Annual Report 2019/2020

// INNOVATION
We want to accelerate the rate of innovation with a focus on customer insight.

// PEOPLE
We believe in openness and a willingness to change in combination with clear decentralised responsibility.

// BRANDS
We invest purposefully in building strong premium brands.

BERGMAN & BEVING

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This Annual Report describes the operations of Bergman & Beving AB and the financial results for 2019/2020, and includes Corporate Governance Report and Sustainability Report. The statutory Annual Report comprises pages 32-84. Comparisons given in brackets pertain to the corresponding amount from the preceding year. The statutory Sustainability Report in accordance with the Swedish Annual Accounts Act can be found on pages 22–27. As of 1 April 2019, the Group applies IFRS 16 Leases. The transition was completed using the modified retrospective approach, which does not entail restating the comparative figures.

Bergman & Beving in brief

Bergman & Beving develops, designs and acquires strong products and brands for the manufacturing and construction sectors.

The Group consists of the units and brands Arbesko, Belano, BVS, Cresto, ESSVE, FireSeal, Guide, H&H, KGC, L.Brador, Limit, Luna, Mareld, Miller's, Skydda, Systemtext, Teng Tools and Zekler, among others.

Through our brands, we are represented in more than 25 countries with over 4,000 sales outlets.

Our main markets are Sweden, Norway and Finland, which account for approximately 80 percent of revenue.

The Group's work is operated with decentralised business responsibility, with a focus on simplicity, responsibility and freedom.

4,060
Revenue, MSEK

208
EBITA, MSEK

16
Return on working capital (P/WC), %

4.30
Earnings per share, SEK

1,083
Employees

Vision

Our vision is to be northern Europe's leading supplier of proprietary, sustainable and value-creating products and services to the construction and manufacturing sectors. For us, leading means the long-term ability to create value through sustainable development, growth and profitability.

Financial targets

Our goals are to achieve average earnings growth of more than 15 percent per year over a business cycle and a return metric in which EBITA (P) in relation to working capital (WC) exceeds 45 percent (P/WC).

Group strategies

- Innovation and product development
- International expansion
- Acquisitions

Our core values

Our decentralised organisation has shared values based on responsibility and freedom, simplicity and efficiency as well as openness and a willingness to change.

Responsibility and freedom: Each subsidiary conducts its own operations under its own responsibility with a large degree of freedom.

Simplicity: We strive toward clear goals with simple methods and clear responsibilities. We identify what is important and monitor our performance using simplified performance measures.

Efficiency: We strive to do the right things the right way. We try to avoid administration and bureaucracy.

Openness and willingness to change: The willingness to change and the ability to adapt are prerequisites for successful business in a changing world. We see possibilities instead of problems and learn from each other.

REVENUE 2019/2020

Proprietary products[1)]

- **66%** Proprietary products
- **34%** Goods for resale

Customer segment[2)]

- **60%** Manufacturing
- **35%** Construction
- **5%** Other

Geographic area[3)]

- **41%** Sweden
- **27%** Norway
- **9%** Finland
- **6%** The Baltics
- **3%** Denmark
- **3%** Poland
- **2%** The UK
- **9%** Other

[1)] Pertains to the portion of external revenue.
[2)] Pertains to the portion of external revenue, rounded to the nearest 5 percent.
[3)] Based on the domicile of the customers.

CEO's comments

Acquisitions and restructuring driving the future

The 2019/2020 financial year was a challenging and eventful year, with acquisition-driven growth and restructuring in operations. Items affecting comparability were on a par with the preceding year. The good news in this context was that we achieved organic growth during the last quarter and that both earnings and the operating margin adjusted for expenses affecting comparability improved significantly. We can thus look back on a year of restructuring that ended on a positive note in terms of revenue and earnings performance.

Demand from our primary markets and from our various customer segments varied during the year, reflecting increased uncertainty in the market during the autumn and the effect of a mild winter. An efficiency enhancement programme was carried out to reduce costs by MSEK 100 and to adapt operations to current market conditions. The programme consisted primarily of staff reductions. Our long-term focus, with investments in sales and marketing our strong brands, remains and the share of proprietary product sales increased to 66 percent. We signed several new contracts and sales to new customers increased steadily. Overall, this means a broader customer portfolio in our home markets and a growth position for several of our brands. Digitisation initiatives including investments in system platforms and digitisation of our offering continued, as well as investments in geographic expansion, both through contracted distributors and through our own establishments. We successfully met our acquisition goals and five acquisitions were completed with approximately MSEK 270 in annual business volume. The first four acquisitions were all focused on strong brands and proprietary products, while the most recent, VIP Safety, helped us establish a market presence in the Benelux countries, which is a prioritised expansion market for brands within the Workplace Safety division.

Growth according to our business philosophy of increased decentralisation continued and expectations as well as goal-setting for Group companies were clarified. In practice, this means that the companies will, to a greater extent, act based on their unique preconditions to reach the Group's long-term objectives.

Sustainability is an increasingly integrated part of our operations and another area where we have followed our business philosophy, with clear sustainability goals and expectations for sustainable development at companies. One of our focus areas was equality and diversity and it is gratifying to say that during the year we have recruited two new female CEOs to the subsidiaries Teng Tools and Arbesko.

Uncertainty in the market increased significantly in connection with the global virus outbreak during the end of the operating year. During these times, our priorities are the health and safety of our employees, customers and business partners. We will maintain a high focus on the business and hard work with initiatives to improve profitability and our efficiency in a more decentralised structure. Ultimately, this will create the conditions to achieve our financial targets, although our current profitability is significantly below our long-term targets.

I would like to conclude by extending my sincere thanks to all our dedicated employees for their commitment during the year and welcome our new employees. I would also like to thank our customers and business partners, old and new, for continuing to believe in us. I look forward to an exciting operating year and many attractive business opportunities together with you all. The Group's financial position remains strong and we have a healthy level of readiness to manage challenges and opportunities. Despite the uncertain market conditions, we are optimistic about the future and the opportunities to develop our companies toward improved profitability going forward.

Pontus Boman
President & CEO

"We will maintain a high focus on the business and hard work with initiatives to improve profitability and our efficiency in a more decentralised structure."

Pontus Boman, President & CEO

Vision, business concept, objectives and strategies

We aim to be northern Europe's leading supplier of proprietary, sustainable and value-creating products and services.

Vision

Our vision is to be northern Europe's leading supplier of proprietary, sustainable and value-creating products and services to the construction and manufacturing sectors.

For us, leading means the long-term ability to create value through sustainable development, growth and profitability.

For each of our brands, this vision means securing a top three market position in their selected niche in their main markets.

This vision also means that we strive to be a driving force for sustainable development.

Business concept

Bergman & Beving develops, designs and acquires strong products and brands for the manufacturing and construction sectors.

Financial targets

Our goals are to achieve average earnings growth of more than 15 percent per year over a business cycle and a return metric in which EBITA (P) in relation to working capital (WC) exceeds 45 percent (P/WC).

Each individual operation is governed by the Group-wide goals, which essentially means that it is our ambition to double our earnings every fifth year. The return metric means that we aim to achieve a high level of earnings combined with a low level of tied-up capital, which will provide us with strong opportunities for a positive cash flow and long-term profitable growth.

Strategies

Bergman & Beving consists of a portfolio of strong brands with potential for growth through proprietary products and international expansion. Each subsidiary conducts its operations under its own responsibility with a large degree of freedom and we rely on our decentralised organisation to develop, market and sell our products and brands.

Our strength lies in our customer closeness in the markets where we operate. Our individual brands differentiate themselves through high recognition and high preference levels in their target groups. Focus on strong brands and high-quality sustainable proprietary products is central to our strategies. In a more digital world with growing transparency, brands are also becoming increasingly important for building trust and for differentiating oneself in the market. Brand equity and innovation in combination with development of high-quality sustainable proprietary products is the engine for creating organic growth. This also enables higher margins. Acquisitions are used to accelerate development.

Innovation and product development

Investments in innovation and product development are central elements in our strategy and are key to strengthening our offering. These investments are intended to increase our sales of sustainable, value-generating proprietary products and solutions over the long term. We focus on both new production innovations and continual improvements of existing concepts in order to best meet the needs of our target groups. Our proximity to customers and understanding of their needs and behaviour allow us to generate healthy returns on our investments in development. In practice, this means that we work close to the users in a defined target group, study their needs, interview them, record videos, discuss and pay attention to what can be done differently. We aim to develop products and solutions for specific problems and situations. In the long term, we strive for each brand to have a complete offering within its niche or for its target group. The companies in the Group have their own development resources and also seek out collaborations within or outside the Group – for example, within the areas of environmentally friendly material and surface treatments, recyclable packaging or digitisation. Through these initiatives, we want to gradually increase the share of sales generated by products and services launched less than five years ago. A high rate of innovation also creates the conditions for achieving a high share of revenue from available sales channels in existing markets and for expansion to new markets.

International expansion

Bergman & Beving has several leading brands with strong positions and development potential in a network of resellers in our home markets. We strive to leverage our strong position in the Nordic region to create growth for new concepts and to spread our national incumbent brands. It is our experience that there is growing international demand among professional users for products and solutions that meet their increased need for security, quality and, not least, design. This means that we also have favourable conditions for growing through international expansion. Currently, we have our own sales companies in nine markets outside our main markets. In markets where we do not have our own sales company, sales and marketing are conducted through contracted distributors. We focus our investments in selected brands with strong offerings and high international competitiveness. We expand by organically building sales and organisations in new markets and can also expand through acquisitions.

Acquisitions

We aim to achieve our growth target through both organic growth and acquisitions. Bergman & Beving is a financially strong and committed owner with clear development and profitability objectives and we acquire companies in order to maintain them and develop them over the long term. We look primarily for well-run companies with strong management that reach, or have good potential to reach, our financial targets.

Acquiring companies with strong proprietary products is a priority and we primarily seek companies that complement our existing product positions or companies in new product areas focused on one of our prioritised customer groups where we lack or want to expand our offering. Ideally the companies we acquire create possibilities for international expansion. We work continuously with a list of potential candidates and regularly engage in dialogues with several companies of interest.

Five acquisitions were completed during the operating year, with annual revenue of approximately MSEK 270.

Market/operations

Bergman & Beving focuses on professional users within construction and manufacturing. Operations are primarily conducted in Sweden, Norway and Finland, which together account for the majority of the Group's revenue.

A large portion of the market consists of consumables and aftermarket services. Demand from customers is driven primarily by public economic growth factors where the employment rate, industrial production, new construction and renovations are important drivers. We are also experiencing a general growing market demand for personal protective equipment, driven both by regulations and an increased focus on health, work environment and user safety.

Bergman & Beving acts as a supplier in the value chain and sales are made through different reseller channels to the end customers. Bergman & Beving has limited own production, and thus mainly collaborates with external manufacturers. Our offering consists of a portfolio of strong brands, in which the share of proprietary product brands accounts for 66 percent of total sales. The offering consists of high-quality innovative products supplemented with a high degree of skill and various types of product information. The share of sales conducted through digital channels is steadily increasing, which is why we continuously develop product information and digital interfaces so as to support our various business partners and simplify the use of our products for end customers.

We actively market our brands to end customers, which creates demand for our reseller partners. The aim of our sales model is to have the greatest possible customer closeness balanced with resource efficiency and geographic coverage. We cultivate the market together with our reseller partners and offer sales support and digital tools, sales-promoting store concepts, training and technical consulting.

Our decentralised organisation has shared values based on:

Responsibility and freedom
Each subsidiary conducting its own operations under its own responsibility with a large degree of freedom.

Simplicity
Striving toward clear goals with simple methods and clear responsibilities. We identify what is important and monitor our performance using simplified performance measures.

Efficiency:
Doing the right things the right way. We try to avoid administration and bureaucracy.

Openness and a willingness to change
The willingness to change and the ability to adapt. Seeing possibilities instead of problems and learning from each other.

Growth through acquisitions

We continuously keep our eyes open for entrepreneurs and owners of companies with strong premium brands, successful product concepts or other strong elements of product ownership where there is potential to take leading positions. We also carry out smaller supplementary acquisitions that can further strengthen the market positions of our existing companies. Bergman & Beving is a long-term owner with the strength and experience to persevere in further developing the companies we acquire. Acquired companies bring different strategic advantages, but perhaps most important of all, they bring skilled employees with a strong sense of entrepreneurship. Through the years, Bergman & Beving has acquired and integrated numerous companies. One part of the process, which should not be underestimated, is to establish mutual trust between the seller and us as the buyer. The goal of all acquisitions is for the new company to contribute to the Group's short- and long-term profitability and to offer healthy growth prospects.

We firmly believe that business decisions should be taken as close to the customer as possible. One consequence of this is that the management of each company has considerable freedom but also bears a large responsibility to continue to independently develop the business. Acquired companies can thus retain their independent identity and their business acumen, while Bergman & Beving adds financial strength. Our experience is that many privately owned companies are attracted by our model and think it is an excellent combination of the advantages of an independent company with those of a large corporate group.

Eric Jan Boer, VIP Safety; Jan Lundmark, CEO of Guide Gloves AB and Jo Decock, VIP Safety

"The acquisition of VIP Safety gives us a strong presence in the Benelux countries, which is a prioritised expansion market for our brands."

Fredrik Valentin,
Division Head for Workplace Safety

Values and corporate culture

Our strong brands and our employees are the foundation for our success. Our decentralised organisation has shared values based on responsibility and freedom, simplicity and efficiency as well as openness and a willingness to change. Our subsidiaries conduct their operations with a great degree of freedom and are also responsible for meeting our ambitious objectives. In practice, this means that our employees prioritise initiatives and take decisions as close to their customers and market as possible. This creates a sense of motivation and allows our employees to develop. We act with integrity, are considered a good role model and take responsibility for sustainable, value-creating development. The Group has a whistleblowing system where both internal and external stakeholders can report suspected misconduct in our operations.

Division

Building Materials

Market leader in fastening products, fire seals and consumables
Building Materials primarily develops products and services for the construction sector and customised solutions for the manufacturing sector. The division includes the five units ESSVE, H&H, KGC, FireSeal and BVS – all with leading or strong positions in their niche in each of their home markets. Proprietary brands account for approximately 93 percent of the division's total revenue.

Building Materials in figures

1,143
Revenue, MSEK

4.6
EBITA margin, %

255
Employees

53
EBITA, MSEK

Revenue and employees 2019/2020

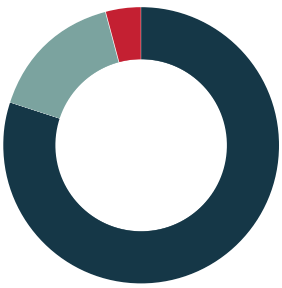
Unit	Revenue, MSEK (approx.)	No. of employees
ESSVE	940	180
H&H	80	25
KGC	80	22
FireSeal	40	12
BVS	30	16

REVENUE 2019/2020

Proprietary products[1)]

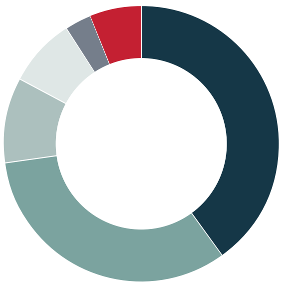
93% Proprietary products
7% Goods for resale

Customer segment[1)]



80% Construction
16% Manufacturing
4% Other

Geographic area[2)]



40% Sweden
33% Norway
10% The Baltics
8% Finland
3% Poland
6% Other

1) Pertains to the portion of external revenue.
2) Based on the domicile of the customers.

BVS
BVS offers fire protection solutions for the construction sector, focusing on fire curtains in the product brand Flammatex and smoke ventilation. The primary market is Norway, where it offers installation and service in addition to products. BVS also has operations in Sweden and own production in Hungary.

ESSVE
ESSVE has a broad range of fasteners and fastening elements for professional users. For customers in construction, ESSVE has a comprehensive product offering of construction fasteners characterised by innovation and quality as well as services such as technical consulting and dimensioning support. When it comes to the manufacturing industry, customised product solutions are delivered that include automated integration into customers' manufacturing processes.

FireSeal
FireSeal offers soft fire sealing systems for feedthroughs of piping and cables in the marine, offshore and construction sectors. A prioritised part of its operations is consulting and training installation engineers. FireSeal operates in the marine and offshore sectors in the global market, offering system solutions for specific fire sealing needs, construction materials and feedthroughs.

H&H
H&H is a niche supplier of collated fastening products under its own brand with complementary products and machines. H&H has a strong position with a well-established sales network of resellers in Finland. The company was acquired in July 2019.

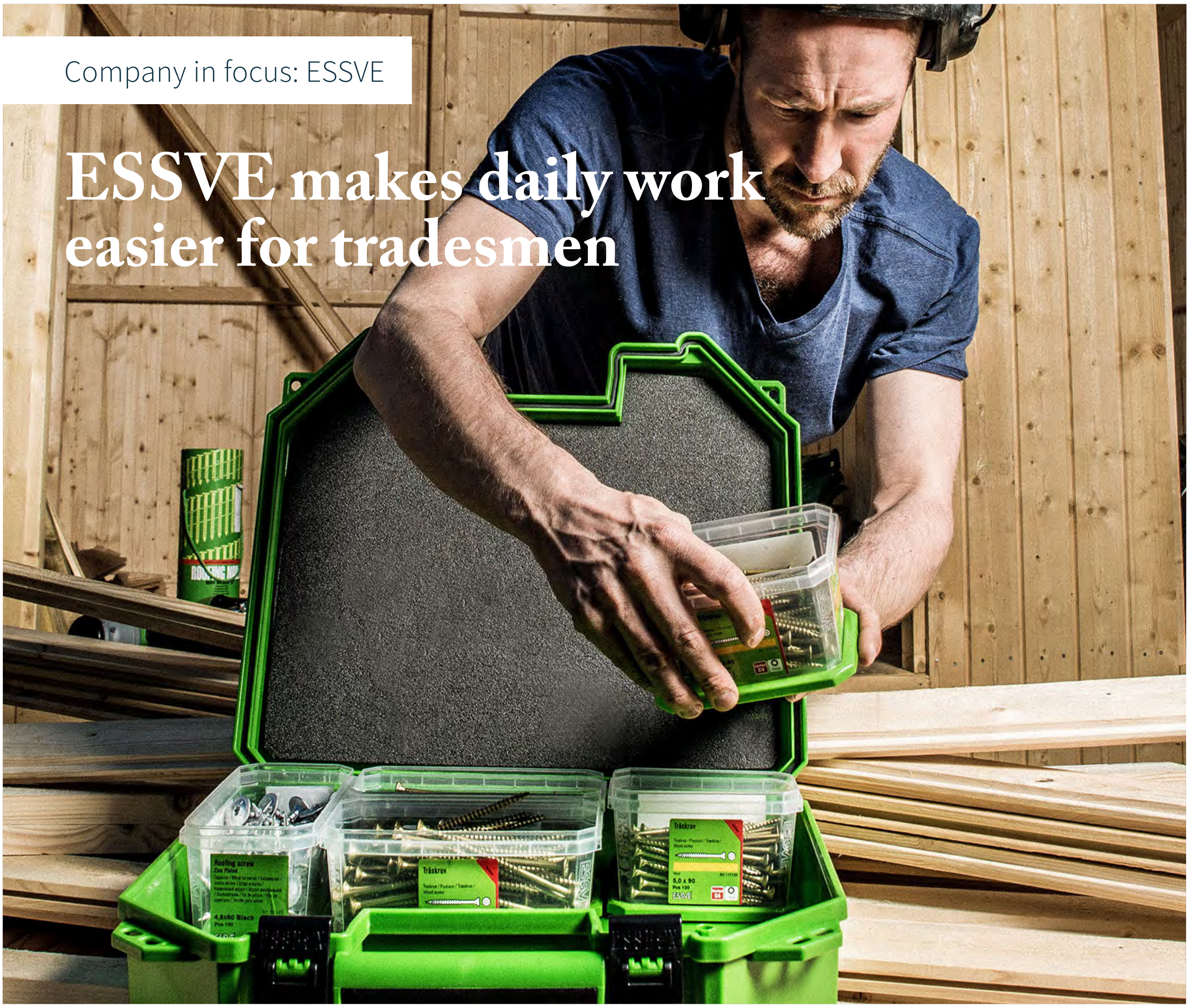
KGC
KGC offers a comprehensive range of high-quality tools, machines and accessories for tiling, bricklaying, plastering and rendering. The offering is based on quality and supply reliability in combination with insight into the end user's needs. KGC has a market-leading position in Sweden. The company was acquired in May 2019.

Our main product brands:

ESSVE
Flammatex® branngardiner
FireSeal
H&H®
KGC ANNO 1950

Company in focus: ESSVE

ESSVE makes daily work easier for tradesmen



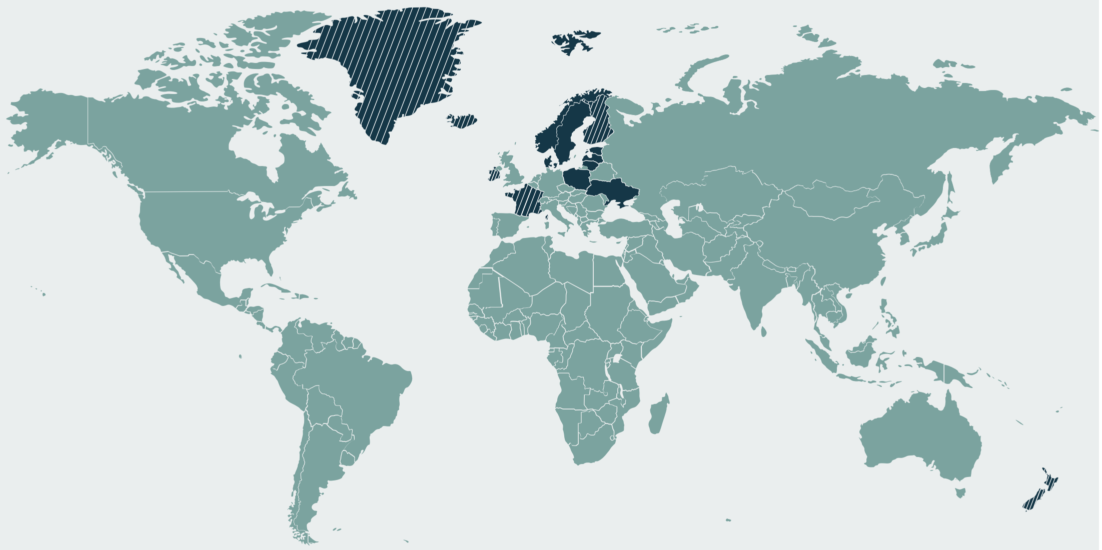
ESSVE represents innovation and creativity. All product development is based on insights into the challenges faced by tradesmen every day on the job. Insights from the customers characterise everything at ESSVE. From unique, more ergonomic screw designs for the workplace to glue that adheres immediately.

Handling fastening products is often more expensive than the products themselves. That is why ESSVE developed the ESSBOX System. A total of 200 Nordic tradesmen were interviewed. They all agreed that handling fasteners was time-consuming and entailed a great deal of waste. Up to 25 percent of their working hours was spent fetching, bringing or looking for something, and that fasteners were often the culprit. ESSVE developed the ESSBOX System to meet this need. All of ESSVE's fastening products are packaged in durable ESSBOX packaging that fasten easily to the bottom of the durable ESSBOX carrying case. This makes it easier for tradesmen to set up their own case customised for the specific task or application.

The ESSBOX System is popular among tradesmen. ESSBOX System was introduced in the Nordic and Baltic regions as well as Poland in 2011, and since then 300,000 cases have been sold to tradesmen in 11 countries. Seven million ESSBOX containers with fastener products are sold every year and every day five million screws are used that are delivered in the ESSBOX system.

> "ESSBOX is a well thought-out, durable system presented logically that saves us time."
>
> *Stefan Sjödin, carpenter at Sjödins Bygg*

ESSBOX system is also in demand outside ESSVE's home markets and sales to markets such as Ireland and France have started.



ESSVE in the world

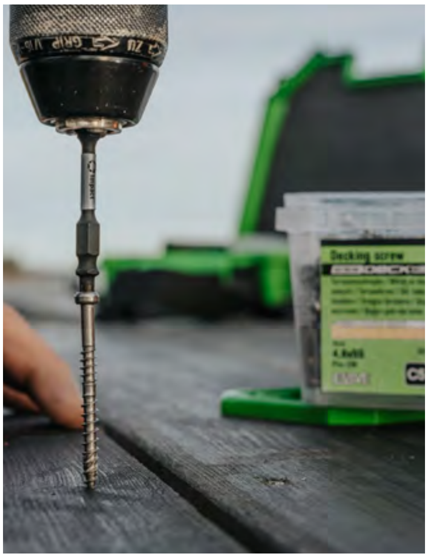
ESSVE organisation

Sweden, Norway, Denmark, Estonia, Latvia, Lithuania, Poland, Ukraine

ESSVE distributors

Finland, Iceland, Greenland, France, Ireland, New Zealand

ESSVE



ESSBOX System advantages:

ESSVE strives to makes everyday life easier, safer and more profitable for its customers, and has developed the ESSBOX system together with Nordic tradesmen.

- **Organisation** that saves time normally spent looking for fastening products or ordering replacements.
- **Reduced waste** with durable and weather-tolerant packaging and clear organisation.
- **Modular system** with a comprehensive range of packaging and cases that are easily adaptable to the task at hand.

A sustainable packaging solution

ESSBOX is a sustainable packaging solution, with polypropylene packaging that can be recycled into new packaging. It is more robust than paper and helps tradesmen reduce waste and keep their materials organised at the construction site.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

940

Revenue, MSEK

ESSVE is the leading brand of screws and fasteners in the Nordic market and initiated a strategy for international growth in 2018. At the Eisenwarenmesse International hardware fair in Cologne in 2018, the dialogue began with international distributors and in 2019/2020 ESSVE was introduced in several countries, such as in France through Scell-it® – a market leader in fastening elements. They have chosen to complement ESSVE's green range with their proprietary fastening elements in black ESSBOX system cases.

Division

Workplace Safety

Industry experts in workplace safety

Workplace Safety develops products and services in workplace safety. The division includes six units: Arbesko, Cresto, Guide, Systemtext, VIP Safety and Zekler. The units' brands are specialised in various areas; together, they offer a comprehensive solution of protection products. The division also includes Skydda, a leading overall supplier of personal protective equipment, which combines carefully selected protective equipment with advanced knowledge, training and services to create a safer work experience. Proprietary products account for approximately 72 percent of revenue.

Fredrik Valentin, Division Head

Workplace Safety in figures

1,401 Revenue, MSEK

6.8 EBITA margin, %

335 Employees

95 EBITA, MSEK

Revenue and employees

	2019/2020	
Unit	**Revenue, MSEK (approx.)**	**No. of employees**
Skydda	820	89
Cresto	200	67
Arbesko	140	105
Guide	320	39
Zekler	70	8
Systemtext	40	19
VIP Safety	40	8

REVENUE 2019/2020

Proprietary products[1)]

72% Proprietary products
28% Goods for resale

Customer segment[1)]

74% Manufacturing
18% Construction
8% Other

Geographic area[2)]

40% Sweden
21% Norway
16% Finland
4% Denmark
4% German
2% The Benelux countries
13% Other

1) Pertains to the portion of external revenue.
2) Based on the domicile of the customers.

Arbesko
Arbesko is a leading manufacturer of protective and work shoes for the manufacturing and construction sectors. The products are characterised by the highest quality and safety in combination with functional design. The company's history is unique within the Swedish shoemaking tradition.

Cresto
Cresto is a market leader in the Nordic region for fall-protection solutions for professionals in the energy, manufacturing and construction sectors. Equipment for industrial climbers meets special load requirements and a significant portion of its operations consist of training, maintenance and installation. Cresto Group also includes the Norwegian sales company AAK Safety and the RESQ brand, which focuses on rescue devices.

Guide
Guide offers protective and work gloves for the manufacturing and construction sectors. Guide's innovative solutions, in combination with groundbreaking material, create market-leading products. To strengthen our position within law enforcement, fire and rescue as well as defence, Guide acquired the niche brand Masters of Gloves (MoG) in February 2020.

L.Brador
L.Brador has a clear position as a premium workwear brand of the highest quality with a focus on attractive design, best fit, mobility and sustainability.

Skydda
Skydda is the Nordic region's leading overall supplier of personal protective equipment. With a leading product range in combination with qualified consulting, training and service, Skydda supports the Nordic construction and industrial resellers.

Systemtext
The company is a market leader in work-environment signs with a wide range of products, everything from prohibition signs to pipe marking projects and road sign systems for detours. The company was acquired in September 2019.

VIP Safety
VIP Safety sells personal protective equipment (PPE) and working clothes in the Benelux area and has a long and successful background of selling Bergman & Beving's product brands. The company was acquired in February 2020.

Zekler
Zekler offers eye, ear and breathing protection for professional users. Sundström Safety AB is a part owner of the newly founded Zekler Safety AB, whose goal is to offer a comprehensive portfolio of technical head protection products.

Our main product brands:

ARBESKO | GUIDE | MoG Masters of Gloves | SYSTEMTEXT
CRESTO | L.BRADOR | RESQ | ZEKLER

Company in focus: Guide

Guide has a new grip on the market

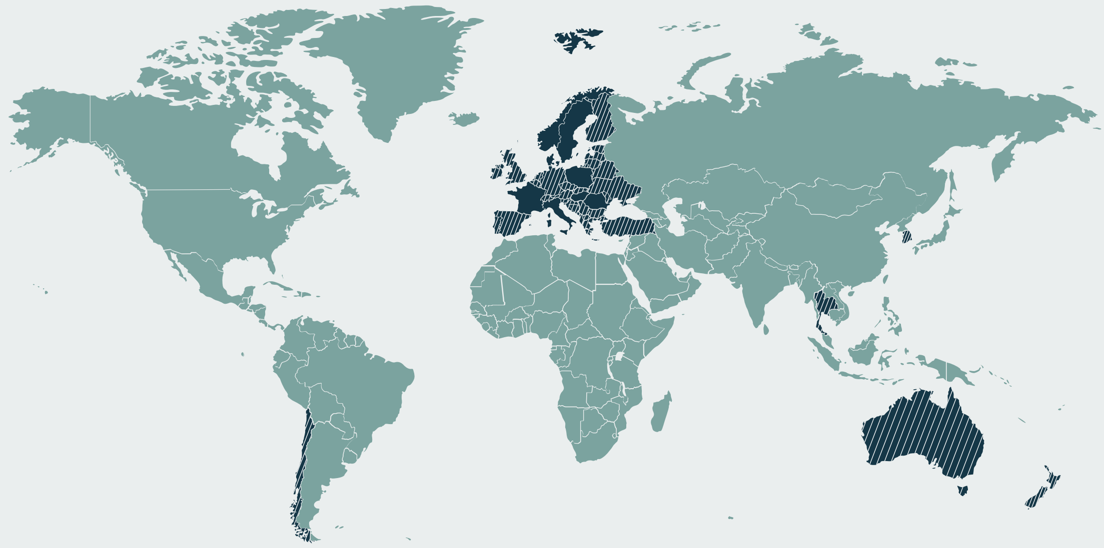
For more than 30 years, Guide has helped people to protect their hands with high-quality work and protective gloves. In 2019, the company changed course towards a stronger position as an international premium brand. The ambition is to be the most sustainable and innovative glove manufacturer in the world.

To accomplish this, Guide recruited leading textile designers, innovators and product developers and created a manufacturing process with full control over each step, all the way from material development to product design and manufacturing.

Sustainable gloves
In 2020, Guide is launching 35 new premium products directed toward select industries and that are developed for their needs. Sustainability is an important ingredient in product development, as illustrated by Guide ENVI. The gloves are produced entirely without water, in contrast with traditional work gloves, which require about five litres of water per pair. Their manufacturing also requires 40 percent less energy and is entirely free from hazardous chemicals, which makes them the only work gloves that are approved for handling food according to Eurofood and the US Food and Drug Administration.

Unique material
New products also include the cut-protection gloves Guide HXFIBR. They feature hydrocarbon nanomaterial, which gives users the highest degree of protection in combination with optimised fit and mobility.

Expertise
Guide also assists its customers in the preparation of requirement analyses, risk assessments and training courses to ensure the right products and skills at the workplace.



Guide in the world

Guide organisation

Norway, Sweden, Denmark, France, Poland, Hungary, Italy and Romania

Guide's distributors

Europe, Chile, Turkey, South Korea, Thailand, Australia and New Zealand

Premium customised products

Using customer insights, Guide develops high-quality protective gloves and related services that increase workplace safety and productivity. One example is the O.T. line – a protective glove that combines singular dexterity and protection with maximum comfort and grip, designed primarily for the offshore industry. It was a major success at Offshore Technology Days (OTD), Norway's leading oil and energy trade fair.

Reduced environmental impact

Guide ENVI is an excellent example of how Guide always strives for environmentally friendly manufacturing methods and materials without hazardous chemicals to find sustainable solutions to current and future challenges.

320
Revenue, MSEK

Guide is one of Europe's fastest-growing brands within protective gloves, with sales in over 25 countries. The company's target is to have sales in all parts of the world and to establish its own sales organisation in 20 countries within five years.

Division

Tools & Consumables

A complete toolbox for professionals

Tools & Consumables consists of the distributor Luna Group and several strong brands, for example Teng Tools, which are targeted at professional users. The division consists of five niche companies. With its broad product and brand portfolio, Luna Group is the Nordic region's leading supplier of high-quality tools and consumables. Through a partnership with Luna Group, more than 50,000 products from more than 500 brands are available digitally. The share of proprietary products totals 40 percent.

Oscar Fredell, Division Head

Tools & Consumables in figures

1,565 Revenue, MSEK

4.7 EBITA margin, %

336 Employees

73 EBITA, MSEK

Revenue and employees

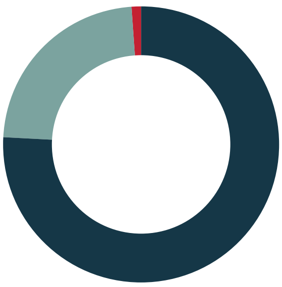
	2019/2020	
Unit	**Revenue, MSEK (approx.)**	**No. of employees**
Luna	1,200	229
Teng Tools	250	61
Miller's	50	11
Belano	70	13
Uveco	40	4
Lidén Weighing	20	6
Lindahl & Nermark	40	10

REVENUE 2019/2020

Proprietary products[1)]

- **60%** Goods for resale
- **40%** Proprietary products

Customer segment[1)]



- **76%** Manufacturing
- **23%** Construction
- **1%** Other

Geographic area[2)]

- **44%** Sweden
- **28%** Norway
- **7%** The Baltics
- **5%** The UK
- **4%** Poland
- **3%** Finland
- **9%** Other

1) Pertains to the portion of external revenue.
2) Based on the domicile of the customers.

Belano Maskin
The company was founded in 1957 and a leading supplier of machinery, spare parts and services to construction and ventilation sheet-metal workers.

Lidén Weighing
Offers a broad product range of scales for office, health and healthcare and manufacturing Areas of use range from checkweighers for heavy weighing to precision scales and analytical balances.

Limit
Limit has provided professional users with a complete range of measuring tools for more than 90 years and Limit has a good international presence with customers in over 30 countries.

Lindahl & Nermark
Supplies a broad product range of conventional machines, both for wood- and metalwork, as well as accessories and related services.

Luna Group
Luna Group is the Nordic region's leading tool and consumables distributor. Its offering includes the market's broadest product range of more than 100,000 products from 500 brands, all for professional users in manufacturing and construction.

Luna
Luna offers a complete range of accessories for electrical hand tools, as well as hand tools with fall protection, that meet the stringent requirements for quality and safety from professional users within construction and manufacturing.

Mareld
Mareld offers a modern work lighting range for professional tradesmen, mechanics and technicians.

Miller's
Miller's is a brand of locks and hardware fittings with over 100 years of history. The brand is associated with high quality and delivery precision. The company was acquired in April 2019.

Teng Tools
Teng Tools offers premium hand tools in stationary and mobile storage solutions for workshop and industrial workers. Teng Tools has a good international presence with customers in over 30 countries.

Uveco
Uveco provides tools to construction and ventilation sheet-metal workers. The product range includes products from market-leading manufacturers and is sold through local and national wholesalers.

