

Remuneration report for 2024

INTRODUCTION

This report describes how the guidelines for remuneration to senior executives in BHG Group AB, adopted by the 2024 Annual General Meeting, were implemented in 2024. The report also provides information on remuneration to the CEO and Deputy CEO as well as a summary of the company's outstanding programmes for share-based remuneration. The report has been prepared in accordance with the requirements of the Swedish Companies Act (2005:551) and the Swedish Corporate Governance Code issued by the Swedish Corporate Governance Board.

Further information on remuneration to senior executives is available in Note 8 Personnel costs and remuneration of senior executives on pages 89–92 of the Annual Report for 2024. Information on the work of the Remuneration Committee in 2024 is available in the corporate governance report on pages 53–64 of the Annual Report for 2024.

Remuneration to the Board of Directors is not covered by this report. Such remuneration is resolved annually by the Annual General Meeting. For information on remuneration to Board members, refer to Note 8 on pages 89–92 of the Annual Report for 2024.

THE COMPANY'S PERFORMANCE IN 2024

The CEO summarises the company's overall performance in his statement on page 7 of the Annual Report for 2024.

THE COMPANY'S GUIDELINES FOR REMUNERATION TO SENIOR EXECUTIVES

In short, the company's business strategy is to leverage its leading position in the online home improvement market to continue benefiting from the market's underlying growth as a result of

increasing online penetration and to couple organic expansion with further active consolidation measures, such as M&A. For more information regarding the company's business strategy, please see the company website www.wearebhg.com. A prerequisite for the successful implementation of the company's business strategy and safeguarding of its long-term interests, including its sustainability, is that the company is able to recruit and retain qualified personnel. To this end, it is necessary that the company offers competitive remuneration. These guidelines enable the company to offer executive management a competitive total remuneration package. Variable cash remuneration covered by these guidelines should aim to promote the company's business strategy and long-term interests, including its sustainability.

The guidelines are presented on pages 30–31 of the Annual Report for 2024. During 2024, the company complied with the applicable remuneration guidelines adopted by the general meeting of shareholders. There have been no deviations from the guidelines and no derogations from the decision-making process that, according to the guidelines, is to be applied when determining remuneration. The auditor's report regarding the company's compliance with the guidelines is available on www.wearebhg.com/corporate-governance/. No remuneration has been reclaimed. In addition to remuneration covered by the remuneration guidelines, the company's Annual General Meetings have resolved to implement long-term share-based incentive programmes (LTIP).

Total remuneration to the CEO and Deputy CEO in 2024 (SEK million)*

	1 Fixed remuneration		2 Variable remuneration		3 Extraordinary items	4 Pension costs	5 Total remuneration	6 Proportion of fixed and variable remuneration****
	Basic salary**	Other benefits	One-year variable	Multi-year variable***				
Gustaf Öhrn (CEO)	6.6	0.0	1.9	0.0	-	1.8	10.3	78% / 22%
Mikael Hagman (Deputy CEO)	2.6	0.0	1.6	0.0	-	0.5	4.8	62% / 38%

* With the exception of multi-year variable remuneration, the table shows remuneration earned in 2024. Multi-year variable remuneration is reported if vested in 2024. Multi-year variable remuneration pertains entirely to share-based remuneration; see below.

** Including holiday pay of SEK 0.8 million to Gustaf Öhrn and SEK 0.3 million to Mikael Hagman.

*** Vested share-based remuneration; see below.

**** No pension has been paid for variable remuneration.

SHARE-BASED REMUNERATION

The Extraordinary General Meeting on 13 January 2023 and the Annual General Meetings on 3 May 2023, 5 May 2022 and 5 May 2021 resolved to introduce incentive programmes for key employees in the Group. Five incentive programmes ran in parallel during the financial year (LTIP 2021, LTIP 2022, LTIP CEO 2023, LTIP 2023 and Long-Term Share-Based Incentive Programme 2023). LTIP 2021 ended during the third quarter of 2024.

2023 incentive programme – LTIP CEO 2023

In total, the 2023 incentive programme for CEO Gustaf Öhrn encompasses 1,898,654 warrants, each of which entitles Gustaf Öhrn to subscribe for one ordinary share in the company. The subscription price for shares through warrants amounted to SEK 35. When the subscription price exceeds the share's quotient value, the portion of the subscription price that exceeds the share's quotient value is allocated to the share premium reserve. The warrants can be exercised from 3 April to 3 July 2026. The price for the warrants (warrant premium) corresponds to the market value of the warrants on the date of subscription and allotment, which has been calculated in accordance with the Black-Scholes pricing model, with measurement policies in accordance with market practice.

