

Interim report: 1 January-30 September 2021

# Journey of growth continues

- Organic growth, M&amp;A and synergies resulted in growth for the quarter of 33.6%

## HIGHLIGHTS

### 1 July-30 September

- Net sales increased 33.6% to SEK 3,060.5 million (2,290.3). Organic growth was 5.5% and pro-forma organic growth was 10.2%
- Gross profit increased 32.7% to SEK 786.1 million (592.3), with a gross margin of 25.7% (25.9)
- Adjusted EBIT amounted to SEK 164.5 million (194.0), corresponding to an adjusted EBIT margin of 5.4% (8.5)
- Operating income amounted to SEK 123.0 million (183.2), corresponding to an operating margin of 4.0% (8.0)
- Cash flow from operating activities amounted to SEK -232.0 million (20.7)
- Net profit for the period amounted to SEK 61.7 million (134.9)
- Earnings per share amounted to SEK 0.50 (1.24) before dilution and SEK 0.49 (1.22) after dilution

### 1 January-30 September

- Net sales increased 38.8% to SEK 9,178.8 million (6,613.6). Organic growth was 16.6% and pro-forma organic growth was 21.0%
- Gross profit increased 43.9% to SEK 2,427.1 million (1,686.2), with a gross margin of 26.4% (25.5)
- Adjusted EBIT amounted to SEK 626.3 million (506.7), corresponding to an adjusted EBIT margin of 6.8% (7.7)
- Operating income amounted to SEK 553.1 million (474.4), corresponding to an operating margin of 6.0% (7.2)
- Cash flow from operating activities amounted to SEK 223.6 million (773.6)
- Net profit for the period amounted to SEK 376.9 million (328.4)
- Earnings per share amounted to SEK 3.09 (3.02) before dilution and SEK 3.05 (2.98) after dilution

### Key events during and after the period

- **M&A: Continued high acquisition rate**
  - On 9 June, BHG announced the acquisition of 92% of HYMA, our second largest acquisition to date. The transaction was completed on 21 July. HYMA was consolidated as of 1 August and will strengthen the DIY segment's leading Nordic online position by increasing its category depth and breadth and enable growth and cost synergies.
  - On 2 September, BHG announced the acquisition of 80% of AH-Trading, one of Germany's leading e-commerce companies in garden furniture. AH-Trading was consolidated in the Home Furnishing segment as of 1 September. The acquisition has created the conditions for sales and purchasing synergies and will enable the company to establish a presence and infrastructure in Germany, which will provide a foundation for continued growth in the strategically important German market.
- **Growth initiatives: Progress on central organic initiatives**
  - Investments in technology platforms for product and customer data, automation of select parts of the warehouse infrastructure, and a first showroom and own last-mile deliveries in the Oslo region.
  - The ultimate aim of all of these initiatives is to complement the customer offering and create a leading customer experience through further product range expansion and exchange between the operating units, geographic expansion of proprietary brands and by strengthening BHG's digital leadership and infrastructure.

## FINANCIAL SUMMARY

SEKm (if not otherwise stated)	Jul-Sep			Jan-Sep			Jan-Dec
	2021	2020	Δ%	2021	2020	Δ%	2020
Net sales	3,060.5	2,290.3	33.6	9,178.8	6,613.6	38.8	8,968.2
Gross profit	786.1	592.3	32.7	2,427.1	1,686.2	43.9	2,326.2
Gross margin (%)	25.7	25.9	-0.2 p.p.	26.4	25.5	0.9 p.p.	25.9
Adjusted EBIT*	164.5	194.0	-15.2	626.3	506.7	23.6	700.8
Adjusted EBIT margin (%)	5.4	8.5	-3.1 p.p.	6.8	7.7	-0.8 p.p.	7.8
Operating income	123.0	183.2	-32.9	553.1	474.4	16.6	657.8
Operating margin (%)	4.0	8.0	-4.0 p.p.	6.0	7.2	-1.1 p.p.	7.3
Net profit for the period	61.7	134.9	-54.3	376.9	328.4	14.8	420.3
Earnings per share before dilution, SEK	0.50	1.24	-59.7	3.09	3.02	2.3	3.87
Earnings per share after dilution, SEK	0.49	1.22	-59.8	3.05	2.98	2.3	3.80
Cash flow from operating activities	-232.0	20.7	-1223.1	223.6	773.6	-71.1	994.3
Net debt (+) / Net cash (-)	1,854.3	87.2	2025.9	1,854.3	87.2	2025.9	1,796.0

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

# Comments by Adam Schatz

President and CEO, BHG Group

We have continued to grow, both organically and through acquisitions, despite a challenging market in terms of both supply and demand. We have also taken important steps toward clarifying and accelerating our model, which is based on the combination of *organic initiatives, M&A and synergies*. We remain strong, in a post-covid environment, thanks to our position in our home markets and the potential we have started to realise in continental Europe.

During the second quarter, we surged past our previously announced target of reaching SEK 10 billion in net sales. With the third quarter behind us, we are now running at SEK 11.5 billion on an annual basis, with pro-forma LTM net sales of SEK 13.7 billion.

Despite challenging comparative figures, BHG delivered another quarter of growth, with net sales of SEK 3,060.5 million, up 33.6%, corresponding to pro-forma organic growth of 10.2% and organic growth of 5.5%. Adjusted EBIT amounted to SEK 164.5 million, corresponding to an adjusted EBIT margin of 5.4%. The quarter was characterised by a tougher market, with ongoing bottlenecks and price increases in the supply chain and more intense competition for customers, which has resulted in higher costs for online marketing. The Home Furnishings segment was particularly affected due to its higher dependency on the global supply chains and a high share of catalogue-based competitors and which – similar to our experience at the tail end of 2018 – means that changes in consumer prices occur more gradually.

Nevertheless, we strengthened our leading position during the quarter. The DIY segment displayed favourable organic growth given its comparative figures, and the acquisitions completed during the year performed well. Two key acquisitions were also carried out during the period: HYMA, which was consolidated in the DIY segment from 1 August, and AH-Trading, which was consolidated in the Home Furnishing segment from 1 September.

As of this year, we have chosen to highlight our operating units in our interim reports, and in this report we have selected AH-Trading, our first acquisition in Germany and an important piece of the puzzle for accelerating our growth in continental Europe. I recommend that you read CEO Aron Holtermann's reflections on our partnership so far, on page 12 of this report.

Our initiatives going forward are based on our four strategic cornerstones (*product range, scale, digital leadership and physical infrastructure*) and M&A. In particular, we will focus on:

1. **Product range – broaden and make available:** Maximising the opportunity for all of our customers to benefit from the combined power of our customer offering. We are thus continuing our efforts in broadening our offering and making it available on all relevant Group platforms. We are also increasing the share of sales of proprietary brands in the DIY segment and developing the installation offering.
2. **Delivery – increased precision and efficiency:** We currently deliver to our customers based on two main models: 1) drop shipping, meaning directly from producer to customer, and 2) via our own warehouses. Drop shipping is capital efficient, and we are investing in our IT-platform to meet our customers' growing expectations regarding delivery options, times and precision. At the same time, we are consolidating our warehouse infrastructure and increasing the coverage of our last-mile deliveries in the Home Furnishing segment.
3. **Digital leadership – automation and data:** Our size ensures that we have access to more data than our competitors. We have already automated large parts of the digital process, applying machine learning, pricing robots etc. to optimise our webshops and tailor our customer offering. We are now investing in our customer platform and system for automated assortment exchange to further capitalise on the inherent potential in the Group. We are also in the starting phase of automating fulfilment in parts of our operations.
4. **Acquisitions and synergies – continued high rate in the Nordics and continental Europe:** So far this year, we have added six new businesses to the portfolio. Our prospects for further acquisitions are favourable, in the Nordics as well as on the fragmented European continent: we have a clear strategy, a strong acquisition and integration team, and a better deal flow than ever before.

Through the above initiatives, we are building a stronger BHG with an improved ability to give our customers the best overall experience. We are also determined to more clearly incorporate ESG into our entire value chain and have welcomed Maria Morin, now responsible for three closely related areas Organisation, Communication and ESG, to the management team.

I would like to conclude by thanking all of our employees for their tireless work to gradually move us closer to fulfilling our mission: *We make living easy!*

Malmö, 28 October 2021

Adam Schatz

President and CEO, BHG Group



*"We have established a leading online position in our Nordic home markets and are now also growing rapidly in continental Europe. At BHG, we share a passion for providing our customers with the best experience – the market's leading offering for the home. This is our formula for success: organic initiatives + M&A + synergies. And this is how we will continue on our journey of growth."*

# Condensed consolidated financial information

SEKm (if not otherwise stated)	Jul-Sep			Jan-Sep			Jan-Dec
	2021	2020	Δ%	2021	2020	Δ%	2020
Net sales	3,060.5	2,290.3	33.6	9,178.8	6,613.6	38.8	8,968.2
Gross profit	786.1	592.3	32.7	2,427.1	1,686.2	43.9	2,326.2
Gross margin (%)	25.7	25.9	-0.2 p.p.	26.4	25.5	0.9 p.p.	25.9
Adjusted EBITDA*	241.5	244.6	-1.3	828.9	653.3	26.9	902.7
Adjusted EBITDA margin (%)	7.9	10.7	-2.8 p.p.	9.0	9.9	-0.8 p.p.	10.1
Adjusted EBIT*	164.5	194.0	-15.2	626.3	506.7	23.6	700.8
Adjusted EBIT margin (%)	5.4	8.5	-3.1 p.p.	6.8	7.7	-0.8 p.p.	7.8
Operating income	123.0	183.2	-32.9	553.1	474.4	16.6	657.8
Operating margin (%)	4.0	8.0	-4.0 p.p.	6.0	7.2	-1.1 p.p.	7.3
Net profit for the period	61.7	134.9	-54.3	376.9	328.4	14.8	420.3
Cash flow from operating activities	-232.0	20.7	-1223.1	223.6	773.6	-71.1	994.3
Visits (thousands)	94,710	75,644	25.2	305,094	224,183	36.1	302,133
Orders (thousands)	1,182	715	65.4	3,603	2,147	67.8	3,012
Conversion rate (%)	1.2	0.9	0.3 p.p.	1.2	1.0	0.2 p.p.	1.0
Average order value** (SEK)	2,545	3,080	-17.4	2,597	3,137	-17.2	3,018

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

\*\* Average order value (AOV) for the quarter was impacted by the consolidation of Nordic Nest, whose AOV is about one-third that of the Group's other operations, as of 1 January.

## COMMENTS ON THE RESULT FOR THE PERIOD

We continued to grow during the quarter, despite high comparative figures and market challenges in the form of higher raw material prices, overextended global supply chains and tighter demand. Now that the Covid-19 restrictions have essentially 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, while market prices have not yet been fully adjusted to compensate for cost increases. As the largest online pure-play in the Nordic region, we have a strong position to navigate a more complicated supply and demand situation.

The third quarter of the year was characterised by:

- High total growth, driven by a positive performance by companies acquired during the year and M&A. The DIY segment's ongoing shift toward a larger share of proprietary brands continued, and the Home Furnishing segment was strengthened through investments in its warehouse, showroom and last-mile infrastructure. At the same time, more challenging external circumstances had a negative impact on both segments, particularly the Home Furnishing segment.
  - The Group's sales amounted to SEK 3,060.5 million for the quarter and SEK 9,178.8 million for the first nine months of the year. Total growth amounted to 33.6% for the quarter and 38.8% for the first nine months of the year, pro-forma organic growth (meaning including the six acquisitions carried out in the last 12 months) to 10.2% and organic growth to 5.5% for the quarter and 21.0% and 16.6% for the first nine months of the year.
  - Adjusted EBIT amounted to SEK 164.5 million for the quarter and SEK 626.3 million for the first nine months of the year, corresponding to an adjusted EBIT margin of 5.4% for the quarter and 6.8% for the first nine months of the year. The EBIT margin was negatively impacted by higher shipping, product, fulfilment and traffic generation costs, which were not fully offset by higher consumer prices.
  - Cash flow from operating activities amounted to SEK -232.0 million for the quarter and SEK 223.6 million for the first nine months of the year and was mainly impacted by the build-up of inventories to ensure high product availability despite the disruptions in the global supply chains.
- Continued progress was made on central initiatives carried out during the quarter with the aim of 1) increasing the Group's digital leadership by automating processes related to customer data, product range expansion and product assortment exchange between operating units, making it possible to more efficiently tailor the customer offering, 2) pursuing geographic expansion of the Group's proprietary brands, 3) automating parts of the inventory infrastructure, starting with our Danish DIY operations, and 4) establishing the infrastructure for accelerated growth in the Home Furnishing segment in Norway through the establishment

of our first showroom and own last-mile deliveries in the Oslo region.

- Two acquisitions were completed: HYMA was consolidated in the DIY segment from 1 August and AH-Trading, our first acquisition in the large German market, was consolidated in the Home Furnishing segment from 1 September.

### The home improvement market

The home improvement market already began to face a slowdown back in the second quarter. After a weak start to the third quarter, particularly within furniture and home furnishings, we saw a certain level of market acceleration as the quarter continued.

