2020/Q1

Interim report: 1 January-31 March 2020

Accelerating growth

- Organic growth at 22.1 percent and highest first quarter EBIT and EBIT-margin to date

HIGHLIGHTS

- Net sales increased 33.5 percent to SEK 1,628.4 million (1,220.1). Organic growth amounted to 22.1 percent
- Gross profit increased 40.0 percent to SEK 420.5 million (300.4), with a gross margin of 25.8 percent (24.6)
- Adjusted EBIT amounted to SEK 80.0 million (55.3), corresponding to an adjusted EBIT margin of 4.9 percent (4.5)
- Operating income amounted to SEK 69.2 million (38.3), corresponding to an operating margin of 4.2 percent (3.1)
- Cash flow from operating activities amounted to SEK 148.3 million (52.2)
- Net income amounted to SEK 46.2 million (22.1), an increase of 108.7 percent on the prior year
- Earnings per share amounted to SEK 0.43 (0.20) before dilution and SEK 0.43 (0.20) after dilution

Key events during and after the quarter

- Acquisition of Hemfint AB on 17 February, further boosting the Group's private label offering
- Launch of a new corporate identity on 6 April under the new brand name BHG, including a new web and social media presence, and internal and external communication materials

FINANCIAL SUMMARY

	Q1			Jan-Dec
SEKm (if not otherwise stated)	2020	2019	Δ%	2019
Net sales	1,628.4	1,220.1	33.5	6,212.5
Gross profit	420.5	300.4	40.0	1,490.5
Gross margin (%)	25.8	24.6	1.2 p.p.	24.0
Adjusted EBIT*	80.0	55.3	44.7	330.1
Adjusted EBIT margin (%)	4.9	4.5	0.4 p.p.	5.3
Operating income	69.2	38.3	80.9	282.0
Operating margin (%)	4.2	3.1	1.1 p.p.	4.5
Net profit for the period	46.2	22.1	108.7	179.9
Earnings per share before dilution, SEK	0.43	0.20		1.64
Earnings per share after dilution, SEK	0.43	0.20		1.64
Cash flow from operating activites	148.3	52.2	184.1	422.2
Net debt	499.6	544.6	-8.3	547.6

* Refer to "Relevant reconciliations of non-IFRS alternative performance measures (APMs)" on page 26 of this report for a more detailed description.

CEO's comments

Adam Schatz,
President and CEO

It has been an eventful quarter. While we continued developing our business – seeing total growth of 33.5 percent, organic growth of 22.1 percent, and an adjusted EBIT of SEK 80.0 million, corresponding to an adjusted EBIT-margin of 4.9 percent – we have done so against the backdrop of the coronavirus pandemic. Needless to say, the pandemic poses a serious challenge to the society in which we operate, and our immediate considerations have centred around protecting our people, supply chain, demand and financial position. At the same time, we have not seen any negative short-term impact, also confirmed by early April trading, on our business, as consumers in our markets have continued investing in their homes, particularly through the online channel which we dominate.

Consequently, the strong growth from the fourth quarter of last year carried into January and February and in March we in fact saw a further acceleration, primarily driven by outstanding growth in the DIY segment. Despite Q1 typically being a seasonally weaker quarter, several of our Group destinations broke quarterly sales records. Our Q1 performance – with net sales at SEK 1.6 billion, the highest first quarter level to date by far – thus substantiates the thesis that online retail fits well in an environment that prioritises maintaining access to goods, while minimising unnecessary travel and time away from home. Furthermore, in the aftermath of the current situation, we believe that online retail in general, and our categories in particular, will accelerate, as more time spent at home (the "nesting" or "cocooning" trend) leads to higher interest in and budget for home improvement projects. The shift from offline to online is continuing and, I believe, will accelerate as more and more consumers experience the benefits of shopping online, which include an unmatched product range, the best prices and unbeatable convenience.

Our strategy remains focused on four cornerstones: 1) continued expansion of our already leading product range, 2) scale and a high share of own brands in our sales mix, 3) creating the most appealing digital shopping experience and 4) offering the market's best professional guidance, support and service, including our own installation network. This is our ecosystem ("The BHG ecosystem").

In addition, we continue to execute on M&A opportunities in the market and highlights of this quarter include strong performances from the recently added bolt-ons of Arc E-commerce and LS-bolagen (both acquired in the second half of 2019) as well as this quarter's acquisition of Hemfint, all of which are predominantly based on proprietary brands.

Finally, we launched our new corporate identity after the end of the quarter. We have shown select previews of this as the project has progressed and, now as the full makeover has been unveiled, we are convinced that our new look and feel properly reflects our legacy, what the business has grown into and the future that we envision. Importantly, we have not touched any of the Group's customer facing brands. Rather, this effort is aimed at supporting our overall communication; internally to our heroes – the BHG entrepreneurs – as well as to shareholders, the market at large and the society in which we operate.

We make living easy! And as of this quarter and onwards; We are BHG!

Malmö, 23 April 2020
Adam Schatz
President and CEO, BHG

Condensed consolidated financial information

SEKm (if not otherwise stated)	Q1 2020	Q1 2019	Δ%	Jan-Dec 2019
Net sales	1,628.4	1,220.1	33.5	6,212.5
Gross profit	420.5	300.4	40.0	1,490.5
Gross margin (%)	25.8	24.6	1.2 p.p.	24.0
Adjusted EBITDA*	135.1	85.9	57.2	475.3
Adjusted EBITDA margin (%)	8.3	7.0	1.3 p.p.	7.7
Adjusted EBIT*	80.0	55.3	44.7	330.1
Adjusted EBIT margin (%)	4.9	4.5	0.4 p.p.	5.3
Items affecting comparability	-	-7.2	-100.0	-7.5
Operating income	69.2	38.3	80.9	282.0
Operating margin (%)	4.2	3.1	1.1 p.p.	4.5
Net profit for the period	46.2	22.1	108.7	179.9
Cash flow from operating activites	148.3	52.2	184.1	422.2
Visits (thousands)	56,924	34,882	63.2	184,398
Orders (thousands)	539	399	35.1	1,940
Conversion rate (%)	0.9	1.1	-0.2 p.p.	1.1
Average order value (SEK)	3,128	3,129	-0.0	3,227

* Refer to "Relevant reconciliations of non-IFRS alternative performance measures (APMs)" on page 26 of this report for a more detailed description.

COMMENTS ON THE RESULT FOR THE PERIOD

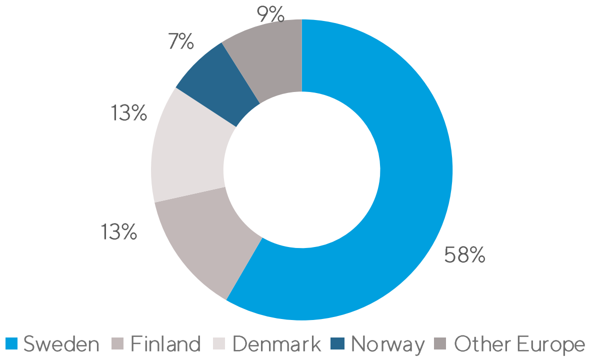
The Group reported a strong start to the year:

- Both segments grew well in the quarter, resulting in net sales of SEK 1.6 billion, the highest first quarter level to date, corresponding to total growth of 33.5 percent and organic growth of 22.1 percent. Growth was especially strong in our European Home furnishing and Danish DIY businesses, as well as a number of the predominantly private label-based Swedish niche destinations.
- Adjusted EBIT amounted to SEK 80.0 million, corresponding to an adjusted EBIT-margin of 4.9 percent, the highest first quarter levels to date.
- Cash flow from operating activities came in at SEK 148.3 million. Again, this was a record level for a first quarter which is typically seasonally weaker, since it includes the inventory build-up for the high seasons of spring and summer.
- Our rapid assortment expansion continued and especially as regards complementing BHG's leading range of well-known external brands with our own strong ones – further accelerated by the recently acquired businesses of Arc E-commerce and Lindström & Sondén.
- We continue to supplement organic activities with M&A and acquired Hemfint, a fast-growing online provider of doors, windows, bathroom and leisure products, with a leading portfolio of proprietary brands primarily in the value-for-money segment.

