

Year-end report 1 January-31 December 2019

A strong finish to a record year

- Organic growth increased to 19.9 percent for the fourth quarter

HIGHLIGHTS

Fourth quarter

- Net sales increased 28.5 percent to SEK 1,644.6 million (1,279.7). Organic growth amounted to 19.9 percent
- Gross profit increased 39.0 percent to SEK 414.3 million (298.2), with a gross margin of 25.2 percent (23.3)
- Adjusted EBIT amounted to SEK 90.0 million, corresponding to an adjusted EBIT margin of 5.5 percent. Excluding IFRS 16 effects, adjusted EBIT amounted to SEK 87.5 million, an increase of 45.2% on the prior year*
- Operating income amounted to SEK 79.6 million, corresponding to an operating margin of 4.8 percent. Excluding IFRS 16 effects, operating income amounted to SEK 77.1 million, an increase of 74.8% on the prior year*
- Operating cash flow amounted to SEK 24.8 million. Operating cash flow excluding IFRS 16 effects amounted to SEK -22.4 million (7.4), corresponds to a cash conversion of -22.4 percent**
- Net income amounted to SEK 64.1 million. Excluding IFRS 16 effects, net income amounted to SEK 64.3 million, an increase of 27.2 percent on the prior year*
- Earnings per share amounted to SEK 0.58 (0.46) before dilution and SEK 0.58 (0.46) after dilution

1 January-31 December

- Net sales increased 24.9 percent to SEK 6,212.5 million (4,973.7). Organic growth amounted to 12.9 percent
- Gross profit increased 42.3 percent to SEK 1,490.5 million (1,047.5), with a gross margin of 24.0 percent (21.1)
- Adjusted EBIT amounted to SEK 330.1 million, corresponding to an adjusted EBIT margin of 5.3 percent. Excluding IFRS 16 effects, adjusted EBIT amounted to SEK 321.7 million, an increase of 58.7% on the prior year*
- Operating income amounted to SEK 282.0 million, corresponding to an operating margin of 4.5 percent. Excluding IFRS 16 effects, operating income amounted to SEK 273.6 million, an increase of 213.7% on the prior year*
- Operating cash flow amounted to SEK 358.2 million. Operating cash flow excluding IFRS 16 effects amounted to SEK 233.6 (185.4), corresponding to a cash conversion of 63.9 percent**
- Net income amounted to SEK 179.9 million. Excluding IFRS 16 effects, net income amounted to SEK 180.9 million, an increase of 228.8 percent on the prior year*
- Earnings per share amounted to SEK 1.64 (0.04) before dilution and SEK 1.64 (0.04) after dilution
- The Board of Directors' proposal to the Annual General Meeting is that no dividend is to be paid for the 2019 financial year

Key events during and after the quarter

- Decision to expand the Helsingborg warehouse facility by 18,000 m², which will increase delivery speed and accuracy
- Extension of the M&A-related bank facility by SEK 300 million, securing a continued high M&A-related growth agenda
- Acquisition of Lindström & Sondén AB on 19 December, further strengthening the Group's private label offering

FINANCIAL SUMMARY

SEKm (if not otherwise stated)	Q4				Jan-Dec			
	2019	2019*	2018	Δ%	2019	2019*	2018	Δ%
Net sales	1,644.6	1,644.6	1,279.7	28.5	6,212.5	6,212.5	4,973.7	24.9
Gross profit	414.3	414.3	298.2	39.0	1,490.5	1,490.5	1,047.5	42.3
Gross margin (%)	25.2	25.2	23.3	1.9 p.p.	24.0	24.0	21.1	2.9 p.p.
Adjusted EBIT***	90.0	87.5	60.3	45.2	330.1	321.7	202.7	58.7
Adjusted EBIT margin (%)	5.5	5.3	4.7	0.6 p.p.	5.3	5.2	4.1	1.1 p.p.
Operating income	79.6	77.1	44.1	74.8	282.0	273.6	87.2	213.7
Operating margin (%)	4.8	4.7	3.4	1.2 p.p.	4.5	4.4	1.8	2.7 p.p.
Net profit/loss for the period	64.1	64.3	50.5	27.2	179.9	180.9	55.0	228.8
Earnings per share before dilution, SEK	0.58	0.58	0.46		1.64	1.65	0.04	
Earnings per share after dilution, SEK	0.58	0.58	0.46		1.64	1.65	0.04	
Cash flow from operating activities	46.6	2.2	20.7	-90.2	391.1	276.1	120.5	129.1
Net debt	547.6	547.6	473.6	15.6	547.6	547.6	473.6	15.6

* 2019 figures excluding the effect of IFRS 16 are used in order to facilitate comparison with 2018 figures, as 2018 has not been restated for IFRS 16.

** Operating cash flow over adjusted EBITDA excluding IFRS 16 effects in percent (also refer to "Definitions" on page 38 of this report).

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

CEO's comments on the result

2019 was a year of focused execution in line with the Group's four strategy pillars: 1) continued rapid expansion of our market-leading assortment (*expanding the portfolio from less than 350,000 unique products to over 500,000 during the year*); 2) building further scale, including through M&A, to be able to profitably match the lowest price points in the market and add a higher share of private label to our mix (*on track to double the share of private label products within DIY*); 3) dominating digital, especially search (*approaching 200 million site visits per annum*); and 4) delivering on our ecosystem (*supporting our customers through an infrastructure of customer support and product expertise, our own showrooms and last-mile delivery and installation services*).

With another strong showing in the fourth quarter, 2019 was a record-breaking year for us:

- Our growth journey continues on the back of a strong performance in both our segments: Home Furnishing and DIY. With net sales of SEK 6.2 billion for full-year 2019, we are well on our way to becoming a SEK 10 billion company. The Group's organic growth, which amounted to 12.9 percent for full-year 2019, accelerated during the year and reached 19.9 percent in the fourth quarter. We thus grew at a markedly higher pace than the overall market, driving further market share gains.
- We completed six acquisitions during the year – Designkupp, Nordiska Fönster, Vitvarubolaget, Lampgallerian, Arc E-commerce and Lindström & Sonden – adding to our already leading market position and, in the process, further boosting the share of net sales attributable to private label products.
- The Group's adjusted EBIT for the year of SEK 330.1 million and adjusted EBIT margin of 5.3% both ended at record levels, thanks to our focus on the fundamentals of our four strategy pillars. These results were underpinned by contributions from our ongoing assortment expansion, growth in our private label base, a focus on curation and managing average order values (AOVs), together with a culture of strong cost control.
- We significantly strengthened our customer value proposition, which we refer to as the BHG Ecosystem. We continued to supplement the broadest online product portfolio in our markets with corresponding physical infrastructure by expanding the reach of our showroom network and last-mile deliveries as well as rolling out installation services for a significant part of the DIY range. This combination of capabilities provides our customers with an increasingly seamless digital-to-physical process, from search/browsing through to order, delivery and installation.
- Finally, as previously communicated, in support of the Group's ongoing evolution, we are planning to roll out our upgraded corporate identity across our web and social media presence and all company communications during the first quarter of 2020: *We make living easy by offering our customers an ecosystem of affordable products, expertise and services revolving around the home*. This new corporate identity will be launched during the first quarter of 2020. Until then, refer to the final page of this report for an illustration of the direction we are heading in, along with a teaser on the righthand side of this page.

2019 saw the Group reinforce its position as the leading e-commerce company in the Nordics. Our top-line growth went hand-in-hand with healthy and expanding operating margins and strong cash generation. I want to thank our customers for choosing us as their partner in fulfilling their dreams for their homes! I would also like to thank my 1,565 dedicated, hard-working and expert colleagues for making it all possible!

As we continue into the new year, we are stronger than ever, with growth plans firmly in place. We look forward to the next leg of the journey!

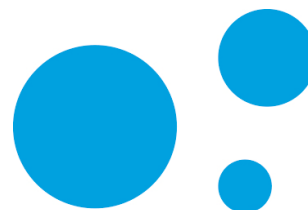
Malmö, 31 January 2020

Martin Edblad
Acting President and CEO, Bygghemma Group



Martin Edblad, acting President and CEO

Soon to be launched: The BHG dots, see final page of report for more information.



Condensed consolidated financial information

SEKm (if not otherwise stated)	Q4				Jan-Dec			
	2019	2019*	2018	Δ%	2019	2019*	2018	Δ%
Net sales	1,644.6	1,644.6	1,279.7	28.5	6,212.5	6,212.5	4,973.7	24.9
Gross profit	414.3	414.3	298.2	39.0	1,490.5	1,490.5	1,047.5	42.3
Gross margin (%)	25.2	25.2	23.3	1.9 p.p.	24.0	24.0	21.1	2.9 p.p.
Adjusted EBITDA***	131.9	99.7	67.8	47.2	475.3	365.8	231.1	58.3
Adjusted EBITDA margin (%)	8.0	6.1	5.3	0.8 p.p.	7.7	5.9	4.6	1.2 p.p.
Adjusted EBIT***	90.0	87.5	60.3	45.2	330.1	321.7	202.7	58.7
Adjusted EBIT margin (%)	5.5	5.3	4.7	0.6 p.p.	5.3	5.2	4.1	1.1 p.p.
Items affecting comparability	0.0	0.0	-6.6	n/a	-7.5	-7.5	-77.9	-90.4
Operating income	79.6	77.1	44.1	74.8	282.0	273.6	87.2	213.7
Operating margin (%)	4.8	4.7	3.4	1.2 p.p.	4.5	4.4	1.8	2.7 p.p.
Net profit/loss for the period	64.1	64.3	50.5	27.2	179.9	180.9	55.0	228.8
Cash flow from operating activities	46.6	2.2	20.7	-90.2	391.1	276.1	120.5	129.1
Visits (thousands)	57,926	57,926	32,349	79.1	184,398	184,398	116,120	58.8
Orders (thousands)	537	537	456	17.8	1,940	1,940	1,735	11.8
Conversion rate (%)	0.9	0.9	1.4	-0.5 p.p.	1.1	1.1	1.5	-0.4 p.p.
Average order value (SEK)	3,109	3,109	2,793	11.3	3,227	3,227	2,830	14.0

* 2019 figures are reported excluding the effect of IFRS 16 to facilitate comparison with 2018 figures as reported.

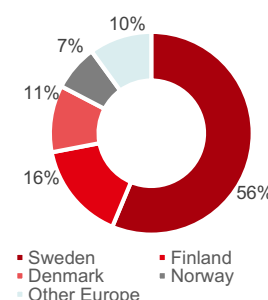
*** Refer to "Relevant reconciliations of non-IFRS alternative performance measures (APMs)" on page 33 of this report for a more detailed description.

