Annual Report and Sustainability Report 2019


CEO's report
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The art of achieving the perfect temperature

Being able to achieve an exact temperature is vital in many contexts. Chillers in food shops must be able to maintain an even and low degree reading. Offices and work environments must also offer a pleasant indoor climate.

To an ever increasing degree, it is seen as self-evident today that we are able to regulate cooling, heating and air conditioning. Beijer Ref meets the needs by providing global expertise in temperature control. The group's wide range of products, components and systems provide customers all over the world with sustainable and efficient cooling and heating.

Own manufacturing
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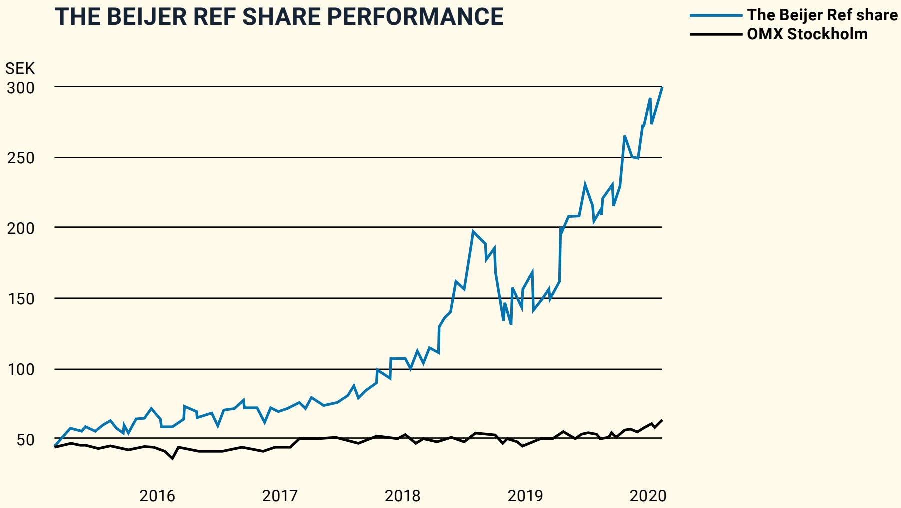
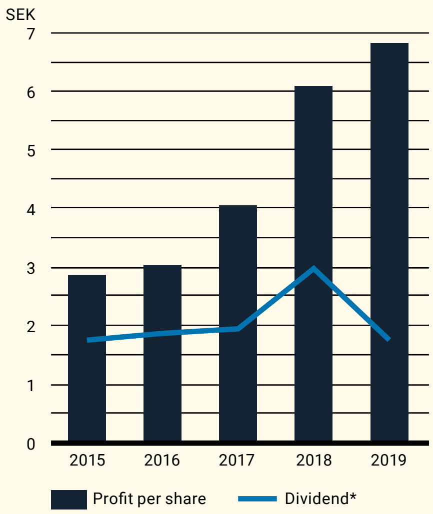
THE BEIJER REF SHARE PERFORMANCE



PROFIT AND DIVIDEND PER SHARE



**) For 2019, in accordance with the Board of Directors' proposal*

The Beijer Ref share
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GENERAL INFORMATION

Beijer Ref AB is a public limited company with corporate identity number 556040-8113. The company has its registered office in Malmö, Sweden.

All amounts are expressed in Swedish kronor with the abbreviation 'SEK K' for thousand kronor and 'SEK M' for million kronor. Figures in brackets refer to 2018 unless otherwise stated.

The total amount in tables and statements might not always summarize as there are rounding differences. The aim is to have each line item corresponding to the source and it might therefore be rounding differences in the total.

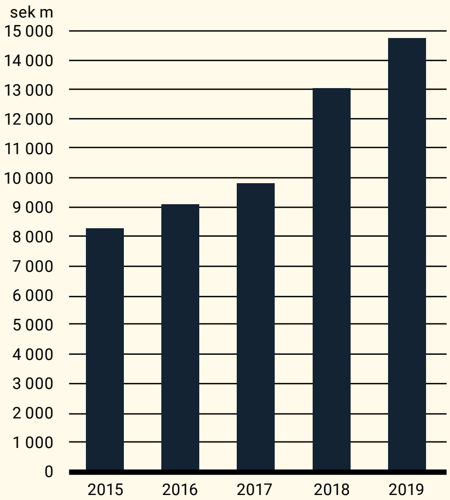
Data about markets and the competitive situation are Beijer Ref's own assessments if no other source is specified. This report contains future-oriented information based on Beijer Ref's analysis and assessments made at the beginning of 2020.

Although the company's management is of the opinion that the anticipations evident from such future-oriented information are reasonable, no guarantee can be given that these anticipations will be proved to be correct. The formal Annual Report comprises pages 52-53 and 64-95. The Sustainability Report comprises pages 28-33 and information on pages 12, 19, 22-23 and 40-41.

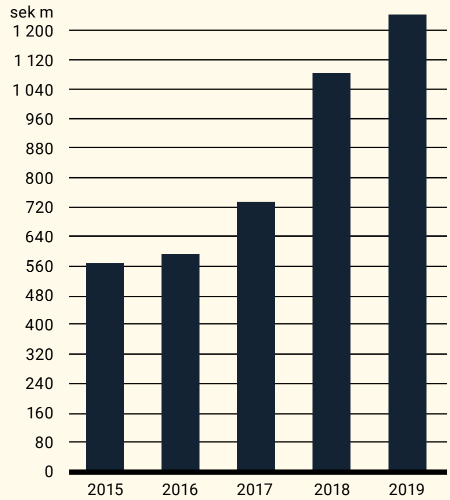
This Annual Report and Sustainability Report is published on the company's website (beijerref.com). Printed copies will be sent on request to shareholders and other interested parties by Beijer Ref. A complete list of addresses over the Group's companies is available on www.beijerref.com.

The year in brief

SALES



OPERATING PROFIT



KEY FIGURES

	2019	*2018*	*2017*	*2016*	*2015*
Net sales, sek m	14 817	13 015	9 830	9 045	8 361
Operating profit, sek m	1 230	1 085	725	593	567
Profit after tax, sek m	873	780	521	399	373
Profit per share, sek[1]	6.82	6.07	4.02	3.06	2.88
Dividend per share, sek[2]	1.75	3.00	1.92	1.83	1.75
Market value, sek	274.8	145.9	105.5	72.0	66.8

1) Before dilution
2) For 2019, in accordance with the Board of Directors' proposal

14%
Net sales increase

13%
Operating profit increase

12%
Increased profit per share

Large Cap
As from 2019

Quarter 1
- Beijer Ref moves up to Nasdaq Stockholm's Large Cap segment with effect from 2 January 2019.

Quarter 2
- The Beijer Ref Academy at SCM Frigo in Italy celebrates its 1st anniversary.
- Beijer Ref makes a small asset acquisition, Durrisol in Switzerland.

Quarter 3
- Beijer Ref decides to build a new production plant in Italy, which will double OEM capacity.
- The subsidiary Eurocool becomes official supplier for the Grees brand products in South Africa.
- The Beijer Ref Exchange Programme is launched.
- Beijer Ref Academy opens in France.
- The outstanding minority interest in AC & Parts CQ Patton Pty Ltd in Australia is acquired. Beijer Ref now owns 100% of the shares.

Quarter 4
- Beijer Ref decides to bring together the operations Beijer Ref Australia and KIRBY HVAC&R into a joint facility in Sydney containing logistics centre, branch, filling station and office.
- The filling station in Gothenburg is expanded to be able to handle the natural refrigerants CO_2 and propane.

This is Beijer Ref

A global refrigeration wholesaler.

Beijer Ref is a trading group of companies that provides customers over most of the world with a broad range of products in the fields of commercial and industrial refrigeration, as well as heating and air conditioning. The company is listed on Nasdaq Stockholm, Large Cap segment.

PRODUCTS

The products primarily consist of refrigeration and air conditioning units, heat pumps and components as well as spare parts. Most of the product range comes from leading suppliers such as Toshiba, Carrier, Mitsubishi Heavy Industries, Danfoss and Bitzer. Part of the sales comes from the company's own production of environmentally friendly products that are based primarily on natural refrigerants.

IN-HOUSE PRODUCTION OF ENVIRONMENTALLY FRIENDLY TECHNOLOGY

For a number of years, Beijer Ref has also been focusing on in-house product development and the manufacturing of refrigeration systems and heat pumps with a clear environmental profile. In the OEM (Original Equipment Manufacturing) segment, innovation and product development work is carried out in which environmentally-friendly alternatives are developed under their own brands. Original manufacturing of environmentally friendly products has been mainly developed in Italy and the technical knowledge transferred to France, the Netherlands, Sweden, South Africa, Thailand, China and Australia. Beijer Ref today supplies markets across large parts of the world with both standard solutions and customised total concepts for end customers that wish to reduce their carbon footprint.

GEOGRAPHICAL COVERAGE

The group has around 3,900 employees, working in 36 countries. Our head office is in Malmö. With wholly-owned companies in Europe, Africa, Asia and Oceania, Beijer Ref is the world's largest refrigeration wholesaler.

CUSTOMERS AND MARKET

Beijer Ref's products can be found in all kinds of buildings. The products meet the demand primarily in three segments:

- Commercial refrigeration
- Industrial refrigeration
- Comfort cooling (HVAC)

The end customer might be, for example, a restaurant or food shop with refrigeration and freezer equipment or homes or offices that need an air conditioning unit. Distribution and installation of refrigeration and air conditioning solutions is done via an installation engineer who buys technology, refrigeration units and components from Beijer Ref. Orders can be for entire system solutions or spare parts. The after-sales market accounts for a significant share of Beijer Ref's net sales.

DISTRIBUTION AND SALES

Beijer Ref mainly distributes its products through its own network of branches. The group also has logistics centres in each market. Beijer Ref also owns three refrigerant filling stations. Sales and distribution occur either under Beijer Ref's name or under local names.

Commercial refrigeration

Refrigeration installations for, among others, grocery stores, restaurants and hotels.

Industrial refrigeration

Process refrigeration supplied to, for example, ice rinks, manufacturing and food industry and the offshore sector.

Own manufacturing (OEM)

In-house manufacturing of eco-friendly refrigeration systems and heat pumps.

Comfort cooling (HVAC)

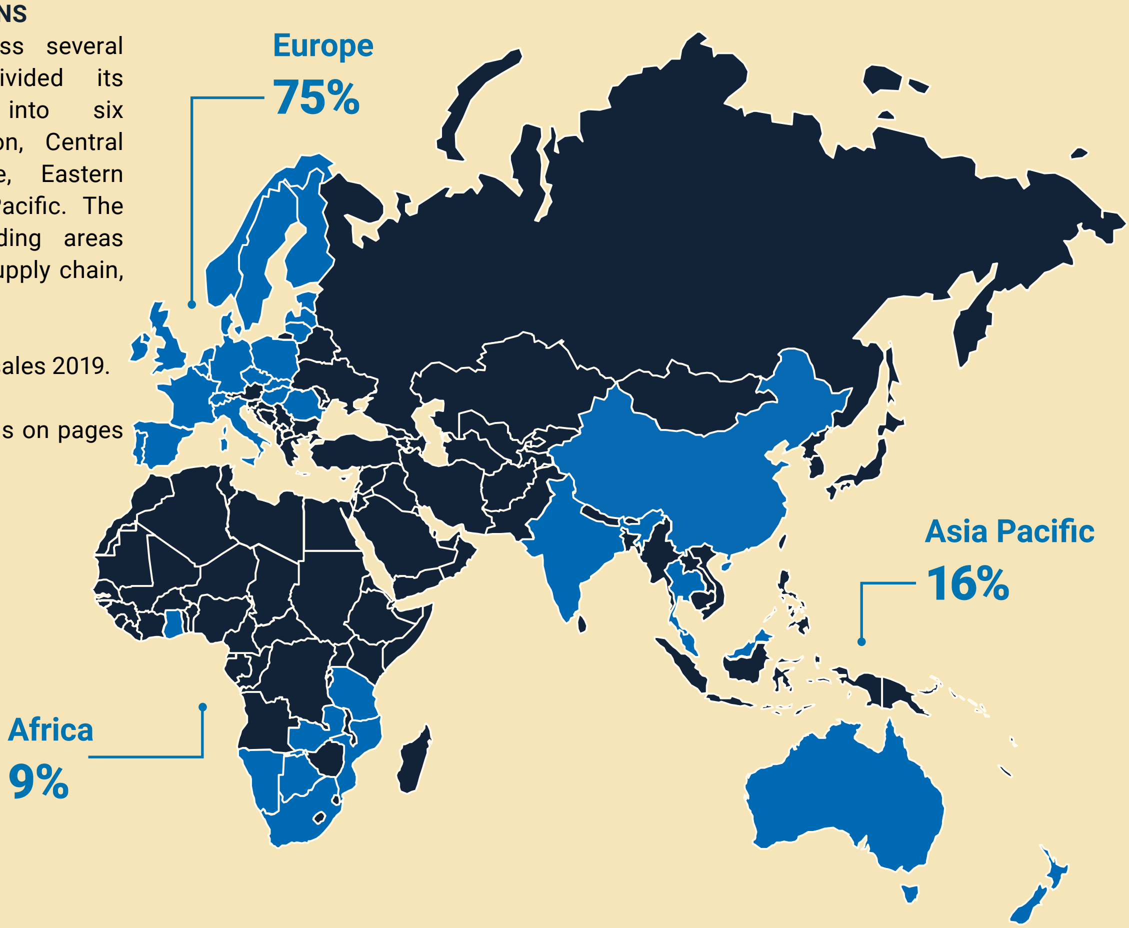
Climate control and ventilation for homes, offices and shops.

SIX GEOGRAPHICAL REGIONS

Beijer Ref operates across several continents and has divided its geographical markets into six regions: the Nordic region, Central Europe, Southern Europe, Eastern Europe, Africa and Asia Pacific. The structure of regional trading areas achieves efficiency in the supply chain, sales and logistics.

The map shows the split of sales 2019.

Read more about our regions on pages 42 - 47.



A strong year means room for expansion

We can summarise 2019 as another year of success for our group. Net sales increased by about 14% in 2019 compared to the previous year and amounted to almost SEK 15 billion. Profits improved by 13% compared to the previous year, despite lower prices for refrigerants and a record 2018.

FLEXIBILITY DELIVERS RESULTS

Our financial results are partly due to our flexible and sustainable business model, which is built to handle different market conditions. In 2019, refrigerant prices in Europe continued to decline, which has had a negative impact on Beijer Ref's profit development. Since the range of what we offer is wide, we have been able to increase our efforts in those segments and regions that are not affected as much by refrigerants. Sales in HVAC and OEM demonstrated good growth during the year and we believe that demand in these areas will continue to be strong in the longer term. Similarly, sales growth has been positive in both Asia Pacific and Africa.

MEGATRENDS PUT THE WIND IN OUR SAILS

There are a number of factors and megatrends that are driving the market in our direction, something that we obviously wish to capture by being prepared with attractive offers and solutions for our customers. A general increase in urbanisation places increased demands on refrigerated food and transport and a growing middle class means that far more people will be able to improve their indoor climate, for example through air conditioning. Regulatory decisions increase demand for refrigeration technology based on environmentally friendly refrigerants, including in continents outside Europe. Beijer Ref is well prepared to meet the needs of the market, both today and in the future, and has taken several initiatives during the year to accelerate both growth and earnings in the coming years.

INVESTMENTS FOR THE FUTURE

We have had our base for OEM manufacturing in Italy for several years. In view of the growing demand for green refrigeration technology, during the year we decided to invest in a new and much larger plant outside Padua. When completed at the end of 2020, it will accommodate production, warehousing and space for the Beijer Ref Academy training centre. Increasing the production capacity of our OEM manufacturing will be important because the market transition is still only in its infancy. The closer we get to 2030, when 2015 levels of F-gases shall have been reduced by 80 per cent in the EU, the more intense the conversion to new technologies will be. The demand for natural refrigerants is increasing, which is why we have also invested in our filling station in Gothenburg so that we can supply our own distribution with CO_2 and propane. It is up to us to be in the right shape to be able to deliver products and solutions according to the needs of the market.

ALSO PHASING OUT F-GASES OUTSIDE EUROPE

Outside Europe there is also continuous discussion about how F-gases should be regulated. One of the most important environmental agreements the UN has established is the one developed in Kigali in 2016. At the time of writing, more than 90 countries have committed themselves to the phasing-out rules set out in it, some 70 of which are non-European countries. We therefore believe that the pressure for change outside Europe will accelerate in the coming years. Spreading our refrigeration expertise to all our units has therefore been a priority in 2019. During the year we transferred European refrigeration know-how to South Africa, so that it is now possible to build refrigeration units according to our OEM model there as well. We also transfer knowledge to our facility in China. We will continue to do the same for more units both inside and outside Europe, as this is one of the most important recipes for success in continuing our profitable growth.

IMPORTANT DISSEMINATION OF KNOWLEDGE

Another way to spread knowledge about the green refrigeration technology is through our academy concept Beijer Ref Academy. There we invite suppliers, customers and employees to teach about handling natural refrigerants and the technology to be adapted accordingly. In 2018, we opened our first academy specialising in CO_2 in Italy, which was a success. During the year we have opened more academies in important markets such as France and China. Going forward, we aim to open more training centres, both inside and outside Europe. There we will educate and expand green knowledge of both natural and synthetic refrigerants.

LOGISTICS UNDER CONSTANT DEVELOPMENT

In order to meet the growing demand for our products, we must constantly work at having a functioning logistics chain. During the year we have taken a number of steps to become even more effective. The purchasing and logistics business areas have been merged so that we can optimise our logistics even more. We still need to rationalise and regionalise our distribution centres. Examples of this are decisions on new logistics centres in Australia, the Netherlands, the United Kingdom, Norway and France. The trend points to moving from country-based to more regional distribution centres. This leads to optimisation of resources and transport and, above all, we make use of the power of being a large group that can create synergies. Together with our broad-based work on digitalisation, this gives us the opportunity to provide the market with a strong and effective offering.

ACQUISITIONS ON THE AGENDA

One of our most important strategic cornerstones is acquisitions. 2018 was a year of intensive acquisition, so 2019 was largely devoted to consolidation. 2020 started with the acquisition of HVAC company ACD Trade in Australia, and my hope is that this year will give us further opportunities to add more companies to the group. We continuously evaluate potential new acquisitions in both existing and new geographical areas. We are also taking the

”The closer we get to 2030, when 2015 levels of F-gases shall have been reduced by 80 per cent in the EU, the more intense the conversion to new technologies will be.”

wider view of what we offer and are not closing the door on entering adjacent fields.

PERMEATED BY SUSTAINABILITY

It is a prerequisite for running a successful business that we continuously work on sustainability. Today, a long-term view permeates all parts of our company, and sustainability is a natural component that affects everything from business model and strategy to organisation and product range. As a global group, we have a great responsibility and It is my conviction that we can help make a difference. The UN's sustainable development goals set the direction and this is primarily where our sustainability work has its basis. The area where we have the greatest opportunity to make a difference is in the environment and the climate, which is why we are putting our efforts into informing about and offering our customers environmentally friendly alternatives.

EXCHANGE GAVE A TASTE FOR MORE

Being a large and growing group also brings benefits in terms of the exchange of knowledge. During the year we launched a new exchange programme – the Beijer Ref Exchange Programme – which gives our employees the opportunity to work in another part of the company for a period of time, preferably in a different market. The programme was implemented in the autumn and can be summed up as a success. In addition to helping to strengthen the Beijer Ref spirit, it provided many valuable insights and enriched both the employees and the receiving companies. We will conduct more exchanges in the coming years. Investing in developing our employees is self-evident – the employees of Beijer Ref are the most important success factor. Our values ”united” and ”engaged” reflect our corporate culture and I have the privilege of leading a team that is motivated, high-performing and that often demonstrates that pride in Beijer Ref is palpable. This means that we are constantly moving forward, not satisfied, but with new goals constantly in view.

When we round off 2019, it is a year that we are proud of. We are increasing our earnings and we have even been mentioned in the Swedish business press as the company that has yielded the best total return in the last 20 years.

The changes in the market situation as a result of covid-19 also affect our business, but at present we do not know how big the effects will be. For this reason, the board of Directors have adjusted the dividend proposal from previous communicated, the ambition is to summon for an extraordinary general meeting if the market situation stabilizes and then resolve on an additional dividend according to previous level. Let us hope that the market is back to normal in the near future.

I would like to extend special thanks to all employees for their efforts during the year and to our shareholders for the trust.

Malmö, March 2020
Per Bertland
CEO

A sustainable business concept

Beijer Ref – a global refrigeration wholesaler.

Beijer Ref's business concept is to be a trading group of companies that offers its customers added value through competitive solutions in the areas of refrigeration and air conditioning.

BUSINESS MODEL AND VALUE CHAIN

Beijer Ref's business model is based on making group-wide purchases from leading suppliers and brands, creating added value in the form of maintaining stocks, distribution, technical support and customer adaptation, before making sales and delivering to customers. The group also provides systems developed in-house and spare parts. Sales are made primarily to refrigeration installation contractors, service companies and contracting companies. They in turn deliver and install solutions for end customers, such as a food shop or an office. The added value is created by Beijer Ref doing as much basic work as possible before the installer takes over. Product specifications are always readily available, and Beijer Ref also offers regular training on new products. The group also offers a wide range and can deliver everything from small components and spare parts to entire systems. The products are mainly sold via more than 400 branches in Beijer Ref's 36 markets.

ENGINEERING KNOW-HOW ADDS VALUE

The added value is also created by having an especially close dialogue with customers, in order to always have a good understanding of the needs that govern the development of the market and in turn be able to create offers accordingly. A significant degree of engineering knowledge is required in order to be able to understand and adapt offers according to market needs, something which is characteristic of Beijer Ref's workforce. In addition to the wholesale business, Beijer Ref manufactures and sells its own refrigeration units, so-called OEM. This includes designing the entire system and calculating the capacity and what customisations are required by the end customer, since the installations are often unique.

DIGITAL SOLUTIONS ON THE RISE

To best serve the market of the future, the business model is reviewed continuously. Like most industries, Beijer Ref's area of activity is moving towards a transition to digital solutions at several levels. for this reason, work is under way to create new business solutions that can reach customers in new channels and at the same time add both quality assurance and cost savings.

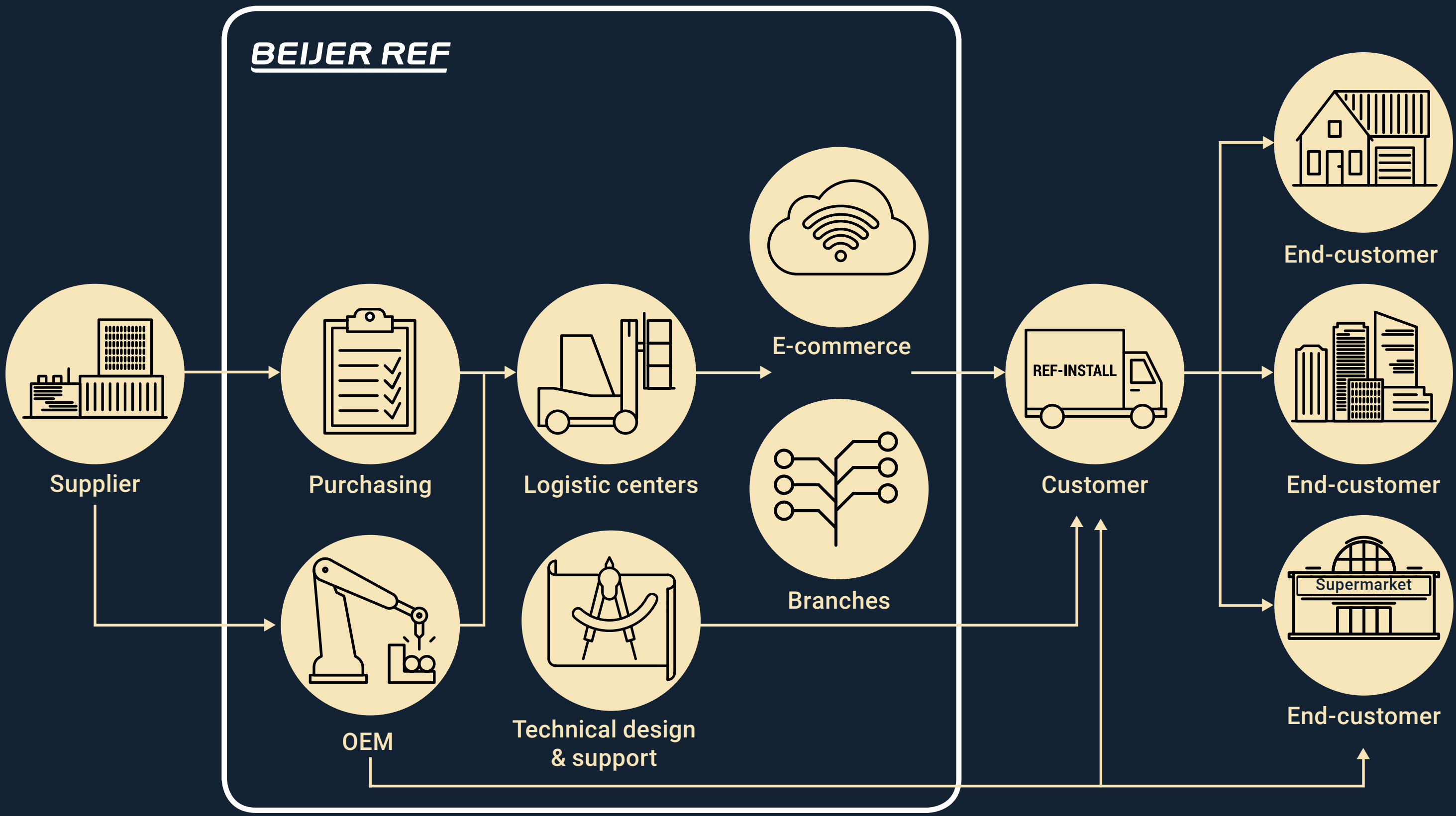
SUSTAINABILITY STRENGTHENS THE CHAIN

The business model involves working with sustainability, which concerns both long-term financial success and issues relating to the environment and safety. Through its close relationships with leading suppliers, Beijer Ref conducts a dialogue on product development that is adapted to the needs of the environment and the market. The group has a supplier code to ensure that partners also act sustainably with sound ethics. Beijer Ref also contributes by developing and manufacturing its own technology, which is primarily based on environmentally friendly refrigerants.

A STABLE MODEL

Beijer Ref's business model has been durable and stable throughout its history. By focusing on trading activities, the distribution of refrigeration components and the production of refrigeration plant and air conditioning, efficiency and good financial results have been achieved.

The Beijer Ref value chain



The value that Beijer Ref adds to the value chain from manufacturer to customer is purchasing, warehousing, distribution, knowledge, technical support and customisation through both design and manufacturing. The group also manufactures its own environmentally friendly refrigeration technology which is very important for creating an attractive offering to customers. Beijer Ref's main business is to sell to other companies. Because of the step-by-step launching of trading in digital channels, including to the consumer target group, certain sales patterns may take on new forms in the future.

Climate concepts that give more

When the property company Wihlborgs was to replace outdated air conditioning plant in parts of its building stock, the desire was to install new units that could represent sustainability in many aspects.

In collaboration with Beijer Ref, a tailor-made solution was developed, which from the outset showed the way for what a green and energy-efficient air conditioning system could look like.

Wihlborgs is one of Sweden's largest property companies, offering commercial premises to companies and organisations in the Öresund region. There are properties in Malmö, Lund, Helsingborg and Copenhagen and the company is the market leader in the three Swedish cities.

CLIMATE SMART PROPERTIES

At the beginning of 2016, a project was started at Wihlborgs because some of the air conditioning systems in the building stock needed to be replaced. Jan Larsson, who has been operations manager at Wihlborgs for over 20 years, started the analysis work. The goal was clear: since Wihlborgs is a company that wishes to be at the forefront for sustainable and climate-smart properties, they needed to find a solution that was resource efficient and could contribute to the building becoming climate neutral in operation and that was also physically possible to install.

"In the old days when you built properties, you put in the air conditioning unit itself before the joists were put in place. Nobody thought about what would happen when it needed to be replaced. Today we often need to saw the units apart to get them out at all. To then install a new one means that there are high demands on the design itself, otherwise it is not possible to get it into the property. Finding an environmentally friendly alternative that is also adaptable to the premises was a challenge," says Jan.

HIGH ENVIRONMENTAL REQUIREMENTS

To get the work moving, it was important to get feedback from the installation side, in this case Klimatkyl, which has worked with Wihlborgs for many years. Since refrigerant leakage from traditional refrigeration systems has a major climate impact, Wihlborgs had a clear desire to find a solution based on a natural refrigerant.

PROPANE PROVIDES BENEFITS

Together they worked out detailed specifications, which would then be communicated to the next stage of the chain. After an evaluation, the choice fell on Beijer Ref's Swedish unit Kylma/SCM Ref, which has already distinguished itself through its flexibility and responsiveness when it comes to adapting solutions to specific indications. Discussions and meetings followed and eventually the result was a CCU* plant based on the natural refrigerant propane. At the beginning of 2019, the system was installed in Wihlborg's property Ubåten 2 in Malmö, where SVT is tenant. And to get it into the building, it was delivered in 18 modules that could be easily deployed directly on site. In another of Wihlborg's properties, Gimle 1 in Malmö, where the Swedish Customs is tenant, 24 modules were installed. Thomas

**) Compact Chiller Unit*

Nilsson at SCM Ref explains:
”We were given a task that placed high demands on us, but it is our mission to meet our customers' wishes, even when they are tough. Our CCU solution can take advantage of all the energy. In summer it is used as a chiller and in winter part of the machine acts as heat pumps. Based on the needs of the property, the plant can be adapted, which thus becomes a smart and cost-effective solution that is among the most environmentally friendly on the market.”

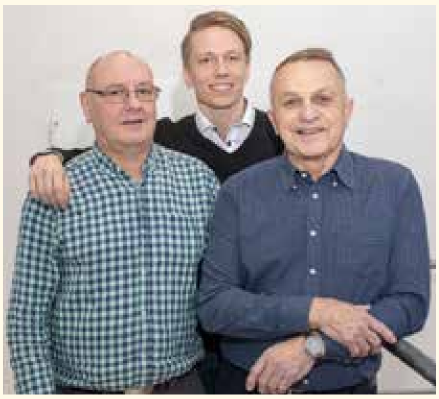
GOALS ACHIEVED
After the installation, Jan Larsson from Wihlborgs took over, it is he who is responsible for the control of the plants. He has been able to measure the results and is positive.

Fredrik Hamrin, MD of Kylma/SCM Ref

”First of all - using a natural refrigerant makes the climate impact very small, even in the event of a leak. That's number one for us. Also, the machines run smoothly and are fantastically quiet, which is also crucial for us to be able to maintain the sound quality that we want in the building. Also, the modules keep what they promise in terms of electricity consumption, which is significantly lower than we are used to. We have been able to control the oil heaters according to need, which has led to cost savings. We have also had the plant powered by locally produced electricity from the building's own solar cell installation. Of course, it is an investment to replace an air conditioning system, but we earn that cost back by achieving climate goals and energy savings.”

Emil Silverberg, CEO of Klimatkyl, also points out the power in listening to each other's needs.
”I believe that the plant is an innovation in itself. In it we have found a way to take care of both cold and heat that is unique. The modules from which the plant is built also provide unique possibilities for control. Once they are in operation, problems rarely occur, which is so important for the success of this installation. The CCU modules with propane are unsurpassable in this respect.”

LARGER MARKET AWAITS
For Beijer Ref's Swedish unit SCM Ref in Vislanda, close dialogue with customers has been an important prerequisite for developing a solution that met the needs, and the process of developing the CCU plant has given ripple effects. Fredrik Hamrin, CEO of SCM Ref, explains:
”Although the solution is tailored to suit Wihlborg's needs, this is also an energy solution that we can standardise and offer to many more. The concept of using smaller modules that are easy to install and replace has also opened up a large market for us.”



From the left: Jan Larsson, Wihlborgs, Emil Silverberg and Bo Johansson, Klimatkyl

Strategy and goals

With the world in our sights.

Beijer Ref has an expressed mission – to provide the market with global expertise in sustainable refrigeration and air conditioning. By growing more quickly than the market, the goal is to strengthen our position as a global organisation. To do this, the group works according to a strategy that is divided into five focus areas – acquisition, OEM, supply chain, digitalisation and sustainability.

THE BUSINESS'S FOCUS

Beijer Ref's business activity focuses on products and spare parts for commercial and industrial refrigeration, air conditioning and heat pumps. By maintaining close, long-term partnerships with leading suppliers and brands, Beijer Ref creates added value for customers through its broad market presence and effective distribution. Resources are concentrated primarily on the wholesale business, but there is also investment in the in-house manufacturing of advanced eco-friendly refrigeration system. This supplements the existing trading business and opens up possibilities in new market segments.

ACQUISITION

Beijer Ref is active in a fragmented market where the majority of the competition consists of local players. An important part of the group's strategy is to grow through acquisitions and Beijer Ref is actively working to consolidate the market. In total, Beijer Ref has so far completed the acquisition of approximately 50 businesses. By adding strategic companies to the portfolio, Beijer Ref can grow faster than the market, both geographically and through an expanded product range. Synergies are achieved primarily in purchasing and logistics as well as a widened product range.

ORIGINAL EQUIPMENT MANUFACTURING (OEM)

The company SCM Frigo, specialising in developing and building refrigeration units and heat pumps with a significantly more environmentally friendly profile, was acquired in 2011. The initiative was successful and in 2015 it was decided to develop operations with similar units in Sweden and France. Together with establishments in the Netherlands, Thailand, China, Australia and South Africa, these represent the group's OEM business. It is also gathered under an umbrella name - SCM Ref. The business is driven by customers' demand for more environmentally friendly and in many cases customised solutions. The goal is to continue to develop modern, environmentally adapted technology to replace products that use refrigerants with a high GWP (Global Warming Potential).