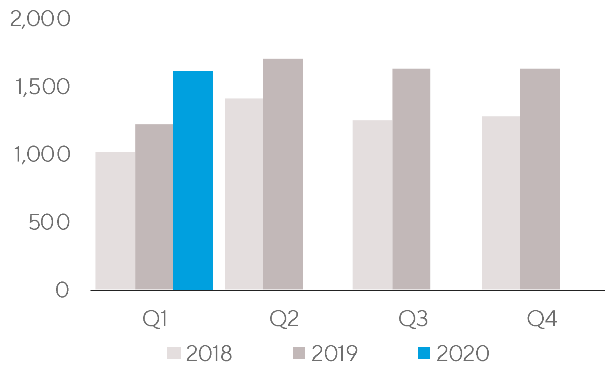
BHG thus further strengthened its position through a combination of organic and inorganic growth. Both the segment and geographic mix continued to evolve, with the share of own brands of net sales within DIY expanding especially rapidly. On a Group level, the share of sales from our private label brands amounted to approximately 50 percent in the quarter.

Our growth demonstrates the attractiveness of the categories in which we operate and the online channel itself, as the structural shift in consumers' shopping habits is continuing to drive the off- to online transition. In addition to offering the market's broadest product assortment at the most attractive price points, our physical presence and services offering are designed to facilitate the customer experience, in support of our vision: We make living easy!

Distribution by country (%) Jan-Mar 2020



Net sales (SEKm)



Net sales

Net sales increased 33.5 percent to SEK 1,628.4 million (1,220.1). Organic growth amounted to 22.1 percent. Pro-forma organic growth (including the year-on-year performance of recent acquisitions, which typically accelerates once new businesses join the Group) amounted to 23.3 percent, 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 approximately 30 percent in the Nordics in both segments.

Net sales in the DIY segment increased 36.7 percent, and organic growth amounted to 17.9 percent. Many of the Group's destinations reported a very strong quarter and our Danish platform, as well as a number of the Swedish niche-destinations, recorded all-time highs, despite the first quarter typically being seasonally weaker.

Net sales in the Home Furnishing segment increased 30.0 percent and organic growth amounted to 27.6 percent. A strong performance was noted across all geographies. Preliminary market data suggests that the total market for home furnishings may have contracted, driven by a slowdown in the offline part of the market. This suggests that online penetration in general and our market share both increased.

The Group's webstores received 56.9 million (34.9) visits during the quarter, generating 539 thousand (399) orders. Traffic from mobiles and tablets accounted for 72.7 percent (65.4) of the total number of visits to the Group's webstores, an increase of 7.3 percentage points compared with last year. Mobiles and tablets accounted for 65.8 percent (63.0) of visits in the DIY segment and 78.3 percent (71.4) of visits in the Home Furnishing segment.

The Group's mix trended well also from an AOV point of view, with levels in the range we are aiming for, especially for bulky items, given the advantage this provides on the direct selling cost-line. The overall AOV level remained essentially unchanged, through a combination of an increase in the DIY segment and a slight decrease in the Home furnishing segment. The decrease in AOVs in the Home furnishing segment resulted from a higher share of small parcels in its Nordic business, as well as a continued rapid expansion in Eastern European, where AOVs are structurally somewhat lower than in the Nordics. The decrease in conversion rates is a direct mix result of the rapid growth of the Eastern European business, which has considerably lower conversion rates than the rest of the Group.

Gross margin and SG&A

To provide further transparency and allow for an easier comparison with our online peers, we are continuing to supplement the information on gross margin by detailing the split between product margin and fully loaded contribution margin. The product margin amounted to 37.6 percent (36.5). The fully loaded contribution margin – which includes direct selling costs such as fulfilment and postage – amounted to 25.8 percent (24.6).

The gross margin, our highest to date, improved on the prior year, favourably affected by a continued focus on cost, process efficiencies in purchasing and logistics, as well as the increase in the share of net sales from our own brands. The depreciation of the SEK and NOK versus USD and EUR rates primarily impacted the Home furnishing segment negatively but was mitigated by rapid pricing adjustments.

The Group's selling, general and administrative expenses (SG&A, defined as the difference between adjusted gross profit and adjusted EBITDA) amounted to SEK 285.4 million (219.7), corresponding to 17.5 percent (18.0) of net sales. The SG&A-level reflects the Group's strong cost culture, rapid growth and increasing the share of own brands, which typically require some additional organizational infrastructure, but then scale well.

No items affecting comparability were charged to the quarter.

Earnings

As a result of the above, the Group's operating margins reached record levels for a first quarter, driven by a strong year-on-year improvement in the DIY segment.

Adjusted EBIT amounted to SEK 80.0 million (55.3), corresponding to an EBIT margin of 4.9 percent (4.5).

Items affecting comparability amounted to SEK 0.0 million (7.2) in the quarter. The items affecting comparability charged to the first quarter of 2019 were mainly attributable to the implementation of the last-mile project in the Home furnishing segment. As of the third-quarter 2019 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 items affecting comparability.

The Group's operating income amounted to SEK 69.2 million (38.3) and the operating margin totalled 4.2 percent (3.1).

Amortisation of acquisition-related intangible assets amounted to SEK 10.8 million (9.8) 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 assets during the period.

The Group's net financial items amounted to SEK -7.2 million (-9.2) and were attributable to reassessed earn-outs of SEK -1.1 million. Interest expenses for the quarter amounted to SEK -8.4 million, of which SEK -3.3 million related to leased assets in accordance with IFRS 16.

The Group's profit before tax was SEK 62.0 million (29.0).

Net income amounted to SEK 46.2 million (22.1). The effective tax rate was -25.4 percent (-23.7), corresponding to SEK -15.8 million (-6.9).

KEY EVENTS DURING AND AFTER THE FIRST QUARTER OF 2020

- On 17 February, the Group announced the acquisition of Hemfint, a fast-growing online provider of doors, windows, bathroom and leisure products in Sweden, with an extensive portfolio of proprietary brands primarily in the value-for-money segment. Hemfint recorded net sales of SEK 166 million and an operating income (EBIT) of SEK 3.6 million in 2019.
- On 6 April, the Group launched its new corporate identity: On this date, Bygghemma Group First changed its brand to BHG and launched an updated corporate identity. The changes are a natural step in BHG's development and aim to showcase our journey from a Swedish DIY e-commerce pioneer to the leading online retailer in Home Improvement in Europe, with the market's most comprehensive combination of products and services for the home, what we call the BHG ecosystem.

FINANCIAL TARGETS

The Group's medium-term financial targets remain unchanged since the previous quarter.

