



BE GROUP

# INTERIM REPORT BE Group AB (publ)

January – September 2022

## Third quarter 2022

- Net sales increased by 10% to SEK 1,514 M (1,375)
- The underlying operating result amounted to SEK 67 M (193)
- The operating result amounted to SEK 40 M (219), including inventory losses of SEK -27 M (26)
- Result after tax amounted to SEK 26 M (175)
- Cash flow from operating activities amounted to SEK -183 M (6)
- Earnings per share amounted to SEK 2.05 (13.49)
- Lecor Stålteknik was divested on July 1
- The acquisition of Goodtech Solutions Manufacturing AB was completed with take-over on September 1

## First nine months 2022

- Net sales increased by 39% to SEK 5,403 M (3,878)
- The underlying operating result increased to SEK 538 M (394)
- The operating result increased to SEK 537 M (463), including inventory losses of SEK -1 M (69)
- Result after tax increased to SEK 425 M (365)
- Cash flow from operating activities amounted to SEK 52 M (147)
- Earnings per share increased to SEK 32.76 (28.10)
- The acquired assets of Hercules Rebar was taken over on May 1

*”The prevailing business environment has reduced demand during the third quarter, that also led to lower steel prices, which in turn pushed down the gross margin. For BE Group, this has meant a negative development of the operating result. However, the conditions are still good for 2022 to be a strong year in terms of earnings”*

*Peter Andersson, President and CEO*

Results overview	2022 Jul-Sep	2021 Jul-Sep	Change	2022 Jan-Sep	2021 Jan-Sep	Change
Tonnage, thousands of tonnes	68	77	-9	248	263	-15
Net sales, SEK M	1,514	1,375	139	5,403	3,878	1,525
Underlying operating result, SEK M	67	193	-126	538	394	144
Operating result, SEK M	40	219	-179	537	463	74
Profit/loss for the period, SEK M	26	175	-149	425	365	60
Earnings per share, SEK	2.05	13.49	-11.44	32.76	28.10	4.66
Cash flow from operating activities, SEK M	-183	6	-189	52	147	-95

BE Group, which is listed on the Nasdaq Stockholm exchange, is a trading and service company in steel, stainless steel and aluminium. BE Group offers efficient distribution and value-adding production services to customers primarily in the construction and manufacturing industries. In 2021, the Group reported sales of SEK 5.4 billion. BE Group has approximately 650 employees, with Sweden and Finland as its largest markets. The head office is located in Malmö, Sweden. Read more about BE Group at [www.begroup.com](http://www.begroup.com).



”The focus of the company is always on sales, working capital and expenses. Now we are increasing that focus”

## Statement from the CEO

The prevailing business environment has reduced demand during the third quarter, that also led to lower steel prices, which in turn pushed down the gross margin. For BE Group, this has meant a negative development of the operating result. However, net sales increased by 10% to SEK 1,514 million (1,375) compared to the previous year, but the underlying operating profit fell by 65% to SEK 67 million (193). Operating profit including inventory losses amounted to SEK 40 million (219).

The margin decrease was already seen in the second quarter and has subsequently continued. At the moment, this trend appears as if it will continue in the fourth quarter. However, the conditions are still good for 2022 to be a strong year in terms of earnings. For the first nine months, net sales amounted to SEK 5,403 M (3,878) and the operating result, including inventory gains and losses, amounted to SEK 537 M (463).

### Steel price trend

The price decline that began in the second quarter continued into the third quarter as expected. The wave of hoarding in connection with Russia's invasion of Ukraine was driven by concerns about problems with availability, which proved to be a smaller problem than feared. The result was inventory build-up throughout Europe. Prices have now leveled off.

Steel mills have carried out announced capacity reductions. If these lead to material shortages, prices can likely move quickly. An important task for BE Group is, now as always, to keep its ear very close to the ground.

### Our focus

In a headwind, it's important to stand with both feet firmly on the ground and to see things as they really are. Steel is steel and we are continuing to do business with our customers. The focus of the company is always on sales, working capital and expenses. Now we are increasing that focus.

The world will probably not end, which is why the thorough work continues to build a strong and stable company that, regardless of the economic situation, is better than before. The key words are sales culture, customer experience and digitalization!

Peter Andersson  
President and CEO

Bridge 2021-2022 operating result SEK M	Q1	Q2	Q3	Q4	Jan-Sep
<b>Operating result 2021</b>	<b>86</b>	<b>158</b>	<b>219</b>	<b>158</b>	<b>463</b>
Reversal of inventory gains (-)/losses (+)	-18	-25	-26	-23	-69
Items affecting comparability	-	-	-	-	-
<b>Underlying operating result 2021</b>	<b>68</b>	<b>133</b>	<b>193</b>	<b>135</b>	<b>394</b>
Change in sales	131	126	30	-	287
Change in underlying gross margin	-1	45	-134	-	-90
Change in overhead costs	-18	-13	-22	-	-53
<b>Underlying operating result 2022</b>	<b>180</b>	<b>291</b>	<b>67</b>	<b>-</b>	<b>538</b>
Reversal of inventory gains (+)/losses (-)	4	22	-27	-	-1
Items affecting comparability	-	-	-	-	-
<b>Operating result 2022</b>	<b>184</b>	<b>313</b>	<b>40</b>	<b>-</b>	<b>537</b>

# Comments on the report

## Third quarter

The Group's consolidated net sales for the period increased by 10 percent compared to last year, amounting to SEK 1,514 M (1,375). The increase is explained by positive price and mix effects of 19 percent, acquisitions of 4 percent and positive currency effects of 3 percent counteracted by negative organic tonnage growth of -15 percent and divestment of -1 percent. The prevailing business environment, high inventories among customers, and a changed price trend contributed to demand remaining moderate in the third quarter. The positive price effect is due to relatively higher steel prices.

Declined volume and high costs for incoming material contributed to a decreased gross profit of SEK 173 M (316) which leads to a gross margin of 11.5 percent (23.0). The operating result amounted to SEK 40 M (219), corresponding to an operating margin of 2.6 percent (15.9). Adjusted for inventory gains and losses of SEK -27 M (26), the underlying operating result amounted to SEK 67 M (193). The underlying operating margin during the period amounted to 4.4 percent (14.0).

