BEWi Group

Annual Report 2017

BEWi signs agreement on acquisition of Synbra

– strengthens its position in Europe as the first choice for cellular plastic

On March 22, 2018, BEWi signed an agreement, through a wholly owned subsidiary in the Netherlands, to acquire all shares in Synbra Holding B. V. with certain funds managed by Gilde Buy Out Partners, and Gildes co-investors as the sellers.

Synbra is a specialist in cellular plastic, with special plastics and solutions for the industry as well as sustainable insulation systems, and has operations in northern Europe and Portugal. Founded in 1957, Synbra has established itself as a market leader in its home markets. The company has been owned by venture capital funds since 2000, and its operations have been refined through continual product development, properly functioning production and acquisitions that create value. The company has its main office in Etten-Leur in the Netherlands.

The BEWi/Synbra combination will create a leading supplier of cellular plastic products in Europe, with favorable potential for growth. Together, BEWi and Synbra are expected to drive growth in their product segment and exceed the average rate of growth in the European market.

Synbra's attractive product portfolio, its geographical presence with modern production facilities, and professional employees will be a valuable addition to BEWi. It is also a natural step in the expansion strategy of BEWi and the new Group, and will make it the leading total supplier in northern Europe. The acquisition gives BEWi the opportunity to expand its production portfolio and service offerings, thereby supporting its operational goal: to be customers' first choice for cellular plastic products for efficient packaging, construction and insulation. The assessment is that the acquisition of Synbra could be carried out during the first half of 2018, subject to the customary conditions, approval by government authorities and BEWi issuing a bond to fund the acquisition.

The transaction in brief: The total purchase price for the shares in Synbra amounts to EUR 117.5 million (about SEK 1,165 million) on a cash and debt-free basis. BEWi intends to finance the acquisition through cash (including proceeds from a sale and leaseback of properties), a private placement of shares and a bond issuance.

Own funds: On April 10, BEWi divested three properties in Denmark and two in Sweden. The properties were divested at a total value of SEK 113 million, and will subsequently be leased by BEWi for an annual rent of around SEK 11 million.

New share issue: In April 2018, Frøya Invest AS and Gjelsten Holding AS subscribed for new shares in BEWi. Frøya Invest AS is owned by the Bekken family, which up until the new issue owns 48.5 percent of the shares in BEWi. Provided that the acquisition of Synbra is approved and the private placement of shares is implemented Frøya Invest AS will own 51.6 percent of the shares in BEWi, Gjelsten Holding AS 21.4 percent, Verdane Capital Advisors 25.4 percent and BEWi Group Management 1.6 percent of the shares.

Bond issuance: On April 12, BEWi successfully placed a senior secured bond of EUR 75 million, with a framework of EUR 100 million and maturity in 2022.

Divestment of IsoBouw: On March 21, Synbra signed an agreement with Hirsch Servo Gruppe on divesting 66 percent of the shares in Synbra's German subsidiary, IsoBouw GmbH to Hirsch and the remaining 34 percent of the shares in IsoBouw to BEWi through a wholly owned Swedish subsidiary. The divestment of IsoBouw to Hirsch is subject to conditions such as approval by government authorities. Moreover, Hirsch signed an agreement through its wholly owned subsidiary, Hirsch Porozell GmbH, with Saint-Gobain Rigips on acquiring Saint-Gobain's insulation operations at four plants in Germany; the divestment of IsoBouw to Hirsch is subject to the condition that BEWi retains 34 percent of the shares in Hirsch Porozell GmbH.

Following the divestment of 66 percent of the shares in IsoBouw to Hirsch and the acquisition of 34 percent of the shares in Hirsch Porozell GmbH, neither IsoBouw nor Hirsch Porozell GmbH will be a subsidiary of BEWi or a part of the BEWi Group. BEWi will, however, be a minority owner in both companies and will be part of their continued development. The transaction regarding Synbra, as well as the IsoBouw and Hirsch transactions, are expected to be carried out simultaneously during the first half of 2018.

Synbra's net sales for 2017 totaled approximately EUR 233 million, excluding IsoBouw GmbH (about SEK 2,300 million). Synbra has around 710 employees in 10 strategically located production facilities in the Netherlands, Denmark and Portugal.

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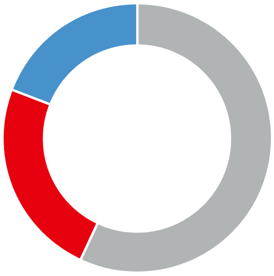
Design and production: BEWi Group in association with RHR/CC. **Photo:** Victor Brott, Stig Göran Nilsson and Martti Timonen. **Print:** Elanders, Mölnlycke 2018.

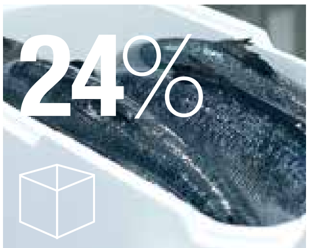
BEWi Group 2017

BEWi Group is a leader in developing and manufacturing expanded polystyrene (EPS), extruded polystyrene (XPS) and products made from expanded polypropylene (EPP). We specialize in customized packaging solutions and components, insulation products, and innovative solutions for the construction industry.

3 SEGMENTS



Raw material
SEK 1,190 million*



Packaging
SEK 495 million*

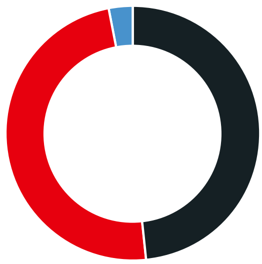
Insulation
SEK 459 million*

* Including internal sales

KEY PERFORMANCE INDICATORS

	2017	2016	2015
Net sales, KSEK	1,875	1,607	1,593
Adjusted EBITDA, KSEK	110	121	109
Adjusted EBITDA, %	5.9	7.5	6.8
Items affecting comparability, KSEK	-24	-13	-8
EBITDA, KSEK	86	108	101
EBITDA, %	4.6	6.7	6.3
Operating cash flow, KSEK	71	73	81
Capital expenditure, KSEK	-96	48	35
Equity ratio, %	29	35	26

OWNERS



The Norwegian family Bekken owns 48.5% of the BEWi Group through BEWi Holding, a further 48.5% is owned by Verdane Capital Advisors and the remaining 3% is owned by senior executives.

OUR BUSINESS CONCEPT

Our business concept is to develop application areas for cellular plastic and the Group's production know-how to be able to meet the needs for products in the packaging, raw material and construction industries.

OUR VISION AND STRATEGY

Our vision is to become the leading full-line cellular plastic supplier in the markets where we operate, both in terms of volumes and results, through acquisitions and investments in new technology.

HOW WE WILL REACH OUR GOAL

We will be the most cost-efficient manufacturer, offer a full range and have a broad geographic coverage to ensure we are close to customers, and we will develop existing and new applications for EPS in the construction and packaging industries to be able to offer intelligent and innovative products.

Our development

The BEWi Group was formed when the Norwegian family firm BEWi AS and StyroChem Finland merged in 2014. In parallel with the merger, six production units were acquired from the UK packaging company DS Smith: the Danish firm DS Smith Flamingo with operations in Holbaek, Hobro, Tørring and Såby; and DS cellular plastic operations in Värnamo and Urshult. The acquisitions and restructuring have created a competitive contender with a broad geographical coverage and a wide range in our home market.

StyroChem

StyroChem has a 45-year market history and has market-leading technology for the production of polystyrene beads.

BEWi

Since its founding in 1980, BEWi has focused on packaging and building insulation.

1972

- Stymer (later StyroChem) starts EPS production

1980

- BEWi is founded to produce food packaging and building insulation products

2000

- StyroChem becomes the leading EPS producer in northern Europe

2011

- Verdane acquires Styrochem

2012

- Acquisition of Thermisol SE with plants in Norrtälje and Vårgårda

2014

- Merger of BEWi and Styrochem into the BEWi Group, and the acquisition of SCA's packaging operations in Sweden and Denmark

2015

- Integration and streamlining of new and existing units

2016

- Investment in extrusion technology in the plant in Porvoo, Finland, for production of grey EPS
- Production of fabricated foam started in Vårgårda

2017

- Acquisition of Finnish company M-Plast Oy, which manufactures extruded polystyrene (XPS) heat and cold insulating sheets for building construction in the markets in Finland, Norway and Sweden
- Acquisition of 60% of Solupak, which produces insulation products in Lieto, Finland
- Acquisition of Swedish company Por-Pac's operations, including manufacture of transport packaging in cellular plastic

2018

- Acquisition of the Finnish manufacturer Ruukin EPS
- Agreement to acquire Synbra to become the leading vertically integrated EPS company in Europe

Christan Bekken, CEO

Acquisition makes BEWi Europe's leading manufacturer of cellular plastic

In line with its growth philosophy, BEWi continued with acquisitions, investments, and new initiatives in an intensive, work-filled 2017. The one event that will have the greatest significance for BEWi's future business opportunities was the negotiations over the acquisition of Synbra, specialists in cellular plastic with operations in northern Europe and Portugal, entering a decisive phase. If the acquisition goes through, the combination of BEWi and Synbra will create a leading player in Europe with strong potential for further growth.

In early 2018, we could report that we had concluded an agreement with the European venture capital firm Gilde Buy Out Partners for the acquisition of the Dutch firm Synbra.

Founded in 1957, Synbra has developed into a leading European player in the EPS industry through product development, effective production and value-generating acquisitions, and has customers in the building insulation and packaging industries. The company has 700 employees in Denmark, Portugal and the Netherlands, where it also produces its own raw materials.

The company is described as a leader in terms of innovations in both materials and applications. With its attractive product portfolio, geographical presence, expert staff and innovative spirit, Synbra's operations will supplement BEWi very well. In terms of sales, the acquisition signifies a more than doubling of BEWi.

Realizing the acquisition requires approval by the competition authorities. It is our hope that this will be met, so that the acquisition can be carried through in the first half of 2018.

If the planned acquisition is carried through, BEWi and Synbra will become Europe's leading manufacturer of cellular plastic, expanded polystyrene and related materials. We believe that BEWi and Synbra can drive growth in the product segments where we operate, and exceed the average rate of growth in the European market.

> **BEWi has a relevant structure, a product portfolio and the geographic presence to be able to leverage business opportunities in the ongoing changes to the company's operating environment.**

BEWi EQUIPPED FOR CONTINUED GROWTH

Other milestones in 2017 were the purchase of majority shares in M-Plast and Solupak. Both companies are active in the Finnish market, manufacturing insulation products.

BEWi's management group and employees were also heavily involved during the year in investments and consolidation of the Group's manufacturing.

After an earlier decision about investing in extrusion technology at the plant in Porvoo, Finland, production could begin at the end of the year of what is known as grey expanded polystyrene (grey EPS) – a material with very good insulating properties that is now capturing increasingly larger market shares. The investment means that we can offer a broader product portfolio.

As regards consolidation of our manufacturing, we decided to move operations in Denmark from the plant in Såby to the plant in Hobro, and to modernize and enhance the efficiency of our existing facilities in conjunction with the move. After the acquisition of assets from the Por-Pac plant in Lindesberg, production was also moved to BEWi's plants in Sweden and Denmark.

Our work over the last few years has provided BEWi with the relevant structure, product portfolio and geographical presence to be able to leverage business opportunities and to be proactive in the ongoing changes to our operating environment: growth in housing construction in the European market, EU requirements for more efficient insulation in building construction, and generally favorable economic trends linked to digitalization of commerce. The changes are a result of megatrends such as urbanization, globalization, and digitalization that are reshaping society. We see these as long-term business opportunities for BEWi, and as the background to our strategic work and change process.

- **Urbanization** means that construction operations are expected to remain at high levels. BEWi's operations for insulation materials work continuously on improving the k-value in our products in order to meet international requirements for more efficient insulation of new buildings. The specific example is the EU, which requires of its member states that all new buildings must be near-zero energy buildings not later than December 31, 2020. BEWi fulfills this stricter requirement for building shells by having the thickness and efficiency required for walls and floors in its product range so that anyone applying for a construction permit can have their construction plans go through.

- **Globalization and digitalization** result in e-commerce solutions that facilitate consumption to a greater extent than previously. The digitalization of commerce continued at a rapid pace during 2017. In Sweden, e-commerce increased a total of 16 percent, which is equivalent to SEK 60 billion. In Europe as well, e-commerce is forecast to remain strong. This trend favors BEWi, since increased consumption via e-commerce drives the need for transportation of goods, and thus for protective packaging for the goods being transported. We optimized our packaging operations during the year to leverage the opportunities in this trend through measures such as the installation of a new product line for fabricated foam at our plant in Vårgårda. The Norwegian salmon farming industry is also important for BEWi, which delivers the raw material EPS for fish boxes to transport fresh fish. Norway is the world's largest exporter of fresh salmon with sales in more than 140 countries. This positive trend, of many years' duration, continued during 2017.

- **Sustainability efforts** and responsibility are self-evident for us as a supplier of insulating materials and packaging solutions. We are well aware of the effect our operations have on the environment, and we work systematically on sustainability since we want to be a serious player that promotes a sustainable society. There are many examples of initiatives we have taken over the years. One of these that I would like to bring up is creating new raw materials from used EPS. So far the project seems very promising.

GATHERING FORCES, AND FOCUS

After the steady work over the past few years of adapting BEWi to changes in society and making the Group competitive, the foundation has been laid for BEWi to become a strong European player able to leverage the business opportunities that arise.

We came a long way in 2017, and ahead of us we have a period of consolidation and integration of new operations, operational improvements and enhancing the efficiency of internal processes. At the same time we will do all we can, in accordance with our values, to keep our promises to our customers, suppliers and employees, who are always the main prerequisites for successful operations.

Christan Bekken, CEO

This is cellular plastic

Cellular plastic is often used as a collective name for a variety of different expanded plastics. Depending on the chemical composition and the method used to expand it, materials with a myriad of different properties arise. Commonly occurring types of cellular plastics are EPS, EPP and XPS. Cellular plastic has properties such as good insulation capacity, strength, low weight, and ease of processing. It is suitable for applications including insulation and foundation material for buildings and other groundworks, as well as different types of packaging.

PRODUCT PROPERTIES | **APPLICATIONS/PRODUCTS**

EXPANDED POLYSTYRENE – EPS

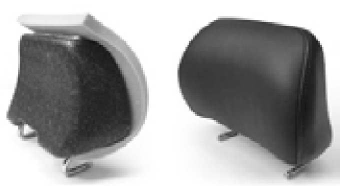
EPS is expanded polystyrene. The raw material for EPS comprises styrene and pentane.

Product properties: EPS is a good insulator since its closed-cell construction consists of 98 percent air. It also has a high moisture resistance and therefore provides good protection against cold, wind, damp and mold as well as providing high impact protection.

Applications/products: Insulation for buildings and as construction material for civil engineering projects such as roads, viaducts and bridges, as well as for packaging, in particular for food. The material can be molded, which minimizes consumption and makes transportation cheaper.

EXPANDED POLYPROPYLENE – EPP

EPP is expanded polypropylene. The raw material for EPP is polypropylene granulate.

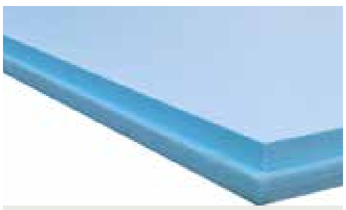


Product properties: Like EPS, EPP has good insulation properties, high moisture resistance and is an excellent shock absorber as well as being resistant to most chemicals. EPP is slightly more robust than EPS.

Applications/products: Various types of recycling systems, packaging for instruments, cameras, technical insulation, car components, etc.

EXTRUDED POLYSTYRENE – XPS

XPS is extruded polystyrene.



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

Applications/products: For construction where stringent requirements apply in terms of strength, for example railways and embankments, airports, industrial floors, parking places and sports facilities.

Market drivers and BEWi's response to them

Cellular plastic is a multifaceted material with many areas of application, the driving force of which is society's increasing need for energy-efficient housing, improved insulation and optimal transports. These changes to society constitute the basis for BEWi's product development and business strategies.

CELLULAR PLASTIC IN DAILY LIFE	BEWi'S OFFERING	OUR CUSTOMERS
RAW MATERIAL The raw material used for producing EPS, cellular plastic, is polystyrene. EPS contains 2 percent polystyrene and 98 percent air. The market drivers are the demand from construction and manufacturing for insulated, energy-efficient and lightweight shock-absorbent material.	BEWi develops, manufactures and markets an extensive range of expanded polystyrene. With its market-leading technology, BEWi is the leading manufacturer of expanded polystyrene in northern Europe. 	Atlantic Styro, Bra Kasser, Glava, Leroy Aurora, Lopack, Løvods Industri, Nafab Foams, Springvale EPS, Tempra EHF, Vardal Plastindustri, UK-Muovi.
PACKAGING Producers of e.g. foodstuffs, electronic products and other sensitive goods are demanding lightweight, impact-proof and hygienic packaging to an ever greater extent. The trend is driven by increasing e-commerce.	BEWi specializes in customized packaging solutions and components. Other packaging uses include products that need impact protection – consumer electronics, furniture and components, for example. 	NIBE, BOSCH, DS Smith, Saint Gobain, Scania, Franke Futurum, Picadeli, Ifö, Ruuki, Kinnarps, Husqvarna, Villeroy & Bosch.
BUILDING INSULATION The properties of cellular plastic such as excellent insulating properties, compressive strength and moisture resistance make it a common insulation material for foundations, walls and roofs as well as for major pieces of infrastructure such as roads, viaducts and bridges. The trend is driven by urbanization and society's increased demand for energy efficiency in buildings.	BEWi has been developing new products for the industry since 1980. The company has progressed from standardized insulation products to innovative construction systems for foundations, walls and roofs and is now a leading full-line supplier to the Nordic construction industry. 	Derome, Beijer, Ahlsell, Byggmax, Bauhaus, Bolist, Skanska.

BEWi's market

Insulation products make up around 70 percent of the Nordic cellular plastic market. The remaining 30 percent is primarily packaging products.

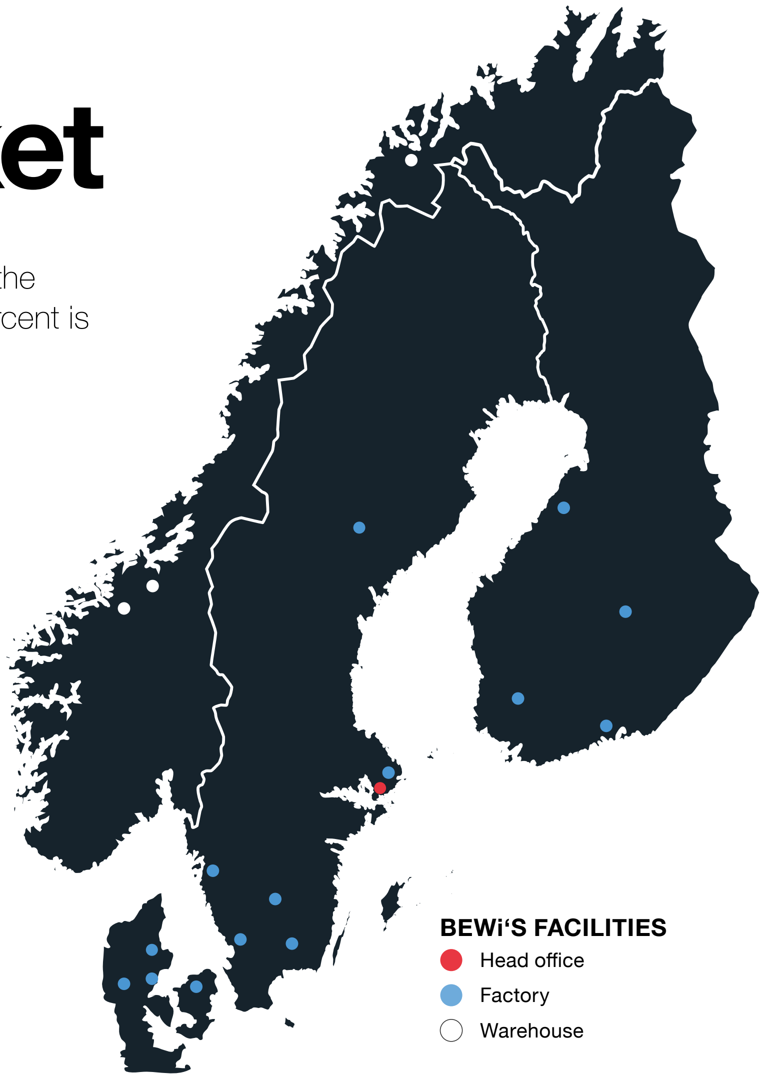
Insulation products mainly comprise insulation for foundations, roofs and walls in the Danish, Finnish and Swedish markets.

In the main, packaging products are intended for food and pharmaceuticals as well as various types of protective packaging. Norway is the largest market in the Nordic region for food packaging.

Technical components for vehicle safety and for insulating pipes and conduits makes a third category. A smaller share comprises cellular plastic blocks for road construction and groundworks.

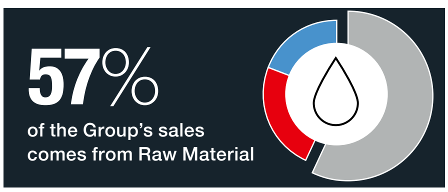
Customers include construction companies, building material suppliers, groundwork contractors, and companies in the manufacturing and retail industries. High freight costs limit competition from competitors outside the Nordic region.

