Annual Report 2022

BHG Group AB (publ)
Nasdaq Stockholm: BHG

Contents

About BHG

BHG is one of the largest consumer e-commerce companies in the Nordics. In addition to our Nordic operations, we also have a significant presence in the rest of Europe, as well as in selected markets outside of Europe. Our strong position in these markets makes us one of the largest European online pure-plays within the home improvement space, meaning do-it-yourself (DIY) and home furnishings (value and premium). With an ecosystem of online stores, supported by physical destinations and services, such as last-mile deliveries and installation, we offer the market's leading range of well-known external and strong own brands, totalling over 1.7 million products and encompassing a complete offering within DIY, furniture and furnishings.

The Group includes over 100 online sites – including sites like www.bygghemma.se, www.trademax.se, www.chilli.se, www.furniturebox.se and www.nordicnest.se – and over 70 showrooms. We are headquartered in Malmö, Sweden, with operations throughout Europe. Our share is traded on Nasdaq Stockholm, under the ticker "BHG."

The BHG brands employ approximately 2,500 people, working every day to create the ultimate online shopping experience by combining an unbeatable product range with smart technology, leading product expertise and a broad range of services.

The year in brief

A YEAR OF CHANGE

In the autumn of 2021, our markets were still impacted by the Covid-19 pandemic, with high demand combined with supply chain disruptions and logistics challenges. Russia's invasion of Ukraine led to geopolitical instability and a subsequent energy crisis, inflation and interest rate increases, which had an overall effect on consumption in 2022. Despite a challenging environment, we succeeded in maintaining our sales relatively well. Total growth was 6.1% and net sales were SEK 13.4 billion. Organic growth was -5%. We remained profitable even if our profitability was lower than in the corresponding period last year.

MILESTONES, QUARTER BY QUARTER

Circumstances changed significantly during 2022. Market conditions became more challenging during the year, with the uncertainty in the world impacting consumer behaviour and our profitability. Consequently, we shifted focus from growth to cash flow and profitability. We launched an action plan to best respond to the more challenging environment, including a comprehensive cost-savings programme, reducing our inventory, a temporary change in our loan covenants and an impairment loss on our inventory to reflect its fair value.

- We began 2022 with growth of 21.1% and organic growth of 0.6% in the first quarter. We acquired Hemmy AB, which conducts online sales of consumer appliances, household appliances, and home and garden products in Sweden. The acquisition broadened BHG's offering on Vitvaruexperten.com as well as on the Group's other relevant platforms. The acquisition also enables further economies of scale in terms of purchasing, logistics and market strategies.
- During the second quarter, we experienced a difficult market in which consumer uncertainty and higher costs for logistics and marketing affected our profitability. Growth was 10.1% and organic growth was -8.1%. BHG Group received SEK 1,000 million via a directed share issue on 4 May.
- The third quarter included major changes. On 11 August, Chairman of the Board Gustaf Öhrn took over as acting CEO of BHG Group, after Adam Schatz left his position as CEO. Christian Bubenheim took over as Chairman of the Board. Despite a tough quarter and challenging environment, our assessment is that BHG gained market share. We took action and made a concerted effort to cut costs and reduce our inventory in order to ensure that BHG will emerge from this challenging period even stronger. Growth was 1.5% and organic growth -5.3%.
- The challenging market conditions in the third quarter continued in the fourth. On 27 November, it was announced that Gustaf Öhrn had been appointed permanent President and CEO of BHG Group. 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 also continued to reduce our inventory. Growth was -5.1% and organic growth -3.7%. On 6 December, BHG Group carried out a directed issue generating proceeds of nearly SEK 800 million.

FOCUS ON PROFITABILITY AND SYNERGIES

Since it was founded over ten years ago, BHG has consistently combined this organic approach with acquisitions. The rate of activity is now 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 that can strengthen our offering in the Group's core areas. We believe that the macro environment will remain challenging in 2023, especially during the first half of the year. Our focus continues to be on improving cash flow and profitability. In addition, we have defined a long-term plan that includes measures to reduce complexity, leverage synergies and secure scalable solutions as well as investments in technology platforms to enable current and future consolidations.

We believe that in a difficult market, there are also opportunities to use our scale to continue to take market share. One way of achieving this is through international expansion, including external marketplaces. Furthermore, we can expand the product assortment through internal marketplaces. In a difficult market, our competitors may leave product categories. Growth opportunities in the Nordic markets remain favourable in the longer term since online penetration in our categories is still relatively low.

OWNERSHIP BASE AND THE BHG SHARE

We reached another milestone in 2022 when the number of shareholders surpassed 13,000. At the end of the year, the two largest shareholders, EQT and Ferd AS, owned around 43% of the capital combined. Today, we have a broad ownership base made up of Nordic private individuals and Swedish and foreign institutions. The balance sheet was strengthened by almost SEK 1.8 billion in two directed share issues during 2022, and we are grateful for the support from our existing and new shareholders.

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 categories continues to grow. We are convinced that the strength of our model and our initiatives to further strengthen BHG will continue to create value for our shareholders in the future.

1,7

million products

Financial overview

(SEKm)	2022	2021	2020	2019	2018
Net sales	13,433.6	12,666.0	8,968.2	6,212.5	4,973.7
Gross profit	2,981.1	3,357.1	2,326.2	1,490.5	1,047.5
Gross margin (%)	22.2	26.5	25.9	24.0	21.1
Adjusted EBITDA*	813.8	1,104.6	902.7	475.3	231.1
Adjusted EBITDA-margin (%)	6.1	8.7	10.1	7.7	4.6
Adjusted EBIT*	374.9	812.7	700.8	330.1	202.7
Adjusted EBIT-margin (%)	2.8	6.4	7.8	5.3	4.1
Items affecting comparability*	-449.7	-23.4	-	-7.5	-77.9
Operating income	-183.9	710.6	657.8	282.0	87.2
Operating-margin (%)	-1.4	5.6	7.3	4.5	1.8
Net profit/loss for the period	45.7	490.8	420.3	179.9	55.0
Cash flow from operations	-105.6	-27.6	994.3	422.2	145.8
Visits (thousands)	364,224	411,296	302,133	183,999	116,120
Orders (thousands)	5,172	5,243	3,012	1,930	1,735
Conversion rate (%)	1.4	1.3	1.0	1.0	1.5
Average order value (SEK)	2,626	2,441	3,018	3,240	2,830

* See "Relevant reconciliations of non-IFRS alternative performance measures (AMPs)" for detailed description.

CEO's comments

2022 can be summarised as a true year of change. Conditions changed in a way that I believe no one could have predicted at the beginning of the year. In the autumn of 2021, our markets were impacted by the pandemic, with high demand and serious supply chain disruptions and significant challenges to logistics. 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 interest rate increases, has had an overall negative effect on consumer spending.

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

Adam Schatz has done a commendable job leading and developing BHG for several years, yet in August the Board of Directors came to the conclusion that this change required leadership with a clearer operational profile. I took over as acting CEO as part of this process and in November the Board of directors offered me the role as President and CEO. I feel honored and excited but also humble of the task ahead and choose to accept the challenge.

WE ARE TAKING DECISIVE ACTION TO IMPROVE PROFITABILITY AND CASH FLOW IN A CHALLENGING ENVIRONMENT

In October 2022, we launched an action plan for the immediate future to allow us to best respond to the challenging environment. The action plans includes the following:

- A comprehensive cost-savings programme amounting to SEK 150–200 million on an annual basis in order to reduce our total costs and to respond to cost increases from inflation, energy, etc. The savings are expected to become fully effective beginning in the second quarter of 2023.
- An action plan to reduce our inventory and free up capital.
- We held a constructive dialogue with our banks, resulting in an agreement on a temporary change in our covenants until the end of 2023.
- Finally, we recognised an impairment loss of SEK 375 million on the value of our inventory 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.

During the fourth quarter of 2022, yet another difficult quarter, we became convinced that our hard work is now beginning to produce results. We are pleased to report that as a first step we reduced our inventory by over SEK 300 million during the second half of 2022, and our ambition is to continue to make significant inventory reductions during 2023. The 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.

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 was lower than in the corresponding period last year.

We expect that the macro 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.

The balance sheet was strengthened by almost SEK 1.8 billion in two directed share issues during 2022, and we are grateful for the support from our existing and new shareholders.

STRUCTURAL CHANGES TO REDUCE COMPLEXITY AND LEVERAGE SYNERGIES

In addition to our focus on profitability and cash flow, we have during the year defined a long-term plan that besides a revised strategy for the future also includes measures intended to reduce complexity, to achieve further synergies and secure scalable solutions. 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 their position in the market.

1) Home Improvement, where Bygghemma is the leading brand. Led by Deputy CEO Mikael Hagman, mainly based on a drop shipping model with a low level of tied-up capital, featuring a broad product range and price matching.
2) Value Home, where Trademax is the leading brand. Led by Christian Eriksson, a value-driven model that focuses on offering competitive prices, enabled by private label products.
3) Premium Living, with Nordic Nest Group including Svenssons i Lammhult as the leading brand in the segment. 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.

From the first quarter of 2023, we will report on these three segments.

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 selected categories continues to grow.

I would like to conclude the year by thanking all of our customers, colleagues and our more than 13,000 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, 11 April 2023

Gustaf Öhrn
President and CEO, BHG Group

Business model

We offer our customers a broad range of products and services in our respective categories and geographies. 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 behaviors. The division is also based on the business models of these operating areas, to realize synergies, and their position in the market.

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SYNERGIES AND STRUCTURAL MEASURES

Some of the main purposes with our revised strategy, Olympia, is to reduce complexity in the organization and realize further synergies related to both costs and revenue. The complexity is reduced by dividing the segments based on our customers' purchasing behaviours and based on the segments business models, to enable synergies.

The Group structure can now be divided into three levels: Group functions, segments and operating businesses. We are convinced that the majority of the synergies are within the segments rather than on Group level, such as scaleable IT-platforms, consolidation of warehouses etc.

Cost synergies can be achieved through for example consolidation of warehouses, coordination of procurement, joint IT-platforms and structural changes. During 2022 we consolidated both on a company level, for example Nordic Nest and Svenssons i Lammhult and Nordiska Fönster and Hafa, and also on a functional level, for example consolidating inventories. We also closed down one unprofitable operation: Stonefactory.

Revenue synergies are mainly from shared assortment between businesses within the Group and cross-selling where more companies find new business opportunities to the same customer.

Enablers of strategic priorities

We combine organic growth initiatives with acquisitions and synergies that can be created between existing and newly acquired companies. Our organic initiatives revolve around four strategic priorities; 1) customer centricity, 2) assortment expansion, 3) sustainability and 4) simplify to harvest synergies in each segment.

The strategic priorities are enabled through, among others, IT-platform and data analysis, efficiency improvements in the supply chain and acquisitions.

IT-platform and data analysis

We leverage data and automation to an even greater degree throughout our value chain, and significant investments have been made to ensure that we can improve our customer offering and use all of the data flowing through our systems in order to optimise our operations and further enhance the customer experience.

All our online destinations aim to meet the demands of customers who are shopping for products in our areas, regardless of whether they are looking to buy from a general department store or a niched specialist. Internal expertise in web design, advanced algorithms, and organic and inorganic web traffic generation through search engine optimisation and search engine marketing (SEO/SEM) ensure our strong position in DIY and home furnishings in the Nordic region.

We continuously work to develop the user experience for our online customers in order to become the best in the market. When purchasing a product from a BHG destination, customers should perceive the process as smooth, from searching online and placing the order to delivery and the possible need for installation, with the whole process just one click away.

We have over 100 online destinations, including leading Bygghemma.se, Trademax.se and Nordicnest.se as well as category and expert stores such as Golvpoolen.se and Badshop.se.

Efficiency improvements in the supply chain

We have been a market leader since the company was founded in 2012 and since then have enjoyed an advantage thanks to our size, which has benefited us – and ultimately our customers – in the form of economies of scale.

As a result, we are able to consistently match our competitors' lowest prices, while maintaining healthy profitability. The prices of comparable products in the market are monitored on a daily basis. We adjust the prices of our products dynamically to match the market's best prices at any given moment.

We work with a combination of third-party suppliers and our own deliveries.

The majority of deliveries in the Home Improvement segment consist of drop shipping, carried out by third-party distributors directly from the supplier, enabling low tied-up capital and limited inventory levels. To optimise these deliveries, we develop our delivery offering in close cooperation with our main partners. For example, we now offer consolidated deliveries from various suppliers as well as same-day and next-day deliveries for part of the product range.

In the Value Home segment, we are expanding our own last-mile deliveries to end customers. Our drivers currently deliver to customers in Eastern Europe as well as Stockholm, Gothenburg and Skåne County in Sweden, and Norway.

The last-mile model, which also offers deliveries on evenings and weekends, is a highly appreciated and cost-efficient service that has resulted in improved customer satisfaction and results.

We strive to leverage data and automation to an even greater degree in everything we do, and in 2022, Nordic Nest carried out a warehouse expansion and installed an automation solution.

ACQUISITIONS

Since it was founded over ten years ago, BHG has consistently combined this organic approach with acquisitions. The rate of activity is now 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 we will be able to make relevant bolt-on acquisitions going forward that can strengthen our offering in the Group's core areas. Over time, acquisitions will remain an important tool going forward.

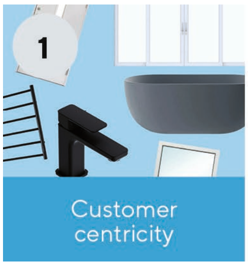
Strategic goals

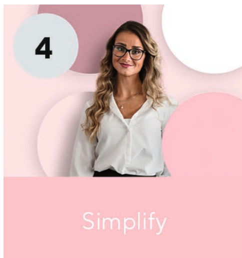
BHG's overall goal is to make life simpler for our customers, in line with our vision, "We make living easy!".

During 2022, we revised our strategycalled Olympia, to deliver on our vision.. The four group-level strategic priorities of Olympia are: 1) customer centricity, 2) assortment expansion, 3) sustainability and 4) simplify.

We have divided our operations into three segments in the new strategy. The three operating areas are being divided up in order to better reflect our customers' purchasing behaviors. The division is also based on the business models of these operating areas and their position in the market. The new segment structure will improve the potential for customer centricity, to adjust and expand the assortment, sustainable business models and to realize synergies in the segments.

OUR NEW STRATEGIC PRIORITIES





Customer centricity
We endeavour to offer our customers the very best purchasing experience by being on the cutting edge when it comes to online expertise and technology. Computer monitors and mobile screens are limited in space and through using machine learning we can provide access to the market's broadest product range in a relevant way for the customer. Our product range, our digital expertise and our online destinations give us a strong position for generating traffic, with over 360 million digital visits in 2022.

We continuously develop our customer offering by complementing product sales with an ecosystem of related services, such as home deliveries, product advice and installation services, professional service and support, and a broad network of physical showrooms throughout the Nordic region.

Assortment expansion
The ability to offer the market's broadest product range is a core part of the strategy. By continuously expanding the range, we make it possible for our customers to find the best and most relevant assortment our three segments. In addition, having the market's leading product range enables economies of scale in terms of organic traffic generation through search engine optimisation (SEO) as well as search engine marketing (SEM). Our ambition is to continue building a leading position in all relevant categories in our three segments, mainly by broadening the range and adding new brands, but also through the acquisition of established local category leaders.

Sustainability

Sustainability is a key strategic priority in our revised strategy, Olympia, with the objective to accelerate organizational excellence and drive a sustainable offering.

The process of designing clear sustainability targets for BHG began in the second half of 2021. These targets were adopted by the Board of Directors in February 2022. In relation to the proposed goals reported in the previous year's sustainability report, the goal regarding emissions in Scope 1 has been revised. During the extended data collection process in 2022, we found a need to revise the goal linked to point 1a, see below, as previous goals proved not to be realistic based on the set schedule. We believe that the new timetable better reflects the challenges we face while still following the UN's global goals for sustainable development.

Connection to UN Agenda 2030	The materiality pyramid	Target
	Minimising climate impact Minimising resource consumption Product safety – Innovation (Taxonomy)	**Reducing CO_2 emissions by 50% by 2030*** 1 a. Scope 1 & 2**: Zero GHG emissions by 2030 1 b. Scope 3: 50% reduction in GHG emissions by 2030 2. Promoting a sustainable offering
	Ensuring sustainable supply and distribution chains Maintaining high levels of product safety and quality Promoting equality and diversity Attracting, maintaining and developing employees	**An equitable workplace and sustainable supply chain** 3. 100% of our strategic suppliers*** are to be evaluated and action plans are to be developed and implemented by 2025. 4. Our employees feel that BHG Group is a good and equitable workplace.
	Financial performance and economic growth Transparent communication Data protection Customer privacy	**Corporate governance and economic growth** 5. 100% of BHG's fully integrated business units and destinations manage data protection according to the best available standard

* Percentage reduction in relation to sales growth
** Initial goal on zero emissions by 2025 has been revised to 2030.
*** 60% of BHG's total sales

Read more about our efforts in the Sustainability Report on pages 35-53.

Simplify

Our online-based business model is based on economies of scale, which are expected to increase further as BHG grows. We focus on consolidation and efficiencies in the shared cost base and infrastructure that supports 12ur more than 100 proprietary online destinations. We can then achieve further economies of scale in the form of digital platforms and IT, marketing, purchasing and other areas. This structure enables us to match our competitors' lowest prices, while at the same time retaining high margins, and creates platforms in our segments enabling further consolidation.

Simplification is a key strategic priority in our revised strategy, Olympia, with the objective to increase efficiencies and realise synergies across our three segments and across brands.

The market

According to our assessment, the overall home improvement market is roughly in line with the pre-pandemic level. However, we estimate that the online market is larger now than before the outbreak of the pandemic, despite shrinking in 2022. In the autumn of 2021, our markets were significantly affected by the Covid-19 pandemic, with high demand combined with supply chain disruptions and logistics challenges. 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, had an overall effect on consumption in 2022.

The Nordic overall home improvement market, meaning the combination of DIY and home furnishing, generates estimated sales of about SEK 280 billion annually and the European overall market is 15–20 times larger.

BHG also operates in a number of Eastern European countries through the Home Furnishing segment. Overall market growth in these countries is clearly higher than in the Nordic region, since a lower level of digital maturity means that these markets are growing from a low base.
Online penetration, which is the share of the total market represented by the online channel, is growing quickly but still remains lower than many other consumer market categories, such as consumer electronics. This is continuing despite the obvious advantages for customers: access to an unbeatable range, at competitive prices, just a few clicks away.

RAPID GROWTH IN THE ONLINE MARKET

According to the company's own estimates, online sales of home improvement products in the Nordic region currently represent approximately 15% of the total market. This is a substantially lower share in the Nordics than, for example, sales of books (just over 50% of which occur online) and consumer electronics (30% online).

Based on independent studies, BHG's management estimates that the online home improvement market will grow approximately 15% per year in the Nordic region over a business cycle. BHG's target is to grow organically at least in line with the market while continuing to add operations to the Group through acquisitions.

The rapid growth of the online home improvement market is attributable to several factors, including:

An almost infinite selection

Online retailers can optimise their assortment based on customer preferences by utilising the large amounts of data that flow through their systems to identify what is in demand and provide consumers with a focused and relevant offering. Online retailers can also display their entire product range on webstores with no limitations when it comes to shelf space due to drop shipment, thereby increasing the likelihood that their customers will find the right product.

Competitive prices

Online retailers who have achieved critical mass can offer attractive prices as a result of economies of scale in purchasing and low fixed costs. Retailers with a large network of physical stores are typically characterised by a higher share of fixed costs, such as store rental, in-store inventory and personnel costs, which can lead to channel conflicts and difficulties in maintaining the same price levels in physical stores and online. Additionally, online retailers, which are not limited by physical product catalogues, can apply dynamic pricing based on supply and demand.

Availability and convenience

In recent years, a growing number of consumers have been spending more and more time online. The ability to order goods at any time, anywhere, from an unsurpassed range of products and services is resulting in increased convenience for online shoppers.

By being on the cutting edge of online expertise and technology, we strive to offer the very best customer experience with a seamless and smooth process, from searching online and placing the order to delivery and the possible need for installation, with the whole process just one click away.

As the online market matures, the demand for related services such as customer service and support is increasing. Players with the critical mass to offer these services have clear competitive advantages compared to smaller online retailers.

Expanding the selection of services such as product advice, logistics and installations is therefore considered vital for success in the online market and especially for many of the most important product categories for BHG. For products such as windows and flooring, customers may even consider the company's extensive professional expertise to be a prerequisite for making a purchase. BHG's customer service and product experts are readily available. We have also continued to expand our installation services to allow for a smooth purchasing process all the way from searching online and navigating the website to placing an order, delivery and installation. We have also established a network of physical showrooms throughout the Nordic region, and complemented the distribution of products from third-party suppliers with our own distribution network using our own cars and drivers, who offer related services upon delivery.

THE DIY MARKET IN THE NORDIC REGION

The overall DIY market was weaker in 2022 as consumption was effected by the geopolitical instability that arose as a consequence of Russia's invasion of Ukraine, including a subsequent energy crisis, inflation and interest rate increases. The online market is expected to have average annual growth of approximately 15% over a business cycle, driven by a continuous increase in online penetration. BHG's assessment is that online penetration is expected to increase to approximately 30% of the total market over time and then flatten out.

The DIY segment includes products for consumers' lives at home, including categories such as garden, construction and renovation, and leisure. The Nordic consumer market for DIY consists of sales from stores categorised as DIY retailers, which includes both traditional building material retailers and webstores, but does not include sales to companies and professional tradesmen.

Trends and drivers

Several factors and drivers determine demand in the DIY market in Sweden, Finland, Norway and Denmark, such as the rate of activity for DIY projects, developments with respect to disposable income, home ownership and sales in the housing market. There is also a long tradition in the Nordic countries of "doing the work yourself", which is mainly driven by the relatively expensive cost of engaging tradesmen and the fact that many households own a second home. Interest in DIY products has increased in the Nordic region since the mid-1990s, which is also reflected in the large number of television programmes and other media related to DIY. The DIY market has also historically been characterised by relatively low investments in online shopping, in part because of a market structure featuring strong retailers and product brands.

Market structure and market competition

The Nordic DIY market can be divided into five segments: online players, traditional store chains, DIY chains, niche players/OEMs and B2B distributors. The various segments differ in terms of the level of their presence online, the combination of proprietary and external brands, and business models.

Online players

Players in this category primarily focus on DIY products or on selected subcategories within DIY, such as doors or windows. The companies cater mainly to consumers and several players use physical stores or showrooms to complement their online offering. Examples of BHG's brands in this category include Bygghemma.se, Taloon, Netrauta, Frishop, Bygghjemme.no, Polarpumpen, VVSKupp, Nordiska Fönster, HYMA and Hafa Bathroom.

Traditional store chains

Players in this category include both retail chains and independent stores. Many players also offer "click and collect" at their physical stores. The customer base consists primarily of consumers, but also corporate customers. The offering often includes related services to help customers complete their projects, such as installation.

DIY chains

This category includes retail chains with a wide range of products that include some DIY and home furnishings or, alternatively, selected subcategories such as homes and gardens. The primary focus is consumers as well as products in the low or medium price range. Several players have created a network of stores with economies of scale – for example, through coordinated purchasing and logistics solutions.

Niche players/OEMs

Players in this category often have a strong brand and sell proprietary products to varying degrees through their own channels – both physical stores and webstores – and through retail outlets.

B2B distributors

This category includes distributors that offer large product portfolios with a focus on depth rather than breadth. These players have stores but typically do not target consumers; instead, they have business models adapted to business customers such as professional tradesmen.

THE DIY MARKET IN THE REST OF EUROPE

Our assessment is that during 2022, the overall DIY market in the rest of Europe in general developed in a similar way as in the Nordic region, meaning that the first half of the year showed stronger growth than the second half. Our assessment is that the total market is expected to grow at the same rate as GDP over a business cycle and that the online penetration overall is slightly lower in rest of Europe compared to the Nordic.

HOME FURNISHING MARKET IN THE NORDIC REGION

The overall home furnishing market is expected to grow similarly to DIY. In other words, the market is expected to grow at the same rate as GDP over a business cycle. The online market is expected to haveaverage annual growth of approximately 15% over a business cycle, driven by a continuous increase in online penetration. BHG's assessment is that online penetration is expected to increase to approximately 30% of the total market over time and then flatten out.

Trends and drivers

Several factors and drivers determine demand in the home furnishing market in Sweden, Finland, Norway and Denmark, such as the rate of activity for home furnishing projects, developments with respect to disposable income and sales in the housing market. The growing interest in home furnishings and interior design since the mid-1990s is also a clear factor driving the growth of the home furnishing market in general.

Market structure and market competition

The Nordic home furnishing market can be divided into five segments: online players focused on home furnishings, traditional store chains, established online players in adjacent categories, IKEA and niche players. The various segments differ in terms of the level of their presence online, the combination of proprietary and external brands, and business models.

Online players focused on home furnishings

These players typically originate from online shopping or mail-order operations and primarily sell home furnishing products. These players mainly cater to consumers and, in some cases, also have physical stores or showrooms to back up their online offering. The focus of the product range is on items sold under proprietary brands or no brand. The BHG brands Trademax, Chilli, Furniturebox, Kodin1, LampGallerian and Nordic Nest belong to this category.

Traditional store chains
These players include retail chains with a network of physical stores, either retailer owned or via franchise, or, alternatively, independent stores. The product range consists of a mix of proprietary and external brands. These players have gradually increased their presence in the online market and typically have a broad product portfolio that also includes other types of products, such as textiles.

Established online players in adjacent categories
As with the category above, these players originate from online shopping or mail-order operations, although the primary focus is on a broader range of products — for example, in home furnishings or fashion. The product range consists of a mix of proprietary and external brands. Several companies have physical stores or showrooms as a complement to their online offering.

IKEA
IKEA has its own category due to its size, market share and long history in the Nordic region.

Niche players
This category includes well-known companies, often with a focus on premium products and/or premium brands in the Home Furnishing segment. These players mainly have physical stores but have recently begun to establish an online presence. The BHG brand Svenssons i Lammhult belongs to this category.

HOME FURNISHING MARKET IN THE REST OF EUROPE

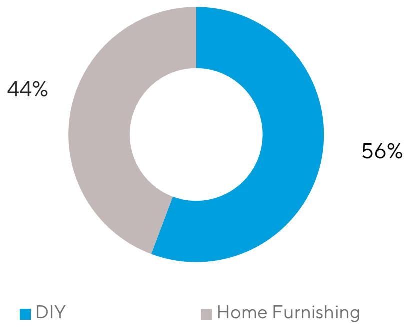
Similar to the Nordic region, the overall market in the rest of Europe is expected to grow in line with GDP over a business cycle. Our assessment is that online penetration is slightly lower in Europe compared to the Nordic countries.

DIY segment

DIY segment

- The segment's net sales rose 3.4%, of which organic growth accounted for -6.5%. Pro-forma organic growth was -5.9%
- The gross margin was 19.9% (24.3)
- Adjusted EBIT amounted to SEK 278.0 million (560.7), corresponding to an adjusted EBIT margin of 3.7% (7.7)
- The adjusted EBIT margin was negatively affected by higher shipping, inventory and traffic generation costs as well as IT, automation and organisation investments aimed at meeting and exceeding customer expectations.

Net sales by segment



	2022					2021				
(SEKm)	**Q1**	**Q2**	**Q3**	**Q4**	**Jan-Dec**	**Q1**	**Q2**	**Q3**	**Q4**	**Jan-Dec**
Net sales	1,667.0	2,302.5	1,809.7	1,727.8	7,507.0	1,389.4	2,185.1	1,862.0	1,823.0	7,259.6
Gross profit	397.6	519.5	186.1	391.3	1,494.5	355.3	555.6	433.6	419.9	1,764.3
Gross margin (%)	23.9	22.6	10.3	22.6	19.9	25.6	25.4	23.3	23.0	24.3
Adjusted gross profit*	397.6	519.5	386.8	394.0	1,697.9	355.3	555.6	433.6	419.9	1,764.3
Adjusted gross margin (%)	23.9	22.6	21.4	22.8	22.6	25.6	25.4	23.3	23.0	24.3
Adjusted EBITDA*	108.1	164.3	100.1	98.2	470.7	132.6	257.3	162.1	129.6	681.7
Adjusted EBITDA-margin (%)	6.5	7.1	5.5	5.7	6.3	9.5	11.8	8.7	7.1	9.4
Adjusted EBIT*	66.2	117.5	47.9	46.4	278.0	108.0	229.6	129.5	93.7	560.7
Adjusted EBIT-margin (%)	4.0	5.1	2.6	2.7	3.7	7.8	10.5	7.0	5.1	7.7
Operating income	49.4	102.7	-167.6	13.5	-2.0	100.0	221.2	116.7	78.8	516.6
Operating-margin (%)	3.0	4.5	-9.3	0.8	-0.0	7.2	10.1	6.3	4.3	7.1
Net profit/loss for the period	80.7	150.9	46.6	-204.9	73.2	64.7	173.6	67.2	-89.1	216.4
Cash flow from operations	135.9	31.4	-52.3	13.0	128.0	180.7	352.0	-204.2	-258.6	69.8
Visits (thousands)	38,749	41,822	36,498	31,987	149,056	37,936	50,349	41,309	36,389	165,984
Orders (thousands)	548	658	583	616	2,404	486	648	587	652	2,373
Conversion rate (%)	1.4	1.6	1.6	1.9	1.6	1.3	1.3	1.4	1.8	1.4
Average order value (SEK)	3,389	3,439	3,115	2,552	3,122	3,226	3,511	3,065	2,688	3,116

OPERATIONAL TRENDS

The DIY segment accounted for 56% of the Group's total net sales. Net sales increased 3.4% to SEK 7,507.0 million (7,259.6).

The segment's sales during the fourth quarter were affected 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 by the consumer, such as doors, windows, floors and baths, declined more than the business in general. Adjusted EBIT amounted to SEK 278.0 million (560.7), with an adjusted EBIT margin of 3.7% (7.7). The lower adjusted EBIT margin compared with the previous year was mainly due to the following factors: 1) high profitability in the year-earlier period, 2) the negative impact of shipping, inventory and traffic generation costs, and 3) IT, automation and organisation investments aimed at enhancing customer satisfaction.

The segment's operating income amounted to SEK -2.0 million (516.6), corresponding to an operating margin of -0.0% (7.1).

During 2022, we consolidated Nordiska Fönster into Hafa Group. We also closed down one operation, Stonefactory.

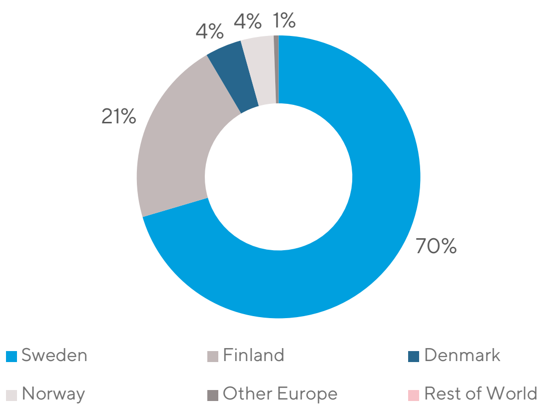
COMMENTS ON THE DIY SEGMENT, QUARTER BY QUARTER

- The DIY segment grew during the first quarter in an overall market that declined. The segment thus strengthened its leading Nordic position despite market complications related to supply chains, particularly high comparative figures and generally weaker demand.
- In the second quarter, the DIY segment grew thanks to the acquisitions completed after the end of the corresponding period last year. The segment increased its market share in a challenging market. The segment thus strengthened its leading Nordic position despite weak demand.
- During the third quarter, the segment increased its market share in what we assess to be a deteriorating market. The segment thus strengthened its leading Nordic position despite weak demand. The focus was on reducing inventory levels and making fulfilment more efficient in order to free up cash flow and adjust purchase volumes going forward and on improving profitability by adjusting fixed costs in order to adapt the operation to weaker demand for some time to come.
- The DIY segment strengthened its leading Nordic position in a challenging market during the fourth and final quarter. Similar to the preceding 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.

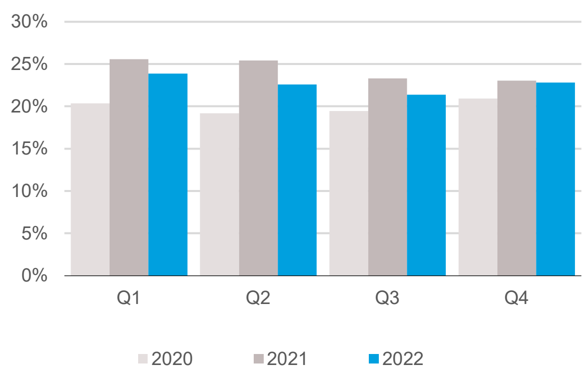
OUR CUSTOMER OFFERING
Our customer offering comprises a combination of the broadest portfolio of external brands along with a growing share of proprietary brands at market-leading prices, complemented by the most attractive digital shopping experience and infrastructure in the form of showrooms and services. Our focus on strengthening the product assortment, delivery capacity and investments in data and automation helped improve customer satisfaction during the year:

- **Product assortment:** Our continuous assortment expansion – focusing on external and proprietary brands as well as installation services – provides a foundation that allows us to remain the most relevant channel for our customers. Our proprietary system for the automated exchange of product information makes it possible to quickly and easily expose customers to more and more of the Group's joint product portfolio, in whichever channels they interact with us.
- **Delivery:** The drop shipping model, which remains our most important delivery channel in the segment, is capital efficient, and we have decided to take this model to the next level through IT investments in order to meet our customers' growing expectations regarding delivery options, times and precision.
- **Data and automation:** We strive to leverage data and automation to an even greater degree throughout our value chain, and significant investments have been made to ensure that we can maximise the breadth of our offering and use all of the data flowing through our systems in order to optimise our operations and further enhance the customer experience. The upgrade of our customer platform, which we initiated in 2021, proceeded according to plan, and the upgraded version of our customer data platform continued to be rolled out on the Swedish platform, after previously being launched in the Finnish DIY operations.

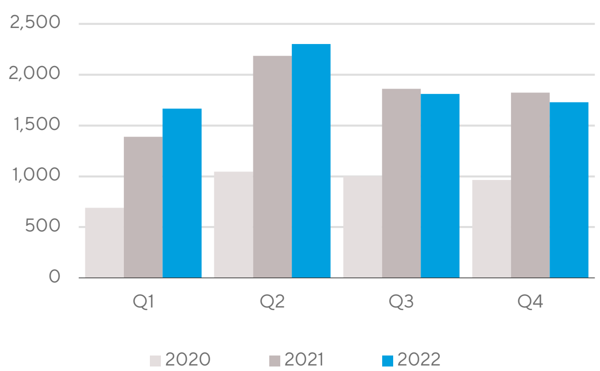
Distribution of net sales by country (%)



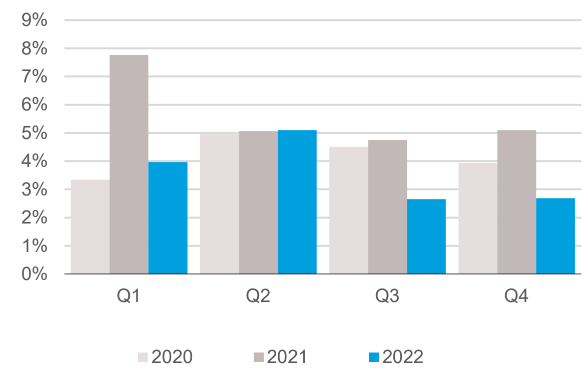
Adjusted gross margin (%)



Net sales (SEKm)



Adjusted EBIT margin (%)

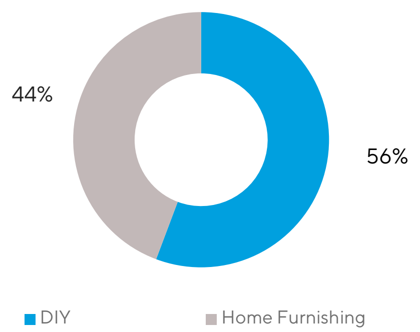


Home Furnishing segment

Home Furnishing segment

- Following the acquisitions of Nordic Nest, Svenssons i Lammhult and AH-Trading in 2021, the Home Furnishing segment has increased in size and the segment's net sales rose 9.6%, of which organic growth accounted for -2.9%. Pro-forma organic growth amounted to -2.7% in a market with weaker demand
- The gross margin was 25.0% (29.4)
- Adjusted EBIT amounted to SEK 155.2 million (324.0), corresponding to an adjusted EBIT margin of 2.6% (6.0)
- The adjusted EBIT margin was negatively affected by higher shipping, inventory and traffic generation costs as well as high personnel-related costs, which have not yet been adapted to the current demand situation. Extensive measures are being implemented to adjust fixed costs

Net sales by segment,



	2022					2021				
(SEKm)	**Q1**	**Q2**	**Q3**	**Q4**	**Jan-Dec**	**Q1**	**Q2**	**Q3**	**Q4**	**Jan-Dec**
Net sales	1,455.3	1,618.4	1,303.6	1,588.2	5,965.5	1,185.2	1,378.5	1,205.9	1,673.2	5,442.8
Gross profit	444.4	456.7	186.1	401.2	1,488.5	342.9	391.5	354.9	508.4	1,597.7
Gross margin (%)	30.5	28.2	14.3	25.3	25.0	28.9	28.4	29.4	30.4	29.4
Adjusted gross profit*	444.4	456.7	360.0	411.1	1,672.3	342.9	391.5	354.9	508.4	1,597.7
Adjusted gross margin (%)	30.5	28.2	27.6	25.9	28.0	28.9	28.4	29.4	30.4	29.4
Adjusted EBITDA*	136.4	119.4	76.3	67.6	399.7	123.2	118.7	92.7	159.5	494.0
Adjusted EBITDA-margin (%)	9.4	7.4	5.9	4.3	6.7	10.4	8.6	7.7	9.5	9.1
Adjusted EBIT*	80.4	59.7	13.9	1.3	155.2	89.2	79.9	48.5	106.4	324.0
Adjusted EBIT-margin (%)	5.5	3.7	1.1	0.1	2.6	7.5	5.8	4.0	6.4	6.0
Operating income	70.1	48.0	-171.4	-38.6	-91.9	81.9	71.8	39.4	96.2	289.4
Operating-margin (%)	4.8	3.0	-13.1	-2.4	-1.5	6.9	5.2	3.3	5.7	5.3
Net profit/loss for the period	104.4	62.5	-117.5	-10.6	38.8	56.8	46.0	17.2	62.8	182.9
Cash flow from operations	338.0	-150.2	-57.7	87.6	217.6	26.4	3.7	15.5	27.3	73.0
Visits (thousands)	60,569	50,176	44,553	59,870	215,168	63,893	58,205	53,401	69,813	245,312
Orders (thousands)	666	609	579	913	2,767	659	627	595	988	2,870
Conversion rate (%)	1.1	1.2	1.3	1.5	1.3	1.0	1.1	1.1	1.4	1.2
Average order value (SEK)	2,217	2,868	2,013	1,846	2,195	1,820	2,082	2,027	1,714	1,884

OPERATIONAL TRENDS

Net sales in the Home Furnishing segment increased 9.6% to SEK 5,965.5 million (5,442.8) and accounted for 44% of the Group's total net sales.

