2021

Annual report

BEWI

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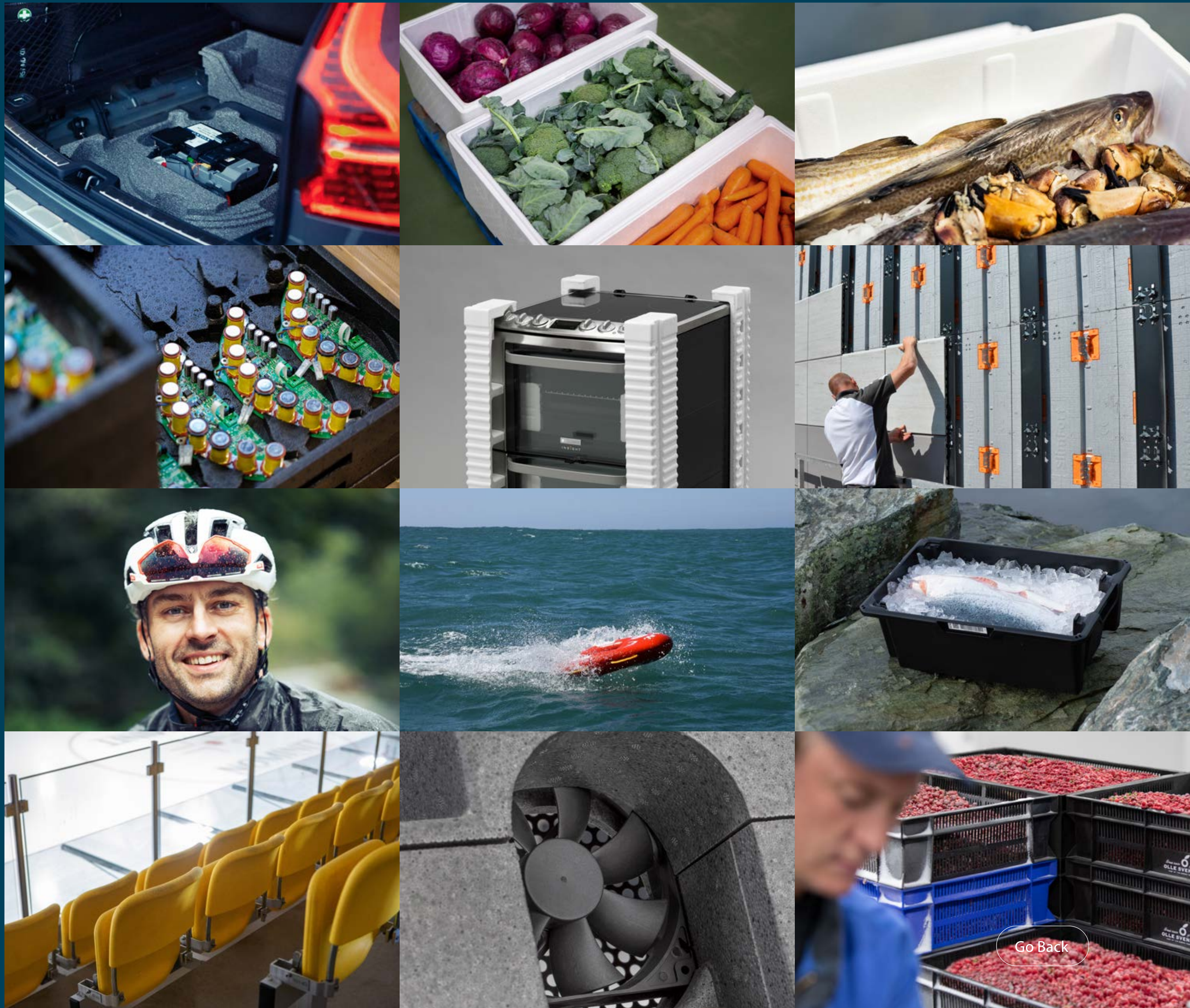
Our vision

Protecting people and goods for a better everyday

Our mission

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



Who we are

BEWI is a leading European provider of packaging, components, and insulation solutions. The company is diversified across geographies and end-user markets, offering a wide range of products and solutions from different materials. BEWI is not only committed to sustainability throughout its value chain, from production of raw materials and end goods to recycling but has an ambition to lead the change towards a circular economy for its industry.

Since the outset in 1980 on the island Frøya off the coast of central Norway, the company has been dedicated to creating value to its customers, the society, and owners. BEWI has developed into a classic "buy and build" company, completing a number of mergers and acquisitions over the years.

The strategic priorities are to grow the company by strengthening its market positions, expanding into new geographical markets, broadening the product offering, and increase the group's capacity for collection and recycling.

Net sales

748 EURm

463 EURm in 2020

Adjusted EBITDA

109 EURm

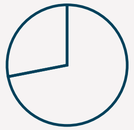
65 EURm in 2020

Facilities

41

Employees

2 097

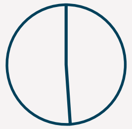


Male 72%
Female 18%

1 438 in 2020

Taxonomy eligible revenues

49%



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Diversified across markets

41 own facilities across Europe, in addition to 17 jointly owned facilities, enabling broad coverage and strong local presence.

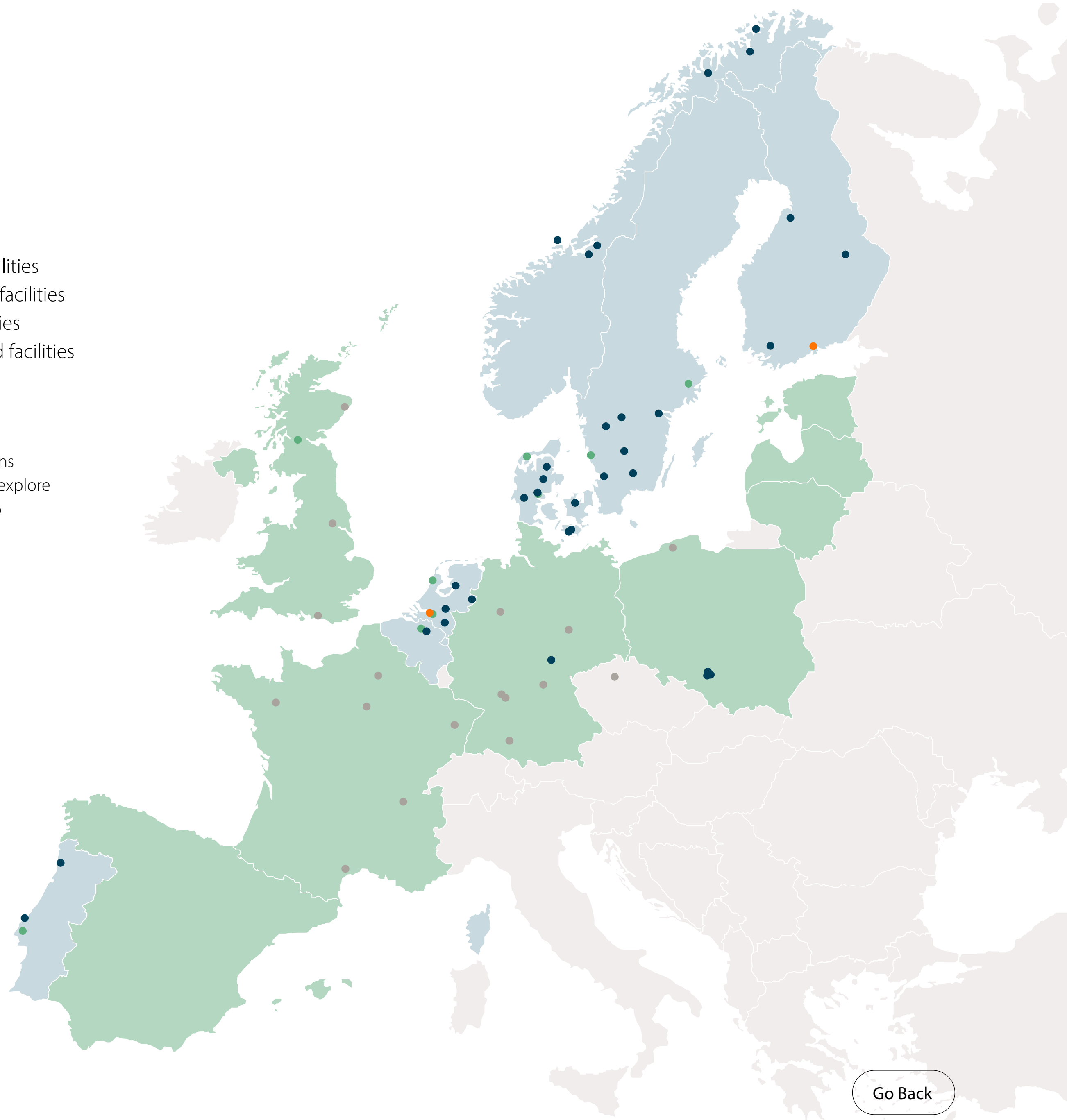
Close proximity to customers is, among others, critical to avoid high transportation costs, since a majority of the group's downstream products are made from EPS, which is 98 per cent air. In addition, the diversification across geographies and end-user markets, works as a stabiliser for the group, as countries and industries are impacted by different challenges and market developments at different times.

Facilities

- 2x Upstream facilities
- 33x Downstream facilities
- 6x Circular facilities
- 17x Jointly owned facilities

Markets

- Strong market positions
- Attractive markets to explore or further expand into



More than 40 years of history and a proven track record of successful M&A integration

1980

BEWI founded by the Bekken family focusing on packaging

1973

IP Brabant (Synbra origin) starts EPS polymerisation

1999

Acquisition of Styropack (DK and UK)

2014

Merger with StyroChem into BEWI Group

Acquisition SCA packaging

2017

Acquisition of Finnish XPS producer and Swedish packaging operations

2018

Acquisition of Dutch Synbra, creating a leading European integrated EPS producer

Name changed to BEWiSynbra

Acquisition of Norwegian fish box business and Swedish automotive business

Launch of Circular, for recycling and collection of EPS

2019

Launch of recycling initiative Use-ReUse

Launch of the worlds first 100% recycled EPS

Launch of recycling initiative Use-ReUse

Entering French market by acquisitminorityion of stake in 6 facilities

2020

Listing on Oslo Børs

Acquisition of Dutch recycling company

Entering the UK market by acquisition of minority stake in Jablite Group

Acquisition of recycling assets an establishment of Circular Denmark

Acquisition of BEWi Drift Holding (BDH) reinforcing position within food packaging

Establishment of recycling company in Portugal

2021

Acquisitions of Honeycomb, IZOBLOK, Volker Gruppe, Kemisol and several smaller trading companies

2011–2015
Vertical integration

2016–2018
European expansion

2018 ⟶
European expansion focused on integrating recycling capacity

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Strategic priorities

Innovation

BEWI shall innovate in search for more sustainable materials, products, solutions, and production processes, aiming at improving resource efficiency and increase the use of recycled and non-fossil fuel based raw materials. BEWI’s R&D work leverages on the benefits of the group’s vertical integration.

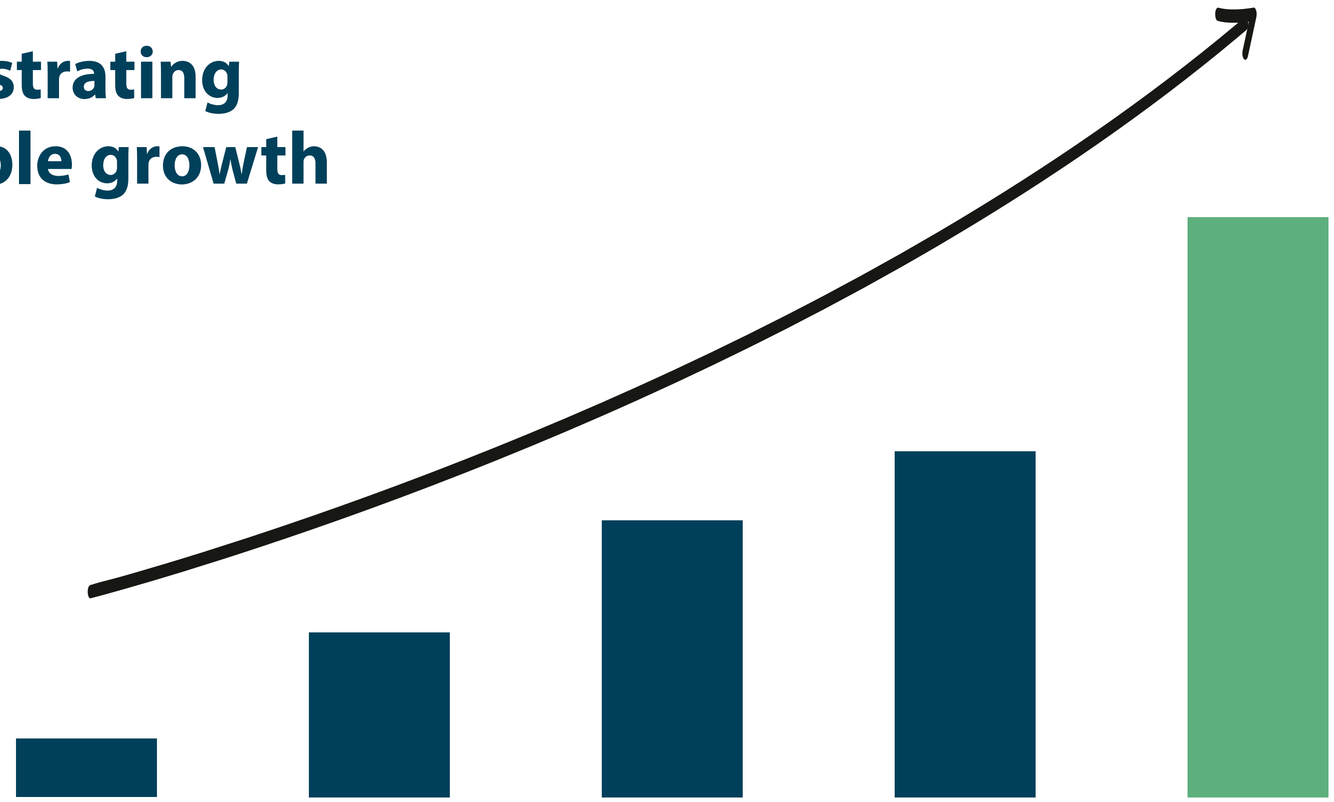
A circular economy

BEWI aims at being the most sustainable provider of packaging, components, and insulation solutions. By managing the entire value chain, BEWI is committed to lead the industry’s change towards a circular economy by closing the loop.

Profitable growth

BEWI shall continue to demonstrate profitable growth through organic initiatives and M&A opportunities focusing on strengthening recycling operations, broadening the product offering, enabling geographic expansion, and further strengthening of market positions.

Demonstrating profitable growth



	2017	2018	2019	2020	2021
Adj. EBITDA (EURm)	11	31	52	65	109
No. of M&A transactions	3	5	3	6	8
Net debt / Adj. EBITDA excl. IFRS 16	4.2x	3.5x	2.3x	1.6x	1.2x

Since 2014, BEWI has completed close to 30 acquisitions, demonstrating profitable growth, while at the same time substantially de-leveraging. For 2021, BEWI posted a revenue increase of 62 per cent, and almost doubled its EBITDA, both as a result of organic growth following strong demand, as well as several acquisitions completed in 2020 and 2021.

The M&A strategy has been integral in forming the group, developing BEWI from a local producer of fish boxes at Frøya, to being a leading European provider of packaging, components, and insulation solutions in Europe. Since 2014, the group has had an integrated model, controlling its raw material production, and has focused on expanding to new markets, and at the same time continuously strengthening and diversifying its product offering.

Comments from the CEO

Demonstrating strong and profitable growth, and a record-high number of value-adding transactions

The year of 2021 was, like 2020, characterised by the covid-19 pandemic, as well as increasing raw material prices. Still, we managed to deliver 62 per cent growth on our top line, and almost doubling our EBITDA from 2020, mainly explained by continued strong demand in our markets. This is all thanks to the consistent hard work from our dedicated employees.

Going into 2022, we have experienced stable or strong demand in our key markets, combined with some challenging conditions in our value chain, including lack of components, delay in logistics and transport, as well as cost inflation. Russia's invasion of Ukraine has increased the uncertainty in our markets, and further strengthened geopolitical tensions.

Sustainability remains a cornerstone of our business

Working to achieve a circular value chain and providing customers with sustainable solutions have long been a key strategic priority for BEWI. From 2014, one of our tenets have been "Less is more", committing us to continuously strive to create more for less, through innovations, and smart and reusable products. In 2018 we launched our commitment to lead the way towards a circular economy for our industry and formally established our circular business.

Our current sustainability strategy was launched in March 2021, based on years of investments and commitments, and with this annual report, we publish our first sustainability report with reference to the GRI standard. We have also started the work to map and define our eligible activities according to the EU Taxonomy. We have come a long way, but as always, we look ahead for areas for further improvement.

Throughout 2021, our circular business continued to expand, with the acquisition of Volker Gruppe, and the minority stake of Inoplast, in addition to the investments in advanced recycling technology in Canada and the new recycling hub in Stockholm. To mention a few. On top of this, we established a new financing framework including a sustainability-linked bond of 250 million euro and a credit facility. Under the framework, we have committed to collecting 45 000 tonnes of used EPS for recycling by the end of 2024, and 60 000 tonnes by the end of 2026. For 2021, we almost reached 20 000 tonnes.

Volume growth in all segments and high M&A activity

Profitable growth is another of our key strategic priorities, including organic growth initiatives and M&A activities. Of our total growth in 2021, approximately two-thirds were organic, and one-third was driven by acquisitions.

The organic growth was mainly explained by volume growth and significant price increases in all segments. In addition, we completed two so-called greenfield projects during the year. Firstly, our new fish box facility at Senja, Norway, where we have a long-term supply agreement with SalMar, commenced operations in the third quarter. Secondly, we completed our investments in a new production line at our facility in Norrköping, Sweden, increasing our production capacity of XPS. Going forward, we look forward to further progress on our planned new packaging hub at Jøsnøya, Norway.

In 2021, we completed a total of eight acquisitions, all in line with our strategy. To mention some:

- Honeycomb/ BEWI Cellpack: Danish paper packaging company, broadening our portfolio within protective packaging, offering our customers complementary and sustainable alternatives
- IZOBLOK: Providing us with a leading position in the market for EPP components to the automotive industry in Europe, a position we intend to continue to strengthen
- Kemisol: Belgian insulation company, strengthening our market position in the important Benelux region, while at the same time broadening our product portfolio

Last, but not least, we received acceptance of our offer to acquire all shares in the packaging and insulation company Jackon Holding in October, introducing the most transformative transaction in our history. We strongly believe in the combination of our two companies, complementing each other well and being a good industrial match. The work to complete the transaction is progressing, although still subject to regulatory approvals.

/ Backed by a strong organisation and a solid financial platform, we expect our integrated and diversified business model to provide us with robust results, enabling us to continue to consolidate the industry and pursue attractive growth opportunities. /

Set to continue growth journey next five years

>2x
Adj. EBITDA
Through organic growth and acquisitions by 2026

~20%
ROCE[1]
Increase towards 20 per cent

<2.5x
NIBD/Adj. EBITDA
Leverage target unchanged going forward

30-50%
Dividend
Of underlying net profit

So far this year, we have announced our acquisition of Trondhjems Eskefabrikk and our intention to acquire a Baltic insulation company, and our pipeline is filled with many more attractive M&A opportunities going forward.

A strong foundation for further growth

Looking back at the full year of 2021, I am once again proud to see the results delivered by our organisation, and I would like to express my gratitude to each of our employees for their dedicated efforts.

Going into 2022, Russia's invasion of Ukraine has been devastating to witness. The humanitarian crisis caused by the invasion has affected us all, and we share a deep concern for the Ukrainian population. Our thoughts are with all the people impacted by the war.

We closely monitor the developments caused by this situation, including implemented and planned sanctions, as well as how the situation could affect our operations. We constantly work to ensure preparedness for various scenarios.

We have launched an ambition to roughly double our revenues and more than double our EBITDA the next five years, as well as improving our return on capital employed to approximately 20 per cent.

Backed by a strong organisation and a solid financial platform, we expect our integrated and diversified business model to provide us with robust results, enabling us to continue to consolidate the industry and pursue attractive growth opportunities.

/ I would like to express my gratitude to each of our employees for their dedicated efforts. /

Christian Bekken, CEO BEWI ASA

Integrated business model enable robust earnings

BEWI has an integrated business model, meaning that the group is integrated throughout the value chain. The group operates through four core business segments, including production of raw materials in the upstream segment RAW, manufacturing of end products and solutions in the downstream segments Insulation and Packaging & Components, and collection and recycling of used products in segment Circular.

The integrated model has for many years provided the group with stable earnings, despite volatile raw material prices. In 2021, raw material prices increased significantly during the spring, remaining at high levels throughout the year, resulting in strong margins in the group's segment RAW, while the downstream segments had somewhat lower profitability margins than for the previous year.

RAW

Production of the raw materials expanded polystyrene (EPS), expanded polypropylene (EPP), extruded polystyrene (XPS), and BioFoam, made from organic materials

Packaging & Components

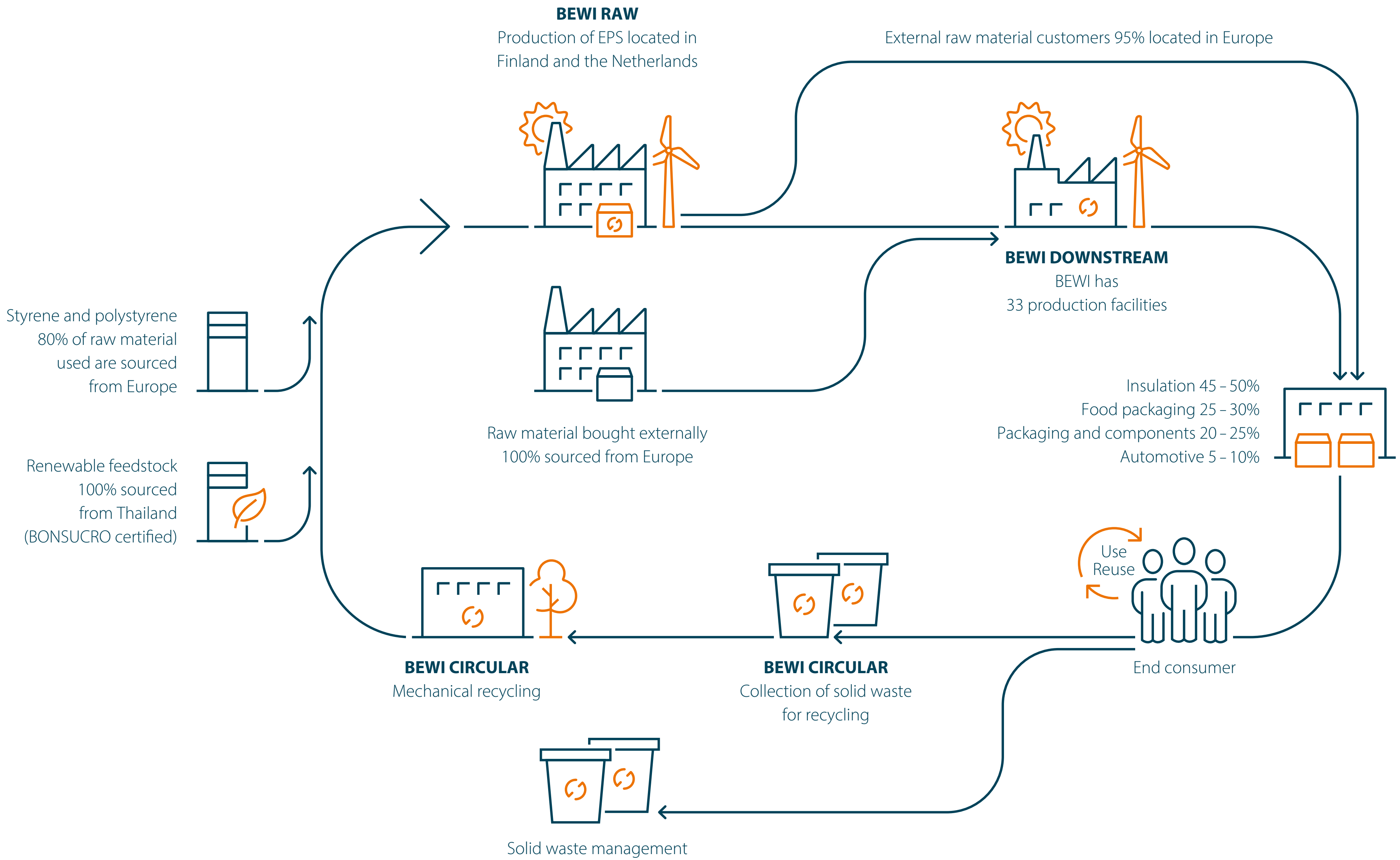
Manufacturing of standard and customised solutions for many industrial sectors, including food packaging, automotive components, and other technical components

Insulation

Manufacturing of an extensive range of solutions for insulation and infrastructure for the building and construction industry

Circular

Collection and recycling of used material, including initiatives to raise knowledge and awareness about recycling, and waste management.



Extensive industry knowledge throughout the value chain

Operating throughout the value chain provides BEWI with several benefits, in addition to the stable earnings as mentioned above.

BEWI's R&D work is integrated in all parts of the value chain, and the company benefits from enhanced innovation through knowledge sharing across segments and regions. This includes utilising industry experience to enhance commodity products, developing specialised products in close collaboration with customers and innovating new, integrated, and circular solutions. The integrated model is crucial, and a competitive advantage to BEWI, in becoming a circular company.

RAW

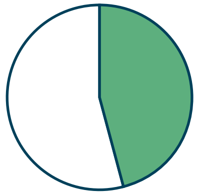
BEWI's RAW segment develops and produces white and grey expanded polystyrene, known as EPS beads or Styrofoam, as well as an increasingly amount of various grades of recycled EPS. In addition, the segment produces the material called Biofoam, a fully bio-based particle foam. After expanding and extruding 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. The total capacity is approximately 200 000 tonnes, of which approximately 50 per cent of the raw material is sold externally, and the latter 50 per cent is sold to BEWI's downstream facilities, also including facilities owned through minority interests.

Innovation is prioritised in the segment, and RAW has a proven ability to develop new applications as well as designing new products. Further, the segment continuously works to develop materials with a potential long-term disruptive effect, such as the non-flammable building insulation material Xire®.

32%

of total revenues[1]



46%

of total adj. EBITDA[2]

[1] Based on revenues from external customers
[2] Based on total adj. EBITDA for operating segments

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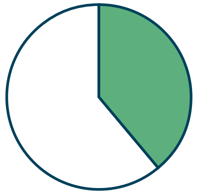
Packaging & Components

Segment P&C develops and manufactures standard and customised packaging solutions and technical components for customers in many industrial sectors. The solutions are composed of a variety of materials, including EPS, expanded polypropylene (EPP), fabricated foam, carboard, fiber (paper), as well as other materials, enabling a broad and complementary product offering. Examples include boxes and bags 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.

BEWI has 24 facilities in 7 countries producing P&C components. Also, the group has minority interests in 2 facilities in the UK.



39%

of total revenues[1]

35%

of total adj. EBITDA[2]

[1] Based on revenues from external customers

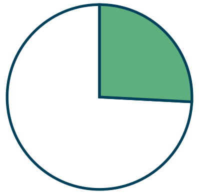
[2] Based on total adj. EBITDA for operating segments

Insulation

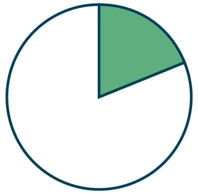
BEWI's insulation segment develops and manufactures an extensive range of products and solutions for the building and construction industry, including foundations, walls, roofs, and ceilings.

The products, mainly composed of expanded polystyrene (EPS) and extruded polystyrene (XPS), are in active service all over society and contribute to a greater energy efficiency due to its excellent insulation properties and light weight. Following the launch of GreenLine, a product line including various grades of recycled content, the interest and demand for more sustainable solutions has increased.

The Benelux is BEWI's most important market for insulation solutions, representing approximately 50 per cent of total sales. BEWI has 15 facilities in 7 countries producing insulation products. In addition, BEWI has minority interests in 6 facilities in France, 6 facilities in Germany and 1 in the UK.



26%
of total revenues[1]



18%
of total adj. EBITDA[2]

[1] Based on revenues from external customers
[2] Based on total adj. EBITDA for operating segments

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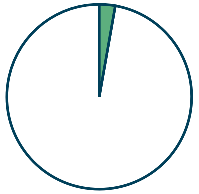
Circular

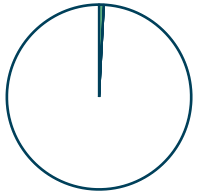
BEWI's Circular segment is responsible for increasing the group's collection and recycling of EPS, aiming at making BEWI a fully circular company. Circular offers different solutions for waste management and collection of used material, as well as offering a range of recycled materials. Since the establishment of the business unit in 2018, Circular has launched several initiatives, increasing the group's recycling capacity to approximately 20 000 tonnes, and a collection run-rate at year end of approximately 23 000 tonnes.

BEWI has announced an annual target of recycling 60 000 tonnes of EPS. 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.



3%

of total revenues[1]



1%

of total adj. EBITDA[2]

[1] Based on revenues from external customers
[2] Based on total adj. EBITDA for operating segments

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.

In addition to the EPS boxes, BEWI offers a wide range of other packaging products to the food industry, including reusable plastic boxes, cartons for fish and shrimps, bags from different materials, pallets and so on.

Pharmaceutical

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

Automotive

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

Infrastructure

EPS plays an important role as filling material for road banks and insulation for concrete foundations. Its wide use is due partly to the fact that it makes roadbuilding more efficient, thanks to its light weight and the stability it provides.

Residential housing

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

Thermal insulation

BEWI's insulation products are manufactured primarily from EPS and XPS. The products are mainly used for foundations, walls and ceilings.

~50 000 tanks

produced annually (by e.g., Nibe, Bosch and Enertech) contain BEWI's insulating components.

~700 000 Volvo cars

were produced in 2019, a large share of which contained BEWI´s components.

More than 10 million fish boxes are produced annually, equal to

~1 billion meals

Key partnerships

BEWI believes that progress towards a more sustainable future can be accelerated through partnerships. These are BEWIs key partnerships:

The association for European Manufactures of Expanded Polystyrene (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.

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.

The PolyStyreneLoop Cooperative

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.

Sustainability report 2021

A circular economy and an inclusive society

ABOUT THIS REPORT This report has been prepared with reference to the Global Reporting Initiative (GRI) Standards (2021). The report covers material environmental, social, and economic impacts and the management approach of BEWI ASA (BEWI) for the calendar year 2021. The report aligns with the company's financial reporting period and represents BEWI's Communication on Progress to demonstrate its commitment to the United Nations Global Compact.

Companies where BEWI has a majority ownership stake are included within the scope of the report. Companies acquired during the course of 2021 are not included and will be included in 2022. This applies to the following companies: Honeycomb Cellpack A/S, Oasis Global II AS, North Pack ApS, Volker Gruppe, Desom Group, Kemisol Group and IZOBLOK S.A.

