

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

Today's presenters

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

Gustaf Öhrn, CEO

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

Jesper Flemme, CFO

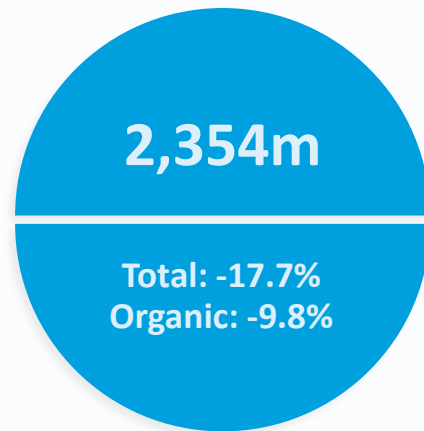
Q3 REPORT 2024

24 October 2024

Q3 2024 – Improved sales development and EBIT

SALES

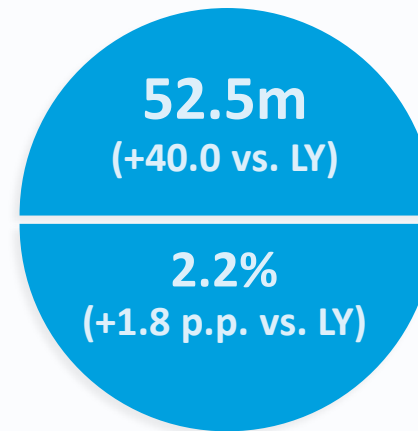
Net Sales (SEK)



Growth

EARNINGS

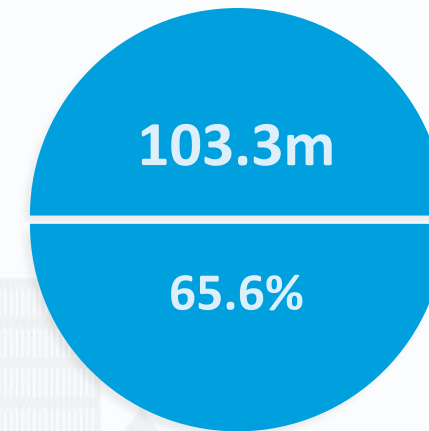
Adj. EBIT(SEK)



EBIT-margin

CASH FLOW

Cash flow from operating activities (SEK)



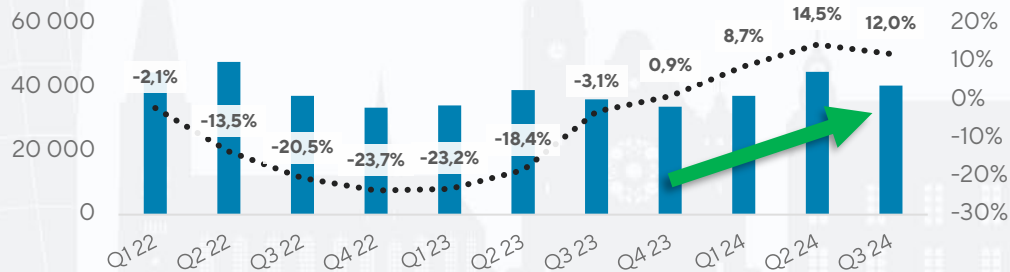
Cash conversion

- Market remains challenging but sales trend have improved in the third quarter compared to first half of 2024
- For the fourth consecutive quarter, we improved our profitability compared with last year
- Strong cashflow considering seasonal trend

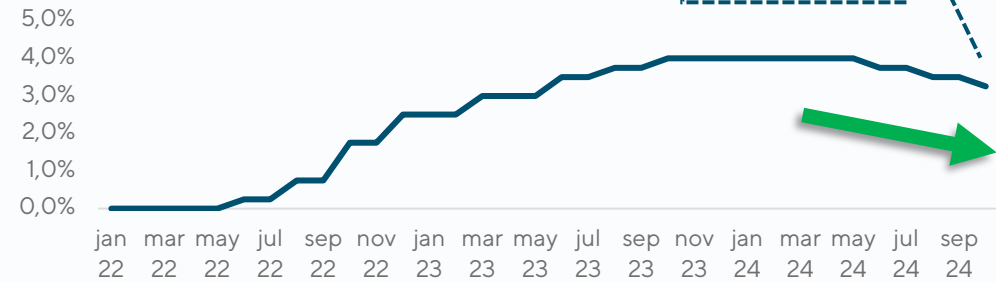
Key macro factors have continued to improve

