"We strengthened our position during the quarter, despite a difficult market in which consumer uncertainty and higher costs for logistics and marketing affected our profitability.

Our model – which combines organic initiatives, acquisitions and synergies – is a strength under all market conditions. We are focusing on profitability here and now, while continuing to invest in order to strengthen our platform for profitable growth in the longer term. A more challenging market provides us with excellent conditions to advance our position."

Adam Schatz
President and CEO

Q2 2022

BHG Group AB (publ)
Nasdaq Stockholm

Interim report: 1 January-30 June 2022

Profitability despite challenging environment

– Long-term investments in the technology and customer platform continue – in order to take advantage of unchanged, long-term growth trends – while focus on profitability is prioritised

HIGHLIGHTS

1 April-30 June

- Net sales increased 10.1% to SEK 3,908.5 million (3,550.6). Organic growth was -8.1% and pro-forma organic growth was -7.4%
- Gross profit increased 3.4% to SEK 975.6 million (943.2), with a gross margin of 25.0% (26.6)
- Adjusted EBIT amounted to SEK 162.2 million (278.0), corresponding to an adjusted EBIT margin of 4.2% (7.8)
- Cash flow from operating activities amounted to SEK -161.8 million (336.1)
- Earnings per share amounted to SEK 1.44 (1.63) before dilution and SEK 1.43 (1.62) after dilution

1 January-30 June

- Net sales increased 14.7% to SEK 7,019.1 million (6,118.4). Organic growth was -4.5% and pro-forma organic growth was -3.0%
- Gross profit increased 10.7% to SEK 1,817.3 million (1,641.0), with a gross margin of 25.9% (26.8)
- Adjusted EBIT amounted to SEK 296.4 million (461.8), corresponding to an adjusted EBIT margin of 4.2% (7.5)
- Cash flow from operating activities amounted to SEK -40.1 million (455.6)
- Earnings per share amounted to SEK 2.34 (2.61) before dilution and SEK 2.33 (2.58) after dilution

Key events during and after the period

- BHG Group AB received SEK 1,000 million via a directed issue of 16,393,443 shares on 4 May. The issue was oversubscribed, and a large number of Swedish and international institutional investors as well as certain shareholders participated in the issue. The aim of the issue was to increase BHG's financial preparedness for future growth initiatives, primarily organically and through acquisitions, as well as to maintain financial flexibility.

FINANCIAL SUMMARY

	Apr-Jun			Jan-Jun			Jan-Dec
SEKm (if not otherwise stated)	2022	2021	Δ%	2022	2021	Δ%	2021
Net sales	3,908.5	3,550.6	10.1	7,019.1	6,118.4	14.7	12,666.0
Gross profit	975.6	943.2	3.4	1,817.3	1,641.0	10.7	3,357.1
Gross margin (%)	25.0	26.6	-1.6 p.p.	25.9	26.8	-0.9 p.p.	26.5
Adjusted EBIT*	162.2	278.0	-41.7	296.4	461.8	-35.8	812.7
Adjusted EBIT margin (%)	4.2	7.8	-3.7 p.p.	4.2	7.5	-3.3 p.p.	6.4
Operating income	123.4	261.6	-52.8	221.3	430.1	-48.5	710.6
Operating margin (%)	3.2	7.4	-4.2 p.p.	3.2	7.0	-3.9 p.p.	5.6
Net profit for the period	193.5	199.9	-3.2	304.7	315.2	-3.3	490.8
Earnings per share before dilution, SEK	1.44	1.63	-11.7	2.34	2.61	-10.3	3.97
Earnings per share after dilution, SEK	1.43	1.62	-11.7	2.33	2.58	-9.7	3.94
Cash flow from operating activites	-161.8	336.1	-148.1	-40.1	455.6	-108.8	-27.6
Net debt (+) / Net cash (-)	1,803.2	509.2	254.1	1,803.2	509.2	254.1	2,251.3

* Refer to "Relevant reconciliations of non-IFRS alternative performance measures (APMs)" on page 30 of this report for a more detailed description.

Comments by Adam Schatz

President and CEO, BHG Group

While the long-term conditions for profitable, cash-generating growth are unchanged, conditions have shifted in the shorter term: We operate in a market that has contracted for four quarters in a row, during which consumer sentiment has suffered a blow. At the same time, it's important to point out that our markets remain larger than they were before the outbreak of the pandemic. In this challenging environment – characterised by geopolitical turbulence, shrinking disposable income and weaker demand – many of our competitors are under pressure, which has led to high campaign pressure on seasonal products.

In many ways, a lot has changed while nothing has changed when it comes to our prospects:

- *A lot has changed* in that we find ourselves in an especially turbulent market situation, in the aftermath of the pandemic and with Russia's war of aggression against Ukraine, with its far-reaching humanitarian and macroeconomic consequences.
- *At the same time nothing has changed* in that the underlying trends of consumers' increasing focus on their homes and their willingness to shop online in our categories are continuing. A few players will successfully navigate the short-term challenges and emerge as winners in the ongoing consolidation and structural changes – in which BHG has been a driving force and which will continue for several years. BHG is in an excellent position to be counted among these winners.

Our focus here and now is on ensuring that we continue to deliver profitability, just as we have consistently done since our journey began ten years ago. At the same time, the work of building a stronger and clearer BHG for the future continues. This work involves a particular focus on refining the customer offering and strengthening the technology platform in order to drive long-term profitable growth, as well as simplifying our structure so that we can better leverage the operations that make up BHG and convey our offering to the world more clearly.

Our assessment is that the gradual normalisation of the supply situation will continue and that complications arising from long lead times, high container shipping costs and general raw materials inflation have peaked. On the other hand, all signals indicate that consumer sentiment will remain weak: As we began the year, we expected a temporary rise in consumption of services and a certain degree of return to brick-and-mortar shopping as Covid-19 restrictions were lifted. On the other hand, the trend in inflation and rising energy costs and their effect on consumers' disposable income were a negative surprise. That we continue to serve our customers with excellent offers and service is a given at all times. However, in view of the challenging market conditions, which we believe will continue for several quarters, our short-term priorities also include: 1) optimising profitability, including by improving efficiency, and 2) ensuring that we generate positive operating cash flow and preserve our cash by planning purchase volumes based on a conservative demand forecast and for now being especially selective when it comes to acquisitions.

We operate in a market – online durable goods with high average order values – that has been hit hard by the complications described above. The fact that we are once again delivering profitability, albeit not at a level we are satisfied with, demonstrates the strength of our model and position. Despite high comparative figures and a main focus on defending profitability rather than market share, we held up well against a contracting market and continued to strengthen our market position. Net sales amounted to SEK 3,908.5 million, up 10.1%, corresponding to a pro-forma organic decline of 7.4% and an organic decline of 8.1%. Pro-forma growth compared with 2019 (the time before the outbreak of the pandemic) exceeded 59.8% – clear confirmation that the long-term trend toward a higher market share for BHG is intact.

We maintained our position in the Nordic region, while our geographic expansion contributed positively to our growth. The share of sales generated outside our traditional Nordic home markets reached 17% during the quarter, an increase of 6 percentage points compared with the corresponding quarter last year. Our pro-forma sales on a rolling 12-month basis amounted to SEK 13.9 billion. We thus continue on the path toward SEK 20 billion in net sales, which is one of our financial targets. Adjusted EBIT amounted to SEK 162.2 million for the quarter.

All retail – and especially online retail – is about successfully combining smart short-term tactics and instinct with a long-term strategic direction. The ability to combine quick action here and now with a strong compass that points out the long-term direction is deeply rooted in our corporate culture. By fighting for profitability and cash flow in these turbulent times, while at the same time continuing to refine the long-term themes I described in our previous quarterly report – not least our investments in Customer Centricity, data and automation – we will be able to better navigate the more difficult times we are currently experiencing. As always, thank you to our customers, our dedicated employees and our shareholders, who support us on the road ahead!

Malmö, 20 July 2022

Adam Schatz, President and CEO, BHG Group

We make living easy!

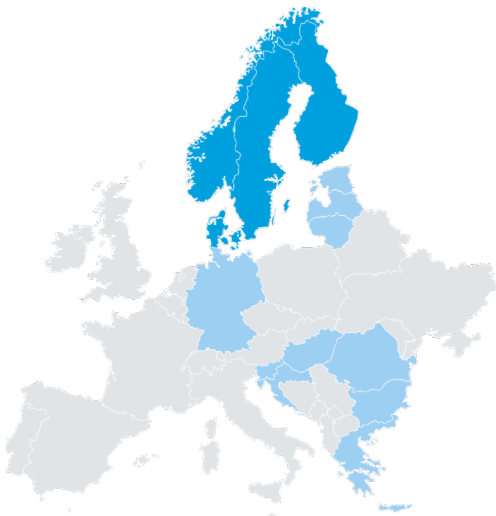
We offer a broad ecosystem of products and services in home improvement (DIY and home furnishings). The operations are scalable, with balanced tied-up capital and efficient fulfilment levels.

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.

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

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.