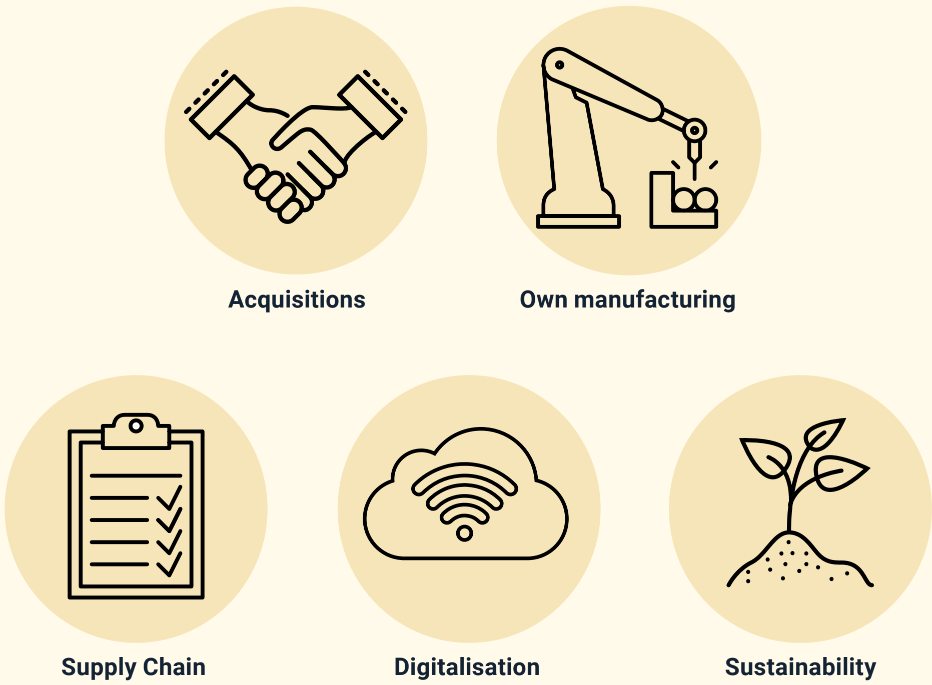
SUPPLY CHAIN

Purchasing and logistics are important strategic functions. Procurement and price negotiation takes place in a structured manner at both central and local level in order to achieve synergies and an advantageous price level. A significant element of this work is to create long-term, stable relationships with strategic suppliers. Dialogue and close collaboration provide greater knowledge of the market, which generates components and products that meet the requirements and needs of customers.

With the objective of providing customers on several continents with a broad range of quality, Beijer Ref operates warehousing and distribution activities that are directly linked to the different markets. This means that the group has more than 40 local logistics centres and approximately 420 branches that specialise in efficient product delivery. This provides rapid access to spare parts for service, maintenance and repairs.

DIGITALISATION

It is part of Beijer Ref's strategy to look to the future at all times. For this reason, various digital programmes are under continuous construction. The ambition



is to be a clear leader in the industry when it comes to digital development. Beijer Ref is gradually extending the existing e-commerce platform and business support system. Digitalisation shall lead to new business opportunities, better delivery quality and cost savings. The objective is that at least twelve per cent of sales will come from digital channels by 2023. In 2019, it amounted to approximately 2 per cent.

SUSTAINABILITY

Beijer Ref works strategically on sustainability on the basis of the UN's sustainable development goals, Agenda 2030, from which focus areas have been selected where the group believes that the company can make the most difference. Based on the UN focus areas, the group has created a framework for sustainability issues that is implemented at local level by the group's subsidiaries. Objectives are set in each area. One of the areas where Beijer Ref can make the most difference is in the production of environmentally-friendly products that replace ageing systems.

VALUE GENERATION

The primary stakeholder groups are shareholders, customers, employees and suppliers. Value is created for shareholders through a positive trend in the share price, dividends and by growing with a good return on capital invested. Beijer Ref shall continue to grow organically and with acquisitions in existing and new markets. The group shall prioritise a long-term approach and stability in its business relationships.

Value is created for the group's customers by developing new, attractive products and services, further developing and improving the existing offering and guaranteeing good availability and short delivery times. Working in close collaboration with suppliers, shared market insights are translated into attractive products and services. Value is created for employees by means of Beijer Ref offering a stimulating job with competitive remuneration, good opportunities for skills development and a safe, healthy work environment.

ORGANIC GROWTH OVER GDP

The majority of Beijer Ref's markets are mature. Despite this, the group's historic rate of organic growth exceeds GDP in these markets by an average of about two to three per cent. This is primarily because Beijer Ref's business has a strong link with the food industry, which has stable underlying growth. Over the last ten-year period, 2009-2019, Beijer Ref has demonstrated annual average organic growth of about 3 per cent.

COMPLEMENTARY ACQUISITIONS

A significant element of growth consists of expansion in new markets and a stronger present in markets where Beijer Ref already had a presence. The rate of acquisition was high in 2015, with acquisitions in places including Australia and New Zealand. HRP, the leading refrigeration wholesaler in the UK, was acquired in 2016. More acquisitions were then made during 2017 when the Toshiba distributor DX POR in Portugal was added. In 2018, the major refrigeration wholesaler TecsaReco was acquired in South Africa. Since then, the group's largest acquisition outside Europe was made with the acquisition of the refrigeration wholesaler Heatcraft's operations in Australia, China and Singapore. This was followed by the acquisitions of the French HVAC distributor GH2C and the Spanish HVAC company Lumelco. 2019 may be seen as a consolidation year without any significant acquisitions.

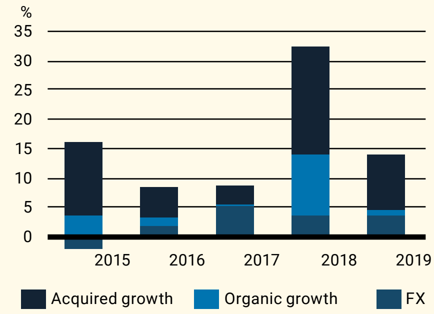
FINANCIAL GOALS AND GOAL FULFILMENT

In accordance with the company's strategy, Beijer Ref has set the following long-term financial goals. In 2019, the goals have also been complemented by non-financial goals.

Growth

Grow faster than the market.

GROWTH



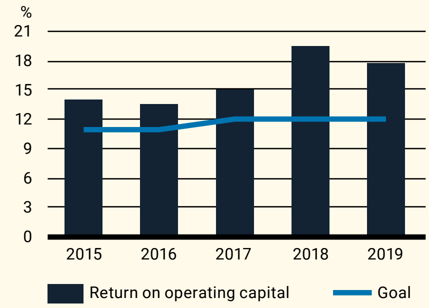
GROWTH

Beijer Ref shall grow more than the market both organically and through acquisitions. In 2019, growth was 13.8% (32.4), of which 4.4% was organic growth (13.4). Total growth has averaged 15.6% over the past five years.
Beijer Ref's most important prerequisite for long-term success is profitable growth.

Return

Return on operating capital, minimum 12%.

RETURN



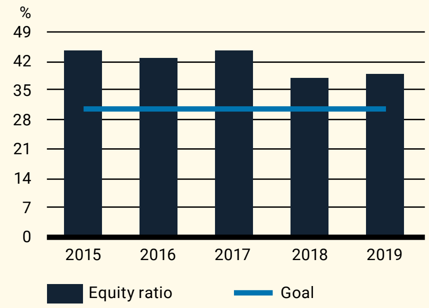
RETURN

Return on operating capital shall be at least 12%. It gives the business stability and preparedness for any changes in the world around us. Over the past five years, Beijer Ref's average return has been 15.9%.

Equity ratio

Equity ratio minimum 30%.

EQUITY/ASSETS RATIO



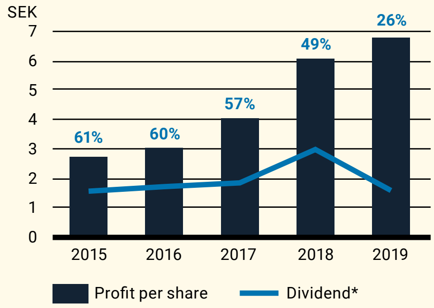
EQUITY/ASSETS RATIO

The equity/assets ratio in the group shall be at least 30%. Good solvency shows that the group has a strong financial position, which is a necessity in a company with strong growth. Over the past five years, the average equity/assets ratio has been 41.8%. The equity/assets ratio has increased over the past year despite the effect of IFRS 16, which has meant that the balance sheet total has increased by approximately SEK 1 billion.

Dividend

Distribute more than 30% of the net profit.

PROFIT AND DIVIDEND



*) For 2019, in accordance with the Board of Directors' proposal

DIVIDEND

Beijer Ref aims to distribute more than 30% of profits after tax. Good return on deposited capital contributes to a stable ownership structure. Over the past five years, the average dividend ratio has been 48.8%.

NON-FINANCIAL GOALS

In accordance with the company's strategy, Beijer Ref has set the following long-term non-financial goals.

Green products

Through increased sales of environmentally friendly products, Beijer Ref can help to reduce global warming.

The goal is to increase sales of self-manufactured products with low GWP values to more than 50% of total OEM sales by the end of 2023. Today, that proportion is 27%.

Sharing green knowledge

We spread our expertise in environmentally friendly refrigeration technology within the group and to our customers. Beijer Ref shall open more training academies all over the world in the next few years.

The goal is that a total of six academies are established by 2023. In 2019, the group had three academies.

Responsible supply chain

Beijer Ref wishes to work on long-term relationships. The group wishes to take responsibility and have a dialogue with 100 main suppliers especially.

The aim is to have clear agreements on codes of conduct with these suppliers, which has been achieved during the year.

Business ethics and anti-corruption

The company has zero tolerance when it comes to corruption and has a functioning whistleblower process. The group has developed an electronic training tool and in 2019 approximately 40% have completed this training.

The goal is for all employees to undergo training in business ethics and anti-corruption in 2021.

Equal workplace

Beijer Ref wishes to be an attractive employer, now and in the future. Getting more women into different professional categories that have long been male-dominated is a challenge but also a great opportunity for securing a future workforce.

The goal is a more equal group with a higher proportion of women in all positions in the company. Today, about 20% of the company's employees are women.

A safe and healthy workplace

Beijer Ref works to achieve a safe and healthy work environment without accidents.

The goal is to have sick leave below 5%. In 2019, sick leave, relative to total time worked, amounted to 2.4% (2.2%).

The company will offer all white collar development interviews.

The goal is for this to be fully implemented by 2022.

Growth with acquisitions

Consolidation creates synergies.

Beijer Ref is one of the industry's most active players in consolidating the market. By adding strategic companies to the portfolio, Beijer Ref can grow both geographically and through an expanded product range. Complementing organic growth with acquisitions also provides opportunities for synergies in purchasing, distribution and support functions.

The company continuously analyses growth opportunities in both new and existing markets. In the domestic market, Europe and the rest of the world, competitors mainly consist of local companies. Acquiring companies that add value in the form of distribution, networks and customer base is therefore a natural part of the strategic growth process.

STRUCTURED PROCESS

For several years, Beijer Ref has had a structured acquisition process that includes employees at both central and regional level. When potentially interesting companies have been identified, a project team is set up that evaluates and analyses the company and its market. Once an acquisition has been made, an integration process takes place. The acquired company can take advantage of several advantages, in addition to customised purchasing and logistics processes. It enters a global context and has access to a valuable network of other companies in the same industry.

INTENSIVE ACQUISITION PERIOD AND CONSOLIDATION

No takeovers occurred in 2019, while the years before that have been intensive with acquisitions. In 2018, Beijer Ref completed a major acquisition when the group bought the Australian refrigeration wholesaler Heatcraft. This transaction expanded Beijer ref's presence in the APAC (Asia Pacific) region significantly and also added a manufacturing unit in Wuxi, China, which is important in Beijer ref's efforts to spread its environmental expertise to markets outside Europe. The purchase also included the well-known Kirby brand, a name that has now been taken over as the company name after Heatcraft. The acquisition-intensive year preceded a 2019 that was largely about the consolidation of the new acquisitions, work that has been successful.

Beijer Ref has a clear ambition to continue growing through acquisitions. Although 2019 did not bring any news about takeovers, there is always an updated list of interesting potential company candidates that fit into the group's corporate sphere. Beijer Ref continuously evaluates and has discussions about new acquisitions, with the aim of being the market leader wherever the group is present.


KIRBY
A BEIJER REF Company
LENNOX

Green growth

Beijer Ref in the lead as the market makes the transition.

Beijer Ref and its industry colleagues play an important role in reducing global warming. The importance of phasing out high-GWP HFC gases is increasingly being emphasised, not only in Europe but also in the rest of the world. The EU's F-gas regulation, which will gradually phase out environmentally hazardous refrigerants by 2030, has accelerated the process. All over the world today there are end users of refrigeration and HVAC who recognise the value of future-proofing their refrigeration technology to meet future legal requirements. To meet the needs of the market, Beijer Ref has adopted the strategic direction of becoming a global player that has manufacturing of environmentally friendly refrigeration technology on several continents. Today, Beijer Ref is a major player in the transition to environmentally friendly solutions in the refrigeration industry.

Part of the solution is to use technology that is based on natural refrigerants. For more than ten years, therefore, the group has been offering the market refrigeration units and heat pumps based on CO_2, propane and ammonia. The base for the OEM business is SCM Frigo in Italy. As demand for new environmental technologies is constantly increasing, the group has established additional OEM manufacturing. There are currently such operations in Italy, Sweden, France, the Netherlands, South Africa, Thailand, Australia and China.

EFFECTIVENESS IN THE SET-UP

The aim is to be at the forefront of developing new technology. To do this requires structure and efficiency. Various companies have therefore been given the task of specialising in developing technology based on a specific refrigerant. This has resulted in SCM Frigo in Italy being the main centre for R & D (research and development) and focusing on CO_2 while SCM Ref in the Netherlands develops solutions with ammonia. SCM Ref in Sweden builds units with propane as an environmentally-friendly refrigerant.

KNOWLEDGE OF EXPORT

The strategy also includes exporting European excellence to other SCM Ref establishments. Beijer Ref aims to develop knowledge centres on other continents, each of which provides its local markets with environmental technology. During the year, SCM Ref in South Africa started to manufacture the first units based on a design developed in Europe. In the future, a similar process will take place for OEM production in China. During the year, employees from Beijer Ref China have been given the opportunity to participate in the Beijer Ref Exchange Program. By spending a period at the plant in Italy and studying manufacturing methods and engineering, the goal is for the business in China to be able to produce environmentally friendly refrigeration systems for the Asian market. In Australia, too, a new facility is being prepared to take on this technology.

A MARKET SET TO GREEN

The transition to green technology is taking place with increased intensity with each year as we approach 2030. Even so, only a small part of the market has yet managed to replace or upgrade its refrigeration technology. Europe has gone furthest in its transition, but the conversion rate is still low. Also, more countries in Asia and Africa are introducing regulations on the phasing out of HFCs. A significant part of the market is still facing a transition. Beijer Ref is behind CO_2 installations at end customers based all over the world. During the past three years, for example, the group has delivered transcritical refrigeration plant to food chains not just in Europe, but also in Chile, Thailand, Australia, New Zealand, South Africa and China.

INNOVATION-DRIVEN CO_2

Beijer Ref is known for its innovative abilities with transcritical refrigeration plant. The group has developed new products in all price segments and for different types of operations. In 2019, sales of the smallest CO_2 unit, CUBO$_2$ Smart, have taken off. The unit is intended for small shops, petrol stations and restaurants, for example.

During the year, Beijer Ref has launched a new unit, a so-called Smart Booster. It is smaller in size than a standard booster and is primarily intended for the medium-sized segment.

Another innovation-driven project is to create so-called modular concepts. By developing standardised solutions,

it will be possible to pre-assemble the technology in Beijer Ref's plants and then complete the installation at the end customer, which means a substantial cost saving for the end customer. A modern CO_2 plant normally also needs new refrigerated display counters, which makes a green transition expensive in many cases. An innovation-driven solution to this is our cold carrier modules, which in some cases allow the customer to keep their current refrigerated furnishings while parts of the plant become 100% green. On the day the refrigerated counters and furnishings are replaced, the installer can easily convert the plant and get the maximum energy savings.

NEW PRODUCTION PLANT

The market's need for environmentally friendly technology has led Beijer Ref to invest in a new plant in Italy in order to meet capacity requirements. The new facility, which is being built, is approximately 13,000 m^2 and will include areas for production, storage and the Beijer Ref Academy training centre. It also provides opportunities to expand investments in both R&D and sales force. The plant will double Beijer Ref's capacity and has a green and sustainable profile.

In parallel with the market's growing interest in CO_2, the group's investments in technology based on ammonia and propane have also increased. All in all, this makes the OEM segment one of the group's fastest growing areas.

AMMONIA ON THE MOVE

SCM Ref BV in the Netherlands is developing refrigeration technology based on the natural refrigerant ammonia. The technology is mainly used in industrial contexts such as ice rinks and factories. The company has over 30 years of experience working with ammonia and developing solutions in close dialogue with installers and end customers. In this way, it is possible to develop tailor-made products that are adapted to the needs of the customers.

During the year, several innovation projects have reached the next level. Among other things, the work to develop a standardised ”low charge” ammonia unit has reached the launch phase. This is a new concept which will bring benefits in both production and sales to customers.

PROPANE INCREASINGLY POPULAR

Propane is also a natural refrigerant that is growing in popularity. SCM Ref in Sweden has taken on a leading role within the group in manufacturing propane-based heat pumps and air conditioning units. The work is innovation-driven and all development takes place in close cooperation with the operation in Italy. This has resulted, among other things, in a compact chiller that has generated a lot of interest in the market. The product has quickly become popular in the property market, among others, and property owners see advantages in implementing air conditioning that is environmentally friendly and energy efficient.

EXTENDED FILLING STATION

As a result of the investments in natural refrigerants, Beijer Ref has also invested in its filling station for refrigerants in Gothenburg. By investing in a new production line that can handle the natural refrigerants CO_2 and propane, the group can now develop its offering in the environmentally friendly programme, which provides a better market position and prepares Beijer Ref for the future. The fact that the group can now handle and take care of natural refrigerants on its own is a strength.

SHARING KNOWLEDGE

As natural refrigerants become more common, it is important that end customers, installers and service technicians around the world have the right skills to be able to work with them. In 2018, Beijer Ref therefore opened a training centre in Italy that is unique in the industry. It is called the Beijer Ref Academy and is fully focused on environmentally-friendly CO_2 technology. The teaching deals with both theory and practice and provides authentic experiences with specially built refrigerated and freezer rooms. The training has been greatly appreciated.

In 2019, Beijer Ref opened training centres with similar concepts in Lyon, France and in Wuxi, China. More academies, which also target green air conditioning, propane and HFOs that maintain a GWP value below 150, will be established. The plan is to open further academies in 2020.

A new vintage supply chain

Merging means efficiency.

For an international trading group, purchasing and logistics are important cornerstones of the company's strategy and business model. As Beijer Ref grows, it has been natural to review how the supply chain is structured. The result was a merger of the logistics and purchasing areas, which now form an organisation led by a CSCO (Chief Supply Chain Officer). The new department is intended to create additional efficiency throughout the chain. With short communication and decision-making paths between the team members, Beijer Ref will be able to work efficiently and decisively, with the aim of reducing the group's purchasing costs and moving working capital in a positive direction.

RELATIONSHIPS WITH KEY SUPPLIERS

Beijer Ref has long worked at creating long-term partnerships with leading suppliers in the industry. Each supplier is selected with care, and it is important that all their subcontractors can comply with the group's requirements for quality and delivery reliability.

The main task of the new Supply Chain organisation is to review and streamline everything from selection of suppliers to warehousing and transport. During the year, a review of the ever-growing supplier and product portfolio was carried out, with the aim of developing partnerships with the largest suppliers in each product category. Channelling higher volumes through strategic suppliers brings not only competitive prices, but also an opportunity for the group to guide the product range towards more environmentally sustainable alternatives.

REGIONAL FOCUS

The group's warehousing strategy has in recent years gone from having a national focus with a distribution centre in each country to having a more regional focus. Beijer Ref has therefore merged together warehouses in a number of markets and created distribution centres covering several companies. An example is the Beijer Ref Support Centre in the Netherlands, one of the group's largest distribution centres. There are currently national warehouses in Denmark, the United Kingdom, Norway and New Zealand. The future strategy is to regionalise, as is happening in Benelux. During the year, the number of distribution centres has decreased from 42 to 35, and the plan is to reduce further.

SMART BUSINESS SUPPORT SYSTEM

Another tool to increase availability, warehouse turnover speed and efficiency is to work with a common business support system, a BI (Business Intelligence) tool. The purpose of the system is to increase visibility throughout the entire chain. This gives Beijer Ref an opportunity to monitor stocks, plan purchases and improve service level to the customer. It also acts as a global tool for the group, which can provide insight into the suppliers' behaviour, which improves Beijer Ref's potential for cost-effectiveness.

REFINEMENT OF THE PRODUCT RANGE STRATEGY

In order to create even better product range control, Beijer Ref has introduced category managers. They work at central level on certain product categories such as tools, copper and HVAC. During

the year, the product categories were expanded to also include refrigerants, compressors and heat exchangers. Each category manager's responsibility includes setting out a product range strategy for the respective product category encompassing everything from defining what a product range is to contain to assessing demand, performing purchases, managing stock levels and finding the right sales channels. This optimises the supply chain for Beijer Ref, its suppliers and customers.

INVESTING IN OWN BRAND

During the year, Beijer Ref has also invested in its own private label products. The group will be launching various products under a group-wide brand – freddox. The brand will cover products such as tools and components and is intended to provide competitive offers of high quality. The Supply Chain department has appointed a category manager who, together with an international product manager team, will be responsible for the product line.

Supply Chain group at Beijer Ref HQ in Malmö, Sweden. From the left: Matthieu Rousseeuw, Jenny Löwkvist, Johan Bökman and Bojan Rubil. The group also includes Robert Schweig, Marco Curato and Marco Ruggenberg.

Smart digital solutions

Beijer Ref has been working for several years according to a plan that will create smart and digital solutions for logistics, purchasing and e-commerce. Common information and e-commerce platforms will provide the opportunity for efficiency and sustainable solutions that make as little impact on the climate as possible.

EVERYTHING RESTS ON A MASTER DATABASE

In order for all subsidiaries to be able to offer sales via e-commerce, Beijer Ref has created a central master database that handles all the group's articles,what is known as a Product Information Management (PIM) system. The PIM database stores products and their technical specifications, media and product documents. Through a local e-commerce module connected to PIM and the local ERP system (business system), customers can order the group's products via digital channels in real time. One of the challenges is to implement a new common article-code system for all group companies, work that is still ongoing. At the end of the year, approximately 50 per cent of all articles were stored in the PIM system. In 2019, the intensity of uploading article data has increased and in 2020 Beijer Ref will continue to focus on developing the database.

The same common article-code system is used in a BI system, giving Beijer Ref a number of advantages in addition to a coordinated article register for e-commerce. It also provides a total picture of articles in stock, which means that both inventory and purchasing can be streamlined. In the long run, this leads to lower capital tie-up and cost savings.

E-COMMERCE IS BEING EXPANDED

In parallel with the PIM system, Beijer Ref has begun the implementation of e-commerce modules in the group's subsidiaries. In 2019, e-commerce has been launched in the United Kingdom, Denmark, Norway, Finland and France. The aim is for e-commerce to represent at least 12 per cent of the group's total sales by 2023 and there is a plan with continuing high priority for which future companies will implement e-commerce in the coming years.

BUSINESS SYSTEMS RENEWED

To optimise the work of establishing e-commerce, Beijer Ref is working long term to create a common structure for business systems. This applies in particular to those subsidiaries where it is relevant to upgrade or change the business system. During the year, some of the group's companies in France, Germany, Italy, Australia and New Zealand have upgraded or installed new ERP systems. In 2020, a number of other companies will carry out similar projects.

The increasing spread of digitalisation is resulting in new behavioural patterns. Beijer Ref has an ambition to be available in what is known as omnichannel, which means that customers must be able to choose for themselves where they want to place their order or collect technical information.

Sustainability at all stages

For Beijer Ref, sustainability is an obvious prerequisite to work towards, in all parts of the group. This is how the business generates value – for customers, owners, employees, the environment and society. The starting point is the UN's sustainable development goals in Agenda 2030.

Working in a structured way with sustainability comes naturally to a group like Beijer Ref. The business has more than 150 years of history and much of the success rests on perseverance and decisions that last over time. The work has been developed to cover all parts of the organisation and today sustainability is a expressed and integral part of the company's strategy. This means that it affects everything from business model and strategy to organisation and product range.

FRAMEWORKS PROVIDE CLARITY

To clarify the strategic direction of sustainability work, Beijer Ref developed a framework in 2017 which is based on the UN's sustainable development goals in Agenda 2030. After an analysis, the group has selected five areas where Beijer Ref believes that the company can make the biggest difference. The framework then divides sustainability work into the categories environment, employees, business ethics and anti-corruption and responsible supply chain. At its heart are Beijer Ref's Swedish values in ethics and morals. This means that laws concerning human rights must be observed and internal working conditions must be based on healthy core values.

GOVERNANCE

The work on sustainability is carried out in accordance with environmental legislation, and the responsibility for performance lies at both central and local level. Head office provides general guidance on how the group and its companies shall work on sustainability commitments and sets up key figures. With relevant policy documents such as the code of conduct for employees and suppliers, subsidiaries shall be able to work towards achieving specified targets in each area. As a decentralised organisation, the group expects all companies to assume active responsibility for their local operations and the management of each company to have a committed approach to sustainability issues and to drive these forward.

THE ENVIRONMENT

Beijer Ref focuses sustainability work on the areas where the group can make the biggest difference. As an industry leader in several markets, it is natural for the group to wish to set the tone in pursuing issues concerning the development of technology for environmentally-friendly and natural refrigerants. 2019 has therefore brought about several important initiatives in product innovation and knowledge dissemination.

The basic premise for the development and deployment of environmentally friendly refrigeration technologies rests largely on the EU F-gas regulation, which provides for the global phasing-out of HFCs by 2030. In the refrigeration and air-conditioning industry, refrigerants are used that to various degrees have a negative effect on the ozone layer, as indicated in what is called GWP (Global Warming Potential). The players in the industry have a great responsibility to develop and spread technologies that instead use refrigerants that have no impact on global warming. Beijer Ref takes responsibility in developing technology that is adapted for natural refrigerants such as carbon dioxide, propane and ammonia, as well as synthetic refrigerants such as HFOs. The new phasing-out provisions mean that Beijer Ref is gradually increasing the production of environmentally-friendly products based on natural refrigerants. Innovation efforts have also intensified and resulted in a number of launches of new, smart and environmentally friendly refrigeration solutions.

New strategic business goal

The group has decided to set a new strategic business goal. The new goal is that sales of the group's own OEM products without ozone depletion and/or with low GWP, in relation to the group's total OEM sales, shall amount to 50 per cent or more by 2023.

The goal requires the group to expand its environmentally friendly OEM business. Beijer Ref has already established green OEM facilities at several locations in Europe. During the year, the green technology has also been implemented in Africa. The hub of the OEM business is still in Italy. From there, knowledge and experience are transferred to the other OEM units. The transfer of knowledge supports the group's efforts to constantly disseminate technology that is energy efficient and environmentally friendly.

Training is key

Another way to disseminate knowledge about natural refrigerants is training. When Beijer Ref launched the Beijer Ref Academy concept at SCM Frigo in Italy in 2018, the group was one of the first in the industry to take on the responsibility of training and demonstrating the practical use of the new, environmentally friendly technology based on the natural refrigerant CO_2. The training centre is a meeting place where both customers and employees meet and discuss important issues in the subject area. The training has been a success, and to meet the high demand, Beijer Ref inaugurated two new training centres in some of the group's largest markets in 2019. In France there is now a Beijer Ref Academy in Lyon and in China there is now a similar centre in Wuxi. The goal is to have six academies in total by 2023.

Other methods of contributing to a better environment include working to reduce the group's own direct impact through the efficient use of energy and other resources. Beijer Ref works at reducing the group's carbon dioxide emissions and gives its subsidiaries recommendations for concrete activities to perform to reduce environmental impact. The subsidiaries are then allowed to take responsibility for performing the activities that suit their businesses.

EMPLOYEES

Beijer Ref's employees are an important asset and add value regardless of position, geographical location or form of competence. As a global company, the group needs employees in many different functions and with different skills.

Beijer Ref strives to be an attractive employer for all employees by building an organisation that is based on common values. The core values include that the group is inclusive and cares about diversity as well as talent development, something that is also addressed by the group's core values – committed, engaged, straightforward and united. Guidelines for how the organisation should work with the value base are drawn up at central level, which then lead to various activities in the subsidiaries. This is also something that all new employees meet at an early stage. During the year, the HR department has developed an introductory programme that provides information about Beijer Ref's history, values and ethical approach. The introductory training is of course also intended to make it easier for new employees to quickly feel welcome.

Concept for exchange of experience

Beijer Ref also works in a structured way so that employees can build their skills and develop in their professional life, all in order to create a company that is strong for the future. One example is the Beijer Ref Exchange Programme, which gives a number of employees the opportunity to work at another of the group's companies for a period of time. The programme participants bring experience from other countries and cultures as well as new knowledge about the group's different activities and business models.

It is also an aim to increase diversity at all stages, and the proportion of women in leadership positions within the organisation shall be higher. A policy for gender equality, inclusion and recruitment has been developed for launch internally in 2020. Beijer Ref has also created training in gender equality that all employees with personnel responsibility undergo. By highlighting examples of activities within the subsidiaries that have successfully resulted in increased gender equality, and spreading them within the group, the companies will be inspired to act to achieve good results.

Safe workplace

All companies within the group must conduct systematic work environment activities. Beijer Ref has for many years had a policy in place, clarifying that all companies in the group must offer a safe, non-discriminatory workplace that promotes health and well-being.

It is the responsibility of each company to measure sick leave and accidents quarterly and to have a structured work environment that involves identifying occupational safety and health risks, conducting safety inspections and reporting sick leave and incidents. Beijer Ref monitors how much sick leave there is at each company.

BUSINESS ETHICS AND ANTI-CORRUPTION

Corruption is a risk for all companies and Beijer Ref works to create increased awareness internally so as to avoid irregularities. The main way to combat corruption is to continuously work to create a corporate culture in which each individual acts with integrity in line with Beijer Ref's values. The message must not be misunderstood - all employees and

THE SUSTAINABLE DEVELOPMENT GOALS PROVIDE DIRECTION

Beijer Ref sees the opportunity to be able to influence a number of the 17 sustainable development goals in Agenda 2030. Goals that are particularly important for the group and directly linked to the company's mission and business are as follows:

8. Decent work and economic growth

The working environment and good working conditions for our employees are priority areas. Our code of conduct requires our suppliers to do the same. With good products and clear installation instructions we ensure that we take responsibility that our customers, the installers, also have a safe working environment.

13. Combating climate change

Beijer Ref works actively to minimise its own and the industry's climate impact. By taking on leadership when it comes to developing refrigeration technology based on natural refrigerants, we help to reduce the use of environmentally-damaging HFC refrigerants, which have a negative impact on the ozone layer when they are released.

Our environmentally-friendly products
We develop our own product series based on environmentally-friendly refrigerants.

Reducing carbon dioxide emissions
Beijer Ref puts forward proposals for activities that can be implemented to reduce carbon dioxide emissions. The different countries then take responsibility for implementing the method that suits their businesses.

5. Gender equality

We are working on information and activities to increase the proportion of women in senior positions and influence diversity in a positive direction at all stages.

12. Responsible consumption and production

We spread our expertise in environmentally friendly refrigerants within the group and to our customers. We set aside resources to educate our customers, suppliers and employees in environmentally-friendly technology.

16. Peace, justice and strong institutions

We apply high ethics and morals in our work and have zero tolerance for bribery and unethical behaviour. Ethical guidelines have been developed that all employees must live up to. We have also developed a training programme in business ethics that many have already completed in 2019 and which will have reached out to all employees by 2021. Whistleblower functionality has been implemented throughout the organisation and counters serious violations.

others acting on behalf of the company must act in accordance with the group's ethical guidelines, and the group has zero tolerance for corruption and other unethical business practices.

The fight against corruption is dealt with in the internal code of conduct and in the supplier code of conduct. Any form of irregularity or fraud shall be identified and investigated as early as possible. All employees shall be able to notify if dishonest practices exist and may do so through a whistleblower function. Information about this function has been translated into the local languages of each country. It is important that all employees feel confident that the notifications are received and handled correctly.

More e-learning courses

Each company is responsible for ensuring that the rules on ethical guidelines and whistle blowing are passed on to the employees. To ensure that the information addresses all the ethical requirements of Beijer Ref, the group has implemented group-wide training. It addresses issues such as ethics and morality, anti-corruption and avoiding bribery. In the future, the group will create more targeted training courses, which are adapted to different markets and job positions. The goal is for all employees to have been trained in business ethics by 2021.

RESPONSIBLE SUPPLY CHAIN

In 2019, Beijer Ref made good progress in achieving responsible purchasing from main suppliers. The group has already produced a central code of conduct for suppliers, valid for the business partners of all companies. This lists the group's requirements in areas such as human rights, social and labour law conditions, business ethics and anti-corruption. The code shall be seen as a tool to be used actively in dialogue with suppliers. During 2019, Beijer Ref continued to implement the code of conduct among suppliers, and the goal of reaching the 100 largest suppliers was achieved during the year.

Local collaboration

Beijer Ref is a global company that contributes to the development of the local communities the group operates in by creating jobs and doing business with local players. The work is based on the subsidiaries working on sustainability on their own. Partnerships, local collaborations and close relationships with other organisations that in various ways support Beijer Ref's core values are therefore encouraged by the group.

SUSTAINABILITY REPORT

In addition to this section, our sustainability report also consists of the information contained on pages 12 (Business Concept), 19 (Non-financial goals), 22-23 (Green Growth) and 40-41 (Our Values).

AUDITOR'S STATEMENT ON THE STATUTORY SUSTAINABILITY REPORT

To the annual general meeting of Beijer Ref AB (publ), corp. reg. no. 556040-8113

Assignment and distribution of responsibility

It is the board that is responsible for the sustainability report for the year 2019 on pages 28-33 and information on pages 12, 19, 22-23 and 40-41 and for ensuring that it is prepared in accordance with the Annual Reports Act.

The direction and scope of the investigation

Our investigation has been performed according to FAR's recommendation RevR 12 Auditor's statement on the statutory sustainability report. This means that our investigation of the sustainability report has a different approach from and a much smaller scope than an audit in accordance with International Standards on Auditing and generally accepted auditing practice in Sweden. We believe that this investigation provides us with a sufficient basis for our statement.

Statement

A sustainability report has been prepared.

Malmö, 25 March 2020
PricewaterhouseCoopers AB

Cecilia Andrén Dorselius
Authorised Public Accountant
Chief auditor

Mikael Nilsson
Authorised Public Accountant

INCREASED GENDER EQUALITY

Promoting gender equality in a male-dominated industry requires insight, goals and an action plan. At Beijer Ref UK & Ireland, they took things into their own hands and today CEO John Billson is leading a business that basically has equal distribution between female and male employees in key positions.