SALES BREAKDOWN BY MARKET



Raw Material

The raw material for EPS, or cellular plastic, is polystyrene beads. There is an extensive range of beads for the manufacture of expanded polystyrene applications.



The raw material for producing EPS – cellular plastic – is styrene, a liquid that is produced from crude oil by petrochemical companies such as Shell and Lyondell Basell. Styrene is traded on the world market, where the price is governed by supply and demand. In order to fend off price volatility, purchasers at EPS manufacturers work with several suppliers, contract models and purchasing strategies.

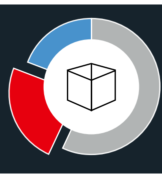
In the next step, the manufacturers procure styrene to mix with additives such as pentane. The process results in beads, or granulate, that are designated expandable polystyrene – the component that together with air forms expanded polystyrene (EPS) at a later stage in manufacturing. There is an extensive range of expanded polystyrene with various properties in the market. Bead size varies from 0.4 to 2.5 millimeters, depending on the final product and the customer's needs. Market leaders include BEWi, BAST and Synthos.

Packaging

The market for cellular plastic packaging is driven by consumption. Accelerating globalization, digitalization of retail and rapidly increasing e-commerce drive the need for goods transports and thus protective packaging.

24%

of the Group's sales comes from Packaging



FOOD PACKAGING

Food packaging products make up around 60 percent of the Nordic cellular plastic packaging market. The single largest customer segment is the Norwegian fishing industry. This packaging is commonly used for storing and transporting fresh fish, due to the low weight, and hygienic and waterproof properties of cellular plastic. Norway's salmon farms and other fishing industries make it the largest salmon-producing nation in Europe and the industry has experienced exceptionally strong trends in recent years. In 2017, Norway exported seafood valued at NOK 90 billion to 143 countries.

In Denmark, the packaging is also commonly used for fresh produce such as vegetables and fruit. Assessments of the market for cellular plastic packaging expect it to retain its strong position and to grow in pace with the rapidly accelerating global demand for fresh fish.

PROTECTIVE AND TECHNICAL PACKAGING

The remaining 40 percent of the packaging market comprises protective packaging and technical packaging. Since cellular plastic has cushioning and elastic properties and absorbs kinetic energy on impacts, it is a highly suitable material for protective packaging for consumer electronics, furniture and other fragile products during storage and transportation. The market is expected to trend stably in line with the economy in general.

TECHNICAL COMPONENTS

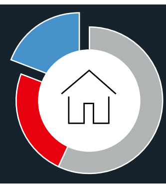
Technical components made of cellular plastic occur as integrated parts in customer's products – vehicles, for example – and are also common in heating, ventilation and air conditioning (HVAC). There is a great demand for technical components and they are capturing market shares from other materials, since they make the final product weigh less and frequently replace complex solutions with numerous detailed parts with a simple, single component made of cellular plastic.

Insulation

Sweden and Finland are the largest markets in the Nordic region for insulation products made from cellular plastic. Around 70 percent of the insulation material is used for new construction and the remainder for renovation. Moving forward, the majority of growth is expected to come from new construction.

19%

of the Group's sales comes from Insulation



The vast majority of cellular plastic insulation is used for building foundations, and is less commonly used for walls and roofs due to tradition in the construction industry.

The development of cellular plastic insulation products in the Nordic region is progressing in pace with infrastructure expansion and housing construction. Energy efficiency measures are an important driving force in the western European construction market. According to an EU directive, the member states must see to it that by December 31, 2020 all new construction is near-zero energy (i.e. buildings with a very high level of energy performance). Member states must also take measures to encourage conversion of buildings being renovated to near-zero energy buildings. The directive means that over the long term, all new buildings must be extremely energy-efficient and that conversions must be done so that the energy performance of the building is substantially improved.

The current energy performance directive is based on the "2020 target" of reducing energy consumption within the EU by 20 percent by the year 2020. The directive is currently being reworked in order to take the new climate and energy policy targets adopted for 2030 into account.

One third of Sweden's energy consumption goes to housing and business premises, and 60 percent of that goes to heating. In the property sector, the possibilities of using energy more efficiently are great. The potential for saving energy by improving the energy performance of buildings is tremendous.

In Sweden, the Swedish Energy Agency has been tasked by the Government to formulate strategies for enhancing energy efficiency together with public operators. The strategies must enable Sweden to meet its goals of a 50 percent increase in energy efficiency by 2030.

The BEWi Way

BEWi started as a family-owned company with strong, clearly defined values. After almost 40 years of organic growth and acquisitions, the same values still permeate operations.

Since its founding in 1980, the company's stance has been that a strong culture is key to achieving good results, and that employees are crucial in transforming visions of market success into reality. To make a difference, the corporate culture must be integrated into daily operations and, therefore, all employees are given a grounding at an early stage of their employment in the cornerstones of this culture. This creates a shared culture, and insight that values have no meaning if they are only on paper. They must be brought to life to be sustainable.

The BEWi Group's values

ENVIRONMENT

- We will create more from less. We improve the environment. We will optimize deliveries through long-term business relationships. Customer loyalty will help us become a full-range supplier.
- The environmental proposition is at an overriding level and at its essence means that less can be more. The proposition is particularly clear in the environmental profile of the business, but also applies generally in everything we do.
- That less can be more is a formula for success for all conceivable innovations and inventions, for example cars that use less fuel. The mindset is universal. Fewer goods, more volume, fewer suppliers, more automation, less personnel, etc. Less is more.

TECHNOLOGY

- Modern technology creates a more efficient tomorrow.
- The BEWi Group's technology will be sold with assertive messages to our business partners. The BEWi Group will be best in class in terms of technical applications from a global perspective. Modern technology enhances the efficiency of resource usage.
- Technology is tomorrow's workforce and if the BEWi Group is to succeed moving forward, the company must be at the forefront. This applies equally to communications and sales, both external and internal.

ATTITUDE

- The individual. Believe that you are important — no matter what! All employees should be go-getters and result-oriented, and supportive in both success and adversity.
- The collective. We are a team that wins and fights as one.
- We believe in the BEWi Group.
- We dare when others dither. We strengthen and motivate each other by joining forces.

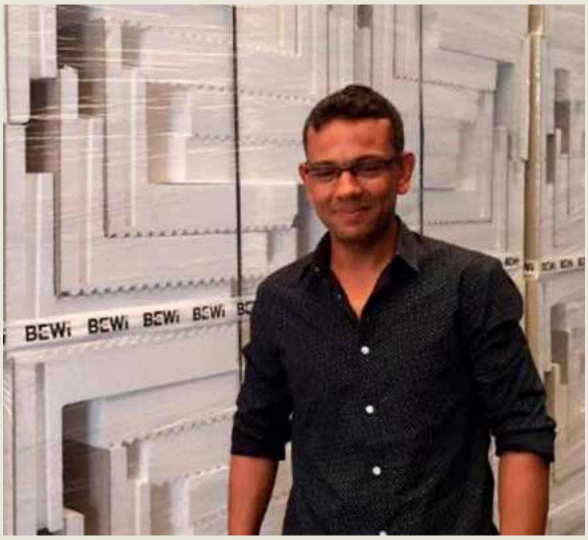
BEWi's strong corporate culture finds many expressions

TEAM BEWi

Team BEWi is an initiative to support important and pressing community projects. The initiative highlights the company's values: taking responsibility, showing pride, maintaining a high level of quality and being stable.

Activities that are part of Team BEWi are primarily cycling events between BEWi's various plants in the Nordic region, with high-jump legend Patrik Sjöberg as an important ambassador. Employees, customers and suppliers are invited to participate in the tour. Funds collected from the public in the places the tour passes through are sent to charitable organizations, such as one that supports children with cancer. The initiative also covers support to the Treskablinoll organization, which works for children's rights to a secure childhood free from sexual assault.

In 2017, BEWi was the first company to sign the Idrottsbrevet initiative. This means that sponsorship from BEWi will be subject to conditions. To receive sponsorship funds, athletic associations must subscribe to Treskablinoll's and Idrottsbrevet's guidelines for children's rights to security in club life.



AFTER FLEEING SYRIA – AHMAD IS A CONSTRUCTION ENGINEER AT BEWi

Ahmad Nazal has been a construction engineer at BEWi since 2015. After a dramatic flight from Syria, he quickly made a new start in Sweden, learning a new language and getting a new job.

Ahmad was born in a small town in Syria, and moved to Damascus to study construction engineering. After a few years of gainful employment, the war began. "Syria was a good country that functioned well. But then the war came and now nothing works. You can't study, you can't work and it's very difficult to live there."

In 2014, Ahmad decided to flee. His escape took seven months and entailed a great deal of hardship. He first went through Lebanon to Algeria, and from there to Libya on foot. There, a perilous journey by boat across the Mediterranean to Italy began. Off the coast of Sicily, he and other refugees were saved by a military ship and the Red Cross. Ahmad set out for Milan, and from there by taxi to Denmark. The last stretch was by train to Sweden, where the Swedish Migration Board assigned him a room in a refugee compound in Varberg.

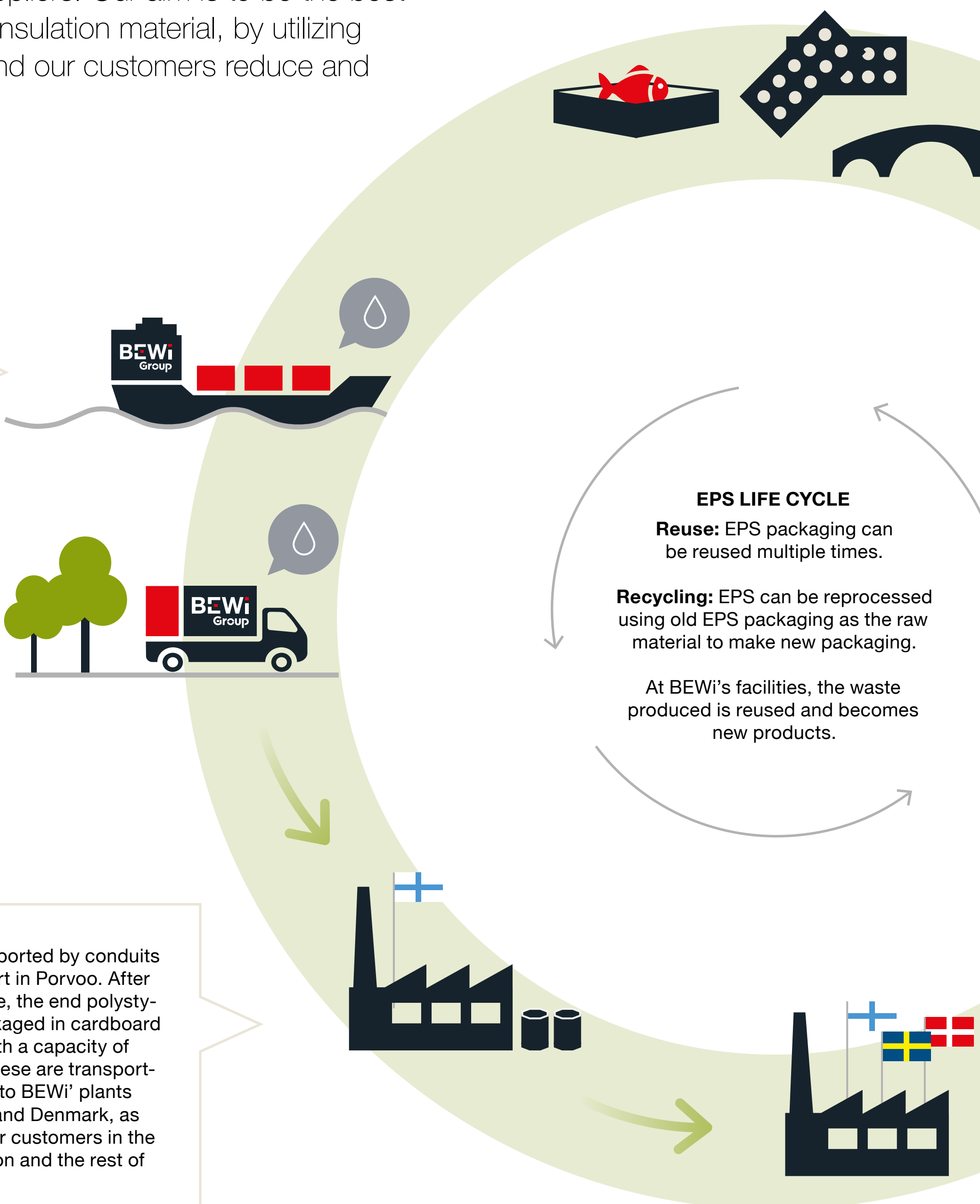
There, Ahmad was taught Swedish by the Red Cross, and after a while he came into contact with BEWi, who offered him a seven-month internship. Now he is employed as head of CAD and Blueprints for insulation materials, and has nearly the same job he had back home in Syria. "I feel very much at home at my job. It's great to help customers with their construction projects. Now I'd like to focus more on my job, and my goal is to take on a director's role in the future," he says.

How we create value

The following pages constitute BEWi's sustainability report. BEWi shares the opinion of the Brundtland Commission* that sustainable development is a trend that satisfies current needs without risking the opportunities for future generations to satisfy their needs. BEWi endeavors to establish and develop stable and trust-based relationships with its customers and suppliers. Our aim is to be the best manufacturer of packaging and insulation material, by utilizing modern technology to help us and our customers reduce and minimize our carbon footprint.

1 The styrene is shipped from Rotterdam to the port in Porvoo, from where it travels through conduits to BEWi Styrochem's factory.

1 Tanker trucks transport the pentane from Naantali in Finland and the styrene from Hamina in Finland to BEWi Styrochem's plant in Porvoo.



2 BEWi Styrochem in Finland is the Group's unit for developing and manufacturing expanded polystyrene, the raw material for producing cellular plastic, for internal and external sales.

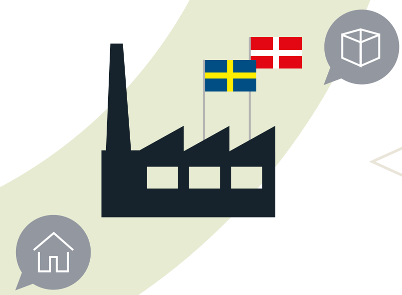
The pentane and styrene are unloaded directly into BEWi Styrochem's cisterns, or are transported by conduits from the port in Porvoo. After manufacture, the end polystyrene is packaged in cardboard octabins with a capacity of 1,100 kg. These are transported by truck to BEWi' plants in Sweden and Denmark, as well as other customers in the Nordic region and the rest of Europe.

5 PACKAGING
Its properties in terms of hygiene, insulation capacity, impact protection and low weight, mean that cellular plastic packaging is particularly suitable for fresh fish, meat, vegetables and other produce as well as medicines.

Customized packaging means less consumption of material, more efficient production processes and lower distribution costs. The customer benefits from key sustainability factors, such as low weight and lower incidence of damage.

5 INSULATION MATERIAL
Cellular plastic is highly energy-efficient and has great compressive strength as well as high moisture resistance. These properties mean cellular plastic has become a sustainable – and the most common – insulation material for buildings and construction material for infrastructure such as roads, viaducts and bridges. Local production reduces the need for transportation.

4 Completed products are transported by truck from BEWi's production facilities to customers in Finland, Sweden, Denmark and Norway.



3 Development and manufacture of packaging solutions and components in factories in Denmark and Sweden.

3 The development and manufacture of insulation products and construction material for the construction and civil engineering industries in six factories located in Finland, Sweden and Denmark.

EPS AND SUSTAINABILITY

EPS, which is the basis of the BEWi Group's operations, has many environmental advantages compared with similar materials. For many years, our work has focused on further improvement of the favorable properties of this material and the development of new applications.

Life-cycle thinking

EPS cellular plastic is made from fossil-fuel-based raw materials, but every kilo of oil refined into EPS cellular plastic and installed as insulation can save 200 kg of oil, on average, in reduced heating fuel requirements for a building, calculated over a period of 50 years. The lifespan of the insulation is as long as that of the building itself, and is thus a cost-efficient investment that does not require maintenance.

Environmental advantages compared with other similar materials:

- EPS is very light: It is 98 percent air. The remaining two percent consists of the neutral base polystyrene, a pure hydrocarbon.
- EPS is manufactured without harmful additives: No chlorofluorocarbons (CFCs) or plasticizers (phthalates) are used in producing or treating EPS.
- EPS is safe for food packaging: molded parts made from EPS meet all food packaging requirements.
- Reuse: EPS packaging can be reused multiple times.
- EPS is recyclable: used EPS parts are completely recyclable. We are convinced that within ten years we will be recycling the material completely, and it is our responsibility to be a part of and to accelerate this trend.

* THE CONCEPT OF SUSTAINABLE DEVELOPMENT WAS FIRST USED INTERNATIONALLY IN 1987, WHEN IT WAS LAUNCHED BY THE WORLD COMMISSION ON ENVIRONMENT AND DEVELOPMENT (ALSO KNOWN AS THE BRUNDTLAND COMMISSION) IN ITS REPORT "OUR COMMON FUTURE." THE COMMISSION WAS LED BY NORWAY'S THEN-PRIME MINISTER, GRO HARLEM BRUNDTLAND.

Materiality analysis

Prior to preparing the Sustainability Report, BEWi's management group conducted an analysis of which aspects of sustainable entrepreneurship are of greatest important for the company's stakeholders, and where the company's impact can be regarded as greatest. The analyses were based on risks, possibilities and impact related to sustainable entrepreneurship. The overall areas taken into account were the environment, social relations, personnel issues, respect for human rights, anti-corruption and issues of governance. The results of the materiality analysis are shown in the further reporting and performance indicators presented. Going forward, BEWi intends to evaluate the selection of information in its sustainability reporting in dialogue with the company's most important stakeholders.

Our environmental activities

Environmental activities in BEWi are a major, important part of the company's sustainability efforts. The work has been decentralized to the various Group companies, but the shared basis is the Group's sustainability policy.

Upon analysis, BEWi has arrived at the conclusion that **extraction of the Earth's resources** (gas, oil and electricity) and **transportation** are the most urgent to work with and to monitor via reporting.

The greatest environmental impact comes from BEWi's extraction of raw materials and from energy consumption. BEWi's emissions of carbon dioxide (CO2) from energy consumption lies between 0.10 and 1.99 kilograms per kilo EPS produced. Total carbon emissions from energy consumption is 8,692 tons.

We can reduce the impact on the environment by creating sustainable transport for our products. This occurs through procurement of transport from environmentally certified shipping agents. To minimize freight, BEWi co-loads different product categories between countries.

With 15 production facilities, BEWi's management of environmental issues will have a marked effect. All production facilities have ISO 14001 certified environmental management systems as a minimum requirement. Systematic efforts are being conducted to make efficient use of resources and to eliminate waste. An important – and strategic, from a business perspective – project was initiated in 2017 in order to recycle used EPS for manufacturing new raw material. Furthermore, our Insulation business area began climate compensation for its business travel.

Our social work

BEWi's Code of Conduct is the basis for all aspects of the Group's social work. For employee issues, BEWi's HR policy is the governing document. Both were updated in 2017 and will be fully implemented in 2018.

In the context of sustainability, **the recruitment of skilled personnel, the promotion of health and safety, and an inclusive approach to employees** have been identified as important areas.

Being able to **recruit and retain skilled personnel** is a must.

BEWi endeavors as much as possible to recruit internally, and is working on increased opportunities for employees in professional development and challenging new work tasks. A number of employees, for example, were able to advance into leading positions in 2017.

One of the things the company's HR policy stipulates is that an introduction should be held with new employees during the very first hours of employment. BEWi's Code of Conduct is presented during this introduction, which the new employee should sign. According to the policy, yearly performance reviews will be carried out with all employees.

To promote **health and safety,** BEWi works continually on creating safe workplaces and on training employees in safety. Ten workplace accidents occurred during 2017, which led to 19 days of sick leave. Preventative health care, both short and long term, is an important element. That is why there is an effort towards limiting the number of chemicals.

To support people who wish to start a career but are outside the labor market for whatever reason, BEWi collaborates with local government authorities. For example, BEWi acts as a resource as regards job training or getting back into the labor market after longer periods of illness.

At BEWi, there is a conviction that diversity in operations promotes innovation and profitability, which has resulted in an **integration project for new arrivals** since 2014. The work on integration led from trial periods of employment and training to a number of temporary positions at BEWi's Swedish operations in 2017.

Team BEWi was also formed during the year – a part of the company culture that is a tool for managing BEWi's work with charities and support for important organizations. As part of the initiative, cycling events are organized with high-jump legend Patrik Sjöberg for customers, personnel and suppliers. The proceeds go to charities such as organizations that support children with cancer.

The company's social initiatives also includes the issue of **human rights in the supply chain**. After a process of supplier evaluation begun in 2017, BEWi's requirements for suppliers now include having a Code of Conduct. In 2018, BEWi will conduct audits of its suppliers.

Measures have been taken to counteract the **risk of corruption**. Plans were adopted in 2017 for a digital training program in 2018 that will raise employee awareness and train them in risks of corruption. Two signatories are required for invoice payments, and at least two employees must add new suppliers into BEWi's business system. A whistle-blower function has been set up. No cases were reported under this function in 2017.

Our products

The **circular economy** is the future, and BEWi is taking part in projects related to this view of the economy. One such project is collaboration in the industry on how minimizing waste can be designed into the product from the very beginning.

