

Interim report: 1 January–31 March 2021

Sharp growth

– Strong organic development and a continued high acquisition rate

HIGHLIGHTS

- Net sales increased 57.7% to SEK 2,567.8 million (1,628.4). Organic growth was 36.5%
- Gross profit increased 66.3% to SEK 699.3 million (420.5), with a gross margin of 27.2% (25.8)
- Adjusted EBIT amounted to SEK 183.7 million (80.0), corresponding to an adjusted EBIT margin of 7.2% (4.9)
- Operating income amounted to SEK 168.6 million (69.2), corresponding to an operating margin of 6.6% (4.2)
- Cash flow from operating activities amounted to SEK 119.5 million (147.9)
- Net profit for the period amounted to SEK 115.3 million (46.2), an increase of 149.4% on the prior year
- Earnings per share amounted to SEK 0.97 (0.43) before dilution and SEK 0.96 (0.43) after dilution

Key events during and after the period

- A directed share issue was completed on 3 February, generating proceeds of SEK 1.6 billion for BHG Group
- Acquisition of:
 - 51% of **IP Agency**, a leading online company specialising in leisure products (announced on 5 February). The acquisition further strengthened BHG's share of proprietary brands
 - 100% of **Svenssons i Lammhult** through the subsidiary Nordic Nest (announced on 19 March and conditional upon the approval of Swedish competition authorities). The acquisition strengthened Nordic Nest's position in premium brands
 - 94% of **Hafa Bathroom Group** (announced on 6 April and conditional upon the approval of Swedish competition authorities). The acquisition further strengthened BHG's leading position in the bathroom segment and expanded its portfolio of proprietary brands
- On 4 March, it was announced that Maria Morin would assume the newly established position of Head of HR, Communications and ESG and become part of BHG Group's management team

FINANCIAL SUMMARY

SEKm (if not otherwise stated)	Jan-Mar		Δ%	Jan-Dec
	2021	2020		2020
Net sales	2,567.8	1,628.4	57.7	8,968.2
Gross profit	699.3	420.5	66.3	2,330.8
Gross margin (%)	27.2	25.8	1.4 p.p.	26.0
Adjusted EBIT*	183.7	80.0	129.8	700.8
Adjusted EBIT margin (%)	7.2	4.9	2.2 p.p.	7.8
Operating income	168.6	69.2	143.6	657.8
Operating margin (%)	6.6	4.2	2.3 p.p.	7.3
Net profit for the period	115.3	46.2	149.4	420.3
Earnings per share before dilution, SEK	0.97	0.43	125.6	3.87
Earnings per share after dilution, SEK	0.96	0.43	123.3	3.80
Cash flow from operating activities	119.5	147.9	-19.2	994.3
Net debt (+) / Net cash (-)	173.9	500.0	-65.2	1,796.0

* Refer to "Relevant reconciliations of non-IFRS alternative performance measures (APMs)" on page 28 of this report for a more detailed description.



Comments by Adam Schatz

President and CEO, BHG Group

After a transformative 2020, we started the new year with continued strong organic growth, an excellent performance by our recently acquired businesses and a high acquisition rate. Our path forward has been staked out through our recently updated financial targets, including the target to double our net sales once again over the medium term. The past quarter clearly shows the progress we have made along this path.

We are currently operating in a world where, in many ways, the near-term future is more difficult to predict than normal: there is considerable uncertainty as to how consumer confidence will develop as a result of the pandemic and the impact of the pandemic on public stimulus packages, interest rates and housing prices. Another factor complicating the situation is the disruptions that have arisen in global supply chains. However, our own compass is clearly pointing the way forward, despite the general uncertainty in the world around us: our online position in the broad and still under-penetrated Home Improvement market, our four strategic cornerstones, our ability to complement organic initiatives with M&A and, ultimately, our mission – *We make living easy*. Despite the uncertainty in our external environment, this foundation makes us confident that favourable growth conditions for us will continue.

After a strong performance by both of our segments during the quarter, net sales amounted to SEK 2,567.8 million, up 57.7%, corresponding to pro-forma organic growth of 42.7 % and organic growth of 36.5%. Our continued high growth also once again resulted in a strong adjusted EBIT of SEK 183.7 million, corresponding to an adjusted EBIT margin of 7.2%.

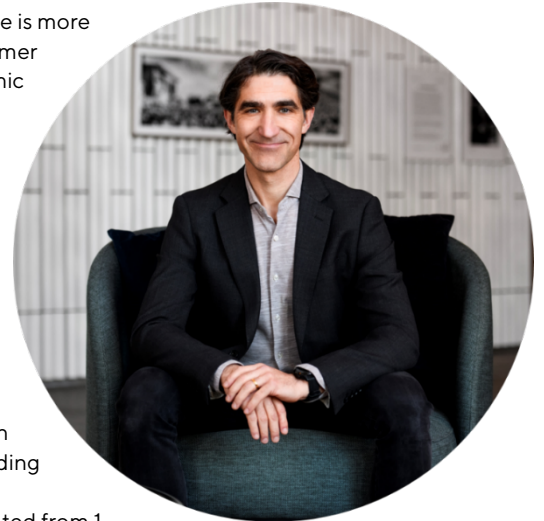
Pro-forma organic growth clearly shows that Nordic Nest, which was consolidated from 1 January this year and is our largest acquisition to date, continued its strong growth after the acquisition. I recommend that you read Bank Bergström's, CEO of Nordic Nest, summary of his first 90 days as part of BHG, on page 10 of this report. For my part, I can say that in addition to the operations delivering a strong performance, the partnership with Bank and his team is working extremely well.

After raising SEK 1.6 billion through a directed share issue in February, we have maintained a high acquisition rate. IP Agency and Svenssons i Lammhult were acquired during the quarter, and we also announced the acquisition of Hafa Bathroom Group shortly after the end of the quarter. Our prospects to continue complementing organic initiatives with acquisitions are better than ever and there are clear opportunities in our markets for attractive acquisitions – in the form of both bolt-on acquisitions to our existing units and major platform acquisitions that would enable us to establish a presence in an adjacent category or market.

At the time of writing, we have entered the second quarter, meaning that we are now facing the corresponding period in the preceding year, when demand began to clearly accelerate in the wake of the pandemic. After a full year of growth that was decidedly higher than the normal trend, it is difficult to predict how long this high level of demand will continue, but demand has remained favourable so far in the second quarter. We are convinced that a higher rate of online penetration has been established and that the market will grow from this higher base, with continued structural growth in the online segment over the business cycle. Accordingly, we are continuing to position BHG for growth.

In addition to pursuing profitability and cash generating growth, two key areas for the management team will be to further strengthen everything relating to the customer journey and to advance the Group's work on sustainability, or what is now often referred to as ESG. As part of these efforts, we announced during the quarter that Maria Morin had been recruited to a newly established position as Head of HR, Communications and ESG. Maria will assume her new position on 1 August and will become part of the management team.

Our success over the period and our bright prospects would not have been possible without our entrepreneurs in the operating units and their employees: thank you to all our fantastic employees in the BHG family, including those who joined during the period through recruitment and acquisitions! I would also like to thank our growing group of shareholders and all our new and returning customers; we are continuing our diligent efforts to earn your trust!



"Our passion for serving our customers together with our ecosystem of products and services for the home have made us the number one online player for consumers in the Nordics. We have also had a strong and growing foothold in a number of European countries for some time now. Our journey of growth is continuing, based on our unique position to deliver on our vision – We make living easy."

Malmö, 27 April 2021

Adam Schatz
President and CEO, BHG Group

Condensed consolidated financial information

SEKm (if not otherwise stated)	Jan-Mar		Δ%	Jan-Dec
	2021	2020		2020
Net sales	2,567.8	1,628.4	57.7	8,968.2
Gross profit	699.3	420.5	66.3	2,330.8
Gross margin (%)	27.2	25.8	1.4 p.p.	26.0
Adjusted EBITDA*	242.6	135.1	79.6	902.7
Adjusted EBITDA margin (%)	9.4	8.3	1.2 p.p.	10.1
Adjusted EBIT*	183.7	80.0	129.8	700.8
Adjusted EBIT margin (%)	7.2	4.9	2.2 p.p.	7.8
Operating income	168.6	69.2	143.6	657.8
Operating margin (%)	6.6	4.2	2.3 p.p.	7.3
Net profit for the period	115.3	46.2	149.4	420.3
Cash flow from operating activities	119.5	147.9	-19.2	994.3
Visits (thousands)	100,920	57,866	74.4	302,133
Orders (thousands)	1,135	543	108.8	3,012
Conversion rate (%)	1.1	0.9	0.2 p.p.	1.0
Average order value** (SEK)	2,438	3,119	-21.8	3,018

* Refer to "Relevant reconciliations of non-IFRS alternative performance measures (APMs)" on page 28 of this report for a more detailed description.

** Average order value (AOV) for the quarter was impacted by the consolidation of Nordic Nest, whose AOV is about one-third that of the Group's other operations, as of 1 January.

