ANNUAL REPORT
2020/2021

BERGMAN & BEVING

CONTENTS

This Annual Report describes the operations of Bergman & Beving AB and the financial results for 2020/2021, and includes the Company's Corporate Governance Report and Sustainability Report. The statutory Annual Report comprises pages 42–95. 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 24–37.


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BERGMAN & BEVING IN BRIEF

- **Bergman & Beving** acquires and develops leading companies with niche products and brands within the manufacturing and construction sectors.
- **The Group consists** of companies with the following product brands, among others: Arbesko, Belano, BVS, Cresto, ESSVE, FireSeal, Germ, Guide, H&H, JO Safety, KGC, L.Brador, Limit, Luna, Mareld, Master of Gloves, Miller's, Skydda, Systemtext, Teng Tools, Uveco, VIP Safety and Zekler.
- **Through our products,** we are represented in over 4,000 sales outlets in more than 25 countries.
- **Our main markets** are Sweden, Norway and Finland, which account for approximately 75 percent of revenue.
- **We aim to be a sustainable** company where we actively work to create long-term value for society and our shareholders while limiting the impact of our operations on the environment.
- **The subsidiaries in the Group** are operated with decentralised business responsibility, with a focus on simplicity, responsibility and freedom.

4,311
Revenue, MSEK

271
EBITA, MSEK

20
Return on working capital (P/WC), %

6.15
Earnings per share, SEK

1,129
Employees

REVENUE 2020/2021

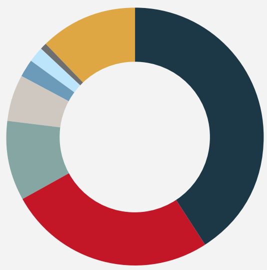
Proprietary products[1]

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

Customer segment[1]

- **50%** Manufacturing
- **40%** Construction
- **10%** Other

Geographic area[2]



- **41%** Sweden
- **26%** Norway
- **10%** Finland
- **6%** The Baltics
- **2%** Denmark
- **2%** Poland
- **1%** The UK
- **12%** Other

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

CEO'S COMMENTS

The past year

The 2020/2021 financial year was a clear step in the right direction for Bergman & Beving. Revenue increased by 9 percent in local currency, of which 5 percent was organic, and profit after financial items amounted to MSEK 212, an increase of 37 percent compared with MSEK 155 in the preceding year. Cash flow from operating activities increased to MSEK 383 (222). It is encouraging to look back on a year with increased revenue and operating profit as well as a strong cash flow. The year was characterised by uncertainty surrounding the effects of the COVID-19 pandemic and demand has varied between segments and regions. In general, demand was higher than in the preceding year and many of our units strengthened their market positions, both organically and through acquisitions. Thanks to our decentralised model, with a large share of responsibility and decision-making taken on by the individual companies, we have handled the uncertain market situation well, both its challenges and opportunities.

For the full year, the Building Materials and Workplace Safety divisions delivered strong performances, with earnings improvements and stronger operating margins. The Tools & Consumables division was negatively affected by the pandemic during the beginning of the year and gradually improved after adjustments were made to adapt to the new market conditions and demand recovered during the last few quarters. We increased our rate of acquisitions during the year and completed seven acquisitions, two of which took place after the end of the year. Five will become new niche profit units in the Group, while the two smallest companies were acquired to supplement our proprietary products in existing focus areas. The Group has also increased the focus on sustainability during the year. The need for sustainable solutions has never been greater and we are continuously developing new solutions for more sustainable and efficient resource use, such as increased reuse and recycling of our products. More efficient manufacturing and sustainable material choices are examples of other areas that were in focus.

Future with focus on improving earnings and margins

After a year of successful development, Bergman & Beving is a significantly stronger Group. Thanks to our decentralised organisational model and entrepreneurship-driven culture, where strategic and operational decisions are taken close to the customer, we are well positioned to take advantage of future growth opportunities.

The Group's financial position is strong and our financial targets remain firm. We will continue to drive improvements with clear, individual objectives in our companies. Many of our companies have favourable conditions for significantly improved returns, earnings and operating margins in parallel with acquisitions of highly profitable operations with strong positions in niches in the construction and manufacturing sectors. Overall, we feel confident as we look ahead to the next year, with the ambition to continue to build a group of niche companies that create long-term commercial and social value. We are convinced that adopting a sustainability perspective is a prerequisite for creating long-term profitable companies with motivated employees and satisfied customers.

We would like to conclude by offering our sincere thanks to all our dedicated employees for your many outstanding efforts during the year and welcome our new employees to Bergman & Beving.

Magnus Söderlind
CEO from 1 May 2021

Pontus Boman
CEO until 30 April 2021
Executive Vice President
from 1 May 2021

"The Group's financial position is strong and our financial targets remain firm. We will continue to drive improvements with clear, individual objectives in our companies."

Magnus Söderlind, President & CEO

VISION AND OBJECTIVES

Business concept
Bergman & Beving acquires and develops leading companies with products and brands in expansive niches in the manufacturing and construction sectors.

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

For us, leading means the long-term ability to create value through sustainable development, growth and profitability. For our products and brands, this vision means securing a top three market position in their selected niches in their main markets. This vision also means that we strive to be a driving force for sustainable development.

Financial targets
Our goals are to achieve average earnings growth of at least 15 percent per year over a business cycle and a return on working capital (P/WC) of more than 45 percent.

Each individual operation is governed by the Group financial targets, which means that it is our ambition to double our earnings every five years. The return metric means that we aim to achieve a high level of earnings combined with a low level of tied-up capital. Positive cash flows and long-term profitable growth also generate funds for organic growth initiatives, dividend yields for our owners and corporate acquisitions.

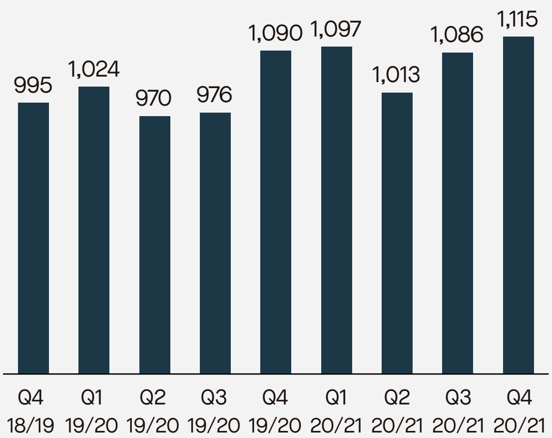
Our operations have individual, ambitious, long-term objectives per company based on market position, business model and the companies' potential development.

The companies are governed in a decentralised manner and monitored by the individual subsidiary board, whose CEO conducts the operations based on agreed objectives.

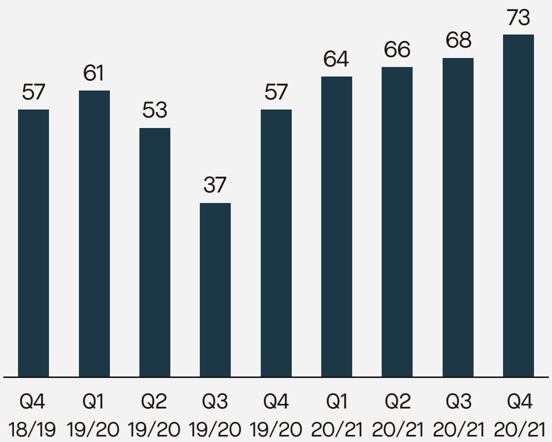
Sustainability goals
The Group's sustainability goals are structured in a framework with six focus areas that are deemed strategically important for the Group's operations and that are tied to the UN's Sustainable Development Goals (SDGs). Bergman & Beving's focus areas and sustainability goals are presented in the Sustainability Report.

PROFIT AND REVENUE

Revenue, MSEK



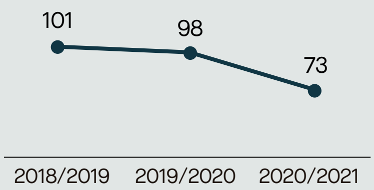
EBITA, MSEK



EXAMPLES FROM THE OPERATIONS

REDUCED PACKAGING CONSUMPTION

Consumption of packaging per delivered cubic metre (m³) from our central warehouse in Ulricehamn:

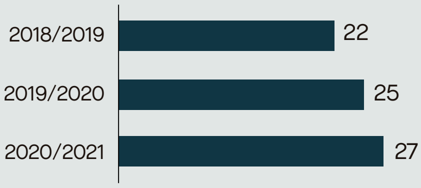


Target: Increased resource efficiency, circular flows, and recycling and reusing more material and raw material to limit the environmental impact of the operations.

Outcome: The annual outcome improved about 26 percent to 73 hg/m³, compared to the previous year (98 hg/m³), the equivalent of a 116 ton annual reduction.

MORE WOMEN IN MANAGEMENT AT BERGMAN & BEVING

The proportion of women in management in the Bergman & Beving Group, %



Target: Improve the balance between male and female employees in a male-dominated industry.

Outcome: The proportion of women in management increased to 27 percent over the previous year (25).


Karin Lidman, CEO of Arbesko


Estelle Salinder, CEO of Systemtext


Petra Öberg Gustafsson, CEO of Teng Tools

Read more about our sustainability outcomes on pages 24–37.

VALUES AND CORPORATE CULTURE

Our leading products and brands, together with our skilled employees, are the basis for our success. Our decentralised governance model is based on shared values that include responsibility and freedom in goal-setting, simplicity, efficiency and openness and a willingness to change.

In practice, this means that our employees prioritise initiatives and take decisions as close to their customers and market as possible. This creates value in our customer relationships while motivating and developing our employees. The founding principles of the Group also include acting with integrity, being considered a good role model and taking 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.

VALUES

Efficiency
We strive to do the right things the right way. We try to avoid administration and bureaucracy, and instead work with short decision paths.

Simplicity
Clear goals, simple methods and clear responsibilities. We identify what is important and monitor our performance using simplified performance measures.

Responsibility and freedom
Each subsidiary conducts its own operations under its own responsibility with a large degree of freedom, and is responsible for driving its own operations forward.

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

Efficiency	**Simplicity**
Responsibility and freedom	**Openness and willingness to change**

"We've conducted long-term work together with our employees to increase job satisfaction and create an attractive workplace based on our values, which has resulted in a 25 percent improvement in our ESI[1] in two years."

Mats Petersson, CEO of Logistikpartner i Ulricehamn

1) Employee Satisfaction Index, ESI.

OPERATIONS

Bergman & Beving consists of leading companies with niche products and brands for professional users in manufacturing and construction. Each subsidiary conducts its own operations under its own responsibility with a large degree of freedom.

We rely on our decentralised governance model, whereby each company leverages its preconditions and prepares company-specific strategies for developing its business in the markets it serves. The Group is divided into three divisions focused on different niche solutions for the manufacturing and construction sectors: Building Materials focuses on construction materials, Workplace Safety on personal protective equipment and Tools & Consumables on tools, machinery and consumables.

Bergman & Beving has a strong and niche portfolio, with each company striving for a leading position in its product areas. Each unit is responsible for continuously evaluating their channel strategies in order to maximise availability and market coverage for different regions and customer groups. Sweden, Norway and Finland account for the majority of the Group's revenue, where some of the Group's product companies partly sell through the Group's full-service suppliers Luna and Skydda.

We aim to achieve our growth target through both organic growth and acquisitions. In our acquisitions, we prioritise leading companies with proven, strong earnings capacities and growth opportunities, limited operational risks and with offerings targeting niche needs in construction and manufacturing. We acquire companies that complement attractive market positions that we already serve as well as companies in new, expansive niche areas. Add-on acquisitions that further strengthen the market positions in our existing companies are also prioritised.

"The acquisition of the safety and workplace signs company JO Safety can be highlighted as a typical acquisition for Bergman & Beving – a well-run and profitable family company with a market-leading position in a clearly defined product niche."

Martin Lundberg, General Counsel / M&A

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 92 percent of the division's total revenue.

Pontus Boman, Division Head

The construction market was strong during the year and demand for our products in both Sweden and Norway was higher than in the preceding year. Despite the negative impact of a weak Norwegian krona and increased shipping costs, sales increased and margins improved in all of the companies in the division.

1,269
Revenue, MSEK

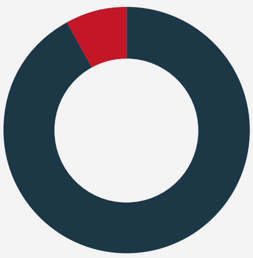
85
EBITA, MSEK

6.7
EBITA margin, %

256
Employees

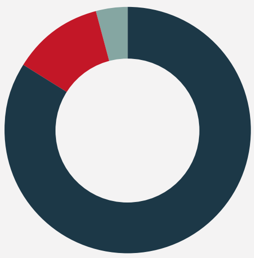
REVENUE 2020/2021

Proprietary products[1]



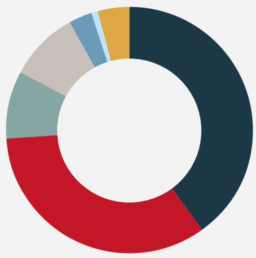
- **92%** Proprietary products
- **8%** Goods for resale

Customer segment[1]



- **84%** Construction
- **12%** Manufacturing
- **4%** Other

Geographic area[2]



- **40%** Sweden
- **34%** Norway
- **9%** Finland
- **9%** The Baltics
- **3%** Poland
- **1%** Denmark
- **4%** 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 on 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
Since 1970, ESSVE has continuously introduced new fastening products that currently give the company a leading position in northern Europe. ESSVE has a broad range of 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 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 of 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 network of resellers in Finland.

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.

Our main product brands:

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

INNOVATIVE DECKING SCREWS FROM ESSVE SOLVE NEW CHALLENGES

Customer focus and creativity permeate every stage of ESSVE's work. To meet new challenges, an entirely new kind of decking screw has been developed together with professional carpenters: Essdeck Max.

New construction recommendations, climate change and new choices of timber have led to entirely new requirements for decking screws in order to meet the new conditions. This is why ESSVE, the Nordic region's market leader in screws and fastening elements, invited professional carpenters to help analyse the most common problems that arise in connection with deck installation. Three common problems were identified: skewed boards, splinters and planks that split or crack when installing screws close to the edge of the timber. Warped planks are also often discarded because many decking screws do not have enough clamping force. Based on the challenges faced by these professional carpenters, ESSVE's engineers developed a screw focused on ensuring optimal clamping force, stylish design and splinter-free installation. The result was the decking screw Essdeck Max.

To counteract the problems with skewed boards, meaning planks that have dried out and warped, Essdeck Max has double-threaded screws with different pitches. The lower thread has a somewhat courser pitch and the upper thread a slightly finer pitch, which gives an optimal clamping force and sets warped planks in place. This also results in fewer planks needing to be discarded.

Splinters in decking are seldom requested by customers but unfortunately they are all too common. To prevent this, Essdeck Max has a small cylindrical head, 25 percent smaller than the standard, as well as grooves directly below the head. The grooves and the cylindrical design slice through the fibres in the wood, which prevents the fibres from getting pushed up and creating splinters.

To allow assembly closer to the edge, a tip was designed that mills off fibres instead of cutting them, which means that the cut does not fill up with fibres, thereby reducing the risk of the timber splitting.

950

Revenue, MSEK

ESSVE is the leading brand of screws and fasteners in the Nordic market and initiated an investment for international growth in 2018. At the Eisenwarenmesse International hardware fair in Cologne in 2018, dialogue began with international distributors and in 2019/2020 ESSVE was introduced in more 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 cases.

KGC INVESTS IN SWEDISH MANUFACTURERS

KGC has always been characterised by its pride in helping to build Sweden. For over 70 years, KGC has supplied brick and tile layers with professional tools for a more efficient workday. The best in the industry work here to design and supply high-quality ergonomic tools that last. Since Bergman & Beving's acquisition of KGC in 2019, development at the company has accelerated with focus on three areas: digitalisation, new packaging and store concepts, and more sustainable purchasing.

When the coronavirus pandemic unexpectedly shut the world down, import costs increased and containers were scarce, KGC chose to look for domestic solutions. A strategic decision was taken to phase out the several sub-suppliers in Asia and invest in Swedish companies. This allowed KGC to have more control over the value chain and reduce its travel, thereby contributing to a more sustainable world.

ESSVE'S NEW ADHESIVE REDUCES ENVIRONMENTAL IMPACT

The Building Materials division's largest company, ESSVE, has had positive sales growth. During the year, the company launched the new and environmentally friendly chipboard adhesive Hybrid, which is completely solvent-free. It was developed in the Nordic region and has new qualities that make it easy to work with and can withstand extreme heat and cold. This solution reduces the construction industry's annual emissions of organic solvents by 4.5 tons.

ESSVE'S ACQUISITION PROVIDES PROFITS IN LIGHTWEIGHT WALL MOUNTING

On 4 December 2020, ESSVE acquired all shares in Atricon AB, which has an attractive patent portfolio within lightweight wall mounting. The patented products provide, among other things, the opportunity to nail most types of drywalls, which provides great time savings and better ergonomics.

Division

WORKPLACE SAFETY

INDUSTRY EXPERTS IN WORKPLACE SAFETY

Workplace Safety develops products and services in workplace safety. The division includes eight business units: Arbesko, Cresto Group, JO Safety, Guide, Systemtext, Skydda, VIP Safety and Zekler. The units' brands are specialised in various niches; together, they offer a comprehensive solution of protection products. Proprietary brands account for 67 percent of the division's total revenue.

Fredrik Valentin, Division Head

During the year, the division strengthened its position within fall protection, fall arrest and safety signs through acquisitions of two European and one Danish company as well as through continued high demand for personal protective equipment.

1,589
Revenue, MSEK

137
EBITA, MSEK

8.6
EBITA margin, %

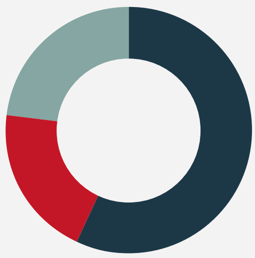
382
Employees

REVENUE 2020/2021

Proprietary products[1]

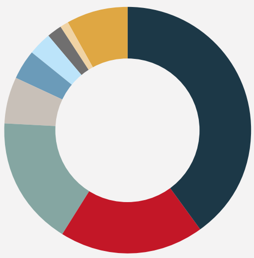
- **67%** Proprietary products
- **33%** Goods for resale

Customer segment[1]



- **57%** Manufacturing
- **20%** Construction
- **23%** Other

Geographic area[2]



- **40%** Sweden
- **19%** Norway
- **17%** Finland
- **6%** The Benelux countries
- **4%** Germany
- **3%** The Baltics
- **2%** Denmark
- **1%** Poland
- **8%** Other

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

Arbesko
Back in 1839, Arbesko laid the foundation of what is today a leading manufacturer of high-quality safety footwear. Arbesko is one of the industry's most recognisable brands and the company has several unique product patents. The products are developed in close collaboration with demanding end users within construction and manufacturing, and are still manufactured in Sweden.

Cresto Group
Cresto Group develops and sells products and services for professionals working at heights and rescues in extreme situations. Operations are conducted locally in strategic markets in several European countries, primarily established by acquiring the best niche companies. CRESTO and SAFETIME are the product brands in fall protection, while RESQ is the brand in rescue and evacuation.

Guide
Guide develops high-quality protective and work gloves that both protect and improve the user's performance. Through innovative technology and product development as well as a strong focus on sustainability, Guide strives to become the leading work glove company in northern Europe. The company sells approximately 25 million pairs of gloves to customers in an international market of over 20 countries, both under the main brand Guide as well as the niche brand Masters of Gloves (MoG), which develops customised gloves for users in law enforcement, fire and rescue, and defence.

JO Safety
JO Safety is the market leader within safety and workplace signs in Denmark. The company designs, develops and manufactures high-quality products for an international market in a modern manufacturing environment. Under the product brand Denfoil, the company offers sign solutions based on each unique customer need.

L.Brador
L.Brador is a high-quality brand of workwear focused on the needs of the most demanding construction and manufacturing workers. L.Brador continuously innovates products in close collaboration with end users.