COMMENTS ON THE RESULT FOR THE PERIOD

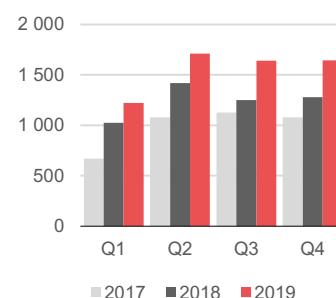
The Group delivered a strong performance during the year and the fourth quarter was no exception:

- During the first quarter, we continued to build on our positive momentum from the last quarter of 2018 and posted our best first-quarter results to date, driven by a record-high gross margin level. The measures taken in terms of assortment, mix and curation during 2018 improved unit economics by establishing higher, yet sustainable, AOVs. We also strengthened our Norwegian presence, through the acquisition of Designkupp, and added two "category catalysts" (i.e. businesses that significantly strengthen the Group's presence within a given category) to the Swedish DIY segment, through the acquisitions of Vitvarubolaget and Nordiska Fönster.
- The second quarter saw an all-time high adjusted EBIT of SEK 102.3 million, breaking the triple-digit mark for the first time ever. Operating cash flow was also at a record level and growth continued to pick up. Lampgallerian was also acquired, significantly boosting our presence and expertise in the lighting segment.
- In the third quarter, growth accelerated significantly, reaching 31.0 percent, and organic growth, which amounted to 14.7 percent, back at our communicated target level over a business cycle. The Group's internationalisation continued apace, with growth in all geographies, but markedly higher growth in Finland, Denmark and especially Eastern Europe. Arc E-commerce was acquired, adding to the share of sales attributable to private label products in key categories such as leisure and garden.
- And, finally, the fourth quarter saw a continuation of the main themes of previous quarters, namely accelerating growth, with organic growth of 19.9 percent, the highest level since 2017, and a robust adjusted EBIT margin of 5.5 percent, surpassed only by the seasonally strong second quarter. The fourth quarter also saw

Distribution by country (%)
Oct-Dec 2019



Net sales (SEKm)



the acquisition of Lindström & Sondén, further expanding our private label presence and concluding what was an active year in terms of acquisitions.

The Group strengthened its market position significantly during the year through a combination of organic and inorganic growth. The segment and geographic mix continued to evolve, with the Home Furnishing segment approaching DIY in terms of net sales, and the internationalisation of the Group continuing through strong growth in markets outside Sweden, making net sales less dependent on macroeconomic conditions in any one country. Finally, the share of net sales attributable to private label products continued to increase as a result of robust growth in the predominantly private label-based Home Furnishing segment and strong organic growth in our own brands within DIY as well as through acquisitions. The share of sales from our private label brands amounted to approximately 43 percent for the full year.

Net sales

Net sales increased 28.5 percent to SEK 1,644.6 million (1,279.7) for the quarter and 24.9 percent to SEK 6,212.5 million (4,973.7) for the full year (YTD). Organic growth amounted to 19.9 percent for the quarter and 12.9 percent YTD. Pro-forma organic growth (including the year-on-year performance of recent acquisitions, which typically accelerates once new businesses join the Group) amounted to 20.4 percent and 16.0 percent, respectively, a testament to our ability to boost growth in recently acquired companies by leveraging the Group's skills, scale and infrastructure. As previously communicated, the Group has a market share of close to 30 percent in the Nordics within both segments.

Net sales in the DIY segment increased 25.5 percent in the quarter and 20.4 percent YTD, and organic growth amounted to 13.8 percent and 10.9 percent, respectively. Many of the Group's destinations had a very strong year. At the geographic level, the Group's Finnish and Danish businesses performed particularly well.

Net sales in the Home Furnishing segment increased 32.7 percent in the quarter and 32.0 percent YTD, and organic growth accelerated to 28.9 percent in the period and 16.2 percent YTD. A strong performance was noted across all geographies, especially in the Group's Eastern European operations.

The Group's webstores received 57.9 million (32.3) visits during the quarter and 184.4 million (116.1) visits YTD, generating 537 thousand (456) orders in the quarter and 1,940 thousand (1,735) orders YTD. Traffic from mobiles and tablets accounted for 70.6 percent (65.4) of the total number of visits to the Group's webstores YTD, an increase of 8.0 percentage points compared with last year. Mobiles and tablets accounted for 68.4 percent (63.0) of visits in the DIY segment and 76.7 percent (71.4) of visits in the Home Furnishing segment.

The Group's AOV continued to develop well – despite the quarter's increasing reliance on the Black Friday period – and amounted to SEK 3,109 (2,793) in the quarter and SEK 3,227 (2,830) YTD. The structural increase in AOV on last year, and the associated impact on unit economics, was underpinned by the Group's expanding assortment, improved product and website curation, and the application of machine learning to drive the business towards its established commercial objectives, such as higher price points. The decrease in conversion rate is a direct result of the significant increase in overall visits as well as AOV.

Gross margin and SG&A

To provide further transparency and allow for an easier comparison with our online peers, we supplement the information on gross margin by detailing the split between product margin and fully loaded contribution margin. The product margin amounted to 36.4 percent in the quarter and 35.2 percent YTD. The fully loaded contribution margin – which we have also reported previously, and which includes direct selling costs such as fulfilment and postage – amounted to 25.2 percent (23.3) in the quarter and 24.0 (21.1) percent YTD.

The gross margin reached an all-year high during the quarter and continues to be favorably affected by the structural increase in AOV referred to above as well as a continued focus on cost and process efficiencies within purchasing and logistics. Other factors affecting the gross margin in the quarter and YTD included the continued strong growth of the Home Furnishing segment, as well as the private label portfolio in the DIY segment, both of which enjoy higher gross margins than the Group's average.

The Group's selling, general and administrative expenses (SG&A, defined as the difference between adjusted gross profit and adjusted EBITDA) amounted to SEK 282.5 million for the

quarter and SEK 1,020.3 million YTD. Excluding the effects of IFRS 16, SG&A amounted to SEK 314.6 million (234.6) for the quarter, corresponding to 19.1 percent (18.3) of net sales, and SEK 1,130.0 million (846.8) YTD, corresponding to 18.2 percent (17.0) of net sales. The increase in SG&A is associated with the ongoing shifts in the product mix, including a shift at the segment level as well as a shift towards a larger share of own brands. The Group is well positioned to benefit from scale effects going forward, which will allow net sales to grow at a faster pace than SG&A over time.

No items affecting comparability were charged to the quarter. Including items affecting comparability YTD, SG&A amounted to SEK 1,022.7 million (894.3), corresponding to 16.5 percent (18.0) of net sales.

Earnings

The operating margins in both segments developed well in the period, ending ahead of last year's levels, and markedly so for the Home Furnishing segment.

Adjusted EBIT amounted to SEK 90.0 million for the quarter and SEK 330.1 million YTD. Excluding IFRS 16 effects, adjusted EBIT increased to SEK 87.5 million (60.3) in the quarter, corresponding to an EBIT margin of 5.3 percent (4.7), and SEK 321.7 million (202.7) YTD, corresponding to an EBIT margin of 5.2 percent (4.1).

Items affecting comparability amounted to SEK 0.0 million (6.6) in the quarter. Items affecting comparability amounted to SEK 7.5 million (77.9) YTD, of which SEK 5.8 million was attributable to the last-mile project. The items affecting comparability charged to the first quarter of 2018 primarily related to the IPO process, the integration of Furniturebox and costs for a long-term incentive programme (LTIP) for key employees. This year's less extensive LTIP programme has been treated as an ordinary cost of business and amounted to SEK 0.6 million in the quarter and SEK 1.4 million YTD. As of the third-quarter report, expenses relating to the ongoing execution of the Group's base M&A agenda are treated as part of the ordinary course of business and are thus not treated as affecting comparability.

The Group's operating income amounted to SEK 79.6 million in the quarter and SEK 282.0 million YTD. Excluding IFRS 16 effects, operating income amounted to SEK 77.1 million (44.1) for the quarter and SEK 273.6 million (87.2) YTD, and the operating margin totalled 4.7 percent (3.4) for the quarter and 4.4 percent (1.8) YTD.

Amortisation of acquisition-related intangible assets amounted to SEK 10.4 million (9.6) for the quarter and SEK 40.6 million (37.5) YTD and comprised amortisation of identified surplus values related to customer relationships and customer databases in acquired companies. No impairment requirements were identified for goodwill or other acquisition-related assets during the period.

The Group's net financial items amounted to SEK -2.4 million (+15.6) for the quarter and SEK -48.9 million (-35.7) YTD and were attributable to reassessed earn-outs of SEK +0.7 million in the quarter and SEK -18.1 million YTD as well as the Group's financing arrangements with SEB. Interest expenses for the quarter amounted to SEK -8.0 million, of which SEK -2.8 million related to leased assets in accordance with IFRS 16. Interest expenses YTD amounted to SEK -29.9 million, of which SEK -9.7 million related to leased assets in accordance with IFRS 16.

The Group's profit before tax was SEK 77.2 million (59.7) for the quarter and SEK 233.1 million (51.5) YTD.

Net income amounted to SEK 64.1 million for the quarter and SEK 179.9 million YTD. Excluding the effects of IFRS 16, net income amounted to SEK 64.3 million (50.5) for the quarter and SEK 180.9 million (55.0) YTD.

The effective tax rate was -17.0 percent (-15.4) for the quarter and -22.8 percent (+6.7) YTD, corresponding to SEK -13.1 million (-9.2) and SEK -53.2 million (+3.5), respectively.

KEY EVENTS DURING AND AFTER THE FOURTH QUARTER OF 2019

- On 2 October, the Group announced the expansion of its main warehouse facility in Helsingborg. The expansion will encompass 18,000 m², increasing the warehouse space from 30,400 m² to 48,400 m². The warehouse handles products for the Home Furnishing segment.
- On 24 October, the Group signed an extension to its existing credit facility with SEB, whereby the acquisition and capex portion was doubled from SEK 300 million to SEK 600 million. The combined credit facility now totals SEK 1,395 million. The increase was negotiated to reflect the Group's continued active M&A agenda.

- On 19 December, the Group announced the acquisition of 100% of the shares in Lindström & Sondén ("LSBolagen.com"). LSBolagen.com is a leading online retailer, primarily of wine fridges, outdoor kitchens and range cookers, with proprietary brands and exclusive distributor rights for a number of leading European kitchen appliance brands. The Group has thereby strengthened its portfolio of leading proprietary brands and its expertise in these categories. LSBolagen.com had sales of over SEK 100 million in 2018 and operating income (EBIT) of over SEK 6 million. The company is consolidated in the Group's DIY segment from January 1, 2020.

FINANCIAL TARGETS

The Group's medium-term financial targets remain unchanged since the previous quarter. The financial targets are stated in relation to the accounting principles for leases that the Group applied in 2018 and earlier, meaning that all leases are recognised under IAS 17 instead of under IFRS 16 (see also Note 5).

The medium-term guidance is unchanged:

Net sales growth

Increase net sales by an average of 20-25 percent per year over the medium term, with approximately 15 percent of this increase comprising organic growth. The Group's objective is to reach net sales of SEK 10 billion over the medium term, including acquisitions.

Profitability and cash conversion

Gradually improve profitability to reach an adjusted EBITA margin, excluding IFRS 16 effects, of about 7 percent over the medium term. Achieve cash conversion* in line with adjusted EBITDA as a result of the business model.

