



BE GROUP

CUSTOMER SATISFACTION AND SALES CULTURE IN FOCUS

COMPANY REPORT 2021

CONTENTS

Key data	2	Strategy	14
Statement from the CEO	3	Sustainability	16
About BE Group/History	4	Environment	17
2021 in brief	5	Safety	18
Offering	6	Steel market	19
Business Area Sweden & Poland	8	The share	20
Customer Case Sweden	10	Group Management	21
Business Area Finland & Baltics	11	Board of Directors and Auditors	22
Customer Case Finland	13	Addresses	24

KEY DATA 2021

Net sales

SEK 5,388 M

(2020: SEK 3,672 M)

Underlying operating result

SEK 529 M

(2020: SEK 96 M)

Operating result

SEK 621 M

(2020: SEK 39 M)

Profit after tax

SEK 495 M

(2020: SEK 4 M)

Cash flow from operating activities

SEK 32 M

(2020: SEK 341 M)

Earnings per share

SEK 38.10

(2020: SEK 0.33)

STATEMENT FROM THE CEO

A STRONG YEAR THAT PROVIDES STRENGTH FOR THE FUTURE

In 2021, BE Group delivered the best operating margin since the stock exchange listing in 2006. The recipe behind this is good employees who work hard, a focus on the customer experience and sales clearly seasoned with high material prices together with the major structural changes of recent years.

In total, sales increased by 47 percent and the underlying operating result improved strongly, amounting to SEK 529 M (96). Rising steel prices led to inventory gains of SEK 92 M (-17) and the operating result rose to SEK 621 M (39), which is also the best since 2006.

STEEL PRICE TREND

At the beginning of 2021, there was a rapid and strong recovery in the European manufacturing and construction sectors. In the first quarter, more materials were in demand than planned and a shortage arose, particularly for products linked to the automotive industry. This pushed steel prices up sharply. The trend in the second half of the year was somewhat different for various products, but prices can essentially be said to have stabilized at entirely new levels by the end of the year.

A continuation of a generally high price level is supported by high costs for input materials and energy prices together with strong demand where customers have real needs and a good market for their products. The transition to sustainable steel production will require major investments, which in the longer term must lead to more sustainable prices for steel producers.

SUSTAINABILITY

BE Group's business model is essentially sustainable. Steel is one of the world's most recycled materials and can be recycled over and over again without losing its characteristics. As steel distributors, we buy steel in large quantities and deliver a specific need, such as steel cut to specific lengths, to each individual customer. With this, we can optimize both transports and material utilization.

As an independent steel distributor, BE Group continuously conducts discussions with multiple steel producers throughout Europe and 100% climate-compensated steel is already part of the offering to our customers. Another step in the sustainability work was taken through a signed letter of intent with H2 Green Steel regarding cooperation and distribution of fossil-free steel in the Nordic market from 2025.

We have a good history in the work with sustainability, but in the future, these efforts will be further intensified in various ways. An important part of this work is helping small and medium-sized companies, which most often buy steel in smaller quantities, to buy sustainable steel at competitive prices.

THE IMPACT OF THE UKRAINIAN WAR ON BE GROUP

Russia and Ukraine are major producers of iron ore and other inputs and it is clear that the war will have a major impact on the European steel market with material shortages and sharp



“First and foremost, the customer offering must be the sharpest and most attractive in terms of competence, availability and delivery reliability.”

price increases as a consequence. About 10% of BE Group's total steel purchases in 2021 came from Russian-controlled steel producers. We expect that this geopolitical situation will affect global supply chains and are therefore reviewing what can be done proactively to secure the delivery of steel and our ability to support our customers during these challenging times.

FOCUS IN THE FUTURE

In an industry with standardized products and paper-thin margins, it is important to work hard with continuous improvements. First and foremost, the customer offering must be the sharpest and most attractive in terms of competence, availability and delivery accuracy. After that, I usually visualize it with a coin worth SEK 0.10. In 2021, SEK 0.10 per kg was equivalent to about SEK 35 M. Slightly lower purchasing prices, a slightly better margin, slightly more efficient handling and the mentality that a penny saved is a penny earned. All of this has a positive impact on the bottom line and with good and well-motivated employees, we will continue on that path.

In conclusion, I would like to express my heartfelt gratitude to our customers, who repeatedly give us their trust, to our owners who believe in us and to all of our employees who recurrently struggle to make BE Group a better and better company.

Peter Andersson
President and CEO

ABOUT BE GROUP

BE Group is one of the Nordic region's leading trading and service companies in steel, stainless steel and aluminum. The Company was founded in Malmö and today has its primary business in the countries around the Baltic Sea.

With a high level of expertise, efficient processes and modern production facilities, we offer inventory sales, production and direct sales to our customers based on their specific needs and circumstances.

The operations are characterized by transparency, sustainability and a high level of service where focus is on long-term relationships with partners and employees.

Today, BE Group has operations in six different countries, with sales offices in multiple locations in Sweden, Finland and the Baltics, as well as its own production and

warehousing facilities in the Swedish Norrköping, Polish Trebaczew and Finnish Lapua, Lahti and Turku.

The organization is divided into two business areas: Sweden & Poland and Finland & Baltics. Besides BE Group Sverige and the Polish operations, business area Sweden & Poland also includes Lecor Ståltechnik, specialists in pre-fabricated steel structures for construction and industrial projects, and the partially owned company ArcelorMittal BE Group SSC AB, which is specialized in cutting and slitting of thin sheets and coils.

BE Group's customers are primarily in the construction and manufacturing industry in Sweden, Finland and the Baltics.

HISTORY

BE Group's history began at the end of the 19th century, when brothers Hans and Jöns Edstrand founded Bröderna Edstrand. The family business was based in Malmö and mainly offered commercial steel to local industry. Trelleborg AB took over ownership in 1988 and, together with Nordic Capital, a jointly owned company was gradually formed, including Starckjohann Steel (founded in 1868) in Finland.

At the end of the 1990s, the Company established units in several countries around the Baltic Sea, including Denmark, Poland, Latvia, and Lithuania. The European expansion continued in the early 2000s and in 2006, after Trelleborg AB divested all of its shares, the Company was listed on the Stockholm Stock Exchange under the common Group name BE Group AB. In 2008, the joint venture alliance ArcelorMittal BE Group SSC AB was formed, and two years later, the Kungälv company Lecor Ståltechnik was also incorporated into the Company.