"In the mid-1990s, it was clear to us that our industry was generally too male-dominated and it would be refreshing to have a better gender mix within our own company. This was particularly widespread in the areas of branch management, sales technology and technical knowledge. We set clear goals and carried out specific actions. Among other things, we encouraged our female employees to apply for vacancies for sales engineers. This meant that by the end of the nineties at least four female sales engineers had been hired. They all received training from a regional sales manager and the result was good, but we want more.

In 2000, we decided to have our own internal Trainee & Sales programme with a team consisting of 50/50 male and female employees. This was a two-year programme that included both practical and theoretical training. It also included trainees who worked closely with our suppliers and customers.

In the years that followed, our programme led to our having a sales technology team that consisted of as many female as male employees. The rapid growth in our sales brought opportunities for marketing. This meant that we had vacancies in sales and branch management and eventually also in the management team responsible for our companies in the United Kingdom. The program meant that we now had a number of competent female employees who could apply for the positions.

We now have satisfactory gender equality in sales and in branch and regional management. The management team includes a number of female employees.

The key to an equal company for us has been to hire and train from within. We are also always aware that we must work actively to continue to maintain a fair gender balance.

Today, our gender equality work continues by having a training programme for sales in both the wholesale part and our MHI companies which we encourage our female employees to participate in. One area that we still notice is less attractive to women is the technical support team. To counteract this, we talk to colleges and schools to inform students at an early stage about the opportunities in our industry and our company, so as to inspire them, and especially girls, to educate themselves to be able to take on our issues. From the outside, the industry can be seen as far from exciting, but that is not the case! We therefore continue to spread knowledge and marketing through education and information to our young people, to encourage them to seek out our industry."

Market trends

Growing demand for environmentally friendly technologies.

Beijer Ref has a presence in Europe, Asia, Africa and Oceania. The group has a strong position in all markets, although Europe is the base and home market. The market is fragmented and the competitors are mainly made up of local players.

Beijer Ref has the ambition to be the market leader in every market in which the group is represented. Examples of competitors in Europe are Ahlsell in Sweden and Denmark, Reiss and Fischer in Germany, Wolseley in the United Kingdom and Pecomark in Spain and France. The HVAC market, which is even more fragmented than the refrigeration market, is dominated by Asian manufacturers such as Toshiba, Fujitsu, LG, Samsung, Daikin, Mitsubishi Heavy Industries and Mitsubishi Electric. Depending on their distribution strategy, they can also be competitors of Beijer Ref.

THE REFRIGERATION MARKET

The market for refrigeration can be divided into two main areas - commercial and industrial refrigeration. Beijer Ref is the world's largest refrigeration wholesaler in these areas. The commercial refrigeration segment has many familiar products such as compressors, heat exchangers, refrigerants, control systems and associated components. End customers include, for example, food shops, cafés and hotels. Industrial refrigeration includes process cooling, among other things.

MEGATRENDS DRIVE THE MARKET

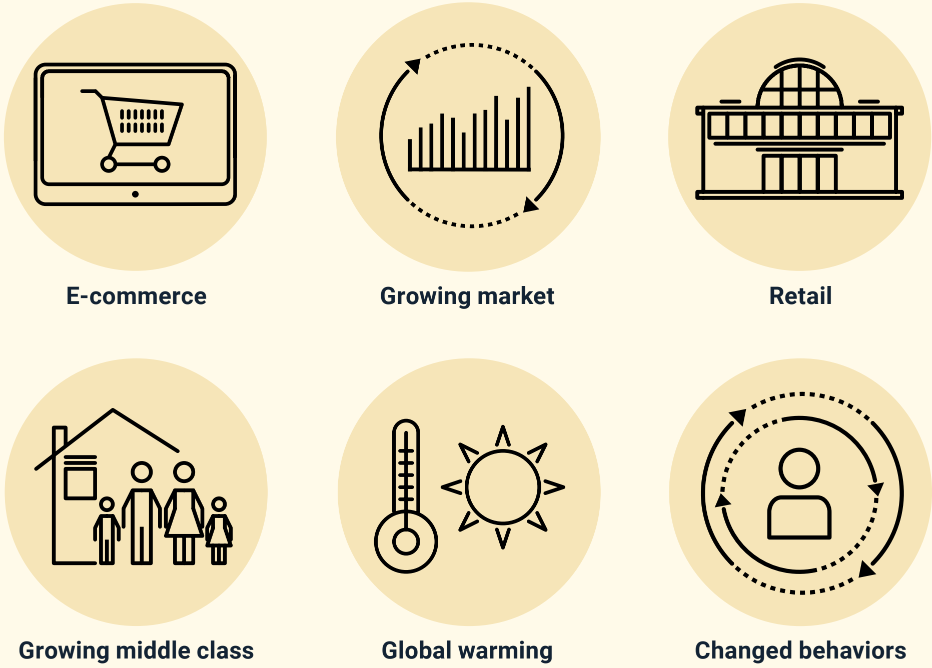
Growing market

The market for commercial refrigeration is driven by a number of factors and megatrends. Changing behaviour in respect of food is one example. The urbanisation and higher disposable incomes of recent years have led to an increase in demand for chilled and frozen ready meals. All in all, this is contributing to an investment need and increased demand in both traditional food retailing and in totally new retail categories. When the shopping is bought online, refrigeration in transport is also important. To summarise, this requires more refrigerated display counters and extended distribution facilities. The market for commercial refrigeration is relatively insensitive to economic fluctuations because it is related to food.

Global warming in focus

When the Paris Agreement was reached in 2015, it was decided that vigorous action must be taken to ensure that global warming does not exceed 2 degrees by 2100. In October 2016, 170 UN countries met in Kigali to agree on a supplementary agreement to the Montreal Protocol. According to the agreement, the countries signing are expected to reduce the production and use of HFCs by approximately 80-85% by 2045. By the end of 2019, more than 90 countries had signed up, about 70 of which are outside Europe.

The UN countries have since held a number of new climate meetings, the most recent of which took place in Madrid in Spain at the end of 2019. Discussion continued on how to measure and compare the work of the various countries in order to prevent further climate change. Once again, it was pointed out that the climate situation is acute and that efforts are needed from all countries to reduce global warming. The UN's assessment remains that the global average temperature will rise by at least 3 degrees by the end of the century. Emissions from different refrigerants are a significant factor in global



warming. A large responsibility therefore rests on the industry as a whole.

Gradual phasing out of F-gases

One of the key components in a refrigeration system is the refrigerant. It diverts heat and thus contributes to the cooling process. Historically, many refrigerants have been based on hydrofluorocarbons, known as F-gases. When these F-gases are released, or leak out, into the atmosphere they contribute to the greenhouse effect in a similar way to carbon dioxide emissions. One difference, however, is that some of the F-gases are significantly stronger greenhouse gases than carbon dioxide - up to 4,000 times stronger. The gases remain in the atmosphere for hundreds of years. To put a brake on global warming, the EU introduced an F-gas regulation on 1 January 2015. It successively prohibits refrigerants with a high greenhouse effect. ,The new rules aim to reduce emissions of F-gases by almost 80% by 2030 in relation to 2015 levels.

As a complement to the natural refrigerants, researchers and companies are working to develop alternative, environmentally friendly, synthetic refrigerants that do not damage the ozone layer and do not contribute to the greenhouse effect.

More countries introduce quota systems

Australia also introduced a quota system for F-gases with effect from January 2018. Phasing-out is managed by applying annual import quotas that gradually decrease over an 18-year period. By the end of a period extending to 2036, only 15% of the 2016 levels should remain. The phasing-out applies only to bulk imports of HFC gases in cylinders and does not apply to air conditioning and refrigerators. New equipment with alternatives to HFCs will come onto the market as they are replaced.

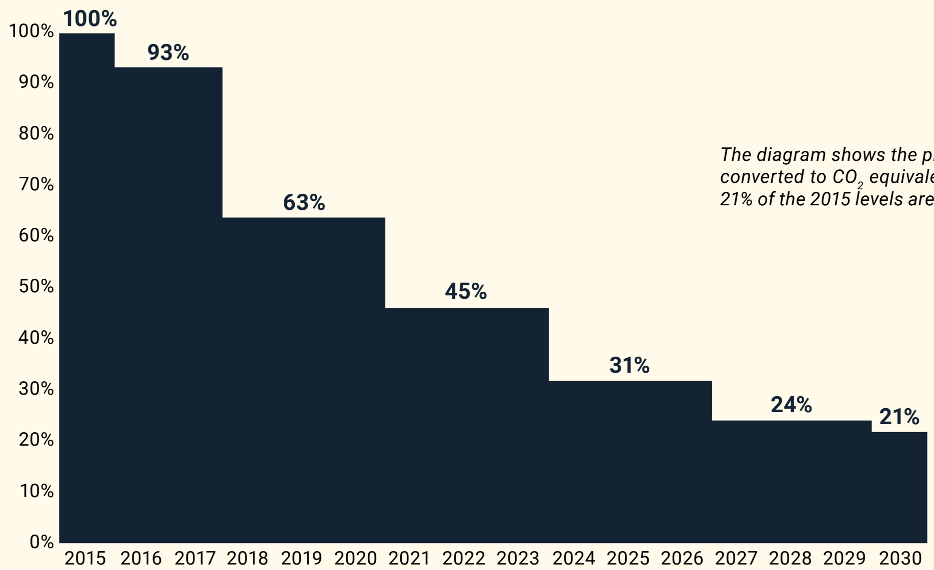
The new rules on phasing out F-gases place increased demands on existing refrigeration plants. A large number of refrigeration installations across Europe will therefore need to be replaced or rebuilt, which will affect the market. Beijer Ref can meet this increased demand through the OEM area of its business. The group has the competence and the capacity to build efficient systems and installations based on environmentally friendly refrigerants. Beijer Ref has long specialised in refrigeration technology based on natural refrigerants, such as CO_2, which is mainly used by the food industry. The group has also established regional knowledge centres for both propane and ammonia. As a further environmentally friendly alternative, Beijer Ref also works with HFO gases - fluorine-based gases with a low GWP value. They can become an option if the food industry wants to maintain the traditional cooling technology when HFC gases are only available to a limited extent.

Growing demand for environmentally friendly technologies

Europe and in particular the Nordic countries are leading the way in the transition to environmentally-friendly refrigeration technology, which gives Beijer Ref a strong position, as these have traditionally been the group's home markets. The group is also seeing increasing demand in other non-European markets.

The transition to new technology has begun, although it is still in its infancy. The EU resolution and the UN's decision mean that there will be a wide-ranging restructuring of the refrigeration indu-

Phasing out CO_2 equivalents within EU

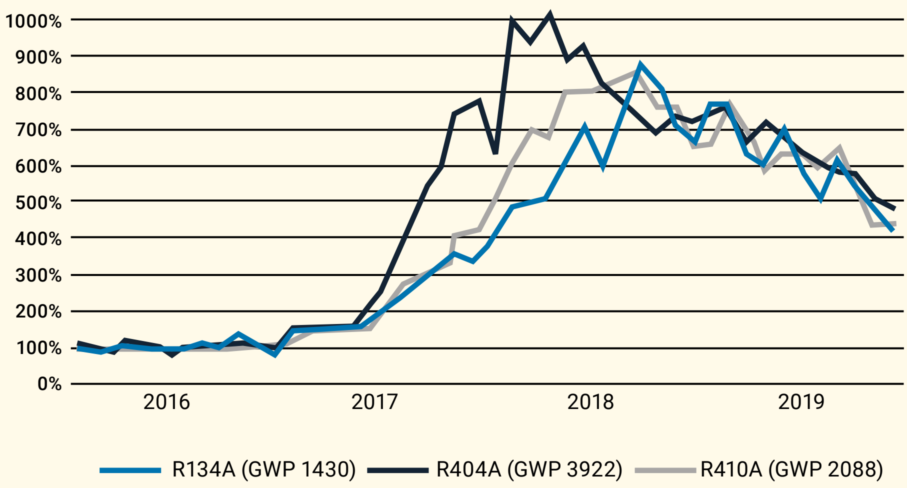


The diagram shows the phasing out of refrigerants, converted to CO_2 equivalents, until 2030 when only 21% of the 2015 levels are to remain.

stry over the next few decades, with a major need to invest in environmentally-friendly refrigeration technology as a consequence. Managing the transition within the defined time frame could be a challenge for many countries as the supply of F-gases decreases.

CO_2 equivalents regulate the market

The F-gas regulation regulates the sale of refrigerants in the EU and controls the pace of phasing out of conventional refrigerants (HFC) with new, environmentally-friendly alternatives. The phasing-out programme which began in 2015 is occurring in stages, as shown in the figure above. To equate the different gases that have unique characteristics, and thus affect the environment to varying degrees, they are converted into a common unit, known as the CO_2 equivalent. A CO_2 equivalent indicates how much carbon dioxide would have to be emitted to have the same effect on the climate. The higher the equivalent, the greater the negative impact on the gre-



Price trend within EU of some of the most common refrigerants during 2016-2019.

enhouse effect. The phasing-out therefore means that the high-equivalent refrigerants (with a high global warming potential or GWP) must be replaced right at the start of the phasing-out programme with either a more environmentally-friendly substitute or a new sustainable refrigeration installation.

There was a significant reduction in CO_2 equivalents in 2018 which led to a reduced supply of refrigerants, something the market was not ready for. The decline in the supply of refrigerants prompted sharp price increases in the autumn of 2017 which caused unease in the market. The price trend is shown

in the diagram above. Price increases slowed in early 2018 but remained at a historically high level. Price levels then gradually fell back, and the trend has remained downwards in 2019. The main reason has been that the market has been affected by illegal imports from non-EU countries. Leading stakeholders estimate that this amounted to approximately 20 per cent of the distributed volumes in 2019. ,It is reasonable to assume that prices may vary until 2030 when the phasing-out is expected to be completed. However, prices are expected to be at a historically high level.

The next large reduction in permitted CO_2 equivalents will be in 2021. What is happening in the market is uncertain but a probable scenario is that prices are rising due to the decline in supply. In the meantime, the market is preparing by converting either to more environmentally-friendly temporary solutions or to fully sustainable solutions, which is expected to lead to a more controlled process than the corresponding reduction in 2018.

Growing middle class

There are several factors in the comfort cooling (HVAC) segment that are driving an increase in demand. The installation of heat pumps and air conditioning in the home is becoming more common, even in northern parts of Europe. The technology is increasingly being acknowledged to be energy-efficient, safe and eco-friendlier than other alternatives. The trend in the heating segment is moving towards replacing traditional oil and gas boilers with far more energy-efficient air/water heat pumps. All in all, this benefits demand for Beijer Ref's products. The growing middle class in Asia also contributes to increased demand for comfort cooling, which according to studies has a direct link to a perceived increase in quality of life. The same holds true for Africa, where the middle class is expected to grow strongly over the next few years, which means that many more will have the opportunity to buy air conditioning. What the markets have in common is that demand for new installations is to a large extent affected by the general economy, while demand for repair and maintenance work is more stable. The regulatory changes also affect all countries, albeit in slightly different time frames.

Digitalisation produces effects

E-commerce is growing in line with increased digitalisation, including in Beijer Ref's market. Artificial intelligence and new types of sales channels and operators will become increasingly common. This ultimately creates greater availability for the products and services of the refrigeration industry, which also drives demand and requirements for short delivery times.

Brands that build value

Long-term relationships provide sustainable growth.

Beijer Ref functions today primarily as a trading group that warehouses and supplies the market with more than 100,000 articles in refrigeration and air conditioning. This requires both market knowledge and relationship building in several stages. Having long-term and close partnerships with quality suppliers is therefore an important part of the business strategy.

UNIQUE PRODUCT PORTFOLIO

Over the years, Beijer Ref has carefully built up a strong supplier network, with a product portfolio that draws goods from more than one hundred suppliers and brands. The mix of brands and suppliers has been carefully composed and provides Beijer Ref with unique breadth in its product range. The size of the supplier network also means that the group has an independent position in the market. The product portfolio contains brands covering the whole spectrum from the low price segment to the premium level. Each market must be able to provide customers with at least two strong and well-known brands in each product category.

The suppliers in turn have access to Beijer Ref's extended and global distribution network and customer base. Beijer Refs's strength lies in having flexibility in its supply chain, which can meet the needs of most suppliers.

IMPORTANT SUPPLIER AGREEMENTS

The brand portfolio is based on agreements with certain strategic suppliers. The biggest of these is the agreement with Toshiba, which was signed in 2011. This means that Beijer Ref now has exclusive rights in 11 European countries for the distribution of Toshiba's air conditioning installations and heat pumps. Toshiba is a leading brand in Europe and is known for high quality and low energy consumption. Beijer Ref is also responsible for marketing the brand to end customers in the European market. The group has a number of important distribution agreements. One of these is with the world-leading American refrigeration group Carrier. This agreement grants Beijer Ref rights to sales and service of the brand's comfort cooling products in most European countries and in South Africa. The agreement was established in 2009 in connection with Carrier becoming the largest shareholder of Beijer Ref. In South Africa, the group's subsidiary Eurocool became the official distribution agent for Gree products during the year. The Chinese HVAC brand Gree has become one of the largest global air conditioning manufacturers over the past decade.

Beijer Ref also has a distribution agreement with the Japanese market leader Mitsubishi Heavy Industries (MHI), which gives the group rights to sell the brand's air conditioning products in Spain, Portugal, the Nordic region, the United Kingdom, Australia, New Zealand and the Netherlands. During the year, cooperation has intensified, which has also produced results in terms of increased sales and market shares. Continuously cementing effective partnerships is part of the business strategy. This provides an even better market position and stronger guarantees of availability.

Other brands that Beijer Ref offers are Danfoss, Bitzer, Embraco, Alfa Laval, Tecumseh, Honeywell, Lu-Ve, Cupori, Carel, Panasonic, Armacell, Gree and Daikin.

OWN BRANDS

Beijer Ref also develops its own brands. SCM and CUBO are two examples that stand out in environmentally friendly CO_2 refrigeration technology. In 2019, preparations began for the launch of a new brand – Freddox. The brand will include products such as tools and components. The official launch takes place in 2020. The brand will be an option in Beijer Ref's range, and will be able to give customers a competitive offer.

Egna varumärken

Our values

Strong values unite.

For Beijer Ref, the employees are the company's most important resource and the group is keen to be perceived as an attractive employer where the goals are high and the commitment is strong. All employees shall have the opportunity for development. This requires the group's managers to act as role models who can both support and challenge. The overall aim is to create a sustainable Beijer Ref that is driven forward with passion and dedication, both now and in the future.

DIGITAL CHANNELS

Over the past year, Beijer Ref has working on various activities to raise awareness of the group as an employer. By using several digital channels to communicate with stakeholders, more and more people are being reached, both externally and internally. LinkedIn has become a significant channel in which the group publishes news and it is also partly used as a platform for recruitment.

CORE VALUES THAT UNITE

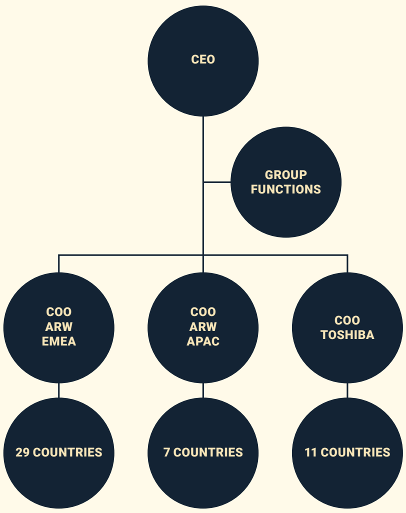
Beijer Ref's company culture is based on a long tradition of entrepreneurship. The company has a history of just over 150 years and over this time the company's main focus has changed. Yet there is a Beijer spirit that endures - for decade after decade. It can be summarised in four core values that serve as a guide for all employees - committed, engaged, straightforward and united. These values are important in the work to promote diversity and inclusion, which are areas that have a high priority in Beijer Ref's organisation and are a prerequisite for the group's ability to create value.

Together, the values stand for the employees' commitment and loyalty to the group's stakeholders, a devotion to always offering the best products and the best service. The values also describe a concern, about each other and the world around us, including from a sustainability perspective. It shall also be straightforward to do business with Beijer Ref, with clear and short decision paths. Communication shall be straightforward, consistent and reliable. Being present in many continents shall be an advantage, without being complex. Above all, it is Beijer Ref's conviction that every part of the organisation plays an important role in creating success, and that performance is the result of team effort.

It is important that the values permeate the entire business, and Beijer Ref works actively to bring the core values into our various processes and activities so that they become a natural part of our day-to-day work. The values are an important part of all recruitment processes and thus become a guideline when Beijer Ref is looking for new talent.

PLAN FOR DEVELOPMENT

To ensure the development and awareness of employees, it is Beijer Ref's aim that all white collar shall have had



annual appraisal interviews by 2022. In addition to individual development plans, follow-up on ambitions, evaluation of actions linked to the values and clear leadership shall contribute to stimulating employees who thrive in their workplace.

Beijer Ref encourages all forms of exchange of knowledge and experience and has during the year arranged for employees from different companies and markets, but who work in the same field, to have the opportunity to meet and discuss best practice, goals and strategy. As a natural part of promoting intra-group cooperation, English is used as the main language, with a specially developed English Language Strategy.

BEIJER REF EXCHANGE PROGRAMME

With the aim of further strengthening the Beijer Ref spirit, the group has launched an exchange programme. The programme means that the subsidiaries may nominate employees who, if they are selected, work on a specific project at another subsidiary in another market for a specified period of time. The employees selected to participate are able to develop new skills while experiencing different business environments and cultures.

The first programme was launched in autumn 2019. Evaluation showed very positive effects where the exchange of knowledge received high scores for both the employees and receiving companies. The programme will continue and will restart with new groups every two years.

The Beijer Ref Exchange Programme shall lead to the following:

- Valuable knowledge sharing and increased cooperation within the group at all levels
- Professional development for the group's employees by enabling them to gain international experience
- The image of Beijer Ref is strengthened by showing that the group prioritises personal and professional development
- Networks are being built between the group's subsidiaries and their employees, in accordance with the core value 'united'

A DECENTRALISED ORGANISATION

Beijer Ref has always worked according to a decentralised organisational model, a factor that has been important for the group's success over the years. This means that local management has the authority to make decisions. The goal is to create effective local companies that work closely with their markets and receive the support they need from head office. Of around 3,900 employees in the group, about 25 work in central functions. They work to implement the business strategy and handle typical staff functions such as finance, HR, legal, sustainability and logistics. Ongoing management is performed through representation on local boards, a well developed reporting system and close dialogue.

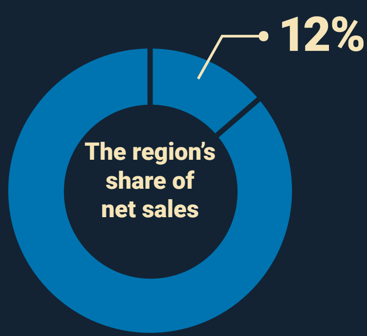
Nordic region

Denmark
Finland
Norway
Sweden

Net sales, sek m
1 817

EBIT, sek m
279

ROWC, %
51



INCREASING DEMAND FOR GREEN TECHNOLOGY
The Nordic region is the region where the transition to new green refrigeration technology has come furthest. Nevertheless, the assessment is that most of the conversion remains to be done. During the year, the group sold a number of refrigeration plants that use CO_2 and propane, and demand for such solutions is growing. It is especially the group's trans-critical refrigeration plants and the smaller CUBO$_2$Smart system that have received a lot of attention. Propane-based heat pumps designed for heating and ventilation of buildings have also generated a lot of interest.

INVESTMENT IN FILLING STATION
The increased demand for natural refrigerants has led Beijer Ref to decide to invest in a new production line at the filling station in Gothenburg. This means that in the future it will be able to provide the group's companies with CO_2 and propane, which extends our range on the market.

The Nordic HVAC market also continues to grow. During the year, cooperation with MHI has yielded good results and has led to an increase in Beijer Ref's sales in the segment.

EFFICIENCY IN FOCUS
During the year, Beijer Ref has performed activities to achieve efficiency improvements in logistics and purchasing. In Norway, a new central warehouse has opened and a new platform for e-commerce was launched in Denmark, Finland and Norway.

Central Europe

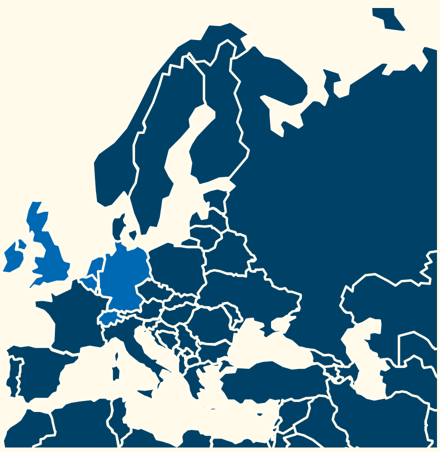
NETHERLANDS IS THE REGIONAL HUB

This region consists of a number of large markets, with the Netherlands now representing a regional hub, with the opening of the logistics and support centre in Eindhoven. The centre provides an effective hub for nearby markets so as to manage the logistical flow in a modern and sustainable way. The centre also provides conditions for concentrated efforts in sales and product development. During the year, production of the group's ammonia chillers was further developed and standardised. Sales in HVAC have increased by almost 50 per cent, which can be attributed to a growing market, an efficient organisation and successful partnerships with suppliers.

The group's companies in Germany have not shown the same growth and during the year new management has been appointed. With the new management in place, expectations are that Beijer Ref will strengthen its position in the market in the coming years.

Sales of HVAC in the United Kingdom, the Central Europe region's largest market, have also reached new sales targets during the year. It is primarily the cooperation with MHI that has produced results, and Beijer Ref has exclusive rights to distribute the brand in the United Kingdom and the Netherlands. The OEM segment has also grown during the year and market demand to upgrade existing refrigeration and HVAC technology is growing. Beijer Ref has also gathered purchasing and logistics together at the unit in Leeds.

The drive to launch new e-commerce continues and all companies in the United Kingdom will have the new platform installed in 2020. Brexit is expected to have a marginal impact on the company's development. Beijer Ref has been proactive in its preparations and has had frequent dialogues with the suppliers concerned.



Belgium
Germany
Ireland
Netherlands
Switzerland
UK

Net sales, sek m

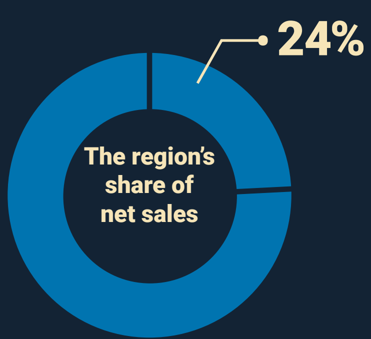
3 489

EBIT, sek m

277

ROWC, %

28



Southern Europe

France
Italy
Portugal
Spain

Net sales, sek m

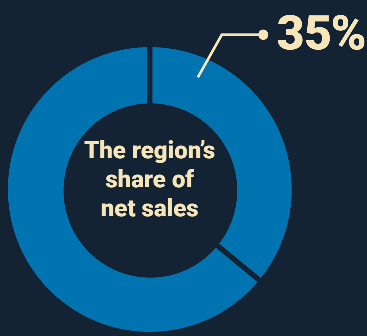
5 249

EBIT, sek m

449

ROWC, %

28



Beijer Ref's companies in the Southern Europe region have concluded a successful 2019. The HVAC segment has seen strong development in all countries. Toshiba, in particular, has had a year of strong growth. Sales of the group's other brands in the segment, such as Carrier and MHI, have also increased.

In France, which is Beijer Ref's largest single market, the group's companies have had good sales development in all segments. The market is strong and relatively advanced in the transition to environmentally friendly refrigeration technology. During the year, the group's sales of green products increased. Overall, Beijer Ref is the market leader in the French market.

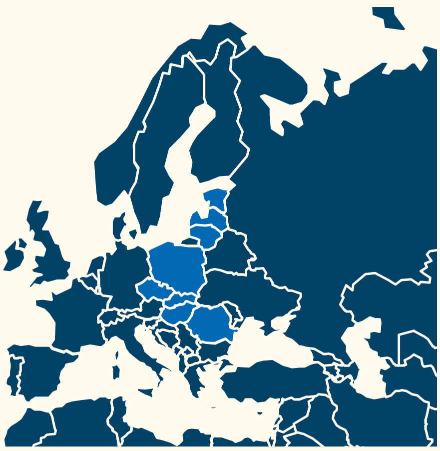
In general, there is a strong demand for green refrigeration technology in the region and in Italy the investment in OEM continues. During the year, Beijer Ref decided to build a brand new, green plant of 13,000 m^2 outside Padua, which will be able to manufacture the group's technology for CO_2. In addition to production, the facility will also house warehouses and the Beijer Ref Academy training centre. The facility will be completed in Q1 2021.

Eastern Europe

In the Eastern Europe region, Beijer Ref has established the majority of its operations on its own. Today, the group is the leader with its presence in eight markets. In order to further strengthen the market position, all operations in Latvia and Lithuania changed their name to Beijer Ref during the year, which means that both subsidiaries and branch networks are now marketed under the same name.

The F-gas regulation is driving demand for more environmentally friendly technologies. Estonia and Poland, in particular, have developed well during the year, selling a record number of CO_2 transcritical units. In Romania, Beijer Ref has started offering recycling cylinders to be used for retrofitting refrigerants with a low GWP. Sales of ammonia-based chiller systems for industrial refrigeration have also had success. For 2019, growth in the region's OEM sales totalled over 30%.

Sales of indoor air conditioners have also increased sharply. Cooperation with Carrier has been particularly successful in a number of the countries and sales of Toshiba's products in Poland have also increased during the year.



Czech Republic
Estonia
Hungary
Latvia
Lithuania
Poland
Romania
Slovakia

Net sales, sek m

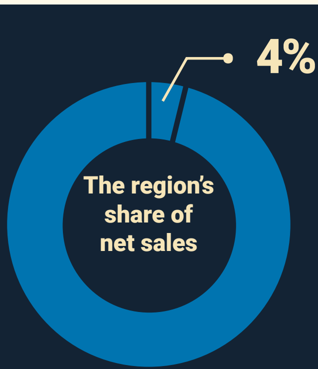
514

EBIT, sek m

53

ROWC, %

28



Africa

Beijer Ref region Africa, where the Group has been established since 2009, has had good sales and profit development during the year. Since the acquisition of one of southern Africa's leading refrigeration wholesalers, TecsaReco, was fully consolidated, the synergies have become apparent. During the year, a number of distribution centres have been merged into one, and coordination in purchasing, logistics and distribution has been successful. The result has been better customer service as well as better cost effectiveness and profitability.

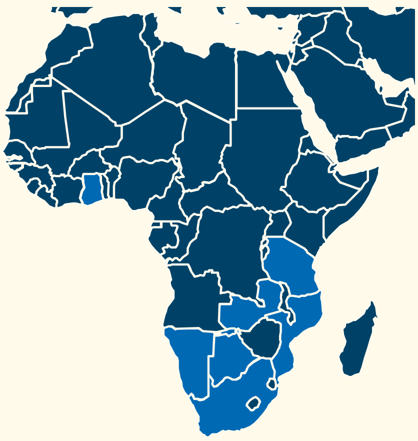
WIDER PRODUCT PORTFOLIO

The acquisition of Tecsa Reco also enabled Beijer Ref to widen its product portfolio, with more brands and product groups, which has been well received by the market. During the year, an agreement was entered into with the well-known HVAC brand Gree, which means that the group's subsidiary Eurocool is now the official distributor for the brand's products.

FORWARD FOR CO_2

Environmentally friendly refrigeration technology is also growing in South Africa, and Beijer Ref has worked actively during the year to build this technology according to its European model in this region as well. During the year, the company in South Africa received orders for CO_2 units that will be installed in 2020.

Beijer Ref is now present in seven African countries, so that there is less desire to establish itself in additional markets within the region.



Botswana
Ghana
Mozambique
Namibia
South Africa
Tanzania
Zambia

Net sales, sek m

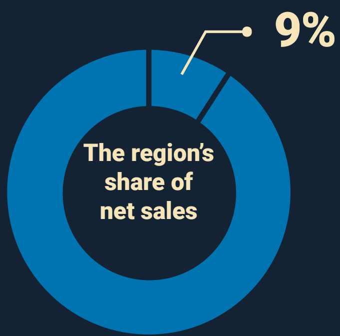
1 320

EBIT, sek m

119

ROWC, %

23



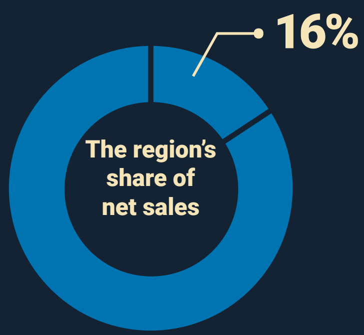
Asia Pacific

Australia
China
India
Malaysia
New Zealand
Singapore
Thailand

Net sales, sek m
2 428

EBIT, sek m
142

ROWC, %
17



CONSOLIDATION IN AUSTRALIA

When the group acquired Heatcraft, one of Australia's leading refrigeration wholesalers, Beijer Ref's sales in Asia Pacific doubled and the region became the second largest in the group after Europe. During the year, the business was integrated into Beijer Ref's group structure and also underwent a name change. The purchase included the rights to the well-known Kirby brand, and the company now goes by the name Kirby HVAC&R – a Beijer Ref company. As a further step in the consolidation, a lease agreement has been signed for a new support centre in Sydney. The new facility of 22,000m^2 will be Beijer Ref's new headquarters in Australia, also housing manufacturing and distribution centres, offices and training facilities.

Since Australia introduced a quota system for HFCs in 2018, interest in Beijer Ref's green technology has increased in the market. During the year, Beijer Ref won several orders for both transcritical CO_2 units and ammonia units. In China, too, demand for environmentally friendly refrigeration technology and natural refrigerants is increasing.

The share's performance

At year end, Nasdaq OMX Stockholm had risen by 29.6 per cent (-7.7) since the beginning of the year. The price paid for Beijer Ref's class B share rose during 2019 by 88.4 per cent (38.3).

SHAREHOLDERS

Beijer Ref's class B share has been publicly listed since 1983 and is currently on Nasdaq OMX Stockholm's Large Cap list. The share capital of Beijer Ref totals SEK 371,685,513, divided into 127,434,690 shares, each with a quota value of SEK 2.91. Beijer Ref had 8,750 (6,721) shareholders on 31 December 2019. There are two share classes: 9,918,720 class A shares and 117,515,970 class B shares. Each class A share represents ten votes and each class B share one vote. The proportion of foreign shareholders amounts to 4.5% (4.7%), corresponding to a capital shareholding of 59.8% (54.4%). The company's ten largest shareholders hold 63.8% (68.9%) of the votes and 78.3% (81.2%) of the capital. The distribution of ownership appears in the table on the next page.

