

ANNUAL REPORT 2019



**BELLMAN
GROUP**

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BELLMAN GROUP

Bellman Group is a civil engineering Group that does groundwork. The Group possesses the skills, experience and commitment that are the foundation of successful construction projects.

Its core values of quality, skills and safety ensure that operations are conducted for the long term and sustainably.

The subsidiaries Bellmans Åkeri & Entreprenad, Samgräv Holding, Uppländska Bergborrnings and VSM Entreprenad constitute the Group's operating segments, and operate in rock blasting, excavation and haulage, as well as mass handling.

The Group has an express acquisition strategy, and screens operations in complementary service segments or geographical growth regions.

Bellmans is active in renting machinery and haulage, and currently utilizes approximately 500 vehicles and machines across Greater Stockholm.

Samgräv operates its own inert landfills, soil processing and recycling centers, as well as quarries, and provides haulage and machine rental services in western Sweden.

Uppländska provides specialist quarry blasting, rock reinforcement, hydraulic rock splitting, bulk removal, drilling and wire sawing services.

VSM's operations include rock and aggregate processing at stationary and mobile crushing plants, excavation for roads, tunnels, civil engineering and project development, and renting machinery with operators.



2019 in figures

- Net sales were SEK 1,755.5 m (1,090.6) a SEK 664.9 m increase on 2018.
- EBITDA before items affecting comparability was SEK 214.1 m (104.6).
- EBITDA was SEK 201.7 m (93.1), with a margin of 11.5% (8.5).
- Earnings before interest and taxes (EBIT) were SEK 119.1 m (51.3), with an EBIT margin of 6.8% (4.7).
- Profit for the period was SEK 77.9 m (25.1).
- Basic and diluted earnings per share were SEK 37.1 (18.3)
- Cash flow from operating activities was SEK 147.4 m (56.5).
- The Board of Directors is proposing that no dividend is paid for the financial year 2019.

Significant events

On 31 January 2019, the Group acquired all the shares of Samgräv Holding AB, which had sales of SEK 231.9 m and EBITDA of SEK 19.0 m in 2019. The acquisition was financed with newly issued shares of SEK 44 m, and the issue of bonds of SEK 100 m.

In January 2019, VSM Entreprenad was contracted to deal with excavation and haulage for one of the contracts on the construction of the Västlänken sub-surface rail link in Gothenburg. Samgräv has been contracted for transportation at this and one other contract on Västlänken.

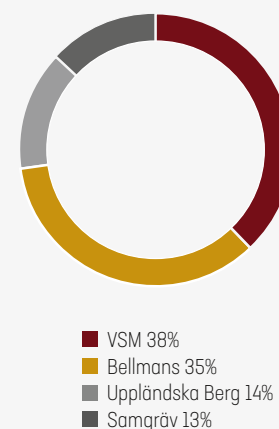
In March 2020, Bellman Group acquired SÅCAB Åkericentral AB, and indirectly, its subsidiaries. SÅCAB's sales were approx. SEK 185 m for 2019 and the purchase consideration was SEK 77 m in cash.

The world was affected by a global pandemic at the beginning of 2020. Bellman Group's operations may be exposed to some of the effects of Covid-19.

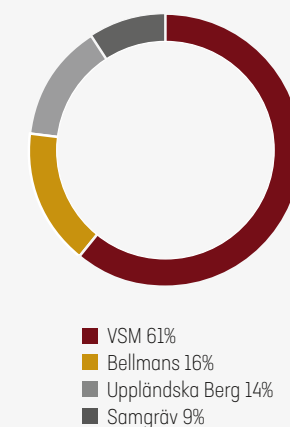
KEY INDICATORS, GROUP

SEK m	2019	2018
Net sales	1,755.5	1,090.6
EBITDA before items affecting comparability	214.1	104.6
EBITDA margin before items affecting comparability	12.2%	9.6%
EBITDA after items affecting comparability	201.7	93.1
EBITDA margin after items affecting comparability	11.5%	8.5%
EBIT	119.1	51.3
EBIT margin	6.8%	4.7%
Profit for the period	77.9	25.1
Earnings per share, basic and diluted (SEK)	37.1	18.3
Cash flow from operating activities	147.4	56.5

Share of net sales by segment, SEK m



Share of EBITDA before expenses affecting comparability by segment, SEK m



A Group in growth

Bellman Group reported high organic growth in the year, while also consolidating our foothold in western Sweden by acquiring Samgräv. We're a young group, but with our well-recognized subsidiaries, we have rapidly secured status as a competitive complete provider to the building and construction sectors.

Bellman Group was formed in 2017, and acquired rock processing company Uppländska Bergborrnings and haulage company Bellmans Åkeri & Entreprenad in the same year. In the following year, we acquired VSM Entreprenad, which works on excavation using large machines. To strengthen the Group's presence in the Gothenburg region, at the beginning of 2019, we acquired Samgräv. Samgräv provides haulage and machine rental services, as well as owning a number of landfills. In March 2020, we acquired SÅCAB, which is active in haulage and machine rental, and owns one landfill south of Stockholm.

2019 in brief

The Group's sales increased by 61%, mainly because of the acquisitions of VSM and Samgräv. However, all four subsidiaries increased sales on 2018, with VSM achieving the highest growth, because of the large demand for excavation on several major infrastructure projects. Uppländska reported strong growth driven by infrastructure projects, but also because of the creation of new windpower plants, for example. Samgräv's sales increased for the full year, but did slow somewhat in the latter half-year, due to operations at this company's Fäxhult landfill being temporarily suspended by the Municipality. Landfill is a highly profitable operation, so it is positive that it is now operational again. Bellmans also reported growth on a strong previous year.

The Group's profitability remained positive, and its EBITDA margin before items affecting comparability was just over 12%. The growth was primarily sourced from VSM, which also applies to earnings. Uppländska's and Bellmans' earnings were consistent with the previous year, despite sales gains, because of a

differing project mix. Samgräv's earnings decreased due to lower revenues from landfill, which I've commented on above.

Access to landfill at a reasonable distance from project sites is important for environmental and cost reasons. The ability to transport masses to our own landfills is a business opportunity that we are trying to develop further, and our acquisition of SÅCAB in 2020 is part of this strategy.

Low-risk market position

Bellman Group serves a key role in the value chain—a subcontractor that makes it possible to build, although our customers are construction companies. This means our businesses have fairly low risk, because we get paid for the work we do, by time or volume.

To date, most of our sales are sourced from the Stockholm region, but our operations in the Gothenburg region are growing, and we also see opportunities in other growth regions. Our express strategy is also to grow through acquisitions, and we continuously screen opportunities to acquire companies that complement our offering, or strengthen our presence in strategic geographical regions.

Major infrastructure projects driving the market

The Group's subsidiaries are active on 400-500 different projects across Sweden, and some 60% of sales relate to infrastructure projects. Projects such as the Västlänken sub-surface rail link in Gothenburg, and the Förbifart Stockholm tunnel bypass are long term, and investments in infrastructure are maintaining stable yearly growth of just over 4%. We expect housing construction, which represents a minority of Group sales, to level off somewhat through the coming years. However, urbanization remains a very strong trend, which will drive continued investment in housing, retailing, manufacturing and infrastructure. Wherever housing is built, new schools and other facilities are also needed. Every construction project requires groundwork, which makes Bellman Group well positioned.

Large-scale projects and maintenance that is necessary regardless of economic conditions are also happening outside urban regions. VSM has worked on projects including Sälen Airport, and Uppländska is often involved in the construction of new windpower plants.

Long-termism in everything we do

Bellman Group does preparatory work for construction projects that will be used for many generations, so as a company, it's

The Group has a stable foundation for onward growth through:

- Good balance between businesses—a broad proposition in rock blasting, excavation, haulage and mass handling in Sweden, mainly in the Stockholm and Gothenburg regions.
- A strong underlying market, with major infrastructure initiatives over a long timeframe.
- Low project risk in operations, because our remuneration model is largely variable/volume based. Most of our operations address infrastructure.
- Being a quality provider that actively helps the customer solve problems through project life-cycles.
- A strong brand that the customer can always trust.



” Access to landfill at a reasonable distance from project sites is important for environmental and cost reasons. The ability to transport masses to our own landfills is a business opportunity that we are trying to develop further. ”

natural that we operate sustainably. We are conscious that the vehicles and machinery we use on projects impact on climate, which is why we are endeavoring to reduce our consumption of fossil fuels, and to purchase vehicles that run on more environmental fuels wherever possible. Access to renewable diesel (HVO) when we are working a long way from urban environments is a challenge, but we hope to find a solution to this in cooperation with our fuel providers in 2020.

We are growing, and are dependent on being able to hire experienced workers and people starting their careers. Being a company that lives up to fair, inclusive values, and prioritizes safe workplaces, makes us an attractive employer. We offer our people further training, work in different skill segments and at various locations around Sweden. This means our people have a lot of opportunities to develop within the Group.

Bellman Group launched a Code of Conduct in 2019, which all the Group's employees take training in. We have also produced a Code of Conduct for our subcontractors that they have to confirm and comply with. Our customers, employees and other collaborative partners should know that Bellman Group and everyone we hire will conduct themselves appropriately and professionally.

Evolving the Group

2019 also featured better procedures, processes and working methods for the Group. The President of each subsidiary is a member of Group Management, where we discuss collaborative

opportunities in our business, and how we can work smarter by integrating functions. This is making us an even better supplier to customers, because we can address different tasks on contracts in a smooth and coordinated way.

Obviously, our business is affected by what is happening globally, and we may be exposed to some of the effects of the outbreak of the Covid-19 coronavirus. For example, skills succession is affected by poorer macroeconomic conditions slowing willingness to invest, also in infrastructure. The Group has contingency for a changed situation, and we have taken some precautionary measures including our rate of investment.

We are active in a sector where trade skills are at a premium, and thanks to our employees, we can offer customers experience, skills and high levels of service. I am proud that our main competitive advantage is the service we offer our customers. That is why I want to take this opportunity to thank our skilled employees and subcontractors for their commitment and hard work in 2019.

In 2020, we are looking forward to continuing to develop our business. Our collaboration between subsidiaries will be intensified, generating new business, while we will also be evaluating acquisition opportunities regularly.

Håkan Lind, CEO of Bellman Group

We make it possible to build

Bellman Group has the skills, experience and commitment that are the foundation of successful construction and civil engineering projects. The Group is a pure-play subcontractor, providing services to construction and civil engineering companies, which means the project risk in the Group's operations is relatively low.

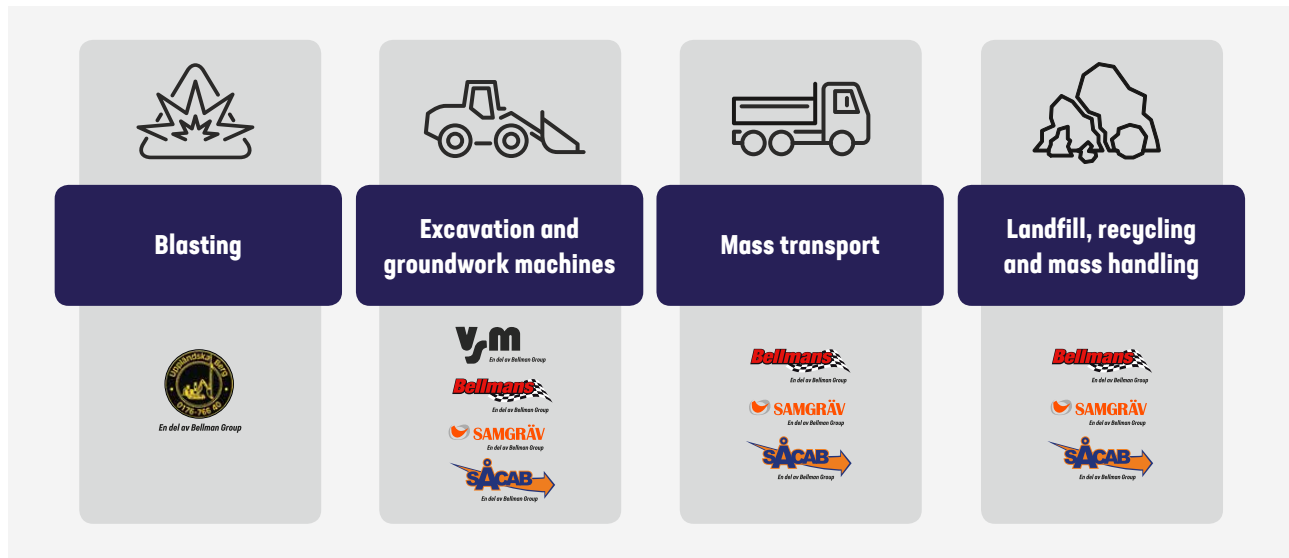
Sweden's construction and infrastructure initiatives feature growing complexity, placing demands on the collaborative partners of construction and civil engineering companies. Here, Bellman Group stands out with the scale and breadth of its proposition, and through its extensive experience of complex projects, where the demand for project management capabilities, skills and scheduling are critical success factors. Bellman Group is the leader in its sector through its unique positioning as a complete provider.

Bellman Group was created in 2017 and the same year Bellmans Åkeri and MST (Uppländska) were acquired. The

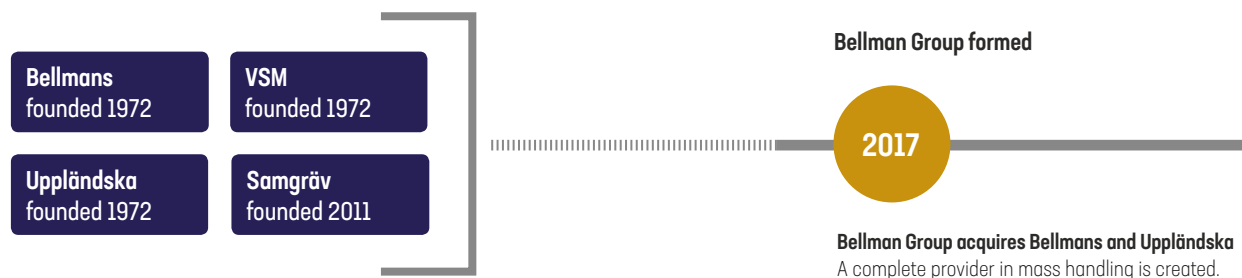
Group's ambition was to create a complete provider to the construction and civil engineering sector. In 2018, Bellman Group acquired VSM Entreprenad, increasing its geographical presence outside Stockholm, and consolidating its offering in the large machine segment. The acquisition of Samgräv in 2019 secured the Group a permanent presence in the Gothenburg region, then complemented its offering with landfill and recycling of excavation masses.

The Group's landfill business expanded again through the acquisition of SÅCAB, which operates a landfill in the Stockholm region, at the beginning of 2020.

What our companies do



Time axis





VISION
We do not follow the development in the industry – we lead it.

MISSION
We make it possible to build

BUSINESS CONCEPT
Bellman Group's business concept is to blast and excavate, as well as transport and handle masses. We do this by focusing on quality, efficiency and safety in complex projects and environments for customers in the construction sector.

CORE VALUES
Quality. Skills. Safety.

2018

Bellman Group acquires VSM
Expanded geographical presence outside Stockholm, and a stronger offering in the large machine segment.

2019

Bellman Group acquires Samgräv
Permanent presence in the Gothenburg region, and an expanded offering including landfill and recycling of masses.

2020

Bellman Group acquires SÅCAB
Access to our own landfill in the Stockholm region.

Investments in infrastructure continue

Bellman Group's potential for growth is mainly dependent on major infrastructure and civil engineering projects like the Västlänken Gothenburg sub-surface rail link, the Förbifart Stockholm tunnel bypass and other rail network expansions. These projects are long term, while further infrastructure initiatives are also expected, benefiting the Group.

The construction market can be divided into housing, infrastructure, commercial and industrial real estate, and other. Investments in infrastructure and other civil engineering projects such as roads and rail traffic are forecast to grow by over 4% yearly. The housing construction cycle is forecast to level off in the coming years. Although housing construction is the largest part of the total market, it represents a low sales share for Bellman Group.

Geographically, more than half of the construction and civil engineering investments are in metropolitan regions, with Stockholm being dominant. Growth in Stockholm is within infrastructure and manufacturing, while Gothenburg and Malmö are forecast to grow in all market segments. 67% of Bellman

Group's sales are from Greater Stockholm, and 18% from the Gothenburg region. Bellman Group's customer base mainly consists of large construction companies like NCC, JM, Skanska, PEAB, as well as regional and local players.

INFRASTRUCTURE PROJECTS

Stockholm:

- Roslagsbanan (*urban rail link*)
- Mälaren Line (*regional rail link*)
- Stockholm City Line (*commuter rail link*)
- Förbifart Stockholm (*highway tunnel bypass*)
- Tunnelbanan blå linjen (*subway line*)
- Tvärförbindelse Södertörn (*highway link*)
- Nya Skurubron (*highway bridge*)
- Högdalsdepån (*subway rail depot*)

Gothenburg:

- Västlänken (*sub-surface rail link*)
- Marieholmsförbindelsen (*rail bridge & highway tunnel project*)
- Bältinge-Värgårda (*new highway and interchanges*)
- Eriksberg tågförbindelse (*rail link*)

Rest of Sweden:

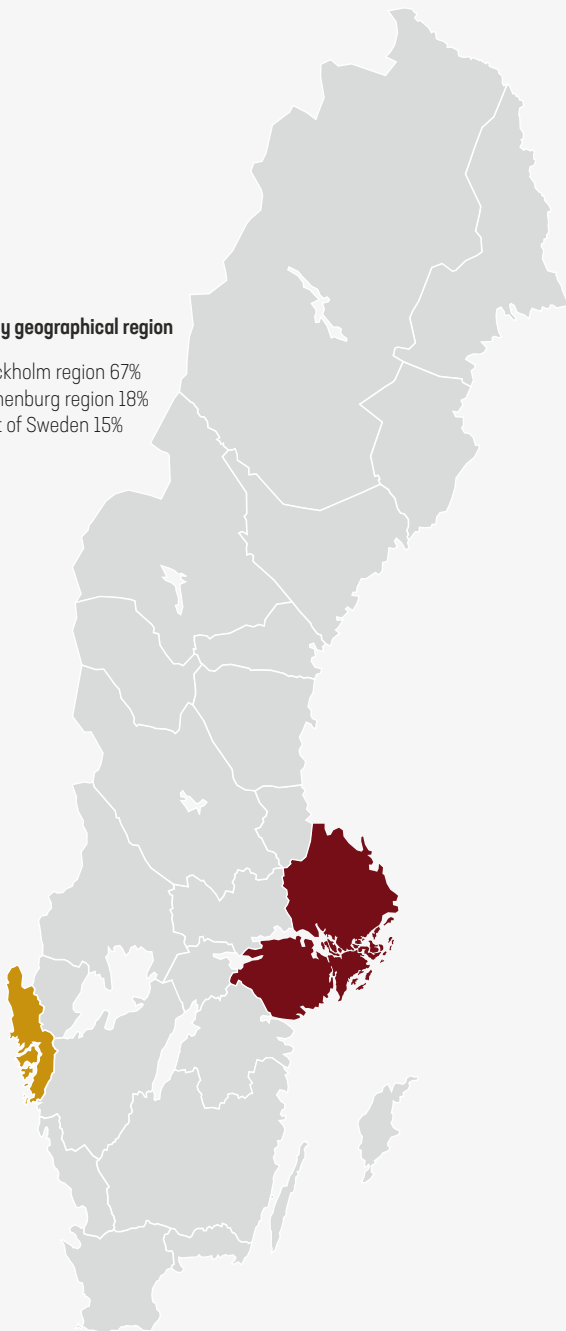
- East Link (*high-speed rail project*)



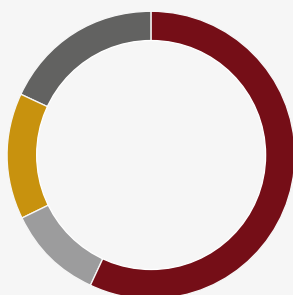
→ VSM and Samgräv have been contracted on excavation and haulage respectively on the Västlänken infrastructure project.

Sales by geographical region

- Stockholm region 67%
- Gothenburg region 18%
- Rest of Sweden 15%



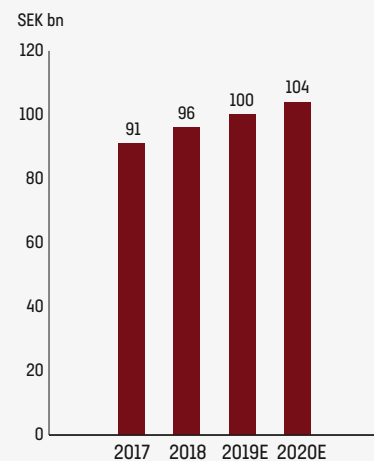
Sales by market segment



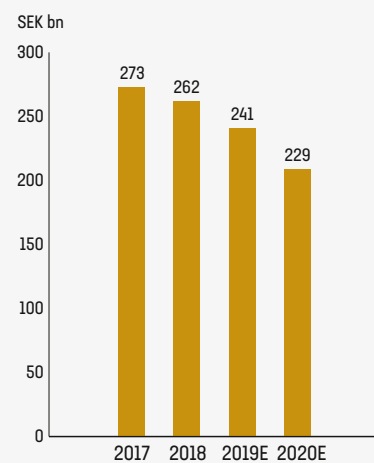
- Infrastructure, 57 %
- Industrial/commercial, 14 %
- Housing, 11 %
- Other, 18 %

Construction investments in Sweden by market segment

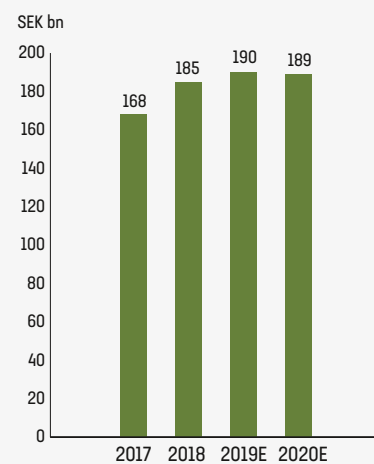
Infrastructure



Housing



Industrial and commercial real estate



Source: The Swedish Construction Federation, October 2019

Sustainable growth at low risk

Bellman Group is a civil engineering group that does groundwork. Sustainable and profitable growth at low risk is fundamental to Bellman Group's strategy.

Balance and long-termism are keywords in Bellman Group's strategy and they permeate strategic decisions. Operations are mainly conducted in growth regions, and at present, some 85% of sales are sourced from the Stockholm and Gothenburg regions. Bellman Group mainly focuses on infrastructure projects, as well as industrial and commercial real estate, whose underlying markets are strong and stable over time. The Group also has the ambition of growing through acquisitions, and its expansion plans reflect the infrastructure initiatives planned in Sweden.

When making acquisitions, the Group primarily seeks complementary services and market presences that can generate revenue synergies. The Group has commenced gradual coordination of skills and resources to create a cohesive group over time. Some group-wide functions such as accounting and financial controlling, sustainability, HR, IT and corporate communication have already been established.

A flexible offering with low risk

Bellman Group grows organically through expansion on its core markets, but also by winning market shares. The Group's broad

offering is attractive to customers and partnerships between subsidiaries generate extra sales. At present, there is no other groundwork provider making an equally broad-based proposition, but Bellman Group has a variety of competitors active in different regions.

The Group owns only about one-quarter of the machines and vehicles it uses on projects, the remainder belonging to subcontractors. This means it can expand and contract its vehicle fleet to match demand. This reduces risk, simultaneous with Bellman Group being a flexible provider that helps its customers address challenges through project life-cycles. The remuneration model is variable, so it keeps project risk low by getting paid by volume or man-hours.

Close and long-term relationships

Being successful in a sector where projects and relationships are long term means the Group needs to act sustainably. For Bellman Group, this means being an attractive employer, capable of hiring and developing people whose work is executed with skill, quality and safety. In an operation involving different types of vehicle and machinery, it is also natural to try to reduce

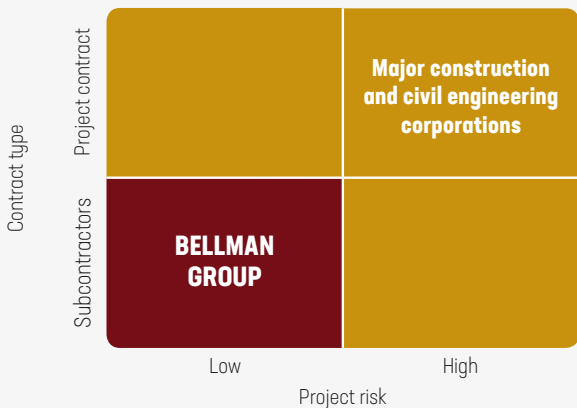




the consumption of diesel and chemicals in different ways. Another important strategy is about personal approach and business ethics. Bellman Group has a sharp customer focus at all levels, and its designated team leaders are present on projects to ensure customer needs are satisfied.

