



"Yet another difficult quarter, but we are convinced that our hard work is now beginning to produce results. We are pleased to report that we continue to reduce our inventories and have further strengthened our balance sheet thanks to completed financing, two important parameters for ensuring that BHG will emerge from this challenging period stronger than ever."

*Gustaf Öhrn
President and CEO*



Q4 2022

BHG Group AB (publ)
Nasdaq Stockholm

Interim report: 1 January-31 December 2022

In a challenging environment we act strongly to strengthen profitability and cash flow

– Inventories declined further by 238 million in Q4 and cash flow improved compared with the previous year. Profitability challenged, due to weak demand and price pressure in the market.

HIGHLIGHTS

1 October-31 December

- Net sales declined -5.1% to SEK 3,307.9 million (3,487.2). Organic growth was -3.7% and pro-forma organic growth was -5.5%
- Adjusted gross profit declined -13.3% to SEK 804.9 million (927.9), corresponding to an adjusted gross margin of 24.3% (26.6)
- Adjusted EBIT amounted to SEK 30.7 million (186.4), corresponding to an adjusted EBIT margin of 0.9% (5.3)
- Cash flow from operating activities amounted to SEK 67.5 million (-251.2)
- Earnings per share amounted to SEK -1.2 (0.93) before dilution and SEK -1.2 (0.92) after dilution

1 January-31 December

- Net sales increased 6.1% to SEK 13,433.6 million (12,666.0). Organic growth was -5.0% and pro-forma organic growth was -4.5%
- Adjusted gross profit increased 0.3% to SEK 3,368.3 million (3,357.1), with an adjusted gross margin of 25.1% (26.5)
- Adjusted EBIT amounted to SEK 374.9 million (812.7), corresponding to an adjusted EBIT margin of 2.8% (6.4)
- Cash flow from operating activities amounted to SEK -105.6 million (-27.6)
- Earnings per share amounted to SEK 0.25 (4.01) before dilution and SEK 0.25 (3.97) after dilution

The Board of Directors proposes to the Annual General Meeting that no dividend be paid to the shareholders for 2022.

Key events during the fourth quarter and after the period

- On 27 November, BHG announced that Gustaf Öhrn had been appointed as permanent President and CEO of BHG Group, after having served as acting CEO since 12 August 2022.
- On 6 December, BHG Group carried out a directed issue and on 30 December, an Extraordinary General Meeting was held that approved the Board of Directors' decision to issue new shares, see page 17
- On 22 December, a change in BHG Group's Nomination Committee was announced due to a change in the ownership structure, with Oscar Severin, a representative of Vitruvian, replacing Handelsbankens Fonder's representative.
- On 12 January 2023, Sara Sterner took over as Head of HR, Communication and ESG. Sara Sterner is a member of the executive management team. She succeeds Maria Morin, who left BHG for a position outside the company at the end of 2022.
- An Extraordinary General Meeting was held on 13 January 2023. The Meeting approved the Board of Directors' proposal to introduce a long-term incentive programme for the company's CEO by issuing warrants (LTIP 2023/2026) as well as the Nomination Committee's proposed changes to the Board of Directors to apply until the end of the next Annual General Meeting, including election of new Board members Kristian Eikre and Vesa Koskinen, with the latter replacing current Board member Niklas Ringby. Election of Christian Bubenheim (appointed acting Chairman of the Board by the Board of Directors in August 2022) as Chairman of the Board of Directors.

FINANCIAL SUMMARY

SEKm (if not otherwise stated)	Oct-Dec			Jan-Dec		
	2022	2021	Δ%	2022	2021	Δ%
Net sales	3,307.9	3,487.2	-5.1	13,433.6	12,666.0	6.1
Gross profit	792.3	927.9	-14.6	2,981.1	3,357.1	-11.2
Gross margin (%)	24.0	26.6	-2.7 p.p.	22.2	26.5	-4.3 p.p.
Adjusted gross profit*	804.9	927.9	-13.3	3,368.3	3,357.1	0.3
Adjusted gross margin (%)	24.3	26.6	-2.3 p.p.	25.1	26.5	-1.4 p.p.
Adjusted EBIT*	30.7	186.4	-83.5	374.9	812.7	-53.9
Adjusted EBIT margin (%)	0.9	5.3	-4.4 p.p.	2.8	6.4	-3.6 p.p.
Operating income	-43.7	157.4	-127.8	-183.9	710.6	-125.9
Operating margin (%)	-1.3	4.5	-5.8 p.p.	-1.4	5.6	-7.0 p.p.
Net profit for the period	-175.2	113.9	-253.8	45.7	490.8	-90.7
Earnings per share before dilution, SEK	-1.20	0.93	-229.0	0.25	4.01	-93.8
Earnings per share after dilution, SEK	-1.20	0.92	-230.4	0.25	3.97	-93.7
Cash flow from operating activities	67.5	-251.2	n/a	-105.6	-27.6	282.9
Net debt (+) / Net cash (-)	1,543.4	2,251.3	-31.4	1,543.4	2,251.3	-31.4

* Refer to "Relevant reconciliations of non-IFRS alternative performance measures (APMs)" on page 33 of this report for a more detailed description.



Comments by Gustaf Öhrn

President and CEO, BHG Group

2022 can be summarised as truly a year of change. Conditions changed in a way that I believe no one could have predicted at the beginning of the year. Along with tremendous human suffering, the geopolitical instability that arose as a consequence of Russia's invasion of Ukraine, including a subsequent energy crisis, inflation and dramatic interest rate increases, has had an overall effect on consumption.

We are taking decisive action to improve profitability and cash flow in a challenging environment

The fourth quarter was yet another difficult quarter. However, we feel that our hard work is now beginning to produce results. We further reduced our inventories by SEK 238 million during the fourth quarter, exceeding the announced target of SEK 100–200 million. We reduced inventories by a total of SEK 336 million in the second half of 2022, work that we are continuing in 2023. We strengthened our balance sheet by nearly SEK 800 million through an oversubscribed new share issue, and we are grateful for the strong support from both new and existing shareholders.

Despite a challenging environment, we succeeded in maintaining our sales relatively well, and we believe we continued to gain market share, we remained profitable even if our profitability is significantly lower than in the corresponding period last year.

We believe that the environment will remain challenging in 2023, especially during the first half of the year, and we are continuing to execute the action plan we announced during the third quarter, focusing on improving profitability and cash flow. This is being accomplished through measures including a comprehensive cost-savings programme amounting to SEK 150–200 million on an annual basis. The savings are expected to become fully effective beginning in the second quarter of 2023, but the accelerated measures we have already taken have generated items affecting comparability in the fourth quarter of 2022 (see page 9). We are already engaged in a constructive dialogue with our banks, which has resulted in an agreement on a temporary change in our covenants until the end of 2023. During the third quarter, we also recognised an impairment loss of SEK 375 million on the value of our inventories in order to reflect its fair value. The measures described above are all important for BHG to navigate successfully in the short term and to emerge from this difficult environment as strong as ever.

Structural changes to reduce complexity and leverage synergies

In addition to our focus on profitability and cash flow, we have defined our long-term plan which also includes structural measures intended to reduce complexity, leverage synergies and secure scalable solutions, as well as investments in technology platforms to enable current and future consolidations. As we announced during the third quarter, we have decided to divide our operations into three segments as of 1 January 2023. The three operating areas are being divided up in order to better reflect our customers' purchasing behaviours. The division is also based on the business models of these operating areas and position in the market.

- 1) Home Improvement, led by Deputy CEO Mikael Hagman, mainly based on a drop shipping model with a low level of tied-up capital, with a broad product range and price matching.
- 2) Value Home, led by Christian Eriksson, a value-driven model that focuses on offering competitive prices, enabled by private label products.
- 3) Premium Living, led by Bank Bergström, a premium position that is primarily based on wholesale in order to internationalise Scandinavian design.

Mikael, Christian and Bank are all entrepreneurs with long-standing experience leading businesses in operational CEO roles. In addition, they are members of our executive management team, which has enabled us to reinforce the operational expertise of our senior management.

We are certain that the majority of the realisable synergies, such as scalable IT platforms and inventory consolidation, can be found within these individual operating areas rather than at the Group level.

In this report, we provide an overview of these three segments in 2022 and 2021 – see Note 10 on page 28.

**The fundamental structural trends that have driven BHG's journey of growth remain relevant and intact**

With our action plan to improve profitability and structural changes to reduce complexity and leverage synergies, we are ready for a challenging 2023, a year when we will also be able to create opportunities by taking advantage of our size and experience in order to continue gaining market share. In these challenging times, it's important not to forget that the fundamental structural trends that have driven BHG's journey of growth remain relevant and intact. We believe that the migration from physical retail to online will continue in our categories for the foreseeable future, while at the same time interest in the home and thus in our DIY and home furnishing categories continues to grow.

I would like to conclude the year by thanking all of our customers, colleagues and shareholders and by assuring you that we will continue to work hard and tirelessly to ensure that BHG emerges from this challenging environment even stronger than before.

Malmö, 27 January 2023

Gustaf Öhrn
President and CEO, BHG Group



We make living easy!

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

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

2,500

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

>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 CO₂ 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

SEKm (if not otherwise stated)	Oct-Dec			Jan-Dec		
	2022	2021	Δ%	2022	2021	Δ%
Net sales	3,307.9	3,487.2	-5.1	13,433.6	12,666.0	6.1
Gross profit	792.3	927.9	-14.6	2,981.1	3,357.1	-11.2
Gross margin (%)	24.0	26.6	-2.7 p.p.	22.2	26.5	-4.3 p.p.
Adjusted gross profit*	804.9	927.9	-13.3	3,368.3	3,357.1	0.3
Adjusted gross margin (%)	24.3	26.6	-2.3 p.p.	25.1	26.5	-1.4 p.p.
Adjusted EBITDA*	149.4	275.7	-45.8	813.8	1,104.6	-26.3
Adjusted EBITDA margin (%)	4.5	7.9	-3.4 p.p.	6.1	8.7	-2.7 p.p.
Adjusted EBIT*	30.7	186.4	-83.5	374.9	812.7	-53.9
Adjusted EBIT margin (%)	0.9	5.3	-4.4 p.p.	2.8	6.4	-3.6 p.p.
Items affecting comparability	-40.7	-3.8	976.4	-449.7	-23.4	1821.5
Operating income	-43.7	157.4	-127.8	-183.9	710.6	-125.9
Operating margin (%)	-1.3	4.5	-5.8 p.p.	-1.4	5.6	-7.0 p.p.
Net profit for the period	-175.2	113.9	-253.8	45.7	490.8	-90.7
Cash flow from operating activities	67.5	-251.2	n/a	-105.6	-27.6	282.9
Visits (thousands)	91,857	106,202	-13.5	364,224	411,296	-11.4
Orders (thousands)	1,529	1,640	-6.8	5,172	5,243	-1.4
Conversion rate (%)	1.7	1.5	0.1 p.p.	1.4	1.3	0.1 p.p.
Average order value (SEK)	2,130	2,101	1.4	2,626	2,441	7.6

* Refer to "Relevant reconciliations of non-IFRS alternative performance measures (APMs)" on page 33 of this report for a more detailed description.