Contact: Director of Sustainability Camilla Louise Bjerkli (PhD), camilla.bjerkli@bewi.com

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Message from the Director of sustainability

Urgent need for a transition towards a circular economy

The latest report from the UN Climate Panel states that the next five years will be critical to limit climate change to 1.5 degrees. It requires immidiate action from everyone, and the industry must implement a circular business model to reduce emissions.

Camilla Louise Bjerkli,
Director of sustainability

In March 2021, we launched BEWI's sustainability strategy. The launch was a milestone, enabling us to measure our progress and take informed decisions. Witnessing the tremendous positivity all our employees have showed to implement the strategy, is a good reminder of the importance of our actions and commitments.

We see that governments are placing the circular economy at the heart of legislation. The European Union's circular economy action plan is an example of the progressive policy agenda, and the plan will be instrumental in delivering the EUs ambitious goals to be climate neutral by 2050.

Increasing circularity

An important prerequisite for circularity is to make sure that the products we produce are resource efficient and recyclable and I am proud that 99 per cent of the products we produce at BEWI are recyclable. However, the majority of BEWIs GHG emissions comes from the use of fossil fuel raw materials. Increasing the share of recycled raw materials is the most effective action to reduce our emissions. If we reach our target of 50 per cent recycled content, we have the potential to reduce our GHG emissions with 52 per cent. In 2021, 11 per cent of our downstream raw material consumption was recycled and non-fossil fuel based. To increase the share of recycled raw materials, our main challenge is to get hold of the streams of used material. We are on track and have doubled our collection and recycling capacity compared to 2020. We are currently collecting 33 per cent of high turnover products supplied to the market annually. That's at least a good start.

Transition to non-fossil fuel energy

The transition to non-fossil fuel energy sources remains a huge challenge since as much as 65 per cent of our energy sources comes from natural gas. However, we are proud to see that our production facilities in Sweden have increased their share of non-fossil fuel energy sources to 68 per cent, showing it is possible. The past year has also made it clear that our dependence on fossil fuels makes us vulnerable to price shocks and climate risks. An important next step is to explore technologies for energy efficiency and non-fossil fuel energy solutions which will be crucial for us to reduce emissions, climate risks and to have stable and predictable energy costs.

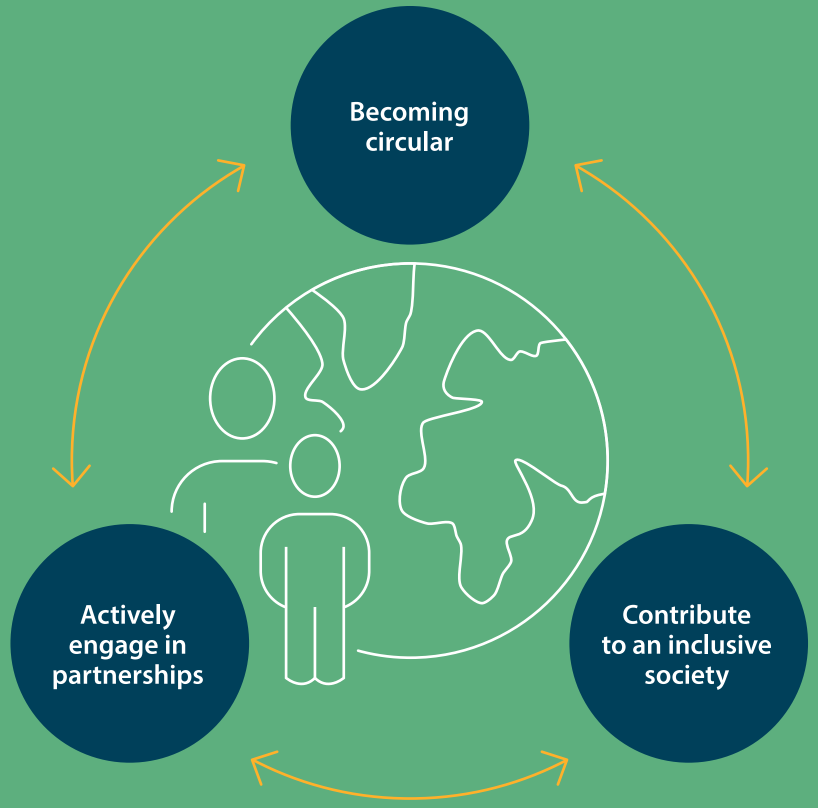
Sustainability in our supply chain

93 per cent of BEWI's emissions stems from our supply chain, and an important work in 2021 has been to incorporate sustainability in our supply chain management. This will enhance the company's ESG performance, reduce risks, mitigate future disruptions, and balance risk and resilience. Therefore, the introduction of our newly launched supply chain management system called BEWI partner is a milestone for us and will support our work to document and improve sustainability in our supply chain.

We have started our journey towards a circular and inclusive society, continuously revising our plans and increasing our ambitions. In this report we set out what we have achieved in 2021 but also how we are positioned to further strengthen our work going forward.

BEWI's approach to sustainability

BEWI's sustainability vision is a circular economy and an inclusive society. The company's strategic approach to sustainability is based on three pillars that creates the foundation for the company's work.



Becoming circular

The circular economy offers a framework to move towards a more sustainable production and consumption. For BEWI, this means to utilise resources as optimally as possible, focusing on reducing consumption, and to keep the value of products and materials in the loop for as long as possible. This, together with the transition to renewable energy sources, will ensure a more sustainable use of resources.

Actively engage in partnerships

A transition towards a circular economy requires a systematic shift, and fundamentally rethinking the way we produce and use products. There is a need to build a coalition for action that is both diverse and inclusive. BEWI are committed to engaging with their partners to increase the capacity and capability to build the necessary infrastructure and alliances to accelerate the transition to a more circular economy.

Contribute to an inclusive society

As a company BEWI has an important role to play in securing an inclusive society, by being a responsible employer, partner, and neighbour. BEWI can make a difference for people and communities in the countries where they operate by tackling anti-corruption, upholding labour rights, and ensuring inclusive decision-making and community engagement.

Commitments and progress

WE SUPPORT

BEWI's sustainability strategy is the company's roadmap towards a circular economy and an inclusive society. Working towards specific targets, BEWI is committed to delivering more circular solutions, reducing carbon emissions, providing innovative collection, and recycling solutions, and contributing to an inclusive society.

Strategic pillars	Strategic goal	Our Key Performance Indicators	Baseline 2020	Status 2021	Target 2030
Becoming circular	To be lean	% - recycled or non-fossil raw materials	4%	11%	50%
		% - non-fossil energy sources	20%	24%	50%
		% - non-fossil transportation	3%	6%	50%
		% - production facilities ISO 14001 certified	47%	50%	100%
	To keep	% - recyclable products	95%	99%	100%
		% - rawmaterial consumtion going to products for reuse	1%	1%	10%
	To close	% - cut-off waste from production	2%	2%	0%
		% - waste sorted out for material recycling	35%	37%	80%
		% - collected materials[1]	18%	33%	100%
Actively engage in partnership	Enhance policies and industry standards for circular solutions	% - membership in industry association	100%	100%	100%
	Team up to create joint value	% - suppliers meeting environmental requirements[2]	-	-	100%
	To increase knowledge and innovation to enable circular and inclusive societies	No. - project supported	0	1	1
Contribute to inclusive societies	Be a responsible employer	% - employees with a development plan	40%	44%	100%
		No. - accidents	40	26	0
	Be a responsible partner	% - Suppliers meeting human and labour rights requirements[2]	-	-	100%
		No. - concerns of corruption or misconduct rised	0	0	0
	Be a responsible neighbour	% - production facilities with community engagement	45%	61%	100%
		No. - deviations from environmental managment systems	6	19	0

[1] Collected materials measured against BEWIs target to collect 60 000 tonnes equal to annual high turnover products.
[2] BEWIs supplier system BEWI Partner was launched in december 2021 and the screening of suppliers will be significantly increased during 2022.

Management of sustainability

The responsibility for the company's sustainability performance lies with the board of directors and BEWI's director of sustainability manages the group's sustainability work and reports to the CFO. This report has been reviewed and approved by the board of directors.

In 2021, BEWI launched its sustainability strategy with commitments towards 2030. To ensure implementation, each business unit in BEWI has their own sustainability strategy with goals and action plans towards 2023. The managing directors for each unit are responsible for implementing the strategy and report to the director of sustainability and executive management group monthly. In 2022, sustainability criteria and KPIs will be included in the group's remuneration schemes.

Coordinating sustainability

To ensure implementation and progress towards the company's commitments, BEWI established a sustainability group in 2021. The group consists of representatives from each business unit and holds monthly meetings. The group works closely to address relevant challenges and to share experiences. Sub-groups are established to handle topic specific challenges and opportunities for the company. In 2021, four working groups were established: health and safety, energy efficiency and renewable technologies, solid waste, and supply chain management.

Sustainable supply chain management

Vertical cooperation on sustainability issues in the value chain is pivotal to meet the group's targets and realise its potential. In 2021, a supply chain management system called BEWI Partner was established, allowing for screening and monitoring of suppliers' sustainability efforts and impacts. The system shall ensure that the group's suppliers meet requirements and expectations related to sustainable and ethical business conduct.

Governing documents

BEWI's policies and procedures informs how the group, and its business partners should conduct business. The board of directors' monitors compliance with governing documents. Managing directors for each business unit ensure compliance with the governing documents, applicable laws, and regulations. The board reviews the policies at least annually.

BEWI's governing documents are available on the company's website and supplemented by other policies adopted by the board of directors. All employees must read and sign the Code of Conduct as part of their mandatory onboarding process.

Zero tolerance for corruption and bribery

It is fundamental to BEWI to contribute to effective and fair competition in the society. BEWI is committed to always conduct business with a high standard of business ethics. The company's anti-corruption policy describes its zero tolerance to bribery and corruption. In 2021, zero incidents of corruption were reported.

Whistleblowing

In 2021, BEWI implemented a whistleblowing system, enabling internal and external stakeholders to report suspicions of misconduct, such as serious incidents regarding accounting and auditing matters, bribery or other matters concerning BEWI's vital interests on an anonymous basis. Zero concerns were received through the system in 2021.

BEWI has a continuous priority on identifying any adverse impact. To enhance the organisations competency on ethical conduct, general managers has been given training by the General counsel of BEWI. In addition, the company launched an online training on anti-corruption in 2021, which will be repeated annually. All relevant employees, agents and consultants in the group must complete this course [1], and BEWI is tracking the completion rate. In 2021, 216 (88 per cent) completed the course. To ensure continuous attention on suspicions misconduct each business unit is reporting on concerns raised monthly.

BEWIs governing documents

- Code of Conduct
- Sustainability strategy
- Procurement policy
- Human resource policy
- GDPR policy
- Anti-corruption policy

[1] Identified employees that must complete the course are senior leaders, country management teams, site managers, employees within sales, procurement, and finance (245 employees).

BEWI's impact on the environment and society

BEWI's activities influence a diverse group of stakeholders and engagement with key stakeholders is essential to address critical issues and the management of risks and opportunities.

Stakeholder engagement

Engagement with stakeholders to understand their needs and expectations, is essential for determining BEWI's sustainability priorities, identifying risks and opportunities and better meet stakeholders' expectations.

BEWI's stakeholders

The sustainability group has identified BEWI's key stakeholders. The following stakeholder groups are key to help BEWI understand its environmental, social and economic impacts.

Identifying BEWI's material topics

A materiality assessment helps BEWI identifying and prioritising material sustainability issues. Based on stakeholder dialogue, risk assessments, literature reviews and relevant standards, BEWI has identified material and strategic topics with reference to the GRI Standards (2016). For a more detailed description, see appendix 2.

For this report, the materiality assessment has been adjusted to align with the updated GRI Materiality Standard (GRI 3, 2021). The list of material topics below includes actual and potential impacts BEWI has on the environment, society, and the economy. The significance of the impacts is yet to be assessed, and BEWI plans to carry out a full materiality assessment according to GRI 3 in 2022.

BEWI's material topics:
- Circular economy
- Climate change
- Supply chain managment
- Health and safety at production facilities
- Corruption

Circular economy

The world's resources are used almost twice as fast as they are being reproduced. This overconsumption of resources in a linear economy impacts our ecosystems through biodiversity loss, climate change, waste, resource scarcity and pollution.

BEWI produces plastic-based products which are derived in part from non-renewable resources. In a linear economy, these products may contribute to resource scarcity, greenhouse gas emissions and if improperly handled after use, negative impacts on the environment. At the same time, BEWI's products provide protection for goods, energy efficient insulation of houses and reduction of food waste. Adapting a circular economy is crucial if BEWI is to reduce its negative environmental impacts and circular economy is therefore central to the group's business strategy.

> A circular economy is an industrial system that is restorative or regenerative by intention and design. It replaces the end-of-life concept with restoration, shifts towards the use of renewable energy, eliminates the use of toxic chemicals, which impair reuse and return to the biosphere, and aims for the elimination of waste through the superior design of materials, products, systems, and business models.
>
> Ellen MacArthur Foundation, 2013

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Management of circular economy in BEWI

BEWI aims to become the first company to provide a closed loop value chain for EPS and have a target to collect and recycle the equivalent of annual high turnover product output.

To improve resource efficiency and increase circularity, BEWI's sustainability strategy and approach to resource management is based on key principles of the circular economy. The company has clear targets and KPIs related to these key principles and all business units within BEWI report on these monthly.

To be lean	Resource efficiency, making more out of less, using non-fossil fuel energy sources
To keep	Keeping the resource in the economy for as long as possible
To close	Ensuring that BEWI's products are collected for material recycling

Certified environmental management system

To ensure that all production facilities are contributing to the circular business model, BEWI is working to implement and certify its environmental management systems according to the ISO 14001 standard across all units by 2023. In 2021, 50 per cent of BEWI's production facilities were certified according to the ISO 14001 standard.

BEWI has issued a sustainability-linked bond

In August 2021, BEWI launched a new sustainable finance framework, including a five-year senior unsecured sustainability-linked bond tied to the collection of 45 000 tonnes of EPS to recycling by 2024 and 60 000 tonnes by 2026. BEWI has obtained a Second Party Opinion from Sustainalytics, including confirmation of alignment with the Green Bond Principles published by ICMA 2021 and the Green Loan Principles set out by APLMA, LMA and LSTA in 2021.

Operation Clean Sweep

There is always a risk of spills of plastic pellets to the environment and waterways in BEWI's production facilities that will eventually lead to the sea. To prevent this, BEWI has signed and implemented Operation Clean Sweep in all its production facilities to prevent the release of plastic granulate from manufacturing into the environment. BEWI's work includes the collection of plastic granulates in surface water, cleaning routines, continually training of employees, weekly internal controls, and regular audits.

Solid waste group

BEWI aims to reduce solid waste generated by own operations and to sort 80 per cent to material recycling. In 2021, a solid waste group was established with representatives from all business units. The purpose of the group is to share best practice and identify opportunities for waste reduction as well as to increase the proportion of waste that goes to material recycling. To secure progress, business units report on solid waste generation and downstream solutions monthly.

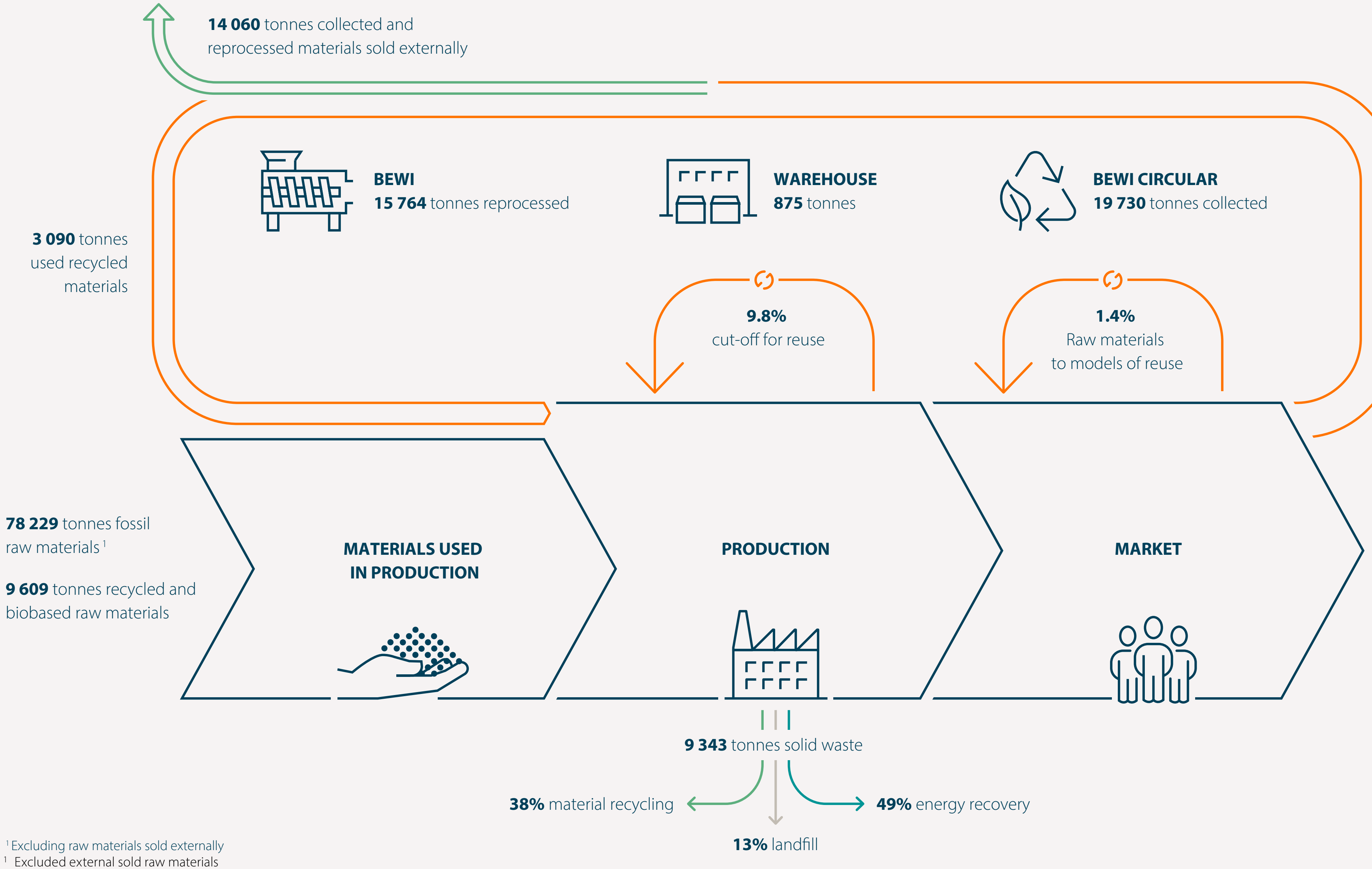
BEWI Circular

BEWI provide a full collection and recycling service through its business unit BEWI Circular, who is responsible for increasing the group's collection and recycling. BEWI Circular's services range from simple collections to full recycling and waste management solutions. The unit is continuously working to increase collection and recycling capacity through investments and collaboration with customers and partners.

2021 Results on circular economy

To enhance circularity, BEWI works with resource efficiency throughout its value chain. The aim is to build long-term resilience, create business and economic opportunities and provide solutions that benefits the society and the environment.

The figure illustrates BEWI's resource streams and shows the degree of circularity in the company's value chain.



[1] Excluding raw materials sold externally
[1] Excluded external sold raw materials

To be lean – consuming recycled and non-fossil fuel raw materials

BEWI's target is to have 50 per cent recycled and non-fossil fuel raw materials in their products by 2030. In 2021, BEWI RAW produced 192 058 tonnes of EPS, where 3 290 tonnes (1.7 per cent) were recycled raw materials. For BEWI's downstream units, raw material consumption was 87 838 tonnes where 11 per cent was recycled and non-fossil fuel raw materials. This is an increase of 7 percentage points compared to 2020 and a result of continuous work throughout the company's value chain.

Chemical recycling is needed to ensure a circular plastic economy

BEWI has entered partnerships with several actors in the market and one example is Polystyvert Inc., an innovative company focusing on circular economy for styrene through a dissolution recycling process. The company is based in Montreal in Canada, where it has a demo-site at which proof of concept studies for the technology has been successfully completed.

To keep – ensuring recyclability and reusability

To keep its products in the economy for as long as possible is a central goal for BEWI. BEWI seeks to produce products designed for reuse and only produce products that are recyclable.

In 2021, 99 per cent of the products BEWI supplied to the market were recyclable and the company is working to phase out the remaining products that are not suitable for material recycling. One example is the developement of the Nordic Eco Bag, that has replaced laminated solutions.

In the same year, 1 250 tonnes raw materials went into products designed for reuse. This accounts for 1.4 per cent of the raw material consumption from BEWIs production facilities. BEWI works actively to increase this share and has a close dialogue with customers to look at possible solutions for reuse of their products.

To close – minimising waste

BEWI aims to have zero waste from its production by 2030. In 2021, BEWI had 10 155 tonnes (11.6 per cent) of cut-off from production. 9.8 per cent of this was recycled back into production and 1.7 per cent were defined as waste and sent to energy recovery.

BEWI's operation results in the production of various solid wastes. In 2021, BEWI produced 9 343 tonnes of solid wastes, where 13 per cent was sent to landfill, 49 per cent to incineration with energy recovery and 38 per cent to material recycling. BEWI works to reduce waste by eliminating unnecessary packaging, to ensure that everything the company is consuming is 100 per cent recyclable and can be sorted out for recycling and to increase source separation at production facilities. For more detailed information about waste composition see appendix 4.

In 2021, BEWI collected 19 730 tonnes of waste of which 11 875 tonnes of this was reprosessed for material recycling. This is a doubling compared to the volumes collected and recycled in 2020. Acquisitions and organic growth the last year have been important to ensure presence in new geographical locations as well as to secure volumes in the market.

Priorities going forward →

BEWI's main challenge is related to collection of materials for recycling. There are large waste streams that are not sorted and thus go to incineration or to landfill. If the company is to increase the share of recycled raw material, it must increase the volume of waste collected for recycling. Going forward, acquisitions of new companies will be necessary to secure volumes, in addition to continuously working with customers and partners to ensure increased sorting and recycling.

Developing circular packaging solutions together with customers

BEWI aims to increase the proportion of products for reuse and is very proud to be able to offer Danfoss a more sustainable packaging solution.

By replacing cardboard with Expanded Polypropylene (EPP) for packaging components, Danfoss has reduced its cardboard consumption by 29 tonnes annually at one production unit. The EPP boards are specially moulded to fit the components they are to protect at the same time as they have a life expectancy of 10 years. This means that they can be reused countless times and thus we have together managed to put in place a packaging solution that reduces resource consumption and facilitates for increased reuse. We are incredibly proud of this and will continue to work with customers to put in place similar solutions.

Climate change

BEWI's operations are contributing to emissions of greenhouse gases, and the climate change poses both physical and transitional risks to the company. Stakeholders are requiring more granular information about emissions and how the company handles climate risks. BEWI aims for full transparency in their work with climate change.

The Sixth Assessment Report from the UN Intergovernmental Panel on Climate Change (IPCC) is the most up-to-date understanding of the climate system and climate change. It concludes that increased greenhouse gas (GHG) concentrations are unequivocally caused by human activities, and it has detrimental consequences to ecosystems. In 2021, BEWI significantly increased its efforts to address its climate impacts, gaining more insight about its climate risks and the company's carbon footprint.

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Managing emissions and climate related risks

BEWI will reduce its emissions and climate related risks by adapting a circular economy, following a transition to more non-fossil fuel energy sources – both of which are key elements in the company's strategy towards 2030. The company target is for 50 per cent of the energy sources used to be non-fossil fuel, 50 per cent of all transportation to be renewable and 50 per cent of all raw material consumption to be either recycled or non-fossil fuel by 2030.

GHG accounting in place

Using data to measure and track Greenhouse Gas (GHG) emissions will enable BEWI to set goals, review measures and benchmark performance. BEWI is reporting its GHG emissions in accordance with the GHG protocol and is working continuously to improve the quality and expand the categories included in scope 3. A detailed description of the methodology and accounting can be read in appendix 5, 6 and 7.

BEWI follows the TCFD recommendations

In November 2021, BEWI carried out an assessment of its management of climate-related risks, applying the Task Force on Climate-related Financial Disclosures (TCFD) framework. BEWI is exposed to physical risks, particularly to flooding in continental Europe through the location of the production facilities and the company's suppliers. The main transitional risks identified are more stringent regulations on emissions and energy efficiency. BEWI produces plastic products, which is a petroleum by-product. As the petroleum industry is faced with significant regulations, this may result in more volatility in the market and increased prices on a key component of BEWI's products.

Energy group

A large share of BEWI's energy consumption is fossil fuel based (76 per cent) and the company aims for 50 per cent non-fossil fuel energy sources by 2030. This is a challenge for all production facilities in BEWI as the development in the global energy market is uncertain and available infrastructure varies in different geographical locations. To increase the company's knowledge, an energy group has been established to map, explore, and pilot various technologies and solutions for energy efficiency and non-fossil fuel energy sources.

2021 Results on greenhouse gas emissions

BEWI's total greenhouse gas (GHG) emissions were 660 769 tonnes CO_2e in 2021, where scope 1 and 2 accounted for 7 per cent and scope 3 for 93 per cent.

Scope 1 GHG emissions

BEWI's GHG emissions from scope 1 includes the consumption of natural gas used to create steam to shape the company's products. Scope 1 GHG emissions increased by 13 per cent from 2020 to 2021, where the main driver was the increase of gas consumption in all business units due to increased production volumes and the start-up of a new factory in Senja in Norway. Fossil fuel-based heat and energy generation stand for 91 per cent of the total scope 1 emissions and the remaining 9 per cent originated from other fuel consumption including the use of cars and vessels.

Scope 2 GHG emissions

The main source of scope 2 GHG emissions is steam purchased for some of BEWI's facilities in Sweden and Finland and electricity consumption. Scope 2 GHG emission increased by 13 per cent from 2020 to 2021. The main driver being increased energy consumption due to increased production, ramp-up of production at a new facility in Norrkoping and increased production at extrusion sites in Portugal and Denmark. The share of non-fossil fuel energy consumed increased from 20 per cent to 24 per cent in 2021, due to increased consumption of wood chips at sites in Sweden. BEWI is reporting on market based scope 2 emissions, since all electricity purchased to cover BEWIs energy consumption in Denmark, Finland and the Netherlands is certified green electricity through guarantees of origin (GoO).

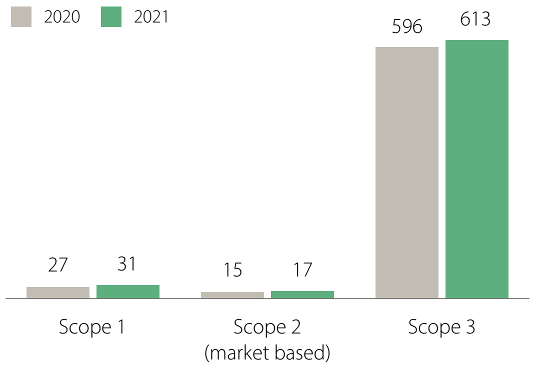
Scope 3 GHG emissions

BEWI's largest environmental footprint lies in its supply chain, and accounts for 93 per cent of the company's total GHG emissions.

Purchased goods and services constitutes 95 per cent of the GHG emissions in scope 3. The largest share of emissions comes from the purchase of raw materials where styrene stands for 77 per cent of the emissions. 10 per cent of the emissions comes from purchased plastic packaging mainly from the company's trading

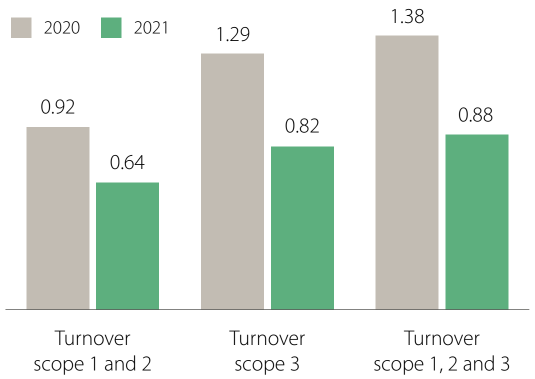
GHG emissions – scope 1, 2 and 3

Thousand tonnes CO_2e

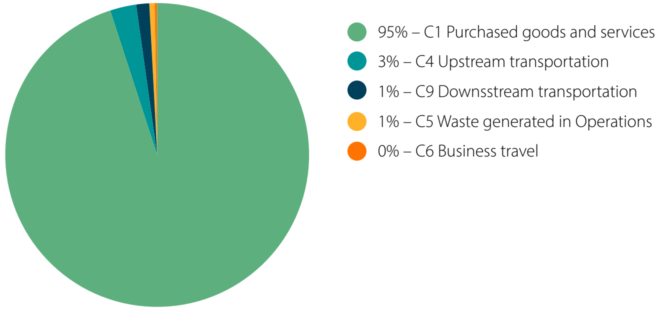


GHG emissions intensity

Thousand tonnes CO_2e/MEUR



GHG emissions – scope 3



unit BEWI Food. The remaining from other purchased raw materials and products. BEWI's estimates that GHG emissions can be reduced by 52 per cent by replacing virgin fossil fuel raw materials with recycled raw materials and there is therefore a significant opportunity to reduce scope 3 emissions.

Emissions from downstream and upstream transportation is the second and third largest source for scope 3, accounting for 1.4 and 2.7 per cent of the GHG emissions. 6 per cent of the transportation is from non-fossil fuels which is an increase from 3 per cent in 2020. BEWI works continuously to reduce transportation by creating cleaner and leaner logistics, by optimizing routes, to fill vehicles more efficiently and to transition to more fossil free alternatives.

GHG emission intensity

BEWI's scope 1, 2 and 3 GHG emission intensity based on turnover was reduced by 36 per cent from 2020 to 2021.

A detailed description can be read in appendix 7.

Priorities going forward →

In 2021, BEWI focused on gathering data and enhance competency about emissions and climate risks. The company's management team realises that it needs a more ambitious and targeted plan to reduce emissions and adapt to climate related risks. BEWI aims to develop a low-carbon transition plan, as well as updating governing documents based on the group's GHG accounting and TCFD assessment.

BEWI further sets out to increase the quality and scope of greenhouse gas data collected. Increased collaboration with suppliers and especially raw material, packaging and transportation suppliers will be essential to this end. The aim is to provide a better overview of emissions and to make more informed decision when it comes to reducing the company's greenhouse gas emission.

Reaching 68 per cent renewable energy sources for facilities in Sweden

BEWI has decreased its carbon emissions significantly thanks to new energy sources at several production sites in Sweden.

Neighbourhood cooperation

BEWI's production facility in Urshult is powered by wood chips supplied by a neighbouring sawmill. The wood chips are a residual product of the sawmill and provides the facility with a locally produced and renewable energy source. The short transport reduces the climate footprint further, and the burning of the chips result in excess heat that is sold to the district heating system. The burning of the chips is carefully monitored to prevent harmful gases.

Run by steam

The renewable energy used at BEWI's facilities in Norrköping and Vårgårda comes from wood chip burning. Different local companies burn the wood chips, and the process creates steam that the sites use as an energy source. Transports are short due to local production, and no energy is wasted as only the required amount is delivered to the facilities.

Sustainable supply chains

BEWI's impacts reach beyond its own operations, and the company's largest emissions lie in its supply chain. Robust supply chains are critical and BEWI is aware that working conditions and unethical business risks exist in some of the countries it sources from.

