



Sustainability Report 2021

BHG Group AB (publ)
Nasdaq Stockholm: BHG

The Sustainability report is a part of Directors' Report in the Annual Report 2021



COMMENTS FROM THE VICE PRESIDENT SUSTAINABILITY

In 2021, BHG continued its journey of transformation in the sustainability area, taking several important steps. We established a clearer framework for building a successful BHG, and we now stand upon a strong foundation for the future. Sustainability at BHG is based on UN Sustainability Goals 2030 (SDG), the UN Global Compact and our materiality pyramid, which was a result of our sustainability efforts in 2020. In 2021, we also developed a new policy package containing Code of Conduct for both employees and suppliers, updated environmental and CSR policies, and digitization of the whistleblower reporting system. The aforementioned measures are hygiene factors that must be in place to demonstrate our approach to our target groups, but they are also important for our success. In addition to having an updated framework, we are reporting for the first time in accordance with the EU Taxonomy – an area that will also evolve in years to come.

BHG operates through a decentralised structure, which creates both challenges and opportunities. We depend on local commitment by our companies if we are going to fulfil our ambitions – this is where our sustainability efforts actually have an impact. I am therefore extra proud that we have established our long-term future targets. In the years to come, we will continue working closely with all of our operations on sustainability in order to best put theory into practice. We will use our size and our experience from our various operations to establish best practices.

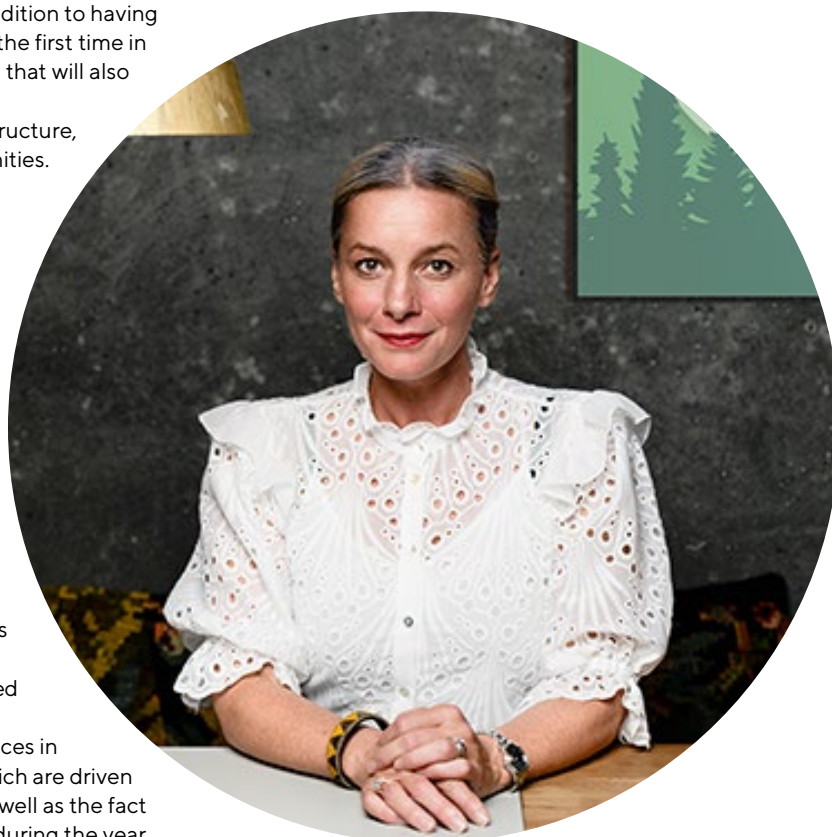
During the year, we refined our structure for collecting data so that our sustainability data for 2021 has been improved in comparison with data from previous years. As knowledge about sustainability grows at our companies, we see the quality of our collected data improving.

Of course this means that we see differences in annual results in areas such as emissions, which are driven by the improved quality of collected data as well as the fact that we acquired relatively large operations during the year. We will continue our journey of growth in accordance with our strategy to grow organically and through acquisitions, which we have taken into account as we designed our targets. This is most clearly reflected in our target to reduce our greenhouse gas (GHG) emissions, which has been stated as a percentage of our sales growth. Stating the target this way makes it possible to continue growing through a higher market share and acquisitions while providing an accurate view of our total climate impact. Our strength lies in our entrepreneurial culture and our ability to put initiatives into practice, which give us excellent prospects for committed sustainability efforts.

I'm proud of the strides made in the last year, and I look forward with anticipation to the development of our sustainability efforts in the years to come.

Maria Morin,

Group CHRO, Communications & ESG



THIS IS BHG

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

About BHG

BHG's business model is based on building blocks such as assortment width, price matching, a first-class online customer experience, the market's best professional service and support and cost efficiency. BHG is the largest online European pure-play within the Home Improvement space, which includes Do-It-Yourself (DIY) and home furnishings. DIY encompasses products for building, renovating and maintaining homes and gardens as well as Home Improvement products. The Home Furnishing segment includes furniture and home furnishings. We have more than 1.5 million products in our range. In addition to products, we offer services such as our own last-mile deliveries and installations. BHG has more than 70 showrooms and 100 online destinations, including leading destinations such as Bygghemma.se, Trademax.se and NordicNest.se, as well as category and expert stores such as Golvpoolen.se, Nordiskafönster.se and Stonefactory.se

A large share of our customers are located in the Swedish, Norwegian, Finnish and Danish markets. In 2021, BHG increased its local presence in the important German market with the acquisition of AH Trading in September. BHG furthermore has a significant presence in most of Eastern and Central Europe as well as growing online sales in other parts of the world. In total, BHG had operations in 24 countries in 2021. The company's growth strategy encompasses both organic growth and acquisitions.