GOOD LONG-TERM RETURN

The profit per share after tax totalled SEK 6.82 (6.07). Total return for the Beijer Ref class B share was 90.4 per cent, which may be compared with the SIXRX index, which had a return of 34.97 per cent. Over the last five years, the class B share has had a total average return of 50.3 per cent per annum. The corresponding figure for SIXRX index 2 is 12.0 per cent per year.

SHARE PRICE AND TRADING

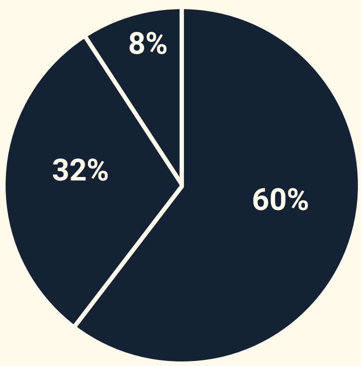
In 2019, a total of 48,575,044 Beijer Ref shares were traded (26,813,417). The total value of trading in the share was SEK 9,870,609,683 (4,566,937,865). The average daily trading volume was 194,300 (107,254) shares or SEK 39.5 (18.3) million. The average purchase price amounted to SEK 203 (171). The highest price paid during the year was recorded on 30 December at SEK 279 and the lowest on 31 January at SEK 137. The closing price on 31 December 2019 was SEK 275 (146).

At 31 December 2019, the company had a market capitalisation of SEK 35.0 (18.6) billion. More information about the Beijer Ref share may be found at www.beijerref.com.

SHARE DIVIDEND

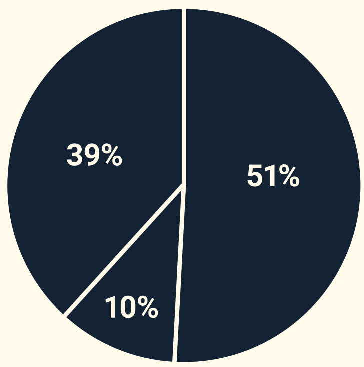
The Board of Directors has proposed a dividend of SEK 1.75 (3.00) for the financial year 2019, corresponding to a total dividend of SEK 221 (380) million. The proposed dividend corresponds to 26 (49) per cent of the group's profit after tax for 2019 and 5.2* (10.2) per cent of equity at year end. The direct yield, i.e. the proposed dividend as a percentage of the year's final share price, is 0.6 (2.1) per cent. If proposed dividend is decided, dividend will be paid in April 2020.

Share of capital, %



Foreign owners, 60%
Swedish institutions, 32%
Swedish individuals, 8%

Share of votes, %



Foreign owners, 51%
Swedish institutions, 10%
Swedish individuals, 39%

*) Total dividend in relation to equity before non-controlling interests

OWNERSHIP, 10 LARGEST SHAREHOLDERS AND OTHER OWNERS

on 2019-12-31	*A shares*	*B shares*	*Total*	*Votes*	*Capital*
Carrier	2 152 260	45 481 616	47 633 876	30.9%	37.4%
Magnusson. Joen (private and companies)	3 120 000	81 186	3 201 186	14.4%	2.5%
Bertland. Per (private and companies)	2 361 000	176 000	2 537 000	11.0%	2.0%
Jürgensen. Peter Jessen	1 681 860		1 681 860	7.8%	1.3%
SEB Investment Management		7 561 068	7 561 068	3.5%	5.9%
Fjärde AP-Fonden		6 398 033	6 398 033	3.0%	5.0%
Hain. Jan (private and companies)	480 000	355 000	835 000	2.4%	0.7%
Verdipapirfonde Odin Sverige		5 139 759	5 139 759	2.4%	4.0%
State Street Bank and Trust co. W9		3 282 017	3 282 017	1.5%	2.6%
Lannebo fonder		3 086 151	3 086 151	1.4%	2.4%
Total, 10 largest shareholders	**9 795 120**	**71 560 830**	**81 355 950**	**78.3%**	**63.8%**
Other owners	123 600	45 057 160	45 180 760	21.7%	36.2%
Shares in own custody	–	897 980	897 980		
Total	**9 918 720**	**117 515 970**	**127 434 690**	**100.0%**	**100.0%**
Votes			216 703 170		

SHARE DISTRIBUTION BY SIZE

Owners of	*Number of shareholders*	*Number of A shares*	*Number of B shares*	*Holding (%)*	*Votes (%)*	*Market value (sek k)*
1 - 500	6 753	–	632 917	0.50	0.29	174 179
501 - 1000	641	840	473 030	0.37	0.22	130 178
1001 - 2000	463	2 760	669 227	0.53	0.32	184 171
2001 - 5000	419	6 000	1 342 749	1.06	0.65	369 525
5001 - 10000	155	–	1 123 263	0.88	0.52	309 122
10001 - 20000	102	–	1 460 014	1.15	0.67	401 796
20001 - 50000	84	–	2 755 224	2.16	1.27	758 238
50001 - 100000	33	48 000	2 345 385	1.88	1.30	645 450
100001 -	100	9 861 120	106 714 161	91.48	94.75	29 367 737
Total 2019-12-31	**8 750**	**9 918 720**	**117 515 970**	**100.00**	**100.00**	**32 340 395**

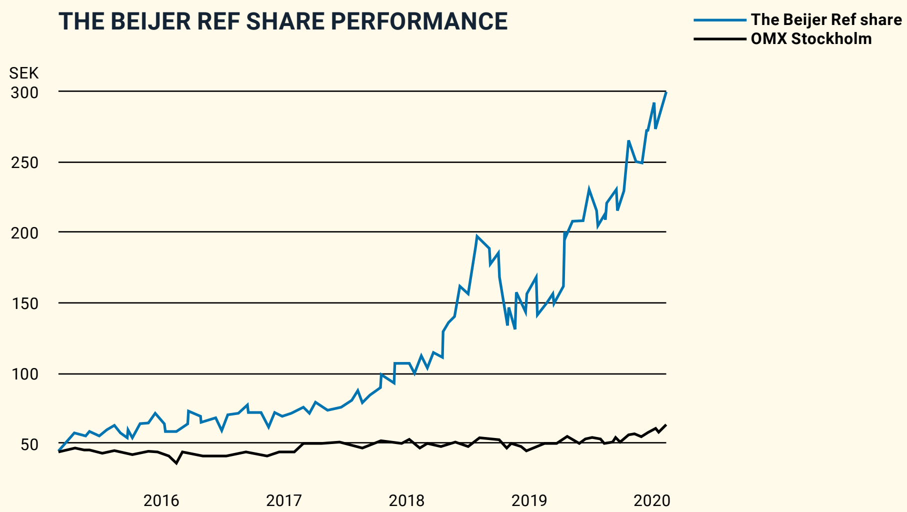
SHARE DATA* (sek)

	2019	2018	*2017*	*2016*	*2015*
Profit per share before dilution [1]	6.82	6.07	4.02	3.06	2.88
Profit per share after dilution [2]	6.78	6.04	4.02	3.06	2.88
Equity per share before dilution [3]	35	30	26	23	21
Equity per share after dilution [4]	35	31	26	23	21
Dividend [5]	1.75	3.00	1.92	1.83	1.75
Dividend as % of profit per share	0.26	0.49	0.48	0.60	0.61
Total dividend, sek m	221	380	244	233	223
Share price [6]	274.80	145.9	105.5	72.0	66.8
Yield, % [7]	0.6	2.1	1.8	2.5	2.6
Cash flow per share [8]	10.12	7.49	4.99	3.76	3.84
Number of outstanding shares	126 536 710	126 536 710	127 173 090	127 173 090	127 173 090
Average number of outstanding shares [9]	126 536 710	126 802 780	127 173 090	127 173 090	127 173 090

*) Share split as per April 25, 2018, Conversion of number of shares has been performed in order to enable comparability between the years.

Definitions
(1) Net profit for the year divided by the average number of outstanding shares
(2) Net profit for the year divided by the total number of shares
(3) Total equity at year end divided by the average number of outstanding shares
(4) Adjusted total equity at year end after exercise of option programme divided by the total number of shares.
(5) For 2019, in accordance with the Board of Directors' proposal
(6) At 31/12
(7) Dividend in relation to share price at 31 December
(8) Cash flow from the current operation before changes in working capital divided by average number of outstanding shares
(9) Average number of outstanding shares are calculated quarterly

OMXS PI, OMX Stockholm PI, an index which weighs together the value of all shares listed on NASDAQ OMX Stockholm.
SIXRX, SIX Return Index, the average development on NASDAQ OMX Stockholm, including dividends.



THREE GOOD REASONS TO OWN SHARES IN BEIJER REF

Beijer Ref's share has seen a sustainable development over the years due to a growing global presence. The company has been named in the Swedish business press as the company that has given the best total return in the last 20 years. For those who have been shareholders since the first listing in 1983, this has meant a good investment.

1. GROWING MARKET AND CLEAR SUSTAINABILITY PROFILE

The market is growing and favourable external conditions have a positive effect on the company. The business is relatively insensitive to economic fluctuations because most of the end products are intended for the food industry and a great deal is in the after-sales market. A growing population and an increasingly prosperous middle class also increase the demand, primarily for Beijer Ref's comfort cooling products.

Beijer Ref has the ambition to grow in both new and existing markets. Beijer's markets are characterised by still being fragmented, which means that there is still scope for consolidation. There are a number of geographical markets where the group is not represented today, but which may be possible in the future. Beijer Ref's growth target is based on the group's assessment that there is still great potential for both organic and acquisition-driven growth at a global level.

The market is also undergoing a technology shift, where end customers are converting to more environmentally-friendly alternatives for regulatory reasons. Beijer Ref is well positioned and has alternatives based on future green products, compared to the present system that is driven by refrigerants that have a negative environmental impact.

2. CLEAR FOCUS

Beijer Ref focuses on doing what the company is good at - delivering refrigeration and HVAC products. The company has a strong corporate culture with clear values. Entrepreneurship has always been one of Beijer Refs ' strengths and throughout the company's history the group has expanded its business through acquisitions. This has resulted in employees always focusing on developing the business by combining the best practices from each company to create something even stronger.

Beijer Ref's business concept is that the group companies worldwide have a common strategy and mission and also conduct their business with continuity. Internal coordination benefits in purchasing and logistics can always be developed further. The group's large distribution network with over 400 branches in some 40 countries worldwide creates the conditions for an effective distribution chain.

3. STABLE DEVELOPMENT

Beijer Ref is the world's largest refrigeration wholesaler. Over time, the share has generated returns above the index on NASDAQ and the company has distributed more than 30 per cent of the annual profit. This has been made possible by a strong balance sheet, a stable group of owners and continuity in management. Beijer Ref has had an average increase in sales of about 15% combined with an operating margin of between 7% and 8% and an average return on operating capital of over 15%.


Beijer Ref has outperformed the

The group in brief

The Board of Directors and the CEO of Beijer Ref AB (publ), corporate identity number 556040-8113, hereby submit the annual report and consolidated financial statements for the financial year 2019.

The Beijer Ref group is the world's largest global refrigeration wholesaler, focused on trading and distribution in commercial and industrial refrigeration, as well as air conditioning. The product range consists mainly of products from leading international manufacturers and also some manufacturing and assembly of the group's own products combined with service and support for the products.

The group creates added value by adding technical expertise to the products, providing knowledge and experience about the market and delivering efficient logistics and warehousing. The business is divided into six geographical segments: the Nordic countries, Southern Europe, Central Europe, Eastern Europe, Africa and Asia Pacific. Growth occurs both organically and through acquisitions of companies that complement our current operations and that can also widen the product range..

THE PARENT COMPANY'S ACTIVITIES

Beijer Ref AB is the parent company of the Beijer Ref group. The parent company exercises central functions such as group management, group finance, group-wide purchasing, logistics and corporate law. The company's registered office is in Malmö. The parent company reports a profit after tax of SEK 529 (403) million for the financial year 2019.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The company is listed on Nasdaq Stockholm's Large Cap with effect from 2 January 2019, which was an important milestone in the company's history.

During the third quarter, the company made a supplemental acquisition and bought the remaining shares in A&C Ref Parts CQ Patton Pty Ltd and now owns 100% of this company.

During the third quarter, the company decided to build a new production plant in Italy, which will double the company's OEM capacity.

Beijer Ref decided to bring together the operations Beijer Ref Australia and KIRBY HVAC&R into a joint facility in Sydney that includes logistics centre, branch, manufacturing, filling station and offices.

The filling station in Gothenburg has been expanded to be able to handle the natural refrigerant media CO_2 and propane.

SALES AND PROFIT

The group's sales increased by 14 per cent to SEK 14,817 (13,015) million. Organic sales growth was 4.4 per cent compared to the previous year. 2019 has been characterised by increasing demand for air conditioning and the OEM range. Prices of refrigerants have steadily declined, compared to 2018. Commercial and industrial refrigeration had sales of SEK 7,699 (7,532) million and accounted for 52 (58) per cent of total sales. Air conditioning had sales of SEK 5,586 (4,364) million and accounted for 38 (33) per cent of sales. OEM accounted for 10 (9) per cent of total sales.

The group's operating profit amounted to SEK 1,230 (1 085) million for the full year 2019. The group's net financial items amounted to SEK -56 (-31) million over the full year. The increase is explained to SEK 28m (0) of interest expenses attributable to IFRS 16.

Profit before tax amounted to SEK 1,174 (1,055) million and profit after tax amounted to SEK 873 (780) million for the full year. Profit per share was SEK 6.82 (6.07).

PROFITABILITY

Return on operating capital and capital employed was 17.8 (19.4) per cent and 15.9 (17.3) per cent respectively.

Return on equity was 21.4 (22.0) per cent.

INVESTMENTS, LIQUIDITY AND NUMBER OF EMPLOYEES

Cash flow from investment activities amounted to SEK -137 (-1,081) million, which is mainly explained by lower acquisition activity. Cash and cash equivalents including unutilised lines of credit amounted to SEK 1,184 (1,202) million at year-end. The company's total unused credit capacity was SEK 1,631 (1,433) million when the accounts were closed. Average number of employees was 3,869 (3,703).

CASH FLOW, FINANCING AND EQUITY/ASSETS RATIO

Cash flow from current activities before change in working capital amounted to SEK 1,280 (949) million. Net liabilities were SEK 3,207 (2,522) million. Equity amounted to SEK 4,369 million (3,785). The change in shareholder equity amounted to SEK 584 (491) million, which corresponds to the year's comprehensive income of SEK 1,008 (814) million after deduction of dividend to the parent company's shareholders of SEK 380 (244) million and effects from the introduction of IFRS 16 of SEK -32 (0) million.. Other differences consisted of transactions with shareholders without determining influence. The equity/assets ratio was 39.4 (38.4) per cent at year end.

RESEARCH AND DEVELOPMENT

Beijer Ref's presence in the market is important for the suppliers' research and development, so as to be able to develop more environmentally-friendly products in the future.

OUTLOOK FOR 2020

The stable demand for refrigeration products, and also for air conditioning systems, is expected to continue in 2020. The link to food distribution is a critical factor in the stability of demand for refrigeration products, as this is the largest end-user area. The fact that prosperity is increasing means increasing demand for the company's comfort cooling products.

Environmental aspects affect the market to a significant extent, and Beijer Ref is well-advanced in product development – so as to be able to meet the heightened environmental requirements and comply with the EU phasing-out programme.

2018 was an intensive year of acquisition, while 2019 was more a year of consolidation. Activity aimed at acquisitions is expected to increase through 2020, since acquisition is an integral part of the strategy. 2020 began with the company's acquisition of ACD Trade in Australia, which has been consolidated from 1 February 2020.

For effects on covid-19 see Note 35.

SUSTAINABILITY

Beijer Ref endeavours to contribute to sustainable development. The group performs notifiable activities involving the handling of refrigerants. With a view to reducing the greenhouse effect, the EU and UN have announced decisions that mean that F-gases shall be replaced with other types of refrigerants by 2030.

Beijer Ref is not involved in any environmental disputes. For more information about Beijer Ref's environmental activities, see pages 28-33.

Financial review [1]	**2019**	**2018**
Operating income, sek m	14 817	13 015
EBITDA, sek m [2]	1 655	1 191
Operating profit, (EBIT), sek m	1 230	1 085
Operating margin (EBIT), %	8.3	8.3
Profit for the year, sek m	873	780
Return on average capital employed, %	15.9	17.3
Return on average equity, %	21.4	22.0
Return on average operating capital, %	17.8	19.4
Equity ratio, %	39.4	38.4
Number of employees	3 869	3 703
Profit per share after tax, sek	6.82	6.07
Shareholders' equity per share before dilution, sek	35	30
Shareholders' equity per share after dilution, sek	35	31

1) Financial information for 2015 - 2017, see page 99.
2) See note 19, IFRS 16 effect.

Corporate governance and corporate responsibility

Beijer Ref is a Swedish public limited company listed on Nasdaq OMX Stockholm, Large Cap.

FROM THE CHAIR OF THE BOARD OF DIRECTORS

2019 was yet again one of Beijer Ref's strongest years. The acquisitions performed in 2018 have been consolidated and have helped to even out seasonal variations and the group's risk diversification has increased. Everything is in line with the strategy that the board has established.

The board has a well-prepared work process that follows an annual plan. This means that we consistently review developments within Beijer Ref's strategic focus areas, follow up and are clear about our expectations.

Growth is always a high priority. Making acquisitions is part of the company's DNA and is important so as to continue to create a group that has an attractive and widespread distribution network and can achieve good synergies. That is why we are continuously reviewing a number of takeover candidates. 2018 was a year of intensive acquisition, while no new companies were added to the group in 2019. The range of suitable companies that are available quite simply varies from year to year. It is gratifying that 2020 started with the acquisition of the HVAC company ACD Trade in Australia.

Organic growth is also fundamental to Beijer Ref. At a time when the market for traditional refrigerants seems volatile and is also beyond our control, it is important to encourage business in those areas that are not affected by such price developments. Investment in environmentally friendly products is one such segment. Beijer Ref is in a market that, thanks to regulatory provisions, is likely to grow for many years to come. The demand for refrigeration technology based on natural and synthetic refrigerants is therefore growing, and the Group has a favourable position to work from in terms of being able to offer its customers alternatives with a green profile. In order to be positioned correctly, we decided during the year to invest in a new plant in Italy that manufactures just such technology. This is in line with our ambition that Beijer Ref shall be one of the companies that lead developments in this area.

When Beijer Ref expands, this also affects the organisational structure. The head office is growing, which is necessary as the group expands into more markets and more product segments. It is still important to maintain the decentralised organisational model. Having the right expertise in the right place that knows its market and target group is an essential aspect of the group's success.

Environmental and sustainability issues in general are part of the daily work of Beijer Ref. Ethical rules of conduct and internal working climate are important issues that fall within this subject area and the board reviews what has been done at each meeting. During the year, mandatory training on important ethical issues has been spread within the Group, which contributes to sustainability permeating the company even more. Measuring and monitoring goals are also issues that we discuss on an ongoing basis.

My attitude to successful board work has always been that the composition of members should represent a breadth of knowledge and experience from different industries and that the work should be characterised by continuity. In the case of Beijer Ref, both these criteria are met. I and my colleagues on the board have had the privilege of working together for several years and have found a model that is efficient and that provides the conditions for effective decisions. That the largest owners are represented on the board is an advantage that helps us to keep decision paths short. For me, however, it is important to have an outside perspective on our work. That is why I have been keen to include external analysis and evaluation every year. The results to date have shown high ratings.

The board will continue to prioritise strategic growth initiatives, optimisation of working capital and a strong cash flow. Together with good cost control, this gives us good opportunities to continue to create value for Beijer Ref.

The share price also had a positive development in 2019.

In conclusion, I would like to thank Beijer Ref's management, other employees and the board members for their work in 2019. Beijer Ref has the future before it and I and my colleagues on the board look forward to continuing to contribute to the group's development in a sustainable direction.

Bernt Ingman
Chair of the Board

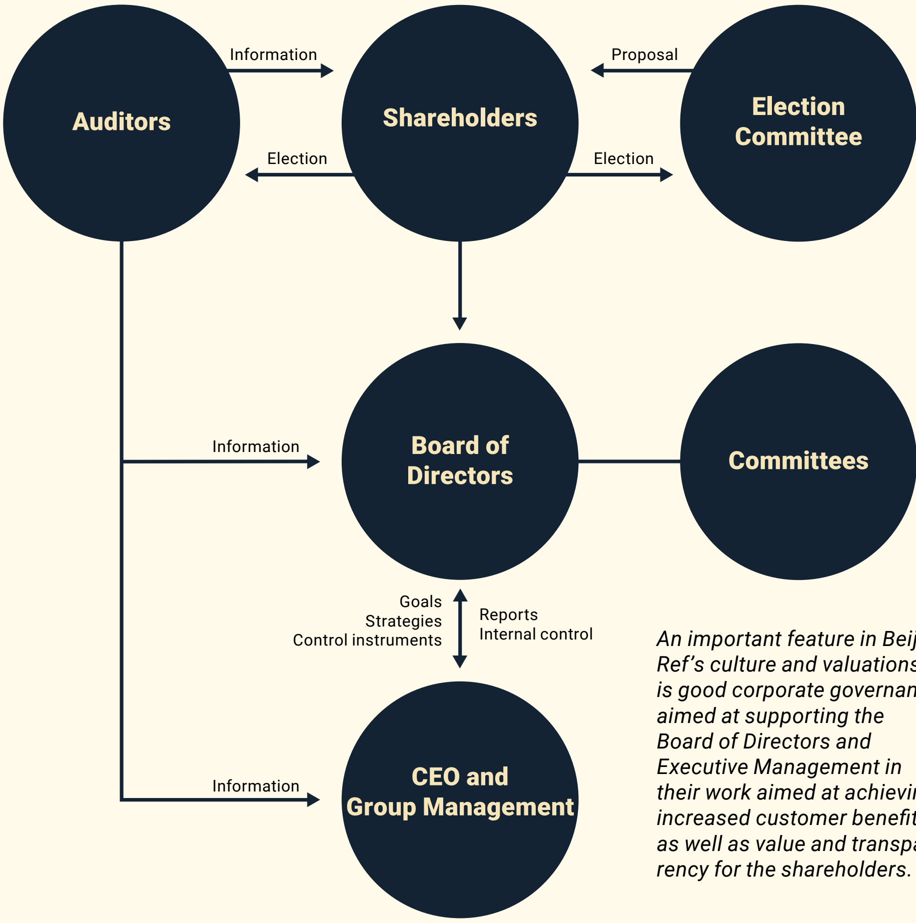
Beijer REF applies the Swedish Corporate Governance Code and here presents the annual corporate governance report for 2019. Investigation of the corporate governance report has been performed in accordance with RevU 16 by the company's auditor.

SHAREHOLDER INFLUENCE THROUGH THE ANNUAL GENERAL MEETING

The shareholders' influence is exercised through participation at the annual general meeting, which is Beijer Ref's highest decision-making body. The annual general meeting decides on the articles of association and elects board members, the chair and the auditor and decides on their fees. The annual general meeting also decides on the adoption of the income statement and balance sheet, on the allocation of the company's profit and on discharge from liability to the company for the board members and CEO. The annual general meeting also decides on the composition and work of the nomination committee and decides on principles for remuneration and terms of employment for the CEO and other senior executives. The annual general meeting of Beijer Ref is usually held in April.

ANNUAL GENERAL MEETING 2019

The annual general meeting 2019 was held on 10 April 2019 in Malmö. 165 (176) shareholders attended, in person or by proxy. These represented approximately 84 (86) per cent of the total votes. Four shareholders, Carrier, Peter Jessen Jürgenen, Joen Magnusson and Per Bertland, together represented approximately 64 (76) per cent of the votes represented at the AGM. Bernt Ingman was elected as chair of the meeting. All board members elected by the meeting were present.



An important feature in Beijer Ref's culture and valuations is good corporate governance aimed at supporting the Board of Directors and Executive Management in their work aimed at achieving increased customer benefits as well as value and transparency for the shareholders.

The full minutes of the meeting may be found on Beijer Ref's website. Among other things, the AGM decided on:

- Dividend in accordance with the board's and the CEO's proposal of SEK 3.00 per share for the financial year 2019, as well as that payment shall be made in two instalments of SEK 1.50 each.
- Re-election of board members: Peter Jessen Jürgensen, Bernt Ingman, Joen Magnusson, William Striebe, Monica Gimre and Frida Norrbom Sams. Bernt Ingman was re-elected as chair of the board.
- New election of Chris Nelson as a board member.
- Determination of remuneration to the board and auditor.
- Principles for remuneration and other terms of employment for the CEO and other senior executives.
- Decision on changes to the description of business operations in the company's articles of association
- Re-election of PricewaterhouseCoopers AB as the company's auditor in 2019 with Cecilia Andrén Dorselius as chief auditor.

Beijer Ref's next annual general meeting will be held on 16 April 2020 in Malmö. For further information on the next AGM, see page 102 of this annual report.

For information about shareholders and the Beijer Ref share, see pages 48-50 and Beijer Ref's website.

NOMINATION COMMITTEE

The nomination committee represents the company's shareholders and nominates board members and auditors and proposes their fees.

NOMINATION COMMITTEE BEFORE AGM 2020

The nomination committee was appointed in October 2019 and shall, according to the AGM, consist of five members. The members of the nomination committee were appointed from among the company's largest shareholders and were: Johan Strandberg (SEB Funds) and chair of the nomination committee, Bernt Ingman (chair of the Beijer Ref board), Muriel Makharine (Carrier Corp), Arne Lööw (Fourth Swedish National Pension Fund) and Joen Magnusson (own shareholding). The 2019 nomination committee has held 4 (4) meetings. The nomination committee has performed its work by evaluating the board's work, composition and competence.

PROPOSALS TO THE AGM 2020

The nomination committee has prepared the following proposals to be presented to the AGM 2020 for decision: The nomination committee has decided

to propose to the AGM:
• re-election of the board members: Peter Jessen Jürgensen, Bernt Ingman, Joen Magnusson, William Striebe, Monica Gimre and Frida Norrbom Sams
• new election of Gregory Alcorn, since Chris Nelson has declined re-election
• re-election of Bernt Ingman as chair of the board and
• new election of Deloitte AB as the company's auditor in 2020.

THE BOARD

The board has overall responsibility for the organisation and management of Beijer Ref. According to the articles of association, the board of directors shall consist of a minimum of 4 and a maximum of 8 members, with or without deputies. The board members are elected annually at the AGM for the period until the end of the next AGM.

THE COMPOSITION OF THE BOARD IN 2019

In 2019, the board of Beijer Ref consisted of seven members elected by the AGM. The CEO, CFO and Legal Counsel participate in all board meetings and other executives in the group participate as rapporteur on specific issues as necessary. For further information about the board members, see pages 60-61 and Note 6, page 83.

RESPONSIBILITIES OF THE CHAIR

The chair is responsible for ensuring that the work of the board is well organised and effective and that the board fulfils its duties. The chair monitors the business in dialogue with the CEO. He is responsible for ensuring that the other members of the board receive the information and documentation necessary for a high quality of discussion and decisions, as well as verifying that the board's decisions are implemented.

THE BOARD'S INDEPENDENCE

The board's assessment, which is shared by the nomination committee, regarding the members' positions of dependence in relation to Beijer Ref and the shareholders appears on pages 60-61. As is shown, Beijer Ref complies with the Swedish Corporate Governance Code requirement that the majority of the AGM-elected members are independent in relation to Beijer Ref and the executive management, and that at least two of these are also independent in relation to Beijer Ref's major shareholders.

THE WORK OF THE BOARD IN 2019

During 2019, the board of Beijer Ref had 7 (6) ordinary meetings, at one of which the company's strategic direction was addressed. At each ordinary board meeting, the company's financial position and investment activities were discussed. Work in 2019 has been largely focused on issues involving strategy and continued expansion. The company's auditors attended the board meeting that dealt with the annual accounts and reporting of the ongoing investigation before the Audit Committee.

Between the board meetings, a large number of contacts have taken place between the company, its chair and other board members. Members are regularly sent written information concerning the company's activities, financial status and other relevant information. The measures taken by the board to monitor the functioning of internal control in relation to financial reporting and reporting to the board include requesting in-depth information in certain areas, in-depth discussions with parts of group management and requesting descriptions of the components of internal control in connection with reporting. The board has rules of procedure which are established at the statutory board meeting after the AGM. At the same time, the board establishes instructions for the CEO. Frida Norrbom Sams, Peter Jessen Jürgensen and Ross B Schuster have missed one board meeting each. Other members have attended all board meetings during the year.

EVALUATION OF BOARD MEMBERS AND THE CEO 2019

The chair of the board is responsible for evaluating the board's work, including the input of individual members. This is done through an annual, structured evaluation with subsequent discussions by the board, at which the results of the survey, including comments submitted, are presented by giving individual responses to each question, as well as averages and standard deviation.
During 2019 the evaluation has been done through a web-based evaluation of the board where the board members individually, and anonymously, decide on statements regarding the board as a whole, the chair of the board, the CEO's work on the board and their own input. The evaluation focuses on improving the board's efficiency and focus areas as well as the need for specific skills and working methods. In the nomination committee, the results of the evaluation of the board have been presented by the company that produced the digital board evaluation questionnaire. The nomination committee has also interviewed individual board members. In addition to the above annual board and CEO evaluation, the board evaluates the work of the CEO continuously by following the development of the business towards the established goals.

BOARD COMMITTEES

The board has an audit committee consisting of Bernt Ingman, chair, and Frida Norrbom Sams.
The audit committee met 4 (5) times during 2019. The work has mainly focused on:

• Current and new accounting issues
• Review of interim reports, year-end report and annual report
• Review of reports by the company's auditor including the auditor's audit plan and follow up on auditing fees
• Assistance in drawing up proposals for the AGM's decision on the election of the auditor
• Review of procedures and work plan for the work of the committee
• Ensuring that policies exist and rules are complied with
• Follow-up and reporting back concerning the company's tax situation and tax audits
• Review of the company's risk analysis

The board of Beijer Ref as a whole constitutes the company's remuneration committee and fulfils its tasks. Questions are prepared during the first board meeting of the year and decided at the board meeting held in connection with the AGM. The remuneration committee has, among other things, the task of monitoring and evaluating:

• The application of the company's guidelines for remuneration to senior executives and the current remuneration structures and levels of remuneration in the company,
• All programmes for variable remuneration for company management.

EXTERNAL AUDITORS

The AGM appoints the external auditor. Beijer Ref's auditor is the authorised accounting firm PricewaterhouseCoopers AB, with authorised public accountants Cecilia Andrén Dorselius and Mikael A Nilsson. Cecilia Andrén Dorselius is the chief auditor. PricewaterhouseCoopers AB has been elected by the annual general meeting 2019 as Beijer Ref's auditor for the period until the AGM 2020. After procurement from among the four largest firms, the board has decided to propose to the meeting the election of Deloitte AB as the new auditor with Richard Peters as chief auditor.

INTERNAL AUDITS

There is a limited internal control function. The function has performed a mapping of risks, developed focus areas and carried out a self-assessment procedure with the group's companies. There is no fully developed internal auditor function in the Beijer Ref group. In accordance with the rules of the Swedish Corporate Governance Code, the board of Beijer Ref AB has decided on any need for a special internal audit function. The board has found that there is currently no need for such an organisation in the Beijer Ref group. The background to this position is the company's risk profile and the control functions and control activities that are built into the company's structure, such as active boards in all companies, a high degree of presence from local management and board representation by management at the level above etc. Beijer Ref has defined internal control as a process that is influenced by the board, the audit committee, the CEO, group management and other employees and designed to provide a reasonable assurance that Beijer Ref's goals are achieved in terms of: efficient and appropriate operations, reliable reporting and compliance with applicable laws and regulations. The internal control process is based on a control environment that creates discipline and provides a structure for the components of the process – risk assessment, control structures and follow-up. For information on internal control relating to financial reporting, see the section on internal control. For information on risk management, see pages 58-59.

CEO AND GROUP MANAGEMENT

Per Bertland is President and CEO of the Beijer Ref group. The President and CEO continuously manages Beijer Ref's operations. The CEO is assisted by a group management team consisting of the heads of business operations, purchasing, legal and finance staff. At the end of 2019, group management, including the CEO, consisted of 7 people. For further information about group management, see pages 62-63.

REMUNERATION TO SENIOR EXECUTIVES

Proposals for new remuneration guidelines will be submitted to the 2020 Annual General Meeting. These do not contain any significant changes to the existing guidelines. The aim of Beijer Ref's remuneration policy for senior executives is to offer competitive and market-based remuneration, so that competent and skilled employees can be attracted, motivated and retained. These guidelines allow senior executives to be offered a competitive total remuneration. The guidelines shall apply to remuneration agreed upon, as well as changes made to already agreed remuneration, after the guidelines have been adopted by the 2020 annual general meeting. The board, in its capacity as the company's remuneration committee, shall prepare, follow and evaluate matters related to variable cash remuneration

The remuneration shall consist of fixed salary, variable cash remuneration, pension benefits and other remuneration. Variable cash remuneration shall be based on predetermined, well-defined and measurable financial targets for the group and at group and individual level such as profit growth, sales growth and change in working capital. The weighting between the respective targets set shall be so that the heaviest weighting is placed on profit growth. Fulfilment of criteria for the payment of variable cash remuneration shall be measurable over a period of one year. The CEO will receive a maximum amount equal to 55% of annual salary and other senior executives will receive a maximum amount equal to 50% of annual salary. The board shall have the possibility, according to law or contract, to recover in whole or in part any variable remuneration paid in error.

Senior executives' pension benefits, including health insurance benefits, are defined contribution. An amount equal to a maximum of 30% of fixed annual salary is allocated to the CEO, and an amount equal to a maximum of 25% of fixed annual salary is allocated to other senior executives. Other benefits may include health insurance and car benefit, which shall not constitute a substantial part of the total remuneration. Extraordinary remuneration may be paid as one-off arrangements in exceptional circumstances for the purpose of recruiting or retaining executives. Such remuneration may not exceed an amount equal to one year's fixed salary.

For senior executives outside Sweden, whose employment relationships are subject to rules other than Swedish, other conditions may apply as a result of legislation or market practice and adaptation may thus occur.

Severance pay and fixed salary during notice are paid to the CEO up to a maximum of 24 months' fixed salary and to other senior executives up to a maximum of 12 months' fixed salary. Senior executives may resign with a notice period of 6 months. In the event of resignation by the senior executive, there is no severance pay. In addition, compensation for any undertaking on restriction of competition may be paid. Such remuneration shall compensate for any loss of income and shall be paid only to the extent that the former executive is not entitled to severance pay for the corresponding period of time.