## First nine months

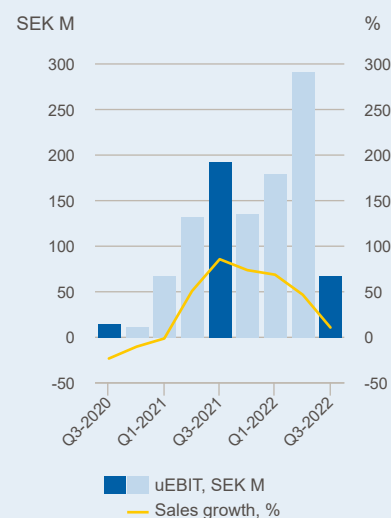
During the first nine months, the Group's net sales increased by 39 percent compared to last year and amounted to SEK 5,403 M (3,878). Tonnage in business area Sweden & Poland decreased by -2 percent including acquisitions and Finland & Baltics delivered -18 percent less. Rising steel prices and mix effects have affected net sales positive by 42 percent. Gross profit increased to SEK 958 M (819) with a gross margin of 17.7 percent (21.1).

The operating result increased to SEK 537 M (463), corresponding to an operating margin of 9.9 percent (11.9). Adjusted for inventory gains and losses of SEK -1 M (69), the underlying operating result increased to SEK 538 M (394). The underlying operating margin amounted to 10.0 percent (10.1) during the period.

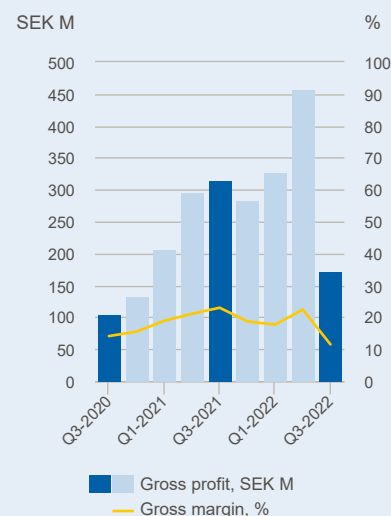
The sanctions directed at Russia, a shortage of input materials and rising energy costs caused considerable price increases among producers at the end of the first quarter and the second quarter. The current economic downturn and high inventory levels have led to shorter delivery times and a dampening of price pressure from suppliers. Steel producers are adapting to lower market needs by reducing capacity and costs.

BE Group is also affected directly and indirectly by higher fuel costs and energy prices, as well as the risk of shortages of electricity and gas. BE Group is continuing to closely monitor developments and is prepared to take actions where necessary to reduce the negative impact on the business.

### THE GROUP'S SALES GROWTH AND UNDERLYING OPERATING RESULT PER QUARTER



### THE GROUP'S GROSS MARGIN AND GROSS PROFIT PER QUARTER





## BUSINESS AREA SWEDEN & POLAND

The business area includes the Group's operations in Sweden consisting of the companies BE Group Sverige and BE Group Produktion Arvika, as well as the Polish operation BE Group Poland. Lecor Stålteknik was divested on July 1, 2022.

### Third quarter

Net sales increased by 20 percent in the third quarter compared to last year and amounted to SEK 757 M (629). The higher sales is explained by positive price and mix effects of 22 percent, acquisitions of 9 percent counteracted by negative organic tonnage growth of -11 percent. The operating result amounted to SEK 26 M (94). Adjusted for inventory gains and losses of SEK -15 M (17), the underlying operating result amounted to SEK 41 M (77).

The Swedish operations provided a weaker underlying operating result compared with the strong previous year. The earnings trend is mainly attributable to decreased volumes from construction customers and a changed price trend, resulting in a lower gross margin. Our joint venture AMBE provided a lower operating result due to decreased demand and falling prices on thin sheets.

In the Polish operations profitability improved as a result of higher steel prices and a strengthened gross margin.

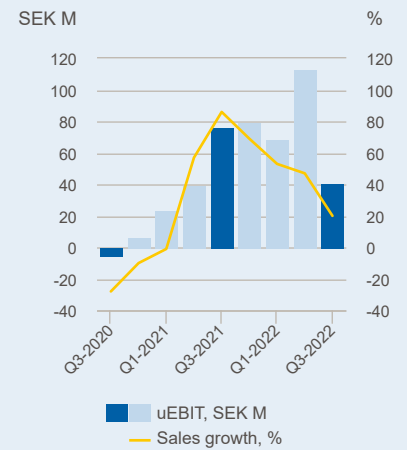
The final purchase price for the acquisition of shares in BE Group Produktion Arvika, former Goodtech Solutions Manufacturing AB, amounted to SEK 10 M. Take-over was on September 1. The acquisition mainly adds production capacity and affects the underlying result marginally positive during the year.

Lecor Stålteknik was divested on July 1.

### First nine months

Net sales for the first nine months increased by 40 percent compared to last year, amounting to SEK 2,631 M (1,881). Sales growth is mainly explained by higher steel prices while tonnage decreased by -4 percent including acquisitions. Operating result increased to SEK 232 M (186). Adjusted for inventory gains of SEK 9 M (46), the underlying operating result increased to SEK 223 M (141).

### BUSINESS AREA SWEDEN & POLAND, SALES GROWTH AND UNDERLYING OPERATING RESULT PER QUARTER





## BUSINESS AREA FINLAND & BALTICS

The business area includes the Group's operations in Finland and the three Baltic countries.

### Third quarter

Compared to the third quarter last year, net sales increased by 2 percent amounting to SEK 766 M (753). Sales growth is explained by positive price and mix effects of 15 percent, positive currency effects of 5 percent and negative organic tonnage growth of -18 percent. The operating result amounted to SEK 16 M (126). Adjusted for inventory gains and losses of SEK -13 M (9), the underlying operating result amounted to SEK 29 M (117).

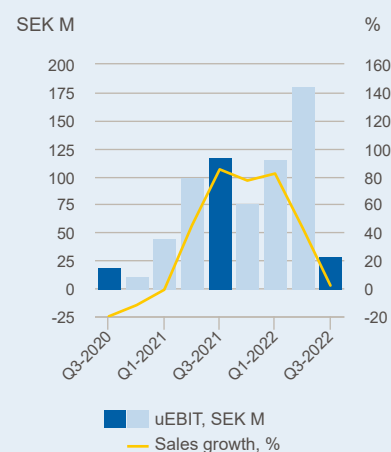
The Finnish operations provided a weaker underlying operating result compared with the very strong previous year. The earnings trend is attributable to decreased demand and high costs for incoming materials resulting in a lower gross margin.

