

Interim report: 1 January-31 December 2020

Strong end to record year

– Operational successes, acquisition of Nordic Nest and updated financial targets

HIGHLIGHTS

1 October-31 December

- Net sales increased 43.2% to SEK 2,354.6 million (1,644.6). Organic growth was 35.5%
- Gross profit increased 54.8% to SEK 641.3 million (414.3), with a gross margin of 27.2% (25.2)
- Adjusted EBIT amounted to SEK 194.1 million (90.0), corresponding to an adjusted EBIT margin of 8.2% (5.5)
- Operating income amounted to SEK 183.4 million (79.6), corresponding to an operating margin of 7.8% (4.8)
- Cash flow from operating activities amounted to SEK 220.0 million (51.9)
- Net profit for the period amounted to SEK 91.9 million (64.1), an increase of 43.4% on the prior year
- Earnings per share amounted to SEK 0.85 (0.58) before dilution and SEK 0.83 (0.58) after dilution
- In conjunction with this report, new medium-term financial targets are being announced: to achieve SEK 20 billion in net sales, with an adjusted EBIT margin of not less than 7%

1 January-31 December

- Net sales increased 44.4% to SEK 8,968.2 million (6,212.5). Organic growth was 33.7%
- Gross profit increased 56.4% to SEK 2,330.8 million (1,490.5), with a gross margin of 26.0% (24.0)
- Adjusted EBIT amounted to SEK 700.8 million (330.1), corresponding to an adjusted EBIT margin of 7.8% (5.3)
- Operating income amounted to SEK 657.8 million (282.0), corresponding to an operating margin of 7.3% (4.5)
- Cash flow from operating activities amounted to SEK 994.3 million (422.2)
- Net profit for the period amounted to SEK 420.3 million (179.9), an increase of 133.6% on the prior year
- Earnings per share amounted to SEK 3.87 (1.64) before dilution and SEK 3.80 (1.64) after dilution
- The Board of Directors' proposal to the Annual General Meeting is that no dividend is to be paid for the 2020 financial year

Key events during and after the period

- Acquisition of 97.5% of Nordic Nest announced on 13 December, the Group's largest acquisition to date. Through this acquisition, BHG further strengthens its position as the largest online player within home furnishings in the Nordics and creates a platform for growth in new geographic markets
- Strengthening of the Group management team: Jesper Flemme was appointed permanent CFO on 10 December. After the end of the period, on 4 January 2021, Mikael Hagman was appointed COO, while Mikael Olander assumed a newly established position as Head of Commercial. As previously, the Group's Senior Executive Management is comprised of the CEO, CFO and COO

FINANCIAL SUMMARY

SEKm (if not otherwise stated)	Oct-Dec			Jan-Dec		
	2020	2019	Δ%	2020	2019	Δ%
Net sales	2,354.6	1,644.6	43.2	8,968.2	6,212.5	44.4
Gross profit	641.3	414.3	54.8	2,330.8	1,490.5	56.4
Gross margin (%)	27.2	25.2	2.0 p.p.	26.0	24.0	2.0 p.p.
Adjusted EBIT*	194.1	90.0	115.6	700.8	330.1	112.3
Adjusted EBIT margin (%)	8.2	5.5	2.8 p.p.	7.8	5.3	2.5 p.p.
Operating income	183.4	79.6	130.4	657.8	282.0	133.2
Operating margin (%)	7.8	4.8	2.9 p.p.	7.3	4.5	2.8 p.p.
Net profit for the period	91.9	64.1	43.4	420.3	179.9	133.6
Earnings per share before dilution, SEK	0.85	0.58		3.87	1.64	
Earnings per share after dilution, SEK	0.83	0.58		3.80	1.64	
Cash flow from operating activities	220.0	51.9	324.3	994.3	422.2	135.5
Net debt (+) / Net cash (-)	1,796.0	547.6	228.0	1,796.0	547.6	228.0

* Refer to "Relevant reconciliations of non-IFRS alternative performance measures (APMs)" on page 29 of this report for a more detailed description.



CEO's comments

It is with a mixture of humility and pride that I note that 2020 was a record year for us in all respects: considering the challenges facing the world over the past year, I am humble about our successes. At the same time, I am proud that BHG was so well positioned that we could benefit from the opportunities that emerged in the wake of the coronavirus pandemic and that our employees worked so diligently to meet the higher demand from our customers. In the midst of this, we also took important steps to further strengthen what is already the market's broadest product offering, with everything for the home at the best prices.

During 2020, our webshops received more than 300 million visits, and we shipped more than three million orders – at a total sales value of SEK 9 billion – to customers in 19 countries in Europe. Growth totalled 44.4%, of which 33.7% was organic, and our adjusted EBIT exceeded SEK 700 million, corresponding to an adjusted EBIT margin of 7.8%. At the same time, we generated cash flow from operating activities of nearly SEK 1 billion.

In parallel with our operational successes – and with the help of our strong cash flow – we continued to implement our acquisition strategy. In the final weeks of the year, this work culminated in our largest acquisition to date, as Nordic Nest became part of BHG.

We are now nearing the SEK 10 billion in net sales that has been our target since our stock exchange listing in March 2018, and it is time to raise our sights and stake out a new path to further success. In conjunction with this report, we are announcing updated medium-term financial targets, which reflect our leading position and the continued growth of the markets in which we operate:

- Our earlier target of achieving SEK 10 billion in net sales has been replaced by a medium-term target of SEK 20 billion.
- Our adjusted EBIT target of 7% has been adjusted to a minimum of 7%. The reason for this adjustment is that we demonstrated in 2020 that 7% is not the absolute limit for what our operations can generate. At the same time, we want to highlight that 7% is a market-leading level and that we will not compromise our growth opportunities by prioritising profitability a higher level than the established target. It is profitable growth, with the emphasis on growth, that is our focus.

As we now raise our ambitions further, it is paramount that we continue to develop the organisation. The real BHG heroes are our entrepreneurs in the operating units and their employees. They are the ones on the front line, closest to the customers. At the same time, we took important steps to develop the management team during the year. I am particularly pleased that our founders continue to be engaged in key positions, while Jesper Flemme has been appointed permanent CFO, Mikael Hagman has assumed the role of COO, and Kimmo Lähteenmäki and Christian Eriksson have taken on the roles of Segment heads for the DIY and Home Furnishing segments. With the best online entrepreneurs responsible for our operating units and with this strengthened management team, we are well equipped to continue our journey.

Two key areas for the new management team will be to further strengthen everything relating to the customer journey and to clearly outline our ambitions with regards to sustainability, or what is now often referred to as ESG.

Finally, I want to extend my warmest thanks to our fantastic employees, including our new colleagues from Nordic Nest, and to our customers, thanks to whom the BHG share is traded on the Stockholm Stock Exchange's Large Cap segment since 4 January 2021.

Malmö, 29 January 2021

Adam Schatz

President and CEO, BHG Group



Adam Schatz,
President and CEO

Condensed consolidated financial information

SEKm (if not otherwise stated)	Oct-Dec			Jan-Dec		
	2020	2019	Δ%	2020	2019	Δ%
Net sales	2,354.6	1,644.6	43.2	8,968.2	6,212.5	44.4
Gross profit	641.3	414.3	54.8	2,330.8	1,490.5	56.4
Gross margin (%)	27.2	25.2	2.0 p.p.	26.0	24.0	2.0 p.p.
Adjusted EBITDA*	249.5	131.9	89.2	902.7	475.3	89.9
Adjusted EBITDA margin (%)	10.6	8.0	2.6 p.p.	10.1	7.7	2.4 p.p.
Adjusted EBIT*	194.1	90.0	115.6	700.8	330.1	112.3
Adjusted EBIT margin (%)	8.2	5.5	2.8 p.p.	7.8	5.3	2.5 p.p.
Items affecting comparability	-	0.0	-100.0	-	-7.5	-100.0
Operating income	183.4	79.6	130.4	657.8	282.0	133.2
Operating margin (%)	7.8	4.8	2.9 p.p.	7.3	4.5	2.8 p.p.
Net profit for the period	91.9	64.1	43.4	420.3	179.9	133.6
Cash flow from operating activities	220.0	51.9	324.3	994.3	422.2	135.5
Visits (thousands)	77,950	51,010	52.8	302,133	183,999	64.2
Orders (thousands)	865	536	61.5	3,012	1,930	56.0
Conversion rate (%)	1.1	1.1	0.1 p.p.	1.0	1.0	-0.1 p.p.
Average order value (SEK)	2,725	3,017	-9.7	3,018	3,240	-6.8

* Refer to "Relevant reconciliations of non-IFRS alternative performance measures (APMs)" on page 29 of this report for a more detailed description.

COMMENTS ON THE RESULT FOR THE PERIOD

As we now put the fourth quarter behind us, we can see that a high level of growth has been maintained. The patterns from the second and third quarters of the year were largely repeated in the fourth; even and high growth in our Home Furnishing segment, in line with the growth generated since the third quarter of 2019, and accelerated growth in the DIY segment.

The strength of the DIY market came in the wake of changed customer behaviour, driven by such factors as reduced travel, increased acceptance of remote working and a subsequent focus among Nordic consumers on life in and around the home. These trends were combined with increasing numbers of people discovering the benefits of shopping online, including an unsurpassed product range, the best prices and the convenience of having products delivered to their homes, benefits that are essentially independent of the other effects that the pandemic has had on consumption patterns. Accordingly, our assessment is that a new level has been established for online penetration, on the basis of which growth will return to levels of about 15% over a business cycle.

For the third consecutive quarterly report, however, we note that the higher growth level since the second quarter of 2020 has held up so far in the new period as well.

The period was characterised by the following:

- The Group's sales amounted to SEK 2,354.6 million for the quarter and SEK 8,968.2 million for the full year. Total growth amounted to 43.2% and organic growth to 35.5% for the quarter, and to 44.4% and 33.7% for the full year. As

in the two preceding quarters, growth was particularly favorable in the DIY segment, with Denmark, Sweden and Finland delivering the strongest performances. The Home Furnishing segment also performed well, with even and high growth in all geographies.

