

BEWI

for a better everyday



Annual report
2020
BEWI ASA

Protecting people and goods for a better everyday

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



Contents

| | |
|---|---------|
| BEWI at a glance | 4-5 |
| Comments from the CEO | 6-7 |
| End-markets | 8 |
| Mission and vision | 9 |
| Global trends | 10-11 |
| Long-term value creation | 12-13 |
| Strategic priorities | 14-21 |
| Business areas | 22-27 |
| BEWI's materials | 28-29 |
| Sustainability report | 30-55 |
| Risk management | 56-58 |
| Corporate governance | 59-63 |
| Statement on remuneration of executive management | 64-65 |
| Board of Directors | 66 |
| Executive Management | 67 |
| Board of Directors' report | 68-74 |
| Statement by the Board of Directors and CEO | 75 |
| Financial statements | 76-129 |
| Auditor's report | 130-132 |
| Reconciliation alternative performance measures | 133 |
| Definitions and Glossary | 134 |

BEWI at a glance

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

OUR VISION

Protecting people and goods for a better everyday

OUR STRATEGIC PRIORITIES

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

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

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

BEWI IN KEY FIGURES

| | | | | | |
|---|---|---|--|---|---|
|  | 463 EURm net sales ¹⁾ |  | 38 facilities |  | 200 kt annual EPS production capacity |
|  | 20 kt run-rate recycling capacity |  | ~10 EURm invested in recycling |  | >50% M&A CAGR ²⁾ |
|  | 8 recycling facilities |  | 19 M&As since 2014 |  | 4 Circular M&A-deals |

1) 2020 financials for BEWI ASA.

2) Revenue growth between 2014 and 2020.

Operating through three core segments

RAW



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

Net sales 2020
EUR 191.2 million



Adj. EBITDA 2020
EUR 9.4 million



Packaging & Components



Manufacturing standard and customised packaging solutions for many industrial sectors.

Net sales 2020
EUR 179.9 million



Adj. EBITDA 2020
EUR 34.1 million



Insulation



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

Net sales 2020
EUR 146.6 million

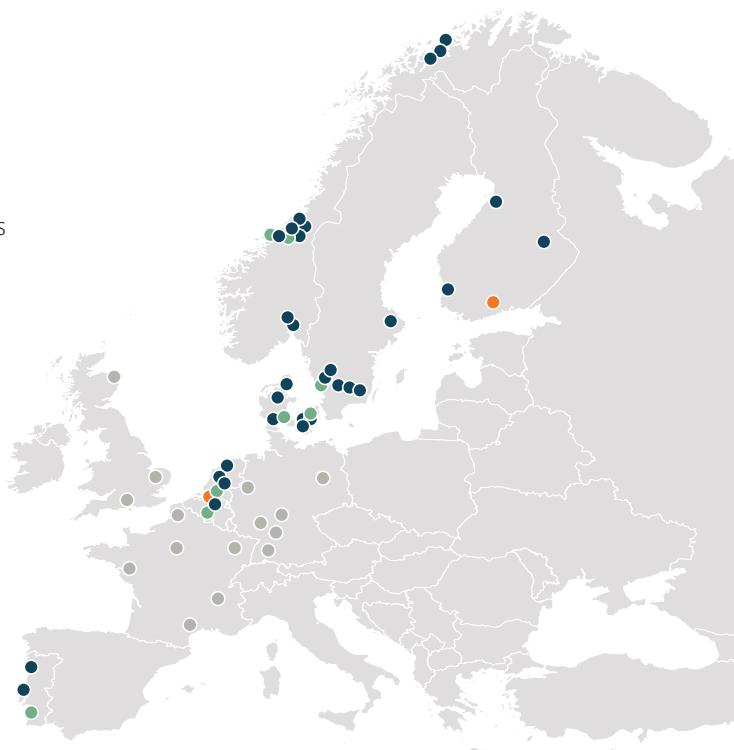


Adj. EBITDA 2020
EUR 26.5 million



OUR EUROPEAN FOOTPRINT

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





Christian Bekken, CEO BEWI ASA

Delivering solid operational performance and continued profitable growth

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

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

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

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

Sustainability at the core of our business

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

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

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

become circular in terms of taking back the same amount as we produce.

Growth and acquisitions

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

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

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

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

Building for the future

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

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

BEWI serves a wide range of end markets

Food

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

Pharmaceutical

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

Automotive

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

Hobby & Leisure

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

Residential housing

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

Thermal insulation

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



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

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



Mission and vision

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

VISION

Protecting people and goods for a better everyday

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

MISSION

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

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

CODE OF CONDUCT

BEWI's Code of Conduct describes how BEWI does business – ethically and in compliance with the law. Doing

business under the Code of Conduct builds confidence among our customers and in society, which enables our success in the business. The Code of Conduct has been developed to be a practical tool and is to be applied by all employees in the BEWI group. Integrity, trust and respect is the foundation of the Code.

Values

Responsible

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

Proud

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

Stable

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

Care for quality

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

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



Global trends

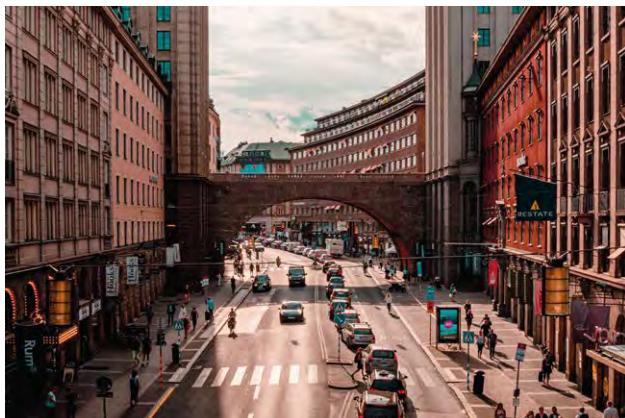


Sustainable production and consumption

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

Globalization and digitalization

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



Urbanization

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

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

Climate change

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

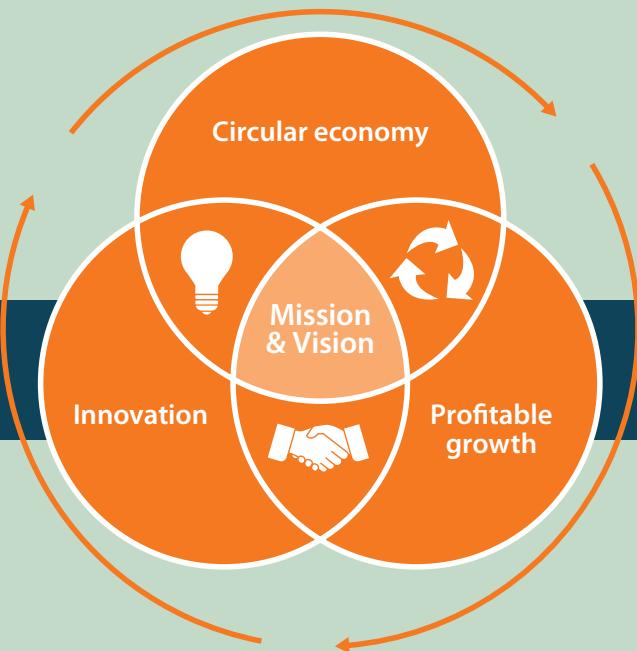
Long-term value creation

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

ASSETS

- 1,438 employees
- Competence and years of industry experience in materials and markets
- Long-term customer relationships
- Investments in research and development
- Established brands
- Presence in 7 countries
- 38 facilities

STRATEGIC PRIORITIES



The foundation of the operations

BEWI's most important assets are its years of industry experience and its 1,438 employees. BEWI started in 1980 as a family company with strong, clearly defined values. After more than 40 years of organic growth and acquisitions, the same values and strong corporate culture still permeate operations. Long-term ownership provides the space to focus on sustainable, profitable growth through investments in innovation and business combinations.

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

How BEWI creates value

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

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



VALUES CREATED

Values created for essential stakeholder groups

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

For customers

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

For employees

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

For society

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

For suppliers

- Professional partnerships
- Partnering in sustainable developments

Strategic priorities





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

Strategic priority

A circular economy

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



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

Our circular value chain

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

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

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

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

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

Closing the loop in Denmark

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



Strategic priority

Profitable growth

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

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

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

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

Acquisitions and new establishments in 2020

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

A new insulation facility in Norrköping, Sweden

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

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

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

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

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

A long-term agreement with SalMar

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

BEWI Drift Holding (BDH) in Norway

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

Norrköping

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



Strategic priority

Innovation

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

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

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

Material innovation

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

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

Examples of BEWI's disruptive material innovations:

RAW RE (Recycled Raw material EPS)

BEWI is the first supplier in Europe to offer 100 per cent recycled raw EPS material. This means that the loop for EPS can be closed, with a reduction in waste and environmental impact as a result. The material is manufactured at BEWI's facilities in Porvoo, Finland and Etten-Leur Nether-

lands. The first commercial deliveries of the new material to several select customers took place early 2020.

BioFoam – the first biodegradable particle foam

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

XIRE – fire-proof insulation

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

Packaging & components

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

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

Insulation and construction products

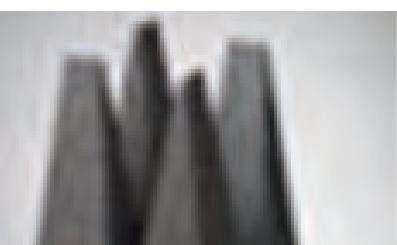
BEWI is continuously developing improved insulation and construction solutions in close collaboration with customers and end users. The group's strong R&D team in Netherlands has been the forerunner for innovations for the construction market and will lead the way for other countries in efficient and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



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



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



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

Recycled Inside

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

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



Business areas





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



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

Offering

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

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

Production

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

Operations 2020

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

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

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

Packaging & Components



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

Offering

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

Examples of end markets

Fish farming industry

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

Automotive and engineering industry

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

Online commerce

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

Pharmaceutical industry

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

Production

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

Operations 2020

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

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

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

Insulation



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

Offering

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

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

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

To a great extent, insulation markets are local. The degree of product specialization varies greatly among

different countries and markets. Around 70 per cent of the insulation material is used for new construction and the remainder for renovations. BEWI's largest market is the Benelux region.

Production

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

Operations 2020

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

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

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



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

Offering

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

Production

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

Operations 2020

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

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

BEWI's materials

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

EPS

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

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

EPP

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

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

PE

Polyethylene is a thermoplastic used in products such as food containers, packaging, and toys. PE can be treated both to soft and hard products, depending on the density of the material and are divided into; low density PE

(LDPE) used in for example plastics films and high density PE (HDPE) used in e.g., storage containers for food and chemicals. PE is the plastics that have the largest globally volumes annually.

XPS

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

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

Cardboard/Paper

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

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



Plastic the best raw material for new plastic

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

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

Recycling requirements

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

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

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

Sustainability Report

A circular economy and an inclusive society



Interview with our Director of sustainability

Sustainability, opportunities, and challenges

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



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

HOW HAS BEWI WORKED TO MEET REQUIREMENTS REGARDING SUSTAINABILITY?

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

initiatives to raise awareness and knowledge about EPS as a recyclable resource, such as the Use-ReUse initiative.

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

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

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

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

Camilla Louise Bjerkli
Director of sustainability

Selected sustainability highlights 2020

RECYCLED EPS MEANS LESS EMISSIONS

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



NEW DIRECTOR OF SUSTAINABILITY

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



ACQUISITION OF DUTCH RECYCLING COMPANY

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



GREENFIELD STARTUP IN PORTUGAL

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



CLOSING THE LOOP IN DENMARK

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

FINALISTS IN SWEDISH RECYCLING AWARDS 2020

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

Our products – enabling sustainable production and consumption

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



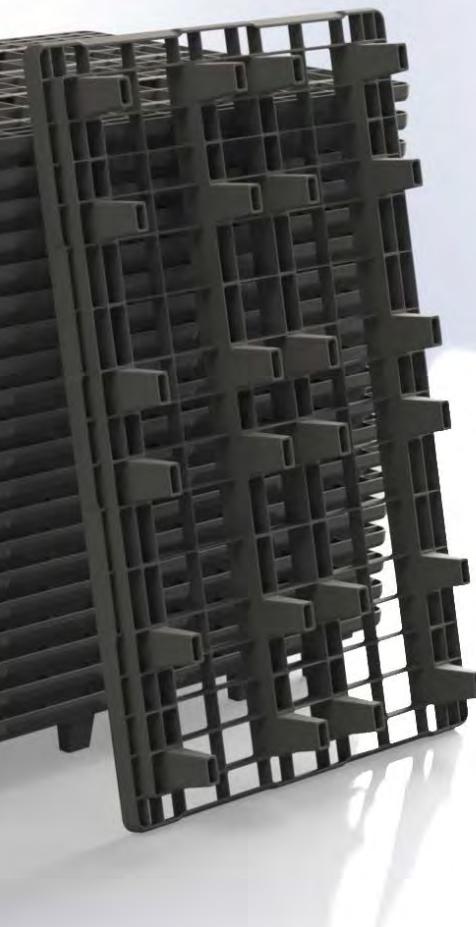
Selected examples of sustainable solutions

FIRST ROOF SYSTEM FOR SOLAR PANELS

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

REDUCED INBOUND SHIPPING COSTS AND CO2 FOOTPRINT

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



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

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

GREEN VAPOR BARRIER OF RENEWABLE RAW MATERIALS

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

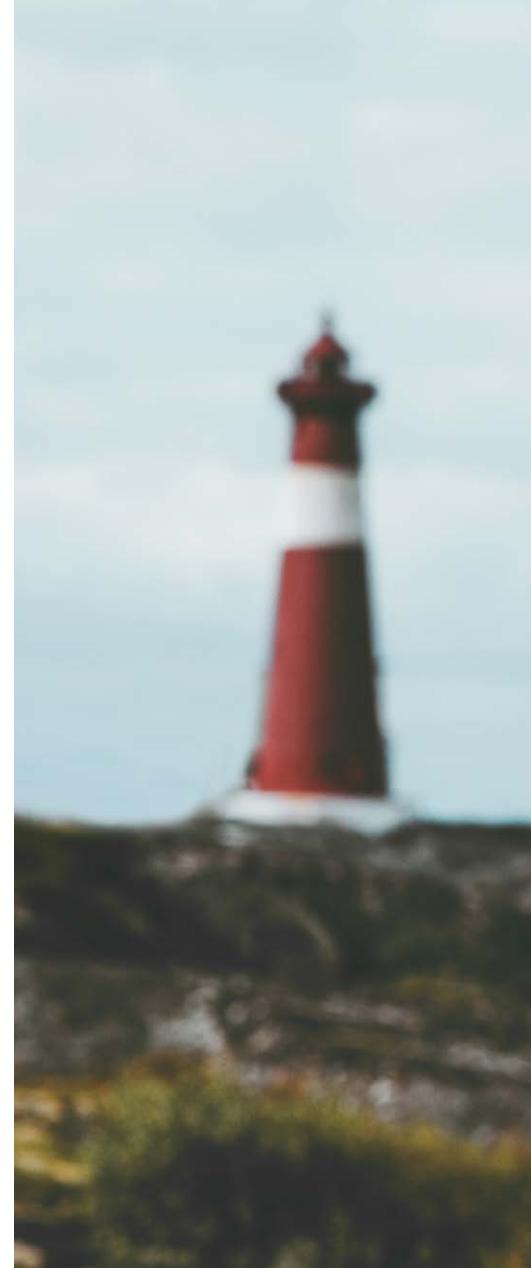


Sustainability in BEWI

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

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

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



Short history – a brief summary of the milestones

2009:

BioFoam

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

2018:

BEWI Circular

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

2019:

Loza Foundation

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

2015:

Varberg for life

Varberg for life project, providing job opportunities for refugees

2019:

Use-ReUse

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

2019:

Cooperation with employment service

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



2019:

Operation Clean Sweep

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

2019:

Recycled Inside

Launch of world's first 100% recycled EPS

2020:

BEWI Business school

Establishment of BEWI Business school, for internal professional development

2020:

European plastic pact

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

2020:

Talent program

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

BEWI's sustainability strategy

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

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

Our strategic approach to sustainability is based on three pillars:



Becoming circular

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

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

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

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

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

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

By 2030 we are committed to:

Lean

Lean

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

Keep

Keep

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

Close

Close

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

Actively engage in partnerships

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

A transition towards a circular economy requires a systematic shift, and fundamentally rethinking the way we produce, use and reuse products. It requires collective actions across the value chain, governments, and civil society. We need to build a coalition for action that is both diverse and inclusive. BEWI believes that a diverse community

of businesses, governments, and academics together can increase the capacity and capability, improving the global ecological conditions. Such partnerships will enable actions towards reaching the Paris agreement, and to build the necessary infrastructure and alliances to collect, retrieve and share circular knowledge on a global level.

By 2030 we are committed to:

Enhance policies and industry standards for circular solutions

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

Increase knowledge and innovation to enable circular solutions

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

Team up to create joint value

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

Contribute to an inclusive society

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

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

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

By 2030 we are committed to:

Be a responsible employer

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

Be a responsible partner

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

Be a responsible neighbour

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

A summary of BEWI's commitments

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

Interview with Ville Nurminen R&D Director

How do RAW work with sustainability?

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



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

WHAT NEEDS TO BE DONE TO MAKE BEWI'S PRODUCTION MORE SUSTAINABLE?

Our main impact comes from the use of fossil based raw materials (styrene). To improve sustainability, we need to increase the content of recycled materials in our production. The main challenge today is to ensure large enough volumes of recycled raw materials and to improve the quality, so that our production units can ensure a high quality of their products.

WHAT ARE THE CHALLENGES AHEAD TO FURTHER IMPROVE BEWI'S CIRCULAR VISION?

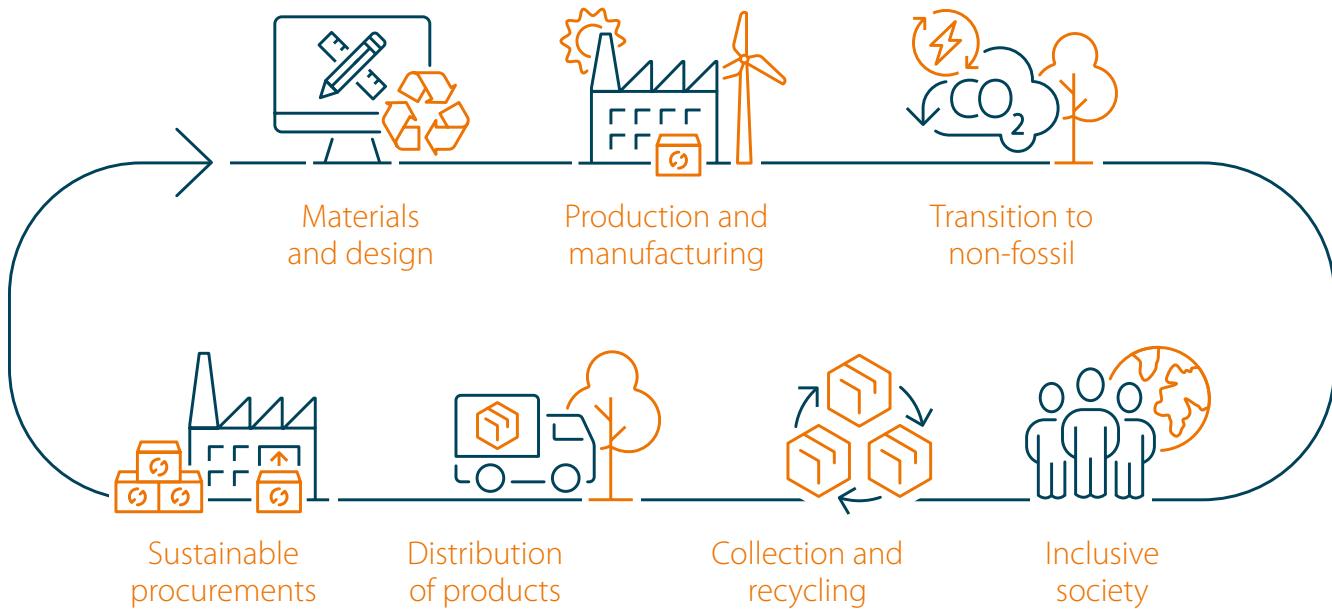
There are enough materials on the market, but still large volumes are not sorted for collection. Our biggest challenge will be to increase the sorting and to ensure a high quality of the raw materials. The demand for products with recycled content is increasing and we expect it to further increase in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

WHAT HAS BEEN THE BIGGEST SUCCESS IN YOUR WORK THE LAST YEARS WHEN IT COMES TO SUSTAINABILITY?

We started our extruder in Porvoo in Finland in 2017 and through a joint venture with Remondis in Poland we started to collect and recycle used fish boxes. We have had a hard time making it profitable, but in 2020 we managed to recycle 2,500 tonnes of fish boxes and achieve profitability.