COMMENTS ON THE RESULT FOR THE PERIOD

The fourth quarter of the year

The fourth quarter of the year was characterised by weak profitability despite a relatively strong sales, and stronger cash flow due to improved inventories. The weak profitability is a result of weaker demand and intense competition with high pressure on product margins.

The home Improvement market, meaning DIY and home furnishings, continued to be affected during the fourth quarter by continued weak demand and large inventories, with increasing concern amongst consumers due to runaway energy costs, rising interest rates and food prices putting pressure on household disposable income. Categories requiring a larger investment for the consumer, such as doors, windows, floors and bath declined more than the business in general.

Our assessment is that BHG outperformed the market as a whole during the fourth quarter.

- The Group's net sales amounted to SEK 3,307.9 million (3,487.2) for the quarter. Total growth amounted to -5.1%, pro-forma organic growth (meaning including the three acquisitions made during the last 12 months) to -5.5% and organic growth to -3.7%.
- Adjusted EBIT amounted to SEK 30.7 million (186.4) for the quarter, corresponding to an adjusted EBIT margin of 0.9% (5.3). Price pressure in the market due to weak demand had a negative impact on profitability during the quarter.

- Items affecting comparability totalled SEK -40.7 million as a result of our previously announced and somewhat accelerated savings programme as well as structural measures (see page 9).
- Cash flow from operating activities improved to SEK 67.5 million (-251.2) during the quarter, primarily driven by the Group's operating result during the quarter and a less pronounced decrease in working capital.

Measures to improve profitability and cash flow are beginning to produce results

In light of the uncertainty expected to prevail in the consumer market for some time to come, measures to improve profitability and cash flow, and thus the balance sheet, were announced in October.

- BHG is cutting its costs by SEK 150-200 million on an annual basis in order to adapt the operations to the challenging market and to counteract inflationary increases of, for example, costs for premises and energy. The cost-saving measures continue to be implemented, and are expected to become fully effective beginning in the second quarter of 2023. The measures we have already taken, such as staff reductions and closure of operations and stores, have generated items affecting comparability in the fourth quarter of 2022 (see page 9). We can already see some effect of our efforts, in the quarter we had a positive effect on our fulfilment costs.

- We are working actively to reduce inventories. Items held in inventory were reduced by SEK 238 million during the fourth quarter, exceeding the announced target of SEK 100–200 million. The work on decreasing inventories will continue with the target of continuing to significantly reduce inventories during 2023.
- In addition, payments of earn-outs for acquired companies are expected to be lower than previously communicated. In total, acquisition-related liabilities amounted to SEK 1,254.2 million at the end of the fourth quarter of 2022, compared with SEK 1,398.3 million at the end of the third quarter of 2022 (refer to Note 5).

Structural changes to reduce complexity and leverage synergies

In addition to our focus on profitability and cash flow, we have defined our long-term plan which also includes structural measures intended to reduce complexity, leverage synergies and secure scaleable solutions, as well as investments in technology platforms to enable current and future consolidations. During the fourth quarter we consolidated operations in both Sweden and Finland. We also closed down two websites and one operation. The structural changes will continue during 2023.

The home improvement market

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

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

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 a quick normalisation, including shorter lead times and declining shipping costs for the part of the range purchased from Asia.

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

Outlook

Our unchanged assessment is that demand in the market will become even more challenging, particularly during the first half of 2023, before it improves. Demand is especially weak in capital intensive product categories such as windows, doors, bath and floors. Further, the comparable number for January is challenging.

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

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

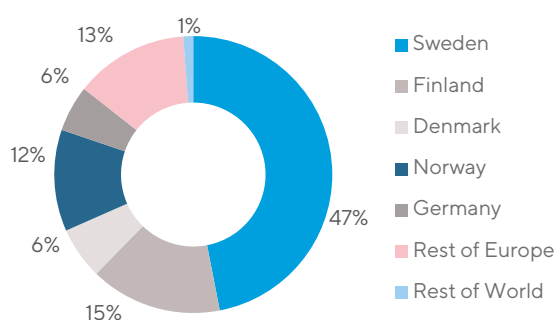
The difficult market situation will also present opportunities. As competitors are weakened, shut down or leave product categories, BHG will be able to advance its leading position through organic expansion and acquisitions.

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

Acquisitions and integration

Acquisitions have been a core part of BHG's business model and success since the start and will remain an important part of the Group's development in the future. The rate of activity is lower due to the current market conditions and acquisitions are currently not our primary focus.

Nonetheless, we are continuing to evaluate potential acquisition candidates and partnerships so that, when we are ready, we will be able to make relevant bolt-on acquisitions going forward that can strengthen our offering in the Group's core areas – not least in the area of energy conservation and efficiency.

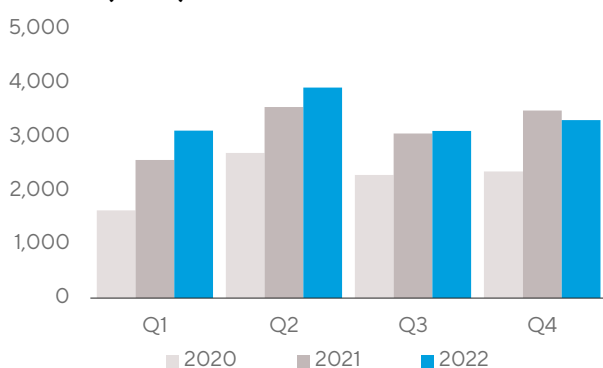
Distribution of net sales by country (%), Oct-Dec 2022**Net sales**

The relatively strong trend in net sales is primarily attributable to geographical expansion, both in the Nordics and the European continent. The two segments had a similar development in the quarter. In the DIY segment, HYMA had a strong finish to the year, driven by its offering of energy saving products. In Home Furnishing, our Eastern European furniture business Furniture1 had a strong development. Demand varied among different product categories during the quarter. Capital-intensive categories such as doors, windows, sofas and bathrooms performed relatively poorly. At the same time, demand rose in the categories related to energy conservation.

Net sales declined -5.1% to SEK 3,307.9 million (3,487.2) for the quarter and increased by 6.1% to SEK 13,433.6 million (12,666.0) for the full year. Organic growth was -3.7% for the quarter and -5.0% for the full year, while pro-forma organic growth was -5.5% for the quarter and -4.5% for the full year.

Net sales in the DIY segment decreased -5.2% to SEK 1,727.8 million (1,823.0) for the quarter and increased 3.4% to SEK 7,507.0 million (7,259.6) for the full year. Organic growth was -6.9% for the quarter and -6.5% for the full year, while pro-forma organic growth was -6.5% for the quarter and -5.9% for the full year.

Net sales in the Home Furnishing segment decreased -5.1% to SEK 1,588.2 million (1,673.2) for the quarter and increased 9.6% to SEK 5,965.5 million (5,442.8) for the full year. Organic growth was -0.2% for the quarter and -2.9% for the full year, while pro-forma organic growth was -4.5% for the quarter and -2.7% for the full year.

Net sales (SEKm)**Gross margin**

The product margin was 37.6% (39.5) for the quarter and 35.1% (39.1) for the full year. The adjusted gross margin (that is, the margin after deductions for direct selling expenses, such as logistics, fulfilment, etc.) amounted to 24.3% (26.6) for the quarter and 25.1% (26.5) for the full year.

The gross margin trend in the quarter was attributable mainly to price pressure in the market as a result of weak demand, aggressive campaigns and a large supply of products in the market and to some extent rising costs for last-mile shipments.

- The deterioration in product margins is largely attributable to a more limited ability to adjust prices due to weak demand and intense competition, not least in the Home Furnishing premium segment
- Rising costs for last-mile shipments is primarily explained by higher fuel prices.
- We are starting to see a positive effect of the previously communicated cost saving initiatives regarding fulfilment cost, which in the quarter was lower than the preceding year.

The Group carefully monitors the development of average order value (AOV) and focuses particularly on ensuring that the AOV for bulky products, which are sent on pallets, remains high. The majority of the operating units, primarily within the Home Furnishing segment, 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 655.5 million (652.2) for the quarter, corresponding to 19.8% (18.7) of net sales, and to SEK 2,554.5 million (2,252.5) for the full year, corresponding to 19.0% (17.8) of net sales.

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

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

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

Earnings

The Group's adjusted EBIT amounted to SEK 30.7 million (186.4) for the quarter and SEK 374.9 million (812.7) for the full year, corresponding to an adjusted EBIT margin of 0.9% (5.3) and 2.8% (6.4), respectively. Amortisation of tangible and intangible assets amounted to SEK 153.2 million (115.4) for the quarter, of which SEK 82.1 million (141.7) pertains to amortisation of lease assets, and SEK 548.5 million (371.5) for the full year, of which SEK 304.2 million (203.5) pertains to amortisation of lease assets.

The Group's operating income amounted to SEK -43.7 million (157.4) for the quarter, corresponding to an operating margin of -1.3% (4.5), and SEK -183.9 million (710.6) for the full year, corresponding to an operating margin of -1.4% (5.6). Items affecting comparability totalled SEK -40.7 million, as a result of our previously announced cost savings programme as well as structural measures, and are attributable to the following items: impairment and restoration costs when stores are closed and impairment of inventories when operations are closed down. The integration of Svenssons i Lammhult into the Nordic Nest platform was also completed during the quarter. See also page 34.

