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*"The first quarter was characterised by weak demand and high inventories in the market, which put pressure on sales and margins. Profitability was weak but improved during the quarter. Our ambition is to free up approximately SEK 600 million from inventory in full-year 2023. We see that the underlying trends for our operation remain intact, and that prospects are good for returning to the profitability and cash flow we had in the years before the pandemic as a first step."*

*Gustaf Öhrn,  
President and CEO*

**Q1 2023**

BHG Group AB (publ)  
Nasdaq Stockholm

Interim report Q1: 1 January-31 March 2023

## Difficult quarter driven by challenging markets conditions.

- Inventory decreased further in Q1 and cash flow improved compared to last year. Adjusted EBIT was somewhat better than our guidance. Our ambition is to free up approximately SEK 600 million from inventory in full-year 2023.

### HIGHLIGHTS

- Net sales declined -15.9% to SEK 2,617.5 million (3,110.6). Organic growth was -16.8% and pro-forma organic growth was -15.5%
- Adjusted gross profit declined -23.8% to SEK 641.3 million (841.7), corresponding to an adjusted gross margin of 24.5% (27.1)
- Adjusted EBIT amounted to SEK -68.9 million (134.2), corresponding to an adjusted EBIT margin of -2.6% (4.3)
- Cash flow from operating activities amounted to SEK 210.8 million (121.7)
- Earnings per share amounted to SEK -0.66 (0.89) before dilution and SEK -0.66 (0.88) after dilution

### Key events during the first quarter and after the period

- 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 the 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.
- On 31 January, it was reported that the number of shares and votes in BHG Group had changed due to the directed issue completed in December 2022 and now amounted to 179,233,563 shares and votes.
- On 21 March, it was announced that adjusted EBIT for the first quarter of 2023 was expected to be negative, ranging from SEK -70 million to SEK -105 million.
- Notice of BHG Group's Annual General Meeting to be held on 3 May in Malmö was published on 4 April.
- BHG Group AB's Annual Report for 2022 was published on 11 April.
- In April, our two customer loyalty programs within the Premium Living segment, The Nest and c/o Svenssons, reached one million members. Both programs were started as late as September 2022.

### FINANCIAL SUMMARY

SEKm (if not otherwise stated)	Jan-Mar			Jan-Dec
	2023	2022	Δ%	2022
Net sales	2,617.5	3,110.6	-15.9	13,433.6
Gross profit	641.3	841.7	-23.8	2,981.1
Gross margin (%)	24.5	27.1	-2.6 p.p.	22.2
Adjusted gross profit*	641.3	841.7	-23.8	3,368.3
Adjusted gross margin (%)	24.5	27.1	-2.6 p.p.	25.1
Adjusted EBIT*	-68.9	134.2	-151.4	374.9
Adjusted EBIT margin (%)	-2.6	4.3	-6.9 p.p.	2.8
Operating income	-100.1	97.9	-202.3	-183.9
Operating margin (%)	-3.8	3.1	-7.0 p.p.	-1.4
Net profit for the period	-116.0	111.2	-204.3	45.7
Earnings per share before dilution, SEK	-0.66	0.89	-174.2	0.25
Earnings per share after dilution, SEK	-0.66	0.88	-175.0	0.25
Cash flow from operating activities	210.8	121.7	73.3	-105.6
Net debt (+) / Net cash (-)	1,429.3	2,319.3	-38.4	1,543.4

\* Refer to "Relevant reconciliations of non-IFRS alternative performance measures (APMs)" on page 31 of this report for a more detailed description.



# Comments by Gustaf Öhrn

## President and CEO, BHG Group

As we already announced on 21 March, the first quarter was characterised by a soft market with demand that was lower than we expected at the beginning of the year. Combined with high inventories in the market, this weak demand put pressure on both sales and profitability during the first quarter. The trend from previous quarters continued, with capital-intensive categories such as windows, doors and floors seeing the greatest impact on demand. March, which is normally the strongest month of the quarter, was affected by cold weather this year which had a negative impact on sales. Profitability was weak but improved during the period, and when we summarise the quarter we can say that it was somewhat better than our guidance from 21 March. Our liquidity remains strong.

Reducing our inventory to free up liquidity is one of our top priorities. After an inventory reduction of over SEK 200 million in Q4, we further reduced inventory by approximately SEK 90 million during the first quarter, and we expect to see an even larger impact during the outdoor season, meaning during the second and third quarters. Our ambition is to free up approximately SEK 600 million from inventory in full-year 2023.

The work to reduce our costs continues. The cost-savings programme amounting to SEK 150-200 million that we announced in October 2022 is continuing according to plan, but this will not be sufficient given the current demand situation. Hence, we are identifying additional cost-saving measures. This includes work on structural measures such as consolidations of companies and functions. Nor are we ruling out selling businesses or eliminating categories or businesses that are unprofitable, not sufficiently scalable or too far from our core business.

Our assessment is that we have good prospects for returning BHG to the profitability and cash flow we delivered in the years before the pandemic as a first step. 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 categories continues to grow.

This quarter marks the first time we are reporting on our operations divided into our three new segments: Home Improvement (DIY), Value Home and Premium Living. The three operating areas were divided up in order to better reflect our customers' purchasing behaviours. The division is also based on the business models and market position of these operating areas. We are also 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.

We feel well prepared for the important outdoor season, with competitive offerings.

I would like to conclude by thanking our customers for your trust, our colleagues for your hard work and our 14,000 shareholders for your patience. I assure 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 April 2023

Gustaf Öhrn  
President and CEO, BHG Group



## We make living easy!

We offer a broad ecosystem of products and services in home Do-It-Yourself (Home Improvement) and Home furnishing (Value Home and Premium Living).

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 customer groups.



## Sustainability

Sustainability is a long-term strategic focus area in order to accelerate the organisation's capabilities and drive a sustainable offering. By combining the UN Sustainable Development Goals (SDGs) with our materiality pyramid from 2020, we designed the following three overall targets:

Reducing CO<sub>2</sub> emissions by 50% by 2030\*



An equitable workplace and sustainable supply chain



Corporate governance and economic growth



\* Percentage reduction in relation to sales

- Nordic home markets
- Our presence in continental Europe

**>1.8**

million products

**100+**

online destinations

## Home Improvement

led by

**h bygghemma.se**

## Value Home

led by

**trademax.se**

## Premium Living

led by

**NORDIC NEST** 

# Condensed consolidated information

SEKm (if not otherwise stated)	Jan-Mar			Jan-Dec
	2023	2022	Δ%	2022
Net sales	2,617.5	3,110.6	-15.9	13,433.6
Gross profit	641.3	841.7	-23.8	2,981.1
Gross margin (%)	24.5	27.1	-2.6 p.p.	22.2
Adjusted gross profit*	641.3	841.7	-23.8	3,368.3
Adjusted gross margin (%)	24.5	27.1	-2.6 p.p.	25.1
Adjusted EBITDA*	60.0	232.4	-74.2	813.8
Adjusted EBITDA margin (%)	2.3	7.5	-5.2 p.p.	6.1
Adjusted EBIT*	-68.9	134.2	-151.4	374.9
Adjusted EBIT margin (%)	-2.6	4.3	-6.9 p.p.	2.8
Items affecting comparability	-5.9	-11.2	-46.9	-449.7
Operating income	-100.1	97.9	-202.3	-183.9
Operating margin (%)	-3.8	3.1	-7.0 p.p.	-1.4
Net profit for the period	-116.0	111.2	-204.3	45.7
Cash flow from operating activities	210.8	121.7	73.3	-105.6
Visits (thousands)	82,238	99,318	-17.2	364,224
Orders (thousands)	1,016	1,214	-16.3	5,172
Conversion rate (%)	1.2	1.2	0.0 p.p.	1.4
Average order value (SEK)	2,595	2,746	-5.5	2,626

\* Refer to "Relevant reconciliations of non-IFRS alternative performance measures (APMs)" on page 31 of this report for a more detailed description.

## COMMENTS ON THE RESULT FOR THE PERIOD

### The first quarter of the year

The first quarter of the year was characterized by very weak demand following lower disposable income for consumers. This combined with high inventory levels lead to price pressure in the market, resulting in a low product margin and profitability.

The market for our categories was characterized during the first quarter by very weak demand and high inventories, where consumers concern for higher cost of living during the second half of 2022 became reality with disposable income shrinking with high pace. Under these circumstances, we can clearly see that consumers take longer in their purchase decision, put fewer products in the basket and chooses cheaper alternatives. The trend where categories that involve a major investment for consumers, such as doors, windows, floors and bathrooms, experienced a steeper loss than the operation as a whole continued in the quarter.

- The Group's net sales amounted to SEK 2,617.5 million (3,110.6) for the quarter. Total growth amounted to -15.9%, pro-forma organic growth (meaning including the three acquisitions made during the last 12 months) to -15.5% and organic growth to -16.8%.
- Adjusted EBIT amounted to SEK -68.9 million (134.2) for the quarter, corresponding to an adjusted EBIT margin of -2.6% (4.3). Profitability during the quarter was impacted negatively, primarily as a result of price pressure in the market due to weak demand and high inventories.

- Cash flow from operating activities improved to SEK 210.8 million (121.7) during the quarter, mainly driven by a positive development in working capital.

### Credit facilities

BHG is compliant with its financial covenants per Q1 2023. Given the high degree of ongoing market uncertainty, BHG is in continuous dialogue with its bank partners to secure relevant flexibility in relation to its credit facilities.

### 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.

- Our cost-savings of SEK 150-200 million is on track. Efficiencies in fulfillment costs resulted in lower costs than in the previous year. During the quarter, we implemented rationalizations, such as extensive personnel reductions and consolidations of operations, which have not yet had full effect. However, given the current demand situation, the announced cost-savings will not be sufficient. We are therefore continuing to identify additional cost-saving measures.
- We are working actively to reduce our inventories. Items held in inventory were reduced by approximately SEK 90 million during the first quarter, following reductions in both the third and fourth quarters of 2022. In total, the inventory has been reduced by more than SEK 400

million in the last three quarters. Work to reduce inventory levels continues, and our ambition is to reduce inventory by SEK 600 million during full-year 2023.