Sustainability through our value chain

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



Materials and design

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

Production and manufacturing

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

Transition to non-fossil

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

Inclusive society

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

Collection and recycling

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

Distribution of products

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

Sustainable procurements

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

Selected examples from our value chain



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



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



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



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

Interview with Henrik Ekvall, Managing Director of BEWI Circular

BEWI Circular is leading the way towards a circular economy



HOW HAS THE LAST YEAR BEEN FOR BEWI CIRCULAR?

The last year has been an intensive year, where we have reached many important milestones. The group has completed several strategic acquisitions, crucial to us in reaching our ambition of becoming circular.

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

IS THERE ENOUGH RAW MATERIALS ON THE MARKET?

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

CAN YOU SAY SOMETHING ABOUT THE MOST IMPORTANT PROGRESS FOR BEWI CIRCULAR IN 2020?

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

WHAT ARE THE MAIN CHALLENGES AHEAD?

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

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



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

An engaged and empowered value chain

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

CODE OF CONDUCT

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

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

Treat employees with openness and consideration

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

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

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

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

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

Health and safety at work

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

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

Relationships with customers, suppliers, and society

Ensuring Human rights

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

Sustainability in the supply chain

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

Enable people to return to the job market

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

CONDUCT BUSINESS RESPONSIBLY

Anti-Corruption

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

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

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

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



How we work with the UN sustainable development goals

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

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

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



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

8 DECENT WORK AND ECONOMIC GROWTH



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

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



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

13 CLIMATE ACTION



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

17 PARTNERSHIPS FOR THE GOALS



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

Key partnerships

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

EUMEPS

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



European Plastic Pact

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

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



PolyStyreneLoop

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



Team BEWI bikes for sustainability

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



Hold Norge/Sverige/Danmark Rent

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



Operation Clean Sweep

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



Sustainability and transparency

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

Sustainable culture

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

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

Sustainable governance

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

Mapping environmental data

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

GRI reporting

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

BEWI
a better everyday

BEWI
for a better everyday

VOLVO

G0830



Risks and risk management

BEWI ASA is a Norwegian public limited company listed on the Oslo Børs (Oslo Stock Exchange). The company is subject to the Norwegian Accounting Act, whereas section 3-3 sets out the required content of the company's annual financial statements, including a description of the company's major risks and uncertainty factors. The governance of BEWI is based on the company's articles of association, applicable laws and regulations as well as internal steering documents. BEWI defines risk as something that could negatively impact its effectiveness. Though risk is a natural

part of business operations, it can be managed, and it is the responsibility of group management to ensure that risks are identified and managed. BEWI's overall objective of risk management is to ensure a systematic method for identifying risks and for ensuring their management at an early stage. Moreover, the objective is to make risk management a natural part of daily operations by creating a culture of awareness in all employees, and knowledge of how to manage risks to achieve the company's business objectives.

OPERATIONAL RISKS



Market and forecasts

Demand for BEWI's products is governed by the construction market conditions and market conditions in general.

The risk of a recession in one or more of BEWI's end markets is balanced by the company having a healthy distribution of its customers in various markets (e.g. construction, food, medical and automotive) and in various geographical regions.

BEWI has a detailed forecasting process, to be able to adapt and adjust the group's capacity to the demands of the market so as to pursue its operations profitably and remain competitive.

This is done by monitoring market trends and cultivating close relationships with customers to increase knowledge of their forecasts and expectations. BEWI also obtains information on changes in the market through relevant memberships in European industry organizations.

Customers and competition

BEWI's operations are conducted in competitive industries.

Using product development, improved production methods and accessibility as well as offering competitive prices, BEWI's competitors can get customers to choose their products.

BEWI's customer relations are marked by a long-term perspective in which shared development work for customized design, adaptation to customers' production processes and a functional storage and logistics flow as well are in focus.

BEWI conducts development work that will create and add value through the development of new materials, applications, and design. The goal is a continuously relevant and sustainable product portfolio.

With a focus on all costs in the production and distribution chain, BEWI strives to be the most cost-effective collaborating partner for its customers. BEWI invests in, and continuously reviews its internal processes to be as cost-effective as possible at all stages.

Geographical proximity to customers yields better accessibility and lower distribution costs.

Raw materials prices and purchasing

Styrene is a crucial raw material to BEWI. Volatility in styrene prices is a risk factor.

Supply and demand govern prices on the world market. Raw material is traded on the global market, and price changes in most cases also affect BEWI's competitors so that desirable margins (GAP) can be maintained.

To fend off price volatility, BEWI works with several suppliers, contract models, purchasing strategies and individually tailored customer agreements throughout the whole value chain.

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

LEGAL RISKS

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



Environment

There is a risk that BEWI's operations can have an environmental impact on the air, the soil, or the water.

To ensure the observance of various laws and regulations from government authorities as well as the group itself, all the operational units conduct a risk assessment to identify the risk of unforeseen, undesirable events or accidents that can have a consequence for the external environment. All production units systematically work to reduce these risks and shall be certified under ISO 9001 and 14001, which includes the implementation of a number of processes to identify, monitor, measure, analyze and register environmental risks to the environment. The results of these activities are the basis for the work to address and evaluate possible mitigation measures to improve routines and reduce the company's environmental impact.

Climate change

Climate risk has come in as a significant aspect for BEWI.

Climate change and climate policies are very important premises for the business community. Therefore, it is increasingly important for BEWI to map and report how we are exposed to climate risk and how BEWI will handle the various consequences such changes may have for the company. BEWI will in the coming years conduct a climate risk assessment on a regular basis to ensure that our climate risk management is in line with the Task Force on Climate-related Financial Disclosures (TCFD).

Health and safety

There is a risk for accidents and injuries in BEWI's operation.

As an employer BEWI conducts risk assessments of the conditions that may involve a risk of the health damage to employees and implement measures to remove or reduce risk factors as far as possible. BEWI has a zero vision when it comes to health and safety and all production units are ISO 9001 certified. BEWI works preventively and systematically to prevent health ailments, injuries and near misses and are continuously working to follow-up performance through regular measurements and evaluations. All deviations, incidents and near miss are reported and is the basis for continuous improvements.

Moreover, risk assessments are used as a basis for which hazards, requiring a special attention. BEWI actively works to find green substitutes and to consider whether processes and resources can be changed to improve the company's HSE profile. Moreover, BEWI offers training with active participation of employees to establish good routines to prevent employees against incidents at work with possible hazards. Employees are familiar with the requirements and have been introduced to BEWI's HSE policies and shall comply with internal safety rules and instructions.

Employees

Attracting skilled personnel and retaining key individuals is of crucial significance for BEWI's success.

BEWI manages the risk of being unable to recruit qualified labor power by striving for a good work environment and internal competence development, as well as taking responsibility for training new employees with potential. BEWI has a group staff function for HR, including an HR Director responsible for company culture, values and processes to secure management development and succession planning.

Human rights

There is a risk that employees are discriminated against and that labor legislation is not complied with.

In BEWI's case, the risk of human rights violations is greatest in the supplier chain. To counteract this, in 2017 BEWI started a process that involves all suppliers having a code of conduct, and that suppliers will be audited.

The group minimizes this risk by, for example, procuring transports from certified shipping agents.

Unethical behavior

With 1,371 employees in several European countries, there is a risk that some of the employees are involved in unethical behavior such as bribes, corruption, or fraud.

BEWI's Code of Conduct makes it clear that unethical behavior is unacceptable. Routines have been well established so that authorization of costs and payments, selection of suppliers and approval of new employment cannot be done by a single individual. Decisions have been taken on a digital training program that will raise employee awareness and train them in risks of corruption. In addition, a whistle-blower function has been set up. The function is applicable for all sections of the Code of Conduct.

Corporate governance in BEWI ASA

BEWI aims to maintain a high standard of corporate governance. Good corporate governance strengthens the confidence in the company and contributes to long-term value creation by regulating the division of roles and responsibilities between shareholders, the board of directors and executive management.

Corporate governance at BEWI shall be based on the following main principles:

- All shareholders shall be treated equally
- BEWI shall maintain open, honest, relevant, and reliable communication with its stakeholders about the company's activities
- BEWI's board of directors shall be autonomous and independent of the company's management
- BEWI shall have a clear division of roles and responsibilities between shareholders, the board and management

1. IMPLEMENTATION AND REPORTING ON CORPORATE GOVERNANCE

Compliance and regulations

The board of directors (the board) of BEWI ASA (the company) has the overall responsibility for ensuring that the company has a high standard of corporate governance. The board adopted corporate governance principles for company on 21 September 2020. In addition, the board has prepared two comprehensive policy documents related to corporate governance: (1) Policy on handling of inside information and other disclosure obligations and (2) Information policy. Both documents were latest approved on 23 February 2021. The Information policy describes the company's spokespeople, including regulating the interaction between the shareholders, the board and the Chief Executive Officer (the CEO). The policy is based on the Norwegian Code of Practice (the Code) for Corporate Governance issued by the Norwegian Corporate Governance Board. The objective of the Code is that companies listed on regulated markets in Norway will practice corporate governance that regulates the division of roles between shareholders, the board and executive management more comprehensively than is required by legislation. The board and executive management perform an annual assessment of its principles for corporate governance.

BEWI ASA is a Norwegian public limited company listed on the Oslo Børs (Oslo Stock Exchange). The company is subject to section 3-3b of the Norwegian Accounting Act, which requires the company to disclose certain corporate governance related information annually. In addition, the Issuers Rules of Oslo Børs, covered by the Oslo Rulebook II chapter 4.5 requires listed companies to publish an annual statement of its principles and practices with respect

to corporate governance, covering every section of the Code. Oslo Børs also sets out an overview of information required to be included in the statement. The Norwegian Accounting Act is available at www.lovdata.no (in Norwegian), while the Issuers Rules is available at www.oslobors.no.

BEWI always seeks to comply with the latest version of the Code. The current Code was adopted on 17 October 2018 and is available at www.nues.no/english. Application of the Code is based on the 'comply or explain' principle, which means that the company must provide an explanation if it has chosen an alternative approach to specific recommendations.

BEWI provides an annual statement of its adherence to corporate governance in its annual report, and this information is also available from www.BEWI.com.

Deviations from the Code: None

2. BUSINESS ACTIVITY

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

The operations of BEWI shall comply with the business objective set forth in the company's articles of association, which will be stated in the company's annual report together with the group's primary objectives and strategies.

The company's business objective is set out in its Articles of Association section 3 as:

"The company's objective is to directly or indirectly conduct production, marketing and sales of customer tailor made packaging solutions and insulation materials and to conduct other business compatible therewith and to conduct services within the company group mainly within administration and finance."

The board has defined clear objectives and strategic priorities for the company, including long-term financial targets, to ensure value creation for the shareholders. The objectives are evaluated annually.

The board of BEWI has also adopted a Code of Conduct for the company, a key governing document setting out important principles for the company's ethical conduct of its business. The principles are used to integrate considerations to human rights, employee rights and social matters, the external environment and anti-corruption efforts.

Vision, Mission and core values

In 2020, BEWI adopted a new Vision for its business: "Protecting people and goods for a better everyday."

The group's Mission is "To create value for customers by offering sustainable packaging, components and insulation solutions in innovative and efficient ways, and lead the change towards a circular economy."

In addition to the Code of Conduct setting out key principles for ethical business conduct, BEWI's core values are guiding stones:

- Responsible
- Proud
- Stable
- Focus on quality

Deviations from the Code: None

3. EQUITY AND DIVIDENDS

The board is committed to maintain a satisfactory capital structure for the company according to the company's goals, strategy, and risk profile, thereby ensuring that there is an appropriate balance between equity and other sources of financing. The board will continuously assess the company's capital requirements related to the company's strategy and risk profile.

BEWI has announced five key financial targets for the company, in which the following two relates to the capital structure and dividends:

- Leverage of NIBD/ EBITDA below 2.5x (LTM excl. IFRS 16)
- Dividend pay-out policy of 30-50 per cent of net profit

Dividends

The board of BEWI has established a dividend policy where the long-term policy is to pay out between 30 and 50 per cent of the company's underlying net profit after tax as dividends. When deciding on the annual dividend, the board will consider the company's financial position, investment plans as well as the needed financial flexibility for strategic growth.

For the financial year of 2020, the board proposes to the annual general meeting to distribute dividends of NOK 0.42 per share.

Board authorisations

Authorisations to the board to increase the share capital or to buy own shares will normally not be given for periods longer than until the next annual general meeting (AGM) of the company.

As of 31 December 2020, the board of BEWI has two authorisations to increase the company's share capital:

1. Authorisation to increase share capital by up to NOK 28,788,734 to strengthen the equity of the company, finance future growth, acquisitions, and other purposes.
2. Authorisation to increase the share capital by up to NOK 4,318,310 in connection with implementation of the company's option- and share purchase programme for employees.

Both authorisations are valid until the annual general meeting in 2022, however expiring on 30 June 2022 at the latest.

Deviations from the Code: The authorisations are valid for longer periods than recommended by the Code and longer than what BEWI normally expects the authorisations to be valid. The reason is that both authorisations were given at an extraordinary general meeting on 16 November 2020, i.e., the period would be too short if given only until the next annual general meeting.

4. EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH CLOSE ASSOCIATES

In the event of capital increases based on authorisations issued by the general meeting, where the existing shareholders' rights will be waived, the reason for this will be provided in a public announcement in connection with the capital increase.

Any transactions, agreements or arrangements between the company and its shareholders, members of the board, members of the executive management team or close associates of any such parties may only be entered into as part of the ordinary course of business and on arm's length market terms. All such transactions shall comply with the procedures set out in the Norwegian Public Limited Liability Companies Act.

The board shall arrange for a valuation to be obtained from an independent third party unless the transaction, agreement or arrangement in question is considered immaterial. Board members and members of the executive management team shall immediately notify the board if they have any material direct or indirect interest in any transaction entered by the company.

Deviations from the Code: None

5. SHARES AND NEGOTIABILITY

BEWI has only one class of shares and all shares have equal rights. Each share has a face value of NOK 1.00 and carries one vote.

The company emphasise equal treatment of its shareholders and the shares are freely transferable.

6. GENERAL MEETINGS

BEWI's highest decision-making body is the general meeting of shareholders. All shareholders have the right to participate in the general meetings of the company.

Article 7 of the company's articles of associations sets out the main principles of the company's general meeting, including where the meetings should be held and matters to be dealt with. The article also sets out that documents relating to matters to be dealt with, including documents which by law shall be included in or attached to the notice of the general meeting, do not need to be sent to the shareholders if such documents have been made available on the company's website. A shareholder may nevertheless request that documents relating to matters to be dealt with at the general meeting, is sent to him or her.

Shareholders who wish to participate in a general meeting, shall notify the company of this within a deadline which is set out in the notice of the general meeting, and which cannot expire earlier than three days prior to the meeting.

The shareholders may cast their votes in writing, including through electronic communication, in a period prior to the general meeting. The right to participate and vote at the general meeting may only be exercised when the acquisition is entered in the VPS the fifth business day before the general meeting.

The full notice for general meetings shall be sent to the shareholders no later than 21 days prior to the meeting. The board will ensure that the notice includes information about resolutions and that supporting information is sufficiently detailed to allow shareholders to form a view on all matters to be considered at the meeting. Notices shall provide information on procedures that shareholders shall observe in order to participate in and vote at the general meeting. The notice should also set out: (i) the procedure for representation at the meeting through a proxy, including a form to appoint a proxy, and (ii) the right for shareholders to propose resolutions in respect of matters to be dealt with by the general meeting. The form for the appointment of a proxy should also be designed to make voting on each individual matter possible.

The annual general meeting (AGM) is held each year no later than six months after expiry of the preceding financial year. The board and the company's auditor shall be present at general meetings.

In 2021, the AGM is scheduled to be held on 3 June 2021.

Deviations from the Code: None

7. NOMINATION COMMITTEE

Article 8 of the company's articles of association stipulates the company shall have a nomination committee, consisting of two to four members, where the majority of the members shall be independent of the board and management. The members of the nomination committee, including the chairperson, will be elected by the general meeting for a term of two years unless the general meeting decides otherwise in connection with the election. The nomination committee gives recommendations to the general meeting for the election of shareholder elected members to the board and the chairperson of the board, as well as to members of the nomination committee. The nomination committee also presents to the general meeting proposals for remuneration to the board and to the nomination committee.

The extraordinary general meeting of BEWI ASA on 21 August 2020, the following members were elected: Liv Malvik (chair), Gunnar Syvertsen and Roar Husby. The same meeting approved instructions for the nomination committee.

Deviations from the Code: None

8. BOARD OF DIRECTORS: COMPOSITION AND INDEPENDENCE

According to article 5 of the BEWI's articles of associations, the board of directors shall consist of a minimum of three and a maximum of eight board members elected by the general meeting for a period of two years, unless otherwise is decided by the general meeting in connection

with the election. The general meeting elects the chair of the board.

The Public Limited Companies Act states that when the board has between four and five members, both sexes should be represented by at least two members. As of 31 December 2020, the Board of BEWI ASA consists of five members, whereof two are female.

In appointing members to the board, it is emphasised that the board shall have the requisite competency to independently evaluate the cases presented by the executive management team as well as the company's operations. It is also considered important that the board can function well as a body of colleagues. Board members shall be elected for periods not exceeding two years at a time, with the possibility of re-election. Board members shall be encouraged to own shares in the company. An overview of the board members competence and background is available from the company's website www.BEWI.com.

Independence of the board

BEWI's board should be composed such that it is able to act independently of any special interests. All the board members of BEWI are deemed to be independent of the company's material business associates and all the board members are independent of the company's senior executives. Two of the members are independent of the company's major shareholders.

Deviations from the Code: None

9. THE WORK OF THE BOARD OF DIRECTORS

The board shall ensure that the company has proper management with clear internal distribution of responsibilities and duties. A clear division of work has been established between the board and the executive management team. The CEO is responsible for the executive management of the company.

Instructions to the board of directors and the CEO were approved by the board on 21 September 2020.

The board has the overall responsibility for the management of the group and the supervision of its day-to-day management and business activities. The board shall prepare an annual plan for its work with special emphasis on goals, strategy and implementation. The board's primary responsibility shall be (i) participating in the development and approval of the company's strategy, (ii) performing necessary monitoring functions and (iii) acting as an advisory body for the executive management team. The chairperson of the board is responsible for ensuring that the board's work is performed in an effective and correct manner.

The members of the board receive information about the company's operational and financial development monthly. The company's strategies shall regularly be subject to review and evaluation by the board.

The regulations governing the board's working practices includes guidelines for how individual directors and the CEO should conduct themselves with respect to matters in which they may have a personal interest. Among them is

the stipulation that each director must make a conscious assessment of his/her own impartiality and inform the board of any possible conflict of interest.

The board meets as often as necessary to perform its duties. The board shall prepare an annual evaluation of its work.

Sub-committees of the board

Audit committee

Pursuant to the Norwegian Public Limited Liability Companies Act and the listing rules of the Oslo Stock Exchange, the company shall have an audit committee. The audit committee is appointed by the board.

The committee's main tasks are to prepare the board's follow-up of the financial reporting process, monitor the group's internal control and risk management systems, and maintain an ongoing dialogue with the auditor. The board approved instructions to the audit committee on 21 September 2020. As of 31 December 2020, the audit committee in BEWI consists of Kristina Schauman (chair) and Stig Wærnes.

Remuneration committee

The company shall have a remuneration committee appointed by the board. The remuneration committee shall evaluate and propose the compensation of BEWI's CEO and other members of the executive management team and provide general compensation related advice to the board.

The board expects to establish a remuneration committee prior to the company's annual general meeting in 2021 and will adopt instructions to the committee.

Deviations from the Code: None

10. RISK MANAGEMENT AND INTERNAL CONTROL

The board of directors is responsible for ensuring that BEWI has sound internal control and systems for risk management that are appropriate in relation to the extent and nature of the company's activities. The internal control and the systems shall also encompass the company's corporate values and ethical guidelines.

The board shall annually review the company's most important areas of risk exposure and the internal control arrangement in place for such areas. The review shall pay attention to any material shortcomings or weaknesses in the company's internal control and how risks are being managed.

The annual review is normally carried out in relation to the board's approval of the annual report, including the financial statements and board of director's report, where the risks are further described.

Different methods are used for evaluating risks and for ensuring that the relevant risks to which BEWI is exposed are managed in accordance with established policies and guidelines. Risks and risk management are described in a separate section of BEWI's annual report.

Internal control of financial reporting is achieved through day-to-day follow-up by management, and supervision by the company's audit committee.

The objective of the risk management and internal control is to manage exposure to risks in order to ensure successful conduct of the company's business and to support the quality of its financial reporting.

The board has approved routines for internal control and risk management.

Deviations from the Code: None

11. BOARD REMUNERATION

The general meeting shall determine the board's remuneration. The remuneration to the board members shall not be performance-related nor include share option elements.

The board's remuneration was approved on an extraordinary general meeting on 16 November 2020, following a proposal from the nomination committee. The committee emphasized that the remuneration shall be reasonable and based on the board's responsibilities and need for competence, but also be sober.

The board shall be informed if individual board members perform tasks for the company other than exercising their role as board members.

Work in the audit committee is compensated in addition to the remuneration received for board membership.