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

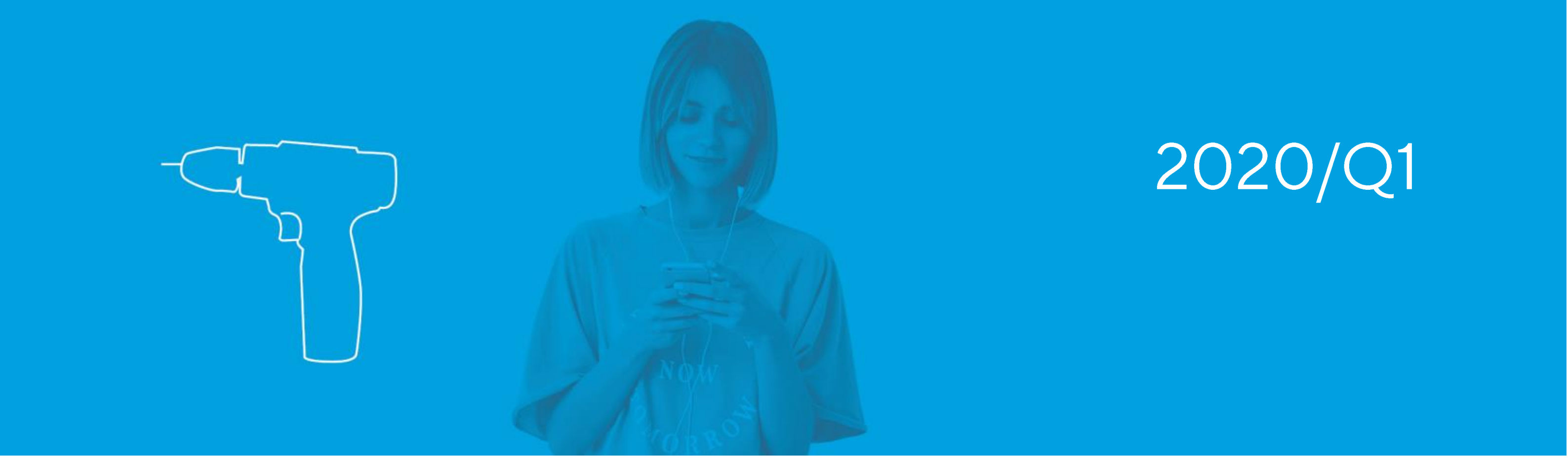
Gradually improve profitability to reach an adjusted EBIT margin of about 7 percent over the medium term. Achieve cash conversion in line with adjusted EBITDA as a result of the business model.

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

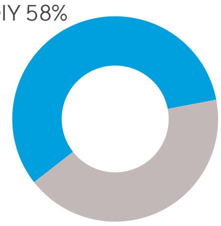
When free cash flow exceeds available investments in profitable growth, and provided that the capital structure target is met, the surplus will be distributed to shareholders.



DIY segment

- The segment's net sales increased 36.7 percent, of which organic growth accounted for 17.9 percent. The segment recorded its highest first quarter net sales to date.
- The gross margin amounted to 22.7 percent (21.6). The margin was favourably impacted by an increasing share of private label products.
- Adjusted EBIT amounted to SEK 39.2 million (18.2), corresponding to an adjusted EBIT margin of 4.2 percent (2.6).

Net sales by segment, Jan-Mar 2020



	Q1			Jan-Dec
SEKm (if not otherwise stated)	2020	2019	Δ%	2019
Net sales	941.4	688.6	36.7	3,700.8
Gross profit	214.0	148.9	43.7	794.3
Gross margin (%)	22.7	21.6	1.1 p.p.	21.5
Adjusted EBITDA	62.3	32.4	92.3	235.4
Adjusted EBITDA margin (%)	6.6	4.7	1.9 p.p.	6.4
Adjusted EBIT	39.2	18.2	115.8	167.9
Adjusted EBIT margin (%)	4.2	2.6	1.5 p.p.	4.5
Items affecting comparability	-	-1.4	-100.0	-1.4
Operating income	31.2	9.7	222.9	136.9
Operating margin (%)	3.3	1.4	1.9 p.p.	3.7
Net profit for the period	19.4	3.2	502.8	28.1
Visits (thousands)	24,689	17,337	42.4	86,473
Orders (thousands)	310	231	33.9	1,141
Conversion rate (%)	1.3	1.3	-0.1 p.p.	1.3
Average order value (SEK)	3,316	3,102	6.9	3,255

COMMENTS ON THE DIY SEGMENT
The DIY segment continued to consolidate its position as the leading online player in the Nordics. The combination of the market's leading product range of strong external and well-known own brands, with a matching physical infrastructure of showrooms and services, such as installation, forms our unique customer offering; what we call the BHG ecosystem.

Some of the key developments during the quarter included:

- Record-high first quarter net sales, on the back of strong performance throughout the segment.
- Continued rapid assortment expansion, a key growth driver. The segment's range now includes well over half a million unique products.
- Further extending the range of installation services, now available for over 100,000 products, in support of the BHG ecosystem.
- The segment continued expanding its share of own brands, reaching around 20% of net sales for the first time, as a combination of strong organic growth for our own brands – not least the Bathlife range of products – and recent acquisitions, including the acquisition of Hemfint in the quarter.

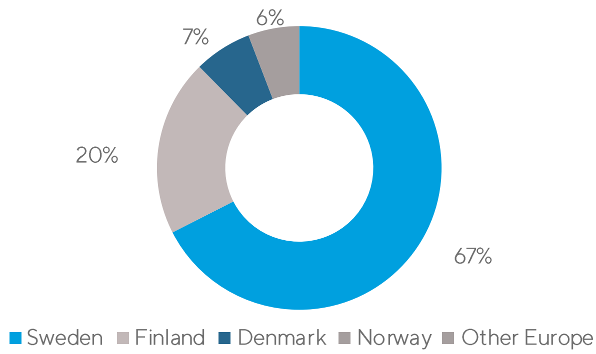
Overall market conditions, which were mixed in the previous year and only picked up towards the tail-end of it, were strong throughout the quarter and, in fact, improved further in the month of March. Under these market conditions, the DIY segment expanded rapidly, and many of our destinations saw their highest-ever sales, and the segment as a whole recorded its strongest first quarter sales to date. Many of the segment's destinations saw activity levels that we normally only experience during exceptional campaign periods, such as the Black Friday/Cyber Monday weeks.

The segment accounted for 58 percent of the Group's total net sales and increased 36.7 percent to SEK 941.4 million (688.6). All geographies displayed growth in the quarter, with Denmark and a number of the Swedish private label-based destinations delivering an exceptionally outstanding performance, and the garden, leisure, bathroom, doors and windows categories performing well. Bathlife, our own flagship brand in the bathroom category, had another strong quarter, not least in Finland, and grew in excess of 30 percent. 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.

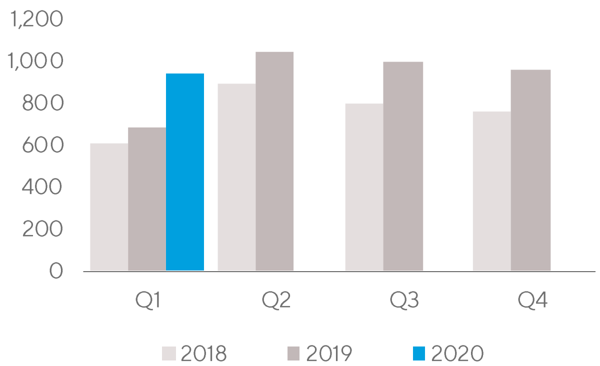
The private label-based recent acquisitions of the segment – Arc E-commerce in the third quarter of 2019 and Lindström & Sondén in the fourth, as well as Hemfint in the first quarter of 2020 – performed well and contributed to the further increase in the segment's share of net sales attributable to our own brands. Adjusted EBIT for the quarter amounted to record-high SEK 39.2 (18.2), with an adjusted EBIT margin of 4.2 percent (2.6).

The segment's operating income amounted to SEK 31.2 million (9.7), with an operating margin of 3.3 percent (1.4).

