Annual Report 2023

BHG Group AB (publ)
Nasdaq Stockholm: BHG

Contents

About BHG

BHG is one of the largest consumer e-commerce companies in the Nordics. In addition to our Nordic operations, we also have a significant presence in the rest of Europe, as well as in selected markets outside of Europe.

Our strong position in these markets makes us one of the largest online European pure-plays in our three business units: Home Improvement, Value Home, and Premium Living. Our primary brands are Bygghemma, Nordic Nest and Trademax. We offer the market's leading range of well-known external and proprietary brands, totalling approximately 1.7 million products and encompassing a complete offering within DIY, furniture, home furnishing and leisure products.

We are headquartered in Malmö, Sweden, with operations throughout Europe. Our share is traded on Nasdaq Stockholm, under the ticker "BHG."

The BHG brands employ approximately 2 000 people, working every day to create the ultimate online shopping experience by combining an unbeatable product range with smart technology, leading product expertise and a broad range of services.

The year in brief

A SIGNIFICANTLY STRONGER BALANCE SHEET AND REDUCED INVENTORIES AS WELL AS STRUCTURAL CHANGES IN LINE WITH OUR STRATEGY

Market conditions remained poor in 2023. Despite the difficult circumstances, we were able to advance our position during the year. We gained market share, and above all we strengthened our operations and our position for the future.

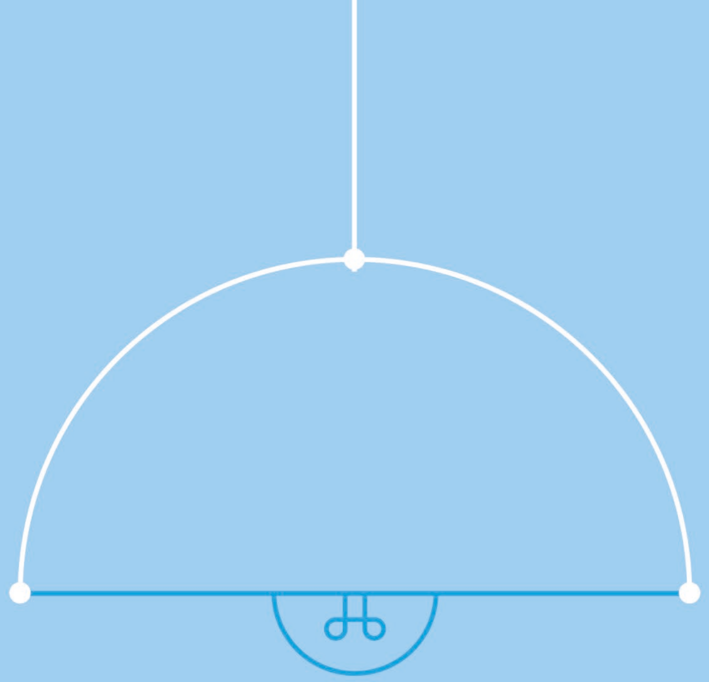
Interest rate increases and rising inflation during the year resulted in consumers having less disposable income than in 2022. In addition, consumers chose to prioritise services and experiences that they did not have access to during the pandemic. The number of transactions in the housing market, which is an important driver of sales in our product categories, remained low during the year. Taken together, these factors resulted in weak demand in 2023.

During the year, we focused on strengthening our balance sheet and cash flow by reducing inventory and implementing changes that streamline and consolidate our structure. Significant progress was made in all of these areas in 2023, and today we stand financially, structurally and commercially stronger. We established three distinct business areas, and we built a strong foundation for the year to come thanks to a lower cost base. Our strategy is working and producing results.

Our assessment is that we gained market share in a challenging market in 2023. Total growth was -12.2% and net sales were SEK 11.8 billion.

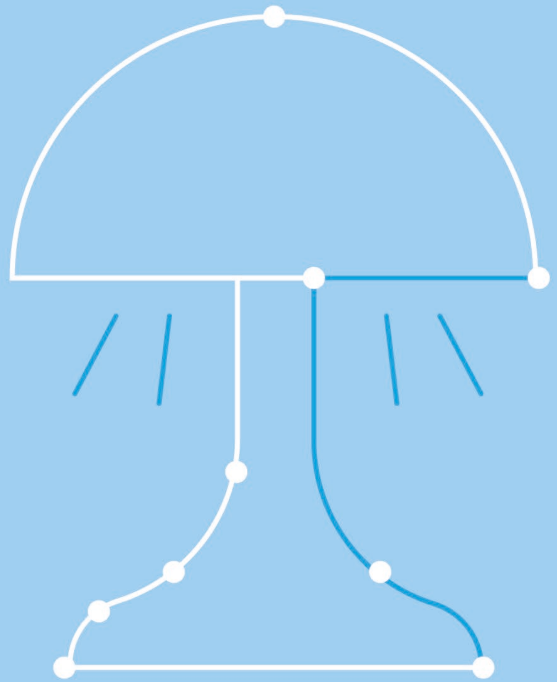
MILESTONES, QUARTER BY QUARTER

- The first quarter of 2023 was characterised by extremely weak demand as a result of lower disposable income for consumers due to interest rate increases, inflation and high energy prices. The late arrival of spring also resulted in weak demand for seasonal products at the end of the quarter. In combination with high inventory levels, this in turn led to price pressure in the market, resulting in low product margins and profitability. Growth was -15.9% and adjusted EBIT was SEK -68.9 million. Inventory was reduced by SEK 90 million.
- The second quarter was characterised by a clear sequential improvement over the historically weak first quarter. Both sales and profitability improved significantly. Growth was -10.9% and adjusted EBIT was SEK 98.4 million. We succeeded in significantly reducing our inventory by SEK 410 million during the second quarter, primarily through seasonal products.
  In June, we announced that we planned to sell 20.1% of our subsidiary Furniture1 to its founder in order to further strengthen our balance sheet. This enabled us to reduce our acquisition-related costs by EUR 40 million (corresponding to SEK 439.5 million). At the annual general meeting Mikael Olander and Negin Yeganegy were elected to the BHG board of directors.
- Demand in the third quarter was still weak with a further slowdown at the end of the quarter. Growth was -7.9% and adjusted EBIT was SEK 12.5 million. Inventory decreased by SEK 222 million (excluding the effect of divested operations).
  As part of our strategy, during the third quarter we implemented a major restructuring in the Value Home business unit: the German operation AH-Trading and the Danish operation My Home were divested, and a large portion of the physical stores in the business unit were closed. The decision was made after a thorough analysis of the entire Group, which identified several businesses where we could not see a clear path back to profitability, or that made the Group more complex without providing scalability.
- In the fourth quarter, we successfully implemented a strong Black Week campaign in a market that remained challenging. We improved our profitability over the previous year for the first time since mid-year 2021. Growth was -14.5% and adjusted EBIT was SEK 54.8 million. Inventory was reduced by SEK 168.9 million (excluding the effect of divested operations).
  We announced several additional consolidations in line with our strategy during the quarter. The Danish operation Frishop.dk was consolidated into our existing HYMA Skog och Trädgård platform. Lindström & Sondén consolidated its inventory structure and integrated its warehouse in Klippan with Hafa Brand Group in Halmstad. Arc E-commerce also consolidated its two warehouses in Stockholm as a result of the significant reduction in inventory that it accomplished in 2023.
  As it previously announced, EQT Public Value Fund sold its entire remaining ownership of BHG, and Vesa Koskinen, a partner at EQT, thus left the Board of BHG Group.



>1,7

million products



Financial overview

(SEKm)	2023	2022	2021	2020	2019
Net sales	11,790.2	13,433.6	12,666.0	8,968.2	6,212.5
Gross profit	2,921.1	2,981.1	3,357.1	2,326.2	1,490.5
Gross margin (%)	24.8	22.2	26.5	25.9	24.0
Adjusted EBITDA*	578.9	813.8	1,104.6	902.7	475.3
Adjusted EBITDA-margin (%)	4.9	6.1	8.7	10.1	7.7
Adjusted EBIT*	96.7	374.9	812.7	700.8	330.1
Adjusted EBIT-margin (%)	0.8	2.8	6.4	7.8	5.3
Items affecting comparability*	-1,372.5	-449.7	-23.4	-	-7.5
Operating income	-1,374.2	-183.9	710.6	657.8	282.0
Operating-margin (%)	-11.7	-1.4	5.6	7.3	4.5
Net profit/loss for the period	-1,542.5	45.7	490.8	420.3	179.9
Cash flow from operations	1,550.2	-105.6	-27.6	994.3	422.2
Visits (thousands)	312,656	365,076	411,296	302,133	183,999
Orders (thousands)	4,716	5,033	5,243	3,012	1,930
Conversion rate (%)	1.5	1.4	1.3	1.0	1.0
Average order value (SEK)	2,529	2,695	2,441	3,018	3,240

* See ”Relevant reconciliations of non-IFRS alternative performance measures (AMPs)” for detailed description.

CEO’s comments

We are very pleased with our performance in a challenging year. We significantly strengthen our balance sheet and gained market share in a poor market. And even more importantly, we improved our operations and position for the future.

We focused on strengthening our balance sheet and cash flow by reducing inventory and implementing changes that streamline and consolidate our structure. Significant progress was made in all of these areas in 2023, and today we stand financially, structurally and commercially stronger. We established three distinct business areas, and we built a strong foundation for the year to come thanks to a lower cost base. Our strategy is working and producing results. In the fourth quarter, we improved our profitability over the previous year for the first time since mid-year 2021.

WE DELIVERED ON OUR TARGETS FOR 2023

We established several targets for 2023, which we successfully achieved during the year.

- We began 2023 with the ambition of reducing our inventory by SEK 600 million. In 2023, we succeeded in reducing our inventory by SEK 900 million (excluding the effect of divested operations), enabling us to free up capital, strengthen our balance sheet and reduce costs. Our inventory level is now healthier and better adapted to our operations.
- Our target for 2023 was to reduce our gross costs by SEK 150–200 million on an annual basis, corresponding to net savings of SEK 100–150 million. Thanks to the structural and operational measures we implemented in 2023, we achieved this objective and reduced our costs by SEK 125 million adjusted for acquisitions and currency effects.
- In 2023, we implemented several structural changes in line with our strategy in order to reduce complexity, achieve synergies and ensure scalability. We continued the process of refinement by divesting operations that were unprofitable or not compatible with our strategy. Our network of physical stores decreased, and we further strengthened our focus on the online business. Since we began the consolidation process in autumn 2022, we have reduced the number of operating units from 25 to 15 and consolidated them into our three business areas.

In 2023, we had SEK 1,550 million in cash flow from operating activities, primarily thanks to the completed inventory reduction. This corresponds to an improvement of SEK 1,656 million compared with the previous year. We reduced our interest-bearing liabilities by more than SEK 1,584 million as a result of improved cash flow and a reduction in acquisition-related debt and lease liabilities.

IMPROVING PROFITABILITY IS OUR TOP PRIORITY FOR 2024

The measures we implemented in 2023 lay the foundation for our work in 2024, when we will continue to focus on strengthening our balance sheet and cash flow. We will also continue to consolidate our business into our three business units. But our top priority will be improving profitability in a market that we believe will remain challenging.

We have identified five focus areas for strengthening profitability and continuing operational development:

- **Improving profitability:** Efficiency and operational improvements. We can strengthen our product margins through more efficient purchasing and pricing, and we can reduce costs through operational efficiency measures.
- **Consolidation:** Continuing to simplify our structure and streamline through economies of scale from continued consolidation
- **Efficiency:** Continue to streamline and automate fulfilment and advance the use of artificial intelligence in customer service, content and marketing.
- **Growth initiatives:** Growth initiatives in existing platforms. We see opportunities for cost-effective growth through international expansion, new marketplaces and expansion of our range.
- **Customer centricity:** Strengthen customer centricity in our offering, communication and improved delivery precision.

MARKET TRENDS THAT ARE BENEFICIAL IN THE LONG TERM REMAIN IN PLACE

The last 18 months have been characterised by a challenging market, and we believe that 2024 will be a difficult year as well. At the same time, the underlying trends in consumer demand and behaviours remain clear. The structural transition 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.

Thanks to what we accomplished in 2023 and the additional improvements we are planning for 2024, we have a healthy market position and anticipate strong long-term performance. We will be well positioned when the economy and our market recover!

In conclusion, I would like to express my heartfelt thanks to our customers, all of 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 great resolve to continue improving and strengthening BHG.

Malmö, 9 April 2024

Gustaf Öhrn
President and CEO, BHG Group

Business model

We offer our customers a broad and relevant range of products and services in our respective categories and geographies. Our operations are divided into three business units: Home Improvement, Value Home, and Premium Living. Business units are also operating segments. The operations were divided in order to reflect our customers' purchasing behaviours. The division was also based on the business models of these business areas in order to realise synergies and on their position in the market.

1) Home Improvement, led by Deputy CEO Mikael Hagman, mainly based on a drop shipping model with a low level of tied-up capital, featuring a broad product range and price matching, primarily within DIY products.
2) Value Home, led by Christian Eriksson, a value-driven model that focuses on offering competitive prices, enabled by private label products, primarily within furniture and leisure products.
3) Premium Living, led by Bank Bergström, a premium position that is primarily based on stock keeping of external brands in order to internationalise Scandinavian design within furniture and home furnishings.

Mikael, Christian and Bank are all entrepreneurs with long-standing experience leading businesses in operational CEO roles. In addition, they are members of our executive management team, so our senior management has strong operational expertise.

A DECENTRALISED MODEL AND STRUCTURE

BHG operates through a decentralised model. Its overall strategic and tactical plan is defined at the Group level. The CEOs of the respective subsidiaries are in turn responsible for defining and executing the plan for their companies.

The purpose of the decentralised model is to retain the agile and results-oriented entrepreneurial spirit that has successfully characterised BHG since its inception in 2012. The Group structure can be divided into three levels: Group functions, business units and operating units. We are certain that the majority of the realisable synergies, such as scalable IT platforms and inventory consolidation, can be found within these individual business areas rather than at the Group level. The Group function is small and works actively with best practice sharing and benchmarking of companies within the Group.

SYNERGIES AND STRUCTURAL MEASURES

Our strategic ambition is to consolidate our companies into a smaller number of larger platforms in order to achieve economies of scale and synergies as well as streamlining our structure within our three business units. Since we began the consolidation process in autumn 2022, we have reduced the number of operating units from 25 to 15 and consolidated them into our three business areas.

- We consolidated Svensson into Nordic Nest, and Polarpumpen into Bygghemma. In addition, we consolidated LSBolagen and Nordiska Fönster into Hafa, and Frishop into HYMA. We also consolidated our Finnish DIY companies as well as consolidating Hemmy and Vitvaruexperten.
- We divested AH-Trading and My Home, since the companies were not compatible with our strategy and were a burden on profitability.
- We closed our Swedish business Stonefactory and our Finnish business Edututor.
- We closed 23 stores under the Trademax, Chilli and Kodin1 brands, and divested 22 stores in connection with the sale of My Home. We also reduced a large portion of our network of physical stores in order to reduce fixed costs and focus on the online business.

Cost synergies can be achieved through measures such as consolidation of warehouses, coordination of procurement, joint IT platforms and structural changes.

Revenue synergies will mainly come from sharing the assortment between businesses within the Group and cross-selling, with more Group companies finding new business opportunities for the same customer.

ENABLERS OF STRATEGIC PRIORITIES

We combine organic growth initiatives with acquisitions and synergies that can be created between existing and newly acquired companies. Our organic initiatives revolve around four strategic priorities:

1) Customer centricity,
2) Assortment,
3) Sustainability, and
4) Streamlining and efficiency.

The strategic priorities are enabled through IT platforms and data analysis, efficiency improvements in the supply chain and acquisitions.

IT-platform and data analysis

We aim to leverage data and automation to an even greater degree throughout our value chain, and significant investments have been made to ensure that we can improve our customer offering and use all of the data flowing through our systems in order to optimise our operations and further enhance the customer experience.

All of our online destinations aim to meet the demands of customers who are shopping for products in our areas, regardless of whether they are looking to buy from a general marketplace or a niche specialist. Internal expertise in web design, data analysis, and organic and inorganic web traffic generation through search engine optimisation and search engine marketing (SEO/SEM) ensure our strong position in the Nordic region.

We continuously work to enhance the user experience for our online customers in order to become the best in the market. When purchasing a product from a BHG destination, customers should perceive the process as being smooth, from searching online and placing the order to delivery and installation, with the whole process just one click away.

In order to create relevant customer offerings in a scalable and efficient way, we employ automation and artificial intelligence to identify new assortments, analyse customer behaviours, create content on our sites and price products.

We have over 100 online destinations, including the leading sites Bygghemma.se, Trademax.se and Nordicnest.se as well as category and expert stores such as Golvpoolen.se and Badshop.se.

Efficiency improvements in the supply chain

We have been a market leader since the company was founded in 2012, and since then we have enjoyed an advantage thanks to our size, which has enabled us – and ultimately our customers – to benefit from economies of scale.

As a result, we are able to consistently match our competitors' lowest prices while maintaining healthy profitability. The prices of comparable products in the market are monitored on a daily basis. We adjust the prices of our products dynamically to match the market's best prices.

We employ a combination of third-party suppliers and our own deliveries.

The majority of deliveries in the Home Improvement business unit consist of drop shipping, carried out by third-party distributors directly from the supplier, enabling low tied-up capital and limited inventory levels. To optimise these deliveries, we develop our delivery offering in close cooperation with our main partners. For example, we offer consolidated deliveries from various suppliers as well as other services.

In the Value Home and Premium Home business units, we employ a combination of third-party suppliers and our own deliveries (last mile) to the end customer. Our drivers currently deliver to customers in Eastern Europe as well as to major metropolitan areas in Sweden. The last-mile model, which also offers deliveries on evenings and weekends, is a popular and cost-efficient service that has resulted in improved customer satisfaction and results.

Acquisitions

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

Nevertheless, we are continuing to evaluate potential acquisition opportunities, and we see opportunities for small bolt-on acquisitions in our platforms in 2024.

In January 2024, we completed a small bolt-on acquisition in Nordic Nest via an asset purchase of KitchenTime's brand and inventory. Further, Trendrum was acquired in March 2024 as a bolt-on acquisition to Hemfint Group.

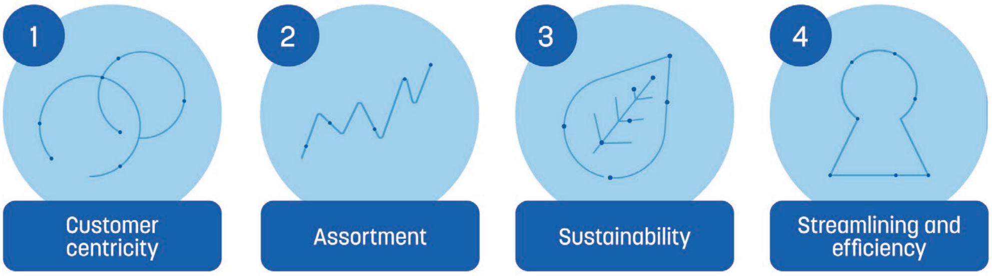
Strategic goals

BHG's overall goal is to make life simpler for our customers, in line with our vision, "We make living easy!". Our long-term strategic plan can be summarised in four priorities at the Group level:

1) Customer centricity
2) Assortment
3) Sustainability
4) Streamlining and efficiency

Our operations are divided into three business areas: Home Improvement, Value Home, and Premium Living. The three business areas were divided up in order to reflect our customers' purchasing behaviours. The division was also based on the business models of these business areas and their position in the market. The four strategic priorities discussed above apply to the three business areas, but are adapted in line with each business unit's customer base and business model.

OUR STRATEGIC PRIORITIES



Customer centricity
We endeavour to offer our customers the best possible purchasing experience throughout the entire purchasing journey. We remain relevant to the customer by continually developing our offering and by presenting and communicating it smartly and efficiently. Our in-depth product expertise allows us to offer the customer the broadest and most relevant assortment of products and services in the market. We continuously enhance our customer offering by complementing product sales with related services, such as home deliveries, product advice and installation services, professional service and support, and a network of physical showrooms throughout the Nordic region.

We have made significant investments in our technology platform in order to make the customer experience as smooth and straightforward as possible, and we are continually engaged in developing our websites. We also take a focused and goal-oriented approach through operational efficiency measures and partnering with our suppliers to continually improve delivery precision to our customers

The offering
The ability to offer the market's broadest product range is a core part of our strategy. By continuously expanding our range, we make it possible for our customers to find the best and most relevant assortment within our three business areas. In addition, having the market's leading product range enables economies of scale in terms of organic traffic generation through search engine optimisation (SEO) as well as search engine marketing (SEM). Our ambition is to continue building a leading position in all relevant categories in all three of our business areas, by broadening the range and adding new brands.

Sustainability

Sustainability is a priority in BHG's overall strategy, with the objective of accelerating organisational excellence and driving a sustainable offering.

Our overall sustainability target for the Group was established at the beginning of 2022 and revised at the end of 2022 in order to reflect the challenges we face. We have designed the following targets, based on the UN Sustainable Development Goals (SDGs) and our materiality pyramid from 2020 (table to the right):

Streamlining and efficiency

Our online-based business model is based on economies of scale, which are expected to increase further as BHG grows. We focus on consolidation and efficiencies in the shared cost base and infrastructure that supports our online destinations within our respective business areas. We can then achieve further economies of scale in the form of digital platforms and IT, marketing, purchasing and other areas. This structure enables us to match our competitors' lowest prices, while at the same time retaining high margins, and creates platforms in our business units enabling further consolidation.

Our strategic ambition is to consolidate our companies into a smaller number of larger platforms in order to achieve economies of scale and synergies as well as streamlining our structure within our three business areas. Since we began the consolidation process in autumn 2022, we have reduced the number of operating units from 25 to 15 and consolidated them into our three business areas.

Connection to UN Agenda 2030	The materiality pyramid	Target
	Minimising climate impact Minimising resource consumption Product safety – Innovation (Taxonomy)	**Reducing CO_2 emissions by 50% by 2030*** 1 a. Scope 1 & 2**: Zero GHG emissions by 2030 1 b. Scope 3: 50% reduction in GHG emissions by 2030 2. Promoting a sustainable offering
	Ensuring sustainable supply and distribution chains Maintaining high levels of product safety and quality Promoting equality and diversity Attracting, maintaining and developing employees	**An equitable workplace and sustainable supply chain** 3. 100% of our strategic suppliers*** are to be evaluated and action plans are to be developed and implemented by 2025. 4. Our employees feel that BHG Group is a good and equitable workplace.
	Financial performance and economic growth Transparent communication Data protection Customer privacy	**Corporate governance and economic growth** 5. 100% of BHG's fully integrated business units and destinations manage data protection according to the best available standard

* Percentage reduction in relation to sales growth
** Revised target for Scope 1 & 2. Initial goal on zero emissions by 2025 has been revised to 2030.
*** 60% of BHG's total sales

Read more about our efforts in the Sustainability Report on pages 35-54.

The market

According to our assessment, the overall market for the product categories in which we operate is somewhat smaller than before the outbreak of the pandemic. However, we estimate that the online market is larger now than before the outbreak of the pandemic.

We believe that the overall market contracted in 2023, when consumers had less disposable income than the year before due to interest rate increases and cost inflation. Furthermore, geopolitical instability and the uncertain macroeconomic outlook have made consumers more cautious. They have also strongly preferred to prioritise services and experiences that were not available during the pandemic to the same extent as before.

According to our assessment, the Nordic overall market for the product categories in which we operate, namely DIY, furniture and home furnishings, generates sales of about SEK 280 billion annually and the European overall market is 15-20 times larger.

Market growth in the less mature Eastern European markets is expected to be higher than in the Nordic region in the future. In the increasing number of international markets where BHG operates, for instance through Nordic Nest, market growth is also expected to be strong while conditions are promising for a gain in market share.

The structural transition 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.

RAPID GROWTH IN THE ONLINE MARKET

According to the company's own estimates, online sales in the Nordic region of the product categories in which we operate, namely DIY, furniture and home furnishings, currently represent approximately 15% of the overall market. This is a significantly lower share than for more mature product categories and markets.

BHG's target is to grow at least in line with the market.

The rapid growth of the online market in our categories is attributable to several factors, including:

An almost infinite selection

Online retailers can optimise their assortment based on customer preferences by utilising the large amounts of data that flow through their systems to identify what is in demand and provide consumers with a focused and relevant offering. Online retailers can also display their entire assortment on webstores with no limitations when it comes to shelf space due to drop shipment, thereby increasing the likelihood that their customers will find the right product.

Competitive prices

Online retailers who have achieved critical mass can offer attractive prices as a result of economies of scale in purchasing and low fixed costs. Retailers with a large network of physical stores are typically characterised by a higher share of fixed costs, such as store rental, in-store inventory and personnel costs, which can lead to channel conflicts and difficulties in maintaining the same price levels in physical stores and online. Additionally, online retailers, which are not limited by physical product catalogues, can apply dynamic pricing based on supply and demand.

Availability and convenience

In recent years, a growing number of consumers have been spending more and more time online. The ability to order goods at any time, anywhere, from an unsurpassed range of products and services is resulting in increased convenience for online shoppers.

As the online market matures, the demand for related services such as customer service and support is increasing. Players with the critical mass to offer these services have a clear competitive advantage compared to smaller online retailers.

THE DIY MARKET IN THE NORDIC REGION

The overall DIY market was weaker in 2023 as consumption was affected by interest rate increases, inflation, the weak housing market and the uncertain world situation.

The DIY segment includes product categories such as garden, construction and renovation, and leisure. The Nordic consumer market for DIY consists of sales from stores categorised as DIY retailers, which includes both traditional building material retailers and webstores, but does not include sales to companies and professional tradesmen.

Trends and drivers

Several factors and drivers determine demand in the DIY market in Sweden, Finland, Norway and Denmark, such as the rate of activity for DIY projects, developments with respect to disposable income, home ownership and sales in the housing market. There is also a long tradition in the Nordic countries of "doing the work yourself", which is mainly driven by the relatively expensive cost of engaging tradesmen and the fact that many households own a second home. Interest in DIY products has increased in the Nordic region since the mid-1990s, which is also reflected in the large number of television programmes and other media related to DIY. The DIY market has also historically been characterised by relatively low investments in online shopping, in part because of a market structure featuring strong retailers and product brands.

Market structure and market competition

The Nordic DIY market can be divided into five segments: online players, traditional store chains, DIY chains, niche players/OEMs and B2B distributors. The various segments differ in terms of the level of their presence online, the combination of proprietary and external brands, and business models.

Online players
Players in this category primarily focus on DIY products or on selected subcategories within DIY, such as doors or windows. The companies cater mainly to consumers and several players use physical stores or showrooms to complement their online offering. Examples of BHG's brands in this category include Bygghemma.se, Taloon, Netrauta, Frishop, Bygghjemme.no, Polarpumpen, VVSKupp, Nordiska Fönster, HYMA and Hafa Bathroom.

Traditional store chains
Players in this category include both retail chains and independent stores. Many players also offer "click and collect" at their physical stores. The customer base consists primarily of consumers, but there are corporate customers as well. The offering often includes related services to help customers complete their projects, such as installation.

DIY chains
This category includes retail chains with a wide range of products that include some DIY and home furnishings or, alternatively, selected subcategories such as homes and gardens. The primary focus is consumers as well as products in the low or medium price range. Several players have created a network of stores with economies of scale – for example, through coordinated purchasing and logistics solutions.

Niche players/OEMs
Players in this category often have a strong brand and sell proprietary products to varying degrees through their own channels – both physical stores and webstores – and through retail outlets.

B2B distributors
This category includes distributors that offer large product portfolios with a focus on depth rather than breadth. These players have stores but typically do not target consumers; instead, they have business models adapted to business customers such as professional tradesmen.

THE DIY MARKET IN THE REST OF EUROPE
Our assessment is that the overall DIY market in the rest of Europe in general performed better than in the Nordic region. Our assessment is that the overall market is expected to grow at the same rate as GDP over a business cycle and that the online penetration overall is slightly lower in rest of Europe compared to the Nordic region.

THE FURNITURE AND HOME FURNISHING MARKET
The overall market for furniture and home furnishings in the Nordics and the rest of Europe is expected to grow similarly to DIY. In other words, the market is expected to grow at the same rate as GDP over a business cycle. The online market is expected to grow faster through greater online penetration.

Trends and drivers
Several factors and drivers determine demand in the furniture and home furnishing market, such as the rate of activity for home furnishing projects, developments with respect to disposable income and sales in the housing market. The growing interest in home improvement and home furnishings since the mid-1990s is also a clear factor driving the growth of the home furnishing market in general.

Market structure and market competition
The furniture and home furnishing market can be divided into five segments: online players focused on furniture and home furnishings, traditional store chains, established online players in adjacent categories, IKEA and niche players. The various segments differ in terms of the level of their presence online, the combination of proprietary and external brands, and business models.

Online players focused on furniture and home furnishings
These players typically originate from online shopping or mail-order operations and primarily sell home furnishing products. These players mainly cater to consumers and, in some cases, also have physical stores or showrooms to back up their online offering. The focus of the product range is on items sold under proprietary brands or no brand. The BHG brands Trademax, Chilli, Furniturebox, Kodin1, LampGallerian and Nordic Nest belong to this category.

Traditional store chains
These players include retail chains with a network of physical stores, either retailer owned or via franchise, or, alternatively, independent stores. The product range consists of a mix of proprietary and external brands. These players have gradually increased their presence in the online market and typically have a broad product portfolio that also includes other types of products, such as textiles.

Established online players in adjacent categories
As with the category above, these players originate from online shopping or mail-order operations, although the primary focus is on a broader range of products – for example, in home furnishings or fashion. The product range consists of a mix of proprietary and external brands. Several companies have physical stores or showrooms as a complement to their online offering.

IKEA
IKEA has its own category due to its size, market share and long history in the Nordic region.

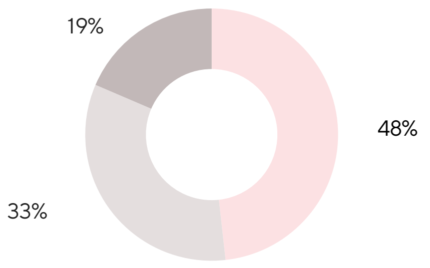
Niche players
This category includes well-known companies, often with a focus on premium products and/or premium brands in the Home Furnishing segment. These players mainly have physical stores but have recently begun to establish an online presence. The Nordic Nest Group's chain of furniture stores, Svenssons i Lammhult, belongs to this category.

Home Improvement

Home Improvement

- The business unit's net sales declined by -16.5%, of which organic growth accounted for -15.9%. Pro-forma organic growth was -15.8%.
- The gross margin was 21.0% (20.2).
- Adjusted EBIT amounted to SEK 54.0 million (276.1), corresponding to an adjusted EBIT margin of 0.9% (4.0).
- 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 business unit



	2023					2022				
(SEKm)	**Q1**	**Q2**	**Q3**	**Q4**	**Jan-Dec**	**Q1**	**Q2**	**Q3**	**Q4**	**Jan-Dec**
Net sales	1,197.0	1,765.8	1,420.1	1,343.7	5,726.7	1,543.3	2,045.1	1,646.5	1,621.5	6,856.3
Gross profit	246.1	376.9	289.2	293.0	1,205.2	350.1	431.9	220.1	384.9	1,387.0
Gross margin (%)	20.6	21.3	20.4	21.8	21.0	22.7	21.1	13.4	23.7	20.2
Adjusted gross profit*	246.1	376.9	294.9	297.3	1,215.2	350.1	431.9	351.5	387.6	1,521.1
Adjusted gross margin (%)	20.6	21.3	20.8	22.1	21.2	22.7	21.1	21.3	23.9	22.2
Adjusted EBITDA*	0.6	103.2	74.3	56.5	234.5	88.1	128.5	99.8	117.6	434.1
Adjusted EBITDA-margin (%)	0.0	5.8	5.2	4.2	4.1	5.7	6.3	6.1	7.3	6.3
Adjusted EBIT*	-44.5	58.6	27.3	12.6	54.0	53.3	89.7	57.4	75.6	276.1
Adjusted EBIT-margin (%)	-3.7	3.3	1.9	0.9	0.9	3.5	4.4	3.5	4.7	4.0
Items affecting comparability	-0.4	-1.6	-13.6	-52.5	-68.1	-2.1	-	-131.4	-14.9	-148.3
Operating income	-59.2	42.7	-0.7	-54.3	-71.5	36.9	75.4	-88.3	43.2	67.1
Operating-margin (%)	-4.9	2.4	-0.1	-4.0	-1.2	2.4	3.7	-5.4	2.7	1.0
Net profit/loss for the period	-66.8	5.4	-18.2	-118.7	-198.3	71.6	130.1	110.7	-179.1	133.3
Cash flow from operations	169.2	387.5	42.4	77.8	676.9	142.8	11.7	18.3	0.8	173.5
Visits (thousands)	25,113	31,264	24,635	22,501	103,512	33,844	34,776	31,183	28,719	128,523
Orders (thousands)	431	611	536	539	2,117	519	600	546	590	2,256
Conversion rate (%)	1.7	2.0	2.2	2.4	2.0	1.5	1.7	1.8	2.1	1.8
Average order value (SEK)	2,877	2,901	2,631	2,473	2,719	3,282	3,321	3,018	2,485	3,020

COMMENTS ON HOME IMPROVEMENT

The Home Improvement business unit accounted for 48% of the Group's total net sales. Net sales declined by -16.5 % to SEK 5,726.7 (6,856.3) million.

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 business unit's sales.

The leading brand is Bygghemma. Other brands include Hylte Jakt & Lantman and Hafa.

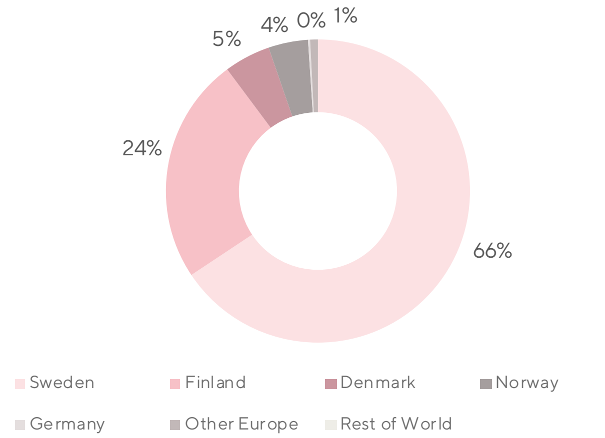
During the year, the focus was on:

- Reducing inventory levels and making fulfilment more efficient in order to free up cash flow and adjust purchase volumes going forward as well as adjusting fixed costs in order to adapt the operation to weaker demand for some time to come.
- Grouping the business unit'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.
- 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.

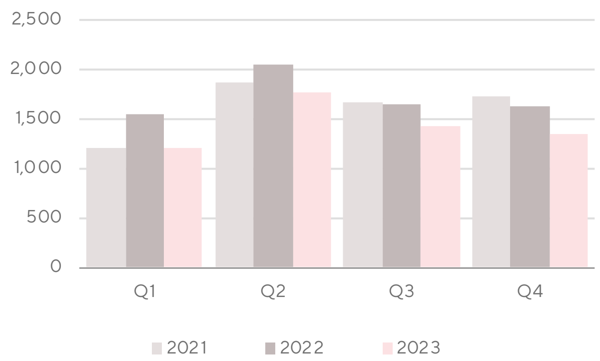
HOME IMPROVEMENT, QUARTER BY QUARTER

- During the first quarter, the Home Improvement business unit faced an overall market characterised by weak demand, especially in Sweden, but the business unit still succeeded in delivering a strong product margin. Capital-intensive categories such as doors, windows and bathrooms showed the weakest performance in relative terms. Extensive measures to adjust fixed costs were implemented during the first quarter.
- Despite continued weak demand during the second quarter, Home Improvement successfully delivered an inventory reduction above our target as well as a higher product margin than last year. Demand continued to be better for products with low price points, but remained weak for products driven by extensive renovations and new construction. We continued the process of consolidating our operations into a smaller number of larger platforms, and continued the process of developing our offering in order to be in an even stronger position in the future.
- Demand in the Home Improvement business unit remained weak in all geographic markets in the third quarter. Our companies continued their transformation journey with the aim of achieving a lower cost base, lower inventory levels and increased efficiency in line with the current strategy. At the same time, our offering was evolved in an effort to better meet current demand, with a focus on greater depth in categories with lower price points, an increased focus on energy-efficient products, and investments in IT infrastructure in order to better serve customers.
- The fourth and final quarter saw a successful Black Friday campaign, followed by somewhat lower demand in the seasonally weak month of December. During the fourth quarter, the business unit passed several important milestones in its strategy process through measures such as warehouse consolidations, closures of unprofitable stores and the consolidation of the Danish operations into Hyma Skog & Trädgård. This meant that we further strengthened the competitiveness of several of our operations and are better equipped for a future normalisation of demand

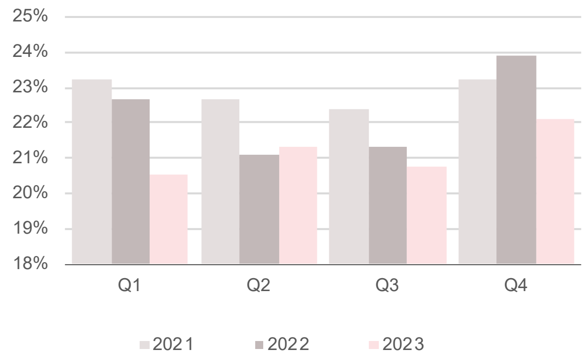
Distribution of net sales by country (%)



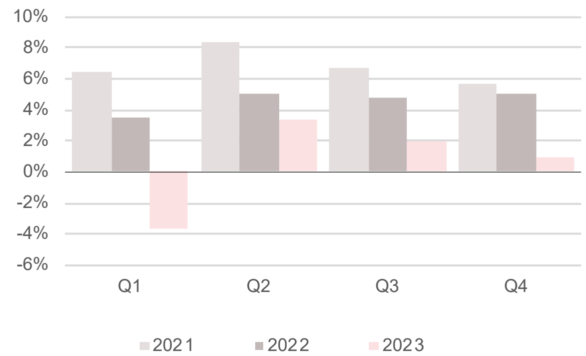
Net sales (SEKm)



Adjusted gross margin (%)



Adjusted EBIT margin (%)

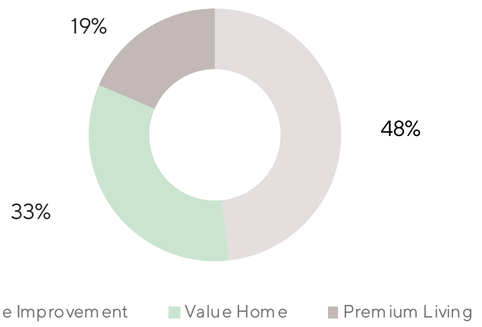



Value Home

Value Home

- The business unit's net sales declined by -13.5%, of which organic growth accounted for -9.7%. Pro-forma organic growth was -9.7%.
- The gross margin was 30.4% (24.4).
- Adjusted EBIT amounted to SEK 49.5 million (76.0), corresponding to an adjusted EBIT margin of 1.3% (1.7).
- 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 business unit



	2023					2022				
(SEKm)	**Q1**	**Q2**	**Q3**	**Q4**	**Jan-Dec**	**Q1**	**Q2**	**Q3**	**Q4**	**Jan-Dec**
Net sales	943.2	1,281.2	1,004.0	713.0	3,941.4	1,095.9	1,435.0	1,052.1	975.6	4,558.7
Gross profit	278.9	406.3	282.5	228.8	1,196.4	361.5	430.4	63.7	257.8	1,113.4
Gross margin (%)	29.6	31.7	28.1	32.1	30.4	33.0	30.0	6.1	26.4	24.4
Adjusted gross profit*	278.9	406.3	296.2	228.8	1,210.1	361.5	430.4	295.4	267.7	1,355.1
Adjusted gross margin (%)	29.6	31.7	29.5	32.1	30.7	33.0	30.0	28.1	27.4	29.7
Adjusted EBITDA*	48.0	116.8	59.3	59.9	284.0	114.4	121.2	55.4	26.0	317.0
Adjusted EBITDA-margin (%)	5.1	9.1	5.9	8.4	7.2	10.4	8.4	5.3	2.7	7.0
Adjusted EBIT*	-19.0	50.5	-3.6	21.7	49.5	59.9	62.3	-7.8	-38.4	76.0
Adjusted EBIT-margin (%)	-2.0	3.9	-0.4	3.0	1.3	5.5	4.3	-0.7	-3.9	1.7
Items affecting comparability	-	1.8	-1,269.8	-22.7	-1,290.7	-	-1.4	-232.7	-16.1	-250.1
Operating income	-24.2	47.0	-1,278.0	-4.1	-1,259.3	54.9	55.8	-245.6	-64.9	-199.8
Operating-margin (%)	-2.6	3.7	-127.3	-0.6	-32.0	5.0	3.9	-23.3	-6.7	-4.4
Net profit/loss for the period	-34.9	21.7	-1,244.5	-18.2	-1,276.0	91.6	69.2	-176.8	-30.7	-46.7
Cash flow from operations	171.9	342.1	132.6	77.1	723.7	92.0	-110.3	-175.7	19.7	-174.3
Visits (thousands)	34,581	31,897	29,022	24,841	120,341	47,952	42,508	32,952	32,541	155,953
Orders (thousands)	230	286	244	207	967	291	316	273	283	1,163
Conversion rate (%)	0.7	0.9	0.8	0.8	0.8	0.6	0.7	0.8	0.9	0.7
Average order value (SEK)	3,969	4,410	4,030	3,218	3,954	3,690	4,219	3,765	3,391	3,779

COMMENTS ON VALUE HOME

Net sales in Value Home decreased by -13.5% to SEK 3,941.4 million (4,558.7) and accounted for 33% of the Group's total net sales.