The market has been impacted for some time by disruptions in the global supply chains in the wake of the pandemic. However, cost increases in select categories have not yet been fully reflected in increased consumer prices. Our assessment is that consumer price increases will continue into the next quarter. As we announced in our earlier interim reports this year, we expect shipping costs to remain high and certain bottlenecks to continue into 2022.

The market challenges mentioned above are affecting all players in Europe and our prospects for navigating the prevailing circumstances are good.

### Outlook

Despite the fact that we now operate in a post-covid environment, we continued to strengthen our position in the Nordic region and selected markets in continental Europe, not least in Eastern Europe (through Furniture1) and Western Europe (through select parts of the DIY segment, but particularly in the Home Furnishing segment through Nordic Nest and recently acquired AH-Trading).

Our size and approach of combining organic initiatives with acquisitions provide us with a major advantage, not least in the prevailing market:

- We have leverage to ensure that BHG's businesses are prioritised by our manufacturing and freight partners.
- The breadth of our range also provides us with the conditions to target our customers with offerings on products with a higher level of availability.
- We have a market-leading digital position and can therefore drive traffic efficiently.
- As the only online player in home improvement with the history and ability to continuously consolidate our markets through acquisitions, we can continue to strengthen our business under all market conditions.

The Group does not publish any forecasts, but we can confirm that the start of the fourth quarter was in line with the preceding quarter.

The assessment that our online markets can be expected to grow by approximately 15% annually remains, and in addition to this base growth, the Group has good opportunities to execute on geographic expansion initiatives, both organic and acquisition-related. For further information, refer to the Group's medium-term financial targets (page 6).

### M&A

Two acquisitions were completed during the quarter, with HYMA and AH-Trading incorporated into BHG.

The HYMA acquisition was announced in the second quarter, and the company was consolidated in the DIY segment from 1 August, following a review by the Swedish Competition Authority. HYMA's strong market position in central BHG categories and the company's portfolio of external and proprietary brands helped to further strengthen the Group's position in the Nordic market. We have also identified significant synergies in the form of economies of scale, sourcing advantages, cross-selling and sharing of best practices. The consideration for 100% of the shares corresponded to an initial consideration of approximately SEK 1,100 million. For its 92% ownership stake BHG paid SEK 542 million, and SEK 458 million through an issue in kind. In addition, there is an earn-out based on EBITA for 2022 of up to SEK 500 million.

AH-Trading, our first acquisition in Germany, was consolidated in the Home Furnishing segment from 1 September. AH-Trading is one of Germany's leading e-commerce companies in garden furniture. All of the company's approximately 10,000 products are sold online, about half of which are proprietary brands. The acquisition, which provided a presence and infrastructure in the important German market, is strategically important for continued growth and has created the conditions for sales and purchasing synergies. The initial consideration for 100% of the shares was approximately SEK 490 million (EUR 48 million). BHG paid about SEK 367 million (EUR 36 million) in cash and cash equivalents for 80% of the shares. In addition, the Group will pay a performance-based cash earn-out, based on EBITDA for 2021 and 2022, of up to approximately SEK 122 million (EUR 12 million).

Particularly noteworthy among the businesses that have joined BHG during the year is the continued strong performance of Nordic Nest, especially in the German market. We have also decided to gradually gather a number of proprietary brands in the DIY segment under Hafa Bathroom Group, which was acquired in the second quarter of the year. This will create the conditions to further develop our management of the value chain for our proprietary brands.

Our prerequisites for maintaining a high acquisition rate are favourable, and the pipeline of relevant acquisition candidates – both in our Nordic home markets and in large nearby geographic regions – is strong.

When it comes to acquisitions, our focus is on the home improvement market, a market where the level of online penetration is still relatively low, but which is expected to grow significantly in the coming years. In this market, we are looking for:

- Acquisitions that accelerate our product range expansion and add customers in new geographies, including new platform acquisitions as well as category acquisitions that will be integrated with one of our main platforms over time.
- Acquisitions that facilitate synergies in the form of product assortment exchange, digital traffic generation, maximising the business insights obtained from the data flowing through our growing group of operations, and leveraging economies of scale in terms of purchasing, for example.

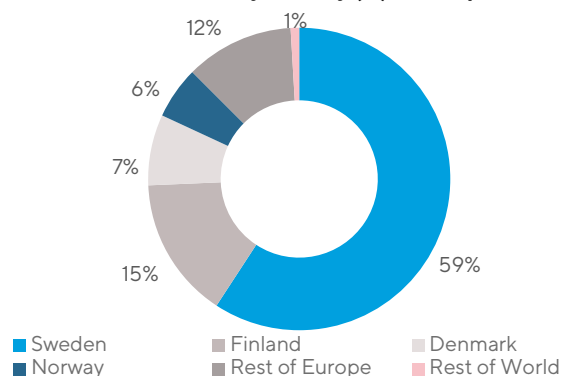
### Currency effects

The Group does not hedge currency exposure, except for Hafa Bathroom Group, which was acquired in the second quarter.

The SEK was slightly stronger in relation to both the USD and EUR compared with the corresponding quarter in the preceding year. Currency effects had a negative impact of approximately 0.5 percentage points on net sales.

This marginal strengthening of the SEK had a negligible impact on operating income.

### Distribution of net sales by country (%), Jul-Sep 2021



### Net sales

Total growth and pro-forma growth (also including the performance of recent acquisitions, which typically grow faster when they become part of the Group) were favourable in both segments, despite challenging comparative figures. Organic growth for the Group was impacted by high comparative figures and a sluggish Home Furnishing segment, particularly at the beginning of the quarter.

The DIY segment delivered relatively even results over the three months of the quarter, while the Home Furnishing segment had a weak start and subsequently accelerated.

Net sales increased 33.6% to SEK 3,060.5 million (2,290.3) for the quarter and 38.8% to SEK 9,178.8 million (6,613.6) for the first nine months of the year. Organic growth was 5.5% for the quarter and 16.6% for the first nine months of the year. Pro-forma organic growth was 10.2% for the quarter and 21.0% for the first nine months of the year.

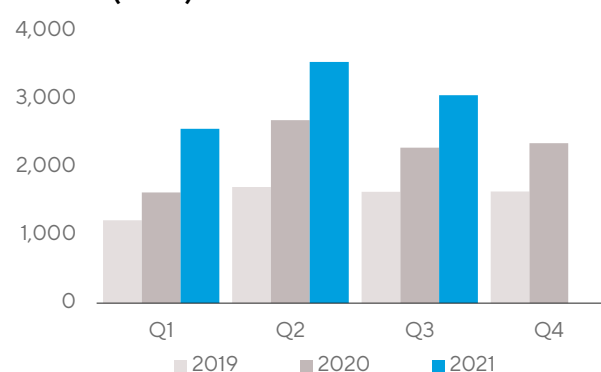
Net sales in the DIY segment increased 27.2% to SEK 1,862.0 million for the quarter and 28.7% to SEK 5,434.9 million for the first nine months of the year. Organic growth was 10.1% for the quarter and 19.9% for the first nine months of the year. Pro-forma organic growth was 9.5% for the quarter and 18.5% for the first nine months of the year. As in the second quarter, the Swedish operations, with the Bygghemma platform and units that primarily sell proprietary brands, delivered strongly, while the other Nordic units faced particularly challenging comparative figures.

Net sales in the Home Furnishing segment increased 44.6% to SEK 1,205.9 million for the quarter and 56.1% to SEK 3,769.6 million for the first nine months of the year. Organic growth was -2.4% for the quarter and 11.0% for the first nine months of the year. Pro-forma organic growth, meaning including Nordic Nest, Svenssons, Sleepo and AH-Trading, was 11.1% for the quarter and 24.5% for the first nine months of the year. Nordic Nest and the smaller specialist companies

delivered a strong performance, and Furniture1 – with a focus on Eastern Europe – accelerated after a weaker start to the quarter. However, the Nordic value-for-money furniture platform had a tougher quarter and had a negative impact on the segment's performance.

The Group's traffic generation and web team, which works across all units, navigated a traffic generation market that proved to be more challenging than in the past five quarters. The Group's webstores received 94,7 million (75.6) visits during the quarter, which generated 1,182 thousand (715) orders. The number of visits to the Group's destinations continued to grow, while the conversion rate increased 0.3 percentage points.

### Net sales (SEKm)



### Gross margin and SG&A

The product margin amounted to 38.3% (37.4) for the quarter and 39.0% (37.0) for the first nine months of the year. The reported gross margin (that is, the margin after deductions for direct selling expenses, such as logistics, fulfilment, etc.) amounted to 25.7% (25.9) for the quarter and 26.4% (25.5) for the first nine months of the year. The improvement in the product margin was driven by a positive shift in the mix toward a higher share of proprietary brands in the DIY segment, while the reported gross margin was negatively impacted by shipping and fulfilment costs.

Overall, the gross margin development in the quarter is attributable to:

- Cost increases for raw materials and shipping, which were partially mitigated by further mix and price improvements during the period, as well as a favourable impact from newly acquired companies.
- Price and mix: A higher share of sales of proprietary brands in the DIY segment and significant price adjustments across several, but not all, categories. As a rule, the Group matches its competitors' lowest prices, and in the Home Furnishing segment in particular, market price increases have not yet fully offset the cost increases in the product and supply chains.

The Group carefully monitors the development of AOV and focuses particularly on ensuring that the AOV for bulky products, which are sent on pallets, remains high. Essentially all of the operating units managed to maintain, or increase, their AOV during the quarter. The decline in AOV in the Home Furnishing segment was entirely attributable to the shift in the mix toward more parcel shipments following the consolidation of Nordic Nest from 1 January.



Selling, general and administrative expenses (SG&A, defined as the difference between adjusted gross profit and adjusted EBITDA) amounted to SEK 544.5 million (347.7) for the quarter, corresponding to 17.8% (15.2) of net sales, and to SEK 1,598.2 million (1,032.9) for the first nine months of the year, corresponding to 17.4% (15.6). We are currently in a phase in which we are continuing to build the organisation to enable the delivery of high growth with favourable customer satisfaction and increased customer loyalty in the long term. 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 and continued organisational improvements. Our aim to increase the share of proprietary brands requires a more comprehensive organisation and increased online marketing, which we recognise under SG&A. SG&A was also negatively impacted by increased costs for online marketing as a result of higher traffic generation costs, driven by market price increases for the cost per click (CPC).

As previously announced in conjunction with the acquisition of HYMA in the second quarter, we have recognised transaction costs corresponding to SEK 20 million as items affecting comparability during the quarter. Since the third quarter of 2019, we only recognise exceptional transaction costs related to our acquisition agenda as items affecting comparability.

## Earnings

The Group's adjusted EBIT amounted to SEK 164.5 million (194.0) for the quarter and SEK 626.3 million (506.7) for the first nine months of the year, corresponding to an EBIT margin of 5.4% (8.5) for the quarter and 6.8% (7.7) for the first nine months of the year.

The Group's operating income amounted to SEK 123.0 million (183.2) for the quarter and SEK 553.1 million (474.4) for the first nine months of the year, corresponding to an operating margin of 4.0% (8.0) for the quarter and 6.0% (7.2) for the first nine months of the year.

Amortisation of acquisition-related intangible assets amounted to SEK 21.9 million (10.8) for the quarter and SEK 53.5 million (32.3) for the first nine months of the year. This amortisation pertained to identified surplus values related to customer relationships and customer databases in acquired companies. No impairment of goodwill or other assets was identified during the period, or in the corresponding period of the preceding year.

The Group's net financial items amounted to SEK -33.1 million (-10.0) for the quarter, which included reassessed earn-outs of SEK -16.5 million. Interest expenses for the quarter amounted to SEK -11.0 million, of which SEK -3.9 million related to lease liabilities in accordance with IFRS 16. The Group's net financial items amounted to SEK -71.2 million (-49.1) for the first nine months of the year, which included reassessed earn-outs of SEK -20.3 million. Interest expenses amounted to SEK -36.0 million, of which SEK -11.3 million related to lease liabilities in accordance with IFRS 16.

The Group's profit before tax was SEK 89.8 million (173.2) for the quarter and SEK 481.9 million (425.3) for the first nine months of the year.

Net income amounted to SEK 61.7 million (134.9) for the quarter and SEK 376.9 million (328.4) for the first nine months

of the year. The effective tax rate was -31.3% (-22.1), corresponding to SEK -28.1 million (-38.3) for the quarter, and SEK -21.8% (-22.8), corresponding to SEK -105.0 million (-96.9) for the first nine months of the year.

## KEY EVENTS DURING AND AFTER THE PERIOD

- **M&A:** *Continued high acquisition rate*
  - On 9 June, BHG announced the acquisition of 92% of HYMA, our second largest acquisition to date. The transaction was completed on 21 July. HYMA was consolidated as of 1 August and will strengthen the DIY segment's leading Nordic online position by increasing its category depth and breadth and enable growth and cost synergies.
  - On 2 September, BHG announced the acquisition of 80% of AH-Trading, one of Germany's leading e-commerce companies in garden furniture. AH-Trading was consolidated in the Home Furnishing segment as of 1 September. The acquisition has created the conditions for sales and purchasing synergies and will enable the company to establish a presence and infrastructure in Germany, which will provide a foundation for continued growth in the strategically important German market.
- **Growth initiatives:** *Progress on central organic initiatives*
  - Investments in technology platforms for product and customer data, automation of select parts of the warehouse infrastructure, and a first showroom and own last-mile deliveries in the Oslo region.
  - The ultimate aim of all of these initiatives is to complement the customer offering and create a leading customer experience through further product range expansion and exchange between the operating units, geographic expansion of proprietary brands and by strengthening BHG's digital leadership and infrastructure.

