



2021/Q2 BHG surges past milestone of SEK 10 billion in LTM net sales

The acquisition journey continues and total growth in the quarter exceeds 30%

Today's presenters



Adam Schatz

President and CEO

- **BHG since 2019**
- Axiell Group 2015-2019 (Exec. VP and CFO)
- Gambro and Baxter 2008-2015 (Regional CFO, Head of UK & Ireland...); Teknoseed AB 2000-2008 (CEO); Goldman Sachs 1998-2000 (Analyst)



Jesper Flemme

CFO

- **BHG since 2016**
- Addedo 2014-2016 (Senior Consultant)
- CDON Group (now Qliro Group) 2012-2014 (Group Financial Controller)
- Deloitte 2007-2012 (Auditor)

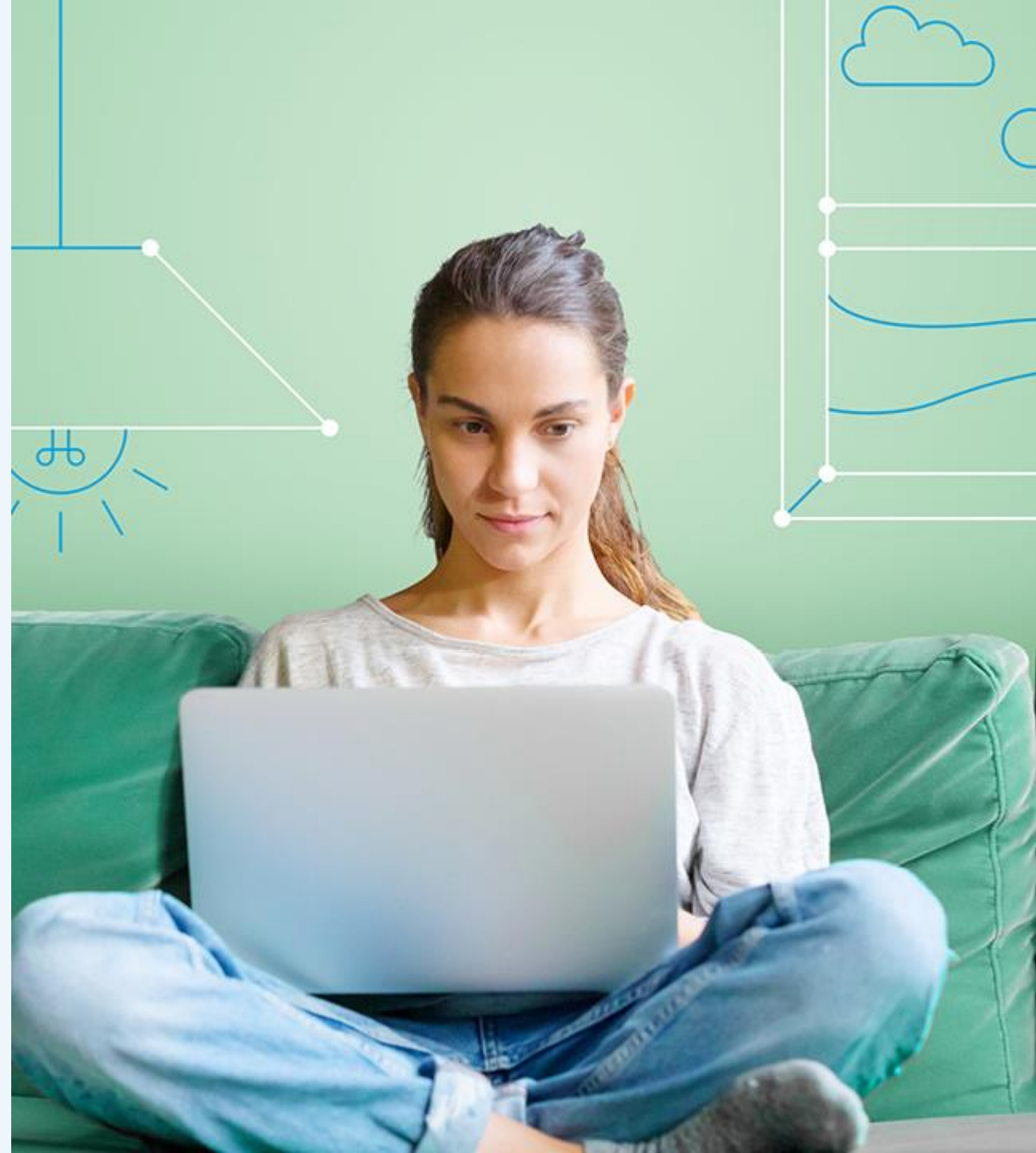
Agenda

- Results highlights
- Business update
- Financial update Q2 2021
 - Group
 - DIY segment
 - Home Furnishing segment
 - Cash flow and financial position
- Summary
- Q&A



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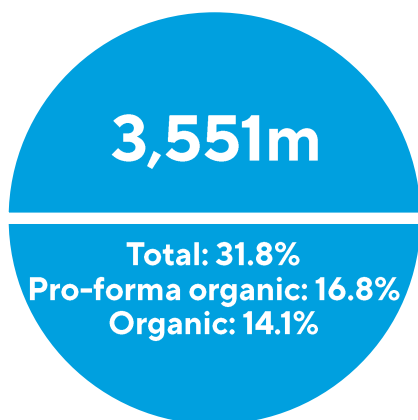


Select financial highlights

Strong organic developments and a continued high acquisition rate

Sales

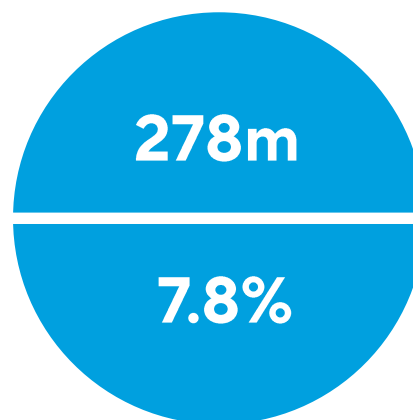
Net Sales (SEK)



Growth

Earnings

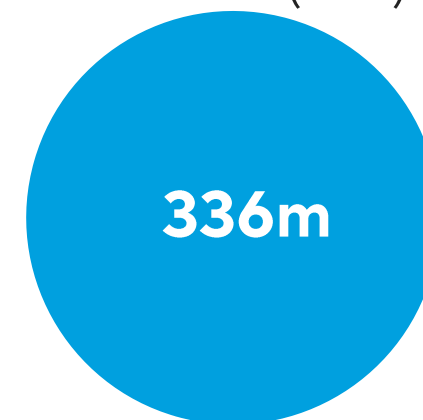
Adj. EBIT (SEK)



