



BEIJER REF

**Annual Report and
Sustainability Report
2020**

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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 2019 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 2021.

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 56-57 and 71-100. The Sustainability Report comprises pages 32-39 and information on pages 12-15, 19, 22-25, 40-43, 57 and 64-65.

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.

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.

Beijer Ref at a glance

Our values

Committed
Engaged
Straightforward
United

The Beijer spirit can be summarised with four core values that serve as a watchword for all employees. The value words are a high priority within Beijer Ref's organisation and are important for the group to be able to create value.

Strategy for sustainable development

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 issues relating to the development of technology for environmentally-friendly and natural refrigerants.



14.1

billion SEK in sales in 2020.

Digital expansion

Beijer Ref aims to have a turnover through digital channels of 20 per cent by 2025, which will be achieved by establishing sales via e-commerce in an increasing number of markets.

+ 252%

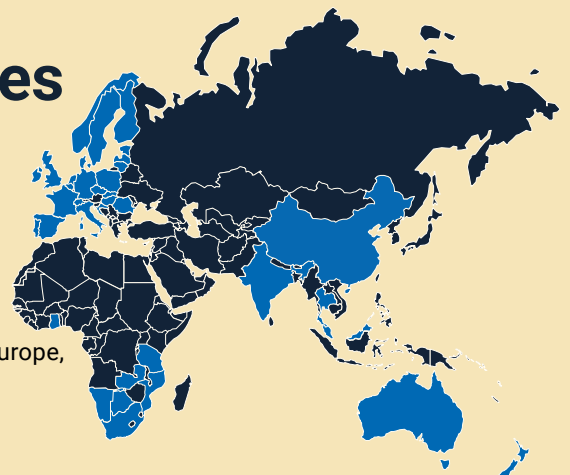
Sales increase online in 2020.

4,000

employees in 37 countries in Europe, Asia, Oceania and Africa.

37 countries

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.

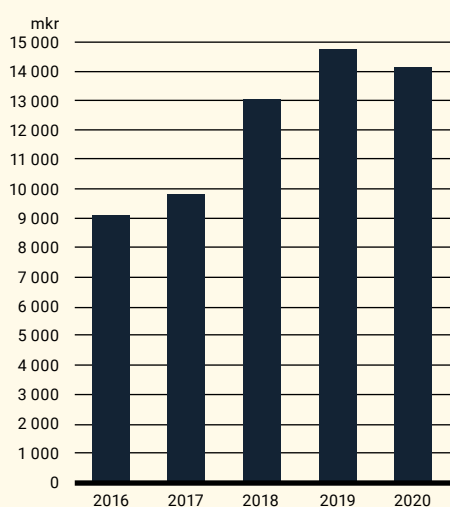


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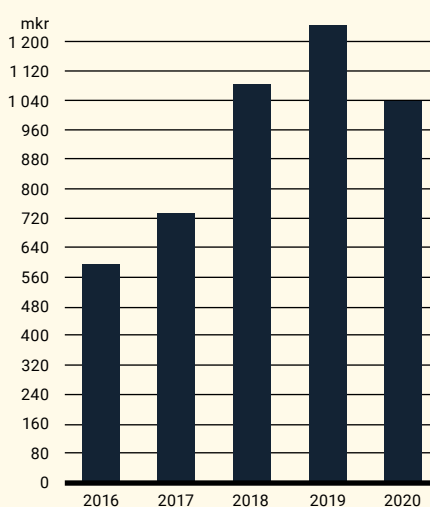
Branches

The year in brief

SALES



OPERATING PROFIT



KEY FIGURES

	2020	2019	2018	2017	2016
Net sales, sek m	14 062	14 817	13 015	9 830	9 045
EBITDA, sek m	1 477	1 655	1 191	810	670
Operating profit, sek m	1 036	1 230	1 085	725	593
Profit after tax, sek m	729	873	780	521	399
Earnings per share, sek ¹	5.71	6.82	6.07	4.02	3.06
Dividend per share, sek ²	3.00	1.75	3.00	1.92	1.83
Purchase price per share, sek	376.40	274.8	145.9	105.5	72.0

1) Before dilution

2) For 2020, in accordance with the Board of Directors' proposal

14.1

Net sales, sek m

10.5

EBITDA, %

39

Equity ratio, %

5.71

Earnings per share, sek

- Beijer Ref starts the year with the acquisition of ACD Trade - a leading company in HVAC distribution in Australia.
- Covid-19 means lockdowns in a large number of markets for a period of time and Beijer Ref undertakes rapid reorganisation in the form of short-term layoffs, cost savings and hygiene-assured workplaces.
- The group's agreement with Carrier is extended until 2023, which means that Beijer Ref continues to have exclusive rights to import and distribute Carrier DX (direct expansion) products in several countries in Europe.
- Beijer Ref is expanding its collaboration with the leading compressor manufacturer Bitzer. For the first time, an agreement is reached on collaboration in Australia and New Zealand - a partnership that strengthens the global growth and presence of both companies.
- E-commerce sales are a record at just over 6 per cent of total sales.
- Beijer Ref launches a new website as part of an increased focus on digitalisation.
- OEM initiatives continue with investment in the newly formed Danish refrigeration technology company Fenagy A/S. This company is developing and launching a new product range of industrial heat pumps and refrigeration systems based on the environmentally friendly refrigerant CO₂.
- The refrigeration and HVAC industry's largest trade fair, Chillventa, is held digitally and the group's various companies participate under the group-wide brand Beijer Ref.
- One of Sweden's most reputable investment companies, EQT, becomes the new principal owner when the company acquires all the shares of previous owner Carrier.
- Beijer Ref ends the year with another acquisition when the group buys 85% of the Czech HVAC company Sinclair. This company sells air conditioning and heat pumps to some 20 European markets and also has its own private label brand.



This is Beijer Ref

A global refrigeration wholesaler.

Beijer Ref is a 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 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 pro-

duct development work is carried out in which environmentally-friendly alternatives are developed under own brands. In-house manufacturing of environmentally-friendly products is mainly developed in Italy and the technical know-how is transferred to other countries. The group has also developed main centres for green technology based on propane in Sweden and ammonia in the Netherlands. Beijer Ref today supplies markets across large parts of the world with both sustainable standard solutions and customised total concepts for end customers.

GEOGRAPHICAL COVERAGE

The group has around 3,900 employees, working in 37 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 in the field of refrigeration, freezer and air conditioning systems 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 five 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.



As shown at the top of the page, Beijer Ref supplies its customers with products in commercial and industrial refrigeration, as well as for air conditioning.

The illustration shows examples of some different environments where the products can be found: housing, offices, cafes, restaurants, restaurant kitchens with cold rooms, supermarkets and refrigerated food transport.

In addition to these examples, the products are found in ice rinks, in the food, manufacturing and offshore industries, in flower shops and hairdressers, in hotels and hospitals, in the fishing industry, in slaughterhouses and in many other environments – wherever day-to-day temperature control is wanted.



A year that has created conditions for growth

2020 was a special year for the world and for Beijer Ref, which, like most international corporations, was affected by the corona pandemic. Net sales decreased by only 5% compared to the previous year and amounted to SEK 14 billion. Taking into account pandemic effects and lower prices for refrigerants, the results were stable.

Most of the group's largest markets closed down completely or partially during certain months, mainly in the second and third quarters, which led to some of Beijer Ref's production lines having to close temporarily. At the same time, parts of our business are important for society, which allowed us to keep activity going even during the toughest months, albeit with reduced capacity. During the second half of the year, we were therefore able to demonstrate a stable operation in spite of varying degrees of lockdown. During the autumn months, we grew organically, which demonstrates that the market recovers relatively quickly as soon as a degree of stability occurs.