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

SUSTAINABILITY FOR BHG

BHG's sustainability efforts, which are reported on the following pages, encompass the environment, social conditions and employees as well as human rights and anti-corruption work. The framework for BHG's sustainability

The BHG Group AB (publ) share is listed on Nasdaq Stockholm Large Cap.

Number of employees: 3,270

Net sales: SEK 12,666 million

Equity: SEK 5,256 million

Liabilities: SEK 8,356 million

efforts is based on the UN SDGs for 2030 as well as the company's materiality analysis. The materiality analysis conducted in 2020 resulted in BHG's materiality pyramid. The pyramid and the UN SDGs established the foundation and direction for BHG's sustainability targets. We are transparent in our sustainability efforts, and on the following pages you will also learn more about BHG's approach to reporting in accordance with the EU Taxonomy.

We continually evaluate our sustainability work in order to ensure its relevance in a changing world and depending on how BHG evolves. BHG continually acquires new companies as part of its strategy, which may affect aspects in areas such as the materiality pyramid in the future. Our review of the materiality pyramid in 2021 found that its composition remains relevant.

Impact analysis and BHG's materiality pyramid

In our report for 2020, we showed how we conducted BHG's impact analysis to gain insight into our impact on various sustainability aspects. The materiality analysis included an impact analysis that was based on a double materiality perspective, meaning impacts by and on BHG. The impact analysis identified both our negative and positive impacts in the areas of human rights, labour rights, the environment and anti-corruption across our value chain.

The analysis also included impacts from financial, operational and reputational perspectives. Stakeholder groups were identified based on impact and importance to BHG according to the AA1000 Stakeholder Engagement Standard. Dialogues were then carried out via interviews and questionnaires. Refer to the table below for the sustainability areas that were highlighted for each stakeholder group.

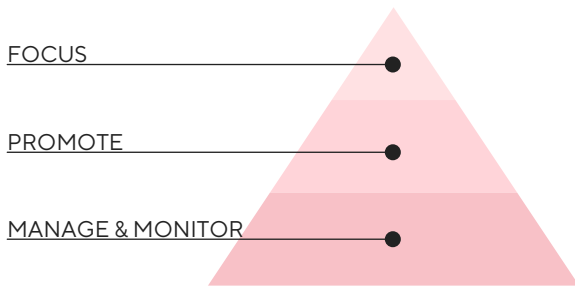
Stakeholder group	Method	Top three prioritised areas
Owners	Questionnaire and interview	Ensuring a high level of data protection and protecting customer privacy
		Eliminating child labour and forced labour
		Ensuring a healthy and safe work environment
Board of Directors	Questionnaire and interview	Minimising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



BHG’s sustainability strategy

The results from the stakeholder dialogues and impact analysis were combined to form a materiality pyramid. This pyramid is the basis for BHG’s strategic focus, illustrating three levels of strategic work: focus, promote, and manage and monitor.

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



Focus	<ul style="list-style-type: none"> • Maintaining high levels of product safety and quality • Ensuring sustainable supply and distribution chains • Transparent sustainability communication • Minimising climate impact
Promote	<ul style="list-style-type: none"> • Minimising resource consumption • Ensuring a high level of data protection and protecting customer privacy • Promoting equality and diversity at workplaces • Attracting and retaining employees and developing their skills
Manage and monitor	<ul style="list-style-type: none"> • Working actively to eliminate corruption • Integrating the circular economy into our business model • Ensuring a healthy and safe work environment • Protecting biodiversity and ecosystems • Eliminating child labour and forced labour • Building business resiliency and adapting to climate change

BHG’s sustainability targets

The process of designing clear sustainability targets for the Group began in the second half of 2021. BHG’s targets for its continued sustainability work were established after the end of the operating year. By combining the UN SDGs with our materiality pyramid from 2020, we designed the following targets in relation to the SDGs that are most relevant for us. See below:

Connection to UN 2030 Agenda	The materiality pyramid	Target
 	Minimising climate impact Minimising resource consumption Product safety – Innovation (Taxonomy)	Reducing CO₂ emissions by 50% by 2030* 1 a. Scope 1 & 2: Zero GHG emissions by 2025 1 b. Scope 3: 50% reduction in GHG emissions by 2030 2. Promoting a sustainable offering
 	Ensuring sustainable supply and distribution chains Maintaining high levels of product safety and quality Promoting equality and diversity Attracting, maintaining and developing employees	An equitable workplace and sustainable supply chain 3. 100% of our strategic suppliers* are to be evaluated and action plans are to be developed and implemented by 2025. 4. Our employees feel that BHG Group is a good and equitable workplace.
 	Financial performance and economic growth Transparent communication Data protection Customer privacy	Corporate governance and economic growth 6. 100% of BHG’s fully integrated business units and destinations manage data protection according to the best available standard

* Percentage reduction in relation to sales growth
 ** 60% of BHG’s total sales

GOVERNANCE AND RESPONSIBILITY FOR SUSTAINABILITY

BHG is a growing company with a decentralised business model. One of our strengths is the entrepreneurial spirit of our companies, which have a lot of freedom to decide over their operations themselves. However, this can pose a challenge when it comes to developing and implementing management of sustainability within the Group. The Board of Directors has the overall responsibility for sustainability, while the CEO is responsible for enacting the Board's decisions and strategies. The Group's Chief Human Resources Officer (CHRO), who is also the head of sustainability, is responsible for leading and coordinating the sustainability work. The CHRO reports directly to the CEO and informs the Board of Directors on outcomes once a year. The Group also holds monthly meetings with key individuals from each company. During these meetings, the companies receive up-to-date information about the Group's work and they can also bring up issues such as sustainability for discussion.