Adj. EBIT margin

Cash flow

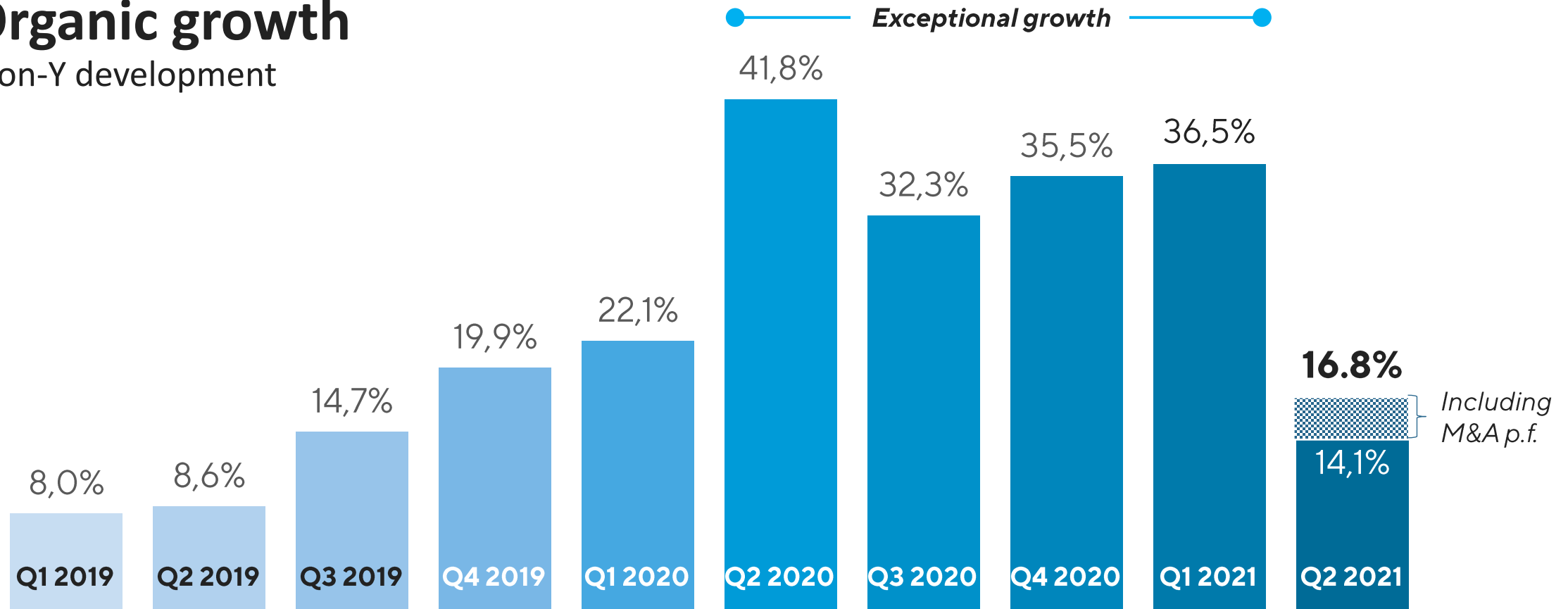
Cash flow from operating activities (SEK)



Strong, profitable and cash generating growth

Organic growth

Y-on-Y development



Organic growth in the quarter in line with long term target despite meeting exceptional growth in same period last year

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Our strategy remains focused on four cornerstones

The BHG ecosystem

01

Continued expansion of our already leading product range



02

Scale and a growing share of own brands in our sales mix



03

Creating the most appealing digital shopping experience



04

Offering the market's best professional guidance, service and support



The Product Offering as the base...

...with the Customer at the centre

Our history of acquisitions has accelerated the creation of the BHG ecosystem by contributing to each of the four strategy pillars

We continue to see growth opportunities coming 12 months

In a total market that is expected to grow less explosively the coming 12 months, given the tough comparables, we see continued growth opportunities

✓ Our four cornerstones

Assortment expansion, scale, digital lead and physical infrastructure are continued central growth drivers as online penetration grows in our markets

✓ Geographic expansion

We see ample room to grow in the Nordic markets – meanwhile we assess the European market to be 20x – a market we have already started to address

✓ Business development

We continue to develop and expand our service and product offering – excellent opportunities to leverage our vast amount of data to tailor-made offerings further

✓ Proprietary brands

We have strengthened our portfolio of own brands in a relatively short period of time – we see further potential in developing this leg

✓ M&A

We have completed/announced 5 acquisitions in the past 6 months – prospects of further category and platform acquisitions are good!

BHG as an acquiror – M&A is part of our DNA

Our M&A focus remains unchanged

As before

Home improvement!

As before

Category and
geographic expansion

As before

Category catalysts and
platforms

With clear synergy rationale

Category catalysts into platforms
Full set of synergies

Adding new platforms
*Focused synergies around assortment
exchange, customer data, traffic generation
and purchasing power – and creating new
foundations onto which category catalysts can
be added*



HYMA – Key transaction highlights

BHG's acquisition of 92% of HYMA was announced in Q2

HYMA summary

- **HYMA is a fast-growing online category expert in Garden, Tools & Machinery, Forestry, Outdoor life, Hunting and Leisure**, which BHG has followed for a long time
 - Expected to generate **c. SEK 1.1 billion in net sales and an EBITA of c. SEK 80 million in 2021**
 - **Leading market positions in key BHG categories** such as Garden, Tools & Machinery and Leisure
 - Data driven and tech enabled operator with **impressive customer satisfaction**
- **Significant synergy opportunities** from scale & sourcing, cross-selling and sharing of best practices
- **HYMA Management retains significant minority stake** to participate in joint value creation

Governance

- HYMA to be part of BHG's DIY segment
- HYMA to be run decentralised under the leadership of CEO Anders Carlsson (second generation family member; Hylte was initially founded in Hyltebruk in 1911)

Timeline

- Transaction closed 21 July
- **Will be consolidated into DIY segment as of 1 August**

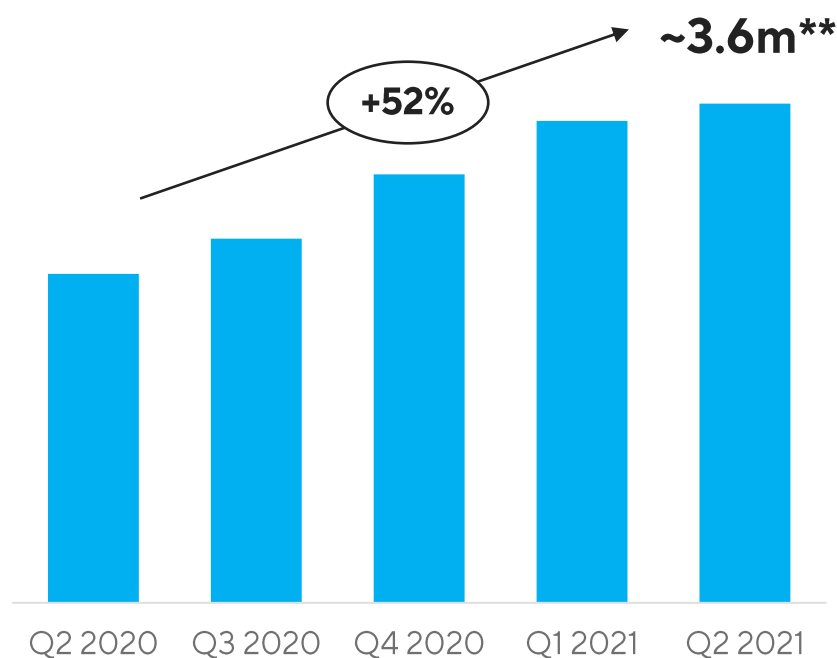


HYMA
Skog & Trädgård

52% YoY pro-forma growth in active customers

Number of active customers*

Pro-forma



- Strong increase in number of active customers during 2020 and beginning of 2021 – reaching an estimated 3.6m in Q2 2021
- First order profitability and attractive marketing ROI
- Steps taken to bolster systems, enabling the measurement of customer developments also in recently acquired businesses in a uniform way