BEWi's sustainability philosophy includes the Group's sustainability policy, naturally expressed in the fact that our products should promote a more energy-efficient society through insulation of buildings, and energy-efficient transport of goods and foodstuffs.

The company's efforts in sustainability are directly integrated into its operations through **product development**. BEWi continually works to improve the k-value in its products so that they are better insulation, in order to meet future global demand for more efficient insulation of new buildings.

All new buildings in EU member states must be near-zero energy buildings not later than December 31, 2020. BEWi fulfills this stricter requirement for thermal shells by having the thickness required for walls and floors in its product range so that anyone applying for a construction permit can have their construction plans approved.

In 2017, BEWi began collaborating on **product recycling** with Ragn-Sells in Poland regarding the recycling of used EPS, which is collected and sent to BEWi StyroChem in Finland for producing new raw EPS.

Towards a circular economy

The world's leaders have pledged to follow the 17 Global Goals for Sustainable Development in order to eliminate extreme poverty, reduce inequality and injustice in the world, promote peace and justice, and resolve the climate crisis by 2030. BEWi endeavors to promote as many of these global goals as possible. A few examples:

AFFORDABLE AND CLEAN ENERGY

Ensure access to affordable, reliable, sustainable and modern energy for all.

INDUSTRY, INNOVATION AND INFRASTRUCTURE

Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.

BEWi participates in innovation projects concerning district heating in Sweden under the management of RISE (formerly SP Technical Research Institute of Sweden).

BEWi continually invests in modern and improved production technology.

The company wants to promote the development of a circular economy by taking part in industry projects for recycling of packaging and packaging parts.

SUSTAINABLE CITIES AND COMMUNITIES

Make cities and human settlements inclusive, safe, resilient and sustainable.

EU member states must have all new buildings be near-zero energy buildings not later than December 31, 2020. BEWi fulfills this stricter requirement for building shells by having the thickness required for walls and floors in its product range so that anyone applying for a construction permit can have their construction plans go through.

RESPONSIBLE CONSUMPTION AND PRODUCTION

Ensure sustainable consumption and production patterns.

There is a continual effort at BEWi's plants towards enhancing efficiency and reducing raw materials waste and waste in production. The contribution of the company's packaging operations is customized and nearly weightless packaging that makes transport energy efficient. In the majority of cases, technical packaging has the same lifespan as the product it is intended for. In Norrtälje, retailers of electronic products take product packaging that customers have turned in and send it to the BEWi plant. BEWi's contracts with major construction companies include wording that BEWi is positively disposed towards receiving construction waste.

A project to extract new raw materials from packaging waste was started in early 2018. Used fish packaging made of EPS was collected, cleaned and shredded into granulate that was recycled into new raw EPS. Read more about the project on page 20.

CLIMATE ACTION

Take urgent action to combat climate change and its impacts.

BEWi's policy for company vehicles means that kilometers driven on business are climate compensated through payments of SEK 160 per ton of carbon emissions to the Swedish Society for Nature Conservation.

Transports pf products are procured from environmentally certified shipping agents. To minimize freight, BEWi co-loads different product categories between countries.

LIFE BELOW WATER

Conserve and sustainably use the oceans, seas, and marine resources for sustainable development.

As a partner in the international Clean Sweep initiative, BEWi is part of promoting cleaner oceans by organizing the collection of plastic granulate in surface water from its plants, and training personnel in how to prevent plastic residue and render it harmless. Read more about Clean Sweep on page 20.

When the raw material styrene is shipped in tankers to BEWi's plant in Åbo and unloaded, the tanks are cleaned with water to remove all styrene residue. BEWi takes charge of the water, separating out the styrene in order to avoid the ship releasing it into international waters and to use the remaining styrene in production. Read more about styrene recycling on page 20.

Sustainability initiatives at BEWi

Operation Clean Sweep®

CLEANER OCEANS WITH BEWi GROUP – CLEAN SWEEP

As a partner in the international Clean Sweep initiative, BEWi is part of promoting cleaner oceans.

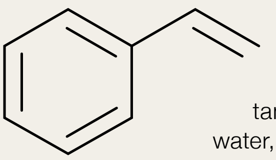
The purpose of Clean Sweep is to combat the release of plastic granulate from manufacturing into the environment. This initiative is part of the global Marine Litter Solutions initiative, which aims at improving the world's marine environments.

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 Group's plants in Denmark and Sweden organize the collection of plastic granulate in surface water, continually train personnel, and investigate the presence of waste in the plants' cisterns during the monthly safety checks.

NEW RAW MATERIALS FROM PACKAGING WASTE

BEWi produces grey EPS, with approximately 20 percent better insulating properties than the comparable white material, at its plant in Porvoo, Finland. Partially recycled EPS from used fish packaging is used as a raw material in the process.

Used fish packaging is collected, cleaned, compressed and broken down into fine granulate at a business partner's facility in Poland. Six million pieces of fish packaging can be turned into 3,000 tons of recycled EPS here per year. The recycled EPS material is then sent to BEWi's new plant in Porvoo to become new raw material.



CLEANER OCEANS WITH CAREFUL CLEANING OF SHIPPING TANKS

Styrene is a raw material used in the manufacture of EPS. It is shipped by tanker from Russia to Åbo, Finland, to be sent further on to BEWi's plants. Once the tanker has unloaded in the port at Åbo, BEWi takes responsibility for clearing the tanks of all styrene residue with water. BEWi then separates the styrene from the rinse water, which contains two to four tons of styrene at a significant economic value that BEWi makes use of.

BEWi develops, manufactures and markets insulation products to innovative construction systems for foundations, walls and roofs of buildings. BEWi continually works to improve the k-value in its products to that they are better insulation in order to meet future global demand for more efficient insulation of new buildings.

The auditor's report on the statutory sustainability report

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

ENGAGEMENT AND RESPONSIBILITY
The Board of Directors is responsible for that the statutory sustainability report for the year 2017 on pages 14-17 has been prepared in accordance with the Annual Accounts Act.

THE SCOPE OF THE AUDIT
Our examination of the statutory sustainability report has been conducted in accordance with FAR's auditing standard REvR 12 The auditor's report on the statutory sustainability report. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with international Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

OPINION
A statutory sustainability report has been prepared.

Stockholm April 30, 2018
PricewaterhouseCoopers AB

Magnus Brändström
Authorized Public Accountant

BEWi is a specialist in customized packaging solutions and components and strives for sustainable consumption and production patterns. Customized and nearly weightless packaging makes transport energy efficient.

Risks and risk management

The governance of BEWi is based on the company's Articles of Association, the Swedish Companies Act and other applicable Swedish and international laws and regulations as well as internal steering documents.

BEWi defines risk as something that could negatively impact its effectiveness. Though risk is a natural part of business operations, it can be managed and it is the responsibility of Group Management to ensure that risks are identified and managed. BEWi's overall objective of risk management is to ensure a systematic method for identifying risks and for ensuring their management at an early stage. Moreover, the objective is to make risk management a natural part of daily operations by creating a culture of awareness in all employees, and knowledge of how to manage risks in order to achieve the company's business objectives.

OPERATIONAL RISKS	
Market and forecasts Demand for BEWi products is governed by construction market conditions and market conditions in general	The risk of a recession in one or more of BEWi's markets is balanced by the company having a healthy distribution of its customers in various markets: Raw expanded polystyrene, construction/insulation, food packaging and technical components. BEWi works with the most exact forecasting possible in order to adapt and adjust the Group's capacity to the real demands of the market so as to pursue its operations profitably and remain competitive. This is done by monitoring market trends and cultivating close relationships with customers to increase knowledge of their forecasts and expectations. BEWi also obtains information on changes in the market through membership in European industry organizations.
Customers and competition BEWi's operations are conducted in competitive industries	Using product development, improved production methods and accessibility as well as offering lower prices, BEWi's competitors can get customers to choose their products. BEWi's customer relations are marked by a long-term perspective in which shared development work for customized design, adaptation to customers' production processes and a functional storage and logistics flow as well are in focus. With a focus on all costs in the production and distribution chain, BEWi strives to be the most cost-effective collaborating partner for its customers, who are active in markets where prices are being pushed down. BEWi invests in and continuously reviews its internal processes to be as cost-effective as possible at all stages. Geographical proximity to customers yields better accessibility and lower distribution costs.
Raw materials prices and purchasing Styrene is a crucial raw material for 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 increases in most cases also affect BEWi's competitors so that desirable margins (GAP) can be maintained. In order to fend off price volatility, BEWi works with several suppliers, contract models, purchasing strategies and individually tailored customer agreements.

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 hire out production if needed. For strategic products and customers, special risk manuals and routines for doubling up on production efforts have been developed. In addition to this, there is insurance protection covering additional costs and losses in production.
Production quality Delivering faulty quality can cause negative repercussions for customers or damage 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 an improved environment lead to new requirements for BEWi's products, and continually meeting new requirements is important for BEWi	The market has a continual need for new intelligent material 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 ensures its product portfolio with material that it believes there will be demand for in the future. BEWi is a member of both local and European industry organizations for advice concerning materials and legal requirements. The Group has also set up an organization with a special innovative unit tasked with focusing on future materials.
Profitability Fierce competition in combination with price volatility in raw materials entails a risk for impaired margins	The risk of not being able to ensure a desired margin in agreements – defined as GAP – in a competitive situation, in combination with volatility in raw materials prices, is managed through differentiated customer stock in different market segments (which spreads risks) as well as work on being a leader in cost effectiveness. To ensure continuity in BEWi's profitability, goals and key performance indicators are monitored systematically on a daily, weekly, and monthly basis. Negative deviations are analyzed and corrected.
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 organization does not fully make use of the new operations through integration processes being more costly or taking 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 has good conditions for successful integration through the experience with acquisitions and integration in the organization, and works on integrating newly acquired units through dedicated project groups separated from daily operations.
LEGAL RISKS	
Legislation BEWi's operations mean that the Group is covered by laws, ordinances, regulations, agreements and guidelines	The Group continually observes the rules and regulations found at the EU level and in each respective market. BEWi works to adapt its products and operations to identified future changes. Changes in regulations can change the Group's operations.

SUSTAINABILITY-RELATED RISKS	
Environment There is a risk that any of BEWi's operations will have a substantial environmental impact on the air, the soil, or the water	A risk to the environment can also mean a risk for the Group, over the short or long term. BEWi manages this through being certified under ISO 14001, and a number of self-checks of processes in combination with close collaboration with local supervisory authorities and accredited third-party auditors. In order to ensure the observance of various requirements from customers and government authorities as well as the Group itself and its operating environment, a number of processes have been implemented to monitor, measure, analyze and register various emissions into the air, the water, and the soil. The results of these are the basis of the Group's possibilities for reducing its environmental burden. To ensure that they are monitored and to document continued development in an energy-efficient direction, BEWi has worked out a process ensuring that in future, the Group will meet the requirements in the ordinance on mandatory energy audits in major operations. The process is based on BEWi's environmental management system, supplemented by Point 4.4.3 in ISO 50001 on energy economy. BEWi is focused on the smallest possible energy and material consumption, both in product design and in its processes. Systematic efforts are being conducted to make efficient use of resources and to eliminate waste. BEWi reduces its waste, recycling nearly 100 percent, measures its energy consumption and works in order to reduce costs and its footprint on the environment through investments in new and better technology as well as increasing awareness within the organization. The Group can reduce the impact on the environment by creating sustainable transports for its products. This occurs through procurement of transports from certified shipping agents.
Waste/reuse Plastic waste makes up a large part of the litter in the world's oceans, and BEWi runs the risk of being associated with this extensive pollution	BEWi endeavors to work in accordance with a more circular economy in several ways. Re-used EPS has great value, both environmentally and economically. BEWi handles recycled EPS by using it both in manufacturing new EPS products and in the production of raw material. As regards resources and finances, BEWi is actively involved in both local and European return and reuse systems, which is actively planned into the preparation of raw materials and products.
Health and safety Low levels of safety in plants can lead to personal injuries	Physical safety of personnel is a high priority, and work is continually carried out on creating and maintaining safe workplaces, and training employees in safety and changed attitudes. Preventative health care, both short and long term, is an important element. That is why there is an effort towards reducing the number of chemicals.
Employees Attracting skilled personnel and retaining key individuals is of crucial significance for BEWi's success	BEWi manages the risk of being unable to recruit qualified labor power by striving for a good work environment and internal competence development, as well as taking responsibility for training new employees with potential.
Human rights There is always a risk that employees are discriminated against and that labor legislation is not complied with	In BEWi's case, the risk of human rights violations is greatest in the supplier chain. To counteract this, in 2017 BEWi started a process that involves all suppliers having a code of conduct, and that suppliers will be audited. The Group minimizes this risk by, for example, procuring transports from certified shipping agents.
Unethical behavior With 400 employees in several markets, there is a risk that some of them are involved in unethical behavior as regards bribes, corruption or fraud	The BEWi Code of Conduct makes it clear that unethical behavior is unacceptable. Routines have been well established so that authorization of costs and payments, selection of suppliers and approval of new employment cannot be done by a single individual. Decisions have been taken on a digital training program that will raise employee awareness and train them in risks of corruption. In addition, a whistle-blower function has been set up.

Board of Directors

Gunnar Syvertsen
Born: 1954. **Elected:** 2014

Chairman as of 2018

General Manager Heidelberg Cement, Northern Europe

Education: M.Sc. Engineering

Professional background: General Manager Heidelberg Cement, Northern Europe; Administrerende direktör Heidelberg Cement Norway AS; senior positions at Norcem AS.

Other directorships: Member of the board at Betong Öst AS, Naeringslivets Hovedorganisation, Norsk Stein AS, Renor AS, Sola Betong AS, Topaas and Haug AS Entreprenörforretning.

Per Nordlander
Born: 1967. **Elected:** 2014

Partner Verdane Capital Advisors

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

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

Other directorships: Member of the board of Livförsäkringsbolaget Skandia öms; Estate Group, Allgon, Scanacon and chairman of BMST.

Kristina Schauman
Born: 1965. **Elected:** 2016

Partner Calea AB

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

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

Other directorships: Member of the board at Apoteket AB, Billerud Korsnäs AB, Coor AB, Ellos Group Holding AB, Livförsäkringsbolaget Skandia öms, Orexo AB and ÅF AB.

Bernt Thoresen
Born: 1964. **Elected:** 2016

CEO ABRA Norge AS

Education: BI Norwegian Business School

Professional background: Sponsor Service AS, Fokus Bank (Danske Bank) and DnB.

Other directorships: BEWi Drift Holding, Headbrands AB, Gröntvedt Pelagae AS, BMI Holding AS, Botngaard AS.

Nils Göran Vikström
Born: 1944. **Elected:** 2014

Chairman until 2017

Education: Engineer, studies in Business Administration at Harvard Business School.

Professional background: CEO of Becker Acroma AB, senior positions in Tarkett and Volvo Cars.

Management

Christian Bekken
CEO since 2014

Born: 1982

Employed since: 2002

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

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

Jonas Siljeskär
Vice CEO, Chief Operating Officer

Born: 1972

Employed since: 2010

Education: Engineer, Dalarna University

Professional background: Chief Operating Officer Gustafs Inredningar, Director of Production Tomoko Hus.

Marie Danielsson
Chief Financial Officer

Born: 1975

Employed since: 2015

Education: M.SC. Business Administration, Stockholm University

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

Martin Bekken
Chief Sales Officer

Born: 1971

Employed since: 2007

Education: Berghs School of Communication

Professional background: Sales Manager, Business Area Manager.

Karl Erik Olesen
Managing Director Denmark

Born: 1963

Employed since: 2014

Education: Business economy and Management

Professional background: Sales and Development Manager at SCA Packaging and DS Smidt Packaging.

Thomas Stendahl
Managing Director Finland

Born: 1964

Employed since: 1991

Education: M.Sc Engineering, MBA, Åbo Akademi University

Professional background: Plant Manager, Production Manager and Chief Operating Officer, StyroChem.

Corporate governance

The purpose of corporate governance is to create conditions for long-term value creation for the owners through good risk control and a positive corporate culture. The basis for corporate governance in BEWi Group AB (publ), apart from applicable laws, comprises the Articles of Association and the Shareholders' Agreement. In addition, there are a number of governing documents such as the Board of Directors' Rules of Procedure, policy documents, and clear goals and strategies.

PRINCIPLES OF CORPORATE GOVERNANCE

The Corporate Governance Report has been prepared in accordance with the Swedish Annual Accounts Act (SFS 1995:1554). BEWi Group AB (publ) is not covered by the Swedish Corporate Governance Code, since only the company's debt instruments are listed on a regulated market.

OWNERSHIP

At December 31, 2017, the total number of shares outstanding was 10,313,032, of which 10,000,000 were series A and 313,032 were series B. Series A shares entitle the holder to one vote per share, while series B shares entitle the holder to 0.99 votes per share.

At December 31, 2017, BEWi Group AB (publ) was owned 48.5% by Verdane Capital (Verdane ETF III SPV K/S and Verdane ETF VII SPV K/S) and 48.5% by Frøya Invest AS (previously owned by BEWi Holding AS). The remaining 3% was owned by employees.

ANNUAL GENERAL MEETING

Shareholders have the right to take decisions on company matters at the Annual General Meeting or other general meetings. An Extraordinary General Meeting was held on April 24, 2017 in Norrtälje, where a resolution was adopted on a bonus issue in connection with the company being converted to a public company, and the consequent need to increase share capital to SEK 500,000. This took place through a transfer from non-restricted shareholders' equity. The scheduled Annual General Meeting was held on June 30, 2017 in Solna, Sweden.

ARTICLES OF ASSOCIATION

In connection with the Extraordinary General Meeting on April 24, 2017, it was resolved to amend the Articles of Association so that the company would change company category from private to public, and that the share capital would constitute at least SEK 500,000 and at most SEK 2,000,000. In connection with the Annual General Meeting on June 30, 2017, it was resolved to amend the Articles of Association as regards the notice to attend the AGM so that in addition to post or e-mail to the shareholders, the notice would be announced in Post- och Inrikes Tidningar and be made available on the company's website. At the same time as the notice is announced, the company is to communicate that the notice had been sent through an announcement in Dagens Industri.

BOARD OF DIRECTORS

The Board of Directors consists of five members elected for one year. The CEO is not part of the Board of Directors. From the 2017 Annual General Meeting until the 2018 Annual General Meeting, the Board of Directors consisted of members Göran Wikström, Gunnar Syvertsen, Per Nordlander, Kristina Schauman and Bernt Thoresen.

THE WORK OF THE BOARD OF DIRECTORS

The work of the Board of Directors is regulated by documents such as the Swedish Companies Act, the Articles of Association, and the Rules of Procedure that the Board of Directors establishes for its work. Under the Companies Act, the Board of Directors has ultimate responsibility for the company's organization and administration. The Board of Directors' Rules of Procedure indicates the formats for the Board's work regarding matters such as the number of Board meetings, meeting minutes and decisions on remuneration for the CEO. According to the Rules of Procedure, the Chairman of the Board is responsible for evaluating the work of the Board.

BOARD YEAR 2017

During 2017, the Board of Directors held ten meetings and took a number of decisions by circulating correspondence.

CEO AND COMPANY MANAGEMENT

The CEO is responsible for routine administrative matters, taking into account the directions and instructions established by the Board of Directors and indicated by documents such as the instructions to the CEO and the Board of Directors' Rules of Procedure. Company management consists of the CEO, the CFO, the COO, the CSO, the Managing Director Denmark and the Managing Director Finland.

AUDITORS

At the 2017 Annual General Meeting, PricewaterhouseCoopers AB was elected auditor, with Magnus Brändström as Auditor in Chief until the end of the 2018 Annual General Meeting.

INTERNAL CONTROL REGARDING FINANCIAL REPORTING

The Board of Directors has overall responsibility for financial reporting and for ensuring the company has effective internal control. The responsibilities of the Board are regulated in the

Swedish Companies Act and Annual Accounts Act. Company management reports regularly to the Board of Directors in accordance with established routines.

Internal control is built on documented policies, guidelines, instructions, and allocations of responsibilities and work such as the Board's Rules of Procedure, the instructions to the CEO, authorizations, and so on, the purpose of which are allocation of responsibility and more effective management of operational risks.

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

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

INFORMATION AND COMMUNICATION
The purpose of BEWi's communications guidelines is to achieve the efficient provision of correct information regarding financial reporting. The guidelines are designed to comply with Swedish legislation and Nasdaq Stockholm's regulations concerning listed debt instruments.

GOVERNANCE AND MONITORING
Routing monitoring of earnings outcomes takes place at several levels in the company, at both the business area and Group levels. Reporting takes place to both management and the Board of Directors. On a monthly basis, the Board monitors economic trends in relation to the business plan and the budget, and checks that the investments decided upon are following the plan.

Auditor's Report on the Corporate Governance Statement

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

ENGAGEMENT AND RESPONSIBILITY
It is the Board of Directors who are responsible for the corporate governance statement for the year 2017 on pages 28–29 and that it has been prepared in accordance with the Annual Accounts Act.

THE SCOPE OF THE AUDIT
Our examination has been conducted in accordance with FAR's auditing standard RevU 16 T*he auditor's examination of the corporate governance statement*. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

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

Stockholm, April 30, 2018
PricewaterhouseCoopers AB

Magnus Brändström
Authorized Public Accountant

Board of Directors' Report

The Board of Directors and CEO of BEWi Group AB (publ), corp. reg. no. 556972-1128, with its registered office in Solna, Sweden, hereby submit the annual report and consolidated accounts for the 2017 fiscal year.