Our main product brands:

Limit Luna MARELD PRO LIGHTING® MILLER'S BESLAG SEDAN 1903 TENGTOOLS

Company in focus: Teng Tools

Teng Tools streamlines the work flow

A well-organised set of hand tools is essential for industry. Tools need to be in the right place at the right time so that work can be completed efficiently and safely. Teng Tools has thus collaborated closely with its end customers to develop the Get Organised concept, based on the Lean Manufacturing tool 5S.

The concept consists of stationary, mobile and portable storage solutions that, in combination with hundreds of tool sets creates a modular, scalable system for hand tools.

The tool sets are delivered in system cases with clear slots for each tool that click together and are placed in the storage solution.

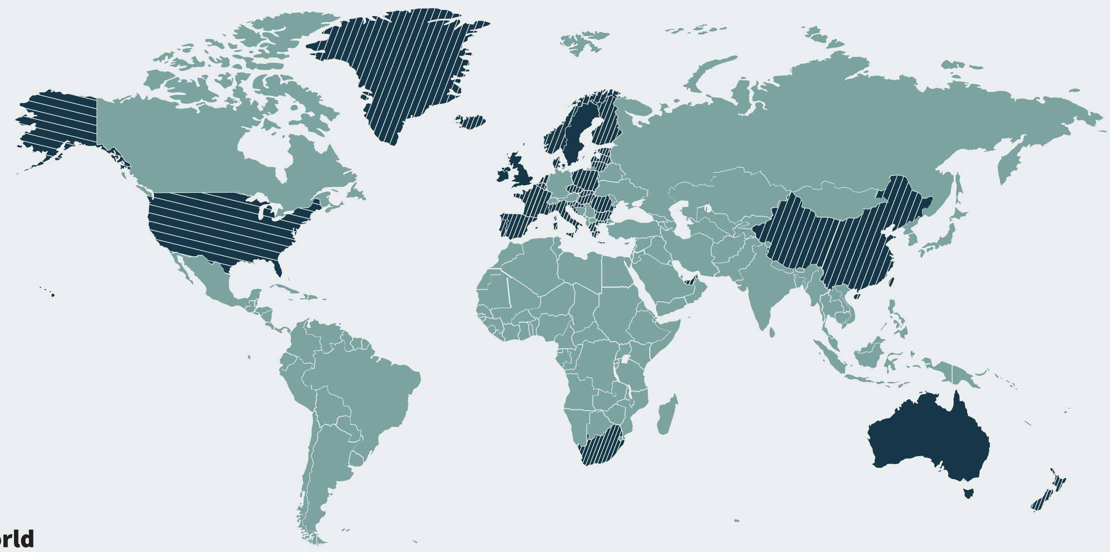
Teng Tools also offers system cases with tri-coloured EVA inlays that make it clear if a tool is missing.

All parts are compatible with each other and the user can easily plan and adjust tool kit placement in their storage solution.

With the smart Workstation concept, customers can also equip their vehicles with overhead storage, cabinets, tool racks and other storage solutions.

For large workshops and service departments, there is the Racking System concept, a fully scalable concept that consists of fixed shelves, cabinets and accessories, all of which are compatible with Get Organised.

With its Get Organised concept, Teng Tools is a comprehensive supplier of storage solutions for hand tools – everything from mobile solutions to stationary workshop furnishings.



Teng Tools in the world

Teng Tools organisation

Sweden, the UK, Ireland, Australia

Teng Tools distributors

Norway, Finland, Denmark, Iceland, Lithuania, Estonia, Latvia, Poland, the Czech Republic, Slovakia, Slovenia, Romania, Hungary, Croatia, Bulgaria, Belgium, the Netherlands, Luxembourg, France, Spain, Portugal, Italy, Greece, the United Arab Emirates, China, Taiwan, South Africa, the US, New Zealand

Teng Tools – Get Organised

The advantages of the organised and structured and storage solutions from Teng Tools are:

- **A modular system** with countless combinations of tool kits and storage solutions.
- **Organisation** that provides an overview and saves time, frustration and stress.
- **Reduced costs** for duplicates, tools that disappear or break.
- **Better work environment** and improved use of work space.
- **Increased security** with combination locks.
- **Tri-coloured EVA inlays** that make it clear if a tool is missing.

"With demanding customers, great tools are also required. It is therefore natural for FAC to use Teng Tools. Previously, we have used several different types of tools. A few years ago we started using Teng Tools to a greater extent, and today we have eight tool cabinets for our 24 employees."

Einar Johansen, area manager at Farsund Aluminium Casting (FAC)

250

Revenue, MSEK

Teng Tools is distributed in over 30 markets around the world and is a market leader in supplying hand tools to industrial customers in countries as far apart as Norway and New Zealand. Over 50 percent of revenue comes from countries outside the Nordic region. In 2019/2020, Teng Tools had healthy growth in the US and started to work with a new distributor in South Africa.

Sustainability report

Corporate social responsibility

Bergman & Beving has prepared a Sustainability Report for the 2019/2020 financial year covering the Parent Company, Bergman & Beving AB (publ), Corporate Registration Number 556034–8590, and its subsidiaries. Bergman & Beving aims to be a sustainable company where we actively work to limit the effect of our operations on the environment and simultaneously create long-term value for society and our shareholders. The Group's work to achieve this goal is presented in this Sustainability Report. By signing the 2019/2020 Annual Report, the Board of Directors has also signed the Sustainability Report.

Company in focus: Cresto Group

RESQ increases product lifespans by more than 10 years

RESQ Vacuum+ reduces climate impact by increasing the lifespan of vacuum-packed rescue equipment.

Wind power plants built today have an anticipated lifespan of 30 years. All turbines need to have rescue equipment at the top so that personnel can lower themselves in case of any near accident. To withstand weather and wind, the equipment is vacuum-packed, which protects against vibrations, moisture and corrosion.

Through long-term developmental work, Cresto has extended the lifespan of its equipment by 50 percent and is now introducing RESQ Vacuum+.

The equipment now has a lifespan of 15+15 years, compared with the previous 10+10 years. The new concept reaches the lifespan of the turbine, which leads to significantly reduced environmental impact and a much better total economy for customers. The development work is also focused on resource efficiency with increased re-use and recycling of input material. The result is a concept where 99 percent of all input material is recycled or re-used after the end of the product life cycle.

Extended product life cycle

Year 1: Installation of personal protective equipment
Years 2–14: Annual visual check
Year 15: Servicing the equipment
Years 16–29: Annual visual check
Year 30: End-of-life and recycling and reuse of equipment.

50%

less CO_2 emissions from transportation

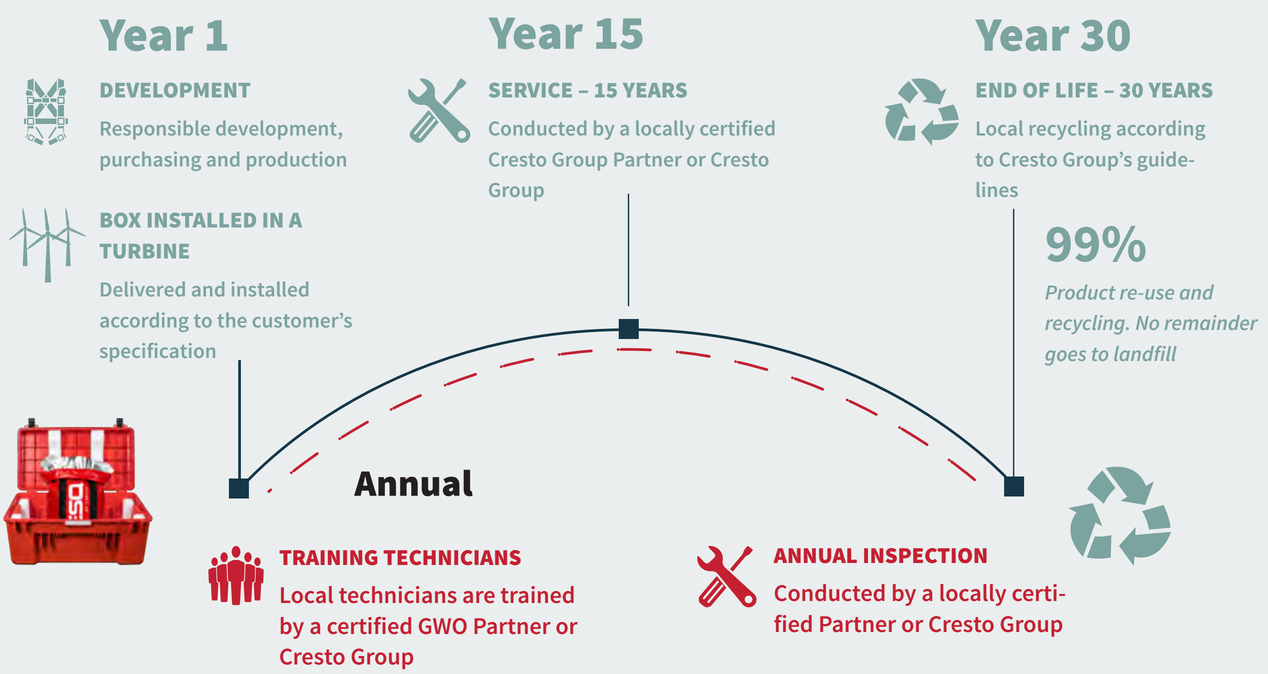
50%

reduction of our climate impact from manufacturing

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

Extended product life cycle with 99 percent re-use and recycling



Focus areas connected to the Sustainable Development Goals

Bergman & Beving works continuously to prioritise how we can maximise the impact of our sustainability initiatives and the Board monitors sustainability efforts in connection with the annual strategy review. The foundation of our sustainability agenda is stakeholder research conducted through employee surveys and interviews with customers, suppliers, investors and societal stakeholders.

Management and the Board have formulated the Group's sustainability goals based on the stakeholder analysis, structured in a framework of focus areas deemed to be material for long-term success in sustainable development and growth. The focus areas are Group-wide, and the respective companies can implement unit-specific goals. The section "The Group's risks and uncertainties" provides an overview of how the Group manages identified risks.

Group management and the Board chose the following four Sustainable Development Goals as defined by the UN: Gender Equality, Decent Work and Economic Growth, Responsible Consumption and Production, and Climate Action. The operations measure and follow up measures in six focus areas that strive to meet the Group's sustainable vision connected to the chosen Sustainable Development Goals.

Aside from these goals, the Bergman & Beving Group never applies active tax planning. Instead, all Group companies always pay taxes in the countries where we operate.

Equality and Diversity

Bergman & Beving aims to offer an inclusive work climate where all employees have equal conditions and opportunities, differences are utilised and the attitude is that diversity enriches us. To provide customers with the best service possible, it is important to build competent teams and have a leadership that reflects the values of both the Group and society.

The Group's Policy for Equal Treatment describes how all employees are to conduct themselves to eliminate discrimination and contribute to gender equality and diversity. Policy compliance is ensured by reviewing the policy with new employees and following it up in development talks, and misconduct is reported through the Group's whistleblowing system.

Bergman & Beving has set a goal to continuously improve the balance between male and female employees in a male-dominated industry. The goal is to better reflect social and customer structures as well as lead the way for the industry as a whole to become more balanced. We believe the gain will be that better decisions are made and that the industry will be perceived as more open for everyone, regardless of gender. One way to reach the Group's declared goals is to measure the proportion of female managers. During the year, the proportion of female managers increased to 25 percent (22). The proportion of female employees was 31 percent (30). The proportion of women on

Stakeholder Analysis

Stakeholder research was conducted through employee surveys and interviews with customers, suppliers, investors and societal stakeholders. Based on these, management has compiled a stakeholder analysis in order to, based on the business model, define the Sustainable Development Goals where the Group is deemed to have the greatest possible impact, based on its business model.

Stakeholder	Key topics, requirements	Status
Employees	Employees are placing increasingly greater emphasis on sustainable business. In addition to salary, safety, health, social conditions, job satisfaction and opportunities for growth are important requirements.	Bergman & Beving's decentralised management model makes the Group's companies attractive employers with a workplace where employees thrive, feel involved and can develop. All managers in the Group are to clearly communicate Bergman & Beving's core values and culture. During the year, employee surveys and performance appraisals were conducted and employees were offered skills development and preventive healthcare.
Customers	Demand for sustainable products is increasing. Bergman & Beving is primarily affected by customer requirements regarding product certification where specific legislation must be fulfilled.	Bergman & Beving launched several new products during the year with a focus on creating a positive environmental impact, in addition to function. We continued our efforts to reduce workplace accidents in Sweden by conducting a study and releasing the report "Safe Workplace – A report on attitudes toward and use of personal protection in the construction industry" (Swedish: "Säker arbetsplats – en rapport om attityder till och användning av personligt skydd inom industrin").
Suppliers	Bergman & Beving strives to have long-term and open relationships with its suppliers. This ensures the right quality, financial stability and sustainable development for both parties. Suppliers expect clear guidelines.	We expect suppliers to comply with our Code of Conduct. We conduct ongoing audits of supplier sustainability efforts. Suppliers satisfactorily fulfilled the Group's requirements.
Investors	Reduce risks, create business opportunities and demonstrate a trustworthy and future-oriented sustainability agenda.	Long-term value is generated for owners by integrating sustainable development into the strategy.
Society	Sustainable business that demonstrably reduces the impact on the climate, paying tax and engaging with the communities where our companies operate.	The companies in the Group contribute to society through engagement in business, supporting non-profit organisations and paying tax. Neither Bergman & Beving nor any of the companies in the Group are to apply tax planning but instead always pay tax pursuant to applicable legislation.

the Board was 33 percent (33). The group management consists of two men.

Employees

Bergman & Beving's greatest asset is its competent employees, and their commitment is an important prerequisite for continuing to develop new and existing business. Our ambition is to take advantage of our employees' interest in developing within the operations. Bergman & Beving's management model, with clearly decentralised responsibility and decision-making, is important for achieving this, but also for attracting new committed and skilled employees. Our management model includes an internal business school for training employees in business issues, sharing experiences with other business units and explaining and discussing Bergman & Beving's values. The Group takes a positive view toward internal recruitment, and the majority of employees with managerial responsibilities in the Group began their career in one of the subsidiaries.

The Group has a number of employee policies and guidelines, such as guidelines pertaining to Systematic occupational health and safety, Incidents and emergencies, Equal treatment as well as guidelines for Alcohol, drugs and hazardous substances.

Bergman & Beving's employee philosophy focuses on being an attractive employer with a workplace where people enjoy working, feel they are involved and can develop. Commitment and employee satisfaction are monitored through regular employee surveys (Employee Satisfaction Index, ESI). Through these surveys, the Group gains an understanding of its employees' attitudes toward their tasks as well as creates a link between employees' well-being, attitudes and values and the requirements for earnings performance from our owners. The employee survey is conducted roughly every 18 months and the most recent was conducted in the end of 2019. Despite the comprehensive restructuring during the year, the ESI remained high at 77 (79).

Product portfolio

Bergman & Beving's customers should be able to choose safe, sustainable products, and the Group is able to offer a broad portfolio of premium brands. The Group's innovative product development helps to create a sustainable product portfolio in terms of design, materials selection, manufacturing and use. Products should be safe to use and correctly labelled. One example of our company Guide focused on this during the year is given on page 16. Water has been removed entirely from ENVI glove production, a process that normally uses around five litres of water per pair. They also require 40 percent less energy to manufacture and are entirely free from hazardous chemicals, which makes them the only work gloves that are approved for handling food according to Eurofood and the US Food and Drug Administration. Another example is how our company Cresto developed a more sustainable value chain

Focus areas connected to the Sustainable Development Goals

Management and the Board have formulated the Group's sustainability goals based on the stakeholder analysis, structured in a framework of focus areas.

Sustainable Development Goals		Focus areas, goal formulation and performance measures		
5 GENDER EQUALITY	***We operate in*** a male-dominated industry, and can make a difference with respect to diversity and equality.	**Equality and diversity**	An inclusive work climate where differences are utilised and where all employees have equal conditions and opportunities	• **Percentage** women • **Percentage** women, managers
8 DECENT WORK AND ECONOMIC GROWTH	***The Group's operations*** and products promote positive working conditions and economic growth	**Employees**	Attract and develop employees through safe work environments, skills development and the possibility of personal growth.	• **Employee index, NMI**
		Product portfolio	Offer innovative, sustainable, certified and safe products and solutions.	• **Share** of revenue from new products • **Share** of revenue from certified products and services
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	***Through active requirement specifications*** for suppliers and own production, combined with a life cycle analysis, we can reduce our environmental impact.	**Sustainable value chain**	Responsible purchasing that complies with our values with respect to human rights, prohibitions on child and forced labour, and equitable working conditions.	• **Share** of procurement volume from certified suppliers • **Share** of procurement volume with an approved code of conduct
		Materials and Waste	Recycling and/or reuse of material and raw materials processing. Resource efficiency and circular flows.	• **Consumption** of packaging and packing materials
13 CLIMATE ACTION	***Through smart transportation*** and energy solutions in our operations, we can reduce our environmental impact	**Environment**	Minimize emissions from transport and increase the share of renewable energy in properties.	• **Coefficient of fullness,** incoming freight • **Coefficient of fullness,** outgoing freight

and increased resource efficiency during the product life cycle, as described in the introduction of the Sustainability Report.

Another way to help ensure a sustainable product portfolio is to increase the sales of certified products and services.

The development and positioning of the proprietary product and brand portfolio fuels growth and profitability in the future and reduces environmental impact through new environmentally friendly solutions and production techniques. The goal is that 20 percent of revenue should come from new product launches and for 2019/2020 this share amounted to 17.4 percent (15.8). Product development also enables an increase in revenue from proprietary products within Bergman & Beving. This represents a large share of revenue, totalling approximately 66 percent (63) during the latest operating year. The goal is that 70 percent of total revenue should come from proprietary products.

Sustainable value chain

A sustainable value chain means responsible purchasing that complies with the Group's values with respect to business ethics, human rights, prohibitions on child and forced labour, and equitable working conditions. Bergman & Beving bases its own Code of Conduct on documents such as the Universal Declaration of Human Rights, the ILO (International Labour Organization) Core Conventions, the OECD Guidelines for Multinational Enterprises and requirements in the UN Global Compact. The Group also bases its Code of Conduct on the Code of Business Conduct from the Swedish Anti-Corruption Institute (IMM), a driving force within Anti-corruption in society and business.

Bergman & Beving's Code of Conduct imposes requirements on suppliers to respect fundamental human rights and to treat their labour force fairly and with respect, with the aim of counteracting corruption. The suppliers also ensure that their sub-suppliers, contractors and agents act in accordance with the Group's Code of Conduct and assess their performance in relation to this Code. It is important to the Group that its business partners meet its expectations, and that every supplier actively approves and confirms that they will observe the Code of Conduct. Audits are conducted regularly, by both independent external consultants and internal personnel, to ensure that the Group's suppliers are meeting its expectations.

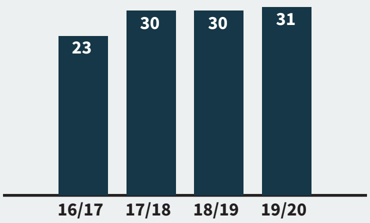
We strive for a sustainable value chain through increasing the share of purchases from certified suppliers and through increasing the share of purchases from suppliers with an approved Code of Conduct.

During the year, Bergman & Beving began a unique partnership with Söderberg & Partners, where their Aktiv Påverkan (Active Engagement) fund invested in Bergman & Beving. In parallel with this, we started a joint project with the support of the Save the Children International's Centre for Child Rights and Business. The goal of the partnership is to manage and solve

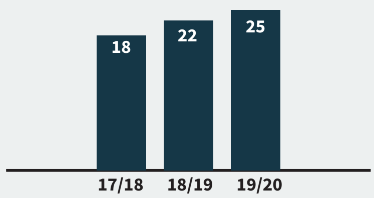
Examples of performance measures and their development

5 GENDER EQUALITY

Percentage women



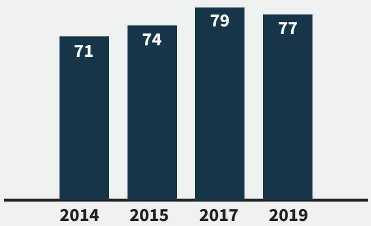
Percentage women, managers



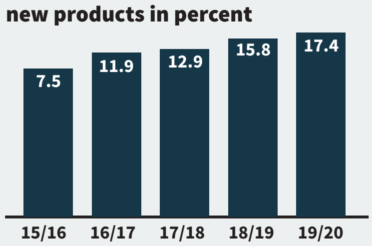
8 DECENT WORK AND ECONOMIC GROWTH

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Employee index

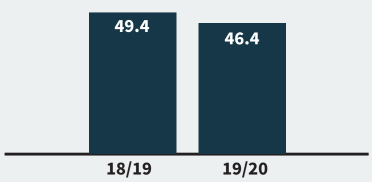


Share of revenue from new products in percent

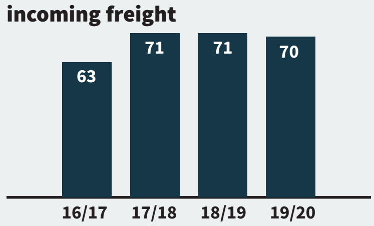


13 CLIMATE ACTION

Coefficient of fullness, outgoing freight



Coefficient of fullness, incoming freight



identified open risks connected to child labour in Guide's sub-supplier chain and to be part of a long-term sustainable solution for both children and suppliers.

Materials and waste

Bergman & Beving works to limit the environmental impact of its operations. The focus in this area is increased resource efficiency, circular flows, and recycling and reusing more material and raw material.

In addition to the ENVI glove example, our company Cresto has increased the lifespan of its rescue equipment for turbines and increased the portion of recyclable components to 99 percent.

Bergman & Beving measures consumption of packaging and packing materials, which is expressed in hectograms (hg) of packaging material per delivered cubic metre (m3) from our central warehouse in Ulricehamn. Annual outcomes improved 3 percent to 98 hg/m3, compared to the previous annual outcome of 101 hg/m3, the equivalent of a 12 ton annual reduction.

Environment

Bergman & Beving's operations are built on a large share of purchasing occurring in Asia, which is then shipped to the Group's central warehouses and from there on to the customers. Efficient transport solutions therefore have a major impact on the Group's total emissions. The Group has selected ships as the means of transport between continents. The containers loaded onto the ships should achieve a certain coefficient of fullness in order to be efficient, as regards both costs and reducing emissions. The Group's coefficient of fullness for incoming freight amounted to a yearly average of 70 percent (71). The decrease is due to dividing up some of the larger units into smaller business units. Bergman & Beving's goal for its current purchasing structure and product mix is to have a coefficient of fullness of 80 percent.

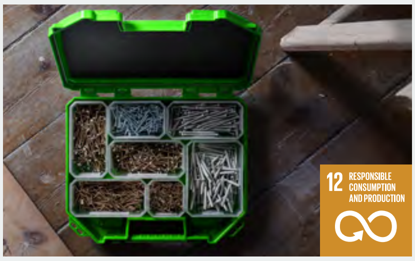
During the year we also started to receive shipments via rail from Asia and we are also measuring the share of air shipments.

The coefficient of fullness is also measured for all transports leaving the Group's central warehouse in Ulricehamn, where deliveries to customers go by truck. Currently, there is a monitoring target of 50 percent coefficient of fullness for outgoing freight, which pertains to all aggregate deliveries leaving Ulricehamn. The outcome for the 2019/2020 operating year was 46.4 percent (49.4). The reduced coefficient of fullness is also due to the separate streams that arise from the reduced consolidation inherent in our decentralised work method.

The Group is able to influence the environmental impact of its own premises by choosing renewable energy from suppliers as well as through specific activities that reduce consumption. Since 1 January 2018, the electricity in the Group's Swedish properties has come from renewable sources. In 2020, a new solar cell park will go into operation at our central warehouse in Ulricehamn. Aside from becoming self-sufficient, we will also be able to sell green electricity.

Four examples from operations

BUILDING MATERIALS



ESSBOX is a sustainable packaging solution, with polypropylene packaging that can be recycled into new packaging. It is more robust than paper and helps tradesmen reduce waste and keep their materials organised.

WORKPLACE SAFETY

The Guide ENVI glove is an excellent example of how Guide always strives for environmentally friendly manufacturing methods and materials without hazardous chemicals to find sustainable solutions to current and future challenges.

TOOLS & CONSUMABLES

All of the wood in Luna Tools products is FSC certified. The FSC logo means that customers and businesses can choose products made with wood from sustainable forests – forests where management takes people and the environment into consideration.

GROUP

Electricity in the Group's Swedish properties comes from renewable sources. In 2020, a new solar cell park will go into operation at our central warehouse in Ulricehamn. Aside from becoming self-sufficient, we will also be able to sell green electricity. The annual estimated energy production is around 240 MWh.

Save the Children
Centre for Child
Rights & Business

During the year, Bergman & Beving began a partnership with the Aktiv Påverkan (Active Engagement) fund from Söderberg & Partners, with support from Save the Children International's Centre for Child Rights and Business. The goal of the partnership is to identify open risks connected to child labour in Guide's sub-supplier chain and to begin plans for a system overview to develop Guide's structured supplier dialogues to develop preventative solutions for both children and suppliers that are sustainable over the long term.

The share

The Bergman & Beving share

The Bergman & Beving Class B share has been listed on the Stockholm Stock Exchange since 1976. The Company's market capitalisation as of 31 March 2020 was MSEK 1,343 (2,879).

Share capital and growth in 2019/2020

Bergman & Beving's Class B share is currently listed on the Mid Cap list under the ticker BERG B. Bergman & Beving's market capitalisation as of 31 March 2020 was MSEK 1,343. On the last trading day of the previous financial year, 29 March 2019, the closing price was SEK 106.60. The closing price as of 31 March 2020 was SEK 50.30.

Share capital

As of 31 March 2020, the share capital amounted to MSEK 57. The total number of shares was 27,436,416, of which 1,062,436 were Class A shares and 26,373,980 were Class B shares. Each Class A share entitles the holder to ten votes and each Class B share to one vote. Only the Class B share is listed on the Stockholm Stock Exchange.

Repurchase of own shares

Bergman & Beving's Class B shares held in treasury as of 31 March 2020 amounted to 729,677 (426,706), corresponding to 2.7 percent of the total number of shares and 2.0 percent of the total number of votes. Of the total number of shares held in treasury, 640,000 Class B shares are reserved to cover the Company's obligations to the holders of call options for repurchased Class B shares issued by Bergman & Beving.

As of 31 March 2020, Bergman & Beving had three outstanding call option programmes totalling 640,000 Class B shares. The programmes are targeted at 28 senior managers in the Group.

The redemption price for call options issued in connection with the share-based incentive programme for 2017 is SEK 118.10 and the redemption period is from 14 September 2020 until 11 June 2021, inclusive.

The redemption price for call options issued in connection with the share-based incentive programme for 2018 is SEK 117.90 and the redemption period is from 13 September 2021 until 10 June 2022, inclusive.

The redemption price for call options issued in connection with the share-based incentive programme for 2019 is SEK 107.50 and the redemption period is from 12 September 2022 until 9 June 2023, inclusive.

For further information regarding the terms of the share-based incentive programmes, refer to Note 5 on pages 58–60.

Dividend

The Board has delayed resolving on any proposed dividends. Over the past ten years (since 2009/2010), the average payout ratio amounted to approximately 43 percent of earnings per share.

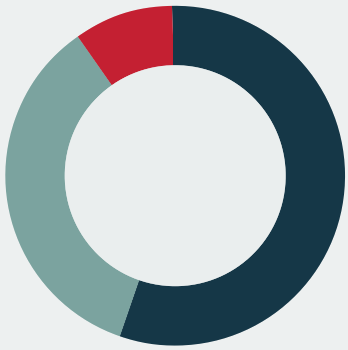
Ownership structure

As of 31 March 2020, Bergman & Beving had 5,042 shareholders (5,432). Institutional investors, such as mutual funds, insurance companies and pension funds in Sweden and abroad, own approximately 79 percent (78) of the total number of shares. The proportion of foreign ownership is approximately 10 percent (14) of the total number of shares. The diagram on the right shows the ownership structure on 31 March 2020.

SHARE DATA 2019/2020

Listing: Nasdaq Mid Cap list
Ticker: BERG B
Sector classification:
Industrial Goods & Services
ISIN Code: SE0000101362

Allocation of ownership,
% votes



● **55.5%** Swedish private individuals and companies
● **34.8%** Swedish institutes
● **9.7%** Foreign owners

Classes of shares as of 31 March 2020[1)]

		Proportion of	
	No. of shares	capital	votes
Class A shares	1,062,436	4.0	29.3
Class B shares	25,644,303	96.0	70.7
Total	**26,706,739**	**100**	**100**
Repurchased Class B shares	729,677		
Total number of shares	**27,436,416**		

1) Source: Euroclear Sweden.

Ownership structure as of 31 March 2020[1)]

	Owners		Shares	
Holding	Number	% of total	Number	% of total
1–500	3,720	73.8	491,338	1.8
501–1,000	539	10.7	442,640	1.6
1,001–5,000	523	10.4	1,231,987	4.5
5,001–10,000	94	1.9	695,111	2.5
10,001–50,000	102	2.0	2,081,354	7.6
50,001–100,000	17	0.3	1,231,361	4.5
100,001–	47	0.9	21,262,625	77.5
Total	**5,042**	**100**	**27,436,416**	**100**

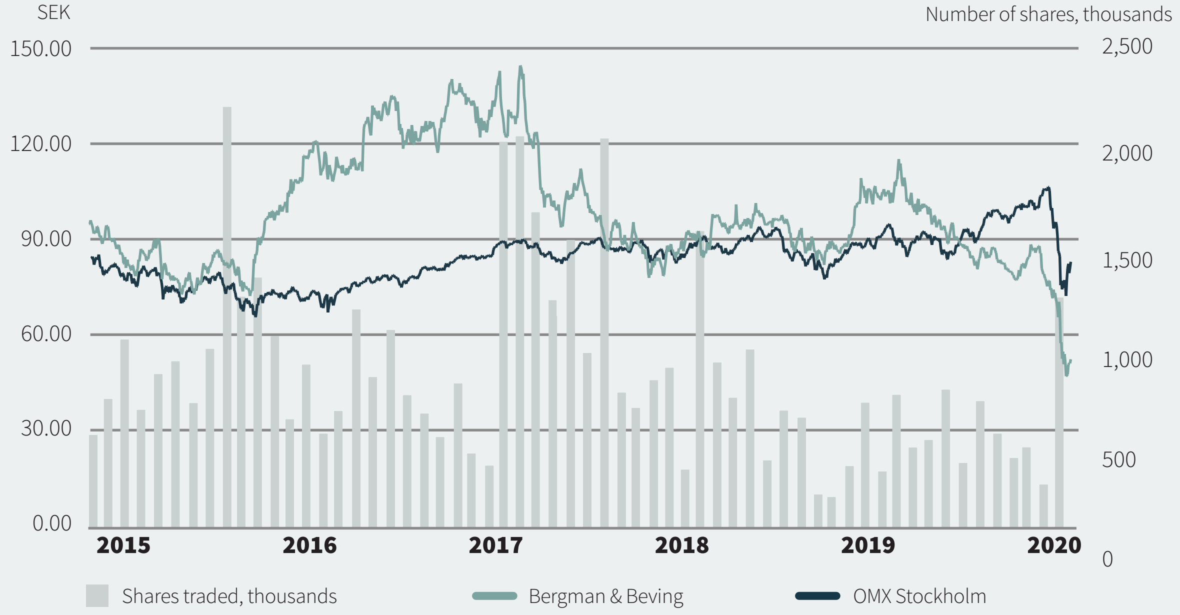
1) Source: Euroclear Sweden.

Major shareholders as of 31 March 2020[1)]

	No. of		% of	
	Class A shares	Class B shares	Capital	Votes
Anders Börjesson (with family/companies)	497,192	2,166,843	9.98	19.68
Tom Hedelius	493,124	0	1.85	13.60
Swedbank Robur Fonder	0	2,971,496	11.13	8.19
Lannebo Fonder	0	2,478,195	9.28	6.83
Fourth AP Fund	0	1,690,781	6.33	4.66
Handelsbanken Pensionsstiftelse & Pensionskassa	0	1,500,000	5.62	4.14
SEB Investment Management	0	1,166,942	4.37	3.22
Unionen	0	1,000,000	3.74	2.76
Sandrew Aktiebolag	0	800,000	3.00	2.21
Brown Brothers Harriman & CO., W9	0	654,355	2.45	1.80
CMU/SECFIN POOLED ACCOUNT	0	643,865	2.41	1.78
CBNY-DFA-INT SML CAP V	0	442,331	1.66	1.22
Per Säve	20,000	160,000	0.67	0.99
Björn Nordenvall	0	300,300	1.12	0.83
Other shareholders	52,120	9,669,195	36.4	28.10
Total (excl. repurchased shares)	**1,062,436**	**25,644,303**	**100**	**100**
Repurchased Class B shares		729,677		
Total number of shares	**1,062,436**	**26,373,980**	**100**	**100**

1) Source: Euroclear Sweden.

SHARE PRICE DEVELOPMENT 2015–2020



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Other information

2019/2020

Annual Report

Administration Report

with Corporate Governance Report 1 April 2019–31 March 2020

The Board of Directors and President & CEO of Bergman & Beving AB (publ), Corporate Registration Number 556034-8590, hereby submit the Annual Report and consolidated financial statements for the 1 April 2019–31 March 2020 financial year. The following Corporate Governance Report, income statements, balance sheets, statements of comprehensive income, statements of changes in equity, cash-flow statements and notes constitute an integrated part of the Annual Report and have been reviewed by the Company's auditors. The statutory Sustainability Report in accordance with the Swedish Annual Accounts Act can be found on pages 22–27.

Bergman & Beving is a Swedish listed group that develops, designs and acquires strong products and brands for the manufacturing and construction sectors. Bergman & Beving has approximately 60 independent subsidiaries in 17 countries. The Group's revenue amounts to approximately SEK 4 billion, with 66 percent attributable to proprietary products and 34 percent to goods for resale. Since 2017/2018, the Company has been organised into three divisions: Building Materials, Workplace Safety and Tools & Consumables.

REVENUE AND PROFIT

Revenue

Revenue amounted to MSEK 4,060 (3,945). For comparable units, revenue declined by 3 percent in local currency and acquisitions had a positive impact of 6 percent on revenue. Exchange-rate fluctuations did not affect revenue.

Profit

The Bergman & Beving Group's EBITA totalled MSEK 208 (249), corresponding to an EBITA margin of 5.1 percent (6.3).

Earnings included extra costs of approximately MSEK 41 related to completed efficiency measures. EBITA was charged with depreciation and impairment losses of MSEK -15 (-14) on tangible non-current assets and amortisation and impairment losses of MSEK -30 (-17) on intangible non-current assets. The new lease recommendations have resulted in a large item of MSEK -118 (-) for depreciation on right-of-use assets compared with the preceding year.

Net financial items amounted to MSEK -34 (-20) and profit after financial items to MSEK 155 (216). Net profit totalled MSEK 116 (169), corresponding to earnings per share of SEK 4.30 (6.25).

OPERATIONS

The year ended with a favourable sales trend. We can also look back on a year of restructuring that ended on a positive note in terms of earnings performance.

The Covid-19 pandemic impacted our operations in several ways, with varying demand from our customers. Demand from construction-related customers was relatively stable while demand from industry-related customers demonstrated a downward trend towards the end of the year. At the same time, the demand for personal protective equipment was very high. Some of the companies in the Workplace Safety division assisted the authorities with both purchasing and temporary deliveries of personal protective equipment to best meet needs in the society. Considering the circumstances, our normal deliveries have functioned smoothly, without major disruptions to our customers.

During the year, Bergman & Beving implemented efficiency measures. The programme consisted primarily of staff reductions. In addition to restructuring, the Group has continued in parallel to make future-oriented investments in product development, sales and marketing of our strong brands. The share of proprietary product brands increased.

Building Materials

Building Materials develops and markets a wide range of products and solutions in fastening elements, fire protection as well as tilers and bricklaying. The division previously included the brands: ESSVE, FireSeal and BVS. During the year, the acquired companies H&H and KGC were added as brands.

Revenue amounted to MSEK 1,143 (1,055) and EBITA to MSEK 53 (88). Efficiency measures negatively impacted earnings in an amount of approximately MSEK 20.

Workplace Safety

Workplace Safety develops concepts within personal protective equipment for the manufacturing and construction sectors. The division previously included the brands: Zekler, Guide, L.Brador, Cresto, Arbesko, RESQ and Skydda. During the year, MoG, VIP Safety and Systemtext were added as new brands from acquisitions. The brands are specialised in various areas of workplace safety; together, they offer comprehensive protection solutions for the user.

