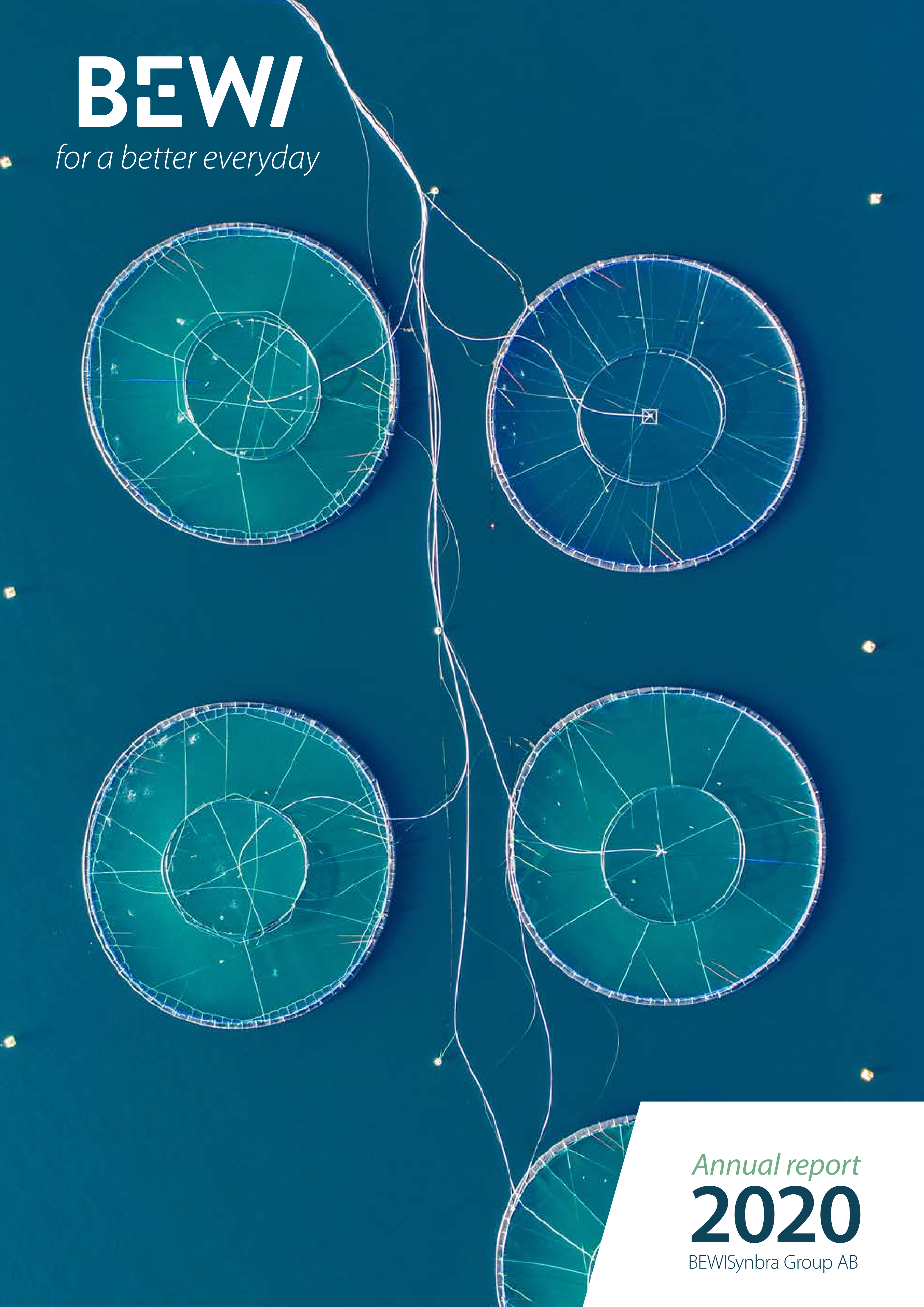


BEWI

for a better everyday

Annual report 2020

BEWISynbra Group AB

Protecting people and goods for a better everyday

BEWI is a leading international provider of packaging, components and insulation solutions.

BEWISynbra Group AB is wholly-owned by the Norwegian publicly listed company BEWI ASA.
In the following company descriptions, the name BEWI is therefore used.

Contents

BEWI at a glance

A European provider of packaging, components and insulation solutions, dedicated to creating value to customers, the society and our owners.

OUR VISION

Protecting people and goods for a better everyday

OUR STRATEGIC PRIORITIES

Innovation in search for more sustainable materials, products, solutions and production processes.

A circular economy aiming at being the most sustainable provider of packaging, components, and insulation solutions. By managing the entire value chain, we are committed to closing the loop.

Profitable growth through organic initiatives and M&A opportunities, strengthening recycling operations, enabling geographic expansion and further strengthening of market positions.

BEWI IN KEY FIGURES

463 EURm
net sales[1]

66 EURm
adj. EBITDA[1]

42 EURm
adj. EBITA[1]

38
facilities

200 kt
annual EPS production capacity

~1,400
FTEs employed

20 kt
run-rate recycling capacity

~10 EURm
invested in recycling

8
recycling facilities

>50%
M&A CAGR[2]

19
M&As since 2014

4
Circular M&A-deals

1) 2020 financials for BEWISynbra Group AB
2) Revenue growth between 2014 and 2020.

Operating through three core segments

RAW

Production of white and grey EPS and BioFoam, which is further developed into end market products.

Net sales 2020
EUR 191.2 million

Adj. EBITDA 2020
EUR 9.4 million

Packaging & Components

Manufacturing standard and customised packaging solutions for many industrial sectors.

Net sales 2020
EUR 179.9 million

Adj. EBITDA 2020
EUR 34.1 million

Insulation

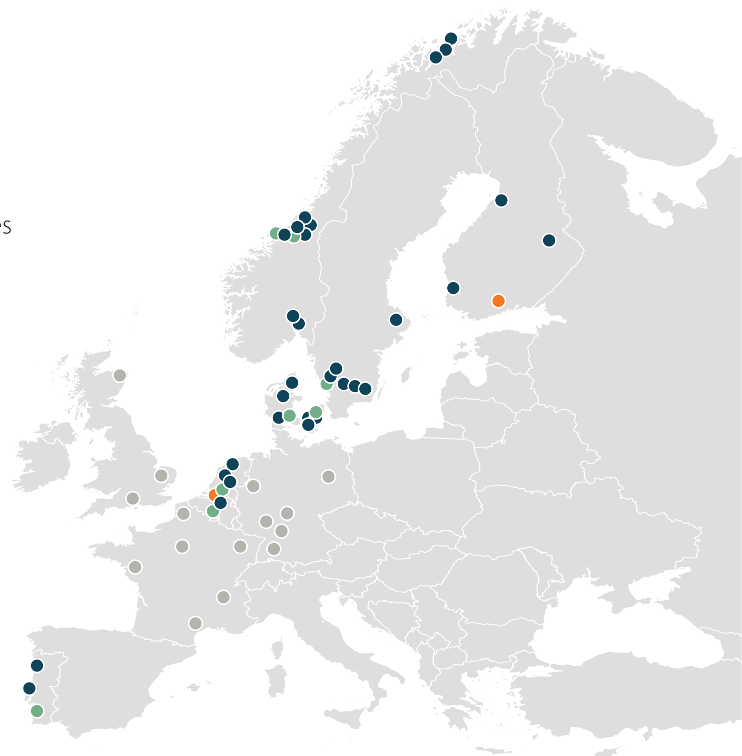
Manufacturing of an extensive range of insulation products for the construction and infrastructure sectors.

Net sales 2020
EUR 146.6 million

Adj. EBITDA 2020
EUR 26.5 million

OUR EUROPEAN FOOTPRINT

- 2 RAW
- 8 Circular facilities
- 28 Downstream facilities
- 15 Jointly owned downstream facilities



Christian Bekken, CEO BEWI ASA,
the owner of BEWISynbra Group AB

Delivering solid operational performance and continued profitable growth

2020 has been a good year at BEWI, and we are pleased to say that we delivered a solid operational performance and profitable growth. More importantly, our people continued to deliver and to serve our customers with no interruptions despite the demanding circumstances of covid-19.

2020 ended up being an extraordinary year due to the pandemic that disrupted the world economy and challenged us all. For us, protecting the health and safety of our employees, as well as our commitments to our customers, has been our number one priority. Despite lockdowns and other restrictions, we have been able to continue nearly all our operational activities and we have upheld our deliveries.

All our business segments recorded increased volumes in 2020 compared to 2019. Business segment RAW experienced a year marked by historically low raw material prices combined with high market uncertainty due to the pandemic. However, during the second half of the year, the area experienced strong underlying demand. Segment Insulation was characterized by stable volumes in the Nordics area, while a slowdown was noted in the Benelux region. Segment Packaging & Components experienced a negative volume development in the second quarter following the covid-19 outbreak, much related to the automotive industry. This was fully compensated with improving volumes in the second half of the year.

The year of 2020 has once again proven that our integrated business model, combined with being well-diversified, both geographically and industrially in terms of end-customers, is robust and resilient to various market challenges.

Sustainability at the core of our business

Leading the change towards a circular economy has been a strategic priority for the group for many years and with our vision to protect people and goods for a better everyday, we are committed to integrating sustainability in every aspect of our business.

Just recently, we launched our sustainability strategy, outlining our commitments and promises for 2030. One important step to strengthen and further develop our sustainability work was to appoint a director of sustainability in 2020. We now have a dedicated resource to structure our work, measure our progress and improve our efforts in every part of our value chain. We have set ambitious and long-term targets to support how we in BEWI address the adaptation of the Sustainable Development Goals towards the Paris agreement. To achieve our goals, we have to adapt and have the courage to challenge traditional and established ways of running our business. We cannot do this alone, so we will work actively with our stakeholders to encourage more sustainable and circular production, purchasing and consumption.

We also remain committed to our annual recycling target of 60 000 tonnes of EPS. 60 000 tonnes are approximately one third of our annual production, and this is the EPS volume we put into the market with a lifetime of less than one year. By reaching this target, we will therefore become circular in terms of taking back the same amount as we produce.

Growth and acquisitions

Our strategic priorities are to continue to grow, further expand our circular activities and continue to innovate new sustainable solutions for our customers. Having a strong financial position, enables us to continue to grow through acquisitions, as well as organic growth initiatives. Through 2020, we completed several transactions, strengthening our market positions, broadening our product offering and strengthening our recycling capacity. In addition to this, we commenced important greenfield projects for the group and several projects to improve efficiency and organic growth.

In August, we announced our acquisition of the Norwegian packaging and insulation provider BEWi Drift Holding AS (BDH). This was an important strategic step, providing us with an expanded product portfolio and geographic reach. Our acquisition of a new insulation facility in Norrköping, Sweden, was also key to our development, securing further growth for our Nordic insulation business.

During the year we strengthened our circular activities both in terms of management and operations. A managing director for business area Circular was recruited, and we initiated several important greenfield developments, including establishing recycling facilities in Denmark and Portugal.

To strengthen our financial capacity, we divested properties in Denmark and the Netherlands. We were also able to ring the bell at Oslo Børs twice during the year: firstly, when our shares were admitted to trading at the trading facility Euronext Growth and secondly when we transferred to the Oslo Børs in December. The listing marks an important milestone for us as a company, as it enables us to pursue further growth opportunities.

Building for the future

2020 ended up being a challenging year. In addition to the challenges related to the pandemic, our organisation has managed to complete transactions, integrate new businesses, commence new project developments, completed efficiency projects, and secured a stock exchange listing. I am very proud of our organisation's ability to quickly adapt and adjust our operations and demonstrate profitable growth year-over-year. Our employees really make the difference.

Entering 2021, I am confident that we are well-positioned for the future. We have a competent management, dedicated and hardworking employees at all levels, a strong financial position, and a resilient business model. Add to that the ongoing growth initiatives and a strong pipeline of M&A opportunities. We are excited about the opportunities that lay ahead of us in 2021.

BEWI serves a wide range of end markets

Food
The fish farming industry uses boxes made from expanded polystyrene (EPS) for transporting fresh fish in unbroken refrigeration chains. The boxes are light, watertight and hygienic. EPS boxes are also used by the dairy and meat industries for packing and transportation.

Pharmaceutical
EPS is a highly functional packaging material for pharmaceuticals. It keeps temperatures stable and is shock-absorbent.

Automotive
Vehicles carry a very large amount of integrated technical components consisting of EPS and EPP. Components of these materials are capturing market share from other types of material since they are light and entail less weight in the final products.

Hobby & Leisure
Several soccer fields are covered with artificial grass. In order for the artificial turf to have the desired properties, the pitch is filled with granules of recycled car tires or vulcanized industrial rubber.

Residential housing
Technical components made of EPS and EPP are integrated parts of products for heating, ventilation and air conditioning (HVAC).

Thermal insulation
Insulation products are manufactured primarily from EPS and XPS. The overwhelming majority of the products are used for foundations and a smaller part for walls and ceilings.

~700,000 Volvo cars were produced in 2019, a large share of which contained BEWI's components

More than 10 million fish boxes produced annually, equal to ~ 1 billion meals

Mission and vision

BEWI is a leading international provider of packaging, components, and insulation solutions. Since the outset in 1980 on the island Frøya off the coast of central Norway, we have been dedicated to creating value to our customers, the society and our owners by offering sustainable solutions in innovative and efficient ways.

VISION

Protecting people and goods for a better everyday

Our vision is our reason for being. A higher purpose that gives everyone at BEWI a shared objective and sets us apart. What do we mean by 'protecting people and goods for a better everyday'? It means taking responsibility and adapting our business to tomorrow's expectations. We are already on our way, and we are more committed than ever before.

MISSION

To create value by offering sustainable packaging, components and insulation solutions in innovative and efficient ways

Today our products protect and insulate everything from fish and vegetables to fragile products. BEWI innovations are used in walls, roofs, and floors, under streets and roads and in bridges. Sustainability is our strategic driver. Sustainability doesn't just come from the raw materials we use, but also from product and design development, production processes, use and re-use systems. By combining technology and innovation with production and operational know-how, we will develop new, sustainable areas for our raw materials and products. That's how we will lead the change towards a circular economy.

CODE OF CONDUCT

BEWI's Code of Conduct describes how BEWI does business – ethically and in compliance with the law. Doing business under the Code of Conduct builds confidence among our customers and in society, which enables our success in the business. The Code of Conduct has been developed to be a practical tool and is to be applied by all employees in the BEWI group. Integrity, trust and respect is the foundation of the Code.

Values

Responsible

We rely on each other and take responsibility for everything we do.

Proud

We are proud of our company, our colleagues and what our products can do for customers and end users.

Stable

We are stable and reliable, we think strategically, and plan for the long term. We care about each other and work as a team.

Care for quality

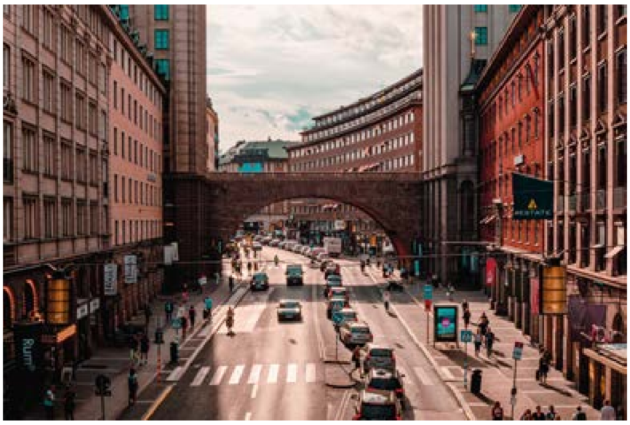
Quality is how customers perceive our products. Each link in the value chain must deliver in accordance with this basic principle.

BEWI produces more than 100,000 filling and shock absorbers for Husqvarna razor and cutting saws each year

Global trends

Sustainable production and consumption
Consumption is expected to triple by 2050, causing adverse impacts on the environment. Sustainable production and consumption, is about decoupling economic growth from environmental degradation, increasing resource efficiency, and promoting sustainable lifestyles. More goods and services are delivered, with less impact in terms of resource use, environmental degradation, waste, and pollution.

Globalization and digitalization
The digitalization of commerce permits more efficient business models for industries and facilitates getting consumers goods in the right place at the right time. Retail e-commerce solutions make trade global. A stable consumption in combination with continued digitalization in the form of e-commerce leads to an increased need for transportation of freight and protective packaging. Functional packaging requires custom designs and product adjustments.



Urbanization

Today 55 per cent of the world's population live in cities and it is expected that this will increase to 70 per cent by 2050, driving the demand for more housing and construction in and around the cities.

One of the top priorities for cities is to improve the resource efficiency of water, resources, and energy consumption. Demand for solutions enabling reduced use of energy (for example heating and cooling) are therefore expected to increase.

Climate change

Climate change is one of our society's greatest challenges. The signing of the Paris Climate Agreement was an important step towards coordinated global action to limit the global temperature increase to well below 2°C, aiming towards 1.5°C, by the end of the century. To do this, global greenhouse gas emissions must be cut in half by 2030 compared to 2010 and this means drastic transformations to how the economy and society are run today.

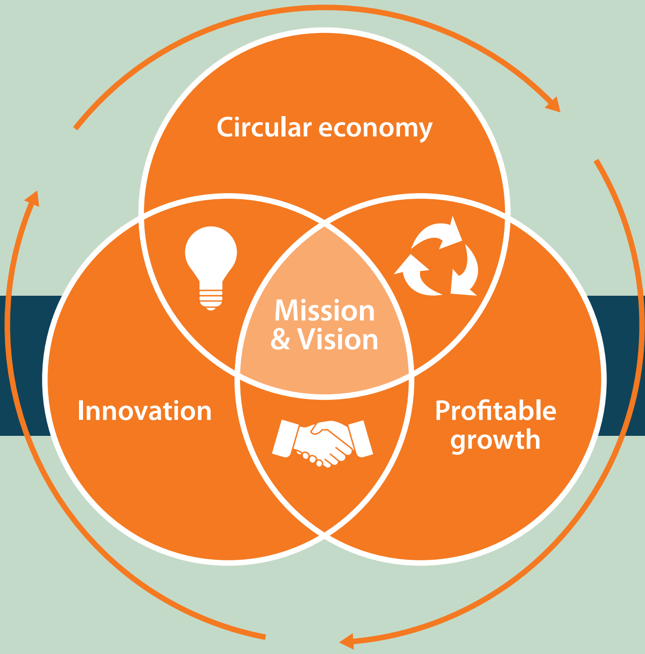
Long-term value creation

With competence and knowledge of industry needs, BEWI's employees create value for customers, owners, suppliers, partners, and society as a whole based on a business model that prioritises a circular economy, innovation and profitable growth.

ASSETS

- 1,437 employees
- Competence and years of industry experience in materials and markets
- Long-term customer relationships
- Investments in research and development
- Established brands
- Presence in 7 countries
- 38 facilities

STRATEGIC PRIORITIES



The foundation of the operations
BEWI's most important assets are its years of industry experience and its 1,437 employees. BEWI started in 1980 as a family company with strong, clearly defined values. After more than 40 years of organic growth and acquisitions, the same values and strong corporate culture still permeate operations. Long-term ownership provides the space to focus on sustainable, profitable growth through investments in innovation and business combinations.

Established brands, long-term customer relationships and a presence in 7 countries with facilities and development units provide stability, continuity and credibility.

How BEWI creates value
BEWI creates value for its owners and other stakeholders through profitable growth based on employee competence, market and industry knowledge, innovations, properly invested production units, efficient use of resources, established brands and a diversified product portfolio with solutions for many types of end customers.

The main priority of the business model is a high level of customer insight with an understanding of different needs and desires, decentralized governance that makes the group flexible and sensitive, and a circular attitude towards operations as a whole.

VALUES CREATED

Values created for essential stakeholder groups

Focusing on innovation, a circular economy, and profitable growth create opportunities for development and manufacturing of products that create sustainable, financial, and social values.

For customers
- Safe, efficient, and sustainable solutions for packaging, components, and insulation

For employees
- Safe work environment
- Competitive terms of employment
- Opportunities for occupational development
- Job rotation

For society
- Taxes
- Employment
- Product and materials development
- Social commitment
- Concrete contributions to the orientation on a circular economy

For suppliers
- Professional partnerships
- Partnering in sustainable developments

Strategic priorities

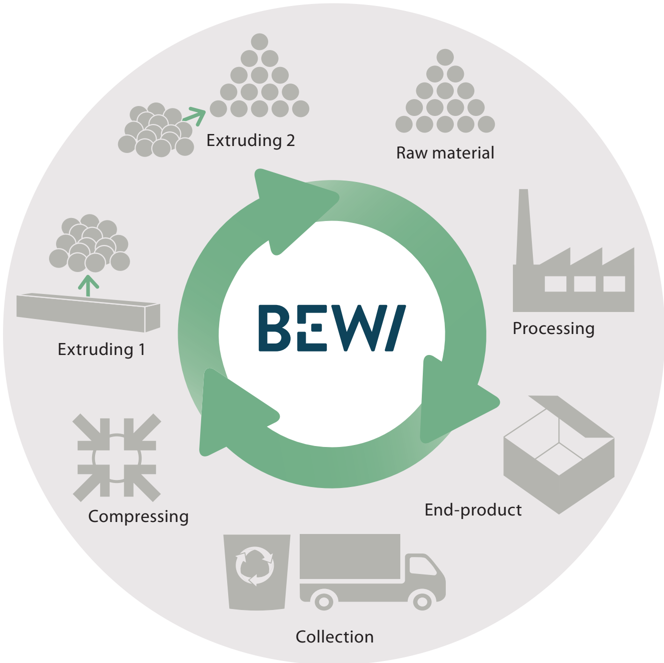
BEWI is to create value and grow by offering sustainable packaging, components and insulation solutions in innovative and efficient ways. The group's continued growth is driven by innovation and development, sustainability topics, business combinations and the realization of synergies. These factors are the group's strategic priorities, which at heart are governed by its striving to create attractive solutions for its customers, the end customers and society as a whole.

Strategic priority

A circular economy

BEWI aims to be the most sustainable provider of packaging, components, and insulation solutions. By managing the entire value chain, we are committed to close the loop.

Closing the loop



BEWI recycles EPS waste from its own production facilities, customers and nearby communities

Our circular value chain
Leading the industry's change towards a circular economy has been one of BEWI's strategic priorities for many years. As an integrated provider, meaning that BEWI provides both raw materials and end-products, BEWI can become the first company to close the loop through collection and recycling of EPS.

Our vision is that all goods and materials that reach the end of their life are reused, transformed to new serve other needs in ways that maximize their reuse value.

With our ***Use – Reuse*** initiative, we aim to raise awareness and knowledge about the importance of sorting and collecting used EPS, and to spread the word that "EPS is 100% recyclable".

Through our dedicated business unit ***BEWI Circular***, we focus on increasing collection- and recycling of EPS. We have an ambitious target to collect the equal amount of raw materials that we supply to the market each year that have a lifetime of less than one year.

To complete our circular vision, we are constantly working to increase the content of recycled materials in our products through our ***Recycled Inside***, which is recycled materials and ***Green line***, our product line for the construction industry which includes up to 100 per cent recycled materials.

Closing the loop in Denmark

In 2020, BEWI announced that the company had acquired certain assets deriving from the Danish recycling company EPS-Recycle in Thisted in Denmark, thereby establishing the recycling company BEWI Circular Denmark A/S. The Thisted facility reopened in November 2020. EPS-boxes from the fish-farming industry are collected and compressed, extruded, and turned into pellets used as raw material for EPS-production. The operation in Thisted enables BEWI to operate a closed loop in Denmark.

Strategic priority

Profitable growth

From its origins in Norway, BEWI has grown through acquisitions into a competitive company with presence and leading positions in the Nordic countries and in western Europe. Profitable growth through both organic initiatives, as well as M&A opportunities remain a strategic priority for the group going forward as well.

In BEWI, both organic- and M&A growth initiatives, remains a high priority. Through 2020, the group invested in several greenfield developments, including a new recycling facility in Portugal and a new fish box facility at Senja, Norway, following a long-term agreement with the customer SalMar. At the same time, the group invested in new machinery and technology at several other facilities, all to position for further growth. BEWI completed several acquisitions, and entering 2021, the group had a strong pipeline of M&A opportunities.

The BEWI group has vast experience in identifying candidates for acquisitions, implementing business combinations and integrating new operations. Based on industrial logic, the acquisitions strengthen and develop existing operations as well as create synergies and long-term value.

BEWI's candidates for acquisitions normally enable the group to strengthen its market positions, broaden the product offering, in particular within complementary materials, secure geographic expansion, and to be a leading recycling consolidator.

Acquisitions and new establishments in 2020

BEWI completed several acquisitions in 2020 and commenced new development projects in line with the group's strategy of being proactive in the circular economy. Below are some selected examples. A full overview is included in the Board of Directors' report and in the notes to the financial statements.

A new insulation facility in Norrköping, Sweden

The new facility supports BEWI's strategy to strengthen its position in the Nordic insulation market and gives access to high volumes of extruded polystyrene enabling BEWI to offer customers a combination of EPS and XPS. BEWI has invested in new technology and machinery in the facility enabling improved efficiency and capacity. In addition, the facility is equipped to recycle large volumes of used XPS into new products. The location in central Sweden enables efficient supply to the Nordic construction customers.

75 per cent of DE Wijs-van Loon, including its subsidiary Poredo in the Netherlands

DE Wijs-van Loon and Poredo are in the forefront of converted recycled EPS and are mainly active in the southern part of the Netherlands. The operations include the full process of collecting used EPS packaging material and cleaning and conversion of used EPS. The end products are used in their original form by companies in the small furniture industry, construction, and horticulture.

A minority stake in a UK based newly formed EPS insulation and packaging company that derives from Jablite

Jablite is a manufacturer and supplier of EPS products for insulation and civil engineering applications, and sister company Styropack, is a producer of EPS packaging. The new business is jointly owned by 51 per cent by parts of the previous management and 49 per cent by BEWI. There are many positive synergies and similarities of outlook between BEWI and Jablite.

A long-term agreement with SalMar

The agreement covers delivery of fish boxes to SalMar's new slaughterhouse and processing plant at Senja in northern Norway, InnovaNor. Based on the collaboration agreement, BEWI has constructed its fifth EPS factory in Norway. The factory is integrated with SalMar's new slaughterhouse and processing plant. BEWI have had a long collaboration with SalMar on Fröja through deliveries of fish boxes and with the new agreement BEWI has strengthened its investment also in northern Norway.

BEWI Drift Holding (BDH) in Norway

BDH is mainly a provider of packaging, while also offering some insulation solutions. BDH primarily comprise four operating units: Nordic Emballasje, Norplasta, Biobe and TommenGram. The company has three production facilities in Norway, and sales representation in Norway, Iceland, Sweden, Denmark, Russia and Lithuania.

Norrköping

During 2020 we started to build a new production line for EPS insulation within our factory in Norrköping, Sweden. When finished, during 2021, it will become Northern Europe's largest production facility for EPS & XPS. By producing both EPS & XPS in the same location, we can carry out combined deliveries of various insulation material to construction sites. It will reduce the number of transports as well as reduce our climate footprint. Norrköping is strategically located in the middle of the Nordic region. And from here we can quickly deliver products within Sweden as well as abroad.

Strategic priority

Innovation

BEWI has an R&D organization structured in order to leverage the benefits of the group's vertical integration.

Like the structure of BEWI's business segments, the group's R&D initiatives consist of three main areas: Material development (RAW), Packaging & components, and Insulation. BEWI's innovations are important for the group's sustainability work, aiming at improving resource efficiency and to increase the use of recycled and non-fossil raw materials. By improving design, BEWI work to reduce the quantity of raw materials, increase the lifetime of its products and make sure that its products are suitable for recycling.

Group companies within the two downstream segments, Packaging & Components and Insulation, work closely with their customers in developing new applications and customized product designs. Segment RAW supports local group companies with the development of new materials and new properties.

Material innovation

For development of materials, the R&D work in BEWI focuses on the improvements in EPS raw material and finding new materials for insulation and packaging applications. Even though EPS currently is the most important material for the group, BEWI also study alternative and complementary sustainable materials, such as bioplastics and other renewable solutions.

The main R&D unit in Etten-Leur in the Netherlands and the support unit in Porvoo in Finland are developing material that corresponds to customer-specific desires and supply added value.

Examples of BEWI's disruptive material innovations:

RAW RE (Recycled Raw material EPS)

BEWI is the first supplier in Europe to offer 100 per cent recycled raw EPS material. This means that the loop for EPS can be closed, with a reduction in waste and environmental impact as a result. The material is manufactured at BEWI's facilities in Porvoo, Finland and Etten-Leur Netherlands. The first commercial deliveries of the new material to several select customers took place early 2020.

BioFoam – the first biodegradable particle foam

BioFoam has the same structure and properties as EPS but is produced from plant-based biopolymers and hence fully biodegradable and industrially compostable. Current applications include building insulation, artificial grass for soccer fields as an environmentally friendly alternative to rubber-based solutions and a range of small-scale packaging solutions.

XIRE – fire-proof insulation

XIRE is a unique product in that it is extremely fire-proof and has the capacity to bear high levels of pressure from large multi-story buildings. The material has excellent insulating properties and an attractive pricing level. XIRE has the potential to open new markets for EPS. XIRE is manufactured at the group's plant in Etten-Leur in the Netherlands.

Packaging & components

BEWI work to innovate new applications for packaging and components, as well as solutions containing less raw material and unique properties. The development work is often conducted in partnership with customers.

The end-result is customized products, a differentiated product portfolio and added value over the long term.

Insulation and construction products

BEWI is continuously developing improved insulation and construction solutions in close collaboration with customers and end users. The group's strong R&D team in Netherlands has been the forerunner for innovations for the construction market and will led the way for other countries in efficient and innovative product development.

Power Kist is a multi material product used on building sites which facilitates on-site foundation installation.

Reefer Box is a transportation box for long distances developed together with Novo Nordisk.

Graphite-coated EPS, which absorbs electromagnetic radiation and can be used as coverings for walls and ceilings in testing laboratories.

Recycled Inside

The Swedish construction company Skanska was one of our first customers to take delivery of our new 100% recycled EPS. Skanska's increasing aspiration to build more sustainable sets higher demands on suppliers. Recycled Inside is an EPS consisting of 100% recycled EPS, developed for a reduced climate footprint, meeting our customer's high demands.

With Skanska, we created a closed-loop. Together with our deliveries, we collected EPS waste generated from the building site and returned it to production. The same type of cooperation is our strive in every customer relation, either there is waste from construction sites or packaging materials from grocery stores or industries, to together close the loop and reduce the climate footprint.

Business areas

BEWI's business is organised in three business segments: Segment RAW, producing raw material, and the company's two downstream segments Insulation and Packaging & Components (P&C). In addition, the group has a dedicated business unit for collection and recycling, called BEWI Circular.

RAW

Segment RAW develops and produces white and grey expanded polystyrene, known as EPS beads or Styrofoam, as well as Biofoam, a fully bio-based particle foam. The raw material is sold both internally and externally for production of end products. After expanding and extruding the beads, the material can be moulded or otherwise processed into several different end products and areas of application.

Offering
BEWI's RAW segment develops and manufactures expanded polystyrene beads. The product portfolio encompasses white and grey EPS, including various grades of recycled EPS.

EPS is 100 per cent recyclable and in 2019, BEWI launched the world's first EPS based entirely on recycled material. The loop for EPS has thus been closed, with a reduction in waste and environmental impact as a result.

Production
Production takes place at BEWI's facilities in Etten-Leur in the Netherlands and Porvoo in Finland. Recycled EPS is manufactured at the facility in Porvoo.

Operations 2020
Many important events occurred in the segment in 2020. In terms of new development, particular mention can be given to new extruded specialty grades, which were produced in collaboration with several customers. Furthermore, the segment launched its recycled EPS, called Re-Circulum, commercially. For the Nordic countries, the segment developed a 100-per cent packaging grade and a 100-per cent insulation grade, and additional launches will take place early 2021.

Both production facilities broke productions records, now reaching a level of approximately 200 thousand tonnes of EPS.

The RAW operations experienced little disruption from covid-19 as the segment successfully implemented numerous countermeasures and because of the segment's high degree of diversification, both geographically and to end-markets.

Packaging & Components

The Packaging & Components segment develops and manufactures standard and customized packaging solutions and technical components for customers in many industries.

Offering
The materials for packaging and components are primarily EPS, EPP or fabricated foam. The versatility of these materials makes them competitive compared with available alternatives. The materials can be moulded, which minimizes the consumption of raw material. They are highly durable in relation to their weight, have excellent insulating and shock-absorbing abilities and are cost-efficient. This combination makes the materials useful in several areas including vehicles and technical components as well as protective packaging.

Examples of end markets
Fish farming industry
Boxes made from EPS are the most common packaging for the fish farming industry, for storing and transportation of fresh fish in an unbroken refrigeration chain. BEWI is one of the world's largest suppliers of fish boxes to the salmon farming industry in Norway – the world's largest exporter of fresh salmon – and to the industry for wild caught fish in Portugal.

Automotive and engineering industry
Technical components made of EPS and EPP are integrated parts of, for example, vehicles and products for heating, ventilation, and air conditioning (HVAC). BEWI supplies the automotive industry by developing and manufacturing technical components from EPP, for example, for passenger cars.

Online commerce
BEWI offers packaging solutions that are light and shock-absorbent, and therefore well suited, for example, for consumer electronics, furniture and other products that require protection during storage and transportation.

Pharmaceutical industry
EPS is a highly functional packaging material for pharmaceuticals. It keeps temperatures stable and is shock-absorbent.

Production
BEWI has 19 facilities in 6 countries producing P&C components. Also, the group has minority interests in 2 facilities in the UK. In addition, the group has several sales offices in Norway and on Iceland.

Operations 2020
2020 was a break-through year for the P&C segment, which began to use recirculated raw materials from its recycling operations in Denmark and Portugal for both its EPS and EPP products for the first time.

The segment also began work with a new machine supplier to develop a new production technology leading to improved efficiency and a higher level of sustainability.

In August, the group acquired the Norwegian packaging company Bewi Drift Holding AS, significantly strengthening the group's product offering and market position in Norway.

Insulation

The Insulation segment develops and manufactures an extensive range of insulation solutions for the construction industry, such as insulation elements and various construction systems, as well as products for constructing the infrastructure of society, for example, filler for road embankments. BEWI is one of the larger European manufacturers of insulation products from EPS. The Benelux is the main market representing more than 50 per cent of total sales within the business area.