COMMENTS ON THE RESULT FOR THE PERIOD

BHG's rapid development is continuing. The first quarter was characterised by:

- Strong, profitable, cash generating growth, including a solid performance by Nordic Nest, our largest acquisition to date.
 - The Group's sales amounted to SEK 2,567.8 million for the quarter. Total growth amounted to 57.7%, pro forma organic growth (meaning including Nordic Nest) to 42.7% and organic growth to 36.5%.
 - Adjusted EBIT amounted to SEK 183.7 million for the quarter, corresponding to an adjusted EBIT margin of 7.2%. As in recent quarters, the high adjusted EBIT margin was the result of a favourable price and product mix, including the continuously growing share of proprietary brands in the DIY segment as well as good operational leverage due to high growth.
 - Cash flow from operating activities was SEK 119.5 million, despite the fact that the first quarter is not normally characterised by strong cash flows.
- Continued progress with respect to organic initiatives to build on our strategic cornerstones, including an increase in the share of sales attributable to proprietary brands in the DIY segment.
- A high level of M&A activity, including the announcement of two bolt-on acquisitions during the quarter and one shortly after the end of the quarter. We are operationally

and financially well equipped to act on our pipeline of additional exciting acquisition opportunities, not least given the ongoing organisational expansion of our M&A and integration team as well as the directed share issue carried out during the quarter, which generated proceeds of SEK 1.6 billion for the Group.

As a result of favourable market conditions combined with our strong market position and our customer-focused, data-driven approach, we were well positioned to respond to continued strong demand: We provided an attractive product range at the right price points along with an extensive range of relevant related services.

This marks the fourth consecutive interim report in which we reiterate that the unusually high growth rate noted in the period cannot continue in the long term. The assessment that our online markets can be expected to grow by approximately 15% annually remains. However, the start of the second quarter continued to be characterised by strong demand, although we are now entering a period with high comparative figures.

The disruptions that arose in the global logistics and product supply chains as a result of the pandemic had a certain negative impact on the quarter. Were it not for these disruptions, our growth may have been a couple of percentage points higher. An already strained situation for freight shipments from Asia was further exacerbated by the nearly two-week blockage in the Suez Canal. While none of our operations had containers aboard the supertanker that

was blocking the canal, they did have containers on the vessels that were forced to queue up behind the ship.

In terms of the current supply and demand situation, we see certain bottlenecks in terms of product supply that are expected to remain for at least another few months, at the same time as we expect a high level of demand. Looking at the overall situation, we believe that we may continue to face challenges in terms of fully meeting demand in certain categories in the second quarter, rather than experiencing a major decline in demand in the near future. We also expect freight rates to remain high throughout the second quarter and into the third quarter. Given the operational measures we implemented during the quarter, our assessment is that we are well equipped both to handle these challenges and to respond to continued high demand.

M&A

Two bolt-on acquisitions were announced during the quarter and a third shortly after the end of the period. These acquisitions all contribute to one or more of our four strategic cornerstones. The acquisitions of Svenssons i Lammhult and Hafa Bathroom Group are conditional upon the approval of Swedish Competition Authorities.

The acquisition of Svenssons i Lammhult was a logical continuation after Nordic Nest became part of BHG and will clearly strengthen our position in the premium segment, with what we consider to be one of the strongest destination brands in the Swedish market and a portfolio of strong external brands.

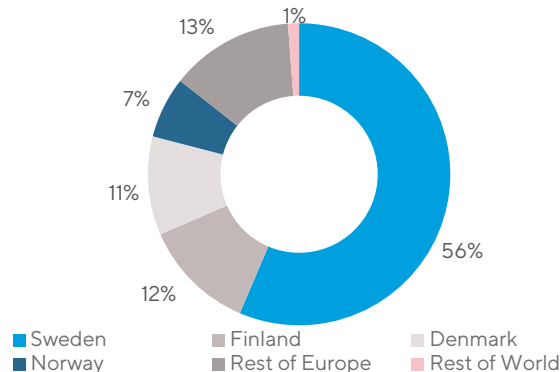
A common feature of both acquisitions in the DIY segment is that they will clearly drive our continued development towards a higher share of proprietary brands as a complement to the external brands that make up the majority of sales in the segment. IP Agency's strength lies in its proprietary brands in the leisure segment, an important existing complement to our large DIY platforms. Hafa Bathroom Group brings three strong brands to the bathroom segment: Hafa, NORO and Westerbergs. These brands clearly complement our own Bathlife brand. Through Hafa Bathroom Group, we have also gained an organisation that is accustomed to building strong brands with a clear, long-term position in the market.

Currency effects

The SEK strengthened somewhat during the quarter in relation to both the USD and EUR compared with the preceding quarter and was significantly stronger than in the corresponding quarter of last year. This had a negative impact on net sales growth corresponding to approximately 3.0 percentage points.

At the same time, the stronger SEK had a positive effect on the cost base. Based on the simplified assumption that the prices in the market were not impacted by the stronger SEK – in other words, only taking into account the effects of the currency fluctuations on the cost base – we estimate that currency effects had a positive impact on the gross margin of approximately SEK 15 million, corresponding to about +0.6 of a percentage point, and a positive net impact on EBIT of approximately SEK +24 million, corresponding to about +0.9 of a percentage point on the adjusted EBIT margin.

Distribution of net sales by country (%), Jan-Mar 2021



Net sales

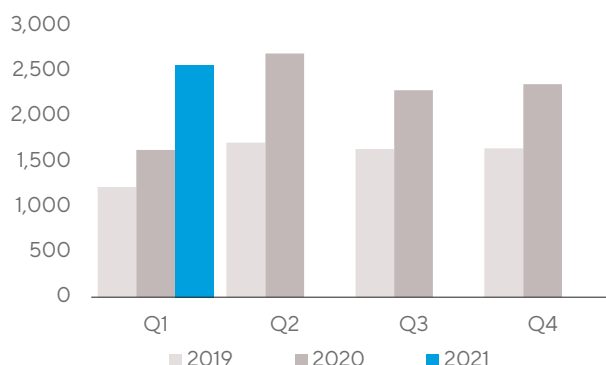
Growth was strong in both segments. In the DIY segment, this strong growth was primarily driven by a continued highly favourable trend for our proprietary brands. At the same time, Nordic Nest made an exceptionally meaningful contribution to the strong performance in the Home Furnishing segment.

Net sales increased 57.7% to SEK 2,567.8 million (1,628.4) during the quarter. Organic growth amounted to 36.5% and pro-forma organic growth (also including the performance of recent acquisitions, which typically grow faster when they become part of the Group) was 42.7% for the quarter. Pro-forma organic growth was particularly impacted by the acquisition of Nordic Nest.

Net sales in the DIY segment increased 47.6% during the quarter. Organic growth was 44.8% and pro-forma organic growth was 43.3%. The large Swedish and Finnish platforms, including bygghemma.se, once again 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 for the Home Furnishing segment increased 70.6% during the quarter. Organic growth was 25.4%. Pro-forma organic growth, meaning including Nordic Nest, amounted to 41.5% during the quarter, clearly demonstrating Nordic Nest's importance and continued strong performance. The Group's Eastern European operations, Furniture1, and Nordic lighting specialist, Lampgallerian, also delivered a particularly strong performance.

The Group has a market-leading traffic generation and web team. The Group's webstores received 100.9 million (57.9) visits during the quarter, which generated 1,135 thousand (543) orders. Despite a strong trend in terms of the number of visitors to the Group's destinations – with pro-forma growth of 51% – the conversion rate increased. For some time now, the vast majority of traffic to the Group's destinations has come from tablets and mobiles.

Net sales (SEKm)**Gross margin and SG&A**

The product margin for the quarter was 39.7% (37.8). The reported gross margin (that is, the margin after deductions for direct selling expenses, such as freight, inventory management, etc.), amounted to 27.2% (25.8) for the quarter, equalling the record-breaking level reported in the preceding quarter.

The strong gross margin is attributable to:

- A higher share of sales of proprietary brands in the DIY segment.
- 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.
- Continued focus on maintaining the price points for bulky products, for which the shipping costs otherwise comprise a significant portion of the gross contribution.

The Group carefully monitors the development of average order value (AOV) and focuses particularly on ensuring that the AOV for bulky products, which are sent on pallets, remains high. This is an important factor for maintaining high gross margins. The AOV for products sent as packages direct to the customer's door or for pick-up at a service point is less significant from this perspective. The main impact on AOV for the quarter was attributable to the shift in the mix towards more package shipments resulting from the consolidation of Nordic Nest on 1 January. The gross margin for the quarter of 27.2% equalled the record from the preceding quarter and demonstrates that an advantageous AOV structure could be maintained in relation to the delivery options relevant to a given category. It is also worth noting that currency effects had a negative impact on AOV.

Cost focus is and will remain one of the cornerstones of our culture. At the same time, we are in a phase of building the organisation to be able to deliver high growth with favourable customer satisfaction in the long term and, as part of this work, we are continuing to strive to increase the share of proprietary brands, which also requires a somewhat more comprehensive organisation and increased online marketing, which we recognise as part of our selling, general and administrative expenses (SG&A, defined as the difference between gross profit and adjusted EBITDA).