BUSINESS INFORMATION

BEWi Group AB (publ) is the Parent Company in the BEWi Group, hereinafter BEWi. BEWi develops, produces and markets products for insulation for the construction industry as well as packaging solutions for the manufacturing industry and food producers. All products are produced using EPS (expanded polystyrene), EPP (expanded polypropylene) and XPS (extruded polystyrene).

The current Group structure Group was formed in the autumn of 2014, when BEWi AS and StyroChem Finland merged at the same time as production divisions from the British packaging company DS Smith were acquired. Through these transactions a new Group was formed, covering the entire processing chain from manufacturing of raw EPS extracted from styrene monomers that are polymerized at the company's plant in Finland to completion of the market segment-specialized business units in Norway, Denmark and Sweden. The extracted raw materials, EPS beads, are also sold for further processing in the open market to competitors and other users of EPS. The Nordic region has been the primary market for the Group's products.

Operations are divided into three areas:

Raw Material: BEWi StyroChem Oy is the Group's raw material producer and northern Europe's leading manufacturer of polystyrene beads – the raw material for EPS, cellular plastic. BEWi StyroChem Oy develops, manufactures and markets an extensive range of beads for the manufacture of expanded polystyrene applications.

Packaging: BEWi Packaging develops, in-house or in close collaboration with its customers, packaging solutions and components in EPS, EPP and fabricated foam that are designed to protect, keep secure or insulate. The strategy is to become a long-term business partner and the most cost-efficient manufacturer and distributor in the industry. The operation provides packaging solutions for the manufacturing industry and food producers and is conducted in Sweden through BEWi Packaging AB and in Denmark through BEWi Flamingo A/S. Production in Sweden is carried out at the plants in Urshult and Värnamo and in Denmark at the plants in Hobro, Såby, Tørring and Holbaek. In 2017 a production facility in Lindesberg was acquired, which was transferred to existing plants in Sweden and Denmark. Decisions were also taken to move the operations in Såby to the plant in Hobro, Denmark during 2018.

Insulation: BEWi Insulation develops and manufactures insulation products and construction material for the Nordic construction and civil engineering industries. The range encompasses the entire scale from simple, standardized products to innovative construction systems for the foundations, walls and roofs of buildings, and construction material for road building. The construction industry-insulation operation is pursued through BEWi Insulation AB, with the Swedish production units in Norrtälje, Vilhelmina, Vårgårda and Genevad. Distribution and sales in the Norwegian market are carried out through the Norwegian subsidiary Norden Insulation AS. In Finland, manufacturing takes place at BEWi M-Plast Oy, located in Kaavi, and BEWi Insulation Oy (Solupak Oy), located in Lieto – both acquired during the year – and beginning in 2018 at the newly acquired Ruukin EPS Oy, located in Ruukki.

CONSOLIDATED NET SALES AND EARNINGS

Net sales totaled KSEK 1,875,533 – an increase of 17 percent year-on-year, and 15 percent adjusted for exchange rate fluctuations. The increase was driven by larger volumes in Packaging and Insulation, acquisitions, and rising market prices primarily in the Raw Materials business area. However, volumes in the Raw Materials segment were lower in 2017 than in 2016, due to the stoppage that occurred in one of the reactors in March and the subsequent work that this entailed during the months immediately following.

Operating income totaled KSEK 34,842, which was KSEK 25,721 lower year-on-year. Despite the lower volumes, the Raw Materials business area reported a significantly improved operating income given that the selling price was favorable in relation to the cost of raw materials. Profitability in Insulation was negatively impacted, however, by the extremely volatile market price for styrene raw material, which made the setting of prices in relation to BEWi's customers more difficult. Increased demand and rising volumes also resulted in readjustment costs to adapt production to the higher rate of manufacturing. Excluding items affecting comparability pertaining primarily to closing down the plant in Lindesberg, the operating income for Packaging was on a par with the preceding year. The higher volumes have yet not impacted earnings for the business area, given that they resulted in additional costs in production for adapting to a higher rate of manufacturing.

Items affecting comparability for the full year amounted to KSEK -23,756 (-13,000) net, and primarily comprised moving costs and severance pay for shutting down the plant in Lindesberg, costs pertaining to production stoppages in raw materials, a settlement in a dispute with a former supplier and consultant costs associated with strategic Group projects. Furthermore, the Group incurred costs related to business acquisitions, relating to acquisitions during 2017 but also the publicized planned acquisition during 2018 of the Synbra Group. Items affecting comparability during the year were positively impacted by the dissolution of negative acquisition goodwill totaling KSEK 8,653.

Financial expenses totaled KSEK -30,668, which was an increase of KSEK 18,721 year-on-year. This was the result of increased interest expenses owing to increased indebtedness, financial expenses pertaining to financial agreements that were concluded, and bridge financing during the year as well as negative currency effects.

FINANCIAL POSITION AND LIQUIDITY

The equity ratio was 29 percent (35). Net debt amounted to KSEK 466,457 (364,562). Consolidated net debt increased primarily due to investments in a new production line and other production equipment, as well as the three acquisitions completed in 2017.

During 2017, the Group refinanced in two stages. In March, bridge financing was entered into with a view of issuing a bond in a subsequent step. A three-year senior secured bond of KSEK 550,000 was issued in June 2017. The bond, which is listed on the Nasdaq Stockholm Corporate Bonds list, comprises the Group's core financing; additionally, there is an overdraft facility with a framework of KSEK 100,000. In addition to the bond, there are a number of loans in acquired units as well as financial leases. At the end of the period, no liquidity in the overdraft facility had been used, and cash and cash equivalents totaled KSEK 110,563 (23,153).

CASH FLOW

Cash flow from operating activities were on a level with the preceding year, totaling KSEK 71,256 (73,465). A decline in operating income was compensated for by a substantially improved trend in working capital. Cash flow from investment operations totaled KSEK -107,144 (-48,391). The increased expenses during the year are explained primarily by investment in the new production line at the plant in Porvoo and by business combinations. Cash flow from financing operations totaled KSEK 122,996 (-116,885) and pertained to the increased debt in connection with refinancing.

CAPITAL EXPENDITURES

In 2016, a decision was taken to invest in a new extrusion technology production line at the Porvoo plant in Finland. The investment aimed to increase the production of raw EPS. Grey EPS, which will become an addition to the Group's product portfolio, will primarily be manufactured on this production line. Investments during the year totaled KSEK 96,206 (48,391). The majority pertained to the extrusion production line and investments connected with consolidation of production in Denmark (Såby shutdown) and Sweden (Lindesberg shutdown), where investments were made in existing facilities to create modern, efficient units for an optimal production structure. Moreover, BEWi invested in new production facilities during the year through three business combinations in Finland and Sweden, described below.

ACQUISITIONS

On January 2, 90 percent of the Finnish XPS manufacturer M-plast Oy (now BEWi M-Plast Oy) was acquired for a purchase sum of KSEK 11,951 with an option for the seller to divest the remaining 10 percent of shares to BEWi at a price agreed in advance. In the event of certain predefined results being achieved by the acquired company during the 2017 and 2018 financial years, an additional earnout may be payable. Negative goodwill of KSEK 6,750 arose with the acquisition, which was recognized under Other operating income. XPS is a harder form of EPS, used as an insulating material where extremely high strength requirements apply. With the acquisition, BEWi is expanding its product range in the Insulation business area. M-plast has a modern production facility in Kaavi with 15 employees. The participating interest amounts to 90 percent and is consolidated from the date of acquisition.

In March 2017, the Group acquired assets from the Por-Pac AB plant in Lindesberg for KSEK 15,000, which after an agreement with the receiver in Por-Pac AB was reduced to KSEK 11,500. The operations were consolidated into BEWi's Packaging business area, and production was transferred to BEWi's existing production facilities in Sweden and Denmark.

On July 1, 2017, BEWi acquired 60 percent of the shares in Solupak Oy (now BEWi Insulation Oy) for a purchase sum of KSEK 13,378. Under the agreement, the seller has an option to divest the remaining shares to BEWi in accordance with a predetermined pricing mechanism and within a given time frame. According to the agreement, BEWi is also entitled to acquire the remaining shares, given certain conditions. The company was consolidated from the date of acquisition. The acquisition of Solupak Oy, with a production facility in Lieto, Finland, gives the Group a broader product portfolio and strengthens its position in Finland as a full-line supplier of insulating materials in EPS and XPS.

PERSONNEL

The average number of employees during the year totaled 374 (299), and at year end the number of full-time employees was 398 (330). The increase is attributable primarily to operations acquired during the year.

RESEARCH AND DEVELOPMENT

The Group's program for research and development is conducted in Porvoo, Finland and is linked to the production of raw EPS. Product development occurs in part based on proprietary technology and in part through purchased licenses and external agreements.

ENVIRONMENTAL IMPACT (SUBJECT TO PERMIT AND NOTIFICATION REQUIREMENTS UNDER THE SWEDISH ENVIRONMENTAL CODE)

Sweden: Manufacture in Sweden takes place at the production units in Norrtälje, Genevad, Vårgårda, Dorotea, Urshult and Värnamo. All units manufacture cellular plastic from expanded materials. Under the Swedish Environmental Code, production of EPS from styrene monomers in Sweden is an operation subject to notification requirements. All Swedish production units have submitted notifications for these operations and are approved and environmentally certified.

International: Production in Denmark takes place at the plants in Hobro, Såby, Tørring and Holbaek. Raw EPS is produced at the plant in Porvoo, Finland. Moreover, there are Finland production facilities in Kaavi and Lieto, and beginning in 2018, in Ruukki. As in Sweden, production of EPS from styrene monomers in Finland and Denmark is also subject to notification requirements.

All production units in BEWi Group AB are environmentally certified, and have submitted notifications and are approved for these operations by the government authorities in the respective countries.

There are currently no outstanding issues with the government authorities, nor are any expected in the near future.

SUSTAINABILITY REPORT

BEWi's first sustainability report relates to the 2017 fiscal year. The sustainability report has been prepared in accordance with the provisions in the Swedish Annual Accounting Act. The report covers the Parent Company, BEWi Group AB, and all units that are consolidated in the Consolidated Report (refer to the specifications in Parent Company Note 7).

The work on the report is the result of an analysis of the Group's most essential sustainability aspects, and was inspired by the Global Reporting Index (GRI). Cases where performance indicators were prepared under guidance from the GRI will be indicated with a *. The application of the GRI framework will gradually be expanded. Since this is the Group's first Sustainability Report, there are no material changes in the application of reporting principles or in the scope of the report.

The Sustainability Report can be found on the following pages: Business model on pages 14-15, Risks and risk management on pages 23-25 and Policies and governance on pages 16-17

In signing the Annual and Consolidated Reports, the Board of Directors of BEWi also approve the Sustainability Report.

EXPECTED FUTURE TRENDS

The BEWi Group works continuously on developing new areas of application for EPS cellular plastic in its various business areas. This work takes place through both industry organizations and in collaboration with customers.

Future trends for the Group's units are deemed to be positive. This assessment is supported by the fact that the Group is active in a well-structured market, that its product portfolio is in demand from customers, and that the products have a high degree of utility. Replacing EPS products with alternative technology is deemed impossible from a short-term perspective.

Long-term trends such as urbanization, globalization and digitalization also seem to be to the Group's advantage. Urbanization promotes BEWi's operations for insulating materials, while globalization and digitalization increase consumption in e-commerce, which drives the need for packaging that protects the goods being transported.

SIGNIFICANT RISKS AND UNCERTAINTIES

Styrene monomers, a raw material, are traded on the world market and purchased with a combination of spot and contract prices. The purchase price is linked to in part to supply and demand and in part to the price of oil. The price of styrene is set in dollars and euro, and naturally entails an exposure to risk against the Nordic currencies. The price of the final product for the customer on the entire Nordic market is connected to a great extent to the price of styrene, thus entailing a reduction of currency risk. A detailed description of financial risks and uncertainty factors can be found in Note 3, Financial risk management. As regards operational risks, a more detailed description can be found on pages 23-24.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

On January 2, 2018, BEWi acquired 60 percent of the shares in Ruukin EPS Oy, a Finnish manufacturer of insulating materials. The shares were acquired for a cash price of KSEK 9,850. Under the agreement, the seller has an option to divest the remaining shares to BEWi in accordance with a predetermined pricing mechanism and a given time frame. According to the agreement, BEWi is also entitled to acquire the remaining shares, calculated according to the same pricing mechanism, given certain conditions. The company turns over EUR 2.5 million, and carries out production of insulation products at a plant in Ruukki, Finland.

On March 22, 2018, an agreement on the acquisition of Synbra Holding BV was signed. Synbra is a specialist in cellular plastic, with special plastics and solutions for the industry as well as sustainable insulation systems. Its operations are located in northern Europe and Portugal, and its head office in Etten-Leur in the Netherlands. On March 21, an agreement between the Synbra Group and Hirsch Servo Gruppe on the sale of 66 percent of the Synbra Group's German subsidiary to the Hirsch Group was also signed. The sale is subject to approval by government authorities. After the sale of the German operations, the Synbra Group will have around 710 employees in 10 production facilities in the Netherlands, Denmark and Portugal. The BEWi/Synbra combination will create a leading supplier of cellular plastic products in Europe, with strong potential for growth. The purchase sum amounts to EUR 117.5 million (about SEK 1,165 million) on a debt-free basis. BEWi intends to finance the acquisition with its own funds, a private placement of shares and a bond issue. On April 5, an Extraordinary General Meeting resolved to issue 9,376,465 series A shares at a value of SEK 400 million. Of these shares, Frøya Invest AS has the right to subscribe to 5,157,056 shares and Gjelsten Holding AS has the right to subscribe to 4,219,409 shares. On April 10, three properties in Denmark and two in Sweden were divested at a total value of SEK 113 million. These will subsequently be let by BEWi for an annual rent of about SEK 11 million. On April 12, a four-year senior secured bond of EUR 75 million with a framework of EUR 100 million was issued. The bond is subject to a variable rate of interest of Euribor 3 months + 4.75 percentage points. BEWi intends to list the new bond on the Nasdaq Stockholm corporate bond list. The acquisition, like the share and bond issues, is dependent on approval by competition authorities.

THE PARENT COMPANY

BEWi Group AB (publ) is the Parent Company of the Group. The Parent Company contains the Group Management as well as certain Group-wide functions. Earnings after tax for full-year 2017 totaled KSEK -4,589 (-105). Equity in the Parent Company at year end totaled KSEK 239,991 (244,579).

The Parent Company’s risks essentially coincide with those of the Group.

OWNERSHIP AND SHARE CAPITAL

The Parent Company BEWi Group AB (publ) is a holding company. BEWi Group AB (publ) is in turn owned 48.5% by Verdane Capital (Verdane ETF III SPV K/S, CVR no 29403457; Verdane ETF VII SPV K/S, CVR no. 32153534), and 48.5% by Frøya Invest AS, reg. no. 919 381 310. The remaining 3% is owned by the company’s employees.

At an Extraordinary General Meeting on April 24, 2017, it was resolved that the Parent Company would change company category from private to public, and that the share capital would constitute at least SEK 500,000 and at most SEK 2,000,000. In connection with this resolution, a bonus issue was also carried out so that the share capital increased from SEK 103,000 to SEK 500,000 through transfer from non-restricted shareholders’ equity. No new shares were issued, and after the bonus issue the Parent Company has share capital of SEK 500,000 divided among 10,313,032 shares with a quotient value of SEK 0.05.

PROPOSAL FOR APPROPRIATION OF PROFITS, SEK

The following funds are at the disposal of the Annual General Meeting (AGM):	
Share premium reserve	244,471,280
Retained earnings	-392,163
Net loss for the year	-4,588,781
At the disposal of the AGM	**239,490,336**

The Board proposes the following allocation of funds:	
Carried forward	239,490,336
Total	**239,490,336**

CORPORATE GOVERNANCE REPORT

Corporate governance report on pages 28-29.

Contents

Consolidated comprehensive income statement

Amounts in KSEK	Note	2017	2016
Operating income			
Net sales	5	1,875,533	1,606,929
Other operating income		9,282	38
Total operating income		**1,884,815**	**1,606,967**
Operating expenses			
Raw materials and consumables	17	-1,110,279	-951,675
Goods for resale	17	-68,461	-75,718
Other external costs	7, 8, 10	-368,168	-279,085
Personnel costs	6	-251,424	-188,108
Depreciation/amortisation and impairment of property, plant and equipment and intangible assets	12, 13	-51,641	-47,233
Other operating expenses	30	0	-4,586
Total operating expense		**-1,849,973**	**-1,546,405**
Operating profit		**34,842**	**60,562**
Financial income	9	2,581	133
Financial expense	9	-30,668	-11,947
Financial income and expense – net		**-28,087**	**-11,814**
Income before taxes		**6,755**	**48,748**
Income tax	11	32,832	-5,354
Net income for the year		**39,587**	**43,394**
Other comprehensive income:			
Items that may later be reclassified to the income statement			
Exchange difference		9,783	7,671
Items that will not be reclassified to income statement:			
Remeasurements of defined benefit pension plans		579	-718
Income tax pertinent to remeasurements of defined benefit pension plans		-116	144
Other comprehensive income, net of income taxes		**10,246**	**7,097**
Total comprehensive income for the period		**49,833**	**50,491**
Net income for the year attributable to:			
Equity holders of the parent company		38,793	-155
Non-controlling interest		794	155
Total comprehensive income attributable to:			
Equity holders of the parent company		49,039	-155
Non-controlling interests		794	155

The notes on pages 31 to 65 are an integrated part of these consolidated accounts.

Consolidated statement of financial position

Amounts in KSEK	Note	2017-12-31	2016-12-31
ASSETS			
Non-current assets			
Intangible assets			
Goodwill	12	183,734	177,453
Other intangible assets	12	95,719	99,460
Total intangible assets		**279,453**	**276,913**
Tangible assets			
Lands and buildings	13	150,209	123,968
Plant and machinery	13	232,306	163,491
Equipment, tools, fixtures and fittings	13	37,516	10,817
Construction in progress and advance payments for property, plant and equipment	13	33,081	30,180
Total tangible assets		**453,112**	**328,456**
Financial assets			
Other long-term receivables		1,988	252
Total financial assets		**1,988**	**252**
Deferred tax asset	24	37,274	1,069
Total non-current assets		**771,827**	**606,690**
Current assets			
Inventory	17		
Raw materials and consumables		57,387	44,243
Work-in-progress		11,378	2,944
Finished goods and goods for resale		114,947	68,696
Total inventory		**183,712**	**115,883**
Current receivables			
Account receivables	16	218,761	189,798
Tax asset		3,677	638
Other current receivables		30,551	816
Prepaid expenses and accrued income	18	15,477	18,762
Cash and cash equivalents	19	110,563	23,153
Total current receivables		**379,029**	**233,167**
Total current assets		**562,741**	**349,050**
TOTAL ASSETS		**1,334,568**	**955,740**

The notes on pages 31 to 65 are an integrated part of these consolidated accounts.

Amounts in KSEK	Note	2017-12-31	2016-12-31
EQUITY AND LIABILITIES			
Equity			
Share capital	20	500	103
Additional paid-in capital		244,471	244,868
Reserves		13,376	3,593
Accumulated profit or loss (including net profit for the year)		121,191	81,936
Equity attributable to the equity holders of the Parent Company		**379,538**	**330,500**
Non-controlling interests		10,321	1,045
Total equity		**389,859**	**331,545**
LIABILITIES			
Non-current liabilities			
Pensions and similar obligations to employees	22	6,589	7,309
Other provisions	23	7,243	2,440
Deferred tax liability	24	9,845	9,815
Bond loan	21	537,794	0
Derivative liability	21	2,748	0
Liabilities to credit institutions	21	31,342	210,641
Liabilities to associated companies	29	0	29,566
Total non-current liabilities		**595,561**	**259,771**
Current liabilities			
Current liabilities to credit institutions	21	7,884	71,231
Account payables		231,354	149,830
Current tax liabilities		5,109	4,883
Other current liabilities	25	33,033	84,790
Accrued expenses and deferred income	26	71,768	53,690
Total current liabilities		**349,148**	**364,424**
Total liabilities		**944,709**	**624,195**
TOTAL EQUITY AND LIABILITIES		**1,334,568**	**955,740**

The notes on pages 31 to 65 are an integrated part of these consolidated accounts.

Changes in consolidated equity

		Attributable to equity holders of the parent company						
Amounts in KSEK	**Note**	**Share capital**	**Additional paid-in capital**	**Reserves**	**Accumulated profit or loss (including net profit for the year)**	**Total**	**Non-controlling interest**	**Total equity**
Balance brought forward as of January 1, 2016		**100**	**232,350**	-4,078	**39,270**	**267,642**	**890**	**268,532**
Net profit for the year				-	43,240	**43,240**	155	**43,395**
Other comprehensive income				7,671	-574	**7,097**	-	**7,097**
Total comprehensive income		**0**	**0**	**7,671**	**42,666**	**50,337**	**155**	**50,492**
Transactions with shareholders, charged directly to equity								
New share issue		**3**	**12,518**			**12,521**	**-**	**12,521**
Total transactions with share-holders, charged directly to equity		**3**	**12,518**	0	0	**12,521**	-	**12,521**
Balance carried forward as of December 31, 2016		**103**	**244,868**	**3,593**	**81,936**	**330,500**	**1,045**	**331,545**
Balance brought forward as of January 1, 2017		**103**	**244,868**	**3,593**	**81,936**	**330,500**	**1,045**	**331,545**
Net profit for the year					38,793	**38,793**	794	**39,587**
Other comprehensive income				9,783	462	**10,245**	-	**10,245**
Total comprehensive income		**0**	**0**	**9,783**	**39,255**	**49,038**	**794**	**49,832**
Transactions with shareholders, charged directly to equity								
Bonus issue		397	-397			**0**		**0**
Acquisition minority							8,482	**8,482**
Total transactions with share-holders, charged directly to equity		**397**	**-397**	-	-	**0**	8, 482	**8,482**
Balance carried forward as of December 31, 2017		**500**	**244,471**	**13,376**	**121,191**	**379,538**	**10,321**	**389,859**

The notes on pages 31 to 65 are an integrated part of these consolidated accounts.