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 business unit. Other brands include Furniture1 and Hemfint.

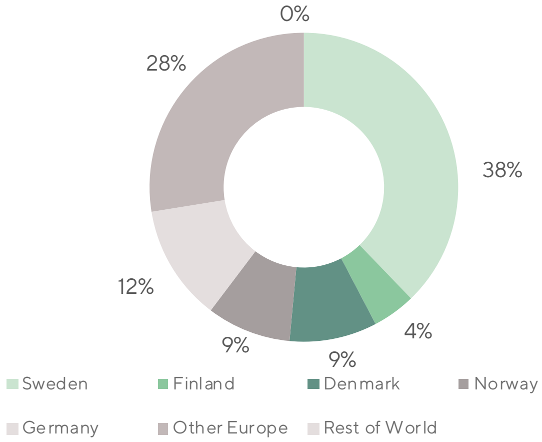
During the year, the focus was on:

- Reducing inventory levels and making fulfilment more efficient in order to free up cash flow, and optimising the cost base by maximising product assortment exchange among relevant BHG units and adjusting purchase volumes going forward.
- Divest and close down unprofitable businesses that did not contribute to our strategy.
- Grouping the business unit'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.

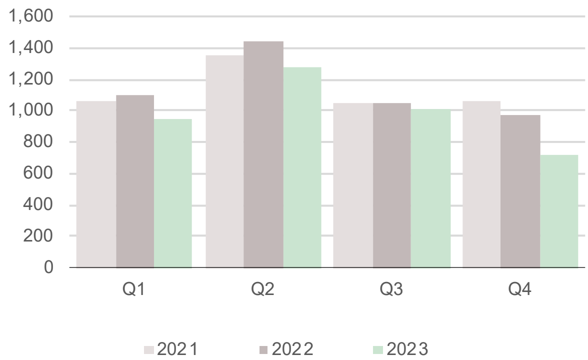
VALUE HOME, QUARTER BY QUARTER

- For the Value Home business unit, the first quarter of 2023 was characterised by weak demand and our market share was unchanged. The late spring had a negative impact on sales of outdoor furniture, primarily in Sweden and Germany. The reduction in inventory proceeded according to plan, and the focus remained on reducing costs and warehouse space. We also expanded our partnerships with external marketplaces during the first quarter.
- During the second quarter, we saw some improvement in demand in Value Home. The dry and sunny spring had a positive impact on sales of outdoor furniture and leisure products, while sales of indoor products decreased. Our assessment is that we gained market share during the second quarter, and that we were already somewhat ahead of schedule in our inventory reduction thanks to stronger sales. We continued to focus on reducing costs, inventory and complexity, while simultaneously initiating sales in new channels and markets.
- During the third quarter, the Value Home business unit focused on designing and partly implementing the structural changes announced on 29 September 2023, i.e. the divestment of AH-Trading and My Home and the closure of a large part of the business unit's physical stores. The third quarter was characterised by headwinds, particularly in our two largest markets of Sweden and Norway, but we also saw positive signals from our newly opened sales channels in new geographies and marketplaces. Our AOV was higher than in the preceding year and we saw a positive trend in our conversion rates. However, our weak performance in terms of traffic had a significant impact on our total sales in the business unit, which decreased approximately -5% year-over-year. Our ambition to drastically reduce our inventory levels continued as planned, and our focus in the business unit would thereafter shift to increased profitability. During the third quarter, we worked actively to reduce our fixed costs in order to offset our lower volumes.
- During the fourth quarter, we focused on implementing many of the structural changes announced in the end of the third quarter. This included closing several stores within the Nordic Home Furnishing company. We also reduced staff in several of the business unit's companies and continued to review costs in order to reduce the Value Home 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. The fourth quarter was characterised by a continued decline in traffic to the business unit's websites. A strong AOV and an increase in conversions over the previous year partly compensated for the drop in traffic. During the fourth quarter, Value Home continued to post strong cash flow and our focus going forward was now on increasing profitability in the business unit.

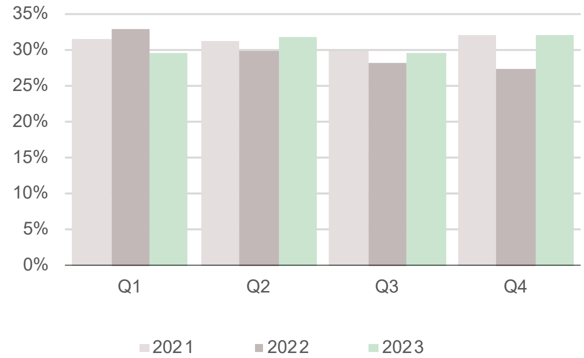
Distribution of net sales by country (%)



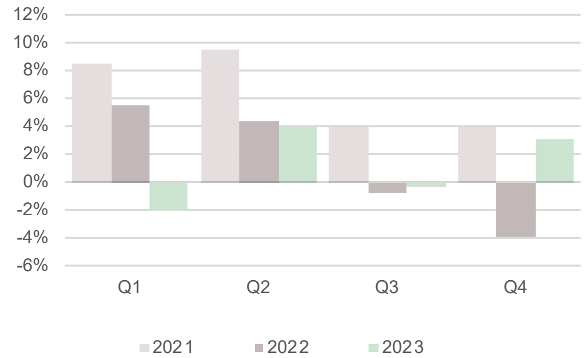
Net sales (SEKm)



Adjusted gross margin (%)



Adjusted EBIT margin (%)

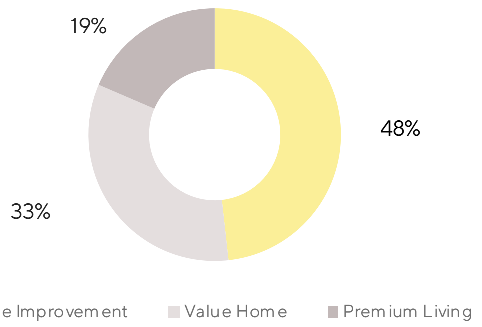



Premium Living

Premium Living

- The business unit's net sales rose 1.3%, of which organic growth accounted for 1.3%. Pro-forma organic growth amounted to 1.3% in a market with weaker demand.
- The gross margin was 23.9% (22.5).
- Adjusted EBIT amounted to SEK 70.9 million (81.2), corresponding to an adjusted EBIT margin of 3.2% (3.7).
- 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 business unit



	2023					2022				
(SEKm)	**Q1**	**Q2**	**Q3**	**Q4**	**Jan-Dec**	**Q1**	**Q2**	**Q3**	**Q4**	**Jan-Dec**
Net sales	498.0	468.5	452.0	782.7	2,201.2	533.7	486.5	426.1	725.9	2,172.1
Gross profit	118.0	116.9	96.7	193.7	525.3	131.4	115.2	89.7	151.5	487.8
Gross margin (%)	23.7	25.0	21.4	24.7	23.9	24.6	23.7	21.1	20.9	22.5
Adjusted gross profit*	118.0	116.9	96.7	193.7	525.3	131.4	115.2	101.2	151.5	499.4
Adjusted gross margin (%)	23.7	25.0	21.4	24.7	23.9	24.6	23.7	23.8	20.9	23.0
Adjusted EBITDA*	28.2	25.0	20.7	61.9	135.8	42.0	34.0	21.2	22.2	119.4
Adjusted EBITDA-margin (%)	5.7	5.3	4.6	7.9	6.2	7.9	7.0	5.0	3.1	5.5
Adjusted EBIT*	11.9	9.2	4.5	45.3	70.9	33.4	25.2	12.2	10.5	81.2
Adjusted EBIT-margin (%)	2.4	2.0	1.0	5.8	3.2	6.3	5.2	2.9	1.4	3.7
Items affecting comparability	-	0.6	-	-	0.6	-	-	-11.5	-8.1	-19.6
Operating income	6.2	4.0	-1.2	39.6	48.6	27.7	19.4	-5.1	-3.3	38.7
Operating-margin (%)	1.2	0.9	-0.3	5.1	2.2	5.2	4.0	-1.2	-0.5	1.8
Net profit/loss for the period	1.0	2.0	-8.7	17.1	11.3	21.9	14.1	-4.9	-5.7	25.4
Cash flow from operations	-96.6	32.8	74.1	194.7	205.0	-61.8	-19.7	48.0	72.4	38.9
Visits (thousands)	22,544	16,663	18,752	30,843	88,803	18,036	15,637	16,050	30,878	80,600
Orders (thousands)	355	321	325	632	1,633	356	311	298	649	1,614
Conversion rate (%)	1.6	1.9	1.7	2.0	1.8	2.0	2.0	1.9	2.1	2.0
Average order value (SEK)	1,429	1,647	1,504	1,309	1,440	1,584	1,617	1,574	1,266	1,460

COMMENTS ON PREMIUM LIVING

Net sales in the Premium Living business unit increased 1.3% to SEK 2,201.2 million (2,172.1) and accounted for 19% of the Group's total net sales.

Premium Living has a premium position that is primarily based on stock keeping of external brands, which internationalises Scandinavian design in scalable way from their Nordic base. From having almost exclusively focused on the Nordic markets until 2018, the business unit 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 40% of sales for Premium Living for the year. The leading brand is Nordic Nest.

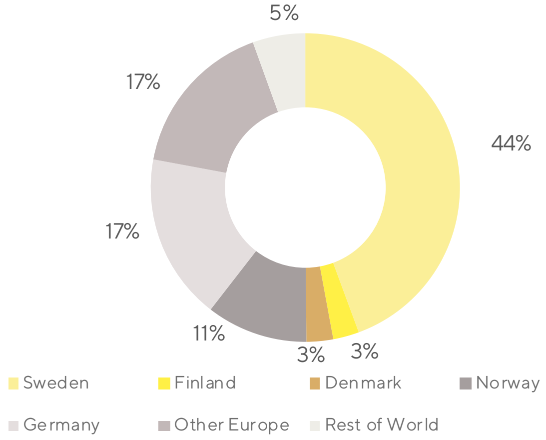
During the year, the focus was on:

- Driving geographic growth for Nordic Nest.
- 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.

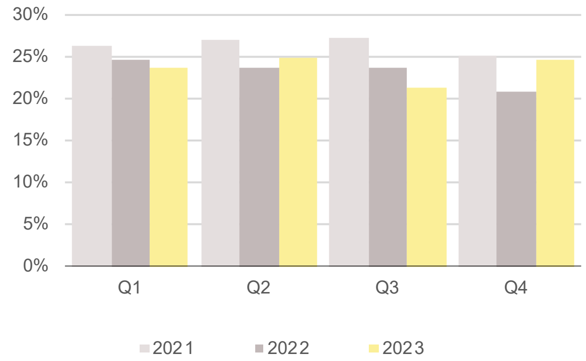
PREMIUM LIVING, QUARTER BY QUARTER

- Sales for Premium Living performed better overall than the market during the first quarter, with strong growth in Germany and the UK. There was a high degree of campaign and pricing activity in the market, which affected the gross margin, which improved compared with the end of 2022 despite the market situation. The investments that were made in warehouse automation are having an impact on handling cost per order. The international expansion continued.
- The sales performance for the second quarter was stronger than for the first and on a par with the previous year's order intake for the period. Markets outside the Nordic region continued to perform the best for the Premium Living business unit, displaying growth in all European markets and with Germany and the UK showing the strongest growth. One of the categories that performed the best during the quarter was outdoor furniture, which got off to a slow start for the season. Several measures were taken during the quarter to reduce variable costs. A reduction in marketing costs in all markets had the most rapid effect. Finally, we announced that our international expansion continued at full speed: new websites were launched in Italy, Greece, Portugal and China during the second quarter.
- Premium Living continued to see a positive sales trend in the third quarter, with year-on-year growth of 6%. Sales in the Nordic region improved compared with the first half of the year, and international growth outside the Nordic region remained strong. Although we had a positive sales trend in the third quarter, the business unit was also negatively impacted by pressure on its gross margin, largely due intense competition with a high level of promotional activity in the market. It was therefore gratifying to report that Premium Living's cost efficiency improved during the quarter.
- In the last quarter of the year, Premium Living 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 lower variable costs than in the previous year. The business unit's ability to increase the gross margin despite price pressure during the quarter that was as at least as intense as in previous quarters was proof of our strength. Sales growth, the increased gross margin and improved efficiency led to a significant improvement in earnings for the quarter.

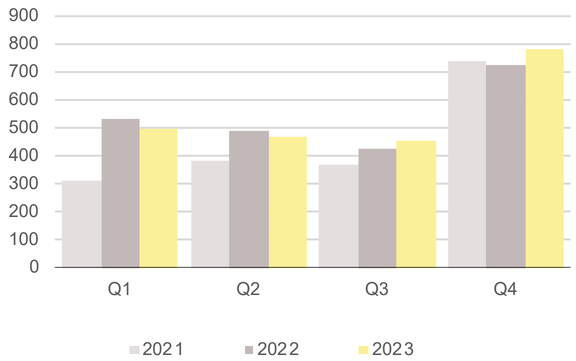
Distribution of net sales by country (%)



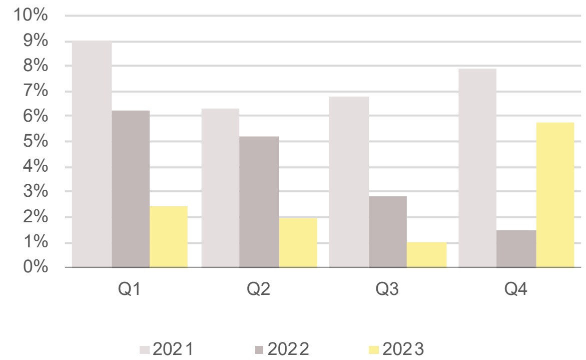
Adjusted gross margin (%)



Net sales (SEKm)



Adjusted EBIT margin (%)



Directors´ Report

Directors' Report

GENERAL INFORMATION ABOUT THE OPERATION

BHG is one of the largest consumer e-commerce companies in the Nordics. In addition to our Nordic operations, we also have a significant presence in the rest of Europe, as well as in selected markets outside of Europe.

Our strong position in these markets makes us one of the largest online European pure-plays in our three segments: Home Improvement, Value Home, and Premium Living. The Group includes over 100 online destinations, such as www.bygghemma.se, www.nordicnest.se, www.svenssons.se and www.trademax.se. We offer the market's leading range of well-known external and proprietary brands, totalling approximately 1.7 million products and encompassing a complete offering within DIY, furniture, home furnishing and leisure products.

The Home Improvement segment operates almost exclusively in the Nordic market, and is mainly based on a drop shipping model with a low level of tied-up capital, featuring a broad product range and price matching. The segment mainly comprises brands such as Bygghemma, Taloon, Golvpoolen, Nordiska Fönster, Hafa and Hylte Jakt & Trädgård.

The Value Home segment 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. The segment mainly comprises brands such as Trademax, Chilli, Furniturebox and Outlet1.

The Premium Living segment has a premium position that is primarily based on wholesale in order to internationalise Scandinavian design. The segment comprises the brands Nordic Nest, Svenssons and Sleepo.

BHG Group AB (publ) has been listed on Nasdaq Stockholm (Mid Cap) since 27 March 2018. For information about the company's owners, see the section "The share" below.

THE SHARE

The BHG Group AB (publ) share is listed on Nasdaq Stockholm Mid Cap under the ticker BHG with the ISIN code SE0010948588. The market capitalisation of BHG Group AB (publ) on Nasdaq Stockholm as of the last trading day of 2023 was SEK 2.5 billion.

	Holding*	Holding %	Votes %
Ferd AS	31,838,862	17.76%	17.76%
Entrust Global	20,196,453	11.27%	11.27%
Fidelity Investments (FMR)	10,650,400	5.94%	5.94%
Mikael Olander	8,921,686	4.98%	4.98%
Fjärde AP-fonden	8,900,000	4.97%	4.97%
Norges Bank	5,911,956	3.37%	3.37%
Vitruvian Partners	5,967,388	3.33%	3.33%
Avanza Pension	4,761,681	2.66%	2.66%
Svenska Handelsbanken AB For PB	3,899,242	2.18%	2.18%
Futur Pension	3,849,552	2.15%	2.15%
Handelsbanken Fonder	3,589,333	2.00%	2.00%
Tredje AP-fonden	3,550,000	1.98%	1.98%
EQ Asset Management Oy	3,523,371	1.97%	1.97%
Nordnet Pensionsförsäkring	3,488,127	1.95%	1.95%
OP Asset Management	3,342,666	1.86%	1.86%
Total, 15 largest shareholders by holdings	**122,390,717**	**68.37%**	**68.37%**
Other shareholders	56,842,846	31.64%	31.64%
Total shares issued	**179,233,563**	**100.0%**	**100.0%**

* Data as of 31 December 2023 compiled by Monitor. Sources: Euroclear, Morningstar, the Swedish Financial Supervisory Authority, Nasdaq and Millistream.

Share capital

As of 31 December 2023, the number of shares issued was 179,233,563, all of which were ordinary shares. The Group's share capital amounted to SEK 5.4 million at the end of the year.

As of 31 December, there were 8,263,660 warrants and share awards outstanding attributable to the Group's incentive programmes. The total potential dilution should all outstanding warrants be exercised amounts to 4.6%. For more information, refer to Note 7

Change in number of shares

BHG Group AB carried out two directed issues in 2022. On 4 May 2022, BHG Group AB carried out a directed issue of 16,393,443 shares at a subscription price of SEK 61 per share, generating proceeds of SEK 989.4 million after SEK 10.6 million in transaction costs. On 6 December, BHG Group carried out a directed issue of 39,024,390 shares at a subscription price of SEK 20.50 per share, generating proceeds of SEK 800 million. 35,052,293 shares were issued with the support of a mandate by the Annual General Meeting held on 5 May 2022, and the remaining 3,972,097 shares were issued with the support of the subsequent approval by the Extraordinary General Meeting held on 30 December 2022. The 3,972,097 shares issued after a resolution by the Extraordinary General Meeting held on 30 December 2022 were registered with the Swedish Companies Registration Office and began trading on Nasdaq

Stockholm at the beginning of January 2023. After the directed issues, the total number of shares outstanding in BHG Group AB amounted to 179,233,563. As of 31 December 2023, the number of shares issued was unchanged.

Dividend

The Parent Company paid no dividends in 2022, and the Board of Directors proposes that no dividend be paid for 2023.

Share trend

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, 279,466,112 BHG shares were traded, equivalent to a turnover rate of 156%.

EMPLOYEES

Our employees are our most important resource, and our progress depends on having talented, motivated and capable employees. We strive to be an attractive employer, creating an environment where our employees thrive at work and always have room to learn and grow.

Attracting and retaining the right people, along with developing their skills, are necessary for the success of BHG as well as for meeting defined goals for growth and business development.

At year-end, the number of employees in the Group, calculated as FTEs, was 1,994 (2,759), of whom 1,117 (1,559) were men and 876 (1,198) were women.

Information on the average number of employees and salary costs can be found in Notes 7 and 8. More information is available under the section “Our employees” in the Sustainability Report on page 44.

SIGNIFICANT EVENTS

Net sales

Net sales declined by -12.2 % to SEK 11,790.2 (13,433.6) million. Organic growth was -11.2% and pro-forma organic growth was -11.1%.

Net sales in the Home Improvement segment declined by -16.5 % to SEK 5,726.7 (6,856.3) million. Organic growth was -15.9% and pro-forma organic growth was -15.8%.

Net sales for the Value Home segment declined -13.5 % to SEK 3,941.4 (4,558.7) million. Organic growth was -9.7% and pro-forma organic growth was -9.7%.

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

The Group’s webstores had 312.7 million (365.1) visits during the year, generating 4,716,000 (5,033,000) orders.

Gross margin

The adjusted product margin was 38.0% (38.0). The adjusted gross margin (that is, the margin after deductions for direct selling expenses, such as logistics, fulfilment, etc.) amounted to 25.0% (25.1).

- The product margin for the full year was unchanged from the previous year, despite significant price pressure in the market, a development primarily driven by the Value Home and Premium Living segments. In Value Home, we worked actively in the second half of the year to normalise the margin structure after our previous focus on reducing inventory led to sales campaign pressure. 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 year compared with the previous 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 AOV and focuses particularly on ensuring that the AOV for bulky products, which are sent on pallets, remains high. The AOV for Home Improvement was negatively impacted during the year 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 2,370.5 million (2,566.9), corresponding to 20.1% (19.1) of net sales.

The previously announced cost cuts corresponding to gross savings of SEK 150 to 200 million, equivalent to net savings of SEK 100 to 150 million, were achieved in 2023 as costs decreased by SEK 125 million.

Personnel costs decreased by SEK 70.2 million (adjusted for currency effects, acquisitions and items affecting comparability) compared with the previous year. Given the uncertainty regarding future demand, we are continuing to identify additional cost-saving measures.

Earnings

The Group’s adjusted EBIT amounted to SEK 96.7 million (374.9) for the full year, corresponding to an adjusted EBIT margin of 0.8% (2.8). Amortisation of tangible and intangible assets amounted to SEK 487.0 million (438.9), of which SEK 345.5 million (304.2) pertains to amortisation of lease assets.

The Group’s operating income amounted to SEK -1,374.2 million (-183.9), corresponding to an operating margin of -11.7% (-1.4).

Items affecting comparability totalled SEK -1,372.5 million (-449.7). These items mainly pertain to costs for the restructuring programme launched in the Value Home segment.

Amortisation and impairment of acquisition-related intangible assets totalled SEK 98.4 million (100.6). 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 -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 -1,593.3 million (18.3).

Net income amounted to SEK 1,542.4 million (45.7) for the full year. The effective tax rate was -3.2% (-349.9), corresponding to SEK 51.0 million (64.1).

Currency effects

Generally, the Group does not hedge its currency exposure, but some currency hedging takes place in individual subsidiaries.

Cash flow and financial position

Cash flow from operating activities was SEK 1,550.2 million (-105.6), primarily driven by a positive effect from changes in working capital and the Group's EBITDA. 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 243.8% (-10.8).

The Group's cash flow to investing activities amounted to SEK -654.4 million (-454.9), and was mainly attributable to disbursements for contingent considerations related to acquisitions in previous periods as well as IT investments related to technology platforms. Cash flow to financing activities amounted to SEK -970.9 million (765.1), 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 126) 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.

The Group's total assets at the end of the reporting period, compared with the beginning of the year, amounted to SEK 11,423.3 million (14,281.4). The Group's equity at the end of the reporting period, compared with the beginning of the year, amounted to SEK 6,510.1 million (7,669.8).

A SIGNIFICANTLY STRONGER BALANCE SHEET AND REDUCED INVENTORIES AS WELL AS STRUCTURAL CHANGES IN LINE WITH OUR STRATEGY

Market conditions remained poor in 2023. Despite the difficult circumstances, we were able to advance our position during the year. We gained market share, and above all we strengthened our operations and our position for the future. Interest rate increases and rising inflation during the year resulted in consumers having less disposable income than in 2022. In addition, consumers chose to prioritise services and experiences that they did not have access to during the pandemic. The number of transactions in the housing market, which is an important driver of sales in our product categories, remained low during the year. Taken together, these factors resulted in weak demand in 2023.

During the year, we focused on strengthening our balance sheet and cash flow by reducing inventory and implementing changes that streamline and consolidate our structure. Significant progress was made in all of these areas in 2023, and today we stand financially, structurally and commercially stronger. We established three distinct business areas, and we built a strong foundation for the year to come thanks to a lower cost base. Our strategy is working and producing results.

Our assessment is that we gained market share in a challenging market in 2023. Total growth was -12.2% and net sales were SEK 11.8 billion.

MILESTONES, QUARTER BY QUARTER

- The first quarter of 2023 was characterised by extremely weak demand as a result of lower disposable income for consumers due to interest rate increases, inflation and high energy prices. The late arrival of spring also resulted in weak demand for seasonal products at the end of the quarter. In combination with high inventory levels, this in turn led to price pressure in the market, resulting in low product margins and profitability. Growth was -15.9% and adjusted EBIT was SEK -68.9 million. Inventory was reduced by SEK 90 million.
- The second quarter was characterised by a clear sequential improvement over the historically weak first quarter. Both sales and profitability improved significantly. Growth was -10.9% and adjusted EBIT was SEK 98.4 million. We succeeded in significantly reducing our inventory by SEK 410 million during the second quarter, primarily through seasonal products. In June, we announced that we planned to sell 20.1% of our subsidiary Furniture1 to its founder in order to further strengthen our balance sheet. This enabled us to reduce our acquisition-related costs by EUR 40 million (corresponding to SEK 439.5 million).
- The market remained challenging in the third quarter. Growth was -7.9% and adjusted EBIT was SEK 12.5 million. Inventory decreased by SEK 222 million (excluding the effect of divested operations). As part of our strategy, during the third quarter we implemented a major restructuring in the Value Home segment: the German operation AH-Trading and the Danish operation My Home were divested, and a large portion of the physical stores in the segment were closed. The decision was made after a thorough analysis of the entire Group,

which identified several businesses where we could not see a clear path back to profitability, or that made the Group more complex without providing scalability.

- In the fourth quarter, we successfully implemented a strong Black Week campaign in a market that remained challenging. We improved our profitability over the previous year for the first time since mid-year 2021. Growth was -14.5% and adjusted EBIT was SEK 54.8 million. Inventory was reduced by SEK 168.9 million (excluding the effect of divested operations). We announced several additional consolidations in line with our strategy during the quarter. The Danish operation Frishop.dk was consolidated into our existing HYMA Skog och Trädgård platform. Lindström & Sondén consolidated its inventory structure and integrated its warehouse in Klippan with Hafa Brand Group in Halmstad. Arc E-commerce also consolidated its two warehouses in Stockholm as a result of the significant reduction in inventory that it accomplished in 2023.

ANTICIPATED FUTURE PERFORMANCE

We estimate that the Nordic overall market for our product categories, namely DIY, furniture and home furnishings, generates sales of about SEK 280 billion annually and that the European overall market is 15-20 times larger. While the overall market is relatively stable, it is characterised by a transition from offline to online sales.

The structural transition 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. Online penetration for our product categories has increased steadily over the past decade, yet remains relatively low compared with many other consumer market categories such as books and consumer electronics. The trend of increasing online penetration has primarily been driven by changing consumer behaviour and technological improvements, which have benefited and are expected to continue benefiting online retailers such as BHG.

The contribution margin per order in our product categories is high as a result of a high average order value, attractive gross margins after fulfilment and distribution costs, and low return rates.

BHG expects the Nordic online market for our product categories to remain challenging in 2024 and then to subsequently grow. Market growth in the less mature Eastern European markets is expected to be higher in this period. In the increasing number of international markets where BHG operates, for instance through Nordic Nest, market growth is also expected to be strong while conditions are promising for a gain in market share.

Net sales growth

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 so 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

The target for capital structure remains unchanged: 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

The target for the dividend policy remains unchanged: 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.

RISKS

Risks are inherent to all businesses, and a certain degree of risk-taking is necessary for economic growth.

There are different kinds of risks, including strategic, operational and financial risks, as well as uncertainties that can affect the company's financial results and position.

Most risks can be managed through internal procedures, while others are largely impacted by external factors.

There are risks and uncertainties related to systems, processes, and seasonal and weather variations, while other risks and uncertainties may also arise in the event of changed market conditions or changed consumer behaviour with respect to e-commerce. BHG is also exposed to different types of financial risks, such as currency exchange risk, financing and liquidity risk, and interest-rate risk.

The most material risks for BHG are described below.

Changes in purchasing power as a result of high interest rates and inflation

Consumers in nearly all of the markets where BHG operates were impacted by the economic situation 2023, with interest rate hikes and dramatically rising inflation. The macroeconomic climate in 2023 proved to have far-reaching economic effects on consumers, who were affected by rising prices for food and energy as well as borrowing rates. In addition, falling market prices for properties have significantly reduced home sales and new housing construction.

The amount of disposable income available for consumption has been significantly reduced as inflation has increased more than incomes. Overall, the economic situation has had a major negative impact on demand for products that BHG offers, which in turn has had a negative impact on BHG's sales and earnings. Demand was weak in capital-intensive product categories such as windows, doors, bathrooms and floors.

The volatile economic situation is expected to continue to dominate 2024. According to market observers, interest rates are also expected remain high throughout 2024 before the first cautious rate reductions can be expected. BHG therefore expects that the current geopolitical turbulence combined with interest rates will continue to have a negative impact on consumers' inclination to consume in 2024.

Risks related to global logistics chains and currency effects
BHG's supply chain is highly dependent on global logistics chains. Recently, freight prices have also been affected by the uncertainty in the Middle East. Nevertheless, prices are far from the highest levels experienced during the pandemic. The combination of reduced demand, higher supply prices and currency effects has had a direct impact on cash flow and earnings.

The expectation is that global demand for consumer products will remain weak in 2024. Although purchase prices are ultimately expected to decline due to reliefs in the import chain, currency is expected to remain weak and container prices are expected to be volatile for some time, offsetting this decline somewhat by driving up import prices.

When market actors adjust their purchasing volumes, production capacity is expected to increase, leading to anticipated price declines. Competitive pressures are also expected to gradually normalize as the market consolidates. At the same time, adjustments to purchasing volumes and inventory positions are being made to better adapt to these changes.

Despite a challenging market, the situation is also creating opportunities. When competitors do poorly, leave the market or shift their focus away from certain product categories, BHG has an opportunity to strengthen its leading position through organic expansion and acquisitions.

Cybersecurity and information security risks
The Group's various companies use several IT platforms, both internally and to create an appealing online shopping environment for customers. Any operational disturbances in these platforms, for example as a result of cyberattacks, could complicate internal procedures and result in a stoppage in the external operating environments. These types of IT-related risks have the potential to negatively impact the Group's operations, outlook, financial position and earnings.

Under the EU General Data Protection Regulation (GDPR), incorrect management of IT and business processes in which personal data is processed could also have an adverse impact on the Group's operations, outlook, financial position and earnings.

The war in Ukraine
BHG has an insignificant exposure to Russia, Belarus and Ukraine in terms of sales to customers in these countries from the Group's e-commerce platforms. BHG furthermore has no subsidiaries in these countries, nor any significant direct exposure related to suppliers in Russia or Belarus, and limited exposure to Ukraine.

Financial risks
The following financial risks have been identified and are described in Note 26.

- Financing and liquidity risk
- Interest-rate risk
- Credit risk
- Currency exchange risk

Financial risks and uncertainties
As previously stated, BHG expects the market conditions in 2024 to remain challenging. Weak demand has put pressure on both volumes and prices, thereby impacting the Group's profitability as well.

During 2023, BHG renegotiated and was granted time-limited relief from these covenants by the Group's lenders. This relief will remain in effect from 30 June 2023 until 31 March 2024 and result in a lowering of the lenders' demands on the Group's leverage ratio and interest coverage ratio during this period. As of 31 December 2023, the Group had utilised SEK 1,500 million of a total available amount of SEK 3,300 million in the credit facilities. The Group met the financial covenants in the credit facilities on 31 December 2023 and the current facilities expire in May 2025, with the option for BHG to extend them until May 2026.

Despite uncertain demand, the Group's long-term investments to increase its product margin through efficient inventory purchases and through pricing are expected to improve profitability and cash flow sufficiently to fulfil its financial covenants, even after the covenant relief period expires on 31 March 2024.
For disclosures on other financial risks, see Note 26.

GUIDELINES FOR REMUNERATION TO SENIOR EXECUTIVES

The annual general meeting held on 5 May 2022 adopted the following guidelines for remuneration to senior executives.

No changes to the guidelines are proposed for 2024.

General

The CEO and the additional individuals in the company's executive management fall within the provisions of these guidelines. The guidelines are applicable to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the 2022 Annual General Meeting. These guidelines do not apply to any remuneration decided by the General Meeting of Shareholders.

How the guidelines promote the company's business strategy, long-term interests and sustainability

In short, the company's business strategy is to leverage its leading position in the online home improvement market to continue benefiting from the market's underlying growth as a result of increasing online penetration and to couple organic expansion with further active consolidation measures, such as M&A.

For more information regarding the company's business strategy, please see the company website www.wearebhg.com.

A prerequisite for the successful implementation of the company's business strategy and safeguarding of its long-term interests, including its sustainability, is that the company is able to recruit and retain qualified personnel. To this end, it is necessary that the company offers competitive remuneration. These guidelines enable the company to offer executive management a competitive total remuneration package.

Long-term share-based incentive programmes have been implemented in the company. Such programmes have been resolved by the General Meeting and are therefore excluded from these guidelines. For more information regarding these incentive programmes, please see www.wearebhg.com.

Variable cash remuneration covered by these guidelines should aim to promote the company's business strategy and long-term interests, including its sustainability.

Types of remuneration, etc.

Remuneration is to be on market terms and may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. Additionally, the General Meeting may – irrespective of these guidelines – resolve on, among other things, share-based or share price-based remuneration.

The fixed cash salary is to be individual and based on the responsibility and role of the senior executive as well as the executive's competence and experience in the relevant position.

Variable cash remuneration may amount to a maximum of 100% of the fixed annual cash salary. Additional variable cash remuneration may be awarded in extraordinary circumstances, provided that such extraordinary arrangements are only made on an individual basis, either for the purpose of recruiting or retaining executives, or as remuneration for extraordinary performance beyond the individual's ordinary tasks. Such remuneration may not exceed an amount corresponding to 100% of the fixed annual cash salary and may not be paid more than once each year per individual. Any resolution on such remuneration is to be made by the Board of Directors based on a proposal from the Remuneration Committee.

For the CEO, pension benefits, including health insurance, are to be premium-defined. Variable cash remuneration does not qualify for pension benefits. The pension premiums for premium-defined pensions are to amount to a maximum of 30% of the fixed annual cash salary. For other executives, pension benefits, including health insurance, are to be premium-defined unless the individual concerned is subject to defined-benefit pension under mandatory collective agreement provisions. Variable cash remuneration is to qualify for pension benefits to the extent required by mandatory collective agreement provisions. The pension premiums for premium-defined pensions are to amount to a maximum of 30% of the fixed annual cash salary.

Other benefits may include, for example, life insurance, medical insurance and company car benefits. Premiums and other costs relating to such benefits may amount to a maximum of 30% of the fixed annual cash salary.

For employment governed by rules other than Swedish rules, pension benefits and other benefits may be duly adjusted to ensure compliance with such mandatory rules or established local practice, taking into account, to the greatest extent possible, the overall purpose of these guidelines.

Termination of employment

Upon termination of employment by the company, the notice period may not exceed 12 months. Fixed cash salary during the notice period and severance pay, combined, may not exceed an amount corresponding to the fixed cash salary for two years. Upon termination of employment by the senior executive, the notice period may not exceed nine months, without any right to severance pay.

Criteria for awarding variable cash remuneration, etc.

Variable cash remuneration is to be linked to predetermined and measurable financial or non-financial criteria. These criteria may also be individualised quantitative or qualitative objectives. The criteria are to be designed to promote the company's business strategy and long-term interests, including its sustainability, for example by being clearly linked to the business strategy or promoting the executive's long-term development.

The satisfaction of criteria for awarding variable cash remuneration is to be measured over a period of one year. The extent to which the criteria for awarding variable cash remuneration have been satisfied is to be evaluated/determined when the measurement period has ended. The Remuneration Committee is responsible for the evaluation insofar as it concerns variable remuneration to the CEO. For variable cash remuneration to other senior executives, the CEO is responsible for the evaluation. For financial objectives, the evaluation is to be based on the latest financial information made public by the company.

Salary and employment conditions for employees
In the preparation of the Board of Directors' proposal for these remuneration guidelines, salary and employment conditions for employees of the company have been taken into account by including information on the employees' total income, the components of the remuneration, any increases in remuneration and the rate of increase over time, in the basis for the Remuneration Committee's and the Board of Directors' decisions when evaluating whether the guidelines and the limitations set out herein are reasonable. The development of the gap between the remuneration to senior executives and remuneration to other employees will be disclosed in the remuneration report.