Offering

BEWI's insulation products are manufactured primarily from EPS and XPS. The majority of the insulation products are used for foundations and a smaller part for walls and ceilings.

Measures for greater energy efficiency are important drivers of demand in the European construction market. Effective insulation for walls, ceilings and floors are the most cost-efficient way of achieving greater energy efficiency and reducing greenhouse gas emissions. The demands for energy efficiency are steadily increasing, and construction regulations are routinely updated. At present, the regulations for new constructions are stricter than for existing buildings, but it is expected that the regulations for existing buildings will be tightened. The demand for EPS as insulation is increasing in pace with this. Buildings insulated with EPS reduce their energy consumption by up to 90 per cent.

BEWI focus on insulation products with high added value. EPS is well positioned to capture an increasingly larger share of the value chain in construction through prefabrication, which results in decreased installation costs.

To a great extent, insulation markets are local. The degree of product specialization varies greatly among different countries and markets. Around 70 per cent of the insulation material is used for new construction and the remainder for renovations. BEWI's largest market is the Benelux region.

Production

BEWI has 17 facilities in 6 countries producing insulation products. In addition, the group has minority interests in 6 facilities in France, 6 facilities in Germany and 3 in the UK.

Operations 2020

BEWI's Insulation segment is currently leading the way in the use of 100-per cent recycled raw material with its Green Line product line.

An important event in 2020 was the establishment of operations in Norrköping in Sweden where a hub is being created for the group's manufacturing of EPP and EPS products. An important collaboration with Sweden's largest recycling station for plastics also commenced during the year.

The fireproof product Xire, which was previously part of the product range, became a fully certified product during the year and now holds all of the fire certificates in the Dutch market.

BEWI Circular

BEWI Circular is responsible for increasing the group's collection and recycling of EPS. Through Circular, manufacturing is united with recycling – saving the planet and creating quality products and materials at the same time.

Offering

Since the establishment of the business unit in 2018, Circular has launched several initiatives to increase the collection and recycling of EPS. BEWI has announced an annual target of recycling 60,000 tonnes of EPS, which will make the group fully circular. The number refers to approximately one-third of BEWI's annual production, which is the volume BEWI puts into the end markets with a lifetime of less than one year. The other two-thirds of the volume is used in products with a lifetime of more than one year, i.e. bike helmets, car components, insulation in buildings and similar.

Production

Circular has eight recycling facilities based in Sweden, Norway, Denmark, the Netherlands, Portugal, and Belgium.

Operations 2020

At the end of 2020, Circular had an annual recycling capacity of approximately 20,000 tonnes. The capacity was significantly strengthened during 2020, in particular following the commencement of the new recycling facility in Portugal in October. In Denmark, the group acquired certain strategic assets in 2020, including an extruder for recycling. The recycling operations in Denmark commenced in December, adding further recycling capacity to the group.

In addition to the group's recycling capacity, several local initiatives are ongoing to minimise waste and innovate sustainable products. This includes BEWI's "Recycled Inside", which is EPS from up to 100 per cent recycled material. Recycled Inside is developed for a reduced climate footprint and to produce more environmentally friendly products. With properties on par with virgin EPS, it saves natural resources and lowers CO2 emissions. The material is one of several results of BEWI's ambition for a circular economy.

BEWI's materials

BEWI uses various types of materials for its solutions and products to meet the changing needs of customers: Cardboard and paper made from renewable resources and biodegradable, as well as materials from the thermoplastic category like expanded polystyrene (EPS), expanded polypropylene (EPP), extruded polystyrene (XPS) and raw granulated plastic. Thermoplastics can be heated, reshaped and reused several times, as opposed to thermosetting plastics, whose chemical structure is destroyed by heating so they cannot be melted down and reused. Raw granulated plastic is the basis of BEWI's thermoplastic products.

EPS
Consists of 98 percent air and 2 percent polystyrene. The air sealed in the plastic cells gives EPS its excellent insulating ability. EPS has a high moisture resistance and provides good protection against cold, wind, damp and mold and provides excellent high impact protection.

Areas of application: Insulation material in buildings, construction material for facilities such as roads, bridges and viaducts, packaging for food, electronics, medicines and more.

EPP
The raw material for EPP is polypropylene granulate. Like EPS, EPP has good insulation properties, high moisture resistance and is an excellent shock absorber as well as being resistant to a number of chemicals. EPP is slightly more robust than EPS.

Areas of application: Different types of packaging for instruments, cameras, thermal guards for pipes, automotive components, and boilers. Packaging that is adapted to the product, light and hygienic while it protects against impacts saves energy and space in transportation.

PE
Polyethylene is a thermoplastic used in products such as food containers, packaging, and toys. PE can be treated both to soft and hard products, depending on the density of the material and are divided into; low density PE (LDPE) used in for example plastics films and high density PE (HDPE) used in e.g., storage containers for food and chemicals. PE is the plastics that have the largest globally volumes annually.

XPS
Extruded polystyrene, or XPS, is a harder form of EPS and is used as an insulating material where extremely high strength requirements apply. XPS is heavier than EPS, it can withstand greater pressure and provides enhanced moisture protection.

Areas of application: Constructions with extremely stringent requirements for strength, for example railways and embankments, industrial floors, parking places and sports facilities.

Cardboard/Paper
One of the most sustainable products as it is made from renewable resources. It is biodegradable and can easily be cycled back or used for renewable energy.

Areas of application: Solid cardboard is often used by pelagic industry: Herring, mackerel or capelina are filled in boxes and then sent into the freezing tunnel. Solid cardboard provides good strength and is excellent for freezing as the cardboard is relatively resistant to water. Corrugated cardboard is primarily used for transport and exposure packaging.

Plastic the best raw material for new plastic

Compared with other materials, plastics are versatile, with characteristics such as low weight, strength, and being highly moldable and recyclable – which is why plastics have become popular in many areas of application. Over eight billion metric tons have been produced since the 1950s.

Modern society depends on plastic as a construction material, as technical components in vehicles and as packaging, especially in the food industry where plastic has a unique ability to keep food for a long time and promote reduced food waste.

Recycling requirements

When products from plastics are worn out, plastic waste – approximately five billion metric tonnes since the 1950s – is usually disposed of as trash or spreads out into nature, according to a study in Science Advances.

The EU requires its member countries to collect and recycle plastic, and recycling in Europe has increased 80 per cent over the last ten years. The largest share of used and collected EPS waste comes from packaging. The goal is for all plastic packaging in the EU to be recycled by 2030. A smaller portion of collected plastics comes from the construction industry.

A large part of the plastic waste – 40 per cent – collected in Europe today is incinerated. This is too large a share, since it contributes to climate impact. A greater portion ought to be recycled. With new technology, plastic waste can well be used to produce new plastic instead of being incinerated. With this large amount of plastic – and thus raw plastic material – that already exists in society, fossil-based oil or gas does not need to be used to such a great extent when new plastic is to be produced. Plastic waste should therefore be regarded as a valuable resource and not as trash. With this view, society can more quickly achieve a circular economy in plastics.

Sustainability Report

A circular economy and an inclusive society

Interview with our Director of sustainability

Sustainability, opportunities, and challenges

In 2020, climate change and the circular economy have continued to be frontpage news and even higher on the agenda for governments, industries, and consumers. Yet, the circular gap report shows that the global economy is only 8.6 per cent circular, and we need to make the economy fit and thrive within the biocapacity of our planet as soon as possible. This means more value creation with less environmental impact from materials, meaning a rapid dematerialisation of the economy in all sectors.

Both governments and businesses are stepping up their commitments to a greener economy. EU has agreed on an ambitious target for reducing greenhouse gas emissions, adopting one of the most progressive renewable energy policies in the world, indicating that EU will continue to focus on climate-related regulations and incentive schemes. This creates opportunities for increased actions towards a more sustainable growth. However, the circular gap report reminds us that we are just in the beginning of our transition. There is a large potential for partnerships across companies and public sectors to pave the way for a more sustainable growth.

HOW HAS BEWI WORKED TO MEET REQUIREMENTS REGARDING SUSTAINABILITY?

BEWI decided early to put sustainability and circular economy on its agenda and was one of the first companies with an ambition to become circular. The company launched a dedicated unit, BEWI Circular, for this in 2018, and at the same time, the company launched an ambitious annual target of recycling 60,000 tonnes of EPS. Since then, the company has invested approximately 10 million euro in increasing its recycling capacity and launched many initiatives to raise awareness and knowledge about EPS as a recyclable resource, such as the Use-ReUse initiative.

BEWI has in a few years shown that the company has the courage and the commitment to challenge the traditional way we run our business. However, we are just in the beginning of our journey. We need to continue to raise awareness and ensure that our materials are sorted for recycling. We must continuously increase the quality of our recycled raw materials and develop new models of reuse.

WHAT DO YOU SEE AT THE MAIN CHALLENGES RELATED TO SUSTAINABILITY IN THE YEARS TO COME?

I believe that regulations need to be adjusted to make recycling a competitive solution compared to virgin materials. Also, new regulations and requirements will come in all sectors, and with it an increased demand for reporting and documenting our environmental impact throughout the value chain. We already see that most of our emissions occur outside our own walls and it is in the value chain (scope 3) we must focus if we are to succeed. This requires new forms of cooperation. The challenge ahead will be to gain a better understanding of where, both geographically and in the supply chain, we can have the greatest influence to contribute to a more responsible production and consumption. We see a need for a common and more transparent method enabling us to explore how environmental impact throughout the production chain are mapped.

We are committed to engage with our stakeholders to be transparent and accountable to improve sustainability in our value chain.

Camilla Louise Bjerkli
Director of sustainability

Selected sustainability highlights 2020

RECYCLED EPS MEANS LESS EMISSIONS

Launch of BEWI's new product range GreenLine, including a full range of sustainable building insulation solutions, from boards to foundation systems. Also, the label Recycled Inside, EPS made from up to 100 per cent recycled material, was launched in 2020. All GreenLine products have the Recycled Inside label.

NEW DIRECTOR OF SUSTAINABILITY

Camilla Louise Bjerkli was appointed Director of Sustainability at BEWI in 2020. Camilla has worked with sustainability for more than 15 years and has a background from industrial ecology and a PhD in plastic recycling. Camilla will lead BEWI's work on sustainability, including documenting the group's progress.

ACQUISITION OF DUTCH RECYCLING COMPANY

In February 2020, BEWI acquired 75 per cent of De Wijs-van Loon BV, including its subsidiary Poredo BV. Poredo in Dongen in the Netherlands collect, compact, and sell used EPS. They have invented a recycling process that doesn't break down the EPS structure or add any new substances. The used EPS is shredded and then milled into beads that are used as raw material to produce new EPS. The beads are also suitable for several different purposes, such as fillings in bean bags, soil insulation in greenhouses and drainage filters.

GREENFIELD STARTUP IN PORTUGAL

To expand and strengthen its collection and recycling of EPS, BEWI established a new recycling facility in Portugal in 2020. The raw materials are supplied mainly from the Portuguese fish farming industry.

CLOSING THE LOOP IN DENMARK

In June 2020, BEWI acquired certain strategic assets from the Danish recycling company EPS Recycle. The assets, including an extruder, were used to set up BEWI Circular in Denmark, providing the group with a recycling facility in Thisted. The facility commenced operations in December, adding further capacity to the groups recycling capacity. With the operation in Thisted, BEWI operates a closed loop in Denmark.

FINALISTS IN SWEDISH RECYCLING AWARDS 2020

BEWI Circular was one of three finalists in the category Innovator of the Year, waste and recycling at The Swedish Recycling Awards. "BEWI has made it possible to create a closed-loop for expanded polystyrene, EPS. EPS waste can now be collected, compressed, and delivered for extrusion and finally production of new EPS," the jury wrote.

Our products – enabling sustainable production and consumption

BEWI works to be its customers preferred and trusted advisor, delivering the best solutions for their ever-changing needs and enable a more sustainable consumption. Based on BEWI's closed value chain, deep knowledge, local presence and close relationships with customers and partners, the company innovates materials and products for future generations. BEWI strives to produce in the most cost- and resource effective way, minimizing its footprint and lead the change towards a circular economy.

Selected examples of sustainable solutions

FIRST ROOF SYSTEM FOR SOLAR PANELS

SlimFix (XT) Solar from BEWI's subsidiary Isobouw, is the first roof element that is fully compatible with the high demands placed on the use of solar panels. The SlimFix elements offer a water-retaining solar panel platform to which all common solar panels can be fixed.

REDUCED INBOUND SHIPPING COSTS AND CO2 FOOTPRINT

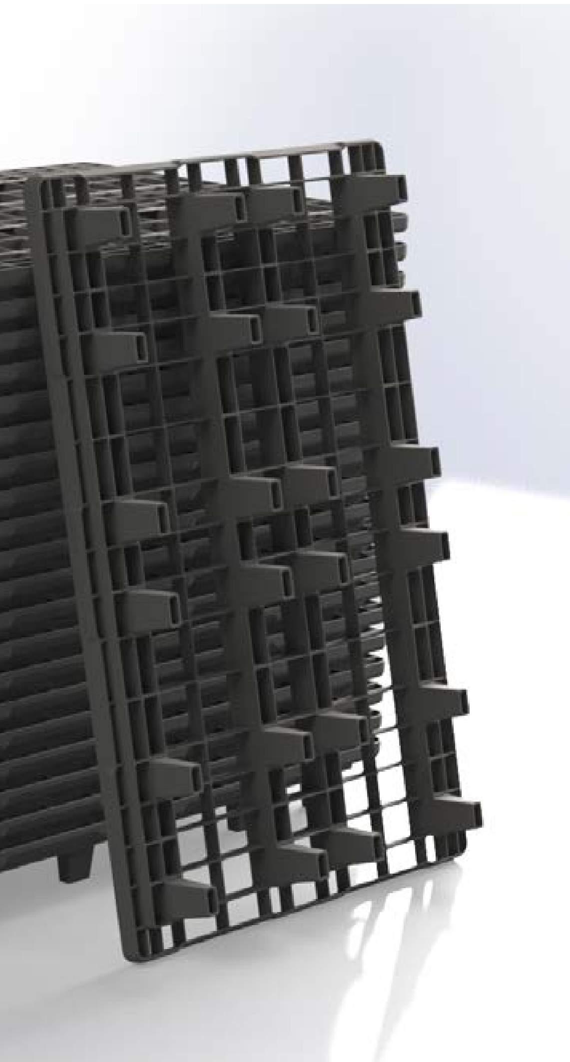
The BEWI pallet is designed for reuse in an organised return system, being an alternative to the current use of wood pallets in the seafood industry. The pallet is designed for direct loading on PMC pallets and increases the load capacity with 175 kg. The BEWI pallet will therefore reduce the number of aircrafts needed for transport and simplify logistics, reducing the CO2 footprint and save time.

REDUCED WEIGHT OF CARS USING EPP COMPONENTS, LEADS TO LOWER EMISSIONS

BEWI's solutions are well suited for applications in the automotive industry. Components from EPP are excellent energy absorbents, reduce noise, can improve acoustics, and replace other components to reduce weight. BEWI supply the automotive industry with toolboxes, neck rests, child seats, bumpers, and other components.

GREEN VAPOR BARRIER OF RENEWABLE RAW MATERIALS

The moisture barrier film is the world's first made from sugarcane. The biobased content in BEWI's plant-based film is above 94 per cent. The film offers a more sustainable solution to the construction sector, with the same mechanical and thermal properties as traditional fossil-based barrier films. It also requires less energy to manufacture than plastic products.



Sustainability in BEWI

Sustainability in BEWI means providing better solutions, reducing environmental impact, while having a positive long-term economic and social impact.

In BEWI, sustainability is part of the company's vision and incorporated in the business model. Throughout its 40-year history, BEWI has been committed to delivering solutions with long-term environmental and social interest in mind.

For BEWI, the circular economy offers a framework for more sustainable production and consumption. This means to utilise resources as optimally as possible, focusing on reducing consumption, and keeping the value of products and materials in the loop as long as possible. This, together with the transition to renewable energy, respect for biodiversity, and social inclusion will ensure a more sustainable use of resources while contributing to value creation and economic growth.

Short history
– a brief summary of the milestones

2009:
BioFoam
Introduction of the raw material BioFoam, made from biopolymers from organic materials

2015:
Varberg for life
Varberg for life project, providing job opportunities for refugees

2018:
BEWI Circular
Establishment of BEWI Circular, a dedicated unit for collection and recycling of EPS

2019:
Use-ReUse
Launch of Use-ReUse initiative, to raise awareness and knowledge about reuse of EPS

2019:
Loza Foundation
Cycle4Europe, a charity project for Loza Foundation, supporting the most vulnerable people in the poorest countries of Europe

2019:
Cooperation with employment service
Cooperation with employment service to provide people the possibility to return to work

2019:
Operation Clean Sweep
Participation in Operation Clean Sweep, to prevent and keep plastic litter materials out of the marine environment

2019:
Recycled Inside
Launch of world's first 100% recycled EPS

2020:
BEWI Business school
Establishment of BEWI Business school, for internal professional development

2020:
European plastic pact
Signed the European Plastic Pact, bringing together companies and governments to accelerate the transition towards a European circular plastic economy

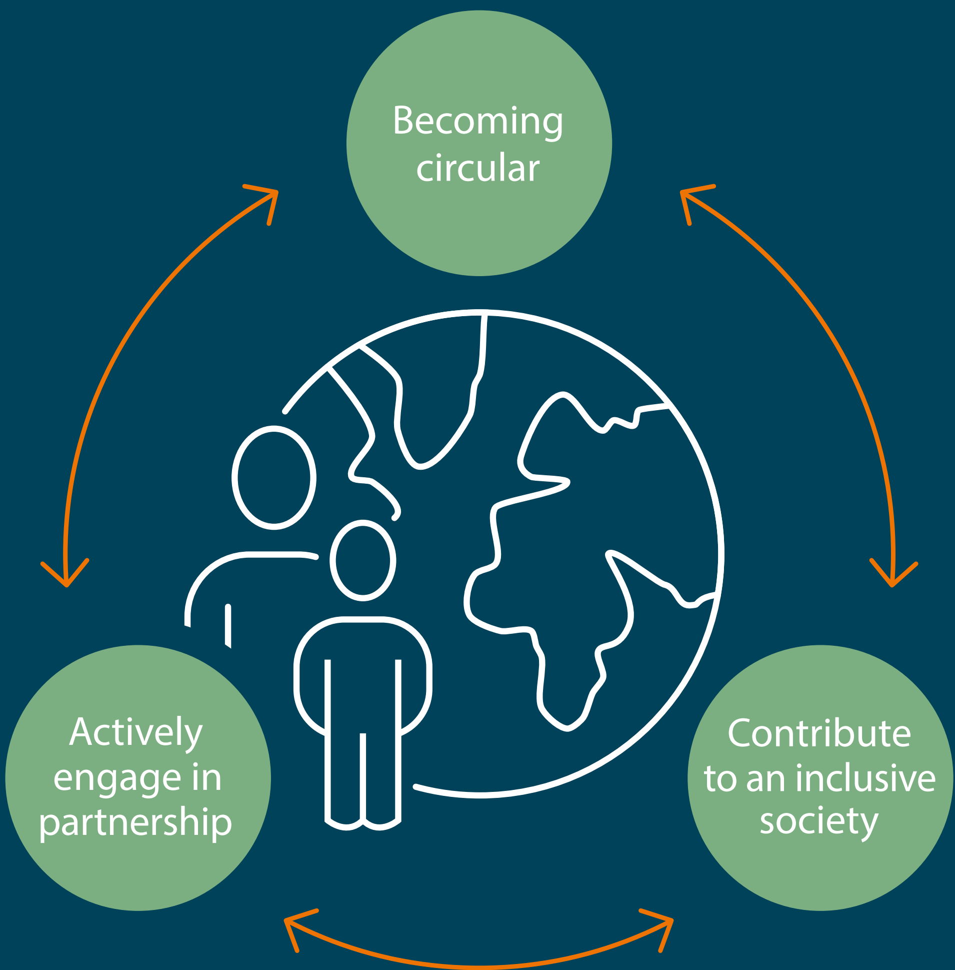
2020:
Talent program
BEWI Talent program, ensuring structured succession planning for key positions and development of critical skills

BEWI's sustainability strategy

In BEWI, we have set ambitious goals for our sustainability work. Our strategy covers our entire value chain with ambitions leading towards 2030.

The strategy outlines our long-term agenda and should inspire and guide us in our decision-making. Achieving our goals will require willingness to adapt and the courage to challenge traditional and established ways of running our business. We cannot do this alone, so we will work actively with our stakeholders to encourage a more sustainable and circular production, purchasing and consumption.

Our strategic approach to sustainability is based on three pillars:



Becoming circular

By 2030, our ambition is to be a circular business built on renewable energy.

To achieve our goals, we must succeed with three processes:

Lean, is about classic economic efficiency. Focusing on making more of less, using renewable energy.

Keep, is about keeping the resources in the economy for as long as possible. This means giving products a longer life, either because the product itself lasts longer or because the components can be repaired, upgraded, or reused in new products.

Close, is our vision to go from our current approach of "take-make-waste", to a more sustainable approach of "borrow-use-return". This includes designing products that can easily be recycled, and to ensure that the products are collected and recycled after its lifetime.

The strength of this three-part process, is that it emphasizes our goals: use a minimum of resources, keep the resources for as long as possible, and have a minimum of waste and emissions. At the same time, all our activities should preferably be operated using renewable energy.

By 2030 we are committed to:

Lean

Lean
- 50% recycled or non-fossil raw materials
- 50% non-fossil energy sources (scope 1 and 2)
- 50% of transport based on non-fossil fuel (scope 1 and 3)
- 100% of production units ISO 14001 certified

Keep

Keep
- 100% of products produced and/or traded are recyclable
- Engage with customers to explore and identify products with potential to improve circularity through models of reuse

Close

Close
- Collect the equal quantity of raw materials, that we supply to the market each year (with a lifetime less than one year)
- Zero waste from production
- Reduce our waste generation and sort 80% of our waste for material recycling

Actively engage in partnerships

Being an active and responsible partner so that we together with our stakeholders can achieve a circular economy, operating within our planet's planetary boundaries.

A transition towards a circular economy requires a systematic shift, and fundamentally rethinking the way we produce, use and reuse products. It requires collective actions across the value chain, governments, and civil society.

We need to build a coalition for action that is both diverse and inclusive. BEWI believes that a diverse community of businesses, governments, and academics together can increase the capacity and capability, improving the global ecological conditions. Such partnerships will enable actions towards reaching the Paris agreement, and to build the necessary infrastructure and alliances to collect, retrieve and share circular knowledge on a global level.

By 2030 we are committed to:

Enhance policies and industry standards for circular solutions
- Have an active role in international initiatives to promote circular solutions
- Be an active member in all national industry associations where we operate. By being open and transparent and sharing knowledge from our successes, failures, and challenges

Increase knowledge and innovation to enable circular solutions
- Participate in research projects to explore opportunities and barriers for a more circular economy
- Collaborate and share our knowledge with organizations in emerging economies to enable a more circular economy and an inclusive society

Team up to create joint value
- Engage with our stakeholders to explore and identify opportunities to increase circularity through design, innovation, models of reuse and collection of materials for recycling. Actively working with our suppliers to increase the demand for more sustainable products and solutions
- 100% of our suppliers comply with our sustainability requirements

Contribute to an inclusive society

By 2030, our ambition is to create a social impact for everyone across the BEWI value chain.

To achieve an inclusive society, it is crucial to promote and provide access to justice for all and to build effective, accountable, and inclusive institutions. This includes a wide range of activities, such as respect of human rights and promoting a culture where everyone has a voice and can be engaged and empowered to play an active role in their everyday.

BEWI as a company has an important role to play in securing an inclusive society, by being a responsible employer, partner and neighbour. We can make a difference for people and communities in the countries where we operate by taking anti-corruption, labour rights, inclusive decision – making and community engagement in our organisation and to our partners seriously.

By 2030 we are committed to:

Be a responsible employer

- Provide equal opportunities irrespective of ethnical background, gender, religion, age or sexual orientation
- 100% of our employees have a development plan which will enable them to grow, have a voice, engage, and reach their full potential
- Never compromise with Health and Safety and work actively to ensure preventive actions with zero accidents

Be a responsible partner

- 100% of our partners comply with our requirement regarding ethics, labour, and human rights
- Anti-corruption - Whistle blower process implemented to provide an alternative channel for our employees and stakeholders to raise their concerns

Be a responsible neighbour

- Be engaged in all our local communities
- Do no harm in the local communities where we operate

A summary of BEWI's commitments

Strategic pillar	Strategic goal	Commitment
Becoming circular	Lean	50% recycled or non-fossil raw materials
		50% non-fossil energy sources (scope 1 and 2)
		50% of transport based on non-fossil fuel (scope 1 and 3)
		100% of production units ISO 14001 certified
	Keep	100% of products produced and/or traded are recyclable
		Engage with customers to explore and identify products with potential to improve circularity through models of reuse
	Close	Collect the equal quantity of raw materials, that we supply to the market each year (with a lifetime less than one year)
		Zero waste from production
		Reduce waste generation and sort 80% of waste for material recycling
Actively engage in partnerships	Enhance policies and industry standards for circular solutions	Have an active role in international initiatives to promote circular solutions
		Be an active member in all national industry associations where we operate. By being open and transparent and sharing our experiences
	Team up to create joint value	Engage with stakeholders to explore and identify opportunities to increase circularity through design, innovation, models of reuse and collection of materials for recycling
		Actively work with suppliers to increase demand for more sustainable products and solutions
		100% of suppliers comply with sustainability requirements
	Increase knowledge and innovation to enable circular solutions	Participate in research projects to explore opportunities and barriers for a more circular economy
		Collaborate and share knowledge with organizations in emerging economies to enable a more circular economy and an inclusive society
Contribute to an inclusive society	Be a responsible employer	Provide equal opportunities irrespective of ethnical background, gender, religion, age or sexual orientation
		100% of employees have a development plan which will enable them to grow, have a voice, engage, and reach their full potential
		Never compromise with Health and Safety and work actively to ensure preventive actions with zero accidents
	Be a responsible partner	100% of partners comply with requirement regarding ethics, labour, and human rights
		Anti-corruption - Whistle blower process implemented to provide an alternative channel for our employees and stakeholders to raise their concerns
	Be a responsible neighbour	Being engaged in all our local communities
		Do no harm in the local communities where we operate

Interview with Ville Nurminen R&D Director

How do RAW work with sustainability?

Sustainability is the most important criteria in our work when it comes to improving the production of raw materials and design of new products.

We work continuously to increase the sustainability of our products through design and innovation. In 2019, we implemented a sustainability guideline for our work. We are constantly exploring new opportunities to reduce consumption of raw materials, improve the quality of our raw materials to ensure materials are kept in use for as long as possible and to find better and more efficient production methods. Everything we do in R&D shall result in more sustainable production and consumption.

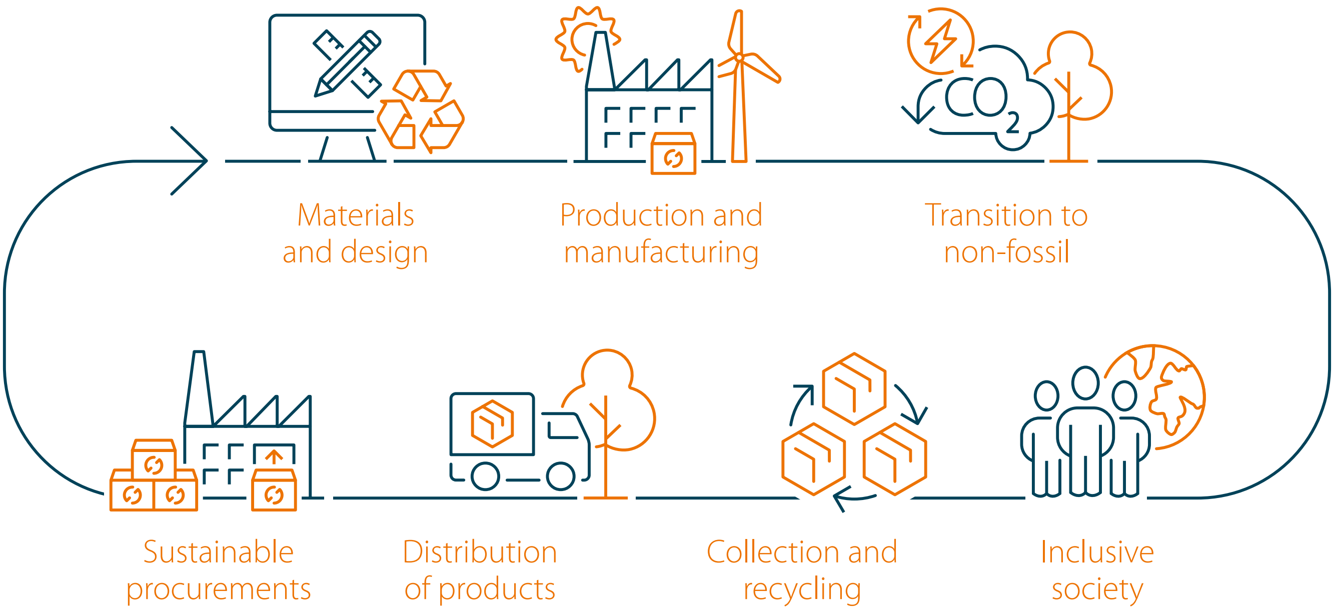
WHAT NEEDS TO BE DONE TO MAKE BEWI'S PRODUCTION MORE SUSTAINABLE?
Our main impact comes from the use of fossil based raw materials (styrene). To improve sustainability, we need to increase the content of recycled materials in our production. The main challenge today is to ensure large enough volumes of recycled raw materials and to improve the quality, so that our production units can ensure a high quality of their products.

WHAT ARE THE CHALLENGES AHEAD TO FURTHER IMPROVE BEWI'S CIRCULAR VISION?
There are enough materials on the market, but still large volumes are not sorted for collection. Our biggest challenge will be to increase the sorting and to ensure a high quality of the raw materials. The demand for products with recycled content is increasing and we expect it to further increase in the years to come. However, today, products made from recycled materials have a higher cost than products made from virgin materials and the demand is therefore limited. Hopefully, new regulations and incentives in favour of recycled materials will be introduced, which will lead to a more competitive market and thus an increased demand.

WHAT HAS BEEN THE BIGGEST SUCCESS IN YOUR WORK THE LAST YEARS WHEN IT COMES TO SUSTAINABILITY?
We started our extruder in Porvoo in Finland in 2017 and through a joint venture with Remondis in Poland we started to collect and recycle used fish boxes. We have had a hard time making it profitable, but in 2020 we managed to recycle 2,500 tonnes of fish boxes and achieve profitability.

Sustainability through our value chain

BEWI works continuously to strengthen the integration of sustainability in its value chain. To improve the environmental performance, efforts need to be taken in every step of the value chain.



Materials and design

- Improve resource efficiency
- Increase use of recycled & non-fossil raw materials
- Improve design to reduce raw material, increase product lifetime and ensure recyclability

Production and manufacturing

- Increase use of non-fossil energy sources
- Establish energy efficient production processes
- Use recycled raw materials in production

Transition to non-fossil

- Invest in energy efficient measures
- Reduce overall amount of energy used
- Switch to non-fossil energy sources

Inclusive society

- Stand up for our values and beliefs, advocating for change and playing an active role to support it
- Actively engage with employees, partners, and neighbours to create a positive impact

Collection and recycling

- Increase collection capacity
- Collaborate with customers and partners to secure collection and material recycling of products

Distribution of products

- Work to optimize routes and fill vehicles more efficiently
- Demand more non-fossil alternatives from logistic providers

Sustainable procurements

- Set clear goals
- Actively collaborate with suppliers
- Ensure that procurements reflect goals for resource efficiency, circularity, social responsibility

Selected examples from our value chain

BEWI Rebox – A fish box designed for reuse. The boxes are handed in for washing and are returned to the customer for reuse. Reuse of boxes provide sustainable and profitable solutions for the future.

BEWI collects leftovers and used dunnage. When it is returned from customers, the materials are redesigned with a milling robot to fit new car parts. By using the robot instead of moulding new parts, we significantly save cost and material resources.

BEWI works to establish a system to ensure that all its suppliers comply with the company's sustainability requirements. This includes setting sustainability standards and actively collaborate with suppliers to document and follow-up their work.

Many of BEWI's production units have adopted the EU Energy Efficiency Directive and the company is working to implement this at all its production facilities. By adapting to this directive, BEWI is constantly working to improve its energy efficiency.

Interview with Henrik Ekvall, Managing Director of BEWI Circular

BEWI Circular is leading the way towards a circular economy

HOW HAS THE LAST YEAR BEEN FOR BEWI CIRCULAR?
The last year has been an intensive year, where we have reached many important milestones. The group has completed several strategic acquisitions, crucial to us in reaching our ambition of becoming circular.

When we started our circular operations back in 2018, there were no systematic collection of EPS. By the end of 2020, we had increased our capacity to 20,000 tonnes. We have had a steep learning curve and an exciting journey to the point where we are now. Until now, our key priority has been to establish a solid operational platform for BEWI Circular for further upscaling of our activities.

IS THERE ENOUGH RAW MATERIALS ON THE MARKET?
For us, the raw material we are looking for is used EPS. There are large volumes of used EPS on the market. However, much of the EPS is not sorted for recycling. A large share of the EPS waste therefore goes to incineration. There is a huge potential for increased sorting, especially at the source where the waste is being produced. It takes more of everyone in the value chain to make this happen. Authorities should launch clear requirements and regulations to increase the content of recycled materials and to make it profitable to sort and collect EPS for recycling.

CAN YOU SAY SOMETHING ABOUT THE MOST IMPORTANT PROGRESS FOR BEWI CIRCULAR IN 2020?
Then I would like to mention two events: Firstly, we established a recycling operation in Portugal from scratch in 2020. The facility commenced operations in the fourth quarter, and with an annual capacity of approximately 10,000 tonnes, it significantly strengthened our capacity. We expect the volumes to be ramping up during 2021. Secondly, we acquired certain strategic assets, including an extruder for recycling, in Denmark. Based on this, we established BEWI Circular in Denmark. The recycling operations commenced in December, adding further recycling capacity to the group.