The Baltic operations provided a weak result due to decreased tonnage and a changed price trend.

### First nine months

Net sales for the first nine months increased by 38 percent compared to last year, amounting to SEK 2,794 M (2,019). Sales growth is explained by higher steel prices while tonnage decreased by -7 percent. The operating result increased to SEK 315 M (286) and adjusted for inventory gains and losses of SEK -11 M (24), the underlying operating result increased to SEK 326 M (262).

### BUSINESS AREA FINLAND & BALTICS SALES GROWTH AND UNDERLYING OPERATING RESULT PER QUARTER



# Parent Company & consolidated items

Parent Company & consolidated items include the Parent Company, Group eliminations and also parts of the Group's operations undergoing restructuring. For additional information see the Annual Report for 2021.

The effects regarding IFRS 16 were reported under Parent Company & consolidated items and have not been allocated to the two business areas.

Sales for the third quarter of the Parent Company, BE Group AB (publ), amounted to SEK 30 M (21) during the period and derived from intra-Group services. These intra-Group services mainly include central expenses for IT and business systems, the subsidiaries' use of the BE Group brand and Finance. These expenses are distributed and invoiced to all subsidiaries in the Group. In the result follow-up of the business areas, these intra-group expenses have been eliminated except for expenses for IT and business systems. Out of the total costs for the Parent Company, of SEK -14 M (-10), SEK 10 M (9) was allocated to the subsidiaries. The operating result amounted to SEK 16 M (11). For the first nine months, net sales amounted to SEK 90 M (65) and the operating result to SEK 47 M (32).

Net financial items for the quarter amounted to SEK 7 M (1). Profit before tax amounted to SEK 23 M (12) and profit after tax amounted to SEK 19 M (10). Investments in the Parent Company amounted to SEK 0 M (0). At the end of the period, cash and equivalents in the Parent Company amounted to SEK 72 M (171).

Net financial items for the first nine months amounted to SEK 263 M (97). Profit before tax amounted to SEK 310 M (129) and profit after tax was SEK 299 M (123). Investments in the Parent Company amounted to SEK 0 M (3).

## Group

### Net financial items and tax

The Group's consolidated net financial items in the third quarter amounted to SEK -6 M (-5), of which net interest amounted to SEK -5 M (-3). During the quarter, interest expenses related to leasing according to IFRS 16 amounted to SEK -3 M (-2). Net financial items for the first nine months amounted to SEK -13 M (-17) and net interest to SEK -12 M (-11), of which SEK -7 M (-7) relates to IFRS 16.

Taxes for the third quarter amounted to SEK -8 M (-39). Profit after tax amounted to SEK 26 M (175) and was SEK 425 M (365) for the first nine months.

### Cash flow

The Group's consolidated working capital amounted to SEK 1,340 M (610) at the end of the period and the average working capital tied-up for the third quarter was 19.9 percent (9.5). The higher working capital is explained by an increased inventory value by the end of the period amounting to SEK 1,418 M (770). The increased inventory value is caused by increased average prices, acquisitions and a more moderate demand in the third quarter. Cash flow from operating activities amounted to SEK -183 M (6) during the quarter and to SEK 52 M (147) for the first nine months. Cash flow from investing activities amounted to SEK -21 M (-6) during the third quarter and SEK -50 M (-15) for the first nine months. Cash flow after investments thus amounted to SEK -204 M (0) during the third quarter and SEK 2 M (132) for the first nine months.

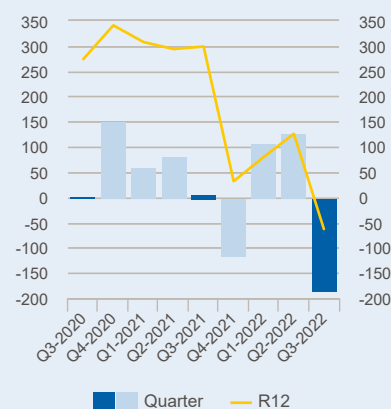
### Financial position and liquidity

At the end of the period, consolidated cash and cash equivalents, including overdraft facilities, amounted to SEK 230 M (276) and the interest-bearing net debt excl. IFRS 16 was SEK 475 M (98). Equity amounted to SEK 1,731 M (1,281) at the end of the period.

### Organization, structure and employees

The number of employees amounted to 646 compared to 627 at the same time last year. The average number of employees during the third quarter amounted to 656 (625).

THE GROUP'S CASH FLOW FROM OPERATING ACTIVITIES, SEK M



# Other information

## Significant events after the end of the period

No significant events have taken place after the end of the period.

## Transactions with related parties

No transactions took place between BE Group and related parties that had a material impact on the company's financial position and results.

## Nomination Committee

In accordance with the company's procedures, a Nomination Committee has been appointed. The Nomination Committee consists of Petter Stillström (AB Traction), Alf Svedulf (Svedulf Fastighets AB), Johan Ahldin (The Pure Circle) and Jörgen Zahlin, Chairman of BE Group AB, who is also the convener for the Nomination Committee.

## Annual General Meeting 2023

BE Group's Annual General Meeting will take place on April 20, 2023, at 4:00 pm in Malmö, Sweden. Further information will be published on the company's website.

## Significant risks and uncertainties

Through its operations, BE Group is exposed to global macroeconomic factors, the competitive situation, structural changes in the market and the economy, as well as financial risks such as currency risks, interest risks, credit and counterparty risks. Within the companies of the Group, continuous processes are ongoing to identify existing risks and assess how these should be handled. The risk exposure is explained in the 2021 Annual Report, which was published in March 2022. Risks related to the war in Ukraine is described below.

### The war in Ukraine

As Russia and Ukraine are major producers of iron ore and other inputs and European manufacturers are importing parts of their coal needs from Russia, the war will continue to have a major impact on the European steel market with shortages and sharp price increases as a possible consequence. About 10% of BE Group's total steel purchases in 2021 came from Russian-controlled steel producers. The imposed sanctions resulted in BE Group immediately stopping orders and payments to companies subject to it. BE Group is monitoring the development closely and are working proactively with finding alternatives to secure the deliveries of steel. The effect of sanctions and potentially other consequences connected to the war may affect the company's financial position.