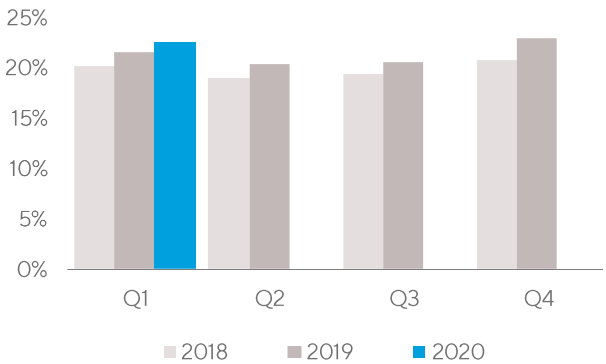
Distribution by country (%), Jan-Mar 2020



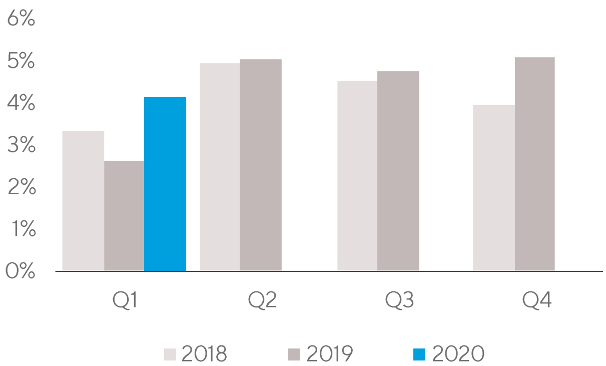
Net sales (SEKm)

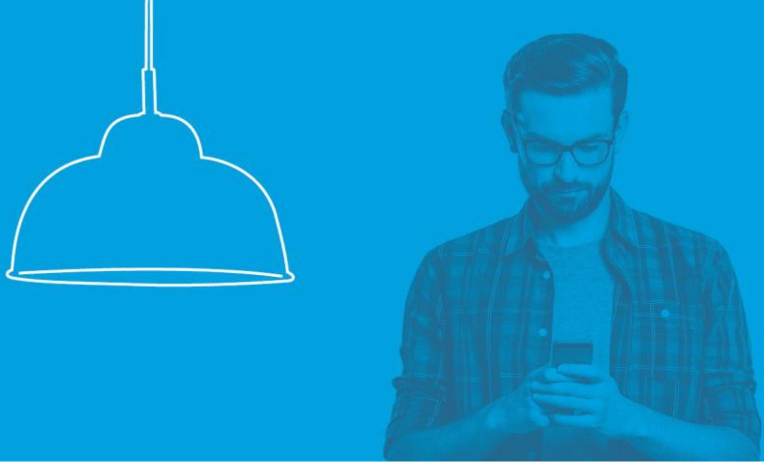


Adjusted gross margin (%)



Adjusted EBIT margin (%)



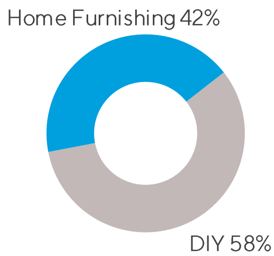


2020/Q1

Home Furnishing segment

- The segment's net sales increased 30.0 percent, of which organic growth accounted for 27.6 percent.
- The gross margin amounted to 29.8 percent (28.4). The margin was somewhat adversely affected by the rapid depreciation of the SEK and NOK versus EUR and USD rates, but rapid price increases limited the negative impact.
- Adjusted EBIT amounted to SEK 44.6 million (41.1), corresponding to an adjusted EBIT margin of 6.4 percent (7.7).

Net sales by segment, Jan-Mar 2020



	Q1			Jan-Dec
SEKm (if not otherwise stated)	2020	2019	Δ%	2019
Net sales	694.6	534.1	30.0	2,533.1
Gross profit	207.0	151.7	36.5	697.5
Gross margin (%)	29.8	28.4	1.4 p.p.	27.5
Adjusted EBITDA	76.5	57.5	33.0	262.7
Adjusted EBITDA margin (%)	11.0	10.8	0.2 p.p.	10.4
Adjusted EBIT	44.6	41.1	8.4	185.0
Adjusted EBITmargin (%)	6.4	7.7	-1.3 p.p.	7.3
Items affecting comparability	-	-5.8	-100.0	-6.0
Operating income	41.8	32.6	28.2	168.0
Operating margin (%)	6.0	6.1	-0.1 p.p.	6.6
Net profit for the period	29.2	23.5	24.1	74.6
Visits (thousands)	32,235	17,545	83.7	97,925
Orders (thousands)	230	168	36.8	799
Conversion rate (%)	0.7	1.0	-0.2 p.p.	0.8
Average order value (SEK)	2,875	3,166	-9.2	3,188

COMMENTS ON THE HOME FURNISHING SEGMENT

Overall market conditions for home furnishings were less benign than for DIY. Preliminary market data indicates that the total market decreased during the first quarter, all of which seemingly driven by a contraction in the offline channel. The data further suggests that online penetration increased markedly in the quarter, which is substantiated by the solid performance of the Home furnishing segment. The Home furnishing segment saw an evenly distributed performance throughout the quarter.

- The segment recorded total growth of 30.0% and organic growth of 27.6%.
- The assortment expansion continued – the segment's range now includes over 300,000 unique products – and the coverage through our own last-mile distribution expanded, with Southern Sweden now up and running.
- Net sales in all geographies grew in the quarter. Growth was especially brisk in Eastern Europe and Norway. The categories that grew the most were Interior design, outdoor furniture, sofas and beds.
- Two developments affected performance adversely; the tough measures initiated in Denmark to counter the spread of the coronavirus, and the rapid depreciation of the SEK and especially NOK versus USD and EUR rates. The latter development was countered by price increases, which limited the adverse margin impact.

The Home Furnishing segment has now had six consecutive strong quarters of rapid, profitable growth. Net sales in the

Home Furnishing segment increased 30.0 percent to SEK 694.6 million (534.1) and the segment accounted for 42 percent of the Group's net sales. The quarter-on-quarter development 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, 28.9 percent in the fourth quarter and now 27.6 percent in the first quarter of 2020.

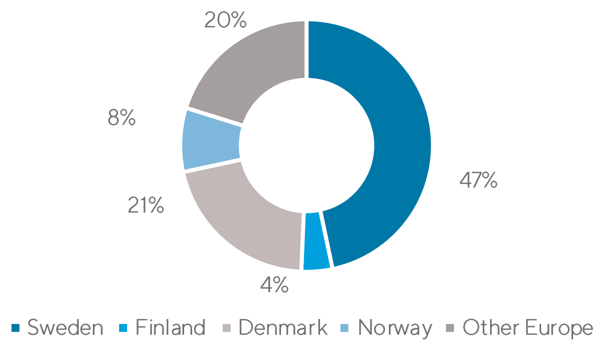
The continued roll-out of the last-mile logistics operations in Sweden is progressing according to plan. The Stockholm setup is fully established, and the Gothenburg hub is serving the greater Gothenburg area, including Borås, and continuing to gain scale. Late in the quarter, the southern region of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

In the first quarter of 2019, SEK 5.8 million relating to the last-mile operations was charged. No further charges relating to last mile or any other aspect of the segment have been recorded since and the items affecting comparability amounted to SEK 0.0 million also in the current period.

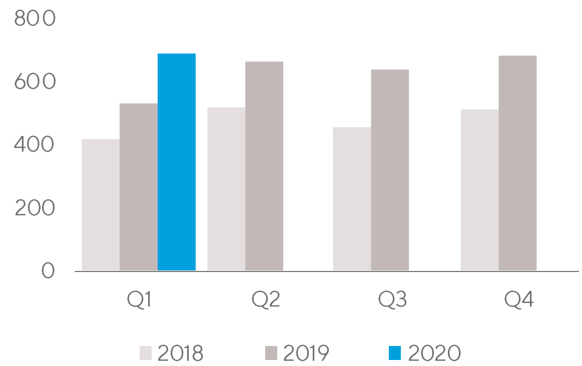
Adjusted EBIT amounted to SEK 44.6 million (41.1), corresponding to an adjusted EBIT margin of 6.4 percent (7.7).

The segment's operating income amounted to SEK 41.8 million (32.6), corresponding to an operating margin of 6.0 percent (6.1).