- Adjusted EBIT amounted to SEK 194.1 million for the quarter and SEK 700.8 million for the full year, corresponding to an adjusted EBIT margin of 8.2% for the quarter and 7.8% for the full year. As in the third quarter, this high adjusted EBIT margin was the result of a favorable price and product mix, including the continuously growing share of proprietary brands in the DIY segment as well as good operational leverage in warehousing, logistics and operating expenses due to high growth. The gross margin for the quarter amounted to 27.2%, exceeding the previous record that was set in the preceding quarter.
- The low level of SG&A in relation to net sales is a result of our cost focus, but has also benefited from a lag between continued investments to develop the organisation, including to handle a larger share of own products, and the rapid growth in the period.
- The strengthened SEK continued to negatively affect sales growth, with an impact of approximately 2.4 percentage points. At the same time, the positive effects on the cost base meant that the net effect of the currency fluctuations on EBIT was approximately SEK +19 million, corresponding to approximately +0.9 percentage points on the adjusted EBIT margin.

- Cash flow from operating activities was SEK 220.0 million. Cash flow for the full year amounted to SEK 994.3 million. The strong cash flow was attributable to BHG's attractive business model, which among other things is characterised by low tied-up capital and high cash flows when growth is strong.
- The share of sales of proprietary brands in the DIY segment continued to increase as a result of healthy growth in the portfolio of brands that we ourselves have developed – led by Bathlife – and an extraordinarily strong performance by a number of the companies acquired in recent years, made possible in part by sales synergies among the Group's companies.
- Nordic Nest was acquired at the end of the quarter and is consolidated into our Home Furnishing segment. To retain Nordic Nest's distinctive character as a premium destination, the business will comprise a separate vertical in the Home Furnishing segment. Nordic Nest is a leading online player in home furnishing products with sales in 70 countries – including the Nordics, Germany and South Korea.

Nordic Nest is the Group's largest acquisition to date. Through the combination of Nordic Nest and the other businesses in the Home Furnishing segment, BHG's offering is now even more complete. From a customer, product and geographical perspective, we now cover the full spectrum – from “value-for-money” to “affordable luxury” and from large and bulky furniture, such as beds and couches, to table décor and design – and have supplemented our strong Nordic base with customers in parts of Europe and the rest of the world that are new to us.

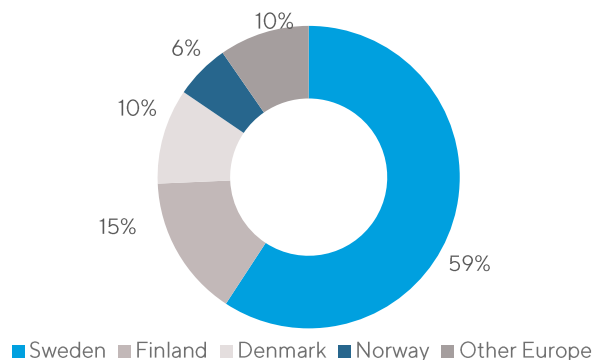
The market for home improvement, meaning the combination of our two segments, DIY and Home Furnishing, continued its strong development during the fourth quarter. Our assessment is that the total DIY market in all of the Nordic countries, but particularly in Sweden, continued its strong growth from the preceding quarter, while the total market for furniture and home furnishings delivered a more moderate performance. At the same time, online penetration increased in both sub-markets. The combination of healthy total growth and increasing online penetration contributed to the strong result for the quarter.

The Group was also well equipped ahead of the Black Week/Cyber Monday period. A relevant range with well-conceived campaign strategies resulted in a growth in order intake over the eight-day period of approximately 50% compared with the preceding year.

The total home improvement market performed well, not only in the Nordics, but also globally. At the same time, the pandemic led to some disruptions in global supply chains. In the past year, as we have previously reported, this combination resulted in some product availability bottlenecks as well as higher prices for raw materials and freights. In addition to it being clear that freight rates from Asia will be higher than in the past for some time to come, our assessment is that the market may also suffer from a shortage of certain products in 2021, which could lead to a similar situation as in the 2020 peak season: on the one hand, certain limitations on product availability, but on the other, a market price structure with fewer sales campaigns. Overall, we deem

the Group to be well positioned to cope with such a potential development.

Distribution of net sales by country (%), Oct-Dec 2020



Net sales

Net sales increased 43.2% to SEK 2,354.6 million (1,644.6) for the quarter and 44.4% to SEK 8,968.2 million (6,212.5) for the full year. Organic growth was 35.5% for the quarter and 33.7% for the full year. Proforma organic growth (also including the performance of recent acquisitions, which typically grow faster when they become part of the Group) was 43.5% for the quarter and 37.8% for the full year. Proforma organic growth also included the acquisition of Nordic Nest.

Net sales in the DIY segment increased 49.4% for the quarter and 53.0% for the full year. Organic growth was 39.4% for the quarter and 36.6% for the full year. The large Swedish and Finnish platforms, including bygghemma.se, delivered at a high level, while the Danish operation and some of the Group's destinations with strong portfolios of proprietary brands – such as Arc E-commerce, Nordiska Fönster and LS-bolagen – experienced very strong growth.

Net sales in the Home Furnishing segment increased 34.7% for the quarter and 31.7% for the full year. Organic growth was 30.1% for the quarter and 29.6% for the full year. The Group's lighting specialist, Lampgallerian, delivered the strongest performance and favorable growth was noted in all geographies.

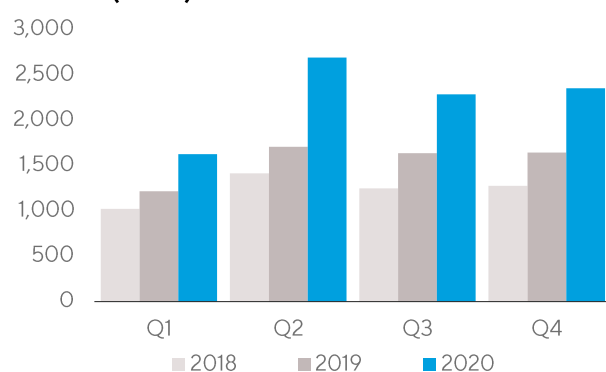
The Group's webstores received 78.0 million (51.0) visits during the quarter, which generated 865 (536) thousand orders. For the full year, the webstores had 302.1 thousand visits (184.0) and 3,012 thousand (1,930) orders. For some time now, the vast majority of traffic to the Group's destinations has come from tablets and mobiles. The Group's market-leading traffic generation and web team thus apply a “mobile first” approach.

As in the two preceding quarters, the Group's sales mix changed during the period compared with the preceding year, among other things, because of the sharp growth in product categories with slightly lower AOV. It is also worth noting that approximately 20% of the decline in AOV was due to negative currency effects. However, as the record-high gross margin for the period demonstrates, this did not have any negative effect on earnings since an advantageous AOV structure could be maintained in relation to the delivery options relevant to a given category. In other words, the AOV for bulky products, which are sent on pallets, remained high

and the high growth for small parcels could be managed by delivering to service points.

Although the trend in the number of visits to the Group's destinations was strong – with growth of 53% – the conversion rate increased somewhat compared with the year-earlier period.

Net sales (SEKm)



Gross margin and SG&A

The product margin was 38.4% (36.4) for the quarter and 37.1% (35.2) for the full year. The recognised gross margin (that is, the margin after deductions for direct selling expenses, such as freight, inventory management, etc.), amounted to 27.2% (25.2) for the quarter and 26.0% (24.0) for the full year, the highest recognised gross margin to date for a single quarter and for a full year.

The strong gross margin is attributable to:

- A higher share of sales of proprietary brands in the DIY segment.
- Continued focus on maintaining the price points for bulky products, for which the shipping costs otherwise comprise a significant portion of the gross contribution.
- Additional cost and process efficiency gains in purchasing and logistics, partly as a result of the high volumes.
- Positive net effects from currency fluctuations, particularly due to the strengthening of the SEK against the USD and EUR.

The Group's selling, general and administrative expenses (SG&A, defined as the difference between adjusted gross profit and adjusted EBITDA) amounted to SEK 391.8 million (282.4) for the quarter, corresponding to 16.6% (17.2) of net sales, and to SEK 1,428.0 million (1,020.4) for the full year, corresponding to 15.9% (16.4).

The level of SG&A in relation to net sales during the quarter remained low, since cost focus is and will remain one of the cornerstones of our culture. As we reported earlier, the Group is in a phase in which we are adding resources to manage the high growth in the short term and continuing to build the organisation to enable the delivery of high growth and favorable levels of customer satisfaction in the long term. Our continued endeavour to ramp up the share of proprietary brands will also require a somewhat more comprehensive organisation and probably also slightly increased online marketing, which we report as part of SG&A.

Since the third quarter of 2019, we have chosen not to recognise expenses relating to the execution of the Group's

ongoing M&A agenda as items affecting comparability. At the same time, we announced that costs for any major acquisitions may be treated as affecting comparability. However, despite Nordic Nest being our largest acquisition to date, we have chosen not to classify the transaction costs related to the acquisition, amounting to SEK 2.2 million, as affecting comparability. Accordingly, no items affecting comparability were charged to the quarter or the full year.

Earnings

As a result of the continued strong market conditions, the Group's position and our employees' outstanding efforts, profitability for the quarter and for the full year was very high.

The Group's adjusted EBIT amounted to SEK 194.1 million (90.0) for the quarter and SEK 700.8 million (330.1) for the full year, corresponding to an adjusted EBIT margin of 8.2% (5.5) for the quarter and 7.8% (5.3) for the full year.

Items affecting comparability amounted to SEK 0.0 million (0.0) for the quarter and SEK 0.0 (-7.5) for the full year.

The Group's operating income amounted to SEK 183.4 million (79.6) for the quarter, corresponding to an operating margin of 7.8% (4.8), and to SEK 657.8 million (282.0) for the full year, corresponding to an operating margin of 7.3% (4.5).