## Accounting principles

The interim report was prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The Parent Company's interim report is prepared in compliance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities.

Refer to the 2021 Annual Report for details of the Group's other accounting principles and definitions of certain terms. The principles applied are unchanged in relation to the Annual Report. In other regards, the new standards and interpretations that have come into effect from the financial year 2022 have had no significant effect on the financial reporting.

# Future information

## Future reporting dates

BE Group AB (publ) intends to publish financial information on the following dates:

- The Year-end report for 2022 will be published on January 26, 2023
- The Annual Report for 2022 will be available in late March 2023
- The Interim Report for January–March 2023 will be published on April 20, 2023

Financial information is available in Swedish and English from BE Group's website and can be ordered by phone +46 (0) 40 38 42 00 or e-mail: [info@begroup.com](mailto:info@begroup.com).

*Malmö, October 19, 2022*

BE Group AB (publ)

### **Peter Andersson**

*President and CEO*

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## Questions concerning this report may be directed to:

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*This report has been reviewed by the company's auditors.*

This information is information that BE Group AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication through the agency of the contact persons set out above at 2:00 p.m. CET on October 19, 2022.



# Auditor's report

BE Group AB (publ). reg. no. 556578-4724

## Introduction

We have reviewed the condensed interim financial information (interim report) of BE Group AB (publ) as of 30 September 2022 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

## Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Malmö, October 19, 2022

Öhrlings PricewaterhouseCoopers AB

**Cecilia Andrén Dorselius**

Authorized Public Accountant

Partner in charge

**Johan Rönnbäck**

Authorized Public Accountant

## Condensed consolidated income statement

(SEK M)	Note	2022 Jul-Sep	2021 Jul-Sep	2022 Jan-Sep	2021 Jan-Sep	2021 Full-year	Rolling 12 months
Net sales		1,514	1,375	5,403	3,878	5,388	6,913
Cost of goods sold	1	-1,341	-1,059	-4,445	-3,059	-4,286	-5,672
<b>Gross profit</b>		<b>173</b>	<b>316</b>	<b>958</b>	<b>819</b>	<b>1,102</b>	<b>1,241</b>
Selling expenses	1	-107	-93	-359	-312	-418	-465
Administrative expenses	1	-28	-25	-90	-83	-110	-117
Other operating income and expenses		-1	-1	-8	-1	-18	-25
Participation in joint venture		3	22	36	40	65	61
<b>Operating profit/loss</b>		<b>40</b>	<b>219</b>	<b>537</b>	<b>463</b>	<b>621</b>	<b>695</b>
Financial items		-6	-5	-13	-17	-17	-13
<b>Profit/loss before tax</b>		<b>34</b>	<b>214</b>	<b>524</b>	<b>446</b>	<b>604</b>	<b>682</b>
Tax		-8	-39	-99	-81	-109	-127
<b>Profit/loss for the period</b>		<b>26</b>	<b>175</b>	<b>425</b>	<b>365</b>	<b>495</b>	<b>555</b>
Earnings per share (SEK)		2.05	13.49	32.76	28.10	38.10	42.76

## Consolidated statement of comprehensive income

(SEK M)	2022 Jul-Sep	2021 Jul-Sep	2022 Jan-Sep	2021 Jan-Sep	2021 Full-year	Rolling 12 months
<b>Profit/loss for the period</b>	<b>26</b>	<b>175</b>	<b>425</b>	<b>365</b>	<b>495</b>	<b>555</b>
<b>Other comprehensive income</b>						
<b>Items that have, or may be, reclassified to profit/loss for the period</b>						
Translation differences	17	5	49	11	13	51
Tax on items that have, or may be, reclassified to profit/loss for the period	-	-	-	-	-	-
<b>Total other comprehensive income</b>	<b>17</b>	<b>5</b>	<b>49</b>	<b>11</b>	<b>13</b>	<b>51</b>
<b>Comprehensive income for the period</b>	<b>43</b>	<b>180</b>	<b>474</b>	<b>376</b>	<b>508</b>	<b>606</b>

## Condensed consolidated balance sheet

(SEK M)	Note	2022 30 Sep	2021 30 Sep	2021 Dec 31
Goodwill		578	561	561
Other intangible assets		8	8	9
Tangible assets		130	86	90
Right of use assets		512	501	479
Investment in joint venture		198	157	182
Financial assets		0	0	0
Deferred tax assets		4	15	5
<b>Total non-current assets</b>		<b>1,430</b>	<b>1,328</b>	<b>1,326</b>
Inventories		1,418	770	1,033
Accounts receivable		934	866	653
Other receivables		23	34	39
Cash and equivalents		80	176	54
<b>Total current assets</b>		<b>2,455</b>	<b>1,846</b>	<b>1,779</b>
<b>Total assets</b>	2	<b>3,885</b>	<b>3,174</b>	<b>3,105</b>
<b>Equity</b>		<b>1,731</b>	<b>1,281</b>	<b>1,413</b>
Non-current interest-bearing liabilities		553	266	287
Non-current leasing liabilities		417	413	394
Deferred tax liability		47	41	42
<b>Total non-current liabilities</b>		<b>1,017</b>	<b>720</b>	<b>723</b>
Current interest-bearing liabilities		3	9	8
Current leasing liabilities		98	88	87
Accounts payable		692	783	641
Other current liabilities		343	277	229
Other current provisions		1	16	4
<b>Total current liabilities</b>		<b>1,137</b>	<b>1,173</b>	<b>969</b>
<b>Total equity and liabilities</b>	2	<b>3,885</b>	<b>3,174</b>	<b>3,105</b>

