

Year-end report  
January – December 2019

Q4



# Continued positive development

## Fourth quarter, October – December 2019

- Net Sales increased by 9% to SEK 432 million (395).
- EBITDA before items affecting comparability increased by 15% to SEK 46 million (40) with a margin of 10.6% (10.1%).
- EBITDA increased by 16% to SEK 42 million (36) with a margin of 9.7% (9.1%).
- Operating profit (EBIT) increased by 1% to SEK 20 million (20) with an operating margin of 4.6% (5.0%).
- Net profit increased by 130% to SEK 28 million (12).
- Earnings per share, basic and diluted, equaled SEK 13.4 (5.9).
- Cash flow from operating activities amounted to SEK 52.2 million (24.8).

## Full year, January – December 2019

- Net Sales increased by 61% to SEK 1,756 million (1,091) equaling a pro forma<sup>2)</sup> increase of 9% or SEK 150 million.
- EBITDA before items affecting comparability increased by 105% to SEK 214 million (105) with a margin of 12.2% (9.6%) and on a proforma<sup>2)</sup> level by 19% to SEK 219 million (184) with a margin of 12.3% (11.3%).
- EBITDA increased by 117% to SEK 202 million (93) with a margin of 11.5% (8.5%) and on a pro forma<sup>2)</sup> level by 19% to SEK 206 million (173) with a margin of 11.6% (10.6%).
- Operating profit (EBIT) increased by 132% to SEK 119 million (51) with a margin of 6.8% (4.7%) and on a pro forma<sup>2)</sup> level by 19% to SEK 123 million (104) with an operating margin of 6.9% (6.4%).
- Net profit increased by 210% to SEK 78 million (25) which equaled a pro forma<sup>2)</sup> increase by 30% to SEK 81 million (63).
- Earnings per share, basic and diluted, equaled SEK 37.1 (18.3).
- Cash flow from operating activities amounted to SEK 147.5 million (56.5).
- Samgräv Holding AB was acquired 31 January 2019, generating net sales of SEK 231.9 million and EBITDA of SEK 19.0 million for 2019.

## Financial overview

| SEK million (unless stated otherwise)                 | Q4    | Q4                 | YTD                | YTD                | Pro forma              | Pro forma              |
|---|-------|--------------------|--------------------|--------------------|------------------------|------------------------|
|   | 2019  | 2018 <sup>1)</sup> | 2019 <sup>1)</sup> | 2018 <sup>1)</sup> | YTD 2019 <sup>2)</sup> | YTD 2018 <sup>2)</sup> |
| Net Sales   | 432.2 | 395.2              | 1,755.5            | 1,090.6            | 1,779.8                | 1,629.9                |
| EBITDA before items affecting comparability           | 45.6  | 39.8               | 214.1              | 104.6              | 218.6                  | 184.2                  |
| EBITDA before items affecting comparability margin, % | 10.6% | 10.1%              | 12.2%              | 9.6%               | 12.3%                  | 11.3%                  |
| EBITDA  | 41.8  | 36.0               | 201.7              | 93.1               | 206.1                  | 172.7                  |
| EBITDA margin, %                                      | 9.7%  | 9.1%               | 11.5%              | 8.5%               | 11.6%                  | 10.6%                  |
| Operating profit (EBIT)                               | 20.0  | 19.7               | 119.1              | 51.3               | 123.2                  | 103.8                  |
| Operating margin, %                                   | 4.6%  | 5.0%               | 6.8%               | 4.7%               | 6.9%                   | 6.4%                   |
| Net profit  | 27.7  | 12.1               | 77.9               | 25.1               | 81.1                   | 62.6                   |
| Earnings per share (SEK), basic and diluted           | 13.4  | 5.9                | 37.1               | 18.3               |                        |                        |
| Cash flow from operating activities                   | 52.2  | 24.8               | 147.4              | 56.5               |                        |                        |

<sup>1)</sup> The 2019 data includes Uppländska, Bellmans and VSM for the period January - December and Samgräv for the period February - December. The 2018 data includes Uppländska and Bellmans for the period January - December and VSM August - December.

<sup>2)</sup> To illustrate the development of the Bellman Group, pro forma figures YTD 2018 and 2019 are reported. Figures for VSM and Samgräv are included as if the acquisitions of the subsidiaries had taken place on 1 January 2018.

In this report, comparable figures are provided in parentheses and refer to the same item in the corresponding period last year, unless otherwise stated.



## We make it possible to build – About Bellman Group

Bellman Group is the parent company of a construction group that operates in rock blasting, excavation, transport and mass handling in Sweden, primarily in the Stockholm and Gothenburg regions. The Group consists of Bellmans, which is a transport company, Uppländska, which performs blasting operations, VSM, which carries out excavation work with large machinery, and Samgräv, which is active in transport, 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 and the Group's principal owner is Verdane Capital. Bellman Group is a group of strong growth with an explicit acquisition strategy.

### Business concept

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

### Core values

- Quality
- Competence
- Security



# Message from the CEO

2019 was an eventful and successful year for Bellman Group. The large infrastructure projects in Sweden, such as Förbifart Stockholm (highway construction “Stockholm bypass”) and Västlänken Göteborg (road and railway project “West link Gothenburg”), benefit our business. This has had a particularly positive impact on VSM during the year, which increased sales by close to 30 percent. We acquired Samgräv in January and thereby strengthened our foothold in Western Sweden.

## 2019 was a record year for our subsidiary VSM

Group sales increased in the fourth quarter, mainly driven by VSM. 2019 was in fact the best year in VSM’s history so far. Several infrastructure projects were in a phase where there was a large need for excavation and VSM was working with many of these projects. Also Uppländska showed strong growth during the quarter driven by infrastructure projects, but also as a result of, for example, the establishment of new wind farms. Bellmans’ sales declined compared with the same quarter last year, but the full-year trend remains stable. Samgräv’s sales were also in the fourth quarter negatively affected by the fact that operations at one of the company’s landfills was stopped early 2019. Operations could be resumed at the end of the year, which is positive for future development.

Bellman Group’s subsidiaries are active in about 400-500 different projects in Sweden and about 60 percent of sales is related to infrastructure. Investments in infrastructure projects are ongoing and additional major projects are planned. The Swedish Government has decided on a national plan for investments in infrastructure for transport for the years 2018-2029 amounting to SEK 700 billion.

## Improved processes and procedures

During 2019, Bellman Group has worked to improve governance and processes within the Group and its subsidiaries. An important result is that Uppländska, VSM and Bellmans are now ISO certified. The Group’s ambition is for all subsidiaries to be certified according to ISO 14001, 9001 and 45001 at the end of 2020. In addition, the Group has implemented systems for internal control, as well as additional policies for governance and quality. The Board has also decided on sustainability goals that will be followed up starting 2020.

Håkan Lind, CEO Bellman Group



**“Investments in infrastructure projects are ongoing and additional major projects are planned.”**

# Financial overview

## Fourth quarter, October – December 2019

### Net Sales

The Group's consolidated net sales for the period amounted to SEK 432.2 million (395.2), an increase of 9.3% or SEK 36.9 million. The increase was a result of the acquisition of Samgräv in January 2019, increased net sales in VSM with 18.0% to SEK 178.0 million (150.8) and in Uppländska with 22.5% to SEK 79.4 million (64.8). Bellmans' net sales decreased with -19.0% to SEK 159.7 million (197.1). For further details see page 8, Segment development.

### Earnings

EBITDA before items affecting comparability amounted to SEK 45.6 million (39.8), an increase of 14.5% or SEK 5.8 million. This increase was driven by growth in VSM of 38.1% to SEK 30.3 million (21.9) and in Uppländska of 37.3% to SEK 7.4 million (5.4). This was partly offset by a decline in Bellmans by -25.3% to SEK 9.8 million (13.1) and Samgräv's result for the quarter that amounted to SEK -0.5 million (0.0). For further details see page 8, Segment development.

EBITDA amounted to SEK 41.8 million (36.0), an increase of 16.2% or SEK 5.8 million. The items affecting comparability during the quarter amounted to SEK -3.8 million (-3.8) and comprised of expenses related to improvements to processes and procedures.

Operating profit (EBIT) amounted to SEK 20.0 million (19.7) and included depreciation and amortization totaling SEK -21.9 million (-16.4), due to depreciation of tangible assets and concessions of SEK -21.0 million (-15.7) and amortization of intangible assets of SEK -0.9 million (-0.7).

Net financial items totaled SEK 15.1 million (-6.1), due to an adjustment of Samgräv's conditional purchase price of SEK 25.3 million and a revaluation of the derivative for the right of early redemption of the corporate bonds of SEK 1.5 million (0.0). This was partly offset by interest on the corporate bond of SEK -11.3 million (-9.4) as well as lease and other external interest of SEK -0.4 million (-0.1).

Net profit in the fourth quarter totaled SEK 27.7 million (12.1) with an effective tax rate of 21.1% (11.5%).