>20%

Growth in new customers in Q2 2021

~40%

Repeat orders as % of total in Q2 2021

~1.3

Orders per active customer LTM in Q2 2021

>3x

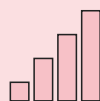
LTM Marketing ROI*** in Q2 2021

Pro-forma metrics**

BHG at a glance – significant scale and profitability

Sales CAGR 2014-LTM Q2'21

>40%



EBIT CAGR 2014-LTM Q2'21

>100%



EBIT margin LTM Q2'21

7.9%



Online destinations

100+

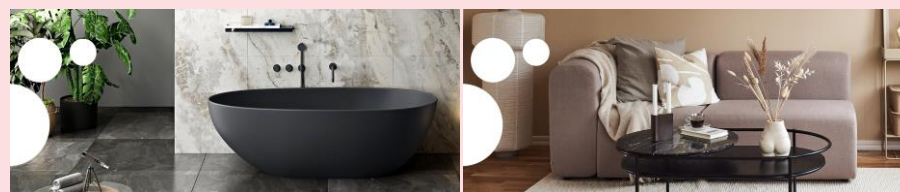


bhg.

WE MAKE LIVING EASY

#1 Nordic consumer e-commerce company

Two segments
DIY **HF**



Site visits LTM Q2'21

~364m



Orders LTM Q2'21

~4.0m



Countries with BHG presence

24



Number of SKUs

>1m



Agenda

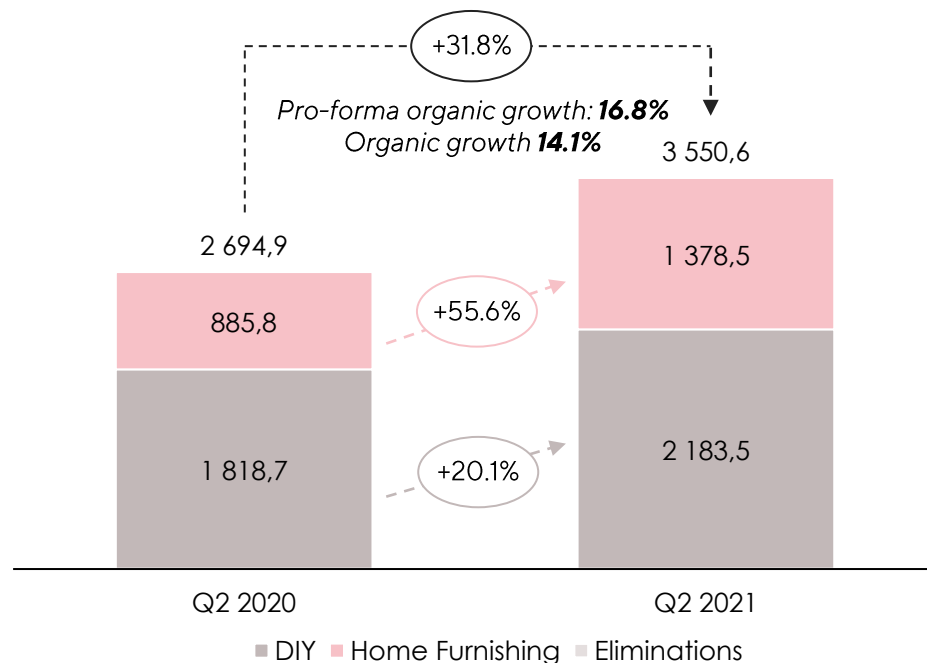
- Results highlights
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- **Financial update Q2 2021**
 - Group
 - DIY segment
 - Home Furnishing segment
 - Cash flow and financial position
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- Q&A



Continued rapid and profitable growth

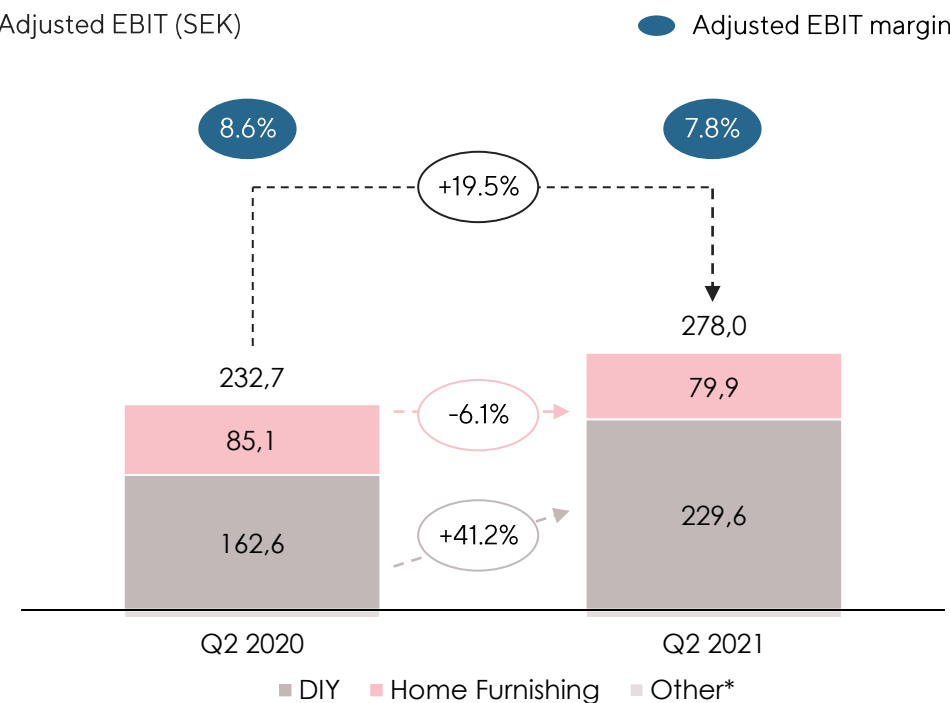
The Group's rapid growth continued in the second quarter, despite challenging comparative figures

Net sales (SEKm)