WHAT ARE THE MAIN CHALLENGES AHEAD?
There is a potential to collect much larger volumes of used EPS. Especially in Norway and Sweden. We would like to see increased fees on incineration and landfill. It would be favourable both for us and for the entire society. There should also be increased requirements directed at producers to increase their use of recycled raw materials more than what they do today.

Of course, there will always be challenges, but we focus more one the opportunities! We have established ourselves as a leading company in taking responsibility to be more circular.

"With BEWI's collection capacity of 20,000 tonnes used EPS, we can replace the use of virgin material and thereby contribute to a reduction of ~26,000 tonnes of CO2 equivalents, equalling ~20,000 round-trips by plane Oslo-New York."

An engaged and empowered value chain

BEWI as a company has an important role to play in securing an inclusive society, by being a responsible employer, partner, and neighbour. We will stand up for our values and beliefs, advocating for change and playing an active role to support it. This means that we will actively engage with our employees, partners, and neighbours to create a positive impact on livelihoods though out our value chain.

CODE OF CONDUCT

BEWI's Code of Conduct is the basis for all aspects of the group's activities in society and provide key ethical principles and policies that is in compliance with local, national and international legislation. The Code of Conduct covers instructions under the following headings:

- Treat employees with openness and consideration
- Managing health, safety, and the environment
- Relationships with customers, suppliers, and society
- Conduct business responsibly

Treat employees with openness and consideration

Our employees are our most valuable resources and for BEWI it is essential to create a learning environment where the employees are enabled to grow and reach their full potential.

Annual reviews are performed with all employees, in which performance and competence development are to be discussed and planned.

In 2020, BEWI Business School was established aiming to provide leadership training cross regions and business units. The first program in BEWI Business School, Growth 2020, was launched during the year.

During 2021, the group will also launch a senior leadership programme to further develop its business, leaders, and employees. An employee engagement survey will be launched in 2021.

BEWI's talent management process is focusing on the group's skill supply short and long term, as well as succession planning.

Health and safety at work

In BEWI, we have a vision of zero accidents. To promote occupational health and safety, BEWI works continuously to create safe workplaces, and train employees in safety. All the group's units report on health and safety issues and long-term preventative health care is an important element.

During 2020, local measures were implemented with to protect employees from covid-19 at their workplaces.

Relationships with customers, suppliers, and society

Ensuring Human rights

The respect and support of human rights are rooted in BEWI's culture. Through our Code of Conduct and sustainability policy, we commit ourselves to taking social aspects into account when choosing suppliers and partners and to enhancing our employee's attentions to and knowledge of social conditions. In 2017, BEWI started to require a Code of Conduct from its suppliers.

Sustainability in the supply chain

BEWI is currently working to improve its routines and documentations to assess suppliers on human and labour rights, ethical standards, social and environmental policies, health and safety, and anti-corruption.

Enable people to return to the job market

To support people who are outside the labour market and wish to start a career, BEWI collaborates with local government authorities, where BEWI help people with job training or their return to the job market after a long illness.

CONDUCT BUSINESS RESPONSIBLY

Anti-Corruption

BEWI strives to achieve transparency and a high level of business ethics. BEWI believes that the adaption of good governance, transparency and accountability is the best way to prevent corruption.

To counteract the risk for corruption, two signatories are required for invoice payments and at least two employees must add new suppliers into BEWI's business system.

BEWI's whistleblowing service enables employees and external stakeholder to report anonymously. The company's employees are the most important source of insight for revealing possible misconduct that needs to be addressed, and the whistleblowing service offers a possibility to alert the company about suspicions of misconduct in confidence.

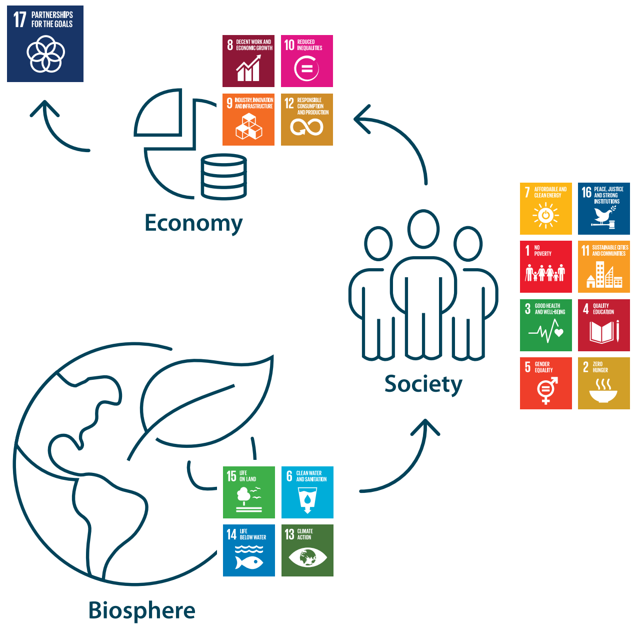
BEWI has adopted several policies and guidelines on corporate governance, sustainability, and corporate social responsibility, setting out the overall framework for how the company conducts its business.

How we work with the UN sustainable development goals

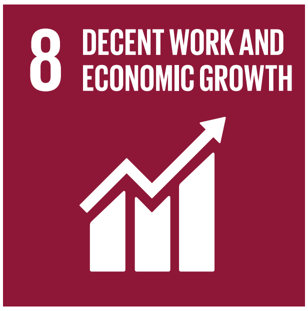
The UN sustainable development goals (SDGs) are our common framework to achieve the agenda 2030.

BEWI's work with sustainability recognises our planets nine planetary boundaries. We therefore support the restructuring of the SDGs from a linear list to a figure where the SDGs related to the planets planetary boundaries set the basic framework for achieving the other SDGs.

The SDGs described below are those considered the most material for BEWI and those where the company can have the greatest impact.



Overview of our most material SDGs		8 DECENT WORK AND ECONOMIC GROWTH	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	17 PARTNERSHIPS FOR THE GOALS
Becoming circular	Lean		✓	✓	
	Keep		✓	✓	✓
	Close		✓	✓	✓
Actively engage in partnerships	Enhance policy standards for circular solutions		✓		✓
	Increase knowledge and innovation for circular solutions		✓		✓
	Team up to create joint value		✓		✓
Contribute to an inclusive society	Be a responsible employer	✓			✓
	Be a responsible partner	✓	✓		✓
	Be a responsible neighbour				✓



As an employer of close to 1,400 people in communities across six countries, we embrace our responsibility to promote sustainable, inclusive, and economic growth, through a productive employment and decent work for all. This means ensuring the safety, wellbeing, and development of all our colleagues. In our supply chain, we are taking effective measures to protect human rights.

At BEWI we have ambitious targets to improve sustainable production and consumption. We are actively working to reduce our consumption and increase our use of non-fossil energy sources. Through our circular business model, we ensure that the materials we supply to the market are collected and used again as raw materials. Through design of products for reuse and recycling BEWI is working to reduce its own environmental footprint and increase the environmental handprint of its customers, enabling them to have a more sustainable consumption.

Climate action remains the most significant environmental challenge for BEWI. We aim to reduce our own emissions in line with the Paris agreement, through a combination of reducing consumption through design and energy efficiency, transition to non-fossil fuel and transportation, and increasing use of recycled and non-fossil raw materials.

BEWI has committed itself to be actively engaged in partnerships. If we are to succeed in reaching the UN sustainability goals we are dependent on partnerships across businesses, governments, and academics. Only together it is possible to increase the capacity and capability to accelerate collective action towards improving social needs and the global ecological conditions.

Key partnerships

We believe that we can accelerate progress towards a more sustainable future by actively engage in partnerships. Together we can increase our capacity and capability to accelerate collective action.

EUMEPS

The association for European Manufacturers of Expanded Polystyrene (EUMEPS) is the voice of the Expanded Polystyrene (EPS) industry. Representing 23 national associations in Europe, EUMEPS' activities focus on two main market segments: Construction and Power Parts, including packaging and shape-mouled parts. The association is committed to promoting the benefits of EPS products and have joined forces to reach the ambitious European recycling targets by 2025.

European Plastic Pact

BEWI was one of the first signatures of the European Plastic Pact. The European Plastic Pact is a public-private coalition that forms a European network of companies, states, and other organisations. The aim of the pact is to set ambitious common objectives and to encourage cooperation, innovation, and harmonisation at the European level, to bring about a truly circular European plastics economy.

The Pact works on all levels to reduce the release of plastics into the environment: by improving the recyclability and reusability of products by design, by shifting to a more responsible use of plastics, by increasing collection, sorting, and recycling, and by incorporating more recycled materials into new products and packaging.

PolyStyreneLoop

The PolyStyreneLoop Cooperative is set up to demonstrate the feasibility of a large-scale demo plant as a closed-loop solution for the recycling of polystyrene (PS), insulation foam waste and the recovery of bromine. The planned demonstration plant in Terneuzen, Netherlands, will work with the CreaSolv® Technology. The CreaSolv® Technology is a development of Fraunhofer Institute and CreaCycle GmbH.

Team BEWI bikes for sustainability

Team BEWI is an initiative that supports important projects in society and collects money for charity. All employees in the group can participate, and everyone is encouraged to get involved. By biking together for a good cause, the group's employees can make a difference with regards to the social aspects of sustainability. At the same time, it promotes a healthy lifestyle among the employees. In addition to the health benefits, it helps people get to know each other outside the workplace. Social sustainability in BEWI means caring about one another, working as a team in which every individual is important and treating one another with respect. Over the years, Team BEWI has collected funds for a number of different projects and foundations, for example, Cancer Moonshot, the Childhood Cancer Fund and the Loza Foundation. The initiative also supports children's rights and projects that counteract the sexual abuse of children.

Cycle4Europe
LOZA FOUNDATION

Hold Norge/Sverige/Danmark Rent

The organisations Hold Norge Rent (Norway), Håll Sverige Rent (Sweden), and Hold Danmark Rent (Denmark), are non-profit associations that work against waste littering in the Nordic countries. The associations are built up as a member organization for companies, municipalities, organizations, and other actors who want to contribute to clean our environment. The basic idea is that littering is a shared responsibility, and that everyone can contribute.

hold norge rent

HOLD DANMARK RENT

HÅLL SVERIGE RENT.

Operation Clean Sweep

As a partner in the international Clean Sweep initiative, BEWI is part of promoting cleaner oceans. The purpose of Clean Sweep is to combat the release of plastic granulate from manufacturing into the environment. This initiative is part of the global Marine Litter Solutions initiative, which aims at improving the world's marine environments. As a partner in Clean Sweep, BEWI is obligated to avoid spills of plastic granulate. The agreement includes regular audits. In practice, membership means that BEWI's facilities in Denmark and Sweden organize the collection of plastic granulate in surface water, continually train personnel, and investigate the presence of waste in the facilities' cisterns during the monthly safety checks.

Operation Clean Sweep®

Sustainability and transparency

BEWI is committed to be transparent in its work with sustainability. We see a steady increase in requests from stakeholder's related to documenting the group's sustainability work. BEWI strives to be transparent about its environmental and social performance, as well as its progress going forward.

Sustainable culture

In BEWI we are pioneers in our industry, as well as innovative and explorative. We will lead the industry's change towards a circular economy, whilst guiding our customers in the right way.

We take responsibility for everything we do. We are proud of our company, colleagues and what our products do for customers and users. We are stable and reliable, think strategically and plan for the long term. Quality is how customers measure our products and services

Sustainable governance

BEWI's sustainability strategy is integrated into the company's business model and the targets are supported by policies, procedures, and action plans. Sustainability is anchored in the company's board, executive management, and in the local management teams. The executive management reviews and discusses the company's sustainability strategy, policies, performance, and reporting, while the local management teams follow-up sustainability KPIs on a monthly basis.

Mapping environmental data

BEWI started to map its carbon footprint according to the GHG protocol methodology in 2020. This enables the group to take informed decisions to reduce its carbon footprint and to evaluate its performance over time. BEWI will start to report on its performance in line with the GHG protocol (scope 1, 2 and 3) in 2021

GRI reporting

BEWI will report its sustainability progress in line with the Global Reporting Initiative (GRI) for 2021. This will ensure comparability and enable transparency and accountability.

Risks and risk management

The governance of BEWiSynbra is based on the company's Articles of Association, the Swedish Companies Act and other applicable Swedish and international laws and regulations as well as internal steering documents. BEWI defines risk as something that could negatively impact its effectiveness. Though risk is a natural part of business operations, it can be managed, and it is the responsibility of group management to ensure that risks are identified and managed. BEWiSynbra's overall objective of risk management is to ensure a systematic method for identifying risks and for ensuring their management at an early stage. Moreover, the objective is to make risk management a natural part of daily operations by creating a culture of awareness in all employees, and knowledge of how to manage risks to achieve the company's business objectives.

OPERATIONAL RISKS	
Market and forecasts Demand for BEWiSynbra's products is governed by the construction market conditions and market conditions in general.	The risk of a recession in one or more of BEWiSynbra's end markets is balanced by the company having a healthy distribution of its customers in various markets (e.g. construction, food, medical and automotive) and in various geographical regions. BEWiSynbra has a detailed forecasting process, to be able to adapt and adjust the group's capacity to the demands of the market so as to pursue its operations profitably and remain competitive. This is done by monitoring market trends and cultivating close relationships with customers to increase knowledge of their forecasts and expectations. BEWiSynbra also obtains information on changes in the market through relevant memberships in European industry organizations.
Customers and competition BEWiSynbra's operations are conducted in competitive industries.	Using product development, improved production methods and accessibility as well as offering competitive prices, BEWiSynbra's competitors can get customers to choose their products. BEWiSynbra's customer relations are marked by a long-term perspective in which shared development work for customized design, adaptation to customers' production processes and a functional storage and logistics flow as well are in focus. BEWiSynbra conducts development work that will create and add value through the development of new materials, applications, and design. The goal is a continuously relevant and sustainable product portfolio. With a focus on all costs in the production and distribution chain, BEWiSynbra strives to be the most cost-effective collaborating partner for its customers. BEWiSynbra invests in, and continuously reviews its internal processes to be as cost-effective as possible at all stages. Geographical proximity to customers yields better accessibility and lower distribution costs.
Raw materials prices and purchasing Styrene is a crucial raw material to BEWiSynbra. Volatility in styrene prices is a risk factor.	Supply and demand govern prices on the world market. Raw material is traded on the global market, and price changes in most cases also affect BEWiSynbra's competitors so that desirable margins (GAP) can be maintained. To fend off price volatility, BEWiSynbra works with several suppliers, contract models, purchasing strategies and individually tailored customer agreements throughout the whole value chain.

Production capacity Breakdowns or losses in production entail a risk of being unable to deliver.	BEWiSynbra balances the risk of not being able to continue delivery in the event of breakdowns in production through redundancy and the possibility of increased capacity in its facilities. The group also collaborates closely with other suppliers on purchasing goods or to let out production if needed. For strategic products and customers, special risk manuals and routines for managing production efforts have been developed. In addition to this, there is insurance protection covering additional costs and losses in production.
Production quality Delivering faulty quality can cause negative repercussions for customers or damage BEWiSynbra's reputation.	The risk of delivering faulty quality over time – or to specific projects – that causes negative repercussions for customers, fines, or damage to BEWiSynbra's reputation is managed through working with ISO 9001, which ensures continuity in processes, as well as quality checks, a lean production philosophy and the necessary insurance policies. There is also an integrated monitoring system, in the event of deviations, that identifies causes and preventive measures.
Development, R&D Requirements from customers and legislators for increased functionality and more environmentally friendly solutions, lead to new requirements for BEWiSynbra's products.	The market has a continued need for new intelligent materials at competitive prices. As a producer, meeting new legal requirements concerning the environment is also important. To meet customers' expectations and future legal requirements, BEWiSynbra works to have a relevant and innovative product portfolio. BEWiSynbra is a member of both local and European industry organizations for advice concerning materials and legal requirements.
Information and IT systems BEWiSynbra relies on IT systems for its operations. Disruptions or faults in critical systems might have a direct impact on production and other important business processes. Errors in financial systems risk affecting the company's reporting of results.	BEWiSynbra's management model for IT is structured based on governance, standardized IT processes and security. Continuous work is performed to move away from traditional and customized on-premises solutions to modern standardized and unified solutions to reduce risk.
Acquisitions and integration Integration of newly acquired businesses entails a stress on existing operations.	Rapid growth through business acquisitions can entail a risk that the integration processes become more costly or take longer than estimated, and that expected synergies either wholly or in part do not occur. Rapid growth can also be a stress on existing operations, in which relationships with customers, suppliers and key persons are negatively affected. BEWiSynbra is well equipped for successful integration through the experience with acquisitions and works on integrating newly acquired units through dedicated project groups separated from daily operations.

LEGAL RISKS

Legislation Legal risks comprise a number of risks in diverse areas, e.g. changes to regulations, violations of law in the operations, compliance risk and errors in any agreements signed by BEWiSynbra.	The Group take preventive measures through its governance structures and continually observes the rules and regulations found at the EU level and in each respective market. BEWiSynbra works to adapt its products and operations to future changes. BEWiSynbra monitors legal risks that arise in cooperation with external advisers if deemed necessary.

SUSTAINABILITY-RELATED RISKS

Environment There is a risk that BEWiSynbra's operations can have an environmental impact on the air, the soil, or the water.	To ensure the observance of various laws and regulations from government authorities as well as the group itself, all the operational units conduct a risk assessment to identify the risk of unforeseen, undesirable events or accidents that can have a consequence for the external environment. All production units systematically work to reduce these risks and shall be certified under ISO 9001 and 14001, which includes the implementation of a number of processes to identify, monitor, measure, analyze and register environmental risks to the environment. The results of these activities are the basis for the work to address and evaluate possible mitigation measures to improve routines and reduce the company's environmental impact.
Climate change Climate risk has come in as a significant aspect for BEWiSynbra.	Climate change and climate policies are very important premises for the business community. Therefore, it is increasingly important for BEWiSynbra to map and report how we are exposed to climate risk and how BEWiSynbra will handle the various consequences such changes may have for the company. BEWiSynbra will in the coming years conduct a climate risk assessment on a regular basis to ensure that our climate risk management is in line with the Task Force on Climate-related Financial Disclosures (TCFD).
Health and safety There is a risk for accidents and injuries in BEWiSynbra's operation.	As an employer BEWiSynbra conducts risk assessments of the conditions that may involve a risk of the health damage to employees and implement measures to remove or reduce risk factors as far as possible. BEWiSynbra has a zero vision when it comes to health and safety and all production units are ISO 9001 certified. BEWiSynbra works preventively and systematically to prevent health ailments, injuries and near misses and are continuously working to follow-up performance through regular measurements and evaluations. All deviations, incidents and near miss are reported and is the basis for continuous improvements. Moreover, risk assessments are used as a basis for which hazards, requiring a special attention. BEWiSynbra actively works to find green substitutes and to consider whether processes and resources can be changed to improve the company's HSE profile. Moreover, BEWiSynbra offers training with active participation of employees to establish good routines to prevent employees against incidents at work with possible hazards. Employees are familiar with the requirements and have been introduced to BEWiSynbra's HSE policies and shall comply with internal safety rules and instructions.
Employees Attracting skilled personnel and retaining key individuals is of crucial significance for BEWiSynbra's success.	BEWiSynbra manages the risk of being unable to recruit qualified labor power by striving for a good work environment and internal competence development, as well as taking responsibility for training new employees with potential. BEWiSynbra has a group staff function for HR, including an HR Director responsible for company culture, values and processes to secure management development and succession planning.
Human rights There is a risk that employees are discriminated against and that labor legislation is not complied with.	In BEWiSynbra's case, the risk of human rights violations is greatest in the supplier chain. To counteract this, in 2017 BEWiSynbra started a process that involves all suppliers having a code of conduct, and that suppliers will be audited. The group minimizes this risk by, for example, procuring transports from certified shipping agents.
Unethical behavior With 1,369 employees in several European countries, there is a risk that some of the employees are involved in unethical behavior such as bribes, corruption, or fraud.	BEWiSynbra's Code of Conduct makes it clear that unethical behavior is unacceptable. Routines have been well established so that authorization of costs and payments, selection of suppliers and approval of new employment cannot be done by a single individual. Decisions have been taken on a digital training program that will raise employee awareness and train them in risks of corruption. In addition, a whistle-blower function has been set up. The function is applicable for all sections of the Code of Conduct.

Auditor's report on the statutory sustainability report

To the general meeting of the shareholders in BEWiSynbra Group AB (publ), corporate identity number 556972-1128.

ENGAGEMENT AND RESPONSIBILITY

It is the board of directors who is responsible for the statutory sustainability report for the year 2020 on pages 12-13, 31-55 and 57 and that it has been prepared in accordance with the Annual Accounts Act.

THE SCOPE OF THE AUDIT

My 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 my examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. I believe that the examination has provided me with sufficient basis for my opinion.

OPINION

A statutory sustainability report has been prepared.

Stockholm, April 20, 2021
PricewaterhouseCoopers AB

Magnus Lagerberg
Authorised Public Accountant

Corporate governance

BEWiSynbra is committed to healthy corporate governance practices which strengthens and maintains confidence in the company, thereby contributing to optimal long-term value creation for shareholders and other stakeholders.

The objective of corporate governance is to regulate the division of roles between shareholders, the Board and executive management. Corporate governance in BEWiSynbra is, in addition to applicable laws and regulations, based on sound corporate values and culture and the Articles of Association. In addition, there are several governing documents such as the Board of Directors' Rules of Procedure and policy documents. BEWiSynbra's corporate governance is based on the principle that all shareholders are treated equally. BEWiSynbra will provide reliable and relevant communication to all stakeholders, in a transparent manner.

IMPLEMENTATION AND REPORTING OF CORPORATE GOVERNANCE

BEWiSynbra Group AB (publ) (BEWiSynbra or the company) is a Swedish public limited liability company and is governed by Swedish legislation, mainly the Swedish Companies Act and the Swedish Annual Accounts Act (Sw. Årsredovisningslagen (1995:1554)) and internal rules and instructions. This corporate governance report has been prepared in accordance with the Swedish Annual Accounts Act. BEWiSynbra is not subject to the Swedish Corporate Governance Code, as the Company's shares are not listed on a regulated market. BEWiSynbra has two bond loans listed at Nasdaq in Stockholm.

OWNERSHIP

At December 31, 2020 the total number of shares outstanding was 143,943,671 with a quota value of SEK 0.0097 per share. All shares are of series A, meaning that each share in the company entitles the owner to one vote. Since the autumn of 2020, all shares in the company are held by BEWI ASA. BEWI ASA is a Norwegian public limited liability company listed on Oslo stock exchange ("BEWI ASA").

GENERAL MEETINGS

According to the Swedish Companies Act, the general meeting is the Company's ultimate decision-making body. At the general meeting, the shareholders exercise their voting rights on key issues, such as adoption of income statement and balance sheets, appropriation of the Company's results, including declaration of dividends, discharge of liability of members of the Board of Directors and the CEO, election of members of the Board of Directors and auditors and remuneration to the Board of Directors and the auditors. The annual general meeting must be held within six months from the end of the financial year. In addition to the annual general meeting, extraordinary general meetings may be convened. According to BEWiSynbra's Articles of Association, general meetings are convened by publication of the convening notice in the Swedish National Gazette (Sw. Post- och Inrikes Tidningar) and on the Company's website. At the time of the notice convening the meeting, information regarding the notice shall be published in Dagens Industri.

Notice to attend an annual general meeting shall be issued not earlier than six weeks and not later than four weeks prior to the general meeting. Notice to attend an extraordinary general meeting shall be issued not earlier than six weeks and not later than two weeks prior to the general meeting. Notice to attend an extraordinary general meeting at which the issue of alterations of the Articles of Association is to be addressed shall be issued not earlier than six weeks and not later than four weeks prior to the meeting. Shareholders may attend the general meeting in person or by proxy and may be accompanied by a maximum of two assistants. It is possible for a shareholder to register for the general meeting in several ways as indicated in the notice of the meeting. The annual general meeting was held on 23 May 2019.

ARTICLES OF ASSOCIATION

The Articles of Association were adopted at an extraordinary general meeting held on 26 October 2018.

BOARD OF DIRECTORS

The Board of Directors is the second-highest decision-making body after the general meeting.

Members of the Board of Directors are normally appointed by the AGM for the period until the end of the next AGM. According to the Company's Articles of Association, the members of the Board of Directors shall be no fewer than three and no more than seven members.

By the end of 2020, the Board of Directors in BEWiSynbra consisted of seven members. Chairman Gunnar Syvertsen, and board members Per Nordlander, Kristina Schauman, Göran Vikström and Chrsitian Bekken were all re-elected for one year at the Company's AGM in 2020. Rik Dobbelaeare and Stig Waernes were elected as a new board members.

THE WORK OF THE BOARD OF DIRECTORS

According to the Swedish Companies Act, the Board of Directors is responsible for the organisation of the company and the management of the company's affairs, which means that the Board of Directors is responsible for, among other things, setting targets and strategies, securing routines and systems for evaluation of set targets, continuously assessing the financial position and profits as well as evaluating the operating management and appointing or dismissing the CEO. The Board of Directors is also responsible for ensuring that annual reports and interim reports are prepared in a timely manner.

The Board of Directors applies written rules of procedure, which are revised annually and adopted by the constituent board meeting every year. The rules of procedure govern the practice of the Board of Directors, functions and the division of work between the members of the Board of Directors and the CEO. According to the rules of procedure, the Chairman of the Board is responsible for evaluating the work of the Board.

At the constituent board meeting, the Board of Directors also adopts instructions for the CEO, including instructions for financial reporting.

The Board of Directors meets according to an annual predetermined schedule. In addition to these meetings, additional board meetings can be convened to handle issues which cannot be postponed until the next ordinary board meeting. In between the board meetings, the Chairman of the Board of Directors and the CEO continuously discuss the management of the company.

During 2020, the Board of Directors held 12 meetings.

CEO AND COMPANY MANAGEMENT

The CEO is responsible for administrative matters, taking into account the directions and instructions established by the Board of Directors and indicated by documents such as the instructions to the CEO and the Board of Directors' rules of procedure.

According to the instructions for the financial reporting, the CEO is responsible for the financial reporting in the company and consequently must ensure that the Board of Directors receives adequate information to be able to evaluate the Company's financial position.

The CEO continuously keeps the Board of Directors informed of developments in the Company's operations, the development of sales, the Company's result and financial position, liquidity and credit status, important business events and all other events, circumstances or conditions which can be assumed to be of significance to the Company's shareholders.

In 2020, the executive management of BEWiSynbra consisted of the CEO, the CFO and the group HR Director and they operate jointly with the executive management team of BEWI ASA, where also the CEO of BEWI ASA is a member.

AUDITORS

At the 2020 Annual General Meeting, Pricewaterhouse-Coopers AB was appointed auditor, with authorised accountant Magnus Lagerberg as auditor in charge until the end of the 2021 Annual General Meeting.

INTERNAL CONTROL REGARDING FINANCIAL REPORTING

The Board of Directors has overall responsibility for financial reporting and for ensuring the company has effective internal control. The responsibilities of the Board are regulated by the Swedish Companies Act and Annual Accounts Act. Company management reports regularly to the Board of Directors in accordance with established routines.

Internal control is built on documented policies, guidelines, instructions, and allocations of responsibilities and work such as the Board's Rules of Procedure, the instructions to the CEO, and delegation of authorities.

RISK MANAGEMENT

Risk assessment and risk management are built into the Company's processes. Different methods are used for evaluating risks and for ensuring that the relevant risks to which BEWiSynbra is exposed are managed in accordance with established policies and guidelines. Risks and risk management are described in a separate section of this Annual Report.

CONTROL ACTIVITIES

The Board of Directors ensures the quality of the financial reporting through the instruction for the CEO, including instructions for the financial reporting, as well as through the ongoing administration of reports, recommendations, and proposals for resolution. Interim reports, as well as items pertaining to valuation and reporting, are prepared by company management for examination and control by the Board. The Board of Directors routinely evaluates risks in the financial reports.

INFORMATION AND COMMUNICATION

BEWiSynbra aims to provide its shareholders and other stakeholders with reliable and relevant communication in a transparent manner, supporting equal treatment of shareholders, as well as facilitating long term value creation for the company and its stakeholders.

BEWiSynbra fully complies with the Swedish legislation and Nasdaq Stockholm's regulations concerning listed debt instruments.

GOVERNANCE AND MONITORING

The company is continuously monitoring its financial development and operations. The monitoring happens at various levels, including regions and business segments, as well as on group level.

Reporting takes place to management and the Board of Directors on a monthly basis. The Board monitors economic trends in relation to strategy and the business plan and the budget and checks that the investments decided upon are developing according to plan.

Auditor’s Report on the Corporate Governance Statement

To the general meeting of the shareholders in BEWiSynbra Group AB (publ), corporate identity number 556972-1128.

ENGAGEMENT AND RESPONSIBILITY

It is the board of directors who is responsible for the corporate governance statement for the year 2020 on pages 59–60 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 RevR 16 *The auditor’s examination of the corporate governance statement*. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

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.

Stockholm, April 20, 2021
PricewaterhouseCoopers AB

Magnus Lagerberg
Authorized Public Accountant

Board of Directors

Gunnar Syvertsen

Born: 1954. **Elected:** 2014.
Chairman since 2018.
Education: M.Sc. Engineering
Professional background: CEO Heidelberg Cement Northern Europe AB, Managing Director Heidelberg Cement Norway AS, Managing Director Norcem AS, executive positions in Heidelberg Cement AG in Africa and the US.
Other directorships: Chairman Frøya Invest AS and GIS AS, board member Topaas og Haug Entrepenørforretning and various directorships and management positions within the group.
Nationality: Norwegian
Shares in BEWI ASA per 31.12.20:
317,559 *

Kristina Schauman

Born: 1965. **Elected:** 2016.
Partner Calea AB.
Education: M.Sc. Business Administration, Stockholm School of Economics.
Professional background: CFO OMX AB, Carnegie Investment Bank and Apoteket AB. Senior positions at Investor AB, ABB and Stora Enso.
Other directorships: Board member of BillerudKorsnäs AB, Coor Service Management Holding AB, Diaverum AB, Nordic Entertainment Group AB, AF Pöyry AB and Reeda Capital Management AB.
Nationality: Swedish
Shares in BEWI ASA per 31.12.20:
193,452

Christian Bekken

Born: 1982
Chief Executive Officer of BEWI ASA.
Employed: 2002
Education: Upper secondary general, financial, and administrative program (Norway).
Professional background: Production Manager BEWI, Sales Manager BEWI, CEO Smart Bolig, development of construction section at BEWI.
Nationality: Norwegian
Shares in BEWI ASA per 31.12.20:
5,952 **
Options in BEWI ASA per 31.12.20:
250,000

Stig Waernes

Born: 1968. **Elected:** 2020.
CEO of BEWI Holding AS.
Education: Degree in auditing and accounting from NTNU business school.
Professional background: Regional managing partner and deputy chairman of BDO AS, chairman and managing partner of Inter Revisjon/Praxity (int). Extensive experience from auditing, advisory and various directorships.
Other directorships: Chairman of Frøya Investment AS, Matpartner AS, Overaae AS and Overaae Holding AS, Sw Invest AS, Birger Overaae AS, EBE Eiendom AS. Board member of Bekken Invest AS, KMC Properties ASA, Måsøval Eiendom AS, Nardo Bil gruppen AS, Wærnes Invest AS and Snewær AS. Deputy board member of Riaren AS.
Nationality: Norwegian
Shares in BEWI ASA per 31.12.20:
_ ***

Per Nordlander

Born: 1967. **Elected:** 2014.
Partner Verdane Capital Advisors.
Education: M.Sc. Engineering Physics, Uppsala University and Freie Universität Berlin; Advanced Management Program, Stockholm School of Economics.
Professional background: Founder and CEO of Avanza Bank Holding AB and Nordnet. Previous positions at Öhman Securities, OMX, Accenture.
Other directorships: Board member of Livförsäkringsbolaget Skandia öms, Bellman Group AB, NF Holding AB (Nordic Finance), as well as being a board member of various Verdane funds and private holding companies.
Nationality: Swedish
Shares in BEWI ASA per 31.12.20:
_****

Göran Vikström

Born: 1944. **Elected:** 2014
Chairman until 2017
Education: Engineer. Studies in Business Administration at Harvard Business School.
Professional background: CEO of Becker Acroma AB, senior positions at Tarkett and Volvo Cars.
Other directorships: Chairman HYMA Skog & Trädgård AB.
Nationality: Swedish
Shares in BEWI ASA per 31.12.20:
125,000

Rik Dobbelaere

Born: 1954. **Elected:** Proposed for election to the Board of Directors at BEWiSynbra's AGM in May 2020.
Education: M.Sc. Engineering and MBA from Catholic University in Leuven, Belgium.
Professional background: CEO BEWiSynbra Group AB. CEO Synbra Holding B.V., senior positions in global industry companies: Global responsibility for the service division at Bombardier; Operations Director Europe for Bombardier's Transportation Division; Head of Intercity and High Speed Trains at Raychem Corporation, a manufacturer of polymer components for industrial customers.
Nationality: Belgian
Shares in BEWI ASA per 31.12.20:
98,497

* Gunnar Syvertsen is the Chairman of Frøya Invest AS, an investment company owned by the Bekken family, owning 82,107,826 shares on 31.12.2020.
** Christian Bekken is a member of the Bekken family. In addition to the 5,952 shares held, the Bekken family held 85,939,920 shares through its investment companies, Frøya Invest AS, KMC Family AS and BEWI Holding AS.
*** Stig Waernes is the CEO of BEWI Holding AS, an investment company owned by the Bekken family, owning 1,616,739 shares on 31.12.2020.
**** Per Nordlander is a partner at the Verdane group, advisor to- and manager of the Verdane funds Verdane ETF III SPV K/S and Verdane Skuld 1 AS, together owner of 22,500,000 shares in BEWI ASA. Nordlander is also on the board of VC 2019 (D) and (E).

