



2022/Q4

In a challenging environment we act strongly to strengthen profitability and cash flow

Inventories declined further by 238 million in Q4 and cash flow improved compared with the previous year

Today's presenters

Gustaf Öhrn
President and CEO

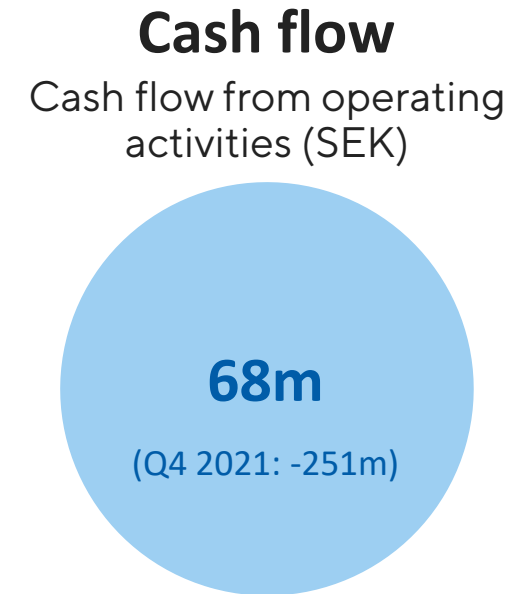
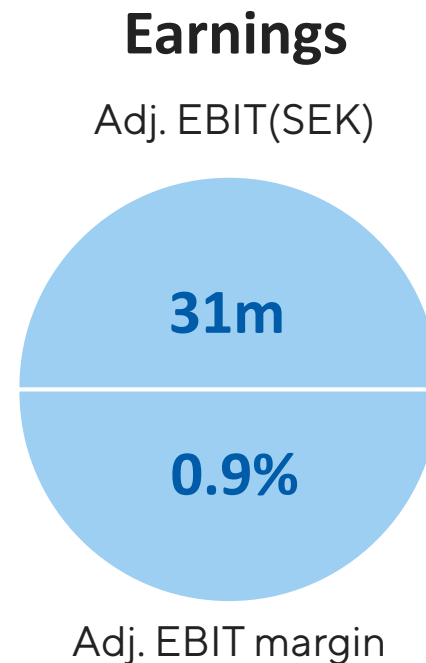
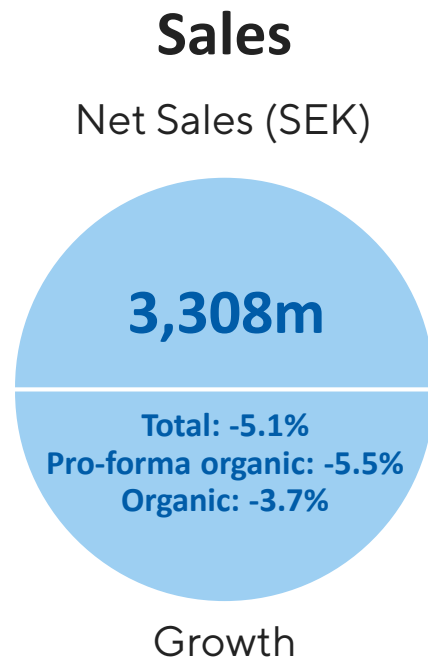
Jesper Flemme
CFO