The decision-making process to determine, review and implement the guidelines
The Board of Directors has established a Remuneration Committee. The committee's tasks include preparing the Board of Directors' decision to propose guidelines for executive remuneration. The Board of Directors is to prepare a proposal for new guidelines at least every four years and submit this proposal to the General Meeting. The guidelines are to remain in force until new guidelines are adopted by the General Meeting. The Remuneration Committee is also responsible for monitoring and evaluating programmes for variable remuneration for executive management, the application of the guidelines for executive remuneration and the current remuneration structures and remuneration levels in the company. The members of the Remuneration Committee are independent of the company and its executive management. The CEO and other members of executive management do not participate in the Board of Directors' processing of and resolutions regarding remuneration.

Derogation from the guidelines
The Board of Directors may resolve to temporarily derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability. As set out above, the Remuneration Committee's tasks include preparing the Board of Directors' resolutions in remuneration-related matters. This includes any resolutions to derogate from the guidelines.

Description of material changes to the guidelines and how the views of shareholders' have been taken into consideration
In the proposal for guidelines submitted to the 2022 Annual General Meeting, the highest level of variable cash remuneration has been lowered from 200% to 100%, the highest level of pension premiums been lowered from 100% to 30% and the highest level of other benefits been lowered from 100% to 30% of the fixed annual cash salary. BHG has not received any views from shareholders to take into consideration in the preparation of this proposal.

PARENT COMPANY

BHG Group AB (publ) is the Parent Company of the Group. The company does not engage in the sale of goods and services to external customers.

The Parent Company holds shares in its subsidiaries, as specified in Note 15.

The Parent Company's net sales totalled SEK 7.9 million (8.3). The Parent Company posted an operating loss of SEK -79.8 million (-82.9). Outstanding incentive programmes were charged to Parent Company earnings 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.

The Board of Directors' proposal to the Annual General Meeting is that no dividend be paid to the shareholders for the 2023 financial year. The basis for this proposal is the high availability of investments in profitable growth, particularly through continued acquisitions.

APPROPRIATION OF PROFITS

BHG Group AB
559077-0763

Appropriation of profits (SEK)	
At the disposal of the annual general meeting	
Retained earnings	151,124,633
Share premium reserve	6,563,455,683
Profit/loss for the year	-68,908,702
	6,645,671,614
The Board of Directors proposes	
to be carried forward	82,215,931
whereof share premium reserve	6,563,455,683
	6,645,671,614

Sustainability Report

- part of Directors' Report

AN IMPORTANT YEAR FOR BHG

In general, 2023 was a challenging year for BHG and an important year in terms of sustainability preparations. BHG will henceforth as a listed company report in accordance with the EU Corporate Sustainability Reporting Directive (CSRD), which is a comprehensive regulation and part of Swedish legislation. In 2023, we focused on analysing what the regulation means for our Group and on preparing what we need to have in place to be able to start the compliance with the regulation in the best possible way in 2024.

We completed a double materiality assessment during the year together with our most important stakeholders. We gathered key employees in the organisation to provide valuable input and knowledge, and prepared the management group and Board of Directors for the upcoming governance and leadership requirements with a clear focus on integrating a sustainability perspective into our core operations.

Our operations take place through our portfolio companies, and this is where we need to focus in order to make a difference. We have reviewed our procedures and processes as well as tools for collecting the increasing volume of sustainability data. We will also need to place considerable importance on training and workshops as we start the collection of data in line with the CSRD and the European Sustainability Reporting Standards (ESRS) into our operations in 2024.

Adaptation and preparations

The uncertainty in terms of demand that we began to see in 2022, continued in 2023 with rising inflation and increased interest rates impacting people’s finances and purchasing patterns. This new reality has required BHG and our portfolio companies to make significant changes, with a focus on enhancing the efficiency of operations and adapting to the new level of demand. We also reorganised during the year, with our CHRO stepping down and responsibility for ESG being assumed by our CTO who joined the management group.

In 2023, we consolidated a number of operations as part of our strategy to build larger, more efficient and more scalable platforms, thereby benefiting from a sustainability perspective. BHG also elected to close a number of stores and warehouses to streamline its operations, which will have a positive impact on our emissions and energy consumption. We also divested the German companies AH Trading Gmbh and Ploss Europé Gmbh as well as the Danish company My Home, all of which were divested on 30 September.

During the process of conducting a double materiality assessment, we concluded that we have considerable work ahead of us in 2024 and that international standards and principles for measurement are now becoming legal requirements. The Board of Directors therefore decided not to submit our targets to the SBTi for approval until the new reporting structure is in place. Only then will we be ready to consider reporting clear targets that are in line with the ESRS and the CSRD.

During the year, we took clear steps to ensure that we are well prepared for the years ahead by enhancing the efficiency of our operations and preparing for the upcoming reporting requirements under the CSRD. We will continue our sustainability journey next year with a focus on beginning the implementation of the ESRS and related procedures for data collection as well as establishing processes for achieving our long-term sustainability targets.

Gustaf Öhrn,
President and CEO, BHG Group

THIS IS BHG

BHG's overall goal is to make life simpler for our customers, in line with our vision, "We make living easy!" With the market's broadest product portfolio, the most competitive prices and a large range of services that includes product advice and installation, we want to create the best online customer experience. We strive to make sustainability an integrated part of our operations and corporate strategy.

About BHG

BHG's business model is based on building blocks such as a broad assortment, price matching, a first-class online customer experience, the market's best professional service and support and cost efficiency. BHG is one of the largest online players in the Nordics. Our companies are divided into three segments: Home Improvement, Value Home, and Premium Living. Home Improvement encompasses products for building, renovating and maintaining homes and gardens. Value Home encompasses furniture and home furnishing in the value segment, and Premium Living mainly encompasses premium brand interior design and furniture.

We have 1.7 million products in our range and over 100 online destinations, including leading destinations such as Bygghemma.se, Trademax.se and NordicNest.se as well as category and expert stores such as Golvpoolen.se and Nordiskafönster.se.

A large share of our customers is located in the Swedish, Norwegian, Finnish and Danish markets. BHG is also present in most of Eastern and Central Europe as well as growing online sales in other parts of the world.

BHG's head office is located in Malmö, together with certain Group-wide functions such as accounting, sustainability, finance and legal. All sales of goods and services to external customers are made through BHG's operating companies. The Group has no manufacturing plants of its own, and instead all products are purchased through business partners or agents, or directly from suppliers.

Changes during the year

In 2023, we divested BHG's German companies AH Trading Gmbh and Ploss Europe Gmbh as well as the Danish company My Home Aps. As a result, the sustainability data for the divested companies for the nine months in which they were part of the Group will thus not be reported. We also divested a number of stores at the end of 2023, a move that will not impact emission figures until 2024.

SUSTAINABILITY FOR BHG

BHGs sustainability efforts, which are reported on the following pages, encompass the environment, social conditions and employees as well as human rights and anti-corruption work. The framework for BHG's sustainability efforts is based on the UN Sustainable Development Goals (SDGs) for 2030 as well as the company's materiality assessment. The materiality assessment conducted in 2020 resulted in BHG's materiality pyramid. The pyramid and the UN SDGs established the foundation and direction for BHG's sustainability targets. We are transparent in our sustainability efforts, and on the following pages you will also learn more about BHG's approach to reporting in accordance with the EU Taxonomy.

We continually evaluate our sustainability work in order to ensure its relevance in a changing world, depending on how BHG evolves. Our review of the materiality pyramid in 2023 found that it remains relevant for this year's reporting.

The BHG Group AB (publ) share is listed on Nasdaq Stockholm Mid Cap.
Number of employees: 2,001
Net sales: SEK 11,790 million
Equity: SEK 6,510 million
Liabilities: SEK 4,915 million

Impact analysis and BHG's materiality pyramid

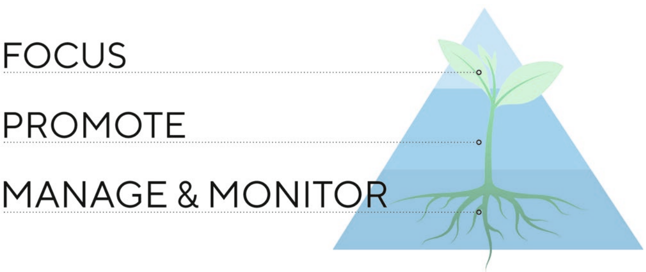
In 2020, BHG conducted a materiality assessment to gain insight into our impact on various sustainability aspects. The assessment, which we believe remains relevant for BHG in 2023, employed a risk perspective based on an analysis of indirect and direct risks to BHG. The risk analysis, combined with benchmarking and a review of the current situation, resulted in clearly defined sustainability topics for BHG in the areas of environment and climate, social responsibility and governance. By using a risk matrix to analyse the probability of risk and risk impact, we were able to see which topics posed the highest risk to the company. These topics were then ranked from high to low potential impact in our impact analysis, where we took into account their potential external impact, potential internal impact and potential for value creation. The analysis was based on GHI's method for assessing double materiality, meaning impacts by and on BHG. The impact analysis identified both our negative and positive impacts in the areas of human rights, labour rights, the environment and anti-corruption across our value chain. The analysis also included impacts from financial, operational and reputational perspectives.

Stakeholder group	Method	Top three prioritised areas
Owners	Questionnaire and interview	Ensuring a high level of data protection and protecting customer privacy
		Eliminating child labour and forced labour
		Ensuring a healthy and safe work environment
Board of Directors	Questionnaire and interview	Minimising resource consumption
		Eliminating child labour and forced labour
		Minimising climate impact
Employees	Questionnaire and interview	Attracting and retaining employees and providing competence development
		Minimising climate impact
		Eliminating child labour and forced labour
Group companies	Questionnaire and interview	Attracting and retaining employees and providing competence development
		Minimising resource consumption
		Ensuring a healthy and safe work environment
Customers	Questionnaire	Eliminating child labour and forced labour
		Minimising climate impact
		Maintaining high levels of product safety and quality
Suppliers	Questionnaire	Working actively to eliminate corruption
		Protecting biodiversity and ecosystems
		Ensuring a healthy and safe work environment

BHG's sustainability strategy
The results from the stakeholder dialogues and impact analysis were combined to form a materiality pyramid, as displayed below. The pyramid shows BHG's priorities. This pyramid is the basis for BHG's strategic focus, illustrating three levels of BHG's work: focus, promote, and manage and monitor.

Focus reflects BHG's priority topics and focuses on sustainability. Promote refers to topics that BHG continually emphasises and promotes. Manage and monitor remain important topics that BHG annually follows up through KPIs.

Every year, the materiality assessment is subject to quality assurance to ensure that we continue to focus on the most material areas. Our assessment for 2023 was that our focus should remain the same as in the preceding year.



Focus	Maintaining high levels of product safety and quality Ensuring sustainable and ethical supply and distribution chains Minimising climate impact and adapting the operation to climate change
Promote	Minimising resource consumption and integrating the circular economy into our business model Promoting equality and diversity at workplaces Attracting and retaining employees and developing their skills
Manage and monitor	Working actively to eliminate corruption Ensuring a healthy and safe work environment Ensuring a high level of data protection and protecting customer privacy

BHGs sustainability targets
The process of designing clear sustainability targets for BHG began in the second half of 2021. These targets were adopted by the Board of Directors in February 2022. In the 2022 Sustainability Report, we reported a change in the timetable for our Scope 1 emission target.   We still believe that the new timetable better reflects the challenges we face while still following the UN SDGs

Connection to UN Agenda 2030	The materiality pyramid	Target
	Minimising climate impact Minimising resource consumption Product safety – Innovation (Taxonomy)	**Reducing CO_2 emissions by 50% by 2030*** 1 a. Scope 1 & 2**: Zero GHG emissions by 2030 1 b. Scope 3: 50% reduction in GHG emissions by 2030 2. Promoting a sustainable offering
	Ensuring sustainable supply and distribution chains Maintaining high levels of product safety and quality Promoting equality and diversity Attracting, maintaining and developing employees	**An equitable workplace and sustainable supply chain** 3. 100% of our strategic suppliers*** are to be evaluated and action plans are to be developed and implemented by 2025. 4. Our employees feel that BHG Group is a good and equitable workplace.
	Financial performance and economic growth Transparent communication Data protection Customer privacy	**Corporate governance and economic growth** 5. 100% of BHG's fully integrated business units and destinations manage data protection according to the best available standard

* Percentage reduction in relation to sales growth
** Revised target (2022) for Scope 1 & 2. Initial target on zero emissions by 2025 has been revised to 2030.
*** 60% of BHG's total sales

GOVERNANCE AND RESPONSIBILITY FOR SUSTAINABILITY

The Board of Directors has the overall responsibility for sustainability, while the CEO is responsible for executing the Board's decisions and strategies. The Group CTO and Head of Sustainability is responsible for leading and coordinating the sustainability work. The CTO reports directly to the CEO and informs the Board of Directors on outcomes once a year. The Group also holds monthly meetings with key individuals from each company. During these meetings, the companies receive up-to-date information about the Group's work and they can also bring up sustainability topics for discussion.

Policy documents

The central policies that BHG applies are our Code of Conduct, Supplier Policy, Environmental Policy, Employee Policy, Purchasing Policy, CSR Policy and Information Security Policy. The CEOs and management of our companies receive the Code of Conduct and the other policies, after which it is up to each company to implement the policies. BHG's internal control process was used to monitor compliance with policies.

BHG's Code of Conduct it is based on the Ten Principles of the UN Global Compact. It states the company's position concerning respect for human rights, labour conditions, the environment and anti-corruption.

The Code of Conduct applies to BHG's Board members, employees, consultants and partners. BHG employees receive the Code of Conduct when they are hired, and members of the Board of Directors receive the Code as part of their introduction. Changes were made to the Code of Conduct in the second part of 2021, and all of BHG's employees signed agreements that they had read and understood the updated Code of Conduct when it was implemented. The process of rolling out the updated Code continued in 2022 and was completed by the end of the year. Deviations from the Code of Conduct can be reported anonymously through BHG's Group-wide whistleblower system. We are satisfied with our level of policy implementation, since we have had low levels of deviations reported.

Risk analysis

BHG's value chain has been analysed, looking at risks associated with human rights, employees, social conditions, the environment and anti-corruption. The risk analysis also included industry and operation-specific sustainability risks. The risks identified primarily occurred in the supply chain, since we do not own manufacturing plants but instead purchase products from manufacturers and business partners/agents. The risks are primarily related to emissions, resource and material use, the risk of corruption, and human or labour rights violations. In addition to risks in the supply chain, risks were also identified in logistics and transportation, and in relation to BHG as an employer. As an e-commerce company, we are focused on GHG emissions from shipping, something we continuously need to address by ensuring low return rates, an area where BHG is on the cutting edge.

We continually develop our risk management process to strengthen and build up the company's long-term resiliency, based on the materiality pyramid. The overall control environment is the foundation of our risk management process. A sound control environment is based on an organisation with clear decision paths where responsibility and authority are clearly defined. In BHG's decentralised company model, our centrally defined internal control system with relevant parameters for defining risk and risk management is extremely important. The company's Audit Committee receives reports on risk and risk management on an ongoing basis during the year, while the Board of Directors is updated annually. You can read more about how we are addressing these material topics in the following sections of the Sustainability Report.

BHG'S MATERIAL AREAS

Business ethics (anti-corruption)

BHG takes a zero-tolerance stance towards all forms of corruption. Cooperating with the right partners and suppliers as well as addressing ethical and moral topics are important for us to be viewed as a responsible company. BHG builds relationships with business partners that are based on trust, transparency and honest business relationships, with a shared philosophy on sound business practices.

Our largest corruption risk is in connection with the purchase of products and in the close and long-term relationships we develop with our suppliers. There is also a potential risk of corruption if we were to be dependent upon a supplier or business partner. We also believe that there is a risk of corruption connected with cash management in the parts of our operation where cash management is performed. Our requirements and expectations for our employees, business partners and suppliers when it comes to anti-corruption are stipulated in our Code of Conduct and Supplier Code of Conduct. All BHG employees are obligated to follow our Code of Conduct, which provides them with information about guidelines and our preventative work regarding bribes and corruption. Any deviations from the Code of Conduct and the Group's business ethics guidelines can be reported anonymously to the Group's whistleblower system. A case is started when suspected corruption is reported via the whistleblower system. The case is handled by an independent external party or by BHG internally, depending on the nature of the case. The case initiates an investigation where it is either escalated or concluded.

Zero whistleblower cases were reported during the year. Zero cases of corruption were reported during the year. BHG's internal control process is used to monitor compliance with company policies.

SUSTAINABLE SUPPLY CHAINS

Ensuring sustainable and ethical supply chains and maintaining high levels of product safety and quality

BHG has no manufacturing plants of its own. Instead, products are mainly purchased directly from business partners, suppliers or through agents in the Nordic region, Eastern Europe and Asia. Our proprietary brands are continuously supplemented with strong brands from third-party suppliers.

A large share of BHG's impact occurs in the supply chain for production of the goods sold by our companies. Areas affected by our suppliers' production include climate and environmental impacts, since the manufacturing of our products causes GHG emissions that contribute to climate change or deplete natural resources.

Our ability to control this is limited, but through systematic efforts we can establish requirements for our suppliers. Working with the supply chain also means ensuring that our products are produced by manufacturers that respect and uphold human rights, labour rights and good business ethics and are not associated with any form of child labour or forced labour. This becomes even more important when we purchase products produced in areas with a high risk of deviations.

Being an e-commerce leader in our industry requires us to ensure that our suppliers and distribution chains are sustainable and ethical. To support a sustainable supply chain, we established a Supplier Code of Conduct in which we clearly delineated our requirements and expectations. This code is based on the Ten Principles of the UN Global Compact. Our suppliers and business partners must respect human rights and labour rights, minimise their negative environmental impact and maintain good business ethics. These requirements include zero tolerance for child labour or forced labour. BHG has no central purchasing function. Instead, the Supplier Policy is presented to the companies' management groups, who are responsible for implementation and compliance. Our companies are also responsible for evaluating new business partners, suppliers and agents according to the Supplier Code of Conduct. Our ambition is for the Supplier Code of Conduct to be included in all of BHG's agreements with new suppliers. BHG's target is that all strategic suppliers to be evaluated based on both social and environmental criteria by 2025. Our objective is for all of the companies in the Group to perform ongoing supplier evaluations, particularly with respect to the Group's proprietary brands. Some of our companies already have systematic processes in place for evaluating suppliers and conducting follow-ups in low-cost countries where the risk of deviations is assessed as being the greatest. During 2023, several of our companies resumed their work visiting the factories that manufacture our own brands. During the visits, the factories are evaluated based on the requirements in our supplier code of conduct, especially regarding human rights, labor law and the environment. For new suppliers in 2023, 55% have signed our Supplier Code of Conduct, this is an improvement on the previous year's 41%. Our goal is 100% up to and including the year 2025, which we expect to reach.

As a group with a decentralised business model, we face challenges when it comes to coordinating the supply chain, and our companies' efforts to achieve a sustainable supply chain vary. We have begun looking at how we can improve our governance, implementation and follow-up of sustainable supply chains, and we will continue to do so in the years to come. This also includes reviewing how we can set stringent requirements for manufacturing our proprietary brands and the external brands we purchase, for example.

Our work related to product safety and quality.

BHG's range consists of external brands, mainly well-known brands such as Bosch, Husqvarna and Ifö, as well as proprietary brands. When it comes to external brands, the manufacturers are responsible for product safety. We supplement the external brands offered with a portfolio of proprietary brands that meet or exceed customer expectations. Product safety and quality play an important role in this structure. Our proprietary brands are primarily manufactured in Eastern Europe and Asia. In Asia, product safety standards can be lower than the EU regulations for product safety and quality. In order to live up to our customers' expectations, it is important that we ensure that all of our suppliers meet the requirements for product safety set by the EU. Every company within BHG is responsible for the design and quality assurance of its own products. 7 incidents related to inadequate product safety were reported at BHG during the year. Internal investigations have been conducted and the products have been removed from the range. We continually address product safety within our respective operating companies, and our ambition is to create a clearer risk assessment in order to better identify high-risk products in our range in future years.

BHG'S CLIMATE IMPACT

BHG's long-term objective, with a horizon reaching to 2030, is especially focused on how BHG will reduce its climate impact in order to achieve its targets. In addition to our efforts to reduce emissions associated with our suppliers, and thus also our shipments of goods, we strive to use energy and materials efficiently and to reduce our GHG emissions and the waste generated by our operations. Since a significant portion of our climate and environmental impact occurs in the supply chain, where our products are manufactured, this is an important area that we will focus more on in the years to come. Management of environmental topics is regulated in BHG's Environmental Policy as well as its Codes of Conduct for suppliers and Group companies. In order to ensure responsible production by our suppliers, BHG's above-mentioned policies for suppliers have strict requirements for suppliers to perform environmental risk assessments and take measures to prevent, mitigate and monitor the effects of their operations. BHG's internal control function monitors compliance among BHG's companies.

Minimising climate impact
By following up and working proactively to reduce our emissions in the value chain, we can reduce the negative impact of our operations on the environment and the climate. We have a responsibility to minimise the expenditure of resources associated with our material areas in the value chain in the channels where we can.

Transport and distribution
A large share of the products is delivered directly from suppliers to customers via third-party distributors. In addition, products are distributed through our own distribution network via third parties (such as DSV and PostNord) and through BHG's own last-mile deliveries using our own vehicles and drivers. Today, BHG has its own infrastructure for last-mile deliveries in Stockholm, Gothenburg and Skåne County. 100% of deliveries in the Home Furnishing segment's operations in Eastern Europe are distributed via our own storage warehouses through our last-mile deliveries.

We have the greatest possibility of affecting transportation and resource management in our own distribution network. When it comes to our last-mile deliveries, we engage in regular dialogues with our logistics partners about improving efficiency in the flow of goods between suppliers, warehouses and end customers. We aim to have a higher fill factor and improve loading, which indirectly leads to reduced emissions from customer deliveries. The emissions generated from our own transportation are included in our CO2e reporting. It is also important to minimise the return rate, since this helps to avoid unnecessary shipments and thereby emissions. However, the share of returns for BHG is low, under 5%.

Materials and waste
When it comes to minimising environmental impact, materials and waste are an important area. Although we do not own the factories where our products are manufactured, we need to take responsibility for ensuring that the materials are produced sustainably. To this end, we apply our Supplier Code of Conduct, which all new suppliers must sign. Suppliers are encouraged to reduce, reuse and recover products and materials, in that order, in order to minimise the amount of waste created in manufacturing.

BHG is furthermore investigating how we can increase circular flows in our companies. At present, we offer several products produced from recycled materials. The share of recycled materials is relatively small, but BHG sees an opportunity to develop its range in the future.

Waste generated in our own operations includes plastic, cardboard and packaging meant to protect our products, which is a direct impact and is our responsibility to minimise and streamline. Reuse and recovery of packaging and packaging materials are examples of measures to achieve more efficient use of resources. In addition, our companies engage in dialogues with our logistics partners regarding smarter packaging and use of packing material. The goal is to minimise resource consumption when shipping and delivering our products to customers.

We sort paper, plastic and other consumables at our offices. Our companies work with well-established third parties in the recycling industry. From our suppliers in the recycling industry, we receive reports on the generated waste from our operations. In 2023, BHG's operations generated a total of 3,303 tonnes of waste. For 2023, we have not been able to separate the waste by fraction, something we will look into in the future. In regard to waste, we are limited to our own operation but we encourage customers to sort waste after delivery.

Energy and climate
Our energy consumption is connected to our offices, warehouses, showrooms and the data servers we use to conduct our operations. Energy-saving measures are implemented regularly at our warehouses, showrooms and offices, and we continually follow up on the short-term and long-term targets that BHG established in 2021. We want to reduce our climate impact and emissions by reviewing potential efficiency measures in our operations. We are aware that there is a large potential impact when we are unable to perform inspections or obtain reliable data. Our ambition is to continually improve our opportunities for taking additional responsibility for our emissions-related climate impact. Our limitations in the area of data collection are linked to our material areas, which encompass Scope 1 and 2, as well as transportation/distribution, travel and waste under Scope 3.

BHG applies the precautionary principle, and our Environmental and Sustainability Policy establishes our overall expectations for our operations and our companies when it comes to environmental and climate issues.

At BHG, we follow up our efforts through our internal control process as well by sharing knowledge on energy-efficient measures between companies. In the future, we will continually monitor emissions and resource consumption during the year and report our results internally. However, there are still a number of shortcomings, and we are aware that actual emissions could be higher than those reported since we have yet to receive complete data from all of our companies. We continuing to learn and are always gaining better insight and finding more efficient ways to reduce our negative impact on the environment.

The results are presented in the table "Energy use and emissions" below. The data collected regarding Scope 1 and 2 represents 100% of the Group's companies. Scope 3 data represents 92% of the Group (in terms of sales), which means that BHG's total Scope 3 emissions are slightly higher than the data would suggest. If we extrapolate this outcome to represent 100% of the Group, total Scope 3 emissions represented 19,513 tonnes of CO2e.

Energy consumption in the organisation (MWh)

Energy source	2023	2022	2021
Fuel (diesel and natural gas)	879	1,635	3,319
Electricity	12,436	16,722	13,564
Heat	10,835	14,830	11,654
Cooling	82	200	55
Total energy consumption	**24,232**	**33,387**	**28,592**

Includes data from our offices, stores and warehouses. For more information about which companies are covered in this report, see "About this report".

** Data in the 2021 and 2022 columns have been adjusted since the last report due to incorrect data input (2021) and changes in calculations (2022).*
*** During 2023 three companies were divested and will not be included in the data reporting of 2023. Total energy consumption for 2022 excluding the divested companies amounted to 29,350 MWh.*

Total emissions, tonnes CO2e

	2023	2022	2021*
Scope 1**	2,896	3,602	537
Scope 2***	1,888	2,456	991
Scope 3****	17,964	22,829	16,825
Total	**22,748**	**28,887**	**18,354**

* Data in the 2021 column has been adjusted from the 2021 Sustainability Report due to incorrect data input.
Scope 1: Wood chips, natural gas, company-owned cars. From 2022, leased vehicles are also included in Scope 1, which is a reclassification from earlier reporting where leased vehicles were included in Scope 3. Emission factors from DEFRA 2023.
Scope 2: For 2023, supplier-specific emission factors have been used to the greatest extent possible. Where supplier-specific factors have not been available, emissions factors from IEA 2023 have been used. Electricity: location-based 281 tonnes Co2e (650), market-based: 1,228 tonnes CO2e (1,640).
Scope 3: Logistics and business trips. Emission factors from DEFRA 2023, NTM 2018.

Energy consumption and total emissions
During 2023 BHG divested AH Trading Gmbh, Ploss Europe Gmbh and My Home Aps which means that the energy consumption and emission for these companies are not included in the sustainability report for 2023. To make a correct analysis for changes between the years we have extracted the divested companies data for 2022 from our analysis. Energy consumption for 2022, excluding divested companies amounted to 29,350 MWh which means BHG has done a decrease of 5,118 MWh between the years 2022 and 2023. The decrease of fuel combustion relates partly to active choices to change from gas as energy source to other alternatives but also due to the divestment of companies. Total emissions for 2022 excluding divested companies amount to 27,206 tonnes Co2e which means there have been a decrease of emission during 2023 of 4,458 tonnes Co2e. The decrease can be attributed to transport.

At the beginning of 2022, BHG drew up clear targets for CO2 emissions under Scope 1–2 and Scope 3 consisting of reduced emissions in relation to sales growth. To read more about BHG's sustainability targets, see page 38 of this report.

In the years to come, we will continue working closely with all of our operations on sustainability in order to best put theory into practice. We will use our size and our experience from our various operations to establish best practices

OUR EMPLOYEES

Our employees are our most important resource, and our success depends on having talented, driven and capable employees. We want to offer a safe, stimulating and broadening workplace with opportunities for skills development and to contribute to the company's continued growth through involvement. This makes us an attractive employer where our employees thrive. Compliance with our Code of Conduct, which is based on UN human rights recommendations, serves as the framework and lays the foundation for a healthy workplace. With our Code of Conduct as a foundation, we want to ensure that all of our employees are treated fairly and without prejudice or discrimination, regardless of gender, ethnicity, religion or other belief, disability, sexual orientation or age. In accordance with our Code of Conduct, we reject all forms of discrimination in recruitment, wage-setting, skills development, promotions, termination or in our daily interactions with one another. Recruitment, development opportunities and promotions shall be based on qualifications. BHG also employs indirect employees, often consultants or in our warehouses and customer service. During 2023, BHG had around 97 indirect employees.

A responsible employer

Our fundamental philosophy is that BHG thrives when our employees thrive. BHG's decentralised corporate structure is characterised by competence, entrepreneurship, management by objectives and rapid decision paths. Our Code of Conduct and Employee Policy form the framework and clearly state our requirements for our employees and workplaces, including equality and diversity, work environment, occupational health and safety, recruitment and development and training. The majority of our employees are part of a collective agreement. This applies to our companies in Sweden. For operations in other countries and in Sweden, the respective management is responsible for the employees' work environment.

A major part of BHG's corporate culture is maintaining an entrepreneurial spirit, where we encourage individual initiative and commitment which can be used as a base to grow into new roles and career paths. Our objective is for all of our employees, at both the Group level and in our portfolio companies, to have annual performance reviews that include individual objectives and development plans as well as feedback on their performance and goal fulfilment in order to strengthen the objectives-based management of performance and behaviour. In summary, performance reviews encompass feedback on an employee's performance as well as the fulfilment of goals and professional requirements. The professional requirements are mapped against the employee's development plan, for which training is planned and conducted. The performance reviews also give our employees an opportunity to provide feedback on their perception of BHG and its portfolio companies as employers.

In our decentralised structure, our portfolio companies establish their own processes for performance reviews and execution, with the core elements described above as the shared foundation. The reviews are planned and held by the employee's immediate supervisor, and it is each CEO's responsibility to ensure that the performance review process is conducted annually. To see the share of BHG's employees who participated in these reviews over the year, refer to the table "Performance reviews" on the following pages.

An equitable and inclusive workplace

BHG strives to be a diverse and inclusive workplace; see the tables on page 45. We do not allow any form of discrimination, harassment or bullying. Our presence in many different countries and our broad customer group means that supporting gender, age and ethnic diversity is part of our DNA. We work continuously to provide a workplace where everyone feels welcome and where differences are appreciated and utilised. These expectations are stipulated in our Employee Policy and our Code of Conduct, which are distributed to each company in the Group. Zero confirmed cases of discrimination were reported during the year.

BHG strives for gender parity within the Group and aims for men and women to each represent 50% of the total number of employees as well as among management. In 2023, the number of women with permanent employment was 780 of a total of 1,994 employees, or 39%. Our employees are often young and come from different backgrounds. The diversity challenges we see in our operations largely concern people in upper management who are often the same age and gender and from similar backgrounds. This is partially a result of acquiring several companies where the founders and entrepreneurs had similar backgrounds. The company still has an unequal gender distribution on the Board of Directors and in management. There is a risk that the company will not be perceived as an equitable and attractive employer, which could lead to difficulty in attracting qualified employees. The work to develop an action plan to counter biased recruitment is ongoing.

Since acquisitions are a natural part of BHG's strategy for continued growth, the number of employees fluctuates in relation to companies that are acquired, in addition to recruitment for new positions and to replace departing employees.

Total number of employees by employment contract, employment type and gender

Employment contract	Women	Men	Non-binary	Total
Permanent employment	780	1,030	1	**1,812**
Temporary employment	95	87	0	**182**
Total	**876**	**1,117**	**1**	**1,994**
Full-time	662	962	1	**1,625**
Part-time	213	155	0	**369**
Total	**876**	**1,117**	**1**	**1,994**

* The total of 1,994 employees includes one consultant in a management role, who has full-time employment.

The table includes employees from all of the companies in the BHG Group.

Total number of employees by employment contract and region

Region	Total	Permanent employment	Temporary employment
Nordic region	1,633	1,455	178
Other countries in Europe	348	348	0
Other countries outside Europe	13	9	4
Total	**1,994**	**1,812**	**182**

* The total of 1,994 employees includes one consultant in a management role, who has full-time employment.

Employee turnover by gender, age and region

	New employees (%)	Employee turnover (%)
Total	**562 (28%)**	**899(45%)**
Women	301(15%)	518 (26%)
Men	261(13%)	380 (19%)
Non-binary	0 (0%)	1 (0%)
<30 years	423(21%)	606 (30%)
30–50 years	117 (6%)	247 (12%)
>50 years	22 (1%)	46 (2%)
Nordic region	562 (28%)	899(45%)
Other countries in Europe	0 (0%)	0 (0%)
Outside Europe	0 (0%)	0 (0%)

Share (%) is based on the total number of employees in the companies included in this report, which corresponds to a total of 1,994 employees. Furniture 1 is not included in this report due to problems with data collection.

BHG management and employees by gender and age (%)

Employment category	Women	Men	<30 years	30–50 years	>50 years
Board of Directors	40%	60%	0%	60%	40%
Management group	0%	100%	0%	75%	25%
Managers	33%	67%	0%	100%	0%
Other employees	38%	62%	23%	62%	15%

Share (%) is based on the total number of employees at BHG's head office, which corresponds to 27 employees.

Composition of the Board Of Directors, 2023

Number of directors	**5**
Number of independent directors	**3**
Average term of office	**1,3 years**

New figures from 2022. See page 62-63 for information on the Board of Directors.

Other companies' management and employees by gender and age (%)

Employment category	Women	Men	<30 years	30–50 years	>50 years
Management group	22%	78%	7%	67%	26%
Managers	46%	54%	20%	69%	11%
Other employees	50%	50%	57%	35%	8%

Share (%) is based on the total number of employees in the companies included in this report, which corresponds to2,248 employees. For information about the scope of this report, refer to "About this report" on page 47.

Number of employees who have had a performance review by gender and employment category

Employment category	Women	Men	Total
Management group	100%	81%	**88%**
Managers	77%	89%	**82%**
Other employees	73%	73%	**73%**

Based on the total number of employees in the companies included in this report. The employment categories include both the BHG Group (head office) and other companies.

Health and safety governance

BHG's decentralised structure means that our companies have made varying amounts of progress in their systematic health and safety work. We continually work to improve the work environment, and our health and safety policies apply to all of the companies in the Group. Work environment and safety are core parts of these policies, including guidelines for physical and psychosocial health. Our companies have management systems and established processes for detecting and addressing risk areas that could entail ill health for our employees.

All of BHG's employees are covered by the company's health and safety procedures. Systematic health and safety work is based on locally produced environmental handbooks, guidelines and procedures, which are available to all employees at our companies, as well as Group-wide policies. All employees are covered by BHG's companies' systematic health and safety work, and continuing education is conducted according to plan and as needed. BHG takes its statutory health and safety responsibility for all of its own personnel and contract personnel. It also takes coordination responsibility for contractors in its operations. Since BHG operates companies in several different countries, it complies with the laws and regulations concerning work environment and health in the respective countries where its companies operate. Safety topics are included in both the Employee Policy and the Environmental Policy.

Since we are a growing company with new acquisitions in several countries, our approach to health and safety varies across the Group. For our companies in Sweden, health and safety work includes the establishment of health and safety teams, health and safety policies and local safety officers. Responsibility and information related to health and safety are delegated locally, and incidents and near misses are reported to the immediate supervisor. If an employee wishes to report hazardous or poor working conditions, the following reporting channels are available: the immediate supervisor, an HR representative or the CEO, or the anonymous whistleblower function. Systematic health and safety work is organised to continually review risks, suggest actions and promote improvement of the physical and psychosocial work environment. Local health and safety work covers all of BHG's personnel, both employees and consultants. BHG's companies have company healthcare for support in prevention efforts. During the year, 20 minor work-related injuries were reported, such as injuries caused when using a forklift. This is equivalent to a rate of 1.2 injuries per 200,000 hours worked. All accidents are investigated according to applicable regulations, and preventive measures are taken to avoid similar accidents in the future.

The risks that have been identified include psychosocial health when working alone, which is a risk we have also taken measures to address. Aside from the risks we identified at the head office, we are aware that other occupational risks may arise in other parts of the operations, for example in our showrooms. The risks in stores are primarily related to assault and robbery, which require different procedures than the ones we have at our offices.

Health and safety is a priority area, and the objective is to have a healthy workplace. BHG's companies offer preventive healthcare subsidies and organise various preventive healthcare activities such as group exercise to encourage people to move. Along with preventive healthcare, the company offers rehabilitation to promote continued well-being

DATA PROTECTION AND PROCESSING OF PERSONAL DATA

We place great emphasis on data protection and on protecting our customers' and our employees' privacy and personal data. We do not process credit card information, which is processed by a third-party solution instead.

BHG has steering documents and processes in place to ensure a high level of data protection and appropriate processing of personal data. In our Information Security Policy and CSR Policy, we undertake to ensure that personal data from our customers and employees is processed in a secure manner. Our GDPR handbook is also distributed to our companies, which are responsible for implementing and following up on the requirements in their own operations. As a result, the companies develop data security policies, train employees, strive to minimise the storage of personal data and conduct internal audits. The companies also regulate who has access to data and cooperate with their suppliers to provide guidance and information about data processing. BHG's work is followed up through annual IT audits and internal audits. Responsibility for GDPR, regulatory compliance and processes is handled by BHG's legal function. In 2023, we had zero confirmed cases of a customer privacy breach. We had two (2) confirmed cases of identified leaks, theft or loss of customer data during the year.

REPORTING IN ACCORDANCE WITH THE EU TAXONOMY REGULATION

In 2021, BHG expanded its Sustainability Report to include reporting according to the EU Taxonomy. The EU Taxonomy can be briefly described as a classification system developed by the European Commission for what are counted as environmentally sustainable economic activities.

For a particular economic activity to be classified as environmentally sustainable, it must make a substantial contribution to one or more of the six established environmental objectives, do no significant harm the other objectives and comply with certain minimum safeguards in sustainability.

For 2021, large public interest entities with more than 500 employees reported whether their economic activities were Taxonomy-eligible according to the two environmental objectives of climate change mitigation and climate change adaptation.

For the year 2022, the companies would also report on compliance with these goals, which BHG did. For 2023, scope against the four new environmental targets must also be reported.

Reporting in accordance with the Taxonomy Regulation

In 2021, BHG set up a working group with both internal and external expertise. The group analysed the company's activities and to what degree they were eligible in accordance with the Taxonomy Regulation (contributing to environmental sustainability). At this stage, environmental objectives 1 and 2 were analysed.

In 2023, BHG analysed the four remaining environmental objectives and the updates to the Taxonomy. The analysis has resulted in BHG's assessment that BHG does not have economics activities that are eligible in relation to the four new environmental objectives (objectives 3–6).