Capital structure

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

Dividend policy

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

* Operating cash flow over adjusted EBITDA excluding IFRS 16 effects in percent (also refer to "Definitions" on page 39 of this report).

DIY segment

- The segment's net sales increased 25.5 percent in the quarter and 20.4 percent YTD, of which organic growth accounted for 13.8 percent and 10.9 percent, respectively
- The gross margin amounted to 23.1 percent (20.9) for the quarter and 21.5 percent (19.9) YTD. The margin was favorably impacted by an increasing share of private label products
- Adjusted EBIT amounted to SEK 49.2 million in the quarter and SEK 167.9 million YTD. Excluding the effects of IFRS 16, adjusted EBIT amounted to SEK 47.6 million (30.2) for the quarter, corresponding to an adjusted EBIT margin of 4.9 percent (3.9), and SEK 162.9 million (131.2) YTD, corresponding to an adjusted EBIT margin of 4.4 percent (4.3)

SEKm (if not otherwise stated)	Q4				Jan-Dec			
	2019	2019*	2018	Δ%	2019	2019*	2018	Δ%
Net sales	963.3	963.3	767.5	25.5	3,700.8	3,700.8	3,073.8	20.4
Gross profit	222.9	222.9	160.5	38.9	794.3	794.3	612.1	29.8
Gross margin (%)	23.1	23.1	20.9	2.2 p.p.	21.5	21.5	19.9	1.5 p.p.
Adjusted EBITDA	69.0	55.1	35.0	57.5	235.4	190.4	150.2	26.8
Adjusted EBITDA margin (%)	7.2	5.7	4.6	1.2 p.p.	6.4	5.1	4.9	0.3 p.p.
Adjusted EBIT	49.2	47.6	30.2	57.4	167.9	162.9	131.2	24.2
Adjusted EBIT margin (%)	5.1	4.9	3.9	1.0 p.p.	4.5	4.4	4.3	0.1 p.p.
Items affecting comparability	0.0	0.0	-0.3	n/a	-1.4	-1.4	-0.9	63.3
Operating income	41.5	39.9	23.1	73.1	136.9	131.9	102.9	28.1
Operating margin (%)	4.3	4.1	3.0	1.1 p.p.	3.7	3.6	3.3	0.2 p.p.
Net profit/loss for the period	-10.4	-10.2	-43.6	-76.5	28.1	28.9	15.8	83.0
Visits (thousands)	25,362	25,362	15,911	59.4	86,473	86,473	65,762	31.5
Orders (thousands)	310	310	284	9.0	1,141	1,141	1,099	3.8
Conversion rate (%)	1.2	1.2	1.8	-0.6 p.p.	1.3	1.3	1.7	-0.4 p.p.
Average order value (SEK)	3,128	3,128	2,611	19.8	3,255	3,255	2,746	18.5

* 2019 figures are reported excluding the effect of IFRS 16 to facilitate comparison with 2018 figures, as 2018 has not been restated for IFRS 16.

COMMENTS ON THE DIY SEGMENT

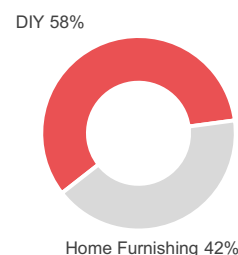
Growing by over 25% in the quarter and 20% YTD, the DIY segment continued to consolidate its position as the leading online DIY player in the Nordics, unmatched in terms of product and service breadth, with a growing share of own brands.

Some of the key developments during the year include:

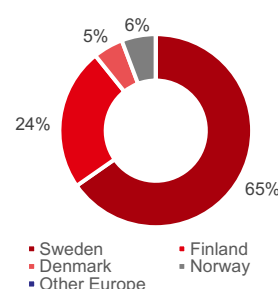
- Expanding the product assortment to include well over 350,000 unique stock keeping units (SKUs) and organically growing the share of net sales attributable to private label brands such as Bathlife, Landskap, Arredo and Nordic Floor.
- Adding to the portfolio of private label brands through three acquisitions – Nordiska Fönster, Arc E-commerce (Lyfco, Trekkrunner and Metalcraft brands) and Lindström & Sondén (mQuvée and myoutdoorkitchen brands).
- Further extending the BHG Ecosystem concept to include an ever-growing range of installation services, now covering a majority of the relevant DIY portfolio in the Swedish market, and rolling out installation services in Finland. *We make living easy* is our vision and 2019 took us one step closer to realising it.

Just as we reported in the third-quarter report, overall market conditions were mixed across the Nordic region. Preliminary full-year market data indicates a relatively slow overall development for the combined offline and online Nordic DIY market, with the online share

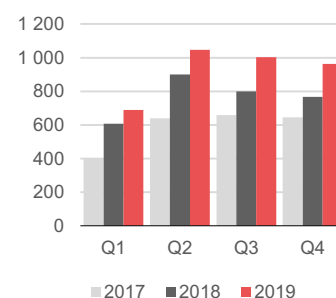
Net sales by segment
Oct-Dec 2019



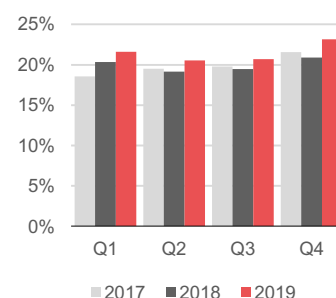
Distribution by country (%)
Oct-Dec 2019



Net sales (SEKm)



Adjusted gross margin (%)



continuing to expand in the face of a minor contraction in the total market. The growth in the DIY segment demonstrates not only that the online share of the market is more resilient than the offline share, as the structural shift towards a higher online penetration continues, but also that the Group is well positioned to grow and gain shares in a somewhat slower overall market.

The segment accounted for 58 percent of the Group's total net sales for the quarter and 59 percent YTD.

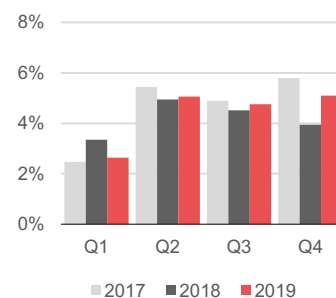
The segment's net sales increased 25.5 percent to SEK 963.3 million (767.5) for the quarter and 20.4 percent to SEK 3,700.8 million (3,073.8) YTD. All geographies showed growth in the quarter, with Finland and Denmark delivering an especially strong development, and the leisure, garden, kitchen, flooring, doors and windows categories performing particularly well, fuelled by the ongoing portfolio expansion of well-known external brands and the sound mix of own brands. Bathlife, our own flagship brand within the bathroom category, developed especially well, growing in excess of 40 percent, with continued favourable growth in Sweden, coupled with explosive growth in the neighbouring Nordic countries. Whereas most of the external brands are specific to each country, several of the Group's own brands have successfully found their niches in multiple geographies.

The year's acquisitions – Designkupp and Nordiska Fönster in the first quarter, Arc E-commerce in the third quarter and Lindström & Sondén in the fourth quarter – all developed well on their own and further benefited from the scale of the Group, including a significantly widened reach through the Group's platforms. Nordiska Fönster, Arc E-commerce and Lindström & Sondén are all private label-based. These acquisitions thus significantly increase the share of own brands in the Group's sales mix.

Adjusted EBIT amounted to SEK 49.2 million for the quarter and SEK 167.9 million YTD. Excluding IFRS 16 effects, adjusted EBIT amounted to SEK 47.6 million (30.2) in the quarter, with an adjusted EBIT margin of 4.9 percent (3.9), and SEK 162.9 million (131.2) YTD, with an adjusted EBIT margin of 4.4 percent (4.3).

The segment's operating income amounted to SEK 41.5 million for the quarter and SEK 136.9 million YTD. Excluding IFRS 16 effects, operating income amounted to SEK 39.9 million (23.1) for the quarter, with an operating margin of 4.1 percent (3.0), and SEK 131.9 million (102.9) for the quarter, with an operating margin of 3.6 percent (3.3).

Adjusted EBIT margin (%)



Home Furnishing segment

- The segment's net sales increased 32.7 percent during the quarter and 32.0 percent YTD, of which organic growth accounted for 28.9 percent and 16.2 percent, respectively
- The gross margin amounted to 28.0 percent (26.7) for the quarter and 27.5 percent (22.8) YTD. The strong margin improvement was driven by structurally higher AOVs, resulting from the segment's focus on assortment expansion, optimised pricing and improved curation, coupled with a strong operational focus on procurement and logistics
- Adjusted EBIT amounted to SEK 50.7 million in the quarter and SEK 185.0 million YTD. Excluding the effects of IFRS 16, adjusted EBIT amounted to SEK 49.7 million (32.8) for the quarter, corresponding to an adjusted EBIT margin of 7.3 percent (6.4), and SEK 181.7 million (78.8) YTD, corresponding to an adjusted EBIT margin of 7.2 percent (4.1)

SEKm (if not otherwise stated)	Q4				Jan-Dec			
	2019	2019*	2018	Δ%	2019	2019*	2018	Δ%
Net sales	685.3	685.3	516.2	32.7	2,533.1	2,533.1	1,918.8	32.0
Gross profit	191.7	191.7	137.9	39.0	697.5	697.5	437.2	59.6
Gross margin (%)	28.0	28.0	26.7	1.3 p.p.	27.5	27.5	22.8	4.8 p.p.
Adjusted EBITDA	72.6	54.4	35.5	53.4	262.7	198.2	88.3	124.5
Adjusted EBITDA margin (%)	10.6	7.9	6.9	1.1 p.p.	10.4	7.8	4.6	3.2 p.p.
Adjusted EBIT	50.7	49.7	32.8	51.7	185.0	181.7	78.8	130.4
Adjusted EBITmargin (%)	7.4	7.3	6.4	0.9 p.p.	7.3	7.2	4.1	3.1 p.p.
Items affecting comparability	-	-	-6.3	-100.0	-6.0	-6.0	-34.9	-82.7
Operating income	47.9	47.0	23.8	97.7	168.0	164.6	33.7	388.2
Operating margin (%)	7.0	6.9	4.6	2.3 p.p.	6.6	6.5	1.8	4.7 p.p.
Net profit/loss for the period	-14.2	-14.2	37.4	-137.8	74.6	74.8	41.9	78.7
Visits (thousands)	32,564	32,564	16,438	98.1	97,925	97,925	50,358	94.5
Order (thousands)	228	228	172	32.2	799	799	636	25.7
Conversion rate (%)	0.7	0.7	1.0	-0.3 p.p.	0.8	0.8	1.3	-0.4 p.p.
Average order value	3,082	3,082	3,092	-0.3	3,188	3,188	2,976	7.1

* 2019 figures are reported excluding the effect of IFRS 16 to facilitate comparison with 2018 figures, as 2018 has not been restated for IFRS 16.