SG&A amounted to SEK 456.7 million (285.4), corresponding to 17.8% (17.5) of net sales. In other words, we were able to maintain low SG&A in relation to net sales,

despite the continued increase in the share of sales from proprietary brands and despite continued organisational improvements. 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.

No items affecting comparability were recognised in the quarter. 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. We have chosen not to classify the transaction costs that arose in connection with the acquisitions in the period, which amounted to SEK 4.3 million and mainly comprised the Finnish tax on financial transactions, as affecting comparability.

Earnings

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

The Group's adjusted EBIT amounted to SEK 183.7 million (80.0) for the quarter, corresponding to an EBIT margin of 7.2% (4.9).

The Group's operating income amounted to SEK 168.6 million (69.2) for the quarter, corresponding to an operating margin of 6.6% (4.2).

Amortisation of acquisition-related intangible assets amounted to SEK 15.2 million (10.8). 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 -25.1 million (-7.2) for the quarter, which included reassessed earn-outs of SEK -5.3 million. Interest expenses for the quarter amounted to SEK -16.7 million, of which SEK -3.6 million related to lease liabilities in accordance with IFRS 16.

The Group's profit before tax was SEK 143.4 million (62.0) for the quarter.

Net income amounted to SEK 115.3 million (46.2) for the quarter. The effective tax rate was -19.6% (-25.4), corresponding to SEK -28.2 million (-15.8).

KEY EVENTS DURING AND AFTER THE FIRST QUARTER OF 2021

- A directed share issue was completed on 3 February, generating proceeds of SEK 1.6 billion for BHG Group
- Acquisition of:
 - 51% of **IP Agency**, a leading online company specialising in leisure products (announced on 5 February). The acquisition further strengthened BHG's share of proprietary brands
 - 100% of **Svenssons i Lammhult** through the subsidiary Nordic Nest (announced on 19 March and conditional upon the approval of Swedish competition authorities). The acquisition strengthened Nordic Nest's position in premium brands

- 94% of **Hafa Bathroom Group** (announced on 6 April and conditional upon the approval of Swedish competition authorities). The acquisition further strengthened BHG's leading position in the bathroom segment and expanded its portfolio of proprietary brands
- On 4 March, it was announced that Maria Morin would assume the newly established position of Head of HR, Communications and ESG and become part of BHG Group's management team

FINANCIAL TARGETS

Net sales

The Group's objective is to achieve net sales of SEK 20 billion over the medium term, including acquisitions. The target of SEK 20 billion in net sales will be achieved by combining organic growth at least in line with the market, which is expected to grow by approximately 15% per annum 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 profitability target is to achieve and adjusted EBIT margin of at least 7%.

Capital structure

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

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.



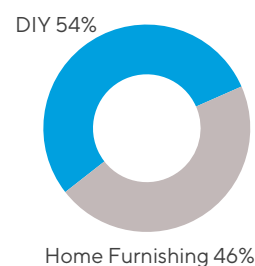
DIY segment

"The broadest range of external and proprietary brands at the best prices, with products delivered directly to our customers, just one click away – this is the foundation of our success."

Kimmo Lähtenmäki, Head of the DIY segment

- The segment reported another extraordinarily strong quarter, characterised by growth, record-breaking gross margins and cost control, which resulted in a high adjusted EBIT margin. The Group also announced two bolt-on acquisitions, both based on proprietary brands: IP Agency, with a focus on the leisure category, and Hafa Bathroom Group, which operates in the bathroom category. The acquisition of Hafa Bathroom Group is conditional upon the approval of Swedish Competition authorities.
- The segment's net sales rose 47.6% for the quarter, of which organic growth accounted for 44.8%
- The gross margin was a record-high 25.7% (22.7) for the quarter. The margin was positively impacted by a high share of sales comprising proprietary brands and favourable market conditions
- Adjusted EBIT amounted to SEK 108.0 million (39.2) for the quarter, corresponding to an adjusted EBIT margin of 7.8% (4.2)

Net sales by segment,
Jan-Mar 2021



SEKm (if not otherwise stated)	Jan-Mar		Δ%	Jan-Dec
	2021	2020		2020
Net sales	1,389.4	941.4	47.6	5,663.1
Gross profit	356.9	214.0	66.8	1,327.4
Gross margin (%)	25.7	22.7	3,0 p.p.	23.4
Adjusted EBITDA	132.6	62.3	112.8	571.6
Adjusted EBITDA margin (%)	9.5	6.6	2,9 p.p.	10.1
Adjusted EBIT	108.0	39.2	175.5	475.8
Adjusted EBIT margin (%)	7.8	4.2	3,6 p.p.	8.4
Operating income	100.0	31.2	220.6	444.0
Operating margin (%)	7.2	3.3	3,9 p.p.	7.8
Net profit for the period	64.7	19.4	233.9	185.4
Visits (thousands)	37,027	24,634	50.3	139,931
Orders (thousands)	475	313	51.6	1,814
Conversion rate (%)	1.3	1.3	0,0 p.p.	1.3
Average order value (SEK)	3,296	3,298	-0.1	3,155

COMMENTS ON THE DIY SEGMENT

The DIY segment started the year in the same way it ended the preceding year: with strong growth and favourable profitability. In a growing total market, BHG captured further market shares. Our customers appreciate the combination of the market's broadest portfolio of external brands along with a complementary and growing share of proprietary brands as well as the most attractive digital shopping experience supplemented with physical infrastructure in the form of showrooms and services, such as installation.

As a result of changes in customer behaviour in the wake of the pandemic, growth began to accelerate significantly in the second half of March 2020 and has remained high ever since, with certain variations. However, we do not expect the total DIY market – including the physical, store-based share – to be as favourable in 2021 as it was in 2020. At the same time, it seems likely that the higher online penetration will persist and thus that a new base has been established from which we can continue to grow.

As we have previously written, we expect a return to more normal growth levels, particularly given the more challenging comparative figures we now face, but are nevertheless pleased to report that demand has remained strong so far in the second quarter.

Important steps were taken during the quarter to continue refining our complete customer offering, which we refer to as the BHG ecosystem:

- We continued to expand our range by welcoming new external suppliers in our key categories and building up our portfolio of proprietary brands.
- We further developed our delivery offering together with our logistics partners, partly by expanding the products available for consolidated deliveries. During the second quarter, the Swedish platform will roll out a service that provides customers with a better overview of their orders and enables self-service returns. We will also launch an AI-based tool that will enable more frequent and accurate updates regarding delivery flows and thus more accurate delivery promises to our customers.
- The Group's installation platform already includes a nationwide installation network in Sweden, and a similar network is now also being established in Finland. The number of installations grew quickly during the quarter and the conversion rate – that is, the number of installations per product sold for which installation is offered – increased significantly. While the direct financial contribution from the installation offering is still modest, the installation offering contributes to product sales and results in exceptionally satisfied customers.
- Two acquisitions were announced, both of which will significantly strengthen the segment's portfolio of proprietary brands: the Finnish company IP Agency, with a strong portfolio in the leisure segment, and Hafa Bathroom Group, with a long history in the Swedish bathroom market and three strong brands in the category – Hafa, NORO and Westerbergs – which are a good complement to our own Bathlife brand.

The DIY segment accounted for 54% of the Group's total net sales for the quarter. Net sales increased 47.6% to SEK 1,389.4 million (941.4) during the quarter.

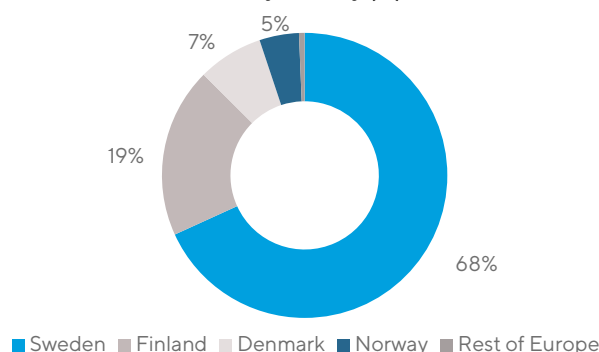
The various areas of the segment performed in line with recent quarters: favourable growth in the large Swedish and Finnish platforms and exceptionally strong growth in the Danish operations as well as the operations that supply proprietary brands. Among the operations that supply proprietary brands, the categories of bathroom (through Bathlife), doors and windows (through Nordiska Fönster) and leisure (through Arc E-commerce, LS-bolagen and Hemfint, for example) performed particularly well.

The extended outdoor season we noted in the autumn also continued, resulting in an earlier sales increase for typical outdoor categories, including the important garden category, than in previous seasons.

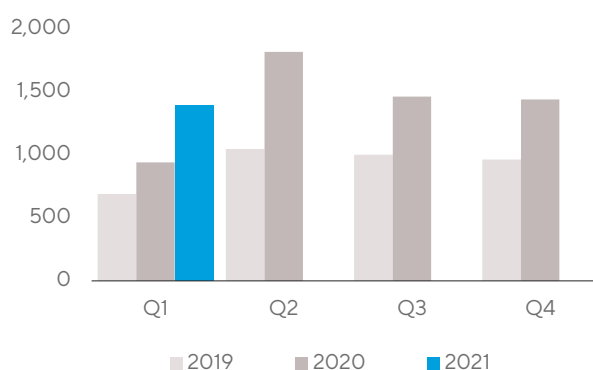
Adjusted EBIT for the quarter amounted to SEK 108.0 million (39.2), with an adjusted EBIT margin of 7.8% (4.2).