2021 IN BRIEF

COMMITMENT AND CUSTOMER FOCUS GENERATE SUCCESS

For the steel industry, 2021 was a year of ups and downs. After a somewhat tentative start, in the second quarter we noticed how everything really took off again.

An almost explosive increase in demand caused lead times and prices to skyrocket in a way that we have not seen before.

The price rally created some uncertainty. But this also entailed increased margins, which were welcomed by steel producers and wholesalers who had long struggled with profitability.

In general, 2021 was a very good year for BE Group. The operating margin for the year was the best since the stock exchange listing 15 years ago, sales rose by nearly 50 percent compared with the previous year and the underlying operating result improved strongly.

The background to these good results can accordingly be partly explained by external factors. At the same time, we should keep in mind that long-term sustainable success can only be generated from within, by committed and motivated employees working towards common and clearly defined goals.

For many years, we have worked hard to build a sustainable business model. We have reviewed the organization, streamlined and centralized parts of the business and made extensive investments to meet our customers' needs.

In 2021, focus was on the development of sales structures and the customer experience. We see that the steel market has changed fundamentally. Price is no longer decisive for who succeeds in gaining customers' trust. Instead, what is in demand are factors such as availability, delivery accuracy and competence.

Centralization of the warehouse operations in Sweden and the merger in the Baltics, the launch of a new webshop and the signing of a letter of intent regarding cooperation and distribution of fossil-free steel are some of the major and important efforts implemented in 2021 to strengthen our attractiveness and become even more sustainable in the long term.

Development is a constantly ongoing process.

Success does not come on its own.

Those who have the ambition to be a leading player in such a changing and fiercely competitive market as the steel market can never settle down.

The results we achieved in 2021 are clear evidence that we are on the right path.



WHAT DO WE REMEMBER ABOUT 2021?

- **January** The year began with the dramatic storming of the seat of the U.S. Congress – the Capitol.
- **March** The freighter M/S Ever Given ran aground in the Suez Canal. It resulted in an immediate stop in international shipping. Each year, nearly 20,000 ships pass through the canal. The stranding had consequences for the global economy.
- **In June** a postponed European Football Championship was played throughout Europe. Italy won, but what we remember in particular is the rescue effort after Danish star Christian Eriksen hit the ground, lifeless.
- **Also in June.** The Sweden Democrats and Left Party members joined forces in the dispute surrounding item 44 of the January agreement (free setting of rents for new construction) and brought an end to Prime Minister Stefan Löfven's government.
- **August.** The Taliban seized power in Afghanistan after the U.S. takes all its troops home. The 20-year war was the longest and most expensive in the history of the United States. Nearly \$2,500 billion was spent and more than 200,000 people lost their lives.
- **In November,** after a few dramatic days in Swedish politics, Sweden formed a new government. For the first time, a Swedish government is led by a female Prime Minister: Magdalena Andersson.
- **In December,** the Swedish national jumping team was awarded Bragdguldet after the Olympic gold medal in Tokyo. It was the first time that the Swedish equestrian sport was awarded the prestigious prize.

OFFERING

QUALITY AND FLEXIBILITY WITH FOCUS ON THE CUSTOMER

BE Group provides steel, stainless steel and aluminum. The product range – characterized by both width and depth – also includes engineering steel, rebar and materials for foundation work.

The Company serves as a link between producers and customers. Or if one likes: a buffer that compensates for the distance between the steel mills' sometimes large and heavy production processes and the customers' needs for fast, flexible delivery solutions.

This is done either through sales and distribution from the Company's own inventory, or through direct sales from mills where BE Group, with its network and supplier expertise, mediates and is responsible for the transaction.

BE Group works closely with the market and offers a

range adapted to the needs of each customer segment (construction and manufacturing).

PRODUCTION SERVICE

An increasingly important part of BE Group's offering consists of production service. With modern production facilities in Sweden, Finland and Poland, we offer high-quality, cost-efficient and flexible solutions adapted to the customers' needs.

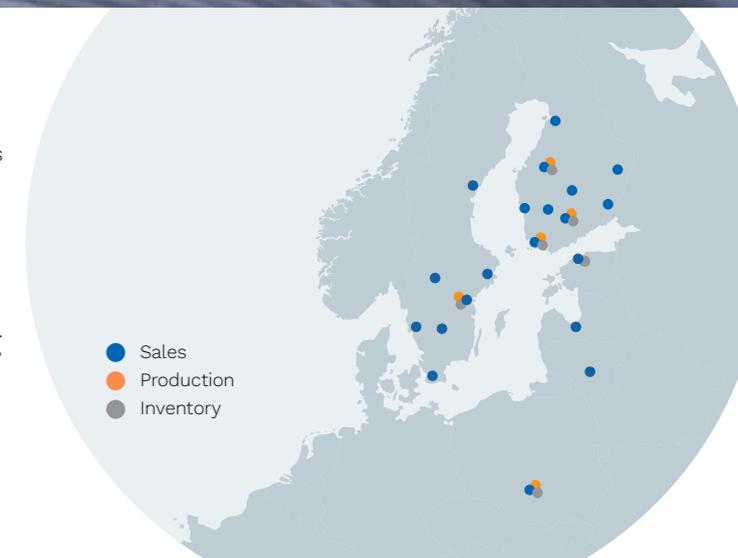
In a competitive environment where demands on quality, cost efficiency and sustainability are constantly increasing, we ensure that customers receive all the service and assistance they need. We will be an active and attractive partner. In this way, we strengthen both our own and our customers' offering.

In Sweden, most processing takes place at the new

production line in Norrköping since 2020. The line consists of three integrated production cells: one for blasting and painting, one for drilling, threading, milling and cutting, and one for cutting and labelling. There are also modern facilities in Poland and Finland for the processing of steel, ranging from sawing and thermal cutting to blasting and painting.

Thanks to efficient processes for warehousing, processing and transport, we contribute to increasing not only our own but also our customers' profitability. At the same time, we are minimizing our impact on the environment and the climate.