- Interest rates have continued down and are **projected to decrease further 2025**
- **Intention to renovate now close to average Q1 2019 – Q2 2024**
- Housing and apartment transactions increased 12.0% YoY in the quarter. **Fourth consecutive quarter with YoY increases**
- **Market remains challenging** despite macro improvements, and **we expect it to be so for the remainder of 2024**

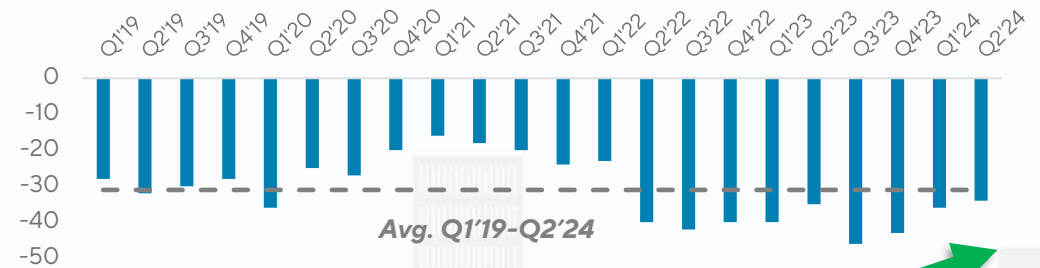
Housing and apartment transactions per quarter and YoY growth (Sweden)



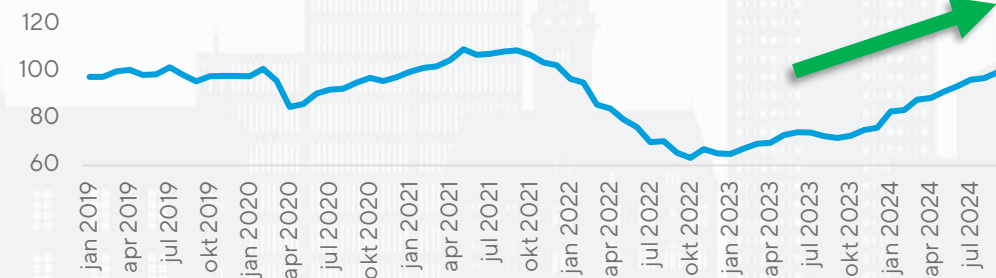
Policy rate (Sweden)



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



Consumer confidence, Index (Sweden)



Source: * SEB Nordic Outlook, Sveriges Riksbank, Svensk Mäklarstatistik, Konjunkturinstitutet

Execution of our focus areas continues

Home Improvement

Value Home

Premium Living

Growth

Product range expansion primarily within our dropship-based businesses combined with **geographic expansion** within HYMA and Hafa

Increase share of entry-price assortment and **strengthen availability** on top sellers

Focus on geographic expansion. International markets have continued to outperform the Nordics

Consolidation

Consolidate our Nordic DIY operations into a **Nordic Powerhouse**. Localized offerings but consolidated support functions

Continue consolidation of **Out11, Trendrum** and **Hemfint** into **Hemfint Group**, enabling a **lower fixed cost base**

Drive traffic, sales and efficiency to our consolidated destinations **KitchenTime** and **Lightshop**

Efficiency

Enable **efficient operations, consolidations and increased customer value** through our newly launched **IT-platform** in Bygghemma Nordic

Continue reduction of warehouse footprint. **Reduction of 23,390 square meters** made during Q3, more than communicated

Last step of warehouse automation planned to be implemented in Q4. **Expected to increase efficiency during the Black Friday period**