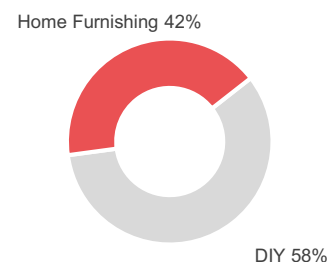
COMMENTS ON THE HOME FURNISHING SEGMENT

The Home Furnishing segment has now had five consecutive strong quarters, in which each quarter has built on the strengths of the previous one and added further momentum for the next. Having faced a combination of external and internal headwinds in the first half of 2018, we can now safely say that the improvement plan we launched in the second half of 2018 has created a sustainably strong business. The core elements of the action plan now form part of our everyday work and combine improved unit economics on the back of pricing and curation initiatives with continuing assortment expansion, for which we see few limits.

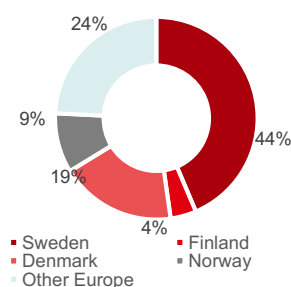
The year has been eventful, and has included:

- A continued execution focus on the fundamentals underpinning the business, including assortment expansion and unit economics.
- Gradually expanding coverage through our own last-mile distribution operations. The step-by-step roll-out across the Swedish market continues and planning with regards to extending coverage to the other Nordic countries is advancing.

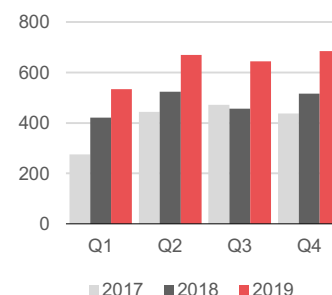
Net sales by segment
Oct-Dec 2019



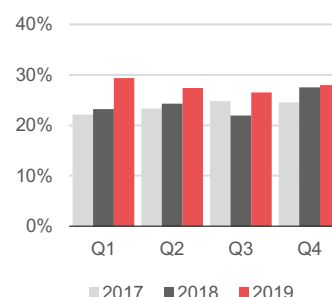
Distribution by country (%)
Oct-Dec 2019



Net sales (SEKm)



Adjusted gross margin (%)



- Initiating work on the announced expansion of our main Helsingborg warehouse facility. The expansion will allow us to optimise internal efficiencies as well as key customer satisfaction-related aspects, such as delivery speed and accuracy.
- Strong growth in all markets, with the Swedish market turning from sluggish to favourable growth, the other Nordic countries growing rapidly from a lower base and our Eastern European business, through our subsidiary Furniture1, continuing to steam ahead. Group is on track to replicating its strong Swedish position in the neighbouring Nordic countries and establishing itself as one of the leading online players within home furnishings in mainland Europe.

The strong and accelerating performance of the Home Furnishing segment during the year meant that the segment's relative size increased, in terms of both its top-line and bottom-line contribution to the Group, now generating more than half of the Group's profits. It also meant that the segment significantly expanded its already leading position in the Nordic and Eastern European online markets for home furnishings. Growth was strong across many categories, including chairs, tables and accessories, boosted by the ongoing assortment expansion. The segment accounted for 42 percent of the Group's total net sales for the quarter and 41 percent YTD.

Net sales in the Home Furnishing segment increased 32.7 percent to SEK 685.3 million (516.2) for the quarter and 32.0 percent to SEK 2,533.1 million (1,918.8) YTD. The major quarter-on-quarter improvement in organic growth continued, from 1.4 percent in the fourth quarter of 2018 to 7.2 percent in the first quarter of 2019, 7.8 percent in the second, 19.7 percent in the third and now 28.9 percent in the fourth quarter.

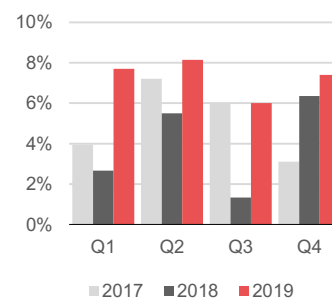
The continued roll-out of the last-mile logistics operations in Sweden is progressing according to plan. The Stockholm setup is fully established and the Gothenburg hub is serving the greater Gothenburg area, including Borås, and continuing to gain scale. The launch in the Öresund region is in the advanced planning stage and next in line will be other select regions in Sweden, followed by the metropolitan areas of Helsinki and Oslo.

In the first quarter of this year, SEK 5.8 million relating to the last-mile operations was charged as items affecting comparability and we stated that the full project cost would not exceed SEK 15 million for the year. We can now conclude that the operations are up and running, without the Group having incurred any additional one-time costs categorised as affecting comparability. Costs affecting comparability thus amounted to SEK 5.8 million in the first quarter and SEK 0.0 million in the subsequent quarters.

Adjusted EBIT amounted to SEK 50.7 million for the quarter and SEK 185.0 million YTD. Excluding IFRS 16 effects, adjusted EBIT increased 51.7 percent to SEK 49.7 million (32.8) for the quarter, corresponding to an adjusted EBIT margin of 7.3 percent (6.4), and increased 130.4 percent to SEK 181.7 million (78.8) YTD, corresponding to an adjusted EBIT margin of 7.2 percent (4.1).

The segment's operating income amounted to SEK 47.9 million for the quarter and SEK 168.0 million YTD. Excluding IFRS 16 effects, operating income amounted to SEK 47.0 million (23.8) for the quarter, corresponding to an operating margin of 6.9 percent (4.6), and SEK 164.6 million (33.7) YTD, corresponding to an operating margin of 6.5 percent (1.8).

Adjusted EBIT margin (%)



Other

CASH FLOW AND FINANCIAL POSITION

The Group's cash flow from operating activities for the quarter was SEK 46.6 million (20.7). For the full year, cash flow from operating activities was SEK 391.1 million (120.5). Cash flow from operating activities was mainly driven by the Group's EBITDA during the period as well as a favourable working capital position, which is the result of a high proportion of direct deliveries from suppliers, leading to relatively limited inventory levels as well as low levels of accounts receivable (due to a high share of card purchases and factoring without regress).

The change in net working capital in the period follows the usual seasonal profile, with inventory levels increasing during the first quarter prior to high-season sales, particularly of outdoor furniture, and then decreasing with a correspondingly high cash conversion during the second and third quarters, due to seasonally high sales levels, after which they typically increase in the fourth quarter.

The Group's cash flow to investing activities was SEK -110.2 million (-33.1) for the quarter and SEK -348.1 million (-126.8) YTD, attributable to the acquisitions of Designkupp, Nordiska Fönster, Vitvarubolaget, Lampgallerian, Arc E-commerce and Lindström & Sondén as well as to deferred payments and earn-outs related to acquisitions made during the 2014-2017 period, and to IT investments related to the web platform and logistical solution.

Cash flow from financing activities was SEK 33.3 million (3.7) for the quarter, attributable to the increased drawdown of the Group's acquisition facility in connection with acquisitions, deferred payments and earn-outs, and SEK -2.4 million (73.5) YTD, attributable to the repayment of a revolving credit facility as well as an increase in said acquisition facility. Cash flow in the corresponding period last year was attributable to the share issue in connection with the IPO, which was carried out in order to adjust the Group's capital structure to a level suitable for a listed environment and to facilitate investments and continued expansion through acquisitions.

Operating cash flow was SEK 24.8 million for the quarter and SEK 358.2 million YTD. Operating cash flow excluding IFRS 16 effects was SEK -22.4 million (7.4) for the quarter and SEK 233.6 (185.4) million YTD. This corresponds to a cash conversion (in relation to adjusted EBITDA) of -22.4 percent for the quarter and 63.9 percent YTD. The Group's cash-generating capabilities are a result of the growth in EBITDA, a favourable working capital position and relatively low capex requirements. The rapid increase in the share of the DIY segment attributable to private label products during the year led to an increase in net working capital as a result of the need to keep a higher inventory position for these products. This effect was exacerbated by the timing of the acquisition of Arc E-commerce, which coincided with the start of the seasonal build up of inventory ahead of the spring and summer peak season.

The Group's cash and cash equivalents at the end of the reporting period amounted to SEK 270.3 million (226.9), which is primarily explained by the operating cash flow generated during the period and the repayment of a revolving credit facility.

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 547.6 million at the end of the quarter, compared with SEK 473.6 million at the beginning of the year, corresponding to net debt in relation to LTM adjusted EBITDA of 1.5x, which is at the low end of the medium-term financial target range.

The Group's other current and non-current interest-bearing liabilities consist of conditional and deferred additional 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 554.5 million at the end of the quarter, compared with SEK 320.3 million at the beginning of the year (also refer to "Relevant reconciliations of non-IFRS alternative performance measures (APMs)" for a more detailed description).

The Group's unutilised credit facilities amounted to SEK 577.1 million at the end of the period, compared with SEK 394.5 million at the beginning of the year.

The Group's total assets at the end of the reporting period amounted to SEK 6,018.2 million, compared to SEK 4,851.9 million at the beginning of the period. This change is mainly attributable to the effect of the implementation of IFRS 16 as of 1 January 2019 as well as the year's acquisitions.

The Group's equity at the end of the reporting period amounted to SEK 2,925.1 million (SEK 2,814.4 million at the beginning of the year).

EMPLOYEES

The number of employees (measured as FTEs) was 1,373 at the end of the period. The average number of employees (FTEs) for the most recent 12-month period was 1,238.

SEASONAL VARIATIONS

The Group's operations are impacted by seasonal variations affecting consumers' total demand, especially for building products and outdoor furniture. Due to the effect of weather on demand, the Group's sales and cash flow are usually higher in the second and third quarters when most (nearly 60 percent) of the Group's sales are normally generated, and lower in the first and fourth quarters. Although seasonal variations normally do not affect the Group's relative profit and cash flow from year to year, profit and cash flow may be impacted in years with extremely hot or cold weather conditions, or with very high or low downfall. Weather conditions may also have a significant impact on individual quarters, but usually even out over the full year.

PARENT COMPANY

The Parent Company's net sales amounted to SEK 0.2 million (0.2) for the quarter and SEK 0.9 million (2.4) YTD. The Group's CEO, CFO and COO are employed by the Parent Company, which also remunerates the Board of Directors. The Parent Company posted an operating loss of SEK -9.4 million (-2.9) for the quarter and SEK -21.4 million (-32.3) YTD. The loss in the corresponding period last year was mainly due to costs attributable to the listing on Nasdaq Stockholm in the first quarter of 2018. Profit for the quarter amounted to SEK 17.9 million (20.8) and profit for the full year to SEK 7.5 million (-2.1), as a result of Group contributions. The Parent Company's cash and cash equivalents totalled SEK 17.2 million at the end of the reporting period, compared with SEK 6.6 million at the beginning of the year.

DIVIDEND

The Board of Directors' proposal to the Annual General Meeting is that no dividend is to be paid for the 2019 financial year. The basis for this proposal is the high availability of investments in profitable growth, not least through continued acquisitions.