## FINANCIAL TARGETS

### Net sales

The Group's objective is to achieve net sales of SEK 20 billion over the medium term, including acquisitions. The target of SEK 20 billion in net sales is to be achieved by combining organic growth at least in line with the market, which is expected to grow by approximately 15% per year over a business cycle, with acquisitions, which are to add 5-10 percentage points of growth per year. The combination of organic and inorganic initiatives is to translate into growth in the range of 20-25% per year.

### Profitability

The Group intends to continue conducting its operations in such a manner that growth goes hand in hand with healthy profitability. The profitability target is to achieve an adjusted EBIT margin of at least 7%.

### Capital structure

To maintain net debt, excluding IFRS 16 effects, in relation to rolling 12-month (LTM) EBITDA in the range of 1.5-2.5x, subject to flexibility for strategic activities.

### Dividend policy

When free cash flow exceeds available investments in profitable growth, and provided that the capital structure target is met, the surplus is to be distributed to shareholders.

2021/Q3

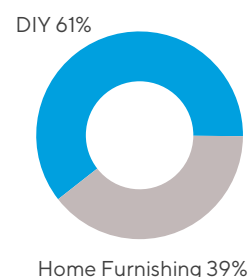
## DIY segment

*"Important steps were taken during the quarter to strengthen the technology platform and further develop the logistics model with the aim of providing our customers with the best experience"*

Kimmo Lähtenmäki, Head of the DIY segment

- The segment reported a solid quarter, given its high comparative figures and us now operating in a post covid environment, and further strengthened its leading Nordic position
- The acquisition of HYMA, which was announced in the second quarter, was completed following a review by the Swedish Competition Authority. HYMA was consolidated in the segment from 1 August
- The segment's net sales increased 27.2% in the quarter and 28.7% in the first nine months of the year, of which organic growth accounted for 10.1% and 19.9%, respectively. Pro-forma organic growth was 9.5% and 18.5%, respectively
- The gross margin amounted to SEK 23.3% (23.1) for the quarter and SEK 24.7% (22.8) for the first nine months of the year. The margin was positively impacted by a growing share of sales comprising proprietary brands
- Adjusted EBIT amounted to SEK 129.5 million (131.2) for the quarter and SEK 467.0 million (333.0) for the first nine months of the year, corresponding to an adjusted EBIT margin of 7.0% (9.0) and 8.6% (7.9), respectively

Net sales by segment,  
Jul-Sep 2021



SEKm (if not otherwise stated)	Jul-Sep			Jan-Sep			Jan-Dec	
	2021	2020	Δ%	2021	2020	Δ%	2020	
Net sales	1,862.0	1,463.8	27.2	5,434.9	4,223.9	28.7	5,663.1	
Gross profit	433.6	337.5	28.5	1,342.9	962.5	39.5	1,322.8	
Gross margin (%)	23.3	23.1	0.2 p.p.	24.7	22.8	1.9 p.p.	23.4	
Adjusted EBITDA	162.1	155.5	4.3	552.1	403.3	36.9	571.6	
Adjusted EBITDA margin (%)	8.7	10.6	-1.9 p.p.	10.2	9.5	0.6 p.p.	10.1	
Adjusted EBIT	129.5	131.2	-1.3	467.0	333.0	40.2	475.8	
Adjusted EBIT margin (%)	7.0	9.0	-2.0 p.p.	8.6	7.9	0.7 p.p.	8.4	
Operating income	116.7	123.2	-5.3	437.8	309.0	41.7	444.0	
Operating margin (%)	6.3	8.4	-2.2 p.p.	8.1	7.3	0.7 p.p.	7.8	
Net profit for the period	67.2	92.8	-27.6	305.5	205.7	48.5	185.4	
Visits (thousands)	41,309	36,398	13.5	129,595	108,037	20.0	139,931	
Orders (thousands)	587	427	37.4	1,721	1,325	29.9	1,814	
Conversion rate (%)	1.4	1.2	0.2 p.p.	1.3	1.2	0.1 p.p.	1.3	
Average order value (SEK)	3,065	3,264	-6.1	3,278	3,279	-0.0	3,155	

### COMMENTS ON THE DIY SEGMENT

The DIY segment continued to perform well during the quarter, despite high comparative figures and the market complications described in the previous section in terms of supply chains and the lifting of Covid-19 restrictions, which resulted in consumers starting to spend more on services again. As we reported in the preceding quarter, we do not expect the total DIY market to be as favourable in forthcoming 12-month period as it was during the pandemic.

At the same time, we remain convinced that the higher online penetration achieved during the pandemic will persist and thus that a new base has been established from which we can continue to grow.

Our assessment is that the segment further strengthened its market-leading position in the Nordic markets during the period. The core of 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, as well as the most attractive digital shopping experience supplemented with infrastructure in the form of showrooms and services, such as installation.

The share of sales of proprietary brands increased during the quarter as a result of geographic expansion, mainly of our Swedish and Finnish brands in the rest of the Nordic region, but also in select countries in continental Europe, such as Germany.

During the quarter, we continued to lay the foundation to refine our customer offering, which we refer to as the BHG ecosystem:

- **Product assortment:** The ongoing assortment expansion – focusing on external and proprietary brands as well as installation services – will allow us to remain the most relevant channel for our customers and provide us with a strong position to handle goods shortages in parts of the portfolio. Our proprietary system for the automated exchange of product information between Group companies was launched and a growing number of the operating units are now working in the system, which will make 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:** Our investments in IT in order to further develop the drop shipping model continued during the quarter, including a closer IT integration with our main partners. The drop shipping model 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. Our offering of installation services, which are carried out by a broad network of external installation partners through the Group's IT platform, also continued to be expanded to include new categories, and the number of installations carried out continued to grow during the quarter. The installation offering contributes to product sales and creates particularly satisfied customers.
- **Data and automation:** We strive to leverage data and IT 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. During the quarter, the first steps were taken toward an upgraded customer platform, which we intend to launch in the first half of 2022. During the quarter, we also nearly completed our first inventory automation, which will be ready to be deployed for our Danish DIY platform ahead of the important Black Week period.

Our acquisition strategy continued to help strengthen our position: The acquisition of HYMA, our second-largest acquisition to date, was completed during the quarter following a review by the Swedish Competition Authority. Further steps were taken during the quarter to gather a number of our proprietary brands, including Bathlife, under Hafa Bathroom Group, which was acquired in the second quarter. Hafa Bathroom Group has a strong management team, with extensive experience of long-term branding work, purchasing from manufacturing partners in Europe and Asia, and sales through many different channels. Gathering more brands on the Hafa platform will give us an opportunity to optimise our inventory and logistics infrastructure. Ultimately, these types of coordination initiatives will generate further synergies for the Group.

The DIY segment accounted for 61% of the Group's total net sales for the quarter and 59% for the first nine months of the year. Net sales increased 27.2% to SEK 1,862.0 million (1,463.8) for the quarter and 28.7% to SEK 5,434.9 million (4,223.9) for the first nine months of the year.

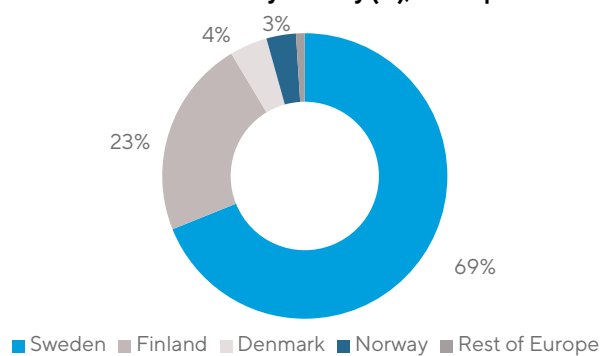
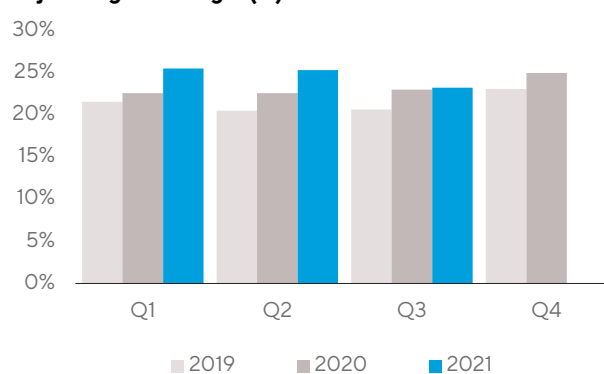
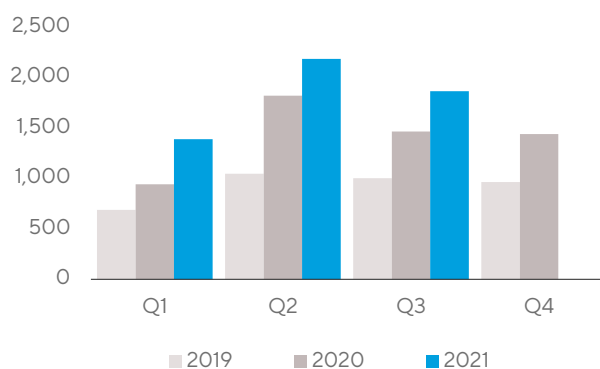
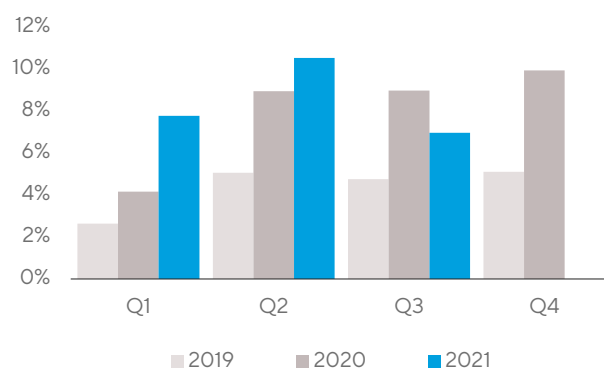
The segment's Swedish operations performed particularly well, including the Bygghemma platform and the specialist units focusing on proprietary brands. Our targeted initiatives in the segment's new markets outside the Nordic region, based on our proprietary brands, also made good progress, albeit from a low starting point.

Challenges in the form of longer lead times and production bottlenecks, which we expect to continue throughout the remainder of the year, continued to limit our performance to a certain degree and, combined with the ongoing shift in the mix toward a higher share of proprietary brands, resulted in an acceptance of somewhat higher inventory levels.

Adjusted EBIT for the quarter amounted to SEK 129.5 million (131.2), with an adjusted EBIT margin of 7.0% (9.0). Adjusted EBIT for the first nine months of the year amounted to SEK 467.0 million (333.0), with an adjusted EBIT margin of 8.6% (7.9).

The segment's operating income amounted to SEK 116.7 million (123.2) for the quarter, corresponding to an operating margin of 6.3% (8.4). Operating income for the first nine months of the year amounted to SEK 437.8 million (309.0), with an operating margin of 8.1% (7.3).



**Distribution of net sales by country (%), Jul-Sep 2021****Adjusted gross margin (%)****Net sales (SEKm)****Adjusted EBIT margin (%)**

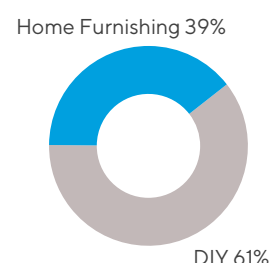
# Home Furnishing segment

*"In a post covid environment, not least characterised by disruptions to global supply chains, we continued to build on our leading online position through a combination of organic initiatives and acquisitions, including our entry into the large German market"*

Christian Eriksson, Head of the Home Furnishing segment

- Following the acquisitions of Nordic Nest and Svenssons i Lammhult earlier this year and AH-Trading during the quarter the Home Furnishing segment has increased considerably, with total growth of 44.6% in the quarter and 56.1% in the first nine months of the year. The newly acquired businesses performed well
- At the same time, organic growth was weak, with sales growth of -2.4% for the quarter and 11.0% for the first nine months of the year. High comparative figures, a weaker total market and complications in the global logistics chains were the main underlying causes
- Pro-forma organic growth, which also includes the strong performance of Nordic Nest and Svenssons i Lammhult, amounted to 11.1% for the quarter and 24.5% for the first nine months of the year.
- The gross margin amounted to SEK 29.3% (30.7) for the quarter and SEK 28.8% (30.0) for the first nine months of the year. The lower margin compared with the year-earlier period was mainly attributable to complications in the supply and logistics chains, cost increases for online marketing due to weaker demand, and a certain delay in price adjustments to offset these cost increases
- Adjusted EBIT amounted to SEK 48.5 million (82.9) for the quarter and SEK 217.6 million (212.6) for the first nine months of the year, corresponding to an adjusted EBIT margin of 4.0% (9.9) and 5.8% (8.8), respectively

## Net sales by segment, Jul-Sep 2021



SEKm (if not otherwise stated)	Jul-Sep			Jan-Sep			Jan-Dec
	2021	2020	Δ%	2021	2020	Δ%	2020
Net sales	1,205.9	833.8	44.6	3,769.6	2,414.2	56.1	3,337.2
Gross profit	352.8	255.6	38.1	1,087.2	725.3	49.9	1,005.4
Gross margin (%)	29.3	30.7	-1.4 p.p.	28.8	30.0	-1.2 p.p.	30.1
Adjusted EBITDA	92.7	109.3	-15.2	334.5	288.8	15.8	382.1
Adjusted EBITDA margin (%)	7.7	13.1	-5.4 p.p.	8.9	12.0	-3.1 p.p.	11.5
Adjusted EBIT	48.5	82.9	-41.5	217.6	212.6	2.3	276.2
Adjusted EBITmargin (%)	4.0	9.9	-5.9 p.p.	5.8	8.8	-3.0 p.p.	8.3
Operating income	39.4	80.1	-50.8	193.2	204.3	-5.4	265.0
Operating margin (%)	3.3	9.6	-6.3 p.p.	5.1	8.5	-3.3 p.p.	7.9
Net profit for the period	17.2	59.7	-71.1	120.1	155.7	-22.9	125.4
Visits (thousands)	53,401	39,246	36.1	175,499	116,146	51.1	162,202
Orders (thousands)	595	288	107.0	1,882	822	128.8	1,198
Conversion rate (%)	1.1	0.7	0.4 p.p.	1.1	0.7	0.4 p.p.	0.7
Average order value* (SEK)	2,032	2,806	-27.6	1,974	2,907	-32.1	2,811

\* AOV for the quarter was impacted by the consolidation of Nordic Nest, whose AOV is about one-third that of the segment's other operations, as of 1 January.