Executive Management

Jonas Siljeskär

Chief Executive Officer and Chief Operating Officer.
Born: 1972 **Employed:** 2010
Education: Engineer, Dalarna University.
Professional background: Managing Director BEWiSynbra RAW; Chief Operating Officer Gustafs Inredningar, Director of Production Tomoko Hus.
Nationality: Swedish
Shares in BEWI ASA per 31.12.20: 99,702
Options in BEWI ASA per 31.12.20: 250,000

Marie Danielsson

Chief Financial Officer.
Born: 1975 **Employed:** 2015
Education: M.SC. Business Administration, Stockholm University.
Professional background: Auditor KPMG, Vice President Financial Control and Taxes, Haldex AB.
Nationality: Swedish
Shares in BEWI ASA per 31.12.20: 180,952
Options in BEWI ASA per 31.12.20: 250,000

Roger Olofsson

Group HR director.
Born: 1964 **Employed:** 2019
Education: B.Sc. in human resource development and labour relations, Umeå University.
Professional background: Senior HR roles at ABB, GE Healthcare and Loomis; SVP Human Resources at Scandic Hotels.
Nationality: Swedish
Shares in BEWI ASA per 31.12.20: 5,952
Options in BEWI ASA per 31.12.20: 125,000

Board of Directors' Report 2020

The Board of Directors and the CEO of BEWiSynbra Group AB (publ), with registration number 556972-1128, domiciled in Sweden and with registered offices in Solna, hereby submit their Annual Report and consolidated annual accounts for the fiscal year 2020.

ABOUT BEWISYNBRA GROUP

Business and locations

BEWiSynbra ("BEWiSynbra" or "the group") comprises BEWiSynbra Group AB (publ) and all subsidiaries and associated companies. BEWiSynbra is wholly-owned by BEWI ASA, a Norwegian public limited company. The group has an integrated and circular business model: From production of raw materials and end goods, collecting used materials for recycling, and re-using the recycled materials to new raw material and new products.

The group is headquartered in Solna, Sweden, and has a total of 38 production facilities in seven countries as of 31 December 2020: 9 in Norway, 7 in Sweden, 4 in Finland, 8 in Denmark, 6 in the Netherlands, 1 in Belgium and 3 in Portugal. In addition, the group has 3 warehouses in Norway, several sales- and administrative offices in the mentioned countries, as well as minority interests in another 15 facilities in Germany, France, and the United Kingdom.

BEWiSynbra's business is organised in three business segments: Segment RAW, producing raw material, and the company's two downstream segments Insulation and Packaging & Components (P&C).

Segment RAW develops and produces the raw material white and grey expanded polystyrene, known as EPS beads or Styrofoam, as well as Biofoam, a fully bio-based particle foam. The raw material is sold both internally and externally for production of end products.

Segment Insulation develops and manufactures an extensive range of insulation products for the construction industry. The products are primarily composed of EPS and XPS. BEWiSynbra is one of the larger European manufacturers of EPS-based insulation products.

Segment P&C develops, manufactures and distributes standard and customised packaging solutions and technical components for customers in many industrial sectors. Examples include EPS boxes for transportation of fresh fish and other food, protective packaging for pharmaceuticals and electronics, re-usable plastic boxes and components for the car and HVAC industry. The material is composed primarily of EPS, EPP, paper/fibre and fabricated foam.

A further description of each business segments is presented under the section "Segment information".

Vision, mission, and values

BEWiSynbra's vision is: ***Protecting people and goods for a better everyday.***

This means taking responsibility and adapting the company's business to tomorrow's expectations. By managing the entire value chain – from production of raw materials and end products, to recycling used products back to new raw materials – BEWiSynbra can close the loop and lead the change towards a circular economy.

The company's mission is: ***To create value by offering sustainable packaging, components, and insulation solutions in innovative and efficient ways.***

The group has strong core values, deeply rooted in the organisation, securing customer focus, and acting as important guidelines in the daily work:

- Responsible
- Proud
- Stable
- Care for quality

Strategic priorities

BEWiSynbra has ***three strategic priorities:***

- ***Innovation*** in search for more sustainable materials, products, solutions, and production processes
- ***Circular economy***, aiming at being a CO2-efficient provider of packaging, components, and insulation solutions and being the first company in its industry to close the loop
- ***Profitable growth*** through organic initiatives and M&A opportunities targeting increased recycling capacity, geographic expansion and further strengthening of market positions

Vision and strategy

BEWiSynbra's vision is to be the leading EPS producer in Europe and an internationally renowned brand regarding environmental responsibility. The Group's aim is to be the leading producer of solutions for packaging and/ or insulation in all its operating markets. Sustainability is the group's strategic driver. BEWiSynbra will lead the change towards a circular economy and the group aims to minimize its environmental impact by creating sustainable products and close the loop through recycling.

Markets and customers

BEWiSynbra serves a wide range of end markets by offering safe, efficient, and sustainable solutions. Approximately 55 per cent of the group's net sales are from building and construction, including sales of raw materials to this industry. Further, food packaging accounts for approximately 25 per cent, the automotive industry approximately 5 per cent and other industries approximately 15 per cent.

The group has production facilities in seven countries. However, the group has sales income from more than 20 countries. The group's diversified and integrated business model has proven robust. Both, during 2020 when the level of impact from the covid-19 pandemic has varied across regions and end-markets, but also as the raw material prices have been quite volatile. The raw material prices were lower in 2020 than 2019, leading to lower sales prices and net sales in segment RAW in particular but also in segment Insulation and Packaging and Components. The lower raw material prices positively impacted the profitability of the two downstream segments.

As a result of the Group's diversified end-market exposure, general economic growth across the group's relevant geographic markets is a key growth indicator for the group. While the group is exposed to most of Europe, most of its business is conducted in

Western- and Northern European countries. The demand for cellular foam continues to grow due to its unique properties and versatility making it relevant for a wide range of applications. This trend is driven by its attractive value proposition of being lightweight, durable, versatile, cost efficient and recyclable.

KEY EVENTS IN 2020

Covid-19 pandemic

In 2020, the covid-19 pandemic caused disruptions to the world economy, including increased uncertainty across regions and industries. For BEWiSynbra, the group's integrated and diversified business model proved robust and resilient. While some industries were significantly negatively affected, others were less impacted, and yet other industries experienced increased volumes in 2020 compared to 2019.

Throughout the year, BEWiSynbra initiated measures to reduce costs and utilised support measures implemented by European countries to a limited extent. Short-time work and temporary layoffs were implemented in countries where revenue and production were impacted the most.

Temporary government grants amounted to EUR 0.5 million for the full year of 2020. Various government initiatives to postpone payments of corporate income tax, VAT and social security were used during the year, but most of the deferred payments were settled in the fourth quarter. As of 31 December 2020, a total of EUR 1.2 million in various taxes were deferred.

Redemption of SEK bond loan

On 3 March, BEWiSynbra announced that, by publishing a notice of redemption, the company exercised its right to call for an early redemption of the senior secured floating rate bonds issued by BEWiSynbra on 8 June 2017 in the total amount of SEK 550 million with final maturity date on 8 June 2020. The bonds were redeemed at 100 per cent of the aggregate nominal amount.

Acquisitions and new establishments

During 2020, the BEWiSynbra group completed several acquisitions and new establishments, all in line with the group's strategic priorities, targeting growth and strengthening of the group's circular activities.

Acquisition of insulation facility in Norrköping, Sweden

In January, BEWiSynbra announced its acquisition of an insulation facility in Norrköping, Sweden. The acquisition supported the company's strategy to strengthen its position in the Nordic insulation market. The new facility provided access to high volumes of extruded polystyrene, enabling BEWiSynbra to offer customers a combination of EPS and XPS.

Throughout 2020, BEWiSynbra invested in modern extrusion technology and machinery at the facility enabling improved efficiency and capacity. Also, as planned, the operations previously located in Norrtälje were transferred to the new facility in Norrköping, after which the facility in Norrtälje were closed in the fourth quarter. In addition, the facility is equipped to recycle large volumes of used XPS into new products. The location in central Sweden enables efficient supply to the Nordic construction customers.

Acquisition of Dutch recycling company

Late February, the company announced its acquisition of 75 per cent of the Dutch recycling company De Wijs-van Loon, including its subsidiary Poredo. The companies are active in recycling of expanded polystyrene (EPS), mainly in the southern part of the Netherlands. The operations include collection of used EPS packaging material and cleaning and conversion of used EPS. The end products are used in their original form by companies in the small furniture industry, construction, and horticulture.

Establishment of recycling company in Denmark

In June, BEWI acquired certain assets, including an extruder for recycling, from the Danish recycling company EPS Recycle. The company then established the recycling company BEWiSynbra Circular Denmark A/S. The assets were integrated into the Danish operations and recycling operations commenced in December, adding further recycling capacity to the group.

Acquisition of 49 per cent of Jablite Group in UK

On 22 June, BEWiSynbra announced its acquisition of a minority stake in Jablite Group, a newly formed UK based EPS insulation and packaging company derived from Jablite, a manufacturer and supplier of EPS products for insulation and civil engineering applications, and sister company Styropack, a producer of EPS packaging. The company is jointly owned with parts of the previous management.

Establishment of new fish box facility at Senja, Norway

In August, BEWiSynbra announced that it had entered into a long-term agreement with SalMar for delivery of EPS boxes to SalMar's new slaughterhouse and processing plant at Senja in northern Norway, InnovaNor. Based on the agreement, BEWI establishes its fifth fish box facility in Norway at Senja.

BEWI Drift Holding (BDH) in Norway

On 17 August, BEWiSynbra announced its acquisition of the Norwegian packaging company BEWiSynbra Drift Holding (BDH). BDH primarily comprised four operating units, Nordic Emballasje, Norplasta, Biobe and Tommen Gram, with three production facilities in Norway, as well as sales representation in Norway, Iceland, Sweden, Denmark, Russia, and Lithuania.

The acquisition significantly strengthened BEWiSynbra's market position in Norway, providing the company with an expanded product portfolio. The total consideration was approximately EUR 38.5 million, of which EUR 9.5 million was paid through a directed issue of shares in BEWiSynbra and the remaining in cash through a combination of cash consideration and settlement of loans. In 2020, the BDH operations contributed EUR 34.8 million to the group's net sales and EUR 3.5 million to adjusted EBITDA. In 2019, BDH's revenue and EBITDA were approximately NOK 850 million and NOK 55 million respectively.

Divestment of properties

During 2020, BEWiSynbra has divested several properties in line with the company's strategy to pursue growth opportunities. The divestments release capital, increasing the company's financial flexibility. The properties have been sold in sale-and-leaseback transactions to KMC Properties.

In the second quarter, a property in Sweden was sold for a net consideration of EUR 4.4 million and in the third quarter, two properties in Denmark were sold for a cash consideration of approximately EUR 10.2 million. In the fourth quarter, four properties in the Netherlands were sold for a consideration of EUR 33.0 million, of which EUR 5.7 million was settled in shares in the Oslo Børs listed company KMC Properties ASA.

Other events

The shares of the parent company, BEWi ASA, were admitted to trading at the trading facility Euronext Growth (previously named Merkur Market) on 28 August 2020. During the fourth quarter, the company prepared for a full listing at Oslo Børs and on 18 December 2020, the company could celebrate its first day of listing at the Oslo Børs under the symbol BEWI.

FINANCIAL REVIEW

All amounts in brackets are comparative figures for 2019 unless otherwise specifically stated.

The following financial review is based on the consolidated financial statements of BEWiSynbra and its subsidiaries. The statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

In the view of the board, the income statement, the statements of comprehensive income, changes in equity and cash flow, the balance sheet and the accompanying notes provide satisfactory information about the operations, financial results and position of the group and the parent company on 31 December 2020.

Consolidated income statement

Net sales increased to EUR 462.6 million for 2020 (429.9), corresponding to an increase of 7.6 per cent. The increase was driven by acquisitions. Lower raw material prices impacted sales negatively in all three segments. Besides a slowdown in the insulation market in the Benelux region, volumes were stable or developed positively compared to 2019 in all regions and segments.

Adjusted EBITDA increased by EUR 14,4 million to EUR 66,2 million (51.8), of which EUR 4,1 million of the increase related to acquisitions. The improvement was mainly driven by higher volumes in segment RAW and in the Norwegian fish box operations. The styrene gross margin (GAP) improved throughout the year, driven by a strong underlying demand. Favourable raw material prices positively impacted the downstream segments, in particular Insulation. In addition, good cost control and a positive development in the Swedish operations impacted the results for 2020 positively.

Operating income (EBIT) came in at EUR 42,5 million for the year (20.3), positively impacted by reversal of negative goodwill of EUR 3.5 million in an associated company in France. Capital gains of EUR 6.3 million from sale and leaseback transactions and sale of machinery also contributed positively.

Net financial items came at a negative EUR 7.3 million for 2020 (-11.0) and benefitted from a EUR 3.9 million positive fair value revaluation of shares.

Taxes came in at EUR 3.0 million for 2020 (3.7), including a positive effect of EUR 4.9 million from the sale and leaseback transactions recorded during the year. The tax was also positively impacted by the tax-free revaluation of shares. Adjusting for these non-recurring items, the effective tax rate was 30 per cent.

Net profit for 2020 was EUR 32.2 million (5.6).

FINANCIAL POSITION AND LIQUIDITY

Consolidated financial position

Total assets amounted to EUR 540.1 million as of 31 December 2020, compared to EUR 445.1 million at year-end 2019. The increase since last year is mainly related to acquisitions.

Total equity amounted to EUR 189.7 million as of 31 December 2020, corresponding to an equity rate of 35.1 per cent, compared to EUR 150.1 million at year-end 2019.

Net debt amounted to EUR 177.4 million as of 31 December 2020 (98.9 excluding IFRS 16), compared to EUR 134.4 million at year-end 2019 (101.5 excluding IFRS 16). The increase since year-end 2019 is mainly attributable to IFRS 16 lease liabilities in acquired companies.

Cash and cash equivalents were EUR 44.2 million as of 31 December 2020, compared to EUR 56.3 million at year-end 2019.

Consolidated cash flow

Cash flow from operating activities amounted to EUR 34.5 million (35.9), including an increase in working capital of EUR 5.1 million (decrease of 5.7). The increase in working capital in 2020 is mainly related to companies acquired and increased business activity throughout the year. Government initiatives related to covid-19 and payment of VAT and social security charges had a positive impact of EUR 1.2 million for the full year.

Cash flow from investing activities amounted to EUR 2.7 million (-19.1), of which divestments of real estate and machinery contributed EUR 43.3 million. For an overview of the main investments, see section below about Capital expenditures.

Cash flow from financing activities amounted to a negative EUR 49.1 million (16.1), mainly impacted by the EUR 14.8 million bond redemption and the refinancing of acquired companies.

Capital expenditures

BEWiSynbra has launched a financial target of annual investments of EUR 12.5-15.0 million excluding greenfield initiatives. As the company is growing, the financial target for investments will be revised.

In 2020, the uncertain market circumstances resulted in lower capital expenditures (“CAPEX”) related to normal running operation. However, the company invested more in greenfield projects and other projects related to specific customer contracts securing future growth.

CAPEX amounted to EUR 26.6 million (14.3), of which EUR 13.3 million related to greenfield projects. See below for further details about the investment programmes/ greenfield projects.

BEWiSynbra expects investments for 2021 to be in line with its announced financial target, in addition to investments of approximately EUR 7.5 million to finalise ongoing investment programmes, as described below. The number excludes further investments in the company’s ERP systems which will depend on the progress of the project.

Ongoing investment programmes

Packaging & Components Norway

BEWiSynbra is establishing a new fish box facility at Senja, Norway, where the company has a long-term supply agreement with SalMar. Production is expected to commence in the third quarter of 2021. In addition, the company is investing in new technology at its facility in Stjørdal to produce moulded components under a supply agreement with a new customer in the energy sector. Here, production is expected to commence in the first half of 2021.

Insulation Sweden

Early 2020, BEWiSynbra announced its acquisition of an insulation facility in Norrköping Sweden. As communicated at that time, the project also included investments in technology and machinery.

The project progressed during 2020, including the investment in modern extrusion technology at the new facility, improving production capacity and efficiency. Also, as planned, the operations previously located in Norrtälje were transferred to the new facility in Norrköping, after which the facility in Norrtälje was closed in the fourth quarter.

Circular Portugal

As previously communicated, BEWiSynbra has invested in a greenfield recycling project in Portugal, including a new extrusion production line. The new production line increases the company's recycling capacity by more than 10,000 tons, thus a significant strengthening in line with the company's strategic priority to become fully circular. The production commenced in the fourth quarter and is expected to be ramping up during 2021.

ICT

To facilitate growth, BEWiSynbra invested in a new ICT platform with new infrastructure in 2020. The new platform can be scaled up or down as needed. In the coming years, additional investments will be made for a new modern ERP system, and blueprints will be developed during 2021 and 2022. The roll-out of the ERP system will be decided by the subsidiaries of the company, based on clearly identified benefits.

Segments

Segment RAW

Segment RAW develops and produces white and grey expanded polystyrene, known as EPS beads or Styrofoam, as well as Biofoam, a fully bio-based particle foam. The raw material is sold both internally and externally for production of end products. After expanding and extruding the beads, the material can be moulded or otherwise processed into several different end products and areas of application. BEWI produces raw material at two facilities, one in Porvoo in Finland and one in Etten-Leur in the Netherlands.

Key figures – Amounts in million EUR (except percentage)

	2020	2019
Net sales	191.2	206.7
Of which internal	*56.5*	*71.6*
Of which external	*134.7*	*135.1*
Net operating expenses	-181.8	-201.7
Adjusted EBITDA	**9.4**	**5.0**
Adjusted EBITDA %	*4.9%*	*2.4%*
Items affecting comparability	0.5	-0.1
EBITDA	**9.9**	**4.9**
Depreciations	-3.7	-3.5

Net sales for the full year 2020 came in at EUR 191.2 million (206.7). The segment had an overall volume increase of approximately 12 per cent, however, lower raw material prices resulted in the sales decrease of 7.5 per cent.

Adjusted EBITDA increased to EUR 9.4 million in 2020 (5.0), driven by higher volume, stable production, and improved gross margin.

Segment Insulation

Segment Insulation develops and manufactures an extensive range of insulation products for the construction industry. The products are primarily composed of EPS and XPS. BEWiSynbra is one of the larger European manufacturers of EPS-based insulation products. The Benelux region is the main market representing more than 50 per cent of total sales within the business area.

Most of the insulation products are used for foundations and a smaller part for walls and ceilings. Measures for greater energy efficiency are important drivers of demand in the European construction market. Effective insulation for walls, ceilings and floors are the most cost-efficient way of achieving greater energy efficiency and reducing greenhouse gas emissions.

Insulation markets are mostly local. The degree of product specialization varies greatly among different countries and markets. Around 70 per cent of the insulation material is used for new construction and the remainder for renovations.

BEWiSynbra has 17 facilities in 6 countries producing insulation products. In addition, the group has minority interests in 6 facilities in France, 6 facilities in Germany and 3 in the UK.

Key figures – Amounts in million EUR (except percentage)

	2020	2019
Net sales	146.6	139.3
Of which internal	*2.4*	*2.1*
Of which external	*144.1*	*137.2*
Net operating expenses	-120.1	-117.0
Adjusted EBITDA	**26.5**	**22.3**
Adjusted EBITDA %	*18.1%*	*16.0%*
Items affecting comparability	5.9	-1.4
EBITDA	**32.4**	**20.9**
Depreciations	-7.4	-4.9

Net sales amounted to EUR 146.6 million in 2020 (139.3), an increase of 5.2 per cent. Excluding acquisitions, sales decreased by 5.7 per cent. Volumes in the Nordics have been stable during the year while a slowdown has been noted in the Benelux area.

Adjusted EBITDA came in at EUR 26.5 million for the year (22.3), representing a margin increase from 16.0 to 18.1 per cent. Excluding acquisitions, adjusted EBITDA increased by 11.8 per cent to EUR 26.5 million. The positive development is explained by lower raw material prices and an adapted cost structure, as well as positive development and contribution from the Swedish operations and the German joint venture.

Segment Packaging & Components (P&C)

Segment P&C develops and manufactures standard and customised packaging solutions and technical components for customers in many industrial sectors. Examples include boxes for transportation of fresh fish and other food, protective packaging for pharmaceuticals and electronics, and components for cars and heating systems. BEWiSynbra is one of the world's largest suppliers of fish boxes to the salmon farming industry in Norway, the world's largest exporter of fresh salmon, and to the industry for wild caught fish in Portugal. The material is composed primarily of EPS, EPP and fabricated foam.

BEWiSynbra has 19 facilities in 6 countries producing P&C components. Also, the group has minority interests in 2 facilities in the UK.

Key figures – Amounts in million EUR (except percentage)

	2020	2019
Net sales	179.9	157.6
Of which internal	*2.3*	*2.5*
Of which external	*177.6*	*155.1*
Net operating expenses	-145.8	-128.7
Adjusted EBITDA	**34.1**	**28.9**
Adjusted EBITDA %	*19.0%*	*18.3%*
Items affecting comparability	2.1	-0.4
EBITDA	**36.2**	**28.4**
Depreciations	-12.3	-11.5

Net sales for the full year of 2020 came in at EUR 179.9 (157.6), an increase of 14.2 per cent. Adjusted for acquisitions, net sales decreased by 2.8 per cent. As sold volumes increased, the negative organic growth is explained by lower sales prices as a consequence of lower raw material prices.

Adjusted EBITDA increased by 18.3 per cent to EUR 34.1 million (28.9). Excluding acquisitions, adjusted EBITDA increased by 10.3 per cent. The volume increase, product mix, continuing good outcome from the turnaround case in Sweden and good cost control have all contributed to the positive development.

Circular and corporate

BEWiSynbra Circular (Circular) is responsible for increasing the group's collection and recycling of EPS. Since the establishment of the business unit in 2018, Circular has launched several initiatives to increase the collection and recycling of EPS. BEWiSynbra has announced an annual target of recycling 60,000 tonnes of EPS, which will make the group fully circular. The number refers to approximately one-third of BEWiSynbra's annual production, which is the volume BEWiSynbra puts into the end markets with a lifetime less than one year. The other two-thirds of the volume are used in products with a lifetime of more than one year, i.e., bike helmets, car components, insulation in buildings and similar.

At the end of 2020, Circular had an annual recycling capacity of approximately 20,000 tonnes. The capacity was significantly strengthened during 2020, mainly following the commencement of the new recycling facility in Portugal.

Revenues and costs related to group functions that do not belong to any specific business segment are booked as unallocated. This includes costs related to the group's circular activities, business development, and other group functions.

For the full year of 2020, the unallocated contribution was negative EUR 3.8 million (-4.4), of which EUR 0.6 million related to start-up costs for the new recycling facility in Portugal.

Financing and Liquidity

As of 31 December 2020, the Parent Company had two bond loans outstanding. SEK 155 million outstanding at the beginning of the year of the SEK 550 million bond, issued in 2017, was fully redeemed on 3 April 2020. The bonds are recognized under the effective interest method at amortized cost after deductions for transaction costs. Interest terms, as well as nominal interest rates and average interest rates recognized during the quarter are presented in the table below. In January 2020, the Group's main bank extended the overdraft facility by SEK 100 million to SEK 375 million (equivalent to EUR 37.4 million). As of 31 December, EUR 0.4 million was utilised. In addition, the group has a number of liabilities in acquired companies, such as liabilities to credit institutions that have not been refinanced post-acquisition, and liabilities for lease contracts.

Parent company results and financial position

The BEWiSynbra Group AB (publ.) is the Parent Company of the group. Earnings after tax amounted to SEK 12.3 million for the full-year period (15.8). As of 31 December 2020, equity in the Parent Company amounted to SEK 1,532.2 million, compared to SEK 1,389.3 million at year-end.

Proposed allocation of net profit

The following funds are at the disposal of the Annual General Meeting (AGM):

Amounts in SEK thousand	
Share premium reserve	1,499,199
Retained earnings	19,367
Net profit for the period	12,262
At the disposal of the AGM	1,530,828

The Board proposes the following allocation of funds:

Carried forward	1,530,828

RESEARCH AND DEVELOPMENT

BEWiSynbra has three strategic priorities, of which innovation – in search for more sustainable materials, products, solutions, and production processes – is one priority. The group's program for research and development (R&D) is conducted in Porvoo, Finland and Etten-Leur, the Netherlands, where the group has its upstream facilities, i.e., the production of raw materials. Product development occurs in part based on proprietary technology and in part through purchased licenses and external agreements.

EMPLOYEES AND ORGANISATION

BEWiSynbra's most important asset is the knowledge and skills of its employees. As of 31 December 2020, the BEWiSynbra group had 1,437 employees, up from 1,266 on 31 December 2019. The group had an average workforce of 1,369 full time equivalents (FTEs) in 2020, compared to 1,254 in 2019.

SUSTAINABILITY REPORT

BEWiSynbra Group's sustainability report relates to the 2020 fiscal year. The sustainability report has been prepared in accordance with the Swedish Annual Accounting Act. The report covers the Parent Company, BEWiSynbra Group AB, and all units that are consolidated in the Consolidated Report (refer to the specifications in Parent Company Note 7). The work on the report is the result of an analysis of the Group's most essential sustainability aspects, and was inspired by the Global Reporting Index (GRI). Cases where performance indicators were prepared under guidance from the GRI will be indicated with a *. The application of the GRI framework will gradually be expanded. The Sustainability Report can be found on the following pages: Business model on pages 12-13, Risks and risk management on pages 55-57 and Policies and governance on pages 31-54. In signing the Annual and Consolidated Reports, the Board of Directors of BEWiSynbra also approve the Sustainability Report.

ENVIRONMENTAL IMPACT

Environmental impact (Subject to permit and notification requirements under the Swedish environmental code). Under the Swedish Environmental Code, production of EPS from styrene monomers in Sweden is subject to notification requirements. All Swedish production units have submitted notifications for these operations and are approved and environmentally certified. Production of EPS from styrene monomers is carried out in the production facilities for RAW in Porvoo in Finland and Etten-Leur in the Netherlands. Environmental impact is further described in the sustainability report.

RISKS AND RISK MANAGEMENT

BEWiSynbra is exposed to a number of risk factors, categorized into operational risks, including market risk and risk related to production, legal risks, sustainability related risks and financial risks. One of the most important risk factors, is the group's exposure to the change in the price of the raw material styrene monomers.

The raw material is traded on the world market and purchased with a combination of spot and contract prices. The purchase price is partly linked to the level of supply and demand, and partly to the price of oil. The price of styrene is set in dollars and euro, and naturally entails a risk exposure against the Nordic currencies. The price of the final product to end customers in the Nordic countries is largely connected to the price of styrene, thus entailing a reduction of currency risk.

In 2018, the European Commission initiated an investigation into possible anti-competitive behaviour in relation to styrene monomer purchasing. As part of the investigation, the European Commission has sent Synbra Technology B.V. (a company acquired by BEWiSynbra in 2018 as part of the acquisition of the Synbra Group) a request for information in relation to 2013 and 2014. No formal charges or allegations have been brought against BEWiSynbra or any of its subsidiaries.

A detailed description of the financial risks and uncertainty factors can be found in note to the financial statements. An overview of the company's most important operational risks, legal risks and sustainability related risks can be found in a separate section of this report.

MATERIAL EVENTS AFTER THE BALANCE DATE

On 13 April 2021, BEWI announced that the company acquired 51 per cent of the Danish paper packaging company Honeycomb Cellpack A/S. Honeycomb provides protective packaging solutions, including design, development and manufacturing of sustainable packaging which is both recyclable and biodegradable. The packaging products could be complementary or alternative to products from expandable polystyrene (EPS).

Honeycomb's geographic focus has been the Nordic countries. In this region, the company has several close and long-lasting relations with reputable blue-chip customers. In 2019, Honeycomb had revenues of close to DKK 30 million. This adds to BEWI's existing annual turnover from paper packaging products for the food industry amounting to approximately NOK 150 million. BEWI also has an option to acquire the remaining 49 per cent of the Honeycomb shares.

SHARE AND SHAREHOLDER INFORMATION

BEWiSynbra Group AB is wholly owned by BEWI ASA (Reg. No. 925 437 948) with registered office in Frøya, Norway. The shares of BEWI ASA are listed on Oslo Børs.

FUTURE PROSPECTS

So far in 2021, volumes remain solid and the underlying market development in most countries seem to be characterised by cautious optimism related to the ongoing vaccination programmes for covid-19 being rolled out all over Europe. Still, uncertainty related to how the pandemic will develop, and potentially impact certain end-markets remains high. BEWiSynbra is closely monitoring this development and the company's diversified business model has proven very robust in challenging times.

Solid results for 2020, combined with divestments of properties, provide BEWiSynbra with a strong financial position entering 2021. The company has a continued focus on growth in line with its strategic priorities, both including ongoing organic growth initiatives, as well as a strong pipeline of M&A opportunities.

Solna, Sweden, 20 April 2021

The Board of Directors and CEO of BEWiSynbra Group AB (publ)

Financial statements

Contents

Consolidated comprehensive income statement

MEUR	Note	2020	2019
Operating income			
Net sales	5	462.6	429.9
Other operating income		0.0	0.9
Total operating income		**462.6**	**430.8**
Operating expenses			
Raw materials and consumables	18	-181.1	-198.1
Goods for resale	18	-35.2	-13.8
Other external costs	7, 8, 10	-97.5	-90.7
Personnel costs	6	-87.1	-80.9
Depreciation/amortisation and impairment of property, plant and equipment and intangible assets	12, 13	-30.4	-27.6
Share of income from associated companies		4.9	0.6
Capital gain from sale of asset		6.3	-
Total operating expenses		**-420.1**	**-410.5**
Operating profit		**42.5**	**20.3**
Financial income	9	4.2	0.2
Financial expense	9	-11.5	-11.2
Financial income and expense – net		**-7.3**	**-11.0**
Income before taxes		**35.2**	**9.3**
Income tax	11	-3.0	-3.7
Net income for the year		**32.2**	**5.6**
Other comprehensive income:			
Items that may later be reclassified to the income statement:			
Exchange difference		-3.8	0.9
Items that will not be reclassified to income statement:			
Remeasurements of defined benefit pension plans		0.0	-1.2
Income tax pertinent to remeasurements of defined benefit pension plans		0.0	0.2
Other comprehensive income, net of income taxes		**-3.8**	**-0.1**
Total comprehensive income for the period		**28.4**	**5.5**
Net income for the year attributable to:			
Equity holders of the parent company		32.3	5.6
Non-controlling interest		-0.1	0.0
Total comprehensive income attributable to:			
Equity holders of the parent company		28.5	5.5
Non-controlling interests		-0.1	0.0

Consolidated statement of financial position

MEUR	Note	2020-12-31	2019-12-31
ASSETS			
Non-current assets			
Intangible assets			
Goodwill	12	83.8	71.2
Other intangible assets	12	79.4	74.1
Total intangible assets		**163.2**	**145.3**
Tangible assets			
Land and buildings	13	70.0	63.1
Plant and machinery	13	80.8	71.5
Equipment, tools, fixtures and fittings	13	10.2	10.5
Construction in progress and advance payments for property, plant and equipment	13	9.3	3.2
Total tangible assets		**170.3**	**148.3**
Financial assets			
Shares in associates		8.0	1.5
Net pension assets		3.2	3.0
Non-current receivables associates		4.1	2.5
Other non-current receivables		0.0	0.2
Other shares and participations		9.9	0.1
Total financial assets		**25.2**	**7.3**
Deferred tax assets	11	5.3	4.6
Total non-current assets	16	**364.0**	**305.5**
Current assets			
Inventory			
Raw material and consumables		22.2	19.9
Work-in-progress		1.6	1.0
Finished goods and goods for resale		33.6	17.3
Total inventory		**57.4**	**38.2**
Current receivables			
Account receivables	17	58.9	41.5
Current tax asset		3.0	0.3
Other current receivables		9.9	2.0
Prepaid expenses and accrued income	19	2.7	1.3
Other financial assets		0.0	-
Cash and cash equivalents	20	44.2	56.3
Total current receivables	16	**118.7**	**101.4**
Total current assets		**176.1**	**139.6**
TOTAL ASSETS		**540.1**	**445.1**

MEUR	Note	2020-12-31	2019-12-31
EQUITY AND LIABILITIES			
Equity			
Share capital	21	0.1	0.1
Additional paid-in capital		143.9	134.4
Reserves		-3.1	0.7
Accumulated profit or loss (including net profit for the year)		48.4	15.5
Equity attributable to the equity holders of the Parent Company		**189.3**	**150.7**
Non-controlling interests		0.4	-0.6
Total Equity		**189.7**	**150.1**
LIABILITIES			
Non-current liabilities			
Pensions and similar obligations to employees	23	2.5	2.6
Other provisions	24	0.7	0.6
Deferred tax liability	11	20.9	22.9
Non-current bond loan	22	137.9	137.4
Other non-current interest-bearing liabilities	22	70.2	29.8
Total non-current liabilities	16	**232.2**	**193.3**
Current liabilities			
Current bond loan	22	-	14.7
Other current interest-bearing liabilities	22	13.5	8.7
Other financial liabilities		0.9	0.5
Account payables		54.5	45.0
Current tax liabilities		6.6	4.7
Other current liabilities		16.5	6.3
Accrued expenses and deferred income	25	26.2	21.7
Total current liabilities	16	**118.2**	**101.7**
Total liabilities		**350.4**	**295.0**
TOTAL EQUITY AND LIABILITIES		**540.1**	**445.1**

Changes in equity

Amounts in MEUR	Share capital	Additional paid-in capital	Reserves	Accumulated profit or loss (including net profit for the year)	Total	Non-con-trolling interest	Total equity
Opening balance as of 1 January 2020	**0.1**	**134.4**	**0.7**	**15.5**	**150.7**	**-0.6**	**150.1**
Net profit for the year				32.3	**32.3**	-0.1	**32.2**
Other comprehensive income			-3.8		**-3.8**		**-3.8**
Total comprehensive income			**-3.8**	**32.3**	**28.5**	**-0.1**	**28.4**
Transactions with owners, recognised directly in equity							
New share issue	0.0	9.5			**9.5**		**9.5**
Shareholders contribution				3.3	**3.3**		**3.3**
Group contribution paid				-3.3	**-3.3**		**-3.3**
Tax on group contribution				0.7	**0.7**		**0.7**
Acquisition of non-controlling interest				-0.1	**-0.1**	1.1	**1.0**
Sharebased payments IFRS 2				0.0	**0.0**		**0.0**
Total transactions with shareholders, recognised directly in equity	**0.0**	**9.5**		**0.6**	**10.1**	**1.1**	**11.2**
Closing balance as of 31 December 2020	**0.1**	**143.9**	**-3.1**	**48.4**	**189.3**	**0.4**	**189.7**

Amounts in MEUR	Share capital	Additional paid-in capital	Reserves	Accumulated profit or loss (including net profit for the year)	Total	Non-con-trolling interest	Total equity
Opening balance as of 1 January 2019	**0.1**	**134.4**	**0.8**	**10.6**	**145.9**	**1.1**	**147.0**
Net profit for the year				5.6	**5.6**	0.0	**5.6**
Other comprehensive income			-0.1		**-0.1**		**-0.1**
Total comprehensive income			**-0.1**	**5.6**	**5.5**	**0.0**	**5.5**
Transactions with owners, recognised directly in equity							
Dividend to non-controlling interest					**-**	-0.1	**-0.1**
Acquisition of non-controlling interest				-0.7	**-0.7**	-1.6	**-2.3**
Total transactions with shareholders, recognised directly in equity				**-0.7**	**-0.7**	**-1.7**	**-2.4**
Closing balance as of 31 December 2019	**0.1**	**134.4**	**0.7**	**15.5**	**150.7**	**-0.6**	**150.1**

Consolidated cash flow statement

Amounts in MEUR	Note	2020	2019
Operating cash flow			
Operating income		42.5	20.3
Adjustments for non-cash items, etc.	29	19.1	26.9
Interest paid and financing costs		-10.4	-10.2
Interest received		0.2	0.1
Income tax paid		-11.9	-6.9
Operating cash flow before changes to working capital		**39.6**	**30.2**
Cash flow from working capital changes			
Increase/decrease in inventories		0.2	3.8
Increase/decrease in operating receivables		-9.5	8.7
Increase/decrease in inventories in operating debt		4.2	-6.8
Total change to working capital		**-5.1**	**5.7**
Operating cash flow		**34.5**	**35.9**
Cash flow from investment activities			
Purchase of property, plant and equipment and intangible assets	12, 13	-26.6	-14.3
Acquisitions of business	14	-10.8	-2.3
Acquisitions of associated companies	15	-0.3	-0.2
Loans granted to associated companies	15	-3.2	-2.5
Other financial investments		0.1	0.1
Disposals of property, plant and equipment		43.3	-
Repayment of loans to associated companies	15	0.3	-
Cash flow from investment activities		**2.7**	**-19.1**
Cash flow from financing activities			
Borrowings, net of transaction costs	22	0.4	64.5
Repayment of borrowings	22	-49.5	-44.7
Settlement currency interest swap	22	-	-3.6
Dividend to non-controlling interests		-	-0.1
Cash flow from financing activities		**-49.1**	**16.1**
Cash flow for the period		**-11.9**	**32.9**
Opening cash and cash equivalents		56.3	22.9
Exchange difference in cash		-0.2	0.5
Closing cash and cash equivalents	20	**44.2**	**56.3**

THE GROUP

Accounting principles and notes to the accounts

Amounts given in million Euro (MEUR) unless otherwise specified.