ACCOUNTING POLICIES

This report has been prepared by applying the rules of IAS 34 Interim Financial Reporting and applicable regulations contained in the Swedish Annual Accounts Act. The interim report for the Parent Company has been prepared in accordance with Chapter 9 Interim Reports of the Swedish Annual Accounts Act. For the Group and the Parent Company, the same accounting policies have been applied as in the 2018 annual report, with the exceptions that the Group applies IFRS 16 Leases as of 1 January 2019 and that the Group changed its accounting policy regarding liabilities to non-controlling interests in accordance with the description below as of 1 January 2019. The Parent Company does not apply IFRS 16 pursuant to the exemption contained in recommendation RFR 2. A description of IFRS 16 and the effects of the transition to the standard can be found in Note 5.

The Group also applies the European Securities and Markets Authority's (ESMA) guidelines for alternative performance measures. The definitions of alternative performance measures can be found in the relevant reconciliations on pages 33-37 of this report.

The interim information on page 1-15 is an integrated part of this financial report.

Change of accounting policy regarding liabilities to non-controlling interests

In connection with certain acquisitions, the Group has entered into agreements with non-controlling interests to acquire their holdings at some point in the future. The agreements include a right to acquire remaining shares as well as an obligation for Bygghemma to acquire the remaining shares if the seller exercises the option to sell in the agreement. Taking this into consideration, the Group has determined that all risks and rewards are transferred to the Group in conjunction with the acquisition and the Group recognises no non-controlling interests related to these shares, since they are regarded as being acquired from a financial perspective. The future commitment to acquire shares is recognised as a financial liability, initially at the estimated discounted present value of the future strike amount (fair value).

Remeasurements of the financial liability were formerly recognised in profit or loss under net financial items. As of the 2019 financial year, the Group changed its accounting policy and recognises remeasurements of the financial liability in equity.

The change of accounting policy is based on the fact that non-controlling interests are to be recognised directly in equity in conjunction with the application of IFRS 10. Accordingly, the Group has determined that the recognition of remeasurements of equity better reflects the transaction's financial substance since it pertains to a transaction with non-controlling interests, and has thus chosen to change the accounting policy.

The change in accounting policy was recognised retroactively in accordance with IAS 8, which entails an adjustment of the figures for the 2018 comparative year.

Effects of voluntary change of accounting policy

The change of accounting policy entails an adjustment of financial items SEK +4.2 million for the 2018 comparative year. The effect of SEK 4.2 million was instead recognised directly in equity on the line "Remeasurement of liabilities to non-controlling interests".

For 2019, a remeasurement is recognised directly with equity in an amount of SEK 70.5 million instead of being recognised as financial items.

The change of accounting policy entails an impact on earnings per share before and after dilution of SEK +0.66 for the quarter and SEK +0.66 YTD, respectively (SEK +0.04 and SEK +0.04, respectively).

RISKS AND UNCERTAINTIES

There are several strategic, operational and financial risks and uncertainty factors that can affect the Group's financial results and position. Most risks can be managed through internal procedures, while others are largely driven by external factors. There are risks and uncertainties related to IT and management systems, suppliers, season and weather variations and exchange rates, while other risks and uncertainties may also arise in the case of new competition, changed market conditions or changed consumer behaviour for online sales. The Group is also exposed to interest-rate risk. For a more detailed description of the risks and uncertainties faced by the Group and the Parent Company, refer to Note 25 in the 2018 annual report. Apart from the risks described therein, the assessment is that there are no additional material risks.

RELATED-PARTY TRANSACTIONS

All transactions with related parties are based on appropriate market terms. For more information, see Note 4 in this report.

Malmö, 31 January 2020

Henrik Theilbjørn

Chairman

Peter Möller

Board member

Ingrid Jonasson Blank

Board member

Bert Larsson

Board member

Johan Giléus

Board member

Christophe Le Houédec

Board member

Tom Tang

Board member

Niklas Ringby

Board member

Martin Edblad

Acting President and CEO

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

Bygghemma Group First AB (publ)

Hans Michelsensgatan 9

SE-211 20 Malmö

Corporate registration number: 559077-0763

This information is information that Bygghemma Group First AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out below, at 7:00 a.m. CET on 31 January 2020.

CONTACT INFORMATION

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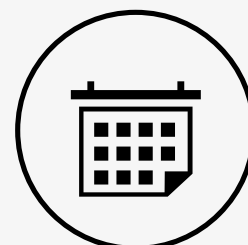


CONFERENCE CALL IN CONNECTION WITH PUBLICATION OF THE QUARTERLY REPORT

On Friday, 31 January at 10:00 a.m. CET, Martin Edblad, acting President and CEO, and Adam Schatz, CFO, will hold a conference call concerning the publication of the year-end report. The call will be held in English. To participate, please call +46 (0)8 566 426 92 or go to the weblink <https://tv.streamfabriken.com/bygghemma-group-q4-2019>

The presentation is available from the Group's website:

<http://www.bygghemmaGroup.com/investor-relations/presentations>



QUARTERLY REPORTS ON WWW.BYGGHEMMAGROUP.SE

The full report for the period January-December 2019 and previous quarterly and year-end reports are available at <http://www.bygghemmagroup.com/investor-relations/financial-reports/>

FINANCIAL CALENDAR

23 April 2020	Interim report January-March 2020
Week 15 2020	Publication of annual report for 2019
5 May 2020	Annual general meeting in Malmö
23 July 2020	Interim report January-June 2020
29 October 2020	Interim report January-September 2020
29 January 2021	Year-end report 2020

ABOUT THE GROUP

The Group is Europe's leading e-commerce company within home improvement and offers a complete ecosystem of products and services through its two segments – DIY and Home Furnishing.

We offer the Nordic market's broadest product offering, with over 500,000 products, at the most competitive prices and strive to create the most attractive online shopping environment through combining an unrivalled product offering with smart technology, leading product expertise, advice and a broad range of services.

The Group has over 50 online destinations – including sites such as www.bygghemma.se, www.trademax.se, www.chilli.se and www.furniturebox.se – and approximately 80 showrooms. The headquarters is in Malmö and the Group is listed on Nasdaq Stockholm, Mid Cap. During 2019, the Group had net sales of SEK 6.2 bn and over 1,500 employees.

Condensed consolidated income statement

SEKm	Q4		Jan-Dec	
	2019	2018	2019	2018
Net sales	1,644.6	1,279.7	6,212.5	4,973.7
Other operating income	2.4	0.5	0.3	0.0
Total net sales	1,647.0	1,280.2	6,212.7	4,973.7
Cost of goods sold	-1,230.3	-981.6	-4,721.9	-3,926.2
Personnel costs	-144.2	-114.9	-493.4	-420.4
Other external costs and operating expenses	-140.5	-122.6	-525.5	-469.6
Other operating expenses	0.2	-0.1	-4.9	-4.4
Depreciation and amortisation of tangible and intangible fixed assets	-52.6	-16.9	-185.0	-65.8
Operating income	79.6	44.1	282.0	87.2
Profit/loss from financial items	-2.4	15.6	-48.9	-35.7
Profit/loss before tax	77.2	59.7	233.1	51.5
Income tax	-13.1	-9.2	-53.2	3.5
Profit/loss for the period	64.1	50.5	179.9	55.0
Attributable to:				
Equity holders of the parent	62.6	49.7	176.2	54.1
Non-controlling interest	1.5	0.8	3.6	0.9
Net income for the period	64.1	50.5	179.9	55.0
Earnings per share before dilution, SEK	0.58	0.46	1.64	0.04
Earnings per share after dilution, SEK	0.58	0.46	1.64	0.04

* Earnings per share before and after dilution during 2018 has been calculated with a deduction of preference interest.

** The formula for earnings per share is as follows: earnings per share = (profit/loss for the period - interest on preference shares) / (average number of ordinary shares outstanding + number of outstanding warrants which are in the money at the close of the period). At the end of the period, there was a total of 4,370,542 (2,760,016) warrants outstanding.

Condensed consolidated statement of comprehensive income

SEKm	Q4		Jan-Dec	
	2019	2018	2019	2018
Profit/loss for the period	64.1	50.5	179.9	55.0
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Translation differences for the period	-17.4	-2.6	5.8	7.2
Other comprehensive income for the period	-17.4	-2.6	5.8	7.2
Total comprehensive income for the period	46.7	47.9	185.7	62.2
Total comprehensive income attributable to:				
Parent Company shareholders	46.3	47.1	181.6	62.4
Non-controlling interest	0.5	0.8	4.1	-0.2
Total comprehensive income for the period	46.7	47.9	185.7	62.2
Shares outstanding at period's end				
Before dilution	107,368,421	107,368,421	107,368,421	107,368,421
After dilution	107,368,421	107,368,421	107,368,421	107,368,421
Average number of shares				
Before dilution	107,368,421	107,368,421	107,368,421	95,781,974
After dilution	107,368,421	107,368,421	107,368,421	95,781,974

* The outstanding employee warrant programmes were deemed to be out of the money at period end and hence the average number of shares before and after dilution are the same.

Condensed consolidated statement of financial position

SEKm	31 Dec	
	2019	2018
Non-current assets		
Goodwill	2,896.7	2,590.7
Other intangible fixed assets	1,293.6	1,225.3
Total intangible fixed assets	4,190.2	3,815.9
Buildings and land	10.7	11.3
Leased fixed assets	459.2	-
Tangible fixed assets	39.8	22.9
Financial fixed assets	6.6	5.4
Deferred tax asset	13.5	6.0
Total fixed assets	4,720.1	3,861.5
Current assets		
Inventories	668.4	504.9
Current receivables	359.5	258.6
Cash and cash equivalents	270.3	226.9
Total current assets	1,298.1	990.4
Total assets	6,018.2	4,851.9
Equity		
Equity attributable to owners of the parent	2,889.7	2,783.1
Non-controlling interest	35.4	31.3
Total equity	2,925.1	2,814.4
Non-current liabilities		
Deferred tax liability	249.6	234.3
Other provisions	23.0	1.9
Non-current interest-bearing liabilities to credit institutions	813.6	694.9
Non-current lease liabilities	339.7	-
Other non-current liabilities	507.0	278.3
Total non-current liabilities	1,933.0	1,209.5
Current liabilities		
Current lease liabilities	118.9	-
Other interest-bearing liabilities	47.5	42.0
Other current liabilities	993.8	786.0
Total current liabilities	1,160.1	828.1
Total equity and liabilities	6,018.2	4,851.9

Condensed consolidated statement of cash flows

SEKm	Q4		Jan-Dec	
	2019	2018	2019	2018
Cash flow from operating activities before changes in working capital	120.4	59.1	410.2	97.8
Changes in working capital	-73.8	-38.3	-19.2	22.7
Cash flow from operating activities	46.6	20.7	391.1	120.5
Investments in operations	-77.9	-11.5	-251.4	-58.9
Investments in other non-current assets	-33.3	-21.6	-98.0	-68.1
Divestment of other tangible fixed assets	0.9	0.0	1.3	0.1
Cash flow to/from investing activities	-110.2	-33.1	-348.1	-126.8
New share issue	-	-	-	343.4
Loans taken	77.7	11.9	307.4	693.9
Amortisation of loans	-44.4	-8.2	-315.7	-968.5
Issue of warrants	-	-	6.0	4.6
Received dividend	-	0.0	-	0.1
Cash flow to/from financing activities	33.3	3.7	-2.4	73.5
Cash flow for the period	-30.3	-8.7	40.6	67.3
Cash and cash equivalents at the beginning of the period	307.1	237.5	226.9	156.1
Translation differences in cash and cash equivalents	-6.5	-1.9	2.8	3.6
Cash and cash equivalents at the end of the period	270.3	226.9	270.3	226.9

Condensed consolidated statement of changes in equity

SEKm	31 Dec	
	2019	2018
Opening balance	2,814.4	2,375.1
Comprehensive income for the period	185.7	62.2
Effects from changed accounting standards	-10.5	-
Acquisitions of partly owned subsidiaries	-	31.5
New share issue	-	345.2
Issue of warrants	6.0	4.6
Remeasurement of liabilities to non-controlling interests	-70.5	-4.2
Closing balance	2,925.1	2,814.4

* For 2018, transaction-related costs of approximately SEK 8.1 million (SEK 6.3 million after tax) attributable to the new share issue of common stock are reported net after tax directly in equity as a reduction of the share issue amount.