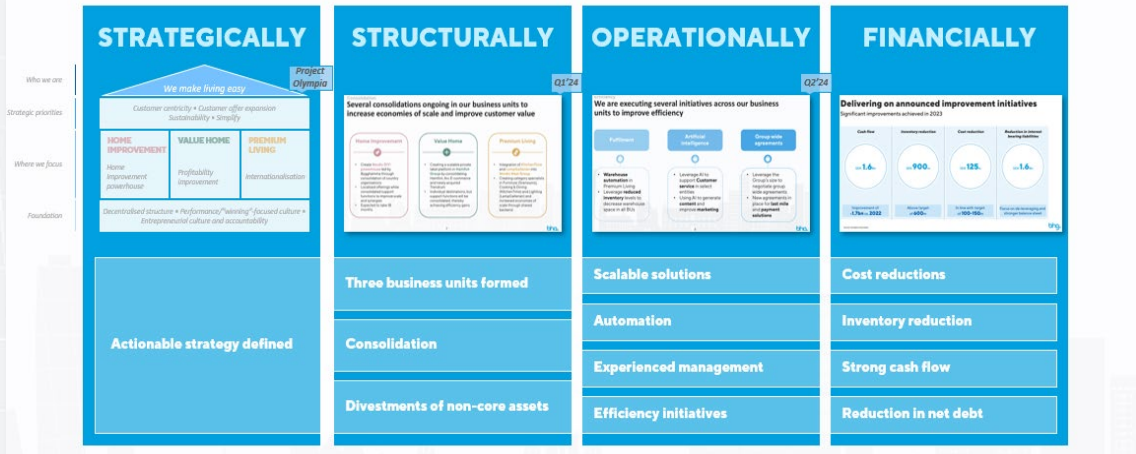
Fourth consecutive quarter with improved profitability YoY

Improvements in our margin-structure, driven by increased efficiency and cost reductions, have allowed us to **improve profitability year over year for four consecutive quarters despite loss of topline**

Accumulated Adj. EBIT improvement amounts to 133m YoY last four quarters!