RAPID ACTION

In spite of our more than 150-year history, we have no direct experience of a similar scenario. Even so, we were able at an early stage to implement measures that have allowed Beijer Ref to cope relatively well in the present circumstances. When it

became clear in the spring that the lockdowns were a fact, we implemented a savings programme that led to significant cost reductions in both the short and long term. The measures included short-term lay-offs, redundancies and a renegotiation of leases, which had an immediate effect. The employees skilfully adapted their workplaces, where measures that included hygiene safety and new procedures were quickly introduced.

It is during situations like this that the organisation is put to the test and I cannot stress enough how proud I am of all the employees who have fought to find flexible solutions in very difficult conditions.

It is mainly hotels and restaurants, which make up a relatively small proportion of the group's end customers, that have had a tough time. At the same time, Beijer Ref's largest end customer segment food shops, which have been classified as a key

societal function, have been relatively unaffected. Except during the most critical months, demand for HVAC and OEM has remained stable.

NEW PRINCIPAL OWNER

2020 has also brought another significant event for Beijer Ref. Our principal owner Carrier decided to sell its holding at the end of the year. The process led to EQT - one of the largest and most prominent Swedish investment companies - acquiring Carrier's shares. The news is gratifying in several respects. With its network and its professionalism, EQT will contribute to Beijer Ref's continued journey of growth. They share our values with a decentralised organisation. EQT also supports our important work on the development of sustainable products, as well as our digitalisation projects.

Naturally, I would also like to take this opportunity to thank Carrier for eleven years of successful ow-

“We are starting a new era together with EQT and moving towards becoming Beijer Ref 2.0 - bigger, stronger, better.”

nership. They have been very much involved in the globalisation of Beijer Ref and have opened many doors. I am pleased that in the future we will continue our cooperation, since Carrier is an important supplier.

MEGATRENDS DRIVE THE MARKET

Although the year has been marked by the pandemic, the basic conditions for what drives our market do not change. The megatrends that carry us forwards, both now and for years to come, include an increasing need for refrigerated foods and transport – partly because of urbanisation, but perhaps also because of the aftermath of the pandemic that may cause a lasting change in buying behaviour. A growing middle class is increasingly being given opportunities to invest in air conditioning. Regulatory decisions increase demand for refrigeration technology based on environmentally friendly refrigerants, in both Europe and other continents. 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 sustainable technologies will be. The EU phase-out staircase, which regulates the permitted amount of CO₂ equivalents, was reduced by around 30% at the end of the year. This will affect the market for refrigerants during the year. However, we do not expect the

same dramatic development as in 2018.

All in all, the megatrends give Beijer Ref every reason to work according to the defined plan, in which various initiatives will lead to continued value-creating growth and results in the coming years.

ACTIVE ON ACQUISITIONS

Our most important growth initiative is acquisitions and during the year we carried out three, in spite of the ongoing pandemic. The first was ACD Trade, an Australian HVAC company with nine branches. In spite of the pandemic, the company has had a strong year and has contributed to our profits.

During the autumn, we made a strategic acquisition in the green sector, when we invested in the Danish company Fenagy, with the option to take over as principal owner within a few years. It is a start-up at present, and we have high expectations that the company will be able to supply the northern European market with sustainable industrial heat pumps based on the environmentally-friendly refrigerant CO₂.

At the end of the year Beijer Ref also acquired the Czech HVAC company Sinclair, which distributes air conditioning and heat pumps through its

own brand. This transaction gives us exciting new opportunities for growth and the aim is to further develop the Sinclair brand globally.

THE GREEN PROGRAMME IS GROWING

Another important growth area is OEM. We are continuing our efforts to develop new green refrigeration technology based primarily on environmentally-friendly refrigerants. At the same time, we are spreading our expertise in environmentally-friendly and refrigeration technology globally. In addition to our sustainable production of refrigeration units in Italy, the Netherlands and South Africa, we will also start to build units in Australia based on European technology, as well as expanding our production in Asia. Also, our new green production facility will open in Italy in the second quarter of 2021, which will double our capacity in CO₂-based refrigeration units.

Our Beijer Ref Academy training concept, which trains suppliers, customers and employees in green and sustainable refrigeration technology, continues to grow. So far, we have established training centres in Italy, France and China. For obvious reasons, the training has been held digitally during the year, but as soon as the restrictions ease, we will open up and also establish more academe-



mies, including in Sweden and Australia.

PERMEATED BY SUSTAINABILITY

Working with environmentally-friendly product solutions is our greatest opportunity to make a difference for the environment and the climate. But our sustainability work also includes a number of other areas that originate from the UN's Agenda 2030 global goals. We will continue to pursue issues and projects in the fields of gender equality, ethics and morality. This work is directly linked to our business through defined non-financial targets, for which we measure the outcomes continuously. In this way, we make it clear that a long-term perspective affects all parts of our company, from business model and strategy to organisation and product range.

DIGITALISATION IS BEING DRIVEN FORWARD

To be able to grow, it is of course important that our purchasing and logistics chain is efficient and that we drive our digitalisation forward with full force. In a year like 2020, this has become particularly clear. E-commerce has increased and now

accounts for 6 per cent of our sales, a figure that will increase further in the coming years. With new common information and e-commerce platforms, we are creating opportunities for further efficiency and sustainable solutions.

During the year, we successfully implemented cloud-based business systems in Australia and New Zealand. We will go on to make similar implementations in our European companies.

A NEW ERA

In conclusion, we have a lot to be proud of in 2020. Once again, we end the year with a strong balance sheet. The organisation has shown that it is able to handle situations in extraordinary circumstances. This gives me a special reason to look to the future with confidence and positivism. My positive view of the future has also contributed to me now finding it the right time to resign as CEO. After 21 years in the company, including eight years as CEO, I have made the decision to initiate an orderly transition of leadership. I will remain active at Beijer Ref by becoming a member of the board instead. We are now star-

ting a new era together with EQT and moving towards becoming Beijer Ref 2.0 - bigger, stronger and better.

We have a great deal to look forward to in 2021. Although it will certainly be some time before the market can return to normal, we hope, of course, for an effective vaccine that can provide relief in restrictions and lockdowns. In the meantime, we are preparing to meet a pent-up need for refrigeration technology that could not be met in 2020 due to the Covid-19 situation.

I would like to extend a special thank you to all employees who have been with me during my years in the group and who have enabled Beijer Ref to continue to create value for shareholders in 2020. Keeping confidence intact among our shareholders is always our top priority and my hope is of course that many will wish to be part of our journey in the future.

Malmö, March 2021
Per Bertland
 CEO

Trends and driving forces

Beijer Ref is active in Europe, Asia, Africa and Oceania. The group has a strong position in all markets, although Europe represents the largest part and is considered to be the home base. The market is fragmented and the competitors

consist of both local and international players.

Beijer Ref works actively to provide products and systems that are adapted to modern refrigeration unit requirements,

so as to create long-term value for both our customers and the climate. Like all international companies, Beijer Ref is affected by global trends, which the company continuously monitors and evaluates.

GLOBAL WARMING

One of the biggest challenges to achieving a sustainable society is to reduce greenhouse gas emissions and slow down the ongoing climate change. There is a great deal of awareness globally of how climate change can lead to natural disasters and extreme weather conditions that threaten our living conditions, biodiversity and the stability of society.

The international ambition is to reduce global warming to below 2 degrees Celsius by 2100, which is laid down in the



2015 Paris Agreement. Several climate meetings have since been held by UN countries to slow down the developme-

nt and to set measurable targets. Emissions from different refrigerants are a significant factor in global warming. A large responsibility rests on the industry as a whole.

