"A tough quarter where we, in a challenging environment, assess that BHG gained market share. We act and make a concerted effort to cut costs and reduce our inventory in order to make sure that BHG will emerge from this challenging period even stronger and ready to continue reshape the future of retail."

Gustaf Öhrn
Acting President and CEO

Q3 2022

BHG Group AB (publ)
Nasdaq Stockholm

Interim report: 1 January-30 September 2022

New organisation and action plan to strengthen profitability and cash flow

– BHG gained market share, while inventory declined and cash flow was improved compared with the previous year. Profitability challenges, primarily as a result of price pressure in the market.

HIGHLIGHTS

1 July-30 September

- Net sales increased 1.5% to SEK 3,106.7 million (3,060.5). Organic growth was -5.3% and pro-forma organic growth was -6.8%
- Adjusted gross profit declined -5.3% to SEK 746.1 million (788.2), corresponding to an adjusted gross margin of 24.0% (25.8)
- Adjusted EBIT amounted to SEK 47.8 million (164.5), corresponding to an adjusted EBIT margin of 1.5% (5.4)
- Cash flow from operating activities amounted to SEK -133.0 million (-232.0)
- Earnings per share amounted to SEK -0.62 (0.50) before dilution and SEK -0.62 (0.49) after dilution

1 January-30 September

- Net sales increased 10.3% to SEK 10,125.7 million (9,178.8). Organic growth was -4.7% and pro-forma organic growth was -4.2%
- Adjusted gross profit increased 5.5% to SEK 2,563.4 million (2,429.2), with an adjusted gross margin of 25.3% (26.5)
- Adjusted EBIT amounted to SEK 344.2 million (626.3), corresponding to an adjusted EBIT margin of 3.4% (6.8)
- Cash flow from operating activities amounted to SEK -173.1 million (223.6)
- Earnings per share amounted to SEK 1.61 (3.09) before dilution and SEK 1.61 (3.05) after dilution

Key events during and after the period

- On 11 August, Chairman of the Board Gustaf Öhrn took over as acting CEO of BHG Group ("BHG"), after the decision was made that Adam Schatz would leave his position as CEO. The process of recruiting a new CEO is under way.
- On 19 September, BHG announced that from 1 January 2023, the Group's governance and reporting of its operations will take place in three new segments: Home Improvement, Value Home and Premium Living. This changes is being made to make it easier to tailor BHG's offerings to the needs of different customers, while also creating synergies. Mikael Hagman was appointed Deputy CEO and Head of the Home Improvement segment and Christian Eriksson was appointed Head of the Value Home segment, while Bank Bergström was appointed Head of the Premium Living segment. All three are members of BHG Group's executive management team.
- On 11 October, BHG announced its earnings performance for the third quarter of 2022 as well as measures it would take to improve profitability:
  - SEK 150–200 million in cost cuts on an annual basis, which are expected to become fully effective beginning in the second quarter of 2023.
  - A target to reduce items held in inventory by an additional SEK 100–200 million in the fourth quarter, in addition to reducing inventory by SEK 98 million during the third quarter, thereby improving cash flow.
  - In addition, BHG announced that the Group's covenants had been renegotiated and that earn-out payments for acquired companies are expected to be lower than previously announced.

  In addition to the above measures, the Board of Directors decided to recognise an impairment loss of SEK 375 million on the value of its inventory as of 30 September 2022.

FINANCIAL SUMMARY

	Jul-Sep			Jan-Sep			Jan-Dec
SEKm (if not otherwise stated)	2022	2021	Δ%	2022	2021	Δ%	2021
Net sales	3,106.7	3,060.5	1.5	10,125.7	9,178.8	10.3	12,666.0
Gross profit	371.5	788.2	-52.9	2,188.8	2,429.2	-9.9	3,357.1
Gross margin (%)	12.0	25.8	-13.8 p.p.	21.6	26.5	-4.8 p.p.	26.5
Adjusted gross profit*	746.1	788.2	-5.3	2,563.4	2,429.2	5.5	3,357.1
Adjusted gross margin (%)	24.0	25.8	-1.7 p.p.	25.3	26.5	-1.1 p.p.	26.5
Adjusted EBIT*	47.8	164.5	-70.9	344.2	626.3	-45.0	812.7
Adjusted EBIT margin (%)	1.5	5.4	-3.8 p.p.	3.4	6.8	-3.4 p.p.	6.4
Operating income	-361.5	123.0	-393.9	-140.1	553.1	-125.3	710.6
Operating margin (%)	-11.6	4.0	-15.7 p.p.	-1.4	6.0	-7.4 p.p.	5.6
Net profit for the period	-83.8	61.7	-235.7	220.9	376.9	-41.4	490.8
Earnings per share before dilution, SEK	-0.62	0.50	-224.0	1.61	3.09	-47.9	3.97
Earnings per share after dilution, SEK	-0.62	0.49	-226.5	1.61	3.05	-47.2	3.94
Cash flow from operating activites	-133.0	-232.0	-42.7	-173.1	223.6	-177.4	-27.6
Net debt (+) / Net cash (-)	2,129.8	1,854.3	14.9	2,129.8	1,854.3	14.9	2,251.3

* Refer to "Relevant reconciliations of non-IFRS alternative performance measures (APMs)" on page 32 of this report for a more detailed description.

Comments by Gustaf Öhrn

Acting President and CEO, BHG Group

The conditions in BHG's markets have changed over the last 12 months in a way that few people could have predicted a year ago. Last autumn, our markets were significantly affected by the Covid-19 pandemic, with high demand combined with supply chain distributions and logistics challenges. Geopolitical uncertainty subsequently increased as a result of the invasion of Ukraine with the subsequent energy crisis, inflation, declining demand in the consumer market and a "Corona rebalancing" in both channel- and category dimension.

Nevertheless, we were able to maintain our sales relatively well, remain profitable and, according to our assessment, we gain market share. We are extremely proud of this. On the other hand, we are not satisfied with the development of our cash flow, which has primarily been negatively affected by a large inventory build-up.

BHG has experienced robust growth over the last ten years, from approximately SEK 200 million in sales to nearly SEK 13 billion today. This was accomplished through healthy organic growth in our portfolio companies as well as a numerous acquisitions of varying sizes. The focus was on creating growth using a decentralised model that served us well. The freedom and responsibility that we provide and will continue to offer our entrepreneurs is an essential part of BHG's culture. At the same time, we have become a large company and we are encountering a more challenging environment where continued success will require us to reduce our complexity, leverage synergies and increase our focus on profitability and cash flow.

Adam Schatz has done a commendable job leading and developing BHG for several years, but in August the Board of Directors came to the conclusion that this change required leadership with a clearer operational profile. I took over as acting CEO as part of this process, while at the same time the process of recruiting of a new permanent CEO began.

We have devoted a great deal of work to defining BHG's future strategy and focus, and as part of this process we decided to divide our operations into three segments as of 1 January 2023: 1) Home Improvement, led by Deputy CEO Mikael Hagman; 2) Value Home, led by Christian Eriksson; 3) Premium Living led by Bank Bergström. All three are entrepreneurs with extensive leadership experience in operational CEO roles. In addition, they are members of our executive management team, which has enabled us to reinforce the operational expertise of our senior management.

The three operating areas are being divided up in order to better reflect our customers' purchasing behaviours as well as based on the business models of these operating areas. Home Improvement employs a drop shipping model with a low level of tied-up capital that offers a broad product range and price matching. Value Home employs a value-driven model with a focus on private label products, while Premium Living employs a model that is based on a premium position, primarily based on wholesale in order to internationalise Scandinavian design. We are making this division because we are certain that the majority of the realisable synergies, such as scalable IT platforms and inventory consolidation, can be found within these individual operating areas rather than at the Group level.

In addition to the above-mentioned structural changes, we have established an action plan to allow us to best respond to what we expect to be a challenging environment over the next 12-18 months and to sharpen our focus on profitability and cash flow:

1. A decision to implement a comprehensive cost-savings programme amounting to SEK 150–200 million on an annual basis in order to reduce our total costs and to respond to cost increases from inflation, energy, etc. The savings are expected to become fully effective beginning in the second quarter of 2023.
2. An action plan to reduce our inventory and free up capital. We reduced our inventory by SEK 98 million in Q3 and this is a gratifying first step, but our ambition is to reduce our inventory by an additional SEK 100–200 million in Q4 and to continue the process in 2023.
3. We held a constructive dialogue with our banks, resulting in an agreement on a temporary change in our covenants until the end of 2023.
4. Finally, as has been previously announced, we recognised an impairment loss of SEK 375 million on the value of our inventory in order to reflect its fair value. The large purchases made in autumn 2021 had long lead times as a result of logistical disruptions and were based on inflated sales figures during the Covid-19 pandemic. This created an excessively large inventory, primarily of spring and summer products. These goods have not been sold to the extent we expected at the time, and we also faced challenges in categories such as whirlpool bathtubs where demand decreased sharply as a result of the trend in energy prices.

The measures described above are important for BHG to navigate successfully in the short term. At the same time, it's important to remember that the fundamental structural trends that have driven BHG's journey of growth remain relevant and intact. We will continue our migration from physical retail to online for the foreseeable future, while at the same time interest in the home and thus in our DIY and home furnishing categories continues to grow.

Finally, I would like to thank our customers, our motivated employees and our shareholders, and to assure you that we are taking all of these forceful actions in order to ensure that BHG will emerge from this challenging environment as strong as ever.

Malmö, 27 October 2022,
Gustaf Öhrn, Acting President and CEO, BHG Group

We make living easy!

We offer a broad ecosystem of products and services in home improvement (DIY and home furnishings).

The business model is based on building blocks such as the broadest product range in the market, price matching, a first-class online customer experience, the market's best professional service and support, and cost efficiency.

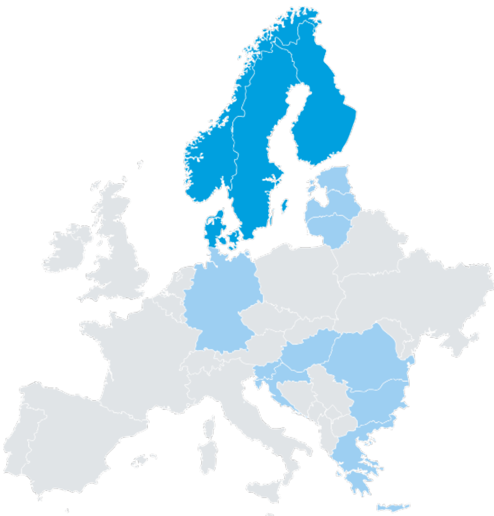
Sustainability

As the number 1 consumer e-commerce company in the Nordics we have a responsibility for the world and people around us. We strive to conduct our operations in an ethical, social and environmentally responsible manner. For BHG, sustainability is about how we address the areas where we have the greatest impact and that we can influence.

BHG's short-term and long-term sustainability targets include reducing CO_2 emissions by 50% by 2030, reducing resource consumption in our own operations and having strict requirements for our suppliers.

Our sustainability programme also specifies targets for an equitable and inclusive workplace.

3,000+
employees



We put the customer first

With the customer as a starting point, we can anticipate wishes, needs and communication preferences. This is the basis for how our destinations and business units build long-lasting relationships with their customer groups.

