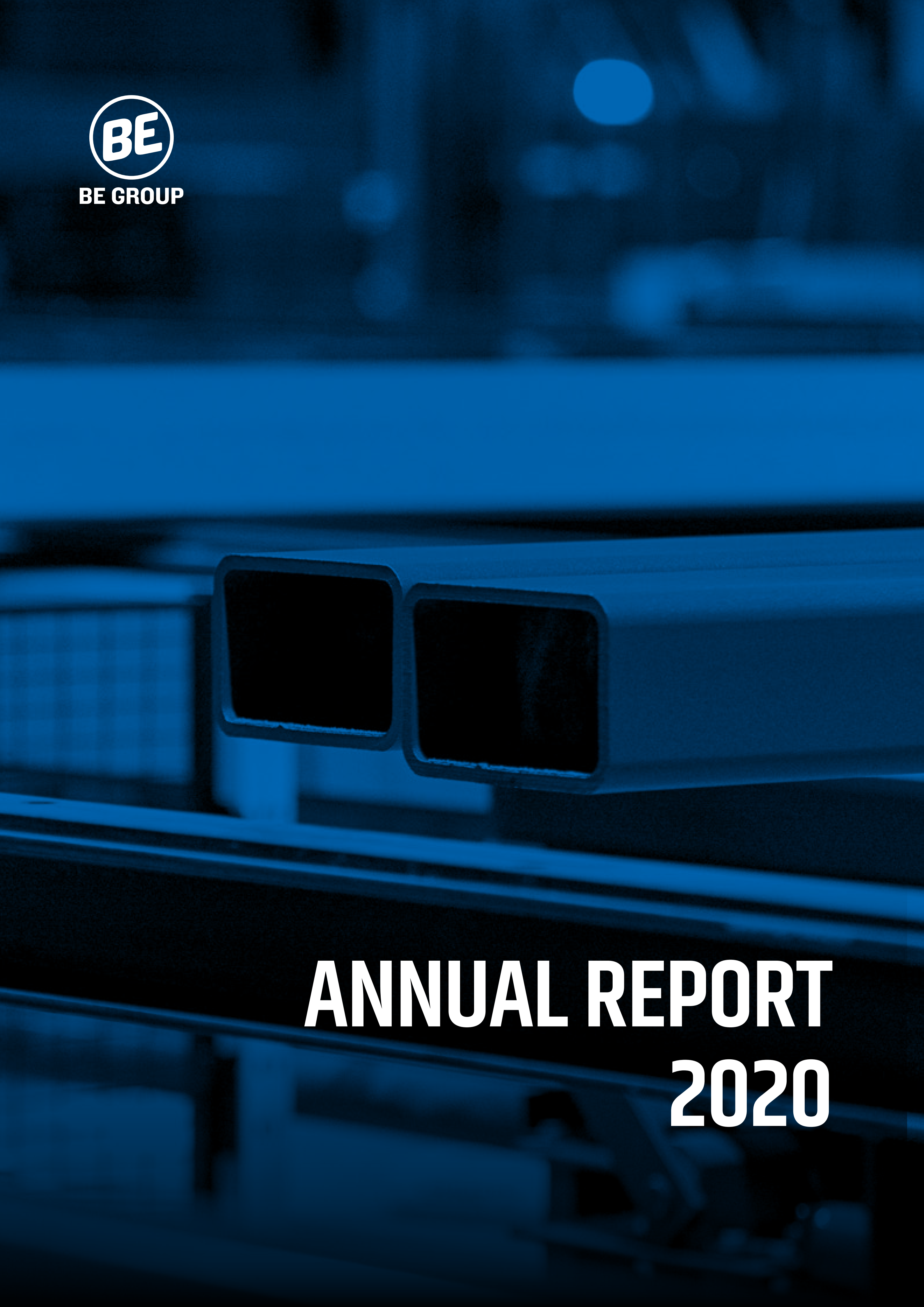


BE GROUP

ANNUAL REPORT 2020

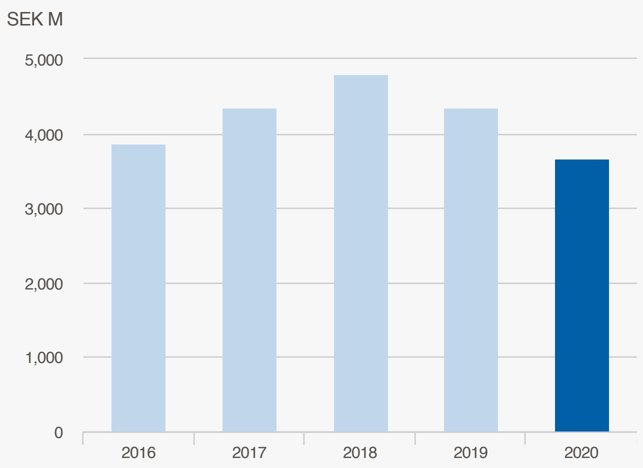
CONTENT

Pages 6-62 comprise the formal Annual Report and have been reviewed by the Company’s Auditors.

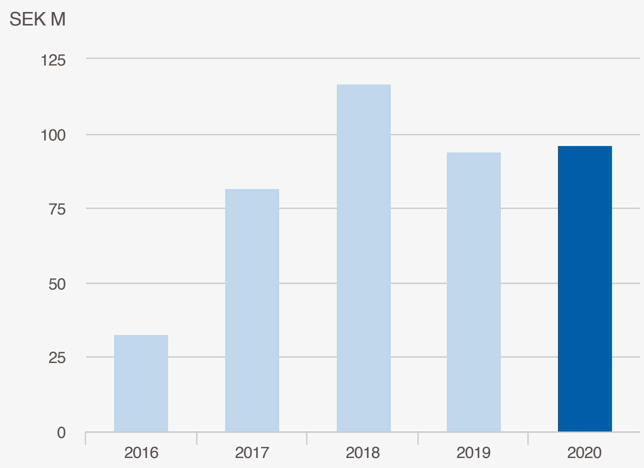
THE YEAR IN BRIEF

- Net sales decreased by 16% to SEK 3,672 M (4,359)
- The underlying operating result increased to SEK 96 M (94)
- The operating result amounted to SEK 39 M (88)
- Result after tax amounted to SEK 4 M (50)
- Cash flow from operating activities increased to SEK 341 M (200)
- Earnings per share amounted to SEK 0.33 (3.87)
- Decision was taken to centralize warehouse and production operations in Sweden to Norrköping and to close the warehouse in Malmö
- Decision was taken to centralize warehouse and production operations in the Baltics
- The Board of Directors proposes that no dividend (-) will be paid for the financial year of 2020

NET SALES



UNDERLYING OPERATING RESULT [1)]



1) Operating result (EBIT) before items affecting comparability (see Note 6 and 7) and adjusted for inventory gains and losses (deductions for gains and additions for losses).

Key data	**2020**	**2019**	**Change**
Tonnage, thousands of tonnes	307	340	-10%
Net sales, SEK M	3,672	4,359	-16%
Operating result, SEK M [1)]	39	88	-56%
Operating margin, %	1.1	2.0	-0.9%
Underlying operating result [2)]	96	94	2.1%
Result after tax, SEK M	4	50	-92%
Result per share, SEK	0.33	3.87	-92%
Return on capital employed excl. IFRS 16, %	2.3	5.6	-3.3%
Net debt excl. IFRS 16, SEK M	156	373	-58%
Net debt/equity ratio excl. IFRS 16, % [2)]	17	40	-23%
Cash flow from operating activities, SEK M	341	200	71%
Average number of employees	633	652	-2.9%

1) The operating result 2020 was impacted by items affecting comparability of SEK -40 M (-) related to the centralization of warehouse and production operations in Sweden and the Baltics.
2) Part of BE Group's alternative performance measures which you can read more about in Alternative performance measures and Financial definitions.

Sales by business solution, SEK M	**2020**	**2019**	**%**
Inventory sales	1,541	1,856	-17%
Production service sales	1,684	1,956	-14%
Direct sales	447	547	-18%
Total	**3,672**	**4,359**	**-16%**

Sales by product area, SEK M	**2020**	**2019**	**%**
Long steel products	1,363	1,572	-13%
Flat steel products	1,428	1,727	-17%
Stainless steel	611	752	-19%
Aluminium	170	207	-18%
Other	100	101	-1%
Total	**3,672**	**4,359**	**-16%**

> ”By working decentralized, the subsidiaries are given the possibility – just like entrepreneurs – of working independently with a mandate to make the most effective decisions with a focus on their particular customers, businesses and profitability.”

A CHALLENGING YEAR

As I sum up my first full year as the CEO of BE Group, I think that we have done pretty well. After a weak end to 2019, the new year, 2020, began a little brighter and the confidence in the future was positive. Then came Covid-19, and the surrounding world’s reactions to its rapid spread turned everything upside down. From one day to the next, some of our customers, mainly subcontractors to the automotive industry, lost 80 percent of their sales. At the same time, with one day’s notice, our single largest customer announced that they would be temporarily shutting down their entire business. Besides working with something that, at least for me, was completely new, preventing the spread of infection, a lot of energy was devoted to monitoring working capital and decreasing costs.

In total, sales decreased by 16%, but the underlying operating result improved slightly, amounting to SEK 96 M (94). Cash flow from operating activities was strong and increased to SEK 341 M (200) and at year-end, net debt was at a record low SEK 156 M (373).

Organization

At the beginning of the year, a new organizational structure was set, and the previous split into the business units production and distribution was removed and instead each company is operated as a business unit. The main purpose of this change was to create an organization where every company is developed based on its own unique market position and to reduce the number of management layers between the customers and the Group Management Team. The key words in this work have been sales culture and customer experience. By working decentralized, the subsidiaries are given the possibility – just like entrepreneurs – of working independently with a mandate to make the most effective decisions with a focus on their particular customers, businesses and profitability.

This change also means that the number of employees in the Parent Company was reduced and through fewer decision-making levels, the Group Management Team is kept to a few people, who utilize insights, synergies and economies of scale. All in all, we have made progress in creating an efficient company, where the subsidiaries and the Group can more quickly adapt to market changes at the same time that the relationships with the customers are further strengthened.

Steel price trend

Around mid-year 2020, steel prices bottomed out. Then they began to increase again. The background to this is a strong economy in Asia in 2020, with China as a net importer of steel for the first time in many years. At mid-year, the need for automotive products increased in Europe, but then the producers were cautious in their capacity expansion. The alternative of meeting the European need with imported steel was not possible since the surrounding world had greater needs and paid significantly more.

The limited supply led to long lead times, and in the autumn, the customers were forced to accept the rising prices. At the end of 2020, the need for steel increased further, and even though steel production had gained speed, today we see shortages in several material types, mainly related to the automotive industry. The shortages led to very rapid and large price increases for steel, as well as raw materials at the end of 2020 and the beginning of 2021. A lot of the steel price trend depends on what happens in China, and with a high political involvement, changes can take place very quickly.

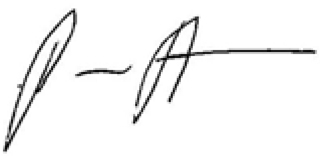
Well-implemented projects

Despite the pandemic, no compromises have been made on the implementation of the agenda of improvements we had for the year. Major projects, such as the investment in Norrköping, the centralization of warehouse and production operations to Norrköping together with the closure of the warehouse in Malmö, have been completed and will have a positive impact on 2021. At the same time, the restructuring in the Baltics is running according to plan and a new e-commerce portal will be launched in the spring 2021.

Focus in the future

In recent years, the Company made many major structural changes. In this respect, 2020 was no exception. The foundation has now been laid, but this does not mean that we are finished. The work of building a stable and long-term profitable company for the future is continuing, but instead of major structural changes, focus in the future will be on smaller, recurring improvements in every part of the Company. These improvements primarily concern our customers and their perception of doing business with BE Group. Selling commercial steel is a bit like selling gasoline or potatoes: when the goods largely are standardized, the customer offering must be the sharpest and most attractive. Ultimately, this is a matter of expertise, availability, delivery accuracy and transports. Among our customers, all of this can be summarized in one concept – customer experience!

Finally, I would like to express a heartfelt gratitude to our customers, who continue to give us their trust, and to all of our employees, who have done extraordinary work in an extraordinary year. Without you, it would not be possible! Let’s together look forward to an exciting 2021.



Peter Andersson
President and CEO

FINANCIAL TARGETS AND OUTCOME

Earnings in BE Group shall be used to develop the business and generate returns for the owners. The Board of Directors of BE Group has therefore set three financial targets that should be achieved for earnings to be considered adequate. Over time, the goal completion can vary depending on various phases in the Company's development and the current business cycle.

Sales growth that exceeds the market growth

To measure growth in BE Group's markets, the market statistics that the company receives for the distribution markets in Sweden and Finland are used. By comparing tonnage growth year on year in this data, the growth in the market is estimated. BE Group's growth is measured in delivered tonnes in the Swedish, Finnish and Baltic markets. For Sweden, deliveries for the joint venture ArcelorMittal BE Group SSC AB are included. The target is to grow more than the market.

Outcome

The market is estimated to have decreased by -7.0 percent (-9.4) compared to last year. BE Group had a negative growth of -10.2 percent (-7.1) during the year and has not fulfilled the target for 2020. It is mainly attributable to postponement of larger construction projects as a result of Covid-19 and the managements focus on margin during the year.

>5

A profit margin of at least 5 percent

Profit margin is defined as the underlying operating margin (uEBIT%) in the past 12 months. The target level is set to at least 5 percent measured over a longer period of time. This corresponds to approximately SEK 184 M in underlying operating result (uEBIT) at current sales. The underlying operating result, i.e. the operating result excluding the impact of inventory gains or losses and items affecting comparability, is used to put focus on how the operating activities perform and develop.

Outcome

The underlying operating margin amounted to 2.6 percent (2.1) for 2020.

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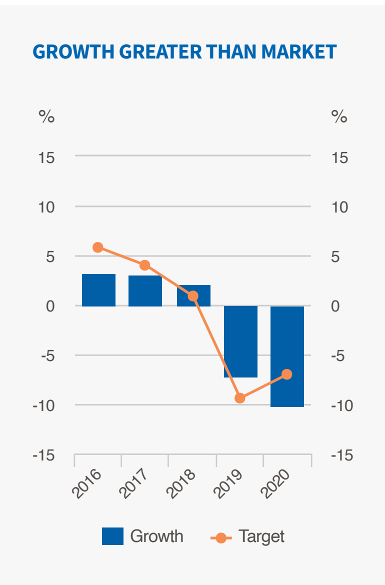
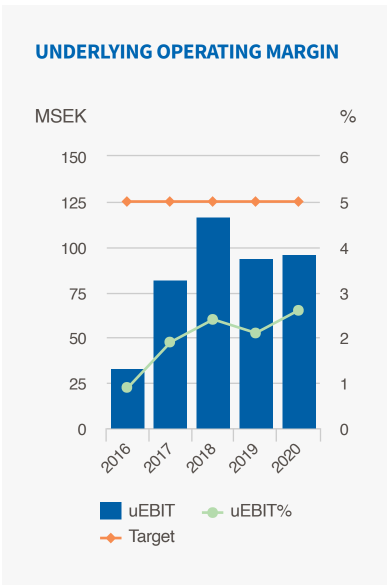
At least 15 percent return on capital employed

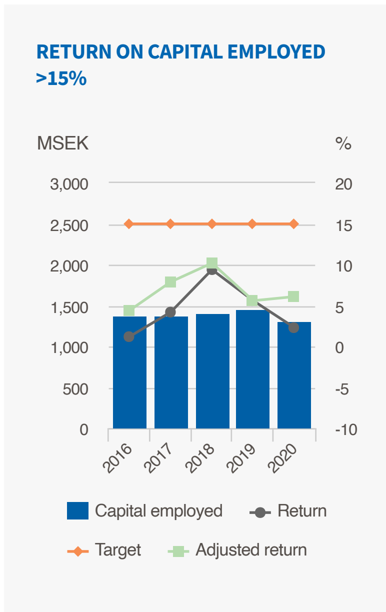
As a measure of return, return on capital employed excl. IFRS 16 is used, defined as operating result excl. IFRS 16 in the past 12 months divided by the average capital employed excl. IFRS 16 (equity and interest-bearing liabilities). The target level is set to at least 15 percent considering the prevailing capital structure and interest rates. The measure is calculated based on recognized operating profit, i.e. including inventory gains and losses and items affecting comparability, to put focus on the actual returns to the owners.

Outcome

The return on capital employed decreased to 2.3 percent (5.6) during the year. The reason is mainly that the operating result has decreased due to declining sales volumes and items affecting comparability and inventory losses. The diagram also illustrates an adjusted return where items affecting comparability have been excluded, which for 2020 results in an improved return on capital employed of 6.1 percent (5.6).







THE SHARE

BE Group AB has been listed on NASDAQ Stockholm since the end of 2006. The Company trades under the ticker BEGR and is included in the Basic Resources sector with ISIN code SE0008321921.

Total turnover of BE Group shares in 2020 was 2.3 M shares with a combined value of SEK 76 M, representing an average turnover of 9,062 shares or SEK 0.3 M per trading day. On the year's last trading day, December 30, 2020, the market price for the BE Group share was SEK 37.60. The highest price paid in 2020 was SEK 40.60 and the year's lowest price paid was SEK 25.00. At the end of the year, BE Group's total market capitalization was SEK 489.2 M.

Share capital and voting rights

At December 31, 2020, the share capital in BE Group was SEK 260.2 M (260.2) allocated among 13,010,124 shares, each with a quotient value of SEK 20.00. Under the Articles of Association, minimum share capital in the Company is SEK 150,000,000 and maximum share capital SEK 600,000,000, with a minimum of 10,000,000 and a maximum of 40,000,000 shares. Each share carries one vote and there is only one class of shares.

Ownership structure

At the end of 2020, BE Group had 4,371 shareholders, compared to 4,768 at the end of last year. AB Traction and Svedulf Fastighets AB were the two largest owners. Other major owners are listed in the table. At the end of the year, the proportion of Swedish institutional ownership (legal entities) totalled 67.2 percent and foreign ownership was 11.3 percent.

Dividend and dividend policy

According to BE Group's dividend policy, the Group shall distribute at least 50 percent of profit after tax, over time. BE Groups financial positions and future outlook shall be taken into account in determining the payment of dividends. The Board of Directors proposes that no dividend (-) will be paid for the financial year of 2020.

Shareholder contacts

CFO Christoffer Franzén is responsible for contacts with shareholders. Press releases issued by BE Group are distributed via Cision and are made available on the Group's website at www.begroup.com in connection with publication. Information on the BE Group share is updated continuously on the Group's website.

Per share data

SEK unless otherwise stated	2020	2019
Earnings per share	0.33	3.87
Earnings per share after dilution	0.33	3.87
Equity per share	69.73	71.05
Proposed dividend per share	–	–
Market price, December 30. latest price paid	37.60	35.90
Market capitalization, December 30, SEK M	489.2	467.1

Largest shareholders December 30, 2020

Shareholders	Number of share	Capital and votes (%)
AB Traction	3,078,000	23.7
Svedulf Fastighets AB	3,017,071	23.2
Försäkringsaktiebolaget, Avanza Pension	844,739	6.5
Quilter Inter Isle of Man Ltd	642,285	4.9
Nordea Livförsäkring Sverige AB	258,334	2.0
SEB AB, Luxembourgh branch, W8IMY	209,970	1.6
Ridderstråle, Dödsbo, Carl-Erik	145,846	1.1
Quilter International IOM Ltd	145,809	1.1
Ålandsbanken i ägares ställe	144,809	1.1
Nordea Bank ABP, Nordea Bank AB	143,757	1.1
Total, 10 largest shareholders	***8,630,620***	***66.3***
BE Group´s holding of treasury shares	26,920	0.2
Other shareholders	4,352,584	33.5
Total number	**13,010,124**	**100**

Shareholder structure, December 30, 2020

Holding	Number of shareholders	Number of shares	Capital and votes (%)
1 – 500	3,579	329,659	2.5
501 – 1,000	314	235,725	1.8
1,001 – 2,000	190	287,688	2.2
2,001 – 5,000	164	518,761	4.0
5,001 – 10,000	42	293,259	2.3
10,001 – 20,000	30	423,396	3.3
20,001 – 50,000	24	780,104	6.0
50,001 – 100,000	13	952,841	7.3
100,001 – 500,000	11	1,606,596	12.3
500,001 – 1,000,000	2	1,487,024	11.4
1,000,001 – 5,000,000	2	6,095,071	46.9
Total	**4,371**	**13,010,124**	**100**

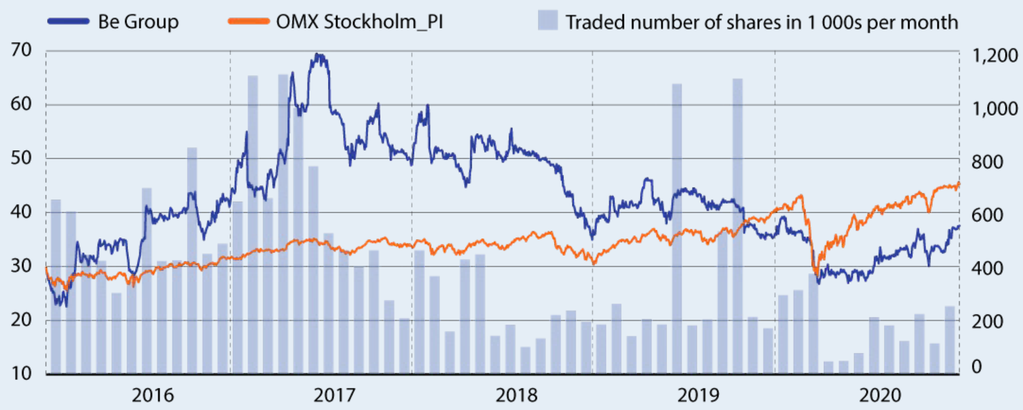
Shareholdings per country, December 30, 2020

Sweden	88.7%
Isle of man	6.0%
Luxembourg	1.8%
Finland	1.4%
USA	0.8%
Others	1.3%
Total	**100%**

Shareholder catergory, December 30, 2020

Other Swedish legal entities and persons	52.8%
Swedish physical persons	21.5%
Fund management companies	1.6%
Insurance companies and pension institutions	9.9%
Foreign ownership	11.3%
Pension foundations	1.7%
Non-categorized legal entities and persons	1.2%
Total	**100%**

Share price development January 2016 – December 2020



ISIN code: SE0001852211 Ticker on NASDAQ Stockholm Exchange: BEGR Source: WebfinancialGroup

BOARD OF DIRECTORS' REPORT

Development over the year

Operations

BE Group AB (publ), Corp. Reg. No. 556578-4724, which is listed on the Nasdaq Stockholm exchange, is a trading and service company in steel, stainless steel and aluminium. BE Group offers efficient distribution and value-adding production services to customers primarily in the construction and manufacturing industries. In 2020, the Group reported sales of SEK 3.7 billion. BE Group has approximately 630 employees, with Sweden and Finland as its largest markets. The head office is located in Malmö, Sweden. Read more about BE Group at www.begroup.com.

Alternative performance measures

BE Group has defined a number of alternative performance measures. The alternative performance measures that BE Group considers to be significant are underlying operating result, working capital, net debt and capital employed. Under Alternative performance measures, you can read more about how these are calculated.

Market and business environment

In Europe (EU28), 138.8 million tons of raw steel were produced in 2020, according to the World Steel Association, which is the global trade association for the steel mills. This is a decrease by 11.8 percent compared with 2019. At the beginning of 2020 after a weak 2019, the European steel industry was looking forward to a significantly better year with rising forecasts from the automotive industry, among others. This trend was abruptly interrupted at the beginning of March due to the pandemic and large parts of the automotive industry shut down. This caused the steel producers to slow their capacity and the price drop was extensive, but bottomed out in the summer. In the middle of the year, the need for automotive products began to increase in Europe, but the producers were cautious in their capacity expansion. At the end of 2020, the need for steel increased further, and even though production capacity in Europe increased, today we see shortages in several material types, mainly related to the automotive industry. This led to very rapid and large price increases for steel, as well as raw materials at the end of 2020 and the beginning of 2021. The information BE Group has regarding the development of the Swedish distribution market shows a negative market growth of -7.6 percent and on the Finnish market shows a negative market growth of -1.7 percent.

Group structure and organization

The Group consists of two business areas, Sweden & Poland and Finland & Baltics, with a business focus on the Group's main markets. Parent Company & consolidated items include the Parent Company, Group eliminations and also parts of the Group's operations undergoing restructuring, BE Group Czech Republic, BE Group Slovakia and RTS Estonia. The restructuring of these operations are in all material aspects completed. BE Group Produktion Eskilstuna has been liquidated during the year.

Net sales and business performance

During the year, consolidated net sales decreased by 16 percent compared to last year, amounting to SEK 3,672 M (4,359). Tonnage in business areas Sweden & Poland decreased by 14 percent compared to last year while Finland & Baltic delivered 5 percent less. Net sales were also negatively impacted by price and mix effects of 5 percent and currency effects of 1 percent. Inventory losses of SEK -17 M (-6) also affected the period.

Gross profit amounted to SEK 548 M (605), with a gross margin of 14.9 percent (13.9). Adjusted for inventory gains and losses, the gross margin increased to 15.3 percent (14.0).

The operating result amounted to SEK 39 M (88) corresponding to an operating marging of 1.1 percent (2.0). Sales and administration expenses were SEK 36 M or 7 percent lower then last year. Adjusted for inventory gains and losses of SEK -17 M (-6) and items affecting comparability of SEK -40 M (-), the underlying operating result increased to SEK 96 M (94). The operating margin increased to 2.6 percent (2.1).