BHG has also adopted a stricter interpretation of environmental objective 1, Climate change adaptation, and assessed that BHG's activities connected to 4.16 Installation and operation of electric heat pumps and 7.3 Installation, maintenance and repair of energy efficiency equipment cannot with sufficient certainty be said to fulfil the DNSH (do no significant harm) requirements connected to Appendix C. Our interpretation is that the criteria in the Taxonomy connected to Appendix C that concern substances in the Candidate List do not permit substances that are permitted under legislation, and it cannot be said with sufficient certainty that this is fulfilled in the products that are installed.

As with the preceding year's analysis, BHG has interpreted that only a limited amount of BHG's activities are Taxonomy-eligible. This is described in detail below. According to BHG's interpretation of a manufacturing company based on the Taxonomy Regulation and its associated NACE codes, a manufacturing company is a company that owns the input products for the products that they manufacture. Based on this interpretation, BHG is not defined as a manufacturing company and thus the majority of BHG's economic activities are not eligible under the Taxonomy Regulation.

Heat pumps and solar cells are examples of products eligible under the Taxonomy Regulation that BHG's operating companies sell. However, since BHG, based on the above interpretation, only sells these products, its activities are not Taxonomy-eligible.

In addition, some of BHG's operating companies provide shipping services for transports of goods. BHG's operating companies also provide installation services in Sweden, Norway, Finland and Denmark that are Taxonomy-eligible. These installation services represent less than 1% of the company's turnover for the 2023 operating year. More information can be found in the table on page 48.

Installation services comprise installations of products including heat pumps. The installation services are linked to activity 4.16 Installation and operation of electric heat pumps. Activity 7.3 Installation, maintenance and repair of energy efficiency equipment is assessed against the criteria for substantial contributions "replacement of existing windows with new energy efficient windows". However, since BHG is adopting a very strict interpretation of the DNSH criteria until further notice, we have elected not to consider these activities to be Taxonomy-eligible.

Activities that are Taxonomy-eligible, make a substantial contribution and do no significant harm: proportion of BHG's CapEx and OpEx

During the year, BHG made investments, CapEx, that are Taxonomy-eligible, specifically investments to improve the energy efficiency of properties. These investments accounted for less than 5% of the company's CapEx and 0% of its OpEx in 2023. More information can be found in the table on page 50. CapEx is linked to 7.3 Installation, maintenance and repair of energy efficiency equipment. BHG was not able to assess if its CapEx was Taxonomy-aligned due to lack of data. BHG will evaluate this assessment in the future. BHG had no OpEx linked to the Taxonomy in 2023. More information can be found in the table on page 49.

Minimum safeguards

In 2022, BHG evaluated its compliance with minimum safeguards. BHG concluded that it complied with the criteria for minimum safeguards. BHG's governing documents, procedures and associated internal control processes lay the foundation for ensuring that BHG complies with the minimum social requirements defined in the Taxonomy, including tax, anti-corruption and fair competition. Read more about our work against corruption on page 39. In addition, BHG is committed to following the OECD's guidelines for multinational companies and to working in accordance with the UN's guiding principles for human rights. Read more about our work with human rights on pages 39–40. It is BHG's assessment that BHG continued to comply with the criteria for minimum safeguards in 2023

Reporting policies

The KPIs have been assessed and reported in accordance with the requirements set out in Article 8 of the EU Taxonomy. All eligible economic activities have been allocated to the environmental objective of climate change mitigation. BHG has not identified any activities connected to the environmental objective of climate change adaptation or to any of the four new environmental objectives. BHG has ensured that no double counting has occurred.

In accordance with Note 2.4Revenue, total turnover was determined as "all revenue from the sale of goods via e-commerce platforms or showrooms". Revenue allocated to activity 4.16 was determined by assessing the proportion of Polarpumpen's revenue linked to the installation of electric heat pumps. Revenue allocated to activity 7.3 was determined by assessing the proportion of Bygghemma's revenue linked to the installation of windows.

Total CapEx was determined in accordance with Note 14 Tangible fixed assets. CapEx allocated to activity 7.3 refers to capital expenditures made in facilities in Golvpoolen and Hyma.

OpEx was determined as expenses related to research and development, building renovation, short-term leases, and maintenance and repairs. BHG had no Taxonomy-eligible OpEx in 2023.

ABOUT THIS REPORT

This is BHG's annual sustainability report. The report has been prepared in accordance with Chapter 6, Sections 10–12 of the Swedish Annual Accounts Act and applies to the 1 January 2023 to 31 December 2023 financial year unless otherwise stated. It has also been prepared in reference to the 2021 GRI Standards. The goal of this report is to transparently describe BHG's sustainability strategy, targets and results.

Scope

This report covers the following companies: BHG Group AB (publ), Bygghemma Group Nordic AB, Bygghemma Sverige AB, Home Furnishing Nordic AB, BHG Group Finland Oy, IP Agency Oy, Handelmark OÜ, Golvpoolen Arredo AB, Arc E-commerce AB, Hemfint i Kristianstad AB, Nordic Nest Group AB, Hafa Bathroom Group AB, HYMA Skog & Trädgård AB, Nordiska Fönster i Ängelholm AB, Lindström & Sondén AB, Camola Aps, Furniture 1 UAB, Lampgallerian i Växjö AB, VVEX Group AB, Bygghjemme Norge AS, Designkupp AS, Polarpumpen AB and Sleepo AB, which represent 100% of the Group's sales. For a complete picture of the BHG Group, please refer to Note 15. In 2023, BHG divested the German companies AH Trading Gmbh and Ploss Europé Gmbh as well as the Danish company My Home.

Employee data is calculated per employee and collected via the HR systems at our subsidiaries. Data pertaining to energy consumption and CO2e emissions is primarily collected from invoices and suppliers and has been calculated according to the GHG Protocol with emission factors from AIB 2022, IEA 2023, DEFRA 2023 and NTM 2018. For electricity supplier-specific emission factors have been used to the greatest extent. Where supplier-specific emission factors have not been available, emissions factors from IEA 2023 have been used. When invoices or comprehensive information are not available, energy consumption has been calculated based on the previous year's consumption for the same period and/or through calculations based on total consumption and space used. In some cases, we excluded individual premises since we did not have access to their data, which means that we were unable to calculate estimates for these premises. This report has not been reviewed by any third party, but a statement about the report has been prepared pursuant to the Swedish Annual Accounts Act

CONTACT

For further information, visit www.wearebhg.com or contact:

Gustaf Öhrn , President and CEO
Gustaf.ohrn@bhggroup.se
+46 (0) 704 20 44 36

Martin Leo , CTO & Head of Sustainability
Martin.leo@bhggroup.se
+46 (0) 705 81 40 10

Jakob Nylin, Head of Investor Relations
Jakob.nylin@bhggroup.se
+46 (0) 760-48 02 38

EU TAXONOMY TABLE

Turnover

Economic Activities (1)	Code (2)	Turnover (3)	Proportion of Turnover, year N (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution(8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation(11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or eligible (A.2.) turnover, year N-1 (18)	Category enabling activity (19)	Category transitional activity (20)
Text		SEK	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)			-	-	-	-	-	-	-	-	-	-	-	-	-	-	**0,30%**		
Of which enabling			-							-	-	-	-	-	-	-	-	**E**	
Of which transitional			-							-	-	-	-	-	-	-	-		**T**
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL;N/EL	**EL;N/EL**	**EL;N/EL**	**EL;N/EL**	**EL;N/EL**	**EL;N/EL**										
Installation, maintenance and repair of energy efficient equipment	CCM 7.3	8 466 922	0,07%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0,00%		
Installation and operation of electric heat pumps	CCM 4.16	40 502 243	0,34%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0,00%		
Turnover of Taxonomy- eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**48 969 165**	**0,42%**	#####	-	-	-	-	-								0,30%		
A. Turnover of Taxonomy-eligible activities (A.1+A.2)		**48 969 165**	**0,42%**	0,42%	-	-	-	-	-								0,30%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy- non-eligible activities		11 741 273 599	**100,0%**																
Total		11 790 242 764	**100%**																

OpEx

Financial year 2023		2023		Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic Activities (1)	Code (2)	Turnover (3)	Proportion of Turnover, year N (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution(8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation(11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) OpEx, year N-1 (18)	Category enabling activity (19)	Category transitional activity (20)
Text		SEK	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Of which enabling			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	E	
Of which transitional			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL										
OpEx of Taxonomy- eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)				-	-	-	-	-	-								-		
A. OpEx of Taxonomy-eligible activities (A.1+A.2)				-	-	-	-	-	-								-		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy- non-eligible activities		**3 048 812**	**100,0%**																
Total		**3 048 812**	**100,0%**																

CapEx

Financial year 2023		2023		Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic Activities (1)	Code (2)	CapEx (3)	Proportion of CapEx, year N (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution(8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation(11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) CapEx, year N-1 (18)	Category enabling activity (19)	Category transitional activity (20)
Text		SEK	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. VERKSAMHETER SOM OMFATTAS AV TAXONOMIN																			
A.1 Miljömässigt hållbara (taxonomiförenliga) verksamheter																			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Of which enabling			-	-						-	-	-	-	-	-	-	-	E	
Of which transitional			-	-						-	-	-	-	-	-	-	-		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL										
Installation, maintenance and repair of energy efficient equipment	CCM 7.3	271 975	1,8%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1,10%		
CapEx of Taxonomy- eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**271 975**	**1,8%**	-	-	-	-	-	-								4,20%		
A. CapEx of Taxonomy-eligible activities (A.1+A.2)		**271 975**	**1,8%**	-	-	-	-	-	-								4,20%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy- non-eligible activities		**15 029 756**	**98,2%**																
TOTAL		**15 301 731**	**100,0%**																

Turnover

Proportion of turnover / Total Turnover

	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0,00%	0,42%
CCA	-	-
WTR	-	-
CE	-	-
PPC	-	-
BIO	-	-

OPEX

Proportion of OpEx / Total OpEx

	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	-	-
CCA	-	-
WTR	-	-
CE	-	-
PPC	-	-
BIO	-	-

CAPEX

Proportion of CapEx / Total CapEx

	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0,00%	2,00%
CCA	-	-
WTR	-	-
CE	-	-
PPC	-	-
BIO	-	-

Nuclear and fossil gas related activities

	Nuclear energy related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
	Fossil gas related activities	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

GRI INDEX

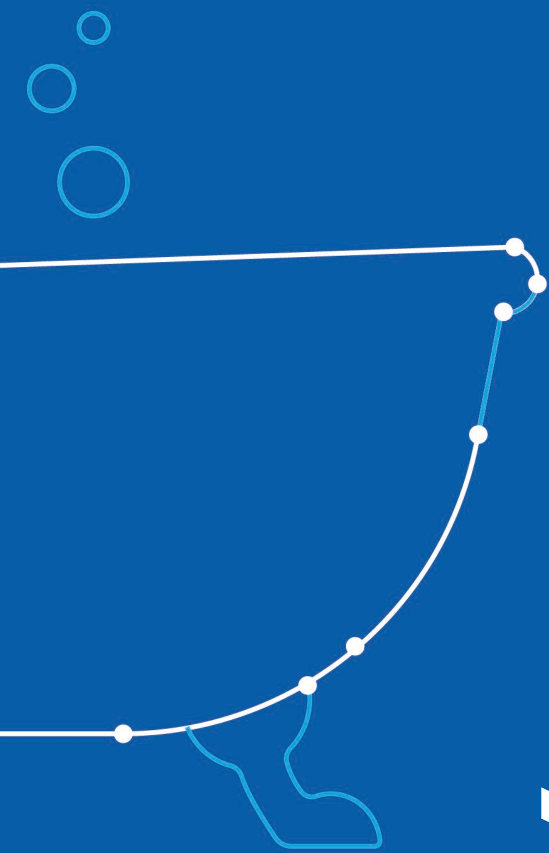
General Disclosures

GRI content index	BHG Group AB publ has reported the information cited in this GRI content index for the period 2023-01-01-2023-12-31 with reference to the GRI Standards.		
GRI-standard 2021	**Disclosure**	**Location**	**Comment**
General Disclosure			
GRI 2: General Disclosures 2021	2-1 Organizational details	37	
	2-2 Entities included in the organization's sustainability reporting	37,47	
	2-3 Reporting period, frequency and contact point	37, 47	
	2-4 Restatements of information	36-37	
	2-5 External assurance	116	
	2-6 Activities, value chain and other business relationships	3, 37	
	2-7 Employees	44-45	
	2-8 Workers who are not employees	44	
	2-9 Governance structure and composition	35, 57-67	
	2-10 Nomination and selection of the highest governance body	57-67	
	2-11 Chair of the highest governance body	63	
	2-12 Role of the highest governance body in overseeing the management of impacts	39	
	2-13 Delegation of responsibility for managing impacts	39	
	2-14 Role of the highest governance body in sustainability reporting	39	
	2-15 Conflicts of interest		We have identified a gap connected to this standard and will close the gap when transitioning into CSRD, an ongoing work.
	2-16 Communication of critical concerns		See above
	2-17 Collective knowledge of the highest governance body		See above
	2-18 Evaluation of the performance of the highest governance body		See above
	2-19 Remuneration policies	59-60	
	2-20 Process to determine remuneration	59-60	
	2-21 Annual total compensation ratio		We have identified a gap connected to this standard and will close the gap when transitioning into CSRD, an ongoing work.
	2-22 Statement on sustainable development strategy	12	
	2-23 Policy commitments	39-40	
	2-24 Embedding policy commitments	39-40	
	2-25 Processes to remediate negative impacts		We have identified a gap connected to this standard and will close the gap when transitioning into CSRD, an ongoing work.
	2-26 Mechanisms for seeking advice and raising concerns	39	
	2-27 Compliance with laws and regulations	39	
	2-28 Membership associations		BHG do not have any membership associations
	2-29 Approach to stakeholder engagement	37-38	
	2-30 Collective bargaining agreements	44	

Topic Standards

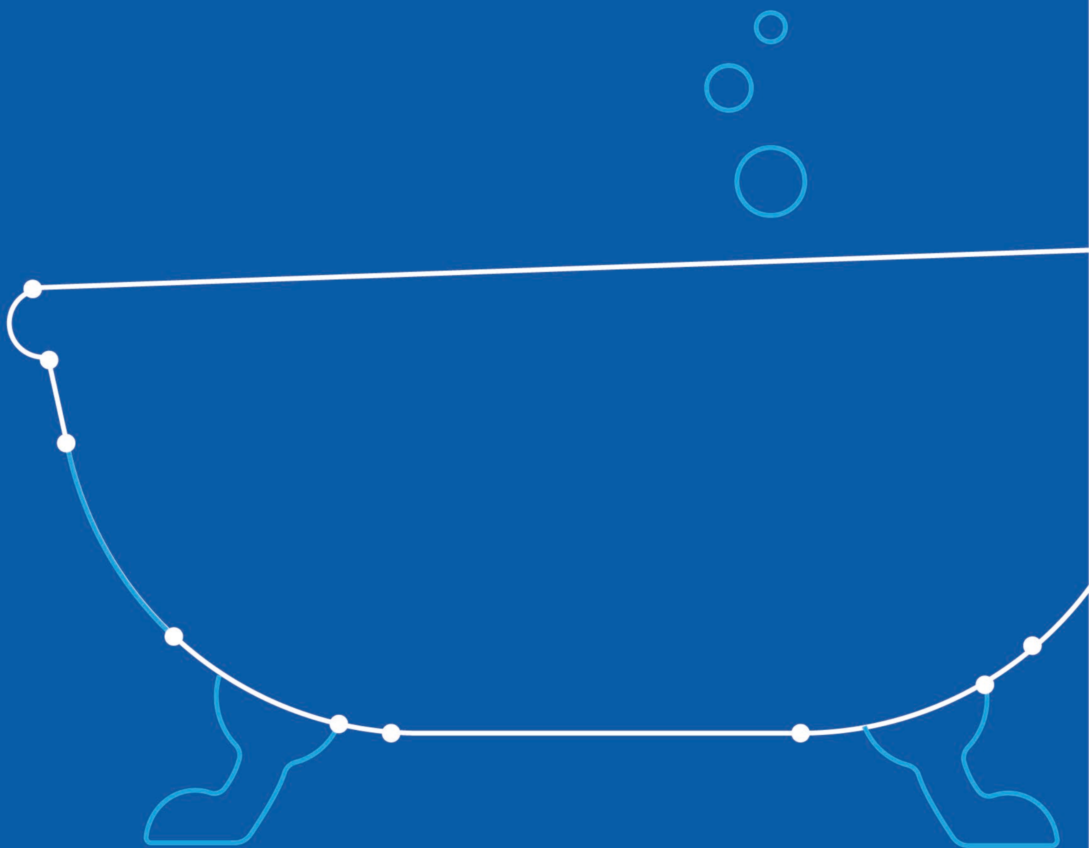
GRI-standard	Disclosure	Location	Comment
Material topics			
GRI 3: Material Topics 2021	3-1 Process to determine material topics	37	
	3-2 List of material topics	38	
Anti-corruption			
GRI 3: Material Topics 2021	3-3 Management of material topics	39	
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	39	
	205-2 Communication and training about anti-corruption policies and procedures	39	
	205-3 Confirmed incidents of corruption and actions taken	39	
Materials			
GRI 3: Material Topics 2021	3-3 Management of material topics	41	
GRI 301: Materials 2016	301-1 Materials used by weight or volume		Material topic for our business, but no data is currently available. We will work on this in the future.
	301-2 Recycled input materials used		See above
	301-3 Reclaimed products and their packaging materials		See above
Energy			
GRI 3: Material Topics 2021	3-3 Management of material topics	41-42	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	41-42	
Emissions			
GRI 3: Material Topics 2021	3-3 Management of material topics	40-41	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	42	
	305-2 Energy indirect (Scope 2) GHG emissions	42	
	305-3 Other indirect (Scope 3) GHG emissions	42	
Waste			
GRI 3: Material Topics 2021	3-3 Management of material topics	41	
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts		Material topic for our business, but no data is currently available. We will work on this in the future.
	306-2 Management of significant waste-related impacts		Material topic for our business, but no data is currently available. We will work on this in the future.
	306-3 Waste generated	41	
Supplier Environmental Assessment			
GRI 3: Material Topics 2021	3-3 Management of material topics	40	
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	40	
	308-2 Negative environmental impacts in the supply chain and actions taken		
Employment			
GRI 3: Material Topics 2021	3-3 Management of material topics	44-45	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	45	
Occupational Health and Safety			
GRI 3: Material Topics 2021	3-3 Management of material topics	45	
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	45	
	403-2 Hazard identification, risk assessment, and incident investigation	45	
	403-3 Occupational health services		

GRI-standard	Disclosure	Location	Comment
	403-4 Worker participation, consultation, and communication on occupational health and safety	45	
	403-5 Worker training on occupational health and safety	45	
	403-6 Promotion of worker health	45	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	45	
	403-9 Work-related injuries	45	
Training and Education			
GRI 3: Material Topics 2021	3-3 Management of material topics	44	
GRI 404: Training and Education 2016	404-3 Percentage of employees receiving regular performance and career development reviews	45	
Diversity and Equal Opportunity			
GRI 3: Material Topics 2021	3-3 Management of material topics	44	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	44-45	
Non-discrimination			
GRI 3: Material Topics 2021	3-3 Management of material topics	44	
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	44	
Customer Health and Safety			
GRI 3: Material Topics 2021	3-3 Management of material topics	40	
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	40	
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	40	
Customer Privacy			
GRI 3: Material Topics 2021	3-3 Management of material topics	46	
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	46	



>310

million digital visits



Corporate governance report

- part of Directors' Report

CORPORATE GOVERNANCE REPORT

BHG Group AB (publ) ("BHG") is a Swedish public limited liability company listed on Nasdaq Stockholm. BHG's corporate governance is based on Swedish legislation, Nasdaq Stockholm's Rulebook for Issuers and good practice in the securities market. Since its listing, BHG has applied the Swedish Corporate Governance Code (the "Code"). The governance of BHG is also based on internal regulations, such as the Board's rules of procedures, CEO instructions, policy documents and the Group's Code of Conduct.

BHG does not deviate from the Code in any regard.

More information about the Code is available at www.bolagsstyrning.se. BHG's Articles of Association and Code of Conduct are available at www.wearebhg.com.

Shares and shareholders

At the end of 2023, the total number of shares in BHG consisted of 179,233,563 ordinary shares with one vote each, distributed between approximately 12,187 shareholders. The company's two largest shareholders, Ferd and Entrust Global, represented 29.0 % of the shares. There were no limitations on how many votes each shareholder could cast at the General Meeting of Shareholders.

Further information regarding the ownership structure and share performance is available on page 28.

General Meeting of Shareholders

The General Meeting of Shareholders is the highest decision-making body. At a General Meeting, the shareholders exercise their voting rights on issues such as the adoption of income statements and balance sheets, appropriation of profit, discharge from liability for Board members and the CEO, election of Board members and auditors, and remuneration to Board members and auditors. The General Meeting also resolves on guidelines for remuneration to senior executives and any amendments to the Articles of Association.

An Annual General Meeting is to be held within six months after the end of each financial year. Besides the Annual General Meeting, BHG may convene Extraordinary General Meetings. According to the Articles of Association, General Meetings are to be convened through an announcement in the Swedish Official Gazette (Sw. Post- och Inrikes Tidningar) and by publishing the notice on the company's website. At the time of notice, an announcement that the notice has been issued is to be published in Svenska Dagbladet.

To participate in a General Meeting, a shareholder must be registered in the share register maintained by Euroclear Sweden AB not later than five weekdays prior to the meeting and notify BHG of its intention to participate (including any assistants) in the General Meeting not later than on the date set forth in the notice of the meeting. Shareholders may attend a General Meeting in person or by proxy and may also be accompanied by a maximum of two assistants. Shareholders can normally register for a General Meeting in several different ways, as stated in the notice of the General Meeting.

Shareholders who wish to have a matter addressed at the General Meeting must submit a written request to the Board. Normally, the request must have reached the Board not later than seven weeks prior to the General Meeting. The General Meeting may be held in Malmö or Stockholm.

General Meetings 2023

At an Extraordinary General Meeting on 13 January 2023:

- it was resolved that the Board is to consist of six Board members and no deputy Board members;
- it was resolved that remuneration to newly elected Board members is to be paid in an amount corresponding to the amount resolved on by the Annual General Meeting on 5 May 2022, pro rata for the number of months on the Board, and that a corresponding pro-rata amount be paid to departing Board members;
- Kristian Eikre and Vesa Koskinen were elected as Board members;
- Christian Bubenheim was elected as Chairman of the Board; and
- it was resolved that a new long-term incentive programme was to be introduced comprising warrants for the company's CEO (LTIP 2023/2026).

At the Annual General Meeting on 3 May 2023:

- the income statement and balance sheet as well as the consolidated income statement and balance sheet were adopted and it was resolved that profit would be appropriated in accordance with the proposal of the Board in the Annual Report, and that the Board and CEO would be discharged from liability;
- it was resolved that the Board is to consist of six Board members and no deputy Board members;
- it was resolved that remuneration is to be paid to the Board members and committee members as follows: SEK 600,000 to the Chairman of the Board, SEK 300,000 to other Board members, SEK 120,000 to the Chairman of the Audit Committee, SEK 60,000 to other members of the Audit Committee who are not employed by the company, SEK 60,000 to the Chairman of the Remuneration Committee and SEK 30,000 to other members of the Remuneration Committee who are not employed by the company;
- Christian Bubenheim, Joanna Hummel, Kristian Eikre and Vesa Koskinen were re-elected as Board members, and Mikael Olander and Negin Yeganegy were elected as new Board members. Christian Bubenheim was re-elected as Chairman of the Board;
- Öhrlings PricewaterhouseCoopers AB was re-elected as auditor up until the end of the 2024 Annual General Meeting;
- the Board's proposal concerning principles for the establishment of a Nomination Committee was adopted;
- the Board's remuneration report was approved;
- it was resolved that the Articles of Association were to be amended;
- it was resolved that a new long-term incentive programme was to be introduced comprising warrants for senior executives, employees and other key individuals in the Group (LTIP 2023/2026:2); and

- it was resolved that a new long-term share savings programme was to be introduced for certain senior executives and key individuals in the Group (Plan 2023/2026)
- the Board was authorised to decide on the issuance of new shares corresponding to a maximum of 20% of the shares outstanding after this mandate is exercised.

At an Extraordinary General Meeting on 25 July 2023:

- the Board's proposal regarding the transfer of shares in Furniture 1 UAB was approved.

Nomination Committee

The purpose of the Nomination Committee is to submit proposals in respect of the Chairman of General Meetings, Board members, including who should be Chairman of the Board, remuneration to each Board member as well as remuneration for committee work, election of and remuneration to the external auditors, and changes to the principles for the establishment of a Nomination Committee.

At the Annual General Meeting on 3 May 2023, it was resolved that the Nomination Committee prior to the 2024 Annual General Meeting is to comprise four members, one of whom should be the Chairman of the Board. Other members are to be appointed by the company's three largest shareholders in terms of votes, based on the share register maintained by Euroclear as of 31 August 2023. The Chairman of the Nomination Committee is to be the committee member representing the largest shareholder in terms of votes, unless the members agree to appoint another Chairman.

A shareholder who has appointed a member of the Nomination Committee has the right to dismiss the member and appoint a replacement. If a member leaves the Nomination Committee prior to completion of the committee's work, the shareholder who appointed the departing member has the right to appoint a new member of the Nomination Committee.

If there is a significant change in the company's ownership structure after 31 August 2023, the Nomination Committee has the right to independently decide to remove and/or appoint additional members so that the composition of the Nomination Committee will reflect the company's ownership structure.

No fees are paid to the members of the Nomination Committee. However, the Nomination Committee is entitled to charge BHG with reasonable expenses for recruitment consultants or other consultants required for the Nomination Committee to fully execute its assignment.

Shareholders are entitled to submit proposals to the Nomination Committee regarding nominations to the Board.

Ahead of the 2024 Annual General Meeting, the names of the members of the Nomination Committee are:

- Joakim Gjersø (Chairman), appointed by Ferd,
- Oscar Severin, appointed by Vitruvian, and
- Christian Bubenheim, in the capacity of Chairman of the Board.

In its work, the Nomination Committee applies rule 4.1 of the Code as its diversity policy. Additional information is available in the Nomination Committee's reasoned opinion regarding the Nomination Committee's proposal to the 2024 Annual General Meeting.

Board of Directors

The Board is the second highest decision-making body after the General Meeting. The Board is responsible for the management and organisation of BHG, which means that the Board is responsible for, among other tasks, establishing targets and strategies, ensuring that procedures and systems are in place for the evaluation of set targets, continuously evaluating BHG's earnings and financial position, and evaluating executive management. The Board is also responsible for ensuring that the Annual Report and interim reports are prepared on time. The Board also appoints the President and CEO.

Board members are normally elected by the Annual General Meeting for the period until the end of the next Annual General Meeting. According to BHG's Articles of Association, the Board, insofar as it is elected by the General Meeting, is to consist of at least three members and at most ten members with no deputy members.

In accordance with the Code, the Chairman of the Board is elected by the General Meeting and has a special responsibility for managing the Board's work and ensuring that the Board's work is well organised and effectively implemented. The Board follows written rules of procedure, which are revised annually and adopted by the statutory Board meeting every year. Among other matters, the rules of procedure govern Board practice, functions and the division of work between the Board members, the CEO and the established committees. In connection with the statutory Board meeting, the Board also establishes work instruction for the CEO, including instructions for financial reporting.

The Board meets according to an established annual schedule. In addition to these meetings, further meetings can be convened to address issues which cannot be postponed until the next scheduled Board meeting. In addition to Board meetings, the Chairman of the Board and the CEO continuously discuss the management of BHG.

The Board's work is evaluated annually through established procedures whereby all Board members answer questions about the results of the work of the Board and the committees. The Chairman of the Nomination Committee is responsible for the evaluation and, together with the Chairman of the Board, ensures that the results are presented and discussed in the Board and the Nomination Committee. The evaluation of the Board's work during the financial year was presented and discussed at the Board meeting on 15 December 2023.

During the financial year, the Board held 19 meetings.

The Board members' independence and attendance are shown in the table on page 59.

Remuneration paid to the Board members is presented in Note 7.

The Board is presented in more detail on pages 63–64.

Audit Committee

The Audit Committee comprises three members: Joanna Hummel (Chairman), Negin Yeganegy and Christian Bubenheim.

The Audit Committee is mainly a preparatory body and prepares proposals for the Board. The Audit Committee works according to rules of procedure adopted by the Board. Its main duties are to, without prejudice to the general duties and responsibilities of the Board:

- monitor BHG's financial reporting,
- monitor the efficiency of BHG's internal control and risk management with regard to financial reporting,
- remain informed about the audit of the Annual Report and consolidated accounts,
- inform the Board of the results of the audit and of the manner in which the audit contributed to the reliability of the financial reporting and the committee's specific functions,
- review and monitor the auditor's impartiality and independence and note, in particular, whether the auditor provides BHG with services other than audit services,
- approve the auditor's advisory services and adopt a policy for the auditor's advisory services,
- assist in the preparation of proposals for the General Meeting's decision regarding the election of an auditor,
- evaluate the need for an internal audit function each year, and
- assure the quality of the year-end report and interim reports prior to Board decisions.

During the year, the Audit Committee held six meetings.

Remuneration Committee

The Remuneration Committee comprises two members: Christian Bubenheim (Chairman) and Mikael Olander.

The Remuneration Committee is mainly a preparatory body and prepares proposals for the Board. The Remuneration Committee works according to rules of procedure adopted by the Board.

The main duties of the Remuneration Committee are to:

- prepare the Board's decisions on matters related to the principles for remuneration, remuneration and other terms of employment for senior executives,
- monitor and evaluate programmes for variable remuneration to the company's senior executives, both ongoing and those concluded during the year, and
- monitor and assess the application of the guidelines for remuneration to senior executives approved by the Annual General Meeting and the applicable remuneration structures and levels in the company.

During the year, the Remuneration Committee held three meetings.

Board members' independence and attendance 1 January 2023–31 December 2023

			Independent in relation to		Attendance		
Name	**Position**	**Member since**	**The company and its management**	**Major shareholders**	**Board meetings**	**Audit Committee**	**Remuneration Committee**
Christian Bubenheim	Chairman	2020	Yes	Yes	18/19	6/6	3/3
Joanna Hummel	Member	2022	Yes	Yes	19/19	6/6	-
Kristian Eikre	Member	2023	Yes	No	18/19	-	-
Mariette Kristenson	Member	2021	Yes	Yes	6/7	3/3	3/3
Mikael Olander	Member	2023	No	Yes	12/12	-	1/1
Negin Yeganegy	Member	2023	Yes	Yes	11/12	3/3	-
Vesa Koskinen*	Member	2022	Yes	No	15/17	-	-

* Resigned.

The attendance column shows attendance and number of meetings held during the time of the period the member has been a member.

CEO and senior executives

The CEO answers to the Board and is responsible for the continuous management of BHG and the day-to-day operations. The division of work between the Board and the CEO is set forth in the rules of procedure for the Board and the work instruction for the CEO. The CEO is also responsible for preparing reports and compiling information from management for Board meetings and for presenting such materials at Board meetings. According to the instructions for financial reporting, the CEO is responsible for the financial reporting of BHG and, accordingly, is to ensure that the Board receives adequate information to enable the Board to continuously evaluate BHG's financial position.

The CEO and other senior executives are presented on pages 65–67.

Auditors

The auditor is to review the company's Annual Report and accounting as well as the management of the Board and the CEO. Following each financial year, the auditor is to submit an audit report and a consolidated audit report to the Annual General Meeting.

In accordance with the Articles of Association, the company is to have one auditor or registered audit firm. The company's auditor is Öhrlings PricewaterhouseCoopers AB. At the Annual General Meeting on 3 May 2023, Eva Carlsvi stepped down as auditor in charge and Eric Salander took up the position.

Appointment of the auditors for services other than auditing is carried out in accordance with the audit services policy established by the Audit Committee. According to BHG's assessment, the advisory services provided by Öhrlings PricewaterhouseCoopers AB during the year did not compromise the firm's independence.

The company's auditor participated in all of the Audit Committee's meetings and in one Board meeting.

Information on full remuneration to the auditors is presented in Note 6.

Remuneration to Board members

Fees and other remuneration to Board members, including the Chairman, are decided at the Annual General Meeting. The Annual General Meeting on 3 May 2023 resolved that the following remuneration is to be paid for the period until the next Annual General Meeting: SEK 600,000 to the Chairman of the Board and SEK 300,000 to other Board members as well as SEK 120,000 to the Chairman of the Audit Committee, SEK 60,000 to other members of the Audit Committee who are not employed by the company, SEK 60,000 to the Chairman of the Remuneration Committee and SEK 30,000 to other members of the Remuneration Committee who are not employed by the company.

Remuneration to the CEO and other senior executives

The Annual General Meeting on 3 May 2023 adopted guidelines for remuneration to senior executives. The guidelines stipulate that total remuneration is to be based on conditions that are market competitive and well balanced. In addition, the remuneration should promote the company's business strategy, long-term interests and sustainability. Remuneration to the senior executives is to consist of fixed and variable cash salary, pension benefits and other benefits. In addition, the General Meeting can resolve on share-based and share price-based remuneration.

The fixed cash salary is to be individual and based on the responsibility and role of the senior executive as well as the executive's competence and experience in the relevant position.

Variable cash remuneration to the CEO may amount to a maximum of 100% of the fixed annual cash salary. In extraordinary circumstances, the Board may decide to pay additional variable cash remuneration amounting to a maximum of 100% of the fixed annual cash salary. Variable cash remuneration is to be linked to predetermined and measurable financial or non-financial criteria designed to promote the company's business strategy and long-term interests.

The CEO's pension benefits are to be premium defined. Variable cash remuneration does not qualify for pension benefits. The pension premiums for premium-defined pensions are to amount to a maximum of 30% of the fixed annual cash salary. For other senior executives, pension benefits are to be premium-defined benefits unless the individual concerned is covered by a defined-benefit pension plan under mandatory collective agreement provisions. Variable cash remuneration is to qualify for pension benefits to the extent required by mandatory collective agreement provisions applicable to the senior executive concerned. The pension premiums for premium-defined pensions are to amount to a maximum of 30% of the fixed annual cash salary.

Other benefits may include, for example, occupational group life insurance, medical insurance and company car benefits. Premiums and other costs relating to such benefits may amount to a maximum of 30% of the fixed annual cash salary.

Upon termination of employment by the company, the notice period may not exceed 12 months. Fixed cash salary during the notice period and severance pay, combined, may not exceed an amount corresponding to the fixed cash salary for two years. Upon termination of employment by the senior executive, the notice period may not exceed nine months, without any right to severance pay.

For employment governed by rules other than Swedish rules, pension benefits and other benefits may be duly adjusted to ensure compliance with mandatory local rules or established local practice.

The Board may derogate from the guidelines if it is necessary to do so, in a specific case, in order to serve the company's long-term interests or to ensure the company's financial viability.

Control environment

The Board has overall responsibility for the internal control in relation to financial reporting. In order to create and maintain a functioning control environment, the Board has adopted a number of policies, guidelines and steering documents governing financial reporting.

These documents primarily comprise the rules of procedure for the Board, the work instruction for the CEO, instructions for financial reporting and instructions for the committees established by the Board. The Board has also adopted attestation instructions and a financial policy. The company also has a Financial Manual, which contains principles, guidelines and procedure descriptions for accounting and financial reporting.

In addition, the Board has adopted several IT-related policies where matters such as data recovery are addressed. Furthermore, the Board has established an Audit Committee whose main task is to monitor the financial reporting and the effectiveness of the internal control and risk management as well as to review and monitor the auditor's impartiality and independence.

Responsibility for the day-to-day work of maintaining the control environment rests primarily with the CEO, who on a regular basis reports to the Board in accordance with established work instruction. BHG's finance department plays an important role in ensuring that the financial reporting provides reliable information. It is responsible for ensuring that the financial information is complete, correct and published in a timely fashion.

Each local entity within the Group is organised with its own Board or equivalent governing body and, as applicable, CEO, with responsibility for control of the local business according to guidelines and instructions from Group level. Each local entity has its own administration, which takes care of accounting records and financial reporting.

The local entities primarily report to BHG's CEO, the relevant segment manager and BHG's CFO. In addition to internal monitoring and reporting, the external auditors routinely report to the CEO and the Board throughout the financial year.

Risk assessment and control activities
Risk assessment includes identifying and evaluating the risk of material errors in the accounting and reporting at Group level as well as in the subsidiaries. Risk assessment is carried out regularly and in accordance with established guidelines focusing on individual projects.

The Board is responsible for the internal control and for monitoring management. This is carried out through both internal and external control activities as well as through examination and monitoring of the policies and steering documents. Within the Board, the Audit Committee is primarily responsible for continuously assessing the risk situation, after which the Board performs an annual review of the risk situation.

BHG actively performs different control activities in order to identify, address and rectify risks in all parts of the organisation, and to ensure and improve internal control in the operations. As part of the work related to internal control and risk, the key risks are assessed, evaluated and compiled on a yearly basis. Each identified risk is assessed based on its probability and potential impact/effect on the operations. This work primarily concerns strategic and operational risks, but financial and legal risks as well as other key risks are also addressed.

Uniform accounting and reporting instructions apply to all entities within the Group. The guidelines for internal control are followed up in all entities during the financial year. The local entities' financial performance is continuously monitored through monthly reporting, which focuses mainly on revenue, earnings and the order book. This reporting also includes legal and operational follow-up, with a focus on individual projects. Other key components of the internal control are the annual business planning process and budget and forecast processes.

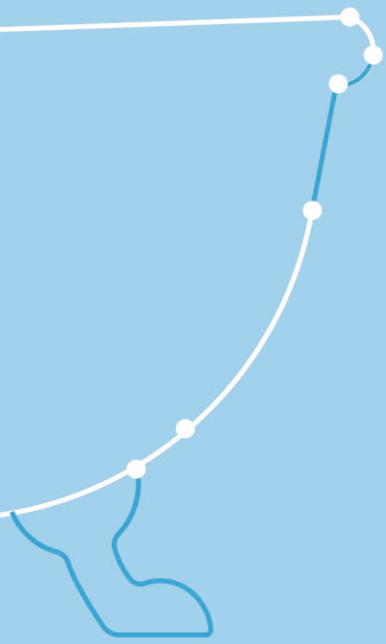
Information and communication
BHG has information and communication channels to ensure the correctness of the financial reporting and to facilitate reporting and feedback from the operations to the Board and management, for example, by making corporate governance documents, such as internal policies, guidelines and instructions regarding financial reporting, available and known to the employees concerned. Financial reporting is carried out in a Group-wide system with pre-defined reporting templates.