>1.7
million products

100+
online destinations

Condensed consolidated information

	Jul-Sep			Jan-Sep			Jan-Dec
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Adjusted gross margin (%)	24.0	25.8	-1.7 p.p.	25.3	26.5	-1.1 p.p.	26.5
Adjusted EBITDA*	162.9	241.5	-32.6	664.5	828.9	-19.8	1,104.6
Adjusted EBITDA margin (%)	5.2	7.9	-2.6 p.p.	6.6	9.0	-2.5 p.p.	8.7
Adjusted EBIT*	47.8	164.5	-70.9	344.2	626.3	-45.0	812.7
Adjusted EBIT margin (%)	1.5	5.4	-3.8 p.p.	3.4	6.8	-3.4 p.p.	6.4
Operating income	-361.5	123.0	-393.9	-140.1	553.1	-125.3	710.6
Operating margin (%)	-11.6	4.0	-15.7 p.p.	-1.4	6.0	-7.4 p.p.	5.6
Net profit for the period	-83.8	61.7	-235.7	220.9	376.9	-41.4	490.8
Cash flow from operating activites	-133.0	-232.0	-42.7	-173.1	223.6	-177.4	-27.6
Visits (thousands)	81,051	94,710	-14.4	272,366	305,094	-10.7	411,296
Orders (thousands)	1,164	1,182	-1.6	3,642	3,603	1.1	5,247
Conversion rate (%)	1.4	1.2	0.2 p.p.	1.3	1.2	0.2 p.p.	1.3
Average order value (SEK)	2,724	2,545	7.1	2,834	2,597	9.1	2,439

* Refer to "Relevant reconciliations of non-IFRS alternative performance measures (APMs)" on page 32 of this report for a more detailed description.

COMMENTS ON THE RESULT FOR THE PERIOD

Third quarter of the year
The third quarter of the year was characterised by relatively strong sales given the market situation, weak profitability and improved cash flow.

During the third quarter, the home improvement market – comprising DIY and home furnishings – was characterised by geopolitical turbulence, shrinking disposable income and a certain degree of saturation following the consumption peak during the Covid-19 pandemic, resulting in weaker demand and high inventory levels.

Our assessment is that BHG developed stronger than the market as a whole during the third quarter.

- The Group's net sales amounted to SEK 3,106.7 million (3,060.5) for the quarter. Total growth amounted to 1.5%, pro-forma organic growth (meaning including the three acquisitions made during the last 12 months) to -6.8% and organic growth to -5.3%.
- Adjusted EBIT amounted to SEK 47.8 million (164.5) for the quarter, corresponding to an adjusted EBIT margin of 1.5% (5.4). Price pressure in the market due to weak demand had a negative impact on profitability during the quarter.
- Cash flow from operating activities improved, amounting to SEK -133.0 million (-232.0) for the quarter. Cash flow was negatively affected by supplier payments attributable to the seasonally stronger second quarter.
- The Board of Directors decided to recognise an impairment loss of SEK 375 million on the value of its inventory as of 30 September 2022.

Measures to improve profitability and cash flow
In light of the uncertainty expected to prevail in the consumer market for some time to come, decisions were made concerning the following measures to significantly improve profitability and cash flow, and thus the balance sheet.

- BHG intends to cut its costs by SEK 150–200 million on an annual basis in order to adapt the operations to the challenging market and to counteract inflationary increases of, for example, costs for premises and energy. The cost-saving measures are beginning immediately and are expected to become fully effective beginning in the second quarter of 2023. The savings pertain primarily to staff reductions and measures such as streamlining inventory costs and will be implemented in accordance with labour market legislation and procedures.
- BHG's companies are working actively to reduce their inventory. Items held in inventory were reduced by SEK 98 million during the third quarter. A target has been set to initially reduce items held in inventory by an additional SEK 100–200 million in the fourth quarter, thereby improving cash flow from operating activities. The work on decreasing inventory will thereafter continue with the target of reducing inventory further during 2023.
- In addition, payments of earn-outs for acquired companies are expected to be lower than previously communicated. In total, acquisition-related liabilities amounted to SEK 1,398.3 million at the end of the third quarter of 2022, compared with SEK 1,786.8 million at the end of the second quarter of 2022 (refer to Note 5).

Further, BHG has renegotiated its covenants with its creditor banks, which have granted temporary relief. This relief will remain in force from 30 September 2022 up to and including 31 December 2023 and will mean that the creditors' requirements relating to the leverage ratio and interest cover ratio will be lowered during that time.

A new organisational structure
In order to tailor its offerings to the needs of different customer groups, clarify synergies and reduce complexity, the Group's governance and reporting of its operations will take place in three new segments beginning on 1 January 2023: Home Improvement, Value Home and Premium Living. This change is being made in view of the strategic work being carried out within the Group to gather companies within segments with similar business models and target groups, thereby creating opportunities and realising synergies within each segment.

- **Home Improvement** includes a comprehensive offering for Nordic DIY customers with a broad range of well-known products, brands and related services at market-leading prices, primarily through a drop ship flow. The segment is led by Mikael Hagman.
- **Value Home** is for price-conscious European customers who want value for their money, with a broad and relevant range of primarily proprietary brands for the home. The segment is led by Christian Eriksson.
- **Premium Living** offers customers interested in home furnishings a unique range of premium Scandinavian design products. The segment is led by Bank Bergström.

Impairment loss
Sales during the outdoor season of 2022 was as a whole disappointing. Categories for which the demand significantly increased, as a result of changing purchasing behaviours in the wake of Covid-19 pandemic, have seen a sharp drop in demand. Clear examples of such categories are outdoor furniture, greenhouses and whirlpool bathtubs, demand for the latter also meaningfully affected by rising energy prices.

As a result of the weak sales during the summer months of 2022 and to reflect net realisable value of stocked goods, a decision has been made to write down the stock value by SEK 375 million. The impairment does not impact cash flow.

The home improvement market
The overall home improvement market remains larger than before the outbreak of the pandemic. However, we conclude that the market remains smaller than during the peak that was reached during the Covid-19 pandemic. This is due to high demand during the pandemic, a normalisation of the consumption of services and a deterioration in the macroeconomic situation.

The overall market was also negatively affected during the quarter by a deterioration in macroeconomic trends, which was followed by rising interest rates, falling housing prices, shrinking disposable income and thus deteriorating consumer confidence. Available European market data indicate a particularly pronounced slowdown, in descending order, in the UK, Sweden, Denmark, Finland and Norway.

The market has been impacted for some time by disruptions in the global supply chain in the wake of the pandemic. However, we are seeing more and more signs of a gradual normalisation, including shorter lead times and declining shipping costs for the part of the range purchased from Asia.

The market challenges mentioned above are affecting all players in Europe.

Outlook
Our assessment is that demand in the market will become even more challenging before it improves. Runaway energy costs, rising interest rates and strong food inflation are putting pressure on households' disposable income, resulting in deteriorating consumer confidence. At the same time, the pressure on consumers is expected to increase, not least when past interest rate increases have their full impact on costs for households.

Weak demand, and the rising cost pressure consumers are under will leave limited scope to completely adjust prices to compensate for inflation-driven cost increases among suppliers.

At the same time, our assessment is that these supply complications will diminish. Freight rates for the part of the range purchased from Asia have already declined significantly, and when market players adjust their purchase volumes downward we should see higher production capacity with declining prices as a result. It is furthermore likely that competitive pressure will gradually normalise as the market continues to consolidate and market players adjust their purchase volumes downward and reduce their inventories.

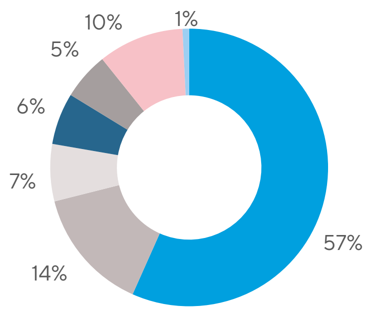
The difficult market situation will also present opportunities. As competitors are weakened, shut down or leave product categories, BHG will be able to advance its leading position through organic expansion and acquisitions.

The assessment that our online markets can be expected to grow by approximately 15% annually over a business cycle remains, and in addition to this base growth, the Group has good opportunities to execute on geographic initiatives, both organic and acquisition-related ones. For further information, refer to the Group's medium-term financial targets (page 10).

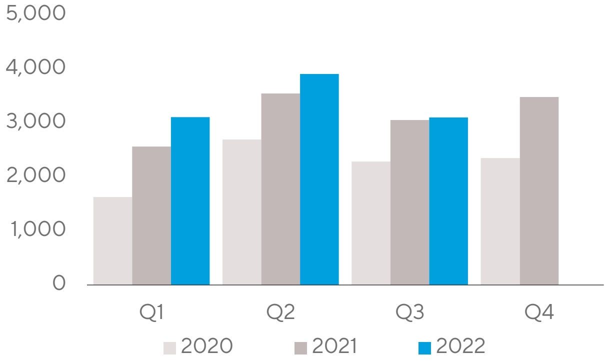
Acquisitions and integration
Acquisitions have been a core part of BHG's business model and success since the start and will remain an important part of the Group's development in the future. The rate of activity is lower due to the current market conditions.

Nonetheless, our M&A team continued to evaluate potential acquisition candidates and partnerships during the quarter, and once we are ready, make relevant bolt-on acquisitions going forward that can strengthen our offering in the Group's core areas – not least in the area of energy conservation and efficiency.

Distribution of net sales by country (%), Jul-Sep 2022



Net sales (SEKm)



Net sales

The relatively strong trend in net sales is primarily attributable to positive effects from efforts in progress to refine the customer offering, a sharper focus on customer needs and optimised market activities. Total growth was driven by Home Furnishing segment, where the premium segment, led by Nordic Nest and Svenssons i Lammhult, showed the highest growth, along with our Eastern European furniture business Furniture1. Demand varied among different product categories during the quarter. Capital-intensive categories such as doors, windows and bathrooms as well as garden products performed relatively poorly. At the same time, demand rose in the categories related to energy conservation.

Net sales increased 1.5% to SEK 3,106.7 million (3,060.5) for the quarter and 10.3% to SEK 10,125.7 million (9,178.8) for the first nine months of the year. Organic growth was -5.3% for the quarter and -4.5% for the first nine months of the year, while pro-forma organic growth was -6.8% for the quarter and -4.7% for the first nine months of the year. However, order intake exceeded net sales by just over SEK 100 million during the quarter, which is attributable to long installation times for certain product groups, primarily in the heat pump segment where sales experienced strong growth as a result of the trend in energy prices. Order intake during the third quarter will be recognised as net sales during the fourth quarter of 2022.

Net sales in the DIY segment decreased -2.8% to SEK 1,809.7 million (1,862.0) for the quarter and increased 6.3% to SEK 5,779.3 million (5,436.5) for the first nine months of the year. Organic growth was -8.7% for the quarter and -6.5% for the first nine months of the year, while pro-forma organic growth was -8.2% for the quarter and -5.8% for the first nine months of the year. All Nordic markets developed in a similar way during the quarter.