## COMMENTS ON THE HOME FURNISHING SEGMENT

During the third quarter, the Home Furnishing segment was characterised by weaker demand, higher traffic generation costs and continued disruptions in global supply chains.

Despite this, most of the segment's operations performed well, led by Nordic Nest and Svenssons i Lammhult, closely followed by our two specialist businesses, Lampgallerian and Sleepo. Our Eastern European platform, Furniture1, had a

weak start to the quarter, but thereafter accelerated significantly. However, the segment's sales performance and earnings were negatively impacted by continued challenges in our single largest operation, our Nordic furniture platform focusing on value-for-money. This platform operates in a market characterised by a lag in customer price adjustments due to a high share of catalogue-based competitors and is also an operation with a particularly high exposure to global chains. There is still considerable uncertainty as to how demand in our important Swedish and Danish markets will develop in the short term. Measures have been taken to ensure profitable growth, including adjustments to our pricing and margin structure.

AH-Trading, which was acquired during the quarter, has provided the segment with new growth opportunities, not least due to the opportunities created through a mutual product assortment exchange (see below). AH-Trading was consolidated from 1 September, and because the business has so far focused exclusively on outdoor furniture and related products, with a strong dependency on the outdoor season, AH-Trading did not contribute significant sales during the quarter and had a certain negative impact on profitability.

The Home Furnishing segment is continuing to build critical mass by combining organic initiatives and acquisitions, with a focus on broadening the product range and on geographic expansion. During the quarter, the segment continued to lay the foundation for future growth through the following initiatives:

- **Product assortment:** Most of the operations in the segment have now been integrated into our proprietary system for product assortment exchange, allowing most of the relevant range to easily be made available to customers on relevant platforms. The acquisition of AH-Trading also gives the segment all of the necessary prerequisites to gradually expose our Nordic customer base to AH-Trading's range and to share our significantly broader Nordic range in the German market.
- **Delivery:** The new Danish inventory infrastructure has now been established and our first showroom opened in the Oslo region, where we have also introduced our own last-mile deliveries with an initial focus on small parcels. These initiatives are paving the way for growth in the Danish and Norwegian markets. A decision was also made to expand Nordic Nest's inventory infrastructure to support the business's rapid growth, particularly in the German market.
- **Data and automation:** We strive to leverage data and IT to an even greater degree in everything we do. Accordingly, a decision was made during the quarter to automate parts of Nordic Nest's inventory infrastructure. The project is still in an early phase but, along with the ongoing warehouse expansion, will boost efficiency and enable fast, cost-efficient deliveries to the operation's rapidly growing, international customer base.

Net sales in the Home Furnishing segment rose 44.6% to SEK 1,205.9 million (833.8) for the quarter, corresponding to 39% of the Group's total net sales. In the first nine months of the year, net sales increased 56.1% to SEK 3,769.6 million (2,414.2) and accounted for 41% of the Group's total net sales.

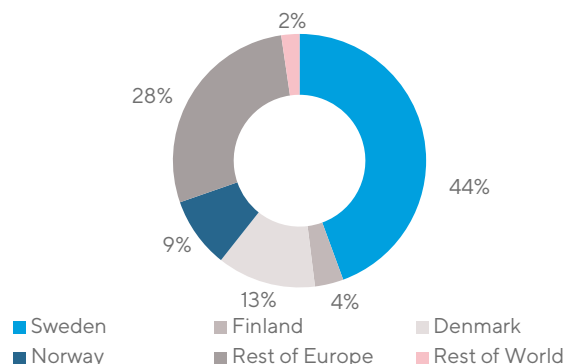
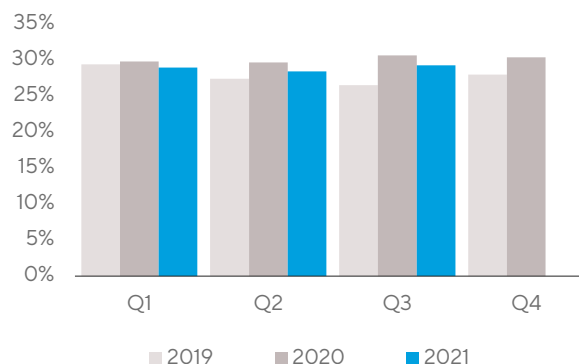
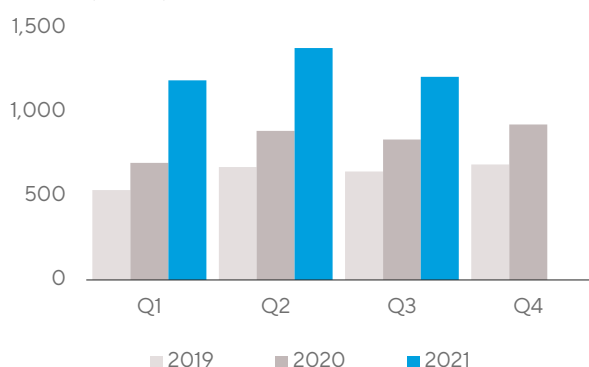
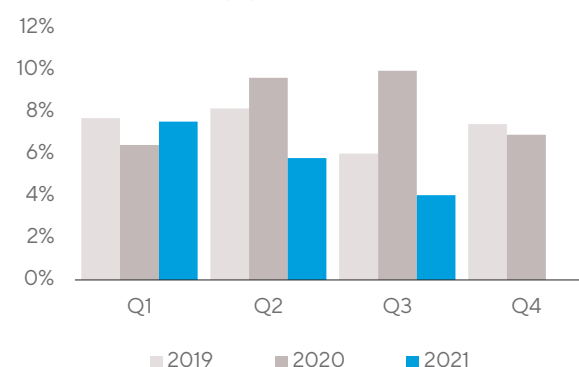
As previously announced, the operations were negatively impacted by bottlenecks in the supply chain, not least from Asia. Along with higher raw material prices, these bottlenecks resulted in increased purchasing and logistics costs. Efforts to implement price adjustments to compensated for these cost increases have been initiated, but have been slowed down by the fact that many competitors, particularly those that are catalogue-based, have not yet fully implemented price increases.

The cost for digital traffic generation (CPC) increased in all markets during the period. This general trend impacted all market players and was a result of intense competition for customers as the consumption of services has increased in the wake of the now lifted Covid-19 restrictions.

The decline in AOV in the period was attributable to the incorporation of Nordic Nest, whose AOV is about one-third that of the Group's other home furnishing operations.

Adjusted EBIT for the quarter amounted to SEK 48.5 million (82.9), with an adjusted EBIT margin of 4.0% (9.9). Adjusted EBIT for the first nine months of the year amounted to SEK 217.6 million (212.6), with an adjusted EBIT margin of 5.8% (8.8).

The segment's operating income amounted to SEK 39.4 million (80.1) for the quarter, corresponding to an operating margin of 3.3% (9.6). Operating income for the first nine months of the year amounted to SEK 193.2 million (204.3), with an operating margin of 5.1% (8.5).

**Distribution of net sales by country (%), Jul-Sep 2021****Adjusted gross margin (%)****Net sales (SEKm)****Adjusted EBIT margin (%)****AH-TRADING: A FOUNDATION FOR CONTINUED GROWTH IN GERMANY**

BHG Group acquired AH-Trading in early September 2021 after having followed the company's development for some time. AH-Trading is one of Germany's leading e-commerce companies in garden furniture. The company's product portfolio consists of approximately 10,000 products, and around half of its revenue comes from AH-Trading's own brands.

**ARON HOLTERMANN, CEO: MY FIRST IMPRESSIONS OF BHG**

"We regard BHG as THE leading online consolidator in home furnishings in Northern Europe. Becoming part of BHG is therefore a natural step to boost our company's development, both through continued growth in Germany and by utilising BHG's channels in the Nordic region and Eastern Europe. With the support of BHG, we will develop our joint presence and operations in Germany. This will form a basis for our continued growth in the German market. Our first few weeks of cooperation and the beginning of the integration phase have already been very intensive and productive. Our communication is very open and friendly, both with BHG Group itself and with some of the other subsidiaries in the Home Furnishing segment. We have already begun planning for a mutual product assortment exchange to broaden our offering to German customers with the help of parts of BHG's product range and to reach the Nordic customer base with our range through BHG's channels. We appreciate the decentralised approach, which enables us not to lose speed and effectiveness. The integration will also create various opportunities for us to benefit from the advantages and synergies available to us as part of the Group. We look forward to continuing our successful development together with BHG!"





# Other

## CASH FLOW AND FINANCIAL POSITION

The Group's cash flow from operating activities amounted to SEK -232.0 million (20.7) for the quarter and SEK 223.6 million (773.6) for the first nine months of the year. Cash flow from operating activities was mainly driven by a negative development in tied-up working capital, which was primarily the result of a build-up of inventories.

As a result of the disruptions in the global supply chains, the Group has chosen to accept a slightly higher inventory level in order to ensure product availability and therefore be able to maintain growth, particularly ahead of the upcoming Black Week period. The Group's inventory levels were also impacted by a growing share of sales of proprietary brands in the DIY segment, which are largely shipped from Asia, and by a deliberate adjustment of the range to reduce seasonal dependency.

The Group's cash flow and working capital position follow a seasonal profile, with inventory build-ups primarily of outdoor furniture and leisure products during the first quarter prior to the peak season, followed by high sales and thus a high cash conversion during the seasonally strong second and third quarters, after which working capital and inventories typically increase in the fourth quarter.

To a certain extent, the acquisition of Nordic Nest, which has its peak season in the fourth quarter, and the growing importance of Black Week sales have changed the seasonal profile of the Group's working capital position. Strong demand in the fourth quarter results in lower working capital due to high accounts payable, with an inverse effect in the first quarter based on an outflow of supplier payments.

Cash flow from operating activities amounted to SEK -232.0 million (20.7) for the quarter and SEK 223.6 million (773.6) for the first nine months of the year, corresponding to a cash conversion (in relation to adjusted EBITDA) of -104.2% (8.0) for the period and 21.8% (116.0) for the first nine months of the year.

The Group's cash flow to investing activities amounted to SEK -1,016.2 million (-100.2) for the quarter and SEK -1,793.9 million (-182.0) for the first nine months of the year, and during the period was mainly attributable to the acquisitions of HYMA and AH-Trading, disbursements for contracted considerations and earn-outs related to acquisitions in previous periods as well as IT investments related to web platforms and logistics solutions.

Cash flow from financing activities amounted to SEK 933.9 million (54.3) for the quarter and SEK 1,943.3 million (18.9) for the first nine months of the year and was primarily attributable to the increased drawdown of the Group's revolving facility, repayment of lease liabilities and interest 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 677.4 million (299.0).

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, amounted to SEK 1,854.3 million at the end of the

period, compared with SEK 1,796.0 million at the beginning of the year, corresponding to net debt in relation to LTM adjusted EBITDA of 1.79x, which is within the range of the Group's medium-term capital structure target.

The Group's other current and non-current interest-bearing 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 2,156.8 million at the end of the period, compared with SEK 1,023.3 million at the beginning of the year (also refer to "Relevant reconciliations of non-IFRS alternative performance measures (APMs)" for a more detailed description).

The Group's unutilised credit facilities amounted to SEK 800.0 million at the end of the period, compared with SEK 300.0 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 13,573.5 million (8,629.7).

The Group's equity at the end of the reporting period, compared with the beginning of the year, amounted to SEK 5,209.7 million (2,823.0).