BHG's financial reporting complies with Swedish laws and regulations and the local laws and regulations in each country where operations are conducted. Information to shareholders and other stakeholders is provided through the Annual Report, interim reports and press releases.

Monitoring
The compliance and effectiveness of the internal control are constantly monitored. The CEO ensures that the Board continuously receives reports on the performance of the operations, including developments related to earnings and financial position, as well as information regarding important issues and events. The CEO also reports on these matters at every scheduled Board meeting.

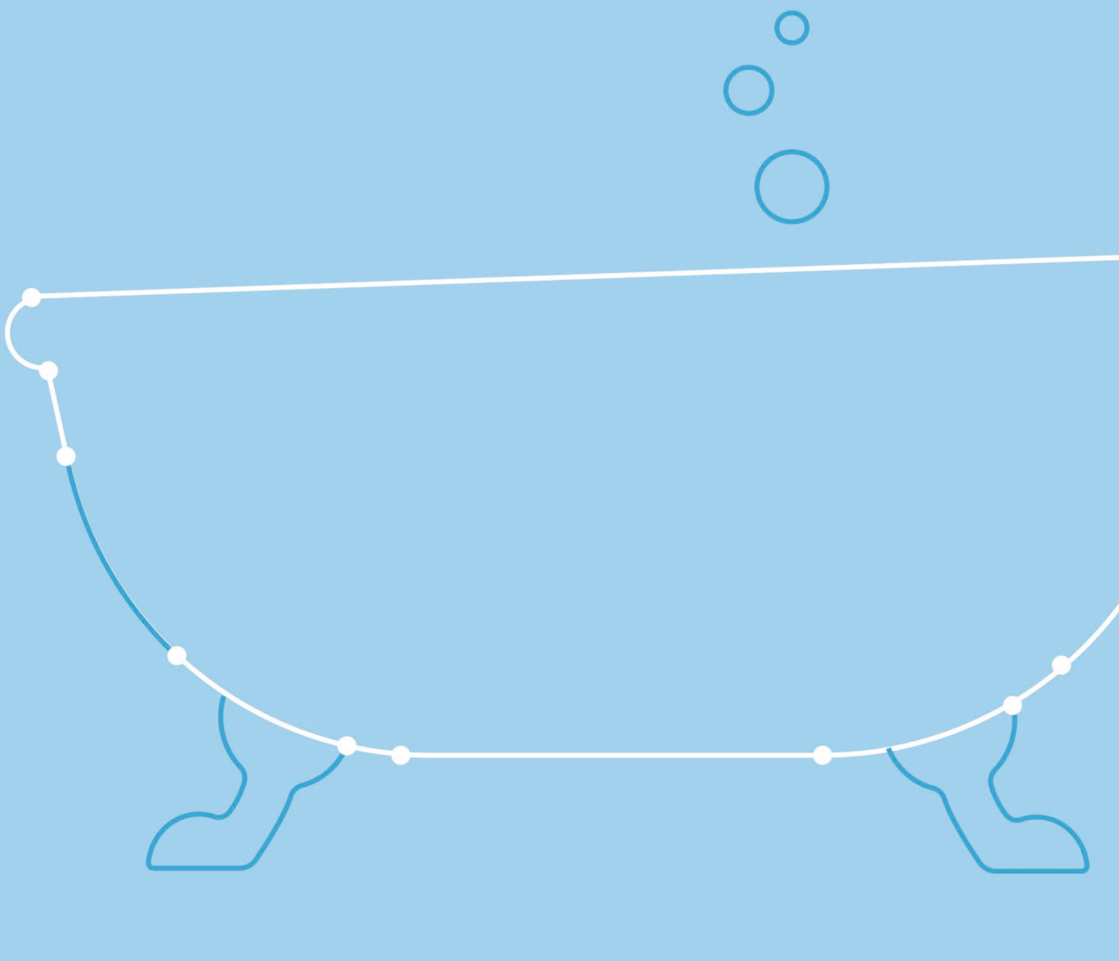
The Board and the Audit Committee examine the Annual Report and interim reports and conduct financial evaluations in accordance with an established plan and model. The Audit Committee monitors the financial reporting and other related matters and regularly discusses these matters with the auditors.

During the monitoring of the compliance and effectiveness of the internal control activities, the Board has found that these are, in all material respects, properly applied in the Group and determined that an internal control function, considering the format of the risk assessment and control activities, is the most effective method for monitoring the internal control. The Board has therefore decided not to establish a separate internal audit function.



>11

billion in net sales



BOARD OF DIRECTORS

CHRISTIAN BUBENHEIM
CHAIRMAN OF THE BOARD

Born 1965. Nationality: American and German

Christian Bubenheim was elected a Board member of BHG in 2020, and he was appointed Chairman of the Board in August 2022. He currently serves as CEO of Foodspring GmbH, startup mentor for Barcelona Activa and Chairman of the Board of 21future (not for profit) a.o. Christian Bubenheim holds an MSc in economics and engineering from the Munich University of Applied Sciences. Throughout most of his career, he has held senior positions within e-commerce and technology, media and telecom, such as SM at Apple, GM Mobile at Compaq Computer, GM at Intel Mobile, VP/MD at Xircom, VP/MD at Magellan GPS, Div. GM Consumables & Prime at Amazon Germany, SVP at Scout24, GM at Auto Scout24 and most recently CEO at Internetstores Europe.

Christian Bubenheim owns 10,000 shares in the company.

Independent in relation to major shareholders: Yes

KRISTIAN EIKRE
BOARD MEMBER

Born 1977. Nationality: Norwegian

Kristian Eikre was elected a Board member of BHG in January 2023. He has an MSc in economics and business administration from NHH, the Norwegian School of Economics. He is the Co-Head of Ferd Capital, and he has worked at Ferd AS since 2015. Prior to that, he spent ten years with Herkules Capital (formerly Ferd Private Equity) and three years as a financial analyst at First Securities. Kristian is involved with several of Ferd's listed and private investments, including BHG, Fjord Line, Benchmark Holdings, and Aibel. Kristian is currently also a Board member of Fjord Line, Benchmark Holdings and Aibel.

Kristian Eikre owns no shares or warrants in BHG.

Kristian Eikre is independent in relation to the company and company management, but dependent in relation to major shareholders.

MIKAEL OLANDER
BOARD MEMBER

Born 1963. Nationality: Swedish

Mikael Olander was elected a Board member of BHG in May 2023.

Mikael Olander holds an MBA from UCLA Anderson School of Management. Throughout most of his career, Mikael Olander has held senior positions within retail and e-commerce such as Business Area Manager at Egmont (1995–1999), Chief Executive Officer at CDON Group (2000–2011), Chief Executive Officer at BHG (2012–2019) and various other senior positions at BHG (2019–2023). He is currently a Board member of WeSports, Pölder Sport, Flowin, Icaniwill, and Bikelease Sweden.

Mikael Olander owns 8,921,686 shares in BHG indirectly through companies.

Independent in relation to major shareholders: Yes

PERNILLE FABRICIUS
BOARD MEMBER

Born 1966. Nationalitet: Danish

Pernille Fabricius was elected a Board Member of BHG in 2024. Since 2023 Pernille Fabricius serves as Group CFO at ORG-Group, London as well as board member and chairperson of the audit and sustainability committee for Mer since 2023, for GreenGo Energy and K3 since 2022 and for MT Hoejgaard since 2014. She holds a MSc.Aud and an MBA from Copenhagen Business School as well as a MSc. in Finance and an LLM in European Union Law from the Leicester University. She prior to her current position acted as EVP Transformation and strategy at NNIT (2020-2023), MD at John Guest Group (2016–2020), Group CFO at Getinge (2015–2016), Group CFO at Topaz (2014–2015), Global CFO at Damco (2012–2014), Group CFO/COO at TMF (2005–2012), CFO at GN Netcom (2001–2005), SVP at ISS Group (1994–2001) and auditor and tax advisor at Arthur Andersen (1988–1994). She acted as board member and chairperson of the audit committee of Brdr Hartmann (2022-2023), Steelseries (2021–2022), Gabriel (2016–2022), Royal Greenland (2012–2021) and Netcompany (2017–2020).

Direct or related person ownership: Pernille Fabricius owns no shares and no warrants in the company.

Independent of major shareholders: Yes

JOANNA HUMMEL
BOARD MEMBER

Born 1975. Nationality: Swedish

Joanna Hummel was elected a Board member of BHG in 2022. She is also the General Manager, Northern Europe of Zalando SE and a Board member of Inet AB and Rocker AB (publ). She has an MSc in business administration and economics from Stockholm University. Throughout most of her career, she has held key positions in retail and accounting such as Managing Director of Afound (H & M Hennes & Mauritz AB) (2019–2021), Chief Executive Officer of Lyko Group AB (publ) (2017–2018), Chief Financial Officer of KICKS Kosmetikkedjan AB (2011–2017), Store Management at Axstores (Axel Johnson International AB) (2008–2011), Controller at Axstores (Axel Johnson International AB) (2007–2008) and auditor at Ernst & Young Sweden AB (1998–2007).

Joanna Hummel owns 5,500 shares and no warrants in the company.

Independent in relation to major shareholders: Yes

NEGIN YEGANEGY
BOARD MEMBER

Born 1981. Nationality: British

Negin Yeganegy was elected a Board member of BHG in May 2023. Negin Yeganegy holds an MSc from University of London and an Executive MBA from London Business School. Throughout most of her career, Negin Yeganegy has held senior positions within online retail, digital strategy and technology management such as Digital and Commercial Advisor at Chloé (April–May 2020), Group E-commerce Director at Yoox Net-a-porter Group (2014–2020) and Client Principal and Retail Lead at ThoughtWorks (2007–2014). Since 2020, she has served as Chief Executive Officer at Perfect Moment and Board member of Goodiebox.

Negin Yeganegy owns no shares in BHG.

Independent in relation to major shareholders: Yes

MANAGEMENT

GUSTAF ÖHRN
GROUP CEO

Born 1967. Employed since 2022. Nationality: Swedish

Previous experience: Gustaf Öhrn has spent the majority of his career as the CEO of retail companies and brands including Åhléns, Stadium and J.Lindeberg, and has held senior positions at H&M.

Education: Gustaf Öhrn has studied at Uppsala University and Stockholm University reaching an equivalent to a bachelor's degree in economics.

Board assignments: Chairman of the Board of EarlyBird and Brav AS.

Own and related party holdings: Gustaf Öhrn owns 10,000 shares in the company indirectly through companies, 3,000 shares in the company privately, 1,898,654 warrants in the company (privately and through companies) and 82,336 call options issued by EQT.

BANK BERGSTRÖM
HEAD OF PREMIUM LIVING SEGMENT

Born 1984. Employed since 2022. Nationality: Swedish

Previous experience: Bank Bergström has been the CEO of BHG Group's subsidiary Nordic Nest since 2017. Bank previously worked at MediaMarkt, where he held various roles such as Sales Manager, Store Manager and Head of Sales Operations over seven years.

Education: Economics programme at Mälardalen University.

Board assignments: Board member of SignMax AB. Board member of Voyado.

Own and related party holdings: Bank Bergström owns 106,000 shares and 345,000 warrants in the company.

CHRISTIAN ERIKSSON
HEAD OF VALUE HOME SEGMENT

Born 1974. Employed since 2014. Nationality: Swedish

Previous experience: Christian was a member of the BHG Group's executive management team from 2014 to 2019. He has held management roles at the Group since 2014, including as Head of Home Furnishing Nordic and Head of the Home Furnishing segment. Prior to this, he held various roles at CDON.com, including as President (2011–2013).

Education: Bachelor's degree from Lund University.

Own and related party holdings: Christian Eriksson owns 1,200,000 shares in the company indirectly through companies and 600,000 shares in the company privately.

JESPER FLEMME
GROUP CFO

Born 1979. Employed since 2016.Nationality: Swedish

Previous experience: Jesper Flemme previously worked as Group Financial Controller at CDON Group (subsequently Qliro Group), and prior to that worked as a consultant at Addedo and within audit at Deloitte.

Education: Jesper Flemme holds an MSc in economics from Lund University.

Board assignments: Chairman of Heisenberg Invest AB and Board member of J. Flemme Invest AB.

Own and related party holdings: Jesper Flemme owns 30,000 shares and 645,000 warrants in the company indirectly through companies.

MIKAEL HAGMAN
DEPUTY CEO AND HEAD OF HOME IMPROVEMENT SEGMENT

Born 1968. Employed since 2017. Nationality: Swedish

Previous experience: On 1 October 2022, Mikael Hagman moved from the role of COO and Head of the DIY segment to his current positions. He founded Vitvaruexperten.com in 2015 and has continued to successfully develop the business since the company was acquired by BHG in 2017. Prior to this, he was CEO of Media Markt Nordic (2007–2013) and Country Manager for Sony Sweden and Finland (1999–2006).

Education: IHM Business School.

Board assignments: Chairman of the Board of Mikael Hagman AB and Greasy Lake AB, and Board member of Wesports Scandinavia AB.

Own and related party holdings: Mikael Hagman owns 24,500 shares and 1,145,000 warrants in the company.

MARTIN LEO
GROUP CTO

Born 1974. Employed since 2022. Nationality: Swedish

Previous experience: Martin Leo has extensive experience from various senior management positions and leading international strategic initiatives. Throughout his professional life, he has been involved in solution development and business transformation, starting his career as a consultant with Accenture in Stockholm and Sydney.

Education: MSc in business administration and technology management from LTH, Faculty of Engineering, Lund University

Board assignments: Chairman of the Board of Consistent AB.

Own and related party holdings: Martin Leo owns 20,000 shares indirectly through companies and 274,500 warrants privately.

DAVID OLHED
GROUP CCO

Born 1984. Employed since 2023. Nationality: Swedish

Previous experience: David Olhed has more than 15 years of experience in the e-commerce and marketplace industry, and has previously held senior positions at CDON AB, including CFO and CCO.

Education: MSc in business administration and graduate in business law, Lund University.

Own and related party holdings: David Olhed owns 17,200 shares and 200,000 warrants in the company.

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acquisitions since the start in 2012

Financial statements

Consolidated income statement

(SEKm)	Note	01/01/2023 31/12/2023	01/01/2022 31/12/2022
Operating income			
Net sales	4	11,790.2	13,433.6
Other operating income	9	20.6	17.1
		11,810.9	**13,450.7**
Operating expenses			
Cost of goods sold	16	-8,869.2	-10,452.5
Personnel costs	7, 8	-1,067.1	-1,142.3
Other external costs and operating expenses	6, 27	-1,354.7	-1,480.4
Other operating expenses	9	-1,196.4	-10.8
Depreciation and amortization of tangible and intangible fixed assets	13, 14	-697.7	-548.5
		-13,185.1	**-13,634.6**
Operating income		**-1,374.2**	**-183.9**
Financial items			
Financial income	10	29.0	291.2
Financial expenses	10, 21	-248.2	-125.6
		-219.1	**165.6**
Profit/loss before tax		**-1,593.3**	**-18.3**
Tax			
Income tax	11	50.9	64.1
PROFIT/LOSS FOR THE YEAR		**-1,542.5**	**45.7**
Attributable to:			
Equity holders of the parent		-1,564.7	34.1
Non-controlling interest		22.2	11.7
PROFIT/LOSS FOR THE YEAR		**-1,542.5**	**45.7**
Earingings per share before dilution, (SEK)	12	-8.73	0.25
Earingings per share after dilution, (SEK)	12	-8.73	0.25

Consolidated statement of comprehensive income

(SEKm)	Note	01/01/2023 31/12/2023	01/01/2022 31/12/2022
Profit/loss for the year		-1,542.5	45.7
Other comprehensive income			
Items that subsequently could be reclassified to profit or loss			
Translation differences for the year		-74.5	106.4
	12, 19	**-74.5**	**106.4**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**-1,617.0**	**152.1**
Attributable to:			
Parent company shareholders		-1,644.5	136.2
Non-controlling interest		27.6	15.9
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**-1,617.0**	**152.1**

Consolidated statement of financial position

(SEKm)	Note	31/12/2023	31/12/2022
ASSETS			
Non-current assets			
Intangible fixed assets	13		
Development expenses		275.0	298.1
Trademarks		1,640.7	1,876.3
Customer relationships		517.8	682.4
Goodwill		5,899.7	6,480.9
Other intangible fixed assets		3.3	22.5
		8,336.5	**9,360.1**
Tangible fixed assets	14		
Equipment		73.1	99.5
Leased fixed assets		615.0	902.2
Buildings and land		20.8	21.5
Leasehold improvements		51.5	56.5
		760.4	**1,079.7**
Financial fixed assets			
Other financial fixed assets		8.9	15.1
Long term receivables interest-bearing		7.4	-
		16.4	**15.1**
Deferred tax asset	11	92.3	102.5
Total fixed assets		**9,205.6**	**10,557.5**
Current assets			
Inventories	16		
Finished goods andmerchandise		1,286.8	2,414.2
Advances to suppliers		26.1	68.6
		1,312.9	**2,482.9**
Short term receivables			
Accounts receivable	17	199.9	252.0
Other current receivables,non-interest-bearing		107.4	250.4
Prepaid expenses andaccrued income	18	227.4	261.1
		534.6	**763.4**
Cash and cash equivalents	26	370.3	477.6
		370.3	**477.6**
Total current assets		**2,217.8**	**3,723.9**
TOTAL ASSETS		**11,423.3**	**14,281.4**

(SEKm)	Note	31/12/2023	31/12/2022
EQUITY AND LIABILITIES			
Equity	19		
Equity attributable to owners of the parent			
Share capital		5.4	5.4
Other capital contributions		6,563.5	6,564.2
Reserves		45.2	125.1
Retained earnings incl. profit for the year		-271.5	919.2
		6,342.6	**7,613.8**
Non-controlling interest			
Non-controlling interest		167.4	56.0
Total equity		**6,510.0**	**7,669.8**
Non-current liabilities	26		
Interest-bearing			
Liabilities to credit institutions	21	1,495.5	2,009.3
Non-current lease liabilities	27	427.4	566.3
Acquistion related interest-bearing liabilities	23, 26	325.3	816.7
		2,248.2	**3,392.2**
Non-interest-bearing			
Deferred tax liability	11	479.0	605.2
Other provisions	22	28.0	22.1
		506.9	**627.3**
Long term liabilities		**2,755.1**	**4,019.5**
Current liabilities	26		
Interest-bearing			
Current lease liabilities	27	259.7	311.4
Acquistion related interest-bearing liabilities	23, 26	48.9	437.5
		308.7	**748.9**
Non-interest-bearing			
Advance from customers		91.7	146.0
Accounts payable		921.1	940.3
Tax liabilities		17.0	73.0
Other liabilities		517.4	339.8
Accrued expenses and prepaid income	24	302.3	343.9
		1,849.5	**1,843.1**
Total current liabilities		**2,158.2**	**2,592.0**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**11,423.3**	**14,281.4**

For information concerning pledged assets and contingent liabilities, see Note 25.

Consolidated statement of changes in equity

(SEKm)	Note	Equity attributable to the parent company´s shareholders: Share capital	Other capital contributions	Translations reserve	Retained earnings incl. Profit/loss for the year	Total	Non-controlling interest	Total equity
Opening balance, 1 January 2022		**3.7**	**4,790.6**	**22.9**	**394.7**	**5,211.9**	**44.4**	**5,256.3**
Comprehensive income for the year								
Profit/loss for the year					34.1	34.1	11.7	45.7
Other comprehensive income				102.2		102.2	4.2	106.4
		-	**-**	**102.2**	**34.1**	**136.2**	**15.9**	**152.1**
Transactions with owners								
New share issue *		1.7	1,773.6			1,775.2		1,775.2
New share issue to non-controlling interests**					22.5	22.5		22.5
Warrants	7				8.5	8.5		8.5
Remeasurement of liabilities to non-controlling interest	23				467.8	467.8		467.8
Dividends to non-controlling interests					-8.3	-8.3	-4.3	-12.6
		1.7	**1,773.6**	**-**	**490.4**	**2,265.7**	**-4.3**	**2,261.4**
Closing balance, 31 December 2022		**5.4**	**6,564.2**	**125.1**	**919.2**	**7,613.8**	**56.0**	**7,669.8**
Comprehensive income for the year								
Profit/loss for the year					-1,564.7	-1,564.7	22.2	-1,542.5
Other comprehensive income				-79.8		-79.8	5.3	-74.5
		-	**-**	**-79.8**	**-1,564.7**	**-1,644.5**	**27.6**	**-1,617.0**
Transactions with owners								
New share issue *			-0.7			-0.7		-0.7
Warrants	7				8.5	8.5		8.5
Remeasurement of liabilities to non-controlling interest	23				444.8	444.8		444.8
Dividends to non-controlling interests **					-	-	-24.6	-24.6
		-	**-0.7**	**-**	**374.0**	**373.3**	**83.9**	**457.2**
Closing balance, 31 December 2023		**5.4**	**6,563.5**	**45.2**	**-271.5**	**6,342.6**	**167.4**	**6,510.0**

* The proceeds from new issues in 2022 are recognised net after a deduction for transaction costs of SEK 31.2 million 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. In the first quarter of 2023, the Group received proceeds of SEK 81.4 million for the shares issued on 30 December 2022. This was followed by transaction costs of SEK 0.9 million and a tax effect of SEK -0.2 million, which resulted in a corresponding difference between the statement of changes in equity and the statement of cash flows.

** In connection with the acquisition of Hemmy AB in 2022, the subsidiary VVEX Group AB issued shares to the seller as part of the purchase consideration.

*** Pertains to dividends paid to non-controlling interests whose holdings were previously derecognised in connection with the Group’s recognition of a liability for put options issued to the non-controlling interests (see also section 2.4.4. in Note 2)

Consolidated statement of cash flows

(SEKm)	Note	01/01/2023 31/12/2023	01/01/2022 31/12/2022
Operating operations			
Profit before tax		-1,593.3	-18.3
Reversal of financial net		195.1	98.5
Adjustments for non-cash items	28	1,725.7	658.2
Income tax paid		-46.1	-216.2
		281.4	**522.2**
Cash flow from changes in working capital			
Increase (-)/decrease (+) in inventories		1,101.1	-355.8
Increase (-)/decrease (+) in other current receivables		35.4	20.2
Increase (+)/decrease (-) in accounts payable		10.9	-116.0
Increase (+)/decrease (-) in other current liabilities		121.4	-176.4
		1,268.8	**-627.9**
Cash flow from operating activities		**1,550.2**	**-105.6**
Investing activities			
Investment in operations	5	-467.1	-257.7
Redemption of loan to seller upon acquisition of operations	5	-	-6.9
Divestment of operations		-32.8	0.6
Investments in tangible fixed assets	14	-37.8	-57.7
Divestment of tangible fixed assets	14	3.4	1.7
Investments in intangible fixed assets	13	-147.0	-141.0
Divestment of intangible fixed assets	13	-	0.3
Investments in financial fixed assets		0.4	0.1
Divestment of financial fixed assets		0.1	-
Received interest		26.3	5.8
Cash flow from/ to investing activities		**-654.4**	**-454.9**
Financing activities			
New share issue		80.7	1,693.8
Issue of warrants		5.2	1.0
Transactions with non-controlling interest		28.4	-
Dividend to non-controlling interest		-24.6	-10.5
Loans raised	26, 29	-	800.0
Amortization of loans	26, 27, 29	-503.1	-1,305.7
Amortization of lease liabilities		-353.6	-313.9
Interest paid		-203.9	-99.5
Cash flow to/from financing activities		**-970.9**	**765.1**
Cash flow		**-75.0**	**204.6**
Cash and cash equivalents at the beginning of the year		**477.6**	**273.5**
Translation differences in cash and cash equivalents		-32.3	-0.5
Cash and cash equivalents at the end of the year	**29**	**370.3**	**477.6**

Parent Company income statement

(SEKm)	Note	01/01/2023 31/12/2023	01/01/2022 31/12/2022
Operating income			
Net sales	4	7.9	8.3
		7.9	**8.3**
Operating expenses			
Personnel costs	7, 8	-58.0	-56.3
Other external costs and operating expenses	6, 27	-29.4	-33.1
Other operating expenses		-	-1.5
Depreciation and amortization of tangible and intangible fixed assets	14, 15	-0.3	-0.2
		-87.7	**-91.2**
Operating income		**-79.8**	**-82.9**
Financial items			
Financial income	10	90.8	79.3
Financial expenses	10, 21	-183.4	-74.0
		-92.6	**5.3**
Profit/loss after financial items		**-172.4**	**-77.6**
Appropriations			
Changes in tax allocation reserve	20	20.0	8.6
Group contributions received		90.0	75.0
		110.0	**83.6**
Profit/loss before tax		**-62.4**	**6.0**
Tax			
Income tax	11	-6.5	-0.3
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**-68.9**	**5.7**

Comprehensive income for the year corresponds to net profit for both the current financial year and the comparative year.

Parent Company balance sheet

(SEKm)	Note	31/12/2023	31/12/2022
ASSETS			
Non-current assets			
Intangible fixed assets	13		
Development expenses		0.5	0.7
Other intangible fixed assets		0.0	0.1
		0.5	**0.7**
Financial fixed assets			
Participations in Group companies	15	3,678.3	3,678.3
Receivables in Group companies		4,805.5	4,805.5
Long term receivables interest-bearing		7.4	-
		8,491.2	**8,483.8**
Deferred tax assets	11	0.0	0.1
Total fixed assets		**8,491.7**	**8,484.6**
Current assets			
Short term receivables			
Long term receivables interest-bearing		104.9	145.7
Other receivables		2.9	106.8
Prepaid expenses and accrued income	18	2.0	5.7
		109.8	**258.2**
Cash and cash equivalents	26		
Cash and cash equivalents		42.5	8.9
		42.5	**8.9**
Total current assets		**152.2**	**267.1**
TOTAL ASSETS		**8,644.0**	**8,751.7**

(SEKm)	Note	31/12/2023	31/12/2022
EQUITY AND LIABILITIES			
Equity	19		
Restricted equtiy			
Share capital		5.4	5.4
		5.4	**5.4**
Unrestricted equtiy			
Share premium reserve		6,563.5	6,564.2
Retained earnings		151.1	144.8
Profit/loss for the year		-68.9	5.7
		6,645.7	**6,714.7**
Total equity		**6,651.0**	**6,720.0**
Untaxed reserves	20		
Tax allocation reserve		-	20.0
Total untaxed reserves		**-**	**20.0**
Non-current liabilities	21		
Liabilities to credit institutions		1,495.5	1,988.2
Liabilities to Group companies		450.0	-
Total non-current liabilities		**1,945.5**	**1,988.2**
Current liabilities			
Other provisions		0.2	-
Accounts payable		7.7	4.4
Liabilities to Group companies		3.1	0.7
Other liabilties		14.4	2.1
Accrued expenses and prepaid income	24	21.9	16.2
Total current liabilities		**47.4**	**23.4**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITY		**8,644.0**	**8,751.7**

Parent Company statement of changes in equity

(SEKm)	Note	Restricted equity Share capital	Unrestricted equity Share premium reserve	Retained earnings	Profit/loss for the year	Total equity
Opening balance, 1 January 2022		**3.7**	**4,790.6**	**144.5**	**-1.8**	**4,937.0**
Comprehensive income for the year						
Appropriation of profits according to decision on annual general meeting				-1.8	1.8	-
Profit/loss for the year					5.7	5.7
		-	**-**	**-1.8**	**7.5**	**5.7**
Transactions with owners						
New share issue		1.7	1,773.6			1,775.2
Contributions from and value transfers from Group owners						
Warrants	7			2.2		2.2
		1.7	**1,773.6**	**2.2**	**-**	**1,777.4**
Closing balance, 31 December 2022		**5.4**	**6,564.2**	**144.8**	**5.7**	**6,720.0**
Comprehensive income for the year						
Appropriation of profits according to decision on annual general meeting				5.7	-5.7	-
Profit/loss for the year					-68.9	-68.9
		-	**-**	**5.7**	**-74.6**	**-68.9**
Transactions with owners						
New share issue			-0.7			-0.7
Contributions from and value transfers from Group owners						
Warrants	7			0.7		0.7
		-	**-0.7**	**0.7**	**-**	**-0.1**
Closing balance, 31 December 2023		**5.4**	**6,563.5**	**151.1**	**-68.9**	**6,651.0**

Parent Company statement of cash flows

(SEKm)	Note	01/01/2023 31/12/2023	01/01/2022 31/12/2022
Operating operations			
Profit before tax		-62.4	6.0
Reversal of financial net		89.7	-5.4
Adjustments for non-cash items	28	-104.9	-82.9
Income tax paid		18.0	-43.6
		-59.5	**-126.0**
Cash flow from changes in working capital			
Increase (-)/decrease (+) in other current receivables		50.1	-19.3
Increase (+)/decrease (-) in accounts payable		3.3	3.5
Increase (+)/decrease (-) in other current liabilities		456.5	-13.7
		509.9	**-29.5**
Cash flow from operating activities		**450.4**	**-155.4**
Investing activities			
Investments in intangible fixed assets	13	-	-0.1
Loans to group companies		-	-1,115.5
Received interest		90.8	79.3
Cash flow from/ to investing activities		**90.8**	**-1,036.3**
Financing activities			
New share issue		80.7	1,693.8
Loans raised	26, 29	-	800.0
Amortization of loans		-500.0	-1,300.0
Group contributions received		75.0	76.0
Interest paid		-162.9	-69.1
Cash flow to/from financing activities		**-507.2**	**1,200.7**
Cash flow		**33.9**	**8.9**
Cash and cash equivalents at the beginning of the year		**8.9**	**-**
Cash and cash equivalents at the end of the year		**42.5**	**8.9**

Notes

Notes

NOTE 1 GENERAL INFORMATION

BHG is one of the largest consumer e-commerce companies in the Nordics. In addition to our Nordic operations, we also have a significant presence in the rest of Europe, as well as in selected markets outside of Europe.

Our strong position in these markets makes us one of the largest online European pure-plays in our three segments: Home Improvement, Value Home, and Premium Living. The Group includes over 100 online destinations, such as www.bygghemma.se, www.nordicnest.se, www.svenssons.se and www.trademax.se. We offer the market's leading range of well-known external and proprietary brands, totalling approximately 1.7 million products and encompassing a complete offering within DIY, furniture, home furnishing and leisure products.

The Home Improvement segment operates almost exclusively in the Nordic market, and is mainly based on a drop shipping model with a low level of tied-up capital, featuring a broad product range and price matching. The segment mainly comprises brands such as Bygghemma, Taloon, Golvpoolen, Nordiska Fönster, Hafa and Hylte Jakt & Trädgård.

The Value Home segment 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. The segment mainly comprises brands such as Trademax, Chilli, Furniturebox and Outlet1.

The Premium Living segment has a premium position that is primarily based on wholesale in order to internationalise Scandinavian design. The segment comprises the brands Nordic Nest, Svenssons and Sleepo.

BHG Group AB (publ) has been listed on Nasdaq Stockholm (Mid Cap) since 27 March 2018. For information about the company's owners, see the section "The share."

This annual report was approved for publication by the Board of Directors and the CEO on 9 April 2024. The consolidated income statement, statement of comprehensive income and statement of financial position and the Parent Company income statement and balance sheet will be submitted for adoption by the Annual General Meeting on 6 May 2024.

NOTE 2 ACCOUNTING AND MEASUREMENT POLICIES

2.1 Compliance with standards and legislation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) along with interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as endorsed by the European Commission for application in the EU. Recommendation RFR 1 Supplementary Accounting Rules for Groups from the Swedish Financial Reporting Board has also been applied in the preparation of these consolidated financial statements.

The Parent Company applies the same accounting policies as the Group except in the cases specified below under the section "Parent Company accounting policies."

The Parent Company's functional currency is Swedish kronor (SEK), which also constitutes the reporting currency for the Parent Company and the Group. This means that the financial statements are presented in SEK. All amounts, unless otherwise stated, are rounded to the nearest million.

The accounting policies stated below have been applied consistently to all periods presented in the consolidated financial statements.

2.1.1 Disclosures concerning IFRS and interpretations that became effective in 2023

The IASB has made amendments to IAS 1 Presentation of Financial Statements concerning which disclosures concerning accounting policies are to be made in annual reports. The amendments will come into effect on 1 January 2023, and have been adopted by the EU. For BHG Group, the amendments to IAS 1 entail that the presentation of accounting policies has been shortened compared with the previous presentation since the amendments to IAS 1 stipulate that disclosures are only to be made about material accounting policies and not about significant accounting policies according to the previous wording of the standard.

No other amendments to IFRS or IFRIC interpretations that came into effect in 2023 had a material impact on the consolidated financial statements.

2.1.2 New IFRS that have not yet been applied

The new or amended IFRS or IFRIC interpretations that will come into effect in the coming financial year were not applied in advance when preparing the financial statements. The Group does not plan to apply introductions or changes with future application in advance.

The IASB has made amendments to IAS 1 regarding the classification of liabilities with covenants as current or non-current in the statement of financial position. The IASB has clarified that only covenants with which an entity is required to comply on or before the balance-sheet date affect the classification of a liability as current or non-current, which does not entail any changes compared with the existing IAS 1 requirements. Instead, the IASB's amendments require a company to disclose information about these covenants in the notes to the financial statements. The amendments will come into effect on 1 January 2024, but have not yet been adopted by the EU.

None of the other IFRS or IFRIC interpretations that have yet to come into effect are expected to have any material impact on the consolidated financial statements.

2.2 Operating segment reporting

As of 1 January 2023, the Group's chief operating decision-maker has changed how the operations are monitored and the level at which internal reporting takes place. From the same date, the Group has therefore changed its reported operating segments to reflect the change in how the Group's operations are monitored by the chief operating decision-maker. As of 1 January 2023, BHG Group's three operating segments are as follows:

- Home Improvement Comprises sites targeted at Nordic DIY customers, such as Bygghemma, Taloon, Golvpoolen, Nordiska Fönster, Outlet1, Hafa and Hylte Jakt & Trädgård.
- Value Home Comprises sites with assortments for the home targeted at price-conscious European customers, such as Trademax, Chilli, Furniture 1 and Furniturebox.
- Premium Living Comprises sites with assortments of premium products within Scandinavian design, such as Nordic Nest and Svenssons i Lammhult.

In the past, the Group's operations were divided into two operating segments: DIY and Home Furnishing. Comparative figures for 2022 have been restated to reflect the change in operating segments.

2.3 Consolidation policies and business combinations

2.3.1 Acquisitions

Subsidiaries are recognised in accordance with the purchase method of accounting. Transaction fees that arise, except for transaction fees attributable to issues of equity instruments or debt instruments, are recognised directly in profit or loss.

When an acquisition does not involve 100% of the subsidiary, a non-controlling interest arises. In acquisitions where shareholders with non-controlling interests have the option to sell the holding to the Group at some point in the future, the Group does not recognise any non-controlling interests because the liability recognised for the option issued (see section 2.3.3 below) is recognised against non-controlling interests in equity at the time of acquisition. There are two alternative methods for recognising non-controlling interests. These two alternatives are recognising the non-controlling interest's proportionate share of net assets or recognising the non-controlling interest at fair value, which means that the non-controlling interest has a share of goodwill. The Group recognises the non-controlling interests' proportionate share of net assets.

2.3.2 Acquisitions of and sales to and from non-controlling interests

Acquisitions of non-controlling interests are recognised as a transaction of equity, meaning between the owner of the Parent Company (within retained earnings) and the non-controlling interest. This is the reason why goodwill does not arise in these transactions. The change in non-controlling interests is based on their proportionate share of net assets.

In a corresponding manner, sales to non-controlling interests are recognised as a transaction of equity, provided that BHG Group does not lose control of the operations as a result of the sale.

2.3.3 Put options and call options on acquiring non-controlling interests

In connection with acquisitions, the Group has issued options to non-controlling interests that entitle the non-controlling interests to require the Group to purchase their holdings at some point in the future. In certain cases, the Group also holds call options that entitle BHG to purchase the non-controlling interest at some point in the future. Put options issued to non-controlling interests give rise to a financial liability, which is measured at the discounted present value of the estimated future strike amount. The value of the liability reduces the equity of non-controlling interests in the Group when the shares are considered to be acquired. Accordingly, the Group does not recognise non-controlling interests for these entities in subsequent periods and their profit/loss is attributed in its entirety to Parent Company shareholders. Any remeasurements are recognised directly in equity.

Despite this, dividends paid to non-controlling interests for which the holdings are derecognised in accordance with the above are recognised as "Dividends to non-controlling interests" in the consolidated statement of changes in equity. In such cases, the dividends are recognised against equity attributable to Parent Company shareholders.

2.4 Revenue

2.4.1 Sale of goods

Revenue from the sale of goods via e-commerce platforms and showrooms is recognised at a point in time, usually when the goods have been submitted to a third-party logistics company since control over the goods is transferred at this point. Revenue is recognised after deducting value added tax, discounts and the expected return rate. The majority of total sales are made to consumers who, depending on the country, usually have a right of withdrawal for distance shopping. At the same time as a deduction is made from the revenue for expected returns of goods, a deduction is also made from the cost of goods sold corresponding to the cost of the goods expected to be returned. The revenue reduction for the expected return rate is recognised as a liability for returns under "Accrued expenses and deferred income" in the statement of financial position, while a return asset that reflects the right to receive the returned goods is recognised under "Prepaid expenses and accrued income." The Group reassesses its estimate of expected returns on each balance-sheet date and updates the amount of the asset and the liability accordingly.

2.5 Leases

The Group primarily leases storage, office and retail premises.

For the majority of the Group's leases, the incremental borrowing rate is used to measure the lease liability since, in many cases, the rate implicit in the lease cannot easily be determined. The incremental borrowing rate reflects the Group's credit risk as well as each lease's term, currency and the quality of the underlying asset to be pledged. The interest rate is determined based on officially published swap curves of each currency to which is added a margin that reflects the Group's credit rating and quality of the underlying asset to be pledged. Lease payments include:

a) fixed payments (including in-substance fixed payments), less any lease incentives
b) variable lease payments that depend on an index or a rate,
c) amounts expected to be payable by the Group under residual value guarantees,
d) the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and

e) payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

If the Group is reasonably certain that it will exercise an extension option, the lease payments for this extension period are included in the measurement of the liability. When making this assessment, the Group also considers whether significant improvements have been made to the leased properties.

For leases with several components - lease and non-lease components - the Group allocates the consideration according to the lease for each component based on the stand-alone price. Non-lease components are not included in lease payments. The Group's sales-based lease payments are limited in scope. They are not based on an index or price and are therefore not included in the lease liability. Sales-based lease payments are expensed during the relevant period.

At the commencement date, the right-of-use asset is measured at cost comprising:

a) the amount of the initial measurement of the lease liability,
b) any lease payments made at or before the commencement date less any lease incentives received
c) any initial direct costs, and
d) an estimate of costs to be incurred in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required.