The segment's operating income amounted to SEK 100.0 million (31.2) for the quarter, corresponding to an operating margin of 7.2% (3.3).

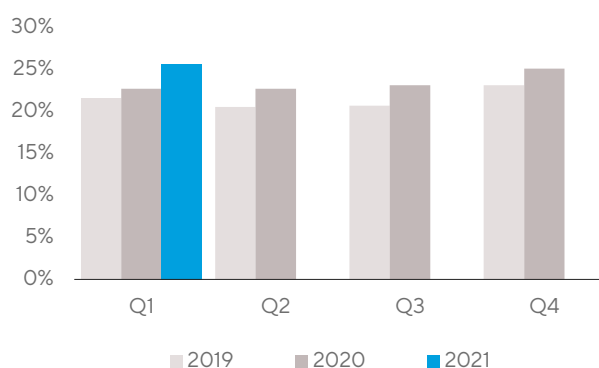
Distribution of net sales by country (%), Jan-Mar 2021



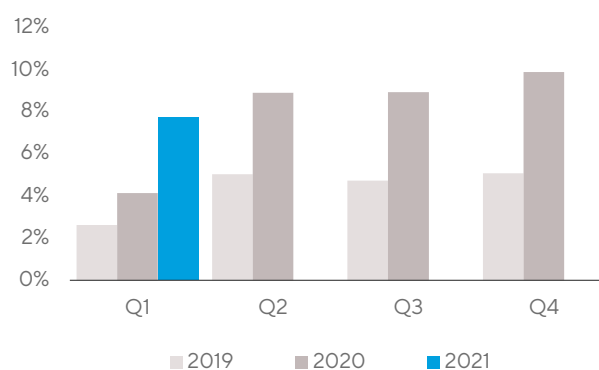
Net sales (SEKm)



Adjusted gross margin (%)



Adjusted EBIT margin (%)



2021/Q1

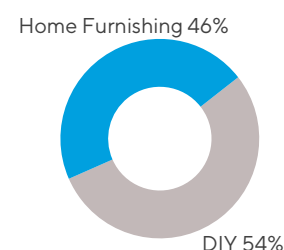
Home Furnishing segment

"Making fantastic home furnishing products available at the right price points for consumers in the Nordics, Europe and around the world: Our contribution to improving and making our customers' homes beautiful."

Christian Eriksson, Head of the Home Furnishing segment

- The segment reported a very strong quarter, with a favourable organic development and exceptionally strong growth in recently acquired Nordic Nest, which is consolidated in the segment as of 1 January. The segment also announced a bolt-on acquisition in the vertical made up of Nordic Nest. The addition of Svenssons i Lammhult, conditional upon the approval of Swedish competition authorities, will make Nordic Nest even stronger, particularly in terms of product range.
- The segment's growth accelerated from an already favourable level, with net sales increasing 70.6% in the quarter, of which organic growth accounted for 25.4% and pro-forma organic growth – meaning including Nordic Nest – accounted for 41.5%
- The gross margin for the quarter was 28.9% (29.8). The slightly lower margin compared with the year-earlier period is mainly attributable to two factors: a mix effect from Nordic Nest, which has slightly lower gross margins than the segment's other operations, and effects from the Danish furniture operations, which in turn were the result of the establishment of a new warehouse during the quarter as well as the strict coronavirus restrictions in Denmark in January and February
- Adjusted EBIT amounted to SEK 89.2 million (44.6) for the quarter, corresponding to an adjusted EBIT margin of 7.5% (6.4).

Net sales by segment, Jan-Mar 2021



SEKm (if not otherwise stated)	Jan-Mar		Δ%	Jan-Dec
	2021	2020		2020
Net sales	1,185.2	694.6	70.6	3,337.2
Gross profit	342.9	207.0	65.6	1,005.4
Gross margin (%)	28.9	29.8	-0,9 p.p.	30.1
Adjusted EBITDA	123.2	76.5	61.0	382.1
Adjusted EBITDA margin (%)	10.4	11.0	-0,6 p.p.	11.5
Adjusted EBIT	89.2	44.6	100.1	276.2
Adjusted EBITmargin (%)	7.5	6.4	1,1 p.p.	8.3
Operating income	81.9	41.8	96.0	265.0
Operating margin (%)	6.9	6.0	0,9 p.p.	7.9
Net profit for the period	56.8	29.2	94.7	125.4
Visits (thousands)	63,893	33,232	92.3	162,202
Orders (thousands)	659	230	186.9	1,198
Conversion rate (%)	1.0	0.7	0,3 p.p.	0.7
Average order value* (SEK)	1,820	2,875	-36.7	2,811

* AOV for the quarter was impacted by the consolidation of Nordic Nest, whose AOV is about one-third that of the segment's other operations, as of 1 January.

COMMENTS ON THE HOME FURNISHING SEGMENT

The Home Furnishing segment continued to deliver a strong performance and is now in its tenth consecutive quarter of favourable growth and profitability. This period extends before and during the coronavirus pandemic, and the effects

of the changed customer behaviour in the wake of the pandemic have generally been less apparent in the Home Furnishing segment than in the DIY segment. However, Nordic Nest, which operates in a number of markets in addition to those already served by BHG, benefited from the

clearer effects of the pandemic that have been driving the home furnishing markets in continental Europe. One example of this is the very rapid growth in the German market, which resulted in Germany surpassing Norway as Nordic Nest's second largest market after Sweden during the quarter.

- The segment recorded growth of 70.6% and organic growth of 25.4% for the quarter. Pro-forma organic growth, which also includes the strong performance of Nordic Nest, amounted to 41.5%.
- Net sales were strong in all geographic markets, with the highest growth reported by Nordic Nest, the category specialist Lampgallerian, and the Eastern European operations Furniture1.
- As in the fourth quarter, however, net sales were negatively affected by bottlenecks in parts of the product supply chain, not least from Asia, which impacted parts of the outdoor furniture range. We expect that these disruptions will also impact the second quarter to a certain degree. During the first two months of the quarter, the Danish operations were also constrained by the country's strict coronavirus restrictions, which forced the operations to close all of its showrooms and delayed the fine-tuning of a new warehouse.
- Finally, the stronger SEK rate during the period had a negative impact on net sales, corresponding to approximately -3.8 percentage points. However, the net effect of the currency fluctuations on EBIT was positive.

Net sales in the Home Furnishing segment rose 70.6% to SEK 1,185.2 million (694.6) for the quarter, corresponding to 46% of the Group's total net sales.

Recently acquired Nordic Nest, which was consolidated in the segment for the first time as of 1 January 2021, reported growth in excess of 100%. Strong sales were reported in all geographies, with Germany accounting for the fastest growth in both relative and absolute terms. The operations' traditional core categories – table top and kitchen – continued to deliver a very strong performance. As part of the strong organic growth in the segment, the Group's warehouse capacity is now being expanded next to its current head office and warehouse in Kalmar.

NORDIC NEST: BHG'S LARGEST ACQUISITION TO DATE

BHG acquired Nordic Nest in late 2020. Today, Nordic Nest comprises a vertical in the Home Furnishing segment.

Bank Bergström, CEO: My first 90 days at BHG

We have had an extremely exciting and intense first quarter as part of BHG. The entire team at Nordic Nest was impressed by the Group's ability to find synergies and improvement potential while at the same time preserving the aspects of our operations that are important. Of course, I was prepared for the possibility that a change of ownership could present a short-term risk to the high growth rate we've had in recent years, but it was actually the complete opposite. BHG is successfully supporting our integration and we have been able to maintain the momentum of our operations. One example of this high tempo is that we conducted our first bolt-on acquisition – Svenssons i Lammhult – even before the

The acquisition of Nordic Nest established a new vertical for the Group's Home Furnishing segment, mainly targeting what we refer to as the affordable luxury segment and extending up to the premium segment. In addition to favourable organic growth opportunities, we have identified a number of potential bolt-on acquisitions in this vertical. Independently of one another, Nordic Nest and BHG's management teams had both identified Svenssons i Lammhult as a perfect complement in this vertical. After Nordic Nest became part of BHG, adding the renowned Svenssons operations to the Group was the natural next step.

The decline in AOV in the period was attributable to the addition of Nordic Nest, whose AOV is about one-third that of the Group's other home furnishing operations, and to negative currency effects. A favourable margin structure was maintained for the part of the range sent on pallets, and the decline in the segment's AOV therefore did not have a negative impact on the gross margin structure.

In our Nordic home furnishing platform, our outdoor categories – outdoor furniture and garden – performed well during the period. As in the DIY segment, this indicates that our traditional peak season, which normally begins early in the second quarter and continues into the third quarter, has been extended as a result of the pandemic.