Deviations from the Code: None

12. REMUNERATION OF EXECUTIVE MANAGEMENT

Pursuant to Section 6-16a of the Public Limited Companies Act, the board prepares guidelines for determination of salaries and other benefits payable to senior executives. The guidelines will, in line with the said statutory provision, as well as Section 5-6 (3) of the same Act be approved by the general meeting. If the guidelines are materially altered, the guidelines will be laid before, and approved by the general meeting. The guidelines will be approved by the general meeting at least every four years.

The company's senior executive remuneration policy is based primarily on the principle that executive pay should be competitive and motivating, to attract and retain key personnel with the necessary competence.

The statement refers to the fact that the board of directors shall determine the salary and other benefits payable to the CEO. The salary and benefits payable to other senior executives are determined by the CEO in accordance with the guidelines laid down by the guidelines.

Deviations from the Code: None

13. INFORMATION AND COMMUNICATION

Investor relations

Communication with shareholders, investors and analysts is a high priority for BEWI. The objective is to ensure that the financial markets and shareholders receive correct and timely information, thus providing a sound foundation for a valuation of the company. All market players shall have access to the same information, and all information is published in English. All notices sent to the stock exchange are made available on the company's website and at www.newsweb.no.

BEWI's ambition is to comply with the latest version of the Oslo Børs Code of Practice for IR ("the IR Code"), including recommendations on the reporting of information to investors on the company's websites. The board of BEWI has adopted a policy on handling of inside information and other disclosure obligations, as well as an Information policy. Included in the policies are among other guidelines on trading in the share by key employees, including clearance prior to trading and restricted trading periods, and division of roles and responsibilities. The CEO, CFO and Director of IR and Communications are responsible for communications with shareholders in the period between general meetings.

Financial information

The company holds investor presentations in association with the publication of its quarterly results. These presentations are open to all and provide an overview of the group's operational and financial performance in the previous quarter, as well as an overview of the general market outlook. These presentations are also made available on the company's website.

Quiet period

BEWI maintains a silent period of 30 days prior to and including the day of the company's publication of interim reports. During this period, representatives of the company will not meet with financial media, analysts and investors or comment on any financial development.

Restricted trading periods

A primary insider, a related party or an executive employee is not allowed to acquire or sell shares in the company or related financial instruments during the period from the first day after closing of the quarter to and including the day of the company's publication of interim reports. BEWI publishes a financial calendar on Oslo Børs's website, setting out the expected dates of publication for its reports. The dates are also available at the company's website. During other periods trading is allowed provided that it is made in accordance with laws and regulations as well as other provisions in BEWI's policies.

Deviations from the Code: None

14. TAKE-OVER SITUATIONS

In a take-over process, should it occur, the board and the executive management team each have an individual responsibility to ensure that the company's shareholders are treated equally and that there are no unnecessary interruptions to the company's business activities. The board has a particular responsibility in ensuring that the shareholders have sufficient information and time to assess the offer.

In the event of a take-over process, the board shall ensure that:

- the board will not seek to hinder or obstruct any take-over bid for the company's operations or shares unless there are particular reasons for doing so;

- the board shall not undertake any actions intended to give shareholders or others an unreasonable advantage at the expense of other shareholders or the company;
- the board shall not institute measures with the intention of protecting the personal interests of its members at the expense of the interests of the shareholders; and
- the board shall be aware of the particular duty it has for ensuring that the values and interests of the shareholders are protected.

In the event of a take-over bid, the board will, in addition to complying with relevant legislation and regulations, seek to comply with the recommendations in the Code. This could include obtaining a valuation and fairness opinion from an independent expert. On this basis, the board shall draw up a statement containing a well-grounded evaluation of the bid and make a recommendation as to whether or not the shareholders should accept the bid. The evaluation shall specify how, for example, a take-over would affect long-term value creation of BEWI.

Deviations from the Code: None

15. AUDITOR

The auditor is appointed by the AGM and is independent of BEWI ASA. Each year the board shall receive written confirmation from the auditor that the requirements with respect to independence and objectivity have been met.

Each year, the auditor shall draw up a plan for the execution of their auditing activities, and the plan shall be made known to the board of directors and the audit committee. The board should specifically consider if the auditor to a satisfactory degree also carries out a control function and the auditor shall meet with the audit committee annually to review and evaluate the company's internal control activities.

The auditor shall be present at board meetings where the annual accounts are on the agenda. Whenever necessary, the board shall meet with the auditor to review the auditor's view on the company's accounting principles, risk areas, internal control routines, etc.

The auditor may only be used as a financial advisor to the company provided that such use of the auditor does not have the ability to affect or question the auditors' independence and objectiveness as auditor for the company. Only the company's CEO and/or CFO shall have the authority to enter into agreements in respect of such counselling assignments.

At the annual general meeting the board shall present a review of the auditor's compensation as paid for auditory work required by law and remuneration associated with other specific assignments. The board shall arrange for the auditor to attend all general meetings.

The auditor for BEWI ASA is PWC.

Deviations from the Code: None

Statement on remuneration of executive management

1. OVERVIEW

This statement on executive remuneration is prepared by the board of directors ("the board") of BEWI ASA (the "company") in accordance with Section 6-16a of the Norwegian Public Limited Liabilities Companies Act as applicable per 1 January 2021 ("NPLCA") and the administrative regulation regarding policy and report for the remuneration of the executive management.

The board of the company does not have members elected by and among the employees of the company or of the group.

The total remuneration for the CEO and the other executives consists of annual base salary, benefits, variable pay, and options awarded under a share option plan.

The executives are also invited to purchase shares in the company as part of the company's general employee share purchase programme, which includes all employees of the company and of its subsidiaries, on the same terms and conditions as non-executives. Since this general share purchase programme is not limited to the executive management, the programme is not further described.

2. REMUNERATION POLICY FOR THE EXECUTIVE MANAGEMENT

2.1 General remarks

The remuneration is an important instrument for harmonizing the company's interests with the interests of the executive management. The General Meeting shall therefore approve the guidelines, and the guidelines shall be made available at the company's website.

The purpose of the company's remuneration policy for the executive management is to contribute to the company's business strategy, long-term interests, and sustainability of the company. Further, BEWI's remuneration policy shall encourage a strong and sustainable performance-based culture, growth, shareholder value over time and responsible business practices aligned with the company's values. The total remuneration level shall be in line with the relevant market level for peers within the industry, but not market leading.

2.2 Annual base salary

The executives are compensated based on individual criteria, including each executive's role, experience, and competence. All executives are evaluated yearly as part of

the company's Performance and Development Dialogue. The total compensation level targets at attracting and retaining executives, and to maintain a compensation level which for each individual is competitive compared to market conditions for the relevant position and individual.

BEWI applies standard employment contracts and standard terms and conditions regarding notice period and severance pay (6 to 12 months), which shall be deductible to other income.

Internal board assignments and similar internal positions are not remunerated separately. External assignments shall be approved by the CEO or by the board.

2.3 Pension Scheme

Executives are members of the standard pension and insurance schemes on the same terms and conditions as non-executives in the county of employment. Executives are not entitled to early retirement.

2.4 Pay after termination of employment

Executives are not entitled to pay after termination of employment. Executives have 6 months period of notice.

2.5 Other types of remuneration

Executives may receive benefits in line with relevant market practice, such as free phone, PC, broadband, newspapers and parking.

2.6 Variable pay

BEWI has a variable incentive pay programme including the executive management team, as well as other key executives. The objective of the programme is to encourage achievement of financial- and operational targets. The variable pay programme is based on defined and measurable criteria, including financial targets, targets linked to strategic priorities and targets linked to health and safety.

The variable pay programme potential is maximized to 50 per cent of the annual base salary. In this programme, 50 per cent of maximum is based on group EBITDA targets, 10 per cent related to development of fixed cost for the group, 10 per cent related to health and safety targets with focus on number of accidents and absence due to accidents. The plan also includes personal objectives with a maximum of 30 per cent which is reviewed by the CEO and Chairman of the board.

2.7 Share option plan for executive employees

The board of BEWI has adopted a share option plan comprising the executive management and other key employees of the company. The aggregate number of options under the plan shall never exceed 2 per cent of the outstanding shares of the company, including options already outstanding.

The purpose of the share option plan is to further align the interests of the company and its shareholders. The awards of options shall give an interest in the company parallel to that of the shareholders, enhancing the interests of the executives to the company's continued long-term success and progress and motivate for individual contributions. The share option shall enable the company to attract and retain the executive employees and other key employees.

The option programme is based upon annual nominations and is not a running right. Responsibility for the annual nomination is delegated to the CEO.

The strike price is set as the market price at the time of the grant of the options plus 10 per cent, to ensure that only value creation from allocation onwards is rewarded. The options vests with 20 per cent after one year, 30 per cent after two years, and with 50 per cent three years after granted, provided the participant is still employed. The option lapses and becomes void after a period of 5 years. If the employee resigns from his or her position with the company, all unvested options will lapse and becomes void. The maximum profit gain from awarded options under the plan, is capped according to an agreement between the employee and the company.

3. ANNUAL REMUNERATION REPORT

BEWI will for each financial year produce and make public a remuneration report in accordance with NPLCA Section 6-16b. Such report shall be considered by the company's general meeting and shall be subject to an advisory vote by the general meeting in accordance with NPLCA Section 5-6 (4). If the shareholders vote against the remuneration report, the company will explain, in the following remuneration report, how the vote of the shareholders was taken into account.

BEWI ASA was admitted to trading at the Euronext Growth trading facility in August 2020 and listed at the Oslo Børs in December 2020. As the company had not

established a remuneration policy for the financial year of 2020, the company will produce its first remuneration report based on the remuneration policy for the financial year of 2021.

The notes to the financial statements for the financial year of 2020, includes an overview of the remuneration to the executive management.

4. TEMPORARY DEROGATION FROM THE APPLICABLE REMUNERATION POLICY

The board can only derogate from any element of the remuneration policy in exceptional circumstances, and only in situations where the derogation from the remuneration policy is necessary to serve the long-term interests and sustainability of the company, cfr. NPLCA section 16-6a (4).

Any derogation shall be explained and motivated by the company's and the shareholders' interests in retaining the executives under extraordinary circumstances.

Any derogation shall be considered by the board as required in the specific situation and for the individual employee.

The remuneration report shall include information on remuneration awarded under such exceptional circumstances.

5. AMENDMENTS

Material variations in the remuneration policy shall be subject to approval by the BEWI's general meeting, and the policy shall be considered and approved by the general meeting at least every fourth year.

6. PUBLICATION OF THE REMUNERATION POLICY

These guidelines will be made public on BEWI's website, www.bewi.com.

Board of Directors



Gunnar Syvertsen

Born: 1954. **Elected:** 2014.

Chairman since 2018.

Education: M.Sc. Engineering

Professional background: CEO

Heidelberg Cement Northern Europe AB, Managing Director Heidelberg Cement Norway AS, Managing Director Norcem AS, executive positions in Heidelberg Cement AG in Africa and the US.

Other directorships: Chairman Frøya Invest AS and GIS AS, board member Topaas og Haug Entreprenørforretning and various directorships and management positions within the group.

Nationality: Norwegian

Shares per 31.12.20: 317,559 *



Kristina Schauman

Born: 1965. **Elected:** 2016.

Partner Calea AB.

Education: M.Sc. Business Administration, Stockholm School of Economics.

Professional background: CFO OMX AB, Carnegie Investment Bank and Apoteket AB. Senior positions at Investor AB, ABB and Stora Enso.

Other directorships: Board member of BillerudKorsnäs AB, Coor Service Management Holding AB, Diaverum AB, Nordic Entertainment Group AB, AF Pöyry AB and Reeda Capital Management AB.

Nationality: Swedish

Shares per 31.12.20: 193,452



Stig Waernes

Born: 1968. **Elected:** 2020.

CEO of BEWI Holding AS.

Education: Degree in auditing and accounting from NTNU business school.

Professional background: Regional managing partner and deputy chairman of BDO AS, chairman and managing partner of Inter Revision/Praxity (int). Extensive experience from auditing, advisory and various directorships.

Other directorships: Chairman of Frøya Investment AS, Matpartner AS, Overaae AS and Overaae Holding AS, Sw Invest AS, Birger Overaae AS, EBE Eiendom AS. Board member of Bekken Invest AS, KMC Properties ASA, Måsøval Eiendom AS, Nardo Bil gruppen AS, Wærnes Invest AS and Snevar AS. Deputy board member of Riaren AS.

Nationality: Norwegian

Shares per 31.12.20: – **



Anne-Lise Aukner

Born: 1956. **Elected:** 2020.

Education: Law degree from the University of Oslo.

Professional background: Managing director and CEO of Nexans Norway and CEO of Nexans Sweden. Long experience in management of technology and knowledge-based companies and management of industrial companies.

Other directorships: Chairman of the board in Fontenehuset Ullensaker and board member of Aukner Holding AS.

Nationality: Norwegian

Shares per 31.12.20: –



Per Nordlander

Born: 1967. **Elected:** 2014.

Partner Verdane Capital Advisors.

Education: M.Sc. Engineering Physics, Uppsala University and Freie Universität Berlin; Advanced Management Program, Stockholm School of Economics.

Professional background: Founder and CEO of Avanza Bank Holding AB and Nordnet. Previous positions at Öhman Securities, OMX, Accenture.

Other directorships: Board member of Livförsäkringsbolaget Skandia öms, Bellman Group AB, NF Holding AB (Nordic Finance), as well as being a board member of various Verdane funds and private holding companies.

Nationality: Swedish

Shares per 31.12.2020: – ***

* Gunnar is the Chairman of Frøya Invest AS, an investment company owned by the Bekken family, owning 82,107,826 shares on 31.12.2020.

** Stig is the CEO of BEWI Holding AS, an investment company owned by the Bekken family, owning 1,616,739 shares on 31.12.2020.

*** Per is a partner at the Verdane group, advisor to- and manager of the Verdane funds Verdane ETF III SPV K/S and Verdane Skuld 1 AS, together owner of 22,500,000 shares in BEWI ASA. Nordlander is also on the board of VC 2019 (D) and (E).

Executive Management



Christian Bekken

Chief Executive Officer.

Born: 1982

Employed: 2002

Education: Upper secondary general, financial, and administrative program (Norway).

Professional background: Production Manager BEWI, Sales Manager BEWI, CEO Smart Bolig, development of construction section at BEWI.

Nationality: Norwegian

Shares per 31.12.20: 5,952*

Options per 31.12.20: 250,000



Marie Danielsson

Chief Financial Officer.

Born: 1975

Employed: 2015

Education: M.Sc. Business Administration, Stockholm University.

Professional background: Auditor KPMG, Vice President Financial Control and Taxes, Haldex AB.

Nationality: Swedish

Shares per 31.12.20: 180,952

Options per 31.12.20: 250,000



Jonas Siljeskär

Chief Operating Officer.

Born: 1972

Employed: 2010

Education: Engineer, Dalarna University.

Professional background: Managing Director BEWiSynbra RAW; Chief Operating Officer Gustafs Inredningar, Director of Production Tomoko Hus.

Nationality: Swedish

Shares per 31.12.20: 99,702

Options per 31.12.20: 250,000

* Christian Bekken is a member of the Bekken family. In addition to the 5,952 shares held, the Bekken family held 85,939,920 shares through its investment companies, Frøya Invest AS, KMC Family AS and BEWI Holding AS.

Board of Directors' report for 2020

2020 ended up being an extraordinary year due to the pandemic that disrupted the world economy and challenged us all. In BEWI, we also completed some large transactions during the year, putting an extra strain on our people. Still, we continue to demonstrate profitable growth, thanks to our employees that really make the difference.

The group recorded revenues of EUR 463 million, representing 8 per cent growth, coming from volume increase in all segments and contribution from acquired companies. All segments also recorded increased EBITDA, with an overall margin of 14 per cent for the group.

During the year, BEWI significantly strengthened its recycling capacity through acquisitions and greenfield projects. The group remain committed to its annual recycling target of 60,000 tonnes, in addition to commitments in the group's recently launched sustainability strategy.

Both organic- and M&A growth initiatives, remain a high priority in BEWI. In 2020, we invested in two important greenfield developments; our recycling facility in Portugal and our new fish box facility at Senja. At the same time, we invested in new machinery and technology at several other facilities, all to position ourselves for further growth.

Entering 2021, well-performing operations and recent divestments provide us with a strong cash position. This, combined with ongoing growth initiatives and a pipeline of M&A opportunities, gives us a very solid foundation for further growth.

OVERVIEW OF THE BUSINESS

The board of directors' report for the BEWI group ("BEWI" or "the group") comprises BEWI ASA ("the parent company") and all subsidiaries and associated companies. The parent company, BEWI ASA, is a Norwegian public limited liability company.

Business and locations

BEWI is an international provider of packaging, components, and insulation solutions. The company has an integrated and circular business model: From production of raw materials and end goods, collecting used materials for recycling, and re-using the recycled materials to new raw material and new products.

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

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

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

Segment Insulation develops and manufactures an extensive range of insulation products for the construction industry. The products are primarily composed of EPS and XPS. BEWI is one of the larger European manufacturers of EPS-based insulation products. Segment P&C develops, manufactures and distributes standard and customised packaging solutions and technical components for customers in many industrial sectors. Examples include EPS boxes for

transportation of fresh fish and other food, protective packaging for pharmaceuticals and electronics, re-usable plastic boxes and components for the car and HVAC industries. The material is composed primarily of EPS, EPP, paper/fibre and fabricated foam.

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

Vision, mission, and values

BEWI's vision is: **Protecting people and goods for a better everyday.** This means taking responsibility and adapting the company's business to tomorrow's expectations. By managing the entire value chain – from production of raw materials and end products, to recycling used products back to new raw materials – BEWI can close the loop and lead the change towards a circular economy.

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

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

- Responsible
- Proud
- Stable
- Care for quality

Strategic priorities

BEWI has three strategic priorities:

- **Innovation** in search for more sustainable materials, products, solutions, and production processes
- **Circular economy**, aiming at being a CO2-efficient provider of packaging, components, and insulation solutions and being the first company in its industry to close the loop

- **Profitable growth** through organic initiatives and M&A opportunities targeting increased recycling capacity, geographic expansion and further strengthening of market positions

Markets and customers

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

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

As a result of the group's diversified end-market exposure, general economic growth across the group's relevant geographic markets is a key growth indicator for the group. While the group is exposed to most of Europe, most of its business is conducted in Western- and Northern European countries. The demand for cellular foam continues to grow due to its unique properties and versatility making it relevant for a wide range of applications. This trend is driven by its attractive value proposition of being lightweight, durable, versatile, cost efficient and recyclable.

IMPORTANT EVENTS IN 2020

Covid-19 pandemic

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

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

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

Listing on Oslo Børs

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

In preparation for the listing, BEWI completed a private placement, a retail offering and an employee offering, raising gross proceeds of NOK 92 million.

Redemption of SEK bond loan

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

Acquisitions and new establishments

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

Acquisition of insulation facility in Norrköping, Sweden

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

Throughout 2020, BEWI invested in modern extrusion technology and machinery at the facility enabling improved efficiency and capacity. Also, as planned, the operations previously located in Norrtälje were transferred to the new facility in Norrköping, after which the facility in Norrtälje was closed in the fourth quarter.

In addition, the facility is equipped to recycle large volumes of used XPS into new products. The location in central Sweden enables efficient supply to the Nordic construction customers.

Acquisition of Dutch recycling company

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

Establishment of recycling company in Denmark

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

Acquisition of 49 per cent of Jablite Group in UK

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

Establishment of new fish box facility at Senja, Norway

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

BEWI Drift Holding (BDH) in Norway

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

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

Divestment of properties

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

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

FINANCIAL REVIEW

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

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

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

Consolidated statement of income

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

Adjusted EBITDA increased by EUR 13.2 million to EUR 65.0 million (51.8), of which EUR 4.1 million of the increase related to acquisitions. The improvement was mainly driven by higher volumes in segment RAW and in the Norwegian fish box operations. The styrene gross margin (GAP) improved throughout the year, driven by a strong underlying demand. Favourable raw material prices positively impacted the downstream segments, in particular Insulation. In addition, good cost control and a positive development in the Swedish operations impacted the results for 2020 positively.

Operating income (EBIT) came in at EUR 39.5 million for the year (20.3), positively impacted by reversal of negative goodwill of EUR 3.5 million in an associated company in France. Capital gains of EUR

6.3 from sale and leaseback transactions and sale of machinery also contributed positively.

Net financial items came at a negative EUR 7.2 million for 2020 (-11.0) and benefitted from a EUR 3.9 million positive fair value revaluation of shares.

Taxes came in at EUR 2.3 million for 2020 (3.7), including a positive effect of EUR 4.9 million from the sale and leaseback transactions recorded during the year. The tax was also positively impacted by the tax-free revaluation of shares. Adjusting for these non-recurring items, the effective tax rate was 30 per cent.

Net profit for 2020 was EUR 30.0 million (5.6).

Financial position and liquidity

Consolidated financial position

Total assets amounted to EUR 543.1 million as of 31 December 2020, compared to EUR 445.1 million at year-end 2019. The increase since last year is mainly related to acquisitions.