### Cash flow

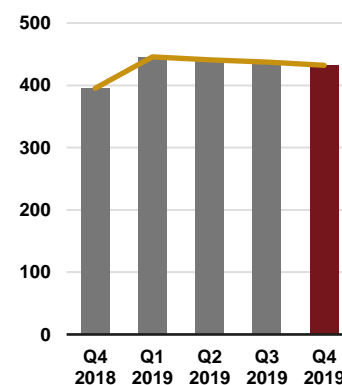
The Group's cash flow from operating activities totaled SEK 52.2 million (24.8). The increase was a result of the cash flow from operating activities before changes in working capital of SEK 23.6 million (23.6) and a positive change in working capital of SEK 28.6 million (1.2).

Cash flow from investing activities totaled SEK -7.5 million (-10.3). This was a result of new investments in tangible assets of SEK -19.7 million (-9,0) partly offset by sales of equipment SEK 12.2 million (0.0).

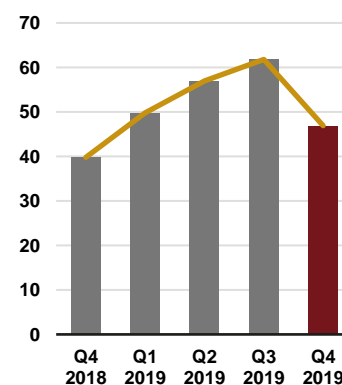
Cash flow from financing activities totaled SEK -6.7 million (-1.3) and was mainly a result of repayment of a lease liability of SEK -6.6 million (0.0).

As a result, the cash flow for the quarter was positive and ended at SEK 37.9 million (13.2) resulting in a quarter end cash and cash equivalent of SEK 153.4 million (94.5).

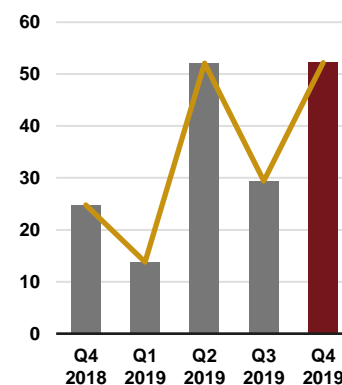
Net Sales, SEK million



EBITDA before items affecting comparability, SEK million



Cash flow from operating activities, SEK million



## Full year, January – December 2019

### Net Sales

The Group's consolidated net sales for the period amounted to SEK 1,755.5 million (1,090.6), an increase of 61.0% or SEK 664.9 million. The increase was a result of the acquisitions of VSM (July 2018) and Samgräv (January 2019). Net sales in Uppländska increased by 12.9% to SEK 260.1 million (230.4) and in Bellmans by 3.0% to SEK 660.2 million (641.1). The pro forma<sup>1)</sup> net sales amounted to SEK 1,779.8 million (1,629.9), an increase of 9.2% or SEK 149.9 million. VSM reported a pro forma<sup>1)</sup> net sales increase of 29.2% to SEK 717.2 million (555.0) while Samgräv reported a pro forma<sup>1)</sup> increase of 7.0% to SEK 256.2 million (239.4). For further details see page 8, Segment development.

61%

YTD growth in Net Sales

### Earnings

EBITDA before items affecting comparability amounted to SEK 214.1 million (104.6), an increase of 104.7% or SEK 109.5 million. This was mainly a result of the acquisitions of VSM and Samgräv. The result was partly offset by declines in Uppländska of -5.9% to SEK 29.7 million (31.5) and in Bellmans of -5.4% to SEK 35.7 million (37.7). The pro forma<sup>1)</sup> EBITDA before items affecting comparability amounted to SEK 218.6 million (184.2), an increase of 18.6% or SEK 34.4 million. VSM reported an increase of 66.1% to SEK 131.3 million (79.0) partly offset by a decline in Samgräv of -35.5% to SEK 23.5 million (36.4). For further details see page 8, Segment development. As of 31 December 2019, IFRS 16 has a positive effect on EBITDA of SEK 15.2 million (0.0), most of which is moved to depreciation, see note 1, page 21.

105%

YTD growth in EBITDA before items affecting comparability

EBITDA amounted to SEK 201.7 million (93.1), an increase of 116.7% or SEK 108.6 million. The items affecting comparability during the year amounted to SEK -12.5 million (-11.5) and comprised of expenses related to improvements to processes and procedures of SEK -10.9 million, acquisition expenses of SEK -1.1 million and internal restructuring expenses in order to simplify the Group's legal structure of SEK -0.5 million. The pro forma<sup>1)</sup> EBITDA amounted to SEK 206.1 million (172.7), an increase of 19.3% or SEK 33.4 million.

Operating profit (EBIT) amounted to SEK 119.1 million (51.3) and included depreciation and amortization totaling SEK -82.5 million (-41.8), due to depreciation of tangible assets and concessions of SEK -79.5 million (-39.9) and amortization of intangible assets of SEK -3.0 million (-1.9).

Net financial items totaled SEK -20.7 million (-21.9), due to interest on the corporate bond of SEK -44.8 million (-26.5) and lease and other external interest of SEK -0.9 million (-0.4). This was partly offset by an adjustment of Samgräv's conditional purchase price of SEK 23.5 million and a revaluation of the derivative for the right of early redemption of the corporate bonds of SEK 1.5 million (0.0).

Net profit for the year totaled SEK 77.9 million (25.1) with an effective tax rate of 20.9% (14.6%).

### Cash flow

The Group's cash flow from operating activities totaled SEK 147.4 million (56.5). The increase was a result of the cash flow from operating activities before changes in working capital of SEK 131.2 million (59.6) and a positive change in working capital of SEK 16.2 million (-3.1).

161%

YTD growth in Cash flow from operating activities

Cash flow from investing activities totaled SEK -132.4 million (-238.1). This was a result of acquisitions amounting to SEK -94.2 million (-207.2), new investments in tangible assets of SEK -58.1 million (-30.9) partly offset by sales of tangible assets of SEK 20.0 million (0.0).

<sup>1)</sup> To illustrate the development of the Bellman Group, pro forma figures YTD 2018 and 2019 are reported. Figures for VSM and Samgräv are included as if the acquisitions of the subsidiaries had taken place on 1 January 2018.



Cash flow from financing activities totaled SEK 43.9 million (188.5), a result of new loans related to the acquisition of Samgräv SEK 95.7 million (269.8 VSM), repayment of loans SEK -35.3 million (-126.3) (including vendor loan for Bellmans SEK -19.5 million and repayments of external bank debt for Samgräv SEK -15,8 million) as well as repayment of lease liabilities of SEK -16.5 million (0.0).

As a result, the cash flow for the year was positive and amounted to SEK 58.9 million (6.9) resulting in a period end cash and cash equivalents of SEK 153.4 million (94.5).

### Investments

The Group's investments in tangible assets totaled SEK 58.1 million (30.9), which referred to Samgräv SEK 26.5 million (0.0) (landfills), VSM SEK 13.5 million (0.7) (vehicles), Bellmans SEK 11.9 million (15.6) (vehicles), Uppländska SEK 3.3 million (14.6) (vehicles) and Other SEK 2.9 million (0.0) (consolidation system and vehicles).

### Acquisitions

On 31 January 2019, Bellman Group completed the acquisition of Samgräv Holding AB, and indirectly its subsidiaries. The acquisition was funded by new equity, increasing the number of shares with 142,349 to 2,086,991 and the issuance of new corporate bonds increasing the bond loans of SEK 100 million up to SEK 600 million.

### Net interest-bearing debt

The Group's net interest-bearing debt, for covenant purposes, as of 31 December 2019, amounted to SEK 451.3 million (410.6). This comprised of bonds to a nominal value of SEK 600.0 million (500.0), lease liabilities (according to IAS 17) of SEK 4.6 million (5.1) less cash and cash equivalents of SEK -153.4 million (-94.5). Interest-bearing net debt in relation to rolling twelve-month pro forma<sup>1)</sup> EBITDA before items affecting comparability on 31 December 2019, was 2.06 (2.23).

Total net debt was SEK 550.5 million (448.3) including the bond of SEK 600.0 million (500.0), conditional purchase price for the acquisition of Samgräv at a fair value of SEK 12.3 million, lease liabilities (including IFRS 16) of SEK 73.0 million (5.1), vendor loan SEK 18.6 million (37.7) partly reduced by cash and cash equivalents of SEK -153.4 million (-94.5).

### Financial position and financing

At the end of the period, the Group had cash and cash equivalents of SEK 153.4 million (94.5). Including an undrawn overdraft facility, available cash and cash equivalents totaled SEK 197.4 million (132.5).

The Parent Company has issued corporate bonds, which are listed on Nasdaq Stockholm. These bonds are listed as Bellman Group 1 with 600 units. The total outstanding nominal amount is SEK 600.0 million (500.0) and the nominal value per unit is SEK 1.0 million. The interest rate of the bonds is the variable 3-month STIBOR plus 6.50%. The interest is payable quarterly in arrears. The bonds mature in June 2022. The terms and conditions of the bonds include an early redemption option. The option is accounted for as a derivative at an amount of SEK 2.7 million (1.2) and is classified as a financial asset at fair value through profit or loss. The terms and conditions of the bonds include a quarterly maintenance test, which is deemed to be satisfied provided the ratio of net interest-bearing debt to EBITDA is less than 4.25. The terms and conditions of the bonds are available on the website of Bellman Group AB (publ), [www.bellmangroup.se](http://www.bellmangroup.se).