As in 2021, the operations continued to be impacted by weak demand in 2022, with increasing concern amongst consumers due to runaway energy costs, rising interest rates and food prices putting pressure on household disposable income.

Adjusted EBIT amounted to SEK 155.2 million (324.0), with an adjusted EBIT margin of 2.6% (6.0). The adjusted EBIT margin was negatively affected by higher shipping, inventory and traffic generation costs and high personnel-related costs, which have not yet been adapted to the current demand situation. Extensive measures are being implemented to adjust fixed costs.

The segment's operating income amounted to SEK -91.9 million (289.4), with an operating margin of -1.5% (5.3).

The Home Furnishing segment essentially strengthened during the year, with:

- Total growth in 2022 of 9.6%
- A newly established platform in the form of Nordic Nest Group, including Svenssons i Lammhult
- An establishment in Germany in 2021 through the acquisition of AH-Trading and Nordic Nest's sharp growth in the German market

From having almost exclusively focused on the Nordic markets until 2018, the segment has since successfully established a rapidly growing presence in continental Europe through Furniture1. In the fourth quarter, customers from countries outside the Nordic region accounted for 40% of sales for the segment.

COMMENTS ON THE HOME FURNISHING SEGMENT QUARTER BY QUARTER

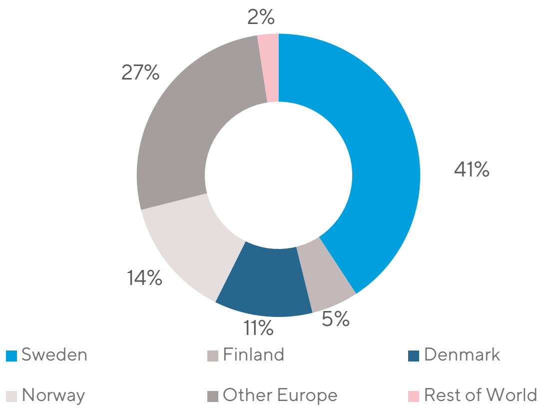
- The Home Furnishing segment featured the same dynamics in the first quarter as in the second half of 2021 – weaker demand, higher traffic generation costs and continued disruptions in the global supply and logistics chains – but with one significant difference: the price adjustments that we could discern in the market during the fourth quarter continued, and consumer prices are expected to rise further. Although the overall market contracted, the segment delivered a certain amount of pro-forma organic growth, driven by the premium segment, not least Svenssons i Lammhult, which was operationally consolidated into Nordic Nest.
- During the second quarter, the home furnishing market was characterised by weaker demand and tough competitive pressure, not least for seasonal categories such as outdoor furniture, which saw intensive campaigns. The segment's premium business performed well, as did the Eastern European furniture platform. Both of these operations have industry-leading customer satisfaction and cover a large number of geographic markets. The segment's profitable geographic expansion continued during the quarter, with local launches for Nordic Nest in Poland and Japan. The value-for-money platform prioritised acceptable gross margins ahead of growth, and therefore chose a more selective pricing and campaign strategy than the majority of competitors in the market. A delayed start to the outdoor season, generally weaker demand, not least in the outdoor furniture category, and high inventory levels in the market contributed to the negative volume trend.
- In the third quarter, the home furnishing market was characterised by weak demand and tough competitive pressure, not least for seasonal categories such as outdoor furniture, which saw intensive campaigns. The segment's premium business performed well, as did the Eastern European furniture platform. Both of these operations have industry-leading customer satisfaction and cover a large number of geographic markets. The value-for-money platform operated in a challenging market during the quarter. Generally weaker demand and high inventory levels in the market contributed to the negative volume trend. Weak demand and intense competition put pressure on the gross margin since it was difficult to raise prices. Extensive cost measures have been implemented to adjust cost levels to the weaker demand.
- In the fourth 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 has industry-leading customer satisfaction and covers 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. Weak demand and intense competition put pressure on the gross margin since it was difficult to raise prices. Extensive cost measures have been implemented to adjust cost levels to the weaker demand.

OUR CUSTOMER OFFERING

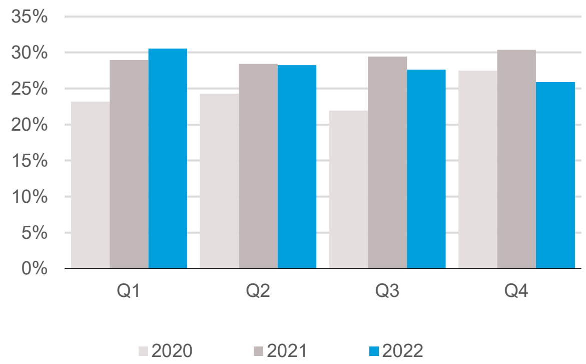
Our focus on strengthening the product assortment, delivery capacity and investments in data and automation helped improve customer satisfaction during the year and will remain the core of our initiatives for profitable growth:

- **Product assortment:** The Group-wide proprietary product assortment exchange system has been implemented in many of the segment's operations. The focus is on driving geographic growth, primarily through Nordic Nest and the Eastern European furniture platform.
- **Delivery:** Focus on 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.
- **Data and automation:** We strive to leverage data and automation to an even greater degree in everything we do. An agreement was signed with an integration partner after we decided in 2021 to automate Nordic Nest's warehouse, Nordic Nest's warehouse automation solution was implemented successfully during the fourth quarter according to plan, and the work to increase efficiency continues. The automation of the warehouse will boost efficiency and enable fast, cost-efficient deliveries to the operation's rapidly growing customer base.

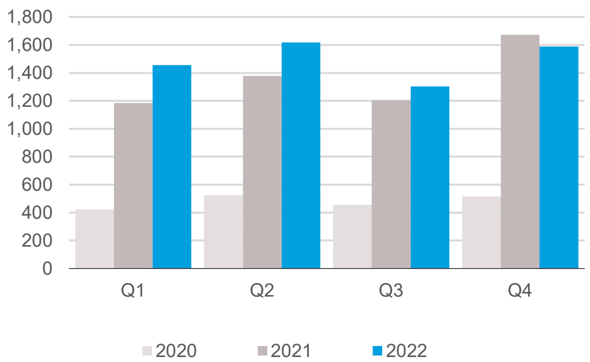
Distribution of net sales by country (%)



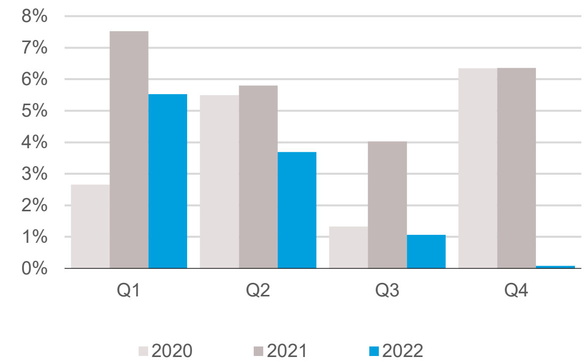
Adjusted gross margin (%)



Net sales (SEKm)



Adjusted EBIT margin (%)



Our three business units

In addition to our focus on profitability and cash flow, we have defined a long-term plan that 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 their position in the market.

1) Home Improvement, with Bygghemma as the leading brand, led by Deputy CEO Mikael Hagman, mainly based on a drop shipping model with a low level of tied-up capital, featuring a broad product range and price matching.
2) Value Home, with Trademax as the leading brand, led by Christian Eriksson, a value-driven model that focuses on offering competitive prices, enabled by private label products.
3) Premium Living, with Nordic Nest including Svenssons as the leading brand,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.
From the first quarter of 2023, we will report on these three segments.

HOME IMPOROVEMENT

bygghemma.se

MIKAEL HAGMAN

DEPUTY CEO AND HEAD OF HOME IMPROVEMENT SEGMENT

VALUE HOME

trademax.se

CHRISTIAN ERIKSSON

HEAD OF VALUE HOME SEGMENT

PREMIUM LIVING

NORDIC NEST Svenssons i Lammhult

BANK BERGSTRÖM

HEAD OF PREMIUM LIVING SEGMENT

HOME IMPROVEMENT

	2022					2021				
SEKm (if not otherwise stated)	**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	-64.9	-131.4	-	-2.1	-198.3	-	-	-	-	-
Operating income	-6.8	-88.3	75.4	36.9	17.1	84.1	99.0	147.9	70.5	401.6
Operating margin (%)	-0.4	-5.4	3.7	2.4	0.2	4.9	5.9	8.0	5.8	6.2
Net profit for the period	-229.1	110.7	130.1	71.6	83.3	-86.9	67.8	114.8	47.7	143.4
Cash flow from operations	4.0	17.7	10.9	442.6	475.2	-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

	2022					2021				
SEKm (if not otherwise stated)	**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	33.9	-232.7	-1.4	-	-200.1	-	-	-	-	-
Operating income	-14.9	-245.6	55.8	54.9	-149.8	37.7	37.7	126.1	87.7	289.3
Operating margin (%)	-1.5	-23.3	3.9	5.0	-3.3	3.5	3.6	9.3	8.3	6.4
Net profit for the period	19.3	-176.8	69.2	91.6	3.3	4.9	3.9	92.6	54.8	156.2
Cash flow from operations	27.4	-176.2	-110.9	276.1	16.3	-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)	3,390	3,064	4,823	3,690	3,778	2,929	3,086	3,395	2,975	3,102

PREMIUM LIVING

SEKm (if not otherwise stated)	2022 Q4	2022 Q3	2022 Q2	2022 Q1	2022 Jan-Dec	2021 Q4	2021 Q3	2021 Q2	2021 Q1	2021 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

Directors´ Report

Directors' Report

GENERAL INFORMATION ABOUT THE OPERATION

BHG is one of the largest consumer e-commerce companies in the Nordics. In addition to our Nordic operations, we also have a significant presence in the rest of Europe, as well as in selected markets outside of Europe. The Group includes over 100 online sites – including sites like www.bygghemma.se, www.trademax.se, www.chilli.se, www.furniturebox.se and www.nordicnest.se – and over 70 showrooms. BHG has continuously increased and broadened its product portfolio and geographical reach and is today a leading online player within DIY and home furnishings.

The DIY segment mainly comprises brands active in sales of building materials and garden and leisure products, including Bygghemma, Taloon, Golvpoolen, Nordiska Fönster, Outlet1, Hafa and Hylte Jakt & Trädgård.

The Home Furnishing segment mainly comprises brands active in sales of furniture and home furnishings, including Trademax, Chilli, Nordic Nest, Sleepo, Furniturebox, Svenssons and Gartenmöbel.

BHG Group AB (publ) has been listed on Nasdaq Stockholm (Mid Cap) since 27 March 2018. For information about the company's owners, see the section "The share" below.

THE SHARE

The BHG Group AB (publ) share is listed on Nasdaq Stockholm Mid Cap under the ticker BHG with the ISIN code SE0010948588. The market capitalisation of BHG Group AB (publ) on Nasdaq Stockholm as of the last trading day of 2022 was SEK 3.3 billion.

	Holding*	Holding %	Votes %
EQT	44 100 394	25,16 %	25,16 %
Ferd AS	31 838 862	17,76 %	17,76 %
Norges Bank	4 306 758	2,46 %	2,46 %
Vitruvian Partners	4 467 388	2,39 %	2,39 %
Arbejdsmarkedets Tillægspension (ATP)	4 067 383	2,32 %	2,32 %
Tredje AP-fonden	3 811 679	2,17 %	2,17 %
Vanguard	3 190 518	1,71 %	1,71 %
Nordnet Pensionsförsäkring	2 828 677	1,61 %	1,61 %
eQ Asset Management Oy	2 620 000	1,49 %	1,49 %
AH Holding GmbH	2 323 232	1,33 %	1,33 %
Avanza Pension	2 211 731	1,26 %	1,26 %
Handelsbanken Fonder	2 207 688	1,26 %	1,26 %
Movestic Pension	1 953 298	1,11 %	1,11 %
Elementa Management	1 778 860	1,01 %	1,01 %
Nordea Fonder	1 677 517	0,96 %	0,96 %
Total, 15 largest shareholders by holdings	**113 383 985**	**64,02 %**	**64,02 %**
Other shareholders	61 877 481	35,98 %	35,98 %
Total shares issued	**175 261 466**	**100,0 %**	**100,0 %**

* Data as of 31 December 2022 compiled by Monitor. Sources: Euroclear, Morningstar, the Swedish Financial Supervisory Authority, Nasdaq and Millistream.

Share capital

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). The Group's share capital amounted to SEK 5.4 million at the end of the year.

As of 31 December, there were 3,567,500 warrants outstanding attributable to the Group's incentive programme. The total potential dilution should all outstanding warrants be exercised amounts to 2.0%. For more information, refer to Note 7.

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 of SEK 989.4 million after SEK 10.6 million in transaction costs. After the directed issue, the total number of shares outstanding in BHG Group AB amounted to 140,209,173.

On 6 December, BHG Group AB carried out a directed issue of 39,024,390 shares at a subscription price of SEK 20.50 per share, generating proceeds of approximately 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.

Dividend

The Parent Company paid no dividends in 2021, and the Board of Directors proposes that no dividend be paid for 2022.

Share trend

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%.

EMPLOYEES

Our employees are our most important resource, and our progress depends on having talented, driven and capable employees. We strive to be an attractive employer, creating an environment where our employees thrive at work and always have room to learn and grow.

Attracting and retaining the right people, along with developing their skills, are necessary for the success of BHG as well as for meeting defined goals for growth and business development.

At year-end, the number of employees in the Group, calculated as FTEs, was 2,759 (3,270), of whom 1,559 (1,767) were men and 1,198 (1,502) were women.

Information on the average number of employees and salary costs can be found in Notes 7 and 8. More information is available under the section "Our employees" in the Sustainability Report on page 44.

SIGNIFICANT EVENTS

Net sales

Net sales increased 6.1% to SEK 13,433.6 million (12,666.0). Organic growth was -5.0%. Pro-forma organic growth was -4.5%.

Net sales in the DIY segment increased 3.4% to SEK 7,507.0 million. Organic growth was -6.5%. Pro-forma organic growth was -5.9%.

Net sales in the Home Furnishing segment increased 9.6% to SEK 5,965.5 million. Organic growth was -2.9% for the full year. Pro-forma organic growth was -2.7%.

The Group's webstores had 364.2 million (411.3) visits during the year, generating 5,172,000 (5,243,000) orders.

Gross margin and SG&A

The product margin totalled 35.1% (39.1). The reported gross margin (that is, the margin after deductions for direct selling expenses, such as logistics, fulfilment, etc.) amounted to 22.2% (26.5). The trend in the gross margin is primarily attributable to price pressure in the market as a result of weak demand, aggressive campaigning and high inventories as well as high fulfilment costs.

- The deterioration in product margins is largely attributable to a more limited ability to adjust prices due to weak demand and intense competition.
- The high fulfilment costs are a result of the Group's choice to enter the outdoor season with inventory levels that are higher than last year, in order to mitigate the bottlenecks that have occurred in global supply chains. Inventory handling costs remain high, an effect of weaker demand. The measures that have been taken to reduce items held in inventory are not expected to have their greatest effect until the 2023 outdoor season, meaning during the second and third quarters. We already began to see some positive impact from the previously announced inventory handling cost initiatives in the fourth quarter, and the cost 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 majority of the operating units managed to maintain or increase their AOV.

Selling, general and administrative expenses (SG&A, defined as the difference between adjusted gross profit and adjusted EBITDA) amounted to SEK 2,554.5 million (2,252.4), 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. 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. There was a turnaround in the trend during the second quarter of the year, when the cost of traffic generation measured as Cost Per Click (CPC) began to decline. This decline intensified during the rest of the year. The increase in SG&A in relation to net sales was also the result of the continued increase in the share of sales from proprietary brands. Our aim to increase the share of proprietary brands requires a more comprehensive organisation and increased online marketing. Finally, we continue to invest in our technology platform to deliver of growth with favourable customer satisfaction and increased customer loyalty in the long term. Customer satisfaction also improved considerably during the year.

Earnings

The Group's adjusted EBIT amounted to SEK 374.9 million (812.7), corresponding to an adjusted EBIT margin of 2.8% (6.4).

The Group's operating income amounted to SEK -183.9 million (710.6), corresponding to an operating margin of -1.4% (5.6).

Amortisation of acquisition-related intangible assets amounted to SEK 100.6 million (78.7). SEK 8.6 million (0.0) in amortisation of trademarks related to discontinued websites was charged against earnings during the year. Amortisation pertained to identified surplus values related to customer relationships and customer databases in acquired companies. No impairment of goodwill or other assets was identified during the year or the preceding 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's profit before tax was SEK -18.3 million (630.9).

Net income amounted to SEK 45.7 million (490.8). The effective tax rate was -349.9% (-22.2), 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 during the full year.

Cash flow

The Group's cash flow from operating activities was SEK -105.6 million (-27.6).

Cash flow from operating activities was partly driven by a positive effect from the Group's operating income as well as a smaller negative effect from changes in working capital. There was a positive development in cash flow from changes in inventory during the last two quarters but a more negative effect during the first two quarters, which amounted to

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 flow from operating activities amounted to SEK -105.6 million (-27.6), corresponding to a cash conversion (in relation to adjusted EBITDA) of -10.8% (-10.4).

The Group's cash flow to investing activities amounted to SEK -454.9 million (-1,855.4), and was mainly attributable to investments in operations, disbursements for contracted considerations and earn-outs related to acquisitions in previous periods as well as IT investments related to technology platforms and logistics solutions.

Cash flow to financing activities amounted to SEK 765.1 million (1,851.7) and was primarily attributable to the new share issue carried out as well as the repayment of a revolving credit facility totalling SEK 1,305,7 million, and to SEK 800 million in new loans. Cash flow to financing activities is also attributable to the repayment of lease liabilities, interest paid and warrant premiums paid.

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).

Financial position

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 rolling 12-month (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 new share issue and the loan terms renegotiated during the previous quarter 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.

The Group's total assets at the end of the reporting period, compared with the beginning of the year, amounted to SEK 14,281.4 million (13,612.3).

The Group's equity at the end of the reporting period, compared with the beginning of the year, amounted to SEK 7,669.8 million (5,256.3).

CONTINUED GROWTH IN 2022

We reported total growth of 6.1% and reached SEK 13.4 billion in net sales, while the journey towards our next milestone of SEK 20 billion with an adjusted EBIT margin of at least 7% continues.

MILESTONES, QUARTER BY QUARTER

Circumstances changed significantly during 2022. Market conditions became more challenging during the year, with the uncertainty in the world impacting consumer behaviour and our profitability. We shifted focus from profitable growth to cash flow and profitability. We launched an action plan to best respond to the more challenging environment, including a comprehensive cost-savings programme, reducing our inventory, a temporary change in our loan covenants and an impairment loss on our inventory to reflect its fair value.

- We began 2022 with growth of 21.1% and organic growth of 0.6% in the first quarter. We acquired Hemmy AB, which 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. Higher costs for purchasing, logistics and marketing as a result of geopolitical and macroeconomic uncertainties impacted our profitability in the quarter.
- During the second quarter, we experienced a difficult market in which consumer uncertainty and higher costs for logistics and marketing affected our profitability. Growth was 10.1% and organic growth was -8.1%. BHG received SEK 1,000 million via a directed share issue on 4 May.
- The third quarter included major changes. On 11 August, Chairman of the Board Gustaf Öhrn took over as acting CEO of BHG Group, after Adam Schatz left his position as CEO. Christian Bubenheim took over as Chairman of the Board. Despite a tough quarter and challenging environment, our assessment is that BHG gained market share. We took action and made a concerted effort to cut costs and reduce our inventory in order to ensure that BHG will emerge from this challenging period even stronger. Growth was 1.5% and organic growth -5.3%.
- The challenging market conditions in the third quarter continued in the fourth. On 27 November, it was announced that Gustaf Öhrn had been appointed permanent President and CEO of BHG Group. 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 continued to reduce our inventory. Growth was -5.1% and organic growth -3.7%. On 6 December, BHG Group carried out a directed issue generating proceeds of nearly SEK 800 million.

FOCUS ON PROFITABILITY AND SYNERGIES

Since it was founded over ten years ago, BHG has consistently combined this organic approach with acquisitions. The rate of activity is now 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 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. We believe that the macro environment will remain challenging in 2023, especially during the first half of the year. Our focus continues to be on improving cash flow and profitability. In addition, we have defined a long-term plan that 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.

Even in a difficult market, there are opportunities to use our scale and continue to take market share. One way of achieving this is through international expansion, including external marketplaces. Furthermore, we can expand the product assortment through internal marketplaces. In a difficult market, our competitors may leave product categories. That said, growth opportunities in the Nordic markets remain favourable since online penetration in our categories is still relatively low.

OWNERSHIP BASE AND THE BHG SHARE

We reached another milestone in 2022 when the number of shareholders surpassed 13,000. At the end of the year, the two largest shareholders, EQT and Ferd AS, owned around 43% of the capital combined. Today, we have a broad ownership base made up of Nordic private individuals and Swedish and foreign institutions. The balance sheet was strengthened by almost SEK 1.8 billion in two directed share issues during 2022, and we are grateful for the support from our existing and new shareholders.

Our focus now is on improving cash flow and profitability through the a forementioned action plan. 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 categories continues to grow.

We are convinced that the strength of our model and our initiatives to further strengthen our businesses will continue to create value for our shareholders in the future.

EXPECTED FUTURE DEVELOPMENT

According to our assessment, the Nordic overall home improvement market generates sales of about SEK 280 billion annually and the European overall market is 15–20 times larger. While the total market for home improvement products is relatively stable, it is characterised by a transition from offline towards online sales.

Online penetration has increased steadily over the past decade yet remains relatively low compared with many other consumer market categories such as books and consumer electronics. The trend of increasing online penetration has primarily been driven by changing consumer behaviour and technological improvements, which have benefited and are expected to continue benefiting online retailers such as BHG.

The home improvement categories yield a high contribution margin per order as a result of a high average order value, attractive gross margins after fulfilment and distribution costs, and low return rates.

During 2023, BHG expects online DIY and home furnishing sales in the Nordic region to be characterised by a deceleration and then a continued growth, with an estimated compound average growth rate (CAGR) of 15% over a business cycle. Market growth in the less mature Eastern European markets is expected to be higher in this period. In the increasing number of international markets where BHG operates, for instance through its acquisition of Nordic Nest and AH-Trading, market growth is also expected to be strong while conditions are promising for a gain in market share.

Net sales growth

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

The target for capital structure remains unchanged: 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

The target for the dividend policy remains unchanged: 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.

RISKS

Risks are inherent to all businesses, and a certain level of risk-taking is required for economic growth.

There are a number of 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 systems, processes, and seasonal and weather variations, while other risks and uncertainties may also arise in the event of changed market conditions or changed consumer behaviour with respect to e-commerce. BHG is also exposed to different types of financial risks, such as currency exchange risk, financing and liquidity risk, and interest-rate risk.

The most material risks for BHG are described below.

Changes in purchasing power as a result of the economic climate

Consumers in essentially all of the markets where BHG operates were affected in 2022 by the economic situation that arose in the wake of Russia's invasion of Ukraine. What was initially described as a brief military operation proved in 2022 to have far-reaching economic effects on consumers, who were affected by rising prices for food and energy as well as borrowing rates. In addition, falling market prices for properties have significantly reduced home sales and new housing construction.

The amount of disposable income available for consumption has been significantly reduced as inflation has increased more than incomes. Overall, the economic situation has had a major negative impact on demand for products that BHG offers, which in turn has had a negative impact on BHG's sales and earnings. Demand is especially weak in capital-intensive product categories such as windows, doors, bathrooms and floors.

The economically volatile situation is expected to continue to dominate 2023, with the possibility of some improvement in the second half of the year. However, both inflation and energy prices are expected to remain far above normal over the next year. According to market observers, interest rates are also expected remain high throughout 2023 and early 2024 before the first cautious rate reductions can be expected. BHG therefore expects that geopolitical turbulence will continue to have a negative impact on consumers' inclination to consume in 2023.

Risks related to global logistics chains, inventories and inflation

BHG's supply chain is highly dependent on global logistics chains. Disruptions that arose in 2021 continued to affect suppliers' delivery capacity in the first half of 2022, resulting in delivery delays and a lag in inventory build-up in certain durable goods categories.

Purchase prices that were affected by rising prices for raw materials experienced by our suppliers have reduced our ability to maintain margins when consumers' purchasing power has been reduced. Combined with a decline in demand, this has caused inventory values to increase, which in turn has affected cash flow and earnings.

BHG expects that global demand for consumer products will decline in 2023, which is expected to lead to improved capacity in flows of goods from Asia. However, the effect on purchase prices as a result of anticipated reductions in demand in the supply chain for imports is expected to be partly counteracted by a weak exchange rate, which will drive up import prices.

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

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

IT and GDPR-related risks

The Group companies use various IT platforms, both for internal purposes and to offer customers an attractive online shopping environment. Operational disturbances in these platforms, for example as a result of cyberattacks, could make the Group's internal procedures difficult and result in a stoppage in the external operating environments. This type of IT-related risks could have an adverse impact on the Group's operations, outlook, financial position and earnings.

Under the EU General Data Protection Regulation, IT and business processes could, in the event that personal data is processed incorrectly, have an adverse impact on the Group's operations, outlook, financial position and earnings.

The war in Ukraine

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.

Financial risks

The following financial risks have been identified and are described in Note 26.

- Financing and liquidity risk
- Interest-rate risk
- Credit risk
- Currency exchange risk

Financial risks and uncertainties

As previously stated, BHG considers the market conditions during 2023 to continue being challenging, particularly during the first six months of the year. A weak demand and large levels of inventory put pressure on prices and consequently also on the Group's profitability. It can therefore not be precluded that the profitability could reach a level whereby BHG would risk not meeting the financial covenants in the Group's credit facilities.

During the year, BHG has renegotiated and been granted time limited reliefs from these covenants by the Group's lenders. The reliefs are in effect as of September 30, 2022 until December 31, 2023 and result in a lowering of the lenders' demands on leverage ratio and interest coverage ratio during this period. As of December 31, 2022 the Group used SEK 2,000 million of a total available amount of SEK 3,300 million in the credit facilities. As of the same date, the Group had cash and cash equivalents of SEK 477.6 million consisting of bank deposits.

If the Group breach its financial covenants, the credit facilities become due for payment. With reservations for uncertainties in levels of demand, the Group's focus on reducing costs and lowering inventory levels is considered to generate sufficient profitability and cash flow to ensure that the Group meet the conditions in the financial covenants. Furthermore, even if the financial covenants are breached, the Board of Directors considers the possibility to access financing to ensure continued operations to be strong, although access to such financing may come at a higher cost. BHG has a good relationship and dialogue with its financing banks to seek and find constructive solutions. The financial statements have therefore been prepared on a going concern basis. However, if none of the solutions described above can be implemented successfully, there is an uncertainty regarding the financing of the Group during 2023.

For disclosures on other financial risks, see note 26.

GUIDELINES FOR REMUNERATION TO SENIOR EXECUTIVES

The annual general meeting held on 5 May 2021 adopted the following guidelines for remuneration to senior executives.

No changes to the guidelines are proposed for 2023.

General

The CEO and the two additional individuals in the company's executive management fall within the provisions of these guidelines. The guidelines are applicable to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the 2021 Annual General Meeting. These guidelines do not apply to any remuneration decided by the General Meeting of Shareholders.

How the guidelines promote the company's business strategy, long-term interests and sustainability

In short, the company's business strategy is to leverage its leading position in the online Home Improvement market to continue benefiting from the market's underlying growth as a result of increasing online penetration and to couple organic expansion with further active consolidation measures, such as M&A.

For more information regarding the company's business strategy, please see the company website www.wearebhg.com.

A prerequisite for the successful implementation of the company's business strategy and safeguarding of its long-term interests, including its sustainability, is that the company is able to recruit and retain qualified personnel. To this end, it is necessary that the company offers competitive remuneration. These guidelines enable the company to offer executive management a competitive total remuneration package.

Long-term share-based incentive programmes have been implemented in the company. Such programmes have been resolved by the General Meeting and are therefore excluded from these guidelines. The long-term share-based incentive programme proposed by the Board of Directors and submitted to the 2021 Annual General Meeting for approval is excluded for the same reason. The proposed programme essentially corresponds to the existing programmes. The programmes include senior executives, key individuals and employees in the Group. The programmes are conditional upon the participant's own investment and holding periods of several years. For more information regarding these incentive programmes, please see www.wearebhg.com.

Variable cash remuneration covered by these guidelines should aim to promote the company's business strategy and long-term interests, including its sustainability.

Types of remuneration, etc.

Remuneration is to be on market terms and may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. Additionally, the General Meeting may – irrespective of these guidelines – resolve on, among other things, share-based or share price-based remuneration.

The fixed cash salary is to be individual and based on the responsibility and role of the senior executive as well as the executive's competence and experience in the relevant position.

Variable cash remuneration may amount to a maximum of 200% of the fixed annual cash salary. Additional variable cash remuneration may be awarded in extraordinary circumstances, provided that such extraordinary arrangements are only made on an individual basis, either for the purpose of recruiting or retaining executives, or as remuneration for extraordinary performance beyond the individual's ordinary tasks. Such remuneration may not exceed an amount corresponding to 100% of the fixed annual cash salary and may not be paid more than once each year per individual. Any resolution on such remuneration is to be made by the Board of Directors based on a proposal from the Remuneration Committee.

For the CEO, pension benefits, including health insurance, are to be premium-defined. Variable cash remuneration does not qualify for pension benefits. The pension premiums for premium-defined pensions are to amount to a maximum of 100% of the fixed annual cash salary. For other executives, pension benefits, including health insurance, are to be premium-defined unless the individual concerned is subject to defined-benefit pension under mandatory collective agreement provisions. Variable cash remuneration is to qualify for pension benefits to the extent required by mandatory collective agreement provisions. The pension premiums for premium-defined pensions are to amount to a maximum of 100% of the fixed annual cash salary.

Other benefits may include, for example, life insurance, medical insurance and company car benefits. Premiums and other costs relating to such benefits may amount to a maximum of 100% of the fixed annual cash salary.

For employment governed by rules other than Swedish rules, pension benefits and other benefits may be duly adjusted to ensure compliance with such mandatory rules or established local practice, taking into account, to the greatest extent possible, the overall purpose of these guidelines.

Termination of employment

Upon termination of employment by the company, the notice period may not exceed 12 months. Fixed cash salary during the notice period and severance pay, combined, may not exceed an amount corresponding to the fixed cash salary for two years. Upon termination of employment by the senior executive, the notice period may not exceed nine months, without any right to severance pay.

Criteria for awarding variable cash remuneration, etc.

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

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

Salary and employment conditions for employees

In the preparation of the Board of Directors' proposal for these remuneration guidelines, salary and employment conditions for employees of the company have been taken into account by including information on the employees' total income, the components of the remuneration, any increases in remuneration and the rate of increase over time, in the basis for the Remuneration Committee's and the Board of Directors' decisions when evaluating whether the guidelines and the limitations set out herein are reasonable. The development of the gap between the remuneration to senior executives and remuneration to other employees will be disclosed in the remuneration report.

The decision-making process to determine, review and implement the guidelines

The Board of Directors has established a Remuneration Committee. The committee's tasks include preparing the Board of Directors' decision to propose guidelines for executive remuneration. The Board of Directors is to prepare a proposal for new guidelines at least every four years and submit this proposal to the General Meeting. The guidelines are to remain in force until new guidelines are adopted by the General Meeting. The Remuneration Committee is also responsible for monitoring and evaluating programmes for variable remuneration for executive management, the application of the guidelines for executive remuneration and the current remuneration structures and remuneration levels in the company. The members of the Remuneration Committee are independent of the company and its executive management. The CEO and other members of executive management do not participate in the Board of Directors' processing of and resolutions regarding remuneration.

Derogation from the guidelines

The Board of Directors may resolve to temporarily derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability. As set out above, the Remuneration Committee's tasks include preparing the Board of Directors' resolutions in remuneration-related matters. This includes any resolutions to derogate from the guidelines.

PARENT COMPANY

BHG Group AB (publ)is the Parent Company of the Group. The company does not engage in the sale of goods and services to external customers.
The Parent Company holds shares in its subsidiaries, as specified in Note 15.

The Parent Company's net sales totalled SEK 8.3 million (2.6). The Parent Company posted an operating loss of SEK -82.9 million (-91.1). Outstanding incentive programmes were charged to Parent Company earnings 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.

The Board of Directors' proposal to the Annual General Meeting is that no dividend be paid to the shareholders for the 2022 financial year. The basis for this proposal is the high availability of investments in profitable growth, particularly through continued acquisitions.

APPROPRIATION OF PROFITS

BHG Group AB

559077-0763

Appropriation of profits (SEK)	
At the disposal of the annual general meeting	
Retained earnings	144,814,251
Share premium reserve	6,564,190,416
Profit/loss for the year	5,658,382
	6,714,663,049
The Board of Directors proposes	
to be carried forward	150,472,633
whereof share premium reserve	6,564,190,416
	6,714,663,049

Sustainability Report

- part of Directors' Report

AN EXCITING YEAR FOR BHG

2022 was an exciting year for BHG from many perspectives, not least our sustainability efforts. We took several important steps in further defining and structuring our work to create sustainable portfolio companies and thereby a sustainable BHG. During the first quarter, we defined our long-term sustainability objectives based on our materiality analysis, the UN Global Compact and a clear link to the UN Sustainable Development Goals (SDGs).

We also submitted a commitment letter to the Science Based Target initiative (SBTi), and we plan to submit our targets for verification in 2023. We have made several strides forward in sustainability thanks to clearer governance and well-defined targets. As in previous years, we are seeing an increase in our CO2e emissions in the Group's companies. This increase is largely because we are learning and getting better at measuring our emissions, and it may seem paradoxical that our improved sustainability efforts are generating worse results. We are not the only company experiencing this, and it is something that we must accept as part of our improvement process for some time to come. However, we are confident that we formed a solid foundation in 2022, and we can use 2022 as a base year for future improvements.

ESG initiatives

We added a new position to the organisation during the second half of the year. The duties of this position are to continually support our portfolio companies in their sustainability efforts and to ensure that we are achieving our targets. BHG operates through a decentralised structure, which increases the need for simple and clear processes as well as metrics for continual monitoring at the Group level. We are able to guide our operations towards our targets by continually working on our performance measures. We also invested in a digital tool for continual monitoring of our sustainability efforts during the year. This facilitates visibility and progress for each portfolio company's sustainability efforts as well as continual monitoring at the Group level.

2022, a year marked by geopolitical instability

2022 was characterised by both geopolitical instability and the lingering effects of the Covid-19 pandemic. Restrictions were eased at the beginning of the year, and the work environment returned to a new normal. The share of virtual meetings remained high, and some work continued to be performed from home for operations where the work allowed this. War broke out in Ukraine in February, leading to great uncertainty. The impact has been limited for BHG since the company does not have any significant undertakings or operations in Ukraine. However, the general uncertainty as well as higher inflation and the energy crisis that followed in the wake of the war have had an impact on BHG, including lower demand.

As new crises arise, it is clear that BHG must continually evaluate its work methods and its ability to rapidly adapt, which has resulted in a higher degree of business resilience.

Given these challenges, the year can be summed up as a success in the area of sustainability. We have started our sustainability journey, and a continuous focus on sustainability in BHG's overall strategy is self-evident.