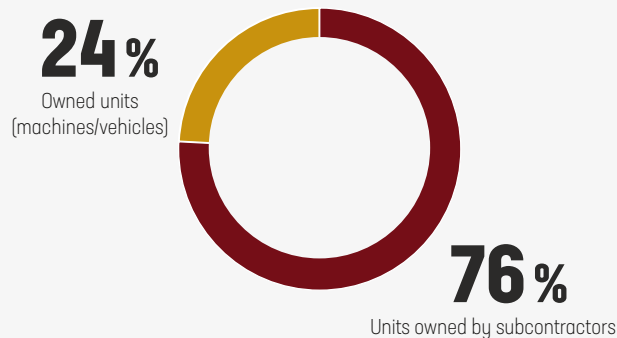
With its well-recognized subsidiaries, Bellman Group has established a presence as a strong company that customers, subcontractors and employees can always trust.

Bellman Group will grow organically and by acquiring established and profitable companies that complement the Group's offering to construction and civil engineering companies. Revenue rather than cost synergies are a criterion.



Bellman Group is a subcontractor to the major construction companies, and because its remuneration model is largely variable, the Group assumes low risk.

Subcontractors enable flexibility



By appointing subcontractors, Bellman Group can adjust the number of available machines and vehicles to match customer needs, which increases flexibility and reduces risk.

Bellman Group companies

Bellman Group has a full-range offering in rock blasting, excavation, haulage and mass handling. The Group's broad-based proposition is attractive to customers, and partnerships between subsidiaries enable extra sales. The Group has an express acquisition strategy, and screens operations in complementary service segments or geographical growth regions.





Gunnar Karlsson transport AB

BERNIE

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Bellmans



Stockholm is growing through infrastructure initiatives and the construction of commercial real estate and housing. Masses need to be transported to or from projects like the Förbifart Stockholm tunnel bypass, the Slussen city center interchange, or housing construction projects. The process should be optimized from the construction firm's perspective, while also showing consideration to neighbors, traffic routes, and not least, the environment.

Bellmans conducts rock and soil excavation itself and on behalf of clients, the delivery of gravel and crushed aggregate, and rents trunks and construction machines with operators. The company utilizes about 500 different types of vehicle daily, of which Bellmans owns some 10%, and the remainder belong to subcontractors. Operations are concentrated in Greater Stockholm, with sales mainly related to infrastructure projects. One of Bellmans' competitive advantages is the company maintaining a broad network of haulage firms and machine owners, enabling flexibility and responsiveness to customer needs.

Bellmans has had a long-term focus on technology, the

environment and quality. It secured ISO9001 and 14001 certification as early as 2000, and to satisfy customer demands for emission reporting, fully automated order flows, quality control etc., all vehicles have computers and apps linked to order management systems, invoicing, etc.

In 2019, Bellmans intensified its collaboration with fellow subsidiaries VSM and Uppländska, and these companies partner fully on a range of projects such as Ersta Hospital and the Banken district in Hägersten, Stockholm. Order intake was healthy, and partnerships will evolve further in 2020, to make Bellmans more attractive to major customers.

Services – Bellmans Åkeri

Excavation & haulage

Transportation of different materials and volumes. Bellmans holds local authority permits to transport waste and hazardous materials.

Construction machinery

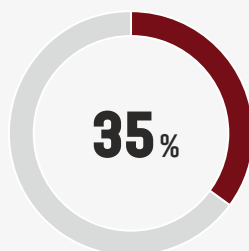
Wheel and track excavators, wheel loaders, dumpers, excavator loaders, crawler loaders, mobile cranes, telehandlers with work platforms, graders, street sweepers, snowploughs and other types of specialist machinery.

Crane trucks

A broad selection of crane trucks from two to four axles with all the necessary attachments, such as jibs and tipper trucks.

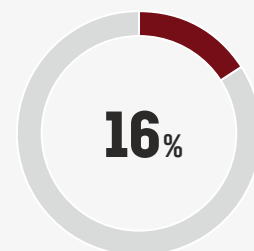
Sales
SEK **660.2** m

Share of Group



EBITDA before costs
affecting comparability
SEK **35.7** m

Share of Group





Bellmans handles haulage at hundreds of large and small projects across the Stockholm region.

Samgräv



Samgräv provides major projects such as the Västlänken sub-surface rail link in the Gothenburg region with products and services in masses and materials handling. Samgräv operates proprietary inert landfills, soil processing, recycling facilities and quarries, and provides haulage and machine rental. The company does not own any machinery.

One of the company's competitive advantages is that it owns landfills and recycling centers close to each other, while also offering machine rental and haulage. This creates environmentally friendly and cost-efficient complete solutions for customers that shorten transport runs, and accordingly, reduce CO₂ emissions.

One-third of sales relate to housing construction, with the remainder divided fairly evenly between infrastructure, manufacturing and commercial real estate, as well as mass handling. In 2019, Samgräv focused on identifying, addressing and

developing new sites for soil processing, landfill, recycling and quarries.

In partnership with Volvo and fellow subsidiary VSM, Samgräv has worked to streamline transportation with two-way loads, and improve capacity utilization levels to minimize its environmental impact. In 2020, Samgräv is focusing on collaborating more closely with customers to satisfy needs more optimally, and find intelligent, environmentally-efficient and cost-effective solutions together.

Services – Samgräv

Agency and renting

Samgräv provides all types of construction machinery, trucks, crane trucks, tractors and surface compactors etc., including drivers and operatives.

Landfill

Samgräv provides unloading and transport of masses in Greater Gothenburg at its landfills and soil processing plants.

Recycling

Environmental recycling of waste materials.

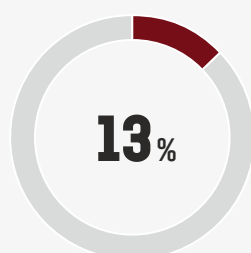
Materials sales

Sales of crushed product, aggregates, graded soil, bark chips, etc.

Sales

SEK **231.9** m

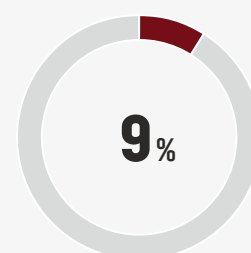
Share of Group

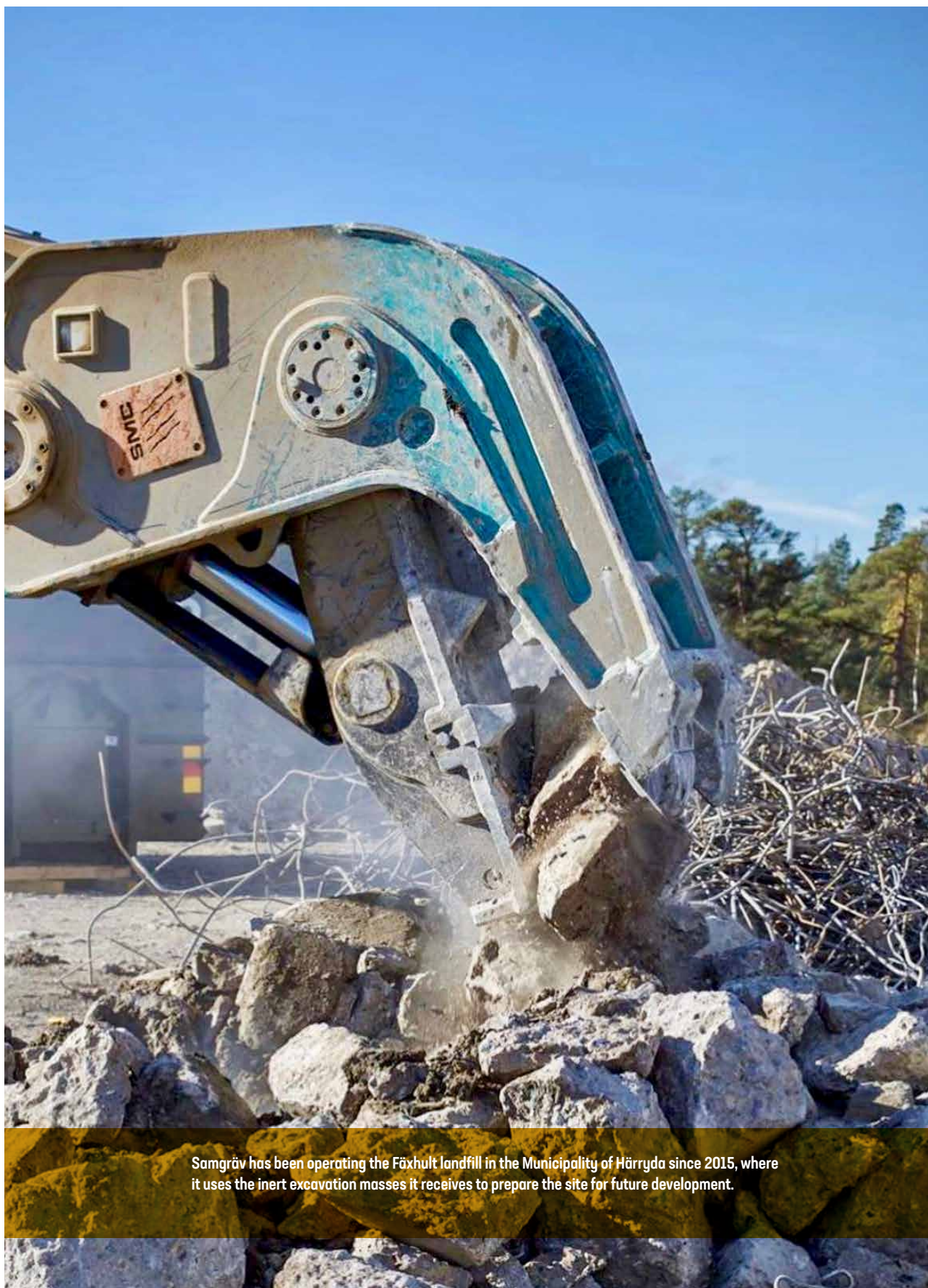


EBITDA before costs affecting comparability

SEK **19.0** m

Share of Group





Samgräv has been operating the Fäxhult landfill in the Municipality of Härryda since 2015, where it uses the inert excavation masses it receives to prepare the site for future development.

Uppländska



Most of Sweden's infrastructure or construction projects are built on rock or stone. Uppländska possesses the skills to blast substantial rock masses to make space for windpower plants, or for projects such as lowering the floor level of Sweden's National Museum by several meters through internal precision blasting and drilling.

Uppländska operates just over 60 machines, of which some 10 belong to subcontractors, and is active nationwide in Sweden. About one-third of sales are from infrastructure, and the remainder from industrial and commercial real estate, and housing construction.

Blasting and drilling are high-risk projects, with blasting work in built-up areas being especially demanding. The key to Uppländska's success is its skill, experience and continuous training and developing its people. Depending on their specialisms, its people possess the necessary permits for blasting and drilling, machine operating, specialist training in surface blasting, blasting technology, electronic detonators, etc. - everything necessary to be able to perform specialist work

on rock safely and securely. Uppländska holds ISO 14001, 9001 and 45001 certifications.

The company endeavors to be the best in its sector in advanced technical work, which means it is sometimes ahead of the OEMs in innovation, as when it developed sound curtains for drilling rigs before they were available on the market.

Uppländska started several interesting projects in 2019, including rock excavation for the extension and conversion of Ersta Hospital in Stockholm, a number of windpower plants in central Sweden, and preparatory work for the Telegrafberget housing construction project in Nacka, near Stockholm. The company also continued to invest in its machinery so it can offer customers and staff regenerated, more environmental machinery.

Services - Uppländska

Rock drilling

Extensive and state-of-the art machinery with drilling rigs with GPS and anti-dust equipment, and often, soundproofing for drilling in noise-sensitive environments.

Rock blasting

Experts in precision blasting in city centers and other sensitive environments, and underwater. All types of rock blasting assignment, from single-family home foundations to high volumes in sensitive environments, or on major infrastructure projects.

Wire sawing

Wire sawing is used where blasting is unsuitable or as a preparation for blasting on vibration-sensitive projects. Also used for creating contours close to the theoretical contour, for example when rock faces are to be visible, or for pre-casting concrete constructions.

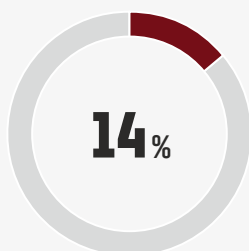
Rock splitting

Hydraulic rock splitting is a vibration-free method for extracting rock. It is used to extract rocks close to very sensitive buildings, or where blasting is unsuitable for other reasons.

Sales

SEK **260.1** m

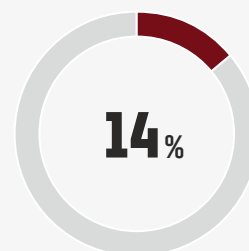
Share of Group



EBITDA before costs affecting comparability

SEK **29.7** m

Share of Group





Uppländska working on highway preparation for the new Skuru bridge in the Municipality of Nacka near Stockholm.

VSM



VSM is a construction machinery company with operations nationwide in Sweden. Its customer base consists of construction firms that need assistance on various types of excavation work that require machinery too large for public roads. Assignments may involve uncovering rock, unloading from tunnels or crushing and hauling bulk rock.

This company is mainly involved in infrastructure projects such as roads, railways or airfields, such as the Västlänken sub-surface rail link in Gothenburg and Förfärd Stockholm tunnel bypass. Infrastructure projects represent the majority of sales. Operations involve rock and aggregate handling at stationary and mobile crushing facilities, excavation for roads, tunnels, civil engineering and project development, and renting machines and operators. The company utilizes over 300 machines, of which some 40% belong to subcontractors. Engineering and field service activities are also conducted from its head office in Kallhäll.

VSM utilizes machines such as dumpers, wheel loaders, excavators and bulldozers. The VSM group also includes Munthers specialtransporter, a logistics provider with machine trailers, to transport machinery.

In 2019, VSM started work on Västlänken, and is experiencing demand from other projects in western Sweden.

At the end of the year, VSM secured projects including the Skurubron bridge, Arninge Station and the provision of mobile crushed aggregates for a major construction corporation. Partnerships with fellow subsidiaries in the Group will intensify in 2020.

Services - VSM

Crushing

State-of-the-art, complete equipment operated by experienced staff to deal with all types of crushing.

Tunneling

Large-scale, contemporary and expedient machinery manned by operatives with long-term experience of loading and transporting bulk rock from tunneling.

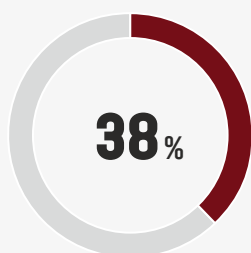
Rental

VSM has an up-to-date fleet of machines for hire without operators.

Sales

SEK **717.2** m

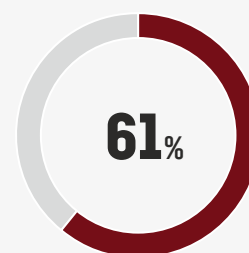
Share of Group



EBITDA before costs affecting comparability

SEK **131.3** m

Share of Group





One of VSM's projects in 2019 was unloading from a tunnel at Skärholmen, part of the Förbifart Stockholm tunnel bypass.

Sustainability Report

Bellman Group endeavors to be a sustainable supplier to the construction and civil engineering sector. In its sustainability work, the Group focuses on being an attractive employer, offering a good working environment, conducting itself with good business ethics, managing a long-term profitable company and reducing the Group's environmental impact.

This Sustainability Report covers the parent company, Bellman Group, and its subsidiaries. It is for the financial year 2019, and has been prepared in accordance with the provisions of the Swedish Annual Accounts Act (chap. 6 §10). The contents build on a materiality analysis, which is based on a stakeholder dialogue conducted in 2019.

In various phases, this process has engaged the company's primary stakeholders in in-depth interviews and surveys. The contents of the Report have been determined by mapping stakeholder expectations, and Bellman Group's economic, social and environmental impact. This mapping resulted in Bellman Group prioritizing five segments: attractive employer, working environment, good business ethics, long-term profitable company and reduced environmental impact.

Sustainability goals

Bellman Group's Board of Directors has adopted a number of sustainability goals for operations, and the Group has implemented a system enabling their monitoring from 2020 onwards; 2020 will be the base year of specific parameters, and these goals may be updated when more quantitative data is available. Information on goals is stated in each sustainability segment below.

Governance and management

The Group uses a business system for monitoring quality, environmental impact, and health & safety structured according to the ISO family of standards. From this, the Group conducts risk analyses, goal and action plans, and managing non-compliance. Thorough reporting and monitoring involves continuous improvements of operations, and the Group can adapt to stakeholder standards, needs and expectations.

Bellman Group's subsidiaries Uppländska and VSM are ISO14001, 9001 and 45001 certified. Bellmans is ISO14001 and 9001 certified. Samgräv is not yet ISO certified. The Group's ambition is for Bellmans and Samgräv to also be ISO14001, 9001 and 45001 certified before year-end 2020.

The Group's Board of Directors has adopted sustainability-related policies, which in combination with the Group's core values, direct how they should contribute to sustainable development with customers and suppliers. These policies are based on national legislation, industry regulation and the UN Global Compact, as well as the UN Guiding Principles on Business and Human Rights.

Bellman Group's Board of Directors has adopted the following policies:

- Risk Policy
- Continuity Management
- Information Security Policy
- IT Policy
- Insider Policy
- Corporate Communication Policy
- Finance Policy
- Salary Policy
- Equal Opportunities Policy
- Working Environment Policy
- Alcohol & Drug Policy
- Environment and Health & Safety Policy
- Code of Conduct for Employees & Subcontractors

Results and approach of materiality analysis

A stakeholder dialogue in the form of surveys was conducted in 2019 to increase understanding of the sustainability issues of significance to the Group's stakeholders. A materiality analysis was produced based on the stakeholder dialogue, and material sustainability segments have been defined.

Bellman Group's primary stakeholders are customers, employees, subcontractors, the Board of Directors and Management. The sustainability managers of a number of sector peers were also requested to respond to the survey.

Bellman Group decided to focus its strategic sustainability work on five segments based on its materiality analysis:

Attractive employer

Being an attractive employer with healthy workplaces where employees enjoy their work and are offered good potential to progress. Attracting skilled staff and retaining key individuals is decisive to Bellman Group's success

Health & safety

Physical safety of staff is the top priority, and Bellman Group has a vision of zero accidents.

Good business ethics

Doing business on good ethical foundations, within the Group and in contact with external parties.

Long-term profitable company

Long-term profitability impacts on the Group's capability to maintain up-to-date machinery and vehicles, and retain skilled and knowledgeable staff.

Reduced climate impact

The Group's ambition is to reduce its direct and indirect climate impact.

Social responsibility

Attractive employer

For long-term success, the Group and its subsidiaries need to be perceived as an attractive employer, whose people feel good and have the possibility of progressing. Being unable to recruit a qualified workforce is a risk that Bellman Group manages by endeavoring to maintain a good working environment, and the opportunity of skills development, as well as taking responsibility for training new staff.

The construction and civil engineering sector is strongly male dominated, and the Group faces a challenge in hiring more female employees with the aim of creating more balanced gender division within the company. Bellman Group is convinced that an inclusive workplace culture featuring diversity benefits everyone. Discrimination and harassment are not permitted in any form, and all employees should have equal opportunities to develop regardless of sex, age, ethnic origin, religion, political opinion, sexual orientation, disability or other distinguishing characteristics. A good corporate culture creates job satisfaction, good relationships, low staff turnover and low sickness absence.

Bellman Group collaborates with schools for driver training programs, employment services and sector colleagues to satisfy its future need for skills. Employees are offered further education and additional training on the Group's various types of machinery.

Working environment

The Group's operations involve work on large machinery, vehicles and blasting. Handling compliant with applicable safety instructions is critical for avoiding personal injury. Staff safety is the top priority, and Bellman Group has a vision of zero accidents. Risks, incidents and accidents are reported and investigated so that action can be taken as soon as possible. The Group takes action continuously to create and maintain safe workplaces, train staff on safety and change attitudes to counter risky behavior. This helps create a healthy organization and a safe working environment.

Health and safety

In 2019, Bellman Group implemented a system to simplify employee and contract staff reporting of non-compliance or concerns at work. This simplified reporting is designed to improve Management's understanding and awareness of what is happening, and thus increase the potential to take preventive measures.

Corporate health care and keep fit subsidies are offered to all the Group's employees. The Group's crisis contingency for health & safety was mapped in the year, and a system for crisis management was purchased from an external provider.

Goals and performance, corporate social responsibility

- Staff turnover – A goal will be set based on performance in 2020.
- Continuous training – The share of Bellman Group employees

undertaking training in the year. A goal will be set based on performance in 2020.

- Training of new workers – The number of new apprentices in the year. A goal will be set based on performance in 2020.
- Share of women – Share of total employees that are women.
- Share of women in management positions – The goal is at least 30% of people in management positions of the parent company and each subsidiary to be women.
- Zero tolerance of harassment – Four cases of harassment came to Bellman Group's attention in 2019. They were processed and closed in the year.
- Employee satisfaction – The yearly employee satisfaction survey provides responses on job satisfaction. A goal will be set based on performance in 2020.
- Incidents and accidents – The number of incidents and accidents and accident frequency of the Group's employees, i.e. accidents per man-hour, is monitored. The ambition is to also cover subcontractors, but there is no fully comprehensive system for this at present. A total of two accidents were reported in 2019 that were classified as serious, and one workplace accident with a fatal outcome.

Economic responsibility

Good business ethics

The Group's success is based on its people's capability to build strong and long-term relationships with customers and suppliers. Accordingly, it is critical that all staff have a clear perception of what the Group's collective goals are, and the ethical principles operations are based on. This applies to work within the Group and in contact with external parties. The Group distances itself from all forms of corruption or fraud, and demands openness, integrity and honesty throughout its business. The Group has prepared a Code of Conduct setting standards on how it expects employees to conduct themselves in business relationships. This Code of Conduct applies to all staff without exception.

In 2019, Bellman Group also prepared a Code of Conduct for subcontractors that all subcontractors appointed by the Group must confirm receipt of and comply with. New subcontractors approve the Code of Conduct on contract signing, and work on communicating and collecting approvals from existing subcontractors is ongoing in 2020.

For the Group to gain early awareness of, and action, circumstances and events that breach the Code of Conduct, policies, or other laws and regulations, all employees, partners and suppliers are encouraged to support suspected instances of non-compliance direct to Bellman Group's Group Management or via its whistleblower system. A group-wide whistleblower system has been available at all the Group's and subsidiaries' websites since 2019. This enables the capture of suspicious events, and improves employees' and other parties' potential to report suspicious events anonymously. One case was reported via the whistleblower system in 2019.

Bellman Group assigns high significance to maintaining human rights and healthy working conditions. Given that

operations are mainly conducted in Sweden, where for example, freedom of association is self-evident, the Group sees few direct risks in the segments associated with its own operations. However, operations generally, and haulage in particular, are highly dependent on subcontractors and suppliers that Bellman Group does not have full insight into or control over.

Long-term profitable company

Operating the Group with long-term profitability not only has financial value, but also impacts on the Group's capability to retain skilled and knowledgeable employees, offer market compensation, and maintain up-to-date machinery and vehicles.

Goals and performance monitoring, economic responsibility

- Anticorruption - The Group has zero tolerance of all forms of corruption. No cases of suspected corruption came to Management's or the Board of Directors' attention in 2019.
- Code of Conduct - All the Group's employees have been trained on the Code of Conduct.
- Requirements of subcontractors - All subcontractors need to confirm that they have received the Group's Handbook for Subcontractors, which includes the Code of Conduct for subcontractors, and policies. The goal is for 100% of subcontractors to have approved the Handbook.

Environmental responsibility

Reduced environmental impact

Bellman Group's operations include blasting, earthmoving contracting of machinery and haulage, all of which can have a significant environmental impact. Environmental impact relates mainly to climate emissions due to the combustion of fossil fuels, but also an impact on surroundings in the form of noise and dust. Additionally, machinery and vehicles in production run the risk of leakage and spillage of chemicals that can contaminate soil and water.