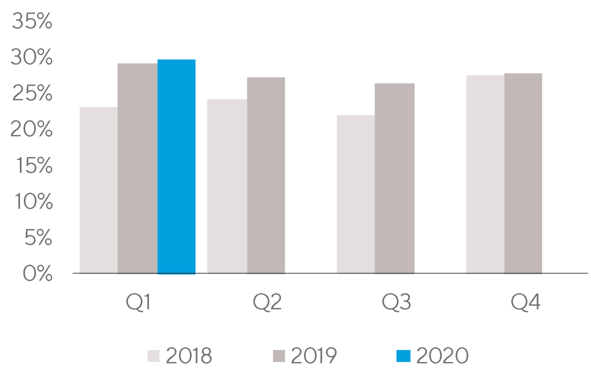
Distribution by country (%), Jan-Mar 2020



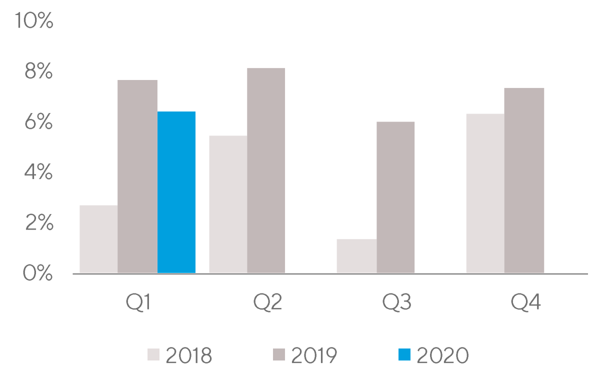
Net sales (SEKm)



Adjusted gross margin (%)



Adjusted EBIT margin (%)



Other

CASH FLOW AND FINANCIAL POSITION

The Group's cash flow from operating activities for the quarter was SEK 148.3 million (52.2), the strongest contribution for a first quarter to date. Cash flow from operating activities was mainly driven by the Group's EBITDA during the period as well as a favorable working capital trend, 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 follows the usual seasonal profile, with inventory levels increasing during the first quarter prior to high-season sales, particularly of outdoor furniture and leisure products, 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 strong cash contribution from change in net working capital in the quarter was primarily the result of an improvement in current receivables and accounts payable.

The Group's cash flow to investing activities was SEK -56.2 million (-95.6), attributable to the acquisition of Hemfint, as well as to deferred payments and earn-outs related to acquisitions made in previous periods, and to IT investments related to the web platform and logistical solution.

Cash flow from financing activities was SEK -5.0 million (79.8), attributable to the increased drawdown of the Group's acquisition facility in connection with acquisitions, deferred payments and earn-outs, just as in the corresponding period last year.

Cash flow from operating activities was SEK 148.3 million (52.2). This corresponds to a cash conversion (in relation to adjusted EBITDA) of 101.2 percent (48.1). The Group's cash-generating capabilities are a result of the growth in EBITDA, a favorable working capital position and relatively low capex requirements. The rapid increase in the share of the DIY segment attributable to private label products has led to an increase in net working capital as a result of the need to keep a higher inventory position for these products.

The Group's cash and cash equivalents at the end of the reporting period amounted to SEK 366.3 million (270.3), which is primarily explained by the operating cash flow generated during the period.

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 499.6 million at the end of the quarter, compared with SEK 547.6 million at the beginning of the year, corresponding to net debt in relation to LTM adjusted EBITDA of 1.3x, an outperformance 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 650.9 million at the end of the quarter, compared with SEK 554.5 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 529.1 million at the end of the period, compared with SEK 577.1 million at the beginning of the year.

The Group's total assets at the end of the reporting period amounted to SEK 6,508.4 million, compared to SEK 6,018.2 million at the beginning of the period.

The Group's equity at the end of the reporting period amounted to SEK 2,979.7 million (SEK 2,925.1 million at the beginning of the year).

EMPLOYEES

The number of employees (measured as FTEs) was 1,473 at the end of the period. The average number of employees (FTEs) for the most recent 12-month period was 1,338.

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 (approximately 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 1.5 million (0.2). In the previous periods, the Group's CEO, CFO and COO were the only employees of the Parent Company. Due to a change in the current quarter, a number of additional employees have been transferred to the Parent Company. The Parent Company also continues to remunerate the Board of Directors. The Parent Company posted an operating loss of SEK -0.2 million (-3.4). The Parent Company's cash and cash equivalents totaled SEK 6.8 million at the end of the reporting period, compared with SEK 17.2 million at the beginning of the year.

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 2019 annual report, with the exceptions that the Group has changed its accounting policy regarding interest payments in the cash flow statement in accordance with the description below as of 1 January 2020.

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 26-30 of this report.

The interim information on page 1-13 is an integrated part of this financial report.

Change of accounting policy regarding interest payments in the cash flow statement

From 1 January 2020, the Group recognises interest paid under financing activities in the statements of cash flows for the Group and the Parent Company. Interest paid was previously recognised as part of operating activities. Comparative periods for 2019 have been restated to reflect this change. The Group believes that recognising interest paid in financing activities provides more reliable and relevant information about cash flows attributable to financing via interest-bearing liabilities. This is because financing activities in the cash flow statement do not only include cash flows attributable to raising and amortising loans, but also includes cash flows attributable to the payment of interest on loans taken. As a result of the change in policy, the amount of interest paid can also be seen directly in the statement of cash flows since interest paid is presented on a separate row under financing activities. In connection with this, the Group has also chosen to present received interest rates as part of investment activities.

Effects of change of accounting policy

The effects of the change of accounting policy meant that cash flow from operating activities for the comparative year 2019 increased in an amount corresponding to net interest payments, while cash flow from financing activities reduced by an amount corresponding to interest paid and investment activities increased by an amount corresponding to interest received. The tables below present the effects of the change of accounting policy by quarter and for the full year 2019.

Group

- Increased impact on "Cash flow from operating activities" of SEK 7.4 million in Q1 2019 and SEK 28.9 million for the full year 2019
- Decreased impact on "Cash flow to/from financing activities" of SEK 7.4 million in Q1 2019 and SEK 30.5 million for the full year 2019
- Increased impact on "Cash flow to/from investing activities" of SEK 0.0 million in Q1 2019 and SEK 1.5 million for the full year 2019

Parent company

- Increased impact on "Cash flow from operating activities" of SEK 0.0 million in Q1 2019 and SEK 1.7 million for the full year 2019
- Decreased impact on "Cash flow to/from financing activities" of SEK 0.1 million in Q1 2019 and SEK 1.8 million for the full year 2019
- Increased impact on "Cash flow to/from investing activities" of SEK 0.1 million in Q1 2019 and SEK 0.1 million for the full year 2019

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 2019 annual report. Apart from the risks described therein, the assessment is that there are no additional material risks.

The long-term effects of the coronavirus pandemic are currently difficult to assess.

RELATED-PARTY TRANSACTIONS

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

THE BHG SHARE

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

The share price at the beginning of the year was SEK 58.4. On the last day of trading in the quarter, the share price was SEK 61.5. The highest price paid, quoted in February, was SEK 74.1, and the lowest price paid, quoted in March, was SEK 36.15.

During the first quarter of 2020, 26,489,573 BHG shares were traded on Nasdaq Stockholm, equivalent to a turnover rate of 24.7 percent.

As per March 31, 2020 BHG had approximately 2,100 shareholders, whereof the largest shareholders were EQT (20.0 percent), FSN Capital (19.0 percent), Danica depåförsäkring (9.1 percent), Handelsbanken Fonder (6.4 percent) and Capital Group (5.5 percent).

As per March 31, 2020, the number of shares issued was 107,368,421, all of which were ordinary shares.

Malmö, 23 April 2020

Adam Schatz
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. CEST on 23 April 2020.

CONTACT INFORMATION

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CONFERENCE CALL IN CONNECTION WITH PUBLICATION OF THE QUARTERLY REPORT

On Thursday, 23 April at 10:00 a.m. CEST, Adam Schatz, President and CEO, and Jesper Flemme, Acting CFO, will hold a conference call concerning the publication of the Q1 report. The call will be held in English. To participate, please call +46 (0)8 505 583 51 or go to the weblink https://tv.streamfabriken.com/bygghemma-group-q1-2020
The presentation is available from the Group's website:
https://www.wearebhg.com/investors/presentations/

QUARTERLY REPORTS ON WWW.WEAREBHG.COM

The full report for the period January-March 2020 and previous quarterly and year-end reports are available at https://www.wearebhg.com/investors/financial-reports/

FINANCIAL CALENDAR

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

* **Information relating to the Coronavirus**: As a result of the Coronavirus, BHG kindly asks the shareholders not to participate in this years' annual general meeting in person. Instead, BHG encourages shareholders to carefully consider the possibility of participating in the meeting by way of proxy or advance voting (see below). Any questions to be raised by shareholders at the meeting can be sent to the company by e-mail to investment@bygghemmagroup.se in advance of the meeting.