The board's discussion of and decisions on remuneration-related matters do not include the CEO or other members of group management, to the extent that they are affected by the issues. The board shall draw up proposals for new guidelines at least every four years and submit the proposal for decision by the annual general meeting

The board may decide to suspend these guidelines in whole or in part if, in an individual case, there are special reasons for doing so and a deviation is necessary to satisfy the long-term interests of the company, including its sustainability, or to ensure the company's financial viability.

For more detailed information on remuneration guidelines, see Note 6 on page 83 of this annual report.

FURTHER INFORMATION ABOUT CORPORATE GOVERNANCE

The following information may be found at www.beijerref.com:

• Previous annual corporate governance reports
• Notice of the AGM
• Minutes
• Quarterly reports

INTERNAL CONTROL

The Board's responsibility for internal control is regulated by the Swedish Companies Act and the Swedish Corporate Governance Code. Internal control of financial reporting is intended to provide reasonable assurance of the reliability of the external financial reporting in the form of quarterly reports, annual accounts and year-end releases, and that the external financial reporting is prepared in accordance with law, applicable accounting standards and other requirements for listed companies.

EXTERNAL CONTROL INSTRUMENTS

The external instruments that form the framework for corporate governance within Beijer Ref include:

- The Swedish Companies Act
- Swedish and international financial reporting law
- Nasdaq OMX Stockholm's rules
- The Swedish Corporate Governance Code

INTERNAL CONTROL INSTRUMENTS

The binding internal control instruments include:

- The articles of association
- The rules of procedure for the board
- The board's instructions to the CEO
- Authorisation rules
- Ethical guidelines
- Financing policy
- The finance manual
- The internal control process
- The whistleblower process

Risks and risk handling

The Beijer Ref Group's operations are affected by a number of external factors the effects of which on the Group's operating profit can be controlled to a varying degree.

Group-wide rules and regulations, which are determined by the Board of Directors, form the foundation for the handling of these risks at different levels within the Group. The objective of these rules is to achieve an overall picture of the risk situation, to minimise negative effects on the result and to clarify responsibilities and authorities within the Group. Monitoring to ensure that the rules and regulations are complied with is made by the person responsible and is reported to the Board of Directors.

CONTROL ENVIRONMENT AND STRUCTURE

Beijer Ref is a company with a strong owner influence and the owners are represented on the Board of Directors. Beijer Ref is decentralised in its nature and the individual companies' own organisations fulfil important functions relating to company culture and the control environment through the short decision-making routes which exist and the strong presence of local management. The legal organisation extensively coincides with the operational organisation and there are, therefore, few decision-making venues which are disengaged from the responsibilities regulated in civil law which are vested in the different legal entities. The management focus is based on the work of the Board of Directors, which is the backbone of the Executive Management and impact the different company boards. The rules and regulations which deal with company management, such as the Companies Act, form the foundation for how the Board work is carried out and, as a result of this, to the working procedures, authorities and responsibilities which are regulated through this legislation. The decisions made by the Boards of Directors are documented and carefully monitored. Senior Executives from the Group and the business area management teams are represented in Boards of Directors at the underlying organisational level and also in individual companies of significance. It is through this Board work that control activities and monitoring are decided and implemented with strong local support. Throughout the Group, the procedure applied is that, in critical matters such as important personnel matters, organisational matters, etc., the nearest manager goes to their manager to get support for decisions before they are made.
The principle about far-reaching decentralisation is of great importance for the different companies' feeling for their importance and for their work motivation. The distribution of responsibilities and authorities lead to a strong will to live up to these responsibilities and the ensuing expectations.

RISK ASSESSMENT

Risk assessment relating to the financial reporting in Beijer Ref is aimed at identifying and evaluating the most significant risks which influence the internal control relating to the financial reporting in the Group's companies, business areas and processes. The current position is assessed and points for improvement established. The control activities are also evaluated on a continuous basis.
Concerning sustainability risks, the Group has developed a framework that deals with procedures and guidelines in areas such as the environment, employees, business ethics and efforts to avoid corruption, responsible supply chain and partnerships. The framework is disseminated to all subsidiaries, which then report back on action plans and results. Regarding risks concerning compliance with new environmental laws and resolutions for HFC gases, Beijer Ref has conducted a review of its own management of the issues and has found that there is no particular risk present. Concerning risks related to ethical working conditions (social and environmental standards), business ethics and code of conduct, and the measures to guard against corruption, the Group has evaluated its own and its subsidiaries' management of these issues. Via establishing a Code of Conduct for employees and suppliers, risks in the areas of ethical working conditions, business ethics and corruption should be minimised.

MONITORING

Monitoring aimed at securing the efficiency in the internal control relating to the financial reporting is made by the Board of Directors, the CEO, the CFO and the Group Management. The monitoring includes the monitoring of monthly financial reports against budget and target, quarterly reports with results supplemented with written comments in the Group's companies and regions. The monitoring also includes the monitoring of observations reported by Beijer Ref's Auditor. Beijer Ref works in accordance with an annual plan, which has its starting point in the risk analysis and comprises prioritised companies, acquired companies, main processes and specific risk areas.

IDENTIFIED RISKS	EXPOSURE AND MANAGEMENT OF RISKS
Risks in the product range	The risk that Beijer Ref does not get new environmentally-friendly products on the market. This risk is militated against by a central category manager for each product segment taking responsibility for the product throughout its entire life cycle and who is also responsible for bringing in new products.
Access to capital and interest rate risks	New banking requirements and higher interest rates, as well as the general economic situation, may affect the availability of capital. Militated against by Beijer Ref having financing with different banks and sources of financing such as the bond market, as well as different maturity dates for the credits.
Stagnating markets	The risk that the growth rate cannot be maintained unless Beijer Ref enters new and less mature markets. A large part of Beijer Ref's future growth is to be found in new markets, but the company also wishes to broaden its product range.
Currency risks	The Company is exposed to currency fluctuations, and continually hedges the foreign exchange exposure in some subsidiaries so as to counterbalance this risk.
Risk of fire, destruction, natural disasters and pandemic	In emerging markets, the risk of natural disasters is greater and the Company weaves this risk into its insurance coverage and business interruption insurance so as to minimise the risk of harm and losses. One consequence of globalisation is that it is difficult to protect one from pandemics, in these situations we follow the WHO's recommendations.
Beijer Ref's corporate culture	There is a risk that Beijer Ref's corporate culture will be depleted unless the culture is preserved and maintained on a regular basis. Beijer Ref has a Code of Conduct to enhance and maintain the culture, as well as policies for business ethics and morality. The company also has an extensive introductory programme for newly employed managers.
Digitalisation and E-commerce	Digitalisation and E-commerce create new trade patterns and behaviours that are continuously being evaluated. The risk is minimised by working under various different brands and via a differentiated product offering. There is always a risk that the company will be affected by new players challenging the industry.
Risk related to dealers – Customers deal directly with suppliers	Customers tend to contract directly with suppliers, in order to obtain lower prices. Beijer Ref has many small customers, which can counteract this risk, while the company has a high level of availability on its product range.
Increased competition and concentration in Europe	Beijer Ref has a strong position in Europe and has historically had a head start, which could lead to downward price pressure on the market prices. Better products and new markets may reduce this risk.
Suppliers sell directly to larger customers and by-pass the wholesaler	Beijer Ref's distribution network through branches and presence in some 40 countries counteracts this risk and provides a full alternative to suppliers and own brands.
Risks related to product liability	Poor quality products always negatively affect the Beijer Ref brand. The Company always works with at least two brands at a minimum in all markets, and within different price segments. The company intends to launch its own product range within its own product area. A central category manager counteracts this risk.
Risk of irregularities	Beijer Ref has a decentralised organisation and its subsidiaries are governed by regular Board of Directors' meetings. A self-assessment on internal control is performed annually.
Dependency on Toshiba	Toshiba is a major supplier to Beijer Ref in HVAC. Beijer Ref has however, the strategy of having at least one supplier within each price segment and at least two suppliers in each market. Carrier, Toshiba and Mitsubishi Heavy Industries are all important partners of the company.
Risks in the new markets	Before Beijer Ref enters new markets, a market analysis of the market is conducted, in order to become aware of the risks and to be able to better manage them.
Risk related to data retrieval (computer crashes and data breaches)	Data failure affects Beijer Ref's sales and customer relationships to a limited extent as the group has a decentralised IT environment. The company works to strengthen virus protection and also works with other security solutions, such as password policy and double logins.
Changed legal requirements and regulations	Changed legal and regulatory requirements affect Beijer Ref's business, not least changes in environmental requirements. The company regularly monitors these requirements as part of its global surveillance. The company is positively affected by the European phasing-out programme for CO_2 equivalents, while demand for the company's environmentally friendly range is increasing. The phasing-out will run until 2030 and the new technologies will gradually be established in other markets outside Europe, for example in Australia and New Zealand.
Competition with existing customers	In pace with Beijer Ref delivering more and more systems, the installation is usually included, which can compete with existing customers. The risk is mitigated by educating and offering services that customers take responsibility for.
Political risks	Political risks can affect liquidity and the general business climate. Beijer Ref continuously monitors and complies with current monitors the political situation as part of the business analysis and avoids particularly vulnerable markets. For Beijer Ref, political developments in South Africa could affect the company's development.

Board of Directors

BERNT INGMAN
Chairman. Born 1954. Elected 2006.
Education: MBA. Management education CEDEP/INSEAD, Fontainebleau.
Other assignments: Management Consultant. Chairman of Handelsbanken local office in Kista. Chairman of Pricer AB.
Not dependent.
Work experience: CFO of Munters AB. CFO of Husqvarna AB.
Shareholding in Beijer Ref 2019: 120,000 A shares, 18,000 B shares.

MONICA GIMRE
Board Member. Born 1960. Elected 2015.
Education: Master of Science in Chemical Engineering.
Other assignments: CEO Sidel Group.
Not dependent.
Work experience: EVP Tetra Pak Capital Equipment, VP Technical Service Tetra Pak, VP Market support Tetra Pak Processing for China, South East Asia, North America and Central Europe, MD Tetra Pak Systems UK, VP Marketing & Portfolio Management Tetra Pak Processing Systems, R&D Manager Alfa Laval South East Asia, VP Supply Chain Tetra Pak Processing Systems.
Shareholding in Beijer Ref 2019: 0.

PETER JESSEN JÜRGENSEN
Board Member. Born 1949. Elected 1999.
Education: Graduate engineer and MBE in Denmark.
Other assignments: Chairman of Bio Aqua A/S, Profort A/S, Labotek A/S, Labotek Nordic AB, Bies Ökoproduktion Aps. Board Member of IKI Invest A/S.
Not dependent.
Work experience: Engineer in Atlas. Work in the family company HJJ as Managing Director of the subsidiary Ajax and later as Managing Director of IKI and Managing Director of TTC in Denmark.
Shareholding in Beijer Ref 2019: 1,681,860 A shares.

JOEN MAGNUSSON
Board Member. Born 1951. Elected 1985.
Education: MBA.
Other assignments: Kungliga Fysiografiska Sällskapets Ekonomiska råd and other assignments.
Dependent based on own shareholding. Not dependent of the company and the management.
Work experience: Managing Director of G & L Beijer AB until 30 June 2013. Employed in Teglund Marketing AB, Statskonsult AB, Skrinet AB.
Shareholding in Beijer Ref 2019: 3,120,000 A shares, 81,186 B shares.

FRIDA NORRBOM SAMS
Board Member. Born 1971. Elected 2015.
Education: M. Sc. in Business Administration.
Other assignments: President and CEO Hydroscand Group. Board Member of Ballingslöv International AB.
Not dependent.
Work experience: EVP, Head of EMEA at Husqvarna Group, VP Sales and Service region 2 at Husqvarna Group, SVP & Managing Director North Europe Sanitec Oy, EVP & CIO Sanitec Oy, Senior Manager BearingPoint/Andersen Business Consulting, EVP, Head of Application division NKT A/S.
Shareholding in Beijer Ref 2019: 10,038 B shares.

WILLIAM STRIEBE
Board Member. Born 1950. Elected 2009.
Education: Doctor of Laws degree from University of Connecticut Law School, BA in history, Fairfield University.
Other assignments: Vice President, Joint Ventures, Vice President, Global Business Development, UTC Climate, Controls & Security.
Dependent of the largest shareholders. Not dependent of the company and the management.
Work experience: Vice President, Business Development, United Technologies Building and Industrial Systems. Vice-President within legal matters for Carrier's North-American operation. Vice President with responsibility for Carrier's business development and legal matters in Europe.
Shareholding in Beijer Ref 2019: 0.

CHRIS NELSON
Board Member. Born 1970. Elected 2019.
Other assignments: President Commercial HVAC, Carrier Corporation.
Dependent of the largest shareholders. Not dependent of the company and the management.
Shareholding in Beijer Ref 2019: 0.

Executive Group Management

PER BERTLAND
CEO & President. Born 1957. Employed since 1990.
Education: MBA, University of Lund.
Other assignments: Chairman of Dendera Holding, Board Member of Lindab AB.
Work experience: COO, Beijer Ref. CFO, Indra AB and Ötab Sport AB within the Aritmos Group.
Shareholding in Beijer Ref 2019: 2,361,000 A shares, 176,000 B shares and 30,000 call options.

MARIA RYDÉN
CFO & EVP. Born 1966. Employed since 2017.
Education: MBA, University of Växjö.
Other assignments: Chairman of Kompis Assistans and APQ El AB.
Work experience: MD Ikano Vårdboende, CFO Ikano Fastigheter, Dole, Switchcore and Arthur Andersen.
Shareholding in Beijer Ref 2019: 1,000 B shares and 22,000 call options.

YANN TALHOUET
COO & EVP, Beijer Ref Toshiba HVAC. Born 1974. Employed since 2010.
Education: MA, Paris Dauphine University, MBA, Insead, Fontainebleau.
Work experience: MD of Toshiba HVAC Western Europe, Carrier Corporation. Management Consultant in Kearney.
Shareholding in Beijer Ref 2019: 0. Call options: 15,000.

ROBERT SCHWEIG
CSCO & EVP, Beijer Ref ARW. Born 1958. Employed since 1990.
Education: Mechanical Engineering. NEVI Professional Procurement.
Work experience: Procurement experience in wholesale and different industries, 24 years at senior management level, within Elsmark/Danfoss, Aircool/Eriks, Delair/Atlas Copco, Dutch Navy Shipyard.
Shareholding in Beijer Ref 2019: 0. 0 call options.

SIMON KARLIN
COO & EVP, Beijer Ref ARW EMEA.
Born 1968. Employed since 2001.
Education: MBA, University of Lund.
Work experience: Business & Finance Director Beijer Ref, Business control Svedala Industri Group.
Shareholding in Beijer Ref 2019: 47,000 B shares and 30,000 call options.

JONAS STEEN
COO & EVP, Beijer Ref ARW APAC. Born 1976, Employed since 2010.
Education: Master of Science in Chemical Engineering, Bachelor of Science in Business Administration.
Work experience: VP Beijer Ref Nordic/East Europe, Business Control Trelleborg Group.
Shareholding in Beijer Ref 2019: 6,000 B shares and 12,000 call options.

KATARINA OLSSON
General Counsel & EVP, Beijer Ref AB. Born 1971. Employed since 2016.
Education: Master of Law, University of Lund, LLM, Queen Mary and Westfield College, London University.
Work experience: Risk Management Director at ICA AB, Corporate Legal Counsel at ICA AB, Corporate Legal Counsel at Ericsson AB.
Shareholding in Beijer Ref 2019: 950 B shares. 0 call options.

AUDITORS
PricewaterhouseCoopers AB

CECILIA ANDRÉN DORSELIUS
Authorised Public Accountant, auditor in charge. Born 1979.
Auditor in the Beijer Group since 2019.

MIKAEL NILSSON
Authorised Public Accountant. Born 1981.
Auditor in the Beijer Group since 2017.

Financial Information

Consolidated profit and loss account

SEK K	Note	2019	2018
OPERATING INCOME			
Net sales	5	14 817 483	13 014 804
Other operating income	7	28 121	19 698
Total income		**14 845 604**	**13 034 502**
OPERATING EXPENSES			
Raw materials and necessities		-619 709	-453 140
Goods for resale		-9 534 593	-8 427 026
Other external costs	8, 9	-942 338	-1 094 830
Personnel costs	6	-2 092 712	-1 863 117
Depreciation and write-down of intangible and tangible fixed assets	16, 17, 19	-424 278	-105 928
Other operating expenses		-1 684	-4 980
Operating profit		**1 230 291**	**1 085 481**
RESULT OF FINANCIAL INVESTMENTS			
Financial income	11	10 993	13 274
Financial expenses	12	-67 337	-43 902
Profit before tax		**1 173 947**	**1 054 853**
Tax on the year's profit	14	-301 165	-275 303
Net profit for the year	15	**872 782**	**779 550**
Attributable to:			
The parent company's shareholders		863 523	769 340
Non-controlling interests		9 259	10 210
The year's profit per share before dilution, sek [1]		6,82	6,07
The year's profit per share after dilution, sek [1]		6,78	6,04
Dividend per share, sek [2]		1.75	3,00

1) Conversion of number of shares has been performed following completion of share split in order to enable comparability between the years. Full dilution is done and they are linked to the incentive programme.
2) For 2019, in accordance with the Board of Directors' proposal.

The Group's report on other comprehensive income

SEK K	2019	2018
Net profit for the year	872 782	779 550
OTHER COMPREHENSIVE INCOME		
Items which will not be reversed in the profit and loss account		
Revaluation of the net pension commitment	-23 998	12 177
Changes in the fair value of equity investments at fair value through other comprehensive income	-4 793	-7 096
Income tax relating to components of other comprehensive income	4 154	1 120
Items which can later be reversed in the profit and loss account		
Exchange rate differences	145 294	64 100
Hedging of net investment	18 013	-44 092
Income tax relating to components of other comprehensive income	-3 855	8 630
Other comprehensive income for the year	**134 814**	**34 839**
Total comprehensive income for the year	**1 007 596**	**814 389**
Attributable to:		
The parent company's shareholders	989 835	801 283
Non-controlling interests	17 761	13 106

Consolidated balance sheet

SEK K	Note	2019-12-31	2018-12-31
ASSETS			
Fixed assets			
Intangible fixed assets	16	2 133 912	2 076 938
Tangible fixed assets	17	486 196	457 895
Financial assets at fair value through other comprehensive income	20	41 029	45 203
Right of use assets	19	998 161	–
Deferred tax assets	26	188 460	174 092
Other receivables	21	99 082	94 826
Total fixed assets		**3 946 841**	**2 848 954**
Current assets			
Inventories	22	3 755 318	3 507 088
Trade debtors and other receivables	21	2 571 655	2 575 524
Income taxes recoverable		9 989	3 915
Liquid funds	23	794 973	909 430
Total current assets		**7 131 935**	**6 995 957**
TOTAL ASSETS		**11 078 776**	**9 844 911**
SHAREHOLDERS' EQUITY			
Share capital	24	371 685	371 685
Other contributed capital		901 172	901 172
Reserves		146 048	-4 669
Profit brought forward		2 863 333	2 435 973
Total		**4 282 238**	**3 704 161**
Non-controlling interests	31	87 087	80 957
Total equity		**4 369 325**	**3 785 118**
LIABILITIES			
Long-term liabilities			
Borrowing	25, 30	1 178 241	2 823 139
Other long-term liabilities		2 186	6 391
Lease liabilities	19	731 421	–
Deferred tax liabilities	26	108 243	103 882
Pension commitments	27	147 075	113 394
Other provisions	28	42 955	42 726
Total long-term liabilities		**2 210 121**	**3 089 532**
Current liabilities			
Trade creditors and other liabilities	29	2 399 696	2 322 589
Borrowing	25, 30	1 637 561	494 639
Lease liabilities	19	307 905	–
Current tax liabilities		97 499	101 035
Other provisions	28	56 669	51 998
Total current liabilities		**4 499 330**	**2 970 261**
Total liabilities		**6 709 451**	**6 059 793**
TOTAL LIABILITIES AND EQUITY		**11 078 776**	**9 844 911**

Consolidated changes in equity

SEK K	Share capital	Other contributed capital	Reserves	Profit brought forward	Non-controlling interests	Total equity	Note
	Attributable to the parent company's shareholders						
Shareholders' equity on 2017-12-31	**371 685**	**901 172**	**-30 253**	**1 991 065**	**60 014**	**3 293 683**	
Net profit for the year				769 340	10 210	779 550	
Revaluation of the net pension commitment				13 455	-158	13 297	2
Changes in the fair value of equity investments through other comprehensive income				-7 096		-7 096	
Exchange rate differences			61 046		3 054	64 100	
Hedging of net investment			-35 462			-35 462	
Other comprehensive income for the year	**–**		**25 584**	**6 359**	**2 896**	**34 839**	
Total comprehensive income for the year	**–**		**25 584**	**775 699**	**13 106**	**814 389**	
Dividend for 2017				-243 748		-243 748	
Repurchase of own shares				-98 484		-98 484	
Option premium received from exercising of option to purchase				11 441		11 441	
Non-controlling interests on acquisitions of subsidiary					9 849	9 849	
Transactions with non-controlling interests					-1 259	-1 259	
Dividend to holders with no controlling influence					-753	-753	
Total	**–**	**–**	**–**	**-330 791**	**7 837**	**-322 954**	
Shareholders' equity on 2018-12-31	**371 685**	**901 172**	**-4 669**	**2 435 973**	**80 957**	**3 785 118**	
Change in accounting principle				-32 149	-141	-32 290	19
Adjusted equity 2019-01-01	**371 685**	**901 172**	**-4 669**	**2 403 824**	**80 816**	**3 752 828**	
Net profit for the year				863 523	9 259	872 782	
Revaluation of the net pension commitment				-19 611	-233	-19 844	2
Changes in the fair value of equity investments through other comprehensive income				-4 793		-4 793	20
Exchange rate differences			136 559		8 735	145 294	
Hedging of net investment			14 158			14 158	
Other comprehensive income for the year	**–**		**150 717**	**839 119**	**17 761**	**1 007 596**	
Total comprehensive income for the year	**–**		**150 717**	**839 119**	**17 761**	**1 007 596**	
Dividend for 2018				-379 610		-379 610	
Transactions with non-controlling interests					821	821	
Dividend to holders with no controlling influence					-12 311	-12 311	
Total	**–**	**–**	**–**	**-379 610**	**-11 490**	**-391 100**	
Shareholders' equity on 2019-12-31	**371 685**	**901 172**	**146 048**	**2 863 333**	**87 087**	**4 369 325**	

Consolidated cash flow statement

SEK K	Note	2019	2018
CURRENT OPERATIONS			
Operating profit		1 230 292	1 085 481
Adjustments for items not included in the cash flow:			
Depreciation and write-downs of intangible and tangible fixed assets	16, 17, 19	424 278	105 928
Change in pension, guarantee and other provisions		13 853	37 770
Profit on sale of tangible fixed assets		-7 550	205
Total		**1 660 873**	**1 229 384**
Paid interest	12	-67 337	-43 902
Paid income tax		-313 399	-236 359
Cash flow from current operations before changes in working capital		**1 280 137**	**949 123**
CHANGES IN WORKING CAPITAL			
Change in inventories		-124 986	-244 145
Change in operating receivables		122 115	95 920
Change in operating liabilities		-21 771	-110 591
Cash flow from current operations		**1 255 496**	**690 308**
INVESTMENT OPERATIONS			
Received interest	11	10 993	5 358
Acquisition of shares and participations		–	-14 544
Acquisition of tangible and intangible fixed assets	16, 17, 19	-164 320	-160 563
Liquid funds in acquired operations	33	–	127 565
Sale of shares and participations		–	1 884
Acquisition of operations	33	-6 419	-1 186 483
Sale of tangible fixed assets		23 152	2 573
Sale of operations		–	143 631
Cash flow from investment operations		**-136 594**	**-1 080 579**
FINANCIAL OPERATIONS			
Proceeds from borrowings		–	1 056 792
Amortization of loans		-557 212	–
Payments related to amortization of lease liabilities	19	-296 437	–
Paid dividend to shareholders		-379 610	-243 748
Repurchase of own shares		–	-98 484
Option premium received from exercising of option to purchase		–	11 441
Dividend to holders with non-controlling interest		-12 311	-752
Cash flow from financial operations	32	**-1 245 570**	**725 249**
Change in liquid funds		**-126 668**	**334 978**
Exchange rate difference, liquid funds		12 211	15 065
Liquid funds on 1 January		909 430	559 387
Liquid funds on 31 December	22	**794 973**	**909 430**

Parent company profit and loss account

SEK K	Note	2019	2018
OPERATING INCOME			
Other operating income	7	56 751	59 622
Total income		**56 751**	**59 622**
OPERATING EXPENSES			
Other external costs	8	-30 287	-46 240
Personnel costs	6	-43 217	-37 643
Depreciation and write-down of intangible and tangible fixed assets	16, 17	-3 134	-2 765
Operating profit		**-19 887**	**-27 026**
RESULT OF FINANCIAL INVESTMENTS			
Result of participations in Group companies	10	448 301	346 961
Financial income	11	87 445	62 805
Financial expenses	12	-34 654	-77 911
Profit after financial investments		**481 205**	**304 829**
APPROPRIATIONS			
Appropriations	13	68 130	113 766
Profit before tax		**549 335**	**418 595**
Tax on the year's profit	14	-20 397	-15 705
Net profit for the year	15	**528 938**	**402 890**

Parent company's report on other comprehensive income

SEK K	2019	2018
Net profit for the year	528 938	402 890
Total comprehensive income for the year	**528 938**	**402 890**

Parent company balance sheet

SEK K	Note	2019-12-31	2018-12-31
ASSETS			
FIXED ASSETS			
Intangible fixed assets			
Capitalised expenditure for software	16	6 872	8 083
Total intangible fixed assets		**6 872**	**8 083**
Tangible fixed assets			
Buildings and land	17	1 787	1 912
Equipment, tools and installations	17	2 365	2 656
Total tangible fixed assets		**4 152**	**4 568**
Financial fixed assets			
Participations in Group companies	18	2 510 549	2 528 549
Financial assets at fair value through profit and loss	20	24 844	24 844
Receivables from Group companies		1 263 430	1 152 993
Other long-term securities holdings		1 000	1 000
Total financial fixed assets		**3 799 823**	**3 707 386**
TOTAL FIXED ASSETS		**3 810 847**	**3 720 037**
CURRENT ASSETS			
Current receivables			
Receivables from Group companies		846 838	877 202
Other current receivables		7 476	11 803
Prepaid expenses and accrued income		5 804	8 253
Total current receivables		**860 118**	**897 258**
Cash and bank			
Cash and bank		189 465	475 385
TOTAL CURRENT ASSETS		**1 049 583**	**1 372 643**
TOTAL ASSETS		**4 860 430**	**5 092 680**
SHAREHOLDERS' EQUITY			
Restricted equity			
Share capital	24	371 685	371 685
Fund for development expenditures		6 872	8 083
Total restricted equity		**378 557**	**379 768**
Non-restricted equity			
Share premium reserve		901 604	901 604
Profit brought forward		153 876	129 385
Net profit for the year		528 938	402 890
Total non-restricted equity		**1 584 418**	**1 433 879**
TOTAL EQUITY		**1 962 975**	**1 813 647**
Untaxed reserves			
Tax allocation reserves		48 000	23 990
Total untaxed reserves		**48 000**	**23 990**
LIABILITIES			
Long-term liabilities			
Borrowing	25, 30	1 173 848	2 810 809
Other long-term liabilities		1 000	1 000
Total long-term liabilities		**1 174 848**	**2 811 809**
Current liabilities			
Trade creditors		970	2 255
Borrowing	25, 30	1 609 042	381 444
Liabilities to Group companies		22 616	16 167
Tax liabilities		18 392	14 011
Other liabilities		615	729
Accrued expenses and prepaid income		22 972	28 628
Total current liabilities		**1 674 607**	**443 234**
TOTAL EQUITY AND LIABILITIES		**4 860 430**	**5 092 680**

Parent company changes in equity

SEK K	Share capital	Fund for development expenditure	Non-restricted equity	Total equity
Equity 2017-12-31	**371 685**		**1 369 863**	**1 741 548**
Net profit for the year			402 890	402 890
Total comprehensive income for the year	**–**		**402 890**	**402 890**
Fund for development expenditures		8 083	-8 083	–
Repurchase of own shares			-98 484	-98 484
Option premium received from exercising of option to purchase			11 441	11 441
Dividend for 2017			-243 748	-243 748
Equity 2018-12-31	**371 685**	**8 083**	**1 433 879**	**1 813 647**
Net profit for the year			528 938	528 938
Total comprehensive income for the year	**–**		**528 938**	**528 938**
Fund for development expenditures		-1 211	1 211	–
Dividend for 2018			-379 610	-379 610
Equity 2019-12-31	**371 685**	**6 872**	**1 584 418**	**1 962 975**

Parent company cash flow statement

SEK K	Note	2019	2018
CURRENT OPERATIONS			
Operating profit		-19 887	-27 026
Adjustment for items not included in the cash flow:			
Depreciation and write-downs of intangible and tangible fixed assets	16, 17	3 134	2 765
Profit on sale of tangible fixed assets		–	-177
Total		**-16 753**	**-24 438**
Paid interest		-34 654	-35 867
Paid income tax		-16 016	-13 020
Cash flow from current operations before changes in working capital		**-67 423**	**-73 325**
CHANGES IN WORKING CAPITAL			
Change in operating receivables		19 308	-415 475
Change in operating liabilities		-1 071	10 231
Cash flow from current operations		**-49 186**	**-478 569**
INVESTMENT OPERATIONS			
Acquisition of shares and participations		–	-417 641
Acquisition of intangible and tangible fixed assets	16, 17	-1 507	-3 814
Received interest		70 087	62 805
Received dividend		466 301	364 736
Sale of shares and participations		–	8 320
Sale of tangible fixed assets		–	405
Cash flow from investment operations		**534 881**	**14 811**
FINANCIAL OPERATIONS			
Proceeds from borrowings		–	1 088 425
Amortisation of liabilities		-392 005	–
Paid dividend		-379 610	-243 748
Repurchase of own shares		–	-98 484
Option premium received from exercising of option to purchase		–	11 441
Cash flow from financial operations		**-771 615**	**757 634**
Change in cash and bank		**-285 920**	**293 876**
Cash and bank on 1 January		475 385	181 509
Cash and bank on 31 December		**189 465**	**475 385**

Notes

1 General information

Beijer Ref AB (publ), the parent company, and its subsidiaries (together, the Group) is a technology-oriented trading Group which, through added-value products, offers competitive solutions within refrigeration and air conditioning. The product programme consists mainly of products from leading international manufacturers and, in addition, some manufacturing of our own products, combined with service and support relating to the products. The Group creates added value by contributing technical competence to the products; accounting for knowledge and experience about the market; and by providing efficient logistics and warehousing. The Group has subsidiaries in large parts of Europe and in Africa and Asia Pacific.

The parent company is a public limited company which is located and registered in Malmö, Sweden. The address to the head office is Stortorget 8, SE-211 34 Malmö.

These consolidated accounts were approved for publication by the Board of Directors on 23 March 2020.

2 Applied reporting and valuation principles

General reporting principles
These consolidated accounts have been prepared in accordance with the Annual Accounts Act, RFR 1. Supplementary reporting regulations for Groups and International Financial Reporting Standards (IFRS) and IFRIC interpretations such as they have been adopted by the EU. Standards which have been published, but which have not yet come into force are not adhered to at present.

The Annual Report for the parent company has been prepared in accordance with the Annual Accounts Act. The parent company applies the same reporting principles as the Group with the exceptions and additions stipulated by the Swedish Financial Accounting Standards Council's recommendation RFR 2, 'Reporting for legal entities'. In the parent company is reported 'Financial instruments' in accordance with the exemption in RFR 2. Financial instruments are instead reported with a basis in acquisition values in accordance with the Annual Accounts Act. The reporting principles for the parent company are stated in the section 'Parent company reporting principles'. The principles have been consistently applied for all the years presented, unless otherwise stated.

Introduction of new accounting principles
New and amended standards applied by the group
From 1 January 2019, the new lease standard IFRS 16 ”Lease” has been applied. The standard requires that assets and liabilities attributable to all leasing agreements, with some exceptions, are reported in the balance sheet. This reporting is based on the view that the lessee has a right to use an asset during a specified period of time and also a liability to pay for this right.

Beijer Ref has chosen to report the transition to the new standard using the simplified method. The relief rule not to create a comparative year has been applied. A discount rate has been fixed per country based on the base rate with the addition of a margin. Right of use agreements of less than 12 months are reported as short-term agreements and are therefore not included in the reported liabilities or rights of use. Right of use agreements with an acquisition value below USD 5,000 have been classified as low-value agreements and are not included in the reported liabilities or rights of use. The new standard also affects the key figures; see Note 20.

Beijer Ref has identified many agreements, primarily relating to properties, with the right to extend. As a result of these considerations, many leases have been deemed to be longer than according to the contract. All leases relating to properties that fall due in 2020 have been extended by three years or longer if the original contract is for more years.

Otherwise, no IFRS or IFRIC interpretations that have entered into force during the financial year have had a material effect on the group.

New standards and interpretations that have not yet been applied by the group
When drawing up consolidated financial statements as of 31 December 2019, it was judged that no IFRS or IFRIC interpretations that have not yet entered into force is expected to have any significant effect on the group.

Conditions on the preparation of the Group's financial reports
The parent company's functional currency is SEK, which is also the reporting currency for both the parent company and the Group. All amounts stated have been rounded up or down to the nearest thousand unless otherwise stated.

The reporting principles applied in the preparation of these consolidated accounts are stated below. These principles have been applied consistently for all the years presented unless otherwise stated.

Consolidated accounts
Subsidiaries
Subsidiaries are all companies over which the Group has a controlling interest. The Group controls a company when it is exposed to, or has the right to, a variable return from its investment in the company and has the opportunity to influence the return through its influence in the company.

Subsidiaries are included in the consolidated accounts from the date on which the controlling interest is transferred to the Group. They are excluded from the consolidated accounts from the date on which the controlling interest ceases.

Acquisition accounting is used for reporting the Group's acquisitions of subsidiaries.

The acquisition of a subsidiary consists of the actual value of transferred assets, liabilities and the shares issued by the Group. The consideration also includes the actual value of all assets or liabilities which are a consequence of an agreement about conditional consideration. Conditional considerations are classified either as equity or financial liability depending on whether it is settled with an equity instrument or cash and is reported initially at actual value. Revaluations relating to conditional considerations, which are reported in subsequent periods, are reported either as an equity instrument or financial liability with revaluation to actual value over the profit and loss account.