Amortisation of acquisition-related intangible assets amounted to SEK 10.7 million (10.4) for the quarter and SEK 43.0 million (40.6) for the full year. Amortisation pertained to identified surplus values related to customer relationships and customer databases in acquired companies. No impairment of goodwill or other assets was identified during the period, or in the corresponding period of the preceding year.

The Group's net financial items amounted to SEK -58.4 million (-2.4) for the quarter, which included reassessed earn-outs of SEK -45.3 million. Interest expenses for the quarter amounted to SEK -10.3 million, of which SEK -3.3 million related to lease liabilities in accordance with IFRS 16. For the full year, the Group's net financial items amounted to SEK -107.5 million (-48.9), which included reassessed earn-outs of SEK -70.3 million. Interest expenses amounted to SEK -34.2 million, of which SEK -11.7 million related to lease liabilities in accordance with IFRS 16.

The Group's profit before tax was SEK 125.0 million (77.2) for the quarter and SEK 550.3 million (233.1) for the full year.

Net income was SEK 91.9 million (64.1) for the quarter and SEK 420.3 million (179.9) for the full year. The effective tax rate was -26.5% (-17.0) for the quarter, corresponding to SEK -33.1 million (-13.1), and SEK -23.6 million (-22.8) for the full year, corresponding to SEK -130.0 million (-53.2).

KEY EVENTS DURING AND AFTER THE FOURTH QUARTER OF 2020

- Acquisition of 97.5% of Nordic Nest announced on 13 December, the Group's largest acquisition to date. Through this acquisition, BHG further strengthens its position as the largest online player within home furnishings in the Nordics and creates a platform for growth in new geographic markets
- Strengthening of the Group management team: Jesper Flemme was appointed permanent CFO on 10 December. After the end of the period, on 4 January 2021, Mikael Hagman was appointed COO, while Mikael Olander



assumed a newly established position as Head of Commercial. As previously, the Group's Senior Executive Management is comprised of the CEO, CFO and COO

FINANCIAL TARGETS

The Group's financial targets have been updated in conjunction with today's report. The reason for this update is that the targets announced ahead of the stock exchange listing in March 2018 have now essentially been reached.

Net sales

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

Profitability

The Group intends to continue conducting its operations in such a manner that growth goes hand in hand with healthy

profitability. The new profitability target is to achieve an adjusted EBIT margin of at least 7%, a modification on the previous target of reaching 7%. This revision reflects a conviction that 7% does not represent an absolute ceiling for what the business can deliver, as well as a determination to continue capitalising on the continued favorable growth opportunities in the Group's markets.

Capital structure

The target for capital structure remains unchanged: to maintain net debt, excluding IFRS 16 effects, in relation to rolling 12-month (LTM) EBITDA in the range of 1.5-2.5x, subject to flexibility for strategic activities.

Dividend policy

The target for the dividend policy remains unchanged: when free cash flow exceeds available investments in profitable growth, and provided that the capital structure target is met, the surplus will be distributed to shareholders.

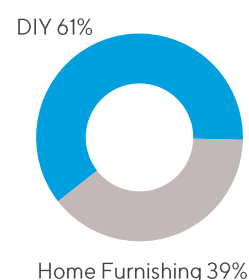


2020/Q4

DIY segment

- The segment reported a third consecutive extraordinarily strong quarter, characterised by strong growth, record-breaking gross margins and cost control, resulting in a further increase in the adjusted EBIT margin from the preceding quarter's record level
- The segment's net sales increased 49.4% in the quarter and 53.0% in the full year, of which organic growth accounted for 39.4% and 36.6%, respectively
- The gross margin was a record-high 25.1% (23.1) for the quarter and 23.4% (21.5) for the full year. As in the third quarter, the margin was favourably impacted by a high share of sales comprising proprietary brands
- Adjusted EBIT amounted to SEK 142.8 million (49.2) for the quarter and SEK 475.8 million (167.9) for the full year, corresponding to a record high adjusted EBIT margin of 9.9% (5.1) and 8.4% (4.5), respectively

Net sales by segment, Oct-Dec 2020



SEKm (if not otherwise stated)	Oct-Dec			Jan-Dec		
	2020	2019	Δ%	2020	2019	Δ%
Net sales	1,439.2	963.3	49.4	5,663.1	3,700.8	53.0
Gross profit	361.5	222.9	62.2	1,327.4	794.3	67.1
Gross margin (%)	25.1	23.1	2.0 p.p.	23.4	21.5	2.0 p.p.
Adjusted EBITDA	168.4	69.0	143.8	571.6	235.4	142.8
Adjusted EBITDA margin (%)	11.7	7.2	4.5 p.p.	10.1	6.4	3.7 p.p.
Adjusted EBIT	142.8	49.2	190.5	475.8	167.9	183.3
Adjusted EBIT margin (%)	9.9	5.1	4.8 p.p.	8.4	4.5	3.9 p.p.
Items affecting comparability	-	0.0	-100.0	-	-1.4	-100.0
Operating income	134.9	41.5	225.2	444.0	136.9	224.3
Operating margin (%)	9.4	4.3	5.1 p.p.	7.8	3.7	4.1 p.p.
Net profit for the period	-20.3	-10.4	95.1	185.4	28.1	558.8
Visits (thousands)	31,894	20,703	54.1	139,931	86,428	61.9
Orders (thousands)	490	296	65.3	1,814	1,118	62.4
Conversion rate (%)	1.5	1.4	0.1 p.p.	1.3	1.3	0.0 p.p.
Average order value (SEK)	2,819	3,092	-8.8	3,155	3,314	-4.8

COMMENTS ON THE DIY SEGMENT

The DIY segment closed the year with strong growth and extraordinarily high profitability. In a favorable overall market, it was possible to further strengthen the segment's leading position through a combination of continued migration toward online shopping and the segment's constantly expanding product range. While we continue to expect a gradual return to more normal growth levels, this above-trend growth has so far continued in 2021.

- Having already gained momentum towards the end of 2019 and during the first quarter of 2020, growth in the segment subsequently accelerated sharply in the second half of March and throughout the second quarter. The continued strong growth since then testifies to the fact that changed customer behaviours in the wake of the

pandemic have had a favorable impact on the segment's sales. It seems likely that the higher online penetration will persist, which would mean that a new base has been established from which we can continue to grow. At the same time, we believe that the total market for DIY during 2021 – i.e. including the offline part – will not be as favorable as during 2020.

- During the fourth quarter, we continued to develop our customer offering, which we call the BHG ecosystem, including the continuous expansion of the product range, with proprietary brands as a complement to external brands, which represent the majority of sales. In addition, during the autumn, the Swedish platform, byggghemma.se, expanded the base of products for which consolidated delivery is offered. The aim of this expansion, in

combination with an expanded express range is to further enhance the delivery experience. Based on detailed delivery information from the company's various logistics partners, the company developed a tool during the autumn that enables deviations from the expected delivery flow to be identified in real time and dynamically update lead times and individual product tracking. Using this tool, deviations down to individual shipments can be identified and customers kept updated.

- The Group's installation platform, which now covers the most relevant product categories, remains in focus. Our nationwide Swedish installation network is in place. Now that the installation platform has also been introduced in the Finnish market, the number of installations has doubled. To add further weight to this development, we decided to make the installation organisation a separate unit, with a fully dedicated management team responsible for continuing to refine and expand the offering.

The DIY segment accounted for 61% of the Group's total net sales for the quarter and 63% for the full year. Net sales increased 49.4% to SEK 1,439.2 million (963.3) for the quarter and 53.0% to SEK 5,663.1 million (3,700.8) for the full year.

The segment's platforms in Sweden and Finland continued their strong trend from previous quarters. At the same time, the Danish operations, as well as a number of the more specialised operations in Sweden, particularly those with a high share of proprietary brands, grew very strongly. Accordingly, the ongoing expansion of the share of sales from proprietary brands continued.

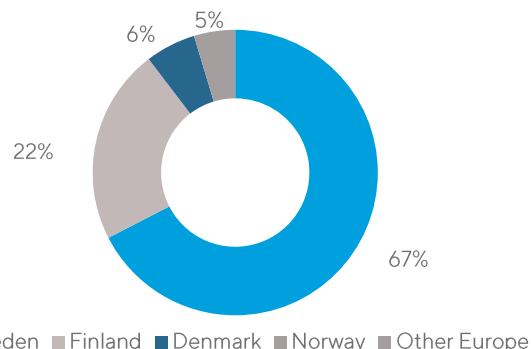
The successes achieved by Bathlife, our own flagship brand in the bathroom category, in new markets demonstrates the power and relevance of the proprietary brand portfolios, as well as the potential for continued geographic expansion of the offering. A further example of this is the success garnered by Arc E-commerce's products in Finland, from its Swedish base.

Growth was particularly strong in the interiors and leisure categories. Changed product mix, with a certain mix shift between large, bulky items (that are sent on pallets) and small parcels (that are sent as packages to service points). This, in combination with a negative currency effect, is the reason for the decline in AOV in the period.

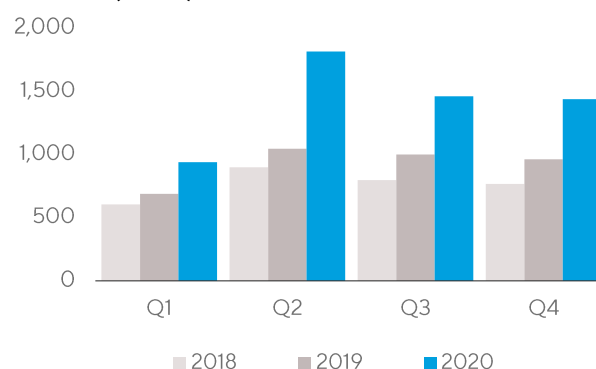
Adjusted EBIT for the quarter amounted to SEK 142.8 million (49.2), with an adjusted EBIT margin that exceeded the preceding quarter's record and amounted to 9.9% (5.1). Adjusted EBIT for the full year was SEK 475.8 million (167.9), with an adjusted EBIT margin of 8.4% (4.5).