Agenda

- **Q4 2022 highlights**
- Financial update
- Conclusions
- Q&A

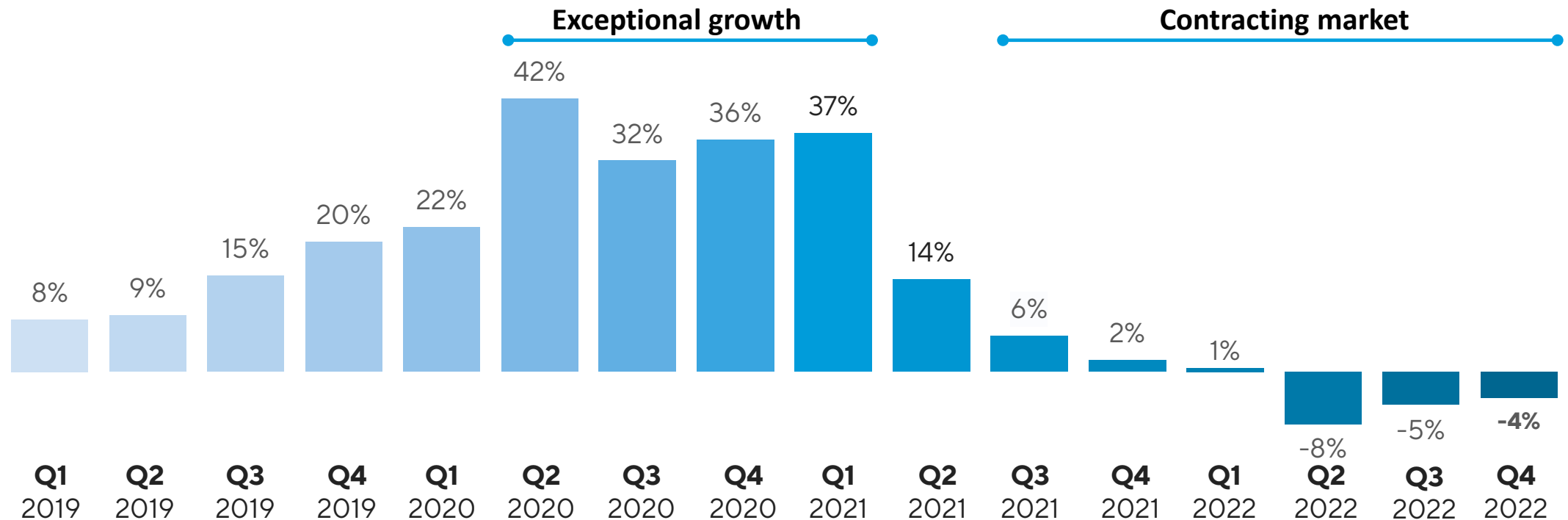
Select financial highlights – Q4 2022



Inventory declined further and cash flow was improved compared with the previous year.
Profitability impacted by price pressure in the market due to weak demand

Difficult market situation – contracting market last 6 quarters

Organic growth, Y-on-Y development



Massive changes to market conditions in 2022, both in demand and supply,
we still estimate the online market is larger now than in 2019

We expect a challenging market in 2023, especially in the first half

Actions taken to respond to challenging market in 2023 are gaining traction

Revised Strategy and structural changes	<ul style="list-style-type: none">• Revised strategy• Three new business units based on business model to facilitate realisation of synergies• Simplify structure by consolidations and closings of businesses• Investing in tech to facilitate future consolidations
Cost initiatives	<ul style="list-style-type: none">• Cost reduction target of SEK 150-200m• Primarily organizational and warehousing costs
Stock reduction	<ul style="list-style-type: none">• Inventory reduced by SEK 238m in Q4 2022 (vs. target of 100-200m)• Targeting significant further reductions in 2023
Financial covenants	<ul style="list-style-type: none">• BHG's banks have agreed on a temporary relief of covenants to 31 December 2023
Balance sheet strengthened	<ul style="list-style-type: none">• Balance sheet strengthened with SEK 800m in Q4 directed share issue

Sources of growth in a tough market – the BHG advantage

- **International expansion**, including external marketplaces
- **Internal marketplace** for intercompany sales, facilitating assortment expansion
- **Opportunities** when competitors go out of business or leave product categories
- When the market recoups we continue to see opportunities within **M&A**

Agenda

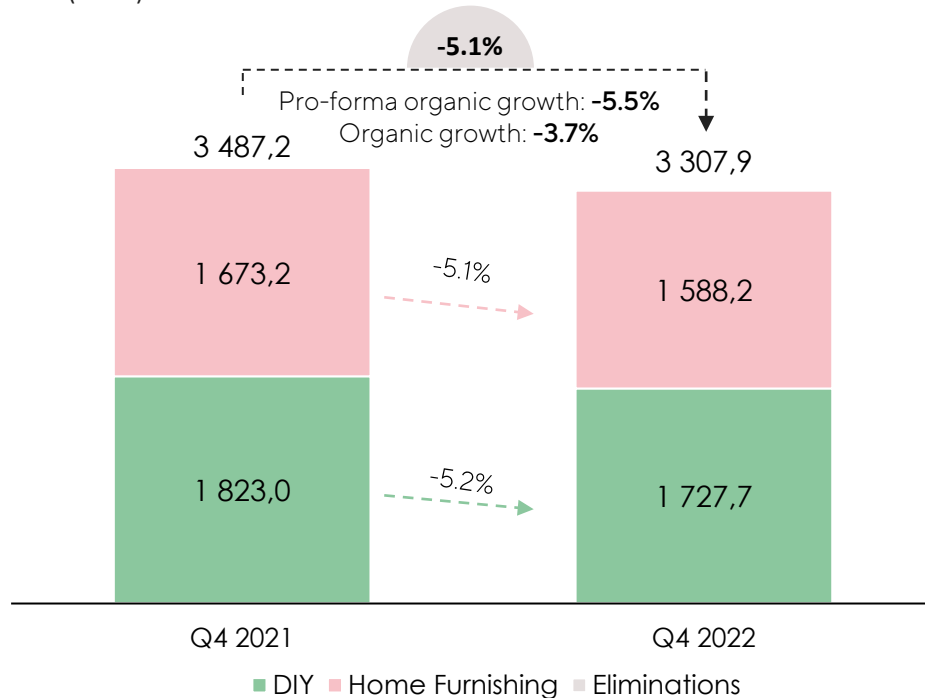
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Another tough quarter – weak profitability