Business area Sweden & Poland

Business Area Sweden & Poland accounted for 48 percent (51) of the Group's net sales in 2020. The business area includes the Group's operations in Sweden consisting of BE Group Sverige and Lecor Stålteknik, as well as the Polish operations. Net sales for the year decreased by 19 percent compared to last year, amounting to SEK 1,782 M (2,209). Operating result amounted to SEK -14 M (61) and was negatively impacted by items affecting comparability of SEK -35 M (-) related to the decision to centralize warehousing and production operations in Norrköping and to close the warehouse in Malmö. Adjusted for inventory gains and losses of SEK -11 M (-5) and the items affecting comparability, the underlying operating result amounted to SEK 32 M (67). In the result, intra-group expenses invoiced from the Parent Company have been eliminated except for expenses for IT and business systems.

Business area Finland & Baltics

In 2020, business area Finland & Baltics accounted for 52 percent (49) of the Group's net sales. The business area consists of the Group's operations in Finland and the three Baltic States. Net sales decreased by 12 percent compared to last year, amounting to SEK 1,896 M (2,157). The operating result improved to SEK 63 M (53) and was negatively impacted by items affecting comparability of SEK -5 M (-) related to the restructuring of operations in the Baltics. Adjusted for the items affecting comparability and inventory gains and losses of SEK -6 M (0), the underlying operating result increased to SEK 74 M (52). In the result, intra-group expenses invoiced from the Parent Company have been eliminated except for expenses for IT and business systems.

Parent Company & consolidated items

Parent Company & consolidated items include the Parent Company, Group eliminations and also parts of the Group's operations undergoing restructuring. The effects regarding IFRS 16 were reported under Parent Company & consolidated items and have not been allocated to the two business areas.

Parent Company

Sales for the Parent Company, BE Group AB (publ), amounted to SEK 79 M (97) during the period and derived from intra-Group services. These intra-Group services mainly include licensing fees regarding the subsidiaries' use of the BE Group brand and central expenses for IT, Finance and Purchasing, etc. The expenses are distributed and invoiced to all subsidiaries in the Group. In the result follow-up of the business areas, intra-group expenses were eliminated except for expenses for IT and business systems. Out of the total costs for the Parent Company, of SEK 42 M (53), SEK 31 M (39) was distributed to the subsidiaries.

The operating result amounted to SEK 53 M (44). Net financial items amounted to SEK 37 M (-3). The result before tax amounted to SEK 75 M (48) and the result after tax was SEK 73 M (38). At the end of the year, Parent Company equity amounted to SEK 715 M (642). Investments in the Parent Company amounted to SEK 2 M (0). At the end of the year, cash and equivalents in the Parent Company amounted to SEK 152 M (145).

Net financial items and tax

Consolidated net financial items amounted to SEK -28 M (-16) and net interest accounted for SEK -18 M (-22), of which SEK -11 M (-11) is related to leasing according to IFRS 16. Tax amounted to SEK -7 M (-22). Result after tax amounted to SEK 4 M (50) including items affecting comparability of SEK -40 M (-).

Cash flow

Cash flow from operating activities increased to SEK 341 M (200), of which SEK 89 M (78) is an effect of IFRS 16. In addition to this, approximately SEK 30 M refers to a deferral of tax payments. The cash flow from investing activities amounted to SEK -21 M (-37). Cash flow after investments thereby amounted to SEK 320 M (163).

Capital, investments and return

At the end of the period, consolidated working capital amounted to SEK 343 M (549) and average working capital tied-up was 12.8 percent (13.1). Of the year's investments, totalling SEK 21 M (25), investments in intangible assets accounted for SEK 0 M (-) and investments in tangible assets for SEK 21 M (25). The return on capital employed excl. IFRS 16 decreased in comparison to last year and amounted to 2.3 percent (5.6).

Financial position and liquidity

At the end of the period, consolidated cash and equivalents, including overdraft facilities, were SEK 316 M (318) and consolidated interest-bearing net debt excl. IFRS 16 amounted to SEK 156 M (373). At the end of the period, equity amounted to SEK 905 M (922) and the debt/equity ratio was 17 percent (40).

Employees

BE Group considers the employees to be the Group's most important resource. They are the face towards customers and suppliers and it is therefore important that everyone who works at BE Group contributes to the company being perceived as an economically, socially and ethically responsible company. It is the people at BE Group who make things happen and make it possible for the company to keep its promises. The corporate culture is based, among other things, on what BE Group has defined as its core values. These values act as guidance in the day-to-day work of everyone within BE Group. They address how the employees behave towards one another, as well as towards customers, suppliers and others with whom they come into contact. These are: Dynamic, Transparent and Sustainable.

The number of employees amounted to 618 compared to 639 at the same time last year and the average number of employees during the year amounted to 633 (652).

Environmental policy and environmental work

BE Group is working with environmental issues as an integrated part of its operations. With its position between steel producers and customers, it is in the area of transport in particular that BE Group is able to help lessen the environmental impact. In addition, BE Group works continuously to improve its own facilities' energy consumption, emissions and waste management.

Overarching environmental policy

A comprehensive environmental policy forms the basis of BE Group's environmental work. The policy states that BE Group shall:

- As a minimum comply with current environmental legislation and requirements from local authorities.
- Be economical in the use of energy and natural resources.
- Work to decrease the amount of waste and emissions from the facilities.
- Identify opportunities to make adjustments benefiting the environment when making investments and changes in processes and facilities.
- Maintain a high level of awareness on environmental issues through ongoing training.
- Document and communicate environmental work to employees and provide open and objective information to external stakeholders.

BE Group is engaged in operations at two sites in Sweden for which environmental permits are required. In Finland, operations in one site require environmental permits. Group companies have obtained special permits to engage in operations in the countries where such permits are required. All operations within the Group, with the exception of Lecor Stålteknik, are certified under the ISO 14001 environmental management system.

Risks and risk management in BE Group

BE Group's profits and financial position are affected by a large number of factors. Several of these are beyond the Company's own control. The Group operates in several countries and is therefore exposed to various risks as a consequence of differences in legislation, regulations and guidelines. Risk management within the Group is guided by established policies and procedures that are revised by the Board of Directors and/or Group Management on an ongoing basis. The most important risks and factors of uncertainty for BE Group can be divided between:

- Market risks (economic and steel price trend)
- Operational risks (suppliers, customers, contractual relationships, personnel, product liability, legal and environmental liability)
- Financial risks (currency risk, interest risk, refinancing risk and credit risk)
- Sustainability-related risks (environment, health and safety, human rights and corruption)

Market risks

Economic trend

BE Group has a large number of customers in different industries and is therefore affected by the general economic climate. A weak economic trend increases the risk of lower demand for the Group's products, resulting in lower sales revenues. In addition, a weaker economy can lead to low inventory turnover, falling prices and inventory losses on existing inventories. BE Group's strategy regarding inventory levels is to warehouse products based on estimated customer demand. The various companies in BE Group strive to maintain a level of inventory turnover suited to the market and local conditions of each company. The operational control of inventory levels is exerted by means of targets for the number of inventory days.

Steel price trend

The steel industry is influenced by economic developments. As a consequence, steel price trends are volatile and are affected by the balance between the production offering and demand for steel at the different points along the value chain. Steel prices affect BE Group such that higher market prices provide a greater contribution towards covering the Group's costs given a constant gross margin. The steel price trend also affects final sales prices for products held in inventory, which for BE Group entails a financial impact in the form of inventory gains and losses. To limit these inventory effects, BE Group is working actively to reduce the number of inventory days while maintaining its level of service towards customers. Consequently, falling steel prices have a negative impact on BE Group's operations and earnings, while increased prices have a positive impact.

The table below shows the estimated effect on underlying operating result of changes in steel prices and sold tonnage. The sensitivity analysis is based on the outcome for 2020 and assumes a constant underlying gross margin.

	Change	Operating result effect
Steelprice	+/-5 %	+/-20 MSEK
Tonnage	+/-5 %	+/-22 MSEK

Covid-19

During the year, BE Group has seen a negative impact on business due to Covid-19, although there was some recovery at the end of the year. A number of measures have been implemented to mitigate the effects, such as Government grants, renegotiated agreements and increased control of working capital and costs. BE Group is also looking at other possible savings measures. It is currently not possible to fully quantify the impact that Covid-19 may have on the company. BE Group is monitoring developments closely and is prepared to take further measures to reduce the negative impact on the business. The company acts in accordance with decisions and recommendations from governments and authorities in the respective markets and with the health and well-being of its employees as a top priority.

Operational risks

Suppliers

BE Group's product range consists of materials from several different suppliers. The Group strives to establish relations with the best steel producers and to maintain sustainable, long-term cooperation. To safeguard access to materials on each individual occasion, the Group seeks to always maintain relations with several suppliers in each product group. Over the year, BE Group has cooperated with more than 500 suppliers. Before establishing new business relationships and entering into agreements, suppliers' capacity to meet BE Group's demands in terms of finance, quality, logistics, the environment and other aspects is ascertained.

In BE Group's assessment, it is not dependent on any single supplier and all major suppliers are considered fully replaceable, so disruption to deliveries by any one of them does therefore not entail long-term consequences for operations. In 2020, the largest single supplier accounted for 19 percent (17) of the Group's purchases. Combined, the ten largest suppliers accounted for 53 percent (54) of the Group's total purchasing. BE Group is exposed to the risk that deliveries from suppliers could be substantially delayed in the event of interrupted production, capacity shortage or transport issues, outside the control of BE Group. This can mean loss of income and/or more expensive actions to meet our commitments to customers.

Customers

BE Group's operations are conducted in several different markets and to numerous customer categories. The ten largest customers accounted for 13 percent (13) of total sales in 2020. BE Group has a large number of customers in different industries and consequently, a good risk diversification. The Company actively works to manage credit risks (see Note 31 for further information) by setting credit limits and focusing on collecting overdue receivables.

Increased direct deliveries from steel producers

Users of steel have mainly two sources of purchases: directly from steel producers or from trading and service companies. Traditionally, many large-scale users have bought directly from producers, while small and medium-sized users have often made use of trading and service companies. There is, however, a risk that producers will try to extend their direct sales, reducing the use of trading and service companies as agents.

Contractual relations

The Group is custom to rely primarily on its good and often long-term relations with customers and suppliers, and on the normal practices that have been established between the parties. There are specific agreements with some of BE Group's larger customers and suppliers.

Human Resources

BE Group depends on competent employees for its future development and success. The ability to recruit, retain and develop qualified employees and to be an attractive employer is important. The effect on the operations could be negative if key personnel leave and suitable successor can not be recruited. BE Group has compiled a number of values that reflect the spirit of the Group and pervade its management. BE Group's commercial competence is continuously developed through training and recruitment. Training efforts include broad programs aimed at many employees, as well as specialized solutions for individuals.

Product liability

In the event of defect products, some of the products that BE Group sells could cause personal injury or other harm, thereby incurring a risk of claims for damages in accordance with the product liability laws of the country concerned. BE Group has taken out the conventional liability insurance policies on its operations.

Legal

Since BE Group maintains operations in several countries, the Group is exposed to different laws, regulations, agreements and guidelines, as well as to changes in the stipulations within these. Among other things, regulations include trade restrictions, such as customs duties and tariffs, requirements for import and export licenses, restrictions on movements of capital and tax regulations. In all commercial operations, disputes may arise as a consequence of differences of opinion on issues of responsibility and interpretations of contract terms. From a risk perspective, BE Group is not dependent on any individual commercial agreement that could significantly limit the Group's operations.

Environmental legislation and responsibility for the environment

BE Group's operations are subject to legislation pertaining to the environment, as well as regulations on emissions to the atmosphere and water, waste management and the workplace environment. BE Group could become liable for environmental damage caused by operations conducted, or that have previously been conducted by the Company. According to Swedish law, certain environmental liability is not subject to limitations of time. It cannot be ruled out that operations such as those that are conducted, or have been conducted, by BE Group could lead to liability for environmental impacts that do not appear until much later.

Financial risks

For an account of financial risks, see Note 31.

Sustainability-related risks

For an account of sustainability-related risks, see the Sustainability Report.

Share-related information

Ownership structure

The BE Group share has been listed on the Nasdaq Stockholm Exchange since the end of 2006. At the end of the financial year, BE Group had 4,371 shareholders, compared to 4,768 at the end of last year. AB Traction and Svedulf Fastighets AB were the two largest owners with 23.7 percent and 23.2 percent of the shares, respectively. Information regarding other major owners is available under The Share. At the end of the year, the proportion of institutional ownership (legal entities) totalled 67.2 percent and foreign ownership was 11.3 percent.

At the end of 2020, the four members of Group Management together held 9,105 shares in BE Group. At the same time, the company's directors together held 3,145,282 shares, including shares in close association. The disclosures regarding shareholdings in BE Group for the Board of Directors and Group Management refers to own and physically related owned shares, endowment insurance and legally owned shares which directly or indirectly is controlled by the person or its relatives.

BE Group held 26,920 treasury shares at the close of 2020.

Share capital, shares outstanding and rights

The registred share capital amounted to 13,010,124 (13,010,124) common shares on December 31, 2020. Each share has a quotient value of SEK 20.00 (20.00). According to the Articles of Association, minimum share capital in the Company is SEK 150,000,000 and maximum share capital SEK 600,000,000, with a minimum of 10,000,000 and a maximum of 40,000,000 shares. Share capital is determined in Swedish kronor.

All shares convey equal rights to a percentage of the Company's net assets, profits and any surplus upon liquidation. Each share carries one vote and there is only one class of shares. There is no limit to the number of votes a shareholder may cast at the Annual General Meeting or with respect to transfer of shares. The Company is aware of no agreements between shareholders which may limit the right to transfer shares.

Further information about the BE Group share is provided on www.begroup.com.

Authorization to the Board of Directors

The Annual General Meeting resolved to authorize the Board of Directors, on one or several occasions and not later than the 2021 Annual General Meeting, to make decisions regarding the transfer of treasury shares for the purpose of financing smaller corporate acquisitions. Transfers of at most 26,920 shares, corresponding to the company's existing holding of treasury shares, may deviate from shareholders' preferential rights. Transfers may be applied as payment of all or part of the purchase consideration in the acquisition of companies or operations or parts of companies or operations, in which case the payment shall correspond to the assessed market value of the shares. Alongside share transfers, payment may be effectuated through capital contributed in kind or by setting off claims against BE Group. Transfers may also be made on cash payment through sales on the Nasdaq Stockholm Exchange at a price within the price interval registered at any given time – that being the interval between the highest bid price and lowest asking price at the time of sale. The Board of Directors shall have the right to decide on other conditions for the transfer. However, the conditions shall be market-based.

During the year, no treasury shares were transferred and BE Group holds 26,920 treasury shares, corresponding to 0.2 percent of the share capital, which was acquired for a total amount of SEK 21 M.

Dividend and dividend policy

According to BE Group's dividend policy, the Group will distribute at least 50 percent of profit after tax, over time. BE Groups financial positions and future outlook shall be taken into account in determining the payment of dividends. The Board of Directors proposes that no dividend (-) will be paid for the financial year of 2020.

Corporate governance

The Corporate Governance Report is presented on pages 66-69.

Remuneration principles for senior executives

The annual general meeting 2020 resolved on the guidelines for executive remuneration. The individuals who are members of the group management of BE Group during the period of which these guidelines are in force, fall within the provisions of these guidelines. The guidelines are forward-looking, i.e. they are applicable to remuneration agreed and amendments to remuneration already agreed. These guidelines do not apply to any remuneration decided or approved by the general meeting. The actual remunerations agreed during the year are detailed in Note 3.

The guidelines' promotion of BE Group's business strategy, long-term interests and sustainability

BE Group is a trading and service company in the steel and metal industry. Customers mainly operate in the construction and manufacturing industries in Sweden, Finland and the Baltic States, where BE Group is one of the market's leading actors. With extensive expertise and efficient processes in purchasing, logistics and production, BE Group offers inventory sales, production service and direct deliveries to customers based on their specific needs for steel and metal products. BE Group's vision is to be the most professional, successful and respected steel service company in the markets where the company is active. A prerequisite for the successful implementation of BE Group's business strategy and safeguarding of its long-term interests, including its sustainability, is that the company is able to recruit and retain qualified personnel. The objective of BE Group's guidelines for executive remuneration is therefore to offer competitive remuneration on market terms, so that competent and skillful personnel can be attracted, motivated and retained. These guidelines enable the company to offer the executive management a competitive total remuneration. For more information regarding the company's business strategy, please see www.begroup.com.

Types of remuneration, etc.

The remuneration shall be on market terms and may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. Additionally, the general meeting may – irrespective of these guidelines – resolve on, among other things, share-related or share price-related remuneration.

Fixed cash salary

The fixed cash salary for the senior executives within BE Group shall be individual and differentiated on the basis of the individual's responsibility and performance, and shall be determined annually.

Variable cash remuneration

The variable cash remuneration shall be based on predetermined, well-defined and measurable financial criteria for the group and the relevant business area and may amount to not more than fifty (50) percent of the total fixed cash salary during the measurement period for the criteria. The criteria for variable cash remuneration shall mainly relate to the group's and the business area's respective underlying operating result and, in addition, individual criteria may be established. The criteria shall be designed so as to contribute to BE Group's business strategy and long-term interests, including its sustainability, by for example being linked to the business strategy or promoting the senior executive's long-term development within BE Group. The satisfaction of criteria for awarding variable cash remuneration shall be measured over a period of one year.

Pension benefits

For the CEO and other senior executives, pension benefits shall be premium defined. Variable cash remuneration shall not qualify for pension benefits. The pension premiums for premium defined pension shall amount to not more than 30 percent of the fixed annual cash salary.

Other benefits

Other benefits may include, for example, life insurance, health and medical insurance, company cars and housing allowance. Such benefits may amount to not more than 10 percent of the fixed annual cash salary.

Foreign employments

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

Criteria for awarding variable cash remuneration, etc.

The remuneration committee shall prepare, monitor and evaluate matters regarding variable cash remuneration. After the measurement period for the criteria for awarding variable cash remuneration has ended, it shall be determined to which extent the criteria have been satisfied. Evaluations regarding fulfilment of financial criteria shall be based on established financial information for the relevant period. Remuneration to the CEO shall be resolved by the Board of Directors. Remuneration to other senior executives shall be resolved by the CEO, after consulting the remuneration committee.

Variable cash remuneration can be paid after the measurement period has ended or be subject to deferred payment. The Board of Directors shall have the possibility, under applicable law or contractual provisions, to in whole or in part reclaim variable remuneration paid on incorrect grounds (claw-back).

Employment term and termination of employment

The notice period may not exceed twelve months if notice of termination of employment is made by the company. Fixed cash salary during the period of notice and severance pay may together not exceed an amount equivalent to the fixed cash salary for twelve months for the CEO and other senior executives. The period of notice may not exceed six months without any right to severance pay when termination is made by the executive.

Salary and employment conditions for employees

In the preparation of the Board of Directors' proposal for these remuneration guidelines, salary and employment conditions for employees of the company have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the remuneration committee's and the Board of Directors' basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable.

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

The Board of Directors has established a remuneration committee. The committee's tasks include preparing the Board of Directors' decision to propose guidelines for executive remuneration. The Board of Directors shall prepare a proposal for new guidelines at least every fourth year and submit it to the general meeting. The guidelines shall be in force until new guidelines are adopted by the general meeting. The remuneration committee shall also monitor and evaluate programs for variable remuneration for the executive management, the application of the guidelines for executive remuneration as well as the current remuneration structures and compensation levels in the company. The members of the remuneration committee are independent of the company and its executive management. The CEO and other members of the executive management do not participate in the Board of Directors' processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

Derogation from the guidelines

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

Provisions of the Articles of Association on appointment and discharge of directors and amendment of the Articles of Association

There are no provisions in the Articles of Association on appointment and discharge of directors and amendment of the Articles of Association. In accordance with the provisions in the Companies Act, directors are elected by the Annual General Meeting for the period extending until the close of the first Annual General Meeting after that at which they were elected, and amendments to the Articles of Association are determined by the Annual General Meeting in accordance with the regulations set out in the Companies Act.

Contingent liabilities

Consolidated contingent liabilities amounted to SEK 6 M (13).

Significant events during the financial year

The full scope and duration of the on-going pandemic are not yet known, which means that it is not possible to fully quantify its future impact on BE Group. The uncertain market situation has led BE Group to take several measures necessary to mitigate the effects of Covid-19. This primarily concerned the operations in Sweden and the company made use of Government grants, such as the introduction of short-term lay-offs, for example. Government grants linked to Covid-19 contributed around SEK 10 M during the year. These grants are recognized as cost-reductions of the items the grants pertains to. As a precautionary measure, the company has also applied for and been granted a deferral of tax payments of approximately SEK 30 M during the year.

BE Group is monitoring the development closely and is prepared to take further steps to reduce the negative impact on the business. The company acts in accordance with decisions and recommendations from governments and authorities in the respective markets and with the health and well-being of its employees as a top priority.

Significant events after the end of the financial year

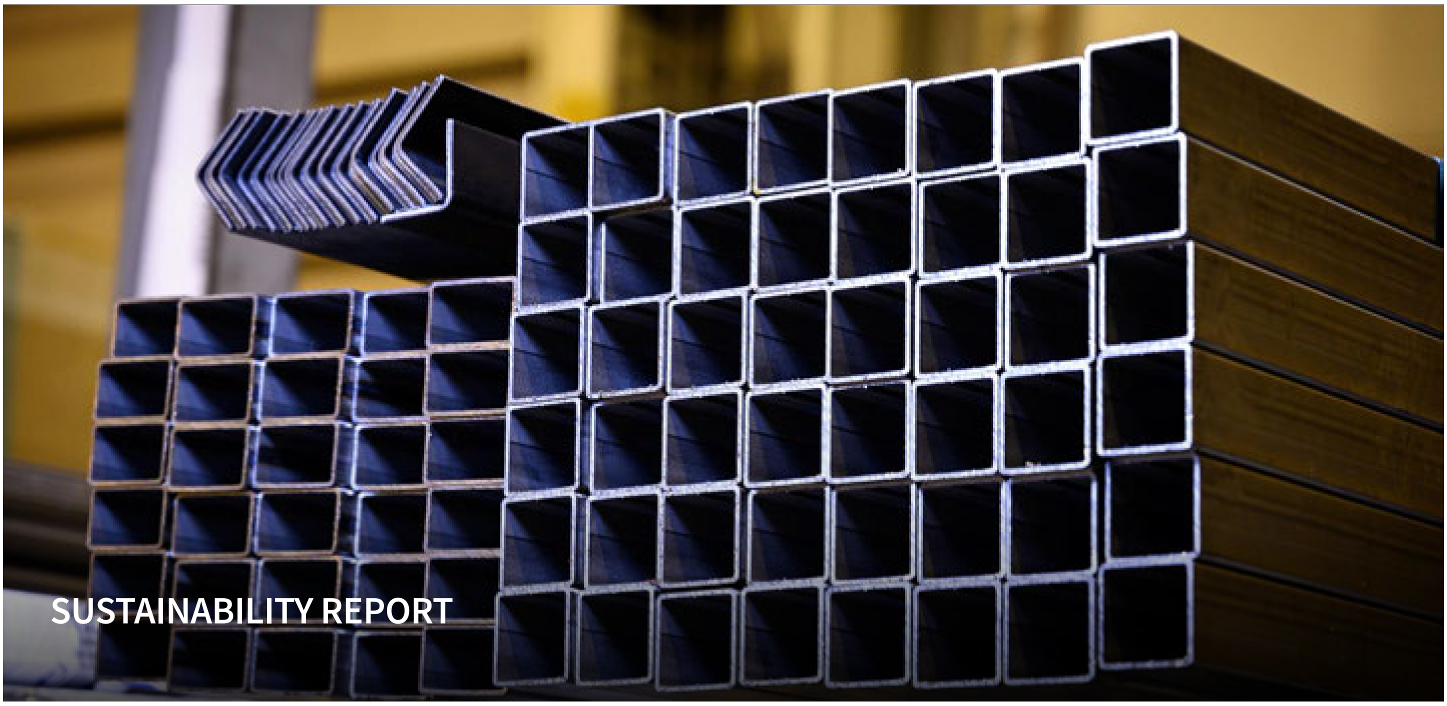
No significant events have taken place after the end of the period.

Accounting principles

As of January 2005, the consolidated accounts are prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Commission for application within the European Union. A more detailed explanation of accounting principles is available under "Accounting principles".

Appropriation of earnings

The Board of Directors' proposal for the appropriation of earnings is detailed under Appropriation of Earnings and in note 24.



SUSTAINABILITY REPORT

BE Group's sustainability work is based on the ambition to create corporate social responsibility, which pervades the entire business. BE Group is working to limit the organization's environmental impact and is striving to be an economically, socially and ethically responsible actor. This sustainability report applies to the Group and all wholly owned subsidiaries.

"The past year has been tough for many businesses due to the extensive effects of Covid-19. Completely new challenges have required sustainable solutions and the focus has been on efficiencies and reducing costs. Working from home has become part of everyday life and the lack of social contacts has been challenging the employees. The operations were adapted during the year and, as in many other companies, most meetings now take place digitally. The personal meetings have been replaced and we are all struggling to adapt to the new normal. Sustainability work has become increasingly important, we realize that we are very vulnerable both personally and as a company when a pandemic is at the door. This is neither the first nor the last crisis we will go through, the climate is changing and societies are changing, but if we are strong and adaptable, we will, together, develop sustainable solutions."

Peter Andersson, President and CEO

Business model

BE Group is a trading and service company that offers efficient distribution and value-generating production service in steel, stainless steel and aluminum to the construction and manufacturing industries in Europe.

BE Group's role is to compensate for the gap between steel producers' delivery capacity and steel consumers' needs. In general, the individual steel producers provide a limited selection of products, often in large quantities and with relatively long lead times. However, many steel consumers seek a single coordinated supply of several different products in smaller quantities with short delivery times. Purchasing is then normally conducted via a steel service company, where BE Group is one of the leading producer-independent alternative in its markets. BE Group creates value to its customers through efficiency and coordination of sourcing, transportation and warehousing of a wide selection of commercial steel, engineering steel, stainless steel and aluminum. BE Group's sales to customers take place in three different ways; Inventory sales, Production service sales and Direct sales.