Amortisation and impairment of acquisition-related intangible assets amounted to SEK 25.2 million (25.2) for the quarter and SEK 100.6 million (78.7) for the full year. Impairment of brands associated with closed websites amounted to 8,6 (0,0) million in the period. 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, other than already mentioned, or in the corresponding period of the preceding year.

The Group's net financial items amounted to SEK -136.6 million (-8.5) for the quarter, which included reassessed earn-outs of SEK -103.4 million. Interest expenses for the quarter amounted to SEK -34.3 million, of which SEK -5.4 million related to lease liabilities in accordance with IFRS 16. For the full year, the Group's net financial items amounted to SEK 165.6 million (-79.7), which included reassessed earn-outs of SEK 285.4 million. Interest expenses amounted to SEK -96.3 million, of which SEK -20.5 million related to lease liabilities in accordance with IFRS 16.

The Group reported a loss before tax of SEK -180.3 million (profit: 149.0) for the quarter and SEK -18.3 million (profit: 630.9) for the full year. Net income totalled SEK -175.2 million (113.9) for the quarter and SEK 45.7 million (490.8) for the full year. The effective tax rate was -2.8% (-23.5) for the quarter, corresponding to SEK -5.1 million (-35.1), and -349.9% (-22.2) for the full year, corresponding to SEK 64.1 million (-140.1). The effective tax rate is primarily due to non-taxable revenue in the form of adjustments to earn-outs that were charged both during the quarter and the full year.

Currency effects

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

Exchange-rate fluctuations had some positive impact on operating income for the quarter.

Cash flow and financial position

Cash flow from operating activities was SEK 67.5 million (-251.2) for the quarter and SEK -105,6 million (-27.6) for the full year. Cash flow from operating activities for the period was primarily driven by the Group's operating activities as well as less negative impact from changes in working capital. The development in working capital is a result of BHG's lower inventory and supplier payments. Cash flow from changes in inventory was SEK 237.8 million (-322.8) for the quarter and SEK -355.8 million (-877.3) for the full year. Measures that have been taken to reduce items held in inventory, thereby improving cash flow, are not expected to have their greatest effect until the 2023 outdoor season, meaning during the second and third quarters.

Cash conversion (cash flow from operating activities in relation to adjusted EBITDA) was 19.9% (-107.4) for the quarter and -10,8% (-10.4) for the full year.

The Group's cash flow to investing activities amounted to SEK -58.1 million (-61.5) for the quarter and SEK -454.9 million (-1,855.4) for the full year. Cash flow to investing activities for the period was mainly attributable to IT investments related to technology platforms and logistics solutions.

Cash flow to and from financing activities amounted to SEK -225.2 million (-91.5) for the quarter and SEK 765.1 million (1,851.7) for the full year and was primarily attributable to the issuance of new shares and the amortisation of revolving credit facilities during the period.

The Group's cash and cash equivalents at the end of the reporting period, compared with the beginning of the year, amounted to SEK 477.6 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 1,543.4 million at the end of the period, compared with SEK 2,251.3 million at the beginning of the year, corresponding to net debt in relation to LTM adjusted EBITDA of 3.14x, which is outside the range of the Group's medium-term capital structure target.

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

The Group's unutilised credit facilities amounted to SEK 1,300.0 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.

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Duab

berry

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Nordiska Fönster

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Chilli.se

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LampGallerian

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bathlife
OF SWEDEN

WEGOT

Ölkylen.se

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Linet & teckel shop

LINDSTRÖMS
Bedrum, köket, golv

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vskupp.no

GULV&FLISE
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tvexperten.com

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LED-VALOT.FI

POLARPUMPEN
polarpumpen.se

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GARTEN MOEBEL.DE

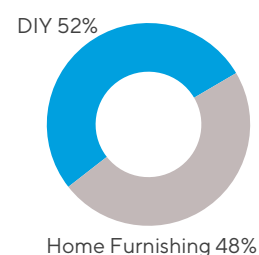
NORDIC
PROSTORE.com

A selection of our brands.

DIY segment

- The segment furthered its leading Nordic position during the quarter, despite a challenging market. Customer satisfaction also improved
- The segment's net sales, including completed acquisitions, of which HYMA was by far the largest, decreased by 5.2% for the quarter. Organic growth was -6.9% and pro-forma organic growth was -6.5%. For the full year, the segment's net sales increased 3.4%, of which organic growth was -6.5% and pro-forma organic growth was -5.9%
- The gross margin amounted to 22.8% (23.0) for the quarter and 22.6% (24.3) for the full year
- Adjusted EBIT amounted to SEK 46.4 million (93.7) for the quarter and SEK 278.0 million (560.7) for the full year, corresponding to an adjusted EBIT margin of 2.7% (5.1) and 3.7% (7.7), respectively. The adjusted EBIT margin was negatively affected during the quarter, to some extent by rising costs for last mile shipments but primarily by SG&A, which was in turn negatively affected, primarily by high personnel-related costs that have not yet been adapted to the current demand situation as well as depreciation due to higher rental cost.

Net sales by segment,
Oct-Dec 2022



SEKm (if not otherwise stated)	Oct-Dec			Jan-Dec		
	2022	2021	Δ%	2022	2021	Δ%
Net sales	1,727.8	1,823.0	-5.2	7,507.0	7,259.6	3.4
Gross profit	391.3	419.9	-6.8	1,494.5	1,764.3	-15.3
Gross margin (%)	22.6	23.0	-0.4 p.p.	19.9	24.3	-4.4 p.p.
Adjusted gross profit	394.0	419.9	-6.2	1,697.9	1,764.3	-3.8
Adjusted gross margin (%)	22.8	23.0	-0.2 p.p.	22.6	24.3	-1.7 p.p.
Adjusted EBITDA	98.2	129.6	-24.2	470.7	681.7	-31.0
Adjusted EBITDA margin (%)	5.7	7.1	-1.4 p.p.	6.3	9.4	-3.1 p.p.
Adjusted EBIT	46.4	93.7	-50.5	278.0	560.7	-50.4
Adjusted EBIT margin (%)	2.7	5.1	-2.5 p.p.	3.7	7.7	-4.0 p.p.
Items affecting comparability	-14.9	-	-	-217.6	-	-
Operating income	13.5	78.8	-82.8	-2.0	516.6	-100.4
Operating margin (%)	0.8	4.3	-3.5 p.p.	-0.0	7.1	-7.1 p.p.
Net profit for the period	-204.9	-89.1	130.1	73.2	216.4	-66.2
Visits (thousands)	31,987	36,389	-12.1	149,056	165,984	-10.2
Orders (thousands)	616	652	-5.6	2,404	2,373	1.3
Conversion rate (%)	1.9	1.8	0.1 p.p.	1.6	1.4	0.2 p.p.
Average order value (SEK)	2,552	2,688	-5.1	3,122	3,116	0.2

COMMENTS ON THE DIY SEGMENT

The segment strengthened its leading Nordic position in a challenging market.

The focus is on:

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

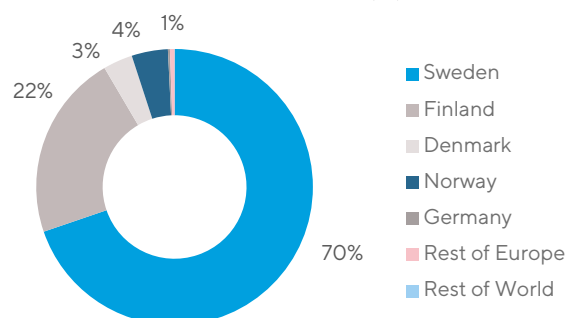
The upgraded version of our customer data platform continued to be rolled out on the Swedish platform, after a launch was completed in the Finnish DIY operations during the previous quarter.

The DIY segment accounted for 52% of the Group's total net sales for the quarter and 56% for the full year. Net sales decreased -5.2% to SEK 1,727.8 million (1,823.0) for the quarter and increased 3.4% to SEK 7,507.0 million (7,259.6) for the full year.

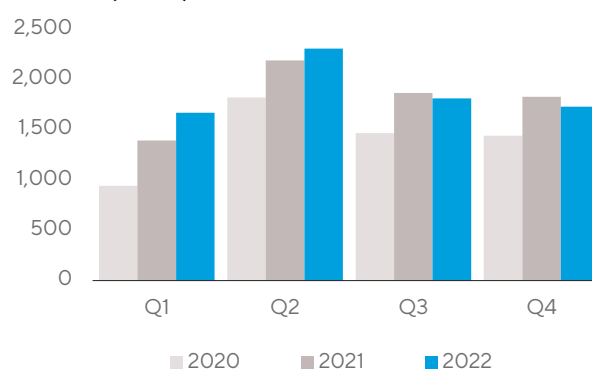
Similarly to last quarter, the adjusted EBIT margin deteriorated particularly in the part of the Group's operations focused on proprietary brands. This market is more fragmented than the market for external brands, and the large number of smaller competitors that operate in this market have run aggressive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

Adjusted EBIT amounted to SEK 46.4 million (93.7) for the quarter and SEK 278.0 million (560.7) for the full year, corresponding to an adjusted EBIT margin of 2.7% (5.1) and 3.7% (7.7), respectively.