We further advanced our position in the quarter, despite a weak overall market

Net sales (SEKm)

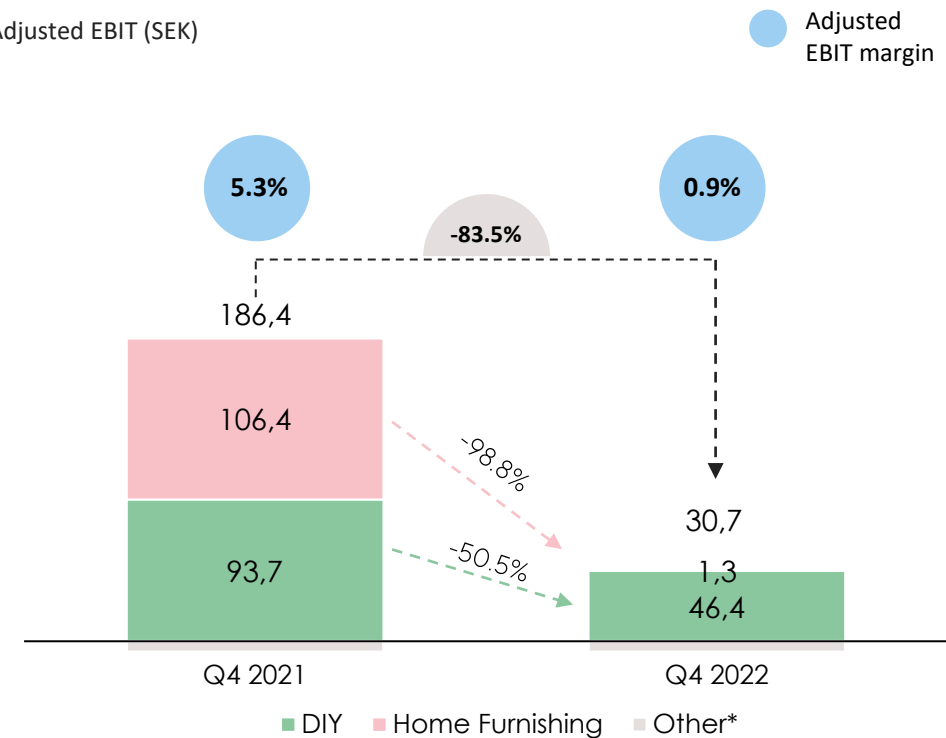


Note: Items affecting comparability in the quarter amount to SEK 40.7 million

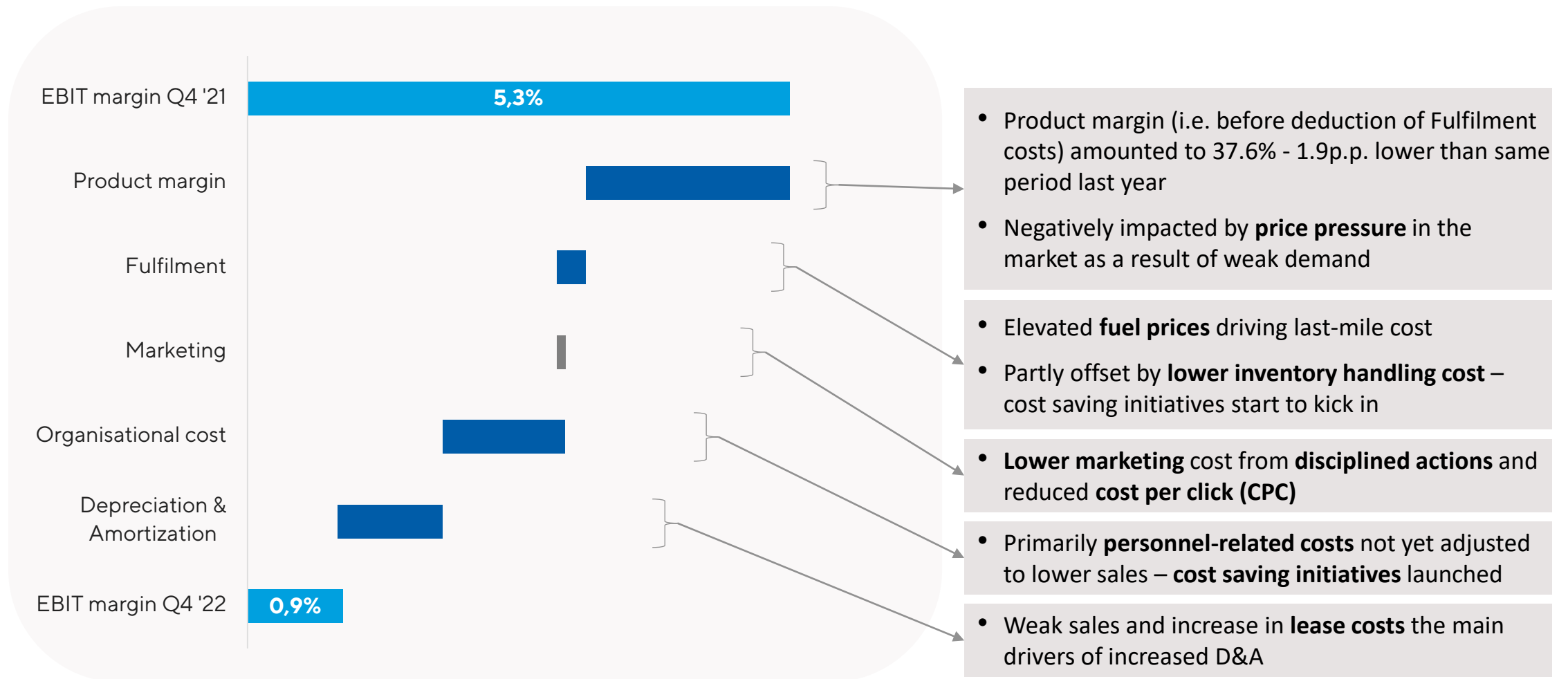
* The Group's other operations primarily consist of Group-wide functions and financing arrangements

EBIT margin impacted by price pressure in the market due to weak demand

Adjusted EBIT (SEK)