ABOUT THE GROUP
BHG is the number 1 consumer e-commerce company in the Nordics. We're also present in most of Eastern and Central Europe. Our strong position in these markets makes us the largest European pure-play within the Home improvement space, meaning Do-It-Yourself and Home furnishings. With an ecosystem of online stores, supported by physical destinations and services, such as last-mile deliveries and installation, we offer the market's leading range of well-known external and strong own brands, totalling over 800,000 unique products and encompassing a complete offering within DIY, leisure, furniture and furnishings.

The Group includes over 85 online destinations – including sites like www.bygghemma.se, www.trademax.se, www.chilli.se and www.furniturebox.se – and over 70 showrooms. We are headquartered in Malmö, Sweden, with operations throughout Europe. Our share is traded on Nasdaq Stockholm, under the ticker 'BHG'.

The BHG brands employ more than 1,500 people, working every day to create the ultimate online shopping experience by combining an unbeatable product range with smart technology, leading product expertise and a broad range of services.

Condensed consolidated income statement

	Q1		Jan-Dec
SEKm	2020	2019	2019
Net sales	1,628.4	1,220.1	6,212.5
Other operating income	0.0	0.1	0.3
Total net sales	**1,628.4**	**1,220.1**	**6,212.7**
Cost of goods sold	-1,207.9	-919.7	-4,721.9
Personnel costs	-138.9	-107.2	-493.4
Other external costs and operating expenses	-141.6	-111.2	-525.5
Other operating expenses	-4.9	-3.3	-4.9
Depreciation and amortisation of tangible and intangible fixed assets	-65.9	-40.6	-185.0
Operating income	**69.2**	**38.3**	**282.0**
Profit/loss from financial items	-7.2	-9.2	-48.9
Profit before tax	**62.0**	**29.0**	**233.1**
Income tax	-15.8	-6.9	-53.2
Profit for the period	**46.2**	**22.1**	**179.9**
Attributable to:			
Equity holders of the parent	46.6	21.3	176.2
Non-controlling interest	-0.4	0.8	3.6
Net income for the period	**46.2**	**22.1**	**179.9**
Earnings per share before dilution, SEK	0.43	0.20	1.64
Earnings per share after dilution, SEK	0.43	0.20	1.64

* The formula for earnings per share is as follows: earnings per share = profit/loss for the period / (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, where of 257,941 (0) were in the money.

Condensed consolidated statement of comprehensive income

	Q1		Jan-Dec
SEKm	2020	2019	2019
Profit for the period	46.2	22.1	179.9
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Translation differences for the period	11.2	7.7	5.8
Other comprehensive income for the period	**11.2**	**7.7**	**5.8**
Total comprehensive income for the period	**57.4**	**29.9**	**185.7**
Total comprehensive income attributable to:			
Parent Company shareholders	55.7	28.6	181.6
Non-controlling interest	1.7	1.3	4.1
Total comprehensive income for the period	**57.4**	**29.9**	**185.7**
Shares outstanding at period's end	**107,368,421**	**107,368,421**	**107,368,421**
Average number of shares			
Before dilution	107,368,421	107,368,421	107,368,421
After dilution	107,626,362	107,368,421	107,368,421

* The outstanding employee warrant programmes were deemed to be partially in the money at period end and hence the average number of shares before and after dilution are not the same.

Condensed consolidated statement of financial position

SEKm	31 Mar 2020	31 Mar 2019	31 Dec 2019
Non-current assets			
Goodwill	3,025.0	2,671.5	2,896.7
Other intangible fixed assets	1,333.3	1,260.2	1,293.6
Total intangible fixed assets	**4,358.3**	**3,931.8**	**4,190.2**
Buildings and land	11.3	11.4	10.7
Leased fixed assets	567.3	351.0	459.2
Tangible fixed assets	46.1	25.2	39.8
Financial fixed assets	7.4	5.0	6.6
Deferred tax asset	12.1	9.0	13.5
Total fixed assets	**5,002.6**	**4,333.4**	**4,720.1**
Current assets			
Inventories	833.3	608.9	668.4
Current receivables	306.1	247.2	359.5
Cash and cash equivalents	366.3	265.3	270.3
Total current assets	**1,505.8**	**1,121.3**	**1,298.1**
Total assets	**6,508.4**	**5,454.7**	**6,018.2**
Equity			
Equity attributable to owners of the parent	2,942.7	2,798.1	2,889.7
Non-controlling interest	37.1	32.6	35.4
Total equity	**2,979.7**	**2,830.7**	**2,925.1**
Non-current liabilities			
Deferred tax liability	257.7	239.3	249.6
Other provisions	22.7	1.8	23.0
Non-current interest-bearing liabilites to credit institutions	815.6	803.9	813.6
Non-current lease liabilities	406.2	274.6	339.7
Other non-current liabilities	596.2	298.7	507.0
Total non-current liabilities	**2,098.5**	**1,618.2**	**1,933.0**
Current liabilities			
Current interest-bearing liabilities to credit institutions	46.4	0.8	-
Current lease liabilities	158.7	90.0	118.9
Other interest-bearing liabilities	54.6	51.3	47.5
Other current liabilities	1,170.5	863.7	993.8
Total current liabilities	**1,430.2**	**1,005.7**	**1,160.1**
Total equity and liabilities	**6,508.4**	**5,454.7**	**6,018.2**

Condensed consolidated statement of cash flows

	Q1		Jan-Dec
SEKm	2020	2019	2019
EBITDA	135.1	78.8	467.8
Adjustments for items not included in cash flow	-5.9	8.6	7.9
Income tax paid	-14.8	-10.9	-34.4
Cash flow from operating activities before changes in working capital	**114.3**	**76.4**	**441.3**
Changes in working capital	34.0	-24.2	-19.2
Cash flow from operating activites	**148.3**	**52.2**	**422.2**
Investments in operations	-30.0	-74.0	-251.4
Investments in other non-current assets	-26.4	-21.8	-98.0
Divestment of other tangible fixed assets	0.1	0.2	1.3
Received interest	0.2	0.0	1.5
Cash flow to/from investing activities	**-56.2**	**-95.6**	**-346.5**
Loans taken	48.0	108.6	307.4
Amortisation of loans	-44.3	-21.4	-315.7
Issue of warrants	-	-	6.0
Interest paid	-8.7	-7.4	-30.5
Cash flow to/from financing activities	**-5.0**	**79.8**	**-32.8**
Cash flow for the period	**87.2**	**36.5**	**42.8**
Cash and cash equivalents at the beginning of the period	**270.3**	**226.9**	**226.9**
Translation differences in cash and cash equivalents	8.9	1.9	0.6
Cash and cash equivalents at the end of the period	**366.3**	**265.3**	**270.3**

Condensed consolidated statement of changes in equity

	31 Mar		31 Dec
SEKm	2020	2019	2019
Opening balance	**2,925.1**	**2,814.4**	**2,814.4**
Comprehensive income for the period	57.4	29.9	185.7
Effects from changed accounting standards	-	-10.5	-10.5
Issue of warrants	-	-	6.0
Remeasurement of liabilities to non-controlling interests	-2.7	-3.1	-70.5
Closing balance	**2,979.7**	**2,830.6**	**2,925.1**

Notes

NOTE 1 SEGMENTS

SEKm	Q1 2020	Q1 2019	Jan-Dec 2019
Net sales			
DIY	941.4	688.6	3,700.8
Home Furnishing	694.6	534.1	2,533.1
Total net sales	**1,636.0**	**1,222.8**	**6,233.9**
Other*	3.2	6.1	26.9
Eliminations	-10.8	-8.8	-48.4
Group consolidated total	**1,628.4**	**1,220.1**	**6,212.5**
Revenue from other segments			
DIY	4.4	1.4	6.7
Home Furnishing	3.2	1.3	14.8
Other*	3.2	6.1	26.9
Total	**10.8**	**8.8**	**48.4**

SEKm	Q1 2020	Q1 2019	Jan-Dec 2019
Operating income and profit before tax			
DIY	31.2	9.7	136.9
Home Furnishing	41.8	32.6	168.0
Total operating income	**73.0**	**42.3**	**304.9**
Other*	-3.8	-4.0	-22.9
Group consolidated operating income	**69.2**	**38.3**	**282.0**
Financial net	-7.2	-9.2	-48.9
Group consolidated profit before tax	**62.0**	**29.0**	**233.1**

* The Groups other operations primarily consist of group-wide functions and financing arrangements. Net sales was thus mainly comprised by management fees.