## Condensed consolidated cash-flow statement

(SEK M)	2022 Jul-Sep	2021 Jul-Sep	2022 Jan-Sep	2021 Jan-Sep	2021 Full-year	Rolling 12 months
Operating result	40	219	537	463	621	695
Adjustment for non-cash items	53	4	88	36	28	80
– of which, amortization/depreciation	28	29	84	89	118	113
– of which, other items	25	-25	4	-53	-90	-33
Interest paid/received and other financial items	-4	-4	-11	-12	-15	-14
Income tax paid	-21	-3	-32	-7	-67	-92
Change in working capital	-251	-210	-530	-333	-535	-732
<b>Cash flow from operating activities</b>	<b>-183</b>	<b>6</b>	<b>52</b>	<b>147</b>	<b>32</b>	<b>-63</b>
Acquisitions/divestments of subsidiaries	2	–	-7	–	–	-7
Changes in intangible assets	-1	0	-1	0	-1	-2
Changes in tangible assets	-22	-6	-42	-15	-24	-51
Other cash flow from investing activities	0	0	0	0	0	0
<b>Cash flow after investments</b>	<b>-204</b>	<b>0</b>	<b>2</b>	<b>132</b>	<b>7</b>	<b>-123</b>
Cash flow from financing activities <sup>1)</sup>	116	-11	22	-119	-121	20
<b>Cash flow for the period</b>	<b>-88</b>	<b>-11</b>	<b>24</b>	<b>13</b>	<b>-114</b>	<b>-103</b>
Translation differences in cash and equivalents	0	-3	2	-3	2	7
<b>Change in cash and equivalents</b>	<b>-88</b>	<b>-14</b>	<b>26</b>	<b>10</b>	<b>-112</b>	<b>-96</b>

<sup>1)</sup> In the cash flow from financing activities for January-September 2022 SEK -156 M relates to dividend paid for 2021.

## Condensed statement of changes in equity

(SEK M)	2022 Jul-Sep	2021 Jul-Sep	2022 Jan-Sep	2021 Jan-Sep	2021 Full-year	Rolling 12 months
<b>Equity at beginning of period</b>	<b>1,688</b>	<b>1,101</b>	<b>1,413</b>	<b>905</b>	<b>905</b>	<b>1,281</b>
Comprehensive income for the period	43	180	474	376	508	606
Dividend	–	–	-156	–	–	-156
<b>Equity at end of period</b>	<b>1,731</b>	<b>1,281</b>	<b>1,731</b>	<b>1,281</b>	<b>1,413</b>	<b>1,713</b>

## Note 1 Amortizations and depreciations

(SEK M)	2022 Jul-Sep	2021 Jul-Sep	2022 Jan-Sep	2021 Jan-Sep	2021 Full-year	Rolling 12 months
Amortization of intangible assets	1	0	3	2	2	3
Depreciation of tangible assets	5	5	15	17	23	21
Depreciation of right of use assets	22	24	66	70	93	89
<b>Total amortizations and depreciations</b>	<b>28</b>	<b>29</b>	<b>84</b>	<b>89</b>	<b>118</b>	<b>113</b>

## Note 2 Valuation of financial assets and liabilities

In all material respects fair value coincides with the carrying amount in the balance sheet for financial assets and liabilities.

The assessment of the fair value of the financial assets has been carried out in accordance with level 2, with the exception of cash and equivalents and bank loans, which are valued in accordance with level 1. For additional information, see Note 31 in the 2021 Annual Report. No material changes have taken place in relation to the valuation as per December 31.



# Segment reporting

## Net sales by business area

(SEK M)	2022 Jul-Sep	2021 Jul-Sep	2022 Jan-Sep	2021 Jan-Sep	2021 Full-year	Rolling 12 months
Sweden & Poland	757	629	2,631	1,881	2,625	3,375
Finland & Baltics	766	753	2,794	2,019	2,790	3,565
Parent Company & consolidated items	-9	-7	-22	-22	-27	-27
<b>Group</b>	<b>1,514</b>	<b>1,375</b>	<b>5,403</b>	<b>3,878</b>	<b>5,388</b>	<b>6,913</b>

## Net sales by business area and product group

2022	Sweden & Poland		Finland & Baltics		Parent company & consolidated items		Total		Rolling 12 months
	2022 Jul-Sep	2022 Jan-Sep	2022 Jul-Sep	2022 Jan-Sep	2022 Jul-Sep	2022 Jan-Sep	2022 Jul-Sep	2022 Jan-Sep	
Long steel products	418	1,382	242	840	0	0	660	2,222	2,808
Flat steel products	235	781	372	1,402	0	0	607	2,183	2,808
Stainless steel	80	318	107	396	0	0	187	714	920
Aluminium	17	74	34	126	0	0	51	200	257
Other	7	76	11	30	-9	-22	9	84	120
<b>Total</b>	<b>757</b>	<b>2,631</b>	<b>766</b>	<b>2,794</b>	<b>-9</b>	<b>-22</b>	<b>1,514</b>	<b>5,403</b>	<b>6,913</b>

2021	Sweden & Poland		Finland & Baltics		Parent company & consolidated items		Total		Rolling 12 months
	2021 Jul-Sep	2021 Jan-Sep	2021 Jul-Sep	2021 Jan-Sep	2021 Jul-Sep	2021 Jan-Sep	2021 Jul-Sep	2021 Jan-Sep	2021 Full-year
Long steel products	312	932	211	563	0	0	523	1,495	2,081
Flat steel products	196	562	379	1,026	0	0	575	1,588	2,213
Stainless steel	82	258	115	293	0	0	197	551	757
Aluminium	17	56	37	106	0	0	54	162	219
Other	22	73	11	31	-7	-22	26	82	118
<b>Total</b>	<b>629</b>	<b>1,881</b>	<b>753</b>	<b>2,019</b>	<b>-7</b>	<b>-22</b>	<b>1,375</b>	<b>3,878</b>	<b>5,388</b>

## Net sales by country based on customer's domicile

(SEK M)	2022 Jul-Sep	2021 Jul-Sep	2022 Jan-Sep	2021 Jan-Sep	2021 Full-year	Rolling 12 months
Sweden	735	615	2,571	1,844	2,575	3,302
Finland	699	660	2,511	1,749	2,442	3,204
Other	80	100	321	285	371	407
<b>Group</b>	<b>1,514</b>	<b>1,375</b>	<b>5,403</b>	<b>3,878</b>	<b>5,388</b>	<b>6,913</b>

## Shipped tonnage per segment

(Thousands of tonnes)	2022 Jul-Sep	2021 Jul-Sep	2022 Jan-Sep	2021 Jan-Sep	2021 Full-year	Rolling 12 months
Sweden & Poland	34	36	120	126	164	158
Finland & Baltics	34	42	129	139	180	170
Parent Company & consolidated items	0	-1	-1	-2	-2	-1
<b>Group</b>	<b>68</b>	<b>77</b>	<b>248</b>	<b>263</b>	<b>342</b>	<b>327</b>