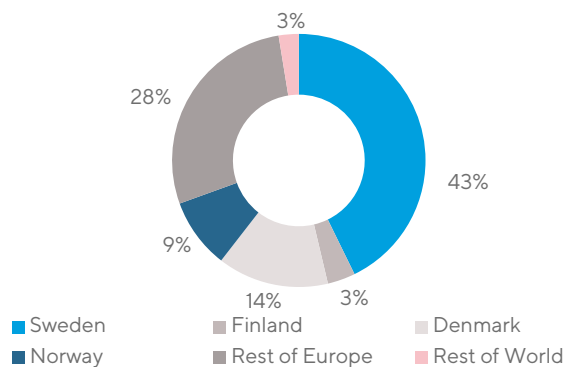
Further efficiency improvements were implemented in the Nordic warehouse and logistics infrastructure, with a former outdoor furniture warehouse consolidated with the central warehouse in Helsingborg and a new warehouse in place in Zealand, in order to enable faster deliveries in Copenhagen and the surrounding area. We are also in the starting phase of launching our own deliveries in the greater Oslo region in the second quarter, when the first showroom in Norway will also be opened. During the first quarter, we also launched software that will enable customer to choose their delivery times. This service will initially be available in Stockholm, Gothenburg and Skåne, where we already have our own last-mile network in place.

Adjusted EBIT for the quarter amounted to SEK 89.2 million (44.6), with an adjusted EBIT margin of 7.5% (6.4). The segment's operating income amounted to SEK 81.9 million (41.8) for the quarter, with an operating margin of 6.9% (6.0).

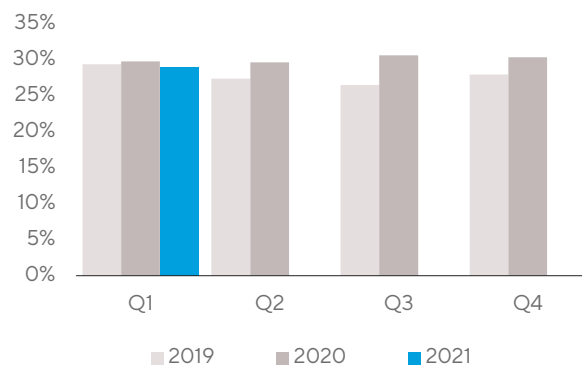
end the first quarter. I believe the vertical has excellent potential to carry out additional bolt-on acquisitions.



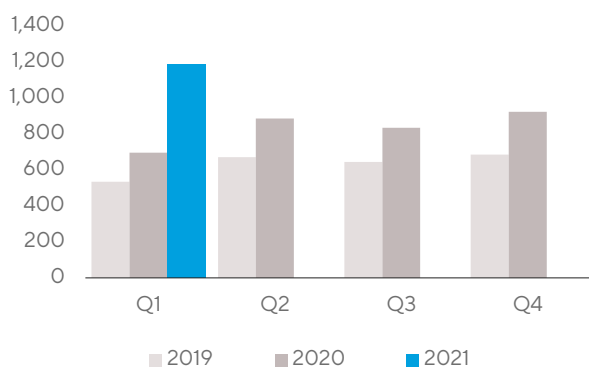
Distribution of net sales by country (%), Jan-Mar 2021



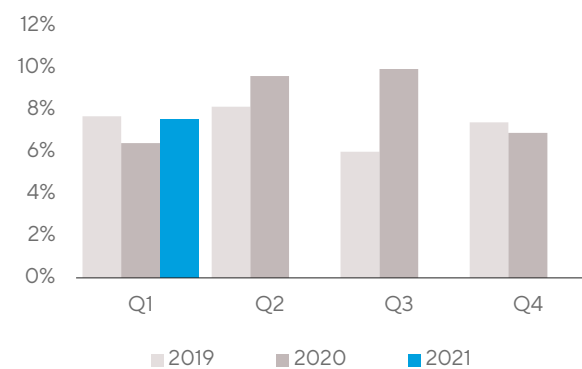
Adjusted gross margin (%)



Net sales (SEKm)



Adjusted EBIT margin (%)



Other

CASH FLOW AND FINANCIAL POSITION

The Group's cash flow from operating activities amounted to SEK 119.5 million (147.9) for the quarter. Cash flow from operating activities was mainly driven by the Group's EBITDA as well as the favourable level of tied-up working capital, 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 increase in working capital in the period is mainly attributable to the high demand in the preceding quarter, through an outflow of supplier payments and the fact that the Group – taking into account 1) continuing high demand, 2) a growing share of sales from proprietary brands in the DIY segment, which are largely shipped from Asia, and 3) the disruptions that arose in global supply chains – has chosen to accept a slightly higher inventory level ahead of the outdoor season that has just begun.

The Group's cash flow and working capital position follow a seasonal profile, with inventory build-ups primarily of outdoor furniture and leisure products during the first quarter prior to the peak season, followed by high sales and thus a high cash conversion during the seasonally strong second and third quarters, after which working capital and inventories typically increase in the fourth quarter.

To a certain extent, the acquisition of Nordic Nest, which has its peak season in the fourth quarter, and the growing importance of Black Week sales have changed the seasonal profile of the Group's working capital position. Strong demand in the fourth quarter results in lower working capital due to high accounts payable, with an inverse effect in the first quarter based on an outflow of supplier payments.

Cash flow from operating activities amounted to SEK 119.5 million (147.9) for the quarter, corresponding to a cash conversion (in relation to adjusted EBITDA) of 48.8% (100.9).

The Group's cash flow to investing activities amounted to SEK -173.2 million (-56.2) for the quarter, and during the period was mainly attributable to the acquisition of IP Agency Oy, disbursements for contracted considerations and earn-outs related to acquisitions in previous periods as well as IT investments related to web platforms and logistics solutions.

Cash flow from and to financing activities amounted to SEK 1,677.0 million (-5.0) for the quarter and was primarily attributable to the directed issue carried out during the period which amounted to SEK 1.5 billion after transaction costs, an increased drawdown on the Group's revolving facility, repayments of facilities and lease liabilities, and interest paid.

The Group's cash and cash equivalents at the end of the reporting period, compared with the beginning of the year, amounted to SEK 1,934.7 million (299.0).

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 173.9 million at the end of the period, compared with SEK 1,796.0 million at the beginning of the year, corresponding to net debt in relation to

LTM adjusted EBITDA of 0.2x, which outperformed the Group's medium-term capital structure target.

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 1,373.0 million at the end of the period, compared with SEK 1,023.3 million at the beginning of the year (also refer to "Relevant reconciliations of non-IFRS alternative performance measures (APMs)" for a more detailed description).

The Group's unutilised credit facilities amounted to SEK 240.0 million at the end of the period, compared with SEK 300.0 million at the beginning of the year.

The Group's total assets at the end of the reporting period, compared with the beginning of the year, amounted to SEK 10,966.8 million (8,629.7).

The Group's equity at the end of the reporting period amounted to SEK 4,626.3 million (SEK 2,823.0 million at the beginning of the year).

EMPLOYEES

The number of employees (measured as FTEs) at the end of the period was 2,155. The average number of employees (FTEs) for the most recent 12-month period was 1,863.

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 and third quarters. 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, have 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 for the quarter amounted to SEK 0.4 million (1.5). The Parent Company posted an operating loss of SEK -13.0 million (-0.2) for the quarter. In the comparative period, the Group's CEO, CFO and COO were employees of the Parent Company. Due to organisational changes in the second quarter of 2020, a number of other positions were transferred to the Parent Company. Outstanding incentive programmes were charged to Parent Company earnings for the quarter in an amount of SEK -1.4 million (-0.6). The Parent Company's cash and cash

equivalents totalled SEK 1,544.9 million at the end of the reporting period, compared with SEK 58.8 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 and estimation techniques have been applied as in the 2020 annual report.

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 28-32 of this report.

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

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 26 in the 2020 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 178.8. On the last day of trading in the period, the share price was SEK 145.4. The highest price paid, quoted in January, was SEK 192.0, and the lowest price paid, quoted in February and March, was SEK 125.6.

During the period, 42,260,642 BHG shares were traded, equivalent to a turnover rate of 36.4%.

As of 31 March, BHG had approximately 7,975 shareholders, of which the largest were EQT (17.7%), Swedbank Robur Fonder (9.2%), Handelsbanken Fonder (7.0%), Capital Group (6.3%) and Lannebo Fonder (3.9%).

As of 31 March 2021, the number of shares issued was 120,928,437, all of which were ordinary shares.

CHANGE IN NUMBER OF SHARES IN THE PERIOD

On 3 February 2021, BHG Group AB carried out a directed issue of 10,800,000 shares at a subscription price of SEK 145 per share, generating proceeds for the Group of SEK 1,545.0 million after a deduction for transaction costs of SEK 20.6 million.

During the quarter, the number of shares and votes in BHG Group AB also changed due to the exercise of warrants issued at an Extraordinary General Meeting on 26 March 2018 within the framework of the long-term incentive programme 2018/2021, which comprised a total of 2,760,016 warrants. Each warrant entitled the holder to subscribe for one share. The exercise period was from 1 January 2021 to 26 March 2021. The subscription price according to the warrants was SEK 61.75 per share. All of the warrants have been exercised, generating proceeds of SEK 170.4 million for the Group.

After the directed issue and the exercise of warrants within the framework of the incentive programme 2018/2021, the total number of shares outstanding in BHG Group AB amounts to 120,928,437.