Total equity amounted to EUR 195.1 million as of 31 December 2020, corresponding to an equity rate of 35.9 per cent, compared to EUR 150.1 million at year-end 2019.

Net debt amounted to EUR 170.2 million as of 31 December 2020 (91.7 excluding IFRS 16), compared to EUR 134.4 million at year-end 2019 (101.5 excluding IFRS 16). The increase since year-end 2019 is mainly attributable to IFRS 16 lease liabilities in acquired companies. Cash and cash equivalents were EUR 51.4 million as of 31 December 2020, compared to EUR 56.3 million at year-end 2019.

Consolidated cash flow

Cash flow from operating activities amounted to EUR 33.2 million (35.9), including an increase in working capital of EUR 3.4 million (decrease of 5.7). The increase in working capital in 2020 is mainly related to companies acquired and increased business activity throughout the year. Government initiatives related to covid-19 and payment of VAT and social security charges had a positive impact of EUR 1.2 million for the full year.

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

Cash flow from financing activities amounted to a negative EUR 40.7 million (16.1), mainly impacted by the EUR 14.8 million bond redemption and the refinancing of acquired companies.

Capital expenditures

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

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

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

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

Ongoing investment programmes

Packaging & Components Norway

BEWI is establishing a new fish box facility at Senja, Norway, where the company has a long-term supply agreement with SalMar. Production is expected to commence in the third quarter of 2021.

In addition, the company is investing in new technology at its facility in Stjørdal to produce moulded components under a supply agreement with a new customer in the energy sector. Here, production is expected to commence in the first half of 2021.

Insulation Sweden

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

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

Circular Portugal

BEWI has invested in a greenfield recycling project in Portugal, including a new extrusion production line. The new production line increases the company's recycling capacity by more than 10,000 tons, thus a significant strengthening in line with the company's strategic priority to become fully circular. The production commenced in the fourth quarter of 2020 and is expected to be ramping up during 2021.

ICT

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

Segment information

Segment RAW

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

Key figures

Amounts in million EUR (except percentage)

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

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

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

Segment Insulation

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

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

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

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

Key figures

Amounts in million EUR (except percentage)

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

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

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

Segment Packaging & Components (P&C)

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

The material is composed primarily of EPS, EPP and fabricated foam. BEWI has 19 facilities in 6 countries producing P&C components. Also, the Group has minority interests in 2 facilities in the UK.

Key figures

| Amounts in million EUR (except percentage) | 2020 | 2019 |
|---|-------------|-------------|
| Net sales | 179.9 | 157.6 |
| Of which internal | 2.3 | 2.5 |
| Of which external | 177.6 | 155.1 |
| Net operating expenses | -145.8 | -128.7 |
| Adj. EBITDA | 34.1 | 28.9 |
| Adj. EBITDA (%) | 19.0% | 18.3% |
| Items affecting comparability | 2.1 | -0.4 |
| EBITDA | 36.2 | 28.4 |
| Depreciations | -12.3 | -11.5 |

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

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

Circular and corporate

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

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

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

For the full year of 2020, the unallocated contribution was negative EUR 5.1 million (-4.4), of which EUR 0.6 million related to start-up costs for the new recycling facility in Portugal.

Environmental impact

Production of EPS from styrene monomers in the production facilities for RAW in Porvoo in Finland and in Etten-Leur in the Netherlands are subject to notification requirements. The environmental impact is further described in the sustainability report.

Research and development (R&D)

BEWI has three strategic priorities, of which innovation – in search for more sustainable materials, products, solutions, and production processes – is one priority. The group's program for research and

development (R&D) is conducted in Porvoo, Finland and Etten-Leur, the Netherlands, where the group has its upstream facilities, i.e., the production of raw materials. Product development occurs in part based on proprietary technology and in part through purchased licenses and external agreements.

GOING CONCERN

The annual financial statements for 2020 have been prepared on the assumption that BEWI is a going concern pursuant to section 3-3a of the Norwegian Accounting Act. With reference to the group's results and financial position, as well as forecasts for the years ahead, the conditions required for continuation as a going concern are hereby confirmed to exist. In the opinion of the board of directors, the group's financial position is good.

PARENT COMPANY RESULTS AND ALLOCATION OF NET PROFIT

The financial statements for the parent company are prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway.

The parent company had a profit before taxes of NOK 3.3 million. The parent company had payable taxes of NOK 0.0 million and thus recorded a net profit of NOK 3.3 million.

The board proposes the following allocation of the net profit of NOK 3.3 million for the parent company:

| | |
|-------------------------------|-------------------|
| Transferred from other equity | NOK -59.0 million |
| Dividend | NOK 62.3 million |
| Total allocated | NOK 3.3 million |

Following an evaluation, the board has concluded that the group will have an equity and liquidity after paying the proposed dividend, which is acceptable in relation to the risks and scope of its activities.

RISKS AND RISK MANAGEMENT

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

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

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

A detailed description of the financial risks and uncertainty factors can be found in note 3 to the financial statements. An overview of the company's most important operational risks, legal risks and sustainability related risks can be found in a separate section of this report.

CORPORATE GOVERNANCE

Good corporate governance provides the foundation for long-term value creation, to the benefit of shareholders, employees, and other

stakeholders. The board of directors of BEWI has established a set of governance principles to ensure a clear division of roles between the board of directors, the executive management, and the shareholders. The principles are based on the Norwegian Code of Practice for Corporate Governance.

BEWI is subject to annual corporate governance reporting requirements under section 3-3b of the Norwegian Accounting Act and the Norwegian Code of Practice for Corporate Governance, cf. section 4.4 of the Oslo Rule Book II, rules for issuers listed at the Oslo Børs. The Accounting Act may be found (in Norwegian) at www.lovdata.no. The Norwegian Code of Practice for Corporate Governance, which was last revised on 17 October 2018, may be found at www.nues.no.

The annual statement on corporate governance for 2020 has been approved by the board and can be found in a separate section of this annual report.

CORPORATE SOCIAL RESPONSIBILITY

BEWI is subject to corporate responsibility reporting requirements under section 3-3c of the Norwegian Accounting Act. A separate sustainability report is included in this annual report. The company has established a climate account and will from the annual report for 2021 report according to the Global Reporting Initiative (GRI).

The group aims to create value for customers, shareholders, employees, and the society at large; first and foremost, by producing a variety of sustainable products and solutions that support the customers' sustainability strategies.

BEWI's license to operate rests on confidence from its key stakeholders. All employees are therefore required to comply with the group's code of conduct to ensure maintenance of high ethical standards in its business concept and relations with customers, suppliers, and employees.

BEWI is characterised by continuous growth and development. The group launched a sustainability strategy in March 2021 and will report on its progress to selected KPI's on an annual basis going forward.

EMPLOYEES AND ORGANISATION

BEWI's most important asset is the knowledge and skills of its employees. As of 31 December 2020, the BEWI group had 1,438 employees, up from 1,266 on 31 December 2019. The group had an average work force of 1,371 full time equivalents (FTEs) in 2020, compared to an average of 1,254 in 2019. The headquarter is in Trondheim, Norway, with a total of 38 production facilities in Norway, Sweden, Finland, Denmark, the Netherlands, Portugal, and Belgium.

Long-term incentive programme and employee share offering

In November 2020, BEWI launched a long-term incentive programme for selected key employees. The programme is a share options programme. Pursuant to the vesting schedule, 20 per cent of the options will vest one year after the day of grant, 30 per cent vest two years after the day of grant and the remaining 50 per cent vest three years after the day of grant (vesting is dependent on the option holder still being employed in the company). The exercise price for all options granted is NOK 24.48 per share, which was based on the market price plus 10 per cent when granted. Options that are not exercised within 5 years from the date of grant will lapse and become void. A total of 2,625,000 options were granted to employees, corresponding to 1.82 per cent of the total number of outstanding shares in the company at the time of the grant.

In addition to the share option programme, all the group's employees and board members were invited to buy shares in the company's public offering completed in December 2020. The em-

ployee offering was subject to a lower limit per application of NOK 10,500 and an upper limit per application of NOK 100,000 for each employee at a price of NOK 16.80 per share, equalling to the offer price of NOK 21 less 20 per cent. Shares allocated to employees and board members being Norwegian citizens are subject to lock-up obligations of two years, while shares allocated to employees and board members of other jurisdictions than Norway are subject to lock-up obligations for one year from the first day of listing of the shares.

The board of directors

Prior to the listing of BEWI's shares on the Euronext Growth, a new board of directors was elected on the group's extraordinary general meeting on 21 August 2020. The board was elected for the period up to the annual general meeting in 2022.

The new board consist of Gunnar Syvertsen as the chairperson and Stig Wærnes, Kristina Schauman, Per Nordlander and Anne-Lise Aukner as directors. In addition, Svenn Bekken, was elected as an alternate director for Stig Wærnes. BEWI's Articles of Association provide that the board shall consist of not less than three and not more than seven permanent members without deputy members.

BEWI has an insurance covering the responsibilities of the board and CEO.

HEALTH, SAFETY AND WORKING ENVIRONMENT

Working environment, sickness absence, incidents, and injuries

The working environment in the group is perceived as very good. In March 2021, BEWI launched a sustainability strategy, setting out the group's promise by 2030. The commitments were divided in three main categories: (1) Becoming circular, (2) Actively engage in partnerships and (3) Contribute to an inclusive society, of which the latter includes being a responsible employer. This includes the company's commitments to making gender equality a reality and providing equal opportunities irrespective of ethncical background, religion, age, or sexual orientation. It also includes that 100 per cent of the employees of BEWI will have a development plan which will enable them to grow, have a voice, engage, and reach their full potential. The group will never compromise with Health and Safety and will work actively to ensure preventive actions with zero accidents.

In 2020, the group had 5.2 per cent absence due to illness, compared to 4.5 per cent in 2019. This is mainly explained as a covid-19 effect since employees with symptoms stayed home to follow local regulations or recommendations. A slight increase in number of accidents was reported, even though the group see a positive trend in relation to sickness because of accidents. No significant injuries or accidents was recorded through the year.

In 2020, BEWI Business School was established as a means for talent and leadership development. Due to covid-19, the first program initiated, Growth 2020, is currently delivered as a digital training and will move over to classroom training as soon as it is safe to travel again. In 2021, a senior leaders programme is planned targeting country management teams.

An employee survey is planned to be launched in 2021. The survey will be a strategic tool in order to focus on employee engagement, leadership and commitment to the company.

Equal opportunities

The board of directors of BEWI ASA consists of five members, of which two are women. The group has an executive committee, consisting of the CEO, the COO, and the CFO, of which the CFO is female. The group is committed to promoting equality and equal treatment at all stages of the organisation and other relationships.

SHARE AND SHAREHOLDER MATTERS

On 28 August 2020, BEWI ASA's shares were admitted to trading at the Euronext Growth trading facility (then named Merkur Market). Prior to the admission, the majority shareholders of BEWI, Frøya Invest AS and two funds managed by Verdane, sold a total of 13,871,550 shares at NOK 19.80 per share, equivalent to approximately 9.6 per cent of the outstanding shares.

Further, BEWI applied for full listing at the Oslo Børs, and the company had its first day of trading on the stock exchange in Oslo, Norway, on 18 December 2020. Prior to the listing, the company completed a private placement raising gross proceeds of NOK 75 million and a public offering, consisting of an employee offering and a retail offering, raising a total of NOK 17 million.

On 31 December 2020, the total number of shares outstanding in BEWI ASA was 148,410,874, each with a par value of NOK 1. Each share entitles to one vote. From the admission to trading at Euronext Growth on 28 August, the share traded between NOK 20.20 and NOK 23.90 per share, with a closing price of NOK 22.80 on 30 December 2020.

BEWI has one share class and all shares have equal rights in the company. The shares are registered in the Norwegian Central Securities Depository (VPS). The company's registrar is DNB Markets. The shares carry the securities number ISIN NO 001 0890965.

On 8 March 2021, the 20 largest shareholders of BEWI ASA held 93.75 per cent, of which the largest shareholders are Frøya Invest AS, owned by the Bekken family, holding 55.32 per cent, Verdane funds, holding 15.16 per cent and Kverva Industrier, owned by the Witzøe family, holding 9.84 per cent. The company has a free float of 29.52 per cent.

BEWI's annual general meeting for 2021 is planned to be held at the company's headquarter in Trondheim on 3 June 2021.

EVENTS IN 2021 AFTER CLOSING OF THE PERIOD

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

Honeycomb's geographic focus has been the Nordic countries. In this region, the company has several close and long-lasting relations with reputable blue-chip customers. In 2019, Honeycomb

had revenues of close to DKK 30 million. This adds to BEWI's existing annual turnover from paper packaging products for the food industry amounting to approximately NOK 150 million. BEWI also has an option to acquire the remaining 49 per cent of the Honeycomb shares.

DIVIDENDS

BEWI targets annual dividends of 30 to 50 per cent of the group's net profit. When deciding on the annual dividend, the board of directors will consider the group's financial position, investment plans as well as the needed financial flexibility to provide for sustainable growth.

Based on the company's financial position, investment plans and growth ambitions, the board of directors of BEWI proposes to the general meeting to pay a dividend of NOK 0.42 per share for the financial year of 2020. The proposal equals approximately 50 per cent of the group's net profit, adjusted for capital gains on divestments of real estates and revaluation of shares (non-cash). The proposed dividend will be considered at BEWI's annual general meeting on 3 June 2021.

OUTLOOK

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

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

Based on the company's financial position, investment plans and growth ambitions, the Board of Directors of BEWI proposes to the general meeting to pay a dividend of NOK 0.42 per share for the financial year of 2020. The proposal equals approximately 50 per cent of the group's net profit, adjusted for capital gains on divestments of real estates and revaluation of shares (non-cash). The company targets annual dividends of 30 to 50 per cent of the group's net profit.

Trondheim, Norway, 20 April 2021

The Board of Directors and CEO
BEWI ASA

Gunnar Syvertsen
Chair of the Board

Anne-Lise Aukner
Director

Per Nordlander
Director

Stig Wærnes
Director

Kristina Schauman
Director

Christian Bekken
CEO

STATEMENT BY THE BOARD OF DIRECTORS AND CEO

We confirm, to the best of our knowledge, that

- The group financial statements for the period from 1 January to 31 December 2020 have been prepared in accordance with IFRS, as adopted by the EU
- The financial statements of BEWI ASA for the period from 1 January to 31 December 2020 have been prepared in accordance with Norwegian Accounting Act and accounting standards and practices generally accepted in Norway
- The financial statements give a true and fair view of the group and the company's consolidated assets, liabilities, financial position, and results of operations
- The Report of Board of Directors provides a true and fair view of the development and performance of the business and the position of the Group and the Company, together with a description of the key risks and uncertainty factors that the Group and the Company is facing

Trondheim, Norway, 20 April 2021

The Board of Directors and CEO

BEWI ASA

Gunnar Syvertsen
Chair of the Board

Anne-Lise Aukner
Director

Per Nordlander
Director

Stig Wærnes
Director

Kristina Schauman
Director

Christian Bekken
CEO

Financial statements





Contents

THE GROUP

| | |
|--|-------|
| Consolidated comprehensive income statement | 79 |
| Consolidated statement of financial position | 80-81 |
| Changes in consolidated equity | 82 |
| Consolidated cash flow statement | 83 |

NOTES

| | |
|---|---------|
| 1. General information | 84 |
| 2. Summary of key accounting principles | 84-88 |
| 3. Financial risk management | 88-90 |
| 4. Critical accounting estimates and assessments | 91 |
| 5. Net sales distribution and segment information | 92-94 |
| 6. Employee remuneration etc. | 94-96 |
| 7. Remunerations to auditors | 96 |
| 8. Leasing | 97 |
| 9. Financial income and expense | 98 |
| 10. Exchange differences – net | 98 |
| 11. Income tax | 99-100 |
| 12. Intangible assets | 101-102 |
| 13. Tangible assets | 103 |
| 14. Business acquisitions | 104-105 |
| 15. Shares in associates | 105-106 |
| 16. Financial instruments per category | 107 |
| 17. Accounts receivables | 108 |
| 18. Inventory | 108 |
| 19. Prepaid expenses and accrued income | 108 |
| 20. Cash and cash equivalents | 109 |
| 21. Share capital | 109-110 |
| 22. Share-based incentive programme | 110-111 |
| 23. Earnings per share | 111 |
| 24. Borrowings | 112-115 |
| 25. Pensions and similar obligations to employees | 116-118 |
| 26. Other provisions | 118 |
| 27. Accrued expenses and deferred income | 119 |
| 28. Contingent liabilities | 119 |
| 29. Pledged assets | 119 |
| 30. Related parties | 120-121 |
| 31. Adjustments for non-cash items, etc. | 121 |
| 32. Subsequent events | 121 |

PARENT COMPANY

| | |
|---|-----|
| Income statement of the parent company | 122 |
| Statement of financial position of the parent company | 123 |
| Cash flow statement for the parent company | 124 |

NOTES

| | |
|--|---------|
| 1. General information | 125 |
| 2. Summary of key accounting principles for the parent company | 125 |
| 3. Net sales | 125 |
| 4. Employee remuneration etc. | 125-126 |
| 5. Interest income and interest expense and similar items | 126 |
| 6. Income tax on the profit for the year | 126 |
| 7. Shares in subsidiaries and associates | 127-128 |
| 8. Cash and bank balances | 128 |
| 9. Share capital | 128 |
| 10. Equity | 129 |
| 11. Receivables and liabilities | 129 |
| 12. Related parties | 129 |
| 13. Remuneration to auditors | 129 |
| Auditors' report | 130-132 |
| Reconciliation alternative performance measures | 133 |

Consolidated comprehensive income statement

| MEUR | Note | 2020 | 2019 |
|---|----------|---------------|---------------|
| Operating income | | | |
| Net sales | 5 | 462.6 | 429.9 |
| Other operating income | | 0.0 | 0.9 |
| Total operating income | | 462.6 | 430.8 |
| Operating expenses | | | |
| Raw materials and consumables | 18 | -181.1 | -198.1 |
| Goods for resale | 18 | -35.3 | -13.8 |
| Other external costs | 7, 8, 10 | -99.4 | -90.7 |
| Personnel costs | 6 | -88.1 | -80.9 |
| Depreciation/amortisation and impairment of property, plant and equipment and intangible assets | 12, 13 | -30.4 | -27.6 |
| Share of income from associated companies | | 4.9 | 0.6 |
| Capital gain from sale of asset | | 6.3 | - |
| Total operating expenses | | -423.1 | -410.5 |
| Operating profit | | | |
| Financial income | 9 | 4.2 | 0.2 |
| Financial expense | 9 | -11.4 | -11.2 |
| Financial income and expense – net | | -7.2 | -11.0 |
| Income before taxes | | 32.3 | 9.3 |
| Income tax | 11 | -2.3 | -3.7 |
| Net income for the year | | 30.0 | 5.6 |
| Other comprehensive income: | | | |
| <i>Items that may later be reclassified to profit and loss</i> | | | |
| Exchange rate differences | | -4.0 | 0.9 |
| <i>Items that will not be reclassified to profit and loss</i> | | | |
| Remeasurements of net pension obligations | | 0.0 | -1.2 |
| Income tax pertinent to remeasurements of net pension obligations | | 0.0 | 0.2 |
| Other comprehensive income after tax | | -4.0 | -0.1 |
| Total comprehensive income for the period | | 26.0 | 5.5 |
| Net income for the year attributable to: | | | |
| Equity holders of the parent company | | 30.1 | 5.6 |
| Non-controlling interest | | -0.1 | 0.0 |
| Total comprehensive income attributable to: | | | |
| Equity holders of the parent company | | 26.1 | 5.5 |
| Non-controlling interests | | -0.1 | 0.0 |
| Earnings per share (EPS), basic and diluted (EUR) | 23 | 0.21 | 0.04 |
| Earnings per share (EPS), basic and diluted (NOK) | 23 | 2.27 | 0.40 |