Skydda
Skydda is the Nordic region's leading specialist in workplace safety and distribution of personal protective equipment. Skydda's business concept is to help construction and industrial resellers deliver products, services and expertise in workplace safety to its customers for an easier, safer and more efficient workday, where no one is injured at the workplace.

Systemtext
Systemtext develops, designs and produces workplace signs and services for a safer work environment based on a unique patent for SuperNova, signs that remain illuminated and retain their colouring without a power source. The company has industry-leading expertise in workplace signs and works together with the Swedish Work Environment Authority for consulting and developing standards.

VIP Safety
VIP Safety is a leading personal protective equipment distributor in the Benelux countries, with a primary focus on the division's product brands.

Zekler
Zekler is a niche ear, eye, breathing and head protection supplier for construction and manufacturing professionals in the Nordic market. Zekler develops high-quality protection, with a focus on optimal fit and comfort in attractive designs, that improves performance without sacrificing user safety.

Our main product brands:

ARBESKO · GUIDE® · L.BRADOR® · MoG Masters of Gloves · SYSTEMTEXT
CRESTO® · DENFOIL® · RESQ · SAFETIME · ZEKLER

GUIDE IS GROWING IN NEW MARKETS

For more than 30 years, Guide has protected hard-working hands with high-quality work and protective gloves. In 2020, the company grew internationally through new acquisitions, strategic recruitments and a target scenario of securing a top three market position in Europe in its segment.

To improve its offering outside the Nordic region, Guide has made strategic acquisitions and new, important recruitments. The specialised company Masters of Gloves, with its head office in the Netherlands and customers around the world, develops special gloves for high-demand users in law enforcement, fire and rescue, and defence, which improves Guide's total product offering. The Workplace Safety division's acquisition of VIP Safety, with head office in Belgium and whose largest brand is Guide, has had immediate positive effects on Guide's journey of internationalisation.

Guide's stated strategy is to have the quickest, most innovative and most sustainable premium glove development and manufacturing for a broad spectrum of industries by implementing advanced technology in a traditional industry, focusing on user-driven product development and maintaining a culture of openness towards new ideas, and this strategy has proven to attract the best talents in the industry, whether in product, concept or sales development. During the year, it resulted in very productive and profitable growth, primarily in France and Poland, where several new accounts were won despite the strictly limited opportunities to meet customers in person during the pandemic.

Guide's ambitions for profitable international growth, both in countries where the company already operates and in new markets in and outside Europe, remain high and the way there is through acquisitions and continued key recruitments that open up new markets.

The success factor in Guide's focus has been sensitivity to the end customer's needs, combined with product development in order to quickly and effectively meet the expectations of today and tomorrow. This is Guide's DNA.

400

Revenue, MSEK

Guide is one of Europe's fastest-growing brands within protective gloves, with sales in over 20 countries. The company's long-term goal is to be the fastest, most innovative and most sustainable premium glove manufacturer with a leading position in Europe and to be a relevant international player.

ZEKLER LAUNCHES UNIQUE HELMET WITH DUAL CERTIFICATION

Zekler is a specialist in personal protective equipment, focusing on ear, eye, breathing and head protection for construction and manufacturing professionals. Innovation has always been a driving factor at Zekler, which recently launched a new light protective helmet with optimal flexibility: Zekler Zone. The product was developed by listening to users, in this case tradesmen, and their requirements for safety, comfort and user-friendliness. Zekler Zone is certified for both construction and manufacturing as well as mountaineering, which means it is also approved for working at heights.

Before developing Zekler Zone, detailed surveys were undertaken that not only looked at how well the helmets protected and how comfortable they were, but how they were actually used in everyday work. The result showed that a very large portion of users, approximately 85 percent, also used the helmet on the workplace as a carrier of accessories, such as hearing protection, lamps and so on.

Zekler's unique design of the Zekler Zone helmet, with its low weight, efficient ventilation and careful design, creates optimal flexibility for the user. Thanks to integrated click mounts it is possible to easily and simply mount and switch between different accessories like visors, protective face shields, hearing protection and head lamps.

Zekler will continue to be the challenging niche specialist in personal protection through a sharp focus on innovation and a high level of customer attentiveness. Zekler has several exciting launches in its other product areas planned for the coming years.

CRESTO GROUP ACQUIRES FALL PROTECTION SPECIALIST SAFETIME

On 1 January 2021, Cresto Group acquired all shares in the Slovakian company Safetime and by that strengthening its position in Europe in fall protection. Safetime manufactures and sells personal fall protection equipment and installed fall arrest systems. The company was founded in 2008 and generates annual revenue of approximately MSEK 10 with favourable profitability.

BERGMAN & BEVING ACQUIRES SIGN SPECIALIST JO SAFETY

On 1 December 2020, Bergman & Beving acquired all shares in the Danish company JO Safety A/S and its subsidiary in Norway. JO Safety is a leading supplier of workplace safety signage, information signs and safety markings, with Denmark as the largest market. The company also has a growing international customer base. JO Safety generates annual revenue of approximately MSEK 45 with favourable profitability.

Division

TOOLS & CONSUMABLES

A COMPLETE TOOLBOX FOR PROFESSIONALS

Tools & Consumables develops and distributes a product offering of proprietary and external brands for construction and industrial customers, where the share of proprietary products amounts to 40 percent. The division's largest unit is Luna Group – the Nordic region's leading distributor of tools and consumables whose brands, logistics and broad product offering rank highly among the Nordic region's construction and industrial resellers. The division also includes Teng Tools, the Group's most internationally established brand.

Oscar Fredell, Division Head

Demand for the division's products gradually recovered during the year and our smaller technology companies performed well, delivering positive earnings. The division also strengthened its leading position in tool fall protection through the acquisition of Albretsen.

1,495
Revenue, MSEK

57
EBITA, MSEK

3.8
EBITA margin, %

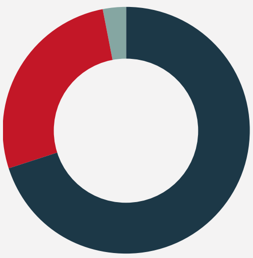
344
Employees

REVENUE 2020/2021

Proprietary products[1]

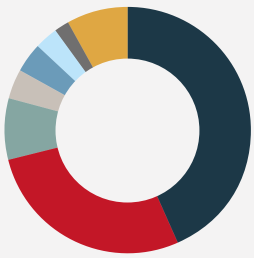
- **60%** Goods for resale
- **40%** Proprietary products

Customer segment[1]



- **70%** Manufacturing
- **27%** Construction
- **3%** Other

Geographic area[2]



- **43%** Sweden
- **28%** Norway
- **8%** The Baltics
- **4%** Poland
- **4%** The UK
- **3%** Finland
- **2%** Denmark
- **8%** 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 from the beginning has been focused on machinery, spare parts and services to construction and ventilation sheet-metal workers. The company offers high-quality sheet-metal machinery from 330 to 880 tons and from 3 to 7 metres in length.

Germ
Germ offers products for oil, grease and chemical handling to workshops and industrial customers. The company also offers equipment for professional and environmentally friendly handling of lubricants and liquids.

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

Limit
Limit has provided the industry with a complete range of measuring tools for more than 90 years and Limit has a large 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 for professional users in manufacturing and construction.

Luna Tools
Luna offers a range of power tool accessories, hand tools and tool fall protection for professional users.

Mareld
Mareld offers a premium range of portable work lighting for professional tradesmen in construction and manufacturing.

Miller's
Miller's is Sweden's oldest manufacturer of hardware fittings. With reliable quality and aesthetic focus on details, it is Miller's goal to create beautiful, functional and period-appropriate hardware fittings, handles and locks.

Teng Tools
Teng Tools offers premium hand tools in stationary and mobile storage solutions for workshop and industrial workers. With the innovative modular hand tools concept *Get Organised*™, the company creates a safer and more efficient work environment for both users and organisations.
Teng Tools has a good international presence with customers in over 30 countries.

Uveco
Uveco is a comprehensive supplier of tools for construction and ventilation sheet-metal workers. The product range includes proprietary products as well as products from market-leading manufacturers sold through local and national wholesalers.

Our main product brands:

LIMIT

Luna TOOLS

MARELD PRO LIGHTING®

MILLER'S BESLAG SEDAN 1903

TENGTOOLS

CUSTOMER INSIGHT RESULTED IN SUCCESSFUL PRODUCT LAUNCH

When the coronavirus pandemic hit, Teng Tools saw its order intake decrease. Instead of waiting out the pandemic, the company increased its sales activity and development efforts. This resulted in a new, unique tools cart that refined the idea from the best-selling 1001 cart, which was only manufactured in limited quantities.

Teng Tools offers premium hand tools in stationary and mobile storage solutions for professional mechanics in the manufacturing and automotive segments. Thanks to Teng Tools' modular system, it is possible to develop new campaign products based on the existing concept, which means a short development time and low development costs. A market analysis was conducted to build the new concept and results showed that the new tools cart needed to have better space efficiency than the best-selling 1001 cart, extra functions such as a work bench and a single-drawer function that only allows one drawer to open at a time – all offered at an attractive price.

This resulted in a new design for the tools cart, with an improved profile in silver on the front and side, an extra drawer to have more space for more tools, the single-drawer function for increased safety and a work bench and side table to offer a work space not available with the 1001 cart. A large box spanner set with 98 parts was also developed for the cart, and production costs were reduced by removing costly elements that added no customer value.

The result? Teng Tools manufactured and sold 1,000 tool carts. The campaign sold out within a quarter, generating approximately MSEK 15 in sales.

250

Revenue, MSEK

Teng Tools is distributed in over 30 countries around the world and is a market leader in supplying hand tools to customers in the manufacturing and automotive segments countries as far apart as Norway and New Zealand. Over 70 percent of revenue comes from countries outside the Nordic region. In 2020/2021, Teng Tools started its own sales company in Australia.

NEW SOLUTIONS CREATE VALUE FOR SHEET-METAL WORKERS AND END CUSTOMERS

Uveco is a market-leading supplier of professional sheet-metal tools, offering a comprehensive range of tools and products. The focus for Uveco has always been on developing products that create value for sheet-metal workers. The conservative industry that Uveco operates in has made it difficult to reach end customers and explain the value of new tools that make work easier.

Sheet-metal workers operate in a niche, traditional industry where expertise, experience and skill are highly valued. Ultimately it is a matter of earning trust, demonstrating competence and offering products that exceed customers' expectations.

Uveco carried out a survey of its wholesale dealers that showed that there is considerable room for raising the level of expertise regarding its core products and important work has now begun in which more active ownership has been assumed for dialogue with the end customer by interacting with the end customer when this creates value.

The newly launched website will play a central role for both wholesalers and end customers in terms of finding relevant information about Uveco's products.

Since Bergman & Beving purchased the operations in 2017, the company has increased the tempo of its growth by reaching more sheet-metal workers, increasing deliveries and further strengthening the market position.

MILA STRENGTHENS THE OFFER IN MARELD

On 1 March 2021, Bergman & Beving acquired the operations of Mila AB. Mila develops and manufactures powerful and advanced headlamps for demanding conditions. Users include police and coast guard as well as manufacturing and tradesmen.

ACQUISITION OF GERM INCREASES THE GROUP'S EXPERTISE IN ENVIRONMENTALLY FRIENDLY PROCESSING

On 1 February 2021, Bergman & Beving acquired the company Germ AB. Germ develops and manufactures equipment for professional and environmentally friendly handling of lubricants and liquids. The company also offers products for oil, grease and chemical handling to workshops and industrial customers. Germ generates annual revenue of approximately MSEK 35 with favourable profitability. The operations are in Vännäsby, where the company has eleven employees.

SUSTAINABILITY REPORT

INCREASED BUSINESS VALUE THROUGH CORPORATE SOCIAL RESPONSIBILITY

Bergman & Beving has prepared a Sustainability Report for the 2020/2021 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 2020/2021 Annual Report, the Board of Directors has also signed the Sustainability Report.

INFORMATION ABOUT THE SUSTAINABILITY REPORT

In Accordance with Chapter 6, Section 11 of the Swedish Annual Accounts Act, Bergman & Beving has chosen to prepare this statutory sustainability report as a separate report from the statutory annual report.

Our Sustainability Report describes our sustainability goals, why we have them and how development has progressed during the year. We also describe several examples of initiatives and activities in our prioritised focus areas that fall outside the scope of measurable targets. The Sustainability Report, structured according to the table of contents below, is in line with the strategy we developed based on our chosen focus areas and goals from the UN's Sustainable Development Goals (SDGs). Our goals cover all of the areas covered in ESG (Environmental, Social and Governance) reporting.

CONTENTS

INCREASED FOCUS ON SUSTAINABILITY A CORNERSTONE OF THE FUTURE OF BERGMAN & BEVING

Sustainability is of the utmost importance for the management of Bergman & Beving and the Group has advanced its positions in this area in the last few years. Sustainability is well in line with our corporate culture and operations, and an increased focus in this area creates both business opportunities and long-term competitiveness.

This approach is reflected in our sustainability agenda. All of our subsidiaries have clear sustainability objectives that are followed up and we strive for them all to be good role models and responsible, value-generating companies that also provide social value.

The need for sustainable solutions will continue to grow and we are continuously developing new solutions and products for efficient resource use, which includes increased reuse and recycling. One example of this is Cresto's RESQ Vacuum, which reduced its climate impact through an extended lifespan and increased reuse and recycling.

More efficient manufacturing and sustainable material choices are other important areas. We can see this in KGC's new square trowels, which now use Accoya® instead of teak.

We also require our suppliers and employees to follow our ethical guidelines, which cover anti-corruption and human rights. Additionally, we develop products in workplace safety and personal protective equipment, which enables companies to create safe and secure work environments for their employees. Our ambition is to build a group of companies that jointly contribute to sustainable development.

Magnus Söderlind
President & CEO,
Bergman & Beving

OUR SUSTAINABILITY VISION

Sustainable development refers to development that meets today's needs without jeopardising the ability of future generations to meet their own needs. As a proponent of sustainable development, we also take responsibility for the way in which our businesses reach their profitability goals. This responsibility spans the entire value chain – from product development and purchasing to the end of the production cycle.

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. This means being a company that takes responsibility for society and the environment while it strives for higher profitability. Achieving this goal will require, for example, smart product development and responsibility for the working conditions in the supplier chain, dedicated employees that enjoy working for their employer and efficient transports. Sustainability creates business value in the form of more loyal customers, more satisfied employees and more sustainable products. Simply put, sustainability is a prerequisite for long-term profitability. Our primary purpose is to reduce business risks, create business opportunities and promote a trustworthy and future-oriented sustainability agenda.

GOVERNANCE MODEL

This section describes how we govern our operations according to the sustainability goals we have set and which rules and policies govern our activities. For more information about our corporate governance, refer to our Corporate Governance Report on pages 45–49.

How Bergman & Beving governs sustainability

Board of Directors — Establishes Group-wide sustainability goals, responsible for the sustainability strategy and the Code of Conduct as well as decisions on policies.

Management — Breaks down sustainability goals and prioritises work. Monitors and evaluates development.

Business units — Establish their own sustainability goals in addition to the Group-wide ones and conduct sustainability initiatives.

Employees — Carry out sustainability initiatives and develop tools and processes that promote sustainability in the operations.

Values and corporate culture

Our values and our corporate culture form the basis of our sustainability agenda. Bergman & Beving's values and culture are based on genuine entrepreneurship. We strive to innovate and develop strong brands and build relationships. We summarise our values with keywords such as:

- Responsibility and freedom
- Simplicity
- Efficiency
- Openness and a willingness to change

Our subsidiaries conduct their operations with a great degree of freedom and are also held accountable 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.

Code of Conduct

Our Code of Conduct is a critical tool for supporting Bergman & Beving's decentralised organisation and applies to all employees and suppliers.

The Code of Conduct is based 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.

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'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 it will observe the Code of Conduct. Regularly conducted audits, by both independent external consultants and by internal personnel, ensure that the Group's suppliers are meeting its expectations.

We strive for a sustainable value chain by increasing the share of purchases from certified suppliers and the share of purchases from suppliers who have signed the Group's Code of Conduct.

Group policies

The Group has a number of employee policies and guidelines, such as guidelines for systematic occupational health and safety, incidents and emergencies, equal treatment as well as guidelines for alcohol, drugs and hazardous substances.

SUSTAINABILITY STRATEGY

Stakeholder analysis

Based on its business model, the Group has conducted an analysis to define the sustainability goals where the Group is deemed to have the greatest possibility of having an impact through active development initiatives. The foundation for this work is a stakeholder analysis where a selection of customers, suppliers, owners and employees describe the areas they believe should be prioritised.

The aggregate results from the stakeholders' and management's priorities were used in the analysis to identify important areas. Management has formulated the Group's sustainability goals structured in a framework of focus areas deemed to be material for long-term success and growth. The focus areas apply across all units within the Group, but the respective companies can implement unit-specific goals in addition to the Group-wide focus areas.

Stakeholder and materiality analyses are carried out every three years.

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.

Stakeholder analysis

Stakeholder research was conducted through employee surveys and interviews with customers, suppliers, investors and societal stakeholders. Based on this research, management has compiled the following stakeholder analysis, resulting in activities where Bergman & Beving has the greatest opportunity to exert an influence. Management and the Board have formulated the sustainability goals based on this survey, structured in a framework of focus areas that the Group needs to work with and develop in order to further promote sustainability. Refer to the illustration "Focus areas connected to the Sustainable Development Goals".

Stakeholders	Key topics	Activities to address stakeholders' key topics
Owners	Reduce risks, create business opportunities and promote a trustworthy and future-oriented sustainability agenda.	Risks are reduced and long-term value is generated for owners by integrating sustainable development into the strategy.
Employees	Employees are placing increasingly greater emphasis on sustainable business. In addition to salary and benefits, safety, health, social conditions, job satisfaction and opportunities for growth are important requirements.	Create an inclusive work climate where differences are utilised and where all employees have equal conditions and opportunities. All managers in the Group are to clearly communicate Bergman & Beving's core values and culture. Attract and develop employees through safe work environments, skills development and personal growth.
Customers	Demand for sustainable products is increasing. Bergman & Beving is primarily affected by customer requirements regarding product certification where specific legislation must be fulfilled.	Offer innovative, sustainable, certified and safe products and solutions. Bergman & Beving develops new products where the focus, beyond function, is to reduce environmental impact.
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.	Purchase from responsible suppliers who comply with our values with respect to human rights, prohibitions on child and forced labour, and equitable working conditions. Active work with our Code of Conduct by conducting regular audits of supplier sustainability efforts.
Society	Sustainable business that, for example, demonstrably reduces the impact on the climate, paying tax and engaging with the communities where our companies operate.	Promote recycling and/or reuse of material and raw materials processing. Efforts to improve resource efficiency and to promote circular flows. Work to minimise emissions from transport and increase the share of renewable energy in properties. 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.

Focus areas and measurable targets

Bergman & Beving's sustainability strategy defines our long-term goals and focus areas. The strategy uses clear priorities to guide our operations in the right direction and helps us achieve the positive changes we want to see. Our strategy is based on how we can help our customers be more sustainable. We do this by understanding trends so we can offer sustainable and relevant products and services where demand is growing.

The Group's sustainability goals are 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.

Group management and the Board of Directors chose six focus areas that strive to realise the Group's sustainability vision. These are connected to the four following Sustainable Development Goals defined by the UN: Gender Equality, Decent Work and Economic Growth, Responsible Consumption and Production, and Climate Action. The operations measure and follow up actions in these six focus areas.

Focus areas connected to the Sustainable Development Goals

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

Sustainable Development Goals		Focus areas	Goal formulation	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 • Percentage women, new salaried employees
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 personal growth.	• Employee satisfaction index, ESI
		Product portfolio	Offer innovative, sustainable, certified and safe products and solutions.	• 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
13 CLIMATE ACTION	Through smart transportation and energy solutions in our operations, we can reduce our environmental impact.	**Emissions and energy consumption**	Minimise emissions from transport and increase the share of renewable energy in properties.	• Coefficient of fullness, incoming freight • Coefficient of fullness, outgoing freight • Percentage air shipments

ACTIVITIES AND DEVELOPMENT DURING THE PAST YEAR

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.