## EMPLOYEES

The number of employees (measured as FTEs) at the end of the period was 2,754. The average number of employees (FTEs) for the most recent 12-month period was 2,320.

## SEASONAL VARIATIONS

The Group's operations are impacted by seasonal variations' effect on demand, especially for building products and outdoor furniture. Due to the effect of weather on demand, the Group's sales and cash flow are usually highest in the second and third quarters. The third and fourth quarters are generally equal in terms of sales, with demand in the third quarter benefiting from the impact of the weather and demand in the fourth quarter growing as the importance of Black Week increased. Demand, and consequently the Group's sales, have historically been lowest in the first quarter. Although seasonal variations do not normally affect the Group's relative earnings and cash flow from year to year, earnings and cash flow may be impacted in years with extremely mild or severe weather conditions, or with very high or low rainfall. Weather conditions may also have a significant impact on individual quarters, but usually even out over the full year.

## PARENT COMPANY

The Parent Company's net sales amounted to SEK 0.8 million (0.1) for the quarter and SEK 1.8 million (1.6) for the first nine months of the year. The Parent Company posted an operating loss of SEK -31.0 million (-19.5) for the quarter and SEK -74.4 million (-32.8) for the first nine months of the year. Costs for incentive programmes outstanding were charged to Parent Company earnings for the quarter in an amount of SEK -1.3 million (-11.2). The Parent Company's cash and cash



equivalents totalled SEK 47.9 million at the end of the reporting period, compared with SEK 58.8 million at the beginning of the year.

### ACCOUNTING POLICIES

This report has been prepared by applying the rules of IAS 34 Interim Financial Reporting and applicable regulations contained in the Swedish Annual Accounts Act. The interim report for the Parent Company has been prepared in accordance with Chapter 9 Interim Reports of the Swedish Annual Accounts Act. For the Group and the Parent Company, the same accounting policies and estimation techniques have been applied as in the 2020 annual report.

The Group also applies the European Securities and Markets Authority's (ESMA) guidelines for alternative performance measures. Definitions of alternative performance measures can be found in the relevant reconciliations on pages 33–37 of this report.

The interim information on pages 1–17 is an integrated part of this financial report.

### RISKS AND UNCERTAINTIES

There are several strategic, operational and financial risks and uncertainty factors that can affect the Group's financial results and position. Most risks can be managed through internal procedures, while others are largely driven by external factors. There are risks and uncertainties related to IT and management systems, suppliers, season and weather variations and exchange rates, while other risks and uncertainties may also arise in the case of new competition, changed market conditions or changed consumer behaviour for online sales. The Group is also exposed to interest-rate risk.

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

For a more detailed description of the risks and uncertainties faced by the Group and the Parent Company, refer to Note 26 in the 2020 annual report. Apart from the risks described therein, the assessment is that there are no additional material risks.

The long-term effects of the coronavirus pandemic are currently difficult to assess, see also Note 5.

### RELATED-PARTY TRANSACTIONS

All transactions with related parties are based on appropriate market terms. For more information, see Note 4 in this report.

### THE BHG SHARE

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

The share price at the beginning of the year was SEK 178.8. On the last day of trading in the period, the share price was SEK 126.9. The highest price paid, quoted in January, was SEK 192.0, and the lowest price paid, quoted in February and March, was SEK 125.6.

During the period, 99,142,636 BHG shares were traded, equivalent to a turnover rate of 81%.

As of 30 September, BHG had approximately 10,332 shareholders, of which the largest were EQT (17.7%), Swedbank Robur Fonder (9.6%), Handelsbanken Fonder (8.2%), Capital Group (7.8%) and Lannebo Fonder (3.8%).

As of 30 September 2021, the number of shares issued was 123,815,730, all of which were ordinary shares.

### Change in number of shares

On 3 February 2021, BHG Group AB carried out a directed issue of 10,800,000 shares at a subscription price of SEK 145 per share, generating proceeds for the Group of SEK 1,544.3 million after a deduction for transaction costs of SEK 21.4 million.

During the first quarter, the number of shares and votes in BHG Group AB also changed due to the exercise of warrants issued at an Extraordinary General Meeting on 26 March 2018 within the framework of the long-term incentive programme 2018/2021, which comprised a total of 2,760,016 warrants. Each warrant entitled the holder to subscribe for one share. The exercise period was from 1 January 2021 to 26 March 2021. The subscription price according to the warrants was SEK 61.75 per share. All of the warrants have been exercised, generating proceeds of SEK 170.4 million for the Group.

During the third quarter, in connection with the acquisition of Hyma Skog & Trädgård AB, BHG Group AB carried out an issue in kind, through which the number of shares and votes increased by 2,887,293.

After the directed issue and the exercise of warrants within the framework of the incentive programme 2018/2021 during the first quarter and the issue in kind carried out during the third quarter, the total number of shares outstanding in BHG Group AB amounted to 123,815,730 as of 30 September 2021.

**Malmö, 28 October 2021**

**Adam Schatz**

President and CEO

**BHG Group AB (publ)**

Hans Michelsensgatan 9

SE-211 20 Malmö, Sweden

Corporate registration number: 559077-0763

This information is information that BHG Group AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out below, at 7:00 a.m. CEST on 28 October 2021.

**CONTACT INFORMATION**

For further information, visit [www.wearebhg.com](http://www.wearebhg.com) or contact:

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

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

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



**CONFERENCE CALL IN CONNECTION WITH PUBLICATION OF THE INTERIM REPORT**

Adam Schatz, President and CEO, and Jesper Flemme, CFO, will hold a conference call at 10:00 a.m. on Thursday 28 October in connection with the publication of the interim report. The call will be held in English. To participate, please call +46 (0)8 5664 2706 or visit <https://tv.streamfabriken.com/bhg-q3-2021>. The presentation will be available from the Group's website: <https://www.wearebhg.com/investors/presentations/>.



**QUARTERLY REPORTS ON WWW.WEAREBHG.COM**

The full report for the period January-September 2021 and previous quarterly and year-end reports are available at <https://www.wearebhg.com/investors/financial-reports/>

**FINANCIAL CALENDAR**

28 January 2022	Year-end report 2021
27 April 2022	Interim report January-March 2022
20 July 2022	Interim report January-June 2022
27 October 2022	Interim report January-September 2022

**ABOUT THE GROUP**

BHG is the number 1 consumer e-commerce company 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 the largest European online pure-play within the home improvement space, meaning do-it-yourself and home furnishings. 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 close to 1 million unique products and encompassing a complete offering within DIY, leisure, furniture and furnishings.

The Group includes over 100 online sites – including sites like [www.bygghemma.se](http://www.bygghemma.se), [www.trademax.se](http://www.trademax.se), [www.chilli.se](http://www.chilli.se), [www.furniturebox.se](http://www.furniturebox.se) and [www.nordicnest.se](http://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 more than 2,000 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.



# Auditor's report

BHG Group AB reg. no. 559077-0763

## INTRODUCTION

We have reviewed the condensed interim financial information (interim report) of BHG Group AB (publ) as of 30 September 2021 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

## SCOPE OF REVIEW

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

## CONCLUSION

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

Malmö, 28 October 2021

Öhrlings PricewaterhouseCoopers AB

Eva Carlsvi  
Partner in charge  
Authorized Public Accountant

Vicky Johansson  
Authorized Public Accountant

# Condensed consolidated income statement

SEKm	Jul-Sep		Jan-Sep		Jan-Dec
	2021	2020	2021	2020	2020
Net sales	3,060.5	2,290.3	9,178.8	6,613.6	8,968.2
Other operating income	0.5	0.4	0.6	0.1	4.3
<b>Total net sales</b>	<b>3,061.0</b>	<b>2,290.7</b>	<b>9,179.5</b>	<b>6,613.7</b>	<b>8,972.5</b>
Cost of goods sold	-2,274.4	-1,698.0	-6,751.8	-4,927.4	-6,642.0
Personnel costs	-235.7	-164.8	-697.9	-467.9	-652.6
Other external costs and operating expenses	-326.2	-183.2	-914.1	-563.6	-775.0
Other operating expenses	-2.6	-0.1	-6.6	-1.4	-0.1
Depreciation and amortisation of tangible and intangible fixed assets	-99.0	-61.4	-256.1	-178.9	-245.0
<b>Operating income</b>	<b>123.0</b>	<b>183.2</b>	<b>553.1</b>	<b>474.4</b>	<b>657.8</b>
Profit/loss from financial items	-33.1	-10.0	-71.2	-49.1	-107.5
<b>Profit before tax</b>	<b>89.8</b>	<b>173.2</b>	<b>481.9</b>	<b>425.3</b>	<b>550.3</b>
Income tax	-28.1	-38.3	-105.0	-96.9	-130.0
<b>Profit for the period</b>	<b>61.7</b>	<b>134.9</b>	<b>376.9</b>	<b>328.4</b>	<b>420.3</b>
Attributable to:					
Equity holders of the parent	61.0	133.0	370.4	323.9	415.1
Non-controlling interest	0.7	2.0	6.5	4.5	5.1
<b>Net income for the period</b>	<b>61.7</b>	<b>134.9</b>	<b>376.9</b>	<b>328.4</b>	<b>420.3</b>
Earnings per share before dilution, SEK	0.50	1.24	3.09	3.02	3.87
Earnings per share after dilution, SEK	0.49	1.22	3.05	2.98	3.80

\* The formula for earnings per share is as follows: earnings per share = net profit/loss for the period/(average number of ordinary shares outstanding + dilution effect due to outstanding warrants). At the end of the period, there was a total of 3,847,532 (5,407,542) warrants outstanding, of which 1,054,065 (2,020,709) had a dilution effect during the quarter and 1,550,465 (1,248,833) had a dilution effect during the first nine months of the year.

# Condensed consolidated statement of comprehensive income

SEKm	Jul-Sep		Jan-Sep		Jan-Dec
	2021	2020	2021	2020	2020
Profit for the period	61.7	134.9	376.9	328.4	420.3
<b>Other comprehensive income</b>					
Items that may be reclassified subsequently to profit or loss					
Translation differences for the period	5.6	2.0	12.3	-6.1	-11.3
<b>Other comprehensive income for the period</b>	<b>5.6</b>	<b>2.0</b>	<b>12.3</b>	<b>-6.1</b>	<b>-11.3</b>
<b>Total comprehensive income for the period</b>	<b>67.3</b>	<b>136.9</b>	<b>389.2</b>	<b>322.2</b>	<b>409.0</b>
<b>Total comprehensive income attributable to:</b>					
Parent Company shareholders	66.3	134.8	382.0	317.5	405.3
Non-controlling interest	1.0	2.2	7.1	4.7	3.6
<b>Total comprehensive income for the period</b>	<b>67.3</b>	<b>136.9</b>	<b>389.2</b>	<b>322.2</b>	<b>409.0</b>
<b>Shares outstanding at period's end</b>	<b>123,815,730</b>	<b>107,368,421</b>	<b>123,815,730</b>	<b>107,368,421</b>	<b>107,368,421</b>
<b>Average number of shares</b>					
Before dilution	122,905,605	107,368,421	120,032,939	107,368,421	107,368,421
After dilution	123,959,671	109,389,130	121,583,404	108,617,254	109,148,975

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

# Condensed consolidated statement of financial position

SEKm	30 Sep		31 Dec
	2021	2020	2020
<b>Non-current assets</b>			
Goodwill	6,403.3	3,050.0	4,395.1
Other intangible fixed assets	2,901.6	1,335.1	1,804.4
<b>Total intangible fixed assets</b>	<b>9,304.9</b>	<b>4,385.1</b>	<b>6,199.6</b>
Buildings and land	31.8	10.6	10.0
Leased fixed assets	754.4	477.6	601.9
Tangible fixed assets	109.6	45.4	64.0
Financial fixed assets	13.0	8.5	9.4
Deferred tax asset	23.5	18.6	19.1
<b>Total fixed assets</b>	<b>10,237.2</b>	<b>4,945.9</b>	<b>6,904.0</b>
<b>Current assets</b>			
Inventories	2,088.2	767.8	992.3
Current receivables	570.7	370.3	434.5
Cash and cash equivalents	677.4	873.5	299.0
<b>Total current assets</b>	<b>3,336.4</b>	<b>2,011.6</b>	<b>1,725.7</b>
<b>Total assets</b>	<b>13,573.5</b>	<b>6,957.5</b>	<b>8,629.7</b>
<b>Equity</b>			
Equity attributable to owners of the parent	5,166.8	3,106.7	2,787.2
Non-controlling interest	42.9	38.5	35.8
<b>Total equity</b>	<b>5,209.7</b>	<b>3,145.2</b>	<b>2,823.0</b>
<b>Non-current liabilities</b>			
Deferred tax liability	618.6	256.1	375.0
Other provisions	31.8	24.0	22.7
Non-current interest-bearing liabilities to credit institutions	2,523.2	911.1	2,042.6
Non-current lease liabilities	523.4	345.1	449.8
Other non-current liabilities	2,059.3	707.9	948.0
<b>Total non-current liabilities</b>	<b>5,756.3</b>	<b>2,244.2</b>	<b>3,838.1</b>
<b>Current liabilities</b>			
Current interest-bearing liabilities to credit institutions	-	46.4	46.4
Current lease liabilities	224.5	131.4	149.8
Other interest-bearing liabilities	97.4	20.7	75.3
Other current liabilities	2,285.6	1,369.7	1,697.2
<b>Total current liabilities</b>	<b>2,607.5</b>	<b>1,568.1</b>	<b>1,968.6</b>
<b>Total equity and liabilities</b>	<b>13,573.5</b>	<b>6,957.5</b>	<b>8,629.7</b>