Gustaf Öhrn,
President and CEO, BHG Group

THIS IS BHG

BHG's overall goal is to make life simpler for our customers, in line with our vision, "We make living easy!" With the market's broadest product portfolio, the most competitive prices and a large range of services that includes product advice and installation, we want to create the best online customer experience. We strive to make sustainability an integral part of our operations and corporate strategy.

About BHG

BHG's business model is based on building blocks such as a broad assortment, price matching, a first-class online customer experience, the market's best professional service and support and cost efficiency. BHG is the largest online European pure-play within the home improvement space, which includes Do-It-Yourself (DIY) and home furnishings (Value and Premium). DIY encompasses home improvement products, including products for building, renovating and maintaining homes and gardens. The Home Furnishing segment includes furniture and home furnishings. We have 1.7 million products in our range. In addition to products, we offer services such as our own last-mile deliveries and installations. BHG has more than 70 showrooms and 100 online destinations, including leading destinations such as Bygghemma.se, Trademax.se and NordicNest.se as well as category and expert stores such as Golvpoolen.se and Nordiskafönster.se.

A large share of our customers are located in the Swedish, Norwegian, Finnish and Danish markets. In 2022, BHG increased its local presence in the important German market with the acquisition of Ploss in May. Ploss will operate jointly with AH Trading, which was acquired in 2021. BHG furthermore has a significant presence in most of Eastern and Central Europe as well as growing online sales in other parts of the world. In total, BHG had operations in 25 countries in 2022. The company's growth strategy encompasses both organic growth and acquisitions.

BHG's head office is located in Malmö, together with certain Group-wide functions such as accounting, HR, sustainability, finance and legal. All sales of goods and services to external customers are made through BHG's operating companies. The Group has no manufacturing plants of its own, and instead all products are purchased through business partners or agents, or directly from suppliers.

SUSTAINABILITY FOR BHG

BHG's sustainability efforts, which are reported on the following pages, encompass the environment, social conditions and employees as well as human rights and anti-corruption work. The framework for BHG's sustainability efforts is based on the UN SDGs for 2030 as well as the company's materiality analysis. The materiality analysis conducted in 2020 resulted in BHG's materiality pyramid.

The BHG Group AB (publ) share is listed on Nasdaq Stockholm Mid Cap.
Number of employees: 2,760
Net sales: SEK 1,434 million
Equity: SEK 7,670 million
Liabilities: SEK 6612 million

The pyramid and the UN SDGs established the foundation and direction for BHG's sustainability targets. We are transparent in our sustainability efforts, and on the following pages you will also learn more about BHG's approach to reporting in accordance with the EU Taxonomy. We continually evaluate our sustainability work in order to ensure its relevance in a changing world, depending on how BHG evolves. BHG continually acquires new companies as part of its strategy, which may affect which areas are material for BHG. Our review of the materiality pyramid in 2022 found that its composition remains relevant, with a few minor adjustments.

Impact analysis and BHG's materiality pyramid

In our 2020 sustainability report, we showed how we conducted BHG's materiality analysis to gain insight into our impact on various sustainability aspects. The analysis employed a risk perspective based on an analysis of direct and indirect risks to BHG. The risk analysis, combined with benchmarking and a review of the current situation, resulted in clearly defined sustainability topics for BHG in the areas of environment and climate, social responsibility and governance. By using a risk matrix to analyse the probability of risk and risk impact, we were able to see which topics posed the highest risk to the company. These topics were then ranked from high to low potential impact in our impact analysis, where we took into account their potential external impact, potential internal impact and potential for value creation. The analysis was based on GHI's method for analysing double materiality, meaning impacts by and on BHG. The impact analysis identified both our negative and positive impacts in the areas of human rights, labour rights, the environment and anti-corruption across our value chain. The analysis also included impacts from financial, operational and reputational perspectives.

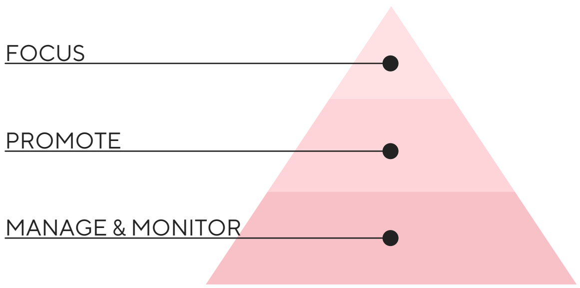
Stakeholder group	Method	Top three prioritised areas
Owners	Questionnaire and interview	Ensuring a high level of data protection and protecting customer privacy
		Eliminating child labour and forced labour
		Ensuring a healthy and safe work environment
Board of Directors	Questionnaire and interview	Minimising resource consumption
		Eliminating child labour and forced labour
		Minimising climate impact
Employees	Questionnaire and interview	Attracting and retaining employees and providing competence development
		Minimising climate impact
		Eliminating child labour and forced labour
Group companies	Questionnaire and interview	Attracting and retaining employees and providing competence development
		Minimising resource consumption
		Ensuring a healthy and safe work environment
Customers	Questionnaire	Eliminating child labour and forced labour
		Minimising climate impact
		Maintaining high levels of product safety and quality
Suppliers	Questionnaire	Working actively to eliminate corruption
		Protecting biodiversity and ecosystems
		Ensuring a healthy and safe work environment

BHG's sustainability strategy

The results from stakeholder dialogues conducted via interviews and questionnaires with our stakeholder groups, who were identified based on impact and importance to BHG according to the AA1000 Stakeholder Engagement Standard, and the impact analysis were combined to form a materiality pyramid which can be seen below. The pyramid shows BHG's priorities. This pyramid is the basis for BHG's strategic focus, illustrating three levels of BHG's work: focus, promote, and manage and monitor.

Focus reflects BHG's priority topics and focuses on sustainability. Promote refers to topics that BHG continually emphasises and promotes. Manage and monitor remain important topics that BHG annually follows up through KPIs.

The materiality analysis underwent quality assurance during the year to ensure that BHG is focusing on the most material areas. This resulted in some minor adjustments, and the full results are shown below.



Focus	Maintaining high levels of product safety and quality Ensuring sustainable and ethical supply and distribution chains Minimising climate impact and adapting the operation to climate change
Promote	Minimising resource consumption and integrating the circular economy into our business model Promoting equality and diversity at workplaces Attracting and retaining employees and developing their skills
Manage and monitor	Working actively to eliminate corruption Ensuring a healthy and safe work environment Ensuring a high level of data protection and protecting customer privacy

BHGs sustainability goals

The process of designing clear sustainability targets for BHG began in the second half of 2021. These targets were adopted by the Board of Directors in February 2022. In relation to the proposed goals reported in the previous year's sustainability report, the goal regarding emissions in Scope 1 has been revised. During the extended data collection process in 2022, we found a need to revise the goal linked to point 1a, see below, as previous goals proved not to be realistic based on the set schedule. We believe that the new timetable better reflects the challenges we face while still following the UN's global goals for sustainable development.

Connection to UN Agenda 2030	The materiality pyramid	Target
13 Climate action 12 Responsible consumption and production	**Minimising climate impact** Minimising resource consumption Product safety – Innovation (Taxonomy)	**Reducing CO_2 emissions by 50% by 2030*** 1 a. Scope 1 & 2**: Zero GHG emissions by 2030 1 b. Scope 3: 50% reduction in GHG emissions by 2030 2. Promoting a sustainable offering
5 Gender equality 8 Decent work and economic growth	**Ensuring sustainable supply and distribution chains** Maintaining high levels of product safety and quality Promoting equality and diversity Attracting, maintaining and developing employees	**An equitable workplace and sustainable supply chain** 3. 100% of our strategic suppliers*** are to be evaluated and action plans are to be developed and implemented by 2025. 4. Our employees feel that BHG Group is a good and equitable workplace.
8 Decent work and economic growth 12 Responsible consumption and production	**Financial performance and economic growth** Transparent communication Data protection Customer privacy	**Corporate governance and economic growth** 5. 100% of BHG's fully integrated business units and destinations manage data protection according to the best available standard

* Percentage reduction in relation to sales growth
** Initial goal on zero emissions by 2025 has been revised to 2030.
*** 60% of BHG's total sales

GOVERNANCE AND RESPONSIBILITY FOR SUSTAINABILITY

The Board of Directors has the overall responsibility for sustainability, while the CEO is responsible for enacting the Board's decisions and strategies. The Group's Chief Human Resources Officer (CHRO), who is also the head of sustainability, is responsible for leading and coordinating the sustainability work. The CHRO reports directly to the CEO and informs the Board of Directors on outcomes once a year. The Group also holds monthly meetings with key individuals from each company. During these meetings, the companies receive up-to-date information about the Group's work and they can also bring up issues such as sustainability for discussion.

Policy documents

The central policies that BHG applies are our Code of Conduct, Supplier Policy, Environmental Policy, Employee Policy, Purchasing Policy, CSR Policy and Information Security Policy. The CEOs and management of our companies receive the Code of Conduct and the other policies, after which it is up to each company to implement the policies. Implementation of the company's updated Code of Conduct, Supplier Policy and CSR Policy continued in 2022. BHG's internal control process was used to monitor compliance with policies.

BHG's Code of Conduct it is based on the Ten Principles of the UN Global Compact. It states the company's position concerning respect for human rights, labour conditions, the environment and anti-corruption. The Code of Conduct applies to BHG's directors, employees, consultants and partners.

BHG employees receive the Code of Conduct when they are hired, and members of the Board of Directors receive the Code as part of their introduction. Changes were made to the Code of Conduct in the second part of 2021, and all of BHG's employees signed agreements that they had read and understood the updated Code of Conduct when it was implemented. The process of rolling out the updated Code continued in 2022 and was completed by the end of the year. Deviations from the Code of Conduct can be reported anonymously through BHG's Group-wide whistleblower system. We are satisfied with our level of policy implementation, since we have had low levels of deviations reported.

Risk analysis

In 2020, BHG's value chain was analysed, looking at risks associated with human rights, employees, social conditions, the environment and anti-corruption. This evaluation is still considered relevant. The risk analysis also included industry and operation-specific sustainability risks. The risks identified primarily occurred in the supply chain, since we do not own manufacturing plants but instead purchase products from manufacturers and business partners/agents. The risks are primarily related to emissions, resource and material use and the risk of corruption, and human or labour rights not being respected. In addition to risks in the supply chain, risks were also identified in logistics and transportation, and in relation to BHG as an employer. As an e-commerce company, we are focused on GHG emissions from shipping, something we continuously need to address by ensuring low return rates, an area where BHG is on the cutting edge.

We continually develop our risk management process to strengthen and build up the company's long-term resiliency, based on the materiality pyramid. The overall control environment is the foundation of our risk management process. A sound control environment is based on an organisation with clear decision paths where responsibility and authority are clearly defined. In BHG's decentralised company model, our centrally defined internal control system with relevant parameters for defining risk and risk management is extremely important. The company's Audit Committee receives reports on risk and risk management on an ongoing basis during the year, while the Board of Directors is updated annually. You can read more about how we are addressing these material topics in the following sections of the Sustainability Report.

BHG'S MATERIAL AREAS

Business ethics (anti-corruption)

BHG takes a zero tolerance stance towards all forms of corruption. Cooperating with the right partners and suppliers as well as addressing ethical and moral topics are important for us to be viewed as a responsible company. We must be involved and lead progress towards sustainable relationships throughout the value chain. BHG builds relationships with business partners that are based on trust, transparency and honest business relationships, with a shared philosophy on sound business practices. Our largest corruption risk is in connection with the purchase of products and in the close and long-term relationships we develop with our suppliers. There is also a potential risk of corruption if we were to be dependent upon a supplier or business partner. We also believe that there is a risk of corruption connected with cash management in the parts of our operation where cash management is performed. Our requirements and expectations for our employees, business partners and suppliers when it comes to anti-corruption are stipulated in our Code of Conduct and Supplier Code of Conduct. All BHG employees are obligated to follow our Code of Conduct, which provides them with information about guidelines and our preventative work regarding bribes and corruption. Any deviations from the Code of Conduct and the Group's business ethics guidelines can be reported anonymously to the Group's whistleblower system. A case is started when suspected corruption is reported via the whistleblower system. The case is handled by an independent external party or by BHG internally, depending on the nature of the case. The case initiates an investigation where it is either escalated or concluded.

Two whistleblower cases were reported during the year and investigated according to applicable regulations. Zero cases of corruption were reported during the year. BHG's internal control process is used to monitor compliance with company policies.

SUSTAINABLE SUPPLY CHAINS

Ensuring sustainable and ethical supply chains and maintaining high levels of product safety and quality

BHG has no manufacturing plants of its own. Instead, products are mainly purchased directly from business partners, suppliers or through agents in the Nordic region, Eastern Europe and Asia. Our proprietary brands are continuously supplemented with strong brands from third-party suppliers.
A large share of BHG's impact occurs in the supply chain for production of the goods sold by our companies. Areas affected by our suppliers' production include climate and environmental impacts, since the manufacturing of our products causes GHG emissions that contribute to climate change or deplete natural resources.
Our ability to control this is limited, but through systematic efforts we can establish requirements for our suppliers. Working with the supply chain also means ensuring that our products are produced by manufacturers that respect and uphold human rights, labour rights and good business ethics and are not associated with any form of child labour or forced labour. This becomes even more important when we purchase products produced in areas with a high risk of deviations.

Being an e-commerce leader in our industry requires us to be at the forefront when it comes to ensuring that our suppliers and distribution chains are sustainable and ethical. Problematic business relationships can result in deviations from our Supplier Code of Conduct, but above all can result in losing the trust of our stakeholders. To support a sustainable supply chain, we established a Supplier Code of Conduct in which we clearly delineated our requirements and expectations. This code is based on the Ten Principles of the UN Global Compact. Our suppliers and business partners must respect human rights and labour rights, minimise their negative environmental impact and maintain good business ethics. These requirements include zero tolerance for child labour or forced labour. BHG has no central purchasing function. Instead, the Supplier Policy is presented to the companies' management groups, who are responsible for implementation and compliance. Our companies are also responsible for evaluating new business partners, suppliers and agents according to the Supplier Code of Conduct. Our ambition is for the Supplier Code of Conduct to be included in all of BHG's agreements with new suppliers. BHG's target is to have all of its strategic suppliers evaluated by 2025. Going forward, the company will report the share of suppliers that have been evaluated on an annual basis. We evaluate suppliers based on both social and environmental criteria. Our objective is for all of the companies in the Group to perform rolling supplier evaluations, above all in the proprietary brands group. Some of our companies already have systematic processes in place for evaluating suppliers and conducting follow-ups in low-cost countries where the risk of deviations is assessed as being the greatest. In 2022 41% of new suppliers were evaluated based on human and labour rights criteria as well as on environmental criteria.

As a growing group with a decentralised business model, we face challenges when it comes to coordinating the supply chain, and our companies' efforts to achieve a sustainable supply chain vary. We have begun looking at how we can improve our governance, implementation and follow-up of sustainable supply chains, and we will continue to do so in the years to come. This also includes reviewing how we can set stringent requirements for manufacturing our proprietary brands and the external brands we purchase, for example.

BHG'S CLIMATE IMPACT

BHG's long-term objective, with a horizon reaching to 2030, is especially focused on how BHG will reduce its climate impact in order to achieve its targets. In addition to our efforts to reduce emissions associated with our suppliers, and thus also our shipments of goods, we strive to use energy and materials efficiently and to reduce our GHG emissions and the waste generated by our operations. Since a significant portion of our climate and environmental impact occurs in the supply chain, where our products are manufactured, this is an important area that we will focus more on in the years to come. Management of environmental topics is regulated in BHG's Environmental Policy as well as its Codes of Conduct for suppliers and Group companies. In order to ensure responsible production by our suppliers, BHG's above-mentioned policies for suppliers have strict requirements for suppliers to perform environmental risk assessments and take measures to prevent, mitigate and monitor the effects of their operations. BHG's internal control function monitors compliance among BHG's companies.

Minimising climate impact

By following up and working proactively to reduce our emissions in the value chain, we can reduce the negative impact of our operations on the environment and the climate. We have a responsibility to minimise the expenditure of resources associated with our material areas in the value chain in the channels where we can.

Transport and distribution

A large share of the products are delivered directly from suppliers to customers via third-party distributors. In addition, products are distributed through our own distribution network via third parties (such as DSV and Postnord) and through BHG's own last-mile deliveries using our own vehicles and drivers. Today, BHG has its own infrastructure for last-mile deliveries in Stockholm, Gothenburg and Skåne County. 100% of deliveries in the Home Furnishing segment's operations in Eastern Europe are distributed via our own storage warehouses through our last-mile deliveries.

We have the greatest possibility of affecting transportation and resource management in our own distribution network. When it comes to our last-mile deliveries, we engage in regular dialogues with our logistics partners about improving efficiency in the flow of goods between suppliers, warehouses and end customers. We aim to have a higher fill factor and improve loading, which indirectly leads to reduced emissions from customer deliveries. The emissions generated from our own transportation are included in our CO2e reporting. It is also important to minimise the return rate, since this helps to avoid unnecessary shipments and thereby emissions. However, the share of returns for BHG is low, under 5%.

Materials and waste

When it comes to minimising environmental impact, materials and waste are an important area. Although we do not own the factories where our products are manufactured, we need to take responsibility for ensuring that the materials are produced sustainably. To this end, we apply our Supplier Code of Conduct, which all new suppliers must sign, in a clear and organised fashion. BHG is furthermore investigating how we can increase circular flows in our companies. At present, we offer several products produced from recycled materials. The share of recycled materials is relatively small, but BHG sees an opportunity to develop its range in the future. Suppliers are encouraged to reduce, reuse and recover products and materials, in that order, in order to minimise the amount of waste created in manufacturing.

Waste generated in our own operations includes plastic, cardboard and packaging meant to protect our products, which is a direct impact and is our responsibility to minimise and streamline. Reuse and recovery of packaging and packaging materials are examples of measures to achieve more efficient use of resources. In addition, our companies engage in dialogues with our logistics partners regarding smarter packaging and use of packing material. The goal is to minimise resource consumption when shipping and delivering our products to customers.

We sort paper, plastic and other consumables at our offices. Our companies work with well-established third parties in the recycling industry. From our suppliers in the recycling industry, we receive reports on the generated waste from our operations. 2022 BHG's companies have generated waste to a total of 3 808 tonnes. For 2022 we have not been able to separate the waste by fraction, something we will look into in the future. When it comes to waste, we are limited to our own operations but we encourage customers to sort the waste after delivery.

Energy and climate

Our energy consumption is connected to our offices, warehouses, showrooms and the data servers we use to conduct our operations. Energy-saving measures are implemented regularly at our warehouses, showrooms and offices, and we continually follow up on the short-term and long-term targets that BHG established in 2021. We want to reduce our climate impact and emissions by reviewing potential efficiency measures in our operations. We know that there is a large potential impact where we are unable to perform inspections or obtain reliable data. Our ambition is to continually improve ourselves and our opportunities for taking additional responsibility for our emissions-related climate impact. Our limitations in the area of data collection are linked to our material areas, which encompass Scope 1 and 2, as well as transportation/distribution, travel and waste under Scope 3.

BHG applies the precautionary principle, and our Environmental and Sustainability Policy establishes our overall expectations for our operations and our companies when it comes to environmental and climate issues.

At BHG, we follow up our efforts through our internal control process as well by sharing knowledge on energy-efficient measures between companies. In the future, we will continually monitor emissions and resource consumption during the year and report our results internally.

We expanded the collection of energy consumption and emissions data for 2022 by including more of the Group's companies in the collection process. Since we have made numerous acquisitions in recent years, we include companies as they are incorporated into the Group. This, combined with higher quality of the data collected as we get better and better at data collection, has resulted in large increases in absolute GHG emissions in comparison with the previous year. However, there are still a number of shortcomings, and we are aware that actual emissions could be higher than those reported since we have yet to receive complete data from all of our companies. We are continuing to learn and continually gaining better insight and finding more efficient ways to reduce our negative impact on the environment.

The results are presented in the table "Energy use and emissions" below. The data collected regarding scope 1 and 2 represents 100% of the Group in terms of sales, and for scope 3 it represents 98% of Group in terms of sales which means that BHG's total emissions are slightly higher than the data would suggest. We calculated an estimate for the remaining companies (2% of sales). Based on this calculation, we generated an estimated 23,277 tonnes of CO2e in 2022 in scope 3.

Energy consumption in the organisation (MWh)

Energy source	2022	2021*	2020
Fuel (diesel and natural gas)	1,635	3,319	1,696
Electricity	16,722	13,564	4,389
Heat	14,830	11,654	2,617
Cooling	200	55	8
Total energy consumption	**33,387**	**28,592**	**8,710**

Includes data from our offices, stores and warehouses. For more information about which companies are covered in this report, see "About this report".
**Data in the column for 2021 has been reviewed and adjusted for during 2022, due to wrong data input.*

Total emissions, tonnes CO2e

	2022	2021*	2020
Scope 1**	3,602	537	416
Scope 2***	2,456	991	499
Scope 3****	22,829	16,825	2,722
Total	**28,887**	**18,354**	**3,637**

* Data in the column for 2021 has been reviewed and adjusted for during 2022, due to wrong data input.

** Wood chips, natural gas, company-owned cars. 2022 also leased vehicle are included in scope 1, which is a reclassification from earlier reporting where leased vehicles were included in scope 3. Emission factors from DEFRA 2021.

*** In 2022 supplier-specific emission factors have been used to the greatest extent possible. Where supplier-specific factors have not been available, emissions factors from IEA 2018 have been used. Electricity: location-based 650 tonnes Co2e (480), market-based: 1640 tonnes Co2e (968).

**** Logistics and business trips. Emission factors from DEFRA 2021, NTM 2018.

Energy consumption and total emissions
The level of emissions continued to increase in 2022 compared with the data reported for 2021. At the beginning of 2022, BHG drew up clear targets for CO2 emissions under Scopes 1-2 and Scope 3 consisting of reduced emissions in relation to sales growth. Making acquisitions is part of BHG's growth strategy, and BHG drew up its intensity-based climate targets in view of this fact To read more about BHG's sustainability targets, see page 38 of this report.




In the years to come, we will continue working closely with all of our operations on sustainability in order to best put theory into practice. We will use our size and our experience from our various operations to establish best practices.




OUR EMPLOYEES

Our employees are our most important resource, and our success depends on having talented, driven and capable employees. We want to offer a safe, stimulating and broadening workplace with opportunities for skills development and to contribute to the company's continued growth through involvement. This makes us an attractive employer where our employees thrive. Compliance with our Code of Conduct, which is based on UN human rights recommendations, serves as the framework and lays the foundation for a healthy workplace. With our Code of Conduct as a foundation, we want to ensure that all of our employees are treated fairly and without prejudice or discrimination, regardless of gender , ethnicity, religion or other belief, disability, sexual orientation or age. In accordance with our Code of Conduct, we reject all forms of discrimination in recruitment, wage-setting, skills development, promotions, termination or in our daily interactions with one another. Recruitment, development opportunities and promotions shall be based on qualifications. Within BHG there also are a group of workers who are not employees working for BHG, most commonly as consultants or in our warehouses and customer service. During 2022 BHG had around 104 workers who are not employees.

A responsible employer

Our fundamental philosophy is that BHG thrives when our employees thrive. BHG's decentralised corporate structure is characterised by competence, entrepreneurship, management by objectives and rapid decision paths. Our Code of Conduct and Employee Policy form the framework and clearly state our requirements for our employees and workplaces, including equality and diversity, work environment, occupational health and safety, recruitment and development and training. 55% of our employees are part of a collective bargaining agreement. This applies to our companies in Sweden. In our companies abroad it is management's responsibility to assure sane work environment.

The entrepreneurial spirit is a major part of BHG's corporate culture, where we encourage individual initiative and commitment which can be used as a base to grow into new roles and career paths. Our objective is for all of our employees, at both the Group level and in our portfolio companies, to have annual performance reviews that include individual objectives and development plans as well as feedback on their performance and goal fulfilment in order to strengthen the objectives-based management of performance and behaviour . In summary, performance reviews encompass feedback on an employee's performance as well as the fulfilment of goals and professional requirements. The professional requirements are mapped against the employee's development plan, for which training is planned and conducted. The performance reviews also give our employees an opportunity to provide feedback on their perception of BHG and its portfolio companies as employers.

In our decentralised structure, our portfolio companies establish their own processes for performance reviews and execution, with the core elements described above as the shared foundation. The reviews are planned and held by the employee's immediate supervisor, and it is each CEO's responsibility to ensure that the performance review process is conducted annually. To see the share of BHG's employees who participated in these reviews over the year, refer to the table "Performance reviews" on the next pages.

An equitable and inclusive workplace

BHG strives to be a diverse and inclusive workplace; see the tables on page 45. We do not allow any form of discrimination, harassment or bullying. Our presence in many different countries and our broad customer group means that supporting gender, age and ethnic diversity is part of our DNA. We work continuously to provide a workplace where everyone feels welcome and where differences are appreciated and utilised. These expectations are stipulated in our Employee Policy and our Code of Conduct, which are distributed to each company in the Group. Zero confirmed cases of discrimination were reported during the year.

BHG strives for gender parity within the Group and aims for men and women to each represent 50% of the total number of employees as well as among management. In 2022, the number of women with permanent employment was 973 of a total of 2,759 employees, or 35%. Our employees are often young and come from different backgrounds. The diversity challenges we see in our operations largely concern people in upper management who are often the same age and gender and from similar backgrounds. This is partially a result of acquiring several companies where the founders and entrepreneurs had similar backgrounds. The company still has an unequal gender distribution on the Board of Directors and in management. There is a risk that the company will not be perceived as an equitable and attractive employer, which could lead to difficulty in attracting qualified employees. The work to develop an action plan to counter biased recruitment is ongoing.

Since acquisitions are a natural part of BHG's strategy for continued growth, the number of employees fluctuates in relation to companies that are acquired, in addition to recruitment for new positions and to replace departing employees.

Total number of employees by employment contract, employment type and gender

Employment contract	Women	Men	Non-binary	Total
Permanent employment	973	1,307	1	**2,281**
Temporary employment	225	252	1	**478**
Total	**1,198**	**1,559**	**2**	**2,759**
Full-time	939	1,326	1	**2,266**
Part-time	259	233	1	**493**
Total	**1,198**	**1,559**	**2**	**2,759**

* The total of 2759 employees includes one consultant in a management role, who has full-time employment.

The table includes employees from all of the companies in the BHG Group.

Total number of employees by employment contract and region

Region	Total	Permanent employment	Temporary employment
Nordic region	2,190	1,771	419
Other countries in Europe	557	498	59
Other countries outside Europe	12	12	0
Total	**2,759**	**2,281**	**478**

* The total of 2,759 employees includes one consultant in a management role, who has full-time employment.

Employee turnover by gender, age and region

	New employees (%)	Employee turnover (%)
Total	**1,186 (43%)**	**1,179 (43%)**
Women	644 (23%)	587 (21%)
Men	539 (20%)	590 (17%)
Non-binary	3 (0%)	2 (0%)
<30 years	861 (31%)	782 (28%)
30–50 years	284 (10%)	345 (13%)
>50 years	41 (1%)	52 (2%)
Nordic region	1,107 (40%)	1,059 (38%)
Other countries in Europe	79 (3%)	120 (4%)
Outside Europe	0 (0%)	0 (0%)

Share (%) is based on the total number of employees in the companies included in this report, which corresponds to a total of 2,759 employees. Furniture 1 is not included in this report due to problems with data collection.

BHG management and employees by gender and age (%)

Employment category	Women	Men	<30 years	30–50 years	>50 years
Board of Directors	50%	50%	0%	67%	33%
Management group	11%	89%	0%	78%	22%
Managers	14%	86%	0%	86%	14%
Other employees	35%	65%	18%	71%	12%

Share (%) is based on the total number of employees at BHG's head office, which corresponds to 33 employees.

Composition of the Board Of Directors, 2022

Number of directors	**5-6**
Number of independent directors	**5**
Average term of office	**2 years**

New figures from 2022. See page 62-63 for information on the Board of Directors.

Other companies' management and employees by gender and age (%)

Employment category	Women	Men	<30 years	30–50 years	>50 years
Management group	22%	78%	7%	67%	26%
Managers	46%	54%	20%	69%	11%
Other employees	50%	50%	57%	35%	8%

Share (%) is based on the total number of employees in the companies included in this report, which corresponds to2,808 employees. For information about the scope of this report, refer to "About this report" on page 47.

Number of employees who have had a performance review by gender and employment category

Employment category	Women	Men	Total
Management group	64%	60%	**61%**
Managers	80%	53%	**65%**
Other employees	60%	58%	**59%**

Based on the total number of employees in the companies included in this report. The employment categories include both the BHG Group (head office) and other companies.

Health and safety governance

BHG's decentralised structure means that our companies have made varying amounts of progress in their systematic health and safety work. We continually work to improve the work environment, and our health and safety policies apply to all of the companies in the Group. Work environment and safety are core parts of these policies, including guidelines for physical and psychosocial health. Our companies have management systems and established processes for detecting and addressing risk areas that could entail ill health for our employees. All of BHG's employees are covered by the company's health and safety procedures. Systematic health and safety work is based on locally produced environmental handbooks, guidelines and procedures, which are available to all employees at our companies, as well as Group-wide policies. All employees are covered by BHG's companies' systematic health and safety work, and continuing education is conducted according to plan and as needed. BHG takes its statutory health and safety responsibility for all of its own personnel and contract personnel. It also takes coordination responsibility for contractors in its operations. Since BHG operates companies in several different countries, it complies with the laws and regulations concerning work environment and health in the respective countries where its companies operate. Safety topics are included in both the Employee Policy and the Environmental Policy .

Since we are a quickly growing company with many new acquisitions in several countries, our approach to health and safety varies across the Group. For our companies in Sweden, health and safety work includes the establishment of health and safety teams, health and safety policies and local safety officers. Responsibility and information related to health and safety are delegated locally, and incidents and near misses are reported to the immediate supervisor. If an employee wishes to report hazardous or poor working conditions, the following reporting channels are available: the immediate supervisor, an HR representative or the CEO, or the anonymous whistleblower function. Systematic health and safety work is organised to continually review risks, suggest actions and promote improvement of the physical and psychosocial work environment. Local health and safety work covers all of BHG's personnel, both employees and consultants. BHG's companies have company healthcare for support in prevention efforts. During the year, 40 minor work-related injuries were reported, such as injuries caused when using a forklift. This is equivalent to a rate of 2,3 injuries per 200,000 hours worked. All accidents are investigated according to applicable regulations, and preventive measures are taken to avoid similar accidents in the future.

The risks that have been identified include psychosocial health when working alone, which is a risk we have also taken measures to address. Aside from the risks we identified at the head office, we are aware that other occupational risks may arise in other parts of the operations, for example in our showrooms. The risks in stores are primarily related to assault and robbery, which require different procedures than the ones we have at our offices.

Health and safety is a priority area, and the objective is to have a healthy workplace. BHG's companies offer preventive healthcare subsidies and organise various preventive healthcare activities such as group exercise to encourage people to move. Along with preventive healthcare, the company offers rehabilitation to promote continued well-being.

DATA PROTECTION AND PROCESSING OF PERSONAL DATA

We place great emphasis on data protection and on protecting our customers' and our employees' privacy and personal data. We receive anonymous customer behaviour data from third parties which we use to optimise our offering and the customer experience on our online destinations. We do not process credit card information, which is processed by a third-party solution instead.

BHG has steering documents and processes in place to ensure a high level of data protection and appropriate processing of personal data. In our Information Security Policy and CSR Policy, we undertake to ensure that personal data from our customers and employees is processed in a secure manner. Our GDPR handbook is also distributed to our companies, which are responsible for implementing and following up on the requirements in their own operations. As a result, the companies develop data security policies, train employees, strive to minimise the storage of personal data and conduct internal audits. The companies also regulate who has access to data and cooperate with their suppliers to provide guidance and information about data processing. BHG's work is followed up through annual IT audits and internal audits. Responsibility for GDPR, regulatory compliance and processes is handled by BHG's legal function. In 2022, we had zero confirmed cases of a customer privacy breach. Processes and procedures have been adapted to prevent similar events from reoccurring. We had zero confirmed cases of identified leaks, theft or loss of customer data during the year.

REPORTING IN ACCORDANCE WITH THE EU TAXONOMY

In 2021, BHG expanded its Sustainability Report to include reporting according to the EU Taxonomy. In 2022, BHG further expanded the reporting by including alignment towards the EU Taxonomy. The EU Taxonomy can be briefly described as a classification system developed by the European Commission for environmentally sustainable businesses regulated under the Taxonomy Regulation.

For a particular economic activity to be classified as environmentally sustainable, it must make a substantial contribution to one or more of six established environmental objectives, not significantly harm the other objectives and fulfil certain minimum sustainability requirements. For 2021, large public interest companies with more than 500 employees reported how the Taxonomy applied to their economic activities according to the two environmental objectives of climate change mitigation and climate change adaptation. For 2022, these businesses must also report how aligned they are with the Taxonomy.

Reporting in accordance with the Taxonomy Regulation

Based on the Taxonomy Regulation and its delegated acts, BHG set up a working group during the year containing both internal and external expertise. The group analysed the company's economic activities and linked them to the Taxonomy Regulation. The analysis also linked investments made during the year to the Taxonomy Regulation. Only a limited part of BHG's activities are eligible under the Taxonomy. This will be described in detail below. According to BHG's interpretation of a manufacturing company based on the Taxonomy Regulation and its associated NACE codes, a manufacturing company is a company that owns the input products for the products that they manufacture. Based on this interpretation, BHG is not defined as a manufacturing company and thus a major part of BHG's economic activities are not eligible under the Taxonomy Regulation.
Examples of products that are eligible under the Taxonomy Regulation that BHG's operating companies sell are heat pumps and solar cells, but since we only sell these according to the interpretation above, this economic activity is not something that is eligible based on the Taxonomy Regulation. In addition, some of BHG's operating companies provide shipping services for transports of goods.

BHG's operating companies also provide installation services in Sweden, Norway, Finland and Denmark that fall within the Taxonomy. These installation services represent less than 1% of the company's sales for the 2022 operating year. More information can be found in the table at page 48.

Installation services comprise installations of products including heat pumps and solar cells. The installation services are linked to activity 4.16 Installation and operation of electric heat pumps. Alignment was assessed against the criteria for substantial contributions regarding refrigerant threshold and energy efficiency which BHG meet. BHG also meet the criteria for alignment regarding DNSH, which include criteria for example, climate change adaptation and pollution prevention and control. Activity 7.3, installation, maintenance and repair of energy efficiency equipment are assessed against the criteria for substantial contributions "change of windows to energy efficient windows and the criteria for

DNSH regarding the building elements and the material", which BHG meet.

During the year, BHG made investments, capital expenditures, that fall within the Taxonomy, specifically investments to improve the energy efficiency of properties. These investments accounted for less than 5% of the company's capital expenditures and zero operating expenditures in 2022. More information can be found in the table at page 49. The capital expenditures are linked to 7.3 Installation, maintenance and repair of energy efficiency equipment and 7.6, installation, maintenance and repair of renewable energy technologies. Capital expenditures were not able to be assessed towards alignment due to lack of data. BHG will evaluate towards alignment in the future. BHG had no operating expenditures linked to the taxonomy in 2022. More information can be found in the table at page 50. During 2022 BHG has also assessed alignment towards Minimum Safeguards where BHG concludes that we meet the criteria for Minimum Safeguard

BHG's governing documents and routines with associated internal control processes lay the foundation for ensuring that BHG complies with the minimum social requirements defined in relation to the taxonomy; including tax, anti-corruption and fair competition. See more about our work against corruption on page 39. In addition, BHG is committed to following the OECD's guidelines for multinational companies and to working in accordance with the UN's guiding principles for human rights. See more about our work with human rights on page 39-40.

Accounting policies

The kpis have been assessed and reported in accordance to the requirements set out in Article 8 in the EU Taxonomy. All eligible activites have been allocated to the environmental target Climate mitigation as the taxonomy does not allow economic activites to be allocated to more than one environmental target and thereby reported more than once. BHG has not identified any activities linked to the environmental target Climate adaptation. BHG has secured that no double counting has occurred.

The total turnover was determined as note 2.6 Revenue, "all revenue from sales of goods from e-commerce platforms or showrooms". The eligible and aligned revenue allocated to 4.16 was determined through assessing the percentage of Bygghemma's revenue linked to installation of electric heat pumps. The eligible and aligned revenue allocated to 7.3 was determined through assessing the percentage of Bygghemma's revenue linked to installation of windows.

The total capital expenditures was determined as in note 14, Tangible fixed assets The eligible capital expenditures allocated to 7.3 refer to investments made into facilities in Golvpoolen, Arc E-commerce and Hyma.

The operating expenditures were determined as expenses regarding R&D, building renovation, short-term leasing agreements and maintenance and repair. BHG had no eligible operating expenditures during 2022.

ABOUT THIS REPORT

This is BHG's annual sustainability report. The report has been prepared in accordance with Chapter 6, Sections 10–12 of the Swedish Annual Accounts Act and applies to the 1 January 2022 to 31 December 2022 financial year unless otherwise stated. It has also been prepared in reference to the 2021 GRI Standards. The goal of this report is to transparently describe BHG's sustainability strategy, targets and results.