<sup>1)</sup> To illustrate the development of the Bellman Group, pro forma figures YTD 2018 and 2019 are reported. Figures for VSM and Samgräv are included as if the acquisitions of the subsidiaries had taken place on 1 January 2018.

# Segment overview

Bellman Group AB was founded in April 2017. Uppländska and Bellmans were acquired in July 2017, VSM was acquired in July 2018 and Samgräv was acquired in January 2019. To illustrate the development of the Bellman Group, pro forma figures YTD 2018 and 2019 are used in this section. VSM and Samgräv are included as if the acquisitions of the subsidiaries had taken place on 1 January 2018.

## VSM

VSM Entreprenad is a machine contracting company mainly operating in Sweden. Customers are construction companies that need different types of excavation services that require machines that are too large to drive on public roads. The work can involve uncovering rock, unloading tunnels or crushing and shoveling rock masses. The company is mainly engaged in infrastructure projects such as roads, railways or airfields. VSM is certified for ISO 9001, 14001 and 45001. The company employs over 300 machines, of which about 40% belong to subcontractors.

Full year net sales increased by 29.2% to SEK 717.2 million (555.0). The growth was mainly attributable to major infrastructure projects such as Förbifart Stockholm, Västlänken Göteborg and Särens Flygplats (Sälen airfield), which accounted for approximately a third of the total net sales.

Full year EBITDA before items affecting comparability increased by 66.1% to SEK 131.3 million (79.0). The increase was mainly due to increased sales with a maintained gross margin and a favorable project mix. As of 31 December 2019, IFRS 16 has a positive effect on EBITDA of SEK 10.5 million (0.0), most of which is moved to depreciation.

Net sales were distributed between the Stockholm region (60%), the Gothenburg region (12%) and the rest of Sweden (28%). Order intake was SEK 761 million and the order backlog was SEK 743 million as of 31 December 2019. Customer projects during 2019 amounted to approximately 90.

## Bellmans

Bellmans Åkeri carries out rock and earth shafts on behalf of customers, delivering gravel and crushing material, and leases out trucks and construction machinery with drivers. Bellmans is certified for ISO 9001 and 14001. The company employs about 500 different types of vehicles daily, of which around 10% are own vehicles and the rest are vehicles owned by subcontractors.

Full year net sales increased by 3.0% to SEK 660.2 million (641.1) (lower net sales in the fourth quarter due to two extraordinary projects in quarter four 2018 not repeated in 2019). The annual growth was driven by major infrastructure projects in the Stockholm region, such as Slussen, Nacka Centrum and Bromma Blocks.

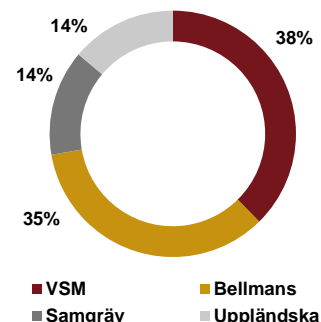
Full year EBITDA before items affecting comparability decreased by -5.4% to SEK 35.7 million (37.7). The lower result was driven by an unfavorable product mix between own vehicles and subcontractors as well as slightly higher expenses mainly attributable to consultants used during staff turnover and a reservation of a bad debt of SEK 0.5 million.

Operations were concentrated to the Stockholm region and most of the sales were related to infrastructure projects. Bellmans handled approximately 56,000 customer orders in 2019.

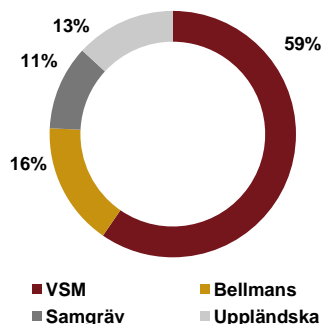
## Uppländska

Uppländska Berg mainly performs rock blasting, rock drilling and cable sawing. The company employs just over 60 machines, of which about 10 belong to subcontractors, who perform work throughout Sweden. About a third of sales relate to infrastructure. Uppländska Berg is certified according to ISO 14001, 9001 and 45001.

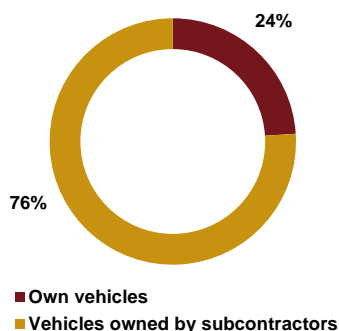
YTD Sales by segment



YTD EBITDA before items affecting comparability by segment



YTD share of subcontractors (vehicles)





Full year net sales increased by 12.9% to SEK 260.1 million (230.4). The annual growth was mainly attributable to rock quarries, housing, hospitals and wind farms.

Full year EBITDA before items affecting comparability decreased by -5.9% to SEK 29.7 million (31.5). The decline was a result of an unfavorable project mix (high utilization of subcontractors for low-margin projects that included excavation and crushing), as well as increased volume-related expenses.

Net sales were distributed between the Stockholm region (66%), the Gothenburg region (2%) and the rest of Sweden (32%). Order intake was SEK 222 million and the order backlog was SEK 86 million as of 31 December 2019. Customer projects during 2019 amounted to just over 300.

### Samgräv

Samgräv supplies large projects in the Gothenburg region, such as Västlänken, with products and services in masses and material handling. The company also operates its own inert landfills, recycling facilities and rock pit. Samgräv also conveys transport and machinery services but does not own any machines. The company plans to be certified for ISO 9001, 14001 and 45001 in 2020.

Full year net sales increased by 7.0% to SEK 256.2 million (239.4). The annual growth was mainly driven by an increase in transportation volumes partly related to Västlänken Göteborg. Samgräv's annual net sales were entirely attributable to the Gothenburg region with about one third exposed to infrastructure projects.

Full year EBITDA before items affecting comparability decreased by -35.5% to SEK 23.5 million (36.4). This was mainly due to Hälaryda Municipality's decision in the beginning of 2019 to temporarily stop the operation of the Fäxhult landfill (landfills have a significantly higher profit margin compared to transport operations). In November 2019, Hälaryda Municipality decided to allow continued operation of the Fäxhult landfill, and operations are expected to be fully up and running during the first quarter of 2020.

### Segment development

| SEK million  |              |                          |                          |                          | Pro forma                | Pro forma                |
|--|--------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|  | Q4           | Q4                       | YTD                      | YTD                      | YTD                      | YTD                      |
|  | 2019         | 2018 <sup>1)</sup>       | 2019 <sup>1)</sup>       | 2018 <sup>1)</sup>       | 2019 <sup>2)</sup>       | 2018 <sup>2)</sup>       |
| <b>Net Sales</b>   |              |                          |                          |                          |                          |                          |
| Uppländska   | 79.4         | 64.8                     | 260.1                    | 230.4                    | 260.1                    | 230.4                    |
| Bellmans   | 159.7        | 197.1                    | 660.2                    | 641.1                    | 660.2                    | 641.1                    |
| VSM  | 178.0        | 150.8                    | 717.2                    | 248.0                    | 717.2                    | 555.0                    |
| Samgräv  | 58.0         | -                        | 231.9                    | -                        | 256.2                    | 239.4                    |
| Elimination, inter-company sales                         | -42.9        | -17.5                    | -113.9                   | -28.9                    | -113.9                   | -36.0                    |
| <b>Total Net Sales</b>                                   | <b>432.2</b> | <b>395.2</b>             | <b>1,755.5</b>           | <b>1,090.6</b>           | <b>1,779.8</b>           | <b>1,629.9</b>           |
|  |              |                          |                          |                          | Pro forma                | Pro forma                |
| <b>EBITDA before items affecting comparability</b>       | <b>Q4</b>    | <b>Q4</b>                | <b>YTD</b>               | <b>YTD</b>               | <b>YTD</b>               | <b>YTD</b>               |
|  | <b>2019</b>  | <b>2018<sup>1)</sup></b> | <b>2019<sup>1)</sup></b> | <b>2018<sup>1)</sup></b> | <b>2019<sup>2)</sup></b> | <b>2018<sup>2)</sup></b> |
| Uppländska   | 7.4          | 5.4                      | 29.7                     | 31.5                     | 29.7                     | 31.5                     |
| Bellmans   | 9.8          | 13.1                     | 35.7                     | 37.7                     | 35.7                     | 37.7                     |
| VSM  | 30.3         | 21.9                     | 131.3                    | 35.8                     | 131.3                    | 79.0                     |
| Samgräv  | -0.5         | -                        | 19.0                     | -                        | 23.5                     | 36.4                     |
| Other  | -1.3         | -0.7                     | -1.6                     | -0.4                     | -1.6                     | -0.5                     |
| <b>Total EBITDA before items affecting comparability</b> | <b>45.6</b>  | <b>39.8</b>              | <b>214.1</b>             | <b>104.6</b>             | <b>218.6</b>             | <b>184.2</b>             |

<sup>1)</sup> The 2019 data includes Uppländska, Bellmans and VSM for the period January – December and Samgräv for the period February – December. The 2018 data includes Uppländska and Bellmans for the period January – December and VSM August – December.