NOTE 1 GENERAL INFORMATION

BEWiSynbra Group AB (the parent company) and its subsidiaries (together, the Group) produce, market and sell custom-designed packaging solutions and insulation material. The parent company conducts its business through subsidiaries in Sweden, Finland, Denmark, Norway, Iceland the Netherlands, Belgium Portugal and Spain and through associated companies in Germany, France and the UK.

On the balance sheet date, BEWiSynbra Group AB owns 100% of the shares in the subsidiary Genevad Holding AB. Genevad Holding AB is in turn the parent company of the operating companies and the subgroups.

The parent company is a limited company (Sw. aktiebolag) registered in Sweden, registered office in Solna, Gårdsvägen 13, 169 70 Solna.

BEWiSynbra Group AB is wholly owned by BEWI ASA (Reg. No. 925 437 948) with registered office in Frøya, Norway. The shares of BEWI ASA are listed on Oslo Børs.

The board of directors approved these consolidated accounts for publishing on 21 April 2021.

NOTE 2 SUMMARY OF KEY ACCOUNTING PRINCIPLES

The key accounting principles applied in these consolidated accounts are stated below. The principles have consistently been applied for all reported financial years, unless otherwise specified.

All amounts are reported in million Euro, (MEUR), unless otherwise specified. The information in brackets concern previous years.

2.1 BASIS FOR THE METHOD OF PREPARATION OF THE REPORTS

The consolidated accounts for the BEWiSynbra Group ("BEWiSynbra") have been prepared in accordance with the Swedish Annual Accounts Act (Årsredovisningslagen), RFR 1 Additional Accounting Regulations for Groups and International Financial Reporting Standards (IFRS) as well as interpretations from the IFRS Interpretations Committee (IFRS IC), in the form they have been adopted by the EU. The accounts have been prepared using the cost value principle.

Preparing reports compliant to IFRS requires certain estimates for accounting purposes to be made. It requires the executive management to make certain assessments when applying the Group's accounting principles. The complex areas, areas in which a high degree of assessments is required, or in which assumptions and estimates are significant to the consolidated accounts, are stated in note 4.

No new IFRS standards or amendments to standards have been added in 2020 that have required changes in the accounting or measurement principles.

CONSOLIDATED ACCOUNTS
Basic accounting principles

2.2 SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Executive Committee is the chief operating decision-maker, responsible for assessing the financial position of the Group and strategic decision-making. The executive management has assessed the operating segments based on the information considered by the board of directors which is the basis of the allocation of resources and assessment of performances. The Group has identified three segments to be reported; Raw material, Insulation and Packaging and Components.

Subsidiaries

The subsidiaries are all companies over which the Group exercises the controlling influence. The Group controls a company when exposed to or entitled to variable return from its holdings in the company and carries the ability to influence the return through its control of the company. Subsidiaries are included in the consolidated accounts from the date on which the controlling influence is transferred to the Group. They are excluded from the date on which the controlling influence ceases to be.

The acquisition method is applied for accounting for the Group's business combinations. The purchase consideration for the acquisition of a subsidiary is made up of the fair value of assets transferred, the Group's liabilities to prior equity holders of the acquired company, and the new shares issued by the Group. The consideration also includes the fair value of all liabilities pertinent to a contingent consideration agreement. Identifiable acquired assets and assumed liabilities in a business combination are initially valued at fair value on the acquisition date. For each acquisition, i.e. on an acquisition-to-acquisition basis, the Group determines whether non-controlling interests in the acquired company is reported at fair value or at the proportional share of the reported value of the acquired company's identifiable net assets.

Expenses pertinent to an acquisition are carried as an expense as they arise.

Each contingent consideration to be transferred by the Group is reported at fair value on the acquisition date. Subsequent variations of the fair value of a contingent consideration are reported in accordance with IFRS 9 in the income statement.

Goodwill is initially valued to the amount with which the total consideration and any fair value for the non-controlling interests on the acquisition date exceeds the fair value of the identifiable acquired net assets. Should the consideration be lower than the fair value of the acquired company's net assets, the difference is reported in the income statement.

Intra-group transactions, balance sheet items, revenue and expenses from intra-group transactions are eliminated. The accounting principles for the subsidiaries have, when applicable, been altered to guarantee a consistent application of the Group's principles.

Associated companies

Associated companies are companies over which the Group has a significant but not controlling influence, which generally is relevant for holdings ranging from 20% to 50% of the votes. Holdings in associated companies are reported using the equity method.

The equity method entails initially reporting the holdings in associated companies at the acquisition cost on the consolidated balance sheet. The carrying amount is increased or decreased thereafter, in order to take into account the Group's share of the net profits and other comprehensive income from its associated companies after the acquisition date. The Group's share of the profit forms part of the consolidated net income and the Group's share of the comprehensive income forms part of the Group's comprehensive income. Dividends from associated companies are reported as a reduction to the investment's carrying amount.

Should the Group's share of the loss of an associated company be equal to or exceed the holdings in that associated company (including all long-term liabilities who are de facto part of the Group's net investment in the associated company), the Group does not report any more losses, provided that the Group has not incurred obligations or made payments on behalf of the associated company.

Unrealised gains on transaction between the Group and its associated companies are eliminated to the extent of the Group's holdings in associated companies. Unrealised losses are eliminated, provided that the transaction is not an indication of impairment of the asset being transferred.

The accounting principles for associated companies have been adjusted when required in order to guarantee accordance with the Group's accounting principles.

2.3 TRANSLATION OF CURRENCIES

Functional currency and presentation currency

The units of the Group use their local currencies as functional currency as they have been defined as the currencies used in the primary economic environment in which the respective units mainly are active. In the consolidated accounts, Euro (EUR) is utilised, being the Group's presentation currency.

Transactions and balance sheet items

Transactions in foreign currency are translated to the functional currency using the exchange rates on the date of the transaction. Ex-change rate gains and losses arising from payments of such transactions and from translations of monetary assets and liabilities in foreign currency at the rate on the balance sheet day, are reported in the operating income section of the income statement. Exchange rate gains and losses arising from borrowings and cash and cash equivalents are reported in the income statement as financial incomes and expenses.

Translation of foreign Group companies

Profits and financial positions for all Group companies not using the presentation currency as functional currency are translated to the Group's presentation currency. Assets and liabilities for each balance sheet are translated from the foreign unit's functional currency to the Group's presentation currency, Euro, at the exchange rate on the balance sheet day. Revenue and expenses for each income statement is translated to Euro at the average rate at the time of each transaction. Translation differences arising from currency translation of foreign operations are reported in other comprehensive income.

2.4 INTANGIBLE ASSETS

Goodwill

Goodwill arises when subsidiaries are acquired and represent the amount with which the purchase consideration exceeds BEWi-Synbra's share of the fair value of identifiable assets, liabilities and contingent liabilities of the acquired company.

In order to recognise impairment need, goodwill acquired in business combinations is allocated to cash generating units who are expected to be favoured by the synergies from the acquisition. Each unit or group of units to which goodwill has been allocated represents the lowest level in which the goodwill is monitored in the internal governance.

Goodwill is monitored per cash generating unit. Goodwill is tested for impairment annually or more frequently should certain events or changes to conditions indicate a possible impairment need. The carrying value of goodwill is compared to the recoverable amount, which is the higher of fair value less costs of disposal and value in use. Any impairment is immediately reported as an expense and is not reversed.

Patent/Licenses

Patents or licenses acquired separately are reported at the acquisition cost. Patents or licenses acquired through a business combination are reported at fair value on the acquisition date. Patents carry a fixed useful life and are reported at the acquisition cost less accumulated amortisation and impairment.

Customer relations, trademark and technology

These intangible assets have all been acquired through business combinations and are reported at fair value on the acquisition date. Customer relations and technology have a fixed useful life and are for subsequent periods reported at the acquisition cost less accumulated amortisation and impairment. Trademarks acquired through business combinations are deemed to carry an indefinite useful life. The Group's assessment states that these will push the sales for an indeterminable future and are impairment tested annually as tested for goodwill, described above. Trademarks are for subsequent periods reported at the acquisition cost less any write-down from impairment.

Useful lives for the Group's intangible assets:

Patents/Licenses	5 yr.
Customer relations	8-15 yr.
Technology	6.5-10 yr.

2.5 TANGIBLE ASSETS

Tangible assets are reported at the acquisition cost less accumulated depreciation and write-down from impairment. Expenses directly attributable to the acquisition may be included in the acquisition cost. Incremental costs are either added to the asset's carrying amount or reported as a separate asset, as appropriate. Assets are only added in the event that their future economic benefits will be of use to the Group and that the acquisition cost can be reliably measured. The carrying amount of a replaced component is taken off the balance sheet. Other maintenance and reparations are reported as expenses in the income statement during the period in which they arise. Land is not depreciated. Depreciation of other assets is recognised on a straight-line basis over the useful life to the calculated residual value. Such depreciations are carried out according to the following:

Buildings	10–65 yr.
Frameworks, foundations	64–84 yr.
Frame supplements, interior walls	50 yr.
Heating, sanitary, electricity, front, roof	40 yr.
Interior surface finish/rental preparation	10 yr.
Ventilation	20 yr.
Elevator/transportation	25 yr.
Control system and surveillance	15 yr.
Other property components	50 yr.
Ground installations (facilities)	20 yr.
Plant and machinery	5–18 yr.
Equipment, tools, fixtures and fittings	3–10 yr.

The assets' residual value and useful life are assessed at the end of each reporting period and are adjusted when required. An asset's carrying amount is immediately impaired to the recoverable amount when the carrying amount exceeds its recoverable amount.

Gains and losses arising from a disposal of a tangible asset are determined through comparing the sale proceeds to the carrying amount.

2.6 IMPAIRMENT OF NON-FINANCIAL ASSETS

Intangible assets with an indefinite useful life are not amortised but are assessed annually to determine the impairment need. Depreciated and amortised assets are assessed with respect to the impairment if events or changed conditions indicate that the carrying amount is not recoverable. Impairments are undertaken for the amount with which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is equal to the higher of the asset's fair value less selling expenses and its value in use. Assets are grouped at the lowest level of separate identifiable cash flows (cash generating units), when assessing the impairment need. Assets previously impaired, other than goodwill, are assessed for reversal for each balance sheet day.

2.7 INVENTORY
The inventory is reported at the lower of the acquisition cost and the realisable value. The acquisition cost is determined through the first-in-first-out method. The acquisition cost also includes expenses relating to the acquisition, as well as for bringing the goods to their current location and condition. The acquisition cost for the company's semi-finished or finished products is the sum of the direct production costs and the production overhead (based on normal production capacity).

2.8 FINANCIAL INSTRUMENTS
Financial instruments recur in several different balance sheet items and are described below.

2.8.1 Classification
The Group classifies its financial assets and liabilities in the following categories: Financial assets at fair value through profit and loss, financial assets measured at amortised cost, financial liabilities measured at fair value through profit and loss and financial liabilities measured at amortised cost. The classification is chosen in accordance with the purpose of obtaining the financial asset or liability.

Financial assets at fair value through profit and loss
Financial assets at fair value through profit and loss are shares and participations other than shares in subsidiaries, associates and joint ventures. The shares in KMC Properties ASA, listed on Oslo stock exchange, are included in this category. Derivatives are recognised at fair value through profit and loss. Positive fair value changes in derivatives are reported as financial assets.

Financial assets measured at amortised cost
Financial assets measured at amortised cost are financial instruments where the business model is to collect cash flows. The contractual cash flows are solely payments of principal and interest and are valued at amortised cost in accordance with the effective interest method. Accounts receivables are included in this category.

Financial liabilities at fair value through profit and loss
Financial liabilities at fair value through profit and loss are normally limited to derivatives and earnouts from business acquisitions

Financial liabilities measured at amortised cost
Financial liabilities measured at amortised cost are all other financial instruments, such as the bond loans, liabilities to credit institutions, liabilities regarding financial leasing and account payables.

2.8.2 Reporting and valuation
Financial assets are initially recognised at fair value plus transaction costs for all financial assets not at fair value through profit and loss. Financial assets at fair value through profit and loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument. Regular purchases and sales of financial assets are recognised on the settlement date. Financial assets are removed from the balance sheet when the right to obtain cash flows from the instrument has expired and the Group has transferred all essential risk and benefits in conjunction with the ownership. Financial liabilities are recognised when the Group becomes bound to the contractual obligations of the instrument. Financial liabilities are removed from the balance sheet when the obligation under the agreement is completed or otherwise extinguished. Loans and receivables and other financial liabilities are, after the acquisition date, reported at the amortised cost calculated using the effective interest method.

2.8.3 Offsetting financial instruments
Financial assets and liabilities are offset and reported with a net amount on the balance sheet, only when there is a legal right to offset the carrying amounts and an intention to settle them with a net amount or to simultaneously realise the asset and settle the debt.

2.8.4 Impairments of financial instruments
At each balance sheet date, financial assets measured at amortised cost are assessed for impairment based on Expected Credit Losses (ECL). ECLs are the difference between all contractual cash flows that are due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. Allowances for trade receivables are always equal to lifetime ECL.

2.9 ACCOUNT RECEIVABLES
Account receivables are financial instruments that include amounts payable by customers for operationally sold goods and services. They are classified as current assets when payment is expected within a year. Should payment be expected beyond that period, they are reported as non-current assets. Account receivables are initially reported at fair value, subsequently at amortised cost calculated using the effective interest method less any provisions for impairment.

2.10 CASH AND CASH EQUIVALENTS
Cash and cash equivalents include, on the balance sheet as well as in the cash flow statement, cash and bank balances.

2.11 SHARE CAPITAL
Ordinary shares are classified as equity. Transaction costs directly attributable to the new issue of ordinary shares are reported in equity net after tax as a deduction from the proceeds from the issue.

2.12 ACCOUNT PAYABLES
Account payables are financial instruments in conjunction with obligations to pay for goods and services for operations acquired from the suppliers. Account payables are reported as current liabilities when they mature within a year. Should they mature beyond that period, they are reported as long-term liabilities. Account payables are initially reported at fair value and subsequently at amortised cost using the effective interest method.

2.13 BORROWINGS
Liabilities to credit institutions and liabilities to associated companies are initially reported at fair value, net after transaction costs. Borrowings are subsequently reported at amortised cost. Any difference between the obtained amount (net after transaction cost) and the repayment amount is reported in the income statement distributed over the loan period, using the effective interest method. Bank overdraft facilities are reported as liabilities to credit institutions in the current liabilities section of the balance sheet.

2.14 PROVISIONS
Provisions are reported when the Group is legally or constructively obligated following prior events, wherever probable that an outflow of resources is required to clear the commitment and the amount is reliably calculated.

Provided that similar commitments exist, the probability of an outflow of resources at the clearing to be required is assessed for the entire group of similar commitments. A provision is reported even in the event of low probability of an outflow regarding a particular item in the group of commitments. The provisions are reported at the present value of the amount expected to be required for fulfilling the obligation. A discount rate before tax is utilised hereby, reflecting the current market assessment of the time-dependent value of money and risks connected to the provision. The increase of provision pertinent to the passing of time is reported as an interest expense.

2.15 CURRENT AND DEFERRED TAX

The period's tax expenses include current and deferred tax. The current tax expense is calculated on the basis of the tax regulations in force on the balance sheet day in the countries in which the parent company and its subsidiaries are active and generate taxable revenue. Deferred tax is reported, in accordance with the balance sheet method, for all temporary differences between the written-down value of assets and liabilities and the carrying amount of the consolidated accounts. Deferred tax is calculated with the application of the tax rates in force on the balance sheet day and the rates expected to be in force when the tax asset is realised or the tax liability is cleared. Deferred tax assets on carry forwards are reported to the extent likely that future fiscal surplus will be available, against which the deficits may be exploited.

Deferred tax assets and liabilities are offset in the event of a legal right to offset for the tax referrals in question, the tax deferrals are attributable to taxes debited by one tax authority, apply to one or several tax subjects and there is an intention to clear the balances through net payments.

2.16 EMPLOYEE REMUNERATION

Pension commitments

The Group has several post-employment benefit plans, including defined benefit plans and contribution plans. A defined contribution plan is a pension plan according to which the Group pays a fixed fee to a separate legal entity. The Group carries no legal or constructive obligations to pay additional fees should the entity lack sufficient resources to remunerate all employees what they are due as a result of their service, in the current or prior periods. The fee is reported as a personnel cost when matured. A defined benefit plan is a pension plan without defined contribution. Defined benefit plans normally set out an amount for the employee to receive upon retirement, normally based on one or several factors such as age, period of service and salary.

The Group provides defined benefit plans in Finland, Norway and in the UK. In addition, The Group provides other long-term benefits in the Netherlands for long-term service (Jubilee fund), calculated in the same manner as a defined benefit plan. The liability reported on the balance sheet in conjunction with the defined benefit pension plan is the present value of the defined benefit commitment at the end of the reporting period less the plan assets' fair value. The defined benefit pension commitment is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit liability is determined through discounting future estimated cash flows using the interest rate for investment grade corporate bonds or housing bonds issued in the same currency as the benefits, with terms comparable to the pension commitment in question. The net interest is calculated by applying discounted interest charges to defined benefit plans and for the fair value of the plan assets. The current service cost is included in the personnel costs and the net interest among financial items. Revaluation gains and losses as a result of adjustments in accordance with experience and changes to actuarial estimates are reported in other comprehensive income for the period during which they arise. They are part of the profit carried forward in the changes to consolidated equity and the balance sheet. Costs for service in prior periods are reported in the income statement.

Compensation at termination of employment

Compensation at termination of employment is due when an employee's employment is terminated by the Group before the normal time of retirement or when an employee accepts voluntary withdrawal in exchange for such compensation. The Group reports compensations at termination at the first of these points of time: a) when the Group no longer has the option to withdraw the compensation offer and; and b) when the company reports expenses for a restructuring within the scope of IAS 37 and implies payments of severance. Compensations at termination are calculated based on the number of employees expected to accept the offer encouraging voluntary withdrawal, in the event that such an offer has been made. Benefits maturing more than 12 months after the end of the reporting period are discounted at present value.

Share based payments

n 2020, the parent company BEWI ASA implemented a share-based incentive programme, entitling the participants to subscribe for shares in BEWI ASA during a three-year period.

The fair value of the share options issued is determined at the grant date in accordance with the Black & Scholes valuation model, taking into consideration the terms and conditions that are related to the share price.

The value is recognized in the income statement as a personnel cost allocated over the vesting period with a corresponding increase in equity.

The recognized cost corresponds to the fair value of the estimated number of share options that are expected to vest. This cost is adjusted in subsequent periods to reflect the actual number of vested options and shares.

2.17 REVENUE RECOGNITION

The Group follows a five-step model for recognizing income that is based on when control of a good or service is passed to the customer. The core principle is that an entity is to recognise revenue to depict the transfer of promised goods or services in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The five-step model comprises the following steps: Step 1: Identify the contract with the customer, Step 2: Identify the performance obligations in the contract, Step 3: Determine the transaction price, Step 4: Allocate the transaction price and Step 5: Recognize revenue – over time or point in time.

As to Step 5, revenue is recognised when a company has satisfied a performance obligation, which is when control of the underlying goods or services has been passed to the customer. The amount recognised as revenue corresponds to the amount allocated to the satisfied performance obligations. A performance obligation can be satisfied over time or at a point in time. Revenue is recognised over time if the customer simultaneously receives and consumes all of the benefits provided by the company as the company performs; the company's performance creates or enhances an asset that the customer controls; or the company's performance does not create an asset with an alternative use to the company and the company has an enforceable right to payment for performance completed to date. If a performance obligation does not meet one of these criteria to be recognised over time, revenue is recognized at one specific point in time. This takes place when control of a good or service is passed to the customer. Factors that may indicate the point in time at which control passes include: the company has transferred physical possession of the asset; the company has a present right to payment for the asset; the customer has accepted the good or service; the customer has the significant risks and rewards related to the ownership of the asset; and the customer has legal title to the asset.

BEWiSynbra sells products for insulation for the construction industry as well as packaging solutions for the manufacturing industry and food producers. Virtually all of these sales transactions meet the definition of a point in time revenue recognition. The sales are reported as revenue when a Group company has delivered the product to a customer. Delivery is deemed to have taken place when the products have arrived at the indicated location, as defined by the shipment terms.

2.18 INTEREST REVENUE

Interest revenue is reported using the effective interest method.

2.19 LEASES

Up to and including the 2018 consolidated accounts IAS 17 was applied for Leases. From 1 of January 2019 the Group applies IFRS 16 Leases.

According to IFRS 16 a lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

Each lease payment is apportioned to interest and amortisation of the lease liability. The interest is recognised as a financial expense in income statement, apportioned over the lease term so that each period is charged with an amount reflecting a fixed interest rate on the underlying lease liability. The right-of-use asset is measured at cost, which reflects the value of the lease liability, plus any initial direct expenditure, plus obligations for disassembly, removal or recovery at the end of the lease. In general, the right-of-use asset is depreciated on a straight-line basis over the term of the lease or, given an option to extend, the period during the lessee expects to use the asset.

The Group has decided to apply the practical expedients for short-term leases and low-value assets. This means that contracts with shorter maturities than 12 months and leases of low value (value of assets when it is new of less than EUR 5,000) are not included in the calculation of right-of-use assets or leasing liabilities but continue to be reported with straight-line expense over the lease term. Examples of low value assets are computers, printers and copiers.

Lease liabilities are initially measured at the present value of future lease payments. Lease payments are discounted by the lease's implicit interest rate, if the implicit interest rate can be easily determined, but the typical method is for the Group to use the incremental borrowing rate. Future lease payments calculated at present value consist of fixed payments. Lease liabilities that fall due within 12 months are classified as current liabilities and liabilities that fall due after 12 months as non-current liabilities. Upon determining the term for a lease, extension options are taken into account if it is likely that they will be exercised.

2.20 GOVERNMENT GRANTS

Government grants are recognized when there is a reasonable assurance that the grants will be received and that the Company will comply with the conditions attached to them. Government grants are recognized in profit or loss on a systematic basis over the periods in which the related expenses, which the grants are intended to compensate for, are recognized. Government grants are recognized as a reduction of such related expenses. Government grants received for investments are recognized in the balance sheet as a reduction of the booked value of the asset.

2.21 DIVIDENDS

Dividends to the parent company's shareholders are reported as liabilities in the consolidated financial reports for the period in which the dividends have been approved by the parent company's shareholders.

2.22 CASH FLOW STATEMENT

Cash flow statement is prepared using the indirect method. The reported cash flow solely contains transactions giving rise to payments.

NOTE 3 FINANCIAL RISK MANAGEMENT

3.1 FINANCIAL RISK FACTORS

The Group is through its activities exposed to several different risks: market risks (currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's comprehensive financial risk management is focused on the unpredictability of the financial markets and strives to minimize any adverse effect on the consolidated profits. The use of derivative financial instruments has so far been limited to mitigation of currency exposure on intra-group borrowing and lending. The risk management is controlled by the central finance department and the treasury function within that department. The finance department identifies, evaluates and hedges financial risks in close cooperation with the Group's operative units.

CURRENCY RISK

The Group operates in the Nordic countries and in the Euro area and is mainly exposed to currency risk arising from currency exposure to the Swedish Krona (SEK), the Danish Krona (DKK) and the Norwegian Krona (NOK). The Group is also exposed to British Pound (GBP) from sales to the United Kingdom. Currency risks arise from both transaction exposure and translation exposure. Transaction exposure should, when possible, be centralised to Sweden and managed by the Group's central treasury function.

Transaction exposure

Transaction exposure arises when revenues and costs are incurred in different currencies and exposes the Group to changes in net cash flow due to fluctuations in exchange rates. This is applicable to both operational cash flows and to financial commitments that will end in a cash outflow. Transaction exposure also arises on fair value changes on existing balance sheet items in foreign currency, such as trade receivables and liabilities and borrowing and lending, when these items are remeasured on the balance sheet date or when settled. The biggest transaction exposure to operational cash flows is attributable to raw material purchases in Sweden and Norway, which are done in EUR. As DKK is pegged to the EUR, Denmark is not subject to that same exposure. In addition, there is also an exposure between GBP and EUR from the sales of raw material to the UK. The biggest fair value exposure in the balance sheet is related to intra-group loans, mainly EUR denominated, from Sweden to its subsidiaries. However, the two bond loans outstanding as of 31 December 2020 are denominated in EUR to match the intragroup loans to subsidiaries predominately located in the Euro area.

The following measures are taken by BEWiSynbra to reduce the transaction exposure:

- For raw material purchases from the Euro area into the Nordics, price and currency clauses are in general incorporated into customer agreements.
- Intra-group trade receivables and liabilities should be settled within a limited time-frame.
- The Group's external borrowing should be matched to the currency of intra-group lending to subsidiaries.
- Bank balances in foreign currency should be exchanged to local currency as soon as possible.

Transaction exposure to operational cash flows are not hedged by using derivatives. However, to the extent that there is a major net exposure in any currency from borrowing and lending, that balance sheet exposure should be hedged by using forward contracts or swaps. Net balance sheet exposure has been managed by short-term derivatives.

The net fair value of derivate contracts used for hedging EUR transaction exposure, as of 31 December, is presented in the table below. All short-term derivatives in the table below mature within 6 months.

MEUR	Dec 31, 2020	Dec 31, 2019
Fair value short-term derivatives	-0.9	-0.5

Translation exposure
Translation exposure arises when the income statements and balance sheets of foreign operations are translated to EUR, the presentation currency of the Group's financial statements. The reported net sales and profit of the Group, as well as the net assets of the Group, are consequently exposed to changes in exchange rates between EUR and the currencies of the Group's foreign operations. The translation exposure is not hedged, but the Group strives to have a balance in major currencies between net debt, equity and EBITDA to reduce volatility in the balance sheet and key financial ratios.

A sensitivity analysis shows that if EUR would have fluctuated by 5% against all other currencies in the Group, the impact on net profit would have been +/- EUR 0.3 million in 2020 (EUR 0.4 million). This assumes that all other variables are held constant and ignores any compensating effects from transaction exposure, for example the impact from raw material purchases.

INTEREST RATE RISK
Interest rate risk is the risk that changes in market interest rates will have a negative impact on cash flow or fair value of financial assets and liabilities. Cash flow risk arises from changes in variable interest rates, whereas fair value risk arises from changes in fixed interest rates. It is the policy of the Group to limit the interest rate risk to cash flow risk by restricting the allowed average interest duration for both borrowing and financial investments. The Group's borrowing is primarily exposed to changes in Euribor through the bond loans, as further outlined in Note 22 Borrowings. The Group's lending, limited to loans to associated companies, is exposed to changes in Euribor, as described in Note 15 Investments in associated companies.

In the event that the interest rate would fluctuate up or down by 50 basis points, all other variables held constant, the impact on net profit would have been +/- EUR 0.8 million in 2020 (EUR 0.4 million).

PRICE RISK
The Group is exposed to price risks in relation to shareholdings other than shares held in Group companies or associated companies. Such other shareholdings are valued at fair value. The exposure is mainly related to shares in KMC Properties ASA, a company listed on Oslo Børs. These shares were part of the consideration received in the sale and leaseback transaction in the Netherlands in 2020. Lastly, the corporate bonds are listed on Nasdaq Stockholm, and the Group is therefore exposed to fluctuations of the market value if the repurchase clause in the bond agreement would be utilised.

CREDIT RISK
Credit risk refers to the risk that a counterparty in a financial transaction may not fulfil its obligations. It is a risk applicable to trade receivables, lending and to cash and cash equivalents. Credit risks are managed by the central treasury function, except for credit risks related to accounts receivables, which are managed locally by the subsidiaries or business units.

Each subsidiary or business unit shall monitor and analyse the credit risks for each new customer before standard terms for payment and delivery are offered. If customers are credit rated by independent credit rating agencies, these credit ratings are utilised. In the event that no independent credit rating exists, the Group company undertakes a risk assessment of the customer's creditworthiness, in which the customer's financial position is considered, as well as previous experience and other factors. Individual risk limits are determined on the basis of internal or external credit ratings. The application of credit limits is monitored regularly. The credit-term is normally 30 days, but both shorter and longer terms are applied, depending on the customer and local practices. A breakdown of maturity for accounts receivables, as well as description of the principles for estimating credit losses, are presented in note 17 Accounts receivables.

To minimise the credit risk for cash and cash equivalents, only banks and financial institutions with a credit rating of "A" or higher rating from independent credit rating agencies are accepted. In terms of other short-term investments of surplus liquidity, the lowest rating required is K-1.

The maximum credit risk exposure corresponds to the financial assets presented in note 16 Financial instruments per category.

LIQUIDITY RISK
Liquidity risk is the risk that the Group does not have access to adequate financing on acceptable terms at any given point in time. This requires a combination of short-term monitoring of cash flow and securing long-term financing of the Group.

Cash flow forecasts are prepared by the Group's operating companies and are closely monitored by the treasury department. The Group should always have a sufficient liquidity reserve to meet the short-term operating needs, defined as a certain number of months of fixed and semi-fixed costs. In order balance seasonal effects in operating cash flow, mainly related to change in working capital, the Group has secured an overdraft facility until 2022 with its main bank, which amounted to SEK 375 million (equivalent to EUR 37.4 million) by 31 December 2020 (SEK 275 million). The overdraft facility was extended by SEK 100 million in January 2020.

For the long-term financing of the Group, BEWiSynbra has issued two bond loans; a 4-year EUR 75 million bond issued in 2018 and a 4-year EUR 65 million bond loan issued in 2019. A detailed description of the terms for the bond loans is given in note 22 Borrowings. In addition to the centrally negotiated borrowing, there are also a couple of liabilities to credit institutions in companies acquired, that have not been subject refinancing post acquisition.

The amounts in the table below are the agreed, undiscounted cash flows.

As of Dec 31, 2020	< 1 yr.	1-2 yr.	2-5 yr.	> 5 yr.
Bond loans	-	75.0	65.0	-
Liabilities to credit institutions	0.8	0.7	0.1	0.2
Overdraft	0.4	-	-	-
Accounts payables	54.5	-	-	-
Liabilities leases	14.9	13.0	30.8	48.4
Total	**70.6**	**88.7**	**95.9**	**48.6**

As of Dec 31, 2019	< 1 yr.	1-2 yr.	2-5 yr.	> 5 yr.
Bond loans	14.9	-	140.0	-
Liabilities to credit institutions	0.6	1.2	-	-
Factoring debt	0.8	-	-	-
Accounts payables	45.0	-	-	-
Liabilities leases	8.6	7.5	14.4	16.4
Total	**69.9**	**8.7**	**154.4**	**16.4**

The undiscounted cash flow for liabilities leases correspond to the future lease payments reflected in the calculation of the discounted lease liability in accordance with IFRS 16.

3.2 Fair value
The table below presents the fair value of financial instruments measured at fair value though profit and loss, or, which is the case with the bond loans, fair value of financial instruments measured at amortised cost. The carrying amount of the Group's other financial assets and liabilities is considered to constitute a good approximation of fair value, since they carry floating interest rates or are of a current nature.

As of Dec 31, 2020 MEUR	Level 1	Level 2	Level 3	Total	Carrying amount
Financial assets measured at fair value through profit and loss					
Participation in other companies	9.6	-	0.3	**9.9**	9.9
Total	**9.6**	**-**	**0.3**	**9.9**	**9.9**
Financial liabilities measured at amortised cost					
Bond loans	141.2	-	-	**141.2**	137.9
Total	**141.2**	**-**	**-**	**141.2**	**137.9**
Financial liabilities measured at fair value through profit and loss					
Derivative liability	-	0.9	-	**0.9**	0.9
Total	**-**	**0.9**	**-**	**0.9**	**0.9**

As of 31 Dec, 2019 MEUR	Level 1	Level 2	Level 3	Total	Carrying amount
Financial assets measured at fair value through profit and loss					
Participation in other companies	-	-	0.2	**0.2**	0.2
Total	**-**	**-**	**0.2**	**0.2**	**0.2**
Financial liabilities measured at amortised cost					
Bond loans	157.1	-	-	**157.1**	152.1
Total	**157.1**	**-**	**-**	**157.1**	**152.1**
Financial liabilities measured at fair value through profit and loss					
Derivative liability	-	0.5	-	**0.5**	0.5
Total	**-**	**0.5**	**-**	**0.5**	**0.5**

Level 1 – listed prices (unadjusted) on an active market for identical assets and liabilities.
Level 2 – Other observable data for the asset or liability that is listed prices included at level 1, either directly (as price) or indirectly (derived from price).
Level 3 – Data for the asset or liability that is not based observable market data.