BEWI sources products and services from over 2 500 suppliers in Europe and Asia. Suppliers play a significant role in reaching the company's sustainability goals. BEWI has a significant annual purchasing volume of around EUR 550 million[1] and sees this as an opportunity to drive change and to increase sustainability standards in its value chain.

Supply chain management

BEWI believes that a trustful relationship with suppliers is key to mitigating negative impacts and seizing new opportunities. The company supports the principles recorded in the UN declaration on Human Rights and ensuring effective and fair competition in the society is fundamental to the company. Through the procurement strategy and guidelines, suppliers are selected based on alignment with the company's vision and values as stated in the Code of Conduct, anti-corruption policy and sustainability strategy.

BEWI has a central procurement function responsible for coordinating and supporting local business units. Procurement is managed in the business units, and each managing director is responsible for the implementation of the policies adopted by BEWI in their organisation.

[1] Approximately 25 per cent is inter-company sales

BEWI Partner – supply chain management system

All suppliers are to be screened and assessed in BEWI Partner, a newly launched supply chain management system aligned with the company's procurement guidelines. This ensures that suppliers meet BEWI's expectations and requirements for health and safety, environmental performance, corporate governance, and human rights. Further, it enables BEWI to document suppliers' performance, the engagement with suppliers as well as the company's activities to follow-up on supplier's performance. To ensure progress, each business unit reports monthly the number of suppliers screened and the number of suppliers that are not meeting the company's minimum requirements.

Risk assessments

Risk assessments of suppliers are done on an annual basis by the business units and are part of the quality management approach and ISO 9001 certification. In 2021, 30 suppliers were identified as high risk. The company seeks to mitigate these risks by using Word-Check,[1] through transparent and fair tender processes, pre-production audits and to engage with suppliers on a regular basis.

2021 Results for sustainable supply chain

BEWI's goal is that 100 per cent of their suppliers comply with the company's sustainability standards when it comes to ethics, labour, and human rights and environment requirements.

Supplier screening

Implementing BEWI Partner had a high priority in 2021. The system was launched in December, and in the short time the platform was used, 50 of BEWI's suppliers were screened and the screening will be significantly increased across the value chain in 2022. In 2021, 0 suppliers were identified as having an actual or potential negative impact.

Cooperating with suppliers to improve circularity and reduce GHG emissions

BEWI's largest environmental footprint lies in its supply chain and 98 per cent of the company's scope 3 emissions stems from the purchased raw materials, plastic packaging, and transportation. During 2021, BEWI have collaborated more closely with suppliers to better understand their GHG emissions and ambitions.

Topics that have been discussed with raw material and transportation suppliers are related to bio-based and recycled materials as well as the ability to provide supplier-specific GHG figures on raw materials delivered to BEWI.

Furthermore, BEWI Food has had a strong focus on mapping and collecting GHG data from their suppliers and to finding more sustainabile packaging solutions. One example is the replacement of PET and aluminium cups with fibre-based wood solutions.

Minimum social and environmental safeguards

In 2021, BEWI conducted an initial assessment of minimum social and environmental safeguards. The assessment identified that the company needs a due diligence procedure for human rights, beyond what is included in the company's Code of Conduct. There is also a need to include responsible supplier behaviour in the company`s Code of Conduct, as well as to establish a management approach that ensures alignment of implementation and documentation within the group.

Priorities going forward →

The launch of BEWI Partner was a significant milestone in 2021. It paves the way for a systematic management of sustainability issues in the supply chain. Going forward BEWI will onboard the remaining suppliers in the system, and systematically include new suppliers. This will allow the company to monitoring performance and managing risks in its supply chain, including assessing the needs for audits.

To ensure compliance with the Norwegian transparency law, BEWI will analyse existing policies, systems, and routines to ensure that the company meets both legal requirements and the actual methodology for due diligence assessments as defined by the OECD and the UN`s guiding principles for business and human rights.

Emphasis will also be given to increase collaboration with suppliers to improve the collection of GHG emission data from products and services purchased by BEWI as well as increasing the demand for more circular and sustainable products and services.

[1] A database of heightened risk individuals and organizations, used to help to identify and manage financial, regulatory, and reputational risk.

BEWI Partner – working together with suppliers to improve sustainability

BEWI's suppliers play a significant role in reaching the company's sustainability goals.

BEWI Partner is a platform where suppliers fill out a questionnaire and document their policies, commitments and management approach regarding; business conduct, human and labour rights, health and safety, environment, and climate, quality, and food safety (for relevant suppliers).

BEWI review the results and confirm the answers with the documentation provided by the suppliers. If the supplier does not live up to the company's standards, BEWI will suggest improvements. In the case that the supplier doesn't provide a plan, BEWI would need to find optional suppliers.

BEWI takes pride in its sustainability goals, where the supply chain plays a significant role. BEWI Partner will therefore be prominent in the company's long-term commitment to collaborate with its suppliers. BEWI wants to achieve a reduction in carbon emissions, and BEWI Partner will help the company to achieve that goal.

The platform was implemented in December 2021, and will play a crucial role in the evaluation of suppliers in the years to come.

Health and safety in production

Ensuring safe working condition is paramount in everything the company do. BEWI has a zero vision when it comes to health and safety, with focus on continuous improvements and high standards.

BEWI has 41 production facilities in ten countries. Employees at the production sites are exposed to physical work-related risks of injuries and accidents. The main work-related hazards are related to the company's chemical manufacturing EPS facilities in Porvoo, Finland, and Etten-Leur, the Netherlands, due to handling of chemicals and dangerous substances.

Ensuring safe working condition to mitigate any risks of injuries in the company's operations is therefore central to the company's management.

Management of health and safety

BEWI's target is for no people to be hurt or injured at its production facilities. BEWI's Code of Conduct states that the company will never compromise on health and safety. The company works actively to ensure preventive actions are taken and safe working conditions are maintained in accordance with local laws and regulations. Emphasis is given to providing a working environment and culture where health and safety is integrated in the business and where employees actively engage in the work to achieve a healthy and safe working environment.

The overall responsibility for health and safety lies with the board of directors, and they are informed about risks and incidents quarterly. The incident reports include number and nature of accidents, analysis of the root cause, and measures implemented to prevent it from happening again.

The director of human resources manages health and safety issues daily and is responsible for implementing secure practises at all production facilities. Each business unit has a designated manager for health and safety which reports back to the director.

In 2021, a health and safety group were established with country managers to share best-practice and streamline the management of health and safety issues. A survey was sent out to map existing practices regarding management, as well as awareness of risks and company policies. The results from this survey will inform continued work on health and safety in BEWI going forward.

ISO certified health and safety management system

BEWI is working to implement and certify health and safety management systems according to ISO 9001 standard across all units by 2023. In 2021, 69 per cent of BEWI's facilities were certified according to ISO 9001 standard.

Specialised training and qualifications

In highly regulated working areas, such as the chemical manufacturing facilities, workers are offered specialised training programmes and processes for training certification. At regular production sites, introduction training programmes including health and safety training activities are conducted on a regular basis in line with local legislations or site-specific standards.

2021 Results for health and safety

In 2021, BEWI had 26 accidents compared to 41 in 2020 with a loss of 270 working days compared to 359 in 2020. The most common accidents throughout the year were cuts, stitches or falling. Three accidents were caused by human failure in operation of machine with rotating parts.

All accidents, regardless of the severity, were followed up with an analysis of root cause and implementation of preventative measures. Out of the 26 accidents in 2021 the main action taken has been to create further awareness by updating instructions, posting of photos and pictures as a mean to avoid future accidents.

	2020	2021
Total no. of accidents	41	26
Frequency rate[1]	0.01%	0.01%
Severity rate	0.11%	0.06%
No. of working days lost	359	270

[1] Frequency is an abreviation for LostTime Injury Frequency (LTIF): Number LTI / (Net working days * average FTE) Severity = (Number of absent days) / (Net working days * average FTE)

Priorities going forward →

A group-wide health and safety policy will be implemented during 2022 to clarify BEWI standards and expectations across the group. To further enhance its health and safety management system, BEWI is considering implementing the ISO 45001 standard for safer work environments.

Safety needs daily focus and training

The Porvoo facility in Finland is an example of what the company has accomplished to get the accidents down to zero.

Constant monitoring

Porvoo complies with EU legislation and the SEVESO III directive. The latter aims at preventing major accidents involving dangerous substances. Finnish national legislation on handling and storage of dangerous chemicals is also followed, which raises the safety level further. In addition to these laws, goals have been set regarding the environment, occupational health, safety, and quality. All staff are encouraged to develop these functions and performance is constantly monitored.

Everything is reported

Employees report the slightest deviation from safety standards, even on repeated minor safety notices to collect data. The safety notices are rated on severity which determines further actions. The Porvoo employees follow general safety notices, near misses, process disturbances, damages, personnel accidents, and environmental issues. In 2021, 400 small safety notices were collected, and investigations were launched for the ones with a higher safety rating.

Closing in on zero

During 2021, there were no first-aid cases nor lost work time incidents among employees or contractors working at the facility. The Total Recordable Incident Rate (TRIR) of 200 000 working hours dropped below 1. This year, the toolbox talks on safety will be intensified and making safety walks is obligatory to all line managers in BEWI.

Employee wellbeing

BEWI's employees are the company's most valuable resources and a key enabler for continuous growth and development. Creating a learning environment which recognizes the contribution of colleagues and providing development opportunities is a priority to BEWI.

BEWI's employees have varied backgrounds representing more than 50 nationalities that enriches the company's culture and contribute to its success. In December 2021, BEWI had 1 806 full-time equivalents (FTEs) in 11 countries out of which 72 per cent men and 28 per cent women.

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Human resource management in BEWI

To sustain a competitive advantage and maintain healthy company culture, it is crucial to attract and retain people with the right values, competencies, and skills. The company`s human resource policy sets out BEWI's commitments to ensure workers wellbeing and development, and it applies to all entities in the group and is owned by the CEO. The policy stipulates employees' rights to form or join a trade union, and the company's respect for the rights of its employees and their trade unions to negotiate collective agreements.

Managing directors in all countries are accountable to ensure that the group policy is implemented, and that local laws and regulations are followed. Any breaches are reported through the whistle-blowing system according to the whistleblowing guidelines (Read more here). There were no reported incidents in 2021.

Equal opportunities

BEWI provides equal opportunities irrespective of race, ethnical background, religion, nationality, gender, marital status, age, or sexual orientation. This applies to all employees, prospective employees, business partners and other stakeholders. BEWI has developed a contingency plan detailing its work for equality and against discrimination and harassment. Everyone working for BEWI, in particularly those in a management position, has a responsibility in their daily work to ensure compliance to these commitments. In 2021, no cases regarding equal opportunities or harassment were reported.

Employee satisfaction and development

In 2021, BEWI piloted an employee engagement survey called BE Heard in Sweden, which will be expanded to the rest of the group throughout 2022. The survey will be an important tool to monitor employee's well-being and engagement going forward. The survey will be performed every year to secure agreed activities. The results from Sweden show an organization in which employees are empowered and able to take decisions in their work with good collaboration within teams, highly engaged leaders with good understanding of overall goals. Improvement areas going forward will be to further clarify overall goals throughout the organization and strengthening our internal communication.

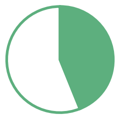
Most learnings and competence development happen through "on-the-job training". BEWI's goal is to ensure that 100 per cent of the company's employees has a development plan and annual reviews are performed with all employees, in which performance and competence development are to be discussed and planned. In 2021, all employees had an annual review and 44 per cent of BEWIs employees had a development plan in place.

BEWI leadership program

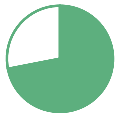
BEWI Business School was launched in 2020 as a tool to facilitate people and leadership development internally, ensuring that employees are growing with the pace of the business. The first programme launched, Growth 2020, is focusing on preparing employees to take the next step in their career together with BEWI. The programme includes 20 employees who are coming from most of the countries in which BEWI operates. Due to covid-19 and the travel restrictions, the programme was re-designed to start as a digital training and will be launched as classroom training in the second quarter of 2022. The Senior Leadership program that has been planned for has been postponed and is expected to be launched in the third quarter of 2022.

50
nationalities

2 097
employees



44%
have a development plan



72%
male

28%
female

Board of directors

					
	Gunnar Syvertsen	**Kristina Schauman**	**Stig Waernes**	**Anne-Lise Aukner**	**Rik Dobbelaere**
Position	Chair of the Board	Director/Partner Calea AB	Director/Partner BEWI Invest AS	Director	Director
Born	1954	1965	1968	1956	1954
Nationality	Norwegian	Swedish	Norwegian	Norwegian	Belgian
Elected	2014 (Chair of BEWI ASA since 2018)	2016	2020	2020	2021
Education	M.Sc. Engineering	M.Sc. Business Administration, Stockholm School of Economics.	Degree in auditing and accounting from NTNU business school.	Law degree from the University of Oslo.	M.Sc. Engineering and MBA from Catholic University in Leuven, Belgium.
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.	CFO OMX AB, Carnegie Investment Bank and Apoteket AB. Senior positions at Investor AB, ABB and Stora Enso.	Regional managing partner and deputy chairman of BDO AS, chairman and managing partner of Inter Revisjon/Praxity (int). Extensive experience from auditing, advisory and various directorships.	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.	CEO of BEWI ASA from 2018 to 2020, and CEO of Synbra Holding B.V. prior to the merger with BEWI. Senior positions in global industry companies, including Bombardier, and Raychem Corporation.
Other selected directorships	Chairman BEWI Invest AS, and various directorships and management positions within the BEWI group	Board member of BillerudKorsnäs AB, AFRY AB, Coor Service Management Holding AB, DanAds International AB, Vionlabs AB, REEDA Capital Management AB, Ellos Group Holding AB, and Nordic Entertainment Group AB.	Board member of Bekken Invest AS, BEWI Invest AS, KMC Properties ASA, Måsøval Eiendom AS, Nardo Bil gruppen AS, and chairman of the board of Frøya Investment AS, and Matpartner AS.	Chairman of the board in Fontenehuset Ullensaker and board member of Aukner Holding AS.	Board member of Jablite Group Ltd and its subsidiaries.
Shares per 31.12.21	317 559[1]	193 452	-	-	98 497

[1] Gunnar is the chairman of BEWI Invest AS, an investment company controlled by the Bekken family, owning 97 642 450 shares on 31 December 2021, including shares held by EBE Eiendom and shares held on a forward contract.

Executive management

	Christian Bekken	Marie Danielsson	Jonas Siljeskär
Position	Chief Executive Officer (CEO)	Chief Financial Officer	Chief Operating Officer
Born	1982	1975	1972
Nationality	Norwegian	Swedish	Swedish
Employed	2002	2015	2010
Education	Upper secondary general, financial, and administrative programmes.	M.SC. Business Administration, Stockholm University.	Engineer, Dalarna University.
Professional background	Various positions with production and sales at BEWI, CEO Smart Bolig.	Auditor KPMG, Vice President Financial Control and Taxes, Haldex AB.	Managing Director BEWiSynbra RAW; Chief Operating Officer Gustafs Inredningar,
Shares per 31.12.21	5 952 [1]	185 452	124 126
Options per 31.12.21	250 000	250 000	250 000

[1] Christian Bekken is a member of the Bekken family. In addition to the 5 952 shares held privately, BEWI Invest AS, an investment company controlled by the Bekken family, held 97 642 450 shares on 31 December 2021, including shares held by EBE Eiendom and shares held on a forward contract.

Risks and risk management

BEWI ASA is a Norwegian public limited company listed on the Euronext 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 among all employees, and knowledge of how to manage risks to achieve the company's business objectives. The risks described are relevant for the BEWI group (BEWI or the group), comprising BEWI ASA (the parent company) and all subsidiaries and associated companies.

Operational risks

Market and forecasts The demand for BEWI's products and solutions is linked to the market conditions for the building and construction industry, as well as market conditions in general.	The risk of a recession in one or more of BEWI's end markets is balanced by the group's healthy distribution of customers in various end markets (e.g., construction, food, medical and automotive) and geographical regions. BEWI has a detailed forecasting process, enabling the group to continuously adapt and adjust its capacity to the demand in each of its markets, securing profitable and competitive operations. 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.	By using product development, improved production methods and accessibility as well as offering competitive prices, BEWI can get customers to choose its products over its competitors. BEWI's customer relations are characterised 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 are in focus. BEWI conducts development work that will create and add value through the development of new materials, applications, and design, targeting a continuously relevant and sustainable product portfolio. Focusing on all cost aspects 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 material 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 will 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 value chain.

Production capacity Breakdowns or losses in production entail a risk of being unable to deliver.	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, the group has insurance covering potential additional costs and losses in production.
Production quality Delivering faulty quality can cause negative repercussions for customers or damage BEWI's reputation.	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.
Development, R&D Requirements from customers and legislators for increased functionality and more environmentally friendly solutions, lead to new requirements for BEWI's products.	The market has a continued need for new intelligent materials, products, and solutions 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.

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 group's reporting of results.	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.
Acquisitions and integration Integration of newly acquired businesses entails a stress on existing operations.	Rapid growth through business acquisitions can entail a risk that the integration processes become more costly or take longer than estimated, and that expected synergies either wholly or in part do not occur. Rapid growth can also be a stress on existing operations, in which relationships with customers, suppliers and key persons are negatively affected. 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.

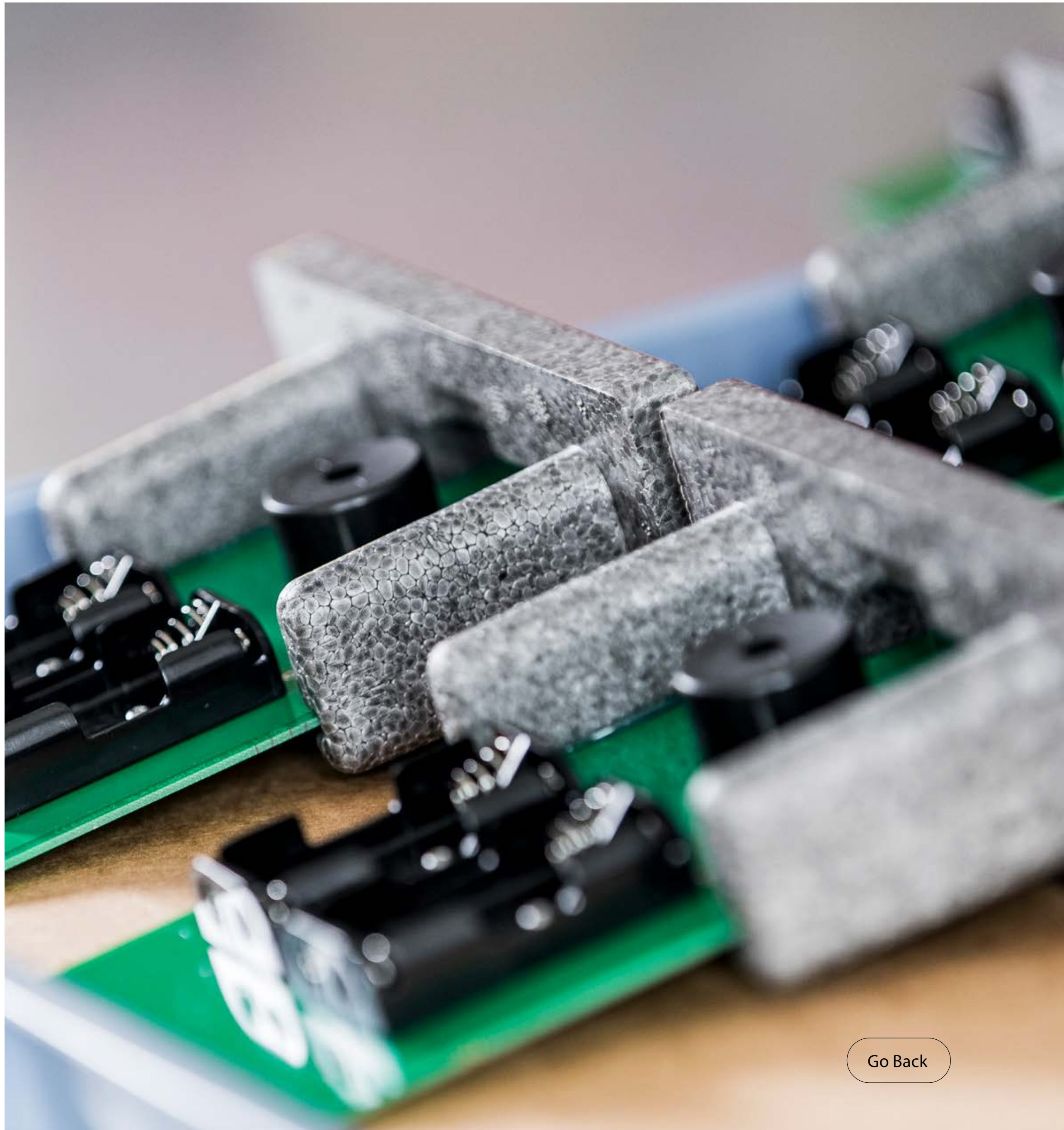
Legal risks

Legislation Legal risks comprise a number of risks in various areas, e.g. changes to regulations, violations of law in the operations, compliance risk and errors in any agreements signed by BEWI.	BEWI takes preventive measures through its governance structures and continously observes the rules and regulations in each of its markets. BEWI works to adapt its products and operations to future changes, and monitors legal risks that arise in cooperation with external advisers if deemed necessary.

Sustainability-related risks

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 compliance of various laws and regulations from government authorities as well as the group itself, all production facilities 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 facilities systematically work to reduce these risks, including implementation of several 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 group's environmental impact.
Climate BEWI is exposed to physical climate risks, particularly to flooding in continental Europe through the location of the production facilities and the group's suppliers. The main transitional risks identified are more stringent regulations on emissions and energy efficiency. BEWI produces plastic products, which is a petroleum by-product. As the petroleum industry is faced with significant regulations, this may result in more volatility in the market and increased prices on a key component of BEWI's products.	To mitigate climate risks, BEWI is collecting data for their GHG emissions and works to integrate the Task Force on Climate-related Financial Disclosures (TCFD) framework. Both GHG accounting and the TCFD framework will inform governing documents and procedures going forward.
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 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. 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-misses are reported and are the basis for continuous improvements. Risk assessments are used to identify 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 group'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 importance to BEWI's success.	BEWI manages the risk of being unable to recruit qualified labour by striving for a good work environment and internal competence development, as well as taking responsibility for training new employees. In addition, the group works actively to market the group as an attractive employer. BEWI has a group staff function for human resources (HR), including an HR Director responsible for group culture, values and processes to secure management development and succession planning.

Human rights There is always a risk of discrimination against human rights and that labor legislation is not complied with. In BEWI's case, the risk of human rights violations is greatest in the supplier chain.	BEWI conduct human rights due diligence through the supplier management system called BEWI partner. The management system is guided by international standards including OECD Due Diligence Guidance for Responsible Business Conduct and the UN Guiding Principles on Human Rights and industry practice. BEWI regularly assess ESG risks within its supply chain and seek to mitigate these risks through the supplier development programme, transparent and fair tender processes, robust contracting, and pre-production audits. In addition, risk assessment is done annually to identify and follow-up high risk suppliers.
Unethical behavior There is always a risk that employees are involved in unethical behavior such as bribes, corruption, or fraud.	BEWI's Code of Conduct sets out the essential requirements for ethical business conduct within the group and it is fundamental to BEWI to contribute to effective and fair competition in the society. BEWIs anti-corruption policy describes its zero tolerance to bribery and corruption and BEWIs whistleblowing system enables internal and external stakeholders to report suspicions of misconduct. To enhance the organisations competency on ethical conduct, general managers have been given training on anti-corruption and the group`s gift and event policy. The training will be conducted annually.



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 has adopted corporate governance principles for the company, latest revised on 3 June 2021. In addition, the board has implemented two comprehensive policy documents related to corporate governance: (1) Policy on handling of inside information and other disclosure obligations, revised on 9 December 2021, and (2) Information policy, revised on 3 June 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 (NCGB). 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.

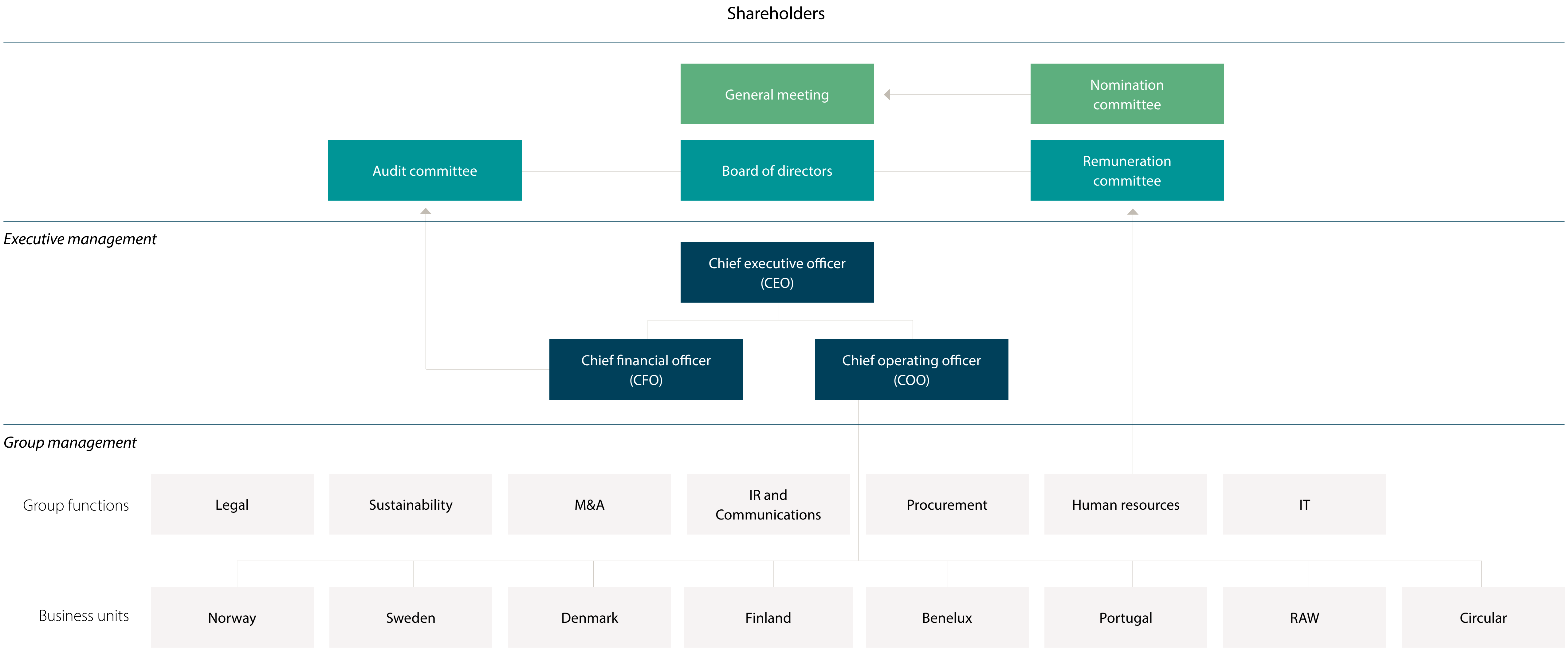
BEWI ASA is a Norwegian public limited company listed on the Oslo Børs (Oslo Stock Exchange). The company is subject to section 3-3b of the Norwegian Accounting Act, which requires the company to disclose certain corporate governance related information annually. In addition, the Issuers Rules of Oslo 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 14 October 2021 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.

Deviations from the Code: None

Governance structure



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.

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 both long-term financial targets and sustainability targets, to ensure value creation for the shareholders and other stakeholders. The objectives are evaluated annually. In March 2021, BEWI launched a sustainability strategy, including clearly defined ambitions for the group leading towards 2030.

The board of BEWI has 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. Further, the group has established a separate policy on anti-corruption, and whistleblowing guidelines.

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

Capital structure

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.

On 30 September 2021, BEWI hosted a Capital Markets Update, and launched its updated financial targets and ambitions as follows:

- Double revenues and more than double adjusted EBITDA
- Leverage of NIBD/ EBITDA below 2.5x (LTM excl. IFRS 16)
- Dividend pay-out policy of 30-50 per cent of net profit
- Increase Return on Capital Employed (ROCE) towards 20 per cent by 2026

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.

In 2021, BEWI distributed dividends of NOK 0.42 per share based on the annual accounts for 2020.

For the financial year of 2021, the board proposes to the annual general meeting to distribute dividends of NOK 1.10 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 2021, the board of BEWI had three authorisations:

1. Authorisation to increase the share capital by up to NOK 31 095 602 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 the company's option program and share program

3. Authorisation to acquire own shares up to a nominal value of 15 547 801 (equal to 10 per cent of the company's share capital at the time of the authorisation). The shares shall either be cancelled, included in the company's incentive programme, be used for investment or as settlement in acquisitions.

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

Deviations from the Code: None.

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 will comply with the procedures set out in the Norwegian Public Limited Liability Companies Act.

Trading own shares

Any transactions the company carries out in its own shares will be carried out through the stock exchange, and in any case at prevailing stock exchange prices. If there is limited liquidity in the company's shares, BEWI will consider other ways to ensure equal treatment of its shareholders.

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 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 the AGM. General meetings are opened by the chair of the board, or the person appointed by the board. The board proposes a person to chair the meeting.

In 2022, the AGM is scheduled to be held on 2 June 2022.

Deviations from the Code: None

7. Nomination committee

Article 8 of the company's articles of association stipulates that 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.

When proposing candidates for election to the board, the committee should consider that the board should be composed in such a way as to maintain the interests of the shareholders and the company's need for competence and diversity, and that the board should function well as a collegiate body. Also, the committee should consider that the directors of the board should be independent of the executive management and any significant business partners, that at least two of the directors should be independent of the company's principal shareholder.

The extraordinary general meeting of BEWI ASA on 21 August 2020, which was held prior to the company's listing at the Oslo Børs, elected Liv Malvik as chair for the nomination committee, and Gunnar Syvertsen and Roar Husby as members. The same meeting approved instructions for the nomination committee.

On 16 February 2022, BEWI held an extraordinary general meeting which resolved the committee's composition to be amended so that the chair of the board of directors, Gunnar Syvertsen, no longer is a member of the nomination committee to secure independence and impartiality of the board. At the same meeting, Liv Malvik was re-elected as chair and Roar Husby was re-elected as member of the committee for the period until the annual general meeting of 2024.

Deviations from the Code: None

8. Board of directors: composition and independence

Composition of the board

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 2021, 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 included in a separate section of this annual report and is also 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 in the interests of all shareholders and 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 last revised and approved by the board on 3 June 2021.

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 include 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. Further, the regulations include guidelines for how the board of directors and executive management shall deal with approval of agreements, which are considered material, between the company and its shareholders and other close associates, including that the board shall arrange for an independent third-party valuation. This will, however, not apply for transactions that are subject to the approval of the general meeting pursuant to the Norwegian Companies Act. Independent valuations shall also be procured for transactions between companies within the group if any of the companies involved have minority shareholders. Agreements with related parties will be included in the notes to the financial statements in the annual reports.