SEKm	DIY	Home Furnishing	Other	Elim-ination	Group
	Q1 2020				
Sweden	631.0	324.4	3.2	-8.1	950.5
Finland	188.3	27.6	-	-1.7	214.2
Denmark	61.3	145.6	-	-	206.9
Norway	54.4	57.0	-	-	111.3
Rest of Europe	6.4	140.1	-	-1.0	145.5
Net sales	**941.4**	**694.6**	**3.2**	**-10.8**	**1,628.4**

SEKm	DIY	Home Furnishing	Other	Elim-ination	Group
	Q1 2019				
Sweden	451.3	250.6	6.1	-8.7	699.4
Finland	155.6	26.0	-	-	181.7
Denmark	43.8	130.7	-	-0.2	174.3
Norway	37.9	44.0	-	-	81.9
Rest of Europe	-	82.8	-	-	82.8
Net sales	**688.6**	**534.1**	**6.1**	**-8.8**	**1,220.1**

SEKm	DIY	Home Furnishing	Other	Elim-ination	Group
	Full-year 2019				
Sweden	2,311.6	1,196.1	26.9	-43.4	3,491.3
Finland	964.4	117.1	-	-	1,081.5
Denmark	229.4	498.7	-	-0.7	727.4
Norway	195.4	238.8	-	-0.4	433.8
Rest of Europe	-	482.3	-	-3.8	478.5
Net sales	**3,700.8**	**2,533.1**	**26.9**	**-48.4**	**6,212.5**

NOTE 2 DISCLOSURES ON ACQUISITIONS

Acquisitions in 2020

- On 17 February the Group acquired 51 percent of the shares in Hemfint Kristianstad AB (Hemfint.se). The acquisition is recognized in the DIY segment from 1 February.
- On 20 December 2019 the Group acquired 100 percent of the shares in Lindström & Sondén AB (LSBolagen.com). The acquisition is recognized in the DIY segment from 1 January.

	2020					
(SEKm)	Net identifiable assets and liabilities	Goodwill	Purchase price	Cash and cash equivalents	Contingent/ deferred purchase price, vendor loans	Net cash flow
Acqusition of shares in Lindström & Sondén AB*	33.1	45.9	**79.0**	12.4	30.1	**-36.5**
Acqusition of shares in Hemfint Kristianstad AB	26.1	71.9	**98.0**	3.8	58.0	**-36.2**
Additional purchase price, Arredo Holding AB	-	-	**-**	-	-	**-0.9**
Additional purchase price, Edututor Oy	-	-	**-**	-	-	**-5.3**
	59.1	**117.8**	**176.9**	**16.2**	**88.1**	**-78.9**

* Lindström & Sondén AB was acquired in late December 2019 and consolidated from 1 of January 2020, whereby paid purchase price of SEK 48.9 million was reported in the cash flow report for 2019, while cash and cash equivalents in acquired companies of SEK 12.4 million are reported in 2020. In total, the acquisition reduced the Group's cash and cash equivalents by SEK 36.5 million.

Net sales and profit/loss for the period for acquired companies

Since consolidation, acquisitions have contributed SEK 53.2 million to the Group's net sales and SEK 2.7 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 64.3 million to the Group's net sales and SEK 1.4 million to the Group's profit/loss for the period.

NOTE 3 FAIR VALUE

Contingent earn-outs are included in Level 3 of the valuation hierarchy, meaning the level applicable for assets and liabilities that are considered illiquid and difficult to value, and for which inputs for measuring fair value are unobservable inputs in the market. The fair value of contingent earn-outs is calculated by discounting future cash flows with a risk-adjusted discount interest rate. Expected cash flows are forecast using probable scenarios for future EBITDA levels, amounts that will result from various outcomes and the probability of those outcomes.

The table presents the carrying amount for contingent and deferred earn-outs attributable to the Group's acquisitions and liabilities to non-controlling interests.

	31 Mar		31 Dec
SEKm	2020	2019	2019
Reported value on the opening date	**554.5**	**320.3**	**320.3**
Recognition in profit or loss	11.7	3.8	19.1
Recognised in equity	2.7	3.1	70.5
Utilised amount	-6.2	-32.7	-108.4
Acquisition value at cost	88.1	55.3	253.0
Reported value on the closing date	**650.9**	**350.0**	**554.5**

The carrying amount for all financial assets and financial liabilities is deemed to be a reasonable approximation of the fair values of the instruments.

NOTE 4 RELATED-PARTY TRANSACTIONS

Transactions between Bygghemma Group First AB and its subsidiaries, which are related to Bygghemma Group First AB, have been eliminated in the consolidated financial statements.

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

Transactions with the owners

No transactions with the owners have been made during 2020.

Condensed Parent Company income statement

	Q1		Jan-Dec
SEKm	2020	2019	2019
Net sales	1.5	0.2	0.9
Total net sales	**1.5**	**0.2**	**0.9**
Personnel cost	0.9	-1.4	-15.4
Other external costs	-2.6	-2.2	-6.9
Operating income	**-0.2**	**-3.4**	**-21.4**
Profit/loss from financial items	-0.5	-0.2	-1.7
Group contributions	-	-	33.0
Profit/loss before tax	**-0.7**	**-3.5**	**9.9**
Income tax	0.1	0.8	-2.5
Profit/loss for the period	**-0.5**	**-2.8**	**7.5**

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 Mar 2020	31 Mar 2019	31 Dec 2019
Non-current assets			
Other intangible fixed assets	0.6	0.3	0.5
Total intangible fixed assets	**0.6**	**0.3**	**0.5**
Participations in Group companies	2,691.6	2,691.6	2,691.6
Long-term receivables from Group companies	-	11.0	-
Deferred tax asset	-	2.3	-
Total fixed assets	**2,692.1**	**2,705.1**	**2,692.0**
Current assets			
Short-term receivables	7.8	2.2	7.8
Short-term receivables from Group companies	33.0	59.1	32.9
Cash and cash equivalents	6.8	19.9	17.2
Total current assets	**47.6**	**81.1**	**57.9**
Total assets	**2,739.7**	**2,786.2**	**2,749.9**
Equity			
Restricted equity	3.2	3.2	3.2
Unrestriced equity	2,733.0	2,717.3	2,733.5
Total equity	**2,736.2**	**2,720.6**	**2,736.8**
Non-current liabilities			
Non-current interest-bearing liabilites to credit institutions	-	57.6	-
Total non-current liabilities	**-**	**57.6**	**-**
Current liabilities			
Other current liabilities	3.5	8.1	13.2
Total current liabilities	**3.5**	**8.1**	**13.2**
Total equity and liabilities	**2,739.7**	**2,786.2**	**2,749.9**