Strategy

The overall strategic focus is for BE Group to become the best in our industry at sales and customer experience with three focus areas:

- Sales culture – The heart of our business
- Customer experience – Customized offerings with efficient distribution and value-generating production service
- Digitalization – Focus on developing new sales channels through digitalized processes

As a part of this work, sales training was held in 2020 and each country organization have been working on identifying what is good and what can be improved and have developed priority areas for the respective operations. This work will continue in 2021. During the year, the Group also worked on an e-commerce portal that is to be launched in the first half of 2021.

BE Group's sustainability work

The sustainability issues are an important part of the operations and the goal is for them to be an integral part of daily activities and be taken into account in all strategic decisions and investments. The scope of the sustainability work is set by the Group management team and issues concerning strategy, goals, follow-up and communication are handled by them. The managing director of the respective unit has the operating responsibility and sets local goals and plans that are followed up by the Group management team. The results of this work is reported to BE Group's Board of Directors and through the sustainability reporting to investors, media and other external stakeholders.

The sustainability work is based on the UN Global Compact's 10 principles for responsible enterprise and the Group works with the following:

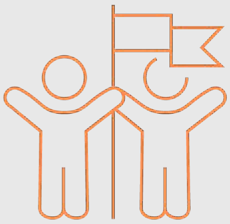
- *BE Group strives to create a safe, inclusive and stimulating workplace*
  The Company shall work for a good and safe working environment where accidents, injuries and illness are prevented and that the right expertise and knowledge are in the Company. BE Group works to ensure diversity and equal opportunities. The goal is for everyone in the organization to be aware of BE Group's Code of Conduct and comply with it, and to adopt the Group's values.
- *BE Group works in a goal-oriented way to limit its environmental and climate impact*
  The Company strives to continuously improve its own facilities regarding energy consumption, emissions and waste management.
- *BE Group shall be a reliable partner to its business partners, suppliers and customers*
  The Company will apply sound business principles and be financially responsible. The prevention of corruption is an important part of this work. BE Group strives to develop and maintain a transparent and responsible dialog with its key stakeholders.

In 2020, the Group management team began work to map the business based on the global sustainable development goals in Agenda 2030. Group management has defined the following goals as particularly relevant to the business. Goal 5: Gender Equality, Goal 7: Affordable and Clean Energy, Goal 8: Decent Work and Economic Growth, Goal 12: Responsible Consumption and Production, Goal 13: Climate Action, Goal 16: Peace, Justice and Strong Institutions. The work of identifying ways to measure and follow up the goals will continue in 2021.

BE Group´s key stakeholders

In both the long term and in the daily work, BE Group affect and are affected as a company by various stakeholders, including these key stakeholders:

Stakeholder	Expectations on BE Group	Example of dialogue
Customers	BE Group shall add value to all customer segments in accordance with its business model and acts with responsiveness to customer needs and in a manner that promotes trust, strengthening relations with existing customers and attracting new ones.	Dialogue is conducted for example through personal interaction, daily contacts, trade fairs, customer surveys and the website.
Employees	BE Group shall act responsibly both internally and externally to attract, develop and retain competent employees. Our core values guide us in how we behave towards one another in our day-to-day work.	Dialogue is conducted for example in everyday discussions, workplace meetings, employee surveys, union collaboration, internal training, incident follow-up, performance and guidance talks.
Shareholders	BE Group is to generate value for its shareholders through responsible and profitable company based on the Group's business model and strategies for profitability.	Dialogue is conducted for example through the Annual General Meeting, annual reports, sustainability reports, interim reports, the website and investor meetings.
Suppliers	BE Group shall add value by providing efficient distribution, warehousing, pre-processing services and knowledge about our markets. The Group strives to strengthen sustainability work among suppliers through dialogue and by setting requirements.	Dialogue is conducted for example through personal interaction, daily contacts, quarterly meetings and cooperation projects.
Society	BE Group wants to contribute to positive social development by generating job opportunities in its own operations and among partners. BE Group shall be an open and easily accessible actor that communicates with the greatest possible transparency within the regulatory framework regarding market-sensitive information.	Dialogue is conducted for example through study visits, collaborative projects, networks and sponsorship.



Corporate culture

BE Group strive to create and be an attractive workplace where everyone is treated with equal respect and dignity and encourage a culture with equal opportunities and diversity. All of the workplaces shall be free from harassment and discrimination. The Group strives to create a sustainable and healthy work environment and all workplaces in BE Group shall be safe and pleasant. The employees are our most valuable asset and a prerequisite for the Company to perform well.

Code of conduct

BE Group's Code of Conduct is established by the Board of Directors and comprises all operations and employees within BE Group. The ethical guidelines provide guidance in the daily work to achieve the Group's goals and point out everyone's responsibilities towards business partners, owners, employees and society. The Code addresses issues of business ethics, anti-corruption, child labor, equality, work environment, career issues and competence development.

The Core values

BE Group's corporate culture is based on what is defined as the Group's core values. These values act as a guide in the day-to-day work of everyone within BE Group. They address how to behave towards one another, as well as towards customers, suppliers and others you come into contact with. These are:

- Dynamic – Innovative and action-oriented
- Transparent – In performance and leadership
- Sustainable – In all daily and strategic decisions regarding environment, people and profitability

Leadership principles

In addition to the values, BE Group has leadership principles that are common to the entire Group. These should create uniformity and clarity regarding the expectations of how the managers should be and act to contribute to creating a good working environment and a successful company.

Work environment and health

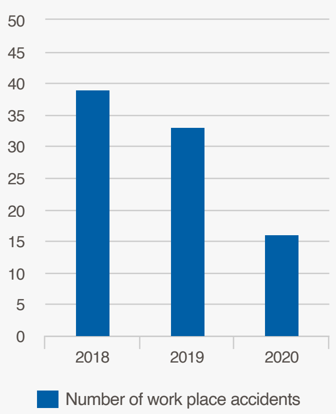
A Safety First policy has been in place since 2019 with a zero vision regarding workplace accidents, where the basic idea is that all accidents can be prevented. Safety must come first at all times. There is still some way to go to the zero vision, but in 2020 the number of accidents that resulted in absence was nearly cut in half compared with 2019. During the year, training was conducted and safety reviews are a part of the daily operations. Each accident and incident is to be reported, evaluated and followed up.

Once a year, BE Group conducts a Group-wide employee survey to ensure that the strengths and improvement areas that exist in the work environment are illustrated. The survey is done anonymously and takes up issues that, among other things, include the Company's strategy, values and safety and shed light on any harassment at the workplace. The results are presented by department and every group work on preparing an action plan for the improvement areas established. The employees shall have the possibility of influencing their work situation and, besides the employee survey, performance reviews are held with the immediate manager.

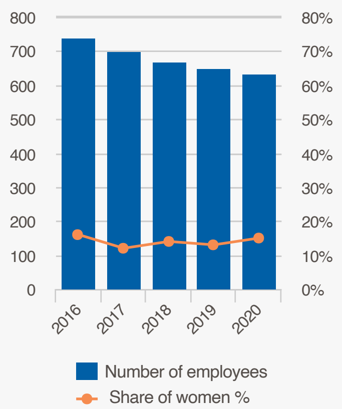
Whistle-blower policy

There is a whistle-blower policy, translated into all languages, which means that all employees have the possibility to anonymously report serious irregularities within the Group to an external party without risking being opposed or harassed.

NUMBER OF WORK PLACE ACCIDENTS WITH ABSENCE



EMPLOYED MEN/WOMEN



The work of creating equal opportunities and diversity will be intensified in 2021. For example, the percentage of women in the organization is low and work will begin to look at how to create conditions to attract more female employees and managers. This is part of the management team's work linked to the global sustainable development goals in Agenda 2030.

Environment

BE Group actively works with environmental issues as an integrated part of the operations and the foundation of the environmental work is a Group-wide environmental policy. The units work locally with the environmental issues linked to the operations with focus on continuously improving its own facilities regarding energy consumption, emissions and waste management. All operations, except for Lecor Stålteknik, are certified according to the international environmental standard ISO 14001. During 2020, 80,7 percent (77,7) of purchase came from ISO 14001 certified suppliers.

In the processing chain from the steel producers to the customers, it is at the producer level that the majority of carbon dioxide emissions take place. With its position between steel producers and customers, it is in the area of transport in particular that BE Group is able to contribute in reducing the environmental impact. According to BE Group's estimates, the Group's facilities account for around 1 percent of the total carbon dioxide emissions in the value chain, the transports to and from the facilities account for around 5 percent and the remaining 94 percent originates from the producer level.

GHG calculations

Since 2013, BE Group has made calculations of carbon dioxide emissions according to the recommendations in the Greenhouse Gas Protocol, GHG Scope 1-2. Calculations indicate that the Group in total had CO_2 emissions of 9 kilo per sold ton (8,5) in 2020 which is a decrease in emissions by around 60 percent compared to the base year of 2013 but an increase compared to last year. The deterioration is because the tonnage handled decreased during the year, but the need for heating at the facilities remained the same and that all thermal energy is still not carbon-dioxide free.

BE Group's total energy consumption amounted to 77 kWh/ton (80) during the year. Carbon dioxide emissions from in-house operations are reduced through greater use of fossil-free energy carriers, such as electricity, biogas and district heating, and by a more efficient energy consumption. Consumption is affected by the delivery volumes and production activities (material processing and service), which are most energy intensive. Warehousing in itself is less energy intensive.

Emissions and waste handling

BE Group's own operations cause only limited emissions. Emissions primarily originate from the production units in Malmö, which is being closed, Norrköping and Turku where operations such as painting and blasting are carried out. The purification of solvents (VOCs) from painting facilities and dust from blasting and cutting equipment is efficient and is continuously followed up.

Residual materials in BE Group's operations are principally metals, wood and cardboard. These are sorted and recycled to the greatest possible extent. Steel production is a heavy and energy-intensive industry, but at the same time, the life expectancy of steel structures is long and the recycling rate is high compared with many other materials. In 2020, the Group recycled a total of 99 percent (98.7) of the total number of residual products from the operations.

Transportation

The objective is that as much of the material as possible is to be sent by train or boat and, where this is not possible, the transports are made by truck. Less than half of the transports are today made by road and the Group is actively working to find transport companies that have an explicit and deliberate sustainability and environmental focus. The transports are increasingly made by trucks powered by diesel with an add-mixture of non-fossil HVO/BIO components and today, there are also a few trucks powered by biogas. The units in Sweden and Finland are, together with the transport companies, gathering detailed data for current fuel consumption to obtain more knowledge of the emissions and how the company can affect them from an environmental perspective.

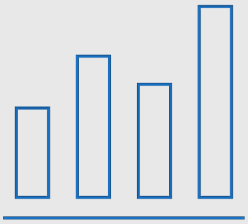
Travel

During the year, travel decreased considerably mainly due to restrictions related to Covid-19. Video conferencing equipment was purchased for the facilities in Sweden and Finland to facilitate digital meetings. The work on a new car policy that promotes environmentally friendly options is ongoing.

Operations

BE Group strives to be a reliable partner to its business partners, suppliers and customers and encourages transparency and openness, on condition that it does not harm the business or is in conflict with Nasdaq's rules for publicly traded companies. BE Group seeks to be a reliable, long-term and responsible members of society that acts based on current laws and rules and transparently balances shareholder interests with societal interests.

In order to grow and develop, good business ethics must be ensured and the subsidiaries are expected to comply with the ethical guidelines in the Code of Conduct. The managing directors of the respective companies are responsible for it being applied in the operations.



Anti corruption

BE Group's Code of Conduct contains guidelines for business ethics and anti-corruption. As part of the management team's work with Agenda 2030, the work towards anti-corruption is to be intensified and management will prepare an anti-corruption policy in 2021.

Code of conduct for suppliers

The Code of Conduct for suppliers was introduced in 2017. It requires the suppliers to act responsible when it comes to human rights, work conditions, business ethics and environment.

Taxes

BE Group conducts operations in various countries with different tax laws and legislative authorities and strives to pay the correct tax in every country. Changes in laws and case law are continuously monitored so that taxes are handled in accordance with current laws and rules. Cautiousness and transparency are to be guiding concepts for all decisions in which tax legislation, case law and/or statements by authorities lead to unclear or conflicting answers to how a certain tax issue should be interpreted. If applicable, guidance is sought at the local tax authority or with external tax advisers, such as audit and accounting firms, to clarify relevant tax issues.

BE Group shall refrain from aggressive or advanced tax planning. Aggressive tax planning refers to transactions that have no other business purpose than to lower taxes or transactions that may risk the Company's reputation and the perception of the Company as a responsible member of society.

Examples of steering documents/activities

Code of Conduct
Core Values – Dynamic, Transparent, Sustainable
Leadership principles
Performance reviews
Employment surveys
Training and competence development
Whistle-blower policy
Internal control, such as for example audits of the environmental and quality work

Customer surveys
Supplier evaluations
Code of Conduct for suppliers
Calculations of carbon dioxide emissions (GHG)
Mapping of transportations
Use of fossil-free energy carriers
Recycling of residual materials
Certificates and standards, such as ISO 9001, ISO 14001, EN 1090-1, 1090-2 och 1090-3

Sustainability-related risks and risk management

BE Group identified a number of sustainability-related risks and uncertainty factors for the operation. These risks and the work on them are briefly described below.

Environmental impact

Risk
Increased sales and production lead to a greater overall environmental impact. Currently unknown decontamination costs may also negatively impact BE Group's operations, earnings and financial position. Compliance with relevant environmental legislation and other regulations in the environmental area are a prerequisite for avoiding sanction measures.

Management

BE Group works systematically to comply with rules and laws and to reduce the company's environmental impact and conduct quality and environmental management work that makes requirements on the units. BE Group works to reduce the environmental impact in the value chain, through the production and distribution process from suppliers to end users. This includes following up the removal of solvents from the painting facilities and dust emissions and waste management of residual products.

Energy use

Risk
Increased production leads to greater energy consumption. Not using energy from renewable sources, where this is possible, negatively impacts the environment.

Management

BE Group measures energy consumption at all of its facilities and in the procurement of energy, energy from fossil-free energy carriers shall be the first choice if possible. Looking at energy efficiency is also an important factor in investments.

Greater emissions from transports

Risk
BE Group primarily sells its products in six markets, which mean that transports of materials are unavoidable and use of transport services most often entails use of fossil fuels.

Management

BE Group works to optimize the logistics flows. The objective is that as much as possible is to be sent by train or boat and, where this is not possible, the transports are made by truck. More detailed data for the current fuel consumption are being gathered together with the transport companies and the Group is working actively on finding transport companies with an explicit and deliberate sustainability and environmental focus.

Deficient health and safety

Risk
The work environment, health and safety are central issues for BE Group. Deficiencies in safety and the work environment leads to a greater risk of illness and incidents for the company's employees.

Management
BE Group has a systematic work to secure and improve the work environment called Safety First. BE Group continuously monitors a number of parameters in the area of health and safety. Possibilities of improvements are discussed by the Group Management Team and locally at the units. Each accident and incident are reported, evaluated and followed up.

Deficient gender equality, diversity and discrimination

Risk
Shortcomings in implementation and compliance with BE Group's values can lead to deficient gender equality and diversity.

Management

BE Group annually conducts an employee survey with active follow-up of the results, where action plans are prepared for the identified improvement areas. The work is done with full transparency in relation to guidelines, employee manuals and reporting of violations regarding discrimination.

Human rights violations

Risk
BE Group is a company with units in several countries in Northern Europe and a geographically widespread supplier base. This means that insight regarding human rights may be limited and there is a risk that the company may involuntarily contribute to human rights violations.

Management

These issues are addressed in BE Group's Code of Conduct and it applies to all employees within BE Group including the Group Management Team. Board members, business partners, customers and suppliers are also encouraged to follow this Code of Conduct. For suppliers, there is also a separate Code of Conduct. Reporting of potential problems, inaccuracies, illegal behavior or improprieties can be made to the immediate manager or anonymously through the whistle-blower system.

Corruption

Risk
Corruption can exist to varying degrees in some countries and different sectors of society. Like many other companies, BE Group runs a risk of becoming involved in unethical transactions in the areas comprising sales and purchasing processes.

Management

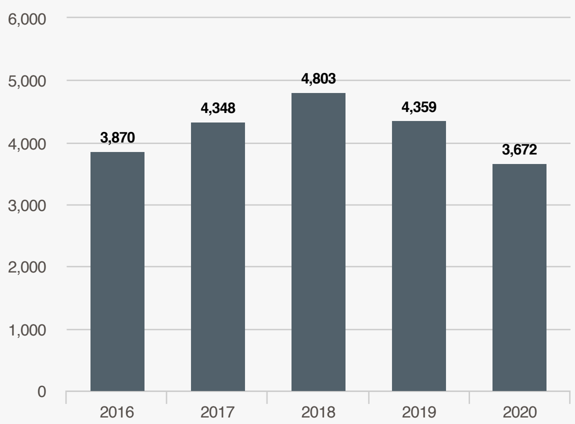
Within BE Group, there is zero tolerance to unethical business practices. The company conducts reviews of the company's Code of Conduct for the company's employees, suppliers and cooperative partners. Together with the framework for internal control and follow-up, this forms the basis of a business ethics approach and accurate financial reporting. BE Group applies central and local authorization manuals to avoid conflicts of interest and uses procurement processes that ensure good business ethics.

CONSOLIDATED INCOME STATEMENT

Amounts in SEK M	Note	2020	2019
Net sales	1	3,672	4,359
Cost of goods sold	2	-3,124	-3,754
Gross profit/loss		**548**	**605**
Selling expenses	2	-371	-389
Administrative expenses	2	-110	-128
Participation in earnings of joint venture	17	7	3
Other operating income	6	6	1
Other operating expenses	2, 7	-41	-4
Operating result	3, 4, 13, 14, 15	**39**	**88**
Financial income	8	2	11
Financial expenses	9	-30	-27
Result before tax		**11**	**72**
Tax	10	-7	-22
Result for the year attributable to Parent Company shareholders	11	**4**	**50**
Earnings per share before dilution	11	0.33	3.87
Earnings per share after dilution	11	0.33	3.87

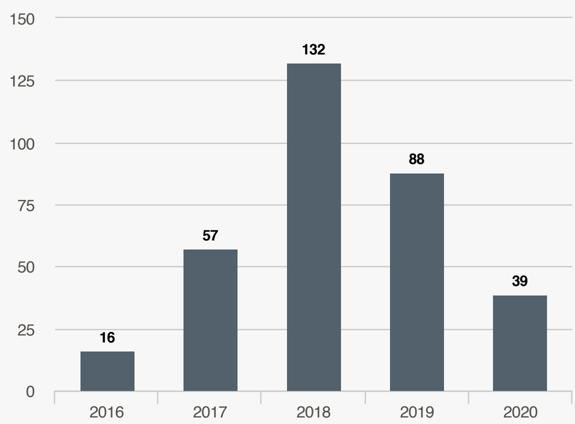
NET SALES, GROUP

SEK M



OPERATING RESULT, GROUP (EBIT)

SEK M



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in SEK M	2020	2019
Result for the year	**4**	**50**
Other comprehensive income		
Translation differences	-21	31
Hedging of net investments in foreign subsidiaries	0	-36
Tax attributable to items in other comprehensive income	0	8
Items that will not be reclassified to profit/loss for the period	**–**	**–**
Total other comprehensive income	**-21**	**3**
Comprehensive income for the year attributable to Parent Company shareholders	**-17**	**53**

CONSOLIDATED BALANCE SHEET

Amounts in SEK M	Note	2020	2019
ASSETS			
Non-current assets			
Intangible assets			
Goodwill	12	557	566
Other intangible assets	13	5	7
		562	**573**
Tangible assets	14	89	89
		89	**89**
Right of use assets	15	541	540
		541	**540**
Participations in joint ventures	17	117	110
		117	**110**
Financial assets			
Other securities held as non-current assets	18	0	0
Non-current receivables		0	0
		0	**0**
Deferred tax assets	25	24	21
		24	**21**
Total non-current assets		**1,333**	**1,333**
Current assets			
Inventories			
Goods for resale	20	501	642
		501	**642**
Current receivables			
Accounts receivable		376	387
Tax receivables		6	6
Other receivables		14	33
Prepaid expenses and accrued income	21	22	18
		418	**444**
Cash and equivalents			
Cash and equivalents		166	168
		166	**168**
Total current assets		**1,085**	**1,254**
TOTAL ASSETS		**2,418**	**2,587**

Amounts in SEK M	Note	2020	2019
EQUITY AND LIABILITIES			
Equity	22		
Share capital		260	260
Other capital contributions		251	251
Translation reserve		23	44
Retained earnings including result for the year		371	367
Equity attributable to Parent Company shareholders		**905**	**922**
Non-current liabilities			
Non-current interest-bearing liabilities	26, 31	321	536
Non-current leasing liabilities	15	457	449
Provisions	23	0	0
Deferred tax liabilities	25	42	44
Total long-term liabilities		**820**	**1,029**
Current liabilities			
Current interest-bearing liabilities	26, 27, 31	1	6
Current leasing liabilities	15, 27	84	92
Accounts payable		414	398
Tax liabilities		0	0
Other liabilities		93	66
Accrued expenses and deferred income	28	69	73
Provisions	23	32	1
Total current liabilities		**693**	**636**
TOTAL EQUITY AND LIABILITIES		**2,418**	**2,587**

CHANGES IN CONSOLIDATED EQUITY

Amounts in SEK M	Share capital	Other capital contributions	Translation reserve	Retained earnings	Total equity
2019					
Equity, opening balance, January 1, 2019	**260**	**251**	**41**	**340**	**892**
Result for the year	–	–	–	50	50
Dividend	–	–	–	-23	-23
Other comprehensive income	–	–	3	–	3
Comprehensive income for the year	**–**	**–**	**3**	**27**	**30**
Equity, closing balance, December 31, 2019	**260**	**251**	**44**	**367**	**922**

Amounts in SEK M	Share capital	Other capital contributions	Translation reserve	Retained earnings	Total equity
2020					
Equity, opening balance, January 1, 2020	**260**	**251**	**44**	**367**	**922**
Result for the year	–	–	–	4	4
Dividend	–	–	–	–	–
Other comprehensive income	–	–	-21	–	-21
Comprehensive income for the year	**–**	**–**	**-21**	**4**	**-17**
Equity, closing balance, December 31, 2020	**260**	**251**	**23**	**371**	**905**

CONSOLIDATED CASH FLOW STATEMENT

Amounts in SEK M	Note	2020	2019
Operating activities			
Operating result		39	88
Adjustment for non-cash items	29	134	106
Interest paid/received and other financial items		-21	-23
Income tax paid/received		-10	-2
Cash flow from operating activities before changes in working capital		**142**	**169**
Cash flow from changes in working capital			
Increase (-)/decrease (+) in inventories		135	16
Increase (-)/decrease (+) in operating receivables		15	94
Increase (+)/decrease (-) in operating liabilities		49	-79
Cash flow from operating activities		**341**	**200**
Investing activities			
Acquisitions of intangible assets	13	0	0
Acquisitions of tangible assets	14	-21	-25
Divestments of tangible assets		0	1
Other cash flow from investing activities		0	-13
Cash flow from investing activities		**-21**	**-37**
Cash flow after investments		**320**	**163**
Financing activities			
Dividend		–	-23
Loans raised		309	552
Amortization of loan liabilities		-538	-555
Amortization of leasing liabilities acc. to IFRS 16	15	-89	-78
Cash flow from financing activities		**-318**	**-104**
Cash flow for the year		**2**	**59**
Cash and equivalents at January 1		**168**	**108**
Translation differences in cash and equivalents		**-4**	**1**
Cash and equivalents at December 31		**166**	**168**

INCOME STATEMENT – PARENT COMPANY

Amounts in SEK M	Note	2020	2019
Net sales	1	79	97
		79	**97**
Administrative expenses		-42	-53
Other operating income and expenses	6, 7	16	0
Operating profit/loss	3, 4, 13, 14	**53**	**44**
Profit/loss from participations in Group companies	5	49	5
Other interest income and similar profit/loss items	8	14	17
Interest expense and similar profit/loss items	9	-26	-25
Profit/loss after financial items		**90**	**41**
Appropriations		-15	7
Profit/loss before tax		**75**	**48**
Tax	10	-2	-10
Profit/loss for the year		**73**	**38**

STATEMENT OF COMPREHENSIVE INCOME – PARENT COMPANY

Amounts in (SEK M)	2020	2019
Profit/loss for the year	**73**	**38**
Other comprehensive income	**–**	**–**
Comprehensive income for the year	**73**	**38**

BALANCE SHEET – PARENT COMPANY

Amounts in SEK M	Note	2020	2019
ASSETS			
Non-current assets			
Intangible assets			
Capitalized expenditure for development work and similar	13	1	1
		1	**1**
Tangible assets			
Equipment, tools, fixtures and fittings	14	2	0
		2	**0**
Financial assets			
Participations in Group companies	16	868	868
Interest-bearing receivables from Group companies	19	23	28
		891	**896**
Deferred tax receivable	25	15	18
Total non-current assets		**909**	**915**
Current assets			
Current receivables			
Current interest-bearing receivables from Group companies	19	79	194
Receivables from Group companies		19	50
Tax receivables		1	3
Other receivables		4	4
Prepaid expenses and accrued income	21	5	1
		108	**252**
Cash and equivalents		152	145
		152	**145**
Total current assets		**260**	**397**
TOTAL ASSETS		**1,169**	**1,312**

Amounts in SEK M	Note	2020	2019
EQUITY AND LIABILITIES			
Equity	22		
Restricted equity			
Share capital		260	260
Statutory reserve		31	31
		291	**291**
Non-restricted equity			
Share premium reserve		240	240
Profit brought forward		111	73
Profit/loss for the year		73	38
		424	**351**
Total equity		**715**	**642**
Non-current liabilities			
Non-current interest-bearing liabilities	26, 31	–	536
Non-current interest-bearing liabilities to Group companies		305	–
Provisions		0	0
		305	**536**
Current liabilities			
Current interest-bearing liabilities	31	–	–
Current interest-bearing liabilities to Group companies		132	108
Accounts payable		8	1
Liabilities to Group companies		3	16
Other liabilities		–	2
Accrued expenses and deferred income	28	6	7
		149	**134**
TOTAL EQUITY AND LIABILITIES		**1,169**	**1,312**

CHANGES IN EQUITY – PARENT COMPANY

Amounts in SEK M	Share capital	Statutory reserve	Share premium reserve	Profit brought forward	Profit/loss for the year	Total equity
2019						
Equity, opening balance, January 1, 2019	**260**	**31**	**240**	**26**	**69**	**626**
Profit/loss brought forward from previous year	–	–	–	69	-69	–
Total transactions reported directly in Equity	**–**	**–**	**–**	**69**	**-69**	**–**
Profit/loss for the year	–	–	–	–	38	38
Other comprehensive income	–	–	–	–	–	–
Comprehensive income for the year	**–**	**–**	**–**	**–**	**38**	**38**
Dividend				-22		-22
Equity, closing balance, December 31, 2019	**260**	**31**	**240**	**73**	**38**	**642**

Amounts in SEK M	Share capital	Statutory reserve	Share premium reserve	Profit brought forward	Profit/loss for the year	Total equity
2020						
Equity, opening balance, January 1, 2020	**260**	**31**	**240**	**73**	**38**	**642**
Profit/loss brought forward from previous year	–	–	–	38	-38	–
Total transactions reported directly in Equity	**–**	**–**	**–**	**38**	**-38**	**–**
Profit/loss for the year	–	–	–	–	73	73
Other comprehensive income	–	–	–	–	–	–
Comprehensive income for the year	**–**	**–**	**–**	**–**	**73**	**73**
Dividend				–		–
Equity, closing balance, December 31, 2020	**260**	**31**	**240**	**111**	**73**	**715**

CASH FLOW STATEMENT – PARENT COMPANY

Amounts in SEK M	**Note**	**2020**	**2019**
Operating activities			
Operating result		53	44
Adjustment for non-cash items	29	-39	1
Interest paid/received and other financial items		1	-2
Income tax paid/received		–	–
Cash flow from operating activities before changes in working capital		**15**	**43**
Cash flow from changes in working capital			
Increase (-)/decrease (+) in operating receivables		-2	-1
Increase (+)/decrease (-) in operating liabilities		6	-5
Cash flow from operating activities		**19**	**37**
Investing activities			
Acquisitions of tangible assets		-2	–
Lending to subsidiaries		479	28
Dividend from subsidiaries		21	16
Dividend to shareholders		–	-23
Cash flow from investing activities		**498**	**21**
Financing activities			
Net change in borrowing/lending in cash pool		28	19
Loans raised		–	552
Amortization of loan liabilities		-538	-555
Cash flow from financing activities		**-510**	**16**
Cash flow for the year		**7**	**74**
Cash and equivalents at January 1		**145**	**71**
Cash and equivalents at December 31		**152**	**145**

ACCOUNTING PRINCIPLES

Amounts stated in millions of SEK (SEK M) unless specified otherwise.