Scope

This report covers the following companies: BHG Group AB (publ), Bygghemma Group Nordic AB, Bygghemma Sverige AB, Home Furnishing Nordic AB, Netrauta Finland Oy, Taloon Yhtiöt Oy, M & M Visions Oy, Edututor Oy, IP Agency Oy, Handelmark OÜ, Golvpoolen Arredo AB, Arc E-commerce AB, Domino Møbler ApS, My Home 2 A/S, My Home 3 A/S, My Home 4 A/S, My Home 7 A/S, My Home 8 A/S, Hemfint Kristianstad AB, Nordic Nest Group AB, Hafa Bathroom Group AB, HYMA Skog & Trädgård AB, Nordiska Fönster i Ängelholm AB, Lindström & Sondén AB, Camola Aps, Furniture 1 UAB, AH-Trading GmbH, Ploss Europé GmbH, Lampgallerian i Växjö AB, VVEX Group AB, Bygghjemme Norge AS, Designkupp AS, Polarpumpen AB and Sleepo AB, which represent 100% of the Group's sales. For a complete picture of the BHG Group, please refer to Note 15.

Employee data is calculated per employee (head count) and collected via the HR systems at our subsidiaries. Data pertaining to energy consumption and CO2e emissions is primarily collected from invoices and suppliers and has been calculated according to the GHG Protocol with emission factors from DFRA 2021, IEA 2018, NTM 2018. For electricity supplier-specific emission factors have been used to the greatest extent. Where supplier-specific emission factors have not been available, emissions factors from IEA 2018 have been used. When invoices or comprehensive information are not available, energy consumption has been calculated based on the previous year's consumption for the same period and/or through calculations based on total consumption and space used. In some cases, we excluded individual premises since we did not have access to their data, which means that we were unable to calculate estimates for these premises. This report has not been reviewed by any third party, but a statement about the report has been prepared pursuant to the Swedish Annual Accounts Act.

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EU TAXONOMY TABLE

Turnover

Economic activities (1)	Code(s) (2)	Absolute turnover (3)	Proportion of turnover (4)	Substantial contribution criteria: Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	DNSH criteria ('Does Not Significantly Harm'): Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of turnover, year N (18)	Taxonomy-aligned proportion of turnover, year N-1 (19)	Category (enabling activity or) (20)	Category '(transitional activity)' (21)
		SEK	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	Percent	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Installation and operation of electric heat pumps	4.16	38,896,219	0.29%	100.00%	-	-	-	-	-	-	Ja	Ja	Ja	Ja	Ja	Ja	0.29%	-	-	-
Installation, maintenance and repair of energy efficient equipment	7.3	1,209,779	0.10%	100.00%	-	-	-	-	-	-	Ja	Ja	Ja	Ja	Ja	Ja	0.01%	-	M	-
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)	**-**	**40,105,998**	**0.30%**	**100.00%**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.30%**	**-**	**-**	**-**
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activites)																				
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activites) (A.2)	-	0	**0%**														-	-	-	-
Total (A.1+A.2)	-	40,105,998	**0.30%**														0.30%	-	-	-
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																				
Turnover of Taxonomy-non-eligible activities (B)	-	13,386,577,948	**99.7%**																	
Total (A+B)	-	13,426,683,946	**100%**																	

CapEx

Economic activities (1)	Code(s) (2)	Absolute turnover (3)	Proportion of turnover (4)	Substantial contribution criteria: Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	DNSH criteria ('Does Not Significantly Harm'): Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of turnover, year N (18)	Taxonomy-aligned proportion of turnover, year N-1 (19)	Category (enabling activity or) (20)	Category '(transitional activity)' (21)
		SEK	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	Percent	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not																				
Installation, maintenance and repair of energy efficient equipment	7.3	137,699	1.1%																	
Installation, maintenance and repair of renewable energy technologies	7.6	366,614	3.0%																	
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activites) (A.2)		**504313**	**4.2%**														**-**	**-**	**-**	**-**
Total (A.1+A.2)		**504313**	**4.2%**														-	-	-	-
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																				
CapEx of Taxonomy-non-eligible activities (B)	**-**	**11,547,480**	**95.8%**																	
Total (A+B)	**-**	**12,051,793**	**100.0%**																	

OpEx

Economic activities (1)	Code(s) (2)	Absolute turnover (3)	Proportion of turnover (4)	Substantial contribution criteria: Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	DNSH criteria ('Does Not Significantly Harm'): Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of turnover, year N (18)	Taxonomy-aligned proportion of turnover, year N-1 (19)	Category (enabling activity or) (20)	Category '(transitional activity)' (21)
		SEK	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	Percent	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)	-	0	0.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not																				
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not	-	0	0.0%																	
Total (A.1+A.2)		**0**	**0.0%**																	
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																				
OpEx of Taxonomy-non-eligible activities (B)	**-**	**5,658,331**	**100.0%**																	
Total (A+B)	**-**	**5,658,331**	**100.0%**																	

GRI INDEX

General Disclosures

GRI content index	BHG Group AB publ has reported the information cited in this GRI content index for the period 2022-01-01-2022-12-31 with reference to the GRI Standards.		
GRI-standard 2021	**Disclosure**	**Location**	**Comment**
General Disclosure			
GRI 2: General Disclosures 2021	2-1 Organizational details	37	
	2-2 Entities included in the organization's sustainability reporting	37,47	
	2-3 Reporting period, frequency and contact point	37, 47	
	2-4 Restatements of information	36-37	
	2-5 External assurance	120	
	2-6 Activities, value chain and other business relationships	3, 37	
	2-7 Employees	44-45	
	2-8 Workers who are not employees	44	
	2-9 Governance structure and composition	35, 56-65	
	2-10 Nomination and selection of the highest governance body	56-65	
	2-11 Chair of the highest governance body	62	
	2-12 Role of the highest governance body in overseeing the management of impacts	39	
	2-13 Delegation of responsibility for managing impacts	39	
	2-14 Role of the highest governance body in sustainability reporting	39	
	2-15 Conflicts of interest		We have identified a gap connected to this standard and will close the gap when transitioning into CSRD, a work that will begin in 2023.
	2-16 Communication of critical concerns		See above
	2-17 Collective knowledge of the highest governance body		See above
	2-18 Evaluation of the performance of the highest governance body		See above
	2-19 Remuneration policies	57-59	
	2-20 Process to determine remuneration	57-59	
	2-21 Annual total compensation ratio		We have identified a gap connected to this standard and will close the gap when transitioning into CSRD, a work that will begin in 2023.
	2-22 Statement on sustainable development strategy	12	
	2-23 Policy commitments	39-40	
	2-24 Embedding policy commitments	39-40	
	2-25 Processes to remediate negative impacts		We have identified a gap connected to this standard and will close the gap when transitioning into CSRD, a work that will begin in 2023.
	2-26 Mechanisms for seeking advice and raising concerns	39	
	2-27 Compliance with laws and regulations	39	
	2-28 Membership associations		BHG do not have any membership associations
	2-29 Approach to stakeholder engagement	37-38	
	2-30 Collective bargaining agreements	44	

Topic Standards

GRI-standard	Disclosure	Location	Comment
Material topics			
GRI 3: Material Topics 2021	3-1 Process to determine material topics	37	
	3-2 List of material topics	38	
Anti-corruption			
GRI 3: Material Topics 2021	3-3 Management of material topics	39	
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	39	
	205-2 Communication and training about anti-corruption policies and procedures	39	
	205-3 Confirmed incidents of corruption and actions taken	39	
Materials			
GRI 3: Material Topics 2021	3-3 Management of material topics	41	
GRI 301: Materials 2016	301-1 Materials used by weight or volume		Material topic for our business, but no data is currently available. We will work on this in the future.
	301-2 Recycled input materials used		See above
	301-3 Reclaimed products and their packaging materials		See above
Energy			
GRI 3: Material Topics 2021	3-3 Management of material topics	41-42	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	41-42	
Emissions			
GRI 3: Material Topics 2021	3-3 Management of material topics	40-41	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	42	
	305-2 Energy indirect (Scope 2) GHG emissions	42	
	305-3 Other indirect (Scope 3) GHG emissions	42	
Waste			
GRI 3: Material Topics 2021	3-3 Management of material topics	41	
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts		Material topic for our business, but no data is currently available. We will work on this in the future.
	306-2 Management of significant waste-related impacts		Material topic for our business, but no data is currently available. We will work on this in the future.
	306-3 Waste generated	41	
Supplier Environmental Assessment			
GRI 3: Material Topics 2021	3-3 Management of material topics	39-40	
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	40	
	308-2 Negative environmental impacts in the supply chain and actions taken		
Employment			
GRI 3: Material Topics 2021	3-3 Management of material topics	44-45	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	45	
Occupational Health and Safety			
GRI 3: Material Topics 2021	3-3 Management of material topics	45	
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	45	

GRI-standard	Disclosure	Location	Comment
	403-2 Hazard identification, risk assessment, and incident investigation	45	
	403-3 Occupational health services		
	403-4 Worker participation, consultation, and communication on occupational health and safety	45	
	403-5 Worker training on occupational health and safety	45	
	403-6 Promotion of worker health	45	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	45	
	403-9 Work-related injuries	45	
Training and Education			
GRI 3: Material Topics 2021	3-3 Management of material topics	44	
GRI 404: Training and Education 2016	404-3 Percentage of employees receiving regular performance and career development reviews	45	
Diversity and Equal Opportunity			
GRI 3: Material Topics 2021	3-3 Management of material topics	44	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	44-45	
Non-discrimination			
GRI 3: Material Topics 2021	3-3 Management of material topics	44	
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	44	
Customer Health and Safety			
GRI 3: Material Topics 2021	3-3 Management of material topics	40	
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	40	
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	40	
Customer Privacy			
GRI 3: Material Topics 2021	3-3 Management of material topics	46	
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	46	

>360

million digital visits

Corporate governance report

- part of Directors' Report

CORPORATE GOVERNANCE REPORT

BHG Group AB (publ) ("BHG") is a Swedish public limited liability company listed on Nasdaq Stockholm. BHG's corporate governance is based on Swedish legislation, Nasdaq Stockholm's Rulebook for Issuers and good practice in the securities market. Since its listing, BHG has applied the Swedish Corporate Governance Code (the "Code"). The governance of BHG is also based on internal regulations, such as the Board's rules of procedures, CEO instructions, policy documents and the Group's Code of Conduct.

BHG does not deviate from the Code in any regard. More information about the Code is available at www.bolagsstyrning.se. BHG's Articles of Association and Code of Conduct are available at www.wearebhg.com.

Shares and shareholders

At the end of 2022, the total number of shares in BHG consisted of 175,261,466 ordinary shares with one vote each, distributed between approximately 13,300 shareholders. The company's two largest shareholders, EQT and Ferd, represented 43.33% of the shares. There were no limitations on how many votes each shareholder could cast at the General Meeting of Shareholders.

Further information regarding the ownership structure and share performance is available on page 28.

General Meeting of Shareholders

The General Meeting of Shareholders is the highest decision-making body. At a General Meeting, the shareholders exercise their voting rights on issues such as the adoption of income statements and balance sheets, appropriation of profit, discharge from liability for Board members and the CEO, election of Board members and auditors, and remuneration to Board members and auditors. The General Meeting also resolves on guidelines for remuneration to senior executives and any amendments to the Articles of Association.

An Annual General Meeting is to be held within six months after the end of each financial year. Besides the Annual General Meeting, BHG may convene Extraordinary General Meetings. According to the Articles of Association, General Meetings are to be convened through an announcement in the Swedish Official Gazette (Sw. Post- och Inrikes Tidningar) and by publishing the notice on the company's website. At the time of notice, an announcement that the notice has been issued is to be published in Svenska Dagbladet.
To participate in a General Meeting, a shareholder must be registered in the share register maintained by Euroclear Sweden AB not later than five weekdays prior to the meeting and notify BHG of its intention to participate (including any assistants) in the General Meeting not later than on the date set forth in the notice of the meeting. Shareholders may attend a General Meeting in person or by proxy and may also be accompanied by a maximum of two assistants.
Shareholders can normally register for a General Meeting in several different ways, as stated in the notice of the General Meeting.

Shareholders who wish to have a matter addressed at the General Meeting must submit a written request to the Board. Normally, the request must have reached the Board not later than seven weeks prior to the General Meeting.

The General Meeting may be held in Malmö or Stockholm.

General Meetings 2022

At the Annual General Meeting on 5 May 2022:

- the income statement and balance sheet as well as the consolidated income statement and balance sheet were adopted and it was resolved that profit would be appropriated in accordance with the proposal of the Board in the Annual Report, and that the Board and CEO would be discharged from liability;
- it was resolved that the Board is to consist of six Board members and no deputy Board members;
- it was resolved that remuneration is to be paid to the Board members and committee members as follows: SEK 600,000 to the Chairman of the Board, SEK 300,000 to other Board members, SEK 120,000 to the Chairman of the Audit Committee, SEK 60,000 to other members of the Audit Committee who are not employed by the company, SEK 60,000 to the Chairman of the Remuneration Committee and SEK 30,000 to other members of the Remuneration Committee who are not employed by the company;
- Christian Bubenheim, Gustaf Öhrn, Mariette Kristenson and Niklas Ringby were re-elected as Board members, and Joanna Hummel and Pernilla Walfridsson were elected as new Board members. Gustaf Öhrn was re-elected as Chairman of the Board;
- Öhrlings PricewaterhouseCoopers AB was re-elected as auditor up until the end of the 2023 Annual General Meeting;
- the Board's proposal concerning principles for the establishment of a Nomination Committee was adopted;
- the Board's proposal concerning guidelines for remuneration to senior executives was adopted;
- an incentive programme through the issuance of warrants to senior executives, employees and other key individuals in the Group (LTIP 2022/2025) was implemented; and
- the Board was authorised to decide on the issuance of new shares corresponding to a maximum of 20% of the shares outstanding after this mandate is exercised.

At an Extraordinary General Meeting on 30 December 2022:

- the Board of Director's proposal to carry out a directed issue of no more than 3,972,097 shares was adopted.

Nomination Committee

The purpose of the Nomination Committee is to submit proposals in respect of the Chairman of General Meetings, Board members, including who should be Chairman of the Board, remuneration to each Board member as well as remuneration for committee work, election of and remuneration to the external auditors, and changes to the principles for the establishment of a Nomination Committee.

At the Annual General Meeting on 5 May 2022, it was resolved that the Nomination Committee prior to the 2023 Annual General Meeting is to comprise four members, one of whom should be the Chairman of the Board. Other members are to be appointed by the company's three largest shareholders in terms of votes, based on the share register maintained by Euroclear as of 31 August 2022. The Chairman of the Nomination Committee is to be the committee member representing the largest shareholder in terms of votes, unless the members agree to appoint another Chairman.

A shareholder who has appointed a member of the Nomination Committee has the right to dismiss the member and appoint a replacement. If a member leaves the Nomination Committee prior to completion of the committee's work, the shareholder who appointed the departing member has the right to appoint a new member of the Nomination Committee.

If there is a significant change in the company's ownership structure after 31 August 2022, the Nomination Committee has the right to independently decide to remove and/or appoint additional members so that the composition of the Nomination Committee will reflect the company's ownership structure.

No fees are paid to the members of the Nomination Committee. However, the Nomination Committee is entitled to charge BHG with reasonable expenses for recruitment consultants or other consultants required for the Nomination Committee to fully execute its assignment.

Shareholders are entitled to submit proposals to the Nomination Committee regarding nominations to the Board.

Ahead of the 2023 Annual General Meeting, the names of the members of the Nomination Committee are:

- Karl Johan Sundin (Chairman), appointed by EQT,
- Julie Wiese, appointed by Ferd,
- Oscar Severin, appointed by Vitruvian, and
- Christian Bubenheim, in the capacity of Chairman of the Board.

In its work, the Nomination Committee applies rule 4.1 of the Code as its diversity policy. Additional information is available in the Nomination Committee's reasoned opinion regarding the Nomination Committee's proposal to the 2023 Annual General Meeting.

Board of Directors

The Board is the second highest decision-making body after the General Meeting. The Board is responsible for the management and organisation of BHG, which means that the Board is responsible for, among other tasks, establishing targets and strategies, ensuring that procedures and systems are in place for the evaluation of set targets, continuously evaluating BHG's earnings and financial position, and evaluating executive management. The Board is also responsible for ensuring that the Annual Report and interim reports are prepared on time. The Board also appoints the President and CEO.

Board members are normally elected by the Annual General Meeting for the period until the end of the next Annual General Meeting. According to BHG's Articles of Association, the Board, insofar as it is elected by the General Meeting, is to consist of at least three members and at most ten members with no deputy members.

In accordance with the Code, the Chairman of the Board is elected by the General Meeting and has a special responsibility for managing the Board's work and ensuring that the Board's work is well organised and effectively implemented. The Board follows written rules of procedure, which are revised annually and adopted by the statutory Board meeting every year. Among other matters, the rules of procedure govern Board practice, functions and the division of work between the Board members, the CEO and the established committees. In connection with the statutory Board meeting, the Board also establishes work instruction for the CEO, including instructions for financial reporting. The Board meets according to an established annual schedule. In addition to these meetings, further meetings can be convened to address issues which cannot be postponed until the next scheduled Board meeting. In addition to Board meetings, the Chairman of the Board and the CEO continuously discuss the management of BHG.

The Board's work is evaluated annually through established procedures whereby all Board members answer questions about the results of the work of the Board and the committees. The Chairman of the Nomination Committee is responsible for the evaluation and, together with the Chairman of the Board, ensures that the results are presented and discussed in the Board and the Nomination Committee. The evaluation of the Board's work during the financial year was presented and discussed at the Board meeting on 15 December 2022.

During the financial year, the Board held 21 meetings. Pernilla Walfridsson resigned from the Board on 7 June 2022. When Gustaf Öhrn was appointed acting CEO, he resigned from his position as Chairman of the Board, which is why the Board appointed Christian Bubenheim as its Chairman. When Gustaf Öhrn was appointed CEO, he also resigned from his position as a Board member.

The Board members' independence and attendance are shown in the table on page 58.

Remuneration paid to the Board members is presented in Note 7.

The Board is presented in more detail on pages 62–63.

Audit Committee

The Audit Committee comprises three members: Joanna Hummel (Chairman), Mariette Kristenson and Christian Bubenheim. When Christian Bubenheim replaced Gustaf Öhrn as Chairman of the Board, he also replaced Gustaf Öhrn as a member of the Audit Committee.

The Audit Committee is mainly a preparatory body and prepares proposals for the Board. The Audit Committee works according to rules of procedure adopted by the Board. Its main duties are to, without prejudice to the general duties and responsibilities of the Board:

- monitor BHG's financial reporting,
- monitor the efficiency of BHG's internal control and risk management with regard to financial reporting,
- remain informed about the audit of the Annual Report and consolidated accounts,
- inform the Board of the results of the audit and of the manner in which the audit contributed to the reliability of the financial reporting and the committee's specific functions,

- review and monitor the auditor's impartiality and independence and note, in particular, whether the auditor provides BHG with services other than audit services,
- approve the auditor's advisory services and adopt a policy for the auditor's advisory services,
- assist in the preparation of proposals for the General Meeting's decision regarding the election of an auditor,
- evaluate the need for an internal audit function each year, and
- assure the quality of the year-end report and interim reports prior to Board decisions.

During the year, the Audit Committee held 6 meetings.

Remuneration Committee

The Remuneration Committee comprises two members: Christian Bubenheim (Chairman) and Mariette Kristenson. When Christian Bubenheim replaced Gustaf Öhrn as Chairman of the Board, he also replaced Gustaf Öhrn as Chairman of the Remuneration Committee.

The Remuneration Committee is mainly a preparatory body and prepares proposals for the Board. The Remuneration Committee works according to rules of procedure adopted by the Board.

The main duties of the Remuneration Committee are to:

- prepare the Board's decisions on matters related to the principles for remuneration, remuneration and other terms of employment for senior executives,
- monitor and evaluate programmes for variable remuneration to the company's senior executives, both ongoing and those concluded during the year, and
- monitor and assess the application of the guidelines for remuneration to senior executives approved by the Annual General Meeting and the applicable remuneration structures and levels in the company.

During the year, the Remuneration Committee held 4 meetings.

Board members' independence and attendance 1 January 2022–31 December

			Independent in relation to		Attendance		
Name	**Position**	**Member since**	**The company and its management**	**Major shareholders**	**Board meetings**	**Audit Committee**	**Remuneration Committee**
Christian Bubenheim	Chairman	2020	Yes	Yes	21/21	2/2	4/4
Gustaf Öhrn*	Member	2020	Yes	Yes	18/18	4/4	3/3
Joanna Hummel	Member	2022			15/16	3/3	-
Mariette Kristenson	Member	2021	Yes	Yes	20/21	3/3	4/4
Niklas Ringby	Member	2019	Yes	No	19/21	-	-
Pernilla Walfridsson**	Member	2022	Yes	Yes	1/2	0/0	-

*Resigned in connection with appointment as CEO for the company.
*Resigned.
The attendance column shows attendance and number of meetings held during the time of the period the member has been a member.

CEO and senior executives

The CEO answers to the Board and is responsible for the continuous management of BHG and the day-to-day operations. The division of work between the Board and the CEO is set forth in the rules of procedure for the Board and the work instruction for the CEO. The CEO is also responsible for preparing reports and compiling information from management for Board meetings and for presenting such materials at Board meetings. According to the instructions for financial reporting, the CEO is responsible for the financial reporting of BHG and, accordingly, is to ensure that the Board receives adequate information to enable the Board to continuously evaluate BHG's financial position.

On 12 August 2022, Adam Schatz stepped down from his position as the company's CEO, upon which Gustaf Öhrn was appointed acting CEO. Gustaf Öhrn was appointed CEO on 27 November 2022.

The CEO and other senior executives are presented on pages 64-65.

Auditors

The auditor is to review the company's Annual Report and accounting as well as the management of the Board and the CEO. Following each financial year, the auditor is to submit an audit report and a consolidated audit report to the Annual General Meeting.

In accordance with the Articles of Association, the company is to have one auditor or registered audit firm. The company's auditor is Öhrlings PricewaterhouseCoopers AB, with Authorised Public Accountant Eva Carlsvi as auditor in charge.

Appointment of the auditors for services other than auditing is carried out in accordance with the audit services policy established by the Audit Committee. According to BHG's assessment, the advisory services provided by Öhrlings PricewaterhouseCoopers AB during the year did not compromise the firm's independence.

The auditor participated in all of the Audit Committee's meetings and in one Board meeting. In connection with the Board meeting on 9 February 2022, the auditor met with the

Board without the attendance of any employees of the Group (including senior executives).
Information on full remuneration to the auditors is presented in Note 6.

Remuneration to Board members
Fees and other remuneration to Board members, including the Chairman, are decided at the Annual General Meeting. The Annual General Meeting on 5 May 2022 resolved that the following remuneration is to be paid for the period until the next Annual General Meeting: SEK 600,000 to the Chairman of the Board and SEK 300,000 to other Board members as well as SEK 120,000 to the Chairman of the Audit Committee, SEK 60,000 to other members of the Audit Committee who are not employed by the company, SEK 60,000 to the Chairman of the Remuneration Committee and SEK 30,000 to other members of the Remuneration Committee who are not employed by the company.

Remuneration to the CEO and other senior executives
The Annual General Meeting on 5 May 2022 adopted guidelines for remuneration to senior executives. The guidelines stipulate that total remuneration is to be based on conditions that are market competitive and well balanced. In addition, the remuneration should promote the company's business strategy, long-term interests and sustainability. Remuneration to the senior executives is to consist of fixed and variable cash salary, pension benefits and other benefits. In addition, the General Meeting can resolve on share-based and share price-based remuneration.

The fixed cash salary is to be individual and based on the responsibility and role of the senior executive as well as the executive's competence and experience in the relevant position.

Variable cash remuneration to the CEO may amount to a maximum of 200% of the fixed annual cash salary. In extraordinary circumstances, the Board may decide to pay additional variable cash remuneration amounting to a maximum of 100% of the fixed annual cash salary. Variable cash remuneration is to be linked to predetermined and measurable financial or non-financial criteria designed to promote the company's business strategy and long-term interests.

The CEO's pension benefits are to be premium defined. Variable cash remuneration does not qualify for pension benefits. The pension premiums for premium-defined pensions are to amount to a maximum of 30% of the fixed annual cash salary. For other senior executives, pension benefits are to be premium-defined benefits unless the individual concerned is covered by a defined-benefit pension plan under mandatory collective agreement provisions. Variable cash remuneration is to qualify for pension benefits to the extent required by mandatory collective agreement provisions applicable to the senior executive concerned. The pension premiums for premium-defined pensions are to amount to a maximum of 30% of the fixed annual cash salary.

Other benefits may include, for example, occupational group life insurance, medical insurance and company car benefits. Premiums and other costs relating to such benefits may amount to a maximum of 30% of the fixed annual cash salary.

Upon termination of employment by the company, the notice period may not exceed 12 months. Fixed cash salary during the notice period and severance pay, combined, may not exceed an amount corresponding to the fixed cash salary for two years. Upon termination of employment by the senior executive, the notice period may not exceed nine months, without any right to severance pay.

For employment governed by rules other than Swedish rules, pension benefits and other benefits may be duly adjusted to ensure compliance with mandatory local rules or established local practice.
The Board may derogate from the guidelines if it is necessary to do so, in a specific case, in order to serve the company's long-term interests or to ensure the company's financial viability.

Control environment
The Board has overall responsibility for the internal control in relation to financial reporting. In order to create and maintain a functioning control environment, the Board has adopted a number of policies, guidelines and steering documents governing financial reporting.

These documents primarily comprise the rules of procedure for the Board, the work instruction for the CEO, instructions for financial reporting and instructions for the committees established by the Board. The Board has also adopted attestation instructions and a financial policy. The company also has a Financial Manual, which contains principles, guidelines and procedure descriptions for accounting and financial reporting.

In addition, the Board has adopted several IT-related policies where matters such as data recovery are addressed. Furthermore, the Board has established an Audit Committee whose main task is to monitor the financial reporting and the effectiveness of the internal control and risk management as well as to review and monitor the auditor's impartiality and independence.

Responsibility for the day-to-day work of maintaining the control environment rests primarily with the CEO, who on a regular basis reports to the Board in accordance with established work instruction. BHG's finance department plays an important role in ensuring that the financial reporting provides reliable information. It is responsible for ensuring that the financial information is complete, correct and published in a timely fashion.

Each local entity within the Group is organised with its own Board or equivalent governing body and, as applicable, CEO, with responsibility for control of the local business according to guidelines and instructions from Group level. Each local entity has its own administration, which takes care of accounting records and financial reporting.
The local entities primarily report to BHG's CEO and CFO. In addition to internal monitoring and reporting, the external auditors routinely report to the CEO and the Board throughout the financial year.

Risk assessment and control activities

Risk assessment includes identifying and evaluating the risk of material errors in the accounting and reporting at Group level as well as in the subsidiaries. Risk assessment is carried out regularly and in accordance with established guidelines focusing on individual projects. The Board is responsible for the internal control and for monitoring management. This is carried out through both internal and external control activities as well as through examination and monitoring of the policies and steering documents. Within the Board, the Audit Committee is primarily responsible for continuously assessing the risk situation, after which the Board performs an annual review of the risk situation.

BHG actively performs different control activities in order to identify, address and rectify risks in all parts of the organisation, and to ensure and improve internal control in the operations. As part of the work related to internal control and risk, the key risks are assessed, evaluated and compiled on a yearly basis. Each identified risk is assessed based on its probability and potential impact/effect on the operations. This work primarily concerns strategic and operational risks, but financial and legal risks as well as other key risks are also addressed.

Uniform accounting and reporting instructions apply to all entities within the Group. The guidelines for internal control are followed up in all entities during the financial year. The local entities' financial performance is continuously monitored through monthly reporting, which focuses mainly on revenue, earnings and the order book. This reporting also includes legal and operational follow-up, with a focus on individual projects. Other key components of the internal control are the annual business planning process and budget and forecast processes.

Information and communication

BHG has information and communication channels to ensure the correctness of the financial reporting and to facilitate reporting and feedback from the operations to the Board and management, for example, by making corporate governance documents, such as internal policies, guidelines and instructions regarding financial reporting, available and known to the employees concerned. Financial reporting is carried out in a Group-wide system with pre-defined reporting templates.

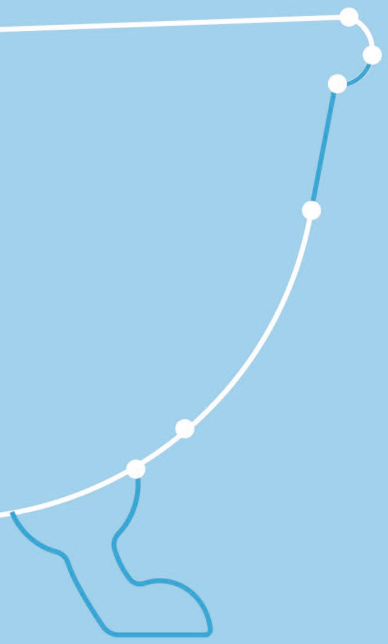
BHG's financial reporting complies with Swedish laws and regulations and the local laws and regulations in each country where operations are conducted. Information to shareholders and other stakeholders is provided through the Annual Report, interim reports and press releases.

Monitoring

The compliance and effectiveness of the internal control are constantly monitored. The CEO ensures that the Board continuously receives reports on the performance of the operations, including developments related to earnings and financial position, as well as information regarding important issues and events. The CEO also reports on these matters at every scheduled Board meeting.

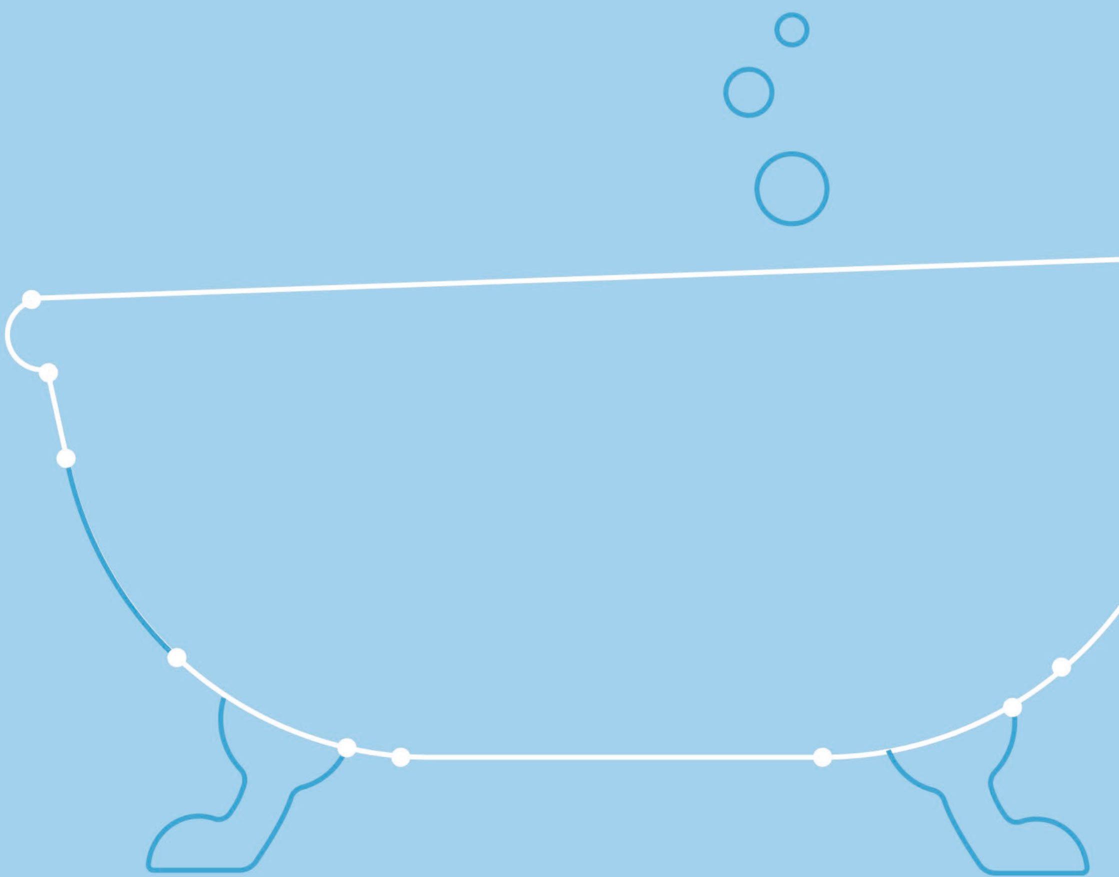
The Board and the Audit Committee examine the Annual Report and interim reports and conduct financial evaluations in accordance with an established plan and model. The Audit Committee monitors the financial reporting and other related matters and regularly discusses these matters with the auditors.

During the monitoring of the compliance and effectiveness of the internal control activities, the Board has found that these are, in all material respects, properly applied in the Group and determined that an internal control function, considering the format of the risk assessment and control activities, is the most effective method for monitoring the internal control. The Board has therefore decided not to establish a separate internal audit function.



>13

billion in net sales



BOARD OF DIRECTORS

CHRISTIAN BUBENHEIM
CHAIRMAN OF THE BOARD

Born 1965. Nationality: American and German

Christian Bubenheim was elected a Board member of BHG in 2020, and he was appointed Chairman of the Board in August 2022. He currently serves as Chair of the board at KfzTeile24 and serves on the board of BioGaia AB, Dunlop Protective Footwear and as Chair at 21future (not for profit) a.o.
Christian Bubenheim holds an MSc in economics and engineering from the Munich University of Applied Sciences. Throughout most of his career, he has held senior positions within e-commerce and technology, media and telecom, such as SM at Apple, GM Mobile at Compaq Computer, GM at Intel Mobile, VP/MD at Xircom, VP/MD at Magellan GPS, Div. GM Consumables & Prime at Amazon Germany, SVP at Scout24, GM at Auto Scout24 and CEO at Internetstores Europe.
Christian Bubenheim owns 10,000 shares in the company and 36,477 call options issued by EQT.

Independent in relation to major shareholders: Yes

KRISTIAN EIKRE
BOARD MEMBER

Born 1977. Nationality: Norwegian
Kristian Eikre was elected a Board member of BHG in January 2023. He has an MSc in economics and business administration from NHH, the Norwegian School of Economics. He is the Co-Head of Ferd Capital, and he has worked at Ferd AS since 2015. Prior to that, he spent ten years with Herkules Capital (formerly Ferd Private Equity) and three years as a financial analyst at First Securities. Kristian is involved with several of Ferd's listed and private investments, including BHG, Fjord Line, Benchmark Holdings, Aibel and Boozt. He is currently a Board member of Fjord Line, Benchmark Holdings and Aibel.
Own and related party holdings:
Kristian Eikre owns no shares or warrants in BHG.
Kristian Eikre is independent in relation to the company and company management, but dependent in relation to major shareholders.

JOANNA HUMMEL
BOARD MEMBER

Born 1975. Nationality: Swedish

Joanna Hummel was elected a Board member of BHG in 2022. She is also the General Manager, Northern Europe of Zalando SE and a Board member of Inet AB and Rocker AB (publ). She has an MSc in business administration and economics from Stockholm University. Throughout most of her career, she has held key positions in retail and accounting such as Managing Director of Afound (H & M Hennes & Mauritz AB) (2019–2021), Chief Executive Officer of Lyko Group AB (publ) (2017–2018), Chief Financial Officer of KICKS Kosmetikkedjan AB (2011–2017), Store Management at Axstores (Axel Johnson International AB) (2008–2011), Controller at Axstores (Axel Johnson International AB) (2007–2008) and auditor at Ernst & Young Sweden AB (1998–2007).

Joanna Hummel owns 5,500 shares and no warrants in the company.

Independent in relation to major shareholders: Yes

MARIETTE KRISTENSSON
BOARD MEMBER

Born 1977. Nationality: Swedish

Mariette Kristensson was elected a Board member of BHG in 2021. She is also Chief Executive Officer of Reitan Convenience Sweden AB and a non-executive Board member of CAKK TopCo AB.

Mariette Kristensson holds an MSc in business administration and economics from Lund University and an MBA from the Stockholm School of Economics. Throughout most of her career, she has held senior positions in retail such as Chief Executive Officer of Reitan Convenience Norway AS (2012–2018), Marketing Director at Pressbyrån, Reitan Convenience Sweden AB (2007–2012), Regional Manager at Pressbyrån & 7-Eleven, Reitan Convenience Sweden AB (2005–2007) and District Manager at Pressbyrån & 7-Eleven, Reitan Convenience Sweden AB (2003–2005). She has been Chief Executive Officer of Reitan Convenience Sweden AB since 2018 and a non-executive Board member of CAKK TopCo AB.

Mariette Kristensson owns 5,000 shares and no warrants in the company.

Independent in relation to major shareholders: Yes

VESA KOSKINEN
BOARD MEMBER

Born 1979. Nationality: Finnish

Vesa Koskinen was elected a Board member of BHG in January 2023. He holds a MSc in economics. He is a partner at EQT Partners, and has worked at EQT since 2004. Vesa Koskinen has served as a Board member of a number of listed and private companies including ELEVATE, Igenomix, Musti Group, Karo Pharma, Terveystalo, Vertu, Roeser Group, Swiss Smile, VTI Technologies and Lundhags. He is currently a Board member of Vitrolife, kfzteile24 and Desotec.