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 shall consist of at least two members. At least one member must have accounting or auditing proficiency and at least one member must be independent of the company's business. The audit committee is appointed by the board and is independent of the executive management of the company.

The committee's main task is to assist the board with addressing and preparing issues concerning, amongst other, procurement of audit services, monitoring the work of the auditors and the company's internal control systems, monitoring the risk management of the company and the financial reporting and any other issues that the board may assign to the committee.

The board revised and approved instructions to the audit committee on 3 June 2021. As of 31 December 2021, 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 of directors of BEWI appointed a remuneration committee and adopted instructions to the committee on 3 June 2021. The remuneration committee consists of Anne-Lise Aukner as chair and Gunnar Syvertsen as member.

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, 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 the company's annual general meeting on 3 June 2021, 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 and in the remuneration 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 Norwegian Public Limited Companies Act (NPLCA), 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. In addition to the guidelines, the board prepares a remuneration report pursuant to Section 6-16b of NPLCA. Such report will 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). The guidelines and report are included in the company's annual report.

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. The CEO will normally propose the remuneration to senior executives in consultation with members of the remuneration committee.

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 others, 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 the day of the company's publication of interim reports. During this period, representatives of the company will minimize its contact with financial media, analysts, and investors and not comment on any financial development.

Restricted trading periods

Persons defined as primary insiders of BEWI, as well as related parties of the primary insiders, are not allowed to acquire or sell shares in the company or related financial instruments during the period of 30 days prior to the company's publication of the report for the fourth quarter, including preliminary full year results, and the report for the first half year. 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 takeover 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 annual general meeting 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 meet with the Board without the CEO or any other member of the senior management present at least once a year. 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. The audit committee shall approve any 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, variable pay, options awarded under a share option plan and other benefits, including pension.

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, 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

The CEO and the COO is entitled to 12- and 6-months' severance pay respectively. Other 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 and targets linked to strategic priorities.

The variable pay programme potential is maximized to 50 per cent of the annual base salary.

2.7 Share option plan for executive employees

On 19 November 2020, the board of BEWI adopted a share option plan comprising the executive management and other key employees of the company. The programme was resolved based on the approval by the extraordinary general meeting on 16 November 2020 to authorise the board to issue new shares to employees under a long-term incentive programme. The aggregate number of options under the plan shall never exceed two (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 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 per 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.

Instructions for the remuneration committee was adopted at the board meeting on 3 June 2021 and the committee was established during the second half of 2021. In total, the variable pay programme resulted in 74 per cent of the maximum for the CEO and executive management.

On 19 November 2021, the first 20 per cent of the options granted became available for the participants with an exercise window set for 24 February until 2 March 2022.

The notes to the financial statements for the financial year of 2021, 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 boards 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

The remuneration policy will be made public on BEWI's website, www.bewi.com.

Board of directors' report 2021

BEWI continues to demonstrate solid growth, recording revenues of EUR 748 million for the full year of 2021, representing 62 per cent growth over 2020, and posting an adjusted EBITDA of 109 million euro, up from 65 million euro for 2020. The positive development is mainly explained by continued strong demand in the company's markets.

2021 was, like 2020, marked by the covid-19 pandemic, as well as significant price increases for raw materials, cost inflation and shortage of various components. Still, BEWI managed to deliver record-high results, following well run operations and close customer relations. In addition, the organisation completed a record-high number of transactions in line with the group strategy.

Through the acquisition of Honeycomb, BEWI broadened its portfolio within protective packaging, offering its customers complementary and sustainable alternatives. The IZOBLOK-acquisition provides the group with a leading position in the market for EPP components to the automotive industry. By acquiring the Belgian insulation company Kemisol, the group expands its geographic presence, while the announced transformative acquisition of Jackon, yet to be formally closed, significantly strengthens the group's market positions. The circular business was also significantly expanded in 2021, with the acquisition of Volker Gruppe, and the minority stake of Inoplast, in addition to the investments in advanced recycling technology in Canada and the new recycling hub in Stockholm. To mention a few. On top of this, BEWI refinanced in 2021, establishing a new finance framework including sustainability-linked bonds of EUR 250 million.

Going into 2022, BEWI has experienced a continued stable or strong demand in its key markets. EPS prices have remained at high levels, also implying a high GAP. Backed by a strong financial platform, the group's integrated and diversified business model provides BEWI with robust results, including a strong cash flow, enabling the group to continue to consolidate the industry and pursue attractive growth opportunities.

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 group has an integrated and circular business model: From production of raw materials and end goods, collecting used materials for recycling, and re-using the recycled materials to new raw material and new products.

The group is headquartered at Hamarvik at the island Frøya, Norway. As per 31 December 2021, the group had a total of 41 production facilities in ten countries (excluding minority interests): 6 in Norway, 6 in Sweden, 4 in Finland, 8 in Denmark, 7 in the Netherlands, 2 in Belgium, 3 in Portugal, 3 in Poland, 1 in Germany and 1 in the United Kingdom. In addition, the group has 6 warehouses in Norway, several sales- and administrative offices in the mentioned countries, as well as minority interests in another 17 facilities in Germany (6), France (6), the United Kingdom, (3) Czechia (1), and Poland (1).

BEWI's business is organised in four business segments: Segment RAW, segment Insulation, segment Packaging & Components (P&C), and segment Circular.

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 solutions.

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

Segment Circular is responsible for the group's collection and recycling of EPS.

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 group'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.

BEWI'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 Co_2-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, strengthening of market positions and broadening of the company's product offering, in particular within complementary materials

Markets and customers

BEWI serves a wide range of end markets by offering safe, efficient, and sustainable solutions. 45 to 50 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 25 to 30 per cent, the automotive industry 5 to 10 per cent and other packaging and components 20 to 25 per cent.

As mentioned above, the group has production facilities in twelve 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 and 2021 when the level of impact from the covid-19 pandemic varied across regions and end-markets, but also when raw material prices are volatile. The raw material prices were significantly higher in 2021 than in 2020, leading to higher sales prices and consequently net sales for all segments. The high raw material prices positively impacted the profitability for the upstream segment RAW, while putting pressure on margins in the group's 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 2021

Significant increase in raw material prices

From mid-February 2021, the price of the raw material for EPS, Styrene, recorded the steepest increase ever seen. Following a force majeure incident at the largest styrene plant in Europe, prices increased by around 50 per cent in one week. In combination with other events, this led to extreme price development for Styrene in Europe. Further, this led to most of the EPS raw material producers minimizing their styrene purchase, both due to the limited availability and the extreme prices, which again led to a shortage of EPS as raw material. Combined with increased demand for EPS-based products, this resulted in significant increase in the price of the EPS raw material (beads) and consequently the GAP, i.e., the gross profit for EPS beads.

For BEWI, the group's integrated business model, combined with a robust procurement strategy, has proven as a competitive advantage throughout the year. The upstream segment, RAW, has benefited from the high GAP, while the downstream segments have had somewhat lower margins.

Private placement and sustainability linked refinancing

On 6 May 2021, BEWI completed a private placement raising gross proceeds of NOK 200 million by issuance of 7 067 138 new shares at NOK 28.30 per share. The net proceeds were primarily used to finance the acquisition of IZOBLOK, as well as maintaining a solid financial position.

Combined with the private placement, existing shares for an aggregated amount of NOK 50 million were sold by the company's second largest share-holder Verdane Capital.

In August 2021, BEWI completed a refinancing of its two existing bond loans and credit facility, enabling the company to pursue further growth opportunities. The company established a Sustainable Finance Framework, covering the entire refinancing, including both green and sustainability-Linked features.

BEWI's wholly owned subsidiary, BEWiSynbra Group AB, received approval from the holders of its two bond loans with maturity in 2022 and 2023 to refinance before the maturity dates. The company issued a new senior unsecured floating rate sustainability-linked bonds in an amount of EUR 160 000 000 under a framework of EUR 250 million due in September 2026. The interest rate of the new bonds is EURIBOR 3m + 3.15 per cent.

Further, in November, BEWI carried out a EUR 90 million tap issue under the existing bond framework. The net proceeds from the tap issue will be used for general corporate purposes, including financing of the acquisition of the shares in Jackon Holding AS subject to completion.

The bonds are listed on the Sustainability bond list at Nasdaq Stockholm.

Circular investments

In 2020, BEWI invested in a greenfield recycling project in Portugal, including a new extrusion production line. The production at the new facility commenced in the fourth quarter of 2020, and the produced volumes ramped up during the first quarter of 2021. Circular Portugal was fully commercialized during the second quarter of 2021.

In March, the group announced its acquisition of a 34 per cent interest of the Czech recycling company Inoplast. Inoplast specialises in recycling of plastics, mainly expanded polystyrene (EPS), but also other types of plastics. Through the acquisition, BEWI added another 5 000 to 6 000 tonnes to its recycling capacity. Inoplast has modern and versatile machinery, allowing for recycling of various plastic waste. BEWI also has an option to acquire the remaining 66 per cent of the Inoplast shares.

In June, BEWI announced its investment in Polystyvert Inc., for development and commercialisation of dissolution technology for recycling of expanded polystyrene (EPS). Polystyvert, has a demo-site at which proof of concept studies for the technology has been successfully completed, and is planning to set up a full-scale project, both located in Montreal, Canada. The dissolution technology allows for more contaminated feedstock to be used in the recycling process, compared to the more traditional mechanical recycling used by BEWI today.

The technology could therefore be complementary to the current, resulting in increased volumes of recycled materials.

In October, BEWI acquired 51 per cent of the UK based company Volker Gruppe, a trader of compacted and recycled material. The company compacts material, and leases compactors to customers. Volker Gruppe is one of the largest suppliers of EPS waste to BEWI Circular, with an annual collection of approximately 6 000 tonnes of EPS, in addition to several other types of waste streams.

Organic growth initiatives and investment programmes

In BEWI, growth remains a high priority. The group continuously has several ongoing organic growth initiatives, as well as a strong pipeline of M&A opportunities.

During 2021, the group had the following investment programmes:

Packaging & Components Norway
In 2021, BEWI established a new fish box facility at Senja, Norway, where the company has a long-term supply agreement with its customer SalMar. Production commenced in the third quarter of 2021, however at limited volumes due to delay in start-up of production at the customer's new processing facility InnovaNor.

In March 2021, BEWI announced that the company is planning to build a new packaging facility on the Jøsnøya island, Hitra, on the west coast of central Norway. The new facility will be BEWI's most modern and efficient facility for production of fish boxes. In addition, the new facility will be equipped to serve the increasing volumes of reusable boxes and reusable pallets and be a warehouse and logistics hub for the other types of packaging products. The company has signed a letter of intent with KMC Properties ASA, who owns the land where the facility will be built and is responsible for the development project.

The packaging facility at Hitra will serve current customers and contracts, as well as position BEWI for future deliveries to the fish farming industry.

In addition to the two new fish box facilities, BEWI invested in new technology at its facility in Stjørdal to produce moulded components under a supply agreement with a new customer in the energy sector. Production commenced towards the end of the second quarter 2021.

Insulation Sweden
In 2020, BEWI announced its acquisition of an insulation facility in Norrköping Sweden, as well as investments in technology and machinery at the facility, including modern extrusion technology improving production capacity and efficiency.

The investments were completed in 2020 and 2021, although somewhat delayed, causing extra costs in 2021.

New extruder in Etten-Leur
Investments into a new twin screw extrusion line at the RAW production site in Etten-Leur started in the fourth quarter of 2021. The new extrusion line increases the production capacity of recycled grades and grey products, and production is expected to start in 2023.

ICT
BEWI has started implementation of a new modern ERP system. Blueprints were developed during 2021 and the system will be implemented gradually throughout the group's segments and operating units. The first roll-out of the system will be done during the second quarter of 2022 for segment RAW, while the second roll-out will be decided by the subsidiaries of the company, based on clearly identified benefits.

Acquisitions

During 2021, the BEWI group completed several acquisitions, all in line with the group's strategic priorities as referred to above, targeting growth and strengthening of the group's circular activities.

Acquisition of Danish paper packaging company Honeycomb Cellpack
On 13 April 2021, BEWI acquired 51 per cent of the Danish paper packaging company Honeycomb Cellpack A/S ("Honeycomb"), now named BEWI Cellpack. Honeycomb provides protective packaging solutions, including design, development and manufacturing of sustainable packaging which is recyclable and biodegradable. Through the acquisition, BEWI broadened its product offering, in line with its strategy to provide its customers with complementary solutions.

Acquisition of Polish automotive components company IZOBLOK
On 28 April 2021, BEWI entered into an agreement to acquire 54.66 per cent of the shares, corresponding to 66.00 per cent of the listed Polish company IZOBLOK. The total consideration was approximately EUR 16.5 million, of which approximately EUR 13.5 million was paid in cash and the remaining settled through issuance of 1 132 792 new shares in BEWI ASA directed towards the majority seller in the transaction a subscription price of NOK 27.50 per share. The transaction was closed early July 2021.

Further, on 2 November, BEWI launched a tender offer for the acquisition of the remaining 45.34 per cent of the outstanding shares in IZOBLOK for a price per share of PLN 50.41. The tender offer expired on 28 January 2022, upon which 121 870 shares were acquired. Following the transaction, BEWI (indirectly) owns 64.28 per cent of the shares, corresponding to 73.21 per cent of the voting rights in IZOBLOK.

IZOBLOK is a leading European provider of Expanded Polypropylene (EPP) components to the automotive industry, with a market share of approximately 20 per cent. The company has a growing portfolio of blue-chip clients, such as Volkswagen Group, Jaguar Land Rover, BMW, Hyundai, and Ford. The acquisition confirms BEWI's strategy to strengthen its market position in the automotive industry, a market that has shown considerable growth pre-Covid.

IZOBLOK has four facilities at strategic locations with developed infrastructure ensuring effective access to customers across Europe, of which three are in Poland and one in Germany.

For the full year of 2021, IZOBLOK recorded revenues of EUR 36.1 million and an adjusted EBITDA of negative EUR 1.1 million. The revenues and EBITDA were negatively impacted in both 2020 and 2021 by the covid-19 pandemic and the shortage of electronic components.

Offer to acquire all shares in Jackon Holding
In October 2021, BEWI received acceptance from all shareholders on its offer for the acquisition of the Norwegian family-owned packaging and insulation company Jackon Holding. Jackon and BEWI are the two largest integrated providers of EPS in Europe, and the two companies complement each other very well.

The Akselsen family, holding 50 per cent of the shares through their investment company HAAS AS, accepted to receive consideration in the form of shares, subject to a 12-months lock-up. The shareholders holding the remaining 50 per cent accepted to receive cash.

The offer reflected an enterprise value on a cash and debt free basis and with an agreed level of working capital of Jackon of NOK 3 350 million. BEWI expects synergies from the transaction of at least EUR 12 to 15 million.

For the full year 2021, Jackon had revenues of EUR 398.0 million, compared to EUR 293.9 million for the full year of 2020, and recorded an EBITDA of EUR 43.5 million, up from EUR 32.9 million for 2020 (unaudited NGAAP, converted from NOK to EUR using 0.98).

Jackon had approximately 925 employees on 31 December 2021 and 22 facilities in Norway, Sweden, Finland, Denmark, Germany, and Belgium.

Completion of the transaction, subject to customary closing conditions, including regulatory approvals, is expected during the first half of 2022.

Acquisition of the Belgian insulation company Kemisol
On 29 October, BEWI announced the acquisition of 100 per cent of the shares of the Belgian insulation company Kemisol Group, for a total consideration of approximately EUR 30 million, excluding net cash. The consideration was paid in cash in connection with the closing of the transaction in November.

Kemisol primarily operates in the Benelux region and is one of the largest producers of EPS in Belgium, offering a wide range of products. The company recorded revenues of EUR 33.9 million for the full year of 2021, up from EUR 24.7 for 2020, representing an increase of 37 cent. EBITDA came in at EUR 6.1 million for 2021, up from EUR 4.5 million for 2020.

Divestment of plastics company Biobe
On 20 December 2021, BEWI announced that it had divested the plastics company Biobe AS to BE Form Holding AS, a company wholly owned by BEWI Invest AS, the majority owner of BEWI. Biobe was divested on similar terms as it was acquired in 2020. For more information see note 9 to the accounts.

Other acquisitions
In addition to the above-mentioned transactions, BEWI completed several smaller acquisitions in 2021. This included all shares in Oasis Global II AS, Norway, and North Pack ApS, Denmark in July, both trading packaging products for the aquaculture industry. The acquisitions were a continuation of the BDH acquisition in 2020. Further, the group acquired all shares in Desom Group in October, consisting of Desom AS, Norway, and Embanor AS, Norway. The two companies are also trading packaging products for fish, meat, and dairy products, and are a complement to the BDH business acquired in 2020.

Financial review

All amounts in brackets are comparative figures for 2020 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 2021.

Consolidated statement of income

Net sales increased to EUR 748.2 million for 2021 (462.6), corresponding to an increase of 61.8 per cent. The increase was 19.2 per cent driven by acquisitions, and 41.0 per cent was organic growth. All segments recorded higher volumes in 2021 than 2020. In addition, significant price increases have been implemented to compensate for the increased raw material prices.

Adjusted EBITDA increased by 67.8 per cent to EUR 109.0 million for 2021 (65.0). 12.3 per cent of the increase related to acquisitions, while most of the organic increase related to the improved styrene gross margin (GAP), driven by a strong underlying demand. The strong GAP positively impacted segment RAW, while putting pressure on the two downstream segments, Insulation and Packaging & Components.

Operating income (EBIT) came in at EUR 67.8 million for 2021 (39.5).

Net financial items ended at a negative EUR 18.8 million for the year (-7.2). The year was negatively impacted by costs related to the refinancing in September of EUR 5.6 million. Fair value adjustments of shares had a negative impact of EUR 0.6 million, whereas last year noted a EUR 3.9 million positive impact from such revaluations.

Taxes amounted to a negative EUR 14.6 million for the year (2.3). The effective tax rate was negatively impacted by costs incurred in connection with the refinancing.

Net profit for 2021 was EUR 34.4 million (30.0).

Financial position and liquidity

Consolidated financial position

Total assets amounted to EUR 785.7 million on 31 December 2021, up from EUR 543.1 million at year-end 2020. The increase is mainly related to acquired companies and the additional EUR 90 million bond issue in November.

Total equity amounted to EUR 262.2 million on 31 December 2021, corresponding to an equity rate of 33.4 per cent, compared to EUR 195.1 million at year-end 2020.

Net debt amounted to EUR 196.4 million on 31 December 2021 (120.3 excluding IFRS 16), compared to EUR 170.2 million at the end of December 2020 (91.7 excluding IFRS 16).

Cash and cash equivalents were EUR 142.3 million on 31 December 2021, compared to EUR 51.4 million at year-end 2020.

Consolidated cash flow

Cash flow from operating activities amounted to EUR 67.4 million for 2021 (33.2), including an increase in working capital of EUR 6.8 million (increase of 3.4). Cash flow from change in working capital came in slightly negative for the year, explained by higher prices, impacting both inventory and accounts receivable. A similar effect in accounts payable did not fully offset that.

For the full-year, cash flow from investing activities amounted to a negative EUR 85.9 million (2.7). Capital expenditures were higher than last year, driven by expansion related investments, as further elaborated below. Cash outflow from business acquisitions was also higher, largely attributable to the acquisitions of IZOBLOK and Kemisol in the second half of the year. Last year noted a substantial positive cash inflow from several sale and leaseback transactions. In 2021, cash flow from divestments was mainly attributable to the sale of Biobe in the fourth quarter.

Cash flow from financing activities amounted to a positive EUR 107.3 million for the full year 2021 (-40.7), mainly explained by the bond refinancing in September and the following tap in November. In total, bond loans of a total of EUR 250 million was issued, whereas EUR 140.0 million was redeemed, giving rise to a positive effect of EUR 105.4 million, net of transaction costs amounting to EUR 4.2 million related to the early bond redemptions.

Transactions with shareholders resulted in a net positive cash inflow, with EUR 18.9 million added through a new share issue, partly offset by the EUR 6.4 million dividend paid. Cash outflow from refinancing of acquired companies was modest during the year, while 2020 noted a substantially higher outflow from such transactions.

In total, the cash flow for 2021 amounted to EUR 89.2 million, compared to a negative cash flow for 2020 of EUR 4.8 million.

Capital expenditures

For the full year of 2021, CAPEX amounted to EUR 34.7 million (26.6), of which EUR 17.0 million related to greenfield projects, customer specific investments, a new extrusion line in Etten-Leur and investments into the new ERP system. For further information about the company's investment programmes, see section above about organic growth initiatives and investment programmes.

At the company's Capital Markets Update in September 2021, BEWI announced a target of annual investments equal to 2.5 per cent of net sales excluding greenfield, customer specific initiatives and ICT investments. Excluding above mentioned initiatives, investments for 2021 ended in line with this target.

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 Finland (Porvoo) and one in the Netherlands (Etten-Leur). The group has an annual capacity of approximately 200 000 tonnes EPS.

Key figures

Amounts in million EUR (except percentage)	2021	2020
Net sales	347.9	191.2
Of which internal	*104.6*	*56.5*
Of which external	*243.3*	*134.7*
Net operating expenses	-293.9	-181.8
Adjusted EBITDA	**54.1**	**9.4**
Adjusted EBITDA %	15.5%	4.9%
Items affecting comparability	0.1	0.5
EBITDA	**54.2**	**9.9**
Depreciations	-4.2	-3.7

For the full year 2021, net sales came in at EUR 347.9 million (191.2) for segment RAW, up by 82.0 per cent from last year, mainly explained by increased sales prices, but also from higher volumes.

Adjusted EBITDA ended at EUR 54.1 million in 2021 (9.4). The improvement derives from a strong underlying market demand, and consequently a strengthened GAP (i.e., styrene gross profit), in addition to higher volumes.

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, and the Benelux is the main market representing around 50 per cent of total sales within the business area. BEWI has 15 facilities in 7 countries producing insulation products. In addition, BEWI has minority interests in 6 facilities in France, 6 facilities in Germany and 1 in the UK.

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.

Key figures

Amounts in million EUR (except percentage)	2021	2020
Net sales	195.4	146.6
Of which internal	*2.8*	*2.4*
Of which external	*192.7*	*144.1*
Net operating expenses	-173.9	-120.1
Adjusted EBITDA	**21.6**	**26.5**
Adjusted EBITDA %	11.0%	18.1%
Items affecting comparability	0.9	5.9
EBITDA	**22.5**	**32.4**
Depreciations	-7.9	-7.4

Net sales amounted to EUR 195.4 million for the full year of 2021 (146.6), an increase of 33.3 per cent. Of this, 20.3 per cent was organic growth driven by higher volumes in all regions, except Sweden, and increased sales prices related to the higher cost of raw material.

Adjusted EBITDA amounted to EUR 21.6 million (26.5). The lower EBITDA margin is mainly explained by the historically high raw material prices putting pressure on margins. The margins were mostly affected in the Scandinavian region, where markets are more commoditised. Challenges related to the new production line in Norrköping, Sweden, impacted the result negatively throughout the year.

From 1 December 2021, the financial results for the insulation company Kemisol were consolidated into BEWI's accounts. For details on the contribution from Kemisol, see notes to the accounts on Business Combinations.

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. The solutions are composed of a variety of materials, including EPS, expanded polypropylene (EPP), fabricated foam, carboard, fiber (paper), as well as other materials, enabling a broad product offering. Examples include boxes and bags 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.

BEWI has 24 facilities in 7 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)	2021	2020
Net sales	295.6	179.9
Of which internal	*6.9*	*2.3*
Of which external	*288.7*	*177.6*
Net operating expenses	-255.3	-145.8
Adjusted EBITDA	40.3	34.1
Adjusted EBITDA %	13.6%	19.0%
Items affecting comparability	-0.4	2.1
EBITDA	39.9	36.2
Depreciations	-16.6	-12.3

For segment Packaging & Components, net sales amounted to EUR 295.6 million for 2021 (179.9), an increase of 64.3 per cent. Excluding acquisitions, sales increased by 26.5 per cent explained by higher volumes and increased sales prices in all regions.

Adjusted EBITDA amounted to EUR 40.3 million for the year (34.1), up by 18.0 per cent. Excluding acquisitions and currency effects, adjusted EBITDA decreased by 0.7 per cent explained by pressure on margins from the high raw material prices, in addition to increased energy prices, product mix (more trading operation) and the negative contribution from the automotive business, including IZOBLOK, which was consolidated into BEWI's accounts from 1 July 2021. For details on the contribution from IZOBLOK, see notes to the accounts on Business Combinations.

Circular

Segment Circular is responsible for the group's collection and recycling of EPS. Since the establishment of the business unit in 2018, the segment has launched several initiatives, in addition to acquisitions, to increase the group's recycling capacity. At the end of 2021, the group had access to a recycling capacity of approximately 20 000 tonnes, including owned facilities, minority interests and partnerships, and a collection run-rate at year end of approximately 23 000 tonnes.

BEWI has announced an annual target of recycling 60 000 tonnes of EPS. 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.

For further information on investments in circular activities, see section above called circular investments.

Key figures

Amounts in million EUR (except percentage)	2021	2020
Net sales	24.0	6.3
Of which internal	*0.6*	*0.2*
Of which external	*23.4*	*6.1*
Net operating expenses	-23.4	-7.6
Adjusted EBITDA	0.6	-1.2
Adjusted EBITDA %	2.5%	-19.5%
Items affecting comparability	-0.3	-0.1
EBITDA	0.3	-1.3
Depreciations	-1.0	-0.4

BEWI started reporting for segment Circular from the third quarter of 2021. For the full year 2021, net sales for the segment came in at EUR 24.0 million (6.3), up by 279.7 per cent from 2020. Excluding acquisitions net sales increased by 230.1 per cent, explained by higher volumes and increased sales prices following significant increase in the virgin raw material prices throughout the year.

Adjusted EBITDA ended at EUR 0.6 million for the year (-1.2), whereas the improvement primarily relates to higher volumes and increased prices as mentioned above. Limited feedstock, i.e., the input/ raw material for segment Circular, has been challenging and for the feedstock increased towards the end of the year, putting pressure on margins.

Corporate

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 business development and other group functions.

For the full year of 2021, the contribution from corporate costs was negative EUR 7.6 million (-3.9).

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 2021 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 40.9 million (a profit of NOK 3.3 million). The parent company had payable taxes of NOK 7.6 million (NOK 0.0 million) and thus recorded a net profit of NOK 33.3 million (net profit of NOK 3.3 million).

The board proposes a dividend of NOK 1.10 per share, corresponding to the following allocation of the net profit of NOK 33.3 million for the parent company, based on 156 610 804 shares outstanding:

Amounts in million NOK	
Transferred to other equity	-139.0
Dividend	172.3
Total allocated	**33.3**

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

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

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

A detailed description of the financial risks and uncertainty factors can be found in the notes 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 14 October 2021, may be found at www.nues.no.

The annual statement on corporate governance for 2021 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, which has been prepared with reference to the Global Reporting Initiative (GRI) Standards (2021). The report covers material environmental, social, and economic impacts and the management approach of BEWI ASA (BEWI) for the calendar year 2021. The report aligns with the company's financial reporting period and represents BEWI's Communication on Progress to demonstrate its commitment to the United Nations Global Compact.

BEWI 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 reports on its progress to selected KPI's on an annual basis.

Employees and organisation

BEWI's most important asset is the knowledge and skills of its employees. As of 31 December 2021, the BEWI group had 2 097 employees, up from 1 438 on 31 December 2020. The increase is mainly related to acquired companies. The group had an average work force of 1 662 full time equivalents (FTEs) in 2021, compared to an average of 1 378 in 2020. The headquarter is at the island Frøya, Norway, with a total of 41 production facilities in Norway, Sweden, Finland, Denmark, the Netherlands, Portugal, Belgium, Poland, Germany, and the UK.

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 vested one year after the day of grant, i.e., in November 2021. Further, 30 per cent will 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 24.06 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. On 31 December 2021, a total of 2 762 000 options were outstanding, corresponding to 1.8 per cent of the total number of outstanding shares. 562 500 options had vested at year-end 2021.

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, and as such, none of the directors were up for election at the annual general meeting in 2021. However, board member Per Nordlander requested to resign from his board position, and on such basis the nomination committee of BEWI proposed Rik Dobbelaere as new member of the board. Dobbelaere has been board member of the subsidiary BEWiSynbra Group AB from 2020 and comes from the position as CEO of BEWiSynbra Group, and previously Synbra Holding (prior to BEWI's acquisition of the company in 2018).

From the annual general meeting in 2021, BEWI's board of directors consist of Gunnar Syvertsen as the chairperson and Stig Wærnes, Kristina Schauman, Rik Dobbelaere, and Anne-Lise Aukner as directors. BEWI's Articles of Association provide that the board shall consist of between three and eight members.

BEWI has an insurance covering the responsibilities of the board of directors, the CEO and other senior management.

Health, safety and working environment

Working environment, sickness absence, incidents, and injuries

The working environment in the BEWI group is perceived as 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 ethnical 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 2021, the group had 4.8 per cent absence due to illness, compared to 5.2 per cent in 2020. This is mainly explained as a covid-19 effect since employees with symptoms stayed home to follow local regulations or recommendations. The group reported 26 accidents in 2021, compared to 41 in 2020, with a loss of 270 working days compared to 359 in 2020. The most common accidents throughout the year were cuts, stitches of falling. Three accidents were caused by human failure in operation of machine with rotating parts.

For further information about management of health and safety, employee satisfaction and leadership development, see the sustainability report.

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. For further information about equal opportunities in the group, see section in the sustainability report.

Share and shareholder matters

BEWI ASA's shares were admitted to trading at the Euronext Growth trading facility in August 2020 and transferred to a full listing at Oslo Børs on 18 December 2020.

On 31 December 2021, the total number of shares outstanding in BEWI ASA was 156 610 804, each with a par value of NOK 1. Each share entitles to one vote. During 2021, the share traded between NOK 22.70 and NOK 76.00 per share, with a closing price of NOK 75.00 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 3 March 2022, the 20 largest shareholders of BEWI ASA held 92.94 per cent, of which the largest shareholders are BEWI Invest AS, owned 69.90 per cent by the Bekken family, holding a total of 62.35 per cent, Kverva Industrier, owned by the Witzøe family, holding 9.76 per cent.

General meetings

BEWI held its annual general meeting on 3 June 2021. All resolutions proposed by the board of directors were approved, including the recommendations made by the nomination committee. Rik Dobbelaere was elected as new board member, replacing Per Nordlander.

The general meeting approved the board's proposal to distribute dividends of NOK 0.42 per share. The share traded ex-dividends from and including 4 June 2021.

BEWI's annual general meeting for 2022 is planned to be held on 2 June 2021.

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.

In 2021, BEWI ASA distributed a dividend of NOK 0.42 per share for the financial year of 2020. The proposal equalled approximately 50 per cent of the group's net profit for 2020, adjusted for capital gains on divestments of real estates and revaluation of shares (non-cash).

On 24 February 2022, the board of directors of BEWI proposed to pay a dividend of NOK 1.10 per share for the financial year of 2021. The proposal is in line with the company's dividend policy and will be dealt with at BEWI's annual general meeting on 2 June 2022.

Events after the close of the period

Extraordinary general meeting February 2022

On 16 February 2022, BEWI held an extraordinary general meeting. At the meeting, the board was authorised to issue a total of 32 070 000 consideration shares to HAAS AS, the owner of 50 per cent of Jackon Holding AS, subject to completion of the transaction.