BE Group AB (publ), company registration number 556578-4724, is a Swedish limited liability company. The registered office is in Malmö, Sweden.

Consolidated accounting principles

Compliance with legislation and standards

The consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) and the interpretations issued by the IFRS Interpretations Committee (IFRIC) as approved by the Commission of the European Communities for application in the European Union. The Group also applies the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary accounting rules for groups.

The Parent Company applies the same accounting principles as the Group except in the cases stated in the section "Parent Company accounting principles."

Significant accounting principles applied

Other than the exceptions explained in detail, the accounting principles set out below have been applied consistently to all periods presented in BE Group's financial statements. The accounting principles applied in the consolidated accounts have also been applied consistently by the individual companies within the Group.

Changes in accounting principles

Changes to accounting principles necessitated by new or amended IFRS-rules

Amendments to IFRS applicable from January 1, 2020, have had no material effect on the consolidated accounts.

New IFRS-rules that have not yet begun to be applied

A number of new standards and interpretations will not enter into effect until future financial years and have not been applied in advance in the preparation of these financial statements. None of the IFRS or IFRIC interpretations that have not yet entered into effect are expected to have any material impact on the Group.

Conditions applied to Parent Company and consolidated financial statements

Functional currency and reporting currency

The functional currency of the Parent Company is SEK and this is also the reporting currency of the Parent Company and the Group. Consequently, the financial accounts are presented in SEK. All amounts are rounded off to the nearest million unless otherwise stated.

Valuation principles

Assets and liabilities are reported at historical cost with the exception of certain financial assets and liabilities, which are reported at fair value. Financial assets and liabilities recognized at fair value consist of derivative instruments. Fixed assets and disposal groups held for sale are reported at their carrying amount or fair value less sales expenses, whichever is lowest.

Assessments and estimates

Preparation of the financial statements in accordance with IFRS requires management making assessments, estimations and assumptions that affect the application of the accounting principles and the figures reported for assets, liabilities, revenues and expenses. The estimates and assumptions are based on historical experience and other factors that seem reasonable under current conditions. The results of these estimates and assumptions are then used to assess the carrying amount of assets and liabilities not otherwise evident from other sources. The actual outcome may deviate from these estimations and assessments. The estimations and assessments are reviewed regularly. Changes in estimations are reported in the period in which they are made if they only affect that period, or in the period in which they are made and future periods if they affect both the period concerned and future periods.

Management's assessments in connection with application of IFRS that have significant effect on the financial statements and estimates that may cause material adjustments to the financial statements of subsequent years are described in greater detail in Note 33, Significant estimates and assessments.

Basis for consolidation

Subsidiaries

The Parent Company BE Group AB (publ) directly or indirectly owns all shares and votes in its subsidiaries and therefore has a controlling influence over these.

In the consolidated accounts, subsidiaries are reported in accordance with the acquisition method. The method entails acquisitions of subsidiaries being viewed as transactions through which the Group indirectly acquires the subsidiary's assets and assumes its liabilities and contingent liabilities. Consolidated cost is determined by means of an acquisition analysis in connection with the transaction. The acquisition analysis determines, in part, the cost of the holdings or operations and, in part, the fair value of the identifiable assets, liabilities and contingent liabilities assumed on the date of acquisition. Possible transaction fees due to the acquisition of a subsidiary are reported directly in the profit/loss for the period, except for transaction fees that arose prior to January 1, 2010. The latter has been included in the cost. Subsidiaries' financial accounts are included in the consolidated accounts from the point of acquisition and until the Group no longer has a controlling influence.

Payment in connection with the acquisitions does not include payments settling prior business transactions. Settlements of this type are made against profit/loss for the period. The classification and accounting of business acquisitions that took place before January 1, 2004 has not been reassessed in accordance with IFRS 3 in connection with the determination of the consolidated opening balance sheet on January 1, 2004 in accordance with IFRS.

Joint venture

For purposes of accounting, joint ventures are companies for which the Group has joint control over operational and financial management through a contractual arrangement with one or more parties. Interests in joint ventures are consolidated using the equity method of accounting. The equity method entails the value of holdings in joint ventures reported in the consolidated accounts being equivalent to the Group's share of the joint ventures' shareholders' equity, as well as consolidated goodwill and any other consolidated surplus or deficit.

In consolidated profit/loss for the period, "Participations in earnings of joint venture" is reported as the Group's share of a company's earnings adjusted for any impairment, amortization or reversals of acquired surpluses or deficits. These shares in earnings less any dividends received from joint ventures comprise the main change in the carrying amount of interests in joint ventures. Any discrepancy at the point of acquisition between the cost of the holding and the owning company's share of the identifiable assets and liabilities of the joint venture is reported in accordance with the same principles that apply for acquisitions of subsidiaries.

Transactions eliminated on consolidation

Intra-group receivables and liabilities, income and expenses and unrealized gains or losses arising from intra-group transactions between Group companies are eliminated in full when preparing the consolidated accounts. Unrealized gains and losses arising from transactions with joint ventures are eliminated to a degree corresponding to the Group's ownership of those companies, however, unrealized losses are eliminated only to the extent that there is no indication that any impairment should be recognized.

Foreign currency

Transactions in foreign currencies

Transactions in foreign currencies are translated into the functional currency corresponding to the exchange rate in force on the transaction date. The functional currency is the currency of the primary economic environment in which the Group's companies carry out their business. Monetary assets and liabilities in foreign currencies are translated at the exchange rate in effect on the balance sheet date. Exchange differences arising from translation are recognized against profit/loss for the period. Non-monetary assets and liabilities recognized at their historical costs are translated at the exchange rate applicable at the time of the transaction. Exchange differences referring to operating assets and liabilities are recognized in the operating result, while exchange rate movements referring to financial assets and liabilities are recognized in net financial income.

Foreign businesses' financial statements

Assets and liabilities in foreign operations, including goodwill and other Group surplus and deficit values, are translated from the foreign operations' functional currency to the Group's reporting currency. Translation is applied at the exchange rate in effect on the balance sheet date. Income and expenses in a foreign operation are translated at an average exchange rate approximating the currency exchange rates applicable on the relevant transaction dates. Translation differences arising in connection with the translation of a foreign net investment and accompanying effects of hedges of net investments are recognized under other comprehensive income and are accumulated in an equity component entitled separate translation reserve. Non-current internal loans are considered to form part of the net investment in the foreign operation. On the sale of a foreign operation, the accumulated translation differences attributable to the operation are recognized, less any currency hedging against profit/loss for the period.

Classification

Non-current assets and liabilities essentially consist of amounts that are expected to be recovered or paid later than 12 months after the balance sheet date. Current assets and current liabilities essentially consist of amounts that are expected to be recovered or paid within 12 months of the balance sheet date.

Intangible assets

Goodwill

Consolidated goodwill consists of acquired goodwill and goodwill arising in connection with investments in subsidiaries. Goodwill represents the difference between the cost of the business combination and the fair value of acquired assets, assumed liabilities and contingent liabilities. After the acquisition, goodwill is reported at cost less any impairment losses. Goodwill is distributed to cash generating units and is tested at least once annually to determine possible impairment needs; see Note 12 Goodwill.

Other intangible assets

Customer relations consist of acquired assets that have been identified in the acquisition analysis in connection with the acquisition of shares in subsidiaries. At the time of acquisition, customer relations are valued at fair value, which is considered to be equivalent to the cost. After the acquisition, customer relations are recognized at cost less accumulated amortization and impairment losses.

Computer programs and licenses are reported at cost less accumulated amortization and impairment. Costs incurred for internally generated goodwill and internally generated brands are recognized against profit/loss for the period when the cost is incurred. Additional expenditures for capitalized intangible assets are recognized as assets on the Balance Sheet only when they increase the future economic benefit associated with the specific asset. All other expenditures are expensed as they are incurred.

Amortization principles for customer relations and other intangible assets

Amortization is recognized in profit/loss for the period on a straight-line basis over the estimated useful life of the asset. Intangible assets which can be amortized are amortized from the date on which they are available for use. The useful lives of assets are reassessed on an ongoing basis, although at least once per year.

The estimated useful lives are:

	Useful life	
	Group	Parent Company
Licenses	3–10 years	3–10 years
Software	3–10 years	3–10 years
Customer relationships	6–10 years	–
Other intangible assets	3–10 years	–

Tangible assets

Tangible assets are recognized in the Group at cost less accumulated depreciation and any impairment. The cost includes the purchase price plus expenses directly attributable to the asset in order to put it in place and make it appropriate for use in accordance with the purpose of the acquisition. Examples of directly related expenses included in the cost of an asset are expenses for shipping, handling, installation, legal title, consultant services and legal services.

Additional expenditures are only added to the cost if it is probable that the future economic benefits associated with the asset will flow to the Company and the cost can be measured reliably. All other subsequent expenses are expensed in the period they arise.

Depreciation principles for tangible assets

Depreciation is recognized on a straight-line basis over the estimated useful life of the asset. Land is not depreciated. The useful lives and residual values of assets on an annual basis at the least.

	Useful life	
	Group	Parent Company
Buildings and land	15–50 years	–
Plant and machinery	3–15 years	–
Equipment, tools, fixtures and fittings	3–10 years	3–10 years

Impairment of tangible and intangible assets as well as holdings in a joint venture

IAS 36 is applied to identify impairments for assets other than financial instruments reported according to IAS 39, deferred tax assets reported according to IAS 12 and inventories reported according to IAS 2. Assets held for sale and disposal groups are tested in accordance with IFRS 5. The carrying amounts for the exempted assets are measured according to the respective standards.

If there is any indication of impairment, the asset's recoverable amount is estimated. The asset's recoverable amount is the highest of the value in use and fair value minus selling expenses. In measuring value in use, future cash flows are discounted at the pre-tax rate that shall reflect current market assessments of risk-free interest and the risks specific to the asset. In the event that the asset's carrying amount exceeds the recoverable amount, the carrying amount is impaired down to the recoverable amount. Impairments are charged against profit/loss for the period.

Impairment testing of goodwill is carried out annually, regardless of whether an indication of an impairment requirement exists or not. Impairment losses on assets within the scope of IAS 36 are reversed if there is both indication that the impairment no longer exists and there has been a change in the assumptions on which the recoverable amount was measured. A reversal is only made to the extent that the asset's carrying amount does not exceed the carrying amount that would have been reported if no impairment had taken place. However, impairments of goodwill are not reversed.

Inventories

Inventories are measured at the lower of cost and net sales value. The cost of inventories includes expenses incurred to acquire inventory assets and transport them to their current site and condition. The cost figure is based on weighted average prices. The cost of manufactured goods and work in progress includes a reasonable share of indirect expenses based on normal capacity. Net sales value is the estimated selling price in current operations less the estimated expenses to make the asset ready for sale and to effect a sale. Net sale value is estimated based on estimates of the current market price.

Provisions

Provisions differ from other liabilities in the uncertainty that prevails regarding the time of payment or the amount required to settle the obligation. Provisions are recorded in the Balance Sheet when the Group has an existing legal or informal obligation as a result of an event occurring and when it is likely that an outflow of financial resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are made in the amount corresponding to the best estimate of that required to settle present obligations on the balance sheet date. If the payment date has a significant effect, provisions are calculated through discounting of the expected future cash flow at a pre-tax interest rate that reflects current market assessments of the time value of money and, where applicable, the risks associated with the liability.

Financial instruments

Financial instruments that are reported in the balance sheet include receivables, liquid funds and accounts payable.

A financial asset or financial liability is recognized in the balance sheet when the company becomes party to the instrument's contractual terms. Accounts receivable are recognized in the balance sheet once the invoice has been sent, which normally occurs in connection with delivery of the Group's goods and services and the associated transfer of risk. Liabilities are recognized once the counter party has completed its task and there is a contractual obligation to pay, even though an invoice may not yet have been received. A financial asset or part thereof is derecognized when the contractual rights are realized, mature or are no longer under the company's control. The same also applies for parts of a financial asset. A financial liability or part thereof is derecognized in the balance sheet when contractual obligations are met or otherwise extinguished. The same applies for part of a financial liability. Purchases and sales of financial assets are recognized using trade date accounting. The trade date is the date the company enters into a contractual obligation to buy or sell the asset. A financial asset and a financial liability are offset and the net amount recognized in the balance sheet only when the company has a legally enforceable right to set off the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. At initial recognition, financial instruments are classified based on the purpose for which the instrument was acquired, which affects subsequent measurement. The measurement categories BE Group uses are as follows.

Classification and measurement of financial instruments

Amortized cost – financial assets
The Group only classifies its financial assets as assets recognized at amortized cost when the following requirements are met:

- the asset is included in a business model where the goal is to collect contractual cash flows, and
- contractual terms give rise to cash flows at specific times that only consist of principal and interest on the outstanding principal.

Cash and cash equivalents and accounts receivable are recognized at amortized cost.

Accounts receivable
Accounts receivable are amounts attributable to customers for goods sold in the operating activities. Accounts receivable generally fall due for payment within 30-60 days and all accounts receivable have therefore been classified as current assets. Accounts receivable are initially recognized at fair value. The Group holds accounts receivable for the purpose of collecting contractual cash flows and therefore measures them at subsequent recognition times at amortized cost with application of the effective interest method. The Group's method for the calculation of impairment losses/provisions for accounts receivable is described below.

Other receivables
In addition to accounts receivable, there are also non-current receivables and some other receivables recognized at amortized cost. The receivables are classified as current receivables if they fall due for payment within 12 months of the reporting date; otherwise they are classified as non-current receivables.

Amortized cost – financial liabilities

All of the Group's financial liabilities are measured at amortized cost after the initial recognition. Liabilities measured at amortized cost are comprised of interest-bearing liabilities, accounts payable and other liabilities. Financial liabilities are classified as current liabilities if they fall due for payment within 12 months of the reporting date; otherwise they are classified as non-current liabilities.

Impairment of financial assets

The Group evaluates the anticipated future credit losses related to investments in debt instruments recognized at amortized cost. At each reporting date, the Group recognizes a provision for anticipated credit losses. The measurement of the anticipated credit losses reflects an objective and probability-weighted amount that is determined by evaluating an interval of possible outcomes; the time value of money and reasonable and verifiable information that is available without unnecessary costs or efforts on the balance sheet date for earlier events, current conditions and forecasts of future financial conditions.

The Group applies the simplified method for the calculation of anticipated credit losses on accounts receivable. This method means that anticipated losses during the entire term of the receivable are used as the starting point for accounts receivable. See Note 31 for more information on the impairment model.

Hedge accounting

In order to fulfill the requirements on hedge accounting in accordance with IAS 39, there must be a clear link to the hedged item. Moreover, the hedging must effectively protect the hedged item, the hedging documentation must be drawn up and the effectiveness must be quantifiable. Upon entering into the transaction, the Group documents the relationship between the hedge instrument and the hedged item, as well as the Group's objective for the risk management and the risk management strategy regarding the hedge. The Group also documents its assessment, both when the hedge is initiated and thereafter on an on-going basis, of whether the instruments used in the hedging transactions have been and will continue to be effective in counteracting changes attributable to the hedged items.

Investments in foreign subsidiaries (net assets including goodwill) have been hedged for currency risk to a certain extent through borrowing in the same currency as the investments. At the close of the period, these currency loans are entered at the rate applicable on the balance sheet date and the effective portion of the period's exchange rate differences are recognized in other comprehensive income. The accumulated changes are classified as translation reserves in equity; the ineffective part is recognized in net financial items in the income statement and accordingly affects the profit or loss for the period. Accumulated gains and losses in equity are reclassified to the income statement when foreign operations are divested in part or in whole.

Until the end of August 2019, the Group applied hedge accounting in accordance with the principles for the hedging net investments in foreign currency. This is to reduce the translation exposure from our foreign operations. In connection with the refinancing in 2019, the hedge was concluded. The balances that remain in the reserve that originate from the hedging of the currency translation reserve from the hedging relationship where hedge accounting is no longer applied approximately amount to SEK -63 M. No hedge accounting has been applied in the Parent Company.

Warranties

A warranty provision is recognized when an agreement has been made including stipulations of future commitments that are deemed likely to materialize. A warranty provision may also be recognized when the underlying products or services are sold. The provision is based on historical data concerning warranties and consideration of possible outcomes in relation to the probabilities associated with the outcomes. However, such warranty commitments do not represent a significant item in the Group's financial statements.

Onerous contracts

A provision for an onerous contract is recognized when anticipated benefits that the Group expects to receive from a contract are less than the unavoidable expenses to fulfill the obligations as set out in the contract.

Revenues

The Group generates revenues from the sale of goods. There is normally a performance commitment in the form of goods in contracts with customers for finished products. Revenue is recognized at the time when control over the asset has been transferred to the customer. To assess when control is transferred, the transfer of risks and benefits is the indicator assigned the greatest importance in the Group for determining when control has been transferred to the customer. The time at which control over the goods is transferred to the customer thereby depends mostly on what freight terms are stated in the customer contract. The Group takes into account variable compensation in the form of volume discounts when the transaction price is determined. The revenue from the sale of goods is recognized based on the price in the contract less estimated volume discounts. Historical data is used to estimate the discounts' anticipated value and the revenue is only recognized to the extent that it is very likely that a material reversal will not arise. A liability (which is included in the item Accrued expenses and deferred income) is recognized for anticipated volume discounts in relation to the sales up to the balance sheet date.

A receivable is recognized when the goods have been delivered as the compensation at this time is certain since only the passing of time is required before payment is made. No financing component is deemed to exist at the time of sale as the credit period is normally 30-60 days. Since the Group's performance commitment originates from contracts that have an original anticipated term of less than one year, information is not provided on the transaction price for unfulfilled performance commitments. The Group's commitment to repair or replace defective products in accordance with normal guarantee rules is recognized as a provision. Guarantee commitments beyond this do not occur.

It happens that the Group sells goods with a right of return. For these contracts, a repayment liability (which is included in the item Other liabilities) and an asset for the right to receive back the product from the customer (included in Other current assets) are recognized for goods the Group expects to receive in return. In order to assess the scope of the returns, historical data is used at a portfolio level at the time of sale. As the scope of the returns have been stable in recent years, it is very probable that a material reversal of the recognized revenues will not occur. The validity of the assumption and the estimated amount of returns are revalues at each balance sheet date.

Employee benefits

Short-term employee benefits

Short-term employee benefits such as wages and salaries, including bonuses, paid leave, sick leave and social security benefits are recognized in the period in which the employee has performed services in exchange for the benefit.

Pensions

The Group's pension agreements are mainly defined contribution plans. The defined benefit plan for retirement pensions and survivors' pensions for white collar employees in Sweden are secured through an insurance policy provided by Alecta. According to a statement (UFR 3) from the Swedish Financial Reporting Board, this is a multiple-employer defined benefit plan. The Company has not had access to information that would permit recognition of the plan as a defined benefit which is why the pension plan in accordance with ITP is secured through insurance with Alecta such as a defined contribution plan.

Under a defined contribution plan, the enterprise pays fixed contributions into a fund (a separate legal entity) and has no further legal or constructive obligation to make further payments. The pension expense to be recognized in the period is the contribution payable in exchange for service rendered by employees during the period.

Termination benefits

When the Company terminates employment, benefits to the employee are recognized as an ongoing expense for as long as the employee performs work for the Company. When the employee is immediately discharged from duty, the entire benefit amount is immediately recognized as an expense. Provisions are recognized in connection with terminations only if the Company is demonstrably obligated to terminate employment prior to the normal date or when compensation is offered to encourage voluntary departure and it is likely that the offer will be accepted and that the number of employees who will accept the offer can be reliably estimated.

Financial income and expenses

Financial income and expenses consist mainly of interest income on bank balances, receivables and fixed income securities, interest expense on loans, exchange differences and allocated transaction expenses for raised loans. Transaction expenses for raised loans and credits are accrued over the life of the loans and credits by applying the effective interest method.

Tax

Income taxes are recognized in profit/loss for the period except where an underlying transaction is recognized directly in other comprehensive income, whereupon the related tax effect is likewise recognized in other comprehensive income. Current tax is tax to be paid or refunded in the current year, which includes adjustment of current tax attributable to previous periods. Deferred tax assets are measured using the balance sheet method based on temporary differences between the carrying amount of an asset or liability and its tax value on assets and liabilities. Deferred tax assets are measured based on how temporary differences are expected to even out and applying the tax rates and regulations that have been enacted or announced at the balance sheet date. Temporary differences are not taken into consideration for consolidated goodwill. Deferred tax assets pertaining to deductible temporary differences and loss carryforwards are recognized only if it is considered probable they will result in lower tax payments in the future.

Leases

The Group as lessee

Upon entering an agreement, the Group determines if the agreement is, or contains, a lease based on the substance of the agreement. An agreement is, or contains, a lease if the agreement transfers the right to decide over the use of an identified asset for a certain period of time in exchange for compensation.

Lease liabilities

At the start date for a lease (i.e. the date when the underlying asset becomes available for use), the Group recognizes a lease liability corresponding to the present value of the lease payments that are paid during the leasing period. The leasing period is determined as the interminable period together with periods to extend or cancel the agreement if the Group is reasonably certain of exercising the options. The leasing payments include fixed payments (less any discounts and the like in connection with the signing of the lease to be obtained), variable lease charges that depend on an index or a price and amounts expected to be paid according to residual value guarantees. The leasing payments also include the exercise price for an option to buy the underlying asset or penalties that are payable upon termination in accordance with a termination option if such options are reasonably certain to be used by the Group. Variable lease charges that do not depend on an index or a price are recognized as an expense in the period to which they are attributable.

For the calculation of the present value of the leasing payments, the Group uses the implicit interest rate in the agreement if it can easily be established and otherwise, the Group's marginal borrowing rate as of the start date for the lease is used. After the start date of a lease, the lease liability increases to reflect the interest rate on the lease liability and decreases by the paid lease charges. The value of the lease liability is also restated as a result of modifications, changes to the leasing period, changes in leasing payments or changes in an assessment to buy the underlying asset.

Right of use assets

The Group recognizes right of use (ROU) assets in the statement of financial position at the start date for the lease. ROU assets are valued at cost less accumulated amortization and any impairment losses, and adjusted for revaluations of the lease liability. The cost of ROU assets includes the initial value that is recognized for the attributable lease liability, initial direct expenses, and any advance payments made at or before the start date for the lease less any discounts and the like received in connection with the signing of the lease.

On condition that BE Group is not reasonably certain that the Group will assume ownership of the underlying asset at the end of the lease, the ROU asset is amortized straight-line over the leasing period. For the leases where the Group is reasonably certain of assuming ownership, the ROU asset is amortized over the underlying asset's useful life, as follows.

	Useful life
	Group
Buildings and land	15–50 years
Cars	3–15 years
Equipment, tools, fixtures and fittings	3–10 years
Other	3–10 years

There are excemptions for recognition of the right of use asset and leasing liability for leases of minor value and contracts of a duration of no more than 12 months. The Group has chosen to not apply these exemption rules.