Consolidated cash flow statement

Amounts in KSEK	Note	2017	2016
Operating cash flow			
Operating income		34,842	60,563
Adjustments for non-cash items, etc.	30	47,378	51,819
Exchange profit /loss		0	189
Interest paid and financing costs		-24,723	-13,050
Interest received		231	133
Income tax paid		-6,801	-4,547
Operating cash flow before changes to working capital		**50,927**	**95,107**
Cash flow from working capital changes			
Increase/decrease in inventories		-41,435	-13,371
Increase/decrease in operating receivables		-35,368	-15,632
Increase/decrease in operating debt		97,132	7,361
Total change to working capital		**20,329**	**-21,642**
Operating cash flow		**71,256**	**73,465**
Cash flow from investment activities			
Purchase of property, plant and equipment and intangible assets	13	-96,206	-60,061
Acquisitions of companies	14, 15	-10,938	0
Disposals of property, plant and equipment	13	0	11,670
Cash flow from investment activities		**-107,144**	**-48,391**
Cash flow from financing activities			
Borrowings	21	1,105,047	0
New share issue		0	12,521
Amortisation of debt	21	-982,051	-129,406
Cash flow from financing activities		**122,996**	**-116,885**
Cash flow of the period		87,108	-91,811
Cash and cash equivalents at the beginning of the year		**23,153**	111,582
Exchange rate differences in cash and cash equivalents		**302**	3,382
Cash and cash equivalents at the end of the year	**19**	**110,563**	**23,153**

The notes on pages 31 to 65 are an integrated part of these consolidated accounts.

THE GROUP

Accounting principles and notes to the accounts

AMOUNTS GIVEN IN THOUSAND KRONOR (KSEK) UNLESS OTHERWISE SPECIFIED.

1. GENERAL INFORMATION

BEWi Group AB (the parent company) and its subsidiaries (together, the Group) produce, market and sell custom-designed packaging solutions and insulation material. The parent company conducts its business through subsidiaries in Sweden, Finland, Denmark and Norway.

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

The parent company is a limited company (Sw. aktiebolag) registered in Sweden, registered office in Solna, Evenemangsgatan 31, 169 79 Solna.

The board of directors approved these consolidated accounts for publishing on 17 April 2018.

2. SUMMARY OF KEY ACCOUNTING PRINCIPLES

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

All amounts are reported in thousand krona, (KSEK). The information in brackets concern previous years.

2.1 Reasons for the method of preparation of the reports

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

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

2.1.1 Changes to the accounting principles and disclosures

NEW STANDARDS AND INTERPRETATIONS NOT YET APPLIED BY THE GROUP

BEWi applies the new and changed standards and interpretations from ISAB and statements from IFRIC which are adopted by the EU and which are mandatory from January 1, 2017. For the financial year 2017 BEWi started applying Dislosure Initiative: Amendments to IAS7 which requires that extended disclosures are made regarding changes in financial debt attributable to the financing activities in the cash flow statement. Other new standards, interpretations and statements have not had a significant impact on the Group's financial reports.

A number of new standards and interpretations came into force for the financial year starting on January 1, 2017. They have not been applied in the preparation of this financial report. Below is a preliminary assessment of the effects deemed relevant for the Group.

IFRS 9 "Financial instruments" specify how to classify, measure and report financial assets and financial liabilities. It replaces the sections of IAS 39 relating to how a company should classify and measure financial instruments. The standard entered into force on January 1, 2018 and at that time the BEWi Group started to apply it. IFRS 9 keeps a mixed valuation approach but simplifies the approach in certain aspects. There will be three valuation categories for financial assets; amortised cost, fair value through other comprehensive income and fair value through profit or loss. A financial asset is classified based on the company's business model for managing the asset and the asset's contractual cash flow characteristics. Investments in equity instruments are measured at fair value through profit or loss, but may be measured at fair value through other comprehensive income on the first accounting date. Financial liabilities shall not be reclassified or remeasured unless the liability is measured at fair value through profit or loss based on fair value. BEWi does not expect there to be any significant effects on the classification, valuation or reporting of the Group's financial assets and liabilities. The changed impairment model for reporting of credit losses is further not estimated to entail any significant effects.

IFRS 15 "Revenue from contracts with customers" regulates how revenue should be reported. The standard entered into force on January 1, 2018 and at that time the BEWi Group started to apply it. The principles, on which IFRS is based, provide the user of financial reports with more useful information regarding the company's revenues. This extended duty of disclosure establishes the principles that a company applies when reporting information about the nature, amount, timing and uncertainty of revenue and cash flows from a contract with a customer.

Revenues are to be reported when the customer obtains control of that goods or service and is enabled to capitalise on the goods or service. IFRS 15 replaces IAS 18 Revenue and IAS 11 Construction Contracts and the thereto related SIC and IFRIC.

The Group has assessed the effects of the implementation of the standard, and has not observed any significant effects at the transition date. Revenue from sale of goods under IFRS 15 will be reported, as per the reporting under IAS 18, at a certain point in time.

IFRS 16 "Leases" was published in January 2016, replacing the former IAS 17 Leases and the thereto related interpretations IFRIC 4, SIC-15 and SIC-27. IFRS 16 requires a lessee to recognise assets and liabilities for all leases, both financial and operational leases (with certain exceptions) in the balance sheet. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. The lessor accounting requirements are substantially carried forward. IFRS 16 is effective for annual reporting periods beginning on or after 1 January 2019. EU has not yet adopted the standard. The Group is yet to fully assess the effects of the implementation of the standard but note 8 gives an indication regarding the scope of the operational leasing agreements.

No other IFRS or IFRIC-interpretations yet to come into force are expected to have a significant effect on the Group

2.2 Consolidated accounts
2.2.1 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 board of directors is the chief operating decision-maker, responsible for assessing the financial position of the Group and strategic decision-making. The executive management has assessed the operating segments based on the information considered by the board of directors which is the basis of the allocation of resources and assessment of performances.

The Group has identified three segments to be reported; raw-material, insulation and packaging. With regard to packaging, the board of directors is presented with separate reports for the Swedish and Danish (Flamingo) section of the packaging operation. However, these operating segments have been merged to one reporting segment, packaging, as they are deemed to carry similar long-term financial characteristics and the operation conducted is deemed to be similar with regard to the products' and customers' similarities.

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

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

Each contingent consideration to be transferred by the Group is reported at fair value on the acquisition date. Subsequent variations of the fair value of a contingent consideration are reported in accordance with IAS 39 in the income statement.

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

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

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

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

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

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

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

2.3 Translation of currencies
Functional currency and presentation currency
The units of the Group use their local currencies as functional currency as they have been defined as the currencies used in the primary economic environment in which the respective units mainly are active. In the consolidated accounts, Swedish krona (SEK) is utilised, being the parent company's functional currency and the Group's presentation currency.

Transactions and balance sheet items
Transactions in foreign currency are translated to the functional currency using the exchange rates on the date of the transaction. Exchange 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 gains and losses arising from borrowings and cash and cash equivalents are reported in the income statement as financial incomes and expenses. All other exchange gains and losses are reported in the item other operating income and other operating expenses in the income statement.

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, Swedish krona, at the exchange rate on the balance sheet day. Revenue and expenses for each income statement is translated to Swedish krona at the average rate at the time of each transaction. Translation differences arising from currency translation of foreign operations are reported in other comprehensive income.

2.4 Intangible assets
Goodwill
Goodwill arises when subsidiaries are acquired and represent the amount with which the purchase consideration exceeds BEWi's share of the fair value of identifiable assets, liabilities and contingent liabilities of the acquired company as well as the value of the non-controlling interests of the acquired company.

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

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

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

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

Useful lives for the Group's intangible assets:

Patents/Licenses	5 yr.
Customer relations	8 yr.
Technology	10 yr.

2.5 Tangible assets
Lands and buildings mainly include plants. Lands and buildings are reported at the revalued amount, based on the valuations undertaken by an external and independent valuer, reduced by the depreciations of buildings made thereunder. Valuations are made with the frequency sufficient to guarantee that the fair value of the revalued asset does not substantially differ from the carrying amount. The accumulated depreciations at the time of the revaluation are eliminated to the asset's appreciated acquisition cost, whereupon the net amount makes up the assets revalued amount. Other tangible assets are reported at the acquisition cost less accumulated depreciations. Expenses directly pertinent to the acquisition may be included in the acquisition cost. The acquisition cost may also contain transfers from equity of any profit or loss from cash flow hedges which are eligible for hedge accounting, pertinent to purchases of tangible assets in foreign currency.

Tangible assets are reported at the acquisition cost less accumulated amortisation. Expenses directly pertinent 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. Lands are not depreciated. Depreciations on other assets are undertaken linearly during the useful life, in order to distribute the acquisition cost or revalued amount to the calculated residual value. Such depreciations are carried out according to the following:

Buildings	10-65 yr.
Frameworks, foundations	84-64 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. They are reported in other operating income and other operating expenses, accordingly.

2.6 Amortisation of non-financial assets

Intangible assets with an indefinite useful life are not amortised but are assessed annually to determine the impairment need. Depreciated assets are assessed with regard to the diminution of value 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: loans and receivables, and other financial liabilities. The classification is chosen in accordance with the purpose of obtaining the financial asset or liability

Loan receivables and account receivables

Loan receivables and account receivables are financial assets but not derivatives, and carry determined or determinable payments and are not listed on an active market. They are part of the current assets, excluding items with a maturity date more than 12 months from the balance sheet day, which instead are classified as non-current assets. The Group's loan receivables and account receivables include other long-term receivables, account receivables, other current receivables and cash and cash equivalents

Other financial liabilities

Liabilities to credit institutions, liabilities to related parties, current liabilities to credit institutions, account payables and other current liabilities which are also financial instruments, are classified as other financial liabilities.

2.8.2 Reporting and valuation

Initially, financial instruments are reported at fair value increased by the dealings cost. 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 removed from the balance sheet when the obligation under the agreement is completed or otherwise extinguished. Loans and receivables and other financial liabilities are, after the acquisition date, reported at the amortised cost calculated using the effective interest method.

2.8.3 Offsetting financial instruments

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

2.8.4 Impairments of financial instruments

Assets reported at fair amortised cost

At the end of each reporting period, the Group assesses whether there is objective evidence of an impairment need for a financial asset or group of financial assets. A financial asset or group of financial assets are subject to impairment need and is impaired exclusively when there is objective evidence for an impairment need following one or several events after the asset was first reported. These events shall, in a measurable manner, affect the future estimated cash flows for the financial asset or group of financial asset. The impairment is calculated as the difference between the asset's carrying amount and the present value of future estimated cash flows discounted to the financial asset's original effective interest. The asset's carrying amount is impaired and the amount is reported in the consolidated income statement in other external costs. The reversal of the previous impairment is reported in the consolidated income statement in other external costs, in the event that the impairment need decreases in a subsequent period and the decrease is objectively attributable to an event occurring after the reported impairment.

2.9 Account receivables

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

2.10 Cash and cash equivalents

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

2.11 Share capital

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

2.12 Account payables

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

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

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

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

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

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

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

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

2.16 Revenue recognition
Revenues are assessed at fair value of the obtained or to be obtained amount, and represents the amounts obtained for sold goods less discounts, returns and value added tax. The Group reports the revenue when reliably measurable, likely to bring economic advantages to the company and specific conditions are met for each of the Group's activities as described below.

Sale of goods
The Group sells products for insulation for the construction industry as well as packaging solutions for the manufacturing industry and food producers. The sales are reported as revenues 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.

In addition, the following criteria shall be met:

- The economic advantages in conjunction with the ownership of the goods.
- The Group company does not retain any commitments in the management normally connected to the ownership and the company does not exercise any actual control over the sold goods.

- The revenue is reliably measurable.
- The economic advantages connected to the transaction are likely to go to the Group company.
- The expenses arising or excepted to arise from the transaction are reliably measurable

2.18 Interest revenue
Interest revenue is reported using the effective interest method.

2.19 Leases
Leases of tangible assets in which the Group in all material respects carry the financial risks and rewards in conjunction with the ownership are classified as financial leases. The financial lease is at the beginning of the lease period reported at the lower of the lease object's fair value and the present value of the minimum lease payments. The corresponding payment obligations, less the financial expense, are reported on the balance sheet items non-current liabilities and current liabilities. Each lease payment is distributed between interest and amortisation of the liability. The interest is reported in the income statement distributed throughout the lease period in order for each reporting period to be charged with an amount corresponding to a fixed interest rate for the reported liability during the period. Non-current assets held under financial leasing agreements are excess depreciated or depreciated during the shorter of the useful life and the lease period, unless it can be reasonably determined that the ownership will be transferred to the lessee at the end of the lease period.

Operating leases are agreements in which a substantial part of the risks and rewards in conjunction with the ownership remain with the lessor. Payments during the lease period (less any incentives from the lessor) are carried as an expense in the income statement linearly. The Group acts solely as a lessee and most agreements are pertinent to the lease of premises and vehicles or sale-and-lease-backs of buildings.

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.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group is through its activities exposed to several different risks: market risks (currency risk and interest rate 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 Group does not utilise derivative instruments for the economic hedging of risk exposure. The risk management is administrated by a central department of finance (finance department). The finance department identifies, evaluates and hedges financial risks in close cooperation with the Group's operative units.

(a) Market risk

(I) CURRENCY RISK
The Group operates in the Nordic countries and is exposed to currency risk arising from currency exposure to Euro (EUR), Danish krona (DKK) and Norwegian krona (NOK). A currency risk arises from future business transactions, carrying amounts of assets and liabilities as well as net investment in foreign operations.

Currency risks arise when future business transactions are expressed in a currency which is not the unit's functional currency. The Group's purchases of goods are to a large extent carried out in EUR, which is assessed to be a currency risk for the Swedish units of the Group. The Group has decided not to hedge the risks arising from these transactions, since the currency risk to a certain extent is managed through customer agreements. The Group has a number of holdings in foreign operations, whose net assets are exposed to currency risks. Currency exposures arising from the net assets of the Group's foreign operations are not subject to exchange hedging.

The Group is primarily exposed to movements in the exchange rates for EUR to SEK and for SEK to DKK. In the event that SEK was weakened by 5% in relation to EUR and DKK, all other variables held constant, the recalculated profit after taxes for the financial year 2017 would have been increased by approx. KSEK 4,800 (2016: KSEK 2,600), due to the fact that the income statement has been recalculated into another exchange rate.

(II) INTEREST RATE RISK
The Group's primary interest rate risk arises from floating interest rate long-term borrowings, which leaves the Group exposed to currency risk pertinent to cash flows. In 2017 and 2016, the Group's borrowings were primarily subject to floating interest rates in SEK and EUR.

In the event that the interest rate for SEK borrowings during 2017 would have been 50 basis points higher or lower other variables held constant, the expected profit after taxes for the financial year 2017 would have been approx. KSEK 1,873 (2016: KSEK 570) lower or higher; mainly as a result of the altered interest charges for the floating interest rate borrowings. In the event that the interest rate for EUR borrowings during 2017 would have been 50 basis points higher or lower other variables held constant, the expected profit after taxes for the financial year 2017 would have been approx. KSEK 712 (2016: KSEK 1,155) lower or higher; mainly as a result of the changed interest charges for the floating interest rate borrowings.

(III) 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 and is only reported in the Group as a small item in the income statement of a company that develops plastic recycling. The Group is furthermore exposed to additional purchase prices, where the difference between the estimates and the outcome is reported in the income statement. Lastly, the corporate bond is listed on the corporate bond list 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.

Information on fair value

17-12-31	Level 1	Level 2	Level 3	Sum	Book value
Financial assets that can be sold					
Owner interests in other companies	0	0	985	985	985
Financial liabilities valued at fair value through the result (identified at the first accounting date)					
Additional pur-chase price	0	0	2,802	2,802	2,802
Other financial liabilities					
Bond loan	554,125	0	0	554,125	537,794

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 on observable market data.

Level 3 – Changes during the period	Financial assets that can be sold	Financial liabilities valued at fair value by the result
As per December 31, 2016	**0**	**0**
Through acquisitions	985	2,773
Exchange difference	0	29
As per December 31, 2017	**985**	**2,802**

No profit or loss has been reported during the period in relation to financial instruments on level 3.

(a) Credit risk

Credit risks are managed on Group level, excluding credit risks pertinent to outstanding account receivables. Each Group company shall monitor and analyse the credit risk for each new customer before standard terms for payment and delivery are offered.

Credit risks arise from cash and cash equivalents and bank and financial institution balances, including outstanding receivables and agreed transactions. Only banks and financial institutions with "A" or higher credit ratings from independent credit rating agencies are accepted.

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 under-takes 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 regularly monitored.

(b) Liquidity risk

Cash flow forecasts are prepared by the Group's operating companies. The finance department closely monitors the recurring forecasts for the Group's liquidity reserve, in order to guarantee the Group's cash resources to be sufficient to meet the requirements of the continuing operations, concurrently with the continuing operations maintain sufficient scope for unused agreed credit facilities, in order for the Group not to exceed any loan limits or terms (as applicable) under any of the Group's loan facilities. The table below analyses the Group's non-derivative financial liabilities, grouped after the remaining time from the balance sheet day to the agreed maturity date. The amounts stated in the table are the agreed, undiscounted cash flows. The interests have been calculated using the current interest rates.

As of December 31, 2017	< 1 yr.	1-2 yr.	2-5 yr.	> 5 yr.
Bond loan	0	0	537,794	0
Liabilities to credit institutions	7,884	6,947	18,425	5,778
Account payables	231,354	0	0	0
Total	**239,238**	**6,947**	**556,219**	**5,778**

As of December 31, 2016	< 1 yr	1-2 yr	2-5 yr	> 5 yr
Liabilities to credit institutions	78,909	68,490	73,721	93,532
Liabilities to related parties	1,314	1,297	10,092	22,811
Account payables	149,830	0	0	0
Factoring debt	76,277	0	0	0
Total	**306,330**	**69,788**	**83,813**	**116,343**

Liabilities in relation to financial leasing is included in the item liabilities to credit institutions. For more information, see note 21.

3.2 Capital management

The Group's objective for the capital structure is to guarantee the Group's capacity to continue its operations, in order for the Group to continue to generate return to the shareholders and advantages to other stakeholders and to maintain an optimal capital structure to keep down costs pertinent to the capital.

In order to maintain or adjust the capital structure, the Group may: alter the dividend to shareholders, reimburse capital to shareholders, issue new shares or dispose of assets in order to reduce liability.

Like other companies in the same line of business, the Group assesses the capital on the basis of debt-equity ratio. This performance measurement is calculated by dividing the net debt by the total capital. The net debt is the total borrowings (including the items bond loan, liabilities to credit institutions and liabilities to associated companies on the consolidated statement of financial position), less cash and cash equivalents. Total capital is defined as equity in the consolidated statement of financial position and net debt.

	2017-12-31	2016-12-31
Total borrowings	577,020	387,715
Removed: cash and cash equivalents	-110,563	-23,153
Net debt	466,457	364,562
Equity	389,859	331,545
Total capital	**856,316**	**696,107**
Debt/equity ratio	**54.5%**	**52.4%**

The increase in debt/equity ratio between 2017 and 2016 were mainly a consequence of the investment in a new production line in Borgå in Finland and the acquisitions in Finland and Sweden during 2017. For more information on the change in net debt during the year, see note 21.

4. CRITICAL ACCOUNTING ESTIMATES AND ASSESSMENTS

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

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 KSEK 183,712 as of December 31, 2017 (December 31, 2016: KSEK 115,883).

(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) Valuation of tax loss carry forwards

The Group annually examines whether any impairment need for deferred tax assets pertinent to tax loss carry forwards exists. In addition, the Group examines if appropriate to set up new deferred tax assets pertinent to that year's tax loss carry forwards as assets. Deferred tax assets are reported only for loss carry forwards against which they are likely to be exploited for future taxable surpluses and for taxable temporary differences.

The deferred tax assets for tax loss carried forward amount to KSEK 28,901 as of December 31, 2017 (December 31, 2016: KSEK 5,160). For more information, see note 24.

(d) 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 22.

NOTE 5 Net sales distribution and segment information

Geographic market	2017	2016
Nordic countries	1,400,311	1 112 630
The rest of Europe	475,222	494,299
Total	**1,875,533**	**1,606,929**

The revenues refer solely to the sale of goods.

Segment information

Revenue

Intersegment sales occur at market prices and terms. The revenue from external parties reported to the board of directors is valued in accordance with the principles expressed in the consolidated comprehensive income statement of the Group.