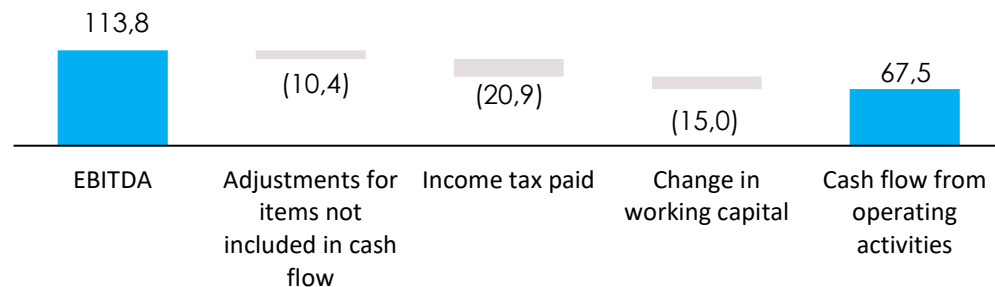
EBIT margin bridge 2021 Q4 → 2022 Q4



Cash flow improved and balance sheet strengthened – liquidity remains healthy

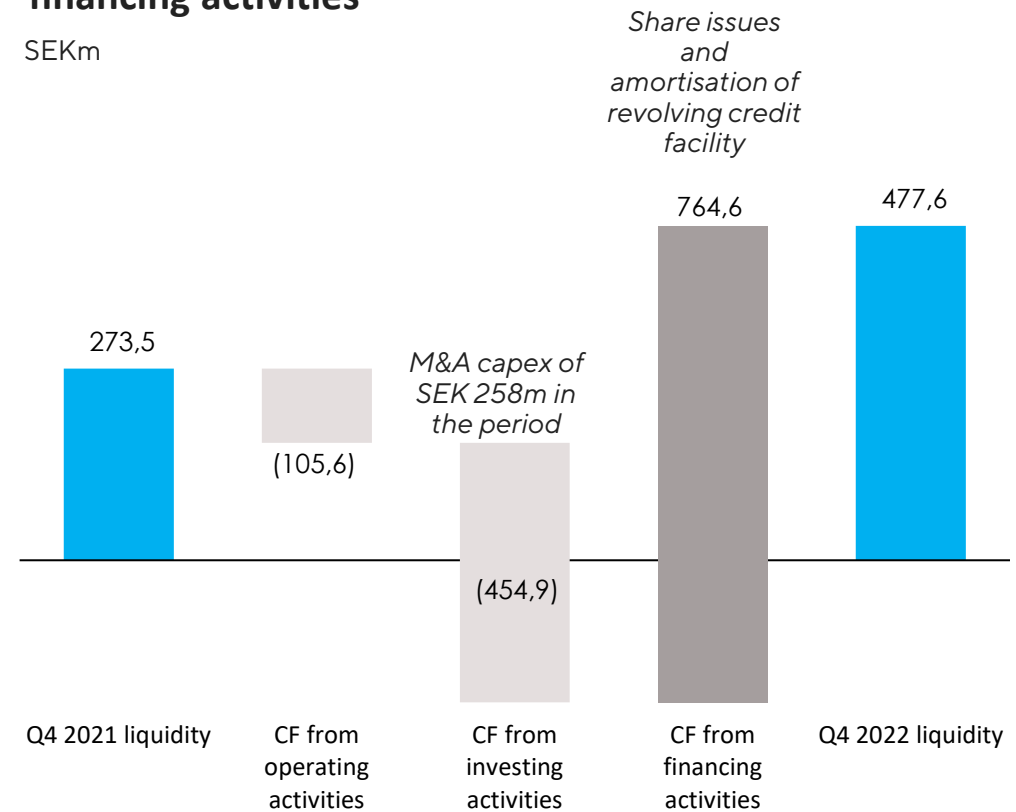
Significant improvement in cash flow from operating activities compared to last year (Q4 2021: -251m)

Oct-Dec 2022 (SEKm)



Liquidity mainly driven by cash flow from investing and financing activities

SEKm



We feel confident in our plan to get back to the capital structure target

Overview of financial position

SEKm	31 Dec 2022
Interest bearing liabilities	4,141.1
Cash and cash equivalents	(477.6)
Adjustment lease liabilities	(877.7)
Adjustment for earn-outs and deferred payments	(1,254.2)
Adjustment transaction costs	11.8
Net debt / (Net cash)	1,543.4
Q4 2022 LTM adjusted EBITDA* (excl. impact from IFRS 16)	491.2
Net debt / LTM adjusted EBITDA	3.14x

- Net debt / EBITDA of 3.14x, outside the range of the Group's medium-term capital structure target
- Previously announced measures to improve profitability and cash flow are expected to lead to a positive earnings and cash-flow performance, and constitute a first step in future-proofing BHG for future profitable growth
- Renegotiated loan terms provide the scope to act using a long-term approach