- Nordic home markets
- Our presence in continental Europe

100+
online destinations

Condensed consolidated information

	Apr-Jun			Jan-Jun			Jan-Dec
SEKm (if not otherwise stated)	2022	2021	Δ%	2022	2021	Δ%	2021
Net sales	3,908.5	3,550.6	10.1	7,019.1	6,118.4	14.7	12,666.0
Gross profit	975.6	943.2	3.4	1,817.3	1,641.0	10.7	3,357.1
Gross margin (%)	25.0	26.6	-1.6 p.p.	25.9	26.8	-0.9 p.p.	26.5
Adjusted EBITDA*	269.2	344.8	-21.9	501.6	587.4	-14.6	1,104.6
Adjusted EBITDA margin (%)	6.9	9.7	-2.8 p.p.	7.1	9.6	-2.5 p.p.	8.7
Adjusted EBIT*	162.2	278.0	-41.7	296.4	461.8	-35.8	812.7
Adjusted EBIT margin (%)	4.2	7.8	-3.7 p.p.	4.2	7.5	-3.3 p.p.	6.4
Operating income	123.4	261.6	-52.8	221.3	430.1	-48.5	710.6
Operating margin (%)	3.2	7.4	-4.2 p.p.	3.2	7.0	-3.9 p.p.	5.6
Net profit for the period	193.5	199.9	-3.2	304.7	315.2	-3.3	490.8
Cash flow from operating activites	-161.8	336.1	-148.1	-40.1	455.6	-108.8	-27.6
Visits (thousands)	91,998	108,555	-15.3	191,316	210,384	-9.1	411,296
Orders (thousands)	1,265	1,276	-0.8	2,479	2,421	2.4	5,247
Conversion rate (%)	1.4	1.2	0.2 p.p.	1.3	1.2	0.1 p.p.	1.3
Average order value (SEK)	3,019	2,808	7.5	2,886	2,622	10.0	2,439

* Refer to "Relevant reconciliations of non-IFRS alternative performance measures (APMs)" on page 30 of this report for a more detailed description.

COMMENTS ON THE RESULT FOR THE PERIOD

Second quarter of the year

The second quarter of the year was characterised by:

- Profitability, although not on par with our ambitions over a business cycle, in a market where the majority of our online competitors are not profitable.
- A difficult market situation, especially in terms of demand and competitive market dynamics: A rapidly deteriorating macroeconomic situation, with rising interest rates and what has become a protracted war between Russia and Ukraine that is contributing to sharply increasing energy prices, means that both optimism and disposable incomes of European consumers are under pressure. At the same time, inventory levels in the market for our categories are generally high and our competitors are under pressure, resulting in aggressive pricing campaigns.
- The Group's net sales amounted to SEK 3,908.5 million for the quarter and SEK 7,019.1 million for the first half of the year. Total growth amounted to 10.1%, pro-forma organic growth (meaning including the four acquisitions made during the last 12 months) to -7.4% and organic growth to -8.1%.
- Adjusted EBIT amounted to SEK 162.2 million for the quarter, corresponding to an adjusted EBIT margin of 4.2%, and to SEK 296.4 million for the first half of the year. Despite significant price rises for large parts of the range, the EBIT margin was negatively impacted by higher shipping, product, fulfilment and traffic generation costs.
- Cash flow from operating activities was unsatisfactory, amounting to SEK -161.8 million for the quarter and to SEK -40.1 million for the first half of the year, negatively impacted by increased working capital. External circumstances affected seasonality patterns during the first half of the year was also unusual, with positive cash flow and improved working capital in the first quarter and the opposite during the second quarter. We have taken forceful measures to delay and reduce purchases, but lead times for these measures to gain full effect are long.
- Continued progress on central initiatives was made during the quarter, including:
  - **Customer satisfaction:** A continued clear improvement has been achieved by consistently stressing, over the past couple of years, the importance of customer satisfaction throughout the entire organisation and complementing this effort with technology investments. A continued focus on Customer Centricity ensures that the trajectory will continue.
  - **Investments in technology platforms:** Strengthening of BHG's digital position through continued development and implementation of a data-driven marketing solution for automated and improved personalised communication, thereby increasing customer engagement. A pilot launch of a new CRM was also carried out during the quarter in order to improve customer satisfaction and streamline customer service processes. The further development of our system for exchanging products among Group companies and connecting BHG units to this platform are proceeding according to plan.
  - **Structural changes:** The Group continues to move in the direction of larger operating units with critical mass and a harmonised technical infrastructure. The work to

further simplify the Group's structure will be described in more detail during the fourth quarter.

The home improvement market

The overall home improvement market remains larger than before the outbreak of the pandemic. However, our assessment is that the market contracted during the last four consecutive quarters compared with the peak that was reached during the Covid-19 pandemic. This was partly the result of the comparison with the high demand during the first year of the pandemic and partly due to the normalisation of the consumption of services, which has been back at pre-pandemic levels for some time.

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, Germany, Norway, Denmark, Sweden and Finland.

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. Although we believe that the situation is thus gradually improving, it is likely that temporary setbacks could occur, primarily as a result of China's continued restrictive Covid-19 policies.

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

Outlook

Our assessment is that on the one hand supply complications will diminish, but on the other hand market demand will remain weak throughout the remainder of 2022 and probably a large part of 2023. At the same time, we believe it is 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.

Online penetration temporarily declined as Europe completely lifted pandemic-related restrictions. However, our assessment is that the decline will turn around as early as the second half of 2022, and that the long-term trend of rising online penetration will continue.

Our size and approach of combining organic initiatives with acquisitions and leveraging synergies provide us with a major advantage, particularly in the prevailing market. Over the next few quarters we intend to:

- *Prioritise in the following order: 1) profitability, 2) cash flow, 3) growth.*
- *Carefully adjust pricing, campaign and marketing strategies carefully based on demand trends, competitive pressure and inventory levels:* We are generally well supplied with products, while at the same time the market as a whole has an oversupply in many categories.
- *Prepare for a prolonged difficult market situation:* Make full use of our size to effectively address the approximately 85% of our cost base consisting of the cost of goods sold, direct selling costs and marketing as well as selectively adjusting fixed costs in the parts of our operations that have seen the highest demand pressure.
- *In a disciplined fashion reduce working capital:* We have made it significantly easier for our operations to reach customers in all relevant BHG channels through investments in technology, and adjusted purchase orders downward, primarily from Asia, in light of weaker demand. Now that manufacturing and shipping lead times have essentially returned to normal, we can also defer purchase commitments for next year's season until we have seen the results of this year's outdoor season.
- *Continued range and geographic expansion as well as investments in Customer Centricity:* Our operations are broader and more geographically diversified than ever, which will continue to serve as an engine for sustainable growth. Customer Centricity is equally a matter of improving our ability to fully utilise the data that flows through our systems to become even more relevant to our customers, and refining all parts of the value chain to maximise customer satisfaction.
- *Be selective in terms of acquisitions:* M&A is an integral part of BHG's business model, and our acquisition strategy remains firmly in place. However, the timing of acquisitions will be adapted to when sellers' business plans and valuation expectations have been adjusted to reflect the deterioration in market conditions.

The Group does not publish any forecasts, but we can confirm that: 1) our comparative figures for the second half of 2022 will be lower than for the first half of 2022, and 2) demand during the rest of the year is difficult to predict.

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 (refer to page 9).

Acquisitions and integration

Acquisitions will remain an important tool going forward, while in the near future we will be especially selective, as described above.

Nonetheless, our M&A team continued to evaluate numerous potential acquisition candidates during the quarter, and we are prepared to make relevant bolt-on acquisitions. Our acquisition pipeline is strong and the necessary adjustment of valuation expectations on the sales side is in progress, which will ensure that M&A will make a significant contribution to strengthening the Group's position in the years to come. Our focus for acquisitions centres around the home improvement market in the Nordic region and continental Europe. In this market, we are looking for:

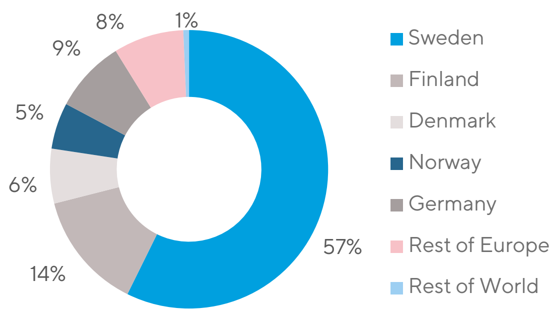
- Acquisitions that facilitate synergies in the form of product assortment exchange, digital traffic generation, maximising the business insights obtained from the data flowing through our growing group of units, and economies of scale.
- Acquisitions that accelerate our product range expansion and enable geographic expansion in prioritised markets,

including new platform acquisitions as well as category acquisitions that will be integrated with one of our main platforms over time.

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, and in particular the weak Swedish krona, had a negative impact on operating income for the quarter.

Distribution of net sales by country (%), Apr-Jun 2022



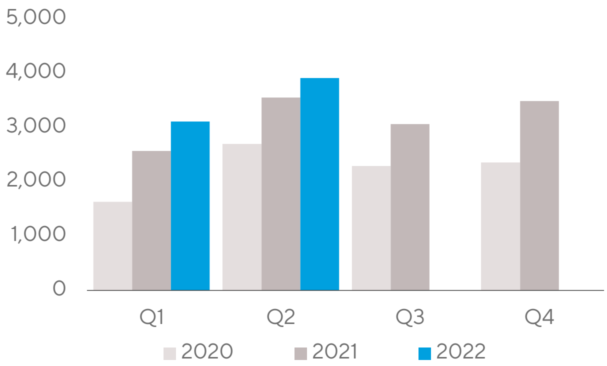
Net sales
Total growth was driven by the operations added to the Group through acquisitions since the corresponding period last year, with HYMA and AH-Trading being the largest additions. Both pro-forma growth (also including the performance of recent acquisitions, which typically grow faster when they become part of the Group) and organic growth were negative. This was due to 1) high comparative figures, 2) a slowdown in demand in the market which has continued since the second half of February, 3) a delayed start to the outdoor season because of a cold spring in northern Europe, and 4) some shortages of best-selling products in selected garden, timber and climate categories. Our assessment is that BHG at least maintained its market share in the Nordic region and gained market share in continental Europe.