Net sales for the Home Furnishing segment increased 8.1% to SEK 1,303.6 million (1,205.9) for the quarter and 16.1% to SEK 4,377.3 million (3,769.6) for the first nine months of the year. Organic growth was 0.0% for the quarter and -2.2% for the first nine months of the year, while pro-forma organic growth was -4.9% for the quarter and -2.0% for the first nine months of the year. As previously mentioned has our Eastern European furniture business and the Nordic Nest Group's premium businesses, which also include Svenssons i Lammhult, had the strongest performance, while our German garden furniture business was negatively affected by an especially challenging market situation, with weak demand and aggressive campaigns by competitors.

Gross margin

The product margin, before inventory impairment effect, amounted to SEK 37.3% (38.3) for the quarter and SEK 38.1% (39.0) for the first nine months of the year. The adjusted gross margin (that is, the margin after deductions for direct selling expenses, such as logistics, fulfilment, etc.) amounted to 24.0% (25.8) for the quarter and 25.3% (26.4) for the first nine months of the year.

Overall, the gross margin trend in the quarter was attributable to price pressure in the market as a result of weak demand and a wide range of products in the market, fulfilment prices that remained high, rising costs for last-mile shipments and the weak SEK, which were partially offset by the implementation of price increases for customers.

- The deterioration in product margins is largely attributable to a more limited ability to adjust prices due to weak demand, not least in the garden category including outdoor furniture.
- The high fulfilment costs are a result of the Group's choice to enter the outdoor season with inventory levels that are higher than last year, in order to mitigate the bottlenecks that have occurred in global supply chains. Fulfilment costs are expected to remain high in the next quarter when demand is expected to remain weak, while the measures that have now been taken to reduce items held in inventory are not expected to have their greatest effect until the 2023 outdoor season, meaning during the second and third quarter.

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. The majority of the operating units managed to maintain, or increase, their AOV during the quarter.

SG&A

Selling, general and administrative expenses (SG&A, defined as the difference between adjusted gross profit and adjusted EBITDA) amounted to SEK 583.2 million (546.6) for the quarter, corresponding to 18.8% (17.9) of net sales, and to SEK 1,898.9 million (1,600.3) for the first nine months of the year, corresponding to 18.8% (17.4) of net sales.

SG&A was primarily negatively impacted by high personnel-related costs, which have not yet been adapted to the current demand situation, as well as continued high costs for online marketing. As previously mentioned, work continues to cut costs by the equivalent of SEK 150–200 million on an annual basis, two thirds of which are expected to affect SG&A.

The turnaround in the trend during the second quarter, when the cost of traffic generation measured as Cost Per Click (CPC) began to decline, continued during the third quarter. On a pro-forma basis (meaning including the three acquisitions made in the last 12 months), the Group's cost for online marketing in relation to net sales declined compared with the corresponding quarter last year.

The increase in SG&A in relation to net sales was also the result of: 1) the continued high share of sales from proprietary brands, which requires a somewhat larger organisation and higher degree of online marketing, and 2) the fact that we are continuing to invest in our technology platform so that we can deliver growth combined with a high degree of customer satisfaction and increased customer loyalty. Customer satisfaction has also continued to improve significantly.

Earnings

The Group's adjusted EBIT amounted to SEK 47.8 million (164.5) for the quarter and SEK 344.2 million (626.3) for the first nine months of the year, corresponding to an adjusted EBIT margin of 1.5% (5.4) and 3.4% (6.8), respectively. Amortisation of tangible and intangible assets amounted to SEK 139.6 million (99.0) for the quarter, of which SEK 79.5 million (53.6) pertains to amortisation of lease assets, and SEK 395.4 million (256.1) for the first nine months of the year, of which SEK 222.0 million (141.7) pertains to amortisation of lease assets.

The previously announced impairment losses of SEK 374.6 million on the value of inventory have been recognised as an item affecting comparability for the quarter.

The Group's operating income amounted to SEK -361.5 million (123.0) for the quarter, corresponding to an operating margin of -11.6% (4.0), and SEK -140.1 million (553.1) for the first nine months of the year, corresponding to an operating margin of -1.4% (6.0).

Amortisation of acquisition-related intangible assets amounted to SEK 25.2 million (21.9) for the quarter and SEK 75.4 million (53.5) for the first nine months of the year. Amortisation pertained to identified surplus values related to customer relationships and customer databases in acquired companies. No impairment of goodwill or other assets was identified during the period, or in the corresponding period of the preceding year.

The Group's net financial items amounted to SEK 185.7 million (-33.1) for the quarter, which included reassessed earn-outs of SEK +213.2 million. Interest expenses for the quarter amounted to SEK -24.0 million, of which SEK -5.2 million related to lease liabilities in accordance with IFRS 16. The Group's net financial items amounted to SEK 302.1 million (-71.2) for the first nine months of the year, which included reassessed earn-outs of SEK +380.0 million. Interest expenses amounted to SEK -62.0 million, of which SEK -15.1 million related to lease liabilities in accordance with IFRS 16.

The Group reported a loss before tax of SEK -175.8 million (profit: 89.9) for the quarter and profit before tax of SEK 162.0 million (481.9) for the first nine months of the year. Net income totalled SEK -83.8 million (61.7) for the quarter and SEK 220.9 million (376.9) for the first nine months of the year. The effective tax rate was -52.4% (-31.3), corresponding to SEK 92.0 million (-28.1) for the quarter, and SEK 36.4% (-21.8), corresponding to SEK 58.9 million (-105.0) for the first nine months of the year. The effective tax rate is mainly due to non taxable income attributable to adjustments of earn outs, both for the quarter and the first nine months of the year.

Currency effects

The Group does not hedge currency exposure, except for Hafa Brand Group (formerly Hafa Bathroom Group), which was acquired in the second quarter of 2021.

Exchange-rate fluctuations, particularly the weak SEK, had a negative impact of SEK 9 million on operating income for the quarter.

Cash flow and financial position

Cash flow from operating activities was SEK -133.0 million (-232.0) for the quarter and SEK -173.1 million (223.6) for the first nine months of the year. Cash flow from operating activities for the period was primarily driven by the Group's EBITDA as well as a negative impact from changes in working capital. The negative development in working capital is a result of BHG's seasonal profile. Strong demand in the second quarter results in lower working capital due to high accounts payable, with an inverse effect in the third quarter based on an outflow of VAT and supplier payments. Cash flow from changes in inventory was SEK 103.4 million (-221.3) for the quarter and SEK -593.5 million (-554.5) for the first nine months of the year. Measures that have been taken to reduce items held in inventory, thereby improving cash flow, are not expected to have their greatest effect until the 2023 outdoor season, meaning during the second and third quarter.

Cash conversion (cash flow from operating activities in relation to adjusted EBITDA) was -90.0% (-104.2) for the quarter and -17.7% (21.8) for the first nine months of the year.

The Group's cash flow to investing activities amounted to SEK -83.3 million (-1,016.2) for the quarter and SEK -396.7 million (-1,793.9) for the first nine months of the year. During the period, this was mainly attributable to disbursements for contingent considerations and liabilities for non-controlling interests related to acquisitions in previous periods as well as IT investments related to technology platforms and logistics solutions.

Cash flow from financing activities amounted to SEK 392.9 million (933.9) for the quarter and SEK 990.3 million (1,943.3) for the first nine months of the year and was primarily attributable to the drawdown of revolving credit facilities during the period.

The Group's cash and cash equivalents at the end of the reporting period, compared with the beginning of the year, amounted to SEK 692.3 million (273.5).

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 2,129.8 million at the end of the period, compared with SEK 2,251.3 million at the beginning of the year, corresponding to net debt in relation to LTM adjusted EBITDA of 3.43x, which is outside the range of the Group's medium-term capital structure target.

Previously announced measures to improve profitability and cash flow are expected to lead to a positive earnings and cash-flow performance, and constitute a first step in future-proofing BHG for future profitable growth. Moreover, renegotiated loan terms provide the scope to act using a long-term approach.

The Group's unutilised credit facilities amounted to SEK 500.0 million at the end of the period, compared with SEK 800.0 million at the beginning of the year.

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 is to be achieved by combining organic growth at least in line with the market, which is expected to grow by approximately 15% per year over a business cycle, with acquisitions, which are expected to add 5–10 percentage points of growth per year. The combination of organic and inorganic initiatives is expected to translate into growth in the range of 20–25% per year.

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 an 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.

FURNITURE1 EU
GRILLIKAUPPA.COM
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BILJARD BOLAGET
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golvpoolen
taloon.com
RINKKA
Wigglekart.se
Duab
berry
PAISTA
Nordiska Fönster
Hemma KOMPANIET.se
BADSHOP.se
Chilli.se
trademax.se
vitvaruexperten.com
VIKING
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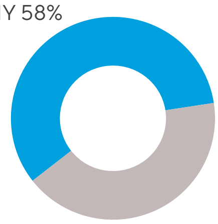
NORDIC PROSTORE.com

A selection of our brands.

DIY segment

- The segment furthered its leading Nordic position during the quarter, despite a challenging market. Customer satisfaction also improved
- The segment's net sales, including completed acquisitions, of which HYMA was by far the largest, decreased by -2.8% for the quarter. Organic growth was -8.7% and pro-forma organic growth was -8.2%. For the first nine months of the year, the segment's net sales increased 6.3%, of which organic growth was -6.5% and pro-forma organic growth was -5.8%
- The adjusted gross margin amounted to SEK 21.4% (23.3) for the quarter and SEK 22.6% (24.7) for the first nine months of the year
- Adjusted EBIT amounted to SEK 47.9 million (129.5) for the quarter and SEK 231.6 million (467.0) for the first nine months of the year, corresponding to an adjusted EBIT margin of 2.6% (7.0) and 4.0% (8.6), respectively. The adjusted EBIT margin was negatively affected during the quarter by price pressure in the market due to weak demand, continued high fulfilment costs and rising costs for last mile shipments as well as SG&A, which was in turn negatively affected, primarily by high personnel-related costs that have not yet been adapted to the current demand situation as well as continued high costs for online marketing. The weak SEK exchange rate also had a negative impact on profitability

Net sales by segment, Jul-Sep 2022



	Jul-Sep			Jan-Sep			Jan-Dec
SEKm (if not otherwise stated)	2022	2021	Δ%	2022	2021	Δ%	2021
Net sales	1,809.7	1,862.0	-2.8	5,779.3	5,436.5	6.3	7,259.6
Gross profit	186.1	433.6	-57.1	1,103.2	1,344.5	-17.9	1,764.3
Gross margin (%)	10.3	23.3	-13.0 p.p.	19.1	24.7	-5.6 p.p.	24.3
Adjusted gross profit	386.8	433.6	-10.8	1,303.9	1,344.5	-3.0	1,764.3
Adjusted gross margin (%)	21.4	23.3	-1.9 p.p.	22.6	24.7	-2.2 p.p.	24.3
Adjusted EBITDA	100.1	162.1	-38.3	372.5	552.1	-32.5	681.7
Adjusted EBITDA margin (%)	5.5	8.7	-3.2 p.p.	6.4	10.2	-3.7 p.p.	9.4
Adjusted EBIT	47.9	129.5	-63.0	231.6	467.0	-50.4	560.7
Adjusted EBIT margin (%)	2.6	7.0	-4.3 p.p.	4.0	8.6	-4.6 p.p.	7.7
Operating income	-167.6	116.7	-243.6	-15.5	437.8	-103.5	516.6
Operating margin (%)	-9.3	6.3	-15.5 p.p.	-0.3	8.1	-8.3 p.p.	7.1
Net profit for the period	46.6	67.2	-30.6	278.2	305.5	-8.9	216.4
Visits (thousands)	36,498	41,309	-11.6	117,069	129,595	-9.7	165,984
Orders (thousands)	583	587	-0.7	1,789	1,721	3.9	2,373
Conversion rate (%)	1.6	1.4	0.2 p.p.	1.5	1.3	0.2 p.p.	1.4
Average order value (SEK)	3,077	3,065	0.4	3,318	3,278	1.2	3,116

COMMENTS ON THE DIY SEGMENT

The segment increased its market share in what we assess a deteriorating market. The segment thus strengthened its leading Nordic position despite weak demand. The focus is on:

- Reducing inventory levels and making fulfilment more efficient in order to free up cash flow and adjust purchase volumes going forward.
- Improving profitability by adjusting fixed costs in order to adapt the operation to weaker demand for some time to come.
- Fully leveraging the product range through all relevant sales channels, an initiative supported by the Group's proprietary system for exchanging product information, and continuing to drive geographic expansion for the operations with strong positions in their home markets.
- Grouping the segment's operations around a smaller number of business units with shared technology platforms, warehouses and organisation in order to maintain a competitive cost structure.