Vesa Koskinen owns no shares in BHG.

Independent in relation to major shareholders:
Vesa Koskinen is independent in relation to the company and company management, but dependent in relation to major shareholders.

MANAGEMENT

GUSTAF ÖHRN
GROUP CEO

Born 1967. Employed since 2022. Nationality: Swedish

Previous experience:
Gustaf Öhrn has spent the majority of his career as the CEO of retail companies and brands including Åhléns, Stadium and J.Lindeberg, and has held senior positions at H&M.

Education:
Gustaf Öhrn has studied at Uppsala University and Stockholm University reaching an equivalent to a bachelor's degree in economics.

Board assignments:
Board member of Eton Shirts, BabyBjörn AB (resigning) Chairman of EarlyBird and Brav AS.

Own and related party holdings:
Gustaf Öhrn owns 3,000 shares in the company and 82,336 call options issued by EQT

BANK BERGSTRÖM
HEAD OF PREMIUM LIVING SEGMENT

Born 1984. Employed since 2022. Nationality: Swedish

Previous experience:
Bank Bergström has been the CEO of BHG Group's subsidiary Nordic Nest since 2017. Bank previously worked at MediaMarkt, where he held various roles such as Sales Manager, Store Manager and Head of Sales Operations over seven years.

Education:
Economics programme at Mälardalen University.

Board assignments:
Board member of SignMax AB. Board member of Voyado.

Own and related party holdings:
Bank Bergström owns 106,000 shares and 45,000 warrants in the company.

CHRISTIAN ERIKSSON
HEAD OF VALUE HOME SEGMENT

Born 1974. Employed since 2014. Nationality: Swedish

Previous experience:
Christian was a member of the BHG Group's executive management team from 2014 to 2019. He has held management roles at the Group since 2014, including as Head of Home Furnishing Nordic and Head of the Home Furnishing segment. Prior to this, he held various roles at CDON.com, including as President (2011–2013).

Education: Bachelor's degree from Lund University.

Own and related party holdings:
Christian Eriksson owns, indirectly through companies, 1,200,000 shares and 95,000 warrants in the company.

JESPER FLEMME
GROUP CFO

Born 1979. Employed since 2016. Nationality: Swedish

Previous experience:
Jesper Flemme previously worked as Group Financial Controller at CDON Group (subsequently Qliro Group), and prior to that worked as a consultant at Addedo and within audit at Deloitte.

Education:
Jesper Flemme holds a master's degree in economics from Lund University.

Board assignments:
Chairman of Heisenberg Invest AB and Board member of J. Flemme Invest AB.

Own and related party holdings:
Jesper Flemme owns, indirectly through companies, 30,000 shares and 195,000 warrants in the company.

MIKAEL HAGMAN
DEPUTY CEO AND HEAD OF HOME IMPROVEMENT SEGMENT

Born 1968. Employed since 2017. Nationality: Swedish

Previous experience:
On 1 October 2022, Mikael Hagman moved from the role of COO and Head of the DIY segment to his current positions. He founded Vitvaruexperten.com in 2015 and has continued to successfully develop the business since the company was acquired by BHG in 2017. Prior to this, he was CEO of Media Markt Nordic (2007–2013) and Country Manager for Sony Sweden and Finland (1999–2006).

Education:
IHM Business School.

Board assignments:
Chairman of the Board of Mikael Hagman AB and Greasy Lake AB, and Board member of Wesports Scandinavia AB.

Own and related party holdings:
Mikael Hagman owns 24,500 shares and 172,000 warrants in the company.

SARA STERNER
HEAD OF HR, COMMUNICATION AND ESG

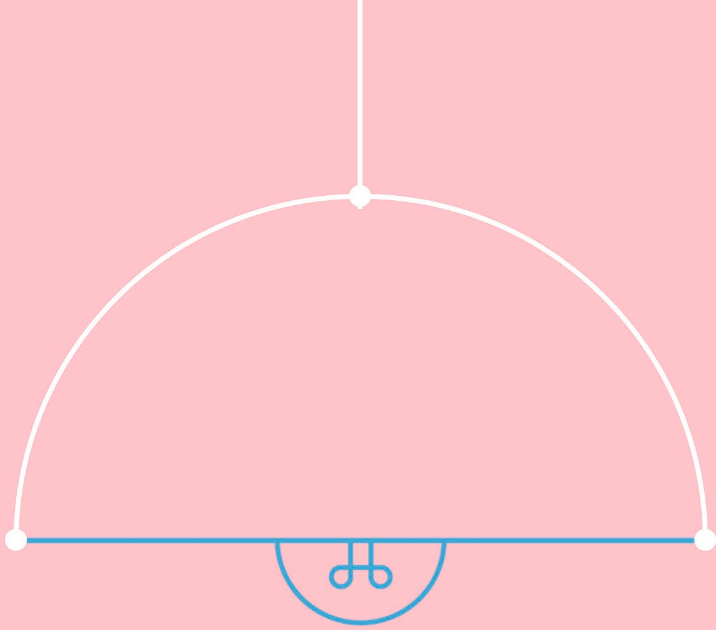
Born 1973. Employed since 2023. Nationality: Swedish

Education:
Sara Sterner studied at Lund University.

Previous experience:
Sara Sterner was CEO of PåHoj AB. She was previously responsible for communication, PR, HR, strategy and finance at Orbital Systems, and was a co-founder of Agentum, which focused on recruitments for strategically important positions.

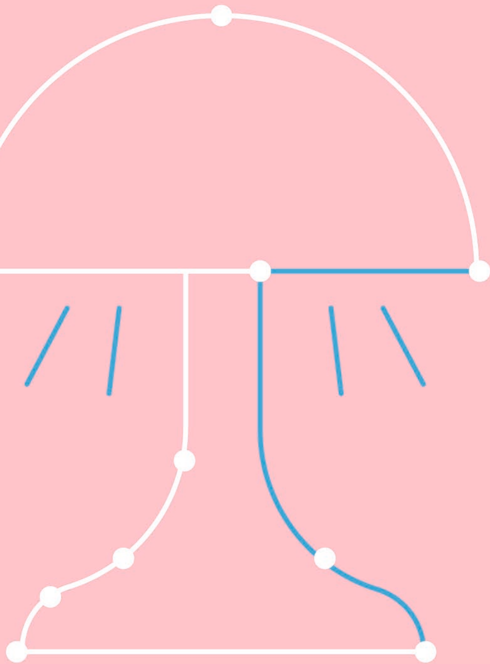
Board assignments:
Board member of Velodrome AB and GoldenGlow AB.

Own and related party holdings:
Sara Sterner does not yet own any shares or warrants in the company.



38

acquisitions since the start in 2012



Financial statements

Consolidated income statement

(SEKm)	Note	01/01/2022 31/12/2022	01/01/2021 31/12/2021
Operating income			
Net sales	4	13,433.6	12,666.0
Other operating income	9	17.1	15.6
		13,450.7	**12,681.6**
Operating expenses			
Cost of goods sold	16	-10,452.5	-9,308.9
Personnel costs	7, 8	-1,142.3	-981.7
Other external costs and operating expenses	6, 27	-1,480.4	-1,304.0
Other operating expenses	9	-10.8	-5.0
Depreciation and amortization of tangible and intangible fixed assets	13, 14	-548.5	-371.5
		-13,634.6	**-11,971.0**
Operating income		**-183.9**	**710.6**
Financial items			
Financial income	10	291.2	20.7
Financial expenses	10, 21	-125.6	-100.4
		165.6	**-79.7**
Profit/loss before tax		**-18.3**	**630.9**
Tax			
Income tax	11	64.1	-140.1
PROFIT/LOSS FOR THE YEAR		**45.7**	**490.8**
Attributable to:			
Equity holders of the parent		34.1	480.9
Non-controlling interest		11.7	9.9
PROFIT/LOSS FOR THE YEAR		**45.7**	**490.8**
Earingings per share before dilution, (SEK)	12	0.25	3.97
Earingings per share after dilution, (SEK)	12	0.25	3.94

Consolidated statement of comprehensive income

(SEKm)	Note	01/01/2022 31/12/2022	01/01/2021 31/12/2021
Profit/loss for the year		45.7	490.8
Other comprehensive income			
Items that subsequently could be reclassified to profit or loss			
Translation differences for the year		106.4	18.3
	12, 19	**106.4**	**18.3**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**152.1**	**509.1**
Attributable to:			
Parent company shareholders		136.2	498.5
Non-controlling interest		15.9	10.6
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**152.1**	**509.1**

Consolidated statement of financial position

(SEKm)	Note	31/12/2022	31/12/2021
ASSETS			
Non-current assets			
Intangible fixed assets	13		
Development expenses		298.1	240.2
Trademarks		1,876.3	1,849.8
Customer relationships		682.4	775.8
Goodwill		6,480.9	6,318.7
Other intangible fixed assets		22.5	27.6
		9,360.1	**9,212.1**
Tangible fixed assets	14		
Equipment		99.5	78.5
Leased fixed assets		902.2	893.3
Buildings and land		21.5	21.9
Leasehold improvements		56.5	57.7
		1,079.7	**1,051.4**
Financial fixed assets			
Other financial fixed assets		15.1	13.1
		15.1	**13.1**
Deferred tax asset	11	102.5	26.4
Total fixed assets		**10,557.5**	**10,302.9**
Current assets			
Inventories	16		
Finished goods andmerchandise		2,414.2	2,259.3
Advances to suppliers		68.6	172.1
		2,482.9	**2,431.5**
Short term receivables			
Accounts receivable	17	252.0	195.3
Other current receivables,non-interest-bearing		250.4	119.1
Prepaid expenses andaccrued income	18	261.1	290.1
		763.4	**604.4**
Cash and cash equivalents	26	477.6	273.5
		477.6	**273.5**
Total current assets		**3,723.9**	**3,309.4**
TOTAL ASSETS		**14,281.4**	**13,612.3**

(SEKm)	Note	31/12/2022	31/12/2021
EQUITY AND LIABILITIES			
Equity	19		
Equity attributable to owners of the parent			
Share capital		5.4	3.7
Other capital contributions		6,564.2	4,790.6
Reserves		125.1	22.9
Retained earnings incl. profit for the year		919.2	394.7
		7,613.8	**5,211.9**
Non-controlling interest			
Non-controlling interest		56.0	44.4
Total equity		**7,669.8**	**5,256.3**
Non-current liabilities	26		
Interest-bearing			
Liabilities to credit institutions	21	2,009.3	2,517.2
Non-current lease liabilities	27	566.3	622.0
Acquistion related interest-bearing liabilities	23, 26	816.7	1,883.5
		3,392.2	**5,022.7**
Non-interest-bearing			
Deferred tax liability	11	605.2	636.7
Other provisions	22	22.1	43.2
		627.3	**679.9**
Long term liabilities		**4,019.5**	**5,702.6**
Current liabilities	26		
Interest-bearing			
Current lease liabilities	27	311.4	256.7
Acquistion related interest-bearing liabilities	23, 26	437.5	238.1
		748.9	**494.8**
Non-interest-bearing			
Advance from customers		146.0	182.9
Accounts payable		940.3	1,028.3
Tax liabilities		73.0	162.1
Other liabilities		339.8	395.4
Accrued expenses and prepaid income	24	343.9	389.9
		1,843.1	**2,158.6**
Total current liabilities		**2,592.0**	**2,653.4**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**14,281.4**	**13,612.3**

For information concerning pledged assets and contingent liabilities, see Note 25.

Consolidated statement of changes in equity

(SEKm)	Note	Equity attributable to the parent company´s shareholders Share capital	Other capital contributions	Translations reserve	Retained earnings incl. Profit/loss for the year	Total	Non-controlling interest	Total equity
Opening balance, 1 January 2021		**3.2**	**2,667.4**	**5.3**	**111.3**	**2,787.2**	**35.8**	**2,823.0**
Comprehensive income for the year								
Profit/loss for the year					480.9	480.9	9.9	490.8
Other comprehensive income				17.6		17.6	0.7	18.3
		-	**-**	**17.6**	**480.9**	**498.5**	**10.6**	**509.1**
Transactions with owners								
New share issue *		0.5	2,123.2			2,123.7		2,123.7
Warrants	7				17.5	17.5		17.5
Remeasurement of liabilities to non-controlling interest	23				-211.9	-211.9		-211.9
Changes in ownership in subsidiaries						-		-
Dividends to non-controlling interests					-3.0	-3.0	-2.0	-5.1
		0.5	**2,123.2**	**-**	**-197.5**	**1,926.2**	**-2.0**	**1,924.2**
Closing balance, 31 December 2021		**3.7**	**4,790.6**	**22.9**	**394.7**	**5,211.9**	**44.4**	**5,256.3**
Comprehensive income for the year								
Profit/loss for the year					34.1	34.1	11.7	45.7
Other comprehensive income				102.2		102.2	4.2	106.4
		-	**-**	**102.2**	**34.1**	**136.2**	**15.9**	**152.1**
Transactions with owners								
New share issue *		1.7	1,773.6			1,775.2		1,775.2
New share issue to non-controlling interests**					22.5	22.5		22.5
Warrants	7				8.5	8.5		8.5
Remeasurement of liabilities to non-controlling interest	23				467.8	467.8		467.8
Dividends to non-controlling interests **					-8.3	-8.3	-4.3	-12.6
		1.7	**1,773.6**	**-**	**490.4**	**2,265.7**	**-4.3**	**2,261.4**
Closing balance, 31 December 2022		**5.4**	**6,564.2**	**125.1**	**919.2**	**7,613.8**	**56.0**	**7,669.8**

* The proceeds from the directed issue are recognised net after a deduction for transaction costs of SEK 31.2 million (21.4) and a tax effect of SEK -6.4 million (-4.4). The new issues in the fourth quarter 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 did not receive the proceeds of SEK 81.4 million for the shares issued on 30 December 2022 until after the balance-sheet date, which resulted in a corresponding difference between the statement of changes in equity and the statement of cash flows.

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

*** Pertains to dividends paid to non-controlling interests whose holdings were previously derecognised in connection with the Group's recognition of a liability for put options issued to the non-controlling interests (see also section 2.4.4. in Note 2)

Consolidated statement of cash flows

(SEKm)	Note	01/01/2022 31/12/2022	01/01/2021 31/12/2021
Operating operations			
Profit before tax		-18.3	630.9
Reversal of financial net		98.5	61.1
Adjustments for non-cash items	28	658.2	391.7
Income tax paid		-216.2	-105.6
		522.2	**978.1**
Cash flow from changes in working capital			
Increase (-)/decrease (+) in inventories		-355.8	-877.3
Increase (-)/decrease (+) in other current receivables		20.2	-43.5
Increase (+)/decrease (-) in accounts payable		-116.0	-32.3
Increase (+)/decrease (-) in other current liabilities		-176.4	-52.5
		-627.9	**-1,005.7**
Cash flow from operating activities		**-105.6**	**-27.6**
Investing activities			
Investment in operations	5	-257.7	-1,610.9
Redemption of loan to seller upon acquisition of operations	5	-6.9	-65.0
Divestment of operations		0.6	-0.0
Investments in tangible fixed assets	14	-57.7	-78.4
Divestment of tangible fixed assets	14	1.7	11.7
Investments in intangible fixed assets	13	-141.0	-114.9
Divestment of intangible fixed assets	13	0.3	0.7
Investments in financial fixed assets		0.1	-0.5
Received interest		5.8	1.8
Cash flow from/ to investing activities		**-454.9**	**-1,855.4**
Financing activities			
New share issue		1,693.8	1,719.4
Issue of warrants		1.0	21.6
Dividend to non-controlling interest		-10.5	-5.0
Loans raised	26, 29	800.0	2,650.1
Amortization of loans	26, 27, 29	-1,305.7	-2,263.6
Amortization of lease liabilities		-313.9	-216.0
Interest paid		-99.5	-54.8
Cash flow to/from financing activities		**765.1**	**1,851.7**
Cash flow		**204.6**	**-31.2**
Cash and cash equivalents at the beginning of the year		**273.5**	**299.0**
Translation differences in cash and cash equivalents		-0.5	5.8
Cash and cash equivalents at the end of the year	**29**	**477.6**	**273.5**

Parent Company income statement

(SEKm)	Note	01/01/2022 31/12/2022	01/01/2021 31/12/2021
Operating income			
Net sales	4	8.3	2.6
		8.3	**2.6**
Operating expenses			
Personnel costs	7, 8	-56.3	-63.1
Other external costs and operating expenses	6, 27	-33.1	-30.3
Other operating expenses		-1.5	-0.1
Depreciation and amortization of tangible and intangible fixed assets	14, 15	-0.2	-0.2
		-91.2	**-93.7**
Operating income		**-82.9**	**-91.1**
Financial items			
Financial income	10	79.3	45.2
Financial expenses	10, 21	-74.0	-27.2
		5.3	**18.0**
Profit/loss after financial items		**-77.6**	**-73.1**
Appropriations			
Changes in tax allocation reserve	20	8.6	-
Group contributions received		75.0	76.0
		83.6	**76.0**
Profit/loss before tax		**6.0**	**2.9**
Tax			
Income tax	11	-0.3	-4.7
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**5.7**	**-1.8**

Comprehensive income for the year corresponds to net profit for both the current financial year and the comparative year.

Parent Company balance sheet

(SEKm)	Note	31/12/2022	31/12/2021
ASSETS			
Non-current assets			
Intangible fixed assets	13		
Development expenses		0.7	0.7
Other intangible fixed assets		0.1	0.1
		0.7	**0.8**
Financial fixed assets			
Participations in Group companies	15	3,678.3	3,678.3
Receivables in Group companies		4,805.5	3,690.0
		8,483.8	**7,368.3**
Deferred tax assets	11	0.1	-
Total fixed assets		**8,484.6**	**7,369.1**
Current assets			
Short term receivables			
Receivables in Group companies		145.7	124.2
Other receivables		106.8	2.5
Prepaid expenses and accrued income	18	5.7	4.6
		258.2	**131.3**
Cash and cash equivalents	26		
Cash and cash equivalents		8.9	-
		8.9	**-**
Total current assets		**267.1**	**131.3**
TOTAL ASSETS		**8,751.7**	**7,500.4**

(SEKm)	Note	31/12/2022	31/12/2021
EQUITY AND LIABILITIES			
Equity	19		
Restricted equtiy			
Share capital		5.4	3.7
		5.4	**3.7**
Unrestricted equtiy			
Share premium reserve		6,564.2	4,790.6
Retained earnings		144.8	144.5
Profit/loss for the year		5.7	-1.8
		6,714.7	**4,933.3**
Total equity		**6,720.0**	**4,937.0**
Untaxed reserves	20		
Tax allocation reserve		20.0	28.6
Total untaxed reserves		**20.0**	**28.6**
Non-current liabilities	21		
Liabilities to credit institutions		1,988.2	2,492.3
Total non-current liabilities		**1,988.2**	**2,492.3**
Current liabilities			
Accounts payable		4.4	0.9
Liabilities to Group companies		0.7	0.0
Tax liabilities		-	18.2
Other liabilties		2.1	2.8
Accrued expenses and prepaid income	24	16.2	20.5
Total current liabilities		**23.4**	**42.5**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITY		**8,751.7**	**7,500.4**

Parent Company statement of changes in equity

		Share capital	Share premium reserve			Total equity
(SEKm)	Note	Share capital	Share premium reserve	Retained earnings	Profit/loss for the year	Total equity
Opening balance, 1 January 2021		**3.2**	**2,667.4**	**73.7**	**67.6**	**2,811.9**
Comprehensive income for the year						
Appropriation of profits according to decision on annual general meeting				67.6	-67.6	-
Profit/loss for the year					-1.8	-1.8
		-	**-**	**67.6**	**-69.4**	**-1.8**
Transactions with owners						
New share issue		0.5	2,123.2			2,123.7
Contributions from and value transfers from Group owners						
Warrants	7			3.2		3.2
		0.5	**2,123.2**	**3.2**	**-**	**2,126.9**
Closing balance, 31 December 2021		**3.7**	**4,790.6**	**144.5**	**-1.8**	**4,937.0**
Comprehensive income for the year						
Appropriation of profits according to decision on annual general meeting				-1.8	1.8	-
Profit/loss for the year					5.7	5.7
		-	**-**	**-1.8**	**7.5**	**5.7**
Transactions with owners						
New share issue		1.7	1,773.6			1,775.2
Contributions from and value transfers from Group owners						
Warrants	7			2.2		2.2
		1.7	**1,773.6**	**2.2**	**-**	**1,777.4**
Closing balance, 31 December 2022		**5.4**	**6,564.2**	**144.8**	**5.7**	**6,720.0**

Parent Company statement of cash flows

(SEKm)	Note	01/01/2022 31/12/2022	01/01/2020 31/12/2021
Operating operations			
Profit before tax		6.0	2.9
Reversal of financial net		-5.4	-17.1
Adjustments for non-cash items	28	-82.9	-76.4
Income tax paid		-43.6	-4.9
		-126.0	**-95.6**
Cash flow from changes in working capital			
Increase (-)/decrease (+) in other current receivables		-19.3	-45.8
Increase (+)/decrease (-) in accounts payable		3.5	-0.5
Increase (+)/decrease (-) in other current liabilities		-13.7	-37.0
		-29.5	**-83.3**
Cash flow from operating activities		**-155.4**	**-178.8**
Investing activities			
Investment in operations		-	-582.5
Investments in intangible fixed assets	13	-0.1	-0.2
Loans to group companies		-1,115.5	-2,690.0
Received interest		79.3	45.1
Cash flow from/ to investing activities		**-1,036.3**	**-3,227.6**
Financing activities			
New share issue		1,693.8	1,719.4
Loans raised	26, 29	800.0	2,490.1
Amortization of loans		-1,300.0	-1,000.0
Group contributions received		76.0	222.5
Group contributions paid		-	-61.6
Interest paid		-69.1	-22.9
Cash flow to/from financing activities		**1,200.7**	**3,347.6**
Cash flow		**8.9**	**-58.8**
Cash and cash equivalents at the beginning of the year		**-**	**58.8**
Cash and cash equivalents at the end of the year		**8.9**	**-**

Notes

Notes

NOTE 1 GENERAL INFORMATION

BHG is one of the largest consumer e-commerce companies in the Nordics. In addition to our Nordic operations, we also have a significant presence in the rest of Europe, as well as in selected markets outside of Europe. The Group includes over 100 online destinations – including sites like www.bygghemma.se, www.trademax.se, www.chilli.se, www.furniturebox.se and www.nordicnest.se – and over 70 showrooms. We are headquartered in Malmö, Sweden, with operations throughout Europe. BHG has continuously increased and broadened its product portfolio and geographical reach and is today a leading online player within DIY and home furnishings.

The DIY segment mainly comprises brands active in sales of building materials and garden and leisure products, including Bygghemma, Taloon, Golvpoolen, Nordiska Fönster, Outlet1, Hafa and Hylte Jakt & Trädgård.

The Home Furnishing segment mainly comprises brands active in sales of furniture and home furnishings, including Trademax, Chilli, Nordic Nest, Sleepo, Furniturebox, Svenssons and Gartenmöbel.

BHG Group AB (publ) has been listed on Nasdaq Stockholm (Mid Cap segment) since 27 March 2018. For information about the company's owners, see the section "The share" below.

This annual report was approved for publication by the Board of Directors and the CEO on 11 April 2023. The consolidated income statement, statement of comprehensive income and statement of financial position and the Parent Company income statement and balance sheet will be submitted for adoption by the Annual General Meeting on 3 May 2023.

NOTE 2 ACCOUNTING AND MEASUREMENT POLICIES

2.1 Compliance with standards and legislation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) along with interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as endorsed by the European Commission for application in the EU. Recommendation RFR 1 Supplementary Accounting Rules for Groups from the Swedish Financial Reporting Board has also been applied in the preparation of these consolidated financial statements.

The Parent Company applies the same accounting policies as the Group except in the cases specified below under the section "Parent Company accounting policies."

The Parent Company's functional currency is Swedish kronor (SEK), which also constitutes the reporting currency for the Parent Company and the Group. This means that the financial statements are presented in SEK. All amounts, unless otherwise stated, are rounded to the nearest million.

The accounting policies stated below have been applied consistently to all periods presented in the consolidated financial statements.

2.1.1 Disclosures concerning IFRS and interpretations that became effective in 2022

No amendments to IFRS or IFRIC interpretations that came into effect in 2022 had a material impact on the consolidated financial statements.

2.1.2 New IFRS that have not yet been applied

The new or amended IFRS or IFRIC interpretations that will come into effect in the coming financial year were not applied in advance when preparing the financial statements. The Group does not plan to apply introductions or changes with future application in advance.

The IASB has made amendments to IAS 1 Presentation of Financial Statements concerning which disclosures concerning accounting policies are to be made in annual reports. The amendments will come into effect on 1 January 2023, and have been adopted by the EU. The amendments to IAS 1 are expected to entail that the presentation of accounting policies in the Group's annual report for 2023 and onward will be significantly shorter than the current presentation since the amendments to IAS 1 stipulate that disclosures are only to be made about accounting policies that are of material importance and not about significant accounting policies according to the current wording of the standard.

The IASB has also made further amendments to IAS 1 regarding the classification of liabilities with covenants as current or non-current in the statement of financial position. The IASB has clarified that only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current, which does not entail any changes compared with the existing IAS 1 requirements. Instead, the IASB's amendments require a company to disclose information about these covenants in the notes to the financial statements. The amendments will come into effect on 1 January 2024, but have not yet been adopted by the EU.

None of the other IFRS or IFRIC interpretations that have yet to come into effect are expected to have any material impact on the consolidated financial statements.

2.1.3 Measurement basis applied to the preparation of the financial statements

Assets and liabilities are recognised at historical cost, except for financial instruments. Financial assets and financial liabilities are measured at amortised cost with the exception of liabilities for earn-outs, which are measured at fair value.

2.2 Classification

Non-current assets and non-current liabilities consist, in all material respects, of amounts expected to be recovered or paid more than 12 months from the balance-sheet date. Current assets and current liabilities consist, in all material respects, of amounts expected to be recovered or paid within 12 months from the balance-sheet date.

2.3 Operating segment reporting

An operating segment is a part of the Group that conducts operations that can generate revenue and incur costs, and for which independent financial information is available. The earnings of an operating segment are also monitored by the company's chief operating decision-maker to enable them to be assessed and to allow resources to be allocated to the operating segment. The Group's operations are divided into two operating segments:

The DIY segment mainly comprises brands active in sales of building materials and garden and leisure products, including Bygghemma, Taloon, Golvpoolen, Nordiska Fönster, Outlet1, Hafa and Hylte Jakt & Trädgård.
The Home Furnishing segment mainly comprises brands active in sales of furniture and home furnishings, including Trademax, Chilli, Nordic Nest, Sleepo, Furniturebox, Svenssons and Gartenmöbel.

From 1 January 2023, BHG Group AB will govern and report its operations internally in three new segments: Home Improvement, Value Home and Premium Living. From the same date, the Group will therefore report corresponding operating segments to reflect the change in how the Group's operations are monitored by the chief operating decision-maker.

2.4 Consolidation policies and business combinations

2.4.1 Subsidiaries

Subsidiaries are companies that are under BHG Group AB's (publ) controlling influence. BHG Group AB exerts a controlling influence when it has power over an investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To assess whether a controlling influence exists, potential voting shares and whether de facto control exists are taken into account.

2.4.2 Acquisitions

Subsidiaries are recognised in accordance with the purchase method of accounting. When applying the method, an acquisition of a subsidiary is viewed as a transaction in which the Group indirectly acquires the subsidiary's assets and assumes its liabilities. The acquisition analysis determines the fair value, on the date of acquisition, of the identifiable assets, assumed debts and any non-controlling interests. Transaction fees that arise, except for transaction fees attributable to issues of equity instruments or debt instruments, are recognised directly in profit or loss.

In business combinations where the transferred remuneration, any non-controlling interests and the fair value of previously held participations (step acquisitions) exceed the fair value of the acquired assets and assumed liabilities that are to be recognised separately, the difference is recognised as goodwill. If the difference is negative, known as a bargain acquisition, it is recognised directly in profit or loss.

When an acquisition does not involve 100% of the subsidiary, a non-controlling interest arises. In acquisitions where shareholders with non-controlling interests have the option to sell the holding to the Group at some point in the future, the Group does not recognise any non-controlling interests because the liability recognised for the option issued (see section 2.4.4 below) is recognised against non-controlling interests in equity at the time of acquisition. There are two alternative methods for recognising non-controlling interests. These two alternatives are recognising the non-controlling interest's proportionate share of net assets or recognising the non-controlling interest at fair value, which means that the non-controlling interest has a share of goodwill. The Group recognises the non-controlling interests' proportionate share of net assets.

For step acquisitions, the goodwill is established at the same time as the controlling interest arises. Previous holdings are measured at fair value and the change in value is recognised in profit or loss.

For divestments that lead to a loss of controlling influence but where a holding remains, the holding is measured at fair value and the change in value is recognised in profit or loss.

2.4.3 Acquisitions of non-controlling interests

Acquisitions of non-controlling interests are recognised as a transaction of equity, meaning between the owner of the Parent Company (within retained earnings) and the non-controlling interest. This is the reason why goodwill does not arise in these transactions. The change in non-controlling interests is based on their proportionate share of net assets.

2.4.4 Put options and call options on acquiring non-controlling interests

In connection with acquisitions, the Group has issued options to non-controlling interests that entitle the non-controlling interests to require the Group to purchase their holdings at some point in the future. In certain cases, the Group also holds call options that entitle BHG to purchase the non-controlling interest at some point in the future. Put options issued to non-controlling interests give rise to a financial liability, which is measured at the discounted present value of the estimated future strike amount. The value of the liability reduces the equity of non-controlling interests in the Group when the shares are considered to be acquired. Accordingly, the Group does not recognise non-controlling interests for these entities in subsequent periods and their profit/loss is attributed in its entirety to Parent Company shareholders. Any remeasurements are recognised directly in equity.

Despite this, dividends paid to non-controlling interests for which the holdings are derecognised in accordance with the above are recognised as "Dividends to non-controlling interests" in the consolidated statement of changes in equity. In such cases, the dividends are recognised against equity attributable to Parent Company shareholders.

2.4.5 Transactions eliminated on consolidation

Intra-Group receivables and liabilities, revenue or expenses, and unrealised gains or losses arising in intra-Group transactions between Group companies are eliminated in their entirety when preparing the consolidated financial statements.

2.5 Foreign currency

2.5.1 Transactions in foreign currency

Transactions in foreign currency are translated to the functional currency using the exchange rate prevailing on the transaction date. The functional currency is the currency of the primary economic environments in which the companies conduct their operations. Monetary assets and liabilities in foreign currency are translated to the functional currency at the exchange rate prevailing on the balance-sheet date. Exchange-rate differences that arise during translation are recognised in profit or loss.

2.5.2 Financial statements for foreign operations

Assets and liabilities in foreign entities, including goodwill and other consolidated surplus values and deficits, are translated from the foreign entity's functional currency to the Group's reporting currency, SEK, at the exchange rate prevailing on the balance-sheet date. Revenue and expenses from a foreign operation are translated to SEK using an average exchange rate which is an approximation of the exchange rates prevailing at the various transaction dates. Exchange-rate differences arising from currency translation in foreign operations are recognised in other comprehensive income and accumulated in a separate component of equity, called the translation reserve. In the event of a foreign operation not being wholly owned, the translation difference is allocated to non-controlling interests based on the proportional ownership. When a foreign entity is divested, the accumulated translation differences attributable to the entity are realised, upon which they are reclassified from the translation reserve in equity to profit or loss. In the case of a divestment where the controlling interest remains, a proportional share of the accumulated translation difference is transferred from other comprehensive income to non-controlling interests.

2.6 Revenue

2.6.1 Sale of goods

Revenue from the sale of goods via e-commerce platforms and showrooms is recognised at a point in time, usually when the goods have been submitted to a third-party logistics company since control over the goods is transferred at this point. Revenue is recognised after deducting value added tax, discounts and the expected return rate. The majority of total sales are made to consumers who, depending on the country, usually have a right of withdrawal for distance shopping. At the same time as a deduction is made from the revenue for expected returns of goods, a deduction is also made from the cost of goods sold corresponding to the cost of the goods expected to be returned. The revenue reduction for the expected return rate is recognised as a liability for returns under "Accrued expenses and deferred income" in the statement of financial position, while a return asset that reflects the right to receive the returned goods is recognised under "Prepaid expenses and accrued income." The Group reassesses its estimate of expected returns on each balance-sheet date and updates the amount of the asset and the liability accordingly.

The Group's revenue shows seasonal variations. Along with the third quarter, the second quarter normally has the highest sales.

2.7 Leases

The Group primarily leases storage, office and retail premises. The Group recognises leases both as a right-of-use asset, which represents the right to use the underlying asset, and as a lease liability, which represents an obligation to make lease payments. Lease payments are divided between repayments of the principal and the interest of the lease liability. Right-of-use assets are depreciated on a straight-line basis over the term of the lease (or over the useful life of the asset, if it is shorter than the term of the lease).

On the commencement date for a lease, the lease liability is valued at the current value of unpaid lease payments to date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined. If it cannot be easily determined, the incremental borrowing rate is used instead, which is the case for the majority of the Group's leases. The incremental borrowing rate reflects the Group's credit risk as well as each lease's term, currency and the quality of the underlying asset to be pledged.

The interest rate is determined based on officially published swap curves of each currency to which is added a margin that reflects the Group's credit rating and quality of the underlying asset to be pledged. Lease payments include:

a) fixed payments (including in-substance fixed payments), less any lease incentives
b) variable lease payments that depend on an index or a rate,
c) amounts expected to be payable by the Group under residual value guarantees,
d) the exercise price of a purchase option if the Group is reasonably certain to exercise that option and
e) payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

For leases with several components - lease and non-lease components - the Group allocates the consideration according to the lease for each component based on the stand-alone price. Non-lease components are not included in lease payments. The Group's sales-based lease payments are limited in scope. They are not based on an index or price and are therefore not included in the lease liability. Sales-based lease payments are expensed during the relevant period.

At the commencement date, the right-of-use asset is measured at cost comprising:

a) the amount of the initial measurement of the lease liability,
b) any lease payments made at or before the commencement date less any lease incentives received
c) any initial direct costs, and
d) an estimate of costs to be incurred in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required.

The lease liability for the Group's premises with index-dependent rent is calculated based on the rent at the end of each reporting period. The right-of-use asset's carrying amount is also adjusted by an equivalent amount. The value of the liability and the asset are adjusted similarly in connection with reassessment of the lease term. This takes places in connection with the most recent termination date before the previously assessed lease term for the lease passing or when significant events occur or situations change outside the Group's control and affects the current assessment of the lease term.

Payments for low-value leases and for short-term leases are expensed on a straight-line basis over the term of the lease. Low-value leases are assets with a value of SEK 50 thousand or less in new condition, and short-term leases have a term of no more than 12 months from the commencement date.

2.8 Financial income and expenses

Financial income comprises interest income on invested funds and is recognised in profit or loss applying the effective interest method.

Financial expenses consist of interest expenses on loans and interest rates on lease liabilities. Borrowing costs are recognised in profit or loss applying the effective interest method.

Exchange rate gains and losses are recognised on a net basis in operating income for operational activities and on a financial basis for financial items.

Gains and losses arising from a change in the fair value of contingent considerations are recognised among financial items.

The effective interest rate is the rate that discounts the estimated future receipts and disbursements during the financial instrument’s expected term to the recognised net value of the financial receivable or liability. The calculation includes all fees paid or received by the contractual parties, transaction costs or other premiums or deficits..

2.9 Taxes

Income tax comprises current tax and deferred tax. Income tax is recognised in profit or loss, except when the underlying transaction is recognised in other comprehensive income or in equity, in which case the associated tax effect is also recognised in other comprehensive income or in equity.

Current tax is tax to be paid or refunded relating to the current year, with the application of the tax rates resolved, or in practice resolved, as of the balance-sheet date. Current tax also includes adjustments of current tax attributable to earlier periods.

Deferred tax is calculated in accordance with the balance-sheet method, based on temporary differences between carrying amounts and tax bases of assets and liabilities. Temporary differences are not taken into account in consolidated goodwill; nor are they taken into account for differences arising on initial recognition of assets and liabilities that are not business combinations which, at the time of the transaction, do not affect recognised or taxable earnings.

Furthermore, temporary differences related to participations in subsidiaries that are not expected to be transferred within a foreseeable future are not taken into account. The measurement of deferred tax is based on how the underlying assets or liabilities are expected to be realised or settled. Deferred tax is calculated by applying the tax rates and tax rules resolved, or in practice resolved, as of the balance-sheet date. Deferred tax assets pertaining to deductible temporary differences and loss carryforwards are recognised only to the extent that it is probable that it will be possible to utilise them. The value of the deferred tax assets is reduced when it is no longer considered likely that they can be utilised.

Potential additional income tax related to dividends is recognised at the same time as the dividend is recognised as a liability.

2.10 Financial instruments

Financial instruments recognised in the statement of financial position include deposits, accounts receivable, other receivables, accrued income, derivatives, participations in unlisted companies, cash and cash equivalents on the asset side. The liability side includes liabilities through the Group’s credit facility, earn-outs, derivatives, accounts payable, other liabilities and accrued expenses.