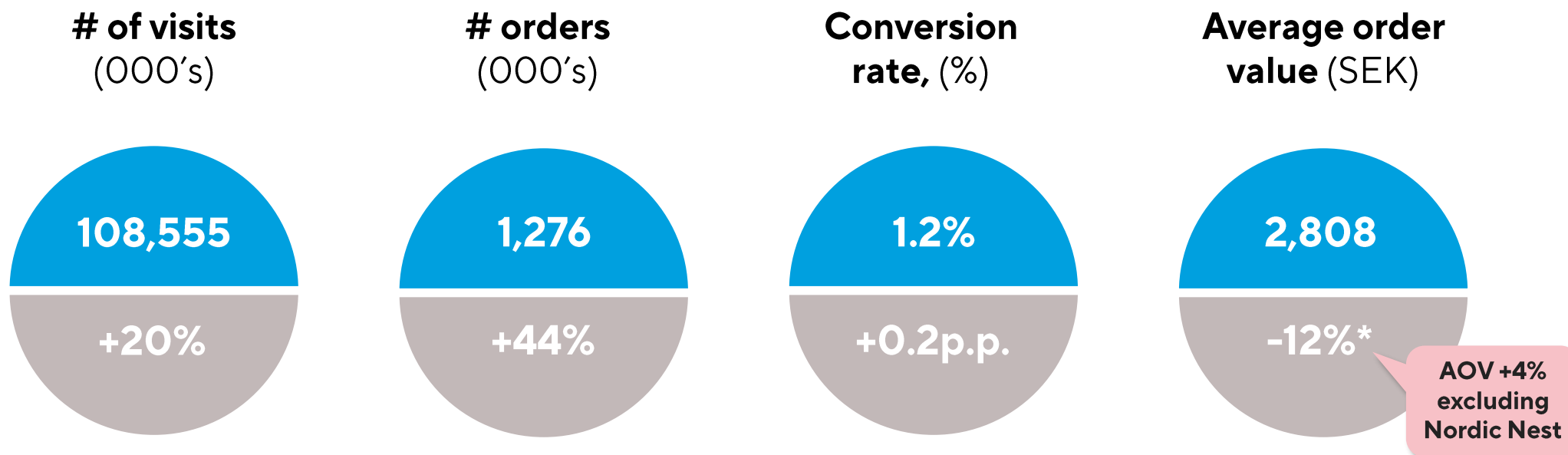


High adjusted EBIT margin was mainly the result of a strong quarter for the DIY segment

Adjusted EBIT (SEK)



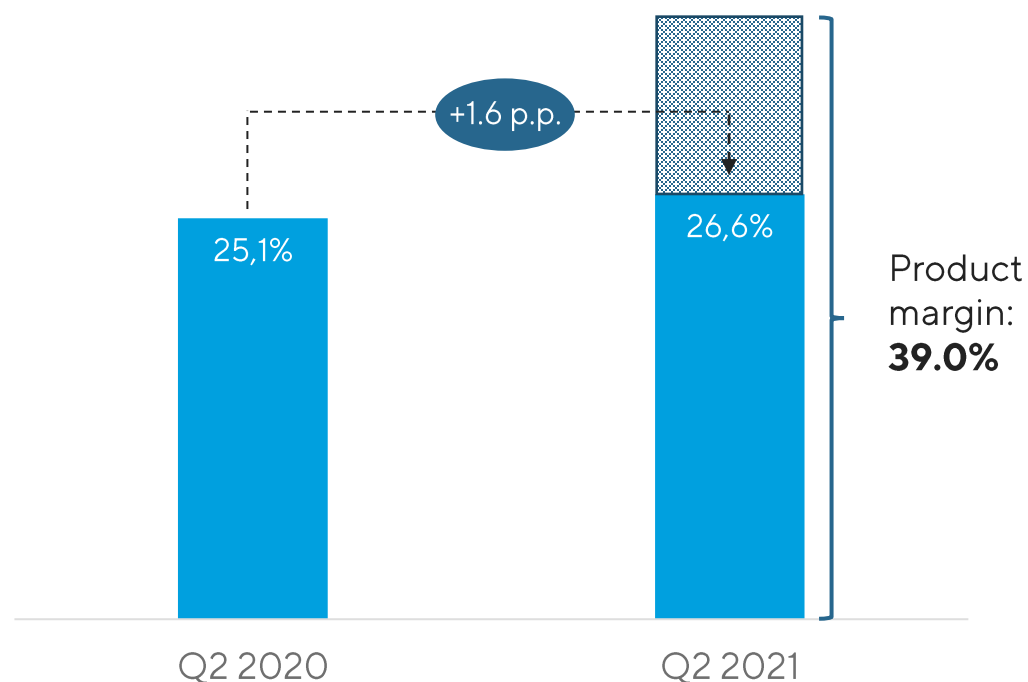
Robust development in KPIs



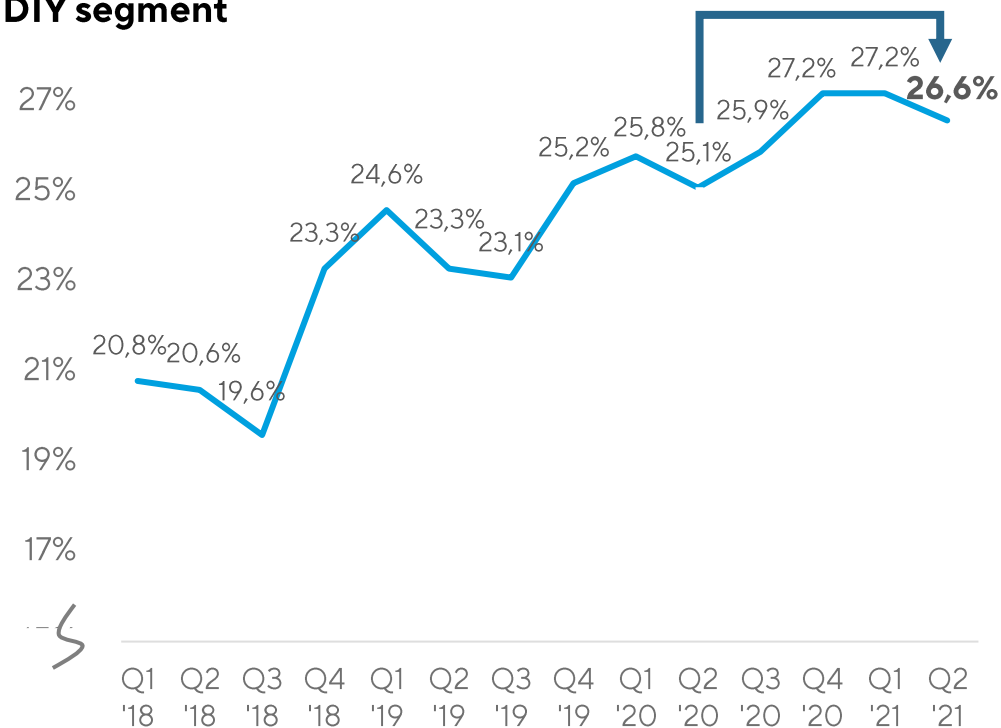
Solid growth on the basis of sound fundamentals

Strong gross margin development

The strong gross margin is attributable to a higher share of proprietary brands in the DIY segment, cost and process efficiencies, positive currency effects and pricing focus



Margin trajectory is the result of a focus on operational excellence and an increasing share of proprietary brands in the DIY segment