Malmö, 27 April 2021

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. CEST on 27 April 2021.

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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. CEST on Tuesday 27 April in connection with the publication of the quarterly report. The call will be held in English. To participate, please call

+46 (0) 8 5055 8350 or visit <https://tv.streamfabriken.com/bhg-q1-2021>. 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 2021 and previous quarterly and year-end reports are available at <https://www.wearebhg.com/investors/financial-reports/>

FINANCIAL CALENDAR

5 May 2021

Annual General Meeting (Malmö)

22 July 2021

Interim report January-June 2021

28 October 2021

Interim report January-September 2021

ABOUT BHG

BHG is the number 1 consumer e-commerce company in the Nordics. In addition to our Nordic operations, we also have a significant presence in the rest of Europe, as well as in selected markets outside of Europe. Our strong position in these markets makes us the largest European online 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 close to 1 million unique products and encompassing a complete offering within DIY, leisure, furniture and furnishings.

The Group includes over 100 online sites – including sites like www.bygghemma.se, www.trademax.se, www.chilli.se, www.furniturebox.se and www.nordicnest.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 2,000 people, working every day to create the ultimate online shopping experience by combining an unbeatable product range with smart technology, leading product expertise and a broad range of services.

Condensed consolidated income statement

SEKm	Jan-Mar		Jan-Dec
	2021	2020	2020
Net sales	2,567.8	1,628.4	8,968.2
Other operating income	0.1	0.0	4.3
Total net sales	2,567.9	1,628.4	8,972.5
Cost of goods sold	-1,868.5	-1,207.9	-6,637.4
Personnel costs	-200.4	-138.9	-657.2
Other external costs and operating expenses	-251.9	-141.6	-775.0
Other operating expenses	-4.7	-4.9	-0.1
Depreciation and amortisation of tangible and intangible fixed assets	-73.8	-65.9	-245.0
Operating income	168.6	69.2	657.8
Profit/loss from financial items	-25.1	-7.2	-107.5
Profit before tax	143.4	62.0	550.3
Income tax	-28.2	-15.8	-130.0
Profit for the period	115.3	46.2	420.3
Attributable to:			
Equity holders of the parent	112.7	46.6	415.1
Non-controlling interest	2.6	-0.4	5.1
Net income for the period	115.3	46.2	420.3
Earnings per share before dilution, SEK	0.97	0.43	3.87
Earnings per share after dilution, SEK	0.96	0.43	3.80

* 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 2,647,526 (4,370,542) warrants outstanding, of which 1,526,698 (257,941) had a dilution effect during the quarter.

Condensed consolidated statement of comprehensive income

SEKm	Jan-Mar		Jan-Dec
	2021	2020	2020
Profit for the period	115.3	46.2	420.3
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Translation differences for the period	15.7	11.2	-11.3
Other comprehensive income for the period	15.7	11.2	-11.3
Total comprehensive income for the period	131.0	57.4	409.0
Total comprehensive income attributable to:			
Parent Company shareholders	127.7	55.7	405.3
Non-controlling interest	3.3	1.7	3.6
Total comprehensive income for the period	131.0	57.4	409.0
Shares outstanding at period's end	120,928,437	107,368,421	107,368,421
Average number of shares			
Before dilution	116,190,988	107,368,421	107,368,421
After dilution	117,717,686	107,626,362	109,148,975

* 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.

Condensed consolidated statement of financial position

SEKm	31 Mar		31 Dec
	2021	2020	2020
Non-current assets			
Goodwill	4,787.4	3,025.0	4,395.1
Other intangible fixed assets	1,837.3	1,333.3	1,804.4
Total intangible fixed assets	6,624.7	4,358.3	6,199.6
Buildings and land	10.2	11.3	10.0
Leased fixed assets	618.0	567.3	601.9
Tangible fixed assets	73.0	46.1	64.0
Financial fixed assets	10.1	7.4	9.4
Deferred tax asset	19.2	12.1	19.1
Total fixed assets	7,355.1	5,002.6	6,904.0
Current assets			
Inventories	1,254.5	833.3	992.3
Current receivables	422.5	306.5	434.5
Cash and cash equivalents	1,934.7	366.0	299.0
Total current assets	3,611.6	1,505.8	1,725.7
Total assets	10,966.8	6,508.4	8,629.7
Equity			
Equity attributable to owners of the parent	4,587.2	2,942.7	2,787.2
Non-controlling interest	39.1	37.1	35.8
Total equity	4,626.3	2,979.7	2,823.0
Non-current liabilities			
Deferred tax liability	379.3	257.7	375.0
Other provisions	31.6	22.7	22.7
Non-current interest-bearing liabilities to credit institutions	2,028.4	815.6	2,042.6
Non-current lease liabilities	449.4	406.2	449.8
Other non-current liabilities	1,234.8	596.2	948.0
Total non-current liabilities	4,123.5	2,098.5	3,838.1
Current liabilities			
Current interest-bearing liabilities to credit institutions	75.0	46.4	46.4
Current lease liabilities	164.0	158.7	149.8
Other interest-bearing liabilities	138.2	54.6	75.3
Other current liabilities	1,839.8	1,170.5	1,697.2
Total current liabilities	2,217.0	1,430.2	1,968.6
Total equity and liabilities	10,966.8	6,508.4	8,629.7

Condensed consolidated statement of cash flows

SEKm	Jan-Mar		Jan-Dec
	2021	2020	2020
EBITDA	242.6	135.1	902.7
Adjustments for items not included in cash flow	6.6	-5.9	-14.2
Income tax paid	-36.2	-14.8	-56.0
Cash flow from operating activities before changes in working capital	213.0	114.3	832.5
Changes in working capital	-93.5	33.6	161.8
Cash flow from operating activities	119.5	147.9	994.3
Investments in operations	-136.0	-30.0	-1,859.1
Redemption of loan to seller upon acquisition of operations	-	-	-91.8
Investments in other non-current assets	-37.4	-26.4	-94.1
Divestment of operations	-	-	0.4
Divestment of other tangible fixed assets	0.2	0.1	0.5
Received interest	0.1	0.2	1.5
Cash flow to/from investing activities	-173.2	-56.2	-2,042.6
New share issue	1,715.8	-	-
Loans taken	160.0	48.0	1,277.1
Amortisation of loans	-190.3	-44.3	-147.3
Issue of warrants	-	-	12.9
Interest paid	-8.5	-8.7	-32.2
Dividends to non-controlling interests	-	-	-5.5
Cash flow to/from financing activities	1,677.0	-5.0	1,105.1
Cash flow for the period	1,623.3	86.8	56.8
Cash and cash equivalents at the beginning of the period	299.0	270.3	270.3
Translation differences in cash and cash equivalents	12.4	8.9	-28.1
Cash and cash equivalents at the end of the period	1,934.7	366.0	299.0

Condensed consolidated statement of changes in equity

SEKm	31 Mar		31 Dec
	2021	2020	2020
Opening balance	2,823.0	2,925.1	2,925.1
Comprehensive income for the period	131.0	57.4	409.0
Acquisition of non-controlling interests in Furniture1 UAB	-	-	-11.6
New share issue*	1,715.8	-	-
Issue of warrants	0.8	-	7.5
Dividends to non-controlling interests	-	-	-5.5
Remeasurement of liabilities to non-controlling interests	-44.3	-2.7	-501.5
Closing balance	4,626.3	2,979.7	2,823.0

* The proceeds from the directed issue in the period are recognised net after a deduction for transaction costs of SEK 20.6 million.

Notes

NOTE 1 SEGMENTS

SEKm	Jan-Mar		Jan-Dec
	2021	2020	2020
Net sales			
DIY	1,389.4	941.4	5,663.1
Home Furnishing	1,185.2	694.6	3,337.2
Total net sales	2,574.6	1,636.0	9,000.3
Other*	5.0	3.2	18.0
Eliminations	-11.8	-10.8	-50.1
Group consolidated total	2,567.8	1,628.4	8,968.2
Revenue from other segments			
DIY	1.7	4.4	13.6
Home Furnishing	5.1	3.2	18.7
Other*	5.0	3.2	17.9
Total	11.8	10.8	50.1

SEKm	Jan-Mar		Jan-Dec
	2021	2020	2020
Operating income and profit before tax			
DIY	100.0	31.2	444.0
Home Furnishing	81.9	41.8	265.0
Total operating income	181.9	73.0	709.0
Other*	-13.4	-3.8	-51.2
Group consolidated operating income	168.6	69.2	657.8
Financial net	-25.1	-7.2	-107.5
Group consolidated profit before tax	143.4	62.0	550.3

* 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.