The offering is further strengthened through our employees' commitment and expertise in everything from material and product properties to efficient logistics solutions.



PRODUCTS



LONG STEEL PRODUCTS

Beams, hollow sections, bars and tubes. Used in every construction imaginable, such as steel framework, trusses, bridges, vehicles, and machines.



FLAT STEEL PRODUCTS

Plates and sheets in various forms, such as hot-rolled, cold-rolled or metal-coated. Used in construction, the automotive, machining and process industries.



STAINLESS STEEL

Plates, sheets, bars, tubes and tube parts. Used in corrosive environments and demanding structures, including in the construction, machining, medical and process industries.



ENGINEERING STEEL

Alloyed and unalloyed construction steel, surface-treated bars and hollow cast blanks. Used where there is a need for materials with improved cuttability, strength, curability or durability.



ALUMINUM RANGE

Plates, sheets, profiles, bars and tubes. Used by subcontractors and OEMs for construction, signs and road signs, as well as in the aviation, automotive and packaging industries.



REBARS

Straight steel, reinforcement mesh and pre-fabricated reinforcement. Used to reinforce concrete to increase strength and prevent fracturing in buildings and infrastructure.

DIGITALIZATION

BE GROUP'S NEW WEBSHOP – A HUGE AND IMPORTANT STEP



In 2021, BE Group launched a new website and webshop. The new digital platform includes a number of improvements compared with previous e-commerce solutions.

The Marketing Manager of BE Group Sverige, Jens Karlsson, describes this as a huge and important step for the Group.

– The technology has developed quickly in recent years, and we are seeing how customer behavior is changing. More and more people are choosing to shop and search for information online.

BE Group had its own webshop early on. Already at the beginning of the 2000s, "BE Online" was launched in

Sweden. Just over ten years later, an updated version was launched. The name was kept but several new functions were added.

In 2021 – in connection with the launch of the Group's new website – it was again time for an update. This time, it involves a completely new digital platform developed jointly by BE Group in Sweden and Finland.

The new platform includes both a Content Management System (the base for the website itself) and Product Information Management, where related item data regarding everything from dimensions and tolerance standards to CE marking is gathered.

The platform also includes an e-commerce component where the order flow with item selection, the shopping

cart and payment is processed. It is also possible to create favorite lists for materials that are recurring, and to build shopping baskets for repetitive purchases or for an order that is built up gradually. Another innovation is that customers can get answers directly on the costs of various processing operations such as cutting, blasting and painting.

BE Group's ambition is to be at the forefront in terms of digital solutions and accessibility. However, emphasizes Jens Karlsson, the launch of the new e-trading platform does not mean that the Company is cutting back on personal service.

– We know that the needs of our customers vary. Many appreciate being visited and being able to call and e-mail us. We are not changing this.

BUSINESS AREA SWEDEN & POLAND

WE ARE ON THE RIGHT PATH



After a weak start to the year, we could sense at the beginning of the second quarter that a turn-around was under way. This was particularly evident through sharply increased forecasts from our major OEM customers.

Once it turned around, it went quickly. Demand rose at a rapid pace and we experienced a somewhat incomparable recovery, both in terms of volumes and prices.

At the same time, the pandemic continued to affect the sector – from producer to end customer. The steel mills, which were forced to cut back on production at the start of the crisis, did not have the capacity to deliver at the pace required by the increased demand. Combined with the shortage of truck drivers and train cars in Europe, this led to both prices and lead times skyrocketing. 2021 was a year when we saw prices rising 12 months in a row.

STRONGER AND MORE ENDURING

In parallel with our work together with our partners to mitigate the pandemic's negative effects, we have worked internally to become stronger and more enduring. We have continued to work with the investments and restructuring that began before the crisis started.

In Malmö, we closed the last of our facility for cut and bent reinforcement steel at the same time that we began to move the high-bay storage to Norrköping.

Our entire production service is now located at the Norrköping facility, where we continued to invest to meet increased demand in, among other things, more cutting capacity.

FOCUS ON DIGITALIZATION AND SALES CULTURE

The launch of our new webshop began in the spring and has entailed a major boost for the operations. The response from both customers and our own staff has been very positive. We have also continued to work with our sales culture, and in order to meet increased demand, we decided during the year to hire a sales manager for the manufacturing sector in the north.

Sustainability was a recurring theme throughout the year, resulting in a letter of intent with the steel producer H2GS to start warehousing green steel. Similar discussions are also being held with other producers.

ON THE RIGHT PATH

In summary, it can be said that 2021 did not turn out quite as we had imagined. There were probably many people who hoped and thought that the pandemic would be over by now. That was not the case and, for better or worse, we have had to continue to navigate this new reality of ours.

It is my firm opinion that the changes made during the year will benefit us, both in the short and long term and that we are on the right path.

Magnus Bosson

Managing Director, BE Group Sverige AB



“The launch of our new webshop began in the spring and entailed a major boost for the operations. The response from both customers and our own staff has been very positive.”

What? BE Group continues to grow in Poland

How? By extending existing premises and investing in modern new machines

Where? Since 2012, the facility has been located in Trębaczew, just over 20 miles southwest of Warsaw

INVESTMENTS IN POLAND BENEFIT THE SWEDISH MARKET

Extension of existing premises. New blasting line and a modern new facility for gas and plasma cutting. In recent years, BE Group has made several significant changes in Poland.

It was at the end of the 1990s that BE Group established itself in Poland. Since 2012, the facility has been located in Trębaczew, a small community with 3,000 residents a few hours' drive southwest of the capital, Warsaw. The Company operates as its own business unit within Business Area Sweden & Poland. They work closely with BE Group Sweden and, today, around 50 percent of the volume goes to the Swedish market.

QUALITY AND FLEXIBILITY

In the past three years, BE Group has made a lot of changes in Poland. To meet increased demand, particularly from the Swedish market, investments have been made in modern new machinery for gas and plasma cutting and blasting.

– The investments have been made to guarantee the quality, flexibility and level of service that both we and customers seek, notes Peter Andersson, CEO of BE Group.

In addition to increased production capacity and improved production flow, investments in more efficient production processes have led to reduced environmental and climate impact. At the same time, investments in better and more energy-efficient lighting and ventilation systems have entailed both climate benefits and an improved working environment for the staff.