### Structural changes to reduce complexity and leverage synergies

In addition to our focus on profitability and cash flow, we are executing on our long-term strategic plan which includes both structural measures intended to reduce complexity, leverage synergies and secure scalable solutions, as well as growth through organic geographic expansion. During the quarter we took major steps within all segments:

- **Home Improvement:** The work to consolidate our Nordic Home Improvement business has started. 1) Investments in technology platform to enable current and future consolidations. 2) Salesforce, a customer data platform and marketing automation to increase customer centricity has been implemented in all major entities, covering 70% of sales in the segment, with share of sales through marketing automation increasing rapidly. 3) Warehouse consolidation ongoing to reduce footprint. 4) Establish pan-Nordic functions to realise synergies.
- **Value Home:** 1) Upgrading technology platforms to enable relevant offer and better customer experience on site to increase customer centricity and to reduce the running costs for development. 2) Warehouse consolidation ongoing to reduce footprint. 3) Reducing store footprint. 4) Geographic expansion through marketplaces and own platform.
- **Premium Living:** The international expansion continues as planned. In the quarter, 39% of the sales was from outside the Nordics compared to 33% in the previous year. Investments made in warehouse automation are having an impact on handling cost per order. The automation project continues and the next phase will be operational ahead of the fourth quarter.

We are not ruling out selling businesses or eliminating categories or businesses that are unprofitable, not sufficiently scalable or too far from our core business.

### The market

The overall market continued to be negatively affected during the quarter by the macroeconomic trends, rising interest rates, falling housing prices and lower activity in the housing market, shrinking disposable income and concerned consumers. We estimate that the online market for our categories is smaller than the same period last year but larger than before the outbreak of the pandemic. Available European market data indicate a particularly pronounced slowdown, in descending order, in Sweden, Norway and Lithuania.

The market was earlier impacted by disruptions in the global supply chain in the wake of the pandemic. We are now seeing a 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 remain challenging during 2023. At the same time, our comparative numbers are gradually getting lower during the year.

Weak demand, high 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.

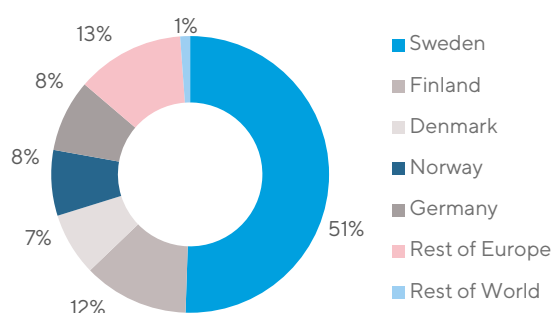
At the same time, our assessment is that inventory levels in the market will gradually normalise. Freight rates for the part of the range purchased from Asia have declined significantly, Shanghai Containerized Freight Index is down significantly compared to April 2022, and when market players adjust their purchase volumes downward we 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.

The assessment that our online markets can be expected to grow by approximately 15% annually over a business cycle remains. Similarly, 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 categories continues to grow. For further information, refer to the Group's medium-term financial targets (page 9).

### Acquisitions

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.

**Distribution of net sales by country (%), Jan-Mar 2023****Net sales**

The trend in net sales is primarily attributable to very weak demand driven by cautious consumers in an uncertain economic situation.

Demand was particularly low in the Nordic countries and especially in Sweden. We have successfully continued our geographic expansion. Sales outside of the Nordic markets grew in the quarter and accounted for 22% of Group net sales in the period.

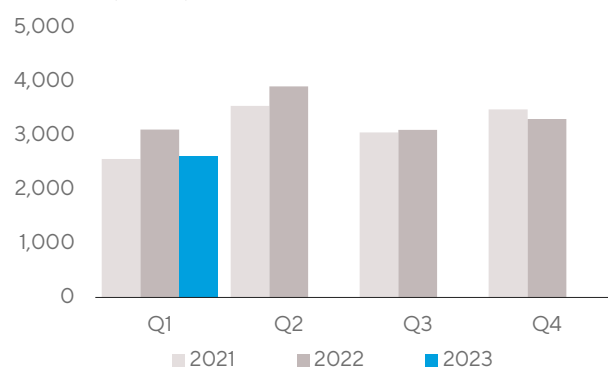
Demand varied among different product categories during the quarter. Capital-intensive categories such as doors, windows, sofas and bathrooms performed poorly.

Net sales declined -15.9% to SEK 2,617.5 million (3,110.6) for the quarter. Organic growth was -16.8% and pro-forma organic growth was -15.5% for the quarter.

Net sales in the Home Improvement segment decreased -22.4% to SEK 1,197.2 million (1,543.3) for the quarter. Organic growth was -22.1% and pro-forma organic growth was -21.8% for the quarter.

Net sales in the Value Home segment decreased -13.9% to SEK 943.2 million (1,095.9) for the quarter. Organic growth was -14.4% and pro-forma organic growth was -13.9% for the quarter.

Net sales in the Premium Living segment decreased -6.7% to SEK 498.0 million (533.7) for the quarter. Organic growth was -6.7% and pro-forma organic growth was -6.7% for the quarter.

**Net sales (SEKm)****Gross margin**

The adjusted product margin for the quarter was 37.8% (39.7). The adjusted gross margin (that is, the margin after deductions for direct selling expenses, such as logistics, fulfilment, etc.) amounted to 24.5% (27.1) for the quarter.

The trend in the gross margin during the quarter is primarily attributable very weak demand and large inventories, which led to aggressive campaigning and price pressure in the market. Rising costs for last mile shipments also partly explains the falling gross margin in the period.

- The deterioration in product margins is largely attributable to weak demand and intense competition, resulting in limited ability to adjust prices, not least in the private label businesses in the Value Home segment.
- Higher costs for last mile shipments compared to the same period last year, are primarily attributable to higher fuel costs as well as somewhat lower average order values in some categories compared with the previous year. It has been possible to partially, although not fully, compensate for the cost increase through higher shipping revenue from customers, which is recognised under net sales.
- We are seeing positive impact from the previously announced inventory handling cost initiatives, and the cost for the quarter was lower than in the previous 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 AOV for Home Improvement was lower for the first quarter, driven by lower sales in capital intensive categories such as doors and windows, while the AOV was higher for both Value Home and Premium Living in 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 582.6 million (622.9) for the quarter, corresponding to 22.3% (20.0) of net sales.

Previously announced cost cuts equivalent to SEK 150-200 million, which will partially affect SG&A, proceeded according to plan. Adjusted for effects from acquisitions and currency, salary related costs were down in the quarter compared to last year despite that implemented cost-savings has not yet had full effect and we continue to invest in the technology platform to enable future consolidations.

In the quarter, the reduction in SG&A compared with the previous year is primarily attributable to lower costs for online marketing, which is explained by 1) marketing strategies from the Group's central team is starting to have effect in companies acquired, 2) effects from investments in the customer data platform and 3) the trend we have seen since with falling cost of traffic generation, measured as Cost Per Click (CPC), continued. Given the uncertainty regarding future demand, we are continuing to identify additional cost-saving measures.

## Earnings

The Group's adjusted EBIT amounted to SEK -68.9 million (134.2) for the quarter, corresponding to an adjusted EBIT margin of -2.6% (4.3). Amortisation of tangible and intangible assets amounted to SEK 129.2 million (98.6) for the quarter, of which SEK 90.7 million (68.3) pertains to amortisation of lease assets.

The Group's operating income amounted to SEK -100.1 million (97.9) for the quarter, corresponding to an operating margin of -3.8% (3.1). Items affecting comparability totalled SEK -5.9 million.

Amortisation and impairment of acquisition-related intangible assets amounted to SEK 25.3 million (25.1) for the quarter. 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 beyond what has been mentioned above, or in the corresponding period of the preceding year.

The Group's net financial items amounted to SEK -46.4 million (30.5) for the quarter and pertained to interest expenses amounting to SEK -39.4 million for the quarter, of which SEK -6.7 million are related to lease liabilities in accordance with IFRS 16.

The Group's profit before tax was SEK -146.5 million (128.4) for the quarter. Net income amounted to SEK -116.0 million (111.2) for the quarter. The effective tax rate in the quarter was -20.8% (-13.4), corresponding to SEK 30.5 million (-17.2).

## 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 210.8 million (121.7) for the quarter. Cash flow from operating activities for the period was primarily driven by a positive impact from changes in working capital. The trend in working capital is a result of BHG's reduced inventories as well as an increase in accounts payables. Cash flow from changes in inventory was SEK 88.2 million (-491.5) for the quarter. Measures that have been taken to reduce items held in inventory, thereby improving cash flow, are expected to have their greatest effect during the outdoor season, meaning during the second and third quarters.

Cash conversion (cash flow from operating activities in relation to adjusted EBITDA) was 432.3% (75.7) for the quarter.

The Group's cash flow to investing activities amounted to SEK -38.8 million (-108.3) for the quarter, and during the period was mainly attributable to IT investments related to web platforms.

Cash flow to and from financing activities amounted to SEK -47.2 million (208.2) for the quarter and was primarily attributable to proceeds from the share issue, amortization of leasing liabilities and interest payments.

The Group's cash and cash equivalents at the end of the reporting period, compared with the beginning of the year, amounted to SEK 590.5 million (477.6).

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 1,429.3 million at the end of the period, compared with SEK 1,543.4 million at the beginning of the year, corresponding to net debt in relation to LTM adjusted EBITDA of 4.82x, 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.

The Group's unutilised credit facilities amounted to SEK 1,300.0 million at the end of the period, compared with SEK 1,300.0 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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NEST

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i Lammhult

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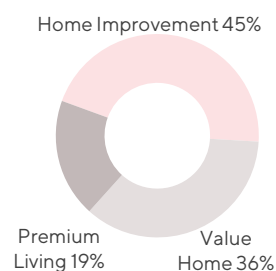


# Home Improvement

"The Home Improvement segment continued to deliver a strong product margin despite weaker demand in the first quarter. Our high share of drop shipping allows for flexibility in our customer offering. Demand is better for lower-priced products and remains weak for higher-priced products. With our continued focus on efficiency and competitive prices, we feel well prepared for the peak season," says Mikael Hagman, Deputy CEO and Head of the Home Improvement segment.

- Net sales declined -22.4% to SEK 1,197.2 million (1,543.3) for the quarter.
- Organic growth was -22.1% and pro-forma organic growth was -21.8%.
- The adjusted gross margin for the quarter was 20.6% (22.7).
- Adjusted EBIT was SEK -44.5 million (53.3) for the quarter, with an adjusted EBIT margin of -3.7% (3.5).