	2017			2016		
	Segment revenue	**Intra segment sales**	**Revenue from external parties**	**Segment revenue**	**Intra segment sales**	**Revenue from external parties**
Raw material	1,189,588	-197,189	992,399	1,063,952	-132,093	931,859
Insulation	458,694	-65,176	393,518	314,557	-23,000	291,557
Packaging	495,169	-5,553	489,616	391,890	-8,377	383,513
Total	**2,143,451**	**-267,918**	**1,875,533**	**1,770,399**	**-163,470**	**1,606,929**

The division of results by segment is carried out up until reporting EBIT.
EBIT is matched to income before taxes in accordance with the following:

EBIT	2017	2016	Total
Raw material	44,532	35,327	79,859
Insulation	-3,690	10,063	6,373
Packaging	20,253	33,809	54,062
Unallocated	-26,253	-18,636	-44,889
Total	**34,842**	**60,563**	**95,405**
Financial income and expense – net	-28,087	-11,814	
Income before taxes	**6,755**	**48,749**	

The Group's registered office is in Sweden. Revenue from external customers in Sweden and other countries are listed below:

	2017	2016
Sweden	536,401	447,403
Denmark	208,178	185,707
Finland	258,957	161,867
The rest of Europe	871,997	811,952
Total	**1,875,533**	**1,606,929**

Total non-current assets other than financial instruments and deferred tax assets in Sweden, amount to KSEK 125,909 (KSEK 109,559), and total such non-current assets located in other countries amount to KSEK 606,616 (KSEK 495,810). No customer accounts for more than 10% of the Group's revenue.

NOTE 6 Employee remuneration etc.

	2017	2016
Salary and other remuneration	170,241	144,857
Social security expenses	24,665	20,923
Pension costs – defined contribution plans	19,353	17,885
Pension costs – defined benefit plans	1,108	975
Total remunerations to employees	**215,367**	**184,639**

Salary and other remunerations and social security expenses

	2017		2016	
	Salary and other remunerations (including bonus)	Social security costs (including pension costs)	Salary and other remunerations (including bonus)	Social security costs (including pension costs)
Directors of the board, CEO and other senior executives	8,251	1,842	9,540	3,492
whereof bonus	285		405	
whereof pension costs		1,053		1,964
Other staff	161,990	43,284	143,155	39,634
The Group in total	**170,526**	**46,179**	**153,100**	**45,090**

Average number of employees with geographical breakdown by country

	2017		2016	
	Average number of employees	Whereof men	Average number of employees	Whereof men
Sweden	135	95	117	84
Finland	120	104	75	62
Denmark	112	72	100	63
Norway	7	5	7	6
The Group in total	**374**	**276**	**299**	**215**

Remuneration to senior executives

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

	2017			2016		
	Basic salary incl. benefits/ board fees	Variable remunera-tion	Retirement compensation	Basic salary incl. benefits/ board fees	Variable remune-ration	Retirement compen-sation
Board of Directors						
(5 (4) members of the board, whereof 1 (0) woman)						
Göran Vikström (chairman)	350			916		
Gunnar Syvertsen	200			127		
Bernt Thoresen	200			127		
Kristina Schauman	200			127		
Per Nordlander						
Total	**950**			**1,297**		
CEO						
Christian Bekken	1,631		21	1,426	96	21
Other senior executives						
4 (4) people whereof 1 (1) woman per 31st December	5,385	285	1 032	6,517	300	1,943
Total	**7,016**	**285**	**1 053**	**7,943**	**396**	**1,964**

Severance pay

Subject to the CEO's employment agreement there is a mutual notice period of 6 months. The employee is entitled to receive unchanged salary and other fringe benefits during the period of notice. A mutual notice period of 6 months applies between the company and the senior executives.

NOTE 7 Remunerations to auditors

	2017	2016
PwC		
– The audit assignment	1,742	1,096
– Audit activities other than the audit assignment	269	266
– Tax advice	972	62
– Other services	4,160	70
Total	**7,143**	**1,494**
Other accounting firms than PwC		
– The audit assignment	10	0
Total	**10**	**0**

Of the auditing assignment KSEK 950 PwC Sverige (2016: 638 KSEK), of the audit activities other than the audit assignment KSEK 250 PwC Sverige (2016: KSEK 171), of tax advice, KSEK 966 (2016: KSEK 30) PwC Sverige and of other services KSEK 2,783 (2016: KSEK 0) PwC Sverige.

NOTE 8 Operational lease contracts

The Group acts solely as lessee, primarily aiming at the lease of premises and vehicles as well as sale-and-lease-back of buildings. The Group leases premises, cars and buildings under non-terminable operational lease contracts. The lease period varies, ranging from 1-5 years. Only leases of office premises are subject to lease periods longer than 5 years. Most lease contracts may be extended at the end of the lease period at a fee that complies with a fee adjusted to the market.

Future total minimum lease payments for non-terminable operational lease contracts are as follows:

	2017	2016
Within 1 year	20,931	18,615
Between 1 and 5 years	38,613	45,668
More than 5 years	7,375	8,796
Total	**66,919**	**73,079**

The expensed leasing fees during the year were: KSEK 19,824 (2016: KSEK 17,187).

NOTE 9 Financial income and expense

	2017	2016
Interest revenue	876	133
Other financial income	1,705	0
Exchange gains	0	3,787
Total financial income	**2,581**	**3,920**
Interest expenses	-27,410	-13,097
Other financing costs	-1,304	0
Exchange losses	-1,954	-2,637
Total financial expense	**-30,668**	**-15,734**
Total financial income and expense – net	**-28,087**	**-11,814**

NOTE 10 Exchange differences – net

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

	2017	2016
Other operating expenses	-211	-1,183
Total financial income and expense (note 9)	-1,954	1,150
Exchange differences – net	**-2,165**	**-33**

NOTE 11 Income tax

	2017	2016
Current tax:		
Current tax for net income for the year	-3,954	-4,547
Earlier years adjustments	-34	–
Total current tax	**-3,988**	**-4,547**
Deferred tax		
Emerged and reversed taxable temporary differences	36,820	-807
Total deferred tax	**36,820**	**-807**
Total income tax	**32,832**	**-5,354**

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

	2017	2016
Income before taxes	**6,755**	**48,748**
Income tax calculated using the Swedish tax rate (22%)	-1,482	-10,725
Effects of the foreign tax rates	740	478
Tax effects attributable to:		
Non-deductible expenses	-418	-2,380
Non-taxable revenue	4,585	1,678
Earlier years adjustments	-34	-
Other	0	-341
Tax attributable to previously unreported tax loss carry forwards and temporary changes	35,718	0
Tax attributable to unreported tax loss carry forwards and temporary changes	-6,277	5,936
Tax expense	**32,832**	**-5,354**

NOTE 12 Intangible assets

Acquisition cost	Goodwill	Trademark	Customer relations	Technology	Patents and licenses	Total
As of January 1, 2016						
Acquisition cost	170,188	44,697	47,869	16,949	1,261	280,963
Accumulated depreciations			-8,000	-2,267	-370	-10,637
Carrying amount	**170,188**	**44,697**	**39,869**	**14,682**	**891**	**270,326**
Financial year 2016						
Carrying amount brought forward	170,188	44,697	39,869	14,682	891	270,326
Exchange differences	7,266	2,297	1,399	678	26	11,664
Purchases					3,059	3,059
Depreciations			-6,000	-1,700	-436	-8,136
Carrying amount carried forward	**177,453**	**46,993**	**35,268**	**13,660**	**3,540**	**276,913**
As of December 31, 2016						
Acquisition cost	177,453	46,993	49,268	17,627	4,346	295,686
Accumulated depreciations			-14,000	-3,967	-806	-18,773
Carrying amount	**177,453**	**46,993**	**35,268**	**13,660**	**3,540**	**276,913**
Financial year 2017						
Carrying amount brought forward	**177,453**	**46,993**	**35,268**	**13,660**	**3,540**	**276,913**
Exchange differences	4,616	1,292	589	365	79	6,941
Through acquisitions	1,665			1,852		3,517
Reclassifications					322	322
Depreciations			-6,000	-1,700	-540	-8,240
Carrying amount carried forward	**183,734**	**48,285**	**29,857**	**14,177**	**3,401**	**279,453**
As of December 31, 2017						
Acquisition cost	183,734	48,285	49,857	19,844	4,747	306,466
Accumulated depreciations			-20,000	-5,667	-1,346	-27,013
Carrying amount	**183,734**	**48,285**	**29,857**	**14,177**	**3,401**	**279,453**

Considerations of impairment need for goodwill and trademark
Goodwill and trademarks have an indefinite useful life and are monitored in each cash generating unit by the executive management. Goodwill and trademarks divided by cash generative unit are summarised as follows:

Goodwill	2017-12-31	2016-12-31
Raw material	130,775	127,017
Insulation	11,171	9,507
Packaging Sweden	9,615	9,615
Packaging Denmark	32,173	31,314
Total	**183,704**	**177,453**

Trademarks	2017-12-31	2016-12-31
Packaging Denmark	48,285	46,993
Total	**48,285**	**46,993**

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 approved by the senior executives and covering a five-year period. The estimates are based on the executive management's experience and historical data. The discount rate after tax amounts to 9.2% (2016: 9%).

The long-term sustainable growth rate has been estimated to 2% (2016: 2%) for all cash generative units and has been assessed in accordance with industry forecasts. A completed inquiry of the impairment need regarding goodwill demonstrates that no impairment need exists. A change in the discount rate of 1% or reduced cash flow of 10% would not change the outcome of the inquiry.

NOTE 13 Tangible assets

	Buildings and land	Plant and other technical machinery	Equipment, tools, fixtures and fittings	Construction in progress and advance payments for property, plant and equipment	Total
As of January 1, 2016					
Acquisition cost	144,538	204,753	11,767	4,497	365,555
Accumulated depreciations	-8,959	-39,956	-1,455		-50,370
Carrying amount	**135,579**	**164,797**	**10,312**	**4,497**	**315,185**
Financial year 2016					
Carrying amount brought forward	135,579	164,797	10,312	4,497	315,185
Exchange difference	5,058	4,793	397	213	10,461
Purchases	4,950	25,925	23,780	5,518	60,173
Reclassifications	741	-2,486	2,381	-3,171	-2,535
Disposals	-16,210	-147			-16,357
Depreciations	-6,150	-29,391	-2,930		-38,471
Carrying amount carried forward	**123,968**	**163,491**	**33,940**	**7,057**	**328,456**
As of December 31, 2016					
Acquisition cost	139,077	232,838	38,325	7,057	417,297
Accumulated depreciations	-15,109	-69,347	-4,385		-88,841
Carrying amount	**123,968**	**163,491**	**33,940**	**7,057**	**328,456**
Financial year 2017					
Carrying amount brought forward	123,968	163,491	33,940	7,057	328,456
Exchange difference	2,786	5,077	743	57	8,663
Purchases	10,094	58,849	4,558	22,422	95,923
Through acquisitions	20,675	37,498	1,753	3,545	63,471
Depreciations	-7,314	-32,609	-3,478		-43,401
Carrying amount carried forward	**150,209**	**232,306**	**37,516**	**33,081**	**453,112**
As of December 31, 2017					
Acquisition costs	171,468	342,959	44,901	33,081	592,409
Accumulated depreciations	-21,259	-110,653	-7,385	0	-139,297
Carrying amount	**150,209**	**232,306**	**37,516**	**33,081**	**453,112**

NOTE 14 Business acquisitions

M-Plast Oy

On January 2, 2017, 90% of the Finnish XPS-manufacturer, M-plast OY (currently BEWi M-Plast Oy) was acquired for a purchase price of KSEK 11,951, with an option for the seller to transfer the remaining 10% of the shares to BEWi at a predetermined purchase price. This option, valued at KSEK 956, is included in the total purchase price in accordance with the table below, and is debited in the balance sheet. Therefore, any share of equity attributable to non-controlling interests is not reported for this acquisition. In the event of any predetermined results being achieved in the acquired company during the financial years 2017 and 2018, an additional purchase price may be payable, which at the acquisition was estimated at KSEK 1,817 by present value calculation of the estimated future cash flows. The acquisition generated a negative goodwill of SEK 6,750, which has been reported under Other operating income. The purchase price was initially funded by a vendor loan note, which was reported as part of the financing activities in the cash flow statement, and therefore also the settlement of the vendor loan note will be reported as part of the cash flow from the financing activities. XPS is a harder form of EPS and is used as insulation material where there is a need for solid strength. Through the acquisition, BEWi broadens its product range within the insulation field. M-plast has a modern production facility in Kaavi and has approximately 15 employees. During the year, the company contributed KSEK 53,564 to the Group's external net sales and KSEK 4,362 to the Group's operating income. No acquisition costs are charged to the profit for the year.

Purchase price	
Cash purchase price	11,951
Contingent consideration	1,817
Liabilities towards holders of non-controlling interests	956
Total purchase price	**14,724**
Deferred consideration	-2,773
Cash and cash equivalents in acquired company	-2,409
Reported in financing activities	-11,951
Impact on cash flow from investment activities	**-2,409**

Identifiable acquired assets and liabilities in summary	
Tangible assets	48,101
Intangible assets	3,375
Inventory	9,485
Other receivables	7,515
Cash and cash equivalents	2,409
Deferred tax payable	-1,492
Non-current loans and interest-bearing liabilities	-34,381
Other liabilities	-13,538
Total identifiable net assets	**21,474**
Negative goodwill	**-6,750**

Lindesberg

In March, 2017 the Group acquired assets from Por-Pac AB's plant in Lindesberg for a consideration of KSEK 15,000, which after a settlement with the official receiver of Por-Pac AB, was reduced to KSEK 11,500 on the condition that certain machines was to be returned to the bankruptcy estate. A negative goodwill was generated in connection with the acquisition, which was reported under Other operating income. Since the purchase price was initially funded through a vendor loan note, which was reported as part of the financing activities in the cash flow statement, the settlement of the vendor loan note was also reported as part of the cash flow from the financing activities. The business has been consolidated into the packaging business area and the production has been transferred to BEWi's existing production facilities in Sweden and Denmark. As it is an acquisition of assets and liabilities and the business has been transferred to other facilities within the Group, it is not possible to calculate the contribution to the Group net sales and net income for the year from this acquisition during the year.

Purchase price	
Cash purchase price	11,500
Total purchase price	**11,500**
Reported in financing activities	-11,500
Impact on cash flow from investment activities	**0**

Identifiable acquired assets and liabilities in summary	
Tangible assets	5,500
Inventory	7,903
Total identifiable net assets	**13,403**
Negative goodwill	**-1,903**

Solupak Oy

On July 1, 2017, BEWi acquired 60% of the shares in Solupak Oy (currently BEWi Insulation Oy) for a consideration of KSEK 13,378, with an additional purchase price valued at KSEK 712 (KEUR 75), if the company's turnover in 2017 and the beginning of 2018 reaches a certain level. This additional purchase price was paid during 2018. According to the agreement there is an option for the seller to transfer the remaining shares to BEWi for a predetermined purchase mechanism and within a given time period. According to the agreement there is also a right for BEWi to acquire remaining shares subject to certain conditions. The company is consolidated as of the acquisition date. Through the acquisition of Solupak Oy, that has a production facility in Lieto in western Finland, the Group broadens its product portfolio and strengthens BEWi's position in Finland as a supplier of insulation materials in EPS and XPS. The acquisition analysis resulted in a goodwill of KSEK 1,617, which is attributable to expected profitability and expected synergy effects. Non-controlling interests have been valued to the proportional share of the holding of the carrying amount of the acquired company's identifiable net assets. Depreciations of the goodwill item is not deductible. The company has contributed KSEK 25,150 to the Group's external net sales and KSEK 1,204 to the Group's operating income during the year. If Solupak Oy had been consolidated from January 1, 2017, it would have contributed with KSEK 40,039 to the Group's external net sales and KSEK 592 to the Group's operating income. Acquisition costs of KSEK 1,210 are charged to the profit for the year and reported under Other external expenses in the income statement.

Purchase price	
Cash purchase price	13,378
Contingent consideration	712
Total purchase price	**14,090**
Deferred consideration	-712
Cash and cash equivalents in acquired company	-1,016
Impact on cash flow from investment activities	**12,362**

Identifiable acquired assets and liabilities in summary	
Tangible assets	11,947
Inventory	5,727
Other receivables	7,874
Cash and cash equivalents	1,016
Other liabilities	-5,775
Total identifiable net assets	**20,789**
Non-controlling interest	-8,316
Goodwill	**1,617**

The acquisition analysis above is preliminary.

NOTE 15 Financial instruments per category

2017-12-31	Financial assets that can be sold	Loan receivables and account receivables	Total
Balance sheet assets			
Other long-term receivables	0	1,003	1,003
Owner interest in other companies	985	0	0
Account receivables	0	218,761	218,761
Cash and cash equivalents	0	110,563	110,563
Total	**985**	**330,327**	**330,327**

Ownership interests in other companies consist of the share (4,67 %) held in Polystyrene Loop Coöperatief U.A acquired during 2017 for KSEK 985. The company is owned by different companies who operate in the business and the company's objects are to develop plastic recycling.

2017-12-31	Financial liabilities valued at fair value via the result	Other financial liabilities	Total
Balance sheet liabilities			
Bond loan	0	537,794	537,794
Non-current liabilities to credit institutions	0	31,342	31,342
Liabilities towards holders of non-controlling interests	985	0	985
Current liabilities to credit institutions	0	6,899	6,899
Other current liabilities	1,817	0	1,817
Account payables	0	231,354	231,354
Total	**2,802**	**807,389**	**810,191**

Financial liabilities reported at fair value are identified as such at the first accounting date and are attributable to additional purchase prices in relation to acquisitions of subsidiaries.

2016-12-31	Loan receivables and account receivables	Total
Balance sheet assets		
Other long-term receivables	252	0
Account receivables	189,798	189,798
Other current receivables	816	816
Cash and cash equivalents	23,153	23,153
Total	**214,019**	**213,767**

2016-12-31	Other financial liabilities	Total
Balance sheet liabilities		
Liabilities to credit institutions	210,641	210,641
Liabilities to associated companies	29,566	29,566
Current liabilities to credit institutions	71,231	71,231
Account payables	149,830	149,830
Factoring debt	76,277	76,277
Total	**537,545**	**537,545**

NOTE 16 Account receivables

SEK	2017-12-31	2016-12-31
Account receivables	220,941	192,284
Deducted: provisions for impairment for doubtful receivables	-2,180	-2,486
Account receivables – net	**218,761**	**189,798**

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

SEK	2017-12-31	2016-12-31
Not yet matured	191,513	167,430
1-30 days	19,508	16,755
31-60	1,658	1,588
> 61 days	8,262	6,511
Deducted: provisions for impairment for doubtful receivables	-2,180	-2,486
Account receivables – net	**218,761**	**189,798**

	2017-12-31	2016-12-31
Matured account receivables not part of the provisions for impairment for doubtful receivables	27,248	22,368

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

	2017-12-31	2016-12-31
SEK	79,738	71,287
EUR	84,837	77,680
GBP	16,250	3,138
NOK	5,096	6,859
DKK	32,840	30,833
	218,761	**189,798**

Within other categories within account receivables and other current receivables there are no assets included to which impairment needs exist. The maximum exposure to credit risk as of the balance sheet day is the carrying amount for each category of receivables stated above.

The Group has not provided any account receivables as security for any loan.

NOTE 17 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 KSEK 1,178,740 (2016: KSEK 1,027,393).

The Group reversed KSEK 0 in 2017 (2016: KSEK 0) of earlier impairment of the inventory. The reversed amount is reported in the item raw materials and consumables in the income statement.

NOTE 18 Prepaid expenses and accrued income

	2017-12-31	2016-12-31
Accrued bonus and discount revenue	800	1,491
Accrued shipping subsidies revenue	220	335
Prepaid energy tax expenses	2,559	4,546
Prepaid rent for premises	2,738	2,334
Prepaid insurance charges	969	900
Prepaid costs of investment for IT	226	0
Other items	7,965	9,156
Total	**15,477**	**18,762**

NOTE 19 Cash and cash equivalents

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

	2017-12-31	2016-12-31
Bank balances	110,563	23,153

NOTE 20 Share capital

The number of shares as of December 31, 2017 amounted to 10,313,032, of which 10,000,000 of series A and 313,032 of series B, with the quotient value of 0.05 SEK. The share capital was increased in 2017 from 103 KSEK to 500 KSEK through a bonus issue without there being any new shares issued. Shares of series A entitles to 1 vote, and shares of series B entitles to 0.99 votes. All shares issued by the parent company are fully paid.

NOTE 21 Borrowings

	2017-12-31	2016-12-31
Long-term		
Bond loan	537,794	0
Liabilities to credit institutions	19,335	198,746
Liabilities to related parties	0	29,566
Liabilities regarding financial leasing	12,007	11,895
Total long-term borrowings	**569,136**	**240,207**
Short-term		
Liabilities to credit institutions	3,552	68,277
Liabilities to owners with non-controlling interest	985	0
Liabilities regarding financial leasing	3,347	2,954
Total short-term borrowings	**7,884**	**71,231**

Future total minimum lease payments for finance leases are as follows:

	2017	2016
Within 1 yr	3,669	3,088
Between 1 and 5 yrs.	10,184	11,259
More than 5 yrs.	0	0
Total	**13,853**	**14,347**
Present value on liabilities relating to financial leasing	15,354	14,849

The present value of liabilities relating to leasing is higher than the future minimum lease payments, as the present value also includes discounted residual values at the end of the lease period. Liabilities relating to financial leases are reported in the balance sheet as liabilities to credit institutions.