<sup>2)</sup> To illustrate the development of the Bellman Group, pro forma figures YTD 2018 and 2019 are reported. Figures for VSM and Samgräv are included as if the acquisitions of the subsidiaries had taken place on 1 January 2018.

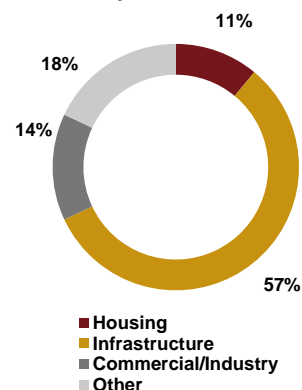
### Market overview and outlook

The construction industry can be divided into housing, infrastructure, commercial and industrial properties, and other. Investments in infrastructure projects and other facilities, such as investments in roads and rail traffic, are expected to continue to grow by over 4% annually according to market data from Sveriges Byggindustrier. The housing market is expected to slow down in the coming years, but this market represents a smaller part of Bellman Group’s sales. The Group’s net sales by market in 2019 comprised of projects related to infrastructure 57%, commercial and industrial properties 14%, housing 11% and other 18%.

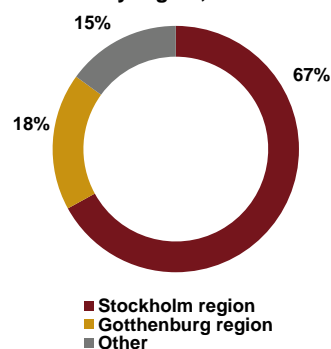
Geographically, more than half of the building and construction investments are made in and around the larger cities, of which Stockholm is dominant. Growth in Stockholm is found in infrastructure and industrial properties, while Gothenburg and Malmö are expected to show growth in all market segments. Bellman Group’s full year sales in 2019 were distributed over the Stockholm region 67%, the Gothenburg region 18% while the remaining 15% came from the rest of Sweden. Bellmans is active in Stockholm County and Samgräv is active in Western Sweden, while Uppländska and VSM operate throughout Sweden.

Bellman Group is continuously working to develop and customize its operations within the various segments. This work is done both through industry organizations and in connection with customers. The future development of the Group’s subsidiaries is deemed good. The assessment is supported by the fact that the Group is active in a well-structured market, that the customers demand the Group’s service offering and that the services are of high utility. Long-term trends, such as urbanization, also work to the Group’s advantage. Urbanization promotes the market in which the Group’s largest customers are active, thereby increasing demand for the Group’s services.

Net sales by market, YTD



Net sales by region, YTD



# Other information

## Ownership and shares outstanding

At the end of 2019, Bellman Group had 12 shareholders. The company has only one class of shares and each share holds one vote. The largest shareholder is Verdane Capital VIII with 35.8% of the shares.

## Organization

On 31 December 2019, the Group had 370 (349) employees. Of these, 170 (181) were employed in VSM, 96 (93) employed in Uppländska, 77 (73) employed in Bellmans, 21 (0) employed in Samgräv and 6 (2) employed in the Parent Company. The increased number of employees in the Group is mainly attributable to the acquisition of Samgräv.

## Sustainability

Bellman Group's strategic sustainability work is focused on five key areas: attractive employer, work environment, good business ethics, long-term profitability and reduced climate impact.

Being an attractive employer with healthy workplaces where the employees are happy and given possibilities to develop is important. A good work environment makes it possible to attract and retain competent and knowledgeable employees, which is crucial for Bellman Group's success. The company is convinced that an inclusive corporate culture characterized by diversity benefits everyone. Discrimination, nor harassment, is allowed in any form. A good corporate culture also makes for wellbeing, good relationships, low staff turnover and low sick leave. The physical safety of personnel is a top priority and Bellman Group has a zero vision when it comes to accidents.

The Group's success is also dependent on the employees' ability to build strong and long-term relationships with customers and suppliers. Therefore, it is important that all employees have a clear understanding of the Group's common goals and ethical principles, which are found in the Code of Conduct and the Group's policies. Long-term profitability also affects the Group's ability to maintain a modern fleet of machinery and vehicles.

Bellman Group's business includes blasting, machine contracting and haulage, all of which can have a significant environmental impact. The environmental impact is primarily related to climate emissions as a result of combustion of fossil fuels, but also impact on the environment in the form of noise and dust. Reducing the Group's direct and indirect environmental impact is a priority.

Bellman Group's Board of Directors has adopted a number of sustainability goals for the business and a system has been implemented that enables follow-up of these goals as of 2020.

## Risks and undertakings

A presentation of significant risks and uncertainties can be found in the Group's Annual Report for 2018. The Annual Report is available on the website of Bellman Group AB (publ), [www.bellmangroup.se](http://www.bellmangroup.se). There has been no material change in significant risks and uncertainties since the Annual Report was published.

## Significant events during the period

On 31 January 2019, Bellman Group completed the acquisition of Samgräv Holding AB, purchasing all the shares in the company and acquiring, indirectly, its subsidiaries; Samkross i Härryda AB, Samgräv Maskinförmedling AB, Samgräv Recycling AB and Samkross i Uddevalla AB. Bellman Group funded the new acquisition by new equity, SEK 44 million, and issuing of additional bonds, SEK 100 million.



At the extraordinary general meeting (EGM) held the 16 October 2019, Anne-Lie Lind and Charlotte Hybinette were elected new ordinary members of the board. In conjunction with this EGM, Christina Ragsten left the board. Following this, the Board of Bellman Group AB consists of Björn Andersson (Chairman), Charlotte Hybinette, Anne-Lie Lind, Håkan Lind, Per Nordlander and Ingalill Östman.

At the end of the fourth quarter 2019, Samgräv received the necessary approvals from Härryda municipality to re-open the landfill facility Fäxhult.

### **Significant events after the end of the period**

There have been no significant events after the period.

### **Audit**

This report has been subject to review by the Group's auditors.

### **Assurance**

The Board of Directors and CEO hereby confirm that this interim report for January – December and the fourth quarter 2019 provides a true and fair overview of the performance of the Parent Company's and the Group's operations, financial position and earnings, and that it describes the significant risks and uncertainties to which the Parent Company and the companies included in the Group are exposed.

Stockholm, 21 February 2020

**Björn Andersson**  
Chairman of the board

**Charlotte Hybinette**  
Member of the board

**Anne-Lie Lind**  
Member of the board

**Håkan Lind**  
CEO and Member of the board

**Per Nordlander**  
Member of the board

**Ingalill Östman**  
Member of the board

# Auditor's review report

## Introduction

We conducted a review of the interim financial information summarized (interim report) for Bellman Group AB (publ) as of December 31, 2019 and the twelve-month period ending on this date. It is the Board of Directors and the President who are responsible for preparing and presenting this interim financial information in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

## Focus and scope of the review

We conducted our review in accordance with International Standard on Review Engagements ISRE 2410 Review of Interim Financial Information Performed by the Company's Auditor. A review consists of making inquiries, primarily to persons responsible for financial and accounting matters, to perform analytical review and to take other review procedures. A review has a different focus and a much smaller scope compared to the focus and scope of an audit in accordance with ISA and generally accepted auditing standards. The audit measures taken during a review do not enable us to obtain such assurance that we become aware of all-important circumstances that could have been identified if an audit had been performed. Therefore, the pronounced conclusion based on a review does not have the assurance of a pronounced conclusion based on an audit.

## Conclusion

Based on our review, no circumstances have emerged that give us reason to believe that the interim report has not been substantially prepared for the Group in accordance with IAS 34 and the Swedish Annual Accounts Act and for the Parent Company's part in accordance with the Annual Accounts Act.

Stockholm, 21 February 2020

PricewaterhouseCoopers AB

Nicklas Kullberg  
Chartered Accountant

## Financial calendar

|   |            |
|---|------------|
| Publication Annual Report 2019          | 2020-04-27 |
| Annual General Meeting                  | 2020-05-19 |
| Interim report January – March 2020     | 2020-05-20 |
| Interim report January – June 2020      | 2020-08-28 |
| Interim report January – September 2020 | 2020-11-20 |
| Year-end report 2020                    | 2021-02-19 |

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www.bellmangroup.se  
Reg.no. 559108-3729