The lease liability for the Group's premises with index-dependent rent is calculated based on the rent at the end of each reporting period. The right-of-use asset's carrying amount is also adjusted by an equivalent amount. The value of the liability and the asset are adjusted similarly in connection with reassessment of the lease term. This takes places in connection with the most recent termination date before the previously assessed lease term for the lease passing or when significant events occur or situations change outside the Group's control and affects the current assessment of the lease term.

Payments for low-value leases and for short-term leases are expensed on a straight-line basis over the term of the lease. Low-value leases are assets with a value of SEK 50 thousand or less in new condition, and short-term leases have a term of no more than 12 months from the commencement date.

2.6 Financial income and expenses

Financial income comprises interest income on invested funds and is recognised in profit or loss applying the effective interest method.

Financial expenses consist of interest expenses on loans and interest rates on lease liabilities. Borrowing costs are recognised in profit or loss applying the effective interest method.

Exchange rate gains and losses are recognised on a net basis in operating income for operational activities and on a financial basis for financial items.

Gains and losses arising from a change in the fair value of contingent considerations are recognised among financial items.

2.7 Taxes

Income tax comprises current tax and deferred tax. Income tax is recognised in profit or loss, except when the underlying transaction is recognised in other comprehensive income or in equity, in which case the associated tax effect is also recognised in other comprehensive income or in equity.

Potential additional income tax related to dividends is recognised at the same time as the dividend is recognised as a liability.

2.8 Financial instruments

Financial instruments recognised in the statement of financial position include deposits, accounts receivable, other receivables, accrued income, derivatives, participations in unlisted companies, cash and cash equivalents on the asset side. The liability side includes liabilities through the Group's credit facility, earn-outs, derivatives, accounts payable, other liabilities and accrued expenses.

2.8.1 Recognition in and derecognition from the statement of financial position

On some of the Group's e-commerce platforms, customers are offered loans from a financial institution that the Group partners with to finance their purchases. If the customer chooses to utilise such a credit solution, the financial institution receives a receivable from the customer, while the Group receives liquidity from the institution within a couple days of the completed purchases. The Group assumes no credit risk or other risk for the receivables the credit institution has from the customer. Accordingly, the Group recognises no accounts receivable in the statement of financial position if the customer chooses to utilise a credit solution from the financial institution, since in these cases it is the financial institution that is entitled to receive payment from the customer and is entitled to all of the risks and rewards associated with the receivable. However, during the period from the time the purchase is made until the Group receives liquidity from the financial institution, the Group recognises a receivable from the institution for the liquidity amount.

Acquisitions and divestments of financial assets are recognised on the settlement day. The settlement day is the day on which an asset is delivered to or from the company.

2.8.2 Classification and measurement of financial assets

The Group measures participations in unlisted companies and derivatives that comprise assets at fair value. Other financial assets are measured at amortised cost since they are then held within the framework of a business model wherein the aim is to collect the contractual cash flows, while the cash flows from the assets only comprise payments of the principal and interest. Participations in unlisted companies are measured at fair value through profit or loss. For recognition of derivatives, see section 2.8.4 below.

2.8.3 Subsequent classification and measurement of financial liabilities

The Group's liabilities for earn-outs attributable to business combinations and derivative liabilities are measured at fair value through profit or loss. Other financial liabilities are recognised at amortised cost.

Recognition of financial income and expenses is also addressed under accounting policy 2.8 above.

2.8.4 Derivatives
The Group has derivatives in the form of currency forwards that are used to hedge currency exposure in the Hafa Bathroom Group sub-Group. Since the Group does not apply hedge accounting for currency forwards, the changes in value are recognised in profit or loss in "Other operating revenue" and "Other operating expenses," respectively.

2.9 Tangible fixed assets
Tangible fixed assets are recognised in the Group at cost less accumulated depreciation and any impairment.

Gains or losses arising from the divestment or disposal of an asset consist of the difference between the selling price and the asset's carrying amount less direct selling expenses. Gains and losses are recognised as other operating income/expenses.

2.9.1 Depreciation policies for tangible fixed assets
Depreciation is effected straight line over the estimated useful life of the asset. The depreciation methods, residual values and useful lives used are retested at the end of each year.

The estimated useful lives are:

Buildings	20 years
Equipment	5 years
Leasehold improvements	For the duration of the lease

2.10 Intangible assets

2.10.1 Intangible assets with an indefinite useful life

2.10.1.1 Goodwill
Goodwill is measured at cost less any accumulated impairment losses. Goodwill is distributed to cash generating units and is tested, at least annually, for impairment (see section 2.12.1).

The Group's cash generating units match the operating segments (see section 2.2).

2.10.1.2 Trademarks
The recognised brands have an indefinite useful life because they pertain to well-known market brands that the Group intends to retain and further develop and that thus may be expected to generate cash flows during an indefinite period ahead. Trademarks are recognised at cost less any accumulated impairment losses. Trademarks are allocated to cash generating units and are tested, at least annually, for impairment (see section 2.12.1).

2.10.2 Intangible assets with a definite useful life
The Group's intangible assets with a definite useful life comprise development expenditure, customer relationships and other intangible assets. Capitalised development expenditure is mainly related to software and software platforms.

2.10.3 Amortisation policies for intangible assets
Intangible assets with a definite useful life are amortised straight line over the estimated useful life of the intangible assets.

The estimated useful lives are:

Development expenditure	5 years
Customer relationships	10 years
Other intangible assets	5 years

2.11 Inventories
Inventories are measured at the lower of cost and net realisable value. Cost is calculated using the first-in-first-out principle (FIFO). Net realisable value is the estimated selling price in the operating activities less the estimated cost of completion and sale. Inventory cost is based on cost and includes costs arising in connection with acquisition of goods and bringing the goods to their condition and location. Reserves for obsolescence are included in the item "Goods sold".

Many of the Group's contracts with suppliers include the right to receive a bonus from the supplier if certain sales targets are met. The Group recognises a receivable from the supplier for such rights. A corresponding amount is recognised as a deduction against the item "Goods sold" in the consolidated income statement.

2.12 Impairment

2.12.1 Impairment of tangible and intangible assets
If there is an indication of an impairment requirement, the recoverable amount of the asset is calculated (see below). The recoverable amount of goodwill, trademarks and intangible assets not yet ready for use is also calculated annually.

2.12.2 Impairment of financial assets
The Group recognises loss allowances for expected credit losses on financial assets measured at amortised cost.

The Group calculates a loss allowance for expected credit losses on accounts receivable in accordance with the simplified impairment model in IFRS 9. A need for impairment of accounts receivable is established using historical experience of customer bad debts for similar claims. The credit losses are measured as the present value of all deficits in the cash flows (meaning the difference between the contractual cash flows and the cash flow the Group expects to receive). Accounts receivable are normally 100% impaired 90 days after the repayment date since, according to the Group's assessment, this corresponds to the expected credit loss at this point in time.

The loss allowance reduces the fair value of the assets in the statement of financial position and is charged to the item "Goods sold" in the consolidated income statement.

2.13 Employee benefits

2.13.1 Share-based employee benefits

Warrant programmes (LTIP) 2020, 2021, 2022 and 2023
In 2020, 2021, 2022 and 2023, the Group introduced warrant programmes that allow employees to acquire shares in BHG Group AB. Programme participants are offered an opportunity to acquire warrants at a price corresponding to the fair value of the warrants on the subscription date. Participants in the programme LTIP 2020, LTIP 2021 and LTIP 2022 received a salary subsidy from the Group reflecting 50% of the warrants' fair value at the subscription date after a deduction for withholding tax. Participants in the programme LTIP 2023:1 received a subsidy corresponding to 63% of the warrants' fair value, and the participants in the programme LTIP 2023:2 received a subsidy corresponding to 60% of the warrants' fair value. An amount corresponding to the subsidy (net after the deduction of withholding tax) is therefore recognised as share-based remuneration according to IFRS 2. Social security contributions arising in connection with the salary subsidy have been recognised as an expense in the period when the employee received the subsidy. The value of the subsidy is recognised as an employee benefit expense over the vesting period, with an equivalent increase of equity. The warrant premium received has been recognised in equity.

Share-based incentive programme 2023
In 2023, the Group introduced a share savings programme. Participants who retain their investment shares during the three-year vesting period and remain employed in the Group throughout the entire period are entitled to receive performance shares free of charge, provided that performance targets related to the share price and EBIT growth are achieved. The fair value of the share rights as of the allotment date is recognised as an employee benefit expense over the vesting period, with a contra entry in "Retained earnings" in equity. The Group also recognises a provision for social security contributions based on the number of share rights expected to be vested and on the fair value of the share rights on the respective reporting date, and finally on the allotment of performance shares.

Incentive programme in Nordic Nest
In 2021, an incentive programme was introduced for employees in the Nordic Nest sub-Group. Participants in the programme hold synthetic options that are settled in cash depending on the value of the shares in Nordic Nest Group AB. Accordingly, the programme is classified as cash-settled share-based remuneration. Cash-settled options give rise to an obligation to the employees, which is initially measured at fair value on each balance-sheet date and when the obligation is settled. The liability accumulates over the vesting period, and for each period a personnel cost is recognised in net profit in an amount corresponding to the increase in the liability in over the same period.

2.13.2 Defined-contribution pension plans
The company's pension plans pertain only to defined-contribution plans. The company's obligations regarding contributions to defined-contribution plans are recognised as an expense in profit or loss at the rate at which they are vested by employees performing services for the company during a period.

2.13.3 Government assistance received for personnel costs
The Group has received government assistance related to personnel costs. This assistance mainly pertained to compensation for sick pay costs as well as certain other personnel-related assistance. This assistance has been recognised as a reduction in personnel costs.

2.14 Parent Company accounting policies
The Parent Company prepares its annual accounts in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Accounting Standards Council's recommendation RFR 2 Accounting for legal entities. Statements issued by the Swedish Financial Accounting Standard Council for listed companies are also applied. RFR 2 entails that the Parent Company, in the annual accounts for the legal entity, is required to apply all EU-approved IFRS and statements, as far as possible, within the framework of the Annual Accounts Act and the Swedish Pension Obligations Vesting Act, and taking into account the connection between accounting and taxation. The recommendation specifies the exceptions and supplements that should or may be applied in relation to IFRS.

2.14.1 Differences between the accounting policies of the Group and the Parent Company
The differences between the accounting policies of the Group and the Parent Company are stated below. The accounting policies stated below for the Parent Company have been applied consistently for all presented periods in the Parent Company's financial statements.

2.14.1.1 Changed accounting policies
The Parent Company's accounting policies are unchanged compared with the preceding financial year.

2.14.1.2 Classification and presentation formats
The Parent Company uses the terms "balance sheet" and "cash flow statement" for the statements designated as the "statement of financial position" and "statement of cash flows" for the Group. The income statement and balance sheet for the Parent Company are prepared according to the stipulations of the Annual Accounts Act while the statement of comprehensive income, statement of changes in equity and cash flow statement are based on IAS 1 Presentation of Financial Statements and IAS 7 Statement of Cash Flows, respectively.

The differences between the Group statements and the Parent Company's income statement and balance sheet mainly comprise the recognition of financial income and expenses, equity and the occurrence of provisions as a separate item in the balance sheet.

2.14.1.3 Subsidiaries
Participations in subsidiaries in the Parent Company are recognised according to the cost method. This means that transaction fees are included in the carrying amount of shareholdings in subsidiaries. In the consolidated financial statements, transaction fees attributable to subsidiaries are

recognised directly in the consolidated income statement when they arise.

The value of contingent considerations is based on the probability that the consideration will be paid. Possible changes in the provision are added to/reduce the cost. In the consolidated financial statements, contingent considerations are recognised at fair value with changes in value recognised in profit or loss.

2.14.1.4 Group and shareholder contributions for legal entities

The Parent Company recognises received and paid Group contributions as appropriations in accordance with RFR 2. Shareholder contributions are recognised directly against equity for the recipient and capitalised in shares and participations for the provider if there is no need for impairment.

2.14.1.5 Financial instruments

IFRS 9 is not applied in the Parent Company, which entails that financial instruments are measured at cost. In subsequent periods, financial assets acquired to be held in the short term will be recognised at the lower of cost or market value. In subsequent recognition, financial assets held in the long term will be measured at coast and be tested for impairment.

2.14.1.6 Leases

The Parent Company does not apply IFRS 16 pursuant to the exemption contained in recommendation RFR 2. As a lessee, lease payments are recognised as a cost straight line over the term of the lease and thus no right-of-use assets or lease liabilities are recognised in the balance sheet.

NOTE 3 IMPORTANT ESTIMATES AND ASSUMPTIONS

Preparing financial statements in accordance with IFRS requires the Board of Directors and executive management to make assessments and estimates that affect the application of the accounting policies and the carrying amounts of assets, liabilities, revenue and costs. The estimates and assumptions are based on historical experience and a number of other factors which under the current conditions seem reasonable. The results of these judgements and estimates are used to determine the carrying amounts of assets and liabilities that are not otherwise apparent from other resources.

3.1 Significant sources of estimation uncertainty

The sources of estimation uncertainty presented below pertain to those that entail a significant risk of the value of the asset or liability requiring major adjustments during the coming financial year.

The estimates and assumptions are reviewed on a regular basis. Changes in estimates are recognised in the period when the change is made if the change affects this period only, or in the period when the change is made and in future periods if the change affects the current period as well as future periods.

3.1.1 Measurement of earn-outs and liabilities to non-controlling interests

In many of the Group's business combinations, contingent considerations to the seller arise or, in the event that the Group has issued a put option to a non-controlling interest, a liability to the non-controlling interest arises. Both contingent considerations and liabilities to non-controlling interests are largely dependent on the acquired company's earnings trend. Accordingly, an important estimate in determining the fair value of these items is the Group's assessment of the acquired company's future earnings trend. Changes in the value of contingent considerations are recognised through profit or loss, while changes in the value of liabilities to non-controlling interests are recognised directly in equity.

3.2 Significant judgements in applying the group's accounting policies

3.2.1 Goodwill

The Group has material goodwill items that arose as a result of business combinations. As of 31 December 2023, recognised goodwill amounted to SEK 5,899.7 million (6,480.9). Goodwill is tested annual for impairment in accordance with the requirements in IAS 36. At the time of publication of the annual report, executive management's assessment is that there is no significant risk of material impairment of goodwill in the coming financial year. However, executive management would like to emphasise that the current macroeconomic uncertainty, with high inflation, rising interest rates and sharp increases in energy prices, is resulting in greater uncertainty in the forecasts that form the basis for impairment testing of goodwill. For more information about impairment testing and the important assumptions on which impairment testing is based. Refer to Note 13.

3.2.2 Length of lease term

Several of the Group's leases include an extension option. According to IFRS 16, extension options are included in the lease term if the lessee is reasonably certain to exercise them, thus significantly impacting the size of the lease liability and the right-of-use asset that are reported for the lease in accordance with IFRS 16. See Note 27 for further details of the judgements that the Group applies when judging the length of the lease term.

3.2.3 Consolidation of Furniture 1

In July 2023, BHG Group divested 20.1% of the shares and votes in its subsidiary Furniture 1 ("F1") to the company's founder, who was also a non-controlling interest. Following the transaction, BHG Group owns 30% of the votes and capital in F1 and also has an option to repurchase 20.1% of the shares. According to BHG Group's assessment, the option gives the Group control over F1 since the Group can exercise the option to acquire a majority shareholding ("potential voting rights") and there are no significant financial obstacles or other obstacles preventing the Group from exercising its rights under the option. F1 therefore continues to be recognised as a subsidiary and is consolidated in the Group.

3.2.4 Restructuring in Value Home

In the third quarter of 2023, BHG 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 were not deemed to comprise separate lines of business and/or material operations conducted in a specific geographic area.

NOTE 4 OPERATING SEGMENTS AND REVENUE

The Group's operations are divided into three segments. Each segment has a segment manager who regularly reports to executive management. The Group's internal reporting is structured to enable executive management to monitor the various segments' sales growth and operating income.

The Home Improvement segment is predominantly based on a drop shipping model and mainly comprises brands such as Bygghemma, Taloon, Golvpoolen, Nordiska Fönster, Hafa and Hylte Jakt & Trädgård.

The Value Home is a value-driven model that focuses on offering competitive prices, enabled by private label products, and mainly comprises brands such as Trademax, Chilli, Furniturebox and Outlet1.

The Premium Living segment has a premium position that is primarily based on wholesale in order to internationalise Scandinavian design and comprises the brands Nordic Nest, Svenssons and Sleepo.

BHG Group AB (publ) has been listed on Nasdaq Stockholm (Mid Cap) since 27 March 2018. For information about the company's owners, see the section "The share."

The Group's revenue shows seasonal variations. Along with the fourth quarter, the second quarter normally has the highest sales.

Other

The Parent Company provides management services to the Group's segments. Such sales occurred at cost price.

	2023						
(SEKm)	**Home Improvement**	**Value Home**	**Premium Living**	**Subtotal**	**Other**	**Eliminations**	**Group**
Net sales	5,726.7	3,941.4	2,201.2	11,869.3	32.1	-111.2	11,790.2
Net sales to other segments	6.6	72.3	0.2	79.1	32.1	-111.2	-
Depreciation, amortization and impairment	-270.7	-337.0	-87.7	-695.3	-2.3		-697.7
Operating income	-71.5	-1,259.3	48.6	-1,282.2	-92.0		-1,374.2
Financial income							29.0
Financial expenses							-248.2
Profit/loss before tax							**-1,593.3**

	2022						
(SEKm)	**Home Improvement**	**Value Home**	**Premium Living**	**Subtotal**	**Other**	**Eliminations**	**Group**
Net sales	6,856.3	4,558.7	2,172.1	13,587.2	30.4	-183.9	13,433.6
Net sales to other segments	9.4	144.1	-	153.6	30.4	-183.9	-
Depreciation, amortization and impairment	-219.1	-266.7	-61.0	-546.8	-1.8	-	-548.5
Operating income	67.1	-199.8	38.7	-93.9	-89.9	-	-183.9
Financial income							291.2
Financial expenses							-125.6
Profit/loss before tax							**-18.3**

No single customer in the Group accounts for more than 10% of the Group's revenue.
The Group's segments operate mainly in the Nordic region.

Net sales and non-current assets are recognised below per geographic area. Sales are recognised in those countries where the sales occur.

(SEKm)	Home Improvement	Value Home	Premium Living	Subtotal	Other	Eliminations	Group
	2023						
Sweden	3,760.1	1,489.4	976.9	6,226.4	32.1	-105.0	6,153.5
Finland	1,383.6	178.2	59.9	1,621.7	-	-1.2	1,620.4
Denmark	282.0	361.7	61.3	705.0	-	-	705.0
Norway	241.1	348.0	233.4	822.6	-	-	822.6
Tyskland	12.6	478.8	383.7	875.1	-	-	875.1
Rest of Europe	47.2	1,085.4	364.8	1,497.4	-	-4.9	1,492.5
Rest of World	-	-	121.2	121.2	-	-	121.2
Net sales	**5,726.7**	**3,941.4**	**2,201.2**	**11,869.3**	**32.1**	**-111.2**	**11,790.2**

(SEKm)	Home Improvement	Value Home	Premium Living	Subtotal	Other	Eliminations	Group
	2022						
Sweden	4,624.1	1,760.4	1,080.1	7,464.6	30.4	-176.6	7,318.4
Finland	1,580.9	222.9	50.6	1,854.5	-	-0.6	1,853.9
Denmark	311.3	520.9	49.7	881.8	-	-	881.8
Norway	281.9	428.1	270.5	980.5	-	-	980.5
Germany	16.8	538.2	337.3	892.2	-	-0.6	891.6
Rest of Europe	41.3	1,088.1	261.5	1,390.9	-	-6.2	1,384.7
Rest of World	-	-	122.6	122.6	-	-	122.6
Net sales	**6,856.3**	**4,558.7**	**2,172.1**	**13,587.2**	**30.4**	**-183.9**	**13,433.6**

	Fixed assets	
(SEKm)	**2023**	**2022**
Sweden	8,399.6	8,590.0
Finland	498.0	521.2
Denmark	21.6	305.8
Norway	76.8	121.7
Other Europe	209.7	1,018.9
	9,205.6	**10,557.5**

	Contract balances	
(SEKm)	**2023**	**2022**
Assets		
Refund asset	13.5	13.2
Account receivables	199.9	252.0
Accrued income	7.5	6.9
	220.8	**272.0**
Liabilities		
Advance from customers	-91.7	-146.0
Refund liability	-20.4	-21.6
Other prepaid income	-1.1	-2.8
	-113.2	**-170.4**
Contract balances	**107.6**	**101.6**

All contract liabilities recognised at the beginning of the year were recognised as revenue in 2023. No information is presented regarding transaction price allocated to the remaining performance obligations since there were no such obligations with an original expected term of more than one year as of 31 December 2023.

NOTE 5 BUSINESS COMBINATIONS

Subsidiaries are companies that are under BHG Group AB's (publ) controlling influence. Controlling influence entails a direct or indirect right to shape a company's financial and operational strategies in order to obtain financial benefits. To assess whether a controlling influence exists, potential voting shares that can be immediately utilised or converted are taken into account.

	Group	
Summary acquisition (SEKm)	**2023**	**2022**
Acqusition of shares		
Net identifiable assets and liabilities	-	23.7
Goodwill	-	76.0
Purchase price	**-**	**99.8**
Cash and cash equivalents	-	1.3
Contingent/ deferred purchase price, vendor loans	-	62.7
	-	**-35.8**
Acquisition of non-controlling interests	-169.4	-86.9
Contingent consideration	-297.7	-135.0
Net cash flow	**-467.1**	**-257.7**

Acquisitions in 2023

The Group did not carry out any acquisitions in 2023.

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

Transaction costs

Transaction costs for the acquisitions carried out in previous years amounted to SEK 4.3 million and are recognised as other external costs in profit or loss and the statement of other comprehensive income.

(SEKm)	2022						
	Net identifiable assets and liabilities	Goodwill	Purchase price	Likvida medel	Issued shares in BHG Group AB	deferred purchase price, vendor loans	Net cash flow
Business combinations during 2022							
Acqusition of shares in Hemmy AB	8.0	76.0	**84.1**	0.5	-	62.7	**-20.8**
Acqusition of shares in Ploß Europe GmbH	15.7	-	**15.7**	0.7	-	-	**-15.0**
Acquisition of non-controlling interests							
Acquisition of shares in Camola ApS	-	-	**-**	-	-	-	**-12.0**
Acquisition of shares in Vitvaruexperten.com Nordic AB	-	-	**-**	-	-	-	**-3.9**
Acquisition of shares in Hemfint Kristianstad AB	-	-	**-**	-	-	-	**-60.1**
Acquisition of shares in IP-Agency Oy	-	-	**-**	-	-	-	**-6.6**
Acquisition of shares in Vitvarubolaget i Sundbyberg AB	-	-	**-**	-	-	-	**-4.4**
Contingent consideration							
Additional purchase price, Arredo Holding AB	-	-	**-**	-	-	-	**-0.9**
Additional purchase price, Edututor Oy	-	-	**-**	-	-	-	**-16.8**
Additional purchase price, Lindström & Sondén AB	-	-	**-**	-	-	-	**-12.0**
Additional purchase price, AH-Trading GmbH	-	-	**-**	-	-	-	**-62.9**
Additional purchase price, Designkupp AS	-	-	**-**	-	-	-	**-9.8**
Additional purchase price, Nordiska Fönster i Ängelholm AB	-	-	**-**	-	-	-	**-29.2**
Additional purchase price, LampGallerian Växjö AB	-	-	**-**	-	-	-	**-3.4**
	23.7	**76.0**	**99.8**	**1.3**	**-**	**62.7**	**-257.7**

NOTE 6 FEES AND REMUNERATION TO AUDITORS

(SEKm)	Group 2023	Group 2022	Parent company 2023	Parent company 2022
PwC				
Audit engagements	-9.3	-8.7	-2.3	-1.6
Audit-related services	-0.2	-0.3	-0.1	-0.3
Tax consulting	-0.4	-0.1	-0.2	-0.0
Other services	-0.1	-0.1	-0.0	-
	-9.9	**-9.3**	**-2.6**	**-1.9**
Other audit firms				
Audit engagements	-0.6	-0.2	-	-
Audit-related services	-	-	-	-
Tax consulting	-	-	-	-
Other services	-	-	-	-
	-0.6	**-0.2**	**-**	**-**
Total all audit firms	**-10.5**	**-9.5**	**-2.6**	**-1.9**

Of the above fees to PwC, SEK 7.3 million (6.3) pertains to the Group's fee to Öhrlings PricewaterhouseCoopers AB. For the Parent Company, the entire fee pertains to Öhrlings PricewaterhouseCoopers AB.

Audit engagement refers to the statutory audit of the annual report, the consolidated financial statements and the accounting records as well as the administration by the Board of Directors and the CEO, and any audit work and other reviews performed in accordance with agreements or contracts. This includes other tasks incumbent on the company's auditor as well as consulting services or other assistance required as a result of observations made during such an audit or the execution of such other tasks.

NOTE 7 PERSONNEL COSTS AND REMUNERATION OF SENIOR EXECUTIVES

(SEKm)	Group 2023	Group 2022	Parent company 2023	Parent company 2022
Salaries	-707.9	-768.6	-34.8	-26.8
Received governmental aid	2.7	5.7	-	-
Social security contributions	-208.7	-213.5	-13.9	-11.0
Share-based remuneration	-11.6	-8.8	-0.7	-4.1
Pension expenses, defined contribution plans	-70.7	-76.0	-4.8	-4.3
	-996.2	**-1,061.1**	**-54.2**	**-46.2**

The Group has received government assistance related to personnel costs. This assistance mainly pertained to compensation for sick pay costs as well as certain other personnel-related assistance.

(SEKm)	Group 2023	Group 2022	Parent company 2023	Parent company 2022
Senior executives	-23.2	-11.9	-19.3	-10.8
of which variable salary	*-6.2*	*-1.9*	*-6.2*	*-1.7*
Other employees	-684.8	-756.7	-15.5	-16.0
	-707.9	**-768.6**	**-34.8**	**-26.8**

The number of senior executives amounted to six during the January-June 2023 period and seven during the July-December 2023 period.
The number amounted to four during the January-September 2022 period and six during the October-December 2022 period.

Remuneration and other benefits (SEKm)	2023 Basic salary/ Board remunerati on	Variable remunerati on	Other benefits	Pension expenses	Share based remunerati on	Total
Board of Directors						
Christian Bubenheim	-0.7	-	-	-	-	-0.7
Kristian Eikre	-	-	-	-	-	-
Joanna Hummel	-0.4	-	-	-	-	-0.4
Mikael Olander	-0.2	-	-	-	-	-0.2
Negin Yeganegy	-0.2	-	-	-	-	-0.2
Vesa Koskinen	-0.3	-	-	-	-	-0.3
Mariette Kristensson	-0.1	-	-	-	-	-0.1
Niklas Ringby	-0.0	-	-	-	-	-0.0
CEO (remuneration from the parent company)						
Gustaf Öhrn	-6.4	-3.0	-0.0	-1.9	-4.3	-15.6
Other senior executives						
Remuneration from parent company	-6.7	-3.2	-0.0	-1.5	-0.1	-11.5
Remuneration from subsidiaries	-3.8	-	-0.0	-0.9	-2.5	-7.3
	-18.9	**-6.2**	**-0.0**	**-4.3**	**-6.9**	**-36.4**

Kristian Eikre, as a representative of Ferd, chosen not to receive any director fees.

Accrued variable remuneration to be paid to the CEO and other senior executives after year-end amounts to SEK 3.0 million (0.0) and SEK 3.7 million (1.4), respectively.

The period of notice is 12 months for the CEO and six months for the company. The CEO is not entitled to severance pay.

Remuneration and other benefits (SEKm)	2022 Basic salary/ Board remuneration	Variable remuneration	Other benefits	Pension expenses	Share based remuneration	Total
Board of Directors						
Christian Bubenheim	-0.5	-	-	-	-	-0.5
Camilla Giesecke	-0.1	-	-	-	-	-0.1
Johan Giléus	-0.1	-	-	-	-	-0.1
Joanna Hummel	-0.3	-	-	-	-	-0.3
Mariette Kristensson	-0.3	-	-	-	-	-0.3
Niklas Ringby	-0.3	-	-	-	-	-0.3
Gustaf Öhrn	-0.5	-	-	-	-	-0.5
CEO (remuneration from the parent company)						
Adam Schatz (7.5 months)	-1.5	-0.4	-0.0	-0.3	-0.4	-2.7
Gustaf Öhrn (4.5 months)	-2.0	-	-	-	-	-2.0
Other senior executives						
Remuneration from parent company	-5.6	-1.3	-0.0	-1.1	-1.0	-9.1
Remuneration from subsidiaries	-0.9	-0.1	-0.0	-0.2	-0.1	-1.4
	-12.1	**-1.9**	**-0.0**	**-1.7**	**-1.6**	**-17.2**

Share-based remuneration settled through shares in BHG Group AB (LTIP)

The general meetings on 13 January 2023, 3 May 2023, 5 May 2022, 5 May 2021 and 5 May 2020 resolved to introduce incentive programmes for key employees in the Group. Accordingly, five incentive programmes have run in parallel in the form of LTIP 2020, LTIP 2021, LTIP 2022, LTIP 2023:1 and LTIP 2023:2. However, LTIP 2020 ended in 2023.

All five programmes are warrant programmes and under all of the programmes each warrant entitles/entitled the holder to subscribe for one new ordinary share in BHG Group AB. The price for the warrants (warrant premium) corresponds to the market value of the warrants on the date of subscription and allotment, which has been calculated in accordance with the Black-Scholes pricing model, with measurement policies in accordance with market practice.

Subscription prices

The subscription price for warrants in LTIP 2020 amounts to 130% of the volume-weighted average price quoted during the five trading days up to and including 28 August 2020, corresponding to a subscription price of SEK 145.00 per share.

The subscription price for LTIP 2021 amounts to 130% of the volume-weighted average price prior to the General Meeting on 5 May 2021, corresponding to a subscription price of SEK 216.90 per share.

The subscription price for LTIP 2022 amounts to 130% of the volume-weighted average price prior to the General Meeting on 5 May 2022, corresponding to a subscription price of SEK 84.48 per share.

The subscription price for LTIP 2023:1 and 2023:2 amounts to SEK 35.00 per share.

Subscription periods for new shares

All warrants outstanding under LTIP 2020 expired without being utilised during the year since the subscription price exceeded the share price for the entire subscription period.

For LTIP 2021, shares can be subscribed for during the period from 1 August 2024 until 30 September 2024. For LTIP 2022, shares can be subscribed for during the period from 1 August 2025 until 30 September 2025. For LTIP 2023:1, shares can be subscribed for during the period from 3 April 2026 until 3 July 2026, while the subscription period for LTIP 2023:2 is from 1 August 2026 until 30 September 2026.

Cost effects

The participants in the programmes LTIP 2020, LTIP 2021 and LTIP 2022 received a subsidy from BHG Group AB corresponding to 50% of the fair value of the warrants at the subscription date. The participants in LTIP 2023:1 received a subsidy corresponding to 63% of the fair value of the warrants, while the participants in LTIP 2023:2 received a subsidy corresponding to 60% of the fair value of the warrants.

In 2023, the Group expensed an amount totalling SEK -11.6 million (-9.5) for share-based remuneration in accordance with IFRS 2.

Dilution

Holders of warrants outstanding under LTIP 2021 can subscribe for a maximum of 1,165,500 shares, holders of warrants outstanding under LTIP 2022 can subscribe for a maximum of 1,365,000 shares, holders of warrants outstanding under LTIP 2023:1 can subscribe for a maximum of 1,898,654 shares and holders under LTIP 2023:2 can subscribe for a maximum of 4,800,000 shares.

If all of the outstanding warrants in the four programmes had been exercised as of 31 December 2023, the number of shares issued by the company would have increased by 9,229,154 ordinary shares, corresponding to dilution of 5.1% of the capital and votes at year-end 2023.

	Parent company			
Granted warrants	**President and CEO**	**Senior executives**	**Other key-employees**	**Total**
Long-term incentive program, 2023:1	1,898,654	-	-	1,898,654
Long-term incentive program, 2023:2	-	2,200,000	2,600,000	4,800,000
Long-term incentive program, 2022	-	300,000	1,065,000	1,365,000
Long-term incentive program, 2021	-	204,500	961,000	1,165,500
Total outstanding as of 31 December 2023	**1,898,654**	**2,704,500**	**4,626,000**	**9,229,154**

	Parent company			
Outstanding warrants	**2023**	**Weighted redemptio n price**	**2022**	**Weighted redemptio n price**
Outstanding as of 1 January	3,567,500	145.33	3,813,026	126.09
Granted during the period	6,698,654	35.00	1,365,000	84.48
Lapsed during the period	-1,037,000	145.00	-1,610,526	48.20
Outstanding as of 31 December	**9,229,154**	**65.29**	**3,567,500**	**145.33**

	Parent company			
Fair value and assumptions regarding warrants	**LTIP 2023:1**	**LTIP 2023:2**	**LTIP 2022**	**LTIP 2021**
Share price	16.54	12.61	33.40	160.70
Redemption price	35.00	35.00	84.48	216.90
Expected volatility (%)	39.00	39.00	35.00	30.00
Expected maturity (years)	3.50	3.33	3.29	3.34
Risk-free interest (%)	1.97	2.67	2.16	-0.21
Fair value	**1.54**	**0.61**	**1.29**	**18.13**

The table above shows the assumptions used on the allotment date for each incentive programme. The expected volatility is based on historical volatility, adjusted for any expected changes in future volatility as a result of officially available information.

	Parent company			
Specification of warrants	**Number of options**	**Value at distribution**	**Redemp tion time**	**Redemt ion price**
Long-term incentive program, 2023:1	1,898,654	1.54	2026	35.00
Long-term incentive program, 2023:2	4,800,000	0.61	2026	35.00
Long-term incentive program, 2022	1,365,000	1.29	2025	84.48
Long-term incentive program, 2021	1,165,500	18.13	2024	216.90

Share savings programme 2023

The Annual General Meeting on 3 May 2023 resolved to introduce a share savings programme for certain senior executives, CEOs and key employees in the Group. To participate in the programme, participants must have acquired shares in BHG Group AB, so-called investment shares. For each investment share held under the programme, BHG Group AB will grant participants a right to up to two performance shares free of charge, provided that certain conditions are fulfilled. A total of 56 employees are participating in the programme.

To be eligible for performance shares, participants must have retained their own original investment shares and remain employed by the Group until the date of the 2026 Annual General Meeting.

The number of performance shares earned and allotted depends on the extent to which performance criteria are met in relation to defined minimum and maximum levels. There are two performance criteria. The first is linked to the performance of the BHG Group AB share price, measured as the ratio between the volume-weighted average price over five trading days falling 30 days after the date of the 2023 Annual General Meeting and the volume-weighted average price over five trading days on the same date in 2026. If the share price during this period has increased to SEK 35 per share, the participant receives one performance share per investment share; at a price of SEK 30 per share, 75% of a performance share is received; at a price of SEK 25 per share, 50% of a performance share is received; at a price of SEK 20 per share, 25% of a performance share is received; and if the price is below SEK 20 per share, no performance shares are received.

The second performance criterion is linked to the development of adjusted EBIT for the Group, measured as a percentage change between the 2022 and 2025 financial years. If adjusted EBIT has increased by 40%, the participant receives one performance share per investment share; if adjusted EBIT has increased by 30%, 75% of a performance share is received; if EBIT has increased by 20%, 50% of a performance share is received; if adjusted EBIT has increased by 10%, 25% of a performance share is received; and if adjusted EBIT is lower than 10%, no performance shares are received.

Accordingly, a participant in the programme can receive a maximum of two performance shares per investment share. The maximum number of shares that can be allotted to participants under the programme was limited to 933,000 as of the balance-sheet date. However, the maximum value of the performance shares is limited to a share price of SEK 70 per share. If the value of the performance shares exceeds this maximum value, the number of performance shares is reduced proportionally.

Cost effects

The programme is an equity-settled programme according to the criteria of IFRS 2. Using the Black–Scholes valuation model, the fair value of the share rights on the allotment date has been estimated at SEK 3.47 per share right. The inputs used in the valuation are summarised in the table below.

	Group
Fair value and assumptions regarding share rights	**At the time of allocation**
Share price (SEK)	13.22
Share target price (SEK)	20-70
Expected volatility (%)	39
Expected maturity (years)	3
Risk-free interest (%)	2.67
Fair value	**3.47**

In 2023, the Group recognised a cost for the share savings programme of SEK 0.7 million (0.0).

Cash-settled share-based remuneration (synthetic options)

In 2021, an incentive programme was introduced for employees in the Nordic Nest sub-Group. Participants in the programme hold synthetic options that are settled in cash depending on the value of the shares in Nordic Nest Group AB. Accordingly, the programme is classified as cash-settled share-based remuneration under IFRS 2. Unlike the Group's outstanding LTIP programmes (see above), synthetic options do not entitle the holders to subscribe for shares in BHG Group AB. Nor do synthetic options give rise to dilution.

Subscription price

The subscription price is calculated as 250% of the price per share in Nordic Nest Group AB that was paid when Nordic Nest was acquired, corresponding to a subscription price for the synthetic options of SEK 14,538 per share in Nordic Nest Group AB. The programme commenced on 1 July 2021 and extends for five years from that date.

Cost effects and recognised liability

The Group recognises a liability for synthetic options accumulated over the vesting period. As of 31 December 2023, the carrying amount of the liability was SEK 0.0 million (0.0). In 2023, the Group recognised a total of SEK 0.0 million (0.7) as revenue for synthetic options.

Holding

The programme is targeted at key employees in the Nordic Nest sub-Group. A total of 63 employees in the Nordic Nest sub-Group are participating in the programme. The table below shows the number of synthetic options outstanding. Each option entitles the holder to a cash payment based on the value of one share in Nordic Nest Group AB.

	Group			
Outstanding warrants	**2023**	**Weighted redemption price**	**2022**	**Weighted redemption price**
Outstanding as of 1 January	3,131	14,538	3,131	14,538
Granted during the period	-	-	-	-
Outstanding as of 31 December	**3,131**	**14,538**	**3,131**	**14,538**

Valuation

A valuation of the synthetic options was performed on the allotment date and the balance-sheet date using the Black-Scholes pricing model. The expected volatility is based on historical volatility for a group of comparable listed companies. In a corresponding manner, the share price used in the valuation was based on the share prices for a group of comparable listed companies. The table below shows the assumptions used for the valuation of the synthetic options.