Revenue amounted to MSEK 1,401 (1,355) and EBITA to MSEK 95 (118). Efficiency measures negatively impacted earnings in an amount of approximately MSEK 14.

Tools & Consumables

Tools & Consumables offers the market's broadest product range of tools and machinery for professional users in industry, construction and public sector operations. Tools & Consumables includes Luna, which is currently the Nordic region's leading supplier of high-quality tools and machinery, and the brands Teng Tools, Mareld, Limit, Belano, Lidén Weighing, Lindahl & Nermark and Uveco. This year, Miller's was added from an acquisition.

Revenue amounted to MSEK 1,565 (1,579) and EBITA to MSEK 73 (62). Efficiency measures at the subsidiary Luna negatively impacted earnings in an amount of approximately MSEK 7.

Parent Company

The Parent Company's revenue amounted to MSEK 32 (30) and profit after financial items to MSEK 26 (28). The profit includes Group contributions paid in an amount of MSEK 87. For the preceding year, Group contributions were received in a net amount of MSEK 50.

The Parent Company's balance-sheet total amounted to MSEK 3,030 (2,782), with equity accounting for 41 percent (48) of total assets. At year-end, cash and cash equivalents amounted to MSEK 0 (0) and interest-bearing liabilities excluding pension liabilities to MSEK 784 (441), of which MSEK 0 (0) comprised intra-Group loans.

CORPORATE ACQUISITIONS

On 1 April, Bergman & Beving acquired all shares in Bröderna Miller AB. The company is a leader in hardware fittings in Sweden and sells most of its products under its own Miller's brand in the Swedish market. The hardware fittings operations generate revenue of approximately MSEK 50 and have 13 employees.

On April 10, the Building Materials division acquired all shares in KGC Verktyg & Maskiner AB, with closing taking place on 1 May. KGC develops and sells quality tools and accessories for bricklayers and tilers under its own KGC brand. The business is aimed at the Swedish market. The company generates revenue of approximately MSEK 80 and has 22 employees.

On 1 July, the Building Materials division acquired all shares in H&H Tuonti Oy. H&H is a niche supplier of collated fastening products under its own brand with complementary products and machines. H&H has a strong position with a well-established sales network of resellers in Finland. The company generates revenue of approximately MEUR 8 and has 25 employees.

On 30 September, Workplace Safety acquired all shares in Systemtextgruppen AB. Systemtext develops, designs and manufactures work-environment signs. The products are sold via resellers in the Nordic region. The company generates annual revenue of approximately MSEK 40 and has 19 employees.

On 3 February, Workplace Safety acquired all shares in VIP Safety B.V. and 51 percent of the shares in Masters of Gloves B.V. VIP Safety sells personal protective equipment (PPE) and workwear in the Benelux countries. VIP Safety has 12 employees and generates annual revenue of approximately MSEK 40. Masters of Gloves is a brand of protective gloves for police, military, emergency services and other similar customers.

PROFITABILITY, CASH FLOW AND FINANCIAL POSITION

The Group's profitability, measured as the return on working capital, P/WC (EBITA in relation to working capital), increased to 16 percent (22) for the financial year. The return on equity was 7 percent (11).

Cash flow from operating activities for the period amounted to MSEK 222 (258). Working capital increased during the period by MSEK 103. The Group's inventories increased by MSEK 76 and operating receivables increased by MSEK 9, while operating liabilities decreased by MSEK 18.

Cash flow for the financial year was charged with net investments in non-current assets in the amount of MSEK 121 (80) and MSEK 207 (68) pertaining to the acquisition and divestment of operations. The higher rate of investment was primarily attributable to investments in ERP, digitisation and product development.

The Group's operational net loan liability at the end of the period amounted to MSEK 695 (356), excluding pension obligations of MSEK 695 (646) and lease liabilities according to IFRS 16 of MSEK 460. Cash and cash equivalents, including unutilised granted credit facilities, totalled MSEK 305 (444). Additional credit of MSEK 500 was raised after the end of the financial year.

Maturity periods and interest rates are presented in Note 24 Financial risk management.

The equity/assets ratio was 35 percent (43). The lower equity/assets ratio is partially a result of the introduction of IFRS 16, which as of this financial year has had a negative effect of 4 percentage points on the equity/assets ratio.

Equity per share amounted to SEK 61.10, compared with SEK 61.35 at the beginning of the year. Equity per share after dilution totalled SEK 61.10, compared with SEK 61.35 at the beginning of the year.

EMPLOYEES

At the end of the period, the number of employees in the Group totalled 1,083, compared with 1,031 at the beginning of the financial year. This included 39 employees whose employment is being terminated on account of the efficiency measures. During the period, 87 employees were gained via acquisitions. The average number of employees during the year was 1,085 (1,028).

Employees	2019/20	2018/19	2017/18*
Average no. of employees	1,085	1,028	1,458
Percentage women	31%	30%	28%
Percentage men	69%	70%	72%
Distribution by age			
29 years or younger	8%	8%	10%
30–39 years	26%	26%	26%
40–49 years	32%	32%	31%
50–59 years	26%	24%	23%
60 years or older	8%	10%	10%
Length of employment			
Less than2 years	28%	33%	28%
2–5 years	27%	21%	21%
6–11 years	16%	15%	18%
12–16 years	11%	12%	13%
17 years or more	18%	19%	20%

* Includes Momentum Group up until 21 June 2018.

ENVIRONMENTAL IMPACT

During the financial year, the Group conducted operations subject to permit and reporting requirements in one of its Swedish subsidiaries related to trading in certain chemical products. No Group companies are involved in any environmentally related disputes.

RESEARCH AND DEVELOPMENT

With the aim of strengthening and developing Bergman & Beving's position as one of the leading suppliers of strong brands to the manufacturing and construction sectors in the Nordic region, the Group primarily invests its resources in the continued development of proprietary product brands and various concepts and service solutions for its customers and partners. Activities implemented during 2019/2020 included continued product development within the framework of the Company's proprietary brands, digitisation, the development of various service concepts and customer solutions, the development of logistics and e-commerce solutions for resellers and end customers, and training for end users.

FINANCIAL AND BUSINESS RISKS

Efficient and systematic risk assessment of financial and business risks is important for the Bergman & Beving Group. The Group's Financial Policy establishes guidelines and goals for managing financial risks in the Group and regulates the distribution of responsibility between the Board of Directors of Bergman & Beving AB, the President & CEO and the CFO as well as the presidents and CFOs of the subsidiaries. All foreign-currency management and granting of credit to customers are handled within the framework of the established policy. For a detailed account of financial and business risks and the Group's management thereof, refer to pages 48–49 and Note 24 Financial risk management on pages 74–78.

FUTURE DEVELOPMENT

Market trends in 2020/2021 will be carefully monitored by the Group's businesses. Bergman & Beving has good potential to continue improving its profitability in many areas. Bergman & Beving will maintain a high focus on the business and hard work, with initiatives to improve profitability and our efficiency in a more decentralised structure. The Group companies will continue developing services and proprietary product brands, which have accounted for an increased portion of the Group's total sales in recent years.

The Group's strong balance sheet has created the right conditions for interesting corporate acquisitions. The Group's goal is for its earnings growth over a business cycle to amount to at least 15 percent annually.

SHARE STRUCTURE AND REPURCHASE OF SHARES

At the end of the financial year, share capital totalled MSEK 56.9. The distribution by class of share is as follows:

Class of share	No. of shares	No. of votes	% of capital	% of votes
Class A shares, 10 votes per share	1,062,436	10,624,360	3.9	28.7
Class B shares, 1 vote per share	26,373,980	26,373,980	96.1	71.3
Total number of shares before repurchasing	**27,436,416**	**36,998,340**	**100.0**	**100.0**
Of which, repurchased Class B shares	-729,677		2.7	2.0
Total number of shares after repurchasing	**26,706,739**			

The share price as of 31 March 2020 was SEK 50.30. The average number of treasury shares was 549,294 during the period and 729,677 at the end of the period. The average purchase price for the repurchased shares was SEK 88.86 per share.

TRANSACTIONS WITH RELATED PARTIES

No transactions having a material impact on the Group's position or earnings occurred between Bergman & Beving and its related parties during the financial year.

DIVIDEND

The Board postpones the decision on dividend proposal. The dividend last year was SEK 3.00 per share.

Proposed appropriation of profit

The Board's and the CEO's proposed appropriation of profit is presented on page 84.

GUIDELINES FOR SENIOR MANAGEMENT 2020/2021

The Board's proposes the following guidelines for remuneration of the President & CEO and other members of Group management as well as directors to the extent they receive remuneration in addition to Board assignments. The guidelines are to be applied to agreements entered into after the 2020 Annual General Meeting.

The Company must provide remuneration that is in line with market conditions if it is to implement the Company's strategy and sustainable long-term interests. The remuneration is to be in relation to the responsibilities and powers held and consists of fixed and variable salary, pension and other benefits. Fixed salary is to be paid in the form of cash salary and be reviewed annually. The variable salary may be equivalent to not more than 40 percent of the fixed annual salary. In addition, a premium of 20 percent of the variable salary can be paid for the portion used to acquire shares in Bergman & Beving AB. Variable remuneration shall be linked to established, predetermined and measurable targets, which may be financial or non-financial, or individual performances that promote the Company's long-term and sustainable development. Variable salary is regulated the year after qualification. The Board of Directors assesses, on the basis of a proposal from the Compensation Committee, how well the President & CEO fulfilled the targets for variable remuneration at the end of the measurement period. The President & CEO makes a similar assessment of other management. Pension benefits for the President & CEO and other senior management may consist of either a defined-benefit pension plan according to ITP or a defined-contribution plan with certain individual adjustments. Provisions for pensions must not exceed 40 percent of the pensionable salary. Salary sacrifices can be used to strengthen the occupational pension by paying pension provisions as a lump sum on the condition that the total cost for the Company is neutral. Other benefits, including company car, travel concessions, healthcare insurance and occupational health services, shall be competitive and only represent a minor share of the total remuneration. In addition to remuneration, the Board shall annually evaluate the need for share-based incentive programmes and, where necessary, present a proposal for resolution at the General Meeting. In the event of termination of employment on the initiative of the Company, the period of notice is a maximum of 12 months. Severance pay, in addition to salary and other benefits during the notice period, shall amount to not more than 12 months' fixed salary. Efforts should be made to link severance pay to rules governing loyalty and a non-compete undertaking according to prevailing case-law, in addition to rules that regulate deduction from other remuneration. In the event of termination of employment on the initiative of the member of senior management, the period of notice is a maximum of 12 months.

Bergman & Beving's directors elected by the General Meeting shall, in special cases and for a limited period, be paid for services that are not considered Board work. Remuneration for these services shall be on market terms and for each director never exceed two times the normal annual directors' fee.

The Board shall prepare a proposal for new guidelines at least every fourth year for resolution by the Annual General Meeting. The Compensation Committee appointed by the Board shall continuously monitor and evaluate these guidelines and their implementation. Remuneration of the President & CEO shall be decided by the Board of Directors after being prepared and recommended by the Compensation Committee, within the scope of established remuneration principles. Remuneration of other senior management shall be decided by the Compensation Committee, within the scope of established remuneration principles and after consulting with the President & CEO. The President & CEO and other senior management do not participate in the Board's or Compensation Committee's processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters. The Board may decide to derogate from the guidelines for employment contracts governed by rules and practice other than what applies in Sweden or in individual cases if there are special reasons for this and a derogation is necessary to serve the company's and shareholders' long-term interests. The Compensation Committee prepares the Board's decisions concerning derogation from the guidelines. In the preparation of the Board's proposal for these remuneration guidelines, salary and employment conditions for employees of the Company have been taken into account and comprised a part of the Compensation Committee's and Board's decision documentation.

Further information on remuneration of senior management, including previous commitments which are not yet due for payment, see Note 5 Employees and personnel costs.

EVENTS AFTER THE END OF THE FINANCIAL YEAR

After the balance-sheet date, the Covid-19 pandemic affected Bergman & Beving's operations in several ways, primarily in the form of varying demand for the companies. Demand from construction-related customers was relatively stable while demand from industry-related customers declined considerably. Demand for personal protective equipment, just as in the latter part of the financial year, has been very high. Some of the companies in the Workplace Safety division assisted the authorities with both purchasing and temporary deliveries of personal protective equipment to best meet needs in society.

To mitigate the effects of reduced demand in the short term, a number of the Group's companies have implemented short-time working, primarily within the Tools & Consumables division, which has been the most affected to date.

The Group's decentralised business model means that each company prepares measures that are suited for its particular operations. Measures were decided and implemented gradually in each company depending on how the market and the situation changed. The Group's financial position remains strong. After the balance-sheet date, the Parent Company also expanded its loan commitment, see Note 24 Financial instruments and financial risk management.

The Swedish Agency for Economic and Regional Growth has made it clear that receiving Group contributions makes a company ineligible for short-time work allowances. This has led to adjustments in the year-end accounts and the Annual Report is therefore not entirely consistent with the Financial Report. The Parent Company has a larger impact on tax-related items while the impact on the Group is negligible.

No other significant events occurred after the balance-sheet date.

Corporate Governance Report

THE SWEDISH CORPORATE GOVERNANCE CODE AND BERGMAN & BEVING'S CORPORATE GOVERNANCE REPORT

Bergman & Beving applies the Swedish Corporate Governance Code (the "Code"). The Code is part of the self-regulation system of Swedish trade and industry, and is based on the "comply or explain" principle. This means that a company that applies the Code may deviate from individual rules, but is required to provide an explanation for each deviation.

This Corporate Governance Report for the 2019/2020 financial year was prepared in accordance with the recommendations of the Code. The report also contains an account of the work of the Election Committee in preparation for the 2020 Annual General Meeting. Bergman & Beving deviates from the recommendations of the Code in two areas: the Chairman of the Election Committee and the auditors' review of the Company's six-month or nine-month interim reports. These deviations from the Code are reported in further detail in the relevant sections below. The Corporate Governance Report constitutes a part of the formal annual accounts and has been reviewed by the Company's auditors.

DISTRIBUTION OF RESPONSIBILITY AND ARTICLES OF ASSOCIATION

The purpose of the Company's corporate governance structure is to establish a clear distribution of roles and responsibilities between the owners, Board of Directors, Board committees and executive management. Bergman & Beving AB primarily applies the Swedish Companies Act and the rules that apply since the Company's Class B share is listed on Nasdaq Stockholm ("Stockholm Stock Exchange") as well as best practice in the stock market. The Code is part of the regulations of the Stockholm Stock Exchange. In the course of its operations, Bergman & Beving also complies with the regulations stipulated in Bergman & Beving's Articles of Association.

According to the Articles of Association, the registered name of the Company is Bergman & Beving Aktiebolag. The Company is a public limited liability company and the financial year is from 1 April to 31 March. The appointment of directors and amendments to the Articles of Association occur in accordance with the Swedish Companies Act.

The Articles of Association are available in full on the Company's website at www.bergmanbeving.com.

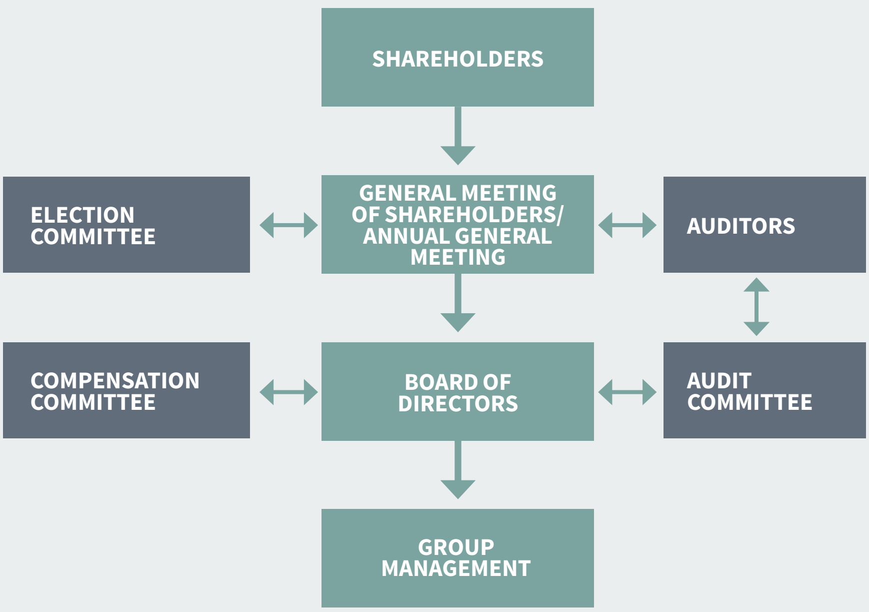
SHARE STRUCTURE, SHAREHOLDERS AND REPURCHASE OF OWN SHARES

As of 31 March 2020, Bergman & Beving AB had approximately 5,042 shareholders. The share capital amounted to approximately MSEK 57. The distribution by class of share is as follows:

Class of share	As of 31 March 2020
Class A shares	1,062,436
Class B shares	26,373,980
Total number of shares before repurchasing	**27,436,416**
Less: Repurchased Class B shares	-729,677
Total number of shares after repurchasing	**26,706,739**

All shares carry equal rights to Bergman & Beving AB's assets and earnings. The Company's Class A shares entitle the holder to ten votes each and each Class B share entitles the holder to one vote. The Articles of Association contain no limitations concerning how many votes each shareholder may cast at the General Meeting of Shareholders. For repurchased shares held in treasury, all rights are waived until such time as the shares are reissued. The Board of Directors is not authorised to make decisions regarding new share issues.

Bergman & Beving's corporate governance structure



The General Meeting of Shareholders is the Company's highest decision-making body. The Board of Directors and its Chairman as well as the auditors, where applicable, are appointed by the Annual General Meeting.

The Election Committee drafts motions to the Annual General Meeting regarding the composition of the Board of Directors.

By order of the Annual General Meeting, it is the duty of the appointed **auditors** to examine the financial statements and the administration of the Board of Directors and the President & CEO during the financial year.

The Board of Directors is ultimately responsible for the Company's organisation and administration. It is also the duty of the Board to ensure that all shareholders' interests in Bergman & Beving are provided for. The Board of Directors appoints the President & CEO and the executive vice presidents.

The Audit Committee examines the procedures for risk management, governance, control and financial reporting.

The Compensation Committee prepares motions concerning remuneration levels for the President & CEO as well as general incentive programmes – subject to the approval of the Board – and decides on remuneration levels for other senior management.

The President & CEO and other members of **Group management** are responsible for the day-to-day management of Bergman & Beving.

According to Chapter 6, Section 2a of the Swedish Annual Accounts Act, listed companies are required to submit information concerning certain circumstances that may affect opportunities to take over the Company through a public takeover bid for the shares in the Company. The Company's lenders are entitled to cancel approved committed credit facilities if the Company's shares are delisted from the Stockholm Stock Exchange or in connection with public takeover bids if the bidder secures a shareholding of more than 50 percent of the number of shares in the Company or controls at least 50 percent of the votes in the Company. Otherwise the Company has not entered into any significant agreements with suppliers or employees that would be affected, change, expire or stipulate the payment of financial remuneration should control of the Company change as a result of a public takeover bid for the shares in the Company.

As of 31 March 2020, Anders Börjesson (with family/companies) held 19.68 percent and Tom Hedelius held 13.60 percent of the total number of votes in the Company. No other shareholders had direct or indirect shareholdings in the Company representing more than one-tenth of the total number of votes.

Further information regarding Bergman & Beving's shares and ownership structure is presented in the section on Bergman & Beving's share on pages 28–29.

Repurchase of own shares and incentive programmes

The number of Class B shares held in treasury as of 31 March 2020 amounted to 729,677, corresponding to 2.7 percent of the total number of shares and 2.0 percent of the total number of votes. The quotient value of this holding amounted to SEK 1,512,545 as of 31 March 2020.

Of the total number of shares held in treasury, 160,000 Class B shares are reserved to cover the Company's obligations in the call option programme issued by Bergman & Beving AB in September 2017, which extends through 11 June 2021. The redemption price for the call options in this programme is SEK 118.10.

Of the total number of shares held in treasury, 210,000 Class B shares are also reserved to cover the Company's obligations in the call option programme issued by Bergman & Beving AB in September 2018, which extends through 10 June 2022. The redemption price for the call options in this programme is SEK 117.90.

Finally, 270,000 Class B shares are reserved to cover the Company's obligations in the call option programme issued by Bergman & Beving AB in September 2019, which extends through 9 June 2023. The redemption price for the call options in this programme is SEK 107.50.

The Board has decided to propose that the Annual General Meeting in August 2020 resolve to authorise a repurchase of own shares. In brief, this motion entails that the Annual General Meeting would authorise the Board, during the period until the next Annual General Meeting, to repurchase a maximum number of own shares through Nasdaq Stockholm so that the Company's holding of treasury shares at no time exceeds 10 percent of the total number of shares in the Company. This authorisation would enable the Board to use repurchased shares to pay for acquisitions or to sell the shares in a manner other than through Nasdaq Stockholm in order to finance acquisitions and to fulfil the Company's obligations in connection with its share-based incentive programmes for senior management.

GENERAL MEETING OF SHAREHOLDERS

The General Meeting of Shareholders is the Company's highest decision-making body where shareholders exercise their voting rights. At the Annual General Meeting, decisions are made concerning the Annual Report, dividends, the election of the directors and auditors, directors' and auditors' fees, and other matters in accordance with the Swedish Companies Act and the Articles of Association. The Company does not apply any special arrangements with respect to the function of the General Meeting of Shareholders due to the provisions of the Articles of Association or due to any shareholders' agreement known to the Company.

Annual General Meeting 2019

The Annual General Meeting of Bergman & Beving AB was held on 26 August 2019 in Stockholm, Sweden. The notice of the Annual General Meeting and the supporting documentation for the Meeting were published in accordance with the Company's Articles of Association. The Meeting was held in Swedish and, based on the composition of the shareholder base, interpreters to other languages were deemed unnecessary. The notice of the Meeting and other materials were available in Swedish and English. A total of 146 shareholders participated in the Meeting, representing a combined total of 69.1 percent of the votes in the Company.

All six regular directors and the Company's auditors attended the Meeting. Among other decisions, the Annual General Meeting resolved to pay a dividend of SEK 3.00 per share. The Company's President & CEO Pontus Boman commented on the Group's operations, the 2018/2019 financial year, the Group's performance in the first quarter of the new financial year and the Group's future prospects. Malin Nordesjö, Henrik Hedelius and Louise Mortimer Undén were re-elected to the Board of Directors. Fredrik Börjesson, Alexander Wennergren Helm and Jörgen Wigh were newly elected to the Board. Jörgen Wigh was elected Chairman of the Board.

The minutes from the Annual General Meeting were made available at Bergman & Beving and on the Company's website two weeks after the Meeting. The minutes are available in Swedish and English.

ELECTION COMMITTEE

The Annual General Meeting in August 2019 resolved to authorise the Chairman of the Board to contact the largest shareholders, in terms of votes, not later than 31 January 2020 and request that they appoint four members who, together with the Chairman of the Board, will constitute an Election Committee to prepare motions to the 2020 Annual General Meeting. The Election Committee is to prepare motions regarding the Chairman of the Annual General Meeting, the number of directors, the election of directors, the Chairman of the Board and auditors, fees to be paid to each director and the auditors, and any changes to the selection criteria and principles for appointing the next Election Committee (in accordance with a resolution passed by the 2012 Annual General Meeting).

In accordance with this authorisation, the Election Committee for the Annual General Meeting in August 2020 comprises Chairman of the Board Jörgen Wigh, Anders Börjesson, Henrik Hedelius, Caroline Sjösten (representing Swedbank Robur Fonder) and Johan Lannebo (representing Lannebo Fonder).

The other members appointed Anders Börjesson as Chairman of the Election Committee. Caroline Sjösten was appointed spokesperson for the Election Committee at the upcoming Annual General Meeting. The composition of the Election Committee was presented in conjunction with the publication of the Interim Report on 7 February 2020, which was later supplemented on 6 March 2020.

The Election Committee's motions regarding the new Board of Directors and the motion regarding auditors will be presented in the notice of the 2020 Annual General Meeting and on the Company's website. The Election Committee will present and motivate its motion regarding the Board of Directors and auditors on the Company's website in conjunction with the publication of the notice of the Meeting and at the Annual General Meeting itself.

No separate remuneration was paid for work on the Election Committee during the year.

THE BOARD OF DIRECTORS 2019/2020

In accordance with Bergman & Beving's Articles of Association, the Board of Directors is to comprise not fewer than five and not more than eight regular directors.

Directors

The Board of Directors of Bergman & Beving AB currently comprises six regular directors elected by the Annual General Meeting on 26 August 2019: Jörgen Wigh (Chairman), Fredrik Börjesson, Henrik Hedelius, Louise Mortimer Undén, Malin Nordesjö and Alexander Wennergren Helm. A detailed presentation of these directors, including information on other assignments and work experience, is available on pages 90–91 and on the Company's website. All directors are independent in relation to the Company and senior management. Three directors are dependent in relation to the Company's major shareholders.

Accordingly, the Board of Directors meets the requirement that at least two of the directors who are independent in relation to the Company also be independent in relation to major shareholders.

According to the resolution of the Annual General Meeting, each director elected by the Annual

General Meeting is to receive a fee of SEK 275,000. The Chairman of the Board is to receive a fee of SEK 600,000. Accordingly, the total fee to be paid in accordance with the resolution of the Annual General Meeting amounts to SEK 1,975,000. The Meeting resolved that the following additional fees are to be paid for committee work: SEK 50,000 to each member of the Compensation Committee and SEK 50,000 to the Chairman of the Audit Committee. Refer to the table below for a summary of the members of the Board, their participation in committees, attendance at Board meetings, dependency and fees. The Board also includes two employee representatives: Lillemor Backström and Anette Swanemar.

Chairman of the Board

The Chairman of the Board is responsible for ensuring that the work of the Board is well organised and conducted efficiently and that the Board performs its duties. In particular, the Chairman is responsible for organising and leading the work of the Board in a manner that creates the best possible conditions for the Board to conduct its work. It is the Chairman's task to ensure that a new director receives the required introductory training and any other training deemed appropriate by the Chairman and the director, to ensure that the Board continuously updates and deepens its knowledge about the Company, to ensure that the Board holds meetings as required and receives sufficient information and supporting data for its work, to propose an agenda for Board meetings in consultation with the President & CEO, to ensure that the decisions of the Board are carried out and to ensure that the work of the Board is evaluated annually. The Chairman is responsible for all contact with the owners regarding ownership matters and for conveying feedback from the owners to the Board.

Duties of the Board

The Board of Directors is ultimately responsible for the Company's organisation and administration. Based on its analysis of the Company's operating environment, the Board is also responsible for deciding on strategic matters. Each year, the Board adopts written rules of procedure that regulate the work of the Board and its internal distribution of responsibility, including its committees, the procedure for resolutions within the Board, the agendas of Board meetings and the duties of the Chairman. The Board also issues instructions to the President & CEO, which grant the authority to make decisions regarding investments, corporate acquisitions and sales as well as financing issues. The Board has also adopted a number of policies for the Group's operations, including a Financial Policy, Environmental Policy and Code of Conduct. The Board of Directors oversees the work of the President & CEO through continuous monitoring of the operations during the year and is responsible for ensuring that the organisation and management as well as the guidelines for administration of the Company are appropriate and that the Company has adequate internal control and effective systems in place for monitoring and controlling the Company's operations and compliance with legislation and regulations applicable to the Company's operations. The Board is also responsible for establishing, developing and monitoring the Company's goals and strategies, decisions regarding acquisitions and divestments of operations, major investments, repurchases of own shares, and appointment and remuneration of Group management. The Board and the President & CEO present the annual accounts to the Annual General Meeting. The work of the Board is evaluated annually under the supervision of the Chairman of the Board. The Election Committee is informed of the results of this evaluation. The Board evaluates the work of the President & CEO on an ongoing basis. This issue is also specifically addressed each year at a Board meeting, without the presence of any member of Group management. The Board also evaluates and comments on any significant assignments, if any, performed by the President & CEO outside the Company.

Work of the Board

The work of the Board of Directors follows an annual plan. In addition to the statutory meeting, which is held in conjunction with the Annual General Meeting, the Board of Directors normally convenes on four occasions each year (scheduled meetings) in connection with the publication of the Interim Reports and holds an annual strategy meeting. Extraordinary meetings are convened when necessary. Each meeting follows an agenda, which is distributed to the directors prior to each Board meeting along with supporting documentation. The decisions of the Board are made after discussions led by the Chairman of the Board. The task of the committees appointed by the Board is to draft motions for resolutions by the Board (see below).

The agenda for the statutory meeting of the Board includes the adoption of the rules of procedure for the Board of Directors, decisions regarding signatory powers and the approval of the minutes. The items addressed at the scheduled meeting in May include the year-end financial statements, the proposed appropriation of profit and the financial report. In conjunction with this meeting, the Company's auditors report to the Audit Committee on their observations and assessments based on the audit performed. Each scheduled meeting also includes a number of fixed agenda items, including reports on the current financial outcome of the Company's operations.

In addition to the statutory meeting, the Board of Directors convened on ten occasions during the 2019/2020 financial year. The Board's work during the year focused on issues pertaining to the Group's strategic development and future organisation, ongoing business operations, earnings and profitability trends, corporate acquisitions and the Group's financial position. Refer to the table on this page for information regarding attendance at Board and committee meetings.

The President & CEO presents reports at the Board meetings. The Group's CFO and other sala-

Board composition, attendance, dependency conditions and fees for 2019/2020

			No. of meetings attended			Dependent in relation to [1]		
Regular directors	Year of election	Position	Board of Directors	Audit Committee	Compensation Committee	Bergman & Beving	Major shareholders	Fee, SEK[2]
No. of meetings			10	4	1			
Jörgen Wigh	2019	Chairman	5	2		No	No	700,000
Alexander Wennergren Helm	2019	Director	5	2		No	No	275,000
Fredrik Börjesson	2019	Director	5	2		No	Yes	275,000
Henrik Hedelius	2015	Director	10	4		No	Yes	275,000
Malin Nordesjö	2017	Director	10	4	1	No	Yes	325,000
Louise Mortimer Undén	2017	Director	7	3		No	No	275,000
Johan Sjö	2017	Former Chairman	5	2	1	No	No	-
Roger Bergqvist	2012	Director	5	2		No	No	-
Anders Börjesson	1990	Director	5	2		No	Yes	-

[1] According to the definitions in the Swedish Corporate Governance Code.
[2] Including remuneration for work on Committees.

ried employees in the Group participate in Board meetings to report on specific issues or whenever deemed appropriate.

Peter Schön, CFO of Bergman & Beving AB, serves as the secretary to the Board as well as to the Election Committee.

Compensation Committee

The Compensation Committee appointed by the Board prepares the Board's motion regarding "Guidelines for determining remuneration and other terms of employment for the President & CEO and other members of Group management." The proposed guidelines are addressed by the Board and then presented to the Annual General Meeting for resolution.

Based on the resolution of the Annual General Meeting, the Compensation Committee submits a motion concerning remuneration of the President & CEO to the Board for approval, decides on remuneration to the other members of Group management and draft motions for any incentive programmes. The Compensation Committee informs the Board of its decisions. The Committee is then responsible for monitoring and evaluating the application of the guidelines for determining remuneration to Group management as adopted by the Annual General Meeting (refer to Note 5 Employees and personnel costs on pages 58–60). The Compensation Committee also monitors and evaluates any ongoing programmes for variable remuneration for Group management as well as any programmes concluded during the year.

The Compensation Committee consists of Chairman of the Board Jörgen Wigh (Chairman of the Compensation Committee) and Director Malin Nordesjö. Former Chairman of the Board Johan Sjö was Chairman until the Annual General Meeting, and Malin Nordesjö was a member of the Compensation Committee. President & CEO Pontus Boman presents reports to the Committee. The President & CEO does not report on his own remuneration.

The Compensation Committee convened on one occasion during the 2019/2020 financial year, during which minutes were taken. During the year, SEK 50,000 was paid to each of the two committee members for their work on the Compensation Committee.

Audit Committee

The Board has appointed an Audit Committee, which – without influencing the work and duties of the Board in any other respect – is responsible for monitoring the Company's financial reporting, monitoring the efficiency of the Company's internal control and risk management with respect to its financial reporting, remaining informed about the audit of the Annual Report and consolidated financial statements, reviewing and monitoring the impartiality and independence of the auditors and whether the auditors have provided the Company with services other than auditing services, and assisting in the preparation of motions regarding the election of auditors for resolution by the General Meeting of Shareholders.

The work of the Audit Committee has been carried out as part of the Board's work at scheduled Board meetings. In conjunction with the adoption of the annual accounts, the Board meets with and receives a report from the Company's external auditors. At the same time, the Board also meets with the auditors without the presence of the President & CEO or other members of Group management.

The Audit Committee includes all regular directors, and Chairman Jörgen Wigh serves as the Chairman of the Committee. The Chairman possesses accounting and audit expertise.

Directors Alexander Wennergren Helm and Louise Mortimer Undén are independent in relation to the Company's major shareholders and possess accounting expertise. The Audit Committee held 4 meetings during the 2019/2020 financial year, during which minutes were taken.

During the year, a fee of SEK 50,000 was paid to Audit Committee Chairman Jörgen Wigh. Other than this, no separate remuneration was paid for work on the Audit Committee.

PRESIDENT & CEO AND GROUP MANAGEMENT

Pontus Boman is President & CEO of Bergman & Beving. Pontus Boman has been employed by the Group since 2007 and served as Executive Vice President of Bergman & Beving between 2016 and 2017. Pontus Boman previously serviced as President of ESSVE (2011–2016) and held senior positions at Accenture and Boston Consulting Group (BCG).

The President & CEO manages the operations in accordance with the Swedish Companies Act and the framework established by the Board. With respect to the authority of the President & CEO to make decisions regarding investments, corporate acquisitions, corporate sales and financing issues, the rules approved by the Board of Directors apply. In consultation with the Chairman of the Board, the President & CEO prepares the necessary information and supporting data for Board meetings, reports on various matters and explains the motivation for motions presented for resolution. The President & CEO leads the work of Group management and makes decisions in consultation with the other members of management.

Bergman & Beving's Group management comprised President & CEO Pontus Boman and CFO Peter Schön. Remuneration to Group management for the 2019/2020 financial year and a description of the company's incentive programmes are presented in Note 5 Employees and personnel costs on pages 58–60.

For more detailed information about Group management, refer to pages 92–93.

AUDITORS

According to the Articles of Association, a registered accounting firm (or, alternatively, one or two authorised public accountants) is to be elected as auditor. KPMG was elected as the Company's auditor at the 2019 Annual General Meeting for the period until the end of the 2020 Annual General Meeting. The Auditor in Charge is Håkan Olsson Reising. KPMG performs the audit of Bergman & Beving AB and most of its subsidiaries.

The Company's auditors follow an audit plan, which includes feedback from the Board and the Audit Committee. The auditors report their findings to the company management teams, Group management and the Board and Audit Committee of Bergman & Beving AB during the course of the audit and in conjunction with the adoption of the annual accounts. The Company's auditor also participates in the Annual General Meeting, presenting and commenting on the audit work.

The independence of the external auditors is regulated through special instructions established by the Board, which state the areas which may be addressed by the external auditors in addition to the normal audit work. KPMG continuously assesses its independence in relation to the Company and provides the Board with written assurance of the auditing firm's independence in relation to Bergman & Beving each year. During the past year, the auditors were mainly consulted on issues regarding corporate law. The total fee for KPMG's services in addition to the audit assignment amounted to MSEK 1 (1) during the 2019/2020 financial year.

ETHICAL GUIDELINES

Bergman & Beving strives to conduct its business with high requirements imposed on integrity and ethics. The Board of Directors adopts a Code of Conduct for the Group's operations on an annual basis, which also includes ethical guidelines. Bergman & Beving's Code of Conduct is available in its entirety on the Company's website at www.bergmanbeving.com.