Segment reporting

An operating segment is a component of the Group that conducts business operations from which it can derive revenues and incur expenses, including intragroup transactions and whose operating result is reviewed regularly by the Group's senior executives as a basis for the allocation of resources to the segment and the assessment of its results. Independent financial information shall also be available for components of the Group defined as segments. BE Group has defined the concept of "senior executives" as Group Management.

The Group's primary basis for identifying segments is geographical areas. The Internal management is based primarily on reporting and follow-up of returns from the Group's geographical areas. The geographical areas are grouped by country or group of countries, based on similarities with regard to risks and returns. For additional information on operating segments, please see Note 1 Operating segments.

Earnings per share

The calculation of earnings per share is based on the profit for the period within the Group which is attributable to the Parent Company's shareholders and on the weighted average number of outstanding shares during the year. In calculating earnings per share before and after dilution, the average number of shares is adjusted to take into consideration the effects of the Share Savings program.

Cash Flow Statement

The Cash Flow Statement is prepared using the indirect method. Reported cash flow covers only transactions that result in incoming and outgoing payments.

Government grants

Government grants linked to Covid-19 is recognized at fair value when there is a reasonable certainty that the grant will be received and that BE Group will meet the conditions associated with the grant. All grants are recognized in the income statement as a cost reduction over the same period as the costs that the grants are intended to cover; see Note 2 and Note 17.

Parent Company accounting principles

The Parent Company has prepared its Annual Report in accordance with the annual accounts act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for legal entities (Sept. 2012). Published statements by the Swedish Financial Reporting Board for listed companies are also applied. RFR 2 means that the Parent Company, in the annual report for the legal entity, must apply all EU-approved IFRS and statements as far as this is possible within the framework of the Swedish law on the safeguarding of pension commitments and taking the connection into account between reporting and taxation. The recommendation specifies exemptions and additions to IFRS that shall be made.

Classification and presentation

The Parent Company's Income Statement and Balance Sheet are prepared in accordance with the model detailed in the Annual Accounts Act, while the report on comprehensive profit/loss, Statement of Changes in Equity and the Statement of Cash Flows are based on IAS 1 Presentation of Financial Statements and IAS 7 Statement of Cash Flows respectively. The differences in the Income Statement and Balance Sheet of the Parent Company compared with the consolidated accounts mainly involve the reporting of financial revenues and expenses, assets and equity.

Participations in subsidiaries

Participations in subsidiaries are reported in the Parent Company in accordance with the cost method. This means that transaction expenses are included in the carrying amount of holdings in subsidiaries. In the consolidated accounts, transaction expenses are charged directly against profit/loss when they are incurred. Anticipated dividends from subsidiaries are recognized when the Parent Company has the sole right to decide the amount of the distribution and the Parent Company has decided on the size of the distribution before the subsidiary published its financial statements. Dividends received from Group companies are recognized in their entirety as income in the Income Statement.

Shareholder contributions

Shareholders' contributions paid are reported as an increase in shares and participations in Group companies, to the extent that impairment is not required. In the receiving Company, shareholder contributions are reported directly in equity.

Financial instruments

In accordance with the rules in the Swedish Financial Reporting Board's recommendation RFR 2 and the connection between accounting and taxation, the rules on financial instruments and hedge accounting in IAS 39 are not applied in the Parent Company as a legal entity. In the future, IAS 39 will continue to be applied only to the consolidated accounts. Financial assets in the Parent Company are measured at cost less impairment losses, if any and current financial assets are measured at the lower of cost and fair value. Liabilities that do not constitute derivative liabilities are measured at the accrued cost. Possible derivative assets are measured in accordance with the lower of cost and fair value, while contingent derivative liabilities are measured according to the highest value principle.

Taxes

Untaxed reserves in the Parent Company are recognized including deferred tax liability. Untaxed reserves are apportioned in the consolidated accounts between deferred tax liability and equity.

Leasing

The rules regarding recognition of leases according to IFRS 16 are not applied in the Parent Company. This means that lease charges are recognized as expenses straight-line over the leasing period, and that ROU assets and lease liabilities are not included in the Parent Company's balance sheet. Identification of a lease is, however, done according to IFRS 16, meaning that an agreement is, or contains, a lease if the agreement transfers the right to decide over the use of an identified asset for a certain period of time in exchange for compensation.

Financial guarantees

The Parent Company's financial guarantee contracts consist of guarantees on behalf of subsidiaries. A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment as contractually agreed. The Parent Company applies RFR 2 p. 72, which is an easing of regulations compared to the rules in IAS 39 with regard to financial guarantee contracts issued on behalf of subsidiaries. The Parent Company recognizes financial guarantee contracts as provisions in the Balance Sheet when it has an obligation for which payment will probably be required to achieve settlement.

Group contributions in the Parent Company

Group contributions paid or received are reported as appropriations.

Financial liabilities

Financial liabilities primarily comprise liabilities to credit institutions. Liabilities to credit institutions are initially valued at amounts received, less any setup fees, and are then valued at the accrued acquisition value. Interest expenses are reported on a rolling basis in the Income Statement. Capitalised set-up fees are reported directly against the loan liability to the extent that the loan agreement's underlying loan guarantee has been utilised, and are periodised in the Income Statement (under Other financial expenses) over the contractual term of the loan. If a loan agreement is terminated or otherwise ceases to obtain at a point in time prior to the end of the original contractual term, capitalised set-up fees are taken up as income. If a current agreement is renegotiated during the contractual term, any additional fees in connection with the renegotiation are periodised over the remaining contractual term of the loans.

Notes

NOTE 1 – OPERATING SEGMENTS

2020	Sweden & Polen	Finland & Baltics	Parent Company & consolidated items	Group
External sales	1,781	1,891	0	3,672
Internal sales	1	5	-6	–
Net sales	**1,782**	**1,896**	**-6**	**3,672**
Participation in earnings of joint venture	7	–	–	7
Underlying operating result	**32**	**74**	**-10**	**96**
Inventory gains/losses	-11	-6	–	-17
Items affecting comparability [1)]	-35	-5	–	-40
Operating result	**-14**	**63**	**-10**	**39**
Net financial items				-28
Profit/loss before tax				**11**
Taxes				-7
Profit/loss for the year				**4**
Underlying operating margin	1.8%	3.9%	neg	2.6%
Operating margin	-0.8%	3.3%	neg	1.1%
Shipped tonnage (thousands of tonnes)	**144**	**164**	**-1**	**307**
Operating capital	**601**	**475**	**538**	**1,614**
Investments	**17**	**2**	**2**	**21**
Depreciation/amortization of tangible/intangible assets	13	13	0	26
Depreciation of right of use assets	–	–	89	89
Other non-cash flow items	21	-2	0	19
Total non-cash flow items	**34**	**11**	**89**	**134**

[1)] During the year, the result was impacted by items affecting comparability totaling SEK -40 M, of which, SEK -35 M was attributable to the centralization of warehouse and production operations in Sweden to Norrköping and the closure of the warehouse in Malmö and SEK -5 M was attributable to the restructuring of operations in the Baltics.

2019	Sweden & Polen	Finland & Baltics	Parent Company & consolidated items	Group
External sales	2,207	2,152	0	4,359
Internal sales	2	5	-7	–
Net sales	**2,209**	**2,157**	**-7**	**4,359**
Participation in earnings of joint venture	3	–	–	3
Underlying operating result	**67**	**53**	**-26**	**94**
Inventory gains/losses	-6	–	–	-6
Items affecting comparability	–	–	–	–
Operating result	**61**	**53**	**-26**	**88**
Net financial items				-16
Profit/loss before tax				**72**
Taxes				-22
Profit/loss for the year				**50**
Underlying operating margin	**3.0%**	**2.4%**	**neg**	**2.1%**
Operating margin	**2.8%**	**2.4%**	**neg**	**2.0%**
Shipped tonnage (thousands of tonnes)	**168**	**173**	**-1**	**340**
Operating capital	**754**	**538**	**560**	**1,852**
Investments	**17**	**7**	**1**	**25**
Depreciation/amortization of tangible/intangible assets	13	16	0	29
Depreciation of right of use assets	–	–	84	84
Other non-cash flow items	-2	3	-8	-7
Total non-cash flow items	**11**	**19**	**76**	**106**

The effects regarding IFRS 16 have been reported under Parent Company & consolidated items and have not been allocated to the two business areas.

BE Group is a trading and service company in steel, stainless steel and aluminium. Customers are primarily in the construction and manufacturing industries. Since customers' needs vary widely, BE Group offers different sales solutions: inventory sales, production service sales, and direct sales. The cooperation between BE Group and a particular customer can comprise of one or more of these sales solutions.

The Group's basic products are of a similar nature, regardless of the customers or markets to which they are distributed. Part of BE Group's strategy is also to further process materials at its own production facilities through various types of production services, which in some cases result in completed components being delivered straight into customers' production lines.

BE Group's risks and opportunities differ between the different geographical markets to which its products are distributed. For that reason, BE Group has chosen geographical areas as its primary segments.

The operating structure and internal reporting to Group management and the Board of Directors are therefore based primarily on reporting of geographical business areas. Each segment´s result, assets and liabilities include operating items attributable to the ongoing activities of the segment.

The allocation of operating capital per segment is based on the location of the business and includes items directly attributable and items that can be allocated by segment in a reasonably reliable manner. Operating capital allocated by segment comprises tangible assets, goodwill and other intangible assets, participations in joint ventures, deferred tax assets and working capital less deferred tax liability and provisions. Financial assets and liabilities have not been divided by segment but are reported as other assets/liabilities. Capital expenditures for the segment include investments in intangible and tangible assets.

The financial information per segment is based on the same accounting principles as those that apply for BE Group. The Group is using a number of alternative performance measures (see Alternative performance measures for more information). One of those is the underlying operating result which is the operating result adjusted for items affecting comparability and inventory gains and losses. These represent the difference between the cost of goods sold at acquisition cost and the cost of goods sold at replacement value. BE Group applies an internal calculation model. The model has not been reviewed by the Company's auditors. Internal prices between BE Group's segments are based on the principle of "arm's-length transactions", that is, transactions between parties that are mutually independent, thoroughly informed and have an interest in the transactions. Prices of goods are based on current purchase prices plus an internal markup margin.

Data on products, services and geographical regions

BE Group consists of two business areas, Sweden & Poland and Finland & Baltics. BE Group's other operations are gathered within Parent Company and consolidated items.

Sweden & Poland

Business area Sweden & Poland includes BE Group's operations in Sweden, which are conducted under the name BE Group Sverige AB and Lecor Stålteknik AB and the operations in Poland under the name BE Group Sp.z o.o. BE Group Sverige AB offers sales and distribution of BE Group's products, such as commercial steel, stainless steel and aluminium. In addition to distribution of materials, production service is also provided, whereby the Company processes materials in various ways to meet specific customer requirements. Examples include cutting to length, shot blasting, painting, drilling and cutting in various forms. The Company provides additional services including advanced logistics solutions and material advisory services. In addition, BE Group Sverige AB owns 50 percent of the thin plate processing company ArcelorMittal BE Group SSC AB. Lecor Stålteknik AB provides steel construction solutions to customers in the Swedish construction sector and the polish operations are providing production services to Polish and Nordic customers.

Finland & Baltics

Business area Finland & Baltics includes BE Group's operations in Finland, which are conducted under the name BE Group Oy Ab, and the operations in the Baltic States under the names BE Group OÜ, Estonia, BE Group SIA, Latvia and UAB BE Group, Lithuania. Sales and distribution of BE Group's products, such as commercial steel, stainless steel and aluminium, are offered in all operations. In Finland, production services are also provided on a large scale. Examples include cutting to length, shot blasting, painting, drilling and cutting in various forms. In addition, the company in Finland offers its customers logistics solutions, advisory services and financing of working capital.

Parent Company & consolidated items

Parent Company & consolidated items include the Parent Company, Group eliminations and also parts of the Group's operations undergoing restructuring; BE Group Czech Republic, BE Group Slovakia and RTS Estonia. The restructuring of these operations are in all essence completed. The liquidation of BE Group Produktion Eskilstuna was completed during the year.

The effects regarding IFRS 16 have been reported under Parent Company & consolidated items and have not been allocated to the two business areas.

Group

Sales by business area and product group	Sweden & Poland		Finland & Baltics		Parent company & consolidated items		Total	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Long steel products	852	1,013	511	560	0	-1	1,363	1,572
Flat steel products	517	665	911	1,062	0	0	1,428	1,727
Stainless steel	268	370	343	382	0	0	611	752
Aluminium	58	76	112	136	0	-5	170	207
Other	87	85	19	17	-6	-1	100	101
Total	**1,782**	**2,209**	**1,896**	**2,157**	**-6**	**-7**	**3,672**	**4,359**

Sales by country based on customer's domicile	2020	2019
Sweden	1,743	2,156
Finland	1,681	1,872
Other countries	248	331
Total	**3,672**	**4,359**

Tangible, intangible and financial assets by country	2020	2019
Sweden	493	476
Finland	268	286
Other countries	7	10
Total	**768**	**772**

Parent company

Sales of intra-group services by country based on domicile of subsidiary	2020	2019
Sweden	36	46
Finland	35	42
Other countries	6	9
Total	**77**	**97**

NOTE 2 – COSTS DIVIDED BY TYPE OF EXPENSE

The specification of costs divided by type of expense refers to items included in the Income Statement under cost of goods sold, selling expenses, administrative expenses and other operating expenses.

Group	2020	2019
Material costs	2,831	3,437
Salaries, other remuneration and social security expenses [1)]	352	393
Other external costs	307	328
Depreciation, amortization and write-downs [2)]	115	113
Other operating expenses	41	4
Total	**3,646**	**4,275**

[1)] The Group's operations have obtained Covid-19 related government grants of approximately SEK 10 M, which have been reported as a cost reduction in the Consolidated income statement.
[2)] In depreciation, amortization and write-downs 2020, SEK 89 M (78) is associated with amortization on right of use assets related to IFRS 16.

NOTE 3 – EMPLOYEES, PERSONNEL COSTS AND EXECUTIVE REMUNERATION

In this note, amounts are given in SEK thousands unless otherwise stated.

Average number of employees	2020	of whom men	2019	of whom men
Parent Company				
Sweden	9	59%	11	54%
Total in the Parent Company	**9**	**59%**	**11**	**54%**
Subsidiaries				
Sweden	274	79%	301	83%
Finland	259	94%	262	95%
Estonia	15	67%	17	71%
Latvia	11	77%	12	74%
Lithuania	10	80%	10	80%
Poland	55	91%	39	95%
Total for subsidiaries	**624**	**86%**	**641**	**88%**
Group total	**633**	**85%**	**652**	**87%**

Specification of gender distribution in Group management

	2020	2019
Gender distribution, Group management	**Percentage women**	**Percentage women**
Parent Company		
Board	20%	20%
Other senior executives	0%	25%
Group		
Board	10%	10%
Other senior executives	0%	13%

Salaries, other remuneration and social security expenses

Group	2020	2019
Salaries and remunerations	272,815	294,514
Pension expense, defined-contribution plans	11,632	35,936
Social security contributions	67,951	62,579
	352,398	**393,029**

Parent Company	2020		2019	
	Salaries and remunerations	Social security expenses	Salaries and remunerations	Social security expenses
Parent Company	9,448	6,146	12,490	7,845
(of which, pension expenses) [1]		*(2,355)*		*(3,218)*

[1] Of the Parent Company's pension expenses, 1,179 (1,614) KSEK refers to senior executives. There are no outstanding pension commitments.

Salaries and other remunerations distributed between the Parent Company and its subsidiaries and between senior executives and other employees [1]

	2020		2019	
	Senior executives[2]	Other employees	Senior executives[2]	Other employees
Parent Company	**5,096**	**4,352**	**6,994**	**5,496**
(of which, bonuses, etc.)	*(-)*	*(-)*	*(-)*	*(-)*
Subsidiaries	**6,805**	**251,745**	**7,352**	**270,094**
(of which, bonuses, etc.)	*(543)*	*(3,811)*	*(406)*	*(3,632)*
Group total	**11,901**	**256,097**	**14,346**	**275,590**
(of which, bonuses, etc.)	*(543)*	*(3,811)*	*(406)*	*(3,632)*

[1] Salaries and other remuneration include base salary and supplementary vacation pay.
[2] Senior executives include Board members, members of Group Management and company presidents.

Defined benefit plans

Pension obligations for retirement pensions and family pensions for white-collar employees in Sweden are secured through an insurance policy provided by Alecta. According to a statement (UFR 10) from the Swedish Financial Reporting Board, this is a multiple-employer defined benefit plan. The Company has not had access to information that would permit recognition of its proportional share of the plan's commitments, plan assets and costs that meant that the plan could not be recognized as a defined-benefit plan. The ITP 2 pension plan secured through insurance provided by Alecta is accordingly recognized as a defined contribution plan. The premium for the defined-benefit retirement pension and family pension is calculated individually, depending on salary, already earned pension and anticipated remaining period of service. Anticipated fees for the next reporting period for ITP 2 insurance subscribed with Alecta amounts to SEK 5.6 M (7.6).

The collective funding ratio is comprised of the fair value of Alecta's assets as a percentage of insurance obligations computed according to Alecta's actuarial assumptions, which do not accord with IAS 19. The collective consolidation level shall normally be allowed to vary between 125 and 155 percent. If Alecta's collective consolidation level is below 125 percent or exceeds 155 percent, action should be taken with the aim of creating conditions for the consolidation level to return to the normal interval. In the event of low consolidation, one action may be to raise the agreed price for new subscription and expansion of existing benefits. In the event of high consolidation, one action may be to introduce premium reductions. At the end of 2020, Alecta's surplus expressed as the collective funding ratio amounted to 148 percent (148).

Defined contribution pension plans

The Group has defined contribution pension plans for employees in Sweden for which expenses are fully paid by the companies. Pension plans in Finland and other countries are treated as defined contribution plans. For defined contribution plans, pension contributions are paid to a pension insurance company and recognized as an expense in profit and loss for the accounting period in which they occur. There are defined contribution plans in other countries for which the expenses are paid partially by the subsidiaries and partially by employee contributions. Payments are made regularly to these plans according to plan rules.

Executive remuneration

Total remuneration to the President and CEO and other senior executives consists of base pay, variable remuneration, pension and other benefits. These remuneration components are based on the guidelines for executive remuneration adopted by the 2020 Annual General Meeting, which are detailed in the Board of Directors' Report.

The following tables provide details of actual remunerations and other benefits paid in financial years 2020 and 2019 to Board members, the President (who is also the CEO) and other senior executives. The latter are those individuals who, alongside the President and CEO, are members of Group Management.

Remunerations and benefits 2020	Basic salary [4]/ Board fee	Variable remuneration	Others benefits	Pension expenses	Other remuneration	Total	Pension commitments
Chairman of the Board							
Jörgen Zahlin	460	–	–	–	1	461	–
Directors							
Carina Andersson	210	–	–	–	–	210	–
Lars Olof Nilsson	280	–	–	–	–	280	–
Petter Stillström	250	–	–	–	–	250	–
Mats O Paulsson [1)]	140	–	–	–	–	140	–
Mikael Sjölund [2)]	70	–	–	–	–	70	–
President and CEO							
Peter Andersson	2,207	–	73	670	3	2,953	–
Other senior executives [3)]	4,930	415	341	1,487	0	7,173	–
Total	**8,547**	**415**	**414**	**2,157**	**4**	**11,537**	**–**
Recognized as an expense in the Parent Company	5,096	–	152	1,179	3	6,430	–

[1)] Mats O Paulsson became board member in connection with the Annual General Meeting in April 2020.
[2)] Mikael Sjölund withdrew as board member in connection with the Annual General Meeting in April 2020.
[3)] Other senior executives consist of three persons.
[4)] Basic salary also include supplementary vacation pay.

Remunerations and benefits 2019	Basic salary [5]/ Board fee	Variable remuneration	Others benefits	Pension expenses	Other remuneration	Total	Pension commitments
Chairman of the Board							
Jörgen Zahlin [1)]	310	–	–	–	–	310	–
Directors							
Carina Andersson	210	–	–	–	–	210	–
Lars Olof Nilsson	280	–	–	–	–	280	–
Petter Stillström [1)]	400	–	–	–	–	400	–
Mikael Sjölund	210	–	–	–	–	210	–
President and CEO							
Anders Martinsson [2)]	2,210	–	69	573	–	2,852	
Peter Andersson from [3)]	610	–	23	148	–	781	–
Other senior executives [4)]	4,695	–	326	1,295	–	6,316	–
Total	**8,925**	**–**	**418**	**2,016**	**–**	**11,359**	**–**
Recognized as an expense in the Parent Company	6,994	–	216	1,614	–	8,824	–

[1)] Jörgen Zahlin was elected Chairman of the Board at the Extraordinary General Meeting in September, 2019, succeeding Petter Stillström, who remains as Member of the Board.
[2)] Anders Martinsson acted as CEO until September 30, 2019.
[3)] Peter Andersson started as CEO on October 1, 2019.
[4)] Other senior executives consist of three persons.
[5)] Basic salary also include supplementary vacation pay.

Detailed below are the agreed terms for remuneration to the Board, the President and CEO and other senior executives. For an account of guidelines approved by the Annual General Meeting, see the Board of Directors' Report.

Board remuneration

The Chairman and other Board members are paid Board member fees as resolved by the Annual General Meeting. The Annual General Meeting resolved that Board member fees totaling SEK 1,260 thousands (1,260) will be distributed among the Board members as follows: SEK 420 thousands (420) to the Chairman of the Board and SEK 210 thousands (210) to each of the remaining Board members who are not employees of the Company. In addition, remuneration of SEK 70 thousands (70) will be paid to the Chairman of the Audit Committé and SEK 40 thousands (40) for each of the other members of the Audit Committee. No fees are paid to members of the Remunerations Committee. Other remuneration has been paid in the form of taxable travel expense reimbursements.

Remuneration to the President and CEO

Remuneration

In accordance with a decision by the Board of Directors, remuneration to the President and CEO normally takes the form of base salary, variable remuneration, pension and other benefits. The base salary of the President and CEO amounted to SEK 2,160 M (2,160). For the President and CEO, maximum variable remuneration payable is 50 percent of base salary. Potential bonus payments and the size of them are related to targets defined in advance and set by the Board.

Term of notice and severance pay

The President and CEO has a 9-month period of notice in the event of termination by the company and six months upon resignation. During the term of notice, the President and CEO is entitled to full pay and other benefits of employment, regardless of whether there is a duty to work or not. Members of Group management are not entitled to severance pay.

Pension benefits

In addition to benefits in accordance with the National Income Replacement Pension Act, pension contributions are made corresponding to 30 percent (30) of fixed annual salary plus vacation pay, which constitutes pensionable pay. BE Group AB's commitment is limited to paying the annual premium. Pension rights are not conditional on future employment.

Remunerations for other senior executives of the Parent Company and Group

Remuneration

Remuneration consists of base salary, variable remuneration, pensions and other benefits. The maximum variable remuneration payable to other senior executives is 30 percent of base salary. Whether or not bonuses are distributed and bonus amounts are determined by the CEO based on fulfillment of financial and individual targets.

Term of notice and severance pay

The notice period may not exceed twelve months if notice of termination of employment is made by the company. Fixed cash salary during the period of notice and severance pay may together not exceed an amount equivalent to the fixed cash salary for twelve months for the CEO and other senior executives. The period of notice may not exceed six months without any right to severance pay when termination is made by the executive.

Pension benefits

For other senior executives, contribution-defined pension solutions are applied. BE Group's commitment is limited to paying the annual premium. Pension rights are not conditional on future employment. Pensionable pay consists of fixed annual salary plus average bonus for the past three years.

Remuneration Committee

Please see the Corporate Governance Report for more information about BE Group's preparation and decision process regarding executive remuneration.

NOTE 4 – AUDITORS' FEES AND REIMBURSEMENTS

Group	**2020**	**2019**
PwC		
Audit assignments	2	2
Audit activities in addition to the audit assignment	–	–
Consultation on taxation	0	0
Other services	0	0
Total fees and compensation for expenses	**2**	**2**

Parent Company	**2020**	**2019**
PwC		
Audit assignments	1	1
Audit activities in addition to the audit assignment	–	–
Consultation on taxation	–	–
Other services	0	0
Total fees and compensation for expenses	**1**	**1**

The total fee to PwC and its international network amounts to SEK 2 M (2) for the fiscal year 2020. The fee to the audit firm Öhrlings PricewaterhouseCoopers AB amounts to SEK 1 M (1).

NOTE 5 – PROFIT/LOSS FROM PARTICIPATIONS IN GROUP COMPANIES

Parent Company	**2020**	**2019**
Dividend	21	16
Write-down of shares in subsidiaries	–	-4
Write-down of interest-bearing receivables from Group companies	–	-7
Reversal of write-down of interest-bearing receivables from Group companies	28	–
Total	**49**	**5**

NOTE 6 – OTHER OPERATING INCOME

Group	2020	2019
Net movements in exchange rates on receivables/liabilities of an operating nature	3	1
Liquidation result	1	–
Capital gains on sales of fixed assets	1	0
Other	1	0
Total	**6**	**1**

Parent Company	2020	2019
Net movements in exchange rates on receivables/liabilities of an operating nature	0	–
Liquidation result	16	–
Other	0	–
Total	**16**	**–**

NOTE 7 – OTHER OPERATING EXPENSES

Group	2020	2019
Net movements in exchange rates on receivables/liabilities of an operating nature	–	–
Restructuring expenses [1)]	40	–
Other	1	4
Total	**41**	**4**

Parent Company	2020	2019
Net movements in exchange rates on receivables/liabilities of an operating nature	–	0
Total	**–**	**0**

[1)] During the year, the result was impacted by items affecting comparability totaling SEK -40 M, of which, SEK -35 M was attributable to the centralization of warehouse and production operations in Sweden to Norrköping and the closure of the warehouse in Malmö and SEK -5 M was attributable to the restructuring of operations in the Baltics.