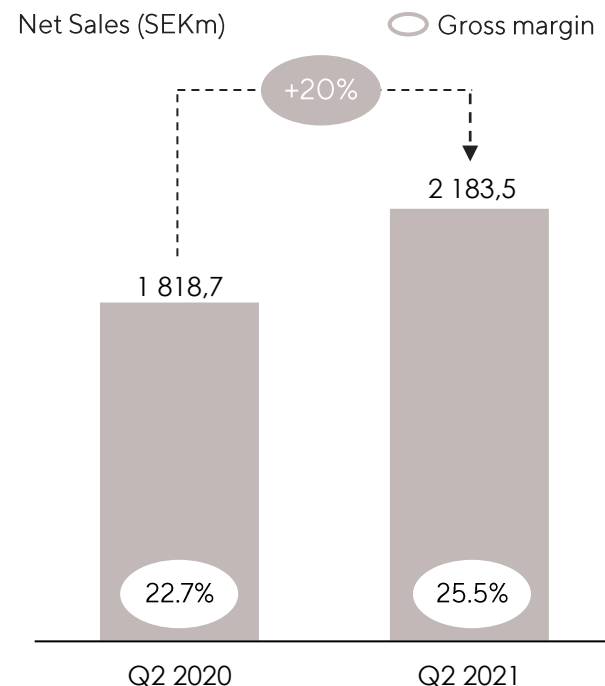


DIY segment

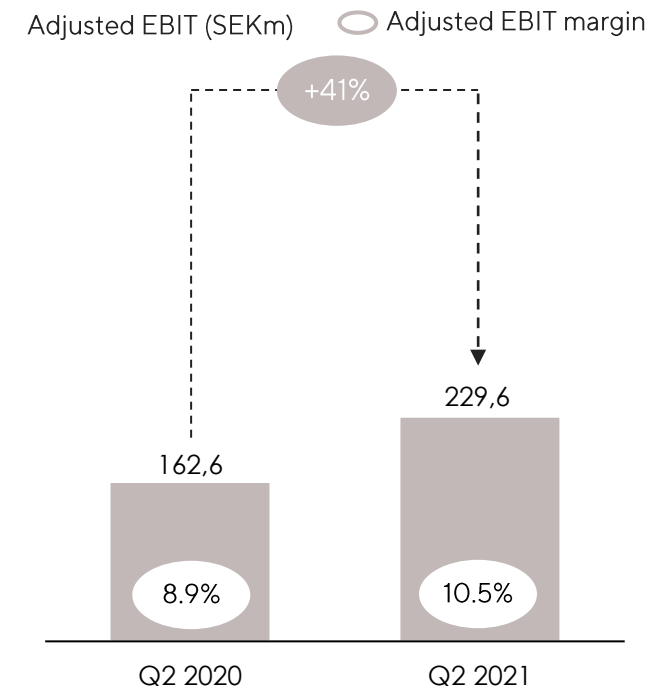
Another extraordinarily strong quarter for the segment

- Favourable growth despite meeting high comparative figures from last year - Net sales increased by 20.1% of which organic growth accounted for 14.9%
- Gross margin at 25.5% positively impacted by a high share of sales comprising proprietary brands
- Continued development of customer offering - BHG ecosystem - e.g. through ongoing product assortment expansion, investments in data and IT and expanded installation services offering
- The acquisition of Hafa Bathroom Group was completed in Q2 and the acquisition of HYMA (our second largest acquisition to date) was completed in late July
- Adjusted EBIT amounted to SEK 229.6m - EBIT margin of 10.5% is highest to date

DIY represented 61% of the Group's net sales in the second quarter



The segment's highest EBIT margin to date

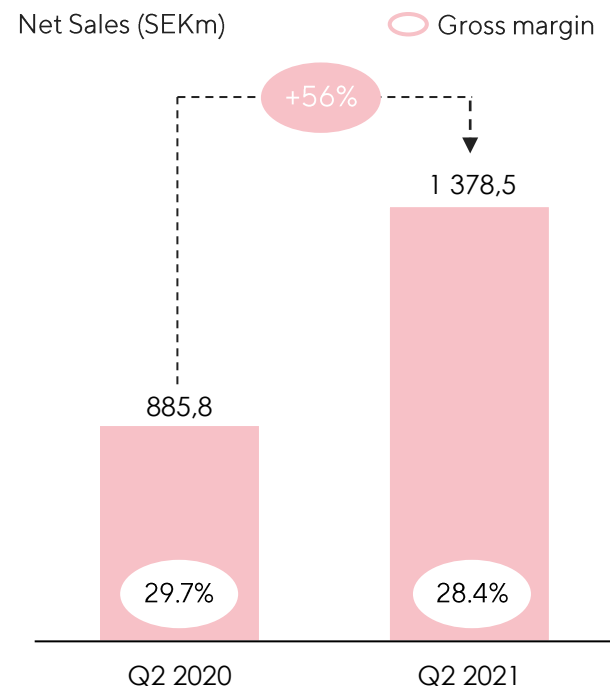


Home Furnishing segment

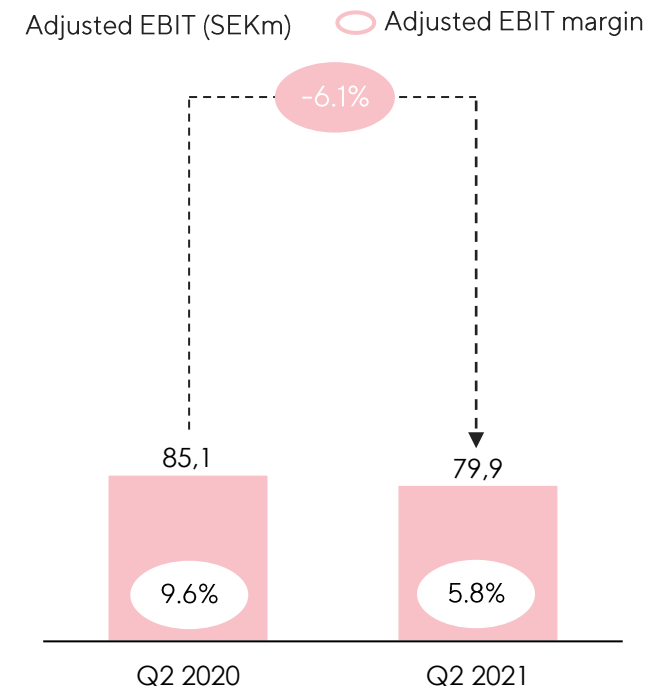
The segment is continuing to build critical mass

- Net sales increased by 55.6% of which organic growth accounted for 12.3% and pro-forma organic growth (including Nordic Nest) accounted for 22.6%
- All units in the segment grew despite continued disruptions in the global supply and freight chains – newly acquired Nordic Nest, along with Svenssons i Lammhult, performed particularly well
- Lower gross margin is mainly attributable to three factors: mix effect from Nordic Nest with slightly lower gross margins than the segment average, effects from ongoing fine-tuning of the Danish operations' new warehouse, and a certain delay in price adjustments in order to offset cost increases in the production and supply chain
- Adjusted EBIT amounted to SEK 79.9 million – adjusted EBIT margin of 5.8%