	Group	
Fair value and assumptions regarding synthetic options	**2023**	**At the time of allocation**
Share price		5,815
Redemption price		14,538
Expected volatility (%)		32.50
Expected maturity (years)		5.00
Risk-free interest (%)		-0.08
Fair value		**313**

NOTE 8 AVERAGE NUMBER OF EMPLOYEES

Group	2023 Men	2023 Women	2022 Men	2022 Women
Sweden	756	610	944	669
Denmark	17	15	125	75
Finland	93	108	115	136
Norway	22	31	22	34
Germany	-	-	110	35
Bulgaria	19	5	18	6
Estonia	13	6	18	16
Greece	6	5	10	6
Croatia	34	7	33	7
Hong Kong	-	-	2	1
Hungary	20	10	37	13
Lithuania	60	67	72	73
Latvia	11	7	14	8
Romania	39	13	49	15
Slovenia	18	9	19	11
Total	**1,108**	**893**	**1,588**	**1,105**
Total average no. of employees		**2,001**		**2,693**

Parent company	2023 Men	2023 Women	2022 Men	2022 Women
Sweden	12	5	13	5
Total	12	5	13	5
Total average no. of employees		**17**		**18**

Gender balance among senior executives

Group	2023 Men %	2023 Women %	2022 Men %	2022 Women %
Board of Directors	97	3	97	3
CEO and other executives	89	11	89	11
Total	**95**	**5**	**94**	**5**

Parent company	2023 Men %	2023 Women %	2022 Men %	2022 Women %
Board of Directors	60	40	50	50
CEO and other executives	100	-	83	17
Total	**83**	**17**	**70**	**30**

NOTE 9 OTHER OPERATING REVENUE AND OPERATING EXPENSES

(SEKm)	Group 2023	Group 2022	Parent company 2023	Parent company 2022
Other operating income				
Gain from sale of fixed assets	8.5	1.0	-	-
Gain from sale of operation	1.6	-	-	-
Exchange gains on operating receivables/ liabilities	3.5	-	-	-
Insurance compensation	0.1	0.4	-	-
Other operating income	7.0	15.7	-	-
	20.6	**17.1**	**-**	**-**
Other operating expenses				
Loss from sale of fixed assets	-76.1	-5.6	-	-
Loss from sale of operation	-1,118.7	-	-	-
Exchange losses on operating receivables/ liablities	-	-2.5	-	-
Change in fair value of FX forwards	-1.6	-1.3	-	-
Other operating expenses	-	-1.5	-	-1.5
	-1,196.4	**-10.8**	**-**	**-1.5**
	-1,175.8	**6.3**	**-**	**-1.5**

Losses on the sale of operations mainly relate to the sale of AH-Trading GmbH (SEK -855.0 million) and My Home Møbler A/S (SEK -262.7 million).

NOTE 10 FINANCIAL ITEMS

(SEKm)	Group 2023	Group 2022	Parent company 2023	Parent company 2022
Financial income				
Interest income	23.8	5.6	2.0	0.8
Interest income, Group	-	-	88.8	78.5
Revalued contingent purchase price	2.5	285.4	-	-
Other financial income	2.8	0.2	-	0.0
	29.0	**291.2**	**90.8**	**79.3**
Financial expenses				
Interest expense, credit institutions	-157.1	-71.6	-149.9	-66.4
Interest expense, leased assets	-24.5	-20.5	-	-
Interest expense, other	-12.7	-3.9	-	-0.2
Revalued contingent purchase price	-9.5	-	-	-
Interest contingent purchase price	-	-8.9	-	-
Net exchange differences	-7.7	-12.5	-0.4	-
Other financial expenses	-36.7	-8.3	-32.5	-7.4
	-248.2	**-125.6**	**-183.4**	**-74.0**
	-219.1	**165.6**	**-92.6**	**5.3**

NOTE 11 TAXES

Tax recognised in profit or loss

(SEKm)	Group 2023	Group 2022	Parent company 2023	Parent company 2022
Current tax expense				
Current tax expense	-28.9	-68.8	-6.5	-0.7
Adjustment of prior year income tax	1.5	15.1	-	0.2
	-27.4	**-53.7**	**-6.5**	**-0.4**
Deferred tax				
Deferred tax on temporary differences	27.7	77.6	-0.1	0.1
Deferred tax income in capitalized taxable value of loss carry-forwards for the year	52.8	42.9	-	-
Deferred tax expense in loss carry-forwards used during the year	-2.3	-0.8	-	-
Revalued loss carry-forwards	-	-1.9	-	-
	78.3	**117.7**	**-0.1**	**0.1**
	50.9	**64.1**	**-6.5**	**-0.3**

(SEKm)	Group 2023	%	Group 2022	%
Profit before tax	-1,593.3		-18.3	
Tax as per applicable tax rate for parent company	328.2	-20.6	3.8	-20.6
Effect of other tax rates for foreign subsidiaries	12.5	-0.8	7.0	-38.0
Non-taxable income	3.8	-0.2	60.7	-331.6
Taxable income not included in profit before tax	-1.7	0.1	-1.5	8.2
Non-deductible expenses	-289.4	18.2	-17.6	96.3
Loss carry-forwards not capitalised	-4.0	0.3	-3.4	18.5
Adjustment of prior year income tax	1.5	-0.1	15.1	-82.8
Effects of changes in tax rate	0.0	-0.0	-	-
Effective tax/tax rate	**50.9**	**-3.2**	**64.1**	**-349.9**

Non-deductible expenses mainly relate to capital losses on the sale of AH-Trading GmbH and My Home Møbler A/S.

(SEKm)	Parent company 2023	%	Parent company 2022	%
Profit before tax	-62.4		6.0	
Tax as per applicable tax rate for parent company	12.9	-20.6	-1.2	-20.6
Non-taxable income	0.1	-0.1	0.0	0.0
Taxable income not included in profit before tax	-0.2	0.4	-0.1	-1.7
Non-deductible expenses	-19.2	30.7	-0.4	-6.3
Deductible expenses not included in profit before tax	-	-	1.2	19.3
Adjustment of prior year income tax	0.0	-0.0	0.2	3.9
Effective tax/tax rate	**-6.5**	**10.4**	**-0.3**	**-5.3**

Tax recognised in equity

(SEKm)	Group 2023	Group 2022	Parent company 2023	Parent company 2022
Tax on transaction cost for new share issue	-	6.4	-	6.4
Total	**-**	**6.4**	**-**	**6.4**

Deferred tax asset/liability

	Group		Parent company	
(SEKm)	**2023**	**2022**	**2023**	**2022**
Deferred tax asset				
Loss carry-forwards	55.1	53.3	-	-
Temporary differences	37.0	48.7	0.0	0.1
Other	0.1	0.4	-	-
	92.3	**102.5**	**0.0**	**0.1**
Deferred tax liability				
Equipment, tools and installations	1.2	1.3	-	-
Intellectual property rights	443.5	551.5	-	-
Untaxed reserves	34.3	52.3	-	-
	479.0	**605.2**	**-**	**-**
Deferred tax, net	**-386.7**	**-502.7**	**0.0**	**0.1**

The Group has loss carryforwards of SEK 21.9 million (45.0), for which no deferred tax assets were recognised. Of this amount, SEK 3.1 million falls due in 2027, SEK 17.5 million in 2028, SEK 1.1 million in 2030, and SEK 0.3 million in 2032. Other loss carryforwards for which no deferred tax assets were recognised have no expiry date.

Deferred tax assets relating to lease liabilities amounted to SEK 146.0 million (188.6) as of 31 December 2023, while deferred tax liabilities relating to right-of-use assets amounted to SEK -124.0 million (-183.9) as of 31 December 2023. In the statement of financial position, the items are recognised net as a deferred tax asset of SEK 22.0 million (4.7).

OECD Pillar Two rules

BHG Group is subject to the OECD's Pillar Two Model Rules (global minimum tax). Legislation on global top-up tax has been enacted in Sweden and the rules entered into force on 1 January 2024, which means that the rules are applicable from the 2024 financial year. The Group has carried out an assessment of its potential exposure to global top-up tax. The assessment was based on country-by-country reporting (CbCR) and the financial reporting of the companies within the Group. Based on the assessment, the effective tax rate calculated according to the OECD Model Rules will exceed 15% in the vast majority of countries where the Group operates. However, there are a small number of countries where the transitional safe harbour rules will not be applicable since the effective tax rate is below or close to 15%. The average effective tax rate calculated according to the rules was 13% in these countries. For 2023, profit before tax in the countries concerned amounted to SEK 82.9 million. BHG Group does not expect the Pillar Two rules to have any significant impact on the Group's tax expense.

The Group applies the mandatory exemption from recognising deferred tax as a result of the global minimum tax.

NOTE 12 EARNINGS PER SHARE

	Before dilution		After dilution	
(SEKm)	**2023**	**2022**	**2023**	**2022**
Earnings per share (SEK)	-8.73	0.25	-8.73	0.25
The amounts used in numerators and denominators are shown below:				
Profit for the year attributable to parent company shareholders	-1,564.7	34.1	-1,564.7	34.1
Profit for the year attributable to parent company shareholders of ordinary shares	**-1,564.7**	**34.1**	**-1,564.7**	**34.1**
Average number of shares before dilution	179.2	136.8	179.2	136.8
Number of dilutive shares	-	-	-	0.2
Average number of shares after dilution	**179.2**	**136.8**	**179.2**	**137.0**
Earnings per share (SEK)	**-8.73**	**0.25**	**-8.73**	**0.25**

Warrants outstanding within the framework of LTIP 2019 (refer to Note 7) gave rise to a certain dilution effect for 2022 since the average share price during the period of the year during which the warrants were outstanding exceeded the exercise price.

NOTE 13 INTANGIBLE FIXED ASSETS

Internally developed intangible assets

	Group		Parent company	
Capitalized expenditures for development (SEKm)	**2023**	**2022**	**2023**	**2022**
Opening accumulated cost	**589.5**	**446.3**	**1.2**	**1.0**
Investments through acqusitions	-	2.2	-	-
Investments	146.9	135.6	-	0.1
Reclassifications	-1.4	5.2	-	-
Divestments	-194.0	-12.3	-	-
Diverstments of subsidiaries	-21.6	-	-	-
Translation difference	0.3	12.5	-	-
Closing accumulated cost	**519.6**	**589.5**	**1.2**	**1.2**
Opening accumulated amortization	**-291.4**	**-205.4**	**-0.5**	**-0.3**
Amortization through acqusitions	-	-1.3	-	-
Amortization for the year	-90.7	-84.7	-0.2	-0.2
Reclassifications	128.6	6.2	-	-
Diverstments of subsidiaries	9.3	-	-	-
Translation difference	-0.2	-6.3	-	-
Closing accumulated amortization	**-244.5**	**-291.4**	**-0.7**	**-0.5**
Opening impairment losses	**-**	**-0.7**	**-**	**-**
Amortization through acqusitions	-	0.7	-	-
Diverstments of subsidiaries	-	-	-	-
Closing impairment losses	**-**	**-**	**-**	**-**
Carrying amounts	**275.0**	**298.1**	**0.5**	**0.7**

The item pertains to costs for the Group's online platform.

Both internal and external costs have been capitalised. No borrowing costs have been capitalised because the projects are short term and thus do not satisfy the criteria for capitalisation.

Acquired intangible assets

	Group		Parent company	
Trademarks (SEKm)	**2023**	**2022**	**2023**	**2022**
Opening accumulated cost	**1,876.3**	**1,849.8**	**-**	**-**
Investments through acqusition	-	9.8	-	-
Scrappings	-	-8.6	-	-
Diverstments of subsidiaries	-242.0	-	-	-
Translation difference	6.4	25.4	-	-
Closing accumulated cost	**1,640.7**	**1,876.3**	**-**	**-**
Carrying amounts	**1,640.7**	**1,876.3**	**-**	**-**

The item pertains to brands identified as separate assets in connection with the Group's business combinations. For information about business combinations carried out during the year or the comparison year, see Note 5.

	Group		Parent company	
Customer relationships (SEKm)	**2023**	**2022**	**2023**	**2022**
Opening accumulated cost	**1,024.3**	**1,014.2**	**-**	**-**
Investments through acqusitions	-	1.3	-	-
Diverstments of subsidiaries	-66.9	-	-	-
Translation difference	1.1	8.7	-	-
Closing accumulated cost	**958.5**	**1,024.3**	**-**	**-**
Opening accumulated amortization	**-341.9**	**-238.4**	**-**	**-**
Amortization for the year	-99.5	-101.7	-	-
Translation difference	0.7	-1.8	-	-
Closing accumulated amortization	**-440.7**	**-341.9**	**-**	**-**
Carrying amounts	**517.8**	**682.4**	**-**	**-**

The item pertains to customer relationships arising from the Group's business combinations. For information about business combinations carried out during the year or the comparison year, see Note 5.

	Group		Parent company	
Goodwill (SEKm)	**2023**	**2022**	**2023**	**2022**
Opening accumulated cost	**6,480.9**	**6,318.7**	**-**	**-**
Investments through acqusitions	-	76.6	-	-
Diverstments of subsidiaries	-594.1	-	-	-
Translation difference	12.9	85.5	-	-
Closing accumulated cost	**5,899.7**	**6,480.9**	**-**	**-**
Carrying amounts	**5,899.7**	**6,480.9**	**-**	**-**

The item pertains to goodwill arising from the Group's business combinations. For information about business combinations carried out during the year or the comparison year, see Note 5.

Other intangible non-current assets (SEKm)	Group 2023	Group 2022	Parent company 2023	Parent company 2022
Opening accumulated cost	**47.9**	**45.0**	**0.2**	**0.2**
Investments through acquisitions	-	0.8	-	-
Investments	0.1	5.4	-	-
Reclassification	-	-5.3	-	-
Divestments	-2.5	-0.3	-	-
Diverstments of subsidiaries	-27.8	-	-	-
Translation difference	0.8	2.4	-	-
Closing accumulated cost	**18.6**	**47.9**	**0.2**	**0.2**
Opening accumulated amortization	**-25.5**	**-17.4**	**-0.2**	**-0.1**
Amortization through acquisitions	-	-0.0	-	-
Amortization for the year	-6.1	-7.3	-0.0	-0.0
Divestments	2.4	0.0	-	-
Diverstments of subsidiaries	14.1	-	-	-
Translation difference	-0.3	-0.8	-	-
Closing accumulated amortization	**-15.3**	**-25.5**	**-0.2**	**-0.2**
Carrying amounts	**3.3**	**22.5**	**0.0**	**0.1**

The item includes costs for registering and establishing the Group's Internet domains. Only external costs have been capitalised. No borrowing costs have been capitalised.

Impairment testing of goodwill

Impairment testing of goodwill and brands is conducted annually, and at any time indications of a value decline are identified.

As of 1 January 2023, the Group changed its reported operating segments. The Group currently has three operating segments: Home Improvement, Value Home, and Premium Living. The Group's cash generating units match the identified operating segments. In the past, the Group's operations were divided into two operating segments: DIY and Home Furnishing. Since BHG Group has reorganised its reporting structure in such a way that the composition of the cash generating units has changed, goodwill and trademarks have also been reallocated to the new cash generating units. Comparative figures for 2022 have been restated to reflect the change.

Goodwill and trademark per cash-generating unit (SEKm)	Goodwill 2023	Goodwill 2022	Trademark 2023	Trademark 2022
Home Improvement	2,891.4	2,895.8	881.0	881.7
Value Home	1,478.0	2,054.9	381.9	616.8
Premium Living	1,530.3	1,530.3	377.8	377.8
	5,899.7	**6,480.9**	**1,640.7**	**1,876.3**

Impairment testing for cash generating units containing goodwill

Impairment testing of goodwill is conducted annually, and at any time indications of a value decline are identified. When testing, the assets are grouped in cash generating units.

When testing, carrying amounts of cash generating units are compared with recoverable amounts. The recoverable amount of the respective cash generating units is determined by discounting future cash flows in order to determine the value in use. The calculation of future cash flows for the first five years are based on the strategic plans adopted by the Board, which in turn are based on assumptions and judgements that are mainly formulated by executive management.

The important assumptions in the five-year forecast are organic growth, profit margin and market growth (total market and online market). Assumptions regarding profit margins in the three cash generating units are based on the estimated development in the particular product segments in respect of sales mix and operating margin trend, with current market prices and costs plus real development and cost inflation as the point of departure.

Assumptions are based on both historical experience and current market information. The recoverable amounts of all segments are based on the same important assumptions.

Growth assumptions

The market is defined as the online market in the geographic markets where the Group operates with respect to furniture, home furnishings and building materials. The growth assumptions in the forecast period amount to a maximum of 10%. Expected sustainable future cash flow for the period beyond five years is extrapolated with assumed sustainable growth of 2.0% (which is established on the basis of assumed nominal GDP growth in the relevant markets). In the preceding year, growth for years six to ten was assumed to be 14% for year six and to then decline to 2.5% for year ten.

Discount interest rate

The discount interest rate used in the present value calculation of expected future cash flows is the current weighted average cost of capital (WACC) established for each operating segment based on the Capital Asset Pricing Model (CAPM), and the assumed long-term capital structure and tax rate, which is currently 10.4% (9.8), or 12.3% (11.0) before tax.

Sensitivity

The impairment tests that have been conducted show that there is no impairment requirement. However, cash flow forecasts are uncertain and can also be affected by factors

beyond the company's control. The prevailing market situation, with considerable macroeconomic uncertainty, further contributed to the uncertainty of the cash flow forecasts.
However, at the time of publication of this report, the executive management team's assessment is that no reasonable changes in the important assumptions that form the basis for establishing the recoverable amounts would result in an impairment requirement.
Even if the estimated growth rate that was applied after the forecast five-year period had been 1.0% instead of management's assessment of 2.0%, no need for impairment of goodwill would have arisen. Even if the estimated operating margin that was applied for the forecast five-year period had been 2 percentage points lower, no need for impairment of goodwill would have arisen. Even if the estimated discount interest rate after tax that was applied for discounted cash flows had been 11.4% instead of management's assessment of 10.4%, no need for impairment of goodwill would have arisen. Management also assesses that no reasonable changes in other important assumptions would result in the recoverable amount declining to less than the carrying amount.

Summary of material parameters	**2023**	**2022**
CAGR years 1-5*	-12% to +10 %	-5% to 15 %
CAGR years 6-10	2.0 %	2.5 to 15 %
CAGR after year 10	2.0 %	2.5 %
Discount interest rate after tax	10.4 %	9.8 %
Average operating margin	7 %	6-7 %

* In the forecast for 2024, the growth rate is negative, which is partly due the fact that the Group sold operations and closed physical stores in 2023.

Impairment testing for cash generating units containing brands
For information on the impairment testing of these cash generating units, refer to the above information on goodwill testing. In addition to being included in the cash generating units tested above, the brands have been tested individually, based on a royalty factor and forecasts of future net sales. The forecasts for the five-year period ahead, the long-term growth rate and the discount interest rate have been conducted in the same way and amount to the same total as that shown above.

Indefinite useful lives
The recognised brands have an indefinite useful life because they pertain to well-known market brands that the Group intends to retain and further develop and that thus may be expected to generate cash flows during an indefinite period ahead.

NOTE 14 TANGIBLE FIXED ASSETS

	Group		Parent company	
Equipment	**2023**	**2022**	**2023**	**2022**
Opening accumulated cost	**186.4**	**139.3**	**-**	**-**
Investments through acquisitions	-	0.3	-	-
Investments	22.4	47.6	-	-
Reclassification	0.8	-1.8	-	-
Divestments	-27.9	-3.8	-	-
Diverstments of subsidiaries	-26.2	-	-	-
Translation difference	0.5	4.7	-	-
Closing accumulated cost	**155.9**	**186.4**	**-**	**-**
Opening accumulated depreciation	**-86.9**	**-60.8**	**-**	**-**
Depreciation through acquisitions	-	-0.1	-	-
Depreciation for the year	-29.8	-27.0	-	-
Reclassification	-	0.6	-	-
Divestments	19.2	2.3	-	-
Diverstments of subsidiaries	14.8	-	-	-
Translation difference	-0.1	-2.0	-	-
Closing accumulated depreciation	**-82.8**	**-86.9**	**-**	**-**
Carrying amounts	**73.1**	**99.5**	**-**	**-**

	Group		Parent company	
Buildings and land	**2023**	**2022**	**2023**	**2022**
Opening accumulated cost	**25.9**	**25.4**	**-**	**-**
Investments	0.1	0.5	-	-
Closing accumulated cost	**26.0**	**25.9**	**-**	**-**
Opening accumulated depreciation	**-4.4**	**-3.6**	**-**	**-**
Depreciation for the year	-0.8	-0.8	-	-
Closing accumulated depreciation	**-5.2**	**-4.4**	**-**	**-**
Carrying amounts	**20.8**	**21.5**	**-**	**-**

Leasehold improvements	Group 2023	Group 2022	Parent company 2023	Parent company 2022
Opening accumulated cost	**112.2**	**100.9**	**-**	**-**
Investments	15.3	9.6	-	-
Reclassification	0.7	1.9	-	-
Divestments	-12.8	-3.3	-	-
Diverstments of subsidiaries	-9.1	-	-	-
Translation difference	0.2	3.1	-	-
Closing accumulated cost	**106.3**	**112.2**	**-**	**-**
Opening accumulated depreciation	**-55.7**	**-43.2**	**-**	**-**
Depreciation for the year	-13.1	-13.5	-	-
Reclassification	-	-0.7	-	-
Divestments	9.6	2.9	-	-
Diverstments of subsidiaries	4.3	-	-	-
Translation difference	0.0	-1.2	-	-
Closing accumulated depreciation	**-54.9**	**-55.7**	**-**	**-**
Carrying amounts	**51.5**	**56.5**	**-**	**-**

IFRS 16 Properties	Group 2023	Group 2022
Opening accumulated cost	**1,546.3**	**1,263.4**
New leasing contract	246.5	303.8
End of contract	-212.0	-48.5
Write down of contract	-223.0	-
Translation difference	1.6	27.6
Closing accumulated cost	**1,359.4**	**1,546.3**
Opening accumulated depreciation	**-645.5**	**-373.4**
Depreciation for the year	-344.4	-302.4
End of contract	133.8	40.5
Write down of contract	110.7	-
Translation difference	0.8	-10.3
Closing accumulated depreciation	**-744.6**	**-645.5**
Carrying amounts	**614.8**	**900.8**

IFRS 16 Vehicles	Group 2023	Group 2022
Opening accumulated cost	**2.2**	**3.7**
End of contract	-0.9	-1.4
Closing accumulated cost	**1.4**	**2.2**
Opening accumulated depreciation	**-1.4**	**-1.7**
Depreciation for the year	-0.7	-1.2
End of contract	0.9	1.4
Closing accumulated depreciation	**-1.3**	**-1.4**
Carrying amounts	**0.1**	**0.8**

IFRS 16 Other	Group 2023	Group 2022
Opening accumulated cost	**2.3**	**2.9**
End of contract	-1.5	-0.5
Closing accumulated cost	**0.9**	**2.3**
Opening accumulated depreciation	**-1.8**	**-1.6**
Depreciation for the year	-0.4	-0.6
End of contract	1.5	0.4
Closing accumulated depreciation	**-0.7**	**-1.8**
Carrying amounts	**0.2**	**0.5**

NOTE 15 PARTICIPATIONS IN GROUP COMPANIES

	Corporate ID number	red office	No. of shares	Share capital (%)	Voting rights (%)	amount Dec 31, 2023	amount Dec 31, 2022
BHG Group LTIP AB	559309-6836	Malmö	25,000	100.0	100.0	0.0	0.0
Bygghemma Second Holding AB	559077-0771	Malmö	50,000	100.0	100.0	3,678.2	3,678.2
						3,678.3	**3,678.3**

Group	Corporate ID number	Registered office	Owership (%)
BHG Group LTIP AB	**559309-6836**	**Malmö**	**100.0**
Bygghemma Second Holding AB	**559077-0771**	**Malmö**	**100.0**
Bygghemma Group Nordic AB	556800-9798	Malmö	100.0
Bygghemma Sverige AB	556689-4282	Malmö	100.0
Bygghjemme Norge AS	993 392 375	Nøtterøy	100.0
Camola ApS	32342396	Frederica	98.0
Stonefactory Scandinavia AB	556786-1454	Linköping	100.0
VVEX Group AB	559365-1077	Sollentuna	84.0
Vitvaruexperten.com Nordic AB	559010-7792	Sollentuna	100.0
Hemmy AB	559124-0170	Skå	100.0
Bygghemma Finland Holding AB	559023-3853	Malmö	100.0
BHG Group Finland Oy	1870108-3	Riihimäki	100.0
Handelmark OÜ	11607700	Talinn	100.0
IP-Agency Finland Oy	0993163-7	Juva	70.0
Arredo Holding AB	556872-6367	Malmö	100.0
Golvpoolen Arredo AB	556245-2994	Malmö	100.0
Gulv og Fliseeksperten ApS	38113844	København	100.0
Polarpumpen AB	556749-0262	Göteborg	100.0
Svensk Installationspartner AB	556842-1076	Göteborg	100.0
Designkupp AS	988698571	Grålum	95.0
Nordiska Fönster i Ängelholm AB	556810-2940	Ängelholm	100.0
Arc E-commerce AB	556945-4274	Haninge	100.0
Lindström & Sondén AB	556762-7392	Ängelholm	100.0
Hafa Bathroom Group AB	556005-1491	Halmstad	94.4
Hafa Bathroom Group Oy	1813764-60	Helsingfors	100.0
Noro AB	556674-1673	Halmstad	100.0
Noro Norge AS	985254451	Kråkerøy	100.0
Hemfint Kristianstad AB	556917-7305	Kristianstad	83.8
HYMA Skog & Trädgård AB	559170-5206	Hyltebruk	97.5
Hylte Jakt & Lantman AB	556954-8950	Hyltebruk	100.0
HJL Fastigheter AB	559062-0083	Hyltebruk	100.0
HJLIT & Development AB	556281-2247	Hyltebruk	100.0
Navitek Oy	3132410-4	Jakobstad	100.0
Drift & Underhållsteknik i Mönsterås AB	556395-8809	Mönsterås	100.0
Maskincenter Blekinge Holding AB	556995-2467	Mörrum	100.0
Maskinklippet AB	556554-9937	Mörrum	100.0
Maskincenter Blekinge Fastigheter AB	556997-3612	Mörrum	100.0
Maskincenter Blekinge AB	559031-8167	Mörrum	100.0
Dogger AB	556094-3085	Norrtälje	100.0
Inredhemma Sverige AB	556913-0403	Malmö	100.0
Home Furnishing Nordic AB	556780-9685	Helsingborg	100.0

Group	Corporate ID number	Registered office	Owership (%)
TM Finland Oy	2662443-6	Helsinki	100.0
Home Furnishing Norway AS	825 555 862	Jessheim	100.0
Lampgallerian i Växjö AB	559042-2589	Växjö	100.0
Sleepo AB	556857-0146	Stockholm	100.0
Nordic Nest Group AB	559021-1586	Kalmar	97.5
Nordic Nest Holding AB	559021-1578	Kalmar	100.0
Nordic Nest AB	556628-1597	Kalmar	100.0
Nordic Nest Trading Limited	13620602	London	100.0
E.Svenssons i Lamhult AB	556075-2577	Lammhult	100.0
Svenssons Koncept i Lammhult AB	559197-0404	Lammhult	100.0
Inredhemma Danmark ApS	38575945	København	100.0
Inredhemma Europa AB	38575945	Malmö	100.0
Furniture1 UAB	304742023	Vilnius	30.0
Baldai1 UAB	302935803	Vilnius	100.0
Eurotrade1 SIA	40103665706	Riga	100.0
ETR1 Group OU	12741670	Tallinn	100.0
Furniture1 KFT	01-09-270625	Budapest	100.0
Furniture1 DOO	33412662987	Zagreb	100.0
Eurotrade1 DOO	7104456000	Ljubljana	100.0
Mebeli24 OOD	204743793	Sofia	100.0
Furniture1 Hellas IKE	801003026	Aspropyrgos	100.0
Mobilier1 Concept SLR	39413592	Bukarest	100.0

	Parent company	
(SEKm)	2023	2022
Opening accumulated cost	**3,678.3**	**3,678.3**
Closing accumulated cost	**3,678.3**	**3,678.3**

NOTE 16 INVENTORIES

The Group's cost of goods sold includes a change in provisions for obsolescence of SEK 190.3 million (-389.9). The decrease in provisions for obsolescence in 2023 is mainly due to the Group's significant reduction of inventories. The corresponding increase in 2022 mainly pertained to obsolescence in inventories of seasonal goods after weak sales in summer 2022.

NOTE 17 ACCOUNTS RECEIVABLE

Accounts receivable were recognised after taking into account credit losses arising in the Group during the year of SEK -11.3 million (-8.5). The credit losses pertain to a number of minor accounts. See also Note 26.

	Group		Parent company	
Credit exposure (SEKm)	**2023**	**2022**	**2023**	**2022**
Accounts receivable not overdue or impaired	173.4	222.3	-	-
Accounts receivable overdue but not impaired	22.7	25.3	-	-
Accounts receivable impaired	22.7	19.3	-	-
Provision for bad debts	-18.9	-14.9	-	-
	199.9	**252.0**	**-**	**-**

No single customer in the Group accounts for more than 10% of the Group's accounts receivable. For additional information on credit risks, see Note 26.

The company's accounts receivable are primarily denominated in SEK. The assessment is that the accounts receivable are not exposed to any material currency exposure.

	Group		
2023 (SEKm)	**Weighted average loss (%)**	**Reported value, gross**	**Loss of reservs**
Not overdue	-	173.4	-
Overdue < 30 days	-21.4	17.6	-3.8
Overdue 30 - 90 days	-37.2	7.9	-3.0
Overdue > 90 days	-61.3	19.8	-12.1
		218.7	**-18.9**

	Group		Parent company	
Provision for bad debts (SEKm)	**2023**	**2022**	**2023**	**2022**
Opening balance, 1 January	**-14.9**	**-12.8**	**-**	**-**
Additional provisions	-10.0	-10.9	-	-
Reversed provisions	3.1	7.5	-	-
Actual losses	2.7	1.4	-	-
Translation difference	0.2	-0.1	-	-
Closing balance, 31 December	**-18.9**	**-14.9**	**-**	**-**

NOTE 18 PREPAID EXPENSES AND ACCRUED INCOME

	Group		Parent company	
(SEKm)	2023	2022	2023	2022
Prepaid rent	12.4	14.2	0.1	0.1
Prepaid insurance expenses	2.1	6.6	-	3.1
Prepaid personnel expenses	0.7	0.9	0.4	0.3
Accrued supplier bonus	137.3	171.0	-	-
Accrued income	7.5	6.9	-	-
Refund asset	13.5	13.2	-	-
Other	54.1	48.3	1.5	2.2
	227.4	**261.1**	**2.0**	**5.7**

NOTE 19 EQUITY

As of 31 December 2023, the share capital consisted of 179,233,563 shares (175,261,466). Each share has a quotient value of SEK 0.06.

BHG Group AB carried out two directed issues in 2022. On 4 May 2022, BHG Group AB carried out a directed issue of 16,393,443 shares at a subscription price of SEK 61 per share, generating proceeds of SEK 989.4 million after SEK 10.6 million in transaction costs. On 6 December, BHG Group carried out a directed issue of 39,024,390 shares at a subscription price of SEK 20.50 per share, generating proceeds of SEK 800 million. 35,052,293 shares were issued with the support of a mandate by the Annual General Meeting held on 5 May 2022, and the remaining 3,972,097 shares were issued with the support of the subsequent approval by the Extraordinary General Meeting held on 30 December 2022. The 3,972,097 shares issued after a resolution by the Extraordinary General Meeting held on 30 December 2022 were registered with the Swedish Companies Registration Office and began trading on Nasdaq Stockholm at the beginning of January 2023. After the new issues, the total number of shares outstanding in BHG Group AB amounted to 179,233,563. As of 31 December 2023, the number of shares issued was unchanged.

	Ordinary shares	
Issued shares (numbers)	2023	2022
Issued shares at the beginning of the period	**175,261,466**	**123,815,730**
Cash issue	3,972,097	51,445,736
	179,233,563	**175,261,466**

Other capital contributions

The premium reserve arises when shares are issued at a premium, meaning that the shares are paid for at a price that exceeds the quotient value.

Translation reserve

The translation reserve encompasses all exchange-rate differences that arise when translating income statements and balance sheets to SEK in the consolidated financial statements

	Group	
(SEKm)	2023	2022
Translation difference at the beginning of the period	**125.1**	**22.9**
Translation difference, net efter tax	-79.8	102.2
Translation difference at the end of the period	**45.2**	**125.1**

Appropriation of profits

BHG Group AB

559077-0763

Appropriation of profits (SEK)	
At the disposal of the annual general meeting	
Retained earnings	151,124,633
Share premium reserve	6,563,455,683
Profit/loss for the year	-68,908,702
	6,645,671,614
The Board of Directors proposes	
to be carried forward	82,215,931
whereof share premium reserve	6,563,455,683
	6,645,671,614

NOTE 20 UNTAXED RESERVES

	Parent company	
(SEKm)	2023	2022
Tax allocation reserve opening balance	20.0	28.6
Reversed provision during the year	-20.0	-8.6
Tax allocation reserve closing balance	**-**	**20.0**

NOTE 21 LIABILITIES TO CREDIT INSTITUTIONS

	Group		Parent company	
(SEKm)	2023	2022	2023	2022
Loans from banks	1,495.5	2,009.3	1,495.5	1,988.2
	1,495.5	**2,009.3**	**1,495.5**	**1,988.2**
Liabilities due for payment later than five years after the closing date	-	-	-	-

During 2023, the Group raised new loans of SEK 0.0 million (800.0) and repaid SEK 503.1 million (1,305.7).

NOTE 22 OTHER PROVISIONS

	Group		Parent company	
Other provisions (SEKm)	2023	2022	2023	2022
Provisions warranties	11.8	20.2	-	-
Provisions pension (endowment insurance)	-	0.3	-	-
Provision for restructuring	10.8	-	-	-
Other provisions	5.4	1.6	-	-
	28.0	**22.1**	**-**	**-**

NOTE 23 ACQUISITION-RELATED INTEREST-BEARING LIABILITIES

Acquisition-related interest-bearing liabilities pertain to contingent and deferred considerations attributable to the Group's acquisitions and liabilities pertaining to issued put options to non-controlling interests.

Changes in value of contingent and deferred considerations are recognised in profit or loss, while changes in value of liabilities pertaining to issued put options to non-controlling interests are recognised in equity.

			Reported values in equity			Reported values in PnL			Cash flow	
2023 (SEKm)	Reported values opening balance	Added during the period	Changes in net present value	Interest expenses	Translation difference	Changes in net present value	Interest expenses	Translation difference	Utilized amounts	Reported values closing balance
Camola ApS	6.7	-	-6.9	-	0.2	-	-	-	-	-
Furniture1 UAB	408.4	-	-436.5	6.3	21.8	-	-	-	-	-
Designkupp AS	6.1	-	-	-	-0.4	-	-	-	-	5.7
Nordiska Fönster i Ängelholm AB	-	-	-	-	-	1.5	-	-	-1.5	-
LampGallerian Växjö AB	39.4	-	3.4	-	-	-	-	-	-42.8	-
Arc E-commerce AB	75.5	-	3.6	3.5	-	-	-	-	-70.6	12.0
Lindström & Sondén AB	11.8	-	-	-	-	-	-	-	-11.8	-
Hemfint Kristianstad AB	20.7	-	-	0.0	-	-	-	-	-	20.7
Nordic Nest Group AB	112.1	-	-20.0	6.2	-	-	-	-	-	98.3
IP Agency Oy	106.1	-	50.5	6.1	1.4	-	-	-	-55.9	108.2
Hafa Brands Group AB	10.5	-	-	0.5	-	-	-	-	-	11.0
E. Svenssons i Lammhult AB	15.6	-	-	-	-	-2.5	-	-	-13.1	-
Hyma Skog & Trädgård AB	358.9	-	-15.0	19.4	-	8.0	-	-	-268.0	103.2
AH-Trading GmbH	56.8	-	-80.5	21.9	1.8	-	-	-	-	-
VVEX Group AB	22.4	-	-12.0	4.7	-	-	-	-	-	15.0
Navitek Oy	3.2	-	-	-	-	-	-	-	-3.2	-
	1,254.2	**-**	**-513.4**	**68.6**	**24.8**	**7.1**	**-**	**-**	**-467.1**	**374.2**

The Group's acquisition agreements are structured to align the future incentives to BHG's various sellers, who are often the founders and CEOs of the acquired businesses. This is typically achieved through earnings-based earn-outs and/or the seller retaining a minority share in the acquired business combined with issues of call and put options. Since the amount to be paid depends on the future performance of the acquired company, the Group receives certain compensation if the earnings performance after the acquisition date is weaker than expected to such a degree that the consideration also decreases or is fully eliminated.

Of the total liability at the end of the period, SEK 325.3 million (816.7) is recognised as non-current and SEK 48.9 million (437.5) as current.