NOTE 8 – FINANCIAL INCOME

Group	2020	2019
Interest income from credit institutions	0	0
Other interest income	0	2
Net movements in exchange rates	–	8
Other	2	1
Total	**2**	**11**

Parent Company	2020	2019
Interest income, Group companies	14	17
Other interest income	–	–
Total	**14**	**17**

All interest income is attributable to financial assets measured at the amortized cost.

NOTE 9 – FINANCIAL EXPENSES

Group	2020	2019
Interest expense to credit institutions	7	11
Interest expense leasing acc. to IFRS 16	11	11
Other interest expense	0	0
Net movements in exchange rates	6	–
Other expenses	6	5
Total	**30**	**27**

Parent Company	2020	2019
Interest expense to credit institutions	3	11
Interest expense, Group companies	10	7
Net movements in exchange rates	12	7
Other expenses	1	–
Total	**26**	**25**

All interest expense is attributable to financial liabilities measured at amortized cost.

NOTE 10 – TAXES

Group	2020	2019
Current tax expense (–)/tax asset (+)		
Tax expense/tax asset for the period	-10	-11
Adjustment of tax attributable to prior years	0	0
Total	**-10**	**-11**
Deferred tax expense (–)/tax asset (+)		
Deferred tax attributable to temporary differences	5	–
Deferred tax attributable to tax loss carryforwards	-2	-10
Deferred tax attributable to change in tax rate	–	–
Deferred tax expense attributable to impairment of capitalized tax value attributable to tax-loss carryforwards	0	-1
Others	–	–
Total	**3**	**-11**
Total consolidated reported tax expense (-)/tax asset (+)	**-7**	**-22**

Parent Company	2020	2019
Current tax expense (–)/tax asset (+)		
Tax expense/tax asset for the period	0	0
Adjustment of tax attributable to prior years	–	–
Total	**0**	**0**
Deferred tax expense (–)/tax asset (+)		
Deferred tax attributable to tax loss carryforwards	-2	-10
Total	**-2**	**-10**
Total reported tax expense (-)/ tax asset (+) Parent Company	**-2**	**-10**

Reconciliation of effective tax	2020	2019
Group		
Profit/loss before tax	11	72
Tax at prevailing rate for the Parent Company (21.4%)	-3	-15
Effect of different tax rates for foreign subsidiaries	0	0
Non-deductible expenses	-2	-3
Non-taxable revenues	0	0
Increase of loss carryforward without corresponding capitalization of deferred tax	-2	-4
Taxes attributable to previous years	0	–
Share in earnings of joint venture	1	1
Other	-1	-1
Recognized effective tax	**-7**	**-22**

Reconciliation of the effective tax rate for the Group is based on a weighted average of the nominal tax rates that apply to each of the companies within the Group.

Reconciliation of effective tax	2020	2019
Parent Company		
Profit/loss before tax	75	48
Tax at prevailing rate for the Parent Company (21.4%)	-16	-10
Non-deductible expenses	0	-3
Non-taxable revenues	14	3
Taxes attributable to previous years	0	–
Other	0	0
Recognized effective tax	**-2**	**-10**

Tax items recognized in other comprehensive income

Group	2020	2019
Current tax for currency risk hedging in foreign operations	0	8
Total tax in other comprehensive income	**0**	**8**

Tax items recognized directly in equity

Group	2020	2019
Tax items recognized directly in equity	**–**	**–**

NOTE 11 – EARNINGS PER SHARE

Group	2020	2019
Earnings per share before dilution (SEK)	0.33	3.87
Earnings per share after dilution (SEK)	0.33	3.87

The calculation of the numerator and denominator used in the calculation of earnings per share is detailed below.

Profit/loss for the year	2020	2019
Profit/loss for the year (SEK M)	4	50

Weighted average number of common shares outstanding before dilution (individual shares)

	2020	2019
Total ordinary shares at January 1	12,983,204	12,983,204
Weighted common shares outstanding during the year, before dilution	**12,983,204**	**12,983,204**

Weighted average number of common shares outstanding after dilution (individual shares)

	2020	2019
Weighted average ordinary shares outstanding, before dilution	12,983,204	12,983,204
Weighted common shares outstanding during the year, after dilution	**12,983,204**	**12,983,204**

NOTE 12 – GOODWILL

Cash-generating units with goodwill

Goodwill	Sweden	Finland	Group total
Opening balance, January 1, 2019	314	249	563
Impairment	–	–	–
Exchange differences	–	3	3
Closing balance, December 31, 2019	**314**	**252**	**566**
Opening balance, January 1, 2020	314	252	566
Impairment	–	–	–
Exchange differences	–	-9	-9
Closing balance, December 31, 2020	**314**	**243**	**557**

Impairment testing

Cash generating units

The cash generating unit Sweden consists of the company BE Group Sverige AB, which is part of business area Sweden & Poland. The Finland cash generating unit consists of the company BE Group Oy Ab, which is a part of business area Finland & Baltics.

Recoverable amounts

Goodwill is tested for impairment at least once annually. This testing compares the recoverable amount with the carrying amount. Impairment testing was updated at December 31 and no impairment requirement in other cash-generating units was identified.

The recoverable amount of the cash generating units is determined by calculating their value in use. The recoverable amount has been determined using a value in use based on cash flow forecasts for five years forward and an end value based on an annual rate of growth of two percent, which is deemed to correspond to inflation. For the calculation of value in use, a discount rate has been calculated based on the weighted average cost of capital (WACC), which for the year amounted to 10.7 percent (10.8) before tax.

Sensitivity analysis

A number of sensitivity analyzes have been done where the variables included in the value-in-use model were changed and the effect on the recoverable amount was analysed. For the forecasted cash flow, growth, operating margin, working capital tied-up and investments are important factors. For the valuation, the discount rate is also an important parameter. The analyzes have focused on a deterioration of the average growth rate or operating margin by one percentage point or that the discount rate has been increased by one percentage point. The analyses have not indicated any impairment requirements, but rather that the value in use exceeds the book value for both of the cash generating units.

NOTE 13 – OTHER INTANGIBLE ASSETS

	Other intangible assets		Customer relations		Software and licenses		Total	
Group	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Accumulated cost								
At January 1	4	4	1	34	148	148	153	186
Acquisitions	0	–	–	–	0	1	0	1
Disposals and scrappings	–	0	–	-2	–	-4	–	-6
Reclassification	–	–	–	–	–	2	–	2
Divested/liquidated operations	–	–	–	-32	–	–	–	-32
Exchange differences for the year	0	0	–	1	-1	1	-1	2
Total accumulated closing balance	**4**	**4**	**1**	**1**	**147**	**148**	**152**	**153**
Accumulated scheduled depreciation								
At January 1	-2	-2	-1	-26	-143	-144	-146	-172
Disposals and scrappings	0	0	–	–	–	4	0	4
Reclassification	–	–	–	–	–	–	–	–
Divested/liquidated operations	–	–	–	26	–	–	–	26
Scheduled amortization for the year	-1	0	–	–	-2	-2	-3	-2
Exchange differences for the year	0	0	–	-1	2	-1	2	-2
Total accumulated depreciation	**-3**	**-2**	**-1**	**-1**	**-143**	**-143**	**-147**	**-146**
Accumulated impairment								
At January 1	–	–	–	-8	–	–	–	-8
Divested/liquidated operations	–	–	–	8	–	–	–	8
Impairment losses for the year	–	–	–	–	–	–	–	–
Total accumulated impairment	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Carrying amount at end of period	**1**	**2**	**–**	**–**	**4**	**5**	**5**	**7**
Amortization for the year is reported on the following lines in the income statement								
Selling expenses	–	–	–	–	0	0	0	0
Administrative expenses	-1	0	–	–	-2	-2	-3	-2
Total	**-1**	**0**	**–**	**–**	**-2**	**-2**	**-3**	**-2**

Parent Company	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Accumulated cost								
At January 1	–	–	–	–	109	108	109	108
Acquisitions	–	–	–	–	–	–	–	–
Reclassification	–	–	–	–	–	1	–	1
Total accumulated closing balance	**–**	**–**	**–**	**–**	**109**	**109**	**109**	**109**
Accumulated scheduled depreciation								
At January 1	–	–	–	–	-108	-107	-108	-107
Scheduled amortization for the year	–	–	–	–	0	-1	0	-1
Total accumulated depreciation	**–**	**–**	**–**	**–**	**-108**	**-108**	**-108**	**-108**
Carrying amount at end of period	**–**	**–**	**–**	**–**	**1**	**1**	**1**	**1**
Amortization for the year is reported on the following lines in the income statement								
Administrative expenses	–	–	–	–	0	-1	0	-1
Total	**–**	**–**	**–**	**–**	**0**	**-1**	**0**	**-1**

NOTE 14 – TANGIBLE ASSETS

	Buildings and land		Plant and machinery		Equipment, tools, fixtures and fittings		New constructioning progress and advance payments for tangible assets		Total	
Group	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Accumulated cost										
At January 1	19	19	522	537	132	162	14	4	687	722
Acquisitions	–	–	2	9	1	1	18	15	21	25
Disposals and scrappings	–	–	-34	-10	-10	-33	–	–	-44	-43
Reclassification	11	–	18	-19	0	1	-29	-5	0	-23
Exchange differences for the year	0	0	-16	5	-1	1	–	–	-17	6
Total accumulated closing balance	**30**	**19**	**492**	**522**	**122**	**132**	**3**	**14**	**647**	**687**
Accumulated scheduled depreciation										
At January 1	-18	-17	-454	-440	-123	-149	–	–	-595	-606
Disposals and scrappings	–	–	34	9	10	30	–	–	44	39
Reclassification	–	–	4	3	–	–	–	–	4	3
Scheduled depreciation for the year	-1	-1	-19	-23	-3	-3	–	–	-23	-27
Exchange differences for the year	0	–	13	-3	1	-1	–	–	14	-4
Total accumulated depreciation	**-19**	**-18**	**-422**	**-454**	**-115**	**-123**	**–**	**–**	**-556**	**-595**
Accumulated impairment										
At January 1	–	–	-2	-2	-1	-3	–	–	-3	-5
Disposals and scrappings for the year	–	–	–	0	–	2	–	–	–	2
Impairment losses for the year	–	–	–	–	–	–	–	–	–	–
Exchange differences for the year	–	–	1	0	0	0	–	–	1	–
Total accumulated impairment	**–**	**–**	**-1**	**-2**	**-1**	**-1**	**–**	**–**	**-2**	**-3**
Carrying amount at end of period	**11**	**1**	**69**	**66**	**6**	**8**	**3**	**14**	**89**	**89**

	Equipment, tools, fixtures and fittings		New constructioning progress and advance payments for tangible assets		Total	
Parent Company	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Accumulated cost						
At January 1	1	2	–	–	1	2
Reclassifications	–	-1	–	–	–	-1
Acquisitions	–	–	2	–	2	–
Total accumulated closing balance	**1**	**1**	**2**	**–**	**3**	**1**
Accumulated scheduled depreciation						
At January 1	-1	-1	–	–	-1	-1
Scheduled depreciation for the year	–	–	–	–	–	–
Total accumulated depreciation	**-1**	**-1**	**–**	**–**	**-1**	**-1**
Carrying amount at end of period	**0**	**0**	**2**	**–**	**2**	**0**

NOTE 15 – LEASE AGREEMENTS

The Group has leases for real estate, vehicles, machinery and other equipment used in the operations. Leases of real estate and machinery generally have a leasing period of between three and 15 years, while that for vehicles and other equipment is generally between three and five years. The Group's obligations in leases are secured by the lessor's ownership.

Right of use assets

The table below presents the book value of the right of use assets and amortization per asset class and the financial year's additional right of use assets.

2020	Buildings	Cars	Equipment, tools, fixtures and fittings	Other	Total
Depreciation	-84	-3	-1	-1	**-89**
Closing balance, December 31, 2020	489	5	44	3	**541**

Additional right of use assets during the 2020 financial year total SEK 32 M (40).

2019	Buildings	Cars	Equipment, tools, fixtures and fittings	Other	Total
Depreciation	-78	-4	-1	-1	**-84**
Closing balance, December 31, 2019	511	7	19	4	**540**

Lease liabilities

The table below presents the amounts recognized as lease liabilities in the consolidated balance sheet.

	2020	2019
Non-current leasing liabilities	457	449
Current leasing liabilities	84	92
Total	**541**	**541**

The table below presents a maturity analysis regarding contractually undiscounted payments of the lease liabilities.

	2020	2019
Maturity within 1 year	91	93
Maturity within 1-2 years	77	82
Maturity within 2-3 years	74	66
Maturity within 3-5 years	134	117
Maturity later than 5 years	209	228
Total	**585**	**586**

Earnings impact attributable to leases

The table below presents the amounts attributable to leases recognized in the consolidated income statement during the year.

Costs	2020	2019
Depreciation of rights of use	89	84
Interest expenses for leasing liabilities	11	11
Total	**100**	**95**

The Group's total cash outflow attributable to leases amounted to SEK 100 M (89).

Uncommenced leasing commitments

The Group has no uncommenced leasing commitments that have not yet entered into effect.

NOTE 16 – PARTICIPATIONS IN GROUP COMPANIES

Parent Company	2020	2019
Accumulated cost		
At January 1	1,630	1,630
Acquisitions and capital contributions	–	–
Divestment and liquidation	–	–
Total accumulated cost	**1,630**	**1,630**
Accumulated impairment		
At January 1	-762	-758
Divestment and liquidation	–	–
Impairment losses for the year	–	-4
Total accumulated impairment	**-762**	**-762**
Carrying amount at end of period	**868**	**868**

Specification of the Parent Company and Group's holdings of investments in Group companies

Subsidiaries/Reg. No./Domicile	Participating interests	%	Carrying amount
BE Group Sverige AB, 556106-2174. Sweden	20,000	100	709
BE Group Oy Ab, 1544976-7. Finland	204,000	100	147
BE Group OÜ, 10024510. Estonia	40	100	0
BE Group SIA, 40003413138. Latvia	100	100	0
UAB BE Group, 211685290. Lithuania	100	100	–
BE Group Sp. z o.o, 0000006520. Poland	20,216	100	–
Lecor Stålteknik AB, 556584-6382. Sweden	1,000	100	12
RTS Eesti OÜ, 11657766. Estonia			–
			868

Acquisitions, capital contributions and impairments during the year	2020	2019
UAB BE Group	–	-4
	–	**-4**

The impairment during 2019 is related to participation in Group company.

NOTE 17 – PARTICIPATIONS IN JOINT VENTURES

BE Group owns 50 percent of ArcelorMittal BE Group SSC AB (company registration number 556192-8770, domiciled in Karlstad, Sweden). The interest in the joint venture company is reported in the consolidated accounts using the equity method, by which 50 percent of profit after tax for the joint venture company will be reported as a share in earnings included in the consolidated operating result of BE Group.

Earnings in joint venture ArcelorMittal BE Group SSC AB	**2020**	**2019**
Profit/loss before tax	17	6
Tax	-3	-1
Profit/loss after tax	**14**	**5**
Dividends received	–	5

Overview of income statements and balance sheets for the joint venture	**2020**	**2019**
Net sales	670	814
Operating result	18	7
Net financial items	-1	-1
Tax	-3	-1
Profit/loss for the year	**14**	**5**

	2020	**2019**
Non-current assets	189	195
Current assets excl. cash and equivalents	197	239
Cash and equivalents	8	6
Total assets	**394**	**440**

	2020	**2019**
Equity	283	274
Provisions	20	20
Interest-bearing liabilities	1	72
Other non-interest-bearing liabilities	90	74
Total equity and liabilities	**394**	**440**

Participations in joint ventures	**2020**	**2019**
Opening balance, cost	110	113
Dividends received	–	-5
Share in earnings of joint venture [1)]	7	3
Rounding	–	-1
Carrying amount at year-end	**117**	**110**

Transactions with joint venture ArcelorMittal BE Group SSC AB	**2020**	**2019**
Receivables due from joint venture	–	–
Debts owed to joint venture	11	11
Sales to joint venture	–	–
Purchases from joint venture	64	90
Dividends received	–	5

[1)] The operation has obtained Covid-19 related government grants of SEK 0,3 M.

Transactions with the joint venture are conducted at market prices and terms.

Impairment testing

Through BE Group Sverige AB, the Group is the owner of 50 percent of the shares in ArcelorMittal BE Group SSC AB and the value of the company's proportion was tested by the recoverable amount being compared with the carrying amount. The carrying amount consists of the book value.

The recoverable amount of the cash generating units is determined by calculating their value in use. The recoverable amount has been determined using a value in use based on cash flow forecasts for five years forward and an end value based on an annual rate of growth of 2 percent, which is deemed to corresponding to inflation. For the calculation of value in use, a discount rate has been calculated based on the weighted average cost of capital (WACC), which for the year amounted to 10.7 percent (10.8) before tax. The carrying amount is SEK 117 M. Read more about the testing of Goodwill in Note 12.

NOTE 18 – OTHER SECURITIES HELD AS NON-CURRENT ASSETS

Group	2020	2019
Accumulated cost		
At January 1	0	0
Divestments for the year	–	–
Exchange differences for the year	0	0
Carrying amount at end of period	**0**	**0**

NOTE 19 – INTEREST-BEARING RECEIVABLES, GROUP COMPANIES

Parent Company	2020	2019
Accumulated cost		
At January 1	222	179
New receivables	71	57
Settled receivables	-218	-15
Reversal of impairment of receivables	28	–
Exchange rate differences for the year	-1	1
Carrying amount at end of period	**102**	**222**
Of which recognized as non-current	*23*	*28*
Of which recognized as current	*79*	*194*

NOTE 20 – INVENTORIES

Group	2020	2019
Inventories		
Finished goods	265	321
Raw materials	220	307
Work in progress	16	14
Other	–	–
Total	**501**	**642**

Group	2020	2019
Obsolescence reserve, inventories		
Carrying amount at January 1	-15	-21
Divested/liquidated operations	–	10
Translation difference	0	0
Change for the year	6	-4
Total obsolescence reserve, inventory	**-9**	**-15**

NOTE 21 – PREPAID EXPENSES AND ACCRUED INCOME

Group	2020	2019
Rent for premises	8	8
Insurance fees	2	4
IT expences	4	–
Other items	8	6
Total prepaid expenses and accrued income	**22**	**18**

Parent Company	2020	2019
IT expences	4	–
Other items	1	1
Total prepaid expenses and accrued income	**5**	**1**

NOTE 22 – EQUITY

Share capital and shares outstanding

Group	2020	2019
Issued capital at January 1	13,010,124	13,010,124
Issued capital at December 31	**13,010,124**	**13,010,124**

At December 31, 2020, registered share capital amounted to 13,010,124 (13,010,124) common shares. The quotient value per share is SEK 20.00 (20.00). Holders of common shares are entitled to dividends, the amount of which is set each financial year and shareholdings convey voting rights at the Annual General Meeting of one vote per share. All shares convey equal rights to the Company's remaining net assets.

Other capital contributions

Refers to capital contributions from shareholders. Includes share premium reserves transferred to the statutory reserve at December 31, 2005. Share premium reserve provisions are also reported as capital contributions as of January 1, 2006.

Reserves

Translation reserve

The translation reserve comprises of exchange differences arising from translation of the financial statements of foreign operations that have prepared their financial statements in a currency other than the currency in which consolidated financial statements are presented. The Parent Company and Group present their financial statements in Swedish kronor (SEK).

Hedging of net investments in foreign subsidiaries was also recognized in the translation reserve until August 2019. This consisted of exchange rate differences arising from the revaluation of liabilities recognized as hedging instruments of a net investment in a foreign operation. The amount was after tax. Please see the Accounting principles for more information.

Group	2020	2019
Carrying amount at January 1	44	41
Exchange rate difference for the year	-21	31
Hedging of net investments in foreign subsidiaries	0	-36
Tax attributable to hedging of net investment in foreign subsidiary	0	8
Carrying amount at end of period	**23**	**44**

Retained earnings including profit/loss for the year

Retained earnings including profit for the year include earnings in the Parent Company and its subsidiaries. This equity item includes prior provisions to the statutory reserve, excluding transferred share premium reserves.

Treasury shares

	2020		2019	
Group	**Number**	**Amount**	**Number**	**Amount**
Balance at January 1	26,920	21	26,920	21
Closing balance at end of period	**26,920**	**21**	**26,920**	**21**

Acquisition of treasury shares are recognized directly in retained earnings.

Parent Company

Restricted equity

Restricted reserves
Dividends that reduce restricted reserves are prohibited.

Statutory reserve

The purpose of the statutory reserve has been to save a portion of net profits not used to cover retained losses. The statutory reserve also includes the amount transferred to the share premium reserve prior to January 1, 2006.

Non-restricted equity

Retained earnings
Comprises of prior years' non-restricted equity after distribution of profits, if any. Combined with profit for the year, the total makes up non-restricted equity, which is the amount available for distribution to shareholders.

Share premium reserve

When shares are issued at a premium, that is, when more must be paid for the shares than their quotient value, an amount equal to the amount received in excess of the quotient value of the shares must be transferred to the share premium reserve. The amount transferred to the share premium reserve from January 1, 2006 is included in non-restricted equity.

NOTE 23 – PROVISIONS

Group	2020	2019
Restructuring costs	32	–
Other	–	1
Total	**32**	**1**
Of which:		
Non-current	0	0
Current	32	1
Total	**32**	**1**

2020	Restructuring costs	Other
Carrying amount at January 1	–	1
New provisions [1)]	40	–
Amount used during the period	-8	-1
Carrying amount at end of period	**32**	**–**
Expected date of outflow of resources:		
2021	32	–
2022–2025	–	–
Total	**32**	**–**

[1)] Restructuring costs related to centralization of warehouse and production operations in Sweden and the Baltics.

Parent Company

The Parent Company currently holds no provisions (0).

NOT 24 – APPROPRIATION OF EARNINGS

The Board of Director´s proposal for the appropriation of earnings

The Board of Directors proposes that no dividend (-) will be paid for the financial year of 2020.

Funds available		
Share premium reserves	239,719,829	SEK
Retained earnings	110,892,517	SEK
Loss for the year	73,008,862	SEK
Total	**423,621,208**	**SEK**
Balance carried forward	423,621,208	SEK
Total	**423,621,208**	**SEK**

NOTE 25 – DEFERRED TAX ASSETS AND TAX LIABILITIES

2020

Group	Deferred tax assets	Deferred tax liabilities	Net
Intangible assets	–	-20	-20
Buildings and land	0	–	0
Machinery and equipment	–	-1	-1
Inventory	0	0	0
Accounts receivable	1	–	1
Other provisions	6	–	6
Loss carryforwards	16	–	16
Other [1]	1	-21	-20
	24	**-42**	**-18**
Offset	0	0	0
Net deferred tax liability	**24**	**-42**	**-18**

2019

Group	Deferred tax assets	Deferred tax liabilities	Net
Intangible assets	–	-21	-21
Buildings and land	0	–	0
Machinery and equipment	–	-1	-1
Inventory	0	–	0
Accounts receivable	1	–	1
Other provisions	–	–	–
Loss carryforwards	19	–	19
Other [1]	1	-22	-21
	21	**-44**	**-23**
Offset	0	–	0
Net deferred tax liability	**21**	**-44**	**-23**

[1] Mostly related to a defferred tax liability in Estonia. In Estonia, the tax is paid first when the dividend is paid to the Parent Company.

2020

Parent Company	Deferred tax assets	Deferred tax liabilities	Net
Loss carryforwards	15	–	15
	15	**–**	**15**
Offset	–	–	–
Net deferred tax assets	**15**	**–**	**15**

2019

Parent Company	Deferred tax assets	Deferred tax liabilities	Net
Loss carryforwards	18	–	18
	18	**–**	**18**
Offset	–	–	–
Net deferred tax assets	**18**	**–**	**18**

Change of deferred tax in temporary differences and loss carryforwards

Group

2020	**Carrying amount at beginning of period**	**Recognized in profit or loss**	**Recognized in equity**	**Carrying amount at end of period**
Intangible assets	-21	–	1	-20
Buildings and land	0	0	–	0
Machinery and equipment	-1	0	–	-1
Inventory	0	0	–	0
Accounts receivable	1	0	–	1
Other provisions	0	6	–	6
Interest-bearing liabilities	–	–	–	–
Loss carryforwards	19	-3	–	16
Other	-21	1	–	-20
	-23	**4**	**1**	**-18**

Group

2019	**Carrying amount at beginning of period**	**Recognized in profit or loss**	**Recognized in equity**	**Carrying amount at end of period**
Intangible assets	-21	–	0	-21
Buildings and land	-2	2	–	0
Machinery and equipment	-2	1	–	-1
Inventory	0	0	–	0
Accounts receivable	1	0	–	1
Other provisions	0	–	–	0
Interest-bearing liabilities	2	-2	–	–
Loss carryforwards	30	-11	–	19
Other	-19	-2	–	-21
	-11	**-12**	**0**	**-23**

Change of deferred tax in temporary differences and loss carryforwards

Parent Company

2020	**Carrying amount at beginning of period**	**Recognized in profit or loss**	**Recognized in equity**	**Carrying amount at end of period**
Loss carryforwards	18	-3	–	15
	18	**-3**	**–**	**15**

Parent Company

2019	**Carrying amount at beginning of period**	**Recognized in profit or loss**	**Recognized in equity**	**Carrying amount at end of period**
Loss carryforwards	27	-9	–	18
	27	**-9**	**–**	**18**

Of the Group's capitalized deferred tax assets on tax loss carryforwards, assets of SEK 1 M (1) are limited to a period of five years. These assets refers to Poland.

Unrecognized deferred tax assets

In the balance sheet, deferred tax assets have not been recognized for tax loss carryforwards for a deferred tax value of SEK 2 M (2), which are attributable to the foreign subsidiaries. The unrecognized amounts are equivalent to the portion of such carryforwards considered unlikely to be utilizable against future taxable results.