The Group holds the necessary permits where operations require, and regularly applies for blasting and crushing permits for its work, where such permits are applicable. Bellman Group also holds permits for the Group's landfill, aggregate and recycling centers. To reduce its environmental impact, the Group works continuously on environmentally related improvements in its business. All Group companies apart from Samgräv hold ISO14001 (environment) certification from December 2019. Samgräv has commenced the certification process, which is scheduled for completion in 2020. An environmental management system has been established in accordance with the certification process, which monitors central key indicators for each company continuously.

The environmental classification of all machinery and vehicles is assessed based on established systems. Machinery engine classifications are set at levels designated by the EU, known as EU stages, and vehicles according to Euro classes. By rating the Group's engines and vehicles, Bellman Group maintains an overview of how up to date its machinery and vehicles are, and it is possible to track improvements in average environmental classifications.

Optimizing transportation runs within and outside work-

places is a very important aspect of the Group's sustainability work on the environment and finance. This is achieved by minimizing unnecessary internal transports between loading and unloading in collaboration with customers and partners. At present, two of the Group's subsidiaries are participating in a pilot project to optimize transportation runs related to the construction of the Västlänken rail link. There are technical aids that enable truckdrivers to rapidly gain information on obstacles and accidents on the road, with new routes recommended, and for construction machinery to be equipped with technology that enables the optimization of each load.

Bellman Group's ambition was to map its fuel and energy consumption in 2019, as reported in the Sustainability Report for 2018. This was not conducted, with the Group instead prioritizing a comprehensive review of its sustainability work.

Transportation and vehicles

Bellman Group endeavors to minimize the environmental impact of its machinery and vehicles, and from machine transportation, by rationalizing and improving logistics planning, and working actively to upgrade machinery and vehicles for newer and more fuel-efficient models. The Group is also a member of several projects with OEMs on developing electric autonomous machines and vehicles. Improved logistics and fuel economy, and a higher share of renewable fuels, are contributors to reducing environmental impact and increasing cost-efficiency.

100% HVO (hydrotreated vegetable oil) fuels are used in several of the Group's projects. Bellman Group's ambition is to increase the share of machines and vehicles running on renewable fuels. However, HVO fuels are not available nationwide in Sweden, and a comprehensive mapping of the potential access to HVO for the Group's mobile operations will be conducted in 2020.

Climate statement

A formalized and structured process will have been established in 2020 to report information on machinery and vehicles, diesel consumption, emissions, spillage and other central environmental key indicators from all subsidiaries to the Group. In turn, results will be compiled and reported to Management and the Board of Directors.

Emissions to soil, water and air

Machinery and vehicles in production always run a risk of pipe ruptures or other leaks that can release chemicals into the surrounding soil and water. Wherever possible, the Group wants to prevent and minimize the impact operations have on soil, water and air. By all employees and contract staff conducting daily inspections of their units, any shortcomings can be identified and rectified before an incident. In the event that leakage still occurs, Group companies have highly functional procedures and instructions on how to act and report the event. All machines are equipped with remediation equipment. A review of the chemicals used was conducted in tandem with ISO certification, and where servicing contracts so permit, environmental oils are used.

EcoDriving training

The haulage part of the Group has a well-developed policy on idling and EcoDriving. The ambition is for machine operators, blasting operatives and other colleagues working on rock to take training in EcoDriving, and a training program is being designed in 2020 in partnership with the sector organization's training unit.

Goals and performance, environmental responsibility

- Machinery and vehicles - Environmental status reported according to EU stages and Euro environmental classes respectively. Only the Group's own vehicles are included. The goal is to increase the average rating.
- Emissions to soil - The number of incidents involving chemicals leaks causing remediation is measured and monitored. In 2019, the Group did not have any instances of environmen-

tal breaches resulting in fines or sanctions. However, small-scale leakage did occur, where remediation was necessary, with disposal at an approved landfill. A goal will be set based on performance in 2020.

- EcoDriving - The share of employees that have taken EcoDriving training is measured. By year-end 2020, 20% of the Group's employees should have taken this training.
- Diesel consumption - The consumption of Bellman Group's own machinery and vehicles is measured as volume in relation to man-hours. A goal will be set based on performance in 2020.
- CO₂ emissions - Emissions from Bellman Group's vehicles and machinery, and purchased energy for premises, will be measured in 2020. A goal will be set based on performance in 2020.



→ The 988K XE wheel loader is one of the largest construction machines in Sweden driven by a diesel hybrid.

Auditor's report on the statutory sustainability report

To the general meeting of the shareholders in Bellman Group AB (publ),
corporate identity number 559108-3729.

Engagement and responsibility

It is the board of directors who is responsible for the statutory sustainability report for the year 2019 on pages 20-23 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

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

Opinion

A statutory sustainability report has been prepared.

Stockholm 23 april 2020

PricewaterhouseCoopers AB

Nicklas Kullberg

Authorised Public Accountant



Corporate Governance Report

Bellman Group AB (publ)

Principles of corporate governance

Bellman Group AB (publ) is a public Swedish limited company with its registered office in Stockholm. Bellman Group's corporate bonds are quoted on Nasdaq Stockholm. Over and above the provisions of Swedish law, the Group's corporate governance is based on Nasdaq Stockholm's Rulebook for Issuers. Bellman Group has commenced voluntary adoption of the Swedish Code of Corporate Governance (the "Code").

Responsibility for management and control of operations of Bellman Group AB and subsidiaries is divided between the shareholders at the Annual General Meeting (AGM), the Board of Directors, Chief Executive Officer and the external Auditor elected by the AGM. Apart from the above regulation, the company has formulated internal rules of procedure and instructions, which are applied and monitored using reporting procedures and standards that are collective for the Group.

The share and shareholders

At year-end 2019, Bellman Group AB had a total of 12 shareholders. The company has only one share class, and each share carries one vote. The ten largest shareholders represented 98.4% of the votes and capital.

Function of shareholders' meetings

Shareholders' influence is exercised at AGMs, and where applicable, Extraordinary General Meetings (EGM), which are Bellman Group's chief decision-making body. Bellman Group does not have any special arrangements regarding the function of shareholders' meetings, either in terms of provisions, or as far as the company is aware, shareholders' agreements.

Shareholders that wish to participate at shareholders' meetings must firstly be recorded in the share register by the day stated in the invitation to that meeting, and secondly notify the company. Shareholders unable to participate in person can attend through representatives or power of attorney. The Articles of Association have no limitations in terms of the number of votes each shareholder may cast at a shareholders' meeting. The Articles of Association contain no special provisions on the appointment or dismissal of Directors or amendments of the Articles of Association.

The Code stipulates that information on the time and location of the AGM should be uploaded to Bellman Group AB's website at the latest coincident with the Third-quarter Interim Report. This should also include disclosures on how shareholders should proceed to have a matter considered by the Meeting. Bellman Group intends to comply with the Code effective 2020.



Shareholder	No. of shares	Prop. of votes and capital, %
Verdane Capital VIII (via holding company)	746,598	35.8
Hasseludd Holding AB	207,229	9.9
Bromab Invest AB	188,736	9.0
Jonas Degerman Holding AB	188,736	9.0
Skärså Consulting AB	188,736	9.0
Robin Mark & Anläggning AB	178,472	8.6
Norden Kapitalförvaltning AB	142,349	6.8
Michel Eriksson	96,418	4.6
J&P Scandinavia AB	75,494	3.6
Tore Hallersbo	41,188	2.0
Other shareholders	33,035	1.6
Total	2,086,991	100.00

AGM 2019

The AGM 2019 was held on 7 May 2019 in Stockholm. All shareholders were represented at the AGM, or 100% of the number of shares and votes of the company.

The AGM resolved on matters including: profit brought forward and net profit would be carried forward, that Directors' fees would be payable according to approved invoice, that audit fees should be payable according to approved invoice. The AGM re-elected Björn Andersson, Håkan Lind, Per Rosenmüller Nordlander, Christina Ragsten and Ingall Östman as Directors for the period until the next AGM.

PricewaterhouseCoopers AB, with Nicklas Kullberg as Auditor in Charge, was elected Auditor for the period until the next AGM.

EGM 2019

An EGM in Stockholm on 16 October 2019 elected Charlotte Hybinette and Anne-Lie Lind as new Directors. Christina Ragsten left the Board of Directors at the EGM.

The EGM also resolved on Directors' fees of an annual amount of SEK 250,000 for each of Charlotte Hybinette and Anne-Lie Lind, until the AGM 2020, and from that day forward, Ingall Östman would receive an increased Directors' fee for the period remaining until the next AGM, at an amount corresponding to a yearly Directors' fee of SEK 250,000.

Nomination Committee

The duty of the Nomination Committee is to submit proposals for resolution on issues including a Chairman of the AGM, Directors, Directors' fees, election of Auditors and audit fees for the AGM. For the AGM of Bellman Group for 2020, the following shareholders' representatives have been appointed as members of the Nomination Committee:

- Per Rosenmüller Nordlander (Chairman), appointed by Verdane Capital AB
- Dick Örn, appointed by Hasseludd Holding AB
- Magnus Persson appointed by Bromab Invest AB.

The composition of the Nomination Committee is non-compliant with the Code in terms of independence of the company and management, because at present, the company has concentrated ownership. The Board of Directors intends to propose guidelines for the Nomination Committee that comply with the code at the AGM 2020.

Board of Directors

The overall duty of the Board of Directors is to be responsible for the company's organization and administration of the company's affairs. When performing its duties, the Board of Directors should protect all shareholders' interests. It is also the Board of Directors' duty to ensure that this Corporate Governance Report is prepared.

Bellman Group's Articles of Association stipulate that the Board of Directors should consist of a minimum of three and a maximum of ten members, with a maximum of five deputies. The Directors are elected at the AGM for the period until the end of the following AGM.

At the end of 2019, the Board of Directors of Bellman Group had six members, with Björn Andersson, Håkan Lind, Per Rosenmüller Nordlander and Ingall Östman re-elected by the AGM on 7 May 2019. Björn Andersson was re-elected Chairman of the Board. An EGM on 16 October elected Charlotte Hybinette and Anne-Lie Lind to the Board of Directors. The company's CEO Håkan Lind is a Director.

In its work on nominations for the Board of Directors, the Nomination Committee has applied the diversity policy adopted by the Board of Directors. The outcome of work on the diversity policy is that the Nomination Committee considers that with Bellman Group's operations, its Board of Directors should feature versatility and breadth in terms of the skills, experience and backgrounds of the Directors elected by shareholders' meetings. Additionally, it endeavors to obtain an even gender division on the Board of Directors. By applying the above, the Nomination Committee has attained good supporting data to decide whether the Board of Directors' composition is expedient, and if Bellman Group's need for skills, experience and versatility on the Board of Directors is satisfied.

Information on compensation to Directors as resolved by the AGM and EGM 2019 is in note K8 of the annual accounts.

Work of the Board of Directors

Each year, the Board of Directors adopts rules of procedure, and instructions on segregating duties between the Board of Directors and the CEO, and instructions for financial reporting to the Board of Directors.

The Board of Directors' rules of procedure stipulate that normally, five scheduled meetings should be held per year in addition to the Board meeting following election. Additionally, the Board of Directors meets if circumstances require. In 2019, the Board of Directors held one Board meeting following election and four scheduled Board meetings, as well as three additional Board meetings.

At its scheduled meetings in 2019, the Board of Directors considered matters including the company's strategy and objectives, the company's and the Group's financial position and performance, financial reporting and issues related to internal controls, HR and organizational issues, questions relating to the environment, health & safety, legal issues, revising and adopting updated Group policies, and progress on the financial markets. The company's Auditors attended one of these meetings, when the Audit Report was presented.

The Board of Directors intends to evaluate the Board of Directors' working methods and effectiveness yearly, pursuant to the Code. For 2019, the Board of Directors conducted a summary evaluation led by the Chairman of the Board, in the form of an open discussion within the Board of Directors. The Nomination Committee has received the outcome of this evaluation. The Board of Directors also appraised the CEO without him being in attendance.

Remuneration Committee

At the end of 2019, the Board of Directors constituted an internal Remuneration Committee whose duty is to consult on Board of Directors decisions on questions affecting remuneration principles, as well as compensation and other employment terms of Management. The Remuneration Committee should also monitor and evaluate application of the guidelines for remunerating senior executives as resolved by the AGM, and applicable compensation structures and levels within the company.

The Remuneration Committee's members consist of Committee Chairman Björn Andersson and ordinary members Charlotte Hybinette and Ingalill Östman.

The Board of Directors' rules of procedure contain detailed instructions on the Committee's duties, working methods and reporting obligations.

In 2019, Björn Andersson (Chairman) and Per Rosenmüller Nordlander constituted an informal Remuneration Committee, holding four meetings in the year dealing with issues including remuneration to the Chief Executive Officer and the remuneration model for Group Management.

Audit Committee

At the end of 2019, the Board of Directors constituted an internal Audit Committee, whose duties include monitoring the company's financial reporting and presenting recommendations and proposals to ensure its reliability, monitor effectiveness of the company's internal controls and risk management regarding financial reporting, and evaluate the need for an internal audit function each year, stay informed about the audit of the annual accounts and the consolidated accounts, monitor the outcome of the audit, Auditor impartiality and independence, submit proposals to the AGM regarding the election of Auditors or consider assigning the Nomination Committee to make such proposals to the AGM.

The Audit Committee consists of three members, with Chair Charlotte Hybinette and members Anne-Lie Lind and Björn Andersson.

The Board of Directors' rules of procedure contain detailed instructions on the Committee's duties, working methods and reporting obligations. The Committee did not hold any meetings in 2019.

Attendance at meetings

The Directors attended Board and Committee meetings in 2019 as illustrated below. The table states which Directors elected by shareholders' meetings can be considered independent of the company and its management, and of the company's shareholders, pursuant to the Code.

Systems for internal controls and risk management in financial reporting

The Board of Directors' responsibility for internal governance and control is formalized by Swedish legislation (the Swedish Companies Act and Annual Accounts Act), and in the Code. Bellman Group applies, and complies with, these standards. The review of how internal controls are organized provided here is limited to considering internal controls over financial reporting.

Internal controls over financial reporting are an essential component of Bellman Group's corporate governance and are designed to provide reasonable assurance regarding the reliability of external financial reporting in the form of interim reports, annual reports and annual financial statements, and that financial reporting has been prepared consistently with laws, applicable accounting standards and other standards applying to listed companies. The whole Board of Directors bears overall responsibility for internal controls and risk management, but has delegated monitoring and evaluating the effectiveness of the company's systems for internal controls to the Audit Committee.

Bellman Group applies the COSO framework for internal governance and control, the most widely recognized framework to define and evaluate the Group's control structure. The COSO framework has five components: control environment, risk assessment, control activities, information and communication, and monitoring activities.

Member	Elected	Attendance at Board meetings	Audit Committee member	Remuneration Committee member	Independence	
					Company and management	Major shareholders
Björn Andersson	2017	7/7	Yes	Yes (Chair.)	Yes	Yes
Christina Ragsten ¹	2018	6/7			Yes	Yes
Ingalill Östman	2018	7/7		Yes	Yes	Yes
Per Rosenmüller Nordlander	2017	7/7			Yes	No
Håkan Lind	2017	7/7			No	Yes
Charlotte Hybinette ²	2019	1/7	Yes (Chair.)	Yes	Yes	Yes
Anne-Lie Lind ²	2019	1/7	Yes		Yes	Yes

¹ Christina Ragsten left the Board of Directors at the EGM on 16 October 2019.

² Charlotte Hybinette and Anne-Lie Lind were elected to the Board of Directors at the EGM on 16 October 2019.

Control environment

The control environment is the foundation of internal controls over financial reporting. The values and attitudes to business ethics that the Board of Directors, CEO and Group Management communicate and operate from are an important component of the control environment. Other important components are the Group's organizational structure, leadership, decision paths, delegation of authority and responsibility, as well as the skills employees possess.

The important components of Bellman Group's control environment are also reflected in the policies and instructions that the Board of Directors and Group Management have adopted. Examples of such documents are:

- Rules of procedure for the Board of Directors
- Approvals list
- Instructions for the CEO
- Instructions for financial reporting
- Finance Policy
- Accounting Handbook

All internal governance documents are regularly updated on the amendment of legislation, regulation or accounting standards, for example, and where otherwise required.

Risk assessment

Risk assessment is designed to identify the risk of material misstatements in Bellman Group's financial reporting, and thus offer guidance on the segments that are important to monitor. The assessment of risks in relation to financial reporting is conducted yearly by Group Management. The outcome is compiled, including a review of the identified risks, and an assessment of the level (low/medium/high) associated with each risk.

The CFO is responsible for coordinating activities relating to the risk assessment, and for presenting the results of this work to the Audit Committee.

Control activities

Control activities are designed to manage the material risks identified in the risk assessment. Bellman Group has created an internal control framework, which compiles important control activities and key controls related to financial reporting. Each key control is documented in a framework including how such control should be conducted, who should conduct it, and where appropriate approve it, and which control documentation should be retained. The internal control framework covers a number of central business processes such as:

- The financial statement process
- Project accounting including revenue and expenses for procurement
- Payroll management
- Management of non-current assets
- IT

Information and communication

Internal information within Bellman Group and external communication are governed at an overall level by the Group's corporate communication guidelines. Group Management is responsible for informing affected staff of their responsibilities for maintaining good internal controls with the aim of ensuring effective and accurate dissemination of information in financial reporting. This is achieved through channels including regular informative meetings in each business area.

Adopted policies, guidelines, manuals and instructions are made available to staff.

The Group's accounting function is responsible for the dissemination of external information in financial reporting. This work is conducted on the principle of updated and accurate dissemination of information pursuant to Nasdaq Stockholm's Rulebook for Issuers.

Monitoring

Monitoring the effectiveness of internal controls, including whether controls have been designed expediently, and that they are executed consistently over time, is conducted each year within Bellman Group.

The approach for monitoring is determined based on the assessed risk level and nature of the risk, and is conducted as follows:

- Low/medium risk (according to the risk assessment conducted): Self-assessment is conducted to judge whether controls are completed and functioning as intended. As part of the self-assessment, each control owner is requested to respond on a form, and then take a standpoint on whether the relevant control is functional or not. The self-assessment form is sent to the Group's accounting function, and the results are compiled.
- Medium/high risk (according to the risk assessment conducted): The self-assessment is combined with testing with the aim of verifying that controls are being conducted and function. The testing of the effectiveness of controls by reviewing control documentation is conducted on a selection of controls and can be conducted by internal or external resources.

The outcome of the monitoring is compiled and analyzed, with any variances noted and action plans prepared communicated to the Audit Committee. The progress of potential action plans is monitored continuously.

Bellman Group has not constituted a separate internal audit function at present. Nothing has emerged that suggests that its control system is not functioning in the intended manner, and against this background, the Board of Directors has decided not to constitute an internal audit function. The Board of Directors considers and reevaluates its decision to not have an internal audit function each year.

Board of Directors



Björn Andersson

Chairman since 2018, and Director since 2017
Born: 1959
Education: M.Sc. (Econ.)
Current assignments: Senior Partner of Neuman & Nydahl, Awiwo AB (Chairman), Portendo Standoff Detection AB (Chairman) and CEO and Director of Derigo Rådgivning AB.
Previous experience: CEO of Oden anläggningsentreprenad (STRABAG Sweden), CFO of NCC and senior positions within Shell.
Bellman Group shareholdings: 19,446 shares via company.



Håkan Lind

Director and CEO since 2017
Born: 1963
Education: Senior high school graduate
Current assignments: Director of Grundob Fastigheter i Stockholm and Hasseludd Holding AB.
Previous experience: Executive Chairman of Bellmans Åkeri AB, President and CEO of Foria AB, CEO of Söab AB.
Bellman Group shareholdings: 62,169 shares (indirect holdings)



Charlotte Hybinette

Director since 2019
Born: 1973
Education: Attorney-at-law
Current assignments: Senior Investment Manager, Ernström & Co AB and adviser through Hybinette & Partners AB. Director of Collector Bank AB and Platzer Fastigheter Holding AB.
Previous experience: Attorney and Managing Partner of law firm MAQS Advokatbyrå.
Bellman Group shareholdings: -



Per Rosenmüller Nordlander

Director since 2017
Born: 1967
Education: M.Sc. in engineering physics
Current assignments: Partner of Verdane Capital and Director of Livförsäkringsbolaget Skandia, BEWI Group, Allgon and Nordic Finance.
Previous experience: CEO and Founder of Avanza, Founder and CEO of Nordnet. Various positions with Öhman & OMX Nasdaq, Consultant at Accenture.
Bellman Group shareholdings: -



Anne-Lie Lind

Director since 2019
Born: 1971
Education: M.Sc. in mechanical engineering
Current assignments: Logistics Director of Tamro AB. Director of Bulten AB and Mio AB.
Previous experience: Vice President, Camfil Power Systems Europe & Middle East, CEO of AkkaFRAKT and various senior positions with SKF, Volvo and TetraPak.
Bellman Group shareholdings: -



Ingalill Östman

Director since 2018
Born: 1956
Education: M.Sc. in mechanical engineering
Current assignments: Director of Allgon AB, Länsförsäkringar Gothenburg and Bohuslän and of StyrelseAkademin Western Sweden.
Previous experience: Corporate Communications Director of Castellum, Senior Vice President Communications & Government relations AB SKF, Senior Vice President Corporate Communications ABB Sweden and Northern Europe, and other management positions in ABB.
Bellman Group shareholdings: -

Auditor

Nicklas Kullberg

PwC Sweden (PricewaterhouseCoopers AB)
 Auditor in Charge since 2017.
 Other auditing assignments include Proact, IFS, Enea and Värmevärden.

Christina Ragsten was a member of the Board of Directors until 16 October 2019.

Group Management



Håkan Lind

President and CEO

Born: 1963

Education: Senior high school graduate

Previous experience: Executive Chairman of Bellmans Åkeri AB, President and CEO of Foria AB, CEO of Söab AB.

Other current assignments: Director of Grundab Fastigheter i Stockholm and Hasseludd Holding AB.

Bellman Group shareholdings: 62,169 shares (indirect holdings)



Roger Axelsson

CFO

Born: 1959

Education: M.Sc. (Econ.)

Previous experience: Interim CFO of Assemblin Group, CFO of Quant Group, Corporate Controller of Esselte Group.

Other current assignments: -

Bellman Group shareholdings: 13,589 shares.



Robin Karlsson

President of Uppländska Bergborrnings AB

Born: 1978

Education: Senior high school graduate

Previous experience: -

Other current assignments: Director of BEF (rock blasting contractors' sector organization).

Bellman Group shareholdings: 178,472 shares (indirect holdings).



Staffan Haglund*

President of VSM Entreprenad AB

Born: 1973

Education: Graduate engineer

Previous experience: Vice President of Sales, Märsta Förenade Åkeriföretag, Site Manager, Svevia.

Other current assignments: -

Bellman Group shareholdings: -



Dick Örn

President of Bellmans Åkeri & Entreprenad AB

Born: 1964

Education: senior high school graduate.

Previous experience: Bellmans Åkeri AB since 1991 (President since 2007) and President of Contrail AB.

Other current assignments: Chairman of Hasseludd Holding AB.

Bellman Group shareholdings: 145,060 shares (indirect holdings).



Mathias Cederblad

Samgräv Holding AB

Born: 1984

Education: Engineer

Previous experience: Production Manager, Nouryon (formerly Akzo Nobel).

Other current assignments: -

Bellman Group shareholdings: -



Pia Rosin

Vice President of Investor Relations & Corporate Communications

Born: 1976

Education: M.Sc. (Econ.)

Previous experience: Corporate Communications Manager of Betsson AB and Investor Relations Manager of Saab.

Other current assignments: Senior Consultant at Hallvarsson & Halvarsson AB.

Bellman Group shareholdings: -

*Staffan Haglund is a member of Group Management effective 1 February 2020. Magnus Persson was a member of Group Management until 31 January 2020.

Auditor's report on the Corporate Governance Statement

To the general meeting of the shareholders in Bellman Group AB (publ),
corporate identity number 559108-3729

Engagement and responsibility

It is the board of directors who is responsible for the corporate governance statement for the year 2019 on pages 26-31 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

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

Stockholm 23 April 2020

PricewaterhouseCoopers AB

Nicklas Kullberg

Authorized Public Accountant

Financial reports

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Board of Directors Report

The Board of Directors and Chief Executive Officer of Bellman Group AB (publ), corp. ID no. 559108-3729, hereby present the annual accounts and consolidated accounts for the financial year 1 January 2019 to 31 December 2019. Figures in brackets are for the previous year. All amounts are in millions of Swedish kronor (SEK m) unless otherwise stated. Bellman Group's corporate bonds are listed on Nasdaq Stockholm.