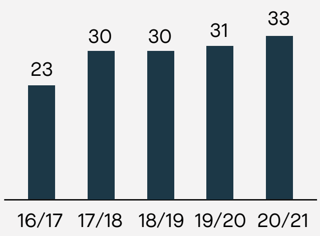
The proportion of women on the Board of Bergman & Beving in 2020/2021 was 33 percent (33) while Group management consisted of two men.

In addition to these measurable performance indicators, several initiatives were carried out during the year. One example we want to highlight in this context includes several projects within equal communication, which focus on communicating deliberately and inclusively.

EQUAL COMMUNICATION

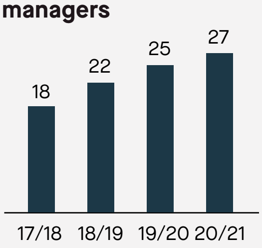
Bergman & Beving aims to offer an inclusive work climate where all employees have equal conditions and opportunities, differences are utilised and the attitude is that diversity enriches us. To provide customers with the best service possible, it is important to build competent teams and have a leadership that reflects the values of both the Group and society. This is where Bergman & Beving has a significant opportunity to influence companies as well as society through communication where we critique norms and chip away at the preconditions for discrimination. To increase the reach of our message, our stakeholders should feel included and welcomed.

Percentage women



The proportion of women employees increased to 33 percent over the previous year (31).

Percentage women, managers



The proportion of women managers increased to 27 percent over the previous year (25).

Percentage women, new salaried employees

43 %

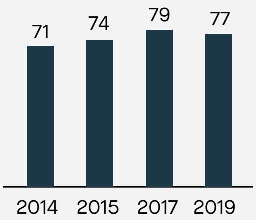
The goal is to improve the balance between male and female employees in a male-dominated industry.

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 capitalise on 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 matters, sharing experiences with other business units and explaining and discussing Bergman & Beving's values. The Group takes a positive view towards internal recruitment, and the majority of employees with managerial responsibilities in the Group began their career in one of the subsidiaries.

Bergman & Beving's employee philosophy focuses on being an attractive employer with a workplace where people have a high degree of job satisfaction, 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 towards their tasks as well as creates a link between employees' well-being, attitudes and values as well as the requirements for earnings performance from our owners. The Group-wide employee survey is conducted roughly every 18 months and the most recent for the entire Group was conducted in the end of 2019. The next one will be conducted in the next financial year. Units can choose to carry out "temperature readings" in between surveys. Several units in all three divisions participated in these during the year, but an overall result for the Group is not available.

Employee index



The Group's goal is an ESI over 70. The latest ESI (carried out in 2019) showed, despite comprehensive restructuring, that ESI remained high at 77 (79).

MARELD SUPPORTS MISSING PEOPLE

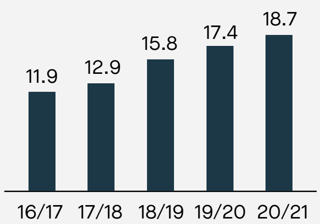
Lighting products from Mareld Pro Lighting provide a strong, focused beam of light and are extra durable against dirt, moisture and wear. In the beginning of 2020, Mareld Pro Lighting partnered with Missing People to provide them with work lighting for assembly points as well as torches and headlamps used by participants during searches.

High-quality light in the form of professional torches and headlamps are essential for Missing People to work effectively. Good lighting is even important in daylight, since sunlight can create sharp contrasts, meaning that shady areas and wilderness landscapes become more difficult to search. Since Missing People is a non-profit organisation, this type of donation is essential if more people are to be found in time.

Product portfolio

Bergman & Beving wants its customers to 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. 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 while reducing environmental impact through new environmentally friendly solutions and production techniques.

Share of revenue from new products



We develop new products where the focus, beyond function, is to reduce environmental impact.

Share of revenue from certified products and services

66 %

Demand for sustainable products is increasing and we are primarily affected by customer requirements regarding certified products. Certified products mean that they are better by comparison, for example are safer or are of a higher quality. This does not always entail external certification.

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'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 it will observe the Code of Conduct. Regularly conducted audits, by both independent external consultants and by internal personnel, ensure that the Group's suppliers are meeting its requirements. 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.

Share of procurement volume from certified suppliers

73 %

We want to ensure the right quality and sustainable development together with our suppliers. Becoming a certified supplier always requires some form of an external audit.

Share of procurement volume from suppliers who have signed our Code of Conduct

84 %

The Code imposes requirements on our suppliers to respect human rights and to treat their labour force fairly and with respect. The Code is also intended to counteract corruption.

EXAMPLES FROM OPERATIONS

Guide's ENVI glove is produced entirely without water, a process that normally uses around five litres of water per pair. The production process also requires 40 percent less energy and is entirely free from hazardous chemicals.

Cresto has reduced the climate impact of its RESQ Vacuum product through an extended lifespan and increased reuse and recycling. After the end of the product life cycle, 99 percent of all input material is recycled or re-used.

In its innovative lab, ESSVE has developed the new chipboard adhesive Hybrid. The product, unlike similar adhesives, is free of solvents. This means that ESSVE can help reduce the emissions of organic solvents by 4.5 tons annually, which is the amount that would be used over 70,000 square metres of newly laid floor, or the equivalent of ten football pitches.

KGC's new square trowels are manufactured in Sweden and this year use Accoya® instead of teak. The wood in Accoya® comes from renewable forests and is manufactured in a toxin-free process.

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.

The performance measure we monitor within the Group is consumption of packaging per delivered cubic metre (m^3) from our central warehouse in Ulricehamn. The goal is to gradually reduce consumption.

Not all initiatives and activities can be measured in performance measures – for example, we carried out a number of reuse and recycling activities at Bergman & Beving during the year. See the following example from L.Brador, who is working to support reuse.

Consumption of packaging per delivered cubic metre

73 hg/m³

Annual outcomes improved 26 percent to 73 hg/m³, compared to the previous year, which was 98 hg/m³, the equivalent of a 116 ton annual reduction. Consumption has declined as we actively transition to fewer and larger deliveries, which means more pallet deliveries rather than using our own packaging.

L.BRADOR SUPPORTS REUSE

L.Brador's sustainability agenda is expressed in the idea that the most sustainable and environmentally friendly clothing is clothing that was never manufactured to begin with. The next best thing is clothing that has been used several times. L.Brador works closely with researches and forums, especially through the Swedish School of Textiles and Textile & Fashion 2030 (a government initiative to help textile companies address sustainability), in order to reach the ambitious goals of being a brand that works sustainably and takes responsibility. L.Brador's work trousers exchange programme offers end users the chance to return their old trousers when they buy new ones. Items are sorted, washed and donated to the charity Garissa, which sends them to an area in Kenya where they will be used again.

ESSBOX REDUCES TOTAL CLIMATE IMPACT

During the year, ESSVE carried out a project called "Beyond Plastic" in order to analyse the climate impact of ESSBOX, its market-leading and patented packaging concept. It is manufactured from recyclable and reusable plastic, which is also certified and approved for food storage.

To understand the big picture, ESSVE analysed the impact of product packaging as well as the product's total climate impact across the entire value chain. The analysis showed that the plastic packaging for ESSBOX is competitive both in terms of use by tradesmen as well as from a sustainability perspective. In brief, this is because the vast majority of the total climate impact of ESSVE's products comes from the materials and manufacturing of the fastening elements, while the packaging accounts for a smaller portion. An important advantage of the ESSBOX system is that product waste is drastically reduced, entailing a substantial positive impact and providing a lower total climate impact. If recycling and reuse of the product packaging is also taken into account, this further improves the total climate impact.

However, this is not enough for ESSVE, which is now researching innovative materials as an alternative to the traditional plastic without compromising on the packaging that needs to be durable enough to withstand the day-to-day use by tradesmen. This is being carried out together with suppliers, with the shared ambition of transitioning our business into a more circular model.

The advantages of ESSVE's ESSBOX System (right image) is that waste is drastically reduced compared with disorganised material (left image), entailing a lower total climate impact.

Emissions and energy consumption

In our materiality analysis, we have determined that we can affect emissions by eliminating environmentally unfriendly alternatives from our transportation chain. Our 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 coefficient of fullness is also measured on all transports leaving the Group's logistics centre in Ulricehamn, where deliveries to customers go by truck. During the year, we received shipments via rail from Asia and we are also measuring the share of air shipments.

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. Electricity in the Group's Swedish properties comes from renewable sources and a solar cell park went into operation at our logistics centre.

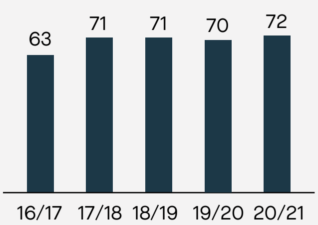
There have been a number of initiatives and activities in this area, too. We reduce the environmental impact of our own premises by, for example, choosing renewable energy from suppliers as well as through other specific activities that reduce consumption. In addition to the solar cell park now in operation at our logistics centre, the temperature in our warehouse has been lowered by a degree during the year, resulting in a reduction of approximately 2 percent in electricity consumption.

Together with its customers, our logistics centre in Ulricehamn sets goals and creates action plans to increase the coefficient of fullness in outward bound packages without risking the safety of the goods. This resulted in a 1-percent increase in the coefficient of fullness during the year. The logistics centre also initiated several meetings with main transport suppliers to establish what they do in their sustainability efforts and what we can do together to reduce our climate impact. The logistics centre has actively chosen a partner to carry out structured work with this in our main markets in Sweden and Norway.

THE CLIMATE ISSUE IS A HUGE CHALLENGE – WE'LL DO OUR PART!

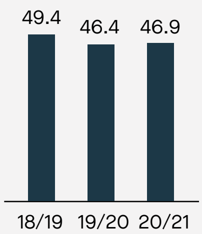
Another example of a sustainability initiative with the motto "The climate issue is a huge challenge – we'll do our part!" from this year is the review of the company car fleet within the Workplace Safety division. The aim was to meet three criteria: reduce CO_2 emissions, reduce costs for the division and reduce costs for the drivers. After a thorough review, it was clear that there was only one alternative that met all three criteria: changing all of the company cars to electric cars. The initiative means that 80 diesel cars will be replaced with electric cars, reducing CO_2 emissions by at least 400 tons annually.

Coefficient of fullness, incoming freight



The coefficient of fullness during the year was 72 percent (70). Bergman & Beving's goal for its current purchasing structure and product mix is to have a coefficient of fullness of 80 percent.

Coefficient of fullness, outgoing freight



The coefficient of fullness increased to 46.9 percent (46.4) during the year. The goal is to achieve 50 percent.

Percentage air shipments

2.5 %

The percentage of air shipments during the year was 2.5 percent.

The past year was characterised by insufficient capacity on shipping vessels and growing shortages in important products and input products. This has forced us to use air shipments on several occasions to meet our customer obligations.

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 2021 was MSEK 3,218 (1,343).

Share capital and growth in 2020/2021
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 2021 was MSEK 3,218. On the last trading day of the previous financial year, 31 March 2020, the closing price was SEK 50.30. The closing price as of 31 March 2021 was SEK 121.40.

Share capital
As of 31 March 2021, 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 2021 amounted to 929,677 (729,677), corresponding to 3.4 percent of the total number of shares and 2.5 percent of the total number of votes. The repurchased shares are reserved, in part, to cover the Company's obligations to the holders of call options for repurchased Class B shares issued by Bergman & Beving, totalling 884,000 shares.

As of 31 March 2021, Bergman & Beving had four outstanding call option programmes totalling 884,000 Class B shares. The programmes are targeted at 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.

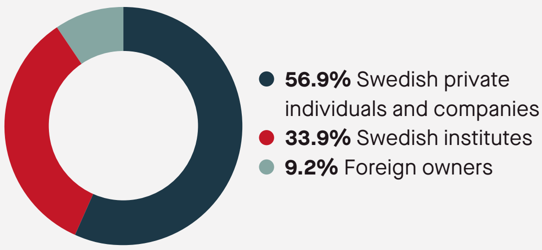
The redemption price for call options issued in connection with the share-based incentive programme for 2020 is SEK 99.50 and the redemption period is from 11 September 2023 until 7 June 2024, inclusive.

For further information regarding the terms of the share-based incentive programmes, refer to Note 5 on pages 70–72.

Dividend
The Board of Directors' proposal for the dividend for the 2020/2021 operating year is SEK 3.00 (1.50) per share, corresponding to a total of MSEK 80 (40). The pay-out ratio is 49 percent (35) of earnings per share. Over the past ten years (since 2011/2012), the average pay-out ratio, including the proposed dividend for the year, amounted to approximately 43 percent of earnings per share.

Ownership structure
As of 31 March 2021, Bergman & Beving had 5,311 shareholders (5,042). Institutional investors, such as mutual funds, insurance companies and pension funds in Sweden and abroad, own approximately 78 percent (79) of the total number of shares. The proportion of foreign ownership is approximately 12 percent (13) of the total number of shares. The diagram below shows the ownership structure on 31 March 2021.

Allocation of ownership, % votes



SHARE DATA 2020/2021

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

Classes of shares as of 31 March 2021[1]

	No. of shares	% of capital	% of votes
Class A shares	1,062,436	4.0	29.5
Class B shares	25,444,303	96.0	70.5
Total	**26,506,739**	**100**	**100**
Repurchased Class B shares	929,677		
Total number of shares	**27,436,416**		

1) Source: Euroclear Sweden.

Ownership structure as of 31 March 2021[1]

Holding	Owners Number	Owners % of total	Shares Number	Shares % of total
1–500	4,069	76.6	524,563	2.0
501–1,000	514	9.7	420,740	1.6
1,001–5,000	489	9.2	1,138,408	4.3
5,001–10,000	86	1.6	629,644	2.4
10,001–50,000	90	1.7	1,864,777	7.0
50,001–100,000	18	0.3	1,287,011	4.9
100,001–	45	0.9	20,641,596	77.8
Total	**5,311**	**100**	**26,506,739**	**100**

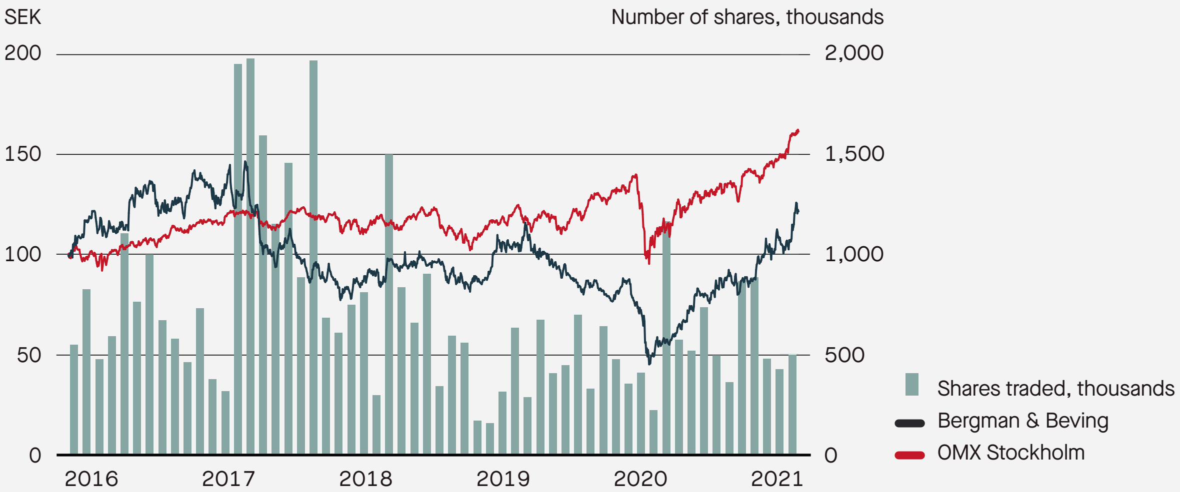
1) Source: Euroclear Sweden.

Major shareholders as of 31 March 2021[1]

Holding	Number Class A shares	Number Class B shares	% of Capital	% of Votes
Anders Börjesson (with family/companies)	497,192	2,166,843	10.05	19.79
Tom Hedelius	493,124	0	1.86	13.67
Lannebo Fonder	0	3,049,554	11.50	8.45
Swedbank Robur Fonder	0	2,654,159	10.01	7.36
Fjärde AP Fonden	0	1,690,781	6.38	4.69
Handelsbanken Pensionsstiftelse & Pensionskassa	0	1,500,000	5.66	4.16
Unionen	0	900,000	3.40	2.50
Sandrew Aktiebolag	0	800,000	3.02	2.22
Brown Brothers Harriman & CO., W9	0	629,764	2.38	1.75
Carnegie Fonder	0	477,714	1.80	1.32
CBNY-DFA-INT SML CAP V	0	442,218	1.67	1.23
Avanza Pension	0	374,702	1.41	1.04
Per Säve	20,000	160,000	0.68	1.00
SEB AB, LUXEMBOURG BRANCH, W8IMY	0	328,000	1.24	0.91
Other shareholders	52,120	10,270,568	38.94	29.91
Total (excl. repurchased shares)	**1,062,436**	**25,444,303**	**100**	**100**
Repurchased Class B shares		929,677		
Total number of shares	**1,062,436**	**26,373,980**		

1) Source: Euroclear Sweden.

Share price development 2016–2021

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ANNUAL REPORT 2020/2021

CONTENTS

Administration Report

WITH CORPORATE GOVERNANCE REPORT 1 APRIL 2020–31 MARCH 2021

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 2020–31 March 2021 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 24–37.

Bergman & Beving is a Swedish listed Group that acquires and develops leading companies with products and brands in expansive niches in the manufacturing and construction sectors. Bergman & Beving has approximately 22 independent corporate groups operating in 19 countries. The Group's revenue amounts to over 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 4,311 (4,060). For comparable units, revenue increased by 5 percent in local currency and acquisitions had a positive impact of 4 percent on revenue. Exchange-rate fluctuations had a negative impact of 3 percent on revenue.

Profit

The Bergman & Beving Group's EBITA totalled MSEK 271 (208), corresponding to an EBITA margin of 6.3 percent (5.1).

EBITA was charged with amortisation and impairment losses of MSEK –49 (–30) on intangible non-current assets, depreciation and impairment losses of MSEK –16 (–15) on tangible non-current assets and depreciation and impairment losses of MSEK –114 (–118) on right-of-use assets.

Net financial items amounted to MSEK –35 (–34) and profit after financial items to MSEK 212 (155). Net profit totalled MSEK 166 (116), corresponding to earnings per share of SEK 6.15 (4.30).

Operations

The year as a whole was a clear step in the right direction for Bergman & Beving. We delivered increased revenue and operating profit as well as a strong cash flow.

Since the outbreak of the pandemic, demand has varied significantly between segments and regions. In general, demand was on a higher level than in the preceding year and many of our units strengthened their market positions, both organically and through acquisitions. Our business areas have successfully handled both the challenges and the opportunities presented by the situation. Our decentralised model, with a large share of responsibility and decision-making taken on by the individual companies, has worked well.

Following a cautious start to the year due to the pandemic, we increased our rate of acquisitions during the year and completed five acquisitions. The majority will become new niche profit units, while the two smallest companies were acquired to supplement our proprietary products in currently existing focus areas.

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. Its products are offered under the ESSVE, H&H, KGC, Flammatex and FireSeal brands. Atricon was acquired during the year, complementing ESSVE's product range.

Revenue amounted to MSEK 1,269 (1,143) and EBITA to MSEK 85 (53). The division has managed to adapt well to the effects of the pandemic and reported a positive earnings performance.

Workplace Safety

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, RESQ and Systemtext. During the year, JO Safety and SAFE TIME 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 1,589 (1,401) and EBITA to MSEK 137 (95). The division reported additional sales connected to COVID-19-related protective equipment, but was also impacted negatively by, for example, low service sales as a result of restrictions that have curtailed training.

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 Group, which is currently the Nordic region's leading distributor of high-quality tools and machinery, and the brands Teng Tools, Luna, Mareld, Limit and Miller's. This year, Germ was also added from an acquisition and Mila via an asset deal.

Revenue amounted to MSEK 1,495 (1,565) and EBITA to MSEK 57 (73). The division experienced weak demand at the start of the pandemic, but has recovered somewhat. The operations were forced to adapt to weaker demand and lockdowns in many international markets.