## Operating result (EBIT) per segment

(SEK M)	2022 Jul-Sep	2021 Jul-Sep	2022 Jan-Sep	2021 Jan-Sep	2021 Full-year	Rolling 12 months
Sweden & Poland	26	94	232	186	282	328
Finland & Baltics	16	126	315	286	370	399
Parent Company & consolidated items	-2	-1	-10	-9	-31	-32
<b>Group</b>	<b>40</b>	<b>219</b>	<b>537</b>	<b>463</b>	<b>621</b>	<b>695</b>

## Operating margin per segment

(SEK M)	2022 Jul-Sep	2021 Jul-Sep	2022 Jan-Sep	2021 Jan-Sep	2021 Full-year	Rolling 12 months
Sweden & Poland	3.4%	14.9%	8.8%	9.9%	10.7%	9.7%
Finland & Baltics	2.2%	16.6%	11.3%	14.1%	13.2%	11.2%
Parent Company & consolidated items	neg	neg	neg	neg	neg	neg
<b>Group</b>	<b>2.6%</b>	<b>15.9%</b>	<b>9.9%</b>	<b>11.9%</b>	<b>11.5%</b>	<b>10.1%</b>

## Underlying operating result (uEBIT) per segment <sup>1)</sup>

(SEK M)	2022 Jul-Sep	2021 Jul-Sep	2022 Jan-Sep	2021 Jan-Sep	2021 Full-year	Rolling 12 months
Sweden & Poland	41	77	223	141	221	303
Finland & Baltics	29	117	326	262	339	403
Parent Company & consolidated items	-3	-1	-11	-9	-31	-33
<b>Group</b>	<b>67</b>	<b>193</b>	<b>538</b>	<b>394</b>	<b>529</b>	<b>673</b>

## Underlying operating margin per segment <sup>2)</sup>

(SEK M)	2022 Jul-Sep	2021 Jul-Sep	2022 Jan-Sep	2021 Jan-Sep	2021 Full-year	Rolling 12 months
Sweden & Poland	5.5%	12.1%	8.5%	7.5%	8.4%	9.0%
Finland & Baltics	3.7%	15.5%	11.7%	13.0%	12.1%	11.3%
Parent Company & consolidated items	neg	neg	neg	neg	neg	neg
<b>Group</b>	<b>4.4%</b>	<b>14.0%</b>	<b>10.0%</b>	<b>10.1%</b>	<b>9.8%</b>	<b>9.7%</b>

## Depreciation per segment

(SEK M)	2022 Jul-Sep	2021 Jul-Sep	2022 Jan-Sep	2021 Jan-Sep	2021 Full-year	Rolling 12 months
Sweden & Poland	3	4	9	12	16	13
Finland & Baltics	2	2	7	8	11	10
Parent Company & consolidated items	23	23	68	69	91	90
<b>Group</b>	<b>28</b>	<b>29</b>	<b>84</b>	<b>89</b>	<b>118</b>	<b>113</b>

## Investments in tangible and intangible assets per segment

(SEK M)	2022 Jul-Sep	2021 Jul-Sep	2022 Jan-Sep	2021 Jan-Sep	2021 Full-year	Rolling 12 months
Sweden & Poland	1	4	4	8	12	8
Finland & Baltics	21	3	38	5	11	44
Parent Company & consolidated items	0	0	0	3	3	0
<b>Group</b>	<b>22</b>	<b>7</b>	<b>42</b>	<b>16</b>	<b>26</b>	<b>52</b>

<sup>1)</sup> Operating profit/loss (EBIT) adjusted for inventory gains and losses and items affecting comparability. Inventory gains and losses are the differences between the cost of goods sold at acquisition value and the cost of goods sold at replacement cost. The Group's internal model is used to calculate inventory gains and losses and has not been subject for review by the Group's auditor.

<sup>2)</sup> Underlying operating result (uEBIT) as a percentage of net sales.

# Key data

(SEK M unless otherwise stated)	2022 Jul-Sep	2021 Jul-Sep	2022 Jan-Sep	2021 Jan-Sep	2021 Full-year	Rolling 12 months
Net sales	1,514	1,375	5,403	3,878	5,388	6,913
<b>Earnings measurements</b>						
Gross result	173	316	958	819	1,102	1,241
Underlying gross result	197	301	965	769	1,038	1,234
Operating result (EBIT)	40	219	537	463	621	695
Underlying operating result (uEBIT)	67	193	538	394	529	673
<b>Margin measurements</b>						
Gross margin	11.5%	23.0%	17.7%	21.1%	20.4%	18.0%
Underlying gross margin	13.0%	21.9%	17.9%	19.8%	19.3%	17.9%
Operating margin	2.6%	15.9%	9.9%	11.9%	11.5%	10.0%
Underlying operating margin	4.4%	14.0%	10.0%	10.1%	9.8%	9.7%
<b>Capital structure</b>						
Net debt excl. IFRS 16 <sup>1)</sup>	475	98	475	98	241	475
Net debt/equity ratio excl. IFRS 16 <sup>1)</sup>	27.4%	7.6%	27.4%	7.6%	17.0%	27.4%
Working capital at end of period	1,340	610	1,340	610	856	1,340
Working capital (average)	1,204	523	1,046	441	524	959
Capital employed (average) excl. IFRS 16 <sup>1)</sup>	2,197	1,467	1,991	1,393	1,457	1,905
Working capital tied-up	19.9%	9.5%	14.5%	8.5%	9.7%	13.9%
<b>Return</b>						
Return on capital employed excl. IFRS 16 <sup>1)</sup>	6.8%	59.1%	35.4%	43.6%	42.0%	36.0%
<b>Per share data</b>						
Earnings per share (SEK)	2.05	13.49	32.76	28.10	38.10	42.76
Equity per share (SEK)	133.30	98.68	133.30	98.68	108.84	133.30
Cash flow from operating activities per share (SEK)	-14.14	0.50	4.00	11.36	2.49	-4.87
Shares outstanding at period end (thousands)	12,983	12,983	12,983	12,983	12,983	12,983
Average number of shares (thousands)	12,983	12,983	12,983	12,983	12,983	12,983
<b>Growth</b>						
Sales growth	10%	85%	39%	39%	47%	45%
– of which organic tonnage growth	-15%	21%	-8%	14%	11%	-6%
– of which price and mix changes	19%	65%	42%	27%	38%	48%
– of which currency effects	3%	-1%	2%	-2%	-2%	1%
– of which acquisitions	4%	–	3%	–	–	2%
– of which divestments	-1%	–	0%	–	–	0%
<b>Other</b>						
Average number of employees	656	625	651	619	621	653
Inventory gains and losses	-27	26	-1	69	92	22
Shipped tonnage (thousands of tonnes)	68	77	248	263	342	327

<sup>1)</sup> To visualize the development of BE Group's financial position, some information is in the key figure overview that is not defined in IFRS. A reconciliation/bridge between alternative performance measures used in this report and the closest IFRS measure is presented under Alternative performance measures.