## Group condensed and consolidated income statement and comprehensive income

| SEK million   | Note | Q4<br>2019    | Q4<br>2018 <sup>1)</sup> | YTD<br>2019 <sup>1)</sup> | YTD<br>2018 <sup>1)</sup> |
|---|------|---------------|--------------------------|---------------------------|---------------------------|
| Net Sales   |      | 432.2         | 395.2                    | 1,755.5                   | 1090.6                    |
| Other operating income  |      | 1.9           | 2.7                      | 8.2                       | 7.9                       |
| <b>Total revenue</b>  |      | <b>434.1</b>  | <b>397.9</b>             | <b>1,763.7</b>            | <b>1,098.5</b>            |
| <b>Operating expenses</b>                                     |      |               |                          |                           |                           |
| Raw materials and consumables                                 |      | -303.6        | -284.4                   | -1244.2                   | -799.9                    |
| Other external expenses                                       |      | -20.0         | -13.2                    | -61.0                     | -41.0                     |
| Employee expenses   |      | -70.6         | -64.2                    | -260.5                    | -164.4                    |
| Total depreciation, amortization and impairment               |      | -21.9         | -16.4                    | -82.5                     | -41.8                     |
| Result from shares in associated companies                    |      | 2.0           | 0.0                      | 3.7                       | 0.0                       |
| <b>Total operating expenses</b>                               |      | <b>-414.1</b> | <b>-378.2</b>            | <b>-1,644.6</b>           | <b>-1,047.2</b>           |
| <b>Operating profit (EBIT)</b>                                |      | <b>20.0</b>   | <b>19.7</b>              | <b>119.1</b>              | <b>51.3</b>               |
| Net financial items   | 4    | 15.1          | -6.1                     | -20.7                     | -21.9                     |
| <b>Profit after net financial items</b>                       |      | <b>35.1</b>   | <b>13.6</b>              | <b>98.4</b>               | <b>29.4</b>               |
| Income tax  |      | -7.4          | -1.6                     | -20.6                     | -4.3                      |
| <b>Net profit for the period</b>                              |      | <b>27.7</b>   | <b>12.1</b>              | <b>77.9</b>               | <b>25.1</b>               |
| Profit attributable to:                                       |      |               |                          |                           |                           |
| - Parent Company shareholders                                 |      | 27.9          | 11.5                     | 76.7                      | 24.6                      |
| - Minority interests income                                   |      | -0.2          | 0.6                      | 1.2                       | 0.5                       |
| Earnings per share (SEK), basic and diluted                   |      | 13.4          | 5.9                      | 37.1                      | 18.3                      |
| Average number of shares, thousands                           |      | 2,087.0       | 1,944.6                  | 2,067.1                   | 1,344.2                   |
| <b>Statement of other comprehensive income</b>                |      |               |                          |                           |                           |
| Net profit for the period                                     |      | 27.7          | 12.1                     | 77.9                      | 25.1                      |
| <b>Other comprehensive income</b>                             |      | <b>0.0</b>    | <b>0.0</b>               | <b>0.0</b>                | <b>0.0</b>                |
| Items that may or has been classified as net income           |      |               |                          |                           |                           |
| Exchange differences on translation of foreign operations     |      | 0.0           | -0.6                     | 0.0                       | -0.3                      |
| <b>Total comprehensive income for the period</b>              |      | <b>27.7</b>   | <b>11.6</b>              | <b>77.9</b>               | <b>24.8</b>               |
| Total comprehensive income for the period is attributable to: |      |               |                          |                           |                           |
| - Parent Company shareholders                                 |      | 27.9          | 10.9                     | 76.7                      | 24.3                      |
| - Minority interests income                                   |      | -0.2          | 0.6                      | 1.2                       | 0.5                       |

<sup>1)</sup> The income statement for 2018 refers to Uppländska, Bellmans and the Parent Company for the year and to VSM for the period August - December. The income statement for 2019 refers to Uppländska, Bellmans, VSM and the Parent Company for the year and to Samgräv for the period February - December.

## Group condensed consolidated balance sheet

| SEK million                         | Note | End Q4 2019    | End Q4 2018 <sup>1)</sup> |
|-------------------------------------|------|----------------|---------------------------|
| <b>Assets</b>                       |      |                |                           |
| Intangible assets                   | 6    | 456.3          | 334.0                     |
| Property, plant and equipment       |      | 438.5          | 321.2                     |
| Non-current financial assets        |      | 12.1           | 14.7                      |
| <b>Total non-current assets</b>     |      | <b>906.9</b>   | <b>670.0</b>              |
| Inventories                         |      | 7.8            | 5.0                       |
| Current receivables                 |      | 295.4          | 266.3                     |
| Cash and cash equivalents           |      | 153.4          | 94.5                      |
| <b>Total current assets</b>         |      | <b>456.6</b>   | <b>365.8</b>              |
| <b>TOTAL ASSETS</b>                 |      | <b>1,363.5</b> | <b>1,035.7</b>            |
| <b>Equity and liabilities</b>       |      |                |                           |
| Parent shareholders' equity         |      | 366.0          | 245.6                     |
| Non-controlling interests           |      | 6.2            | 5.6                       |
| Non-current liabilities             | 8    | 703.6          | 547.9                     |
| Current liabilities                 | 8    | 287.7          | 236.6                     |
| <b>TOTAL EQUITY AND LIABILITIES</b> |      | <b>1,363.5</b> | <b>1,035.7</b>            |

<sup>1)</sup> The statement of financial position for December 2018 refers to Uppländska, Bellmans, VSM and the Parent Company. The statement of financial position for December 2019 refers to all segments.

## Group condensed consolidated statement of changes in equity

| SEK million  | Attributable to shareholders of Bellman Group AB |                           |                   |                |                           | Total Equity |
|--|--|---------------------------|-------------------|----------------|---------------------------|--------------|
|  | Share capital                                    | Other contributed capital | Retained Earnings | Owner's Equity | Non-controlling interests |              |
| <b>Opening balance, 1 January 2018</b>                         | <b>1.0</b>                                       | <b>47.4</b>               | <b>27.9</b>       | <b>76.3</b>    | <b>0.0</b>                | <b>76.3</b>  |
| 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         |
| <b>Total comprehensive income</b>                              | <b>0.0</b>                                       | <b>0.0</b>                | <b>24.3</b>       | <b>24.3</b>    | <b>0.5</b>                | <b>24.8</b>  |
| Issue of new shares  | 0.9  | 144.1                     | 0.0               | 145.0          | 0.0                       | 145.0        |
| Non-controlling interests arising from a business combination  | 0.0  | 0.0                       | 0.0               | 0.0            | 5.1                       | 5.1          |
| <b>Transactions with shareholders in role as owners</b>        | <b>0.9</b>                                       | <b>144.1</b>              | <b>0.0</b>        | <b>145.0</b>   | <b>5.1</b>                | <b>150.1</b> |
| <b>Closing balance, 31 December 2018</b>                       | <b>1.9</b>                                       | <b>191.5</b>              | <b>52.2</b>       | <b>245.6</b>   | <b>5.6</b>                | <b>251.2</b> |
| <b>Opening balance, 1 January 2019</b>                         | <b>1.9</b>                                       | <b>191.5</b>              | <b>52.2</b>       | <b>245.6</b>   | <b>5.6</b>                | <b>251.2</b> |
| Net profit/loss for the period                                 | 0.0  | 0.0                       | 76.7              | 76.7           | 1.2                       | 77.9         |
| Other comprehensive income for the period                      | 0.0  | 0.0                       | 0.0               | 0.0            | 0.0                       | 0.0          |
| <b>Total comprehensive income</b>                              | <b>0.0</b>                                       | <b>0.0</b>                | <b>76.7</b>       | <b>76.7</b>    | <b>1.2</b>                | <b>77.9</b>  |
| Issue of new shares  | 0.2  | 43.8                      | -0.3              | 43.7           | 0.0                       | 43.7         |
| Dividend   | 0.0  | 0.0                       | 0.0               | 0.0            | -0.6                      | -0.6         |
| <b>Transactions with shareholders in their roles as owners</b> | <b>0.2</b>                                       | <b>43.8</b>               | <b>-0.3</b>       | <b>43.7</b>    | <b>-0.6</b>               | <b>43.1</b>  |
| <b>Closing balance, 31 December 2019</b>                       | <b>2.1</b>                                       | <b>235.3</b>              | <b>128.6</b>      | <b>366.0</b>   | <b>6.2</b>                | <b>372.2</b> |