Parent Company

The Parent Company's revenue amounted to MSEK 32 (32) and profit after financial items to MSEK 26 (26). For both years, profit includes only Group contributions paid of MSEK 119 (87). No Group contributions were received by the Parent Company from the subsidiaries.

The Parent Company's balance-sheet total amounted to MSEK 3,088 (3,030), with equity accounting for 39 percent (41) of total assets. At year-end, cash and cash equivalents amounted to MSEK 0 (0) and interest-bearing liabilities excluding pension liabilities to MSEK 829 (784), of which MSEK 0 (0) comprised intra-Group loans.

Corporate acquisitions

On 1 December, Workplace Safety acquired all shares in JO Safety A/S. JO Safety is a leading supplier of workplace safety signage, information signs and safety markings, with Denmark as the largest market. The operations generate revenue of approximately MSEK 45 and have 22 employees.

On 4 December, the Building Materials division acquired all shares in Atricon AB. The company has an interesting patent portfolio within lightweight wall mounting. The company generates revenue of approximately MSEK 2, consisting primarily of licensing revenue.

On 1 January, the Workplace Safety division acquired all shares in SAFE TIME, spol. s r.o. in Slovakia. SAFE TIME manufactures and sells personal fall protection equipment and installs fall arrest systems, generates approximately MSEK 10 in annual revenue and has 33 employees.

On 1 February, Tools & Consumables acquired all shares in Germ AB. Germ develops and manufactures equipment for professional and environmentally friendly handling of lubricants and liquids. The company generates revenue of approximately MSEK 35 and has 11 employees.

On 12 February, Tools & Consumables signed an agreement to acquire the operations of Mila Aktiebolag. Mila develops and manufactures headlamps for demanding conditions, generating approximately MSEK 2 in annual revenue. The acquisition was carried out as an asset deal and closing took place on 1 March.

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), amounted to 20 percent (16) for the financial year. The return on equity was 10 percent (7).

Cash flow from operating activities for the period amounted to MSEK 383 (222). Working capital increased by MSEK 10 during the period. The Group's inventories increased by MSEK 54, operating receivables by MSEK 68 and operating liabilities by MSEK 112.

Cash flow for the financial year was charged with net investments in non-current assets in the amount of MSEK 70 (121) and MSEK 112 (207) pertaining to the acquisition of businesses. Investments in non-current assets consist primarily of new IT systems and product development.

The Group's operational net loan liability at the end of the period amounted to MSEK 697 (695), excluding pension obligations of MSEK 692 (695) and lease liabilities according to IFRS 16 of MSEK 397 (460).

Cash and cash equivalents, including unutilised granted credit facilities, totalled MSEK 809 (305). Maturity periods and interest rates are presented in Note 24 Financial instruments and financial risk management.

The equity/assets ratio was 35 percent (35). Equity per share before and after dilution increased to SEK 64.40, compared with SEK 61.10 at the beginning of the year. There was no dilution although the share price exceeded the redemption price of the options programmes on the balance-sheet date.

Employees

At the end of the period, the number of employees in the Group totalled 1,129, compared with 1,083 at the beginning of the financial year. During the period, 66 employees were gained via acquisitions. The average number of employees during the year was 1,079 (1,085).

Employees	2020/21	2019/20	2018/19
Average no. of employees	1,079	1,085	1,028
Percentage women,	32	31	30
Percentage men	68	69	70
Distribution by age, %			
29 years or younger	9	8	8
30–39 years	26	26	26
40–49 years	32	32	32
50–59 years	25	26	24
60 years or older	8	8	10
Length of employment, %			
Less than 2 years	23	28	33
2–5 years	28	27	21
6–11 years	16	16	15
12–16 years	12	11	12
17 years or more	21	18	19

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 2020/2021 included continued product development within the framework of the Company's proprietary brands, digitisation, the development of various service concepts and customer solutions.

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 risks and the Group's management thereof, refer to pages 50–53 and Note 24 Financial instruments and financial risk management on pages 86–90.

Future development

Market trends in 2021/2022 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.

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	-929,677		3.4	2.5
Total number of shares after repurchasing	**26,506,739**			

The share price as of 31 March 2021 was SEK 121.40. The average number of treasury shares was 815,788 during the period and 929,677 at the end of the period. The average purchase price for the repurchased shares was SEK 87.88 per share.

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.

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 proposes a dividend of SEK 3.00 (1.50) per share. The proposed dividend corresponds to 49 percent of the Group's earnings per share for the 2020/2021 financial year.

The Board of Directors has assessed the Company's and the Group's financial position and the Company's and the Group's ability to meet their short and long-term obligations. A total of approximately MSEK 80 is required for the proposed dividend payment, which means that, all other things being equal, the Group's equity/assets ratio would decrease 2 percentage points as of 31 March 2021. After payment of the proposed dividend and taking into consideration the prevailing market conditions, the Company's and the Group's equity/assets ratio is deemed to meet the demands placed on the operations conducted by the Group.

The Board's assessment is that the proposed dividend is well balanced taking into account the demands placed on the size of the Company's and the Group's equity and liquidity due to the type of business conducted, its scope and relative risks.

Proposed appropriation of profit

The Board's and the CEO's proposed appropriation of profit is presented on page 95.

Guidelines for remuneration of senior management

For information concerning the current guidelines for remuneration of senior management, adopted at the 2020 Annual General Meeting, see Note 5 Employees and personnel costs.

Events after the end of the financial year

On 1 April 2021, the Workplace Safety division acquired the UK company group Abtech. The company supplies personal fall protection and rescue equipment as well as advanced training and courses for the industrial sector and rescue specialists. The company generates annual revenue of approximately MGBP 3.7.

On 6 April 2021, the Tools & Consumables division acquired the Norwegian company H. M. Albretsen Verktøysikring AS. The company develops and manufactures products and solutions in tool fall protection and generates annual revenue of approximately MNOK 20.

On 1 May 2021, Magnus Söderlind took office as the new President and CEO of Bergman & Beving AB.

No other significant events affecting the Group have occurred since the end of the financial year.

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 2020/2021 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 2021 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.

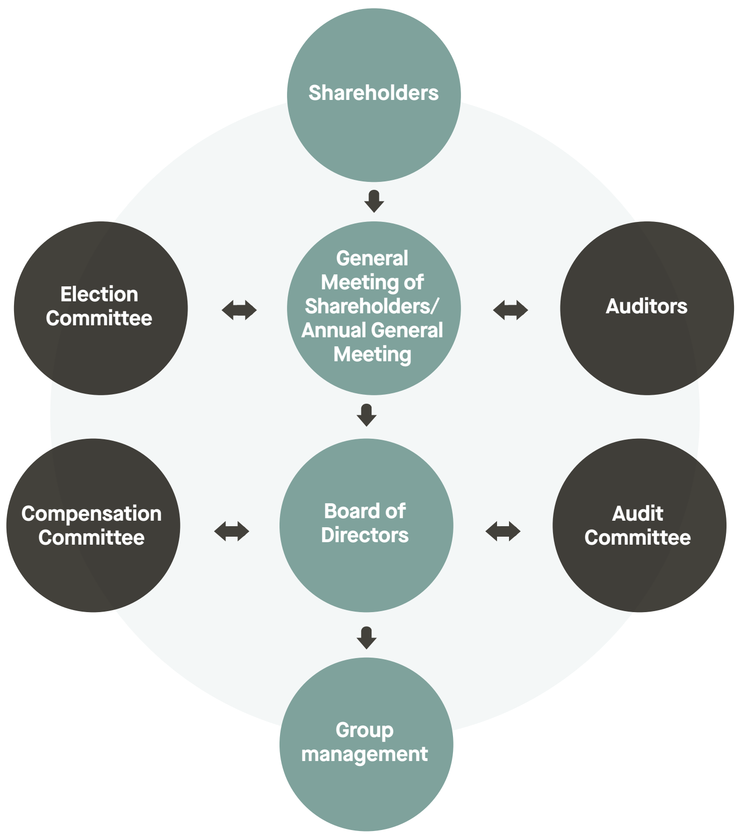
Share structure, shareholders and repurchase of own shares

As of 31 March 2021, Bergman & Beving AB had 5,311 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 2021
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	–929,677
Total number of shares after repurchasing	**26,506,739**

All shares carry equal rights to Bergman & Beving AB's assets and earnings.

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.

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.

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 2021, Anders Börjesson (with family/companies) held 19.79 percent and Tom Hedelius held 13.67 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 38–39.

Repurchase of own shares and incentive programmes

The number of Class B shares held in treasury as of 31 March 2021 amounted to 929,677, corresponding to 3.4 percent of the total number of shares and 2.5 percent of the total number of votes. The quotient value of this holding at 31 March 2021 amounted to SEK 1,927,124.

Repurchased shares include the Company's obligations outstanding for the call option programme of repurchased shares totalling 884,000 shares:

- 160,000 Class B shares 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.
- 210,000 Class B shares 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.
- 270,000 Class B shares 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.
- 244,000 Class B shares are in the call option programme issued by Bergman & Beving AB in September 2020, which extends through 7 June 2024. The redemption price for the call options in this programme is SEK 99.50.

The Board has decided to propose that the Annual General Meeting in August 2021 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 2020

The Annual General Meeting of Bergman & Beving AB was held on 26 August 2020 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. Considering the risk of the spread of COVID-19 and the recommendations and advice of the authorities, the shareholders may exercise their voting rights at the Annual General Meeting by voting early through postal voting, in accordance with Section 3 of the Act (2020:198) on Temporary Exceptions to Facilitate the Execution of General Meetings in Companies and Associations. A total of 16 shareholders participated in the Meeting in person, representing a combined total of 51.6 percent of the votes in the Company, and 7.8 of the votes in the Company were represented by shareholders through postal voting. In total, the share of votes represented at the Meeting amounted to 59.4 percent.

Four of the 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 1.50 per share. The Company's President & CEO Pontus Boman presented the Group's operations, the outcome for the 2019/2020 financial year, the Group's performance in the first quarter of the new financial year and commented on the Group's future prospects. Fredrik Börjesson, Henrik Hedelius, Malin Nordesjö, Alexander Wennergren Helm and Jörgen Wigh were re-elected as directors. Charlotte Hansson was elected as a new director. 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 2020 resolved to authorise the Chairman of the Board to contact the largest shareholders, in terms of votes, not later than 31 January 2021 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 2021 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 2021 comprises Chairman of the Board Jörgen Wigh, Anders Börjesson, Henrik Hedelius, Johan Lannebo (representing Lannebo Fonder) and Caroline Sjösten (representing Swedbank Robur Fonder).

The other members appointed Anders Börjesson as Chairman of the Election Committee. Johan Lannebo 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 5 February 2021.

The Election Committee's motions regarding the new Board of Directors and the motion regarding auditors will be presented in the notice of the 2021 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 2020/2021

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 directors.

Directors

Following the resignation of Alexander Wennergren Helm in the third quarter, the Board of Directors of Bergman & Beving AB currently comprises five regular directors elected by the Annual General Meeting on 26 August 2020: Jörgen Wigh (Chairman), Fredrik Börjesson, Charlotte Hansson, Henrik Hedelius and Malin Nordesjö. A detailed presentation of these directors, including information on other assignments and work experience, is available on pages 100–101 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 held in conjunction with the Annual General Meeting, the Board of Directors normally convenes on seven occasions each year (scheduled meetings). 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 composition, attendance, dependency conditions and fees for 2020/2021

			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**	**4**			
Jörgen Wigh	2019	Chairman	10	4	4	No	No	700,000
Fredrik Börjesson	2019	Director	10	4		No	Yes	275,000
Charlotte Hansson	2020	Director	5	2		No	No	275,000
Henrik Hedelius	2015	Director	10	4		No	Yes	275,000
Louise Mortimer Undén	2017	Director	3			No	No	–
Malin Nordesjö	2017	Director	10	4	4	No	Yes	325,000
Alexander Wennergren Helm	2019	Director	6	3		No	No	68,751

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

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 2020/2021 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 salaried 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 of senior 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 of the other members of Group management and drafts 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 of Group management as adopted by the Annual General Meeting (refer to Note 5 Employees and personnel costs on pages 70–72). 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. President & CEO Pontus Boman has presented reports to the Committee. The President & CEO does not report on his own remuneration.

The Compensation Committee convened on four occasions during the 2020/2021 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 expertise.

Director Charlotte Hansson is independent in relation to the Company's major shareholders. The Audit Committee convened on four occasions during the 2020/2021 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 was President & CEO of Bergman & Beving during the financial year. 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 of Group management for the 2020/2021 financial year and a description of the company's incentive programmes are presented in Note 5 Employees and personnel costs on pages 70–72.

For more detailed information about Group management, refer to pages 102–103.

Following the end of the financial year, a new CEO was appointed.

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 2020 Annual General Meeting for the period until the end of the 2021 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 accounting and tax issues. The total fee for KPMG's services in addition to the audit assignment amounted to MSEK 0 (1) during the 2020/2021 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 remuneration of senior 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. Current guidelines for remuneration of senior management are presented in Note 5 Employees and personnel costs on pages 70–72. The Board does not intend to propose new guidelines ahead of the Annual General Meeting on 31 August 2021.

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, suggests 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 2020/2021 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.

The Group's risks

Market risks

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 such as 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.

Operational risks

Risk	Description	Bergman & Beving's risk management
Customers	Customer-dependent with respect to geographical presence and customer segment. Customer agreements vary in terms of their duration, guarantees and liability limitations.	Bergman & Beving has a favourable risk spread in terms of geographical presence and customer segment. The Group aims to have a customer base without overly dominant customers. The ten largest customers account for approximately 29 percent of revenue.
Pandemic	The outbreak of a pandemic could lead to a lack of physical meetings, products and personnel as well as more expensive transportation and longer transport times. The outbreak of a pandemic could present a serious threat to health and the work environment.	Bergman & Beving encourages a willingness to change and the creativity to think in new ways, and our decentralised and entrepreneurship-driven business model plays an important role in this regard. Technological development to promote digital meetings. Be flexible in planning product purchasing. The health and well-being of our employees is always in focus, and Bergman & Beving follows the recommendations of the authorities to counter the spread of disease and reduce absenteeism.
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. 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.
IT-related risks	Digital risks are continuously on the rise throughout society. Bergman & Beving is dependent on various information systems and other technology to operate and develop its business. Unplanned stoppages and cybersecurity incidents such as unauthorised data, viruses, sabotage and other cybercrimes can lead to a loss of income and reputational damage. IT breaches or cyber incidents involving third parties, such as suppliers or customers, could also impact Bergman & Beving's ability to deliver and earnings capacity. Updating and the advancement of IT systems and applications is critical for streamlining the companies' processes. Bergman & Beving updates business-critical systems on an ongoing basis, and there is a risk that disruptions to this work could impact inbound and outbound deliveries as well as reporting.	To ensure stable IT environments and prevent incidents from occurring, Bergman & Beving conducts regular risk analyses, continual maintenance and IT security reviews. The response time for taking measures to tackle unplanned IT disruptions can be shortened through the availability of internal and external resources. Bergman & Beving also uses the services of external cybersecurity experts to ensure that the security level is continuously adapted and updated based on prevailing threats and the increasing cybersecurity demands of customers. Bergman & Beving follows technological developments, secures the long-term management and governance of IT infrastructure security and integrates processes to support and safeguard operations.
Acquisitions	Acquisitions are a crucial component of Bergman & Beving's strategy. Acquired companies provide us with a presence in new product markets and bring different strategic advantages, and perhaps most important of all, they bring skilled employees with a strong sense of entrepreneurship. The assessment, evaluation and integration of acquisitions are associated with risks.	The management team of each company has considerable freedom but also bears a responsibility to continue developing the company on their own following the acquisition. 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 has a well-proven acquisition process in which management participates from the start and revenue synergies are not included in the calculations.

Sustainability risks

Risk	Description	Bergman & Beving's risk management
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. It is therefore highly important to play an active role in these change in order to remain competitive. There is a risk that one of the Group's subsidiaries, through its corporate registration number, could 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. To reduce transportation-related climate impact, Bergman & Beving conducts follow-ups to ensure that the bundling of products before transportation increases and that the amount of air freight decreases. 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.
Corruption and bribery	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 bribery 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 whistle-blowing 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.
Sustainable products	Sustainable products are increasingly in demand, leading to a risk of Bergman & Beving not maintaining its cutting-edge position in this area and being unable to offer the products that are in demand in the market.	Part of Bergman & Beving's strategy is to invest in the development of our proprietary brands. Bergman & Beving also makes sure to increase its share of certified products and the amount of purchases from suppliers who have approved Bergman & Beving's Code of Conduct.
Suppliers	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.	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.
Society	A changed societal climate with increased polarisation, increased nationalistic tendencies and individualism. A harsher tone in society, with growing segregation and discrimination. The risk that these elements could become more prevalent in our organisations.	Bergman & Beving provides the opportunity to make an impact through active sustainable management in line with our core values. Active sustainable management through training and skills development. Developing equal communication, internally and externally, and acting as a leading company in this area with the aim of impacting the society where we operate.

Financial risks

Risk	Description	Bergman & Beving's risk management
Foreign-exchange, refinancing and interest-rate risk	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 concerning financial instruments and financial risk management.