## Net sales by segment, Jan-Mar 2023



SEKm (if not otherwise stated)	Jan-Mar		Δ%	Jan-Dec
	2023	2022		2022
Net sales	1,197.2	1,543.3	-22.4	6,856.3
Gross profit	246.3	350.1	-29.6	1,387.0
Gross margin (%)	20.6	22.7	-2.1 p.p.	20.2
Adjusted gross profit	246.3	350.1	-29.6	1,521.0
Adjusted gross margin (%)	20.6	22.7	-2.1 p.p.	22.2
Adjusted EBITDA	0.6	88.1	-99.4	434.1
Adjusted EBITDA margin (%)	0.0	5.7	-5.7 p.p.	6.3
Adjusted EBIT	-44.5	53.3	-183.5	226.1
Adjusted EBIT margin (%)	-3.7	3.5	-7.2 p.p.	3.3
Items affecting comparability	-0.4	-2.1	-83.2	-148.3
Operating income	-59.2	36.9	-260.5	17.1
Operating margin (%)	-4.9	2.4	-7.3 p.p.	0.2
Net profit for the period	-66.8	71.6	-193.3	83.3
Visits (thousands)	25,113	33,844	-25.8	128,523
Orders (thousands)	431	519	-17.0	2,256
Conversion rate (%)	1.7	1.5	0.2 p.p.	1.8
Average order value (SEK)	2,830	3,282	-13.8	3,020

## COMMENTS ON THE HOME IMPROVEMENT SEGMENT

The Home Improvement segment accounted for 45% of the Group's total net sales for the quarter. Sweden is its largest market, making up approximately two thirds of the segment's sales in the first quarter.

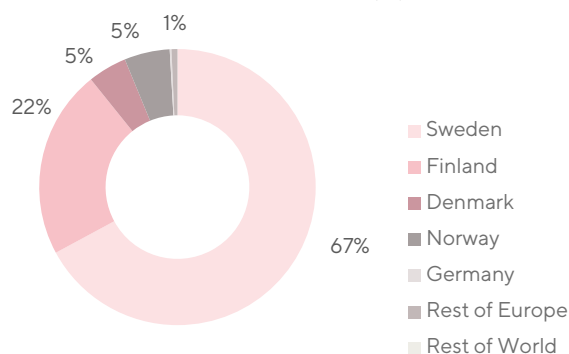
- Net sales amounted to SEK 1,197.2 million (1,543.3) for the quarter. Total growth was -22.4%, pro-forma organic growth was -21.8% and organic growth was -22.1%. The market was characterised by weak demand, especially in Sweden. Capital intensive categories such as doors, windows and bath saw the relative weakest development.
- The adjusted gross profit was SEK 246.3 million (350.1) for the quarter and adjusted gross margin was 20.6% (22.7). The gross margin in the quarter was negatively impacted by price pressure in the market following weak demand and high inventories.
- Adjusted EBIT was SEK -44.5 million (53.3) for the quarter, with an adjusted EBIT margin of -3.7% (3.5). EBIT margin in the quarter was negatively impacted by the weaker gross margin and decline in sales as fixed costs have not yet been adapted to the current demand situation. Extensive measures are being implemented to adjust fixed costs.

Home Improvement is active in the Nordic market and mainly based on a drop shipping model with a low level of tied-up capital, with a broad product range and price matching. Bygghemma is the leading brand in the segment. Other brands in the segment include Netrauta, Hylta Jakt & Lantman, Hafa, Polarpumpen, Golvpoolen, Vitvaruexpertern and Nordiska Fönster.

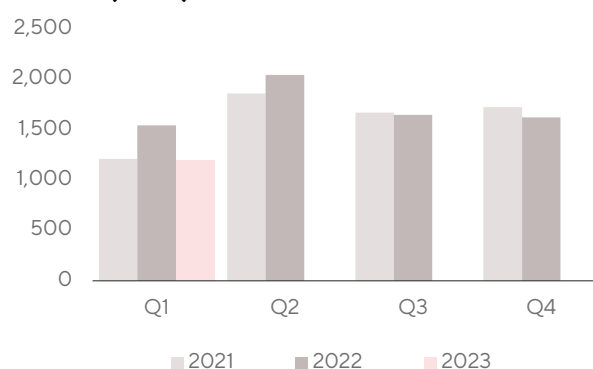
The focus is on:

- Continuing to reduce inventory levels and making fulfilment more efficient in order to free up cash flow and adjust purchase volumes going forward and adjust fixed costs to the weaker demand situation.
- 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.
- 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.

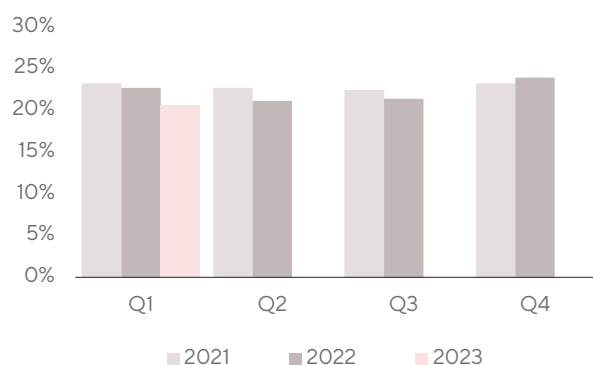
## Distribution of net sales by country (%), Jan-Mar 2023



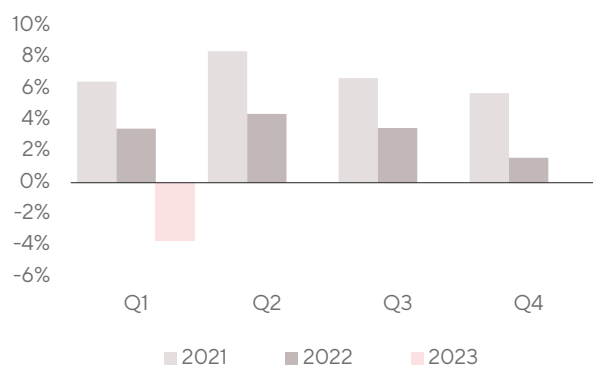
## Net sales (SEKm)



## Adjusted gross margin (%)



## Adjusted EBIT margin (%)



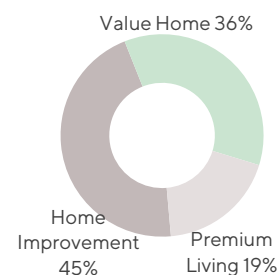


## Value Home

"For Value Home, the quarter was characterized by weak demand, and we consider our market share to be unchanged. The late spring had a negative impact on sales of outdoor furniture, primarily in Sweden and Germany. The reduction in inventory is proceeding according to plan. Our focus remains on reducing costs and warehouse space. We are also expanding our partnership with external marketplaces," says Christian Eriksson, Head of the Value Home segment.

- Net sales declined by -13.9% to SEK 943.2 million (1,095.9) for the quarter.
- The segment's organic growth was -14.4% for the quarter, while pro-forma organic growth was -13.9%.
- The adjusted gross margin for the quarter was 29.6% (33.0).
- Adjusted EBIT amounted to SEK -19.0 million (59.9) for the quarter, corresponding to an adjusted EBIT margin of -2.0% (5.5).

### Net sales per segment, Jan-Mar 2023



SEKm (if not otherwise stated)	Jan-Mar		Δ%	Jan-Dec
	2023	2022		2022
Net sales	943.2	1,095.9	-13.9	4,558.7
Gross profit	279.0	361.5	-22.8	1,113.4
Gross margin (%)	29.6	33.0	-3.4 p.p.	24.4
Adjusted gross profit	279.0	361.5	-22.8	1,355.1
Adjusted gross margin (%)	29.6	33.0	-3.4 p.p.	29.7
Adjusted EBITDA	48.0	114.4	-58.0	317.0
Adjusted EBITDA margin (%)	5.1	10.4	-5.3 p.p.	7.0
Adjusted EBIT	-19.0	59.9	-131.7	126.0
Adjusted EBIT margin (%)	-2.0	5.5	-7.5 p.p.	2.8
Items affecting comparability	-	-		-250.1
Operating income	-24.2	54.9	-144.1	-149.8
Operating margin (%)	-2.6	5.0	-7.6 p.p.	-3.3
Net profit for the period	-34.9	91.6	-138.1	3.3
Visits (thousands)	34,581	47,952	-27.9	155,953
Orders (thousands)	230	291	-21.0	1,163
Conversion rate (%)	0.7	0.6	0.1 p.p.	0.7
Average order value (SEK)	3,954	3,690	7.1	3,778

## COMMENTS ON THE VALUE HOME SEGMENT

Net sales in the Value Home segment accounted for 36% of the Group's total net sales for the quarter. Sales to customers from countries outside the Nordic region accounted for 40% of sales for the segment during the first quarter.

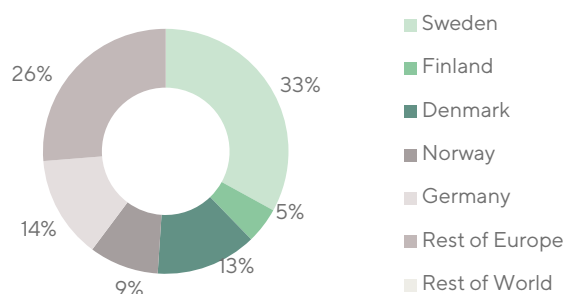
- Net sales was SEK 943.2 million (1,095.9) for the quarter. Total growth was -13.9%, pro-forma organic growth was -13.9% and organic growth was -14.4%. The Swedish market was especially challenging and the late Spring had a negative effect on the sale of outdoor furniture, mainly in Sweden and Germany.
- Adjusted gross profit was SEK 279.0 million (361.5) for the quarter, with an adjusted gross profit margin of 29.6% (33.0). The weak demand and intense competition pressured gross profit margin for the quarter. We started to see some effect from the work to reduce fulfillment cost in the quarter.
- Adjusted EBIT was SEK -19.0 million (59.9) for the quarter, with an adjusted EBIT margin of -2.0% (5.5). The EBIT margin was negatively affected by the weaker gross profit 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.

Value Home is active mainly in the Nordic, Eastern European and German markets and is a value-driven model that focuses on offering competitive prices, enabled by private label products. Trademax is the leading brand in the Value Home segment. Other brands include Furniture1, Chillise, Furniturebox, My Home, Lampgallerian and Hemfint.