The upgraded version of our customer data platform continued to be rolled out on the Swedish platform, after a launch was completed in the Finnish DIY operations during the previous quarter.

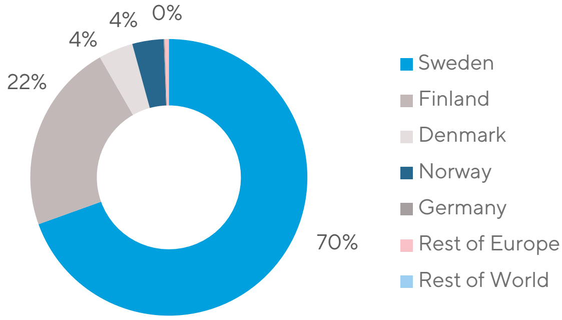
The DIY segment accounted for 58% of the Group's total net sales for the quarter and 57% for the first nine months of the year. Net sales decreased -2.8% to SEK 1,809.7 million (1,862.0) for the quarter and increased 6.3% to SEK 5,779.3 million (5,436.5) for the first nine months of the year.

Price adjustments that were made could not fully compensate for high shipping, product, fulfilment and traffic generation costs as well as negative currency fluctuations due to tough campaign pressure in the market.

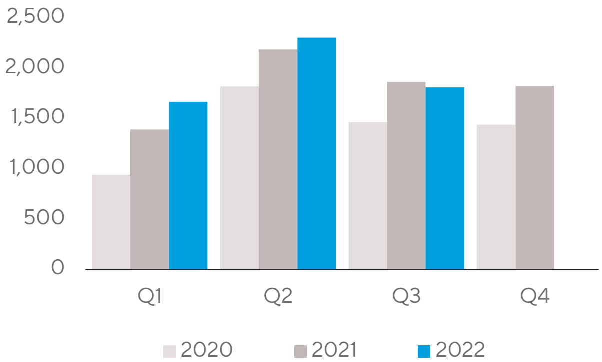
Similarly to last quarter, the adjusted EBIT margin deteriorated particularly in the part of the Group's operations focused on proprietary brands. This market is more fragmented than the market for external brands, and the large number of smaller competitors that operate in this market have run aggressive campaigns, likely with the aim of bringing down high inventory levels and freeing up cash flow.

Adjusted EBIT amounted to SEK 47.9 million (129.5) for the quarter and SEK 231.6 million (467.0) for the first nine months of the year, corresponding to an adjusted EBIT margin of 2.6% (7.0) and 4.0% (8.6), respectively.

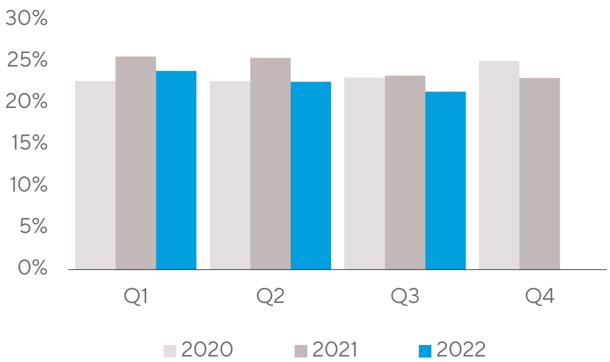
Distribution of net sales by country (%), Jul-Sep 2022



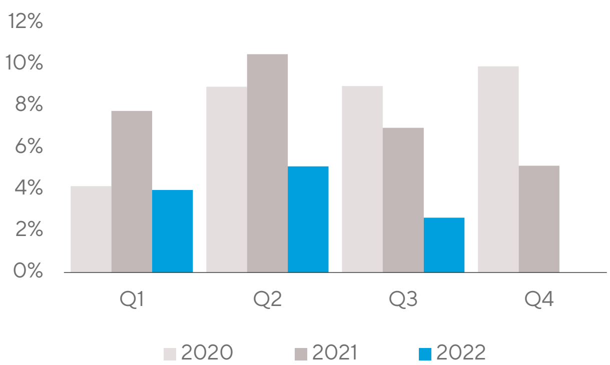
Net sales (SEKm)



Adjusted gross margin (%)



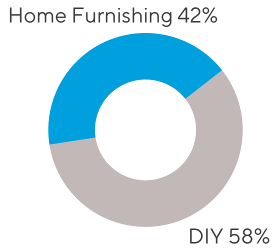
Adjusted EBIT margin (%)



Home Furnishing segment

- The market was characterised by weaker demand and higher competitive pressure during the quarter
- Total growth was 8.1% for the quarter, primarily driven by the addition of AH-Trading, and 16.1% for the first nine months of the year. The segment's organic growth was 0.0% for the quarter and -2.2% for the first nine months of the year, while pro-forma organic growth was -4.9% for the quarter and -2.0% for the first nine months of the year
- The adjusted gross margin amounted to SEK 27.6% (29.4) for the quarter and SEK 28.8% (28.9) for the first nine months of the year. Weak demand and high competitive pressure contributed to the weaker gross margin for the quarter. Work is under way to actively reduce inventory handling costs and make handling more efficient
- Adjusted EBIT amounted to SEK 13.9 million (48.5) for the quarter and SEK 153.9 million (217.6) for the first nine months of the year, corresponding to an adjusted EBIT margin of 1.1% (4.0) and 3.5% (5.8), respectively. The EBIT margin was primarily negatively impacted by the weaker gross margin and SG&A due to high personnel-related costs, which have not yet been adapted to the current demand situation, as well as the weak SEK exchange rate. Extensive measures are being implemented to adjust fixed costs

Net sales by segment, Jul-Sep 2022



	Jul-Sep			Jan-Sep			Jan-Dec
SEKm (if not otherwise stated)	2022	2021	Δ%	2022	2021	Δ%	2021
Net sales	1,303.6	1,205.9	8.1	4,377.3	3,769.6	16.1	5,442.8
Gross profit	186.1	354.9	-47.6	1,087.3	1,089.3	-0.2	1,597.7
Gross margin (%)	14.3	29.4	-15.2 p.p.	24.8	28.9	-4.1 p.p.	29.4
Adjusted gross profit	360.0	354.9	1.4	1,261.2	1,089.3	15.8	1,597.7
Adjusted gross margin (%)	27.6	29.4	-1.8 p.p.	28.8	28.9	-0.1 p.p.	29.4
Adjusted EBITDA	76.3	92.7	-17.7	332.1	334.5	-0.7	494.0
Adjusted EBITDA margin (%)	5.9	7.7	-1.8 p.p.	7.6	8.9	-1.3 p.p.	9.1
Adjusted EBIT	13.9	48.5	-71.4	153.9	217.6	-29.3	324.0
Adjusted EBITmargin (%)	1.1	4.0	-3.0 p.p.	3.5	5.8	-2.3 p.p.	6.0
Operating income	-171.4	39.4	-534.5	-53.3	193.2	-127.6	289.4
Operating margin (%)	-13.1	3.3	-16.4 p.p.	-1.2	5.1	-6.3 p.p.	5.3
Net profit for the period	-117.5	17.2	-781.9	49.4	120.1	-58.8	182.9
Visits (thousands)	44,553	53,401	-16.6	155,298	175,499	-11.5	245,312
Orders (thousands)	581	595	-2.4	1,854	1,882	-1.5	2,874
Conversion rate (%)	1.3	1.1	0.2 p.p.	1.2	1.1	0.1 p.p.	1.2
Average order value (SEK)	2,370	2,032	16.7	2,367	1,974	19.9	1,880

COMMENTS ON THE HOME FURNISHING SEGMENT

During the quarter, the home furnishing market was characterised by weak demand and tough competitive pressure, not least for seasonal categories such as outdoor furniture, which saw intensive campaigns.

The segment's premium business performed well, as did the Eastern European furniture platform. Both of these operations have industry-leading customer satisfaction and cover a large number of geographic markets.

The value-for-money platform operated in a challenging market during the quarter. Generally weaker demand and high inventory levels in the market contributed to the negative volume trend. The weak demand and high competitive pressure put pressure on the gross margin since it was difficult to raise prices. Extensive cost measures have been launched to adjust cost levels to the weaker demand.

The focus continues to be on:

- Driving geographic growth, primarily through Nordic Nest and the Eastern European furniture platform.
- Continually optimising pricing, campaign and marketing strategies in the value-for-money platform, while adjusting the cost base in order to be prepared for continued weak demand.
- Reducing inventory levels and making fulfilment more efficient in order to free up cash flow, and optimising the cost base by maximising product assortment exchange among relevant BHG units and adjusting purchase volumes going forward. Implementation of Nordic Nest's warehouse automation solution is proceeding according to plan, with start-up planned during the fourth quarter.
- Grouping the segment's operations around a smaller number of business units when it comes to technology platforms, warehouses and organisation in order to maintain a competitive cost structure. The integration of Svensson i Lammhult into the Nordic Nest platform was completed during the quarter.

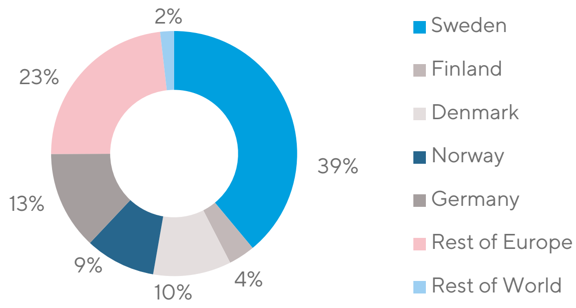
These initiatives are supported by investments in the technology platform, and their ultimate aim is to drive a lower cost structure and make it possible to retain price leadership, while improving profitability and customer satisfaction.

Net sales in the Home Furnishing segment accounted for 42% of the Group's total net sales for the quarter and 43% for the first nine months of the year. Net sales increased 8.1% to SEK 1,303.6 million (1,205.9) for the quarter and 16.1% to SEK 4,377.3 million (3,769.6) for the first nine months of the year.