# Condensed consolidated statement of cash flows

SEKm	Jul-Sep		Jan-Sep		Jan-Dec
	2021	2020	2021	2020	2020
EBITDA	221.9	244.6	809.3	653.3	902.7
Adjustments for items not included in cash flow	0.6	1.8	17.8	-4.5	-14.2
Income tax paid	-24.0	-17.2	-79.5	-49.0	-56.0
<b>Cash flow from operating activities before changes in working capital</b>	<b>198.5</b>	<b>229.2</b>	<b>747.5</b>	<b>599.8</b>	<b>832.5</b>
Changes in working capital	-430.5	-208.6	-523.9	173.8	161.8
<b>Cash flow from operating activities</b>	<b>-232.0</b>	<b>20.7</b>	<b>223.6</b>	<b>773.6</b>	<b>994.3</b>
Investments in operations	-908.3	-84.3	-1,607.5	-120.5	-1,859.1
Redemption of loan to seller upon acquisition of operations	-65.0	-	-65.0	-	-91.8
Investments in other non-current assets	-43.6	-17.9	-122.6	-64.1	-94.1
Divestment of operations	0.0	0.1	0.0	0.1	0.4
Divestment of other tangible fixed assets	0.5	0.2	0.8	0.3	0.5
Received interest	0.2	1.7	0.4	2.1	1.5
<b>Cash flow to/from investing activities</b>	<b>-1,016.2</b>	<b>-100.2</b>	<b>-1,793.9</b>	<b>-182.0</b>	<b>-2,042.6</b>
New share issue	-	-	1,715.0	-	-
Loans taken*	1,000.0	89.4	2,650.1	142.9	1,277.1
Amortisation of loans	-53.6	-34.8	-2,402.8	-106.8	-147.3
Issue of warrants	-	12.9	20.7	12.9	12.9
Interest paid	-12.4	-7.7	-39.9	-24.6	-32.2
Dividend	-0.0	-	0.0	-	-
Dividends to non-controlling interests	-	-5.5	-	-5.5	-5.5
<b>Cash flow to/from financing activities</b>	<b>933.9</b>	<b>54.3</b>	<b>1,943.3</b>	<b>18.9</b>	<b>1,105.1</b>
<b>Cash flow for the period</b>	<b>-314.4</b>	<b>-25.3</b>	<b>373.0</b>	<b>610.5</b>	<b>56.8</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>990.8</b>	<b>897.6</b>	<b>299.0</b>	<b>270.3</b>	<b>270.3</b>
Translation differences in cash and cash equivalents	1.0	1.2	5.5	-7.2	-28.1
<b>Cash and cash equivalents at the end of the period</b>	<b>677.4</b>	<b>873.5</b>	<b>677.4</b>	<b>873.5</b>	<b>299.0</b>

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

# Condensed consolidated statement of changes in equity

SEKm	30 Sep		31 Dec
	2021	2020	2020
<b>Opening balance</b>	<b>2,823.0</b>	<b>2,925.1</b>	<b>2,925.1</b>
Comprehensive income for the period	389.2	322.2	409.0
Acquisition of non-controlling interests in Furniture1 UAB	-	-	-11.6
New share issues*	2,119.3	-	-
Issue of warrants	14.5	6.7	7.5
Dividends to non-controlling interests	-	-5.5	-5.5
Remeasurement of liabilities to non-controlling interests	-136.2	-103.3	-501.5
<b>Closing balance</b>	<b>5,209.7</b>	<b>3,145.2</b>	<b>2,823.0</b>

\* The proceeds for the period from the new issue are recognised net after a deduction for transaction costs of SEK 21.4 million.

# Notes

## NOTE 1 SEGMENTS

SEKm	Jul-Sep		Jan-Sep		Jan-Dec
	2021	2020	2021	2020	2020
<b>Net sales</b>					
DIY	1,862.0	1,463.8	5,434.9	4,223.9	5,663.1
Home Furnishing	1,205.9	833.8	3,769.6	2,414.2	3,337.2
<b>Total net sales</b>	<b>3,067.9</b>	<b>2,297.6</b>	<b>9,204.6</b>	<b>6,638.1</b>	<b>9,000.3</b>
Other*	5.4	4.6	17.3	11.9	18.0
Eliminations	-12.8	-11.9	-43.0	-36.4	-50.1
<b>Group consolidated total</b>	<b>3,060.5</b>	<b>2,290.3</b>	<b>9,178.8</b>	<b>6,613.6</b>	<b>8,968.2</b>
<b>Revenue from other segments</b>					
DIY	1.5	3.3	6.7	10.8	13.6
Home Furnishing	6.0	4.1	19.1	13.8	18.7
Other*	5.4	4.5	17.3	11.7	17.9
<b>Total</b>	<b>12.8</b>	<b>11.9</b>	<b>43.0</b>	<b>36.4</b>	<b>50.1</b>

SEKm	Jul-Sep		Jan-Sep		Jan-Dec
	2021	2020	2021	2020	2020
<b>Operating income and profit before tax</b>					
DIY	116.7	123.2	437.8	309.0	444.0
Home Furnishing	39.4	80.1	193.2	204.3	265.0
<b>Total operating income</b>	<b>156.1</b>	<b>203.4</b>	<b>631.0</b>	<b>513.3</b>	<b>709.0</b>
Other*	-33.2	-20.1	-77.9	-38.9	-51.2
<b>Group consolidated operating income</b>	<b>123.0</b>	<b>183.2</b>	<b>553.1</b>	<b>474.4</b>	<b>657.8</b>
Financial net	-33.1	-10.0	-71.2	-49.1	-107.5
<b>Group consolidated profit before tax</b>	<b>89.8</b>	<b>173.2</b>	<b>481.9</b>	<b>425.3</b>	<b>550.3</b>

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



SEKm	Jul-Sep 2021					Jan-Sep 2021				
	DIY	Home Furnishing	Other	Elim-ination	Group	DIY	Home Furnishing	Other	Elim-ination	Group
Sweden	1,283.2	535.3	5.4	-11.6	1,812.3	3,632.8	1,675.0	17.3	-36.9	5,288.1
Finland	418.3	44.1	-	0.0	462.4	1,230.4	134.4	-	-1.9	1,362.9
Denmark	79.8	152.0	-	-	231.8	328.0	499.6	-	-	827.6
Norway	62.3	108.8	-	-	171.1	202.7	360.5	-	-	563.3
Rest of Europe	18.5	337.7	-	-1.2	354.9	41.1	1,010.3	-	-4.2	1,047.2
Rest of World	-	28.0	-	-	28.0	-	89.7	-	-	89.7
<b>Net sales</b>	<b>1,862.0</b>	<b>1,205.9</b>	<b>5.4</b>	<b>-12.8</b>	<b>3,060.5</b>	<b>5,434.9</b>	<b>3,769.6</b>	<b>17.3</b>	<b>-43.0</b>	<b>9,178.8</b>

SEKm	Jul-Sep 2020					Jan-Sep 2020				
	DIY	Home Furnishing	Other	Elim-ination	Group	DIY	Home Furnishing	Other	Eliminati-on	Group
Sweden	951.2	385.2	4.6	-9.9	1,331.2	2,696.8	1,137.4	11.9	-30.4	3,815.7
Finland	359.0	34.6	-	-0.8	392.8	1,013.5	102.7	-	-2.6	1,113.6
Denmark	82.2	151.7	-	-	233.9	299.4	453.8	-	-	753.2
Norway	58.7	63.0	-	-	121.7	185.3	192.9	-	-	378.2
Rest of Europe	12.7	199.2	-	-1.1	210.8	28.9	527.5	-	-3.4	553.0
<b>Net sales</b>	<b>1,463.8</b>	<b>833.8</b>	<b>4.6</b>	<b>-11.9</b>	<b>2,290.3</b>	<b>4,223.9</b>	<b>2,414.2</b>	<b>11.9</b>	<b>-36.4</b>	<b>6,613.6</b>

SEKm	Full-year 2020				
	DIY	Home Furnishing	Other	Elim-ination	Group
Sweden	3,659.5	1,575.2	18.0	-42.7	5,210.1
Finland	1,330.1	141.6	-	-2.6	1,469.0
Denmark	380.8	612.1	-	-	992.9
Norway	252.0	264.1	-	-	516.1
Rest of Europe	40.7	744.2	-	-4.9	780.1
<b>Net sales</b>	<b>5,663.1</b>	<b>3,337.2</b>	<b>18.0</b>	<b>-50.1</b>	<b>8,968.2</b>



## NOTE 2 DISCLOSURES ON ACQUISITIONS

## Acquisitions in 2021

- On 5 February 2021, the Group acquired 51% of the shares in IP Agency Finland Oy (IP Agency), a leading online company in the sports and leisure category. The products are made up of proprietary brands that are sold primarily in Finland, Sweden, Belgium, the DACH region and the US. IP Agency's annual sales growth for the past three years has exceeded 120%. IP Agency's sales in 2020 amounted to SEK 195 million and its EBITA to SEK 52 million. The acquisition is recognised in the DIY segment from 1 February.
- On 19 March 2021, the Group announced that an agreement had been entered into to acquire 100% of the shares in E. Svenssons i Lammhult AB (Svenssons i Lammhult), a leading Swedish retail chain offering furniture and home furnishings from more than 170 well-known quality brands and over 25,000 products. These brands primarily comprise design classics and a carefully selected home furnishings range. Svenssons i Lammhult's sales in 2020 amounted to SEK 263 million and its EBITA to SEK -13 million. The acquisition is recognised in the Home Furnishing segment from 1 May.
- On 6 April, the Group announced that an agreement had been entered into to acquire 94% of the shares in Hafa Bathroom Group AB, Sweden's largest privately owned bathroom company with a market-leading online platform and three strong brands: Hafa, NORO and Westerbergs. BHG has thereby further strengthened its share of proprietary brands in the bathroom segment, with favourable opportunities for growth in the Nordic region. Hafa Bathroom Group's sales in 2020 amounted to SEK 269 million. Excluding sales through BHG channels, its sales amounted to approximately SEK 200 million. EBITA amounted to SEK 22 million. The acquisition is recognised in the DIY segment from 1 May.
- On 9 June, the Group announced that an agreement had been entered into to acquire 92.2% of the shares in HYMA Skog & Trädgård AB (HYMA). The acquisition is recognised in the DIY segment from 1 August.
- On 2 September, the Group acquired 80% of the shares in AH-Trading GmbH (AH-Trading). The acquisition is recognised in the home furnishing segment from 1 September.

SEKm	2021						
	Net identifiable assets and liabilities	Goodwill	Purchase price	Cash and cash equivalents	Issued shares in BHG Group AB	Contingent/deferred purchase price, vendor loans	Net cash flow
<b>Business combinations during 2021</b>							
Acquisition of shares in IP Agency Oy	94.3	374.3	468.7	46.0	-	241.9	-180.8
Acquisition of shares in Hafa Bathroom Group AB	97.2	97.8	195.0	4.5	-	15.7	-174.8
Acquisition of shares in E. Svenssons i Lammhult AB	96.0	133.2	229.2	16.1	-	30.0	-183.1
Acquisition of Hyma Skog & Trädgård AB	632.7	979.0	1,611.7	56.0	404.2	625.1	-526.4
Acquisition of AH-Trading GmbH	255.6	408.6	664.2	67.7	-	267.2	-329.3
<b>Acquisition of non-controlling interests</b>							
Acquisition of shares in Inredhemma Danmark ApS	-	-	-	-	-	-	-6.8
Acquisition of shares in Hemfint i Kristianstad AB	-	-	-	-	-	-	-65.1
AB	-	-	-	-	-	-	-13.3
Acquisition of shares in Polarpumpen AB	-	-	-	-	-	-	-41.7
Compulsory redemption, Sleepo AB	-	-	-	-	-	-	-2.5
<b>Contingent consideration</b>							
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
Sundbyberg AB	-	-	-	-	-	-	-0.7
Additional purchase price, Designkupp AS	-	-	-	-	-	-	-12.4
AB	-	-	-	-	-	-	-4.5
Ängelholm AB	-	-	-	-	-	-	-29.2
	1,175.8	1,993.0	3,168.8	190.3	404.2	1,179.9	-1,607.4

## Revenue and profit/loss for the period for acquired companies

Since the acquisition date, the acquisitions have contributed SEK 548.2 million to the Group's revenue and SEK 32.3 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 1,891.3 million to the Group's revenue and SEK 108.4 million to the Group's profit/loss after tax.

**Acquisition of AH-Trading GmbH**

On 2 September, the Group acquired 80% of the shares in AH-Trading GmbH (AH-Trading), one of Germany's leading e-commerce companies in garden furniture in the mid and premium segments. All of the company's approximately 10,000 products are sold online, about half of which are proprietary brands. AH-Trading's sales in 2020 amounted to SEK 469 million and its EBITA to SEK 34 million.