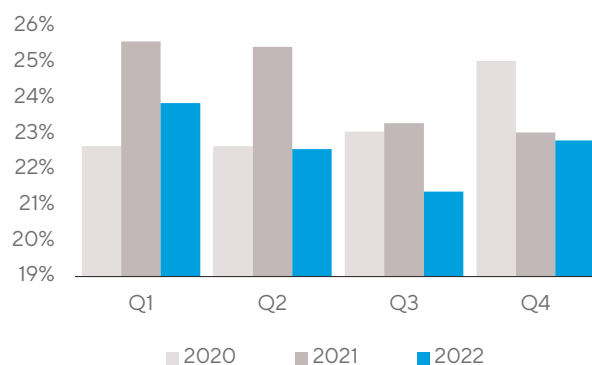
Distribution of net sales by country (%), Oct-Dec 2022



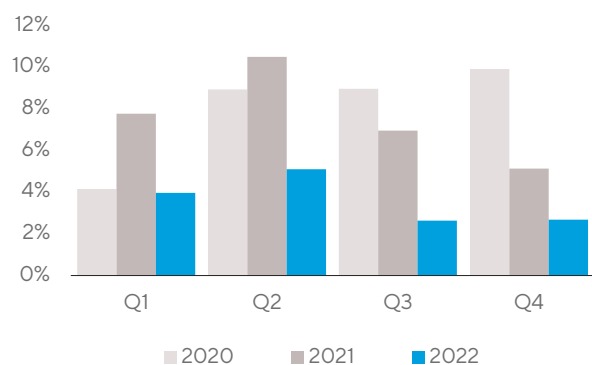
Net sales (SEKm)



Adjusted gross margin (%)



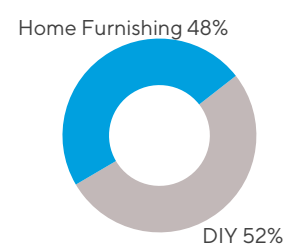
Adjusted EBIT margin (%)



Home Furnishing segment

- The market was characterised by weak demand and higher competitive pressure with large inventories in the market during the quarter
- Total growth was -5.1% for the quarter and 9.6% for the full year. The segment's organic growth was -0.2% for the quarter and -2.9% for the full year, while pro-forma organic growth was -4.5% for the quarter and -2.7% for the full year
- The gross margin amounted to 25.9% (30.4) for the quarter and 28.0% (29.4) for the full year. Weak demand and high competitive pressure mainly contributed to the weaker gross margin for the quarter. We started to see some effect of our efforts to actively reduce inventory handling costs and make handling more efficient during the quarter
- Adjusted EBIT amounted to SEK 1.3 million (106.4) for the quarter and SEK 155.2 million (324.0) for the full year, corresponding to an adjusted EBIT margin of 0.1% (6.4) and 2.6% (6.0), respectively. The EBIT margin was primarily negatively impacted by the weaker gross margin and SG&A due to high personnel-related costs, which have not yet been adapted to the current demand situation. Extensive measures are being implemented to adjust fixed costs
- Sales to customers from countries outside the Nordic region accounted for 40% of sales for the segment during the fourth quarter.

• Net sales by segment, Oct-Dec 2022



SEKm (if not otherwise stated)	Oct-Dec			Jan-Dec		
	2022	2021	Δ%	2022	2021	Δ%
Net sales	1,588.2	1,673.2	-5.1	5,965.5	5,442.8	9.6
Gross profit	401.2	508.4	-21.1	1,488.5	1,597.7	-6.8
Gross margin (%)	25.3	30.4	-5.1 p.p.	25.0	29.4	-4.4 p.p.
Adjusted gross profit	411.1	508.4	-19.1	1,672.3	1,597.7	4.7
Adjusted gross margin (%)	25.9	30.4	-4.5 p.p.	28.0	29.4	-1.3 p.p.
Adjusted EBITDA	67.6	159.5	-57.6	399.7	494.0	-19.1
Adjusted EBITDA margin (%)	4.3	9.5	-5.3 p.p.	6.7	9.1	-2.4 p.p.
Adjusted EBIT	1.3	106.4	-98.8	155.2	324.0	-52.1
Adjusted EBIT margin (%)	0.1	6.4	-6.3 p.p.	2.6	6.0	-3.4 p.p.
Items affecting comparability	-24.2	-		-200.5	-	
Operating income	-38.6	96.2	-140.1	-91.9	289.4	-131.8
Operating margin (%)	-2.4	5.7	-8.2 p.p.	-1.5	5.3	-6.9 p.p.
Net profit for the period	-10.6	62.8	-116.8	38.8	182.9	-78.8
Visits (thousands)	59,870	69,813	-14.2	215,168	245,312	-12.3
Orders (thousands)	913	988	-7.6	2,767	2,870	-3.6
Conversion rate (%)	1.5	1.4	0.1 p.p.	1.3	1.2	0.1 p.p.
Average order value (SEK)	1,846	1,714	7.7	2,195	1,884	16.5

COMMENTS ON THE HOME FURNISHING SEGMENT

During the quarter, the home furnishing market was characterised by weak demand and tough competitive pressure, not least for the premium business, which saw intensive campaigns.

The segment's Eastern European furniture platform performed well. This operation have industry-leading customer satisfaction and cover a large number of geographic markets.

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

The focus continues to be on:

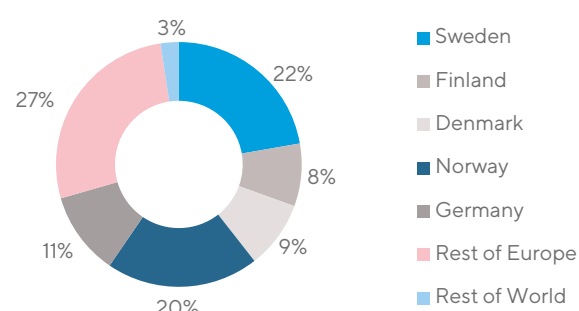
- Driving geographic growth, primarily through Nordic Nest and the Eastern European furniture platform.
- Continually optimising pricing, campaign and marketing strategies in the value-for-money platform, while adjusting the cost base in order to be prepared for continued weak demand.
- Reducing inventory levels and making fulfilment more efficient in order to free up cash flow, and optimising the cost base by maximising product assortment exchange among relevant BHG units and adjusting purchase volumes going forward. Nordic Nest's warehouse automation solution was implemented successfully during the quarter according to plan and the work to increase efficiency continues.
- 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 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 48% of the Group's total net sales for the quarter and 44% for the full year. Net sales decreased 5.1% to SEK 1,588.2 million (1,673.2) for the quarter and increased 9.6% to SEK 5,965.5 million (5,442.8) for the full year.

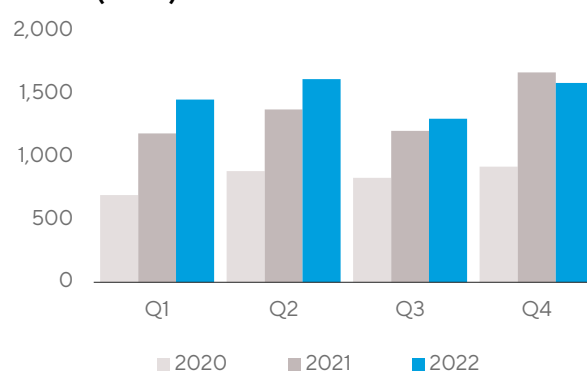
Adjusted EBIT amounted to SEK 1.3 million (106.4) for the quarter and SEK 155.2 million (324.0) for the full year, corresponding to an adjusted EBIT margin of 0.1% (6.4) and 2.6% (6.0), respectively.

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 40% of sales for the segment during the fourth quarter.

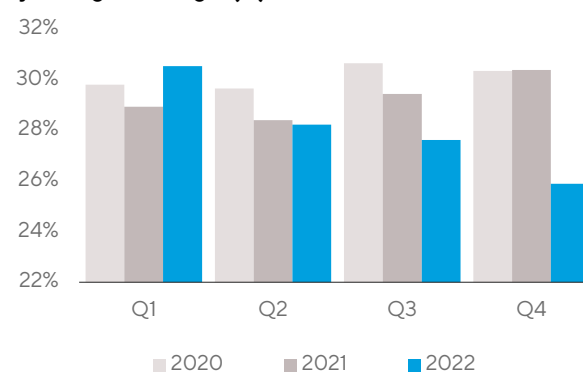
Distribution of net sales by country (%), Oct-Dec 2022



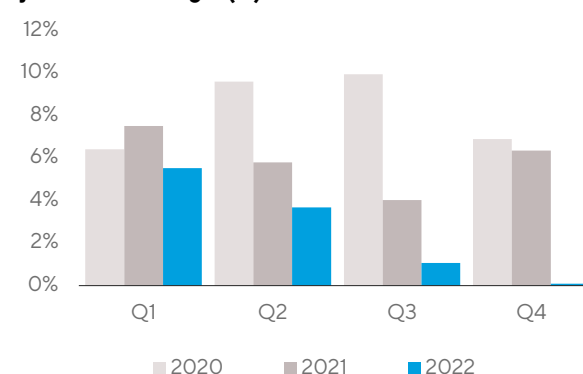
Net sales (SEKm)



Adjusted gross margin (%)



Adjusted EBIT margin (%)



Focus on Bygghemma Sweden

2022 WAS STABLE DESPITE A CHALLENGING MARKET SITUATION

Bygghemma has been in a state of constant growth ever since it was founded in Oskarshamn in 2006. The years of the pandemic were especially favourable, with a renovation boom that brought a strong increase in interest in DIY and garden projects. But despite a challenging market situation during parts of the year, Bygghemma's sales in 2022 still exceeded its sales in the pandemic year 2020.

EMMA PÅLSSON, NEW CEO SINCE AUGUST 2022.

"I'm extremely impressed by Bygghemma's journey of growth and agile culture. 2022 was an eventful and challenging year for many in our industry, including Bygghemma. But during my first months, I really had a chance to experience the strength of Bygghemma's agile organisation, which is permeated by a can do attitude, a high level of commitment and not least a strong spirit of entrepreneurship. The entrepreneur-driven model we have at BHG also creates excellent prospects for rapid decisions, while at the same time we can share knowledge, experience and insights within the Group and support one another – making something that is already good even better."



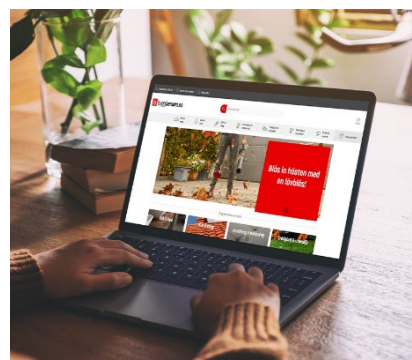
h bygghemma.se

AN AGILE ORGANISATION CAN EXPAND AND ADAPT ITS CUSTOMER OFFERING

After a pandemic during which the number of customers markedly increased, we are now encountering somewhat weaker demand. But this is a market situation that suits us, where we can adapt rapidly and create opportunities, not least when it comes to taking advantage of our size and experience in order to gain market share. Our focus is more forward-looking than ever, and we follow trends in the market on a nearly daily basis. We are using customer insights and our data more than ever to respond to changes in customer behaviour. A good example is our rapidly growing offering of energy efficiency products, where we are now also expanding our partnership with market leader Polarpumpen.se. We are currently working intensively together to streamline and improve our customer offering in this extremely fast-growing category.

