from operating activities amounted to SEK 348.9 million (67.5)
- Earnings per share amounted to SEK -0.89 (-1.20) before dilution and SEK -0.89 (-1.20) after dilution

1 January-31 December

- Net sales declined -12.2% to SEK 11,790.2 million (13,433.6). Organic growth was -11.2% and pro-forma organic growth was -11.1%
- Adjusted gross profit amounted to SEK 2,944.8 million (3,368.4), corresponding to an adjusted gross margin of 25.0% (25.1)
- Adjusted EBIT amounted to SEK 96.7 million (374.9), corresponding to an adjusted EBIT margin of 0.8% (2.8)
- Cash flow from operating activities amounted to SEK 1,550.2 million (-105.6)
- Earnings per share amounted to SEK -8.73 (0.25) before dilution and SEK -8.73 (0.25) after dilution

The Board of Directors proposes to the Annual General Meeting that no dividend be paid to the shareholders for 2023.

Key events during the fourth quarter and after the period

- On 13 December, it was announced that EQT Public Value Fund had sold its entire remaining holding in BHG Group and as a consequence Vesa Koskinen, partner at EQT, had left his position on the Board of Directors of BHG Group.
- On 21 December, a number of structural changes were announced: the consolidation of our Danish operation Frishop into HYMA Skog & Trädgård, the integration of the Lindström & Sondén warehouse structure with Hafa Brand Group, and the consolidation of inventory in Arc E-commerce AB from two warehouses into one.
- On 11 January 2024, BHG announced it was strengthening its market-leading position in the Premium segment through Nordic Nest's acquisition of the KitchenTime brand in an asset purchase transfer and consolidation of LampGallerian.

FINANCIAL SUMMARY

SEKm (if not otherwise stated)	Oct-Dec			Jan-Dec		
	2023	2022	Δ%	2023	2022	Δ%
Net sales	2,828.8	3,307.9	-14.5	11,790.2	13,433.6	-12.2
Gross profit	713.8	792.3	-9.9	2,921.1	2,981.1	-2.0
Gross margin (%)	25.2	24.0	1.3 p.p.	24.8	22.2	2.6 p.p.
Adjusted gross profit*	718.1	804.9	-10.8	2,944.8	3,368.4	-12.6
Adjusted gross margin (%)	25.4	24.3	1.1 p.p.	25.0	25.1	-0.1 p.p.
Adjusted EBIT*	54.8	30.7	78.2	96.7	374.9	-74.2
Adjusted EBIT margin (%)	1.9	0.9	1.0 p.p.	0.8	2.8	-2.0 p.p.
Operating income	-43.6	-43.7	-0.4	-1,374.2	-183.9	647.3
Operating margin (%)	-1.5	-1.3	-0.2 p.p.	-11.7	-1.4	-10.3 p.p.
Net profit for the period	-149.3	-175.2	-14.8	-1,542.4	45.7	-3471.6
Earnings per share before dilution, SEK	-0.89	-1.20	-25.8	-8.73	0.25	-3592.0
Earnings per share after dilution, SEK	-0.89	-1.20	-25.8	-8.73	0.25	-3592.0
Cash flow from operating activities	348.9	67.5	417.2	1,550.2	-105.6	n/a
Net debt (+) / Net cash (-)	1,129.7	1,543.4	-26.8	1,129.7	1,543.4	-26.8

* Refer to "Relevant reconciliations of non-IFRS alternative performance measures (APMs)" on page 33 of this report for a more detailed description.



Comments by Gustaf Öhrn

President and CEO, BHG Group

The fourth quarter, like all of 2023, was characterised by continued weak demand. Despite the difficult situation, we were able to advance our positions during the year. We captured market share, and most of all we strengthened operations and our position for the future.

Our focus has been on strengthening our balance sheet and cash flow by reducing inventory and implementing changes that simplify and consolidate our structure. There has been significant progress in all of these areas in 2023 and we are now financially, structurally and commercially stronger. We have established three clear business segments and with a lower cost base we have built a strong foundation for coming years. Our strategy is working and yielding results. In the fourth quarter, we improved our profitability compared with the previous year for the first time since mid-2021.

Ahead of 2023, we set several goals that we managed to achieve during the year.

- We began 2023 with the ambition to reduce our inventory by SEK 600 million. During the year, we managed to reduce our inventory by SEK 900 million (excluding the effect of divested operations). We have thereby been able to free up capital, strengthen our balance sheet and reduce our costs. We now have a more reasonable inventory level that is better suited for our operations.
- Our goal for 2023 was to reduce our costs by SEK 150 to 200 million, gross, on an annual basis, corresponding to net savings of SEK 100 to 150 million. With the structural and operational measures we introduced in 2023, we achieved that ambition and reduced our costs by SEK 125 million adjusted for acquisitions and currency effects.
- In 2023, we introduced several structural changes in line with our strategy to reduce complexity, capitalise on synergies and ensure scalability. We continued to refine the organisation by divesting operations that were not profitable or that did not suit our strategy. Our network of physical stores has been reduced and we have further strengthened our focus on online transactions. Since we began consolidating operations in autumn 2022, we have reduced the number of operating units from 25 to 15 and consolidated them into our three business segments.

Due in large part to the inventory reduction, during 2023 we had a cash flow from operating activities of SEK 1,550 million, corresponding to an improvement of SEK 1,656 million over the previous year. As a result of improved cash flow as well as a reduction in acquisition-related and lease liabilities, we have reduced our interest-bearing liabilities by more than SEK 1,584 million.

The measures we took in 2023 laid the foundation for our work in 2024, when our focus will remain on strengthening the balance sheet and cash flow. We will also continue to consolidate and simplify BHG, with fewer platforms with better focus and scalability. But our top priority will be improving profitability in what we expect to be a persistently difficult market.

We have identified five focus areas for improved profitability and continued operational development:

- **Profitability:** Streamlining and operational improvements. More efficient procurement and pricing can strengthen the product margin and streamlining operations can reduce costs.
- **Consolidation:** Continuing to simplify our structure and streamline through economies of scale from continued consolidation
- **Efficiency:** Continuing to streamline and automate inventory handling and developing the use of artificial intelligence in customer service, content and marketing.
- **Growth initiatives:** Growth initiatives in existing platforms. We see opportunities for cost-efficient growth through international expansion, entering new marketplaces and expanding the product range.
- **Customer centricity:** Strengthening our customer focus through our offering and communication and better delivery precision.



The last 18 months have been characterised by a challenging market and our assessment is that 2024 will also be a difficult year. At the same time, the underlying trends in consumer demand and behaviour remain clear, if not even stronger than before. The structural shift from physical stores to online continues and penetration within the product categories and markets where we operate is still lower than in more mature product markets and geographies.

With what we accomplished in 2023, and the additional improvements we are planning for 2024, we have a robust position in a market where we anticipate a strong long-term development. We will also be well positioned when the economy, and our market, once again start to pick up!

In conclusion, I would like to extend my thanks to our customers, our colleagues and our over 12,000 shareholders for the past year. I can assure you that we will continue to work hard and with determination to continue our growth and to strengthen BHG.

Malmö, 26 January 2024

Gustaf Öhrn
President and CEO, BHG Group



We make living easy!

We offer a broad array of products and services in our three segments: Home Improvement, Value Home, and Premium Living.

The business model is based on building blocks such as the broadest product range in the market, competitive prices, a first-class online customer experience, the market's best professional service and support, and cost efficiency.

1,800

employees

We put the customer first

With the customer as a starting point, we can anticipate wishes, needs and communication preferences. This is the basis for how our destinations and business units build long-lasting relationships with their customer groups.



Sustainability

Sustainability is a long-term strategic focus area in order to accelerate the organisation's capabilities and drive a sustainable offering. By combining the UN Sustainable Development Goals (SDGs) with our materiality pyramid from 2020, we designed the following three overall targets:

Reducing CO₂ emissions by 50% by 2030*



An equitable workplace and sustainable supply chain



Corporate governance and economic growth



- Nordic home markets
- Our presence in continental Europe

>1.7

million products

100+

online destinations

Home Improvement

h bygghemma.se

Value Home

trademax.se

Premium Living

NORDIC NEST

Condensed consolidated information

SEKm (if not otherwise stated)	Oct-Dec			Jan-Dec		
	2023	2022	Δ%	2023	2022	Δ%
Net sales	2,828.8	3,307.9	-14.5	11,790.2	13,433.6	-12.2
Gross profit	713.8	792.3	-9.9	2,921.1	2,981.1	-2.0
Gross margin (%)	25.2	24.0	1.3 p.p.	24.8	22.2	2.6 p.p.
Adjusted gross profit*	718.1	804.9	-10.8	2,944.8	3,368.4	-12.6
Adjusted gross margin (%)	25.4	24.3	1.1 p.p.	25.0	25.1	-0.1 p.p.
Adjusted EBITDA*	154.1	149.4	3.1	578.9	813.8	-28.9
Adjusted EBITDA margin (%)	5.4	4.5	0.9 p.p.	4.9	6.1	-1.1 p.p.
Adjusted EBIT*	54.8	30.7	78.2	96.7	374.9	-74.2
Adjusted EBIT margin (%)	1.9	0.9	1.0 p.p.	0.8	2.8	-2.0 p.p.
Items affecting comparability	-75.2	-40.7	84.9	-1,372.5	-449.7	205.2
Operating income	-43.6	-43.7	-0.4	-1,374.2	-183.9	647.3
Operating margin (%)	-1.5	-1.3	-0.2 p.p.	-11.7	-1.4	-10.3 p.p.
Net profit for the period	-149.3	-175.2	-14.8	-1,542.4	45.7	-3471.6
Cash flow from operating activities	348.9	67.5	417.2	1,550.2	-105.6	n/a
Visits (thousands)	78,185	92,138	-15.1	312,656	365,076	-14.4
Orders (thousands)	1,377	1,523	-9.5	4,716	5,033	-6.3
Conversion rate (%)	1.8	1.7	0.1 p.p.	1.5	1.4	0.1 p.p.
Average order value (SEK)	2,051	2,134	-3.9	2,529	2,695	-6.2

* Refer to "Relevant reconciliations of non-IFRS alternative performance measures (APMs)" on page 33 of this report for a more detailed description.

COMMENTS ON THE RESULT FOR THE PERIOD

The fourth quarter of the year

The challenging market we faced earlier in the year continued into the fourth quarter. Our initiatives to achieve geographic expansion outside our companies' home markets and in certain product categories are progressing well. At the same time, we continued to see a trend of weak underlying demand in several product categories, particularly capital-intensive categories such as doors, windows and floors. In a weak market, we successfully reduced our fixed costs and continued to reduce our inventory during the quarter, thereby achieving a far larger inventory reduction than originally planned.

- The Group's net sales amounted to SEK 2,828.8 million (3,307.9) for the quarter. Total growth amounted to -14.5%, pro-forma organic to -10.6% and organic growth to -10.6%.
- Adjusted EBIT amounted to SEK 54.8 million (30.7) for the quarter, corresponding to an adjusted EBIT margin of 1.9% (0.9).
- We reduced our inventory by a further SEK 168.9 million during the fourth quarter (excluding the effect of divested operations).
- Cash flow from operating activities improved significantly to SEK 348.9 million (67.5) during the quarter, mainly driven by a positive development in working capital.

- Total interest-bearing liabilities at the end of the quarter amounted to SEK 2,556.8 million, SEK 1,584.3 million lower than at the beginning of the year.

Measures to improve cash flow and strengthen the balance sheet

Reducing our inventory has been the single most important measure taken this year to improve our cash flow and strengthen our balance sheet. During the fourth quarter, we reduced our inventory by a further SEK 168.9 million (excluding the effect of divested operations). We have thereby consistently reduced our inventory level every quarter since mid-2022. Overall, we reduced our inventory by SEK 900.0 million in 2023 (excluding the effect of divested operations), and by SEK 1,183.2 million since the highest levels in the second quarter of 2022 (excluding the effect of divested operations and inventory impairment), to achieve a more reasonable inventory level. We believe that there is still potential to achieve further reductions in 2024, but not to the same extent as in 2023.

In addition to significantly improving our cash flow during the quarter and the year, primarily by reducing inventory, we also took additional measures to strengthen our balance sheet during the year.

We completed the divestment of 20.1% of our subsidiary Furniture1 to its founder in July. The founder refrained from exercising his put option on BHG as part of the transaction. BHG's obligations related to the put option have now been terminated since the founder of Furniture1 is refraining from exercising it. The transaction significantly reduced BHG's

acquisition-related liabilities and eliminated the risk of a future cash flow effect of EUR 40 million, equivalent to SEK 439.5 million. In addition, our acquisition-related liabilities were reduced by a further SEK 83.0 million through the divestment of AH-Trading in the third quarter. Acquisition-related liabilities amounted to SEK 374.2 million at the end of the fourth quarter, down SEK 880.0 million since year-end. The divestments of AH-Trading and My Home in the third quarter also reduced our lease liabilities by SEK 71.5 million during the quarter.

Total interest-bearing liabilities at the end of the quarter amounted to SEK 2,556.8 million, SEK 1,584.3 million lower than at the beginning of the year.

Structural measures to reduce costs and increase competitiveness

During the year, we carried out several changes in line with our strategy to build a scalable, efficient and more flexible organisation. The goal is to have fewer platforms, an increased customer focus and better opportunities to grow internationally from our base in the Nordic region. During the fourth quarter, we continued to implement our strategy by consolidating our Danish operation Frishop.dk into our existing HYMA platform, integrating LSBolagen's warehouse structure with Hafa Brand Group and consolidating Arc E-commerce's two warehouses in Stockholm into one after the company drastically reduced its inventory during the year. In total, these changes led to a SEK 30 million reduction in annual costs for 2024, pertaining mainly to depreciation of lease assets and personnel costs. The total cost for the above measures amounted to SEK 69 million. All costs will be charged to the fourth quarter.

As we previously announced, we implemented several additional structural changes in line with our strategy. Since we began consolidating operations in autumn 2022, we have reduced the number of operating units from 25 to 15 and grouped them into our three business segments.