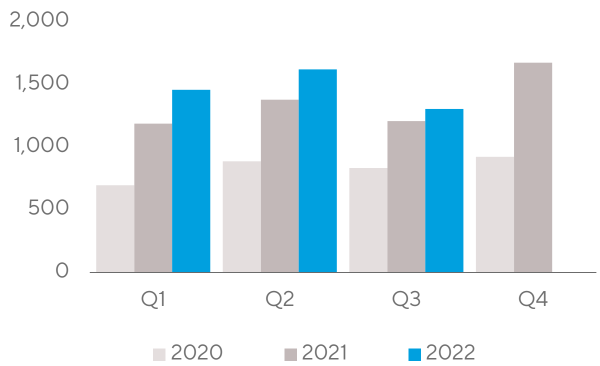
Adjusted EBIT amounted to SEK 13.9 million (48.5) for the quarter and SEK 153.9 million (217.6) for the first nine months of the year, corresponding to an adjusted EBIT margin of 1.1% (4.0) and 3.5% (5.8), respectively.

From having almost exclusively focused on the Nordic markets until 2018, the segment has since successfully established a rapidly growing presence in continental Europe. Sales to customers from countries outside the Nordic region accounted for 38% of sales for the segment during the third quarter.

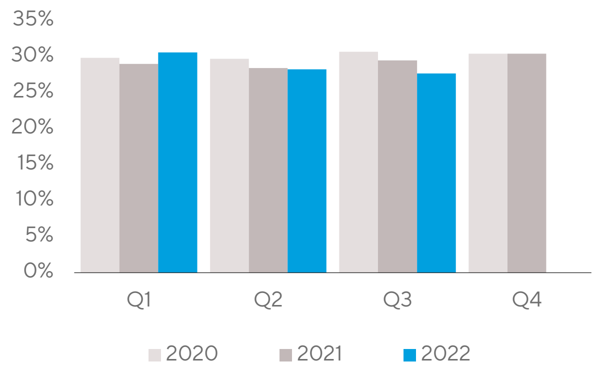
Distribution of net sales by country (%), Jul-Sep 2022



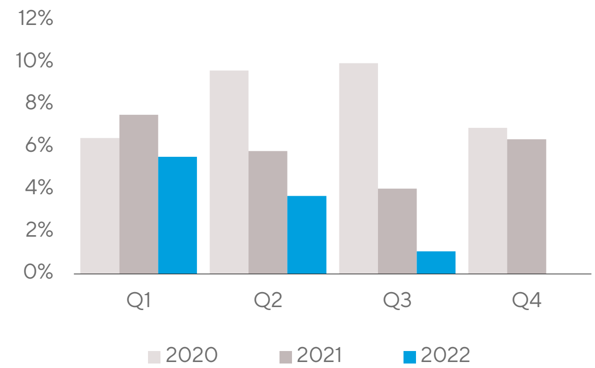
Net sales (SEKm)



Adjusted gross margin (%)



Adjusted EBIT margin (%)



Polarpumpen in the spotlight

Polarpumpen specialises in heat pumps and installation. During autumn 2022, rising electricity prices and inflation contributed to the highest demand for heat pumps in Polarpumpen's history. This is a large but gratifying challenge to face. Helping customers conserve energy has always been part of Polarpumpen's concept, which is now more relevant than ever.

THE HOBBY PROJECT THAT BECAME A SUCCESS STORY

Polarpumpen began in 2007 as a small-scale project aimed at selling heat pumps online at a low price. Demand quickly proved to be high, and the concept matched an existing need in the market. Buying a heat pump for a private individual is a relatively complex purchase, and there was a demand for installation service to go with the purchase, which became part of the customer offering. The company grew rapidly, transforming from a "hobby project" to the largest retailer of air heat pumps in the country.

Polarpumpen has been part of BHG Group since 2017, and its journey of growth has been steady, with an expanded range of heat pumps as well as proprietary brands. However, its core business – selling heat pumps and installation – has remained the same during the entire journey.

A PARTNERSHIP WITH IKEA

A partnership with IKEA was launched at the beginning of autumn 2022 as demand for the products rose. IKEA is particular in its choice of partners, and for Polarpumpen this is a seal of approval that means excellent opportunities in the future. Under the partnership, when IKEA's customers need an air heat pump, they are directed to Polarpumpen's website, where they can either get help from Polarpumpen's salespeople or place an order directly.

WE DO IT FOR YOU

Polarpumpen is unique within BHG's, since the company primarily sells products combined with installation. One of the company's cornerstones is developing turnkey solutions, where the product, installation, additional services and accessories can be combined in different ways to meet the individual customer's needs.

The specialist expertise that Polarpumpen offers its customers is another cornerstone. The company's motto "We provide the right solution for your needs" summarises the importance of being attentive to what customers actually need. A typical Polarpumpen customer visits the website several times and considers their decision carefully. Not many people shop spontaneously for a heat pump just for fun. This means that Polarpumpen needs to find its own path when it comes to marketing and e-commerce. Customers can increase their knowledge about the products thanks to an array of information and instructional videos. For customers who want assistance in finding the right solution, it is possible to speak with knowledgeable advisors. Having skilled employees in all positions in the company is one of the most important tools for building and maintaining customer satisfaction and thereby ensuring the company's future growth.

A NEW ONLINE STORE

Today, Polarpumpen uses the same platforms as Bygghemma Sweden, which creates synergies in work methods, exchanging personnel and savings on technical development. This has been an intensive project that the company is now beginning to reap the advantages of.

THE FUTURE

Demand for heat pumps remains high, and the need for energy-efficient heating continues to be of great importance to household budgets. The challenge going forward is to get hold of products in the face of competing demand in the rest of Europe.

Other

THE BHG SHARE

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

The share price at the beginning of the year was SEK 95.6. On the last day of trading in the period, the share price was SEK 14.4. The highest price paid, quoted in January, was SEK 100.9, and the lowest price paid, quoted in September, was SEK 12.9.

During the period, 191,679,697 BHG shares were traded, equivalent to a turnover rate of 139%.

As of 30 September, BHG had approximately 12,300 shareholders, of which the largest were EQT (25.2%), Ferd AS (10.2%), Capital Group (4.8%), Handelsbanken Fonder (3.3%) and Vitruvian Partners (3.2%).

As of 30 September 2022, the number of shares issued was 140,209,173, all of which were ordinary shares.

Change in number of shares

On 4 May 2022, BHG Group AB carried out a directed issue of 16,393,443 shares at a subscription price of SEK 61 per share, generating proceeds for the Group of SEK 989.4 million after a deduction for transaction costs of SEK 10.6 million.

After the directed issue, the total number of shares outstanding in BHG Group AB amounted to 140,209,173.

PARENT COMPANY

The Parent Company's net sales amounted to SEK 1.9 million (0.8) for the quarter and SEK 5.7 million (1.8) for the first nine months of the year. The Parent Company posted an operating loss of SEK -20.1 million (-31.0) for the quarter and SEK -65.1 million (-74.7) for the first nine months of the year. Outstanding incentive programmes were charged to Parent Company earnings for the quarter in an amount of SEK -0.5 million (-1.3). The Parent Company's cash and cash equivalents totalled SEK 13.2 million at the end of the reporting period, compared with SEK 0.0 million at the beginning of the year.

Malmö, 27 October 2022

Gustaf Öhrn
Acting President and CEO

BHG Group AB (publ)
Hans Michelsensgatan 9
SE-211 20 Malmö, Sweden
Corporate registration number: 559077-0763

The information was submitted for publication, through the agency of the contact persons set out below, at 7:00 a.m. CEST on 27 October 2022.

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CONFERENCE CALL IN CONNECTION WITH PUBLICATION OF THE INTERIM REPORT

Gustaf Öhrn, Acting President and CEO, and Jesper Flemme, CFO, will hold a conference call at 10:00 a.m. on Thursday 27 October in connection with the publication of the interim report. The call will be held in English. To participate, please call
+46850516386 (PIN 0351698#) or visit https://ir.financialhearings.com/bhg-q3-2022.
The presentation will be available from the Group's website:
https://www.wearebhg.com/investors/presentations/.

INTERIM REPORTS ON WWW.WEAREBHG.COM

The full interim report for the period January-September 2022 and previous interim and year-end reports are available at https://www.wearebhg.com/investors/financial-reports/

FINANCIAL CALENDAR

27 January 2023	Year-end report January-December 2022
27 April 2023	Interim report January-March 2023
3 May 2023	Annual General Meeting (Malmö)
20 July 2023	Interim report January-June 2023
26 October 2023	Interim report January-September 2023
26 January 2024	Year-end report January-December 2023

Auditor’s report

BHG Group AB. reg. no. 559077-0763

INTRODUCTION
We have reviewed the condensed interim financial information (interim report) of BHG Group AB (publ) as of 30 September 2022 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

SCOPE OF REVIEW
We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION
Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Malmö, 27 October 2022

Öhrlings PricewaterhouseCoopers AB

Eva Carlsvi
Authorized Public Accountant
Auditor in charge

Vicky Johansson
Authorized Public Accountant

Condensed consolidated income statement

	Jul-Sep		Jan-Sep		Jan-Dec
SEKm	2022	2021	2022	2021	2021
Net sales	3,106.7	3,060.5	10,125.7	9,178.8	12,666.0
Other operating income	2.6	0.7	17.1	1.3	15.6
Total net sales	**3,109.3**	**3,061.2**	**10,142.8**	**9,180.2**	**12,681.6**
Cost of goods sold	-2,735.2	-2,272.3	-7,937.0	-6,749.7	-9,308.9
Personnel costs	-264.6	-237.8	-835.5	-700.0	-981.7
Other external costs and operating expenses	-330.4	-326.4	-1,108.7	-914.8	-1,304.0
Other operating expenses	-0.9	-2.6	-6.4	-6.6	-5.0
Depreciation and amortisation of tangible and intangible fixed assets	-139.6	-99.0	-395.4	-256.1	-371.5
Operating income	**-361.5**	**123.0**	**-140.1**	**553.1**	**710.6**
Profit/loss from financial items	185.7	-33.1	302.1	-71.2	-79.7
Profit before tax	**-175.8**	**89.8**	**162.0**	**481.9**	**630.9**
Income tax	92.0	-28.1	58.9	-105.0	-140.1
Profit for the period	**-83.8**	**61.7**	**220.9**	**376.9**	**490.8**
Attributable to:					
Equity holders of the parent	-87.1	61.0	213.7	370.4	480.9
Non-controlling interest	3.4	0.7	7.2	6.5	9.9
Net income for the period	**-83.8**	**61.7**	**220.9**	**376.9**	**490.8**
Earnings per share before dilution, SEK	-0.62	0.50	1.61	3.09	3.97
Earnings per share after dilution, SEK	-0.62	0.49	1.61	3.05	3.94

* 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 3,602,006 (3,847,532) warrants outstanding, of which 0 (1,054,065) had a dilution effect during the quarter and 0 (1,550,465) had a dilution effect during the first nine months of the year. There was still a certain dilution effect during the first nine months of the year as a result of the warrants in LTIP II that were outstanding during parts of the period. However, none of the warrants in LTIP II were outstanding as of 30 September 2022 when the programme expired during the third quarter of the year.