The segment's operating income amounted to SEK 134.9 million (41.5) for the quarter, corresponding to an operating margin of 9.4% (4.3). Adjusted EBITA for the full year amounted to SEK 444.0 million (136.9), with an operating margin of 7.8% (3.7).

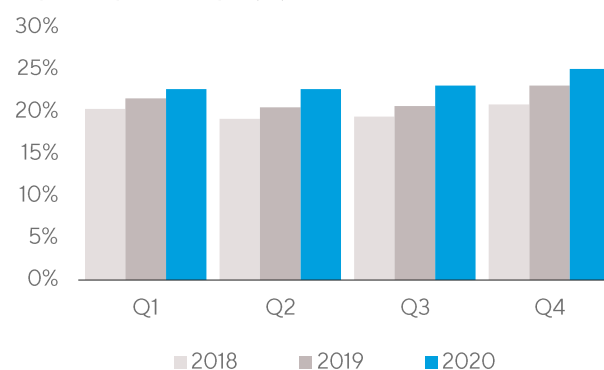
Distribution of net sales by country (%), Oct-Dec 2020



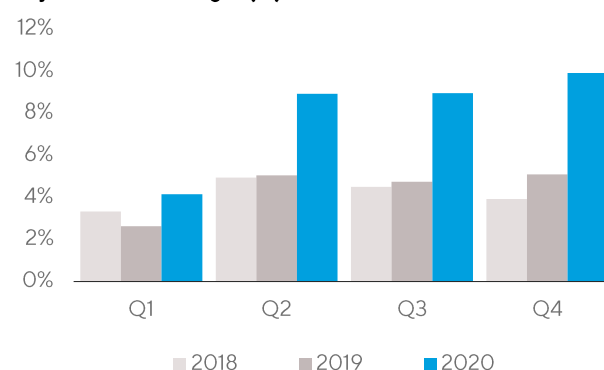
Net sales (SEKm)



Adjusted gross margin (%)



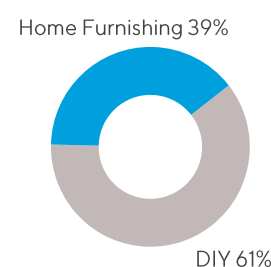
Adjusted EBIT margin (%)



Home Furnishing segment

- The segment's growth accelerated somewhat from an already healthy level
- The segment's net sales increased 34.7% in the quarter and 31.7% in the full year, of which organic growth accounted for 30.1% and 29.6%, respectively
- The gross margin amounted to 30.3% (28.0) for the quarter and 30.1% (27.5) for the full year
- Adjusted EBIT amounted to SEK 63.6 million (50.7) for the quarter and SEK 276.2 million (185.0) for the full year, corresponding to an adjusted EBIT margin of 6.9% (7.4) and 8.3% (7.3), respectively
- The Group's largest acquisition to date, Nordic Nest, was carried out during the quarter. The transaction costs in relation to this acquisition, amounting to SEK 2.2 million, were a contributing factor to the somewhat lower EBIT margin for the quarter, compared with the year-earlier period. Nordic Nest is consolidated into the segment from the time of the acquisition

Net sales by segment, Oct-Dec 2020



SEKm (if not otherwise stated)	Oct-Dec			Jan-Dec		
	2020	2019	Δ%	2020	2019	Δ%
Net sales	923.0	685.3	34.7	3,337.2	2,533.1	31.7
Gross profit	280.1	191.7	46.1	1,005.4	697.5	44.1
Gross margin (%)	30.3	28.0	2.4 p.p.	30.1	27.5	2.6 p.p.
Adjusted EBITDA	93.4	72.6	28.6	382.1	262.7	45.5
Adjusted EBITDA margin (%)	10.1	10.6	-0.5 p.p.	11.5	10.4	1.1 p.p.
Adjusted EBIT	63.6	50.7	25.5	276.2	185.0	49.3
Adjusted EBITmargin (%)	6.9	7.4	-0.5 p.p.	8.3	7.3	1.0 p.p.
Items affecting comparability	-	-	-	-	-6.0	-100.0
Operating income	60.8	47.9	26.8	265.0	168.0	57.7
Operating margin (%)	6.6	7.0	-0.4 p.p.	7.9	6.6	1.3 p.p.
Net profit for the period	-30.3	-14.2	113.8	125.4	74.6	68.2
Visits (thousands)	46,056	30,307	52.0	162,202	97,571	66.2
Orders (thousands)	375	239	56.8	1,198	813	47.4
Conversion rate (%)	0.8	0.8	0.0 p.p.	0.7	0.8	-0.1 p.p.
Average order value (SEK)	2,601	2,924	-11.1	2,811	3,139	-10.4

COMMENTS ON THE HOME FURNISHING SEGMENT

The Home Furnishing segment is now in its ninth consecutive quarter of strong growth and solid operating margins. Since this period extended over the time before and during the coronavirus pandemic, the effects of the changed customer behaviour in the wake of the pandemic were less apparent.

- The segment recorded growth of 34.7% and organic growth of 30.1% for the quarter.
- Net sales were strong and even across all geographical markets, led by the category specialist Lampgallerian, which reported a growth rate of nearly 100%.
- However, net sales were somewhat negatively impacted by bottlenecks in certain areas of the product supply chain,

not least as a result of the shortage of foam for upholstered furniture throughout Europe. The stricter Danish restrictions, which have now been extended until 8 February, also had a certain negative impact during the final week of the year.

- In addition, the strengthening of the SEK during the period, had a negative impact on net sales, corresponding to approximately -2.5 percentage points. However, the net effect of the currency fluctuations on operating income was positive.
- The work to increase the rate of growth in the Norwegian market continued, including the establishment of a Norwegian subsidiary, the identification of potential

premises for the first showroom and confirmation that positive conditions exist to complete the expansion of our presence with our own last-mile infrastructure. The showroom and last-mile solution are expected to be in place early in the second quarter of 2021.

Net sales in the Home Furnishing segment increased 34.7% to SEK 923.0 million (685.3) for the quarter, corresponding to 39% of the Group's total net sales. For the full year, net sales increased 31.7% to SEK 3,337.2 million (2,533.1), corresponding to 37% of the Group's total net sales. Organic growth amounted to 30.1% for the quarter and was in line with the growth delivered by the segment since the third quarter of 2019.

The single category with the fastest growth was interior design and lighting. As in the previous quarter, the strong growth in these categories led to a change in the product mix, which, combined with the negative currency effects, contributed to somewhat lower AOV for the segment compared with the year-earlier quarter. It was however possible to maintain a favorable gross margin structure, since the AOV for the part of the range that is sent on pallets remained at a high level.

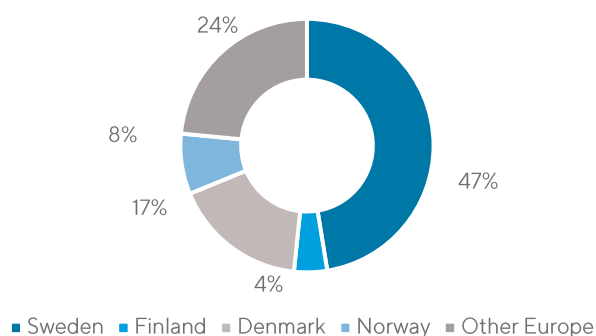
Further steps were taken to develop the Nordic warehouse and logistics infrastructure, with the 48,800 m² central warehouse in Helsingborg as the main hub. Among other measures, a small outdoor furniture storage facility will be consolidated into the Helsingborg warehouse and a new modern terminal was taken into use in Stockholm, enabling continued growth in Stockholm and, subsequently, extending the reach northward (Uppsala) and westward (Västerås). A large terminal is being planned for the Gothenburg region to support growth in Gothenburg and surroundings (Borås, Kungsbacka and Trollhättan) during the first quarter of 2021.

The acquisition of Nordic Nest will make a material contribution to the segment's profile as it complements the other operations in terms of product range, customer base and geographic position and creates an even stronger combined position in furniture and home furnishings online. While Nordic Nest will be operated as a separate vertical within the segment, there are numerous opportunities for collaboration between the segment's operations involving such areas as digital traffic generation, infrastructure and know-how for the development of proprietary brands and the procurement of third-party services. Nordic Nest is also a platform around which opportunities for bolt-on acquisitions are deemed to be favorable.

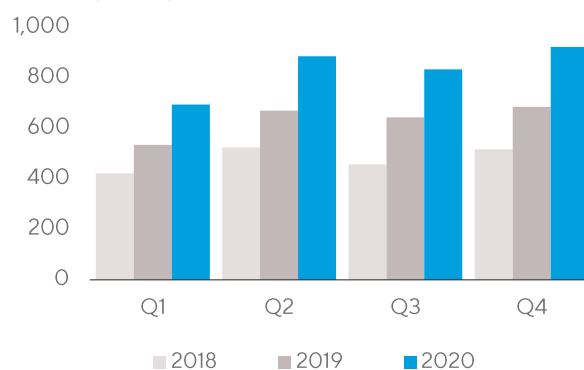
Adjusted EBIT for the quarter amounted to SEK 63.6 million (50.7), with an adjusted EBIT margin of 6.9% (7.4). The somewhat lower EBIT margin for the quarter is attributable to transaction costs relating to the acquisition of Nordic Nest, the relatively high costs of online marketing in Eastern Europe, which in turn, were linked to product bottlenecks and associated delays between order intake and invoicing, as well as changes to the Danish warehousing infrastructure. Adjusted EBIT for the full year amounted to SEK 276.2 million (185.0), with an adjusted EBIT margin of 8.3% (7.3).

The segment's operating income amounted to SEK 60.8 million (47.9) for the quarter, corresponding to an operating margin of 6.6% (7.0). Operating income for the full year amounted to SEK 265.0 million (168.0), with an operating margin of 7.9% (6.6).