We have taken the necessary steps to prepare for a market rebound

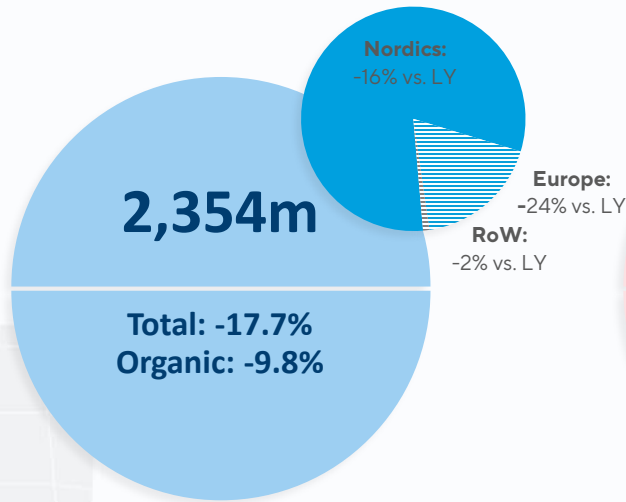


Accumulated Adj. EBIT compared to previous year SEKm
Q4 2023 - Q3 2024

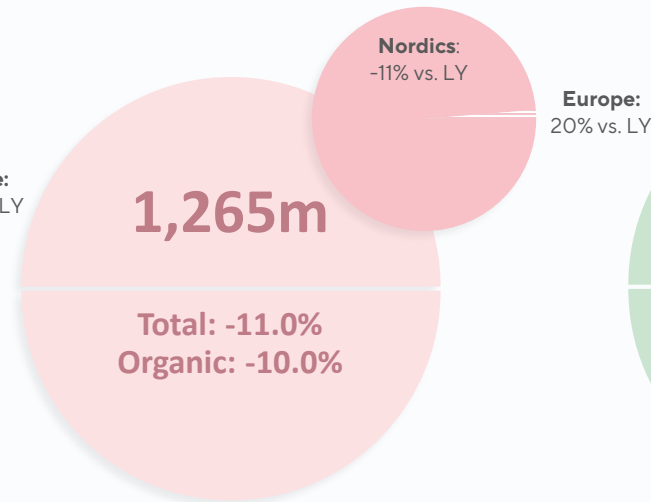


Improved sales trend during the quarter

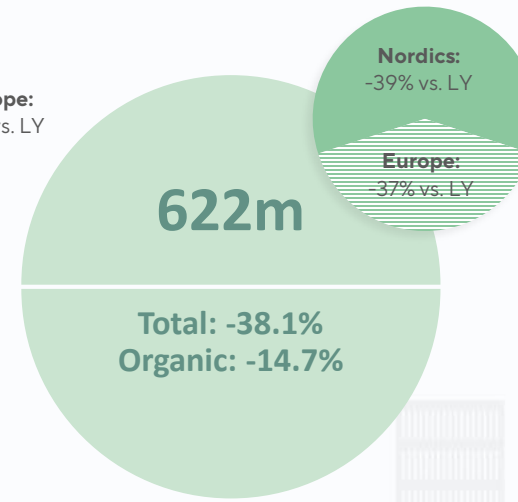
BHG Group



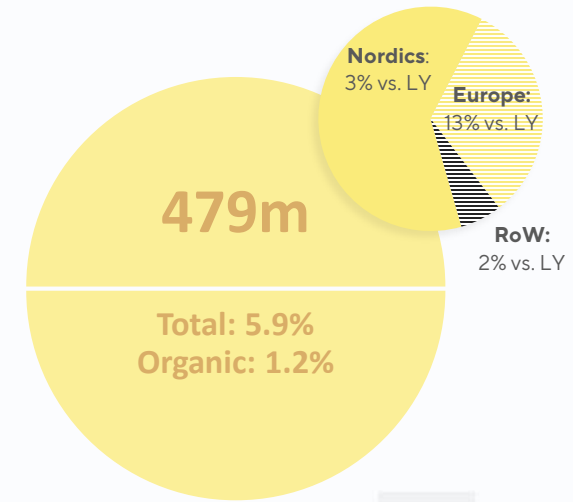
Home Improvement



Value Home

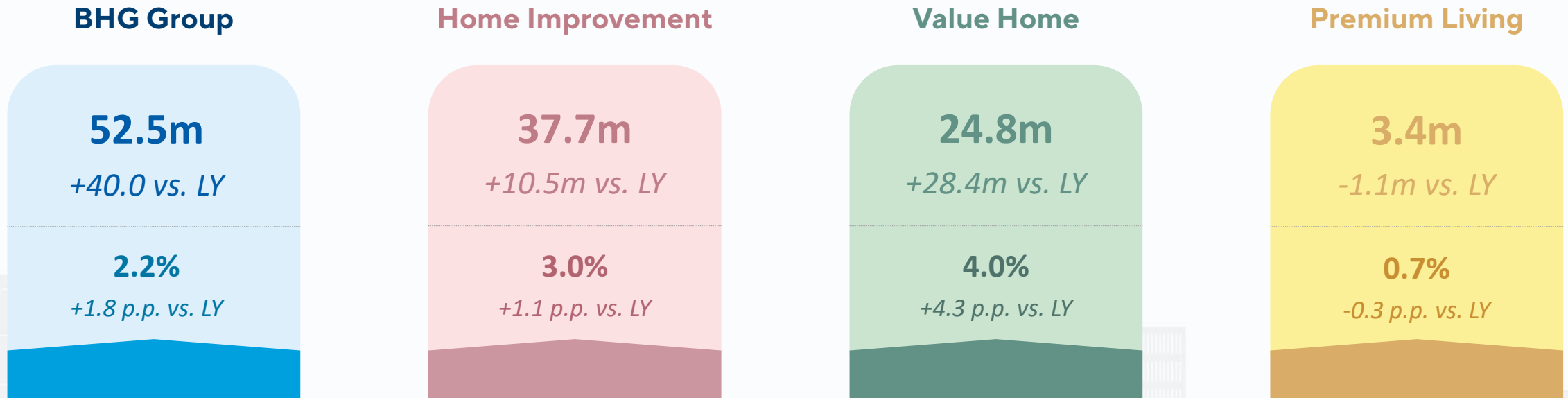


Premium Living



- **Slight recovery for demand** in renovation-related and capital-intensive product categories
- **Sales rate improved in the third quarter** compared with the first half of the year