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Income statement

MSEK	Note	2020/2021	2019/2020
Revenue	2, 4	4,311	4,060
Other operating income	3	15	27
Total operating income		**4,326**	**4,087**
Cost of goods sold		–2,573	–2,388
Personnel costs		–773	–779
Depreciation, amortisation and impairment losses		–179	–164
Other operating expenses		–554	–567
Total operating expenses		**–4,079**	**–3,898**
Operating profit	4, 5, 6	**247**	**189**
Financial income		5	9
Financial expenses		–40	–43
Net financial items	7	**–35**	**–34**
Profit after financial items		**212**	**155**
Taxes	9	–46	–39
Net profit		**166**	**116**
Of which, attributable to:			
Parent Company shareholders		164	116
Non-controlling interest		2	0
Earnings per share before dilution, SEK	17	6.15	4.30
Earnings per share after dilution, SEK	17	6.15	4.30
Proposed/resolved dividend per share, SEK		3.00	1.50

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Statement of comprehensive income

MSEK	Note	2020/2021	2019/2020
Net profit		**166**	**116**
Other comprehensive income			
Components that will not be reclassified to net profit			
Remeasurement of defined-benefit pension plans		–5	–48
Tax attributable to components that will not be reclassified	9	1	10
Total		**–4**	**–38**
Components that will be reclassified to net profit			
Translation differences		–27	–5
Fair value changes for the year in cash-flow hedges		–9	6
Tax attributable to components that will be reclassified	9	2	–1
Total		**–34**	**0**
Other comprehensive income		**–38**	**–38**
Comprehensive income		**128**	**78**
Of which, attributable to:			
Parent Company shareholders		126	78
Non-controlling interest		2	0

CONSOLIDATED

Balance sheet

MSEK	Note	31 Mar 2021	31 Mar 2020
ASSETS			
Non-current assets			
Goodwill	10	1,609	1,570
Other intangible non-current assets	10	425	385
Tangible non-current assets	11	102	102
Right-of-use assets	25	390	455
Financial investments	24	0	0
Other long-term receivables	13	5	3
Deferred tax assets	9	91	89
Total non-current assets		**2,622**	**2,604**
Current assets			
Inventories	14	1,129	1,077
Tax assets		2	26
Accounts receivable	24	950	855
Prepaid expenses and accrued income	15	50	52
Other receivables	13	49	53
Cash and cash equivalents		139	90
Total current assets	4, 22, 23, 24	**2,319**	**2,153**
TOTAL ASSETS		**4,941**	**4,757**
EQUITY AND LIABILITIES			
Equity	16		
Share capital		57	57
Other contributed capital		71	71
Reserves		–56	–22
Retained earnings, including net profit		1,629	1,525
Equity attributable to Parent Company shareholders		**1,701**	**1,631**
Non-controlling interest		14	12
Total equity		**1,715**	**1,643**
Non-current liabilities			
Non-current interest-bearing liabilities	24	855	862
Provisions for pensions	18	692	695
Other non-current provisions	19	43	65
Deferred tax liabilities	9	93	105
Total non-current liabilities		**1,683**	**1,727**
Current liabilities			
Current interest-bearing liabilities	24	378	383
Accounts payable		609	583
Tax liabilities		46	23
Other liabilities	20	161	130
Accrued expenses and deferred income	21	349	268
Total current liabilities		**1,543**	**1,387**
Total liabilities	4, 22, 23, 24	**3,226**	**3,114**
TOTAL EQUITY AND LIABILITIES		**4,941**	**4,757**

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

CONSOLIDATED

Statement of changes in equity

MSEK	Share capital	Other contributed capital	Reserves	Retained earnings, including net profit	Total Parent Company owners	Non-controlling interest	Total equity
Closing equity, 31 March 2019	**57**	**71**	**–22**	**1,551**	**1,657**	**–**	**1,657**
Net profit				116	**116**	0	**116**
Translation differences			–5		**–5**	0	**–5**
Other comprehensive income			5	–38	**–33**		**–33**
Comprehensive income			**0**	**78**	**78**	**0**	**78**
Dividend				–81	**–81**		**–81**
Premium received for issued call options				2	**2**		**2**
Repurchase of own shares				–25	**–25**		**–25**
Change in non-controlling interest					**0**	12	**12**
Transactions with the Group's owners				**–104**	**–104**	**12**	**–92**
Closing equity, 31 March 2020	**57**	**71**	**–22**	**1,525**	**1,631**	**12**	**1,643**
Net profit				164	**164**	2	**166**
Translation differences			–27		**–27**	0	**–27**
Other comprehensive income			–7	–4	**–11**		**–11**
Comprehensive income			**–34**	**160**	**126**	**2**	**128**
Dividend				–40	**–40**		**–40**
Premium received for issued call options				1	**1**		**1**
Repurchase of own shares				–17	**–17**		**–17**
Change in non-controlling interest					**0**	0	**0**
Transactions with the Group's owners				**–56**	**–56**	**0**	**–56**
Closing equity, 31 March 2021	**57**	**71**	**–56**	**1,629**	**1,701**	**14**	**1,715**

CONSOLIDATED

Cash-flow statement

MSEK	Note	2020/2021	2019/2020
Operating activities			
Operating profit		247	189
Adjustments for non-cash items			
Depreciation, amortisation and impairment of non-current assets	10, 11, 25	179	164
Profit from the sale of companies and facilities		6	4
Change in pension obligations and other provisions		7	15
Other non-cash items		–2	0
Interest received		5	8
Interest paid		–29	–28
Income taxes paid		–20	–27
Cash flow from operating activities before changes in working capital		**393**	**325**
Cash flow from changes in working capital			
Change in inventories		–54	–76
Change in operating receivables		–68	–9
Change in operating liabilities		112	–18
Changes in working capital		**–10**	**–103**
Cash flow from operating activities		**383**	**222**
Investing activities			
Acquisition of intangible and tangible non-current assets		–71	–122
Disposal of intangible and tangible non-current assets		1	1
Acquisition of subsidiaries/businesses	30	–112	–207
Disposal of subsidiaries		5	–
Cash flow from investing activities		**–177**	**–328**
Cash flow before financing		**206**	**–106**
Financing activities			
Borrowings		762	418
Repayment of loans		–710	–75
Repayment of leases		–111	–113
Pension benefits paid		–32	–31
Repurchase of own shares		–17	–25
Redeemed, issued and repurchased call options		1	2
Dividend paid to Parent Company shareholders		–40	–81
Contributed capital from non-controlling interest		–	12
Cash flow from financing activities		**–147**	**107**
Cash flow for the year		**59**	**1**
Cash and cash equivalents at the beginning of the year		**90**	**85**
Cash flow for the year		59	1
Exchange-rate differences in cash and cash equivalents		–10	4
Cash and cash equivalents at year-end		**139**	**90**

PARENT COMPANY

Income statement

MSEK	Note	2020/2021	2019/2020
Revenue	2	32	32
Other operating income		0	0
Total operating income		**32**	**32**
Personnel costs		–25	–24
Depreciation, amortisation and impairment losses		–1	0
Other operating expenses		–17	–19
Total operating expenses	5, 6	**–43**	**–43**
Operating loss		**–11**	**–11**
Profit from financial items			
Profit from other securities and receivables recognised as non-current assets	7	55	51
Other interest income and similar profit/loss items	7	3	8
Interest expense and similar profit/loss items	7	–21	–22
Profit after financial items		**26**	**26**
Appropriations	8	–1	–6
Profit before taxes		**25**	**20**
Taxes	9	0	0
Net profit		**25**	**20**

PARENT COMPANY

Statement of comprehensive income

MSEK	Note	2020/2021	2019/2020
Net profit		**25**	**20**
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		-9	6
Taxes attributable to other comprehensive income	9	2	-1
Other comprehensive income		**-7**	**5**
Comprehensive income		**18**	**25**

PARENT COMPANY

Balance sheet

MSEK	Note	31 Mar 2021	31 Mar 2020
ASSETS			
Non-current assets			
Intangible non-current assets	10	0	0
Tangible non-current assets	11	2	3
Financial non-current assets			
Participations in Group companies	28	704	704
Receivables from Group companies	12	1,746	1,746
Deferred tax asset	9	1	–
Total financial non-current assets		**2,451**	**2,450**
Total non-current assets		**2,453**	**2,453**
Current assets			
Current receivables			
Receivables from Group companies		630	546
Tax assets		1	13
Other receivables		1	16
Prepaid expenses and accrued income	15	3	2
Total current receivables		635	577
Cash and bank		0	0
Total current assets		**635**	**577**
TOTAL ASSETS	23	**3,088**	**3,030**
EQUITY, PROVISIONS AND LIABILITIES			
Equity	16		
Restricted equity			
Share capital		57	57
Statutory reserve		86	86
Non-restricted equity			
Fair value reserve		–3	4
Retained earnings		1,050	1,086
Net profit		25	20
Total equity		**1,215**	**1,253**
Untaxed reserves	29	**46**	**165**
Provisions			
Provisions for pensions and similar commitments	18	36	39
Deferred tax liability	9	–	1
Total provisions		**36**	**40**
Non-current liabilities			
Liabilities to credit institutions	24	560	510
Total non-current liabilities		**560**	**510**
Current liabilities			
Liabilities to credit institutions	24	269	274
Accounts payable		1	2
Liabilities to Group companies		935	774
Other liabilities		11	1
Accrued expenses and deferred income	21	15	11
Total current liabilities		**1,231**	**1,062**
TOTAL EQUITY, PROVISIONS AND LIABILITIES	23	**3,088**	**3,030**

PARENT COMPANY

Statement of changes in equity

	Restricted equity		Non-restricted equity				
MSEK	Share capital	Statutory reserve	Treasury shares	Fair value reserve	Retained earnings	Net profit	Total equity
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**
Reversal of earnings					20	–20	–
Net profit						25	25
Other comprehensive income				–7			–7
Dividend					–40		–40
Premium received for issued call options					1		1
Repurchase of own shares			–17				–17
Closing equity, 31 March 2021	**57**	**86**	**–82**	**–3**	**1,132**	**25**	**1,215**

PARENT COMPANY

Cash-flow statement

MSEK	Note	2020/2021	2019/2020
Operating activities			
Operating loss		–11	–11
Adjustments for non-cash items			
Depreciation, amortisation and impairment of non-current assets	10, 11	1	0
Change in pension obligations		0	3
Interest received		58	59
Interest paid		–22	–22
Income taxes paid		12	–8
Cash flow from operating activities before changes in working capital		**38**	**21**
Cash flow from changes in working capital			
Change in current receivables and liabilities to Group companies		45	–177
Change in operating receivables		15	–14
Change in operating liabilities		3	8
Changes in working capital		**63**	**–183**
Cash flow from operating activities		**101**	**–162**
Investing activities			
Acquisition of intangible and tangible non-current assets		0	–3
Cash flow from investing activities		**0**	**–3**
Cash flow before financing		**101**	**–165**
Financing activities			
Changes in long-term receivables and liabilities to Group companies		0	–121
Borrowings		755	418
Repayment of loans		–710	–75
Redeemed, issued and repurchased call options		1	2
Dividend paid		–40	–81
Repurchase of own shares		–17	–25
Pension benefits paid		–3	–3
Group contributions paid and received		–87	50
Cash flow from financing activities		**–101**	**165**
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**

Notes

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 2021. 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 31 August 2021.

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

Amendments to IFRS applicable as of 1 January 2020 have not had a material impact on the Group's financial reporting.

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.

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 so-called 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 liabilities and any non-controlling interests. Transaction fees, except for transaction fees attributable to issues of equity instruments or debt instruments, 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

Note 1 cont.

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.

Acquisition of non-controlling interests

Acquisitions from non-controlling interests are recognised as a transaction in equity, which is to say between the Parent Company's owner (in retained earnings) and non-controlling interests. Therefore, there is no goodwill for these transactions. The change of non-controlling interests is based on the proportional share of net assets.

Divestments to non-controlling interests

Divestments to non-controlling interests in which the non-controlling interest remains are recognised as a transaction in equity, which is to say between the Parent Company's owner and non-controlling interests. The difference between payments received and the non-controlling interest's proportional share of acquired net assets is recognised under retained earnings.

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 on 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, 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. In the event that foreign operations are not wholly owned, the translation difference is distributed to non-controlling interests based on their proportional participating interest. When controlling influence, significant influence or mutual controlling influence ceases for a foreign entity, the accumulated translation differences attributable to the entity are realised, by which they are reclassified from the translation reserve in equity to net profit. In the event of a divestment where the controlling influence remains, the proportional share of accumulated translation differences is transferred from the translation reserve to non-controlling interests.

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

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.

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 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.

Note 1 cont.

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. Cash and cash equivalents are also included in the application area "Impairment losses" pursuant to IFRS 9. However, the potential impairment in question is assessed to be immaterial. Cash and cash equivalents are placed in banks with high credit ratings.

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 liabilities. 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 liabilities, 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.

Note 1 cont.

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 etc.	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.

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.

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.

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

Plans in which the company's obligations are limited to the fees that the company has undertaken to pay are classified as defined-contribution pension plans. For these, the size of the employee's pension depends on the fees that the company pays to the plan or to an insurance company and the return on capital that the fees yield. Accordingly, it is the employee that carries the actuarial risk (that remuneration is lower than expected) and the investment risk (that the assets invested will not be sufficient to provide the expected remuneration). 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 2020, Alecta's surplus in the form of its collective solvency margin was 148 percent (148). 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.

Note 1 cont.

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. Changes or reductions to a defined-contribution plan are recognised directly in net profit. 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, 2019 and 2020 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 and conditions are fulfilled. The subsidies were to be paid in September 2019, September 2020, September 2021 and September 2022 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 differs from other liabilities in that there is greater uncertainty about the timing and amount of the payment in order to settle the provision. A provision is recognised as an asset in the statement of financial position when there is 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.

Provisions are made at the amount that is the best estimate of the amount required to settle the existing provision on the balance-sheet date. 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.

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

Note 1 cont.

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.

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.

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.

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 those pertaining to impairment, recognition/derecognition and criteria for the application of hedge accounting as well as the effective interest method for interest income and interest expense. 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 if the present value of expected future cash flow 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	
	2020/2021	2019/2020	2020/2021	2019/2020
Revenue				
Sale of goods	4,252	3,999	–	–
Service assignments	57	58	32	31
Rental income	2	3	–	1
Commissions, bonuses and similar income	0	0	–	–
Total	**4,311**	**4,060**	**32**	**32**

Income in the Parent Company pertains to intra-Group services totalling MSEK 32 (31).

NOTE 3 Other operating income

	Group	
	2020/2021	2019/2020
Exchange-rate gains on operating receivables/liabilities	–	3
Grants from EU, central and local government	0	0
Insurance indemnification	1	0
Capital gain, sale of tangible non-current assets	0	0
Capitalised work for own account	8	23
Reversal of purchase considerations for previous acquisitions	5	–
Other	1	1
Total	**15**	**27**

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 consists of leading companies with niche products and brands for professional users in manufacturing and construction.

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, Flammatex 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, RESQ, Systemtext and JO Safety.

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 Group, which is currently the Nordic region's leading supplier of high-quality tools and machinery, and the brands Teng Tools, Luna, Mareld, Limit, Miller's and Germ.

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.

Note 4 cont.

	2020/2021					
	Building Materials	**Workplace Safety**	**Tools & Consumables**	**Group-wide**	**Eliminations**	**Group total**
Revenue						
External customers	1,262	1,554	1,492	3	–	**4,311**
Internal customers	7	35	3	283	–328	**–**
Total	**1,269**	**1,589**	**1,495**	**286**	**–328**	**4,311**
EBITA	85	137	57	–8	–	**271**
Operating profit/loss	**80**	**128**	**47**	**–8**	**–**	**247**
Net financial items	–	–	–	–35	–	**–35**
Profit/loss after net financial items	**80**	**128**	**47**	**–43**	**–**	**212**
Goodwill	600	640	369	–	–	**1,609**
Other assets	1,070	1,312	1,316	1,808	–2,174	**3,332**
Total assets	**1,670**	**1,952**	**1,685**	**1,808**	**–2,174**	**4,941**
Liabilities	877	939	1,194	2,390	–2,174	**3,226**
Other disclosures						
Investments	17	24	4	73	–	**118**
of which, right-of-use assets	–	–	–	*53*	–	***53***
Depreciation and amortisation	–13	–22	–17	–127	–	**–179**
of which, right-of-use assets	–	–	–	*–114*	–	***–114***

	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/loss	**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***

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 –21 (–32), of which MSEK –6 (–10) in Building Materials, MSEK –3 (–3) in Workplace Safety, MSEK –7 (–14) in Tools & Consumables and MSEK –5 (–5) in Group-wide.

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.

	2020/2021		2019/2020	
	External revenue	**Non-current assets**	**External revenue**	**Non-current assets**
Sweden	1,780	2,189	1,683	2,196
Norway	1,139	90	1,101	89
Finland	418	42	382	56
Other countries	974	205	894	171
Group total	**4,311**	**2,526**	**4,060**	**2,512**

NOTE 5 Employees and personnel costs

Average number of employees by country	2020/2021 No.	2020/2021 Of whom, women %	2019/2020 No.	2019/2020 Of whom, women %
Sweden, Parent Company	6	13	6	17
Sweden, other Swedish companies	559	34	588	34
Norway	117	16	124	14
Finland	59	25	55	24
Denmark	18	33	12	33
Estonia	51	33	56	32
Brazil	49	41	57	39
Poland	57	39	46	24
Other countries	163	32	141	33
Group total	**1,079**	**32**	**1,085**	**31**

The number of full-time employees at year-end was 1,129 (1,083).

Percentage of women on Bergman & Beving's Board of Directors and senior management	2020/2021	2019/2020
Parent Company		
Board of Directors	33%	33%
Group management	0%	0%
Group		
Boards of directors	8%	7%
Senior management	21%	20%

The category Senior management includes individuals in the management groups of other Group companies, totalling 122 employees (110).

Remuneration and other benefits	Group 2020/2021	Group 2019/2020
Salaries and other remuneration	597	564
Pension costs, defined-benefit plans	15	17
Pension costs, defined-contribution plans	48	49
Social security contributions	141	154
Total	**801**	**784**

Parent Company Remuneration and other benefits	2020/2021 Senior management	2020/2021 Other employees	2020/2021 Total	2019/2020 Senior management	2019/2020 Other employees	2019/2020 Total
Salaries and other remuneration	7	9	**16**	7	5	**12**
of which, variable remuneration	*0*	*4*	***4***	*1*	*1*	***2***
Social security contributions	4	5	**9**	4	4	**8**
of which, pension costs	*2*	*1*	***3***	*2*	*1*	***3***

The category Senior management includes members of Group management employed by the Parent Company.

The Parent Company's PRI pension obligations to the President & CEO and Chairman of the Board amount to SEK 1,170 thousand (900), of which SEK 0 thousand pertains to the Chairman of the Board.

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.

Remuneration to directors, SEK thousand	Group 2020/2021	Group 2019/2020
Chairman of the Board	700	700
Other directors	1,219	1,425
Total	**1,919**	**2,125**

Fees to the Board

In accordance with the resolution passed by the Annual General Meeting in August 2020, the directors received directors' fees for their work on Bergman & Beving AB's Board of Directors during the 2020/2021 operating year. Following the early resignation of a director, the fee has been reduced correspondingly. Chairman of the Board Jörgen Wigh has not received any remuneration other than the directors' fee.

Remuneration and other benefits to Group management in 2020/2021

SEK thousand	Fixed salary[1]	Variable salary, one year[2]	Variable salary, multiple years	Other benefits	Pension costs	Total remuneration and other benefits	Call options outstanding (no.)
Pontus Boman, President & CEO	4,069	207	–	123	993	**5,392**	135,600
percentage of total remuneration	*76%*	*4%*	–	*2%*	*18%*		
Other members of Group management (1 position)	2,197	110	–	112	571	**2,990**	82,500
Total	**6,266**	**317**	**–**	**235**	**1,564**	**8,382**	**218,100**

1) Includes a subsidy for the options programmes (SEK 213 thousand was paid to the CEO for 2020/2021) and salary sacrifices during the beginning of the COVID-19 pandemic.
2) Bonus based on 80 percent of the profitability goal and 20 percent of the return goal (P/WC). The outcome for the year was 87 percent. The bonus for 2020/2021 was paid in 2021/2022.

Remuneration and other benefits to Group management in 2019/2020

SEK thousand	Fixed salary	Variable salary, one year	Variable salary, multiple years	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**

Note 5 cont.

Comparable information about remuneration and the Company's performance

	2020/2021 vs. 2019/2020
Remuneration to the President & CEO[1]	
Annual change in total remuneration	–6%
The Company's financial results	
Annual change in net profit (EBT)	37%
Annual change in P/WC	25%
Remuneration to employees[2]	
Annual change in total remuneration, Sweden	6%

1) Remuneration refers to the total of all the remuneration components reported in the above table.
2) Calculated on average number of full-time equivalents at the Group's company in Sweden. The number of employees in the Parent Company, excluding Group management, was deemed too small to make a relevant comparison.

The Company has not produced information about this for previous financial years, but it will be reported in future annual reports for comparison purposes.

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 comprises fixed salary, variable salary, participation in the call option programmes 2017/2021, 2018/2022, 2019/2023 and 2020/2024 (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, has been the only other member of Group management since 1 March 2017.

Remuneration to other members of Group management comprises fixed salary, variable salary, participation in the call option programmes 2017/2021, 2018/2022, 2019/2023 and 2020/2024 (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 2020/2024

Following a resolution passed by the Annual General Meeting in August 2020, 20 senior executives in the Bergman & Beving Group were offered an opportunity to acquire a maximum of 244,000 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 244,000, corresponding to 0.9 percent of the total number of shares and 0.7 percent of the votes. The price per call option is SEK 4.96, 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 99.50, with a redemption period from 11 September 2023 until 7 June 2024, inclusive. The redemption price is equivalent to 120 percent of the average share price during the measurement period from 27 August to 9 September 2020. 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 4.96 per acquired call option can be paid to the holder. The subsidy is to be paid by the holder's employer in September 2022 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 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 redemption price is equivalent to 120 percent of the average share price during the measurement period from 27 August to 9 September 2019. 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 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 redemption price is equivalent to 120 percent of the average share price during the measurement period from 28 August to 7 September 2018. 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.

Note 5 cont.

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 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 redemption price is equivalent to 120 percent of the average share price during the measurement period from 25 August to 7 September 2017. 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 2021:

		Group		Parent Company	
Call option programme	**Redemption price, SEK**	**No. of options issued**	**No. of options outstanding**	**No. of options issued**	**No. of options outstanding**
2017/2021	118.10	160,000	160,000	80,000	80,000
2018/2022	117.90	210,000	210,000	80,000	80,000
2019/2023	107.50	270,000	270,000	122,000	122,000
2020/2024	99.50	244,000	244,000	86,500	86,500
The President & CEO's holdings					
2017/2021	118.10	30,000	30,000		
2018/2022	117.90	30,000	30,000		
2019/2023	107.50	42,000	42,000		
2020/2024	99.50	33,600	33,600		

No call options were redeemed in 2020/2021.