- The Group's unutilised credit facilities amounted to SEK 1,300 million at the end of the period, compared with SEK 800 million at the beginning of the year

* Pro-forma EBITDA

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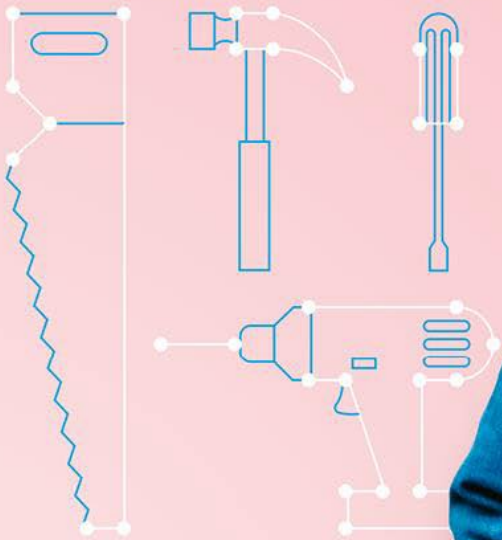


Q4 Summary

Challenging market		<ul style="list-style-type: none">✓ We expect the market to remain challenging in 2023, especially in the first half✓ Prioritizing cash flow and profitability
Revised strategy & structural changes		<ul style="list-style-type: none">✓ Three new segments from 1 January 2023, to facilitate synergies✓ Simplify structure by consolidations and closings of businesses✓ Investing in tech to facilitate future consolidations
Actions to respond to challenging market		<ul style="list-style-type: none">✓ Cost reductions✓ Efficiency improvements✓ Stock reduction to lower cost
Strengthened balance sheet and financial strength		<ul style="list-style-type: none">✓ Balance sheet strengthened with SEK 800m in Q4 directed share issue✓ BHG's banks have agreed on a temporary relief of covenants✓ Stock reduction to free up liquidity
Fundamental structural trends remain intact		<ul style="list-style-type: none">✓ Migration from physical retail to online for the foreseeable future✓ Interest in the home and thus in our DIY and home furnishing categories continues to grow