On 17 July 2018, Bellman Group acquired all the shares of VSM Entreprenad AB and subsidiaries.

On the 31 January 2019, the Group acquired all the shares of Samgräv Holding AB, and indirectly, its subsidiaries Samkross i Härryda AB, Samgräv Maskinförmedling AB, Samgräv Recycling AB and Samkross i Uddevalla AB. Goodwill was additional to both these acquisitions, which amounted to SEK 452.2 m (330.2) at year-end 2019. VSM is included in the Income Statement for 2018 for the period August-December 2018, and Samgräv is included in 2019 for the period February-December 2019.

Information on operations

Bellman Group is a civil engineering group that conducts groundworks. The Group is active in rock blasting, excavation and transportation, and handling of masses by operating landfills and recycling facilities. The Group possesses the skills, experience and commitment that are the foundation of successful construction projects. Its core values of quality, skills and safety ensure that operations are conducted for the long-term and sustainably.

Bellman Group's growth will be organic and through the acquisition of established and profitable enterprises that complement Bellman Group's customer offering. In acquisitions, it focuses on revenue synergies, and the Group will advance its positioning as a subcontractor to construction companies.

Bellman Group endeavors to maintain low project risk, and is building a group focused on creating value for shareholders. Bellman Group AB (publ) and its subsidiaries are referred to as the Group or Bellman Group below.

Bellmans Åkeri & Entreprenad AB ("Bellmans")

Bellmans conducts excavation, transportation and groundworks, and rents trucks and construction machinery with operators. It is the largest transportation provider in the Stockholm region in construction and civil engineering transportation, and has approximately 500 different types of vehicle. Operations are concentrated on greater Stockholm. Bellmans' head office is in Saltsjö-Boo outside Stockholm.

Uppländska Bergborrnings AB ("Uppländska")

Uppländska is one of the Sweden's largest and most complete rock processing companies. The company offers specialist services in quarry blasting, rock reinforcement, hydraulic splitting, disposal, drilling and cable sawing. The company utilizes over 60 machines, of which about 10 belong to subcontractors. The company's head office is in Norrtälje, but it is operational nationwide in Sweden.

VSM Entreprenad AB ("VSM")

VSM is a construction machine company whose operations

are mainly rock and aggregate processing at stationary and mobile crushing facilities, excavation contracting in roads, tunnels, civil engineering and project development, and renting machinery and operators. The company utilizes some 300 vehicles/machines, of which about 40% belong to subcontractors. VSM's head office is in Kallhäll, and it is operational nationwide in Sweden.

Samgräv Holding AB ("Samgräv")

Samgräv Holding AB was acquired on 31 January 2019. The company operates proprietary inert landfills, soil processing, recycling centers and quarries, while providing transportation and machine services in western Sweden. Samgräv's head office is located in Kungälv.

Bellman Group AB (publ) (the "Parent Company")

Bellman Group AB is the Group's Parent Company with its registered office in Solna. The Parent Company includes Group Management and some group-wide functions. The Parent Company owns 100% of the shares of Bellmans Åkeri & Entreprenad AB, Uppländska Bergborrnings AB, VSM Entreprenad AB and Samgräv Holding AB.

Significant events in the financial year

On 31 January 2019, the Group acquired all the shares of Samgräv Holding AB, and indirectly, its subsidiaries Samkross i Härryda AB, Samgräv Maskinförmedling AB, Samgräv Recycling AB and Samkross i Uddevalla AB. The acquisition was financed with newly issued shares of SEK 44 m, and the issue of bonds of SEK 100 m. The new bonds are quoted on Nasdaq Stockholm AB's ("Nasdaq Stockholm") bond list, and the total outstanding nominal amount after the transaction is SEK 600 m.

In May 2019, Bellman Group consolidated and simplified its legal structure by merging six legal entities into two. In tandem with this action, the MST segment changed its name to Uppländska.

Västlänken Gothenburg, a sub-surface rail link in central Gothenburg, is one of Sweden's major infrastructure projects. VSM has been contracted by NCC to deal with excavation and transportation on this project (the Central Station), on a contract that runs until 2024 inclusive. In turn, VSM has contracted Samgräv to deal with transportation on this project.

Bellman Group's AGM on 7 May 2019 re-elected Björn Andersson as Chairman, and Håkan Lind, Per Rosenmüller Nordlander, Christina Ragsten and Ingalill Östman as Directors.

An EGM on 16 October 2019 elected Charlotte Hybinette and Anne-Lie Lind as Directors. Christina Ragsten left the Board of Directors in tandem with the EGM.

Sales and earnings

The Group's net sales for the full year were SEK 1,755.5 m (1,090.6), an increase of SEK 664.9 m, or 61.0%. The increase relates mainly to the acquisitions of VSM in July 2018 and Samgräv in January 2019, while the Group also reported organic growth.

VSM's net sales were SEK 717.2 m (248.0). The sales increase relates mainly to the acquisition of VSM, executed in July 2018, and high underlying growth. Growth relates to major infra-

structure projects such as the Stockholm Bypass, Västlänken Gothenburg and Sälen Airport, which represented some one-third of total sales. Bellmans' net sales were SEK 660.2 m (641.1), and growth for the full year relates mainly to major infrastructure projects in the Stockholm region. Uppländska's net sales were SEK 260.1 m (230.4), with growth mainly sourced from quarries, hospitals, windpower plants and housing. Samgräv's net sales were SEK 231.9 m (0.0). The acquisition of Samgräv was executed in January 2019. Samgräv reported organic growth mainly sourced from increased transport volumes, partly related to Västlänken Gothenburg. For more information, see note K10 on page 55.

EBITDA before items affecting comparability was SEK 214.1 m (104.6), an improvement of SEK 109.5 m, or 104.7%. The earnings improvement mainly resulted from the acquisitions of VSM and Samgräv, as well as organic growth. VSM's EBITDA before items affecting comparability was SEK 131.3 m (35.8). The increase mainly related to VSM being acquired in July 2018, an organic sales increase with retained gross margin, and a favorable project mix. Bellmans' EBITDA before items affecting comparability was SEK 35.7 m (37.7), a 5.4% decrease. The earnings deterioration was a result of an unfavorable sales mix between Bellmans' vehicles and subcontractors', and somewhat higher overheads. Uppländska's EBITDA before items affecting comparability was SEK 29.7 m (31.5), a 5.9% decrease. The earnings deterioration is a result of an unfavorable project mix and increased volume-related expenses. Samgräv's EBITDA before items affecting comparability was SEK 19.0 m (0.0). Samgräv was acquired in January 2019. At the beginning of 2019, the Municipality of Härryda decided to suspend operations at the Fäxhult landfill, which negatively impacted Samgräv's sales and earnings for the year. In November 2019, the Municipality decided to resume operations, and the landfill is now operational.

EBITDA was SEK 201.7 m (93.1), an increase of SEK 108.6 m, or 116.7%. Items affecting comparability in the year were SEK -12.5 m (-11.5) consisting of expenses for improving processes and procedures of SEK -10.9 m, acquisition expenses of SEK -1.1 m, and internal restructuring intended to simplify the Group's legal structure of SEK -0.5 m.

Earnings before interest and taxes (EBIT) were SEK 119.1 m (51.3). SEK -82.5 m (-41.8) of Group depreciation and amortization was charged to profit for the year. Depreciation and amortization consisted of depreciation of property, plant and equipment, and amortization of rights of use of SEK -79.5 m (-39.9), and amortization of intangible assets of SEK -3.0 m (-1.9). Goodwill is not amortized, but the value of these items is tested yearly.

The profit (loss) from financial items was SEK -20.7 m (21.9), consisting of interest on the bond loan of SEK -44.8 m (-26.5), interest related to leases and other external interest of SEK -1.0 m (-0.5), restatement of the allowance for Samgräv's contingent consideration of SEK 23.5 m (0.0) (SEK 23.8 m financial income/SEK -0.3 m of financial expenses) that affect earnings, a revaluation of derivatives for entitlement to advance redemption of corporate bonds of SEK 1.5 m (0.0) and financial interest income of SEK 0.2 m (5.2). Profit for the year was SEK 77.9 m (25.1), affected by income tax of SEK 20.6 m (-4.3), equivalent to an effective tax rate of 20.9% (14.6).

Cash flow and investments

The Group's cash flow from operating activities was SEK 147.4 m (56.5). Cash flow from investing activities was SEK -132.4 m

(-238.1), the result of acquisitions of SEK -94.2 m (-207.2), new investments in property, plant and equipment of SEK -58.1 m (-43.3), and sales of existing machinery of SEK 20.0 m (12.4). Cash flow from financing activities was SEK 43.9 m (188.5 m), a result of a new loan related to the acquisition of Samgräv of SEK 95.7 m (2018, acquisition loan for VSM of 269.8), repayment of loans of SEK -35.3 m (-126.3), including acquisition loan for Bellmans of SEK -19.5 m, and redemption of an external liability for Samgräv of SEK -15.8 m, as well as amortization of a lease liability of SEK -16.5 m (0.0). Cash flow for the period was SEK -58.9 m (6.9), and total cash and cash equivalents at the end of the period were SEK 153.4 m (94.5).

Human resources

As of 31 December 2019, the Group had 370 (349) employees, of which 170 (181) were employees of VSM, 96 (93) were employees of Uppländska, 77 (73) were employees of Bellmans, 21 (0) were employees of Samgräv, and 6 (2) were employees of the Parent Company. The increase of the Group's employee headcount is mainly due to the acquisition of Samgräv.

Financial position and finance

The Group's interest-bearing net debt as of 31 December 2019 was SEK 451.3 m (410.6), including corporate bonds of SEK 600.0 m (500.0), lease liabilities (pursuant to IAS 17) of SEK 4.6 m (5.1), and reduced by cash and cash equivalents of SEK -153.4 m (-94.5).

Interest-bearing net debt in relation to rolling 12-month EBITDA before items affecting comparability as of 31 December 2019 was 2.06 (2.23). Total net debt amounted to SEK 550.5 m (448.3), and included the corporate bond of SEK 600.0 m (500.0), conditional contingent consideration for Samgräv, with present value measured at SEK 12.3 m, lease liability (pursuant to IFRS 16) of SEK 73.0 m (5.1), deferred purchase consideration for Bellmans of SEK 18.6 m (37.7), less cash and cash equivalents of SEK -153.4 m (-94.5).

The Group's cash and cash equivalents were SEK -153.4 m (94.5) at the end of the period. Including an unutilized overdraft facility, available cash and cash equivalents were SEK 197.4 m (132.5).

The Parent Company has issued corporate bonds listed on Nasdaq Stockholm. This instrument is listed as Bellman Group 1, with 600 units, and total outstanding nominal amount of SEK 600.0 m (500.0), with a nominal value of SEK 1.0 m per unit. The bond yield is variable three-month STIBOR +6.50% paid quarterly in arrears. The bond matures in June 2022. The bond's terms & conditions include an advance redemption option, which is recognized as a derivative of SEK 2.7 m (1.2), and classified as a financial asset measured at fair value through profit or loss. The bond terms & conditions include a quarterly maintenance covenant considered satisfied if interest-bearing net debt in relation to EBITDA is less than 4.25. The terms of the corporate bond loan are stated at www.bellmangroup.se.

Material risks and uncertainties

The Group is exposed to various global and group-specific risks that can impact operations and results of operations, and the Group's financial position. The Group is active in the construction and civil engineering sectors, which are impacted by macroeconomic factors. An economic downturn, especially poor progress of the construction industry and/or a downturn in the civil engineering sector, could result in a reduction on

demand for the services the Group provides. Most of the Group's sales relate to the Stockholm and Gothenburg regions, and the Group is especially dependent on the construction and civil engineering markets in these geographical regions.

Predictable risks are identified and monitored centrally on the basis of predetermined guidelines. The Group's risk management is intended to position the Group to be able to operate actively in any risk situations. A list of the risks the Group considers material follows:

Operational risks

Market: The demand for Bellman Group's services is highly dependent on the construction cycle and general economic cycle. The risk of a declining business cycle on one or several markets is balanced by Bellman Group having good diversification of customers over different markets (infrastructure etc.) Bellman Group utilizes the most precise forecasting possible to enable it to adapt and adjust the Group's capacity to actual market demand, to manage operations profitably, and remain competitive.

Offering: The risk that the Group is unable to adapt or change its offering and services to correspond to customer needs and expectations, which may result in it losing revenue and/or reducing competitive advantages. This applies, for example, to technological progress and digitalization.

Competition: Bellman Group's operations are conducted in competitive sectors. There is a risk of increased competition from new, or foreign players.

Fuel prices: Diesel is an important commodity for Bellman Group, and price volatility on diesel is a risk factor. Supply and demand control pricing on the global market, and any price increases also usually affect Bellman Group's competitors.

Skills supply: The risk that the Group is unable to attract and retain the right staff, and/or the right skills are not available on the labor market, which may result in difficulties to hire and retain qualified skills and people.

Production capacity: A shortage of employed staff and subcontractors in excavation, blasting and transportation services is a risk factor.

Staff dependency: The risk of staff dependency is related to key individuals within the Group, which may cause inefficiency or lost business opportunities/relationships.

Acquisition and integration: The risk of ineffective integration between Group companies, which may result in Bellman Group being unable to exploit synergies within the Group. The integration of newly acquired enterprises also puts a strain on existing operations.

Costing and supporting data: The risk of erroneous project costings in tendering procedures, which may result in overestimation of the capability to deliver or underestimation of costs. There is also a risk of inadequate supporting data for major investments, which may generate unforeseen costs and/or unwanted capital tied-up.

IT infrastructure: The risk of fragmented IT infrastructure and IT operations, which may lead to greater complexity, increased costs and reduced synergy effects within IT.

Supplier dependency: The risk of supplier dependency, which may lead to increased costs, inefficiency and reduced flexibility in developing IT systems, for example.

Pandemics: there is a risk that the outbreak of the Covid-19 virus may have long-term consequences on the demand for Bell-

man Group's services, and skills succession supply, production capacity as well as liquidity.

Financial risks

Refinancing risk: Refinancing risk can be described as insufficient access to long or short-term finance on the maturity of existing long or short term finance. This risk is limited by the Group always having confirmed unutilized credit facilities that it considers sufficient, and always commencing rearranging finance in good time prior to loan maturities.

Credit risk: Credit risk is defined as the risk of a counterparty being unable to fulfil its payment obligations to the Group. Credit risk occurs through holdings of cash and cash equivalents, balances with banks and credit institutions, and customer credit exposure including outstanding receivables. Credit risk in normal business operations relates primarily to accounts receivable.

Interest risk: Interest risk is the risk that the interest rate level on the Group's financial instruments is impacted by changes in market interest rates, which can have a negative impact on net interest income/expense.

Reporting risk: The risk of inaccurate financial reporting due to erroneous estimates, incorrect application of relevant accounting policies or other errors, which may result in inadequate decision-support data.

Liquidity risk: Liquidity risk is defined as the risk of not being able to fulfil payment obligations at due dates, without the cost of securing payment funds increasing considerably. Group Management continuously monitors forecasts of the Group's liquidity reserves and cash and cash equivalents, based on expected cash flows.

Legal risks

Legislation: The risk that extensive regulatory reform impacts the Group and companies, which may result in parts of operations being suspended. For example, related to diesel vehicles and environmental legislation.

Permits: The risk that companies do not possess or secure permits to conduct their operations, which may result in operations not being conducted as planned. For example, permits related to explosives and landfill.

Disputes: Legal disputes inherently involve the risk of loss of cases and expenses for representation, and in arbitration, arbitration boards.

Subcontractors: The risk of insufficient control over subcontractors, which can lead to additional costs, lost contracts/ assignments and/or reputational damage. For example, claims relating to notices of tax assessment for self-employed people, ID06 identity cards and other mandatory requirements applying to subcontractors.

Sustainability-related risks

Environment: there is a risk that one of Bellman Group's operations cause an environmental impact on air, soil and water. The Group holds necessary permits for operations requiring permits. Bellmans holds permits for transporting hazardous waste. Uppländska regularly applies for permits for explosives and crushing for work where these permits are required. Operations impact the environment through air and waterborne emissions, and noise.

Safety: The risk of inadequate health & safety (physical and psychosocial), which can lead to increased staff turn-

over, sickness absence and/or personal injury. Poor safety on vehicles/machinery and at workplaces may cause personal injuries. The safety of staff is a top priority, and work is continuous to create and maintain safe workplaces, to train colleagues on safety and change attitudes.

Attractive workplace: Bellman Group manages the risk of not being able to hire qualified labor by endeavoring to achieve a good working environment and internal skills management, and taking responsibility for training new staff that show potential.

Business ethics: The risk of poor business ethics, including impropriety, bribery and corruption, which may cause extra costs, fines and/or reputational damage.

Expected future progress

Bellman Group works continuously on developing and adapting in its operations to customers in its different segments. This work is conducted through industry organizations and in partnership with customers. The Group assesses that the future progress of its subsidiaries will be positive. This opinion is supported by the Group being active on a well-structured market, that the Group's service portfolio is in demand, and that services have high capacity utilization. Long-term trends such as urbanization also favor the Group. Urbanization promotes a market where the Group's largest customers are active, thus increasing demand for the Group's services.

In the long term, the outbreak of the Covid-19 virus may have consequences on the demand for Bellman Group's services. More information under Significant events after the end of the financial year.

Share capital

At the beginning of the financial year, registered share capital was SEK 1,944,642, divided between 1,944,642 shares with a quotient value of SEK 1. In 2019, 142,349 shares were issued coincident with the acquisition of Samgräv. At the end of the financial year, the registered share capital was SEK 2,086,991, divided between 2,086,991 shares.

Shareholders

At year-end 2019, there was a total of 12 (11) shareholders. Bellman Group's largest shareholder is Verdane Holding AB, which holds 35.8% (35.4) of the capital and votes.

Significant events after the end of the financial year

On 6 March 2020, the Group acquired all the shares of SÅCAB Åkericentral AB ("SÅCAB") and subsidiaries. SÅCAB is a company focused on haulage and machinery rental, but also operates its own landfill. SÅCAB operates in the Stockholm region, and has its head office in Skogås. The acquisition consolidates Bellman Group's positioning in haulage and machinery rentals. The Group expands landfill operations, which offers an important competitive edge for creating cost-efficient and environmentally friendly transportation for customers. This acquisition was financed with cash. For more information see note K32 Events after the end of the financial year.

In early-2020, the world was impacted by a pandemic of the coronavirus Covid-19. Bellman Group's operations may be exposed to some of the effects of Covid-19. Most of the Group's sales relate to long-term infrastructure projects, which are expected to continue without major disruption in the short term. However, the Group has contingency for a changed situation, and has taken precautionary measures including its rate of

investment and other activities. In the long term, skills supply, production capacity and liquidity may be impacted, and poorer macroeconomic conditions may slow willingness to invest in infrastructure.

Parent Company

Bellman Group AB was incorporated in April 2017. Net sales in the year were SEK 16.4 m (10.3). 100% of sales are intra-group. EBIT was SEK -12.8 m (-8.7), and profit (loss) after financial expenses was SEK -48.7 m (-30.0). Profit for the year was SEK 2.1 m (10.3), mainly consisting of group contributions received. Cash and cash equivalents were SEK 144.4 m (79.2) at year-end, equity was SEK 336.0 m (290.0), and the equity/assets ratio was 27.7% (31.8). The Parent Company had 6 (2) employees in 2019. The total number of ordinary shares as of 31 December 2019 was 2,086,991 (1,944,642). The principal shareholder is Verdane Holding AB, which holds 35.8% (38.4). Ordinary shares carry one vote and are entitled to dividends.

Corporate Governance Statement and Sustainability Report

Pursuant to chap. 6 §8 and §11 of the Swedish Annual Accounts Act, Bellman Group decided to prepare a Corporate Governance Statement and Sustainability Report separately from the Board of Directors' Report. The Corporate Governance Statement is on pages 26-31 and the Sustainability Report is on pages 20-23.

BELLMAN GROUP – PROPOSED APPROPRIATION OF PROFITS

The following profits are at the disposal of the Annual General Meeting:

Amounts in SEK	
Share premium reserve	259,962,442
Profit brought forward	71,873,113
Profit for the year	2,101,155
Total	333,936,710
The Board of Directors is proposing that these funds are appropriated as follows:	
Carried forward	333,936,710
Total	333,936,710

Consolidated accounts

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK million	Note	2019	2018
Net sales	K4	1,755.5	1,090.6
Other operating income	K4, K6	8.2	7.9
Total revenue		1,763.7	1,098.5
Operating expenses			
Raw materials and consumables	K18, K10	-1,244.2	-799.9
Other external expenses	K9, K10	-60.0	-41.0
Personnel expenses	K8	-260.5	-164.4
Total depreciation, amortization	K15, K16	-82.5	-41.8
Profit/loss from shares in associated companies	K6	3.7	0.0
Other operating expenses	K7	-1.0	0.0
Total operating expenses		-1,644.6	-1,047.2
Operating profit (EBIT)		119.1	51.3
Financial income	K11	25.5	5.2
Financial expenses	K11	-46.1	-27.0
Net financial items		-20.7	-21.9
Profit after net financial items		98.4	29.4
Income tax	K12	-20.6	-4.3
Net profit for the period		77.9	25.1
Profit attributable to:			
- equity holders of the parent		76.7	24.6
- non-controlling interests		1.2	0.5
Earnings per share (SEK), basic and diluted	K13	37.1	18.3
Average number of shares, thousands		2,067.1	1,344.2
Statement of comprehensive income			
Net profit for the period		77.9	25.1
Other comprehensive income			
<i>Items reclassifiable to profit or loss</i>			
Exchange differences on translation of foreign operations		0.0	-0.3
Total comprehensive income for the period		77.9	24.8
Total comprehensive income for the period is attributable to:			
- equity holders of the parent		76.7	24.3
- non-controlling interests		1.2	0.5

CONSOLIDATED BALANCE SHEET

SEK million	Note	31 December 2019	31 December 2018
Assets			
Non-current assets			
<i>Intangible assets</i>			
	K15		
Goodwill		452.2	330.2
Software		2.0	0.0
Trademarks and order books		2.1	3.9
Total intangible assets		456.3	334.0
<i>Tangible assets</i>			
	K16		
Plant and machinery		275.3	311.4
Equipment, tools, fixtures and fittings		5.9	4.8
Buildings and land		84.5	0.0
Leases	K10	72.7	5.1
Other tangible assets		0.1	0.0
Total tangible assets		438.5	321.2
<i>Non-current financial assets</i>			
Derivatives	K17	2.7	1.2
Investment in associates		7.0	13.2
Other non-current financial assets	K24	1.2	0.0
Total non-current financial assets		10.9	14.4
Deferred tax	K24	1.1	0.3
Total non-current assets		906.9	670.0
Current assets			
<i>Inventories</i>			
Raw materials and consumables	K18	7.8	5.0
Total inventories		7.8	5.0
<i>Current receivables</i>			
Trade receivables	K5, K17	214.7	215.9
Current tax assets		30.7	7.9
Prepaid expenses and accrued income	K17, K20	44.3	32.0
Other current receivables	K19	5.7	10.5
Total current receivables		295.4	266.3
Cash and cash equivalents	K21	153.4	94.5
Total current assets		456.6	365.8
TOTAL ASSETS		1,363.5	1,035.7

CONSOLIDATED BALANCE SHEET

SEK million	Note	31 December 2019	31 December 2018
Equity and liabilities			
Equity	K22		
Share capital		2.1	1.9
Other paid-up capital		235.3	191.5
Reserves		0.0	-0.3
Retained earnings (including net profit/loss for the period)		128.6	52.5
Total equity - shareholders		366.0	245.6
Total equity - non-controlling interests		6.2	5.6
Total equity		372.2	251.2
Non-current liabilities			
Deferred tax liabilities	K24	53.4	41.9
Bond loans	K5, K17, K23, K27	585.5	484.1
Lease liability	K5, K17, K23, K27	50.8	3.6
Other non-current liabilities	K23, K27	13.9	18.2
Total non-current liabilities		703.6	547.9
Current liabilities			
Trade payables	K5, K17, K23	139.6	134.5
Current tax liabilities		15.8	9.8
Accrued expenses and deferred income	K26	81.9	58.9
Current lease liabilities	K5, K17, K23, K27	22.2	1.5
Other current liabilities	K23, K25	28.2	31.9
Total current liabilities		287.7	236.6
TOTAL EQUITY AND LIABILITIES		1,363.5	1,035.7

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK million	Attributable to shareholders of Bellman Group AB			Equity	Non-controlling interests	Total equity
	Share capital	Other paid-up capital	Retained earnings			
Opening balance, 1 January 2018	1.0	47.4	27.9	76.3	0.0	76.3
Net profit/loss for the period	0.0	0.0	24.6	24.6	0.5	25.1
Other comprehensive income for the period	0.0	0.0	-0.3	-0.3	0.0	-0.3
Total comprehensive income	0.0	0.0	24.3	24.3	0.5	24.8
Issue of new shares ¹	0.9	144.1	0.0	145.0	0.0	145.0
Acquisition of non-controlling interest	0.0	0.0	0.0	0.0	5.1	5.1
Transactions with shareholders in role as owners	0.9	144.1	0.0	145.0	5.1	150.1
Closing balance, 31 December 2018	1.9	191.5	52.2	245.6	5.6	251.2
Opening balance, 1 January 2019	1.9	191.5	52.2	245.6	5.6	251.2
Net profit/loss for the period	0.0	0.0	76.7	76.7	1.2	77.9
Total comprehensive income	0.0	0.0	76.7	76.7	0.6	77.3
Issue of new shares net after transactions	0.2	43.8	-0.3	43.7	0.0	43.7
Dividend in non-controlling interest	0.0	0.0	0.0	0.0	-0.6	-0.6
Transactions with shareholders in their roles as owners	0.2	43.8	-0.3	43.7	0.0	43.7
Closing balance, 31 December 2019	2.1	235.3	128.6	366.0	6.2	372.2

¹ Share capital of SEK 930,468 was registered on August 24th, 2018. Total equity increased by SEK 145 million, of which SEK 45 million constitutes a cash issue and SEK 100 million relates to part of the purchase price in business combinations.