Jan-Mar 2021					
SEKm	DIY	Home Furnishing	Other	Elim- ination	Group
Sweden	947.4	506.8	5.0	-10.8	1,448.4
Finland	268.1	42.0	-	-0.0	310.1
Denmark	102.9	168.2	-	-	271.1
Norway	62.2	106.4	-	-	168.6
Rest of Europe	8.9	331.5	-	-1.1	339.3
Rest of World	-	30.3	-	-	30.3
Net sales	1,389.4	1,185.2	5.0	-11.8	2,567.8

Jan-Mar 2020					
SEKm	DIY	Home Furnishing	Other	Elim- ination	Group
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

Full-year 2020					
SEKm	DIY	Home Furnishing	Other	Elim- ination	Group
Sweden	3,659.5	1,575.2	18.0	-42.7	5,210.1
Finland	1,330.1	141.6	-	-2.6	1,469.0
Denmark	380.8	612.1	-	-	992.9
Norway	252.0	264.1	-	-	516.1
Rest of Europe	40.7	744.2	-	-4.9	780.1
Net sales	5,663.1	3,337.2	18.0	-50.1	8,968.2

NOTE 2 DISCLOSURES ON ACQUISITIONS**Acquisitions in 2021**

- On 5 February 2021, the Group acquired 51% of the shares in IP Agency Finland Oy ("IP Agency"), a leading online company in the sports and leisure category. The products are made up of proprietary brands that are sold primarily in Finland, Sweden, Belgium, the DACH region and the US. IP Agency's annual sales growth for the past three years has exceeded 120% and sales during 2020 amounted to just over SEK 180 million with an EBITDA margin of over 25%. The acquisition is recognised in the DIY segment from 1 February.

SEKm	2021					
	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 IP Agency Oy	94.3	374.3	468.7	46.0	295.9	-126.8
Compulsory redemption, Sleepo AB	-	-	-	-	-	-2.5
Additional purchase price, Arc E-commerce AB	-	-	-	-	-	-0.8
Additional purchase price, Arredo Holding AB	-	-	-	-	-	-0.9
Additional purchase price, Edututor Oy	-	-	-	-	-	-5.0
	94.3	374.3	468.7	46.0	295.9	-136.0

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

Since the acquisition date, the acquisition has contributed SEK 21.8 million to the Group's net sales and SEK 2.0 million to the Group's profit/loss after tax. If the acquisition had been consolidated from the beginning of the financial year, it would have contributed SEK 33.5 million to the Group's net sales and SEK 4.4 million to the Group's profit/loss after tax.

Agreed, not completed acquisitions

- On 19 March 2021, the Group announced that an agreement has been entered into to acquire 100% of the shares in E.Svenssons i Lammhult AB, a leading Swedish retail chain offering furniture and home furnishings from more than 170 well-known quality brands and over 25,000 products. These brands primarily comprise design classics and a carefully selected home furnishings range. The acquisition will be recognised in the Home Furnishing segment following customary approval of Swedish competition authorities.
- On 6 April, the Group announced that an agreement has been entered into to acquire 94% of the shares in Hafa Bathroom Group AB, Sweden's largest privately owned bathroom company with a market-leading online platform and three strong brands: Hafa, NORO and Westerbergs. BHG has thereby further strengthened its share of proprietary brands in the bathroom segment, with favourable opportunities for growth in the Nordic region. Hafa Bathroom Group's sales in 2020, excluding sales through BHG channels, amounted to approximately SEK 200 million, with healthy profitability. The acquisition will be recognised in the DIY segment following customary approval of Swedish competition authorities.

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 Mar		31 Dec
	2021	2020	2020
Reported value on the opening date	1,023.3	554.5	554.5
Recognition in profit or loss	7.2	-1.4	63.6
Recognised in equity	54.9	15.9	485.7
Utilised amount	-8.4	-6.2	-220.7
Acquisition value at cost	296.0	88.1	140.1
Reported value on the closing date	1,373.0	650.9	1,023.3

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

During the first quarter of 2021, the Group carried out a directed issue of 10,800,000 shares at a subscription price of SEK 145 per share, generating proceeds of SEK 1,545.0 million after a deduction for transaction fees. All warrants within the framework of the incentive programme LTIP 2018 were exercised during the first quarter. Through the exercise of warrants, 2,760,016 shares were issued for a subscription price of SEK 61.75 per share, generating proceeds of SEK 170.4 million. No other transactions with shareholders were carried out during the first quarter of 2021.

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. The disruptions that arose in the global logistics and product supply chains as a result of the pandemic had a certain negative impact on the quarter and are expected to continue for a number of months.

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	Jan-Mar		Jan-Dec
	2021	2020	2020
Net sales	0.4	1.5	1.6
Total net sales	0.4	1.5	1.6
Personnel cost	-11.8	0.9	-34.2
Other external costs	-1.5	-2.6	-11.2
Depreciation and amortisation of tangible and intangible fixed assets	-0.1	-0.0	-0.2
Operating income	-13.0	-0.2	-43.9
Profit/loss from financial items	-3.1	-0.5	-2.4
Group contributions	-	-	132.3
Profit/loss before tax	-16.1	-0.7	86.0
Income tax	7.6	0.1	-18.4
Profit/loss for the period	-8.5	-0.5	67.6

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		31 Dec
	2021	2020	2020
Non-current assets			
Other intangible fixed assets	0.7	0.6	0.8
Total intangible fixed assets	0.7	0.6	0.8
Participations in Group companies	2,691.6	2,691.6	2,691.6
Long-term receivables from Group companies	1,325.0	-	1,000.0
Total fixed assets	4,017.3	2,692.1	3,692.4
Current assets			
Short-term receivables	5.5	7.8	5.6
Short-term receivables from Group companies	5.8	33.0	223.2
Cash and cash equivalents	1,544.9	6.8	58.8
Total current assets	1,556.2	47.6	287.6
Total assets	5,573.5	2,739.7	3,979.9
Equity			
Restricted equity	3.6	3.2	3.2
Unrestricted equity	4,516.3	2,733.0	2,808.7
Total equity	4,520.0	2,736.2	2,811.9
Untaxed reserves	28.6	-	28.6
Non-current interest-bearing liabilities to credit institutions	997.4	-	996.9
Total non-current liabilities	997.4	-	996.9
Current liabilities			
Other current liabilities	27.5	3.5	142.5
Total current liabilities	27.5	3.5	142.5
Total equity and liabilities	5,573.5	2,739.7	3,979.9

Key ratios

	2021	2020				
	Q1	Q4	Q3	Q2	Q1	Jan-Dec
THE GROUP						
Net sales growth (%)	57.7	43.2	39.7	57.7	33.5	44.4
Organic growth (%)	36.5	35.5	32.3	41.8	22.1	33.7
Proforma organic growth (%)	42.7	44.5	32.5	44.2	23.3	38.7
Gross profit beofre direct selling costs (%)	39.7	38.7	37.4	36.1	37.8	37.4
Gross profit (%)	27.2	27.2	25.9	25.1	25.8	26.0
Adjusted EBIT (%)	7.2	8.2	8.5	8.6	4.9	7.8
Earnings per share before dilution, SEK	0.97	0.85	1.24	1.34	0.43	3.87
Earnings per share after dilution, SEK	0.96	0.83	1.22	1.33	0.43	3.80
Equity/assets ratio %	42.2	32.7	45.2	43.2	45.8	32.7
Net debt (+) / Net cash (-)	173.9	1,796.0	87.2	-26.2	500.0	1,796.0
Cash flow from operating activites (SEKm)	119.5	220.7	20.7	605.0	147.9	994.3
Visits (thousands)	100,920	77,950	75,644	90,672	57,866	302,133
Orders (thousands)	1,135	865	715	889	543	3,012
Average order value (SEK)	2,438	2,725	3,080	3,193	3,119	3,018
DIY						
Net sales growth (%)	47.6	49.4	46.0	73.8	36.7	53.0
Organic growth (%)	44.8	39.4	34.6	48.3	17.9	36.6
Proforma organic growth (%)	43.3	39.3	35.4	51.1	21.5	38.3
Gross profit beofre direct selling costs (%)	35.1	34.4	33.1	32.3	32.2	33.0
Gross profit (%)	25.7	25.1	23.1	22.7	22.7	23.4
Adjusted EBIT (%)	7.8	9.9	9.0	8.9	4.2	8.4
Visits (thousands)	37,027	31,894	36,398	47,004	24,634	139,931
Orders (thousands)	475	490	427	584	313	1,814
Average order value (SEK)	3,296	2,819	3,264	3,280	3,298	3,155
Home Furnishing						
Net sales growth (%)	70.6	34.7	29.5	32.3	30.0	31.7
Organic growth (%)	25.4	30.1	28.6	31.5	27.6	29.6
Proforma organic growth (%)	41.5	50.7	27.3	31.6	26.7	39.3
Gross profit beofre direct selling costs (%)	44.9	45.2	44.9	43.7	45.1	44.7
Gross profit (%)	28.9	30.3	30.7	29.7	29.8	30.1
Adjusted EBIT (%)	7.5	6.9	9.9	9.6	6.4	8.3
Visits (thousands)	63,893	46,056	39,246	43,668	33,232	162,202
Orders (thousands)	659	375	288	305	230	1,198
Average order value (SEK)	1,820	2,601	2,806	3,027	2,875	2,811