In addition, Andreas M. Akselsen was elected new board member, replacing Stig Wærnes, subject to – and with effect of completion of the Jackon transaction.

The general meeting also approved the nomination committee's proposal for changes in the composition of the nomination committee.

Completion of tender offer for all shares in IZOBLOK

With reference to the above information about the tender offer launched on 2 November 2021 for all outstanding shares of IZOBLOK, the tender offer expired on 28 January 2022, upon which 121 870 shares were acquired. Following the transaction, BEWI (indirectly) owns 64.28 per cent of the shares, corresponding to 73.21 per cent of the voting rights in IZOBLOK.

Intention to acquire Baltic insulation company

On 18 February 2022, BEWI announced that the company had entered a letter of intent to acquire 100 per cent of a Baltic insulation company. Total consideration was expected to be in line with BEWI's historical M&As, i.e., with an EV/ EBITDA multiple in the range of 5 to 7, whereas 50 per cent will be settled in cash and 50 per cent through issuance of consideration shares in BEWI.

The Baltic company operates facilities for manufacturing of insulation solutions and has recorded profitable growth recent years, with net sales in the range of EUR 25 to 30 million and solid EBITDA margins in the range of 10 to 15 per cent.

The rationale for the acquisition is to expand BEWI's geographic footprint into the Baltics, an interesting region for sales growth, and for establishing a platform for circular activities.

The acquisition is conditional upon a signed sale and purchase agreement, as well as customary conditions, and closing is expected in the second quarter of 2022.

Acquisition of Scandinavian paper packaging company

On 28 February 2022, BEWI announced that the company had entered a letter of intent to acquire 100 per cent of a leading Scandinavian paper packaging company. Furthermore, the company announced on 12 April 2022 that it has signed an agreement to acquire the Norwegian paper packaging company Trondhjems Eskefabrikk, a manufacturer of fibre-based packaging products, such as carton boxes to the food industry.

For 2021, Trondhjems Eskefabrikk had revenues of approximately EUR 13.5 million, up from EUR 11.7 million in 2020. The total consideration will be settled in cash upon closing and is in line with BEWIs historical M&As, with an EV/EBITDA multiple in the range of 5 to 7.

The acquisition is conditional upon customary conditions, and closing is expected in the second quarter of 2022.

Progress/ closing of Jackon transaction

Reference is made to information above about BEWI's offer to acquire all shares in Jackon Holding, including information about the authorisation from the extraordinary general meeting held 16 February 2022 to issue consideration shares to HAAS AS, the owner of 50 per cent of Jackon. On 21 February 2022, BEWI announced that a prospectus had been prepared for the purpose of listing of the consideration shares, and that the prospectus had been approved by the Financial Supervisory Authority of Norway (Finanstilsynet).

The consideration shares will be issued to HAAS AS (pursuant to a board authorisation) in connection with closing of the transaction, which is still subject to fulfilment of outstanding closing conditions, including clearance from relevant competition authorities.

Outlook

All BEWI's segments recorded increased volumes and higher sales prices in 2021 compared to 2020. The company is experiencing stable or strong demand in its key markets, despite challenging market conditions in some end-markets, partly caused by the Russian invasion of Ukraine, including shortage and/or delay in deliveries of components, as well as cost inflation on operational costs, such as energy, transport, and raw materials.

The Board considers BEWI to have a solid platform for further profitable growth driven by stable demand, a solid operational performance, combined with a strong pipeline of M&A opportunities.

Trondheim, Norway, 26 April 2022

The board of directors and CEO
BEWI ASA

Gunnar Syvertsen *Chair of the Board*	Anne-Lise Aukner *Director*	Rik Dubbalaere *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 2021 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 2021 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, 26 April 2022

The board of directors and CEO
BEWI ASA

Gunnar Syvertsen
Chair of the Board

Anne-Lise Aukner
Director

Rik Dubbalaere
Director

Stig Wærnes
Director

Kristina Schauman
Director

Christian Bekken
CEO

Financial statements 2021

Contents

The Group

Parent company

Consolidated comprehensive income statement

million EUR (except numbers for EPS)	Note	2021	2020
Operating income			
Net sales	5	748.2	462.6
Total operating income		748.2	462.6
Operating expenses			
Raw materials and consumables	19	-304.9	-181.1
Goods for resale	19	-92.2	-35.3
Other external costs	7, 8, 10	-135.9	-99.4
Personnel costs	6	-116.2	-88.1
Depreciation/amortisation and impairment tangible and intangible assets	12, 13	-37.8	-30.4
Share of income from associated companies		5.7	4.9
Capital gain/loss from sale of asset		1.0	6.3
Total operating expenses		-680.4	-423.1
Operating income (EBIT)		67.8	39.5
Financial income		0.4	4.2
Financial expense		-19.2	-11.4
Financial income and expense - net	9	-18.8	-7.2
Income before taxes		49.0	32.3
Income tax	11	-14.6	-2.3
Net income for the year		34.4	30.0

million EUR (except numbers for EPS)	Note	2021	2020
Other comprehensive income:			
Items that may later be reclassified to profit and loss			
Exchange rate differences		4.1	-4.0
Items that will not be reclassified to profit and loss			
Remeasurements of net pension obligations		4.0	0.0
Income tax pertinent to remeasurements of net pension obligations		-0.8	0.0
Other comprehensive income after tax		7.3	-4.0
Total comprehensive income for the period		41.7	26.0
Net income for the year attributable to:			
Parent company shareholders		35.7	30.1
Non-controlling interests		-1.3	-0.1
Total comprehensive income attributable to:			
Parent company shareholders		42.9	26.1
Non-controlling interests		-1.2	-0.1
Earnings per share:	24		
Average number of shares:		153 336 017	141 130 072
Diluted average number of shares:		154 116 368	141 130 072
Earnings per share (EPS), basic (EUR)		0.23	0.21
Earnings per share (EPS), diluted (EUR)		0.23	0.21
Earnings per share (EPS), basic (NOK) [1]		2.37	2.27
Earnings per share (EPS), diluted (NOK) [1]		2.36	2.27

[1] EPS in NOK is calculated using average rates for the period

Consolidated statement of financial position

million EUR	Note	31 Dec 2021	31 Dec 2020
ASSETS			
Non-current assets			
Intangible assets			
Goodwill		113.0	83.8
Other intangible assets		80.3	79.4
Total intangible assets	12	193.3	163.2
Tangible assets			
Land and buildings		91.3	70.0
Plant and machinery		101.3	80.8
Equipment, tools, fixtures and fittings		12.4	10.2
Construction in progress and advance payments for property, plant and equipment		10.1	9.3
Total tangible assets	13	215.1	170.3
Financial assets			
Shares in associates	16	13.7	8.0
Net pension assets		6.7	3.2
Non-current receivables associates		4.2	4.1
Other non-current receivables		0.1	0.0
Other shares and participations		9.8	9.9
Total financial assets		34.5	25.2
Deferred tax assets	11	3.0	5.3
Total non-current assets	17	**445.9**	**364.0**

million EUR	Note	31 Dec 2021	31 Dec 2020
Current assets			
Inventory			
Raw material and consumables		30.3	22.2
Work-in-progress		3.4	1.6
Finished goods and goods for resale		47.3	33.6
Total inventory	19	81.0	57.4
Current receivables			
Accounts receivables	18	98.8	58.3
Current tax asset		0.6	2.9
Other current receivables		11.9	6.3
Prepaid expenses and accrued income	20	5.0	2.8
Other financial assets		0.2	-
Cash and cash equivalents	21	142.3	51.4
Total current receivables	17	258.8	121.7
Total current assets		**339.8**	**179.1**
TOTAL ASSETS		**785.7**	**543.1**

Consolidated statement of financial position

million EUR	Note	31 Dec 2021	31 Dec 2020
EQUITY AND LIABILITIES			
Equity			
Share capital	22	14.8	14.0
Additional paid-in capital		166.9	151.9
Reserves		-9.6	-16.8
Accumulated profit (including net profit for the year)		80.3	45.6
Equity attributable to parent company shareholders		**252.4**	**194.7**
Non-controlling interests		9.8	0.4
Total Equity		**262.2**	**195.1**
LIABILITIES			
Non-current liabilities			
Pensions and similar obligations to employees	26	1.4	2.5
Other provisions	27	0.9	0.7
Deferred tax liability	11	26.8	20.9
Non-current bond loan	25	246.1	137.9
Other non-current interest-bearing liabilities	25	75.9	70.2
Other financial non-current liabilities	17	4.3	-
Total non-current liabilities	17	**355.4**	**232.2**

million EUR	Note	31 Dec 2021	31 Dec 2020
Current liabilities			
Other current interest-bearing liabilities	25	16.7	13.5
Other financial liabilities		0.2	0.9
Accounts payables		89.7	54.9
Current tax liabilities		8.0	6.6
Other current liabilities		13.2	13.4
Accrued expenses and deferred income	28	40.2	26.5
Total current liabilities	17	**168.0**	**115.8**
Total liabilities		**523.4**	**348.0**
TOTAL EQUITY AND LIABILITIES		**785.7**	**543.1**

Trondheim, Norway, 26 April 2022

The board of directors and CEO
BEWI ASA

Gunnar Syvertsen
Chair of the Board

Anne-Lise Aukner
Director

Rik Dubbalaere
Director

Stig Wærnes
Director

Kristina Schauman
Director

Christian Bekken
CEO

Consolidated statement of changes in equity

million EUR	Share capital	Additional paid-in capital	Reserves	Accumulated profit or loss (incl net profit for the year)	Total	Non-controlling interest	Total equity
Opening balance as of 1 January 2021	14.0	151.9	-16.8	45.6	194.7	0.4	195.1
Net profit for the year	-	-	-	35.7	35.7	-1.3	34.4
Other comprehensive income	-	-	7.2	-	7.2	0.1	7.3
Total comprehensive income	-	-	7.2	35.7	42.9	-1.2	41.7
Transactions with owners, recognised directly in equity							
New share issue	0.8	21.8	-	-	22.7	-	22.7
Transaction cost	-	-0.7	-	-	-0.7	-	-0.7
Dividend	-	-6.1	-	-0.3	-6.4	-	-6.4
Acquisition of non-controlling interest	-	-	-	-1.4	-1.4	10.5	9.2
Sharebased payments IFRS 2	-	-	-	0.7	0.7	-	0.7
Total transactions with shareholders, recognised directly in equity	0.8	15.0	-	-1.0	14.8	10.5	25.4
Closing balance as of 31 December 2021	14.8	166.9	-9.6	80.3	252.4	9.8	262.2
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
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

Consolidated cash flow statement

million EUR	Note	2021	2020
Operating cash flow			
Operating income (EBIT)		67.8	39.5
Adjustments for non-cash items, etc.	32	32.6	19.1
Interest paid and financing costs		-17.8	-10.4
Interest received		0.4	0.2
Income tax paid		-8.7	-11.9
Operating cash flow before changes to working capital		74.2	36.6
Cash flow from working capital changes			
Increase/decrease in inventories		-14.3	0.2
Increase/decrease in operating receivables		-28.2	-5.4
Increase/decrease in inventories in operating debt		35.8	1.7
Total change to working capital		-6.8	-3.4
Cash flow from operating activities		67.4	33.2
Cash flow from investment activities			
Purchase of property, plant and equipment and intangible assets	12, 13	-34.7	-26.6
Acquisitions of business	14	-54.0	-10.8
Acquisitions of associated companies	16	-1.1	-0.3
Loans granted to associated companies	16	-	-3.2
Other financial investments		-0.5	0.1
Disposals of property, plant and equipment		0.5	43.3
Divestment of business		4.3	-
Repayment of loans to associated companies	16	-	0.3
Cash flow from investment activities		-85.5	2.7

million EUR	Note	2021	2020
Cash flow from financing activities			
Borrowings, net of transaction costs	25	248.2	0.4
New share issue, net of transaction costs	22	18.9	8.4
Repayment of borrowings	25	-153.4	-49.5
Dividend		-6.4	-
Cash flow from financing activities		107.3	-40.7
Cash flow for the period		89.1	-4.8
Opening cash and cash equivalents		51.4	56.3
Exchange difference in cash		1.8	0.0
Closing cash and cash equivalents	21	142.3	51.4

The group

Accounting principles and notes to the accounts

Note 01 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 Spain, Poland, Germany, UK and through associated companies in Germany, France, Czech Republic 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. BEWI ASA's registration number is 925 437 948.

The board of directors approved these consolidated accountson the 26 April for publishing on the 27 April 2022.

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 shares in BEWI ASA to the shareholders of BEWiSynbra AB (a share exchange), thereby establishing 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 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 02 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, (million EUR), unless otherwise specified. The information in brackets concerns 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 manage-ment 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 2021 that have required changes in the accounting or meas-urement 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 four segments to be reported; RAW, Insulation, Packaging & Components and Circular.

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 considera-tion 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 per cent to 50 per cent 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. Ex-change rate gains and losses arising from payments of such transactions and from translations of monetary assets and liabilities in foreign currency at the rate on the balance sheet day, are reported in the operating income section of the income statement. Exchange rate gains and losses arising from borrowings and cash and cash equivalents are reported in the income statement as financial incomes and expenses.

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

2.4 Intangible assets

Goodwill
Goodwill arises when subsidiaries are acquired and represent the amount with which the purchase consideration exceeds BEWiSynbra'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 ex-pected 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.

Patents/ Licences/ IT
Patents, licences & IT acquired separately are reported at the acquisition cost. Patents, licences & IT acquired through a business combination are reported at fair value on the acquisition date. IT mainly includes costs for the development of identifiable and unique software products controlled by the company. Patents, licences & IT carry a 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 accumulat-ed 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 groups 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/Licences	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. Depreciat-ed 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 meth-od. 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 obli-gations of the instrument. Financial liabilities are removed from the balance sheet when the obligation under the agreement is completed or otherwise extin-guished. 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 instrument
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 opera-tions 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 amor-tised 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. De-ferred 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, of which the majority of the pension schemes are defined 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, nor-mally based on one or several factors such as age, period of service and salary. The group provides defined benefit plans for a limited number of people, in Finland, in the UK, and in Norway. These plans are further described in note 26. 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 corpo-rate 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 com-pensation offer and; and b) when the company reports expenses for a restructuring within the scope of IAS 37 and implies payments of severance. Compensa-tions at termi-nation 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 par-ticipants 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, tak-ing into consideration the terms and conditions that are related to the share price.

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

The recognised cost corresponds to the fair value of the estimated number of share options that are expected to vest. This cost is ad-justed 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 recognising 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: Recognise 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 satis-fied 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 perfor-mance obligation does not meet one of these criteria to be recognised over time, revenue is recognised 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.

BEWI sells products for insulation for the construction industry as well as packaging solutions for the manufactur-ing 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
According to IFRS 16 a lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability rep-resenting its obligation to make lease payments.

Each lease payment is apportioned to interest and amor-tisation 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 recognised 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 recognised 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 recognised. Government grants are recognised as a reduction of such related expenses. Government grants received for investments are recognised 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 03 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 minimise 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, in the Euro area, in Poland and in the UK 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 to a minor extent exposed to the Polish Zloty (PLN) and to British Pound (GBP). Currency risks arise from both transaction exposure and translation exposure. Transaction exposure should, when possible, be centralised to Sweden and managed by the group's central treasury function.

Transaction exposure

Transaction exposure arises when revenues and costs are incurred in different currencies and exposes the group to changes in net cash flow due to fluctuations in exchange rates. This is applicable to both operational cash flows and to financial commitments that will end in a cash outflow. Transaction exposure also arises on fair value changes on existing balance sheet items in foreign currency, such as trade receivables and liabilities and borrowing and lending, when these items are remeasured on the balance sheet date or when settled. The biggest transaction exposure to operational cash flows is attributable to raw material purchases in Sweden and Norway, which are done in EUR. As DKK is pegged to the EUR, Denmark is not subject to that same exposure. In addition, there is also a minor exposure between GBP and EUR from sales in the UK to the continent and the sales of raw material from the continent to the United Kingdom. In the Polish operation, revenue and much of the costs are mainly denominated in EUR, thereby largely achieving a natural hedge. The biggest fair value exposure on the balance sheet is related to intra-group loans, mainly EUR denominated, from Sweden to its subsidiaries. However, the main sources of funding for the group, the bond loan and the overdraft facility, 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 only to a limited extent 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 a combination short-term derivatives and long-term derivatives, depending on the nature of the exposure.

The net fair value of derivate contracts used for hedging EUR transaction exposure, as of 31 December, is presented in the table below.

million EUR	0-6 months	3-4 yr.	4-5 yr.
As of 31 Dec 2021			
Derivative asset	0.2	-	-
Derivative liability	-0.2	-0.2	-0.3
Total	-0.0	-0.2	-0.3
As of 31 Dec 2020			
Derivative liability	-0.9	-	-
Total	-0.9	-	-

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 per cent against all other currencies in the group, the impact on net profit would have been +/- EUR 0.7 million in 2021 (EUR 0.3 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 loan, as further outlined in Note 25 Borrowings. The group's lending, limited to loans to associated companies, is exposed to changes in Euribor, as described in Note 16 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 2021 (EUR 0.8 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 18 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 17 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 to balance seasonal effects in operating cash flow, mainly related to change in working capital, the group has secured an overdraft facility. In connection with the refinancing in 2021, the total overdraft facility was extended to EUR 80 million from SEK 375 million (equivalent of EUR 37.4 million as of 31 December 2020) and is now provided by two banks. The facility runs for two years until 2023 and includes the option to extend the facility further in time.

For the long-term financing of the group, BEWI has issued a EUR 250 million five year sustainability linked bond that matures on 3 September 2026, with a possibility for BEWI to unilaterally decide on an early redemption after 3 March

2025 of 50 per cent of the bonds outstanding at that date. This bond loan was issued in connection with the refinancing in 2021, when the EUR 75 million bond loan and the EUR 65 million bond loan, due in 2022 and 2023 respectively, were redeemed. A detailed description of the terms for the bond loans is given in note 25 Borrowings. In addition to the centrally negotiated borrowing, there are also a few liabilities to credit institutions and overdraft facilities 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 31 Dec 2021 million EUR	<1 yr.	1–2 yr.	2–5 yr.	>5 yr.
Bond loans	-	-	250.0	-
Liabilities to credit institutions	3.0	2.7	7.1	-
Overdraft	0.8	-	-	-
Accounts payables	89.7	-	-	-
Liabilities leases	14.8	13.3	33.5	40.9
Total	**108.3**	**16.0**	**290.6**	**40.9**

As of 31 Dec 2020 million EUR	<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**

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

3.2 Fair value

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

As of 31 Dec 2021 million EUR	Level 1	Level 2	Level 3	Total	Carrying amount
Financial assets measured at fair value through profit and loss					
Participation in other companies	9.2	-	0.6	9.8	9.8
Derivative asset	-	0.2	-	0.2	0.2
Total	**9.2**	**0.2**	**0.6**	**10.0**	**10.0**
Financial liabilities measured at amortised cost					
Bond loan	252.5	-	-	252.5	246.1
Total	**252.5**	**-**	**-**	**252.5**	**246.1**
Financial liabilities measured at fair value through profit and loss					
Derivative liability	-	0.7	-	0.7	0.7
Other financial non-current liabilities		-	3.8	3.8	3.8
Total	**-**	**0.7**	**3.8**	**4.5**	**4.5**

As of 31 Dec 2020 million EUR	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

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, million EUR	Participation in other companies	Other financial non-current liabilities
As of 31 Dec 2020	0.3	-
Acquisitions	0.5	3.8
Fair value adjustment through profit and loss	-0.2	-
As of 31 Dec 2021	0.6	3.8

Other financial non-current liabilities of EUR 3.8 million corresponds to the estimated value of the option to acquire non-controlling interest in BEWI Cellpack A/S (former Honeycomb Cellpack A/S), as further outlined in note 14.

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

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

3.3 Capital management

The group's capital is defined as capital employed, which comprises total equity and net debt. The objective for the capital structure is to guarantee the group's capacity to continue its operations and to support a profitable growth through a combination of M&A activities and organic growth, with the aim to continue generating return to shareholders and benefits to other stakeholders. This should be achieved through an optimal capital structure that reduces 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, raise new loans or dispose of assets. The capital is assessed on the basis of the return on capital employed. Net debt is defined as interest-bearing liabilities less cash and cash equivalents. Net debt is calculated both with and without the effect from IFRS 16 Leases, as the covenants stated in the revolving credit facility agreement and the bond loan agreement are based on a net debt calculation excluding the effect of IFRS 16. For the sake of calculating capital employed, net debt includes the effect of IFRS 16. For more information on the components of interest-bearing liabilities, please refer to note 25. Return on capital employed is calculated as rolling 12 months adjusted EBITA (earnings before interest, tax and amortisations after adding back items affecting comparability) as a percentage of average capital employed during the same period, where the average is calculated with each quarter during the measurement period as a measuring point.

million EUR	31 Dec 2021	31 Dec 2020
Total interest-bearing liabilities (A)	338.7	221.6
Cash and cash equivalents (B)	142.3	51.4
Net debt including IFRS 16 (A-B)	196.4	170.2
Effect of IFRS 16 leasing liabilities (C)	76.1	78.5
Net debt excluding IFRS 16 (A-B-C)	120.3	91.7
Total equity (D)	262.2	195.1
Capital employed (A-B+D)	382.5	365.3
Average capital employed (E)	409.6	322.0
Adjusted EBITA (F)	78.8	40.8
Return on capital employed (F/E)	19.2%	12.6%

The increase in net debt from 2020 to 2021 is mainly attributable to the business acquisitions during the year. The increase in capital employed from 2020 to 2021 was further impacted by the increase in equity, to a large extent attributable to the profit for the year and the new shares issues. Return on capital employed increased from 2020 to 2021, explained by higher profits in operations, with a positive contribution from both organic growth and acquisitions.

Note 04 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 81.0 million as of 31 December 2021 (57.4).

(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 26.

Note 05 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 Committee constitutes the chief operating decision maker for the BEWI 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 four operating segments: RAW, Insulation, Packaging & Components and Circular. As from Q3 2021 Circular is reported as a separate segment. It was until then included in Unallocated. The comparative numbers have been updated accordingly. Sales between segments take place on market terms.

million EUR	2021	2020
RAW		
Segment revenue	347.9	191.2
Intra-group revenue	-104.6	-56.5
Revenue from external customers	243.3	134.7
Insulation		
Segment revenue	195.4	146.6
Intra-group revenue	-2.8	-2.4
Revenue from external customers	192.7	144.1
Packaging & Components		
Segment revenue	295.6	179.9
Intra-group revenue	-6.9	-2.3
Revenue from external customers	288.7	177.6
Circular		
Segment revenue	24.0	6.3
Intra-group revenue	-0.6	-0.2
Revenue from external customers	23.4	6.1

million EUR	2021	2020
Unallocated		
Segment revenue	0.1	0.0
Intra-group revenue	0.0	0.0
Revenue from external customers	0.1	0.0
Total		
Total segment revenue	863.1	524.1
Total intra-group revenue	-114.9	-61.5
Total revenue from external customers	748.2	462.6
Adjusted EBITDA[1]		
RAW	54.1	9.4
Insulation	21.6	26.5
Packaging & Components	40.3	34.1
Circular	0.6	-1.2
Unallocated	-7.6	-3.9
Total adjusted EBITDA	109.0	65.0
EBITDA		
RAW	54.2	9.9
Insulation	22.5	32.4
Packaging & Components	39.9	36.2
Circular	0.3	-1.3
Unallocated	-11.4	-7.3
Total EBITDA	105.5	70.0

million EUR	2021	2020
EBITA		
RAW	50.0	6.2
Insulation	14.6	25.0
Packaging & Components	23.3	23.9
Circular	-0.7	-1.7
Unallocated	-11.8	-7.7
Total EBITA	75.4	45.8
EBIT		
RAW	49.6	5.8
Insulation	12.6	23.1
Packaging & Components	18.8	20.4
Circular	-0.7	-1.7
Unallocated	-12.6	-8.2
Total EBIT	67.8	39.5
Net financial items	-18.8	-7.2
Income before tax	49.0	32.3

[1] Normalised earnings before interest, tax, depreciation and amortisations (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. For more information see section "Alternative performance measures not defined by IFRS".

Specification of impact from specific amounts on the segmentation	2021	2020
Share of income from associated companies		
Adjusted EBITDA, EBITDA, EBITA and EBIT for Insulation	4.7	1.5
Adjusted EBITDA, EBITDA, EBITA and EBIT for Packaging & Components	0.0	-0.2
Adjusted EBITDA, EBITDA, EBITA and EBIT for Circular	0.0	-
Capital gain/loss from sale of assets		
EBITDA, EBITA and EBIT for Insulation	0.9	3.4
EBITDA, EBITA and EBIT for Packaging & Components	0.0	2.3
EBITDA, EBITA and EBIT for RAW	0.1	0.6
EBITDA, EBITA and EBIT for Circular	-0.1	-
EBITDA, EBITA and EBIT for Unallocated	0.0	-
Impairment tangible fixed assets		
EBITA and EBIT for Insulation	-	-1.2
EBITA and EBIT for Packaging & Components	-0.8	-
EBITA and EBIT for RAW	-0.2	-
EBITA and EBIT for Circular	0.0	-

Net sales per country

External Segment revenue by country (selling company's sales)	2021	2020
RAW		
Total Finland	125.8	67.6
Total Netherlands	117.5	67.0
Total RAW	243.3	134.7
Packaging & Components and Insulation		
Total Finland	21.3	15.9
Total Sweden	57.1	52.3
Total Denmark	70.3	53.6
Total Norway	164.9	75.7
Total Netherlands & Belgium	129.8	106.0
Total Portugal & Spain	21.8	18.2
Total Germany	6.6	-
Total Polen	9.6	-
Total P&C and Insulation	481.4	321.7
Circular		
Total Belgium	2.6	2.0
Total Sweden	6.3	0.9
Total Denmark	2.2	0.7
Total Norway	0.1	0.2
Total Netherlands	3.4	2.1
Total Portugal	6.6	0.1
Total United Kingdom	2.2	-
Total Circular	23.4	6.1
Total Group	748.2	462.6

Net sales per country (Customers' geography)	2021	2020
Total Finland	34.0	27.4
Total Sweden	62.2	49.4
Total Denmark	61.9	47.3
Total Norway	154.1	81.0
Total Portugal & Spain	45.0	26.0
Total Iceland	22.0	7.4
Total Baltics	14.3	8.4
Total UK	20.2	10.8
Total Germany	58.0	35.9
Total Poland	39.0	16.8
Total Russia	29.2	13.2
Total Netherlands	117.3	94.2
Total Belgium	13.6	8.9
Total France	28.4	11.9
Total Other	49.2	24.0
Total Group	748.2	462.6

Note 06 Employee remuneration etc.

million EUR	2021	2020
Salary and other remuneration	-82.5	-65.0
Social security expenses	-12.5	-7.9
Pension costs – defined contribution plans	-8.0	-6.3
Pension costs – defined benefit plans	-0.1	-0.1
Total remunerations to employees	-103.1	-79.2

The costs in the table above reflects costs for own employees.

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

	2021	2020
Salary and other remunerations	-1.9	-2.7
Bonus	-0.5	-0.6
Pension costs	-0.4	-0.3
The Group in total	-2.8	-3.6

Average number of employees with geographical breakdown by country

	2021		2020	
	Average number of employees	Whereof men	Average number of employees	Whereof men
Sweden	199	137	209	145
Finland	154	126	147	122
Denmark	287	187	240	160
Norway	237	180	153	117
Island	14	11	5	5
Netherlands	329	297	426	390
Belgium	16	15	8	7
Portugal	208	124	177	95
Spain	5	4	5	4
Poland	136	87	-	-
Germany	73	49	-	-
UK	4	2	-	-
The Group in total	1 662	1 219	1 371	1 045

Remuneration to senior executives

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

BEWI ASA	1 Jan 2021–31 Dec 2021			1 Sep 2020–31 Dec 2020		
million EUR	Basic salary incl. benefits/ board fees	Variable remuneration	Retirement compensation	Basic salary incl. benefits/ board fees	Variable remuneration	Retirement compensation
Board of Directors						
5 members of the board, whereof 2 women						
Gunnar Syvertsen (chairman)	0.07	-	-	0.02	-	-
Stig Waernes	0.02	-	-	-	-	-
Christina Schauman	0.05	-	-	0.01	-	-
Ann-Lise Aukner	0.04	-	-	0.01	-	-
Rik Dobbeleare	0.02	-	-	-	-	-
Total	0.19	-	-	0.05	-	-
CEO						
Christian Bekken (From 1 Sep 2020–)	0.24	0.09	0.00	0.06	0.02	-
Other Senior Executives						
Jonas Siljeskär	0.28	0.14	0.08	0.09	0.07	0.02
Marie Danielsson	0.27	0.10	0.08	0.10	0.20	0.02
Total	0.79	0.33	0.16	0.26	0.29	0.04
Consultancy services board members						
Gunnar Syvertsen	0.10	-	-	0.02	-	-

Remuneration to senior executives

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

BEWISynbra Group, 8 months for 2020	1 Jan 2020–31 Aug 2020		
million EUR	Basic salary incl. benefits/ board fees	Variable remuneration	Retirement compensation
Board of Directors			
6 members of the board, whereof 1 woman			
Gunnar Syvertsen (chairman)	0.03	-	-
Christian Bekken	0.01	-	-
Göran Vikström	0.01	-	-
Kristina Schauman	0.02	-	-
Per Nordlander	0.01	-	-
Rik Dobbelare	0.00	-	-
Total	0.09	-	-
CEO			
Jonas Siljeskär	0.18	0.03	0.06
Other senior executives	0.30	0.03	0.10
Total	0.48	0.06	0.16
Consultancy services board members			
Gunnar Syvertsen	0.05	-	-
Rik Dobbelare	0.03	-	-
Göran Vikström	-	-	-

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 23.

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 07 Remunerations to auditors

million EUR	2021	2020
PwC		
– The audit assignment	-0.7	-0.6
– Audit activities other than the audit assignment	-0.1	-0.2
– Tax advice	-	-
– Other services	-0.1	-0.1
Total	-0.9	-0.9
Other accounting firms than PwC		
– The audit assignment	-0.1	-0.1
Total	-1.0	-1.0

For 2021 audit activities other than the audit assignment and other services mainly includes costs related to the Jackon transaction. For 2020 other services are IPO related costs.

Note 08 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 10-12 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 three years. Based on the assumption that a business cycle lasts for eight 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. Extension options for warehouses and offices are not reflected.

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 25 Borrowings. Maturity dates for the undiscounted 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.