**Revenue and profit/loss for the period**

Since the acquisition date, AH-Trading has contributed SEK 30.8 million to the Group's revenue and SEK 0.8 million to the Group's profit/loss after tax. If AH-Trading had been consolidated from the beginning of the financial year, it would have contributed SEK 635.6 million to the Group's revenue and SEK 53.1 million to the Group's profit/loss after tax.

SEKm

**Acquisition of AH-Trading GmbH****Net assets at time of acquisition**

Trademarks	178.3
Customer relationships	71.3
Intangible fixed assets	19.5
Leased fixed assets	40.8
Tangible fixed assets	10.8
Financial fixed assets	0.1
Inventory	134.4
Accounts receivable	18.4
Other receivables	7.3
Cash and cash equivalents	67.7
Deferred tax liability	-74.9
Provisions	-0.4
Non-current liabilities	-33.4
Non-current leasing liabilities	-28.4
Accounts payable	-88.8
Current leasing liabilities	-12.4
Other liabilities	-54.7

<b>Net identifiable assets and liabilities</b>	<b>255.6</b>
--	--------------

Goodwill	408.6
----------	-------

<b>Total purchase consideration</b>	<b>664.2</b>
-------------------------------------	--------------

**Consideration transferred, cash flow and impact on cash and cash equivalents**

Consideration transferred	-664.2
Less:	
Liability to non-controlling interest	157.9
Contingent consideration	109.4

<b>Cash flow - paid purchase price</b>	<b>-397.0</b>
--	---------------

Cash and cash equivalents in the acquired business	67.7
--	------

<b>Effect on cash and cash equivalents</b>	<b>-329.3</b>
--	---------------



### Acquisition of Hyma Skog & Trädgård AB

On 9 June, the Group announced that an agreement had been entered into to acquire 92.2% of the shares in HYMA Skog & Trädgård AB (HYMA). HYMA holds a leading market position in a number of BHG's core categories, such as garden, tools and leisure, with a broad portfolio of external and proprietary brands. HYMA has a long history of strong and profitable organic growth supplemented by strategic acquisitions. HYMA's sales in 2020 amounted to SEK 797 million and its EBITA to SEK 57 million.

### Revenue and profit/loss for the period

Since the acquisition date, HYMA has contributed SEK 172.2 million to the Group's revenue and SEK 9.0 million to the Group's profit/loss after tax. If HYMA had been consolidated from the beginning of the financial year, it would have contributed SEK 711.6 million to the Group's revenue and SEK 22.4 million to the Group's profit/loss after tax.

SEKm

### Acquisition of Hyma Skog & Trädgård AB

#### Net assets at time of acquisition

Trademarks	355.4
Customer relationships	252.6
Intangible fixed assets	16.7
Buildings and land	22.0
Leased fixed assets	9.8
Tangible fixed assets	5.6
Financial fixed assets	0.6
Deferred tax asset	2.8
Inventory	272.9
Accounts receivable	11.9
Other receivables	13.6
Cash and cash equivalents	56.0
Deferred tax liability	-134.1
Provisions	-0.1
Non-current liabilities	-66.2
Non-current leasing liabilities	-6.6
Accounts payable	-138.9
Current leasing liabilities	-3.2
Other liabilities	-38.0

<b>Net identifiable assets and liabilities</b>	<b>632.7</b>
--	--------------

Goodwill	979.0
----------	-------

<b>Total purchase consideration</b>	<b>1,611.7</b>
-------------------------------------	----------------

#### Consideration transferred, cash flow and impact on cash and cash equivalents

Consideration transferred	-1,611.7
---------------------------	----------

Less:

Issued shares (2,887,293 ordinary shares)	404.2
---	-------

Liability to non-controlling interest	163.4
---------------------------------------	-------

Contingent consideration	461.7
--------------------------	-------

<b>Cash flow - paid purchase price</b>	<b>-582.4</b>
--	---------------

Cash and cash equivalents in the acquired business	56.0
--	------

<b>Effect on cash and cash equivalents</b>	<b>-526.4</b>
--	---------------

### NOTE 3 FAIR VALUE

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

### Contingent earn-outs

Contingent earn-outs are included in Level 3 of the valuation hierarchy, meaning the level applicable for assets and liabilities that are considered illiquid and difficult to value, and for which inputs for measuring fair value are unobservable inputs in the market. The fair value of contingent considerations is calculated by discounting future cash flows with a risk-adjusted discount interest rate. Expected cash flows are forecast using probable scenarios for future EBITDA levels, amounts that will result from various outcomes and the probability of those outcomes. The table presents the carrying amount of contingent and deferred earn-outs attributable to the Group's acquisitions and liabilities to non-controlling interests.

SEKm	30 Sep		31 Dec
	2021	2020	2020
<b>Reported value on the opening date</b>	<b>1,023.3</b>	<b>554.5</b>	<b>554.5</b>
Recognition in profit or loss	21.9	20.9	63.6
Recognised in equity	144.8	105.0	485.7
Utilised amount	-213.1	-45.0	-220.7
Acquisition value at cost	1,179.9	93.1	140.1
<b>Reported value on the closing date</b>	<b>2,156.8</b>	<b>728.6</b>	<b>1,023.3</b>

### Currency forwards

As a result of the acquisition of Hafa Bathroom Group (see Note 2), the Group also recognises currency forwards at fair value since such instruments are used by Hafa Bathroom Group to hedge its exposure to currency exchange risk. The fair value of the currency forwards as of 30 September 2021 was SEK 0.7 million (0.0), of which SEK 0.7 million (0.0) comprised assets and SEK 0.0 million (0.0) comprised liabilities for the Group. The currency forwards are measured based on a discount comprising the difference between the contracted forward rate and the actual forward rate for a currency forward maturing on the same date. This measurement is included in Level 2 of the valuation hierarchy.

### NOTE 4 RELATED-PARTY TRANSACTIONS

Transactions between BHG Group AB and its subsidiaries have been eliminated in the consolidated financial statements. All transactions between related parties have been conducted on commercial terms, on an arm's length basis.

### Transactions with the owners

During the first quarter of 2021, the Group carried out a directed issue of 10,800,000 shares at a subscription price of SEK 145 per share, generating proceeds of SEK 1,545.0 million after a deduction for transaction fees. All warrants within the framework of the incentive programme LTIP 2018 were exercised during the first quarter. Through the exercise of warrants, 2,760,016 shares were issued for a subscription price of SEK 61.75 per share, generating proceeds of SEK 170.4 million.

During the third quarter, in connection with the acquisition of Hyma Skog & Trädgård AB, BHG Group AB carried out an issue in kind, through which the number of shares and votes increased by 2,887,293. No other transactions with shareholders were carried out during the first nine months of the year.

### NOTE 5 CONSEQUENCES OF THE CORONAVIRUS PANDEMIC

The coronavirus pandemic has 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. BHG's strong position in home improvement products online in the Nordics should continue to benefit the company going forward. We still consider it probable that the increased online penetration that has occurred during the pandemic will remain and, accordingly, that the market for BHG's products has become larger than before the pandemic.

BHG has had a close cooperation with its suppliers during the pandemic to ensure deliveries and expanded inventory to minimise the risk of goods shortages. However, the market has been impacted for some time by disruptions in the global logistics and supply chains in the wake of the pandemic. As we announced in our earlier interim reports this year, we expect shipping costs to remain high for at least the rest of the year and certain bottlenecks to continue into 2022.

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



#### NOTE 6 REFINANCING

In the second quarter of 2021, BHG completed refinancing whereby the Group's existing credit facilities with SEB were replaced with new facilities provided jointly by SEB and Danske Bank. The credit line under the previous facilities originally totalled SEK 2,395 million (SEK 2,349 million after a repayment of SEK 46 million), of which SEK 1,000 million matured in May 2022 and the remainder in March 2023. At the beginning of the second quarter, the Group utilised SEK 2,109 million the credit line available under the previous facilities. 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 (refer to the table below):

SEKm	30 Sep 2021		
	Full size amount	Utilized amount	Unutilized amount
Term loan facility	1,500.0	1,500.0	-
Revolving credit facility	1,500.0	1,000.0	500.0
Overdraft facility	300.0	-	300.0
<b>Total</b>	<b>3,300.0</b>	<b>2,500.0</b>	<b>800.0</b>

The facilities mature on May 2024, but BHG has an option to extend the agreement until May 2026 at the longest. However, such an extension must be approved by the lenders. The facilities are conditional on the Group fulfilling certain financial covenants in the form of the debt/equity ratio and interest coverage ratio. 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.

In connection with the repayment of the previous facilities, the transaction fees attributable to these facilities were expensed, which had a negative impact of SEK 5.2 million on the Group's net financial items for the second quarter of 2021.

# Condensed Parent Company income statement

SEKm	Jul-Sep		Jan-Sep		Jan-Dec
	2021	2020	2021	2020	2020
Net sales	0.8	0.1	1.8	1.6	1.6
<b>Total net sales</b>	<b>0.8</b>	<b>0.1</b>	<b>1.8</b>	<b>1.6</b>	<b>1.6</b>
Personnel cost	-10.3	-17.6	-50.9	-26.5	-34.2
Other external costs	-21.4	-2.0	-25.4	-7.9	-11.2
Depreciation and amortisation of tangible and intangible fixed assets	-0.1	-0.0	-0.2	-0.1	-0.2
<b>Operating income</b>	<b>-31.0</b>	<b>-19.5</b>	<b>-74.7</b>	<b>-32.8</b>	<b>-43.9</b>
Profit/loss from financial items	7.2	-0.4	10.9	-1.4	-2.4
Group contributions	-	-	-	-	132.3
<b>Profit/loss before tax</b>	<b>-23.9</b>	<b>-19.9</b>	<b>-63.8</b>	<b>-34.2</b>	<b>86.0</b>
Income tax	1.1	4.3	13.7	7.3	-18.4
<b>Profit/loss for the period</b>	<b>-22.8</b>	<b>-15.6</b>	<b>-50.1</b>	<b>-26.9</b>	<b>67.6</b>

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



# Condensed Parent Company balance sheet

SEKm	30 Sep		31 Dec
	2021	2020	2020
<b>Non-current assets</b>			
Other intangible fixed assets	0.6	0.6	0.8
<b>Total intangible fixed assets</b>	<b>0.6</b>	<b>0.6</b>	<b>0.8</b>
Participations in Group companies	3,678.3	2,691.6	2,691.6
Long-term receivables from Group companies	3,665.0	-	1,000.0
<b>Total fixed assets</b>	<b>7,343.9</b>	<b>2,692.2</b>	<b>3,692.4</b>
<b>Current assets</b>			
Short-term receivables	3.9	13.4	5.6
Short-term receivables from Group companies	29.9	0.0	223.2
Cash and cash equivalents	47.9	33.0	58.8
<b>Total current assets</b>	<b>81.8</b>	<b>46.4</b>	<b>287.6</b>
<b>Total assets</b>	<b>7,425.7</b>	<b>2,738.6</b>	<b>3,979.9</b>
<b>Equity</b>			
Restricted equity	3.7	3.2	3.2
Unrestricted equity	4,879.8	2,713.4	2,808.7
<b>Total equity</b>	<b>4,883.5</b>	<b>2,716.6</b>	<b>2,811.9</b>
<b>Untaxed reserves</b>	<b>28.6</b>	<b>-</b>	<b>28.6</b>
Non-current interest-bearing liabilities to credit institutions	2,491.5	-	996.9
<b>Total non-current liabilities</b>	<b>2,491.5</b>	<b>-</b>	<b>996.9</b>
<b>Current liabilities</b>			
Other current liabilities	22.1	22.0	142.5
<b>Total current liabilities</b>	<b>22.1</b>	<b>22.0</b>	<b>142.5</b>
<b>Total equity and liabilities</b>	<b>7,425.7</b>	<b>2,738.6</b>	<b>3,979.9</b>