Net sales increased 10.1% to SEK 3,908.5 million (3,550.6) for the quarter and 14.7% to SEK 7,019.1 million (6,118.4) for the first half of the year. Organic growth was -8.1% for the quarter and -4.5% for the first half of the year, while pro-forma organic growth was -7.4% for the quarter and -3.0% for the first half of the year. Sales in Eastern European markets had the strongest performance, while Germany consolidated its position as BHG's third-largest geographic market after Sweden and Finland.

Net sales in the DIY segment increased 5.4% to SEK 2,302.5 million (2,185.1) for the quarter and 11.1% to SEK 3,969.5 million (3,574.5) for the first half of the year. Organic growth was -9.5% for the quarter and -5.4% for the first half of the year, while pro-forma organic growth was -9.2% for the quarter and -4.6% for the first half of the year. All Nordic markets experienced a decline.

Net sales in the Home Furnishing segment increased 17.4% to SEK 1,618.4 million (1,378.5) for the quarter and 19.9% to SEK 3,073.7 million (2,563.7) for the first half of the year. Organic growth was -6.0% for the quarter and -3.2% for the first half of the year, while pro-forma organic growth was -4.7% for the quarter and -0.8% for the first half of the year. Our Eastern European furniture business, as well as our premium Nordic Nest unit (which also include Svenssons i Lammhult), performed the strongest, while the Nordic value-for-money platform was negatively affected by an especially challenging market situation, with weak demand and aggressive campaigns by competitors.

Net sales (SEKm)



Gross margin
The product margin amounted to 37.6% (39.0) for the quarter and 38.5% (39.3) for the first half of the year. The reported gross margin (that is, the margin after deductions for direct selling expenses, such as logistics, fulfilment, etc.) amounted to 25.0% (26.6) for the quarter and 25.9% (26.8) for the first half of the year.

Overall, the gross margin development in the quarter was attributable to increases in the prices of raw materials and shipping prices that remained high, higher costs for fulfilment and traffic generation, as well as the weak Swedish krona, which were partially offset by implementation of price increases for customers.

- The deterioration in product margins is largely attributable to a more limited ability to adjust prices due to tough campaign pressure in the market, not least when it comes to our portfolio of proprietary brands. Nonetheless, significant price adjustments have been implemented, with the greatest impact in the Home Furnishing segment.
- 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 coming quarters, as demand is expected to remain soft, while the measures that have now been taken to adjust purchase orders going forward will not begin to show an effect until the second half of the 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. Essentially all 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 706.4 million (598.4) for the quarter, corresponding to 18.1% (16.9) of net sales, and to SEK 1,315.7 million (1,053.7) for the first half of the year, corresponding to 18.7% (17.2) of net sales.

SG&A was primarily negatively impacted by costs for online marketing, which remained high as a result of weak demand and tough competitive pressure. However, there was a turnaround in the trend during the quarter, when the cost of traffic generation measured as Cost Per Click (CPC) began to decline in the final month of the quarter. Given a demand situation that remains challenging, marketing strategies have been adjusted and personnel -related costs have been gradually adapted.

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 162.2 million (278.0) for the quarter and SEK 296.4 million (461.8) for the first half of the year, corresponding to an adjusted EBIT margin of 4.2% (7.8) and 4.2% (7.5), respectively. Amortisation of tangible and intangible assets amounted to SEK 132.1 million (83.2) for the quarter, of which SEK 74.2 million (46.6) pertains to amortisation of lease assets, and SEK 255.7 million (157.0) for the first half of the year, of which SEK 142.6 million (88.0) pertains to amortisation of lease assets.

In the ongoing work to further simplify the company's structure, mentioned earlier, we have chosen to work with two external partners. External costs related to this work, amounting to SEK 9.4 million, are recognised as items affecting comparability for the quarter.

The Group's operating income amounted to SEK 123.4 million (261.6) for the quarter, corresponding to an operating margin of 3.2% (7.4), and to SEK 221.3 million (430.1) for the first half of the year, corresponding to an operating margin of 3.2% (7.0).

Amortisation of acquisition-related intangible assets amounted to SEK 25.1 million (16.5) for the quarter and SEK 50.2 million (31.7) for the first half 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 85.9 million (-12.9) for the quarter, which included reassessed earn-outs of SEK +117.6 million. Interest expenses for the quarter amounted to SEK -20.9 million, of which SEK -5.1 million related to lease liabilities in accordance with IFRS 16. For the first half of the year, the Group's net financial items amounted to SEK 116.5 million (-38.0), which included reassessed earn-outs of SEK +166.7 million. Interest expenses amounted to SEK -38.0 million, of which SEK -9.9 million related to lease liabilities in accordance with IFRS 16.

The Group's profit before tax was SEK 209.3 million (248.7) for the quarter and SEK 337.8 million (392.1) for the first half of the year. Net income totalled SEK -193.5 million (-199.9) for the quarter and SEK 304.7 million (315.2) for the first half of the year. The effective tax rate was -7.6% (-19.6) for the quarter, corresponding to SEK -15.8 million (-48.8), and -9.8% (-19.6) for the first half of the year, corresponding to SEK -33.1 million (-76.9).

Cash flow and financial position

Cash flow from operating activities was SEK -161.8 million (336.1) for the quarter and SEK -40.1 million (455.6) for the first half 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 inventory build-ups during the period, primarily driven by a delayed beginning of the outdoor season, weaker than expected demand in the German market and the competitive situation for the DIY segment's portfolio of proprietary brands. Actions taken to delay and reduce future purchase commitments, not least related to the portion of the range shipped from Asia, are estimated to become fully effective beginning in the second half of the third quarter.

Cash conversion (cash flow from operating activities in relation to adjusted EBITDA) was -54.7% (91.1) for the quarter and 5.7% (73.6) for the first half of the year.

The Group's cash flow to investing activities amounted to SEK -205.1 million (-604.5) for the quarter and SEK -313.4 million (-777.7) for the first half 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 and to financing activities amounted to SEK 389.2 million (-667.6) for the quarter and SEK 597.4 million (1,009.4) for the first half of the year and was primarily attributable to the new share issue carried out during the period as well as the repayment of the revolving credit facility.

The Group's cash and cash equivalents at the end of the reporting period, compared with the beginning of the year, amounted to SEK 519.9 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 1,803.2 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 2.48x, which is within the range of the Group's medium-term capital structure target.

The Group's unutilised credit facilities amounted to SEK 1,000.0 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

talotarvike.com

bygghjemme.no

myRANGECOOKER.se

BILJARD BOLAGET

hemfint.se

golvpoolen

taloon.com

RINKKA

Wigglekart.se

Duab

berry

PAISTA

Nordiska Fönster

Hemma Kompaniet.se

BADSHOP.se

Chilli.se

trademax.se

vitvaruexperten.com

VIKING

LINOLEUM KOMPANIET

myOUTDOORKITCHEN.se

BYGGSHOP.se

Hemmy.se

eGRILLEN.se

KUURA

hobbyhallen.se

bygghemma.se

Hafa

FURNITUREBOX

westerbergs

Vinkylen.se

My Home

bhg. GROUP

Svenssons i Lammhult

NORO

Sleepo

NETRAUTA.FI

NORDIC NEST

BORDTENNISBOLAGET.SE

golvshop.se

HYLTE

myScandiliving

hemochbastu.se

bathlife

LampGallerian

MASKINklippet.se
En riktig maskinaffär på nätet

WEGOT

Ölkylen.se

DOGGER

LINDSTRÖMS
Badrum, kakel, golv!

OUTL1

AIRTRACK NORDIC.com

stonefactory.se

frishop.dk

LOUNGEDREAMS.COM

tvexperten.com

POLAR NIGHT.com

vvskupp.no

GULV&FLISE EKSPERTEN

LED-VALOT.FI

POLARPUMPEN
polarpumpen.se

KODIN1

hobbybox.fi

GARTENMOEBEL.DE

NORDIC PROSTORE.com

A selection of our brands.

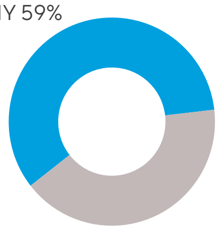
DIY segment

"Despite a challenging market situation and a delayed start to the important outdoor season, we have continued to deliver profitability and advance our positions. We have combined disciplined tactical measures and an enhanced customer offering with cost control while further improving customer satisfaction at the same time."

Mikael Hagman, Head of the DIY segment

- The segment furthered its leading Nordic position and displayed growth during the quarter. Customer satisfaction also improved
- The segment's net sales, including completed acquisitions, of which HYMA was by far the largest, increased by 5.4% for the quarter. Organic growth was -9.5% and pro-forma organic growth was -9.2%. For the first half of the year, the segment's net sales increased by 11.1%, of which organic growth was -5.4% and pro-forma organic growth was -4.6%.
- The gross margin amounted to 22.6% (25.4) for the quarter and 23.1% (25.5) for the first half of the year.
- Adjusted EBIT amounted to SEK 117.5 million (229.6) for the quarter and SEK 183.7 million (337.5) for the first half of the year, corresponding to an adjusted EBIT margin of 5.1% (10.5) and 4.6% (9.4), respectively.
- The adjusted EBIT margin was negatively affected by the price adjustments that were implemented not being fully offset by higher shipping, product, fulfilment and traffic generation costs as well as IT, automation and organisation investments aimed at meeting and exceeding customer expectations. The weak Swedish krona also impacted profitability negatively.