## Condensed parent company income statement

(SEK M)	2022 Jul-Sep	2021 Jul-Sep	2022 Jan-Sep	2021 Jan-Sep	2021 Full-year	Rolling 12 months
Net sales	30	21	90	65	104	129
Administrative expenses	-14	-10	-43	-33	-44	-54
Other operating income and expenses	0	0	0	0	0	0
<b>Operating profit/loss</b>	<b>16</b>	<b>11</b>	<b>47</b>	<b>32</b>	<b>60</b>	<b>75</b>
Financial items	7	1	263	97	98	264
<b>Profit/loss after financial items</b>	<b>23</b>	<b>12</b>	<b>310</b>	<b>129</b>	<b>158</b>	<b>339</b>
Appropriations	-	-	-	-	124	124
<b>Profit/loss before tax</b>	<b>23</b>	<b>12</b>	<b>310</b>	<b>129</b>	<b>282</b>	<b>463</b>
Tax	-4	-2	-11	-6	-38	-43
<b>Profit/loss for the period, or comprehensive income for the period</b>	<b>19</b>	<b>10</b>	<b>299</b>	<b>123</b>	<b>244</b>	<b>420</b>

## Condensed parent company balance sheet

(SEK M)	2022 Sep 30	2021 Sep 30	2021 Dec 31
Intangible assets	3	5	5
Tangible assets	0	0	0
Financial assets	868	900	880
<b>Total non-current assets</b>	<b>871</b>	<b>905</b>	<b>885</b>
Current receivables	249	96	353
Cash and equivalents	72	171	38
<b>Total current assets</b>	<b>321</b>	<b>267</b>	<b>391</b>
<b>Total assets</b>	<b>1,192</b>	<b>1,172</b>	<b>1,276</b>
<b>Equity</b>	<b>1,102</b>	<b>838</b>	<b>959</b>
<b>Non-current liabilities</b>	<b>39</b>	<b>210</b>	<b>226</b>
<b>Current liabilities</b>	<b>51</b>	<b>124</b>	<b>91</b>
<b>Total equity and liabilities</b>	<b>1,192</b>	<b>1,172</b>	<b>1,276</b>

## Key data – multi-quarter summary

(SEK M unless otherwise stated)	2022 Jul-Sep	2022 Apr-Jun	2022 Jan-Mar	2021 Oct-Dec	2021 Jul-Sep	2021 Apr-Jun	2021 Jan-Mar	2020 Oct-Dec	2020 Jul-Sep
Net sales	1,514	2,044	1,845	1,510	1,375	1,403	1,100	875	744
<b>Earnings measurements</b>									
Gross result	173	458	327	283	316	296	207	135	105
Underlying gross result	197	446	322	269	301	275	193	129	114
Operating result (EBIT)	40	313	184	158	219	158	86	18	4
Underlying operating result (uEBIT)	67	291	180	135	193	133	68	12	14
<b>Margin measurements</b>									
Gross margin	11.5%	22.4%	17.7%	18.7%	23.0%	21.1%	18.9%	15.5%	14.1%
Underlying gross margin	13.0%	21.8%	17.5%	17.8%	21.9%	19.6%	17.5%	14.8%	15.3%
Operating margin	2.6%	15.3%	10.0%	10.4%	15.9%	11.3%	7.8%	2.1%	0.5%
Underlying operating margin	4.4%	14.2%	9.8%	9.0%	14.0%	9.5%	6.1%	1.4%	1.8%
<b>Capital structure</b>									
Net debt excl. IFRS 16 <sup>1)</sup>	475	237	159	241	98	75	124	156	281
Net debt/equity ratio excl. IFRS 16 <sup>1)</sup>	27.4%	14.0%	10.1%	17.0%	7.6%	6.7%	12.6%	17.0%	30.0%
Working capital at end of period	1,340	1,070	920	856	610	434	376	343	474
Working capital (average)	1,204	996	889	734	523	405	360	409	464
Capital employed (average) excl. IFRS 16 <sup>1)</sup>	2,197	1,977	1,785	1,639	1,467	1,387	1,318	1,272	1,258
Working capital tied-up	19.9%	12.2%	12.0%	12.1%	9.5%	7.2%	8.2%	11.7%	15.6%
<b>Return</b>									
Return on capital employed excl. IFRS 16 <sup>1)</sup>	6.8%	62.6%	40.9%	38.3%	59.1%	44.9%	25.1%	5.1%	0.5%
<b>Per share data</b>									
Earnings per share (SEK)	2.05	19.30	11.41	10.00	13.49	9.74	4.88	1.06	-0.32
Equity per share (SEK)	133.30	130.04	120.80	108.84	98.68	84.82	75.55	69.73	70.87
Cash flow from operating activities per share (SEK)	-14.14	9.79	8.35	-8.87	0.50	6.24	4.62	11.72	0.06
Shares outstanding at period end (thousands)	12,983	12,983	12,983	12,983	12,983	12,983	12,983	12,983	12,983
Average number of shares (thousands)	12,983	12,983	12,983	12,983	12,983	12,983	12,983	12,983	12,983
<b>Growth</b>									
Sales growth	10%	46%	68%	73%	85%	50%	-2%	-11%	-24%
– of which organic tonnage growth	-15%	-14%	4%	4%	21%	28%	-3%	-1%	-16%
– of which price and mix changes	19%	54%	62%	70%	65%	25%	4%	-8%	-6%
– of which currency effects	3%	2%	2%	-1%	-1%	-3%	-3%	-2%	-2%
– of which acquisitions	4%	4%	–	–	–	–	–	–	–
– of which divestments	-1%	–	–	–	–	–	–	–	–
<b>Other</b>									
Average number of employees	656	665	645	627	625	616	613	625	636
Inventory gains and losses	-27	22	4	23	26	25	18	6	-10
Shipped tonnage (thousands of tonnes)	68	88	92	79	77	98	88	76	64

<sup>1)</sup> To visualize the development of BE Group's financial position, some information is in the key figure overview that is not defined in IFRS. A reconciliation/bridge between alternative performance measures used in this report and the closest IFRS measure is presented under Alternative performance measures.