MORE EFFICIENT AND FASTER

The development of recent years has entailed a shift in focus in which BE Group optimized production to be able to meet both increased demand and higher requirements on quality and delivery accuracy from the Nordic market, notes Peter Andersson further.

Currently, BE Group has about 70 employees in Poland. The investments in new and more automated production lines has made processing more efficient and faster. Today, all steel that leaves the Polish facility has been refined in some way.



What? Long-standing customer of BE Group

How? Building the housing of the future

Where? The Inner Port in Norrköping

CUSTOMER CASE SWEDEN

COMPETENCE AND CUSTOMER AWARENESS A KEY TO SUCCESS

In the middle of the city – in a former industrial area and with the Motala River as its closest neighbor – Norrköping's modern new residential area is taking shape.

Three thousand homes, shops, offices, schools, walking paths and a bathing area – if everything goes according to plan, the area will be completely finished by 2028.

The Inner Port, as the new district is called, is partly located on two artificial islands. In the past year, much has been done to complete the area's infrastructure, including a number of steel bridges that link the old and new land masses.

The company that has been commissioned to build the bridges is a long-standing customer of BE Group.

And the steel for the bridges? Yes, it comes from BE Group.

SETS HIGH STANDARDS

The proximity to the water creates a unique residential setting, but it also entails a lot of challenges. Since the new district largely rests on clay, all structures must be manufactured of the lightest material possible, explains BE Group's Customer Account Manager, Matts Birgersson – who is responsible for contacts with the customer together with Peter Olofsson in Technical Sales.

– Most people might not think of steel as a light material, but compared with a concrete bridge, a steel bridge is much lighter, notes Matts Birgersson.

The requirements on the steel delivered by BE Group are high. For the most part, it involves sheets and plates of

various dimensions. The specifications are carefully stated and the qualities vary depending on where and what the sheets and plates are to be used for. Since it is a marine environment, the requirements are extra tough.

MUST LAST FOR 120 YEARS

In total, the project includes eight bridges. Six are so-called road bridges, and must withstand everything from passenger traffic to emergency vehicles, while two are pedestrian and bicycle bridges.

Production takes place at the customer's premises, which have had to be converted to accommodate the production process. The limited space combined with the tight schedule imposes extra stringent demands on the precision of deliveries.

The average production time for a bridge is about eight weeks. The requirements on the manufacturer are extremely high, ranging from documentation to tolerances and material characteristics.

The fact that the lifespan of a bridge must be at least 120 years is a dizzying thought in itself.



BUSINESS AREA FINLAND & BALTICS

INCREASED KNOWLEDGE LEADS TO BETTER BUSINESS



For the third time in my active career, the steel industry has shown how unpredictable it can be. Now that we are thinking back to the eventful 2021 steel year, two things stand out in particular.

- The explosive increase in demand that followed in the wake of the pandemic and shutdowns, which entailed huge challenges throughout the supply chain – from mills to end customers.
- The shortage of materials that caused both lead times and the price of steel to skyrocket, particularly for product areas related to the automotive industry.

I have experienced something similar twice before. The first in April 2004 when I worked for a subcontractor to the Finnish OEM industry. The second time was in connection with the major financial crisis in 2008, a few years after BE Group was listed on the Stockholm Stock Exchange.

MORE EFFICIENT PROCESSES

A lot has happened in the steel industry since then, particularly from a transparency and pricing perspective. Consequently, it is not possible to compare the effects of these price peaks with each other. But we have learned a great deal. And while large parts of the industry had to fight for

their survival in recent years, we have taken advantage of the opportunity to streamline our internal processes. All this to be able to benefit from the tailwind when it turns around – which it did in the second quarter of last year.

FACTS-BASED DECISIONS

In the past year, we placed great emphasis on raising awareness of our own business. This was a productive effort that was possible thanks to careful analysis of our own data. I can proudly note that all business decisions made today are based on information from our various systems and applications.

The significance of this knowledge can hardly be overestimated. We are now working further to increase digital competence, both through new recruitment and internal training programs.

Lasse Levola,
Managing Director, BE Group Oy Ab



“In the past year, we placed great emphasis on raising awareness of our own business. This was a productive effort that was possible thanks to careful analysis of our own data.”

IMPORTANT INVESTMENTS

In 2021, BE Group in Finland implemented a number of important measures to increase the company's competitiveness and strengthen its offering to customers.

These measures included:

- Continued investments in fiber laser technology
- Installation of a new plasma cutting machine in Turku

- Implementation of cobot technology in beveling in Lapua
- Investing in a new servo-controlled bending machine to meet increased demand for finishing and production service

The investments help strengthen our offering to customers who request production service.

What? BE Group goes against the flow in the Baltics

How? Focus on quality and delivery reliability

Purpose? Long-term growth and increased profitability

BALTICS GREAT POTENTIAL IN THE BALTICS

+8% Compared with 2020, tonnage rose by 8 percent in 2021.

+56% Net sales increased by 56 percent

Quality, know-how and delivery accuracy will make BE Group one of the leading steel wholesalers in the Baltics. After a few tough years, the Company is now beginning to see the results of the reorganization that began in the summer of 2020.

Estonia, Latvia and Lithuania. Three markets and three different companies.

This was the reality for BE Group in the Baltics until just a few years ago.

Today, the picture is different.

Three companies have become one. Operations have been centralized and modernized with the aim of growing and increasing profitability.

Physically, the change entails the transfer of all operating activities and all inventory operations to Estonia. At the same time, the warehouse has been extended to serve the entire Baltic market.

FULLY INTEGRATED

A large part of the reorganization was implemented according to plan during the previous year. Estonia and Latvia are now fully integrated into the new organization and the supply chain works just as well as we hoped, notes Joe Scott, Managing Director of BE Group in the Baltics since 2020.

In Lithuania, the work was somewhat delayed due to the pandemic, although the work progressed here too in 2021.

The market in the Baltics differs from that in Sweden and Finland in several respects. According to Joe Scott, the greatest difference is that the market in the three Baltic States is extremely price driven.