GUIDELINES FOR DETERMINING REMUNERATION AND OTHER TERMS OF EMPLOYMENT FOR THE PRESIDENT & CEO AND OTHER MEMBERS OF GROUP MANAGEMENT

The Board aims to ensure that the remuneration system in place for the President & CEO and the other members of the Group's senior management team ("Group management") is competitive and in line with market conditions. Accordingly, the Board intends to propose that the Annual General Meeting to be held on 26 August 2020 pass a resolution concerning the 2020/2021 guidelines for determining remuneration and other terms of employment for the President & CEO and other members of Group management. The year's motion concerning guidelines for remuneration of senior management is presented in the Administration Report.

INTERNAL CONTROL OF FINANCIAL REPORTING

According to the Swedish Companies Act and the Swedish Corporate Governance Code, the Board of Directors is responsible for the Company's internal control. This responsibility includes an annual evaluation of the financial reporting received by the Board of Directors and specifying requirements for its content and presentation so as to ensure the quality of the reporting. These requirements stipulate that the financial reporting must be suited to its purpose, with the application of the accounting rules in force and other requirements that apply to listed companies. The following description is limited to the internal control of Bergman & Beving with respect to financial reporting.

The basis of the internal control of the Company's financial reporting comprises the control environment, including the organisation, decision paths, lines of authority and responsibilities documented and communicated in various control documents, such as policies established by the Board, and Group-wide guidelines and manuals.

Bergman & Beving bases and organises its operations on decentralised accountability for profitability, with its operating areas taking the form of companies. Accordingly, central control documents are used to provide formal work plans for internal Board work and instructions for the division of responsibility between the Board and the President & CEO.

The Group's most important financial control documents are gathered on its Intranet and include a comprehensive Financial Policy, a reporting manual, a manual for the Group's internal bank, a description of accounting policies and expanded instructions preceding every closing of the books. These financial rules and regulations are updated regularly and training programmes are offered during the financial year to ensure the uniform implementation and application of the rules and regulations. On a more general level, all operations in the Bergman & Beving Group are to be conducted in accordance with the Group's Code of Conduct.

Bergman & Beving has established control structures to manage the risks that the Board of Directors and corporate management consider to be significant to the Company's internal control with respect to financial reporting. Examples include transaction-related controls, such as regulations concerning attestation and investments, as well as clear payment procedures and analytical controls performed by the Group's controller organisation. Controllers at all levels in the Group play a key role in terms of integrity, competence and the ability to create an environment that is conducive to achieving transparency and true and fair financial reporting.

The monthly earnings follow-up conducted via the internal reporting system is another important overall control activity. The earnings follow-up includes reconciliations with previously set goals and the most recent forecast as well as follow-up of adopted key financial ratios.

This follow-up of earnings also functions as an important complement to the controls and reconciliations performed in the actual financial processes. Follow-ups to assure the quality of the Group's internal control are performed within the Group in various ways. The central finance function works proactively through its participation in various projects aimed at developing internal control. Under the supervision of the Group's CFO, the Group's finance function conducts an annual evaluation of the internal control of the companies. Each company conducts an evaluation in the form of a self-assessment based on predefined questions prepared by the finance function in consultation with the Group's auditors. This evaluation is intended to provide information about the Group's internal control processes and compliance. Each year, the Board of Directors assesses whether this procedure is appropriate and, in consultation with the Company's auditors, suggestions changes to the internal control processes.

Bergman & Beving strives to achieve an open corporate climate and high business ethics. The success of the Group is based on a number of ethical guidelines, which are described in the Code of Conduct. The Group's internal and external stakeholders play a key role in helping to identify any deviations from established values and ethical guidelines. To make it easier to identify such deviations, Bergman & Beving has introduced a whistleblowing system. The whistleblowing system allows any suspicions of misconduct to be reported anonymously. It is an important tool for reducing risks and fostering high business ethics and thereby maintaining customer and public confidence in the Group's operations.

Internal audit

The Board has decided not to establish a special internal audit function. This decision was made based on the size and operations of the Group as well as the existing internal control processes as described above. When necessary, the Audit Committee commissions external advisors to assist on projects relating to internal control.

Auditors' review of the six-month or nine-month reports

Neither Bergman & Beving's six-month report nor its nine-month report for the 2019/2020 financial year were reviewed by the Company's external auditors, which is a deviation from the rules of the Code.

The Board of Directors has determined that the additional expense that would be incurred by the Company for an expanded review of the six-month report or nine-month report by the Company's auditors is not warranted.

NON-COMPLIANCE

The Company has not breached the rulebook of the stock exchange on which its shares are listed for trading or best practice in the stock market.

Group

Income statement

MSEK	Note	2019/2020	2018/2019
Revenue	2, 4	4,060	3,945
Other operating income	3	27	11
Total operating income		**4,087**	**3,956**
Cost of goods sold		-2,388	-2,280
Personnel costs		-779	-744
Depreciation, amortisation and impairment losses		-164	-31
Other operating expenses		-567	-665
Total operating expenses		**-3,898**	**-3,720**
Operating profit	4, 5, 6	**189**	**236**
Financial income		9	7
Financial expenses		-43	-27
Net financial items	7	**-34**	**-20**
Profit after financial items		**155**	**216**
Taxes	9	-39	-47
Net profit		**116**	**169**
Of which, attributable to:			
Parent Company shareholders		116	169
Non-controlling interest		0	-
Earnings per share, SEK			
Earnings per share before dilution	17	4.30	6.25
Earnings per share after dilution	17	4.30	6.25
Proposed/resolved dividend per share, SEK		-	3.00

Group

Statement of comprehensive income

MSEK	Note	2019/2020	2018/2019
Net profit		116	169
Other comprehensive income			
Components that will not be reclassified to net profit			
Remeasurement of defined-benefit pension plans		-48	-16
Tax attributable to components that will not be reclassified	9	10	3
Total		**-38**	**-13**
Components that will be reclassified to net profit			
Translation differences		-5	5
Fair value changes for the year in cash-flow hedges		6	5
Tax attributable to components that will be reclassified	9	-1	-1
Total		**0**	**9**
Other comprehensive income		**-38**	**-4**
Comprehensive income		**78**	**165**
Of which, attributable to:			
Parent Company shareholders		78	165
Non-controlling interest		0	-

Group
Balance sheet

MSEK	Note	31 Mar 2020	31 Mar 2019
ASSETS			
Non-current assets			
Goodwill	10	1,570	1,472
Other intangible non-current assets	10	385	209
Tangible non-current assets	11	102	99
Right-of-use assets	25	455	-
Financial investments	24	0	0
Other long-term receivables	13	3	3
Deferred tax assets	9	89	79
Total non-current assets		**2,604**	**1,862**
Current assets			
Inventories	14	1,077	942
Tax assets		26	54
Accounts receivable	24	855	834
Prepaid expenses and accrued income	15	52	33
Other receivables	13	53	40
Cash and cash equivalents		90	85
Total current assets	4, 22, 23, 24	**2,153**	**1,988**
Total assets		**4,757**	**3,850**
EQUITY AND LIABILITIES			
Equity	16		
Share capital		57	57
Other contributed capital		71	71
Reserves		-22	-22
Retained earnings, including net profit		1,525	1,551
Equity attributable to Parent Company shareholders		**1,631**	**1,657**
Non-controlling interest		12	-
Total equity		**1,643**	**1,657**
Non-current liabilities			
Non-current interest-bearing liabilities	24	862	175
Provisions for pensions	18	695	646
Other non-current provisions	19	65	24
Deferred tax liabilities	9	105	96
Total non-current liabilities		**1,727**	**941**
Current liabilities			
Current interest-bearing liabilities	24	383	266
Accounts payable		583	580
Tax liabilities		23	26
Other liabilities	20	130	121
Accrued expenses and deferred income	21	268	259
Total current liabilities		**1,387**	**1,252**
Total liabilities	4, 22, 23, 24	**3,114**	**2,193**
Total equity and liabilities		**4,757**	**3,850**

For information about the Group's pledged assets and contingent liabilities, refer to Note 26.

Group

Statement of changes in equity

Equity attributable to Parent Company shareholders

MSEK	Share capital	Other contri-buted capital	Hedging reserve	Translation reserve	Retained earnings, including net profit	Total equity
Closing equity, 31 March 2018	**57**	**71**	**-5**	**-26**	**1,462**	**1,559**
Net profit					169	**169**
Other comprehensive income			4	5	-13	**-4**
Comprehensive income			**4**	**5**	**156**	**165**
Dividend					-68	**-68**
Call options issued					1	**1**
Transactions with the Group's owners					**-67**	**-67**
Closing equity, 31 March 2019	**57**	**71**	**-1**	**-21**	**1,551**	**1,657**
Net profit					116	**116**
Other comprehensive income			5	-5	-38	**-38**
Comprehensive income			**5**	**-5**	**78**	**78**
Dividend					-81	**-81**
Call options issued					2	**2**
Repurchase of own shares					-25	**-25**
Transactions with the Group's owners					**-104**	**-104**
Closing equity, 31 March 2020	**57**	**71**	**4**	**-26**	**1,525**	**1,631**

Group

Cash-flow statement

MSEK	Note	2019/2020	2018/2019
Operating activities			
Operating profit		189	236
Adjustments for non-cash items			
Depreciation, amortisation and impairment of non-current assets	10, 11, 25	164	31
Profit from the sale of companies and facilities		4	0
Change in other provisions		-3	-10
Change in pension obligations		18	23
Other non-cash items		0	-1
Interest received		8	7
Interest paid		-28	-13
Income taxes paid		-27	-13
Cash flow from operating activities before changes in working capital		**325**	**260**
Cash flow from changes in working capital			
Change in inventories		-76	-52
Change in operating receivables		-9	-24
Change in operating liabilities		-18	74
Changes in working capital		**-103**	**-2**
Cash flow from operating activities		**222**	**258**
Investing activities			
Acquisition of intangible and tangible non-current assets		-122	-80
Sales of intangible and tangible non-current assets		1	0
Acquisition of subsidiaries/operating segments	30	-207	-68
Cash flow from investing activities		**-328**	**-148**
Cash flow before financing		**-106**	**110**
Financing activities			
Borrowings		418	100
Repayment of loans		-75	-96
Repayment of leases		-113	-
Pension benefits paid		-31	-31
Repurchase of own shares		-25	-
Redeemed, issued and repurchased call options		2	1
Dividend paid to Parent Company shareholders		-81	-68
Contributed capital from minority interest		12	-
Cash flow from financing activities		**107**	**-94**
Cash flow for the year		**1**	**16**
Cash and cash equivalents at the beginning of the year		**85**	**67**
Cash flow for the year		1	16
Exchange-rate differences in cash and cash equivalents		4	2
Cash and cash equivalents at year-end		**90**	**85**

Parent Company

Income statement

MSEK	Note	2019/2020	2018/2019
Revenue	2	32	30
Other operating income		0	0
Total operating income		**32**	**30**
Personnel costs		-24	-18
Depreciation, amortisation and impairment losses		0	-
Other operating expenses		-19	-18
Total operating expenses	5, 6	**-43**	**-36**
Operating profit		**-11**	**-6**
Profit from financial items			
Profit from other securities and receivables recognised as non-current assets	7	51	44
Other interest income and similar profit/loss items	7	8	7
Interest expense and similar profit/loss items	7	-22	-17
Profit after financial items		**26**	**28**
Appropriations	8	-6	30
Profit before taxes		**20**	**58**
Taxes	9	0	-13
Net profit		**20**	**45**

Parent Company

Statement of comprehensive income

MSEK	Note	2019/2020	2018/2019
Net profit		**20**	**45**
Other comprehensive income			
Components that will not be reclassified to net profit		-	-
Components that will be reclassified to net profit			
Fair value changes for the year in cash-flow hedges		6	6
Taxes attributable to other comprehensive income	9	-1	-1
Other comprehensive income		**5**	**5**
Comprehensive income		**25**	**50**

Parent Company

Balance sheet

MSEK	Note	31 Mar 2020	31 Mar 2019
ASSETS			
Non-current assets			
Intangible non-current assets	10	0	0
Tangible non-current assets	11	3	0
FINANCIAL NON-CURRENT ASSETS			
Participations in Group companies	28	704	704
Receivables from Group companies	12	1,746	1,626
Deferred tax asset	9	-	0
Total financial non-current assets		2,450	2,330
Total non-current assets		**2,453**	**2,330**
Current assets			
CURRENT RECEIVABLES			
Receivables from Group companies		546	443
Tax assets		13	5
Other receivables		16	2
Prepaid expenses and accrued income	15	2	2
Total current receivables		577	452
Cash and bank		0	0
Total current assets		**577**	**452**
Total assets	23	**3,030**	**2,782**
EQUITY, PROVISIONS AND LIABILITIES			
Equity	16		
RESTRICTED EQUITY			
Share capital		57	57
Statutory reserve		86	86
NON-RESTRICTED EQUITY			
Fair value reserve		4	-1
Retained earnings		1,086	1,145
Net profit		20	45
Total equity		**1,253**	**1,332**
Untaxed reserves	29	**165**	**246**
Provisions			
Provisions for pensions and similar commitments	18	39	40
Deferred tax liability	9	1	-
Total provisions		**40**	**40**
Non-current liabilities			
Liabilities to credit institutions	24	510	175
Total non-current liabilities		**510**	**175**
Current liabilities			
Liabilities to credit institutions	24	274	266
Accounts payable		2	0
Liabilities to Group companies		774	712
Other liabilities		1	3
Accrued expenses and deferred income	21	11	8
Total current liabilities		**1,062**	**989**
Total equity, provisions and liabilities	23	**3,030**	**2,782**

Parent Company

Statement of changes in equity

MSEK	Restricted equity: Share capital	Restricted equity: Statutory reserve	Non-restricted equity: Treasury shares	Non-restricted equity: Fair value reserve	Non-restricted equity: Retained earnings	Non-restricted equity: Net profit	Total equity
Closing equity, 31 March 2018	**57**	**86**	**-147**	**-6**	**1,335**	**24**	**1,349**
Reversal of earnings					24	-24	**-**
Net profit						45	**45**
Other comprehensive income				5			**5**
Dividend					-68		**-68**
Premium received for issued call options					1		**1**
Redemption of treasury shares			107		-107		**-**
Closing equity, 31 March 2019	**57**	**86**	**-40**	**-1**	**1,185**	**45**	**1,332**
Reversal of earnings					45	-45	**-**
Net profit						20	**20**
Other comprehensive income				5			**5**
Dividend					-81		**-81**
Premium received for issued call options					2		**2**
Repurchase of own shares			-25				**-25**
Closing equity, 31 March 2020	**57**	**86**	**-65**	**4**	**1,151**	**20**	**1,253**

Parent Company

Cash-flow statement

MSEK	Note	2019/2020	2018/2019
Operating activities			
Operating profit		-11	-6
Adjustments for non-cash items			
Depreciation, amortisation and impairment of non-current assets	10, 11	0	-
Change in pension obligations		3	-1
Interest received		59	51
Interest paid		-22	-17
Income taxes paid		-8	25
Cash flow from operating activities before changes in working capital		**21**	**52**
Cash flow from changes in working capital			
Change in current receivables and liabilities to Group companies		-177	38
Change in operating receivables		-14	1
Change in operating liabilities		8	-4
Changes in working capital		**-183**	**35**
Cash flow from operating activities		**-162**	**87**
Investing activities			
Acquisition of intangible and tangible non-current assets		-3	0
Cash flow from investing activities		**-3**	**0**
Cash flow before financing		**-165**	**87**
Financing activities			
Changes in long-term receivables and liabilities to Group companies		-121	2
Borrowings		418	100
Repayment of loans		-75	-96
Redeemed, issued and repurchased call options		2	1
Dividend paid		-81	-68
Repurchase of own shares		-25	-
Pension benefits paid		-3	-2
Group contributions paid and received		50	-24
Cash flow from financing activities		**165**	**-87**
Cash flow for the year		**0**	**0**
Cash and cash equivalents at the beginning of the year		0	0
Cash and cash equivalents at year-end		**0**	**0**

The Group's risks and uncertainties

RISK/DESCRIPTION

BERGMAN & BEVING'S RISK MANAGEMENT

ECONOMY AND MARKET

Demand for Bergman & Beving's products and services is largely impacted by macroeconomic factors that are beyond the Group's control. These could include pandemics, economic trends in the construction sector, trends and investor willingness in the manufacturing industry, and the conditions in the global capital market. Should these factors deteriorate in the markets where the Group is active, this could have a negative impact on the Group's financial position and earnings.

Since Bergman & Beving's numerous subsidiaries focus on different product areas and geographic markets, the Group is less sensitive to market fluctuations in individual industrial areas, sectors or geographic areas. The Group also works continuously to develop operations that are less dependent on a specific market and to adapt its costs to specific conditions. Bergman & Beving's sales primarily comprise construction and industrial consumables, which reduces dependence on short-term investor willingness in the industry.

STRUCTURAL CHANGES

Globalisation, digitisation and rapid technological advancement are fuelling structural changes in customer operations. While this trend could boost demand for Bergman & Beving's advanced services, it could also cause the Group's customers to disappear as a result of mergers, closures and relocation to low-cost countries. Globalisation is also increasing the risk of our customers making their purchases directly from manufacturers in low-cost countries.

In addition to having an organisation with a willingness to change and a strong entrepreneurial spirit, Bergman & Beving is exposed to a large number of industries, which provides protection against structural changes. The Group also strives to follow global trends and therefore continually invests in new technology, such as digitisation.

To a certain extent, the Group is also protected against any negative impact by the fact that it offers various forms of unique added value: strong product brands, excellent service and long-standing customer relationships. The Group's competitiveness also allows it to deliver outside its immediate geographic area.

COMPETITORS

Most of Bergman & Beving's commercial subsidiaries operate in industries that are exposed to competition. Mergers may also take place between suppliers in the industry, allowing them to create broader offerings, which could result in price pressure. The subsidiaries' future competitive opportunities depend on their capacity to remain at the cutting edge of technology and respond rapidly to market demands. Intensified competition, or an inability on the part of a subsidiary to meet new market demands, could have a negative impact on the Group's financial position and earnings.

Bergman & Beving endeavours to offer products and services for which price is not the sole differentiating factor. The risk of declining demand is mitigated as a result of the Group's supply reliability, service, availability and competitive proprietary brands. Through Bergman & Beving's long-standing tradition of building profitable relationships with suppliers and customers, the Group continuously hones its expertise and competitiveness.

To reduce the risk of competition from suppliers, the Group continually works to ensure that a partnership with Bergman & Beving is the most profitable sales strategy for its suppliers.

ENVIRONMENT

Global trends with respect to environmental awareness and sustainability along with changes in environmental legislation could impact sales of the Group's products, the transport of goods and the manner in which customers use the Group's products.

There is also a risk that one of the Group's subsidiaries, through its corporate registration number, could be have a historical responsibility under the Swedish Environmental Code.

Bergman & Beving's subsidiaries primarily focus on trade and operations with a small direct impact on the environment. The Group monitors its operations and environment-related risks through its sustainability reporting, and all companies comply with the Group's Code of Conduct.

Bergman & Beving takes a proactive approach to product development and continuous improvements. The goal is to gradually create new high-quality, environmentally friendly products that improve customers' environmental performance.

In connection with acquisitions, Bergman & Beving analyses the corporate registration numbers of the companies in question in order to mitigate the risk of being held liable for damages for historical environmental issues.

A more detailed description of Bergman & Beving's sustainability initiatives is available in the section on the Sustainability Report.

RISK/DESCRIPTION	BERGMAN & BEVING'S RISK MANAGEMENT
ABILITY TO RECRUIT AND RETAIN EMPLOYEES Bergman & Beving's continued success is dependent on its ability to retain experienced employees with specific skills and to recruit new, talented individuals. There is a risk that one or more members of senior management or other key individuals may leave the Group on short notice. Bergman & Beving's financial position and earnings could be negatively impacted if the Group were to fail to recruit suitable replacements or new, talented key individuals.	Creating the conditions for development and job satisfaction within the Group is a priority. Part of the acquisition strategy involves ensuring that key individuals in all newly acquired companies are motivated to operate the companies independently as part of the Group. Bergman & Beving's Business School is targeted at both new employees and senior management, and is intended to increase internal knowledge sharing, assist employees in their professional development and improve the corporate culture. The Group conducts regular employee surveys to learn more about the employees' perceptions of their employer, their work situation and areas for improvement and development; refer to the section "Employees" in the Sustainability Report.
SUPPLIERS AND CUSTOMERS In order to deliver its products, Bergman & Beving depends on its external suppliers to fulfil their agreements with respect to, for example, volumes, quality and delivery times. Incorrect or delayed deliveries, or nondeliveries, could have a negative impact on the Group's financial position and earnings. The Group's reputation also depends on its suppliers maintaining a high level of business ethics in such areas as human rights and working conditions. Customer agreements vary in terms of their duration, guarantees and liability limitations. For certain customer and supplier relationships, there are no written agreements in place, which can create legal uncertainty regarding the content of the agreement. There is always a risk that a customer's financial position could change and hinder their ability to pay, which could in turn lead to the Group not receiving payment for products sold.	The Group's long-standing, positive relationships with carefully selected suppliers reduces the risk of not being able to deliver as agreed. To ensure that the Group's high standard of business ethics is maintained, all suppliers are also required to follow a Supplier Code of Conduct. To ensure compliance with the Code of Conduct, the Group regularly inspects external production facilities, especially in high-risk countries. The Group does not have a long-term dependency on any individual supplier. Bergman & Beving focuses its sales on a large number of customers, which means that the Group's exposure is limited when it comes to individual credit losses. To minimise the risk of credit losses, the Group strives as far as possible to acquire customer credit information. In cases where the Group deems the risk of non-payment to be high, it utilises several different risk management tools, such as credit insurance and advance payments.
FINANCIAL RISKS The Group is exposed to various financial risks. Foreign-exchange risk refers to the risk that foreign-exchange rates could have a negative impact on Bergman & Beving's financial position and earnings. Transaction exposure refers to the risk that arises due to the Group's payment flows in foreign currencies. Translation exposure arises as a result of the Group's net investments in foreign currencies through its foreign subsidiaries. The Group is also exposed to financing risk, meaning the risk that financing the Group's capital requirements could become more difficult or more expensive. Interest-rate risk refers to the risk that unfavourable changes in interest rates could have a negative impact on the Group's financial position and earnings.	In accordance with the Financial Policy established by the Board of Directors, Bergman & Beving aims to manage the financial risks that arise in the operations in a structured and efficient manner. The Financial Policy stipulates the Group's aim to identify, minimise and control financial risks, and defines how responsibility for managing these risks is to be distributed within the organisation. The goal is to minimise the consequences of the financial risks on earnings. A more detailed description of Bergman & Beving's management of financial risks is available in the note Financial instruments and financial risk management.
CORRUPTION AND BRIBES Corruption is illegal but nevertheless prevalent throughout the world. Unfortunately, although many people associate corruption with countries with a weak democracy, corruption also arises in various forms in openly democratic countries. Swedish companies are often unaware of the risks facing their operations. Companies must look for signs of corruption in all areas of their export business and foreign operations.	Bergman & Beving has a policy of zero tolerance toward bribes and corruption, which is stated clearly in the Code of Conduct. The Code of Conduct is to be communicated to and followed by all employees in the Bergman & Beving Group. Through the Group's whistleblowing function, employees are encouraged to report all cases of unethical behaviour and have the option to remain anonymous. The Group's Financial Policy also requires internal control systems to be used for all payments.

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

COMPLIANCE WITH STANDARDS AND LEGISLATION

The consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretive statements from the IFRS Interpretations Committee as approved by the EU. Recommendation RFR 1 Supplementary Accounting Rules for Groups issued by the Swedish Financial Reporting Board has also been applied. The Parent Company applies the same accounting policies as the Group, except in the cases stated below under the section Parent Company accounting policies.

The Annual Report and consolidated financial statements were approved for publication by the Board of Directors and President & CEO on 29 June 2020. The Group's and the Parent Company's income statements and balance sheets are subject to approval by the Annual General Meeting to be held on 26 August 2020.

BASIS APPLIED WHEN PREPARING THE FINANCIAL STATEMENTS

The Parent Company's functional currency is Swedish kronor (SEK), which also constitutes the reporting currency for the Parent Company and the Group. This means that the financial statements are presented in SEK. All amounts, unless specifically stated otherwise, are rounded to the nearest million.

Assets and liabilities are recognised at historical cost, except for certain financial assets and liabilities that are measured at fair value. Financial assets and liabilities measured at fair value consist of derivative instruments and financial assets available for sale. Preparing the financial statements in accordance with IFRS requires that management makes judgments and estimates and makes assumptions that affect the application of the accounting policies and the recognised amounts of assets, liabilities, income and expenses. The actual outcome may differ from these estimates and judgments. The estimates and judgments are reviewed on a regular basis. Changes in estimates are recognised in the period when the change is made if the change affects this period only, or in the period when the change is made and in future periods if the change affects the current period as well as future periods. Judgments made by management when applying IFRS that have a significant effect on the financial statements and estimates made which can lead to substantial adjustments in the following year's financial statements are described in more detail in Note 32 Key estimates and judgments.

Events after the balance-sheet date refer to both favourable and unfavourable events that occur between the balance-sheet date and the date at the beginning of the following financial year when the financial statements are signed by the members of the Board of Directors and the President & CEO. Information is provided in the Annual Report about any significant events after the balance-sheet date that were not accounted for when the financial statements were adopted. Such events that confirm the circumstances prevailing at the balance-sheet date are taken into account at the time of adoption of the financial statements.

Non-current assets and disposal groups held for sale are recognised at the lower of their recognised carrying amount at the time of classification and their fair value after a deduction for selling expenses.

Offsetting of receivables and liabilities and of income and costs occurs only when required or when expressly permitted in an accounting recommendation.

The stated accounting policies for the Group have been applied consistently for all periods presented in the consolidated financial statements, unless specifically stated otherwise. The Group's accounting policies have been applied consistently in the reporting and consolidating of the Parent Company and subsidiaries.

AMENDED ACCOUNTING POLICIES

IFRS has issued the new standard IFRS 16 Leases, which took effect on 1 January 2019 and has been applied by Bergman & Beving as of 1 April 2019. Other amendments to IFRS applicable as of 1 January 2019 have not had a material impact on the Group's financial reporting.

IFRS 16 Leases

The standard introduces a single lessee accounting model requiring lessees to recognise a right-of-use asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments. The previous principle of only a straight-line expense for operating leases in profit or loss has been replaced with instead recognising expenses for depreciation and interest in profit or loss and a non-current asset (right-of-use) and an interest-bearing lease liability in the balance sheet.

IFRS 16 Leases replaces the previous IFRS related to the recognition of leases (IAS 17, etc.). The Group applies the relief rule of "inheriting" the former definition of leases on transition. This means that the Group applies IFRS 16 to all leases that were signed prior to 1 April 2019 and that were identified as leases under the earlier principles.

The Group applies the modified retrospective approach, which entails that the opening balance is adjusted in an amount corresponding to the accumulated effect of the initial application of the standard on the initial application date and that comparative years are not restated. The Group has chosen to exclude short-term leases with a term of 12 months or less and leases where the underlying asset has a low value. Lease payments for these leases are recognised on a straight-line basis over the term of the lease. For open-ended leases for office and warehouse premises, the Group has determined that, based on experience and past history, a five-year time horizon can generally be used, even if the formal lease term is shorter than five years.

The standard has had the following effects on the balance sheet as of 1 April 2019: Non-current assets (recognised as right-of-use assets) increased by MSEK 479; the impact on other current receivables was marginally negative; non-current interest-bearing liabilities increased by MSEK 366; and current interest-bearing liabilities increased by MSEK 113. The transition had no impact on equity.

Dividing the lease liability into depreciation and interest has a positive impact on operating profit (EBITA) and a negative impact on net financial items. The main payment is not recognised as financing activities and reduces the cash flow from financing activities, with a corresponding increase in cash flow from operating activities. The interest portion of the lease payments will remain cash flow from operating activities and be included in net financial items, paid.

An incremental borrowing rate has been established for each country. The average incremental borrowing rate on 1 April 2019 amounted to approximately 3 percent.

MSEK	
Operating future minimum lease payments on 31 March 2019 according to Note 25	460
Excluding short-term lease payments and low-value leases	-1
Extension options expected to be exercised	54
Present value calculation using the Group's incremental borrowing rate as of 1 April 2019	-34
Lease liabilities as of 1 April 2019	**479**

Recognised right-of-use assets as of 1 April 2019 are attributable to the following types of assets:

MSEK	
Premises	390
Cars	46
Others	43
Right-of-use assets	**479**

NEW OR AMENDED IFRS THAT WILL BE APPLIED IN COMING PERIODS

A number of new and amended IFRS have not yet come into effect and have not been applied in advance in the preparation of these financial statements. The amended IFRS to be applied in the future are not expected to have any material impact on the Group's financial statements.

SEGMENT REPORTING

An operating segment is a part of the Group that conducts operations that can generate income and incur costs, and for which independent financial information is available. The earnings of an operating segment are also monitored by the company's chief operating decision-maker to enable them to be assessed and to allow resources to be allocated to the operating segment. Refer to Note 4 for a more detailed description of the Group's division and a presentation of operating segments.

CLASSIFICATION, ETC.

Non-current assets and non-current liabilities in the Group and the Parent Company essentially consist only of amounts that are expected to be recovered or paid later than 12 months from the balance-sheet date.

Current assets and current liabilities in the Group and the Parent Company essentially consist only of amounts that are expected to be recovered or paid within 12 months from the balance-sheet date.

NOTE 1 cont.

PRINCIPLES OF CONSOLIDATION

Subsidiaries

Subsidiaries are entities over which Bergman & Beving AB has a controlling influence. A controlling influence exists if the Parent Company has power over the investee, is exposed to or has rights to variable returns from its involvement and has the ability to use its power over the investee to affect the amount of the investor's returns. When assessing whether or not a controlling influence exists, consideration is given to potential voting shares and whether any de facto control exists.

Subsidiaries are recognised in accordance with the purchase method of accounting. This method entails that the acquisition of a subsidiary is viewed as a transaction through which the Group indirectly acquires the assets of the subsidiary and assumes its liabilities. The acquisition analysis determines the fair value, on the date of acquisition, of the identifiable assets, assumed debts and any non-controlling interests. Transaction fees, except for transaction fees attributable to issues of equity instruments or debt instruments, that arise are recognised directly in net profit.

In the case of business combinations where the transferred remuneration, any non-controlling interests and the fair value of previously held participations (step acquisitions) exceed the fair value of the acquired assets and assumed liabilities that are to be recognised separately, the difference is recognised as goodwill. Should the difference be negative, which is known as a bargain purchase, it is recognised directly in net profit. Contingent considerations are measured at fair value on the date of acquisition. If the contingent consideration is classified as an equity instrument, no remeasurement is performed and the adjustment is made to equity. Other contingent considerations are remeasured for each financial statement and the difference is recognised in net profit.

If the acquisition does not pertain to 100 percent of the subsidiary, it is deemed a non-controlling interest. There are two methods for recognising non-controlling interests: (i) by recognising the non-controlling interest's share of the proportional net assets or (ii) by recognising the non-controlling interest at fair value, meaning that the non-controlling interest is part of goodwill. Which of these two alternatives is to be applied can be determined on a case-by-case basis.

For step acquisitions, goodwill is determined on the date on which controlling influence is reached. Previous holdings are measured at fair value and the change in value is recognised in net profit.

For divestments that lead to a loss of controlling influence but where a holding remains, the holding is measured at fair value and the change in value is recognised in net profit.

The financial statements of subsidiaries are consolidated from the date of acquisition until the date when the controlling influence ceases.

Associated companies

Associated companies are companies over which the Group has a significant, but not controlling influence in terms of operational and financial control, usually through a holding of between 20 and 50 percent of the total number of votes. From the time at which significant influence is achieved, shares in associated companies are recognised in the consolidated financial statements using the equity method. According to the equity method, the carrying amount of the shares in associated companies recognised in the Group should correspond to the Group's share of the equity in the associated companies and consolidated goodwill and any other residual value for the consolidated surplus or deficit value. In the consolidated income statement, the Group's share of the associated company's profit, adjusted for any depreciation, amortisation, impairment losses or reversals of acquired surplus or deficit values, is recognised as "Shares of profit in associated companies." These shares of profit less dividends received from associated companies represent the main change in the carrying amount of shares in associated companies. The Group's portion of other comprehensive income in associated companies is recognised in a separate line in the Group's other comprehensive income.

Any differences during the acquisition between the cost of the holding and the holding company's portion of the net fair value of the associated company's identifiable assets and liabilities are recognised in accordance with the same principles as in the acquisition of a subsidiary. Transaction fees, except for transaction fees attributable to issues of equity instruments or debt instruments, that arise are included in cost. When the Group's portion of the recognised losses in the associated company exceeds the carrying amount of the shares in the Group, the value of these shares is reduced to zero. Settlement of losses also occurs for long-term financial transactions without collateral, which, in financial terms, are part of the holding company's net investment in the associated company. Continued losses are not recognised, provided that the Group has not issued guarantees to cover losses arising in the associated company. The equity method is applied until the time at which the significant influence is terminated.

Transactions eliminated in consolidation

Intra-Group receivables and liabilities, income or expenses, and unrealised gains or losses arising in intra-Group transactions between Group companies are eliminated in their entirety when preparing the consolidated financial statements. Unrealised gains that arise in transactions with associated companies are eliminated to an extent corresponding to the Group's participating interest in the company. Unrealised losses are eliminated in the same manner as unrealised gains, but only insofar as no impairment requirement exists.

FOREIGN CURRENCY

Transactions in foreign currency

Transactions in foreign currency are translated to the functional currency using the exchange rate prevailing on the transaction date. The functional currency is the currency of the primary economic environments in which the companies conduct their operations. Monetary assets and liabilities in foreign currency are translated to the functional currency at the exchange rate prevailing on the balance-sheet date. Exchange-rate differences that arise during translation are recognised in net profit. Non-monetary assets and liabilities recognised at historical cost are translated at the exchange rate prevailing on the transaction date.

Financial statements of foreign entities

Assets and liabilities in foreign entities, including goodwill and other consolidated surplus values and deficits, are translated from the foreign entity's functional currency to the Group's reporting currency, SEK, at the exchange rate prevailing on the balance-sheet date. Income and expenses in foreign entities are translated to SEK at the average exchange rate, which constitutes an approximation of the foreign-exchange rates prevailing at each transaction date. Translation differences arising as a result of the translation of a foreign net investment are recognised directly in other comprehensive income and are accumulated in a separate equity component, referred to as the translation reserve. When a foreign entity is divested, the accumulated translation differences attributable to the entity are realised, by which they are reclassified from the translation reserve in equity to net profit.

REVENUE

The Group's revenue comprises the sale of goods and services. Revenue is measured based on the remuneration specified in the contract with the customer. The Group recognises revenue once control of the goods or services has been transferred to the customer.

Sale of goods

Since the vast majority of sales refers to goods, revenue is usually recognised at a point in time when the goods have been delivered to the buyer, meaning when control of the goods has been passed. Volume discounts to customers are offered and thus reduce revenue. Revenue is not recognised if there is a risk that a significant reversal may arise due to an estimated discount. Guarantees are offered but do not constitute a separate performance and thus do not impact revenue recognition.

Service assignments

Revenue from service assignments is normally recognised when the service is performed. Revenue from service assignments is recognised in accordance with the principles of the percentage-of-completion method. The degree of completion is normally determined based on the relationship between accrued expenditure on the balance-sheet date and the estimated total expenditure. Probable losses are recognised immediately in consolidated earnings.

Rental income

Rental income from real estate is recognised in net profit on a straight-line basis based on the terms of the lease. The aggregate cost of benefits provided is recognised as a reduction of rental income on a straight-line basis over the term of the lease.

Revenue from property sales

Revenue from property sales is recognised on the day of taking possession, provided control has not been passed on another date.

LEASES

Principles applied from 1 April 2019

When a contract is entered into the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

NOTE 1 cont.

Leases in which the Group is the lessee

The Group recognises a right-of-use asset and a lease liability on the lease's commencement date. The right-of-use assets is initially measured at cost, which comprises the lease liability's initial value plus the lease payments made at or before the commencement date and any initial direct costs. The right-of-use asset is depreciated straight-line over from the commencement date to the shorter of the asset's useful life and the end of the lease term, which normally for the Group is the end of the lease term. In rare cases when the cost of the right-of-use asset reflects that the Group will exercise an option to purchase the underlying asset, the asset is depreciated by the end of its useful life.

Lease liability – which is divided into non-current and current – is initially measured at the present value of remaining lease payments during the estimated lease term. The lease term comprises the non-terminable term together with additional terms in the contract if on the commencement date it is deemed reasonably certain that these will be exercised.