² Share capital of SEK 142,349 was registered on 21 February, 2019. Total equity increased by SEK 44 million, which represents a new issue of shares in the acquisition of Samgröv (see note K14).

See note K22 Equity for more details.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

SEK million	Note	2019	2018
Cash flow from operating activities			
Operating profit		119.1	51.3
Adjustment for non-cash items:			
Depreciation and amortization	K30	82.5	41.8
Other non-cash items	K30	-10.9	2.3
Interest received		0.2	0.1
Interest paid		-40.0	-25.1
Dividends from associated companies		9.9	0.0
Income taxes paid / received		-29.5	-10.9
Cash flow from operating activities before changes in working capital		131.2	59.6
Change in inventories		-2.8	2.6
Change in current receivables		-6.4	-22.3
Change in current liabilities		25.4	16.6
Total change in working capital		16.2	-3.1
Cash flow from operating activities		147.4	56.5
Cash flow from investing activities			
Acquisition of subsidiaries, net of acquired cash and cash equivalents	K14	-94.2	-207.2
Investments in tangible assets	K16	-58.1	-43.3
Sale of tangible assets		20.0	12.4
Cash flow from investing activities		-132.4	-238.1
Cash flow from financing activities			
Issue of shares		0.0	45.0
Repayment of lease liability		-16.5	0.0
Loans raised	K31	95.7	269.8
Repayment of loans	K31	-35.3	-126.3
Cash flow from financing activities		43.9	188.5
Cash flow for the period		58.9	6.9
Cash and cash equivalents at the beginning of the period		94.5	88.1
Foreign exchange difference		0.0	-0.5
Cash and cash equivalents at end of period		153.4	94.5

Notes to the consolidated financial statements

NOTE K1 GENERAL INFORMATION

Bellman Group AB (publ), corporate identity number 559108-3729, is the parent company of Bellman Group with registered office in Solna, Sweden. The address of the head office is Vallgatan 9, 170 67 Solna.

Unless otherwise stated, all amounts are reported in million Swedish krona (SEK million). Information in brackets refers to the previous year.

NOTE K2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The most significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied, unless otherwise stated.

Note K2.1 Basis of preparation

The consolidated financial statements of Bellman Group AB (publ), have been prepared in accordance with the Annual Accounts Act, RFR 1 "Supplementary Accounting Rules for Groups," related interpretations issued by the Swedish Financial Reporting Board (Rådet för Finansiell Rapportering) and International Financial Reporting Standards (IFRS) and interpretations of the IFRS Interpretations Committee (IFRS IC) as adopted by the EU.

The consolidated financial statements have been prepared under the historical cost convention, except for financial assets accounted for at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

Note K2.1.1 New or amended standards adopted by the Group

The Group has applied the following standards for the first time for their financial year commencing 1 January 2019:

IFRS 16 Leases. In January 2016, IASB published a new lease standard that replaces IAS 17 Leases and the related interpretations, IFRIC 4, SIC-15 and SIC-27. The standard requires that assets and liabilities attributable to all leases be recognised in the Balance Sheet, with a few exceptions. This accounting treatment is based on the view that the lessee has a right to use an asset during a specific period of time as well as an obligation to pay for this right. For the lessor, the accounting treatment will remain essentially unchanged. The standard is effective for financial years beginning on or after 1 January 2019.

At transition, Bellman Group applied IFRS 16 retrospectively with the cumulative effect of initially applying the new standard recognised on 1 January 2019. Comparatives for the 2018 financial

year will not be restated. The right-of-use assets are recognised at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments recognised in the Balance Sheet immediately before the date of initial application.

The Group applies the recognition exemption to recognise short-term leases (with a lease term of 12 months or less) and leases where the underlying asset is of low value as an expense in profit or loss on a straight-line basis. Non-lease components are separated from lease components for leases of properties. For leases of machines and equipment, non-lease components are included in the lease liability. The Group does not apply IFRS 16 to leases of intangible assets.

Instead of operating lease expenses, the Group recognises depreciation and interest expenses in the Consolidated Income Statement. Lease payments affects cash flow from operating activities (e.g. paid interest, leases of low value and short term leases) and cash flow from financing activities (repayment of lease liability) in the Cash Flow Statement.

In applying IFRS 16 for the first time, the Group uses the following practical expedients permitted by the Standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- relying on previous assessment in accordance with IAS 37 of whether a lease is onerous.

For leases that were classified as finance leases applying IAS 17, the carrying amount of the right-of-use asset and lease liability at January 1, 2019 is the carrying amount of the lease asset and lease liability at December 31, 2018 measured applying IAS 17.

The Group's lease contracts are mainly on office premises, machinery and equipment. The application of IFRS 16 resulted in the following effects on the Balance Sheet at the transition 1 January 2019:

Property, plant and equipment;

IFRS16 was adjusted by a net value of SEK 10.1 million for rent and SEK 7.4 million for vehicles. This has been added as an opening balance and starts to be amortized from 1 January 2019 over the remaining period.

Liabilities;

Long-term lease liabilities, which are defined as liabilities that run for more than 12 months, increased by SEK 9.8 million. Short-term lease liabilities, which are defined as liabilities due for payment within 12 months, increased by SEK 7.6 million.

Reconciliation of disclosures for operating leases according to IAS 17 and lease liabilities according to IFRS 16

SEK million	
Obligations for operating leases December 31, 2018	20.3
Finance lease liabilities as of December 31, 2018	5.1
Short-term leases (deducted as expensed)	-2.4
Discount effect	-0.4
Reported lease liability in Balance Sheet January 1, 2019	22.6

The weighted average incremental borrowing rate was 1.8%

In determining the balances above, the main judgements made relate to determining the lease term and incremental borrowing rate. Regarding the lease term, most of the lease contracts in the Group include options either to extend or to cancel the contract. When determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an cancellation option, or not to exercise a termination option. When determining the incremental borrowing rate, the Group considers which entity within the Group entered into the lease contract, the duration of the lease and type of leased asset. The incremental borrowing rate reflects a secured borrowing for a similar right-of-use asset. As of 31 December 2018, the Group's operating leases amounted to SEK 20.3 million. These are the undiscounted future lease payments in the non-cancellable lease period, which are reported in accordance with the guidance in IAS 17. IFRS 16 has a positive effect on EBITDA as of December 31, 2019 of SEK 15.2 million (0.0), most of which transferred to depreciation.

No other IFRS or IFRIC interpretations which have not yet become effective are expected to have any material impact on the Group.

Note K2.2 Consolidation**Note K2.2.1 Basis of preparation Subsidiaries**

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealized gains or losses on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Associates

Associates are all entities over which the Group has significant influence but not control. This is generally the case where the Group holds between 20% and 50% of the voting rights.

Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

The cost of acquisition is adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee. The Group's share of the investee's profit or loss is included in the Consolidated Income Statement. Dividends received from associates are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the entity (including any other unsecured long-term receivables, which in fact constitute part of the Group's net investment in the associate), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in

these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Note K2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group Management of Bellman Group, which consists of the Chief Executive Officer, the Chief Financial Officer and the Presidents of subsidiaries, has been identified as being the chief operating decision maker and assesses the financial performance and position of the Group, and makes strategic decisions. Group Management has identified the reportable segments based on the information provided to them and which is used as a basis for allocating resources and evaluating results.

Group Management examines the operations based on the four operating segments VSM, Bellmans, Uppländska, Samgräv as well as the segment Other (holding company and Group adjustments). Group Management primarily uses EBITDA before items affecting comparability to assess the performance of operating segments.

Note K2.4 Foreign currency translation**Functional and presentation currency**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Swedish krona (SEK), which is the parent company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated to the functional currency using the exchange rates at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are generally recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the Income Statement, within finance costs. All other foreign exchange gains and losses are presented in the Income Statement on a net basis within other gains or losses.

Note K2.5 Revenue recognition

The majority of the Group's net sales consist of revenues from services such as rock blasting, rock drilling, excavation services (the Uppländska segment), transport and excavation services in the construction sector (the Bellmans segment), rock and gravel processing and soil excavation (the VSM segment) and transport and landfill (the Samgräv segment). Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts received on behalf of third parties, such as VAT.

Sales of services

All services are rendered on open account, e.g. per hour, ton or square meter of material transported. For contracts where the Group has the right to consideration in an amount that directly corresponds to the value transferred to the customer, revenue is recognised at the amount the Group has a right to invoice. As the customer simultaneously receives and consumes the benefits provided by the Group, revenue is reported in the period in which the services are rendered. Since all service agreements are either shorter than one year or invoiced based on a fixed price per unit, e.g. time incurred, the transaction price allocated to these unsatisfied contracts is not disclosed.

Generally, invoicing is subsequent to providing service to the customer. When the Group has an unconditional right to payment for services performed, it recognises an unbilled receivable (recognised as accrued income in the Balance Sheet, see note K20) until the date when invoicing occurs. Once the customer is invoiced, the unbilled receivable is derecognised and an account receivable is recognised. However, if the customer pays for a good or a service in advance, before any service is rendered, a contract liability is recognised (presented as deferred income in the Balance Sheet, see note K26).

Sale of goods

Some contracts include the sale of goods. The Group's sales of goods mainly comprise the resale of materials in connection with the performance of service contracts, such as explosives. Contracts that contain several distinct performance obligations, such as materials and services, are therefore reported as separate performance obligations. The transaction price is then allocated to each performance obligation based on their stand-alone selling prices. Revenue from the sale of goods is reported when control of the goods has been transferred, being when the products are delivered to the customer.

Principal/agent

In some contracts, subcontractors are involved in a service delivery. In all these contracts, the Group is responsible for fulfilling the commitment to the customer and can set prices for the services at its own discretion. An assessment has been made that the Group acts as the principal in these transactions, as it has control over services before they are delivered to the customer. Revenues and expenses arising from these agreements are reported gross (not as commission).

Note K2.6 Leases**Leases – accounting policies according to IAS 17, applicable until 31 December, 2018**

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases (mainly leased offices). Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases (leased machines/vehicles). Finance leases are capitalized at the lease's inception at the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Leases – accounting policies according to IFRS 16, are applied from January 1, 2019

The Group's leases are classified in the following asset classes: office premises, machines and equipment and land. The lease terms are negotiated individually and contain a variety of conditions. Apart from the short-term leases, the lease terms range between three and five years, with an average lease term of approximately three years. Some agreements contain extension options of different lengths.

For all contracts where the Group is a lessee (except the recognition exemptions applied, see below), a right-of-use asset and lease liability are reported on the day the leased asset is available for use by the Group. The right-of-use asset is initially measured at acquisition cost, which is equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the Balance Sheet at or before the commencement date, plus any indirect costs and estimated costs for the dismantling or disposal of the underlying asset and the restoration of the site, less any lease incentives received. In subsequent periods, the asset is depreciated over the shorter of the lease term and the useful life of the underlying asset. The right-of-use asset is also reduced by any impairment and for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of remaining lease payments, discounted using the interest rate implicit in the lease, or if that rate can be readily determined, the lessee Group's incremental borrowing rate. Generally the Group uses the incremental borrowing rate.

The lease payments included in the measurement of the lease liability consist of fixed payments, including in-substance fixed payments, variable lease payment that are based on an index or a rate, amounts expected to be payable by the lessee under residual value guarantees and the exercise price of a purchase option if the lessee is reasonably certain to exercise that option.

The lease liability is measured at amortized cost using the effective interest method. The lease liability is remeasured if the lease payments change due to changes in an index or a rate, if the amount expected to be payable under residual value guarantees changes, or if the Group changes its judgement of the possibility of exercising a purchase option or an option to extend or terminate a lease.

When the lease liability is remeasured a corresponding adjustment is made on the asset. If the asset's carrying amount is zero, the remeasurement is reported in the Income Statement.

The Group applies an explicit recognition and measurement exemption for short-term leases (leases for which the term ends within 12 months) and leases of low-value and recognise them on a straight-line basis as an expense in profit or loss. Non-lease components will be separated from lease components regarding properties. For machinery and equipment, non-lease components will be included in the lease liability. The Group has also elected not to apply IFRS 16 to intangible assets.

The Group presents right-of-use assets as well as lease liability as separate items in the Balance Sheet. In the Cash Flow Statement, payments of the principal portion of the liabilities is shown in financing activities. Interest payments and payments for short-term leases and leases of low value are recognized as cash flows from operating activities.

Note K2.7 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the: fair values of the assets transferred, liabilities incurred to the former owners of the acquired business, equity interests issued by the Group, assets or liabilities resulting from a contingent consideration arrangement, and any pre-existing equity interest in the subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a busi-

ness combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity, and acquisition-date fair value of any previous equity interest in the acquired entity (if the business combination is achieved in stages) over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase. Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified as either equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss. Any gains or losses arising from remeasurement are recognised in profit or loss. If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

Note K2.8 Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the Balance Sheet.

Post-employment obligations

The Group has only defined contribution pension plans. For defined contribution plans, the Group pays contributions to a separate legal entity. If this legal entity has insufficient funds to pay all the employee benefits connected to the employees' services during the current or previous periods, the Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when the employees perform services for the Group.

Note K2.9 Current and deferred tax

The income tax expense or credit for the period contains current and deferred taxes. Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current tax is calculated on the taxable profit for the period according to the applicable tax rate. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate, based on amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full on temporary differences arising between the tax bases of assets and liabilities and their

carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and tax laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority and either refer to the same taxable entity or taxable entities, and intends to settle on a net basis.

Note K2.10 Intangible assets

Goodwill

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity, and acquisition-date fair value of any previous equity interest in the acquired entity (if the business combination is achieved in stages) over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

For the purposes of assessing impairment, goodwill acquired through a business combination is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from synergies from the acquisition. Each unit or group of units to which goodwill has been allocated, corresponds to the lowest level in the Group on which this goodwill is monitored in the internal governance. Goodwill is monitored at operating segment level.

Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. The carrying amount of the cash-generating unit to which the goodwill is attributed is compared with the recoverable amount, which is the highest of the value in use and the fair value less selling expenses. Any impairment is immediately reported as an expense and is not reversed in subsequent periods.

Trademarks

Separately acquired trademarks are shown at historical cost. They have a finite useful life and are subsequently carried at cost less accumulated amortization and impairment losses.

Other intangible assets

Other intangible assets consist of order books and software. A separately acquired order book is shown at historical cost. It has a finite useful life and is subsequently carried at cost less accumulated amortization and impairment losses.

Useful lives of the Group's intangible assets

Trademarks	3 years
Order books	0.5 years

Capitalized software is amortized over the life of the system (contract period) which is set to five years.

Note K2.11 Tangible assets

Tangible assets are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of asset and to bringing it into place and in condition to be utilized in accordance with the purpose of the acquisition.

Subsequent costs are included in the asset's carrying amount or

recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the Income Statement during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method, net of their residual values, over their estimated useful lives, or, in the case of leased plant and equipment, the shorter lease term.

The useful lives are as follows:

Plant and machinery	4-8 years
Equipment, tools, fixtures and fittings	5-7 years
Vehicles	3-5 years
Leasehold improvements	10-50 years
Buildings/land improvement	20 years
Land	Indefinite

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is Group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

Note K2.12 Impairment of non-financial assets

Intangible assets with indefinite useful lives (goodwill) are not amortized but are tested for impairment annually. Assets which are depreciated or amortized are tested for impairment when an event or change of circumstance indicates that the carrying amount may not be recoverable. The difference between the carrying amount and the recoverable amount is recognised as an impairment loss. The recoverable amount is the higher of the fair value of the asset less costs to sell and value in use. In testing for impairment, assets are grouped to the lowest levels at which there are essentially independent cash flows (cash-generating units). For assets (other than goodwill) which have previously been written down, an impairment test is made at each balance sheet date to determine if a reversal is required.

Note K2.13 Financial instruments - general

Financial instruments are included in many different Balance Sheet items and are described below. See notes K5 Financial risk management, K17 Financial instruments by category and K23 Borrowings for disclosures on each type of financial asset and financial liability.

Note K2.13.1 Classification

The Group classifies its financial assets in the following measurement categories:

- Financial assets at fair value (either through other comprehensive income, or through profit or loss), and
- Financial assets at amortized cost

Classification of financial assets constituted by debt instruments is based on the company's business model for the management of the financial asset and the characteristics of the contractual cash flows from the financial asset. The Group recognizes its financial assets at amortized cost if the following conditions are met: the asset is held in accordance with the business model where the aim is to collect contractual cash flows and the contractual terms give rise to cash flows consisting solely of capital amounts and interest.

Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss are

financial assets that available for sale. Derivatives are classified as available for sale, except if they are designated as hedges. Financial assets measured at fair value through profit or loss are subsequently measured at fair value and any gain or loss is recognised in profit or loss. Changes in fair value are recognised in the Income Statement. The Group holds an early redemption option included in the bonds, which is recognised as a derivative. For more information, see notes K17 and K23.

Financial assets measured at amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. The interest income from these financial assets is included in finance income using the effective interest rate method. The carrying amount of these assets is adjusted with any expected credit losses reported (see impairment below). The Group's financial assets measured at amortized cost include accounts receivable, other receivables, accrued income and cash and cash equivalents.

Other financial liabilities

Bonds, non-current liabilities to credit institutions, non-current finance lease liabilities, current finance lease liabilities, current liabilities to credit institutions, overdraft facilities, accounts payable and other current liabilities and accrued expenses that are financial instruments are classified as other financial liabilities.

Note K2.13.2 Recognition and measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the Income Statement. Financial assets or parts thereof, are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability (or a part thereof) that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and not derecognised, a gain or loss is recognised in profit or loss, which is measured as the difference between the original contractual cash flows and the cash flows of the modified borrowings discounted at the original effective interest rate.

Note K2.13.3 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Note K2.13.4 Impairment of financial instruments

The Group assesses on a forward-looking basis the expected credit losses associated with its assets carried at amortized cost. The Group recognizes a credit reserve for these expected credit losses at each reporting date. For trade receivables, the Group applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The Group also applies forward-looking information for expected credit losses. Expected credit losses are recognised in the Income Statement item other external expenses.

Note K2.14 Inventories

Inventories are recognized, using the first-in, first-out principle, at the lower of cost and net realizable value. The net realizable value is the estimated selling price in the operating activities, less applicable variable selling expenses.

Note K2.15 Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If payment is expected within a year or earlier, they are classified as current. If not, they are classified as non-current.

Trade receivables are recognised initially at fair value and subsequently measured at amortized cost using the effective interest method, less loss allowance.

Note K2.16 Cash and cash equivalents

Cash and cash equivalents includes, in both the Balance Sheet and the Cash Flow Statement, cash and bank deposits.

Note K2.17 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Note K2.18 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Borrowings are removed from the Balance Sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Note K2.19 Trade payables

Trade payables represent liabilities for goods and services provided to the Group. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.

Note K2.20 Cash Flow Statement

The Cash Flow Statement is prepared according to the indirect method. The reported cash flow comprises only transactions that have led to cash inflows or payments.

Note K2.21 Earnings per share**Basic earnings per share**

Basic earnings per share is calculated by dividing the profit attributable to owners of the company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares.

NOTE K3 SIGNIFICANT ESTIMATES AND JUDGEMENTS

Estimates and judgements are evaluated on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are considered reasonable under the prevailing circumstances.

Impairment test for goodwill

Each year, the Group performs an impairment test for goodwill, in accordance with the accounting policy described in note K2.10. Recoverable values for cash-generating units have been determined by calculating value in use. For these calculations, some estimates must be made. For more information, see note K15.

For further information on the group's financial risk management, see note K5.

NOTE K4 SEGMENT INFORMATION**Description of segments and principal business activities**

Bellman Group's senior management team comprises the Group CEO, Group CFO, VP of Group IR/Communication and the Presidents of subsidiaries. This group constitutes the chief operating decision maker in Bellman Group and evaluates the Group's financial position and results of operations, as well as makes strategic decisions. Group Management has defined the operating segments based on the information available to it and this information is used as a basis for decisions regarding the allocation of resources and evaluation of results. Group Management monitors the operations based on the four operating segments Bellmans, Uppländska, VSM and Samgräv, and the Other segment. Group Management primarily applies EBITDA before items affecting comparability in monitoring the Group's results.

Bellmans

Bellmans Åkeri & Entreprenad AB is now the only legal entity in this segment since Grundab Entreprenader i Stockholm AB was consolidated in May 2019. Bellmans was acquired on 1 July 2017 and is a haulage company founded in 1972. The business focus is on haulage and machine services, excavation, as well as mass handling. The business is geographically concentrated on the Greater Stockholm region and the surrounding area. Bellmans' head office is in Saltsjö-Boo, Stockholm.

Uppländska

Uppländska Bergborrnings AB is now the only legal entity in this segment since Modern Sprängteknik i Norden AB, Uppländska Bergkrassnings AB and Sprängarbeten i Trönödal AB were consolidated in May 2019. Uppländska was acquired on 1 July 2017 and founded in 1972. The business focus is on rock blasting, rock drilling, wire sawing and rock splitting. Operations are nationwide in Sweden. The head office for Uppländska is in Norrtälje.

VSM

VSM Entreprenad AB, with its subsidiaries VSM AS, Munthers Specialtransporter AB and VSM Rental AB, was acquired on 17 July 2018 and was founded in 1972. VSM is a contracting machine company with operations mainly in rock and aggregate processing at stationary and mobile crushing plants, contracts within road, tunnel, construction and project development, as well as leasing machines and drivers. Operations are nationwide in Sweden. The head office is in Kallhäll, Stockholm.

Samgräv

Samgräv Holding AB, with its subsidiaries Samkross i Härryda AB, Samgräv Maskinförmedling AB, Samgräv Recycling AB and Samkross i Uddevalla AB, was acquired on 31 January 2019. This company was founded in 2010 and is a machinery brokerage company that is primarily active in haulage services, but also has its own landfills and crushing operations. The business is concentrated geographically on Western Sweden. The head office for Samgräv is in Kungälv.

Other (Parent company & Group)

Bellman Group AB (publ) is the Group's Parent Company and was formed on 10 April 2017 with its registered office in Solna, Sweden. The Parent Company includes Group Management and certain central functions. The Parent Company owns 100% of the shares of Bellmans Åkeri & Entreprenad AB, Uppländska Bergborrnings AB, VSM Entreprenad AB and Samgräv Holding AB.

Net sales

Sales between segments are made on market terms. Revenue for the segments arising from external customers as reported to Group Management is measured in the same manner as in the Consolidated Income Statement.

Note K4, Segment information, cont.