Level 3 – Changes during the period, MEUR	Participation in other companies
As of Dec 31, 2019	**0.2**
Exchange rate differences	0.1
Acquisitions	1.3
Divestments	-1.3
As of Dec 31, 2020	**0.3**

In 2020, EUR 0.1 million in capital gain was recognised from the sale of participations in other companies, acquired during the year.

Level 3 – Changes during the period, MEUR	Participation in other companies	Earnouts
As of Dec 31, 2018	**0.3**	**0.2**
Exchange rate differences	-0.1	-
Liability settlement	-	0.0
Reversal through income statement	-	-0.2
As of Dec 31, 2019	**0.2**	**0.0**

In 2019, EUR 0.0 million of the EUR 0.2 million in liabilities for earnouts provided for in 2017, for the acquisition of BEWi M-Plast Oy, were settled and the remaining EUR 0.2 million was reversed through the income statement, as the sellers were no longer entitled to any earnouts after the fiscal year 2018. However, a separate settlement agreement was reached in 2019, which entitled the sellers of that same company to EUR 0.3 million in additional consideration, also recognised through the income statement. Consequently, a net expense of EUR 0.1 million was recognised in 2019.

3.3 Capital management

The Group's objective for the capital structure is to guarantee the Group's capacity to continue its operations, in order for the Group to continue generating return to shareholders and benefits to other stakeholders as well as to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may: alter the dividend to shareholders, reimburse capital to shareholders, issue new shares or dispose of assets in order to reduce liability. Like other companies in the same line of business, the Group assesses the capital on the basis of debt-equity ratio. This performance measurement is calculated by dividing the net debt by the equity and by total capital. The net debt is defined as total borrowings (including the items bond loan, liabilities to credit institutions, factoring debt and liabilities leases), less cash and cash equivalents. Total capital is defined as equity in the consolidated statement of financial position and net debt.

MEUR	Dec 31, 2020	Dec 31, 2019
Total borrowings	221.6	190.7
Less:		
IFRS 16 liabilities	-78.5	-32.9
Cash and cash equivalents	-44.2	-56.3
Net debt (A)	98.9	101.5
Equity (B)	189.7	150.1
Total capital (A+B)	**288.6**	**251.6**
Debt/equity ratio	**52.1%**	**67.6%**
Debt/capital ratio	**34.2%**	**40.3%**

The decrease in the debt ratios from 2019 to 2020 is mainly attributable to increase in equity from new share issue and net profit for the year. For more information on the change in net debt during the year, see note 22.

NOTE 4 CRITICAL ACCOUNTING ESTIMATES AND ASSESSMENTS

Estimates and assessments are continuously evaluated and are prepared on the basis of historical experience and other factors, including expectations regarding future events deemed reasonable under existing condition.

4.1 CRITICAL ACCOUNTING ESTIMATES AND ASSESSMENTS

The Group makes estimates and assumptions about the future. Accounting estimates will, by definition, rarely be equivalent to the actual result. The estimates and assumptions contain a significant risk for material adjustments to carrying amounts of assets and liabilities during the following financial years are outlined below.

(a) Inventory obsolescence

The inventory is valued at the acquisition cost, in accordance with the first-in-first-out method. The acquisition costs for the company's semi-finished or finished products are generally calculated as the sum of raw material carried forward, other direct production costs and a reasonable production overhead (based on normal production capacity). When assessing whether obsolescence of the goods should be calculated during the manufacturing process or when the goods is finished, the executive management has concluded that no obsolescence is in question for the company's products, seeing as they are standard products with a high turnover rate, products only manufactured following a customer order and that any defect goods may be restored to raw material and thereby be reused. The carrying amount for the inventory amounts to EUR 57.4 million as of December 31, 2020 (38.2).

(b) Consideration of impairment need of goodwill and trademarks

The Group examines annually whether any impairment need for goodwill or trademarks is at hand, in accordance with the accounting principle set out in note 2. Recoverable amounts have been determined on the basis of calculations of values in use. These calculations include certain estimates to be carried out (see note 12 Intangible assets).

(c) Pension benefits

The present value of the pension commitment is pertinent to several factors determined on an actuarial basis using a number of assumptions. The assumptions utilised to determine the net cost (revenue) for pension benefits include the discount rate. Each change to these assumptions will affect the pension commitments' carrying amounts. The Group stipulates the appropriate discount rate at the end of each year. This will be the rate utilised for determining the present value of assessed future payments expected to be required in order to clear the pension commitment. When determining the appropriate discount rate, the Group considers the rates of the investment grade corporate bonds issued in the same currency as the benefits, with terms comparable to the pension commitment in question. Other critical assumptions with regard to the pension commitment are in part based on existing market conditions. Additional information is given in note 23.

NOTE 5 NET SALES DISTRIBUTION AND SEGMENT INFORMATION

Operating segments are reported in a manner that corresponds with the internal reporting submitted to the chief operating decision maker. The Executive Committees constitutes the chief operating decision maker for the BEWiSynbra Group and takes strategic decisions in addition to evaluating the Group's financial position and earnings.

Group Management has determined the operating segments based on the information that is reviewed by the Executive Committee and used for the purposes of allocating resources and assessing performance. The Executive Committee assesses the operations based on three operating segments: RAW, Insulation and Packaging & Components. Sales between segments take place on market terms.

Amounts in MEUR	2020	2019
RAW		
Segment revenue	191.2	206.7
Intra-group revenue	-56.5	-71.6
Revenue from external customers	**134.7**	**135.1**
Insulation		
Segment revenue	146.6	139.3
Intra-group revenue	-2.4	-2.1
Revenue from external customers	**144.1**	**137.2**
Packaging & Components		
Segment revenue	179.9	157.6
Intra-group revenue	-2.3	-2.5
Revenue from external customers	**177.6**	**155.1**
Unallocated		
Segment revenue	6.4	2.5
Intra-group revenue	-0.2	-0.1
Revenue from external customers	**6.1**	**2.5**
Total		
Total segment revenue	524.1	506.1
Total intra-group revenue	-61.5	-76.2
Total revenue from external customers	**462.6**	**429.9**
Adjusted EBITDA[1]		
RAW	9.4	5.0
Insulation	26.5	22.3
Packaging & Components	34.1	28.9
Unallocated	-3.8	-4.4
Total adjusted EBITDA	**66.2**	**51.8**
EBITDA		
RAW	9.9	4.9
Insulation	32.4	20.9
Packaging & Components	36.2	28.4
Unallocated	-5.7	-6.3
Total EBITDA	**72.9**	**48.0**
EBITA		
RAW	6.2	1.4
Insulation	25.0	16.1
Packaging & Components	23.9	16.9
Unallocated	-6.5	-7.0
Total EBITA	**48.7**	**27.5**

1. Normalised earnings before interest, tax, depreciation and amortization (i.e. items affecting comparability and deviations are added back). Adjusted EBITDA is a key performance indicator that the Group considers relevant for understanding earnings adjusted for items that affect comparability.

MEUR	2020	2019
EBIT		
RAW	5.8	0.7
Insulation	23.1	14.1
Packaging & Components	20.4	13.4
Unallocated	-6.9	-7.8
Total EBIT	**42.5**	**20.3**
Net financial items	-7.2	-11.0
Income before tax	**35.2**	**9.3**

Specification of impact from specific amounts on the segmentation	2020	2019
Share of income from associated companies		
Adjusted EBITDA EBITDA, EBITA and EBIT for Insulation	1.5	0.6
Adjusted EBITDA EBITDA, EBITA and EBIT for Packaging	-0.2	-
Capital gain from sale of fixed assets		
EBITDA, EBITA and EBIT for Insulation	3.4	-
EBITDA, EBITA and EBIT for Packaging & Components	2.3	-
EBITDA, EBITA and EBIT for RAW	0.6	-
Impairment tangible fixed assets		
EBITA and EBIT for Insulation	-1.2	-0.2
Impairment goodwill		
EBIT for Insulation	-	-0.3
Impairment other intangible assets		
EBIT for Unallocated	-	-0.3

NET SALES PER COUNTRY

External Segment revenue by country (selling company's sales)	2020	2019
RAW		
Total Finland	67.6	72.4
Total Netherlands	67.0	62.7
Total RAW	**134.7**	**135.1**
Packaging & Components and Insulation		
Total Finland	15.9	15.2
Total Sweden	53.2	47.4
Total Denmark	54.3	55.6
Total Norway	76.0	41.3
Total Netherlands	110.1	115.1
Total Portugal & Spain	18.3	20.2
Total Packaging & Components and Insulation	**327.8**	**294.8**
Total Group	**462.6**	**429.9**

Net sales per country (Customers' geography)	2020	2019
Netherlands	94.2	101.5
Sweden	49.4	48.4
Denmark	47.3	48.6
Baltic/Poland/Russia	38.4	34.4
Finland	27.4	28.8
Germany	35.9	40.7
Norway	81.0	58.9
Other	24.0	10.1
UK	10.8	9.5
Portugal	15.3	15.3
Spain	10.7	13.9
Belgium	8.9	8.4
France	11.9	8.6
Iceland	7.4	2.8
Total Group	**462.6**	**429.9**

NOTE 6 EMPLOYEE REMUNERATION ETC.

MEUR	2020	2019
Salary and other remuneration	-64.7	-61.2
Social security expenses	-7.8	-7.3
Pension costs – defined contribution plans	-6.3	-5.5
Pension costs – defined benefit plans	-0.1	-0,1
Other staff cost	-2.9	-1.6
Costs hired staff	-5.3	-5.2
Total remunerations to employees	**-87.1**	**-80.9**

Salary and other remunerations and pension costs for directors of the board, CEO's and other senior executives

	2020	2019
Salary and other remunerations	-2.7	-1.8
Bonus	-0.6	-0.2
Pension costs	-0.3	-0.4
The Group in total	**-3.6**	**-2.4**

Among the board of directors within the group companies, 70% (69%) were men and among the CEO's 100% (100%) were men.

Average number of employees with geographical breakdown by country

	2020		2019	
	Average number of employees	Whereof men	Average number of employees	Whereof men
Sweden	209	145	174	118
Finland	147	122	139	113
Denmark	240	160	255	170
Norway	152	116	110	87
Island	5	5	-	-
Netherlands	426	390	392	356
Belgium	8	7	6	5
Portugal	177	95	173	98
Spain	5	4	5	4
The Group in total	**1,369**	**1,044**	**1,254**	**951**

Remuneration to senior executives
The senior executives comprise of the board of directors, CEO of BEWiSynbra Group and managers in the executive management directly reporting to the CEO and remunerations for those applies to:

	2020			2019		
MEUR	Basic salary incl. benefits/ board fees	Variable remune-ration	Retirement compensa-tion	Basic salary incl. benefits/ board fees	Variable remune-ration	Retirement compensa-tion
Board of Directors						
6 (6) members of the board, whereof 1 (1) woman						
Gunnar Syvertsen (chairman)	-0.04			-0.05		
Christian Bekken	-0.01			-0.01		
Göran Vikström	-0.02			-0.02		
Rune Marsdal (until 2019-08-31)	-			-0.01		
Bernt Thoresen (until 2019-05-31)	-			-0.01		
Kristina Schauman	-0.02			-0.03		
Per Nordlander	-0.01			-0.02		
Stig Waernes	-			-		
Rik Dobbelare	-0.01			-		
Total	**-0.10**			**-0.13**		
CEO						
Rik Dobbelare (until 2019-12-31)	-	-	-	-0.47	-0.20	-0.10
Jonas Siljeskär (from 2020-01-01–)	-0.27	-0.10	-0.09	-	-	-
Other senior executives (2 pers)	-0.45	-0.26	-0.15	-0.69	-0.11	-0.21
Total	**-0.73**	**-0.36**	**-0.24**	**-1.16**	**-0.31**	**-0.30**

Consultancy services board members						
Gunnar Syvertsen	-0.06			-0.08		
Rik Dobbelaere	-0.07			-		
Göran Vikström	-			-0.02		

In November 2020, the parent company BEWI ASA implemented a share-based incentive programme, entitling the participants to subscribe for shares in BEWI ASA during a three-year period. The purpose of the programme is to further align the interests of the company and its shareholders by providing incentives in the form of awards to employees to motivate them to contribute materially to the success and profitability of the Company. The share options entitle the participants to subscribe for shares at a price of NOK 24.48, referred to as the strike price, equal to 110% of the average share price during five days preceding the grant date on 19 November 2020. The gain per option may however not exceed the strike price times two. The number of exercisable options will be reduced proportionally so that the maximum gain does not exceed the strike price times two multiplied by the numbers of options granted. This gain is calculated based on the average share price five days prior to the period of exercise.

The CEO of BEWiSynbra Group AB was granted 250,000 share options and other senior executives of BEWiSynbra Group AB in total 500,000 share options. The options will vest in three tranches during a three-year period, as presented in the table below.

Percentage of the option programme vesting	Vesting date	Expiry date
20%	19 November 2021	19 November 2025
30%	19 November 2022	19 November 2025
40%	19 November 2023	19 November 2025

Severance pay
Subject to the CEO's employment agreement, there is a notice period of 6 months both if the agreement is terminated by the company and by the employee. From 2025-01-01 there is a notice period from the company of 12 months. The employee is entitled to receive unchanged salary and other fringe benefits during the period of notice, however the salary is deducible to other income.

NOTE 7 REMUNERATIONS TO AUDITORS

MEUR	2020	2019
PwC		
– The audit assignment	-0.5	-0.4
– Audit activities other than the audit assignment	0.0	0.0
– Tax advice	0.0	0.0
– Other services	-	0.0
Total	**-0.5**	**-0.5**
Other accounting firms than PwC		
– The audit assignment	-0.1	0.0
Total	**-0.6**	**-0.5**

NOTE 8 LEASING

Lease-terms and purchase options

The Group leases buildings (e.g. production facilities, warehouses, offices), machinery (e.g. gas facilities, compressors, moulding machines) and equipment (e.g. cars, trucks, fork-lifts). Contracts for production facilities normally run for 10 years, but there are exceptions with both shorter and longer lease terms. Separate warehouses are normally leased for 1-2 years, with a few exceptions. In case a warehouse rent is paid based on usage, for example pallet space used, it is treated as variable and not subject to capitalisation in accordance with IFRS 16. Office space is normally leased for 3 years. Based on the assumption that a business cycle lasts for 8 years and that predictions beyond that period are difficult, extension options for contracts for production facilities expiring after that time-frame are not considered when assessing the lease-term, unless specific conditions are present. Currently none of the extension options for warehouses and offices are considered reasonable certain to be exercised and they are therefore not reflected in the lease liability. The lease term for other assets vary, but normally range between 3-5 years. Purchase options are considered in the capitalised amount if deemed reasonably certain that such an option will be exercised, but this is not common. Extensions options are reflected when it is deemed reasonable that they will be exercised.

Discount rate, liability and carrying amount

Discount rates applied and total leasing liability are described in note 22 Borrowings. Maturity dates for the discounted values are presented in note 3 Financial risk management. Carrying amounts and depreciations of the assets capitalised are presented in note 12 Intangible assets and note 13 Tangible assets.

Sale and leaseback transactions in 2020

During 2020, BEWI has divested several properties in line with the company's strategy to pursue growth opportunities. The divestments release capital, thereby increasing the company's financial flexibility. The properties have been sold in a number of sale and leaseback transactions. In the second quarter, a property in Sweden was sold for a net consideration of EUR 4.4 million and in the third quarter, two properties in Denmark were sold for a cash consideration of EUR 10.2 million. In the fourth quarter, four properties in the Netherlands were sold for a consideration of EUR 33.0 million, of which EUR 5.7 million was settled in shares in the Oslo Børs listed company KMC Properties ASA and the rest in cash. Net of transaction costs, cash flow from the sale and leaseback transactions amounted to EUR 41.8 million. The lease terms range from 12-15 years, with three year extension options each time the contracts are extended. The extension options have not been considered when calculating the lease liabilities.

Lease expenses for lease contracts capitalised in accordance with IFRS 16 MEUR	2020	2019
Depreciations and amortisations	-8.2	-5.6
Interest expense	-3.0	-2.5
Total	**-11.1**	**-8.1**

Lease expenses for lease contracts not capitalised in accordance with IFRS 16 MEUR	2020	2019
Lease expense short-term leases	-0.3	-0.1
Lease expense low-value assets	-0.4	-0.8
Lease expense variable leases	-0.2	0.0
Total	**-0.9**	**-0.9**

Cash flow from leases MEUR	2020	2019
Recognised in operating cash flow		
Operating income	-0.9	-0.9
Interest paid	-3.0	-2.5
Cash flow from financing activities		
Repayment of borrowings	-7.6	-5.6
Total	**-11.4**	**-9.0**

NOTE 9 FINANCIAL INCOME AND EXPENSE

MEUR	2020	2019
Interest revenue	0.2	0.2
Fair value adjustments other shares and participations	3.9	-
Other financial income	0.1	0.0
Total financial income	**4.2**	**0.2**
Interest expenses	-10.3	-10.7
Fair value adjustments derivatives	-1.7	-0.4
Other financing costs	-0.1	-0.2
Exchange rate gains and losses	0.7	0.1
Total financial expense	**-11.5**	**-11.2**
Total financial income and expense – net	**-7.3**	**-11.0**

MEUR -1.2 (2019: MEUR -1.3) of the interest expenses were attributable to amortisation of financing costs and MEUR -0.4 was attributable to bond repurchase premium 2019.

Net financial income and expense per category of financial instrument

MEUR	2020	2019
Financial assets and liabilities measured at fair value through profit and loss	2.2	-0.4
Financial assets and liabilities measured at amortised cost	-9.4	-10.6
	-7.3	**-11.0**

NOTE 10 EXCHANGE DIFFERENCES – NET

Exchange differences have been reported in the income statement as follows:

MEUR	2020	2019
Other operating expenses	-0.1	-0.1
Total financial income and expense (note 9)	0.7	0.1
Exchange differences – net	**0.5**	**0.0**

NOTE 11 INCOME TAX

Tax income and expense in income statement

MEUR	2020	2019
Tax income(+)/expense(-) comprises;		
Current tax income(+)/expense(-) this year	-9.2	-6.4
Adjustment recognised in current year in relation to current tax of prior years	0.4	-0.2
Deferred tax income(+)/expense(-)	5.8	2.9
Total tax income(+)/expense(-)	**-3.0**	**-3.7**

The income tax attributable to the income before taxes differs from the theoretical amount that would have arisen from the application of the tax rate in Sweden for the income of the Group companies, as follows:

MEUR	2020	2019
Profit/loss before tax from continuing operations	**35.2**	**9.3**
Tax income(+)/expense(-) calculated at the local tax rate	-9.4	-2.8
Effect of revenue that is exempt from taxation	8.4	0.1
Effect of non-deductible expenses	-0.2	-0.5
Effect of tax losses and tax offsets not recognised as deferred tax assets	-1.6	-1.8
Effect of previously unrecognised deferred tax attributable to tax losses carry forward, tax credits and temporary differences	-	0.2
Effect of write-downs and reversals of deferred tax balances	0.6	-
Effect on deferred tax balances due to change in tax rate	-1.4	1.2
Adjustment recognised in current year in relation to current tax of prior years	0.4	-0.2
Other	0.2	-
Total tax income(+)/expense(-) in profit or loss	**3.0**	**-3.7**

Effect of revenue that is exempt from taxation in 2020 is mainly attributable to share of income from associates, tax free sale and leaseback transactions and tax free revaluation of shares.

Recognised in other comprehensive income

MEUR	2020	2019
Deferred tax		
Tax on remeasurement of defined benefit obligation	0.0	0.2
Total	**0.0**	**0.2**

Recognised directly in equity

MEUR	2020	2019
Current tax		
Tax effect on Group contribution to parent company BEWI ASA	0.7	-
Total	**0.7**	**-**

Deferred tax assets and liabilities 2020

MEUR	Opening balance	Through acquired business	Reported in profit/ loss	Reported in other compre-hensive income	Exchange differences	Closing balance
Deferred tax in balance sheet is attributable to:						
Tax losses carry forward	**2.4**	0.4	-0.2	-	-0.1	**2.5**
Intangible assets	**-16.3**	-2.5	0.0	-	0.4	**-18.4**
Tangible assets	**-4.1**	-1.1	6.0	-	0.1	**0.9**
Inventories	**-0.2**	0.0	0.0	-	0.0	**-0.2**
Untaxed reserves	**-0.1**	-0.3	0.1	-	0.0	**-0.3**
Pension assets and liabilities	**-0.2**	0.0	0.0	0.0	0.0	**-0.2**
Provisions	**0.1**	0.0	-	-	0.0	**0.1**
Other	**0.1**	-0.1	0.0	-	0.0	**0.0**
Total net deferred tax assets and liabilities	**-18.3**	**-3.6**	**5.8**	**0.0**	**0.4**	**-15.6**

Deferred tax assets and liabilities 2019

MEUR	Opening balance	Through acquired business	Changes in accounting principles	Reported in profit/ loss	Reported in other compre-hensive income	Exchange differences	Closing balance
Deferred tax in balance sheet is attributable to:							
Tax losses carry forward	**2.3**	0.0	-	0.1	-	0.0	**2.4**
Intangible assets	**-17.9**	-	-	1.8	-	-0.1	**-16.3**
Tangible assets	**-5.6**	-	0.7	0.7	-	0.0	**-4.1**
Inventories	**-0.4**	-	-	0.2	-	0.0	**-0.2**
Untaxed reserves	**-0.1**	-	-	0.0	-	0.0	**-0.1**
Pension assets and liabilities	**-0.4**	-	-	0.0	0.2	0.0	**-0.2**
Provisions	**0.0**	-	-	0.0	-	0.0	**0.1**
Other	**-**	-	-	0.1	-	0.0	**0.1**
Total net deferred tax assets and liabilities	**-22.1**	**0.0**	**0.7**	**2.9**	**0.2**	**-0.1**	**-18.3**

Deferred tax assets are reported for tax losses carry forward or temporary differences to the extent that they are likely to be utilised against future taxable profits. EUR 2.1 million of deferred tax assets attributable to tax losses carry forward originate from losses that fall due between 2021 and 2029. The remaining losses recognised as deferred tax assets have no due date. Tax losses carry forward corresponding to a tax value of EUR 7.7 million (EUR 6.1 million) were not recognised as deferred tax assets. The tax losses carry forward by the end of 2020 are mainly attributable to Sweden and Finland. In addition, tax credits attributable to deferred interest rate deductions corresponding to a tax value of EUR 0.8 million (EUR 0.5 million), falling due in 2025 and 2026, were not recognised as deferred tax assets.

NOTE 12 INTANGIBLE ASSETS

MEUR	Goodwill	Trademark	Customer relations	Technology	Patents and licenses	Total
As of January 1, 2019						
Acquisition costs	70.8	20.1	56.0	7.8	2.9	**157.6**
Accumulated depreciations/ write-downs	-0.7	0.0	-4.5	-1.3	-1.0	**-7.5**
Carrying amount	**70.1**	**20.1**	**51.5**	**6.5**	**1.9**	**150.1**
Financial year 2019						
Carrying amount brought forward	**70.1**	**20.1**	**51.5**	**6.5**	**1.9**	**150.1**
Exchange differences	0.4	0.1	0.4	0.0	-0.3	**0.6**
Acquisitions					0.7	**0.7**
Through acquired business	1.0	0.0	0.0	0.0	0.1	**1.1**
Reclassifications					0.0	**0.0**
Writedown	-0.3				-0.4	**-0.7**
Disposals						**-**
Amortisations	0.0	0.0	-4.7	-0.9	-0.9	**-6.5**
Carrying amount carried forward	**71.2**	**20.2**	**47.2**	**5.6**	**1.1**	**145.3**
As of December 31, 2019						
Acquisition cost	72.1	20.2	56.4	7.8	11.9	**168.4**
Accumulated depreciations/ write-downs	-0.9	0.0	-9.2	-2.2	-10.8	**-23.1**
Carrying amount	**71.2**	**20.2**	**47.2**	**5.6**	**1.1**	**145.3**
Financial year 2020						
Carrying amount brought forward	**71.2**	**20.2**	**47.2**	**5.6**	**1.1**	**145.3**
Exchange differences	-1.2	-0.3	-1.5	0.0	0.0	**-3.0**
Acquisitions					1.7	**1.7**
Through acquired business	13.9	1.4	9.2	1.2	0.0	**25.7**
Reclassifications	0.0			0.0		**0.0**
Writedown	0.0				0.0	**0.0**
Disposals						**-**
Amortisations			-4.8	-1.0	-0.5	**-6.4**
Carrying amount carried forward	**83.8**	**21.3**	**50.1**	**5.8**	**2.2**	**163.3**
As of December 31, 2020						
Acquisition costs	85.1	21.3	64.1	9.0	13.6	**193.1**
Accumulated depreciations/ write-downs	-1.2	0.0	-14.0	-3.2	-11.4	**-29.8**
Carrying amount	**83.8**	**21.3**	**50.1**	**5.8**	**2.2**	**163.3**

Of the amortisations above, EUR 0.0 million in 2020 (0.0) was attributable to leases. The carrying amount of capitalised leases as of December 31, 2020 was EUR 0.0 million (0.0).

Considerations of impairment need for goodwill and trademark

Goodwill and trademarks have indefinite useful lives and are monitored by the executive management by each cash generating unit. Goodwill and trademarks divided by cash generating units are summarised as follows:

Goodwill MEUR	2020-12-31	2019-12-31
RAW	10.9	10.7
Insulation Sweden	2.9	0.0
Insulation Finland	0.7	0.7
Insulation Norway	2.9	-
Insulation Netherlands	20.9	21.0
Packaging & Components Sweden	2.9	2.8
Packaging & Components Denmark	2.9	2.8
Packaging & Components Netherlands	1.7	1.7
Packaging & Components Norway	30.7	25.1
Packaging & Components Portugal & Spain	5.4	5.4
Segment Unallocated (Circular business)	1.8	1.0
Total	**83.8**	**71.2**

Trademarks MEUR	2020-12-31	2019-12-31
RAW	0.6	0.6
Insulation Netherlands	5.9	5.9
Insulation Norway	0.4	0.0
Packaging & Components Denmark	5.1	5.1
Packaging & Components Netherlands	2.3	2.3
Packaging & Components Norway	6.0	5.2
Packaging & Components Portugal & Spain	1.1	1.1
Total	**21.3**	**20.2**

The assumptions used for calculating the value in use are the same for goodwill and trademarks. The executive management has assessed that revenue growth, operating margin, discount rate and long-term growth are the most critical assumptions in the impairment assessment. The recoverable amount has been assessed based on estimates of the value in use. The estimates are based on future estimated cash flow before tax based on financial budgets and business plans for the next year, approved by the senior executives, and extrapolated for an additional four-year period, assuming a prudent increase in both revenue and costs of 2.0%. The estimates are based on the executive management's experience and historical data. The discount rate after tax amounts to 8.0% (7.3%).

The long-term sustainable growth rate has been estimated at 2% (2%) for all cash generating units and has been assessed in accordance with industry forecasts. No impairment of goodwill or intangible fixed assets was identified in 2020. A change in the discount rate of 1% or reduced cash flow of 10% would not change the outcome of the test. Tangible fixed assets of EUR 1.2 million were written down in 2020, based on an individual assessment, and was mainly attributable to the closure of an Insulation facility in Sweden and the transfer of operations to the facility in Norrköping, Sweden. Following the restructuring of the Insulation business in Sweden, goodwill of SEK 2.8 million attributable to the insulation business in Sweden, was written down in 2019. In addition, EUR 0.3 million attributable to software licenses and other intangible assets related to IT infrastructure was written down in 2019.

NOTE 13 TANGIBLE ASSETS

MEUR	Buildings and land	Plant and other technical machinery	Equipment, tools, fixtures and fittings	Construction in progress and advance payments for property, plant and equipment	Total
As of January 1, 2019					
Acquisition costs	71.4	218.7	22.0	10.1	**322.2**
Accumulated depreciations	-32.8	-154.6	-15.4	0.0	**-202.8**
Carrying amount	**38.6**	**64.1**	**6.6**	**10.1**	**119.3**
Financial year 2019					
Carrying amount brought forward	**38.6**	**64.1**	**6.6**	**10.1**	**119.3**
Change of accounting method	28.8	1.3	2.8	0.0	**32.9**
Exchange difference	-0.4	0.4	0.0	-0.2	**-0.2**
Acquisitions	1.2	17.1	2.4	3.9	**24.6**
Capitalised leases	0.3	0.4	1.5	0.0	**2.3**
Through acquired business	0.0	0.4	0.0	0.0	**0.4**
Write-downs	0.0	-0.2	0.0	0.0	**-0.2**
Reclassifications	0.0	0.0	0.0	-10.6	**-10.6**
Disposals	0.0	-0.1	0.0	0.0	**-0.2**
Depreciations	-5.5	-11.8	-2.9	0.0	**-20.2**
Carrying amount carried forward	**63.0**	**71.5**	**10.5**	**3.2**	**148.2**
As of December 31, 2019					
Acquisition costs	101.0	238.8	28.1	3.2	**371.1**
Accumulated depreciations	-38.0	-167.3	-17.6	0.0	**-222.9**
Carrying amount	**63.0**	**71.5**	**10.5**	**3.2**	**148.2**
Financial year 2020					
Carrying amount brought forward	**63.0**	**71.5**	**10.5**	**3.2**	**148.2**
Exchange difference	0.6	-0.6	-0.1	0.0	**-0.1**
Acquisitions	1.2	15.8	1.2	7.3	**25.4**
Capitalised leases	21.4	0.0	1.3	0.0	**22.6**
Through acquired business	19.6	7.5	0.6	0.0	**27.7**
Write-downs	-0.7	-0.4	0.0	-0.1	**-1.2**
Reclassifications	0.1	0.2	0.2	-0.9	**-0.4**
Disposals	-28.7	-0.1	-0.4	-0.1	**-29.3**
Depreciations	-6.4	-13.1	-3.2	0.0	**-22.7**
Carrying amount carried forward	**70.0**	**80.8**	**10.2**	**9.3**	**170.2**
As of December 31, 2020					
Acquisition costs	89.3	255.0	30.5	9.4	**384.2**
Accumulated depreciations	-19.3	-174.3	-20.4	-0.1	**-214.0**
Carrying amount	**70.0**	**80.8**	**10.2**	**9.3**	**170.2**
Amounts above attributable to leases:					
Depreciations 2020	-4.7	-2.8	-1.5		**-9.0**
Of which is attributable to IFRS 16	-4.7	-0.5	-1.4		**-6.6**
Carrying amount December 31, 2020	55.8	6.7	3.3		**65.8**
Of which is attributable to IFRS 16	55.4	0.7	3.2		**59.3**
Depreciations 2019	-3.5	-1.7	-1.4		**-6.7**
Of which is attributable to IFRS 16	-3.5	-0.6	-1.4		**-5.4**
Carrying amount December 31, 2019	25.3	5.4	3.1		**33.8**
Of which is attributable to IFRS 16	24.9	1.2	3.0		**29.1**

NOTE 14 BUSINESS ACQUISITIONS

Cash flow from acquisition of business

MEUR	2020	2019
Cash consideration	-13.5	-2.2
Cash in acquired business	2.7	0.2
Settlement additional purchase price and contingent consideration	-	-0.3
Total cash out/-inflow	**-10.8**	**-2.3**

BUSINESS ACQUISITIONS DURING THE YEAR

BEWi Drift Holding AS (BDH)

On 17 August 2020, BEWiSynbra announced the acquisition of BEWi Drift Holding AS (BDH), a Norwegian supplier of packaging products for use on land and at sea and solutions for insulation. BDH was acquired from BEWi Holding AS, a company owned by members of the Bekken family, the major shareholder of the parent company BEWI ASA, as further described in note 28 Related parties. The acquisition provides an expanded product portfolio and geographic reach to the Group. In 2019, BDH's revenue and EBITDA were approximately NOK 850 million and NOK 55 million (local GAAP) respectively. The consideration for the share was paid in a combination of cash, settlement of receivable and new shares issued. A provision for an additional purchase price adjustment of EUR 2.3 million, based on final EBITDA in BDH in 2020 (compared to preliminary EBITDA), has been made post-acquisition. EUR 21.1 million in external loans were settled in connection with the acquisition. The purchase price and fair value of assets and liabilities acquired are presented in the table below. The main fair value adjustment was related to trademark, customer relations, technology and property, plant and equipment. The company is consolidated from 1 August and the preliminary acquisition analysis gave rise to goodwill of EUR 9.9 million, which is related to synergies, such as future market growth opportunities and future cost savings. Goodwill is not tax-deductible. Until 31 December, the BDH had contributed EUR 34.8 million to the Group's net sales, EUR 3.5 million to adjusted EBITDA and EUR 1.8 million to EBIT. If the acquisition of BDH had taken place on the 1st of January BDH would have contributed to the Group's net sales with EUR 84.9 million, EUR 7.0 million to adjusted EBITDA and EUR 4.0 million to EBIT. Transaction costs amounted to EUR 0.3 million.

MEUR	
Issue in kind	9.5
Cash consideration	5.1
Settlement receivable	0.5
Estimated additional purchase price	2.3
Total purchase price	**17.4**
Recognised amount of identifiable assets and acquired liabilities assumed	
Trademark	1.4
Customer relations	9.2
Technology	1.2
Property, plant and equipment	20.7
Other fixed assets	0.9
Inventory	16.6
Current receivables	11.3
Cash and cash equivalents	1.8
Non-current liabilities	-36.1
Deferred tax receivables	-2.9
Current liabilities	-15.5
Total identifiable net assets	**8.6**
Liabilities to non-controlling interests	1.1
Goodwill	9.9
Cash and cash equivalents in acquired business	1.8
Total cash outflow from acquisition of business	**-3.2**

Other acquisitions

On 9 January, BEWiSynbra announced that the Company had agreed to acquire an insulation facility in the Swedish city of Norrköping and on February 28, the deal was closed through the acquisition of Ravago Building Solutions Nordic AB. The company had a turnover of SEK 133 million and an EBITDA of SEK -9 million in 2019. Through the acquisition, which supports the strategy to strengthen the position in the Nordic insulation market, the Group will get access to high volumes of XPS, enabling to offer a combination of EPS and XPS to customers. At the same time, it was announced that the production facility in Norrtälje will be closed early 2021. The consideration was paid in cash. The company is consolidated from the date of acquisition and the preliminary acquisition analysis gave rise to goodwill of EUR 2.8 million, related to synergies and growth opportunities in the market from a stronger product portfolio and combination of offerings to customers. Goodwill is not tax deductible.