Consolidated statement of financial position

| Amounts in MEUR | Note | 2020-12-31 | 2019-12-31 |
|---|------|--------------|--------------|
| ASSETS | | | |
| Non-current assets | | | |
| Intangible assets | | | |
| Goodwill | 12 | 83.8 | 71.2 |
| Other intangible assets | 12 | 79.4 | 74.1 |
| Total intangible assets | | 163.2 | 145.3 |
| Tangible assets | | | |
| Land and buildings | 13 | 70.0 | 63.1 |
| Plant and machinery | 13 | 80.8 | 71.5 |
| Equipment, tools, fixtures and fittings | 13 | 10.2 | 10.5 |
| Construction in progress and advance payments for property, plant and equipment | 13 | 9.3 | 3.2 |
| Total tangible assets | | 170.3 | 148.3 |
| Financial assets | | | |
| Shares in associates | 15 | 8.0 | 1.5 |
| Net pension assets | | 3.2 | 3.0 |
| Non-current receivables associates | | 4.1 | 2.5 |
| Other non-current receivables | | 0.0 | 0.2 |
| Other shares and participations | | 9.9 | 0.1 |
| Total financial assets | | 25.2 | 7.3 |
| Deferred tax assets | 11 | 5.3 | 4.6 |
| Total non-current assets | 16 | 364.0 | 305.5 |
| Current assets | | | |
| Inventory | | | |
| Raw material and consumables | | 22.2 | 19.9 |
| Work-in-progress | | 1.6 | 1.0 |
| Finished goods and goods for resale | | 33.6 | 17.3 |
| Total inventory | 18 | 57.4 | 38.2 |
| Current receivables | | | |
| Account receivables | 17 | 58.3 | 41.5 |
| Current tax asset | | 2.9 | 0.3 |
| Other current receivables | | 6.3 | 2.0 |
| Prepaid expenses and accrued income | 19 | 2.8 | 1.3 |
| Cash and cash equivalents | 20 | 51.4 | 56.3 |
| Total current receivables | 16 | 121.7 | 101.4 |
| Total current assets | | 179.1 | 139.6 |
| TOTAL ASSETS | | 543.1 | 445.1 |

| Amounts in MEUR | Note | 2020-12-31 | 2019-12-31 |
|--|------|--------------|--------------|
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | 21 | 14.0 | 0.1 |
| Additional paid-in capital | | 151.9 | 134.4 |
| Reserves | | -16.8 | 0.7 |
| Accumulated profit or loss (including net profit for the year) | | 45.6 | 15.5 |
| Equity attributable to the equity holders of the Parent Company | | 194.7 | 150.7 |
| Non-controlling interests | | 0.4 | -0.6 |
| Total Equity | | 195.1 | 150.1 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Pensions and similar obligations to employees | 25 | 2.5 | 2.6 |
| Other provisions | 26 | 0.7 | 0.6 |
| Deferred tax liability | 11 | 20.9 | 22.9 |
| Non-current bond loan | 24 | 137.9 | 137.4 |
| Other non-current interest-bearing liabilities | 24 | 70.2 | 29.8 |
| Total non-current liabilities | 16 | 232.2 | 193.3 |
| Current liabilities | | | |
| Current bond loan | 24 | - | 14.7 |
| Other current interest-bearing liabilities | 24 | 13.5 | 8.7 |
| Other financial liabilities | | 0.9 | 0.5 |
| Account payables | | 54.9 | 45.0 |
| Current tax liabilities | | 6.6 | 4.7 |
| Other current liabilities | | 13.4 | 6.3 |
| Accrued expenses and deferred income | 27 | 26.5 | 21.7 |
| Total current liabilities | 16 | 115.8 | 101.7 |
| Total liabilities | | 348.0 | 295.0 |
| TOTAL EQUITY AND LIABILITIES | | 543.1 | 445.1 |

Trondheim, Norway, April, 20, 2021
 The Board of Directors and CEO
 BEWI ASA

Gunnar Syvertsen
 Chair of the Board

Anne-Lise Aukner
 Director

Per Nordlander
 Director

Stig Wærnes
 Director

Kristina Schauman
 Director

Christian Bekken
 CEO

Consolidated statement of changes in equity

| Amounts in MEUR | Share capital | Additional paid-in capital | Reserves | Accumulated profit or loss (including net profit for the year) | Total | Non-controlling interest | Total equity |
|--|---------------|----------------------------|----------|--|-------|--------------------------|--------------|
| Opening balance as of 1 January 2020 | 0.1 | 134.4 | 0.7 | 15.5 | 150.7 | -0.6 | 150.1 |
| Net profit for the year | | | | 30.1 | 30.1 | -0.1 | 30.0 |
| Other comprehensive income | | | -4.0 | | -4.0 | | -4.0 |
| Total comprehensive income | | | -4.0 | 30.1 | 26.1 | -0.1 | 26.0 |
| Transactions with owners, recognised directly in equity | | | | | | | |
| Capital reorganisation | 13.5 | | -13.5 | | | | 0.0 |
| New shares issued for cash | 0.4 | 8.3 | | | 8.7 | | 8.7 |
| New shares issued as consideration in business combination | | 9.5 | | | 9.5 | | 9.5 |
| Transaction cost | | -0.3 | | | -0.3 | | -0.3 |
| Acquisition of non-controlling interest | | | | -0.1 | -0.1 | 1.1 | 1.0 |
| Sharebased payments IFRS 2 | | | | 0.1 | 0.1 | | 0.1 |
| Total transactions with shareholders, recognised directly in equity | 13.9 | 17.5 | -13.5 | 0.0 | 17.9 | 1.1 | 19.0 |
| Closing balance as of 31 December 2020 | 14.0 | 151.9 | -16.8 | 45.6 | 194.7 | 0.4 | 195.1 |

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

Consolidated cash flow statement

| Amounts in MEUR | Note | 2020 | 2019 |
|---|--------|--------------|--------------|
| Operating cash flow | | | |
| Operating income | | 39.5 | 20.3 |
| Adjustments for non-cash items, etc. | 31 | 19.1 | 26.9 |
| Interest paid and financing costs | | -10.4 | -10.2 |
| Interest received | | 0.2 | 0.1 |
| Income tax paid | | -11.9 | -6.9 |
| Operating cash flow before changes to working capital | | 36.6 | 30.2 |
| Cash flow from working capital changes | | | |
| Increase/decrease in inventories | | 0.2 | 3.8 |
| Increase/decrease in operating receivables | | -5.4 | 8.7 |
| Increase/decrease in inventories in operating debt | | 1.7 | -6.8 |
| Total change to working capital | | -3.4 | 5.7 |
| Operating cash flow | | 33.2 | 35.9 |
| Cash flow from investment activities | | | |
| Purchase of property, plant and equipment and intangible assets | 12, 13 | -26.6 | -14.3 |
| Acquisitions of business | 14 | -10.8 | -2.3 |
| Acquisitions of associated companies | 15 | -0.3 | -0.2 |
| Loans granted to associated companies | 15 | -3.2 | -2.5 |
| Other financial investments | | 0.1 | 0.1 |
| Disposals of property, plant and equipment | 13 | 43.3 | 0.0 |
| Repayment of loans to associated companies | 15 | 0.3 | - |
| Cash flow from investment activities | | 2.7 | -19.1 |
| Cash flow from financing activities | | | |
| Borrowings, net of transaction costs | 22 | 0.4 | 64.5 |
| New share issue, net of transaction costs | 21 | 8.4 | 0.0 |
| Repayment of borrowings | 22 | -49.5 | -44.7 |
| Settlement currency interest swap | 22 | - | -3.6 |
| Dividend to non-controlling interests | | - | -0.1 |
| Cash flow from financing activities | | -40.7 | 16.1 |
| Cash flow for the period | | -4.8 | 32.9 |
| Opening cash and cash equivalents | | 56.3 | 22.9 |
| Exchange difference in cash | | 0.0 | 0.5 |
| Closing cash and cash equivalents | 20 | 51.4 | 56.3 |

THE GROUP

Accounting principles and notes to the accounts

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

NOTE 1 GENERAL INFORMATION

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

The parent company is a public limited company registered in Norway, with head office located in Trondheim, Norway, and address Postboks 3009, 7441 Trondheim.

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

Legal restructuring

BEWI ASA was incorporated on 29 July 2020. On 21 August 2020 all of the shares in BEWiSynbra AB were contributed to BEWI ASA against an issuance of a total of 143,943,671 shares in BEWI ASA to the shareholders of BEWiSynbra AB (a share exchange), simultaneously with a write-down of the existing share capital of BEWI ASA. This thereby established the same shareholder structure in BEWI ASA as in BEWiSynbra immediately before the reorganisation. Following the legal restructuring, BEWI ASA has become the new parent company of the Group.

The rationale for the reorganisation was to establish BEWI ASA as the new top holding company of BEWiSynbra ahead of the admission to trading on Euronext Growth (previously named Merkur Market) on 28 August 2020. On 18 December 2020, BEWI ASA was transferred to Oslo Børs.

The reorganisation represents a capital reorganisation and not a business combination. The carrying values of assets and liabilities in BEWiSynbra were recognised in the Group (with BEWI ASA as the new parent company) with the same carrying values as in BEWiSynbra in line with predecessor accounting (i.e., to continuity) and with no fair value adjustments. Furthermore, as the reorganisation is considered to be a capital reorganisation from an accounting perspective, BEWiSynbra's historical consolidated financial statements represent the Group's historical financial information going forward, and as such these financial statements reflect the Group's historical activities.

NOTE 2 SUMMARY OF KEY ACCOUNTING PRINCIPLES

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

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

2.1 REASONS FOR THE METHOD OF PREPARATION OF THE REPORTS

The consolidated accounts for the BEWI ASA Group ("BEWI ASA") have been prepared in accordance with the Norwegian Annual Accounts Act (norsk regnskapslov), and International Financial Reporting Standards (IFRS) as well as interpretations from the IFRS Interpretations Committee (IFRS IC), in the form they have been adopted by the EU. The accounts have been prepared using the cost value principle.

Preparing reports compliant to IFRS requires certain estimates for accounting purposes to be made. It requires the executive management to make certain assessments when applying the Group's

accounting principles. The complex areas, areas in which a high degree of assessments is required, or in which assumptions and estimates are significant to the consolidated accounts, are stated in note 4.

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

CONSOLIDATED ACCOUNTS Basic accounting principles

2.2 SEGMENT REPORTING

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

Subsidiaries

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

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

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

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

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

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

Associated companies

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

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

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

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

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

2.3 TRANSLATION OF CURRENCIES

Functional currency and presentation currency

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

Transactions and balance sheet items

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

Translation of foreign Group companies

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

2.4 INTANGIBLE ASSETS

Goodwill

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

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

represents the lowest level in which the goodwill is monitored in the internal governance.

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

Patent/Licenses

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

Customer relations, trademark and technology

These intangible assets have all been acquired through business combinations and are reported at fair value on the acquisition date. Customer relations and technology have a fixed useful life and are for subsequent periods reported at the acquisition cost less accumulated amortisation and impairment. The useful life of trademarks acquired through business combinations is evaluated and determined in each acquisition. Net cash flows generated by trademarks are not expected to cease in the foreseeable future. The trademarks in the Group's balance sheet is therefore deemed to carry an indefinite useful life. Trademarks and goodwill are tested annually for impairment as described above. Trademarks are for subsequent periods reported at the acquisition cost less any write-down from impairment.

Useful lives for the Group's intangible assets:

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

2.5 TANGIBLE ASSETS

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

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

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

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

2.6 IMPAIRMENT OF NON-FINANCIAL ASSETS

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

2.7 INVENTORY

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

2.8 FINANCIAL INSTRUMENTS

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

2.8.1 Classification

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

Financial assets at fair value through profit and loss

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

Financial assets measured at amortised cost

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

Financial liabilities at fair value through profit and loss

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

Financial liabilities measured at amortised cost

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

2.8.2 Reporting and valuation

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

2.8.3 Offsetting financial instruments

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

2.8.4 Impairments of financial instruments

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

2.9 ACCOUNT RECEIVABLES

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

2.10 CASH AND CASH EQUIVALENTS

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

2.11 SHARE CAPITAL

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

2.12 ACCOUNT PAYABLES

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

2.12 BORROWINGS

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

2.13 PROVISIONS

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

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

2.14 CURRENT AND DEFERRED TAX

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

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

2.15 EMPLOYEE REMUNERATION

Pension commitments

The Group has several post-employment benefit plans, including defined benefit plans and contribution plans. A defined contribution plan is a pension plan according to which the Group pays a fixed fee to a separate legal entity. The Group carries no legal or constructive obligations to pay additional fees should the entity lack sufficient resources to remunerate all employees what they are due as a result of their service, in the current or prior periods. The fee is reported as a personnel cost when matured. A defined benefit plan is a pension plan without defined contribution. Defined benefit plans normally set out an amount for the employee to receive upon retirement, normally based on one or several factors such as age, period of service and salary. The Group provides defined benefit plans in Finland and in the UK. In addition, The Group provides other long-term benefits in the Netherlands for long-term service (Jubilee fund), calculated in the same manner as a defined benefit plan. The liability reported on the balance sheet in conjunction with the defined benefit pension plan is the present value of the defined benefit commitment at the end of the reporting period less the plan assets' fair value. The defined benefit pension commitment is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit liability is determined through discounting future estimated cash flows using the interest rate for investment grade corporate bonds or housing bonds issued in the same currency as the benefits, with terms comparable to the pension commitment in question. The net interest is calculated by applying discounted interest charges to defined benefit plans and for the fair value of the plan assets. The current service cost is included in the personnel costs and the net interest among financial items. Revaluation gains and losses as a result of adjustments in accordance with experience and changes to actuarial estimates are reported in other comprehensive income for the period during which they arise. They are part of the profit

carried forward in the changes to consolidated equity and the balance sheet. Costs for service in prior periods are reported in the income statement.

Compensation at termination of employment

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

Share based payments

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

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

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

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

2.16 REVENUE RECOGNITION

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

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

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

BEWiSynbra sells products for insulation for the construction

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

2.17 INTEREST REVENUE

Interest revenue is reported using the effective interest method.

2.18 LEASES

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

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

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

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

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

2.19 GOVERNMENT GRANTS

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

2.20 DIVIDENDS

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

2.21 CASH FLOW STATEMENT

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

NOTE 3 | FINANCIAL RISK MANAGEMENT

3.1 FINANCIAL RISK FACTORS

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

CURRENCY RISK

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

Transaction exposure

Transaction exposure

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

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

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

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

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

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

Translation exposure

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

A sensitivity analysis shows that if EUR would have fluctuated by 5% against all other currencies in the Group, the impact on net profit would have been +/- EUR 0.3 million in 2019 (EUR 0.4 million). This assumes that all other variables are held constant and ignores any compensating effects from transaction exposure, for example the impact from raw material purchases.

INTEREST RATE RISK

Interest rate risk is the risk that changes in market interest rates will have a negative impact on cash flow or fair value of financial assets and liabilities. Cash flow risk arises from changes in variable interest rates, whereas fair value risk arises from changes in fixed interest rates. It is the policy of the Group to limit the interest rate risk to cash flow risk by restricting the allowed average interest duration for both borrowing and financial investments. The Group's borrowing is primarily exposed to changes in Euribor through the bond loans, as further outlined in Note 24 Borrowings. The Group's lending, limited to loans to associated companies, is exposed to changes in Euribor, as described in Note 15 Investments in associated companies.

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

PRICE RISK

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

CREDIT RISK

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

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

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

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

LIQUIDITY RISK

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

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

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

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

As of Dec 31, 2020

| MEUR | < 1 yr. | 1-2 yr. | 2-5 yr. | > 5 yr. |
|------------------------------------|-------------|-------------|-------------|-------------|
| Bond loans | - | 75.0 | 65.0 | - |
| Liabilities to credit institutions | 0.8 | 0.7 | 0.1 | 0.2 |
| Overdraft | 0.4 | - | - | - |
| Accounts payables | 54.9 | - | - | - |
| Liabilities leases | 14.9 | 13.0 | 30.8 | 48.4 |
| Total | 71.0 | 88.7 | 95.9 | 48.6 |

As of Dec 31, 2019

| MEUR | < 1 yr. | 1-2 yr. | 2-5 yr. | > 5 yr. |
|------------------------------------|-------------|------------|--------------|-------------|
| Bond loans | 14.9 | - | 140.0 | - |
| Liabilities to credit institutions | 0.6 | 1.2 | - | - |
| Factoring debt | 0.8 | - | - | - |
| Accounts payables | 45.0 | - | - | - |
| Liabilities leases | 8.6 | 7.5 | 14.4 | 16.4 |
| Total | 69.9 | 8.7 | 154.4 | 16.4 |

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

3.2 Fair value

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

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

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

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

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

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

Level 1 – listed prices (unadjusted) on an active market for identical assets and liabilities.

Level 2 – Other observable data for the asset or liability that is listed prices included at level 1, either directly (as price) or indirectly (derived from price).

Level 3 – Data for the asset or liability that is not based observable market data.

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

3.3 Capital management

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

| MEUR | Dec 31, 2020 | Dec 31, 2019 |
|----------------------------|--------------|--------------|
| Total borrowings | 221.6 | 190.7 |
| Less: | | |
| IFRS 16 liabilities | -78.5 | -32.9 |
| Cash and cash equivalents | -51.4 | -56.3 |
| Net debt (A) | 91.7 | 101.5 |
| Equity (B) | 195.1 | 150.1 |
| Total capital (A+B) | 286.8 | 251.6 |
| Debt/equity ratio | 47.0% | 67.6% |
| Debt/capital ratio | 32.0% | 40.3% |

The decrease in the debt ratios from 2019 to 2020 is mainly attributable to increase in equity from new share issue and net profit for the year. For more information on the change in net debt during the year, see note 24.

NOTE 4 CRITICAL ACCOUNTING ESTIMATES AND ASSESSMENTS

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

4.1 CRITICAL ACCOUNTING ESTIMATES AND ASSESSMENTS

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

(a) Inventory obsolescence

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

(b) Consideration of impairment need of goodwill and trademarks

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

(c) Pension benefits

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

NOTE 5 NET SALES DISTRIBUTION AND SEGMENT INFORMATION

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

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

| MEUR | 2020 | 2019 |
|--|--------------|--------------|
| Raw Material | | |
| Segment revenue | 191.2 | 206.7 |
| Intra-group revenue | -56.5 | -71.6 |
| Revenue from external customers | 134.7 | 135.1 |
| Insulation | | |
| Segment revenue | 146.6 | 139.3 |
| Intra-group revenue | -2.4 | -2.1 |
| Revenue from external customers | 144.1 | 137.2 |
| Packaging | | |
| Segment revenue | 179.9 | 157.6 |
| Intra-group revenue | -2.3 | -2.5 |
| Revenue from external customers | 177.6 | 155.1 |
| Unallocated | | |
| Segment revenue | 6.4 | 2.5 |
| Intra-group revenue | -0.2 | -0.1 |
| Revenue from external customers | 6.1 | 2.5 |
| Total | | |
| Total segment revenue | 524.1 | 506.1 |
| Total intra-group revenue | -61.5 | -76.2 |
| Total revenue from external customers | 462.6 | 429.9 |
| Adjusted EBITDA¹ | | |
| Raw Material | 9.4 | 5.0 |
| Insulation | 26.5 | 22.3 |
| Packaging and Components | 34.1 | 28.9 |
| Unallocated | -5.1 | -4.4 |
| Total adjusted EBITDA | 65.0 | 51.8 |
| EBITDA | | |
| Raw Material | 9.9 | 4.9 |
| Insulation | 32.4 | 20.9 |
| Packaging and Components | 36.2 | 28.4 |
| Unallocated | -8.6 | -6.3 |
| Total EBITDA | 70.0 | 48.0 |
| EBITA | | |
| Raw Material | 6.2 | 1.4 |
| Insulation | 25.0 | 16.1 |
| Packaging and Components | 23.9 | 16.9 |
| Unallocated | -9.4 | -7.0 |
| Total EBITA | 45.8 | 27.5 |

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

| MEUR | 2020 | 2019 |
|--------------------------|-------------|-------------|
| EBIT | | |
| Raw Material | 5.8 | 0.7 |
| Insulation | 23.1 | 14.1 |
| Packaging and Components | 20.4 | 13.4 |
| Unallocated | -9.9 | -7.8 |
| Total EBIT | 39.5 | 20.3 |
| Net financial items | -7.2 | -11.0 |
| Income before tax | 32.3 | 9.3 |

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

NET SALES PER COUNTRY

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

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

NOTE 6 EMPLOYEE REMUNERATION ETC.

| MEUR | 2020 | 2019 |
|--|--------------|--------------|
| Salary and other remuneration | -65.0 | -61.2 |
| Social security expenses | -7.9 | -7.3 |
| Pension costs – defined contribution plans | -6.3 | -5.5 |
| Pension costs – defined benefit plans | -0.1 | -0.1 |
| Other staff cost | -2.9 | -1.6 |
| Costs hired staff | -6.0 | -5.2 |
| Total remunerations to employees | -88.1 | -80.9 |

| Salary and other remunerations and pension costs for directors of the board, CEO's and other senior executives | 2020 | 2019 |
|--|-------------|-------------|
| Salary and other remunerations | -2.7 | -1.8 |
| Bonus | -0.6 | -0.2 |
| Pension costs | -0.3 | -0.4 |
| The Group in total | -3.6 | -2.4 |

Average number of employees with geographical breakdown by country

| | 2020 | | 2019 | |
|---------------------------|-----------------------------|--------------|-----------------------------|-------------|
| | Average number of employees | Whereof men | Average number of employees | Whereof men |
| Sweden | 209 | 145 | 174 | 118 |
| Finland | 147 | 122 | 139 | 113 |
| Denmark | 240 | 160 | 255 | 170 |
| Norway | 153 | 117 | 110 | 87 |
| Island | 5 | 5 | - | - |
| Netherlands | 426 | 390 | 392 | 356 |
| Belgium | 8 | 7 | 6 | 5 |
| Portugal | 177 | 95 | 173 | 98 |
| Spain | 5 | 4 | 5 | 4 |
| The Group in total | 1,371 | 1,045 | 1,254 | 951 |

Remuneration to senior executives and board of directors prior to legal restructuring