Condensed consolidated statement of comprehensive income

	Jul-Sep		Jan-Sep		Jan-Dec
SEKm	2022	2021	2022	2021	2021
Profit for the period	-83.8	61.7	220.9	376.9	490.8
Other comprehensive income					
Items that subsequently could be reclassified to profit or loss					
Translation differences for the period	27.3	5.6	79.5	12.3	18.3
Other comprehensive income for the period	**27.3**	**5.6**	**79.5**	**12.3**	**18.3**
Total comprehensive income for the period	**-56.4**	**67.3**	**300.4**	**389.2**	**509.1**
Total comprehensive income attributable to:					
Parent Company shareholders	-60.9	66.3	290.1	382.0	498.5
Non-controlling interest	4.5	1.0	10.3	7.1	10.6
Total comprehensive income for the period	**-56.4**	**67.3**	**300.4**	**389.2**	**509.1**
Shares outstanding at period's end	**140,209,173**	**123,815,730**	**140,209,173**	**123,815,730**	**123,815,730**
Average number of shares					
Before dilution	140,209,173	122,905,605	132,402,772	120,032,939	120,986,410
After dilution	140,209,173	122,959,671	132,651,149	121,583,404	122,143,798

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

Condensed consolidated statement of financial position

	30 Sep		31 dec
SEKm	2022	2021	2021
Non-current assets			
Goodwill	6,460.7	6,403.3	6,318.7
Other intangible fixed assets	2,903.0	2,901.6	2,893.3
Total intangible fixed assets	**9,363.7**	**9,304.9**	**9,212.0**
Buildings and land	21.8	31.8	21.9
Leased fixed assets	893.8	754.4	893.3
Tangible fixed assets	138.8	109.6	136.3
Financial fixed assets	12.8	13.0	13.1
Deferred tax asset	116.3	23.5	26.4
Total fixed assets	**10,547.2**	**10,237.2**	**10,302.9**
Current assets			
Inventories	2,704.6	2,088.2	2,431.5
Current receivables	689.9	570.7	604.4
Cash and cash equivalents	692.3	677.4	273.5
Total current assets	**4,086.8**	**3,336.4**	**3,309.4**
Total assets	**14,634.0**	**13,573.5**	**13,612.3**
Equity			
Equity attributable to owners of the parent	6,725.2	5,166.8	5,211.9
Non-controlling interest	50.4	42.9	44.4
Total equity	**6,775.6**	**5,209.7**	**5,256.3**
Non-current liabilities			
Deferred tax liability	629.6	618.6	636.7
Other provisions	32.0	31.8	43.2
Non-current interest-bearing liabilites to credit institutions	2,816.9	2,523.2	2,517.2
Non-current lease liabilities	571.2	523.4	622.0
Non-current acquistion related interest-bearing liabilities	1,011.6	2,059.3	1,883.5
Total non-current liabilities	**5,061.3**	**5,756.3**	**5,702.6**
Current liabilities			
Current lease liabilities	301.5	224.5	256.7
Current acquistion related interest-bearing liabilities	386.7	97.4	238.1
Other current liabilities	2,108.9	2,285.6	2,158.6
Total current liabilities	**2,797.1**	**2,607.5**	**2,653.4**
Total equity and liabilities	**14,634.0**	**13,573.5**	**13,612.3**

Condensed consolidated statement of cash flows

	Jul-Sep		Jan-Sep		Jan-Dec
SEKm	2022	2021	2022	2021	2021
EBITDA	-221.2	221.9	255.5	809.3	1,081.2
Adjustments for items not included in cash flow	382.3	0.6	379.6	17.8	2.4
Income tax paid	-27.9	-24.0	-195.3	-79.5	-105.6
Cash flow from operating activities before changes in working capital	**133.3**	**198.5**	**439.8**	**747.5**	**978.1**
Changes in working capital	-266.2	-430.5	-612.8	-523.9	-1,005.7
Cash flow from operating activites	**-133.0**	**-232.0**	**-173.1**	**223.6**	**-27.6**
Investments in operations	-43.4	-908.3	-254.3	-1,607.5	-1,610.9
Redemption of loan to seller upon acquisition of operations	-	-65.0	-6.9	-65.0	-65.0
Investments in other non-current assets	-41.5	-43.6	-140.0	-122.6	-193.7
Divestment of operations	-	0.0	0.6	0.0	-0.0
Divestment of other tangible fixed assets	0.6	0.5	1.5	0.8	12.4
Received interest	0.9	0.2	2.3	0.4	1.8
Cash flow to/from investing activities	**-83.3**	**-1,016.2**	**-396.7**	**-1,793.9**	**-1,855.4**
New share issue	-0.6	-	988.8	1,715.0	1,719.4
Loans taken*	500.0	1,000.0	800.0	2,650.1	2,650.1
Amortisation of loans	-82.2	-53.6	-732.6	-2,402.8	-2,479.6
Issue of warrants	0.9	-	1.0	20.7	21.6
Interest paid	-25.2	-12.4	-64.7	-39.9	-54.8
Dividend	-	-0.0	-	0.0	0.0
Dividends to non-controlling interests	-	-	-2.1	-	-5.1
Cash flow to/from financing activities	**392.9**	**933.9**	**990.3**	**1,943.3**	**1,851.7**
Cash flow for the period	**176.6**	**-314.4**	**420.5**	**373.0**	**-31.2**
Cash and cash equivalents at the beginning of the period	**519.9**	**990.8**	**273.5**	**299.0**	**299.0**
Translation differences in cash and cash equivalents	-4.2	1.0	-1.7	5.5	5.8
Cash and cash equivalents at the end of the period	**692.3**	**677.4**	**692.3**	**677.4**	**273.5**

* Cash flow from interest-bearing loans raised is recognised for full-year 2021 after deductions for transaction expenses of SEK 9.9 million.

Condensed consolidated statement of changes in equity

	30 Sep		31 dec
SEKm	2022	2021	2021
Opening balance	**5,256.3**	**2,823.0**	**2,823.0**
Comprehensive income for the period	300.4	389.2	509.1
New share issue to non-controlling interests*	22.5	-	-
New share issues**	988.8	2,119.3	2,123.7
Issue of warrants	7.1	14.5	17.5
Dividends to non-controlling interests	-12.6	-	-5.1
Remeasurement of liabilities to non-controlling interests	213.1	-136.2	-211.9
Closing balance	**6,775.6**	**5,209.7**	**5,256.3**

* In connection with the acquisition of Hemmy AB, the subsidiary VVEX Group AB issued shares to the seller as part of the purchase consideration.

** The proceeds from the new issue are recognised net after a deduction for transaction costs of SEK 14.1 million (21.4) for the first nine months of the year, and SEK 21.4 million for full-year 2021, respectively, as well as a tax effect of SEK -2.9 million (-4.4) for the first nine months of the year and SEK -4.4 million for full-year 2021, respectively.

Notes

NOTE 1 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 2021 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 32–36 of this report. The interim information on pages 1–18 is an integrated part of this financial report.

NOTE 2 SEASONAL VARIATIONS

The Group's operations are impacted by seasonal variations' effect on demand, especially for building products and outdoor furniture. Due to the effect of weather on demand, the Group's sales and cash flow are usually highest in the second quarter. The third and fourth quarters are generally equal in terms of sales, with demand in the third quarter is affected by 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.

NOTE 3 SEGMENTS

	Jul-Sep		Jan-Sep		Jan-Dec
SEKm	2022	2021	2022	2021	2021
Net sales					
DIY	1,809.7	1,862.0	5,779.3	5,436.5	7,259.6
Home Furnishing	1,303.6	1,205.9	4,377.3	3,769.6	5,442.8
Total net sales	**3,113.4**	**3,067.9**	**10,156.6**	**9,206.2**	**12,702.4**
Other*	7.0	5.4	21.5	17.3	24.9
Eliminations	-13.7	-12.8	-52.3	-44.6	-61.3
Group consolidated total	**3,106.7**	**3,060.5**	**10,125.7**	**9,178.8**	**12,666.0**
Revenue from other segments					
DIY	2.3	1.5	7.5	8.3	9.8
Home Furnishing	4.3	6.0	23.4	19.1	26.6
Other*	7.0	5.4	21.5	17.3	24.9
Total	**13.7**	**12.8**	**52.3**	**44.6**	**61.3**

	Jul-Sep		Jan-Sep		Jan-Dec
SEKm	2022	2021	2022	2021	2021
Operating income and profit before tax					
DIY	-167.6	116.7	-15.5	437.8	516.6
Home Furnishing	-171.4	39.4	-53.3	193.2	289.4
Total operating income	**-339.0**	**156.1**	**-68.9**	**631.0**	**806.0**
Other*	-22.5	-33.2	-71.3	-77.9	-95.4
Group consolidated operating income	**-361.5**	**123.0**	**-140.1**	**553.1**	**710.6**
Financial net	185.7	-33.1	302.1	-71.2	-79.7
Group consolidated profit before tax	**-175.8**	**89.8**	**162.0**	**481.9**	**630.9**

* 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.

SEKm	Jul-Sep 2022 DIY	Home Furnishing	Other	Elim-ination	Group	Jan-Sep 2022 DIY	Home Furnishing	Other	Elim-ination	Group
Sweden	1,257.7	508.2	7.0	-12.4	1,760.5	4,069.8	1,721.7	21.5	-47.3	5,765.6
Finland	402.0	45.5	-	-0.3	447.2	1,204.3	142.1	-	-0.3	1,346.2
Denmark	73.0	133.8	-	-	206.8	251.7	429.0	-	-	680.6
Norway	66.4	120.6	-	-	187.0	208.8	379.7	-	-	588.4
Germany	2.2	168.9	-	-	171.1	12.7	700.8	-	-	713.5
Rest of Europe	8.4	302.8	-	-1.1	310.2	32.0	919.5	-	-4.8	946.8
Rest of World	-	23.8	-	-	23.8	-	84.6	-	-	84.6
Net sales	**1,809.7**	**1,303.6**	**7.0**	**-13.7**	**3,106.7**	**5,779.3**	**4,377.3**	**21.5**	**-52.3**	**10,125.7**

SEKm	Jul-Sep 2021 DIY	Home Furnishing	Other	Elim-ination	Group	Jan-Sep 2021 DIY	Home Furnishing	Other	Eliminati on	Group
Sweden	1,283.2	535.3	5.4	-11.6	1,812.3	3,632.8	1,675.0	17.3	-36.9	5,288.1
Finland	418.3	44.1	-	-0.0	462.4	1,231.9	134.4	-	-3.5	1,362.9
Denmark	79.8	152.0	-	-	231.8	328.0	499.6	-	-	827.6
Norway	62.3	108.8	-	-	171.1	202.7	360.5	-	-	563.3
Rest of Europe	18.5	337.7	-	-1.2	354.9	41.1	1,010.3	-	-4.2	1,047.2
Rest of World	-	28.0	-	-	28.0	-	89.7	-	-	89.7
Net sales	**1,862.0**	**1,205.9**	**5.4**	**-12.8**	**3,060.5**	**5,436.5**	**3,769.6**	**17.3**	**-44.6**	**9,178.8**

SEKm	Full-year 2021 DIY	Home Furnishing	Other	Elim-ination	Group
Sweden	4,943.1	2,363.2	24.9	-51.8	7,279.3
Finland	1,599.3	191.5	-	-3.5	1,787.4
Denmark	392.8	655.4	-	-	1,048.2
Norway	268.9	532.4	-	-	801.3
Rest of Europe	55.6	1,563.6	-	-6.1	1,613.1
Rest of World	-	136.7	-	-	136.7
Net sales	**7,259.6**	**5,442.8**	**24.9**	**-61.3**	**12,666.0**

NOTE 4 DISCLOSURES ON ACQUISITIONS

Acquisitions in 2022

- On 23 February, the Group announced that an agreement had been entered into to acquire up to 100% of the shares in Hemmy AB (Hemmy.se). Hemmy.se conducts online sales of consumer appliances, household appliances, and home and garden products in Sweden. The acquisition will broaden BHG's offering on Vitvaruexperten.com as well as on the Group's other relevant platforms. The acquisition will also enable further economies of scale in terms of purchasing, logistics and market strategies. Sales in 2021 amounted to SEK 103 million and EBIT to SEK -1.4 million. The acquisition is recognised in the DIY segment from 1 March.
- The operations of Ploß Europe GmbH were acquired on 2 May via an asset purchase acquisition. Ploß is a well-established outdoor furniture brand in the German market, with a broad range of teak and rattan furniture. The products are distributed to just over 750 retailers, and AH-Trading is an important customer. The acquisition is recognised in the Home Furnishing segment from 1 May.