Acquisition-related costs are written off when they arise. Identifiable acquired assets and liabilities taken over in a business combination are initially valued at actual values on the date of acquisition. For every acquisition, the Group determines if all holdings with non-controlling interest in the acquired company are reported at actual value or at the holding's proportional share of the net assets of the acquired company. The amount by which the purchase price, holding with non-controlling interest and actual value on the date of acquisition of previous shareholdings exceeds the actual value of the Group's share of identifiable acquired net assets is reported as goodwill or as other intangible asset. If the amount is less than the actual value of the acquired subsidiary's net assets, such as in the event of a 'bargain purchase', the difference is reported direct in the profit and loss account.

Intra-Group transactions and balance sheet items, as well as unrealised profits on transactions between Group companies, are eliminated. Unrealised losses are also eliminated unless the transaction constitutes evidence that there is a need for a write-down in respect of the transferred asset. Where applicable, the reporting principles for subsidiaries have been changed to guarantee a consistent application of the Group's principles.

Transactions with holders with non-controlling interest
Transactions with holders with non-controlling interest are treated as transactions with the Group's shareholders. On acquisitions from holders with non-controlling interest, the difference between paid consideration and the actual acquired proportion of the reported value of the subsidiary's net assets is reported in shareholders' equity. Gains and losses on divestments to holders with no controlling influence are also reported in shareholders' equity.

When the Group no longer has a controlling or significant interest, every remaining holding is revalued at actual value and the change in reported value is reported in the profit and loss account. The actual value is used as the first reported value and forms the foundation for the continued reporting of the remaining holding as associated company, joint venture or financial asset. All amounts relating to the divested unit, which have previously been reported in other total results, are reported as if the Group had directly divested the pertaining assets or liabilities. This can result in amounts which have previously been reported in other total results being reclassified to profit or loss.

Reporting for segments
An operating segment is a part of the Group which carries out an operation from which it can generate revenues and incur costs and for which independent financial information is available. The Group's operation is split into operating segments based on how the company's highest executive decision maker, i.e. the CEO, monitors the operation. In 2019, the Group had the following operating segments: Southern Europe, the Nordic countries, Central Europe, Eastern Europe, Africa and Asia Pacific. For further description of the regions, see pages 42-47.

Classification, etc
Fixed assets and long-term liabilities consist essentially only of amounts which are expected to be recovered or paid after more than twelve months calculated from the balance sheet date. Current assets and current liabilities consist essentially only of amounts which are expected to be recovered or paid within twelve months calculated from the balance sheet date.

Valuation principles, etc
Assets and liabilities have been valued at their acquisition value unless it is otherwise stated below.

Intangible assets
Intangible assets acquired by the company are reported at their acquisition value less accumulated depreciation and write-downs with the exception of what relates to goodwill and intangible assets with an indefinite useful life which is reported at acquisition value less accumulated write-downs. Additional expenditure for an intangible asset is added to the acquisition value only if it increases future financial benefits. All other expenditure is written off as it arises. Depreciation is based on acquisition values less residual values, if any. Depreciation is made in a straight line over the period of use of the asset and is reported as a cost in the profit and loss account. The residual values and period of use is tested on every balance sheet date and adjusted when required.

Research and development
Expenditure for research and development is reported as costs as it arises. Costs arisen in development projects (which applies to the design and testing of new or improved products) are reported as intangible assets when the following criteria are fulfilled:
(a) it is technically possible to complete the intangible asset so that it can be used,
(b) the Executive Management intends to complete the intangible asset and use or sell it,
(c) there are conditions for using or selling the intangible asset,
(d) it can be shown how the intangible asset will generate probable future financial benefits,
(e) adequate technical, financial or other resources for completing the development and for using or selling the intangible asset are available, and
(f) the expenditure attributable to the intangible asset during its development can be calculated in a reliable way.

Research and development expenditure which has previously been reported as a cost is not reported as an asset in the ensuing period. Research and development expenditure which has been capitalised is written off in a straight line from the date when the asset is ready for use. The amortisation is made over the anticipated period of use. However, this is not for more than five years.

Goodwill
Goodwill consists of the amount by which the acquisition value exceeds the actual value on the Group's share of the acquired subsidiary's identifiable net assets on the date of acquisition. Goodwill on acquisition of subsidiaries is reported as intangible assets. Goodwill is tested annually in order to identify any needs for a write-down and is reported at acquisition value less accumulated write-down. Write-down of goodwill is not reversed. Profit or loss on the divestment of a unit includes the remaining net value of the goodwill that refers to the divested unit.

Goodwill is distributed on cash-generating units on an assessment of any need for a write-down. Cash-generating units are the regions, Southern Europe, the Nordic countries, Central Europe, Eastern Europe, Africa and Asia Pacific, which are the same as those identified as operating segments.

Amortisation periods, Intangible assets:

	Group	Parent company
Acquired intangible assets:		
Computer programs	3-10 years	3 years
R & D	5 years	–
Agencies	40 years	–
Customer lists	10-20 years	–

The portion which consists of ”Agencies” relates to an exclusive and not timed distribution right of a world-leading manufacture (Toshiba). There is a significant value in the right to sell Toshibas air-conditioning and heating products and its European organisation, which has been made into an integrated part of Beijer Ref. Toshiba, is an organisation with a long history and a strong market position in several areas, also outside the refrigeration and air conditioning sectors. The management's best judgement is that a useful life of 40 years best corresponds to an approximation of the period during which the asset generates future financial advantages.

Tangible assets
Tangible fixed assets are reported as assets in the balance sheet when, based on available information, it is probable that the future economic use linked with the holding accrues to the Group/company and that the acquisition value of the asset can be calculated in a reliable way. Tangible fixed assets are reported at acquisition value with a deduction for depreciation. Depreciation is based on acquisition values less estimated residual value. Depreciation is made in a straight line over the estimated use of the asset. The assets' residual values and period of use are tested on every balance sheet date and adjusted when required.

The following depreciation periods are applied:

	Group	Parent company
Buildings	25-50 years	40 years
Land improvements	20 years	–
Machinery and other technical plant	5-10 years	–
Equipment, tools and installations	3-10 years	3-10 years

Additional expenditure is added to the reported value of the asset or is reported as a separate asset, depending on which is appropriate, only when it is probable that future financial benefits linked with the asset will accrue to the Group and the acquisition value of the asset can be measured in a reliable way. All other forms of repair and maintenance are reported as costs in the profit and loss account during the period in which they arise.

Profits and losses on divestment are determined by a comparison between the sales proceeds and the reported value and are reported in 'Other operating income' or 'Other operating expenses'.

Write-down of non-financial assets
Assets which have an indefinite period of use are not written off but are tested annually relating to the need for write-down, if any. Assets which are written off are assessed with regard to depreciation whenever events or changes in conditions indicate that the reported value is not recoverable. A write-down is made with the amount by which the reported value of the asset exceeds its recovery value. The recovery value is the higher of an asset's actual value less selling expenses and the value of use. When assessing the need for a write-down, assets are grouped at the lowest levels at which there are separate identifiable cash flows (cash-generating units).

When calculating the value of use, future cash flows are discounted at an interest rate after tax which is intended to take into account the market's evaluation of risk-free interest and risk linked with the specific asset. An asset which is dependent on other assets is not considered to generate any independent cash flows. Such an asset is, instead, assigned to the smallest cash-generating unit in which the cash flows can be determined.

A write-down is reversed if there has been a change in the calculations applied to determine the recovery value. A reversal is only made to the extent that the reported value of the asset would have been if no write-down had been made. On every balance sheet date, an examination is made to establish if reversal should be made.

Financial assets
The Group classifies its financial assets in the following categories: financial assets at fair value through profit and loss; financial instruments held to maturity; and financial assets valued to discounted cost. The classification is dependent on the objective for which the instruments were acquired. The Executive Management determines the classification of the instruments at the first reporting. In the Annual Report there are financial assets valued at fair value through other comprehensive income, and financial assets valued to discounted acquisition cost.

Financial assets valued to discounted acquisition cost are non-derivative financial assets with determined or determinable payments which are not listed in an active market. The characteristic is that they arise when the Group provides money, products or services direct to a customer with no intention of trading with the arisen receivable. They are included in current assets, with the exception of items with a due date of more than 12 months after the balance sheet date, which are classified as fixed assets. The Group's loans and receivables consist of 'Trade debtors and other receivables', and 'Liquid funds' in the balance sheet.

Financial assets valued at fair value through profit and loss are assets which are not derivatives and where the assets have been identified as that they cannot be sold or have not been classified in any of the other categories. They are included in fixed assets unless it is the intention of the management to divest the asset within 12 months after the end of the reporting period.

Acquisitions and sales of financial instruments are reported on the transaction date, i.e. the date on which the Group undertakes to acquire or sell the asset. Financial instruments valued at actual value via the profit and loss account are initially reported at actual value whilst attributable transaction costs are reported in the profit and loss account. Financial assets are removed from the balance sheet when the right to receive cash flows from the instrument has either expired or been transferred and the Group has transferred virtually all risks and benefits linked with the ownership. Financial assets valued to discounted acquisition cost are reported after the date of acquisition at accrued acquisition value by application of the effective rate method. Financial assets valued at fair value through profit and loss are initially reported at actual value and in subsequent periods, if it is possible to determine, otherwise the valuation is made at acquisition value. When securities classified as financial assets valued at fair value through profit and loss are sold or written down, accumulated adjustments of actual value are transferred from shareholders' equity to financial income/expense in the profit and loss account. The group has identified financial assets as investments in equity instruments that are valued at fair value via other comprehensive income. Dividends and any impairment are included in equity.

Write-downs of financial assets
At the end of every reporting period, the Group assesses if there is objective evidence that there is a need for write-down in respect of a financial asset or a group of financial assets. A financial asset or group of financial assets has a need for write-down and is written down only if there is objective evidence for a need for write-down as a consequence of the fact that one or several events have occurred after the asset has been reported the first time and that this event has an influence on the estimated future cash flows for the financial asset or group of financial assets which can be estimated in a reliable way.

Write-down for financial assets in the financial assets valued at fair value through profit and loss category is calculated as the difference between the reported value of the asset and the current value of estimated future cash flows discounted at the original effective rate. If the need for write-down decreases in a subsequent period and the decrease can be attributable to an event which occurred after the write-down was reported, the reversal of the previously reported write-down is reported in the consolidated profit and loss account. When it concerns an own-capital instrument classified as financial assets valued to discounted cost, a significant or prolonged fall in actual value for an instrument to a level below its acquisition value is taken into consideration as evidence that there is a need for write-down. If such evidence exists for financial assets valued to discounted cost, the accumulated loss – calculated as the difference between the acquisition value and actual value, with a deduction for previous write-downs, if any, which have been reported in the profit and loss account – is removed from shareholders' equity in the balance sheet and reported in the profit and loss account. Any impairment of equity instruments that are valued via equity is entered in equity. Write-downs of equity instruments, which have previously been reported in the profit and loss account, are not reversed over the profit and loss account.

Inventories
Inventories are entered at the lower of acquisition value and net sales value. The acquisition value is calculated in accordance with the 'first-in, first-out' principle or in accordance with weighted average prices. Weighted average prices are applied in those units in the Group where a variation in the price of goods is deemed to be significant. In semi-finished or finished products of the company's own manufacture, the acquisition value consists of direct manufacturing costs, such as direct material and payroll expenses, and a reasonable proportion of indirect manufacturing costs. On valuation, normal capacity utilisation has been taken into account. Loan costs are not included. The net sales value is the estimated sales price in the current operations with a deduction for applicable variable selling expenses.

Trade debtors
Trade debtors are initially reported at actual value and, thereafter, at accrued acquisition value by application of the effective rate method, less a provision for depreciation, if any. A provision for depreciation of trade debtors is made when there is objective evidence that the Group will not be able to receive all amounts which have fallen due in accordance with the original terms of the receivables. Significant financial difficulties of the debtor; the probability that the debtor will become bankrupt or go through financial reconstruction, and non-payments or delayed payments, are regarded as indications that a need for the write-down of a trade debtor could exist. The size

of the provision consists of the difference between the reported value of the asset and the current value of estimated future cash flows, discounted by the original effective rate. The reserved amount is reported in the item 'Other external costs' in the profit and loss account. When a trade debtor cannot be recovered, it is written off. Recovery of previously written off amounts is credited to 'Other external costs' in the profit and loss account.

Liquid funds
Liquid funds comprise cash and immediately available bank balances.

Share capital
Ordinary shares are classified as shareholders' equity. When a Group company buys the parent company's shares (buy-back of own shares), the purchase price paid, including directly attributable transaction costs (net after tax), if any, reduces profit brought forward until the shares are cancelled or divested. If these shares are later divested, the amounts received (net after directly attributable transaction costs and tax effects, if any) are reported in profit brought forward.

Trade creditors
Trade creditors are initially reported at actual value and, thereafter, at accrued acquisition value by application of the effective rate method.

Borrowing
Borrowing is initially reported at actual value, net after transaction costs. Thereafter, borrowing is reported at accrued acquisition value and the difference, if any, between the amount received (net after transaction costs) and the repayment amount is reported in the profit and loss account, distributed over the loan period, by application of the effective rate method.

Borrowing is classified as current liabilities unless the Group has an unconditional right to defer payment of the liability for at least 12 months after the balance sheet date.

Taxes
Total tax consists of current tax and deferred tax. Taxes are reported in the profit and loss account except where the underlying transaction is reported as a component in 'Other comprehensive income' or directly against shareholders' equity. In such instances, the tax is also reported in 'Other comprehensive income' and shareholders' equity respectively. Current tax is tax calculated on taxable profit for the period. To this also belongs adjustment of current tax attributable to previous periods.

Deferred tax is calculated in accordance with the balance sheet method on all temporary differences between reported and fiscal values on assets and liabilities. However, the deferred tax is not reported if it arises as a result of a transaction which constitutes the first reporting of an asset or liability which is not an acquisition of an operation and which affects neither reported nor fiscal results on the date of acquisition. Deferred income tax is calculated by application of tax rates (and tax legislation) which have been decided or announced as per the balance sheet date and which are anticipated to apply when the deferred tax assets are realised or the deferred tax liability is settled. In the consolidated accounts, on the other hand, untaxed reserves are divided into deferred tax liability and shareholders' equity.

Deferred tax assets are reported to the extent it is likely that future fiscal surpluses will be available, against which the temporary differences can be utilised. Deferred tax is calculated on temporary differences which arise on participations in subsidiaries, except where the date for reversal of the temporary difference can be controlled by the Group and it is likely that the temporary difference will not be reversed in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and tax liabilities and when the deferred tax assets and liabilities relate to taxes levied by one and the same taxation authority and refer to either the same taxable entity or different taxable entities, where there is an intention to settle the balances through net payments.

Provisions (with the exception of deferred tax)
A provision is reported in the balance sheet when the company has a formal or informal commitment as a consequence of an event that has occurred and it is probable that an outflow of resources will be required to settle the commitment and a reliable estimate of the amount can be made.

The provisions are valued at the current value of the amount that can be expected to be required to settle the commitment. In this connection, a discount rate before tax is applied which reflects a current market valuation of the time-dependent value of money and the risks linked with the provision. The increase in the provision which is due to the fact that time passes is reported as an interest expense.

Guarantee reserve
A provision is reported when the underlying product or service has been sold. The guarantee provision is calculated on the basis of previous years' guarantee expenditure and of forecast future guarantee commitments.

Restructuring reserve
A provision is reported when a detailed restructuring plan has been adopted and the restructuring has either started or been announced publicly.

Remuneration of employees
Pension commitments
The Group's pension costs are reported in full under the heading Personnel Costs in the profit and loss account.

In defined contribution plans, the company pays fixed contributions to a separate legal entity and has no commitment to pay additional contributions. The Group's profit is charged for costs as the benefits are earned.

In defined benefit pension plans there is stated the amount for the pension benefit an employee receives after retirement. This is usually based on one or several factors such as age, period of service and salary. The Group carries a risk of ensuring that the payments undertaken are made. The defined benefit pension plans are both funds invested in various pension plans and floating debts. Where the funds are invested, the assets which belong to the plans are separated from the Group's assets in externally managed funds. These managed assets can only be used to pay benefits in accordance with the pension agreements.

In the balance sheet is reported the net of the calculated current value of the commitments and the actual value of the managed assets, either as a provision or a long-term financial receivable. Where a surplus in the plan cannot be utilised in full, only the portion of the surplus which the company can recover through reduced contributions or repayments is reported. Set-off against a surplus in a plan against a deficit in another plan is only made if the company has the right to utilise a surplus in one plan to regulate a deficit in another plan, or if the commitments are intended to be settled on a net basis.

The pension cost and the pension commitment for the defined benefit pension plans is calculated in accordance with the projected unit credit method. The method distributes the cost for pensions in step with the employees carrying out services for the company which increase their right to future compensation. The company's commitment is based on calculations by independent actuaries. The commitment consists of the current value of the anticipated future payments. The actuarial calculations are based on assumptions about discount rates, anticipated return on plan assets, future salary increases, inflation and demographic conditions. The most important actuarial assumptions are stated in Note 27.

When determining the current value of the commitment and the actual value of the managed assets, actuarial profits and losses could arise. These arise either because the actual outcome is different from the previous assumption or because assumptions change.

The actuarial profits and losses are reported direct in other comprehensive income as they arise. Costs for previous employment are reported immediately. Interest expenses and the anticipated return on plan assets is reported net as an income/expense by applying the discount rate, which is used to discount the pension commitment included in the consolidated pension provision. Costs for the year's earning and net income/expense are reported in the operating result.

Commitments for retirement pension and family pension for salaried employees in Sweden are secured through insurance in Alecta. This is a defined benefit plan which comprises several employers. As the Group has not had access to information which makes it possible to report this scheme as a defined benefit plan, this plan is, therefore, reported as a defined contribution plan.

Payments on termination of employment
A provision in connection with termination of employment of staff is only reported if the company is demonstrably obliged to end an employment before the normal date or when payments are made as an offer to encourage voluntary termination. When the company needs to make staff redundant, a detailed plan is prepared which contains at least work location, positions and the approximate number of people involved, as well as payments for each staff category or position and the time for the implementation of the plan.

Variable remuneration
Variable remuneration of Senior Executives is reported in Note 6. The variable remuneration is decided annually by the Beijer Ref AB Board of Directors and can amount to not more than six months' salary. The variable remuneration is based on qualitative and quantitative target fulfilment. Otherwise, variable remuneration of employees in addition to senior executives exists only to a limited extent. Remuneration is reported in the period when the legal commitment arises.

Long-term incentive programme
In 2018, the company issued call options for class B shares in Beijer Ref AB. Each call option entitles the acquisition of one (1) repurchased share of Series B in the Company during the period from 1 June 2021 until 30 June 2021. The premium for the call options correspond to the market value of the call options according to the external independent valuation, Black & Scholes model. The call options are freely transferable.
The option premium received in payment of the call options affected retained earnings. In order to secure the delivery of shares to participants in the option programme, the company was authorised by the AGM to repurchase its own shares. The purchase value of the repurchase of own shares affected retained earnings in 2018. Repurchase of own shares has a dilution effect and the relevant key figures are shown before and after dilution.

Revenues
As from 1 January 2018, the Company applies a new accounting policy regarding revenues (IFRS 15). The new policy means that revenue from the Group's sales is recognised when the control of the products is transferred to the customer, which occurs when the products are delivered to the customer and there are no unfulfilled obligations that may affect the customer's acceptance and approval of the products. The products are often sold with volume discounts based on cumulative sales over a 12-month period. Revenues from sales are recognised based on the agreed price less any volume discounts and discounts for cash payment. Volume discounts are calculated on the basis of the expected sales volume and revenues are recognised only to the extent that it is highly likely that a significant reversal is unlikely to occur. A liability is recognised for the anticipated volume discounts in relation to sales until the close of the reporting period. The liabilities relating to volume discounts are reported as accrued expenses in the balance sheet. Return rights and guarantees are in accordance with industry standards; any guarantee reserve is entered as other provisions.

Payments in the form of interest, commission and dividend are reported as income when it is probable that the financial benefits linked with the transaction accrue to the company and that they can be calculated in a reliable way. Interest income is reported as revenue distributed over the duration by application of the effective rate method. Dividend income is reported when the right to receive payment has been determined.

Leasing - lessee
With effect from 1 January 2019, the company applies a new accounting principle with regard to leasing (IFRS 16). The new accounting standard requires that assets and liabilities attributable to all leasing agreements, with some exceptions, are reported in the balance sheet. This reporting is based on the view that the lessee has a right to use an asset during a specified period of time and also a liability to pay for this right. For further information, see under the heading "Introduction of new accounting principles" and note 19.

In 2018, leasing was classified in the consolidated accounts as either financial or operational leasing, in accordance with the application of IAS 17.. A financial lease exists when the financial risks and benefits associated with ownership are essentially transferred to the lessee; where this is not the case, the lease is an operational lease. Operational leasing means that the leasing fee is expensed over the lease period on the basis of use, which may differ from what has been de facto paid as a leasing fee during the year. The group does not have any material financial leases.

Hedge reporting
The Group applies hedge reporting for financial instruments aimed at hedging net investments in operations abroad. When the transaction is entered into the relation between the hedging instrument and the hedged item is documented or the transaction as well as the objective of the risk handling and the strategy for taking different hedging actions. The Group also documents its assessment, both at the start of the hedging and current, as to whether the derivative instruments used in the hedging transaction are effective with regard to mitigating changes in actual value or cash flow for hedged items.

Hedgings are designed to ensure that they can be expected to be effective. Changes in actual value for derivative instruments which do not meet the conditions for hedge reporting are reported immediately in the profit and loss account. Changes in actual value on the hedging instrument are reported in the total result until the maturity date. An ineffective part, if any, is reported immediately in the profit and loss account.

Translation of foreign currency
Functional currency and reporting currency
Items included in the financial reports for the different units in the Group are valued in the currency used in the financial environment in which the respective company mainly operates (functional currency). In the consolidated accounts SEK is used, which is the parent company's functional currency and reporting currency.

Transactions and balance sheet items
Transactions in foreign currency are translated into the functional currency in accordance with the exchange rates applicable on the date of transaction. Exchange gains and losses, which arise on payment of such transactions and on the translation of monetary assets and liabilities in foreign currency at the balance sheet date rate, are reported in the profit and loss account.

Group companies
Results and financial position for all Group companies (none of which have a high inflation currency), which have functional currency other than the reporting currency, are translated into the Group's reporting currency as follows:

- assets and liabilities for each balance sheet are translated at the balance sheet date rate,
- income and expenses for each profit and loss account are translated at the average exchange rate and
- all exchange rate differences which arise are reported as a separate component in 'Other comprehensive income'.

On consolidation, the year's exchange rate differences, which arise as a result of translation of net investments in foreign operations and of borrowing and other currency instruments which have been identified as hedgings of such investments, are reported as a component in 'Other comprehensive income' and accumulated among reserves in shareholders' equity. On the divestment of a foreign operation, such exchange rate differences are reported as a part of the capital gain/loss in the profit and loss account.

Goodwill and adjustments of actual value which arise on the acquisition of a foreign operation are treated as assets and liabilities in this operation and translated at the balance sheet date rate. The arisen exchange rate differences are reported as a separate component in 'Other comprehensive income'.

Dividends
Dividend to the parent company's shareholders is reported as liability in the Group's financial reports in the period when the dividend is approved by the parent company's shareholders.

Related parties transactions
Information about the Board of Directors', the President's and other senior executives' salaries and other remuneration, costs and obligations relating to pensions and similar benefits, agreements made relating to severance pay is outlined in Note 6. Other transactions with related parties appear in Note 34.

Parent company reporting principles

The parent company's financial reports have been prepared in accordance with the Annual Accounts Act and RFR 2. Financial instruments are reported on accordance with the exception in RFR 2, i.e. IAS 39 is not applied. Financial instruments are instead reported with a basis in acquisition values in accordance with the Annual Accounts Act.

In its financial reports, the parent applies the company International Financial Reporting Standards (IFRS) which have been approved by the EU when this is possible within the framework of the Annual Account Act and taking into account the relationship between reporting and taxation.

Subsidiaries
In the parent company's accounts are reported participations in subsidiaries at acquisition value with a deduction for write-downs, if any. As dividend from subsidiaries is only reported a dividend received from profits earned after the acquisition.

Group contributions
Group contributions which the parent company receives from subsidiaries are reported as appropriations.

3 Financial risk handling

Financial risks
Through its operations, the Group is exposed to a large number of different financial risks, inclusive of the effects of changes in prices in the loan and capital markets, exchange rates and interest rates. The Group's overall risk-handling programme focuses on the unpredictability in the financial markets and strives to minimise potential unfavourable effects on the Group's results. The risk handling is managed by a central finance department (Group Finance) in accordance with principles approved by the Board of Directors. Group Finance identifies, evaluates and hedges financial risks in close collaboration with the Group's operational units. The Board of Directors formulates principles for both the overall risk handling and for specific areas such as currency risks, interest risks, and investment of surplus liquidity.

Financial instruments by category in the Group

The reporting principles for financial instruments have been applied as below:

2019-12-31	*Total*
Assets in the balance sheet	
Financial assets valued at fair value through other comprehensive income	41 029[1]
Financial assets valued at discounted acquisition cost	
Trade debtors and other receivables	2 670 737
Liquid funds	794 973
Total	**3 506 739**

2019-12-31	*Total*
Liabilities in the balance sheet	
Debt valued at discounted acquisition cost	
Borrowing	2 815 802
Other long-term liabilities	2 186
Trade creditors and other liabilities	2 399 696
Total	**5 217 684**

1) Financial asset valued at fair value, see note 19.

2018-12-31	*Total*
Assets in the balance sheet	
Financial assets valued at fair value through other comprehensive income	45 203[1]
Financial assets valued at discounted acquisition cost	
Trade debtors and other receivables	2 670 350
Liquid funds	909 430
Total	**3 624 983**

2018-12-31	*Total*
Liabilities in the balance sheet	
Debt valued at discounted acquisition cost	
Borrowing	3 317 778
Other long-term liabilities	6 391
Trade creditors and other liabilities	2 322 589
Total	**5 646 758**

1) Financial asset valued at fair value, see note 19.

Financial assets valued at fair value consist of two holdings, one of which (SEK 16 million) refers to listed shares and is valued at market value on the balance sheet date. The second holding (SEK 25 million) is an unlisted holding and is valued at estimated fair value. Financial assets and financial liabilities where there is a legal right to offset the reported amounts are reported with a net amount in the balance sheet.

Market risk

Currency risks

The Group is exposed to transaction risks on acquisitions/sales and financial transactions in foreign currency. The majority of the sales are made in the local currency of the respective subsidiary, only around 1 per cent (2) is made in another currency whilst approximately 22 per cent (26) of purchases are made in a currency other than the respective local currency. The currency exposure relating to purchases is primarily in EUR and USD. In order to handle these risks, quotations and price lists usually contain a currency clause and continual price adjustments are made on a par with changed purchasing prices caused by, among other things, exchange rate fluctuations.

A weakened SEK of 10 per cent against the EUR relating to product transactions involves a change in the profit margin of approximately -0.8 (-0.8) percentage points. The correspondent weakening against the USD gives a change in the profit margin of -0.5 (-0.7) percentage points.

The group is subject to translation risk when converting into the group currency, SEK. This currency risk is generally not hedged. In some cases hedging of net investment is done by hedging the external loans. During 2019, this has had an effect of SEK 14 million on the comprehensive income. Exchange rate differences compared with the previous year are shown in note 15. On the balance sheet date, the group had no outstanding forward exchange contracts or other financial instruments of a material nature for which fair value shall be reported. The effect on operating profit of a strengthening of SEK by 10% against all currencies would be SEK -116 (-100) million and would reduce the operating margin by -0.8 (-0.8) percentage points.

Interest risks

The Group's revenues and cash flow from operations are essentially independent of changes in market interest levels. The Group has no significant interest-bearing assets. The Board of Directors of Beijer Ref continuously evaluates the issue of possibly committing to fixed interest rates. Based on total borrowing in accordance with Note 25 at balance sheet date, an increase in the interest rate of one percentage point would result in an increased interest expense of SEK 28M (30) for the Group.

Credit risk

The Group has no significant concentration of credit risks. The Group adapts itself to local conditions in the respective market and works with local knowledge in order to ensure that sales of products are made to customers with an appropriate credit background. Due to the fact that the Group has of a large number of customers and transactions, the credit risk is kept at a low level.

Liquidity risk

The handling of liquidity risks is made with prudence as the starting point. This involves maintaining sufficient liquid funds, available financing and sufficient agreed bank overdraft facilities. On the balance sheet date, liquid funds including unutilised bank overdraft facilities totalled SEK 1,184M (1,202). In addition, there are limits granted by the Group's banks to cover the working capital requirement which may arise. Further information is presented in Note 25.

Below is shown the Group's duration analysis of the liabilities which are classified as financial liabilities. The amounts stated are in contractual undiscounted cash flows.

Capital risk

The Group's objective relating to the capital structure is to secure the Group's ability to continue its operation in order to enable it to generate a return for its shareholders, whilst the capital structure is kept at an optimum in order to keep the capital costs down. In order to change the capital structure, for example, the dividend can be changed, new shares issued or assets sold to reduce the liabilities.

The capital risk is measured as debt ratio, which means interest-bearing liabilities reduced by liquid funds in relation to shareholders' equity.

Group	2019	2018
Interest-bearing liabilities	4 002 203	3 431 172
Liquid funds	-794 973	-909 430
Net debt	3 207 230	2 521 742
Shareholders' equity	4 369 325	3 785 118
Debt ratio	0.73	0.67

Duration analysis 2019-12-31 Financial instruments	0-3 months	3-6 months	6-12 months	1-2 years	2-5 years	> 5 years
Borrowing inclusive of interest payments	10 183	10 173	1 578 830	14 511	1 187 770	
Trade creditors and other long-term liabilities	1 565 756	110 118	43 054	7 493	513	1 617
Lease liabilities	66 653	66 653	174 600	246 586	346 651	138 183
Total	**1 642 592**	**186 944**	**1 796 484**	**268 589**	**1 534 934**	**139 800**

Duration analysis 2018-12-31 Financial instruments	0-3 months	3-6 months	6-12 months	1-2 years	2-5 years	> 5 years
Borrowing inclusive of interest payments	56 425	63 125	666 022	1 261 994	1 399 872	
Trade creditors and other long-term liabilities	1 504 971	108 400	44 918	16 651	1 295	2 724
Total	**1 561 396**	**171 525**	**710 940**	**1 278 645**	**1 401 167**	**2 724**

4 Important estimates and assessments for reporting purposes

The Corporate Management and the Board of Directors make assessments and assumptions about the future. These assessments and assumptions influence reported assets and liabilities, as well as revenues and costs, and other given information. These assessments are based on historic experiences and the different assumptions deemed to be reasonable under current circumstances. Conclusions drawn by these means form the foundation for decisions relating to reported values of assets and liabilities where these cannot be determined through other information. Areas which include such assessments and assumptions which can significantly influence the Group's result and financial position include:

- The examination of the need for a write-down of goodwill and other assets with an indefinite useful life: The need for a write-down of goodwill is examined annually in connection with the annual accounts or as soon as changes indicate that a need for a write-down should exist, such as a changed business climate or a divestment or closure of an operation.A write-down is made if the reported value exceeds the estimated value in use. See also Note 2 and Note 16. The Group's goodwill amounts to approximately 36 per cent of the Group's equity.

- Other tangible and intangible assets are reported at acquisition value with a deduction for accumulated depreciation and write-downs, if any. Intangible assets with an indefinite useful life are included in the annual examination of the need for a write-down, see above. Depreciation is made over the estimated useful life down to an assessed residual value. The reported value of the Group's fixed assets is examined as soon as changed circumstances show that there is a need for a write-down. The value in use is measured as anticipated future discounted cash flow, primarily from the cash-generating unit to which the asset belongs but, in specific cases, also in relation to individual assets. An examination of the reported value of an asset also arises in connection with a decision having been taken about a close-down. The asset is taken up at the lowest of the reported value and the actual value after a deduction for selling expenses. Tangible and intangible assets except goodwill amount to approximately 24 per cent of the Group's equity.

- Calculation of deferred tax asset and tax liability respectively: Assessments are made to determine both current and deferred tax assets or liabilities, especially with regard to deferred tax assets. In this connection, the likelihood that the deferred tax assets will be utilised for settlement against future taxable profits is assessed. The actual value of these future taxable profits can differ with regard to future business climate and earning capacity or changed fiscal regulations. See also Note 26.

- For IFRS 16, the leasing period is defined as the non-cancellable leasing period, together with both periods covered by an option to extend the lease if the Group is reasonably sure to use the alternative and periods covered by an opportunity to terminate the lease if the Group is reasonably secure on not taking advantage of that option.

5 Reporting for segments

Operating segments
The Group's operation is split into operating segments based on how the company's highest executive decision maker, i.e. the CEO, monitors the operation. The Group has the following segments; the Nordic countries, Central Europe, Southern Europe, Eastern Europe, Africa and Asia Pacific.
The segments reporting for the regions contains the profit and loss account up to and including operating profit, working capital, depreciation and investments. Internal sales within each segment are eliminated in net sales by operation, internal sales between segments are eliminated on total level. Previous were all internal sales eliminated within the segment independence on counterpart. Comparative figures for the previous period have been recalculated. The working capital included inventories, trade debtors and trade creditors and is an average based on monthly values for the year. Investments are reported in the segment where the asset is found and consists of the year's investments, including investments from acquisition of companies.

12 months sek m	**Nordic**		**Central Europe**		**Southern Europe**		**Eastern Europe**		**Africa**		**Asia Pacific**		**Group**	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Sales by segment	1 819	1 717	3 512	3 307	5 479	4 688	522	493	1 320	1 164	2 428	1 874	15 080	13 242
- of which Commercial and industrial refrigeration	*1 046*	*1 116*	*2 182*	*2 244*	*2 152*	*2 158*	*383*	*370*	*861*	*765*	*1 137*	*891*	*7 760*	*7 544*
- of which HVAC	*594*	*454*	*1 176*	*966*	*2 800*	*2 092*	*118*	*106*	*286*	*246*	*673*	*540*	*5 648*	*4 404*
- of which OEM	*180*	*146*	*154*	*96*	*527*	*438*	*21*	*16*	*173*	*154*	*618*	*443*	*1 672*	*1 294*
Internal sales between segments													-263	-227
Net sales													14 817	13 015
Result by operation	279	282	277	274	449	409	53	59	119	68	142	99	1 319	1 191
Undistributed costs													-89	-105
Operating profit													**1 230**	**1 085**
Financial net													-56	-31
Tax													-301	-275
Net profit													**873**	**780**
Working capital, average for the period	551	491	999	953	1 620	1 425	191	194	528	474	842	691	4 732	4 228
Group eliminations													-6	-7
Total average working capital													4 726	4 222
Depreciations	53	17	108	35	106	25	11	4	38	6	107	18	424	106
Investments	16	21	68	84	47	24	2	2	7	6	23	24	165	161

Net sales in Sweden amount to approximately SEK 518M (531). The individually significant country is France where net sales amount to approximately SEK 2,993M (2,704). Total fixed assets reduced by deferred tax assets and financial instruments amount to SEK 93M (52) in Sweden. The individually significant countries are France and Switzerland where total fixed assets reduced by deferred tax assets and financial instruments amount to SEK 711M (475) and SEK 352M (308) respectively.