The table below presents the remuneration to senior executives and board of directors prior to the legal restructuring in August 2020, when BEWI ASA became the new parent company of the group. The table below therefore represents the composition of senior executives and board of directors when BEWiSynbra Group AB was the parent company. The senior executives comprise of the board of directors, CEO of BEWiSynbra Group and managers in the executive management directly reporting to the CEO and remunerations for those applies to:

| BEWiSynbra Group AB MEUR | 2020-01-01 – 2020-08-31 | | | 2019-01-01 – 2019-12-31 | | |
|---|---|-------------------------------|----------------------------|---|-------------------------------|----------------------------|
| | Basic salary incl. benefits/ board fees | Variable remune- ration | Retirement compensation | Basic salary incl. benefits/ board fees | Variable remune- ration | Retirement compensation |
| Board of Directors | | | | | | |
| 6 (6) members of the board, whereof 1 (1) woman | | | | | | |
| Gunnar Syvertsen (chairman) | 0.03 | | | 0.05 | | |
| Christian Bekken | 0.01 | | | 0.01 | | |
| Göran Vikström | 0.01 | | | 0.02 | | |
| Rune Marsdal (until 2019-08-31) | - | | | 0.01 | | |
| Bernt Thoresen (until 2019-05-31) | - | | | 0.01 | | |
| Kristina Schauman | 0.02 | | | 0.03 | | |
| Per Nordlander | 0.01 | | | 0.02 | | |
| Rik Dobbelaere | 0.00 | | | - | | |
| Total | 0.09 | | | 0.13 | | |
| CEO | | | | | | |
| Christian Bekken (until 2018-05-15) | - | | | | | |
| Rik Dobbelaere (until 2019-12-31) | - | | | 0.47 | 0.20 | 0.10 |
| Jonas Siljeskär (from 2020-01-01–) | 0.18 | 0.03 | 0.06 | | | |
| Other senior executives | 0.30 | 0.03 | 0.10 | 0.69 | 0.11 | 0.21 |
| Total | 0.48 | 0.06 | 0.16 | 1.16 | 0.31 | 0.30 |
| Consultancy services board members | | | | | | |
| Gunnar Syvertsen | 0.05 | | | 0.08 | | |
| Rik Dobbelaere | 0.03 | | | - | | |
| Göran Vikström | - | | | 0.02 | | |

Remuneration to senior executives and board of directors after legal restructuring

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

| | | 2020-09-01 – 2020-12-31 | | |
|---|--|---|--------------------------|----------------------------|
| BEWI ASA, 4 months MEUR | | Basic salary incl. benefits/board fees | Variable remuneration | Retirement compensation |
| Board of Directors | | | | |
| 5 members of the board, whereof 2 women | | | | |
| Gunnar Syvertsen (chairman) | | 0.02 | | |
| Stig Waernes | | - | | |
| Kristina Schauman | | 0.01 | | |
| Anne-Lise Aukner | | 0.01 | | |
| Per Nordlander | | - | | |
| Total | | 0.05 | | |
| CEO | | | | |
| Christian Bekken from 2020-09-01–) | | 0.06 | 0.02 | |
| Other Senior Executives | | | | |
| Jonas Siljeskär | | 0.09 | 0.07 | 0.02 |
| Marie Danielsson | | 0.10 | 0.20 | 0.02 |
| Total | | 0.26 | 0.29 | 0.04 |
| Consultancy services board members | | | | |

In November 2020, the parent company BEWI ASA implemented a share-based incentive programme, entitling the participants to subscribe for shares in BEWI ASA during a three-year period. The purpose of the programme is to further align the interests of the company and its shareholders by providing incentives in the form of awards to employees to motivate them to contribute materially to the success and profitability of the Company. The features of the programme are further described in note 22.

The CEO of BEWI ASA and other senior executives were granted 250,000 share options each.

Severance pay

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

NOTE 7 REMUNERATIONS TO AUDITORS

| MEUR | 2020 | 2019 |
|--|-------------|-------------|
| PwC | | |
| – The audit assignment | -0.6 | -0.4 |
| – Audit activities other than the audit assignment | -0.2 | 0.0 |
| – Tax advice | 0.0 | 0.0 |
| – Other services | -0.2 | 0.0 |
| Total | -0.9 | -0.5 |
| Other accounting firms than PwC | | |
| – The audit assignment | -0.1 | 0.0 |
| Total | -1.0 | -0.5 |

NOTE 8 LEASING

Lease-terms and purchase options

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

The lease term for other assets vary, but normally range between 3-5 years. Purchase options are considered in the capitalised amount if deemed reasonably certain that such an option will be exercised, but this is not common. Extensions options are reflected when it is deemed reasonable that they will be exercised.

Discount rate, liability and carrying amount

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

Sale and leaseback transactions in 2020

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

Lease expenses for lease contracts capitalised in accordance with IFRS 16

| MEUR | 2020 | 2019 |
|---------------------------------|--------------|-------------|
| Depreciations and amortisations | -8.2 | -5.6 |
| Interest expense | -3.0 | -2.5 |
| Total | -11.1 | -8.1 |

Lease expenses for lease contracts not capitalised in accordance with IFRS 16

| MEUR | 2020 | 2019 |
|---------------------------------|-------------|-------------|
| Lease expense short-term leases | -0.3 | -0.1 |
| Lease expense low-value assets | -0.4 | -0.8 |
| Lease expense variable leases | -0.2 | 0.0 |
| Total | -0.9 | -0.9 |

Cash flow from leases

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

NOTE 9 FINANCIAL INCOME AND EXPENSE

| MEUR | 2020 | 2019 |
|--|--------------|--------------|
| Interest revenue | 0.2 | 0.2 |
| Fair value changes other shares and participations | 3.9 | - |
| Other financial income | 0.1 | 0.0 |
| Total financial income | 4.2 | 0.2 |
| Interest expenses | -10.3 | -10.7 |
| Fair value changes derivatives | -1.7 | -0.4 |
| Other financing costs | -0.1 | -0.2 |
| Exchange rate gains | 0.7 | 0.1 |
| Total financial expense | -11.4 | -11.2 |
| Total financial income and expense – net | -7.2 | -11.0 |

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

Net financial income and expense per category of financial instrument

| MEUR | 2020 | 2019 |
|---|--------------|-------|
| Financial assets and liabilities measured at fair value through profit and loss | 2.2 | -0.4 |
| Financial assets and liabilities measured at amortised cost | -9.4 | -10.6 |
| -7.2 | -11.0 | |

NOTE 10 EXCHANGE DIFFERENCES – NET

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

| MEUR | 2020 | 2019 |
|---|------------|------------|
| Other operating expenses | -0.2 | -0.1 |
| Total financial income and expense (note 9) | 0.7 | 0.1 |
| Exchange differences - net | 0.5 | 0.0 |

NOTE 11 INCOME TAX

Tax income and expense in income statement

| MEUR | 2020 | 2019 |
|---|-------------|-------------|
| Tax income(+)/expense(-) comprises: | | |
| Current tax income(+)/expense(-) this year | -8.5 | -6.4 |
| Adjustment recognised in current year in relation to current tax of prior years | 0.4 | -0.2 |
| Deferred tax income(+)/expense(-) | 5.8 | 2.9 |
| Total tax income(+)/expense(-) | -2.3 | -3.7 |

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

| MEUR | 2020 | 2019 |
|--|-------------|-------------|
| Profit/loss before tax from continuing operations | | |
| Tax income(+)/expense(-) calculated at the local tax rate | -8.7 | -2.8 |
| Effect of revenue that is exempt from taxation | 8.4 | 0.1 |
| Effect of non-deductible expenses | -0.2 | -0.5 |
| Effect of tax losses and tax offsets not recognised as deferred tax assets | -1.6 | -1.8 |
| Effect of previously unrecognised deferred tax attributable to tax losses carry forward, tax credits and temporary differences | - | 0.2 |
| Effect of write-downs and reversals of deferred tax balances | 0.6 | - |
| Effect on deferred tax balances due to change in tax rate | -1.4 | 1.2 |
| Adjustment recognised in current year in relation to current tax of prior years | 0.4 | -0.2 |
| Other | 0.2 | - |
| Total tax income(+)/expense(-) in profit or loss | -2.3 | -3.7 |

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

Recognised in other comprehensive income

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

Deferred tax assets and liabilities 2020

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

Deferred tax assets and liabilities 2019

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

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

NOTE 12 INTANGIBLE ASSETS

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

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

Considerations of impairment need for goodwill and trademark

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

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

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

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

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

NOTE 13 TANGIBLE ASSETS

| MEUR | Buildings and land | Plant and other technical machinery | Equipment, tools, fixtures and fittings | Construction in progress and advance payments for property, plant and equipment | Total |
|--|--------------------|-------------------------------------|---|---|---------------|
| As of January 1, 2019 | | | | | |
| Acquisition cost | 71.4 | 218.7 | 22.0 | 10.1 | 322.2 |
| Accumulated depreciations | -32.8 | -154.6 | -15.4 | 0.0 | -202.8 |
| Carrying amount | 38.6 | 64.1 | 6.6 | 10.1 | 119.3 |
| Financial year 2019 | | | | | |
| Carrying amount brought forward | 38.6 | 64.1 | 6.6 | 10.1 | 119.3 |
| Change of accounting method | 28.8 | 1.3 | 2.8 | 0.0 | 32.9 |
| Exchange difference | -0.4 | 0.4 | 0.0 | -0.2 | -0.2 |
| Acquisitions | 1.2 | 17.1 | 2.4 | 3.9 | 24.6 |
| Capitalised leases | 0.3 | 0.4 | 1.5 | 0.0 | 2.3 |
| Through acquired business | 0.0 | 0.4 | 0.0 | 0.0 | 0.4 |
| Write-downs | 0.0 | -0.2 | 0.0 | 0.0 | -0.2 |
| Reclassifications | 0.0 | 0.0 | 0.0 | -10.6 | -10.6 |
| Disposals | 0.0 | -0.1 | 0.0 | 0.0 | -0.2 |
| Depreciations | -5.5 | -11.8 | -2.9 | 0.0 | -20.2 |
| Carrying amount carried forward | 63.0 | 71.5 | 10.5 | 3.2 | 148.2 |
| As of December 31, 2019 | | | | | |
| Acquisition costs | 101.0 | 238.8 | 28.1 | 3.2 | 371.1 |
| Accumulated depreciations | -38.0 | -167.3 | -17.6 | 0.0 | -222.9 |
| Carrying amount | 63.0 | 71.5 | 10.5 | 3.2 | 148.2 |
| Financial year 2020 | | | | | |
| Carrying amount brought forward | 63.0 | 71.5 | 10.5 | 3.2 | 148.2 |
| Exchange difference | 0.6 | -0.6 | -0.1 | 0.0 | -0.1 |
| Acquisitions | 1.2 | 15.8 | 1.2 | 7.3 | 25.4 |
| Capitalised leases | 21.4 | 0.0 | 1.3 | 0.0 | 22.6 |
| Through acquired business | 19.6 | 7.5 | 0.6 | 0.0 | 27.7 |
| Write-downs | -0.7 | -0.4 | 0.0 | -0.1 | -1.2 |
| Reclassifications | 0.1 | 0.2 | 0.2 | -0.9 | -0.4 |
| Disposals | -28.7 | -0.1 | -0.4 | -0.1 | -29.3 |
| Depreciations | -6.4 | -13.1 | -3.2 | 0.0 | -22.7 |
| Carrying amount carried forward | 70.0 | 80.8 | 10.2 | 9.3 | 170.3 |
| As of December 31, 2020 | | | | | |
| Acquisition costs | 89.3 | 255.0 | 30.6 | 9.4 | 384.3 |
| Accumulated depreciations | -19.3 | -174.3 | -20.4 | -0.1 | -214.0 |
| Carrying amount | 70.0 | 80.8 | 10.2 | 9.3 | 170.3 |
| Amounts above attributable to leases: | | | | | |
| Depreciations 2020 | -4.7 | -2.8 | -1.5 | | -9.0 |
| <i>Of which is attributable to IFRS 16</i> | -4.7 | -0.5 | -1.4 | | -6.6 |
| Carrying amount December 31, 2020 | 55.8 | 6.7 | 3.3 | | 65.8 |
| <i>Of which is attributable to IFRS 16</i> | 55.4 | 0.7 | 3.2 | | 59.3 |
| Depreciations 2019 | -3.5 | -1.7 | -1.4 | | -6.7 |
| <i>Of which is attributable to IFRS 16</i> | -3.5 | -0.6 | -1.4 | | -5.4 |
| Carrying amount December 31, 2019 | 25.3 | 5.4 | 3.1 | | 33.8 |
| <i>Of which is attributable to IFRS 16</i> | 24.9 | 1.2 | 3.0 | | 29.1 |

NOTE 14 BUSINESS ACQUISITIONS

Cash flow from acquisition of business

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

BUSINESS ACQUISITIONS DURING THE YEAR

BEWi Drift Holding AS (BDH)

On 17 August 2020, BEWI announced the acquisition of BEWi Drift Holding AS (BDH), a Norwegian supplier of packaging products for use on land and at sea and solutions for insulation. BDH was acquired from BEWi Holding AS, a company owned by members of the Bekken family, the major shareholder of BEWI ASA, as further described in note 30 Related parties. The acquisition provides an expanded product portfolio and geographic reach to the Group. In 2019, BDH's revenue and EBITDA were approximately NOK 850 million and NOK 55 million (local GAAP) respectively. The consideration for the shares was paid in a combination of cash, settlement of receivable and new shares issued. A provision for an additional purchase price adjustment of EUR 2.3 million, based on final EBITDA in BDH in 2020 (compared to preliminary EBITDA), has been made post-acquisition. EUR 21.1 million in external loans were settled in connection with the acquisition. The purchase price and fair value of assets and liabilities acquired are presented in the table below. The main fair value adjustments were related to trademark, customer relations, technology and property, plant and equipment. The company is consolidated from the date of acquisition and the preliminary acquisition analysis gave rise to goodwill of EUR 9.9 million, which is related to synergies, such as future market growth opportunities and future cost savings. Goodwill is not tax-deductible. Until 31 December, the BDH had contributed EUR 34.8 million to the Group's net sales, EUR 3.5 million to adjusted EBITDA and EUR 1.8 million to EBIT. If the acquisition of BDH had taken place on the 1st of January BDH would have contributed to the Group's net sales with EUR 84.9 million, EUR 7.0 million to adjusted EBITDA and EUR 4.0 million to EBIT. Transaction costs amounted to EUR 0.3 million.

| MEUR | |
|-------------------------------------|-------------|
| Issue in kind | 9.5 |
| Cash consideration | 5.1 |
| Settlement receivable | 0.5 |
| Estimated additional purchase price | 2.3 |
| Total purchase price | 17.4 |

Recognised amount of identifiable assets and acquired liabilities assumed

| | |
|--|-------------|
| Trademark | 1.4 |
| Customer relations | 9.2 |
| Technology | 1.2 |
| Property, plant and equipment | 20.7 |
| Other fixed assets | 0.9 |
| Inventory | 16.6 |
| Current receivables | 11.3 |
| Cash and cash equivalents | 1.8 |
| Non-current liabilities | -36.1 |
| Deferred tax receivables | -2.9 |
| Current liabilities | -15.5 |
| Total identifiable net assets | 8.6 |
| Liabilities to non-controlling interests | 1.1 |
| Goodwill | 9.9 |
| Cash and cash equivalents in acquired business | 1.8 |
| Total cash outflow from acquisition of business | -3.2 |

*The acquisition analyses is preliminary.

Other acquisitions

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

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

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

On 22 December, BEWI acquired the remaining 49% in Eurec A/S and now owns 100% of the company. The combined purchase price and fair value of assets and liabilities acquired in these other acquisitions are presented in the table below. Until 31 December, these other acquisitions had contributed EUR 8.8 million to the Group's net sales, EUR 0.9 million to adjusted EBITDA and EUR 0.2 million to EBIT. If these acquisitions had taken place on the 1st of January these companies would have contributed to the Group's net sales with EUR 10.5 million, EUR 6.0 million to adjusted EBITDA and EUR -0.2 million to EBIT. Transaction costs amounted to EUR 0.2 million.

MEUR

| | |
|-----------------------------|------------|
| Cash consideration | 8.4 |
| Total purchase price | 8.4 |

Recognised amount of identifiable assets and acquired liabilities assumed

| | |
|--|-------------|
| Property, plant and equipment | 7.4 |
| Inventory | 2.7 |
| Current receivables | 0.9 |
| Cash and cash equivalents | 0.8 |
| Non-current liabilities | -4.4 |
| Deferred tax receivables | -0.9 |
| Current liabilities | -1.8 |
| Total identifiable net assets | 4.7 |
| Goodwill | 3.6 |
| Cash and cash equivalents in acquired business | 0.8 |
| Total cash outflow from acquisition of business | -7.6 |

*The acquisition analyses is preliminary.

NOTE 15 SHARES IN ASSOCIATES

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

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

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

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

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

| Summarised financial information for associates 2020 | Net sales | | EBITDA | Operating profit (EBIT) | Net income |
|--|--------------------|----------------|-------------------------|-------------------------|------------|
| Dec 31, 2020 | Non-current assets | Current assets | Non-current liabilities | Current liabilities | Net debt |
| IsoBouW GmbH | 87.0 | 10.3 | 7.4 | 4.6 | |
| HIRSCH France SAS | 62.6 | 1.9 | 1.2 | 0.0 | |
| Jablite Group Ltd | 17.0 | 1.1 | -0.4 | -0.5 | |
| | | | | | |
| IsoBouW GmbH | 29.2 | 35.2 | 12.6 | 29.2 | 13.6 |
| HIRSCH France SAS | 34.3 | 30.5 | 31.7 | 17.4 | 13.6 |
| Jablite Group Ltd | 2.0 | 9.1 | 5.6 | 4.6 | 5.0 |

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

Isobouw GmbH (34% ownership)

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

Hirsch France SAS (34% ownership)

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

Jablite Group Ltd (49% ownership)

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

NOTE 16 | FINANCIAL INSTRUMENTS PER CATEGORY

| December 31, 2020 MEUR | Financial assets measured at fair value through profit and loss | Financial assets measured at amortised cost | Total |
|--|---|---|--------------|
| Balance sheet assets | | | |
| Other long-term receivables | - | 4.1 | 4.1 |
| Participations in other companies | 9.9 | - | 9.9 |
| Accounts receivables | - | 58.3 | 58.3 |
| Cash and cash equivalents | - | 51.4 | 51.4 |
| Total | 9.9 | 113.8 | 123.7 |
| December 31, 2020 MEUR | | | |
| Financial liabilities measured at fair value through profit and loss | Financial liabilities measured at amortised cost | Total | |
| Balance sheet liabilities | | | |
| Non-current bond loan | - | 137.9 | 137.9 |
| Non-current liabilities to credit institutions | - | 1.0 | 1.0 |
| Non-current liabilities leases | - | 69.2 | 69.2 |
| Current bond loan | - | - | - |
| Current bearing liabilities to credit institutions | - | 0.8 | 0.8 |
| Overdraft facility | - | 0.4 | 0.4 |
| Current liabilities leases | - | 12.3 | 12.3 |
| Current derivative liability | 0.9 | - | 0.9 |
| Account payables | - | 54.9 | 54.9 |
| Total | 0.9 | 276.5 | 277.4 |
| December 31, 2019 MEUR | | | |
| Financial assets measured at fair value through profit and loss | Financial assets measured at amortised cost | Total | |
| Balance sheet assets | | | |
| Other long-term receivables | 0.0 | 2.6 | 2.6 |
| Participations in other companies | 0.2 | 0.0 | 0.2 |
| Accounts receivables | 0.0 | 41.5 | 41.5 |
| Cash and cash equivalents | 0.0 | 56.3 | 56.3 |
| Total | 0.2 | 100.3 | 100.6 |
| December 31, 2019 MEUR | | | |
| Financial liabilities valued at fair value through profit and loss | Financial liabilities measured at amortised cost | Total | |
| Balance sheet liabilities | | | |
| Non-current bond loan | 0.0 | 137.4 | 137.4 |
| Non-current liabilities to credit institutions | 0.0 | 1.2 | 1.2 |
| Non-current liabilities leases | 0.0 | 28.7 | 28.7 |
| Current bond loan | 0.0 | 14.7 | 14.7 |
| Current bearing liabilities to credit institutions | 0.0 | 0.6 | 0.6 |
| Factoring debt | 0.0 | 0.8 | 0.8 |
| Current liabilities leases | 0.0 | 7.4 | 7.4 |
| Current derivative liability | 0.5 | 0.0 | 0.5 |
| Account payables | 0.0 | 45.0 | 45.0 |
| Total | 0.5 | 235.7 | 236.2 |

NOTE 17 ACCOUNTS RECEIVABLE

| MEUR | Dec 31, 2020 | Dec 31, 2019 |
|--|--------------|--------------|
| Accounts receivable | 59.0 | 42.0 |
| Deducted: provisions for impairment for doubtful receivables | -0.7 | -0.5 |
| Accounts receivable – net | 58.3 | 41.5 |

The ageing analysis of all accounts receivable is clear from below:

| MEUR | 2020-12-31 | 2019-12-31 |
|--|-------------|-------------|
| Not yet matured | 52.3 | 35.3 |
| 1-30 days | 4.4 | 3.8 |
| 31-60 | 1.2 | 1.6 |
| > 61 days | 1.1 | 1.4 |
| Deducted: provisions for impairment for doubtful receivables | -0.7 | -0.5 |
| Accounts receivable – net | 58.3 | 41.5 |

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

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

| MEUR | 2020-12-31 | 2019-12-31 |
|-------|-------------|-------------|
| SEK | 6.7 | 5.4 |
| EUR | 28.4 | 23.8 |
| GBP | 0.5 | 0.6 |
| NOK | 11.6 | 3.7 |
| DKK | 9.6 | 8.0 |
| ISK | 1.1 | - |
| Other | 0.4 | - |
| | 58.3 | 41.5 |

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

NOTE 18 INVENTORY

The expenditure for inventory carried as an expense forms part of the items raw materials and consumables and goods for resale in the income statement and amounts to EUR 216.4 million (EUR 211.9 million).