2.10.1 Recognition in and derecognition from the statement of financial position

A financial asset or financial liability is recognised in the statement of financial position when the Group becomes party to the asset or liability in accordance with the instrument’s contractual conditions. Accounts receivable are recognised in the statement of financial position when an invoice has been sent. A liability is recognised when the counterparty has performed and a contractual obligation for the company to pay exists, even if an invoice has not yet been received. Accounts payable are recognised when an invoice has been received.

On some of the Group’s e-commerce platforms, customers are offered loans from a financial institution that the Group partners with to finance their purchases. If the customer chooses to utilise such a credit solution, the financial institution receives a receivable from the customer, while the Group receives liquidity from the institution within a couple days of the completed purchases. The Group assumes no credit risk or other risk for the receivables the credit institution has from the customer. Accordingly, the Group recognises no accounts receivable in the statement of financial position if the customer chooses to utilise a credit solution from the financial institution, since in these cases it is the financial institution that is entitled to receive payment from the customer and is entitled to all of the risks and rewards associated with the receivable. However, during the period from the time the purchase is made until the Group receives liquidity from the financial institution, the Group recognises a receivable from the institution for the liquidity amount.

A financial asset is derecognised from the statement of financial position when the rights in the contract are realised, expire or the Group loses control of them. A financial liability is derecognised from the statement of financial position when the obligation in the contract is met or extinguished in another manner.

Acquisitions and divestments of financial assets are recognised on the settlement day. The settlement day is the day on which an asset is delivered to or from the company.

2.10.2 Classification and measurement of financial assets
The Group measures participations in unlisted companies and derivatives that comprise assets at fair value. Other financial assets are measured at amortised cost since they are then held within the framework of a business model wherein the aim is to collect the contractual cash flows, while the cash flows from the assets only comprise payments of the principal and interest.

Participations in unlisted companies are measured at fair value through profit or loss. However, the Group has concluded that the cost of participations in unlisted companies is a fair approximation of their fair value. For recognition of derivatives, see 2.10.4 below.

2.10.3 Subsequent classification and measurement of financial liabilities
Financial liabilities are classified as either measured at amortised cost or measured fair value through profit or loss. The Group's liabilities for earn-outs attributable to business combinations and derivative liabilities are measured at fair value through profit or loss. Other financial liabilities are recognised at amortised cost.

Recognition of financial income and expenses is also addressed under accounting policy 2.8 above.

2.10.4 Derivatives
The Group has derivatives in the form of currency forwards that are used to hedge currency exposure in the Hafa Bathroom Group sub-Group. Since the Group does not apply hedge accounting for currency forwards, the changes in value are recognised in profit or loss in "Other operating revenue" and "Other operating expenses," respectively.

2.11 Tangible fixed assets
Tangible fixed assets are recognised in the Group at cost less accumulated depreciation and any impairment. Cost includes the purchase price and costs directly attributable to transporting the asset to the correct site and preparing it for the manner intended by the acquisition. Borrowing costs directly related to the purchase, construction or production of assets that took a significant amount of time to finalise for the intended use or sale are included in cost. The carrying amount of a tangible asset is derecognised from the statement of financial position when it is disposed or divested or when no future financial benefits are expected from the use or disposal/divestment of the asset.

Gains or losses arising from the divestment or disposal of an asset consist of the difference between the selling price and the asset's carrying amount less direct selling expenses. Gains and losses are recognised as other operating income/expenses.

2.11.1 Depreciation policies for tangible fixed assets
Depreciation is effected straight line over the estimated useful life of the asset. The depreciation methods, residual values and useful lives used are retested at the end of each year.

The estimated useful lives are:

Buildings	20 years
Equipment	5 years
Leasehold improvements	For the duration of the lease

2.12 Intangible assets

2.12.1 Intangible assets with an indefinite useful life

2.12.1.1 Goodwill

Goodwill is measured at cost less any accumulated impairment losses. Goodwill is distributed to cash generating units and is tested, at least annually, for impairment (see accounting policy 2.14). The Group's cash generating units match the operating segments (see accounting policy 2.3).

2.12.1.2 Trademarks

Trademarks are recognised at cost less any accumulated impairment losses. Trademarks are allocated to cash generating units and are tested, at least annually, for impairment (see accounting policy 2.14).

2.12.2 Intangible assets with a definite useful life

2.12.2.1 Development expenditure

Expenditure for development of new or for improved products and processes is recognised as an asset in the statement of financial position when the following criteria have been met:

a) it is technically feasible to complete the intangible asset so that it will be available for use,
b) the Group intends to complete and use the intangible asset,
c) the Group is able to use the intangible asset,
d) it is likely that the asset will generate future economic benefits,
e) when there are adequate technical, financial and other resources to complete the development and to use the intangible asset, and
f) the Group is able to reliably measure the expenditure attributable to the intangible asset during its development.

The carrying amount includes direct costs and, when applicable, salary costs and share of indirect costs. Other expenses are recognised in profit or loss as a cost when they arise. In the statement of financial position, capitalised development expenditure is recognised at cost less accumulated amortisation and any impairment losses. Capitalised development expenditure is mainly related to software and software platforms.

2.12.2.2 Customer relationships

Customer relationships are recognised at cost less accumulated amortisation (see below) and any impairment losses (see accounting policy 2.14).

2.12.2.3 Other intangible assets

Other intangible assets are recognised at cost less accumulated amortisation (see below) and any impairment losses (see accounting policy 2.14).

2.12.3 Amortisation policies for intangible assets
Amortisation is recognised in profit or loss straight line over the intangible asset's estimated useful life, unless the useful life is indefinite. The useful life is retested at least annually. Goodwill and trademarks with an indefinite useful life are tested for impairment annually or as soon as there are indications implying that the asset's value has decreased. Intangible assets with a definite useful life are amortised from the point in time when they become available for use.

The estimated useful lives are:

Development expenditure	5 years
Customer relationships	10 years
Other intangible assets	5 years

2.13 Inventories
Inventories are measured at the lower of cost and net realisable value. Cost is calculated using the first-in-first-out principle (FIFO). Net realisable value is the estimated selling price in the operating activities less the estimated cost of completion and sale. Inventory cost is based on cost and includes costs arising in connection with acquisition of goods and bringing the goods to their condition and location. Reserves for obsolescence are included in the cost of goods sold.

Many of the Group's contracts with suppliers include the right to receive a bonus from the supplier if certain sales targets are met. The Group recognises a receivable from the supplier for such rights. The receivable is recognised against "Goods sold" in profit or loss.

2.14 Impairment
The Group's recognised assets are tested at each balance-sheet date to determine if there is an indication of an impairment requirement. IAS 36 is applied for impairment of assets other than financial assets, which are recognised in accordance with IFRS 9.

2.14.1 Impairment of tangible and intangible assets
If there is an indication of an impairment requirement, the recoverable amount of the asset is calculated (see below). The recoverable amount of goodwill, trademarks and intangible assets not yet ready for use is also calculated annually.

If it is not possible to determine essentially independent cash flows for an individual asset and its fair value less selling expenses cannot be used, the assets are to be grouped for impairment testing at the lowest level at which it is possible to identify essentially independent cash flows – referred to as a cash generating unit.

An impairment loss is recognised when an asset's or cash generating unit's (group of units) carrying amount exceeds the recoverable amount. An impairment loss is recognised as a cost in profit or loss. If a need for impairment is identified that cannot be attributed to an individual asset but only to a cash generating unit (group of units), the impairment amount is allocated primarily to goodwill. Thereafter, a proportional impairment of other assets included in the unit (group of units) is carried out.

The recoverable amount is the highest of the fair value less selling expenses and value in use. For the purpose of calculating the value in use, future cash flows are discounted using a discount factor that reflects risk-free interest rate and the risk associated with the specific asset.

Impairment losses are reversed if there is an indication that the impairment requirement no longer exists and a change has been made to the assumptions that formed the basis of the calculation of the recoverable amount. However, impairment of goodwill is never reversed. A reversal is only performed to the extent that the carrying amount of the asset after reversal does not exceed the carrying amount that would have been recognised, less any depreciation/amortisation where relevant, if no impairment loss had been recognised..

2.14.2 Impairment of financial assets
The Group recognises provisions for expected credit losses on financial assets measured at amortised cost. The loss allowance for accounts receivable is measured at an amount corresponding to the expected credit losses throughout the term of the receivable.

A need for impairment of accounts receivable is established using historical experience of customer bad debts for similar claims. The credit losses are measured as the present value of all deficits in the cash flows (meaning the difference between the contractual cash flows and the cash flow the Group expects to receive). Accounts receivable are normally 100% impaired 90 days after the repayment date since, according to the Group's assessment, this corresponds to the expected credit loss at this point in time.

The loss allowance reduces the fair value of the assets in the statement of financial position.

2.15 Dividends to owners

2.15.1 Dividends
Dividends are recognised as a liability after the Annual General Meeting has approved the dividend.

2.15.2 Buyback of own shares
Buybacks of own shares are recognised as a deduction from equity. Proceeds from the divestment of such equity instruments are recognised as an increase in equity. Any transaction costs are recognised directly in equity.

2.16 Employee benefits

2.16.1 Short-term employee benefits
Short-term employee benefits are calculated without discounting and recognised as an expense when the related services are provided.

A provision is recognised for the expected cost of bonus payments when the Group has a valid legal or informal obligation to make such payments as a result of services received from employees and the obligation can be reliably calculated.

2.16.2 Long-term employee benefits

Incentive programme 2018

In 2018, the Group introduced an incentive programme for key employees in the Group. Within the framework of the programme, participants were offered an opportunity to acquire warrants at a price corresponding to the fair value of the warrants on the subscription date. Since the warrants are acquired at fair value, no cost for the programme arose that must be allocated to a particular period under IFRS 2 Share-based Payment. The programme was terminated in 2021 since all outstanding warrants in the programme had been exercised.

Incentive programme 2019
In 2019, the Group introduced a warrant programme that allows employees to acquire shares in the company. Programme participants are offered an opportunity to acquire warrants at a price corresponding to the fair value of the warrants on the subscription date. Participants receive a salary subsidy from the Group reflecting 50% of the warrants' fair value at the subscription date after a deduction for withholding tax. An amount corresponding to the subsidy is therefore recognised as share-based remuneration according to IFRS 2. The value of the subsidy is recognised as an employee benefit expense over the vesting period, with an equivalent increase of equity. The warrant premium received has been recognised in equity.

Incentive programme 2020
In 2020, the Group introduced a warrant programme that allows employees to acquire shares in the company. Programme participants are offered an opportunity to acquire warrants at a price corresponding to the fair value of the warrants on the subscription date. Participants receive a salary subsidy from the Group reflecting 50% of the warrants' fair value at the subscription date after a deduction for withholding tax. An amount corresponding to the subsidy (net after the deduction of withholding tax) is therefore recognised as share-based remuneration according to IFRS 2. Social security contributions arising in connection with the salary subsidy have been recognised as an expense in the period when the employee received the subsidy. The value of the subsidy is recognised as an employee benefit expense over the vesting period, with an equivalent increase of equity. The warrant premium received has been recognised in equity.

Incentive programmes 2021 and 2022
In 2021 and 2022, the Group introduced warrant programmes that allow employees to acquire shares in the company. The terms of the programme correspond to the terms for Incentive programme 2020. Accordingly, Incentive programme 2021 and Incentive programme 2022 have been recognised in the same manner as stated above for Incentive programme 2020.

Incentive programme in Nordic Nest
In 2021, an incentive programme was introduced for employees in the Nordic Nest sub-Group. Participants in the programme hold synthetic options that are settled in cash depending on the value of the shares in Nordic Nest Group AB. Accordingly, the programme is classified as cash-settled share-based remuneration. Cash-settled options give rise to an obligation to the employees, which is initially measured at fair value on each balance-sheet date and when the obligation is settled. The liability accumulates over the vesting period, and for each period a personnel cost is recognised in net profit in an amount corresponding to the increase in the liability in over the same period.

2.16.3 Defined-contribution pension plans
Plans where the company's obligation is limited to the fees that the company has undertaken to pay are classified as defined-contribution pension plans. In such cases, the amount of the employee's pension depends on the contributions that the company pays to the plan or to an insurance company and the return generated by the contribution. Consequently, it is the employee who bears the actuarial risk (that remuneration can be lower than expected) and the investment risk (that the invested assets will be insufficient for the expected remuneration). The company's obligations regarding contributions to defined-contribution plans are recognised as an expense in profit or loss at the rate at which they are vested by employees performing services for the company during a period.

2.16.4 Termination benefits
A cost for termination of employment is only recognised if the company is evidently obliged, without a realistic possibility of withdrawal, due to a formal detailed plan to terminate employment before the usual point in time. When benefits are paid as an offer to encourage voluntary redundancy, an expense is recognised if it is probable that the offer will be accepted and the number of employees who will accept the offer can be reliably estimated.

2.16.5 Government assistance received for personnel costs
The Group has received government assistance related to personnel costs. This assistance mainly pertained to compensation for sick pay costs as well as certain other personnel-related assistance. This assistance has been recognised as a reduction in personnel costs.

2.17 Provisions
A provision differs from other liabilities because there is uncertainty regarding the date of payment and the amount required for settling the provision. A provision is recognised in the statement of financial position when there is an existing legal or informal obligation due to an event that has occurred, and it is probable that an outflow of financial resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

Provisions are made in an amount that corresponds to the most reliable estimate of the amount required to settle the existing commitment on the balance-sheet date. Where the effect of when a payment is made is significant, provisions are calculated through the discounting of the anticipated future cash flow at an interest rate before tax that reflects current market assessments of the time value of money and, if applicable, the risks related to the liability.

2.18 Contingent liabilities
A contingent liability is recognised when there is a possible commitment originating from events that have occurred and whose occurrence is confirmed only by one or several uncertain future events or when there is a commitment that is not recognised as a liability or provision because it is not probable that an outflow of resources will be required.

2.19 Parent Company accounting policies

The Parent Company prepares its annual accounts in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Accounting Standards Council's recommendation RFR 2 Accounting for legal entities. Statements issued by the Swedish Financial Accounting Standard Council for listed companies are also applied. RFR 2 entails that the Parent Company, in the annual accounts for the legal entity, is required to apply all EU-approved IFRS and statements, as far as possible, within the framework of the Annual Accounts Act and the Swedish Pension Obligations Vesting Act, and taking into account the connection between accounting and taxation. The recommendation specifies the exceptions and supplements that should be applied in relation to IFRS..

2.19.1 Differences between the accounting policies of the Group and the Parent Company

The differences between the accounting policies of the Group and the Parent Company are stated below. The accounting policies stated below for the Parent Company have been applied consistently for all presented periods in the Parent Company's financial statements.

2.19.1.1 Changed accounting policies

The Parent Company's accounting policies are unchanged compared with the preceding financial year.

2.19.1.2 Classification and presentation formats

The Parent Company uses the terms "balance sheet" and "cash flow statement" for the statements designated as the "statement of financial position" and "statement of cash flows" for the Group. The income statement and balance sheet for the Parent Company are prepared according to the stipulations of the Annual Accounts Act while the statement of comprehensive income, statement of changes in equity and cash flow statement are based on IAS 1 Presentation of Financial Statements and IAS 7 Statement of Cash Flows, respectively.

The differences between the Group statements and the Parent Company's income statement and balance sheet mainly comprise the recognition of financial income and expenses, equity and the occurrence of provisions as a separate item in the balance sheet.

2.19.1.3 Subsidiaries

Participations in subsidiaries in the Parent Company are recognised according to the cost method. This means that transaction fees are included in the carrying amount of shareholdings in subsidiaries. In the consolidated financial statements, transaction fees attributable to subsidiaries are recognised directly in profit or loss when they arise.

The value of contingent considerations is based on the probability that the consideration will be paid. Possible changes in the provision are added to/reduce the cost. In the consolidated financial statements, contingent considerations are recognised at fair value with changes in value recognised in profit or loss..

2.19.1.4 Group and shareholder contributions for legal entities

The Parent Company recognises received and paid Group contributions as appropriations in accordance with RFR 2. Shareholder contributions are recognised directly against equity for the recipient and capitalised in shares and participations for the provider if there is no need for impairment.

2.19.1.5 Financial instruments

IFRS 9 is not applied in the Parent Company, which entails that financial instruments are measured at cost. In subsequent periods, financial assets acquired to be held in the short term will be recognised at the lower of cost or market value. In subsequent recognition, financial assets held in the long term will be measured at coast and be tested for impairment.

2.19.1.6 Leases

The Parent Company does not apply IFRS 16 pursuant to the exemption contained in recommendation RFR 2. As a lessee, lease payments are recognised as a cost straight line over the term of the lease and thus no right-of-use assets or lease liabilities are recognised in the balance sheet.

NOTE 3 IMPORTANT ESTIMATES AND ASSUMPTIONS

Preparing financial statements in accordance with IFRS requires the Board of Directors and executive management to make assessments and estimates that affect the application of the accounting policies and the carrying amounts of assets, liabilities, revenue and costs. The estimates and assumptions are based on historical experience and a number of other factors which under the current conditions seem reasonable. The results of these judgements and estimates are used to determine the carrying amounts of assets and liabilities that are not otherwise apparent from other resources.

3.1 Significant sources of estimation uncertainty

The sources of estimation uncertainty presented below pertain to those that entail a significant risk of the value of the asset or liability requiring major adjustments during the coming financial year.

The estimates and assumptions are reviewed on a regular basis. Changes in estimates are recognised in the period when the change is made if the change affects this period only, or in the period when the change is made and in future periods if the change affects the current period as well as future periods.

3.1.1 Measurement of earn-outs and liabilities to non-controlling interests

In many of the Group's business combinations, contingent considerations to the seller arise or, in the event that the Group has issued a put option to a non-controlling interest, a liability to the non-controlling interest arises. Both contingent considerations and liabilities to non-controlling interests are largely dependent on the acquired company's earnings trend. Accordingly, an important estimate in determining the fair value of these items is the Group's assessment of the acquired company's future earnings trend. Changes in the value of contingent considerations are recognised through profit or loss, while changes in the value of liabilities to non-controlling interests are recognised directly in equity.

3.2 Significant judgements in applying the group's accounting policies

3.2.1 Goodwill
The Group has material goodwill items that arose as a result of business combinations. As of 31 December 2022, recognised goodwill amounted to SEK 6,480.9 million (6,318.7). Goodwill is tested annual for impairment in accordance with the requirements in IAS 36. At the time of publication of the annual report, executive management's assessment is that there is no significant risk of material impairment of goodwill in the coming financial year. However, executive management would like to emphasize that the current macroeconomic uncertainty, with high inflation, rising interest rates and sharp increases in energy prices, is resulting in greater uncertainty in the forecasts that form the basis for impairment testing of goodwill. For more information about impairment testing and the important assumptions on which impairment testing is based. Refer to Note 13.

3.2.2 Length of lease term
Several of the Group's leases include an extension option. According to IFRS 16, extension options are included in the lease term if the lessee is reasonably certain to exercise them, thus significantly impacting the size of the lease liability and the right-of-use asset that are reported for the lease in accordance with IFRS 16. See Note 27 for further details of the judgements that the Group applies when judging the length of the lease term.

NOTE 4 OPERATING SEGMENTS AND REVENUE

The Group's operations are divided into two segments. Each segment has a segment manager who regularly reports to executive management. The Group's internal reporting is structured to enable executive management to monitor the various segments' sales growth and operating income.

The DIY segment mainly comprises brands active in sales of building materials and garden and leisure products, including Bygghemma.se, Taloon, Netrauta, Frishop, Bygghjemme.no, Polarpumpen, VVS Kupp, Nordiska Fönster, HYMA and Hafa Bathroom.

The Home Furnishing segment mainly comprises brands active in sales of furniture and home furnishings, including Trademax, Chilli, Furniturebox, Kodin1, MyHome, LampGallerian and Nordic Nes.

Other

The Parent Company provides management services to the Group's segments. Such sales occurred at cost price.

	2022					
(SEKm)	DIY	Home Furnishing	Subtotal	Other	Eliminations	Group
Net sales	7,507.0	5,965.5	13,472.6	30.4	-69.3	13,433.6
Net sales to other segments	10.1	28.9	38.9	30.4	-69.3	-
Depreciation, amortization and impairment	-255.5	-291.3	-546.8	-1.8		-548.5
Operating income	-2.0	-91.9	-93.9	-89.9		-183.9
Financial income						291.2
Financial expenses						-125.6
Profit/loss before tax						**-18.3**

	2021					
(SEKm)	DIY	Home Furnishing	Subtotal	Other	Eliminations	Group
Net sales	7,259.6	5,442.8	12,702.4	24.9	-61.3	12,666.0
Net sales to other segments	9.8	26.6	36.4	24.9	-61.3	-
Depreciation, amortization and impairment	-166.1	-204.4	-370.5	-1.0	-	-371.5
Operating income	516.6	289.4	806.0	-95.4	-	710.6
Financial income						20.7
Financial expenses						-100.4
Profit/loss before tax						**630.9**

No single customer in the Group accounts for more than 10% of the Group's revenue.
The Group's segments operate mainly in the Nordic region. Net sales and non-current assets are recognised below per geographic area. Sales are recognised in those countries where the sales occur.

(SEKm)	2022 DIY	Home Furnishing	Subtotal	Other	Eliminations	Group
Sweden	5,274.8	2,075.1	7,350.0	30.4	-61.9	7,318.4
Finland	1,580.9	273.5	1,854.5	-	-0.6	1,853.9
Denmark	311.3	570.6	881.8	-	-	881.8
Norway	281.9	698.6	980.5	-	-	980.5
Tyskland	16.8	875.4	892.2	-	-0.6	891.6
Rest of Europe	41.3	1,349.6	1,390.9	-	-6.2	1,384.7
Rest of World	-	122.6	122.6	-	-	122.6
Net sales	**7,507.0**	**5,965.5**	**13,472.6**	**30.4**	**-69.3**	**13,433.6**

(SEKm)	2021 DIY	Home Furnishing	Subtotal	Other	Eliminations	Group
Sweden	4,943.1	2,363.2	7,306.2	24.9	-51.8	7,279.3
Finland	1,599.3	191.5	1,790.8	-	-3.5	1,787.4
Denmark	392.8	655.4	1,048.2	-	-	1,048.2
Norway	268.9	532.4	801.3	-	-	801.3
Rest of Europe	55.6	1,563.6	1,619.2	-	-6.1	1,613.1
Rest of World	-	136.7	136.7	-	-	136.7
Net sales	**7,259.6**	**5,442.8**	**12,702.4**	**24.9**	**-61.3**	**12,666.0**

(SEKm)	Fixed assets 2022	2021
Sweden	8,590.0	8,552.5
Finland	521.2	449.1
Denmark	305.8	307.3
Norway	121.7	76.3
Other Europe	1,018.9	917.7
	10,557.5	**10,302.9**

(SEKm)	Contract balances 2022	2021
Assets		
Refund asset	13.2	15.9
Account receivables	252.0	195.3
Accrued income	6.9	11.5
	272.0	**222.7**
Liabilities		
Advance from customers	-146.0	-182.9
Refund liability	-21.6	-25.7
Other prepaid income	-2.8	-6.8
	-170.4	**-215.4**
Contract balances	**101.6**	**7.3**

All contract liabilities recognised at the beginning of the year were recognised as revenue in 2022. No information is presented regarding transaction price allocated to the remaining performance obligations since there were no such obligations with an original expected term of more than one year as of 31 December 2022.

NOTE 5 BUSINESS COMBINATIONS

Subsidiaries are companies that are under BHG Group AB's (publ) controlling influence. Controlling influence entails a direct or indirect right to shape a company's financial and operational strategies in order to obtain financial benefits. To assess whether a controlling influence exists, potential voting shares that can be immediately utilised or converted are taken into account.

Summary acquisition (SEKm)	Group 2022	2021
Acqusition of shares		
Net identifiable assets and liabilities	23.7	1,162.1
Goodwill	76.0	1,905.6
Purchase price	**99.8**	**3,067.7**
Cash and cash equivalents	1.3	190.3
Issued shares in BHG Group AB	-	404.2
purchase price, vendor loans	62.7	1,078.8
	-35.8	**-1,394.4**
Acquisition of non-controlling interests	-86.9	-129.5
Contingent consideration	-135.0	-87.0
Net cash flow	**-257.7**	**-1,610.8**

Acquisitions in 2022

In 2022, the Group acquired 100 percent of the shares of Hemmy AB (Hemmy.se). The acquisition is recognised in the DIY segment.

In 2022, the Group acquired the operations of Ploß Europe GmbH via an asset purchase acquisition. The acquisition is recognised in the Home Furnishing segment.

	2022						
(SEKm)	Net identifiable assets and liabilities	Goodwill	Purchase price	Likvida medel	Issued shares in BHG Group AB	Contingent/ deferred purchase price, vendor loans	Net cash flow
Business combinations during 2022							
Acqusition of shares in Hemmy AB	8.0	76.0	**84.1**	0.5	-	62.7	**-20.8**
Acqusition of shares 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 earnings

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.

Transaction costs

Transaction costs for the acquisitions amounted to SEK 1.3 million and are recognised as other external costs in profit or loss and the statement of other comprehensive income.

Acquired receivables

All receivables are measured at fair value in the acquisition analyses, which matches the amount that the Group is expected to be able to collect.

(SEKm)	Net identifiable assets and liabilities	Goodwill	Purchase price	Likvida medel	Issued shares in BHG Group AB	Contingent/ deferred purchase price, vendor loans	Net cash flow
	2021						
Business combinations during 2021							
Acqusition of shares in IP Agency Oy	87.9	279.7	**367.6**	46.0	-	140.8	**-180.8**
Acqusition of shares in Hafa Bathroom Group AB	97.2	97.8	**195.0**	4.5	-	15.7	**-174.8**
Acqusition of shares in E.Svenssons i Lammhult AB	96.0	133.2	**229.2**	16.1	-	30.0	**-183.1**
Acqusition of shares in Hyma Skog & Trädgård AB	630.5	981.3	**1,611.7**	56.0	404.2	625.1	**-526.4**
Acqusition of shares in AH-Trading GmbH	250.6	413.6	**664.2**	67.7	-	267.2	**-329.3**
Acquisition of non-controlling interests							
Acquisition of shares in Inredhemma Danmark ApS	-	-	**-**	-	-	-	**-6.8**
Acquisition of shares in Hemfint i Kristianstad AB	-	-	**-**	-	-	-	**-65.1**
Acquisition of shares in Vitvaruexperten.com Nordic AB	-	-	**-**	-	-	-	**-13.3**
Acquisition of shares in Polarpumpen AB	-	-	**-**	-	-	-	**-41.7**
Compulsory redemption, Sleepo AB	-	-	**-**	-	-	-	**-2.5**
Contingent consideration							
Additional purchase price, Arc E-commerce AB	-	-	**-**	-	-	-	**-20.8**
Additional purchase price, Arredo Holding AB	-	-	**-**	-	-	-	**-0.9**
Additional purchase price, Edututor Oy	-	-	**-**	-	-	-	**-5.0**
Additional purchase price, Lindström & Sondén AB	-	-	**-**	-	-	-	**-10.1**
Additional purchase price, Vitvarubolaget i Sundbyberg AB	-	-	**-**	-	-	-	**-0.7**
Additional purchase price, Designkupp AS	-	-	**-**	-	-	-	**-12.4**
Additional purchase price, Stonefactory Scandinavia AB	-	-	**-**	-	-	-	**-4.5**
Additional purchase price, Nordiska Fönster i Ängelholm AB	-	-	**-**	-	-	-	**-29.2**
Additional purchase price, LampGallerian Växjö AB	-	-	**-**	-	-	-	**-3.4**
	1,162.1	**1,905.6**	**3,067.7**	**190.3**	**404.2**	**1,078.8**	**-1,610.8**

NOTE 6 FEES AND REMUNERATION TO AUDITORS

	Group		Parent company	
(SEKm)	**2022**	**2021**	**2022**	**2021**
PwC				
Audit engagements	-8.7	-7.6	-1.6	-1.2
Audit-related services	-0.3	-0.4	-0.3	-0.3
Tax consulting	-0.1	-0.3	-0.0	-0.1
Other services	-0.1	-0.2	-	-0.0
	-9.3	**-8.4**	**-1.9**	**-1.6**
Other audit firms				
Audit engagements	-0.2	-0.3	-	-
Audit-related services	-	-0.1	-	-
Tax consulting	-	-0.0	-	-
Other services	-	-0.0	-	-
	-0.2	**-0.5**	**-**	**-**
Total all audit firms	**-9.5**	**-8.9**	**-1.9**	**-1.6**

Of the above fees to PwC, SEK 6.3 million (5.4) pertains to the Group's fee to Öhrlings PricewaterhouseCoopers AB. For the Parent Company, the entire fee pertains to Öhrlings PricewaterhouseCoopers AB.

Audit engagement refers to the statutory audit of the annual report, the consolidated financial statements and the accounting records as well as the administration by the Board of Directors and the CEO, and any audit work and other reviews performed in accordance with agreements or contracts. This includes other tasks incumbent on the company's auditor as well as consulting services or other assistance required as a result of observations made during such an audit or the execution of such other tasks.

NOTE 7 PERSONNEL COSTS AND REMUNERATION OF SENIOR EXECUTIVES

	Group		Parent company	
(SEKm)	**2022**	**2021**	**2022**	**2021**
Salaries	-768.6	-661.0	-26.8	-25.5
Received governmental aid	5.7	9.9		-
Social security contributions	-213.5	-181.4	-11.0	-13.7
Share-based remuneration	-8.8	-15.6	-4.1	-12.6
Pension expenses, defined contribution plans	-76.0	-69.3	-4.3	-2.2
	-1,061.1	**-917.3**	**-46.2**	**-53.9**

The Group has received government assistance related to personnel costs. This assistance mainly pertained to compensation for sick pay costs as well as certain other personnel-related assistance.

	Group		Parent company	
(SEKm)	**2022**	**2021**	**2022**	**2021**
Senior executives	-11.9	-9.4	-10.8	-9.4
of which variable salary	*-1.9*	*-4.8*	*-1.7*	*-4.8*
Other employees	-756.7	-651.6	-16.0	-16.1
	-768.6	**-661.0**	**-26.8**	**-25.5**

The number of senior executives during the year amounted to four during the January-September 2022 period, six during the October-December 2022 period and four during full-year 2021.

Remuneration and other benefits (SEKm)	2022					
	Basic salary/ Board remuneration	Variable remuneration	Other benefits	Pension expenses	Share based remuneration	Total
Board of Directors						
Christian Bubenheim	-0.5					-0.5
Camilla Giesecke	-0.1					-0.1
Johan Giléus	-0.1					-0.1
Joanna Hummel	-0.3					-0.3
Mariette Kristensson	-0.3					-0.3
Niklas Ringby	-0.3					-0.3
Gustaf Öhrn	-0.5					-0.5
CEO (remuneration from the parent company)						
Adam Schatz (7.5 months)	-1.5	-0.4	-0.0	-0.3	-0.4	-2.7
Gustaf Öhrn (4.5 months)	-2.0	-	-	-	-	-2.0
Other senior executives						
Remuneration from parent company	-5.6	-1.3	-0.0	-1.1	-1.0	-9.1
Remuneration from subsidiaries	-0.9	-0.1	-0.0	-0.2	-0.1	-1.4
	-12.1	**-1.9**	**-0.0**	**-1.7**	**-1.6**	**-17.2**

The number of other senior executives during the year amounted to three during the January-September 2022 period, five during the October-December 2022 period and three during full-year 2021.

Accrued variable remuneration to be paid to the CEO and other senior executives after year-end amounts to SEK 0.0 million (1.6) and SEK 1.4 million (3.3), respectively.

The period of notice is 12 months for the CEO and six months for the company. The CEO is not entitled to severance pay.

Remuneration and other benefits (SEKm)	2021 Basic salary/ Board remuneration	Variable remuneration	Other benefits	Pension expenses	Share based remuneration	Total
Board of Directors						
Gustaf Öhrn	-0.5	-	-	-	-	-0.5
Niklas Ringby	-0.2	-	-	-	-	-0.2
Johan Giléus	-0.3	-	-	-	-	-0.3
Christian Bubenheim	-0.2	-	-	-	-	-0.2
Camilla Giesecke	-0.2	-	-	-	-	-0.2
Mariette Kristensson	-0.2	-	-	-	-	-0.2
Ingrid Jonasson Blank	-0.1	-	-	-	-	-0.1
Bert Larsson	-0.1	-	-	-	-	-0.1
CEO (remuneration from the parent company)						
Adam Schatz	-1.8	-1.6	-	-0.2	-1.0	-4.5
Other senior executives (3 persons)						
Remuneration from parent company	-2.7	-3.3	-	-0.5	-2.3	-8.8
	-6.3	**-4.8**	**-**	**-0.7**	**-3.2**	**-15.1**

Share-based remuneration settled through shares in BHG Group AB (LTIP)
The general meetings on 5 May 2022, 5 May 2021, 5 May 2020 and 15 May 2019 resolved to introduce incentive programmes for key employees in the Group. Accordingly, four incentive programmes have run in parallel in the form of LTIP 2019, LTIP 2020, LTIP 2021 and LTIP 2022. However, LTIP 2019 ended in 2022.

All four programmes are warrant programmes and under all of the programmes each warrant entitles/entitled the holder to subscribe for one new ordinary share in BHG Group AB. The price for the warrants (warrant premium) corresponds to the market value of the warrants on the date of subscription and allotment, which has been calculated in accordance with the Black-Scholes pricing model, with measurement policies in accordance with market practice.

Subscription prices
The subscription price for warrants in LTIP 2019 amounts to 130% of the volume-weighted average price quoted during the five trading days up to and including 31 May 2019, corresponding to a subscription price of SEK 48.20 per share.

The subscription price for warrants in LTIP 2020 amounts to 130% of the volume-weighted average price quoted during the five trading days up to and including 28 August 2020, corresponding to a subscription price of SEK 145.00 per share.

The subscription price for LTIP 2021 amounted to 130% of the volume-weighted average price prior to the General Meeting on 5 May 2021, corresponding to a subscription price of SEK 216.90 per share.

The subscription price for LTIP 2022 amounted to 130% of the volume-weighted average price prior to the General Meeting on 5 May 2022, corresponding to a subscription price of SEK 84.48 per share.

Subscription periods for new shares
All warrants outstanding under LTIP 2019 expired without being utilised during the year since the subscription price exceeded the share price for the entire subscription period.

For LTIP 2020, shares can be subscribed for during the period from 1 June 2023 until 31 August 2023. For LTIP 2021, shares can be subscribed for during the period from 1 August 2024 until 30 September 2024, while the subscription period for LTIP 2022 is from 1 August 2025 until 30 September 2025.

Cost effects
Participants in all four programmes received a subsidy from BHG Group AB reflecting 50% of the warrants' fair value at the subscription date. In 2022, the Group expensed an amount totalling SEK -9.5 million (-26.6) for share-based remuneration in accordance with IFRS 2.

Dilution
Holders of warrants under LTIP 2020 can subscribe for a maximum of 1,037,000 shares, while holders of warrants outstanding under LTIP 2021 can subscribe for a maximum of 1,200,006 shares and holders of warrants outstanding under LTIP 2022 can subscribe for a maximum of 1,900,000 shares. If all of the outstanding warrants in the three programmes had been exercised as of 31 December 2022, the number of shares issued by the company would have increased by

4,137,006 ordinary shares, corresponding to dilution of 2.4% of the capital and votes at year-end 2022.

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	Parent company			
Granted warrants	**President and CEO**	**Senior executives**	**Other key-employees**	**Total**
Long-term incentive program, 2022	-	250,000	1,115,000	1,365,000
Long-term incentive program, 2021	-	180,000	985,500	1,165,500
Long-term incentive program, 2020	-	77,000	960,000	1,037,000
Total outstanding as of 31 December 2022	**-**	**507,000**	**3,060,500**	**3,567,500**

	Parent company			
Outstanding warrants	**2022**	**Weighted redemption price**	**2021**	**Weighted redemption price**
Outstanding as of 1 January	3,813,026	126.09	5,407,542	73.68
Granted during the period	1,365,000	84.48	1,165,500	216.90
Redeemed during the period	-	-	-2,760,016	61.75
Outstanding as of 31 December	**3,567,500**	**145.33**	**3,813,026**	**126.09**

	Parent company		
Fair value and assumptions regarding warrants	**LTIP 2022**	**LTIP 2021**	**LTIP 2020**
Share price	33.40	160.70	111.60
Redemption price	84.48	216.90	145.00
Expected volatility (%)	35.00	30.00	30.00
Expected maturity (years)	3.29	3.34	3.00
Risk-free interest (%)	2.16	-0.21	-0.31
Fair value	**1.29**	**18.13**	**12.48**

The table above shows the assumptions used on the allotment date for each incentive programme. The expected volatility is based on historical volatility, adjusted for any expected changes in future volatility as a result of officially available information.

	Parent company			
Specification of warrants	**Number of options**	**Value at distribution**	**Redemption time**	**Redemption price**
Long-term incentive program, 2022	1,365,000	1.29	2025	84.48
Long-term incentive program, 2021	1,165,500	18.13	2024	216.90
Long-term incentive program, 2020	1,037,000	12.48	2023	145.00

Cash-settled share-based remuneration (synthetic options)

In 2021, an incentive programme was introduced for employees in the Nordic Nest sub-Group. Participants in the programme hold synthetic options that are settled in cash depending on the value of the shares in Nordic Nest Group AB. Accordingly, the programme is classified as cash-settled share-based remuneration under IFRS 2. Unlike the Group's outstanding LTIP programmes (see above), synthetic options do not entitle the holders to subscribe for shares in BHG Group AB. Nor do synthetic options give rise to dilution.