Home Furnishing represented 39% of the Group's net sales in the second quarter



Adjusted EBIT amounted to SEK 79.9 million – adjusted EBIT margin of 5.8%

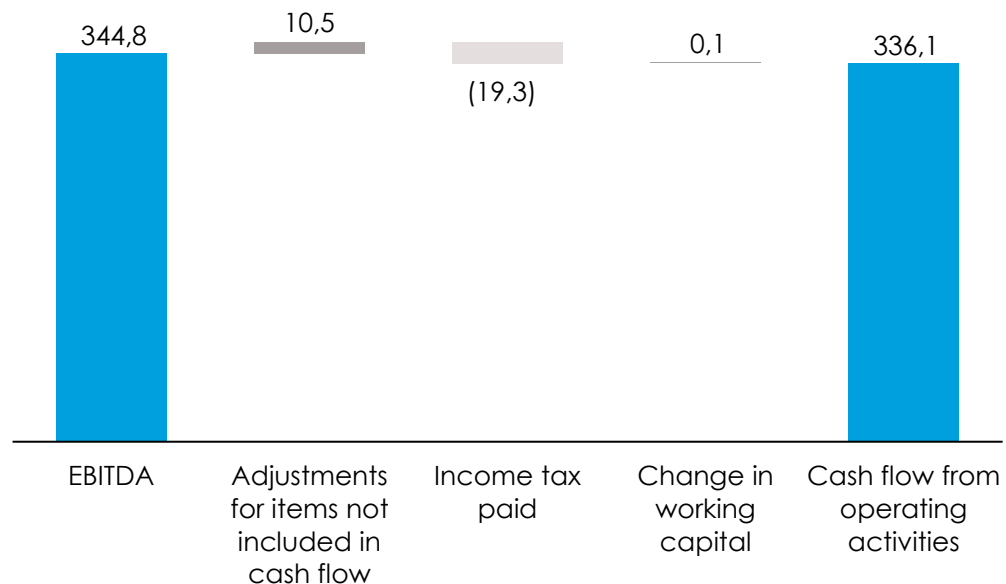


Cash flow and financial position

Healthy cash generation

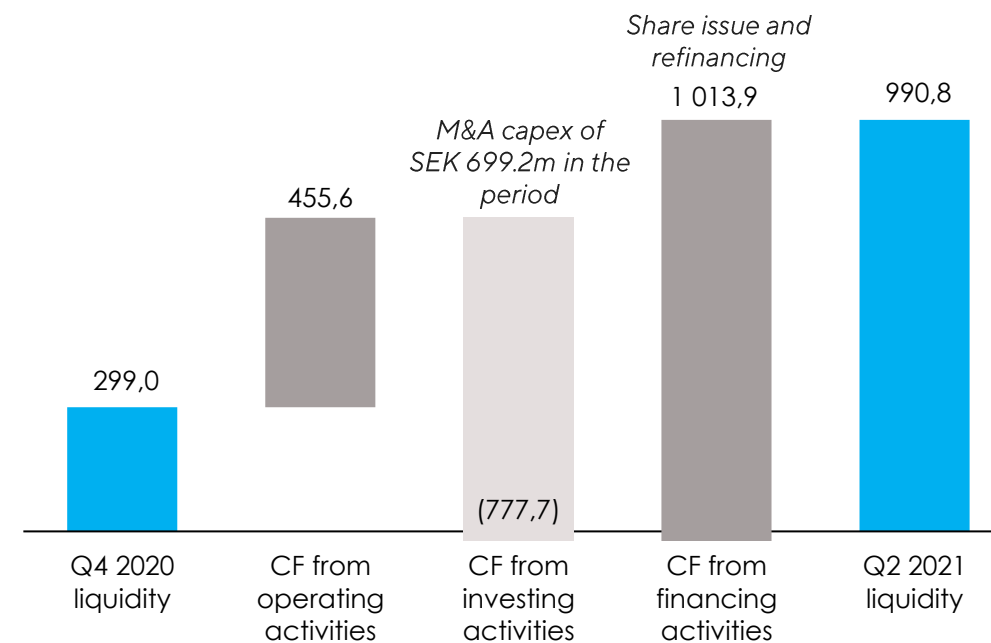
Cash flow from operating activities was mainly driven by the Group's EBITDA as well as the favourable level of tied-up working capital

Apr-Jun 2021 (SEKm)



Liquidity mainly driven by cash flow from financing activities as a result of a directed share issue and refinancing

SEKm



Cash flow and financial position

BHG's financial position remains solid**Overview of financial position**

SEKm	30 Jun 2021		
	Full size amount	Utilised amount	Unutilised amount
Term loan facility	1,500.0	1,500.0	
Revolving credit facility	1,500.0		1,500.0
Overdraft facility	300.0		300.0
Total	3,300.0	1,500.0	1,800.0
Cash and cash equivalents		990.8	
Net debt / (Net cash)		509.2	

Q2 2021 LTM adjusted EBITDA*
(excl. impact from IFRS 16)

992.7

Net debt / LTM adjusted EBITDA

0.5x

- Net debt / EBITDA of 0.5x, outperforming financial target of 1.5-2.5x
- The Group's unutilised credit facilities amounted to SEK 1,800 million at the end of the period, compared with SEK 300 million at the beginning of the year
- BHG's strong financial position means that we can continue to execute our organic growth initiatives robustly and also combine them with an active acquisition strategy moving forward

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Q2 Summary



SEK 10bn Net sales passed LTM

- We surpassed SEK 10.8 billion in net sales for the most recent 12-month period, with pro-forma LTM sales of SEK 11.9 billion*



Leading Nordic online position strengthened

- Our leading position in the Nordic online markets further strengthened during Q2, through a combination of organic initiatives and M&A



High M&A rate and new credit facilities secured

- We have announced and completed our two largest acquisitions in the past seven months and have secured new credit facilities to fuel further M&A



Securing leadership engagement

- Rolled out a fourth incentive programme for senior executives; a key aspect of developing securing leadership for the next leg our journey



Strategy execution in full swing

- BHG ecosystem: further expansion of product and installation assortment as well as investments to further strengthen our tech capabilities