BYGGHEMMA'S BRAND AND PROSPECTS FOR CONTINUED FUTURE GROWTH

While we have been making rapid changes, we have also set our sights on continuing to strengthen Bygghemma's brand and customer awareness. We are enhancing our internal training and place considerable emphasis on employee upskilling, which has resulted in a major increase in customer satisfaction. Our technology landscape is evolving, and in 2023 we will make significant investments in our IT systems, with the aim of further strengthening customer satisfaction and driving efficiencies. We continue to improve and refine our unique range and delivery model while streamlining our systems and processes.



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 18.6. The highest price paid, quoted in January, was SEK 100.9, and the lowest price paid, quoted in October, was SEK 12.4.

During the period, 313,420,562 BHG shares were traded, equivalent to a turnover rate of 179%.

As of 31 December, BHG had approximately 13,600 shareholders, of which the largest were EQT (26.4%), Ferd AS (17.8%), Norges Bank (2.5%), Vitruvian Partners (2.4%) and Arbejdsmarkedets Tillægspension (ATP) (2.3%).

As of 31 December 2022, the number of shares issued was 175,261,466, all of which were ordinary shares.

An additional 3,972,097 shares issued after a resolution by the Extraordinary General Meeting held on 30 December 2022 were registered with the Swedish Companies Registration Office and began trading on Nasdaq Stockholm at the beginning of January 2023 (see below).

Change in number of shares

BHG Group AB carried out two directed issues in 2022. 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.

On 6 December, BHG Group carried out a directed issue of 39,024,390 shares at a subscription price of SEK 20.50 per share, generating proceeds of SEK 800 million. 35,052,293 shares were issued with the support of a mandate by the

Annual General Meeting held on 5 May 2022, and the remaining 3,972,097 shares were issued with the support of the subsequent approval by the Extraordinary General Meeting held on 30 December 2022.

The 3,972,097 shares issued after a resolution by the Extraordinary General Meeting held on 30 December 2022 were registered with the Swedish Companies Registration Office and began trading on Nasdaq Stockholm at the beginning of January 2023.

PARENT COMPANY

The Parent Company's net sales amounted to SEK 2.6 million (0.8) for the quarter and SEK 8.3 million (2.6) for the full year. The Parent Company posted an operating loss of SEK -17.8 million (-16.4) for the quarter and SEK -82.9 million (-91.1) for the full year. Outstanding incentive programmes were charged to Parent Company earnings for the full year in an amount of SEK -4.4 million (-5.8). The Parent Company's cash and cash equivalents totalled SEK 8.9 million at the end of the reporting period, compared with SEK 0.0 million at the beginning of the year.

Malmö, 27 January 2023

Christian Bubenheim
Chairman

Kristian Eikre
Board member

Joanna Hummel
Board member

Vesa Koskinen
Board member

Mariette Kristensson
Board member

Gustaf Öhrn
President and CEO

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

BHG Group AB (publ)

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

This information is information that BHG Group AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out below, at 7:00 a.m. CET on 27 January 2023.

CONTACT INFORMATION

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

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+46 (0)70-856 63 00



CONFERENCE CALL IN CONNECTION WITH PUBLICATION OF THE INTERIM REPORT

Gustaf Öhrn, President and CEO, and Jesper Flemme, CFO, will hold a conference call at 10:00 a.m. on Friday, 27 January in connection with the publication of the interim report. The call will be held in English. Use the following link to participate in the webcast: <https://ir.financialhearings.com/bhg-q4-2022>. There will be an opportunity to ask questions in writing at the webcast. If you wish to ask questions verbally during the conference call, please register via the following link: <https://conference.financialhearings.com/teleconference/?id=5009387>. Once you have registered you will receive a telephone number and conference ID to log in to the conference. There will be an opportunity to ask questions verbally at the webcast.



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

INTERIM REPORTS ON WWW.WEAREBHG.COM

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

FINANCIAL CALENDAR

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

Condensed consolidated income statement

SEKm	Oct-Dec		Jan-Dec	
	2022	2021	2022	2021
Net sales	3,307.9	3,487.2	13,433.6	12,666.0
Other operating income	2.6	17.5	17.1	15.6
Total net sales	3,310.4	3,504.7	13,450.7	12,681.6
Cost of goods sold	-2,515.6	-2,559.3	-10,452.5	-9,308.9
Personnel costs	-306.8	-281.7	-1,142.3	-981.7
Other external costs and operating expenses	-371.7	-389.2	-1,480.4	-1,304.0
Other operating expenses	-7.0	-1.7	-10.8	-5.0
Depreciation and amortisation of tangible and intangible fixed assets	-153.2	-115.4	-548.5	-371.5
Operating income	-43.7	157.4	-183.9	710.6
Profit/loss from financial items	-136.6	-8.5	165.6	-79.7
Profit before tax	-180.3	149.0	-18.3	630.9
Income tax	5.1	-35.1	64.1	-140.1
Profit for the period	-175.2	113.9	45.7	490.8
Attributable to:				
Equity holders of the parent	-179.6	110.5	34.1	480.9
Non-controlling interest	4.4	3.4	11.7	9.9
Net income for the period	-175.2	113.9	45.7	490.8
Earnings per share before dilution, SEK	-1.20	0.93	0.25	4.01
Earnings per share after dilution, SEK	-1.20	0.92	0.25	3.97

* The formula for earnings per share is as follows: earnings per share = net profit/loss for the period/(average number of ordinary shares outstanding + dilution effect due to outstanding warrants). At the end of the period, there was a total of 3,602,006 (3,847,532) warrants outstanding, of which 0 (872,362) had a dilution effect during the quarter and 0 (1,157,388) had a dilution effect during the full year. There was still a certain dilution effect during the full year as a result of the warrants in LTIP II that were outstanding during parts of the period. However, none of the warrants in LTIP II were outstanding as of 31 December 2022 as the programme expired during the third quarter of the year.

Condensed consolidated statement of comprehensive income

SEKm	Oct-Dec		Jan-Dec	
	2022	2021	2022	2021
Profit for the period	-175.2	113.9	45.7	490.8
Other comprehensive income				
Items that subsequently could be reclassified to profit or loss				
Translation differences for the period	26.9	6.0	106.4	18.3
Other comprehensive income for the period	26.9	6.0	106.4	18.3
Total comprehensive income for the period	-148.3	119.9	152.1	509.1
Total comprehensive income attributable to:				
Parent Company shareholders	-153.8	116.4	136.2	498.5
Non-controlling interest	5.6	3.5	15.9	10.6
Total comprehensive income for the period	-148.3	119.9	152.1	509.1
Shares outstanding at period's end	179,233,563	123,815,730	179,233,563	123,815,730
Average number of shares				
Before dilution	149,820,603	123,815,730	136,793,019	120,986,410
After dilution	149,820,603	124,688,092	136,979,303	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 full year, respectively.

Condensed consolidated statement of financial position

SEKm	31 Dec	
	2022	2021
Non-current assets		
Goodwill	6,480.9	6,318.7
Other intangible fixed assets	2,879.2	2,893.3
Total intangible fixed assets	9,360.1	9,212.0
Buildings and land	21.5	21.9
Leased fixed assets	902.2	893.3
Tangible fixed assets	156.0	136.3
Financial fixed assets	15.1	13.1
Deferred tax asset	102.5	26.4
Total fixed assets	10,557.5	10,302.9
Current assets		
Inventories	2,482.9	2,431.5
Current receivables	763.4	604.4
Cash and cash equivalents	477.6	273.5
Total current assets	3,723.9	3,309.4
Total assets	14,281.4	13,612.3
Equity		
Equity attributable to owners of the parent	7,613.8	5,211.9
Non-controlling interest	56.0	44.4
Total equity	7,669.8	5,256.3
Non-current liabilities		
Deferred tax liability	605.2	636.7
Other provisions	22.1	43.2
Non-current interest-bearing liabilities to credit institutions	2,009.3	2,517.2
Non-current lease liabilities	566.3	622.0
Non-current acquisition related interest-bearing liabilities	816.7	1,883.5
Total non-current liabilities	4,019.5	5,702.6
Current liabilities		
Current lease liabilities	311.4	256.7
Current acquisition related interest-bearing liabilities	437.5	238.1
Other current liabilities	1,843.1	2,158.6
Total current liabilities	2,592.0	2,653.4
Total equity and liabilities	14,281.4	13,612.3

Condensed consolidated statement of cash flows

SEKm	Oct-Dec		Jan-Dec	
	2022	2021	2022	2021
EBITDA	113.8	271.9	369.2	1,081.2
Adjustments for items not included in cash flow	-10.4	-15.3	369.2	2.4
Income tax paid	-20.9	-26.0	-216.2	-105.6
Cash flow from operating activities before changes in working capital	82.5	230.6	522.2	978.1
Changes in working capital	-15.0	-481.8	-627.9	-1,005.7
Cash flow from operating activities	67.5	-251.2	-105.6	-27.6
Investments in operations	-3.4	-3.4	-257.7	-1,610.9
Redemption of loan to seller upon acquisition of operations	-	-	-6.9	-65.0
Investments in other non-current assets	-58.7	-71.1	-198.6	-193.7
Divestment of operations	0.0	-0.0	0.6	-0.0
Divestment of other tangible fixed assets	0.5	11.7	2.0	12.4
Received interest	3.4	1.4	5.8	1.8
Cash flow to/from investing activities	-58.1	-61.5	-454.9	-1,855.4
New share issue	705.0	4.4	1,693.8	1,719.4
Loans taken*	-	-	800.0	2,650.1
Amortisation of loans	-887.0	-76.8	-1,619.7	-2,479.6
Issue of warrants	-	0.9	1.0	21.6
Interest paid	-34.8	-14.9	-99.5	-54.8
Dividends to non-controlling interests	-8.4	-5.1	-10.5	-5.1
Cash flow to/from financing activities	-225.2	-91.5	765.1	1,851.7
Cash flow for the period	-215.9	-404.2	204.6	-31.2
Cash and cash equivalents at the beginning of the period	692.3	677.4	273.5	299.0
Translation differences in cash and cash equivalents	1.2	0.3	-0.5	5.8
Cash and cash equivalents at the end of the period	477.6	273.5	477.6	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

SEKm	31 Dec	
	2022	2021
Opening balance	5,256.3	2,823.0
Comprehensive income for the period	152.1	509.1
New share issue to non-controlling interests*	22.5	-
New share issues**	1,775.2	2,123.7
Issue of warrants	8.5	17.5
Dividends to non-controlling interests	-12.6	-5.1
Remeasurement of liabilities to non-controlling interests	467.8	-211.9
Closing balance	7,669.8	5,256.3

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

** The proceeds from the new issues are recognised net after a deduction for transaction costs of SEK 31.2 million (21.4) for the full year, as well as a tax effect of SEK -6.4 million (-4.4). The new share issue during the fourth quarter was made in two steps where the first 39,024,390 shares were issued on 6 December 2022 and a further 3,972,097 shares on 30 December after resolution at the extraordinary general meeting. The group received proceeds of 81.4 million for the shares issued on 30 December after 31 December 2022, which leads to the corresponding difference between the statement of changes in equity and the statement of cash flows.