## Alternative performance measures

The Group uses a number of alternative performance measures in its report. The alternative performance measures that BE Group considers significant are the following:

### Underlying operating result (uEBIT)

(SEK M)	2022 Jul-Sep	2021 Jul-Sep	2022 Jan-Sep	2021 Jan-Sep	2021 Full-year	Rolling 12 months
Operating result	40	219	537	463	621	695
Reversal of inventory gains (-)/losses (+)	27	-26	1	-69	-92	-22
Adjustment for items affecting comparability	-	-	-	-	-	-
<b>Group</b>	<b>67</b>	<b>193</b>	<b>538</b>	<b>394</b>	<b>529</b>	<b>673</b>

### Working capital

(SEK M)	2022 Sep 30	2021 Sep 30	2021 Dec 31
Inventories	1,418	770	1,033
Accounts receivable	934	866	653
Other receivables	23	34	39
Deduction accounts payable	-692	-783	-641
Deduction other current liabilities	-343	-277	-229
Rounding	-	-	1
<b>Group</b>	<b>1,340</b>	<b>610</b>	<b>856</b>

Average working capital is an average for each period based on quarterly data.

### Net debt excl. IFRS 16

(SEK M)	2022 Sep 30	2021 Sep 30	2021 Dec 31
Non-current interest-bearing liabilities and leasing liabilities	970	679	681
Current interest-bearing liabilities and leasing liabilities	101	97	95
Deduction leasing liabilities	-515	-501	-481
Deduction financial assets	0	0	0
Deduction cash and equivalents	-80	-176	-54
Rounding	-1	-1	-
<b>Group</b>	<b>475</b>	<b>98</b>	<b>241</b>

Net debt/equity ratio excl. IFRS 16 is calculated as net debt excl. IFRS 16 divided by Equity.

### Capital employed excl. IFRS 16

(SEK M)	2022 Sep 30	2021 Sep 30	2021 Dec 31
Equity excl. IFRS 16	1,738	1,287	1,420
Non-current interest-bearing liabilities and leasing liabilities	970	679	681
Current interest-bearing liabilities and leasing liabilities	101	97	95
Deduction leasing liabilities	-515	-501	-481
Rounding	-	-	1
<b>Group</b>	<b>2,294</b>	<b>1,562</b>	<b>1,716</b>

Average capital employed excl. IFRS 16 is an average for each period based on quarterly data.

# Definitions of key data

<b>Adjusted results measurements</b>	
Underlying gross result	The underlying gross result is the reported gross result adjusted for inventory gains and losses (deductions for gains and additions for losses).
Underlying operating result (uEBIT)	Operating result (EBIT) before items affecting comparability adjusted for inventory gains and losses (deductions for gains and additions for losses).
Items affecting comparability	Items that do not have any link to the normal operations of the Group or that are of a non-recurring nature, where a reporting together with other items in the consolidated comprehensive income statement would have given a comparison distortion effect that would have made it difficult to judge the development of the ordinary operations for an outside viewer.
<b>Adjusted margin measurements</b>	
Underlying gross margin	Underlying gross result as a percentage of net sales.
Underlying operating margin	Underlying operating result (uEBIT) as a percentage of net sales.
<b>Capital structure</b>	
Net debt excl. IFRS 16	Interest-bearing liabilities excluding leasing liabilities acc. to IFRS 16 less cash and equivalents and financial assets.
Net debt/equity ratio excl. IFRS 16	Net debt excl. IFRS 16 divided by equity excl. IFRS 16.
Working capital	Inventories and current receivables less current liabilities, excluding provisions and interest-bearing liabilities.
Working capital (average)	Inventories and current receivables less current liabilities, excluding provisions and interest-bearing liabilities. This measure represents an average for each period based on published quarterly data.
Capital employed excl. IFRS 16	Equity excl. IFRS 16 plus interest-bearing liabilities excl. leasing liabilities acc. to IFRS 16.
Capital employed (average) excl. IFRS 16	Equity excl. IFRS 16 plus interest-bearing liabilities excl. leasing liabilities acc. to IFRS 16. This measure represents an average for each period based on published quarterly data.
Working capital tied-up	Average working capital, as a percentage of annually adjusted net sales.
<b>Return on capital</b>	
Return on capital employed excl. IFRS 16	Annually adjusted operating result excl. IFRS 16, as a percentage of average capital employed excl. IFRS 16.
<b>Per share data</b>	
Earnings per share	Profit/loss for the period divided by the average number of shares (before and after dilution) outstanding during the period.
Equity per share	Equity divided by the number of shares outstanding at the end of the period.
Cash flow per share from operating activities	Cash flow from operating activities divided by the average number of shares for the period.
Shares outstanding at the end of the period	Shares outstanding at the end of the period adjusted for rights issues and share splits.
Average number of shares	Weighted average number of shares outstanding during the period, adjusted for rights issued and share splits.
<b>Growth</b>	
Sales growth	Change in net sales from the preceding period in percent.
<b>Other</b>	
Inventory gains and losses	The difference between the cost of goods sold at acquisition value and the cost of goods sold at replacement cost.

Please refer to the 2021 annual report for other definitions of key data.

# About BE Group

## A leading steel service company in Northern Europe

**BE Group is a trading and service company in the steel and metal industry. Customers mainly operate in the construction and manufacturing industries in Sweden, Finland and the Baltic States, where BE Group is one of the market's leading actors.**

With extensive expertise and efficient processes in purchasing, logistics and production, BE Group offers inventory sales, production service and direct deliveries to customers based on their specific needs for steel and metal products. BE Group has approximately 650 employees and sales of SEK 5.4 billion in 2021. The head office is located in Malmö, Sweden.

### BUSINESS IDEA

**BE Group is an independent efficient distributor of steel, stainless steel, aluminum and value adding services to Nordic manufacturing and construction companies.**

Number of employees

**approx. 650**

Net sales

**SEK 5.4  
billion**