Net sales by segment
Apr-Jun 2022



	Apr-Jun			Jan-Jun			Jan-Dec
SEKm (if not otherwise stated)	2022	2021	Δ%	2022	2021	Δ%	2021
Net sales	2,302.5	2,185.1	5.4	3,969.5	3,574.5	11.1	7,259.6
Gross profit	519.5	555.6	-6.5	917.1	910.9	0.7	1,764.3
Gross margin (%)	22.6	25.4	-2.9 p.p.	23.1	25.5	-2.4 p.p.	24.3
Adjusted EBITDA	164.3	257.3	-36.1	272.4	389.9	-30.1	681.7
Adjusted EBITDA margin (%)	7.1	11.8	-4.6 p.p.	6.9	10.9	-4.0 p.p.	9.4
Adjusted EBIT	117.5	229.6	-48.8	183.7	337.5	-45.6	560.7
Adjusted EBIT margin (%)	5.1	10.5	-5.4 p.p.	4.6	9.4	-4.8 p.p.	7.7
Operating income	102.7	221.2	-53.6	152.1	321.2	-52.7	516.6
Operating margin (%)	4.5	10.1	-5.7 p.p.	3.8	9.0	-5.2 p.p.	7.1
Net profit for the period	150.9	173.6	-13.1	231.6	238.3	-2.8	216.4
Visits (thousands)	41,822	50,349	-16.9	80,571	88,286	-8.7	165,984
Orders (thousands)	658	648	1.5	1,206	1,134	6.3	2,373
Conversion rate (%)	1.6	1.3	0.3 p.p.	1.5	1.3	0.2 p.p.	1.4
Average order value (SEK)	3,471	3,511	-1.1	3,435	3,388	1.4	3,116

COMMENTS ON THE DIY SEGMENT

The DIY segment grew during the quarter thanks to the acquisitions completed after the end of the corresponding period last year. The segment increased its market share in a challenging market. The segment thus strengthened its leading Nordic position despite weak demand.

In addition to adjusting purchasing volumes and postponing purchasing decisions as a result of good product availability, shorter lead times and weaker demand, the segment's focus includes:

- 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.
- Continuing to improve delivery precision, which is a key factor for the customer experience, through technology investments, closer integration with external suppliers and adjusting processes. Progress in this crucial area during the quarter contributed to the continued improvement in customer satisfaction.
- 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 solution began to be fully utilised in the Finnish DIY operations during the quarter, while implementation in our Swedish platform continued. The consolidation of purchases for our proprietary brands in the bathroom, door and window categories under Hafa Brand Group was completed.

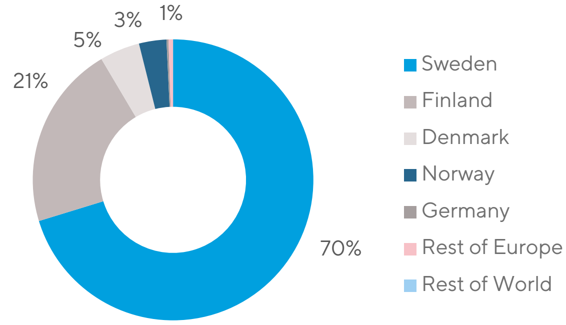
The DIY segment accounted for 59% of the Group's total net sales for the quarter and 56% for the first half of the year. Net sales increased 5.4% to SEK 2,302.5 million (2,185.1) for the quarter and 11.1% to SEK 3,969.5 million (3,574.5) for the first half of the year.

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

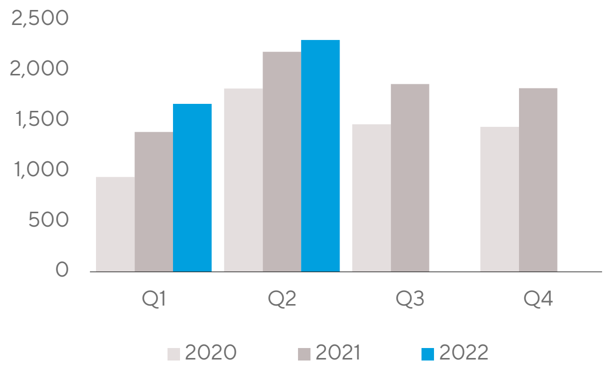
Similarly to last quarter, the adjusted EBIT margin deteriorated particularly in the part of the Group's operations focused on proprietary brands. This market is more fragmented than the market for external brands, and the large number of smaller competitors that operate in this market have run aggressive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

Adjusted EBIT amounted to SEK 117.5 million (229.6) for the quarter and SEK 183.7 million (337.5) for the first half of the year, corresponding to an adjusted EBIT margin of 5.1% (10.5) and 4.6% (9.4), respectively.

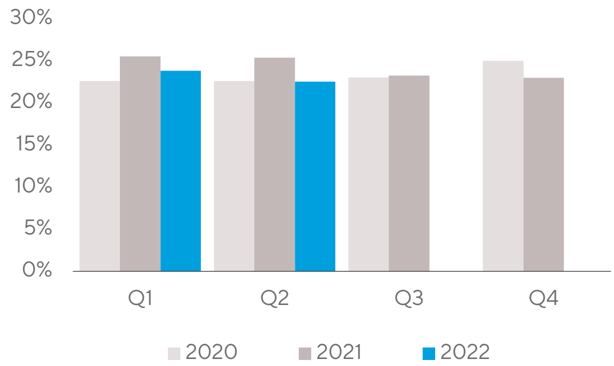
Distribution of net sales by country (%), Apr-Jun 2022



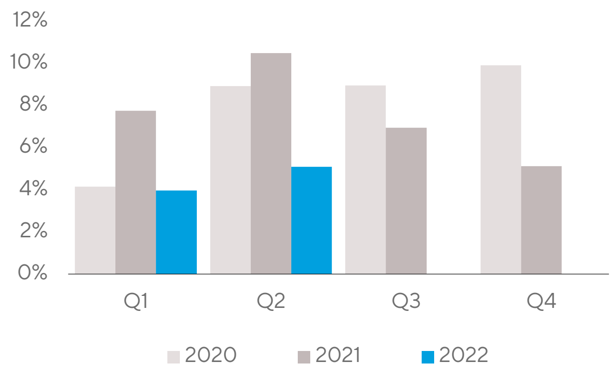
Net sales (SEKm)



Adjusted gross margin (%)



Adjusted EBIT margin (%)



Home Furnishing segment

"The segment's premium business and Eastern European furniture platform grew with healthy profitability despite a turbulent market, while an action plan is being implemented in order to strengthen the value-for-money platform. Continued price adjustments and cost reductions have been made in order to manage tough competitive pressure and increasing external costs. The segment's category breadth and geographic expansion opportunities are decisive advantages for BHG."

Christian Eriksson, Head of the Home Furnishing segment

- Following the acquisitions of Nordic Nest, Svenssons i Lammhult and AH-Trading last year, the Home Furnishing segment has expanded considerably. Total growth was 17.4% for the quarter, primarily driven by the addition of AH-Trading, and 19.9% for the first half of the year.
- The segment's organic growth was -6.0% for the quarter and -3.2% for the first half of the year, while pro-forma organic growth was -4.7 % for the quarter and -0.8% for the first half of the year.
- The gross margin amounted to 28.2% (28.4) for the quarter and 29.3% (28.6) for the first half of the year. The essentially unchanged gross margin is attributable to the price increases that were implemented to compensate for higher shipping and fulfilment costs
- Adjusted EBIT amounted to SEK 59.7 million (79.9) for the quarter and SEK 140.1 million (169.1) for the first half of the year, corresponding to an adjusted EBIT margin of 3.7% (5.8) and 4.6% (6.6), respectively. Price increases compensated to a great extent for high shipping and fulfilment costs. However, the adjusted EBIT margin was negatively affected by traffic generation costs and the weak Swedish krona

Net sales by segment, Apr-Jun 2022

	Apr-Jun			Jan-Jun			Jan-Dec
SEKm (if not otherwise stated)	2022	2021	Δ%	2022	2021	Δ%	2021
Net sales	1,618.4	1,378.5	17.4	3,073.7	2,563.7	19.9	5,442.8
Gross profit	456.7	391.5	16.7	901.2	734.4	22.7	1,597.7
Gross margin (%)	28.2	28.4	-0.2 p.p.	29.3	28.6	0.7 p.p.	29.4
Adjusted EBITDA	119.4	118.7	0.6	255.8	241.8	5.8	494.0
Adjusted EBITDA margin (%)	7.4	8.6	-1.2 p.p.	8.3	9.4	-1.1 p.p.	9.1
Adjusted EBIT	59.7	79.9	-25.3	140.1	169.1	-17.1	324.0
Adjusted EBITmargin (%)	3.7	5.8	-2.1 p.p.	4.6	6.6	-2.0 p.p.	6.0
Operating income	48.0	71.8	-33.2	118.0	153.7	-23.2	289.4
Operating margin (%)	3.0	5.2	-2.2 p.p.	3.8	6.0	-2.2 p.p.	5.3
Net profit for the period	62.5	46.0	35.8	166.9	102.9	62.3	182.9
Visits (thousands)	50,176	58,205	-13.8	110,745	122,098	-9.3	245,312
Orders (thousands)	607	627	-3.3	1,273	1,287	-1.1	2,874
Conversion rate (%)	1.2	1.1	0.1 p.p.	1.1	1.1	0.1 p.p.	1.2
Average order value (SEK)	2,528	2,082	21.5	2,366	1,947	21.5	1,880

COMMENTS ON THE HOME FURNISHING SEGMENT

During the quarter, the home furnishing market was characterised by weaker 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 segment's profitable geographic expansion continued during the quarter, with local launches for Nordic Nest in Poland and Japan.