Guidelines for remuneration of senior management

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.

Guidelines established at the Annual General Meeting of Bergman & Beving AB held on 26 August 2020. These guidelines have been applied to all agreements entered into with the President & CEO and other members of Group management during 2020/2021. The guidelines apply until the 2024 Annual General Meeting, unless the Annual General Meeting resolves on new guidelines at an earlier general meeting.

NOTE 6 Fees and reimbursement to auditors

	Group		Parent Company	
	2020/2021	2019/2020	2020/2021	2019/2020
Audit assignment				
KPMG	6	4	1	1
Other auditors	1	1	–	–
Fees for audit assignment	**7**	**5**	**1**	**1**
Audit activities in addition to audit assignment				
KPMG	0	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	0	1	0	0
Other auditors	1	0	–	–
Fees for other assignments	**1**	**1**	**0**	**0**
Total fees to auditors	**8**	**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	
	2020/2021	2019/2020
Interest income	3	9
Dividends	–	0
Net exchange-rate changes	2	–
Other financial income	0	0
Financial income	**5**	**9**
Interest expense	–17	–18
Net interest income on defined-benefit pensions	–10	–13
Interest expenses on lease liability	–9	–11
Net exchange-rate changes	–	–1
Other financial expenses	–4	0
Financial expenses	**–40**	**–43**
Net financial items	**–35**	**–34**

	Parent Company	
	2020/2021	2019/2020
Interest income and similar profit/loss items		
Interest income, Group companies	55	51
Interest income, other	2	8
Net exchange-rate changes	1	–
Total	**58**	**59**
Interest expenses and similar profit/loss items		
Interest expenses, Group companies	0	–2
Interest expenses, other	–17	–19
Net exchange-rate changes	–	–1
Other financial expenses	–4	0
Total	**–21**	**–22**

NOTE 8 Appropriations

	Parent Company	
	2020/2021	2019/2020
Tax allocation reserve, provision for the year	–	–
Tax allocation reserve, reversal for the year	118	81
Group contributions received	–	–
Group contributions paid	–119	–87
Total	**–1**	**–6**

NOTE 9 Taxes

Taxes recognised in profit or loss	Group 2020/2021	Group 2019/2020	Parent Company 2020/2021	Parent Company 2019/2020
Current tax				
Tax expense for the period	–66	–50	0	0
Deduction of foreign taxes	1	–1	–	–
Adjustment of taxes attributable to earlier years	0	–1	0	0
Total current tax	**–65**	**–52**	**0**	**0**
Deferred tax				
Deferred tax attributable to temporary differences	19	14	–	–
Utilisation of previously capitalised tax loss carryforwards	0	–1	–	–
Total deferred tax	**19**	**13**	**–**	**–**
Total tax	**–46**	**–39**	**0**	**0**

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	2020/2021	%	2019/2020	%
Profit before taxes	212		155	
Taxes according to average tax rate for the Group	–47	22	–34	22
Tax effect of:				
Standard rate/income on tax allocation reserve	–1	0	–1	1
Taxes attributable to earlier years	0	0	–1	0
Utilisation of previously-non-capitalised tax loss carryforwards	1	0	1	–1
Non-deductible expenses	–2	1	–3	2
Non-taxable income	0	0	0	0
Other items	3	–1	–1	1
Total tax	**–46**	**22**	**–39**	**25**

Parent Company

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

Reconciliation of effective taxes	2020/2021	%	2019/2020	%
Profit before taxes	25		20	
Tax according to current tax rate for the Parent Company	–5	21	–4	21
Tax effect of:				
Standard rate/income on tax allocation reserve	–1	4	–1	4
Negative net interest income received	6	–25	5	–25
Total tax	**0**	**0**	**0**	**0**

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 2020/2021	Group 2019/2020	Parent Company 2020/2021	Parent Company 2019/2020
Deferred tax on defined-benefit pension plans	1	10	–	–
Deferred tax on hedge accounting of financial instruments	2	–1	2	–1
Total	**3**	**9**	**2**	**–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 2021			31 Mar 2020		
Group	**Receivables**	**Liabilities**	**Net**	**Receivables**	**Liabilities**	**Net**
Non-current assets	4	–50	**–46**	3	–48	**–45**
Untaxed reserves	0	–29	**–29**	0	–45	**–45**
Pension provisions	67	–2	**65**	67	–2	**65**
Other	20	–12	**8**	19	–10	**9**
Total	**91**	**–93**	**–2**	**89**	**–105**	**–16**

	31 Mar 2021			31 Dec 2020		
Parent Company	**Receivables**	**Liabilities**	**Net**	**Receivables**	**Liabilities**	**Net**
Financial non-current assets	1	–	**1**	–	–1	**–1**
Total	**1**	**–**	**1**	**–**	**–1**	**–1**

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 2021**	**31 Mar 2020**
Opening balance at the beginning of the year, net	–16	–17
Acquisition of subsidiaries and other business units	–10	–20
Disposal of subsidiaries	1	–
Taxes charged against net profit	19	13
Taxes on items recognised in consolidated comprehensive income and directly in equity	3	9
Translation differences	1	–1
Closing balance at year-end, net	**–2**	**–16**

Parent Company	**31 Mar 2021**	**31 Mar 2020**
Opening balance at the beginning of the year, net	–1	0
Taxes on items recognised in the Parent Company's comprehensive income	2	–1
Closing balance at year-end, net	**1**	**–1**

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 2021**	**31 Mar 2020**
Non-current assets	7	3
Untaxed reserves	16	10
Pension provisions	0	10
Other	–1	–1
Total	**22**	**22**

Parent Company	**31 Mar 2021**	**31 Mar 2020**
Financial instruments	2	–1
Total	**2**	**–1**

NOTE 10 Intangible non-current assets

	2020/2021					2019/2020				
	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	1,570	70	213	265	**2,118**	1,472	70	114	170	**1,826**
Investments	–	–	–	45	**45**	–	–	–	105	**105**
Acquisition of subsidiaries	41	–	50	1	**92**	101	–	98	4	**203**
Sales and disposals[1]	–	–	–	–7	**–7**	–	–	–	–16	**–16**
Reclassifications	–	–	–	–	**–**	–	–	–	2	**2**
Translation differences	–1	–	–3	0	**–4**	–3	–	1	0	**–2**
At year-end	**1,610**	**70**	**260**	**304**	**2,244**	**1,570**	**70**	**213**	**265**	**2,118**
Accumulated amortisation										
At the beginning of the year	–	–9	–72	–76	**–157**	–	–7	–55	–83	**–145**
Amortisation for the year	–	–2	–23	–24	**–49**	–	–2	–18	–10	**–30**
Acquisition of subsidiaries	–1	–	–	0	**–1**	–	–	–	–1	**–1**
Sales and disposals	–	–	0	4	**4**	–	–	0	16	**16**
Translation differences	–	–	0	–1	**–1**	–	–	1	2	**3**
At year-end	**–1**	**–11**	**–95**	**–97**	**–204**	**–**	**–9**	**–72**	**–76**	**–157**
Impairment losses on cost										
At the beginning of the year	–	0	–	–6	**–6**	–	0	–	0	**0**
Impairment losses for the year	–	–	–	–	**–**	–	–	–	–6	**–6**
At year-end	**–**	**0**	**–**	**–6**	**–6**	**–**	**0**	**–**	**–6**	**–6**
Carrying amount at the beginning of the year	1,570	61	141	183	**1,955**	1,472	63	59	87	**1,681**
Carrying amount at year-end	1,609	59	165	201	**2,034**	1,570	61	141	183	**1,955**

1) Earnings on the disposal of intangible non-current assets amounted to MSEK –3 (–3).

	2020/2021	2019/2020
Parent Company	**Software, etc.**	**Software, etc.**
Accumulated cost		
At the beginning of the year	0	4
Investments	–	0
Sales and disposals	–	–4
At year-end	**0**	**0**
Accumulated amortisation		
At the beginning of the year	0	–4
Amortisation for the year	0	0
Sales and disposals	–	4
At year-end	**0**	**0**
Carrying amount at the beginning of the year	0	0
Carrying amount at year-end	0	0

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 2021, using the balance sheet on 31 March 2021 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 recognised goodwill of MSEK 1,609 (1,570) has been allocated by operating segment according to the table below:

	31 Mar 2021	31 Mar 2020
Building Materials	600	592
Workplace Safety	640	619
Tools & Consumables	369	359
Total goodwill	**1,609**	**1,570**

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	2020/2021 Land and buildings	Leasehold improve-ments	Machinery and equipment	Construc-tion in progress	Total	2019/2020 Land and buildings	Leasehold improve-ments	Machinery and equipment	Construc-tion in progress	Total
Accumulated cost										
At the beginning of the year	74	32	173	2	**281**	67	30	229	13	**339**
Investments	0	1	14	5	**20**	1	5	11	2	**19**
Acquisition of subsidiaries	9	–	10	–	**19**	–	–	13	–	**13**
Sales and disposals[1]	0	–2	–24	–	**–26**	–3	–4	–79	0	**–86**
Disposal of subsidiaries	–18	–	–3	–	**–21**	–	–	–	–	**–**
Reclassifications	–	3	2	–5	**0**	10	1	0	–13	**–2**
Translation differences	–1	0	–4	–	**–5**	–1	0	–1	–	**–2**
At year-end	**64**	**34**	**168**	**2**	**268**	**74**	**32**	**173**	**2**	**281**
Accumulated depreciation										
At the beginning of the year	–34	–10	–132		**–176**	–36	–9	–193		**–238**
Depreciation for the year	–1	–3	–12		**–16**	–1	–3	–11		**–15**
Acquisition of subsidiaries	–4	0	–7		**–11**	–	0	–7		**–7**
Sales and disposals[1]	–	–	23		**23**	3	2	79		**84**
Disposal of subsidiaries	9	–	3		**12**	–	–	–		**–**
Reclassifications	–	–	0		**0**	–	–	0		**0**
Translation differences	0	0	3		**3**	0	0	0		**0**
At year-end	**–30**	**–13**	**–122**	**–**	**–165**	**–34**	**–10**	**–132**	**–**	**–176**
Impairment losses on cost										
At the beginning of the year	–2	–1	0		**–3**	–	–2	0		**–2**
Impairment losses for the year	–	–	–		**–**	–2	–	–		**–2**
Reversal of impairment losses	–	–	–		**–**	–	1	–		**1**
Disposal of subsidiaries	2	–	–		**2**	–	–	–		**–**
Translation differences	–	–	0		**0**	–	–	0		**–**
At year-end	–	–1	0	–	**–1**	–2	–1	0	–	**–3**
Carrying amount at the beginning of the year	**38**	**21**	**41**	**2**	**102**	**31**	**19**	**36**	**13**	**99**
Carrying amount at year-end	**34**	**20**	**46**	**2**	**102**	**38**	**21**	**41**	**2**	**102**

1) Earnings on the disposal of tangible non-current assets amounted to MSEK –2 (0).

Parent Company	2020/2021 Leasehold improvements	Equipment	Total	2019/2020 Leasehold improvements	Equipment	Total
Accumulated cost						
At the beginning of the year	2	1	**3**	3	5	**8**
Investments	–	–	**–**	1	1	**2**
Sales and disposals	–	–	**–**	–2	–5	**–7**
At year-end	**2**	**1**	**3**	**2**	**1**	**3**
Accumulated depreciation according to plan						
At the beginning of the year	0	0	**0**	–2	–5	**–7**
Depreciation for the year according to plan	–1	0	**–1**	0	0	**0**
Sales and disposals	–	–	**–**	2	5	**7**
At year-end	**–1**	**0**	**–1**	**0**	**0**	**0**
Impairment losses on cost						
At the beginning of the year	–	–	**–**	–1	–	**–1**
Reversal of impairment losses	–	–	**–**	1	–	**1**
At year-end	**–**	**–**	**–**	**–**	**–**	**–**
Carrying amount at the beginning of the year	**2**	**1**	**3**	**0**	**0**	**0**
Carrying amount at year-end	**1**	**1**	**2**	**2**	**1**	**3**

NOTE 12 Receivables from Group companies

Parent Company	31 Mar 2021	31 Mar 2020
Carrying amount at the beginning of the year	**1,746**	**1,626**
Additional assets	6	140
Deducted assets	–6	–20
Carrying amount at year-end	**1,746**	**1,746**

NOTE 13 Long-term receivables and other receivables

Group	31 Mar 2021	31 Mar 2020
Long-term receivables classified as non-current assets		
Pension funds	2	1
Other receivables	3	2
Total	**5**	**3**

Group	31 Mar 2021	31 Mar 2020
Other receivables classified as current assets		
Advance payments	8	4
Derivatives	0	15
VAT receivable	13	14
Receivable from pension foundations	6	6
Other receivables	22	14
Total	**49**	**53**

NOTE 14 Inventories

Group	31 Mar 2021	31 Mar 2020
Finished goods and goods for resale at the beginning of the year	**1,077**	**942**
Change for the year	80	156
Impairment losses	–30	–24
Reversal of previous impairment losses	2	3
Finished goods and goods for resale at year-end	**1,129**	**1,077**

The cost of goods sold includes impairment of inventories in the amount of MSEK –30 (–24) and the reversal of previous impairment of MSEK +2 (+3), yielding a net amount of MSEK –28 (–21).

NOTE 15 Prepaid expenses and accrued income

	Group		Parent Company	
	31 Mar 2021	31 Mar 2020	31 Mar 2021	31 Mar 2020
Prepaid expenses				
Rent	11	12	1	1
Insurance premiums	2	1	1	–
Marketing costs	1	2	–	–
Leases	2	3	–	–
Computer costs	2	2	–	–
Packaging	3	2	–	–
Licences	4	3	0	0
Other prepaid expenses	10	13	1	1
Accrued income				
Commission and bonus income	10	8	–	–
Other accrued income	5	6	–	–
Total	**50**	**52**	**3**	**2**

NOTE 16 Reserves and equity

Group	31 Mar 2021	31 Mar 2020
Translation reserve		
Opening translation reserve	–26	–21
Translation differences for the year	–27	–5
Closing translation reserve	**–53**	**–26**
Hedging reserve		
Opening hedging reserve	4	–1
Cash-flow hedges recognised in other comprehensive income:		
Hedging for the year	–5	5
Transferred to profit or loss	–4	1
Tax attributable to hedges for the year	2	–1
Closing hedging reserve	**–3**	**4**
Total reserves		
Opening reserves	–22	–22
Change in reserves for the year:		
Translation reserve	–27	–5
Hedging reserve	–9	6
Tax attributable to changes in reserves for the year	2	–1
Closing reserves	**–56**	**–22**

Note 16 cont.

Repurchased own shares included in the equity item retained earnings, including net profit

	31 Mar 2021	31 Mar 2020
Opening repurchased Class B shares	729,677	426,706
Repurchase of own shares	200,000	302,971
Closing repurchased own shares	**929,677**	**729,677**

Share capital

	31 Mar 2021	31 Mar 2020
Issued as of 1 April	27,436,416	27,436,616
Issued as of 31 March – paid in full	**27,436,416**	**27,436,616**

As of 31 March 2021, 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 2021, the Group held 929,677 own shares (729,677) 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.

Call option programme 2020/2024

Following a resolution passed by the Annual General Meeting in August 2020, 20 senior executives in the Bergman & Beving Group were offered an opportunity to acquire a maximum of 244,000 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 244,000, corresponding to 0.9 percent of the total number of shares and 0.7 percent of the votes. The call options were conveyed at a price of SEK 4.96 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 99.50 and the redemption period is from 11 September 2023 until 7 June 2024, inclusive.

Appropriation of profit

The Board of Directors proposes a dividend of SEK 3.00 (1.50) per share, totalling SEK 79,520 thousand calculated based on the number of shares as of 31 March 2021, and with due consideration for the 929,677 repurchased shares held in treasury.

SEK thousand	
Retained earnings	1,046,532
Net profit	25,300
Total	**1,071,832**

The Board of Directors proposes that the available funds be allocated as follows:	
Dividend to shareholders, SEK 3.00 per share	79,520
To be brought forward	992,312
Total	**1,071,832**

Over the past ten years, the ordinary dividend has amounted to approximately 41 percent of earnings per share.

Year	Earnings per share[1]	Dividend[1]	Pay-out ratio, %
2020/2021	6.15	3.00	49
2019/2020	4.30	1.50	35
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
Total	**78.20**	**33.50**	**43**

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	
	2020/2021	2019/2020	2020/2021	2019/2020
Earnings per share, SEK	6.15	4.30	6.15	4.30

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 2020/2021 was based on net profit attributable to the ordinary shareholders in the Parent Company amounting to MSEK 164 (116) and a weighted average number of shares outstanding during 2020/2021 amounting to 26,620,628 (26,887,122). The two components have been calculated in the following manner:

Net profit attributable to Parent Company shareholders, before dilution

	2020/2021	2019/2020
Net profit attributable to Parent Company shareholders	164	116
Profit attributable to Parent Company shareholders, before dilution	**164**	**116**

Weighted average number of shares outstanding, before dilution

	2020/2021	2019/2020
Total number of shares, 1 April	27,436,416	27,436,416
Effect of holding of treasury shares	–815,788	–549,294
Number of shares for calculation of earnings per share	**26,620,628**	**26,887,122**

Earnings per share after dilution

The calculation of earnings per share after dilution for 2020/2021 was based on profit attributable to the ordinary shareholders in the Parent Company amounting to MSEK 164 (116) and a weighted average number of shares outstanding during 2020/2021 amounting to 26,620,628 (26,887,122). The two components have been calculated in the following manner:

Net profit attributable to Parent Company shareholders, after dilution

	2020/2021	2019/2020
Net profit attributable to Parent Company shareholders	164	116
Profit attributable to Parent Company shareholders, before dilution	**164**	**116**

Weighted average number of shares outstanding, after dilution

Stated in thousands of shares	**2020/2021**	**2019/2020**
Total number of shares, 1 April	27,436,416	27,436,416
Effect of holding of treasury shares	–815,788	–549,294
Number of shares for calculation of earnings per share	**26,620,628**	**26,887,122**

As of 31 March 2021, Bergman & Beving AB had four outstanding call option programmes, for all of which the redemption price was lower than the share price as of 31 March 2021. However, call options issued for repurchased shares did not result in any dilution effect over the most recent 12-month period since the average exchange rate was below the redemption price. 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 2021**	**31 Mar 2020**
Pension obligations unfunded plans, present value	691	692
Pension obligations funded plans, present value	28	29
Plan assets, fair value	–29	–27
Net pension obligations	**690**	**694**

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:

Group	**31 Mar 2021**	**31 Mar 2020**
Plan assets for pension obligations	–2	–1
Provisions for pensions and similar commitments	692	695
Net liabilities according to the balance sheet	**690**	**694**
Of which, credit insured through PRI Pensionsgaranti	357	360

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 2021**	**31 Mar 2020**
Opening balance	692	642
Benefits earned during the year	15	16
Interest expense	10	13
Benefits paid	–23	–23
Other	–11	–3
Remeasurement recognised in other comprehensive income, see separate specification	8	47
Translation differences	0	0
Pension obligations unfunded plans, present value	**691**	**692**

Note 18 cont.

Pension obligations funded plans	31 Mar 2021	31 Mar 2020
Opening balance	29	37
Benefits earned during the year	0	1
Interest expense	1	1
Benefits paid	–2	–2
Other	0	–6
Remeasurement recognised in other comprehensive income, see separate specification	–1	1
Translation differences	1	–3
Pension obligations funded plans, present value	**28**	**29**

Present value of pension obligation specified by category (%)	31 Mar 2021	31 Mar 2020
Active	9	11
Paid-up policy holders	42	41
Pensioners	49	48
Total	**100**	**100**

Plan assets	31 Mar 2021	31 Mar 2020
Opening balance	27	34
Interest income recognised in profit or loss	0	1
Funds contributed by employers	0	1
Funds paid to employers	–2	–2
Other	0	–4
Remeasurement recognised in other comprehensive income, see separate specification	2	–1
Translation differences	2	–2
Plan assets, fair value	**29**	**27**

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

Plan assets	31 Mar 2021	31 Mar 2020
Cash and cash equivalents	1	1
Equity instruments	4	4
Debt instruments	20	18
Properties	3	3
Other assets	1	1
Plan assets, fair value	**29**	**27**

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.