- We consolidated Svensson into Nordic Nest and Polarpumpen into Bygghemma. We also consolidated LSBolagen and Nordiska Fönster into Hafa and Frishop into HYMA. Moreover, we consolidated our Finnish DIY companies as well as Hemmy and Vitvaruexperten.
- We divested AH-Trading and My Home, since the companies did not suit our strategy and had a negative impact on profitability.
- We wound down the Finnish operation Edututor as well as Stonefactory.
- We closed 23 stores in the Trademax, Chilli and Kodin1 brands and divested 22 stores in connection with the sale of My Home. We reduced the number of physical stores to reduce our fixed costs and to focus on online transactions.

Going forward, we will continue to implement our strategy to consolidate our companies into a smaller number of larger platforms and thereby achieve economies of scale and simplify our structure, but mainly by consolidating smaller businesses into larger platforms within our three segments.

In the beginning of the first quarter of 2024, we announced additional structural initiatives in our Premium segment: Nordic Nest acquired the rights to the KitchenTime brand through an asset purchase transfer and LampGallerian will be consolidated into Nordic Nest. Both companies will be fully integrated into Nordic Nest's existing platform, which will improve the customer offering and the efficiency of the companies' business models.

Financial impact of restructuring programme

SEKm	Oct-Dec 2023			Jan-Dec 2023			Jan-Dec 2022		
	Reported	Adj. divested companies*	Reported excl. divested companies*	Reported	Adj. divested companies*	Reported excl. divested companies*	Reported	Adj. divested companies*	Reported excl. divested companies*
Net sales	2,828.8	-40.8	2,788.0	11,790.2	-1,023.1	10,767.2	13,433.6	-1,309.6	12,124.0
Adjusted gross profit	718.1	-7.7	710.5	2,944.8	-304.5	2,640.4	3,368.4	-422.5	2,945.9
Adjusted gross margin (%)	25.4	18.8	25.5	25.0	29.8	24.5	25.1	32.3	24.3
Adjusted EBITDA	154.1	4.1	158.1	578.9	-18.8	560.1	813.8	-50.0	763.8
Adjusted EBITDA margin (%)	5.4	-9.9	5.7	4.9	1.8	5.2	6.1	3.8	6.3
Adjusted EBIT	54.8	12.7	67.4	96.7	70.2	167.0	374.9	59.3	434.3
Adjusted EBIT margin (%)	1.9	-31.1	2.4	0.8	-6.9	1.6	2.8	-4.5	3.6
Adjusted EBITDA ex. IFRS 16	81.1	13.2	94.2	218.7	63.0	281.7	493.0	44.2	537.3
Adjusted EBITDA margin ex. IFRS 16 (%)	2.9	-32.3	3.4	1.9	-6.2	2.6	3.7	-3.4	4.4

* Refer to the definitions on page 41.

Operational measures to improve profitability

In addition to strengthening the business through structural changes, we are taking numerous operational measures to improve our profitability.

We announced a goal for 2023 of gross savings of SEK 150 to 200 million, corresponding to net savings of SEK 100 to 150 million, primarily within personnel and fulfilment costs.

We reduced our personnel costs by SEK 14.0 million for the quarter and SEK 70.2 million for the full year (adjusted for currency effects, divestments and items affecting comparability) compared with the year-earlier period. We also continued to improve the efficiency of our inventory handling during the fourth quarter, and we are seeing a positive development in the form of lower costs, primarily as we reduce our inventory. We improved efficiency and thereby reduced our fulfilment costs by SEK 16.4 million in the quarter, and by SEK 54.5 million (adjusted for currency effects) for the full year compared with the year-earlier period. All together, savings in personnel and fulfilment costs totalled SEK 124.7 million (adjusted for currency effects, divestments and items affecting comparability) compared with the year-earlier period.

Moreover, we are continuously working to strengthen our margins through price communication and strategic pricing and by adjusting our shipping revenue from customers to compensate for inflationary pressure on last-mile costs.

The market

The fourth quarter, like all of 2023, was characterised by continued weak demand. Consumers had less disposable income compared with the previous year and, like the previous quarters of the year, we noted a "corona rebalancing" in the fourth quarter: consumers prioritising the consumption of services and experiences that were not available to the same extent during the pandemic. We are continuing to experience a weak market, primarily in our capital-intensive product categories, due to the aforementioned factors as well as fewer transactions in the housing market and therefore a weaker renovation market. This understanding was confirmed by the E-commerce indicator (Swe: E-handelsindikatorn) from Swedish Commerce, which indicated that online sales of furniture in Sweden declined 38% in 2023 compared with the year-earlier period. Building materials and home furnishing declined 16% and 5%, respectively.

Available market data indicates that Sweden and Finland performed worse than the other Nordic markets.

Our assessment is that the online market in our product categories is smaller than in the same period last year, but larger than before the outbreak of the pandemic. At the same time, our assessment is that we performed better than the market as a whole, thereby gaining market share.

Outlook

The outlook for the consumer market remains uncertain and is affected by many factors. Our opinion is that consumers' willingness to invest could improve in 2024, since there are indications that interest rates have peaked and that the first interest rate cuts could happen in 2024, along with a decrease in inflationary pressure. At the same time, it is our assessment that consumers will not have a significantly

different disposable income in the coming year compared with one year ago.

The volume of transactions in the housing market, which affects demand for our product categories, was low in 2023. A greater willingness among consumers to invest could have a positive impact on the number of housing transactions in 2024, which in turn should have a positive impact on demand for our product categories.

Our overall expectation when it comes to demand in 2024 is that it will remain challenging, though we are somewhat more positive than in the same assessments we made in the previous quarter.

High inventory levels in the market and weak demand in some of our product categories in 2023 led to price pressure from sales campaigns. We expect the inventory situation to normalise for several of our product categories in 2024, but it is our assessment that high inventory levels will remain in a few product categories, such as outdoor furniture, which will likely see continued price pressure. Shipping costs from Asia declined significantly in 2023 and the Shanghai Containerized Freight Index is down significantly compared with a year ago. We are also seeing less pressure on production capacity, resulting in declining prices, as market players adjust their purchase volumes downward. It is currently unclear the extent to which geopolitical uncertainty will have negative effects on shipping prices in 2024.

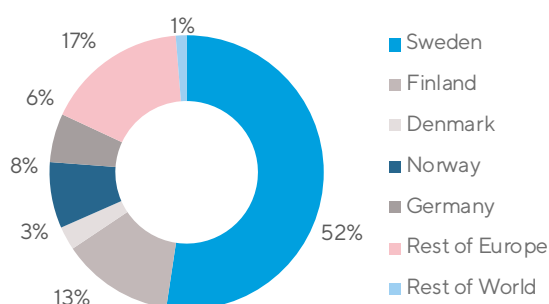
The difficult market situation will also present opportunities. As competitors are weakened, shut down or leave product categories – as we have seen in the past quarter, for example – BHG will be able to advance its leading position.

Our assessment is that the fundamental structural trends that have driven BHG's growth journey are continuing. The structural shift from physical stores to online is continuing, and penetration within the product categories and markets where we operate is still lower than in more mature product markets and geographies. For further information, refer to the Group's medium-term financial targets (page 11).

Acquisitions

The rate of activity is lower due to the current market conditions, and acquisitions are currently not our primary focus.

We are continuing to evaluate potential acquisition opportunities and see potential for minor bolt-on acquisitions in our platforms in 2024. In January 2024, we carried out a minor bolt-on acquisition in Nordic Nest through an asset purchase transfer of the KitchenTime brand and inventory.

Distribution of net sales by country (%), Oct-Dec 2023**Net sales**

The net sales trend in the fourth quarter was impacted by a continued challenging market. At the same time, our initiatives to achieve geographic expansion outside our companies' home markets and in certain product categories are progressing well.

Our premium range, especially furniture, performed well during the quarter. However, our performance was weaker in more capital-intensive categories such as floors, doors, windows and bathrooms as well as in product categories related to energy supply, such as power plants, that had performed well in the fourth quarter of 2022 as a result of high energy prices.

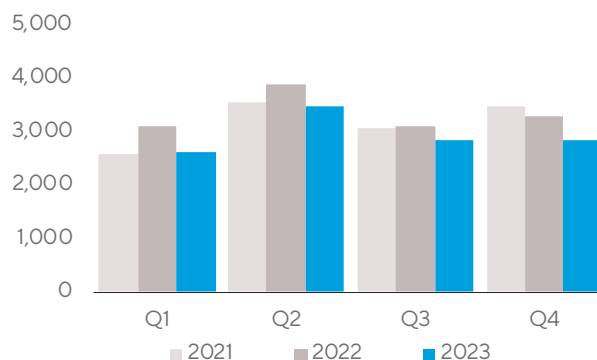
Sales in the Nordic region were weaker than in other geographies, primarily driven by the Swedish market. Sales outside the Nordic region improved during the quarter, and now represent 24% of sales, compared with 19% in the same period last year. In recent quarters, several of our sites have succeeded in efficiently expanding their offerings outside their Nordic home markets, while also maintaining profitability.

Net sales decreased -14.5% to SEK 2,828.8 million (3,307.9) for the quarter and -12.2% to SEK 11,790.2 million (13,433.6) for the full year. Organic growth was -10.6% for the quarter and -11.2% for the full year, while pro-forma organic growth was -10.6% for the quarter and -11.1% for the full year.

Net sales for the Home Improvement segment decreased -17.1% to SEK 1,343.1 million (1,621.5) for the quarter and -16.5% to SEK 5,726.7 million (6,856.3) for the full year. Organic growth was -17.0% for the quarter and -15.9% for the full year, while pro-forma organic growth was -17.0% for the quarter and -15.8% for the full year.

Net sales for the Value Home segment decreased -26.9% to SEK 713.0 million (975.6) for the quarter and -13.5% to SEK 3,941.4 million (4,558.7) for the full year. Organic growth was -14.5% for the quarter and -9.7% for the full year, while pro-forma organic growth was -14.5% for the quarter and -9.7% for the full year.

Net sales for the Premium Living segment increased 7.8% to SEK 782.7 million (725.9) for the quarter and increased 1.3% to SEK 2,201.2 million (2,172.1) for the full year. Organic growth was 7.8% for the quarter and 1.3% for the full year, while pro-forma organic growth was 7.8% for the quarter and 1.3% for the full year.

Net sales (SEKm)**Gross margin**

The adjusted product margin improved to 38.4% (37.6) for the quarter and 38.0% (38.0) for the full year. The adjusted gross margin (that is, the margin after deductions for direct selling expenses, such as logistics, fulfilment, etc.) improved to 25.4% (24.3) for the quarter and amounted to 25.0% (25.1) for the full year.

- The strong performance of the product margin in the quarter was primarily driven by the Value Home and Premium Living segments. In Value Home, we have worked actively to normalise the margin structure after the sales campaign pressure resulting from our previous focus on reducing inventory. The product margin in the Premium segment improved through robust sales outside the Nordic region, where competition and price pressure are generally lower. Higher shipping revenue from customers also had a positive impact on the product margin.
- Fulfilment costs improved as a result of cost initiatives and rationalisation of warehouse staff as well as a decrease in the number of warehouses following a sharp reduction in inventory. However, last-mile costs increased during the quarter compared with the same period last year, primarily driven by inflation-driven cost increases among suppliers. These were partially but not fully offset by higher shipping revenue from customers.

The Group carefully monitors the development of average order value (AOV) and focuses particularly on ensuring that the AOV for bulky products, which are sent on pallets, remains high. The AOV for Home Improvement in the fourth quarter was at around the same level as the year-earlier period but remained negatively impacted by mix effects as a result of declining sales in capital-intensive product categories such as doors and windows. The AOV was also slightly higher for Premium Living and somewhat lower in Value Home as a result of mix effects.

SG&A

Selling, general and administrative expenses (SG&A, defined as total personnel costs and other external costs adjusted for items affecting comparability) amounted to SEK 563.5 million (655.5) for the quarter, corresponding to 19.9% (19.8) of net sales, and to SEK 2,370.5 million (2,566.9) for the full year, corresponding to 20.1% (19.1) of net sales.

Previously announced cost cuts corresponding to gross savings of SEK 150 to 200 million, equivalent to net savings of SEK 100 to 150 million, proceeded according to plan and will partially affect SG&A. Personnel costs decreased SEK 13.2 million from the year-earlier quarter. In total, SG&A was impacted by a negative currency effect of SEK 4.5 million during the quarter, of which SEK 0.8 million affected personnel costs. Adjusted for effects from currency, acquisitions and item affecting comparability, personnel costs decreased by SEK 14.0 million for the quarter year-on-year, although the implemented cost cuts have not yet had their full impact and despite inflation-driven cost increases primarily related to salaries and rents. For the year to date, personnel costs have decreased SEK 70.2 million (adjusted for currency effects, acquisitions and items affecting comparability) compared with the previous year.

The reduction in SG&A for the quarter compared with the previous year is also attributable to lower costs for online marketing. These lower costs are in turn attributable to more effective marketing strategies and lower sales.

Given the uncertainty regarding future demand, we are continuing to identify additional cost-saving measures.

Earnings

The Group's adjusted EBIT amounted to SEK 54.8 million (30.7) for the quarter and SEK 96.7 million (374.9) for the full year, corresponding to an adjusted EBIT margin of 1.9% (0.9) and 0.8% (2.8), respectively. Depreciation and amortisation of tangible and intangible assets amounted to SEK 104.5 million (118.7) for the quarter, of which SEK 75.6 million (82.1) pertains to depreciation of lease assets, and SEK 487.0 million (438.9) for the full year, of which SEK 345.5 million (304.2) pertains to depreciation of lease assets.

The Group's operating income amounted to SEK -43.6 million (-43.7) for the quarter, corresponding to an operating margin of -1.5% (-1.3), and SEK -1374.2 million (-183.9) for the full year, corresponding to an operating margin of -11.7% (-1.4).

Items affecting comparability amounted to SEK -75.2 million (-40.7) for the quarter and SEK -1,372.5 million (-449.7) for the full year. These items mainly pertain to costs for the restructuring programme launched in the Value Home segment.

Amortisation and impairment of acquisition-related intangible assets amounted to SEK 23.1 million (25.2) for the quarter and SEK 98.4 million (100.6) for the full year. Amortisation pertained to identified surplus values related to customer relationships and customer databases in acquired companies. No impairment of goodwill or other assets, except for impairment of lease assets included in items affecting comparability, was identified during the period.