6 Employees and remuneration of employees

Average number of employees	**2019**		**2018**	
Parent Company	Total	of whom men	Total	of whom men
Sweden	18	61%	17	59%
Total in Parent Company	**18**	**61%**	**17**	**59%**
Subsidiaries	Total	of whom men	Total	of whom men
France	524	81%	489	81%
South Africa	758	82%	743	82%
UK	344	67%	333	66%
Italy	290	86%	236	82%
The Netherlands	176	81%	171	84%
Spain	208	78%	203	79%
Portugal	25	68%	22	68%
Sweden	93	84%	88	85%
Norway	94	88%	95	88%
Switzerland	91	78%	76	79%
Denmark	82	82%	79	82%
Thailand	133	45%	126	44%
Germany	81	75%	75	81%
Poland	45	80%	44	82%
Finland	49	82%	45	80%
Hungary	26	88%	26	81%
Romania	28	61%	27	63%
Belgium	25	80%	23	83%
Czech Republic	11	64%	11	73%
Mozambique	9	78%	10	80%
Ghana	2	100%	2	100%
Estonia	7	86%	7	86%
Ireland	9	44%	8	63%
Lithuania	9	78%	9	78%
Lithuania	6	83%	6	83%
Zambia	3	100%	6	100%
Botswana	9	44%	8	50%
Slovakia	5	80%	5	80%
Namibia	11	73%	13	69%
Tanzania	2	100%	2	100%
New Zealand	117	78%	117	79%
Australia	369	83%	364	84%
Malaysia	21	62%	22	59%
India	36	92%	35	91%
China	147	79%	155	80%
Singapore	6	83%	5	100%
Total in subsidiaries	**3 851**	**79%**	**3 686**	**79%**
Total Group	**3 869**	**79%**	**3 703**	**79%**

Salaries, other remuneration and social costs (sek k)	**2019** *Salaries & other remuneration*	*Social costs*	*Total remuneration of employees*	**2018** *Salaries & other remuneration*	*Social costs*	*Total remuneration of employees*
Parent Company [1]	33 718	16 623	50 341	28 895	16 231	45 126
of which pension costs [2]		5 681	5 681		5 375	5 375
Subsidiaries	1 614 102	381 397	1 995 499	1 368 763	332 642	1 701 406
of which pension costs		112 697	112 697		99 877	99 877
Group	**1 647 820**	**398 020**	**2 045 840**	**1 397 658**	**348 873**	**1 746 532**
of which pension costs [3]		**118 378**	**118 378**		**105 252**	**105 252**

1) The Parent Company's recognised personnel costs have been affected by repayment from the pension foundation.
2) Of the parent company's pension costs, SEK 1,739K (1,581) relate to the Board of Directors and the CEO.
3) Of the Group's pension costs, SEK 9,743K (8,494) relate to the Board of Directors and the CEO.

6 Employees and remuneration of employees *(continued)*

Benefits for senior executives
For 2019, a directors' fee of SEK 720K was paid to the Chairman and SEK 350K to each of the other Board Members with the exception of Board Members employed in the UTC group, to whom no remuneration has been paid. The Board consists of five men and two women (five men and two women). The CEO, Per Bertland, has received a salary, remuneration and other benefits amounting to SEK 9,081K (8,770), including a bonus payment of SEK 3 142K (2 934). An annual amount equivalent to 30 per cent of his gross salary is appropriated to a pension insurance scheme. The pension solution is contribution-based. The retirement age for the CEO is 65. Where notice of termination is given by the company, the CEO will receive 12 months' salary and a severance pay equivalent to 12 months' salary. On these 24 months' salary the company will pay a pension insurance premium of 30 per cent. Notice of termination by the CEO is six months and does not trigger any severance pay. On new employment, there is no deduction of severance pay. A bonus payment is decided annually by the Board of Directors and can amount to a maximum of 55% of the annual salary. The bonus payment is based on qualitative and quantitative target fulfilment.

The Group's other senior executives, consists of two women and four men (two women, two men). Other senior executives consist of the CFO, COO ARW EMEA, COO ARW APAC, COO Toshiba HVAC and General Counsel. All senior executives also hold the title EVP. For further information about the senior executives, see pages 62-63. They received salary, remuneration and other benefits amounting to SEK 12,826K (19,923) including bonus payments of SEK 5,881K (3,838). Pension solutions to three of the senior executives are contribution-based and amount to 17-25 per cent of gross salary. The sixth senior executive has a defined benefit pension solution, the terms of which are based on rules and regulations in France. Where notice of termination is given by the by the company, the senior executives receive up to 12 months' salary. Profit-based salary is decided annually by the board and can amount to a maximum of 50% of annual salary.

The Board of Directors handles matters relating to remuneration of the senior executives on CEO and Executive Vice President level. The Board, as a whole, constitutes the Remuneration Committee. The matter is prepared during the first Board Meeting of the year and decided at the Board Meeting held in connection with the Annual Meeting of shareholders.

Long-term incentive programme
Beijer Ref AB's long-term incentive programme was approved by the shareholders at the annual general meeting in 2018. The programme, which was adopted by 57 persons, meant that the participants had the opportunity to acquire, at market price, call options in respect of Beijer Ref AB (publ) class B shares and that in connection with the transfer of the call options the participants received a subsidy in the form of a gross salary supplement corresponding to 50 per cent of the premium paid for the options. In total, the participants in the programme acquired 898,000 options.

To ensure the delivery of shares to participants in the incentive programme, during the year Beijer Ref has exercised the 2018 annual general meeting's authorisation to buy back own shares. In total, the company repurchased 636,380 shares during 2018 and now holds 897,980 shares at an average purchase value of SEK 111.

The incentive programme runs between 2018 and 2021. The total cost of the programme has been charged to the company's operating profit at SEK 8 million during 2018, which is in line with the AGM's decision.

7 Other operating income

Group	**2019**	**2018**
Rents	4 181	3 042
Exchange gains	5 047	5 620
Capital gain	8 634	1 046
Commission	1 101	62
Other	9 158	9 928
Total	**28 121**	**19 698**
Parent company		
Group revenues	56 565	59 445
Exchange gain	95	–
Other	91	177
Total	**56 751**	**59 622**

8 Remuneration of auditors

Group	**2019**	**2018**
PwC		
Audit assignment [1]	9 194	9 463
Audit business in addition to audit assignment [2]	181	302
Tax consultancy [3]	1 096	962
Other services [4]	291	1 300
Total	**10 762**	**12 027**
Other auditors		
Audit assignment	1 693	1 432
Audit business in addition to audit assignment	29	59
Tax consultancy	81	72
Total	**1 803**	**1 563**
Total	**12 292**	**13 590**
Parent company		
PwC		
Audit assignment	918	900
Other services	49	244
Total	**967**	**1 144**

1) of which SEK 1,172K (1,159) refers to PWC Sweden
2) of which SEK 160K (32) refers to PWC Sweden
3) of which SEK 49K (0) refers to PWC Sweden
4) of which SEK 36K (1,300) refers to PWC Sweden

9 Lease contracts

Group	2019	2018
The year's leasing cost	–	278 061
Leasing charge which falls due		
- within 1 year	–	274 820
- within 1-5 years	–	502 204
- later than 5 years	–	238 340

The leasing cost above refers to operational leasing agreements in accordance with accounting principles applied in 2018.

With effect from 1 January 2019, the new accounting standard IFRS 16 Leases, see Note 2 and Note 19, is applied.

The above leasing costs mainly refer to leases for premises, but leasing fees for vehicles, fork lift trucks and office equipment are also included. The leases run with standard index clauses and the vehicle contracts run with normal interest terms.

10 Results of participations in Group companies

Parent company	2019	2018
Dividends received, Group companies	466 301	364 736
Capital result from sold participations in Group companies	–	-17 775
Write-down	-18 000	–
Total	**448 301**	**346 961**

11 Financial income

Group	2019	2018
Interest income	4 941	5 334
Exchange gain	6 007	7 916
Other financial income	45	24
Total	**10 993**	**13 274**
Parent company		
Interest income, Group companies	68 941	62 805
Interest income, external	1 146	–
Exchange gain	17 358	–
Total	**87 445**	**62 805**

12 Financial expenses

Group	2019	2018
Interest expenses	-65 797	-43 902
Exchange loss	-970	–
Other	-570	–
Total	**67 337**	**-43 902**
Parent company		
Interest expenses, Group companies	-81	-12
Interest expenses, external	-34 573	-35 855
Exchange loss	–	-42 044
Total	**-34 654**	**-77 911**

13 Appropriations

Parent company	2019	2018
Group contribution	92 140	137 756
Tax allocation reserve	-26 000	-23 990
Reversal of tax allocation reserve	1 990	–
Total	**68 130**	**113 766**

14 Tax on the year's profit

Group	2019	2018
Current tax	-297 730	-266 962
Deferred tax (Note 25)	-3 435	-8 341
Tax on the year's profit	**-301 165**	**-275 303**
Reconciliation of effective tax		
Profit before taxes	1 173 948	1 054 853
Tax expense calculated according to actual tax rate, 21.4% (22%)	-251 225	-232 068
Effect of different tax rates	-40 220	-37 623
Non-deductible costs	-14 499	-42 048
Non-taxable income	9 599	36 312
Tax attributable to previous years	-5 767	-160
Tax losses for which no deferred tax asset was recognised	12 333	7 092
Non-capitalised tax losses	-4 125	-273
Temporary differences, non-capitalised	5 775	2 686
Other*	-13 036	-9 221
Net effective tax	**-301 165**	**-275 303**
Effective tax rate	25.7%	26.1%

*) Other consists of French tax (CVAE).

Deferred tax expense in other comprehensive income amounts to SEK 240K (11,407) and relates to pension provisions SEK 4,154K (1,120), cash flow hedging SEK -3,855K (8,631) and equity investments SEK 0K (1,656).

Parent company	2019	2018
Current tax	-20 397	-15 705
Tax on the year's profit	**-20 397**	**-15 705**
Reconciliation of effective tax		
Profit before taxes	549 335	418 595
Tax expense calculated according to actual tax rate, 22% (22%)	-117 558	-92 091
Non-deductible costs	-3 976	-3 983
Non-taxable income	100 092	80 242
Tax attributable to previous years	1 045	127
Net effective tax	**-20 397**	**-15 705**
Effective tax rate	3.7%	3.8%

15 Currency effect in result

Group	2019	2018
Currency effect in operating profit	5 047	5 620
Currency effect in financial income and expenses	5 037	7 916
Currency effect in profit after tax	**10 084**	**13 536**
Parent company		
Currency effect in operating profit	–	–
Currency effect in financial income and expenses	17 358	-42 044
Currency effect in profit after tax	**17 358**	**-42 044**

16 Intangible fixed assets

CAPITALISED EXPENDITURE FOR SOFTWARE

Group

Accumulated acquisition values	**2019**	**2018**
On 1 January	268 255	182 108
Acquisitions during the year	23 872	26 448
Acquisition of companies	–	54 114
Divestments and disposals	-3 604	-82
Reclassification	1 442	–
The year's translation differences	5 366	5 667
Total	**295 331**	**268 255**
Accumulated amortisation		
On 1 January	-200 859	-132 975
The year's amortisation	-17 614	-15 131
Acquisition of companies	–	-48 661
Divestments and disposals	3 604	82
Reclassification	-96	–
The year's translation differences	-4 360	-4 174
Total	**-219 325**	**-200 859**
RESIDUAL VALUE	76 006	67 396

CAPITALISED EXPENDITURE FOR RESEARCH AND DEVELOPMENT, ETC

Group

Accumulated acquisition values	**2019**	**2018**
On 1 January	12 129	10 620
Acquisitions during the year	2 376	1 111
Reclassification	-4 193	–
The year's translation differences	218	398
Total	**10 530**	**12 129**
Accumulated amortisation		
On 1 January	-6 387	-4 724
The year's amortisation	-3 089	-1 517
Reclassification	4 193	–
The year's translation differences	-105	-146
Total	**-5 388**	**-6 387**
RESIDUAL VALUE	5 142	5 742

AGENCIES AND CUSTOMER LISTS

Group

Accumulated acquisition values	**2019**	**2018**
On 1 January	634 198	562 313
Acquisition of companies	–	52 654
The year's translation differences	13 013	19 231
Total	**647 211**	**634 198**
Accumulated amortisation		
On 1 January	-127 278	-103 707
The year's amortisation	-23 203	-19 971
The year's translation differences	-3 585	-3 600
Total	**-154 066**	**-127 278**
RESIDUAL VALUE	493 145	506 920

GOODWILL

Group

Accumulated acquisition values	**2019**	**2018**
On 1 January	1 496 880	1 164 906
Acquisition of companies	6 464	296 888
The year's translation differences	56 274	35 086
RESIDUAL VALUE	1 559 618	1 496 880

The recoverable amount for a cash-generating unit is determined based on calculations of value of use. These calculations are based on estimated future cash flows which, in turn, are based on financial budgets approved by the Executive Management for the immediate year. Thereafter, estimates have been made and cover a five-year period. Cash flows beyond the five-year period are calculated based on maintained profitability and no growth. The most important variables for the calculation of value of use are operating margin, growth and discount rate. These are estimated based on sector experience and historic experience.

The discount rate before tax has been determined with the aid of current tools for the calculation of the yield requirements on capital and the weighted average of the yield requirement on the company's total capital.

The discount rate has been adapted to the respective segment based on an overall assessment consisting of operating margin, size of segment and assessed geographical market risk. The discount rate varies from 8.11 per cent (7.46) up to a maximum of 8.61 per cent (7.96). Calculated on the recoverable amount, it demonstrates a prudent safety margin of 38-71 per cent (29-76) in addition to the recorded value per segment.

Sensitivity analyses have been made for all segments. These show a prudent margin between recoverable values and book values. The sensitivity analysis shows that an increase in the discount rate by one percentage point gives a margin between the recovery value and the book value per segment of 21-42 per cent (14-57). Sensitivity analysis of growth shows that 0% in growth rate leads to a slightly lower recoverable value, about 5% lower. On a sensitivity analysis of the operating margin with minus one percentage point per segment, it gives a margin in the range of 19-48 per cent (10-49).

The calculations show that there is no need for a write-down.

GOODWILL PER SEGMENT	**2019**	**2018**
Nordic countries	358 774	356 185
Central Europe	353 277	324 379
Southern Europe	483 899	472 093
Eastern Europe	9 954	10 145
Africa	223 057	208 633
Asia Pacific	130 658	125 444
Total	**1 559 619**	**1 496 880**

TOTAL INTANGIBLE FIXED ASSETS

Group

Accumulated acquisition values	**2019**	**2018**
On 1 January	2 411 462	1 919 947
Acquisitions during the year	26 248	27 559
Acquisition of companies	6 464	403 656
Divestments and disposals	-7 797	-82
Reclassification	1 442	–
The year's translation differences	74 872	60 382
Total	**2 512 691**	**2 411 462**
Accumulated amortisation		
On 1 January	-334 524	-241 406
The year's amortisation	-43 906	-36 619
Acquisition of companies	–	-48 661
Divestments and disposals	7 797	82
Reclassification	-96	–
The year's translation differences	-8 050	-7 920
Total	**-378 779**	**-334 524**
RESIDUAL VALUE	2 133 912	2 076 938

CAPITALISED EXPENDITURE FOR SOFTWARE

Parent company

Accumulated acquisition values	**2019**	**2018**
On 1 January	14 449	10 794
Acquisitions during the year	1 488	3 655
Total	**15 937**	**14 449**
Accumulated amortisation		
On 1 January	-6 366	-4 129
The year's amortisation	-2 699	-2 237
Total	**-9 065**	**-6 366**
RESIDUAL VALUE	6 872	8 083

17 Tangible fixed assets

BUILDINGS AND LAND

Group

Accumulated acquisition values	**2019**	**2018**
On 1 January	293 769	273 569
Acquisitions during the year	15 624	5 426
Acquisition of companies	–	35 477
Divestments and disposals	-23 319	-129
Divested operations	–	-26 633
Reclassification	–	51
The year's translation differences	9 603	6 008
Total	**295 677**	**293 769**
Accumulated depreciation		
On 1 January	-153 518	-140 137
The year's depreciation	-9 076	-7 607
Acquisition of companies	–	-18 111
Divestments and disposals	12 309	129
Divested operations	–	15 154
The year's translation differences	-5 402	-2 946
Total	**-155 687**	**-153 518**
RESIDUAL VALUE	139 990	140 251

MACHINERY AND OTHER TECHNICAL PLANT

Group

Accumulated acquisition values	**2019**	**2018**
On 1 January	276 034	153 009
Acquisitions during the year	16 704	12 938
Acquisition of companies	–	113 452
Divestments and disposals	-9 642	-3 698
Reclassification	-1 442	–
The year's translation differences	10 855	333
Total	**292 509**	**276 034**
Accumulated depreciation		
On 1 January	-187 739	-107 097
The year's depreciation	-17 663	-15 586
Acquisition of companies	–	-67 467
Divestments and disposals	8 584	2 756
Reclassification	96	–
The year's translation differences	-7 303	-345
Total	**-204 025**	**-187 739**
RESIDUAL VALUE	88 484	88 295

EQUIPMENT, TOOLS AND INSTALLATIONS

Group

Accumulated acquisition values	**2019**	**2018**
On 1 January	750 210	563 459
Acquisitions during the year	58 698	93 417
Acquisition of companies	–	94 160
Divestments and disposals	-25 207	-15 548
Divested operations	–	-52
Reclassification	26 146	246
The year's translation differences	25 863	14 528
Total	**835 710**	**750 210**
Accumulated depreciation		
On 1 January	-543 428	-431 849
The year's depreciation	-56 565	-46 116
Acquisition of companies	–	-67 507
Divestments and disposals	21 503	14 046
Divested operations	–	43
Reclassification	–	-205
The year's translation differences	-19 184	-11 840
Total	**-597 674**	**-543 428**
RESIDUAL VALUE	238 036	206 782

CONSTRUCTION IN PROGRESS

Group	**2019**	**2018**
On 1 January	22 567	867
Acquisitions during the year	22 837	21 223
Acquisition of companies	–	565
Divestments and disposals	–	-21
Reclassification	-26 146	-92
The year's translation differences	428	25
RESIDUAL VALUE	19 686	22 567

TOTAL TANGIBLE FIXED ASSETS

Group

Accumulated acquisition values	**2019**	**2018**
On 1 January	1 339 052	990 904
Acquisitions during the year	138 368	133 004
Acquisition of companies	–	240 126
Divestments and disposals	-79 145	-19 396
Divested operations	–	-26 685
Reclassification	-1 442	205
The year's translation differences	46 749	20 894
Total	**1 443 582**	**1 339 052**
Accumulated depreciation		
On 1 January	-881 157	-679 083
The year's depreciation	-83 304	-69 309
Acquisition of companies	–	-149 557
Divestments and disposals	38 868	16 931
Divested operations	–	15 197
Reclassification	96	-205
The year's translation differences	-31 889	-15 131
Total	**-957 386**	**-881 157**
RESIDUAL VALUE	486 196	457 895

BUILDINGS AND LAND

Parent company

Accumulated acquisition values	**2019**	**2018**
On 1 January	5 875	5 875
Total	**5 875**	**5 875**
Accumulated depreciation		
On 1 January	-3 963	-3 838
The year's depreciation	-125	-125
Total	**-4 088**	**-3 963**
RESIDUAL VALUE	1 787	1 912

EQUIPMENT, TOOLS AND INSTALLATIONS

Parent company

Accumulated acquisition values	**2019**	**2018**
On 1 January	5 400	6 096
Acquisitions during the year	19	159
Divestments and disposals	-391	-855
Total	**5 028**	**5 400**
Accumulated depreciation		
On 1 January	-2 744	-2 961
The year's depreciation	-310	-403
Divestments and disposals	391	620
Total	**-2 663**	**-2 744**
RESIDUAL VALUE	2 365	2 656

18 Participations in Group companies

Parent company	2019	2018
On 1 January	2 528 549	2 137 002
Acquisitions	–	403 098
Sales	–	-11 551
Write-down	-18 000	–
Book value of shares in Group companies	**2 510 549**	**2 528 549**

Specification of the parent company and the Group holdings of shares and participations in Group companies [1]

Owned by the Parent Company	*Company ID No.*	*Registered office*	*Direct share of capital, % [2]*	*Book value 2019*	*Book value 2018*
G & L Beijer Förvaltning AB	556020-8935	Malmö	100	7 418	7 418
freddox AB	559116-3372	Malmö	100	50	50
GFF SAS	552130296	Lyon	100	611 643	611 643
Delclim SAS	542008099	Villeurbaunne	100	111 226	111 226
Kylma AB	556059-7048	Solna	100	7 637	7 637
SCM Ref AB	556546-2412	Alvesta	100	2 480	2 480
Clima Sverige AB	556314-6421	Ängelholm	100	500	500
H. Jessen Jürgensen AB	556069-2724	Gothenburg	100	360	360
G & L Beijer A/S	56813616	Ballerup	100	142 552	142 552
OY Combi Cool AB	5999255	Helsinki	100	561	561
Schlösser Möller Kulde AS	914492149	Oslo	100	14 292	14 292
Ecofrigo AS	894871172	Moss	100	9 322	27 322
Børresen Cooltech AS	918890025	Oslo	100	7 811	7 811
Beijer Ref Eesti OÜ	10037180	Tallinn	100	325	325
Beijer Ref Latvia SIA	344341	Riga	100	29	29
Beijer Ref Lithuania UAB	1177481	Vilnius	100	2 836	2 836
Coolmark B.V.	24151651	Barendrecht	100	84 284	84 284
Uniechemie B.V.	8032408	Apeldoorn	100	27 667	27 667
Werner Kuster AG	104.904.958	Frenkendorf	100	27 716	27 716
Charles Hasler AG	105.871.422	Regensdorf	100	140 252	140 252
Dean & Wood Ltd	467637	Leeds	100	109 153	109 153
RW Refrigeration Wholesale Ltd	3453694	Leeds	100	6 548	6 548
DWG Refrigeration Wholesale Ltd	299353	Dublin	100	5 159	5 159
Beijer Ref Hungary Kft	01-09-163446	Budapest	100	5 409	5 409
Beijer Ref Romania s.r.l.	J35-2794-29	Timisoara	100	3 127	3 127
Beijer Ref Slovakia s.r.o	36551856	Nové Zámky	100	158	158
Beijer Ref Czech s.r.o	16734874	Plzen	100	1 161	1 161
Beijer Ref Italy Srl	728980152	Milan	100	59 602	59 602
SCM Frigo S.p.a	04342820281	Padua	100	143 038	143 038
ECR Belgium BVBA	0807.473.926	Aartselaar	100	23 200	23 200
Beijer ECR Iberica S.L	ES B85608925	Madrid	100	20 669	20 669
SAS Cofriset	961500261	Lyon	100	163 101	163 101
Beijer Ref Deutschland GmbH	HRB195155	Munich	100	131 226	131 226
Metraclark South Africa (Pty) Ltd	2008/016731/07	Johannesburg	100	60 435	60 435
Beijer B.Grimm (Thailand) Ltd	0105553151561	Bangkok	49	8 366	8 366
Beijer Ref Holdings Ltd, NZ	5654928	Auckland	100	48 161	48 161
Beijer Ref Holdings AU Pty Ltd	607082379	Victoria	100	73 625	73 625
HRP Holdings Ltd	393196	Leeds	100	36 470	36 470
Beijer Ref Support B.V.	68371063	Oirschot	100	191	191
SCM Ref B.V.	68371160	Oirschot	100	191	191
Beijer Ref Portugal Unipessoal, Lda.	514531720	Vila do Conde	100	9 500	9 500
TecsaReco (Pty) Ltd	2017/452901/07	Tulsa Park	100	206 231	206 231
Tecsa Distributors Namibia	2012/0555	Windhoek	100	15 039	15 039
Bonsoir Botswana	2012/10024	Gabarone	100	6 836	6 836
3D Plus Limited	10965805	Leeds	66	19 639	19 639
Lumelco S.A.	A28118354	Madrid	100	155 353	155 353
Total Group				**2 510 549**	**2 528 549**

1) The specification does not include dormant companies.
2) Share of capital corresponds with share of vote for the total number of shares, with the exception of Beijer B. Grimm (Thailand) Ltd and RNA Malaysia where share of vote amounts to 51 per cent.

Note 18 continues on page 88

18 Participations in Group companies

(continued)

Specification of the parent company and the Group holdings of shares and participations in Group companies

Owned by the Group	*Company ID No.*	*Registered office*	*Indirect share of capital, %* [1]
H. Jessen Jürgensen A/S	16920401	Ballerup	100
Armadan A/S	16920436	Ballerup	100
BKF-Klima A/S	18297094	Ballerup	100
TT-Coil A/S	76273219	Ballerup	100
Air-Con Teknik A/S	49360517	Ebeltoft	100
TT-Coil Norge AS	947473697	Mysen	100
ECR Nederland B.V.	17014719	Nuenen	100
Durrisol AG	280.3.017.001-9	Frenkendorf	100
SCM Ref Africa (Pty) Ltd	1999/025734/07	Centurion	100
Metraclark LDA	100248697	Cidade de Maputo	100
Metraclark Refrigeration and AC Wholesalers Namibia (Pty) Ltd	2008/992	Windhoek	100
Metraclark Botswana (Pty) Ltd	2003/5506	Gabarone	100
Metraclark (Zambia) Limited	109483	Lusaka	75
Metraclark Tanzania (Pty) Ltd	121736	Dar es-Salaam	100
Metraclark Ghana Ltd	CS578702015	Accra	100
Eurocool (Pty) Ltd	2013/128289/07	Johannesburg	100
TFD SNC	534687306	Saint Priest	100
Beijer Ref Polska Sp.z o.o	010126213	Warszaw	100
G & L Beijer AB	556076-3442	Malmö	100
G & L Beijer Ltd	SC38231	Glasgow	100
SCM Ref SAS, France	811242882 R.C.S.	Lyon	100
RNA Engineering & Trading Sdn. Bhd.	224933-A	Kuala Lumpur	49
Patton Ltd	92864	Auckland	100
RealCold NZ Ltd	5735187	Auckland	100
SCMREF (Thailand) Co Ltd	0115550008521	Samutprakarn provine	100
Beijer Ref Australia Pty Ltd	133913283	Victoria	100
Beijer Ref India Pvt Ltd	U29191DL2007PTC170816	New Delhi	100
Mcdalea Pty Ltd	145801298	New South Wales	60
Metjak Pty Ltd	120512610	Western Australia	100
AC & Ref Parts CQ Pty Ltd	126029472	Queensland	100
Fridgehub.co.uk Ltd	8103679	Leeds	100
HRP Ltd	832237	Leeds	100
Kirby HVAC & R Pty Ltd	ABN 42624910041	Milperra	100
Beijer Ref (Wuxi) Co, Ltd	9132021472563266C	Wuxi	100
Beijer Ref Singapore Pte Ltd	199608760N	Singapore	100
Lumelco Portugal LDA	510444555	Vilar	100
Beijer Ref APAC Pty Ltd	ACN 624879090	West Melbourne	100
MGS Ltd	04706880	Leeds	100

1) Share of capital corresponds with share of vote for the total number of shares, with the exception of Beijer B. Grimm (Thailand) Ltd and RNA Malaysia where share of vote amounts to 51 per cent.

19 Right of use assets

The note provides information on the leasing agreements where the group is lessee. Further information related to leasing agreements may be found in accounting principles (Note 2).

The following amounts related to leasing agreements are recognised in the balance sheet.

Assets with right of use	**19-12-31**	**19-01-01**
Buildings	873 477	886 422
Leasing vehicles	81 497	90 501
Fork-lift trucks	35 612	35 358
Office equipment	7 105	8 513
Machinery	470	1 202
Total	**998 161**	**1 021 996**
Leasing liabilities		
Short-term leasing liability	307 905	297 629
Long-term leasing liability	731 421	767 077
Total	**1 039 326**	**1 064 706**

Additional rights of use in 2019 amounted to SEK 270,000 thousand and relate mainly to buildings.

The income statement presents the following amounts related to leasing agreements.

Depreciation of rights of use	**2019**
Buildings	-240 477
Leasing vehicles	-43 363
Fork-lift trucks	-9 791
Office equipment	-2 623
Machinery	-812
Total	**-297 067**
Financial and other external costs	
Interest expenses, share of financial expenses	-27 935
Expenses attributable to short-term leasing agreements	-10 663
Expenses attributable to low-value leasing agreements	-5 624
Total	**-44 222**

19 Right of use assets

(continued)

Effects on implementation of IFRS 16, leasing

As of 1 January 2019, the new accounting standard related to lease are applied (IFRS 16). The lease standard requires that assets and liabilities attributable to all leasing agreement, with some exceptions, are reported in the balance sheet. This new standard means that assets and liabilities in Balance sheet have increased with right of use assets and leasing liabilities (long- and shortterm). For some contracts, a retroactive method has been applied, where the right of use has been raised to a value as if IFRS 16 had been applied since the contract was entered into. This has had a negative effect on the opening equity. There is also an effect in the Profit and Loss account as the lease cost are reclassified to depreciation and interest expense. The introduction of IFRS 16 also affects cash flow since depreciation gives a positive effect in current operations and the corresponding amount reduces financing activities.

The effects in the Balance sheet and Profit and Loss account as well as in key figures, which the transition to the new leasing standard entails, are presented below.

Summarised profit and loss account, sek m	**2019 incl IFRS 16**	**IFRS 16 effect**	**2019 excl IFRS 16**
Operating income	14 846	-1	14 845
Operating expenses	-13 191	-325	-13 516
Depreciation	-424	297	-127
Operating profit	**1 230**	-29	1 201
Financial net	-56	28	-28
Profit before tax	**1 174**	**-1**	**1 173**
Tax	-301	—	-301
Net profit for the year	**873**	**-1**	**872**
Attributable to:			
The parent company's shareholders	864	-1	863
Non-controlling interests	9	—	9

Summarised balance sheet, sek m	**2019 incl IFRS 16**	**IFRS 16 effect**	**2019 excl IFRS 16**	**OB 1812**	**CB/OB-analys IFRS 16 effect**	**CB 1901**
ASSETS						
Fixed assets:						
Total fixed assets	**3 947**	**-1 009**	**2 938**	**2 849**	**1 033**	**3 882**
Total current assets	**7 132**	**—**	**7 132**	**6 996**	**—**	**6 996**
Total assets	**11 079**	**-1 009**	**10 070**	**9 845**	**1 033**	**10 878**
EQUITY AND LIABILITIES						
Total equity	**4 369**	**30**	**4 400**	**3 785**	**-32**	**3 754**
Total long term liabilities	**2 210**	**-731**	**1 479**	**3 090**	**767**	**3 857**
Total current liabilites	**4 499**	**-308**	**4 191**	**2 970**	**297**	**3 267**
Total equity and liabilities	**11 079**	**-1 009**	**10 070**	**9 845**	**1 033**	**10 878**
Net debt	3 207	-1 039	2 168			

Key figures	**2019 excl IFRS 16 effect**	**2018**	**Δ% excl IFRS 16 effect**
EBITDA, sek m	1 329	1 191	11.5
Operating profit, sek m	1 201	1 085	10.7
Profit margin, %	8.1	8.3	
Net profit, sek m	872	780	11.9
Net profit per share before dilution, sek	6.82	6.07	12.5
Net profit per share after full dilution, sek	6.77	6.04	12.1
Equity ratio, %	43.7	38.4	
Equity per share before dilution, sek	35	30	
Equity per share after full dilution, sek	36	31	
Return on equity after tax, %	21.3	22.0	
Return on capital employeed, %	16.6	17.3	
Return on operating capital, %	18.8	19.4	
Dept ratio	0.5	0.7	
Interest coverage ratio	30.8	25.0	

20 Financial assets at fair value

Group	2019	2018
On 1 January	45 203	24 844
Acquisition of subsidiary	–	20 359
Changes in the fair value during the year	-4 793	–
Exchange difference	619	–
On 31 December	**41 029**	**45 203**
Parent Company		
On 1 January	24 844	24 844
On 31 December	**24 844**	**24 844**

The book value of holdings in unlisted securities amounts to SEK 41m (45). The holdings consist of a 14% holding in a Spanish wholesale refrigeration company and 4.35% ownership of Kulthorn Kirby Ltd, which is listed on the Bangkok stock exchange.

As of 31/12/2019, the holding in the Spanish refrigeration wholesaler has been valued at estimated fair value.

The holding in Kulthorn Kirby has been valued at fair value as per the balance sheet date. The change in fair value is entered over other comprehensive income and during the year a change of SEK -4,793 thousand has been entered.

There is judged to be no need for impairment of the holding. Financial assets assessed at fair value are expressed in SEK.

21 Trade debtors and other receivables

Group	2019	2018
Trade debtors	2 247 208	2 203 556
Prepaid expenses and accrued income	146 375	202 038
Other receivables	277 154	264 756
Total	**2 670 737**	**2 670 350**
Deduct long-term portion	-99 082	-94 826
Short-term portion	2 571 655	2 575 524

All long-term receivables mature within five years of the balance sheet date. Actual value of trade debtors and other receivables correspond with reported values. There is no concentration of credit risks relating to trade debtors as the Group has a large number of customers who, in addition, are spread internationally.

Age analysis	2019	2018
Non-matured receivables	1 657 190	1 670 825
Receivables due between 1-30 days	424 424	402 293
Receivables due between 31-60 days	105 666	92 859
Receivables due between 61-90 days	39 414	31 288
Receivables due >90 days	154 888	142 227
Total	**2 381 582**	**2 339 492**

Provisions for doubtful receivables	2019	2018
On 1 January	-135 936	-123 028
Costs for bad debt losses	7 473	14 092
Acquisition of companies	–	-29 199
Allocated during the period	-5 911	2 199
On 31 December	**-134 374**	**-135 936**
Total trade debtors	**2 247 208**	**2 203 556**

22 Inventories

Group	2019	2018
Raw materials and supplies	183 211	180 557
Work-in-progress	64 098	77 475
Finished products and goods for resale[1)]	3 496 618	3 244 762
Advances to suppliers	11 391	4 294
Total inventories	**3 755 318**	**3 507 088**
1) Of which reported to net sales value	38 859	25 023

23 Liquid funds

Liquid funds in the Group consist of cash and bank and amounted to SEK 794,973K (909,430).