The value-for-money platform prioritised acceptable gross margins ahead of growth, and therefore chose a more selective pricing and campaign strategy than the majority of competitors in the market. A delayed start to the outdoor season, generally weaker demand, not least in the outdoor furniture category, and high inventory levels in the market contributed to the negative volume trend.

Focus continues to be directed to:

- Driving geographic growth, primarily through Nordic Nest and the Eastern European furniture platform.
- 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.

These initiatives are supported by higher 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.

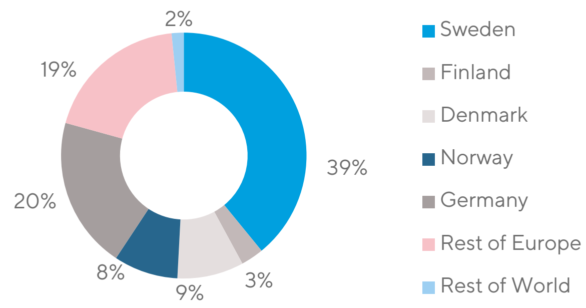
Net sales in the Home Furnishing segment accounted for 41% of the Group's total net sales for the quarter and 44% for the first half of the year. Net sales increased 17.4% to SEK 1,618.4 million (1,378.5) for the quarter and 19.9% to SEK 3,073.7 million (2,563.7) for the first half of the year.

Significant price adjustments were implemented during the quarter, which partially offset higher shipping, product, fulfilment and traffic generation costs as well as adverse currency fluctuations.

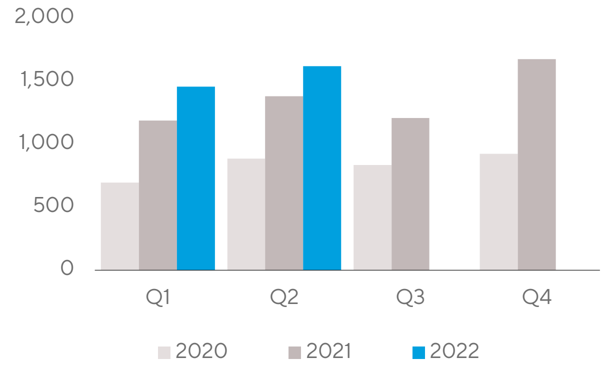
Adjusted EBIT amounted to SEK 59.7 million (79.9) for the quarter and SEK 140.1 million (169.1) for the first half of the year, corresponding to an adjusted EBIT margin of 3.7% (5.8) and 4.6% (6.6), respectively.

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 more 40% of sales for the segment.

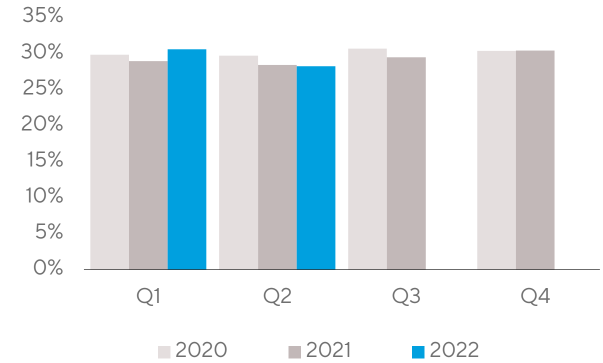
Distribution of net sales by country (%), Apr-Jun 2022



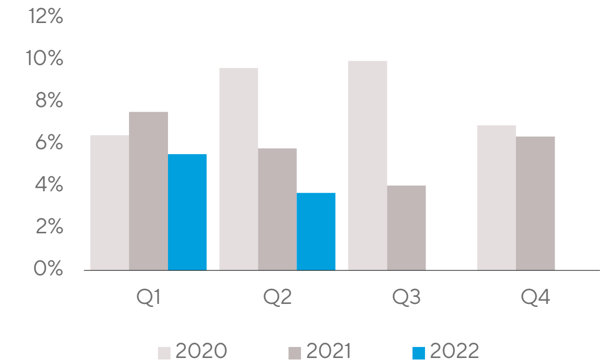
Net sales (SEKm)



Adjusted gross margin (%)



Adjusted EBIT margin (%)



Focus on BHG Finland

THE ONLINE LEADER IN THE FINNISH DIY MARKET

The Finnish DIY stores Netrauta.fi, Taloon.com and Talotarvike.com were founded between 2004 and 2006, and acquired by BHG from 2012 to 2016. The companies, which were competing online players before the acquisition, have gained stronger positions and currently dominate the Finnish online DIY market. The two largest stores, Netrauta.fi and Taloon.com, have become brands recognised by the majority of Finns thanks to an ambitious brand-building campaign.

It is difficult to determine the online share of the Finnish DIY market with certainty since competitors in the segment that have physical stores do not reveal their online sales. Nevertheless, the available market information that exists shows that online market penetration remains lower than in Sweden, for example. Prospects for growth are promising since online penetration is expected to increase further. Just as in other markets, the Covid-19 pandemic meant a substantial leap in growth for online sales between 2020 and 2021 in Finland, resulting in slightly more cautious growth at present. Nevertheless, we anticipate that we will grow our sales significantly in the next few years.

HIGHER GROWTH IN SALES OF PROPRIETARY BRANDS

BHG's latest acquisitions in Finland, Grillikauppa.com (Edututor Oy) and Hobbybox.fi (IP Agency Oy), have had a significant positive impact on sales of proprietary brands. We are seeing substantial growth in the sports and leisure category, with ongoing category growth in both online stores and our building material retailers. This is a result of purchasing synergies among the companies.

THE CUSTOMER COMES FIRST IN OUR HEARTS AND MINDS

The customer is the basis for everything we do. Our product range is the best in the market, and we're certain that our customers will find what they need when they shop with us. Our extensive product information, combined with diversified advice and inspirational content, provides customers with complete solutions to their needs. We complement our product offering with installation services that the customer can select when purchasing by simply clicking a button. Value and customer loyalty are achieved through investments clearly targeted to create a positive customer experience during the entire journey from the webstore through delivery to customer service and post-sales processes. Availability is an important component for driving online penetration, and Finnish customers have several means of contact such as online chat, telephone, email or by visiting our showrooms. Our Customer Data Platform (CDP) gives us a tool to offer need-based customer service, including customised newsletters with offers based on Salesforce's AI algorithms. Our combined investments speak for themselves, with a high and still rising NPS (Net Promoter Score).

IMPROVING THE DROP-SHIP MODEL

Our challenges lie in our drop-ship model, like other companies that are adopting the same model where products are delivered directly to customers from hundreds of suppliers. When our customers are dissatisfied with us, the cause is almost exclusively poor delivery precision. The greatest challenge with this model is making deliveries reliable, precise and traceable. We've built up a system that we call "Drop Ship 2.0", where we have access to suppliers' inventories and can track deliveries throughout the entire order flow. The share of delivery problems has been significantly reduced over the last year, and work is continuing to further refine the model.

DATA-DRIVEN DECISION MAKING

Every stage of our daily operations is followed in our centralised BI system. In addition to the usual data on sales, margins, purchasing and inventories, we've integrated all important aspects of our operations into the system. We measure online marketing, webstore traffic, customer life cycles, customer service performance, delivery precision, supplier performance and other relevant aspects of our processes in the same integrated system, which creates good opportunities to act quickly and make adjustments if needed.

We are able to maintain our focus on continually improving customer satisfaction, operational efficiency and financial results by using data and measuring all relevant processes. Every day is a match day for us!

A selection of our finish brands.

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 32.4. The highest price paid, quoted in January, was SEK 100.9, and the lowest price paid, quoted in June, was SEK 31.5.

During the period, 105,132,210 BHG shares were traded, equivalent to a turnover rate of 75%.

As of 30 June, BHG had approximately 11,500 shareholders, of which the largest were EQT (25.2%), Capital Group (8.0%), Ferd AS (6.0%), Swedbank Robur Fonder (3.8%) and Handelsbanken Fonder (3.2%).

As of 30 June 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 2.0 million (0.6) for the quarter and SEK 3.8 (1.0) for the first half of the year. The Parent Company posted an operating loss of SEK -25.4 million (-30.7) for the quarter and SEK -45.0 million (-43.7) for the first half of the year. Outstanding incentive programmes were charged to Parent Company earnings for the quarter in an amount of SEK -0.8 million (-20.1). The Parent Company's cash and cash equivalents totalled SEK 19.2 million at the end of the reporting period, compared with SEK 0.0 million at the beginning of the year.

Malmö, 20 July 2022

Gustaf Öhrn
Chairman

Christian Bubenheim
Board member

Joanna Hummel
Board member

Mariette Kristensson
Board member

Niklas Ringby
Board member

Adam Schatz
President and CEO

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

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

This information is information that BHG Group AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out below, at 7:00 a.m. CEST on 20 July 2022.