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 33–39 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 being impacted 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

SEKm	Oct-Dec		Jan-Dec	
	2022	2021	2022	2021
Net sales				
DIY	1,727.8	1,823.0	7,507.0	7,259.6
Home Furnishing	1,588.2	1,673.2	5,965.5	5,442.8
Total net sales	3,315.9	3,496.3	13,472.6	12,702.4
Other*	8.9	7.7	30.4	24.9
Eliminations	-17.0	-16.8	-69.3	-61.3
Group consolidated total	3,307.9	3,487.2	13,433.6	12,666.0
Revenue from other segments				
DIY	2.5	1.6	10.1	9.8
Home Furnishing	5.5	7.6	28.9	26.6
Other*	8.9	7.7	30.4	24.9
Total	17.0	16.8	69.3	61.3
SEKm	Oct-Dec		Jan-Dec	
	2022	2021	2022	2021
Operating income and profit before tax				
DIY	13.5	78.8	-2.0	516.6
Home Furnishing	-38.6	96.2	-91.9	289.4
Total operating income	-25.1	174.9	-93.9	806.0
Other*	-18.7	-17.5	-89.9	-95.4
Group consolidated operating income	-43.7	157.4	-183.9	710.6
Financial net	-136.6	-8.5	165.6	-79.7
Group consolidated profit before tax	-180.3	149.0	-18.3	630.9

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

SEKm	Oct-Dec 2022					Jan-Dec 2022				
	DIY	Home Furnishing	Other	Elim- ination	Group	DIY	Home Furnishing	Other	Elim- ination	Group
Sweden	1,205.1	353.5	8.9	-14.6	1,552.8	5,274.8	2,075.1	30.4	-61.9	7,318.4
Finland	376.6	131.4	-	-0.3	507.7	1,580.9	273.5	-	-0.6	1,853.9
Denmark	59.6	141.6	-	-	201.2	311.3	570.6	-	-	881.8
Norway	73.2	318.9	-	-	392.1	281.9	698.6	-	-	980.5
Germany	4.1	174.7	-	-0.6	178.1	16.8	875.4	-	-0.6	891.6
Rest of Europe	9.3	430.1	-	-1.4	437.9	41.3	1,349.6	-	-6.2	1,384.7
Rest of World	-	38.0	-	-	38.0	-	122.6	-	-	122.6
Net sales	1,727.8	1,588.2	8.9	-17.0	3,307.9	7,507.0	5,965.5	30.4	-69.3	13,433.6

SEKm	Oct-Dec 2021					Jan-Dec 2021				
	DIY	Home Furnishing	Other	Elim- ination	Group	DIY	Home Furnishing	Other	Eliminati on	Group
Sweden	1,310.3	688.1	7.7	-14.9	1,991.2	4,943.1	2,363.2	24.9	-51.8	7,279.3
Finland	367.3	57.1	-	0.0	424.5	1,599.3	191.5	-	-3.5	1,787.4
Denmark	64.8	155.8	-	-	220.6	392.8	655.4	-	-	1,048.2
Norway	66.1	171.9	-	-	238.0	268.9	532.4	-	-	801.3
Rest of Europe	14.5	553.3	-	-1.9	565.9	55.6	1,563.6	-	-6.1	1,613.1
Rest of World	-	47.0	-	-	47.0	-	136.7	-	-	136.7
Net sales	1,823.0	1,673.2	7.7	-16.8	3,487.2	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 active in outdoor furniture in the German market, with a broad range of teak and rattan furniture. The products are distributed to just over 750 retailers, and AH-Trading is an important customer. The acquisition is recognised in the Home Furnishing segment from 1 May.

SEKm	2022					
	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						
Acquisition of shares in Hemmy AB	8.0	76.0	84.1	0.5	62.7	-20.8
Acquisition of assets in Ploß Europe GmbH	15.7	-	15.7	0.7	-	-15.0
Acquisition of non-controlling interests						
Acquisition of shares in Camola ApS	-	-	-	-	-	-12.0
Acquisition of shares in Vitvaruexperten.com Nordic AB	-	-	-	-	-	-3.9
Acquisition of shares in Hemfint Kristianstad AB	-	-	-	-	-	-60.1
Acquisition of shares in IP-Agency Oy	-	-	-	-	-	-6.6
Acquisition of shares in Vitvarubolaget i Sundbyberg AB	-	-	-	-	-	-4.4
Contingent consideration						
Additional purchase price, Arredo Holding AB	-	-	-	-	-	-0.9
Additional purchase price, Edututor Oy	-	-	-	-	-	-16.8
Additional purchase price, Lindström & Sondén AB	-	-	-	-	-	-12.0
Additional purchase price, AH-Trading GmbH	-	-	-	-	-	-62.9
Additional purchase price, Designkupp AS	-	-	-	-	-	-9.8
Additional purchase price, Nordiska Fönster i Ängelholm AB	-	-	-	-	-	-29.2
Additional purchase price, LampGallerian Växjö AB	-	-	-	-	-	-3.4
	23.7	76.0	99.8	1.3	62.7	-257.7

Revenue and profit/loss for the period for acquired companies

Since the acquisition date, the acquisitions have contributed SEK 122.6 million to the Group's revenue and SEK -0.2 million to the Group's profit/loss after tax. If the acquisitions had been consolidated from the beginning of the financial year, they would have contributed SEK 147.3 million to the Group's revenue and SEK -1.8 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	31 Dec	
	2022	2021
Reported value on the opening date	2,121.7	1,023.3
Recognition in profit or loss	-271.6	14.6
Recognised in equity	-414.9	221.5
Utilised amount	-222.0	-216.5
Acquisition value at cost	41.0	1,078.8
Reported value on the closing date	1,254.2	2,121.7

Currency forwards

The Group recognises currency forwards at fair value, which as of 31 December 2022 was SEK 0.2 million (1.5), of which SEK 0.2 million (1.5) 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 988.8 million after a deduction for transaction costs.

On 6 December, BHG Group carried out a directed issue of 39,024,390 shares at a subscription price of SEK 20.50 per share, generating proceeds of SEK 786.4 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, INFLATION AND RISING INTEREST RATES

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 or Belarus and limited exposure to Ukraine.

However, we are seeing a negative impact on demand for the Group's products and consumer optimism as a result of indirect effects of the war such as higher energy prices, rising interest rates and increasing inflation.

NOTE 9 CONSEQUENCES OF THE COVID-19 PANDEMIC

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

BHG 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 was 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.

Now that the Covid-19 restrictions have been 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.

NOTE 10

From 1 January 2023, BHG Group AB will govern and report its operations in three new segments:

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

This change is being made based on the strategic development happening within the Group, including improved opportunities to adapt the offering to the needs of different customer groups and realise synergies. As a result of the new structure, new Segment Heads have been appointed as of 1 January 2023. The tables below show condensed quarterly financial data that has been recalculated for the three new segments for 2021 and 2022.

Home Improvement

SEKm (if not otherwise stated)	2022					2021				
	Q4	Q3	Q2	Q1	jan-dec	Q4	Q3	Q2	Q1	jan-dec
Net sales	1,621.5	1,646.5	2,045.1	1,543.3	6,856.3	1,723.6	1,668.6	1,858.3	1,211.1	6,461.7
Gross profit	384.9	220.2	431.8	350.1	1,387.0	399.9	373.6	421.6	281.1	1,476.3
Gross margin (%)	23.7	13.4	21.1	22.7	20.2	23.2	22.4	22.7	23.2	22.8
Adjusted gross profit	387.6	351.5	431.8	350.1	1,521.0	399.9	373.6	421.6	281.1	1,476.3
Adjusted gross margin (%)	23.9	21.4	21.1	22.7	22.2	23.2	22.4	22.7	23.2	22.8
Adjusted EBITDA	117.6	99.8	128.5	88.1	434.1	128.0	138.3	179.3	98.6	544.2
Adjusted EBITDA margin (%)	7.3	6.1	6.3	5.7	6.3	7.4	8.3	9.6	8.1	8.4
Adjusted EBIT	75.6	57.4	89.7	53.3	276.1	98.6	111.4	155.9	78.1	443.9
Adjusted EBIT margin (%)	4.7	3.5	4.4	3.5	4.0	5.7	6.7	8.4	6.4	6.9
Items affecting comparability	-14.9	-131.4	-	-2.1	-148.3	-	-	-	-	-
Operating income	43.2	-88.3	75.4	36.9	67.1	84.1	99.0	147.9	70.5	401.6
Operating margin (%)	2.7	-5.4	3.7	2.4	1.0	4.9	5.9	8.0	5.8	6.2
Net profit for the period	-179.1	110.7	130.1	71.6	133.3	-86.9	67.8	114.8	47.7	143.4
Cash flow from operations	54.0	17.7	10.9	442.6	525.2	-180.6	-8.7	246.3	265.4	322.4
Visits (thousands)	28,719	31,183	34,776	33,844	128,523	33,003	35,411	41,247	31,816	141,477
Orders (thousands)	590	546	600	519	2,256	631	547	581	444	2,203
Conversion rate (%)	2.1	1.8	1.7	1.5	1.8	1.9	1.5	1.4	1.4	1.6
Average order value (SEK)	2,485	3,018	3,321	3,282	3,020	2,628	2,948	3,317	3,051	2,974