CEO Gustaf Öhrn holds 1,898,654 warrants under LTIP 2023 and received a subsidy of SEK 4.2 million from the company (before tax) to acquire warrants under LTIP 2023.

An agreement was also signed between CEO Gustaf Öhrn and BHG Group AB, wherein the CEO, under certain conditions, is obligated to repay a portion of the subsidy he received from the company and to offer BHG Group AB or BHG Group LTIP AB the opportunity to acquire some or all of the warrants.

2023 incentive programme – LTIP 2023

The 2023 incentive programme encompasses 25 employees in the Group. In total, the programme encompasses 4,800,000 warrants, each of which entitles the holder to subscribe for one ordinary share in the company. The subscription price for shares through warrants amounted to SEK 35. When the subscription price exceeds the share's quotient value, the portion of the subscription price that exceeds the share's quotient value is allocated to the share premium reserve. The warrants can be exercised from 1 August 2026 to 30 September 2026. The price for the warrants (warrant premium) corresponds to the market value of the warrants on the date of subscription and allotment, which has been calculated in accordance with the Black-Scholes pricing model, with measurement policies in accordance with market practice. The participants received a subsidy from BHG Group AB corresponding to 60% of the warrants' fair value at the allotment date. An agreement was also signed between the warrant holders and BHG Group AB, wherein the warrant holders, under certain conditions, are obligated to repay a portion of the subsidy received from the company and to offer BHG Group AB or BHG Group LTIP AB the opportunity to acquire some or all of the warrants.

Deputy CEO Mikael Hagman holds 1,000,000 warrants under LTIP 2023 and received a subsidy of SEK 0.4 million from the company (before tax) to acquire warrants under LTIP 2023.

Long-Term Share-Based Incentive Programme 2023

The long-term share-based incentive programme is intended for certain senior executives, CEOs and key employees in the Group. To participate in the programme, participants must have made a

private investment in the company by acquiring investment shares. For each investment share held under the programme, the company will grant participants the right to up to two performance shares free of charge, provided that certain conditions are fulfilled. A share right will be considered vested and exercised provided that the participant has kept their own original investment shares and has maintained their employment in BHG Group up to and including the date of the 2026 Annual General Meeting.

CEO Gustaf Öhrn and Deputy CEO Mikael Hagman have each privately acquired 10,000 investment shares.

2022 incentive programme – LTIP 2022

The 2022 incentive programme encompasses 70 employees in the Group. In total, the programme encompasses 1,900,000 warrants, each of which entitles the holder to subscribe for one ordinary share in the company. The subscription price for shares through warrants amounted to 130% of the volume-weighted average price quoted for the shares during the five-day period preceding the 2022 Annual General Meeting, which resulted in a subscription price of SEK 84.48. The warrants can be exercised from 1 August 2025 to 30 September 2025. The price for the warrants (warrant premium) corresponds to the market value of the warrants on the date of subscription and allotment, which has been calculated in accordance with the Black-Scholes pricing model, with measurement policies in accordance with market practice. Participants received a subsidy from BHG Group AB reflecting 50% of the warrants' fair value at the subscription date.

Current CEO Gustaf Öhrn holds no warrants under LTIP 2022.

Former CEO Adam Schatz holds 100,000 warrants under LTIP 2022 and received a subsidy of SEK 0.2 million from the company (before tax) to acquire warrants under LTIP 2022.

Deputy CEO Mikael Hagman holds 100,000 warrants under LTIP 2022 and received a subsidy of SEK 0.2 million from the company (before tax) to acquire warrants under LTIP 2022.

2021 incentive programme – LTIP 2021

The 2021 incentive programme encompassed 65 employees in the Group. In total, the programme encompassed 1,200,006 warrants, each of which entitles the holder to subscribe for one ordinary share in the company. The subscription price for shares through warrants amounted to 130% of the volume-weighted average price quoted for the shares during the five-day period preceding the 2021 Annual General Meeting, which resulted in a subscription price of SEK 216.90. The warrants could be exercised from 1 August 2024 to 30 September 2024. None of the warrants under

LTIP 2021 were exercised during 2024. The price for the warrants (warrant premium) corresponded to the market value of the warrants on the date of subscription and allotment, which had been calculated in accordance with the Black-Scholes pricing model, with measurement policies in accordance with market practice. Participants received a subsidy from BHG Group AB reflecting 50% of the warrants' fair value at the subscription date.