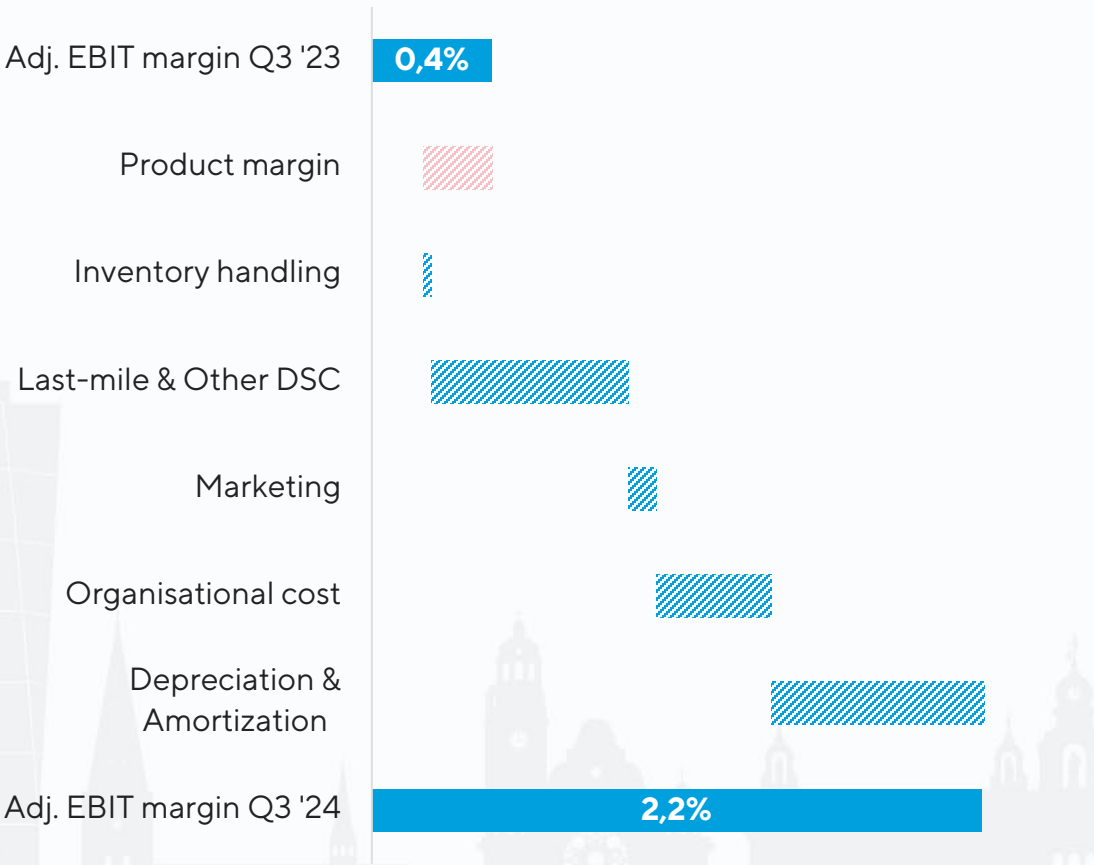
We continued to increase profitability compared to 2023



Fourth consecutive quarter of profitability improvement from last year – extensive cost reductions and increased efficiency main drivers

The robust measures taken in the Value Home business area in terms of **product range, pricing, cost and inventory reductions** are beginning to yield results – **having a positive effect on profitability**