Lease expenses for lease contracts capitalised in accordance with IFRS 16

million EUR	2021	2020
Depreciations and amortisations	-11.3	-8.2
Interest expense	-4.9	-3.0
Total	-16.2	-11.1

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

million EUR	2021	2020
Lease expense short-term leases	-0.4	-0.3
Lease expense low-value assets	-0.5	-0.4
Lease expense variable leases	-0.3	-0.2
Total	**-1.2**	**-0.9**

Cash flow from leases

million EUR	2021	2020
Recognised in operating cash flow		
Operating income	-1.2	-0.9
Interest paid	-4.9	-3.0
Cash flow from financing activities		
Repayment of borrowings	-11.3	-7.6
Total	**-17.4**	**-11.4**

Note 09 Financial income and expense

million EUR	2021	2020
Interest revenue	0.3	0.2
Fair value adjustments shares and participations	-	3.9
Other financial income	0.1	0.1
Total financial income	**0.4**	**4.2**
Interest expenses	-12.7	-10.3
Fair value changes derivatives	-0.2	-1.7
Fair value adjustments shares and participations	-0.6	-
Other financing costs	-5.7	-0.1
Exchange rate losses	0.0	0.7
Total financial expense	**-19.2**	**-11.4**
Total financial income and expense - net	**-18.8**	**-7.2**

EUR -1.0 million (2020: EUR -1.2 million) of the interest expenses were attributable to amortisation of financing costs and EUR -5.6 million of other financing costs in 2021 was attributable to bond repurchase premium, early consent fee and expensed financing costs in connection with the refinancing in 2021.

Net financial income and expense per category of financial instrument

million EUR	2021	2020
Financial assets and liabilities measured at fair value through profit and loss	-0.8	2.2
Financial assets and liabilities measured at amortised cost	-18.0	-9.4
	-18.8	**-7.2**

Note 10 Exchange differences – net

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

million EUR	2021	2020
Other operating expenses	-0.1	-0.2
Total financial income and expense (note 9)	-	0.7
Exchange differences - net	-0.1	0.5

Note 11 Income tax

Tax income and expense in income statement

million EUR	2021	2020
Tax income(+)/expense(-) comprises;		
Current tax income(+)/expense(-) this year	-12.5	-8.5
Adjustment recognised in current year in relation to current tax of prior years	-	0.4
Deferred tax income(+)/expense(-)	-2.1	5.8
Total tax income(+)/expense(-)	-14.6	-2.3

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

million EUR	2021	2020
Profit/loss before tax from continuing operations	**49.0**	**32.3**
Tax income(+)/expense(-) calculated at the local tax rate	-12.5	-8.7
Effect of revenue that is exempt from taxation	2.4	8.4
Effect of non-deductible expenses	-1.0	-0.2
Effect of tax losses and tax offsets not recognised as deferred tax assets	-3.6	-1.6
Effect of previously unrecognised deferred tax attributable to tax losses carry forward, tax credits and temporary differences	0.1	-
Effect of write-downs and reversals of deferred tax balances	-0.1	0.6
Effect on deferred tax balances due to change in tax rate	0.0	-1.4
Adjustment recognised in current year in relation to current tax of prior years	-	0.4
Other	0.1	0.2
Total tax income(+)/expense(-) in profit or loss	-14.6	-2.3

Recognised in other comprehensive income

million EUR	2021	2020
Deferred tax		
Tax on remeasurement of defined benefit obligation	-0.8	0.0
Total	-0.8	0.0

Deferred tax assets and liabilities 2021

million EUR	Opening balance	Through acquired business	Through divested business	Reclassi-ficaton	Reported in profit/loss	Reported in other compre-hensive income	Exchange differ-ences	Closing balance
Deferred tax in balance sheet is attributable to:								
Tax losses carry forward	2.5	-	-	-	-2.2	-	0.0	0.3
Intangible assets	-18.4	-0.9	0.2	-0.7	1.1	-	-0.4	-19.1
Tangible assets	0.9	-4.4	-0.2	0.9	-0.1	-	0.5	-2.4
Inventories	-0.2	-	-	-	-0.2	-	0.0	-0.4
Untaxed reserves	-0.3	0.1	-	-	0.2	-	-0.1	-0.1
Pension assets and liabilities	-0.2	-	-	-	-0.2	-0.8	-0.1	-1.3
Provisions	0.1	-	-	-	0.0	-	-0.1	0.0
Other	0.0	-0.1	-	-0.2	-0.7	-	0.1	-0.8
Total net deferred tax assets and liabilities	-15.6	-5.3	0.0	0.0	-2.1	-0.8	-0.1	-23.8

Deferred tax assets and liabilities 2020

million EUR	Opening balance	Through acquired business	Reported in profit/loss	Reported in other com-prehensive 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 are reported for tax losses carry forward or temporary differences to the extent that they are likely to be utilised against future taxable profits. All of the EUR 0.3 million of deferred tax assets attributable to tax losses carry forward have no due date. Tax losses carry forward corresponding to a tax value of EUR 12.0 million (EUR 7.7 million) were not recognised as deferred tax assets. EUR 11.6 million of those losses have no due date and the remaining EUR 0.4 million fall due between 2022 and 2029. The tax losses carry forward by the end of 2021 are attributable to Sweden, Finland, Germany and Norway. In addition, tax credits attributable to deferred interest rate deductions corresponding to a tax value of EUR 2.2 million (EUR 0.8 million), falling due between 2025 and 2027, were not recognised as deferred tax assets.

Note 12 Intangible assets

million EUR	Goodwill	Trademark	Customer relations	Technology	Patents, licences & IT	Total
As of 1 January 2020						
Acquisition costs	72.1	20.2	56.4	7.8	11.9	168.4
Accumulated amortisations/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
Amortisations	-	-	-4.8	-1.0	-0.5	-6.4
Carrying amount carried forward	83.8	21.3	50.1	5.8	2.2	163.2
As of 31 December 2020						
Acquisition costs	85.1	21.3	64.1	9.0	13.6	193.1
Accumulated amortisations/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	163.2

million EUR	Goodwill	Trademark	Customer relations	Technology	Patents, licences & IT	Total
Financial year 2021						
Carrying amount brought forward	83.8	21.3	50.1	5.8	2.2	163.2
Exchange differences	1.6	0.3	1.7	0.1	-0.1	3.6
Acquisitions	0.0	-	-	-	4.6	4.6
Through acquired business	28.7	2.6	-	0.8	1.1	33.1
Divestment of business	-1.1	-	-0.5	-0.7	-0.5	-2.9
Reclassifications	0.0	-	-	0.0	-	0.0
Disposals	0.0	-	-	-	-0.8	-0.8
Amortisations	-	-	-5.7	-1.0	-0.9	-7.6
Carrying amount carried forward	113.0	24.3	45.5	4.8	5.7	193.3
As of 31 December 2021						
Acquisition costs	114.1	24.4	65.3	9.5	13.5	226.7
Accumulated amortisations/write-downs	-1.0	-0.1	-19.8	-4.7	-7.9	-33.5
Carrying amount	113.0	24.3	45.5	4.8	5.7	193.3

Of the amortisations above, EUR 0.2 million in 2021 (0.0) were attributable to leases. The carrying amount of capitalised leases as of 31 December 2021 was EUR 0.2 million (0.0).

In March 2021 IFRS IC update included an agenda decision on configuration and customisation costs in a cloud computing arrangement, impacting costs associated with a Software as a Service (SaaS) cloud arrangement. Key areas to consider are whether these costs can be capitalised as an intangible asset or as a prepayment or whether they have to be expensed when incurred. BEWI has started the implementation of a cloud-based ERP system and is consequently impacted by the IFRS IC decision in 2021. BEWI is therefore undertaking an analysis of the contract with the software supplier and the nature of the different components of the implementation costs, to fully understand the accounting treatment of these costs and whether something should be expensed. This analysis is expected to be completed in the frist half of 2022. By the end of the year, costs amounting to EUR 2.6 million incurred in this ERP implementation have been capitalised as an intangible asset.

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

million EUR	31 Dec 2021	31 Dec 2020
RAW	10.8	10.9
Insulation Sweden	2.9	2.9
Insulation Finland	0.7	0.7
Insulation Norway	3.6	2.9
Insulation Netherlands	20.9	20.9
Insulation Belgium	12.0	-
Packaging & Components Sweden	2.8	2.9
Packaging & Components Denmark	9.8	2.9
Packaging & Components Netherlands	1.7	1.7
Packaging & Components Norway	33.0	30.7
Packaging & Components Portugal & Spain	5.4	5.4
Packaging & Components Poland	4.2	-
Circular Business	5.0	1.8
Total	113.0	83.8

Trademarks

million EUR	31 Dec 2021	31 Dec 2020
RAW	0.6	0.6
Insulation Netherlands	5.9	5.9
Insulation Norway	0.7	0.4
Packaging & Components Denmark	5.1	5.1
Packaging & Components Netherlands	2.3	2.3
Packaging & Components Norway	6.0	6.0
Packaging & Components Portugal & Spain	1.1	1.1
Packaging & Components Poland	2.6	-
Total	24.3	21.3

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 per cent or more in case there are specific circumstances, such as a turnaround case. The estimates are based on the executive management's experience and historical data. The discount rate after tax amounts to 6.6 per cent (8.0 per cent).

The long-term sustainable growth rate has been estimated at 2 per cent (2 per cent) 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 2021. A change in the discount rate of 1 per cent or reduced cash flow of 10 per cent would not change the outcome of the test. Tangible fixed assets of EUR 1.0 million were written down in 2021 (EUR 1.2 million), based on an individual assessment for those assets. The write-down in 2020 was mainly attributable to the closure of an Insulation facility in Sweden and the transfer of operations to the facility in Norrköping, Sweden.

Note 13 Tangible assets

million EUR	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 1 January 2020					
Acquisition costs	101.0	238.8	28.1	3.2	371.1
Accumulated depreciations/write-downs	-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 differences	0.6	-0.6	-0.1	-	-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
Writedown	-0.7	-0.4	-	-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 31 December 2020					
Acquisition costs	89.3	255.0	30.6	9.4	384.3
Accumulated depreciations/write-downs	-19.3	-174.3	-20.4	-0.1	-214.0
Carrying amount	70.0	80.8	10.2	9.3	170.3

million EUR	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
Financial year 2021					
Carrying amount brought forward	70.0	80.8	10.2	9.3	170.3
Exchange differences	1.0	0.9	0.1	-0.1	1.9
Acquisitions	0.4	17.9	1.4	11.5	31.2
Capitalised leases	2.4	0.1	3.1	-	5.7
Through acquired business	26.9	7.8	1.5	1.7	37.8
Divestment of business	-0.5	-0.3	-	-	-0.8
Writedown	0.0	-0.9	-0.0	-	-1.0
Reclassifications	0.2	11.4	0.4	-12.0	0.0
Disposals	0.0	-0.3	-0.3	-0.2	-0.8
Depreciations	-9.2	-16.1	-3.9	-	-29.2
Carrying amount carried forward	91.3	101.3	12.4	10.1	215.1
As of 31 December 2021					
Acquisition costs	123.5	300.8	40.3	10.1	474.8
Accumulated depreciations/write-downs	-32.3	-199.5	-27.9	-0.0	-259.7
Carrying amount	91.3	101.3	12.4	10.1	215.1

Amounts above attributable to leases:

Depreciations 2021	-7.6	-1.9	-1.8		-11.3
Of which is attributable to IFRS 16	-7.6	-0.4	-1.8		-9.7
Carrying amount 31 December 2021	53.1	4.7	4.3		62.0
Of which is attributable to IFRS 16	52.7	0.3	4.3		57.4
Depreciations 2020	-4.7	-2.8	-1.5		-9.0
Of which is attributable to IFRS 16	-4.7	-0.5	-1.4		-6.6
Carrying amount 31 December 2020	55.8	6.7	3.3		65.8
Of which is attributable to IFRS 16	55.4	0.7	3.2		59.3

Note 14 Business acquisitions

Cash flow from acquisition of business

million EUR	2021	2020
Cash consideration	-73.3	-13.5
Cash in acquired business	19.3	2.7
Total cash out/-inflow	**-54.0**	**-10.8**

Business acquisitions during the year

IZOBLOK S.A.

On 28 April 2021, BEWI entered into an agreement to acquire a majority stake of the listed Polish company IZOBLOK S.A. (IZOBLOK) and on 7 July 2021, the acquisition was completed. IZOBLOK is a leading European provider of Expanded Polypropylene (EPP) components to the automotive industry, with a market share of approximately 20 per cent. The acquisition confirms BEWI's strategy to strengthen its market position in the automotive industry, a market that has shown considerable growth pre-Covid. IZOBLOK has four facilities, located at strategic locations in southern Poland and Germany, with developed infrastructure ensuring effective access to customers across Europe. IZOBLOK is consolidated as from 1 July.

On 7 July 2021 BEWI 2021 acquired 54.21 per cent of the shares, corresponding to 65.66 per cent of the voting rights, of IZOBLOK. The acquisition was structured as an acquisition of a holding company into which the sellers contributed the IZOBLOK shares prior to completion of the transaction. The holding company contains a combination of non-listed shares (series A-shares) with voting preferences and shares listed on Warsaw Stock Exchange (listed on GPW Main Market). The consideration comprised a combination of cash and 1 132 792 new shares issued in BEWI ASA at a subscription price of NOK 27.50 per share.

A subsequent mandatory offer for up to two-thirds of the voting rights in IZOBLOK was completed on the 2 September 2021 and as of 31 December 2021 BEWI now owned 54.66 per cent of the shares, corresponding to 66 per cent of the voting rights of IZOBLOK. The consideration was paid in cash. On 2 November 2021, BEWI launched a tender offer for the acquisition of all outstanding shares in IZOBLOK. The total number of shares subject to the tender offer was 574 481 shares, corresponding to the remaining 45.34 per cent of the total outstanding shares, and 34.00 per cent of the voting rights. The price offered per share was PLN 50.41, amounting to a total consideration of approximately EUR 6.4 million. Had BEWI succeedsed in acquiring 100 per cent of the outstanding shares, the intention was to delist the shares in IZOBLOK from trading on the Warsaw Stock Exchange (WSE). By the time of completion of the offer on 31 January 2022, BEWI had received acceptance from 121 870 shares for a total consideration of EUR 1.4 million. After the this transaction, BEWI owns 64.28 per cent of the shares, corresponding to 73.21 per cent of the voting rights. The company remains listed on the WSE.

The adjusted acquisition analysis presented below gave rise to a goodwill of EUR 4.6 million, which is related to synergies such as future market growth opportunities and future cost savings. The main fair value adjustments were related to trademark, inventory and property, plant and equipment. Goodwill is not tax deductible. Until 31 December 2021, IZOBLOK had contributed EUR 16.1 million to the group's net sales, EUR -1.3 million to adjusted EBITDA and EUR -2.8 million to EBIT, excluding transaction costs. If the acquisition of IZOBLOK had taken place on the 1 January, IZOBLOK would have contributed EUR 36.1 million to the group's net sales, EUR -1.1 million to adjusted EBITDA and EUR -4.4 to EBIT. Transaction costs amounted to EUR 1.3 million.

million EUR	
New share issue	3.1
Cash consideration	13.5
Total	**16.6**
Recognised amount of identifiable assets and acquired liabilities assumed	
Trademarks	2.7
Technology	0.9
Other intangible assets	0.6
Property, plant and equipment	20.6
Other fixed assets	3.7
Inventory	6.3
Current receivables	8.4
Cash and cash equivalents	1.0
Non-current liabilities	-8.6
Deferred tax liability	-2.8
Current liabilities	-10.1
Total identifiable net assets	**22.7**
Liabilities to non-controlling interests	-10.7
Goodwill	4.6
Cash and cash equivalents in acquired business	1.0
Total cash outflow from acquisition of business	**-12.5**

[1] The acquisition analysis is preliminary

Kemisol NV

On 29 October 2021, BEWI announced the acquisition of 100 per cent of the shares of the Belgian insulation company Kemisol group (Kemisol) and on 24 November 2021 the transaction was closed. Kemisol primarily operates in the Benelux region and is one of the largest producers of EPS in Belgium, offering a wide range of products. In addition to production of EPS based insulation products, Kemisol distributes other insulation products such as IKO Enertherm, Ursa Foam, Styrisol and Knauf glass wool. Kemisol is consolidated as from 1 December.

At the time of the release of this report, the acquisition analysis for Kemisol is preliminary and gave rise to a goodwill of EUR 12.1 million. A complete acquisition analysis is expected to be presented in the first half of 2022, leading to fair value adjustments of intangible assets and inventories and a corresponding change in goodwill. Goodwill is not tax deductible. Until 31 December 2021, Kemisol had contributed EUR 2.1 million to the group's net sales, EUR 0.2 million to adjusted EBITDA and EUR 0.1 million to EBIT, excluding transaction costs. If the acquisition of Kemisol had taken place on the 1 January, Kemisol would have contributed EUR 33.9 million to the group's net sales, EUR 6.1 million to adjusted EBITDA and EUR 5.2 million to EBIT. Transaction costs amounted to EUR 0.3 million.

million EUR	
Cash consideration	45.0
Total	**45.0**
Recognised amount of identifiable assets and acquired liabilities assumed	
Tangible fixed assets	12.0
Inventory	3.4
Current receivables	5.9
Cash and cash equivalents	16.6
Non-current liabilities	0.0
Deferred tax liability	-2.1
Current liabilities	-2.8
Total identifiable net assets	**32.9**
Goodwill	12.1
Cash and cash equivalents in acquired business	16.6
Total cash outflow from acquisition of business	**-28.4**

[1] The acquisition analysis is preliminary

Oasis Global II AS, North Pack ApS, BEWi Cellpack A/S (former Honeycomb Cellpack A/S), Volker Gruppe Ltd and Desom Group AS

On 1 July 2021, BEWI acquired all shares in Oasis Global II AS, Norway, and North Pack ApS, Denmark. The two companies are trading packaging products for use at sea and the acquisitions are a continuation of the BDH acquisition in 2020. The consideration was paid in cash. The companies are consolidated as from 1 July.

On 13 April 2021, BEWI announced that the company had acquired 51 per cent of the Danish paper packaging company Honeycomb Cellpack A/S (Honeycomb). Honeycomb provides protective packaging solutions, including design, development and manufacturing of sustainable packaging which is both recyclable and biodegradable. The consideration was paid in cash. The company is consolidated as from 1 April. Under the agreement, the seller has a put option to divest the remaining shares to BEWI in accordance with a predetermined pricing mechanism and within a given time frame. According to the same agreement, BEWi also has a call option to acquire the remaining shares within a certain time frame, calculated according to the same pricing mechanism. The option has been valued based on a forecast performance for Honeycomb over a three-year period. As of 31 December 2021, the option was valued at EUR 3.8 million and is reported under Other financial non-current liabilities in the balance sheet.

On 6 October 2021, BEWI announced its acquisition of 51 per cent of the UK based company Volker Gruppe, a trader of compacted and recycled material. The company operates two facilities in the UK and Scotland, where they compact material, and leases compactors to customers. Volker Gruppe is one of the largest suppliers of EPS waste to BEWI Circular, with an annual collection of approximately 6 000 tonnes of EPS, in addition to several other types of waste streams. Volker Gruppe trades and processes around 25 000 tonnes of plastics and paper per year globally. BEWI has a future option to acquire the remaining 49 per cent of the shares in Volker Gruppe. The company is consolidated as from 1 October.

On 1 October 2021, BEWI also acquired all shares in Desom group which consists of Desom AS, Norway, and Embanor AS, Norway. The two companies are trading packaging products for fish, meat and dairy products, and are a complement to the BDH business acquired in 2020. The companies are consolidated as from 1 October.

The total of Oasis Global II AS, North Pack ApS, BEWi Cellpack A/S, Volker Gruppe Ltd and Desom group AS acquisition analyses gave rise to a goodwill of EUR 11.9 million, attributable to estimated synergies. Goodwill is not tax deductible.

Until 31 December, these five acquisitions had contributed EUR 10.6 million to the group's net sales, EUR 1.6 million to adjusted EBITDA and EUR 1.4 million to EBIT, excluding transaction costs. If the acquisition of these companies had taken place on 1 January, they would have contributed EUR 29.5 million to the group's net sales, EUR 3.2 million to adjusted EBITDA and EUR 2.6 to EBIT. Transaction costs amounted to EUR 0.4 million.

million EUR	
Value put/call option 49%	3.8
Cash consideration	10.6
Total	**14.4**
Recognised amount of identifiable assets and acquired liabilities assumed	
Property, plant and equipment	2.8
Other fixed assets	0.0
Inventory	1.3
Current receivables	5.2
Cash and cash equivalents	1.7
Non-current liabilities	-3.3
Deferred tax liability	-0.4
Current liabilities	-4.5
Total identifiable net assets	**2.9**
Liabilities to non-controlling interest	-0.5
Goodwill	11.9
Cash and cash equivalents in acquired business	1.7
Total cash outflow from acquisition of business	**-8.9**

[1] The acquisition analysis is preliminary

Final settlement BEWi Drift Holding AS (BDH) and acquisition of non-controlling interests

In 2021, the final purchase price for the BDH group, acquired in 2020, was settled through a cash payment of EUR 2.8 million, which was EUR 0.4 million more than estimated on 31 December 2020. BEWI has during the year also acquired non-controlling interests in two subsidiaries for a cash consideration of EUR 1.4 million.

Note 15 Sale of business

Sale of business during the year

On 20 December 2021, BEWI divested Biobe AS to BE Form Holding AS, a company wholly owned by BEWI Invest AS, the majority owner of BEWI, for a consideration of EUR 6.2 million, of which EUR 4.2 million was settled in cash and EUR 2.0 million in a short-term loan to the buyer. The loan carries a four per cent interest and shall be settled on 1 June 2022 at the latest. Until the date of divestment, Biobe contributed EUR 4.9 million the group's net sales, EUR 1.1 milllion to adjusted EBITDA and EUR 1.3 to EBIT in 2021.

million EUR	
Promissory note	2.0
Cash consideration	4.2
Total	**6.2**
Recognised amount of identifiable assets and liabilities	
Goodwill	1.1
Customer relations	0.5
Technology	0.7
Other intangible assets	0.5
Property, plant and equipment	0.8
Other fixed assets	0.1
Inventory	1.7
Current receivables	1.3
Cash and cash equivalents	-0.1
Non-current liabilities	-0.2
Deferred tax liability	-0.1
Current liabilities	-1.2
Total identifiable net assets	**5.1**
Cash and cash equivalents in sold business	-0.1
Total cash inflow from sale of business	**4.3**

Note 16 Shares in associates

Name	Carrying amount 31 Dec 2020	Acquisitions during the year	Dividend	Share of income	Exchange difference	Carrying amount 31 Dec 2021
HIRSCH Porozell GmbH	2.4	-	-1.0	3.4	-	4.8
HIRSCH France SAS	5.4	-		0.9	0.1	6.5
Jablite Group Ltd	0.1	-	-	1.4	-	1.4
Inoplast S.R.O	-	0.3	-	-	-	0.3
BEWI EPS ehf.	-	0.8	-	-	-	0.8
Total	8.0	1.1	-1.0	5.7	0.1	13.7

Name	Carrying amount 31 Dec 2019	Acquisitions during the year	Dividend	Share of income	Exchange difference	Carrying amount 31 Dec 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	-	0.1
Total	1.5	2.0	-0.5	4.9	-	8.0

Share of income from Jablite Group Ltd in 2021 includes a positive amount of EUR 0.9 million, corresponding to BEWI's share of reversal of negative goodwill. In 2020 share of income from HIRSCH France SAS included a simular positive amount of EUR 3.5 million, corresponding to BEWI´s share of reversal of negative goodwill.

Non-current receivables associates	31 Dec 2021	31 Dec 2020
As of 1 January	4.1	2.5
Loans granted	-	3.1
Exchange rate difference	0.1	0.2
Converted to equity	-	-1.7
As of 31 December	4.2	4.1

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 per cent. BEWI also holds a receivable from Jablite Group Ltd of GBP 1.5 million, carrying an interest of 4 per cent over the base rate of the bank of England.

Summarised financial information for associates

2021	Net sales	EBITDA	Operating profit (EBIT)	Net profit
HIRSCH Porozell GmbH	116.9	18.0	14.6	9.9
HIRSCH France SAS	77.5	5.4	2.8	2.0
Jablite Group Ltd[1]	28.4	1.7	1.5	1.1
Inoplast S.R.O	4.0	0.2	0.1	0.1
BEWI EPS ehf.	-	-	-	-

31 Dec 2021	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Net debt
HIRSCH Porozell GmbH	31.3	35.2	13.4	29.6	10.8
HIRSCH France SAS	36.9	29.2	29.1	16.3	17.5
Jablite Group Ltd	2.1	2.3	1.3	2.4	1.0
Inoplast S.R.O	1.0	0.6	0.1	0.4	0.3
BEWI EPS ehf.	-	-	-	-	-

[1] EBITDA, EBIT and net profit for Jablite Group Ltd in the table above do not include EUR 1.8 million in reversal of negative goodwill, which impacted the results of the company positively in 2021. BEWI's share of that, EUR 0.9 million, is however included in the share of income from associates reported for 2021. 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.

HIRSCH Porozell GmbH (34 per cent ownership)
In connection with the acquisition of Synbra in 2018, 66 per cent of Synbra's shares in the German company Isobouw GmbH was divested to Hirsch Servo Group. At the same time, BEWI obtained 34 per cent in the newly incorporated company Hirsch Porozell GmbH, which acquired Saint Gobain's insulation operations at four sites in Germany. The other 66 per cent 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 per cent 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 per cent of the shares in the French company Issosol SAS were acquired from Placopatre SA, a subsidiary of Saint Gobain. The acquisitions are done through a newly incorporated French company, Hirsch France SAS, 34 per cent owned by BEWI and 66 per cent owned by Hirsch Servo Group.

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

Inoplast S.R.O (34 per cent ownership)
In June 2021, BEWI invested 34 per cent of the Czech recycling company Inoplast S.R.O. Inoplast specialises in recycling of plastics, mainly expanded polystyrene (EPS), but also other type of plastics.

BEWI EPS ehf. (49 per cent ownership)
BEWI invested 49 per cent of the company BEWI EPS ehf located on Iceland. The company has not yet commenced operations.

Note 17 Financial instruments per category

31 December 2021

million EUR	Financial assets measured at fair value through profit and loss	Financial assets measured at amortised cost	Total
Balance sheet assets			
Other long-term receivables	-	4.2	4.2
Participations in other companies	9.8	-	9.8
Accounts receivables	-	98.8	98.8
Current derivative asset	0.2	-	0.2
Cash and cash equivalents	-	142.3	142.3
Total	10.0	245.4	255.5

31 December 2021

million EUR	Financial liabilities measured at fair value through profit and loss	Financial liabilities measured at amortised cost	Total
Balance sheet liabilities			
Non-current bond loan	-	246.1	246.1
Non-current liabilities to credit institutions	-	9.8	9.8
Non-current liabilities leases	-	66.1	66.1
Other financial non-current liabilities[1]	4.3	-	4.3
Current liabilities to credit institutions	-	3.0	3.0
Overdraft facillity	-	0.8	0.8
Current liabilities leases	-	13.0	13.0
Current derivative liability	0.2	-	0.2
Account payables	-	89.7	89.7
Total	4.5	428.4	432.9

[1] Other financial non-current liabilities include the option to acquire non-controlling interests, valued at EUR 3.8 million, and EUR 0.5 million in liabilities for non-current derivatives.

31 December 2020

million EUR	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

31 December 2020

million EUR	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 liabilities to credit institutions	-	0.8	0.8
Overdraft facillity	-	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

Note 18 Account receivables

million EUR	31 Dec 2021	31 Dec 2020
Accounts receivables	99.8	59.0
Deducted: provisions for impairment for doubtful receivables	-1.0	-0.7
Accounts receivables - net	**98.8**	**58.3**

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

million EUR	31 Dec 2021	31 Dec 2020
Not yet matured	86.3	52.3
1–30 days	10.4	4.4
31–60	1.7	1.2
> 61 days	1.5	1.1
Deducted: provisions for impairment for doubtful receivables	-1.0	-0.7
Accounts receivables - net	**98.8**	**58.3**

	31 Dec 2021	31 Dec 2020
Matured account receivables not part of the provisions for impairment for doubtful receivables	12.6	5.9

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

	31 Dec 2021	31 Dec 2020
SEK	8.1	6.7
EUR	56.5	28.4
GBP	0.8	0.5
NOK	16.9	11.6
DKK	14.9	9.6
ISK	1.3	1.1
Other	0.4	0.4
	98.8	**58.3**

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 19 **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 397.1 million (EUR 216.4 million).

EUR 1.2 million (EUR 0.1 million) was expensed as write-downs of inventory in 2021. The group reversed EUR 0.5 million (EUR 0.1 million) in 2021 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 20 **Prepaid expenses and accrued income**

million EUR	31 Dec 2021	31 Dec 2020
Prepaid energy tax expenses	0.4	0.5
Accrued bonus and discounts	0.5	0.1
Other items	4.0	2.1
Total	**5.0**	**2.7**

Note 21 **Cash and cash equivalents**

million EUR	31 Dec 2021	31 Dec 2020
Bank balances	142.3	51.4

Note 22 **Share capital**

The number of shares as of 31 December 2021 amounted to 156 610 804, 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 31 Dec 2019					138 937 980	1 347 209	0.009696
	New share issue	17 Aug 2020	5 005 691	48 538	143 943 671	1 395 747	0.009696
As of 21 Aug 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	29 Jul 2020	1 000 000	1 000 000	1 000 000	1 000 000	1.00
	Share capital decrease	21 Aug 2020	-1 000 000	-1 000 000	-	-	1.00
	New share issue	21 Aug 2020	143 943 671	143 943 671	143 943 671	143 943 671	1.00
							1.00
	New share issue	25 Nov 2020	3 571 429	3 571 429	147 515 100	147 515 100	1.00
	New share issue	9 Dec 2020	476 191	476 191	147 991 291	147 991 291	1.00
	New share issue	9 Dec 2020	419 583	419 583	148 410 874	148 410 874	1.00
As of 31 Dec 2020					148 410 874	148 410 874	1.00
	New share issue	6 May 2021	7 067 138	7 067 138	155 478 012	155 478 012	1.00
	New share issue	7 Jul 2021	1 132 792	1 132 792	156 610 804	156 610 804	1.00
As of 31 Dec 2021					156 610 804	156 610 804	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.

Following the authorisation from the extraordinary general meeting on 16 November 2020, the board of directors on 6 May 2021 resolved to issue 7 067 138 new shares for subscription price of NOK 28.30 in a private placement that raised NOK 200 million, equal to EUR 19.6 million. Net of transaction costs, equity increased by EUR 18.9 million.

On the 3 June 2021, the annual general meeting of the company authorised the board of directors to 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 other purposes as the board of directors decides, by up to NOK 31 095 602, equivalent to 20 per cent of the share capital at the time the authorisation was granted. The authorisation is valid until the annual general meeting in 2022, however expiring at the latest on 30 June 2022. Following the authorisation, the board of directors on 7 July 2021 resolved to issue 1 132 792 new shares for a subscription price of NOK 27.50 per share in a private placement, as part of the consideration for the shares in IZOBLOK, and directed towards the majority seller of that company. The new share issue increased equity by NOK 31.2 million, equal to EUR 3.1 million.

On the 3 June 2021, the annual general meeting of the company authorised the board of directors to acquire shares in the company on one or more occasions. The total nominal value of shares acquired pursuant to this authorisation may not exceed NOK 15 547 801, equal to ten per cent of the company's share capital at the time the authorisation was given. The purchase price per share shall not be less than NOK 1 and not more than NOK 500. The purchase of own shares shall otherwise be completed by the board of directors at its discretion. The authorisation is valid until the next annual general meeting, but not later than 30 June 2022. By 31 December 2021, no shares had been bought back.