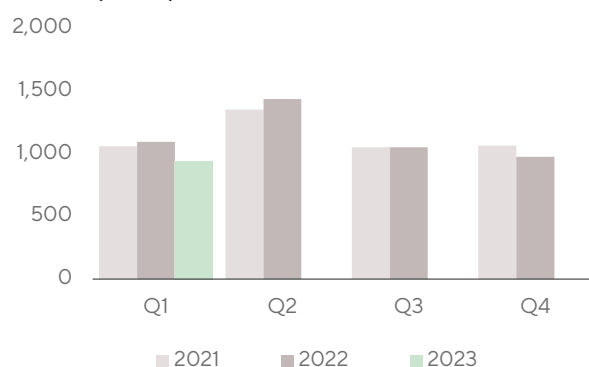
The focus continues to be on:

- Reducing inventory levels and making fulfillment 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.
- Upgrading technology platforms to enable better customer experience on site and to reduce the running costs for development.
- 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.

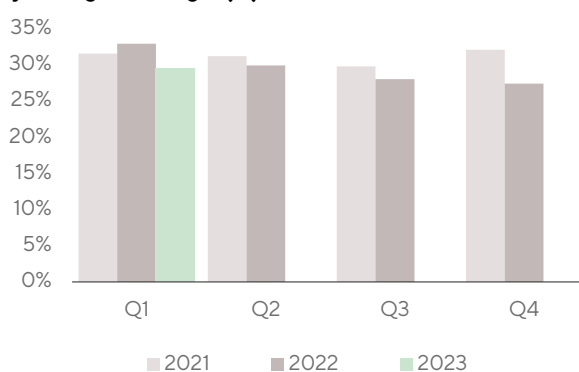
## Distribution of net sales by country (%), Jan-Mar 2023



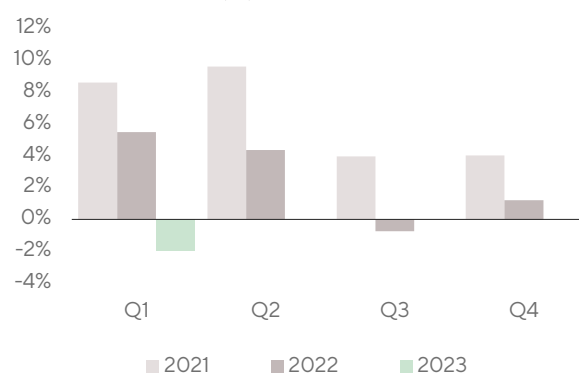
## Net sales (SEKm)



## Adjusted gross margin (%)



## Adjusted EBIT margin (%)



2023/Q1

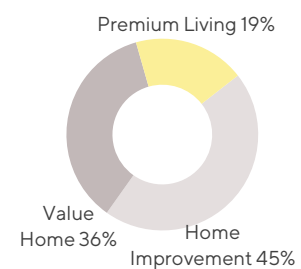


## Premium Living

"Sales for Premium Living performed better overall than the market during the first quarter, with strong growth in Germany and the UK. There is a high degree of campaign and pricing activity in the market, which affects the gross margin, which improved compared with the end of 2022 despite the market situation. The investments that have been made in warehouse automation are having an impact on handling cost per order. The international expansion continues. Finally, we can announce that our two customer clubs, The Nest and c/o Svenssons, reached one million members in April. Both customer clubs began as recently as September 2022, which means that there has been an extremely high inflow of members," says Bank Bergström, Head of the Premium Living segment.

- Net sales declined -6.7% to SEK 498.0 million (533.7) for the quarter.
- The organic growth and pro-forma organic growth was -6.7%.
- The adjusted gross margin for the quarter was 23.7% (24.6).
- Adjusted EBIT amounted to SEK 11.9 million (33.4) for the quarter, corresponding to an adjusted EBIT margin of 2.4% (6.3).

### Net sales per segment, Jan-Mar 2023



SEKm (if not otherwise stated)	Jan-Mar		Δ%	Jan-Dec
	2023	2022		2022
Net sales	498.0	533.7	-6.7	2,172.1
Gross profit	118.0	131.4	-10.2	487.8
Gross margin (%)	23.7	24.6	-0.9 p.p.	22.5
Adjusted gross profit	118.0	131.4	-10.2	499.4
Adjusted gross margin (%)	23.7	24.6	-0.9 p.p.	23.0
Adjusted EBITDA	28.2	42.0	-32.7	119.4
Adjusted EBITDA margin (%)	5.7	7.9	-2.2 p.p.	5.5
Adjusted EBIT	11.9	33.4	-64.3	81.2
Adjusted EBITmargin (%)	2.4	6.3	-3.9 p.p.	3.7
Items affecting comparability	-	-		-19.6
Operating income	6.2	27.7	-77.6	38.7
Operating margin (%)	1.2	5.2	-3.9 p.p.	1.8
Net profit for the period	1.0	21.9	-95.4	25.4
Visits (thousands)	22,544	17,522	28.7	79,748
Orders (thousands)	355	403	-12.0	1,752
Conversion rate (%)	1.6	2.3	-0.7 p.p.	2.2
Average order value (SEK)	1,429	1,373	4.0	1,354

## COMMENTS ON THE PREMIUM LIVING SEGMENT

Net sales in the Premium Living segment accounted for 19% of the Group's total net sales for the quarter. Sales to customers from countries outside the Nordic region accounted for nearly 40% of sales for the segment during the first quarter.

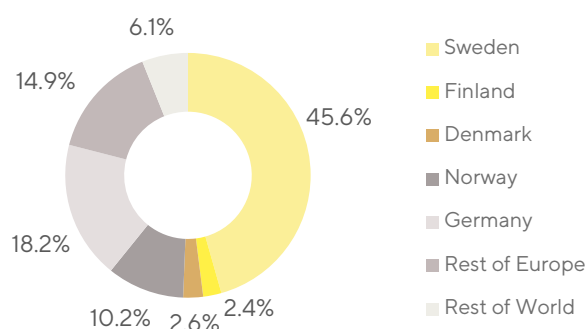
- Net sales was SEK 498.0 million (533.7) for the quarter. Total growth was -6.7%, the same as organic and prof-forma organic growth. The markets outside the Nordics developed strongly with growth of 10.9% for the quarter.
- Adjusted gross profit was SEK 118.9 million (131.4) for the quarter, with an adjusted gross profit margin of 23.7% (24.6). Intense campaign activity put pressure on the product margin, to some extent offset by lower fulfillment cost from warehouse automation in the fourth quarter of 2022.
- Adjusted EBIT was SEK 11.9 million (33.4) for the quarter, with an adjusted EBIT margin of 2.4% (6.3). Profitability for the quarter was negatively impacted by primarily price pressure in the market from intense campaign and price activity.

Premium Living has a premium position that is primarily based on wholesale in order to internationalise Scandinavian design. 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 nearly 40% of sales for the segment during the first quarter. The leading brand in the segment is Nordic Nest, including Svenssons i Lammhult.

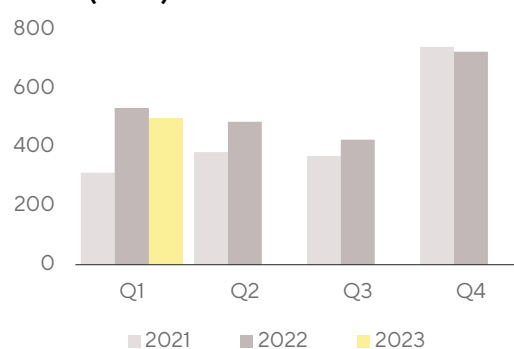
The focus continues to be on:

- Driving geographic growth for Nordic Nest
- Continuing efficiency work. Nordic Nest's warehouse automation solution, which was successfully deployed during the fourth quarter of 2022, is having an impact on the handling cost per order and the work continues.

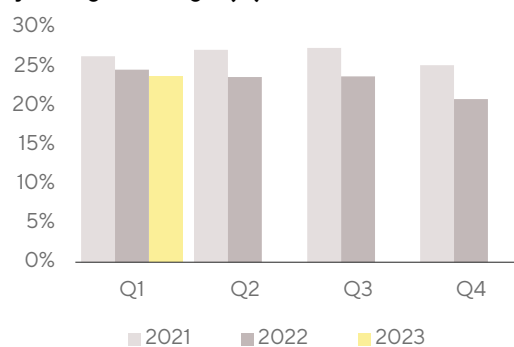
## Distribution of net sales by country (%), Jan-Mar 2023



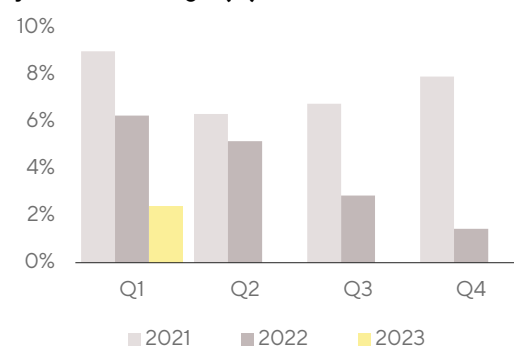
## Net sales (SEKm)



## Adjusted gross margin (%)



## Adjusted EBIT margin (%)







# 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 18.7. On the last day of trading in the period, the share price was SEK 9.6. The highest price paid, quoted in January, was SEK 23.0, and the lowest price paid, quoted in March, was SEK 8.3.

During the period, 119,875,829 BHG shares were traded, equivalent to a turnover rate of 67%.

As of 31 March, BHG had approximately 14,500 shareholders, of which the largest were EQT (25.2%), Ferd AS (18.2%), Norges Bank (3.7%), Vitruvian Partners (3.1%) and Futur Pension (3.0%).

As of 31 March 2023, the number of shares issued was 179,233,563, all of which were ordinary shares.

## **PARENT COMPANY**

The Parent Company's net sales for the quarter amounted to SEK 1.9 million (1.8). The Parent Company posted an operating loss of SEK -17.4 million (-19.6) for the quarter. Outstanding incentive programmes were charged to Parent Company earnings for the quarter in an amount of SEK -1.3 million (-1.4). The Parent Company's cash and cash equivalents totalled SEK 30.3 million at the end of the reporting period, compared with SEK 8.9 million at the beginning of the year.