Change in net debt	**Cash and cash equivalents**	**Bond loan**	**Liabilities to credit institutions**	**Liabilities to related parties**	**Factoring-liabilities**	**Liabilities to non-controlling holders**	**Total change in net debt**
Net debt as of December 31, 2016	**23,153**	**0**	**-281,872**	**-29,566**	**-76,277**		**-364,562**
Cash flow affecting changes							
Borrowings		-550,000	-543,254		-18,561		-1,111,815
Transactions costs for borrowing		15,290					15,290
Amortisation of loans			828,288	54,696	94,838		977,822
Financial leasing debt			-4,450				-4,450
Amortisation financial leasing debt			4,229				4,229
Total cash flow in financing activities		**-534,710**	**284,813**	**54,696**	**76,277**		**-118,924**
Cash flow	87,108						87,108
Total cash flow changes	**87,108**	**-534,710**	**284,813**	**54,696**	**76,277**	**0**	**-31,816**
Changes not affecting cash flow							
Through acquisitions			-34,381			-985	-35,366
Acquisition credits				-23,451			-23,451
Capitalised interest expenses		-3,084		-1,113			-4,197
Exchange differences	302		-6,801	-566			-7,065
Total changes not affecting cash flow	**302**	**-3,084**	**-41,182**	**-25,130**	**0**	**-985**	**-70,079**
Net debt as of December 31, 2017	**110,563**	**-537,794**	**-38,241**	**0**	**0**	**-985**	**-466,457**

KSEK 4,072 of transaction costs on borrowings mentioned above are reported in the cash flow statement under item Interest and Financing costs and are thus included in the cash flow of the ordinary course of business. Correspondingly, cash flow from financing activities are KSEK 4,072 higher than the total of cash flow affecting changes attributable to debt in the table above.

INTRODUCTION ABOUT THE BEWI GROUP OUR RESPONSIBILITY/SUSTAINABILITY GOVERNANCE FINANCIAL STATEMENTS

Refinancing 2017

In 2017, the Group completed a two-step refinancing. In March 2017, as a first step, a bridge financing was concluded whereby the Group's existing loans from credit institutions, an overdraft facility and factoring debt were settled and a new credit facility with a maturity of 18 months was obtained from the Group's main bank. This credit facility comprised of bank loans in a total amount of KSEK 425,000 (denominated in SEK and EUR) and an overdraft facility of KSEK 100,000. At the same time, the second step in the refinancing process began. It was completed on June 8, 2017 when the parent company issued a KSEK 550,000 bond loan, which was simultaneously listed on the corporate bond list on Nasdaq Stockholm. The bond loan will expire on 8 June 2020. The company also replaced the KSEK 100,000 overdraft facility from the bridge financing with a new overdraft facility in the same amount with the Group's main bank. In connection with the admission of the bond loan, the loans from the bridge financing were settled.

Furthermore, liabilities were repaid to related parties, partly long-term loans from the beginning of the year and partly short term loans obtained to finance the acquisitions of M-Plast Oy and the operations in Lindesberg.

In order to hedge the exposure to EUR on intra-group lending to subsidiaries, the Group entered into a currency interest rate swap in connection with the issuing of the bond loan, where the Group borrows KEUR 41,200 and lends the corresponding amount in SEK at the swap entrance valued at KSEK 401,700.

The swap expires in April 2020. The swap is reported in net in the balance sheet as a derivate and the book value as at December 31, 2017 amounted to KSEK 2,748.

Average interest rate

Liabilities to credit institutions from the previous financing structure carried STIBOR 3m + a fixed margin. The average interest rate on these liabilities to credit institutions during the year was 2.8-3.3% (2016: approx. 3.1%). Liabilities to credit institutions during the bridge financing carried an interest rate of 2.3-3.0%. Liabilities to related parties carried an average interest rate of 2.4-3.5% during 2017 (2016: approx. 2.4%), except for the acquisition credits that carried an interest rate of 8%.

The bond loan carries an interest rate of STIBOR 3m + 4.40%, which has resulted in an interest rate within the range of 3.8-3.9% since the issue on June 8, 2017.

The bond loan is reported at accrued acquisition value after deduction of transaction costs, which has meant an average effective interest rate of 4.9% during the year. The currency interest rate swap carries an interest margin of 0.20% between deposits and lending.

Covenants and provided security

Certain covenants have been established for the bond loan and the overdraft facility which the Group is obliged to comply with. These refer to the net debt/EBITDA and interest coverage ratio. Once a year, a reconciliation is made of EBITDA, net sales and total assets of the Group companies covered by the loan agreements for the bond loan and the overdraft facility against the Group's EBITDA, net sales and total assets. The Group has not been in breach of any covenants in the new financing structure. The Group has, during one occasion in 2016, been in breach of the financial covenants regarding the old financing structure. A waiver was obtained from the lender and the Group was charged limited costs for this breach. For the bond loan and the overdraft facility security has been granted in the form of business mortgages and shares in subsidiaries (see note 28).

Security for liabilities to credit institutions have been provided in the form of business mortgages with a value of KSEK 2,304,301 (KSEK 484,756) and pledged shares in subsidiaries with a value of KSEK 442,612 (KSEK 270,674). See note 28.

Fair value of the bond loan, which is listed on the corporate bond list on Nasdaq Stockholm, was KSEK 554,125 as of December 31, 2017. The carrying value of the Group's other borrowings is estimated to be a good approximation of their fair value since the loans carry floating interest rates.

Carrying amounts per currency for the Group's borrowings are as follows:

	2017-12-31	2016-12-31
SEK	544,885	101,516
EUR	2,851	21,432
DKK	2,924	3,643

The Group has the following unutilised credit facilities:

	2017-12-31	2016-12-31
Overdraft facility	100,000	80,000
Factoring	0	24,177

NOTE 22 Obligations pertinent to employee remuneration

The Group provides defined benefit pension plans in Finland. All defined benefit pension plans are based on final salary, which provides employees covered by the pension plan benefits in the form of a guaranteed level of pension payments for life. The benefit amount depends on the employee's period of service and salary at the retirement date. The pension plan is contractually covered by insurance contracts from which compensation is paid.

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

	2017-12-31	2016-12-31
Present value of funded liabilities	30,751	29,485
Fair value of plan assets	24,161	22,176
Debt in balance sheet	**6,589**	**7,309**

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

	Present value of the obligation	Fair value of plan assets	Total
As of January 1, 2017			
Costs of service during the current year	1,108		1,108
Interest expenses/(income)	472	-366	106
Total reported in the income statement	**1,580**	**-366**	**1,214**
- Return on plan assets excluding amounts included in interest expenses/income		-493	-493
- (Profit) / loss as a result of changes in financial assumptions	433		433
- Experience-based (profits) / losses	-520		-520
Total reported in other comprehensive income	**-87**	**-493**	**-579**
As of January 1, 2016			
Costs of service during the current year	975	0	975
Interest expenses/(income)	587	-445	142
Total reported in the income statement	**1,563**	**-445**	**1,118**
- Return on plan assets excluding amounts included in interest expense / (revenue/income)	0	-1,846	-1,846
- (Profit) / loss as a result of changes in financial assumptions	3,148	0	3,148
- Experience-based (profits) / losses	-584	0	-584
Total reported in other comprehensive income	**2,564**	**-1,846**	**718**

Change in the present value of the obligation	2017-12-31	2016-12-31
As of 1 January	29,485	24,199
Cost of services during the current year	1,108	975
Interest costs	472	587
Actuarial (profits) / losses	-87	2,564
Payment of compensation	-1,117	0
Exchange differences	890	1,160
As of 31 December	**30,751**	**29,485**

Change in fair value of plan assets	2017-12-31	2016-12-31
As of 1 January	22,176	17,713
Interest income	366	445
Return on plan assets excluding amounts included in interest expenses / (income)	493	1,846
Payment by the employer	1,570	1,316
Payment of compensation	-1,117	0
Exchange differences	673	856
As of 31 December	**24,161**	**22,176**

Only one category of plan assets is reported in these consolidated accounts: unlisted insurance policies.

At the most recent valuation date, the present value of the defined benefit obligation amounted to KSEK 30,751 (December 31, 2016: 29,485), all attributable to active employees.

The most critical actuarial assumptions were:

Finland	2017-12-31	2016-12-31
Discount rate	1.50%	1.60%
Salary increase	2.00%	2.00%
Pension increase	1.60%	1.60%

Assumptions regarding length of life are determined based on public statistics and experience from mortality surveys in Finland, in consultation with actuarial expertise.

The sensitivity in the benefit determined commitment for changes in the considered essential assumptions are:

		Pension commitment		Plan assets	
	Change	Increase	Decrease	Increase	Decrease
Discount rate	0.50%	-6.90%	7.80%	-6.80%	7.70%
Salary increase	0.50%	2.50%	-2.40%	0.00%	0.00%
Pension increase	0.25%	-	-	-	-
Life expectancy	5.00%	-0.50%	0.50%	-0.60%	0.60%

The sensitivity analyses above are based on the change of an assumption, other variables held constant. The occurrence of this is unlikely and changes to some of the assumption may be correlated. The same method is used when calculating the sensitivity of significant actuarial assumptions of the defined benefit obligation as for calculating the pension commitment reported in the consolidated statement of financial position (present value of the defined benefit obligation, applying the so-called projected unit credit method at the end of the reporting period). The methods and assumptions, on which the sensitivity analyses have been based, have not changed since the previous period.

For the financial year of 2018, the defined pension plan fees in Finland are expected to an amount of KSEK 273. The considered average term for the pension commitment is 13.5 years. Analyses regarding expected undiscounted payment for defined benefit pension plans are listed below:

As of December 31, 2017	Within 1 yr.	1-2 yr.	2-5 yr.	5 yr. or more
Defined benefit pension plans in Finland	279,594	556,607	5,061,465	9,650,155

As of December 31, 2016	Within 1 yr.	1-2 yr.	2-5 yr.	5 yr. or more
Defined benefit pension plans in Finland	0	244,157	3,176,208	10,229,808

NOTE 23 Other provisions

	Restoration of environment	Restructuring measures	Health benefits	Staff benefits	Total
As of January 1, 2016	457	0	612	1,889	2,958
Reported in the income statement:					
– additional provisions	189		29		218
Utilised during the year				-736	-736
As of December 31, 2016	**646**	**0**	**641**	**1,153**	**2,440**

	Restoration of environment	Restructuring measures	Health benefits	Staff benefits	Total
As of January 1, 2017	646	0	641	1,153	2,440
Reported in the income statement:					
– additional provisions		5,135			5,135
Exchange differences	24		19	29	72
Utilised during the year			-39	-365	-404
As of December 31, 2017	**670**	**5,135**	**621**	**817**	**7,243**

	2017-12-31	2016-12-31
Long-term provision	2,108	2,440
Short-term provision	5,135	0
Total provisions	**7,243**	**2,440**

NOTE 24 Deferred income tax

	Assets		Liabilities	
	2017	**2016**	**2017**	**2016**
Tax loss carry forwards	28,901	5,160		
Tangible assets	12,717		5,219	4,198
Provisions	555	129		
Pensions commitments and similar	1,320	1,462		
Surplus value pertinent to acquisitions			10,815	11,211
Inventory	**308**		338	**88**
Nettning	-6,527	-5,682	-6,527	-5,682
Deferred tax assets/liabilities	**37,274**	**1,069**	**9,845**	**9,815**

Deferred tax assets are assessed at limited values and utilised within 12 months. Deferred tax liabilities are assessed at limited values and paid within 12 months.

Changes to deferred tax or liabilities during the year, without consideration of the setoffs made within the same tax jurisdiction, are listed in the following:

	2017	**2016**
Balance brought forward	-8,746	-6,207
Exchange differences	963	-1,876
Through acquisitions	-1,492	0
Reported in the income statement	36,820	-807
Tax attributable to other comprehensive income	-116	144
Tax reported in equity	0	0
Balance carried forward	**27,429**	**-8,746**

Deferred tax assets are reported for tax loss carry forwards or other deduction to the extent they are likely to be utilised against future taxable profits. Of the carrying amount of deferred tax assets regarding tax loss carried forwards of KSEK 28,901, an amount of KSEK 26,190 is due during the period of 2018-2026, wereas KSEK 2,711 has no maturity date under the current legislation. The Group did not report deffered tax assets amounting to KSEK 21,731 (KSEK 37,783), usable against future taxable profit. The tax loss carried forwards are attributable to Sweden, Norway and Finland.

NOTE 25 Other current liabilities

	2017-12-31	**2016-12-31**
Factoring debt	0	76,277
Liabilities for additional purchase prices	1,817	0
Other current liabilities	17,894	8,513
Total	**19,711**	**84,790**

The Finnish subsidiary BEWi Styrochem Oy previosuly used factoring to finance parts of its operations. The factoring debt as of December 31, 2016 is reported in other current libailites and amounted to KSEK 76,277. In connection with the refinancing of the BEWi Group in 2017, the remaining factoring debt was settled and, therefore, the Grop has no liabilites regarding factoring as of December 31, 2017.

The fair value of other current liabilites is corresponding to their carrying amounts, as they are current by definition.

NOTE 26 Accrued expenses and deferred income

	2017-12-31	2016-12-31
Auditing fees	897	936
Accrued wage debt	4,141	4,378
Accrued social security fees	1,920	2,591
Accrued holiday pay including social security fees	25,060	21,200
Other wage-related accrued expenses	13,428	0
Accrued customer bonuses	11,389	12,775
Accrued interest	8,271	0
Other items	19,984	11,810
Total	**85,090**	**53,690**

NOTE 27 Contigent liabilities

	2017-12-31	2016-12-31
Guarantees to suppliers	104,665	47,178
Total	**104,665**	**47,178**

NOTE 28 Granted security

	2017-12-31	2016-12-31
Business mortgages	2,304,301	484,756
Pledged shares in subsidiaries	442,612	270,674
Total	**2,746,913**	**755,430**

NOTE 29 Related parties

BEWi Group AB is the top parent company of the Group as well as a holding company. BEWi Group AB is owned by Verdane Capital (Verdane EFT III SPV K/S, CVR-nr 29403475, Verdane EFT VII SPV K/S, CVR-nr 32153534) 48.5%, Bewi Holding AS, reg. no 995 172 879, 48.5% and employees, 3%. Other related parties are all subsidiaries in the Group and all officers of the Group, i.e. the board of directors and the executive management, and their family members. All transactions are made on arms' length.

Sale of goods

	2017	2016
Sale of goods:		
Sale of goods to BEWi Holding AS	147,726	117,556
Total	**147,726**	**117,556**

Loans from related parties

	2017-12-31	2016-12-31
Loans from owners		
At the beginning of the year	29,566	29,739
Exchange differences	566	-173
Capitalised interest expenses	1,113	0
Borrowings	23,451	0
Amortisations	-54,696	0
At the end of the year	**0**	**29,566**

Loans from related parties refer to loans from owners; BEWi Holding AS, Verdane EFT III SPV K/S and Verdane EFT VII SPV K/S respectively. The loans have carried an average annual interest rate within the range of 2.3-3.5% (approx. 2.4%), except for short-term acquisition credits that carried an interest rate of 8%. During the year, the company reported interest expenses to related parties of KSEK 907 (KSEK 765). The interest expenses on loans from related parties are included in the item Accrued expenses and deferred income of KSEK 0 (2016-12-31: KSEK 1,744). In connection with the Group's refinancing in 2017, the loans were settled and accrued interest was settled.

The Group has no provisions for impairment for doubtful debt pertinent to related parties. The Group has not reported any costs arising from doubtful debt to related parties during the period and no security has been provided for debt between related parties.

Remunerations to senior executives of the company are stated in note 6.

NOTE 30 Adjustments for non-cash items, etc.

	2017-12-31	2016-12-31
Depreciations	51,641	47,233
Resolution negative goodwill	-8,653	0
Provisions for pension liabilities	-201	0
Provisions	4,591	0
Net profit for disposals of real property	0	4,586
Total	**47,378**	**51,819**

NOTE 31 Subsequent events

On 2 January 2018, BEWi acquired 60% of the shares in Ruukin EPS Oy, a Finnish insulation manufacturer. The shares were acquired for a consideration in cash of KSEK 9,850. According to the agreement there is an option for the seller to sell the remaining shares to BEWi, according to a predefined price mechanism and a given timeframe. According to the agreement, there is also a right for BEWi to acquire the remaining shares, calculated according to the same price mechanism, subject to certain conditions. The company has a turnover of approximately MEUR 2.5 and is engaged in the production of insulation products in a factory in Ruukki in Finland.

Purchase price	
Cash purchase price	9,850
Total purchase price	**9,850**

Identifiable acquired assets and liabilities in summary	
Tangible assets	5,693
Inventory	1,314
Other receivables	1,719
Cash and cash equivalents	1,363
Other liabilities	-3,177
Total identifiable net assets	**6,912**
Non-controlling interest	-2,765
Goodwill	**5,703**

The above-mentioned acquisition analysis is preliminary.

On 22 March 2018, an agreement was signed for the acquisition of Synbra Holding BV – a specialist within cellular plastic with special plastics and solutions for the industry and sustainable insulation systems, with operations in Northern Europe and Portugal and the headquarters in Etten-Leur in the Netherlands. On 21 March 2018, an agreement was also signed between the Synbra Group and Hirsch Servo Gruppe regarding the disposal of 66 % of the Synbra Group's German subsidiary to the Hirsch Group. The disposal is, inter alia, subject to that approval by authorities is obtained. After the disposal of the German operations the Synbra Group will have approx. 710 employees at 10 production units in the Netherlands, Denmark and Portugal. The combination BEWi/Synbra creates a leading supplier in Europe of cellular plastic products with strong potential for growth. The purchase price is MEUR 117.5 on a debt-free basis (approx. MSEK 1,165). BEWi intends to finance the acquisition through own cash, a directed new share issue and issue of a bond loan. On an extraordinary shareholders' meeting held on 5 April 2018 resolutions were passed to issue 9,376,465 shares of series A valued at MSEK 400, of which 5,157,056 shares may be applied for by Frøya Invest AS and 4,219,409 shares may be applied for by Gjelsten Holding AS.

On 10 April 2018 three real properties in Denmark and two in Sweden were sold at the total value of MSEK 113, which thereafter with be leased by BEWi for an annual rent amounted to MSEK 11. On 12 April 2018, a four-year senior secured bond loan in an amount of EUR 75 million under a framework of EUR 100 million was placed. The new bond loan carries a floating interest rate of Euribor 3m + 4.75 per cent. BEWi intends to list the new bond loan on the corporate bond list on Nasdaq Stockholm. The acquisition as well as the completion of the issues of equity and the new bond loan are subject to that approval from competition authorities are obtained.

Income statement of the parent company

		Financial year	
Amounts in KSEK	**Note**	**2017**	**2016**
Operating income			
Net sales		3,906	0
		3,906	**0**
Operating expenses			
Other operating expenses		-9,434	-924
Total operating expenses		**-9,434**	**-924**
Operating income		**-5,528**	**-924**
Other interest income and similar items	4,5	16,169	956
Interest expenses and similar income items	4,5	-17,980	-799
Total from financial items	**4,5**	**-1,811**	**157**
Appropriations		2,750	662
Profit or loss before taxes		**-4,589**	**-105**
Tax on net income for the year	6	0	0
Net profit for the year		**-4,589**	**-105**

The net profit for the year is equivalent to the comprehensive income.

The notes on pages 31 to 65 are an integrated part of this annual report.

Statement of financial position of the parent company

Amounts in KSEK	Note	2017-12-31	2016-12-31
ASSETS			
Financial assets			
Participations in Group companies	7	247,776	234,008
Receivables from Group companies	8	570,352	29,566
Total financial assets		**818,128**	**263,574**
Total fixed assets		**818,128**	**263,574**
Current assets			
Short-term assets			
Receivables from Group companies	8	17,288	13,098
Tax assets		0	17
Other accounts receivables		749	0
Prepaid expenses and accrued income		7,105	10
Total short-term receivables		25,142	13,125
Cash and bank balances	9	7,628	2,524
Total current assets		**32,770**	**15,649**
TOTAL ASSETS		**850,898**	**279,223**

The notes on pages 31 to 65 are an integrated part of this annual report.

Amounts i KSEK	Note	2017-12-31	2016-12-31
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital (10,313,032 shares)	10	500	103
Total restricted equity		**500**	**103**
Non-restricted equity			
Additional paid-in capital		244,471	244,868
Profit or loss brought forward		-392	-287
Net profit or loss for the year		-4,589	-105
Total non-restricted equity		**239,490**	**244,476**
Total equity		**239,990**	**244,579**
Long-term liabilities			
Bond loan	11	540,086	0
Liabilities to Group companies	11	34,377	2,470
Liabilities to associated companies	15	0	28,909
Short-term liabilities			
Liabilities to Group companies	15	12,995	144
Liabilities to associated companies		0	657
Account payables		7,126	124
Other short-term liabilities		2,121	25
Accrued expenses and deferred income		14,203	2,315
Total short-term liabilities		**36,445**	**3,265**
TOTAL EQUITY AND LIABILITIES		**850,898**	**279,223**

The notes on pages 31 to 65 are an integrated part of this annual report.