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	Jan-Mar		Jan-Dec
	2021	2020	2020
Operating income	168.6	69.2	657.8
Total items affecting comparability	-	-	-
Amortisation and impairment of acquisition-related intangible fixed assets	15.2	10.8	43.0
Adjusted EBIT	183.7	80.0	700.8
Adjusted EBIT (%)	7.2	4.9	7.8
Depreciation and amortisation of tangible and intangible fixed assets	58.6	55.1	201.9
Gain/loss from sale of fixed assets	0.2	-0.0	-0.0
Adjusted EBITDA	242.6	135.1	902.7
Adjusted EBITDA (%)	9.4	8.3	10.1
Net sales	2,567.8	1,628.4	8,968.2
Cost of goods	-1,548.2	-1,012.5	-5,609.9
Gross profit before direct selling costs	1,019.6	615.9	3,358.3
Gross profit before direct selling costs (%)	39.7	37.8	37.4
Direct selling costs	-320.3	-195.4	-1,027.5
Gross profit	699.3	420.5	2,330.8
Gross profit (%)	27.2	25.8	26.0
Adjusted gross profit	699.3	420.5	2,330.8
Adjusted gross profit (%)	27.2	25.8	26.0

DIY segment

SEKm	Jan-Mar		Jan-Dec
	2021	2020	2020
Operating income	100.0	31.2	444.0
Total items affecting comparability	-	-	-
Amortisation and impairment of acquisition-related intangible fixed assets	7.9	8.0	31.8
Adjusted EBIT	108.0	39.2	475.8
Adjusted EBIT (%)	7.8	4.2	8.4
Depreciation and amortisation of tangible and intangible fixed assets	24.4	23.2	95.9
Gain/loss from sale of fixed assets	0.2	-0.0	-0.1
Adjusted EBITDA	132.6	62.3	571.6
Adjusted EBITDA (%)	9.5	6.6	10.1
Net sales	1,389.4	941.4	5,663.1
Cost of goods	-902.0	-638.3	-3,794.1
Gross profit before direct selling costs	487.4	303.1	1,869.0
Gross profit before direct selling costs (%)	35.1	32.2	33.0
Direct selling costs	-130.5	-89.1	-541.6
Gross profit	356.9	214.0	1,327.4
Gross profit (%)	25.7	22.7	23.4
Adjusted gross profit	356.9	214.0	1,327.4
Adjusted gross profit (%)	25.7	22.7	23.4

Home Furnishing segment

SEKm	Jan-Mar		Jan-Dec
	2021	2020	2020
Operating income	81.9	41.8	265.0
Total items affecting comparability	-	-	-
Amortisation and impairment of acquisition-related intangible fixed assets	7.2	2.8	11.2
Adjusted EBIT	89.2	44.6	276.2
Adjusted EBIT (%)	7.5	6.4	8.3
Depreciation and amortisation of tangible and intangible fixed assets	34.0	31.9	105.8
Gain/loss from sale of fixed assets	-0.0	0.0	0.1
Adjusted EBITDA	123.2	76.5	382.1
Adjusted EBITDA (%)	10.4	11.0	11.5
Net sales	1,185.2	694.6	3,337.2
Cost of goods	-652.5	-381.3	-1,845.9
Gross profit before direct selling costs	532.7	313.3	1,491.3
Gross profit before direct selling costs (%)	44.9	45.1	44.7
Direct selling costs	-189.8	-106.3	-485.9
Gross profit	342.9	207.0	1,005.4
Gross profit (%)	28.9	29.8	30.1
Adjusted gross profit	342.9	207.0	1,005.4
Adjusted gross profit (%)	28.9	29.8	30.1

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 first quarter, net debt amounted to SEK 173.9 million, corresponding to net debt in relation to LTM adjusted EBITDA of 0.2x. 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 1,373.0 million at the end of the quarter, compared with SEK 1,023.3 million at the beginning of the year. Lease liabilities reflect the balance sheet effects of IFRS 16 and amounted to SEK 613.4 million at the end of the quarter, compared with SEK 599.6 million at the beginning of the year.

SEKm	31 Mar		31 Dec
	2021	2020	2020
Non-current interest-bearing debt	3,712.6	1,818.0	3,440.4
Short-term interest-bearing debt	377.2	259.7	271.4
Total interest-bearing debt	4,089.8	2,077.7	3,711.8
Cash and cash equivalents	-1,934.7	-366.0	-299.0
Adjustment lease liabilities	-613.4	-564.9	-599.6
Adjustment of earn-outs and deferred payments	-1,373.0	-650.9	-1,023.3
Adjustment transaction costs	5.2	3.9	6.1
Net debt (+) / Net cash (-)	173.9	500.0	1,796.0

Definitions

Performance measure	Definition	Reasoning
Share turnover rate	Number of shares traded during the period divided by the weighted-average number of shares outstanding before dilution.	The share turnover rate shows the rate at which shares in BHG Group AB are bought and sold through trading on NASDAQ Stockholm.
Number of visits	Number of visits to the Group's webstores during the period in question.	This performance measure is used to measure customer activity.
Number of orders	Number of orders placed during the period in question.	This performance measure is used to measure customer activity.
Gross margin	Gross profit as a percentage of net sales.	Gross margin gives an indication of the contribution margin as a share of net sales.
Gross margin before direct selling costs	Gross profit before direct selling costs – primarily postage and fulfilment – as a percentage of net sales.	An additional margin measure, complementing the fully loaded gross margin measure, allowing for further transparency.
Gross profit	Net sales less cost of goods sold. Gross profit includes costs directly attributable to goods sold, such as warehouse and transportation costs. Gross profit includes items affecting comparability.	Gross profit gives an indication of the contribution margin in the operations.
EBIT	Earnings before interest, tax and acquisition-related amortisation and impairment.	Together with EBITDA, EBIT provides an indication of the profit generated by operating activities.
EBITDA	Operating income before depreciation, amortisation, impairment, financial net and tax.	EBITDA provides a general indication as to the profit generated in the operations before depreciation, amortisation and impairment.
EBITDA margin	EBITDA as a percentage of net sales.	In combination with net sales growth, the EBITDA margin is a useful performance measure for monitoring value creation.
EBIT margin	EBIT as a percentage of net sales.	In combination with net sales growth, the EBIT margin is a useful performance measure for monitoring value creation.
Average order value (AOV)	Total order value (meaning Internet sales, postage income and other related services) divided by the number of orders.	Average order value is a useful indication of revenue generation.
Investments	Investments in tangible and intangible fixed assets.	Investments provide an indication of total investments in tangible and intangible assets.
Adjusted gross margin	Adjusted gross profit as a percentage of net sales.	Adjusted gross margin gives an indication of the contribution margin as a share of net sales.
Adjusted EBIT	Adjusted EBIT corresponds to operating profit adjusted for amortisation and impairment losses on acquisition-related intangible assets, gain/loss from sale of fixed assets and, from time to time, items affecting comparability.	This performance measure provides an indication of the profit generated by the Group's operating activities.
Adjusted 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 EBIT 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.

Performance measure	Definition	Reasoning
Share turnover rate	Number of shares traded during the period divided by the weighted-average number of shares outstanding before dilution.	The share turnover rate shows the rate at which shares in BHG Group AB are bought and sold through trading on NASDAQ Stockholm.
Adjusted gross profit	Net sales less cost of goods sold. Adjusted gross profit includes costs directly attributable to goods sold, such as warehouse and transportation costs. Adjusted gross profit excluding items affecting comparability.	Adjusted gross profit gives an indication of the contribution margin in the operations.
Items affecting comparability	Items affecting comparability relate to events and transactions whose impact on earnings are important to note when the financial results for the period are compared with previous periods. Items affecting comparability include costs of advisory services in connection with acquisitions, costs resulting from strategic decisions and significant restructuring of operations, capital gains and losses on divestments, material impairment losses and other material non-recurring costs and revenue.	Items affecting comparability is a term used to describe items which, when excluded, show the Group's earnings excluding items which, by nature, are of a non-recurring nature in the operating activities.
Cash conversion	Pre-tax cash flow from operating activities less investments in non-current assets (capex) as a percentage of adjusted EBITDA.	Operating cash conversion enables the Group to monitor management of its ongoing investments and working capital.
Net sales growth	Annual growth in net sales calculated as a comparison with the preceding year and expressed as a percentage.	Net sales growth provides a measure for the Group to compare growth between various periods and in relation to the overall market and competitors.
Net debt	The sum of interest-bearing liabilities, excluding lease liabilities and earn-outs, less cash and cash equivalents, investments in securities, etc. and prepaid borrowing costs.	Net debt 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 rates of recently acquired companies since joining the Group. This measure thus includes the effect of sales synergies as a result of acquisitions.
Working capital	Inventories and non-interest-bearing current assets less non-interest-bearing current liabilities.	Working capital provides an indication of the Group's short-term financial capacity, since it gives an indication as to whether the Group's short-term assets are sufficient to cover its current liabilities.
Operating margin (EBIT margin)	EBIT as a percentage of net sales.	In combination with net sales growth, operating margin is a useful measure for monitoring value creation.
Equity/assets ratio	Equity, including non-controlling interests, as a percentage of total assets.	This performance measure reflects the company's financial position and thus its long-term solvency. A favourable equity/assets ratio and strong financial position enable the Group to handle periods with a weak economic situation and provide the financial strength for growth. A lower equity/assets ratio entails a higher financial risk, but also higher financial leverage.