Lease payments are normally discounted using the Group's incremental borrowing rate, which in addition to the Group's/company's credit risk reflects the term of each lease, currency and quality of the underlying asset intended as collateral.

The lease liability consists of the present value of the following internal during the expected lease term:

- fixed payments, including in-substance fixed payments,
- variable lease payments that depend on an index or a rate, initially measured using the index or rate at the commencement date,
- amounts expected to be payable under a residual value guarantee,
- the exercise price of a purchase option that the Group is reasonably certain to exercise and
- payment of penalties for terminating the lease if the lease term reflects the lessee exercising an option to terminate the lease.

The value of the liability increases by the interest expense for each period and decreases through lease payments. The interest expense is calculated as the value of the liability times the discount rate.

The lease liability and asset's value are adjusted in conjunction with the reassessment of the lease term or changes to other parameters in the contract. Typically when the final termination date for the previously estimated lease term for the lease of premises has passed or upon the occurrence of either a significant event or a significant change in circumstances that is within the Group's control and affects the applicable assessment of the lease liability.

No right-of-use asset and lease liability are recognised on leases with a term of 12 months or shorter or where the underlying asset has a low value, of less than SEK 50 thousand. Lease payments for these leases are recognised on a straight-line basis over the term of the lease.

Principles applied until 31 March 2019

During periods prior to 2019, the Group, as both lessee and lessor, classified leases – contracts that gave the right to use an asset for an agreed period in exchange for consideration or a series of payments – as operating or finance on the basis of whether the lease transferred substantially the risks and rewards of ownership of the asset.

As lessee, costs related to operating leases were recognised in net profit on a straight-line basis over the term of the lease. Rewards received in connection with the signing of a contract were recognised in net profit as a straight-line reduction in lease payment over the term of the lease. Variable fees were expensed in the periods in which they arose. The Group had no material finance leases.

FINANCIAL INCOME AND EXPENSES

Financial income and expenses consist of interest income on bank funds and receivables, interest expenses on loans, dividend income and exchange-rate differences.

Interest income on receivables and interest expenses on liabilities are calculated using the effective interest method. The effective interest rate is the rate that discounts the estimated future receipts and disbursements during the financial instrument's expected term to the cost of the financial receivable or the liability. Interest expense includes the accrued amount of issuance costs and similar direct transaction costs in connection with borrowing.

Dividend income is recognised when the right to receive payment has been determined. Exchange gains and losses are recognised in a net amount.

FINANCIAL INSTRUMENTS

Financial instruments are measured and recognised in the Group in accordance with the rules of IFRS 9. Financial instruments recognised as assets in the balance sheet include cash and cash equivalents, accounts receivable, other receivables, financial investments and derivatives. Liabilities include loan liabilities, accounts payable, other liabilities and derivatives.

Recognition in and derecognition from the balance sheet

A financial asset or financial liability is recognised in the balance sheet when the Group becomes a party under the contractual terms of the instrument in question. A financial asset, or a portion of a financial asset, is derecognised from the balance sheet when the contractual rights are realised, fall due or the Group loses control over them. A financial liability, or a portion of a financial liability, is derecognised from the balance sheet when the obligation in the contract is fulfilled or ceases to apply in some other way.

Financial assets and financial liabilities are offset and recognised as a net amount in the balance sheet only when there is a legal right to offset the amounts and when there is an intention to settle the items in a net amount or to realise the asset and settle the liability simultaneously.

Acquisitions and disposals of financial assets are recognised on the transaction date, which is the date when the Group undertakes to acquire or dispose of assets.

Classification and measurement

All financial instruments are initially recognised at cost, corresponding to the fair value of the instrument plus transaction costs, with the exception of derivatives and financial assets and liabilities measured at fair value through profit or loss, which are measured at fair value, excluding transaction costs. A financial instrument's classification determines how it is measured after the initial reporting occasion. The classification of financial assets under IFRS 9 is based on the company's business model for holding the financial assets and the characteristics of the contractual cash flows from the financial asset. The Group's holdings of financial instruments are classified as follows:

Financial investments

Shares and participations among financial non-current assets not recognised as subsidiaries, associated companies or joint ventures are recognised in this category. The Group measures these at fair value through profit or loss. Bergman & Beving has unlisted holdings in this category and the value does not total a significant amount.

Accounts receivable, other receivables that are financial assets and cash and cash equivalents

Accounts receivables, other current receivables, long-term receivables and cash and cash equivalents are recognised at amortised cost less any reserve for impairment. Amounts are not discounted when they do not have a material impact. The items are recognised after deductions for expected credit losses. Impairment requirements on receivables are determined based on individual testing of credit risk when the receivable initially arises and subsequently over its entire lifetime. The companies in the Group evaluate credit risk using available information about past credit events, current circumstances and forecasts on future performance. The credit risk is generally spread over a wide range of customers and is a good reflection of the Group's trading where the total revenue is built up of many business transactions and a favourable risk spread of sales across varying industries and companies. Historically, the Bergman & Beving Group's confirmed credit losses have been few in number and low in amount. The credit quality of the accounts receivable that have neither matured for payment nor been impaired is deemed favourable.

Financial liabilities measured at amortised cost

This category includes loans, accounts payable and certain other operating liabilities. Borrowing is recognised at amortised cost and any differences between the loan amount (net after transaction costs) and the repayable amount are recognised in net profit distributed over the term of the loan and by applying the effective interest method. Borrowing is classified as a current liability if the Company does not hold an unconditional right to defer payment for a minimum of 12 months after the balance-sheet date. Accounts payable and other operating liabilities are not discounted since they do not have any material impact.

Financial liabilities measured at fair value through profit or loss

Liabilities for contingent additional purchase considerations arising in business combinations are measured at fair value through profit or loss. Measurement of

NOTE 1 cont.

these liabilities takes place under Level 3 of the fair value hierarchy, meaning that it is based on the expected future financial performance of the acquired operations as assessed by management.

Derivatives and hedge accounting

Derivative instruments are initially measured at fair value. Derivative instruments held for hedging comprise foreign-exchange forward contracts for hedging highly probably forecast transactions in foreign currency (cash-flow hedging). To fulfil the requirements for hedge accounting, there must be a clear link to the hedged item, the hedge must effectively protect the hedged item, hedging documentation must have been drawn up and the effectiveness must be measurable.

After the initial recognition, foreign-exchange forward contracts are measured at fair value. The effective portion of changes in the fair value of derivative instruments identified as cash-flow hedges are recognised in other comprehensive income and the accumulated changes in value are recognised in a separate component under equity (the hedging reserve).

Any gains or losses attributable to any ineffective portion are recognised immediately in profit or loss. Accumulated amounts in equity are reversed to net profit in the periods in which the hedged item affects profit or loss (for example, when the forecast sale that is hedged affects profit or loss). If the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventories), the hedging reserve is dissolved in other comprehensive income and included in the initial carrying amount of the asset or liability.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet include liquid bank funds, available cash balances and current deposits with a remaining term of three months or less on the acquisition date.

TANGIBLE NON-CURRENT ASSETS

Owned assets

Tangible non-current assets are recognised as assets in the balance sheet if it is probable that future financial benefits will accrue to the Group and the cost of the asset can be calculated in a reliable manner. Tangible non-current assets are recognised in the Group at cost, less accumulated depreciation and any impairment losses. The cost includes the purchase price and costs directly attributable to the asset to bring it to location and make it usable for the purpose intended with its procurement. Examples of directly attributable costs included in the cost are expenses for shipping and handling, installation, legal ratification, consulting services and legal services. Borrowing costs that are directly attributable to the purchase, design or production of assets that require a significant amount of time to prepare for their intended use or sale are included in the cost.

Tangible non-current assets that consist of parts with different useful lives are treated as separate components of tangible non-current assets.

The carrying amount of a tangible non-current asset is derecognised from the balance sheet upon disposal or sale, or when no future financial benefits are expected to be derived from the use or disposal/sale of the asset. Gains or losses that arise upon the sale or disposal of an asset are defined as the difference between the selling price and the carrying amount of the asset, less direct selling expenses. Gains and losses are recognised as other operating income/expenses.

Additional expenditures

Additional expenditures are added to the cost only to the extent that it is probable that the future financial benefits associated with the asset will accrue to the Group and the cost can be calculated in a reliable manner. All other additional expenditures are recognised as an expense in the period in which they arise.

Depreciation policies

Assets are depreciated on a straight-line basis over their useful lives. Land is not depreciated. The Group applies component depreciation, which means that depreciation is based on the estimated useful life of individual components.

Estimated useful lives:

Buildings, property used in operations	5–100 years
Land improvements	20 years
Leasehold improvements	3–15 years
Machinery	3–10 years
Equipment	3–10 years

Property used in operations consists of a number of components with varying useful lives. The main classification is buildings and land. The land component is not depreciated since its useful life is considered to be unlimited. Buildings, however, consist of a number of components for which the useful life varies. The useful lives of these components have been deemed to vary between five and 100 years.

The following main groups of components have been identified and constitute the basis for the depreciation of buildings:

Core	100 years
Core improvements, inner walls, etc.	50 years
Installations: heating, electricity, water, and sanitation, ventilation, etc.	10–50 years
Outer surfaces: facing, roofing, etc.	10–50 years
Inner surfaces: machinery equipment, etc.	10–15 years
Building equipment	5–10 years

An assessment of the depreciation methods applied and the residual value and useful life of assets is carried out on an annual basis.

INTANGIBLE ASSETS

Goodwill

Goodwill represents the difference between the consideration transferred for a business combination and the fair value of the acquired assets and assumed debt. Goodwill is measured at cost, less any accumulated impairment losses. Goodwill is distributed to cash-generating units and is not amortised continuously. Instead, impairment testing is conducted on an annual basis. For business combinations for which the consideration transferred is less than the fair value of the acquired assets and assumed debt, known as a bargain purchase, the difference is recognised directly in net profit.

Research and development

Costs for research aimed at gaining new technical expertise are recognised as an expense when they arise.

Costs for development, for which the results or other expertise is applied to bring about new or improved products or processes, are recognised as an asset in the statement of financial position if the product or the process is technically and commercially viable and the Company has sufficient resources to complete development and subsequently use or sell the intangible asset. The carrying amount includes all directly attributable expenses, for example materials or services, remuneration of employees, registration of legal rights, amortisation of patents and licences and borrowing costs in accordance with IAS 23. Other costs for development are recognised in net profit as an expense when they arise. Development costs in the statement of financial position are recognised at cost less accumulated amortisation and any impairment.

Other intangible assets

Other intangible assets acquired by the Group are recognised at cost less accumulated amortisation and impairment losses and comprise customer relations, brands, capitalised IT expenditure for development, supplier contracts and purchases of software. Accrued expenses for internally generated goodwill and internally generated brands are recognised in net profit when the cost is incurred.

Additional expenditures

Additional expenditures for capitalised intangible assets are recognised as an asset in the balance sheet only to the extent that they increase the future financial benefits of the specific asset to which they are attributable. All other expenditures are expensed as incurred.

Amortisation policies

Amortisation is recognised in net profit on a straight-line basis over the estimated useful life of the intangible asset, unless the useful life is indefinable. Goodwill and intangible assets with an indefinable useful life, such as certain brands, are tested on an annual basis for any indications of an impairment requirement, or as soon as there are indications that the asset in question has declined in value. Intangible assets that are subject to amortisation are amortised from the date on which they are available for use.

Estimated useful lives:

Brands, supplier contracts, customer relations	3–10 years
Software, IT investments	3–10 years
Product development	3–8 years

An assessment of the amortisation methods and useful lives applied is carried out on an annual basis.

NOTE 1 cont.

INVENTORIES

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is primarily calculated using a method based on a weighted average and includes expenditures arising during the acquisition of the inventory assets and transportation thereof to their current location and state or by applying the "first-in, first-out" (FIFO) method. Net realisable value is the estimated selling price in the operating activities, after deduction of the estimated costs for completion and for accomplishing a sale.

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS

The carrying amount of the Group's assets is tested on at least each balance-sheet date to determine whether there are any indications of an impairment requirement. If there is any indication of impairment, the recoverable amount of the asset is calculated.

The recoverable amount of goodwill, other intangible assets with an indefinable useful life and intangible assets not yet ready for use is calculated at least annually. Where it is not possible to allocate essentially independent cash flows to an individual asset, net assets are grouped at the lowest level at which essentially independent cash flows can be determined (cash-generating unit).

An impairment loss is recognised when an asset's or a cash-generating unit's carrying amount exceeds the recoverable amount. An impairment loss is recognised as a cost in net profit. When impairment losses are identified for a cash-generating unit, the impairment loss is primarily allocated to goodwill. Proportional impairment charges are then made against other non-current assets included in the unit.

The recoverable amount is the higher of fair value less selling expenses and value in use. For the purpose of calculating the value in use, future cash flows are discounted using a discount factor that reflects risk-free interest and the risk associated with the specific asset. For an asset that does not generate cash flows and is essentially independent of other assets, the recoverable amount is calculated for the cash-generating unit to which the asset belongs.

Impairment losses on goodwill are not reversed. Impairment losses on other assets are reversed if there has been a change in the assumptions on which the calculation of the recoverable amount was based. An impairment loss is reversed only to the extent that the carrying amount of the asset after the reversal does not exceed the carrying amount of the asset if no impairment loss had been charged, taking into account the amortisation that would then have been made.

EQUITY

The Group's equity can be divided into share capital, other contributed capital, reserves, retained earnings including net profit and non-controlling interest.

Repurchase of own shares

Holdings of treasury shares and other equity instruments are recognised as a reduction of equity. Acquisitions of such instruments are recognised as a deduction item against equity. Proceeds from the disposal of equity instruments are recognised as an increase in equity. Any transaction costs are recognised directly against equity.

Dividends

Dividends are recognised as a liability after the Annual General Meeting has approved the dividend.

EARNINGS PER SHARE

The calculation of earnings per share before dilution is based on consolidated net profit attributable to the Parent Company shareholders and on the weighted average number of shares outstanding during the year. When calculating earnings per share on a fully diluted basis, the average number of shares outstanding is adjusted by taking into account the theoretical dilution of the number of shares outstanding, which during reported periods is attributable to call options issued to employees.

EMPLOYEE BENEFITS

Defined-contribution pension plans

Obligations pertaining to fees for defined-contribution pension plans are recognised as an expense in net profit at the rate they are accrued as the employees perform services for the Company during a specific period.

Defined-benefit pension plans

The Group's net obligations pertaining to defined-benefit pension plans are calculated separately for each plan in the form of an estimate of the future remuneration that the employee has earned as a result of his/her employment in both the current and prior periods. These calculations are performed by a qualified actuary using the projected unit credit method. The obligations are measured at the present value of expected future payments, with due consideration for future salary increases. The discount rate used is the interest rate on the balance-sheet date for an investment grade corporate bond or housing bonds with a term equivalent to the Group's pension obligations. When there is no functioning market for such bonds, the market rate for government bonds with an equivalent term is used. In the case of funded plans, the fair value of the plan assets reduces the calculated value.

When the calculation leads to an asset for the Group, the carrying amount of the asset is limited to the lowest of the surplus on the plan and the asset limitation calculated utilising the discount rate. The asset limitation comprises the present value of the future financial benefits in the form of lower future contributions or cash repayment. Any minimum funding requirements are taken into consideration when calculating the present value of future repayments or payments.

Other significant assumptions and judgments, in addition to the discount rate for the purpose of calculating the Group's defined-benefit plans, comprise future salary increases, inflation and expected length of life. Expected salary increases are based on a combined assessment of the Group's own history, market expectations and forecasts from market surveys. Inflation assumptions are based on a combined assessment of such factors as the inflation targets of central banks, implicit market expectations and long-term analyst forecasts. Length of life assumptions are based on mortality tables that apply a Swedish study known as DUS14 from 31 March 2016.

Obligations for retirement pensions to salaried employees in Sweden in accordance with the ITP plan are handled mainly within the so-called FPG/PRI system. However, obligations for family pensions are secured by insurance with Alecta. These obligations are also defined-benefit obligations, although the Group has not had access to the information necessary to recognise these obligations as a defined-benefit plan. Therefore, these pensions secured by insurance with Alecta are recognised as defined-contribution plans. As of 31 December 2019, Alecta's surplus in the form of its collective solvency margin was 148 percent (2018: 142 percent). The collective solvency margin is defined as the market value of Alecta's assets as a percentage of the insurance obligations calculated in accordance with Alecta's actuarial calculation assumptions, which do not correspond with IAS 19. Alecta's surplus can be distributed to the policy holders and/or the insured.

When the benefits under a plan are improved, the proportion of the increase in benefits pertaining to the employees' service during prior periods is recognised as an expense in net profit. The carrying amount for pensions and similar commitments in the balance sheet corresponds to the present value of the commitments at year-end, less the fair value of the plan assets.

Interest expense/income net on the defined-benefit commitment/asset is recognised in net profit under net financial items. Net interest income is based on the interest rate arising on the discounting of the net obligation, meaning the interest on the obligation, plan assets and the interest on the effect of any asset limitations. Other components are recognised in operating profit/loss. Remeasurement effects comprise actuarial gains and losses, the difference between actual returns on plan assets and the total included in net interest income, and any changes to the effects of asset limitations (excluding interest included in net financial items). Remeasurement effects are recognised in other comprehensive income. The special payroll tax comprises a portion of the actuarial assumptions and, accordingly, is recognised as a portion of the net obligation/net asset. The portion of the special payroll tax calculated based on the Swedish Pension Obligations Vesting Act in legal entities is recognised, for reasons of simplification, as accrued expenses instead of as a portion of the net obligation.

Yield tax is recognised continuously in profit or loss for the period to which the tax pertains and thus is not included in the liability calculation. For funded plans, the tax is charged to the return on plan assets and is recognised in other comprehensive income. For unfunded or partly unfunded plans, tax is charged to net profit.

Benefits in the case of termination

In connection with the termination of employment, a provision is recognised only in cases when the Company is obligated either to terminate an employee's or a group of employees' employment before the normal point in time, or when benefits are given as an offer to encourage voluntary employment termination. In the latter case, a liability and expense are recognised if it is probable that the offer will be accepted and the number of employees who will accept the offer can be reliably estimated.

Share-based benefits

The 2017, 2018 and 2019 Annual General Meetings resolved that call option programmes would be offered to members of senior management of the Group. Since a market premium was paid for the options, no personnel costs were incurred at the time of issuance. However, the terms stipulate that the employee may receive a certain subsidy for the premiums paid to the employee, provided that certain terms

NOTE 1 cont.

and conditions are fulfilled. The subsidy will be expensed and paid in September 2019, September 2020 and September 2021 on the condition that all acquired call options remain and that the individual has remained an employee of the Bergman & Beving Group.

PROVISIONS

A provision is recognised in the balance sheet when the Group has a current legal or informal obligation resulting from a transpired event and when it is probable that an outflow of financial resources will be required to settle the obligation, and an accurate assessment of the amount can be made. When the effect of the timing of the payment is significant, provisions are calculated based on a discount of the expected future cash flow at an interest rate before taxes that reflects current market assessments of the time value of money and, where applicable, the risks associated with the liability.

Guarantees

A provision for guarantees is recognised when the underlying products or services are sold. The provision is based on historical data on guarantees and a total assessment of the possible outcomes in relation to the probabilities associated therewith.

Restructuring

A provision for restructuring is recognised when the Group has adopted a comprehensive and formal restructuring plan, and the restructuring has either begun or been publicly announced. No provisions are set aside for future operating expenses.

Onerous contracts

A provision for onerous contracts is recognised when the benefits that the Group expects to receive from a contract are lower than the inevitable costs to fulfil the obligations in accordance with the contract.

TAXES

Income taxes consist of current taxes and deferred taxes. Income taxes are recognised in net profit, except when the underlying transaction is recognised in other comprehensive income or in equity, in which case the associated tax effect is also recognised in other comprehensive income or in equity.

Current taxes are taxes to be paid or refunded relating to the current year, with the application of the tax rates resolved, or in practice resolved, as of the balance-sheet date. Current taxes also include adjustments of current taxes attributable to earlier periods.

Deferred taxes are calculated in accordance with the balance-sheet method based on temporary differences between the carrying amount of assets and liabilities and the value of assets and liabilities for tax purposes. Temporary differences arising from the recognition of consolidated goodwill are not taken into account. Nor are temporary differences attributable to participations in subsidiaries and associated companies that are not expected to be reversed within the foreseeable future. The measurement of deferred taxes is based on how the carrying amount of assets or liabilities is expected to be realised or settled. Deferred taxes are calculated using the tax rates and tax rules resolved, or in practice resolved, as of the balance-sheet date.

Deferred tax assets pertaining to deductible temporary differences and loss carryforwards are recognised only to the extent that it is probable that it will be possible to utilise them. The value of deferred tax assets is reduced when it is no longer deemed probable that it will be possible to utilise them.

CONTINGENT LIABILITIES

A contingent liability is recognised when there is a possible undertaking arising from events that have occurred and the existence of which are confirmed only by the occurrence of one or more future uncertain events, or when an undertaking is not recognised as a liability or provision because it is unlikely that an outflow of resources will be required or cannot be calculated with sufficient reliability.

CONSOLIDATED CASH-FLOW STATEMENT

Receipts and disbursements have been divided into the following categories: operating activities, investing activities and financing activities. The indirect method is applied for flows from operating activities.

The changes in operating assets and operating liabilities for the year have been adjusted for effects of changes in exchange rates. Acquisitions and disposals are recognised in investing activities.

The assets and liabilities held by the entities acquired and sold on the date of acquisition are not included in the analysis of changes in working capital, nor in the changes of balance-sheet items recognised in investing and financing activities.

Cash and cash equivalents include cash and bank flows, as well as current investments whose conversion to bank funds may occur at an amount that is usually known in advance. Cash and cash equivalents include current investments with a term of less than three months.

PARENT COMPANY ACCOUNTING POLICIES

The Parent Company has prepared its annual accounts in accordance with the Swedish Annual Accounts Act (1995:1554) and recommendation RFR 2 Accounting for Legal Entities issued by the Swedish Financial Reporting Board. The Swedish Financial Reporting Board's statements concerning listed companies have also been applied. RFR 2 stipulates that the Parent Company, in the annual accounts for the legal entity, shall apply all IFRS and statements adopted by the EU to the greatest extent possible within the framework of the Swedish Annual Accounts Act, the Swedish Pension Obligations Vesting Act and with due consideration given to the relationship between accounting and taxation. The recommendation states the exceptions from and additions to be made to IFRS. Combined, this results in differences between the Group's and the Parent Company's accounting policies in the areas indicated below.

Amended accounting policies

Unless otherwise stated below, the same changes as detailed above for the Group applied to the Parent Company's accounting policies during the financial year. The new lease policies, in accordance with IFRS 16, which were adopted by the Group were not applied by the Parent Company. The Parent Company has applied an exception in RFR 2, meaning the Parent Company recognises leases in the same manner as in previous years.

Subsidiaries

Participations in subsidiaries are recognised in the Parent Company in accordance with the cost method. This means that transaction fees are included in the carrying amount for holdings in subsidiaries. In the consolidated financial statements, transaction fees are recognised directly in earnings when incurred. Contingent considerations are valued on the basis of the probability that a consideration will be paid. Any changes to provisions/receivables are added to/deducted from the cost. In the consolidated financial statements contingent considerations are measured at fair value, including changes in value, in profit or loss.

Leased assets

The Parent Company does not apply IFRS 16, in accordance with the exception included in RFR 2. As lessee, lease payments are recognised on a straight-line basis as a cost over the lease term and right-of-use assets and lease liabilities are not recognised in the balance sheet.

Employee benefits

Other bases for the calculation of defined-benefit pension plans are used in the Parent Company than those set out in IAS 19. The Parent Company complies with the provisions of the Swedish Pension Obligations Vesting Act and the directives of the Swedish Financial Supervisory Authority, since this is a condition for tax deductibility. The most important differences compared with the rules in IAS 19 are how the discount interest rate is determined, that the calculation of the defined-benefit obligation takes place based on the current salary level without assumption of future salary increases, and that all actuarial gains and losses are recognised in profit or loss.

Taxes

In the Parent Company, untaxed reserves are recognised including deferred tax liabilities. However, in the consolidated financial statements, untaxed reserves are divided into deferred tax liabilities and equity. Correspondingly, the Parent Company, appropriations are not distributed to deferred tax expense in profit or loss.

Financial guarantee agreements

In accordance with RFR 2, the Parent Company has elected not to apply the provisions in IFRS 9 concerning financial guarantee agreements on behalf of subsidiaries. The relief rule pertains to financial guarantee agreements issued on behalf of subsidiaries and associated companies. The Parent Company recognises financial guarantees as provisions in the balance sheet when the company has a commitment for which payment will probably be required to regulate the commitment.

NOTE 1 cont.

Financial instruments

The Parent Company has decided not to apply IFRS 9 to financial instruments. However, parts of the policies in IFRS 9 are applicable – such as impairment, recognition/derecognition and criteria for the application of hedge accounting. Financial non-current assets in the Parent Company are measured at cost less any impairment and financial current assets using the lower of cost or net realisable value. IFRS 9's impairment requirements are applied for financial assets recognised at amortised cost. Impairment losses on unlisted shareholdings that are not holdings in subsidiaries, associated companies or joint arrangements are recognised at the present value of expected future cash flow that is lower than carrying amount. The Parent Company has no holding of listed shares. Normally, when currency hedging receivables and liabilities in foreign currency using foreign-exchange forward contracts, the forward rate is used to measure the hedged asset or liability.

Group contributions and shareholders' contributions

Shareholders' contributions are recognised directly in equity of the recipient and capitalised in shares and participations of the donor. Group contributions, both received and paid, are recognised in profit or loss as appropriations.

NOTE 2 DISTRIBUTION OF REVENUE

	Group		Parent Company	
	2019/2020	2018/2019	2019/2020	2018/2019
Revenue				
Sale of goods	3,999	3,879	-	-
Service assignments	58	63	31	28
Rental income	3	3	1	2
Commissions, bonuses and similar income	0	0	-	-
Total	**4,060**	**3,945**	**32**	**30**

Income in the Parent Company pertains to intra-Group services totalling MSEK 31 (28).

NOTE 3 OTHER OPERATING INCOME

	Group	
	2019/2020	2018/2019
Exchange-rate gains on operating receivables/liabilities	3	-
Grants from EU, central and local government	0	0
Insurance indemnification	0	-
Capital gain, sale of tangible non-current assets	0	0
Capitalised work for own account	23	10
Other	1	1
Total	**27**	**11**

NOTE 4 SEGMENT REPORTING

Bergman & Beving comprises three divisions: Building Materials, Workplace Safety and Tools & Consumables. The divisions are consolidations of the operational organisation, as used by Group management and the Board of Directors to monitor operations. Group-wide includes the Group's management, finance, logistics, IT and legal affairs functions.

Bergman & Beving specialises in premium brands that offer innovation and quality for professional users in the construction and industrial sectors.

Building Materials develops and markets a wide range of products and solutions in fastening elements, fire protection as well as tilers and bricklaying. Its products are offered under the ESSVE, H&H, KGC, BVS and Fireseal brands.

Workplace Safety develops concepts within personal protective equipment for the manufacturing and construction sectors and offers proprietary brands such as Zekler, Guide, L.Brador, Cresto, Arbesko, MoG, RESQ, Systemtext, VIP Safety and Skydda.

Tools & Consumables offers the market's broadest product range of tools and machinery for professional users in industry, construction and public sector operations. Tools & Consumables includes Luna, which is currently the Nordic region's leading supplier of high-quality tools and machinery, and the brands Teng Tools, Mareld, Limit, Belano, Lidén Weighing, Miller's, Lindahl & Nermark and Uveco.

Intra-Group pricing between the operating segments occurs on market terms. There are no assets in the operating segments that are affected by material changes compared with the most recent Annual Report.

2019/2020	Building Materials	Workplace Safety	Tools & Consumables	Group-wide	Eliminations	Group total
Revenue						
External customers	1,136	1,365	1,556	3	0	**4,060**
Internal customers	7	36	9	260	-312	**-**
Total	**1,143**	**1,401**	**1,565**	**263**	**-312**	**4,060**
EBITA	**53**	**95**	**73**	**-13**	**0**	**208**
Operating profit	**48**	**89**	**64**	**-12**	**0**	**189**
Net financial items	-	-	-	-34	-	**-34**
Profit/loss after net financial items	**48**	**89**	**64**	**-46**	**0**	**155**
Goodwill	592	619	359	-	-	**1,570**
Other assets	912	1,150	1,190	1,923	-1,988	**3,187**
Total assets	**1,504**	**1,769**	**1,549**	**1,923**	**-1,988**	**4,757**
Liabilities	755	880	1,177	2,290	-1,988	**3,114**
Other disclosures						
Investments	12	31	31	105	-	179
of which right-of-use assets	-	-	-	*55*	-	*55*
Depreciation and amortisation	-11	-14	-13	-126	-	-164
of which right-of-use assets	-	-	-	*-118*	-	*-118*

2018/2019	Building Materials	Workplace Safety	Tools & Consumables	Group-wide	Eliminations	Group total
Revenue						
External customers	1,052	1,315	1,574	4	0	**3,945**
Internal customers	3	40	5	283	-331	**-**
Total	**1,055**	**1,355**	**1,579**	**287**	**-331**	**3,945**
EBITA	**88**	**118**	**62**	**-19**	**0**	**249**
Operating profit	**88**	**115**	**53**	**-20**	**0**	**236**
Net financial items	-	-	-	-20	-	**-20**
Profit/loss after net financial items	**88**	**115**	**53**	**-40**	**0**	**216**
Goodwill	554	567	351	-	-	**1,472**
Other assets	758	906	1,156	1,323	-1,765	**2,378**
Total assets	**1,312**	**1,473**	**1,507**	**1,323**	**-1,765**	**3,850**
Liabilities	678	750	1,187	1,343	-1,765	**2,193**
Other disclosures						
Investments	18	27	17	18	-	80
of which right-of-use assets	-	-	-	-	-	-
Depreciation and amortisation	-4	-9	-12	-6	-	-31
of which right-of-use assets	-	-	-	-	-	-

In addition to depreciation, amortisation and impairment losses, other non-cash items included in operating profit/loss pertain to changes to pension obligations totalling MSEK -32 (-36), of which MSEK -10 (-13) in Building Materials, MSEK -3 (-7) in Workplace Safety, MSEK -14 (-12) in Tools & Consumables and MSEK -5 (-4) in Group-wide.

NOTE 4 cont.

INFORMATION ON GEOGRAPHIC AREA

The Group primarily conducts operations in Sweden, Norway and Finland. Revenue presented for the geographic markets is based on the domicile of the customers, while non-current assets are based on the geographic location of the operations.

	2019/2020		2018/2019	
	External revenue	Non-current assets	External revenue	Non-current assets
Sweden	1,683	2,196	1,633	1,651
Norway	1,101	89	1,151	63
Finland	382	56	325	6
Other countries	894	171	836	60
Group total	**4,060**	**2,512**	**3,945**	**1,780**

NOTE 5 EMPLOYEES AND PERSONNEL COSTS

	2019/2020		2018/2019	
Average no. of employees by country	No.	Of whom, women %	No.	Of whom, women %
Sweden, Parent Company	6	17	6	17
Sweden, other Swedish companies	588	34	562	34
Norway	124	14	118	13
Finland	55	24	40	33
Denmark	12	33	14	36
Estonia	56	32	54	28
Brazil	57	39	53	34
Poland	46	24	44	27
Other countries	141	33	137	31
Group total	**1,085**	**31**	**1,028**	**30**

AThe number of full-time employees at year-end was 1,083 (1,031).

Percentage of women on Bergman & Beving's Board of Directors and senior management

Parent Company	2019/2020	2018/2019
Board of Directors	33%	33%
Group management	0%	0%
Group		
Boards of directors	7%	5%
Senior management	20%	16%

The category Senior management includes individuals in the management groups of other Group companies, totalling 110 employees (110).

	Group	
Remuneration and other benefits	2019/2020	2018/2019
Salaries and other remuneration	564	520
Pension costs, defined-benefit plans	17	17
Pension costs, defined-contribution plans	49	44
Social security contributions	154	147
Total	**784**	**728**

	2019/2020			2018/2019		
Parent Company Remuneration and other benefits	Senior management	Other employees	Total	Senior management	Other employees	Total
Salaries and other remuneration	7	5	**12**	6	7	**13**
of which, variable remuneration	*1*	*1*	***2***	-	-	**-**
Social security contributions	4	4	**8**	4	2	**6**
of which, pension costs	*2*	*1*	***3***	*2*	*0*	***2***

The category Senior management includes members of Group management employed by the Parent Company.
The Parent Company's PRI pension obligations to President & CEO and Chairman of the Board amount to SEK 900 thousand (642), of which SEK 0 thousand pertains to the Chairman of the Board.

NOTE 5 cont.

PREPARATION AND DECISION-MAKING PROCESS CONCERNING REMUNERATION TO THE BOARD OF DIRECTORS, THE PRESIDENT & CEO AND OTHER MEMBERS OF SENIOR MANAGEMENT

The Election Committee submits motions for resolution by the Annual General Meeting concerning directors' fees to be allocated to the Chairman of the Board and other Directors. The process of preparing and passing resolutions concerning remuneration to Bergman & Beving's President & CEO and other members of Group management is based on the guidelines proposed by the Board of Directors and adopted by the Annual General Meeting.

The Compensation Committee prepares and submits motions to the Board of Directors concerning the formulation of a remuneration structure for the Group management in line with the guidelines of the Annual General Meeting and prepare motions regarding any share-based incentive programmes. The Compensation Committee also submits motions to the Board regarding remuneration and other terms of employment for the President & CEO and resolves on remuneration for other members of Group management.

A more detailed presentation of the composition and work of the Compensation Committee is found in the Corporate Governance Report.

	Group	
Remuneration to directors, SEK thousand	2019/2020	2018/2019
Chairman of the Board	700	700
Other directors	1,425	1,475
Total	**2,125**	**2,175**

Fees to the Board

In accordance with the resolution passed by the Annual General Meeting in August 2019, the directors received directors' fees for their work on Bergman & Beving AB's Board of Directors during the 2019/2020 operating year.

REMUNERATION AND OTHER BENEFITS TO GROUP MANAGEMENT IN 2019/2020

SEK thousand	Fixed salary	Variable salary	Long-term incentive (LTI)	Other benefits	Pension costs	Total remuneration and other benefits	Call options outstanding (no.)
Pontus Boman, President & CEO	3,896	671	-	129	1,060	**5,756**	102,000
Other members of Group management (1 position)	2,081	351	-	100	562	**3,094**	80,000
Total	**5,977**	**1,022**	**-**	**229**	**1,622**	**8,850**	**182,000**

REMUNERATION AND OTHER BENEFITS TO GROUP MANAGEMENT IN 2018/2019

SEK thousand	Fixed salary	Variable salary	Long-term incentive (LTI)	Other benefits	Pension costs	Total remuneration and other benefits	Call options outstanding (no.)
Pontus Boman, President & CEO	3,794	-	300	128	1,138	**5,360**	60,000
Other members of Group management (1 position)	2,020	-	-	95	522	**2,637**	40,000
Total	**5,814**	**-**	**300**	**223**	**1,660**	**7,997**	**100,000**

PRESIDENT & CEO

Pontus Boman has been President & CEO of Bergman & Beving since 14 June 2017 in conjunction with the separate listing of the Momentum Group operating segment.

Remuneration to the President & CEO of Bergman & Beving AB comprises fixed salary, variable salary, participation in the call option programmes 2017/2021, 2018/2022 and 2019/2023 (see below for a more detailed description), other benefits and pension. For the Company's President & CEO, variable salary can amount to a maximum of 30 percent of fixed salary, based on the Group's earnings. In addition, a premium of 20 percent of the variable salary can be paid as a consideration for the entire variable portion being used to acquire shares in Bergman & Beving AB.

From the age of 65, the President & CEO is covered by a defined-contribution pension, whose size depends on the outcome of the pension insurance policies taken out. Pension premiums paid include premiums for health insurance. In the event of termination of employment at the initiative of the Company, the period of notice is 12 months. Aside from salary and other benefits during the period of notice, severance pay equivalent to three months' salary will be issued to the President & CEO in the event of termination of employment at the initiative of the Company.

OTHER MEMBERS OF GROUP MANAGEMENT

Peter Schön, CFO of Bergman & Beving AB, was the only other member of Group management this year and in the preceding year.