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

NOTE 19 PREPAID EXPENSES AND ACCRUED INCOME

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

NOTE 20 CASH AND CASH EQUIVALENTS

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

| MEUR | Dec 31, 2020 | Dec 31, 2019 |
|---------------|--------------|--------------|
| Bank balances | 51.4 | 56.3 |

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

NOTE 21 SHARE CAPITAL

The number of shares as of December 31, 2020 amounted to 148,410,874, each with a par value of NOK 1. Each share entitles to one vote. All shares issued by the Parent Company are fully paid.

BEWiSynbra Group AB

| Fully paid ordinary share | Type of change | Date of decision | Changes in number of shares | Change in share capital | Total number of shares | Total share capital (SEK) | Par value (SEK) |
|---------------------------|-----------------|------------------|-----------------------------|-------------------------|------------------------|---------------------------|-----------------|
| As of Dec 31, 2018 | | | | | 138,937,980 | 1,347,209 | 0.009696 |
| As of Dec 31, 2019 | | | | | 138,937,980 | 1,347,209 | 0.009696 |
| | New share issue | Aug 17, 2020 | 5,005,691 | 48,538 | 143,943,671 | 1,395,747 | 0.009696 |
| As of Aug 21, 2020 | | | | | 143,943,671 | 1,395,747 | 0.009696 |

BEWI ASA

| Fully paid ordinary share | Type of change | Date of decision | Changes in number of shares | Change in share capital | Total number of shares | Total share capital (NOK) | Par value (NOK) |
|---------------------------|------------------------|------------------|-----------------------------|-------------------------|------------------------|---------------------------|-----------------|
| Incorporation of BEWI ASA | New share issue | Jul 29, 2020 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1.00 |
| | Share capital decrease | Aug 21, 2020 | -1,000,000 | -1,000,000 | - | - | 1.00 |
| | New share issue | Aug 21, 2020 | 143,943,671 | 143,943,671 | 143,943,671 | 143,943,671 | 1.00 |
| | New share issue | Nov 25, 2020 | 3,571,429 | 3,571,429 | 147,515,100 | 147,515,100 | 1.00 |
| | New share issue | Dec 9, 2020 | 476,191 | 476,191 | 147,991,291 | 147,991,291 | 1.00 |
| | New share issue | Dec 9, 2020 | 419,583 | 419,583 | 148,410,874 | 148,410,874 | 1.00 |
| As of Dec 31, 2020 | | | | | 148,410,874 | 148,410,874 | 1.00 |

On 17 August 2020, an extraordinary general meeting of BEWiSynbra Group AB decided on a directed new share issue of SEK 97 million, the equivalent of EUR 9.5 million, by the issuance of 5,005,691 new shares, as part of the consideration to acquire BEWi Drift Holding AS.

In connection with the preparation for the admission to trading on Euronext Growth Oslo, all of the shares in BEWiSynbra Group AB were on 21 August 2020 contributed to the Company against an issuance of a total of 143,943,671 shares in the Company to the shareholders of BEWiSynbra, simultaneously with a write down of the existing share capital of the Company (referred to as the reorganisation), which thereby established the same shareholder structure in the Company as in BEWiSynbra immediately prior to the reorganisation. The rationale for the reorganisation was to establish the Company as the new top holding company of BEWiSynbra ahead of the admission to trading on Euronext Growth Oslo.

On 16 November 2020, an extra an extraordinary general meeting of the Company authorised the Board of Directors increase the share capital of the Company to inter alia strengthen the equity of the Company, finance future growth and acquisitions and to increase the liquidity and spread of ownership in respect of the shares and for all other purposes as the Board of Directors decides, by up to NOK 28,788,734, equivalent to 20% of the share capital at the time the authorisation was granted. The authorisation is valid until the annual general meeting in 2021, however expiring at the latest on 30 June 2021. Following the authorisation, the Board of Directors on 25 November 2020 resolved to issue 3,571,429 new shares for a subscription price of NOK 21.00 per share in a private placement that raised NOK 10 million, equal to EUR 7.1 million. On 9 December 2020 the Board of Directors resolved to issue 476,191 new shares for a subscription price of NOK 21.00 per share in a retail offering that raised NOK 10.0 million, equal to EUR 0.9 million. On 9 December 2020, the Board of Directors also resolved on a new share issue for a subscription price of NOK 16.80 per share, equal to a discount of 20 per cent, in an offer directed towards employees, which resulted in 419,583 shares being subscribed and raising NOK 7.0 million, equal to EUR 0.7 million.

Largest shareholders

| Name | Shares | Per cent |
|------------------------------|--------------------|---------------|
| Frøya Invest AS* | 82,107,826 | 55.48 |
| Kverva Industrier AS | 14,600,424 | 9.87 |
| Verdane Etf III SPV K/S | 11,853,000 | 8.01 |
| Verdane Skuld 1 AS | 10,647,000 | 7.19 |
| Kastor Invest AS | 2,529,637 | 1.71 |
| JP Morgan Bank Luxembourg SA | 2,517,719 | 1.70 |
| Halgrim AS | 2,391,923 | 1.62 |
| KMC Family AS* | 2,215,355 | 1.50 |
| Constructio AS | 1,770,000 | 1.20 |
| BEWi Holding AS* | 1,616,739 | 1.09 |
| Other | 16,161,251 | 10.63 |
| Total | 148,410,874 | 100.00 |

*Frøya Invest AS, KMC Family AS and BEWi Holding AS are all owned by members of the Bekken family.

NOTE 22 SHARE-BASED INCENTIVE PROGRAMME

On 16 November 2020, an Extraordinary General Meeting resolved to authorise the Board of Directors to increase the Company's share capital in connection with the implementation of an option programme and a share programme. The Board of Directors were authorised to determine the subscription price and other terms. The authorisation is valid until the Annual General Meeting in 2022, however expiring at the latest on 30 June 2022. In November 2020, the Board of Directors exercised the authorisation and launched a share-based incentive programme to a maximum of 25 key employees in the Company, involving a maximum of 2,875,000 share options, entitling the participants in the programme to subscribe for the same number of shares in the company during a three-year period. The number of share options represent 1.9% of the number of shares outstanding as of 31 December 2020. The purpose of the programme is to further align the interests of the Company and its shareholders by providing incentives in the form of awards to employees to motivate them to contribute materially to the success and profitability of the Company. This programme will also enable the Company to attract and retain such employees.

At grant date on 19 November 2020, 2,625,000 share options were granted to 22 key employees. As of 31 December 2020, no options were forfeited or terminated. The share options entitle the participants to subscribe for shares at a price of NOK 24.48, referred to as the strike price, equal to 110% of the average share price during five days preceding the grant date on 19 November 2020. The gain per option may however not exceed the strike price times two. The number of exercisable options will be reduced proportionally so that the maximum gain does not exceed the strike price times two multiplied by the numbers of options granted. This gain is calculated based on the average share price five days prior to the period of exercise.

In the event the Company is not capable of delivering shares (for reasons being lack of approval in the general meeting or lack of board authorisation to issue shares or lack of own shares in the Company) following an exercise of options, the Company shall fulfil its obligations under the programme towards participants other than Swedish residents by way of making a cash payment equal to the excess, if any, of the share price over the strike price, multiplied by the number of exercisable options.

The options will vest in three tranches during a three-year period, as presented in the table below. Options that are not exercised within 5 years from the date of grant will lapse and become void.

| Percentage of the option programme vesting | Vesting date | Expiry date |
|--|------------------|------------------|
| 20% | 19 November 2021 | 19 November 2025 |
| 30% | 19 November 2022 | 19 November 2025 |
| 50% | 19 November 2023 | 19 November 2025 |

The fair value of each option at grant date was calculated at NOK 4.59 per option. The Black-Scholes model was used for calculation of fair value and the following assumptions were used:

| | |
|----------------------------|------------|
| Number of options | 2,625,000 |
| Number of potential shares | 2,625,000 |
| Contractual life | 5 years |
| Strike price | 24.48 |
| Share price | 22.10 |
| Expected lifetime | 3.30 years |
| Volatility | 34.32% |
| Interest rate | 0.321% |
| Dividend | 0.00 |

The total value of the options granted in 2020 was EUR 1.1 million, of which EUR 0.1 million was recognised as personnel costs in 2020.

NOTE 23 EARNINGS PER SHARE

| MEUR | 2020 | 2019 |
|---|-------------|-------------|
| Profit for the period attributable to parent company shareholders (million EUR) | 30.1 | 5.6 |
| Average number of shares | 141,130,072 | 138,937,980 |
| Earnings per share (EPS), basic and diluted (EUR) | 0.21 | 0.04 |
| Earnings per share (EPS), basic and diluted (NOK) | 2.27 | 0.40 |

EPS in NOK is calculated using the average rate in the period

The number shares outstanding have increased from 138,937,980 to 148,410,874 in 2020 in a number of new share issues in the second half of the year. Earnings per share is calculated by dividing profit attributable to parent company shareholders by the weighted number of ordinary shares during the period. The weighted number of ordinary shares in 2019 up until 21 August 2020 corresponds to the number of shares in BEWiSynbra Group AB, as further described in note 1. There are no dilutive potential ordinary shares, as the average share price in 2020 was lower than the strike price in the share-based incentive programme.

NOTE 24 BORROWINGS

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

| Impact from transition to IFRS 16 MEUR | Dec 31, 2019 |
|--|--------------|
| Non-current leasing liabilities | |
| Financial leasing liabilities in IAS 17 | 1.7 |
| Additional leasing liabilities following IFRS 16 | 270 |
| Total non-current leasing liabilities | 28.7 |
| Current leasing liabilities | |
| Financial leasing liabilities in IAS 17 | 1.5 |
| Additional leasing liabilities following IFRS 16 | 5.9 |
| Total non-current leasing liabilities | 7.4 |

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

Specification of net debt

| Net debt by the end of the reporting period MEUR | Dec 31, 2020 | Dec 31, 2019 |
|---|--------------|--------------|
| Interest-bearing liabilities | 221.6 | 190.7 |
| Cash and cash equivalents | -51.4 | -56.3 |
| Net debt including IFRS 16 | 170.2 | 134.4 |
| Adding back IFRS 16 leasing liabilities | -78.5 | -32.9 |
| Net debt excluding IFRS 16 | 91.7 | 101.5 |

| Change in net debt MEUR | Dec 31, 2020 | Dec 31, 2019 |
|---|--------------|--------------|
| Change in interest-bearing liabilities | 30.9 | 58.5 |
| Change in cash and cash equivalents | | |
| Impact from cash flow for the period | 4.8 | -32.9 |
| Impact from exchange differences | 0.1 | -0.5 |
| Change in net debt including IFRS 16 | 35.8 | 25.1 |
| Adding back change in IFRS 16 leasing liabilities | -45.6 | -32.9 |
| Change in net debt excluding IFRS 16 | -9.8 | -7.8 |

| Change in interest-bearing liabilities | Bond loan | Liabilities to credit institutions | Liabilities leasing | Factoring debt | Overdraft | Total |
|---|--------------|------------------------------------|---------------------|----------------|------------|--------------|
| Interest-bearing liabilities as of December 31, 2019 | 152.1 | 1.8 | 36.1 | 0.8 | - | 190.7 |
| Cash flow affecting changes | | | | | | |
| Borrowings | - | - | - | - | 0.4 | 0.4 |
| Repayment of loans | -14.8 | -26.2 | - | -0.8 | - | -41.8 |
| Repayment of leasing liabilities | - | - | -7.6 | - | - | -7.6 |
| Total cash flow in financing activities | -14.8 | -26.2 | -7.6 | -0.8 | 0.4 | -49.1 |
| Changes not affecting cash flow | | | | | | |
| Through acquisitions | - | 26.6 | 15.4 | - | - | 42.0 |
| Capitalised leasing | - | - | 37.0 | - | - | 37.0 |
| Amortisation financing costs | 1.2 | - | - | - | - | 1.2 |
| Exchange differences | -0.6 | -0.3 | 0.6 | - | - | -0.3 |
| Total changes not affecting cash flow | 0.6 | 26.3 | 53.0 | - | - | 80.0 |
| Total change | -14.2 | - | 45.4 | -0.8 | 0.4 | 30.9 |
| Interest-bearing liabilities as of December 31, 2020 | 137.9 | 1.8 | 81.5 | - | 0.4 | 221.6 |

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

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

Bond loans

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

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

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

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

Liabilities to credit institutions and factoring debt

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

Liabilities leases

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

Overdraft facility

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

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

Covenants and security provided

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

Security for the revolving credit facility and the bond loans granted have been provided in the form of business mortgages, pledged shares in subsidiaries and material intra-group loans to subsidiaries. The revolving credit facility is a super senior credit facility and the bond loans are subordinated the revolving credit facility. The value at the balance sheet day of the securities provided, is presented in note 29 Pledged assets.

Currency exposure

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

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

Maturity

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

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

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

NOTE 25 PENSIONS AND SIMILAR OBLIGATIONS TO EMPLOYEES

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

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

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

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

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

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

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

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

The most critical assumptions for the defined benefit pensions were:

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

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

The most critical assumptions for other long-term benefits were:

| | Dec 31, 2020 | Dec 31, 2019 |
|-----------------|--------------|--------------|
| Discount rate | 0.30% | 0.45% |
| Salary increase | 2.20% | 2.20% |

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

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

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

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

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

NOTE 26 OTHER PROVISIONS

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

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

| MEUR | 2020-12-31 | 2019-12-31 |
|------------------------|------------|------------|
| Long-term provision | 0.1 | 0.2 |
| Short-term provision | 0.5 | 0.4 |
| Total provision | 0.7 | 0.6 |

NOTE 27 ACCRUED EXPENSES AND DEFERRED INCOME

| MEUR | Dec 31, 2020 | Dec 31, 2019 |
|--|--------------|--------------|
| Accrued wage debt | 1.9 | 2.5 |
| Accrued social security fees | 1.3 | 0.7 |
| Accrued holiday pay including social security fees | 10.3 | 6.7 |
| Accrued customer bonuses | 6.3 | 6.4 |
| Accrued interest | 0.8 | 0.8 |
| Other items | 5.9 | 4.6 |
| Total | 26.5 | 21.7 |

NOTE 28 CONTINGENT LIABILITIES

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

NOTE 29 PLEDGED ASSETS

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

Security for the revolving credit facility and the bond loans granted, further described in Note 24 Borrowings, have been provided in the form of business mortgages, pledged shares in subsidiaries and material intra-group loans to subsidiaries. The business mortgages in the table above correspond to the nominal values of those mortgages. The value of shares in subsidiaries pledged correspond to the net assets of subsidiaries and sub-groups, as reported in the consolidated accounts, representing a worst-case scenario. Intra-group loans pledged are eliminated in the consolidation and consequently not included in the table.

NOTE 30 RELATED PARTIES

Christian Bekken, CEO of BEWi ASA, is together with other members of the Bekken family a major shareholder of the company through Frøya Invest AS, KMC Family AS and BEWi Holding AS.

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

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

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

The number of shares in the company held by management and the Board of Directors as of 31 December 2020 is presented in the table below.

Board of Directors

| Person | Title | Shares | Options | Shares held by related parties |
|-------------------|----------|---------|---------|--------------------------------|
| Gunnar Syvertsen | Chairman | 317,559 | - | 1) |
| Kristina Schauman | Director | 193,452 | - | - |
| Stig Waernes | Director | - | - | 2) |
| Anne-Lise Aukner | Director | - | - | - |
| Per Nordlander | Director | - | - | 3) |

Executive Management

| Person | Title | Shares | Options | Shares held by related parties |
|------------------|-------------------------|---------|---------|--------------------------------|
| Christian Bekken | Chief Executive Officer | 5,952 | 250,000 | 89,939,920 ⁴⁾ |
| Marie Danielsson | Chief Financial Officer | 180,952 | 250,000 | - |
| Jonas Siljeskär | Chief Operating Officer | 99,702 | 250,000 | - |

1) Gunnar Syvertsen is the Chairman of the Board of Frøya Invest AS, which owned 82,107,826 shares on 31.12.2020. The shares are included under "Shares held by related parties" for Christian Bekken below.

2) Stig Waernes is the CEO of BEWi Holding AS, which owned 1,616,739 shares on 31.12.2020. The shares are included under "Shares held by related parties" for Christian Bekken below.

3) Per Nordlander is a partner at the Verdane group, advisor to and manager of the Verdane funds Verdane ETF III SPV K/S and Verdane Skuld 1 AS, together owner of 22,500,000 shares in BEWi ASA. Nordlander is also on the board of VC 2019 (D) and (E).

4) Christian Bekken owns 5,952 shares. In addition, as a member of the Bekken family, he also holds 89,939,920 shares in BEWi ASA, together with other members of the Bekken family, through the Bekken family's investment companies Frøya Invest AS, KMC Family AS and BEWi Holding AS.

Transactions impacting the income statement

| MEUR | 2020 | 2019 |
|--------------------------|-------------|-------------|
| Sale of goods to: | | |
| Bekken owned companies | 5.1 | - |
| IsoBouw GmbH | 32.1 | 27.4 |
| Hirsch Porozell GmbH | 4.6 | - |
| Total | 41.8 | 27.4 |

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

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

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

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

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

The transactions were conducted on normal market terms.

Transactions impacting the balance sheet

| MEUR | Dec 31, 2020 | Dec 31, 2019 |
|-------------------------------|--------------|--------------|
| Non-current receivable | | |
| Bekken owned companies | 0.1 | - |
| HIRSCH France SAS | 2.3 | 2.5 |
| Jablite Group Ltd | 1.7 | - |
| Total | 4.1 | 2.5 |

| MEUR | Dec 31, 2020 | Dec 31, 2019 |
|-----------------------------|--------------|--------------|
| Current receivables: | | |
| Bekken owned companies | 1.5 | - |
| HIRSCH Porozell GmbH | 0.6 | - |
| Total | 2.1 | - |

| MEUR | Dec 31, 2020 | Dec 31, 2019 |
|-----------------------------|--------------|--------------|
| Current liabilities: | | |
| Bekken owned companies | 3.8 | - |
| Total | 3.8 | - |

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

NOTE 31 ADJUSTMENTS FOR NON-CASH ITEMS, ETC.