What is Beijer Ref doing?

The group's own-manufactured products are very much instrumental in accelerating the transition to sustainable solutions to stem climate change and Beijer Ref is constantly investing in new technologies to manage natural refrigerants well.

GLOBALISATION AND URBANISATION

Population growth and urbanisation are increasing the need for the transport of goods and people. The transport sector is regarded as one of the biggest challenges, since it accounts for a significant proportion of greenhouse gas emissions and energy consumption. Changing behaviour in respect of food is one example. Urbanisation, changing buying patterns and higher disposable incomes in 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 food boxes are bought online, refrigeration systems in transport vehicles become a prerequisite and there is also a requirement for more refrigerated counters and expanded distribution facilities.

A growing population and the concentration around cities increase the burden on infrastructure and the need for resources, especially energy. Demand for technologies that support the climate conversion will increase and as this technology becomes more accessible and the market grows, prices will fall, which in turn will contribute to even greater demand.



What is Beijer Ref doing?

Beijer Ref's and its suppliers' products result in new solutions for energy optimisation and control. The group stimulates the delivery of sustainable energy solutions for indoor comfort in all types of properties – from supermarkets to offices, as well as hotels, restaurants and catering (HORECA).



GROWING MIDDLE CLASS

There are several factors in air conditioning 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 more environmentally friendly than other alternatives. In the heating sector in Europe, the trend is to replace oil and gas burners with more energy-efficient air/water heat pumps.

The growing middle class in Asia and Africa also contributes to increased demand for comfort cooling, which according to studies has a direct link to an increase in quality of life in providing a more comfortable indoor climate in hot countries.

What is Beijer Ref doing?

The group offers sustainable and energy-efficient solutions to reduce energy consumption and greenhouse gas emissions in all types of properties.

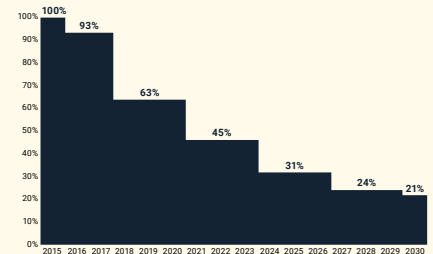
LEGISLATION IS A DRIVER

Regulatory changes affect all countries, albeit in slightly different time frames. In Europe, it is, among other things, the F-gas regulation that governs the permitted amount of carbon dioxide that can be emitted and a phase-out staircase between now and 2030 has been in-

troduced. Other countries are following the approach in Europe with similar initiatives.

What is Beijer Ref doing?

Beijer Ref follows developments and the legal requirements that are defined and always tries to stay one step ahead.



DIGITALISATION

E-commerce is growing in line with increased digitalisation in Beijer Ref's markets. This creates greater availability and security in the deliveries of the refrigeration industry's products and services. The accelerating digitalisation is an important driver for future business as it provides the opportunity for increa-



sed customer benefit, deeper customer relationships and new business opportunities.

What is Beijer Ref doing?

Beijer Ref is investing heavily in digital solutions, so as to be prepared when the market is ready for such a shift.

SUSTAINABILITY

Beijer Ref has ambitions in terms of sustainability and influences the development towards greener products, while at the same time the group wishes to ensure that the market changes to using natural refrigerants. Europe and in particular the Nordic countries are furthest forward in the transition to environmentally-friendly refrigeration technology, which gives Beijer Ref a strong position, since these represent the group's home markets. The company can also see an increased demand for natural refrigerants in other, non-European markets.

What is Beijer Ref doing?

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. Beijer Ref focuses on OEM products and especially the green range. The group is also closely monitoring the phasing out of refrigerants and investing for the future in natural refrigerants. Beijer Ref is also involved in influencing other suppliers' ranges of green products.



Our business

Beijer Ref has a mission – to provide the market with global expertise in sustainable refrigeration and air conditioning.

Through in-depth knowledge of the global outlook and customers' needs, as well as a clear strategy, the group creates value in the value chain.

Beijer Ref's market is global and it is growing. Beijer Ref strives to be the market leader in each market.

The market for commercial refrigeration is relatively insensitive to economic fluctuations because it is related to food.

Beijer Ref has few global competitors. Examples of competitors in commercial refrigeration are Ahlsell in Sweden and

Denmark, Reiss and Fischer in Germany, Wolseley in the United Kingdom and Pecomark in France and Spain. The HVAC market is more fragmented than the refrigeration market and is dominated by Asian manufacturers such as Toshiba, Fujitsu, LG, Samsung, Daikin, Mitsubishi Heavy Industries, Mitsubishi Electric, Gree etc.

THE GLOBAL OUTLOOK

A more global and integrated world

Increased welfare

Changes in behaviour and increased urbanisation

More digital solutions and services

Sustainable solutions are needed to reduce global warming

OUR STRATEGY

Collaboration with leading suppliers in each product area and in different price segments

Business model tailored to end customers: the food sector, offices and housing

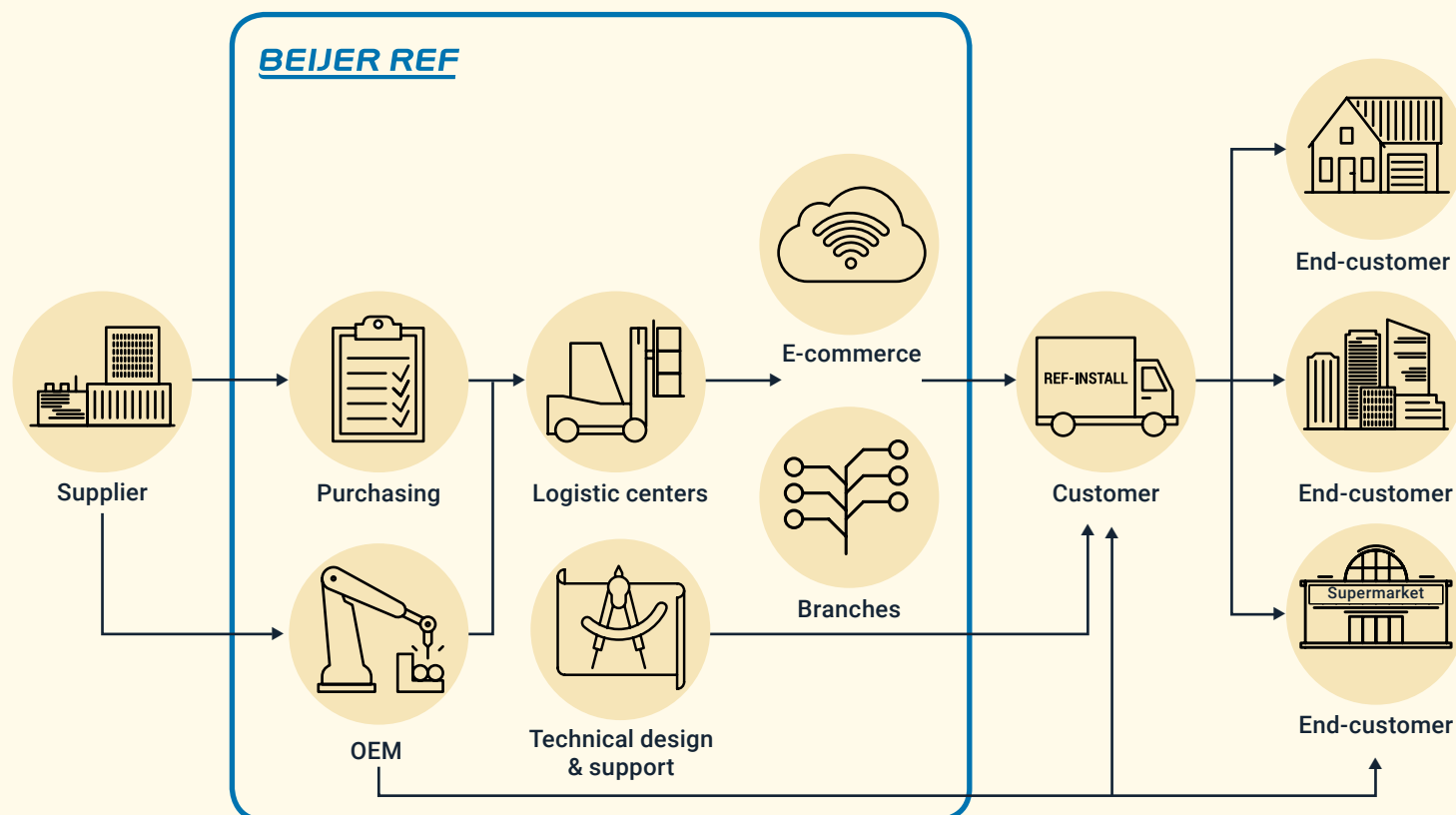
Far-reaching and global network of branches provides good reach and proximity to customers