– It's all about who's the cheapest, and customers see no problem with changing suppliers from one day to another. We don't want to be a part of this game, and we have therefore devoted a lot of time to getting both our customers and our own staff to think differently.

– The price will continue to be important, confirms Joe Scott, continuing. – But it's not supposed to be the only thing that matters.

– We will reach out to customers who appreciate the value of quality, know-how and delivery accuracy. The total customer experience should be decisive.

A BOOST FOR THE COMPANY

The potential in the Baltics is considerable. The region is facing major investments in both housing and infrastructure. At the same time, production costs are still low. Currently, BE Group has only a small percentage of a market with good opportunities for development. This is particularly true of the manufacturing sector, Joe Scott points out.

The changes in the Baltics have entailed a boost for the Company. After a few years of declining sales, the curves point upwards. Compared with 2020, tonnage rose by 8 percent in 2021. Net sales rose by 56 percent and the underlying operating result turned from SEK -6.8 M to SEK 13 M.

INCREASED DIGITALIZATION

An important explanation for the positive development in 2021 is the price increases that have taken place, notes Peter Andersson, CEO of BE Group.

Just like Joe Scott, he hopes for continued growth in 2022.

– Our ambition is to continue growing and, through regular, environmentally friendly transports, to supply the Baltic market with materials from our full-scale warehouses in Sweden and Finland, says Peter Andersson.

A change that will mean a lot to the profitability of the Baltics in the future is the increased digitalization. To date, it has primarily involved internal functions, such as purchasing and warehousing, but after BE Group launched its new webshop in Sweden and Finland, it is the Baltics turn to be connected to it.

Who? Long-standing customer of BE Group

How? Producer of enclosure systems and mounting solutions for the electrical and telecommunications sector

Where? Eastern Finland

CUSTOMER CASE FINLAND

LONG-TERM PARTNERSHIP BRINGS MANY BENEFITS

Transparent and long-term sustainable relationships are key to understanding our customers and how their operations work. This helps us to anticipate their needs and creates a stable foundation for productive cooperation – something that benefits both parties.

For more than 20 years, BE Group has been supplying sheet metal and aluminium to the company in question, located in eastern Finland.

The customer, whose operations include the production of encapsulation and mounting solutions for electricity distribution and telecommunications, as well as high-quality sheet metal components on a contractual basis, has expanded considerably in recent years. Especially in the international market.

AN IMPORTANT PARTNERSHIP

With the increasing production volumes, the need for materials and delivery precision has increased. This imposes new demands on BE Group as a supplier.

Through regular reconciliations and understanding of the customer's operations, BE Group has been able to anticipate the changed needs and, together with the customer, plan for deliveries well in advance. This has benefited both parties.

In this case, BE Group is more than just a supplier, notes BE Group's Sales Director in Finland, Kalevi Kettunen.

– Over the years, we have become a very important part of the customer's supply chain. We share our knowledge, and the customer relies on BE Group's experience and expertise as early as in the development and product planning phases.

Expertise, quality and accessibility have been decisive in the customer's choice of supplier. According to Kalevi Kettunen, the customer sees it as a major advantage that all deliveries are made from a single location, which is possible thanks to the warehousing service that BE Group can offer in Finland.



KNOWLEDGE AND UNDERSTANDING

It was in 1998 that the first deliveries from BE Group to the customer took place. Over the years, the parties have gotten to know each other well. The mutual knowledge and understanding of each other's operations form the foundation of the successful cooperation that exists today.

– All these years, we have had a constructive dialog characterized by openness and honesty, explains Kalevi Kettunen. Together with the customer, we have developed and refined our offering, both in terms of materials and production service, creating the best possible conditions for cooperation that benefits both parties.

STRATEGY

A LEADING ACTOR AND COOPERATIVE PARTNER

BE Group is one of the Nordic region's oldest and leading trading companies in steel. For more than 135 years, we have supplied our customers high-quality products. The business idea not only includes us being a leading player in terms of buying, selling and processing steel, we also seek to be an active and attractive partner to our customers. We will help them identify their needs and support their development. In this way, we grow together with them.

In a highly competitive market characterized by small margins, our goal is being the best when it comes to sales and customer experience. To achieve this, we have identified three areas of development that we focus on in particular: customer experience, sales culture and digitalization.

What does this mean?

Let us be quite frank: building up an inventory of various

kinds of steel and fighting over customers with the price as the only means of competition is not very difficult. Anyone can sell a piece of steel. But after well over a century in this sector, we know that a majority of our customers want something more. It is not enough to be competitive in terms of prices. If we are to continue to be our customers' first choice as a supplier, we must also be the best when it comes to expertise, availability, delivery accuracy and long-term sustainable transport and logistics solutions.

An increasing number of our customers are choosing to search for information and make their purchases digitally. By offering a modern and versatile digital marketplace, we not only facilitate their everyday lives, we also strengthen long-term relations with our customers.

FINANCIAL TARGETS AND OUTCOMES

What BE Group earns should primarily be used to develop the business and generate returns for the owners. In light of this, the Board of Directors of BE Group has set three financial targets that are to be achieved in order for earnings to be considered adequate. The fulfilment of these targets can vary over time, depending among other things on what phase of development the Company is in and the current state of the economy.

VALUES

THE FOUNDATION OF OUR BUSINESS

Well-prepared and well-established values are a prerequisite for development and success. The Company's values should pervade the entire organization, everything that is said and done, and all of the decisions that are made. They are the framework that holds the different parts of the business together, and that welds together and points out the common direction for the entire staff. The values create security and understanding, give guidance in how we should relate to one another and to the surroundings, and they form the basis for clear communication, both internally and externally.

DYNAMIC

In a pressured and very competitive industry, it is important to be able to quickly transition and adapt to the market's needs and wishes. It is about being flexible, innovative and able to act. This demands a stable foundation to work from and this is exactly what we have invested a great deal in in recent years. Dynamic means that we must be attentive and curious at the same time that we never hesitate to question "old" truths when necessary. Together with our business partners, we will continuously seek new methods and opportunities that can contribute to developing both our own and our customers' offerings.



TARGET

GROW MORE THAN THE MARKET

The first of the three financial targets is that BE Group should grow more than the market in general. This growth is calculated by comparing the delivered tonnage in the respective distribution market (Sweden, Finland and Baltics) with both the market in general and with earlier years. For the Swedish market, deliveries from the jointly owned company ArcelorMittal BE Group SSC AB are also included.