Policy documents

The central policies that BHG applies are our Code of Conduct, supplier policy, Environmental Policy, Employee Policy, Purchasing Policy, CSR Policy and Information Security Policy. The CEOs and management of our companies receive the Code of Conduct and the other policies, after which it is up to each company to implement the policies. Our Code of Conduct, Supplier Policy and CSR Policy, which all cover sustainability, were updated in 2021. The roll-out of the new policies will continue during the 2022 operating year. Compliance to policy's is part of the BHG internal control process.

BHG's Code of Conduct makes the company's position clear when it comes to issues concerning respect for human rights, labour conditions, the environment and anti-corruption, and is based on the Ten Principles of the UN Global Compact. It applies to all Board members and employees at BHG.

BHG employees receive the Code of Conduct when they are hired. Changes were made to the Code of Conduct in the second part of 2021, and all of BHG's employees signed agreements that they had read and understood the updated Code of Conduct when it was implemented. Deviations from the Code of Conduct can be reported anonymously through BHG's Group-wide whistleblower system. We are satisfied with our level of policy implementation, since we have had low levels of deviations reported.

Risk analysis

In 2020, BHG's entire value chain was analysed, looking at risks from the perspective of human rights, employees, social conditions, the environment and anti-corruption. This evaluation is still considered relevant. The risk analysis also included industry and operation-specific sustainability risks. The risks identified primarily occurred in the supply chain, since we do not own manufacturing plants but instead purchase products from manufacturers and business partners/agents. The risks are primarily related to emissions, resource and material use and the risk of corruption, and human or labour rights not being respected. In addition to risks in the supply chain, risks were also identified in logistics

and transportation, and in relation to BHG as an employer. As an e-commerce company, we are focused on GHG emissions from shipping, something we continuously need to address by ensuring low return rates, an area where BHG is on the cutting edge. It is also important to attract the right talent and ensure that our employees thrive in our workplaces. Otherwise we risk losing important expertise.

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

Business ethics

BHG takes a zero tolerance stance towards all forms of corruption. Our largest corruption risk is in connection with the purchase of products and in the close and long-term relationships we develop with our suppliers. Our requirements and expectations for our employees, business partners and suppliers when it comes to anti-corruption are stipulated in our Code of Conduct and Supplier Code of Code of Conduct. All BHG employees are obligated to follow our Code of Conduct, which provides them with information about guidelines and our preventative work regarding bribes and corruption. Any deviations from the Code of Conduct and the Group's business ethics guidelines can be reported anonymously to the Group's whistleblower system. During the year, one case of whistleblowing was reported, which was investigated in accordance with current regulations. Zero cases of corruption were reported during the year.

SUSTAINABLE SUPPLY AND DISTRIBUTION CHAINS

As Europe's largest Home Improvement e-commerce company, our operations and the products we sell have an impact on society, people and the environment. BHG strives to create an attractive e-commerce environment with the market's broadest and most complete product range, where sustainability is integrated into the entire process all the way from production to delivery.

Our supply chain

BHG has no manufacturing plants of its own. Instead, mainly all products are purchased directly from business partners, suppliers or through agents in the Nordic region, Eastern Europe and Asia. Our proprietary brands are continuously supplemented with strong brands from third-party suppliers.

Because BHG does not own its own manufacturing plants, our largest sustainability impact is in the production side of our supply chain. Areas affected by our suppliers' production include climate and environmental impacts, since the manufacturing of our products causes GHG emissions that

contribute to climate change or deplete natural resources. We are aware that the material in our products, for example the wood used in furniture production or the sand used in glass and cement, can have a negative impact on biodiversity. Our ability to control this is limited, but through systematic efforts we can establish requirements for our suppliers. Working with the supply chain also means ensuring that our products are produced in environments that respect and uphold human rights, labour rights and good business ethics and are not associated with any form of child labour or forced labour. This becomes even more important when we purchase products produced in areas with a high risk of deviations.

Working for a sustainable supply chain

To support a sustainable supply chain, we established a Supplier Code of Conduct. This code is based on the Ten Principles of the UN Global Compact and lays out our requirements and expectations for our suppliers and business partners. Our suppliers and business partners must respect human rights and labour rights, minimise their negative environmental impact and maintain good business ethics. These requirements include zero tolerance for child labour or forced labour. BHG has no central purchasing function. Instead, the Supplier Policy is presented to the companies' management groups, who are responsible for implementation and compliance. Our companies are also responsible for evaluating new business partners, suppliers and agents according to the Supplier Code of Conduct. Our ambition is for the Supplier Code of Conduct to be included in all of BHG's agreements with new suppliers. Some of our companies have systematic processes in place for evaluating suppliers and conducting follow-ups in low-cost countries where the risk of deviations is assessed as being the greatest. Of the companies that have a systematic process in place, 100% of their new suppliers were evaluated based on human and labour rights criteria, while 69% of new suppliers were evaluated based on environmental criteria. BHG's target is to have all strategic suppliers evaluated by 2025 and will henceforth report the proportion of evaluated suppliers on an annual basis.

As a growing group with a decentralised business model, we face challenges when it comes to coordinating the supply chain, and our companies' efforts to achieve a sustainable supply chain vary. Over the next few years, we will therefore look at how we can improve our governance, implementation and follow-up of sustainable supply chains. This also includes reviewing how we can ensure that the products we provide are manufactured sustainably, for example by setting stringent requirements for manufacturing our proprietary brands and the external brands we purchase.

Working for a sustainable distribution chain

BHG constantly strives to streamline its operations and optimise its processes, which also applies to the distribution of goods. A large share of the products are delivered directly from suppliers to customers via third-party distributors. In addition, products are distributed through our own distribution network via third parties (such as DSV and PostNord) and through BHG's own last-mile deliveries using our own vehicles and drivers. Today, BHG has its own

infrastructure for last-mile deliveries in Stockholm, Gothenburg and Skåne County. 100% of deliveries in the Home Furnishing segment's operations in Eastern Europe are distributed via our own storage warehouses through our last-mile deliveries.