The Group's net financial items amounted to SEK -65.6 million (-136.6) for the quarter and pertained to interest expenses amounting to SEK -54.9 million (-34.3) for the

quarter, of which SEK -5.4 million (-5.4) are related to lease liabilities in accordance with IFRS 16.

For the full year, the Group's net financial items amounted to SEK -219.1 million (165.6), which included reassessed earn-outs of SEK +2.5 million (+276.6). Interest expenses amounted to SEK -193.3 million (-96.3), of which SEK -24.5 million (-20.5) pertained to lease liabilities in accordance with IFRS 16.

The Group reported a loss before tax of SEK -109.1 million (-180.3) for the quarter and a loss before tax of SEK -1,593.3 million (-18.3) for the full year. Net income totalled SEK -149.3 million (-175.2) for the quarter and SEK -1,542.4 million (45.7) for the full year. The effective tax rate was 36.8% (-2.8) for the quarter, corresponding to SEK 40.2 million (5.1), and -3.2% (-349.9) for the full year, corresponding to SEK 51.0 million (64.1).

Currency effects

Generally, The Group does not hedge currency exposure, but some currency exposure occurs for individual subsidiaries.

Exchange-rate fluctuations had some positive impact on operating income for the quarter.

Cash flow and financial position

Cash flow from operating activities was SEK 348.9 million (67.5) for the quarter and SEK 1,550.2 million (-105.6) for the full year, primarily driven by the Group's EBITDA and a positive effect from changes in working capital. The trend in working capital is in turn primarily a result of decreasing inventory levels in the period.

Cash conversion (cash flow from operating activities in relation to adjusted EBITDA) was 156.3% (19.9) for the quarter and 243.8% (-10.8) for the full year.

The Group's cash flow to investing activities amounted to SEK -46.0 million (-58.1) for the quarter and SEK -654.4 million (-454.9) for the full year, and during the period was mainly attributable to IT investments related to technology platforms.

Cash flow to financing activities amounted to SEK -674.0 million (-225.2) for the quarter and SEK -970.9 million (765.1) for the full year and was primarily attributable to repayment of the Group's revolving credit facility of SEK 500.0 million as well as repayment of lease liabilities and interest payments.

The Group's cash and cash equivalents at the end of the reporting period, compared with the beginning of the year, amounted to SEK 370.3 million (477.6).

The Group's net debt, which is defined as the Group's current and non-current interest-bearing liabilities to credit institutions, less cash and cash equivalents and investments in securities, etc., amounted to SEK 1,129.7 million at the end of the period, compared with SEK 1,543.4 million at the beginning of the year, corresponding to net debt in relation to pro-forma adjusted EBITDAaL, LTM (see definition on page 44) of 4.01, which is outside the range of the Group's medium-term capital structure target.

Work to improve profitability and cash flow continues with the aim to return to the profitability and cash flow that BHG delivered in the years before the pandemic, as a first step.

The Group's unutilised credit facilities amounted to SEK 1,800.0 million at the end of the period, compared with SEK 1,300.0 million at the beginning of the year.

FINANCIAL TARGETS**Net sales**

The Group's objective is to achieve net sales of SEK 20 billion over the medium term, including acquisitions. The target of SEK 20 billion in net sales is to be achieved by combining organic growth at least in line with the market, which is expected to grow by approximately 15% per year over a business cycle, with acquisitions, which are expected to add 5-10 percentage points of growth per year. The combination of organic and inorganic initiatives is expected to translate into growth in the range of 20-25% per year.

Profitability

The Group intends to continue conducting its operations in such a manner that growth goes hand in hand with healthy profitability. The profitability target is to achieve an adjusted EBIT margin of at least 7%.

Capital structure

To maintain net debt, excluding IFRS 16 effects, in relation to rolling 12-month (LTM) EBITDA in the range of 1.5-2.5x, subject to flexibility for strategic activities.

Dividend policy

When free cash flow exceeds available investments in profitable growth, and provided that the capital structure target is met, the surplus will be distributed to shareholders.

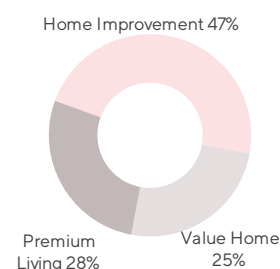
Home Improvement



"A successful Black Friday campaign in the quarter was followed by somewhat lower demand in the seasonally weak month of December. During the most recent quarter, we passed several important milestones in our strategy process through measures such as warehouse consolidations, closures of unprofitable stores and the consolidation of our Danish operations into Hyma Skog & Trädgård. This means that we further strengthened the competitiveness of several of our operations and are better equipped for a future normalisation of demand," says Mikael Hagman, Vice President and Head of the Home Improvement segment.

- Net sales decreased -17.1% to SEK 1,343.7 million (1,621.5) for the quarter and -16.5% to SEK 5,726.7 million (6,856.3) for the full year. Demand was especially weak in the Swedish market. Capital-intensive categories such as bathrooms, windows and doors delivered the relatively weakest performance.
- Organic growth was -17.0% and -15.9% for the full year, while pro-forma organic growth was -17.0% and -15.8% for the full year.
- The gross margin amounted to 22.1% (23.9) for the quarter and 21.2% (22.2) for the full year.
- Adjusted EBIT amounted to SEK 12.6 million (75.6) for the quarter and SEK 54.0 million (276.1) for the full year, corresponding to an adjusted EBIT margin of 0.9% (4.7) and 0.9% (4.0), respectively. The EBIT margin was positively impacted by lower marketing costs but negatively impacted by inflation-driven increases in last-mile costs, which have not been fully offset by higher shipping revenue from customers, as well as a loss of sales since fixed costs have not yet been fully adapted to the current demand situation.

Net sales by segment, Oct-Dec 2023



SEKm (if not otherwise stated)	Oct-Dec			Jan-Dec		
	2023	2022	Δ%	2023	2022	Δ%
Net sales	1,343.7	1,621.5	-17.1	5,726.7	6,856.3	-16.5
Gross profit	293.0	384.9	-23.9	1,205.2	1,387.0	-13.1
Gross margin (%)	21.8	23.7	-1.9 p.p.	21.0	20.2	0.8 p.p.
Adjusted gross profit	297.3	387.6	-23.3	1,215.2	1,521.1	-20.1
Adjusted gross margin (%)	22.1	23.9	-1.8 p.p.	21.2	22.2	-1.0 p.p.
Adjusted EBITDA	56.5	117.6	-52.0	234.5	434.1	-46.0
Adjusted EBITDA margin (%)	4.2	7.3	-3.0 p.p.	4.1	6.3	-2.2 p.p.
Adjusted EBIT	12.6	75.6	-83.3	54.0	276.1	-80.4
Adjusted EBIT margin (%)	0.9	4.7	-3.7 p.p.	0.9	4.0	-3.1 p.p.
Items affecting comparability	-52.5	-14.9	253.4	-68.1	-148.3	-54.1
Operating income	-54.3	43.2	-225.7	-71.5	67.1	-206.5
Operating margin (%)	-4.0	2.7	-6.7 p.p.	-1.2	1.0	-2.2 p.p.
Net profit for the period	-118.7	-179.1	-33.7	-198.3	133.3	-248.7
Visits (thousands)	22,501	28,719	-21.7	103,512	128,523	-19.5
Orders (thousands)	539	590	-8.7	2,117	2,256	-6.2
Conversion rate (%)	2.4	2.1	0.3 p.p.	2.0	1.8	0.3 p.p.
Average order value (SEK)	2,473	2,485	-0.5	2,719	3,020	-10.0

COMMENTS ON THE HOME IMPROVEMENT SEGMENT

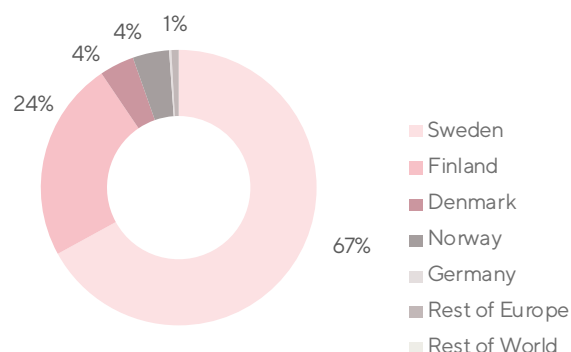
The Home Improvement segment accounted for 47% of the Group's total net sales for the quarter and 49% for the full year. Home Improvement operates almost exclusively in the Nordic market, and it is mainly based on a drop shipping model with a low level of tied-up capital, with a broad product range and price matching. Sweden is its largest market, making up approximately two thirds of the segment's sales in the fourth quarter.

The leading brand in the segment is Bygghemma. Other brands in the segment include Hylte Jakt & Lantman och Hafa.

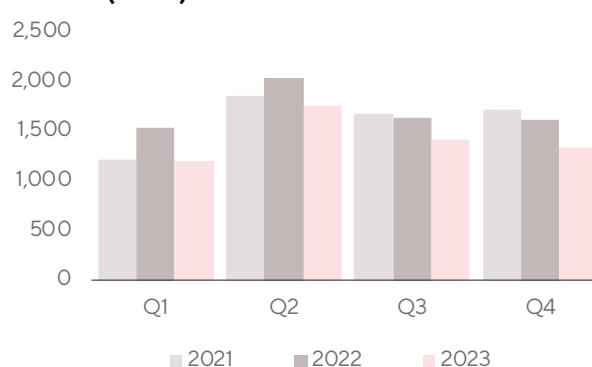
The focus is on:

- Grouping the segment's operations around a smaller number of business units with shared technology platforms, warehouses and organisation in order to maintain a competitive cost structure. We are investing in Bygghemma's technology platform in order to enable future consolidations and to improve the customer experience.
- Streamlining purchasing processes, increasing the share of sales from proprietary brands, which generally have higher margins, and broadening the range of additional services.
- Fully leveraging the product range through all relevant sales channels, an initiative supported by the Group's proprietary system for exchanging product information, and continuing to drive geographic expansion for the operations with strong positions in their home markets.

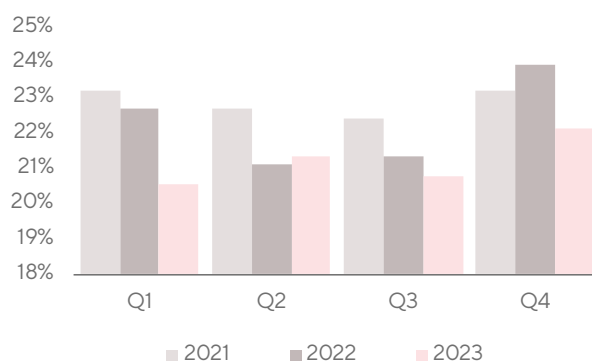
Distribution of net sales by country (%), Oct-Dec 2023



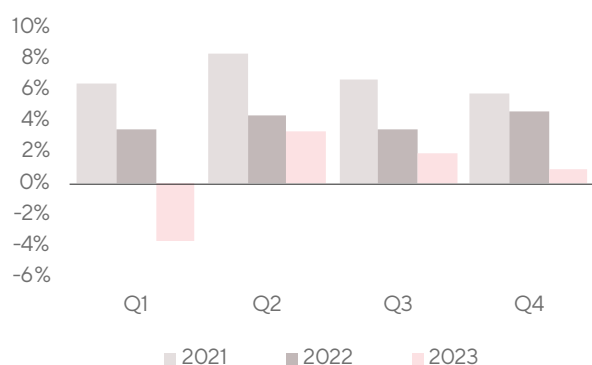
Net sales (SEKm)



Adjusted gross margin (%)



Adjusted EBIT margin (%)



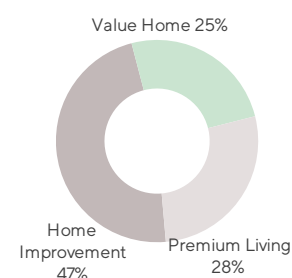


Value Home

“During the fourth quarter, we focused on implementing many of the structural changes announced in the end of Q3. This included closing several stores within the Nordic Home Furnishing company. We also reduced staff in several of the segment’s companies and continued to review costs in order to reduce the segment’s total cost base and create a sound cost structure going into 2024. To some extent, the decrease in our fixed costs already began to yield results in the fourth quarter, but the full effect is expected to take place in the first half of 2024. Traffic to the segment’s websites remained weak during the quarter. A strong AOV and an increase in conversions over the previous year partly compensated for the drop in traffic. During the fourth quarter, the segment continued to post strong cash flow and our focus going forward will now be on increasing profitability in the segment,” says Christian Eriksson, Head of Value Home.

- Net sales decreased -26.9% to SEK 713.0 million (975.6) for the quarter and -13.5% to SEK 3,941.4 million (4,558.7) for the full year. The Nordic market has been especially challenging.
- The segment’s organic growth was -14.5% for the quarter and -9.7% for the full year, while pro-forma organic growth was -14.5% for the quarter and -9.7% for the full year.
- The gross margin amounted to 32.1% (27.4) for the quarter and 30.7% (29.7) for the full year.
- Adjusted EBIT amounted to SEK 21.7 million (-38.4) for the quarter and SEK 49.5 million (76.0) for the full year, corresponding to an adjusted EBIT margin of 3.0% (-3.9) and 1.3% (1.7), respectively. The EBIT margin was strengthened by an improved gross margin, which was primarily attributable to a higher product margin as well as the impact of our savings initiatives for fulfilment costs.