CONTACT INFORMATION

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

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

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

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

CONFERENCE CALL IN CONNECTION WITH PUBLICATION OF THE QUARTERLY REPORT

Adam Schatz, President and CEO, and Jesper Flemme, CFO, will hold a conference call at 10:00 a.m. on Wednesday 20 July in connection with the publication of the interim report. The call will be held in English. To participate, please call +46850516386 (PIN 9149078#) or visit https://tv.streamfabriken.com/bhg-q2-2022.

The presentation will be available from the Group's website: https://www.wearebhg.com/investors/presentations/.

QUARTERLY REPORTS ON WWW.WEAREBHG.COM

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

FINANCIAL CALENDAR

27 October 2022	Interim report January-September 2022
27 January 2023	Year-end report January-December 2022

Condensed consolidated income statement

	Apr-Jun		Jan-Jun		Jan-Dec
SEKm	2022	2021	2022	2021	2021
Net sales	3,908.5	3,550.6	7,019.1	6,118.4	12,666.0
Other operating income	0.1	1.3	15.7	0.6	15.6
Total net sales	**3,908.6**	**3,551.9**	**7,034.7**	**6,119.0**	**12,681.6**
Cost of goods sold	-2,932.9	-2,607.4	-5,201.8	-4,477.4	-9,308.9
Personnel costs	-292.5	-263.3	-570.9	-462.2	-981.7
Other external costs and operating expenses	-424.5	-336.5	-778.3	-588.3	-1,304.0
Other operating expenses	-3.2	0.0	-6.7	-3.9	-5.0
Depreciation and amortisation of tangible and intangible fixed assets	-132.1	-83.2	-255.7	-157.0	-371.5
Operating income	**123.4**	**261.6**	**221.3**	**430.1**	**710.6**
Profit/loss from financial items	85.9	-12.9	116.5	-38.0	-79.7
Profit before tax	**209.3**	**248.7**	**337.8**	**392.1**	**630.9**
Income tax	-15.8	-48.8	-33.1	-76.9	-140.1
Profit for the period	**193.5**	**199.9**	**304.7**	**315.2**	**490.8**
Attributable to:					
Equity holders of the parent	191.0	196.7	300.8	309.3	480.9
Non-controlling interest	2.5	3.3	3.9	5.8	9.9
Net income for the period	**193.5**	**199.9**	**304.7**	**315.2**	**490.8**
Earnings per share before dilution, SEK	1.44	1.63	2.34	2.61	3.97
Earnings per share after dilution, SEK	1.43	1.62	2.33	2.58	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 3,847,532 (3,788,526) warrants outstanding, of which 118,563 (1,206,070) had a dilution effect during the quarter and 468,861 (1,591,745) had a dilution effect during the first half of the year.

Condensed consolidated statement of comprehensive income

	Apr-Jun		Jan-Jun		Jan-Dec
SEKm	2022	2021	2022	2021	2021
Profit for the period	193.5	199.9	304.7	315.2	490.8
Other comprehensive income					
Items that subsequently could be reclassified to profit or loss					
Translation differences for the period	33.3	-9.0	52.1	6.7	18.3
Other comprehensive income for the period	**33.3**	**-9.0**	**52.1**	**6.7**	**18.3**
Total comprehensive income for the period	**226.8**	**190.9**	**356.8**	**321.9**	**509.1**
Total comprehensive income attributable to:					
Parent Company shareholders	222.7	188.1	350.9	315.7	498.5
Non-controlling interest	4.1	2.8	5.9	6.2	10.6
Total comprehensive income for the period	**226.8**	**190.9**	**356.8**	**321.9**	**509.1**
Shares outstanding at period's end	**140,209,173**	**120,928,437**	**140,209,173**	**120,928,437**	**123,815,730**
Average number of shares					
Before dilution	133,003,264	120,928,437	128,434,877	118,572,799	120,986,410
After dilution	133,121,827	122,134,507	128,903,738	120,164,545	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 half of the year, respectively.

Condensed consolidated statement of financial position

	30 Jun		31 Dec
SEKm	2022	2021	2021
Non-current assets			
Goodwill	6,415.4	5,006.8	6,318.7
Other intangible fixed assets	2,909.7	2,014.7	2,893.3
Total intangible fixed assets	**9,325.1**	**7,021.5**	**9,212.0**
Buildings and land	22.0	10.0	21.9
Leased fixed assets	940.3	675.2	893.3
Tangible fixed assets	139.9	86.3	136.3
Financial fixed assets	13.3	10.2	13.1
Deferred tax asset	25.5	27.5	26.4
Total fixed assets	**10,466.1**	**7,830.7**	**10,302.9**
Current assets			
Inventories	3,176.9	1,462.6	2,431.5
Current receivables	622.7	464.2	604.4
Cash and cash equivalents	519.9	990.8	273.5
Total current assets	**4,319.6**	**2,917.6**	**3,309.4**
Total assets	**14,785.7**	**10,748.3**	**13,612.3**
Equity			
Equity attributable to owners of the parent	6,621.9	4,758.0	5,211.9
Non-controlling interest	50.2	41.9	44.4
Total equity	**6,672.2**	**4,800.0**	**5,256.3**
Non-current liabilities			
Deferred tax liability	632.2	413.7	636.7
Other provisions	31.1	35.7	43.2
Non-current interest-bearing liabilites to credit institutions	2,317.0	1,490.7	2,517.2
Non-current lease liabilities	617.9	477.3	622.0
Non-current acquistion related interest-bearing liabilities	1,363.1	1,156.2	1,883.5
Total non-current liabilities	**4,961.4**	**3,573.7**	**5,702.6**
Current liabilities			
Current lease liabilities	302.7	189.7	256.7
Current acquistion related interest-bearing liabilities	423.8	71.9	238.1
Other current liabilities	2,425.6	2,113.0	2,158.6
Total current liabilities	**3,152.1**	**2,374.7**	**2,653.4**
Total equity and liabilities	**14,785.7**	**10,748.3**	**13,612.3**

Condensed consolidated statement of cash flows

	Apr-Jun		Jan-Jun		Jan-Dec
SEKm	2022	2021	2022	2021	2021
EBITDA	255.5	344.8	476.7	587.4	1,081.2
Adjustments for items not included in cash flow	15.0	10.5	-2.8	17.2	2.4
Income tax paid	-64.2	-19.3	-167.4	-55.5	-105.6
Cash flow from operating activities before changes in working capital	**206.2**	**336.0**	**306.5**	**549.1**	**978.1**
Changes in working capital	-368.0	0.1	-346.6	-93.4	-1,005.7
Cash flow from operating activites	**-161.8**	**336.1**	**-40.1**	**455.6**	**-27.6**
Investments in operations	-156.6	-563.2	-210.9	-699.2	-1,610.9
Redemption of loan to seller upon acquisition of operations	-	-	-6.9	-	-65.0
Investments in other non-current assets	-49.6	-41.6	-98.5	-79.0	-193.7
Divestment of operations	-	-	0.6	-	-0.0
Divestment of other tangible fixed assets	0.2	0.1	0.9	0.3	12.4
Received interest	0.9	0.2	1.4	0.2	1.8
Cash flow to/from investing activities	**-205.1**	**-604.5**	**-313.4**	**-777.7**	**-1,855.4**
New share issue	989.4	-0.8	989.4	1,715.0	1,719.4
Loans taken*	-	1,490.1	300.0	1,650.1	2,650.1
Amortisation of loans	-576.2	-2,158.8	-650.5	-2,349.1	-2,479.6
Issue of warrants	-	20.7	0.1	20.7	21.6
Interest paid	-21.9	-18.9	-39.5	-27.4	-54.8
Dividend	-	0.0	-	0.0	0.0
Dividends to non-controlling interests	-2.1	-	-2.1	-	-5.1
Cash flow to/from financing activities	**389.2**	**-667.6**	**597.4**	**1,009.4**	**1,851.7**
Cash flow for the period	**22.3**	**-936.0**	**243.9**	**687.3**	**-31.2**
Cash and cash equivalents at the beginning of the period	**504.4**	**1,934.7**	**273.5**	**299.0**	**299.0**
Translation differences in cash and cash equivalents	-6.8	-8.0	2.5	4.5	5.8
Cash and cash equivalents at the end of the period	**519.9**	**990.8**	**519.9**	**990.8**	**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 Jun		31 Dec
SEKm	2022	2021	2021
Opening balance	**5,256.3**	**2,823.0**	**2,823.0**
Comprehensive income for the period	356.8	321.9	509.1
New share issues*	989.4	1,715.0	2,123.7
Issue of warrants	4.3	12.4	17.5
Dividends to non-controlling interests	-2.1	-	-5.1
Remeasurement of liabilities to non-controlling interests	67.4	-72.4	-211.9
Closing balance	**6,672.2**	**4,800.0**	**5,256.3**

* The proceeds from the new issue are recognised net after a deduction for transaction costs of SEK 13.3 million (21.4) for the quarter, and SEK 21.4 million for full-year 2021, respectively, as well as a tax effect of SEK -2.7 million (-4.4) for the quarter 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 30–34 of this report. The interim information on pages 1–17 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 benefiting from the impact of the weather and demand in the fourth quarter growing as the importance of Black Week increased. Demand, and consequently the Group's sales, have historically been lowest in the first quarter. Although seasonal variations do not normally affect the Group's relative earnings and cash flow from year to year, earnings and cash flow may be impacted in years with extremely mild or severe weather conditions, or with very high or low rainfall. Weather conditions may also have a significant impact on individual quarters.