We have the greatest possibility of affecting transportation and resource management in our own distribution network. When it comes to our last-mile deliveries, we engage in regular dialogues with our logistics partners about improving efficiency in the flow of goods between suppliers, warehouses and end customers. We aim to have a higher fill factor and improve loading, which indirectly leads to reduced emissions from customer deliveries. The emissions generated from our own transportation are included in our CO₂e reporting in the section "Environmental impact of BHG's own operations" on the next page. It is also important to minimise the return rate, since this helps to avoid unnecessary shipments and thereby emissions. However, the share of returns for BHG is low, well under 5%. In addition, our companies engage in dialogues with our logistics partners regarding smarter packaging and use of packing material. The goal is to minimise resource consumption when shipping and delivering our products to customers. BHG acquired more companies during the year, and this in combination with the higher quality of the collected data led to large increases in GHG emissions in comparison with the previous year.

PRODUCT SAFETY AND QUALITY

BHG has a broad range that allows people to maintain their homes and gardens. Since our products are in people's homes, it is important that they are safe, high quality and do not contain any hazardous substances.

Our work related to product safety and quality

BHG's range consists of external brands, mainly well-known brands such as Bosch, Husqvarna and Ifö, as well as proprietary brands. When it comes to external brands, the manufacturers are responsible for product safety. We supplement the external brands offered with a portfolio of proprietary brands that meet or exceed customer expectations. Product safety and quality play an important role in this structure. Our proprietary brands are primarily manufactured in Eastern Europe and Asia. In Asia, product safety standards can be lower than the EU regulations for product safety and quality.

In order to live up to our customers' expectations, it is important that we ensure that all of our suppliers meet the requirements for product safety set by the EU. Every company in BHG is responsible for the design and quality-assurance of its own products. Three incidents related to inadequate product safety were reported at BHG during the year. Internal investigations of each product have been conducted and the products have been removed from the range. We continually address product safety within our respective operating companies, and our ambition is to clarify our risk assessment in order to better identify high-risk products in our range in future years.

ENVIRONMENTAL IMPACT OF BHG'S OWN OPERATIONS

We strive to use energy and materials efficiently and to reduce our GHG emissions and the waste generated by our operations. Since a significant portion of our climate and environmental impact occurs in the supply chain, where our products are manufactured, this is an important area that we will focus more on in the coming year. Management of environmental aspects is regulated in BHG's environmental policy and in the Code of conduct, both for suppliers and our own companies. In order to ensure a responsible production at our suppliers, high demands are stated in BHG's above mentioned policies to carry out assessments within environmental risk and to implement measures to prevent, mitigate and control the effects of their operations. The compliance of BHG's companies is monitored through BHG's function for internal control. The long term goals with a horizon until 2030 are particularly to focus on how BHG will reduce its climate footprint in order to achieve its targets. Further, BHG is investigating how we can increase the circular flows in our companies. To minimize the amount of generated waste, the supplier is encouraged to reduce, reuse and recycle products and material, prioritized in that order. BHG's environmental policy and Code of conduct also address the central aspects of biodiversity, which includes that products provided by BHG's companies have to meet the requirements to ensure biodiversity.

Currently, a number of products are made by recycled materials. The proportion is relatively small, although BHG sees an opportunity to develop the range in the future. Reuse and recycling of, for example, packaging are other important aspects for circular sustainability. The section below focuses on the environmental impact of BHG's own operations.

Minimising environmental impact

BHG applies the precautionary principle, and our Environmental Policy establishes our overall expectations for our operations and our companies when it comes to environmental and climate issues. Our energy consumption is connected to our offices, warehouses, showrooms, logistics, transportation and the data servers we use to conduct our operations. Energy-saving measures are implemented regularly at our warehouses, showrooms and offices. Our operations generate waste in the form of paper, plastic, cardboard and packaging. We sort paper, plastic and other consumables at our offices. Our companies work with well-established third parties in the recycling industry. For better insight and to find more efficient ways to reduce our negative impact on the environment, we also collected data from our operations and our companies in 2021. The results are presented in the table "Energy use and emissions" below. The data collected represents 82% of the Group in terms of sales, which means that BHG's total emissions are actually higher than the data would suggest. To estimate BHG's total emissions, we used the reported carbon dioxide emissions (82% of sales generated 19,830 tonnes of CO₂e) and calculated an estimate for the remaining companies (18% of sales). Based on this calculation, we generated an estimated 24,293 tonnes of CO₂e in 2021. However, we are aware that this figure could be higher since we have yet to receive complete data from all of our companies and our

Scope 3 data includes business trips, transportation, logistics and leased vehicles. The quality of the data was further improved in 2021, and we use insights from the previous year's analysis to review how we can reduce our climate impact, both in our own operations and in the production of the products we provide.

Energy consumption in the organisation (MWh)

Energy source	2021	2020
Fuel (diesel and natural gas)	2,575	1,696
Electricity	13,564	4,389
Heat	13,307	2,617
Cooling	55	8
Total	29,502	8,710

Includes data from our offices, stores and warehouses. For more information about which companies are covered in this report, see "About this report".

Total emissions, tonnes CO₂e*

	2021	2020
Scope 1*	316	416
Scope 2**	1,833	499
Scope 3***	17,681	2,722
Total	19,830	3,638

* Wood chips, natural gas, company-owned cars. Emission factors from DFRA 2021.

** We hope to collect guarantees of origin in the future in order to report emissions figures according to the market-based method. Emission factors from IEA 2018.