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

NOTE 32 SUBSEQUENT EVENTS

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

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

Income statement of the Parent Company

| Amounts in MNOK | Note | 2020 |
|---|------|--------------|
| Operating income | | |
| Net sales | 3 | 0.5 |
| Total operating income | | 0.5 |
| Operating expenses | | |
| Other external costs | 13 | -20.5 |
| Personnel costs | 4 | -11.2 |
| Deprecation/amortisation and impairment of tangible and intangible assets | | 0.0 |
| Total operating expenses | | -31.7 |
| Operating profit | | -31.2 |
| Other interest income and similar items | 5 | 35.0 |
| Interest expenses and similar income items | 5 | -0.5 |
| Total from financial items | | 34.5 |
| Profit or loss before taxes | | 3.3 |
| Tax on net income for the year | 6 | 0.0 |
| Net profit for the year | | 3.3 |

Statement of financial position of the Parent Company

| Amounts in MNOK | Note | 2020-12-31 |
|---|-------|----------------|
| ASSETS | | |
| Non-current assets | | |
| Tangible assets | | |
| Equipment, tools, fixtures and fittings | | 0.4 |
| Total financial assets | | 0.4 |
| Financial assets | | |
| Shares in subsidiaries | 7 | 2,910.6 |
| Other financial assets | | 0.1 |
| Total financial assets | | 2,910.7 |
| Total non-current assets | | 2,911.1 |
| Current assets | | |
| Short-term assets | | |
| Receivables from Group companies | 11 | 35.5 |
| Total short-term receivables | | 35.5 |
| Cash and bank balances | 8 | 75.9 |
| Total current assets | | 111.4 |
| TOTAL ASSETS | | 3,022.5 |
| Amounts in MNOK | | |
| EQUITY AND LIABILITIES | | |
| Equity | | |
| Restricted equity | | |
| Share capital | 9, 10 | 148.4 |
| Total restricted equity | | 148.4 |
| Non-restricted equity | | |
| Additional paid-in capital | 10 | 2,815.7 |
| Profit or loss brought forward | 10 | 0.0 |
| Net profit or loss for the year | 10 | 3.3 |
| Total non-restricted equity | | 2,819.0 |
| Total equity | | 2,967.4 |
| Current liabilities | | |
| Liabilities to Group companies | 11 | 38.1 |
| Account payables | | 11.2 |
| Other short-term liabilities | | 2.7 |
| Accrued expenses and deferred income | | 3.1 |
| Total short-term liabilities | | 55.1 |
| TOTAL EQUITY AND LIABILITIES | | 3,022.5 |

Trondheim, Norway, April, 20, 2021
The Board of Directors and CEO
BEWI ASA

Gunnar Syvertsen
Chair of the Board

Anne-Lise Aukner
Director

Per Nordlander
Director

Stig Wærnes
Director

Kristina Schauman
Director

Christian Bekken
CEO

Cash flow statement for the Parent Company

| MNOK | Note | 2020 |
|--|------|--------------|
| Operating cash flow | | |
| Income before financial items | | -31.3 |
| Interest paid and financing costs | | -0.5 |
| Operating cash flow before changes to working capital | | -31.7 |
| Cash flow from working capital changes | | |
| Increase/decrease in current receivables | | -0.6 |
| Increase/decrease in operating debt | | 20.1 |
| Total change to working capital | | 19.5 |
| Operating cash flow | | -12.2 |
| Cash flow from investment activities | | |
| Purchase of property, plant and equipment | | -0.4 |
| Cash flow from investment activities | | -0.4 |
| Cash flow from financing activities | | |
| New share issue, net of transaction costs | | 89.5 |
| Share capital decrease | | -1.0 |
| Cash flow from financing activities | | 88.5 |
| Cash flow for the period | | 75.9 |
| Cash and cash equivalents at the beginning of the year | | 0.0 |
| Cash and cash equivalents at the end of the year | 8 | 75.9 |

PARENT COMPANY

Accounting principles and notes to the accounts

NOTE 1 GENERAL INFORMATION

The parent company is a public limited company registered in Norway, with head office located in Trondheim, Norway, and address Postboks 3009, 7441 Trondheim.

NOTE 2 SUMMARY OF KEY ACCOUNTING PRINCIPLES FOR THE PARENT COMPANY

The key accounting principles used in this annual report are stated below. The principles have consistently been used for all reported financial years, unless otherwise specified.

The annual report for the Parent Company is prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway. The accounts are stated below, for which the Parent Company applies accounting principles differing from those of the Group, as described in note 2 to the consolidated accounts.

The annual report has been prepared in accordance with the cost value principle.

The preparation of reports requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the parent company's accounting principles. The areas involving a higher degree of judgement or complexity or areas for which assumptions and estimates are significant to the annual report, are stated in note 4 to the consolidated accounts.

The Parent Company is through its activities exposed to several different financial risks: market risk (currency risk and interest rate risk), credit risk and liquidity risk. The Parent Company's comprehensive financial risk management is focused on the unpredictability of the financial markets and strives to minimise any adverse effect on the consolidated profits. For more information regarding financial risks, see note 3 to the consolidated accounts.

The parent company applies accounting principles differing from those of the Group for the areas are stated below:

LAYOUT

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

SHARES IN SUBSIDIARIES

Shares in subsidiaries are reported at acquisition cost less any impairment. The acquisition cost includes any cost related to the acquisition and any additional purchase price.

A calculation of the recoverable amount is undertaken, in the event of an indicator of impairment of the shares in a subsidiary. Should the recoverable amount be below the carrying amount, impairment is made. Impairments are reported in Profit from participations in Group companies.

Financial instruments

Financial instruments are reported at acquisition cost. Financial assets acquired for short-term holding will in subsequent periods be reported at the lower of acquisition cost or market value.

NOTE 3 NET SALES

The parent company's revenue derive solely from one business area and is related to intra-group administrative services.

NOTE 4 EMPLOYEE REMUNERATION ETC.

| MNOK | 2020 |
|--|-------------|
| Salary and other remuneration | -3.0 |
| Social security expenses | -0.4 |
| Pension costs – defined contribution plans | -0.0 |
| Total remunerations to employees | -3.4 |

The company is obliged to have an occupational pension scheme in accordance with the Act on Mandatory Occupational Pensions. The company pension schemes satisfy the requirements of this Act.

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

| MNOK | 2020 |
|--------------------------------|-------------|
| Salary and other remunerations | -0.7 |
| Bonus | -0.2 |
| Pension costs | -0.0 |
| Total | -0.9 |

| Average number of employees | 2020 | Average number of employees | Whereof men |
|-----------------------------|------|-----------------------------|-------------|
| Norway | | 4 | 2 |

In November 2020, BEWI ASA implemented a share-based incentive programme, entitling the participants to subscribe for shares in BEWI ASA during a three-year period. The purpose of the programme is to further align the interests of the company and its shareholders by providing incentives in the form of awards to employees to motivate them to contribute materially to the success and profitability of the Company. The features of the programme are further described in note 22 to the Group.

The CEO of BEWI ASA was granted 250,000 share options.

Severance pay

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

NOTE 5 INTEREST INCOME AND INTEREST EXPENSE AND SIMILAR ITEMS

| MNOK | 2020 |
|---|-------------|
| Interest income, Group companies | 0.0 |
| Exchange gains | 0.0 |
| Group contribution | 35.0 |
| Total interest income and similar profit or loss items | 35.0 |
| Interest expense | 0.0 |
| Interest expense, Group companies | -0.1 |
| Exchange loss | 0.0 |
| Other financial expenses | -0.4 |
| Total interest expense with similar profit or loss items | -0.5 |
| Total financial income and expense – net | -0.5 |

NOTE 6 INCOME TAX ON THE PROFIT FOR THE YEAR

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

| MNOK | 2020 |
|--|------------|
| Income before taxes | 3.3 |
| Income tax calculated using the Norwegian tax rate (22%) | -0.7 |
| Tax effects attributable to: | |
| Non-deductible costs | 0.0 |
| Deductible expenses not recognised in income statement | 0.7 |
| Total tax reported | 0.0 |

NOTE 7 SHARES IN SUBSIDIARIES AND ASSOCIATES

| SUBSIDIARIES MNOK | Dec 31, 2020 |
|-----------------------------|----------------|
| As of January 1 | 0.0 |
| Acquisition of subsidiaries | 2,910.6 |
| As of December 31 | 2,910.6 |

BEWI ASA was incorporated on 29 July 2020. On 21 August 2020 all of the shares in BEWiSynbra AB were contributed to BEWI ASA against an issuance of a total of 143,943,671 shares in BEWI ASA to the shareholders of BEWiSynbra AB (a share exchange), simultaneously with a write-down of the existing share capital of BEWI ASA. This thereby established the same shareholder structure in BEWI ASA as in BEWiSynbra immediately before the reorganization. Following the legal restructuring, BEWI ASA has become the new parent company of the Group.

The rationale for the reorganization was to establish BEWI ASA as the new top holding company of BEWiSynbra ahead of the admission to trading on Euronext Growth (previously named Merkur Market) on 28 August 2020. On 18 December 2020, BEWI ASA was transferred to Oslo Børs.

The non-cash contribution was booked at fair value in BEWI ASA according to Norwegian Generally Accepted Accounting principles.

| Subsidiaries | Prop. of shares held by parent, % | Reg. no. | Reg office/ Country | Carrying amount |
|---------------------------------|--------------------------------------|-------------|------------------------|--------------------|
| Directly owned | | | | |
| BEWiSynbra Group AB | 100 | 556972-1128 | Solna, Sweden | 2,910.6 |
| Indirectly owned | | | | |
| Subsidiaries | Prop. of shares held by parent, % | Reg. no. | Reg office/ Country | |
| BEWi Insulation AB | 100 | 556541-7788 | Sweden | |
| BEWi Packaging AB | 100 | 556961-3309 | Sweden | |
| BEWi Dorotea AB | 100 | 556669-9434 | Sweden | |
| BEWiSynbra Circular AB | 100 | 556628-9178 | Sweden | |
| BEWi Automotive AB | 100 | 559102-5332 | Sweden | |
| BEWiSynbra Norway AS | 100 | 928 878 090 | Norway | |
| Genevad Holding AB | 100 | 556707-1948 | Landskrona, Sweden | |
| M-plast | 100 | 0506033-6 | Kaavi, Finland | |
| De Wijs-van Loon B.V | 75 | 18051893 | Netherlands | |
| BEWiSynbra Cirkular Denmark A/S | 100 | 41 40 69 84 | Denmark | |
| Eurec A/S | 100 | 25162242 | Denmark | |
| BEWiSynbra RAW Oy | 100 | 1094747-6 | Finland | |
| BEWi Drift Holding AS | 100 | 995 172 895 | Norway | |
| Bewi Box AS | 100 | 995 813 068 | Norway | |
| BEWi Norplasta AS | 100 | 989 953 133 | Norway | |
| BEWi Norplasta AB | 100 | 556649-7821 | Sweden | |
| Nordic Emballasje AS | 100 | 979 574 193 | Norway | |
| Salkaup Nordic ehf. | 51 | 620818-0890 | Iceland | |
| NOKK ehf. | 51 | 490505-1480 | Iceland | |
| Tommen Gram Folie AS | 100 | 977 051 371 | Norway | |
| Tommen Gram AS | 100 | 912 038 084 | Norway | |
| Biobe AS | 100 | 984 329 881 | Norway | |
| BEWi Insulation Norway AS | 100 | 986 795 693 | Norway | |
| BEWiSynbra RAW BV | 100 | 20 033 648 | Netherlands | |
| BEWi Cabee Oy | 100 | 2083942-8 | Finland | |
| BEWi Insulation Oy | 100 | 0606536-6 | Finland | |
| BewiSynbra Denmark A/S | 100 | 31867304 | Denmark | |

| Subsidiaries | Prop. of shares held by parent, % | Reg. no. | Reg office/ Country |
|-------------------------------|-----------------------------------|-----------------|---------------------|
| Indirectly owned | | | |
| Genevad Netherlands BV | 100 | 70 824 312 | Netherlands |
| Synbra Holding BV | 100 | 20095683 | Netherlands |
| Synbra International BV | 100 | 20095676 | Netherlands |
| Synbra BV | 100 | 20080670 | Netherlands |
| Besto Verpakkingsindustrie BV | 100 | 05034571 | Netherlands |
| Synproto Produktie BV | 100 | 10012456 | Netherlands |
| Stramit BV | 100 | 17023362 | Netherlands |
| Ertecee BV | 100 | 06010160 | Netherlands |
| IsoBouw Systems BV | 100 | 17046081 | Netherlands |
| Synproto BV | 100 | 18115693 | Netherlands |
| Synbra Propor BV | 90 | 67056849 | Netherlands |
| Moramplastics BV | 100 | 09036097 | Netherlands |
| Pingxi NV | 51 | BE00641.986.778 | Belgium |
| Synbra Holding UK Ltd | 100 | 09502640 | United Kingdom |
| Plastimar SA | 100 | 508413770 | Portugal |
| Plasexpandido SL | 100 | B36900157 | Spain |

| Associates | Prop. of shares held by parent, % | Reg. no. | Reg office/ Country |
|--|-----------------------------------|-------------|---------------------|
| Indirectly owned | | | |
| Jablite Group Ltd. | 49 | 556972-1128 | United Kingdom |
| HIRSCH Porozell GmbH | 34 | FN 117255i | Germany |
| HIRSCH France SAS | 34 | 92044 | France |
| Other Shares and participations | | | |
| Indirectly owned | | | |
| Polystyrene Loop Cooperatief U.A | 8 | 68399812 | Netherlands |
| KMC Properties ASA | 4 | 990 727 007 | Norway |

NOTE 8 CASH AND BANK BALANCES

| MNOK | 2020-12-31 |
|------------------------|-------------|
| Restricted cash | 0.6 |
| Cash and bank balances | 75.3 |
| Total | 75.9 |

NOTE 9 SHARE CAPITAL

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

NOTE 10 EQUITY

| Amounts in MNOK | Share capital | Restricted equity | | Non-restricted equity | | Total |
|--|---------------|----------------------------|--------------------------------|-----------------------|-----|-------|
| | | Additional paid-in capital | Profit or loss brought forward | | | |
| Balance carried forward as of December 31, 2019 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| New share issue | 148.4 | 2,815.7 | 0.0 | 2,964.1 | | |
| Net profit or loss for the year | | | 3.3 | 3.3 | | |
| Balance carried forward as of December 31, 2020 | 148.4 | 2,815.7 | 3.3 | 2,967.4 | | |

NOTE 11 RECEIVABLES AND LIABILITIES

| MNOK | Financial assets measured at amortised cost |
|--|--|
| December 31, 2020 | |
| Balance sheet assets | |
| Current receivables from Group companies | 35.5 |
| Total | 35.5 |
| | |
| | Financial liabilities measured at amortised cost |
| Balance sheet liabilities | |
| Current liabilities to Group companies | 38.1 |
| Total | 38.1 |

The company has no receivables or liabilities with maturity over one year.

NOTE 12 RELATED PARTIES

Christian Bekken, CEO of BEWI ASA, is together with other members of the Bekken family a major shareholder of the company through Frøya Invest AS, KMC Family AS and BEWI Holding AS. More information on related party transactions are reported in note 30 to the consolidated accounts. Information on remuneration of management and the Board of Directors is found in note 6 top the consolidated accounts.

NOTE 13 REMUNERATION TO AUDITORS

| MNOK | 2020 |
|--|-------------|
| The audit assignment | -0.6 |
| Audit activities other than the audit assignment | -1.2 |
| Tax advice | -0.4 |
| Other service | -1.5 |
| Total | -3.7 |

IPO related costs included in other services amount to MNOK -1.1

Independent Auditor's report



To the General Meeting of BEWi ASA

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of BEWi ASA, which comprise:

- The financial statements of the parent company BEWi ASA (the Company), which comprise the statement of financial position as at 31 December 2020, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of BEWi ASA and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2020, the income statement, statement of other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company and the Group as required by laws and regulations, and we have fulfilled our other 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 opinion.

Key Audit Matters

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

Key Audit Matter

How our audit addressed the Key Audit Matter

Impairment testing of intangible assets with an indefinite useful life

The Group's disclosures and principles for accounting and valuation of goodwill and trademark are described in the annual report under Note 2.4 and Note 12. Goodwill and trademark are significant assets in the Group's balance sheet. The carrying amount of goodwill and trademark amounts to EUR 83.8 million and EUR 21.3 million respectively as of December 31, 2020.

The impairment test of goodwill and trademark includes management's judgemental assessments of the future and assumptions regarding, for example, future cash flows.

The use of judgement and the material amounts are the main reasons to why we focused on this area.

We carried out a number of audit procedures to challenge management's use of judgement.

Among other things, we performed the following:

- Examined how the company management identified cash-generating units and compared this with how BEWi follows up goodwill and trademark internally.
- Evaluated the reasonableness of the assumptions made and evaluated the company management's analysis of the sensitivity of the valuation to changes in significant parameters, which could lead to a need for impairment.
- Evaluated the reasonableness of the discount rate used for the cash-generating units by comparing the different assumptions used to build the discount rate to internal and external sources.
- Evaluated management's forecasting ability by comparing previously made forecasts with actual results.

We also considered whether the information provided in Note 12 to the annual report met the requirements in current accounting standards.

| Key Audit Matter | How our audit addressed the Key Audit Matter |
|--|---|
| Accounting of business acquisitions | |
| <p>The Group's disclosures and principles for accounting and valuation of goodwill and trademark are described in the annual report under notes 2.2, 2.4 and note 14.</p> | <p>We reviewed and evaluated the acquisition analysis with special focus on how company management identified goodwill and other intangible assets and how they valued inventories. To challenge management's judgement, we performed, among other, the following audit procedures:</p> |
| <p>During the past year, BEWi has made five business acquisitions, of which the acquisition of the Norwegian group BEWi Drift Holding AS was the most significant.</p> | <ul style="list-style-type: none"> • Obtained the acquisition agreements and evaluated the terms of the agreements in these from an accounting perspective. • Confirmed paid purchase price against bank account statement. • We examined the Company's methods and assumptions for valuing inventories, identifying intangible assets such as customer relationships, and trademark, and the allocation of surplus values to these. |
| <p>For each business combination, the management prepared an acquisition analysis in which the difference between the net assets in the acquired company and the purchase price was allocated to identified assets in the acquired company. Inventories, customer relationships and trademark was among the identified assets, as well as goodwill.</p> | <p>We also considered whether the information provided in Note 14 to the annual report met the requirements in current accounting standards.</p> |
| <p>To determine the value of the identified intangible assets, management used judgement and performed technically complex calculations based on estimates and forecasts of the acquired companies' future development. Customer relationships, unlike goodwill and trademark, are written off over their expected useful lives. Furthermore, acquired inventories are valued at fair value, ie sales price in the acquisition analyzes. An incorrect distribution of surplus values in the acquisition analysis can thus have a significant impact on the financial statements.</p> | <p>Company acquisitions are complex in nature and the reporting of these depends on how the acquisition agreement is designed and usually depends on judgment from management, which is why we have assessed the preparation of an acquisition analysis to be key to our audit.</p> |

| | |
|--|--|
| Other information | <p>Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.</p> |
| <p>Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.</p> | <p>In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.</p> |
| <p>In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> | <p>Auditor's Responsibilities for the Audit of the Financial Statements</p> |
| <p>If, based on the work we have performed, we 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.</p> | <p>Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.</p> |
| Responsibilities of the Board of Directors and the Managing Director for the Financial Statements | |
| <p>The Board of Directors and the Managing Director (Management) are responsible for the preparation in accordance with law and regulations, including a true and fair view of the financial statements of the Company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and true and fair view of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.</p> | |

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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 internal control relevant to the 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 or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company 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 financial statements or, if such disclosures are inadequate, to modify our opinion. 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 the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that

a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the statements on Corporate Governance and Corporate Social Responsibility concerning the financial statements, the going concern assumption and the proposed allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Trondheim, 20 April 2021

PricewaterhouseCoopers AS

Kjetil Smørdal

State Authorised Public Accountant

RECONCILIATION ALTERNATIVE PERFORMANCE MEASURES

ALTERNATIVE PERFORMANCE MEASURES NOT DEFINED BY IFRS

| MEUR | 2020 | 2019 |
|--------------------------------|-----------------|-----------------|
| Operating income (EBIT) | 39.5 | 20.3 |
| Amortisations | 6.2 | 7.2 |
| EBITA | 45.8 | 27.5 |
| Items affecting comparability | -5.0 | 3.9 |
| Adjusted EBITA | 40.8 | 31.4 |
| EBITA | 45.8 | 27.5 |
| Depreciations | 24.2 | 20.4 |
| EBITDA | 70.0 | 48.0 |
| Items affecting comparability | -5.0 | 3.9 |
| Adjusted EBITDA | 65.0 | 51.8 |

ITEMS AFFECTING COMPARABILITY

| MSEK | 2020 | 2019 |
|---|------------|-------------|
| IPO related costs | -2.1 | -0.1 |
| Severance and integration costs | -0.5 | -1.1 |
| Restructuring costs | -0.4 | -1.1 |
| Transaction costs | -1.2 | -1.0 |
| Additional purchase price | 0.0 | -0.1 |
| Capital gains from sale of fixed assets | 6.3 | 0.0 |
| IT restructuring | -0.4 | 0.0 |
| Recognition of negative goodwill in associate | 3.5 | 0.0 |
| Other | -0.2 | -0.4 |
| Total | 5.0 | -3.9 |

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

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

EBITDA BRIDGE: CHANGE IN ADJ. EBITDA FROM CORRESPONDING PERIODS IN 2019

| MEUR | RAW | % | Insulation | % | P&C | % | Unallocated | % | Total adjusted EBITDA | % |
|-------------------------|-----|-------|------------|-------|------|-------|-------------|--------|-----------------------|-------|
| 2019 | 5.0 | | 22.3 | | 28.9 | | -4.4 | | 51.8 | |
| Acquisitions | - | - | 1.5 | 6.7% | 2.3 | 8.0% | 0.3 | 6.5% | 4.1 | 7.9% |
| Currency | - | - | 0.0 | 0.1% | -0.9 | -2.9% | 0.1 | 3.2% | -0.7 | -1.3% |
| Organic growth | 4.4 | 87.9% | 2.6 | 11.7% | 3.8 | 13.2% | -1.2 | -26.3% | 9.7 | 18.6% |
| Total increase/decrease | 4.4 | 87.9% | 4.2 | 18.5% | 5.2 | 18.3% | -0.7 | -16.7% | 13.2 | 25.3% |
| 2020 | 9.4 | | 26.5 | | 34.1 | | -5.1 | | 65.0 | |

Definitions of alternative performance measures not defined by IFRS

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

Glossary

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

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

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

GPPS – General Purpose Polystyrene is a polymer styrenmonomer.

HVAC – heat, ventilation, air conditioning.

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

BEWI

for a better everyday

www.bewi.com