Changes in equity for the parent company

	Restricted equity	Non-restricted equity		
Amounts in KSEK	**Share capital**	**Additional paid-in capital**	**Profit or loss brought forward**	**Total**
Balance brought forward as of January 1, 2016	**100**	**232,350**	**-287**	**232,163**
Net profit or loss for the year			-105	**-105**
New share issue	3	12,518		**12,521**
Balance carried forward as of December 31, 2016	**103**	**244,868**	**-392**	**244,579**
Net profit or loss for the year			-4,589	**-4,589**
Bonus issue	397	-397		**0**
Balance carried forward as of December 31, 2016	**500**	**244,868**	-4,981	**239,990**

The notes on pages 31 to 65 are an integrated part of this annual report.

Cash flow statement for the parent company

		Financial year	
Amounts in KSEK	**Note**	**2017**	**2016**
Operating cash flow			
Income before financial items		-5,528	-923
Adjustments for non-cash items, etc.		0	678
Interest received		16,169	956
Interest paid and financing costs		-10,835	-816
Operating cash flow before changes to working capital		**-194**	**-105**
Increase/decrease in other current receivables		-9,266	-13,199
Increase/decrease in operating debt		28,567	2,625
Total change of working capital		**19,301**	**-10,574**
Operating cash flow		19,107	-10,679
Cash flow from investment activities			
Loans to Group companies		-540,375	0
Total from investment activities		-540,375	0
Cash flow from financing activities			
Amortisation of liabilities to related parties		-43,195	0
Borrowings from Group companies		31,908	0
Bond loan		537,659	0
New share issue		0	12,521
Cash flow from financing activities		**526,372**	**12,521**
Increase/decrease of cash or cash equivalents			
Cash flow for the year		**5,104**	**1,842**
Cash or cash equivalents at the beginning of the year		2,524	682
Cash or cash equivalents at the end of the year	9	**7,628**	2,524

The notes on pages 31 to 65 are an integrated part of this annual report.

PARENT COMPANY
Accounting principles and notes to the accounts

1. GENERAL INFORMATION
The parent company is a limited company (aktiebolag) registered in Sweden, registered office in Solna, Evenemangsgatan 31, 169 79 Solna.

Amounts are given in thousand krona (KSEK), unless otherwise specified. The information in brackets concern previous years.

2. SUMMARY OF KEY ACCOUNTING PRINCIPLES FOR THE PARENT COMPANY
The key accounting principles used in this annual report are stated below. The principles have consistently been used for all reported financial years, unless otherwise specified.

The annual report for the parent company is prepared in accordance with RFR 2 Accounting for legal entities and the Annual Accounts Act (Årsredovisningslagen). The accounts are stated below, for which the parent company applies accounting principles differing from those of the Group, as described in note 2 to the consolidated accounts.

The parent company has transitioned to applying RFR 2 in conjunction with the Group's transition to IFRS accounting for the consolidated accounts. The transition from previously applied accounting principles has no effect on the income statement, the statement of financial position, equity or cash flow.

The annual report has been prepared in accordance with the cost value principle.

The preparation of reports in accordance with RFR 2 demands the utilisation of a number of critical accounting estimates. In addition, the executive management undertakes several judgements when applying the parent company's accounting principles. The areas that include a high degree of judgements, which are complex or areas for which assumptions and estimates are significant to the annual report, are stated in note 4 to the consolidated accounts.

The parent company is through its activities exposed to several different financial risks: market risk (currency risk and interest rate risk), credit risk and liquidity risk. The parent company's comprehensive financial risk management is focused on the unpredictability of the financial markets and strives to minimise any adverse effect on the consolidated profits. For more information regarding financial risks, see note 3 to the consolidated accounts.

The parent company applies accounting principles differing from those of the Group for the areas are stated below:

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

Shares in subsidiaries
Shares in subsidiaries are reported at acquisition cost less any impairment. The acquisition cost includes any cost related to the acquisition and any additional purchase price.

A calculation of the recoverable amount is undertaken, in the event of an indicator of impairment of the shares in a subsidiary. Should the recoverable amount be below the carrying amount, impairment is made. Impairments are reported in Profit from participations in Group companies.

Financial instruments
IAS 39 is not applied for the parent company and financial instruments are reported at acquisition cost. Financial assets acquired for short-term holding will in subsequent periods be reported at the lower of acquisition cost or market value.

NOTE 3 Operational lease contracts

The parent company had no lease agreements during the financial year.

NOTE 4 Interest incomes with similar profit or loss items and interest expense with similar profit or loss items

	2017	2016
Interest income, Group companies	16,169	924
Exchange gains	0	32
Total interest income and similar profit or loss items	**16,169**	**956**
Interest expense	-16,263	-701
Interest expense, Group companies	-968	-82
Exchange loss	-717	-7
Other financial expenses	-32	-9
Total interest expense with similar profit or loss items	**-17,980**	**-799**
Total financial income and expense – net	**-1,811**	**157**

NOTE 5 Exchange differences – net

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

	2017	2016
Financial income and expense – net	-717	25
Total	**-717**	**25**

NOTE 6 Income tax on the profit for the year

Tax reported in the income statement

	2017	2016
Current tax:		
Current tax	0	0
Deferred tax	0	0
Total current tax	**0**	**0**

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

	2017	2016
Income before taxes	-4,589	-346
Income tax calculated using the Swedish tax rate (22%)	1,009	76
Tax effects attributable to:		
Non-deductible costs	-21	0
Tax attributable to unreported tax loss carry forwards	-988	-76
Total tax reported	**0**	**0**

Unutilised tax loss carry forwards for which no deferred tax asset has been reported amount to KSEK 1,088 (KSEK 99).

NOTE 7 Shares in subsidiaries

	2017-12-31	2016-12-31
Acquisition cost brought forward	234,008	234,008
Acquisition of subsidiaries	13,768	0
Carrying amount carried forward	**247,776**	**234,008**

Name	Reg. no.	Registered office and country of operation/ registration	No. of shares	Proportion of ordinary shares directly held by the parent (%)	Proportion of ordinary shares held by non-controlling interests (%)	Carrying amount 2017-12-31	Carrying amount 2016-12-31
Directly owned							
Genevad Holding AB	556707-1948	Norrtälje, Sweden	100,000	100	0	234,008	234,008
BEWi M-plast Oy	0506033-6	Kaavi	1,787	90	10	13,768	0

The companies below are part of the sub-group to BEWi Group with Genevad Holding AB, 556707-1948 as the parent company.

Name	Reg. No.	Registered office and country of operation/registration	No. of shares	Proportion of ordinary shares directly held by the parent (%)	Proportion of ordinary shares held by non-controlling interests (%)	Carrying amount 2017-12-31	Carrying amount 2016-12-31
Indirectly owned							
Genevad Vårgårda Holding AB	556144-2426	Laholm, Sweden	946	90.1	9.9	32,000	42,485
BEWi Insulation AB	556541-7788	Norrtälje, Sweden	6,302	100	0	41,127	30,127
BEWi Dorotea AB	556669-9434	Norrtälje, Sweden	12,000	100	0	1,701	1,701
IBO System AB	556628-9178	Herrljunga, Sweden	100	100	0	100	100
Norden Insulation AS	986 795 693	Norway	1,000	100	0	7,783	7,783
BEWi Cabee Oy	2083942-8	Finland	44,355	100	0	62,516	62,516
BEWi Flamingo AS	DK31867304	Denmark	500,000	100	0	30,644	30,644
BEWi Packaging AB	556961-3309	Norrtälje, Sweden	500	100	0	37,550	15,050

NOTE 8 Long-term receivables from associated companies

	2017-12-31	2016-12-31
By the beginning of the year	29,566	28,231
Lending	540,375	0
Exchange differences	411	1,335
Carrying amount carried forward	**570,352**	**29,566**

NOTE 9 Cash and bank balances

	2017-12-31	2016-12-31
Cash and bank balances	7,628	2,524
Total	**7,628**	**2,524**

NOTE 10 Share capital

For information regarding the share capital, see note 20 to the consolidated accounts.

NOTE 11 Long-term liabilities

	2017-12-31	2016-12-31
Bond loan	540,086	0
Liabilities to Group companies	34,377	2,470
Liabilities to associated companies	0	28,909
Total	**34,377**	**31,379**

In 2017, the Group implemented a two-step refinancing, which is described in more detail in note 21 to the consolidated accounts. As a result of the refinancing, the parent company issued a bond loan in the amount of KSEK 550,000 on 8 June, which simultaneously was listed on the corporate bond list on Nasdaq Stockholm.

The bond loan matures on 8 June 2020 and carries an interest rate of STIBOR 3m + 4.40%, which has resulted in an interest rate within the range of 3.8-3.9% since the issue on June 8, 2017. The bond loan is reported at accrued acquisition value after deduction of issue costs, which has meant an average effective interest rate of 4.9% during the year.

Liabilities to Group companies reported in SEK mature upon request and carries an interest rate of 4.65% during the year (2016: 3.25% per annum).

Carrying amounts and fair values of long-term borrowings are as follows:

	Carrying amount		Fair value	
	2017-12-31	2016-12-31	2017-12-31	2016-12-31
Bond loan	540,086	0	554,125	0
Liabilities to Group companies	34,377	2,470	34,377	2,470
Liabilities to associated companies	0	28,909	0	28,909
Total	**574,463**	31,379	**588,502**	31,379

The fair value of the bond loan, which is listed on the corporate bond list on Nasdaq Stockholm, was KSEK 554,125 as of December 31, 2017. The carrying value of the Group's other borrowings is estimated to be a good approximation of their fair value since the loans carry floating interest rates.

Liquidity risk

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

As of December 31, 2017	< 1 yr.	1-2 yr.	2-5 yr.	> 5 yr.
Bond loan	0	0	540,086	0
Liabilities to Group companies	12,995	0	0	34,377
Accounts payables	7,126	0	0	0
Other short-term liabilities	2,121	0	0	0
Total	**22,242**	**0**	**540,086**	**34,377**

As of December 31, 2016	< 1 yr.	1-2 yr.	2-5 yr.	> 5 yr.
Liabilities to associated companies	1,458	1,297	1,092	25,281
Liabilities to Group companies	144	0	0	2,470
Accounts payables	124	0	0	0
Other short-term liabilities	25	0	0	0
Total	**1,751**	**1,297**	**1,092**	**27,751**

NOTE 12 Financial instruments by category

2017-12-31	Loan receivables and account receivables	Total
Assets on the balance sheet		
Shares in Group companies	247,776	247,776
Long-term receivables from Group companies	570,352	570,352
Short-term receivables from Group companies	17,288	17,288
Cash and bank balances	7,628	7,628
Total	**843,044**	**843,044**

	Other financial liabi-lities	Total
Liabilities on the balance sheet		
Bond loan	540,086	540,086
Long-term liabilities to Group companies	34,377	34,377
Short-term liabilities to Group companies	12,995	12,995
Accounts payables	7,126	7,126
Other short-term liabilities	2,121	2,121
Total	**596,705**	**596,705**

2016-12-31	Loan receivables and account receivables	Total
Assets on the balance sheet		
Shares in Group companies	234,008	234,008
Long-term receivables from associated companies	29,566	29,566
Short-term receivables from Group companies	13,098	13,098
Cash and bank balances	2,524	2,524
Total	**279,196**	**279,196**

	Other financial liabilities	Total
Liabilities on the balance sheet		
Long-term liabilities to Group companies	2,470	2,470
Long-term liabilities to associated companies	28,909	28,909
Short-term liabilities to Group companies	144	144
Short-term liabilities to associated companies	657	0
Accounts payables	124	124
Other short-term liabilities	25	25
Total	**32,329**	**31,672**

NOTE 13 Contingent liabilities

	2017-12-31	2016-12-31
Guarantees for the benefit of Group companies	104,665	47,178
Total	**104,665**	**47,178**

NOTE 14 Granted security

	2017-12-31	2016-12-31
Pledged shares in subsidiaries	247,776	234,008
Total	**247,776**	**304,759**

NOTE 15 Related parties

The following transactions have occurred with related parties:

Loans from related parties:	2017-12-31	2016-12-31
Loans from owners:		
At the beginning of the year	29,566	27,604
Capitalised interest rates	1,113	0
Borrowings	11,951	0
Amortisations	-43,195	0
Exchange differences	565	1,962
At the end of the year	**0**	**29,566**

Loans from related parties refer to loans from owners; BEWi Holding AS, Verdane EFT III SPV K/S and Verdane EFT VII SPV K/S respectively. The loan has carried an average annual interest rate within the range of 2.3-3.5% (approx. 2.4%), except for short-term acquisition credits that carried an interest rate of 8%. During the year, the company reported interest expenses to related parties of KSEK 907 (KSEK 765). Interest expenses on loans from related parties are included in the item Accrued expenses and deferred income of KSEK 0 (2016-12-31: KSEK 1,744). In connection to the Group's refinancing in 2017, the loans were settled and accrued interest was settled.

Remunerations to senior executives of the company are stated in Note 6 to the consolidated accounts.

The consolidated accounts and annual report of the parent company are to be presented and adopted at the Annual General Meeting on 2018-06-11.

Stockholm 2018-04-17

Christian Bekken
CEO

Gunnar Syvertsen
Chairman of the board

Per Nordlander
Member of the board

Gunnar Vikström
Member of the board

Kristina Schauman
Member of the board

Bernt Thoresen
Member of the board

The auditor's report has been submitted on 2018-04-30
PricewaterhouseCoopers AB

Magnus Brändström
Authorised public accountant

Auditor's report

Unofficial translation

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

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of BEWI Group AB (publ) for the year 2017. The annual accounts and consolidated accounts of the company are included on pages 30-82 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company as of 31 December 2017 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as of 31 December 2017 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

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

Basis for Opinions

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

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

Our audit approach

Audit scope

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

The Group's operations are undertaken primarily in Sweden, Norway, Finland and Denmark in the form of the production and sale of raw materials (EPS), packaging and insulation products. The sale of raw materials (EPS) takes place in the open market to other uses of EPS and competitors. The sale of insulation products takes place primarily to the construction industry while packaging products are sold within, amongst other markets, the foodstuff and manufacturing industries. The Group's operations in Denmark, Finland and Norway are undertaken via subsidiaries.

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

The audit of BEWi Group Ab and its Swedish subsidiaries has been executed by the central audit team. Where the work has been done by subsidiary auditors, we have issued audit instructions and obtained written reporting. All subsidiary auditors are from within the PwC network.

Materiality

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

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

Key audit matters

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

Key audit matters	How our audit addressed the key audit matters
IMPAIRMENT TESTING OF INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES The Group's supplementary disclosures and principles for accounting and the evaluation of goodwill and brands are described in the annual report under Note 24 and Note 12. Goodwill and brands represent significant assets in the Group's balance sheet. The reported value of goodwill and brands amounted to MSEK 183.7, respective MSEK 48.2, as at 31 December 2017. The impairment testing of goodwill and brands prepared in conjunction with the annual bookclosing incorporates company management's assessments regarding future developments and its assumptions regarding, for example, future cash flows. During 2017, no write-downs were reported as regards goodwill or brands.	In our audit, we performed a number of audit activities to verify that the judgments and assumptions comprising the basis of company management's impairment testing of goodwill and brands were based on reasonable assumptions regarding, amongst other things, future cash flows and discount rates. Our audit activities have included, amongst other things, reconciliation of the assumptions applied in the Group's budget and forecasts of future cash flows. We have also verified that the assumptions applied in the forecasts agree with management's strategic plans and intentions and have assessed the discount rate and checked the calculations. We have also evaluated company management's analysis of the sensitivity of the valuation in terms of changes in significant parameters which could result in an impairment requirement. We also assessed the disclosure presented in Note 12 in the annual report to determine if this information meets the requirements for disclosure stipulated in the applicable accounting standards. Based on our audit, we have no significant observations to report.
VALUATION AND CORRECTNESS OF OWN MANUFACTURED ARTICLES IN THE INVENTORY Refer also in the annual report to Note 17, Inventory, Note 2, Accounting principles and Note 4, Important estimates and judgments applied in the accounting The inventory comprises a significant item in the group's balance sheet and as at 31 December 2017 amounted to MSEK 183.7. The inventory is located in a large number of warehouses in Sweden, Finland and Denmark. Company management determines the value of the inventory based on the calculation of the acquisition costs with deduction of calculated obsolescence. With the aim of identifying obsolescence in the inventory, the respective units assess individual articles based on their turnover rate and on the possibility of re-using the raw materials and correcting defects in the materials.	Our audit activities included a valuation of BEWi's routines for reporting acquisition values and calculated obsolescence in the inventory. We have obtained and evaluated the documentation used in performing the obsolescence assessment. We have verified, on a random sample basis, the reported value of the Group's raw materials and goods for resale to determine if these amounts agree with actual purchase prices. We have tested and undertaken a reasonability assessment of the calculations applied in the mark-up of direct production costs, and as regards a reasonable portion of indirect production costs, when we evaluated the articles in the inventory. Based on our audit, we have no significant observations to report.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-29 and 87. The Board of Directors and the Managing Director are responsible for this other information.

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

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

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

Responsibilities of the Board of Directors and the Managing Director

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

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

Auditor's responsibility

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

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor´s report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of BEWI Group AB (publ) for the year 2017 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group' equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company´s organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

PricewaterhouseCoopers AB, 113 97 Stockholm, was appointed auditor of BEWI Group AB (publ) by the general meeting of the shareholders on the 30 06 2017 and has been the company's auditor since the 11 11 2014.

Stockholm April 30, 2018
PricewaterhouseCoopers AB

Magnus Brändström
Authorized Public Accountant

Definitions of alternative key ratios not defined in the IFRS

EBITDA	Earnings before interest, taxes, depreciations and amortisations. EBITDA is a key ratio that the Group considers relevant to understand the earning potential before investments in fixed assets.
EBITDA margin	EBITDA as a percentage of net sales. The EBITDA margin is a key ratio that the Group considers relevant to understand the profitability of the business and to make comparisons with other companies.
EBITDA excluding items affecting comparability	A normalised profit before accounting for interest, taxes, depreciations and amortisations, i.e. infrequent events or one-time charges are added back. EBITDA excluding items affecting comparability is a key ratio that the Group considers relevant for the understanding of the profit position excluding such infrequent events that affects comparability.
Adjusted EBITDA margin	Adjusted EBITDA excluding items affecting comparability as a percentage of net sales. Adjusted EBITDA margin is a key ratio which the Group considers relevant to understand the profitability of the business and to make comparisons with other companies.
EBIT	Earnings before interest and taxes. EBIT is a key ratio that the Group considers relevant since it makes it possible to compare the profitability over time irrespective of corporate tax rates and financing structure. However, depreciations are included which is a measure of resource consumption that is necessary to generate the result.
EBIT margin	EBIT as a percentage of net sales. The EBIT margin is a key ratio which the Group considers relevant to understand the profitability of the business and to make comparisons with other companies.
Adjusted EBIT margin	Adjusted EBIT excluding items affecting comparability as a percentage of net sales. Adjusted EBIT-marginal is a key ratio which the Group considers relevant to understand the profitability of the business and to make comparisons with other companies.
Operating cash flow	Earnings before interest and taxes adjusted for items that are not affecting cash flow and changes in working capital. The operating cash flow is a key ratio that displays how much the company's business operations generates to its cash flow for financing of investments and acquisitions.
Solidity	Total equity in relation to total assets. Solidity is a key ratio which the Group considers relevant for its ability to assess the Group's financial leverage.
Net debt	A company's interest-bearing liabilities, excluding liabilities relating to employee benefits, minus cash and cash equivalents. Net debt is a key ratio which is relevant since the group's calculation of covenants is based on this key ratio and since it displays the Group's financing needs.

Glossary

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

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

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

GPPS – General Purpose Polystyrene is a polymer styrenmonomer.

HVAC – heat, ventilation, air conditio-ning.

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

BEWi GROUP HEADQUARTERS
Evenemangsgatan 31
SE-169 79 Solna, Sweden
Tel: +46 176-208 500
Epost: info@bewi.com

SWEDEN
BEWi Insulation AB
Bruksgatan 2
SE-312 40 Genevad

BEWi Insulation AB
Östra Polarvägen 2
SE-917 32 Dorotea

BEWi Insulation AB
Braxenvägen 8
SE-761 41 Norrtälje

BEWi Insulation AB
Åleden 13
SE-447 35 Vårgårda

BEWi Packaging AB
Kanalvägen 6
SE-362 54 Urshult

BEWi Packaging AB
Jönköpingsvägen 51-53
Box 117
SE-331 21 Värnamo

DENMARK
BEWi A/S Hobro
Havrevaenget 1
DK-9500 Hobro
flamingo@bewi.com

BEWi Insulation Denmark
Torvegade 41
DK-7160 Törring
Tel: +45 72 15 7900
flamingo@bewi.com

BEWi A/S
Potmosevej 25-29
Såby
DK-8752 Östbirk
flamingo@bewi.com

BEWi Flamingo A/S
Österled 30
DK-4300 Holbaek
Tel: +45 72 15 79 00
flamingo@bewi.com

FINLAND
BEWi Styrochem Oy
P.O.Box 360
FI-06101 Porvoo
Tel: +358 207 620 200

BEWi M-Plast Oy
Varikkotie 4
FI-73600 Kaavi
Tel: +358 207 559 200

BEWi Insulation Oy
Yritystie 7
FI-21450 Tarvasjoki

BEWi Ruukin EPS Oy
Ahlströmintie
FI-92400 Ruukki

RHR/CC