Technical support and a high level of engineering knowledge for customers

A business concept that lasts over time

Financial goals:
Growth
Return
Equity ratio
Dividend

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.

OUR VALUE CHAIN

PURCHASING AND LOGISTICS

Beijer Ref's business model is based on negotiating group-wide purchasing agreements with leading suppliers and brands. The company adds value in terms of warehousing, distribution, technical support and customisation and then sells and delivers to the customer base.

WHAT WE OFFER

Beijer Ref offers its customers added value through competitive solutions in refrigeration or air conditioning. The group also provides systems developed in-house and spare parts. Beijer Ref offers everything from components and spare parts to entire systems. Most of the company's sales are made to the aftermarket and the remaining part is new sales.

OUR CUSTOMERS

The customer base is fragmented. Many small operators build up a larger base of customers consisting of installers, service companies and construction companies. Companies do not sell directly to end customers, since installations require professional knowledge. This may, of course, change over time.

DESIGN AND TECHNICAL DESCRIPTION

Beijer Ref does the groundwork before the installer takes over. Product specifications are always available, and the group also offers regular training on new products. In addition to the wholesale business, the group also manufactures and sells its own refrigeration units. This includes designing the entire system and calculating capacity and what customisations are required by the end customer, since the installations are often unique.

SALES AND SUPPORT

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. Engineering expertise is required to understand and adapt what is offered.

DELIVERY AND FOLLOW-UP

Beijer Ref's products are mainly sold through the more than 400 branches spread across 37 markets. Some of the sales go directly from our logistics centres and production facilities.

EMPLOYEES

Beijer Ref's organisation has a strong culture of entrepreneurship and a passion for responsible business practice. Employees share common values, encourage simple forms of organisation and an environment that promotes development.

Strategic focus areas

To grow more quickly than the market, the goal is to strengthen our position as a global organisation. To achieve this, the company focuses its work in the following five focus areas.



1. ACQUISITION

An important part of the group's strategy is to grow through acquisitions and Beijer Ref is working actively to consolidate the market. In total, the company has completed approximately 35 acquisitions in the last 15 years. Acquisitions are made both by entering new markets and by widening the product range. Synergies arise primarily in purchasing and logistics, as well as through improved results due to economies of scale.



2. ORIGINAL EQUIPMENT MANUFACTURING (OEM)

Beijer Ref will continue its investment in own manufacturing - OEM. SCM Frigo, with a pronounced environmental focus, was acquired in 2011. The acquisition was completed in 2015 when the company became wholly owned by Beijer Ref. The goal is to continue to develop and spread knowledge of modern, environmentally adapted technology to replace products that use refrigerants with a high GWP. The acquisition of Fenagy at the end of 2020 represents an additional investment in OEM. The company manufactures industrial refrigeration systems based on CO₂.



3. 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 stable, long-term relationships with strategic suppliers.

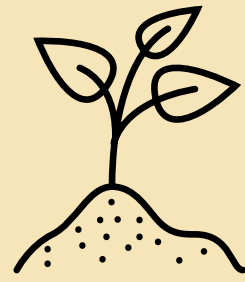
Beijer Ref works locally with each market in terms of warehousing and distribution activities linked to the different markets. The group has more than 40 logistics centres and approximately 425 branches that specialise in efficient product delivery. This provides rapid access to service, maintenance and repairs.



4. DIGITALISATION

Constantly looking to the future is part of Beijer Ref's strategy and for this reason a number of different digitalisation projects are underway. Beijer Ref is gradually extending the e-commerce platform and business support systems.

The purpose of digitalisation is that it shall lead to new business opportunities, better delivery quality and cost savings. The objective is that 20 per cent of sales will come from digital channels by 2025.



5. SUSTAINABILITY

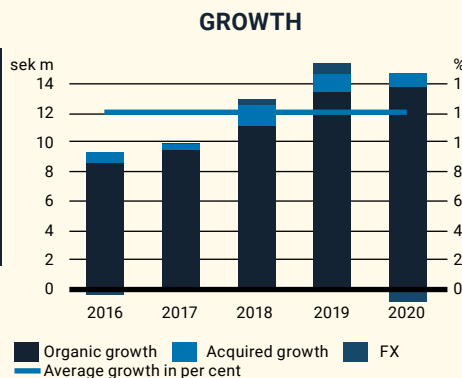
Beijer Ref works strategically on sustainability and takes as its basis the UN's global goals and Agenda 2030. From these, the company has selected focus areas where the group believes that the company can make the most difference. Based on the UN focus areas, the group has created a framework for sustainability issues that is implemented at local level by the subsidiaries. One of the areas where Beijer Ref can make the most difference is in the production of environmentally-friendly products that replace ageing systems. The goal is that 50% of the company's OEM production shall be green.

FINANCIAL GOALS AND GOAL FULFILMENT

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

Growth

Grow faster than the market.

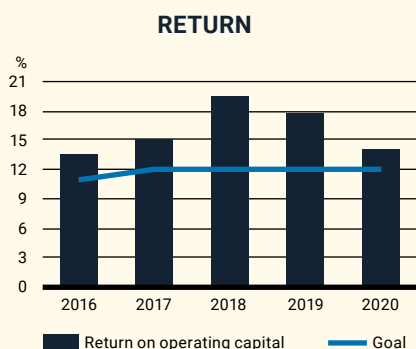


GROWTH

Beijer Ref's goal is to grow more than the market. In 2020, sales decreased by 5.1% (13.8). Total growth has averaged 12% 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%.

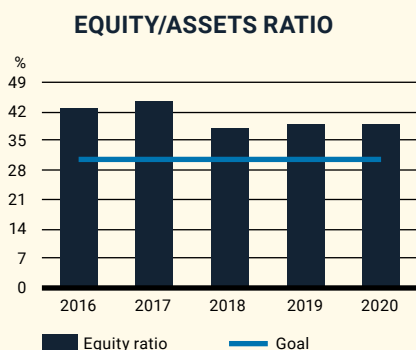


RETURN

Return on operating capital shall amount to at least 12%. It gives the business stability and prepares us for any changes in the world around us. Over the past five years, Beijer Ref's average return has been 16%.

Equity ratio

Equity ratio minimum 30%.