*** Logistics, business trips and leased vehicles. Emission factors from DFRA 2021.

Energy consumption and total emissions

In comparison to the reported data in 2020, the level of emission increased in 2021. The reasons behind the increased level in 2021 are mainly linked to an increased and improved quality of data collection as well as the fact that BHG has throughout the year grown through acquisition of relatively large units. Together, this led to an increase in reported emissions compared to the reported levels of 2020. After the end of the financial year, BHG formulated clear objectives within carbon dioxide emissions within Scope 1-2 and Scope 3, linked to reduced emissions in relation to sales growth. Find more about BHG's sustainability goals on page 36 in this report.



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



OUR EMPLOYEES

Our employees are our most important resource, and our success depends on having talented, driven and capable employees. We want to offer a safe, stimulating and broadening workplace with opportunities to contribute to the company's continued growth through skills development and involvement. This makes us an attractive employer where our employees thrive. Compliance with our Code of Conduct, which is based on UN human rights recommendations, serves as the framework and lays the foundation for a healthy workplace. With our Code of Conduct as a foundation, we want to ensure that all of our employees are treated fairly and without prejudice or discrimination, regardless of gender, transgender identity or expression, ethnicity, religion or other belief, disability, sexual orientation or age.

In accordance with our Code of Conduct, we reject all forms of discrimination in recruitment, wage-setting, skills development, promotions, termination or in our daily interactions with one another. Recruitment, employee development opportunities and promotions shall be based on qualifications.

A responsible employer

Our fundamental philosophy is that BHG thrives when our employees thrive. BHG's decentralised corporate structure is characterised by competence, entrepreneurship, management by objectives and rapid decision paths. Our Code of Conduct and Employee Policy form the framework and clarify our requirements for our employees and workplaces, including equality and diversity, work environment, occupational health and safety, recruitment and development and training. 55% of our employees are part of a collective bargaining agreement.

The entrepreneurial spirit is a major part of BHG's corporate culture, where we encourage individual initiative and commitment which can be used as a base to grow into new roles and career paths. We want all of our employees to have individual development plans with goals and feedback concerning their performance as well as annual performance reviews, where we also follow up on how our employees perceive us as an employer. To see the share of BHG's employees who participated in these reviews over the year, refer to the table "Performance reviews" on the next pages.

An equal and inclusive workplace

BHG strives to be a diverse and inclusive workplace characterised by diversity and inclusiveness, see tables on p.42. We do not allow any form of discrimination, harassment or bullying. Our presence in many different countries and our broad customer group means that supporting gender, age and ethnic diversity is part of our DNA. We work continuously to provide a workplace where everyone feels welcome and where differences are appreciated and utilised. These expectations are stipulated in our Employee Policy and our Code of Conduct, which are distributed to each company in the Group. Zero confirmed cases of discrimination were reported during the year.

BHG strives for gender parity within the Group and aims for men and women to each represent 50% of the total number of employees as well as among management. In 2021, the number of women with permanent employment was

1,363, out of a total of 3,270 employees. Our employees are often young and come from different backgrounds. The diversity challenges we see in our operations largely concern people in upper management who are often the same age and gender and from similar backgrounds. This is partially a result of acquiring several companies where the founders and entrepreneurs had similar backgrounds. The company still has an unequal gender distribution on the Board of Directors and in management. There is a risk that the company will not be perceived as an equitable and attractive employer, which could lead to difficulty in attracting qualified employees. Because of this uneven distribution, BHG has stated clear diversity goals in order to ensure progress in the right direction.

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

Total numbers of employees, distributed by employment contract and type and gender

Employment contract	Women	Men	Non-binary	Total
Permanent employment	1,358	1,643	0	3,000
Temporary employment	139	129	1	269
Total	1,497	1,772	1	3,270
Full-time	1,082	1,507	0	2,589
Part-time	415	265	1	680
Total	1,497	1,772	1	3,270*

* The total of 3,270 employees includes one consultant in a management role, who has a full-time employment

Data includes employees from all of the companies in the BHG Group.

Total numbers of employees, distributed by employment contract and region

Region	Total	Permanent employment	Temporary employment
Nordic region	2,622	2,407	215
Other countries in Europe	636	586	50
Other countries outside Europe	11	7	4
Total	3,270*	3,000	270

* The total of 3,270 employees includes one consultant in a management role, who has a full-time employment.

Number of employees who have started and ended employment by gender, age and region

	Employee turnover (%)	
	New employees (%)	
Total	1,526 (47%)	1,144 (35%)
Women	770 (24%)	577 (18%)
Men	755 (23%)	567 (17%)
Non-binary	1 (0%)	0 (0%)
<30 years	1,104 (34%)	795 (24%)
30-50 years	371 (11%)	297 (9%)
>50	51 (2%)	52 (2%)
Nordic region	1,519 (47%)	1,144 (35%)
Other countries in Europe	2 (0%)	0 (0%)
Outside Europe	5 (0%)	0 (0%)

Share (%) is based on the total number of employees in the companies delimited to this report, which corresponds to a total of 2,455 employees.

BHG management and employees, gender and age (%)

Employment category	Women	Men	30-50 years		
			<30 years	years	>50 years
Board of Directors	33%	67%	0%	50%	50%
Management group	25%	75%	0%	75%	25%
Managers	13%	87%	13%	87%	0%
Other employees	18%	82%	24%	59%	17%

Share (%) is based on the total number of employees at the BHG head office, which corresponds to 29 employees.

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

Employment category	Women	Men	30-50 years		
			<30 years	years	>50 years
Management group	23%	77%	5%	78%	17%
Managers	44%	56%	20%	71%	9%
Other employees	51%	49%	57%	36%	7%

Share (%) is based on the total number of employees in the companies included in this report (2,455). For information about the scope of this report, refer to "About this report" on page 43.