Notes

NOTE 1 SEGMENTS

SEKm	Q4		Jan-Dec	
	2019	2018	2019	2018
Net sales				
DIY	963.3	767.5	3,700.8	3,073.8
Home Furnishing	685.3	516.2	2,533.1	1,918.8
Total net sales	1,648.6	1,283.7	6,233.9	4,992.6
Other*	8.4	7.0	26.9	20.1
Eliminations	-12.3	-10.9	-48.4	-39.0
Group consolidated total	1,644.6	1,279.7	6,212.5	4,973.7
Revenue from other segments				
DIY	1.1	1.8	6.7	7.3
Home Furnishing	2.8	2.2	14.8	11.6
Other*	8.4	7.0	26.9	20.1
Total	12.3	10.9	48.4	39.0

SEKm	Q4		Jan-Dec	
	2019	2018	2019	2018
Operating income and profit before tax				
DIY	41.5	23.1	136.9	102.9
Home Furnishing	47.9	23.8	168.0	33.7
Total operating income	89.4	46.8	304.9	136.7
Other*	-9.8	-2.7	-22.9	-49.4
Group consolidated operating income	79.6	44.1	282.0	87.2
Financial net	-2.4	15.6	-48.9	-35.7
Group consolidated profit/loss before tax	77.2	59.7	233.1	51.5

* The Group's other operations primarily consist of Group-wide functions and financing arrangements. Net sales thus mainly comprised management fees. Operating costs for 2018 include the costs associated with the listing on Nasdaq Stockholm during the first quarter of 2018.

SEKm	Q4 2019					Jan-Dec 2019				
	DIY	Home Furnishing	Other	Elimination	Group	DIY	Home Furnishing	Other	Elimination	Group
Sweden	629.3	298.9	8.4	-10.9	925.7	2,311.6	1,196.1	26.9	-43.4	3,491.3
Finland	230.1	28.2	-	-	258.2	964.4	117.1	-	-	1,081.5
Denmark	48.6	127.0	-	-0.2	175.5	229.4	498.7	-	-0.7	727.4
Norway	55.3	65.2	-	0.0	120.5	195.4	238.8	-	-0.4	433.8
Rest of Europe	-	166.0	-	-1.2	164.7	-	482.3	-	-3.8	478.5
Net sales	963.3	685.3	8.4	-12.3	1,644.6	3,700.8	2,533.1	26.9	-48.4	6,212.5

SEKm	Q4 2018					Jan-Dec 2018				
	DIY	Home Furnishing	Other	Elimination	Group	DIY	Home Furnishing	Other	Elimination	Group
Sweden	504.6	237.5	7.0	-10.8	738.3	2,029.1	1,105.1	20.1	-37.3	3,116.9
Finland	195.3	24.1	-	-	219.3	762.4	102.3	-	-	864.7
Denmark	41.2	118.0	-	-0.2	159.0	187.3	413.8	-	-1.3	599.9
Norway	26.4	44.4	-	-0.0	70.8	95.0	184.9	-	-0.3	279.5
Rest of Europe	-	92.3	-	-	92.3	-	112.8	-	-	112.8
Net sales	767.5	516.2	7.0	-10.9	1,279.7	3,073.8	1,918.8	20.1	-39.0	4,973.7

NOTE 2 DISCLOSURES ON ACQUISITIONS**Net sales and profit/loss for the period for acquired companies**

Since consolidation, acquisitions have contributed SEK 276.3 million to the Group's net sales and SEK 14.5 million to the Group's profit/loss for the period. If the acquisitions had been consolidated for the full financial year, they would have contributed SEK 408.7 million to the Group's net sales and SEK 18.8 million to the Group's profit/loss for the period.

Acquisition of Designkupp AS

On 29 January 2019, the Group acquired 95 percent of Designkupp AS ("VVSkuPP"). VVSkuPP, which was founded in 2005, is the leading online player in Norway within bathroom products, with sales of approximately SEK 100 million in 2018 and an EBIT margin of 3 percent.

Net sales and profit/loss for the period

Since the acquisition date, VVSkuPP has contributed SEK 102.4 million to consolidated revenue and SEK 4.2 million to consolidated after-tax profit. If VVSkuPP had been consolidated for the full financial year, the company would have contributed SEK 113.7 million to consolidated revenue and SEK 3.1 million to consolidated after-tax profit.

SEKm

Acquisition of Designkupp AS**Net assets at time of acquisition**

Trademarks	9.8
Customer relationships	12.5
Intangible fixed assets	0.1
Tangible fixed assets	0.7
Inventory	9.2
Accounts receivable	1.8
Other receivables	0.0
Cash and cash equivalents	11.3
Deferred tax liability	-5.1
Accounts payable	-8.9
Other liabilities	-3.9

Net identifiable assets and liabilities	27.5
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Goodwill	53.8
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Total purchase consideration	81.4
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Liability to non-controlling interest	6.1
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Deferred purchase consideration	17.3
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Earn-out provision	20.2
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Change in the Group's cash and cash equivalents following the acquisition	-37.7
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Acquisition of Nordiska Fönster i Ängelholm AB

On 1 March 2019, the Group acquired 100 percent of Nordiska Fönster i Ängelholm AB ("Nordiska Fönster"). Nordiska Fönster, which was founded in 2011, offers primarily high-quality windows and doors at competitive prices, with sales of just over SEK 50 million in 2018 and marginally positive earnings.

Net sales and profit/loss for the period

Since the acquisition date, Nordiska Fönster has contributed SEK 50.5 million to consolidated revenue and SEK 1.6 million to consolidated after-tax profit. If Nordiska Fönster had been consolidated for the full financial year, the company would have contributed SEK 57.3 million to consolidated revenue and SEK 0.8 million to consolidated after-tax profit.

SEKm

Acquisition of Nordiska Fönster i Ängelholm AB**Net assets at time of acquisition**

Trademarks	3.5
Customer relationships	3.5
Intangible fixed assets	1.6
Tangible fixed assets	0.4
Deferred tax asset	0.9
Inventory	1.9
Accounts receivable	1.2
Other receivables	0.7
Cash and cash equivalents	0.9
Deferred tax liability	-1.4
Accounts payable	-2.7
Other liabilities	-5.4

Net identifiable assets and liabilities	5.0
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Goodwill	21.8
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Total purchase consideration	26.8
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Earn-out provision	11.8
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Change in the Group's cash and cash equivalents following the acquisition	-14.9
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Acquisition of LampGallerian Växjö AB

On 10 May 2019, the Group acquired 51 percent of LampGallerian Växjö AB ("LampGallerian"), with the option to acquire the remaining 49 percent within three to four years. LampGallerian, a leading webstore in Sweden for indoor and outdoor lighting, had sales of just over SEK 40 million in 2018 and operating profit (EBIT) of approximately SEK 4 million.

Net sales and profit/loss for the period

Since the acquisition date, LampGallerian has contributed SEK 36.2 million to consolidated revenue and SEK 2.3 million to consolidated after-tax profit. If LampGallerian had been consolidated for the full financial year, the company would have contributed SEK 53.8 million to consolidated revenue and SEK 2.5 million to consolidated after-tax profit.

SEKm

Acquisition of LampGallerian Växjö AB**Net assets at time of acquisition**

Trademarks	4.1
Customer relationships	2.0
Intangible fixed assets	0.0
Tangible fixed assets	5.4
Inventory	7.0
Accounts receivable	0.3
Other receivables	0.2
Cash and cash equivalents	1.9
Deferred tax liability	-1.8
Accounts payable	-3.3
Other liabilities	-4.5

Net identifiable assets and liabilities	11.3
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Goodwill	38.0
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Total purchase consideration	49.4
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Liability to non-controlling interest	24.4
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Earn-out provision	9.7
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Change in the Group's cash and cash equivalents following the acquisition	-15.3
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Acquisition of Arc E-commerce AB

On 26 July 2019, the Group acquired 51 percent of Arc E-commerce AB ("Arc E-commerce"), with an option to acquire the remaining 49 percent within three to four years. Arc E-commerce, a leading online store in Sweden for home, household and leisure products, had sales of just over SEK 100 million in 2018 and operating profit (EBIT) of approximately SEK 9 million.

Net sales and profit/loss for the period

Since the acquisition date, Arc E-commerce has contributed SEK 83.2 million to consolidated revenue and SEK 5.2 million to consolidated after-tax profit. If Arc E-commerce had been consolidated for the full financial year, the company would have contributed SEK 178.0 million to consolidated revenue and SEK 10.9 million to consolidated after-tax profit.

SEKm

Acquisition of Arc E-commerce AB**Net assets at time of acquisition**

Trademarks	9.6
Customer relationships	15.6
Intangible fixed assets	1.4
Tangible fixed assets	0.7
Deferred tax asset	5.8
Inventory	57.9
Accounts receivable	0.4
Other receivables	7.7
Cash and cash equivalents	15.3
Deferred tax liability	-6.9
Provisions	-20.0
Non-current liabilities	-10.0
Accounts payable	-26.8
Other liabilities	-20.6
Net identifiable assets and liabilities	30.1

Goodwill	176.2
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Total purchase consideration	206.4
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Unpaid part of the purchase consideration	132.6
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Earn-out provision	18.9
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Change in the Group's cash and cash equivalents following the acquisition	-55.0
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Acquisition of Lindström & Sondén AB

On 20 December 2019, the Group acquired 100 percent of Lindström & Sondén AB ("LSBolagen.com"), LSBolagen.com, a leading online retailer, primarily of wine fridges, outdoor kitchens and range cookers, with proprietary brands and agents for a number of leading European brands, had sales of over SEK 100 million in 2018 and operating profit (EBIT) of approximately SEK 6 million.

Net sales and profit/loss for the period

The company is consolidated in the Group's DIY segment from January 1 2020.