Subscription price

The subscription price is calculated as 250% of the price per share in Nordic Nest Group AB that was paid when Nordic Nest was acquired, corresponding to a subscription price for the synthetic options of SEK 14,538 per share in Nordic Nest Group AB. The programme commenced on 1 July 2021 and extends for five years from that date.

Cost effects and recognised liability

The Group recognises a liability for synthetic options accumulated over the vesting period. As of 31 December 2022, the carrying amount of the liability was SEK 0.0 million (0.7). In 2022, the Group recognised a total of SEK 0.7 million (-0.7) as revenue/expenses for synthetic options.

Holding

The programme is targeted at key individuals in the Nordic Nest sub-Group. A total of 63 employees in the Nordic Nest sub-Group are participating in the programme. The table below shows the number of synthetic options outstanding. Each option entitles the holder to a cash payment based on the value of one share in Nordic Nest Group AB.

Outstanding warrants	2022	Weighted redemption price	2021	Weighted redemption price
	Group			
Outstanding as of 1 January	3,131	14,538	-	-
Granted during the period	-	-	3,131	14,538
Outstanding as of 31 December	**3,131**	**14,538**	**3,131**	**14,538**

Valuation
A valuation of the synthetic options was performed on the allotment date and the balance-sheet date using the Black-Scholes pricing model. The expected volatility is based on historical volatility for a group of comparable listed companies. In a corresponding manner, the share price used in the valuation was based on the share prices for a group of comparable listed companies. The table below shows the assumptions used for the valuation of the synthetic options.

Fair value and assumptions regarding synthetic options	2022	At the time of allocation
	Group	
Share price	1,498	5,815
Redemption price	14,538	14,538
Expected volatility (%)	35.00	32.50
Expected maturity (years)	3.50	5.00
Risk-free interest (%)	3.50	-0.08
Fair value	**0**	**313**

NOTE 8 AVERAGE NUMBER OF EMPLOYEES

Group	2022 Men	2022 Women	2021 Men	2021 Women
Sweden	944	669	860	761
Denmark	125	75	152	83
Finland	115	136	103	145
Norway	22	34	14	13
Germany	110	35	108	30
Bulgaria	18	6	23	12
Estonia	18	16	22	18
Greece	10	6	38	16
Croatia	33	7	36	14
Hong Kong	2	1	2	1
Hungary	37	13	42	14
Lithuania	72	73	98	112
Latvia	14	8	22	9
Romania	49	15	69	16
Slovenia	19	11	19	8
Total	**1,588**	**1,105**	**1,608**	**1,252**
Total average no. of employees		**2,693**		**2,860**

Parent company	2022 Men	2022 Women	2021 Men	2021 Women
Sweden	7	3	9	3
Total	7	3	9	3
Total average no. of employees		**10**		**12**

Gender balance among senior executives

Group	2022 Men %	2022 Women %	2021 Men %	2021 Women %
Board of Directors	97	3	98	2
CEO and other executives	89	11	81	19
Total	**94**	**5**	**93**	**7**

Parent company	2022 Men %	2022 Women %	2021 Men %	2021 Women %
Board of Directors	50	50	67	33
CEO and other executives	83	17	75	25
Total	**70**	**30**	**70**	**30**

NOTE 9 OTHER OPERATING REVENUE AND OPERATING EXPENSES

(SEKm)	Group 2022	Group 2021	Parent company 2022	Parent company 2021
Other operating income				
Gain from sale of fixed assets	1.0	2.0	-	-
Gain from sale of operation	-	0.4	-	-
Change in fair value of FX forwards	-	1.5	-	-
Insurance compensation	0.4	11.7	-	-
Other operating income	15.7	-	-	-
	17.1	**15.6**	**-**	**-**
expenses				
Loss from sale of fixed assets	-5.6	-1.2	-	-
Loss from sale of operation	-0.0	-	-	-
Exchange losses on operating receivables/ liablities	-2.5	-3.8	-	-0.1
Change in fair value of FX forwards	-1.3	-	-	-
Other operating expenses	-1.5	-	-1.5	-
	-10.8	**-5.0**	**-1.5**	**-0.1**
	6.3	**10.6**	**-1.5**	**-0.1**

NOTE 10 FINANCIAL ITEMS

(SEKm)	Group 2022	Group 2021	Parent company 2022	Parent company 2021
Financial income				
Interest income	5.6	1.4	0.8	-
Interest income, Group	-	-	78.5	45.1
Revalued contingent purchase price	285.4	19.2	-	-
Net exchange differences	-	-	-	0.0
Other financial income	0.2	0.1	0.0	-
	291.2	**20.7**	**79.3**	**45.2**
Financial expenses				
Interest expense, credit institutions	-71.6	-29.4	-66.4	-20.0
Interest expense, leased assets	-20.5	-15.6	-	-
Interest expense, other	-3.9	-3.5	-0.2	-0.0
Revalued contingent purchase price	-	-16.3	-	-
Interest contingent purchase price	-8.9	-15.2	-	-
Net exchange differences	-12.5	-7.9	-	-
Other financial expenses	-8.3	-12.3	-7.4	-7.2
	-125.6	**-100.4**	**-74.0**	**-27.2**
	165.6	**-79.7**	**5.3**	**18.0**

NOTE 11 TAXES

Tax recognised in profit or loss

(SEKm)	Group 2022	Group 2021	Parent company 2022	Parent company 2021
Current tax expense				
Current tax expense	-68.8	-131.0	-0.7	-4.7
Adjustment of prior year income tax	15.1	-1.4	0.2	-
	-53.7	**-132.4**	**-0.4**	**-4.7**
Deferred tax				
Deferred tax on temporary differences	77.6	-5.7	0.1	-
Deferred tax income in capitalized taxable value of loss carry-forwards for the year	42.9	0.5	-	-
Deferred tax expense in loss carry-forwards used during the year	-0.8	-3.3	-	-
Revalued loss carry-forwards	-1.9	0.8	-	-
Effects of changes in tax rate	-	-	-	-
	117.7	**-7.7**	**0.1**	**-**
	64.1	**-140.1**	**-0.3**	**-4.7**

(SEKm)	Group 2022	%	2021	%
Profit before tax	-18.3		630.9	
Tax as per applicable tax rate for parent company	3.8	-20.6	-129.5	-20.5
Effect of other tax rates for foreign subsidiaries	7.0	-38.0	0.8	0.1
Non-taxable income	60.7	-331.6	10.1	1.6
Taxable income not included in profit before tax	-1.5	8.2	-0.4	-0.1
Non-deductible expenses	-17.6	96.3	-18.8	-3.0
Loss carry-forwards not capitalised	-3.4	18.5	-1.3	-0.2
Revalued loss carry-forwards	-	-	0.4	0.1
Adjustment of prior year income tax	15.1	-82.8	-1.4	-0.2
Effects of changes in tax rate	-	-	-0.0	-0.0
Effective tax/tax rate	**64.1**	**-349.9**	**-140.1**	**-22.2**

(SEKm)	Parent company 2022	%	2021	%
Profit before tax	6.0		2.9	
Tax as per applicable tax rate for parent company	-1.2	-20.6	-0.6	-20.6
Non-deductible expenses	-0.4	-6.3	-4.1	-141.4
Adjustment of prior year income tax	0.2	3.9	-	-
Effective tax/tax rate	**-0.3**	**-5.3**	**-4.7**	**-163.0**

Tax recognised in equity

	Group		Parent company	
(SEKm)	2022	2021	2022	2021
Tax on transaction cost for new share issue	6.4	4.4	6.4	4.4
Total	**6.4**	**4.4**	**6.4**	**4.4**

Deferred tax asset/liability

	Group		Parent company	
(SEKm)	2022	2021	2022	2021
Deferred tax asset				
Loss carry-forwards	53.3	11.5	-	-
Temporary differences	48.7	14.9	0.1	-
Other	0.4	0.0	-	-
	102.5	**26.4**	**0.1**	**-**
Deferred tax liability				
Equipment, tools and installations	1.3	1.0	-	-
rights	551.5	563.7	-	-
Untaxed reserves	52.3	72.1	-	-
	605.2	**636.7**	**-**	**-**
Deferred tax, net	**-502.7**	**-610.3**	**0.1**	**-**

The Group has loss carryforwards of SEK 45.0 million (11.2), for which no deferred tax assets were recognised. Of this amount, SEK 6.6 million falls due in 2025, SEK 5.6 million falls due in 2026 and SEK 0.2 million falls due in 2027. Other loss carryforwards for which no deferred tax assets were recognised have no expiry date.

NOTE 12 EARNINGS PER SHARE

	Before dilution		After dilution	
(SEKm)	2022	2021	2022	2021
Earnings per share (SEK)	0.25	3.97	0.25	3.94
The amounts used in numerators and denominators are shown below:				
Profit for the year attributable to parent company shareholders	34.1	480.9	34.1	480.9
attributable to parent company shareholders of ordinary shares	**34.1**	**480.9**	**34.1**	**480.9**
Average number of shares before dilution	136.8	121.0	136.8	121.0
Number of dilutive shares	-	-	0.2	1.2
Average number of shares after dilution	**136.8**	**121.0**	**137.0**	**122.1**
Earnings per share (SEK)	**0.25**	**3.97**	**0.25**	**3.94**

Warrants outstanding within the framework of LTIP 2019 (refer to Note 7) gave rise to a certain dilution effect for 2022 since the average share price during the period of the year during which the warrants were outstanding exceeded the exercise price.

NOTE 13 INTANGIBLE FIXED ASSETS

Internally developed intangible assets

Capitalized expenditures for development (SEKm)	Group 2022	Group 2021	Parent company 2022	Parent company 2021
Opening accumulated cost	**446.3**	**303.1**	**1.0**	**0.8**
Investments through acqusitions	2.2	28.5	-	-
Investments	135.6	111.4	0.1	0.2
Reclassifications	5.2	1.6	-	-
Divestments	-12.3	-0.1	-	-
Translation difference	12.5	1.9	-	-
Closing accumulated cost	**589.5**	**446.3**	**1.2**	**1.0**
Opening accumulated amortization	**-205.4**	**-132.7**	**-0.3**	**-0.1**
Amortization through acqusitions	-1.3	-14.0	-	-
Amortization for the year	-84.7	-57.8	-0.2	-0.2
Divestments	6.2	0.1	-	-
Translation difference	-6.3	-0.9	-	-
Closing accumulated amortization	**-291.4**	**-205.4**	**-0.5**	**-0.3**
Opening impairment losses	**-0.7**	**-0.7**	**-**	**-**
Amortization for the year	0.7	-	-	-
Closing impairment losses	**-**	**-0.7**	**-**	**-**
Carrying amounts	**298.1**	**240.2**	**0.7**	**0.7**

The item pertains to costs for the Group's online platform.

Both internal and external costs have been capitalised. No borrowing costs have been capitalised because the projects are short term and thus do not satisfy the criteria for capitalisation.

Acquired intangible assets

Trademarks (SEKm)	Group 2022	Group 2021	Parent company 2022	Parent company 2021
Opening accumulated cost	**1,849.8**	**1,175.7**	**-**	**-**
Investments through acqusition	9.8	670.3	-	-
Scrappings	-8.6	-	-	-
Translation difference	25.4	3.8	-	-
Closing accumulated cost	**1,876.3**	**1,849.8**	**-**	**-**
Carrying amounts	**1,876.3**	**1,849.8**	**-**	**-**

The item pertains to brands identified as separate assets in connection with the Group's business combinations. For information about business combinations carried out during the year or the comparison year, see Note 5.

Customer relationships (SEKm)	Group 2022	Group 2021	Parent company 2022	Parent company 2021
Opening accumulated cost	**1,014.2**	**613.1**	**-**	**-**
Investments through acqusitions	1.3	399.3	-	-
Translation difference	8.7	1.8	-	-
Closing accumulated cost	**1,024.3**	**1,014.2**	**-**	**-**
Opening accumulated amortization	**-238.4**	**-158.9**	**-**	**-**
Amortization for the year	-101.7	-79.1	-	-
Translation difference	-1.8	-0.4	-	-
Closing accumulated amortization	**-341.9**	**-238.4**	**-**	**-**
Carrying amounts	**682.4**	**775.8**	**-**	**-**

The item pertains to customer relationships arising from the Group's business combinations. For information about business combinations carried out during the year or the comparison year, see Note 5.

Goodwill (SEKm)	Group 2022	Group 2021	Parent company 2022	Parent company 2021
Opening accumulated cost	**6,318.7**	**4,395.1**	**-**	**-**
Investments through acqusitions	76.6	1,909.8	-	-
Translation difference	85.5	13.8	-	-
Closing accumulated cost	**6,480.9**	**6,318.7**	**-**	**-**
Carrying amounts	**6,480.9**	**6,318.7**	**-**	**-**

The item pertains to goodwill arising from the Group's business combinations. For information about business combinations carried out during the year or the comparison year, see Note 5.

Other intangible non-current assets (SEKm)	Group 2022	Group 2021	Parent company 2022	Parent company 2021
Opening accumulated cost	**45.0**	**13.2**	**0.2**	**0.2**
Investments through acquisitions	0.8	33.4	-	-
Investments	5.4	3.5	-	-
Reclassification	-5.3	-2.2	-	-
Divestments	-0.3	-3.2	-	-
Translation difference	2.4	0.2	-	-
Closing accumulated cost	**47.9**	**45.0**	**0.2**	**0.2**
Opening accumulated amortization	**-17.4**	**-8.3**	**-0.1**	**-0.1**
Amortization through acquisitions	-0.0	-7.8	-	-
Amortization for the year	-7.3	-4.1	-0.0	-0.0
Divestments	0.0	2.8	-	-
Translation difference	-0.8	-0.1	-	-
Closing accumulated amortization	**-25.5**	**-17.4**	**-0.2**	**-0.1**
Carrying amounts	**22.5**	**27.6**	**0.1**	**0.1**

The item includes costs for registering and establishing the Group's Internet domains. Only external costs have been capitalised. No borrowing costs have been capitalised.

Impairment testing of goodwill

Impairment testing of goodwill and brands is conducted annually, and at any time indications of a value decline are identified. The Group currently has two cash generating units: DIY and Home Furnishing.

Goodwill and trademark per cash-generating unit (SEKm)	Goodwill 2022	Goodwill 2021	Trademark 2022	Trademark 2021
DIY	3,146.5	3,040.4	903.6	893.9
Home Furnishing	3,334.4	3,278.4	972.7	955.9
	6,480.9	**6,318.7**	**1,876.3**	**1,849.8**

Impairment testing for cash generating units containing goodwill

Impairment testing of goodwill is conducted annually, and at any time indications of a value decline are identified. When testing, the assets are grouped in cash generating units.

The Group's cash generating units match the defined operating segments (DIY and Home Furnishing). When testing, carrying amounts of cash generating units are compared with recoverable amounts. The recoverable amount of the respective cash generating units is determined by discounting future cash flows in order to determine the value in use. The calculation of future cash flows for the first five years are based on the strategic plans adopted by the Board, which in turn are based on assumptions and judgements that are mainly formulated by executive management.

The important assumptions in the five-year forecast are organic growth, profit margin and market growth (total market and online market). Assumptions regarding profit margins in both cash generating units are based on the estimated development in the particular product segments in respect of sales mix and operating margin trend, with current market prices and costs plus real development and cost inflation as the point of departure.

Assumptions are based on both historical experience and current market information. The recoverable amounts of both segments are based on the same important assumptions.

Growth assumptions

The growth assumptions in the forecast period comply with the Group's target of growing in line with the market organically. The market is defined as the online market in the geographic markets where the Group operates with respect to furniture, home furnishings and building materials, which, according to available market data, is expected to grow by an average of 15% (15) annually over the next five years. For years six to ten, a growth rate of 14% is used, which is reduced to 2.5% in year ten. Expected sustainable future cash flow for the period beyond ten years is extrapolated with assumed sustainable growth of 2.5% (2.5) (which is established on the basis of assumed nominal GDP growth in the relevant markets).

Discount interest rate

The discount interest rate used in the present value calculation of expected future cash flows is the current weighted average cost of capital (WACC) established for each operating segment based on the Capital Asset Pricing Model (CAPM), and the assumed long-term capital structure and tax rate, which is currently 9.8% (9.6), or 11.0% (10.9) before tax.

Sensitivity

The impairment tests that have been conducted show that there is no impairment requirement. However, cash flow forecasts are uncertain and can also be affected by factors beyond the company's control. The prevailing market situation, with considerable macroeconomic uncertainty, further contributed to the uncertainty of the cash flow forecasts.

However, at the time of publication of this report, the executive management team's assessment is that no reasonable changes in the important assumptions that form the basis for establishing the recoverable amounts would result in an impairment requirement.

Even if the estimated growth rate that was applied after the forecast five-year period had been 1.5% instead of management's assessment of 2.5–15% for year six to ten and 2.5% after year ten, no need for impairment of goodwill would have arisen. Even if the estimated operating margin that was applied for the forecast five-year period had been 2% lower, no need for impairment of goodwill would have arisen. Even if the estimated discount interest rate before tax that was applied for discounted cash flows had been 11.0% instead of management's assessment of 9.8%, no need for impairment of goodwill would have arisen. Management also assesses that no reasonable changes in other important assumptions would result in the recoverable amount declining to less than the carrying amount.

Summary of material parameters	2022	2021
CAGR years 1-5	-5-15 %	10-15 %
CAGR years 6-10	2,5-10 %	2,5-10 %
CAGR after year 10	2,5 %	2,5 %
Discount interest rate after tax	9,8 %	9,6 %
Average operating margin	6-7 %	6-7 %

Impairment testing for cash generating units containing brands
For information on the impairment testing of these cash generating units, refer to the above information on goodwill testing. In addition to being included in the cash generating units tested above, the brands have been tested individually, based on a royalty factor and forecasts of future net sales. The forecasts for the five-year period ahead, the long-term growth rate and the discount interest rate have been conducted in the same way and amount to the same total as that shown above.

Indefinite useful lives
The recognised brands have an indefinite useful life because they pertain to well-known market brands that the Group intends to retain and further develop and that thus may be expected to generate cash flows during an indefinite period ahead.

NOTE 14 TANGIBLE FIXED ASSETS

	Group		Parent company	
Equipment	**2022**	**2021**	**2022**	**2021**
Opening accumulated cost	**139.3**	**74.0**	**-**	**-**
Investments through acquisitions	0.3	28.5	-	-
Investments	47.6	38.2	-	-
Reclassification	-1.8	0.3	-	-
Divestments	-3.8	-2.4	-	-
Translation difference	4.7	0.7	-	-
Closing accumulated cost	**186.4**	**139.3**	**-**	**-**
Opening accumulated depreciation	**-60.8**	**-29.6**	**-**	**-**
Depreciation through acquisitions	-0.1	-15.7	-	-
Depreciation for the year	-27.0	-16.9	-	-
Reclassification	0.6	0.2	-	-
Divestments	2.3	1.5	-	-
Translation difference	-2.0	-0.2	-	-
Closing accumulated depreciation	**-86.9**	**-60.8**	**-**	**-**
Carrying amounts	**99.5**	**78.5**	**-**	**-**

	Group		Parent company	
Buildings and land	**2022**	**2021**	**2022**	**2021**
Opening accumulated cost	**25.4**	**12.3**	**-**	**-**
Investments through acquisitions	-	25.2	-	-
Investments	0.5	0.3	-	-
Divestments	-	-12.5	-	-
Translation difference	-	0.1	-	-
Closing accumulated cost	**25.9**	**25.4**	**-**	**-**
Opening accumulated depreciation	**-3.6**	**-2.3**	**-**	**-**
Depreciation through acquisitions	-	-3.2	-	-
Depreciation for the year	-0.8	-0.6	-	-
Divestments	-	2.6	-	-
Translation difference	-	-0.0	-	-
Closing accumulated depreciation	**-4.4**	**-3.6**	**-**	**-**
Carrying amounts	**21.5**	**21.9**	**-**	**-**

Leasehold improvements	Group 2022	Group 2021	Parent company 2022	Parent company 2021
Opening accumulated cost	**100.9**	**50.0**	**-**	**-**
Investments through acquisitions	-	11.8	-	-
Investments	9.6	40.1	-	-
Reclassification	1.9	0.3	-	-
Divestments	-3.3	-1.7	-	-
Translation difference	3.1	0.4	-	-
Closing accumulated cost	**112.2**	**100.9**	**-**	**-**
Opening accumulated depreciation	**-43.2**	**-30.4**	**-**	**-**
Depreciation through acquisitions	-	-4.2	-	-
Depreciation for the year	-13.5	-9.4	-	-
Reclassification	-0.7	-0.2	-	-
Divestments	2.9	1.2	-	-
Translation difference	-1.2	-0.2	-	-
Closing accumulated depreciation	**-55.7**	**-43.2**	**-**	**-**
Carrying amounts	**56.5**	**57.7**	**-**	**-**

IFRS 16 Properties	Group 2022	Group 2021
Opening accumulated cost	**1,263.4**	**795.5**
Investments through acquisitions	-	75.5
New leasing contract	303.8	415.8
End of contract	-48.5	-27.8
Translation difference	27.6	4.4
Closing accumulated cost	**1,546.3**	**1,263.4**
Opening accumulated depreciation	**-373.4**	**-196.9**
Depreciation for the year	-302.4	-201.5
End of contract	40.5	26.3
Translation difference	-10.3	-1.3
Closing accumulated depreciation	**-645.5**	**-373.4**
Carrying amounts	**900.8**	**890.0**

IFRS 16 Vehicles	Group 2022	Group 2021
Opening accumulated cost	**3.7**	**2.1**
Investments through acquisitions	-	0.4
New leasing contract	-	1.9
End of contract	-1.4	-0.7
Translation difference	-	0.0
Closing accumulated cost	**2.2**	**3.7**
Opening accumulated depreciation	**-1.7**	**-0.9**
Depreciation for the year	-1.2	-1.2
End of contract	1.4	0.4
Translation difference	-	-0.0
Closing accumulated depreciation	**-1.4**	**-1.7**
Carrying amounts	**0.8**	**2.0**

IFRS 16 Other	Group 2022	Group 2021
Opening accumulated cost	**2.9**	**2.9**
End of contract	-0.5	-
Closing accumulated cost	**2.3**	**2.9**
Opening accumulated depreciation	**-1.6**	**-0.8**
Depreciation for the year	-0.6	-0.8
End of contract	0.4	-
Closing accumulated depreciation	**-1.8**	**-1.6**
Carrying amounts	**0.5**	**1.3**

NOTE 15 PARTICIPATIONS IN GROUP COMPANIES

	Corporate ID number	Registered office	No. of shares	Share capital (%)	Voting rights (%)	Carrying amount Dec 31, 2021	Carrying amount Dec 31, 2020
BHG Group LTIP AB	559309-6836	Malmö	25,000	100.0	100.0	0.0	0.0
Bygghemma Second Holding AB	559077-0771	Malmö	50,000	100.0	100.0	3,678.2	3,678.2
						3,678.3	**3,678.3**

Group	Corporate ID number	Registered office	Owership (%)
BHG Group LTIP AB	**559309-6836**	**Malmö**	**100.0**
Bygghemma Second Holding AB	**559077-0771**	**Malmö**	**100.0**
Bygghemma Group Nordic AB	556800-9798	Malmö	100.0
Bygghemma Sverige AB	556689-4282	Malmö	100.0
Bygghjemme Norge AS	993 392 375	Nøtterøy	100.0
Camola ApS	32342396	Frederica	98.0
Stonefactory Scandinavia AB	556786-1454	Linköping	100.0
VVEX Group AB	559365-1077	Sollentuna	84.0
Vitvaruexperten.com Nordic AB	559010-7792	Sollentuna	100.0
Hemmy AB	559124-0170	Skå	100.0
Bygghemma Finland Holding AB	559023-3853	Malmö	100.0
Taloon Yhtiöt Oy	1870108-3	Riihimäki	100.0
M & M Visions Oy	1052664-7	Helsinki	100.0
Netrauta Finland Oy	2166342-8	Hämeenlinna	100.0
Handelmark OÜ	11607700	Talinn	100.0
Edututor Oy	2357972-1	Kangasala	100.0
IP-Agency Finland Oy	0993163-7	Juva	60.0
Arredo Holding AB	556872-6367	Malmö	100.0
Golvpoolen Arredo AB	556245-2994	Malmö	100.0
Gulv og Fliseeksperten ApS	38113844	København	100.0
Polarpumpen AB	556749-0262	Göteborg	100.0
Svensk Installationspartner AB	556842-1076	Göteborg	100.0
Designkupp AS	988698571	Grålum	95.0
Nordiska Fönster i Ängelholm AB	556810-2940	Ängelholm	100.0
Arc E-commerce AB	556945-4274	Haninge	51.0
Lindström & Sondén AB	556762-7392	Ängelholm	100.0
Hafa Bathroom Group AB	556005-1491	Halmstad	94.3
Hafa Bathroom Group Oy	1813764-60	Helsingfors	100.0
Noro AB	556674-1673	Halmstad	100.0
Noro Norge AS	985254451	Kråkerøy	100.0
Hemfint Kristianstad AB	556917-7305	Kristianstad	67.4
HYMA Skog & Trädgård AB	559170-5206	Hyltebruk	97.5
Hylte Jakt & Lantman AB	556954-8950	Hyltebruk	100.0
HJL Fastigheter AB	559062-0083	Hyltebruk	100.0
HJLIT & Development AB	556281-2247	Hyltebruk	100.0
Navitek Oy	3132410-4	Jakobstad	100.0
Drift & Underhållsteknik i Mönsterås AB	556395-8809	Mönsterås	100.0
Maskincenter Blekinge Holding AB	556995-2467	Mörrum	100.0
Maskinklippet AB	556554-9937	Mörrum	100.0
Maskincenter Blekinge Fastigheter AB	556997-3612	Mörrum	100.0
Maskincenter Blekinge AB	559031-8167	Mörrum	100.0
Dogger AB	556094-3085	Norrtälje	100.0
Inredhemma Sverige AB	556913-0403	Malmö	100.0
Home Furnishing Nordic AB	556780-9685	Helsingborg	100.0

Group	Corporate ID number	Registered office	Owership (%)
TM Finland Oy	2662443-6	Helsinki	100.0
Home Furnishing Norway AS	825 555 862	Jessheim	100.0
Lampgallerian i Växjö AB	559042-2589	Växjö	51.0
Sleepo AB	556857-0146	Stockholm	100.0
Nordic Nest Group AB	559021-1586	Kalmar	97.5
Nordic Nest Holding AB	559021-1578	Kalmar	100.0
Nordic Nest AB	556628-1597	Kalmar	100.0
Nordic Nest UK Trading Limited	13620602	London	100.0
E.Svenssons i Lamhult AB	556075-2577	Lammhult	100.0
Svenssons Koncept i Lammhult AB	559197-0404	Lammhult	100.0
Inredhemma Danmark ApS	38575945	København	100.0
My Home 2 A/S	30601319	Birkeød	100.0
My Home 3 A/S	30739043	Fårup	100.0
My Home 4 A/S	30736443	Randers	100.0
My Home 7 A/S	30526953	Randers	100.0
My Home 8 A/S	31427800	Fårup	100.0
Domino Møbler ApS	19176398	Fårup	100.0
Inredhemma Europa AB	38575945	Malmö	100.0
Furniture1 UAB	304742023	Vilnius	50.1
Baldai1 UAB	302935803	Vilnius	100.0
Eurotrade1 SIA	40103665706	Riga	100.0
ETR1 Group OU	12741670	Tallinn	100.0
Furniture1 KFT	01-09-270625	Budapest	100.0
Furniture1 DOO	33412662987	Zagreb	100.0
Eurotrade1 DOO	7104456000	Ljubljana	100.0
Mebeli24 OOD	204743793	Sofia	100.0
Furniture1 Hellas IKE	801003026	Aspropyrgos	100.0
Mobilier1 Concept SLR	39413592	Bukarest	100.0
AH-Trading GmbH	HRB 7349	Xanten	80.0
Ploss Europé GmbH	HRB 97148	Xanten	100.0
Hanse International Limited	CR 2875470	Hong Kong	100.0

	Parent company	
(SEKm)	**2022**	**2021**
Opening accumulated cost	**3,678.3**	**2,691.6**
New started company	-	0.0
Paid shareholder's contribution	-	986.7
Closing accumulated cost	**3,678.3**	**3,678.3**

NOTE 16 INVENTORIES

The Group's cost of goods sold includes impairment losses on inventories of SEK -389.9 million (4.8). Impairment mainly pertained to obsolescence in inventories of seasonal goods after weak sales in summer 2022.

NOTE 17 ACCOUNTS RECEIVABLE

Accounts receivable were recognised after taking into account credit losses arising in the Group during the year of SEK -8.5 million (-4.9). The credit losses pertain to a number of minor accounts. See also Note 26.

	Group		Parent company	
Credit exposure (SEKm)	**2022**	**2021**	**2022**	**2021**
Accounts receivable not overdue or impaired	222.3	155.2	-	-
Accounts receivable overdue but not impaired	25.3	37.4	-	-
Accounts receivable impaired	19.3	15.4	-	-
Provision for bad debts	-14.9	-12.8	-	-
	252.0	**195.3**	**-**	**-**

No single customer in the Group accounts for more than 10% of the Group's accounts receivable. For additional information on credit risks, see Note 26.

The company's accounts receivable are primarily denominated in SEK. The assessment is that the accounts receivable are not exposed to any material currency exposure.

	Group		
2022 (SEKm)	**Weighted average loss (%)**	**Reported value, gross**	**Loss of reservs**
Not overdue	-	222.3	
Overdue < 30 days	-8.0	18.8	-1.5
Overdue 30 - 90 days	-41.1	9.5	-3.9
Overdue > 90 days	-58.2	16.3	-9.5
		266.9	**-14.9**

	Group		Parent company	
Provision for bad debts (SEKm)	**2022**	**2021**	**2022**	**2021**
Opening balance, 1 January	**-12.8**	**-10.5**	**-**	**-**
Additional provisions	-10.9	-10.2	-	-
Reversed provisions	7.5	7.3	-	-
Actual losses	1.4	0.7	-	-
Translation difference	-0.1	-0.0	-	-
Closing balance, 31 December	**-14.9**	**-12.8**	**-**	**-**

NOTE 18 PREPAID EXPENSES AND ACCRUED INCOME

	Group		Parent company	
(SEKm)	**2022**	**2021**	**2022**	**2021**
Prepaid rent	14.2	9.7	0.1	0.1
Prepaid insurance expenses	6.6	3.8	3.1	0.2
Prepaid personnel expenses	0.9	1.6	0.3	1.2
Accrued supplier bonus	171.0	217.3	-	-
Accrued income	6.9	11.5	-	-
Refund asset	13.2	15.9	-	-
Other	48.3	30.2	2.2	3.1
	261.1	**290.1**	**5.7**	**4.6**

NOTE 19 EQUITY

As of 31 December 2022, the share capital consisted of 175,261,466 shares (123,815,730). Each share has a quotient value of SEK 0.03.

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 of SEK 989.4 million after SEK 10.6 million in transaction costs. After the directed issue, the total number of shares outstanding in BHG Group AB amounted to 140,209,173.

On 6 December, BHG Group AB carried out a directed issue of 39,024,390 shares at a subscription price of SEK 20.50 per share, generating proceeds of approximately 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.

	Ordinary shares	
Issued shares (numbers)	**2022**	**2021**
period	**123,815,730**	**107,368,421**
Cash issue	51,445,736	13,560,016
An issue in kind	-	2,887,293
	175,261,466	**123,815,730**

Other capital contributions

The premium reserve arises when shares are issued at a premium, meaning that the shares are paid for at a price that exceeds the quotient value.

Translation reserve

The translation reserve encompasses all exchange-rate differences that arise when translating income statements and balance sheets to SEK in the consolidated financial statements.

(SEKm)	Group 2022	2021
Translation difference at the beginning of the period	**22.9**	**5.3**
Translation difference, net efter tax	102.2	17.6
Translation difference at the end of the period	**125.1**	**22.9**

Appropriation of profits

BHG Group AB

559077-0763

Appropriation of profits (SEK)

At the disposal of the annual general meeting	
Retained earnings	144,814,251
Share premium reserve	6,564,190,416
Profit/loss for the year	5,658,382
	6,714,663,049
The Board of Directors proposes	
to be carried forward	150,472,633
whereof share premium reserve	6,564,190,416
	6,714,663,049

NOTE 20 UNTAXED RESERVES

(SEKm)	Parent company 2022	2021
Tax allocation reserve opening balance	28.6	28.6
Reversed provision during the year	-8.6	
Tax allocation reserve closing balance	**20.0**	**28.6**

NOTE 21 LIABILITIES TO CREDIT INSTITUTIONS

(SEKm)	Group 2022	Group 2021	Parent company 2022	Parent company 2021
Loans from banks	2,009.3	2,517.2	1,988.2	2,492.3
	2,009.3	**2,517.2**	**1,988.2**	**2,492.3**
Liabilities due for payment later than five years after the closing date	-	-	-	-

During 2022, the Group raised new loans of SEK 800.0 million (2,650.1) and repaid SEK 1,305.7 million (2,263.6).

NOTE 22 OTHER PROVISIONS

Other provisions (SEKm)	Group 2022	Group 2021	Parent company 2022	Parent company 2021
Provisions warranties	20.2	31.1	-	-
Provisions pension (endowment insurance)	0.3	0.5	-	-
Other provisions	1.6	11.6	-	-
	22.1	**43.2**	**-**	**-**

NOTE 23 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.

Changes in value of contingent and deferred considerations are recognised in profit or loss, while changes in value of liabilities to non-controlling interests are recognised in equity.

			Reported values in equity			Reported values in PnL			Cash flow	
2022 (SEKm)	Reported values opening balance	Added during the period	Changes in net present value	Interest expenses	Translation difference	Changes in net present value	Interest expenses	Translation difference	Utilized amounts	Reported values closing balance
My Home	-	-	-	-	-	-	-	-	-	-
Camola ApS	16.3	-	1.4	-	1.0	-	-	-	-12.0	6.7
Stonefactory Scandinavia AB	1.2	-	-	-	-	-1.2	-	-	-	-
Vitvaruexperten.com Nordic AB	4.5	-	-0.6	-	-	-	-	-	-3.9	-
Edututor Oy	16.0	-	-	-	-	-	-	0.8	-16.8	-
Furniture1 UAB	364.1	-	-	11.7	32.6	-	-	-	-	408.4
Arredo Holding AB	0.9	-	-	-	-	-	-	-	-0.9	-
Designkupp AS	15.9	-	-	-	0.2	-0.3	-	0.1	-9.8	6.1
Vitvarubolaget i Sundbyberg AB	5.0	-	-0.6	-	-	-	-	-	-4.4	-
Nordiska Fönster i Ängelholm AB	30.8	-	-	-	-	-1.5	-	-	-29.2	-
LampGallerian Växjö AB	47.8	-	-5.0	-	-	-	-	-	-3.4	39.4
Arc E-commerce AB	314.4	-	-246.0	7.0	-	-	-	-	-	75.5
Lindström & Sondén AB	23.8	-	-	-	-	-	-	-	-12.0	11.8
Hemfint Kristianstad AB	95.3	-	-15.0	0.5	-	-	-	-	-60.1	20.7
Nordic Nest Group AB	80.8	-	25.0	6.2	-	-	-	-	-	112.1
IP Agency Oy	148.8	-	-53.2	6.9	10.6	-	-	-0.3	-6.7	106.1
Hafa Bathroom Group AB	16.0	-	-6.0	0.5	-	-	-	-	-	10.5
E. Svenssons i Lammhult AB	15.6	-	-	-	-	-	-	-	-	15.6
Hyma Skog & Trädgård AB	641.8	-	-92.0	19.4	-	-215.6	5.2	-	-	358.9
AH-Trading GmbH	282.6	-	-151.0	30.4	8.5	-58.8	3.6	4.5	-62.9	56.8
VVEX Group AB	-	40.9	-14.0	3.5	-	-8.0	-	-	-	22.4
Navitek Oy	-	0.1	3.1	-	-	-	-	-	-	3.2
	2,121.7	**41.0**	**-553.9**	**86.1**	**52.8**	**-285.4**	**8.9**	**5.0**	**-222.0**	**1,254.2**

The Group's acquisition agreements are structured to align the future incentives to BHG's various sellers, who are often the founders and CEOs of the acquired businesses. This is typically achieved through earnings-based earn-outs and/or the seller retaining a minority share in the acquired business combined with issues of call and put options. Since the amount to be paid depends on the future performance of the acquired company, the Group receives certain compensation if the earnings performance after the acquisition date is weaker than expected to such a degree that the consideration also decreases or is fully eliminated.