Key ratios

	2020	2019				
	Q1	Q4	Q3	Q2	Q1	Jan-Dec
THE GROUP						
Adjusted total expenses	-351.3	-334.7	-305.9	-305.4	-260.2	-1,206.2
Adjusted EBIT margin %	4.9	5.5	5.0	6.0	4.5	5.3
Adjusted gross profit	420.5	414.3	378.1	397.6	305.6	1,495.7
Adjusted gross margin %	25.8	25.2	23.1	23.3	25.0	24.1
Equity/assets ratio %	45.8	48.6	50.2	51.7	51.9	48.6
Net debt (+) / Net cash (-)	499.6	547.6	433.1	357.7	544.6	547.6
Cash flow from operating activites (SEKm)	148.3	51.9	57.5	260.6	52.2	422.2
Earnings per share (SEK)	0.43	0.58	0.36	0.50	0.20	1.64
Visits (thousands)	56,924	57,926	48,007	43,583	34,882	184,398
Orders (thousands)	539	537	501	503	399	1,940
Average order value (SEK)	3,128	3,109	3,242	3,417	3,129	3,227
DIY						
Visits (thousands)	24,689	25,362	20,126	23,647	17,337	86,473
Orders (thousands)	310	310	283	317	231	1,141
Average order value (SEK)	3,316	3,128	3,364	3,392	3,102	3,255
Home Furnishing						
Visits (thousands)	32,235	32,564	27,881	19,935	17,545	97,925
Orders (thousands)	230	228	218	186	168	799
Average order value (SEK)	2,875	3,082	3,084	3,461	3,166	3,188

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

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

ADJUSTED EBIT, ADJUSTED EBITDA AND ADJUSTED GROSS PROFIT

Adjusted EBIT corresponds to operating income 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 comp 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	Q1 2020	Q1 2019	Jan-Dec 2019
Operating income	**69.2**	**38.3**	**282.0**
Acquisition-related costs	-	1.4	1.7
Last-mile project	-	5.8	5.8
Total items affecting comparability	**-**	**7.2**	**7.5**
Amortisation and impairment of acquisition-related intangible fixed assets	10.8	9.8	40.6
Adjusted EBIT	**80.0**	**55.3**	**330.1**
Adjusted EBIT (%)	**4.9**	**4.5**	**5.3**
Depreciation and amortisation of tangible and intangible fixed assets	55.1	30.7	144.4
Gain/loss from sale of fixed assets	-0.0	-0.1	0.8
Adjusted EBITDA	**135.1**	**85.9**	**475.3**
Adjusted EBITDA (%)	**8.3**	**7.0**	**7.7**
Net sales	1,628.4	1,220.1	6,212.5
Cost of goods	-1,016.3	-775.0	-4,023.8
Gross profit before direct selling costs	**612.1**	**445.1**	**2,188.6**
Gross profit before direct selling costs (%)	**37.6**	**36.5**	**35.2**
Direct selling costs	-191.6	-144.7	-698.1
Gross profit	**420.5**	**300.4**	**1,490.5**
Gross profit (%)	**25.8**	**24.6**	**24.0**
Last-mile project	-	5.2	5.2
Adjusted gross profit	**420.5**	**305.6**	**1,495.7**
Adjusted gross profit (%)	**25.8**	**25.0**	**24.1**

DIY segment

SEKm	Q1 2020	Q1 2019	Jan-Dec 2019
Operating income	**31.2**	**9.7**	**136.9**
Acquisition-related costs	-	1.4	1.4
Total items affecting comparability	**-**	**1.4**	**1.4**
Amortisation and impairment of acquisition-related intangible fixed assets	8.0	7.1	29.6
Adjusted EBIT	**39.2**	**18.2**	**167.9**
Adjusted EBIT (%)	**4.2**	**2.6**	**4.5**
Depreciation and amortisation of tangible and intangible fixed assets	23.2	14.2	67.3
Gain/loss from sale of fixed assets	-0.0	-	0.2
Adjusted EBITDA	**62.3**	**32.4**	**235.4**
Adjusted EBITDA (%)	**6.6**	**4.7**	**6.4**
Net sales	941.4	688.6	3,700.8
Cost of goods	-642.1	-488.8	-2,641.2
Gross profit before direct selling costs	**299.3**	**199.9**	**1,059.6**
Gross profit before direct selling costs (%)	**31.8**	**29.0**	**28.6**
Direct selling costs	-85.3	-50.9	-265.3
Gross profit	**214.0**	**148.9**	**794.3**
Gross profit (%)	**22.7**	**21.6**	**21.5**
Adjusted gross profit	**214.0**	**148.9**	**794.3**
Adjusted gross profit (%)	**22.7**	**21.6**	**21.5**

Home Furnishing segment

	Q1		Jan-Dec
SEKm	2020	2019	2019
Operating income	41.8	32.6	168.0
Acquisition-related costs	-	-	0.2
Last-mile project	-	5.8	5.8
Total items affecting comparability	**-**	**5.8**	**6.0**
Amortisation and impairment of acquisition-related intangible fixed assets	2.8	2.7	11.0
Adjusted EBIT	**44.6**	**41.1**	**185.0**
Adjusted EBIT (%)	**6.4**	**7.7**	**7.3**
Depreciation and amortisation of tangible and intangible fixed assets	31.9	16.5	77.1
Gain/loss from sale of fixed assets	0.0	-0.1	0.6
Adjusted EBITDA	**76.5**	**57.5**	**262.7**
Adjusted EBITDA (%)	**11.0**	**10.8**	**10.4**
Net sales	694.6	534.1	2,533.1
Cost of goods	-381.3	-288.7	-1,402.7
Gross profit before direct selling costs	**313.3**	**245.4**	**1,130.3**
Gross profit before direct selling costs (%)	**45.1**	**45.9**	**44.6**
Direct selling costs	-106.3	-93.7	-432.8
Gross profit	**207.0**	**151.7**	**697.5**
Gross profit (%)	**29.8**	**28.4**	**27.5**
Last-mile project	-	5.2	5.2
Adjusted gross profit	**207.0**	**156.9**	**702.7**
Adjusted gross profit (%)	**29.8**	**29.4**	**27.7**

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 first quarter, net debt amounted to SEK 499.6 million, corresponding to net debt in relation to LTM adjusted EBITDA of 1.3x. 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 650.9 million at the end of the quarter, compared with SEK 554.5 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 564.9 million at the end of the quarter, compared with SEK 458.5 million at the beginning of the year.

	31 Mar		31 Dec
SEKm	2020	2019	2019
Non-current interest-bearing debt	1,818.0	1,377.2	1,660.3
Short-term interest-bearing debt	259.7	142.1	166.3
Total interest-bearing debt	**2,077.7**	**1,519.3**	**1,826.7**
Cash and cash equivalents	-366.3	-265.3	-270.3
Adjustment lease liabilities	-564.9	-364.6	-458.5
Adjustment of earn-outs and deferred payments	-650.9	-350.0	-554.5
Adjustment transaction costs	3.9	5.3	4.3
Net debt (+) / Net cash (-)	**499.6**	**544.6**	**547.6**

Definitions

Performance measure	Definition	Reasoning
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 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 excluding items affecting comparability.	Adjusted gross profit gives an indication of the contribution margin in the operations.
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.
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.
Cash conversion	Pre-tax cash flow from operating activities less investments in non-current assets (capex) as a percentage of adjusted EBITDA.	Operating cash conversion enables the Group to monitor management of its ongoing investments and working capital.
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.
Gross margin	Gross profit as a percentage of net sales.	Gross margin gives an indication of the contribution margin as a share of net sales.
Gross margin before direct selling costs	Gross profit before direct selling costs - primarily postage and fulfilment - as a percentage of net sales.	An additional margin measure, complementing the fully-loaded gross margin measure, allowing for further transparency.
Gross profit	Net sales less cost of goods sold. Gross profit includes costs directly attributable to goods sold, such as warehouse and transportation costs. Gross profit includes items affecting comparability.	Gross profit gives an indication of the contribution margin in the operations.
Investments	Investments in tangible and intangible fixed assets.	Investments provide an indication of total investments in tangible and intangible assets.

Performance measure	Definition	Reasoning
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.
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.
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.
Number of orders	Number of orders placed during the period in question.	This performance measure is used to measure customer activity.
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.
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.
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.