NOTE 26 – PLEDGED ASSETS AND CONTINGENT LIABILITIES

Pledged assets to credit institutions

Group	2020	2019
Liens on assets	1,222	1,251
Property mortgages	–	–
Shares in subsidiaries	–	–
Total	**1,222**	**1,251**

Parent Company	2020	2019
Promissory notes receivable	320	329
Shares in subsidiaries	–	–
Total	**320**	**329**

Financial assets pledged as collateral

The Parent Company has promissory notes receivable from BE Group Sverige AB and BE Group Oy Ab pledged as collateral for external loan agreements. The carrying amount is equal to the amount reported as pledged collateral. Please see Note 31 Financial risk management with regard to significant terms and conditions of external loan agreements.

Contingent liabilities

Group	2020	2019
Guarantees	5	6
Other items	1	7
Total	**6**	**13**

Parent Company	2020	2019
Guarantee obligations for the benefit of subsidiaries	5	9
Total	**5**	**9**

The Parent Company provides a joint and several guarantee covering subsidiaries' payment of receivables to materials suppliers. In addition to these reported commitments, the Parent Company has also provided customary guarantees for subsidiaries' obligations to pay rent to property owners. Please see Note 15 for further information about lease agreements.

NOTE 27 – CURRENT INTEREST-BEARING LIABILITIES

Group	2020	2019
Overdraft facility		
Credit limit	150	150
Unutilized part of credt limit	-150	-150
Utilized credit amount	**–**	**–**
Current leasing liabilities	84	92
Other current interest-bearing liabilities	1	6
Total current interest-bearing liabilities	**85**	**98**

Disclosures concerning collateral are provided in Note 26 Pledged assets and contingent liabilities

NOTE 28 – ACCRUED EXPENSES AND DEFERRED INCOME

Group	2020	2019
Accrued salaries	41	42
Accrued social security expenses	14	10
Bonuses to customers	2	3
Other items	12	18
Total accrued expenses and deferred income	**69**	**73**

Parent Company	2020	2019
Accrued salaries	1	1
Accrued social security expenses	1	1
Other accrued expenses	4	5
Total accrued expenses and deferred income	**6**	**7**

NOTE 29 – SUPPLEMENTARY DISCLOSURES TO CASH FLOW STATEMENT

Group	2020	2019
Interest paid and dividends received		
Dividends received	–	–
Interest received	0	0
Interest paid	-18	-22
Adjustment for non-cash items		
Depreciation, amortization and write-down of assets [1)]	115	113
Unrealized exchange rate differences	–	–
Capital gain/loss on sale of fixed assets	0	0
Difference between participation in joint venture and dividends received	-7	2
Provisions and other items not affecting liquidity	26	-9
Total	**134**	**106**

Parent Company	2020	2019
Interest paid and dividends received		
Dividends received	21	16
Dividends paid	–	-23
Interest received	14	17
Interest paid	-13	-19
Adjustment for non-cash items		
Depreciation and write-down of assets	-44	1
Provisions and other items not affecting liquidity	5	–
Total	**-39**	**1**

[1)] In depreciation, amortization and write-downs 2020, SEK 89 M (84) is associated with amortization on right of use assets related to IFRS 16.

Reconcilation of debt

		Cash flow	Items not affecting cash flow				
Group	**31/12/19**		**Acquisitions**	**New lease agreements**	**Other [1)]**	**Exchange rate differences**	**31/12/20**
Overdraft facility	**–**	–	–	–	–	–	**–**
Factoring	**6**	309	–	–	–	7	**322**
Bank loan	**536**	-538	–	–	2	–	**–**
Lease liability	**541**	-89	–	32	57	0	**541**
Total	**1,083**	**-318**	**–**	**32**	**59**	**7**	**863**

[1)] In other mainly modifications and indexations are reported.

		Cash flow	Items not affecting cash flow			
Group	**31/12/18**		**Acquisitions**	**New lease agreements**	**Exchange rate differences**	**31/12/19**
Overdraft facility	**–**	–	–	–	–	**–**
Factoring	**0**	–	6	–	–	**6**
Bank loan	**530**	–	–	–	6	**536**
Lease liability	**18**	-4	–	527	0	**541**
Total	**548**	**-4**	**6**	**527**	**6**	**1,083**

NOTE 30 – RELATED-PARTY TRANSACTIONS

Group

During the year, the Group had transactions with joint venture company ArcelorMittal BE Group SSC AB. See Note 17 for further details.

In other regards, no transactions have taken place between BE Group and related parties that have had a material impact on the Company's position and results.

See Note 3 for disclosures on remuneration and benefits paid to senior executives and Board members.

Parent Company

The Parent Company has decisive control over its subsidiaries, see Note 16, and has had the following transactions with related parties:

Parent Company´s transactions with subsidiaries	2020	2019
Sales of services	77	97
Purchases of services	-5	-7
Interest income	14	17
Interest expense	-10	-7
Dividend received (+)/paid (-)	21	16
Group contributions received(+)/paid (-)	-15	7
Claims on related parties on balance day	121	271
Debt to related parties on balance day	-440	-124

NOTE 31 – FINANCIAL RISK MANAGEMENT

In its operations, BE Group is exposed to a number of financial risks. The management of these risks is regulated through the Group's finance policy. The finance policy is established by the Board and provides a framework for BE Group's management of the financial risks in its operations. BE Group maintains a centralized finance function that is responsible for identifying and managing the financial risks in accordance with the established policy.

The finance function reports to the President and CEO of BE Group.

BE Group's ongoing operations cause a number of financial risks. These consist of market risk (currency and interest risk), refinancing risk (liquidity risk) and credit risk. The goals that have been established in the finance policy are stated under the respective heading below.

Market risk

Market risk is the risk that fluctuations in market rates, such as interest and exchange rates, will impact the Group's profits or financial position.

Currency risk

By reason of its international operations, BE Group is exposed to currency risk through exchange rate fluctuations. BE Group's currency exposure comprises both transaction exposure and translation exposure.

Transaction exposure

Transaction exposure arises when the Group conducts purchasing in one currency and sales in another, meaning that the transaction exposure is attributable to accounts receivable and payable. BE Group's purchases are denominated mainly in SEK and EUR, while sales are denominated in local currency. BE Group's objective is to minimize the short-term and long-term impact of movements in foreign exchange rates on the Company's profit and equity. This is mainly achieved by matching revenues and expenses in business transactions with currencies other than SEK. When matching cannot be achieved, the Group sometimes utilizes forward contracts for currency hedging. All currency hedging is performed by the Group's central finance function in the Parent Company. At year-end, BE Group had no outstanding forward contracts relating to transaction exposure.

During 2020, BE Group's transaction exposure in EUR amounted to EUR 57 M (58), consisting of the difference between actual purchasing and sales in EUR. The Group mainly makes its purchases in EUR while sales are in local currency. The real effect of the transaction exposure affected operating profit/loss by SEK 3 M (-1). Based on income and expenses in foreign currency for 2020, it is estimated that a change of +/- 5 percent in the SEK against the EUR would give an effect of about +/- SEK 4 M in the operating result. On the balance sheet date, the Group had operating liabilities of EUR 7 M net and financial liabilities of EUR 15 M.

Translation exposure

As of the balance sheet date, net assets are allocated among the following currencies:

Amount	SEK M	
SEK	480	53%
EUR	432	48%
Others	-7	-1%
Total	**905**	**100%**

When the net assets of foreign Group companies are restated in SEK, translation differences arise in connection with exchange rate fluctuations that affect consolidated equity. The Parent Company, BE Group AB, had until August 2019 loans in EUR to reduce translation exposure arising from the Finnish and Estonian operations, respectively. In the consolidated financial statements, hedge accounting was until then applied in accordance with the principles for hedging net investments in foreign currency. For information regarding hedge accounting for net investments until August 2019, see the Accounting principles.

The Group's earnings are affected by the currency rates used in the translation of the results of its foreign units. Based on conditions in 2020, it is estimated that a 5 percent strengthening of the SEK against the EUR would entail an effect of SEK -2 M on operating result in the translation of the earnings of foreign units.

Interest risk

Interest risk is attributable to fluctuations in market interest rates and their effect on the Group's loan portfolio. Consolidated interest-bearing liabilities are mainly subject to variable interest or short terms of fixed interest.

At the end of the year, the total interest-bearing debt excl. IFRS 16 was SEK 322 M (542). Interest-bearing assets in the form of cash and bank balances amounted to SEK 166 M (168).

A change in interest rates of one percent would affect consolidated net financial items by approximately SEK +/- 3 M and consolidated equity by approximately SEK +/- 3 M. The sensitivity analysis has been conducted on the basis of current net debt at the end of the period.

The table below details the consolidated interest-bearing liabilities outstanding at December 31, 2019 and December 31, 2020.

Loan terms, maturity structure/fixed rate terms and fair value

(SEK M)		Nominal amount in original currency 2020	2019	Carrying amount (SEK M) 2020	2019	Maturity 2020	2019
Factoring	EUR M	15	1	148	6	2022	2020
Factoring	SEK M	174	–	174	–	–	–
accrued interest		–	–	–	–	–	–
Total financial leasing liability				**322**	**6**		
Of which, current liability				*1*	*6*		
Parent Company [1]							
Bank loan, SEK	SEK M	–	90	–	87	2022	2022
Bank loan, EUR	EUR M	–	43	–	449	2022	2022
accrued interest				–	0		
Total interest-bearing liabilities, Parent Company				**–**	**536**		
Of which, current liability				–	–		
Total interest-bearing liabilities, Group				**322**	**542**		
Of which, current liability				*1*	*6*		

[1] In addition to its external interest-bearing liabilities, the Parent Company has Group-internal liabilities amounting to EUR 20 M (4) and SEK 148 M (17). The recognized amount totals SEK 347 M (59). The liabilities mature on December 31, 2021 with interest rates based on three-month EURIBOR and STIBOR. There is no accrued interest on the balance sheet date. In addition to these liabilities, the Parent Company has interest-bearing liabilities related to the intra-group cash pool that amount to SEK 77 M (49) as per the balance sheet date. The interest applied in the cash pool is based on STIBOR T/N.

The recognized amount for interest-bearing liabilities constitutes a good approximation of the fair value.

Refinancing risk (liquidity risk)

BE Group is a net borrower and a refinancing risk arises in connection with the extension of existing loans and the raising of new loans. Access to external financing, which is affected by factors such as the general trend in the capital and credit markets, as well as the borrower's creditworthiness and credit capacity, may be limited and there may be unforeseen events and costs associated with this. The borrowing strategy focuses on securing the Group's borrowing needs, both with regard to long-term financing needs and day-to-day payment commitments. BE Group works to maintain satisfactory payment capacity by means of unutilized credit facilities and through active control of its working capital, which is the main item affecting the Group's liquidity.

Maturity structure, financial liabilities

	Financial liabilities 2020	2019
Maturity within 90 Days	427	410
Maturity within 91–180 Days	34	7
Maturity within 181–365 Days	4	24
Maturity within 1–5 years	321	560
Maturity later than 5 years	0	0
Total	**786**	**1,001**

The table above details the maturity structure for financial liabilities and shows the undiscounted future cash flows. BE Group has an overdraft facility of SEK 150 M, of which SEK 0 M had been utilized as of December 31, 2020, see Note 27. Of the financial liabilities that fall due for payment within one to five years, the largest part relate to the Parent Company's credit facility maturing in 2022.

Credit agreement

Current credit agreement with Skandinaviska Enskilda Banken was signed 2019 and have a maturity of three years with an option for extension of another 1+1 years.

The key figures measured are net debt/equity ratio and interest coverage ratio. The covenants are measured quarterly, and the interest coverage ratio is based on the trend over the past 12-month period. On the balance sheet date, the Group has unutilized credit facilities in an amount of SEK 428 M (including overdraft facilities).

Credit risk

When entering into new business relations and extending existing ones, BE Group makes a commercial assessment.

The risk that payment will not be received on accounts receivable represents a customer credit risk. BE Group applies credit policies to manage this risk by limiting the outstanding credit extended and terms for various customers. Short credit terms and the absence of risk concentrations towards individual customers and specific sectors contribute to reducing credit risk in Sweden and Finland.

The spread of risk among the customer base is satisfactory as no individual customer accounted for more than 4 percent (5) of sales in 2020. The ten largest customers combined accounted for about 13 percent (13) of sales.

Credit exposure arises in conjunction with placements of cash and cash equivalents and derivatives trading. BE Group manages the risk that a counterparty will default by selecting creditworthy counterparties and limiting the commitment per counterparty.

In all material respects, the Group's credit exposure coincides with the carrying amount of each class of financial instrument.

Provision for accounts receivable 2020

In order to calculate anticipated credit losses, accounts receivable have been grouped based on credit risk characteristics and the number of days of delay. The anticipated credit loss levels are based on the customers' loss history. Historical losses are then adjusted to take into consideration current and prospective information about macroeconomic factors that can affect the customers' possibilities of paying the receivable. The historical loss level is adjusted based on the anticipated changes in these factors. Accounts receivable are written off when there is no reasonable expectation of repayment. Indicators that there is no reasonable expectation of repayment include that the debtor fails with the repayment plan or that contractual payments are more than 90 days delayed. Credit losses on accounts receivable are recognized as credit losses – net within the operating result. Reversals of amounts previously written off are recognized in the same line in the income statement.

	Not overdue		Overdues 1-30 days		Overdues 31-90 days		Overdues more then 90 days		Total	
Group	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Accounts receivable – gross	353	336	18	43	4	7	1	1	**376**	**387**
Loss	0	0	0	0	-2	-2	-1	-1	**-3**	**-3**
Expected loss %	*0%*	*0%*	*2%*	*0%*	*50%*	*29%*	*100%*	*100%*	***1%***	***1%***

Loss reserve

The changes in the loss reserve are specified below.

	2020	2019
Provision at January 1	**3**	**13**
Increase of loss reserve, change accounted for in income statement	1	1
Reversals of reserves	0	-2
Realized losses	-1	-1
Exchange rate differences	0	0
Divested/liquidated operations	–	-8
Provision at December 31	**3**	**3**

Impairments

The Group has two kinds of financial assets that are in the application area for the model for anticipated credit losses:
– Accounts receivable attributable to sales of goods
– Cash and equivalents

Cash and cash equivalents are within the application area for impairments according to IFRS 9; the impairment that would come into question has been deemed immaterial. See above for information on anticipated credit losses regarding accounts receivable.

Valuation of financial assets and liabilities

In all material respects, fair value coincides with the carrying amount in the Balance Sheet for financial assets and liabilities. The total carrying amounts and fair value as per asset class are shown in the table below:

Group	Measurement category
A	Financial assets and liabilities valued at fair value via profit and loss for the period
B	Amortized cost
C	Financial assets available for sale
D	Financial liabilities measured at amortized cost

2020	Carrying value according to balance sheet	Of which, financial instruments covered by disclosure requirements in IFRS 7	Group A	B	C	D	Total carrying value	Fair value
Assets								
Other securities held as non-current assets	0	0	–	–	0	–	**0**	E/T
Non-current receivables	0	0	0	–	–	–	**0**	0
Accounts receivable	376	376	–	376	–	–	**376**	376
Other receivables	14	10	–	10	–	–	**10**	10
Prepaid expenses and accrued income	22	12	–	12	–	–	**12**	12
Cash and equivalents	166	166	–	166	–	–	**166**	166
Liabilities								
Non-current interest-bearing liabilities	321	321	–	–	–	321	**321**	321
Current interest-bearing liabilities	1	1	–	–	–	1	**1**	1
Accounts payable	414	414	–	–	–	414	**414**	414
Other liabilities	93	34	–	–	–	34	**34**	34
Accrued expenses and deferred income	69	16	–	–	–	16	**16**	16

2019	Carrying value according to balance sheet	Of which, financial instruments covered by disclosure requirements in IFRS 7	Group A	B	C	D	Total carrying value	Fair value
Assets								
Other securities held as non-current assets	0	0	–	–	0	–	**0**	E/T
Non-current receivables	0	0	0	–	–	–	**0**	0
Accounts receivable	387	387	–	387	–	–	**387**	387
Other receivables	33	27	–	27	–	–	**27**	27
Prepaid expenses and accrued income	18	7	–	7	–	–	**7**	7
Cash and equivalents	168	168	–	168	–	–	**168**	168
Liabilities								
Non-current interest-bearing liabilities	536	536	–	–	–	536	**536**	536
Current interest-bearing liabilities	6	6	–	–	–	6	**6**	6
Accounts payable	398	398	–	–	–	398	**398**	398
Other liabilities	66	0	–	–	–	0	**0**	0
Accrued expenses and deferred income	73	25	–	–	–	25	**25**	25

The assessment of the fair value of the financial assets and liabilities has been carried out in accordance with level 2, with the exception of cash and cash equivalents, which are valued in accordance with level 1. The Group also holds shares/participations in unlisted companies, which are included in the assessment category of "Financial assets valued at fair value via profit and loss for the period".

Risk management and insurance

The responsibility for risk management within BE Group lies with the Group's central finance function. The objective of these efforts is to minimize the total cost of the Group's loss risks. This is accomplished by continually improving loss prevention and loss limitation in operations and through a Group-wide insurance solution.

NOTE 32 – INVESTMENT COMMITMENTS

BE Group has no principal investments in progress, nor future investments regarding which the Board of Directors has made a clear commitment.

NOTE 33 – KEY ESTIMATES AND ASSESSMENTS

Certain assumptions about the future and certain estimates and assessments as of the balance sheet date are particularly significant to measurement of assets and liabilities in the balance sheet. According to management assessment, none of the asset and liability amounts reported are associated with risk that material adjustment will be required in the next year.

Impairment of goodwill

The value of recognized goodwill is tested at least once a year to determine whether the asset may be impaired. The test requires assessment of the value in use of the cash generating unit, or groups of cash generating units, to which the goodwill has been allocated. This in turn requires that the expected future cash inflows from the cash generating units must be estimated and a relevant discount rate determined to calculate the present value of cash inflows.

See Note 12 for a description of impairment testing and assumptions used in the process.

Assessment of the leasing period

BE Group determines the leasing period as the non-terminable leasing period, together with both periods covered by a possibility to extend the lease if the Group is reasonably certain of exercising the option and periods that are covered by a possibility to terminate the lease if the Group is reasonably certain of not exercising that option.

BE Group has leases that contain extension options and/or termination options. The Group assesses whether or not it will exercise the options with reasonable certainty. This means that the Group considers all relevant factors that create incentives for the Group to exercise an extension/termination option.

The Group makes a new assessment of the leasing period if a significant event occurs or if circumstances, which are within the Group's control, significantly affect its ability to exercise or not exercise an extension/termination option (e.g. in the event of substantial adaptations of a leased asset).

For additional information on the Group's leasing agreements, please see Note 15.

Inventories

The cost of inventory is tested upon each close of books against estimated and assessed future selling prices. In the judgment of BE Group's management, necessary impairments have been recognized based on the information available when the closing accounts were prepared.

Assessment of deferred tax assets and liabilities

Assessments are made to determine both current and deferred tax assets and tax liabilities, particularly with regard to deferred tax assets. The likelihood of the deferred tax assets being utilized to offset future taxable profits is hereby assessed. The fair value of these future taxable gains may deviate with regard to future business climate and earnings capacity or changed tax rules.

NOTE 34 – SIGNIFICANT EVENTS AFTER BALANCE SHEET DATE

No significant events have taken place after the end of the period.

APPROPRIATION OF EARNINGS

The Board of Directors' proposal for the appropriation of earnings

The Board of Directors proposes to the Annual General Meeting that no dividend (-) be paid for the financial year 2020.

Funds available		
Retained earnings	350,612,346	SEK
Profit for the year	73,008,862	SEK
Total	**423,621,208**	**SEK**
Balance carried forward	423,621,208	SEK
Total	**423,621,208**	**SEK**

The consolidated financial statements and the annual report were prepared in compliance with the International Financial Reporting Standards defined in Regulation (EC) 1606/2002 of the European Parliament and the Council of July 19, 2002 concerning application of International Financial Reporting Standards and generally accepted accounting principles and give a true and fair view of the financial position and performance of the Group and the Parent Company.

The Board of Directors' Report provides a true and fair view of the Parent Company and the Group's operations, financial position and performance and describes the significant risks and uncertainty factors relevant to the Parent Company and other BE Group companies.

The annual and consolidated accounts are subject to approval by the Annual General Meeting on April 20, 2021.

Malmö, March 16, 2021

Jörgen Zahlin
Chairman of the Board

Carina Andersson
Member of the Board

Lars Olof Nilsson
Member of the Board

Mats O Paulsson
Member of the Board

Petter Stillström
Member of the Board

Mikael Törnros
Employee Representative

Peter Andersson
President and CEO

Our Audit Report was submitted on March 16, 2021
Öhrlings PriceWaterhouseCoopers AB

Eva Carlsvi
Authorized Public Accountant

The information in the Annual Report is such that BE Group AB (publ) is required to publish pursuant to the Securities Markets Act. The information was submitted for publication on March 26, 2021.

AUDITOR’S REPORT

Unofficial translation

To the general meeting of the shareholders of BE Group AB (publ), corporate identity number 556578-4724.

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of BE Group AB (publ) for the year 2020 except for the statutory sustainability report on pages 12-17. The annual accounts and consolidated accounts of the company are included on pages 6-62 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2020 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 2020 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 statutory sustainability report on pages 12-17. 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. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Key audit matters

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

Key audit matter	How our audit addressed the Key audit matter
Valuation of intangible assets With reference to Note 12.	
The value of goodwill with indefinite useful lives represents a significant part of the Balance Sheet for BE Group. In accordance with IFRS, management is to annually execute an impairment text. No impairment requirement was identified by management in conjunction with this testing as at year end closing. Certain of the assumptions and judgments made by management refer to future cash flows and the circumstances are complex and have a major impact on the calculation of the value in use. This applies, in particular, to the assessment of the future growth rate, profit margins, working capital tied up, investments and the discount rate. Changes in these assumptions could lead to a change in the reported value of intangible assets and goodwill.	In our audit, we have assessed the calculation models applied by management and have concluded that the most important assumptions in the models agree with the company's budgets and strategic plan. In our audit we have focused on determining if impairment requirement exists for intangible assets. We have also taken a position as regards the reasonability of company management's assumptions and judgments. This has been carried out through an analysis of how well previous years' assumptions have been achieved, and effects of any possible adjustments in assumptions compared with the previous year due to changes arising as a result of the development of the operations and external factors. We have also executed independent sensitivity analyses to test the safety margin for the cash-generating units in order to determine the extent of changes required in key variables before an impairment requirement would arise. We have also assessed the correctness in the related disclosures in the Annual Report.
Inventory- valuation and existence With reference to Note 20.	
The inventory reporting is based on the number of articles, either in the physical inventory or as goods in transit, based on the weighted average cost model applied by the Group also considering write down effects for obsolescence or slow moving inventory. This is an essential area for the financial statements and also due to the fact that the accounting of these assumptions involve, to a certain degree, complex calculations and judgments on behalf of management.	We have assessed documentation for the routines of physical stock count procedures at the inventory site in order to ensure the existence of the inventory articles. In addition, we have also executed independent inventory counts against reported inventory levels in the inventory system and against the Group's physical stock counts to ensure that the reported articles exist. We have also evaluated the mathematical calculation model applied to the pricing of inventory according to the weighted average costs method. As support for our audit, specific data analyses have been performed to focus the audit on the inventory articles of specific interest, which were then subject for further examination measures against supporting documentation. Furthermore, we have also performed an analysis and testing of the group's impairment model for obsolete and slow moving articles through control calculations applied to the group's calculation models and assumptions.

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 1-5, the sustainability report on pages 12-17 and pages 70-73. The Board of Directors are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

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

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

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

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibility

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

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

Report on other legal and regulatory requirements

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 BE Group AB (publ) for the year 2020 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 opinion regarding the statutory sustainability report

The Board of Directors is responsible for the statutory sustainability report on pages 12-17, 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, was appointed auditor of BE Group AB (publ) by the general meeting of the shareholders on the 29 April 2020 and has been the company's auditor since the 7 May 2015.

Malmö, 16 March 2021
Öhrlings PricewaterhouseCoopers AB

Eva Carlsvi
Authorized Public Accountant

CORPORATE GOVERNANCE REPORT

This Corporate Governance Report has been prepared as an independent document in relation to the Annual Report. Information in accordance with Chapter 6, Section 6 of the Annual Accounts Act, Paragraphs 3-6, can be found in the Board of Director's Report's sections on share-related information and corporate governance in the Annual Report.

Operations and governance of BE Group

BE Group AB (publ) is a Swedish limited liability company listed on Nasdaq Stockholm. Governance of BE Group is based on the Swedish Companies Act and Annual Accounts Act, Nasdaq Stockholm's rules and regulations, the Swedish Code of Corporate Governance (the "Code"), BE Group's Articles of Association and other relevant regulations. Information on the Company's operations is available on the Company's website, www.begroup.com.

Shareholders exercise their decision-making rights at the Annual General Meeting (as well as at possible extraordinary meetings), which is the Company's highest decision-making authority. The Board of Directors and the Chairman of the Board of Directors are appointed by the Annual General Meeting while the President is appointed by the Board of Directors.

The Company's accounts as well as the administration of the Board of Directors and the President are reviewed by auditors appointed by the Annual General Meeting. The Annual General Meeting adopts principles for the appointment of the Nomination Committee, which formulates proposals to the Annual General Meeting prior to the election and setting of fees for the Board of Directors and auditors. In addition to laws, regulations and the Code, BE Group applies internal governance instruments such as a code of conduct and information policy.

Shareholders

Ownership and share capital

On December 31, 2020, BE Group's share capital amounted to SEK 260,202,480 allocated among 13,010,124 shares. All shares in the Company convey equal rights in every respect. At the end of the year, BE Group had 4,371 shareholders. The Company's largest shareholders were AB Traction, Svedulf Fastighets AB, Avanza Pension, Quilter Inter Isle of Man Ltd and Nordea Livförsäkring Sverige AB. The proportion of foreign ownership amounted to 11.3 percent. At the end of the year, the Company held 26,920 treasury shares (0.2 percent of share capital). More information on the ownership structure of BE Group is available at www.begroup.com.