Segment information

SEK million	2019	2018
Net sales		
Uppländska	260.1	230.4
Bellmans	660.2	641.1
VSM	717.2	248.0
Samgräv	231.9	0.0
Elimination, inter-company sales	-113.9	-28.9
Total revenue	1,755.5	1,090.6
EBITDA before items affecting comparability		
Uppländska	29.7	31.5
Bellmans	35.7	37.7
VSM	131.3	35.8
Samgräv	19.0	0.0
Other	-1.6	-0.4
Total EBITDA before items affecting comparability	214.1	104.6
Operating profit (EBIT)		
Uppländska	15.9	18.5
Bellmans	23.2	25.7
VSM	79.6	19.9
Samgräv	13.7	0.0
Other	-13.2	-12.8
Total operating profit (EBIT)	119.1	51.3
Depreciation and amortization		
Uppländska	-13.5	-13.3
Bellmans	-12.5	-11.9
VSM	-49.1	-16.0
Samgräv	-4.3	0.0
Other	-3.1	-0.6
Total depreciation and amortization	-82.5	-41.8

The following is a reconciliation of profit/loss before tax and EBITDA before items affecting comparability:

SEK million	2019	2018
EBITDA before items affecting comparability	214.1	104.6
Items affecting comparability ¹	-12.5	-11.5
Depreciation, amortization and impairment	-82.5	-41.8
Financial items and untaxed reserves	-20.7	-21.9
Profit before tax	98.4	29.4
Working capital excl. taxes		
Uppländska	24.7	20.1
Bellmans	-12.0	-5.0
VSM	34.7	48.7
Samgräv	-4.2	0.0
Other	-1.9	-6.4
Total working capital excl. taxes	41.1	57.4

¹ YTD 2019 Items affecting comparability were all booked in the Other segment and comprised of improvements of processes and routines SEK -10.9 million, acquisition expenses SEK -1.1 million and internal restructuring in order to simplifying the Group's legal structure SEK -0.5 million.

Note K4, Segment information, cont.

2019 Geographical division of sales	Sales split	Sales split	Sales split
	Stockholms region	Gothenburg region	Rest of Sweden
Uppländska	66.3%	1.9%	31.8%
Bellmans	100.0%	0.0%	0.0%
VSM	60.4%	12.1%	27.5%
Samgräv	0.0%	100.0%	0.0%
Total Group	66.8%	18.4%	14.8%

Comparative figures are not available as this division was not made prior to 2019.

NOTE K5 FINANCIAL RISK MANAGEMENT

Its operations mean that Bellman Group is exposed to several types of financial risk. The most significant risks are normally interest rate risk and credit risk. Other financial risks include financing risk and liquidity risk. Bellman Group does not speculate on fluctuations in the financial markets, but aims to reduce these risks and focus on the core business. Risks are managed in accordance with policies established by the Board of Directors. The Group identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units if necessary. The Board of Directors establishes written policies for both overall risk management and specific areas, such as refinancing risk, credit risk and interest rate risk. The overall objectives of Bellman Group's financing activities are to:

- Identify and reduce financial risks in the Group's business in a cost-effective manner
- Ensure that the necessary liquidity is always available for daily operations
- Reduce potential losses due to negligence of financial counterparties
- Achieving the best possible net financial income/expense through effective management within a given risk level
- Strive to be an attractive borrower and to plan in advance to ensure that the Group is offered financing on competitive market terms
- Reduce the refinancing risk by ensuring that alternative financial options are available

Refinancing risk

Refinancing risk can be described as the lack of access to long-term or short-term financing at the due date for existing long-term or short-term financing. The risk is limited by the fact that the Group has always confirmed unutilized credit facilities that are deemed to be sufficiently large and by refinancing always commencing well in advance of loan maturity.

The Group will endeavor to have access to both short and long-term loan facilities at any given time. This is achieved through advance planning, regular liquidity forecasts and good relations with creditors, taking into account the bond terms.

Liquidity risk

Liquidity risk is defined as the risk of not being able to meet payment obligations at the due dates without the cost of obtaining payment funds increasing significantly. Group Management continuously monitors forecasts of the Group's liquidity reserve and liquid funds based on expected cash flows

As of 31 December 2019, the Group had an unutilized credit facility in the form of overdraft facilities amounting to SEK 44 million (38). The overdraft facility can be used when needed and can be terminated by the bank without notice.

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

SEK million

Liquidity risk	Less than 1 year	Between 1 and 5 years	Total contractual cash flows	Carrying amount liabilities
At 31 December 2018				
Trade payables	134.5	0.0	134.5	134.5
Bonds	32.5	581.3	613.8	484.1
Vendor note	19.5	18.2	37.7	37.7
Finance lease liabilities	1.5	3.6	5.1	5.1
Total	188.0	603.1	791.1	661.4
At 31 December 2019				
Trade payables	139.6	0.0	139.6	139.6
Bonds	39.0	658.5	697.5	585.5
Vendor note	17.0	1.6	18.6	18.6
Contingent consideration (Samgräv)	0.0	96.5	96.5	12.3
Finance lease liabilities	21.9	50.2	72.1	73.0
Total	217.5	806.8	1,024.3	829.0

Note K5, Financial risk management, cont.

Credit risk

Credit risk is defined as the risk that a counterparty cannot meet its payment obligations to Bellman Group. Credit risk arises through holdings in cash and cash equivalents, balances with banks and credit institutions, and customer credit exposures including outstanding receivables. Credit risk within the normal business operations is primarily related to accounts receivable. Granted customer credits are based on a professional assessment of the customer in

question. Each Group company is responsible for following up and analysing credit risk for each new customer. The Group's sales are divided between a large number of customers, with a history of low credit losses. Credit risk is managed by Group Management.

Changes in the credit loss allowance are as follows:

Financial risk management - credit risk

SEK million	2019	2018
Change in trade receivables allowance		
Balance at 1 January	8.1	7.1
Allowance for doubtful debt ¹	3.3	1.0
Total at 31 December	11.4	8.1

¹ See note k2.13.4 For further information on how impairment is calculated.

Individually assessed trade receivables which are considered uncollectible are impaired by directly reducing the carrying amount, of SEK 11.4 million (8.1) in 2019. Other receivables are assessed collectively to determine if there is objective evidence of impairment. Receivables for which an impairment reserve has previously been recognised are offset against the reserve when the Group is no longer expected to recover further cash and cash equivalents. Impair-

ment losses are recognised as other expenses in the Income Statement. If the impairment is reduced in a subsequent period, the reversal of the previously recognised impairment loss is recognised in the Consolidated Income Statement.

During the financial year, the following gains/losses were recognised in the Income Statement in relation to impaired trade receivables:

Impairment losses

SEK million	2019	2018
Impairment of accounts receivable		
Realized losses	4.9	2.2
Change in trade receivables allowance	3.3	1.0
Reversal of prior impairment losses	-4.6	-6.6
Total impairment losses	3.6	-3.4

The Group has no collateral for these receivables.

Interest rate risk

Interest rate risk refers to the risk that the interest rate level on the Group's financial instruments will be affected by changes in the market interest rate, which may adversely affect its net interest income.

The only significant external liabilities in Bellman Group's Balance Sheet as of 31 December 2019 are a corporate bond listed on Nasdaq Stockholm, amounting to SEK 600.0 million (500.0) (framework amount SEK 600.0 million) and a vendor note from Hasseludd Holding AB amounting to SEK 18.6 million (SEK 37.7 million). The maturity of the bond extends to 19 June 2022 and it accrues annual interest of STIBOR 3 months + 6.50 percentage points. If interest rates on borrowings at 31 December 2019 were 100 basis points higher, holding all other variables constant, the estimated profit after tax for the financial year had been SEK 6.0 million lower (SEK 3.6 million), mainly as an effect of higher interest expenses for borrowing with variable interest rate. The vendor note accrues no interest. According to the terms of the bond, the Group is also enti-

tled to an overdraft facility of SEK 44.0 million to finance working capital (38.0). Bellman Group will, as far as possible, reduce capital tied up, leading to positive effects in the Income Statement and Balance Sheet.

Capital structure

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, and to continue to provide returns for shareholders and benefits for other stakeholders.

Like its industry peers, the Group monitors capital based on the equity/assets ratio. This key performance indicator is calculated as equity divided by total assets. As of 31 December 2019, the Group's equity/assets ratio was 27.3% (24.3%).

Covenants

Under the terms and conditions of the bonds, certain covenants must be met each time the Group enters into a new business combination. All covenants were satisfied in connection with the acquisitions of Uppländska, Bellmans, VSM and Samgräv.

NOTE K6 OTHER OPERATING INCOME

SEK million	2019	2018
Other operating income		
Gain on sale of machinery and equipment	4.4	5.4
Other income	3.8	2.5
Total other operating income	8.2	7.9

NOTE K7 OTHER OPERATING EXPENSES

SEK million	2019	2018
Other operating expenses		
Loss on sale of machinery and equipment	1.0	0.0
Total other operating income	1.0	0.0

NOTE K8 EMPLOYEE BENEFITS**Employee benefits**

SEK million	2019	2018
Salaries and other benefits	170.1	115.0
Social security contributions	53.6	36.1
Pension cost - defined contribution plans	11.6	8.9
Total employee benefits	235.3	160.0

Division of employee benefits

SEK million	2019		2018	
	Salaries and other benefits	Social security (of which pension cost)	Salaries and other benefits	Social security (of which pension cost)
Board members, CEOs and other senior executives	14.3	10.5 (2.2)	9.9	4.8 (1.7)
Other employees	155.8	54.7 (6.4)	105.1	40.2 (7.2)
Total Group	170.1	65.2 (8.6)	115.0	45.0 (8.9)

Number of employees	Average number of employees		Average number of employees	
	Of which are men	Of which are men	Of which are men	Of which are men
Sweden	363	308	223	189
Total Group	363	308	223	189

Gender division in the Group of Directors and other senior executives:

SEK million	2019		2018	
	Average number of employees	Of which are men	Average number of employees	Of which are men
Board members	5	3	5	3
CEO and other senior executives	6	6	5	5
Total Group	11	9	10	8

Remuneration of senior executives

Senior executives include the Directors and Group Management and their remuneration is:

SEK million	2019	2018
Salaries and other short-term benefits	16.5	11.6
Total remuneration of senior executives	16.5	11.6

Note K8, Employee benefits, cont.

Remuneration and other benefits 2019

SEK million	Basic salary	Variable			Pension cost	Consulting fee	Total
		remuneration	Other benefits ¹				
Chairman of the Board Björn Andersson	0.4	-	-	-	-	0.4	
Group CEO and Director Håkan Lind	1.7	0.8	0.1	0.3	-	3.0	
Director Christina Ragsten (until Oct 16, 2019)	0.2	-	-	-	-	0.2	
Director Ingalill Östman	0.2	-	-	-	0.0	0.3	
Director Per Nordlander	-	-	-	-	-	-	
Director Anne-Lie Lind (from Oct 16, 2019)	0.1	-	-	-	-	0.1	
Director Charlotte Hybinette (from Oct 16, 2019)	0.1	-	-	-	-	0.1	
Other senior executives ²	7.2	3.1	0.5	1.9	-	12.7	
Total Group	9.7	4.0	0.6	2.2	0.0	16.5	

¹ Other benefits are company cars.

² Five senior executives; CFO and four subsidiary Presidents.

Remuneration and other benefits 2018

SEK million	Basic salary	Variable			Pension cost	Consulting fee	Total
		remuneration	Other benefits ¹				
Chairman of the Board Björn Andersson (from Dec 11, 2018)	0.1	-	-	-	-	0.1	
Chairman of the Board Per Nordlander (until Dec 10, 2018)	-	-	-	-	-	-	
Group CEO and Director Håkan Lind	1.5	1.1	0.1	0.3	-	3.0	
Director Christina Ragsten (from Dec 11, 2018)	-	-	-	-	-	-	
Director Ingalill Östman (from Dec 11, 2018)	-	-	-	-	-	-	
Director Per Nordlander (from Dec 11, 2018)	-	-	-	-	-	-	
Director Robin Karlsson (until Dec 10, 2018)	-	-	-	-	-	-	
Other senior executives ²	4.8	2.0	0.3	1.4	-	8.5	
Total Group	6.4	3.1	0.4	1.7	-	11.6	

¹ Other benefits are company cars.

² Four senior executives; CFO and three subsidiary Presidents.

Guidelines

Fees are paid to the Chairman and Directors in accordance with the resolution of the Annual General Meeting. No separate fee is paid for committee work. The Board of Directors has adopted on the following guidelines regarding remuneration of management: remuneration to the CEO and other senior executives comprises basic salary, variable remuneration, other benefits and pension. "Other senior executives" are the four persons who together with the CEO make up Group Management. These are Roger Axelsson (the Group's CFO), Robin Karlsson (President of MST), Magnus Persson (President of VSM), Dick Örn (President of Bellmans) and Mathias Cederblad (President of Samgräv).

- The President's total remuneration is decided by the board. Guidelines for remuneration of other members of Group Management are proposed by the Remuneration Committee and adopted by the Board. Bellman Group strives to offer a competitive total compensation package that enables it to recruit and retain senior executives. The total compensation package is based on factors such as position, performance and individual qualifications. The total remuneration paid to members of Management consists of a basic salary, variable cash remuneration, pension, and other remuneration and benefits.
- Basic salary is reviewed annually and is used as a basis for calculating variable remuneration.

- Variable cash remuneration is dependent partly on the individual's achievement of annually defined targets and partly on the achievement of predefined financial targets. The outcome is followed up annually. All members of Group Management have the potential to receive variable remuneration equal to six months' cash salary. There is thus a clear link between remuneration, individual performance and the performance of the Group as a whole.
- Senior executives are entitled to retirement benefits in accordance with their respective occupational pension plans.
- Other remuneration and benefits must be in line with market levels and help the senior executive to fulfil his or her duties, such as a company car, occupational health benefits, etc.

Senior executives are entitled to 12 months' notice if the employment is terminated by the employer and 6 months if the employee resigns. For all, a non-competition restriction applies in the notice of termination is given by the employee. If there are special reasons in any individual case, the Board has the right to depart from the above guidelines.

Defined contribution plans

The Group only has defined contribution pension plans. Pension cost refers to the cost that affected the profit for the year.

NOTE K9 AUDIT FEES

SEK million	2019	2018
<i>PwC:</i>		
Audit	2.5	1.6
Tax advice	0.3	0.1
Other services	1.1	1.0
Total PwC	3.9	2.7

Other services include general advice on accounting rules, valuation methods and formal requirements, as well as proof reading.

NOTE K10 LEASES**Operating leases (2018)**

SEK million	2018
<i>Future minimum lease payments are allocated as follows:</i>	
Within 1 year	8.5
Between 1 and 5 years	11.9
Later than 5 years	0.0
Total operating leases	20.3

Rights of use (2019)

SEK million	Office premises	Vehicles	Land	Total
Acquisition costs				
As of January 1, 2019	10.0	12.6	0.0	22.6
Adjustments to additional rights of use	1.9	62.5	2.1	66.6
As of December 31, 2019	12.0	75.1	2.1	89.2
Accumulated depreciation				
As of January 1, 2019	0.0	0.0	0.0	0.0
Depreciation current year	-3.5	-12.9	-0.1	-16.5
As of December 31, 2019	-3.5	-12.9	-0.1	-16.5
Carrying amount				
As of December 31, 2019	8.4	62.2	2.1	72.7

Rent and vehicles are reported under Plant and machinery, while land is recorded under Buildings and land. For more information on the adoption of IFRS16, see note K2.

Rights of use recognized in profit or loss and cash flow in 2019

SEK million	2019
Amortization of rights of use	-16.5
Interest expenses for lease liabilities	-0.8
Costs attributable to short-term leases	-2.4
Total cash outflow	-19.5

Lease liabilities

Current	SEK 22.2 million
Long-term	SEK 50.8 million

NOTE K11 FINANCIAL ITEMS

SEK million	2019	2018
Financial income		
Interest income	0.2	0.1
Adjustment of contingent consideration (Samgräv)	23.8	0.0
Revaluation of derivative for the right of early redemption of the corporate bonds	1.5	0.0
Profit in associated companies ¹	0.0	4.5
Other financial income	0.0	0.6
Total financial income	25.5	5.2
Financial expenses		
Interest expense bonds	44.8	26.5
Interest expense credit institutions	0.1	0.2
Interest expense leases	0.8	0.3
Discounted purchase price (Samgräv)	0.3	0.0
Interest expenses other	0.1	0.0
Total financial expense	46.1	27.0

¹ Profit from shares in associated companies has been moved from the financial part (2018) to the operational part (2019) of the Income Statement.

NOTE K12 INCOME TAX

SEK million	2019	2018
Income tax		
<i>Current tax:</i>		
Current tax on profits for the year	16.2	1.0
Adjustment of current tax for prior periods	0.0	1.2
Total current tax expense	16.2	2.2
<i>Deferred income tax (note K24 Deferred tax):</i>		
Decrease/Increase of temporary differences	-0.3	0.0
Deferred tax attributable to tax losses	4.7	2.1
Total deferred income tax	4.4	2.1
Total income tax expense	20.6	4.3

Income tax on profit before tax differs from the theoretical amount when applying the tax rate in Sweden on the earnings of consolidated entities as follows:

SEK million	2019	2018
Profit before tax	98.4	29.4
Income tax at the tax rate in Sweden (21.4%) & Norway (22.0%)	21.1	4.3
<i>Tax effect of amounts which are non-deductible (taxable):</i>		
Non-deductible expenses	0.4	0.2
Non-taxable income	0.0	-0.2
Total income tax expense	20.6	4.3
Group weighted average tax rate	20.9%	14.6%

The Group's weighted average tax rate was 20.9% (14.6%).

The tax attributable to components of other comprehensive income amounts to SEK 0.0 million (SEK 0.0 million).

NOTE K13 EARNINGS PER SHARE

	2019	2018
Earning per share, SEK		
Total basic earnings per share attributable to ordinary equity holders of the company	37.1	18.3
Total diluted earnings per share attributable to ordinary equity holders of the company	37.1	0.0
Profit measurement used in the calculation of earnings per share, SEK million		
Reconciliation of earnings used in calculating earnings per share		
Basic and diluted earnings per share:	76.7	24.6
Weighted average number of shares		
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	2,067,101	1,344,176

NOTE K14 ACQUISITION ANALYSIS

On 31 January 2019, Bellman Group acquired all of the shares of Samgräv Holding AB (Samgräv), including subsidiaries. The total purchase price was SEK 179.8 million, and the acquisition was financed through the issue of new shares and bonds. This included a cash payment of SEK 100.0 million, new shares worth SEK 44.0 million and contingent consideration with a fair value of SEK 35.8 million. The contingent consideration was included in the previous preliminary acquisition calculation to SEK 88.8 million, how-

ever, during the fourth quarter of 2019 additional information was obtained, including facts and circumstances that existed at the time of acquisition, which affect the fair value of the contingent consideration, which at the time of acquisition should have been lower. The contingent consideration was reduced by SEK 53.0 million during the fourth quarter, with a corresponding reduction in goodwill. The maximum total payment is set to SEK 96.5 million, to be paid in full by the end of February 2023.

The reported net asset value of Samgräv at the date of the acquisition was SEK 59.4 million, resulting in a residual of SEK 120.5 million compared to the purchase price of SEK 179.8 million. This residual comprises goodwill SEK 119.4 million and an intangible asset (brand value) of SEK 1.1 million.

Information on purchase price, net assets acquired and goodwill is shown below:

SEK million	2019
Purchase consideration	
Cash paid	100.0
Ordinary shares issued	44.0
Contingent consideration	35.8
Total purchase consideration	179.8

The fair value of the 142,349 shares issued as part of the purchase price for Samgräv was based on an estimated market value of SEK 309.1 per share. The fair value of shares has been established using a generally accepted valuation method. The valuation method

means that the company value is calculated using an EBITDA multiple for comparable companies in the same industry. If certain predetermined EBITDA levels are achieved by the subsidiary, the contingent consideration will be paid annually in cash.

The assets and liabilities recognized as a result of the acquisition are as follows:

SEK million	2019
Fair value net assets	
Cash and bank	5.8
Trade receivables	36.3
Buildings and land	50.8
Plant and equipment	26.3
Financial assets	0.9
Inventories	1.3
Other current receivables	2.3
Trade payables	-35.1
Deferred tax liabilities	-2.0
Other non-current liabilities	-17.7
Other current liabilities	-9.5
Asset value Samgräv	59.4
Intangible assets	120.5
Net assets acquired	179.8

Note K14, Acquisition analysis, cont.

Acquired assets

Recognized identifiable assets in Samgräv at the time of acquisition were SEK 59.4 million, which resulted in a residual item of SEK 120.5 million compared to the purchase price of SEK 179.8 million. The residual consists of goodwill of SEK 119.4 million and an intangible asset (trademark) of SEK 1.1 million. Goodwill is attributable to the high profitability of the acquired business. No part of reported goodwill is expected to be tax deductible.

Acquired receivables:

The fair value of acquired accounts receivable amounts to SEK 36.3 million. The contractual gross amount for accounts receivable is SEK 36.3 million.

Revenue and profit contribution:

The acquired business contributed revenue of SEK 231.9 million and operating profit (EBIT) of SEK 13.7 million for the period 1 February to 31 December, 2019. If the acquisition had been completed on 1 January, 2019, the acquired business would have contributed revenue and operating profit (EBIT) as of 31 December, 2019 of SEK 256.2 million and SEK 17.8 million respectively. These amounts have been calculated on the basis of the subsidiary's results, with adjustments for differences in accounting policies between the Group and the subsidiary, and the additional depreciation that would have occurred had the adjustment to fair value for intangible fixed assets been applied as of 1 January, 2019, together with the related tax effects.

SEK million	2019
Cash flow effect	
Paid to vendor (Samgräv)	-100.0
Cash acquired business (Samgräv)	5.8
Net effect on cash flow at acquisition	-94.2

Acquisition-related costs of SEK 1.1 million are included in other external expenses in the Income Statement and in the ongoing operations in the Cash Flow Statement

NOTE K15 INTANGIBLE ASSETS

SEK million	Goodwill	Trademark	Order book	Software	Total
Intangible assets					
At 1 January, 2018					
Acquisition costs	211.6	4.3	0.2	0.0	216.1
Accumulated amortization	-67.6	-1.1	-0.2	0.0	-68.9
Net book amount	144.0	3.2	0.0	0.0	147.2
Year ended 31 December, 2018					
Opening net book amount	144.0	3.6	0.0	0.0	147.2
Acquisition of subsidiary	186.2	2.2	0.5	0.0	188.9
Amortization	0.0	-2.0	-0.2	0.0	-2.0
Closing net book amounts	330.2	3.5	0.4	0.0	334.0
Year ended 31 December, 2019					
Opening net book amount	330.2	3.5	0.3	0.0	334.0
Acquisition of business (note K14 Business combination)	119.5	1.1	0.0	0.0	120.6
Adjustment acquisition (VSM 2018)	2.6	0.0	0.0	0.0	2.6
Capitalized software	0.0	0.0	0.0	2.2	2.2
Amortization	0.0	-2.7	-0.2	-0.1	-3.0
Closing net book amounts	452.2	1.9	0.1	2.0	456.3
At 31 December, 2019					
Acquisition costs	519.8	7.6	0.7	2.2	530.2
Accumulated amortization	-67.6	-5.7	-0.6	-0.1	-73.9
Net book amount	452.2	1.9	0.1	2.0	456.3

Impairment tests for goodwill

Goodwill is monitored by Group Management at the level of the operating segments identified in note K4 Segment information. A segment-level summary of the goodwill allocation is presented below.

SEK million	2019	2018
Goodwill		
Uppländska	0.8	0.8
Bellmans	145.6	145.6
VSM	186.4	183.8
Samgräv	119.5	0.0
Total goodwill	452.2	330.2

Note K15, Intangible assets, cont.

Critical assumptions used for value-in-use calculations

The Group tests whether goodwill is impaired on an annual basis. For 2019, and for prior reporting periods, the recoverable amount of the cash generating units was determined based on value-in-use calculations, which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by Management covering the following year as well as the Groups strategic business plans. EBITDA margins used in the

budgets amount to between 5.3 and 15.9 percent (5.9-15.4 percent). Sales growth per year after the coming year is extrapolated to be in line with the long-term growth rate stated below. When the value in use is calculated, a long-term growth rate turnover of 4.0 percent (3.0 percent) has been applied. The applied discount rate before tax amounts to between 9.8 percent and 10.1 percent (10.1 - 10.8 percent).