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

Employment category	Women	Men	Total
Management group	90%	62%	68%
Managers	47%	39%	43%
Other employees	41%	49%	45%

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

A healthy and supportive workplace

BHG's companies follow the laws and regulations concerning work environment and health in the respective countries where they operate. Safety is included in both the Employee Policy and the Environmental Policy. Since we are a quickly growing company with many new acquisitions in several countries, our approach to health and safety varies across the Group. For our companies in Sweden, health and safety work includes the establishment of health and safety teams, health and safety policies and local safety officers. Responsibility and information related to health and safety are delegated locally, and incidents and near misses are reported to the immediate supervisor. Systematic health and safety work is organised to continually review risks, suggest actions and promote improvement of the physical and psychosocial work environment. BHG's companies have a connected occupational health care for support in the preventive work. During the year, 22 minor work-related injuries were reported, such as injuries caused when using a forklift. This is equivalent to a rate of 0.8 injuries per 200,000 hours worked. All accidents are investigated according to applicable regulations, and preventive measures are taken to avoid similar accidents in the future. There were also six registered cases of stress-related ill health.

BHG's decentralised structure means that our companies have made varying amounts of progress in their systematic

health and safety work. We continually work to improve the work environment, and our health and safety policies apply to all of the companies in the Group. Work environment and safety are core parts of these policies, including guidelines for physical and psychosocial health. Our companies have management systems and established processes for detecting and addressing risk areas that could entail ill health for our employees.

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

2021, a year marked by COVID-19

The pandemic continued to have a major impact in 2021, and BHG's operating companies continued the work established in 2021 to minimise the spread of infection in their operations. For example, this meant that some of our showrooms and stores were forced to remain completely or partially closed for a couple of months depending on country-specific restrictions. The share of virtual meetings remained high, and there was a shift towards working from home for operations where the work allowed this. All of the measures implemented produced the intended effect of protecting our employees, and BHG's ability to adapt quickly has increased company resilience.

DATA PROTECTION AND PROCESSING OF PERSONAL DATA

We place great emphasis on data protection and on protecting our customers' and our employees' privacy and personal data. We receive anonymous customer behaviour data from third parties which we use to optimise our offering and the customer experience on our online destinations. We do not process any credit card information.

BHG has steering documents and processes in place to ensure a high level of data protection and appropriate processing of personal data. In our Information Security Policy and CSR Policy, we undertake to ensure that personal data from our customers and employees is processed in a secure manner. Our GDPR handbook is also distributed to our companies, which are responsible for implementing and following up on the requirements in their own operations. As a result, the companies develop data security policies, train employees, strive to minimise the storage of personal data and conduct internal audits. The companies also regulate who has access to data and cooperate with their suppliers to provide guidance and information about data processing. BHG's work is followed up through annual IT audits and internal audits. The responsibility for GDPR, regulatory compliance and process is handled by BHG's legal function. In 2021, we had zero confirmed cases of a customer privacy breach. Processes and procedures have been adapted to prevent similar events from reoccurring. We had zero confirmed cases of identified leaks, theft or loss of customer data during the year.

REPORTING IN ACCORDANCE WITH THE EU TAXONOMY

In 2021, BHG expanded its Sustainability Report to also include reporting according to the EU Taxonomy, which will be part of the Sustainability Report going forward. The EU Taxonomy can be briefly described as a classification system developed by the European Commission for environmentally sustainable businesses regulated under the Taxonomy Regulation.

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

Reporting in accordance with the Taxonomy Regulation

Based on the Taxonomy Regulation and its delegated acts, BHG set up a working group during the year containing both internal and external expertise. The group analysed the company's economic activities and linked them to the Taxonomy Regulation. The analysis also linked investments made during the year to the Taxonomy Regulation. Only a limited part of BHG's activities are eligible under the Taxonomy. This will be described in detail below. According to BHG's interpretation of a manufacturing company based on the Taxonomy Regulation and its associated NACE codes, a manufacturing company is a company that owns the input products for the products that they manufacture. Based on this interpretation, BHG is not defined as a manufacturing company and thus a major part of BHG's economic activities are not eligible under the Taxonomy Regulation.

Examples of products that are eligible under the Taxonomy Regulation that BHG's operating companies sell are heat pumps and solar cells, but since we only sell these according to the interpretation above, this economic activity is not something that BHG must report based on the Taxonomy Regulation.

In addition, some of BHG's operating companies provide shipping services for transports of goods. BHG's operating companies also provide installation services in Sweden, Norway, Finland and Denmark that fall within the Taxonomy. These installation services represent less than 1% of the company's sales for the 2021 operating year.

Installation services comprise installations of products including heat pumps and solar cells. During the year, BHG made investments, both capital expenditures and operating expenditures, that fall within the Taxonomy, specifically investments to improve the energy efficiency of properties. These investments accounted for less than 1% of the company's capital expenditures and operating expenditures in 2021.

ABOUT THIS REPORT

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

Scope

This report covers the following companies: BHG Group AB (publ), Bygghemma Group Nordic AB, Bygghemma Sverige AB, Home Furnishing Nordic AB, Netrauta Finland Oy, Taloon Yhtiöt Oy, M & M Visions Oy, Edututor Oy, IP Agency Oy, Handelmark OÜ, Golvpoolen Arredo AB, Arc E-commerce AB, Domino Möbler ApS, My Home 2 A/S, My Home 3 A/S, My Home 4 A/S, My Home 7 A/S, My Home 8 A/S, Hemfint Kristianstad AB, Nordic Nest Group AB, Hafa Bathroom Group AB, HYMA Skog & Trädgård AB, Nordiska Fönster i Ängelholm AB and Lindström & Sondén AB, which represent 82% of the Group's sales. The remaining companies have been excluded this year for reporting and size reasons, but we aim to include the majority of our companies in the coming years. For a complete picture of the BHG Group, please refer to Note 15.