Annual General Meeting

The Annual General Meeting considers resolutions regarding: dividends, adoption of the Income Statement and Balance Sheet, discharge of liability for Board members and the President, election of Board members, the Chairman of the Board of Directors and auditors, approval of fees to the Board members and auditors, adoption of executive remuneration guidelines, and, when applicable, adoption of principles for appointing the Nomination Committee. At the Annual General Meeting, shareholders have the opportunity to ask questions about the Company. All Board members, management and the auditors are normally present at the meeting to answer such questions.

The 2020 Annual General Meeting was held on April 29 in Malmö, Sweden, and due to the uncertainties surrounding Covid-19, necessary measures were taken to reduce the risk of spreading the virus. At the Annual General Meeting, 2,977,360 shares were represented, divided among 4 shareholders who participated in person or through a proxy. The shares represented corresponded to 22.9 percent of the total number of shares in BE Group.

The Annual General Meeting re-elected Board members Jörgen Zahlin, who was also elected as the Chairman of the Board of Directors, Carina Andersson, Lars Olof Nilsson and Petter Stillström and new election of Mats O Paulsson. The accounting firm Öhrlings PricewaterhouseCoopers AB was re-elected as the auditor for the Company. Some of the Annual General Meeting's other resolutions were that:

- in accordance with the proposal by the Board of Directors, not to pay a dividend for financial year 2019;
- to pay Board fees totaling SEK 1,260,000, of which an unchanged SEK 420,000 was to the Chairman of the Board of Directors and SEK 210,000 each to the other members elected by the Annual General Meeting. The Annual General Meeting decided that remuneration for work in the audit committee shall be paid in an amount of SEK 150,000;
- to adopt guidelines for remuneration of senior executives, which primarily entail that salaries and other remuneration conditions for management shall be on market terms and may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. The variable cash remuneration shall be based on predetermined, well-defined and measurable financial criteria for the group and the relevant business area and may amount to not more than 50 percent of the total fixed cash salary during the measurement period for the criteria. Where notice of termination is issued by BE Group, fixed cash salary during the period of notice and severance pay may together not exceed an amount equivalent to the fixed cash salary for 12 months.

- to authorize the Board of Directors, on one or several occasions and not later than the 2021 Annual General Meeting, to make decisions regarding the transfer of treasury shares for the purpose of financing smaller corporate acquisitions;
- to adopt the changes in the Articles of Association.

Nomination Committee

As resolved by the Annual General Meeting, the Nomination Committee must consist of four members, who, in addition to the Chairman of the Board of Directors, shall include representatives for each of the three largest shareholders in the Company in terms of voting rights, as of August 31 each year. The names of the three shareholder representatives and the shareholders they represent shall be announced as soon as the Nomination Committee has been appointed and at least six months before the Annual General Meeting. Unless the members agree otherwise, the member who represents the largest shareholder in terms of voting rights shall be Chairman of the Nomination Committee. If a member of the Nomination Committee resigns before the process is complete, a substitute nominated by the same shareholder may take that member's place. If a significant change takes place in the Company's ownership structure after August 31, rules are in place regarding how the composition of the Nomination Committee can be changed. Prior to the 2021 Annual General Meeting, the Nomination Committee consists of Petter Stillström, AB Traction, chairman, Jörgen Zahlin, (Chairman of the Board of BE Group), Alf Svedulf, Svedulf Fastighets AB and Johan Ahldin, The Pure Circle AB.

The Nomination Committee is tasked with: submitting to the Annual General Meeting its nominations for Chairman of the Board of Directors and other Board members accompanied by a justified statement regarding the proposal, proposing fees for the Board of Directors and the auditors and any remuneration for committee work, proposing auditors and nominating an individual to serve as the chairman of the Annual General Meeting. The Nomination Committee is also charged with assessing the independence of Board members in relation to the Company and major shareholders.

When preparing its proposal for the Board of Directors before the Annual General Meeting 2020 and 2021, the Nomination Committee applied the following diversity policy. As a whole, the Board of Directors must have an appropriate combined competence and experience for the activities that are conducted to be able to identify and understand the risks that the business entails. The Nomination Committee strives to achieve diversity on the Board. The objective of the diversity policy is that the Board of Directors shall consist of members with varying industry experience, competence, geographical background and with a varying educational and professional background, which together contribute to an independent and critical questioning of the Board, and an even gender distribution shall be sought. The Annual General Meeting 2020 decided to appoint Board members in accordance with the Nomination Committee's proposal, which means that five members were elected, of which one woman and four men. As far as the Nomination Committee's ambitions of a more even gender distribution are concerned, it has not been possible to achieve this, but the Nomination Committee's continued ambition is to create a more even gender distribution on the Board.

As a basis for its proposals to the 2021 Annual General Meeting, the Nomination Committee assessed whether the Board of Directors has a suitable composition and meets the requirements on the Board of Directors imposed by the Company's operations, position and conditions in other regards. The assessment was based on material including relevant sections of the evaluation of the Board's work performed under the Chairman's guidance.

The Board of Directors and its work

Composition

Under the Articles of Association, the Board of Directors of BE Group must consist of at least three and no more than ten Board members elected by the Annual General Meeting for a term that lasts until the end of the next Annual General Meeting. Over the year, the Board of Directors of the Company consisted of five members elected by the 2020 Annual General Meeting: Jörgen Zahlin (Chairman), Carina Andersson, Lars Olof Nilsson, Mats O Paulsson and Petter Stillström, as well as employee representative Mikael Törnros. Please refer to the Annual Report for a more detailed presentation of the Board members. All members are independent in relation to BE Group and executive management. With the exception of Petter Stillström, all Board members are considered independent in relation to BE Group's principal owners.

From Group Management, the President and the CFO normally attend Board meetings and report on the Group's development. Apart from the members of the Board of Directors, other officers of BE Group and external parties participated in Board meetings to present reports on particular issues. The Company's CFO served as the secretary of the Board in 2020.

Rules of procedure of the Board of Directors

The Board of Directors is appointed by BE Group's shareholders to have ultimate responsibility for the Group's organization and administration of the Group's interests. At the statutory Board of Directors meeting directly following the Annual General Meeting, the Board of Directors adopted rules of procedure that closely regulates its work and responsibility as well as the special work tasks that are the responsibility of the Chairman of the Board.

The Chairman of the Board, Jörgen Zahlin, leads the Board's work and monitors the operation through a continuous dialogue with the President. Through monthly reports and Board meetings, the Board of Directors obtains information about BE Group's economic and financial status. Prior to every Board meeting, the Chairman and the President review those issues that shall be addressed at the meeting. Documentation for the Board's handling of the issues is sent to the Board members approximately one week before every Board of Directors meeting. The Board of Directors has also established sets of instructions for the President and for financial reporting to the Board of Directors and has adopted other special policies.

The Board has an Audit Committee and a Renumeration Committee. The members of the committees are appointed annually by the Board of Directors at its statutory meeting following its election by the Annual General Meeting. Instructions to the Committees are included in the rules of procedure of the Board of Directors.

Work of the Board of Directors in 2020

During 2020, the Board of Directors held 13 meetings, of which three per capsulam. According to the rules of procedure, the Board of Directors shall meet on five occasions per year, in addition to its statutory meeting. Additional meetings shall be held as necessary. One of the meetings during the year is regularly held at one of BE Group's operative units. The table provides a report of attendance by Board members at the seven meetings prior to the Annual General Meeting and the six meetings after the Annual General Meeting. As shown, attendance at Board meetings during the year was excellent.

The Board of Directors, attendance 2020

	Elected	Atten-dance	Committee work	Atten-dance	Board-fees	Fee audit-committee	Independent from the company & companies management	Independent of larger owners
Jörgen Zahlin, chairman	2013	13 of 13	Audit Committee Remuneration Committee	5 of 5 1 of 1	420,000	40,000	Yes	Yes
Petter Stillström	2012	13 of 13	Audit Committee Remuneration Committee	5 of 5 1 of 1	210,000	40,000	Yes	No
Carina Andersson	2018	13 of 13			210,000		Yes	Yes
Lars Olof Nilsson	2006	13 of 13	Audit Committee	5 of 5	210,000	70,000	Yes	Yes
Mikael Sjölund [1)]	2016	7 of 13			70,000		Yes	Yes
Mats O Paulsson [2)]	2020	6 of 13			140,000		Yes	Yes
Mikael Törnros (E)	2016	11 of 13						

[1)] Mikael Sjölund resigned as Board member in connection with the Annual General Meeting in April, 2020.

[2)] Mats O Paulsson became Board member in connection with the Annual General Meeting in April, 2020.

Evaluation of the Board of Directors' work

The Chairman ensures that the Board of Directors and its work are evaluated annually and that the result of the evaluation is passed on to the Nomination Committee. The evaluation is made by the Board of Directors itself using a questionnaire where their work within a number of areas are judged. The Chairman of the Board summarizes the evaluation used as the base for a discussion within the Board of Directors regarding the development of the Board of Directors' work. The purpose is to examine how the Board of Directors´ work can be more efficient and to clarify potential need of additional skills in the Board of Directors.

Audit Committee

The Audit Committee meets prior to every reporting date and where there is a need for additional meetings. The committee prepares a number of questions for the Board of Directors' decision and supports the Board of Directors in its work to carry out its responsibility within the areas auditing and internal control, as well as to quality-assure BE Group's financial reporting, which requires that the Company have a satisfactory organization and appropriate processes.

Each year, the Company's auditors formulate a proposed audit policy and present this to the Audit Committee. Once the proposal has been reviewed and commented on by the Committee, a final proposal is submitted for approval by the Board of Directors. The work is focused on assuring the quality and accuracy of financial accounting and reporting, internal financial control efforts, as well as the Group's compliance with applicable regulations. In addition, the Audit Committee has recurring contact with the Company's auditor with the purpose of generating an ongoing exchange of information and to assess the auditor's efforts. The Committee may establish guidelines concerning what services, other than auditing services, which BE Group may procure from the auditor.

The Audit Committee consists of Lars Olof Nilsson (Chairman), Petter Stillström and Jörgen Zahlin and meets the requirements imposed in terms of expertise in accounting or auditing. The work of the Committee is regulated by a special set of instructions adopted by the Board of Directors as part of its agenda. The Audit Committee met five times in 2020. Meetings of the Audit Committee are minuted and reported orally at Board meetings.

Remuneration Committee

The tasks of the Remuneration Committee include preparing the Board's decisions regarding proposed guidelines for the remuneration of senior executives. The Board shall prepare proposals of new guidelines at least once every four years and present the proposal for resolution at the Annual General Meeting. The guidelines are to apply until new guidelines have been adopted by the General Meeting. The Remuneration Committee shall also follow and evaluate programs for variable remuneration of Company management, the application of guidelines for the remuneration of senior executives and applicable remuneration structures and remuneration levels in the Company. The Remuneration Committee's members are independent in relation to the Company and executive management. In the Board's handling of and decisions on remuneration-related issues, the President or other members of Company management do not attend if they are concerned by the issues.

Members of the Remuneration Committee are the Chairman of the Board Jörgen Zahlin and Petter Stillström. The work of the Committee is regulated by a special set of instructions adopted by the Board of Directors as part of its agenda. The meetings of the Remuneration Committee are reported orally to the Board of Directors.

Board remuneration

The fees for the Board members elected by the Annual General Meeting are determined by the Annual General Meeting on the basis of the Nomination Committee's proposal. Employee representatives to the Board of Directors do not receive Board members' fees. In accordance with a resolution by the 2020 Annual General Meeting, a fee of SEK 420,000 was paid to the Chairman of the Board for the period extending from the 2020 Annual General Meeting until the 2021 Annual General Meeting. The other Board members were each paid SEK 210,000 for the same term of office. In addition, the members of the Audit Committee were paid fees totaling SEK 150,000, of which SEK 70,000 was paid to the Chairman of the Committee and SEK 40,000 each to the other two members.

Group management

Group management of BE Group have during 2020 consisted of the President and CEO, the CFO, the Manging Director for Finland and the Managing Director for Sweden. The President leads operations within the parameters set by the Board of Directors. BE Group's Group management meets continuously under the leadership of the President in order to follow-up the operations and discuss Group-wide issues and also to formulate proposals for a strategic plan, business plan and investment documentation that the President thereafter presents to the Board of Directors for a decision. A more detailed presentation of Group management is provided in the Annual Report.

Auditors

At the 2020 Annual General Meeting, the auditing firm Öhrlings PricewaterhouseCoopers AB was reelected to be the auditor for a period of one year. Eva Carlsvi, Authorized Public Accountant, is the Auditor-in-Charge.

The auditor maintains regular contact with the Audit Committee and Group Management. The auditor works according to an audit plan, into which the opinions of the Board of Directors have been incorporated, and has reported its observations to the Board of Directors. Reports have been submitted during the progress of the audit and in connection with the adoption of the 2020 Year-end Report. The auditor also participates in the Annual General Meeting and outlines the audit process and the observations in an audit report. Remuneration to auditors is paid based on calculations in accordance with agreements that have been made. Information regarding remuneration in 2020 is provided in Note 4 of the Annual Report.

Board of Directors' report regarding internal control

The purpose of internal control of financial reporting is to provide reasonable assurance regarding quality and reliability in the external financial reporting and to ensure that the reports are prepared in accordance with accepted accounting standards, applicable laws and provisions and other requirements for listed companies. To ensure this, the Company had the COSO (Committee of Sponsoring Organizations of the Treadway Commission) framework as a starting point.

Internal control function

The Board of Directors and the Audit Committee follow up BE Group's assessment of internal control by means including discussions with BE Group's auditors. Given the above, the Board of Directors has elected not to maintain a separate internal audit unit. To test the internal control environment, a self-assessment is conducted, among other efforts, based on a Group-wide control framework. The Group's CFO reports the results of the test done of the internal control to the Audit Committee. BE Group's internal control of financial reporting covers five main areas: establishment of a control environment, risk assessment, control activities, information and communications and follow-up.

Control environment

BE Group has a simple legal and operational structure and an established governance and internal control system. This allows the organization to react quickly to external changes. Operational decisions are made at the Group or business area level, while decisions on strategy, business direction, acquisitions and general financial issues are made by the Board of Directors and Group Management of BE Group. Internal control of financial reporting at BE Group is designed to work within this organization. Clear regulations on delegation of authority and responsibilities are followed within BE Group, which follow Group structure. Since 2012, the Board of Directors has applied a so-called "whistle blower" policy, which means that all employees have the possibility to anonymously report if they discover improprieties or illegal actions that affect vital interests for BE Group or the life and health of individual persons. The policy applies to improprieties committed by people in executive positions or other key personnel within the Company.

Risk assessment

The risk assessment is based on a risk review that is updated annually and reported to the Audit Committee. Based on the results of this review, focus is set for the internal control work in the future.

Control activities

The risks identified with regard to financial reporting are managed through the Company's control activities, such as authorization controls in IT systems and signature authentication. Detailed economic analysis of business performance including follow-up against business plans and forecasts supplements operations-specific controls and provides an overall assessment of reporting quality.

Information and communication

The Group maintains channels of information and communication that serve to safeguard completeness and accuracy in financial reporting. Policies, manuals and job descriptions are available on the Company intranet and/or in printed form.

Follow-up

The President is responsible for internal control being organized and followed up in accordance with the guidelines adopted by the Board of Directors. Financial control is exercised by the Corporate Finance Department. Financial reporting is analyzed monthly at a detailed level. The Board of Directors has followed up financial reporting at Board meetings and BE Group's auditor has reported its observations to the Board of Directors. The Board of Directors has received monthly financial reports and the Company's financial situation was discussed at every Board meeting.

AUDITOR'S REPORT ON THE CORPORATE GOVERNANCE STATEMENT

This is a literal translation of the Swedish original report included in RevU 16

To the general meeting of the shareholders in BE Group AB (publ), corporate identity number 556578-4724.

Engagement and responsibility

It is the board of directors who is responsible for the corporate governance statement for the year 2020 on pages 66-69 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevU 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.

Opinions

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

Malmö, 16 March 2021

Öhrlings PricewaterhouseCoopers AB

Eva Carlsvi

Authorized Public Accountant

ALTERNATIVE PERFORMANCE MEASURES

The Group uses a number of alternative performance measures in its report. The alternative performance measures that BE Group considers significant are the following:

Underlying operating result (uEBIT)

(SEK M)	2020	2019
Operating result	39	88
Reversal of inventory gains (-)/losses (+)	17	6
Adjustment for items affecting comparability	40	–
Group	**96**	**94**

Working capital

(SEK M)	2020	2019
Inventories	501	642
Accounts receivables	376	387
Other receivables	42	57
Deduction accounts payables	-414	-398
Deduction other current liabilities	-162	-139
Rounding	–	–
Group	**343**	**549**

Average working capital is an average for each period based on quarterly data.

Net debt excl. IFRS 16

(SEK M)	2020	2019
Non-current interest-bearing liabilities and leasing liabilities	778	985
Current interest-bearing liabilities and leasing liabilities	85	98
Deduction leasing liabilities	-541	-541
Deduction financial assets	0	0
Deduction cash and equivalents	-166	-168
Rounding	–	-1
Group	**156**	**373**

Net debt/equity ratio excl. IFRS 16 is calculated as net debt excl. IFRS 16 divided by equity.

Capital employed excl. IFRS 16

(SEK M)	2020	2019
Equity excl. IFRS 16	912	927
Non-current interest bearing liabilities and leasing liabilities	778	985
Current interest bearing liabilities and leasing liabilities	85	98
Deduction leasing liabilities	-541	-541
Rounding	–	-1
Group	**1,234**	**1,468**

Average capital employed excl. IFRS 16 is an average for each period based on quarterly data.

MULTI-YEAR SUMMARY

(SEK M unless otherwise stated)	2016	2017	2018	2019	2020
Sales	3,870	4,348	4,803	4,359	3,672
Earnings measurements					
Gross profit/loss	561	619	669	605	548
Underlying gross profit/loss	536	596	643	609	563
Operating result (EBIT)	16	57	132	88	39
Underlying operating result (uEBIT)	33	82	117	94	96
Margin measurements					
Gross margin (%)	14.5	14.2	13.9	13.9	14.9
Underlying gross margin (%)	13.9	13.7	13.4	14.0	15.3
Operating margin (%)	0.4	1.3	2.8	2.0	1.1
Underlying operating margin (%)	0.9	1.9	2.4	2.1	2.6
Cash flow					
Cash flow from operating activities	78	95	86	200	341
Capital structure					
Net debt excl. IFRS 16 [1)]	562	478	440	373	156
Net debt/equity ratio (%) excl. IFRS 16 [1)]	73	60	49	40	17
Working capital at end of period	506	492	572	549	343
Working capital (average)	488	514	562	570	468
Capital employed at end of period excl. IFRS 16 [1)]	1,361	1,341	1,440	1,468	1,234
Capital employed (average) excl. IFRS 16 [1)]	1,383	1,373	1,408	1,466	1,305
Working capital tied-up (%)	12.6	11.8	11.7	13.1	12.8
Return					
Return on capital employed (%) excl. IFRS 16 [1)]	1.2	4.2	9.4	5.6	2.3
Per share data					
Earnings per share (SEK)	-1.56	1.87	6.13	3.87	0.33
Earnings per share after dilution (SEK)	-1.56	1.87	6.13	3.87	0.33
Proposed dividend per share (SEK)	–	–	1.75	–	–
Equity per share (SEK)	59.41	61.77	68.67	71.05	69.73
Cash flow from operating activities per share (SEK)	5.99	7.35	6.60	15.37	26.28
Average number of shares outstanding (thousands)	12,983	12,983	12,983	12,983	12,983
Average number of shares outstanding after dilution (thousands)	12,983	12,983	12,983	12,983	12,983
Growth					
Sales growth (%)	-7	12	10	-9	-16
of which, organic tonnage growth (%)	*-8*	*-3*	*4*	*-10*	*-10*
of which, price and mix changes (%)	*0*	*14*	*3*	*-1*	*-5*
of which, currency effects (%)	*1*	*1*	*3*	*2*	*-1*
Other					
Average number of employees	739	700	668	652	633
Inventory gains and losses	28	27	27	-6	-17
Shipped tonnage (thousands of tonnes)	374	363	377	340	307

[1)] To visualize the development of BE Group's financial position, some information is in the key figure overview that is not defined in IFRS. A reconciliation/bridge between alternative performance measures used in this report and the closest IFRS measure is presented under Alternative performance measures.

The comparative figures for 2016 – 2018 are prepared according to previous accounting principles regarding leasing (IAS 17).

FINANCIAL DEFINITIONS

Earnings measurements	
Gross profit/loss	Profit after deduction for cost of goods sold.
Underlying gross profit/loss	Underlying gross profit/loss is the reported gross profit/loss adjusted for inventory gains and losses (deductions for gains and additions for losses).
Operating result (EBIT)	Operating result before financial items.
Underlying operating result (uEBIT)	Operating result (EBIT) before items affecting comparability and adjusted for inventory gains and losses (deductions for gains and additions for losses).
Items affecting comparability	Items that do not have any link to the normal operations of the Group or that are of a non-recurring nature, where a reporting together with other items in the consolidated comprehensive income statement would have given a comparison distortion effect that would have made it difficult to judge the development of the ordinary operations for an outside viewer. Replaces previous concept ”non-recurring items”.
Margin measurements	
Gross margin	Gross profit/loss as a percentage of net sales.
Underlying gross margin	Underlying gross profit/loss as a percentage of net sales.
Operating margin	Operating result as a percentage of net sales
Underlying operating margin	Underlying operating result (uEBIT) as a percentage of net sales.
Capital structure	
Net debt excl. IFRS 16	Interest-bearing liabilities excluding leasing liabilities acc. to IFRS 16 less cash and equivalents and financial assets.
Net debt/equity ratio excl. IFRS 16	Net debt excl. IFRS 16 divided by equity excl. IFRS 16.
Working capital	Inventories and current receivables less current liabilities, excluding provisions and interest-bearing liabilities.
Working capital (average)	Inventories and current receivables less current liabilities, excluding provisions and interest-bearing liabilities. This measure represents an average for each period based on quarterly data.
Capital employed excl. IFRS 16	Equity excl. IFRS 16 plus interest-bearing liabilities excl. leasing liabilities acc. to IFRS 16.
Capital employed (average) excl. IFRS 16	Equity excl. IFRS 16 plus interest-bearing liabilities excl. leasing liabilities acc. to IFRS 16. This measure represents an average for each period based on quarterly data.
Working capital tied-up	Average working capital, as a percentage of annual net sales.
Return	
Return on capital employed excl. IFRS 16	Annually adjusted operating result excl. IFRS 16. as a percentage of average capital employed excl. IFRS 16.
Per share data	
Earnings per share	Profit/loss for the period divided by the average number of shares outstanding during the period.
Earnings per share after dilution	Profit/loss for the period divided by the average number of shares outstanding during the period after dilution.
Equity per share	Equity divided by the number of shares outstanding at the end of the period.
Cash flow per share from operating activities	Cash flow from operating activities divided by the average number of shares for the period.
Shares outstanding at the end of the period	Shares outstanding at the end of the period adjusted for rights issues and share splits.
Shares outstanding at the end of the period after dilution	Number of shares at the end of the period adjusted for rights issues and share splits. Any dilution has been taken into account.
Average number of shares	Weighted average number of shares outstanding during the period, adjusted for rights issues and share splits.
Average number of shares after dilution	Weighted average number of shares outstanding during the period, adjusted for rights issues and share splits. Any dilution has been taken into account.
Growth	
Sales growth	Change in the net sales of the business compared with the previous period, in percent.
Other	
Average number of employees	The number of employees recalculated as full-time positions and as an average for reporting period.
Shipped volumes	BE Group products sold during the period in thousands of tonnes.
Inventory gains and losses	The difference between the cost of goods sold at acquisition value and the cost of goods sold at replacement price.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on Tuesday 20 April 2021, in Malmö. Due to the coronavirus and to curb the spread of the virus, the board of directors has decided that the annual general meeting should be conducted by way of postal vote pursuant to temporary legislation being in effect in 2021. This means that the annual general meeting will be held without the physical presence of shareholders, representatives or third parties. The shareholders will only be able to exercise their voting rights by postal voting in the manner prescribed below.

Right to attend

A person who wishes to participate in the annual general meeting by postal voting must

- be listed as a shareholder in the presentation of the share register kept by Euroclear Sweden AB concerning the circumstances on 12 April 2021, and
- give notice of participation no later than 19 April 2021, by casting its postal vote in accordance with the instructions under the heading "Postal voting" below so that the postal voting form is received by BE Group no later than that day.

In order to be entitled to participate in the annual general meeting, a shareholder whose shares are registered in the name of a nominee must, in addition to giving notice of participation in the annual general meeting by submitting its postal vote, register its shares in its own name so that the shareholder is listed in the presentation of the share register as of, 12 April 2021. Such registration may be temporary (so-called voting rights registration), and request for such voting rights registration shall be made to the nominee in accordance with the nominee's routines at such a time in advance as decided by the nominee. Voting rights registrations that have been made by the nominee no later than 14 April 2021 will be taken into account in the presentation of the share register.

Postal voting

Shareholders may exercise their voting rights at the annual general meeting only by postal voting in accordance with section 22 of the Act (2020:198) on temporary exceptions to facilitate the execution of general meetings in companies and other associations. A special form must be used for the postal vote. The form is available on the company's website www.begroup.com. The postal vote form is considered as notice to participate in the annual general meeting. For more information, see the Notice.

Notice

The notice has been published in Post och Inrikes Tidningar (The Official Swedish Gazette) and is available at the Company website, www.begroup.com. An announcement of notice publication was also published in Svenska Dagbladet.

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