Management has determined the values assigned to each of the above key assumptions as follows:

Assumptions	Approach used to determining values	Assumption in percentage 2019 (2018)			
		Uppländska	Bellmans	VSM	Samgräv
Long-term growth rate:	This is the weighted average growth rate used to extrapolate cash flows beyond the budget period. The rates are consistent with forecasts included in industry reports.	4% (3%)	4% (3%)	4% (3%)	4% (3%)
Pre-tax discount rates:	Reflect specific risks relating to the relevant segments.	10.1% (10.8%)	9.8% (10.3%)	9.9% (10.1%)	10.0% (10.0%)

Reasonable changes in key assumptions are not expected to lead to significant changes in value in use that would result in impairment of goodwill.

NOTE K16 TANGIBLE ASSETS

SEK million	Property, plant and equipment				Total
	Plant and machinery	Equipment, tools, fixtures and fittings	Buildings and land	Other tangible assets	
At 1 January, 2018					
Acquisition costs	174.3	8.8	0.0	8.5	191.6
Accumulated depreciation	-66.5	-6.8	0.0	-1.6	-75.0
Net book amount	107.8	2.0	0.0	6.9	116.6
Year ended 31 December, 2018					
Opening net book amount	107.8	2.0	0.0	6.9	116.7
Acquisition of subsidiary	205.1	3.7	0.0	0.0	208.8
Additions	43.3	0.0	0.0	0.0	43.3
Retirements and disposals	-7.7	-0.1	0.0	0.0	-7.8
Depreciation	-37.1	-0.9	0.0	-1.8	-39.8
Closing net book amounts	311.4	4.7	0.0	5.1	321.2
Year ended 31 December, 2019					
Opening net book amount	311.4	4.7	0.0	5.1	321.2
Acquisition of business (note K14 business combination)	26.3	0.0	50.9	0.0	77.1
Additions and moves	23.4	-5.1	36.9	84.1	139.4
Retirements and disposals	-26.9	7.5	0.0	0.0	-19.7
Depreciation	-58.9	-1.3	-3.2	-16.5	-79.5
Closing net book amounts	275.3	5.9	84.5	72.7	438.5
At 31 December, 2019					
Acquisition costs	472.4	7.5	87.7	89.2	660.2
Accumulated depreciation	-197.1	-1.5	-3.2	-16.5	-221.8
Net book amount	275.3	5.9	84.5	72.7	438.5

NOTE K17 FINANCIAL INSTRUMENTS BY CATEGORY

The Group holds the following financial instruments:

SEK million	Financial assets at fair value through profit and loss	Financial assets at amortized cost	Total
Financial assets			
At 31 December, 2018			
Loans and receivables (excl. non-financial receivables)	0.0	243.2	243.2
Derivative financial instruments	1.2	0.3	1.5
Cash and cash equivalents	0.0	94.5	94.5
Net book amount	1.2	338.0	339.2
At 31 December, 2019			
Loans and receivables (excl. non-financial receivables)	0.0	250.5	250.5
Derivative financial instruments	2.7	0.0	2.7
Cash and cash equivalents	0.0	153.4	153.4
Net book amount	2.7	403.8	406.5

SEK million	Liabilities at amortized cost	Total
Financial liabilities		
At 31 December, 2018		
Trade and other payables (excl. non-financial liabilities)	134.5	134.5
Borrowings	526.9	526.9
Net book amount	661.4	661.4
At 31 December, 2019		
Trade and other payables (excl. non-financial liabilities)	139.6	139.6
Borrowings	700.5	700.5
Net book amount	840.1	840.1

For information regarding cash and cash equivalents, see note K5 Financial risk management and K21 Cash and cash equivalents. For information regarding financial liabilities, see note K23 Borrowings.

Financial assets at fair value through profit or loss

The Group's financial assets measured at fair value through profit or loss consist of an early redemption option included in the bond, which is reported as a derivative. The Group has classified this financial instrument at level 3 in the fair value hierarchy. No transfers between the levels were made during the period. The fair value of the derivative has been determined based on the present value and the applied discount rate has been adjusted for own credit risk. Observable input data refers to the risk-adjusted discount rate and the expected cash flows. As of 31 December 2019, fair value

amounted to SEK 2.7 million (1.2). The Group's other non-current financial assets are SEK 1.2 m (0.0), consisting of a securities holding in Mårsta Förenade Åkeri AB of SEK 0.3 m (0.0) through VSM (Munters) and a deposited advance to landowners of SEK 0.9 m (0.0), related to permits for Samgräv Recycling AB.

The carrying amounts of trade receivables are considered to be the same as their fair values, since the impact of discounting is not significant.

Impairment and risk exposure

Information on impairment of trade receivables, their credit rating and the Group's credit risk exposure can be found in note K5 Financial risk management.

NOTE K18 INVENTORIES

Inventories recognised as an expense in the item Raw materials and consumables in the Consolidated Income Statement amounted to SEK 121.1 million (42.3). Write-downs of inventories to net realizable value amounted to SEK 0.0 million (0.0).

NOTE K19 OTHER CURRENT RECEIVABLES

SEK million	2019	2018
Other current receivables		
VAT recoverable	5.4	5.5
Settlement of taxes and fees	0.0	0.8
Other receivables	0.4	4.2
Total other current receivables	5.7	10.5

The carrying amounts of other current receivables are considered to be the same as their fair values, since the impact of discounting is not significant.

NOTE K20 PREPAID EXPENSES AND ACCRUED INCOME

SEK million	2019	2018
Prepaid expenses and accrued income		
Prepaid leases	1.6	0.2
Accrued income	35.7	27.3
Other items	6.9	4.5
Total prepaid expenses and accrued income	44.3	32.0

NOTE K21 CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes, in both the Balance Sheet and the Cash Flow Statement, consist of bank deposits.

NOTE K22 EQUITY**Share capital**

All shares issued by the parent company are paid in full. On 31 December 2019, the total number of ordinary shares amounted to 2,086,991 (1,944,642). Ordinary shares have a nominal amount of SEK 1. The ordinary share is entitled one vote and entitles to dividend.

Other paid-up capital

The item consists of equity attributable to the establishment of the Group, share premium and shareholder contributions.

Specification of the change in the number of shares, share capital and other paid-up capital:

SEK million	Number of shares	Share capital	Other paid-up capital	Total
Year ended 31 December, 2018				
Opening balance	1,014,174	1.0	47.4	48.4
Acquisition of subsidiary	930,468	0.9	144.1	145.0
At 31 December, 2018	1,944,642	1.9	191.5	193.4
Year ended 31 December, 2019				
Opening balance	1,944,642	1.9	191.5	193.4
Acquisition of subsidiary (note K14)	142,349	0.2	43.8	44.0
At 31 December, 2019	2,086,991	2.1	235.3	237.4

In 2018, equity increased by SEK 145.0 million, of which SEK 45.0 million was a cash issue and SEK 100.0 million was part of the purchase price of the acquisition of VSM. In 2019, equity increased by SEK 44.0 million, consisting of a new issue of shares in the acquisition of Samgräv (see Note K14).

NOTE K23 BORROWINGS

SEK million	2019			2018		
	Current	Non-current	Total	Current	Non-current	Total
Secured						
Bonds	0.0	585.5	585.5	0.0	484.1	484.1
Liabilities to credit institutions	22.2	50.8	73.0	1.3	3.8	5.1
Total secured borrowings	22.2	636.3	658.5	1.3	487.9	489.2
Unsecured						
Trade payables	139.6	0.0	139.6	134.5	0.0	134.5
Contingent consideration	0.0	12.3	12.3	0.0	0.0	0.0
Vendor note	17.0	1.6	18.6	19.5	18.2	37.7
Total unsecured borrowings	156.6	13.9	170.4	154.0	18.2	172.2
Total borrowings	178.7	650.2	828.9	155.3	506.1	661.4

Contractual maturities of non-current financial liabilities:

SEK million	2019			2018		
	1-5 years	Over 5 years	Total	1-5 years	Over 5 years	Total
Secured						
Bonds	600.0	0.0	600.0	500.0	0.0	500.0
Financing costs	-14.5	0.0	-14.5	-15.9	0.0	-15.9
Total secured borrowings	585.5	0.0	585.5	484.1	0.0	484.1
Unsecured						
Contingent consideration (Samgräv)	12.3	0.0	12.3	0.0	0.0	0.0
Vendor note (Bellmans)	17.0	0.0	17.0	18.2	0.0	18.2
Total unsecured borrowings	29.3	0.0	29.3	18.2	0.0	18.2
Total borrowings	614.8	0.0	614.8	502.3	0.0	502.3

The parent company has issued corporate bonds that are listed on Nasdaq Stockholm. This instrument is listed as BELLMAN GROUP AB 01 with 600.0 units (500.0), with a total outstanding nominal amount of SEK 600 million (SEK 500 million) and has a nominal value of SEK 1.0 million (SEK 1.0 million) per unit. Financing expenses of SEK 14.5 million (SEK 15.9 million) attributable to the bond loan have been reported against the loan. The bond interest rate is variable interest three months STIBOR plus 6.50 percent, which is paid quarterly in arrears. The bond matures in June 2022. The parent company has provided shares in subsidiaries as collateral for the bond loan. The terms of the bond include an option that entitles the holder to the early repayment of the loan. This option is reported as a derivative and is classified as a financial asset that is measured at fair value through profit or loss. The terms of the corporate bond loan are available on Bellman Group AB's (publ) website, www.bellmangroup.se.

The vendor note amounts to a total of SEK 18.6 million (SEK 37.7 million), of which SEK 17.0 million (SEK 19.5 million) is a current liability and SEK 1.6 million (SEK 18.2 million) is a non-current liability. The vendor note accrues no interest and is unsecured. The terms of the loan stipulate that instalment payments should begin in 2018 and that the loan must be fully repaid by 2022.

The Group holds certain tangible assets through leases. Leases on office premises and vehicles expire in 36 to 36 months, and on leases land expire after more than five years (see notes K10 and K16). The carrying amount December 31, 2019, was SEK 73.0 million (SEK 5.1 million).

Covenants

Under the terms and conditions of the bonds, certain covenants must be met each time the Group enters into a new business combination. All covenants were met in connection with all acquisitions.

NOTE K24 DEFERRED TAX

SEK million	2019	2018
Deferred tax assets		
The balance comprises temporary differences attributable to:		
Tax losses	1.1	0.3
Total deferred assets	1.1	0.3

SEK million	2019	2018
Deferred tax liabilities		
The balance comprises temporary differences attributable to:		
Intangible assets (trademark and order books)	0.4	0.8
Financial assets (derivative financial instruments)	0.6	0.3
Untaxed reserves	47.9	41.1
Other items	4.5	0.0
Total deferred tax liabilities	53.4	42.2
Set-off of deferred tax assets	-1.1	-0.3
Net deferred taxes	52.3	41.9

Changes to deferred tax assets and liabilities in the year, without considering offsets within the same tax jurisdiction, are shown below:

SEK million	Tax losses
Deferred tax assets	2.4
At 1 January, 2018	2.4
Charged to the Income Statement	-2.1
At 31 December, 2018	0.3
Charged to the Income Statement	0.8
At 31 December, 2019	1.1

Deferred tax assets of SEK 1.1 million (0.3) mainly relate to tax losses in the parent company. The assessment is that the tax losses will be recovered using future taxable income in the Group. The tax losses can be carried forward indefinitely and have no expiry date.

SEK million	Intangible assets	Financial assets	Untaxed reserves	Other items	Total
Deferred tax liabilities					
At 1 January, 2018	0.1	0.2	22.9	-0.1	23.1
Charged to the Income Statement	0.1	0.1	1.1	0.1	1.4
Increase through acquisitions	0.6	0.0	17.1	0.0	17.7
At 31 December, 2018	0.8	0.3	41.1	0.0	42.2
Charged to the Income Statement	-0.6	0.3	4.8	4.5	9.0
Increase through acquisitions	0.2	0.0	2.0	0.0	2.2
At 31 December, 2019	0.4	0.6	47.9	4.5	53.4

NOTE K25 OTHER CURRENT LIABILITIES

SEK million	2019	2018
Other current liabilities		
Employee withholding tax and social security contributions	6.7	6.5
VAT	4.4	5.3
Current part of vendor note	17.0	19.5
Other current liabilities	0.1	0.6
Total other current liabilities	28.2	31.9

The carrying amounts of other current liabilities are considered to be the same as their fair values, since the impact of discounting is not significant.

NOTE K26 ACCRUED EXPENSES AND DEFERRED INCOME

SEK million	2019	2018
Accrued expenses and deferred income		
Accrued salaries	6.1	6.8
Accrued social security contributions	4.5	8.4
Accrued vacation pay	25.1	16.3
Haulage settlements	3.2	6.2
Accrued interest expenses	1.3	1.1
Deferred income (contract liability)	2.6	1.9
Other items	39.2	18.2
Total accrued expenses and deferred income	81.9	58.9

SEK 1.9 million (100%) of the contract liability (deferred income) as of 31 December 2018 has been reported as revenue in 2019.

NOTE K27 ASSETS PLEDGED AS SECURITY

SEK million	2019	2018
Assets pledged as security		
Bonds:		
Net assets in subsidiaries	849.4	612.5
Other financial liabilities:		
Floating charges	44.0	38.0
Total assets pledged as security	893.4	650.5

NOTE K28 RELATED PARTY TRANSACTIONS

Verdane Holding 26 AB owns 35.8% of the parent company's shares and has significant influence over the Group. Shareholdings are according to the table below. Other related parties are all subsid-

aries of the Group, as well as senior executives in the Group, i.e. the Board of Directors and Group Management, and their related parties. All transactions are carried out on market terms.

Shareholding in Bellman Group AB	Number of shares	Ownership interest, %
Owners		
Verdane Holding 26 AB	746,598	35.8
Håkan Lind och Dick Örn genom Hasseludd Holding AB	207,229	9.9
Bromab Invest AB	188,736	9.0
Jonas Degerman Holding AB	188,736	9.0
Magnus Persson genom Skärså Consulting AB	188,736	9.0
Robin Karlsson genom Robin Mark & Anläggning AB	178,472	8.6
Norden Kapitalförvaltning AB	142,349	6.8
Michel Eriksson	96,418	4.6
J&P Scandinavia AB	75,494	3.6
Tore Hallersbo	41,188	2.0
Derigo Rådgivning AB	19,446	0.9
Roger Axelsson	13,589	0.7
Total ownership	2,086,991	100.00

In connection with the acquisition of Bellmans in July 2017, the Group received a vendor note from Hasseludd Holding AB, which amounts to a total of SEK 18.6 million (SEK 37.7 million), of which SEK 17.0 million (19.5) is a current liability and SEK 1.6 million (18.2) is a non-current liability. The vendor note is interest-free and is unse-

cured. The terms of the loan stipulate that installment payments begin in 2018 and that the loan must be fully repaid by 2022.

Remuneration to senior executives is shown in note K8 Employee benefits.

NOTE K29 PARTICIPATION IN OTHER COMPANIES**Subsidiaries**

The Group's subsidiaries as of 31 December 2019 are listed below. Unless otherwise stated, they have share capital consisting solely

of ordinary shares held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group.

Direct ownership	Corporate identity no	Registered office	Ownership interest held by the Group, %	Principal activities
Bellmans Åkeri & Entreprenad AB	556402-9006	Nacka	100	Transport
Samgräv Holding AB	556850-6363	Kungälv	100	Transport
Uppländska Bergborrnings AB	556213-1556	Norrtälje	100	Rock blasting
VSM Entreprenad AB	556856-6011	Järfälla	100	Construction industry
Indirect ownership				
Samgräv Maskinförmedling AB	556812-2252	Kungälv	100	Transport
Samgräv Recycling AB	556947-6160	Kungälv	100	Landfill
Samkross i Uddevalla AB	556989-1582	Kungälv	100	Crushing operations
Samkross i Härryda AB	559060-8765	Kungälv	100	Crushing operations
VSM Rental AB	556996-5568	Järfälla	100	Plant and machinery rental
VSM Norge A/S	998237246	Oslo	100	Construction industry
Munthers Special-transporter AB	556884-8963	Järfälla	61	Transport
DXT Entreprenad AB	559059-1045	Stockholm	33	Construction industry
Kraftverksbyggarna i Söderhamn AB	559076-6530	Söderhamn	45	Construction industry
Kraftverksbyggarna i Söderhamn HB	969766-0539	Söderhamn	50	Construction industry

NOTE K30 ADJUSTMENT FOR NON-CASH ITEMS

SEK million	2019	2018
Adjustments for non-cash items		
Depreciation and amortization	82.5	41.8
Profit/loss in associated companies	-3.7	0.0
Goodwill adjustments	-3.7	0.0
Other items	-3.5	2.4
Total adjustments for non-cash items	71.6	44.2

NOTE K31 NET DEBT RECONCILIATION

SEK million	Bonds	Liabilities to credit institutions	Lease liabilities to credit institutions	Vendor note	Total
Financial year ended 31 December, 2018					
Opening balance	212.8	0.0	4.3	58.5	275.6
Acquired value	0.0	104.3	0.0	0.0	104.3
Cash inflow	268.5	0.0	0.0	1.3	269.8
Cash outflow	0.0	-104.3	0.0	-22.0	-126.3
Non-cash items:					
Accrued interest	2.8	0.0	0.0	0.0	2.8
Finance leases	0.0	0.0	0.8	0.0	0.8
At 31 December, 2018	484.1	0.0	5.1	37.8	527.0

SEK million	Bonds	Liabilities to credit institutions	Lease liabilities to credit institutions	Vendor note	Total
Financial year ended 31 December, 2019					
Opening balance	484.1	0.0	5.1	37.8	527.0
Acquired value	0.0	15.8	0.0	0.0	15.8
Cash inflow	95.7	0.0	0.0	0.0	95.7
Cash outflow	0.0	-15.8	0.0	-19.5	-35.3
Non-cash items:					
Accrued interest	5.7	0.0	0.0	0.3	6.0
Leases reclassification, opening balance	0.0	0.0	67.9	0.0	67.9
At 31 December, 2019	585.5	0.0	73.0	18.6	677.1

NOT K32 EVENTS AFTER THE END OF THE FINANCIAL YEAR

On March 6, 2020, the Group acquired all the shares of Sâcab Åkericentral AB ("SÂCAB"), including its subsidiaries. SÂCAB is a company focused on haulage and machine rental, but also runs its own landfill business. SÂCAB is active in the Stockholm region, with its head office in Skogås. Through the acquisition, Bellman Group strengthens its position in haulage and machinery. The Group expands its landfill operations geographically, which means an important

competitive advantage in creating cost-effective and environmentally friendly transport for customers. The acquisition was financed with cash.

When the accounts were approved for issuance, the Group had not yet completed accounting the acquisition of SÂCAB.

The fair value of acquired assets and liabilities as shown below is preliminary, pending final valuation.

SEK million	2019
Purchase consideration	77.0
Cash paid	77.0
Total purchase consideration	0.0

The assets and liabilities recognized as a result of the acquisition are as follows:

SEK million	2019
Fair value net assets	
Cash and bank	35.6
Trade receivables	26.6
Buildings and land	5.6
Plant and equipment	4.7
Financial assets	1.0
Inventories	3.4
Other current receivables	0.7
Trade payables	-15.6
Deferred tax liabilities	-4.6
Other non-current liabilities	-2.1
Other current liabilities	-6.2
Asset value Samgräv	49.2
Intangible assets	27.8
Net assets acquired	77.0

Goodwill is attributable to the profitability of the acquired business. No part of reported goodwill is expected to be tax deductible.

Acquired receivables:

The fair value of acquired accounts receivable amounts to SEK 26.6 million. The contractual gross amount for accounts receivable is SEK 26.6 million.

SEK million	2019
Cash flow effect	
Paid to seller	77.0
Cash acquired business - liquid funds	-35.6
Net outflow of cash and cash equivalents	41.4

Impact of Covid-19

In early-2020, the world was impacted by a pandemic of the coronavirus Covid-19. Bellman Group's operations may be exposed to some of the effects of Covid-19. Most of the Group's sales relate to long-term infrastructure projects, which are expected to continue without major disruption in the short term. However, the Group has contingency for a changed situation,

and has taken precautionary measures including its rate of investment and other activities. In the long term, skills supply, production capacity and liquidity may be impacted, and poorer macroeconomic conditions may slow willingness to invest in infrastructure.

Parent Company accounts

PARENT COMPANY INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

SEK million	Note	2019	2018
Net sales	M2	16.4	10.3
Total revenue		16.4	10.3
Operating expenses			
Other external expenses	M3	-15.9	-19.0
Personnel expenses	M4	-13.1	0.0
Total depreciation, amortization		-0.2	-0.1
Other operating expenses		0.0	0.0
Total operating expenses		-29.2	-19.1
Operating profit (EBIT)		-12.8	-8.7
Financial income	M5	9.3	5.2
Financial expenses	M6	-39.1	-23.7
Other financial items	M6	-6.0	-2.8
Net financial items		-35.8	-21.3
Profit after net financial items		-48.7	-30.0
Appropriations		51.4	43.2
Income tax	M7	-0.6	-2.9
Net profit for the year and total comprehensive income		2.1	10.3

PARENT COMPANY BALANCE SHEET

SEK million	Note	31 December 2019	31 December 2018
Assets			
Non-current assets			
<i>Intangible assets</i>			
Software	M8	2.0	0.0
Total intangible assets		2.0	0.0
<i>Tangible assets</i>			
Equipment, tools, fixtures and fittings	M9	0.9	0.4
Total tangible assets		0.9	0.4
<i>Non-current financial assets</i>			
Investment in associates	M10	814.8	657.7
Other non-current financial assets	M11	243.5	171.8
Total non-current financial assets		1,058.3	829.5
Total non-current assets		1,061.3	829.9
Current assets			
<i>Current receivables</i>			
Trade receivables		4.4	1.5
Current tax assets		0.2	0.0
Prepaid expenses and accrued income		2.0	0.3
Other current receivables		0.9	0.4
Total current receivables		7.5	2.2
Cash and cash equivalents	M12	144.4	79.2
Total current assets		151.9	81.4
TOTAL ASSETS		1,213.1	911.3

PARENT COMPANY BALANCE SHEET

SEK million	Note	31 December 2019	1 December 2018
Equity and liabilities			
Equity	M13, M18		
Restricted equity			
Share capital		2.1	1.9
Total restricted equity		2.1	1.9
Non-restricted equity			
Share premium reserve		260.0	216.1
Accumulated profit or loss		72.0	61.7
Net profit for the year		2.1	10.3
Total non-restricted equity		334.0	288.1
Total equity		336.0	290.0
Non-current liabilities	M14, M17		
Bond loans		585.5	484.1
Liabilities to Group companies		249.1	90.4
Other non-current liabilities		13.9	18.2
Total non-current liabilities		848.5	592.7
Current liabilities	M14		
Trade payables		3.5	3.7
Liabilities to Group companies		0.0	0.5
Current tax liabilities		1.1	0.5
Other current liabilities	M14, M15	17.4	19.5
Accrued expenses and deferred income	M16	6.6	4.4
Total current liabilities		28.6	28.6
TOTAL EQUITY AND LIABILITIES		1,213.1	911.3

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

SEK million	Attributable to shareholders of Bellman Group AB - restricted equity			Total equity
	Share capital	Share premium	Retained earnings (incl. net profit/ loss for the year)	
Opening balance, 1 January 2018	1.0	72.0	61.7	134.7
Net profit/loss for the period			10.3	10.3
Total comprehensive income			10.3	10.3
Issue of new shares ¹	0.9	144.1		145.0
Closing balance, 31 December 2018	1.9	216.1	72.0	290.0
Opening balance, 1 January 2019	1.9	216.1	72.0	290.0
Net profit/loss for the period			2.1	2.1
Total comprehensive income			2.1	2.1
Issue of new shares ²	0.2	43.8		44.0
Closing balance, 31 December 2019	2.1	260.0	74.1	336.0

¹ Share capital of SEK 930,468 was registered on August 24th, 2018. Total equity increased by SEK 145 million, of which SEK 45 million constitutes a cash issue and SEK 100 million relates to part of the purchase price in business combinations.

² Share capital of SEK 142,349 was registered on Februari 21st, 2019. Total equity increased by SEK 44 million, constituting of new shares issue (see note K14).

See note M13 Equity for more details.