Malmö, 27 April 2023

**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. CEST on 27 April 2023.

**CONTACT INFORMATION**

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**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 Thursday, 27 April 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-q1-2023>. 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=200667>. 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-March 2023 and previous interim and year-end reports are available at <https://www.wearebhg.com/investors/financial-reports/>

**FINANCIAL CALENDAR**

3 May 2023	Annual General Meeting 4:00 p.m. in 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	Jan-Mar		Jan-Dec
	2023	2022	2022
Net sales	2,617.5	3,110.6	13,433.6
Other operating income	1.6	15.6	17.1
<b>Total net sales</b>	<b>2,619.1</b>	<b>3,126.2</b>	<b>13,450.7</b>
Cost of goods sold	-1,976.2	-2,268.8	-10,452.5
Personnel costs	-279.5	-278.4	-1,142.3
Other external costs and operating expenses	-308.9	-353.8	-1,480.4
Other operating expenses	-0.2	-3.5	-10.8
Depreciation and amortisation of tangible and intangible fixed assets	-154.5	-123.7	-548.5
<b>Operating income</b>	<b>-100.1</b>	<b>97.9</b>	<b>-183.9</b>
Profit/loss from financial items	-46.4	30.5	165.6
<b>Profit before tax</b>	<b>-146.5</b>	<b>128.4</b>	<b>-18.3</b>
Income tax	30.5	-17.2	64.1
<b>Profit for the period</b>	<b>-116.0</b>	<b>111.2</b>	<b>45.7</b>
Attributable to:			
Equity holders of the parent	-117.9	109.8	34.1
Non-controlling interest	1.9	1.4	11.7
<b>Net income for the period</b>	<b>-116.0</b>	<b>111.2</b>	<b>45.7</b>
Earnings per share before dilution, SEK	-0.66	0.89	0.25
Earnings per share after dilution, SEK	-0.66	0.88	0.25

\* 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 5,500,660 (3,847,532) warrants outstanding, of which 0 (677,496) had a dilution effect during the quarter.



# Condensed consolidated statement of comprehensive income

SEKm	Jan-Mar		Jan-Dec
	2023	2022	2022
Profit for the period	-116.0	111.2	45.7
<b>Other comprehensive income</b>			
Items that subsequently could be reclassified to profit or loss			
Translation differences for the period	6.1	18.8	106.4
<b>Other comprehensive income for the period</b>	<b>6.1</b>	<b>18.8</b>	<b>106.4</b>
<b>Total comprehensive income for the period</b>	<b>-109.9</b>	<b>130.0</b>	<b>152.1</b>
<b>Total comprehensive income attributable to:</b>			
Parent Company shareholders	-112.5	128.2	136.2
Non-controlling interest	2.6	1.8	15.9
<b>Total comprehensive income for the period</b>	<b>-109.9</b>	<b>130.0</b>	<b>152.1</b>
<b>Shares outstanding at period's end</b>	<b>179,233,563</b>	<b>123,815,730</b>	<b>179,233,563</b>
<b>Average number of shares</b>			
Before dilution	179,233,563	123,815,730	136,793,019
After dilution	179,233,563	124,688,092	139,979,303

\* The average number of shares before and after dilution differs for the comparative period 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 Mar		31 Dec
	2023	2022	2022
<b>Non-current assets</b>			
Goodwill	6,491.4	6,385.7	6,480.9
Other intangible fixed assets	2,861.7	2,900.8	2,879.2
<b>Total intangible fixed assets</b>	<b>9,353.1</b>	<b>9,286.5</b>	<b>9,360.1</b>
Buildings and land	21.3	22.1	21.5
Leased fixed assets	987.0	918.2	902.2
Tangible fixed assets	152.9	140.4	156.0
Financial fixed assets	14.6	12.8	15.1
Deferred tax asset	125.3	23.9	102.5
<b>Total fixed assets</b>	<b>10,654.1</b>	<b>10,403.8</b>	<b>10,557.5</b>
<b>Current assets</b>			
Inventories	2,384.0	2,940.0	2,482.9
Current receivables	694.4	534.4	763.4
Cash and cash equivalents	590.5	504.4	477.6
<b>Total current assets</b>	<b>3,668.9</b>	<b>3,978.8</b>	<b>3,723.9</b>
<b>Total assets</b>	<b>14,323.0</b>	<b>14,382.6</b>	<b>14,281.4</b>
<b>Equity</b>			
Equity attributable to owners of the parent	7,482.7	5,297.4	7,613.8
Non-controlling interest	58.6	46.2	56.0
<b>Total equity</b>	<b>7,541.4</b>	<b>5,343.6</b>	<b>7,669.8</b>
<b>Non-current liabilities</b>			
Deferred tax liability	601.1	634.7	605.2
Other provisions	20.2	27.2	22.1
Non-current interest-bearing liabilities to credit institutions	2,010.7	2,816.9	2,009.3
Non-current lease liabilities	631.1	619.8	566.3
Non-current acquisition related interest-bearing liabilities	833.8	1,929.5	816.7
<b>Total non-current liabilities</b>	<b>4,096.8</b>	<b>6,028.1</b>	<b>4,019.5</b>
<b>Current liabilities</b>			
Current lease liabilities	334.8	279.1	311.4
Current acquisition related interest-bearing liabilities	446.7	205.5	437.5
Other current liabilities	1,903.3	2,526.3	1,843.1
<b>Total current liabilities</b>	<b>2,684.9</b>	<b>3,010.9</b>	<b>2,592.0</b>
<b>Total equity and liabilities</b>	<b>14,323.0</b>	<b>14,382.6</b>	<b>14,281.4</b>

# Condensed consolidated statement of cash flows

SEKm	Jan-Mar		Jan-Dec
	2023	2022	2022
EBITDA	54.1	221.2	369.2
Adjustments for items not included in cash flow	18.8	-17.8	369.2
Income tax paid	-86.0	-103.2	-216.2
<b>Cash flow from operating activities before changes in working capital</b>	<b>-13.1</b>	<b>100.3</b>	<b>522.2</b>
Changes in working capital	223.9	21.3	-627.9
<b>Cash flow from operating activities</b>	<b>210.8</b>	<b>121.7</b>	<b>-105.6</b>
Investments in operations	-3.3	-54.3	-257.7
Redemption of loan to seller upon acquisition of operations	-	-6.9	-6.9
Investments in other non-current assets	-37.3	-48.9	-198.6
Divestment of operations	-	0.6	-2.8
Divestment of other tangible fixed assets	0.4	0.7	2.0
Received interest	1.3	0.5	5.8
<b>Cash flow to/from investing activities</b>	<b>-38.8</b>	<b>-108.3</b>	<b>-454.9</b>
New share issue	80.7	-	1,693.8
Loans taken	-	300.0	800.0
Amortisation of loans	-88.9	-74.3	-1,619.7
Issue of warrants	2.9	0.1	1.0
Interest paid	-42.0	-17.6	-99.5
Dividends to non-controlling interests	-	-	-10.5
<b>Cash flow to/from financing activities</b>	<b>-47.2</b>	<b>208.2</b>	<b>765.1</b>
<b>Cash flow for the period</b>	<b>124.8</b>	<b>221.6</b>	<b>204.6</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>477.6</b>	<b>273.5</b>	<b>273.5</b>
Translation differences in cash and cash equivalents	-11.9	9.3	-0.5
<b>Cash and cash equivalents at the end of the period</b>	<b>590.5</b>	<b>504.4</b>	<b>477.6</b>

# Condensed consolidated statement of changes in equity

SEKm	31 Mar		31 Dec
	2023	2022	2022
<b>Opening balance</b>	<b>7,669.8</b>	<b>5,256.3</b>	<b>5,256.3</b>
Comprehensive income for the period	-109.9	130.0	152.1
New share issue to non-controlling interests*	-	-	22.5
New share issues**	-0.7	-	1,775.2
Issue of warrants	4.3	2.2	8.5
Dividends to non-controlling interests	-	-	-12.6
Remeasurement of liabilities to non-controlling interests	-22.1	-44.9	467.8
<b>Closing balance</b>	<b>7,541.4</b>	<b>5,343.6</b>	<b>7,669.8</b>

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

\*\* The proceeds from the new issue for 2022 are recognised net after a deduction for transaction costs of SEK 31.2 million for the full year and a tax effect of SEK -6.4 million. The new issues in the fourth quarter of 2022 were carried out in two stages: a first issue of 39,024,390 shares on 6 December 2022 and a second issue of 3,972,097 shares on 30 December 2022 after a resolution by the Extraordinary General Meeting. The Group received proceeds of SEK 81.4 million for the shares issued on 30 December 2022 during the first quarter of 2023. Transaction costs of SEK 0.9 million and a tax effect of SEK -0.2 million were subsequently added, which resulted in a 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 31-39 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 by the weather and demand in the fourth quarter growing as the importance of Black Week increased. Demand, and consequently the Group's sales, have historically been lowest in the first quarter. Although seasonal variations do not normally affect the Group's relative earnings and cash flow from year to year, earnings and cash flow may be impacted in years with extremely mild or severe weather conditions, or with very high or low rainfall. Weather conditions may also have a significant impact on individual quarters.