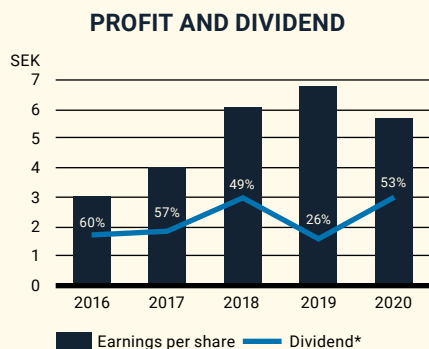


EQUITY/ASSETS RATIO

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%.

Dividend

Distribute more than 30% of the net profit.



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 49%. For precautionary reasons due to the pandemic, the share for 2019 was 26%.

*) For 2020, in accordance with the Board of Directors' proposal

NON-FINANCIAL GOALS

Beijer Ref has the following long-term non-financial goals:

Green products

GREEN PRODUCTS

The goal is to increase sales of self-manufactured products suitable for refrigerants with low GWP below 150 to more than 50% of total OEM sales by the end of 2023. Today, the proportion is 32% (27). The company expects to gradually increase this proportion as demand for refrigeration systems with environmentally-friendly refrigerants increases.

Sharing green knowledge



SHARING GREEN KNOWLEDGE

Beijer Ref Academy is a good concept for spreading knowledge about green technology to the group's customers and suppliers and the ambition is to open more academies in the coming years. The goal is to have a total of six academies established by 2023. In 2020, the Group had three academies, the largest of which are located in Padua, Italy and Lyon, France.

Business ethics & anti-corruption

BUSINESS ETHICS AND ANTI-CORRUPTION

The goal is for all employees to undergo training in business ethics and anti-corruption by the end of 2021. So far, more than 90% of employees have completed the training.

Responsible supply chain



RESPONSIBLE SUPPLY CHAIN

The goal is to have a signed code of conduct for the 100 largest suppliers and to have an ongoing process and dialogue to follow up the code. The goal has been achieved, but the process of following up remains to be implemented.

Safe and healthy workplace

A SAFE AND HEALTHY WORKPLACE

In order to meet the goal of a healthy and safe workplace, the goal is to have sickness absences below 5%. In 2020, sickness absences amounted to 3.1% (2.4).

The company will also offer all white collar workers development interviews and that this shall be fully implemented by 2022.

Equal workplace



EQUAL WORKPLACE

The goal is a more equal group with a higher proportion of women in all positions. Today, about 22% (20) of the company's employees are women. In the management teams in the group, 13% are women.

Acquisitions drive growth

New opportunities await.

Acquisitions are one of Beijer Ref's strategic focus areas and an important cornerstone of the group's growth strategy and DNA. For several years, Beijer Ref has been the most active player in consolidating the market. Through consistent acquisition activity, the group has grown to become the only player in the industry with a global presence. Since 2004, Beijer Ref has completed 36 acquisitions, including 27 in Europe, six in Asia and three in Africa.

FROM SWEDEN OUT INTO THE WORLD

Historically, there are a number of acquisitions that have left an imprint on Beijer Ref's path to becoming a global group. One of the major acquisitions took place in 2004 when the Danish refrigeration group Elsmark was acquired. This meant that the group became the largest in Northern Europe. In 2009, a number of wholesale companies were acquired by Carrier, which enabled Beijer Ref to distribute the company's products in Europe and Africa. At the same time,

the group became the largest in Europe. In 2011 followed the deal with Toshiba and the rights to exclusively distribute Toshiba in 11 European countries followed. Another important milestone in the company's history is when Beijer Ref acquired SCM Frigo in 2011 and thus gained access to the OEM market with green refrigeration technology. In 2015, the next crucial transactions came when the refrigeration wholesalers Realcold and Patton in Australia and New Zealand were acquired and Beijer Ref entered a new continent. This was followed by the acquisition of Australian refrigeration wholesaler Heatcraft (later Kirby) in 2018, which doubled the group's size in Australia.

STRUCTURED PROCESS

For several years, Beijer Ref has had a structured acquisition process that includes employees at both central and local level. First, there is an outreach phase in which Beijer Ref actively looks for candidates or receives proposals

from different investors. The group may also be courted directly by potentially interesting companies that wish to start a sale process. Some indications also come from the subsidiaries or other networks. When potentially interesting companies have been identified, a project team is set up that evaluates and analyses the companies and their market. This includes both commercial and financial due diligence, which also covers legal issues and tax. Once the analysis has been completed, a bid is submitted which, upon acceptance, leads to the work of getting an agreement in place and finally a completed acquisition.

Adding strategic companies to the portfolio gives Beijer Ref growth, both geographically and through an expanded product range. The group's position as global leader means that it has the opportunity to make acquisitions of complementary companies.

2004



Beijers acquires Danfoss wholesale business, with operations in six European countries

2009



Beijers makes its biggest deal to date with the Carrier Corporation of America, with operations in seven countries in Europe and South Africa

2011



Exclusive distribution contract in eleven European countries with Toshiba of Japan

2011



Beijer Ref acquires SCM Frigo in Italy and thus gains access to the OEM market with green refrigeration technology

2015



Beijer Ref broadens its global market coverage through a number of acquisitions in Asia and Oceania



FUTURE SCENARIO

Beijer Ref has a clear ambition to continue to grow through acquisitions and continuously analyses growth opportunities in both new and existing markets. The aim is to expand the company portfolio so that the group owns refrigeration wholesalers and HVAC companies in all markets where Beijer Ref is present. The strategy also includes expanding business in OEM manufacturing of environmentally friendly technologies.

The acquisitions to date have taken place in Europe, Asia, Oceania and Africa. At this point, Beijer Ref has no presence in the USA, but both America and Canada are of interest for future establishments.

THE ACQUISITION MARKET IN PANDEMIC TIMES

2020 was a special year in the acquisition market as it was affected by the pandemic. Relationships that arose before the pandemic have been able to continue during the year, while it has been more difficult to conduct business with new contacts, since this usually depends on Beijer Ref having the opportunity to visit the potential takeover candidates, so as to push through the transaction. The processes have therefore been longer. Historically, new opportunities have arisen in periods of recession and this can also happen after Covid-19.

RAPID INTEGRATION

Once the acquisition has been completed, an integration process begins that leads to synergy effects. In addition to synergies in purchasing and logistics, the acquired company will benefit from a number of advantages such as an expanded product range and joint back office. Other benefits for the newly acquired company include entering a global context and gaining access to a valuable network of other companies in the same industry.

ACQUISITIONS IN 2020

In 2020, the acquisition of Australian HVAC company ACD Trade with around 60 employees was completed. The company provides the market with well-known brands and has a wide product range that includes both plant and components. The company complements Beijer Ref's previous establishments in Australia - Beijer Ref Australia and Kirby.

Beijer Ref also invested in the Danish OEM company Fenagy, with the possibility of becoming majority shareholder within four years. This company is in the process of launching a new product range of industrial heat pumps and re-

frigeration systems based on the environmentally friendly refrigerant CO₂. The acquisition is an exciting addition to the company portfolio as it expands the OEM offering in the Nordic market and complements the company's product offerings.

At the end of the year, the Czech company Sinclair, which sells air conditioning and heat pumps in some 20 markets in Europe, was acquired. Most of the sales consist of HVAC products of its own Sinclair brand. Beijer Ref is thus taking additional market share in the growing HVAC market and strengthening its own-brand business.