24 Share capital

Number of shares	2019	2018
A shares with number of votes 10	9 918 720	9 918 720
B shares with number of votes 1	117 515 970	117 515 970
Total	**127 434 690**	**127 434 690**
Shares in own custody	-897 980	-897 980
Number of outstanding shares	**126 536 710**	**126 536 710**

Each share has a nominal value of SEK 2.92.

Proposal for distribution of profit

Profit at the disposal of the Annual Meeting of shareholders:

Share premium reserve	901 604
Profit brought forward	153 876
Net profit for the year	528 938
Total	**1 584 418**

The Board of Directors and the President propose that the profit be distributed as follows:

Dividend, SEK 1.75 per share	221 439
To be carried forward	1 362 979
Total	**1 584 418**

25 Borrowing

Group	2019	2018
Long-term		
Bank loans	1 178 241	2 123 139
Commercial paper	–	700 000
Total long-term	**1 178 241**	**2 823 139**
Current		
Bank overdraft facilities	306 270	386 913
Bank loans	786 291	107 726
Commercial paper	545 000	–
Total current	**1 637 561**	**494 639**
Total borrowing	**2 815 802**	**3 317 778**

The Group's borrowing by currency is as follows:

	2019	2018
EUR	1 360 880	1 397 654
SEK	887 448	1 334 317
GBP	240 341	310 712
NZD	164 470	160 123
CHF	64 510	67 388
PLN	24 445	23 904
NOK	25 287	2 434
DKK	-6 669	-19 195
THB	4 649	9 133
Other currencies	50 441	31 308
Total	**2 815 802**	**3 317 778**

Parent Company	2019	2018
Long-term		
Bank loans	1 173 848	2 110 809
Commercial paper	–	700 000
Total long-term	**1 173 848**	**2 810 809**
Current		
Bank overdraft facilities	285 878	381 444
Bank loans	778 164	–
Commercial paper	545 000	–
Total current	**1 609 042**	**381 444**
Total borrowing	**2 782 890**	**3 192 253**

The Parent Company's borrowing by currency is as follows:

	2019	2018
EUR	1 339 408	1 273 970
SEK	887 446	1 334 317
GBP	240 341	310 712
NZD	164 470	158 281
CHF	64 510	67 388
PLN	24 445	23 904
NOK	25 287	2 434
DKK	-6 669	-19 195
THB	4 649	9 133
Other currencies	39 003	31 309
Total	**2 782 890**	**3 192 253**

Of the company's total credit facilities of SEK 3,918 (4,085) million, SEK 1,631 (1,433) million was unused on the balance sheet date. Of the total credit facilities, 70% are due in November 2020 and the remainder in 2022 and 2023. The financing agreements include all long-term bank loans as well as most of the reported overdraft facility. The parent company's limits are mainly divided into two financing sources, revolving credit facilities and long-term loans. Most of the company's financing is via banks but there is also commercial paper. The average credit period for all limits is approximately 18 months.

All financial conditions (equity/assets ratio and interest coverage ratio) that we are required to report in accordance with the financing agreements were met as per 31/12/2019.

In the latter part of 2020, the company will open 2/3 of the company's credit capacity to competition.

26 Deferred tax

	Amount on 2018 01-01	Acquisitions/ Divestments	Reported over the profit and loss account	Reported in other comprehensive income	Translation differences	Amount on 2018 12-31	IFRS 16 implementation	Reported over the profit and loss account	Reported in other comprehensive income	Translation differences	Amount on 2019 12-31
Group											
Deferred tax asset:											
Fixed assets	5 723	1 644	2 119	1 656	89	11 231	11 073	2 940		370	25 613
Trade debtors	8 888	2 012	1 996		179	13 075		-4 282		327	9 120
Inventories	7 910	20 154	9 757		-164	37 658		-6 527		1 205	32 336
Provision for pensions	23 332		-2 125	1 120	362	22 689		105	4 154	138	27 086
Other provisions	21 778	21 972	-5 439	8 631	752	47 694		8 252	-3 855	1 298	53 389
Loss carry forwards	55 449	1 437	-15 371		1 562	43 076		-3 594		768	40 250
Set-off	-1 934		603			-1 331		1 997			666
Total deferred tax asset	**121 146**	**47 219**	**-8 460**	**11 407**	**2 780**	**174 092**	**11 073**	**-1 110**	**299**	**4 106**	**188 460**
Deferred tax liabilities:											
Fixed assets	-81 288	-13 428	5 617		-1 920	-91 020		6 640		-1 817	-86 197
Inventories	-8 845		239		-453	-9 059		-1 830		-219	-11 108
Tax allocation reserves			-5 134			-5 134		-5 138			-10 272
Set-off	1 934		-603			1 331		-1 997			-666
Total deferred tax liabilities	**-88 199**	**-13 428**	**119**		**-2 373**	**-103 882**		**-2 325**		**-2 036**	**-108 243**
Deferred tax	**32 947**	**33 791**	**-8 341**	**11 407**	**407**	**70 210**	**11 073**	**-3 435**	**299**	**2 070**	**80 217**

Deferred tax attributable to fixed assets, pension commitments and the major part of loss carry forward is expected to be utilised after 12 months. Otherwise, a duration of less than 12 months is expected. There is no time limit on the loss carry forward.
In addition to accumulated loss carryforwards, there is approx. SEK 19.0M (22.3) in accumulated losses that have not been capitalised due to uncertainty in their utilisation.

27 Pension commitments

Group	2019	2018
The amounts reported in the balance sheet have been calculated as follows:		
Current value of invested commitments [1]	379 574	304 486
Actual value of plan assets	-277 919	-230 198
Deficit in invested plans	**101 654**	**74 288**
Current value of uninvested commitments	45 421	39 106
Net liability in the balance sheet	**147 075**	**113 394**

1) 2019 value includes a liability for a direct pension of SEK 1,000K (1,000)

	2019	2018
The change in the defined benefit obligation during the year is as follows:		
On 1 January	342 592	334 299
Costs for service during the current year	11 447	9 846
Costs for service during previous years	2 459	1 470
Interest expense	2 949	2 093
Contributions from employees	14 872	9 530
Revaluation from change in demographic and financial assumptions	46 255	-15 176
Revaluation from change in experience assumptions	4 441	2 251
Payments made	-13 651	-23 151
Settlement	76	—
Other	298	265
Translation difference	12 256	21 165
On 31 December	**423 994**	**342 592**
The change in the actual value of plan assets during the year are as follows:		
On 1 January	230 198	217 867
Interest income	3 235	2 748
Revaluation effects	26 698	-748
Contributions from the employer	5 869	6 363
Contributions from employees	14 872	9 530
Payments made	-11 211	-19 761
Other	-24	—
Translation difference	8 282	14 199
On 31 December	**277 919**	**230 198**
The plan assets consist of the following:		
Invested with pension managers	271 973	224 277
Cash	1 332	1 450
Other	4 613	4 472
Total	**277 919**	**230 198**
The amounts reported in other comprehensive income are the following (revaluations):		
Actuarial (profit) or loss on the current value of the commitment	50 696	(12 926)
Return on plan assets excluding amounts included in the interest expence	(26 698)	748
Total pension cost or (income)	**23 998**	**(12 177)**

Defined benefit plans
Within the Group there are several defined benefit plans, where the employees have a right to compensation after they have finished employment based on final salary and period of employment. The defined benefit plans exist in Switzerland, Italy, Holland, France, Thailand and Sweden.

Pension insurance in Alecta
Commitments for retirement pension and family pension for salaried employees in Sweden are secured through insurance in Alecta. In accordance with the statement by the Swedish Financial Reporting Board, UFR 10, this is a benefit-based plan which comprises several employers. For the 2019 financial year, the company has not had access to information which makes it possible to report this scheme as a benefit-based plan. The pension plan in accordance with ITP, which is secured through insurance in Alecta, is, therefore, reported as a contribution-based plan. The year's contributions for pension insurance plans subscribed in Alecta amount to SEK 2.0M (1.9). Alecta's surplus can be distributed to the policy holders and/or the insured. At the 2019 year end, Alecta's surplus in the form of the collective consolidation level amounted to 148 per cent (142). The collective consolidation level consists of the market value of Alecta's assets as a percentage of the insurance commitments calculated in accordance with Alecta's insurance technical calculation assumptions which do not correspond with IAS 19.

The most important actuarial assumptions were the following:

				2019
	Holland	*Switzerland*	*France*	*Italy*
Discount rate, %	*0.97*	*0.40*	*0.80*	*0.60*

				2018
	Holland	*Switzerland*	*France*	*Italy*
Discount rate, %	*2.05*	*0.95*	*1.58*	*1.45*

The sensitivity in the defined benefit obligation for changes in the weighted significant assumptions is:

	Decrease in the obligation	Increase in the obligation
Holland		
Discount rate, +0.5%	-14 200	
Discount rate, -0.5%		16 725
Schweiz		
Discount rate, +0.5%	-18 916	
Discount rate, -0.5%		21 788
Frankrike		
Discount rate, +0.5%	-3 015	
Discount rate, -0.5%		1 888
Italien		
Discount rate, +0.5%	-1 148	
Discount rate, -0.5%		1 242

The above sensitivity analyses are based on a change in one assumption whereas all other assumptions are kept constant. In practice, it is unlikely that this occurs and changes in some of the assumptions can be correlated. On calculation of the sensitivity in the defined benefit obligation for significant actuarial assumptions, the same method is applied (the present value of the defined benefit with application of the projected unit credit method at the end of the reporting period) as on calculation of the pension provision which is reported in the report over financial position.

The composition of the defined benefit net obligation by country is reported below:

						2019
	Holland	*Switzerland*	*France*	*Italy*	*Other*	*Total*
Present value of the obligation	122 013	230 396	37 173	29 270	6 141	424 994
Fair value of plan assets	-113 887	-159 419	-4 613			-277 919
Total	**8 127**	**70 977**	**32 560**	**29 270**	**6 141**	**147 075**

						2018
	Holland	*Switzerland*	*France*	*Italy*	*Other*	*Total*
Present value of the obligation	88 091	192 560	32 669	26 309	3 964	343 592
Fair value of plan assets	-84 748	-140 978	-4 472			-230 198
Total	**3 343**	**51 581**	**28 197**	**26 309**	**3 964**	**113 394**

28 Other provisions

Group	2019	2018
Guarantee commitments	39 972	41 114
Other	59 652	53 610
Total	**99 624**	**94 724**
Long-term portion	42 955	42 726
Current portion	56 669	51 998
Total	**99 624**	**94 724**
Guarantee commitments		
Net value at the start of the period	41 114	16 424
Provisions made during the period	26 570	26 766
Acquisitions of companies	–	5 581
Amounts utilised during the period	-22 541	-8 006
Restored unutilised amount	-5 555	-109
Translation difference	384	458
Net value at the period end	**39 972**	**41 114**
Other provision		
Net value at the start of the period	53 610	37 496
Acquisitions of companies	–	7 314
Provisions made during the period	64 118	57 571
Amounts utilised during the period	-58 392	-49 813
Restored unutilised amount	-169	-435
Changes of discounted amounts	–	183
Translation difference	485	1 294
Net value at the period end	**59 652**	**53 610**

Guarantee reserve
A guarantee reserve is reported when the underlying product or service has been sold. The warranty provision is calculated on the basis of previous years' warranty expenditure and a calculation of the future guarantee risk.

Other provision
A provision, reported as other provision, consists largely of sales-related provisions such as bonus and commission.

29 Trade creditors and other liabilities

Group	2019	2018
Trade creditors	1 537 747	1 450 692
Advances from customers	11 870	23 500
Accrued expenses and prepaid income	661 299	626 048
Other current liabilities	188 780	222 349
Total	**2 399 696**	**2 322 589**

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

30 Contingent commitments/Contingent liabilities

Group	2019	2018
Guarantees	9 069	10 027
Total	**9 069**	**10 027**
Parent company		
Guarantees, SHB for the benefit of subsidiaries	3 670	2 888
Guarantees, Nordea	1 535	8 558
Guarantees, other	20 755	18 751
Total	**25 960**	**30 197**
Guarantees for the benefit of Group companies	25 960	30 197
Total	**25 960**	**30 197**

The parent company's guarantee commitments are to banks for subsidiaries' credits.

Exemption rules for subsidiary companies
A parent company guarantee has been issued in accordance with section 479C of the United Kingdom Companies Act 2006 regarding the financial year 2019 for the subsidiaries Retail Support Team Ltd, 3D Air Sales Ltd, Fridgehub.co.uk Ltd, 3D Plus Ltd and MGS (South West) Ltd, registered in the United Kingdom. The parent company guarantee applies to all outstanding liabilities for the subsidiaries as per the balance sheet date until commitments are fulfilled. The subsidiaries described have applied for exemption from the statutory audit pursuant to section 479(A) of the United Kingdom Companies ACT 2006.

A parent company guarantee has been issued in accordance with Article 2:403 paragraph 1F of the Netherlands Civil Code concerning the financial year 2019 for the subsidiary Beijer Ref Support B.V, registered in the Netherlands. The parent company guarantee applies to all outstanding liabilities for the subsidiary as per the balance sheet date until commitments are fulfilled. The subsidiary described has applied for exemption from the obligation to register the annual accounts with the Netherlands Chamber of Commerce pursuant to Article 2:403 paragraph 1 of the Netherlands Civil Code.

31 Transactions with holders with no controlling influence

	2019	2018
On 1 January	80 957	60 014
Change in accounting principle, IFRS 16	-141	–
Adjusted opening balance	80 816	–
Share of the year's result	9 259	10 210
Translation difference	8 735	3 054
Dividend	-12 311	-753
Transactions with non-controlling interests	821	-1 259
Non-controlling interests on acquisition of subsidiary	–	9 849
Revaluation of the net pension commitment	-233	-158
On 31 December	**87 087**	**80 957**

Holders of non-controlling interests refers to Beijer B. Grimm (Thailand), Metraclark Zambia Limited, Mcdalea Ltd, AC & Ref Parts CQ Pty Ltd, RNA Malaysia and 3DPlus.

On 1 July 2019, the group acquired an additional 40% of the share capital of AC Ref & Parts CQ Pty Ltd for SEK 3,251 thousand. Immediately prior to the acquisition, the reported value of the existing non-controlling interest of 40% in AC Ref & Parts CQ Pty Ltd was SEK 4,128 thousand. The group reports a decrease in equity attributable to the acquisition of SEK 877 thousand.

In December 2019, Metraclark Zambia Ltd was capitalised up by a total of SEK 6,550 thousand. In connection with this, the holding increased from 51% to 74.5%; the effect of the transaction is an increase of SEK 1,698 thousand.

32 Net debt reconciliation

	2018 01-01	Cash flow	Foreign exchange effect	Non-cash flow	2019 01-01	Cash flow	Foreign exchange effect	Non-cash flow	2019 12-31
Pension commitments	117 433	-9 754	6 966	-1 251	113 394	-8 309	3 899	38 091	147 075
Long-term borrowing	1 625 544	1 071 545	28 590	97 460	2 823 139	-343 443	21 709	-1 323 164	1 178 241
Lease liabilities					1 063 706*	-296 437	-7 896	279 953	1 039 326
Short-term borrowing	464 959	-14 932	44 612	—	494 639	-213 770	33 528	1 323 164	1 637 561
Deduct:									
Liquid funds	559 387	334 978	15 065	—	909 430	-126 670	12 213	—	794 973
Net debt	**1 648 549**				**3 585 448**				**3 207 230**

*) Adjusted opening leasing liability in accordance with the introduction of IFRS 16.

33 Acquisitions of companies

For each acquisition, the company performs a materiality assessment based on net sales, product area and market. It is our assessment that an acquisition is significant in cases where the net sales of the acquired company exceed 5% of total net sales. Information about significant acquisitions is provided in the note below on business combinations. An aggregated assessment is performed for other acquisitions and are included in the 'Other Reported Value' column below.

2019
Fourth quarter
No acquisitions made during the quarter.

Third quarter
During the quarter, the remaining shares (40%) in AC & Ref Parts CQ Patton Pty Ltd in Australia, were acquired and the company is now 100% owned. The company has annual sales of approximately SEK 25 million through two sales branches. The company is included in its entirety in the consolidated accounts with effect from 1 July 2019.

Second quarter
The group made a small asset acquisition in Switzerland of a distributor of insulation materials, Durissol, amounting to SEK 3.6 m, which gives the company exclusive rights to their products for five years.

First quarter
No acquisitions made during the quarter.

2018
Fourth quarter
In December, the remaining part (40%) of Metjak Pty Ltd in Australia was acquired and this is now a wholly-owned subsidiary.

Third quarter
On 2 July 2018, Beijer Ref AB and Mitsubishi Heavy Industries Air Conditioning Europe Ltd completed the formation of the subsidiary 3D Plus in the UK, with Beijer Ref as the majority shareholder. The formation of the subsidiary has only a marginal effect on net sales and the balance sheet total in 2018, as it is a newly formed company.

Acquisition and takeover of the Spanish and Portuguese air conditioning company Lumelco S.A., which is included in the company's accounts as of August. The takeover has an effect on net sales with SEK 50 million and the profit with SEK 3 million in 2018. The acquisition is expected to generate long-term positive effects in terms of both net sales and profit. The company has long been a distributor of Mitsubishi Heavy Industries' products and has annual net sales of approximately SEK 400 million and over 60 employees.

Second quarter
Beijer Ref acquired Heatcraft Australia Pty Ltd. The company has just over 300 employees and net sales in 2017 totalled approximately SEK 1.1 billion. Sales are made through around 65 branches. The acquisition also includes an operation in Singapore and a manufacturing unit in China. The total purchase price was SEK 725 million. This purchase price included operations in New Zealand that were divested at the time of acquisition due to current competition law. This sale was made at an amount corresponding to SEK 143 million and resulted in a decrease in acquired goodwill of SEK 51 million. The company's profits are included in the Group's accounts as of 5 May. The company makes a positive contribution to net sales with SEK 755 million and a positive effect on the operating profit with SEK 21 million. With the acquisition of Heatcraft, Beijer Ref becomes a significantly stronger player in Australia.

In May, the assets of the French HVAC distribution company GH2C were also acquired. The purchase price amounted to SEK 10 million and the assets are from the acquisition included in our previously wholly owned French subsidiary Delclim SAS. Annual sales amount to approximately SEK 60 million and the company has 11 employees.

First quarter
The company completed the acquisition of the wholesale company TecsaReco in South Africa. The company has annual net sales of SEK 450 million with 300 employees across 23 branches. The company is incorporated into the consolidated accounts as of 1 March 2018. TecsaReco has affected the Group's net sales by approximately SEK 409 million and the operating profit by around SEK 28 million.

Acquisitions of companies[1] 2018 sek m	Heatcraft Reported value	Fair value adjustment	Other Reported value	Fair value adjustment	Fair value in the Group
Goodwill	0	96	2	255	353
Other intangible fixed assets	6	15	1	38	59
Tangible fixed assets	86	0	7	0	94
Financial fixed assets	34	-5	0	0	29
Deferred tax assets	25	10	0	13	48
Inventories	332	-39	314	-34	574
Other current assets	305	-2	295	-3	595
Liquid funds	116	0	11	0	128
Deferred tax liability	0	-4	0	-10	-15
Provision	-4	0	-6	0	-10
Interest-bearing loan	0	0	-97	0	-97
Other current liabilities	-245	-2	-313	-13	-572
Total identifiable net assets	**656**	**69**	**215**	**246**	**1 186**
Effect on the cash flow					
Consideration	-725		-461		-1 186
Liquid funds in acquired companies	116		11		128
	-609		-450		-1 059

1) Unless otherwise stated, all acquisitions refer to 100%

34 Transactions with related parties

Purchase of goods is made on normal commercial terms from Carrier which is an owner company. During the year, purchases at a value of SEK 241.5M (378.0) were made. Sales to Carrier are also made on normal commercial terms. During the year, sales at a value of SEK 103.7M (110.9) were made.

Beijer B. Grimm (Thailand) Ltd rents premises in a property owned by a company controlled by Harald Link, who is a co-ownership party in Beijer B. Grimm (Thailand) Ltd. The rent is on market terms and amounted to SEK 846K (818) for the year.

H. Jessen Jürgensen A/S rents premises in a property owned by parties related to Peter Jessen Jürgensen, board member of Beijer Ref AB. The rent is on market terms and amounted to SEK 5,259K (5,064) for the year.

Remuneration of senior executives is shown in Note 6.

35 Events after the balance sheet date

Beijer Ref AB has acquired the shares of the Australian HVAC company ACD Trade. ACD Trade is a leading company in HVAC distribution in Australia with some 60 employees. The company provides the market with well-known brands and a wide product range that includes both plant and components. Sales are made via a distribution network with nine branches. Reported annual sales amount to approximately SEK 540 million. Beijer Ref acquires ACD Holding Company Pty Ltd. from Cliplight US Holdings, Inc. The group is already established in Australia through Beijer Ref Australia and Kirby. The acquisition strengthens the group's presence in the Asia Pacific region. ACD Trade will continue to be run in its existing form and is included in the company's accounts with effect from 1 February 2020. The acquisition is not expected to significantly affect the group's earnings or financial position, but makes a positive contribution to the company's profit development.

Beijer Ref is affected like all other global companies by covid-19 and the current market situation. The company has taken the necessary measures and follows WHOs recommendations as the safety of our employees is our top priority. The company's factory in China was closed for parts of February, but has now reopened. Operations in Italy are open but may be affected by quarantine mode.

The overall financial impact at the distributor level is currently difficult to estimate for the full year 2020, but Beijer Ref maintain the business as much as possible. A significant proportion of our end customers operate in the food industry, which still needs to be equipped with refrigeration technology, products and components in order to operate its stores without disruption even under the current circumstances. Due to this uncertainty on the market, the board of Directors proposes an adjusted dividend. If the market stabilizes the intention is to summon an extraordinary meeting later this year to decide on additional dividend.

Proposal for distribution of profit

Profit at the disposal of the Annual Meeting of shareholders:

Share premium reserve	901 604
Profit brought forward	153 876
Net profit for the year	528 938
Total	**1 584 418**

The Board of Directors and the President propose that the profit be distributed as follows:

Dividend, SEK 1.75 per share	221 439
To be carried forward	1 362 979
Total	**1 584 418**

The Board of Directors finds that the proposed dividend is within the framework of the company's long-term objective and is defensible taking into account what is stipulated in Chapter 17 Para. 3 of the Companies Act relating to the demands which the nature, extent and risks of the operations places on the size of shareholders' equity and the need for consolidation, liquidity and the position in general for the parent company and the Group. The consolidated equity ratio after the proposed dividend amounts to 37 per cent, and for the parent company 36 per cent.

The profit and loss account and balance sheet will be submitted for adoption to the Annual Meeting of shareholders on 16 April 2020. The proposed record date is 20 April 2020.

The Board of Directors and the CEO assure that the annual accounts have been prepared in accordance with generally accepted accounting principles for stock market companies. The given information corresponds with the actual circumstances in the operations and nothing of significant importance has been left out which could affect the picture of the Group and the parent company created by the annual accounts.

Malmö 23 March 2020

Bernt Ingman
Chairman

Peter Jessen Jürgensen
Board Member

Monica Gimre
Board Member

William Striebe
Board Member

Chris Nelson
Board Member

Frida Norrbom Sams
Board Member

Joen Magnusson
Board Member

Per Bertland
CEO

Our Audit Report was submitted on 25 March 2020
PricewaterhouseCoopers AB

Cecilia Andrén Dorselius
Authorised Public Accountant
Auditor in charge

Mikael Nilsson
Authorised Public Accountant

Auditor's report

To the general meeting of the shareholders of Beijer Ref AB (publ), corporate identity number 556040-8113

Report on the annual accounts and consolidated accounts

OPINIONS

We have audited the annual accounts and consolidated accounts of Beijer Ref AB (publ) for the year 2019 except for the corporate governance statement on pages 54-63. The annual accounts and consolidated accounts of the company are included on pages 52-53 and 64-95 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2019 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2019 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 54-63. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the profit and loss account and balance sheet for the parent company and the group.

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

BASIS FOR OPINIONS

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

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

OUR AUDIT APPROACH

Audit scope

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

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

Materiality

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

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

KEY AUDIT MATTERS

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

Key audit matter

Impairment of intangible assets

As of December 31, 2019, goodwill and other intangible assets amount to MSEK 2 134. In note 16 to the annual report, good-

will and other intangible assets are allocated on geographical segment and the basis and assumptions made by management in connection to the impairment tests are described. Management performs impairment tests based on discounted cash flows from the cash generating units (CGU) where goodwill and other intangible assets are recognized, which comprise of the geographical segments. Management has not identified any need for impairment during 2019. Impairment tests are based on assumptions about future cash flows as well as conditions that are complex and include significant judgments.
The assumptions made by management regarding growth, EBIT margins and weighted average cost of capital (WACC) include significant judgments.

How our audit addressed the Key audit matter
As part of our audit, we have focused on indicators that could potentially lead to a need for impairment regarding goodwill and other intangible assets. During our audit, we have reviewed the impairment model used by management and we have verified important assumptions against budgets and strategic plans of the company. We have challenged the assumptions made by management, primarily regarding those assumptions that will have most impact on the impairment tests, such as growth, EBIT margins and WACC. We have performed independent sensitivity analysis to verify the head rooms of each CGU, respectively. We have tested the effect of changes in growth and WACC and based on this assessed the risk of an impairment situation.

OTHER INFORMATION THAN THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-51 and 99-102. This information is not a part of the annual report except for the statutory sustainability report and our opinion for it. The Board of Directors and the Managing Director are responsible for this other information.
Our opinion on the annual accounts and consolidated accounts does not cover this other information except for the statutory sustainability report and our opinion for it, and we do not express any form of assurance conclusion regarding this other information.
In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.
If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.
In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.
The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

AUDITOR'S RESPONSIBILITY

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

Report on other legal and regulatory requirements

OPINIONS
In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Director's and the Managing Director of Beijer Ref AB (publ) for the year 2019 and the proposed appropriations of the company's profit or loss.
We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Director's and the Managing Director be discharged from liability for the financial year.

BASIS FOR OPINIONS
We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR
The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group' equity, consolidation requirements, liquidity and position in general.
The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company´s organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

AUDITOR'S RESPONSIBILITY
Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:
• has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
• in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.
Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.
Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.
A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

THE AUDITOR'S EXAMINATION OF THE CORPORATE GOVERNANCE STATEMENT
The Board of Directors is responsible for that the corporate governance statement on pages 54-63 has been prepared in accordance with the Annual Accounts Act.
Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.
A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.
PricewaterhouseCoopers AB, was appointed auditor of Beijer Ref AB (publ) by the general meeting of the shareholders on the 10 April 2019 and has been the company's auditor since the 29 April 2005.

Malmö 25 March 2020
PricewaterhouseCoopers AB

Cecilia Andrén Dorselius
Authorized Public Accountant
Auditor in charge

Mikael Nilsson
Authorized Public Accountant

Five-year summary

SEK M	2019	2018	2017	2016	2015
Sales and results					
Net sales	14 817	13 015	9 830	9 045	8 361
Other operating income. etc	28	20	21	39	19
Operating expenses excluding amortisation	-13 191	-11 843	-9 041	-8 413	-7 743
Amortisation	-424	-106	-85	-78	-69
Operating profit	1 230	1 085	725	593	567
Net interest income and expenses	-56	-31	-26	-33	-42
Profit before taxes	1 174	1 055	699	560	525
Tax	-301	-275	-178	-161	-152
Net profit for the year	873	780	521	399	373
Attributable to:					
Parent company's shareholders	864	769	511	389	366
Non-controlling interests	9	10	10	10	7
Capital structure					
Cash and bank including unutilised bank overdraft facilities	1 184	1 202	983	782	751
Shareholders' equity	4 369	3 785	3 294	2 967	2 634
Capital employed (1)	8 374	7 223	5 513	5 147	4 504
Operating capital (2)	7 538	6 288	4 929	4 780	4 070
Interest-bearing liabilities	4 002	3 431	2 208	2 157	1 831
Total assets	11 079	9 845	7 463	6 855	6 040
Key figures (3)					
Equity ratio, % (4)	39.4	38.4	44.1	43.3	43.6
Return on equity, % (5)	21.4	22.0	16.6	14.2	14.2
Return on capital employed, % (6)	15.9	17.3	13.7	12.3	13.0
Return on operating capital, % (7)	17.8	19.4	14.9	13.4	14.1
Interest coverage ratio (8)	18.4	25.0	23.2	16.6	11.9
Debt ratio (9)	0.7	0.7	0.5	0.6	0.6
Operating margin, % (10)	8.3	8.3	7.4	6.6	6.8
Other information					
Average number of employees	3 869	3 703	2 717	2 667	2 506
of whom outside Sweden	3 758	3 598	2 616	2 566	2 411
Payroll excluding social security contributions	1 648	1 398	1 056	1 006	1 025
of whom outside Sweden	1 569	1 325	988	944	967
Cash flow from investment operations	137	1 081	101	80	237

Definitions

(1) Total assets minus non-interest-bearing liabilities including deferred tax.
(2) Capital employed minus liquid funds, financial assets and other interest-bearing assets.
(3) The profit/loss items in the Group's key figures relate to remaining operations for all periods.
(4) Shareholders' equity including holdings with no controlling influence as a percentage of total assets.
(5) Profit after tax as a percentage of average equity.
(6) Profit before taxes plus financial costs as a percentage of average capital employed.
(7) Operating profit as a percentage of average operating capital.
(8) Profit before taxes plus financial costs divided by financial costs.
(9) Net debt divided by equity.
(10) Operating profit as a percentage of net sales for the year.

Glossary

Financial definitions

Δ% Change in percentage.

Capital employed Balance sheet total with a deduction for non-interest-bearing liabilities and deferred tax liability.

Debt/equity ratio Net debt in relation to equity. The objective is to show borrowing in relation to book value of equity.

EBITDA Earnings before interest, taxes, depreciation and amortisation of tangible and intangible fixed assets. The objective of reporting EBITDA is that the Group regards it as a relevant measure for an investor who wants to understand the generation of earnings before investments in fixed assets.

Equity ratio Equity at the end of the period in relation to balance sheet total.

Interest-bearing liabilities Interest-bearing liabilities include interest-bearing provisions.

Interest coverage ratio Earnings before tax plus financial expenses in relation to financial expenses. The objective of this measure is to show the proportion of earnings allocated to paying interest expenses and other financial expenses.

Net debt Interest-bearing liabilities less liquid funds including current investments. We are of the opinion that the net debt is useful for the users of the financial report as a complement for assessing the possibility for a dividend, for carrying out strategic investments and for assessing the Group's possibilities for living up to financial commitments.

Operating capital Capital employed minus liquid funds, financial assets and other interest-bearing assets.

Operating margin Operating profit in relation to net sales.

Organic change Comparative figures year over year adjusted for translation effects on consolidation and changes in the structure.

Profit per share Net profit in relation to average number of shares.

R12 Rolling twelve is the latest 12 months.

Return on capital employed Profit before tax plus financial expenses (rolling 12 months) in relation to average capital employed.

Return on equity Earnings after tax (rolling 12 months) as a percentage of average equity. The objective of return on equity and other return measures is to put the earnings in relation to important balance sheet items.

Return on operating capital Operating profit (rolling 12 months) as a percentage of average capital employed in operations.

Trade terms

ARW Air Condition & Refrigeration Wholesale.

Chiller Liquid refrigeration unit.

CO_2 equivalent A measurement of greenhouse gas emissions and how much carbon dioxide is needed to produce the same effect on the climate.

F-gas Artificial gases containing fluorine, such as HCFCs and HFCs.

GWP Global Warming Potential

HCFC HydroChloroFluoroCarbons, which affects the ozone layer and contribute to global warming.

HFC HydroFluoroCarbons, Fluorised greenhouse gases which contribute to global warming.

HFO HydroFluoroOlefins, synthetic environmentally friendly refrigerants.

HVAC Heating, Ventilation, Air Conditioning.

OEM Original Equipment Manufacturer.

Transcritical Heat transfer with gas cooler.

Geographic areas

Africa Botswana, Ghana, Mozambique, Namibia, South Africa, Tanzania, Zambia

Asia Pacific Australia, China, India, Malaysia, New Zealand, Singapore, Thailand

Central Europe Belgium, Ireland, The Netherlands, Switzerland, Germany, UK

Eastern Europe Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia

Nordic Denmark, Finland, Norway, Sweden

Southern Europe France, Italy, Portugal, Spain

Other

CSR Corporate Social Responsibility.

The Kigali Agreement Amendment to the Montreal Protocol.
An agreement between countries that have committed themselves to reducing the production and consumption of HFCs by more than 80% over the next 30 years (2050).

KPI Key Performance Indicator.

PIM Product Information Management, centralised management of product information that is needed to market and sell the products through one or more distribution channels.

To the Shareholders

The Annual Meeting of shareholders will be held at 3 pm on Thursday 16 April 2020 at Börshuset, Skeppsbron 2, Malmö, Sweden.

RIGHT TO PARTICIPATE IN THE ANNUAL MEETING OF SHAREHOLDERS

In accordance with the Simplified Share Handling Act, with which the company complies, shareholders who wish to participate in the Annual Meeting of shareholders must be entered in the Register of Shareholders maintained by Euroclear Sweden AB, not later than 8 April 2020.
To be entitled to vote at the Annual Meeting, shareholders whose shares are nominee-registered through the trust department in a bank or private securities brokerage company must re-register their shares temporarily in their own name with the Euroclear.

NOTIFICATION

Shareholders who wish to participate in the Annual Meeting must notify the Board of Directors not later than noon on 8 April 2020 by mail to: Beijer Ref AB, Stortorget 8, SE-211 34 Malmö, Sweden; or by telephone +46 40-35 89 00; or by e-mail to lpl@beijerref.com.
For information about the details required in a notification by e-mail, visit our website www.beijerref.com.

DIVIDEND

The Board of Directors proposes a dividend of SEK 1.75 for the 2019 financial year and 20 April as the record day. If annual general meeting agrees upon proposal, payment is expected to be remitted by Euroclear on 23 April 2020.

FINANCIAL INFORMATION 2020

- The Interim Report for the first quarter will be published on 21 April 2020.
- The Interim Report for the second quarter will be published on 15 July 2020.
- The Interim Report for the third quarter will be published on 20 October 2020.
- The Year-End Report for 2020 will be published on 28 January 2021.
- The Annual Report for 2020 will be published in March 2021.

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On our website, www.beijerref.com, you will always find the latest information.
Here, we publish financial information, news releases and much more.

This document is a translation of the Swedish language version.
In the event of any discrepancies between this translation and
the original Swedish document, the latter shall be deemed correct.

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