NOTE 3 FAIR VALUE**Classification of financial assets and liabilities**

Contingent earn-outs and liabilities to non-controlling interests are included in Level 3 of the valuation hierarchy, meaning the level applicable for assets and liabilities that are considered illiquid and difficult to value. Apart from contingent earn-outs and liabilities to non-controlling interests, the carrying amount corresponds to the fair value of all financial instruments recognised in the statement of financial position.

Measurement of fair value

The fair value of contingent earn-outs and liabilities to non-controlling interests is calculated by discounting future cash flows by 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.

SEKm	31 Dec	
	2019	2018
Fair value on the opening date	320.3	249.6
Recognition in profit or loss	19.1	-11.9
Recognised in equity	70.5	4.2
Utilised amount	-108.4	-30.1
Acquisition value at cost	253.0	108.5
Fair value on the closing date	554.5	320.3

NOTE 4 RELATED-PARTY TRANSACTIONS

Transactions between Bygghemma Group First AB and its subsidiaries have been eliminated in the consolidated financial statements.

All transactions between related parties have been conducted on commercial terms, on an arm's length basis.

Transactions with the owners

No transactions with the owners have been made during 2019.

NOTE 5 EFFECTS OF IFRS 16

The Group has applied IFRS 16 Leases since 1 January 2019. IFRS 16 has replaced the principles of IAS 17 Leases. This note describes the impact of the transition to IFRS 16 on the Group's financial accounts as well as the new principles for the recognition of leases.

The Group's principles for recognition of leases under IFRS 16

The Group primarily leases warehouse, office and shop premises. The Group previously recognised these leases as operating leases and the lease payments were accrued on a straight-line basis over the lease term. From 1 January 2019, the Group instead recognises leases both as a right-of-use asset, which represents the right to use the underlying asset, and as a lease liability, which represents the obligation to honour the lease commitment. Lease expenses are split between depreciation and interest expense. The finance cost is charged to profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis (or over the economic life of the asset if this is shorter than the lease term).

The lease liability is initially measured on a present-value basis. Lease liabilities are discounted by using the lease's implicit interest rate, if this interest rate can be easily determined. If the interest rate cannot be easily determined, the incremental borrowing rate is used, which is the case for a majority of the Group's leases. Lease liabilities include:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group's exercising that option to end the lease agreement.

At the start of a lease, the right-of-use assets are measured at cost, comprising the following:

- the amount of the initial measurement of the lease liability
- any lease payments made on or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Transition method

The Group will apply the modified retrospective approach. This entails that the accumulated impact of the implementation of IFRS 16 will be recognised in accumulated profit or loss in the opening balance as of 1 January 2019 without restating comparative figures. The right-of-use assets attributable to earlier operating leases will be measured at an amount corresponding to what would have been recognised if IFRS 16 had been applied as of the date when the lease was entered into, discounted by the incremental borrowing rate as of 1 January 2019.

Applied exemptions

- In accordance with the IFRS 16 transition rules, the Group also chose to exclude the leases concluded in 2019 from the liability recognised as of 1 January 2019.

- Low-value leases (leases where the underlying assets have a value of SEK 50 thousand or less in new condition) – which mainly comprise computers, printers/photocopiers and coffee machines – will not be included in the lease liability and will instead continue to be recognised as an expense on a straight-line basis over the lease term.
- The Group has furthermore decided not to include short-term leases (leases with a term of 12 months or less) in the calculation of the lease liability. These leases will be recognised as low-value leases; see above.

Effect on the financial reports

Upon the transition to IFRS 16, additional right-of-use assets of about SEK 353 million, lease liabilities of approximately SEK 366 million and deferred tax assets of approximately SEK 3 million were added, which will reduce the Group's equity by about SEK 10 million, net, as of 1 January 2019. The reported right-of-use assets are attributable to the following asset classification:

	31 Dec
SEKm	2019
Premises	455.6
Cars	0.9
Other	2.7
Total leased assets	459.2

In the valuation of the lease liability, the Group discounted the lease fees by the incremental borrowing rate as of 1 January 2019. The weighted average interest rate used is 2.35 percent.

The table below provides a reconciliation between the operating lease obligations (see Note 26 in the Group's annual report for 2018) and the lease liability as of 1 January 2019, and a reconciliation of the change in the lease liability between 1 January 2019 and 31 December 2019.

SEKm	2019
Operating lease obligations as of 31 Decemer 2018	455.4
Deduct low-value lease	-0.6
Deduct short-term lease	-65.8
Add reasonably certain extension periods	8.0
Operating lease included in IFRS 16	396.9
Discount effect	-30.5
Lease liability as of 1 January 2019	366.4
New leases	217.5
Terminated leases	-10.4
Accrued interest	9.7
Lease payments	-124.6
Translation differences	-0.0
Lease liability at the end of the period	458.5

Key ratios adjusted for the IFRS 16 effect

The table below shows the effect of IFRS 16 on selected key ratios. The column “2019” shows key ratios based on reported figures according to IFRS, including IFRS 16. The column “2019 excl. IFRS 16” shows how the same key figures would have looked if the Group had applied the same accounting policies for leases as in 2018 in 2019 (meaning IAS 17 and not IFRS 16).

SEKm (if not otherwise stated)	Q4			Jan-Dec		
	2019	Adjustment of effects from IFRS 16	2019 excl. IFRS 16	2019	Adjustment of effects from IFRS 16	2019 excl. IFRS 16
Net sales	1,644.6	-	1,644.6	6,212.5	-	6,212.5
Gross profit	414.3	-	414.3	1,490.5	-	1,490.5
Gross margin (%)	25.2	-	25.2	24.0	-	24.0
Adjusted EBITDA	131.9	-32.1	99.7	475.3	-109.6	365.8
Adjusted EBITDA margin (%)	8.0	2.0	6.1	7.7	1.8	5.9
Adjusted EBIT	90.0	-2.5	87.5	330.1	-8.4	321.7
Adjusted EBIT margin (%)	5.5	0.2	5.3	5.3	0.1	5.2
Items affecting comparability	0.0	-	0.0	-7.5	-	-7.5
Operating income	79.6	-2.5	77.1	282.0	-8.4	273.6
Operating margin (%)	4.8	0.2	4.7	4.5	0.1	4.4
Net profit/loss for the period	64.1	0.2	64.3	179.9	1.0	180.9
Cash flow from operating activities	46.6	-44.4	2.2	391.1	-115.0	276.1
Total assets	6,018.2	-447.1	5,571.1	6,018.2	-447.1	5,571.1
Interest-bearing debt	817.9	-	817.9	817.9	-	817.9
Lease liability	458.5	-458.5	-	458.5	-458.5	-
Cash and cash equivalents	-270.3	-	-270.3	-270.3	-	-270.3
Total liabilities and cash	1,006.1	-458.5	547.6	1,006.1	-458.5	547.6

Condensed Parent Company income statement

SEKm	Q4		Jan-Dec	
	2019	2018	2019	2018
Net sales	0.2	0.2	0.9	2.4
Total net sales	0.2	0.2	0.9	2.4
Personnel cost	-7.9	-2.1	-15.4	-15.9
Other external costs	-1.8	-1.0	-6.9	-18.7
Operating income	-9.4	-2.9	-21.4	-32.3
Profit/loss from financial items	-0.4	0.2	-1.7	0.1
Group contributions	33.0	29.5	33.0	29.5
Profit/loss before tax	23.2	26.8	9.9	-2.6
Income tax	-5.3	-6.0	-2.5	0.5
Profit/loss for the period	17.9	20.8	7.5	-2.1

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

Condensed Parent Company balance sheet

SEKm	31 Dec	
	2019	2018
Non-current assets		
Other intangible fixed assets	0.5	0.2
Total intangible fixed assets	0.5	0.2
Participations in Group companies	2,691.6	2,691.6
Long-term receivables from Group companies	-	29.0
Deferred tax asset	-	2.3
Total fixed assets	2,692.0	2,723.1
Current assets		
Short-term receivables	7.8	1.5
Short-term receivables from Group companies	32.9	72.7
Cash and cash equivalents	17.2	6.6
Total current assets	57.9	80.8
Total assets	2,749.9	2,803.9
Equity		
Restricted equity	3.2	3.2
Unrestricted equity	2,733.5	2,720.1
Total equity	2,736.8	2,723.3
Non-current liabilities		
Non-current interest-bearing liabilities to credit institutions	-	30.0
Total non-current liabilities	-	30.0
Current liabilities		
Other current liabilities	13.2	50.6
Total current liabilities	13.2	50.6
Total equity and liabilities	2,749.9	2,803.9

Key ratios

	2019					2018				
	Q4	Q3	Q2	Q1	Jan-Dec	Q4	Q3	Q2	Q1	Jan-Dec
THE GROUP										
Adjusted total expenses	-334.7	-305.9	-305.4	-260.2	-1,206.2	-251.6	-225.8	-236.1	-199.3	-912.8
Adjusted EBIT margin %	5.5	5.0	6.0	4.5	5.3	4.7	3.2	5.1	3.0	4.1
Adjusted gross profit	414.3	378.1	397.6	305.6	1,495.7	302.3	256.4	298.6	220.6	1,077.9
Adjusted gross margin %	25.2	23.1	23.3	25.0	24.1	23.6	20.5	21.1	21.5	21.7
Equity/assets ratio %	48.6	50.2	51.7	51.9	48.6	58.0	57.2	57.1	55.1	58.0
Net debt (+) / Net cash (-)	547.6	433.1	357.7	544.6	547.6	473.6	451.1	357.5	496.3	473.6
Cash flow from operating activities (SEKm)	46.6	49.3	252.0	43.2	391.1	22.5	-46.7	162.8	-18.1	120.5
Earnings per share (SEK)	0.58	0.36	0.50	0.20	1.64	0.46	0.24	0.31	-1.71	0.04
Visits (thousands)	57,926	48,007	43,583	34,882	184,398	32,349	28,589	29,827	25,355	116,120
Orders (thousands)	537	501	503	399	1,940	456	426	465	387	1,735
Average order value (SEK)	3,109	3,242	3,417	3,129	3,227	2,793	2,864	2,974	2,665	2,830
DIY										
Visits (thousands)	25,362	20,126	23,647	17,337	86,473	15,911	17,584	18,247	14,020	65,762
Orders (thousands)	310	283	317	231	1,141	284	284	302	229	1,099
Average order value (SEK)	3,128	3,364	3,392	3,102	3,255	2,611	2,807	2,922	2,604	2,746
Home Furnishing										
Visits (thousands)	32,564	27,881	19,935	17,545	97,925	16,438	11,005	11,579	11,335	50,358
Orders (thousands)	228	218	186	168	799	172	142	163	159	636
Average order value (SEK)	3,082	3,084	3,461	3,166	3,188	3,092	2,978	3,071	2,752	2,976

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

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

ADJUSTED EBIT, ADJUSTED EBITDA AND ADJUSTED GROSS PROFIT

In the interim report for the second quarter of 2019, the Group introduced the measure adjusted EBIT to further clarify the Group's underlying profit generation and profitability. Adjusted EBIT replaces the term that was previously used: adjusted EBITA. Adjusted EBIT corresponds to operating income adjusted for amortisation and impairment losses on acquisition-related intangible assets and items affecting comparability. In other words, adjusted EBIT includes all depreciation and amortisation arising from the ongoing business (which was also the case for the earlier term: adjusted EBITA). 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.