NOTE 3 SEGMENTS

	Apr-Jun		Jan-Jun		Jan-Dec
SEKm	2022	2021	2022	2021	2021
Net sales					
DIY	2,302.5	2,185.1	3,969.5	3,574.5	7,259.6
Home Furnishing	1,618.4	1,378.5	3,073.7	2,563.7	5,442.8
Total net sales	**3,920.9**	**3,563.6**	**7,043.3**	**6,138.2**	**12,702.4**
Other*	7.8	6.9	14.5	11.9	24.9
Eliminations	-20.2	-19.9	-38.7	-31.7	-61.3
Group consolidated total	**3,908.5**	**3,550.6**	**7,019.1**	**6,118.4**	**12,666.0**
Revenue from other segments					
DIY	3.1	5.0	5.2	6.8	9.8
Home Furnishing	9.3	7.9	19.0	13.1	26.6
Other*	7.8	6.9	14.5	11.9	24.9
Total	**20.2**	**19.9**	**38.7**	**31.7**	**61.3**

	Apr-Jun		Jan-Jun		Jan-Dec
SEKm	2022	2021	2022	2021	2021
Operating income and profit before tax					
DIY	102.7	221.2	152.1	321.2	516.6
Home Furnishing	48.0	71.8	118.0	153.7	289.4
Total operating income	**150.7**	**293.0**	**270.1**	**474.9**	**806.0**
Other*	-27.3	-31.4	-48.8	-44.8	-95.4
Group consolidated operating income	**123.4**	**261.6**	**221.3**	**430.1**	**710.6**
Financial net	85.9	-12.9	116.5	-38.0	-79.7
Group consolidated profit before tax	**209.3**	**248.7**	**337.8**	**392.1**	**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.

	Apr-Jun 2022					Jan-Jun 2022				
SEKm	DIY	Home Furnishing	Other	Elim-ination	Group	DIY	Home Furnishing	Other	Elim-ination	Group
Sweden	1,617.9	632.5	7.8	-18.3	2,239.8	2,812.0	1,213.5	14.5	-34.9	4,005.0
Finland	488.2	48.5	-	-0.0	536.7	802.3	96.6	-	-0.0	898.9
Denmark	106.3	141.8	-	-	248.1	178.7	295.1	-	-	473.8
Norway	72.8	137.2	-	-	210.0	142.4	259.0	-	-	401.4
Germany	5.3	323.2	-	-	328.5	10.5	531.9	-	-	542.4
Rest of Europe	11.9	309.5	-	-1.9	319.5	23.6	616.7	-	-3.7	636.6
Rest of World	-	25.8	-	-	25.8	-	60.9	-	-	60.9
Net sales	**2,302.5**	**1,618.4**	**7.8**	**-20.2**	**3,908.5**	**3,969.5**	**3,073.7**	**14.5**	**-38.7**	**7,019.1**

	Apr-Jun 2021					Jan-Jun 2021				
SEKm	DIY	Home Furnishing	Other	Elim-ination	Group	DIY	Home Furnishing	Other	Eliminati on	Group
Sweden	1,402.1	632.9	6.9	-14.6	2,027.4	2,349.6	1,139.7	11.9	-25.3	3,475.8
Finland	545.5	48.3	-	-3.5	590.4	813.6	90.3	-	-3.5	900.5
Denmark	145.4	179.4	-	-	324.7	248.2	347.6	-	-	595.8
Norway	78.3	145.3	-	-	223.7	140.5	251.7	-	-	392.2
Rest of Europe	13.7	341.1	-	-1.9	353.0	22.6	672.6	-	-2.9	692.3
Rest of World	-	31.4	-	-	31.4	-	61.7	-	-	61.7
Net sales	**2,185.1**	**1,378.5**	**6.9**	**-19.9**	**3,550.6**	**3,574.5**	**2,563.7**	**11.9**	**-31.7**	**6,118.4**

	Full-year 2021				
SEKm	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. BHG is increasing the share of its proprietary brands in the outdoor furniture segment and its presence in the strategically important German market through the asset purchase acquisition. 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**
AB	-	-	**-**	-	-	**-3.9**
Acquisition of shares in Hemfint Kristianstad AB	-	-	**-**	-	-	**-60.1**
Acquisition of shares in IP-Agency Oy	-	-	**-**	-	-	**-6.6**
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**
	23.7	**76.0**	**99.8**	**1.3**	**62.7**	**-210.9**

Revenue and profit/loss for the period for acquired companies

Since the acquisition date, the acquisitions have contributed SEK 60.5 million to the Group's revenue and SEK 16.4 million to the Group's profit/loss after tax. If the acquisitions had been consolidated from the beginning of the financial year, it would have contributed SEK 84.5 million to the Group's revenue and SEK 14.8 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 Jun 2022	30 Jun 2021	31 Dec 2021
Reported value on the opening date	**2,121.7**	**1,023.3**	**1,023.3**
Recognition in profit or loss	-162.3	5.0	14.6
Recognised in equity	-38.3	76.1	221.5
Utilised amount	-175.1	-163.8	-216.5
Acquisition value at cost	40.9	287.6	1,078.8
Reported value on the closing date	**1,786.8**	**1,228.2**	**2,121.7**

Currency forwards

The Group recognises currency forwards at fair value, which as of 30 June 2022 was SEK 1.3 million (0.5), of which SEK 1.3 million (0.5) 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 989.4 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, in the current situation it is difficult to assess the war's indirect impact on GDP growth, inflation, global supply chains and – ultimately – consumers' optimism and demand for the Group's products.

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

	Apr-Jun		Jan-Jun		Jan-Dec
SEKm	2022	2021	2022	2021	2021
Net sales	2.0	0.6	3.8	1.0	2.6
Total net sales	**2.0**	**0.6**	**3.8**	**1.0**	**2.6**
Personnel cost	-13.1	-28.9	-24.6	-40.6	-63.1
Other external costs	-14.2	-2.4	-22.6	-4.0	-30.4
Other operating expenses	-	-	-1.5	-	-
Depreciation and amortisation of tangible and intangible fixed assets	-0.1	-0.1	-0.1	-0.1	-0.2
Operating income	**-25.4**	**-30.7**	**-45.0**	**-43.7**	**-91.1**
Profit/loss from financial items	4.6	6.8	11.2	3.7	18.0
Group contributions	-	-	-	-	76.0
Profit/loss before tax	**-20.8**	**-23.9**	**-33.8**	**-40.0**	**2.9**
Income tax	4.5	5.1	6.8	12.6	-4.7
Profit/loss for the period	**-16.4**	**-18.8**	**-27.0**	**-27.3**	**-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 Jun		31 Dec
SEKm	2022	2021	2021
Non-current assets			
Other intangible fixed assets	0.8	0.7	0.8
Total intangible fixed assets	**0.8**	**0.7**	**0.8**
Participations in Group companies	3,678.3	2,691.6	3,678.3
Long-term receivables from Group companies	4,455.5	3,175.0	3,690.0
Total fixed assets	**8,134.6**	**5,867.3**	**7,369.1**
Current assets			
Short-term receivables	25.0	4.9	7.2
Short-term receivables from Group companies	60.9	25.3	124.2
Cash and cash equivalents	19.2	157.5	-
Total current assets	**105.2**	**187.7**	**131.3**
Total assets	**8,239.8**	**6,055.0**	**7,500.4**
Equity			
Restricted equity	4.2	3.6	3.7
Unrestriced equity	5,896.8	4,497.6	4,933.3
Total equity	**5,901.0**	**4,501.2**	**4,937.0**
Untaxed reserves	**28.6**	**28.6**	**28.6**
Non-current interest-bearing liabilites to credit institutions	2,294.0	1,490.7	2,492.3
Total non-current liabilities	**2,294.0**	**1,490.7**	**2,492.3**
Current liabilities			
Other current liabilities	16.2	34.5	42.5
Total current liabilities	**16.2**	**34.5**	**42.5**
Total equity and liabilities	**8,239.8**	**6,055.0**	**7,500.4**