## Group condensed consolidated statement of cash flow

| SEK million  | Note | Q4<br>2019   | Q4<br>2018 <sup>1)</sup> | YTD<br>2019 <sup>1)</sup> | YTD<br>2018 <sup>1)</sup> |
|--|------|--------------|--------------------------|---------------------------|---------------------------|
| <b>Cash flow from operating activities</b>                                   |      |              |                          |                           |                           |
| <b>Operating profit</b>  |      | <b>20.0</b>  | <b>19.7</b>              | <b>119.1</b>              | <b>51.3</b>               |
| <u>Adjustment for non-cash items:</u>  |      |              |                          |                           |                           |
| Depreciation and amortization  |      | 21.9         | 16.4                     | 82.5                      | 41.8                      |
| Other & non-cash items   |      | -5.0         | 0.0                      | -10.9                     | 2.3                       |
| Interest paid  |      | -9.9         | -9.5                     | -39.9                     | -25.0                     |
| Dividends from associated companies  |      | 0.0          | 0.0                      | 9.9                       | 0.0                       |
| Income taxes paid / received   |      | -3.3         | -2.9                     | -29.5                     | -10.9                     |
| <b>Cash flow from operating activities before changes in working capital</b> |      | <b>23.6</b>  | <b>23.6</b>              | <b>131.2</b>              | <b>59.6</b>               |
| Changes in working capital   |      | 28.6         | 1.2                      | 16.2                      | -3.1                      |
| <b>Cash flow from operating activities</b>                                   |      | <b>52.2</b>  | <b>24.8</b>              | <b>147.4</b>              | <b>56.5</b>               |
| <b>Cash flow from investing activities</b>                                   |      |              |                          |                           |                           |
| Acquisition of subsidiaries, net of acquired cash and cash equivalents       | 6    | 0.0          | -1.3                     | -94.2                     | -207.2                    |
| Investments in property, plant and equipment                                 |      | -19.7        | -9.0                     | -58.1                     | -43.3                     |
| Sale of property, plant and equipment  |      | 12.2         | 0.0                      | 20.0                      | 12.4                      |
| <b>Cash flow from investing activities</b>                                   |      | <b>-7.5</b>  | <b>-10.3</b>             | <b>-132.4</b>             | <b>-238.1</b>             |
| <b>Cash flow from financing activities</b>                                   |      |              |                          |                           |                           |
| Issue of shares  |      | 0.0          | 0.0                      | 0.0                       | 45.0                      |
| Repayment of lease liability   |      | -6.6         | 0.0                      | -16.5                     | 0.0                       |
| Loans raised   | 6, 8 | 0.0          | 1.2                      | 95.7                      | 269.8                     |
| Repayment of loans   |      | -0.1         | -2.5                     | -35.3                     | -126.3                    |
| <b>Cash flow from financing activities</b>                                   |      | <b>-6.7</b>  | <b>-1.3</b>              | <b>43.9</b>               | <b>188.5</b>              |
| <b>Cash flow for the period</b>  |      | <b>37.9</b>  | <b>13.2</b>              | <b>58.9</b>               | <b>6.9</b>                |
| Cash and cash equivalents at the beginning of the period                     |      | 115.5        | 81.8                     | 94.5                      | 88.1                      |
| Foreign exchange difference  |      | 0.0          | -0.6                     | 0.0                       | -0.5                      |
| <b>Cash and cash equivalents at the end of the period</b>                    |      | <b>153.4</b> | <b>94.5</b>              | <b>153.4</b>              | <b>94.5</b>               |

<sup>1)</sup> The cash flow statement for 2018 refers to Uppländska, Bellmans and the Parent Company for the year and to VSM for the period August - December. The cash flow statement for 2019 refers to Uppländska, Bellmans, VSM and the Parent Company for the year and to Samgräv for the period February - December.



## Parent Company - Condensed consolidated income statement and comprehensive income

| SEK million   | Note | Q4<br>2019 | Q4<br>2018 | YTD<br>2019 | YTD<br>2018 |
|---|------|------------|------------|-------------|-------------|
| <b>Total revenue</b>                                      |      | 5.2        | 3.7        | 16.4        | 10.3        |
| <b>Total operating expenses</b>                           |      | -9.4       | -4.7       | -29.2       | -19.1       |
| <b>Operating loss (EBIT)</b>                              |      | -4.2       | -1.1       | -12.8       | -8.7        |
| Net financial items                                       | 4    | -7.4       | -7.3       | -35.8       | -21.3       |
| <b>Loss after net financial items</b>                     |      | -11.6      | -8.3       | -48.7       | -30.0       |
| Appropriations  |      | 51.4       | 43.2       | 51.4        | 43.2        |
| Income tax  |      | -8.5       | -7.6       | -0.6        | -2.9        |
| <b>Net profit and comprehensive income for the period</b> |      | 31.3       | 27.3       | 2.1         | 10.3        |

## Parent Company - Condensed consolidated balance sheet

| SEK million                         | Note | End Q4 2019    | End Q4 2018  |
|-------------------------------------|------|----------------|--------------|
| <b>Assets</b>                       |      |                |              |
| Intangible assets                   |      | 2.0            | 0.0          |
| Property, plant and equipment       |      | 0.9            | 0.4          |
| Non-current financial assets        |      | 1,058.3        | 829.5        |
| <b>Total non-current assets</b>     |      | <b>1,061.3</b> | <b>829.9</b> |
| Current receivables                 |      | 7.5            | 2.2          |
| Cash and cash equivalents           |      | 144.4          | 79.2         |
| <b>Total current assets</b>         |      | <b>151.9</b>   | <b>81.4</b>  |
| <b>TOTAL ASSETS</b>                 |      | <b>1,213.1</b> | <b>911.3</b> |
| <b>Equity and liabilities</b>       |      |                |              |
| Parent shareholders' equity         |      | 336.0          | 290.0        |
| Non-current liabilities             |      | 848.5          | 592.7        |
| Current liabilities                 |      | 28.6           | 28.6         |
| <b>TOTAL EQUITY AND LIABILITIES</b> |      | <b>1,213.1</b> | <b>911.3</b> |

# Notes to the financial statements

## 1 Summary of significant accounting policies

The significant accounting policies applied in preparing these consolidated financial statements are described below. Unless otherwise stated, these policies have been applied consistently for all the periods presented. All amounts presented are in millions of Swedish kronor (SEK million) unless stated otherwise.

The carrying amount of the Group's long-term and short-term financial instruments valued at amortized cost corresponds essentially to its fair value, since the interest rate is at par with current market rates.

### 1.1 Basis of preparation of financial statements

The consolidated financial statements for the Bellman Group have been prepared in accordance with the Swedish Annual Accounts Act, Recommendation RFR 1 Supplementary Financial Reporting Rules for Corporate Groups of the Swedish Financial Reporting Board, the International Financial Reporting Standards (IFRS) and the interpretations of the IFRS Interpretations Committee (IFRS IC), as adopted by the EU. This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act.

The parent company applies the Recommendation RFR 2 Financial Reporting for Legal Entities of the Swedish Financial Reporting Board and the Swedish Annual Accounts Act. The accounting principles and calculation methods applied in the interim report are consistent with those described in the 2018 annual report, with the addition of the changes in IFRS 16 described below. No other IFRS or IFRIC interpretations, which have not to date become effective, are expected to have any material impact on the Group. For further information regarding the Group's applied accounting principles, see the Group's annual report for 2018.

### 1.2 IFRS 16 Leases

In January 2016, IASB published a new lease standard that has replaced 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 are recognized 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, 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.

From 1 January 2019, IFRS 16 is fully applied by Bellman Group. Comparatives for the 2018 financial year have not been restated.

The Group applies the recognition exemption to recognize 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 the income statement on a straight-line basis. Non-lease components are not separated from lease components. The Group does not apply IFRS 16 to leases of intangible assets.

Instead of operating lease expenses, the Group recognizes depreciation and interest expenses in the consolidated income statement. Lease payments affect 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.

The Group applies the following practical expedients permitted by the standard at transition to IFRS 16:

- 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
- not reassessing whether a contract is, or contains, a lease at the date of initial application.

For the leases, earlier classified as financial leases according to IAS 17, the carrying amount of the right-of-use asset and the lease liability by 1 January 2019, equaled the carrying amount of the lease asset and lease liability by 31 December 2018. The Group's lease contracts mainly consist of leases of office premises, machinery and equipment.

The main judgements made are related to determining the lease term and to determine the incremental borrowing rate. Regarding the lease term, a majority of the lease contracts in the Group include options either to extend or to terminate the contract. When determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension 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 1 January 2019, the Group's right of use assets and leases amounted to SEK 22.7 million, and these were on the liability side reported as non-current liabilities of SEK 11.5 million and current liabilities of SEK 11.2 million. Lease assets are booked as tangible assets while the debt to credit institutions are booked as non-current and current liabilities (see note 8).

IFRS16 has a positive effect as of 31 December on EBITDA of SEK 15.2 million (0.0), most of which is moved to depreciation.

## **2 Significant estimates and judgments regarding the accounting**

Estimates and judgments are evaluated on an ongoing basis and are based on historical experience and other factors, including expectations regarding future events, which are seen to be reasonable under the circumstances at hand. Significant estimates and judgments made in the Group relate to impairment of goodwill. For more information, see note 15 in the Annual Report 2018.

## **3 Segment information**

### **Description of segments and principal business activities**

The Bellman Group's senior management team comprises of the Group CEO, Group CFO, Group IR/Communication and the chief executives of the subsidiaries. This group constitutes the chief operating decision maker in the Bellman Group and evaluates the Group's financial position and results, as well as makes strategic decisions. Management has defined the operating segments based on the information discussed by the senior management team, and this information is used as a basis for decisions regarding the allocation of resources and evaluation of results. Senior management monitors the operations based on the four operating segments Bellmans, Uppländska, VSM and Samgräv, and the Other segment. Senior 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 transport company founded in 1972. The business focus is on transport and machine services, excavation, as well as mass handling. The business is geographically concentrated to 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 Bergkrossnings AB and Sprängarbeten i Trönödal AB were consolidated in May 2019. Uppländska was acquired on 1 July 2017 and was founded in 1972. The business focus is on rock blasting, rock drilling, wire sawing and rock cracking. The operations are concentrated geographically to the greater Stockholm area, southwestern and western Sweden and to southern Norrland. 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 that mainly include rock and gravel handling at stationary and mobile crushing plants, contracts within road, tunnel, construction and exploitation, as well as leasing of machines and drivers. The business is active throughout Sweden. The head office for VSM 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 transport services, but also has its own landfills and crushing operations. The business is concentrated geographically to Western Sweden and the Gothenburg region. 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 contains Group management and certain central functions. The Parent Company owns 100% of the shares in 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 senior management is measured in the same manner as in the consolidated income statement.