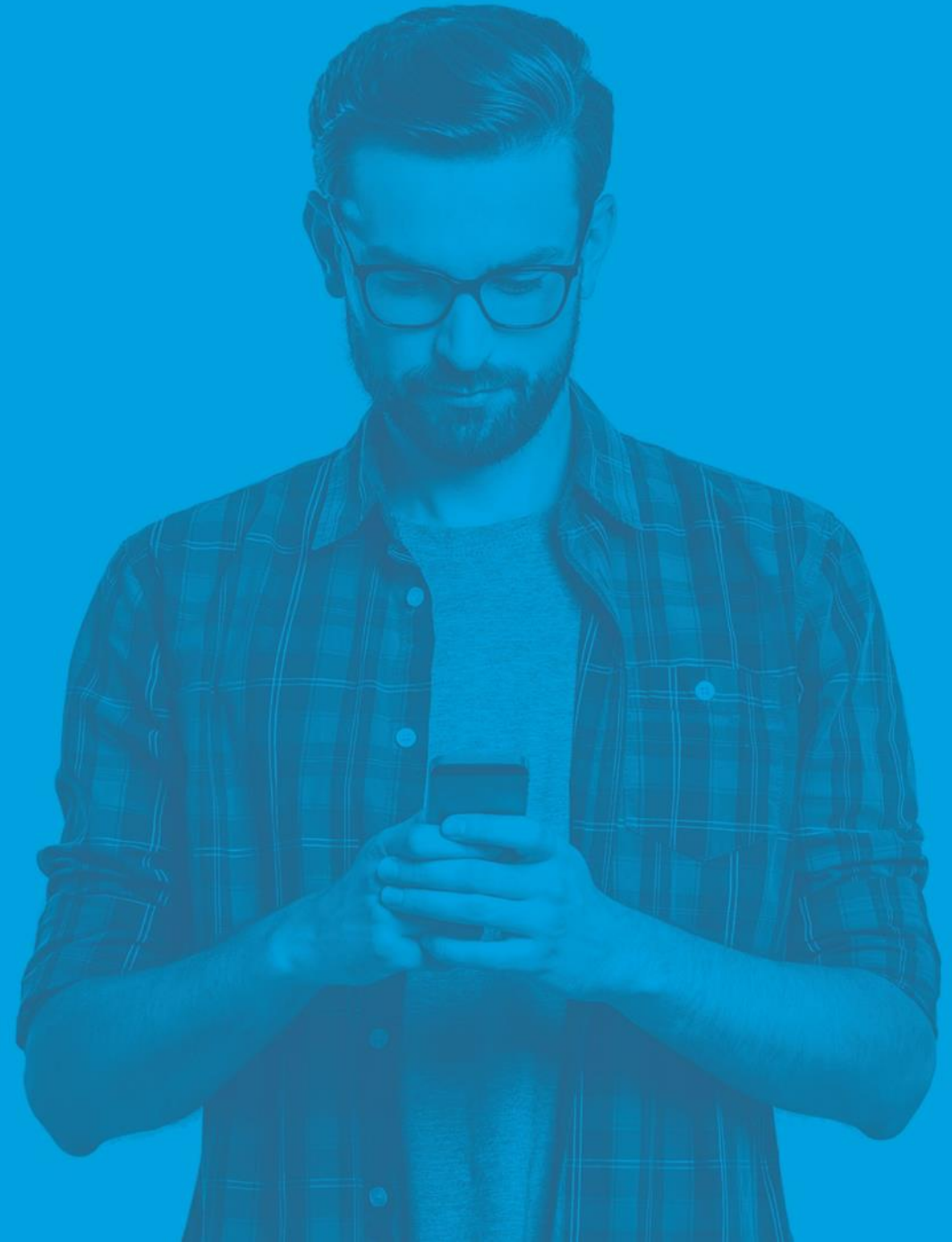


We raise the bar!

- The journey towards 20bn is well underway!



Appendix



Condensed consolidated financial information

SEKm (if not otherwise stated)	Apr-Jun			Jan-Jun			Jan-Dec
	2021	2020	Δ%	2021	2020	Δ%	2020
Net sales	3,550.6	2,694.9	31.8	6,118.4	4,323.3	41.5	8,968.2
Gross profit	945.4	675.5	40.0	1,644.7	1,096.0	50.1	2,330.8
Gross margin (%)	26.6	25.1	1.6 p.p.	26.9	25.4	1.5 p.p.	26.0
Adjusted EBITDA*	344.8	273.5	26.0	587.4	408.6	43.7	902.7
Adjusted EBITDA margin (%)	9.7	10.2	-0.4 p.p.	9.6	9.5	0.1 p.p.	10.1
Adjusted EBIT*	278.0	232.7	19.5	461.8	312.7	47.7	700.8
Adjusted EBIT margin (%)	7.8	8.6	-0.8 p.p.	7.5	7.2	0.3 p.p.	7.8
Operating income	261.6	222.0	17.9	430.1	291.2	47.7	657.8
Operating margin (%)	7.4	8.2	-0.9 p.p.	7.0	6.7	0.3 p.p.	7.3
Net profit for the period	199.9	147.2	35.8	315.2	193.4	62.9	420.3
Cash flow from operating activities	336.1	605.0	-44.4	455.6	752.9	-39.5	994.3
Visits (thousands)	108,555	90,672	19.7	210,384	148,539	41.6	302,133
Orders (thousands)	1,276	889	43.5	2,421	1,432	69.0	3,012
Conversion rate (%)	1.2	1.0	0.2 p.p.	1.2	1.0	0.2 p.p.	1.0
Average order value** (SEK)	2,808	3,193	-12.1	2,622	3,165	-17.1	3,018

* Refer to "Relevant reconciliations of non-IFRS alternative performance measures (APM)" 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.

DIY segment

SEKm (if not otherwise stated)	Apr-Jun			Jan-Jun			Jan-Dec
	2021	2020	Δ%	2021	2020	Δ%	2020
Net sales	2,183.5	1,818.7	20.1	3,572.9	2,760.1	29.4	5,663.1
Gross profit	556.1	413.1	34.6	913.0	627.1	45.6	1,327.4
Gross margin (%)	25.5	22.7	2.8 p.p.	25.6	22.7	2.8 p.p.	23.4
Adjusted EBITDA	257.3	185.5	38.8	389.9	247.8	57.4	571.6
Adjusted EBITDA margin (%)	11.8	10.2	1.6 p.p.	10.9	9.0	1.9 p.p.	10.1
Adjusted EBIT	229.6	162.6	41.2	337.5	201.8	67.3	475.8
Adjusted EBIT margin (%)	10.5	8.9	1.6 p.p.	9.4	7.3	2.1 p.p.	8.4
Operating income	221.2	154.6	43.1	321.2	185.8	72.9	444.0
Operating margin (%)	10.1	8.5	1.6 p.p.	9.0	6.7	2.3 p.p.	7.8
Net profit for the period	173.6	93.6	85.5	238.3	113.0	111.0	185.4
Visits (thousands)	50,349	47,004	7.1	88,286	71,638	23.2	139,931
Orders (thousands)	648	584	11.0	1,134	898	26.4	1,814
Conversion rate (%)	1.3	1.2	0.0 p.p.	1.3	1.3	0.0 p.p.	1.3
Average order value (SEK)	3,511	3,280	7.0	3,388	3,287	3.1	3,155

Home Furnishing segment

SEKm (if not otherwise stated)	Apr-Jun			Jan-Jun			Jan-Dec
	2021	2020	Δ%	2021	2020	Δ%	2020
Net sales	1,378.5	885.8	55.6	2,563.7	1,580.4	62.2	3,337.2
Gross profit	391.5	262.7	49.0	734.4	469.7	56.3	1,005.4
Gross margin (%)	28.4	29.7	-1.3 p.p.	28.6	29.7	-1.1 p.p.	30.1
Adjusted EBITDA	118.7	103.0	15.2	241.8	179.5	34.7	382.1
Adjusted EBITDA margin (%)	8.6	11.6	-3.0 p.p.	9.4	11.4	-1.9 p.p.	11.5
Adjusted EBIT	79.9	85.1	-6.1	169.1	129.7	30.4	276.2
Adjusted EBITmargin (%)	5.8	9.6	-3.8 p.p.	6.6	8.2	-1.6 p.p.	8.3
Operating income	71.8	82.3	-12.7	153.7	124.1	23.9	265.0
Operating margin (%)	5.2	9.3	-4.1 p.p.	6.0	7.9	-1.9 p.p.	7.9
Net profit for the period	46.0	66.8	-31.1	102.9	96.0	7.2	125.4
Visits (thousands)	58,205	43,668	33.3	122,098	76,900	58.8	162,202
Orders (thousands)	627	305	105.8	1,287	535	140.6	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)	2,082	3,027	-31.2	1,947	2,962	-34.2	2,811

* Average order value (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.