Characteristics of target companies

- 10 - 50 € million in sales in present geography
- 50 - 100 € million for strategic acquisitions or entry into new markets
- 5% EBIT margin
- Clear synergies in sales and/or purchasing
- Local management

Investments in a greener future



The environment and sustainability are high on the world agenda and Beijer Ref's industry has a responsibility to contribute to reducing global warming. Since 2015, the EU has had an F-gas regulation that means a significantly reduce supply of environmentally hazardous HFCs. The regulation regulates the use of these gases according to a phase-out staircase, something which has also spread beyond Europe. The final date for phasing out in Europe is 2030, and the next step in it will be in 2021, when the amount of CO₂ equivalents allowed will be reduced by 28.5 per cent. This places high demands on end users of refrigeration and HVAC who must future-proof their refrigeration technology to meet the legal requirements by upgrading or replacing it. This also means that the

transition to green technology will be given a further boost. Beijer Ref's dual role as a wholesaler and manufacturer of refrigeration and HVAC technology puts the group in a unique position to stay ahead of competitors in adapting to these global trends.

GREEN REFRIGERANTS

There are different ways of using environmentally friendly refrigeration technology. One is to use technology that is based on natural refrigerants such as CO₂, ammonia and propane. These are all proven options that have been used in various refrigeration and HVAC applications for many years. Another is to use so-called HFOs, a synthetic refrigerant that holds a GWP of below 150.

THE MARKET IS CHANGING

Despite an increased demand for green refrigeration technology, only a small proportion of end-users have succeeded in making the necessary changes. Of Europe's 115,000 supermarkets, around 30-40% are estimated to use environmentally friendly refrigeration systems. All the smaller stores, petrol stations and the so-called HORECA segment also need to review their refrigeration technology. This means that a majority of the market is still facing a transition. Beijer Ref is one of the actors in the industry that develops environmentally friendly refrigeration technology by establishing manufacturing on several continents. By spreading Beijer Ref's refrigeration technology expertise to other parts of the world, the group is helping to increase the establishment of more sustainable solutions.

The base for Beijer Ref's OEM operations is in Italy. The group has also established additional OEM production in Sweden, France, the Netherlands, South Africa, Thailand, Australia and China. Green refrigeration knowledge has been implemented in Africa during the year and the next step in the expansion is for manufacturing based on European design to also take place in Australia. Beijer Ref has been supplying environmentally friendly refrigeration technology for almost ten years and has made CO₂ installations at end customers all over the world. In recent years, for example, the group has delivered environmentally friendly refrigeration plant to food chains not just in Europe, but also in Chile, Australia, New Zealand, South Africa and China.

CLEAR STRUCTURE

In order to meet the needs of the market, Beijer Ref has created a structure for its green technology that can provide end customers with the products that are in demand. This has resulted in Italy being the main centre for R & D (research and development) and focusing on CO₂ while the Netherlands develops solutions with ammonia. In Sweden, units are built with propane as an environmentally friendly refrigerant. Beijer Ref is working on developing new products in all areas.

In order to develop the best environmentally friendly technology and also disseminate it, an organisation that is driven and has cutting-edge expertise is required. During the year, Beijer Ref has recruited more employees to help develop the OEM business into industrial production. Beijer Ref has also invested in training staff. All in all, this has resulted in the organisation having significant expertise in a complex area, and with the ability to help customers with everything from start-up to operational control.

FORWARD FOR CO₂

CO₂ is growing more and more on the market as a refrigerant and Beijer Ref is constantly working to produce newly developed and efficient solutions that are adapted to the needs of end customers. The work therefore means having close dialogues with installers, suppliers and end customers in order to get the right insights into how the product range should be developed or what it should be supplemented with.



The company has made a comparison between refrigeration units that use CO₂ and units that use traditional refrigerants. During 2020, Beijer Ref in Italy has sold 1,250 units. Total greenhouse gas emissions will be reduced by 191,000 tonnes as a result of these green sales.

In 2020, demand for CO₂ products has been high, and despite several months of closed markets due to Covid-19, sales are in line with the previous year. The reason is partly a growing need due to the F-gas regulation and partly because Beijer Ref has developed complementary products that mean that supermarkets, for example, do not have to immediately replace their entire refrigeration system. An innovation-driven solution to this is the group's cold carrier modules, which in some cases allow the customer to

keep their present refrigerated counters, which means that a greater part of the plant becomes 100 per cent green. The transition to natural refrigerants thus occurs gradually. The product has been further refined and Beijer Ref now offers it globally.

2020 also included a prestige order when Beijer Ref in China received an order to supply the refrigeration technology to the ice rink to be used at the Beijing 2022 Olympics. An exciting project that the group hopes will be brought to the attention of the Chinese market.

AMMONIA GIVES EFFECT

Beijer Ref has concentrated its efforts on refrigeration technology based on the natural refrigerant ammonia in the Netherlands. The technology is mainly



CO₂ is a sustainable solution that can be used in many applications, as here in the SCM Frigo's booster rack (DX) at Maître Paul's chocolate factory in the Netherlands.

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. An example of such a solution is the group's ammonia-based unit of its own manufacture, which is also energy efficient.

PROPANE IS GROWING

Propane is a natural refrigerant that is growing in popularity. Sweden has 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. The property market is particularly relevant for propane, because more and more property owners are seeing the advantages of implementing air conditioning and heat pumps that are environmentally friendly and energy efficient.

GREEN SYNTHETIC REFRIGERANTS

In the transition to environmentally friendly refrigeration technology, a number of end customers want to be able to make the most of their existing refrigeration systems, while staying within the legal requirements. One refrigerant that solves the problem is so-called HFOs, which have a GWP below 150. They can replace the HFC gases to a certain extent. During the year, Beijer Ref has developed several products based on HFOs that have been well received by the market. The aim is to launch more similar product lines in the coming years for the entire European market and possibly also to other regions.

GREEN INVESTMENTS

Beijer Ref closely monitors market developments and last year assessed that the need for environmentally friendly cooling technology was so great that a capacity increase was required. The decision was therefore taken to invest in a new plant in Italy in order to meet the need. The new facility, which has a green and sustainable profile, is now ready will come into use in the second quarter of 2021. Areas for production, storage and the Beijer Ref Academy training centre share a total area of 13,000 m². The facility also provides opportunities to expand investments in both R&D and sales force. With the construction of the new plant, Beijer Ref is doubling the capacity for environmentally friendly OEM manufacturing in Europe.

Another example of capacity expansion is Beijer Ref's investment in the Danish refrigeration technology company Fenagy A/S at the end of the year. This company is developing and launching a new industrial product range of industrial heat pumps and refrigeration systems based on the environmentally friendly refrigerant CO₂ and it has an exciting future. The idea behind the investment is that the group will be able to cover more markets, especially in northern Europe where the transition to green technology is fastest.

EXPANDED FILLING STATIONS

As a result of the investments in natural refrigerants, Beijer Ref has also invested in filling stations for refrigerants. Last year, a new production line was opened in Gothenburg, which mainly supplies the group's Nordic companies with the natural refrigerants CO₂ and propane. This means that the group's investments in the environmentally friendly program-

me secures reliable access to the right kinds of refrigerants.

Beijer Ref has already established filling stations in more markets such as Australia, the Netherlands, Hungary and the United Kingdom. Having its own handling of refrigerants has become one of the group's strengths.

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. Beijer Ref therefore opened a training centre in Italy two years ago that is unique in the industry. It is called the Beijer Ref Academy and is fully focused on CO₂ technology. The teaching deals with both theory and practice and provides authentic experiences with specially built refrigerated and freezer rooms. The training has been appreciated and has led to the establishment of similar academies with the same concept in more markets. All academies perform training courses in close collaboration with the base in Italy.

During the previous year, Beijer Ref opened training centres with similar concepts in Lyon, France and in Wuxi, China. In early 2021, two training centres will open in Sweden and Australia.