EBIT margin bridge 2023 Q3 → 2024 Q3

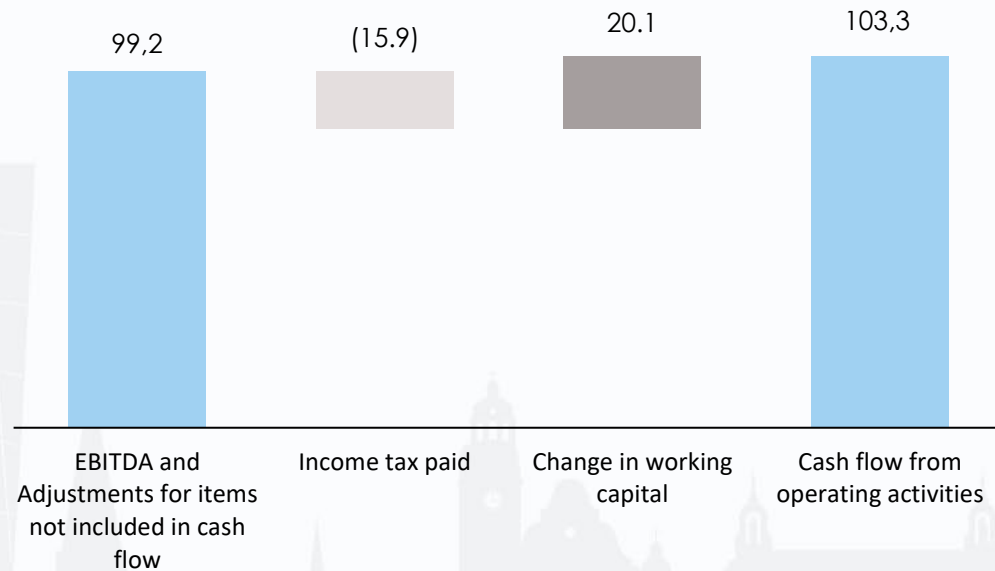


- The weaker **Gross Margin** was primarily driven by **Premium Living** and was mainly attributed to a mix shift towards furniture with lower product margins which in turn affects Gross Margin negatively due to the segments strong growth compared to Group average
- **Last-mile costs** continued to improve through **efficiencies** and better **Group-wide agreements** with third-party suppliers
- **SG&A improved** with 0.5 p.p. compared to previous year. SEK 54.4 million was attributable to divested operations and the remaining **SEK 55.5 million to savings resulting from the extensive cost-cutting and structural measures taken in 2023 and to date this year.**

Solid cash flow

Working capital deviates to a certain degree from BHG's seasonal pattern due to caution regarding Black Friday inventory

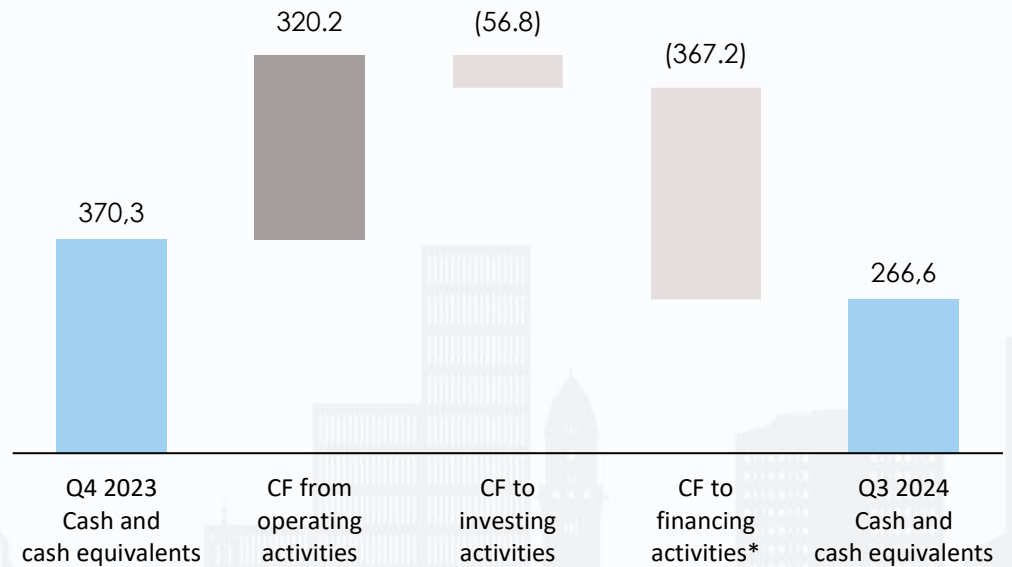
Jul-Sep 2024 (SEKm)