Net sales by segment, Oct-Dec 2023



SEKm (if not otherwise stated)	Oct-Dec			Jan-Dec		
	2023	2022	Δ%	2023	2022	Δ%
Net sales	713.0	975.6	-26.9	3,941.4	4,558.7	-13.5
Gross profit	228.8	257.8	-11.3	1,196.4	1,113.4	7.5
Gross margin (%)	32.1	26.4	5.7 p.p.	30.4	24.4	5.9 p.p.
Adjusted gross profit	228.8	267.7	-14.6	1,210.1	1,355.1	-10.7
Adjusted gross margin (%)	32.1	27.4	4.6 p.p.	30.7	29.7	1.0 p.p.
Adjusted EBITDA	59.9	26.0	130.5	284.0	317.0	-10.4
Adjusted EBITDA margin (%)	8.4	2.7	5.7 p.p.	7.2	7.0	0.3 p.p.
Adjusted EBIT	21.7	-38.4	n/a	49.5	76.0	-34.8
Adjusted EBIT margin (%)	3.0	-3.9	7.0 p.p.	1.3	1.7	-0.4 p.p.
Items affecting comparability	-22.7	-16.1	41.3	-1,290.7	-250.1	416.0
Operating income	-4.1	-64.9	-93.7	-1,259.3	-199.8	530.4
Operating margin (%)	-0.6	-6.7	6.1 p.p.	-32.0	-4.4	-27.6 p.p.
Net profit for the period	-18.1	-30.7	-40.9	-1,275.9	-46.7	2634.0
Visits (thousands)	24,841	32,541	-23.7	120,341	155,953	-22.8
Orders (thousands)	207	283	-27.0	967	1,163	-16.9
Conversion rate (%)	0.8	0.9	0.0 p.p.	0.8	0.7	0.1 p.p.
Average order value (SEK)	3,218	3,391	-5.1	3,954	3,779	4.6

COMMENTS ON THE VALUE HOME SEGMENT

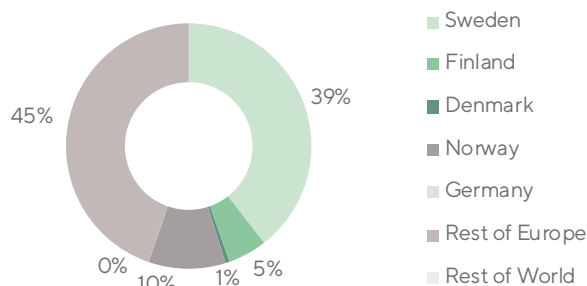
Net sales in the Value Home segment accounted for 25% of the Group's total net sales for the quarter and 33% for the full year. Sales to customers from countries outside the Nordic region accounted for 45% of sales for the segment during the fourth quarter.

Value Home operates primarily in the Nordic and Eastern European markets. It is a value-driven model that focuses on offering competitive prices, enabled by private label products. Trademax is the leading brand in the Value Home segment. Other brands include Furniture1 and Hemfint.

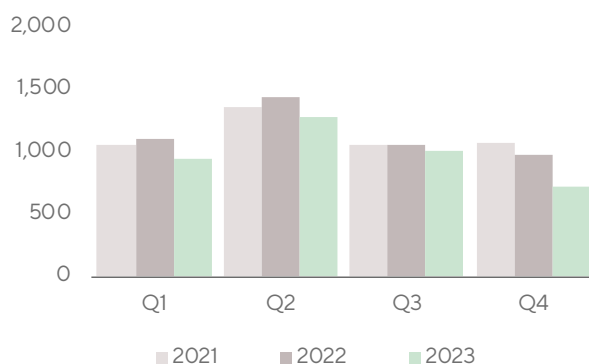
The focus continues to be on:

- Grouping the segment's operations around a smaller number of business units when it comes to technology platforms, warehouses and organisation in order to maintain a competitive cost structure.
- Opening new sales channels through geographic expansion and marketplaces.
- Upgrading technology platforms to provide an improved customer experience on the website as well as reducing ongoing development costs.

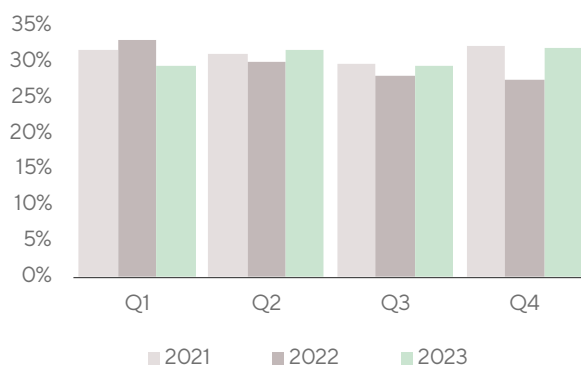
Distribution of net sales by country (%), Oct-Dec 2023



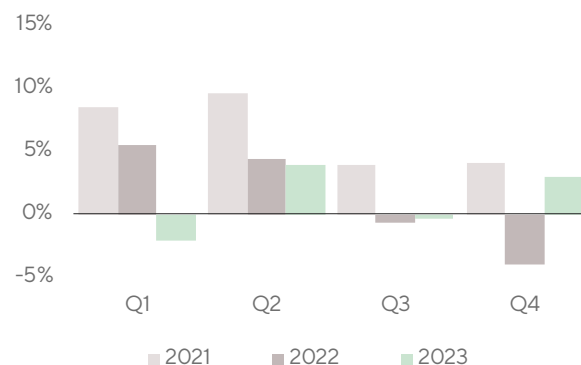
Net sales (SEKm)



Adjusted gross margin (%)



Adjusted EBIT margin (%)



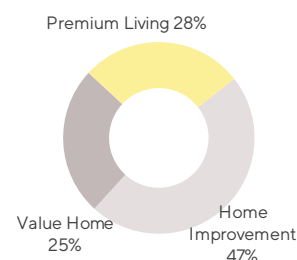


Premium Living

"In the last quarter of the year, we delivered strong sales growth of 7.8%, driven primarily by a very strong performance during the important Black Week period. During the quarter, we also saw a strong trend in the gross margin and significantly lower variable costs than in the previous year. It's very encouraging that the activities completed in 2023 yielded results during the most important quarter of the year. Increasing the gross margin despite price pressure during the quarter that was as at least as intense as in previous quarters is proof of our strength. Sales growth, the increased gross margin and improved efficiency led to a significant improvement in earnings for the quarter. All of this is a source of very positive energy as we enter 2024," says Bank Bergström, Head of the Premium Living segment.

- Net sales increased 7.8% to SEK 782.7 million (725.9) for the quarter and 1.3% to SEK 2,201.2 million (2,172.1) for the full year. Markets outside the Nordic region showed strong growth of 24% during the quarter.
- Organic growth was 7.8% for the quarter and 1.3% for the full year, while pro-forma organic growth was 7.8% for the quarter and 1.3% for the full year.
- The gross margin amounted to 24.7% (20.9) for the quarter and 23.9% (23.0) for the full year.
- Adjusted EBIT amounted to SEK 45.3 million (10.5) for the quarter and SEK 70.9 million (81.2) for the full year, corresponding to an adjusted EBIT margin of 5.8% (1.4) and 3.2% (3.7), respectively. Profitability for the quarter improved primarily due to higher product margins, lower fulfilment costs and lower marketing costs as a result of more effective marketing strategies.

Net sales by segment, Oct-Dec 2023



SEKm (if not otherwise stated)	Oct-Dec			Jan-Dec		
	2023	2022	Δ%	2023	2022	Δ%
Net sales	782.7	725.9	7.8	2,201.2	2,172.1	1.3
Gross profit	193.7	151.5	27.8	525.3	487.8	7.7
Gross margin (%)	24.7	20.9	3.9 p.p.	23.9	22.5	1.4 p.p.
Adjusted gross profit	193.7	151.5	27.8	525.3	499.4	5.2
Adjusted gross margin (%)	24.7	20.9	3.9 p.p.	23.9	23.0	0.9 p.p.
Adjusted EBITDA	61.9	22.2	178.6	135.8	119.4	13.8
Adjusted EBITDA margin (%)	7.9	3.1	4.8 p.p.	6.2	5.5	0.7 p.p.
Adjusted EBIT	45.3	10.5	332.7	70.9	81.2	-12.7
Adjusted EBITmargin (%)	5.8	1.4	4.3 p.p.	3.2	3.7	-0.5 p.p.
Items affecting comparability	-	-8.1	-100.0	0.6	-19.6	n/a
Operating income	39.6	-3.3	n/a	48.6	38.7	25.6
Operating margin (%)	5.1	-0.5	5.5 p.p.	2.2	1.8	0.4 p.p.
Net profit for the period	17.1	-5.7	n/a	11.3	25.4	-55.5
Visits (thousands)	30,843	30,878	-0.1	88,803	80,600	10.2
Orders (thousands)	632	649	-2.6	1,633	1,614	1.2
Conversion rate (%)	2.0	2.1	-0.1 p.p.	1.8	2.0	-0.2 p.p.
Average order value (SEK)	1,309	1,266	3.4	1,440	1,460	-1.4



COMMENTS ON THE PREMIUM LIVING SEGMENT

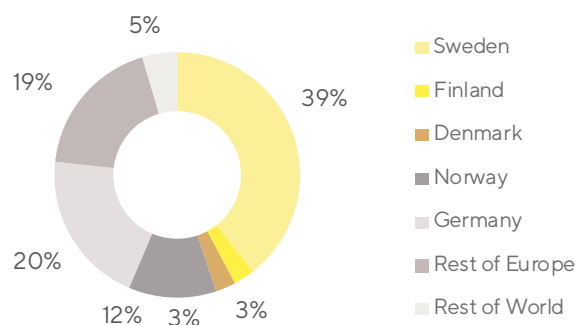
Net sales in the Premium Living segment accounted for 28% of the Group's total net sales for the quarter and 19% for the full year.

Premium Living has a premium position that is primarily based on wholesale, which internationalises Scandinavian design in a scalable way from their Nordic base. From having almost exclusively focused on the Nordic markets until 2018, the segment has since successfully established a rapidly growing presence in the European market and in certain Asian markets. Sales to customers from countries outside the Nordic region accounted for nearly 44% of sales for the segment during the fourth quarter. The leading brand in the segment is Nordic Nest.

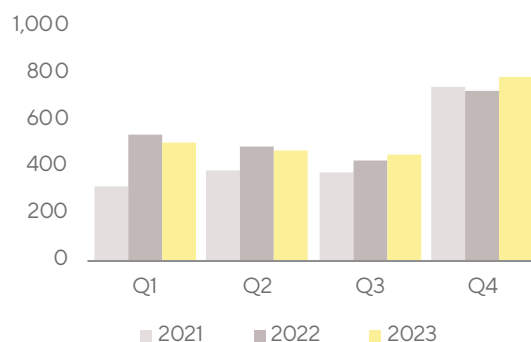
The focus continues to be on:

- Driving geographic growth for Nordic Nest
- Integrating KitchenTime, acquired in January 2024, and LampGallerian into Nordic Nest's infrastructure.
- Continuing efficiency work. Nordic Nest's warehouse automation solution, which was successfully deployed during the fourth quarter of 2022, is having an impact on the handling cost per order and the work is continuing according to plan.

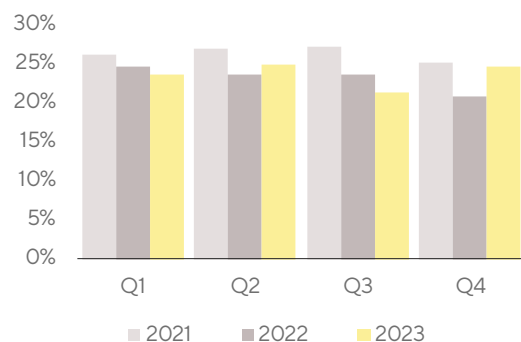
Distribution of net sales by country (%), Oct-Dec 2023



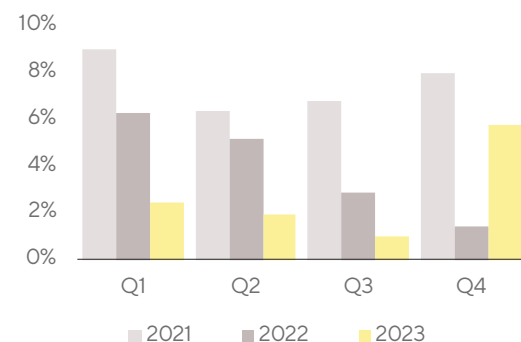
Net sales (SEKm)



Adjusted gross margin (%)



Adjusted EBIT margin (%)





Other

THE BHG SHARE

The BHG Group AB (publ) share is listed on Nasdaq Stockholm under the ticker BHG with the ISIN code SE0010948588.

The share price at the beginning of the year was SEK 18.7. On the last day of trading in the period, the share price was SEK 14.1. The highest price paid, quoted in January, was SEK 23.0, and the lowest price paid, quoted in April, was SEK 8.2.

During the period, 279,446,112 BHG shares were traded, equivalent to a turnover rate of 156%.

As of 31 December, BHG had approximately 12,200 shareholders, of which the largest were Ferd AS (17.8%), Entrust Global (11.3%), Fidelity Investments (6.0%), Mikael Olander (5.0%) and the Fourth AP Fund (5.0%).

As of 31 December 2023, the number of shares issued was 179,233,563, all of which were ordinary shares.

PARENT COMPANY

The Parent Company's net sales amounted to SEK 2.2 million (2.6) for the quarter and SEK 7.9 million (8.3) for the full year. The Parent Company posted an operating loss of SEK -23.1 million (-17.8) for the quarter and SEK -79.8 million (-82.9) for the full year. Outstanding incentive programmes were charged to Parent Company earnings for the full year in an amount of SEK 0.0 million (-4.4). The Parent Company's cash and cash equivalents totalled SEK 42.5 million at the end of the reporting period, compared with SEK 8.9 million at the beginning of the year.

Malmö, 26 January 2024

Christian Bubenheim
Chairman

Kristian Eikre
Board member

Joanna Hummel
Board member

Mikael Olander
Board member

Negin Yeganegy
Board member

Gustaf Öhrn
President and CEO

This report has not been audited by the company's auditors.

BHG Group AB (publ)

Hans Michelsensgatan 9
SE-211 20 Malmö, Sweden
Corporate registration number: 559077-0763

This information is information that BHG Group AB 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 below, at 7:00 a.m. CET on 26 January 2024.

CONTACT INFORMATION

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CONFERENCE CALL IN CONNECTION WITH PUBLICATION OF THE INTERIM REPORT

Gustaf Öhrn, President and CEO, and Jesper Flemme, CFO, will hold a conference call at 10:00 a.m. on Friday, 26 January in connection with the publication of the interim report.

The call will be held in English. Use the following link to participate in the webcast:

<https://ir.financialhearings.com/bhg-q4-report-2023>. There will be an opportunity to ask questions in writing at the webcast. If you wish to ask questions verbally during the conference call, please register via the following link: <https://conference.financialhearings.com/teleconference/?id=50046772>. Once you have registered you will receive a telephone number and conference ID to log in to the conference. There will be an opportunity to ask questions verbally at the webcast.