In a year like 2020, training has not been able to be carried out as usual at the academies due to the pandemic. All teaching has therefore been carried out digitally via webinars. The concept has turned out well and will be further developed in the future.

The heart of the business

A supply chain with high ambitions.

Logistics and purchasing play key roles in creating synergy effects in an international group. For the past year, these areas have been merged into one department under the name Supply Chain. The purpose of the merger was that closer communication between employees would provide clear benefits in terms of higher efficiency with better purchase prices, less inventory tied-up and better delivery precision.

CENTRAL RESPONSIBILITY FOR BUSINESS SUPPORT

To further increase availability, warehouse turnover speed and efficiency, Beijer Ref is working with a common business support system, known as a BI 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 levels to customers. The more items that are added to the master database, the better the basis for the BI tool. Today, most of the volume items have been added to the master database, which allows the companies to get an

overview of the group's total warehouse status. This means that the companies can also deliver items from other companies' warehouses in case of urgent need - a strength only an international group can possess.

REGIONAL STOCKS

The group's warehousing strategy has in recent years gone from having a local focus with several distribution centres in each country to having a more national and 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, which has been built up in recent years. In 2020, all warehouse stocks from nearby companies in Benelux have been transferred there. In France too, a central warehouse for the Group's French companies will be built in Lyon. There are also central warehouses in Denmark, the United Kingdom, Norway, Australia and New Zealand. The future strategy

is to regionalise further. In recent years, the number of distribution centres has decreased from 42 to 35, and the plan is to reduce the number to 30 within a five-year period. This also includes any future acquisitions, which with the help of the Supply Chain organisation will be incorporated into Beijer Ref's existing logistics structure as quickly as possible. Common business systems and central warehouses provide economies of scale.

SMART PRODUCT RANGE STRATEGY

In order to benefit from the group's composition and global presence, Beijer Ref has already introduced Category Managers who work on a number of product categories at central level. Categories at present are tools, copper, HVAC, refrigerants, compressors and heat exchangers, which are the largest product groups within the company. Each category manager is responsible for setting out a product range strategy for the respective product category encompassing everything from defining what a product range is to contain to as-



sessing demand, performing purchases, managing stock levels and finding the right sales channels. This optimises the supply chain for Beijer Ref, its suppliers and customers.

Another project started during the year is the internal optimisation of excess products. In a large group such as Beijer Ref, warehouse situations sometimes occur where stocks of certain products are excessive in relation to the needs of the specific market. Beijer Ref has solved this situation by selling such products to other companies within the group where the need is greater. As a result, Beijer Ref optimises its product portfolio while

this is also a better option from a sustainability perspective, since significantly fewer items go to waste.

RELATIONSHIPS ALPHA AND OMEGA

Beijer Ref warehouses and supplies the market with more than 100,000 items 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. One of the main tasks of the Supply Chain organisation is therefore to maintain the well-established partnerships

that Beijer Ref has with leading suppliers in the industry.

Because purchasing volumes increase as Beijer Ref grows, the supplier and product portfolio is constantly reviewed. The goal is to reduce the number of suppliers and work with a number of large strategic partners with the aim of developing collaboration in each product category and standardising the product range. As well as competitive prices, this also provides an opportunity for the group to steer the product range towards more environmentally sustainable alternatives.

Valuable brands

Strategic relationships strengthen the business.

The mix of brands and suppliers has been carefully composed and provides Beijer Ref with unique breadth in its product range on 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 the group's extended and global distribution network and customer base. Beijer Ref's strength lies in having flexibility in its supply chain, which can meet the needs of most suppliers.

EXCLUSIVE SUPPLIER AGREEMENTS

The brand portfolio is based on agreements with selected strategic suppliers. The biggest of these is the agreement with Toshiba, which was signed in 2011. This means that Beijer Ref 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.

Beijer Ref has exclusive rights to distribute the products of Japanese market leader Mitsubishi Heavy Industries (MHI) in the United Kingdom, the Netherlands, the Nordic countries, Hungary and Spain, and also distributes the

products in Australia and New Zealand. MHI is a brand that is becoming increasingly widespread in the international market and it is therefore an important strategic partner for Beijer Ref.

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 2015 and extended in 2020. The new agreement means that Beijer Ref continues to have exclusive rights to import and distribute Carrier DX (direct expansion) products for homes and commercial heating, ventilation and air conditioning products in a number of European countries until the end of 2023.

In South Africa, the group's subsidiary Eurocool became the official distribution agent for the Chinese HVAC brand Gree in 2019. In recent years, this brand has become one of the largest global manufacturers of air conditioning. Beijer Ref's biggest markets for the brand today are Africa, Australia and New Zealand. The business has so far been successful for Beijer Ref, which with the agreement has been able to gain additional market share in the HVAC market.

During the year, it was also announced that Beijer Ref will have the rights to

distribute a complete range of the Bitzer brand's product portfolio in Australia and New Zealand. Bitzer is a compressor manufacturer located all over the world with products and services for refrigeration, air conditioning and process cooling, as well as transportation.

Other brands that Beijer Ref offers are Danfoss, Embraco, Alfa Laval, Tecumseh, Honeywell, Lu-ve, Halcor, Carel, Armacell and Daikin.

OWN BRANDS

Beijer Ref also develops its own brands, such as SCM, CUBO, Patton and Kirby. SCM and CUBO are two examples that stand out in environmentally friendly CO₂ refrigeration technology. For the last year, the group has been focusing on developing a new group-wide brand called Freddox, which includes products such as tools, copper and components. The idea is that it will be able to give customers a competitive offer while at the same time providing the group with improved margins. So far, Freddox has been launched on a small scale, but the plan is to allow more and more countries to use a growing product range in the coming years. When Beijer Ref acquired the Czech company Sinclair, it also meant that the group took over the brand of the same name. Sinclair complements Beijer Ref's investment in its own brands and will also be widely launched within HVAC.



SINCLAIR

LONG-DISTANCE WIFI CONTROL

RESIDENTIAL SPLIT WALL MOUNTED SERIES



SNOW SERIES

Full-functionality with
temperature, fan speed,
mode, and sleep mode
control. All functions
can be controlled
via the Sinclair
mobile app.



ARCTIC SERIES

Full-functionality with
temperature, fan speed,
mode, and sleep mode
control. All functions
can be controlled
via the Sinclair
mobile app.



HAZE SERIES

Full-functionality with
temperature, fan speed,
mode, and sleep mode
control. All functions
can be controlled
via the Sinclair
mobile app.



SINCLAIR
GLOBAL GROUP

AIR TO WATER
HEAT PUMPS



Higher pressure on digital

In 2020, digitalisation work has come into even greater focus and digital meetings and projects have increased. 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. Joint information and e-commerce platforms shall provide the opportunity for efficiency and sustainable solutions.

MASTER DATA REPRESENTS THE BASIS

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 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 ongoing. Currently, about 50 per cent of all items are stored in the PIM system, and during the year work has continued to quality assure these so that each item is posted with attributes that allow there to be a user value when it appears in the e-commerce database.

The key to digital success is that all data is quality assured, because data occurs

in different multi-channels. For this reason, the master database must be part of an integrated system that binds together different data, such as product, customer and supplier data. In the coming year, the master database will be updated with new functionality to make it easier to set goals and measure data, as well as to facilitate integration into so-called omnichannel data.

INCREASED FOCUS ON RESOURCES

In order to reach the next level of efficiency work, Beijer Ref has hired a CDO/CIO (Chief Digital/Information Officer) who will have the central responsibility for developing the digital systems. The main responsibility will also cover PIM, the master database as well as ERP and the BI (Business Intelligence) tool Qlikview. This will provide an even better overview and dynamic of product details, which facilitates the work of creating concrete action plans for the companies. In the longer term, the plan is to have the same business and BI system.