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Appendix



Condensed consolidated financial information

SEKm (if not otherwise stated)	Oct-Dec			Jan-Dec		
	2022	2021	Δ%	2022	2021	Δ%
Net sales	3,307.9	3,487.2	-5.1	13,433.6	12,666.0	6.1
Gross profit	792.3	927.9	-14.6	2,981.1	3,357.1	-11.2
Gross margin (%)	24.0	26.6	-0.3 p.p.	22.2	26.5	-0.4 p.p.
Adjusted gross profit*	804.9	927.9	-13.3	3,368.3	3,357.1	0.3
Adjusted gross margin (%)	24.3	26.6	-0.2 p.p.	25.1	26.5	-0.1 p.p.
Adjusted EBITDA*	149.4	275.7	-45.8	813.8	1,104.6	-26.3
Adjusted EBITDA margin (%)	4.5	7.9	-0.3 p.p.	6.1	8.7	-0.3 p.p.
Adjusted EBIT*	30.7	186.4	-83.5	374.9	812.7	-53.9
Adjusted EBIT margin (%)	0.9	5.3	-0.4 p.p.	2.8	6.4	-0.4 p.p.
Items affecting comparability	-40.7	-3.8	976.4	-449.7	-23.4	1821.5
Operating income	-43.7	157.4	-127.8	-183.9	710.6	-125.9
Operating margin (%)	-1.3	4.5	-0.6 p.p.	-1.4	5.6	-0.7 p.p.
Net profit for the period	-175.2	113.9	-253.8	45.7	490.8	-90.7
Cash flow from operating activities	67.5	-251.2	n/a	-105.6	-27.6	282.9
Visits (thousands)	91,857	106,202	-13.5	364,224	411,296	-11.4
Orders (thousands)	1,529	1,640	-6.8	5,172	5,243	-1.4
Conversion rate (%)	1.7	1.5	0.0 p.p.	1.4	1.3	0.0 p.p.
Average order value (SEK)	2,130	2,101	1.4	2,626	2,441	7.6

* Refer to “Relevant reconciliations of non-IFRS alternative performance measures (APM)” for a more detailed description.

DIY segment

SEKm (if not otherwise stated)	Oct-Dec			Jan-Dec		
	2022	2021	Δ%	2022	2021	Δ%
Net sales	1,727.8	1,823.0	-5.2	7,507.0	7,259.6	3.4
Gross profit	391.3	419.9	-6.8	1,494.5	1,764.3	-15.3
Gross margin (%)	22.6	23.0	0.0 p.p.	19.9	24.3	-0.4 p.p.
Adjusted gross profit	394.0	419.9	-6.2	1,697.9	1,764.3	-3.8
Adjusted gross margin (%)	22.8	23.0	0.0 p.p.	22.6	24.3	-0.2 p.p.
Adjusted EBITDA	98.2	129.6	-24.2	470.7	681.7	-31.0
Adjusted EBITDA margin (%)	5.7	7.1	-0.1 p.p.	6.3	9.4	-0.3 p.p.
Adjusted EBIT	46.4	93.7	-50.5	278.0	560.7	-50.4
Adjusted EBIT margin (%)	2.7	5.1	-0.2 p.p.	3.7	7.7	-0.4 p.p.
Items affecting comparability	-14.9	-		-217.6	-	
Operating income	13.5	78.8	-82.8	-2.0	516.6	-100.4
Operating margin (%)	0.8	4.3	-0.4 p.p.	-0.0	7.1	-0.7 p.p.
Net profit for the period	-204.9	-89.1	130.1	73.2	216.4	-66.2
Visits (thousands)	31,987	36,389	-12.1	149,056	165,984	-10.2
Orders (thousands)	616	652	-5.6	2,404	2,373	1.3
Conversion rate (%)	1.9	1.8	0.0 p.p.	1.6	1.4	0.0 p.p.
Average order value (SEK)	2,552	2,688	-5.1	3,122	3,116	0.2