Remuneration to other members of Group management comprises fixed salary, variable salary, participation in the call option programmes 2017/2021, 2018/2022 and 2019/2023 (see below for a more detailed description), other benefits and pension. The variable salary amounts to a maximum of 30 percent of fixed salary, based on the Group's earnings. In addition, a premium of 20 percent of the variable salary can be paid as a consideration for the entire variable portion being used to acquire shares in Bergman & Beving AB.

From the age of 65, other members of Group management are covered by a defined-contribution pension solution, whose size depends on the outcome of the pension insurance policies taken out. Pension premiums paid include premiums for health insurance. In the event of termination of employment at the initiative of the Company, the period of notice is nine months. In addition to salary and other benefits during the notice period, a severance payment of three months' salary is payable by the Company.

LONG-TERM INCENTIVE (LTI) PROGRAMMES

In 2016, the Board of Bergman & Beving AB decided to offer a long-term incentive programme to Pontus Boman involving an annual cash-based gross remuneration amount of SEK 300 thousand over a three-year period starting in 2016/2017. Payment of the cash-based gross remuneration amount was conditional on an initial investment in Bergman & Beving shares of approximately MSEK 2.5, with continued employment by the Company. No remuneration was paid for the financial year.

CALL OPTION PROGRAMME 2019/2023

Following a resolution passed by the Annual General Meeting in August 2019, 20 senior executives in the Bergman & Beving Group were offered an opportunity to acquire a maximum of 270,000 call options on repurchased Class B shares. The programme was fully subscribed. If fully exercised, the number of outstanding Class B shares will increase by 270,000, corresponding to 1.0 percent of the total number of shares and 0.7 percent of the votes. The price per call option is SEK 5.98, equivalent to the market value according to the external valuation performed by Nordea Bank according to the Black & Scholes model. Each option entitles its holder to purchase one Class B share in Bergman & Beving AB at a redemption price of SEK 107.50, with a redemption period from 12 September 2022 until 9 June 2023, inclusive. The programme was secured in its entirety through repurchase of treasury shares.

NOTE 5 cont.

GUIDELINES FOR DETERMINING REMUNERATION AND OTHER TERMS OF EMPLOYMENT FOR THE PRESIDENT & CEO AND OTHER MEMBERS OF GROUP MANAGEMENT

For the Board of Directors, it is crucial that the Company is able to recruit, provide long-term motivation for and retain competent employees who create long and short-term shareholder value. To achieve this goal, it is important that the Company is able to offer competitive terms. The Company's remuneration levels and remuneration structure for Group management are to be in line with market conditions. The total remuneration package for the individuals in question is to comprise a balanced combination of fixed salary, variable salary, long-term incentive programmes, pension benefits and other benefits. Variable salary and long-term incentive programmes should primarily be linked to the Group's earnings and value performance.

- Fixed salary is to be adjusted to market conditions and be based on responsibility, competence and performance. Fixed salary is determined based on market principles and is reviewed annually.
- Variable salary is to be determined in relation to fixed salary and is set as a function of the Group's earnings.
- Members of Group management are to be included in a long-term incentive programme (LTI programme).
- Pension benefits are to comprise either a defined-benefit pension plan or a defined-contribution plan, whose annual premium is determined as a function of fixed salary, variable remuneration and age. Certain individual adjustments occur. The retirement age for Group management is currently 65.
- Other benefits are to be in line with market conditions and enable the members of Group management to perform their duties.
- In the event of termination of employment at the initiative of the President & CEO or another member of Group management, the period of notice is six months. In the event of termination of employment on the initiative of the Company, the period of notice is a maximum of 12 months. Severance pay may amount to a maximum of 12 months' salary.

The Board is entitled to deviate from the above guidelines in individual cases if special reasons exist.

Guidelines established at the Annual General Meeting of Bergman & Beving AB held on 26 August 2019. These guidelines have been applied to all agreements entered into with the President & CEO and other members of Group management during 2019/2020.

This offering is linked to a subsidy corresponding to the paid option price. This means that an amount of SEK 5.98 per acquired call option can be paid to the holder. The subsidy is to be paid by the holder's employer in September 2021 on the condition that all originally acquired call options in this programme remain and that the individual has remained an employee of the Bergman & Beving Group.

CALL OPTION PROGRAMME 2018/2022

Following a resolution passed by the Annual General Meeting in August 2018, 16 senior executives in the Bergman & Beving Group were offered an opportunity to acquire a maximum of 210,000 call options on repurchased Class B shares. The programme was fully subscribed. If fully exercised, the number of outstanding Class B shares will increase by 210,000, corresponding to 0.8 percent of the total number of shares and 0.6 percent of the votes. The price per call option is SEK 7.10, equivalent to the market value according to the external valuation performed by Nordea Bank according to the Black & Scholes model. Each option entitles its holder to purchase one Class B share in Bergman & Beving AB at a redemption price of SEK 117.90, with a redemption period from 13 September 2021 until 10 June 2022, inclusive. The programme was secured in its entirety through repurchase of treasury shares.

This offering is linked to a subsidy corresponding to the paid option price. This means that an amount of SEK 7.10 per acquired call option can be paid to the holder. The subsidy is to be paid by the holder's employer in September 2020 on the condition that all originally acquired call options in this programme remain and that the individual has remained an employee of the Bergman & Beving Group.

CALL OPTION PROGRAMME 2017/2021

Following a resolution passed by the Annual General Meeting in August 2017, 10 senior executives in the Bergman & Beving Group were offered an opportunity to acquire a maximum of 160,000 call options on repurchased Class B shares. The programme was fully subscribed. If fully exercised, the number of outstanding Class B shares will increase by 160,000, corresponding to 0.6 percent of the total number of shares and 0.4 percent of the votes. The price per call option is SEK 8.20, equivalent to the market value according to the external valuation performed by Nordea Bank according to the Black & Scholes model. Each option entitles its holder to purchase one Class B share in Bergman & Beving AB at a redemption price of SEK 118.10, with a redemption period from 14 September 2020 until 11 June 2021, inclusive. The programme was secured in its entirety through repurchase of treasury shares.

This offering is linked to a subsidy corresponding to the paid option price. This means that an amount of SEK 8.20 per acquired call option can be paid to the holder. The subsidy is to be paid by the holder's employer on the condition that all originally acquired call options in this programme remain and that the individual remained an employee of the Bergman & Beving Group. A total subsidy of SEK 1,312 thousand was paid in accordance with this programme in September 2019.

The table below shows the options issued and options outstanding as of 31 March 2020:

	Date of issue	Redemption period	Redemption price, SEK	No. of options issued	No. of options outstanding	Settlement method
Group						
Call option programme 2017/2021	Sep 2017	14 Sep 2020 – 11 Jun 2021	118.10	160,000	160,000	Physical delivery
Call option programme 2018/2022	Sep 2018	13 Sep 2021 – 10 Jun 2022	117.90	210,000	210,000	Physical delivery
Call option programme 2019/2023	Sep 2019	12 Sep 2022 – 9 Jun 2023	107.50	270,000	270,000	Physical delivery
Parent Company						
Call option programme 2017/2021	Sep 2017	14 Sep 2020 – 11 Jun 2021	118.10	80,000	80,000	Physical delivery
Call option programme 2018/2022	Sep 2018	13 Sep 2021 – 10 Jun 2022	117.90	80,000	80,000	Physical delivery
Call option programme 2019/2023	Sep 2019	12 Sep 2022 – 9 Jun 2023	107.50	122,000	122,000	Physical delivery

No call options were redeemed in 2019/2020.

NOTE 6 FEES AND REIMBURSEMENT TO AUDITORS

	Group		Parent Company	
	2019/2020	2018/2019	2019/2020	2018/2019
Audit assignment				
KPMG	4	4	1	1
Other auditors	1	1	-	-
Fees for audit assignment	**5**	**5**	**1**	**1**
Audit activities in addition to audit assignment				
KPMG	0	0	-	-
Other auditors	-	0	-	-
Fees for audit activities in addition to audit assignment	**0**	**0**	**-**	**-**
Tax advisory services				
KPMG	0	0	-	0
Other auditors	0	0	-	-
Fees for tax advisory services	**0**	**0**	**-**	**0**
Other assignments				
KPMG	1	1	0	0
Fees for other assignments	**1**	**1**	**0**	**0**
Total fees to auditors	**6**	**6**	**1**	**1**

Audit assignment refers to statutory auditing of the Annual Report and accounting as well as the administration of the Board of Directors and the President & CEO, and auditing and other reviews carried out in accordance with the law, agreements or contracts. This includes other work assignments that are incumbent upon the Company's auditors as well as advisory services or other assistance occasioned through the findings of such reviews or the performance of such other work assignments.

Other assignments comprise advisory services concerning accounting issues.

NOTE 7 NET FINANCIAL ITEMS

Group	2019/2020	2018/2019
Interest income	9	7
Dividends	0	0
Net exchange-rate changes	-	0
Other financial income	0	0
Financial income	**9**	**7**
Interest expense	-18	-14
Net interest income on defined-benefit pensions	-13	-12
Interest expenses on lease liability	-11	-
Net exchange-rate changes	-1	-
Other financial expenses	0	-1
Financial expenses	**-43**	**-27**
Net financial items	**-34**	**-20**

Parent Company

Interest income and similar profit/loss items	2019/2020	2018/2019
Interest income, Group companies	51	44
Interest income, other	8	6
Net exchange-rate changes	-	1
Total	**59**	**51**

Parent Company

Interest expenses and similar profit/loss items	2019/2020	2018/2019
Interest expenses, Group companies	-2	-1
Interest expenses, other	-19	-16
Net exchange-rate changes	-1	-
Other financial expenses	0	0
Total	**-22**	**-17**

NOTE 8 APPROPRIATIONS

	Parent Company	
	2019/2020	2018/2019
Tax allocation reserve, provision for the year	-	-20
Tax allocation reserve, reversal for the year	81	0
Group contributions received	-	159
Group contributions paid	-87	-109
Total	**-6**	**30**

NOTE 9 TAXES

Taxes recognised in profit or loss	Group 2019/2020	Group 2018/2019	Parent Company 2019/2020	Parent Company 2018/2019
Current tax				
Tax expense for the period	-50	-43	0	-13
Deduction of foreign taxes	-1	-1	-	-
Adjustment of taxes attributable to earlier years	-1	-1	0	0
Total current tax	**-52**	**-45**	**0**	**-13**
Deferred tax				
Deferred tax attributable to temporary differences	14	-5	-	-
Effect of other tax rates and changed tax legislation	-	3	-	-
Utilisation of previously capitalised tax loss carryforwards	-1	0	-	-
Total deferred tax	**13**	**-2**	**-**	**-**
Total tax	**-39**	**-47**	**0**	**-13**

RECONCILIATION OF EFFECTIVE TAXES

Group

The Group's weighted average tax rate, with its current geographic mix, is approximately 22 percent (22). The relationship between taxes at the average tax rate and recognised taxes for the Group is illustrated in the following table:

Reconciliation of effective taxes	2019/2020	2018/2019
Profit before taxes	155	216
Taxes at an average tax rate of 22 percent (22)	-34	-48
Tax effect of:		
Changed tax rate	-	3
Standard rate/income on tax allocation reserve	-1	0
Taxes attributable to earlier years	-1	-1
Utilisation of previously non-capitalised tax loss carryforwards	1	1
Non-deductible expenses	-3	-3
Non-taxable income	0	1
Other items	-1	0
Total tax	**-39**	**-47**

Parent Company

The relationship between the Swedish tax rate of 21.4 percent (22.0) and recognised taxes for the Parent Company is presented in the following table:

Reconciliation of effective taxes	2019/2020	2018/2019
Profit after financial items and Group contributions	-61	78
Tax at a tax rate of 21.4 percent (22.0)	13	-17
Tax effect of:		
Appropriations	-17	4
Standard rate/income on tax allocation reserve	-1	0
Utilisation of non-deductible financial net in Group companies	5	-
Taxes attributable to earlier years	0	0
Non-deductible expenses	0	0
Total tax	**0**	**-13**

TAXES RECOGNISED IN THE STATEMENT OF COMPREHENSIVE INCOME AND DIRECTLY AGAINST EQUITY

Tax items recognised in comprehensive income in the Group and the Parent Company or directly against equity in the Parent Company

	Group 2019/2020	Group 2018/2019	Parent Company 2019/2020	Parent Company 2018/2019
Deferred tax on defined-benefit pension plans	10	3	-	-
Deferred tax on hedge accounting of financial instruments	-1	-1	-1	-1
Total	**9**	**2**	**-1**	**-1**

NOTE 9 cont.

DEFERRED TAX RECOGNISED IN THE BALANCE SHEET

Deferred tax assets and liabilities

Deferred tax assets and liabilities in the balance sheet are attributable as follows:

	31 Mar 2020			31 Mar 2019		
Group	Receivables	Liabilities	**Net**	Receivables	Liabilities	**Net**
Intangible assets	-	-42	**-42**	-	-26	**-26**
Tangible assets	-	-5	**-5**	0	-5	**-5**
Financial non-current assets	3	-1	**2**	4	-	**4**
Inventories	12	-	**12**	10	-	**10**
Untaxed reserves	0	-45	**-45**	0	-57	**-57**
Pension provisions	67	-2	**65**	58	-2	**56**
Other provisions	7	-	**7**	1	2	**3**
Other	0	-10	**-10**	5	-8	**-3**
Tax loss carryforwards	0	-	**0**	1	-	**1**
Total	**89**	**-105**	**-16**	**79**	**-96**	**-17**

	31 Mar 2020			31 Mar 2019		
Parent Company	Receivables	Liabilities	**Net**	Receivables	Liabilities	**Net**
Financial non-current assets	-	-1	**-1**	0	-	**0**
Total	**-**	**-1**	**-1**	**0**	**-**	**0**

Non-capitalised tax loss carryforwards in the Group amounted to MSEK 0 (0).

A reconciliation of deferred net receivables (net liability) from the beginning of the year until year-end is shown in the tables below:

Group	31 Mar 2020	31 Mar 2019
Opening balance at the beginning of the year, net	-17	-8
Acquisition of subsidiaries and other business units	-20	-8
Taxes charged against net profit	13	-2
Taxes on items recognised in consolidated comprehensive income and directly in equity	9	2
Translation differences	-1	-1
Closing balance at year-end, net	**-16**	**-17**

Parent Company	31 Mar 2020	31 Mar 2019
Opening balance at the beginning of the year, net	0	2
Taxes charged against net profit	-	-1
Taxes on items recognised in the Parent Company's comprehensive income	-1	-1
Closing balance at year-end, net	**-1**	**0**

Changes in temporary differences during the year are recognised in profit or loss in accordance with the table below, including the statement of comprehensive income and changes recognised directly in equity.

Group	31 Mar 2020	31 Mar 2019
Intangible assets	4	4
Tangible assets	0	0
Financial non-current assets	-1	-1
Inventories	1	1
Untaxed reserves	10	-6
Pension provisions	10	0
Other provisions	0	1
Other	-1	1
Tax loss carryforwards	-1	0
Total	**22**	**0**

Parent Company	31 Mar 2020	31 Mar 2019
Financial non-current assets	-1	0
Total	**-1**	**0**

NOTE 10 INTANGIBLE NON-CURRENT ASSETS

	2019/2020					2018/2019				
	Acquired intangible assets					Acquired intangible assets				
Group	Goodwill	Brands	Customer relations	Other	**Total**	Goodwill	Brands	Customer relations	Other	**Total**
Accumulated cost										
At the beginning of the year	1,472	70	114	170	**1,826**	1,430	70	113	114	**1,727**
Investments	-	-	-	105	**105**	-	-	-	45	**45**
Acquisition of subsidiaries	101	-	98	4	**203**	39	-	32	1	**72**
Sales and disposals	-	-	-	-16	**-16**	-	-	-32	-	**-32**
Reclassifications	-	-	-	2	**2**	-	-	-	10	**10**
Translation differences	-3	-	1	0	**-2**	3	-	1	0	**4**
At year-end	**1,570**	**70**	**213**	**265**	**2,118**	**1,472**	**70**	**114**	**170**	**1,826**
Accumulated amortisation										
At the beginning of the year	-	-7	-55	-83	**-145**	-	-5	-75	-78	**-158**
Amortisation for the year	-	-2	-18	-10	**-30**	-	-2	-11	-4	**-17**
Acquisition of subsidiaries	-	-	-	-1	**-1**	-	-	-	-1	**-1**
Sales and disposals	-	-	0	16	**16**	-	-	32	0	**32**
Translation differences	-	-	1	2	**3**	-	-	-1	0	**-1**
At year-end	**-**	**-9**	**-72**	**-76**	**-157**	**-**	**-7**	**-55**	**-83**	**-145**
Impairment losses on cost										
At the beginning of the year	-	0	-	0	**0**	-	0	-	0	**0**
Impairment losses for the year	-	-	-	-6	**-6**	-	-	-	-	**-**
At year-end	**-**	**0**	**-**	**-6**	**-6**	**-**	**0**	**-**	**0**	**0**
Carrying amount at the beginning of the year	**1,472**	**63**	**59**	**87**	**1,681**	**1,430**	**65**	**38**	**36**	**1,569**
Carrying amount at year-end	**1,570**	**61**	**141**	**183**	**1,955**	**1,472**	**63**	**59**	**87**	**1,681**

	2019/2020	2018/2019
Parent Company	Software, etc.	Software, etc.
Accumulated cost		
At the beginning of the year	4	4
Investments	0	-
Sales and disposals	-4	-
At year-end	**0**	**4**
Accumulated amortisation		
At the beginning of the year	-4	-4
Amortisation for the year	0	-
Sales and disposals	4	-
At year-end	**0**	**-4**
Carrying amount at the beginning of the year	**0**	**0**
Carrying amount at year-end	**0**	**0**

NOTE 10 cont.

IMPAIRMENT TESTING OF GOODWILL AND OTHER INTANGIBLE ASSETS WITH AN INDEFINABLE USEFUL LIFE

Recognised goodwill values were tested prior to the balance-sheet date on 31 March 2020, using the balance sheet on 31 March 2020 as a base. Bergman & Beving's operating segments comprise Building Materials, Workplace Safety and Tools & Consumables. The divisions are consolidations of the operational organisation, as used by Group management and the Board of Directors to monitor operations.

The Group's total goodwill value of MSEK 1,570 (1,472) has been allocated by operating segment according to the table below:

	31 Mar 2020	31 Mar 2019
Building Materials	592	554
Workplace Safety	619	567
Tools & Consumables	359	351
Total goodwill	**1,570**	**1,472**

Current goodwill is monitored by Group management at the division level, which constitutes cash-generating units. Thus, goodwill values are tested at the corresponding division level.

Acquisitions conducted during the year have been allocated to the division that carried out the acquisition.

The calculation of future cash flows is based on the strategic plans established by Group management for the coming four years. Each division makes individual assumptions based on their market position and the market trend. Forecast cash flows are based on future revenue, contribution ratios, cost level, EBITDA, and working capital and investment requirements. Adjustments have been made where major changes are expected in order to better reflect these changes. These forecasts represent management's judgment and are based on both external and internal sources. The most material assumptions for establishing value in use are anticipated growth rate, EBITDA and discount rate. For the period after four years, annual growth is estimated at 2 percent.

The discount rate comprises a weighted average capital cost (WACC) for borrowed capital and equity and has been calculated at an average rate of 10 percent (10) before taxes. These assumptions apply for all cash-generating units.

The testing of goodwill values indicated that the recoverable amount was higher than the carrying amount and thus did not give rise to any impairment requirement. The sensitivity of the calculation means that the goodwill value would remain warranted even if the discount rate were to be raised by 1 percentage point, the long-term growth rate were to be reduced by 1 percentage point or EBITDA were to be reduced by 1 percentage point.

BRANDS

Teng Tools represents a strong brand that is well known on the market. The carrying amount of the Teng Tools brand is MSEK 50 (50) and has an unlimited service life. Each year, a test is conducted to determine the impairment requirement for brands based on the same principles as in the determination of goodwill. The testing of brands did not indicate any impairment requirement. No other events or changed circumstances were identified that would warrant an impairment loss on brands.

NOTE 11 TANGIBLE NON-CURRENT ASSETS

Group	2019/2020 Land and buildings	Leasehold improve-ments	Machinery and equipment	Construc-tion in progress	Total	2018/2019 Land and buildings	Leasehold improve-ments	Machinery and equipment	Construc-tion in progress	Total
Accumulated cost										
At the beginning of the year	67	30	229	13	**339**	56	26	218	5	**305**
Investments	1	5	11	2	**19**	-	2	12	21	**35**
Acquisition of subsidiaries	-	-	13	-	**13**	4	0	2	-	**6**
Sales and disposals[1)]	-3	-4	-79	0	**-86**	7	-	-4	-	**3**
Reclassifications	10	1	0	-13	**-2**	-	2	1	-13	**-10**
Translation differences	-1	0	-1	-	**-2**	0	0	0	-	**0**
At year-end	**74**	**32**	**173**	**2**	**281**	**67**	**30**	**229**	**13**	**339**
Accumulated depreciation										
At the beginning of the year	-36	-9	-193		**-238**	-24	-7	-184		**-215**
Depreciation for the year	-1	-3	-11		**-15**	-1	-2	-11		**-14**
Acquisition of subsidiaries	-	0	-7		**-7**	-3	0	-2		**-5**
Sales and disposals[1)]	3	2	79		**84**	-7	-	4		**-3**
Reclassifications	-	-	0		**0**	-	-	0		**0**
Translation differences	0	0	0		**0**	-1	0	0		**-1**
At year-end	**-34**	**-10**	**-132**	**-**	**-176**	**-36**	**-9**	**-193**	**-**	**-238**
Impairment losses on cost										
At the beginning of the year	-	-2	0		**-2**	-	-2	0		**-2**
Impairment losses for the year	-2	-	-		**-2**	-	-	-		**-**
Reversal of impairment losses	-	1	-		**1**	-	-	-		**-**
Translation differences	-	-	0		**-**	-	-	0		**0**
At year-end	**-2**	**-1**	**0**	**-**	**-3**	**-**	**-2**	**0**	**-**	**-2**
Carrying amount at the beginning of the year	**31**	**19**	**36**	**13**	**99**	**32**	**17**	**34**	**5**	**88**
Carrying amount at year-end	**38**	**21**	**41**	**2**	**102**	**31**	**19**	**36**	**13**	**99**

Parent Company	2019/2020 Leasehold improvements	Equipment	Total	2018/2019 Leasehold improvements	Equipment	Total
Accumulated cost						
At the beginning of the year	3	5	**8**	3	5	**8**
Investments	1	1	**2**	0	-	**0**
Sales and disposals	-2	-5	**-7**	-	-	**-**
At year-end	**2**	**1**	**3**	**3**	**5**	**8**
Accumulated depreciation according to plan						
At the beginning of the year	-2	-5	**-7**	-2	-5	**-7**
Depreciation for the year according to plan	0	0	**0**	-	-	**-**
Sales and disposals	2	5	**7**	-	-	**-**
At year-end	**0**	**0**	**0**	**-2**	**-5**	**-7**
Impairment losses on cost						
At the beginning of the year	-1	-	**-1**	-1	-	**-1**
Reversal of impairment losses	1	-	**1**	-	-	**-**
At year-end	**-**	**-**	**-**	**-1**	**-**	**-1**
Carrying amount at the beginning of the year	**0**	**0**	**0**	**0**	**0**	**0**
Carrying amount at year-end	**2**	**1**	**3**	**0**	**0**	**0**

1) The loss on the disposal of tangible non-current assets amounted to MSEK 0 (0).

NOTE 12 RECEIVABLES FROM GROUP COMPANIES

Parent Company	31 Mar 2020	31 Mar 2019
Carrying amount at the beginning of the year	**1,626**	**1,627**
Additional assets	140	11
Deducted assets	-20	-12
Carrying amount at year-end	**1,746**	**1,626**

NOTE 13 LONG-TERM RECEIVABLES AND OTHER RECEIVABLES

Group	31 Mar 2020	31 Mar 2019
Long-term receivables classified as non-current assets		
Pension funds	1	1
Other receivables	2	2
Total	**3**	**3**

Group	31 Mar 2020	31 Mar 2019
Other receivables classified as current assets		
Advance payments	4	7
Derivatives	15	1
VAT receivable	14	12
Receivable from pension foundations	6	5
Other receivables	14	15
Total	**53**	**40**

NOTE 14 INVENTORIES

Group	31 Mar 2020	31 Mar 2019
Finished goods and goods for resale at the beginning of the year	**942**	**879**
Change for the year	156	62
Impairment losses	-24	-8
Reversal of previous impairment losses	3	9
Finished goods and goods for resale at year-end	**1,077**	**942**

The cost of goods sold includes impairment of inventories in the amount of MSEK -24 (-8) and the reversal of previous impairment of MSEK +3 (+9), yielding a net amount of MSEK -21 (+1).

NOTE 15 PREPAID EXPENSES AND ACCRUED INCOME

	Group		Parent Company	
	31 Mar 2020	31 Mar 2019	31 Mar 2020	31 Mar 2019
Prepaid expenses				
Rent	12	11	1	1
Insurance premiums	1	1	-	-
Marketing costs	2	2	-	-
Leases	3	2	-	-
Computer costs	2	4	-	-
Packaging	2	2	-	-
Licences	3	2	0	0
Other prepaid expenses	13	4	1	1
Accrued income				
Commission and bonus income	8	4	-	-
Other accrued income	6	1	-	-
Total	**52**	**33**	**2**	**2**

NOTE 16 RESERVES AND EQUITY

Group	31 Mar 2020	31 Mar 2019
Translation reserve		
Opening translation reserve	-21	-26
Translation differences for the year	-5	5
Closing translation reserve	**-26**	**-21**
Hedging reserve		
Opening hedging reserve	-1	-5
Cash-flow hedges recognised in other comprehensive income:		
Hedging for the year	5	-2
Transferred to profit or loss	1	7
Tax attributable to hedges for the year	-1	-1
Closing hedging reserve	**4**	**-1**
Total reserves		
Opening reserves	-22	-31
Change in reserves for the year:		
Translation reserve	-5	5
Hedging reserve	6	5
Tax attributable to changes in reserves for the year	-1	-1
Closing reserves	**-22**	**-22**

NOTE 16 cont.

REPURCHASED OWN SHARES INCLUDED IN THE EQUITY ITEM RETAINED EARNINGS, INCLUDING NET PROFIT

	31 Mar 2020	31 Mar 2019
Opening repurchased Class B shares	426,706	1,426,706
Repurchase of own shares	302,971	-
Reduction in no. of shares	-	-1,000,000
Closing repurchased own shares	**729,677**	**426,706**

SHARE CAPITAL

Stated in thousands of shares	31 Mar 2020	31 Mar 2019
Issued as of 1 April	27,436	28,436
Reduction in no. of shares	-	-1,000
Issued as of 31 March – paid in full	**27,436**	**27,436**

As of 31 March 2020, the registered share capital comprised 1,062,436 Class A shares and 26,373,980 Class B shares. All shares have a quotient value of SEK 2.07 (2.07). All shares entitle their holders to the same rights to the Company's remaining net assets. For shares held in treasury (see below), all rights are rescinded until these shares have been reissued.

OTHER CONTRIBUTED CAPITAL

Other contributed capital refers to equity contributed by the owners. This includes share premium reserves transferred to the statutory reserve on 31 March 2006. Provisions to the share premium reserve from 1 April 2006 and onwards are recognised as contributed capital.

RESERVES

Translation reserve

The translation reserve includes all exchange-rate differences arising from the translation of financial statements from foreign businesses that have prepared their financial statements in a currency other than the currency in which the consolidated financial statements are presented. The Parent Company and the Group present their financial statements in SEK.

Fair value reserve

The fair value reserve comprises the effective portion of the accumulated net change in the fair value of a cash-flow hedging instrument for hedging transactions that have not yet occurred.

RETAINED EARNINGS, INCLUDING NET PROFIT

Retained earnings, including net profit, include profit earned in the Parent Company, its subsidiaries and associated companies. Earlier allocations to the statutory reserve, not including share premium reserves, are included in this capital item.

REPURCHASED SHARES

Repurchased shares include the acquisition cost of treasury shares held by the Parent Company, its subsidiaries and associated companies. As of 31 March 2020, the Group held 729,677 own shares (426,706) in treasury.

CALL OPTION PROGRAMME 2017/2021

Following a resolution passed by the Annual General Meeting in August 2017, ten senior executives in the Bergman & Beving Group were offered an opportunity to acquire a maximum of 160,000 call options on repurchased Class B shares. The programme was fully subscribed. If fully exercised, the number of outstanding Class B shares will increase by 160,000, corresponding to 0.6 percent of the total number of shares and 0.4 percent of the votes. The call options were conveyed at a price of SEK 8.20 per call option, equivalent to the market value of the options according to an external valuation performed by Nordea Bank. The redemption price for the call options is SEK 118.10 and the redemption period is from 14 September 2020 until 11 June 2021, inclusive.

CALL OPTION PROGRAMME 2018/2022

Following a resolution passed by the Annual General Meeting in August 2018, 16 senior executives in the Bergman & Beving Group were offered an opportunity to acquire a maximum of 210,000 call options on repurchased Class B shares. The programme was fully subscribed. If fully exercised, the number of outstanding Class B shares will increase by 210,000, corresponding to 0.8 percent of the total number of shares and 0.6 percent of the votes. The call options were conveyed at a price of SEK 7.10 per call option, equivalent to the market value of the options according to an external valuation performed by Nordea Bank. The redemption price for the call options is SEK 117.90 and the redemption period is from 13 September 2021 until 10 June 2022, inclusive.

CALL OPTION PROGRAMME 2019/2023

Following a resolution passed by the Annual General Meeting in August 2019, 20 senior executives in the Bergman & Beving Group were offered an opportunity to acquire a maximum of 270,000 call options on repurchased Class B shares. The programme was fully subscribed. If fully exercised, the number of outstanding Class B shares will increase by 270,000, corresponding to 1.0 percent of the total number of shares and 0.7 percent of the votes. The call options were conveyed at a price of SEK 5.98 per call option, equivalent to the market value of the options according to an external valuation performed by Nordea Bank. The redemption price for the call options is SEK 107.50 and the redemption period is from 12 September 2022 until 9 June 2023, inclusive.

APPROPRIATION OF PROFIT

The Board of Directors awaits to submit a dividend proposal. The dividend last year was SEK 3.00 per share.

SEK thousand	
Retained earnings	1,089,453
Net profit	20,272
Total	**1,109,725**

The Board of Directors proposes that the available funds be allocated as follows:	
To be brought forward	1,109,725
Total	**1,109,725**

During the past ten years, the ordinary dividend has amounted to approximately XX percent of earnings per share.

Year	Earnings per share [1)]	Dividend [1)]	Pay-out ratio, %
2019/2020	4.30	-	-
2018/2019	6.25	3.00	48
2017/2018	5.70	2.50	44
2016/2017	8.40	5.00	60
2015/2016	12.90	5.00	39
2014/2015	10.90	4.00	37
2013/2014	7.60	3.50	46
2012/2013	7.90	3.00	38
2011/2012	8.10	3.00	37
2010/2011	6.90	3.00	43
Total	**78.95**	**32.00**	**41**

[1)] Earnings per share for 2017/2018 pertain only to continuing operations. No recalculation took place for 2016/2017 or for preceding years. Accordingly, Earnings per share and Dividends pertain to the B&B TOOLS Group including Momentum Group.

CAPITAL MANAGEMENT

Bergman & Beving's long-term targets

Bergman & Beving has an internal profitability target for the Group as a whole and all of its profit units. The measure that is used is called P/WC, which refers to operating profit in relation to utilised working capital for the profit unit being measured. The Group's goal is for P/WC to amount to at least 45 percent per year for the Group as a whole and for each individual segment. The working capital that is required for the Group's various units is simplified into inventories plus accounts receivable less accounts payable.

Each segment develops its own business plans and priorities based on its performance in relation to a P/WC of at least 45 percent.

No changes were made to the Group's capital management during the year.

NOTE 17 EARNINGS PER SHARE

EARNINGS PER SHARE FOR THE GROUP AS A WHOLE

	Before dilution		After dilution	
	2019/2020	2018/2019	2019/2020	2018/2019
Earnings per share, SEK	4.30	6.25	4.30	6.25

The calculation of the numerators and denominators used in the above calculations of earnings per share is specified below.

EARNINGS PER SHARE BEFORE DILUTION

The calculation of earnings per share for 2019/2020 was based on net profit attributable to the ordinary shareholders in the Parent Company amounting to MSEK 116 (169) and a weighted average number of shares outstanding during 2019/2020 amounting to 26,887,000 (27,010,000). The two components have been calculated in the following manner:

Net profit attributable to Parent Company shareholders, before dilution

	2019/2020	2018/2019
Net profit attributable to Parent Company shareholders	116	169
Profit attributable to Parent Company shareholders, before dilution	**116**	**169**

Weighted average number of shares outstanding, before dilution

Stated in thousands of shares	2019/2020	2018/2019
Total number of shares, 1 April	27,436	28,436
Reduction in no. of shares	-	-1,000
Effect of holding of treasury shares	-549	-426
Number of shares for calculation of earnings per share	**26,887**	**27,010**

EARNINGS PER SHARE AFTER DILUTION

The calculation of earnings per share after dilution for 2019/2020 was based on profit attributable to the ordinary shareholders in the Parent Company amounting to MSEK 116 (169) and a weighted average number of shares outstanding during 2019/2020 amounting to 26,887,000 (27,010,000). The two components have been calculated in the following manner:

Net profit attributable to Parent Company shareholders, after dilution

	2019/2020	2018/2019
Net profit attributable to Parent Company shareholders	116	169
Profit attributable to Parent Company shareholders, before dilution	**116**	**169**

Weighted average number of shares outstanding, after dilution

Stated in thousands of shares	2019/2020	2018/2019
Total number of shares, 1 April	27,436	28,436
Reduction in no. of shares	-	-1,000
Effect of holding of treasury shares	-549	-426
Number of shares for calculation of earnings per share	**26,887**	**27,010**

As of 31 March 2020, Bergman & Beving AB had three outstanding call option programmes, for all of which the redemption price exceeded the share price as of 31 March 2020. Details about these call option programmes are provided in Note 5 Employees and personnel costs.

NOTE 18 PROVISIONS FOR PENSIONS

The Bergman & Beving Group offers pension solutions through a number of defined-contribution and defined-benefit plans. The plans are structured in accordance with local regulations and practices. In recent years, the Group has attempted to switch to pension solutions that are defined contribution and the cost of such plans comprises an increasingly significant portion of the total pension cost. The plans cover essentially all Group employees. Defined-benefit plans are only available in Sweden, Norway and Taiwan. In other countries in which the Group is active, defined-contribution plans are offered.

DEFINED-CONTRIBUTION PENSION PLANS

These plans mainly cover retirement pensions and family pensions. Premiums are paid on an ongoing basis during the year by each Group company to separate legal entities, such as insurance companies, with the premium level based on salary. The pension cost for the period is included in profit or loss.

DEFINED-BENEFIT PENSION PLANS

These plans mainly cover retirement pensions. Vesting is based on the number of years of service. For each year of service, the employee earns an increased right to pension, which is recognised as benefits earned during the year and as an increase in pension obligations. The defined-benefit plans are exposed to actuarial risks, such as length of life, currency, interest-rate and investment risks. Approximately 96 percent of the pension obligations' gross present value pertains to Swedish PRI pensions, which are unfunded pension plans.

Commitments for employee benefits, defined-benefit plans

The following provisions for pension obligations have been made in the balance sheet:

Group	31 Mar 2020	31 Mar 2019
Pension obligations unfunded plans, present value	692	642
Pension obligations funded plans, present value	29	37
Plan assets, fair value	-27	-34
Net pension obligations	**694**	**645**

The Group has a number of defined-benefit pension plans that are all managed individually. Funded plans are recognised in a net amount in the balance sheet. Accordingly, the obligations are recognised in the balance sheet in the following net amounts:

	31 Mar 2020	31 Mar 2019
Plan assets for pension obligations	-1	-1
Provisions for pensions and similar commitments	695	646
Net liabilities according to the balance sheet	**694**	**645**
Of which, credit insured through PRI Pensionsgaranti	360	356

Performance of pension obligations and plan assets

Pension obligations, plan assets and provisions for pension obligations for the defined-benefit pension plans have developed as follows:

Pension obligations unfunded plans	31 Mar 2020	31 Mar 2019
Opening balance	642	620
Benefits earned during the year	16	17
Interest expense	13	12
Benefits paid	-23	-22
Other	-3	0
Remeasurement recognised in other comprehensive income, see separate specification	47	15
Translation differences	0	0
Pension obligations unfunded plans, present value	**692**	**642**

NOTE 18 cont.