# Key ratios

	2021				2020					
	Q3	Q2	Q1	Jan-Sep	Q4	Q3	Q2	Q1	Jan-Sep	Jan-Dec
<b>THE GROUP</b>										
Net sales growth (%)	33.6	31.8	57.7	38.8	43.2	39.7	57.7	33.5	44.8	44.4
Organic growth (%)	5.5	14.1	36.5	16.6	35.5	32.3	41.8	22.1	33.1	33.7
Proforma organic growth (%)	10.2	16.8	42.7	21.0	44.5	32.5	44.2	23.3	34.3	38.7
Gross profit beofre direct selling costs (%)	38.3	39.0	39.7	39.0	38.7	37.4	36.1	37.8	37.0	37.4
Gross profit (%)	25.7	26.6	27.2	26.4	27.2	25.9	25.0	25.8	25.5	25.9
Adjusted EBIT (%)	5.4	7.8	7.2	6.8	8.2	8.5	8.6	4.9	7.7	7.8
Earnings per share before dilution, SEK	0.50	1.63	0.97	3.09	0.85	1.24	1.34	0.43	3.02	3.87
Earnings per share after dilution, SEK	0.49	1.62	0.96	3.05	0.83	1.22	1.33	0.43	2.98	3.80
Equity/assets ratio %	38.4	44.7	42.2	38.4	32.7	45.2	43.2	45.8	45.2	32.7
Net debt (+) / Net cash (-)	1,854.3	509.2	173.9	1,854.3	1,796.0	87.2	-26.2	500.0	87.2	1,796.0
Cash flow from operating activites (SEKm)	-232.0	336.1	119.5	223.6	220.7	20.7	605.0	147.9	773.6	994.3
Visits (thousands)	94,710	108,555	101,829	305,094	77,950	75,644	90,672	57,866	224,183	302,133
Orders (thousands)	1,182	1,276	1,145	3,603	865	715	889	543	2,147	3,012
Average order value (SEK)	2,545	2,808	2,416	2,597	2,725	3,080	3,193	3,119	3,137	3,018
<b>DIY</b>										
Net sales growth (%)	27.2	20.1	47.6	28.7	49.4	46.0	73.8	36.7	54.3	53.0
Organic growth (%)	10.1	14.9	44.8	19.9	39.4	34.6	48.3	17.9	35.6	36.6
Proforma organic growth (%)	9.5	13.4	43.3	18.5	39.3	35.4	51.1	21.5	38.0	38.3
Gross profit beofre direct selling costs (%)	34.0	35.7	35.1	35.0	34.4	33.1	32.3	32.2	32.5	33.0
Gross profit (%)	23.3	25.4	25.6	24.7	25.0	23.1	22.6	22.6	22.8	23.4
Adjusted EBIT (%)	7.0	10.5	7.8	8.6	9.9	9.0	8.9	4.2	7.9	8.4
Visits (thousands)	41,309	50,349	37,936	129,595	31,894	36,398	47,004	24,634	108,037	139,931
Orders (thousands)	587	648	486	1,721	490	427	584	313	1,325	1,814
Average order value (SEK)	3,065	3,511	3,226	3,278	2,819	3,264	3,280	3,298	3,279	3,155
<b>Home Furnishing</b>										
Net sales growth (%)	44.6	55.6	70.6	56.1	34.7	29.5	32.3	30.0	30.7	31.7
Organic growth (%)	-2.4	12.3	25.4	11.0	30.1	28.6	31.5	27.6	29.4	29.6
Proforma organic growth (%)	11.1	22.6	41.5	24.5	50.7	27.3	31.6	26.7	28.4	39.3
Gross profit beofre direct selling costs (%)	44.6	44.1	44.9	44.5	45.2	44.9	43.7	45.1	44.5	44.7
Gross profit (%)	29.3	28.4	28.9	28.8	30.3	30.7	29.7	29.8	30.0	30.1
Adjusted EBIT (%)	4.0	5.8	7.5	5.8	6.9	9.9	9.6	6.4	8.8	8.3
Visits (thousands)	53,401	58,205	63,893	175,499	46,056	39,246	43,668	33,232	116,146	162,202
Orders (thousands)	595	627	659	1,882	375	288	305	230	822	1,198
Average order value (SEK)	2,032	2,082	1,820	1,974	2,601	2,806	3,027	2,875	2,907	2,811



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

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

## **ADJUSTED EBIT, ADJUSTED EBITDA AND ADJUSTED GROSS PROFIT**

Adjusted EBIT corresponds to operating income excluding amortisation of acquisition-related intangible assets, gains/losses on sales of fixed assets and, where applicable, items affecting comparability. In other words, adjusted EBIT, in accordance with the accounting rules, includes all depreciation and amortisation of tangible and intangible assets attributable to the business (which was also the case for the previously used measure – adjusted EBITA). 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

SEKm	Jul-Sep		Jan-Sep		Jan-Dec
	2021	2020	2021	2020	2020
<b>Operating income</b>	<b>123.0</b>	<b>183.2</b>	<b>553.1</b>	<b>474.4</b>	<b>657.8</b>
Acquisition-related costs	19.6	-	19.6	-	-
<b>Total items affecting comparability</b>	<b>19.6</b>	<b>-</b>	<b>19.6</b>	<b>-</b>	<b>-</b>
Amortisation and impairment of acquisition-related intangible fixed assets	21.9	10.8	53.5	32.3	43.0
<b>Adjusted EBIT</b>	<b>164.5</b>	<b>194.0</b>	<b>626.3</b>	<b>506.7</b>	<b>700.8</b>
<b>Adjusted EBIT (%)</b>	<b>5.4</b>	<b>8.5</b>	<b>6.8</b>	<b>7.7</b>	<b>7.8</b>
Depreciation and amortisation of tangible and intangible fixed assets	77.2	50.6	202.5	146.6	201.9
Gain/loss from sale of fixed assets	-0.1	0.0	0.1	-0.0	-0.0
<b>Adjusted EBITDA</b>	<b>241.5</b>	<b>244.6</b>	<b>828.9</b>	<b>653.3</b>	<b>902.7</b>
<b>Adjusted EBITDA (%)</b>	<b>7.9</b>	<b>10.7</b>	<b>9.0</b>	<b>9.9</b>	<b>10.1</b>
Net sales	3,060.5	2,290.3	9,178.8	6,613.6	8,968.2
Cost of goods	-1,888.8	-1,433.1	-5,602.3	-4,166.6	-5,609.9
<b>Gross profit before direct selling costs</b>	<b>1,171.7</b>	<b>857.3</b>	<b>3,576.5</b>	<b>2,447.0</b>	<b>3,358.3</b>
<b>Gross profit before direct selling costs (%)</b>	<b>38.3</b>	<b>37.4</b>	<b>39.0</b>	<b>37.0</b>	<b>37.4</b>
Direct selling costs	-385.6	-265.0	-1,149.4	-760.9	-1,032.1
<b>Gross profit</b>	<b>786.1</b>	<b>592.3</b>	<b>2,427.1</b>	<b>1,686.2</b>	<b>2,326.2</b>
<b>Gross profit (%)</b>	<b>25.7</b>	<b>25.9</b>	<b>26.4</b>	<b>25.5</b>	<b>25.9</b>
<b>Adjusted gross profit</b>	<b>786.1</b>	<b>592.3</b>	<b>2,427.1</b>	<b>1,686.2</b>	<b>2,326.2</b>
<b>Adjusted gross profit (%)</b>	<b>25.7</b>	<b>25.9</b>	<b>26.4</b>	<b>25.5</b>	<b>25.9</b>

## DIY segment

SEKm	Jul-Sep		Jan-Sep		Jan-Dec
	2021	2020	2021	2020	2020
<b>Operating income</b>	<b>116.7</b>	<b>123.2</b>	<b>437.8</b>	<b>309.0</b>	<b>444.0</b>
<b>Total items affecting comparability</b>	-	-	-	-	-
Amortisation and impairment of acquisition-related intangible fixed assets	12.8	8.0	29.2	24.0	31.8
<b>Adjusted EBIT</b>	<b>129.5</b>	<b>131.2</b>	<b>467.0</b>	<b>333.0</b>	<b>475.8</b>
<b>Adjusted EBIT (%)</b>	<b>7.0</b>	<b>9.0</b>	<b>8.6</b>	<b>7.9</b>	<b>8.4</b>
Depreciation and amortisation of tangible and intangible fixed assets	32.6	24.3	84.9	70.3	95.9
Gain/loss from sale of fixed assets	-	0.0	0.2	-0.0	-0.1
<b>Adjusted EBITDA</b>	<b>162.1</b>	<b>155.5</b>	<b>552.1</b>	<b>403.3</b>	<b>571.6</b>
<b>Adjusted EBITDA (%)</b>	<b>8.7</b>	<b>10.6</b>	<b>10.2</b>	<b>9.5</b>	<b>10.1</b>
Net sales	1,862.0	1,463.8	5,434.9	4,223.9	5,663.1
Cost of goods	-1,228.3	-979.8	-3,534.0	-2,849.4	-3,794.1
<b>Gross profit before direct selling costs</b>	<b>633.7</b>	<b>484.0</b>	<b>1,901.0</b>	<b>1,374.5</b>	<b>1,869.0</b>
<b>Gross profit before direct selling costs (%)</b>	<b>34.0</b>	<b>33.1</b>	<b>35.0</b>	<b>32.5</b>	<b>33.0</b>
Direct selling costs	-200.2	-146.5	-558.1	-412.0	-546.2
<b>Gross profit</b>	<b>433.6</b>	<b>337.5</b>	<b>1,342.9</b>	<b>962.5</b>	<b>1,322.8</b>
<b>Gross profit (%)</b>	<b>23.3</b>	<b>23.1</b>	<b>24.7</b>	<b>22.8</b>	<b>23.4</b>
<b>Adjusted gross profit</b>	<b>433.6</b>	<b>337.5</b>	<b>1,342.9</b>	<b>962.5</b>	<b>1,322.8</b>
<b>Adjusted gross profit (%)</b>	<b>23.3</b>	<b>23.1</b>	<b>24.7</b>	<b>22.8</b>	<b>23.4</b>

## Home Furnishing segment

	Jul-Sep		Jan-Sep		Jan-Dec
	2021	2020	2021	2020	2020
<b>Operating income</b>	<b>39.4</b>	<b>80.1</b>	<b>193.2</b>	<b>204.3</b>	<b>265.0</b>
<b>Total items affecting comparability</b>	-	-	-	-	-
Amortisation and impairment of acquisition-related intangible fixed assets	9.1	2.8	24.4	8.3	11.2
<b>Adjusted EBIT</b>	<b>48.5</b>	<b>82.9</b>	<b>217.6</b>	<b>212.6</b>	<b>276.2</b>
<b>Adjusted EBIT (%)</b>	<b>4.0</b>	<b>9.9</b>	<b>5.8</b>	<b>8.8</b>	<b>8.3</b>
Depreciation and amortisation of tangible and intangible fixed assets	44.3	26.3	117.0	76.2	105.8
Gain/loss from sale of fixed assets	-0.1	0.0	-0.1	0.0	0.1
<b>Adjusted EBITDA</b>	<b>92.7</b>	<b>109.3</b>	<b>334.5</b>	<b>288.8</b>	<b>382.1</b>
<b>Adjusted EBITDA (%)</b>	<b>7.7</b>	<b>13.1</b>	<b>8.9</b>	<b>12.0</b>	<b>11.5</b>
Net sales	1,205.9	833.8	3,769.6	2,414.2	3,337.2
Cost of goods	-667.6	-459.8	-2,091.1	-1,340.0	-1,845.9
<b>Gross profit before direct selling costs</b>	<b>538.3</b>	<b>374.0</b>	<b>1,678.6</b>	<b>1,074.2</b>	<b>1,491.3</b>
<b>Gross profit before direct selling costs (%)</b>	<b>44.6</b>	<b>44.9</b>	<b>44.5</b>	<b>44.5</b>	<b>44.7</b>
Direct selling costs	-185.4	-118.5	-591.3	-348.9	-485.9
<b>Gross profit</b>	<b>352.8</b>	<b>255.6</b>	<b>1,087.2</b>	<b>725.3</b>	<b>1,005.4</b>
<b>Gross profit (%)</b>	<b>29.3</b>	<b>30.7</b>	<b>28.8</b>	<b>30.0</b>	<b>30.1</b>
<b>Adjusted gross profit</b>	<b>352.8</b>	<b>255.6</b>	<b>1,087.2</b>	<b>725.3</b>	<b>1,005.4</b>
<b>Adjusted gross profit (%)</b>	<b>29.3</b>	<b>30.7</b>	<b>28.8</b>	<b>30.0</b>	<b>30.1</b>





## NET DEBT/NET CASH

Management is of the opinion that because the Group's actual net debt/net cash corresponds to the Group's non-current and current interest-bearing liabilities to credit institutions less cash and cash equivalents, investments in securities, etc. and transaction fees, other non-current and current interest-bearing liabilities should be excluded. The Group's other non-current and current interest-bearing liabilities consist of contingent and deferred earn-outs related to acquisitions, which are subject to an implicit interest expense. Lease liabilities reflect the balance sheet effects of IFRS 16.

At the end of the third quarter, net debt amounted to SEK 1,854.3 million, corresponding to net debt in relation to LTM adjusted EBITDA of 1.79x. The Group's other current and non-current interest-bearing 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 2,156.8 million at the end of the quarter, compared with SEK 1,023.3 million at the beginning of the year. Lease liabilities reflect the balance sheet effects of IFRS 16 and amounted to SEK 747.9 million at the end of the quarter, compared with SEK 599.6 million at the beginning of the year.

SEKm	30 Sep		31 Dec
	2021	2020	2020
Non-current interest-bearing debt	5,105.9	1,964.1	3,440.4
Short-term interest-bearing debt	322.0	198.4	271.4
<b>Total interest-bearing debt</b>	<b>5,427.9</b>	<b>2,162.5</b>	<b>3,711.8</b>
Cash and cash equivalents	-677.4	-873.5	-299.0
Adjustment lease liabilities	-747.9	-476.5	-599.6
Adjustment of earn-outs and deferred payments	-2,156.8	-728.6	-1,023.3
Adjustment transaction costs	8.5	3.3	6.1
<b>Net debt (+) / Net cash (-)</b>	<b>1,854.3</b>	<b>87.2</b>	<b>1,796.0</b>



# 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
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.
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.