Largest shareholders

Name	Shares	Per cent
Frøya Invest AS[1]	88 333 152	56.40
Kverva Industrier AS	15 292 424	9.76
DnB NOR Bank ASA Meglerkonto Innland	6 695 400	4.28
Nordea Bank Abp	5 426 613	3.47
JP Morgan Bank Luxembourg SA	5 187 676	3.31
Skandinaviska Enskilda Banken AB	4 287 115	2.74
EBE Eiendom AS	2 529 637	1.62
Union Bancaire UBP SA	2 008 910	1.28
Tredje AP-Fonden	1 724 879	1.10
Nordnet Bank AB	1 677 616	1.07
Other	23 447 382	14.97
Total	**156 610 804**	**100.00**

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

Note 23 Share-based incentive programme

In November 2020, the board of directors exercised the authorisation given by the Extraordinary General Meeting on 16 November 2020 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, and 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 1.8 per cent of the number of shares outstanding as of 31 December 2021. 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. Settlement of the options may, at the discretion of the board of directors, be done by issuing new shares or by using, if available, shares bought back by the company.

At grant date on 19 November 2020, 2 625 000 share options were granted to 22 key employees. The share options entitle the participants to subscribe for shares at a pre-set strike price, which is adjusted for dividends paid. Strike price at grant date was NOK 24.48, equal to 110 per cent 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 at the time of exercise, multiplied by three, minus the strike price at grant date. The number of exercisable options will be reduced proportionally so that the maximum gain does not exceed the maximum gain per option 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. The options are exercisable during a window period after the release of the quarterly reports for the fourth and second quarters. Options that are not exercised within 5 years from the date of grant will lapse and become void.

Interest-bearing liabilities

MSEK	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	-

The total value of the options granted is EUR 1.4 million. EUR 0.7 million (0.1) of that was recognised as personnel costs during the year. In addition, EUR 1.8 million (0) in personnel costs related to social security charges were recognised during the year.

The change in the number of options outstanding during the year is presented in the table below:

	2021	2020
Outstanding as of 1 January	2 625 000	-
Granted during the year	305 000	2 625 000
Adjusted	7 500	-
Terminated	-175 000	-
Outstanding as of 31 December	**2 762 500**	**2 625 000**
Vested but no exercised	562 500	-

Note 24 Earnings per share

million EUR	2021	2020
Profit for the period attributable to parent company shareholders (million EUR)	35.7	30.1
Average number of shares	153 336 017	141 130 072
Effect on options to employees	780 351	-
Diluted average number of shares	154 116 368	141 130 072
Earnings per share (EPS), basic (EUR)	0.23	0.21
Earnings per share (EPS), diluted (EUR)	0.23	0.21
Earnings per share (EPS), basic (NOK)	2.37	2.27
Earnings per share (EPS), diluted (NOK)	2.36	2.27

EPS in NOK is calculated using the average rate in the period

The number shares outstanding have increased from 148 4101 874 to 156 610 804 in 2021 in two new share issues, one in the second quarter and one in the third quarter. 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 up until 21 August 2020 corresponds to the number of shares in BEWiSynbra Group AB, as further described in note 1.

Note 25 Borrowings

Interest-bearing liabilities

million EUR	31 Dec 2021	31 Dec 2020
Non-current		
Bond loan	246.1	137.9
Liabilities to credit institutions	9.8	1.0
Liabilities leases	66.1	69.2
Total long-term borrowings	322.0	208.1
Current		
Bond loan	-	-
Liabilities to credit institutions	3.0	0.8
Liabilities leases	13.0	12.3
Overdraft	0.8	0.4
Total current borrowings	16.7	13.5
Total borrowings	338.7	221.6

Specification of net debt

Net debt by the end of the reporting period, million EUR	31 Dec 2021	31 Dec 2020
Interest-bearing liabilities	338.7	22166
Cash and cash equivalents	-142.3	-51.4
Net debt in including IFRS 16	196.4	170.2
Adding back IFRS 16 leasing liabilities	-76.1	-78.5
Net debt excluding IFRS 16	120.3	91.7

Change in net debt, million EUR	31 Dec 2021	31 Dec 2020
Change in interest-bearing liabilities	117.2	30.9
Change in cash and cash equivalents		
Impact from cash flow for the period	-89.1	4.8
Impact from exchange differences	-1.8	0.1
Change in net debt including IFRS 16	26.3	35.8
Adding back change in IFRS 16 leasing liabilities	2.4	-45.6
Change in net debt excluding IFRS 16	28.7	-9.8

Change in interest-bearing liabilities	Bond loan	Liabilities to credit institutions	Liabilities leasing	Factoring debt	Overdraft	Total
Interest-bearing liabilities as of 31 December 2020	137.9	1.8	81.5	-	0.4	221.6
Cash flow affecting changes						
Borrowings	250.0	2.4	-	-	0.3	252.7
Financing/transaction costs	-4.6	-	-	-	-	-4.6
Repayment of loans	-140.0	-1.5	-	-	-0.4	-141.9
Repayment of leasing liabilities	-	-	-11.4	-	-	-11.4
Total cash flow in financing activities	105.4	0.9	-11.4	-	-0.1	94.8
Changes not affecting cash flow						
Through acquisitions	-	10.3	3.0	-	0.5	13.8
Through divestments	-	-	-0.6	-	-	-0.6
Capitalised leasing	-	-	5.4	-	-	5.4
Amortisation financing costs	2.8	-	-	-	-	2.8
Exchange differences	-	-0.2	1.1	-	-	0.9
Total changes not affecting cash flow	2.8	10.1	8.9	-	0.5	22.3
Total change	108.2	11.0	-2.5	-	0.4	117.1
Interest-bearing liabilities as of 31 December 2021	246.1	12.8	79.1	-	0.8	338.7

Change in interest-bearing liabilities	Bond loan	Liabilities to credit institutions	Liabilities leasing	Factoring debt	Overdraft	Total
Interest-bearing liabilities as of 31 December 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 31 December 2020	137.9	1.8	81.5	-	0.4	221.6

Bond loans

Frame	Amount outstanding	Date of issuance	Maturity/redemtion date
EUR 250 million	EUR 250 million	3 September 2021	3 September 2026
EUR 100 million	EUR 75 million	19 April 2018	6 September 2021
EUR 115 Million	EUR 65 million	22 November 2019	6 September 2021

In 2021, the group was refinanced. On 6 September 2021, the EUR 75 million bond loan and the EUR 65 million bond loan, with maturity dates on 19 April 2022 and 22 November 2023 respectively, were redeemed. A new bond loan of EUR 160 million, under a frame of EUR 250 million, was issued on 3 September. EUR 4.2 million was paid in early redemption and early consent fees and expensed in the income statement. EUR 1.4 million in capitalised financing costs attributable to the bonds redeemed was also expensed. On 15 November 2021, another EUR 90 million was issued under the EUR 250 million frame, thereby utilising the complete frame available. The EUR 250 million bond, which is unsecured and linked to a sustainability framework, matures on 3 September 2026, with a possibility for BEWI to unilaterally decide on an early redemption after 3 March 2025 of 50 per cent of the bonds outstanding at that date. Net of financing costs, BEWI received EUR 245.4 million in cash from the bond issued during the year. The bonds are recognised under the effective interest method at amortised cost after deductions for transaction costs. Interest terms, as well as nominal interest rates and average interest rates recognised during the quarter are presented in the table below.

		Nominal interest		Average interest	
Bond loan	Interest terms	2021	2020	2021	2020
EUR 250 million	Euribor 3 m + 3.15%	2.58–2.60%	-	3.09%	-
EUR 75 million	Euribor 3 m + 4.75%	4.20–4.24%	4.24–4.50%	5.11%	5.32%
EUR 65 million	Euribor 3 m + 3.40%	2.85–3.89%	2.89–3.18%	3.54%	3.70%

Liabilities to credit institutions and factoring debt

Interest-bearing liabilities in acquired subsidiaries are normally settled and refinanced internally after the acquisition. However, in a few specific casses liabilities to credit institutions in acquired companies, including overdraft facilities, have not been subject refinancing post acquisition. Such liabilities to credit institutions have carried an interest in the range of 1.0–6.0 per cent during 2021 (1.5–6.0 per cent). As of 31 December 2021, a majority of the liabilities to credit institutions, as well as the ovedraft recognised as of that date, were attributable to the acquisition of IZOBLOK.

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 4.0–7.6 per cent for contracts maturing within 1–3 years to 5.2–12.9 per cent 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 per cent, corresponding to the implicit rates of the contracts.

Overdraft facility

In connection with the refinancing in 2021, the overdraft facility was increased to EUR 80 million (from SEK 375 million or the equivalent of EUR 37.4 million as of 31 December 2020) and is now granted by two banks. As of 31 December 2021, nothing of that overdraft facility was utilised. As part of the overdraft facility arrangement, one of the two banks provides a multi-currency cash pool to the group. Interest is charged for net overdraft in any currency within the cash pool, with the 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 2021, the interest rate amounted to 0.75–1.25 per cent on overdraft, whereas a lower percantage of that was applied on unused credit facility.

million EUR	31 Dec 2021	31 Dec 2020
Overdraft facility (equivalent amount in million EUR)	80	37.4
Overdraft utilised	-	-

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. 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. The group has not been in breach of any covenants in 2021 or 2020. The revolving credit facility is a super senior credit facility and the bond loan is subordinated the revolving credit facility.

In connection with the refinancing in 2021, securities are no longer granted for the revolving credit facility and the bond loan. Liabilities to credit institutions and overdraft facilities not refinanced post acquisition in 2021 are however subject to sucurities granted in the form of business and property mortgages as well as securities in other assets. The value at the balance sheet day of the securities provided, is presented in note 30 Pledged assets.

Currency exposure

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

	31 Dec 2021		31 Dec 2020	
million EUR	Incl. IFRS 16	Excl. IFRS 16	Incl. IFRS 16	Excl. IFRS 16
SEK	8.7	0.2	9.7	0.7
EUR	287.8	259.7	168.4	139.2
NOK	24.4	2.1	26.6	2.5
DKK	17.2	-	16.2	0.1
GBP	-	-	-	-
ISK	0.6	0.6	0.7	0.7
	338.7	262.6	221.6	143.1

Maturity

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

As of 31 December 2021	< 1 yr.	1–2 yr.	2–5 yr.	> 5 yr.
Bond loans	-	-	246.1	-
Liabilities to credit institutions	3.0	2.7	7.1	0.2
Liabilities leases according to definition in IAS 17	1.3	0.8	0.8	0.1
Additional liabilities leases due to IFRS 16	11.1	9.6	25.2	30.2
Overdraft	0.8	-	-	-
Total	16.2	13.1	279.2	30.2

As of 31 December 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

Note 26 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, and for which no recurring contributions are made,originate from the acquisition of Synbra and relate 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 plans in Norway originate from an acquisition in 2020 and relate to a limited number of people that are no longer working for the group and the plans are closed for new participants.

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

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

	Defined benefit pension plans		Other long-term benefits	
million EUR	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Present value of funded obligations	-49.6	-50.7	-	-
Fair value of plan assets	56.0	52.5	-	-
	6.4	1.8	-	-
Present value of unfunded obligations	-	0.0	-1.1	-1.1
Net asset(+)/liability(-) as of 31 December	-	1.8	-1.1	-1.1
Net pension asset				
United Kingdom	6.7	3.2	-	-
	6.7	3.2	-	-
Pension obligations and other long-term benefits				
Netherlands	-	-	-1.1	-1.1
Finland	-0.3	-0.4	-	-
Norway	-	0.0	-	-
United Kingdom	-	-1	-	-
	-0.3	-1.4	-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	
	2021	2020	2021	2020
Costs of service during the current year	-0.1	-0.1	-	-
Past service cost	-	0.0	-	-
Net Interest income/expense	-0.7	0.0	-	-
Total reported in the income statement	-0.7	-0.1	-	-
Return on plan assets excluding amounts included in interest expenses/income	2.2	2.7	-	-
Actuarial gains/losses from changes in demo-graphic assumptions	0.2	1.3	-	-
Actuarial gains/losses from changes in financial assumptions	1.4	-4.4	-	-
Experience based gains/losses	0.2	0.4	-	-
Total reported in other comprehensive income	4.0	0.0	-	-

	Defined benefit pension plans		Other long-term benefits	
Change in present value of the obligation	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
As of 1 January	-50.7	-51.8	-1.1	-1.1
Through acquired business	-	-0.9	-	-
Current service cost	-0.1	-0.1	-	0.0
Past service cost	-	0.0	-	-
Interest cost	-0.7	-0.9	-	0.0
Actuarial gains/losses	1.8	-2.7	-	-
Benefits paid	1.9	2.9	-	0.0
Settlements	1.7	0.1	-	-
Exchange rate differences	-3.5	2.7	-	-
As of 31 December	-49.6	-50.7	-1.1	-1.1

Change in fair value of plan assets	Defined benefit pension plans 31 Dec 2021	Defined benefit pension plans 31 Dec 2020	Other long-term benefits 31 Dec 2021	Other long-term benefits 31 Dec 2020
As of 1 January	52.5	53.3	-	-
Through acquired business	-	0.9	-	-
Interest income	0.7	0.9	-	-
Return on plan assets excluding amounts included in interest expenses/income	2.2	2.7	-	-
Contributions by the employer	0.3	0.5	-	-
Benefits paid	-0.2	-2.9	-	-
Settlements	-3.3	-0.1	-	-
Exchange rate differences	3.9	-2.8	-	-
As of 31 December	56.0	52.5	-	-

The most critical assumptions for the defined benefit pensions were:	31 Dec 2021	31 Dec 2020
United Kingdom		
Discount rate	1.85–1.90%	2.00%
Salary increase	n/a	n/a
Inflation (based on CPI and RPI assumption)	3.10–3.60%	2.25–3.30%
Pension increase (based on CPI and RPI assumptions)	2.25–3.45%	1.85–3.15%
Finland		
Discount rate	1.00%	0.90%
Salary increase	2.60%	2.00%
Inflation	2.10%	1.30%
Cost of living adjustments for pensions in payment	-	0.00%
Norway		
Discount rate	1.90%	1.70%
Salary increase	2.75%	2.25%
G-regulering	2.50%	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:	31 Dec 2021	31 Dec 2020
Discount rate	0.60%	0.30%
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, million EUR	Change	Increase in assumption	Decrease in assumption
Discount rate	0.50%	3.2	-3.4
Salary increase	0.50%	-	-
Pension increase	0.25%	-2.0	2.5

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

Plan asset allocation	31 Dec 2021	31 Dec 2020
Bonds	9.5	8.8
Equities	18.0	10.1
Hedge funds and alternatives	26.3	28.1
Insurance contracts	1.1	3.0
Real estate	0.1	-
Cash	1.0	2.5
	56.0	52.5

Analysis of expected undiscounted payments of defined benefits	31 Dec 2021	31 Dec 2020
Within 1 year	2.0	2.0
1–2 years	2.2	2.1
3–5 years	6.9	6.6
5 years or more	49.9	50.2

Note 27 Other provisions

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

million EUR	Restoration of environment	Restructuring measures	Health benefits	Staff benefits	Guarantee	Total
As of 1 January 2021	0.1	0.4	0.1	0.0	0.1	0.7
Reported in the income statement:						
– additional provisions	-	0.9	-	-	0.1	1.0
– reversal of unutilised amount	-	-	-	-	-	-
Exchange differences	-	0.0	-	-	-	0.0
Utilised durig the year	-	-0.7	-0.0	-0.1	-0.1	-0.9
As of 31 December 2021	0.1	0.6	0.0	0.0	0.1	0.9

Utilised durig the year	31 Dec 2021	31 Dec 2020
Long-term provision	0.1	0.1
Short-term provision	0.8	0.5
Total provision	0.9	0.7

Note 28 Accrued expenses and deferred income

million EUR	31 Dec 2021	31 Dec 2020
Accrued wage debt	4.6	1.9
Accrued social security fees	3.8	1.3
Accrued holiday pay including social security fees	11.6	10.3
Accrued customer bonuses	8.7	6.3
Accrued interest	0.7	0.8
Other items	10.9	5.9
Total	40.2	26.5

Note 29 Contingent liabilities

million EUR	31 Dec 2020	31 Dec 2020
Guarantees to suppliers	18.6	11.0
Total	18.6	11.0

Note 30 **Pledged assets**

million EUR	31 Dec 2021	31 Dec 2020
Business mortgages	2.4	229.7
Pledged shares in subsidiaries	-	259.9
Property mortgages	35.0	-
Other pledged assets	26.7	-
Total	64.0	489.6

In 2020 security for the revolving credit facility and the bond loans granted, further described in Note 25 Borrowings, was 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. In 2021, the group was refinanced and all securities regarding the revolving credit facility and the bond loans was released. Interest-bearing liabilities in acquired subsidiaries are normally settled and refinanced internally after the acquisition. However, in a few specific cases liabilities to credit institutions in acquired companies, including overdraft facilities, have not been refinanced post acquisition. The pleadged assets as of 31 December 2021 are securities for such liabilities.

Note 31 **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 BEWi ASA runs operations.

Other related parties are the two 34 per cent owned associated companies; Hirsch France SAS and Hirsch Porozell GmbH, the 49 per cent owned associated company Jabalite Group Ltd and the 34 per cent owned associated company Inoplast s.r.o. 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 2021 is presented in the table below.

Board of Directors

Person	Title	Shares	Options	Shares held by related parties
Gunnar Syvertsen	Chairman	310 878	-	-
Christina Schauman	Director	193 452	-	-
Stig Waernes	Director	-	-	-
Anne-Lise Aukner	Director	-	-	-
Rik Dobbeleare	Director	98 497	-	-

Executive Management

Person	Title	Shares	Options	Shares held by related parties
Christian Bekken [1]	Chief Executive Officer	5 952	250 000	-
Marie Danielsson	Chief Financial Officer	180 452	250 000	-
Jonas Siljeskär	Chief Operating Officer	124 126	250 000	-

[1] Christian Bekken owns 5 952 shares directly and is part of the Bekken family that holds 97 642 450 shares (including 6 779 661 shares under a forward contract) (directly or indirectly) through the family's indirect ownership in BEWI Invest AS.

Transactions impacting the income statement

million EUR	2021	2020
Sale of goods to:		
HIRSCH France SAS	18.8	5.1
HIRSCH Porozell GmbH	45.3	32.1
Jablite Group Ltd	7.9	4.6
Inoplast s.r.o.	2.9	-
Bekken owned companies	0.1	-
Total	74.9	41.8
Purchase of goods from:		
Inoplast s.r.o.	3.4	-
Bekken owned companies	3.1	0.7
Total	6.5	0.7
Interest Income from:		
Hirsch France SAS	0.1	0.1
Jablite Group Ltd	0.1	-
Total	0.2	0.1
Rental expenses to:		
Bekken owned companies	8.8	3.4
Total	8.8	3.4

In the second quarter of 2021, the final purchase price for the BDH group, acquired in 2020 from a company owned by members of the Bekken family, was settled through a cash payment of EUR 2.7 million, which was EUR 0.4 million more than estimated on 31 December 2020. On 23 December 2021, the wholly owned subsidiary Biobe AS was sold to a company owned by members of Bekken family for a consideration of EUR 6.2 million, of which EUR 4.2 million was settled in cash and EUR 2.0 million in a short-term loan to the buyer. The loan carries a four per cent interest and shall be settled on 1 June 2022 at the latest.

The transactions were conducted on normal market terms.

Transactions impacting the balance sheet

million EUR	31 Dec 2021	31 Dec 2020
Non-current receivable		
Bekken owned companies	0.1	0.1
HIRSCH France SAS	2.3	2.3
Jablite Group Ltd	1.8	1.7
Total	4.2	4.1
Current receivables		
Bekken owned companies	4.1	1.5
HIRSCH Porozell GmbH	0.1	0.6
Inoplast s.r.o.	0.6	-
Total	4.8	2.1
Current liabilities		
Bekken owned companies	-	3.8
Inoplast s.r.o.	0.6	-
Total	0.6	3.8

Interest terms for the lending to associated companies are presented in note 16 Shares in associates.

Note 32 Adjustments for non-cash items, etc.

million EUR	31 Dec 2021	31 Dec 2020
Depreciations, amortisations and write-downs	37.8	30.4
Change in provisions for pension liabilities	-0.5	-0.3
Change in other provisions	0.2	0.1
Share of income from associates net of dividend received	-4.5	-4.8
Effect of share-based incentive programme	0.7	-
Capital gain from sale of assets and business	-1.1	-6.3
Total	32.6	19.1

Note 33 Subsequent events

Extraordinary general meeting February 2022

On 16 February 2022, BEWI held an extraordinary general meeting. At the meeting, the board was authorised to issue a total of 32 070 000 consideration shares to HAAS AS, the owner of 50 per cent of Jackon Holding AS, subject to completion of the transaction.

In addition, Andreas M. Akselsen was elected new board member, replacing Stig Wærnes, subject to – and with effect of completion of the Jackon transaction.

The general meeting also approved the nomination committee's proposal for changes in the composition of the nomination committee.

Completion of tender offer for all shares in IZOBLOK

With reference to the above information about the tender offer launched on 2 November 2021 for all outstanding shares of IZOBLOK, the tender offer expired on 28 January 2022, upon which 121 870 shares were acquired. Following the transaction, BEWI (indirectly) owns 64.28 per cent of the shares, corresponding to 73.21 per cent of the voting rights in IZOBLOK.

Intention to acquire Baltic insulation company

On 18 February 2022, BEWI announced that the company had entered a letter of intent to acquire 100 per cent of a Baltic insulation company. Total consideration was expected to be in line with BEWI's historical M&As, i.e., with an EV/ EBITDA multiple in the range of 5 to 7, whereas 50 per cent will be settled in cash and 50 per cent through issuance of consideration shares in BEWI.

The Baltic company operates facilities for manufacturing of insulation solutions and has recorded profitable growth recent years, with net sales in the range of EUR 25 to 30 million and solid EBITDA margins in the range of 10 to 15 per cent.

The rationale for the acquisition is to expand BEWI's geographic footprint into the Baltics, an interesting region for sales growth, and for establishing a platform for circular activities.

The acquisition is conditional upon a signed sale and purchase agreement, as well as customary conditions, and closing is expected in the second quarter of 2022.

Acquisition of Scandinavian paper packaging company

On 28 February 2022, BEWI announced that the company had entered a letter of intent to acquire 100 per cent of a leading Scandinavian paper packaging company. Furthermore, the company announced on 12 April 2022 that it has signed an agreement to acquire the Norwegian paper packaging company Trondhjems Eskefabrikk, a manufacturer of fibre-based packaging products, such as carton boxes to the food industry.

For 2021, Trondhjems Eskefabrikk had revenues of approximately EUR 13.5 million, up from EUR 11.7 million in 2020. The total consideration will be settled in cash upon closing and is in line with BEWIs historical M&As, with an EV/EBITDA multiple in the range of 5 to 7.

The acquisition is conditional upon customary conditions, and closing is expected in the second quarter of 2022.

Progress/ closing of Jackon transaction

Reference is made to information above about BEWI's offer to acquire all shares in Jackon Holding, including information about the authorisation from the extraordinary general meeting held 16 February 2022 to issue consideration shares to HAAS AS, the owner of 50 per cent of Jackon. On 21 February 2022, BEWI announced that a prospectus had been prepared for the purpose of listing of the consideration shares, and that the prospectus had been approved by the Financial Supervisory Authority of Norway (Finanstilsynet).

The consideration shares will be issued to HAAS AS (pursuant to a board authorisation) in connection with closing of the transaction, which is still subject to fulfilment of outstanding closing conditions, including clearance from relevant competition authorities.

Income statement of the parent company

million NOK	Note	2021	2020
Operating income			
Net sales	3	4.0	0.5
Other operating income		0.7	-
Total operating income		4.7	0.5
Operating expenses			
Other external costs	13	-39.5	-20.5
Personnel costs	4	-17.1	-11.2
Deprecation of tangible assets		-	0.0
Total operating expenses		-56.6	-31.7
Operating profit		-51.9	-31.2
Financial income	5	115.5	35.0
Financial expense	5	-22.7	-0.5
Financial income and expense - net		92.8	34.5
Profit before taxes		40.8	3.3
Income tax	6	-7.6	0.0
Net profit for the year		33.3	3.3

Statement of financial position of the parent company

million NOK	Note	31 Dec 2021	31 Dec 2020
ASSETS			
Non-current assets			
Tangible assets			
Equipment, tools, fixtures and fittings		0.0	0.4
Total tangible assets		0.0	0.4
Financial assets			
Shares in subsidiaries	7	3 091.2	2 910.6
Other financial assets		0.0	0.1
Receivables from group companies	11	1 573.3	-
Total financial assets		4 664.6	2 910.7
Total non-current assets		**4 664.6**	**2 911.1**
Current assets			
Current receivables			
Receivables from group companies	11	160.4	35.5
Prepaid expenses and accrued income		22.5	-
Total current receivables		182.8	35.5
Cash and cash equivalents	8	877.7	75.9
Total current assets		**1 060.5**	**111.4**
TOTAL ASSETS		**5 725.1**	**3 022.5**

Statement of financial position of the parent company

million NOK	Note	31 Dec 2021	31 Dec 2020
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital (156 610 804 shares)	9, 10	156.6	148.4
Total restricted equity		156.6	148.4
Non-restricted equity			
Additional paid-in capital	10	2 969.5	2 815.7
Profit or loss brought forward	10	0.0	-
Net profit or loss for the year	10	33.3	3.3
Total non-restricted equity		3 002.7	2 819.0
Total equity		**3 159.3**	**2 967.4**
Non-current liabilities			
Deferred tax liability		7.5	-
Non-current bond loan		2 454.5	-
Total non-current liabilities		2 462.0	-
Current liabilities			
Liabilities to group companies	11	71.8	38.1
Account payables		10.3	11.2
Other short-term liabilities		2.5	2.7
Accrued expenses and deferred income		19.2	3.1
Total current liabilities		103.8	55.1
TOTAL EQUITY AND LIABILITIES		**5 725.1**	**3 022.5**

Trondheim, Norway, 26 April 2022

The board of directors and CEO
BEWI ASA

Gunnar Syvertsen
Chair of the Board

Anne-Lise Aukner
Director

Rik Dubbalaere
Director

Stig Wærnes
Director

Kristina Schauman
Director

Christian Bekken
CEO

Cash flow statement for the parent company

million NOK	Note	2021	2020
Operating cash flow			
Income before financial items		-51.9	-31.3
Adjustments for non-cash items, etc		0.4	-
Interest paid and financing costs		-16.2	-0.5
Interest received		19.3	-
Dividend received		35.0	-
Operating cash flow before changes to working capital		-13.4	-31.7
Cash flow from working capital changes			
Increase/decrease in current receivables		-1 624.5	-0.6
Increase/decrease in operating debt		43.7	20.1
Total change to working capital		-1 580.8	19.5
Operating cash flow		-1 594.2	-12.2
Cash flow from investment activities			
Purchase of property plant and equipment		-	-0.4
Acquisitions of subsidiary		-184.5	-
Cash flow from investment activities		-184.5	-0.4

million NOK	Note	2021	2020
Cash flow from financing activities			
Borrowings, net of transaction costs		2 453.0	-
New share issue, net of transaction costs		192.8	89.5
Share capital decrease		-	-1.0
Dividend		-65.3	-
Cash flow from financing activities		2 580.4	88.5
Cash flow for the period		801.8	75.9
Opening cash and cash equivalents		75.9	-
Exchange difference in cash		-	-
Closing cash and cash equivalents		877.7	75.9

Parent company

Accounting principles and notes to the accounts

Note 01 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 02 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 03 **Net sales**

The parent company's revenue derive solely from one business area and is mainly related to intra-group administrative services.

Note 04 **Employee remuneration etc.**

million NOK	2021	2020
Salary and other remuneration	-11.9	-3.0
Social security expenses	-4.5	-0.4
Pension costs - defined contribution plans	-0.2	-0.0
Total remuneration to employees	-16.7	-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 requirement of this Act.

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

million NOK	2021	2020
Salary and other remuneration	-2.4	-0.7
Bonus	-0.6	-0.2
Pension costs	0.0	0.0
Total remuneration	-3.0	-0.9

Average number of employees

2020	Average number of employees	Whereof men
Norway	4	2

2021	Average number of employees	Whereof men
Norway	6	3

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 23 to the group.

The CEO of BEWI ASA was granted 250 000 share options.

Severence 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 deductable to other income.

Note 05 Financial income and expense

million NOK	2021	2020
Interest income, group companies	25.8	0.0
Exchange gains	-	0.0
Group contribution	89.7	35.0
Total financial inome	**115.5**	**35.0**
Interest expense	-21.0	0.0
Interest expense, group companies	-0.5	-0.1
Exchange loss	-1.2	0.0
Other financial expense	-	-0.4
Total interest expense	**-22.7**	**-0.5**
Total financial income and expense - net	**92.8**	**34.5**

Note 06 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:

million NOK	2021	2020
Income before taxes	40.8	3.3
Income tax calculated using the Norwegian tax rate (22%)	-9.0	-0.7
Tax effects attributable to:		
Non-deductible costs	-0.2	0.0
Deductible expenses not recognised in income statement	1.6	0.7
Total tax reported	-7.6	0.0

Unutilised tax loss carry forwards for which no deferred tax assets has been reported amount to NOK 1.6 million (0.0).

Note 07 Shares in subsidiaries and associates

Subsidiaries

million NOK	31 Dec 2021	31 Dec 2020
As of 1 January	2 910.6	0.0
Acquisition of subsidiaries	180.6	2 910.6
As of 31 December	3 091.2	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 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 non-cash contribution was booked at fair value in BEWi ASA according to Norwegian Generally Accepted Accounting principles.