Net change in defined-benefit obligations during the year	31 Mar 2021	31 Mar 2020
Opening balance	694	645
Pension costs, defined-benefit plans	26	30
Benefits paid	–25	–25
Funds contributed by employers	0	–1
Funds paid to employers	2	2
Other	–11	–5
Remeasurement recognised in other comprehensive income, see separate specification	5	49
Translation differences	–1	–1
Closing balance	**690**	**694**

Pension costs

Costs recognised in net profit	2020/2021	2019/2020
Pensions earned during the period	15	17
Net interest expense	11	13
Pension costs, defined-benefit plans	**26**	**30**
Pension costs, defined-contribution plans	48	49
Pension costs in net profit	**74**	**79**

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	2020/2021	2019/2020
Actuarial gains and losses attributable to demographic assumptions	0	0
Actuarial gains and losses attributable to financial assumptions	5	–51
Actuarial gains and losses attributable to experience-based assumptions	–10	2
Total remeasurement, pension obligations	**–5**	**–49**
Difference between actual return and return according to discount rate on plan assets	0	0
Total remeasurement included in other comprehensive income	**–5**	**–49**

Actuarial assumptions

2020/2021	Sweden	Norway	Taiwan
Discount rate, 31 March, %	1.75	2.00	0.50
Expected salary increase, %	2.75	2.00	1.75
Expected inflation, % [1]	1.75	0.00	0.00
Expected remaining period of service, years	12.9	0.0	13.0

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

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	21.7	21.5	18.3
Women	24.2	24.6	18.3
Length of life assumptions at 65 years of age – members who are 40 years of age:			
Men	23.4	23.6	21.5
Women	25.2	27.0	21.5

Note 18 cont.

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 %	59	–52
Salary increases, +0.50 %/–0.50 %	22	–19
Inflation, +0.50 %/–0.50 %	48	–43
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.

Financing

As of 31 March 2021, the average weighted term of the total pension obligation was 17.9 years (17.9), of which unfunded PRI pensions in Sweden had an average weighted term of 18.2 years (18.2).

Bergman & Beving estimates that approximately MSEK 24 (24) will be paid in 2021/2022 to funded and unfunded defined-benefit pension plans recognised as defined-benefit plans and approximately MSEK 7 (15) will be paid in 2021/2022 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 2021, 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 2021	31 Mar 2020
Pension obligations unfunded plan, present value	36	39
Net pension obligations and net liability according to the balance sheet	**36**	**39**
Of which, credit insured through PRI Pensionsgaranti	36	39

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

Pension obligations unfunded plans	31 Mar 2021	31 Mar 2020
Opening balance	39	40
Benefits earned during the year[1]	–1	1
Interest expense	1	1
Benefits paid	–3	–3
Closing balance	**36**	**39**

Pension costs	31 Mar 2021	31 Mar 2020
Benefits earned during the year, personnel costs[1]	–1	1
Interest expense	1	1
Pension costs, defined-benefit plans	**0**	**2**
Pension costs, defined-contribution plans	4	1
Pension costs in net profit	**4**	**3**

1) Benefits earned in 2020/2021 include mortality gains of MSEK 2 (1).

NOTE 19 Other provisions

Group	31 Mar 2021	31 Mar 2020
Provisions classified as non-current liabilities		
Guarantee commitments	0	0
Restructuring	17	20
Additional purchase considerations	26	45
Other	–	–
Total	**43**	**65**

Specification – non-current liabilities	31 Mar 2021	31 Mar 2020
Carrying amount at the beginning of the period	**65**	**24**
Provisions made during the period	–	44
Dissolutions made during the period	–22	–3
Carrying amount at the end of the period	**43**	**65**

NOTE 20 Other liabilities

Group	31 Mar 2021	31 Mar 2020
Other current liabilities		
Advance payments from customers	2	1
Employee withholding taxes	16	15
VAT liability	116	104
Additional purchase considerations	12	6
Other operating liabilities	15	4
Total	**161**	**130**

NOTE 21 Accrued expenses and deferred income

	Group		Parent Company	
	31 Mar 2021	31 Mar 2020	31 Mar 2021	31 Mar 2020
Accrued expenses				
Salaries and remuneration to employees	125	89	8	4
Pension costs	2	1	–	–
Social security contributions	59	47	4	3
Bonuses, refunds to customers/suppliers	101	91	–	–
Car and travel expenses	1	1	–	–
Directors' and auditors' fees	4	4	1	1
Other consulting fees	2	1	0	0
Marketing costs	2	1	–	–
Guarantee costs	0	0	–	–
Shipping costs	9	3	–	–
Operating and lease costs	31	20	–	–
Interest expense	1	1	1	1
Restructuring	3	3	–	–
Other accrued expenses	9	6	1	2
Total	**349**	**268**	**15**	**11**

NOTE 22 Specification of interest-bearing net loan liabilities by asset and liability

Group	31 Mar 2021 Interest-bearing	31 Mar 2021 Non-interest bearing	31 Mar 2021 Total	31 Mar 2020 Interest-bearing	31 Mar 2020 Non-interest bearing	31 Mar 2020 Total
ASSETS						
Intangible non-current assets	–	2,034	**2,034**	–	1,955	**1,955**
Tangible non-current assets	–	102	**102**	–	102	**102**
Right-of-use assets	–	390	**390**	–	455	**455**
Financial non-current assets	5	–	**5**	3	–	**3**
Deferred tax assets	–	91	**91**	–	89	**89**
Total non-current assets	**5**	**2,617**	**2,622**	**3**	**2,601**	**2,604**
Current assets						
Inventories	–	1,129	**1,129**	–	1,077	**1,077**
Tax assets	–	2	**2**	–	26	**26**
Accounts receivable	–	950	**950**	–	855	**855**
Prepaid expenses and accrued income	–	50	**50**	–	52	**52**
Other receivables	–	49	**49**	–	53	**53**
Cash and bank	139	–	**139**	90	–	**90**
Total current assets	**139**	**2,180**	**2,319**	**90**	**2,063**	**2,153**
TOTAL ASSETS	**144**	**4,797**	**4,941**	**93**	**4,664**	**4,757**
LIABILITIES						
Non-current liabilities						
Non-current interest-bearing liabilities	566	–	**566**	510	–	**510**
Non-current lease liabilities	289	–	**289**	352	–	**352**
Provisions for pensions	692	–	**692**	695	–	**695**
Other provisions	–	43	**43**	–	65	**65**
Deferred tax liabilities	–	93	**93**	–	105	**105**
Total non-current liabilities	**1,547**	**136**	**1,683**	**1,557**	**170**	**1,727**
Current liabilities						
Current interest-bearing liabilities	270	–	**270**	274	–	**274**
Current lease liabilities	108	–	**108**	109	–	**109**
Accounts payable	–	609	**609**	–	583	**583**
Tax liabilities	–	46	**46**	–	23	**23**
Other liabilities	–	161	**161**	–	130	**130**
Accrued expenses and deferred income	–	349	**349**	–	268	**268**
Total current liabilities	**378**	**1,165**	**1,543**	**383**	**1,004**	**1,387**
TOTAL LIABILITIES	**1,925**	**1,301**	**3,226**	**1,940**	**1,174**	**3,114**
Interest-bearing net liabilities	**–1,781**			**–1,847**		

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]	56	1,978	**2,034**
Tangible non-current assets[1]	17	85	**102**
Right-of-use assets[1]	115	275	**390**
Financial non-current assets			
Other securities held as non-current assets	–	0	**0**
Other long-term receivables	0	5	**5**
Deferred tax assets	–	91	**91**
Total non-current assets	188	2,434	**2,622**
Current assets			
Inventories	1,129		**1,129**
Tax assets	2		**2**
Accounts receivable	950		**950**
Prepaid expenses and accrued income	50		**50**
Other receivables	49		**49**
Cash and bank	139		**139**
Total current assets	**2,319**		**2,319**
TOTAL ASSETS	**2,507**	**2,434**	**4,941**

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	–	563	3	**566**
Non-current lease liabilities	–	252	37	**289**
Provisions for pensions	24	128	540	**692**
Other provisions	–	43	–	**43**
Deferred tax liabilities	25	41	27	**93**
Total non-current liabilities	**49**	**1,027**	**607**	**1,683**
Current liabilities				
Current interest-bearing liabilities	270			**270**
Current lease liabilities	108			**108**
Accounts payable	609			**609**
Tax liabilities	46			**46**
Other liabilities	161			**161**
Accrued expenses and deferred income	349			**349**
Total current liabilities	**1,543**			**1,543**
TOTAL LIABILITIES	**1,592**	**1,027**	**607**	**3,226**

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

Note 23 cont.

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	2	**2**
Financial non-current assets			
Participations in Group companies	–	704	**704**
Receivables from Group companies	–	1,746	**1,746**
Deferred tax assets	–	1	**1**
Total non-current assets	**0**	**2,453**	**2,453**
Current assets			
Receivables from Group companies	630		**630**
Tax assets	1		**1**
Other receivables	1		**1**
Prepaid expenses and accrued income	3		**3**
Cash and bank	0		**0**
Total current assets	**635**		**635**
TOTAL ASSETS	**635**	**2,453**	**3,088**

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	15	18	**36**
Total provisions	**3**	**15**	**18**	**36**
LIABILITIES				
Non-current liabilities				
Liabilities to credit institutions		560		**560**
Total non-current liabilities		**560**		**560**
Current liabilities				
Liabilities to credit institutions	269			**269**
Accounts payable	1			**1**
Liabilities to Group companies	935			**935**
Other liabilities	11			**11**
Accrued expenses and deferred income	15			**15**
Total current liabilities	**1,231**			**1,231**
TOTAL PROVISIONS AND LIABILITIES	**1,234**	**575**	**18**	**1,827**

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	2020/2021	2019/2020
NOK	726	717
EUR	83	129
USD	–321	–293
TWD	–250	–246
DKK	40	48
PLN	26	44
CNY	–52	–32
GBP	–4	–10
JPY	–7	–18

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 breakdown per currency is not expected to change significantly in the coming years.

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 –5 (4) and Reversed to profit or loss of MSEK –4 (2); 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 2021 were as follows:

MSEK Foreign-exchange contract	Nominal value as of 31 Mar 2021	Nominal value as of 31 Mar 2020
NOK/SEK	217	113
USD/SEK [1]	27	33
EUR/SEK	1	28

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 –9 (3) 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 2020/2021 translated to the average rate for 2019/2020	4,449
Currency translation	
NOK	–106
EUR	–19
Other currencies	–13
Total currency translation	**–138**
Revenue in 2020/2021	**4,311**

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 2020/2021 income statement, the effect on revenue would amount to approximately MSEK 105 (99) and on operating profit to approximately MSEK 8 (7) over a 12-month period, all other things being equal. The largest exposure to revenue is in NOK with MSEK 55 (53) and EUR with MSEK 36 (38).

Note 24 cont.

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

	Average rate		Balance-sheet rate	
Currency	**2020/2021**	**2019/2020**	**31 Mar 2021**	**31 Mar 2020**
DKK	1.395	1.427	1.375	1.485
EUR	10.387	10.658	10.229	11.086
GBP	11.637	12.186	12.010	12.405
NOK	0.966	1.060	1.025	0.960
PLN	2.301	2.465	2.194	2.434
CNY	1.313	1.377	1.329	1.419
TWD	0.308	0.312	0.306	0.330
USD	8.927	9.591	8.721	10.084

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 27 (5) during the year.

The Bergman & Beving Group has no derivatives for hedging equity in foreign subsidiaries as of 31 March 2021 and no translation differences from previous translation of foreign subsidiaries were reversed to profit or loss during the financial year. However, the Group applies hedging via loans in the subsidiaries' currencies to a certain extent.

Net assets in foreign subsidiaries by currency, MSEK:

Currency	**31 Mar 2021**	**31 Mar 2020**
EUR	287	252
NOK	180	142
GBP	55	60
TWD	47	57
DKK	47	13
CNY	32	30
PLN	31	30
BRL	14	16

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 2021, 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 2021. 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 836 (785) as of 31 March 2021. Furthermore, there are financial liabilities leases according to IFRS 16 of MSEK 397 (460).

Overall, the average remaining maturity for the Group's interest-bearing bank loans is 1.6 years (1.0 year). Including financial liabilities leases in accordance with IFRS 16, the remaining maturity in the Group is 1.8 years (1.5 years). The Parent Company's average remaining maturity is 1.6 years (1.0 years). See the tables below.

Group

	31 Mar 2021		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	836	852	402	275	175	–
Interest-bearing financial liabilities leases	397	415	29	87	247	52
Accounts payable and other non-interest-bearing financial liabilities	770	770	770	–	–	–
Total financial liabilities	**2,003**	**2,037**	**1,201**	**362**	**422**	**52**

	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	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**

Note 24 cont.

Parent Company	31 Mar 2021		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	829	844	402	273	169
Liabilities to Group companies (excluding interest)[1]	935	935	935	–	–
Accounts payable and other non-interest-bearing financial liabilities	12	12	12	–	–
Total financial liabilities	**1,776**	**1,791**	**1,349**	**273**	**169**

	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**
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**

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.

	Group	
Financial risk management	**31 Mar 2021**	**31 Mar 2020**
Non-current liabilities[1]		
Bank loans	565	510
Other financial liabilities	1	1
Financial liabilities leases (IFRS 16)	289	351
Total non-current liabilities	**855**	**862**
Current liabilities		
Committed credit facility	269	274
Current portion of bank loans	1	–
Financial liabilities leases (IFRS 16)	108	109
Total current liabilities	**378**	**383**
Total interest-bearing liabilities	**1,233**	**1,245**

					Group		Parent Company	
Bank loans					**31 Mar 2021**	**31 Mar 2020**	**31 Mar 2021**	**31 Mar 2020**
	Currency	**Nominal interest**	**Maturity**	**Nominal value**	**Carrying amount**	**Carrying amount**	**Carrying amount**	**Carrying amount**
Non-current liabilities								
Interest-only bank loan	SEK	1.15%	26 Mar 2024	160	160	410	160	410
Interest-only bank loan	SEK	0.95%	23 Apr 2021	400	400	100	400	100
Other banks loans, assumed upon acquisition				5	5	–	–	–
Total non-current liabilities					**565**	**510**	**560**	**510**
Current liabilities								
Committed credit facility								
Approved credit limit					406	400	400	400
Unutilised portion					–137	–126	–131	–126
Utilised credit amount		**0.74%**			**269**	**274**	**269**	**274**
Other banks loans, assumed upon acquisition					1	–	–	–
Total, loans from credit institutions					**835**	**784**	**829**	**784**

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 809 (301).

Note 24 cont.

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 2021, the Parent Company had access to a committed credit facility of MSEK 400 (400), of which MSEK 131 (126) 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 540 (90). The Parent Company renegotiated the loan structure during the 2020/2021 financial year, with terms applied as of 26 March 2021. The loan commitment is distributed between a revolving credit facility of MSEK 700 and a term loan of MSEK 400, which both extend through 26 March 2024 with the possibility of an extension through March 2026. Current interest rates on the balance-sheet date are presented in the table Bank loans.

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 2021	31 Mar 2020
Financial assets		
Financial assets measured at fair value		
Shares and participations (fair value through profit or loss)	0	0
Derivative hedging instruments	0	15
Financial assets measured at amortised cost		
Long-term receivables	2	2
Accounts receivable	950	855
Other receivables	49	38
Cash and cash equivalents	139	90
Total financial assets	**1,140**	**1,000**
Financial liabilities measured at fair value		
Derivative hedging instruments	–	–
Additional purchase considerations (fair value through profit or loss)	38	50
Financial liabilities measured at amortised cost		
Bank loans	835	784
Accounts payable	609	583
Other liabilities	150	125
Total financial liabilities	**1,632**	**1,542**

Parent Company	31 Mar 2021	31 Mar 2020
Financial assets		
Financial assets measured at fair value		
Derivative hedging instruments	0	15
Financial assets measured at amortised cost		
Receivables from Group companies	2,376	2,292
Other receivables	1	1
Total financial assets	**2,377**	**2,308**
Financial liabilities measured at fair value		
Derivative hedging instruments	–	–
Financial liabilities measured at amortised cost		
Bank loans	829	784
Liabilities to Group companies	935	774
Accounts payable	1	2
Other liabilities	11	1
Total financial liabilities	**1,776**	**1,561**

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.

Note 24 cont.

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

Accounts receivable	Group		Parent Company	
	31 Mar 2021	31 Mar 2020	31 Mar 2021	31 Mar 2020
Accounts receivable	959	870	–	–
Accumulated reserve for expected credit losses	–9	–15	–	–
Accounts receivable, net	**950**	**855**	**–**	**–**
A maturity analysis is presented below				
Maturity analysis				
– not past due	898	791	–	–
– receivables past due by 1–30 days	43	53	–	–
– receivables past due by 31–60 days	5	7	–	–
– receivables past due by 61–90 days	2	0	–	–
– receivables past due by >90 days	11	19	–	–
Total receivables	**959**	**870**	**–**	**–**

Changes in liabilities from financial activities

Group 2020/2021	At the beginning of the year	Change in accounting policies IFRS 16	Cash flow	Acquisitions and divested business	Change in fair value through other comprehensive income	Translation differences	At year-end
Committed credit facility	274	–	107	–112	–	0	269
Liabilities to credit institutions	510	–	56	–	–	0	566
Lease liabilities IFRS 16	460	–	–63	–	–	0	397
Derivatives	0	–	–9	–	9	–	–
Additional purchase considerations	50	–	–32	20	–	–	38
Total liabilities from financing activities	**1,294**	**–**	**59**	**–92**	**9**	**0**	**1,270**

Group 2019/2020	At the beginning of the year	Change in accounting policies IFRS 16	Cash flow	Acquisitions and divested business	Change in fair value through other comprehensive income	Translation differences	At year-end
Committed credit facility	266	–	262	–254	–	0	274
Liabilities to credit institutions	175	–	335	–	–	0	510
Lease liabilities IFRS 16	–	479	–20	–	–	1	460
Derivatives	2	–	4	–	–6	–	0
Additional purchase considerations	3	–	–	47	–	–	50
Total liabilities from financing activities	**446**	**479**	**581**	**–207**	**–6**	**1**	**1,294**

Parent Company 2020/2021	At the beginning of the year	Cash flow	Change in fair value through other comprehensive income	At year-end
Committed credit facility	274	–5	–	269
Liabilities to credit institutions	510	50	–	560
Liabilities to Group companies	774	161	–	935
Derivatives	0	–9	9	–
Total liabilities from financing activities	**1,558**	**197**	**9**	**1,764**

Parent Company 2019/2020	At the beginning of the year	Cash flow	Change in fair value through other comprehensive income	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**

NOTE 25 Leases

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.

	2020/2021				2019/2020			
Group	**Premises**	**Cars**	**Other**	**Total**	**Premises**	**Cars**	**Other**	**Total**
Right-of-use assets								
Additional during the year	31	33	7	**71**	44	28	21	**93**
Depreciation during the year	–73	–29	–12	**–114**	–72	–33	–13	**–118**
At year-end	300	43	47	**390**	362	41	52	**455**

MSEK 18 (38) of the additional right-of-use assets for the year were from acquired companies.