## NOTE 3 SEGMENTS

SEKm	Jan-Mar		Jan-Dec
	2023	2022	2022
<b>Net sales</b>			
Home Improvement	1,197.2	1,543.3	6,856.3
Value Home	943.2	1,095.9	4,558.7
Premium Living	498.0	533.7	2,172.1
<b>Total net sales</b>	<b>2,638.5</b>	<b>3,172.9</b>	<b>13,587.2</b>
Other*	8.5	6.6	30.4
Eliminations	-29.4	-69.0	-183.9
<b>Group consolidated total</b>	<b>2,617.5</b>	<b>3,110.6</b>	<b>13,433.6</b>
<b>Revenue from other segments</b>			
Home Improvement	2.3	1.2	9.4
Value Home	18.7	61.2	144.1
Premium Living	-	-	-
Other*	8.5	6.6	30.4
<b>Total</b>	<b>29.4</b>	<b>69.0</b>	<b>183.9</b>
SEKm	Jan-Mar		Jan-Dec
	2023	2022	2022
<b>Operating income and profit before tax</b>			
Home Improvement	-59.2	36.9	17.1
Value Home	-24.2	54.9	-149.8
Premium Living	6.2	27.7	38.7
<b>Total operating income</b>	<b>-77.2</b>	<b>119.4</b>	<b>-93.9</b>
Other*	-22.9	-21.5	-89.9
<b>Group consolidated operating income</b>	<b>-100.1</b>	<b>97.9</b>	<b>-183.9</b>
Financial net	-46.4	30.5	165.6
<b>Group consolidated profit before tax</b>	<b>-146.5</b>	<b>128.4</b>	<b>-18.3</b>

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



Jan-Mar 2023										
SEKm	Home Improvement	%	Value Home	%	Premium living	%	Other	Elimination	Group	%
Sweden	803.6	67.1%	311.3	33.0%	227.1	45.6%	8.5	-27.9	1,322.5	50.5%
Finland	264.8	22.1%	44.8	4.8%	12.0	2.4%	-	-0.2	321.4	12.3%
Denmark	54.5	4.6%	125.3	13.3%	13.0	2.6%	-	-	192.9	7.4%
Norway	63.6	5.3%	86.4	9.2%	50.7	10.2%	-	-	200.8	7.7%
Germany	2.5	0.2%	127.5	13.5%	90.7	18.2%	-	-	220.7	8.4%
Rest of Europe	8.3	0.7%	247.8	26.3%	74.4	14.9%	-	-1.3	329.1	12.6%
Rest of World	-	-	-	-	30.2	6.1%	-	-	30.2	1.2%
<b>Net sales</b>	<b>1,197.2</b>	<b>100%</b>	<b>943.2</b>	<b>100%</b>	<b>498.0</b>	<b>100%</b>	<b>8.5</b>	<b>-29.4</b>	<b>2,617.5</b>	<b>100%</b>

Jan-Mar 2022										
SEKm	Home Improvement	%	Value Home	%	Premium living	%	Other	Elimination	Group	%
Sweden	1,070.4	69.4%	482.0	44.0%	273.3	51.2%	6.6	-67.2	1,765.2	56.7%
Finland	314.1	20.4%	35.7	3.3%	12.5	2.3%	-	-0.0	362.2	11.6%
Denmark	72.4	4.7%	141.1	12.9%	12.2	2.3%	-	-	225.7	7.3%
Norway	69.6	4.5%	62.2	5.7%	59.6	11.2%	-	-	191.4	6.2%
Germany	5.2	0.3%	129.2	11.8%	79.6	14.9%	-	-	213.9	6.9%
Rest of Europe	11.7	0.8%	245.8	22.4%	61.4	11.5%	-	-1.8	317.0	10.2%
Rest of World	-	-	-	-	35.0	6.6%	-	-	35.0	1.1%
<b>Net sales</b>	<b>1,543.3</b>	<b>100%</b>	<b>1,095.9</b>	<b>100%</b>	<b>533.7</b>	<b>100%</b>	<b>6.6</b>	<b>-69.0</b>	<b>3,110.6</b>	<b>100%</b>

Full-year 2022										
SEKm	Home Improvement	%	Value Home	%	Premium living	%	Other	Elimination	Group	%
Sweden	4,624.1	67.4%	1,760.4	38.6%	1,080.1	49.7%	30.4	-176.6	7,318.4	54.5%
Finland	1,580.9	23.1%	222.9	4.9%	50.6	2.3%	-	-0.6	1,853.9	13.8%
Denmark	311.3	4.5%	520.9	11.4%	49.7	2.3%	-	-	881.8	6.6%
Norway	281.9	4.1%	428.1	9.4%	270.5	12.5%	-	-	980.5	7.3%
Germany	16.8	0.2%	538.2	11.8%	337.3	15.5%	-	-0.6	891.6	6.6%
Rest of Europe	41.3	0.6%	1,088.1	23.9%	261.5	12.0%	-	-6.2	1,384.7	10.3%
Rest of World	-	-	-	-	122.6	5.6%	-	-	122.6	0.9%
<b>Net sales</b>	<b>6,856.3</b>	<b>100%</b>	<b>4,558.7</b>	<b>100%</b>	<b>2,172.1</b>	<b>100%</b>	<b>30.4</b>	<b>-183.9</b>	<b>13,433.6</b>	<b>100%</b>

## NOTE 4 DISCLOSURES ON ACQUISITIONS

2023						
SEKm	Net identifiable assets and liabilities	Goodwill	Purchase price	Cash and cash equivalents	Contingent/deferred purchase price, vendor loans	Net cash flow
<b>Contingent consideration</b>						
Additional purchase price, Navitek Oy	-	-	-	-	-	-3.2
	-	-	-	-	-	-3.2



## 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 Mar	
	2023	2022
<b>Reported value on the opening date</b>	<b>1,254.2</b>	<b>2,121.7</b>
Recognition in profit or loss	-	-47.1
Recognised in equity	29.5	53.0
Utilised amount	-3.2	-33.5
Acquisition value at cost	-	40.9
<b>Reported value on the closing date</b>	<b>1,280.5</b>	<b>2,135.0</b>

### Currency forwards

The Group recognises currency forwards at fair value, which as of 31 March 2023 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.

**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 pages 31-32 of the 2022 Annual Report.

**Financial risks and uncertainties**

As stated on page 32 of the 2022 Annual Report, BHG made the assessment that it could not be precluded that profitability could reach a level in 2023 whereby BHG would risk not being able to fulfil the financial covenants in the Group's credit facilities. As of 31 March 2023, the Group had fulfilled the financial covenants in its credit facilities. BHG is engaged in a dialogue with its bank partners to ensure the Group's access to continued financing through credit facilities. The Board's assessment is that there are good prospects for reaching a solution, albeit at a higher cost.

Other than the above, no significant changes to the Group's risks and uncertainties are deemed to have taken place compared with what is stated on pages 31-32 of the 2022 Annual Report.

# Condensed Parent Company income statement

SEKm	Jan-Mar		Jan-Dec
	2023	2022	2022
Net sales	1.9	1.8	8.3
<b>Total net sales</b>	<b>1.9</b>	<b>1.8</b>	<b>8.3</b>
Personnel cost	-15.5	-11.5	-56.3
Other external costs	-3.6	-8.4	-33.1
Other operating expenses	-	-1.5	-1.5
Depreciation and amortisation of tangible and intangible fixed assets	-0.1	-0.1	-0.2
<b>Operating income</b>	<b>-17.4</b>	<b>-19.6</b>	<b>-82.9</b>
Profit/loss from financial items	-10.4	6.6	5.3
Group contributions	-	-	83.6
<b>Profit/loss before tax</b>	<b>-27.8</b>	<b>-13.0</b>	<b>6.0</b>
Income tax	5.7	2.3	-0.3
<b>Profit/loss for the period</b>	<b>-22.1</b>	<b>-10.6</b>	<b>5.7</b>

A statement of other comprehensive income has not been prepared since the Parent Company did not conduct any transactions recognised as other comprehensive income.

# Condensed Parent Company balance sheet

SEKm	31 Mar		31 Dec
	2023	2022	2022
<b>Non-current assets</b>			
Other intangible fixed assets	0.7	0.8	0.7
<b>Total intangible fixed assets</b>	<b>0.7</b>	<b>0.8</b>	<b>0.7</b>
Participations in Group companies	3,678.3	3,678.3	3,678.3
Long-term receivables from Group companies	4,805.5	4,005.0	4,805.5
Deferred tax asset	6.0	-	0.1
<b>Total fixed assets</b>	<b>8,490.5</b>	<b>7,684.1</b>	<b>8,484.6</b>
<b>Current assets</b>			
Short-term receivables	31.8	12.4	112.4
Short-term receivables from Group companies	172.6	63.7	145.7
Cash and cash equivalents	30.3	10.6	8.9
<b>Total current assets</b>	<b>234.7</b>	<b>86.7</b>	<b>267.1</b>
<b>Total assets</b>	<b>8,725.2</b>	<b>7,770.8</b>	<b>8,751.7</b>
<b>Equity</b>			
Restricted equity	5.4	3.7	5.4
Unrestricted equity	6,691.8	4,923.4	6,714.7
<b>Total equity</b>	<b>6,697.2</b>	<b>4,927.1</b>	<b>6,720.0</b>
<b>Untaxed reserves</b>	<b>20.0</b>	<b>28.6</b>	<b>20.0</b>
Non-current interest-bearing liabilities to credit institutions	1,990.9	2,793.2	1,988.2
<b>Total non-current liabilities</b>	<b>1,990.9</b>	<b>2,793.2</b>	<b>1,988.2</b>
<b>Current liabilities</b>			
Other current liabilities	17.0	21.9	23.4
<b>Total current liabilities</b>	<b>17.0</b>	<b>21.9</b>	<b>23.4</b>
<b>Total equity and liabilities</b>	<b>8,725.2</b>	<b>7,770.8</b>	<b>8,751.7</b>