Value Home

SEKm (if not otherwise stated)	2022					2021				
	Q4	Q3	Q2	Q1	jan-dec	Q4	Q3	Q2	Q1	jan-dec
Net sales	975.6	1,052.1	1,435.0	1,095.9	4,558.7	1,065.4	1,052.8	1,351.3	1,060.7	4,530.2
Gross profit	257.8	63.7	430.4	361.5	1,113.4	342.4	314.1	422.2	335.1	1,413.8
Gross margin (%)	26.4	6.1	30.0	33.0	24.4	32.1	29.8	31.2	31.6	31.2
Adjusted gross profit	267.7	295.4	430.4	361.5	1,355.1	342.4	314.1	422.2	335.1	1,413.8
Adjusted gross margin (%)	27.4	28.1	30.0	33.0	29.7	32.1	29.8	31.2	31.6	31.2
Adjusted EBITDA	26.0	55.4	121.2	114.4	317.0	93.5	85.7	167.7	126.1	473.0
Adjusted EBITDA margin (%)	2.7	5.3	8.4	10.4	7.0	8.8	8.1	12.4	11.9	10.4
Adjusted EBIT	-38.4	-7.8	62.3	59.9	76.0	42.7	41.5	129.3	90.9	304.4
Adjusted EBIT margin (%)	-3.9	-0.7	4.3	5.5	1.7	4.0	3.9	9.6	8.6	6.7
Items affecting comparability	-16.1	-232.7	-1.4	-	-250.1	-	-	-	-	-
Operating income	-64.9	-245.6	55.8	54.9	-199.8	37.7	37.7	126.1	87.7	289.3
Operating margin (%)	-6.7	-23.3	3.9	5.0	-4.4	3.5	3.6	9.3	8.3	6.4
Net profit for the period	-30.7	-176.8	69.2	91.6	-46.7	4.9	3.9	92.6	54.8	156.2
Cash flow from operations	-22.6	-176.2	-110.9	276.1	-33.7	-193.5	-50.7	136.5	151.8	44.0
Visits (thousands)	32,541	32,952	42,508	47,952	155,953	47,615	44,580	52,838	52,572	197,605
Orders (thousands)	283	273	316	291	1,163	338	321	373	362	1,395
Conversion rate (%)	0.9	0.8	0.7	0.6	0.7	0.7	0.7	0.7	0.7	0.7
Average order value (SEK)	3,391	3,765	4,219	3,690	3,779	2,929	3,086	3,395	2,975	3,102

Premium Living

SEKm (if not otherwise stated)	2022					2021				
	Q4	Q3	Q2	Q1	jan-dec	Q4	Q3	Q2	Q1	jan-dec
Net sales	725.9	426.1	486.5	533.7	2,172.1	741.6	370.9	383.0	313.3	1,808.8
Gross profit	151.5	89.7	115.2	131.4	487.8	186.8	101.5	103.9	82.4	474.7
Gross margin (%)	20.9	21.1	23.7	24.6	22.5	25.2	27.4	27.1	26.3	26.2
Adjusted gross profit	151.5	101.2	115.2	131.4	499.4	186.8	101.5	103.9	82.4	474.7
Adjusted gross margin (%)	20.9	23.8	23.7	24.6	23.0	25.2	27.4	27.1	26.3	26.2
Adjusted EBITDA	22.2	21.2	34.0	42.0	119.4	67.6	30.8	29.0	31.1	158.5
Adjusted EBITDA margin (%)	3.1	5.0	7.0	7.9	5.5	9.1	8.3	7.6	9.9	8.8
Adjusted EBIT	10.5	12.2	25.2	33.4	81.2	58.8	25.1	24.3	28.2	136.3
Adjusted EBIT margin (%)	1.4	2.9	5.2	6.3	3.7	7.9	6.8	6.3	9.0	7.5
Items affecting comparability	-8.1	-11.5	-	-	-19.6	-	-	-	-	-
Operating income	-3.3	-5.1	19.4	27.7	38.7	53.0	19.4	18.9	23.7	115.1
Operating margin (%)	-0.5	-1.2	4.0	5.2	1.8	7.2	5.2	4.9	7.6	6.4
Net profit for the period	-5.7	-4.9	14.1	21.9	25.4	55.7	12.7	12.3	19.0	99.7
Cash flow from operations	72.4	48.0	-19.7	63.2	163.8	141.2	33.4	3.4	32.9	210.9
Visits (thousands)	30,597	16,915	14,714	17,522	79,748	25,585	14,719	14,469	17,441	72,214
Orders (thousands)	656	344	350	403	1,752	672	313	321	340	1,646
Conversion rate (%)	2.1	2.0	2.4	2.3	2.2	2.6	2.1	2.2	1.9	2.3
Average order value (SEK)	1,267	1,454	1,396	1,373	1,354	1,190	1,275	1,205	993	1,168

Condensed Parent Company income statement

SEKm	Oct-Dec		Jan-Dec	
	2022	2021	2022	2021
Net sales	2.6	0.8	8.3	2.6
Total net sales	2.6	0.8	8.3	2.6
Personnel cost	-15.3	-12.2	-56.3	-63.1
Other external costs	-5.0	-5.0	-33.1	-30.4
Other operating expenses	-	-	-1.5	-
Depreciation and amortisation of tangible and intangible fixed assets	-0.1	-0.1	-0.2	-0.2
Operating income	-17.8	-16.4	-82.9	-91.1
Profit/loss from financial items	-10.0	7.1	5.3	18.0
Group contributions	83.6	76.0	83.6	76.0
Profit/loss before tax	55.8	66.7	6.0	2.9
Income tax	-10.4	-18.4	-0.3	-4.7
Profit/loss for the period	45.4	48.3	5.7	-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

SEKm	31 Dec	
	2022	2021
Non-current assets		
Other intangible fixed assets	0.7	0.8
Total intangible fixed assets	0.7	0.8
Participations in Group companies	3,678.3	3,678.3
Long-term receivables from Group companies	4,805.5	3,690.0
Deferred tax asset	0.1	-
Total fixed assets	8,484.6	7,369.1
Current assets		
Short-term receivables	112.4	7.2
Short-term receivables from Group companies	145.7	124.2
Cash and cash equivalents	8.9	-
Total current assets	267.1	131.3
Total assets	8,751.7	7,500.4
Equity		
Restricted equity	5.4	3.7
Unrestricted equity	6,714.7	4,933.3
Total equity	6,720.0	4,937.0
Untaxed reserves	20.0	28.6
Non-current liabilities		
Non-current interest-bearing liabilities to credit institutions	1,988.2	2,492.3
Total non-current liabilities	1,988.2	2,492.3
Current liabilities		
Other current liabilities	23.4	42.5
Total current liabilities	23.4	42.5
Total equity and liabilities	8,751.7	7,500.4

Key ratios

	2022					2021				
	Q4	Q3	Q2	Q1	Jan-Dec	Q4	Q3	Q2	Q1	Jan-Dec
THE GROUP										
Net sales growth (%)	-5.1	1.5	10.1	21.1	6.1	48.1	33.6	31.8	57.7	41.2
Organic growth (%)	-3.7	-5.3	-8.1	0.6	-5.0	1.8	5.5	14.1	36.5	12.8
Proforma organic growth (%)	-5.5	-6.8	-7.4	3.0	-4.5	9.3	10.2	16.8	42.7	17.9
Adjusted gross profit beofre direct selling costs (%)	37.6	37.3	37.6	39.7	38.0	39.5	38.3	39.0	39.7	39.1
Adjusted gross profit (%)	24.3	24.0	25.0	27.1	25.1	26.6	25.8	26.6	27.2	26.5
Adjusted EBIT (%)	0.9	1.5	4.2	4.3	2.8	5.3	5.4	7.8	7.2	6.4
Earnings per share before dilution, SEK	-1.20	-0.62	1.44	0.89	0.25	0.93	0.50	1.63	0.97	4.01
Earnings per share after dilution, SEK	-1.20	-0.62	1.43	0.88	0.25	0.92	0.49	1.62	0.96	3.97
Equity/assets ratio %	53.7	46.3	45.1	37.2	53.7	38.6	38.4	44.7	42.2	38.6
Net debt (+) / Net cash (-)	1,543.4	2,129.8	1,803.2	2,319.3	1,543.4	2,251.3	1,854.3	509.2	173.9	2,251.3
Cash flow from operating activites (SEKm)	67.5	-133.0	-161.8	121.7	-105.6	-251.2	-232.0	336.1	119.5	-27.6
Visits (thousands)	91,857	81,051	91,998	99,318	364,224	106,202	94,710	108,555	101,829	411,296
Orders (thousands)	1,529	1,162	1,266	1,214	5,172	1,640	1,182	1,276	1,145	5,243
Average order value (SEK)	2,130	2,566	3,164	2,746	2,626	2,101	2,542	2,808	2,416	2,441
DIY										
Net sales growth (%)	-5.2	-2.8	5.4	20.0	3.4	26.7	27.2	20.1	47.6	28.2
Organic growth (%)	-6.9	-8.7	-9.5	1.1	-6.5	2.3	10.1	14.9	44.8	15.4
Proforma organic growth (%)	-6.5	-8.2	-9.2	2.4	-5.9	3.3	9.5	13.4	43.3	14.6
Adjusted gross profit beofre direct selling costs (%)	33.7	33.0	33.5	34.4	33.6	33.5	34.0	35.8	35.1	34.6
Adjusted gross profit (%)	22.8	21.4	22.6	23.9	22.6	23.0	23.3	25.4	25.6	24.3
Adjusted EBIT (%)	2.7	2.6	5.1	4.0	3.7	5.1	7.0	10.5	7.8	7.7
Visits (thousands)	31,987	36,498	41,822	38,749	149,056	36,389	41,309	50,349	37,936	165,984
Orders (thousands)	616	583	658	548	2,404	652	587	648	486	2,373
Average order value (SEK)	2,552	3,115	3,439	3,389	3,122	2,688	3,065	3,511	3,226	3,116
Home Furnishing										
Net sales growth (%)	-5.1	8.1	17.4	22.8	9.6	81.3	44.6	55.6	70.6	63.1
Organic growth (%)	-0.2	0.0	-6.0	0.1	-2.9	1.0	-2.4	12.3	25.4	8.2
Proforma organic growth (%)	-4.5	-4.9	-4.7	4.1	-2.7	16.8	11.1	22.6	41.5	22.3
Adjusted gross profit beofre direct selling costs (%)	41.6	43.1	43.0	45.4	43.2	46.0	44.6	44.1	44.9	45.0
Adjusted gross profit (%)	25.9	27.6	28.2	30.5	28.0	30.4	29.4	28.4	28.9	29.4
Adjusted EBIT (%)	0.1	1.1	3.7	5.5	2.6	6.4	4.0	5.8	7.5	6.0
Visits (thousands)	59,870	44,553	50,176	60,569	215,168	69,813	53,401	58,205	63,893	245,312
Orders (thousands)	913	579	609	666	2,767	988	595	627	659	2,870
Average order value (SEK)	1,846	2,013	2,868	2,217	2,195	1,714	2,027	2,082	1,820	1,884