By using the measure adjusted EBIT, the Group simplifies the analysis of the Group's profit generation and profitability. Adjusted EBIT provides a correct picture of the Group's operating results, since it excludes the accounting-related amortisation which arises from purchase price allocations in conjunction with acquisitions. Furthermore, the measure simplifies peer comparison analysis of companies which do not make acquisitions and makes the analysis of acquisition opportunities clearer and more transparent, since the anticipated operating EBIT contribution of acquisition opportunities then corresponds to their actual EBIT contribution post 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	Q4			Jan-Dec		
	2019	2019*	2018	2019	2019*	2018
Operating income	79.6	77.1	44.1	282.0	273.6	87.2
Acquisition-related costs	-0.0	-0.0	0.4	1.7	1.7	2.0
Integration costs and costs related to warehouse move	-	-	-	-	-	27.5
Last-mile project	-	-	6.3	5.8	5.8	6.3
Costs related to LTIP	-	-	-	-	-	11.4
Costs related to the process for expanding the shareholder base	-	-	-	-	-	30.7
Total items affecting comparability	-0.0	-0.0	6.6	7.5	7.5	77.9
Amortisation and impairment of acquisition-related intangible fixed assets	10.4	10.4	9.6	40.6	40.6	37.5
Adjusted EBIT	90.0	87.5	60.3	330.1	321.7	202.7
Adjusted EBIT (%)	5.5	5.3	4.7	5.3	5.2	4.1
Depreciation and amortisation of tangible and intangible fixed assets	42.2	12.3	7.4	144.4	42.9	28.3
Gain/loss from sale of fixed assets	-0.4	-0.1	0.1	0.8	1.2	0.1
Adjusted EBITDA	131.9	99.7	67.8	475.3	365.8	231.1
Adjusted EBITDA (%)	8.0	6.1	5.3	7.7	5.9	4.6
Net sales	1,644.6	1,644.6	1,279.7	6,212.5	6,212.5	4,973.7
Cost of goods	-1,046.7	-1,046.7	-826.0	-4,023.8	-4,023.8	-3,314.1
Gross profit before direct selling costs	598.0	598.0	453.7	2,188.6	2,188.6	1,659.6
Gross profit before direct selling costs (%)	36.4	36.4	35.5	35.2	35.2	33.4
Direct selling costs	-183.7	-183.7	-155.5	-698.1	-698.1	-612.1
Gross profit	414.3	414.3	298.2	1,490.5	1,490.5	1,047.5
Gross profit (%)	25.2	25.2	23.3	24.0	24.0	21.1
Integration costs and costs related to warehouse move	-	-	-	-	-	26.3
Last-mile project	-	-	4.2	5.2	5.2	4.2
Adjusted gross profit	414.3	414.3	302.3	1,495.7	1,495.7	1,077.9
Adjusted gross profit (%)	25.2	25.2	23.6	24.1	24.1	21.7

* 2019 figures are reported excluding the effect of IFRS 16 to facilitate comparison with 2018 figures, as 2018 has not been restated for IFRS 16.

DIY segment

SEKm	Q4			Jan-Dec		
	2019	2019*	2018	2019	2019*	2018
Operating income	41.5	39.9	23.1	136.9	131.9	102.9
Acquisition-related costs	-0.0	-0.0	0.3	1.4	1.4	0.9
Total items affecting comparability	-0.0	-0.0	0.3	1.4	1.4	0.9
Amortisation and impairment of acquisition-related intangible fixed assets	7.7	7.7	6.9	29.6	29.6	27.4
Adjusted EBIT	49.2	47.6	30.2	167.9	162.9	131.2
Adjusted EBIT (%)	5.1	4.9	3.9	4.5	4.4	4.3
Depreciation and amortisation of tangible and intangible fixed assets	20.0	7.5	4.8	67.3	27.1	19.0
Gain/loss from sale of fixed assets	-0.2	0.0	-	0.2	0.4	0.0
Adjusted EBITDA	69.0	55.1	35.0	235.4	190.4	150.2
Adjusted EBITDA (%)	7.2	5.7	4.6	6.4	5.1	4.9
Net sales	963.3	963.3	767.5	3,700.8	3,700.8	3,073.8
Cost of goods	-668.6	-668.6	-550.2	-2,641.2	-2,641.2	-2,249.2
Gross profit before direct selling costs	294.7	294.7	217.2	1,059.6	1,059.6	824.6
Gross profit before direct selling costs (%)	30.6	30.6	28.3	28.6	28.6	26.8
Direct selling costs	-71.8	-71.8	-56.8	-265.3	-265.3	-212.5
Gross profit	222.9	222.9	160.5	794.3	794.3	612.1
Gross profit (%)	23.1	23.1	20.9	21.5	21.5	19.9
Adjusted gross profit	222.9	222.9	160.5	794.3	794.3	612.1

* 2019 figures are reported excluding the effect of IFRS 16 to facilitate comparison with 2018 figures, as 2018 has not been restated for IFRS 16.

Home Furnishing segment

SEKm	Q4			Jan-Dec		
	2019	2019*	2018	2019	2019*	2018
Operating income	47.9	47.0	23.8	168.0	164.6	33.7
Acquisition-related costs	-	-	0.1	0.2	0.2	1.1
Integration costs and costs related to warehouse move	-	-	-	-	-	27.5
Last-mile project	-	-	6.3	5.8	5.8	6.3
Total items affecting comparability	-	-	6.3	6.0	6.0	34.9
Amortisation and impairment of acquisition-related intangible fixed assets	2.8	2.8	2.7	11.0	11.0	10.2
Adjusted EBIT	50.7	49.7	32.8	185.0	181.7	78.8
Adjusted EBIT (%)	7.4	7.3	6.4	7.3	7.2	4.1
Depreciation and amortisation of tangible and intangible fixed assets	22.1	4.8	2.6	77.1	15.7	9.3
Gain/loss from sale of fixed assets	-0.2	-0.1	0.1	0.6	0.8	0.1
Adjusted EBITDA	72.6	54.4	35.5	262.7	198.2	88.3
Adjusted EBITDA (%)	10.6	7.9	6.9	10.4	7.8	4.6
Net sales	685.3	685.3	516.2	2,533.1	2,533.1	1,918.8
Cost of goods	-381.7	-381.7	-279.6	-1,402.7	-1,402.7	-1,082.1
Gross profit before direct selling costs	303.5	303.5	236.6	1,130.3	1,130.3	836.8
Gross profit before direct selling costs (%)	44.3	44.3	45.8	44.6	44.6	43.6
Direct selling costs	-111.9	-111.9	-98.8	-432.8	-432.8	-399.6
Gross profit	191.7	191.7	137.9	697.5	697.5	437.2
Gross profit (%)	28.0	28.0	26.7	27.5	27.5	22.8
Integration costs and costs related to warehouse move	-	-	-	-	-	26.3
Last-mile project	-	-	4.2	5.2	5.2	4.2
Adjusted gross profit	191.7	191.7	142.0	702.7	702.7	467.6
Adjusted gross profit (%)	28.0	28.0	27.5	27.7	27.7	24.4

* 2019 figures are reported excluding the effect of IFRS 16 to facilitate comparison with 2018 figures, as 2018 has not been restated for IFRS 16.

NET DEBT/NET CASH

Management calculates total net debt/net cash as the Group's non-current and current interest-bearing liabilities to credit institutions less cash and cash equivalents, investments in securities and transaction fees, excluding other non-current and current interest-bearing liabilities, which reflects the definition of net debt in the Group's financial covenants. 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 and uncertainty with respect to their actual outcome. Lease liabilities reflect the balance sheet effect of IFRS 16, which was adopted on 1 January 2019.

At the end of the fourth quarter, net debt amounted to SEK 547.6 million, corresponding to net debt in relation to LTM adjusted EBITDA of 1.5x. The Group's other current and non-current interest-bearing liabilities consist of conditional and deferred additional 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 554.5 million at the end of the quarter, compared with SEK 320.3 million at the beginning of the year. Lease liabilities reflect the balance sheet effect of IFRS 16, which was adopted on 1 January 2019, and amounted to SEK 458.5 million at the end of the quarter, compared with SEK 0.0 million at the beginning of the year.

	31 Dec	31 Dec
SEKm	2019	2018
Non-current interest-bearing debt	1,660.3	973.3
Short-term interest-bearing debt	166.3	42.0
Total interest-bearing debt	1,826.7	1,015.3
Cash and cash equivalents	-270.3	-226.9
Adjustment lease liabilities	-458.5	-
Adjustment of earn-outs and deferred payments	-554.5	-320.3
Adjustment transaction costs	4.3	5.6
Net debt (+) / Net cash (-)	547.6	473.6

Definitions

Performance measure	Definition	Reasoning
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 does not include 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.
EBIT margin	EBIT as a percentage of net sales.	In combination with net sales growth, EBIT margin is a useful performance measure for monitoring value creation.
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, EBITDA 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 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 excludes items affecting comparability.	Adjusted gross profit gives an indication of the contribution margin in the operations.
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.
Adjusted sales and administration costs	The difference between adjusted gross profit and adjusted EBITDA, which excludes other specified items.	Sales and administration costs provide an indication of operating expenses, excluding cost of goods sold, thereby giving an indication of the efficiency of the Group's operations.

Adjusted sales and administration costs/net sales	Adjusted sales and administration costs as a percentage of net sales.	Provides an indication of operating expenses as a percentage of net sales, thereby giving an indication of operating leverage.
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 are reported separately to illustrate the performance of the underlying operations.	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	Operating cash flow from operating activities 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	The sum of interest-bearing liabilities, excluding lease liabilities, earnouts and deferred payments and less cash and cash equivalents.	Net debt is a measure that shows the Group's interest-bearing net debt to financial institutions.
Operating cash flow	Adjusted EBITDA including changes in working capital (Δ working capital), and less investments in non-current assets (capex).	Operating cash flow is used to monitor cash flow in the operations.
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.
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 in order to monitor value creation.

Our new Group brand

Say 'Bygghemma' and a majority of all people think of power tools and building materials. They think of hardware stores and compare us with the offline DIY crew. But Bygghemma Group is unlike any other DIY company. In fact, we're not a DIY company at all.

Our fastest growing segment is home furnishing, we offer a wide range of leisure products and we are currently pushing the boundaries by offering installation services online. We are a high-tech, data-driven family of dots, set out to 'make living easy' for our customers. And we offer products for the home.

So we set out to create a new corporate identity to better embody and reflect our Group's strong range of brands and online presence. A new vibrant profile that represents our vast offering today – without losing sight of our heritage. We are proud of our Bygghemma history and DNA.

Our solution is to rebrand as BHG. Matching our stock market ticker – staying connected to our history.



bhg.