PROFIT MARGIN OF AT LEAST 5 PERCENT

The next financial target is that the Company should achieve a profit margin of at least 5 percent over the past 12 months. The profit margin is a measure of how the operating activities develop and perform and is defined as the underlying operating result – meaning the operating result excluding the impact of inventory gains or losses and items affecting comparability – as a percentage of net sales.

RETURN ON CAPITAL EMPLOYED

The third and final financial target is that the business should generate a return of at least 15 percent on capital employed. The target is calculated based on the reported operating result – that is, the operating result including inventory gains and losses and items affecting comparability. The objective is to put focus on the actual return to the Company's owners.

OUTCOME

12%(-7.0)

The market is estimated to have grown by 12.0 percent (-7.0) compared with the previous year. BE Group had corresponding market growth and thereby an unchanged market share.

9.8%(2.6)

The underlying operating margin amounted to 9.8 percent (2.6) for 2021.

42%(2.3)

The return on capital employed increased to 42.0 percent (2.3) during the year. This is mainly due to the operating result increasing thanks to higher steel prices and a strengthened gross margin.

TRANSPARENT

A chain is only as strong as its weakest link. Therefore, we are convinced that when we collaborate and share our knowledge and experience with each other, we also create the best conceivable conditions for development and improvement. Through collaboration, we learn from each other, we identify the areas that can be improved and together we find solutions to any questions and problems that arise along the way. For us, transparency is about setting clear goals and having a shared view of expectations and performance. From experience, we know that openness, honesty and clarity win in the long term.



SUSTAINABLE

Of the key words that form the basis of BE Group's values, sustainable is probably the most important since it should pervade everything we do and all of the decisions we make – both in the short and long term. Sustainability is the foundation so that we will continue to be a successful company in the long term. This partly involves minimizing our impact on the environment and climate and partly involves acting responsibly and respectfully in relation to both employees and our external partners. But sustainability is also about being profitable, making wise investments and securing the business in the long term.





SUSTAINABILITY

BE GROUP STRENGTHENS SUSTAINABILITY EFFORTS

AGENDA 2030

For many years, BE Group has been working actively to improve sustainability. This work is based on the UN's global sustainable development goals, defined in Agenda 2030. Of the 17 goals set by the UN, which range from the elimination of poverty and hunger to greater gender equality and sustainable economic growth, the management of BE Group in 2021 selected six targets that are considered relevant to the Company's operations.

In addition to climate-related targets, such as combating climate change and promoting more sustainable consumption and production, the goals are about working for greater gender equality, decent working conditions and economic growth and creating peaceful and inclusive societies. In 2022, management will immerse itself in the chosen targets.



The targets are:



The steel industry currently accounts for about 10 percent of the world's total CO₂ emissions. Although most of these emissions originate from the actual production process, it is of the utmost importance that all actors – from producers and wholesalers to subcontractors and transporters – help reduce the sector's climate impact.

A great deal has happened in recent years. Ever tougher requirements are set on documentation and traceability, and we are seeing how large steel mills devote a lot of effort and resources to developing fossil-free production. By working together and putting pressure on our partners, BE Group is also helping to accelerate this process.

In 2021, we worked on a broad front to strengthen our sustainability efforts.

Here are a few examples of what we are doing:

ENVIRONMENTAL GOODS DECLARATIONS

As of 2022, requirements for climate declarations will be introduced in the construction of new buildings. The decision was made by the Swedish Parliament in June 2021, but as early as March, BE Group began work to declare the company's products by compiling its own "EPDs" (Environmental Product Declarations). A total of eight different product groups are included. In addition to three types of reinforcement (straight steel, reinforcement mesh, cut and bent) beams, bars, hot-rolled plates and sheets and hot- and cold-formed hollow profiles. Production services, such as blasting and painting, of beams and hollow sections are also covered by the new environmental goods declarations.

GREEN STEEL

In November 2021, BE Group signed a letter of intent regarding cooperation and distribution of fossil-free steel with H2 Green Steel (H2GS). This means that BE Group will be able to deliver green steel to the Nordic market starting in 2025 and is an important step in the company's ambition to eventually be able to offer a complete range of sustainable steel.

Similar discussions are being held with several European steel producers. We are following with great interest the trend towards lower, and ultimately zero, emissions of fossil carbon dioxide in Voestalpine's H2Future and ArcelorMittal's Xcarb projects. 100% climate-compensated steel is already a part of the offering to customers.

– Being able to help small and medium-sized companies buy sustainable steel at competitive prices is an important part of our sustainability efforts, notes Peter Andersson, CEO of BE Group.



ENVIRONMENT

FINLAND CONTRIBUTES TO A MORE SUSTAINABLE DEVELOPMENT

For many years, BE Group has been engaged in successful sustainability efforts. In Finland, the company continues to work in accordance with the Group's guidelines, which among others led to a sharp decrease in carbon dioxide emissions.

– We are proud of the results achieved, but this does not mean that we are satisfied. We will continue to do everything we can to contribute to a more sustainable development, says Lasse Levola, Managing Director of BE Group Oy Ab.

In 2020, BE Group's senior executives decided that the Company would implement the UN's global sustainable development goals (Agenda 2030) in its operations.

Based on the 17 global sustainable development goals set by the UN, which range from the elimination of poverty and hunger to increased gender equality and sustainable economic growth, management has in 2021 selected the six goals that are considered most relevant to BE Group.

– To increase our understanding of what these goals mean for operations in Finland, we will dive deeper into each of them in 2022, Lasse Levola explains.

Since 2014, BE Group has worked actively to counter climate change in accordance with the UN guidelines. An important objective has been to limit greenhouse gas

emissions, particularly from its own production facilities, but also from outbound transports.

By switching to renewable energy sources and reviewing energy consumption, BE Group in Finland has managed to reduce CO₂ emissions from its own operations by a full 76 percent.

Today, two thirds of total energy consumption come from fossil-free sources, and all electricity used is 100 percent free of carbon dioxide, Lasse Levola explains.