## Summarized financial segment information

| SEK million  | Q4           | Q4                       | YTD                      | YTD                      | Pro forma                | Pro forma                |
|--|--------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|  | 2019         | 2018 <sup>1)</sup>       | 2019 <sup>1)</sup>       | 2018 <sup>1)</sup>       | YTD                      | YTD                      |
|  |              |                          |                          |                          | 2019 <sup>2)</sup>       | 2018 <sup>2)</sup>       |
| <b>Net Sales</b>   |              |                          |                          |                          |                          |                          |
| Uppländska   | 79.4         | 64.8                     | 260.1                    | 230.4                    | 260.1                    | 230.4                    |
| Bellmans   | 159.7        | 197.1                    | 660.2                    | 641.1                    | 660.2                    | 641.1                    |
| VSM  | 178.0        | 150.8                    | 717.2                    | 248.0                    | 717.2                    | 555.0                    |
| Samgräv  | 58.0         | 0.0                      | 231.9                    | 0.0                      | 256.2                    | 239.4                    |
| Elimination, inter-company sales                         | -42.9        | -17.5                    | -113.9                   | -28.9                    | -113.9                   | -36.0                    |
| <b>Total revenue</b>                                     | <b>432.2</b> | <b>395.2</b>             | <b>1,755.5</b>           | <b>1,090.6</b>           | <b>1,779.8</b>           | <b>1,629.9</b>           |
| <b>SEK million</b>                                       |              |                          |                          |                          | <b>Pro forma</b>         | <b>Pro forma</b>         |
|  | <b>Q4</b>    | <b>Q4</b>                | <b>YTD</b>               | <b>YTD</b>               | <b>YTD</b>               | <b>YTD</b>               |
|  | <b>2019</b>  | <b>2018<sup>1)</sup></b> | <b>2019<sup>1)</sup></b> | <b>2018<sup>1)</sup></b> | <b>2019<sup>2)</sup></b> | <b>2018<sup>2)</sup></b> |
| <b>EBITDA before items affecting comparability</b>       |              |                          |                          |                          |                          |                          |
| Uppländska   | 7.4          | 5.4                      | 29.7                     | 31.5                     | 29.7                     | 31.5                     |
| Bellmans   | 9.8          | 13.1                     | 35.7                     | 37.7                     | 35.7                     | 37.7                     |
| VSM  | 30.3         | 21.9                     | 131.3                    | 35.8                     | 131.3                    | 79.0                     |
| Samgräv  | -0.5         | 0.0                      | 19.0                     | 0.0                      | 23.5                     | 36.4                     |
| Other  | -1.3         | -0.6                     | -1.6                     | -0.4                     | -1.6                     | -0.4                     |
| <b>Total EBITDA before items affecting comparability</b> | <b>45.6</b>  | <b>39.8</b>              | <b>214.1</b>             | <b>104.6</b>             | <b>218.6</b>             | <b>184.2</b>             |
| <b>SEK million</b>                                       |              |                          |                          |                          | <b>Pro forma</b>         | <b>Pro forma</b>         |
|  | <b>Q4</b>    | <b>Q4</b>                | <b>YTD</b>               | <b>YTD</b>               | <b>YTD</b>               | <b>YTD</b>               |
|  | <b>2019</b>  | <b>2018<sup>1)</sup></b> | <b>2019<sup>1)</sup></b> | <b>2018<sup>1)</sup></b> | <b>2019<sup>2)</sup></b> | <b>2018<sup>2)</sup></b> |
| <b>Operating profit (EBIT)</b>                           |              |                          |                          |                          |                          |                          |
| Uppländska   | 4.0          | 2.2                      | 15.9                     | 18.5                     | 15.9                     | 18.5                     |
| Bellmans   | 6.5          | 10.2                     | 23.2                     | 25.7                     | 23.2                     | 25.7                     |
| VSM  | 17.5         | 12.3                     | 79.6                     | 19.9                     | 79.6                     | 40.6                     |
| Samgräv  | -1.9         | 0.0                      | 13.7                     | 0.0                      | 17.8                     | 31.8                     |
| Other  | -6.1         | -5.1                     | -13.2                    | -12.8                    | -13.2                    | -12.8                    |
| <b>Total operating profit (EBIT)</b>                     | <b>20.0</b>  | <b>19.7</b>              | <b>119.1</b>             | <b>51.3</b>              | <b>123.2</b>             | <b>103.8</b>             |
| <b>SEK million</b>                                       |              |                          |                          |                          | <b>Pro forma</b>         | <b>Pro forma</b>         |
|  | <b>Q4</b>    | <b>Q4</b>                | <b>YTD</b>               | <b>YTD</b>               | <b>YTD</b>               | <b>YTD</b>               |
|  | <b>2019</b>  | <b>2018<sup>1)</sup></b> | <b>2019<sup>1)</sup></b> | <b>2018<sup>1)</sup></b> | <b>2019<sup>2)</sup></b> | <b>2018<sup>2)</sup></b> |
| <b>Depreciation and amortization</b>                     |              |                          |                          |                          |                          |                          |
| Uppländska   | -3.4         | -3.3                     | -13.5                    | -13.3                    | -13.5                    | -13.3                    |
| Bellmans   | -3.3         | -3.1                     | -12.5                    | -11.9                    | -12.5                    | -11.9                    |
| VSM  | -12.9        | -9.7                     | -49.1                    | -16.0                    | -49.1                    | -38.5                    |
| Samgräv  | -1.4         | 0.0                      | -4.3                     | 0.0                      | -4.6                     | -4.6                     |
| Other  | -0.9         | -0.3                     | -3.1                     | -0.6                     | -3.1                     | -0.6                     |
| <b>Total depreciation and amortization</b>               | <b>-21.9</b> | <b>-16.4</b>             | <b>-82.5</b>             | <b>-41.8</b>             | <b>-82.9</b>             | <b>-68.9</b>             |

## Reconciliation of profit/loss before tax and EBITDA before items affecting comparability, working capital and geographical split

| SEK million                                 | Q4<br>2019  | Q4<br>2018 <sup>1)</sup> | YTD<br>2019 <sup>1)</sup> | YTD<br>2018 <sup>1)</sup> | Pro forma<br>YTD<br>2019 <sup>2)</sup> | Pro forma<br>YTD<br>2018 <sup>2)</sup> |
|---|-------------|--------------------------|---------------------------|---------------------------|--|--|
| EBITDA before items affecting comparability | 45.6        | 39.8                     | 214.1                     | 104.6                     | 218.6                                  | 184.2                                  |
| Items affecting comparability <sup>3)</sup> | -3.8        | -3.8                     | -12.5                     | -11.5                     | -12.5                                  | -11.5                                  |
| Depreciation, amortization and impairment   | -21.9       | -16.4                    | -82.5                     | -41.8                     | -82.9                                  | -68.9                                  |
| Financial items and untaxed reserves        | 15.1        | -6.1                     | -20.7                     | -21.9                     | -20.7                                  | -21.5                                  |
| <b>Profit before tax</b>                    | <b>35.1</b> | <b>13.6</b>              | <b>98.4</b>               | <b>29.4</b>               | <b>102.5</b>                           | <b>82.3</b>                            |

| SEK million                              | YTD<br>2019 <sup>1)</sup> | YTD<br>2018 <sup>1)</sup> | Pro forma<br>YTD<br>2019 <sup>2)</sup> | Pro forma<br>YTD<br>2018 <sup>2)</sup> |
|--|---------------------------|---------------------------|--|--|
| <b>Working capital excl. taxes</b>       |                           |                           |  |  |
| Uppländska                               | 24.7                      | 20.1                      | 24.7                                   | 20.1                                   |
| Bellmans                                 | -12.0                     | -5.0                      | -12.0                                  | -5.0                                   |
| VSM                                      | 34.7                      | 48.7                      | 34.7                                   | 48.7                                   |
| Samgräv                                  | -4.2                      | 0.0                       | -4.2                                   | -2.0                                   |
| Other                                    | -1.9                      | -6.4                      | -1.9                                   | -6.4                                   |
| <b>Total working capital excl. taxes</b> | <b>41.1</b>               | <b>57.4</b>               | <b>41.1</b>                            | <b>55.4</b>                            |

| 2019 <sup>2)</sup>              | SEK million<br>Stockholm<br>region | SEK million<br>Gothenburg<br>region | SEK million<br>Rest of<br>Sweden | % split<br>Stockholm<br>region | % split<br>Gothenburg<br>region | % split<br>Rest of<br>Sweden |
|---------------------------------|------------------------------------|-------------------------------------|----------------------------------|--------------------------------|---------------------------------|------------------------------|
| <b>Geographical Sales split</b> |                                    |                                     |                                  |                                |                                 |                              |
| Uppländska                      | 172.4                              | 5.0                                 | 82.7                             | 66.3%                          | 1.9%                            | 31.8%                        |
| Bellmans                        | 660.2                              | 0.0                                 | 0.0                              | 100.0%                         | 0.0%                            | 0.0%                         |
| VSM                             | 433.2                              | 87.1                                | 196.9                            | 60.4%                          | 12.1%                           | 27.5%                        |
| Samgräv                         | 0.0                                | 256.2                               | 0.0                              | 0.0%                           | 100.0%                          | 0.0%                         |
| <b>Total Group</b>              | <b>1,265.8</b>                     | <b>348.2</b>                        | <b>279.6</b>                     | <b>66.8%</b>                   | <b>18.4%</b>                    | <b>14.8%</b>                 |

<sup>1)</sup> The 2019 data includes Uppländska, Bellmans and VSM for the period January - December and Samgräv for the period February - December. The 2018 data includes Uppländska and Bellmans for the period January - December and VSM August - December.