Home Furnishing segment

SEKm (if not otherwise stated)	Oct-Dec			Jan-Dec		
	2022	2021	Δ%	2022	2021	Δ%
Net sales	1,588.2	1,673.2	-5.1	5,965.5	5,442.8	9.6
Gross profit	401.2	508.4	-21.1	1,488.5	1,597.7	-6.8
Gross margin (%)	25.3	30.4	-0.5 p.p.	25.0	29.4	-0.4 p.p.
Adjusted gross profit	411.1	508.4	-19.1	1,672.3	1,597.7	4.7
Adjusted gross margin (%)	25.9	30.4	-0.4 p.p.	28.0	29.4	-0.1 p.p.
Adjusted EBITDA	67.6	159.5	-57.6	399.7	494.0	-19.1
Adjusted EBITDA margin (%)	4.3	9.5	-0.5 p.p.	6.7	9.1	-0.2 p.p.
Adjusted EBIT	1.3	106.4	-98.8	155.2	324.0	-52.1
Adjusted EBITmargin (%)	0.1	6.4	-0.6 p.p.	2.6	6.0	-0.3 p.p.
Items affecting comparability	-24.2	-		-200.5	-	
Operating income	-38.6	96.2	-140.1	-91.9	289.4	-131.8
Operating margin (%)	-2.4	5.7	-0.8 p.p.	-1.5	5.3	-0.7 p.p.
Net profit for the period	-10.6	62.8	-116.8	38.8	182.9	-78.8
Visits (thousands)	59,870	69,813	-14.2	215,168	245,312	-12.3
Orders (thousands)	913	988	-7.6	2,767	2,870	-3.6
Conversion rate (%)	1.5	1.4	0.0 p.p.	1.3	1.2	0.0 p.p.
Average order value (SEK)	1,846	1,714	7.7	2,195	1,884	16.5

P&L

SEKm	Oct-Dec		Jan-Dec	
	2022	2021	2022	2021
Net sales	3,307.9	3,487.2	13,433.6	12,666.0
Other operating income	2.6	17.5	17.1	15.6
Total net sales	3,310.4	3,504.7	13,450.7	12,681.6
Cost of goods sold	-2,515.6	-2,559.3	-10,452.5	-9,308.9
Personnel costs	-306.8	-281.7	-1,142.3	-981.7
Other external costs and operating expenses	-371.7	-389.2	-1,480.4	-1,304.0
Other operating expenses	-7.0	-1.7	-10.8	-5.0
Depreciation and amortisation of tangible and intangible fixed assets	-153.2	-115.4	-548.5	-371.5
Operating income	-43.7	157.4	-183.9	710.6
Profit/loss from financial items	-136.6	-8.5	165.6	-79.7
Profit before tax	-180.3	149.0	-18.3	630.9
Income tax	5.1	-35.1	64.1	-140.1
Profit for the period	-175.2	113.9	45.7	490.8
Attributable to:				
Equity holders of the parent	-179.6	110.5	34.1	480.9
Non-controlling interest	4.4	3.4	11.7	9.9
Net income for the period	-175.2	113.9	45.7	490.8
Earnings per share before dilution, SEK	-1.20	0.93	0.25	4.01
Earnings per share after dilution, SEK	-1.20	0.92	0.25	3.97

Balance sheet

SEKm	31 Dec	
	2022	2021
Non-current assets		
Goodwill	6,480.9	6,318.7
Other intangible fixed assets	2,879.2	2,893.3
Total intangible fixed assets	9,360.1	9,212.0
Buildings and land	21.5	21.9
Leased fixed assets	902.2	893.3
Tangible fixed assets	156.0	136.3
Financial fixed assets	15.1	13.1
Deferred tax asset	102.5	26.4
Total fixed assets	10,557.5	10,302.9
Current assets		
Inventories	2,482.9	2,431.5
Current receivables	763.4	604.4
Cash and cash equivalents	477.6	273.5
Total current assets	3,723.9	3,309.4
Total assets	14,281.4	13,612.3
Equity		
Equity attributable to owners of the parent	7,613.8	5,211.9
Non-controlling interest	56.0	44.4
Total equity	7,669.8	5,256.3
Non-current liabilities		
Deferred tax liability	605.2	636.7
Other provisions	22.1	43.2
Non-current interest-bearing liabilities to credit institutions	2,009.3	2,517.2
Non-current lease liabilities	566.3	622.0
Non-current acquisition related interest-bearing liabilities	816.7	1,883.5
Total non-current liabilities	4,019.5	5,702.6
Current liabilities		
Current lease liabilities	311.4	256.7
Current acquisition related interest-bearing liabilities	437.5	238.1
Other current liabilities	1,843.1	2,158.6
Total current liabilities	2,592.0	2,653.4
Total equity and liabilities	14,281.4	13,612.3