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

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

ADJUSTED EBIT, ADJUSTED EBITDA AND ADJUSTED GROSS PROFIT

Adjusted EBIT corresponds to operating income excluding amortisation of acquisition-related intangible assets, gains/losses on sales of fixed assets and, where applicable, items affecting comparability. In other words, adjusted EBIT, in accordance with the accounting rules, includes all depreciation and amortisation of tangible and intangible assets attributable to the business. The difference between adjusted EBIT and EBIT is that the amortisation which arises as a result of the accounting treatment of purchase price allocations in conjunction with acquisitions is added back to adjusted EBIT.

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

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



Group

Reconciliation between operating income & adjusted EBITDA

SEKm	Oct-Dec		Jan-Dec	
	2022	2021	2022	2021
Operating income	-43.7	157.4	-183.9	710.6
Donation UNHCR	-	-	1.5	-
Acquisition-related costs	-	3.8	12.9	23.4
Warehouse consolidation	-	-	2.1	-
Strategy work	-	-	12.5	-
Inventory impairment	1.2	-	375.8	-
Salary expense for gardening leave	16.4	-	21.9	-
Impairment and restoration costs when closing stores	7.8	-	7.8	-
Disposal of intangible assets when liquidating operations	5.1	-	5.1	-
Impairment of inventory when liquidating operations	10.1	-	10.1	-
Total items affecting comparability	40.7	3.8	449.7	23.4
Amortisation of acquisition-related intangible fixed assets	25.2	25.2	100.6	78.7
Scrapping of acquired brands when sites are discontinued	8.6	-	8.6	-
Adjusted EBIT	30.7	186.4	374.9	812.7
Adjusted EBIT (%)	0.9	5.3	2.8	6.4
Depreciation and amortisation of tangible and intangible fixed assets	118.7	90.2	438.7	292.8
Gain/loss from sale of fixed assets	-0.0	-0.9	0.2	-0.8
Adjusted EBITDA	149.4	275.7	813.8	1,104.6
Adjusted EBITDA (%)	4.5	7.9	6.1	8.7

Reconciliation between gross profit & adjusted gross profit

SEKm	Oct-Dec		Jan-Dec	
	2022	2021	2022	2021
Net sales	3,307.9	3,487.2	13,433.6	12,666.0
Cost of goods	-2,077.0	-2,108.1	-8,717.4	-7,710.4
Gross profit before direct selling costs	1,230.9	1,379.1	4,716.3	4,955.6
Gross profit before direct selling costs (%)	37.2	39.5	35.1	39.1
Direct selling costs	-438.6	-451.2	-1,735.2	-1,598.5
Gross profit	792.3	927.9	2,981.1	3,357.1
Gross profit (%)	24.0	26.6	22.2	26.5
Inventory impairment	1.2	-	375.8	-
Impairment and restoration costs when closing stores	1.3	-	1.3	-
Impairment of inventory when liquidating operations	10.1	-	10.1	-
Adjusted gross profit before direct selling costs	1,243.5	1,379.1	5,103.5	4,955.6
Adjusted gross profit before direct selling costs (%)	37.6	39.5	38.0	39.1
Adjusted gross profit	804.9	927.9	3,368.3	3,357.1
Adjusted gross profit (%)	24.3	26.6	25.1	26.5



DIY segment

Reconciliation between operating income & adjusted EBITDA

SEKm	Oct-Dec		Jan-Dec	
	2022	2021	2022	2021
Operating income	13.5	78.8	-2.0	516.6
Warehouse consolidation	-	-	2.1	-
Inventory impairment	0.2	-	200.9	-
Salary expense for gardening leave	6.5	-	6.5	-
Impairment and restoration costs when closing stores	1.8	-	1.8	-
Disposal of intangible assets when liquidating operations	5.1	-	5.1	-
Impairment of inventory when liquidating operations	1.2	-	1.2	-
Total items affecting comparability	14.9	-	217.6	-
Amortisation of acquisition-related intangible fixed assets	14.8	14.9	59.2	44.1
Scrapping of acquired brands when sites are discontinued	3.2	-	3.2	-
Adjusted EBIT	46.4	93.7	278.0	560.7
Adjusted EBIT (%)	2.7	5.1	3.7	7.7
Depreciation and amortisation of tangible and intangible fixed assets	51.8	37.1	192.3	122.0
Gain/loss from sale of fixed assets	-0.0	-1.2	0.3	-1.0
Adjusted EBITDA	98.2	129.6	470.7	681.7
Adjusted EBITDA (%)	5.7	7.1	6.3	9.4

Reconciliation between gross profit & adjusted gross profit

SEKm	Oct-Dec		Jan-Dec	
	2022	2021	2022	2021
Net sales	1,727.8	1,823.0	7,507.0	7,259.6
Cost of goods	-1,147.0	-1,213.2	-5,185.2	-4,747.2
Gross profit before direct selling costs	580.7	609.9	2,321.9	2,512.4
Gross profit before direct selling costs (%)	33.6	33.5	30.9	34.6
Direct selling costs	-189.5	-190.0	-827.4	-748.1
Gross profit	391.3	419.9	1,494.5	1,764.3
Gross profit (%)	22.6	23.0	19.9	24.3
Inventory impairment	0.2	-	200.9	-
Impairment and restoration costs when closing stores	1.3	-	1.3	-
Impairment of inventory when liquidating operations	1.2	-	1.2	-
Adjusted gross profit before direct selling costs	583.4	609.9	2,525.3	2,512.4
Adjusted gross profit before direct selling costs (%)	33.8	33.5	33.6	34.6
Adjusted gross profit	394.0	419.9	1,697.9	1,764.3
Adjusted gross profit (%)	22.8	23.0	22.6	24.3



Home Furnishing segment

Reconciliation between operating income & adjusted EBITDA

SEKm	Oct-Dec		Jan-Dec	
	2022	2021	2022	2021
Operating income	-38.6	96.2	-91.9	289.4
Acquisition-related costs	-	-	2.3	-
Inventory impairment	1.0	-	174.9	-
Salary expense for gardening leave	8.2	-	8.2	-
Impairment and restoration costs when closing stores	6.0	-	6.0	-
Impairment of inventory when liquidating operations	8.9	-	8.9	-
Total items affecting comparability	24.2	-	200.5	-
Amortisation of acquisition-related intangible fixed assets	10.4	10.2	41.4	34.6
Scrapping of acquired brands when sites are discontinued	5.3	-	5.3	-
Adjusted EBIT	1.3	106.4	155.2	324.0
Adjusted EBIT (%)	0.1	6.4	2.6	6.0
Depreciation and amortisation of tangible and intangible fixed assets	66.3	52.8	244.6	169.8
Gain/loss from sale of fixed assets	-0.0	0.3	-0.1	0.2
Adjusted EBITDA	67.6	159.5	399.7	494.0
Adjusted EBITDA (%)	4.3	9.5	6.7	9.1

Reconciliation between gross profit & adjusted gross profit

SEKm	Oct-Dec		Jan-Dec	
	2022	2021	2022	2021
	-	-	-	-
Net sales	1,588.2	1,673.2	5,965.5	5,442.8
Cost of goods	-937.8	-903.7	-3,570.2	-2,994.7
Gross profit before direct selling costs	650.3	769.5	2,395.3	2,448.1
Gross profit before direct selling costs (%)	40.9	46.0	40.2	45.0
Direct selling costs	-249.1	-261.2	-906.9	-850.4
Gross profit	401.2	508.4	1,488.5	1,597.7
Gross profit (%)	25.3	30.4	25.0	29.4
Inventory impairment	1.0	-	174.9	-
Impairment of inventory when liquidating operations	8.9	-	8.9	-
Adjusted gross profit before direct selling costs	660.3	769.5	2,579.2	2,448.1
Adjusted gross profit before direct selling costs (%)	41.6	46.0	43.2	45.0
Adjusted gross profit	411.1	508.4	1,672.3	1,597.7
Adjusted gross profit (%)	25.9	30.4	28.0	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.

SEKm	31 Dec	
	2022	2021
Non-current interest-bearing debt	3,392.2	5,022.7
Short-term interest-bearing debt	748.9	494.8
Total interest-bearing debt	4,141.1	5,517.6
Cash and cash equivalents	-477.6	-273.5
Adjustment lease liabilities	-877.7	-878.7
Adjustment of earn-outs and deferred payments	-1,254.2	-2,121.7
Adjustment transaction costs	11.8	7.7
Net debt (+) / Net cash (-)	1,543.4	2,251.3
LTM EBITDA ex. IFRS16*	491.2	964.1
Net debt (+) / Net cash (-) in relation to LTM EBITDA	3.14x	2.34x

* LTM EBITDA excluding IFRS 16 including pro-forma (meaning including the three acquisitions made in the last 12 months).

Definitions

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

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



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