# Key ratios

	2023	2022				
	Q1	Q4	Q3	Q2	Q1	Jan-Dec
<b>THE GROUP</b>						
Net sales growth (%)	-15.9	-5.1	1.5	10.1	21.1	6.1
Organic growth (%)	-16.8	-3.7	-5.3	-8.1	0.6	-5.0
Proforma organic growth (%)	-15.5	-5.5	-6.8	-7.4	3.0	-4.5
Adjusted gross profit beofre direct selling costs (%)	37.8	37.6	37.3	37.6	39.7	38.0
Adjusted gross profit (%)	24.5	24.3	24.0	25.0	27.1	25.1
Adjusted EBIT (%)	-2.6	0.9	1.5	4.2	4.3	2.8
Earnings per share before dilution, SEK	-0.66	-1.20	-0.62	1.44	0.89	0.25
Earnings per share after dilution, SEK	-0.66	-1.20	-0.62	1.43	0.88	0.25
Equity/assets ratio %	52.7	53.7	46.3	45.1	37.2	53.7
Net debt (+) / Net cash (-)	1,429.3	1,543.4	2,129.8	1,803.2	2,319.3	1,543.4
Cash flow from operating activites (SEKm)	210.8	67.5	-133.0	-161.8	121.7	-105.6
Visits (thousands)	82,238	91,857	81,051	91,998	99,318	364,224
Orders (thousands)	1,016	1,529	1,162	1,266	1,214	5,172
Average order value (SEK)	2,595	2,130	2,566	3,164	2,746	2,626
<b>Home Improvement</b>						
Net sales growth (%)	-22.4	-5.9	-1.3	10.0	27.4	6.1
Organic growth (%)	-22.1	-7.8	-7.9	-7.3	0.6	-5.2
Proforma organic growth (%)	-21.8	-7.2	-7.4	-7.4	6.5	-4.5
Adjusted gross profit beofre direct selling costs (%)	31.1	33.9	31.7	31.4	32.4	32.3
Adjusted gross profit (%)	20.6	23.9	21.4	21.1	22.7	22.2
Adjusted EBIT (%)	-3.7	1.6	3.5	4.4	3.5	3.3
Visits (thousands)	25,113	28,719	31,183	34,776	33,844	128,523
Orders (thousands)	431	590	546	600	519	2,256
Average order value (SEK)	2,830	2,485	3,018	3,321	3,282	3,020
<b>Value Home</b>						
Net sales growth (%)	-13.9	-8.4	-0.1	6.2	3.3	0.6
Organic growth (%)	-14.4	3.0	-8.3	-15.7	6.6	-2.6
Proforma organic growth (%)	-13.9	-7.5	-13.6	-12.6	-8.5	-10.8
Adjusted gross profit beofre direct selling costs (%)	44.4	43.2	44.9	44.5	47.2	45.0
Adjusted gross profit (%)	29.6	27.4	28.1	30.0	33.0	29.7
Adjusted EBIT (%)	-2.0	1.2	-0.7	4.3	5.5	2.8
Visits (thousands)	34,581	32,541	32,952	42,508	47,952	155,953
Orders (thousands)	230	283	273	316	291	1,163
Average order value (SEK)	3,954	3,390	3,064	4,823	3,690	3,778
<b>Premium Living</b>						
Net sales growth (%)	-6.7	-2.1	14.9	27.0	70.3	20.1
Organic growth (%)	-6.7	-2.1	14.9	14.1	26.9	-14.5
Proforma organic growth (%)	-6.7	-2.1	14.9	18.2	36.9	13.5
Adjusted gross profit beofre direct selling costs (%)	40.3	37.6	39.0	38.8	40.9	39.0
Adjusted gross profit (%)	23.7	20.9	23.8	23.7	24.6	23.0
Adjusted EBIT (%)	2.4	1.4	2.9	5.2	6.3	3.7
Visits (thousands)	22,544	30,597	16,915	14,714	17,522	79,748
Orders (thousands)	355	656	344	350	403	1,752
Average order value (SEK)	1,429	1,267	1,454	1,396	1,373	1,354



# 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	Jan-Mar		Jan-Dec
	2023	2022	2022
<b>Operating income</b>	<b>-100.1</b>	<b>97.9</b>	<b>-183.9</b>
Costs related to LTIP	5.6	-	-
Donation UNHCR	-	1.5	1.5
Acquisition-related costs	-	7.6	12.9
Warehouse consolidation	-	2.1	2.1
Strategy work	-	-	12.5
Inventory impairment	-	-	375.8
Salary expense for gardening leave	0.4	-	21.9
Impairment and restoration costs when closing stores	-	-	7.8
Disposal of intangible assets when liquidating operations	-	-	5.1
Impairment of inventory when liquidating operations	-	-	10.1
<b>Total items affecting comparability</b>	<b>5.9</b>	<b>11.2</b>	<b>449.7</b>
Amortisation of acquisition-related intangible fixed assets	25.3	25.1	100.6
Scrapping of acquired brands when sites are discontinued	-	-	8.6
<b>Adjusted EBIT</b>	<b>-68.9</b>	<b>134.2</b>	<b>374.9</b>
<b>Adjusted EBIT (%)</b>	<b>-2.6</b>	<b>4.3</b>	<b>2.8</b>
Depreciation and amortisation of tangible and intangible fixed assets	129.2	98.6	438.7
Gain/loss from sale of fixed assets	-0.2	-0.4	0.2
<b>Adjusted EBITDA</b>	<b>60.0</b>	<b>232.4</b>	<b>813.8</b>
<b>Adjusted EBITDA (%)</b>	<b>2.3</b>	<b>7.5</b>	<b>6.1</b>

### Reconciliation between gross profit & adjusted gross profit

SEKm	Jan-Mar		Jan-Dec
	2023	2022	2022
Net sales	2,617.5	3,110.6	13,433.6
Cost of goods	-1,627.4	-1,877.0	-8,717.4
<b>Gross profit before direct selling costs</b>	<b>990.1</b>	<b>1,233.5</b>	<b>4,716.3</b>
<b>Gross profit before direct selling costs (%)</b>	<b>37.8</b>	<b>39.7</b>	<b>35.1</b>
Direct selling costs	-348.8	-391.8	-1,735.2
<b>Gross profit</b>	<b>641.3</b>	<b>841.7</b>	<b>2,981.1</b>
<b>Gross profit (%)</b>	<b>24.5</b>	<b>27.1</b>	<b>22.2</b>
Inventory impairment	-	-	375.8
Impairment and restoration costs when closing stores	-	-	1.3
Impairment of inventory when liquidating operations	-	-	10.1
<b>Adjusted gross profit before direct selling costs</b>	<b>990.1</b>	<b>1,233.5</b>	<b>5,103.5</b>
<b>Adjusted gross profit before direct selling costs (%)</b>	<b>37.8</b>	<b>39.7</b>	<b>38.0</b>
<b>Adjusted gross profit</b>	<b>641.3</b>	<b>841.7</b>	<b>3,368.3</b>
<b>Adjusted gross profit (%)</b>	<b>24.5</b>	<b>27.1</b>	<b>25.1</b>



**Reconciliation of Selling, general and administrative expenses (SG&A)**

SEKm	Jan-Mar		Jan-Dec
	2023	2022	2022
Adjusted EBITDA	60.0	232.4	813.8
Adjusted gross profit	641.3	841.7	3,368.3
<b>Difference between adjusted gross profit and adjusted EBITDA</b>	<b>-581.2</b>	<b>-609.3</b>	<b>-2,554.5</b>
Adjustment other operating income	-1.6	-15.6	-17.1
Adjustment other operating expenses	0.2	3.5	10.8
Adjustment donation UNHCR*	-	-1.5	-1.5
<b>Selling, general and administrative expenses (SG&amp;A)</b>	<b>-582.6</b>	<b>-622.9</b>	<b>-2,562.3</b>

\* The donation has been recognised as Other operating expenses and BHG has identified it as an item affecting comparability.



## Home Improvement

### Reconciliation between operating income & adjusted EBITDA

SEKm	Jan-Mar		Jan-Dec
	2023	2022	2022
<b>Operating income</b>	<b>-59.2</b>	<b>36.9</b>	<b>17.1</b>
Warehouse consolidation	-	2.1	2.1
Inventory impairment	-	-	131.6
Salary expense for gardening leave	0.4	-	6.5
Impairment and restoration costs when closing stores	-	-	1.8
Disposal of intangible assets when liquidating operations	-	-	5.1
Impairment of inventory when liquidating operations	-	-	1.2
<b>Total items affecting comparability</b>	<b>0.4</b>	<b>2.1</b>	<b>148.3</b>
Amortisation of acquisition-related intangible fixed assets	14.4	14.3	57.5
Scrapping of acquired brands when sites are discontinued	-	-	3.2
<b>Adjusted EBIT</b>	<b>-44.5</b>	<b>53.3</b>	<b>226.1</b>
<b>Adjusted EBIT (%)</b>	<b>-3.7</b>	<b>3.5</b>	<b>3.3</b>
Depreciation and amortisation of tangible and intangible fixed assets	45.2	34.8	207.7
Gain/loss from sale of fixed assets	-0.1	-0.1	0.3
<b>Adjusted EBITDA</b>	<b>0.6</b>	<b>88.1</b>	<b>434.1</b>
<b>Adjusted EBITDA (%)</b>	<b>0.0</b>	<b>5.7</b>	<b>6.3</b>

### Reconciliation between gross profit & adjusted gross profit

SEKm	Jan-Mar		Jan-Dec
	2023	2022	2022
Net sales	1,197.2	1,543.3	6,856.3
Cost of goods	-825.1	-1,043.8	-4,776.7
<b>Gross profit before direct selling costs</b>	<b>372.1</b>	<b>499.5</b>	<b>2,079.6</b>
<b>Gross profit before direct selling costs (%)</b>	<b>31.1</b>	<b>32.4</b>	<b>30.3</b>
Direct selling costs	-125.8	-149.4	-692.6
<b>Gross profit</b>	<b>246.3</b>	<b>350.1</b>	<b>1,387.0</b>
<b>Gross profit (%)</b>	<b>20.6</b>	<b>22.7</b>	<b>20.2</b>
Inventory impairment	-	-	131.6
Impairment and restoration costs when closing stores	-	-	1.3
Impairment of inventory when liquidating operations	-	-	1.2
<b>Adjusted gross profit before direct selling costs</b>	<b>372.1</b>	<b>499.5</b>	<b>2,213.7</b>
<b>Adjusted gross profit before direct selling costs (%)</b>	<b>31.1</b>	<b>32.4</b>	<b>32.3</b>
<b>Adjusted gross profit</b>	<b>246.3</b>	<b>350.1</b>	<b>1,521.0</b>
<b>Adjusted gross profit (%)</b>	<b>20.6</b>	<b>22.7</b>	<b>22.2</b>


**Reconciliation of Selling, general and administrative expenses (SG&A)**

SEKm	Jan-Mar		Jan-Dec
	2023	2022	2022
Adjusted EBITDA	0.6	88.1	434.1
Adjusted gross profit	246.3	350.1	1,521.0
<b>Difference between adjusted gross profit and adjusted EBITDA</b>	<b>-245.7</b>	<b>-262.0</b>	<b>-1,086.9</b>
Adjustment other operating income	-0.3	-5.2	-5.5
Adjustment other operating expenses	-0.0	-0.0	4.8
<b>Selling, general and administrative expenses (SG&amp;A)</b>	<b>-246.1</b>	<b>-267.2</b>	<b>-1,087.7</b>