The presentation will be available from the Group's website:
<https://www.wearebhg.com/investors/presentations/>.

INTERIM REPORTS ON WWW.WEAREBHG.COM

The full interim report for the period January-December 2023 and previous interim and year-end reports are available at <https://www.wearebhg.com/sv/investerare/finansiella-rapporter/>

FINANCIAL CALENDAR

25 April 2024	Interim report January-March 2024
6 May 2024	Annual General Meeting
18 July 2024	Interim report January-June 2024
24 October 2024	Interim report January-September 2024

Condensed consolidated income statement

SEKm	Oct-Dec		Jan-Dec	
	2023	2022	2023	2022
Net sales	2,828.8	3,307.9	11,790.2	13,433.6
Other operating income	6.8	2.6	20.6	17.1
Total net sales	2,835.6	3,310.4	11,810.9	13,450.7
Cost of goods sold	-2,115.0	-2,515.6	-8,869.2	-10,452.5
Personnel costs	-254.7	-306.8	-1,067.1	-1,142.3
Other external costs and operating expenses	-320.6	-371.7	-1,354.7	-1,480.4
Other operating expenses	-2.8	-7.0	-1,196.4	-10.8
Depreciation and amortisation of tangible and intangible fixed assets	-186.1	-153.2	-697.7	-548.5
Operating income	-43.6	-43.7	-1,374.2	-183.9
Profit/loss from financial items	-65.5	-136.6	-219.1	165.6
Profit before tax	-109.1	-180.3	-1,593.3	-18.3
Income tax	-40.2	5.1	51.0	64.1
Profit for the period	-149.3	-175.2	-1,542.4	45.7
Attributable to:				
Equity holders of the parent	-159.7	-179.6	-1,564.6	34.1
Non-controlling interest	10.4	4.4	22.2	11.7
Net income for the period	-149.3	-175.2	-1,542.4	45.7
Earnings per share before dilution, SEK	-0.89	-1.20	-8.73	0.25
Earnings per share after dilution, SEK	-0.89	-1.20	-8.73	0.25

* The formula for earnings per share is as follows: earnings per share = net profit/loss for the period/(average number of ordinary shares outstanding + dilution effect due to outstanding warrants and share savings programmes). At the end of the period, there was a total of 8,263,660 (3,602,006) warrants and share awards under the share saving programme outstanding, of which 0 (0) had a dilution effect during the quarter and 0 (248,378) had a dilution effect for the full year.



Condensed consolidated statement of comprehensive income

SEKm	Oct-Dec		Jan-Dec	
	2023	2022	2023	2022
Profit for the period	-149.3	-175.2	-1,542.4	45.7
Other comprehensive income				
Items that subsequently could be reclassified to profit or loss				
Translation differences for the period	-33.1	26.9	-74.5	106.4
Other comprehensive income for the period	-33.1	26.9	-74.5	106.4
Total comprehensive income for the period	-182.4	-148.3	-1,616.9	152.1
Total comprehensive income attributable to:				
Parent Company shareholders	-187.4	-153.8	-1,638.9	136.2
Non-controlling interest	4.9	5.6	22.0	15.9
Total comprehensive income for the period	-182.4	-148.3	-1,616.9	152.1
Shares outstanding at period's end	179,233,563	179,233,563	179,233,563	179,233,563
Average number of shares				
Before dilution	179,233,563	149,820,603	179,233,563	136,793,019
After dilution	179,233,563	149,820,603	179,233,563	136,979,303

* The average number of shares before and after dilution differs for the comparative period because the exercise price for one of the outstanding employee warrant programmes is less than the average share price for the full year.

Condensed consolidated statement of financial position

SEKm	31 Dec	
	2023	2022
Non-current assets		
Goodwill	5,899.7	6,480.9
Other intangible fixed assets	2,436.8	2,879.2
Total intangible fixed assets	8,336.5	9,360.1
Buildings and land	20.8	21.5
Leased fixed assets	615.0	902.2
Tangible fixed assets	124.6	156.0
Financial fixed assets	16.4	15.1
Deferred tax asset	94.1	102.5
Total fixed assets	9,207.3	10,557.5
Current assets		
Inventories	1,312.9	2,482.9
Current receivables	534.6	763.4
Cash and cash equivalents	370.3	477.6
Total current assets	2,217.8	3,723.9
Total assets	11,425.1	14,281.4
Equity		
Equity attributable to owners of the parent	6,342.7	7,613.8
Non-controlling interest	167.4	56.0
Total equity	6,510.1	7,669.8
Non-current liabilities		
Deferred tax liability	479.0	605.2
Other provisions	28.0	22.1
Non-current interest-bearing liabilities to credit institutions	1,495.5	2,009.3
Non-current lease liabilities	427.4	566.3
Non-current acquisition related interest-bearing liabilities	325.3	816.7
Total non-current liabilities	2,755.1	4,019.5
Current liabilities		
Current lease liabilities	259.7	311.4
Current acquisition related interest-bearing liabilities	48.9	437.5
Other current liabilities	1,851.2	1,843.1
Total current liabilities	2,159.9	2,592.0
Total equity and liabilities	11,425.1	14,281.4

Condensed consolidated statement of cash flows

SEKm	Oct-Dec		Jan-Dec	
	2023	2022	2023	2022
EBITDA	142.6	108.6	-676.6	363.8
Adjustments for items not included in cash flow*	-31.9	-5.2	1,004.1	374.6
Income tax paid	47.1	-20.9	-46.1	-216.2
Cash flow from operating activities before changes in working capital	157.8	82.5	281.4	522.2
Changes in working capital	191.1	-15.0	1,268.8	-627.9
Cash flow from operating activities	348.9	67.5	1,550.2	-105.6
Investments in operations	-	-3.4	-467.1	-257.7
Redemption of loan to seller upon acquisition of operations	-	-	-	-6.9
Investments in other non-current assets	-60.9	-58.7	-184.5	-198.6
Divestment of operations	0.0	0.0	-32.8	0.6
Divestment of other tangible fixed assets	0.4	0.5	3.6	2.0
Received interest	14.5	3.4	26.3	5.8
Cash flow to/from investing activities	-46.0	-58.1	-654.4	-454.9
New share issue	-	705.0	80.7	1,693.8
Loans taken	-	-	-	800.0
Amortisation of loans	-602.1	-887.0	-856.7	-1,619.7
Issue of warrants	-	-	5.2	1.0
Interest paid	-58.3	-34.8	-203.9	-99.5
Transactions with non-controlling interest	11.0	-	28.4	-
Dividends to non-controlling interests	-24.6	-8.4	-24.6	-10.5
Cash flow to/from financing activities	-674.0	-225.2	-970.9	765.1
Cash flow for the period	-371.1	-215.9	-75.0	204.6
Cash and cash equivalents at the beginning of the period	768.5	692.3	477.6	273.5
Translation differences in cash and cash equivalents	-27.1	1.2	-32.3	-0.5
Cash and cash equivalents at the end of the period	370.3	477.6	370.3	477.6

* Adjustments for non-cash items in the quarter consist of capital gains of SEK -0.1 million from the divestment of operations, changes of SEK -23.1 million in provisions for obsolescence, changes of SEK -10.7 million in other provisions and other items of SEK 1.9 million. For the full year, SEK 1,117.1 million pertained to capital gains from the divestment of operations, SEK -190.3 million to changes in provisions for obsolescence, SEK 6.4 million to changes in other provisions and other items of SEK 70.9 million.

Condensed consolidated statement of changes in equity

SEKm	31 Dec	
	2023	2022
Opening balance	7,669.8	5,256.3
Comprehensive income for the period	-1,616.9	152.1
Transactions with non-controlling interests	29.3	22.5
New share issues*	-0.7	1,775.2
Issue of warrants	8.5	8.5
Dividends to non-controlling interests	-24.6	-12.6
Remeasurement of liabilities to non-controlling interests	444.8	467.8
Closing balance	6,510.1	7,669.8

* The proceeds from the new issue for 2022 are recognised net after a deduction for transaction costs of SEK 31.2 million for the full year and a tax effect of SEK -6.4 million. The new issues in the fourth quarter of 2022 were carried out in two stages: a first issue of 39,024,390 shares on 6 December 2022 and a second issue of 3,972,097 shares on 30 December 2022 after a resolution by the Extraordinary General Meeting. The Group received proceeds of SEK 81.4 million for the shares issued on 30 December 2022 during the first quarter of 2023. Transaction costs of SEK 0.9 million and a tax effect of SEK -0.2 million were subsequently added, which resulted in a corresponding difference between the statement of changes in equity and the statement of cash flows.



Notes

NOTE 1 ACCOUNTING POLICIES

This report has been prepared by applying the rules of IAS 34 Interim Financial Reporting and applicable regulations contained in the Swedish Annual Accounts Act. The interim report for the Parent Company has been prepared in accordance with Chapter 9 Interim Reports of the Swedish Annual Accounts Act. For the Group and the Parent Company, the same accounting policies and estimation techniques have been applied as in the 2022 Annual Report. The Group received support in accordance with the Ordinance on Electricity Support for Businesses (2023:223) during the quarter. The support is recognised as Other operating income. During the third quarter, the Group launched a restructuring programme in the Value Home segment that resulted in certain operations in the segment being divested or discontinued. The restructuring has not been recognised as a discontinued operation in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations since the divested and discontinued operations did not comprise separate lines of business and were not deemed to be major geographic areas of operation.

The Group also applies the European Securities and Markets Authority's (ESMA) guidelines for alternative performance measures. Definitions of alternative performance measures can be found in the relevant reconciliations on pages 33-45 of this report.

The interim information on pages 1-18 is an integrated part of this financial report.

NOTE 2 SEASONAL VARIATIONS

The Group's operations are impacted by seasonal variations' effect on demand, especially for building products and outdoor furniture. Due to the effect of weather on demand, the Group's sales and cash flow are usually highest in the second quarter. The third and fourth quarters are generally equal in terms of sales, with demand in the third quarter being impacted by the weather and demand in the fourth quarter growing as the importance of Black Week increased. Demand, and consequently the Group's sales, have historically been lowest in the first quarter. Although seasonal variations do not normally affect the Group's relative earnings and cash flow from year to year, earnings and cash flow may be impacted in years with extremely mild or severe weather conditions, or with very high or low rainfall. Weather conditions may also have a significant impact on individual quarters.

NOTE 3 SEGMENTS

SEKm	Oct-Dec		Jan-Dec	
	2023	2022	2023	2022
Net sales				
Home Improvement	1,343.7	1,621.5	5,726.7	6,856.3
Value Home	713.0	975.6	3,941.4	4,558.7
Premium Living	782.7	725.9	2,201.2	2,172.1
Total net sales	2,839.4	3,323.0	11,869.3	13,587.2
Other*	7.0	8.9	32.1	30.4
Eliminations	-17.6	-24.0	-111.2	-183.9
Group consolidated total	2,828.8	3,307.9	11,790.2	13,433.6
Revenue from other segments				
Home Improvement	1.5	2.7	6.6	9.4
Value Home	9.0	12.4	72.3	144.1
Premium Living	0.1	-	0.2	-
Other*	7.0	8.9	32.1	30.4
Total	17.6	24.0	111.2	183.9

SEKm	Oct-Dec		Jan-Dec	
	2023	2022	2023	2022
Operating income and profit before tax				
Home Improvement	-54.3	43.2	-71.5	67.1
Value Home	-4.1	-64.9	-1,259.3	-199.8
Premium Living	39.6	-3.3	48.6	38.7
Total operating income	-18.8	-25.1	-1,282.2	-93.9
Other*	-24.8	-18.7	-92.0	-89.9
Group consolidated operating income	-43.6	-43.7	-1,374.2	-183.9
Financial net	-65.5	-136.6	-219.1	165.6
Group consolidated profit before tax	-109.1	-180.3	-1,593.3	-18.3

* The Group's other operations primarily consist of Group-wide functions and financing arrangements. Accordingly, net sales consist in all material aspects of management fees.

SEKm	Oct-Dec 2023									
	Home Improvement	%	Value Home	%	Premium living	%	Other	Elimination	Group	%
Sweden	900.6	67.0%	281.3	39.5%	308.8	39.4%	7.0	-16.0	1,481.7	52.4%
Finland	316.1	23.5%	36.8	5.2%	21.6	2.8%	-	-0.2	374.3	13.2%
Denmark	54.6	4.1%	3.6	0.5%	20.7	2.6%	-	-	79.0	2.8%
Norway	57.4	4.3%	72.5	10.2%	90.5	11.6%	-	-	220.4	7.8%
Germany	3.5	0.3%	0.1	0.0%	158.9	20.3%	-	-	162.5	5.7%
Rest of Europe	11.4	0.9%	318.7	44.7%	146.2	18.7%	-	-1.4	475.0	16.8%
Rest of World	-	-	-	-	36.0	4.6%	-	-	36.0	1.3%
Net sales	1,343.7	100%	713.0	100%	782.7	100%	7.0	-17.6	2,828.8	100%

Oct-Dec 2022

SEKm	Home Improvement		Value Home		Premium living		Other	Elimination	Group	
		%		%		%				
Sweden	1,098.8	67.8%	352.7	36.2%	310.2	42.7%	8.9	-21.7	1,749.0	52.9%
Finland	376.6	23.2%	63.4	6.5%	18.9	2.6%	-	-0.3	458.5	13.9%
Denmark	59.6	3.7%	116.5	11.9%	16.7	2.3%	-	-	192.7	5.8%
Norway	73.2	4.5%	105.6	10.8%	104.9	14.4%	-	-	283.7	8.6%
Germany	4.1	0.3%	33.4	3.4%	138.7	19.1%	-	-0.6	175.6	5.3%
Rest of Europe	9.3	0.6%	304.0	31.2%	98.6	13.6%	-	-1.4	410.4	12.4%
Rest of World	-	-	-	-	38.0	5.2%	-	-	38.0	1.1%
Net sales	1,621.5	100%	975.6	100%	725.9	100%	8.9	-24.0	3,307.9	100%