Former CEO Adam Schatz held 45,000 warrants under LTIP 2021 and received a subsidy of SEK 0.9 million from the company (before tax) to acquire warrants under LTIP 2021.

Deputy CEO Mikael Hagman held 45,000 warrants under LTIP 2021 and in his former role as COO received a subsidy of SEK 0.9 million from the company (before tax) to acquire warrants under LTIP 2021.

FULFILMENT OF CRITERIA FOR VARIABLE REMUNERATION

The variable cash remuneration to the CEO and the Deputy CEO is to be linked to predetermined and measurable financial or non-financial criteria. These criteria may also be individualised quantitative or qualitative objectives. The criteria are to be designed to promote the company's business strategy and long-term interests, including its sustainability, for example by being clearly linked to the business strategy or promoting the executive's long-term development.

The satisfaction of criteria for awarding variable cash remuneration is to be measured over a period of one year. The extent to which the criteria for awarding variable cash remuneration have been satisfied is to be evaluated/determined when the measurement period has ended. The Remuneration Committee is responsible for the evaluation insofar as it concerns variable remuneration to the CEO and Deputy CEO. For financial objectives, the evaluation is to be based on the latest financial information made public by the company.

Performance of the CEO and Deputy CEO in the reported financial year: variable cash remuneration (SEK million)

	1 Description of the criteria related to the remuneration component	2 Relative weighting of the performance criteria	3
			a) Outcome of objectives b) Actual remuneration
Gustaf Öhrn (CEO)	Adjusted EBIT for the Group in 2024	70%	a) 257.8 b) –
	Inventory reduction for the Group in 2024	20%	a) 261.4 b) 1.2
	Development of disclosures according to ESRS 2 and capture of all necessary reporting from subsidiaries	10%	a) 100% b) 0.6
Mikael Hagman (Deputy CEO)	Adjusted EBIT for the Group in 2024	37.5%	a) 257.8 b) –
	Inventory reduction for the Group in 2024	7.5%	a) 261.4 b) 0.2
	Adjusted EBIT for the Home Improvement segment for 2024	37.5%	a) 163.0 b) 0.8
	Inventory reduction for the Home Improvement segment for 2024	7.5%	a) 231.3 b) 0.2
	Development of disclosures according to ESRS 2 and capture of all necessary reporting from subsidiaries	10%	a) 100% b) 0.3

COMPARATIVE INFORMATION CONCERNING CHANGES IN REMUNERATION IN RELATION TO THE COMPANY'S PERFORMANCE

Changes in remuneration and the company's performance in the 2020 to 2024 financial years (SEK million)

	2021 vs 2020	2022 vs 2021	2023 vs 2022	2024 vs 2023	2024
Remuneration to the CEO	+0.6 (+16.5%)	+0.1 (+3.4%)	+10.9 (+232.2%) ***	-5.4 (-34.2%)	10.3
Remuneration to the Deputy CEO	n/a	+1.3 (+100.0%)	+4.0 (+327.9%) ****	-0.5 (-8.7%)	4.8
Group operating income	+52.8 (+8.0%)	-894.5 (-125.9%)	-1190.4 (+647.4%)	+931.3 (-67.8%)	-442.9
Average remuneration to other employees in the Parent Company *	+0.8 (+131.3%)	-0.5 (-33.9%)	+0.0 (+2.7%)	-0.1 (-13.2%)	0.8
Average remuneration to other employees in the Group	-0.0 (-15.0%)	+0.1 (+23.3%)	+0.1 (+21.0%)	-0.0 (-6.6%)	0.3

* Excluding other senior executives. Average remuneration has been calculated by dividing the total number of employees in BHG Group AB (except for the CEO, Deputy CEO and other senior executives) by the average number of employees calculated as full-time equivalents.

** Excluding other senior executives. Average remuneration has been calculated by dividing the total number of employees in the Group (except for the CEO, Deputy CEO and other senior executives) by the average number of employees calculated as full-time equivalents.

*** The difference between 2022 and 2023 is because recognised remuneration to the CEO for 2023 compared with the 2022 financial year is higher, mainly regarding basic salary, variable and share-based remuneration of SEK 9.4 million. In addition, recognised pension costs for 2023 are SEK 1.6 million higher compared with the 2022 financial year.

****The difference between 2022 and 2023 is because recognised remuneration for 2022 only refers to 3.5 months compared with 12 months for 2023. This is because the Deputy CEO was appointed to the post on 15 September 2022; no individual previously held this position.