	Group	
Lease liabilities	**2020/2021**	**2019/2020**
Current	108	109
Non-current	289	351
At year-end	**397**	**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	**2020/2021**	**2019/2020**
Depreciation of right-of-use assets	–114	–118
Interest on lease liabilities	–9	–11
Variable lease payments not included in the measurement of lease liability	–1	–2
Revenue from sub-leasing of right-of-use assets	2	3
Costs for short-term or low-value leases	–2	–5

Parent Company	**2020/2021**	**2019/2020**
Non-terminable lease payments amount to:		
Within 1 year	3	3
Between 1 and 5 years	7	10
Later than 5 years	–	–
Total	**10**	**13**
Expensed lease payments for the period		
Assets held through operating leases		
Minimum lease fees	3	5
Total lease costs	**3**	**5**

Refers to costs for assets held through operating leases, such as rented premises, vehicles, other machinery and equipment. Refer also to Note 26 for pledged assets and contingent liabilities

Extension and termination options

Certain leases include extension options that may or may not be exercised. The possibility of extending a lease is only included in the length of the lease if it is reasonable to assume that the lease will be extended. 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 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 2021	**31 Mar 2020**	**31 Mar 2021**	**31 Mar 2020**
Pledged assets				
Real-estate mortgages	3	–	–	–
Corporate mortgages	12	–	–	–
Total pledged assets	**15**	**–**	**–**	**–**
Contingent liabilities				
Guarantees for subsidiaries[1]	–	–	321	321
Guarantees, other	34	27	1	1
Total contingent liabilities	**34**	**27**	**322**	**322**

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 2021	Carrying amount in Group 31 Mar 2020
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**

Specification of the Parent Company's direct and indirect holdings of participations in subsidiaries

	Country	Holding % 31 Mar 2021	Holding % 31 Mar 2020
Arbesko AB	Sweden	100	100
Arbesko Förvaltning AB	Sweden	100	100
Arbesko Skofabrik AB	Sweden	100	100
Arbesko-Fastigheter AB	Sweden	100	100
Arbesko-Gruppen AB	Sweden	100	100
Atricon AB[1]	Sweden	100	–
B & O Vågar AB	Sweden	100	100
Belano Maskin AB	Sweden	100	100
Bergman & Beving Development AB	Sweden	100	100
Bergman & Beving Fastigheter AB	Sweden	100	100
Bergman & Beving Holding AB	Sweden	100	100
Bergman & Beving Invest AB	Sweden	100	100
Bergman & Beving Operations AB	Sweden	100	100
Bergman & Beving Safety AB	Sweden	100	100
BVS Brannvernsystemer AB	Sweden	100	100
Cresto Group AB	Sweden	100	100
ESSVE Produkter AB	Sweden	100	100
ESSVE Sverige AB	Sweden	100	100
FireSeal AB	Sweden	100	100
Germ Aktiebolag[1]	Sweden	100	–
Guide Gloves AB	Sweden	100	100
KGC Verktyg och Maskiner AB	Sweden	100	100
Lidén Weighing AB	Sweden	100	100
Lindahl & Nermark AB	Sweden	100	100
Logistikpartner i Ulricehamn AB	Sweden	100	100
Luna AB	Sweden	100	100
Luna Sverige AB	Sweden	100	100
Millers Beslag AB	Sweden	100	100
Oksebra Trading AB	Sweden	100	100
Skydda i Sverige AB	Sweden	100	100
Systemtext AB	Sweden	100	100
Strömstad Skee 2:1 AB	Sweden	–	100
Tengtools AB	Sweden	100	100
Tengtools International Sweden AB	Sweden	100	100
Uveco AB	Sweden	100	100
Zekler Safety AB	Sweden	75	75
AAK Safety AS	Norway	100	100
BVS Brannvernsystemer AS	Norway	100	100
ESSVE Norge AS	Norway	100	100
Guide Gloves AS	Norway	100	100
JO Safety Norge AS[1]	Norway	100	–
Luna Norge AS	Norway	100	100
SKYDDA Norge AS	Norway	100	100
ESSVE Finland Oy	Finland	100	100
H&H Tuonti Oy	Finland	100	100
Skydda Suomi Oy	Finland	100	100
JO Safety A/S[1]	Denmark	100	–
Skydda Danmark A/S	Denmark	100	100
ESSVE Estonia AS	Estonia	100	100
Luna Group Estonia AS	Estonia	100	100
ESSVE Latvia SIA	Latvia	100	100
Luna Group Latvia SIA	Latvia	100	100
ESSVE Lietuva, UAB	Lithuania	100	100
ESSVE Poland Sp. z o.o.	Poland	100	100
Luna Polska Sp. z o.o.	Poland	100	100
TengTools UK Limited	UK	100	100
T Tools Ireland Limited	Ireland	100	100
Master of Gloves B.V.	Netherlands	51	51
VIP Safety B.V.	Netherlands	100	100
ESSVE Ukraine Llc	Ukraine	100	100
BVS Fireprotection Kft	Hungary	100	100
SAFE TIME, spol. s r.o.[1]	Slovakia	100	–
Bergman & Beving (Shanghai) Co., Ltd	China	100	100
FireSeal Inc.	US	100	100
Oksebra do Brasil Artefatos de Coura Ltda	Brazil	99	99
Teng Tools Australia Pty Ltd[2]	Australia	60	–

1) Company acquired in 2020/2021.
2) Company formed in 2020/2021.

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 Note 1 Significant accounting policies. Of the Parent Company's total untaxed reserves of MSEK 46 (165), MSEK 10 (36) comprises deferred taxes included in the Group's recognised deferred tax liability.

	Parent Company	
Tax allocation reserve	**31 Mar 2021**	**31 Mar 2020**
Allocation 2014/2015	–	27
Allocation 2015/2016	–	67
Allocation 2016/2017	15	40
Allocation 2017/2018	11	11
Allocation 2018/2019	20	20
Total	**46**	**165**

NOTE 30 Acquisitions and disposals of operations

Acquisitions

On 1 December, the Workplace Safety division acquired all shares in JO Safety A/S. JO Safety is a leading supplier of workplace safety signage, information signs and safety markings, with Denmark as the largest market. The acquisition includes the subsidiary JO Safety Norge AS. The company generates annual revenue of approximately MSEK 45 and has 22 employees.

On 4 December, the Building Materials division acquired all shares in Atricon AB. The company has an interesting patent portfolio within lightweight wall mounting. The company generates annual revenue of approximately MSEK 2, consisting primarily of licensing revenue. The company does not have any employees.

On 1 January, the Workplace Safety division acquired all shares in SAFE TIME, spol. s r.o. in Slovakia. SAFE TIME manufactures and sells personal fall protection equipment and installs fall arrest systems, generates approximately MSEK 10 in annual revenue and has 33 employees.

On 1 February, the Tools & Consumables division acquired all shares in Germ AB. Germ develops and manufactures equipment for professional and environmentally friendly handling of lubricants and liquids. The company generates annual revenue of approximately MSEK 35 and has 11 employees.

On 12 February, an agreement was signed to acquire the operations of Mila Aktiebolag to be included in the Tools & Consumables division. Mila develops and manufactures headlamps for demanding conditions, generating approximately MSEK 2 in annual revenue. The acquisition was carried out as an asset deal and closing took place on 1 March.

Bergman & Beving normally uses an acquisition model with a base consideration and a contingent consideration. The outcome of the contingent consideration depends on the future earnings of the acquired company. All acquired units were consolidated from the closing date.

Liabilities for preliminary purchase considerations for acquisitions carried out in the last 12 months have increased by MSEK 17 after remeasurement.

Acquisition analyses older than 12 months are considered finalised. Contingent considerations of MSEK 32 pertaining to previous years' acquisitions were paid. Remeasurement of contingent considerations had a positive effect of MSEK 2 (–) on the period. The effect on earnings is recognised in Other operating income or Other operating expenses, respectively.

The total purchase price allocation for the year's acquisitions:

Group

Acquisition of subsidiaries and other business units	2020/2021	2019/2020
Acquired assets		
Customer relations, etc.	40	98
Other non-current assets	9	8
Inventories	14	53
Other current assets	15	62
Cash and cash equivalents	9	11
Total assets	**87**	**232**
Acquired provisions and liabilities		
Deferred tax liability	–8	–20
Current operating liabilities	–15	–51
Total provisions and liabilities	**–23**	**–71**
Acquired net assets	**64**	**161**
Goodwill	30	101
Total acquired	**94**	**262**
Purchase consideration	94	262
Less: Purchase consideration, unpaid	–5	–44
Less: Cash and cash equivalents in acquired companies	–9	11
Net change in cash and cash equivalents	**–80**	**–207**

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 0.

Unpaid purchase consideration is not contingent and will be paid. No significant divestments took place during the year.

NOTE 31 Events after the balance-sheet date

On 1 April 2021, the Workplace Safety division acquired the UK company group Abtech. The company supplies personal fall protection and rescue equipment as well as advanced training and courses for the industrial sector and rescue specialists. The company generates annual revenue of approximately MGBP 3.7.

On 6 April 2021, the Tools & Consumables division acquired the Norwegian company H. M. Albretsen Verktøysikring AS. The company develops and manufactures products and solutions in tool fall protection and generates annual revenue of approximately MNOK 20.

On 1 May 2021, Magnus Söderlind took office as the new President and CEO of Bergman & Beving AB.

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 judgements 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.

Judgements are made to determine both current and deferred tax liabilities/tax assets, particularly with respect to the value of deferred tax assets. Judgements 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 Aktiebolag, Corporate Registration Number 556034-8590, is a Swedish limited liability company with its registered office in Stockholm, Sweden. The Company is a public limited liability company (publ) and the Parent Company's Class B shares are registered on the Mid Cap list of Nasdaq Stockholm, Sweden. Contact information for the head office:

Bergman & Beving AB
P.O. Box 10024
SE-100 55 Stockholm, Sweden
Visiting address: Cardellgatan 1, Stockholm
Telephone: +46 10 454 77 00
E-mail: info@bb.se
Website: www.bergmanbeving.com

The consolidated financial statements for the 2020/2021 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 1,046,532 thousand
Net profit	SEK 25,300 thousand
	SEK 1,071,832 thousand

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

Dividend to shareholders, SEK 3.00 per share	SEK 79,520 thousand[1]
To be brought forward	SEK 992,312 thousand
	SEK 1,071,832 thousand

According to the Board's assessment, the proposed dividend is justifiable in relation to the demands placed on the Group's equity due to the Group's operations, scope and risks, and in relation to the Group's consolidation requirements, liquidity and position in other respects.

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 31 August 2021.

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 2021

Jörgen Wigh
Chairman

Fredrik Börjesson
Director

Charlotte Hansson
Director

Henrik Hedelius
Director

Malin Nordesjö
Director

Lillemor Backström
Director – employee representative

Anette Swanemar
Director – employee representative

Magnus Söderlind
President & CEO

Our auditor's report was submitted on 30 June 2021
KPMG AB

Håkan Olsson Reising
Authorised Public Accountant

1) Calculated based on the number of shares as of 31 March 2021, and with due consideration for the 929,677 repurchased Class B shares held in treasury.

Auditor's 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 2020-04-01—2021-03-31, except for the corporate governance statement on pages 45–49. The annual accounts and consolidated accounts of the company are included on pages 42–95 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 2021 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 March 2021 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 45–49. 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 accounting principles on pages 65–66 in the annual account and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

The carrying value of goodwill is 1,609 MSEK as at 31 March 2021, which represents approximately 33 percent of total assets. 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 impairment test as required by IFRS is to be performed in accordance with a technique whereby the Group must consider forecasted internal and external assumptions and plans. Examples of such judgments are future cash flows and the discount rate to be used considering that estimated future payments are subject to risk.

Response in the audit

We have obtained and assessed the Group's impairment tests to ascertain whether they are carried out in accordance with the techniques prescribed by IFRS.

In addition, we have assessed the reasonableness of future cash flows and the discount rate by obtaining and evaluating the Group's forecasts and other documented plans. We have also performed retrospective reviews over prior period estimates compared with actual results.

Another important part of our work has been to look at the Group's sensitivity analysis of their own assessment to evaluate how changes in assumptions may affect the valuation.

We have reviewed the Annual Report disclosures and assessed whether the disclosures are in line with the assumptions used by management in their valuation 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 1–23, 38–41 and 100–108. The other information comprises also of the remuneration report, which we obtained prior to the date of this auditor's report. 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, measures that have been taken to eliminate the threats or 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 2020-04-01—2021-03-31 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 the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess 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 45–49 has been prepared in accordance with the Annual Accounts Act.

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

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

KPMG AB, Box 382, 101 27, Stockholm, was appointed auditor of Bergman & Beving AB (publ) by the general meeting of the shareholders on the 26 August 2020. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 1998.

Stockholm 30 June 2021

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 2020-04-01—2021-03-31 on pages 24–37 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 T*he 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 30 June 2021

KPMG AB

Håkan Olsson Reising
Authorized Public Accountant

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 & Company 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: 100,000 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: 57,850 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.

Charlotte Hansson

Director since 2020.

Born: 1962.

Education: M.Sc. in biochemistry from the University of Copenhagen, Market & Economics, IHM (Institute for Higher Market Education).

Other board assignments: Chairman of Orio AB and Link Top Holding A/S. Director of DistIT AB, Green Cargo AB, Probi AB, Senergia Nordic AB and Stena Trade & Industry AB.

Work experience: President & CEO of MTD Morgontidig Distribution i Sverige AB and CEO of Jetpak Sweden. Senior positions at Jetpak, ASG/Danzas, Carl Zeiss and Beckman Coulter.

Dependency conditions: Independent in relation to the Company and senior management. Independent in relation to the Company's major shareholders.

Shares owned: –

Henrik Hedelius

Director since 2015.

Born: 1966.

Education: M.Sc. Econ.

Other board assignments: Director of Addtech AB, Service and Care AB and The Cloud Factory AB.

Work experience: Senior positions at United Bankers LTD, 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).

Note: Information on the Board of Directors' holdings of shares pertains to circumstances as of 31 March 2021.

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: 58,800 Class B shares (with family) as well as 497,192 Class A shares and 2,160,000 Class B shares via Tisenhult-gruppen AB.

Lillemor Backström

Director since 2006.
Employee representative.

Born: 1954.

Customer administrator at Luna AB.

Shares owned: –

Anette Swanemar

Director since 2010.
Employee representative.

Born: 1959.

Purchase Planning Coordinator at Guide Gloves AB.

Shares owned: –

Auditors KPMG AB

Håkan Olsson Reising
Authorised Public Accountant.
Stockholm, born 1961.
Håkan Olsson Reising has been Bergman & Beving AB's Auditor in Charge since 2019.

Group management

Pontus Boman

Executive Vice President and Head of the Building Materials Division. Employee of the Group since 2007.

Born: 1971.

Education: M.Sc. Eng.

Work experience: President & CEO of Bergman & Beving. CEO of ESSVE. Senior positions at Bergman & Beving, Accenture and Boston Consulting Group (BCG).

Shares owned: 81,645 Class B shares (own holding).

Call options: 135,600.

Magnus Söderlind

President & CEO.
Employee of the Group since 2021.

Born: 1966.

Education: M.Sc. Eng. and M.Sc. Econ.

Work experience: Executive Vice President of Lagercrantz Group AB and Protect Data AB.
CEO of Silicon Graphics AB and Siemens Business Services AB.
Management Consultant at McKinsey & Company.
Senior positions in the Unilever Group.

Shares owned: 100,000 Class B shares (own holding).

Call options: –

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 and Alstom.

Shares owned: 11,550 Class B shares (own holding).

Call options: 82,500.

Financial Performance in Summary

EARNINGS INFORMATION, MSEK	2020/2021	2019/2020	2018/2019	2017/2018[1]	2016/2017[1]
Revenue	4,311	4,060	3,945	3,833	3,834
Shares of profit in associated companies	–	–	–	–	–
Other operating income	15	27	11	3	0
Total operating income	**4,326**	**4,087**	**3,956**	**3,836**	**3,834**
Operating expenses, excluding non-recurring items	–4,079	–3,898	–3,720	–3,620	–3,576
of which, depreciation/amortisation and impairment losses	–179	–164	–31	–25	–17
Operating profit, excluding non-recurring items	247	189	236	216	258
Non-recurring items	–	–	–	–	–
Operating profit, including non-recurring items	247	189	236	216	258
Financial income and expenses	–35	–34	–20	–24	–5
Profit after financial items	212	155	216	192	253
Taxes	–46	–39	–47	–34	–58
Net profit, before profit from discontinued operations	166	116	169	158	195
Profit from discontinued operations, net after taxes	–	–	–	1,091	42
Net profit	**166**	**116**	**169**	**1,249**	**237**
Of which, attributable to:					
Parent Company shareholders	164	116	169	1,249	237
Non-controlling interest	2	0	–	–	–

BALANCE INFORMATION, MSEK	2020/2021	2019/2020	2018/2019	2017/2018[1]	2016/2017[1]
Intangible non-current assets	2,034	1,955	1,681	1,569	2,023
Tangible non-current assets	102	102	99	88	112
Right-of-use assets	390	455	–	–	–
Financial non-current assets	96	92	82	83	121
Inventories	1,129	1,077	942	879	1,595
Current receivables	1,051	986	961	947	1,656
Cash and cash equivalents	139	90	85	67	63
Total assets	**4,941**	**4,757**	**3,850**	**3,633**	**5,570**
Equity attributable to Parent Company shareholders	1,701	1,631	1,657	1,559	2,724
Non-controlling interest	14	12	–	–	–
Total equity	**1,715**	**1,643**	**1,657**	**1,559**	**2,724**
Interest-bearing liabilities	1,925	1,940	1,087	1,060	905
Non-interest-bearing liabilities and provisions	1,301	1,174	1,106	1,014	1,941
Total equity and liabilities	**4,941**	**4,757**	**3,850**	**3,633**	**5,570**
Capital employed	3,640	3,583	2,744	2,619	3,629
Operational net loan liability	–697	–695	–356	–370	–260

1) 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.
2) The share price relates to the price prior to separate listing of Momentum Group. The separate listing took place on 21 June 2017.
3) As proposed by the Board of Directors.

KEY FINANCIAL RATIOS	2020/2021	2019/2020	2018/2019	2017/2018[1]	2016/2017[1]
Operating margin, %	5.7	4.7	6.0	5.6	6.7
Profit margin, %	4.9	3.8	5.5	5.0	6.6
Return on total capital, %	5	4	7	6	5
Return on capital employed, %	7	6	9	8	8
Return on equity, %	10	7	11	9	7
Ditto, excluding non-recurring items, %	10	7	11	9	7
Return on equity after dilution, %	10	7	11	9	8
Equity/assets ratio, %	35	35	43	43	49
Other data					
No. of employees at the end of the period	1,129	1,083	1,031	1,028	2,638
Average no. of employees	1,079	1,085	1,028	1,458	2,641
Cash flow from operating activities, MSEK	383	222	258	109	406
Per-share data					
Earnings, SEK	6.15	4.30	6.25	5.70	6.95
Earnings after dilution, SEK	6.15	4.30	6.25	5.70	6.90
Cash flow from operating activities, SEK	14.40	8.25	9.60	3.90	14.45
Cash flow from operating activities, after dilution, SEK	14.40	8.25	9.60	3.90	14.40
Equity, SEK	64.40	61.10	61.35	56.10	96.80
Equity after dilution, SEK	64.40	61.10	61.35	56.15	96.80
Share price at 31 March, SEK	121.40	50.30	106.60	84.70	192.00[2]
Dividend, SEK	3.00[3]	1.50	3.00	2.50	5.00
Other share-related data					
Share price/equity, %	189	82	174	151	198
Share price/equity after dilution, %	189	82	174	151	198
P/E ratio, multiple	19	12	17	15	28
P/E ratio after dilution, multiple	19	12	17	15	28
Dividend yield, %	2.5[3]	3.0	2.8	3.0	2.6

1) 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.
2) The share price relates to the price prior to separate listing of Momentum Group. The separate listing took place on 21 June 2017.
3) As proposed by the Board of Directors.

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. Acquisitions/divestments refer to the acquisition or divestment of units during the corresponding period.

Percentage change in revenue for:	2020/2021	2019/2020
Comparable units in local currency	5	–3
Currency effects	–3	0
Acquisitions/divestments	4	6
Total – change	6	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	2020/2021	2019/2020
EBITA	271	208
Depreciation and amortisation in connection with acquisitions	–24	–19
Operating profit	**247**	**189**

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.

MSEK	2020/2021	2019/2020
EBITA (P)	**271**	**208**
Average working capital (WC)		
Inventories	1,072	1,030
Accounts receivable	801	764
Accounts payable	–528	–527
Total – average WC	**1,345**	**1,267**
P/WC, %	**20**	**16**

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 divided by the weighted 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
stated in the Notes refer to MSEK (SEK million) unless otherwise stated.

Bergman & Beving 2020/2021
Production: Bergman & Beving AB in partnership with Spotlight PR and Vero Kommunikation
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