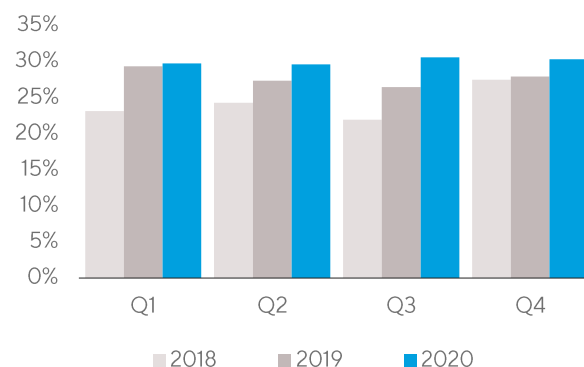
Distribution of net sales by country (%), Oct-Dec 2020



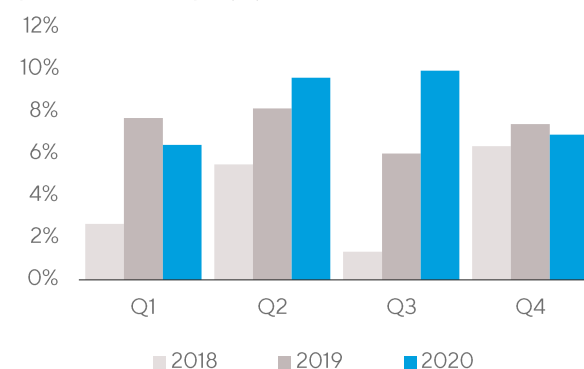
Net sales (SEKm)



Adjusted gross margin (%)



Adjusted EBIT margin (%)



Other

CASH FLOW AND FINANCIAL POSITION

The Group's cash flow from operating activities was SEK 220.0 million (51.9) for the quarter and SEK 994.3 million (422.2) for the full year, the highest level to date. Cash flow from operating activities was mainly driven by the Group's EBITDA for the full year as well as the favorable working capital trend, which is the result of a high share of direct deliveries from suppliers, relatively limited inventory levels as well as low levels of accounts receivable (due to factoring without regress and a high share of card payments).

The high level of demand during the fourth quarter, which resulted in higher closing accounts payable, partially changed the usual seasonal profile for working capital, with inventory build-ups of primarily outdoor furniture and leisure products during the first quarter prior to the peak season, with high sales and thus high cash conversion during the seasonally strong second and third quarters, after which working capital and inventories typically increase in the fourth quarter.

Cash flow from operating activities was SEK 220.0 million (51.9) for the quarter, corresponding to a cash conversion (in relation to adjusted EBITDA) of 79.0% (13.1), and SEK 994.3 million (422.2) for the full year, corresponding to a cash conversion (in relation to adjusted EBITDA) of 105.9% (75.4).

The Group's cash flow to investing activities was SEK -1,858.9 million (-109.1) for the quarter and SEK -2,040.9 million (-346.5) for the full year, and during the period was mainly attributable to the acquisition of Nordic Nest Group AB, disbursements for contracted considerations and earn-outs related to acquisitions in previous periods, including acquisition from non-controlling interest in Furniture1, as well as IT investments related to web platforms and logistics solutions.

Cash flow from and to financing activities was SEK 1,084.5 million (24.7) for the quarter and SEK 1,103.4 million (-32.8) for the full year, primarily attributable to the raising of a SEK 1.0 billion bank loan in conjunction with the acquisition of Nordic Nest and an increased drawdown of the Group's acquisition facility, repayment of lease liabilities, warrant premiums paid and interest paid. The loan raised in connection with the acquisition of Nordic Nest has a variable interest rate in the form of STIBOR plus margin and matures in June 2022.

The Group's cash and cash equivalents at the end of the reporting period, compared with the beginning of the year, amounted to SEK 299.0 million (270.3).

The Group's net debt, which is defined as the Group's current and non-current interest-bearing liabilities to credit institutions, less cash and cash equivalents and investments in securities, etc., amounted to SEK 1,796.0 million at the end of the period, compared with SEK 547.6 million at the beginning of the year, corresponding to net debt in relation to LTM adjusted EBITDA of 2.2x, within the framework of the Group's medium-term capital structure target.

The Group's other current and non-current interest-bearing liabilities consist of contingent 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

1,023.3 million at the end of the period, 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 300.0 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, compared with the beginning of the year, amounted to SEK 8,629.6 million (6,018.2).

The Group's equity at the end of the reporting period amounted to SEK 2,813.0 million (SEK 2,925.1 million at the beginning of the year).

EMPLOYEES

The number of employees (measured as FTEs) at the end of the period was 1,909. The average number of employees (FTEs) for the most recent 12-month period was 1,693.

SEASONAL VARIATIONS

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

PARENT COMPANY

The Parent Company's net sales amounted to SEK 0.0 million (0.2) for the quarter and SEK 1.6 million (0.9) for the full year. In the previous periods, the Group's CEO, CFO and COO were the only employees of the Parent Company. Due to organisational changes in the second quarter, an additional number of employees was transferred to the Parent Company. Outstanding incentive programmes were charged to Parent Company earnings for the full year in an amount of SEK -14.2 million (-1.7). The Parent Company posted an operating loss of SEK -11.1 million (-9.4) for the quarter and SEK -43.9 million (-21.4) for the full year. The Parent Company's cash and cash equivalents totalled SEK 58.8 million at the end of the reporting period, compared with SEK 17.2 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 2020 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 and estimation techniques have been applied as in the 2019 annual report, with the exception of the change of accounting policy for interest payments in the cash flow statement as described below.

The Group also applies the European Securities and Markets Authority's (ESMA) guidelines for alternative performance measures. Definitions of alternative performance measures can be found in the relevant reconciliations on pages 29-33 of this report.

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

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

As of 1 January 2020, BHG 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. BHG believes that recognition of interest paid under financing activities leads to 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 will not then only include cash flows attributable to raising and amortising loans, but also cash flows attributable to the payment of interest on the loans raised. 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, BHG has also chosen to present interest received as part of investment activities.

Effects of change of accounting policy

Due to the change of accounting policy, the cash flow from operating activities for the comparative year of 2019 increased by an amount corresponding to net interest payments, while the cash flow from financing activities decreased 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 for the quarter and full year 2019.

Group

- Cash flow from operating activities increased SEK 7.5 million in the fourth quarter of 2019 and SEK 28.9 million for the full year.
- Cash flow from financing activities decreased SEK 8.6 million in the fourth quarter of 2019 and SEK 30.5 million for the full year.
- Cash flow to investing activities increased SEK 1.1 million in the fourth quarter and SEK 1.5 million for the full year.

Parent Company

- Cash flow from operating activities increased SEK 0.4 million in the fourth quarter of 2019 and SEK 1.7 million for the full year.
- Cash flow from financing activities decreased SEK 0.4 million in the fourth quarter of 2019 and SEK 1.8 million for the full year.
- Cash flow to investing activities increased SEK 0.0 million in the fourth quarter and SEK 0.1 million for the full year.

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, see also Note 5.

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 BHG Group AB (publ) share is listed on Nasdaq Stockholm Large 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 period, the share price was SEK 178.8. The highest price paid, quoted in December, was SEK 186.8, and the lowest price paid, quoted in March, was SEK 36.2.

In 2020, 115,932,999 BHG shares were traded, equivalent to a turnover rate of 106.7%.

As per 31 December, BHG had approximately 6,500 shareholders, of which the largest were EQT (20.0%), Swedbank Robur Fonder (8.9%), Capital Group (8.0%), Handelsbanken Fonder (4.6%) and Lannebo Fonder (4.3%).

At 31 December 2020, the number of shares issued was 107,368,421, all of which were ordinary shares.

Change in number of shares after the period

The number of shares and votes in BHG Group AB (publ) has changed after the period as a result of exercise of warrants issued at the extraordinary general meeting on 26 March 2018 under the long-term incentive program 2018/2021, which includes a total of 2,760,016 warrants. The exercise

period commenced on 1 January 2021 and extends up to and including 26 March 2021. The subscription price per share under the warrants amounts to SEK 61.75. During January, 1,289,369 warrants have been exercised, which means that BHG will receive approximately SEK 79.6 million.



Malmö, 29 January 2021

Gustaf Öhrn
Chairman

Christian Bubenheim
Board member

Johan Giléus
Board member

Ingrid Jonasson Blank
Board member

Bert Larsson
Board member

Niklas Ringby
Board member

Adam Schatz
President and CEO

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

BHG Group AB (publ)

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

This information is information that BHG Group AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out below, at 7:00 a.m. CET on 29 January 2021.

CONTACT INFORMATION

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

Adam Schatz, President and CEO
adam.schatz@bhgggroup.se
+46 (0) 709-32 43 00

Jesper Flemme, CFO
jesper.flemme@bhgggroup.se
+46 (0) 720-80 25 69

Johan Hähnel, Head of Investor Relations
johan.hahnel@bhgggroup.se
+46 (0) 70-605 63 34



CONFERENCE CALL IN CONNECTION WITH PUBLICATION OF THE QUARTERLY REPORT

Adam Schatz, President and CEO, and Jesper Flemme, CFO, will hold a conference call at 10:00 a.m. on Friday, 29 January in connection with the publication of the interim report. The call will be held in English. To participate, please call +46(0)8 5055 8369 or visit <https://tv.streamfabriken.com/bhg-q4-2020>. The presentation is available from the Group's website: <https://www.wearebhg.com/investors/presentations/>



QUARTERLY REPORTS ON WWW.WEAREBHG.COM

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

FINANCIAL CALENDAR

27 April 2021	Interim report January-March 2021
Week 14 2021	Publication of annual report for 2020
5 May 2021	Annual General Meeting (Malmö)
22 July 2021	Interim report January-June 2021
28 October 2021	Interim report January-September 2021

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 just under 1,000,000 unique products in the Group and encompassing a complete offering within DIY, leisure products, furniture and home furnishing.