* Including translation differences

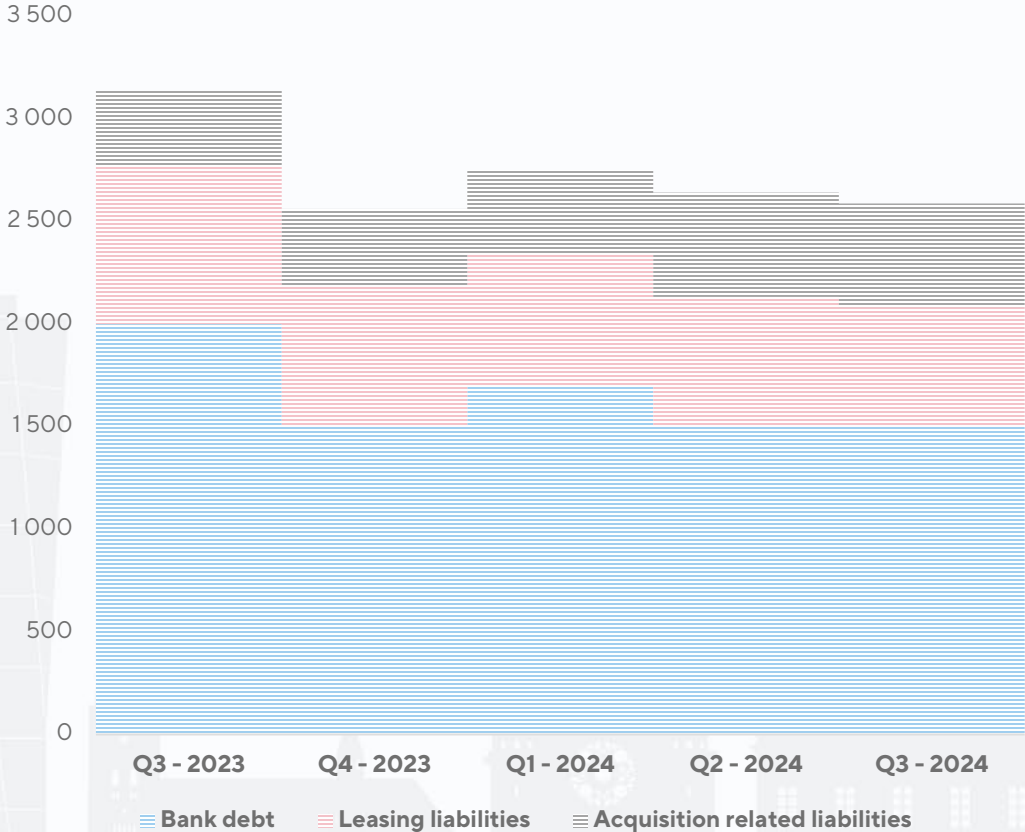
Stable development in liquidity

SEKm



Leverage

Interest-bearing liabilities & Cash



Net debt

1,233.4m

=

4.56x

EBITDAaL LTM

270.7m

- **Improved profitability key** to drive **deleveraging going forward**
- Total facilities **reduced from SEK 3.3bn to SEK 2.3bn**, where of SEK 0.8bn unutilised
- Acquisition related liabilities amounts to **506m** whereof **272m** short-term

Summary

Positive signs of macro indicators improving demand – we estimate that the **market will remain challenging throughout 2024 with gradual improvements first half of 2025**

Our **focus** remains profitability through our key focus areas

- ◆ **Growth** through **product expansion**, increased **price competitiveness** and **geographical expansion**
- ◆ **Consolidations** of several entities into our **Nordic DIY Powerhouse**, **Hemfint Group** and **Nordic Nest**
- ◆ **Efficiency** through investments in **automation, AI** and **reduced warehouse space** among other initiatives

Sales trend have improved in the third quarter compared to first half of 2024. A step in the right direction

We are pleased to conclude that we've **improved profitability year over year the last four quarters**

We are well prepared for a market rebound in 2025!