– We have switched to electric forklifts and renewable fuel in our vehicle fleet. With regard to transports from our warehouse and production facilities, unfortunately, we have not come as far, which is primarily linked to the slow technological development of truck engines. The fact that we have managed to reduce emissions from our outgoing transports by around 10 percent is largely due to our improved capacity to optimize and plan our transports.

SAFETY

FEWER EYE INJURIES AND REDUCED POLLUTION

Increased employee safety was a prioritized area in 2021. The efforts made have aimed to reduce the number of eye injuries, improve the air in the premises and, of course, prevent the spread of coronavirus among the employees.

Almost three years ago, BE Group introduced the project "Safety First". The objective was to reduce the number of work-related accidents. A number of concrete steps were taken at the same time that considerable emphasis was placed on training, raising awareness and, not least, motivating the employees to themselves accept greater responsibility.

The work has been based on the idea that safety is essentially a matter of attitude. And the results were soon realized. In the first two years, the number of workplace accidents decreased by 50 percent, explains Ulrika Leray, HSEQ Manager at BE Group.

In 2021, this important work continued. Among other things, focus has been on reducing the number of eye injuries.

– It is particularly in connection with grinding that this is a problem. By providing close-fitting glasses and visors to the operators, we have managed to reduce the number of eye injuries by two thirds, Ulrika explains.

"By providing close-fitting glasses and visors to the operators, we have managed to reduce the number of eye injuries by two thirds."

Another focus area in 2021 was improving the air in the company's production and warehousing facilities. In the spring, measurements were taken of quartz and dust, and although the levels proved to be below current limits, several steps have been taken to further improve the air.

– Among other things, we switched to a more environmentally friendly fuel in our forklifts, with positive results. We also conducted tests with water-based paint at our painting facility. We will continue with these tests in 2022, says Ulrika.

Safeguarding the staff and securing production at our facilities is a priority area.

– In terms of structure, we are in a very good position. My assessment is that we are very close to passing a certification in accordance with ISO 45001 (Health and safety at the workplace). What we need to work on in the future is our proactive work and our behavior. We have come a long way, but we can get even better.

STEEL MARKET 2021

THE MOST VOLATILE YEAR EVER

The 2021 steel year distinguished itself in two ways. It was the most volatile year to-date in terms of prices and availability. It was also the year in which the steel's environmental impact became an important issue for which the industry is seeking solutions.

Early in 2021, a rapid and strong recovery was seen in the European industrial and construction sectors. This increased the need for all steel and metal products. In the first quarter, many users wanted more materials than planned and this caused a shortage, especially for products linked to the automotive industry. This sharply increased steel and metal prices, even beyond the record listings from 2008. After several tough years, producers suddenly achieved good profitability.

Development in the second half of the year was somewhat different for different products, but prices essentially stabilized at entirely new levels. The global shortage of semiconductor components meant that the automotive industry could not produce according to plan, and con-

sequently less steel was used than expected. However, producers were busy with deliveries to other sectors, to which the EU's import quotas also contributed.

The Chinese economy lost momentum over the year, which led to its steel industry being slowed down using central incentives. Consequently, the global iron ore price fell. In the U.S., steel prices continued to rise, protected by the tariffs initiated by former U.S. President Donald Trump three years ago.



Ulrika Leray, HSEQ Manager, BE Group Sverige AB.



THE SHARE

THE BE GROUP SHARE

Since 2006, BE Group AB has been listed on the NASDAQ Stockholm Exchange under the ticker BEGR. The Company is included in the Basic Resources sector and has ISIN code SE0008321921.

At the end of 2021, BE Group had 7, 119 shareholders, compared with 4,371 at the end of the previous year. Svedulf Fastighets AB and AB Traction were the two largest owners with 24.5 percent and 24.4 percent of the shares, respectively. Information regarding other major owners is available at www.begroup.com.

Market capitalization at year-end

SEK 1,724 M

Highest price paid in 2021

SEK 133.00

P/E ratio

3,4

Closing price 2021

SEK 132.50

Lowest price paid in 2021

SEK 36.40

Yield rate

9.06%

LARGEST SHAREHOLDERS DECEMBER 30, 2021

Shareholders	Number of share	Capital and votes (%)
Svedulf Fastighets AB	3,183,172	24.5
AB Traction	3,177,894	24.4
Försäkringsaktiebolaget, Avanza Pension	693,108	5.3
Quilter Inter Isle of Man Ltd	642,285	4.9
BNY Mellon SA/NV (Former BNY), W81MY	193,835	1.5
Nordnet Pensionsförsäkring AB	167,845	1.3
Nordea Livförsäkring Sverige AB	167,607	1.3
Quilter International IOM Ltd	145,809	1.1
Ålandsbanken ABP (Finland), svensk, filial	144,194	1.1
Thorell, Johan	129,543	1.0
Total, 10 largest shareholders	8,645,292	66.4
BE Group 's holding of treasury shares	26,920	0.2
Other shareholders	4,337,912	33.4
Totalt number	13,010,124	100

DIVIDEND

SEK 12 PER SHARE

for the 2021 financial year

According to BE Group's dividend policy, the Group will distribute at least 50 percent of profit after tax, over time. BE Groups financial positions and future outlook shall be taken into account in determining the payment of dividends. The Board of Directors proposes a dividend of SEK 12 per share (-) for the 2021 financial year.

GROUP MANAGEMENT



PETER ANDERSSON

President and CEO
Born in 1975
Employed since 2016

Previous experience

CEO of Ineos Styrolution (2011-2016), Operations Manager Disab Vacuum Technology (2006-2011) and various positions at Alfa Laval (1998-2006).

Education

B.Sc. Engineering

Number of shares

4,000



CHRISTOFFER FRANZÉN

CFO
Born in 1977
Employed since 2020

Previous experience

Senior Finance Business Partner within Scan Global Logistics (2018-2020), CFO for Europart's Swedish entity (2017-2018) and several leading controller positions in Getinge and ArjoHuntleigh (2008-2016).

Education

M.Sc. in Business and Economics

Number of shares

2,105



MAGNUS BOSSON

Managing Director, BE Group Sverige AB
Born in 1968
Employed since 2018

Previous experience

Managing Director at Knauf Danogips Sverige (2011-2018), Manager for Sweden at Bong Ljungdahl Sverige AB (2005-2011), Sales and Market Manager at Icopal AB (2000-2005), Sales Manager at ELFA AB (1993-2000).