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 1,900 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

SEKm	Oct-Dec		Jan-Dec	
	2020	2019	2020	2019
Net sales	2,354.6	1,644.6	8,968.2	6,212.5
Other operating income	5.4	2.4	4.2	0.3
Total net sales	2,360.0	1,647.0	8,972.4	6,212.7
Cost of goods sold	-1,713.3	-1,230.3	-6,637.4	-4,721.9
Personnel costs	-185.9	-144.2	-657.2	-493.4
Other external costs and operating expenses	-211.4	-140.5	-775.0	-525.5
Other operating expenses	0.0	0.2	-0.0	-4.9
Depreciation and amortisation of tangible and intangible fixed assets	-66.0	-52.6	-245.0	-185.0
Operating income	183.4	79.6	657.8	282.0
Profit/loss from financial items	-58.4	-2.4	-107.5	-48.9
Profit before tax	125.0	77.2	550.3	233.1
Income tax	-33.1	-13.1	-130.0	-53.2
Profit for the period	91.9	64.1	420.3	179.9
Attributable to:				
Equity holders of the parent	91.2	62.6	415.1	176.2
Non-controlling interest	0.7	1.5	5.1	3.6
Net income for the period	91.9	64.1	420.3	179.9
Earnings per share before dilution, SEK	0.85	0.58	3.87	1.64
Earnings per share after dilution, SEK	0.83	0.58	3.80	1.64

* The formula for earnings per share is as follows: earnings per share = net profit/loss for the period/(average number of ordinary shares outstanding + dilution effect due to outstanding warrants). At the end of the period, there was a total of 5,407,542 (4,370,542) warrants outstanding, of which 2,646,597 (0) had a dilution effect during the quarter and 1,780,554 (0) had a dilution effect during the full year.

Condensed consolidated statement of comprehensive income

SEKm	Oct-Dec		Jan-Dec	
	2020	2019	2020	2019
Profit for the period	91.9	64.1	420.3	179.9
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Translation differences for the period	-5.2	-17.4	-11.3	5.8
Other comprehensive income for the period	-5.2	-17.4	-11.3	5.8
Total comprehensive income for the period	86.7	46.7	409.0	185.7
Total comprehensive income attributable to:				
Parent Company shareholders	87.8	46.3	405.3	181.6
Non-controlling interest	-1.1	0.5	3.6	4.1
Total comprehensive income for the period	86.7	46.7	409.0	185.7
Shares outstanding at period's end	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	107,368,421
After dilution	110,015,018	107,368,421	109,148,975	107,368,421

* The average number of shares before and after dilution differs because the exercise price for the outstanding employee warrant programmes is less than the average share price during the quarter and the full year, respectively.

Condensed consolidated statement of financial position

SEKm	31 Dec	
	2020	2019
Non-current assets		
Goodwill	4,395.1	2,896.7
Other intangible fixed assets	1,804.4	1,293.6
Total intangible fixed assets	6,199.6	4,190.2
Buildings and land	10.0	10.7
Leased fixed assets	601.9	459.2
Tangible fixed assets	64.0	39.8
Financial fixed assets	9.4	6.6
Deferred tax asset	19.1	13.5
Total fixed assets	6,904.0	4,720.1
Current assets		
Inventories	992.3	668.4
Current receivables	434.3	359.5
Cash and cash equivalents	299.0	270.3
Total current assets	1,725.6	1,298.1
Total assets	8,629.6	6,018.2
Equity		
Equity attributable to owners of the parent	2,787.2	2,889.7
Non-controlling interest	35.8	35.4
Total equity	2,823.0	2,925.1
Non-current liabilities		
Deferred tax liability	375.0	249.6
Other provisions	22.7	23.0
Non-current interest-bearing liabilities to credit institutions	2,042.6	813.6
Non-current lease liabilities	449.8	339.7
Other non-current liabilities	948.0	507.0
Total non-current liabilities	3,838.1	1,933.0
Current liabilities		
Current interest-bearing liabilities to credit institutions	46.4	-
Current lease liabilities	149.8	118.9
Other interest-bearing liabilities	75.3	47.5
Other current liabilities	1,697.0	993.8
Total current liabilities	1,968.4	1,160.1
Total equity and liabilities	8,629.6	6,018.2

Condensed consolidated statement of cash flows

SEKm	Oct-Dec		Jan-Dec	
	2020	2019	2020	2019
EBITDA	249.5	131.9	902.7	467.8
Adjustments for items not included in cash flow	-9.8	-7.5	-14.2	7.9
Income tax paid	-7.0	1.3	-56.0	-34.4
Cash flow from operating activities before changes in working capital	232.7	125.6	832.5	441.3
Changes in working capital	-12.6	-73.8	161.8	-19.2
Cash flow from operating activities	220.0	51.9	994.3	422.2
Investments in operations	-1,738.6	-77.9	-1,859.1	-251.4
Redemption of loan to seller upon acquisition of operations	-91.8	-	-91.8	-
Investments in other non-current assets	-30.0	-33.3	-94.1	-98.0
Divestment of operations	0.3	-	0.4	-
Divestment of other tangible fixed assets	0.2	0.9	0.5	1.3
Received interest	1.0	1.1	3.2	1.5
Cash flow to/from investing activities	-1,858.9	-109.1	-2,040.9	-346.5
Loans taken	1,134.2	77.7	1,277.1	307.4
Amortisation of loans	-40.5	-44.4	-147.3	-315.7
Issue of warrants	-	-	12.9	6.0
Interest paid	-9.2	-8.6	-33.9	-30.5
Dividends to non-controlling interests	-	-	-5.5	-
Cash flow to/from financing activities	1,084.5	24.7	1,103.4	-32.8
Cash flow for the period	-554.4	-32.5	56.8	42.8
Cash and cash equivalents at the beginning of the period	874.2	307.1	270.3	226.9
Translation differences in cash and cash equivalents	-20.9	-4.3	-28.1	0.6
Cash and cash equivalents at the end of the period	299.0	270.3	299.0	270.3



Condensed consolidated statement of changes in equity

SEKm	31 Dec	
	2020	2019
Opening balance	2,925.1	2,814.4
Comprehensive income for the period	409.0	185.7
Effects from changed accounting standards	-	-10.5
Acquisition of non-controlling interests in Furniture1 UAB	-11.6	-
Issue of warrants	7.5	6.0
Dividends to non-controlling interests	-5.5	-
Remeasurement of liabilities to non-controlling interests	-501.5	-70.5
Closing balance	2,823.0	2,925.1

Notes

NOTE 1 SEGMENTS

SEKm	Oct-Dec		Jan-Dec	
	2020	2019	2020	2019
Net sales				
DIY	1,439.2	963.3	5,663.1	3,700.8
Home Furnishing	923.0	685.3	3,337.2	2,533.1
Total net sales	2,362.2	1,648.6	9,000.3	6,233.9
Other*	6.2	8.4	18.0	26.9
Eliminations	-13.8	-12.3	-50.1	-48.4
Group consolidated total	2,354.6	1,644.6	8,968.2	6,212.5
Revenue from other segments				
DIY	2.7	1.1	13.6	6.7
Home Furnishing	4.9	2.8	18.7	14.8
Other*	6.2	8.4	17.9	26.9
Total	13.8	12.3	50.1	48.4

SEKm	Oct-Dec		Jan-Dec	
	2020	2019	2020	2019
Operating income and profit before tax				
DIY	134.9	41.5	444.0	136.9
Home Furnishing	60.8	47.9	265.0	168.0
Total operating income	195.7	89.4	709.0	304.9
Other*	-12.3	-9.8	-51.2	-22.9
Group consolidated operating income	183.4	79.6	657.8	282.0
Financial net	-58.4	-2.4	-107.5	-48.9
Group consolidated profit before tax	125.0	77.2	550.3	233.1

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



Oct-Dec 2020						Jan-Dec 2020				
SEKm	DIY	Home Furnishing	Other	Elim- ination	Group	DIY	Home Furnishing	Other	Elim- ination	Group
Sweden	962.7	437.9	6.2	-12.3	1,394.5	3,659.5	1,575.2	18.0	-42.7	5,210.1
Finland	316.5	38.9	-	-0.0	355.4	1,330.1	141.6	-	-2.6	1,469.0
Denmark	81.5	158.3	-	-	239.8	380.8	612.1	-	-	992.9
Norway	66.7	71.2	-	-	137.9	252.0	264.1	-	-	516.1
Rest of Europe	11.8	216.7	-	-1.4	227.1	40.7	744.2	-	-4.9	780.1
Net sales	1,439.2	923.0	6.2	-13.8	2,354.6	5,663.1	3,337.2	18.0	-50.1	8,968.2

Oct-Dec 2019						Jan-Dec 2019				
SEKm	DIY	Home Furnishing	Other	Elim- ination	Group	DIY	Home Furnishing	Other	Elim- ination	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

NOTE 2 DISCLOSURES ON ACQUISITIONS**Acquisitions in 2020**

- On 18 December 2020, the Group acquired 97.5% of the shares in Nordic Nest Group AB. The acquisition is recognised in the Home Furnishing segment from the time of the acquisition.
- On 27 August 2020, after making a recommended cash offer to the shareholders of Sleepo AB (Sleepo.se) on 27 July, BHG decided to complete the offer. On 30 September 2020, BHG had acquired 95.6% of the shares in Sleepo AB and had commenced the compulsory redemption of the remaining shares. The acquisition is recognised in the home furnishing segment from 1 September.
- On 17 February the Group acquired 51% of the shares in Hemfint Kristianstad AB (Hemfint.se). The acquisition is recognised in the DIY segment from 1 February.
- On 20 December 2019, the Group acquired 100% of the shares in Lindström & Sondén AB (LSBolagen.com). The acquisition is recognised in the DIY segment from 1 January.