PARENT COMPANY STATEMENT OF CASH FLOWS

SEK million	2019	2018
Cash flow from operating activities		
Operating profit	-12.8	-8.7
Adjustment for non-cash items:		
Depreciation and amortization	0.2	0.1
Other & non-cash items	-5.1	0.2
Interest received	9.3	5.2
Interest paid	-39.1	-23.7
Income taxes paid / received	-0.2	-
Cash flow from operating activities before changes in working capital	-47.7	-26.9
Change in current receivables	-3.9	0.8
Change in current liabilities	-0.6	3.6
Total change in working capital	-4.5	4.4
Cash flow from operating activities	-52.3	-22.5
Cash flow from investing activities		
Acquisition of subsidiaries, net of acquired cash and cash equivalents	-94.2	-243.9
Investments in tangible & intangible assets	-2.9	-
Sale of tangible assets	-	-
Loans to Group companies	138.4	15.4
Cash flow from investing activities	41.3	-228.5
Cash flow from financing activities		
Issue of shares	0.0	45.0
Loans raised	100.0	280.0
Payment of financing costs	-4.3	-11.4
Repayment of loans	-19.5	-22.0
Cash flow from financing activities	76.2	291.6
Cash flow for the period	65.2	40.6
Cash and cash equivalents at beginning of period	79.2	38.6
Cash and cash equivalents at end of period	144.4	79.2

Notes to the parent company

NOTE M1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The parent company applies RFR 2 Accounting for Legal Entities and the Swedish Annual Accounts Act. RFR 2 prescribes that the parent company in the Annual Report of a legal entity shall apply all international Financial Reporting Standards and interpretations approved by the EU as far as this is possible within the framework of the Swedish Annual Accounts Act, taking into account the connection between reporting and taxation.

Preparing annual reports in accordance with RFR 2 requires the use of important accounting estimates. Furthermore, the management must make certain assessments when applying the parent company's accounting policies. The areas that include a high degree of assessment, which are complex or where assumptions and estimates are of significant importance for the annual report, are stated in note K3 to the consolidated financial statements Significant estimates and judgements.

The parent company applies the same accounting policies as the Group, except in the cases specified in the section below:

Financial statements presentation

The parent company presents the Income Statement and the Balance Sheet in compliance with the Swedish Annual Accounts Act. This also means differences in terms, compared to the consolidated accounts, primarily regarding financial income and expenses and equity.

Subsidiaries

Participations in Group companies are recognised at cost less any impairment losses. The acquisition cost includes acquisition related cost and any contingent considerations.

When there is an indication that participations in Group companies are impaired, a calculation is made of the recoverable amount. If this is lower than the carrying amount, an impairment is made. Impairment losses are reported in the item profit/loss from participations in Group companies.

Financial instruments

Accounting policies applied from 1 January 2018

IFRS 9 is not applied in the Parent Company. Instead, the parent company applies the rules specified in RFR 2 (IFRS 9 Financial Instruments, p. 3-10).

Financial instruments are measured at cost. In subsequent periods, financial assets that have been acquired with the intention of being held short-term will be reported at the lowest of cost and market value. Derivative instruments with a negative fair value are reported at this value.

When calculating the net realizable value of receivables reported as current assets, the principles for impairment testing and credit loss allowance are applied in IFRS 9.

Appropriations

Group contributions are reported as appropriations.

NOTE M2 PURCHASES AND SALES BETWEEN GROUP COMPANIES

100 percent of the parent company's sales are to Group companies. 0 percent of the parent company's purchases are from Group companies.

NOTE M3 AUDIT FEES

SEK million	2019	2018
<i>PwC:</i>		
Audit engagement	0.9	0.9
Tax advice	0.0	-
Other services	1.0	1.0
Total PwC	1.9	1.9

Other services include general advice on accounting rules, valuation methods and formal requirements as well as proof-reading.

NOTE M4 EMPLOYEE BENEFITS**Employee benefits**

SEK million	2019	2018
Salaries and other benefits	8.1	0.0
Social security contributions	3.2	0.0
Pension cost - defined contribution plans	1.4	0.0
Total employee benefits	12.6	0.0

Division of employee benefits

SEK million	2019		2018 ¹	
	Salaries and other benefits	Social security (of which pension cost)	Salaries and other benefits	Social security (of which pension cost)
Board members, CEOs and other senior executives	6.1	2.8 (1.0)	4.5	2.1 (0.7)
Other employees	2.0	1.7 (0.4)	0.0	0.0
Total Group	8.1	4.5 (1.4)	4.5	2.1

Number of employees	2019		2018	
	Number of employees	of which men	Number of employees	of which men
Sweden	5	3	2	2
Total Group	5	3	2	2

¹ The number of employees in 2018 were formally employed by a subsidiary for most of the year. The personnel expenses recognized here are re-invoiced from the subsidiary to the parent company, and are for two employees.

Gender division in Board and Management

SEK million	2019		2018	
	Average number of employees	of which men	Average number of employees	of which men
Board members	5	3	5	3
CEO and other senior executives	2	2	2	2
Total Group	7	5	7	5

NOTE M5 OTHER INTEREST INCOME AND SIMILAR ITEMS

SEK million	2019	2018
Other interest income and similar items		
Interest income from Group companies	9.3	5.2
Total other interest income and similar items	9.3	5.2

NOTE M6 INTEREST EXPENSE AND SIMILAR ITEMS

SEK million	2019	2018
Interest expense and similar profit/loss items		
Interest expense for bonds	39.1	23.7
Accrued financing costs	6.0	2.8
Total interest expense and similar items	45.1	26.5

NOTE M7 INCOME TAX EXPENSE

SEK million	2019	2018
<i>Current tax expense:</i>		
Current tax on profits for the year	0.6	0
Total current tax expense		
Deferred income tax		
Deferred tax	0.0	-2.9
Total income tax expense	0.6	-2.9

The parent company's income tax on profit is in line with the theoretical amount using the tax rate in Sweden.

NOTE M8 INTANGIBLE ASSETS

SEK million	Software
Intangible assets	
Year ended 31 December, 2019	
Opening net book amount	0.0
Capitalized software	2.2
Amortization	-0.1
Closing net book amounts	2.0
At 31 December, 2019	
Acquisition costs	2.2
Accumulated amortization	-0.1
Net book amount	2.0

NOTE M9 TANGIBLE ASSETS

SEK million	Tangible asset
Tangible assets	
Year ended 31 December, 2018	
Opening net book amount	0.5
Depreciation	-0.1
Closing net book amounts	0.4
Year ended 31 December, 2019	
Opening net book amount	0.4
Additions	0.7
Depreciation	-0.1
Closing net book amounts	0.9
At 31 December, 2019	
Acquisition costs	1.2
Accumulated depreciation	-0.2
Net book amount	0.9

NOTE M10 PARTICIPATION IN GROUP COMPANIES

The parent company's participations in Group companies as of 31 December 2019 are listed below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held

directly by the Group, and the proportion of ownership interest held equals the voting rights held by the Group. All subsidiaries are consolidated in the Group.

SEK million	Corporate identity no	Ownership 31 Dec, 2019	No of shares	Principal activities	Registered office	Book value 31 Dec, 2019
Direct ownership						
Name of entity						
Bellmans Åkeri & Entreprenad AB	556402-9006	100%	10,000	Transport	Nacka	216.7
Samgräv Holding AB	556850-6363	100%	500	Transport	Kungälv	157.1
Uppländska Bergbörnings AB	556213-1556	100%	5,000	Rock blasting	Norrköping	98.4
VSM Entreprenad AB	556856-6011	100%	3,400	Construction industry	Järfälla	342.6
Total						814.8

SEK million	Corporate identity no	Ownership	No of shares	Principal activities	Registered office
Indirect ownership					
Name of entity					
Samgräv Maskinförmedling AB	556812-2252	100%	2,000	Transport	Kungälv
Samgräv Recycling AB	556947-6160	100%	500	Landfill	Kungälv
Samkross i Uddevalla AB	556989-1582	100%	500	Crushing operations	Kungälv
Samkross i Härryda AB	559060-8765	100%	500	Crushing operations	Kungälv
VSM Rental AB	556996-5568	100%	50,000	Plant and machinery rental	Järfälla
VSM Norge A/S	998237246	100%	100	Construction industry	Oslo
Munthers Special-transporter AB	556884-8963	61%	30,500	Transport	Järfälla
DXT Entreprenad AB	559059-1045	33%	248	Construction industry	Stockholm
Kraftverksbyggarna i Söderhamn AB	559076-6530	45%	225	Construction industry	Söderhamn
Kraftverksbyggarna i Söderhamn HB	969766-0539	50%	1	Construction industry	Söderhamn

NOTE M11 RECEIVABLES FROM GROUP COMPANIES

SEK million	2019	2018
Receivables from Group companies		
Opening book amount	171.8	52.4
Receivables from Group companies	71.7	119.4
Closing net book amount	243.5	171.8

NOTE M12 CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes, in both the Balance Sheet and the Cash Flow Statement, cash at hand and deposits held on call with financial institutions. As of 31 December 2019, the Group had an unutilized credit facility in the form of overdraft facilities amounting to SEK 44 million (38).

The overdraft facility can be used when needed and can be terminated by the bank without notice.

NOTE M13 EQUITY

For information on the parent company's equity, refer to note K22 to the consolidated financial statements, Equity.

NOTE M14 BORROWINGS

SEK million	2019			2018		
	Current	Non-current	Total	Current	Non-current	Total
Secured						
Bonds	0.0	585.5	585.5	0.0	484.1	484.1
Total secured borrowings	0.0	585.5	585.5	0.0	484.1	484.1
Unsecured						
Trade payables	3.5	0.0	3.5	3.7	0.0	3.7
Contingent consideration	0.0	12.3	12.3	0.0	0.0	0.0
Vendor note	17.0	1.6	18.6	19.5	18.2	37.7
Total unsecured borrowings	20.5	13.9	34.4	23.2	18.2	41.4
Total borrowings	20.5	599.4	619.9	23.2	502.3	525.5

Contractual maturities of non-current liabilities:

SEK million	2019			2018		
	1-5 years	Over 5 years	Total	1-5 years	Over 5 years	Total
Secured						
Bonds	600.0	0.0	600.0	500.0	0.0	500.0
Financing costs	-14.5	0.0	-14.5	-15.9	0.0	-15.9
Total secured borrowings	585.5	0.0	585.5	484.1	0.0	484.1
Unsecured						
Contingent consideration (Samgräv)	12.3	0.0	12.3	0.0	0.0	0.0
Vendor note (Bellmans)	1.6	0.0	1.6	18.2	0.0	18.2
Total unsecured borrowings	13.9	0.0	13.9	18.2	0.0	18.2
Total borrowings	599.4	0.0	599.4	502.3	0.0	502.3

The parent company has issued corporate bonds that are listed on Nasdaq Stockholm. This instrument is listed as BELLMAN GROUP AB 01 with 600.0 units (500.0), with a total outstanding nominal amount of SEK 600 million (SEK 500 million) and has a nominal value of SEK 1.0 million (SEK 1.0 million) per unit. Financing expenses of SEK 14.5 million (SEK 15.9 million) attributable to the bond loan have been reported against the loan. The bond interest rate is variable interest three months STIBOR plus 6.50 percent, which is paid quarterly in arrears. The bond matures in June 2022. The parent company has provided shares in subsidiaries as collateral for the bond loan. The terms of the bond include an option that entitles the holder to the early repayment of the loan. This option is reported as a derivative and is classified as a financial asset that is measured at fair value through profit or loss. The terms of the cor-

porate bond loan are available on Bellman Group AB's (publ) website, www.bellmangroup.se.

The vendor note amounts to a total of SEK 18.6 million (SEK 37.7 million), of which SEK 17.0 million (SEK 19.5 million) is a current liability and SEK 1.6 million (SEK 18.2 million) is a non-current liability. The vendor note accrues no interest and is unsecured. The terms of the loan stipulate that instalment payments should begin in 2018 and that the loan must be fully repaid by 2022.

Covenants

Under the terms and conditions of the bonds, certain covenants must be met each time the Group enters into a new business combination. All covenants were met in connection with all acquisitions.

NOTE M15 OTHER CURRENT LIABILITIES

SEK million	2019	2018
Other current liabilities		
Employee withholding tax and social security contributions	0.4	-
Current part of vendor note	17.0	19.5
Total other current liabilities	17.4	19.5

The fair value of other current liabilities corresponds to carrying amount, because they are short term by nature.

NOTE M16 ACCRUED EXPENSES AND DEFERRED INCOME

SEK million	2019	2018
Accrued expenses and deferred income		
Accrued vacation pay	0.7	0.0
Accrued interest expenses	1.3	1.1
Other items	4.6	3.3
Total accrued expenses and deferred income	6.6	4.4

NOTE M17 ASSETS PLEDGED AS SECURITY

SEK million	2019	2018
Assets pledged as security		
<i>Bonds:</i>		
Shares in subsidiaries	814.8	657.7
Receivables on Group companies	243.5	171.8
Total assets pledged as security	1,058.3	829.5

NOTE M18 PROPOSED APPROPRIATION OF PROFITS

SEK	
The following profits are at the disposal of the Annual General Meeting:	
Amounts in SEK	
Share premium	259,962,442
Retained earnings	71,873,113
Net profit/loss for the year	2,101,155
Total	333,936,710
The Board of Directors proposes that profits brought forward be appropriated as follows:	
To be carried forward	333,936,710
Total	333,936,710

Board of Directors' certification

The Group's and Parent Company's income statements and balance sheets will be submitted to the Annual General Meeting for adoption on 19 May 2020.

The Board of Directors and the Chief Executive Officer hereby certify that the consolidated financial statements have been prepared in accordance with IFRS (International Financial Reporting Standards) as adopted by the EU and give a true and fair view of the Group's financial position and results of operations. The Parent Company's financial statements

have been prepared in accordance with generally accepted accounting principles and give a true and fair view of the Parent Company's financial position and results of operations. The Board of Directors' Report for the Group and the Parent Company gives a true and fair view of the progress of the Group's and the Parent Company's operations, financial position and results of operations, and reviews material risks and uncertainties affecting the Parent Company and Group companies.

Stockholm, Sweden, 23 April 2020

Björn Andersson

Chairman of the Board

Per Nordlander

Director

Ingalill Östman

Director

Charlotte Hybinette

Director

Håkan Lind

Director

Anne-Lie Lind

Director

Our Audit Report was presented on 23 April 2020

PricewaterhouseCoopers AB

Nicklas Kullberg

Authorized Public Accountant

Auditors Report

To the general meeting of the shareholders of Bellman Group AB (publ), corporate identity number 559108-3729

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of Bellman Group AB (publ) for the year 2019. The annual accounts and consolidated accounts of the company are included on pages 34-77 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2019 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2019 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

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

Basis for Opinions

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

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

Audit approach and scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where

management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

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

The Bellman Group comprise four business segments and for three of those all Swedish entities are audited by the central Group audit team, the fourth is audited by a local PwC team. There is only one company outside of Sweden in the group and that is not deemed material for the group audit.

Materiality

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

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

Key audit matters

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

KEY AUDIT MATTER**Goodwill impairment test**

We refer to note K2 (Accounting principles) and note K15.

The group's balance sheet includes goodwill totaling MSEK 452, corresponding to 33 % of total assets.

Goodwill is not amortized but is subject to an annual impairment test. The valuation of goodwill is based on company management's subjective assessments regarding future cash flows and on assumptions regarding the yield requirement, etc. which implies that the valuation is in its nature characterized by uncertainty. Bellman Group goodwill was generated through acquisitions made 2017-2019 and as such, there is limited information about historical outcome as compared to prognosis' prepared.

The company's impairment testing has not resulted in a write-down.

HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTERS

In our audit we have examined company management's forecast for future cash flows and assumptions and estimations which they are based on. We studied and assessed the reasonability of assumptions of yearly sales growth, volumes of sales and the yield requirement applied in discounting the cash flows (WACC) presented to us by the company management.

As part of our audit of management assumptions and estimations we compare corresponding figures in assessments made year - end 2018 against actual outcome 2019 in order to assess management's ability to produce realistic assumptions.

We have also studied the budgets and forecasts for future cash flows and verified that these agree with company management's documented budget and long-term strategic plans and intentions.

No significant observations were made from these audit procedures nor reported to the Audit committee.

Revenue recognition and cut-off for construction contracts

The Group accounting principles for revenue is shown in note K25.

A major part of revenue for companies VSM Entreprenad AB and Uppländska Bergborrnings AB are based on customer agreements for construction projects invoiced for by units delivered.

The compensation is based on number of units delivered, but since the measurement of delivered units is usually not performed until the project is completed, the accounting for accrued income comprises a certain degree of assumptions and estimations. Discussions about the right compensation for work completed are further common within the construction business and can result in subsequent reductions of invoiced sales.

We have performed analytics of recorded revenue and margins on total and project level and studied management's routines for monitoring project financial outcomes. We discussed company principles, methods and assumptions which forms the basis for estimations of accrued revenue and tested them on a sample basis against supporting documents and calculations.

We analysed accounts receivables by maturity date for the purpose of detecting possible receivables where there might be ongoing discussions or disputes with the customer. We also confirmed this year's sales and accounts receivable balance as at December 31, 2019 for a selection of the customers.

For disputes we also obtained lawyers statements from group's external legal advisors.

Our general conclusion is that assumptions and estimations made by the subsidiaries are within an acceptable range.

Significant acquisitions

As stated in the directors' report and note K14, the group completed the acquisition of Samgräv Holding AB during the first quarter 2019 and the purchase price was MSEK 180.

Following the acquisition, the company prepared a purchase price analysis, where the fair value of all assets and liabilities acquired are assessed. The remaining difference between the purchase price and fair values of acquired assets and liabilities is allocated to goodwill. The identification of assets and liabilities that have been transferred through the acquisition of the Samgräv group and which can be accounted for according to accounting policies adopted have required management estimations and assumptions and which we have discussed with management.

We have examined management's analysis of the transactions as well as other relevant documents such as the purchase contract and we have verified the purchase price payment.

We examined the purchase price allocation to assets identified and liabilities transferred prepared by management and challenged their estimates. Finally, we checked the completeness and accuracy of the disclosures in the Annual report.

No significant observations were made from these audit procedures, which we reported to the Audit committee.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-19. The Board of Directors and the Managing Director are responsible for this other information.

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

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

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

Responsibilities of the Board of Director's and the Managing Director

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

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

Auditor's responsibility

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

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

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures respon-

sive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Director's and the Managing Director.
- Conclude on the appropriateness of the Board of Director's and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified. We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Director's and the Managing Director of Bellman Group AB (publ) for the year 2019 and the proposed appropriations of the company's profit or loss.

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

Basis for Opinions

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

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

Responsibilities of the Board of Director's and the Managing Director

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

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

Auditor's responsibility

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

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

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

Reasonable assurance is a high level of assurance, but is not

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

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

PricewaterhouseCoopers AB, 113 97 Stockholm, was appointed auditor of Bellman Group AB (publ) by the general meeting of the shareholders on the 7 May 2019 and has been the company's auditor since the 31 May 2017.

Stockholm 23 April 2020

PricewaterhouseCoopers AB

Nicklas Kullberg

Authorized Public Accountant

Definitions

Descriptions of key ratios and non - IFRS performance measures follow. A reconciliation of alternative performance measures (APMs) is shown in a separate document, which is published together with the Interim Reports, at, www.bellmangroup.se.

The APMs that have not been calculated according to IFRS and are presented in this Report do not constitute recognized valuation principles for financial position or liquidity according to IFRS, but are used by Bellman Group to monitor the financial performance of the Group's operations and the Group's financial position. The APMs presented in this Report should always be viewed together with the information presented in the Income Statement, Balance Sheet, Cash Flow Statement and key

ratios, which have been prepared in accordance with IFRS.

Bellman Group reports these APMs since they consider them to be important complementary measures of profitability and financial position, and that these measures are often used by external stakeholders to assess and compare the company's financial performance and financial position. When comparing the APMs presented here, the calculation for other companies may have been conducted with different definitions, which means that outcomes are not directly comparable.

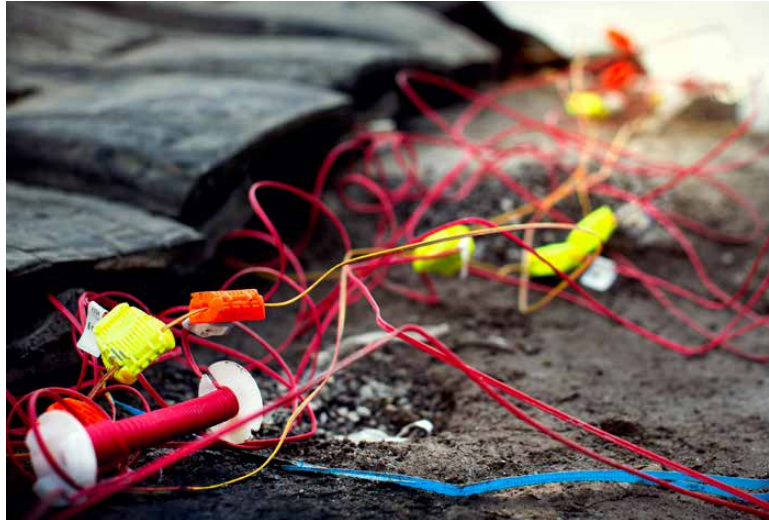
In this Report, comparable figures are provided in parentheses and refer to the same item in the previous year, unless otherwise stated.

APM	DESCRIPTION
EBITDA	EBITDA, operating profit before financial items, tax and depreciation/amortization and impairment. EBITDA is an APM the Group considers relevant for investors who want to understand the earnings trend before investments in non-current assets.
EBITDA margin	EBITDA as a percentage of net sales during the period. The EBITDA margin is used to show EBITDA as a percentage of net sales.
EBITDA before items affecting comparability	EBITDA before items affecting comparability. EBITDA adjusted for items affecting comparability gives a clearer picture of operating profit and to increase comparability over time.
EBITDA margin before items affecting comparability	EBITDA before items affecting comparability as a percentage of net sales during the period. The margin is used to show EBITDA before items affecting comparability as a percentage of net sales.
Items affecting comparability	Items that rarely occur or are unusual in operating activities, such as start-up costs, restructuring costs and acquisition costs. Items affecting comparability are used to give a clearer picture of the earnings trend and to increase comparability over time.
Interest - bearing net debt	Interest-bearing liabilities less cash and cash equivalents. This APM shows the Group's total interest-bearing net debt for covenant purposes.
Interest - bearing net debt in relation to EBITDA before items affecting comparability including pro forma figures	Interest-bearing net debt in relation to EBITDA before items affecting comparability including pro forma figures. The bond terms include a quarterly maintenance covenant that is considered fulfilled if interest-bearing net debt in relation to EBITDA is less than 4.25. The EBITDA is calculated based on the past 12 months' pro forma EBITDA figures.
Operating profit (EBIT)	Operating profit (EBIT). Total revenue less total operating expenses. EBIT is an APM the Group considers relevant for investors who want to understand the earnings trend before interest and tax.
Operating margin	Operating profit as a percentage of net sales during the period. The operating margin shows the proportion of net sales that remain after operating expenses.
Net debt	Interest-bearing liabilities plus contingent consideration related to Bellmans and Samgräv, less cash and cash equivalents.
Working capital	Working capital is calculated as current receivables (inventories, trade receivables and other non-interest-bearing current receivables) less current liabilities (trade payables and other non-interest-bearing current liabilities). This measure shows how much working capital is tied up in the business operations and can be set in relation to the sales to understand how efficiently the tied-up working capital is used.



Calendar

2020-05-19	Annual General Meeting
2020-05-20	Interim Report January–March, 2020
2020-08-28	Interim Report January–June, 2020
2020-11-20	Interim Report January–September, 2020
2021-02-19	Year-end Report 2020



BELLMAN GROUP

Bellman Group is the parent company of a civil engineering group that operates in rock blasting, excavation, haulage and mass handling in Sweden, primarily in the Stockholm and Gothenburg regions. The Group consists of Bellmans, which is a company active in renting machinery and haulage, Uppländska, which performs rockblasting operations, VSM, which carries out excavation work with large machinery, and Samgräv, which is active in haulage, machine and rental services, mass handling and landfills. In 2019, net sales for the Group were SEK 1.8 billion. Bellman Group, with registered offices in Solna, Sweden, has approximately 400 employees and 900 subcontractors. The parent company's corporate bonds are listed on Nasdaq Stockholm. Bellman Group is a group of strong growth with an explicit acquisition strategy.

www.bellmangroup.se