On 28 February, BEWiSynbra announced that the Company had agreed to acquire 75 per cent of the Dutch company De Wijs-van Loon BV including its subsidiary Poredo BV. De Wijs-van Loon BV is a company at the forefront of converted recycled EPS. The consideration was paid in cash and gave rise to minor goodwill. The company is consolidated from the date of acquisition.

On 10 June, BEWiSynbra announced that the Company had agreed to acquire certain assets deriving from the Danish recycling company EPS-Recycle, thereby establishing the recycling company BEWiSynbra Circular Denmark A/S.

On 22 December, BEWiSynbra acquired the remaining 49% in Euerc A/S and now owns 100% of the company.

The combined purchase price and fair value of assets and liabilities acquired in these other acquisitions are presented in the table below. Until 31 December, these other acquisitions had contributed EUR 8.8 million to the Group's net sales, EUR 0.9 million to adjusted EBITDA and EUR 0.2 million to EBIT. If these acquisitions had taken place on the 1st of January these companies would have contributed to the Group's net sales with EUR 10.5 million, EUR 6.0 million to adjusted EBITDA and EUR -0.2 million to EBIT. Transaction costs amounted to EUR 0.2 million.

MEUR	
Cash consideration	8.4
Total purchase price	**8.4**
Recognised amount of identifiable assets and acquired liabilities assumed	
Property, plant and equipment	7.4
Inventory	2.7
Current receivables	0.9
Cash and cash equivalents	0.8
Non-current liabilities	-4.4
Deferred tax receivables	-0.9
Current liabilities	-1.8
Total identifiable net assets	**4.7**
Goodwill	3.6
Cash and cash equivalents in acquired business	0.8
Total cash outflow from acquisition of business	**-7.6**

*The acquisition analyses is preliminary

NOTE 15 SHARES IN ASSOCIATES

Name	Carrying amount Dec 31, 2019	Acquisitions during the year	Dividend	Share of income	Exchange difference	Carrying amount Dec 31, 2020
HIRSCH Porozell GmbH	**1.3**	-	-0.5	1.6	-	**2.4**
HIRSCH France SAS	**0.2**	1.7	-	3.5	-	**5.4**
Jablite Group Ltd	**-**	0.3	-	-0.2	0.0	**0.1**
Total	**1.5**	**2.0**	**-0.5**	**4.9**	**0.0**	**8.0**

Name	Carrying amount Dec 31, 2018	Acquisitions during the year	Merger	Share of income	Exchange difference	Carrying amount Dec 31, 2019
Isobouw GmbH	**0.5**	0.1	-0.6	-	-	**-**
HIRSCH Porozell GmbH	**0.1**	-	0.6	0.6	-	**1.3**
HIRSCH France SAS	**-**	0.2	-	-	-	**0.2**
Total	**0.6**	**0.3**	**-**	**0.6**	**-**	**1.5**

Share of income from HIRSCH France SAS in 2020 includes a positive amount of EUR 3.5 million, corresponding to BEWiSynbra's share of reversal of negative goodwill. The negative goodwill arose when HIRSCH France SAS acquired the business located at the six production sites that the company runs. The seller had decided to divest its EPS business in France. Local management has performed a purchase price allocation and for this purpose obtained an external valuation of real estate, the biggest portion of the assets acquire. BEWiSynbra has performed an independent assessment of the components of the purchase price allocation.

Non-current receivables associates	**Dec 31, 2020**	**Dec 31, 2019**
As of January 1	**2.5**	**-**
Loans granted	3.1	2.5
Converted to equity	-1.7	-
As of December 31	**3.9**	**2.5**

BEWiSynbra holds a receivable from Hirsch France SAS of EUR 2.3 million, carrying an interest of 6 month Euribor, with a zero interest rate floor, plus a margin of 5.0%. BEWiSynbra also holds a receivable from Jablite Group Ltd, carrying an interest of 4% over the base rate of the bank of England.

Summarised financial information for associates 2020	**Net sales**	**EBITDA**	**Operating profit (EBIT)**	**Net income**
IsoBouW GmbH	87.0	10.3	7.4	4.6
HIRSCH France SAS	62.6	1.9	1.2	0.0
Jablite Group Ltd	17.0	1.1	-0.4	-0.5

Dec 31, 2020	**Non-current assets**	**Current assets**	**Non-current liabilities**	**Current liabilities**	**Net debt**
IsoBouW GmbH	29.2	35.2	12.6	29.2	13.6
HIRSCH France SAS	34.3	30.5	31.7	17.4	13.6
Jablite Group Ltd	2.0	9.1	5.6	4.6	5.0

* EBITDA, EBIT and net income for HIRSCH France SAS in the table above do not include EUR 10.3 million in reversal of negative goodwill, which impacted the results of the company positively in 2020. BEWiSynbra's share of that, EUR 3.5 million, is however included in the share of income from associates reported for 2020. The balance sheets items in the table above are also adjusted to reflect adjustments made by BEWiSynbra Group when the associates are included in the consolidated accounts by applying the equity method. The balance sheets in the statutory accounts for these companies will therefore deviate to the table above for some of the items.

Isobouw GmbH (34% ownership)
In connection with the acquisition of Synbra in 2018, 66% of Synbra's shares in the German company Isobouw GmbH was divested to Hirsch Servo Group. At the same time, BEWiSynbra Group obtained 34% in the newly incorporated company Hirsch Porozell GmbH, which acquired Saint Gobain's insulation operations at four sites in Germany. The other 66% is held by Hirsch Servo Group. In 2019, Isobouw GmbH was merged into Hirsch Porozell GmbH and the combined company now operates six insulation production sites in Germany.

Hirsch France SAS (34% ownership)
On 31 December 2019, BEWiSynbra Group, together with Hirsch Servo Group, closed a deal in which six insulation production sites in France and 49.9% of the shares in the French company Issosol SAS were acquired from Placopatre SA, a subsidiary of Saint Gobain. The acquisitions are done through a newly incorporated French company, Hirsch France SAS, 34% owned by BEWiSynbra Group and 66% owned by Hirsch Servo Group.

Jablite Group Ltd (49% ownership)
In June 2020, BEWiSynbra invested 49% in a newly established company, Jablite Group Ltd, which is operating three production sites in the UK.

NOTE 16 FINANCIAL INSTRUMENTS PER CATEGORY

December 31, 2020 MEUR	Financial assets measured at fair value through profit and loss	Financial assets measured at amortised cost	Total
Balance sheet assets			
Other long-term receivables	-	4.1	**4.1**
Participations in other companies	9.9	-	**9.9**
Accounts receivables	-	58.9	**58.9**
Cash and cash equivalents	-	44.2	**44.2**
Total	**9.9**	**107.2**	**117.1**

December 31, 2020 MEUR	Financial liabilities measured at fair value through profit and loss	Financial liabilities measured at amortised cost	Total
Balance sheet liabilities			
Non-current bond loan	-	137.9	**137.9**
Non-current liabilities to credit institutions	-	1.0	**1.0**
Non-current liabilities leases	-	69.2	**69.2**
Current bond loan	-	-	**-**
Current bearing liabilities to credit institutions	-	0.8	**0.8**
Overdraft facility	-	0.4	**0.4**
Current liabilities leases	-	12.3	**12.3**
Current derivative liability	0.9	-	**0.9**
Account payables	-	54.5	**54.5**
Total	**0.9**	**276.1**	**277.1**

December 31, 2019 MEUR	Financial assets measured at fair value through profit and loss	Financial assets measured at amortised cost	Total
Balance sheet assets			
Other long-term receivables	-	2.6	**2.6**
Participations in other companies	0.2	-	**0.2**
Accounts receivables	-	41.5	**41.5**
Cash and cash equivalents	-	56.3	**56.3**
Total	**0.2**	**100.3**	**100.6**

December 31, 2019 MEUR	Financial liabilities valued at fair value through profit and loss	Financial liabilities measured at amortised cost	Total
Balance sheet liabilities			
Non-current bond loan	-	137.4	**137.4**
Non-current liabilities to credit institutions	-	1.2	**1.2**
Non-current liabilities leases	-	28.7	**28.7**
Current bond loan	-	14.7	**14.7**
Current bearing liabilities to credit institutions	-	0.6	**0.6**
Factoring debt	-	0.8	**0.8**
Current liabilities leases	-	7.4	**7.4**
Current derivative liability	0.5	-	**0.5**
Account payables	-	45.0	**45.0**
Total	**0.5**	**235.7**	**236.2**

NOTE 17 ACCOUNTS RECEIVABLE

MEUR	2020-12-31	2019-12-31
Accounts receivable	59.6	42.0
Deducted: provisions for impairment for doubtful receivables	-0.7	-0.5
Accounts receivable – net	**58.9**	**41.5**

The ageing analysis of all account receivables is clear from below:

MEUR	2020-12-31	2019-12-31
Not yet matured	52.9	35.3
1-30 days	4.4	3.8
31-60	1.2	1.6
> 61 days	1.1	1.4
Deducted: provisions for impairment for doubtful receivables	-0.7	-0.5
Accounts receivable – net	**58.9**	**41.5**

MEUR	2020-12-31	2019-12-31
Matured accounts receivable not part of the provisions for impairment for doubtful receivables	5.9	6.2

Carrying amounts, per currency, for accounts receivable and other receivables are the following:

MEUR	2020-12-31	2019-12-31
SEK	6.7	5.4
EUR	28.9	23.8
GBP	0.5	0.6
NOK	11.7	3.7
DKK	9.6	8.0
ISK	1.1	-
Other	0.4	-
	58.9	**41.5**

The Group is applying the simplified approach for estimating credit losses. Estimated life-time cash shortfalls is the basis for calculating credit losses for accounts receivable. For this purpose, accounts receivables are grouped based on certain characteristics. BEWiSynbra's principles for writing off accounts receivables are based on prerequisites such as insolvency, failed legal and other collection processes, credit risk assessments based on credit information provided by credit agencies, identified payment behavior, company specific information such as changes in company management or lost contracts and macro-economic outlook for industries and countries. Credit losses on accounts receivables are reported in operating income. Reversals of prior credit losses are also reported in operating income.

NOTE 18 INVENTORY

The expenditure for inventory carried as an expense forms part of the items raw materials and consumables and goods for resale in the income statement and amounts to EUR 216,3 million (EUR 211.9 million).

EUR 0,1 million (EUR 0.0 million) was expensed as write-downs of inventory in 2020. The Group reversed EUR 0,1 million (EUR 0.1 million) in 2020 of earlier write-downs of the inventory. The expense and reversed amount is reported in the item raw materials and consumables in the income statement.

NOTE 19 PREPAID EXPENSES AND ACCRUED INCOME

MEUR	Dec 31, 2020	Dec 31, 2019
Prepaid energy tax expenses	0.5	0.5
Prepaid rent for premises	0.9	0.2
Prepaid insurance charges	-	0.0
Accrued bonus and discounts	0.1	0.1
Other items	1.2	0.6
Total	**2.7**	**1.4**

NOTE 20 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following, on the balance sheet as well as in the cash flow statement:

MEUR	Dec 31, 2020	Dec 31, 2019
Bank balances	44.2	56.3

EUR 15.6 million of bank balances as of December 31, 2019 was short-term placed on blocked account to be used for the settlement of the remaining portion of the bond that expired in 2020.

NOTE 21 SHARE CAPITAL

The number of shares as of 31 December 2020 amounted to 143,943,671 with the quota value of 0.0097 SEK. Shares entitles to one vote. All shares issued by the Parent Company are fully paid.

Fully paid ordinary share	Date of decision	Changes in number of shares	Change in share capital	Total number of shares	Total share capital (SEK)	Par value (SEK)
As of Dec 31, 2018				138,937,980	1,347,209	0.009696
As of Dec 31, 2019				138,937,980	1,347,209	0.009696
	Aug 17, 2020	5,005,691	48,538	143,943,671	1,395,747	0.009696
As of Dec 31, 2020				143,943,671	1,395,747	0.009696

On 17 August 2020, an extraordinary general meeting decided on a directed share issue of SEK 97 million, the equivalent of EUR 9.5 million, through the issuance of 5,005, 691 new shares, as part of the consideration to acquire BEWi Drift Holding AS. On 21 August 2020, BEWiSynbra Group AB was acquired by a newly established parent company in Norway, BEWI ASA, in a share exchange in which each share in BEWiSynbra Group AB entitled the shareholders to a new share in BEWI ASA.

NOTE 22 BORROWINGS

Interest-bearing liabilities MEUR	Dec 31, 2020	Dec 31, 2019
Non-current		
Bond loan	137.9	137.4
Liabilities to credit institutions	1.0	1.2
Liabilities leases	69.2	28.7
Total long-term borrowings	**208.1**	**167.2**
Current		
Bond loan	-	14.7
Liabilities to credit institutions	0.8	0.6
Liabilities leases	12.3	7.4
Factoring debt	-	0.8
Overdraft	0.4	-
Total current borrowings	**13.5**	**23.4**
Total borrowings	**221.6**	**190.7**

Impact from transition to IFRS 16 MEUR	Dec 31, 2019
Non-current leasing liabilities	
Financial leasing liabilities in IAS 17	1.7
Additional leasing liabilities following IFRS 16	27.0
Total non-current leasing liabilities	**28.7**
Current leasing liabilities	
Financial leasing liabilities in IAS 17	1.5
Additional leasing liabilities following IFRS 16	5.9
Total non-current leasing liabilities	**7.4**

As from January 1, 2019 the Group applies IFRS 16 for virtually all leasing contracts (exception for short-term and variable leases and for low value assets). As a consequence, interest-bearing liabilities increased substantially in 2019.

Specification of net debt

Net debt by the end of the reporting period MEUR	Dec 31, 2020	Dec 31, 2019
Interest-bearing liabilities	221.6	190.7
Cash and cash equivalents	-44.2	-56.3
Net debt in including IFRS 16	**177.4**	**134.4**
Substracting IFRS 16 leasing liabilities	-78.5	-32.9
Net debt excluding IFRS 16	**98.9**	**101.5**

Change in net debt MEUR	Dec 31, 2020	Dec 31, 2019
Change in interest-bearing liabilities	30.9	58.5
Change in cash and cash equivalents		
Impact from cash flow for the period	11.9	-32.9
Impact from exchange differences	0.2	-0.5
Change in net debt including IFRS 16	**43.0**	**25.1**
Adding back change in IFRS 16 leasing liabilities	-45.6	-32.9
Change in net debt excluding IFRS 16	**-2.6**	**-7.8**

Change in interest-bearing liabilities	Bond loan	Liabilities to credit institutions	Liabilities leasing	Factoring debt	Overdraft	Total
Interest-bearing liabilities as of December 31, 2019	**152.1**	**1.8**	**36.1**	**0.8**	**-**	**190.7**
Cash flow affecting changes						
Borrowings	-	-	-	-	0.4	**0.4**
Repayment of loans	-14.8	-26.3	-	-0.8	-	**-41.9**
Repayment of leasing liabilities	-	-	-7.6	-	-	**-7.6**
Total cash flow in financing activities	**-14.8**	**-26.3**	**-7.6**	**-0.8**	**0.4**	**-49.1**
Changes not affecting cash flow						
Through acquisitions	-	26.6	15.4	-	-	**42.0**
Capitalised leasing	-	-	37.0	-	-	**37.0**
Amortisation financing costs	1.2	-	-	-	-	**1.2**
Exchange differences	-0.6	-0.3	0.6	-	-	**-0.3**
Total changes not affecting cash flow	**0.6**	**26.3**	**53.0**	**-**	**-**	**80.0**
Total change	**-14.2**	**-**	**45.4**	**-0.8**	**0.4**	**30.9**
Interest-bearing liabilities as of December 31, 2020	**137.9**	**1.8**	**81.5**	**-**	**0.4**	**221.6**

Change in interest-bearing liabilities	Bond loan	Liabilities to credit institutions	Liabilities leasing	Factoring debt	Liabilities to non-controlling holders	Total
Interest-bearing liabilities as of December 31, 2018	**125.6**	**2.1**	**3.7**	**0.7**	**0.1**	**132.2**
Cash flow affecting changes						
Borrowings	65.5	-	-	0.1	-	**65.6**
Transaction/financing costs borrowing	-1.1	-	-	-	-	**-1.1**
Repayment of loans	-37.3	-1.8	-	-	-0.1	**-39.2**
Repayment of leasing liabilities	-	-	-5.6	-	-	**-5.6**
Total cash flow in financing activities	**27.1**	**-1.8**	**-5.6**	**0.1**	**-0.1**	**19.7**
Changes not affecting cash flow						
Through acquisitions	-	1.3	0.1	-	-	**1.4**
Change in accounting principles	-	-	34.4	-	-	**34.4**
Capitalised leasing	-	-	2.5	-	-	**2.5**
Amortisation financing costs	1.3	-	-	-	-	**1.3**
Exchange differences	-1.9	0.1	1.0	-	-	**-0.8**
Total changes not affecting cash flow	**-0.6**	**1.4**	**38.0**	**-**	**-**	**38.8**
Total change	**26.5**	**-0.4**	**32.4**	**0.1**	**-0.1**	**58.5**
Interest-bearing liabilities as of December 31, 2019	**152.1**	**1.8**	**36.1**	**0.8**	**-**	**190.7**

The currency interest swap entered into in connection with the bond issue in 2017, to hedge the EUR exposure on intra-group lending, was settled in November 2019 at a cost of EUR 3.6 million, of which EUR 3.5 million is impacting cash flow from financing activities and EUR 0.1 million, related to interest and transaction fees, is impacting cash flow from interest paid and financing costs.

Bond loans

Frame	Amount outstanding	Date of issuance	Maturity date
EUR 100 million	EUR 75 million	April 19, 2018	April 19, 2022
EUR 115 Million	EUR 65 million	November 22, 2019	November 22, 2023

As of 31 December 2020, the parent company had two bond loans outstanding. SEK 155 million outstanding as of 31 December 2019 of the SEK 550 million bond, issued in 2017, was fully redeemed on 3 April 2020.

The bonds are recognized under the effective interest method at amortized cost after deductions for transaction costs. Interest terms, as well as nominal interest rates and average interest rates recognized are presented in the table below.

		Nominal interest		Average interest	
Bond loan	**Interest terms**	**2020**	**2019**	**2020**	**2019**
EUR 75 million	Euribor 3 m + 4.75%	4.24-4.50%	4.29-4.44%	5.32%	5.61%
EUR 65 million	Euribor 3 m + 3.40%	2.89-3.18%	2.99%	3.70%	3.56%

Liabilities to credit institutions and factoring debt

Interest-bearing liabilities in acquired subsidiaries are normally settled and refinanced internally after the acquisition. However, a few liabilities to credit institutions and factoring debt in companies acquired have not been subject refinancing post acquisition. Such liabilities to credit institutions and factoring debt have carried an interest in the range of 1.5-6.0% during 2020 (1.5-5.2%).

Liabilities leases

For leases capitalised in accordance with IFRS 16, the interest rates used for discounting the future lease payments have been based on the Group's bond trading and Euro benchmark spreads, adjusted for the fact that the lease liabilities are repaid over the lease-term in contrast to the bonds that are repaid in full at maturity. Each company or relevant business unit has been given a credit rating, derived from certain financial KPI's, based on Moody's methodology. These ratings have been applied to the spreads to arrive at the discount rates. Depending on the lease-term and the rating, the discount rates vary from 4.0-6.3% for contracts maturing within 1-3 years to 4.4-12.9% for contracts maturing after 10 years. For lease contracts already capitalised in accordance with IAS 17 prior to the transition to IFRS 16, the discount rates have remained unchanged and range from 3.25-7.0%, corresponding to the implicit rates of the contracts.

Overdraft facility

The Group has been granted an overdraft facility, a super senior revolving credit facility, with a credit limit of SEK 375 million (raised by SEK 100 million in 2020), within a multi-currency cash pool provided by the Group's main bank. Interest is charged for net overdraft in any currency, with interest rate adjusted for the leverage of the Group, based on predefined thresholds. Leverage is calculated as net debt divided by adjusted EBITDA (as defined in the revolving credit facility agreement). In 2020, the interest rate amounted to 1.25-1.50% on overdraft, plus 0.5% on any unused credit facility.

MEUR	Dec 31, 2020	Dec 31, 2019
Overdraft facility	375.0	275.0
Overdraft utilised	0.4	-

Covenants and security provided

The revolving credit facility agreement and the terms and conditions for the bond loans state certain covenants that the Group has to comply with, referred to as Leverage Ratio and Interest Coverage Ratio. Leverage Ratio is defined as net debt to EBITDA and Interest Coverage Ratio as EBITDA to net finance charges, where both EBITDA and net finance charges are adjusted. EBITDA is adjusted for non-recurring items, as defined in the loan agreements. The impact of IFRS 16 on net debt and EBITDA is excluded in the covenant calculation in the revolving credit facility agreement. Compliance with the covenants is calculated on a regular basis with the respect to the revolving credit facility agreement, whereas compliance in the bond loan agreements is triggered by certain events, such as new financial indebtedness. In addition to the above mentioned covenants, a reconciliation is once a year made between EBITDA, net sales and total assets for those Group companies subject to pledges in the loan agreements (see below) and the total EBITDA, net sales and assets for the Group. The Group has not been in breach of any covenants in 2020 or 2019.

Security for the revolving credit facility and the bond loans granted have been provided in the form of business mortgages, pledged shares in subsidiaries and material intra-group loans to subsidiaries. The revolving credit facility is a super senior credit facility and the bond loans are subordinated the revolving credit facility. The value at the balance sheet day of the securities provided, is presented in note 27 Pledged assets.

Currency exposure

Carrying amounts per currency (in millions) for the Group's interest-bearing liabilities are as follows:

	2020-12-31		2019-12-31	
MEUR	**Incl. IFRS 16**	**Excl. IFRS 16**	**Incl. IFRS 16**	**Excl. IFRS 16**
SEK	9.7	0.7	19.9	13.4
EUR	168.4	139.2	148.8	141.9
NOK	26.6	2.5	13.9	2.3
DKK	16.2	0.1	8.1	0.2
ISK	0.7	0.7	-	-

Maturity

The tables below presents the maturity of the discounted cash flows of the Group's interest-bearing liabilities.

As of December 31, 2020	< 1 yr.	1-2 yr.	2-5 yr.	> 5 yr.
Bond loans	-	74.1	63.8	-
Liabilities to credit institutions	0.8	0.7	0.1	0.2
Liabilities leases according to definition in IAS 17	1.3	1.0	0.6	0.1
Additional liabilities leases due to IFRS 16	11.1	9.7	22.9	34.8
Overdraft	0.4	-	-	-
Total	**13.6**	**85.5**	**87.4**	**35.1**

As of December 31, 2019	< 1 yr.	1-2 yr.	2-5 yr.	> 5 yr.
Bond loans	14.7	-	137.4	-
Liabilities to credit institutions	0.6	1.2	-	-
Liabilities leases according to definition in IAS 17	1.4	0.9	0.7	-
Additional liabilities leases due to IFRS 16	5.9	5.0	10.4	11.6
Factoring debt	0.8	-	-	-
Total	**23.4**	**7.1**	**148.6**	**11.6**

NOTE 23 PENSIONS AND SIMILAR OBLIGATIONS TO EMPLOYEES

The Group provides defined benefit pension plans in Finland, Norway and in the UK. The defined benefit pension plans in the UK, which are closed for new participants, originate from the acquisition of Synbra and are related to Synbra's previous operations in the UK. Due to contractual obligations, the Group had to pay a lump sum to the UK funds in 2018, following the change of ownership of Synbra. As a result, the fair value of plan assets in one of the funds exceed the present value of the pension obligation and a net pension asset is recognised on the balance sheet. The net pension asset is not subject to asset ceiling limitations.

The defined benefit pension obligations, calculated in accordance with the Projected Unit Credit Method, are, among other things, based on estimated salary increases, apart from the UK funds, which are closed for new participants and where the existing participants are no longer employed by the Group. In addition to the defined benefit pension plans, the Group also provides other long-term benefits in the Netherlands through a so called Jubilee plan, which entitles the participants salary benefits for long-term service. The Jubilee plan is calculated in accordance with the Projected Unit Credit Method and is presented below as Other long-term benefits.

The amounts reported on the balance sheet have been calculated as follows:

	Defined benefit pension plans		Other long-term benefits	
MEUR	**Dec 31, 2020**	**Dec 31, 2019**	**Dec 31, 2020**	**Dec 31, 2019**
Present value of funded obligations	-50.7	-51.8	-	-
Fair value of plan assets	52.5	53.3	-	-
	1.8	**1.5**	**-**	**-**
Present value of unfunded obligations	0.0	-	-1.1	-1.1
Net asset(+)/liability(-) as of 31 December	**1.8**	**1.5**	**1.1**	**-1.1**
Net pension asset				
United Kingdom	3.2	3.0	-	-
	3.2	**3.0**	**-**	**-**
Pension obligations and other long-term benefits				
Netherlands	-	-	-1.1	-1.1
Finland	-0.4	-0.4	-	-
Norway	0.0	-	-	-
United Kingdom	-1.0	-1.1	-	-
	-1.4	**-1.5**	**-1.1**	**-1.1**

The amounts reported on the balance sheet and changes in the defined benefit pension plans during the year are as follows:

	Defined benefit pension plans		Other long-term benefits	
	2020	**2019**	**2020**	**2019**
Costs of service during the current year	-0.1	-0.1	0.0	-0.1
Past service cost	0.0	0.1	-	-
Net Interest income/expense	0.0	0.1	0.0	0.0
Total reported in the income statement	**-0.1**	**0.1**	**0.0**	**-0.1**
Return on plan assets excluding amounts included in interest expenses/income	2.7	3.3	-	-
Actuarial gains/losses from changes in demographic assumptions	1.3	0.0	-	-
Actuarial gains/losses from changes in financial assumptions	-4.4	-4.5	-	-
Experience based gains/losses	0.4	0.0	-	-
Total reported in other comprehensive income	**0.0**	**-1.2**	**-**	**-**

	Defined benefit pension plans		Other long-term benefits	
Change in present value of the obligation	**Dec 31, 2020**	**Dec 31, 2019**	**Dec 31, 2020**	**Dec 31, 2019**
As of January 1	**-51.8**	**-45.6**	**-1.1**	**-1.1**
Through acquired business	-0.9	-	-	-
Current service cost	-0.1	-0.1	0.0	-0.1
Past service cost	0.0	0.1	-	-
Interest cost	-0.9	-1.2	0.0	0.0
Actuarial gains/losses	-2.7	-4.5	-	-
Benefits paid	2.9	1.9	0.0	0.1
Settlements	0.1	0.3	-	-
Exchange rate differences	2.7	-2.7	-	-
As of December 31	**-50.7**	**-51.8**	**-1.1**	**-1.1**

	Defined benefit pension plans		Other long-term benefits	
Change in fair value of plan assets	**Dec 31, 2020**	**Dec 31, 2019**	**Dec 31, 2020**	**Dec 31, 2019**
As of January 1	**53.3**	**47.8**	**-**	**-**
Through acquired business	0.9	-	-	-
Interest income	0.9	1.3	-	-
Return on plan assets excluding amounts included in interest expenses/income	2.7	3.3	-	-
Contributions by the employer	0.5	0.3	-	-
Benefits paid	-2.9	-1.9	-	-
Settlements	-0.1	-0.3	-	-
Exchange rate differences	-2.8	2.8	-	-
As of December 31	**52.5**	**53.3**	**-**	**-**

The most critical assumptions for the defined benefit pensions were:	**Dec 31, 2020**	**Dec 31, 2019**
United Kingdom		
Discount rate	2.00%	2.00%
Salary increase	n/a	n/a
Inflation (based on CPI and RPI assumption)	2.25-3.30%	2.25-3.30%
Pension increase (based on CPI and RPI assumptions)	1.85-3.15%	1.85-3.15%
Finland		
Discount rate	0.90%	0.90%
Salary increase	2.00%	2.00%
Inflation	1.30%	1.30%
Cost of living adjustments for pensions in payment	0.00%	0.00%
Norway		
Discount rate	1.70%	-
Salary increase	2.25%	-
G-regulering	2.20%	-

The range in assumed inflation in the United Kingdom reflects different assumptions used for CPI versus RPI. The range in assumed pension increase in the UK reflects different limits linked to years in which the pension was accrued and different inflation metrics applied for those limits.

The most critical assumptions for other long-term benefits were:	**Dec 31, 2020**	**Dec 31, 2019**
Discount rate	0.30%	0.45%
Salary increase	2.20%	2.20%

The sensitivity in the net defined benefit pension asset/liability for changes in essential assumptions are presented below (minus equals decrease in net asset/increase in net liability).

Change in fair value of plan assets MEUR	**Change**	**Increase in assumption**	**Decrease in assumption**
Discount rate	0.50%	3.3	-3.4
Salary increase	0.50%	0.0	0.0
Pension increase	0.25%	-2.4	2.5
Life expectancy	5.00%	-5.4	5.2

For the financial year of 2021, the defined pension plan fees are expected to amount to EUR 0.3 million.

Plan asset allocation	**Dec 31, 2020**	**Dec 31, 2019**
Bonds	8.8	28.9
Equities	10.1	6.2
Hedge funds and alternatives	28.1	13.9
Insurance contracts	3.0	2.6
Cash	2.5	1.7
Total	**52.5**	**53.3**

Analysis of expected undiscounted payments of defined benefits	**Dec 31, 2020**	**Dec 31, 2019**
Within 1 year	2.0	1.9
1-2 years	2.1	2.1
3-5 years	6.6	6.6
5 years or more	50.2	59.7

NOTE 24 OTHER PROVISIONS

MEUR	**Restoration of environment**	**Restructuring measures**	**Health benefits**	**Staff benefits**	**Guarantee**	**Total**
As of January 1, 2019	**0.1**	**0.2**	**0.1**	**0.0**	**0.1**	**0.5**
Reported in the income statement:						**0.0**
– additional provisions	0.0	-	-	-	0.2	**0.2**
– reversal of unutilized amount					0.0	**0.0**
Exchange differences	-	0.1	-	-	-	**0.1**
Utilised during the year	-	-0.2	-	0.0	0.0	**-0.2**
As of December 31, 2019	**0.1**	**0.1**	**0.1**	**0.0**	**0.3**	**0.6**

MEUR	**Restoration of environment**	**Restructuring measures**	**Health benefits**	**Staff benefits**	**Guarantee**	**Total**
As of January 1, 2020	**0.1**	**0.1**	**0.1**	**0.0**	**0.3**	**0.6**
Reported in the income statement:						
– additional provisions	0.0	0.7	-	-	0.1	**0.8**
– reversal of unutilized amount	-	-0.1	-	-	-0.1	**-0.1**
Exchange differences	-	0.0	-	-	-	**0.0**
Utilised during the year	-	-0.3	0.0	0.0	-0.3	**-0.6**
As of December 31, 2020	**0.1**	**0.4**	**0.1**	**0.0**	**0.1**	**0.7**

MSEK	**2020-12-31**	**2019-12-31**
Long-term provision	0.1	0.2
Short-term provision	0.5	0.4
Total provisions	**0.7**	**0.6**

NOTE 25 ACCRUED EXPENSES AND DEFERRED INCOME

MEUR	Dec 31, 2020	Dec 31, 2019
Accrued wage debt	1.9	2.5
Accrued social security fees	1.2	0.7
Accrued holiday pay including social security fees	10.3	6.7
Accrued customer bonuses	6.3	6.4
Accrued interest	0.8	0.8
Other items	5.6	4.6
Total	**26.2**	**21.7**

NOTE 26 CONTINGENT LIABILITIES

MEUR	Dec 31, 2020	Dec 31, 2019
Guarantees to suppliers	11.0	27.8
Total	**11.0**	**27.8**

NOTE 27 PLEDGED ASSETS

MEUR	Dec 31, 2020	Dec 31, 2019
Business mortgages	229.7	229.5
Pledged shares in subsidiaries	259.9	211.6
Total	**489.6**	**441.1**

Security for the revolving credit facility and the bond loans granted, further described in Note 22 Borrowings, have been provided in the form of business mortgages, pledged shares in subsidiaries and material intra-group loans to subsidiaries. The business mortgages in the table above correspond to the nominal values of those mortgages. The value of shares in subsidiaries pledged correspond to the net assets of subsidiaries and sub-groups, as reported in the consolidated accounts, representing a worst-case scenario. Intra-group loans pledged are eliminated in the consolidation and consequently not included in the table.

NOTE 28 RELATED PARTIES

BEWi ASA is the majority shareholder in BEWiSynbra Group. The Bekken family is a major shareholder in BEWi ASA through Frøya Invest AS, KMC Family AS and BEWi Holding AS.

The Bekken family is also involved in other business activities, such as property management, and is in that capacity owner of a number of production facilities in which BEWiSynbra runs operations.

Other related parties are the two 34% owned associated companies; Hirsch France SAS and Hirsch Porozell GmbH and the 49% owned associated company Jabalite Group Ltd. Transactions with those companies are presented in the tables below.

Information on remuneration of management and the Board of Directors is found in note 6.

Transactions impacting the income statement

MEUR	2020	2019
Sale of goods to:		
HIRSCH France SAS	5.1	-
HIRSCH Porozell GmbH	32.1	27.4
Jablite Group Ltd.	4.6	-
Total	**41.8**	**27.4**

MEUR	2020	2019
Purchase of goods from:		
Bekken owned companies	0.7	0.5
Total	**0.7**	**0.5**

MEUR	2020	2019
Interest Income from:		
Hirsch France SAS	0.1	-
Total	**0.1**	**-**

MEUR	2020	2019
Rental expenses to:		
Bekken owned companies	3.4	2.7
Total	**3.4**	**2.7**

During the third quarter, BEWi Drift Holding AS (BDH) was acquired from BEWi Holding AS, a company owned by members of the Bekken family, for an equity value of EUR 15.1 million, of which EUR 5.6 million was settled in cash and by offsetting a receivable, and EUR 9.5 was settled through a new share issue. A provision for an additional purchase price of EUR 2.3 million, based on EBITDA in BDH in 2020, was made in the fourth quarter.