Pension obligations funded plans	31 Mar 2020	31 Mar 2019
Opening balance	37	39
Benefits earned during the year	1	0
Interest expense	1	1
Benefits paid	-2	-2
Remeasurement recognised in other comprehensive income, see separate specification	1	0
Other	-6	-1
Translation differences	-3	0
Pension obligations funded plans, present value	**29**	**37**

	31 Mar 2020	31 Mar 2019
Active	11	13
Paid-up policy holders	41	40
Pensioners	48	47
Total	**100**	**100**

Plan assets	31 Mar 2020	31 Mar 2019
Opening balance	34	37
Interest income recognised in profit or loss	1	1
Funds contributed by employers	1	1
Funds paid to employers	-2	-2
Remeasurement recognised in other comprehensive income, see separate specification	-1	-1
Other	-4	-1
Translation differences	-2	-1
Plan assets, fair value	**27**	**34**

Plan assets comprise funds paid to and managed by insurance companies and are distributed between the following classes of assets:

Plan assets	31 Mar 2020	31 Mar 2019
Cash and cash equivalents	1	1
Equity instruments	4	4
Debt instruments	18	24
Properties	3	4
Other assets	1	1
Plan assets, fair value	**27**	**34**

All plan assets are managed by an insurance company and are included in the insurance company's asset portfolio. The assets are thus not considered to be traded on an active market from Bergman & Beving's perspective. Estimated pension payments from funded pension obligations over the next ten-year period are calculated at approximately MSEK 20 and the liquidity risk is thus clearly limited with respect to the correlation between plan assets and obligations. Present value of pension obligation specified by category (%)

Net change in defined-benefit obligations during the year	31 Mar 2020	31 Mar 2019
Opening balance	645	622
Pension costs, defined-benefit plans	30	29
Benefits paid	-25	-24
Funds contributed by employers	-1	-1
Funds paid to employers	2	2
Remeasurement recognised in other comprehensive income, see separate specification	49	16
Other	-5	0
Translation differences	-1	1
Closing balance	**694**	**645**

Pension costs

Costs recognised in net profit	2019/2020	2018/2019
Pensions earned during the period	17	17
Net interest expense	13	12
Pension costs, defined-benefit plans	**30**	**29**
Pension costs, defined-contribution plans	49	44
Pension costs in net profit	**79**	**73**

Pension costs are distributed in profit or loss between Personnel costs and Net financial items, with the latter comprising the net amount of interest on the obligations and interest on the plan assets.

Remeasurement recognised in other comprehensive income	2019/2020	2018/2019
Actuarial gains and losses attributable to demographic assumptions	0	0
Actuarial gains and losses attributable to financial assumptions	-51	-25
Actuarial gains and losses attributable to experience-based assumptions	2	9
Total remeasurement, pension obligations	**-49**	**-16**
Difference between actual return and return according to discount rate on plan assets	0	0
Total remeasurement included in other comprehensive income	**-49**	**-16**

Actuarial assumptions

2019/2020	**Sweden**	**Norway**	**Taiwan**
Discount rate, 31 March, %	1.50	1.80	0.60
Expected salary increase, %	2.75	2.00	2.75
Expected inflation, % 1)	1.50	0.00	0.00
Expected remaining period of service, years	13.0	0.6	13.0

2018/2019	**Sweden**	**Norway**	**Taiwan**
Discount rate, 31 March, %	2.10	2.50	0.90
Expected salary increase, %	2.75	2.50	2.75
Expected inflation, % 1)	1.75	0.00	0.00
Expected remaining period of service, years	13.5	7.9	15.0

1) Inflation assumption is equivalent to pension indexation, which applies in both Sweden and Norway.

Length of life assumptions

Length of life assumptions are based on published statistics and mortality figures. Remaining lengths of lives are presented in the table below.

	Sweden	**Norway**	**Taiwan**
Length of life assumptions at 65 years of age – retired members:			
Men	21.4	21.7	18.3
Women	24.5	24.2	21.5
Length of life assumptions at 65 years of age for members who are 40 years of age:			
Men	23.5	23.4	18.3
Women	26.9	25.2	21.5

Sensitivity analysis

The most significant assumptions and judgments when calculating the Group's pension obligations comprise discount rate, future salary increases, inflation and expected length of life. The principles for establishing these factors are described in Note 1 Significant accounting policies. The table below shows how the total pension liability would be affected by changes in each assumption.

Changes in pension obligations due to changed assumptions (MSEK):	**Liability (increase/**	**decrease):**
Discount rate, -0.50%/+0.50%	60	-53
Salary increases, +0.50%/-0.50%	19	-16
Inflation, +0.50%/-0.50%	50	-45
Length of life, +1 year/-1 year	27	-27

The above sensitivity analysis is based on a change in one assumption while the others remain constant.

NOTE 18 cont.

Financing

As of 31 March 2020, the average weighted term of the total pension obligation was 17.9 years (17.5), of which unfunded PRI pensions in Sweden had an average weighted term of 18.2 years (17.7).

Bergman & Beving estimates that approximately MSEK 24 (25) will be paid in 2020/2021 to funded and unfunded defined-benefit pension plans recognised as defined-benefit plans and approximately MSEK 15 (12) will be paid in 2020/2021 to defined-benefit plans recognised as defined-contribution plans. The latter pertains exclusively to ITP2 in Swedish companies.

Parent Company

A discount rate of 3.84 percent (3.84) was applied to the calculation of the amount of the pension obligation for the Parent Company. As of 31 March 2020, the Parent Company has one defined-benefit plan pertaining to PRI Pensionsgaranti. These obligations are recognised in the balance sheet in the following amounts:

Parent Company	31 Mar 2020	31 Mar 2019
Pension obligations unfunded plan, present value	39	40
Net pension obligations and net liability according to the balance sheet	**39**	**40**
Of which, credit insured through PRI Pensionsgaranti	39	40

Pension obligations for the defined-benefit pension plan have developed as follows:

Pension obligations unfunded plans	31 Mar 2020	31 Mar 2019
Opening balance	40	44
Benefits earned during the year [1)]	1	-2
Interest expense	1	2
Benefits paid	-3	-4
Closing balance	**39**	**40**

Pension costs	2019/2020	2018/2019
Benefits earned during the year, personnel costs [1)]	1	-2
Interest expense	1	2
Pension costs, defined-benefit plans	**2**	**0**
Pension costs, defined-contribution plans	1	2
Pension costs in net profit	**3**	**2**

[1)] Benefits earned in 2019/2020 include mortality gains of MSEK 1 (4).

NOTE 19 OTHER PROVISIONS

Group	31 Mar 2020	31 Mar 2019
Provisions classified as non-current liabilities		
Guarantee commitments	0	0
Restructuring	20	23
Additional purchase considerations	45	-
Other	-	1
Total	**65**	**24**

Specification – non-current liabilities	31 Mar 2020	31 Mar 2019
Carrying amount at the beginning of the period	**24**	**26**
Provisions made during the period	44	-
Dissolutions made during the period	-3	-2
Carrying amount at the end of the period	**65**	**24**

NOTE 20 OTHER LIABILITIES

Group	31 Mar 2020	31 Mar 2019
Other current liabilities		
Derivatives	-	2
Advance payments from customers	1	2
Employee withholding taxes	15	13
VAT liability	104	98
Additional purchase considerations	6	4
Other operating liabilities	4	2
Total	**130**	**121**

NOTE 21 ACCRUED EXPENSES AND DEFERRED INCOME

	Group		Parent Company	
	31 Mar 2020	31 Mar 2019	31 Mar 2020	31 Mar 2019
Accrued expenses				
Salaries and remuneration to employees	89	91	4	3
Pension costs	1	1	-	-
Social security contributions	47	46	3	3
Bonuses, refunds to customers/suppliers	91	84	-	-
Car and travel expenses	1	1	-	-
Directors' and auditors' fees	4	3	1	0
Other consulting fees	1	1	0	-
Marketing costs	1	2	-	-
Guarantee costs	0	0	-	-
Shipping costs	3	3	-	-
Operating and lease costs	20	19	-	-
Interest expense	1	0	1	0
Restructuring	3	3	-	-
Other accrued expenses	6	5	2	2
Total	**268**	**259**	**11**	**8**

NOTE 22 SPECIFICATION OF INTEREST-BEARING NET LOAN LIABILITIES BY ASSET AND LIABILITY

	31 Mar 2020			31 Mar 2019		
Group	Interest-bearing	Non-interest bearing	Total	Interest-bearing	Non-interest bearing	Total
ASSETS						
Intangible non-current assets	-	1,955	**1,955**	-	1,681	**1,681**
Tangible non-current assets	-	102	**102**	-	99	**99**
Right-of-use assets	-	455	**455**	-	-	**-**
Financial non-current assets	3	-	**3**	3	-	**3**
Deferred tax assets	-	89	**89**	-	79	**79**
Total non-current assets	**3**	**2,601**	**2,604**	**3**	**1,859**	**1,862**
Current assets						
Inventories	-	1,077	**1,077**	-	942	**942**
Tax assets	-	26	**26**	-	54	**54**
Accounts receivable	-	855	**855**	-	834	**834**
Prepaid expenses and accrued income	-	52	**52**	-	33	**33**
Other receivables	-	53	**53**	-	40	**40**
Cash and bank	90	-	**90**	85	-	**85**
Total current assets	**90**	**2,063**	**2,153**	**85**	**1,903**	**1,988**
Total assets	**93**	**4,664**	**4,757**	**88**	**3,762**	**3,850**
LIABILITIES						
Non-current liabilities						
Non-current interest-bearing liabilities	510	-	**510**	175	-	**175**
Non-current lease liabilities	352	-	**352**	-	-	**-**
Provisions for pensions	695	-	**695**	646	-	**646**
Other provisions	-	65	**65**	-	24	**24**
Deferred tax liabilities	-	105	**105**	-	96	**96**
Total non-current liabilities	**1,557**	**170**	**1,727**	**821**	**120**	**941**
Current liabilities						
Current interest-bearing liabilities	274	-	**274**	266	-	**266**
Current lease liabilities	109	-	**109**	-	-	**-**
Accounts payable	-	583	**583**	-	580	**580**
Tax liabilities	-	23	**23**	-	26	**26**
Other liabilities	-	130	**130**	-	121	**121**
Accrued expenses and deferred income	-	268	**268**	-	259	**259**
Total current liabilities	**383**	**1,004**	**1,387**	**266**	**986**	**1,252**
Total liabilities	**1,940**	**1,174**	**3,114**	**1,087**	**1,106**	**2,193**
Interest-bearing net liabilities	**-1,847**			**-999**		

NOTE 23 EXPECTED RECOVERY PERIODS FOR ASSETS, PROVISIONS AND LIABILITIES

Group

Amounts expected to be recovered	Within 12 months	After 12 months	Total
ASSETS			
Intangible non-current assets[1)]	50	1,905	**1,955**
Tangible non-current assets[1)]	14	88	**102**
Right-of-use assets[1)]	118	337	**455**
Financial non-current assets			
Other securities held as non-current assets	-	0	**0**
Other long-term receivables	0	3	**3**
Deferred tax assets	-	89	**89**
Total non-current assets	**182**	**2,422**	**2,604**
Current assets			
Inventories	1,077		**1,077**
Tax assets	26		**26**
Accounts receivable	855		**855**
Prepaid expenses and accrued income	52		**52**
Other receivables	53		**53**
Cash and bank	90		**90**
Total current assets	**2,153**		**2,153**
Total assets	**2,335**	**2,422**	**4,757**

Group

Amounts expected to be paid	Within 12 months	After 12 months	After 5 years	Total
LIABILITIES				
Non-current liabilities				
Non-current interest-bearing liabilities	-	510	-	**510**
Non-current lease liabilities	-	294	58	**352**
Provisions for pensions	24	99	572	**695**
Other provisions	-	65	-	**65**
Deferred tax liabilities	14	64	27	**105**
Total non-current liabilities	**38**	**1,032**	**657**	**1,727**
Current liabilities				
Current interest-bearing liabilities	274			**274**
Current lease liabilities	109			**109**
Accounts payable	583			**583**
Tax liabilities	23			**23**
Other liabilities	130			**130**
Accrued expenses and deferred income	268			**268**
Total current liabilities	**1,387**			**1,387**
Total liabilities	**1,425**	**1,032**	**657**	**3,114**

1) Expected annual depreciation and amortisation are recognised in the amounts expected to be recovered within 12 months.

Parent Company

Amounts expected to be recovered	Within 12 months	After 12 months	Total
ASSETS			
Intangible non-current assets[1)]	0	0	**0**
Tangible non-current assets[1)]	0	3	**3**
Financial non-current assets			
Participations in Group companies	-	704	**704**
Receivables from Group companies	-	1,746	**1,746**
Deferred tax assets	-	0	**0**
Total non-current assets	**0**	**2,453**	**2,453**
Current assets			
Receivables from Group companies	546		**546**
Tax assets	13		**13**
Other receivables	16		**16**
Prepaid expenses and accrued income	2		**2**
Cash and bank	0		**0**
Total current assets	**577**		**577**
Total assets	**577**	**2,453**	**3,030**

NOTE 23 cont.

Parent Company

Amounts expected to be paid	Within 12 months	After 12 months	After 5 years	Total
PROVISIONS				
Provisions for pensions and similar commitments	3	13	23	**39**
Deferred tax liabilities	1	-	-	**1**
Total provisions	**4**	**13**	**23**	**40**
LIABILITIES				
Non-current liabilities				
Liabilities to credit institutions		510		**510**
Total non-current liabilities		**510**		**510**
Current liabilities				
Liabilities to credit institutions	274			**274**
Accounts payable	2			**2**
Liabilities to Group companies	774			**774**
Other liabilities	1			**1**
Accrued expenses and deferred income	11			**11**
Total current liabilities	**1,062**			**1,062**
Total provisions and liabilities	**1,066**	**523**	**23**	**1,612**

1) Expected annual depreciation and amortisation are recognised in the amounts expected to be recovered within 12 months.

NOTE 24 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

FINANCIAL RISKS

The operations of the Bergman & Beving Group entail exposure to a number of financial risks. Changes, particularly in foreign-exchange rates and interest-rate levels, affect the Group's earnings and cash flow. Financing risks also arise and are managed within the framework of the Group's adopted policies.

FINANCIAL OPERATIONS

The goal of the Group's financial operations is to ensure high efficiency in the areas of investments, liquidity flows, borrowing, foreign-currency management and granting of credit. The Board of Directors determines the Financial Policy each year, including the guidelines, goals and framework for treasury management and for managing the financial risks in the Group. The Financial Policy defines and identifies the financial risks that can arise, and regulates the distribution of responsibility between the Board of Directors, the President & CEO, the CFO, the Treasury function as well as subsidiary presidents and CFOs.

The Group's central financial operations comprise securing the Group's long-term supply of liquidity for investments and working capital in an efficient manner as well as ensuring that systems are available for efficient cash management in the Group companies. All foreign-currency management and granting of credit to customers are handled within the framework of the established policy. The Parent Company has a central Treasury function whose task is to manage the Group's external borrowing, investments of surplus liquidity, agreement and conditions governing cash pooling, pledging of the Group's assets and issuance of contingent liabilities.

FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

When needed, the Group uses financial derivative instruments to manage foreign-exchange risks and interest-rate risks that arise during operations. Derivative instruments held for hedging during the operating year comprise foreign-exchange forward contracts.

The Group identifies certain derivatives as a hedge on a highly probable forecast transaction (cash-flow hedging). These derivative instruments are hedged, which means that the instruments are recognised in the balance sheet at fair value and that any change in value of these instruments is recognised as equity in other comprehensive income until its underlying cash flow is reflected in profit or loss. Refer also to Note 1 Significant accounting policies.

FOREIGN-EXCHANGE RISKS

For Bergman & Beving, foreign-exchange risk arises in the subsidiaries as follows: as a result of future payment flows in foreign currencies, referred to as a transaction exposure, through portions of the Group's equity comprising net assets of foreign subsidiaries and through the Group's profit compromising profit from foreign subsidiaries, referred to as a translation exposure.

Transaction exposure

Transaction exposure comprises future contracted and forecast receipts and disbursements in foreign currencies for subsidiaries, which, in the Group's case, mainly involves purchases and sales of goods.

The total transaction exposure for key currencies is shown in the table below.

Annual net flow by currency, MSEK

Currency	2019/2020	2018/2019
NOK	717	701
EUR	129	150
USD	-293	-286
TWD	-246	-347
DKK	48	47
PLN	44	43
CNY	-32	-47
GBP	-10	-10
JPY	-18	-16

The Group has its primary customer markets in Sweden, Norway and Finland, with sales in SEK, NOK and EUR, respectively. A large portion of purchasing takes place outside the Nordic region and is mainly paid in EUR, USD and TWD.

The effects of exchange-rate changes are reduced on the basis of purchases and sales in the same currency, currency clauses and foreign-exchange forward contracts. Risk exposure is limited by the Group's sales largely comprising products that are sold at a fixed price in the local currency according to a price list valid over a period of approximately six months.

Group companies hedge parts of their future currency outflows in foreign currency using foreign-exchange forward contracts, in accordance with the Financial Policy. Most of the hedging of exchange-rate changes is conducted for the period deemed necessary to allow sales prices to be adjusted to the new foreign-exchange rates. A smaller proportion of foreign-exchange forward contracts have terms of six to 12 months and are based on forecasts. Corresponding foreign-exchange forward hedging takes place for sales in foreign currencies when the costs are in local currency. All foreign-exchange forward contracts outstanding refer to cash-flow hedges. The item Fair value changes for the year in cash-flow hedges in Other comprehensive income is divided into Hedges outstanding of MSEK 4 (-2) and Reversed to profit or loss of MSEK 2 (7); both amounts are before tax. Reversed to profit or loss is recognised against Cost of goods sold.

The nominal amounts of outstanding foreign-exchange forward contracts as of 31 March 2020 were as follows:

NOTE 24 cont.

MSEK Foreign-exchange contract	Nominal value as of 31 Mar 2020	Nominal value as of 31 Mar 2019
NOK/SEK	113	432
USD/SEK 1)	33	36
EUR/SEK	28	66

1) Foreign-exchange forward contracts for purchase of currency.

Translation exposure of earnings

The Group's earnings are affected by the translation of the income statements of foreign subsidiaries, for which translation is carried out at the average exchange rate for the financial year. In cases when the local currency of the foreign subsidiary changes in relation to SEK, the Group's recognised revenue and earnings that were translated to SEK also change. Currency translation for the financial year generated an impact on operating profit of approximately MSEK 3 (6) compared with the preceding year's average rates. The table below shows how much the currency translation impacted the Group's revenue.

Group	Revenue
Revenue in 2019/2020 translated to the average rate for 2018/2019	4,051
Currency translation	
NOK	-16
EUR	16
Other currencies	9
Total currency translation	**9**
Revenue in 2019/2020	**4,060**

The Group has net exposures in several foreign currencies. If the prices of the exposure currencies were to change by 5 percent based on the 2019/2020 income statement, the effect on revenue would amount to approximately MSEK 99 (99) and on operating profit to approximately MSEK 7 (7) over a 12-month period, all other things being equal. The largest exposure to revenue is in NOK with MSEK 53 (56) and EUR with MSEK 38 (25).

The following rates were applied in the year-end accounts:

	Average rate		Balance-sheet rate	
Currency	2019/2020	2018/2019	31 Mar 2020	31 Mar 2019
DKK	1.427	1.391	1.485	1.394
EUR	10.658	10.374	11.086	10.403
GBP	12.186	11.753	12.405	12.090
NOK	1.060	1.075	0.960	1.073
PLN	2.465	2.419	2.434	2.418
CNY	1.377	1.334	1.419	1.380
TWD	0.312	0.294	0.330	0.301
USD	9.591	8.933	10.084	9.278

Translation exposure of equity

The value of the net assets of foreign subsidiaries is translated to SEK at year-end at the exchange rate in effect on the balance-sheet date. The exchange-rate difference between the years is recognised against equity under other comprehensive income. Translation of the balance sheets of foreign subsidiaries caused equity to decrease by approximately MSEK -5 (5) during the year.

The Bergman & Beving Group has no derivatives for hedging equity in foreign subsidiaries as of 31 March 2020 and no translation differences from previous translation of foreign subsidiaries were reversed to profit or loss during the financial year.

Net assets in foreign subsidiaries by currency, MSEK:

Currency	31 Mar 2020	31 Mar 2019
NOK	142	168
EUR	252	135
TWD	57	57
CNY	30	30
PLN	30	26
BRL	16	18
GBP	60	14
DKK	13	10

INTEREST-RATE RISKS

Interest-rate risk refers to the risk that changes in market-interest rates affect the Group net interest income negatively. The rate of interest-rate fluctuation depends on the fixed-interest periods of the loans and the hedging instruments used. For fixed-interest periods for the Group's borrowing, refer below to liquidity and refinancing risk.

At times, the Group uses different forms of interest derivatives for the purpose of managing the risk of higher market interest rates in the future. As of 31 March 2020, the Bergman & Beving Group had no outstanding interest derivatives.

If market interest rates for bank loans and credit facilities were to increase by 1 percent, the impact on net interest income on an annual basis would be MSEK 8, based on the loan structure as of 1 April 2020. Including financial liabilities of leases, the annual impact would be MSEK 12.

Financial liabilities and maturity structure

The Group's financial liabilities for bank loans and credit facilities amounted to MSEK 785 (441) as of 31 March 2020. Furthermore, there are financial liabilities leases according to IFRS 16 of MSEK 460. The comparative values for the previous year are not restated in respect of IFRS 16.

Overall, the average remaining maturity for the Group's interest-bearing bank loans is 1.0 years (1.1 years). Including financial liabilities leases in accordance with IFRS 16, the remaining maturity in the Group is 1.5 years. The Parent Company's average remaining maturity is 1.0 years (1.1 years). See the tables below.

Group

	31 Mar 2020		Matures			
Maturity structure	Carrying amount	Future payment amount	within 3 months	after 3 months within 1 year	after 1 year within 5 years	after 5 years
Interest-bearing financial liabilities bank	785	796	3	282	511	
Interest-bearing financial liabilities leases 1)	460	489	29	89	290	81
Accounts payable and other non-interest-bearing financial liabilities	712	712	712	-	-	-
Total financial liabilities	**1,957**	**1,997**	**744**	**371**	**801**	**81**

	31 Mar 2019		Matures		
Maturity structure	Carrying amount	Future payment amount	within 3 months	after 3 months within 1 year	after 1 year within 5 years
Interest-bearing financial liabilities bank	441	448	2	269	177
Accounts payable and other non-interest-bearing financial liabilities	700	700	700	-	-
Total financial liabilities	**1,141**	**1,148**	**702**	**269**	**177**

1) Refer also to Note 1 Significant accounting policies and Note 25 Leases.

NOTE 24 cont.

Parent Company

Maturity structure	31 Mar 2020 Carrying amount	Future payment amount	Matures within 3 months	after 3 months within 1 year	after 1 year within 5 years
Interest-bearing financial liabilities	784	796	3	282	511
Liabilities to Group companies (excluding interest) 1)	774	774	774	-	-
Accounts payable and other non-interest-bearing financial liabilities	4	4	4	-	-
Total financial liabilities	**1,562**	**1,574**	**781**	**282**	**511**

Maturity structure	31 Mar 2019 Carrying amount	Future payment a mount	Matures within 3 months	after 3 months within 1 year	after 1 year within 5 years
Interest-bearing financial liabilities	441	448	2	269	177
Liabilities to Group companies (excluding interest) 1)	712	712	712	-	-
Accounts payable and other non-interest-bearing financial liabilities	3	3	3	-	-
Total financial liabilities	**1,156**	**1,163**	**717**	**269**	**177**

1) Interest on liabilities to Group companies is not capitalised, but is instead regulated every quarter via the Parent Company's Group account structure.

The contractual terms and conditions for interest-bearing liabilities are presented in the tables below.

Financial risk management

Group	31 Mar 2020	31 Mar 2019
Non-current liabilities1)		
Bank loans	510	175
Other financial liabilities	1	-
Financial liabilities leases (IFRS 16)	351	-
Total non-current liabilities	**862**	**175**
Current liabilities		
Committed credit facility	274	266
Financial liabilities leases (IFRS 16)	109	-
Total current liabilities	**383**	**266**
Total interest-bearing liabilities	**1,245**	**441**

Bank loans	Currency	Nominal interest	Maturity	Nominal value	Group 31 Mar 2020 Carrying amount	Group 31 Mar 2019 Carrying amount	Parent Company 31 Mar 2020 Carrying amount	Parent Company 31 Mar 2019 Carrying amount
Non-current liabilities								
Interest-only bank loan	SEK	1.71%	8 May 2021	410	410	75	410	75
Interest-only bank loan	SEK	0.95%	29 May 2020	100	100	100	100	100
Total non-current liabilities					**510**	**175**	**510**	**175**
Current liabilities								
Committed credit facility								
Approved credit limit					400	400	400	400
Unutilised portion					-126	-134	-126	-134
Utilised credit amount		**0.78%**			**274**	**266**	**274**	**266**
Total, loans from credit institutions					**784**	**441**	**784**	**441**

1) The current loan structure including credit frameworks, maturity terms and interest-rate conditions is described under the section Liquidity and refinancing risks below.

Cash and cash equivalents, including unutilised granted credit facilities, totalled MSEK 301 (444).

LIQUIDITY AND REFINANCING RISKS

Liquidity and refinancing risk pertains to the risk that the Group is unable to fulfil its payment obligation due to insufficient liquidity and that the possibility of financing is limited when loans are due for rescheduling.

Borrowing and trading in financial instruments is conducted with one of the large Nordic commercial banks and the management of loans is handled by the Parent Company's Treasury function. At financial year-end on 31 March 2020, the Parent Company had access to a committed credit facility of MSEK 400 (400), of which MSEK 126 (134) was unutilised. The credit facility is renewed on an annual basis with a maturity date of 31 December. In addition to this committed credit facility, the Group had an unutilised loan commitment totalling MSEK 90 (225). The Parent Company renegotiated the loan structure during the 2019/2020 financial year, with terms applied as of 14 October 2019. The maximum loan commitment, excluding short-term committed credit facilities, increased from MSEK 500 to MSEK 600. The new loan commitment was distributed between a loan of MSEK 500 maturing on 8 May 2021 and MSEK 100 maturing on 29 May 2020. Of these amounts, MSEK 410 of the MSEK 500 commitment and MSEK 100 of the MSEK 100 commitment had been utilised as of 31 March 2020. The amount of MSEK 410 bears variable interest (Stibor 3 months + the bank's margin), MSEK 100 fixed interest, the utilised committed credit facility variable interest (Stibor 3 months + the bank's margin) and the rate of ordinary interest for the entire credit facility framework. Current interest rates on the balance-sheet date are presented in the table Bank loans.

After the end of the financial year, the Parent Company renegotiated the loan structure, with changes in two stages. As of 30 April 2020, the loan commitment of MSEK 100 increased to MSEK 400 with fixed interest with the entire amount maturing on 30 April 2021. As of 7 May 2020, the loan commitment of MSEK 500 increased

NOTE 24 cont.

to MSEK 700 with a continued variable interest (Stibor 3 months + the bank's margin) and the entire amount maturing on 8 May 2021.

In addition to bank loans and credit facilities in the Parent Company, there were also local committed credit facilities in Estonia and Poland for a total of MSEK 4 (4) as of 31 March 2020, none of which had been utilised on the balance-sheet date.

Current investments of any surplus liquidity are made on terms of one to three months at current market interest rates. The counterparty for deposits is always one of the large Nordic commercial banks.

The Group's net loan liability, comprising interest-bearing liabilities and provisions less interest-bearing assets, is presented in Note 22.

Classification of financial instruments

Group	31 Mar 2020	31 Mar 2019
Financial assets		
Financial assets measured at fair value		
Shares and participations (fair value through profit or loss)	0	0
Derivative hedging instruments	15	1
Financial assets measured at amortised cost		
Long-term receivables	2	2
Accounts receivable	855	834
Other receivables	38	39
Cash and cash equivalents	90	85
Total financial assets	**1,000**	**961**
Financial liabilities measured at fair value		
Derivative hedging instruments	-	2
Additional purchase considerations (fair value through profit or loss)	50	3
Financial liabilities measured at amortised cost		
Bank loans	784	441
Accounts payable	583	580
Other liabilities	125	116
Total financial liabilities	**1,542**	**1,142**

Parent Company	31 Mar 2020	31 Mar 2019
Financial assets		
Financial assets measured at fair value		
Derivative hedging instruments	15	1
Financial assets measured at amortised cost		
Receivables from Group companies	2,292	2,069
Accounts receivable	-	-
Other receivables	1	1
Total financial assets	**2,308**	**2,071**
Financial liabilities measured at fair value		
Derivative hedging instruments	-	2
Financial liabilities measured at amortised cost		
Bank loans	784	441
Liabilities to Group companies	774	712
Accounts payable	2	1
Other liabilities	1	1
Total financial liabilities	**1,561**	**1,157**

The carrying amounts for financial assets and financial liabilities above are equivalent to fair value in all material respects due to the fact that current market interest rates on bank loans do not differ appreciably from the contracted interest of the loans and other items have short terms.

Derivatives

Derivatives belong to Level 2 of the fair value hierarchy. The fair value of derivatives comprising foreign-exchange forward contracts and interest swap agreements is based on listings with banks. Similar contracts are traded on an active market and the prices reflect the actual transactions of comparable instruments.

Additional purchase considerations

Additional purchase considerations regarding acquired operations are classified in Level 3, meaning that measurement is based on the expected future financial performance of the acquired operations as assessed by management.

CREDIT RISK

In its commercial and financial transactions, the Group is exposed to credit risks in relation to Bergman & Beving's counterparties. Credit risk or counterparty risk pertains to the risk of loss if the counterparty does not fulfil its obligations. The Group is exposed to credit risk through its financial transactions, through the investment of surplus liquidity and implementation of foreign-exchange forward contracts and in connection with accounts receivable and advance payments to suppliers in the commercial operation. The Financial Policy stipulates that only the major Nordic commercial banks are suitable for the investment of surplus liquidity and foreign-exchange forward contract subscriptions.

In order to capitalise on the operating activities' knowledge of customers and suppliers, the credit risk assessments are managed in the commercial transactions by each company. The credit risk is generally spread over a wide range of customers and is a good reflection of the Group's trading. The total revenue is built up of many business transactions and a favourable risk spread of sales across varying industries and companies.

However, a significant share of the Group companies' revenue is attributable to the TOOLS chain, with operations in Sweden, Norway and Finland. The TOOLS chain is part of Momentum Group, which was previously part of the Group but after its distribution to the shareholders of Bergman & Beving in June 2017 became a fully free-standing Group through a separate listing on Nasdaq Stockholm. Revenue from the TOOLS chain declined significantly due to a change in supplier agreements for goods for resale, which were previously invoiced onward via Bergman & Beving when the TOOLS chain was part of the same Group. However, the TOOLS chain remains the Group's overall largest customer. The credit risk with respect to companies in the TOOLS chain is, however, deemed to be very low. No other individual customer accounts for a significant share of the Group's revenue.

To minimise the risk of credit losses, the Group companies apply credit policies that limit outstanding amounts and credit periods for individual customers. The size of each customer's credit is assessed individually. A credit rating is performed for all new customers. The intention is that credit limits will reflect the customer's payment capacity. Standardised terms of payment vary between 20 days net to F90 (free delivery month + 90 days). The most common terms of payment are 30 days net. For new customers, the standard is 20 days net.

Historically, the Bergman & Beving Group's confirmed credit losses have been few in number and low in amount. The credit quality of the accounts receivable that have neither matured for payment nor been impaired is deemed favourable.

The analysis performed prior to the introduction of IFRS 9 Financial Instruments, involving a forward-looking model of expected credit losses on accounts receivable, confirmed that the new standard would not have any material impact on the financial statements. Accordingly, the Bergman & Beving Group did not recognise any remeasurements that impacted equity as of 1 April 2018 due to this new standard.

NOTE 24 cont.

Reserves for expected credit losses and maturity structure are presented in the table below.

Accounts receivable	Group		Parent Company	
	31 Mar 2020	31 Mar 2019	31 Mar 2020	31 Mar 2019
Accounts receivable	870	847	-	-
Accumulated reserve for expected credit losses	-15	-13	-	-
Accounts receivable, net	**855**	**834**	**-**	**-**
A maturity analysis is presented below				
Maturity analysis				
– not past due	791	777	-	-
– receivables past due by 1–30 days	53	41	-	-
– receivables past due by 31–60 days	7	8	-	-
– receivables past due by 61–90 days	0	3	-	-
– receivables past due by >90 days	19	18	-	-
Total receivables	**870**	**847**	**-**	**-**

Changes in liabilities from financial activities

Group 2019/2020	At the beginning of the year	Change in accounting policies IFRS 16	Cash flow	Acquisitions and divested business 1)	Change in fair value through other comprehensive income	Translation differences	Leases	At year-end
Committed credit facility	266	-	262	-254	-	0	-	274
Liabilities to credit institutions	175	-	335	-	-	0	-	510
Lease liabilities IFRS 16 1)	-	479	-113	-	-	1	93	460
Derivatives	2	-	4	-	-6	-	-	0
Additional purchase considerations	3	-	-	47	-	-	-	50
Total liabilities from financing activities	**446**	**479**	**488**	**-207**	**-6**	**1**	**93**	**1,294**

1) Refer also to Leases in Note 1 and Note 25

Group 2018/2019	At the beginning of the year	Change in accounting policies IFRS 16	Cash flow	Acquisitions and divested business 1)	Change in fair value through other comprehensive income	Translation differences	Leases	At year-end
Committed credit facility	307		-41	-	-	0		266
Liabilities to credit institutions	130		116	-71	-	0		175
Derivatives	11		-4	-	-5	-		2
Additional purchase considerations	-		-	3	-	-		3
Total liabilities from financing activities	**448**	**-**	**71**	**-68**	**-5**	**0**	**-**	**446**

Parent Company 2019/2020	At the beginning of the year	Cash flow	Change in fair value through other comprehensive income	Translation differences	At year-end
Committed credit facility	266	8	-	-	274
Liabilities to credit institutions	175	335	-	-	510
Liabilities to Group companies	712	62	-	-	774
Derivatives	2	4	-6	-	0
Total liabilities from financing activities	**1,155**	**409**	**-6**	**-**	**1,558**

Parent Company 2018/2019	At the beginning of the year	Cash flow	Change in fair value through other comprehensive income	Translation differences	At year-end
Committed credit facility	307	-41	-	-	266
Liabilities to credit institutions	130	45	-	-	175
Liabilities to Group companies	786	-74	-	-	712
Derivatives	11	-3	-6	-	2
Total liabilities from financing activities	**1,234**	**-73**	**-6**	**-**	**1,155**

NOTE 25 LEASES

The effect of the transition to IFRS 16 on the Group's leases is described in Note 1 Significant accounting policies. The transitional method applied by the Group means that comparative information was not restated to reflect the new requirements.

The Group recognises owned assets as tangible non-current assets, refer to Note 11. Non-current assets leased by the Group are recognised as Right-of-use assets. These comprise several types of assets that would have been tangible non-current assets if they had been owned. The Group has no leased assets classified as property under management. The lease portfolio mainly comprises offices, warehouse premises, company cars, warehouse vehicles and other warehouse equipment.

	2019/2020			
Group	Premises	Cars	Other	Total
Right-of-use assets				
Additional during the year	44	28	21	**93**
Depreciation during the year	-72	-33	-13	**-118**
At year-end	362	41	52	**455**

MSEK 38 of additional right-of-use assets is from acquired companies.

	Group	
Lease liabilities	2019/2020	2018/2019
Current	109	-
Non-current	351	-
At year-end	**460**	**-**

A maturity analysis of lease liabilities is presented in Note 24 Financial instruments and financial risk management.