<sup>2)</sup> To illustrate the development of the Bellman Group, pro forma figures YTD 2018 and 2019 are reported. Figures for VSM and Samgräv are included as if the acquisitions of the subsidiaries had taken place on 1 January 2018.

<sup>3)</sup> YTD 2019 Items affecting comparability were all booked in the Other segment and comprised of provision expenses SEK -11.6 million, acquisition expenses SEK -2.7 million and internal restructuring in order to simplifying the group's legal structure SEK -0.5 million.

### 4 Financial assets at fair value through profit or loss

The Group's financial assets, measured at fair value through profit or loss, comprise a prepayment option included in the bond loan, which is reported as a derivative. The Group has classified this financial instrument at Level 3 in the fair value hierarchy. The fair value of the derivative has been determined based on present value, and the applied discount rate has been adjusted for own credit risk. Unobservable inputs refer to the risk-adjusted discount rate and expected cash flows. A new valuation of the derivative was made in December 2019, which led to an adjustment of the value, which was increased by SEK 1.5 million. At December 31, 2019, the fair value was SEK 2.7 million (1.2).

A conditional purchase price of SEK 88.8 million was recorded at the acquisition of Samgräv. During the fourth quarter, this conditional purchase price was adjusted, and at the end of December 2019, it was SEK 12.3 million. A total of SEK 53.0 million was adjusted against goodwill (see note 6 below) and SEK 23.8 million was adjusted over the income statement. The conditional purchase price is based on EBITDA for the period 2019-2022 and is classified at level 3 in the fair value hierarchy. No transfers have been made between the levels during the period.

### 5 Transactions with related parties

No transactions between the Bellman Group and related parties significantly impacted the Group's financial position or results during the period. For more information, see note 28 in the 2018 Annual Report.

### 6 Business combination

On 31 January 2019, the Group acquired all shares in 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 a conditional purchase price at a

fair value of SEK 35.8 million. The conditional purchase price was included in the previous preliminary acquisition calculation to SEK 88.8 million, however, 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 conditional purchase price, which at the time of acquisition should have been lower. The conditional purchase price has thus been 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 and must be paid in full by the end of February 2023.

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

The intention is that Samgräv will continue to operate as a separate business following the acquisition.

| <b>Purchase price</b>               |              |
|-------------------------------------|--------------|
| Cash paid                           | 100.0        |
| Ordinary shares issued              | 44.0         |
| Conditional consideration           | 35.8         |
| <b>Total purchase consideration</b> | <b>179.8</b> |
| <b>Fair value net assets</b>        |              |
| 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         |
| <b>Asset value Samgräv</b>          | <b>59.4</b>  |
| <b>Intangible assets</b>            | <b>120.5</b> |
| <b>Net assets acquired</b>          | <b>179.8</b> |

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 that corresponds to comparable companies in the same industry. If certain predetermined EBITDA levels are achieved by the subsidiary, the additional purchase price will be paid annually in cash.

Goodwill is attributable to the future profitability of the landfill business as well as a general high profitability of the acquired business. No portion of the recognized goodwill is expected to be tax-deductible.

Acquired assets: The fair value of acquired trade receivables was SEK 36.3 million which was equal to the gross amount.

The acquired business added revenues of SEK 231.9 million and net profit (EBIT) of SEK 13.7 million for the period 1 February to 31 December 2019. If the acquisition had taken place on 1 January 2019, pro forma consolidated revenue and earnings for the period to 31 December 2019 would have been SEK 256.2 million and SEK 17.8 million, respectively. These amounts have been calculated based on the subsidiary's earnings after adjustments for differences in accounting policies between the Group and its subsidiary, and the additional amortization charge that would have been incurred if the fair value adjustment for intangible assets had been applied from 1 January 2019, along with the related tax effects.

| <b>Cash Flow effect</b>                      |              |
|--|--------------|
| Paid to seller (Samgräv)                     | -100.0       |
| Cash acquired business (Samgräv)             | 5.8          |
| <b>Net effect on cashflow at acquisition</b> | <b>-94.2</b> |

Acquisition-related costs of SEK 1.1 million are included in other external expenses in the income statement and in operating activities in the statement of cash flows.

## 7 Pledged assets

There have been no significant changes in pledged assets.

## 8 Interest bearing liabilities

During the first quarter, the Parent Company increased the value on the issued corporate bonds that are listed on Nasdaq Stockholm, with a nominal amount of SEK 100.0 million. These bonds are listed as BELLMAN GROUP AB 01 with 600 units (500 units), with a total outstanding nominal amount of SEK 600.0 million (500.0) and has a nominal value of SEK 1.0 million (1.0) per unit. Financing expenses of SEK 13.3 million (15.9) attributable to the bond loan have been reported against the loan.

The bond interest rate is variable interest three months STIBOR plus 6.50%, 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 an 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](http://www.bellmangroup.se).

The vendor loan, which is delayed consideration related to the acquisition of Bellmans Åkeri, amounts to a total of SEK 18.6 million (39.0), of which SEK 17.0 million (19.5) is a current liability and SEK 1.6 million (19.5) is a non-current liability. The vendor loan runs without interest and is unsecured. The terms of the loan stipulate that instalment payments started in 2018 and the loan must be fully repaid by 2022.

The Group has certain tangible fixed assets and premises as well as some land use rights that are regulated by leasing agreements. As of December 31, 2019, the Group's leasing liabilities (non-current assets and rents) amounted to SEK 73.0 million (5.1), of which SEK 50.8 million (3.6) were non-current liabilities and SEK 22.2 million (1.5) were current liabilities.

### Covenants

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

## 9 Shares and earnings per share

| <b>Number of shares</b>  | <b>Q4<br/>2019</b> | <b>Q4<br/>2018<sup>1)</sup></b> | <b>YTD<br/>2019<sup>1)</sup></b> | <b>YTD<br/>2018<sup>1)</sup></b> |
|--|--------------------|---------------------------------|----------------------------------|----------------------------------|
| Total number of shares (A-shares), thousands   | 2,087.0            | 1,944.6                         | 2,087.0                          | 1,944.6                          |
| Total number of weighted average shares, before and after dilution (A-shares), thousands | 2,087.0            | 1,944.6                         | 2,067.1                          | 1,344.2                          |
| Earnings per share (SEK), basic and diluted  | 13.4               | 5.9                             | 37.1                             | 18.3                             |

<sup>1)</sup> The 2019 data includes Uppländska, Bellmans and VSM for January - December and Samgräv February - December. The 2018 data includes Uppländska and Bellmans for the year and VSM August - December.

In February 2019 the parent company issued 142,349 shares which increased the share capital to SEK 2.1 million (total amount paid incl. share premium SEK 44 million).



# Definitions

Below are descriptions of key ratios and descriptions of non-IFRS performance measures. A reconciliation of alternative performance measures (APMs) is shown in a separate document, which is published together with this interim report, [www.bellmangroup.se](http://www.bellmangroup.se).

The APMs that have not been calculated according to IFRS and which are presented in this report do not constitute recognized valuation principles for financial position or liquidity according to IFRS, but are used by the Bellman Group to monitor the financial outcome of the Group's operations and the Group's financial position. The APMs presented in the report shall 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.

The 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 in order to assess and compare business economic outcomes and financial position. When comparing the APMs presented here, the calculation for other companies may have been made with different definitions, which means that the outcome is not directly comparable.

In this report, comparable figures are provided in parentheses and refer to the same item in the corresponding period last year, unless otherwise stated.

| APM   | Description   |
|---|---|
| <b>EBITDA</b>   | 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.  |
| <b>EBITDA margin</b>  | EBITDA as a percentage of net sales during the period. The EBITDA margin is used to show EBITDA as a percentage of net sales.   |
| <b>EBITDA before items affecting comparability</b>  | EBITDA before items affecting comparability. EBITDA adjusted for items affecting comparability is used to give a clearer picture of the operating profit and to increase comparability over time.   |
| <b>EBITDA margin before items affecting comparability</b>   | 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.  |
| <b>Items affecting comparability</b>  | Items that rarely occur or are unusual in day-to-day business operations, 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.  |
| <b>Interest-bearing net debt</b>  | Interest-bearing liabilities less cash and cash equivalents. This APM shows the group's total interest-bearing net debt for covenant purposes.  |
| <b>Interest-bearing net debt in relation to EBITDA before items affecting comparability including pro forma figures</b> | 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 latest 12 months pro forma EBITDA figures.   |
| <b>Operating profit (EBIT)</b>  | 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.  |
| <b>Operating margin</b>   | 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.   |
| <b>Net debt</b>   | Interest-bearing liabilities plus contingent consideration related to Bellmans and Samgräv, less cash and cash equivalents.   |
| <b>Working capital</b>  | 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. |



**BELLMAN  
GROUP**