Consolidated statement of cash flows

SEKm	Oct-Dec		Jan-Dec	
	2022	2021	2022	2021
EBITDA	113.8	271.9	369.2	1,081.2
Adjustments for items not included in cash flow	-10.4	-15.3	369.2	2.4
Income tax paid	-20.9	-26.0	-216.2	-105.6
Cash flow from operating activities before changes in working capital	82.5	230.6	522.2	978.1
Changes in working capital	-15.0	-481.8	-627.9	-1,005.7
Cash flow from operating activities	67.5	-251.2	-105.6	-27.6
Investments in operations	-3.4	-3.4	-257.7	-1,610.9
Redemption of loan to seller upon acquisition of operations	-	-	-6.9	-65.0
Investments in other non-current assets	-58.7	-71.1	-198.6	-193.7
Divestment of operations	0.0	-0.0	0.6	-0.0
Divestment of other tangible fixed assets	0.5	11.7	2.0	12.4
Received interest	3.4	1.4	5.8	1.8
Cash flow to/from investing activities	-58.1	-61.5	-454.9	-1,855.4
New share issue	705.0	4.4	1,693.8	1,719.4
Loans taken*	-	-	800.0	2,650.1
Amortisation of loans	-887.0	-76.8	-1,619.7	-2,479.6
Issue of warrants	-	0.9	1.0	21.6
Interest paid	-34.8	-14.9	-99.5	-54.8
Dividends to non-controlling interests	-8.4	-5.1	-10.5	-5.1
Cash flow to/from financing activities	-225.2	-91.5	765.1	1,851.7
Cash flow for the period	-215.9	-404.2	204.6	-31.2
Cash and cash equivalents at the beginning of the period	692.3	677.4	273.5	299.0
Translation differences in cash and cash equivalents	1.2	0.3	-0.5	5.8
Cash and cash equivalents at the end of the period	477.6	273.5	477.6	273.5

* Cash flow from interest-bearing loans raised is recognised for full-year 2021 after deductions for transaction expenses of SEK 9.9 million.

Reconciliation of non-IFRS metrics

SEKm	Oct-Dec		Jan-Dec	
	2022	2021	2022	2021
Operating income	-43.7	157.4	-183.9	710.6
Donation UNHCR	-	-	1.5	-
Acquisition-related costs	-	3.8	12.9	23.4
Warehouse consolidation	-	-	2.1	-
Strategy work	-	-	12.5	-
Inventory impairment	1.2	-	375.8	-
Salary expense for gardening leave	16.4	-	21.9	-
Impairment and restoration costs when closing stores	7.8	-	7.8	-
Disposal of intangible assets when liquidating operations	5.1	-	5.1	-
Impairment of inventory when liquidating operations	10.1	-	10.1	-
Total items affecting comparability	40.7	3.8	449.7	23.4
Amortisation of acquisition-related intangible fixed assets	25.2	25.2	100.6	78.7
Scrapping of acquired brands when sites are discontinued	8.6	-	8.6	-
Adjusted EBIT	30.7	186.4	374.9	812.7
Adjusted EBIT (%)	0.9	5.3	2.8	6.4
Depreciation and amortisation of tangible and intangible fixed assets	118.7	90.2	438.7	292.8
Gain/loss from sale of fixed assets	-0.0	-0.9	0.2	-0.8
Adjusted EBITDA	149.4	275.7	813.8	1,104.6
Adjusted EBITDA (%)	4.5	7.9	6.1	8.7
SEKm	Oct-Dec		Jan-Dec	
	2022	2021	2022	2021
Net sales	3,307.9	3,487.2	13,433.6	12,666.0
Cost of goods	-2,077.0	-2,108.1	-8,717.4	-7,710.4
Gross profit before direct selling costs	1,230.9	1,379.1	4,716.3	4,955.6
Gross profit before direct selling costs (%)	37.2	39.5	35.1	39.1
Direct selling costs	-438.6	-451.2	-1,735.2	-1,598.5
Gross profit	792.3	927.9	2,981.1	3,357.1
Gross profit (%)	24.0	26.6	22.2	26.5
Inventory impairment	1.2	-	375.8	-
Impairment and restoration costs when closing stores	1.3	-	1.3	-
Impairment of inventory when liquidating operations	10.1	-	10.1	-
Adjusted gross profit before direct selling costs	1,243.5	1,379.1	5,103.5	4,955.6
Adjusted gross profit before direct selling costs (%)	37.6	39.5	38.0	39.1
Adjusted gross profit	804.9	927.9	3,368.3	3,357.1
Adjusted gross profit (%)	24.3	26.6	25.1	26.5

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