## Value Home

## Reconciliation between operating income &amp; adjusted EBITDA

SEKm	Jan-Mar		Jan-Dec
	2023	2022	2022
<b>Operating income</b>	<b>-24.2</b>	<b>54.9</b>	<b>-149.8</b>
Acquisition-related costs	-	-	2.3
Warehouse consolidation	-	-	-
Inventory impairment	-	-	232.7
Salary expense for gardening leave	-	-	1.3
Impairment and restoration costs when closing stores	-	-	4.9
Impairment of inventory when liquidating operations	-	-	8.9
<b>Total items affecting comparability</b>	<b>-</b>	<b>-</b>	<b>250.1</b>
Amortisation of acquisition-related intangible fixed assets	5.2	5.0	20.3
Scrapping of acquired brands when sites are discontinued	-	-	5.3
<b>Adjusted EBIT</b>	<b>-19.0</b>	<b>59.9</b>	<b>126.0</b>
<b>Adjusted EBIT (%)</b>	<b>-2.0</b>	<b>5.5</b>	<b>2.8</b>
Depreciation and amortisation of tangible and intangible fixed assets	67.2	54.8	191.1
Gain/loss from sale of fixed assets	-0.2	-0.3	-0.1
<b>Adjusted EBITDA</b>	<b>48.0</b>	<b>114.4</b>	<b>317.0</b>
<b>Adjusted EBITDA (%)</b>	<b>5.1</b>	<b>10.4</b>	<b>7.0</b>

## Reconciliation between gross profit &amp; adjusted gross profit

SEKm	Jan-Mar		Jan-Dec
	2023	2022	2022
Net sales	943.2	1,095.9	4,558.7
Cost of goods	-524.0	-579.1	-2,750.8
<b>Gross profit before direct selling costs</b>	<b>419.2</b>	<b>516.8</b>	<b>1,807.9</b>
<b>Gross profit before direct selling costs (%)</b>	<b>44.4</b>	<b>47.2</b>	<b>39.7</b>
Direct selling costs	-140.2	-155.3	-694.5
<b>Gross profit</b>	<b>279.0</b>	<b>361.5</b>	<b>1,113.4</b>
<b>Gross profit (%)</b>	<b>29.6</b>	<b>33.0</b>	<b>24.4</b>
Inventory impairment	-	-	232.7
Impairment of inventory when liquidating operations	-	-	8.9
<b>Adjusted gross profit before direct selling costs</b>	<b>419.2</b>	<b>516.8</b>	<b>2,049.6</b>
<b>Adjusted gross profit before direct selling costs (%)</b>	<b>44.4</b>	<b>47.2</b>	<b>45.0</b>
<b>Adjusted gross profit</b>	<b>279.0</b>	<b>361.5</b>	<b>1,355.1</b>
<b>Adjusted gross profit (%)</b>	<b>29.6</b>	<b>33.0</b>	<b>29.7</b>


**Reconciliation of Selling, general and administrative expenses (SG&A)**

SEKm	Jan-Mar		Jan-Dec
	2023	2022	2022
Adjusted EBITDA	48.0	114.4	317.0
Adjusted gross profit	279.0	361.5	1,355.1
<b>Difference between adjusted gross profit and adjusted EBITDA</b>	<b>-231.0</b>	<b>-247.1</b>	<b>-1,038.1</b>
Adjustment other operating income	-1.3	-10.4	-11.5
Adjustment other operating expenses	-0.0	0.1	0.8
<b>Selling, general and administrative expenses (SG&amp;A)</b>	<b>-232.3</b>	<b>-257.4</b>	<b>-1,048.8</b>



## Premium Living

### Reconciliation between operating income & adjusted EBITDA

SEKm	Jan-Mar		Jan-Dec
	2023	2022	2022
<b>Operating income</b>	<b>6.2</b>	<b>27.7</b>	<b>38.7</b>
Inventory impairment	-	-	11.5
Salary expense for gardening leave	-	-	7.0
Impairment and restoration costs when closing stores	-	-	1.1
<b>Total items affecting comparability</b>	<b>-</b>	<b>-</b>	<b>19.6</b>
Amortisation of acquisition-related intangible fixed assets	5.7	5.7	22.9
Scrapping of acquired brands when sites are discontinued	-	-	-
<b>Adjusted EBIT</b>	<b>11.9</b>	<b>33.4</b>	<b>81.2</b>
<b>Adjusted EBIT (%)</b>	<b>2.4</b>	<b>6.3</b>	<b>3.7</b>
Depreciation and amortisation of tangible and intangible fixed assets	16.2	8.6	38.1
Gain/loss from sale of fixed assets	0.1	-	-
<b>Adjusted EBITDA</b>	<b>28.2</b>	<b>42.0</b>	<b>119.4</b>
<b>Adjusted EBITDA (%)</b>	<b>5.7</b>	<b>7.9</b>	<b>5.5</b>

### Reconciliation between gross profit & adjusted gross profit

SEKm	Jan-Mar		Jan-Dec
	2023	2022	2022
Net sales	498.0	533.7	2,172.1
Cost of goods	-297.2	-315.4	-1,337.3
<b>Gross profit before direct selling costs</b>	<b>200.8</b>	<b>218.3</b>	<b>834.9</b>
<b>Gross profit before direct selling costs (%)</b>	<b>40.3</b>	<b>40.9</b>	<b>38.4</b>
Direct selling costs	-82.8	-86.9	-347.1
<b>Gross profit</b>	<b>118.0</b>	<b>131.4</b>	<b>487.8</b>
<b>Gross profit (%)</b>	<b>23.7</b>	<b>24.6</b>	<b>22.5</b>
Inventory impairment	-	-	11.5
<b>Adjusted gross profit before direct selling costs</b>	<b>200.8</b>	<b>218.3</b>	<b>846.4</b>
<b>Adjusted gross profit before direct selling costs (%)</b>	<b>40.3</b>	<b>40.9</b>	<b>39.0</b>
<b>Adjusted gross profit</b>	<b>118.0</b>	<b>131.4</b>	<b>499.4</b>
<b>Adjusted gross profit (%)</b>	<b>23.7</b>	<b>24.6</b>	<b>23.0</b>

### Reconciliation of Selling, general and administrative expenses (SG&A)

SEKm	Jan-Mar		Jan-Dec
	2023	2022	2022
Adjusted EBITDA	28.2	42.0	119.4
Adjusted gross profit	118.0	131.4	499.4
<b>Difference between adjusted gross profit and adjusted EBITDA</b>	<b>-89.8</b>	<b>-89.4</b>	<b>-380.0</b>
Adjustment other operating income	-	-0.6	-7.4
Adjustment other operating expenses	0.1	-0.6	-7.4
<b>Selling, general and administrative expenses (SG&amp;A)</b>	<b>-89.7</b>	<b>-90.7</b>	<b>-394.8</b>



## 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 Mar		31 Dec
	2023	2022	2022
Non-current interest-bearing debt	3,475.6	5,366.2	3,392.2
Short-term interest-bearing debt	781.5	484.6	748.9
<b>Total interest-bearing debt</b>	<b>4,257.1</b>	<b>5,850.8</b>	<b>4,141.1</b>
Cash and cash equivalents	-590.5	-504.4	-477.6
Adjustment lease liabilities	-965.9	-899.0	-877.7
Adjustment of earn-outs and deferred payments	-1,280.5	-2,135.0	-1,254.2
Adjustment transaction costs	9.1	6.8	11.8
<b>Net debt (+) / Net cash (-)</b>	<b>1,429.3</b>	<b>2,319.3</b>	<b>1,543.4</b>
LTM EBITDA ex. IFRS16*	296.4	890.3	491.2
<b>Net debt (+) / Net cash (-) in relation to LTM EBITDA</b>	<b>4.82x</b>	<b>2.61x</b>	<b>3.14x</b>

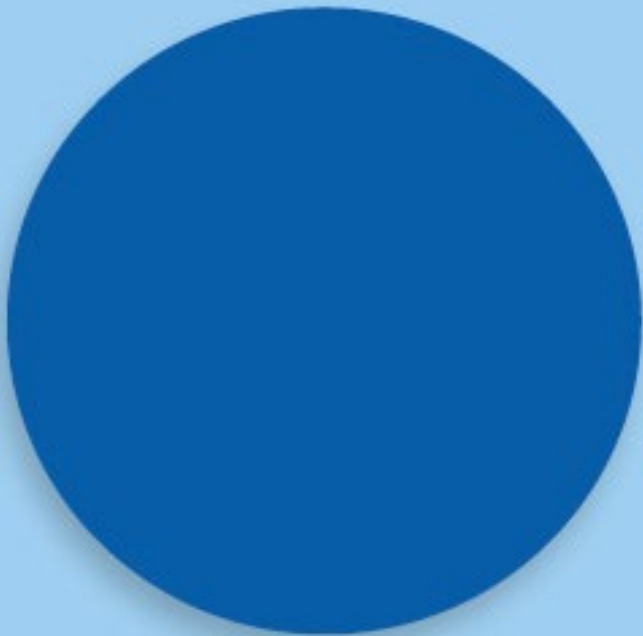
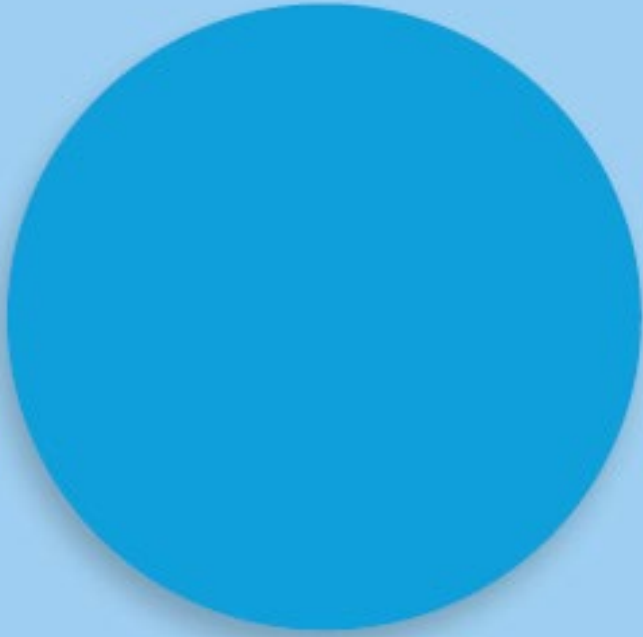
\* LTM EBITDA excluding IFRS 16 including pro-forma (meaning including the three acquisitions made in the last 12 months).

# Definitions

<b>Performance measure</b>	<b>Definition</b>	<b>Reasoning</b>
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.
Selling, general and administrative expenses (SG&A)	The difference between adjusted gross profit and adjusted EBITDA, excluding other operating revenue and other operating expenses.	The measure is relevant for showing costs for sales and administration during the period, thereby giving an indication of the efficiency of the company's operations.



<b>Performance measure</b>	<b>Definition</b>	<b>Reasoning</b>
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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