	2022					
SEKm	**Net identifiable assets and liabilities**	**Goodwill**	**Purchase price**	**Cash and cash equivalents**	**Contingent/ deferred purchase price, vendor loans**	**Net cash flow**
Business combinations during 2022						
Acqusition of shares in Hemmy AB	8.0	76.0	**84.1**	0.5	62.7	**-20.8**
Acqusition of assets in Ploß Europe GmbH	15.7	-	**15.7**	0.7	-	**-15.0**
Acquisition of non-controlling interests						
Acquisition of shares in Camola ApS	-	-	**-**	-	-	**-12.0**
Acquisition of shares in Vitvaruexperten.com Nordic AB	-	-	**-**	-	-	**-3.9**
Acquisition of shares in Hemfint Kristianstad AB	-	-	**-**	-	-	**-60.1**
Acquisition of shares in IP-Agency Oy	-	-	**-**	-	-	**-6.6**
Acquisition of shares in Vitvarubolaget i Sundbyberg AB	-	-	**-**	-	-	**-4.4**
Contingent consideration						
Additional purchase price, Arredo Holding AB	-	-	**-**	-	-	**-0.9**
Additional purchase price, Edututor Oy	-	-	**-**	-	-	**-16.8**
Additional purchase price, Lindström & Sondén AB	-	-	**-**	-	-	**-12.0**
Additional purchase price, AH-Trading GmbH	-	-	**-**	-	-	**-62.9**
Additional purchase price, Designkupp AS	-	-	**-**	-	-	**-9.8**
Additional purchase price, Nordiska Fönster i Ängelholm AB	-	-	**-**	-	-	**-29.2**
	23.7	**76.0**	**99.8**	**1.3**	**62.7**	**-254.3**

Revenue and profit/loss for the period for acquired companies

Since the acquisition date, the acquisitions have contributed SEK 96.7 million to the Group's revenue and SEK 8.4 million to the Group's profit/loss after tax. If the acquisitions had been consolidated from the beginning of the financial year, they would have contributed SEK 121.3 million to the Group's revenue and SEK 6.7 million to the Group's profit/loss after tax.

NOTE 5 FAIR VALUE

Financial assets and financial liabilities measured at fair value in the consolidated statement of financial position comprise acquisition-related liabilities and currency forwards. The carrying amount for all financial assets and financial liabilities is deemed to be a reasonable approximation of the fair values of the items.

Acquisition-related interest-bearing liabilities

Acquisition-related interest-bearing liabilities pertain to contingent and deferred considerations attributable to the Group's acquisitions and liabilities to non-controlling interests. These 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 below shows the carrying amounts for the Group's acquisition-related interest-bearing liabilities.

SEKm	30 Sep 2022	30 Sep 2021	31 dec 2021
Reported value on the opening date	**2,121.7**	**1,023.3**	**1,023.3**
Recognition in profit or loss	-375.0	21.9	14.6
Recognised in equity	-170.7	144.8	221.5
Utilised amount	-218.6	-213.1	-216.5
Acquisition value at cost	40.9	1,179.9	1,078.8
Reported value on the closing date	**1,398.3**	**2,156.8**	**2,121.7**

Currency forwards

The Group recognises currency forwards at fair value, which as of 30 September 2022 was SEK 2.6 million (0.7), of which SEK 2.6 million (0.7) comprised assets and SEK 0.0 million (0.0) comprised liabilities for the Group. The currency forwards are measured based on a discount comprising the difference between the contracted forward rate and the actual forward rate for a currency forward maturing on the same date. This measurement is included in Level 2 of the valuation hierarchy.

NOTE 6 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

On 4 May 2022, BHG Group AB carried out a directed issue of 16,393,443 shares at a subscription price of SEK 61 per share, generating proceeds of SEK 988.8 million after a deduction for transaction costs.

NOTE 7 RISKS AND UNCERTAINTIES

There are several strategic, operational and financial risks and uncertainties 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.

During the past 12 months, the Group has strengthened its systems and processes in order to minimise risks related to cyber security.

For a more detailed description of the risks and uncertainties faced by the Group and the Parent Company, refer to Note 26 in the 2021 annual report. Apart from the risks described therein, the assessment is that there are no additional material risks.

NOTE 8 RUSSIA'S INVASION OF UKRAINE

The war is raging on the borders of the EU at the time this report is published. BHG has only insignificant exposure to Russia, Belarus and Ukraine in terms of sales to customers in these countries from the Group's e-commerce platforms. BHG furthermore has no subsidiaries in these countries, nor any significant direct exposure related to suppliers in Russia, Belarus or Ukraine.

However, we see a negative impact on the demand for the Group's products and consumers' optimism as a result of indirect impact of the war, such as higher energy prices, rising interest rates and increased inflation.

NOTE 9 CONSEQUENCES OF THE COVID-19 PANDEMIC

The Covid-19 pandemic led to consumers travelling less and spending more time at home. During the pandemic, consumers therefore chose 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 during the pandemic led to increased demand for BHG's products, resulting in high sales. The consequences of the Covid-19 pandemic have thus had a major impact on BHG's historic comparative figures. BHG's strong position in home improvement products online in the Nordics should continue to benefit the company going forward. We still consider it probable that the increased online penetration that has occurred during the pandemic will remain and, accordingly, that the market for BHG's products has become larger than before the pandemic.

BHG has had a close cooperation with its suppliers during the pandemic to ensure deliveries and expanded fulfilment to minimise the risk of goods shortages. However, the market has been impacted for some time by disruptions in the global logistics and supply chains in the wake of the pandemic, resulting in, for example, higher shipping costs. We expect certain bottlenecks to remain in 2022.

Now that the Covid-19 restrictions have been completely or partially lifted, the consumption of services that were not available during the pandemic has increased and demand for products has decreased. As a result, competition for customers in BHG's categories has intensified. As the largest online pure-play in the Nordic region, we have a strong position to navigate a more complicated supply and demand situation.

Condensed Parent Company income statement

SEKm	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Jan-Dec 2021
Net sales	1.9	0.8	5.7	1.8	2.6
Total net sales	**1.9**	**0.8**	**5.7**	**1.8**	**2.6**
Personnel cost	-16.4	-10.3	-41.0	-50.9	-63.1
Other external costs	-5.5	-21.4	-28.1	-25.4	-30.4
Other operating expenses	-	-	-1.5	-	-
Depreciation and amortisation of tangible and intangible fixed assets	-0.1	-0.1	-0.2	-0.2	-0.2
Operating income	**-20.1**	**-31.0**	**-65.1**	**-74.7**	**-91.1**
Profit/loss from financial items	4.1	7.2	15.3	10.9	18.0
Group contributions	-	-	-	-	76.0
Profit/loss before tax	**-16.0**	**-23.9**	**-49.8**	**-63.8**	**2.9**
Income tax	3.3	1.1	10.1	13.7	-4.7
Profit/loss for the period	**-12.7**	**-22.8**	**-39.7**	**-50.1**	**-1.8**

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

	30 Sep		31 dec
SEKm	2022	2021	2021
Non-current assets			
Other intangible fixed assets	0.8	0.6	0.8
Total intangible fixed assets	**0.8**	**0.6**	**0.8**
Participations in Group companies	3,678.3	3,678.3	3,678.3
Long-term receivables from Group companies	4,945.5	3,665.0	3,690.0
Total fixed assets	**8,624.6**	**7,343.9**	**7,369.1**
Current assets			
Short-term receivables	31.5	3.9	7.2
Short-term receivables from Group companies	61.4	29.9	124.2
Cash and cash equivalents	13.2	47.9	-
Total current assets	**106.0**	**81.8**	**131.3**
Total assets	**8,730.5**	**7,425.7**	**7,500.4**
Equity			
Restricted equity	4.2	3.7	3.7
Unrestriced equity	5,884.0	4,879.8	4,933.3
Total equity	**5,888.3**	**4,883.5**	**4,937.0**
Untaxed reserves	**28.6**	**28.6**	**28.6**
Non-current interest-bearing liabilites to credit institutions	2,794.8	2,491.5	2,492.3
Total non-current liabilities	**2,794.8**	**2,491.5**	**2,492.3**
Current liabilities			
Other current liabilities	18.9	22.1	42.5
Total current liabilities	**18.9**	**22.1**	**42.5**
Total equity and liabilities	**8,730.5**	**7,425.7**	**7,500.4**