Name	Reg. no.	Reg. office/ country	No of shares	Proportion of shares directly held by the parent (%)	Carrying amount 31 Dec 2021	Carrying amount 31 Dec 2020
Directly owned						
BEWI Synbra Group AB	556972 -1128	Solna, Sweden	100	100%	2 910.6	2 910.6
BEWI Poland Spotka zoo	0000722895	Poland	100	100%	180.6	-

Subsidary	Reg. no.	Reg. office / country	Proportion of shares held by the parent (%)
Indirectly owned			
BEWI Circular Belgium bvba	BE 0465.783.904	Belgium	100
BEWI Circular Holding Belgium	BE 00641.986.778	Belgium	100
BEWI Circular Trading Belgium bvba	BE 0875.717.582	Belgium	100
Kemisol NV	BE 0464.536.859	Belgium	100
N.V. Internationaal Vervoer Brants Vallet	BE 0400.670.970	Belgium	100
N.V. Kem-Products NV	BE 0448.483.062	Belgium	100
BEWI Cellpack A/S	25 85 91 54	Denmark	51
BEWI Circular Denmark A/S	41 40 69 84	Denmark	100
BEWI Denmark A/S	31867304	Denmark	100
BEWi Cabee Oy	2083942-9	Finland	100
BEWi Insulation Oy	0606536-6	Finland	100
BEWi M-plast Oy	0506033-6	Finland	100
BEWi RAW Oy	10974747-6	Finland	100
Izoblok GmbH	HRB 508966	Germany	54.66
BEWI Iceland ehf.	620818-0890	Iceland	85
Besto Verpakkingsindustrie BV	5034571	Netherlands	100
BEWI RAW BV	20033648	Netherlands	100
De Wijs-van Loon B.V	15051893	Netherlands	75
Ertecee BV	6010160	Netherlands	100
Genevad Netherlands BV	70824312	Netherlands	100
IsoBouw Systems BV	17046081	Netherlands	100
Moramplastics BV	9036097	Netherlands	100
Poredo B:V	71961577	Netherlands	75
Stramit BV	17023362	Netherlands	100
Synbra BV	20080670	Netherlands	100
Synbra Holding BV	20095683	Netherlands	100
Synbra International BV	20095676	Netherlands	100
Synbra Propor BV	67056849	Netherlands	90
Synprodo BV	18115693	Netherlands	100

Subsidary	Reg. no.	Reg. office / country	Proportion of shares held by the parent (%)
Synprodo Produktie BV	10012456	Netherlands	100
BEWI Building & Industry AS	912 038 084	Norway	100
BEWI Circular AS	922 724 369	Norway	100
BEWI EPS Norway AS	928 878 090	Norway	100
BEWI Foil AS	977 051 371	Norway	100
BEWI Foods AS	979 574 193	Norway	100
BEWi Insulation Norway AS	986 795 693	Norway	100
BEWI Loop AS	995 813 068	Norway	100
BEWI Norplasta AS	989 953 133	Norway	100
BEWI Norway AS	995 172 895	Norway	100
BEWI Recycle AS	922 724 385	Norway	100
Desom AS	922 176 078	Norway	100
Embanor AS	988 928 178	Norway	100
BEWI Global AS	925 838 039	Norway	100
Izoblok S.A	00000388347	Poland	54.66
Plastimar SA	508413770	Portugal	100
BEWI Circular Portugal, LDA	515767832	Portugal	66
Plasexpandido SL	B36900157	Spain	100
BEWi Automotive AB	559102-5332	Sweden	100
BEWi Circular Sweden AB	556628-9178	Sweden	100
BEWi Dorotea AB	556669-9434	Sweden	100
BEWi Insulation AB	556541-7788	Sweden	100
BEWi Packaging AB	556961-3309	Sweden	100
Genevad Holding AB	556707-1948	Sweden	100
BEWI Norplasta AB	556649-7821	Sweden	100
Synbra Holding UK Ltd	9502640	United Kingdom	100
Volker Gruppe Ltd	NI627429	United Kingdom	51

Associates

Name	Reg. no.	Reg. office / country	Proportion of shares held by the parent (%)
Indirectly owned			
HIRSCH Porozell GmbH	FN 117255i	Germany	34
HIRSCH France SAS	92044	France	34
Jablite Group Ltd	124641113	United Kingdom	49
Inoplast S.R.O	27877574	Czech Republic	34
BEWI EPS ehf	580121-1600	Iceland	49

Other shares and participations

Name	Reg. no.	Reg. office / country	Proportion of shares held by the parent (%)
Indirectly owned			
Polystyvert Inc.	N/A	Canada	3.71
Polystyrene Loop Cooperatief U.A.	68399812	Netherlands	13.8

Note 08 **Cash and bank balances**

million NOK	31 Dec 2021	31 Dec 2020
Restricted cash	0.6	0.6
Other cash and bank balances	877.1	75.3
Total	**877.7**	**75.9**

Note 09 **Share capital**

For information regarding the share capital, see note 22 to the consolidated accounts.

Note 10 **Equity**

	Restricted equity	Non-restricted equity		
million NOK	Share capital	Additional paid-in capital	Profit or loss brought forward	Total
Balance carried forward as of 31 December 2019	-	-	-	-
New share issue	148.4	2 815.7	-	2 964.1
Net profit or loss for the year			3.3	3.3
Balance carried forward as of 31 December 2020	**148.4**	**2 815.7**	**3.3**	**2 967.4**
New share issue	8.2	215.7		223.9
Dividend		-62.0	-3.3	-65.3
Net profit or loss for the year			33.3	33.3
Balance carried forward as of 31 December 2021	**156.6**	**2 969.5**	**33.3**	**3 159.3**

Note 11 Receivables and liabilities

million NOK	31 Dec 2021	31 Dec 2020
Balance sheet assets		
Financial assets measured at amortised cost		
Non-current receivables from group companies	1 573.3	-
Current receivables from group companies	160.4	35.5
Total	1 733.7	35.5
Balance sheet liabilities		
Financial liabilities measured at amortised cost		
Bond loan	2 454.5	-
Non-current liabilities to group companies	-	-
Current liabilities to group companies	71.8	38.1
Total	2 526.3	38.1

The company has no liabilities with maturity over five years.

Bond loans

Frame	Amount outstanding	Date of issuance	Maturity/redemtion date
EUR 250 million	EUR 250 million	3 September 2021	3 September 2026

In 2021, the group was refinanced. A new bond loan of EUR 160 million, under a frame of EUR 250 million, was issued on 3 September by BEWI ASA. On 15 November 2021, another EUR 90 million was issued under the EUR 250 million frame, thereby utilising the complete frame available. The EUR 250 million bond, which is unsecured and linked to a sustainability framework, matures on 3 September 2026, with a possibility for BEWI ASA to unilaterally decide on an early redemption after 3 March 2025 of 50 per cent of the bonds outstanding at that date. Net of financing costs, BEWI received EUR 245.4 million in cash from the bond issued during the year. The bonds are recognised under the effective interest method at amortised cost after deductions for transaction costs. Interest terms, as well as nominal interest rates and average interest rates recognised during the quarter are presented in the table below.

Bond loan	Interest terms	Nominal interest 2021	Average interest 2021
EUR 250 million	Euribor 3 m + 3.15%	2.58-2.60%	3.09%

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, EBE Eiendom AS, BEWI Invest AS and Bekken Invest AS. More information on related party transactions are reported in note 31 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

million NOK	2021	2020
The audit assignment	-1.0	-0.6
Audit activites other than the audit assignment	-0.6	-1.2
Tax advice	-	-0.4
Other services	-0.8	-1.5
Total remuneration to employees	-1.8	-3.7

Other services and audit activites other than the audit assignment in 2021 mainly includes costs in relation to the Jackon transaction and in 2020 IPO related costs.

To the General Meeting of BEWI ASA

Independent Auditor's report

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 2021, 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 2021, the comprehensive income statement, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- the financial statements comply with applicable statutory requirements,

- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, 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, and

- the financial statements give a true and fair view of the financial position of the Group as at 31 December 2021, 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.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with 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 the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), 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.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for two years from the election by the general meeting of the shareholders on 29 July 2020 for the accounting year 2020.

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. Impairment testing of intangible assets with an indefinite useful life involves similar complexity and risks as the previous year and have been considered a key audit matter also for 2021. As the Group acquired six companies this year, we also considered the resulting Accounting for business combinations as a key matter for this years audit.

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment testing of intangible assets with an indefinite useful life Goodwill and trademark are significant assets in the Group's balance sheet. The carrying amount of goodwill and trademark amount to respectively EUR 113.0 million and EUR 24.3 million as of December 31, 2021. No impairments have been recognized in 2021. The value of goodwill and trademark depends on future income. We focused on this area due to the significance of the amount and because the valuation involves management judgement related to assumptions such as projected future income and costs and discount rate used. The Group's principles and methods for accounting and valuation of goodwill and trademark are described in the annual report under Note 2.4 and note 12.	We obtained an understanding of management's process related to valuation of goodwill and trademark and tested whether relevant internal control activities had been implemented. We reviewed management's documentation for impairment testing, and considered whether the valuation model applied by management contained the elements and methodology required by IFRS. We found the model to be reasonable and in accordance with the requirements. We also assessed the logical structure and tested mathematical accuracy of the model without finding material deviations. We examined how management identified cash-generating units and compared this to how BEWI follows up goodwill and trademark internally. Further we evaluated the reasonableness of the assumptions and made and management's analysis related to changes in significant parameters, which could lead to a need for impairment. We challenged management's use of assumptions related to projected future income and costs by comparing these against historic results and approved budgets. We found that the assumptions were aligned with historic results and approved budgets. We also found the applied growth assumptions were reasonable. Additionally, we assessed management's forecasting abilities by comparing prior year budgets and forecasts to actual results, and found no material deviations. The discount rate used was compared to empirical data and expectations about the future return, relevant risk premium and gearing ratio. found that the used discount rate was reasonable. We also considered whether the information provided in note 2.4 and 12 to the annual report met the IFRS requirements.

Key Audit Matter	How our audit addressed the Key Audit Matter
Accounting of business acquisitions The Group's principles and methods for accounting and valuation of goodwill and trademark are described in the annual report under notes 2.2, 2.4 and note 14. During the past year, BEWI has made six business acquisitions, of which the acquisition of the Belgian company Kemisol NV and the listed Polish company IZOBLOK S.A. were the most significant ones. For each business acquisition, management prepared a purchase price allocation (PPA) analysis in which the difference between the net assets in the acquired company and the purchase price was allocated to identified assets from the acquired company. Trademarks, property plant and equipment were among the identified assets. The residual was allocated to goodwill. To determine the value of the identified intangible assets, management used judgement and performed calculations based on expectations about the acquired companies' future development. The distribution of values in the PPA may have a significant impact on the financial statements.	We obtained and reviewed the PPAs and obtained an understanding of how management identified assets to which the purchase price was allocated, including management's calculation of the related goodwill. We obtained and examined the acquisition agreements, evaluated the terms of the agreements and had extensive discussions with management. We tested the agreed cash considerations against bank receipts. To challenge management's judgement, we examined the acquisition analyses with emphasis on methods and assumptions used for identifying and valuing intangible assets such as trademark. We traced the information in the PPAs to the acquired entities' financial statements. We tested the mathematical accuracy of the calculations and challenged management's allocations based on our expectations from the underlying business drivers in the acquired entities. Based on our audit procedures we found the methods and assumptions to be reasonable. We also read the relevant notes 2.2, 2.4 and note 14 and found the information and explanations provided sufficient.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report.

- In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and

- contains the information required by applicable legal requirements.

Our opinion on the Board of Director`s report applies correspondingly to the report on Corporate Governance and Corporate Social Responsibility.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view 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.

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.

Auditor's Responsibilities for the Audit of the Financial Statements

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 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.

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

- identify and assess the risks of material misstatement of the 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 Audit Committee 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

Report on compliance with Regulation on European Single Electronic Format (ESEF)

Opinion
We have performed an assurance engagement to obtain reasonable assurance that the financial statements with file name BEWI-31-12-2021-en.zip have been prepared in accordance with Section 5-5 of the Norwegian Securities Trading Act (Verdipapirhandelloven) and the accompanying Regulation on European Single Electronic Format (ESEF).

In our opinion, the financial statements have been prepared, in all material respects, in accordance with the requirements of ESEF.

Management's Responsibilities
Management is responsible for preparing, tagging and publishing the financial statements in the single electronic reporting format required in ESEF. This responsibility comprises an adequate process and the internal control procedures which management determines is necessary for the preparation, tagging and publication of the financial statements.

Auditor's Responsibilities
For a description of the auditor's responsibilities when performing an assurance engagement of the ESEF reporting, see: https://revisorforeningen.no/revisjonsberetninger

Trondheim, 26 April 2022
PricewaterhouseCoopers AS

Kjetil Smørdal
State Authorised Public Accountant

(This document is signed electronically)

Reconciliation alternative performance measures

Alternative performance measures not defined by IFRS

million EUR	2021	2020
Operating income (EBIT)	67.8	39.5
Amortisations	7.6	6.2
EBITA	75.4	45.8
Items affecting comparability	3.4	-5.0
Adjusted EBITA	78.8	40.8
EBITA	75.4	45.8
Depreciations	30.1	24.2
EBITDA	105.5	70.0
Items affecting comparability	3.4	-5.0
Adjusted EBITDA	109.0	65.0
Adjusted EBITA Rolling 12 months	78.8	40.8
Average capital employed	409.6	322.0
Return on average capital employed (ROCE)	19.2%	12.6%

Items affecting comparability

million EUR	2021	2020
IPO related costs	0.0	-2.1
Severance and integration costs	-0.1	-0.5
Restructuring costs	-0.2	-0.4
Transaction costs	-4.4	-1.2
Additional purchase price	-	0.0
Capital gains from sale of fixed assets	0.2	6.3
Capital loss from sale of fixed assets	-0.2	-
Capital gain from sale of subsidiary	1.0	-
IT restructuring	-	-0.4
Closure of production facility	-0.6	-
Recognition of negative goodwill in associate	0.9	3.5
Other	-	-0.2
Total	-3.4	5.0

Revenue bridge: Change in net sales from corresponding periods in 2020

million EUR	RAW	%	Insulation	%	P&C	%	Circular	%	Unallocated	%	Intra-group revenue	Total net sales	%
2020	**191.2**		**146.6**		**179.9**		**6.3**		**0.0**		**-61.5**	**462.6**	
Acquisitions	-	-	17.8	12.2%	67.9	37.7%	3.1	49.6%	-	-	-0.1	88.8	19.2%
Divestments	-	-	-0.5	-0.4%	-	-	-	-	-	-	-	-0.5	-0.1%
Currency	-	-	1.8	1.2%	6.1	3.4%	0.2	3.6%	0.0	N/A	-0.2	7.9	1.7%
Organic growth	156.7	82.0%	29.8	20.3%	41.7	23.2%	14.3	226.5%	0.1	N/A	-53.1	189.5	41.0%
Total increase/ decrease	156.7	82.0%	48.9	33.3%	115.6	64.3%	17.7	279.7%	0.1	N/A	-53.3	285.7	61.8%
2021	**347.9**		**195.4**		**295.6**		**24.0**		**0.1**		**-114.9**	**748.2**	

EBITDA bridge: Change in adjusted EBITDA from corresponding periods in 2020

million EUR	RAW	%	Insulation	%	P&C	%	Circular	%	Unallocated	%	Total adjusted EBITDA	%
2020	**9.4**		**26.5**		**34.1**		**-1.2**		**-3.9**		**65.0**	
Acquisitions	-	-	2.4	9.2%	5.5	16.0%	0.1	10.5%	0.0	-1.2%	8.0	12.3%
Divestments	-	-	-0.1	-0.3%	-	-	-	-	-	-	-0.1	-0.1%
Currency	-	-	-0.2	-0.7%	0.9	2.7%	0.0	-1.9%	-0.3	-8.7%	0.4	0.7%
Organic growth	44.7	474.8%	-7.1	-26.8%	-0.2	-0.7%	1.7	139.6%	-3.3	-85.7%	35.7	55.0%
Total increase/ decrease	44.7	474.8%	-4.9	-18.5%	6.1	18.0%	1.8	148.2%	-3.7	-95.6%	44.0	67.8%
2021	**54.1**		**21.6**		**40.3**		**0.6**		**-7.6**		**109.0**	

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 amortisation. 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.
EBITA	Earnings before interest, tax, and amortisations. EBITA 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 but including depreciations of fixed assets used in production to generate the profits of the group.
EBITA margin	EBITA as a percentage of sales. The EBITA 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.
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 amortisation (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 (adj.) EBITA	Normalised earnings before interest, tax and amortisations (i.e., items affecting comparability and deviations are added back). EBITA 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 but including depreciations of fixed assets used in production to generate the profits of the group.
Adjusted (adj.) EBITA margin	EBITA before items affecting comparability as a percentage of sales. The EBITA 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.
ROCE	Return on average capital employed. ROCE is a key performance indicator that the group considers relevant for measuring how well the group is generating profits from its capital in use. ROCE is calculated as rolling 12 months adjusted EBITA as a percentage of average capital employed during the same period. Capital employed is defined as total equity plus net debt, and the average is calculated with each quarter during the measurement period as a measuring point.
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.

Appendix

Appendix 1 **GRI index**

Statement of use BEWI ASA has reported the information cited in this GRI content index for the period 01.2021-31.12.2021 with reference to the GRI Standards.

GRI 1 used GRI 1: Foundation 2021

GRI standard	Disclosure	Page
GRI 2: General Disclosures 2021	2-1 Organizational details	p. 5, 46, 51, 62, 70
	2-2 Entities included in the organization's sustainability reporting	p. 20, 81
	2-3 Reporting period, frequency and contact point	p. 20
	2-4 Restatements of information	There has been no restatement of information in the reporting period.
	2-5 External assurance	p. 58, 135–142
	2-6 Activities, value chain and other business relationships	p. 4, 12–18, 53
	2-7 Employees	p. 4, 42–43, 150
	2-8 Workers who are not employees	p. 151
	2-9 Governance structure and composition	p. 24, 44–45, 51–55
	2-10 Nomination and selection of the highest governance body	p. 52, 54–55
	2-11 Chair of the highest governance body	p. 44
	2-12 Role of the highest governance body in overseeing the management of impacts	p. 24
	2-13 Delegation of responsibility for managing impacts	p. 24
	2-14 Role of the highest governance body in sustainability reporting	p. 24
	2-15 Conflicts of interest	p. 56
	2-16 Communication of critical concerns	p. 24, 43, 50, 53
	2-19 Remuneration policies	p. 24, 56–60, 95–96, 129
	2-20 Process to determine remuneration	p. 52, 55–57
	2-21 Annual total compensation ratio	p. 151

GRI standard	Disclosure	Page
GRI 2: General Disclosures 2021	2-22 Statement on sustainable development strategy	p. 9–11
	2-23 Policy commitments	p. 24, 43
	2-24 Embedding policy commitments	p. 24, 43
	2-26 Mechanisms for seeking advice and raising concerns	p. 24, 43, 50
	2-27 Compliance with laws and regulations	p. 24
	2-28 Membership associations	p. 19
	2-29 Approach to stakeholder engagement	p. 25, 148–149
	2-30 Collective bargaining agreements	p. 151
GRI 3: Material Topics 2021	3-1 Process to determine material topics	p. 25, 148–149
	3-2 List of material topics	p. 25

Corruption

GRI 3: Material Topics 2021	3-3 Management of material topics	p. 24, 36–37
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	p. 36–37
	205-2 Communication and training about anti-corruption policies and procedures	p. 24, 50
	205-3 Confirmed incidents of corruption and actions taken	p. 24

GRI standard	Disclosure	Page
Circular economy		
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 21, 26–30
GRI 301: Materials 2016	301-1 Materials used by weight or volume	p. 28–29
	301-2 Recycled input materials used	p. 28–29
	301-3 Reclaimed products and their packaging materials	p. 28–29
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	p. 29
	306-2 Management of significant waste-related impacts	p. 29–30
	306-3 Waste generated	p. 29, 152
	306-4 Waste diverted from disposal	p. 29, 152
	306-5 Waste directed to disposal	p. 29, 152
Climate change		
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 31–36
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	p. 32–33 153–154
	305-2 Energy indirect (Scope 2) GHG emissions	p. 32–33, 153–154
	305-3 Other indirect (Scope 3) GHG emissions	p. 32–34, 153–154
	305-4 GHG emissions intensity	p. 33–34, 154
Additional - Climate risk	TCFD	p. 32, 49

GRI standard	Disclosure	Page
Supply chain management		
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 23–24, 36–38
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	p. 37
	308-2 Negative environmental impacts in the supply chain and actions taken	p. 37
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	p. 37
	414-2 Negative social impacts in the supply chain and actions taken	p. 37
Health and safety		
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 39–41
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	p. 39
	403-2 Hazard identification, risk assessment, and incident investigation	p. 39, 49
	403-3 Occupational health services	p. 39
	403-4 Worker participation, consultation, and communication on occupational health and safety	p. 39
	403-5 Worker training on occupational health and safety	p. 39
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	p. 39, 41
	403-8 Workers covered by an occupational health and safety management system	p. 39
	403-9 Work-related injuries	p. 40

Appendix 2 **Stakeholder engagement and materiality assessment**

A materiality assessment helps BEWI to identify and prioritise sustainability issues that present the greatest risk and opportunities for BEWI. The materiality assessment has been prepared with reference to the Global Reporting Initiative (GRI) Standards (2016) and have been adjusted to align with the updated GRI Materiality Standard (GRI3, 2021).

Identify material topics

To identify material topics BEWI have reviewed relevant documents and interviews and discussions has been held with key stakeholders. Interviews and discussions were held with: Investors, suppliers, customers, employees, non-governmental organisations, research institutes and industry associations. The table below gives an overview of BEWIs engagement with the various stakeholders.

Stakeholder groups	The value BEWI create	Dialogue/methodology
Authorities	Facilitate the development and implementation of fair and enforced industry regulations	Literature review of policy documents
Investors and creditors	Grow revenue and increase profitability	Questionnaire and dialogue in meetings
	Reduce risk of investment	
	Improve return on investment	
	Increased share of green investment	
Suppliers	Promote sustainable solutions and secure minimum social safeguards	BEWI partner
		Review of sustainability strategy and reports
		Meetings - dialogue
Employees	Enable a sense of purpose	Assignment BEWI Business School
	Support employees to grow	Questionnaire to employees
	Safe working environment	Workshop in sustainability and management group
Customers and consumers	Provide sustainable products and solutions	Review of ESG questionnaires
		Meetings - dialogue
		Review of sustainability strategy and reports
Local communities	Enable local economic prosperity	Information meetings
	Offer local employment	
	Do no harm	
NGOs	Promote dialogue and continuous improvement	Literature reviews
		Meetings - dialogue
Media	Open and transparent communication to raise awareness and increase knowledge about the company, its industry and the value created for society	Press releases
		Interviews/ presentations
Universities and research institutes	Contribute to improved knowledge and innovation	Meetings - dialogue
Industry association and Public Private coalitions	Share Best practice	Participation in meetings
	Facilitate development and implementation of industry standards	Document reviews

Identified topics important to BEWI and our stakeholders

BEWI have identified a selection of environmental, social, and governance topics that is considered important for BEWI and their stakeholders. The following topics were identified by stakeholders and assessed as part of the materiality assessment:

Environment

Greenhouse gas emissions	Monitoring and reducing GHG emissions from operations
Climate change	Strategy to assess and manage climate risks e.g., a changing physical climate and the transition to a low-carbon economy
Solid waste management	Ensure effective procedures for solid waste management. Seek to reduce waste generation and increase the share of solid waste going to material recycling
Resource efficiency	Increase resource efficiency through design, reuse, and recycling
Reducing chemicals/ substitutes	Reduce the use of hazardous materials and chemicals in production and ensure management in line with national regulations
Energy efficiency	Work to improve energy efficiency in all operation
0 emissions to air, water, and soil	Ensure effective procedures and management to minimize the risk of accidental emissions to air, water, and soil

Social

Ensure employee health and safety	Ensuring a safe and secure workplace
Training and development	Enable employees to grow and develop
Local jobs and value creation	Take responsibility in local communities
High labour standards	Ensure employees' rights to organize, form and join labour unions and bargain collectively
Diversity and inclusivity	Providing equal treatment and opportunities for all employees
Human rights	Ensure alignment with the OCED Guidelines for Multinational Enterprises, UN Guiding Principles on Business and human rights, and ILOs declaration on Fundamental Rights and principles at Work

Governance

Corruption	Programmes in place to develop and adapt adequate internal controls, ethics, and compliance programs e.g., risk assessments, training, and monitoring
Business ethics	Ethical business practice and ethics management
Data privacy and security	Maintain privacy and security of data held
Corporate governance framework	Best practice compliance controls
Responsible sourcing and supply chain	Ensuring that procurement of goods and services meet social and environmental criteria's

From the list of relevant topics, 5 topics were identified as material to BEWI.

- Circular economy
- Climate change
- Supply chain managment
- Health and safety at production facilities
- Corruption

Appendix 3 **Employees BEWI Group (GRI 2-7)**

Disclosure title	Disclosure description	Measure	Comment	Total
Employees	Total number of employees (heads)	Absolute number	Total employees FTE	1 806
			Whereof Male	1 296
			Whereof Female	510
Employees	Total number of permanent employees (heads)	Absolute number	Total employees	1 659
			Whereof Male	1 180
			Whereof Female	479
Employees	Total number of temporary employees (heads)	Absolute number	Total employees	141
			Whereof Male	100
			Whereof Female	42
Employees	Total number of non-guaranteed hours employees (heads)	Absolute number	Total employees	165
			Whereof Male	125
			Whereof Female	40
Employees	Total number of full-time employees (heads)	Absolute number	Total employees	1 585
			Whereof Male	1 152
			Whereof Female	433
Employees	Total number of part-time employees (heads)	Absolute number	Total employees	74
			Whereof Male	28
			Whereof Female	46

Disclosure title	Disclosure description	Measure	Comment	Total
Workers who are not employees	Total number of workers who are not employees and whose work is controlled by the organisation (heads).	Absolute number	Total contractors and agancy workers, i.e. not on our own payroll.	224
Annual total compensation ratio	Report the ratio of the annual total compensation for the organization's highest-paid individual to the median annual total compensation for all employees.	Percentage (%)	Highest compensation divided by median compensation.[1]	789%
Collective bargaining agreements	Report the percentage of total employees covered by collective bargaining agreements.	Percentage (%)	Total employee percentage covered by collective bargain agreements:	70%
Collective bargaining agreements	For employees not covered by collective bargaining agreements, report whether the organization determines their working conditions and terms of employment based on collective bargaining agreements that cover its other employees or based on collective bargaining agreements from other organizations.	Percentage (%)	Based on collective bargain agreements of other employees:	83%
			Based on collective bargain agreements of other organizations:	17%

[1] All employees include both full-time and part-time employees.

Appendix 4 **Waste generated in tonnes**

Indicator	Target	%	2021
Hazardous waste		1	116
Diverted from disposal[1]	80%	85	98
Directed to disposal[2]	20%	15	18
Non-hazardous waste		99	9 227
Diverted from disposal[1]	80%	37	3 440
Directed to disposal[2]	20%	63	5 787
Total waste		100	9 343
Diverted from disposal[1]	80%	38	3 538
Directed to disposal[2]	20%	62	5 805

[1] Reuse, recycling, composting and recovery
[2] Energy recovery, inclineration and landfill

Accounting policies

The Global Reporting Initiative (GRI) standard 306 disclosures 306-3, 306-4 and 306-5 have been used as guideance in developing the indicators.

Waste is reported on the basis of invoices recived from waste recipients.

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Appendix 5 Greenhouse gas emissions - scope 1 and 2

Indicator	Unit	2020	2021	% of emissions	% Change from last year
Direct GHG emissions (scope 1)					
Total scope 1 GHG emissions	Thousand tCO_2e	27	31	4.7	13.3
Indirect GHG emissions (Scope 2)					
Location based	Thousand tCO_2e	39	46	6.9	17.3
Market-based	Thousand tCO_2e	15	17	2.6	13.0
Total market-based scope 1 and 2	Thousand tCO_2e	42	48	7.3	13.2
Total location-based scope 1 and 2	Thousand tCO_2e	66	76	11.6	15.6

Accounting policies and methodology

The reporting is based on the Greenhouse Gas Protocol. Data is collected internally and reported through Asplan Viak AS GHG reporting system Klimakost.

Scope 1: Direct GHG emissions

Direct emissions are consumption of natural gas to produce steam and fuel from BEWI's vessels. Calculations are based on consumption with location specific production mix as a physical emission factor. Direct emissions from purchased services are reported in scope 3.

Scope 2: Indirect GHG emission from purchased electricity and heat not generated by BEWI

Purchased electricity are GHG emission from the generation of power, heat and steam purchased and consumed by BEWI. To calculate indirect emissions, a physical perspective (location-based) and a market-based perspective is used. For location-based emissions, calculations are based on electricity volumes purchased and multiplied with emission factors based on actual emissions related to electricity production within a geographical area, for the previous year. For electricity purchased from non-fossil electricity sources such as biooil and wood chips, LCA intensities are used. To calculate market-based emissions the calculation of the emission factor is based on purchased electricity sources from guarantees of origin where emissions factors are taken into account. For market-based emission it is assumed that the regular power is delivered as residual power where the green part has been taken out.

Appendix 6 **Greenhouse gas emissions - scope 3**

Indicator	Unit	2020	2021	% of emissions	% Change from last year
Indirect GHG emissions (scope 3)	**Thousand tCO_2e**	**596**	**613**	**92.7**	**2.8**
C1: Purchased goods and services	Thousand tCO_2e	596	583	88.2	-2.2
C4: Upstream transportation and distribution	Thousand tCO_2e	-	17	2.5	-
C5: Waste generated in operations	Thousand tCO_2e	-	5	0.7	-
C6: Business travel	Thousand tCO_2e	0.04	0.10	0.0	162.2
C9: Downstream transportation	Thousand tCO_2e	-	9	1.3	-

Scope 3: Indirect GHG emissions from the purchase of goods and services

In 2021, BEWI have extended the scope of reporting in scope 3. In 2021, reporting in scope 3 includes GHG emissions from: C1: Purchased goods and services, C4: Upstream transportation and distribution, C5: Waste generated in operations, C6: Business travel and C9: Downstream transportation and distribution. Most of the reported scope 3 emissions are purchased raw materials and are calculated using life cycle-based emissions factors. Emissions from waste generation are calculated using life cycle-based emissions factors for the respective waste treatment and are country specific. Business travel is calculated based on number of domestic, European, and intercontinental flights where an average intensity has been used. For upstream and downstream transportation, emissions are calculated using an environmentally extended input-output method, attributing GHG emission to spend data. Since BEWI has an integrated value chain where BEWI RAW produces raw materials that are sold internally to the company's downstream production facilities, emissions related to the purchase and production of EPS have been chosen to be added to BEWI RAW to avoid double reporting.

Appendix 7 **Greenhouse gas (GHG) intensity**

Indicator	Unit	2020	2021	% Change from last year
Full time equivalent (scope 1 and 2)	Thousand tCO_2e	0.31	0.10	-66.7
Full time equivalent (scope 1, 2 and 3)	Thousand tCO_2e	0.47	0.40	-14.6
Turnover (scope 1, and 2)	Thousand tCO_2e	0.92	0.64	-30.0
Turnover (scope 3)	Thousand tCO_2e	1.29	0.82	-36.4
Turnover (scope 1, 2 and 3)	Thousand tCO_2e	1.38	0.88	-36.0
Full time equivalent	Quantity	1 371	1 662	
Turnover (MEUR)	MEUR	463	748	

GHG intensity - scope 1, 2 and 3

GHG intensity (scope 1, 2, and 3) is calculated as total scope 1, scope 2 (market-based), and scope 3 emissions divided by total revenue and Full Time Equivalent (FTE).

Appendix 8 Taxonomy eligible activities

Segment	Total net sales	Taxonomy eligible activities	Eligible	% eligible
RAW	243	3.5 Manufacture of energy efficiency equipment for buildings	142	58
Insulation	193	3.5 Manufacture of energy efficiency equipment for buildings	161	83
Packaging and Component	289	3.5 Manufacture of energy efficiency equipment for buildings	38	13
Circular	23	5.5 Collection and transport of non-hazardous waste in source segregated fractions	23	100
Total net sales MEUR	748		364	49

Towards taxonomy alignment

The Taxonomy Regulation sets out a three-step approach towards taxonomy alignment of economic activities:

1. Substantially contribute to one or more of the six environmental objectives.
2. Do no significant harm to the other five environmental objectives.
3. Comply with the minimum safeguards covering social and governance standards.

The mapping is based on the two environmental objectives where the screening criteria have been available: Climate Change Mitigation and Climate Change Adaption. Taxonomy- eligible activities identified are: 3.5 Manufacture of energy efficiency equipment for buildings and 5.5 collection and transport of non-hazardous waste in source segregated fractions.

To ensure that the activities are aligned with Do no significant harm and Minimum Safeguard criterias, BEWI have conducted an assessment and identified actions that will be implemented in 2022 to document that the company are aligned with the requirements set.

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