Jan-Dec 2023

SEKm	Home Improvement		Value Home		Premium living		Other	Elimination	Group	
		%		%		%				
Sweden	3,760.1	65.7%	1,489.4	37.8%	976.9	44.4%	32.1	-105.0	6,153.5	52.2%
Finland	1,383.6	24.2%	178.2	4.5%	59.9	2.7%	-	-1.2	1,620.4	13.7%
Denmark	282.0	4.9%	361.7	9.2%	61.3	2.8%	-	-	705.0	6.0%
Norway	241.1	4.2%	348.0	8.8%	233.4	10.6%	-	-	822.6	7.0%
Germany	12.6	0.2%	478.8	12.1%	383.7	17.4%	-	-	875.1	7.4%
Rest of Europe	47.2	0.8%	1,085.4	27.5%	364.8	16.6%	-	-4.9	1,492.5	12.7%
Rest of World	-	-	-	-	121.2	5.5%	-	-	121.2	1.0%
Net sales	5,726.7	100%	3,941.4	100%	2,201.2	100%	32.1	-111.2	11,790.2	100%

Jan-Dec 2022

SEKm	Home Improvement		Value Home		Premium living		Other	Elimination	Group	
		%		%		%				
Sweden	4,624.1	67.4%	1,760.4	38.6%	1,080.1	49.7%	30.4	-176.6	7,318.4	54.5%
Finland	1,580.9	23.1%	222.9	4.9%	50.6	2.3%	-	-0.6	1,853.9	13.8%
Denmark	311.3	4.5%	520.9	11.4%	49.7	2.3%	-	-	881.8	6.6%
Norway	281.9	4.1%	428.1	9.4%	270.5	12.5%	-	-	980.5	7.3%
Germany	16.8	0.2%	538.2	11.8%	337.3	15.5%	-	-0.6	891.6	6.6%
Rest of Europe	41.3	0.6%	1,088.1	23.9%	261.5	12.0%	-	-6.2	1,384.7	10.3%
Rest of World	-	-	-	-	122.6	5.6%	-	-	122.6	0.9%
Net sales	6,856.3	100%	4,558.7	100%	2,172.1	100%	30.4	-183.9	13,433.6	100%

NOTE 4 BUSINESS COMBINATIONS

SEKm	2023					
	Net identifiable assets and liabilities	Goodwill	Purchase price	Cash and cash equivalents	Contingent/ deferred purchase price, vendor loans	Net cash flow
Acquisition of non-controlling interests						
Acquisition of shares in LampGallerian Växjö AB	-	-	-	-	-	-42.8
Acquisition of shares in IP-Agency Oy	-	-	-	-	-	-55.9
Acquisition of shares in Arc E-commerce AB	-	-	-	-	-	-70.6
Contingent consideration						
Additional purchase price, Navitek Oy	-	-	-	-	-	-3.2
Additional purchase price, Hyma Skog & Trädgård AB	-	-	-	-	-	-268.0
Additional purchase price, Lindström & Sondén AB	-	-	-	-	-	-11.8
Additional purchase price, E. Svenssons i Lammhult AB	-	-	-	-	-	-13.1
Additional purchase price, Nordiska Fönster i Ängelholm AB	-	-	-	-	-	-1.5
	-	-	-	-	-	-467.1

NOTE 5 FAIR VALUE

Financial assets and financial liabilities measured at fair value in the consolidated statement of financial position comprise acquisition-related liabilities and currency forwards. The carrying amount for all financial assets and financial liabilities is deemed to be a reasonable approximation of the fair values of the items.

Acquisition-related interest-bearing liabilities

Acquisition-related interest-bearing liabilities pertain to contingent and deferred considerations attributable to the Group's acquisitions and liabilities to non-controlling interests. These are included in Level 3 of the valuation hierarchy, meaning the level applicable for assets and liabilities that are considered illiquid and difficult to value, and for which inputs for measuring fair value are unobservable inputs in the market. The fair value of contingent considerations is calculated by discounting future cash flows with a risk-adjusted discount interest rate. Expected cash flows are forecast using probable scenarios for future EBITDA levels, amounts that will result from various outcomes and the probability of those outcomes. The table below shows the carrying amounts for the Group's acquisition-related interest-bearing liabilities.

SEKm	31 Dec	
	2023	2022
Reported value on the opening date	1,254.2	2,121.7
Recognition in profit or loss	7.1	-271.6
Recognised in equity	-420.0	-414.9
Utilised amount	-467.1	-222.0
Acquisition value at cost	-	41.0
Reported value on the closing date	374.2	1,254.2

Currency forwards

The Group recognises currency forwards at fair value, which as of 31 December 2023 was SEK -1.4 million (0.2), of which SEK 0.0 million (0.2) comprised assets and SEK 1.4 million (0.0) comprised liabilities for the Group. The currency forwards are measured based on a discount comprising the difference between the contracted forward rate and the actual forward rate for a currency forward maturing on the same date. This measurement is included in Level 2 of the valuation hierarchy.

NOTE 6 RELATED-PARTY TRANSACTIONS

Transactions between BHG Group AB and its subsidiaries have been eliminated in the consolidated financial statements. All transactions between related parties have been conducted on commercial terms, on an arm's length basis.

**NOTE 7 RISKS AND UNCERTAINTIES**

There are several strategic, operational and financial risks and uncertainties that can affect the Group's financial results and position. Most risks can be managed through internal procedures, while others are largely driven by external factors. There are risks and uncertainties related to IT and management systems, suppliers, season and weather variations and exchange rates, while other risks and uncertainties may also arise in the case of new competition, changed market conditions or changed consumer behaviour for online sales. The Group is also exposed to interest-rate risk.

During the past 12 months, the Group has strengthened its systems and processes in order to minimise risks related to cyber security.

Other than the changes below, no significant changes to the Group's risks and uncertainties are deemed to have taken place compared with what is stated on pages 31–32 of the 2022 Annual Report.

Renegotiated loan terms

As stated on page 32 of the 2022 Annual Report, BHG made the assessment that it could not be precluded that profitability could reach a level in 2023 whereby BHG would risk not meeting the terms of the financial covenants in the Group's credit facilities. During the second quarter of 2023, BHG reached an agreement with its lenders that meant that existing financial covenants concerning the leverage ratio and interest coverage ratio were replaced by new financial covenants concerning earnings and liquidity during the period from 30 June 2023 through 31 March 2024. During the relief period, the pricing of the loans will be adjusted while BHG will pledge certain tangible assets as collateral.

The total credit facilities amount to SEK 3,300 million divided between a term loan, a revolving credit facility and a bank overdraft facility, of which SEK 1,500 million had been utilised as of 31 December 2023. The current facilities expire in May 2025, with the option for BHG to extend them until May 2026. As of 31 December 2023, the Group had fulfilled the financial covenants in its credit facilities.

Condensed Parent Company income statement

SEKm	Oct-Dec		Jan-Dec	
	2023	2022	2023	2022
Net sales	2.2	2.6	7.9	8.3
Total net sales	2.2	2.6	7.9	8.3
Personnel cost	-14.0	-15.3	-58.0	-56.3
Other external costs	-11.3	-5.0	-29.4	-33.1
Other operating expenses	-	-	-	-1.5
Depreciation and amortisation of tangible and intangible fixed assets	-0.1	-0.1	-0.3	-0.2
Operating income	-23.1	-17.8	-79.8	-82.9
Profit/loss from financial items	-31.7	-10.0	-92.6	5.3
Group contributions	110.0	83.6	110.0	83.6
Profit/loss before tax	55.2	55.8	-62.4	6.0
Income tax	-30.0	-10.4	-6.5	-0.3
Profit/loss for the period	25.2	45.4	-68.9	5.7

A statement of other comprehensive income has not been prepared since the Parent Company did not conduct any transactions recognised as other comprehensive income.

Condensed Parent Company balance sheet

SEKm	31 Dec	
	2023	2022
Non-current assets		
Other intangible fixed assets	0.5	0.7
Total intangible fixed assets	0.5	0.7
Financial fixed assets	7.4	-
Participations in Group companies	3,678.3	3,678.3
Long-term receivables from Group companies	4,805.5	4,805.5
Deferred tax asset	0.0	0.1
Total fixed assets	8,491.7	8,484.6
Current assets		
Short-term receivables	4.8	112.4
Short-term receivables from Group companies	104.9	145.7
Cash and cash equivalents	42.5	8.9
Total current assets	152.2	267.1
Total assets	8,644.0	8,751.7
Equity		
Restricted equity	5.4	5.4
Unrestricted equity	6,645.7	6,714.7
Total equity	6,651.0	6,720.0
Untaxed reserves	-	20.0
Non-current liabilities		
Long-term liabilities to Group companies	450.0	-
Non-current interest-bearing liabilities to credit institutions	1,495.5	1,988.2
Total non-current liabilities	1,945.7	1,988.2
Current liabilities		
Other current liabilities	47.2	23.4
Total current liabilities	47.2	23.4
Total equity and liabilities	8,644.0	8,751.7

Key ratios

	2023					2022				
	Q4	Q3	Q2	Q1	Jan-Dec	Q4	Q3	Q2	Q1	Jan-Dec
THE GROUP										
Net sales growth (%)	-14.5	-7.9	-10.9	-15.9	-12.2	-5.1	1.5	10.1	21.1	6.1
Organic growth (%)	-10.6	-7.5	-10.8	-16.8	-11.2	-3.7	-5.3	-8.1	0.6	-5.0
Proforma organic growth (%)	-10.6	-7.5	-10.7	-15.5	-11.1	-5.5	-6.8	-7.4	3.0	-4.5
Adjusted gross profit beofre direct selling costs (%)	38.4	37.3	38.3	37.8	38.0	37.6	37.3	37.6	39.7	38.0
Adjusted gross profit (%)	25.4	24.0	25.8	24.5	25.0	24.3	24.0	25.0	27.1	25.1
Adjusted EBIT (%)	1.9	0.4	2.8	-2.6	0.8	0.9	1.5	4.2	4.3	2.8
Earnings per share before dilution, SEK	-0.89	-7.30	0.12	-0.66	-8.73	-1.20	-0.62	1.44	0.89	0.25
Earnings per share after dilution, SEK	-0.89	-7.30	0.12	-0.66	-8.73	-1.20	-0.62	1.43	0.88	0.25
Equity/assets ratio %	57.0	55.0	52.6	52.7	57.0	53.7	46.3	45.1	37.2	53.7
Net debt (+) / Net cash (-)	1,129.7	1,231.5	968.8	1,429.3	1,129.7	1,543.4	2,129.8	1,803.2	2,319.3	1,543.4
Cash flow from operating activites (SEKm)	348.9	223.7	766.8	210.8	1,550.2	67.5	-133.0	-161.8	121.7	-105.6
Visits (thousands)	78,185	72,409	79,824	82,238	312,656	92,138	80,185	92,921	99,832	365,076
Orders (thousands)	1,377	1,106	1,217	1,016	4,716	1,523	1,117	1,227	1,166	5,033
Average order value (SEK)	2,051	2,608	2,925	2,619	2,529	2,134	2,815	3,121	2,866	2,695
Home Improvement										
Net sales growth (%)	-17.1	-13.7	-13.7	-22.4	-16.5	-5.9	-1.3	10.0	27.4	6.1
Organic growth (%)	-17.0	-12.9	-12.7	-22.1	-15.9	-7.8	-7.9	-7.3	0.6	-5.2
Proforma organic growth (%)	-17.0	-12.9	-12.7	-21.8	-15.8	-7.2	-7.4	-7.4	6.5	-4.5
Adjusted gross profit beofre direct selling costs (%)	33.3	31.5	31.6	31.1	31.9	33.9	31.7	31.4	32.4	32.3
Adjusted gross profit (%)	22.1	20.8	21.3	20.6	21.2	23.9	21.3	21.1	22.7	22.2
Adjusted EBIT (%)	0.9	1.9	3.3	-3.7	0.9	4.7	3.5	4.4	3.5	4.0
Visits (thousands)	22,501	24,635	31,264	25,113	103,512	28,719	31,183	34,776	33,844	128,523
Orders (thousands)	539	536	611	431	2,117	590	546	600	519	2,256
Average order value (SEK)	2,473	2,631	2,901	2,877	2,719	2,485	3,018	3,321	3,282	3,020
Value Home										
Net sales growth (%)	-26.9	-4.6	-10.7	-13.9	-13.5	-8.4	-0.1	6.2	3.3	0.6
Organic growth (%)	-14.5	-4.4	-10.6	-14.4	-9.7	3.0	-8.3	-15.7	6.6	-2.6
Proforma organic growth (%)	-14.5	-4.4	-11.4	-13.9	-9.7	-7.5	-13.6	-12.6	-8.5	-10.8
Adjusted gross profit beofre direct selling costs (%)	46.2	45.4	46.2	44.4	45.6	43.2	44.9	44.5	47.2	45.0
Adjusted gross profit (%)	32.1	29.5	31.7	29.6	30.7	27.4	28.1	30.0	33.0	29.7
Adjusted EBIT (%)	3.0	-0.4	3.9	-2.0	1.3	-3.9	-0.7	4.3	5.5	1.7
Visits (thousands)	24,841	29,022	31,897	34,581	120,341	32,541	32,952	42,508	47,952	155,953
Orders (thousands)	207	244	286	230	967	283	273	316	291	1,163
Average order value (SEK)	3,218	4,030	4,410	3,969	3,954	3,391	3,765	4,219	3,690	3,779
Premium Living										
Net sales growth (%)	7.8	6.1	-3.7	-6.7	1.3	-2.1	14.9	27.0	70.3	20.1
Organic growth (%)	7.8	6.1	-3.7	-6.7	1.3	-2.1	14.9	14.1	26.9	-14.5
Proforma organic growth (%)	7.8	6.1	-3.7	-6.7	1.3	-2.1	14.9	18.2	36.9	13.5
Adjusted gross profit beofre direct selling costs (%)	39.9	36.2	39.6	40.3	39.2	37.6	39.0	38.8	40.9	39.0
Adjusted gross profit (%)	24.7	21.4	25.0	23.7	23.9	20.9	23.8	23.7	24.6	23.0
Adjusted EBIT (%)	5.8	1.0	2.0	2.4	3.2	1.4	2.9	5.2	6.3	3.7
Visits (thousands)	30,843	18,752	16,663	22,544	88,803	30,878	16,050	15,637	18,036	80,600
Orders (thousands)	632	325	321	355	1,633	649	298	311	356	1,614
Average order value (SEK)	1,309	1,504	1,647	1,429	1,440	1,266	1,574	1,617	1,584	1,460



Relevant reconciliations of non-IFRS alternative performance measures (APMs)

Some of the data stated in this report, as used by management and analysts for assessing the Group's development, is not defined in accordance with IFRS. Management is of the opinion that this data makes it easier for investors to analyse the Group's development, for the reasons stated below. Investors should regard this data as a complement rather than a replacement for financial information presented in accordance with IFRS. The Group's definitions of these performance measures may differ from similarly named measures reported by other companies.