(SEKm)	2020					
	Net identifiable assets and liabilities	Goodwill	Purchase price	Cash and cash equivalents	Contingent/deferred purchase price, vendor loans	Net cash flow
Acquisition of shares in Lindström & Sondén AB*	33.1	45.9	79.0	12.4	30.1	-36.5
Acquisition of shares in Hemfint Kristianstad AB	26.1	71.9	98.0	3.8	58.0	-36.2
Acquisition of shares in Sleepo AB	20.8	35.2	56.0	2.1	2.5	-51.4
Acquisition of shares in Nordic Nest Group AB	346.7	1,356.8	1,703.4	98.0	49.6	-1,555.8
Acquisition from non-controlling interest in Furniture1 UAB	-	-	-	-	-	-182.4
Additional purchase price, Arredo Holding AB	-	-	-	-	-	-0.9
Additional purchase price, Edututor Oy	-	-	-	-	-	-5.3
Additional purchase price, Designkupp AS	-	-	-	-	-	-11.3
Additional purchase price, Vitvarubolaget i Sundbyberg AB	-	-	-	-	-	-0.7
Additional purchase price, LampGallerian Växjö AB	-	-	-	-	-	-3.4
Additional purchase price, Arc E-commerce AB	-	-	-	-	-	-22.6
Additional purchase price, Vitvaruexpertern.com Nordic AB	-	-	-	-	-	-0.8
	426.6	1,509.8	1,936.3	116.3	140.1	-1,907.4

* Lindström & Sondén AB was acquired in late December 2019 and consolidated from 1 January 2020, whereby the paid consideration of SEK 48.9 million was reported in the statement of cash flows for 2019, while cash and cash equivalents of SEK 12.4 million in the acquired company will be reported in 2020. In total, the acquisition reduced the Group's cash and cash equivalents by a net amount of SEK 36.5 million.

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

Since the respective acquisition dates, the acquisitions have contributed SEK 422.7 million to the Group's net sales and SEK 37.1 million to the Group's profit/loss after tax. If the acquisitions had been consolidated from the beginning of the financial year, they would have contributed SEK 1,385.3 million to the Group's net sales and SEK 68.0 million to the Group's profit/loss after tax.

Acquisition of Nordic Nest Group AB

On 18 December 2020, the Group acquired 97.5% of the shares in Nordic Nest Group AB ("Nordic Nest"). Nordic Nest is a leading online player in home furnishing products with sales in 70 countries – including the Nordics, Germany and South Korea. During the 2020/21 split financial year, ending on 31 March 2021, sales are estimated to be slightly more than SEK 1 billion, corresponding to a growth rate (CAGR) of approximately 50% since 2016, and EBITDA to amount to approximately SEK 120 million.

Net sales and profit/loss for the period

Nordic Nest's balance sheet was consolidated as of the time of the acquisition, but neither net sales nor profit/loss after tax will be consolidated until 1 January 2021 and have accordingly not contributed to the Group's net sales or profit/loss after tax in 2020. If Nordic Nest's net sales and profit/loss after tax had been consolidated for the full financial year, the company would have contributed SEK 889.9 million to the Group's net sales and SEK 33.0 million to the Group's profit/loss after tax.

SEKm

Acquisition of Nordic Nest Group AB**Net assets at time of acquisition**

Trademarks	293.0
Customer relationships	175.0
Intangible fixed assets	10.0
Leased fixed assets	50.0
Tangible fixed assets	14.3
Financial fixed assets	0.8
Deferred tax asset	0.1
Inventory	160.6
Accounts receivable	12.1
Other receivables	46.7
Cash and cash equivalents	98.0
Deferred tax liability	-102.1
Shareholder loan to selling company (acquired receivables)	-91.8
Non-current leasing liabilities	-45.4
Accounts payable	-149.0
Current leasing liabilities	-4.6
Other liabilities	-121.1
Net identifiable assets and liabilities	346.7
Goodwill	1,356.8
Total purchase consideration	1,703.4
Liability to non-controlling interest	49.6
Change in the Group's cash and cash equivalents following the acquisition	-1,653.9

Acquisition of shares in Furniture1 UAB from non-controlling interests

During the third quarter of 2018, BHG Group acquired 30% of Furniture1 UAB ("Furniture1"), with an option to acquire up to 80%. The company has been consolidated since the date of acquisition. During the fourth quarter of 2020, the Group acquired a further 20.1% of the shares in Furniture1 for SEK 182.4 million. Following the acquisition, the ownership share amounts to 50.1%. In addition, the shareholder agreement with the non-controlling interests was renegotiated, as was the exercise price in the put option that entitles the non-controlling interests to sell a further 29.9% of the shares in Furniture1 to BHG Group. As a consequence of this, the Group remeasured the liability for the present value of the redemption amount of the option by SEK 340.5 million, which was recognised in equity. The maximum price for the option is EUR 40 million according to the shareholder agreement.

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 considerations is calculated by discounting future cash flows with a risk-adjusted discount interest rate. Expected cash flows are forecast using probable scenarios for future EBITDA levels, amounts that will result from various outcomes and the probability of those outcomes.

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

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

SEKm	31 Dec	
	2020	2019
Reported value on the opening date	554.5	320.3
Recognition in profit or loss	48.4	19.1
Recognised in equity*	501.5	70.5
Utilised amount	-223.3	-108.4
Acquisition value at cost	142.1	253.0
Reported value on the closing date	1,023.3	554.5

* For further information about remeasurement of the liability during the period recognised in equity, see Note 2.

NOTE 4 RELATED-PARTY TRANSACTIONS

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

Transactions with the owners

No transactions with the owners have been made during 2020, apart from through the incentive programme launched during the year.

NOTE 5 CONSEQUENCES OF THE CORONAVIRUS PANDEMIC

The coronavirus pandemic has led to Nordic consumers travelling less and spending more time at home. Due to the prevailing situation, consumers have therefore chosen to invest more in their homes and to make their purchases to a greater extent online rather than in physical stores. Since BHG sells home improvement products online, this changed customer behaviour has increased demand for BHG's products. BHG's financial position has remained strong throughout the pandemic.

During the coronavirus pandemic, BHG has made a conscious effort to ensure the safety of its personnel and supply chains. Some personnel have worked from home, travel has been restricted and meetings have been conducted using videoconferencing. BHG has had close cooperation with its suppliers to ensure deliveries and expanded inventory to minimise the risk of goods shortages. At the beginning of the pandemic, certain freight suppliers experienced challenges in meeting the strong increase in demand, but the situation has now improved. The extraordinary increase in demand due to the pandemic has intensified the pressure on BHG's customer service centre, but by employing a focused work approach, the situation is now better.

BHG's strong position in home improvement products online in the Nordics should continue to benefit the company going forward. It is considered probable that the increased online penetration that has occurred during the pandemic will remain and, accordingly, the market for BHG's products has become larger.

Condensed Parent Company income statement

SEKm	Oct-Dec		Jan-Dec	
	2020	2019	2020	2019
Net sales	-	0.2	1.6	0.9
Total net sales	-	0.2	1.6	0.9
Personnel cost	-7.7	-7.9	-34.2	-15.4
Other external costs	-3.3	-1.8	-11.2	-6.9
Depreciation and amortisation of tangible and intangible fixed assets	-0.0	-0.0	-0.2	-0.1
Operating income	-11.1	-9.4	-43.9	-21.4
Profit/loss from financial items	-1.0	-0.4	-2.4	-1.7
Group contributions	132.3	33.0	132.3	33.0
Profit/loss before tax	120.2	23.2	86.0	9.9
Income tax	-25.7	-5.3	-18.4	-2.5
Profit/loss for the period	94.5	17.9	67.6	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 Dec	
	2020	2019
Non-current assets		
Other intangible fixed assets	0.8	0.5
Total intangible fixed assets	0.8	0.5
Participations in Group companies	2,691.6	2,691.6
Long-term receivables from Group companies	1,000.0	-
Total fixed assets	3,692.4	2,692.0
Current assets		
Short-term receivables	5.6	7.8
Short-term receivables from Group companies	223.2	32.9
Cash and cash equivalents	58.8	17.2
Total current assets	287.6	57.9
Total assets	3,979.9	2,749.9
Equity		
Restricted equity	3.2	3.2
Unrestricted equity	2,808.7	2,733.5
Total equity	2,811.9	2,736.8
Untaxed reserves	28.6	-
Non-current liabilities		
Non-current interest-bearing liabilities to credit institutions	996.9	-
Total non-current liabilities	996.9	-
Current liabilities		
Other current liabilities	142.5	13.2
Total current liabilities	142.5	13.2
Total equity and liabilities	3,979.9	2,749.9



Key ratios

	2020					2019				
	Q4	Q3	Q2	Q1	Jan-Dec	Q4	Q3	Q2	Q1	Jan-Dec
THE GROUP										
Adjusted total expenses	-457.9	-410.3	-453.5	-351.3	-1,673.0	-334.7	-305.9	-305.4	-260.2	-1,206.2
Adjusted EBIT margin %	8.2	8.5	8.6	4.9	7.8	5.5	5.0	6.0	4.5	5.3
Adjusted gross profit	641.3	593.5	675.5	420.5	2,330.8	414.3	378.1	397.6	305.6	1,495.7
Adjusted gross margin %	27.2	25.9	25.1	25.8	26.0	25.2	23.1	23.3	25.0	24.1
Equity/assets ratio %	32.7	45.2	43.2	45.8	32.7	48.6	50.2	51.7	51.9	48.6
Net debt (+) / Net cash (-)	1,796.0	86.5	-26.7	499.6	1,796.0	547.6	433.1	357.7	544.6	547.6
Cash flow from operating activities (SEKm)	220.0	20.9	605.1	148.3	994.3	51.9	57.5	260.6	52.2	422.2
Earnings per share (SEK)	0.85	1.24	1.34	0.43	3.87	0.58	0.36	0.50	0.20	1.64
Visits (thousands)	77,950	75,644	90,672	57,866	302,133	51,010	53,324	44,417	35,248	183,999
Orders (thousands)	865	715	889	543	3,012	536	513	492	390	1,930
Average order value (SEK)	2,725	3,080	3,193	3,119	3,018	3,017	3,274	3,476	3,203	3,240
DIY										
Visits (thousands)	31,894	36,398	47,004	24,634	139,931	20,703	24,688	23,678	17,359	86,428
Orders (thousands)	490	427	584	313	1,814	296	296	304	222	1,118
Average order value (SEK)	2,819	3,264	3,280	3,298	3,155	3,092	3,411	3,499	3,227	3,314
Home Furnishing										
Visits (thousands)	46,056	39,246	43,668	33,232	162,202	30,307	28,636	20,738	17,889	97,571
Orders (thousands)	375	288	305	230	1,198	239	217	189	168	813
Average order value (SEK)	2,601	2,806	3,027	2,875	2,811	2,924	3,088	3,441	3,171	3,139



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

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

ADJUSTED EBIT, ADJUSTED EBITDA AND ADJUSTED GROSS PROFIT

Adjusted EBIT corresponds to operating income excluding amortisation of acquisition-related intangible assets, gains/losses on sales of fixed assets and, where applicable, items affecting comparability. In other words, adjusted EBIT, in accordance with the accounting rules, includes all depreciation and amortisation of tangible and intangible assets attributable to the business (which was also the case for the previously used measure - 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.