2022 (SEKm)	Reported values opening balance	Added during the period	Reported values in equity: Changes in net present value	Interest expenses	Translation difference	Reported values in PnL: Changes in net present value	Interest expenses	Translation difference	Cash flow: Utilized amounts	Reported values closing balance
Camola ApS	16.3	-	1.4	-	1.0	-	-	-	-12.0	6.7
Stonefactory Scandinavia AB	1.2	-	-	-	-	-1.2	-	-	-	-
Vitvaruexperten.com Nordic AB	4.5	-	-0.6	-	-	-	-	-	-3.9	-
Edututor Oy	16.0	-	-	-	-	-	-	0.8	-16.8	-
Furniture1 UAB	364.1	-	-	11.7	32.6	-	-	-	-	408.4
Arredo Holding AB	0.9	-	-	-	-	-	-	-	-0.9	-
Designkupp AS	15.9	-	-	-	0.2	-0.3	-	0.1	-9.8	6.1
Vitvarubolaget i Sundbyberg AB	5.0	-	-0.6	-	-	-	-	-	-4.4	-
Nordiska Fönster i Ängelholm AB	30.8	-	-	-	-	-1.5	-	-	-29.2	-
LampGallerian Växjö AB	47.8	-	-5.0	-	-	-	-	-	-3.4	39.4
Arc E-commerce AB	314.4	-	-246.0	7.0	-	-	-	-	-	75.5
Lindström & Sondén AB	23.8	-	-	-	-	-	-	-	-12.0	11.8
Hemfint Kristianstad AB	95.3	-	-15.0	0.5	-	-	-	-	-60.1	20.7
Nordic Nest Group AB	80.8	-	25.0	6.2	-	-	-	-	-	112.1
IP Agency Oy	148.8	-	-53.2	6.9	10.6	-	-	-0.3	-6.7	106.1
Hafa Bathroom Group AB	16.0	-	-6.0	0.5	-	-	-	-	-	10.5
E. Svenssons i Lammhult AB	15.6	-	-	-	-	-	-	-	-	15.6
Hyma Skog & Trädgård AB	641.8	-	-92.0	19.4	-	-215.6	5.2	-	-	358.9
AH-Trading GmbH	282.6	-	-151.0	30.4	8.5	-58.8	3.6	4.5	-62.9	56.8
VVEX Group AB	-	40.9	-14.0	3.5	-	-8.0	-	-	-	22.4
Navitek Oy	-	0.1	3.1	-	-	-	-	-	-	3.2
	2,121.7	**41.0**	**-553.9**	**86.1**	**52.8**	**-285.4**	**8.9**	**5.0**	**-222.0**	**1,254.2**

NOTE 24 ACCRUED EXPENSES AND DEFERRED INCOME

	Group		Parent company	
(SEKm)	**2023**	**2022**	**2023**	**2022**
Accrued personnel expenses	203.9	223.9	14.9	13.9
Accrued marketing expenses	7.1	12.0	-	-
Accrued freight expenses	15.7	20.0	-	-
Accrued cost of goods sold	3.5	4.1	-	-
Accrued audit expenses	5.1	5.7	0.6	0.9
Accrued interest expenses	9.8	0.5	3.1	0.5
Accrued rent	8.2	10.9	-	-
Refund liability	20.4	21.6	-	-
Prepaid income	1.1	2.8	-	-
Other	27.6	42.4	3.4	0.9
	302.3	**343.9**	**21.9**	**16.2**

NOTE 25 PLEDGED ASSETS AND CONTINGENT LIABILITIES

	Group		Parent company	
(SEKm)	**2023**	**2022**	**2023**	**2022**
Guarantees to external parties	100.7	55.6	100.7	55.6
Financial guarantees on behalf of subsidiaries	-	-	163.9	138.2
Floating charge	-	7.0		-
	100.7	**62.6**	**264.6**	**193.8**

NOTE 26 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Capital management

The Group's objective is to have a good financial position that helps to uphold the confidence of investors, creditors and the market, and provides a basis for further business development at the same time as the long-term return generated for the shareholders is satisfactory. The Group's goal for the capital structure is net debt in relation to pro-forma adjusted EBITDAaL, LTM in the range of 1.5–2.5x, subject to flexibility for strategic activities. At 31 December 2023, the ratio of net debt to pro-forma rolling 12-month adjusted EBITDA was 4.0x (3.1x).

Capital is defined as total equity.

(SEKm)	Group 2023	Group 2022
Total equity	6,510.0	7,669.8

The Group's financing agreements contain customary loan terms (covenants) related to the ratio of EBITDA to net debt as well as the interest coverage ratio.

During the year, BHG renegotiated its covenants with its creditor banks, which granted temporary relief. This relief will remain in effect from 30 June 2023 until 31 March 2024 and means that previous financial covenants pertaining to the leverage ratio and interest coverage ratio have been replaced by new financial covenants pertaining to earnings and liquidity during the period. During the relief period, the pricing will be adjusted and BHG will pledge certain tangible assets as collateral.

Financial policy

Through its operations, the Group is exposed to various types of financial risks: market risk, financing and liquidity risk, and credit risk. The Group's financial risk management is centralised to the Parent Company in order to achieve economies of scale and synergies as well as to minimise the management of risks. The Parent Company also functions as the Group's internal bank and is responsible for financing and the financial policy. This includes merging liquidity needs. The financial policy formulated by the Board of Directors includes overall risk management as well as specific areas, such as liquidity risk, interest-rate risk, currency exchange risk, credit risk, insurance risk, use of financial instruments and placement of excess liquidity.

Financing and liquidity risk

Since 2021, the Group has had a financing agreement with SEB and Danske Bank, which together provide credit facilities with a total credit line of SEK 3,300 million. The credit line is divided between a term loan, a revolving credit facility and an overdraft facility, of which SEK 1,500 million (2,000) had been utilised as of 31 December 2023 (refer to the table below):

	2023			
Facility	Credit limit	Utilized amount	Unutilized amount	Remaining maturity (months)
Term loan facility	1,500.0	1,500.0	-	17
Revolving credit facility	1,500.0	-	1,500.0	17
Overdraft facility	300.0	-	300.0	17
Total	**3,300.0**	**1,500.0**	**1,800.0**	**17**

The facilities mature in May 2025, but the Group has an option to extend the agreement until May 2026. The facilities are conditional on the Group fulfilling certain covenants in the form of its leverage ratio and interest coverage ratio. During the period from 30 June 2023 to 31 March 2024, the Group was granted relief from the covenants, which meant that the above covenants were replaced by a profitability and liquidity commitment. As of the balance-sheet date, the Group had fulfilled these covenants.

On March 26, 2024, BHG Group agreed with its current creditors on the extension of the existing financing agreement. The extension is made until May 2026 with an option for a further one-year extension. The extension option is conditional on BHG obtaining the lenders approval. Through the new financing agreement, BHG Group is reducing its available facilities from SEK 3,300 million to SEK 2,300 million and over time migrating to previous financial covenants. The new financing agreement enters into force April 26, 2024.

The Group also had liabilities regarding earn-outs for completed acquisitions and for put options issued to non-controlling interests. The amount the Group will need to pay for these earn-outs and put options is primarily based on future EBITDA in the acquired companies. Healthy earnings in the acquired companies means increased liabilities in the Group. As of 31 December 2023, the value of the earn-outs and liabilities for put options issued to non-controlling interests totalled SEK 374.2 million (1,254.2). For measurement of earn-outs and put options issued to non-controlling interests, see below.

Financing and liquidity risk is managed centrally by the Parent Company, which ensures that there is always sufficient cash and cash equivalents available for the Group companies; the Group's liquidity reserve should never fall below 2% of the Group's rolling 12-month sales, which was not the case at any time during the year. The availability of cash and cash equivalents for the subsidiaries is partially secured through the use of a joint cash pool for all Group companies. As of 31 December 2023, the Group had SEK 370.3 million (477.6) in cash and cash equivalents and available loans of SEK 1,800.0 million (1,300.0). Cash and cash equivalents comprised cash and bank balances.

Liquidity management is important for the Group. The Group monitors its liquidity on a daily basis and forecasts of cash assets are evaluated monthly. The Group endeavours to optimise its access to funds by focusing on its operating activities and through active management of working capital as well as by ensuring that there are necessarily large credit facilities with the Group's banks. The aim of the Group's financial policy is to secure sufficient liquid reserves at every given point in time in order to satisfy the Group companies' operational and strategic financial needs.

Market risks – interest-rate risk

Interest-rate risk refers to the risk that financial income and expenses as well as the value of financial instruments could fluctuate due to changes in market rates. Interest-rate risks could lead to changes in market values and cash flows as well as fluctuations in the Group's profit.

The Group is exposed to interest-rate risks, primarily through its non-current loans with variable interest rates. The term loan is in SEK and carries variable interest in the form of STIBOR plus a margin. Within the framework of the revolving credit facility, borrowing in different currencies is permitted. Depending on which currency is used, the Group will pay variable interest in the form of an applicable IBOR plus a margin. The margin is adjusted based on the Group's leverage ratio, with certain agreement-based intervals for the leverage ratio.

According to the Group's financial policy, the Board of Directors must make decisions annually concerning the Group's structuring and distribution of interest-bearing assets and liabilities.

At year-end, the Group's interest-bearing liabilities were broken down as follows:

	Group	
(SEKm)	**2023**	**2022**
Loans from banks	1,495.5	2,009.3
Lease liabilities	687.1	877.7
Earnouts/liabilities to non-controlling interest	374.2	1,254.2
	2,556.8	**4,141.1**

In 2023, a +/- 1% change in the variable interest rate on the Group's loans would have impacted consolidated net financial items in an amount of SEK 17.5 million (26.6).

Credit risk

Credit risk involves exposure to losses if a counterparty to a financial instrument is unable to fulfil its obligations. The exposure is based on the carrying amount of the financial assets, most of which consist of accounts receivable, cash and cash equivalents. The Group's cash and cash equivalents comprise bank balances. Most of the bank balances are in banks with a long-term rating of Aa3 from Moody's.

On some of the Group's e-commerce platforms, customers are offered loans from a financial institution that the Group partners with to finance their purchases. If the customer chooses to utilise such a credit solution, the financial institution receives a receivable from the customer, while the Group receives liquidity from the institution within a couple days of the completed purchases. The Group assumes no credit risk or other risk for the receivables the credit institution has from the customer. The Group's cost for the credit solution offered to customers amounted to SEK 17.5 million (22.6).

However, on some of the Group's platforms, the Group itself offers customers loans. The credit risk associated with the Group's accounts receivable is spread over a large number of customers, mainly private individuals. The Group has established a credit policy for managing customer credits. For information concerning credit exposure and impairment of accounts receivable, refer to Note 17.

Market risk – currency exchange risk

The Group's currency exchange risk comprises transaction exposure and translation exposure.

Transaction exposure

Transaction exposure is the risk associated with the Group's earnings and cash flows and arises when the value of receipts and disbursements in foreign currencies changes because of fluctuations in exchange rates. The Group generally does not hedge its transaction exposure, but certain hedging takes place in individual subsidiaries.

According to the Group's financial policy, the Group must work actively to match receipts and disbursements in foreign currency, and measure and follow up the currency exposure of the various subsidiaries.

The net flow in foreign currency, defined as sales less purchases per currency, is shown below:

	Group	
(SEKm)	**2023**	**2022**
DKK	105.0	249.5
EUR	475.3	-758.3
GBP	115.2	85.4
NOK	494.9	530.8
USD	-339.1	-1,263.0

Exposure to foreign currencies entails that the Group is subject to currency exchange risk. For 2023 and assuming all other variables remain unchanged, an exchange rate fluctuation of 10% for the various currencies would affect pre-tax profit by the following amounts:

	Group	
Sensitivity analysis (SEKm)	**2023**	**2022**
DKK	+/- 10,5	+/- 25,0
EUR	+/- 47,5	+/- 76,0
GBP	+/- 11,5	+/- 8,5
NOK	+/- 49,5	+/- 53,0
USD	+/- 33,9	+/- 126,3

Translation exposure

Translation exposure is the risk that arises from the translation of net assets in foreign subsidiaries to the reporting currency (SEK).

Foreign subsidiaries primarily have operations in Denmark (DKK), Norway (NOK), Finland (EUR) and the Baltics (EUR). The Group is affected by translation of the income statements and balance sheets of foreign subsidiaries into SEK. Such translation exposure is not currency hedged. Because the exchange rate for foreign currencies fluctuates in relation to SEK, there is a risk that future changes in exchange rates could materially and adversely impact the Group's earnings and financial position.
Foreign net assets, including goodwill and other intangible assets arising from acquisitions, are broken down as follows:

	Group			
(SEKm)	**2023**	**%**	**2022**	**%**
DKK	29.7	3.6	269.6	18.7
EUR	678.7	81.3	1,025.3	71.3
NOK	126.0	15.1	143.3	10.0
	834.5	**100.0**	**1,438.1**	**100.0**

Categorisation of financial instruments

The Group measures earn-outs, derivatives and shares in unlisted companies at fair value. Measurement of contingent considerations belongs to Level 3 of the valuation hierarchy, while derivatives belong to Level 2. For all other financial instruments, the carrying amount is a reasonable approximation of the instrument's fair value.

Group (SEKm)	Measured at amortised cost		Measured at fair value through PnL		Total carrying amounts		Fair value	
	2023	2022	2023	2022	2023	2022	2023	2022
Financial assets								
Shares in unlisted companies	-	-	0.7	1.2	0.7	1.2	0.7	1.2
FX forwards	-	-	-	-	-	-	-	-
Deposit	8.2	13.9	-	-	8.2	13.9	8.2	13.9
Accounts receivable	199.9	252.0	-	-	199.9	252.0	199.9	252.0
Other receivable	37.6	114.3	-	-	37.6	114.3	37.6	114.3
Accrued income	7.5	6.9	-	-	7.5	6.9	7.5	6.9
Cash and cash equivalents	370.3	477.6	-	-	370.3	477.6	370.3	477.6
Total financial assets	**623.3**	**864.7**	**0.7**	**1.2**	**624.1**	**865.9**	**624.1**	**865.9**
Financial liabilities								
Earn-outs	-	-	-	290.6	-	290.6	-	290.6
Liabilities issued put options	374.2	963.6	-	-	374.2	963.6	374.2	963.6
Credit facilities	1,500.0	2,021.0	-	-	1,500.0	2,021.0	1,500.0	2,021.0
Accounts payable	921.1	940.3	-	-	921.1	940.3	921.1	940.3
Other liabilities	2.5	4.4	-	-	2.5	4.4	2.5	4.4
Accrued expenses	76.9	95.6	-	-	76.9	95.6	76.9	95.6
Total financial liabilities	**2,874.8**	**4,025.0**	**-**	**290.6**	**2,874.8**	**4,315.6**	**2,874.8**	**4,315.6**

In the statement of financial position, deposits and participations in unlisted companies are recognised under other financial assets and earn-outs are recognised under other non-current and current liabilities.

For a reconciliation between the carrying amount of earn-outs at the beginning of the period and at the end of the period, as well as liabilities pertaining to put options issued to non-controlling interests, refer to Note 23.

Measurement of fair value

Participations in unlisted companies
Participations in unlisted companies pertain to membership of purchasing organisations. Cost is considered to reflect the fair value, since these are not transferable in the open market.

Currency forwards
Individual subsidiaries use currency forwards to hedge their exposure to currency exchange risk. 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.

Accounts receivable and payable
For accounts receivable and payable with a remaining life of less than six months, the carrying amount is deemed to reflect the fair value. The Group has no accounts receivable or payable with a life exceeding six months.

Earn-outs
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.

Liabilities pertaining to put options issued to non-controlling interests
Liabilities pertaining to put options issued to non-controlling interests are recognised at the present value of the redemption amount, meaning at amortised cost. The value is initially 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. Changes in these estimates result in a change in the carrying amount of the liability, which is recognised directly against equity. The carrying amount is deemed to be a reasonable approximation of the fair value of these liabilities.

Credit facilities
The Group's credit facilities carry variable interest. A difference between the fair value and the carrying amount of the credit facilities arises if the credit margin that the Group would receive under a new credit facility with otherwise the same terms as the existing facility differs from the Group's actual credit margin under the existing loan agreement. According to management's assessment, the Group would have to pay a higher credit margin if a new equivalent facility were raised at the balance-sheet date compared to the credit margin under the existing loan agreement. However, the difference in margins is not considered sufficient, together with the relatively short remaining maturity of the facility (May 2025), to result in a significant difference between the carrying amount and the fair value.

Maturity structure of financial liabilities and lease liabilities – undiscounted cash flows (SEKm)	2023				
	Totalt	0 - 3 mo.	3 mo. - 1 year	1 - 5 years	> 5 years
Credit facilities	1,715.6	32.8	75.9	1,606.9	-
Lease liabilities	765.9	63.1	222.2	405.9	74.7
Earnouts	-	-	-	-	-
Liabilities issued put options	374.2	12.0	36.9	325.3	-
Accounts payable	921.1	921.1	-	-	-
Other liabilities	2.5	2.5	-	-	-
Accrued expenses	76.9	76.9	-	-	-
	3,856.3	**1,108.5**	**335.1**	**2,338.1**	**74.7**

Maturity structure of financial liabilities and lease liabilities – undiscounted cash flows (SEKm)	2022				
	Totalt	0 - 3 mo.	3 mo. - 1 year	1 - 5 years	> 5 years
Credit facilities	2,183.8	22.5	67.5	2,093.8	
Lease liabilities	928.0	71.1	252.0	525.4	79.5
Earnouts	290.6	-	278.8	11.8	-
Liabilities issued put options	963.6	-	158.7	804.9	-
Accounts payable	940.3	940.3	-	-	-
Other liabilities	4.4	4.4	-	-	-
Accrued expenses	95.6	95.6	-	-	-
	5,406.3	**1,134.0**	**757.0**	**3,435.9**	**79.5**

NOTE 27 LEASES

Lessee
The Group leases several types of assets including but not limited to premises and vehicles. No leases include covenants or other limits beyond the collateral for the leased asset.

Right-of-use assets
Additions to right-of-use assets amounted to SEK 83.7 million (216.3). This amount includes the cost of right-of-use assets acquired during the year and costs arising from revising lease liabilities based on changes to payments resulting from a change in the lease term.

(SEKm)	2023	2022
Premises	572.6	900.8
Vehicles	0.1	0.8
Other	42.3	0.5
Total leased assets	**615.0**	**902.2**

Lease liabilities
For maturity analysis of lease liabilities, see Note 26 Financial instruments and financial risk management.

Amounts recognised in profit or loss

Reported in Profit & Loss	Group 2023	Group 2022
Depreciation right of use asset	-345.5	-304.2
Impairment right of use asset	-112.3	-
Interest lease liabilities	-24.5	-20.5
Variable lease payments	-0.1	-0.2
Costs for short-term leases	-81.5	-94.3
Costs for low-value leases, not low-value short-term leases	-5.4	-4.4
Total earnings effect attributable to leases	**-569.2**	**-423.5**

For disclosures on depreciation per class, see Note 14.

Amounts recognised in the statement of cash flows

Recognised in statement of cash flows	Group 2023	Group 2022
Interest	-24.5	-20.5
Amortisation	-353.6	-313.9
Payment of variable, short-term and low-value lease payments	-90.1	-103.5
Total cash flows attributable to leases	**-468.2**	**-437.9**

Extension and termination options
Each Group company that has a leases assesses whether it is reasonably certain that an extension option will be exercised (or whether it is reasonably certain that an early termination option will not be exercised), and considers such factors as rent levels, the practical opportunities for the company to move to other premises (including the costs of such a move), how the company's premises impact business operations, the

availability of suitable alternatives and any significant improvements made to the property made by the Group.

However, it is normally not reasonably certain at the initial assessment of the length of the lease term that the Group will exercise an extension option, if the date when the option can be exercised is more than seven years after the lease was signed.

Leases in the Parent Company

The Parent Company leases premises through two operating leases, one of which was entered into with a Group company. The lease with the Group company extends until July 2024 with annual rent of SEK 0.8 million. The other lease is with an external landlord and has an indefinite term, with a three-month notice period and annual rent of SEK 0.2 million. In 2023, the Parent Company expensed lease payments pertaining to rent for premises totalling SEK 1.0 million.

NOTE 28 SUPPLEMENTARY DISCLOSURES FOR THE STATEMENT OF CASH FLOWS

Profit/loss items during the year that do not generate cash flow from operating activities.

	Group		Parent company	
(SEKm)	**2023**	**2022**	**2023**	**2022**
Depreciaition, amortization, impairment and scrapping of non-current assets	697.7	548.5	0.3	0.2
Capital gains/losses disposal of non-current assets	67.5	4.6	-	-
Capital gains/losses disposal of operation	1,117.1	-	-	-
Change in obsolescence provision	-190.3	389.9	-	-
Change in other provisions	6.3	-21.6	0.2	-
Group contributions received	-	-	-110.0	-83.6
Reassessed earn-outs	7.1	-285.4	-	-
Unrealized exchange differences	11.0	13.2	0.4	-
Accrued interest expenses and income	9.2	9.0	4.3	0.4
	1,725.7	**658.2**	**-104.9**	**-82.9**
Other supplementary disclosures				
Interest received during the financial year	23.8	5.6	2.0	0.8
Interest paid during the financial year	-162.2	-65.0	-147.3	-67.1
	-138.4	**-59.5**	**-145.4**	**-66.3**
Transactions that don't resulat in cash flow				
Additional right of use assets according to IFRS 16	246.5	303.8	-	-
	246.5	**303.8**	**-**	**-**

NOTE 29 RECONCILIATION OF NET DEBT/CASH

2023 (SEKm)	Opening balance	Cash flows	Changes in non-cash items: Acquisitions /disposals/new lease contracts	Changes in non-cash items: Exchange rate difference	Changes in non-cash items: Accruals	Closing balance
Liabilities						
Credit facilities	2,021.0	-503.1	-18.6	0.7	-	1,500.0
Lease liabilities	877.7	-353.6	246.5	-83.5	-	687.1
Transaction expenses	-11.8				7.2	-4.5
Total liabilities	**2,886.9**	**-856.7**	**227.9**	**-82.8**	**7.2**	**2,182.6**
Cash and cash equivalents						
Cash and cash equivalents	-477.6	75.0	-	32.3	-	-370.3
Total cash and cash equivalents	**-477.6**	**75.0**	**-**	**32.3**	**-**	**-370.3**
Net debt/ net cash	**2,409.3**	**-781.6**	**227.9**	**-50.5**	**7.2**	**1,812.3**

2022 (SEKm)	Opening balance	Cash flows	Changes in non-cash items: Acquisitions /new lease contracts	Changes in non-cash items: Exchange rate difference	Changes in non-cash items: Accruals	Changes in non-cash items: Effects from changed accounting standards	Closing balance
Liabilities							
Credit facilities	2,524.9	-505.7	-	1.9	-	-	2,021.0
Lease liabilities	878.7	-313.9	303.8	9.1	-	-	877.7
Transaction expenses	-7.7	-	-	-	-4.1	-	-11.8
Total liabilities	**3,395.9**	**-819.7**	**303.8**	**11.0**	**-4.1**	**-**	**2,886.9**
Cash and cash equivalents							
Cash and cash equivalents	-273.5	-203.4	-1.3	0.5	-	-	-477.6
Total cash and cash equivalents	**-273.5**	**-203.4**	**-1.3**	**0.5**	**-**	**-**	**-477.6**
Net debt/ net cash	**3,122.4**	**-1,023.0**	**302.5**	**11.6**	**-4.1**	**-**	**2,409.3**

NOTE 30 RELATED-PARTY TRANSACTIONS

Transactions between BHG Group AB (publ) and its subsidiaries, which are related to BHG Group AB, 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.

Transactions with the owners

BHG Group AB carried out two directed issues in 2022. On 4 May 2022, BHG Group AB carried out a directed issue of 16,393,443 shares at a subscription price of SEK 61 per share, generating proceeds of SEK 989.4 million after SEK 10.6 million in transaction costs. On 6 December, BHG Group carried out a directed issue of 39,024,390 shares at a subscription price of SEK 20.50 per share, generating proceeds of SEK 800 million. 35,052,293 shares were issued with the support of a mandate by the Annual General Meeting held on 5 May 2022, and the remaining 3,972,097 shares were issued with the support of the subsequent approval by the Extraordinary General Meeting held on 30 December 2022. The 3,972,097 shares issued after a resolution by the Extraordinary General Meeting held on 30 December 2022 were registered with the Swedish Companies Registration Office and began trading on Nasdaq Stockholm at the beginning of January 2023. After the new issues, the total number of shares outstanding in BHG Group AB amounted to 179,233,563. As of 31 December 2023, the number of shares issued was unchanged.

The Group issued new warrants during the year, which contributed SEK 5.2 million (1.0) in equity for the Group. No other transactions with shareholders were carried out during the year.

Transactions with Board members and senior executives

There were no transactions with senior executives, apart from those recognised above and in Note 7.

	Year	Parent company				
		Sale of goods/ services to related parties	Purchase of goods/ services from related parties	Other (e.g. interest dividend)	Claims on related parties at December 31	Liability to related parties at 31 December
Subsidiaries	2023	7.9	-	88.1	4,910.4	3.1
Subsidiaries	2022	8.3	-	78.5	4,951.2	0.7

NOTE 31 SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

On 11 January 2024, BHG Group announced that it was strengthening its market-leading position in the Premium segment through Nordic Nest's acquisition of the KitchenTime brand and the consolidation of LampGallerian.

On 5 March 2024, BHG Group announced that it was strengthening the Value Home segment through further consolidation. Two of BHG's current businesses, Hemfint Kristianstad AB with the site hemfint.se ("Hemfint") and Arc E-Commerce AB with the site Outl1.se ("Outl1"), are being consolidated. At the same time, Trendrum AB with the site trendrum.se ("Trendrum") is being acquired. Together they will form Hemfint Group. The transaction was approved at an Extraordinary General Meeting of BHG Group on 2 April 2024 according to below, it was also decided on the number of board members and the election of Pernille Fabricius as a new board member, in accordance with the nomination committee's proposal.

On March 26, 2024, BHG Group agreed with its current creditors on the extension of the existing financing agreement. The extension is made until May 2026 with an option for a further one-year extension. The extension option is conditional on BHG obtaining the lenders approval. Through the new financing agreement, BHG Group is reducing its available facilities from SEK 3,300 million to SEK 2,300 million and over time migrating to previous financial covenants. The new financing agreement enters into force April 26 2024.

Signatures

Malmö, 9 April 2024

Christian Bubenheim
Chairman of the Board

Kristian Eikre
Board member

Pernille Fabricius
Board member

Joanna Hummel
Board member

Mikael Olander
Board member

Negin Yeganegy
Board member

Gustaf Öhrn
President and CEO

Our audit report was submitted on 9 April 2024
Öhrlings PricewaterhouseCoopers AB

Erik Salander
Authorised Public Accountant
Auditor in charge

Vicky Johansson
Authorised Public Accountant

Auditor’s report

To the general meeting of the shareholders of BHG Group AB (publ), corporate identity number 559077-076

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of BHG Group AB (publ) for the year 2023 except for the corporate governance statement and the statutory sustainability report on pages 56-67 and 35-54 respectively. The annual accounts and consolidated accounts of the company are included on pages 27-115 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2023 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2023 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement and the statutory sustainability report on pages 56-67 and 35-55 respectively. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the consolidated income statement and consolidated statement of financial position for the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor’s Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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

Our audit approach

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgment, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the Key audit matter
Valuation of intanglible assets *With reference to Note 2 and 13.* Goodwill and other intangible assets with an indefinite useful life represents a significant part of BHG Group's assets. The Company performs an impairment assessment of the assets based on a calculation of the discounted cash flow for the cash generating units in which goodwill and other intangible assets are reported. This impairment test is based on a high level of judgements and assumptions regarding future cash flows. Information is provided in Note 2 and 13 as to how the Company's management has undertaken its assessments, and also provides information on important assumptions and sensitivity analyses. Key variables in the test are growth rate, profit margins, overheads, working capital requirements, investment requirements and discount factor (cost of capital). It is presented that no impairment requirement has been identified based on the assumptions undertaken.	In our audit, we have evaluated the calculation model applied by management and conducted that the model is compatible with acceptable valuation techniques. We have reconciled and critically tested essential assumptions against budget and strategic plan for the Company. We have analyzed the accuracy on how previous years assumptions have been met and assessed any adjustments to assumptions compared to previous year, as a result from changes in the business and external factors. We have tested the sensitivity analysis for key assumptions in order to assess the risk of need for impairment. We have also assessed the correctness of the disclosures included in the financial statements.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is foundon pages 1-26, 35-55 and 117-124. The other information also consists of the Remuneration Report for 2023 that we obtained prior to the date of this auditor's report. The Board of Directors and the Managing Director are responsible for this other information.

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

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

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

Responsibilities of the Board of Directors and the Managing Director

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

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

The Audit Committee shall, without prejudice to the Board of Directors responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

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

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website:

www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The auditor's examination of the administration of the company and the proposed appropriations of the company's profit or loss

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of BHG Group AB (publ) for the year 2023 and the proposed appropriations of the company's profit or loss. We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

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

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

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group' equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

THE AUDITOR'S EXAMINATION OF THE ESEF REPORT

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the ESEF report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for BHG Group AB (publ) for the financial year 2023.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the ESEF report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for Opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the ESEF report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of BHG Group AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the ESEF report in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the ESEF report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the ESEF report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the ESEF report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the ESEF report.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the ESEF report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the ESEF report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the ESEF report has been prepared in a valid XHMTL format and a reconciliation of the ESEF report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the ESEF report have been marked with iXBRL in accordance with what follows from the ESEF regulation.

THE AUDITOR'S EXAMINATION OF THE CORPORATE GOVERNANCE STATEMENT

It is the Board of Directors who is responsible for the corporate governance statement on pages 56-68 and that it has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

AUDITOR'S REPORT ON THE STATUTORY SUSTAINABILITY REPORT

It is the Board of Directors who is responsible for the statutory sustainability report on pages 35–55 and that it has been prepared in accordance with the Annual Accounts Act.

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

A statutory sustainability report has been prepared.

Öhrlings PricewaterhouseCoopers AB, PO Box 4009, 203 11 Malmö, was appointed auditor of BHG Group AB (publ) by the general meeting of the shareholders on the 3 May 2023 and has been the company's auditor since the financial year 2016.

Malmö the date indicated by our electronic signature

Öhrlings PricewaterhouseCoopers AB

Eric Salander
Authorized Public Accountant
Auditor in charge

Vicky Johansson
Authorized Public Accountant

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 EBITA, 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

(SEKm)	Group 2023	Group 2022
Operating income	-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	-	375.8
Salary expense for gardening leave	7.6	21.9
Impairment and restoreation costs when closing stores	-	7.8
Disposal of intangible assets when liquidating operations	-	5.1
Impairment of inventory when liquidating operations	-	10.1
Recieved electricity support for business	-4.9	-
Impaiment IT platform	65.6	-
Impairment due to restructuring	138.7	-
Resuructuring costs	33.3	-
Capital losses disposal of operations	1,117.7	-
Total items affecting comparability	**1,372.5**	**449.7**
Depreciation and amortization of acquisition related intangible fixed assets	98.4	100.6
Scrapping of acquired brands when sites are discontinued	-	8.6
Adjusted EBIT	**96.7**	**374.9**
Adjusted EBIT (%)	**0.8**	**2.8**
Depreciation and amortization of tangible and intangible fixed assets	487.0	438.7
Gain/loss from sale of fixed assets	-4.8	0.2
Adjusted EBITDA	**578.9**	**813.8**
Adjusted EBITDA (%)	**4.9**	**6.1**
Net sales	11,790.2	13,433.6
Cost of goods	-7,332.3	-8,717.4
Gross profit before direct selling costs	**4,457.9**	**4,716.3**
(%)	**37.8**	**35.1**
Direct selling costs	-1,536.9	-1,735.2
Gross profit	**2,921.1**	**2,981.1**
Gross profit (%)	**24.8**	**22.2**
Inventory impairment	-	375.8
Impairment and restoreation costs when closing stores	-	1.3
Impairment due to restructuring	20.0	-
Impairment of inventory when liquidating operations	-	10.1
Adjusted gross profit before direct selling costs	**4,477.9**	**5,103.5**
Adjusted gross profit before direct selling costs (%)	**38.0**	**38.0**

Home Improvement segment

(SEKm)	Home Improvement 2023	Home Improvement 2022
Operating income	-71.5	67.1
Acquisition-related costs	4.0	-
Warehouse consolidation	-	2.1
Inventory impairment	-	131.6
Salary expense for gardening leave	7.0	6.5
Impairment and restoreation costs when closing stores	-	1.8
Disposal of intangible assets when liquidating operations	-	5.1
Impairment of inventory when liquidating operations	-	1.2
Recieved electricity support for business	-2.5	-
Impairment due to restructuring	48.8	-
Resuructuring costs	10.9	-
Total items affecting comparability	**68.1**	**148.3**
Depreciation and amortization of acquisition related intangible fixed assets	57.4	57.5
Scrapping of acquired brands when sites are discontinued	-	3.2
Adjusted EBIT	**54.0**	**276.1**
Adjusted EBIT (%)	**0.9**	**4.0**
Depreciation and amortization of tangible and intangible fixed assets	177.2	157.7
Gain/loss from sale of fixed assets	3.3	0.3
Adjusted EBITDA	**234.5**	**434.1**
Adjusted EBITDA (%)	**4.1**	**6.3**
Net sales	5,726.7	6,856.3
Cost of goods	-3,908.0	-4,776.7
Gross profit before direct selling costs	**1,818.7**	**2,079.6**
Gross profit before direct selling costs (%)	**31.8**	**30.3**
Direct selling costs	-613.4	-692.6
Gross profit	**1,205.2**	**1,387.0**
Gross profit (%)	**21.0**	**20.2**
Inventory impairment	-	131.6
Impairment due to restructuring	6.2	-
Impairment and restoreation costs when closing stores	-	1.3
Impairment of inventory when liquidating operations	-	1.2
Adjusted gross profit before direct selling costs	**1,824.9**	**2,213.7**
Adjusted gross profit before direct selling costs (%)	**31.9**	**32.3**

Value Home segment

	Value Home	
(SEKm)	2023	2022
Operating income	-1,259.3	-199.8
Acquisition-related costs	-	2.3
Inventory impairment	-	232.7
Salary expense for gardening leave	-	1.3
Impairment and restoreation costs when closing stores	-	4.9
Impairment of inventory when liquidating operations	-	8.9
Recieved electricity support for business	-1.8	-
Impaiment IT platform	65.6	-
Impairment due to restructuring	90.0	-
Resuructuring costs	19.4	-
Capital losses disposal of operations	1,117.5	-
Total items affecting comparability	**1,290.7**	**250.1**
Depreciation and amortization of acquisition related intangible fixed assets	18.1	20.3
Scrapping of acquired brands when sites are discontinued	-	5.3
Adjusted EBIT	**49.5**	**76.0**
Adjusted EBIT (%)	**1.3**	**1.7**
Depreciation and amortization of tangible and intangible fixed assets	242.7	241.1
Gain/loss from sale of fixed assets	-8.2	-0.1
Adjusted EBITDA	**284.0**	**317.0**
Adjusted EBITDA (%)	**7.2**	**7.0**
Net sales	3,941.4	4,558.7
Cost of goods	-2,158.2	-2,750.8
Gross profit before direct selling costs	**1,783.3**	**1,807.9**
Gross profit before direct selling costs (%)	**45.2**	**39.7**
Direct selling costs	-586.9	-694.5
Gross profit	**1,196.4**	**1,113.4**
Gross profit (%)	**30.4**	**24.4**
Inventory impairment	-	232.7
Impairment due to restructuring	13.7	-
Impairment of inventory when liquidating operations	-	8.9
Adjusted gross profit before direct selling costs	**1,797.0**	**2,049.6**
Adjusted gross profit before direct selling costs (%)	**45.6**	**45.0**

Premium Living segment

	Premium Living	
(SEKm)	2023	2022
Operating income	48.6	38.7
Inventory impairment	-	11.5
Salary expense for gardening leave	-	7.0
Impairment and restoreation costs when closing stores	-	1.1
Recieved electricity support for business	-0.6	-
Total items affecting comparability	**-0.6**	**19.6**
Depreciation and amortization of acquisition related intangible fixed assets	22.9	22.9
Adjusted EBIT	**70.9**	**81.2**
Adjusted EBIT (%)	**3.2**	**3.7**
Depreciation and amortization of tangible and intangible fixed assets	64.8	38.1
Gain/loss from sale of fixed assets	0.1	-
Adjusted EBITDA	**135.8**	**119.4**
Adjusted EBITDA (%)	**6.2**	**5.5**
Net sales	2,201.2	2,172.1
Cost of goods	-1,339.3	-1,337.3
Gross profit before direct selling costs	**861.9**	**834.9**
Gross profit before direct selling costs (%)	**39.2**	**38.4**
Direct selling costs	-336.6	-347.1
Gross profit	**525.3**	**487.8**
Gross profit (%)	**23.9**	**22.5**
Inventory impairment	-	11.5
Adjusted gross profit before direct selling costs	**861.9**	**846.4**
Adjusted gross profit before direct selling costs (%)	**39.2**	**39.0**

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.

At the end of the year, net debt amounted to SEK 1,129.7 million, corresponding to net debt in relation to pro-forma adjusted EBITDAaL, LTM (see definition on page 126) of 4.01x. The Group's current and non-current acquisition-related liabilities consist of contingent and deferred earn-outs related to acquisitions, which are subject to an implicit interest expense related to the present value calculation of the same. These obligations amounted to SEK 374.2 million at the end of the year, compared with SEK 1,254.2 million at the beginning of the year. Lease liabilities reflect the balance sheet effects of IFRS 16 and amounted to SEK 867.1 million at the end of the year, compared with SEK 877.7 million at the beginning of the year.

	Group	
Net debt / Net cash (SEKm)	**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 of lease liabilities	-687.1	-877.7
Adjustment of earnouts 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 for 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.	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 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.
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.

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.

CONTACT INFORMATION

For further information, visit www.wearebhg.se or contact:

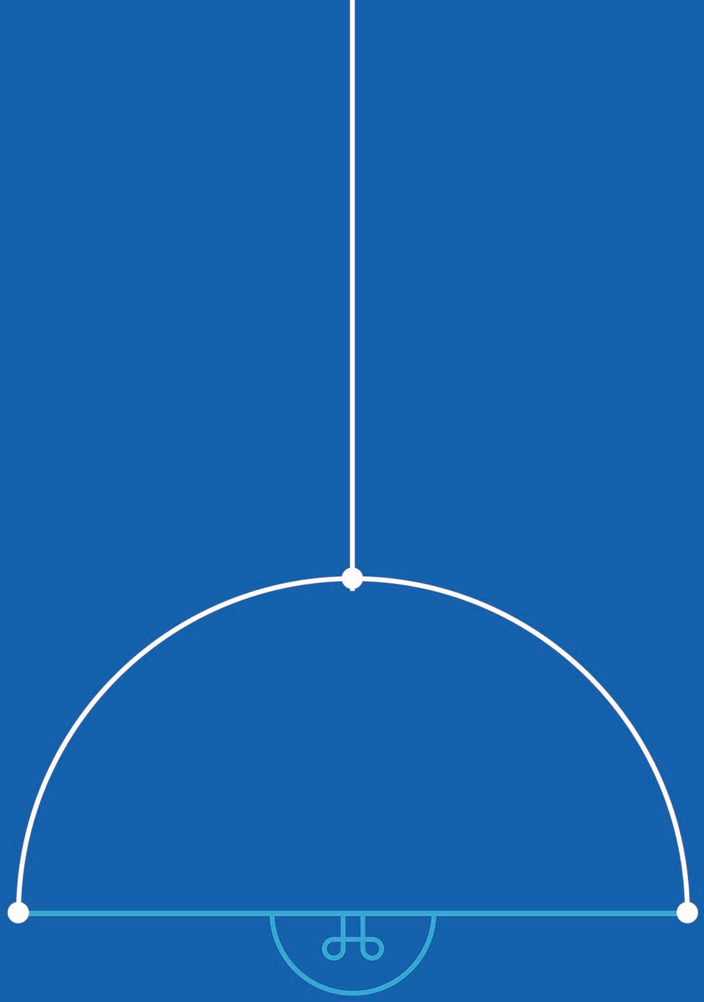
Gustaf Öhrn
President and CEO
Gustaf.ohrn@bhggroup.se
+46 (0) 704-20 44 36

Jesper Flemme
Group CFO
jesper.flemme@bhggroup.se
+46 (0) 720-80 25 69

Jakob Nylin
Head of Investor Relations
jakob.nylin@bhggroup.se
+46 (0) 760-48 02 38

FINANCIAL CALENDAR

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



Happy dots, solving knots

bhg.