ADJUSTED EBIT, ADJUSTED EBITDA AND ADJUSTED GROSS PROFIT

Adjusted EBIT corresponds to operating income excluding amortisation of acquisition-related intangible assets, gains/losses on sales of fixed assets and, where applicable, items affecting comparability. In other words, adjusted EBIT, in accordance with the accounting rules, includes all depreciation and amortisation of tangible and intangible assets attributable to the business. The difference between adjusted EBIT and EBIT is that the amortisation which arises as a result of the accounting treatment of purchase price allocations in conjunction with acquisitions is added back to adjusted EBIT.

Using the estimation technique for adjusted EBIT facilitates the understanding of the Group's earnings and profit, since adjusted EBIT provides a correct picture of the Group's operating income, without deduction of the accounting-related amortisation arising due to the acquisition analyses in conjunction with the acquisitions (which are not related to the underlying operations). Furthermore, the measure simplifies peer comp analysis of companies that do not make acquisitions, while analysis and assessment of acquisition candidates becomes clearer and more transparent, since their EBIT contribution will then correspond to their actual contribution to the Group after consolidation. It is also important to note that the effect of acquisitions is already reflected in the Group's capital structure and net debt, in accordance with generally accepted accounting practices.

Adjusted gross profit and adjusted EBITDA correspond to gross profit and EBITDA adjusted for items affecting comparability.



Group

Reconciliation between operating income & adjusted EBITDA

SEKm	Oct-Dec		Jan-Dec	
	2023	2022	2023	2022
Operating income	-43.6	-43.7	-1,374.2	-183.9
Costs related to LTIP	-	-	10.4	-
Donation UNHCR	-	-	-	1.5
Acquisition-related costs	-	-	4.0	12.9
Warehouse consolidation	-	-	-	2.1
Strategy work	-	-	-	12.5
Inventory impairment	-	1.2	-	375.8
Salary expense for gardening leave	4.1	16.4	7.6	21.9
Impairment and restoration costs when closing stores	-	7.8	-	7.8
Disposal of intangible assets when liquidating operations	-	5.1	-	5.1
Impairment of inventory when liquidating operations	-	10.1	-	10.1
Received electricity support for business	-	-	-4.9	-
Impairment IT platform	-0.0	-	65.6	-
Impairment due to restructuring	59.4	-	138.7	-
Resstructuring costs	11.8	-	33.3	-
Capital losses disposal of operations	-0.1	-	1,117.7	-
Total items affecting comparability	75.2	40.7	1,372.5	449.7
Amortisation of acquisition-related intangible fixed assets	23.1	25.2	98.4	100.6
Scrapping of acquired brands when sites are discontinued	-	8.6	-	8.6
Adjusted EBIT	54.8	30.7	96.7	374.9
Adjusted EBIT (%)	1.9	0.9	0.8	2.8
Depreciation and amortisation of tangible and intangible fixed assets	104.5	118.7	487.0	438.7
Gain/loss from sale of fixed assets	-5.2	-0.0	-4.8	0.2
Adjusted EBITDA	154.1	149.4	578.9	813.8
Adjusted EBITDA (%)	5.4	4.5	4.9	6.1


Reconciliation between gross profit & adjusted gross profit

SEKm	Oct-Dec		Jan-Dec	
	2023	2022	2023	2022
Net sales	2,828.8	3,307.9	11,790.2	13,433.6
Cost of goods	-1,741.8	-2,077.0	-7,332.3	-8,717.4
Gross profit before direct selling costs	1,087.0	1,230.9	4,457.9	4,716.3
Gross profit before direct selling costs (%)	38.4	37.2	37.8	35.1
Direct selling costs	-373.2	-438.6	-1,536.9	-1,735.1
Gross profit	713.8	792.3	2,921.1	2,981.1
Gross profit (%)	25.2	24.0	24.8	22.2
Inventory impairment	-	1.2	-	375.8
Impairment and restoration costs when closing stores	-	1.3	-	1.3
Impairment due to restructuring	0.5	-	20.0	-
Impairment of inventory when liquidating operations	-	10.1	-	10.1
Adjusted gross profit before direct selling costs	1,087.5	1,243.5	4,477.9	5,103.5
Adjusted gross profit before direct selling costs (%)	38.4	37.6	38.0	38.0
Res structuring costs	2.9	-	2.9	-
Impairment due to restructuring	0.9	-	0.9	-
Adjusted gross profit	718.1	804.9	2,944.8	3,368.4
Adjusted gross profit (%)	25.4	24.3	25.0	25.1

Reconciliation of selling, general and administrative expenses (SG&A)

SEKm	Oct-Dec		Jan-Dec	
	2023	2022	2023	2022
Personnel costs	-254.7	-306.8	-1,067.1	-1,142.3
Other external costs and operating expenses	-320.6	-371.7	-1,354.7	-1,480.4
Total personnel costs and other external costs and operating expenses	-575.3	-678.5	-2,421.9	-2,624.3
Adjustment items affecting comparability related to personnel costs	9.9	16.4	30.0	21.8
Adjustment items affecting comparability related to other external costs and operating expenses	2.0	6.6	21.3	35.5
Selling, general and administrative expenses (SG&A)	-563.5	-655.5	-2,370.5	-2,566.9



Home Improvement

Reconciliation between operating income & adjusted EBITDA

SEKm	Oct-Dec		Jan-Dec	
	2023	2022	2023	2022
Operating income	-54.3	43.2	-71.5	67.1
Acquisition-related costs	-	-	4.0	-
Warehouse consolidation	-	-	-	2.1
Inventory impairment	-	0.2	-	131.6
Salary expense for gardening leave	4.1	6.5	7.0	6.5
Impairment and restoration costs when closing stores	-	1.8	-	1.8
Disposal of intangible assets when liquidating operations	-	5.1	-	5.1
Impairment of inventory when liquidating operations	-	1.2	-	1.2
Received electricity support for business	-	-	-2.5	-
Impairment due to restructuring	37.1	-	48.8	-
Resurstructuring costs	11.4	-	10.9	-
Total items affecting comparability	52.5	14.9	68.1	148.3
Amortisation of acquisition-related intangible fixed assets	14.4	14.4	57.4	57.5
Scrapping of acquired brands when sites are discontinued	-	3.2	-	3.2
Adjusted EBIT	12.6	75.6	54.0	276.1
Adjusted EBIT (%)	0.9	4.7	0.9	4.0
Depreciation and amortisation of tangible and intangible fixed assets	43.7	42.0	177.2	157.7
Gain/loss from sale of fixed assets	0.2	-0.0	3.3	0.3
Adjusted EBITDA	56.5	117.6	234.5	434.1
Adjusted EBITDA (%)	4.2	7.3	4.1	6.3

Reconciliation between gross profit & adjusted gross profit

SEKm	Oct-Dec		Jan-Dec	
	2023	2022	2023	2022
Net sales	1,343.7	1,621.5	5,726.7	6,856.3
Cost of goods	-896.9	-1,073.4	-3,908.0	-4,776.7
Gross profit before direct selling costs	446.9	548.1	1,818.7	2,079.6
Gross profit before direct selling costs (%)	33.3	33.8	31.8	30.3
Direct selling costs	-153.9	-163.2	-613.4	-692.6
Gross profit	293.0	384.9	1,205.2	1,387.0
Gross profit (%)	21.8	23.7	21.0	20.2
Inventory impairment	-	0.2	-	131.6
Impairment due to restructuring	0.5	-	6.2	-
Impairment and restoration costs when closing stores	-	1.3	-	1.3
Impairment of inventory when liquidating operations	-	1.2	-	1.2
Adjusted gross profit before direct selling costs	447.4	550.8	1,824.9	2,213.7
Adjusted gross profit before direct selling costs (%)	33.3	34.0	31.9	32.3
Resurstructuring costs	2.9	-	2.9	-
Impairment due to restructuring	0.9	-	0.9	-
Adjusted gross profit	297.3	387.6	1,215.2	1,521.1
Adjusted gross profit (%)	22.1	23.9	21.2	22.2


Reconciliation of selling, general and administrative expenses (SG&A)

SEKm	Oct-Dec		Jan-Dec	
	2023	2022	2023	2022
Personnel costs	-127.0	-139.9	-492.2	-543.4
Other external costs and operating expenses	-124.7	-135.0	-506.3	-556.8
Total personnel costs and other external costs and operating expenses	-251.8	-274.9	-998.5	-1,100.2
Adjustment items affecting comparability related to personnel costs	9.5	6.5	12.3	6.5
Adjustment items affecting comparability related to other external costs and operating expenses	2.0	0.6	5.5	2.7
Selling, general and administrative expenses (SG&A)	-240.3	-267.8	-980.7	-1,091.0



Value Home

Reconciliation between operating income & adjusted EBITDA

SEKm	Oct-Dec		Jan-Dec	
	2023	2022	2023	2022
Operating income	-4.1	-64.9	-1,259.3	-199.8
Acquisition-related costs	-	-	-	2.3
Inventory impairment	-	1.0	-	232.7
Salary expense for gardening leave	-	1.3	-	1.3
Impairment and restoration costs when closing stores	-	4.9	-	4.9
Impairment of inventory when liquidating operations	-	8.9	-	8.9
Received electricity support for business	-	-	-1.8	-
Impairment IT platform	-0.0	-	65.6	-
Impairment due to restructuring	22.3	-	90.0	-
Res structuring costs	0.4	-	19.4	-
Capital losses disposal of operations	-0.1	-	1,117.5	-
Total items affecting comparability	22.7	16.1	1,290.7	250.1
Amortisation of acquisition-related intangible fixed assets	3.1	5.1	18.1	20.3
Scrapping of acquired brands when sites are discontinued	-	5.3	-	5.3
Adjusted EBIT	21.7	-38.4	49.5	76.0
Adjusted EBIT (%)	3.0	-3.9	1.3	1.7
Depreciation and amortisation of tangible and intangible fixed assets	43.6	64.4	242.7	241.1
Gain/loss from sale of fixed assets	-5.4	-0.0	-8.2	-0.1
Adjusted EBITDA	59.9	26.0	284.0	317.0
Adjusted EBITDA (%)	8.4	2.7	7.2	7.0

Reconciliation between gross profit & adjusted gross profit

SEKm	Oct-Dec		Jan-Dec	
	2023	2022	2023	2022
Net sales	713.0	975.6	3,941.4	4,558.7
Cost of goods	-383.3	-564.0	-2,158.2	-2,750.8
Gross profit before direct selling costs	329.7	411.7	1,783.3	1,807.9
Gross profit before direct selling costs (%)	46.2	42.2	45.2	39.7
Direct selling costs	-100.9	-153.8	-586.9	-694.5
Gross profit	228.8	257.8	1,196.4	1,113.4
Gross profit (%)	32.1	26.4	30.4	24.4
Inventory impairment	-	1.0	-	232.7
Impairment due to restructuring	-0.0	-	13.7	-
Impairment of inventory when liquidating operations	-	8.9	-	8.9
Adjusted gross profit before direct selling costs	329.7	421.6	1,797.0	2,049.6
Adjusted gross profit before direct selling costs (%)	46.2	43.2	45.6	45.0
Adjusted gross profit	228.8	267.7	1,210.1	1,355.1
Adjusted gross profit (%)	32.1	27.4	30.7	29.7


Reconciliation of selling, general and administrative expenses (SG&A)

SEKm	Oct-Dec		Jan-Dec	
	2023	2022	2023	2022
Personnel costs	-63.7	-104.5	-356.1	-390.4
Other external costs and operating expenses	-105.6	-143.6	-594.3	-656.9
Total personnel costs and other external costs and operating expenses	-169.3	-248.2	-950.4	-1,047.3
Adjustment items affecting comparability related to personnel costs	0.4	1.3	7.4	1.3
Adjustment items affecting comparability related to other external costs and operating expenses	-0.0	4.9	12.0	7.2
Selling, general and administrative expenses (SG&A)	-168.9	-242.0	-931.0	-1,038.8



Premium Living

Reconciliation between operating income & adjusted EBITDA

SEKm	Oct-Dec		Jan-Dec	
	2023	2022	2023	2022
Operating income	39.6	-3.3	48.6	38.7
Inventory impairment	-	-	-	11.5
Salary expense for gardening leave	-	7.0	-	7.0
Impairment and restoration costs when closing stores	-	1.1	-	1.1
Received electricity support for business	-	-	-0.6	-
Total items affecting comparability	-	8.1	-0.6	19.6
Amortisation of acquisition-related intangible fixed assets	5.7	5.7	22.9	22.9
Scrapping of acquired brands when sites are discontinued	-	-	-	-
Adjusted EBIT	45.3	10.5	70.9	81.2
Adjusted EBIT (%)	5.8	1.4	3.2	3.7
Depreciation and amortisation of tangible and intangible fixed assets	16.6	11.8	64.8	38.1
Gain/loss from sale of fixed assets	-	-	0.1	-
Adjusted EBITDA	61.9	22.2	135.8	119.4
Adjusted EBITDA (%)	7.9	3.1	6.2	5.5

Reconciliation between gross profit & adjusted gross profit

SEKm	Oct-Dec		Jan-Dec	
	2023	2022	2023	2022
Net sales	782.7	725.9	2,201.2	2,172.1
Cost of goods	-470.6	-452.8	-1,339.3	-1,337.3
Gross profit before direct selling costs	312.1	273.1	861.9	834.9
Gross profit before direct selling costs (%)	39.9	37.6	39.2	38.4
Direct selling costs	-118.4	-121.6	-336.6	-347.1
Gross profit	193.7	151.5	525.3	487.8
Gross profit (%)	24.7	20.9	23.9	22.5
Inventory impairment	-	-	-	11.5
Adjusted gross profit before direct selling costs	312.1	273.1	861.9	846.4
Adjusted gross profit before direct selling costs (%)	39.9	37.6	39.2	39.0
Adjusted gross profit	193.7	151.5	525.3	499.4
Adjusted gross profit (%)	24.7	20.9	23.9	23.0