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

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



Group

SEKm	Oct-Dec		Jan-Dec	
	2020	2019	2020	2019
Operating income	183.4	79.6	657.8	282.0
Acquisition-related costs	-	-0.0	-	1.7
Last-mile project	-	-	-	5.8
Total items affecting comparability	-	-0.0	-	7.5
Amortisation and impairment of acquisition-related intangible fixed assets	10.7	10.4	43.0	40.6
Adjusted EBIT	194.1	90.0	700.8	330.1
Adjusted EBIT (%)	8.2	5.5	7.8	5.3
Depreciation and amortisation of tangible and intangible fixed assets	55.3	42.2	201.9	144.4
Gain/loss from sale of fixed assets	0.0	-0.4	-0.0	0.8
Adjusted EBITDA	249.5	131.9	902.7	475.3
Adjusted EBITDA (%)	10.6	8.0	10.1	7.7
Net sales	2,354.6	1,644.6	8,968.2	6,212.5
Cost of goods	-1,449.8	-1,046.7	-5,640.1	-4,023.8
Gross profit before direct selling costs	904.8	598.0	3,328.1	2,188.6
Gross profit before direct selling costs (%)	38.4	36.4	37.1	35.2
Direct selling costs	-263.6	-183.7	-997.3	-698.1
Gross profit	641.3	414.3	2,330.8	1,490.5
Gross profit (%)	27.2	25.2	26.0	24.0
Last-mile project	-	-	-	5.2
Adjusted gross profit	641.3	414.3	2,330.8	1,495.7
Adjusted gross profit (%)	27.2	25.2	26.0	24.1

**DIY segment**

SEKm	Oct-Dec		Jan-Dec	
	2020	2019	2020	2019
Operating income	134.9	41.5	444.0	136.9
Acquisition-related costs	-	-0.0	-	1.4
Total items affecting comparability	-	-0.0	-	1.4
Amortisation and impairment of acquisition-related intangible fixed assets	7.9	7.7	31.8	29.6
Adjusted EBIT	142.8	49.2	475.8	167.9
Adjusted EBIT (%)	9.9	5.1	8.4	4.5
Depreciation and amortisation of tangible and intangible fixed assets	25.6	20.0	95.9	67.3
Gain/loss from sale of fixed assets	-0.1	-0.2	-0.1	0.2
Adjusted EBITDA	168.4	69.0	571.6	235.4
Adjusted EBITDA (%)	11.7	7.2	10.1	6.4
Net sales	1,439.2	963.3	5,663.1	3,700.8
Cost of goods	-951.1	-668.6	-3,824.3	-2,641.2
Gross profit before direct selling costs	488.0	294.7	1,838.8	1,059.6
Gross profit before direct selling costs (%)	33.9	30.6	32.5	28.6
Direct selling costs	-126.5	-71.8	-511.4	-265.3
Gross profit	361.5	222.9	1,327.4	794.3
Gross profit (%)	25.1	23.1	23.4	21.5
Adjusted gross profit	361.5	222.9	1,327.4	794.3
Adjusted gross profit (%)	25.1	23.1	23.4	21.5



Home Furnishing segment

SEKm	Oct-Dec		Jan-Dec	
	2020	2019	2020	2019
Operating income	60.8	47.9	265.0	168.0
Acquisition-related costs	-	-	-	0.2
Last-mile project	-	-	-	5.8
Total items affecting comparability	-	-	-	6.0
Amortisation and impairment of acquisition-related intangible fixed assets	2.9	2.8	11.2	11.0
Adjusted EBIT	63.6	50.7	276.2	185.0
Adjusted EBIT (%)	6.9	7.4	8.3	7.3
Depreciation and amortisation of tangible and intangible fixed assets	29.6	22.1	105.8	77.1
Gain/loss from sale of fixed assets	0.1	-0.2	0.1	0.6
Adjusted EBITDA	93.4	72.6	382.1	262.7
Adjusted EBITDA (%)	10.1	10.6	11.5	10.4
Net sales	923.0	685.3	3,337.2	2,533.1
Cost of goods	-505.9	-381.7	-1,845.9	-1,402.7
Gross profit before direct selling costs	417.1	303.5	1,491.3	1,130.3
Gross profit before direct selling costs (%)	45.2	44.3	44.7	44.6
Direct selling costs	-137.0	-111.9	-485.9	-432.8
Gross profit	280.1	191.7	1,005.4	697.5
Gross profit (%)	30.3	28.0	30.1	27.5
Last-mile project	-	-	-	5.2
Adjusted gross profit	280.1	191.7	1,005.4	702.7
Adjusted gross profit (%)	30.3	28.0	30.1	27.7



NET DEBT/NET CASH

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

At the end of the fourth quarter, net debt amounted to SEK 1,796.0 million, corresponding to net debt in relation to LTM adjusted EBITDA of 2.2x. The Group's other current and non-current interest-bearing liabilities consist of contingent and deferred earn-outs related to acquisitions, which are subject to an implicit interest expense related to the present value calculation of the same. These obligations amounted to SEK 1,023.3 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 effects of IFRS 16 and amounted to SEK 599.6 million at the end of the quarter, compared with SEK 458.5 million at the beginning of the year.

SEKm	31 Dec	
	2020	2019
Non-current interest-bearing debt	3,440.4	1,660.3
Short-term interest-bearing debt	271.4	166.3
Total interest-bearing debt	3,711.8	1,826.7
Cash and cash equivalents	-299.0	-270.3
Adjustment lease liabilities	-599.6	-458.5
Adjustment of earn-outs and deferred payments	-1,023.3	-554.5
Adjustment transaction costs	6.1	4.3
Net debt (+) / Net cash (-)	1,796.0	547.6

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 level as a share of net sales.
Gross margin before direct selling costs	Gross profit before direct selling costs - primarily postage and fulfilment - as a percentage of net sales.	An additional margin measure, complementing the fully-loaded gross margin measure, allowing for further transparency.
Gross profit	Net sales less cost of goods sold. Gross profit includes costs directly attributable to goods sold, such as warehouse and transportation costs. Gross profit includes items affecting comparability.	Gross profit gives an indication of the contribution margin in the operations.
EBIT	Earnings before interest, tax and acquisition-related amortisation and impairment.	Together with EBITDA, EBIT provides an indication of the profit generated by operating activities.
EBITDA	Operating income before depreciation, amortisation, impairment, financial net and tax.	EBITDA provides a general indication as to the profit generated in the operations before depreciation, amortisation and impairment.
EBITDA margin	EBITDA as a percentage of net sales.	In combination with net sales growth, EBITDA margin is a useful performance measure for monitoring value creation.
EBIT margin	EBIT as a percentage of net sales.	In combination with net sales growth, the EBIT margin is a useful performance measure for monitoring value creation.
Average order value (AOV)	Total order value (meaning Internet sales, postage income and other related services) divided by the number of orders.	Average order value is a useful indication of revenue generation.
Investments	Investments in tangible and intangible fixed assets.	Investments provide an indication of total investments in tangible and intangible assets.
Adjusted gross margin	Adjusted gross profit as a percentage of net sales.	Adjusted gross margin gives an indication of the contribution margin as a share of net sales.
Adjusted EBIT	Adjusted EBIT corresponds to operating profit adjusted for amortisation and impairment losses on acquisition-related intangible assets, gain/loss from sale of fixed assets and, from time to time, items affecting comparability.	This performance measure provides an indication of the profit generated by the Group's operating activities.
Adjusted EBITDA	EBITDA excluding items affecting comparability.	This performance measure provides an indication of the profit generated by the Group's operating activities.
Adjusted EBITDA margin	Adjusted EBITDA as a percentage of net sales.	This performance measure is relevant to creating an understanding of the operational profitability generated by the business.
Adjusted EBIT margin	Adjusted EBITA as a percentage of net sales.	This performance measure provides an indication of the profit generated by the Group's operating activities.
Adjusted selling, general and administrative expenses	The difference between adjusted gross profit and adjusted EBITDA, which excludes other specified items.	Selling, general and administrative expenses provide an indication of operating expenses, excluding cost of goods sold, thereby giving an indication of the efficiency of the Group's operations.
Adjusted gross profit	Net sales less cost of goods sold. Adjusted gross profit includes costs directly attributable to goods sold, such as warehouse and transportation costs. Adjusted gross profit excluding items affecting comparability.	Adjusted gross profit gives an indication of the contribution margin in the operations.

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 is a term used to describe items which, when excluded, show the Group's earnings excluding items which, by nature, are of a non-recurring nature in the operating activities.
Cash conversion	Pre-tax cash flow from operating activities less investments in non-current assets (capex) as a percentage of adjusted EBITDA.	Operating cash conversion enables the Group to monitor management of its ongoing investments and working capital.
Net sales growth	Annual growth in net sales calculated as a comparison with the preceding year and expressed as a percentage.	Net sales growth provides a measure for the Group to compare growth between various periods and in relation to the overall market and competitors.
Net debt	The sum of interest-bearing liabilities, excluding lease liabilities, earn-outs 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.
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 rate of recently acquired companies since joining the Group. This measure thus includes the effect of sales synergies as a result of acquisitions.
Working capital	Inventories and non-interest-bearing current assets less non-interest-bearing current liabilities.	Working capital provides an indication of the Group's short-term financial capacity, since it gives an indication as to whether the Group's short-term assets are sufficient to cover its current liabilities.
Operating margin (EBIT margin)	EBIT as a percentage of net sales.	In combination with net sales growth, operating margin is a useful measure for monitoring value creation.