Key ratios

	2022			2021				
	Q2	Q1	Jan-Jun	Q4	Q3	Q2	Q1	Jan-Dec
THE GROUP								
Net sales growth (%)	10.1	21.1	14.7	48.1	33.6	31.8	57.7	41.2
Organic growth (%)	-8.1	0.6	-4.5	1.8	5.5	14.1	36.5	12.8
Proforma organic growth (%)	-7.4	3.0	-3.0	9.3	10.2	16.8	42.7	17.9
Gross profit beofre direct selling costs (%)	37.6	39.7	38.5	39.5	38.3	39.0	39.7	39.1
Gross profit (%)	25.0	27.1	25.9	26.6	25.8	26.6	27.2	26.5
Adjusted EBIT (%)	4.2	4.3	4.2	5.3	5.4	7.8	7.2	6.4
Earnings per share before dilution, SEK	1.44	0.89	2.34	0.93	0.50	1.63	0.97	3.97
Earnings per share after dilution, SEK	1.43	0.88	2.33	0.92	0.49	1.62	0.96	3.94
Equity/assets ratio %	45.1	37.2	45.1	38.6	38.4	44.7	42.2	38.6
Net debt (+) / Net cash (-)	1,803.2	2,319.3	1,803.2	2,251.3	1,854.3	509.2	173.9	2,251.3
Cash flow from operating activites (SEKm)	-161.8	121.7	-40.1	-251.2	-232.0	336.1	119.5	-27.6
Visits (thousands)	91,998	99,318	191,316	106,202	94,710	108,555	101,829	411,296
Orders (thousands)	1,265	1,214	2,479	1,644	1,182	1,276	1,145	5,247
Average order value (SEK)	3,019	2,747	2,886	2,093	2,545	2,808	2,416	2,439
DIY								
Net sales growth (%)	5.4	20.0	11.1	26.7	27.2	20.1	47.6	28.2
Organic growth (%)	-9.5	1.1	-5.4	2.3	10.1	14.9	44.8	15.4
Proforma organic growth (%)	-9.2	2.4	-4.6	3.3	9.5	13.4	43.3	14.6
Gross profit beofre direct selling costs (%)	33.5	34.4	33.9	33.5	34.0	35.8	35.1	34.6
Gross profit (%)	22.6	23.9	23.1	23.0	23.3	25.4	25.6	24.3
Adjusted EBIT (%)	5.1	4.0	4.6	5.1	7.0	10.5	7.8	7.7
Visits (thousands)	41,822	38,749	80,571	36,389	41,309	50,349	37,936	165,984
Orders (thousands)	658	548	1,206	652	587	648	486	2,373
Average order value (SEK)	3,471	3,391	3,435	2,688	3,065	3,511	3,226	3,116
Home Furnishing								
Net sales growth (%)	17.4	22.8	19.9	81.3	44.6	55.6	70.6	63.1
Organic growth (%)	-6.0	0.1	-3.2	1.0	-2.4	12.3	25.4	8.2
Proforma organic growth (%)	-4.7	4.1	-0.8	16.8	11.1	22.6	41.5	22.3
Gross profit beofre direct selling costs (%)	43.0	45.4	44.1	46.0	44.6	44.1	44.9	45.0
Gross profit (%)	28.2	30.5	29.3	30.4	29.4	28.4	28.9	29.4
Adjusted EBIT (%)	3.7	5.5	4.6	6.4	4.0	5.8	7.5	6.0
Visits (thousands)	50,176	60,569	110,745	69,813	53,401	58,205	63,893	245,312
Orders (thousands)	607	666	1,273	992	595	627	659	2,874
Average order value (SEK)	2,528	2,217	2,366	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

	Apr-Jun		Jan-Jun		Jan-Dec
SEKm	2022	2021	2022	2021	2021
Operating income	**123.4**	**261.6**	**221.3**	**430.1**	**710.6**
Donation UNHCR	-	-	1.5	-	-
Acquisition-related costs	4.3	-	11.9	-	23.4
Warehouse consolidation	-	-	2.1	-	-
Strategy work	9.4	-	9.4	-	-
Total items affecting comparability	**13.7**	**-**	**24.9**	**-**	**23.4**
Amortisation and impairment of acquisition-related intangible fixed assets	25.1	16.5	50.2	31.7	78.7
Adjusted EBIT	**162.2**	**278.0**	**296.4**	**461.8**	**812.7**
Adjusted EBIT (%)	**4.2**	**7.8**	**4.2**	**7.5**	**6.4**
Depreciation and amortisation of tangible and intangible fixed assets	107.0	66.8	205.5	125.4	292.8
Gain/loss from sale of fixed assets	-0.0	-0.0	-0.4	0.2	-0.8
Adjusted EBITDA	**269.2**	**344.8**	**501.6**	**587.4**	**1,104.6**
Adjusted EBITDA (%)	**6.9**	**9.7**	**7.1**	**9.6**	**8.7**

Reconciliation between gross profit & adjusted gross profit

	Apr-Jun		Jan-Jun		Jan-Dec
SEKm	2022	2021	2022	2021	2021
Net sales	3,908.5	3,550.6	7,019.1	6,118.4	12,666.0
Cost of goods	-2,440.8	-2,165.4	-4,317.8	-3,713.6	-7,710.4
Gross profit before direct selling costs	**1,467.7**	**1,385.2**	**2,701.2**	**2,404.8**	**4,955.6**
Gross profit before direct selling costs (%)	**37.6**	**39.0**	**38.5**	**39.3**	**39.1**
Direct selling costs	-492.1	-442.0	-883.9	-763.8	-1,598.5
Gross profit	**975.6**	**943.2**	**1,817.3**	**1,641.0**	**3,357.1**
Gross profit (%)	**25.0**	**26.6**	**25.9**	**26.8**	**26.5**
Adjusted gross profit	**975.6**	**943.2**	**1,817.3**	**1,641.0**	**3,357.1**
Adjusted gross profit (%)	**25.0**	**26.6**	**25.9**	**26.8**	**26.5**

DIY segment

Reconciliation between operating income & adjusted EBITDA

	Apr-Jun		Jan-Jun		Jan-Dec
SEKm	2022	2021	2022	2021	2021
Operating income	**102.7**	**221.2**	**152.1**	**321.2**	**516.6**
Warehouse consolidation	-	-	2.1	-	-
Total items affecting comparability	**-**	**-**	**2.1**	**-**	**-**
Amortisation and impairment of acquisition-related intangible fixed assets	14.8	8.4	29.6	16.3	44.1
Adjusted EBIT	**117.5**	**229.6**	**183.7**	**337.5**	**560.7**
Adjusted EBIT (%)	**5.1**	**10.5**	**4.6**	**9.4**	**7.7**
Depreciation and amortisation of tangible and intangible fixed assets	46.8	27.8	88.7	52.2	122.0
Gain/loss from sale of fixed assets	0.0	-	-0.1	0.2	-1.0
Adjusted EBITDA	**164.3**	**257.3**	**272.4**	**389.9**	**681.7**
Adjusted EBITDA (%)	**7.1**	**11.8**	**6.9**	**10.9**	**9.4**

Reconciliation between gross profit & adjusted gross profit

	Apr-Jun		Jan-Jun		Jan-Dec
SEKm	2022	2021	2022	2021	2021
Net sales	2,302.5	2,185.1	3,969.5	3,574.5	7,259.6
Cost of goods	-1,531.0	-1,403.7	-2,624.9	-2,305.7	-4,747.2
Gross profit before direct selling costs	**771.5**	**781.4**	**1,344.7**	**1,268.8**	**2,512.4**
Gross profit before direct selling costs (%)	**33.5**	**35.8**	**33.9**	**35.5**	**34.6**
Direct selling costs	-252.0	-225.8	-427.6	-357.9	-748.1
Gross profit	**519.5**	**555.6**	**917.1**	**910.9**	**1,764.3**
Gross profit (%)	**22.6**	**25.4**	**23.1**	**25.5**	**24.3**
Adjusted gross profit	**519.5**	**555.6**	**917.1**	**910.9**	**1,764.3**
Adjusted gross profit (%)	**22.6**	**25.4**	**23.1**	**25.5**	**24.3**

Home Furnishing segment

Reconciliation between operating income & adjusted EBITDA

	Apr-Jun		Jan-Jun		Jan-Dec
SEKm	2022	2021	2022	2021	2021
Operating income	48.0	71.8	118.0	153.7	289.4
Acquisition-related costs	1.4	-	1.4	-	-
Total items affecting comparability	**1.4**	**-**	**1.4**	**-**	**-**
Amortisation and impairment of acquisition-related intangible fixed assets	10.3	8.1	20.6	15.3	34.6
Adjusted EBIT	**59.7**	**79.9**	**140.1**	**169.1**	**324.0**
Adjusted EBIT (%)	**3.7**	**5.8**	**4.6**	**6.6**	**6.0**
Depreciation and amortisation of tangible and intangible fixed assets	59.7	38.8	116.0	72.8	169.8
Gain/loss from sale of fixed assets	-0.0	-0.0	-0.3	-0.0	0.2
Adjusted EBITDA	**119.4**	**118.7**	**255.8**	**241.8**	**494.0**
Adjusted EBITDA (%)	**7.4**	**8.6**	**8.3**	**9.4**	**9.1**

Reconciliation between gross profit & adjusted gross profit

	Apr-Jun		Jan-Jun		Jan-Dec
SEKm	2022	2021	2022	2021	2021
Net sales	1,618.4	1,378.5	3,073.7	2,563.7	5,442.8
Cost of goods	-922.1	-770.9	-1,716.8	-1,423.4	-2,994.7
Gross profit before direct selling costs	**696.4**	**607.6**	**1,356.9**	**1,140.3**	**2,448.1**
Gross profit before direct selling costs (%)	**43.0**	**44.1**	**44.1**	**44.5**	**45.0**
Direct selling costs	-239.6	-216.1	-455.7	-405.9	-850.4
Gross profit	**456.7**	**391.5**	**901.2**	**734.4**	**1,597.7**
Gross profit (%)	**28.2**	**28.4**	**29.3**	**28.6**	**29.4**
Adjusted gross profit	**456.7**	**391.5**	**901.2**	**734.4**	**1,597.7**
Adjusted gross profit (%)	**28.2**	**28.4**	**29.3**	**28.6**	**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 Jun		31 Dec
SEKm	2022	2021	2021
Non-current interest-bearing debt	4,298.0	3,124.2	5,022.7
Short-term interest-bearing debt	726.5	261.6	494.8
Total interest-bearing debt	**5,024.5**	**3,385.9**	**5,517.6**
Cash and cash equivalents	-519.9	-990.8	-273.5
Adjustment lease liabilities	-920.6	-667.0	-878.7
Adjustment of earn-outs and deferred payments	-1,786.8	-1,228.2	-2,121.7
Adjustment transaction costs	6.0	9.3	7.7
Net debt (+) / Net cash (-)	**1,803.2**	**509.2**	**2,251.3**
LTM EBITDA ex. IFRS16	727.6	992.7	963.4
Net debt (+) / Net cash (-) in relation to LTM EBITDA	**2.48x**	**0.51x**	**2.34x**

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.


bhg.