	Group	
Amounts recognised in profit or loss	2019/2020	2018/2019
Depreciation of right-of-use assets	-118	-
Interest on lease liabilities	-11	-
Variable lease payments not included in the measurement of lease liability	-2	-
Revenue from sub-leasing of rights-of-use assets	3	-
Costs for short-term or low-value leases	-5	-

	Group	Parent Company	
Operating leases (IAS 17)	2018/2019	2019/2020	2018/2019
Leases in which the Group/the Company is the lessee [1]			
Non-terminable lease payments amount to:			
Within 1 year	110	3	5
Between 1 and 5 years	250	10	10
Later than 5 years	100	-	-
Total	**460**	**13**	**15**
Expensed lease payments for the period			
Assets held through operating leases			
Minimum lease fees [2]	125	5	5
Total lease costs	**125**	**5**	**5**

[1] Refer to Note 26 Pledged assets and contingent liabilities

[2] New leases were signed in conjunction with the property sales in 2013/2014 and 2014/2015. Commitments under signed leases and lease costs are included in the table above since after testing they were classified as operating leases.

Refers to costs for assets held through operating leases, such as rented premises, vehicles, other machinery and equipment.

Extension and termination options

Certain leases include extension options that may or may not be exercised. For premises, the Group makes an initial assessment of whether it is reasonably certain that the extension option will be exercised. For open-ended leases for office premises, the Group has determined that, based on experience and past history, a five-year time horizon can generally be used. The Group revises during the period whether it is reasonably certain that an extension option will be exercised if a significant event or a significant change in circumstances occurs that is within the Group's control. For premises, no material amounts impacted Right-of-use assets/Lease liabilities during the year due to exercising options that were not previously included in the lease liability.

For cars, the standard contracted lease term is three years. Extension options are offered, but are exercised to an insignificant extent. The standard contractual arrangement is for the lessor to set the residual value and bears the risk if the value at the end of the lease term is less than the calculation. Reconciliation of the Group's largest car contract is conducted a few times each year and if residual values are generally set too low the Group receives part of the surplus (which is normally an insignificant amount). In certain cases, the Group has an option to purchase the asset at the end of the lease term, though this does not normally take place.

NOTE 26 PLEDGED ASSETS AND CONTINGENT LIABILITIES

	Group		Parent Company	
	31 Mar 2020	31 Mar 2019	31 Mar 2020	31 Mar 2019
Pledged assets	-	-	-	-
Contingent liabilities				
Guarantees for subsidiaries[1]			321	316
Guarantees, other	27	28	1	1
Total contingent liabilities	**27**	**28**	**322**	**317**

[1] Parent Company guarantees for subsidiaries essentially pertain to PRI obligations.

In conjunction with the sale of the logistics properties in Alingsås and Ulricehamn in December 2012, one of the Group's companies entered into leases that expire at the end of 2027. In conjunction with the split of the Group into two independent companies, Bergman & Beving and Momentum Group, the original lease was also split. The Parent Company has issued a guarantee for the Group company's fulfilment of its share of the lease with a total annual lease cost of approximately MSEK 25.

NOTE 27 RELATED PARTIES

The Bergman & Beving Group's related parties are primarily members of senior management. For information about the Group's transactions with these related parties, see Note 5 Employees and personnel costs. The Parent Company also has transactions with subsidiaries, which are priced based on market terms. Other than that, there have been no transactions between Bergman & Beving and related parties that significantly affected the Group's position and profit during the financial year.

NOTE 28 GROUP COMPANIES

SPECIFICATION OF THE PARENT COMPANY'S DIRECT HOLDINGS OF PARTICIPATIONS IN SUBSIDIARIES

	Corp.Reg.No.	Reg. office	No. of participations	Holding %	Carrying amount in Group 31 Mar 2020	Carrying amount in Group 31 Mar 2019
Tengtools AB	556616-0353	Alingsås	1,000	100	1	1
Bergman & Beving Invest AB	556706-2699	Stockholm	1,000	100	693	693
Bergman & Beving Fastigheter AB	556787-7559	Stockholm	1,000	100	10	10
Total					**704**	**704**
Carrying amount at the beginning of the year					**704**	**704**
Accumulated cost						
At the beginning of the year					704	704
Carrying amount at year-end					**704**	**704**

NOTE 28 cont.

SPECIFICATION OF THE PARENT COMPANY'S DIRECT AND INDIRECT HOLDINGS OF PARTICIPATIONS IN SUBSIDIARIES

	Reg. office, country	Holding % 31 Mar 2020	Holding % 31 Mar 2019
Tengtools AB	Sweden	100	100
Bergman & Beving Invest AB	Sweden	100	100
Bergman & Beving Fastigheter AB	Sweden	100	100
Bergman & Beving Logistics AB	Sweden	100	100
Bergman & Beving Operations AB	Sweden	100	100
Zekler Safety AB	Sweden	75	100
Essve Produkter AB	Sweden	100	100
ESSVE Sverige AB	Sweden	100	100
FireSeal AB	Sweden	100	100
Luna AB	Sweden	100	100
Luna Sverige AB	Sweden	100	100
Tengtools International Sweden AB	Sweden	100	100
Lidén Weighing AB	Sweden	100	100
Bergman & Beving Safety AB	Sweden	100	100
Cresto Group AB	Sweden	100	100
Skydda i Sverige AB	Sweden	100	100
Bergman & Beving Holding AB	Sweden	100	100
Bergman & Beving Development AB	Sweden	100	100
Guide Gloves AB	Sweden	100	100
Arbesko-Gruppen AB	Sweden	100	100
Arbesko AB	Sweden	100	100
Arbesko Skofabrik AB	Sweden	100	100
Oksebra Trading AB	Sweden	100	100
Arbesko-Fastigheter AB	Sweden	100	100
Strömstad Skee 2:1 AB	Sweden	100	100
Arbesko Förvaltning AB	Sweden	100	100
Uveco AB	Sweden	100	100
BVS Brannvernsystemer AB	Sweden	100	100
Belano Maskin AB	Sweden	100	100
B & O Vågar AB	Sweden	100	100
Millers Beslag AB[1)]	Sweden	100	-
KGC Verktyg och Maskiner AB[1)]	Sweden	100	-
Lindahl & Nermark AB[2)]	Sweden	100	-
Systemtext AB[1)]	Sweden	100	-
Luna Norge AS	Norway	100	100
ESSVE Norge AS	Norway	100	100
SKYDDA Norge AS	Norway	100	100
AAK Safety AS	Norway	100	100
BVS Brannvernsystemer AS	Norway	100	100
Guide Gloves AS[2)]	Norway	100	-
Skydda Finland Oy	Finland	100	100
Essve Suomi Oy	Finland	100	100
H&H Tuonti OY[1)]	Finland	100	-
Skydda Danmark AS	Denmark	100	100
ESSVE Poland Sp. z o.o.	Poland	100	100
Luna Polska Sp. z o.o.	Poland	100	100
ESSVE Estonia AS	Estonia	100	100
Luna Group Estonia AS	Estonia	100	100
Essve Latvia SIA	Latvia	100	100
ESSVE Lietuva, UAB	Lithuania	100	100
TengTools UK Limited	UK	100	100
TengTools Ireland Limited	Ireland	100	100
ESSVE Ukraine Ltd	Ukraine	100	100
B&B TOOLS (Shanghai) Co., Ltd	China	100	100
Oksebra do Brasil Artefatos de Coura Ltda	Brazil	99	99
BVS Fireprotection Kft	Hungary	100	100
FireSeal Inc.[2)]	US	100	-
VIP Safety B.V.[1)]	Netherlands	100	-
Master of Gloves B.V.[1)]	Netherlands	51	-

1) Company acquired in 2019/2020.
2) Company formed in 2019/2020.

NOTE 29 UNTAXED RESERVES

The distribution of untaxed reserves recognised in the Parent Company's balance sheet is shown below. For the Group, these reserves are eliminated in their entirety. Refer to Significant accounting policies in Note 1. Of the Parent Company's total untaxed reserves of MSEK 165 (246), MSEK 36 (54) comprises deferred taxes included in the Group's recognised deferred tax liability.

	Parent Company	
Tax allocation reserve	31 Mar 2020	31 Mar 2019
Allocation 2013/2014	-	45
Allocation 2014/2015	27	63
Allocation 2015/2016	67	67
Allocation 2016/2017	40	40
Allocation 2017/2018	11	11
Allocation 2018/2019	20	20
Total	**165**	**246**

NOTE 30 ACQUISITIONS AND DISPOSALS OF OPERATIONS

ACQUISITIONS

All shares were acquired in Bröderna Miller AB at the beginning of the financial year. The company is a leader in hardware fittings in Sweden and sells most of its products under its own Miller's brand in the Swedish market. The hardware fittings operations generate revenue of approximately MSEK 40 and have 11 employees. The company is included in the Tools & Consumables division.

At the beginning of April, the Building Materials division also acquired all shares in KGC Verktyg & Maskiner AB, with closing taking place on 1 May. KGC develops and sells quality tools and accessories for bricklayers and tilers under its own KGC brand. The business is primarily aimed at the Swedish market. The company generates revenue of approximately MSEK 80 and has 24 employees.

On 1 July, the Building Materials division acquired all shares in H&H Tuonti Oy. H&H is a niche supplier of collated fastening products under its own brand with complementary products and machines. H&H has a strong position with a well-established sales network of resellers in Finland. The company generates revenue of approximately MEUR 7 and has 21 employees.

On 30 September, Workplace Safety acquired all shares in Systemtextgruppen AB. Systemtext develops, designs and manufactures work-environment signs. The products are sold via resellers in the Nordic region. The company generates annual revenue of approximately MSEK 40 and has 19 employees.

In the final quarter, at the beginning of February, Workplace Safety acquired all shares in VIP Safety B.V. and 51 percent of the shares in Masters of Gloves B.V. VIP Safety sells personal protective equipment (PPE) and workwear in the Benelux countries. VIP Safety has 12 employees and generates annual revenue of approximately MSEK 40. Masters of Gloves is a brand of protective gloves for police, military, emergency services and other customers with similar needs.

The purchase price allocation for the acquisitions for the period from 1 April to 31 August 2019 have been finalised. No material adjustments have been made in the calculations. Given the size of the acquisitions for the Group as a whole, acquired net assets and goodwill are shown at an aggregated level.

Group

Acquisition of subsidiaries and other business units	2019/2020	2018/2019
Acquired assets		
Customer relations	98	32
Other non-current assets	8	2
Inventories	53	8
Other current assets	62	10
Cash and cash equivalents	11	18
Total assets	**232**	**70**
Acquired provisions and liabilities		
Deferred tax liability	-20	-7
Non-current liabilities	-	-2
Current operating liabilities	-51	-11
Total provisions and liabilities	**-71**	**-20**
Acquired net assets	161	50
Goodwill	101	39
Total acquired	**262**	**89**
Purchase consideration paid	-218	-86
Estimated contingent consideration	-44	-3
Total purchase consideration	**-262**	**-89**
Purchase consideration paid	-218	-86
Less: Cash and cash equivalents in acquired companies	11	18
Net change in cash and cash equivalents	**-207**	**-68**

The goodwill value includes the value of employee expertise and efficiency-enhancement measures. No portion of goodwill is expected to be tax deductible. Acquisition-related transaction costs, which are recognised in other operating expenses in the income statement, amounted to MSEK 1. The additional purchase consideration is contingent and is estimated to amount to a maximum of MSEK 54.

NOTE 31 EVENTS AFTER THE BALANCE-SHEET DATE

After the balance-sheet date, the Covid-19 pandemic affected Bergman & Beving's operations in several ways, primarily in the form of varying demand for the companies. Demand from construction-related customers was relatively stable while demand from industry-related customers declined considerably. Demand for personal protective equipment, just as in the latter part of the financial year, has been very high. Some of the companies in the Workplace Safety division assisted the authorities with both purchasing and temporary deliveries of personal protective equipment to best meet needs in society.

To mitigate the effects of reduced demand in the short term, a number of the Group's companies have implemented short-time working, primarily within the Tools & Consumables division, which has been the most affected so far. The Group's decentralised business model means that each company prepares measures that are suited for its particular operations. Measures were decided and implemented gradually in each company depending on how the market and the situation changed. The Group's financial position remains strong. After the balance-sheet date, the Parent Company also expanded its loan commitment, see Note 24 Financial instruments and financial risk management.

The Swedish Agency for Economic and Regional Growth has made it clear that receiving Group contributions makes a company ineligible for short-time work allowances. This has led to adjustments in the year-end accounts and the Annual Report is therefore not entirely consistent with the Financial Report. The Parent Company has a larger impact on tax-related items while the impact on the Group is negligible.

No other significant events occurred after the balance-sheet date.

NOTE 32 KEY ESTIMATES AND JUDGMENTS

Estimates and judgments have been made based on the information available at the time this report was submitted. These estimates and judgments may be subject to change at a later date, partly due to changes in factors in the operating environment.

Below is an account of the most significant judgements, which is subject to a risk that future events and new information may change the basis for current estimates and judgements applied.

IMPAIRMENT TESTING OF GOODWILL AND OTHER NON-CURRENT ASSETS

In accordance with IFRS, goodwill and certain brands are not amortised. Instead, annual tests for indications of impairment are performed. Other intangible and tangible non-current assets are amortised and depreciated, respectively, over the period the asset is deemed to generate income. All intangible and tangible non-current assets are subject to annual testing for indications of impairment. Impairment tests are based on a review of forecast future cash flows. The assumptions used when conducting impairment testing are described in Note 10 Intangible non-current assets.

INVENTORY OBSOLESCENCE

Since the Bergman & Beving Group conducts trading operations, inventories constitute a large asset item in the consolidated balance sheet. The Group measures inventories at the lower of cost and net realisable value. The cost of inventories is primarily calculated using a method based on a weighted average and includes expenditures arising during the acquisition of the inventory assets and transportation thereof to their current location and state or by applying the "first-in, first-out" (FIFO) method. When calculating net realisable value, articles with redundancy and a low turnover rate, discontinued and damaged articles, and handling costs and other selling expenses are taken into consideration. If general demand for the Group's product range changes significantly and assumptions of the net realisable value of articles differ from the actual outcome, earnings in the financial statements may be affected.

LEGAL PROCEEDINGS AND DISPUTES

The Group recognises a liability when a legal obligation exists and it is likely that an outflow of financial resources will be required to settle the obligation and a reliable estimate of the amount can be made. Outstanding legal issues are reviewed on a continuous basis to determine the need to set aside provisions in the financial statements. During these reviews, all cases are taken into consideration using the Group's internal legal competence and, when necessary, external legal counsel is also consulted. Insofar as the judgements concerning the factors considered do not correspond to the actual outcome, the financial statements may be affected.

TAXES

Changes in tax legislation in Sweden and other countries where Bergman & Beving conducts business may change the amount of recognised tax liabilities and tax assets. Interpretations of current tax legislation may also affect the recognised tax liability/tax asset.

Judgments are made to determine both current and deferred tax liabilities/tax assets, particularly with respect to the value of deferred tax assets. Judgments are made as to whether the deferred tax assets will be utilised to offset future taxable income. The actual result may differ from these judgments, partly due to changes in business climate, changed tax legislation and the outcome of not yet completed examinations of tax returns by tax courts.

PENSION OBLIGATIONS

In determining the Bergman & Beving Group's pension obligations under defined-benefit pension plans, certain assumptions have been made with respect to discount rates, inflation, salary increases, long-term returns on plan assets, mortality rates, retirement rates and other factors that may be of importance. These actuarial assumptions are reviewed on an annual basis and are changed when appropriate. Should these actuarial assumptions differ significantly from the actual future outcome, the Group's actuarial gains or losses will change, which may impact other comprehensive income.

NOTE 33 INFORMATION ABOUT THE PARENT COMPANY

Bergman & Beving AB, Corporate Registration Number 556034-8590, is a Swedish limited liability company with its registered office in Stockholm, Sweden. The Parent Company's Class B shares are registered on the Mid Cap list of Nasdaq Stockholm, Sweden. The address of the head office is: Box 10024, SE-100 55 Stockholm, Sweden.

The consolidated financial statements for the 2019/2020 financial year comprise the Parent Company and its subsidiaries, together termed the Group.

Proposed appropriation of profit

The following amounts are at the disposal of the Annual General Meeting of the Parent Company Bergman & Beving AB:

Retained earnings	SEK 1,089,453 thousand
Net profit	SEK 20,272 thousand
	SEK 1,109,725 thousand

The Board of Directors and the President & CEO propose that the available funds be allocated as follows:

To be brought forward	SEK 1,109,725 thousand
	SEK 1,109,725 thousand

The Board of Directors awaits to submit a dividend proposal.

The income statements and balance sheets of the Group and the Parent Company are subject to adoption by the Annual General Meeting to be held on 26 August 2020.

BOARD'S ASSURANCE

The Board of Directors and the President & CEO regard this Annual Report to be prepared in accordance with generally accepted accounting policies and the consolidated financial statements in accordance with IFRS as adopted by the EU, and deem them to provide a true and fair view of the Company's and the Group's position and earnings. The Administration Report for the Parent Company and the Group gives a true and fair overview of the Company's and the Group's operations, position and earnings and describes the material risks and uncertainties faced by the Parent Company and the companies included in the Group. The earnings and position of the Parent Company and the Group are presented in the income statements, balance sheets, cash-flow statements and notes included in the Annual Report.

Stockholm, 29 June 2020

Jörgen Wigh
Chairman

Fredrik Börjesson
Director

Henrik Hedelius
Director

Louise Mortimer Undén
Director

Malin Nordesjö
Director

Alexander Wennergren Helm
Director

Lillemor Backström
Director – employee representative

Anette Swanemar
Director – employee representative

Pontus Boman
President & CEO

Our auditor's report was submitted on 1 July 2020
KPMG AB

Håkan Olsson Reising
Authorised Public Accountant

Auditors Report

To the general meeting of the shareholders of Bergman & Beving AB (publ), corp. id 556034-8590

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of Bergman & Beving AB (publ) for the financial year 2019-04-01—2020-03-31, except for the corporate governance statement on pages 35-39. The annual accounts and consolidated accounts of the company are included on pages 31-84 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 the parent company as of 31 March 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 March 2020 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 35-39. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

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

Basis for Opinions

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

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

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.

Valuation of intangible assets

See disclosure 10 and the accounting policies on page 50 in the annual accounts and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

The group's intangible assets primarily comprise goodwill that has arisen on acquisitions. The goodwill item corresponds to approximately 38 percent of the group's total balance sheet at 31 March 2019.

Annually, or if certain indicators of impairment exist, goodwill is subject to an impairment test which is complex and contains significant elements of judgment.

The valuation of assets depends on the stable performance of the business and positive future return.

Response in the audit

We have examined and assessed the group's impairment tests to ascertain whether they were carried out in accordance with the techniques prescribed by IFRS. No deviations from IFRS were noted.

The assessment also included the reasonableness of future cash flows and discount rate by obtaining and evaluating the Group's written documentation and plans. We have also performed a retrospective review over prior period estimates and evaluated the sensitivity analyses prepared.

We noted that the market capitalisation on the balance-sheet date was MSEK 284 lower than equity. Although this by itself is an indication of impairment, we believe that no impairment requirement exists since the scope of the impairment testing is significant and the market capitalisation on the reporting date had recovered slightly. The forecasts on which future cash flows are based did not take the potential effects of the COVID-19 pandemic into consideration. However, the company's sensitivity analysis shows that certain surplus values exist even if the profit assumption (EBITDA) is lowered by up to 40 percent for the next three years. This is on the condition that all other assumptions are assumed to remain unchanged. We have also reviewed the annual accounts disclosures and assessed whether the disclosures are in line with the assumptions used by manage-ment in their impairment test and that they are, in all material respects, in accordance with disclosures required by IFRS.

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 1-21, 28-29 samt 89-97. 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 Directors and the Managing Director

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

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

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

Auditor's responsibility

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

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 Directors and the Managing Director of Bergman & Beving AB (publ) for the financial year 2019-04-01—2020-03-31 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 Directors 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 Directors 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's 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.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 35-39 has been prepared in accordance with the Annual Accounts Act.

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

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

KPMG AB, Box 382, 101 27, Stockholm, was appointed auditor of Bergman & Beving AB (publ) by the general meeting of the shareholders on 26 August 2019. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 1998.

Stockholm 1 July 2020

KPMG AB

Håkan Olsson Reising
Authorized Public Accountant

Auditor's opinion regarding the statutory sustainability report

To the general meeting of the shareholders in Bergman & Beving AB (publ), corporate identity number 556034-8590

Engagement and responsibility

It is the board of directors who is responsible for the sustainability report for the financial year 2019-04-01—2020-03-31 on pages 22-27 and that it is prepared in accordance with the Annual Accounts Act.

The scope of the examination

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

Opinion

A statutory sustainability report has been prepared.

Stockholm 1 July 2020

KPMG AB

Håkan Olsson Reising
Authorized Public Accountant


KASK

Board of Directors

JÖRGEN WIGH
Chairman of the Board since 2019.
Director since 2019.
Born: 1965.
Education: M.Sc. Econ.
Other board assignments: Director of Lagercrantz Group AB.
Work experience: President & CEO of Lagercrantz Group AB. Previous experience as Executive Vice President of Bergman & Beving. Founder of PriceGain. Management Consultant at McKinsey & Co., and Investment Manager at Spira Invest.
Dependency conditions: Independent in relation to the Company and senior management. Independent in relation to the Company's major shareholders.
Shares owned: 58,278 Class B shares.

FREDRIK BÖRJESSON
Director since 2019.
Born: 1978.
Education: M.Sc. Econ.
Other board assignments: Director of Lagercrantz Group AB and a number of companies in Tisenhult-gruppen
Work experience: Senior positions in Tisenhult-gruppen.
Dependency conditions: Independent in relation to the Company and senior management. Dependent in relation to the Company's major shareholders.
Shares owned (including related parties): 32,600 Class B shares (with family and company) as well as 497,192 Class A shares and 2,160,000 Class B shares via Tisenhult-gruppen AB.

HENRIK HEDELIUS
Director since 2015.
Born: 1966.
Education: M.Sc. Econ.
Other board assignments: Director of Addtech AB.
Work experience: Senior Advisor United Bankers LTD. Partner at UB Markets LTD ECM. Senior positions at ABN Amro, Kaupthing Bank, Storebrand Asset Management, Remium Nordic AB and Swedbank.
Dependency conditions: Independent in relation to the Company and senior management. Dependent in relation to the Company's major shareholders.
Shares owned: 12,790 Class B shares (with family).

LOUISE MORTIMER UNDÉN
Director since 2017.
Born: 1976.
Education: M.Sc. Econ.
Other board assignments: –
Work experience: VP Product Line Wellbeing, Business Area Europe, Electrolux. Former Executive Vice President and Product & Marketing Director at OBH Nordica Group AB.
Dependency conditions: Independent in relation to the Company and senior management. Independent in relation to the Company's major shareholders.
Shares owned: 1,000 Class B shares.

Note: Information on the Board of Directors' holdings of shares pertains to circumstances as of 31 May 2020.

MALIN NORDESJÖ
Director since 2017.
Born: 1976.
Education: M.Sc. Econ.
Other board assignments: Director of Addtech AB and a number of companies in Tisenhult-gruppen
Work experience: President & CEO of Tisenhult-gruppen AB. Senior positions at Tisenhult-gruppen and Tritech Technology.
Dependency conditions: Independent in relation to the Company and senior management. Dependent in relation to the Company's major shareholders.
Shares owned: 18,049 Class B shares (with family) as well as 497,192 Class A shares and 2,160,000 Class B shares via Tisenhult-gruppen AB.

ALEXANDER WENNERGREN HELM
Director since 2019.
Born: 1974.
Education: M.Sc. in Industrial Economics and M.Sc. in Financial Economics.
Other board assignments: -
Work experience: Chairman of Doktor24. Previous experience as President and CEO of Aleris Group AB. President and CEO of Hultafors Group AB. CEO of Ernström Handel och Industri AB. EVP Husqvarna Construction Products. Investment Manager at Bure Equity.
Dependency conditions: Independent in relation to the Company and senior management. Independent in relation to the Company's major shareholders.
Shares owned: 2,458 Class B shares.

LILLEMOR BACKSTRÖM
Director since 2006.
Employee representative.
Born: 1954.
Customer administrator Luna AB.
Shares owned: –

ANETTE SWANEMAR
Director since 2010.
Employee representative.
Born: 1959.
Purchase Planning Coordinator G uide Gloves AB.
Shares owned: –

AUDITOR KPMG AB

Håkan Olsson Reising
Authorized Public Accountant.
Stockholm, born 1961.
Håkan Olsson Reising has been auditor in charge for Bergman & Beving AB since 2019.

Group management

PETER SCHÖN
Chief Financial Officer.
Employee of the Group since 2017.
Born: 1969.
Education: M.Sc. Econ.
Other significant board assignments: Director of Axkid AB.
Work experience: Senior positions at Netonnet Group, ProfilGruppen, Brio, Alstom and other companies.
Shares owned: 7,250 Class B shares (own holding).
Call options: 80,000.

PONTUS BOMAN
President & CEO.
Employee of the Group since 2007.
Born: 1971.
Education: M.Sc. Eng.
Work experience: CEO of ESSVE Produkter.
Senior positions at Bergman & Beving, Accenture and Boston Consulting Group (BCG).
Shares owned: 56,545 Class B shares (own holding).
Call options: 102,000.

Ten-year summary

MSEK	19/20	18/19	17/18 [5]	16/17 [5]	15/16	14/15	13/14	12/13	11/12 [1]	10/11 [1]
EARNINGS INFORMATION										
Revenue	4,060	3,945	3,833	3,834	7,821	7,903	7,648	7,666	8,201	7,885
Shares of profit in associated companies	-	-	-	-	0	0	0	0	1	1
Other operating income	27	11	3	0	34	48	15	8 [3]	6 [4]	8
Total operating income	**4,087**	**3,956**	**3,836**	**3,834**	**7,855**	**7,951**	**7,663**	**7,674**	**8,208**	**7,894**
Operating expenses, excluding non-recurring items	-3,898	-3,720	-3,620	-3,576	-7,384	-7,501	-7,323	-7,436	-7,791	-7,547
of which, depreciation/amortisation and impairment losses	-164	-31	-25	-17	-28	-28	-45	-66	-67	-65
Operating profit, excluding non-recurring items	189	236	216	258	471	450	340	238	417	347
Non-recurring items	-	-	-	-	15	-	-	51 [3]	-8 [4]	-
Operating profit, including non-recurring items	189	236	216	258	486	450	340	289	409	347
Financial income and expenses	-34	-20	-24	-5	-18	-42	-54	-73	-91	-67
Profit after financial items	155	216	192	253	468	408	286	216	318	280
Taxes	-39	-47	-34	-58	-106	-102	-72	6	-91	-86
Net profit, before profit from discontinued operations	116	169	158	195	362	306	214	222	227	194
Profit from discontinued operations, net after taxes	-	-	1,091	42	-	-	-	-	-	-
Net profit	**116**	**169**	**1,249**	**237**	**362**	**306**	**214**	**222**	**227**	**194**
Of which, attributable to:										
Parent Company shareholders	169	169	1,249	237	362	306	214	222	227	194
Non-controlling interest	0	-	-	-	-	-	-	-	0	0
BALANCE INFORMATION										
Intangible non-current assets	1,955	1,681	1,569	2,023	1,821	1,803	1,792	1,781	1,815	1,813
Tangible non-current assets	102	99	88	112	100	113	208	252	407	472
Right-of-use assets	455	-	-	-	-	-	-	-	-	-
Financial non-current assets	92	82	83	121	104	138	118	139	158	149
Inventories	1,077	942	879	1,595	1,505	1,525	1,414	1,443	1,684	1,523
Current receivables	986	961	947	1,656	1,448	1,493	1,509	1,410	1,471	1,389
Cash and cash equivalents	90	85	67	63	62	57	53	214	85	92
Total assets	**4,757**	**3,850**	**3,633**	**5,570**	**5,040**	**5,129**	**5,094**	**5,239**	**5,620**	**5,438**
Equity attributable to Parent Company shareholders	1,631	1,657	1,559	2,724	2,591	2,326	2,203	2,065	1,950	1,840
Non-controlling interest	12	-	-	-	-	-	-	-	0	0
Total equity	**1,643**	**1,657**	**1,559**	**2,724**	**2,591**	**2,326**	**2,203**	**2,065**	**1,950**	**1,840**
Interest-bearing liabilities	1,940	1,087	1,060	905	818	1,218	1,326	1,597	1,962	1,911
Non-interest-bearing liabilities and provisions	1,174	1,106	1,014	1,941	1,631	1,585	1,565	1,577	1,708	1,687
Total equity and liabilities	**4,757**	**3,850**	**3,633**	**5,570**	**5,040**	**5,129**	**5,094**	**5,239**	**5,620**	**5,438**
Capital employed	3,583	2,744	2,619	3,629	3,409	3,544	3,529	3,662	3,912	3,751
Operational net loan liability [2]	-695	-356	-370	-260	-217	-530	-819	-914	-1,414	-1,407

1) As of 2010/2011, comparative figures were adjusted due to changes in accounting policies.
2) As of 2010/2011, comparative figures were adjusted due to a changed definition (previously, financial net loan liability).
3) Non-recurring items include MSEK +245 relating to capital gains from property sales, which are recognised as Other operating income in the consolidated income statement.
4) Non-recurring items include MSEK +31 relating to capital gains from property sales, which are recognised as Other operating income in the consolidated income statement.
5) All figures relating to the income statement refer to continuing operations excluding the distribution of Momentum Group with retroactivity from 1 April 2016.
All figures relating to the balance sheet refer to continuing operations from 1 April 2017, without retroactivity for prior periods.
6) The share price relates to the price prior to separate listing of Momentum Group. The separate listing took place on 21 June 2017.
7) The Board of Directors awaits to submit a dividend proposal.

KEY FINANCIAL RATIOS	19/20	18/19	17/18	16/17	15/16	14/15	13/14	12/13	11/12	10/11 [1]
Operating margin	4.7%	6.0%	5.6%	6.7%	6.2%	5.7%	4.4%	3.8%	5.0%	4.4%
Profit margin	3.8%	5.5%	5.0%	6.6%	6.0%	5.2%	3.7%	2.8%	3.9%	3.6%
Return on total capital	4%	7%	6%	5%	10%	9%	7%	5%	7%	6%
Return on capital employed	6%	9%	8%	8%	14%	13%	10%	8%	11%	9%
Return on equity	7%	11%	9%	7%	15%	14%	10%	11%	12%	11%
Return on equity excluding non-recurring items	7%	11%	9%	7%	14%	14%	10%	6%	12%	11%
Return on equity after dilution	7%	11%	9%	8%	15%	14%	10%	11%	12%	11%
Equity/assets ratio	35%	43%	43%	49%	51%	45%	43%	39%	35%	34%
Other data										
No. of employees at the end of the period	1,083	1,031	1,028	2,638	2,623	2,682	2,655	2,780	2,880	2,840
Average no. of employees	1,085	1,028	1,458	2,641	2,673	2,667	2,724	2,827	2,861	2,837
Cash flow from operating activities, MSEK	222	258	109	406	493	330	210	262	114	103
Per-share data										
Earnings, SEK	4.30	6.25	5.70	6.95	12.90	10.90	7.60	7.90	8.10	6.90
Earnings after dilution, SEK	4.30	6.25	5.70	6.90	12.85	10.85	7.60	7.90	8.10	6.90
Cash flow from operating activities, SEK	8.25	9.60	3.90	14.45	17.55	11.75	7.45	9.30	4.05	3.65
Cash flow from operating activities, after dilution, SEK	8.25	9.60	3.90	14.40	17.55	11.75	7.45	9.30	4.05	3.65
Equity, SEK	61.10	61.35	56.10	96.80	92.20	82.80	78.40	73.50	69.40	65.50
Equity after dilution, SEK	61.10	61.35	56.15	96.80	92.25	82.65	78.40	73.50	69.40	65.50
Share price at 31 March, SEK	50.30	106.60	84.70	192.00	149.50	141.00	119.00	85.00	59.25	113.50
Dividend, SEK	0.00 [7]	3.00	2.50	5.00	5.00	4.00	3.50	3.00	3.00	3.00
Other share-related data										
Share price/equity	82%	174%	151%	198%	162%	170%	152%	116%	85%	173%
Share price/equity after dilution	82%	174%	151%	198%	162%	171%	152%	116%	85%	173%
P/E ratio, multiple	12	17	15	28	12	13	16	11	7	16
P/E ratio after dilution, multiple	12	17	15	28	12	13	16	11	7	16
Dividend yield	0.0% [7]	2.8%	3.0%	2.6%	3.3%	2.8%	2.9%	3.5%	5.1%	2.6%

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Calculation of performance measures and definitions

Bergman & Beving uses certain financial performance measures in its analysis of the operations and their performance that are not calculated in accordance with IFRS. The Company believes that these performance measures provide valuable information for investors, since they enable a more accurate assessment of current trends when combined with other key financial ratios calculated in accordance with IFRS. Since listed companies do not always calculate these performance measures ratios in the same way, there is no guarantee that the information is comparable with other companies' performance measures of the same name.

CHANGE IN REVENUE

Comparable units refer to sales in local currency from units that were part of the Group during the current period and the entire corresponding period in the preceding year. Trading days refer to sales in local currency depending on the difference in the number of trading days compared with the comparative period. Acquisitions/divestments refer to the acquisition or divestment of units during the corresponding period.

Percentage change in revenue for:	2019/2020	2018/2019
Comparable units in local currency	-3	-2
Currency effects	0	3
Acquisitions/divestments	6	2
Total – change	**3**	**3**

EBITA

Operating profit for the period before impairment of goodwill and amortisation and impairment of other intangible assets in connection with corporate acquisitions and equivalent transactions.

MSEK	2019/2020	2018/2019
EBITA	208	249
Depreciation and amortisation in connection with acquisitions	-19	-13
Operating profit	**189**	**236**

RETURN ON WORKING CAPITAL (P/WC)

Bergman & Beving's profitability target is for each unit in the Group to achieve profitability of at least 45 percent, measured as EBITA (P) for the rolling 12-month period as a percentage of average 12 months' working capital (WC), defined as inventories plus accounts receivable less accounts payable.

All figures pertain to the continuing operations in Bergman & Beving.

MSEK	2019/2020	2018/2019
EBITA (P)	**208**	**249**
Average working capital (WC)		
Inventories	1,030	898
Accounts receivable	764	737
Accounts payable	-527	-513
Total – average WC	**1,267**	**1,122**
P/WC, %	**16**	**22**

Other definitions

RETURN ON EQUITY
Net profit for the rolling 12-month period divided by average equity.

RETURN ON CAPITAL EMPLOYED
Profit after financial items plus financial expenses for the rolling 12-month period divided by the average balance-sheet total less non-interest-bearing liabilities.

RETURN ON TOTAL CAPITAL
Profit/loss after net financial items, including reversed financial expenses, relative to average total capital.

SHARE PRICE/EQUITY
The share price relative to equity per share at the end of the financial year.

DIVIDEND YIELD
Dividend per share relative to share price at 31 March.

EBITA
Operating profit for the period before impairment of goodwill and amortisation and impairment of other intangible assets in connection with corporate acquisitions and equivalent transactions.

EBITA MARGIN
EBITA for the period as a percentage of revenue.

EQUITY PER SHARE
Equity attributable to Parent Company shareholders divided by the number of shares at the end of the period.

CASH FLOW PER SHARE
Cash flow for the rolling 12-month period from operating activities divided by the weighted number of shares.

OPERATIONAL NET LOAN LIABILITY
Interest-bearing liabilities excluding lease liabilities and provisions for pensions less cash and cash equivalents.

P/E RATIO
The share price at 31 March divided by earnings per share.

EARNINGS PER SHARE
Net profit attributable to the Parent Company shareholders divided by the weighted number of shares.

OPERATING MARGIN
Operating profit for the period as a percentage of revenue.

EQUITY/ASSETS RATIO
Equity as a percentage of the balance-sheet total.

CAPITAL EMPLOYED
Balance-sheet total less non-interest-bearing liabilities.

PROFIT MARGIN
Net profit after financial items as a percentage of revenue.

WEIGHTED NUMBER OF SHARES
Average number of shares outstanding before or after dilution. Shares held by Bergman & Beving are not included in the number of shares outstanding. Dilution effects arise due to call options that can be settled using shares in share-based incentive programmes. The call options have a dilution effect when the average share price during the period is higher than the redemption price of the call options.

Amounts
the amounts stated in the Notes refer to MSEK (SEK million) unless otherwise stated.

Bergman & Beving 2019/2020
Production: Bergman & Beving AB in partnership with Oxenstierna & Partners
Photos: Christofer Dracke, Jacob Nordström and Jann Lipka et al.