During the fourth quarter, four properties in the Dutch production were sold in a sale and leaseback transaction to a company owned by KMC Properties ASA for a consideration of EUR 33.0 million. EUR 5.7 million of that was settled in shares in KMC Properties ASA. The shares of KMC Properties ASA are listed on Oslo Børs. Members of the Bekken family represent the biggest group of shareholders in KMC Properties ASA. During the third quarter, two properties used in the Danish production were sold in a sale and leaseback transaction to a company owned by KMC Properties ASA for a net consideration of EUR 10.2 million and in the second quarter a similar sale and leaseback transaction took place in Swedish when a property for sold for a net consideration of EUR 4.3 million.

The transactions were conducted on normal market terms.

Transactions impacting the balance sheet

MEUR	Dec 31, 2020	Dec 31, 2019
Non-current receivables:		
Bekken owned companies	0.1	-
HIRSCH France SAS	2.3	2.5
Jablite Group Ltd	1.7	-
Total	**4.1**	**2.5**
Current receivables:		
Bekken owned companies	1.5	-
BEWi ASA	4.2	-
HIRSCH Porozell GmbH	0.6	-
Total	**6.3**	**-**
Current liabilities:		
Bekken owned companies	3.8	-
BEWi ASA	3.4	-
Total	**7.2**	**-**

Interest terms for the lending to associated companies are presented in note 15 Shares in associates.

NOTE 29 ADJUSTMENTS FOR NON-CASH ITEMS, ETC.

MEUR	2020-12-31	2019-12-31
Depreciations, amortisations and write-downs	30.4	27.6
Change in provisions for pension liabilities	-0.3	-0.3
Change in other provisions	0.1	0.1
Share of income from associates	-4.8	-0.6
Additional purchase price	-	0.1
Capital gain from sale of assets	-6.3	-
Total	**19.1**	**26.9**

NOTE 30 SUBSEQUENT EVENTS

On 13 April 2021, BEWI announced that the company acquired 51 per cent of the Danish paper packaging company Honeycomb Cellpack A/S. Honeycomb provides protective packaging solutions, including design, development and manufacturing of sustainable packaging which is both recyclable and biodegradable. The packaging products could be complementary or alternative to products from expandable polystyrene (EPS).

Honeycomb's geographic focus has been the Nordic countries. In this region, the company has several close and long-lasting relations with reputable blue-chip customers. In 2019, Honeycomb had revenues of close to DKK 30 million. This adds to BEWI's existing annual turnover from paper packaging products for the food industry amounting to approximately NOK 150 million. BEWI also has an option to acquire the remaining 49 per cent of the Honeycomb shares.

Income statement of the Parent Company

MSEK	Note	2020	2019
Operating income			
Net sales		15.7	25.2
Total operating income		**15.7**	**25.2**
Operating expenses			
Other external costs	4, 17	-15.0	-19.3
Personnel costs	3	-21.5	-22.4
Deprecation/amortisation and impairment of tangible and intangible assets		-0.1	0.0
Total operating expenses		**-36.6**	**-41.7**
Operating profit		**-20.9**	**-16.5**
Other interest income and similar items	5	104.8	111.3
Interest expenses and similar income items	5	-70.8	-79.0
Total from financial items		**34.0**	**32.3**
Appropriations		-0.8	0.0
Profit or loss before taxes		**12.3**	**15.8**
Tax on net income for the year	7	0.0	0.0
Net profit for the year		**12.3**	**15.8**

Statement of financial position of the Parent Company

MSEK	Note	2020-12-31	2019-12-31
ASSETS			
Financial assets			
Shares in subsidiaries	8	1,200.7	1,026.5
Other financial assets		0.2	0.2
Receivables from Group companies	9, 13	1,703.6	1,739.6
Total financial assets		**2,904.5**	**2,766.4**
Total fixed assets		**2,904.5**	**2,766.4**
Current assets			
Short-term assets			
Receivables from Group companies	13	39.4	4.6
Other accounts receivables		0.6	6.6
Prepaid expenses and accrued income		0.3	0.3
Total short-term receivables		**40.3**	**11.5**
Cash and bank balances	10, 13	27.4	221.5
Total current assets		**67.6**	**233.0**
TOTAL ASSETS		**2,972.1**	**2,999.4**

MSEK	Note	2020-12-31	2019-12-31
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital (143,943,671 shares)	11	1.4	1.3
Total restricted equity		**1.4**	**1.3**
Non-restricted equity			
Additional paid-in capital		1,499.2	1,402.0
Profit or loss brought forward		19.4	-29.9
Net profit or loss for the year		12.3	15.8
Total non-restricted equity		**1,530.8**	**1,387.9**
Total equity		**1,532.2**	**1,389.3**
Non-current liabilities			
Bond loan	12, 13	1,384.8	1,434.0
Total long-term liabilities		**1,384.8**	**1,434.0**
Current liabilities			
Bond loan	12, 13	-	153.3
Liabilities to Group companies		34.2	-
Account payables	13	2.2	8.7
Other short-term liabilities	13	1.7	1.1
Accrued expenses and deferred income		17.0	13.1
Total short-term liabilities		**55.1**	**176.1**
TOTAL EQUITY AND LIABILITIES		**2,972.1**	**2,999.4**

Statement of equity for the Parent Company

	Restricted equity	Non-restricted equity		
Amounts in MSEK	**Share capital**	**Additional paid-in capital**	**Profit or loss brought forward**	**Total**
Balance brought forward as of January 1, 2019	**1.3**	**1,402.0**	**-29.9**	**1,373.4**
New share issue				**0.0**
Net profit or loss for the year			15.8	**15.8**
Balance carried forward as of December 31, 2019	**1.3**	**1,402.0**	**-14.1**	**1,389.3**
New share issue	0.1	97.2		**97.3**
Shareholder Contribution			33.3	**33.3**
Net profit or loss for the year			12.3	**12.3**
Balance carried forward as of December 31, 2020	**1.4**	**1,499.2**	**31.5**	**1,532.2**

Cash flow statement for the Parent Company

MSEK	Note	2020	2019
Operating cash flow			
Income before financial items		-21.0	-16.5
Adjustment for non cash items, depreciation		0.1	0,1
Interest paid and financing costs		-58.3	-68.5
Interest received		84.7	93.4
Operating cash flow before changes to working capital		**5.5**	**8.4**
Cash flow from working capital changes			
Increase/decrease in current receivables		-28.8	30.4
Increase/decrease in operating debt		45.2	-82.8
Total change to working capital		**16.4**	**-52.4**
Operating cash flow		**21.9**	**-44.0**
Cash flow from investment activities			
Loans to Group companies		-52.2	0.0
Acquisitions of subsidiary		-	-4.3
Cash flow from investment activities		**-52.2**	**-4.3**
Cash flow from financing activities			
Repayment of liabilities to Group companies		-	-34.4
Repayment of bond loan		-155.0	-395.0
Bond loan issue, net of transaction costs		-8.8	682.1
Cash flow from financing activities		**-163.8**	**252.7**
Cash flow for the period		**-194.1**	**204.4**
Cash and cash equivalents at the beginning of the year		221.5	17.1
Cash and cash equivalents at the end of the year	10	**27.5**	**221.5**

PARENT COMPANY

Accounting principles and notes to the accounts

NOTE 1 GENERAL INFORMATION

The parent company is a limited company (aktiebolag) with registered office on Gårdvägen 13, 169 70 Solna, Sweden.
Amounts are given in million krona (MSEK), unless otherwise specified. The information in brackets concern previous years.

NOTE 2 SUMMARY OF KEY ACCOUNTING PRINCIPLES FOR THE PARENT COMPANY

The key accounting principles used in this annual report are stated below. The principles have consistently been used for all reported financial years, unless otherwise specified.
The annual report for the Parent Company is prepared in accordance with RFR 2 Accounting for legal entities and the Annual Accounts Act (Årsredovisningslagen). The accounts are stated below, for which the Parent Company applies accounting principles differing from those of the Group, as described in note 2 to the consolidated accounts.
The annual report has been prepared in accordance with the cost value principle.
The preparation of reports in accordance with RFR 2 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the parent company's accounting principles. The areas involving a higher degree of judgement or complexity or areas for which assumptions and estimates are significant to the annual report, are stated in note 4 to the consolidated accounts.
The Parent Company is through its activities exposed to several different financial risks: market risk (currency risk and interest rate risk), credit risk and liquidity risk. The Parent Company's comprehensive financial risk management is focused on the unpredictability of the financial markets and strives to minimise any adverse effect on the consolidated profits. For more information regarding financial risks, see note 3 to the consolidated accounts.
The parent company applies accounting principles differing from those of the Group for the areas are stated below:

LAYOUT

The income statement and statement of financial position is compliant with the layout stipulated in the Annual Accounts Act. The statement of changes to equity observes the layout of the consolidated accounts, but must contain the columns stated in the Annual Accounts Act. Furthermore, differences arise relating to designations, in comparison with the consolidated accounts, mainly concerning the financial income/expense and equity.

SHARES IN SUBSIDIARIES

Shares in subsidiaries are reported at acquisition cost less any impairment. The acquisition cost includes any cost related to the acquisition and any additional purchase price.
A calculation of the recoverable amount is undertaken, in the event of an indicator of impairment of the shares in a subsidiary. Should the recoverable amount be below the carrying amount, impairment is made. Impairments are reported in Profit from participations in Group companies.

Financial instruments

IFRS 9 is not applied for the parent company and financial instruments are reported at acquisition cost. Financial assets acquired for short-term holding will in subsequent periods be reported at the lower of acquisition cost or market value.

NOTE 3 EMPLOYEE REMUNERATION ETC.

MSEK	2020	2019
Salary and other remuneration	-12.5	-7.7
Social security expenses	-3.1	-2.4
Pension costs – defined contribution plans	-2.3	-2.2
Total remunerations to employees	**-18.0**	**-12.3**

Salary and other remunerations and pension costs for directors of the board, CEO's and other senior executives

MSEK	2020	2019
Salary and other remunerations	-5.2	-4.4
Bonus	-3.4	-
Pension costs	-1.4	-1.2
Total	**-10.0**	**-5.7**

	2020		2019	
Average number of employees	**Average number of employees**	**Whereof men**	**Average number of employees**	**Whereof men**
Sweden	4	3	3	2

In November 2020, the parent company BEWI ASA implemented a share-based incentive programme, entitling the participants to subscribe for shares in BEWI ASA during a three-year period. The purpose of the programme is to further align the interests of the company and its shareholders by providing incentives in the form of awards to employees to motivate them to contribute materially to the success and profitability of the Company. The share options entitle the participants to subscribe for shares at a price of NOK 24.48, referred to as the strike price, equal to 110% of the average share price during five days preceding the grant date on 19 November 2020. The gain per option may however not exceed the strike price times two. The number of exercisable options will be reduced proportionally so that the maximum gain does not exceed the strike price times two multiplied by the numbers of options granted. This gain is calculated based on the average share price five days prior to the period of exercise.

The CEO of BEWiSynbra Group AB was granted 250,000 share options and other senior executives of BEWiSynbra Group AB in total 500,000 share options. The options will vest in three tranches during a three-year period, as presented in the table below.

Percentage of the option programme vesting	Vesting date	Expiry date
20%	19 November 2021	19 November 2025
30%	19 November 2022	19 November 2025
40%	19 November 2023	19 November 2025

Severance pay

Subject to the CEO's employment agreement, there is a notice period of 6 months both if the agreement is terminated by the company and by the employee. From 2025-01-01 there is a notice period from the company of 12 months. The employee is entitled to receive unchanged salary and other fringe benefits during the period of notice, however the salary is deducible to other income.

NOTE 4 OPERATIONAL LEASE CONTRACTS

The parent company acts solely as lessee, only aiming at the lease of vehicles. The parent company leases cars under non-terminable operational lease contracts. The lease period varies, ranging from 1-5 years. Most lease contracts may be extended at the end of the lease period at a fee that complies with a fee adjusted to the market.

MSEK	2020	2019
Within 1 year	-0.3	-0.2
Between 1 and 5 years	-0.1	-0.1
More than 5 years	-	-0.0
Total	**-0.4**	**-0.3**

The expensed leasing fees during the year were: MSEK 0.4 (2019: MSEK 0.3).

NOTE 5 INTEREST INCOME WITH SIMILAR PROFIT OR LOSS ITEMS AND INTEREST EXPENSE WITH SIMILAR PROFIT OR LOSS ITEMS

MSEK	2020	2019
Interest income, Group companies	83.7	96.8
Exchange gains	21.0	14.5
Total interest income and similar profit or loss items	**104.8**	**111.3**
Interest expense	-58.1	-64.9
Interest expense, Group companies	-0.4	-2.7
Exchange loss	0.0	0.0
Other financial expenses	-12.4	-11.4
Total interest expense with similar profit or loss items	**-70.8**	**-79.0**
Total financial income and expense – net	**34.0**	**32.3**

NOTE 6 EXCHANGE DIFFERENCES – NET

Exchange differences are reported in the income statement in accordance with the following:

MSEK	2020	2019
Financial income and expense – net	21.0	14.5
Total	**21.0**	**14.5**

NOTE 7 INCOME TAX ON THE PROFIT FOR THE YEAR

The income tax attributable to the income before taxes differs from the theoretical amount that would have arisen from the application of the tax rate in Sweden for the income of the parent company as follows:

MSEK	2020	2019
Income before taxes	**12.3**	**15.8**
Income tax calculated using the Swedish tax rate (21.4 %)	-2.6	-3.4
Tax effects attributable to:		
Non-deductible costs	-0.2	-0.1
Tax attributable to unreported tax loss carry forwards	2.8	3.5
Total tax reported	**0.0**	**0.0**

Unutilised tax loss carry forwards for which no deferred tax assets has been reported amount to MSEK 9.8 (MSEK 9.6).

NOTE 8 SHARES IN SUBSIDIARIES AND ASSOCIATES

SUBSIDIARIES MSEK	Dec 31, 2020	Dec 31, 2019
As of January 1	1,023.8	247.8
Acquisition of subsidiaries	176.9	776.0
As of December 31	**1,200.7**	**1,023.8**

Subsidiaries Name	Proportion of shares held by parent (%)	Reg. no.	Reg office/ Country	Carrying amount Dec 31, 2020	Carrying amount Dec 31, 2019
Genevad Holding AB	100	556707-1948	Landskrona, Sweden	1,143.1	1,010.0
M-plast	100	0506033-6	Kaavi, Finland	57.6	16.5

Indirectly owned Name	Prop. Of shares held by parent, %	Reg. No.	Reg office/Country
BEWi Insulation AB	100	556541-7788	Sweden
BEWi Packaging AB	100	556961-3309	Sweden
BEWi Dorotea AB	100	556669-9434	Sweden
BEWiSynbra Circular AB	100	556628-9178	Sweden
BEWi Automotive AB	100	559102-5332	Sweden
BEWISynbra Norway AS	100	928 878 090	Norway
BEWi Cabee Oy	100	2083942-8	Finland
BEWi Insulation Oy	100	0606536-6	Finland
De Wijs-van Loon B.V	75	18051893	Netherlands
BEWiSynbra Cirkular Denmark A/S	100	41 40 69 84	Denmark
Eurec A/S	100	25162242	Denmark
BEWiSynbra RAW Oy	100	1094747-6	Finland
BEWi Drift Holding AS	100	995 172 895	Norway
Bewi Box AS	100	995 813 068	Norway
BEWi Norplasta AS	100	989 953 133	Norway
BEWi Norplasta AB	100	556649-7821	Sweden
Nordic Emballasje AS	100	979 574 193	Norway
Salkaup Nordic ehf.	51	620818-0890	Iceland
NOKK ehf.	51	490505-1480	Iceland
Tommen Gram Folie AS	100	977 051 371	Norway
Tommen Gram AS	100	912 038 084	Norway
Biobe AS	100	984 329 881	Norway
BEWi Insulation Norway AS	100	986 795 693	Norway
BEWiSynbra RAW BV	100	20 033 648	Netherlands
BewiSynbra Denmark A/S	100	31867304	Denmark
Genevad Netherlands BV	100	70 824 312	Netherlands
Synbra Holding BV	100	20095683	Netherlands
Synbra International BV	100	20095676	Netherlands
Synbra BV	100	20080670	Netherlands
Besto Verpakkingsindustrie BV	100	05034571	Netherlands
Synprodo Produktie BV	100	10012456	Netherlands
Stramit BV	100	17023362	Netherlands
Ertecee BV	100	06010160	Netherlands

Indirectly owned Name	Prop. of shares held by parent, %	Reg. No.	Reg office/Country
IsoBouw Systems BV	100	17046081	Netherlands
Synprodo BV	100	18115693	Netherlands
Synbra Propor BV	90	67056849	Netherlands
Moramplastics BV	100	09036097	Netherlands
Pingxi NV	51	BE00641.986.778	Belgium
Synbra Holding UK Ltd	100	09502640	United Kingdom
Plastimar SA	100	508413770	Portugal
Plasexpandido SL	100	B36900157	Spain

ASSOCIATES Name	Prop. of shares held by parent (%)	Reg. no.	Country
HIRSCH Porozell GmbH	34	FN 117255i	Germany
Jablite Group Ltd.	49	12641113	United Kingdom
HIRSCH France SAS	34	92044	France

OTHER SHARES AND PARTICIPATIONS Name	Proportion of ordinary shares (%)	Reg. no.	Country
Polystyrene Loop Cooperatief U.A	8	68399812	Netherlands
KMC Properties ASA	4	990 727 007	Norway

NOTE 9 LONG-TERM RECEIVABLES FROM GROUP COMPANIES

	2020-12-31	2019-12-31
By the beginning of the year	1,739.6	1,725.2
Lending	0.0	0.0
Exchange differences	-36.0	14.4
Carrying amount carried forward	**1,703.6**	**1,739.6**

NOTE 10 CASH AND BANK BALANCES

	2020-12-31	2019-12-31
Cash and bank balances	27.4	221.5
Total	**27.4**	**221.5**

NOTE 11 SHARE CAPITAL

For information regarding the share capital, see note 21 to the consolidated accounts.

NOTE 12 LONG-TERM BORROWINGS

Non-current liabilities	2020-12-31	2019-12-31
Bond loan	1,384.8	1,434.0
Liabilities to Group companies	-	-
Total	**1,384.8**	**1,434.0**

Current liabilities	2020-12-31	2019-12-31
Bond loan	-	153.3
Total	**-**	**153.3**

The Group was refinanced in the spring of 2017, at which point the Parent Company issued a corporate bond of SEK 550 million. In the spring of 2018, the Parent Company issued a EUR 75 million bond as part of the financing of the Synbra acquisition. On 15 November 2019, the Parent Company issued a EUR 65 million bond, under a framework of EUR 115 million, due in November 2023. Simultaneously, SEK 395 million of the first bond, issued in 2017 and due in 2020, was repurchased at a premium of 1.15% to nominal value.

As of 31 December 2020, the Parent Company had two bond loans outstanding. SEK 155 million outstanding at the beginning of the year of the SEK 550 million bond, issued in 2017, was fully redeemed on 3 April 2020. Both bonds are listed on the Nasdaq Stockholm corporate bond list.

The bonds are recognized under the effective interest method at amortized cost after deductions for transaction costs. Interest terms, as well as nominal interest rates and average interest rates recognized are presented in the table below.

	Interest terms	Nominal interest		Average interest	
Bond loan		**2020**	**2019**	**2020**	**2019**
550 MSEK	Stibor 3m + 4.40%	-	3.93-4.39%	-	5.40%
75 MEUR	Euribor 3m + 4.75%	4.24%-4.50%	4.29-4.44%	5.32%	5.61%
65 MEUR	Euribor 3m + 3.40%	2.89%-3.18%	2.99%	3.70%	3.56%

Carrying amounts and fair values of borrowings are as follows:

	Carrying amount		Fair value	
	2020-12-31	**2019-12-31**	**2020-12-31**	**2019-12-31**
Bond loan	1,384.8	1,587.3	1,417.0	1,639.0
Total	**1,384.8**	**1,587.3**	**1,417.0**	**1,639.0**

Liquidity risk

The table below analyses the Group's non-derivate financial liabilities, broken down by the time remaining on the balance sheet date until the contractual maturity date. The amounts stated in the table are the contractual, undiscounted cash flows.

As of December 31, 2020	< 1 yr.	1-2 yr.	2-5 yr.	> 5 yr.
Bond loan	-	744.1	640.7	-
Accounts payables	2.2	-	-	-
Other short-term liabilities	1.7	-	-	-
Total	**3.9**	**744.1**	**640.7**	**-**

As of December 31, 2019	< 1 yr.	1-2 yr.	2-5 yr.	> 5 yr.
Bond loan	153.3	-	1,434.0	-
Accounts payables	8.7	-	-	-
Other short-term liabilities	1.1	-	-	-
Total	**163.1**	**-**	**1,434.0**	**-**

NOTE 13 FINANCIAL INSTRUMENTS BY CATEGORY

2020-12-31 MSEK	Financial assets measured at amortised cost
Balance sheet assets	
Non-current receivables from Group companies	1,703.6
Current receivables from Group companies	39.4
Cash and bank balances	27.4
Total	**1,770.4**

2020-12-31 MSEK	Financial liabilities measured at amortised cost
Balance sheet liabilities	
Bond loan	1,384.8
Non-current liabilities to Group companies	0.0
Current liabilities to Group companies	34.5
Accounts payables	2.2
Other short-term liabilities	1.7
Total	**1,423.2**

2019-12-31	Financial assets measured at amortised cost
Balance sheet assets	
Non-current receivables from Group companies	1,739.6
Current receivables from Group companies	4.6
Cash and bank balances	221.5
Total	**1,965.8**

2019-12-31	Financial liabilities measured at amortised cost
Balance sheet liabilities	
Bond loan	1,587.3
Non-current liabilities to Group companies	0.0
Current liabilities to Group companies	0.0
Accounts payables	8.7
Other short-term liabilities	1.1
Total	**1,597.0**

NOTE 14 CONTINGENT LIABILITIES

	2020-12-31	2019-12-31
Guarantees for the benefit of Group companies	97.9	288.4
Total	**97.9**	**288.4**

NOTE 15 PLEDGED ASSETS

	2020-12-31	2019-12-31
Pledged shares in subsidiaries	1,143.1	1,010.0
Total	**1,143.1**	**1,010.0**

NOTE 16 RELATED PARTIES

BEWi ASA is the majority shareholder in BEWiSynbra Group. The Bekken family is a major shareholder in BEWi ASA through Frøya Invest AS, KMC Family AS and BEWi Holding AS. More information on related party transactions are reported in note 28 to the consolidated accounts. Information on remuneration of management and the Board of Directors is found in note 6 to the consolidated accounts.

NOTE 17 REMUNERATION TO AUDITORS

Of the remuneration to PwC in 2020, the auditors of the company, MSEK 0.8 is attributable to the audit assignment (MSEK 0.8), MSEK 0.2 to audit activities other than the audit assignment (MSEK 0.4) and MSEK 0.0 to other services (MSEK 0.4).

The consolidated accounts and annual report of the Parent Company are to be presented and adopted at the Annual General Meeting on 2021-06-03.

Stockholm 2021-04-20

Gunnar Syvertsen
Chairman of the Board

Christian Bekken
Member of the board

Rik Dobbelaere
Member of the board

Per Nordlander
Member of the board

Kristina Schauman
Member of the board

Stig Waernes
Member of the board

Göran Vikström
Member of the board

Jonas Siljeskär
Chief Executive Officer

The auditor's report has been submitted on 2021-04-20
PricewaterhouseCoopers AB

Magnus Lagerberg
Authorised public accountant

Auditor's report

Unofficial translation – in the event of any differences the Swedish version shall prevail.

To the general meeting of the shareholders of BEWiSynbra Group AB (publ), corporate identity number 556972-1128.

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of BEWiSynbra Group AB (publ) for the year 2020. The annual accounts and consolidated accounts of the company are included on pages 64-124 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. 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 consolidated comprehensive income statement and the consolidated statement of financial position for 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 Board of Directors in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

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

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

Our audit approach

Audit scope

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

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

Materiality

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

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

Key audit matters

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

Key audit matter	*How we addressed the key audit matter in our audit*
Impairment testing The Group's supplementary disclosures and principles for recognition and measurement of goodwill and brands are described in the annual report under Note 2.4 and Note 12. Goodwill and brands represent significant assets in the Group's balance sheet. The carrying amount of goodwill and brands amounted to MEUR 83.8 and MEUR 21.3 respectively, as at 31 December 2020. The impairment testing of goodwill and brands prepared in conjunction with the closing the annual accounts incorporates company management assessments and assumptions about future developments – for example, regarding cash flows. Impairment testing naturally involves a higher degree of estimates and assessments on the part of management, which is why we have deemed this to be a key audit matter.	In our audit, we performed a number of audit activities to verify that the judgments and assumptions comprising the basis of the company management impairment testing of goodwill and brands are based on established valuation methods, are mathematically correct and are based on reasonable assumptions regarding such factors as future cash flows and discount rates. Among other measures, we applied the following audit procedures: • Examined how management identified cash-generating units and compared this with BEWiSynbra's internal monitoring of goodwill. • Evaluated the reasonableness of the assumptions made and evaluated the company management analysis of the sensitivity in valuating changes in significant parameters that could result in an impairment requirement. • With the support of PwC's internal valuation specialists assessed the reasonableness of the discount rate used for the cash-generating units and subsidiaries in which the greatest uncertainty exists. • Assessed management's forecast ability by comparing earlier forecasts with actual outcomes. We also assessed the disclosure presented in Note 12 in the annual report to determine if this information meets the requirements for disclosure stipulated in the applicable accounting standards.
Accounting for business combinations The Group's supplementary disclosures and principles for accounting and the valuation of goodwill and brands are described in the annual report under Note 2.2 and 2.4 and Note 14. Over the past year, BEWiSynbra completed five business combinations, of which the acquisition of the Norwegian group BEWi Drift Holding AS B.V. was the most significant. For each business combination, management prepares a purchase price allocation in which the difference between the recognized net assets in the acquired business and the purchase price was allocated among identifiable assets in the division acquired. The assets identified in the businesses acquired during the year consist of inventories, customer relations and brands. The portion of the purchase price that cannot be allocated to identifiable assets is recognized as goodwill. To determine the value of the identifiable assets, company management needs to conduct assessments and make technically complex calculations based on estimations and forecasts of future developments in the business acquired. In contrast to goodwill and brands, customer relations are depreciated over their expected useful life. In addition, acquired inventory is measured at fair value in the purchase price allocation. An incorrect allocation of the surplus value in the purchase price allocation can thus have a significant impact on the financial statements. By their nature, business acquisitions are complex, and reporting them depends on how the acquisition agreement is designed and whether it contains significant estimations from management, which is why we have deemed the preparation of an acquisition analysis to be a key audit matter in our audit.	We have reviewed and evaluated the acquisitions analyses with a particular focus on how company management identified goodwill and other identifiable assets such as brands and customer relations, as well as valuation of inventory. We accomplished this through the following audit activities. • Obtained the share purchase agreements and evaluated the terms of acquisition in them from an accounting perspective. • Confirmed the transferred consideration against bank statements. • Together with PwC's internal specialists within corporate finance, reviewed the company's methods and assumptions for valuation of inventory and identifying intangible assets such as customer relations and brands as well as the allocation of surplus value to them. We also assessed the disclosures presented in Note 14 in the annual report to determine if this information meets the requirements for disclosure stipulated in the applicable accounting standards.

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 1-58 and 128-129 respectively. The Board of Directors and the Managing Director are responsible for this other information.

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

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

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

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

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

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 BEWiSynbra 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.

PricewaterhouseCoopers AB, Torsgatan 21 113 97 Stockholm, was appointed auditor of BEWiSynbra Group AB (publ) by the general meeting of the shareholders on the 19 May 2020 and has been the company's auditor since the 11 November 2014.

Stockholm, April 20, 2021
PricewaterhouseCoopers AB

Magnus Lagerberg
Authorized Public Accountant

ALTERNATIVE PERFORMANCE MEASURES NOT DEFINED BY IFRS

Amounts in million EUR	2020	2019
Operating income (EBIT)	**42.5**	**20.3**
Amortisations	6.3	7.2
EBITA	**48.7**	**27.5**
Items affecting comparability	-6.7	3.9
Adjusted EBITA	**42.0**	**31.4**
EBITA	**48.7**	**27.5**
Depreciations	24.2	20.4
EBITDA	**72.9**	**48.0**
Items affecting comparability	-6.7	3.9
Adjusted EBITDA	**66.2**	**51.8**

ITEMS AFFECTING COMPARABILITY

Amounts in million EUR	2020	2019
IPO related costs	-0.4	-0.1
Severance and integration costs	-0.5	-1.1
Restructuring costs	-0.4	-1.1
Transaction costs	-1.2	-1,0
Additional purchase price	0.0	-0.1
Capital gain from sale of real estate	6.3	0,0
IT-restructuring	-0.4	0,0
Recognition of negative goodwill in associate	3.5	0,0
Other	-0.2	-0.4
Total	**6.7**	**-3.9**

REVENUE BRIDGE: CHANGE IN NET SALES FROM CORRESPONDING PERIODS IN 2019

MEUR	RAW	%	Insulation	%	P&C	%	Unallocated	%	Change intra-group revenue	Total net sales	%
2019	**206.7**		**139.3**		**157.6**		**2.5**		**-76.2**	**429.9**	
Acquisitions	-	-	15.2	10.9%	26.7	17.0%	3.2	126.8%	-0.3	**44.8**	**10.4%**
Currency	-	-	-0.2	-0.1%	-3.0	-1.9%	0.1	4.1%	0.1	**-3.0**	**-0.7%**
Organic growth	-15.5	-7.5%	-7.8	-5.6%	-1.4	-0.9%	0.6	23.6%	14.9	**-9.2**	**-2.2%**
Total increase/ decrease	-15.5	-7.5%	7.3	5.2%	22.3	14.2%	3.9	154.5%	14.7	**32.7**	**7.6%**
2020	**191.2**		**146.6**		**179.9**		**6.4**		**-61.5**	**462.6**	

EBITDA BRIDGE: CHANGE IN ADJUSTED EBIDTA FROM CORRESPONDING PERIODS IN 2019

MEUR	RAW	%	Insulation	%	P&C	%	Unallocated	%	Total adjusted EBITDA	%
2019	**5.0**		**22.3**		**28.9**		**-4.4**		**51.8**	
Acquisitions	-	-	1.5	6.7%	2.3	8.0%	0.3	6.5%	**4.1**	**7.9%**
Currency	-	-	0.0	0.1%	-0.9	-2.9%	0.0	0.2%	**-0.9**	**-1.5%**
Organic growth	4.4	87.9%	2.6	11.7%	3.8	13.2%	0.2	5.4%	**11.1**	**21.3%**
Total increase/ decrease	4.4	87.9%	4.2	18.5%	5.2	18.3%	0.6	12.1%	**14.4**	**27.7%**
2020	**9.4**		**26.5**		**34.1**		**-3.8**		**66.2**	

Definitions of alternative performance measures not defined by IFRS

Organic growth	Organic growth is defined as growth in net sales for the reporting period compared to the same period last year, excluding the impact of currency and acquisitions. It is a key ratio as it shows the underlying sales growth.
EBITDA	Earnings before interest, tax, depreciation and amortization. EBITDA is a key performance indicator that the Group considers relevant for understanding the generation of profit before investments in fixed assets.
EBITDA margin	EBITDA as a percentage of net sales. The EBITDA margin is a key performance indicator that the Group considers relevant for understanding the profitability of the business and for making comparisons with other companies.
EBIT	Earnings before interest and tax. EBIT is a key performance indicator that the Group considers relevant, as it facilitates comparisons of profitability over time independent of corporate tax rates and financing structures. Depreciations are included, however, which is a measure of resource consumption necessary for generating the result.
EBIT margin	EBIT as a percentage of net sales. The EBIT margin is a key performance indicator that the Group considers relevant for understanding the profitability of the business and for making comparisons with other companies.
Items affecting comparability	Items affecting comparability include costs related to the planned IPO, transaction costs related to acquired entities, including the release of negative goodwill from acquisitions, severance costs and other normalisations such as divestment of real estate, closing of facilities, unscheduled raw material production stops and other.
Adjusted (adj.) EBITDA	Normalised earnings before interest, tax, depreciation and amortization (i.e. items affecting comparability and deviations are added back). Adjusted EBITDA is a key performance indicator that the Group considers relevant for understanding earnings adjusted for items that affect comparability.
Adjusted (adj.) EBITDA margin (%)	EBITDA before items affecting comparability as a percentage of net sales. The adjusted EBITDA margin is a key performance indicator that the Group considers relevant for understanding the profitability of the business and for making comparisons with other companies.
Adjusted EBIT	Normalised earnings before interest and tax (i.e. non-recurring items and deviations are added back). Adjusted EBIT is a key performance indicator that the Group considers relevant for understanding earnings adjusted for non-recurring items that affect comparability.
Operating cash flow	Earnings before interest and tax, adjusted for items not affecting cash flow and changes in operating capital. Operating cash flow is a key performance indicator that shows the contributions of the business to the cash flow for the financing of investments and acquisitions.
Equity ratio	Total equity in relation to total assets. The equity ratio is a key performance indicator that the Group considers relevant for assessing its financial leverage.
Net debt	Interest-bearing liabilities excluding obligations relating to employee benefits, minus cash and cash equivalents. Net debt is a key performance indicator that is relevant both for the Group's calculation of covenants based on this indicator and because it indicates the Group's financing needs.

Glossary

Cellular plastic is used as a collective name for a variety of different expanding plastics. Commonly occurring types of cellular plastics are EPS, XPS and EPP.

EPS – expanded polystyrene. Small polystyrene beads molded under heat and pressure. EPS is a good insulator and has a high moisture resistance.

EPP – expanded polypropylene. It is an excellent shock absorber and resistant to most chemicals.

GPPS – General Purpose Polystyrene is a polymer styrenmonomer.

HVAC – heat, ventilation, air conditioning.

XPS – extruded polystyrene. Is a more even material than cellular plastic of EPS. XPS is used where stringent requirements apply in terms of strength and moisture resistance.

BEWI

for a better everyday