Education

B.Sc. Engineering and reserve officer

Number of shares

6,000



LASSE LEVOLA

Managing Director, BE Group Oy Ab
Born in 1959
Employed since 2005

Previous experience

Sales Director in BE Group Oy Ab (2005-2012), Sales Director in Hollming Works Oy (2003-2005), General Manager Materials Management & Distribution in Wärtsilä (1995-2003).

Education

B.Sc. Engineering

Number of shares

0

The disclosures regarding holdings of shares and other financial instruments in BE Group for the Board of Directors and Group Management refer to circumstances as per December 31, 2021, and include shares held directly, through legal entities and closely related parties that are directly or indirectly controlled by the person or his or her closely related parties. For the CEO, information is also included on any significant shareholdings and partial ownership in companies with which BE Group has significant business ties. For updated shareholdings, please refer to our website, www.begroup.com.

BOARD OF DIRECTORS AND AUDITORS



JÖRGEN ZAHLIN, Chairman of the Board, born in 1964, M.Sc. Engineering. Member of the Board since 2013 (Chairman since 2019). Other assignments as the President and CEO of OEM International. Chairman and member of the Boards of a number of companies in the OEM Group. Number of shares: 12,000.



CARINA ANDERSSON, Board Member, born in 1964, Mining Engineer. Member of the Board since 2018. Other assignments as a member of the Boards of Beijer Alma, Gränges, Systemair, Swedish Stirling and Detection Technology. Number of shares: 2,000.



LARS OLOF NILSSON, Board Member, born in 1962, M.Sc. in Business and Economics. Member of the Board since 2006. Other assignments as a partner in Evli Corporate Finance AB, Chairman of the Board of Kaptensbacken (own company) and NSS Group AB. Member of the Boards of JLL Treasury Support AB and JLL Transaction Services AB. Number of shares: 3,282.



MATS O PAULSSON, Board Member, born in 1958, M.Sc. Engineering. Member of the Board since 2020. Other assignments as Chairman of the Boards of Caverion Oy, Nordisk Bergteknik AB and Svevia AB, member of the Boards of Nordic Waterproofing AS and Bösarps Grus & Torrbruk AB. Number of shares: 0. Call options (from Svedulf Fastighets AB): 50,000.



PETTER STILLSTRÖM, Board Member, born in 1972, M.Sc. in Business and Economics. Member of the Board since 2012. Other assignments as the President and Board member of AB Traction. Chairman of the Board of Nilörngruppen, OEM International and Softronic and Board member of Hifab Group. Also, a Board member of companies in the Traction Group and private holding companies. Number of shares: 50,000 (via endowment insurance). Shares in close association: 3,177,894.

REVISOR, Öhrlings PricewaterhouseCoopers AB, the Auditor-in-Charge is Eva Carlsvi, Authorized Public Accountant, born in 1968. With the Company since 2015.

All five Board members elected by the Annual General Meeting are independent in relation to BE Group and executive management. All Board members elected by the Annual General Meeting, with the exception of Petter Stillström, are also considered independent in relation to BE Group's principal owners.



The bridge over the Timsälven River is 48 meters long and has a three-meter-wide travel lane for pedestrians and cyclists. The frame is built of construction steel S355J2 and weighs about 60 tons.

LECOR BUILDS SPECTACULAR STEEL BRIDGE IN CENTRAL KARLSKOGA

What do BE Group's subsidiary Lecor Stålteknik in Kungälv, three young architectural students at the KTH Royal Institute of Technology in Stockholm, and the father of the dynamite, Alfred Nobel, have in common?

They are all involved in one way or another in the spectacular new steel bridge to be built at the Nobel Museum in Karlskoga.

It began with a competition for architectural students at KTH in Stockholm in the autumn of 2018. The task was to develop a design proposal for a new pedestrian and cycle bridge over the Timsälven River in central Karlskoga.

The proposals were presented at an exhibition at the Alfred Nobel manor of Björkborn. Subsequently, one of them was selected and has since served as a model for the bridge that will now be constructed by BE Group's subsidiary Lecor Stålteknik in Kungälv.

EXPERIENCE AND EXPERTISE

According to Anders Finnås, Marketing Manager at Lecor, this is a spectacular bridge, where the long span and unusual arc-shaped design impose special requirements on the structure.

– The students' idea was that the bridge would be made of wood, but the way it is designed – with a challenging geometry to say the least – this is impossible. A steel structure is required, explains Anders Finnås.

Lecor AB was founded in 1965 and has since developed into a specialist in complex construction and infrastructure projects. Especially bridges. According to Anders Finnås, the fact that Lecor in particular was commissioned by the Municipality of Karlskoga and construction company Peab to build the bridge is attributable to the fact that, based on their experience and expertise, they were able to produce a workable design proposal that was similar to what the students at KTH had drawn.

– Now it will be a bridge with a steel frame that is clad in wood, explains Anders Finnås.

The bridge was manufactured in Lecor's workshop in Kungälv in the autumn of 2021 and will be assembled in the first quarter of 2022. It is intended to be inaugurated just in time for Walpurgis Night 2022.

A PRESTIGIOUS PROJECT

For Lecor, it is somewhat of a prestigious project. The company has been building bridges in more or less complex designs for more than 30 years, but never something this challenging and spectacular, Anders Finnås notes.

– We have unique engineering expertise in this area. This entails considerable added value for the customers we work with and was also an important reason why we won this procurement.

Ultimately, Anders Finnås hopes that the bridge project in Karlskoga will lead to more assignments of this kind that further strengthen Lecor's brand.

FACTS

The bridge over the Timsälven River connects one of Karlskoga's most important industrial areas with the central and most attractive parts of the city, where the Nobel Museum is located. The earlier bridges were demolished in 2015 as they were in poor condition.

The Municipality of Karlskoga is behind the decision to build new bridges. The construction and civil engineering company, Peab, is the client and Lecor Stålteknik developed the winning proposal in cooperation with the engineering and design firm, AFRY.

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- Sales
- Production
- Inventory