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

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GRI INDEX

General Disclosures

GRI Standard	Disclosure	Page	Comments
GRI 102: General Disclosures 2016			
Organisational profile			
	102-1 Name of the organisation	35	
	102-2 Activities, brands, products, and services	35	
	102-3 Location of headquarters	35	
	102-4 Location of operations	35	
	102-5 Ownership and legal form	35	
	102-6 Markets served	35	
	102-7 Scale of the organisation	35	
	102-8 Information on employees and other workers	41	
	102-9 Supply chain	37	
	102-10 Significant changes to the organisation and its supply chain	Note 5	Description of BHG's acquisition in 2021
	102-11 Precautionary Principle or approach	39	
	102-12 External initiatives		BHG Group has not joined any external initiatives.
	102-13 Membership of associations	/	BHG Group has no such partnerships.
Strategy			
	102-14 Statement from senior decision-maker	7-8/34	
Ethics and integrity			
	102-16 Values, principles, standards, and norms of behaviour	37	
Governance			
	102-18 Governance structure	37	
Stakeholder engagement			
	102-40 List of stakeholder groups	35	
	102-41 Collective bargaining agreements	41	
	102-42 Identifying and selecting stakeholders	35	
	102-43 Approach to stakeholder engagement	35	
	102-44 Key topics and concerns raised	35	
Reporting practice			
	102-45 Entities included in the consolidated financial statements	43	
	102-46 Defining report content and topic Boundaries	35-36	
	102-47 List of material topics	36	
	102-48 Restatements of information		We have not made any revisions of previous years.
	102-49 Changes in reporting		No significant changes.
Reporting profile			
	102-50 Reporting period	42	
	102-51 Date of most recent report		2021.04.07
	102-52 Reporting cycle	43	Annual
	102-53 Contact point for questions regarding the report	43	
	102-54 Claims of reporting in accordance with the GRI Standards	43	This report has been prepared in accordance with GRI Standards: Core Option.
	102-55 GRI content index	44-46	
	102-56 External assurance	43	

Specific General Disclosures

GRI Standard	Title	Page	Comments
Topic: Working actively to eliminate corruption			
GRI 103: Governance 2016	103-1 Explanation of the material topic and its Boundary	37	
	103-2 The management approach and its components	37	
	103-3 Evaluation of the management approach	37	
GRI 205: Anti-corruption 2016	205-3 Confirmed cases of corruption and measures taken	37	
Topic: Minimising climate impact			
GRI 103: Governance 2016	103-1 Explanation of the material topic and its Boundary	37--39	
	103-2 The management approach and its components	37-39	
	103-3 Evaluation of the management approach	37-39	
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	39	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	39	
GRI 305: Emissions 2016	305-2 Energy indirect (Scope 2) GHG emissions	39	
GRI 305: Emissions 2016	305-3 Other indirect (Scope 3) GHG emissions	39	
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	38	
Topic: Reducing resource consumption			
GRI 103: Governance 2016	103-1 Explanation of the material topic and its Boundary	38-39	
	103-2 The management approach and its components	39	
	103-3 Evaluation of the management approach	39	
Topic: Integrating the circular economy into our business model			
GRI 103: Governance 2016	103-1 Explanation of the material topic and its Boundary	39	
	103-2 The management approach and its components	39	
	103-3 Evaluation of the management approach	39	
Topic: Protecting biodiversity and ecosystems			
GRI 103: Governance 2016	103-1 Explanation of the material topic and its Boundary	39	
	103-2 The management approach and its components	39	
	103-3 Evaluation of the management approach		Due to a decentralized business model, the follow-up of aspects is not sufficiently developed to report on this year. It will be developed in the coming years.
Topic: Ensuring a healthy and safe work environment			
GRI 103: Governance 2016	103-1 Explanation of the material topic and its Boundary	41	
	103-2 The management approach and its components	41	
	103-3 Evaluation of the management approach	41	
GRI 403: Health and safety 2018	403-1 Occupational health and safety management system	42	
	403-2 Hazard identification, risk assessment, and incident investigation	43	
	403-3 Occupational health services		
	403-4 Worker participation, consultation, and communication on occupational health and safety	43	



GRI Standard	Title	Page	Comments
	403-5 Worker training on occupational health and safety	43	
	403-6 Promotion of worker health		
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	38	
GRI 403: Occupational Health and Safety 2018	403-9 Work-related injuries	42	
GRI 403: Occupational Health and Safety 2018	403-10 Work-related ill health	42	
Topic: Attracting and retaining employees and developing their skills			
GRI 103: Governance 2016	103-1 Explanation of the material topic and its Boundary	41	
	103-2 The management approach and its components	41-42	
	103-3 Evaluation of the management approach	41-42	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	41-42	
GRI 404: Training and Education 2016	404-3 Percentage of employees receiving regular performance and career development reviews	42	
Topic: Promoting equality and diversity at workplaces			
GRI 103: Governance 2016	103-1 Explanation of the material topic and its Boundary	41	
	103-2 The management approach and its components	41	
	103-3 Evaluation of the management approach	41	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	41	
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	41	
Topic: Ensuring sustainable supply and distribution chains			
GRI 103: Governance 2016	103-1 Explanation of the material topic and its Boundary	38	
	103-2 The management approach and its components	38	
	103-3 Evaluation of the management approach	38	
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	38	
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	38	
Topic: Eliminating child labour and forced labour			
GRI 103: Governance 2016	103-1 Explanation of the material topic and its Boundary	38	
	103-2 The management approach and its components	38	
	103-3 Evaluation of the management approach	38	
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	38	
Topic: Maintaining high levels of product safety and quality			
GRI 103: Governance 2016	103-1 Explanation of the material topic and its Boundary	38	
	103-2 The management approach and its components	38	
	103-3 Evaluation of the management approach	38	
GRI 416: Customer Health and Safety 2016	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	38	
Topic: Ensuring a high level of data protection and protecting customer privacy			
GRI 103: Governance 2016	103-1 Explanation of the material topic and its Boundary	42	
	103-2 The management approach and its components	42	
	103-3 Evaluation of the management approach	42	