Reconciliation of selling, general and administrative expenses (SG&A)

SEKm	Oct-Dec		Jan-Dec	
	2023	2022	2023	2022
Personnel costs	-50.9	-48.4	-154.6	-153.1
Other external costs and operating expenses	-80.8	-90.8	-234.9	-242.4
Total personnel costs and other external costs and operating expenses	-131.7	-139.2	-389.5	-395.5
Adjustment items affecting comparability related to personnel costs	-	7.0	-	7.0
Adjustment items affecting comparability related to other external costs and operating expenses	-	1.1	-	1.1
Selling, general and administrative expenses (SG&A)	-131.7	-131.1	-389.5	-387.4

FINANCIAL IMPACT OF RESTRUCTURING PROGRAMME

SEKm	Oct-Dec 2023			Jan-Dec 2023			Jan-Dec 2022		
	Reported	Adj. divested companies*	Reported excl. divested companies**	Reported	Adj. divested companies*	Reported excl. divested companies**	Reported	Adj. divested companies*	Reported excl. divested companies**
Net sales	2,828.8	-40.8	2,788.0	11,790.2	-1,023.1	10,767.2	13,433.6	-1,309.6	12,124.0
Adjusted gross profit	718.1	-7.7	710.5	2,944.8	-304.5	2,640.4	3,368.4	-422.5	2,945.9
Adjusted gross margin (%)	25.4	18.8	25.5	25.0	29.8	24.5	25.1	32.3	24.3
Adjusted EBITDA	154.1	4.1	158.1	578.9	-18.8	560.1	813.8	-50.0	763.8
Adjusted EBITDA margin (%)	5.4	-9.9	5.7	4.9	1.8	5.2	6.1	3.8	6.3
Adjusted EBIT	54.8	12.7	67.4	96.7	70.2	167.0	374.9	59.3	434.3
Adjusted EBIT margin (%)	1.9	-31.1	2.4	0.8	-6.9	1.6	2.8	-4.5	3.6
Adjusted EBITDA ex. IFRS 16	81.1	13.2	94.2	218.7	63.0	281.7	493.0	44.2	537.3
Adjusted EBITDA margin ex. IFRS 16 (%)	2.9	-32.3	3.4	1.9	-6.2	2.6	3.7	-3.4	4.4

* Defined as an adjustment corresponding to the amount included in the consolidated income statement for the performance period attributable to divested and discontinued operations. The adjustment is presented to show the effect of divested and discontinued operations on each performance measure and to facilitate comparisons between periods.

** Defined as the sum of the reported performance measure and the adjustment attributable to divested and discontinued operations. The sum shows what the reported performance measure would have been if the divested and discontinued operations had not been included in the consolidated income statement for the full period presented. The sum is presented to facilitate comparisons between periods by excluding the earnings effects of the divested and discontinued operations.



NET DEBT/NET CASH

Management is of the opinion that because the Group's actual net debt/net cash corresponds to the Group's non-current and current interest-bearing liabilities to credit institutions less cash and cash equivalents, investments in securities, etc. and transaction fees, other non-current and current interest-bearing liabilities should be excluded. The Group's other non-current and current interest-bearing liabilities consist of contingent and deferred earn-outs related to acquisitions, which are subject to an implicit interest expense. Lease liabilities reflect the balance sheet effects of IFRS 16.

SEKm	31 Dec	
	2023	2022
Non-current interest-bearing debt	2,248.2	3,392.2
Short-term interest-bearing debt	308.7	748.9
Total interest-bearing debt	2,556.8	4,141.1
Cash and cash equivalents	-370.3	-477.6
Adjustment lease liabilities	-687.1	-877.7
Adjustment of earn-outs and deferred payments	-374.2	-1,254.2
Adjustment transaction costs	4.5	11.8
Net debt (+) / Net cash (-)	1,129.7	1,543.4
Adjusted EBITDAaL Pro forma, LTM	281.7	491.2
Net debt (+) / Net cash (-) in relation to adjusted EBITDAaL Pro forma, LTM	4.01x	3.14x
Adjusted EBITDAaL Pro forma, LTM		
Adjusted EBITDA, LTM	578.9	813.8
Adjustment for IFRS 16	-360.2	-320.8
Pro forma adjustment fir acquired/divested businesses	63.0	-1.8
Adjusted EBITDAaL Pro forma, LTM	281.7	491.2

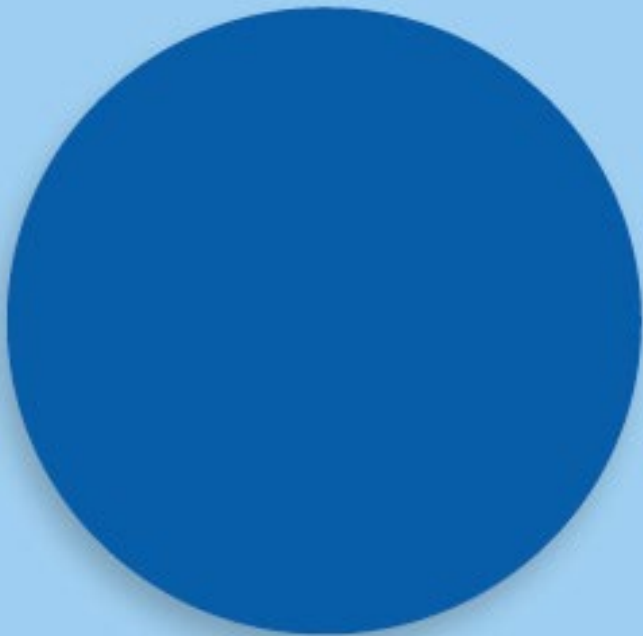
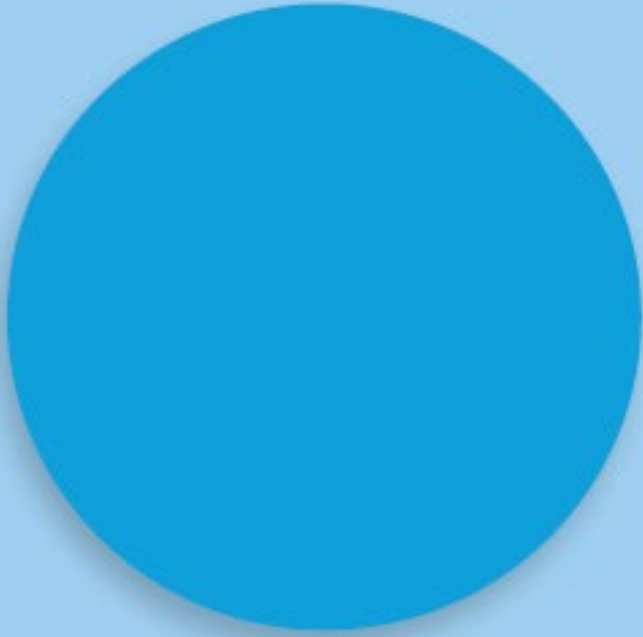


Definitions

Performance measure	Definition	Reasoning
Share turnover rate	Number of shares traded during the period divided by the weighted-average number of shares outstanding before dilution.	The share turnover rate shows the rate at which shares in BHG Group AB are bought and sold through trading on NASDAQ Stockholm.
Number of visits	Number of visits to the Group's webstores during the period in question. Sessions only related to consumers with consent of cookies.	This performance measure is used to measure customer activity.
Number of orders	Number of orders placed during the period in question.	This performance measure is used to measure customer activity.
Gross margin	Gross profit as a percentage of net sales.	Gross margin gives an indication of the contribution margin as a share of net sales.
Gross margin before direct selling costs	Gross profit before direct selling costs – primarily postage and fulfilment – as a percentage of net sales.	An additional margin measure, complementing the fully loaded gross margin measure, allowing for further transparency.
Gross profit	Net sales less cost of goods sold. Gross profit includes costs directly attributable to goods sold, such as warehouse and transportation costs. Gross profit includes items affecting comparability.	Gross profit gives an indication of the contribution margin in the operations.
EBIT	Earnings before interest, tax and acquisition-related amortisation and impairment.	Together with EBITDA, EBIT provides an indication of the profit generated by operating activities.
EBITDA	Operating income before depreciation, amortisation, impairment, financial net and tax.	EBITDA provides a general indication as to the profit generated in the operations before depreciation, amortisation and impairment.
EBITDA margin	EBITDA as a percentage of net sales.	In combination with net sales growth, the EBITDA margin is a useful performance measure for monitoring value creation.
EBIT margin	EBIT as a percentage of net sales.	In combination with net sales growth, the EBIT margin is a useful performance measure for monitoring value creation.
Average order value (AOV)	Total order value (meaning Internet sales, postage income and other related services) divided by the number of orders.	Average order value is a useful indication of revenue generation.
Investments	Investments in tangible and intangible fixed assets.	Investments provide an indication of total investments in tangible and intangible assets.
Adjusted gross margin	Adjusted gross profit as a percentage of net sales.	Adjusted gross margin gives an indication of the contribution margin as a share of net sales.
Adjusted EBITDA	EBITDA excluding items affecting comparability.	This performance measure provides an indication of the profit generated by the Group's operating activities.
Adjusted EBITDA margin	Adjusted EBITDA as a percentage of net sales.	This performance measure is relevant to creating an understanding of the operational profitability generated by the business.
Adjusted EBIT	Adjusted EBIT corresponds to operating profit adjusted for amortisation and impairment losses on acquisition-related intangible assets, gain/loss from sale of fixed assets and, from time to time, items affecting comparability.	This performance measure provides an indication of the profit generated by the Group's operating activities.
Adjusted EBIT margin	Adjusted EBIT as a percentage of net sales.	This performance measure provides an indication of the profit generated by the Group's operating activities.

Performance measure	Definition	Reasoning
Pro-forma adjusted EBITDAaL, LTM	LTM adjusted EBITDA less depreciation of right-of-use assets and interest on lease liabilities under IFRS 16 (or "Adjusted EBITDA after leases"), plus adjusted EBITDAaL for acquired operations as though the acquired operations had been included in the consolidated income statement for the entire LTM period but not for the comparative period (pro-forma adjustment). For divested operations, a corresponding adjustment is made, meaning that adjusted EBITDAaL for the divested companies is excluded as though the divested companies were not included in the consolidated income statement for the entire LTM period but were included in the comparative period.	Pro-forma adjusted EBITDAaL, LTM is a performance measure used to facilitate transparency and comparisons between periods by excluding item affecting comparability, correcting for acquired and divested operations, and including all leases as an operating expense rather than as depreciation/amortisation and interest in accordance with IFRS 16. The performance measures is also used as a denominator for Net debt (+) / Net cash (-) in relation to Pro-forma adjusted EBITDAaL, LTM.
Selling, general and administrative expenses (SG&A)	Total personnel costs and other external costs adjusted for items affecting comparability.	The measure is relevant for showing costs for sales and administration during the period, thereby giving an indication of the efficiency of the company's operations.
Adjusted gross profit	Net sales less cost of goods sold. Adjusted gross profit includes costs directly attributable to goods sold, such as warehouse and transportation costs. Adjusted gross profit excluding items affecting comparability.	Adjusted gross profit gives an indication of the contribution margin in the operations.
Items affecting comparability	Items affecting comparability relate to events and transactions whose impact on earnings are important to note when the financial results for the period are compared with previous periods. Items affecting comparability include costs of advisory services in connection with acquisitions, costs resulting from strategic decisions and significant restructuring of operations, capital gains and losses on divestments, material impairment losses and other material non-recurring costs and revenue.	Items affecting comparability is a term used to describe items which, when excluded, show the Group's earnings excluding items which, by nature, are of a non-recurring nature in the operating activities.
Cash conversion	Pre-tax cash flow from operating activities less investments in non-current assets (capex) as a percentage of adjusted EBITDA.	Operating cash conversion enables the Group to monitor management of its ongoing investments and working capital.
Net sales growth	Annual growth in net sales calculated as a comparison with the preceding year and expressed as a percentage.	Net sales growth provides a measure for the Group to compare growth between various periods and in relation to the overall market and competitors.
Net debt/Net cash	The sum of interest-bearing liabilities, excluding lease liabilities and earn-outs, less cash and cash equivalents, investments in securities, etc. and prepaid borrowing costs.	Net debt/Net cash is a measure that shows the Group's interest-bearing net debt to financial institutions.
Net debt/Net cash in relation to Pro-forma adjusted EBITDAaL, LTM	Net debt/Net cash divided by Pro-forma adjusted EBITDAaL, LTM	Net debt/Net cash in relation to Pro-forma adjusted EBITDAaL, LTM describes the Company's ability to repay its debts with profit generated by operating activities.
Organic growth	Refers to growth for comparable webstores and showrooms compared with the preceding year, including units with consolidated comparative data for a full calendar year, meaning changes in net sales after adjustment for acquired net sales in accordance with the above definition.	Organic growth is a measure that enables the Group to monitor underlying net sales growth, excluding the effects of acquisitions.

Performance measure	Definition	Reasoning
Pro-forma organic growth	Refers to growth for comparable webstores and showrooms compared with the preceding year, including all current units comprising the Group, meaning including year-on-year growth of recent acquisitions.	Pro-forma organic growth is a measure which includes the growth rates of recently acquired companies since joining the Group. This measure thus includes the effect of sales synergies as a result of acquisitions.
Working capital	Inventories and non-interest-bearing current assets less non-interest-bearing current liabilities.	Working capital provides an indication of the Group's short-term financial capacity, since it gives an indication as to whether the Group's short-term assets are sufficient to cover its current liabilities.
Operating margin (EBIT margin)	EBIT as a percentage of net sales.	In combination with net sales growth, operating margin is a useful measure for monitoring value creation.
Equity/assets ratio	Equity, including non-controlling interests, as a percentage of total assets.	This performance measure reflects the company's financial position and thus its long-term solvency. A favourable equity/assets ratio and strong financial position enable the Group to handle periods with a weak economic situation and provide the financial strength for growth. A lower equity/assets ratio entails a higher financial risk, but also higher financial leverage.



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