Key ratios

	2022				2021				
	Q3	Q2	Q1	Jan-Sep	Q4	Q3	Q2	Q1	Jan-Dec
THE GROUP									
Net sales growth (%)	1.5	10.1	21.1	10.3	48.1	33.6	31.8	57.7	41.2
Organic growth (%)	-5.3	-8.1	0.6	-4.7	1.8	5.5	14.1	36.5	12.8
Proforma organic growth (%)	-6.8	-7.4	3.0	-4.2	9.3	10.2	16.8	42.7	17.9
Gross profit beofre direct selling costs (%)	37.3	37.6	39.7	38.1	39.5	38.3	39.0	39.7	39.1
Gross profit (%)	24.0	25.0	27.1	25.3	26.6	25.8	26.6	27.2	26.5
Adjusted EBIT (%)	1.5	4.2	4.3	3.4	5.3	5.4	7.8	7.2	6.4
Earnings per share before dilution, SEK	-0.62	1.44	0.89	1.61	0.93	0.50	1.63	0.97	3.97
Earnings per share after dilution, SEK	-0.62	1.43	0.88	1.61	0.92	0.49	1.62	0.96	3.94
Equity/assets ratio %	46.3	45.1	37.2	46.3	38.6	38.4	44.7	42.2	38.6
Net debt (+) / Net cash (-)	2,129.8	1,803.2	2,319.3	2,129.8	2,251.3	1,854.3	509.2	173.9	2,251.3
Cash flow from operating activites (SEKm)	-133.0	-161.8	121.7	-173.1	-251.2	-232.0	336.1	119.5	-27.6
Visits (thousands)	81,051	91,998	99,318	272,366	106,202	94,710	108,555	101,829	411,296
Orders (thousands)	1,164	1,265	1,214	3,642	1,644	1,182	1,276	1,145	5,247
Average order value (SEK)	2,724	3,019	2,747	2,834	2,093	2,545	2,808	2,416	2,439
DIY									
Net sales growth (%)	-2.8	5.4	20.0	6.3	26.7	27.2	20.1	47.6	28.2
Organic growth (%)	-8.7	-9.5	1.1	-6.5	2.3	10.1	14.9	44.8	15.4
Proforma organic growth (%)	-8.2	-9.2	2.4	-5.8	3.3	9.5	13.4	43.3	14.6
Gross profit beofre direct selling costs (%)	33.0	33.5	34.4	33.6	33.5	34.0	35.8	35.1	34.6
Gross profit (%)	21.4	22.6	23.9	22.6	23.0	23.3	25.4	25.6	24.3
Adjusted EBIT (%)	2.6	5.1	4.0	4.0	5.1	7.0	10.5	7.8	7.7
Visits (thousands)	36,498	41,822	38,749	117,069	36,389	41,309	50,349	37,936	165,984
Orders (thousands)	583	658	548	1,789	652	587	648	486	2,373
Average order value (SEK)	3,077	3,471	3,391	3,318	2,688	3,065	3,511	3,226	3,116
Home Furnishing									
Net sales growth (%)	8.1	17.4	22.8	16.1	81.3	44.6	55.6	70.6	63.1
Organic growth (%)	0.0	-6.0	0.1	-2.2	1.0	-2.4	12.3	25.4	8.2
Proforma organic growth (%)	-4.9	-4.7	4.1	-2.0	16.8	11.1	22.6	41.5	22.3
Gross profit beofre direct selling costs (%)	43.1	43.0	45.4	43.8	46.0	44.6	44.1	44.9	45.0
Gross profit (%)	27.6	28.2	30.5	28.8	30.4	29.4	28.4	28.9	29.4
Adjusted EBIT (%)	1.1	3.7	5.5	3.5	6.4	4.0	5.8	7.5	6.0
Visits (thousands)	44,553	50,176	60,569	155,298	69,813	53,401	58,205	63,893	245,312
Orders (thousands)	581	607	666	1,854	992	595	627	659	2,874
Average order value (SEK)	2,370	2,528	2,217	2,367	1,702	2,032	2,082	1,820	1,880

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. 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

Reconciliation between operating income & adjusted EBITDA

SEKm	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Jan-Dec 2021
Operating income	**-361.5**	**123.0**	**-140.1**	**553.1**	**710.6**
Donation UNHCR	-	-	1.5	-	-
Acquisition-related costs	1.0	19.6	12.9	19.6	23.4
Warehouse consolidation	-	-	2.1	-	-
Strategy work	3.1	-	12.5	-	-
Inventory impairment	374.6	-	374.6	-	-
Salary expense for gardening leave	5.5	-	5.5	-	-
Total items affecting comparability	**384.1**	**19.6**	**409.0**	**19.6**	**23.4**
Amortisation and impairment of acquisition-related intangible fixed assets	25.2	21.9	75.4	53.5	78.7
Adjusted EBIT	**47.8**	**164.5**	**344.2**	**626.3**	**812.7**
Adjusted EBIT (%)	**1.5**	**5.4**	**3.4**	**6.8**	**6.4**
Depreciation and amortisation of tangible and intangible fixed assets	114.5	77.2	320.0	202.5	292.8
Gain/loss from sale of fixed assets	0.6	-0.1	0.2	0.1	-0.8
Adjusted EBITDA	**162.9**	**241.5**	**664.5**	**828.9**	**1,104.6**
Adjusted EBITDA (%)	**5.2**	**7.9**	**6.6**	**9.0**	**8.7**

Reconciliation between gross profit & adjusted gross profit

SEKm	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Jan-Dec 2021
Net sales	3,106.7	3,060.5	10,125.7	9,178.8	12,666.0
Cost of goods	-2,322.6	-1,888.8	-6,640.4	-5,602.3	-7,710.4
Gross profit before direct selling costs	**784.1**	**1,171.7**	**3,485.3**	**3,576.5**	**4,955.6**
Gross profit before direct selling costs (%)	**25.2**	**38.3**	**34.4**	**39.0**	**39.1**
Direct selling costs	-412.6	-383.5	-1,296.6	-1,147.3	-1,598.5
Gross profit	**371.5**	**788.2**	**2,188.8**	**2,429.2**	**3,357.1**
Gross profit (%)	**12.0**	**25.8**	**21.6**	**26.5**	**26.5**
Inventory impairment	374.6	-	374.6	-	-
Adjusted gross profit before direct selling costs	**1,158.7**	**1,171.7**	**3,860.0**	**3,576.5**	**4,955.6**
Adjusted gross profit before direct selling costs (%)	**37.3**	**38.3**	**38.1**	**39.0**	**39.1**
Adjusted gross profit	**746.1**	**788.2**	**2,563.4**	**2,429.2**	**3,357.1**
Adjusted gross profit (%)	**24.0**	**25.8**	**25.3**	**26.5**	**26.5**

DIY segment

Reconciliation between operating income & adjusted EBITDA

	Jul-Sep		Jan-Sep		Jan-Dec
SEKm	2022	2021	2022	2021	2021
Operating income	**-167.6**	**116.7**	**-15.5**	**437.8**	**516.6**
Warehouse consolidation	-	-	2.1	-	-
Inventory impairment	200.7	-	200.7	-	-
Total items affecting comparability	**200.7**	**-**	**202.8**	**-**	**-**
Amortisation and impairment of acquisition-related intangible fixed assets	14.8	12.8	44.4	29.2	44.1
Adjusted EBIT	**47.9**	**129.5**	**231.6**	**467.0**	**560.7**
Adjusted EBIT (%)	**2.6**	**7.0**	**4.0**	**8.6**	**7.7**
Depreciation and amortisation of tangible and intangible fixed assets	51.8	32.6	140.5	84.9	122.0
Gain/loss from sale of fixed assets	0.4	-	0.3	0.2	-1.0
Adjusted EBITDA	**100.1**	**162.1**	**372.5**	**552.1**	**681.7**
Adjusted EBITDA (%)	**5.5**	**8.7**	**6.4**	**10.2**	**9.4**

Reconciliation between gross profit & adjusted gross profit

	Jul-Sep		Jan-Sep		Jan-Dec
SEKm	2022	2021	2022	2021	2021
Net sales	1,809.7	1,862.0	5,779.3	5,436.5	7,259.6
Cost of goods	-1,413.3	-1,228.3	-4,038.1	-3,534.0	-4,747.2
Gross profit before direct selling costs	**396.5**	**633.7**	**1,741.1**	**1,902.6**	**2,512.4**
Gross profit before direct selling costs (%)	**21.9**	**34.0**	**30.1**	**35.0**	**34.6**
Direct selling costs	-210.3	-200.2	-637.9	-558.1	-748.1
Gross profit	**186.1**	**433.6**	**1,103.2**	**1,344.5**	**1,764.3**
Gross profit (%)	**10.3**	**23.3**	**19.1**	**24.7**	**24.3**
Inventory impairment	200.7	-	200.7	-	-
Adjusted gross profit before direct selling costs	**597.1**	**633.7**	**1,941.8**	**1,902.6**	**2,512.4**
Adjusted gross profit before direct selling costs (%)	**33.0**	**34.0**	**33.6**	**35.0**	**34.6**
Adjusted gross profit	**386.8**	**433.6**	**1,303.9**	**1,344.5**	**1,764.3**
Adjusted gross profit (%)	**21.4**	**23.3**	**22.6**	**24.7**	**24.3**

Home Furnishing segment

Reconciliation between operating income & adjusted EBITDA

	Jul-Sep		Jan-Sep		Jan-Dec
	2022	2021	2022	2021	2021
Operating income	-171.4	39.4	-53.3	193.2	289.4
Acquisition-related costs	1.0	-	2.3	-	-
Inventory impairment	173.9	-	173.9	-	-
Total items affecting comparability	**174.9**	**-**	**176.3**	**-**	**-**
Amortisation and impairment of acquisition-related intangible fixed assets	10.3	9.1	31.0	24.4	34.6
Adjusted EBIT	**13.9**	**48.5**	**153.9**	**217.6**	**324.0**
Adjusted EBIT (%)	**1.1**	**4.0**	**3.5**	**5.8**	**6.0**
Depreciation and amortisation of tangible and intangible fixed assets	62.2	44.3	178.2	117.0	169.8
Gain/loss from sale of fixed assets	0.2	-0.1	-0.1	-0.1	0.2
Adjusted EBITDA	**76.3**	**92.7**	**332.1**	**334.5**	**494.0**
Adjusted EBITDA (%)	**5.9**	**7.7**	**7.6**	**8.9**	**9.1**

Reconciliation between gross profit & adjusted gross profit

	Jul-Sep		Jan-Sep		Jan-Dec
	2022	2021	2022	2021	2021
Net sales	1,303.6	1,205.9	4,377.3	3,769.6	5,442.8
Cost of goods	-915.5	-667.6	-2,632.4	-2,091.1	-2,994.7
Gross profit before direct selling costs	**388.1**	**538.3**	**1,745.0**	**1,678.6**	**2,448.1**
Gross profit before direct selling costs (%)	**29.8**	**44.6**	**39.9**	**44.5**	**45.0**
Direct selling costs	-202.0	-183.3	-657.7	-589.2	-850.4
Gross profit	**186.1**	**354.9**	**1,087.3**	**1,089.3**	**1,597.7**
Gross profit (%)	**14.3**	**29.4**	**24.8**	**28.9**	**29.4**
Inventory impairment	173.9	-	173.9	-	-
Adjusted gross profit before direct selling costs	**562.0**	**538.3**	**1,918.9**	**1,678.6**	**2,448.1**
Adjusted gross profit before direct selling costs (%)	**43.1**	**44.6**	**43.8**	**44.5**	**45.0**
Adjusted gross profit	**360.0**	**354.9**	**1,261.2**	**1,089.3**	**1,597.7**
Adjusted gross profit (%)	**27.6**	**29.4**	**28.8**	**28.9**	**29.4**

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.

	30 Sep		31 dec
SEKm	2022	2021	2021
Non-current interest-bearing debt	4,399.7	5,105.9	5,022.7
Short-term interest-bearing debt	688.2	322.0	494.8
Total interest-bearing debt	**5,087.9**	**5,427.9**	**5,517.6**
Cash and cash equivalents	-692.3	-677.4	-273.5
Adjustment lease liabilities	-872.7	-747.9	-878.7
Adjustment of earn-outs and deferred payments	-1,398.3	-2,156.8	-2,121.7
Adjustment transaction costs	5.2	8.5	7.7
Net debt (+) / Net cash (-)	**2,129.8**	**1,854.3**	**2,251.3**
LTM EBITDA ex. IFRS16*	620.6	1,036.7	964.1
Net debt (+) / Net cash (-) in relation to LTM EBITDA	**3.43x**	**1.79x**	**2.34x**

* LTM EBITDA ex. IFRS16 includes pro-forma (meaning including the three acquisitions made in the last 12 months).

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
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.


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