GRI Standard	Title	Page	Comments
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	42	
Topic: Building business resiliency and adapting to climate change			
GRI 103: Governance 2016	103-1 Explanation of the material topic and its Boundary	36-37	
	103-2 The management approach and its components	36	
	103-3 Evaluation of the management approach	36-37	
Own KPI: Annual risk analysis			
Topic: Transparent sustainability communication			
GRI 103: Governance 2016	103-1 Explanation of the material topic and its Boundary	/	The entire report covers BHG's management and efforts to systematically and transparently report sustainability information
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
Own KPI: Sustainability Report		/	Own KPI: Published Sustainability Report

Auditor's report

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

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

OPINIONS

We have audited the annual accounts and consolidated accounts of BHG Group AB (publ) for the year 2021 except for the corporate governance statement and the statutory sustainability report on pages 49-54 and 33-47 respectively.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2021 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2021 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement and the statutory sustainability report on pages 49-54 and 33-47 respectively. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

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

Basis for Opinions

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

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

Our audit approach

Audit scope

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

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

Materiality

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

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

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Particularity important area**Valuation of intangible assets**

With reference to Note 2 and Note 13.

Goodwill and other intangible assets with an indefinite useful life represents a significant part of BHG Group's assets. The Company performs an impairment assessment of the assets based on a calculation of the discounted cash flow for the cash generating units in which goodwill and other intangible assets are reported.

This impairment test is based on a high level of judgements and assumptions regarding future cash flows. Information is provided in Note 2 and Notes 13 as to how the Company's management has undertaken its assessments, and also provides information on important assumptions and sensitivity analyses. Key variables in the test are growth rate, profit margins, overheads, working capital requirements, investment requirements and discount factor (cost of capital).

It is presented that no impairment requirement has been identified based on the assumptions undertaken.

Recognition of acquisitions

With reference to Note 5.

In the financial year 2021, BHG Group made three business acquisitions across all business areas. Information on these acquisitions is presented in Note 5.

The total purchase price for the business acquisitions was SEK 3 067,7 million, of which SEK 1 070,6 million refers to identified fair value adjustments in the acquisition analyses for trademarks and customer relationships and SEK 1 905,6 million refers to goodwill.

The recognition of acquisitions involves a high degree of judgement by management. Significant estimates and judgements refer to the purchase price allocation of fair value in acquisition analyses for assets and liabilities, as well as referring to adjustments for adaptation to the group's accounting principles.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 2-22 and 117-122. The Board of Directors and the Managing Director are responsible for this other information. Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and

How our audit considered the particularly important area

In our audit, we have evaluated the calculation model applied by management and conducted that the model is compatible with acceptable valuation techniques.

We have reconciled and critically tested essential assumptions against budget and strategic plan for the Company. We have analyzed the accuracy on how previous years assumptions have been met and assessed any adjustments to assumptions compared to previous year, as a result from changes in the business and external factors.

We have tested the sensitivity analysis for key assumptions in order to assess the risk of need for impairment.

We have also assessed the correctness of the disclosures included in the financial statements.

Our audit of the acquisitions was partially based on assessment of the acquisition agreements as well as supporting documents for opening balances in the acquired companies. We have also evaluated the implemented adjustments for adaptation to the group's accounting principles.

Our audit has also included an assessment of significant estimates and judgements made in connection with the purchase price allocation of fair value in the acquisition analyses. We have also assessed the basis for the judgements and comparing those judgements with similar acquisitions in the group in previous years.

We have also assessed the correctness of the disclosures of acquisitions included in the financial statements and assessed supporting documentation for the accounting of the acquisitions.

consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error. In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of



assurance but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Director's and the Managing Director of BHG Group AB (publ) for the year 2021 and the proposed appropriations of the company's profit or loss. We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Director's and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

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

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

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

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

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

are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

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

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

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

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

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

THE AUDITOR'S EXAMINATION OF THE ESEF REPORT

Opinion

In addition to our audit of the annual accounts and consolidated accounts, We have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for BHG Group AB (publ) for the financial year 2021.

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

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

Basis for Opinions

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

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

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

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

Auditor's responsibility

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

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

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

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

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

The procedures mainly include a technical validation of the Esef report, i.e. if the file containing the Esef report meets the technical specification set out in the Commission's Delegated Regulation (EU) 2019/815 and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the Esef report has been marked with iXBRL which enables a fair and complete machine-readable version of the consolidated statement of financial performance, statement of financial position, statement of changes in equity and the statement of cash flow.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 49-54 has been prepared in accordance with the Annual Accounts Act.

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

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

The auditor's opinion regarding the statutory sustainability report

The Board of Directors is responsible for the statutory sustainability report on pages 33-47, and that it is prepared in accordance with the Annual Accounts Act.

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

A statutory sustainability report has been prepared.



Öhrlings PricewaterhouseCoopers AB has been the company's auditor since 2016.

Malmö 30 March 2022

Öhrlings PricewaterhouseCoopers AB

Eva Carlsvi
Authorized Public Accountant
Auditor in charge

Vicky Johansson
Authorized Public Accountant