In connection with the acquisition of Hyma Skog & Trädgård AB ("HYMA"), BHG paid an initial consideration of SEK 1,100 million. In addition, the agreement included a cash earnings-based earn-out based on EBITA for 2022 amounting to a maximum of SEK 500 million. The agreement also includes a threshold value for EBITA under which no earn-out is to be paid. In 2022, HYMA had a positive EBITA trend compared with the preceding year, but did not achieve the level required for the earn-out to be paid in full. This meant the Group needed to adjust the value of the liability to be recognised for the contingent earn-out downward by SEK 215.6 million, and corresponding revenue was recognised in profit or loss under "Financial income".

2021 (SEKm)	Reported values opening balance	Added during the period	Reported values in equity			Reported values in PnL			Cash flow	Reported values closing balance
			Changes in net present value	Interest expenses	Translation difference	Changes in net present value	Interest expenses	Translation difference	Utilized amounts	
My Home	11.7	-	-5.0	-	0.1	-	-	-	-6.8	-
Camola ApS	8.3	-	7.8	-	0.2	-	-	-	-	16.3
Stonefactory Scandinavia AB	9.0	-	-	-	-	-3.3	-	-	-4.5	1.2
Polarpumpen AB	30.0	-	11.7	-	-	-	-	-	-41.7	-
Vitvaruexperten.com Nordic AB	14.2	-	3.7	-	-	-	-	-	-13.3	4.5
Edututor Oy	21.1	-	-	-	-	-	-	-	-5.0	16.0
Furniture1 UAB	346.3	-	-	11.2	6.6	-	-	-		364.1
Arredo Holding AB	1.8	-	-	-	-	-	-	-	-0.9	0.9
Designkupp AS	29.3	-	-	-	0.3	-3.1	0.4	1.5	-12.4	15.9
Vitvarubolaget i Sundbyberg AB	11.7	-	-6.0	-	-	-	-	-	-0.7	5.0
Nordiska Fönster i Ängelholm AB	60.0	-	-	-	-	-0.5	0.4	-	-29.2	30.8
LampGallerian Växjö AB	51.1	-	-	-	-	-	0.1	-	-3.4	47.8
Arc E-commerce AB	236.9	-	75.0	7.0	-	16.3	-	-	-20.8	314.4
Lindström & Sondén AB	30.8	-	-	-	-	2.1	1.0	-	-10.1	23.8
Hemfint Kristianstad AB	109.1	-	50.0	1.3	-	-	-	-	-65.1	95.3
Sleepo AB	2.5	-	-	-	-	-	-	-	-2.5	-
Nordic Nest Group AB	49.6	-	25.0	6.2	-	-	-	-	-	80.8
IP Agency Oy	-	140.8	-	6.0	1.6	-	-	0.3	-	148.8
Hafa Bathroom Group AB	-	15.7	-	0.3	-	-	-	-	-	16.0
E. Svenssons i Lammhult AB	-	30.0	-	-	-	-14.4	-	-	-	15.6
Hyma Skog & Trädgård AB	-	625.1	-	8.1	-	-	8.7	-	-	641.8
AH-Trading GmbH	-	267.2	-	9.7	0.7	-	4.6	0.4	-	282.6
	1,023.3	**1,078.8**	**162.1**	**49.8**	**9.6**	**-2.9**	**15.2**	**2.3**	**-216.5**	**2,121.7**

Of the total liability at the end of the period, SEK 816.7 million (1,883.5) is recognised as non-current and SEK 437.5 million (238.1) as current.

NOTE 24 ACCRUED EXPENSES AND DEFERRED INCOME

(SEKm)	Group		Parent company	
	2022	2021	2022	2021
Accrued personnel expenses	223.9	226.6	13.9	18.8
Accrued marketing expenses	12.0	20.7	-	-
Accrued freight expenses	20.0	46.2	-	-
Accrued cost of goods sold	4.1	15.1	-	-
Accrued audit expenses	5.7	5.5	0.9	0.5
Accrued interest expenses	0.5	0.4	-	0.4
Accrued rent	10.9	9.5	0.5	-
Refund liability	21.6	25.7	-	-
Prepaid income	2.8	6.8	-	-
Other	42.4	33.4	0.9	0.8
	343.9	**389.9**	**16.2**	**20.5**

NOTE 25 PLEDGED ASSETS AND CONTINGENT LIABILITIES

(SEKm)	Group		Parent company	
	2022	2021	2022	2021
Guarantees to external parties	55.6	51.4	55.6	40.2
Financial guarantees on behalf of subsidiaries	-	-	138.2	331.6
Floating charge	7.0	5.3	-	-
	62.6	**56.7**	**193.8**	**371.7**

NOTE 26 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Capital management

The Group's objective is to have a good financial position that helps to uphold the confidence of investors, creditors and the market, and provides a basis for further business development at the same time as the long-term return generated for the shareholders is satisfactory. The Group's goal for the capital structure is net debt in relation to pro-forma rolling 12-month (LTM) adjusted EBITDA in the range of 1.5–2.5x, subject to flexibility for strategic activities. At 31 December 2022, the relationship between net debt and pro-forma rolling 12-month adjusted EBITDA was 3.1x (2.3x).

Capital is defined as total equity.

(SEKm)	Group 2022	2021
Total equity	7,669.8	5,256.3

The Group's financing agreements contain customary loan terms (covenants) related to the relationship between EBITDA and net debt.

During the year, BHG renegotiated its loan terms with its creditor banks, which granted temporary relief. This relief will remain in force from 30 September 2022 up to and including 31 December 2023 and will mean that the creditors' requirements relating to the leverage ratio and interest cover ratio will be lowered during that time. To obtain this relief, the Group has entered into a supplementary liquidity commitment. Under this commitment, the Group must display a level of liquidity each month of the relief period that does not fall below a minimum amount.

Financial policy

Through its operations, the Group is exposed to various types of financial risks: market risk, financing and liquidity risk, and credit risk. The Group's financial risk management is centralised to the Parent Company in order to achieve economies of scale and synergies as well as to minimise the management of risks. The Parent Company also functions as the Group's internal bank and is responsible for financing and the financial policy. This includes merging liquidity needs. The financial policy formulated by the Board of Directors includes overall risk management as well as specific areas, such as liquidity risk, interest-rate risk, currency exchange risk, credit risk, insurance risk, use of financial instruments and placement of excess liquidity.

Financing and liquidity risk

In 2021, the Group completed refinancing whereby the previous credit facilities with SEB were replaced with new facilities provided jointly by SEB and Danske Bank. The new facilities have a total credit line of SEK 3,300 million divided between a term loan, a revolving credit facility and an overdraft facility, of which SEK 2,000 million (2,500) had been utilised as of 31 December 2022 (refer to the table below):

	2022			
Facility	Credit limit	Utilized amount	Unutilized amount	Remaining maturity (months)
Term loan facility	1,500.0	1,500.0	-	29
Revolving credit facility	1,500.0	500.0	1,000.0	29
Overdraft facility	300.0	-	300.0	29
Total	**3,300.0**	**2,000.0**	**1,300.0**	**29**

The facilities mature in May 2025, but the Group has an option to extend the agreement until May 2026. The facilities are conditional on the Group fulfilling certain loan terms in the form of its leverage ratio, interest coverage ratio and liquidity commitment. As of the balance-sheet date, the Group had fulfilled these loan terms.

The Group also had significant liabilities regarding earn-outs for completed acquisitions and for warrants issued to non-controlling interests. The amount the Group will need to pay for these earn-outs and liabilities to non-controlling interests is primarily based on future EBITDA in the acquired companies. Healthy earnings in the acquired companies means increased liabilities in the Group. As of 31 December 2022, the value of the earn-outs and liabilities to non-controlling interests totalled SEK 1,254.2 million (2,121.7). For measurement of earn-outs and liabilities to non-controlling interests, see below.

Financing and liquidity risk is managed centrally by the Parent Company, which ensures that there is always sufficient cash and cash equivalents available for the Group companies; the Group's liquidity reserve should never fall below 2% of the Group's rolling 12-month sales, which was not the case at any time during the year. The availability of cash and cash equivalents for the subsidiaries is partially secured through the use of a joint cash pool for all Group companies. As of 31 December 2022, the Group had SEK 477.6 million (273.5) in cash and cash equivalents and available loans of SEK 1,300.0 million (800.0). Cash and cash equivalents comprised cash and bank balances.

Liquidity management is important for the Group. The Group monitors its liquidity on a daily basis and forecasts of cash assets are evaluated monthly. The Group endeavours to optimise its access to funds by focusing on its operating activities and through active management of working capital as well as by ensuring that there are necessarily large credit facilities with the Group's banks. The aim of the Group's financial policy is to secure sufficient liquid reserves at every given point in time in order to satisfy the Group companies' operational and strategic financial needs.

Market risks – interest-rate risk

Interest-rate risk refers to the risk that financial income and expenses as well as the value of financial instruments could fluctuate due to changes in market rates. Interest-rate risks could lead to changes in market values and cash flows as well as fluctuations in the Group's profit.

The Group is exposed to interest-rate risks, primarily through its non-current loans with variable interest rates. The term loan is in SEK and carries variable interest in the form of STIBOR plus a margin. Within the framework of the revolving credit facility, borrowing in different currencies is permitted. Depending on which currency is used, the Group will pay variable interest in the form of an applicable IBOR plus a margin. The margin is adjusted based on the Group's leverage ratio, with certain agreement-based intervals for the leverage ratio.

According to the Group's financial policy, the Board of Directors must make decisions annually concerning the Group's structuring and distribution of interest-bearing assets and liabilities.

At year-end, the Group's interest-bearing liabilities were broken down as follows:

(SEKm)	Group 2022	2021
Loans from banks	2,009.3	2,517.2
Lease liabilities	877.7	878.7
Earnouts/liabilities to non-controlling interest	1,254.2	2,121.7
	4,141.1	**5,517.6**

In 2022, a +/- 1% change in the variable interest rate on the Group's loans would have impacted consolidated net financial items in an amount of SEK 26.6 million (21.9).

Credit risk

Credit risk involves exposure to losses if a counterparty to a financial instrument is unable to fulfil its obligations. The exposure is based on the carrying amount of the financial assets, most of which consist of accounts receivable, cash and cash equivalents. The Group's cash and cash equivalents comprise bank balances. Most of the bank balances are in banks with a long-term rating of Aa3 from Moody's.

On some of the Group's e-commerce platforms, customers are offered loans from a financial institution that the Group partners with to finance their purchases. If the customer chooses to utilise such a credit solution, the financial institution receives a receivable from the customer, while the Group receives liquidity from the institution within a couple days of the completed purchases. The Group assumes no credit risk or other risk for the receivables the credit institution has from the customer. The Group's cost for the credit solution offered to customers amounted to SEK 22.6 million (25.7).

However, on some of the Group's platforms, the Group itself offers customers loans. The credit risk associated with the Group's accounts receivable is spread over a large number of customers, mainly private individuals. The Group has established a credit policy for managing customer credits. For information concerning credit exposure and impairment of accounts receivable, refer to Note 17.

Market risk – currency exchange risk

The Group's currency exchange risk comprises transaction exposure and translation exposure.

Transaction exposure

Transaction exposure is the risk associated with the Group's earnings and cash flows and arises when the value of receipts and disbursements in foreign currencies changes because of fluctuations in exchange rates. The Group generally does not hedge its transaction exposure, but certain hedging takes place in Hafa Brands Group.

According to the Group's financial policy, the Group must work actively to match receipts and disbursements in foreign currency, and measure and follow up the currency exposure of the various subsidiaries.

The net flow in foreign currency, defined as sales less purchases per currency, is shown below:

(SEKm)	Group 2022	2021
DKK	249.5	200.1
EUR	-758.3	-603.7
GBP	85.4	100.4
NOK	530.8	539.8
USD	-1,263.0	-1,277.0

Exposure to foreign currencies entails that the Group is subject to currency exchange risk. For 2022 and assuming all other variables remain unchanged, an exchange rate fluctuation of 10% for the various currencies would affect pre-tax profit by the following amounts:

Sensitivity analysis (SEKm)	Group 2022	2021
DKK	+/- 25,0	+/- 20,0
EUR	+/- 76,0	+/- 60,4
GBP	+/- 8,5	+/- 10,0
NOK	+/- 53,0	+/- 54,0
USD	+/- 126,3	+/- 127,7

Translation exposure

Translation exposure is the risk that arises from the translation of net assets in foreign subsidiaries to the reporting currency (SEK).

Foreign subsidiaries primarily have operations in Denmark (DKK), Norway (NOK), Finland (EUR), Germany (EUR) and the Baltics (EUR). The Group is affected by translation of the income statements and balance sheets of foreign subsidiaries into SEK. Such translation exposure is not currency hedged. Because the exchange rate for foreign currencies fluctuates in relation to SEK, there is a risk that future changes in exchange rates could materially and adversely impact the Group's earnings and financial position.

Foreign net assets, including goodwill and other intangible assets arising from acquisitions, are broken down as follows:

(SEKm)	Group 2022	%	2021	%
DKK	269.6	18.7	251.2	16.8
EUR	1,025.3	71.3	1,139.3	76.3
NOK	143.3	10.0	103.5	6.9
	1,438.1	**100.0**	**1,494.0**	**100.0**

Categorisation of financial instruments

The Group measures earn-outs, derivatives and shares in unlisted companies at fair value. Measurement of contingent considerations belongs to Level 3 of the valuation hierarchy, while derivatives belong to Level 2. For all other financial instruments, the carrying amount is a reasonable approximation of the instrument's fair value.

Group (SEKm)	Measured at amortised cost		Measured at fair value through PnL		Total carrying amounts		Fair value	
	2022	2021	2022	2021	2022	2021	2022	2021
Financial assets								
Shares in unlisted companies	-	-	1.2	1.3	1.2	1.3	1.2	1.3
FX forwards	-	-	-	1.5	-	1.5	-	1.5
Deposit	13.9	11.8	-	-	13.9	11.8	13.9	11.8
Accounts receivable	252.0	195.3	-	-	252.0	195.3	252.0	195.3
Other receivable	114.3	68.9	-	-	114.3	68.9	114.3	68.9
Accrued income	6.9	11.5	-	-	6.9	11.5	6.9	11.5
Cash and cash equivalents	477.6	273.5	-	-	477.6	273.5	477.6	273.5
Total financial assets	**864.7**	**561.0**	**1.2**	**2.8**	**865.9**	**563.7**	**865.9**	**563.7**
Financial liabilities								
Earn-outs	-	-	290.6	686.8	290.6	686.8	290.6	686.8
Liabilities to non-controlling interest	963.6	1,434.9	-	-	963.6	1,434.9	963.6	1,434.9
Credit facilities	2,021.0	2,524.9	-	-	2,021.0	2,524.9	2,021.0	2,524.9
Accounts payable	940.3	1,028.3	-	-	940.3	1,028.3	940.3	1,028.3
Other liabilities	4.4	18.3	-	-	4.4	18.3	4.4	18.3
Accrued expenses	95.6	130.9	-	-	95.6	130.9	95.6	130.9
Total financial liabilities	**4,025.0**	**5,137.2**	**290.6**	**686.8**	**4,315.6**	**5,823.9**	**4,315.6**	**5,823.9**

In the statement of financial position, deposits and participations in unlisted companies are recognised under other financial assets and earn-outs are recognised under other non-current and current liabilities.

For a reconciliation between the carrying amount of earn-outs at the beginning of the period and at the end of the period, as well as liabilities to non-controlling interests, refer to Note 22.

Measurement of fair value

Participations in unlisted companies

Participations in unlisted companies pertain to membership of purchasing organisations. It is estimated that amortised cost reflects the fair value, since these are not transferable in the open market.

Currency forwards

Hafa Brands Group uses currency forwards to hedge its exposure to currency exchange risk. 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.

Accounts receivable and payable

For accounts receivable and payable with a remaining life of less than six months, the carrying amount is deemed to reflect the fair value. The Group has no accounts receivable or payable with a life exceeding six months.

Earn-outs

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.

Liabilities to non-controlling interests

Liabilities to non-controlling interests relating to issued put options are recognised at the present value of the redemption amount, meaning at amortised cost. The value is initially 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. Changes in these estimates result in a change in the carrying amount of the liability, which is recognised directly against equity. The carrying amount is deemed to be a reasonable approximation of the fair value of these liabilities.

Credit facilities

The Group's credit facilities carry variable interest. Since the time that the facilities were raised, the Group's assessment is that no changes have occurred in credit margins that would give rise to a material difference between the nominal amount and fair value of the loan.

Maturity structure of financial liabilities and lease liabilities – undiscounted cash flows (SEKm)	2022				
	Totalt	0 - 3 mo.	3 mo. - 1 year	1 - 5 years	> 5 years
Credit facilities	2,183.8	22.5	67.5	2,093.8	
Lease liabilities	928.0	71.1	252.0	525.4	79.5
Earnouts	290.6		278.8	11.8	
Liabilities to non-controlling interest	963.6		158.7	804.9	
Accounts payable	940.3	940.3			
Other liabilities	4.4	4.4			
Accrued expenses	95.6	95.6			
	5,406.3	**1,134.0**	**757.0**	**3,435.9**	**79.5**

Maturity structure of financial liabilities and lease liabilities – undiscounted cash flows (SEKm)	2021				
	Totalt	0 - 3 mo.	3 mo. - 1 year	1 - 5 years	> 5 years
Credit facilities	2,559.9	7.8	23.4	2,528.6	-
Lease liabilities	878.7	54.8	201.9	536.1	85.9
Earnouts	686.8	-	238.1	448.6	-
Liabilities to non-controlling interest	1,434.9	11.5	75.6	1,347.8	-
Accounts payable	1,028.3	1,028.3	-	-	-
Other liabilities	18.3	18.3	-	-	-
Accrued expenses	130.9	130.9	-	-	-
	6,737.7	**1,251.5**	**539.1**	**4,861.2**	**85.9**

NOTE 27 LEASES

Lessee

The Group leases several types of assets including but not limited to premises and vehicles. No leases include covenants or other limits beyond the collateral for the leased asset.

Right-of-use assets

Additions to right-of-use assets amounted to SEK 216.3 million (543.6). This amount includes the cost of right-of-use assets acquired during the year and costs arising from revising lease liabilities based on changes to payments resulting from a change in the lease term.

(SEKm)	2022	2021
Premises	900.8	890.0
Vehicles	0.8	2.0
Other	0.5	1.3
Total leased assets	**902.2**	**893.3**

Lease liabilities

For maturity analysis of lease liabilities, see Note 26 Financial instruments and financial risk management.

Amounts recognised in profit or loss

	Group	
Reported in Profit & Loss	**2022**	**2021**
Depreciation right of use asset	-304.2	-203.5
Interest lease liabilities	-20.5	-15.6
Variable lease payments	-0.2	-0.0
Costs for short-term leases	-94.3	-81.7
Costs for low-value leases, not low-value short-term leases	-4.4	-4.0
Total earnings effect attributable to leases	**-423.5**	**-304.9**

For disclosures on depreciation per class, see Note 14.

Amounts recognised in the statement of cash flows

	Group	
Recognised in statement of cash flows	**2022**	**2021**
Interest	-20.5	-15.6
Amortisation	-313.9	-216.0
Payment of variable, short-term and low-value lease payments	-103.5	-89.6
Total cash flows attributable to leases	**-437.9**	**-321.2**

Extension and termination options

Each Group company that has a leases assesses whether it is reasonably certain that an extension option will be exercised (or whether it is reasonably certain that an early termination option will not be exercised), and considers such factors as rent levels, the practical opportunities for the company to move to other premises (including the costs of such a move), how the company's premises impact business operations, the availability of suitable alternatives and any significant improvements made to the property made by the Group.

However, it is normally not reasonably certain at the initial assessment of the length of the lease term that the Group will exercise an extension option, if the date when the option can be exercised is more than seven years after the lease was signed.

Leases in the Parent Company

The Parent Company leases premises through two operating leases, one of which was entered into with a Group company. The lease with the Group company has a term of one year and annual rent of SEK 0.8 million. The other lease is with an external landlord and has an indefinite term, with a three-month notice period and annual rent of SEK 0.4 million. In 2022, the Parent Company expensed lease payments pertaining to rent for premises totalling SEK 1.2 million.

NOTE 28 SUPPLEMENTARY DISCLOSURES FOR THE STATEMENT OF CASH FLOWS

Profit/loss items during the year that do not generate cash flow from operating activities.

	Group		Parent company	
(SEKm)	**2022**	**2021**	**2022**	**2021**
Depreciaition, amortization, impairment and scrapping of non-current assets	548.5	371.4	0.2	0.2
Capital gains disposal of non-current assets	4.6	-1.1	-	-
Change in obsolescence provision	389.9	-4.8	-	-
Change in other provisions	-21.6	8.9	-	-
Group contributions received	-	-	-83.6	-76.0
Reassessed earn-outs	-285.4	-2.7	-	-
Unrealized exchange differences	13.2	5.8	-	-0.0
Accrued interest expenses and income	9.0	14.3	0.4	-0.6
	658.2	**391.7**	**-82.9**	**-76.4**
Other supplementary disclosures				
Interest received during the financial year	5.6	1.4	0.8	-
Interest paid during the financial year	-65.0	-33.8	-67.1	-20.8
	-59.5	**-32.5**	**-66.3**	**-20.8**
Transactions that don't resulat in cash flow				
Acqusition of shares in Hyma Skog & Trädgård AB through an issue in kind	-	404.2	-	404.2
Additional right of use assets according to IFRS 16	303.8	417.7	-	-
	303.8	**821.9**	**-**	**404.2**

NOTE 29 RECONCILIATION OF NET DEBT/CASH

2022 (SEKm)	Opening balance	Cash flows	Changes in non-cash items: Acquisitions /new lease contracts	Changes in non-cash items: Exchange rate difference	Changes in non-cash items: Accruals	Closing balance
Liabilities						
Credit facilities	2,524.9	-505.7	-	1.9	-	2,021.0
Lease liabilities	878.7	-313.9	303.8	9.1	-	877.7
Transaction expenses	-7.7	-	-	-	-4.1	-11.8
Total liabilities	**3,395.9**	**-819.7**	**303.8**	**11.0**	**-4.1**	**2,886.9**
Cash and cash equivalents						
Cash and cash equivalents	-273.5	-203.4	-1.3	0.5	-	-477.6
Total cash and cash equivalents	**-273.5**	**-203.4**	**-1.3**	**0.5**	**-**	**-477.6**
Net debt/ net cash	**3,122.4**	**-1,023.0**	**302.5**	**11.6**	**-4.1**	**2,409.3**

2021 (SEKm)	Opening balance	Cash flows	Changes in non-cash items: Acquisitions /new lease contracts	Changes in non-cash items: Exchange rate difference	Changes in non-cash items: Accruals	Closing balance
Liabilities						
Credit facilities	2,095.0	396.4	33.4	0.1	-	2,524.9
Lease liabilities	599.6	-216.0	492.0	3.1	-	878.7
Transaction expenses	-6.1	-9.9	-	-	8.3	-7.7
Total liabilities	**2,688.5**	**170.6**	**525.4**	**3.2**	**8.3**	**3,395.9**
Cash and cash equivalents						
Cash and cash equivalents	-299.0	221.6	-190.3	-5.8	-	-273.5
Total cash and cash equivalents	**-299.0**	**221.6**	**-190.3**	**-5.8**	**-**	**-273.5**
Net debt/ net cash	**2,389.5**	**392.1**	**335.1**	**-2.6**	**8.3**	**3,122.4**

NOTE 30 RELATED-PARTY TRANSACTIONS

Transactions between BHG Group AB (publ) and its subsidiaries, which are related to BHG Group AB, 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

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 of SEK 989.4 million after SEK 10.6 million in 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 800 million.

The Group issued new warrants during the year, which contributed SEK 1.0 million (21.6) in equity for the Group. No other transactions with shareholders were carried out during the year.

Transaktioner med styrelseledamöter och ledande befattningshavare

There were no transactions with senior executives, apart from those recognised above and in Note 7.

	Year	Parent company				
		Sale of goods/ services to related parties	Purchase of goods/ services from related parties	Other (e.g. interest dividend)	Claims on related parties at December 31	Liability to related parties at 31 December
Subsidiaries	2022	8.3	-	78.5	4,951.2	0.7
Subsidiaries	2021	2.6	-	45.1	3,814.2	0.0

NOTE 31 SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

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 21 March 2023, BHG Group announced an estimated negative adjusted EBIT in the range of SEK -70 million to -105 million for the first quarter of 2023. The estimate is based on actual unaudited results for January and February and our updated best estimate for March. The uncertainty is high since March historically have accounted for a significant part of the EBIT in the first quarter. The liquidity position continues to be strong.

NOTE 32 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. 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.

Signatures

Malmö, 11 April 2023

Christian Bubenheim
Chairman of the Board

Kristian Eikre
Board member

Joanna Hummel
Board member

Mariette Kristensson
Board member

Vesa Koskinen
Board member

Gustaf Öhrn
President and CEO

Our audit report was submitted on 11 April 2023
Öhrlings PricewaterhouseCoopers AB

Eva Carlsvi
Authorised Public Accountant
Auditor in charge

Vicky Johansson
Authorised Public Accountant

Auditor's report

To the general meeting of the shareholders of BHG Group AB (publ), corporate identity number 559077-0763

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of BHG Group AB (publ) for the year 2022 except for the corporate governance statement and the sustainability report on pages 55-60 and 35-53 respectively. The annual accounts and consolidated accounts of the company are included on pages 27-116 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement and the sustainability report on pages 55-60 and 35-53 respectively. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Material uncertainty related to going concern

Without qualifying our opinion above, we would like to draw attention to the administration report on p. 32 with the heading Financial Risks and Uncertainties in the Risk section where it is described that it cannot be precluded that the profitability could reach a level whereby BHG Group would risk not meeting the financial covenants in the Group's credit facilities. If the Group breaches its financial covenants, the credit facilities become due for payment. At the time of issuing our audit report, funding has not been secured. These conditions indicate that there is a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Our audit approach

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Key audit matters
Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period.

These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the Key audit matter
Valuation of intanglible assets *With reference to Note 2 and 13.* Goodwill and other intangible assets with an indefinite useful life represents a significant part of BHG Group's assets. The Company performs an impairment assessment of the assets based on a calculation of the discounted cash flow for the cash generating units in which goodwill and other intangible assets are reported. This impairment test is based on a high level of judgements and assumptions regarding future cash flows. Information is provided in Note 2 and 13 as to how the Company's management has undertaken its assessments, and also provides information on important assumptions and sensitivity analyses. Key variables in the test are growth rate, profit margins, overheads, working capital requirements, investment requirements and discount factor (cost of capital). It is presented that no impairment requirement has been identified based on the assumptions undertaken. .	In our audit, we have evaluated the calculation model applied by management and conducted that the model is compatible with acceptable valuation techniques. We have reconciled and critically tested essential assumptions against budget and strategic plan for the Company. We have analyzed the accuracy on how previous years assumptions have been met and assessed any adjustments to assumptions compared to previous year, as a result from changes in the business and external factors. We have tested the sensitivity analysis for key assumptions in order to assess the risk of need for impairment. We have also assessed the correctness of the disclosures included in the financial statements.
Recognition of acquisitions and acquisition-related liabilities *With reference to Note 2, 5 and 23.* In the financial year 2022, BHG Group made one business acquisition in the DIY segment. Information on acquisitions is presented in Note 5. The total purchase price for the business acquisitions was MSEK 84,1, of which MSEK 11,1 refers to identified fair value adjustments in the acquisition analyses for trademarks and customer relationships and MSEK 76 refers to goodwill. The recognition of acquisitions involves a high degree of judgement by management. Significant estimates and judgements refer to the purchase price allocation of fair value in acquisition analyses for assets and liabilities, as well as referring to adjustments for adaptation to the group's accounting principles. BHG Group reports acquisition-related liabilities as of 2022-12-31 of MSEK 1 254,2. Accounting for acquisition-related liabilities contains a high degree of assessments of the company. Significant assessments refer above all to estimated future earnings for the subsidiaries.	Our audit of the acquisitions was partially based on assessment of the acquisition agreements as well as supporting documents for opening balances in the acquired companies. We have also evaluated the implemented adjustments for adaptation to the group's accounting principles. Our audit has also included an assessment of significant estimates and judgements made in connection with the purchase price allocation of fair value in the acquisition analyses. We have also assessed the basis for the judgements and comparing those judgements with similar acquisitions in the group in previous years. In our audit, we have also discussed and analyzed the company's assessment of the size of the acquisition-related liabilities. We have assessed the correctness of the disclosures of acquisitions included in the financial statements and assessed supporting documentation for the accounting of the acquisitions.

Other Information than the annual accounts and consolidated accounts
This document also contains other information than the annual accounts and consolidated accounts and is found on pages 2-26 and 122-127. The other information also consists of the remuneration report of 2022 that we obtained prior to the date of this auditor's report. The Board of Directors and the Managing Director are responsible for this other information.
Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.
If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Director's and the Managing Director
The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing

Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor´s report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The auditor's audit of the administration of the company and the proposed appropriations of the company's profit or loss

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Director's and the Managing Director of BHG Group AB (publ) for the year 2022 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Director's and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Director's and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group' equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company´s organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

THE AUDITOR'S EXAMINATION OF THE ESEF REPORT

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528) for BHG Group AB (publ) for the financial year 2022 .

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for Opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of BHG Group AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Director's and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report has been marked with iXBRL in accordance with what follows from the Esef regulation.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 55-60 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

The auditor's report on the statutory sustainability report

It is the board of directors who is responsible for the statutory sustainability report on pages 35-53 and that it has been prepared in accordance with the Annual Accounts Act.

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

A statutory sustainability report has been prepared.

Öhrlings PricewaterhouseCoopers AB was appointed auditor of BHG Group AB (publ) by the general meeting of the shareholders on the 5 May 2022 and has been the company's auditor since the financial year 2022.

Malmö 11 April 2023

Öhrlings PricewaterhouseCoopers AB

Eva Carlsvi
Authorized Public Accountant
Auditor in charge

Vicky Johansson
Authorized Public Accountant

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 EBITA, 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

	Group	
(SEKm)	**2022**	**2021**
Operating income	-183.9	710.6
Donation UNHCR	1.5	-
Acquisition-related costs	12.9	23.4
Warehouse consolidation	2.1	-
Strategy work	12.5	-
Inventory impairment	375.8	-
Salary expense for gardening leave	21.9	-
Impairment and restoreation costs when closing stores	7.8	-
Disposal of intangible assets when liquidating operations	5.1	-
Impairment of inventory when liquidating operations	10.1	-
Total items affecting comparability	**449.7**	**23.4**
Depreciation and amortization of acquisition related intangible fixed assets	100.6	78.7
Scrapping of acquired brands when sites are discontinued	8.6	-
Adjusted EBIT	**374.9**	**812.7**
Adjusted EBIT (%)	**2.8**	**6.4**
Depreciation and amortization of tangible and intangible fixed assets	439.4	292.8
Gain/loss from sale of fixed assets	0.2	-0.8
Adjusted EBITDA	**814.5**	**1,104.6**
Adjusted EBITDA (%)	**6.1**	**8.7**
Net sales	13,433.6	12,666.0
Cost of goods	-8,717.4	-7,710.4
Gross profit before direct selling costs	**4,716.3**	**4,955.6**
Gross profit before direct selling costs (%)	**35.1**	**39.1**
Direct selling costs	-1,735.2	-1,598.5
Gross profit	**2,981.1**	**3,357.1**
Gross profit (%)	**22.2**	**26.5**
Adjusted gross profit	**3,368.3**	**3,357.1**
Adjusted gross profit (%)	**25.1**	**26.5**

DIY segment

	DIY	
(SEKm)	2022	2021
Operating income	-2.0	516.6
Warehouse consolidation	2.1	-
Inventory impairment	200.9	-
Salary expense for gardening leave	6.5	-
Impairment and restoreation costs when closing stores	1.8	-
Disposal of intangible assets when liquidating operations	5.1	-
Impairment of inventory when liquidating operations	1.2	-
Total items affecting comparability	**217.6**	**-**
Depreciation and amortization of acquisition related intangible fixed assets	59.2	44.1
Scrapping of acquired brands when sites are discontinued	3.2	-
Adjusted EBIT	**278.0**	**560.7**
Adjusted EBIT (%)	**3.7**	**7.7**
Depreciation and amortization of tangible and intangible fixed assets	192.3	122.0
Gain/loss from sale of fixed assets	0.3	-1.0
Adjusted EBITDA	**470.7**	**681.7**
Adjusted EBITDA (%)	**6.3**	**9.4**
Net sales	7,507.0	7,259.6
Cost of goods	-5,185.2	-4,747.2
Gross profit before direct selling costs	**2,321.9**	**2,512.4**
Gross profit before direct selling costs (%)	**30.9**	**34.6**
Direct selling costs	-827.4	-748.1
Gross profit	**1,494.5**	**1,764.3**
Gross profit (%)	**19.9**	**24.3**
Inventory impairment	200.9	-
Impairment and restoreation costs when closing stores	1.3	-
Impairment of inventory when liquidating operations	1.2	-
Adjusted gross profit	**1,697.9**	**1,764.3**
Adjusted gross profit (%)	**22.6**	**24.3**

Home Furnishing segment

	Home Furnishing	
(SEKm)	2022	2021
Operating income	-91.9	289.4
Acquisition-related costs	2.3	-
Inventory impairment	174.9	-
Salary expense for gardening leave	8.2	-
Impairment and restoreation costs when closing stores	6.0	-
Impairment of inventory when liquidating operations	8.9	-
Total items affecting comparability	**200.5**	**-**
Depreciation and amortization of acquisition related intangible fixed assets	41.4	34.6
Scrapping of acquired brands when sites are discontinued	5.3	-
Adjusted EBIT	**155.2**	**324.0**
Adjusted EBIT (%)	**2.6**	**6.0**
Depreciation and amortization of tangible and intangible fixed assets	244.6	169.8
Gain/loss from sale of fixed assets	-0.1	0.2
Adjusted EBITDA	**399.7**	**494.0**
Adjusted EBITDA (%)	**6.7**	**9.1**
Net sales	5,965.5	5,442.8
Cost of goods	-3,570.2	-2,994.7
Gross profit before direct selling costs	**2,395.3**	**2,448.1**
Gross profit before direct selling costs (%)	**40.2**	**45.0**
Direct selling costs	-906.9	-850.4
Gross profit	**1,488.5**	**1,597.7**
Gross profit (%)	**25.0**	**29.4**
Inventory impairment	174.9	-
Impairment of inventory when liquidating operations	8.9	-
Adjusted gross profit	**1,672.3**	**1,597.7**
Adjusted gross profit (%)	**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.

At the end of the year, net debt amounted to SEK 1,543.4 million, corresponding to net debt in relation to LTM adjusted EBITDA of 3.14x. The Group's current and non-current acquisition-related liabilities consist of contingent and deferred earn-outs related to acquisitions, which are subject to an implicit interest expense related to the present value calculation of the same. These obligations amounted to SEK 1,254.2 million at the end of the year, compared with SEK 2,121.7 million at the beginning of the year. Lease liabilities reflect the balance sheet effects of IFRS 16 and amounted to SEK 877.7 million at the end of the year, compared with SEK 878.7 million at the beginning of the year.

	Group	
Net debt / Net cash (SEKm)	**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 of lease liabilities	-877.7	-878.7
Adjustment of earnouts 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**

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.

CONTACT INFORMATION

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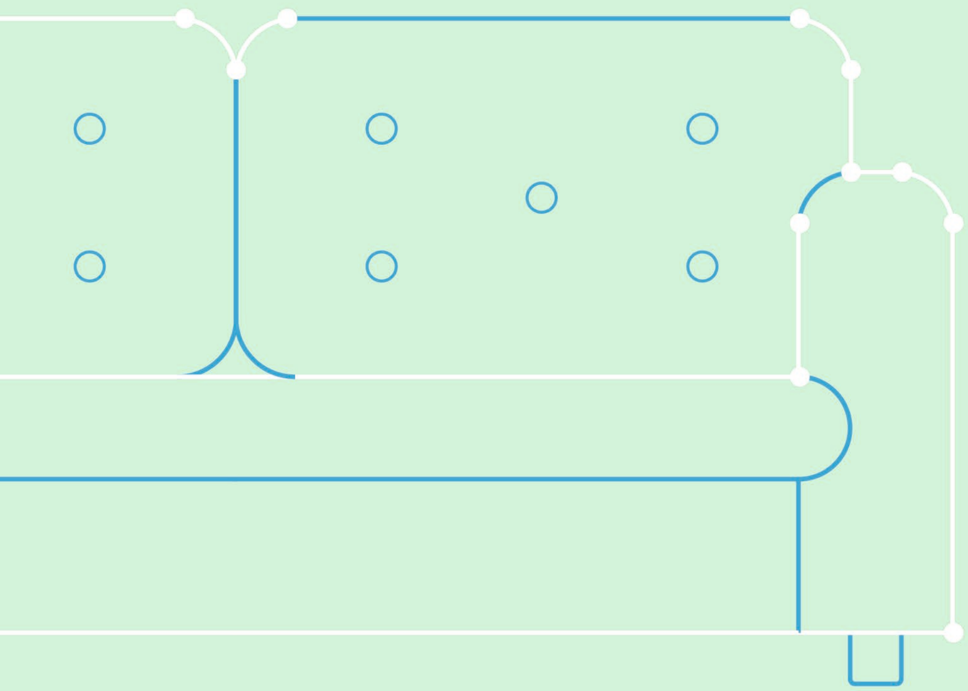
FINANCIAL CALENDAR

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	Interim report January-December 2023



Happy dots, solving knots