P&L

SEKm	Apr-Jun		Jan-Jun		Jan-Dec
	2021	2020	2021	2020	2020
Net sales	3,550.6	2,694.9	6,118.4	4,323.3	8,968.2
Other operating income	0.8	3.2	0.1	0.1	4.3
Total net sales	3,551.4	2,698.1	6,118.5	4,323.3	8,972.5
Cost of goods sold	-2,605.2	-2,019.4	-4,473.7	-3,227.3	-6,637.4
Personnel costs	-265.4	-166.3	-465.8	-305.2	-657.2
Other external costs and operating expenses	-336.0	-238.8	-587.9	-380.4	-775.0
Other operating expenses	0.0	0.0	-3.9	-1.7	-0.1
Depreciation and amortisation of tangible and intangible fixed assets	-83.2	-51.6	-157.0	-117.5	-245.0
Operating income	261.6	222.0	430.1	291.2	657.8
Profit/loss from financial items	-12.9	-31.8	-38.0	-39.1	-107.5
Profit before tax	248.7	190.1	392.1	252.1	550.3
Income tax	-48.8	-42.9	-76.9	-58.7	-130.0
Profit for the period	199.9	147.2	315.2	193.4	420.3
Attributable to:					
Equity holders of the parent	196.7	144.3	309.3	190.9	415.1
Non-controlling interest	3.3	2.9	5.8	2.5	5.1
Net income for the period	199.9	147.2	315.2	193.4	420.3
Earnings per share before dilution, SEK	1.63	1.34	2.61	1.78	3.87
Earnings per share after dilution, SEK	1.62	1.33	2.58	1.77	3.80

Balance sheet

SEKm	30 Jun		31 Dec
	2021	2020	2020
Non-current assets			
Goodwill	5,006.8	3,011.0	4,395.1
Other intangible fixed assets	2,014.7	1,320.5	1,804.4
Total intangible fixed assets	7,021.5	4,331.6	6,199.6
Buildings and land	10.0	10.6	10.0
Leased fixed assets	675.2	480.2	601.9
Tangible fixed assets	86.3	45.7	64.0
Financial fixed assets	10.2	8.3	9.4
Deferred tax asset	27.5	11.9	19.1
Total fixed assets	7,830.7	4,888.3	6,904.0
Current assets			
Inventories	1,462.6	810.3	992.3
Current receivables	464.2	380.1	434.5
Cash and cash equivalents	990.8	897.6	299.0
Total current assets	2,917.6	2,088.0	1,725.7
Total assets	10,748.3	6,976.3	8,629.7
Equity			
Equity attributable to owners of the parent	4,758.0	2,972.7	2,787.2
Non-controlling interest	41.9	37.9	35.8
Total equity	4,800.0	3,010.6	2,823.0
Non-current liabilities			
Deferred tax liability	413.7	254.6	375.0
Other provisions	35.7	23.3	22.7
Non-current interest-bearing liabilities to credit institutions	1,490.7	821.4	2,042.6
Non-current lease liabilities	477.3	347.5	449.8
Other non-current liabilities	1,156.2	703.5	948.0
Total non-current liabilities	3,573.7	2,150.2	3,838.1
Current liabilities			
Current interest-bearing liabilities to credit institutions	-	46.4	46.4
Current lease liabilities	189.7	129.8	149.8
Other interest-bearing liabilities	71.9	47.5	75.3
Other current liabilities	2,113.0	1,591.9	1,697.2
Total current liabilities	2,374.7	1,815.5	1,968.6
Total equity and liabilities	10,748.3	6,976.3	8,629.7

Consolidated statement of cash flows

SEKm	Apr-Jun		Jan-Jun		Jan-Dec
	2021	2020	2021	2020	2020
EBITDA	344.8	273.5	587.4	408.6	902.7
Adjustments for items not included in cash flow	10.5	-0.3	17.2	-6.2	-14.2
Income tax paid	-19.3	-17.0	-55.5	-31.8	-56.0
Cash flow from operating activities before changes in working capital	336.0	256.3	549.1	370.6	832.5
Changes in working capital	0.1	348.7	-93.4	382.3	161.8
Cash flow from operating activities	336.1	605.0	455.6	752.9	994.3
Investments in operations	-563.2	-6.2	-699.2	-36.2	-1,859.1
Redemption of loan to seller upon acquisition of operations	-	-	-	-	-91.8
Investments in other non-current assets	-41.6	-19.8	-79.0	-46.2	-94.1
Divestment of operations	-	-	-	-	0.4
Divestment of other tangible fixed assets	0.1	0.1	0.3	0.1	0.5
Received interest	0.2	0.2	0.2	0.4	1.5
Cash flow to/from investing activities	-604.5	-25.6	-777.7	-81.8	-2,042.6
New share issue	-0.8	-	1,715.0	-	-
Loans taken*	1,490.1	5.5	1,650.1	53.5	1,277.1
Amortisation of loans	-2,158.8	-27.7	-2,349.1	-72.0	-147.3
Issue of warrants	20.7	-	20.7	-	12.9
Interest paid	-18.9	-8.2	-27.4	-16.9	-32.2
Dividend	0.0	-	0.0	-	-
Dividends to non-controlling interests	-	-	-	-	-5.5
Cash flow to/from financing activities	-667.6	-30.4	1,009.4	-35.4	1,105.1
Cash flow for the period	-936.0	549.0	687.3	635.7	56.8
Cash and cash equivalents at the beginning of the period	1,934.7	366.0	299.0	270.3	270.3
Translation differences in cash and cash equivalents	-8.0	-17.3	4.5	-8.4	-28.1
Cash and cash equivalents at the end of the period	990.8	897.6	990.8	897.6	299.0

Reconciliation of non-IFRS metrics

SEKm	Apr-Jun		Jan-Jun		Jan-Dec
	2021	2020	2021	2020	2020
Operating income	261.6	222.0	430.1	291.2	657.8
Total items affecting comparability	-	-	-	-	-
Amortisation and impairment of acquisition-related intangible fixed assets	16.5	10.8	31.7	21.5	43.0
Adjusted EBIT	278.0	232.7	461.8	312.7	700.8
Adjusted EBIT (%)	7.8	8.6	7.5	7.2	7.8
Depreciation and amortisation of tangible and intangible fixed assets	66.8	40.9	125.4	96.0	201.9
Gain/loss from sale of fixed assets	-0.0	-0.1	0.2	-0.1	-0.0
Adjusted EBITDA	344.8	273.5	587.4	408.6	902.7
Adjusted EBITDA (%)	9.7	10.2	9.6	9.5	10.1
Net sales	3,550.6	2,694.9	6,118.4	4,323.3	8,968.2
Cost of goods	-2,165.4	-1,721.0	-3,713.6	-2,733.5	-5,609.9
Gross profit before direct selling costs	1,385.2	973.9	2,404.8	1,589.8	3,358.3
Gross profit before direct selling costs (%)	39.0	36.1	39.3	36.8	37.4
Direct selling costs	-439.8	-298.4	-760.2	-493.8	-1,027.5
Gross profit	945.4	675.5	1,644.7	1,096.0	2,330.8
Gross profit (%)	26.6	25.1	26.9	25.4	26.0
Adjusted gross profit	945.4	675.5	1,644.7	1,096.0	2,330.8
Adjusted gross profit (%)	26.6	25.1	26.9	25.4	26.0

A woman with long dark hair, wearing a light-colored sweater, is holding a tablet and looking down at it. The image is overlaid with a solid blue tint.

bhg.

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