E-COMMERCE IS BEING EXPANDED

During the year, purchases via e-commerce have increased, which has been given an extra boost by the conditions that arose with the pandemic. In recent years, Beijer Ref has built up and modernised e-commerce solutions that are gradually being implemented in the subsidiaries. The result has been websites that have better user-friendliness and that lead to purchases more quickly.

At the same time, it is important to be able to offer customers different kinds of platforms to shop through, both physical and digital.

In 2020, the e-commerce solutions have been updated in Germany, the United Kingdom, Ireland, Norway, Finland and France. Projects with launches in 2021 are underway in South Africa, Australia and eastern Europe. The e-commerce sales currently represent approximately 6 per cent of the group's total sales. Ongoing implementation of e-commerce will take place over the coming years, with the goal that e-commerce will account for at least 20 per cent of the group's total sales by 2025.

ERP SYSTEMS IN THE CLOUD

At the same time, Beijer Ref is working to create a common structure for business systems. During the year, about ten companies upgraded their ERP systems. Implementation has been completed in Australia and New Zealand. There, the companies have integrated their business systems and sales with a cloud solution that has enabled efficient and secure business activities. The result has been so good that it is being used as a reference project. Similar projects will be carried out at a number of companies in Europe during 2021. The work also includes creating a strategy for how newly acquired companies shall be integrated into the group's business system.



Sustainability shows the way

Sustainability is a well-integrated part of Beijer Ref. Doing business based on sound standards is a responsibility that the group takes very seriously, while at the same time it is woven in as a natural approach in all parts of the organisation. In this way, customers, owners and employees shall feel confident that Beijer Ref protects the environment and society through both attitude and concrete efforts.

Beijer Ref's sustainability strategy and framework is based on the UN's sustainable development goals in Agenda 2030, which cover three dimensions of sustainability: economy, society and the environment. In this way, sustainability work follows a structure that is well rooted in the expectations and demands of the outside world.

Long-termism has always been an element that has created the conditions for Beijer Ref's success. Today, sustainability is a pronounced and integral part of the company's strategy. This means that it affects everything from business model and strategy to organisation and product range. For a couple of years, the group has also set a number of non-financial targets that measure the outcome in the area of sustainability. This makes it clear that sustainability work is linked directly to the business.

Acquisitions are one of Beijer Ref's most important focus areas, and here too the group's sustainability perspective is evi-

dent. Beijer Ref conducts careful analysis of potential acquisition candidates and evaluates them on a number of sustainability aspects that include product range and business ethics. If a company fails to meet the group's sustainability principles, it may be deselected in the process, or the assessment may be that Beijer Ref could introduce new procedures that will allow the company in question to still be acquired.

UN AGENDA 2030

The UN's Agenda 2030 is an agenda for change towards a sustainable society. By achieving 17 separate goals, the vision is to eliminate extreme poverty, reduce inequalities and injustices in the world, promote peace and justice and solve the climate crisis.

When Beijer Ref developed their own strategy for its sustainability work a couple of years ago, it became natural to anchor it in the UN initiative. Of the 17 global goals, Beijer Ref has selected five areas (see page 34-35) where the group

believes that the company can specifically contribute.

Beijer Ref has also created its own framework that divides sustainability work into the categories of environment, employees, business ethics and anti-corruption and responsible supply chain. The framework describes how the group works in each area and what activities are covered.

GOVERNANCE

The work on sustainability is carried out in accordance with current legislation, and the responsibility for performance lies at both central and local level. The board and executive management provide general guidance on how the group and its companies shall work on sustainability commitments and set up key figures. Each initiative is provided with a function that owns the issue, which may be executive management or another part of the organisation. The local companies then work to perform and implement the measures.

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

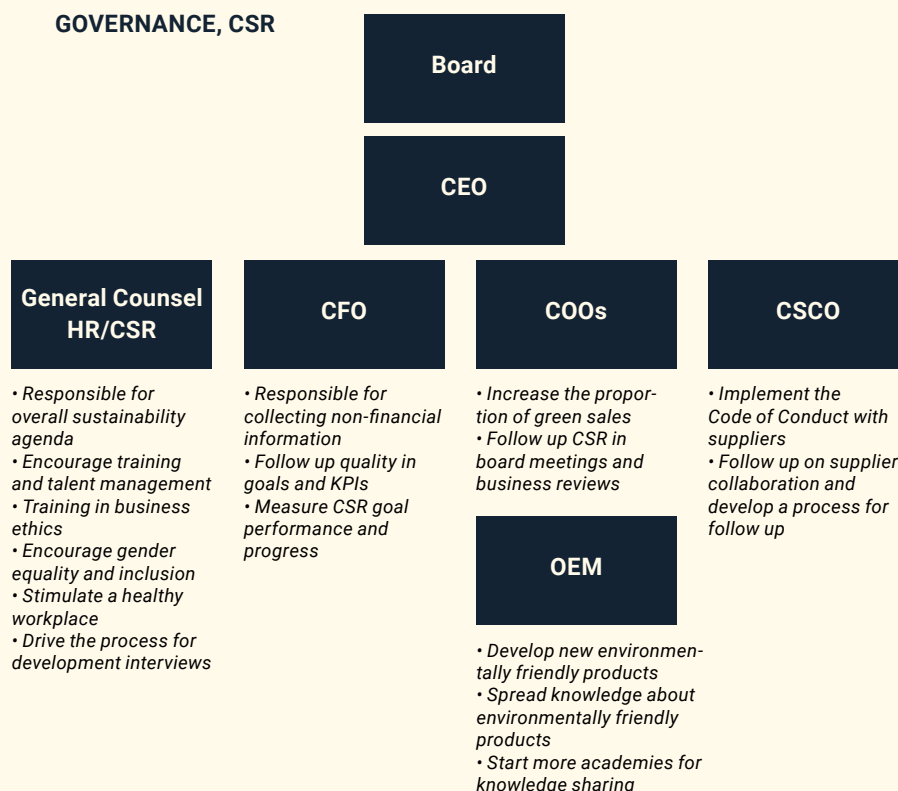
The growing trend of using refrigeration technology based on environmentally friendly and natural refrigerants is being driven by the EU's F-gas regulation, which provides for the phasing out of HFC refrigerants by 2030. In the refrigeration and air-conditioning industry, refrigerants are used that to 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 therefore have a great responsibility to develop and spread technologies that instead use refrigerants that have no negative impact on global warming.

Against this background, it is in the environmental field that Beijer Ref believes that the group can make the biggest difference. By using its position as a global player and an industry leader in several markets, Beijer Ref has a role in pursuing issues concerning the development of technology for environmentally-friendly and natural refrigerants. By establishing a knowledge hub in Italy for technology based on the natural refrigerant CO₂, the group is constantly developing its range through new innovations that produce a smaller carbon footprint. Beijer Ref also develops technology that is based on other natural refrigerants such as propane and ammonia, as well as synthetic refrigerants such as HFOs.

New strategic business goal

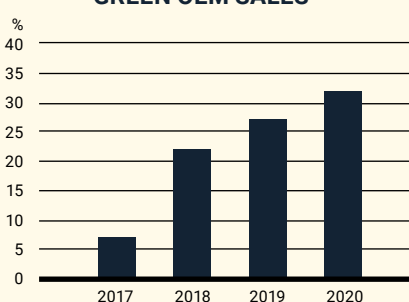
In order to intensify efforts to develop environmentally friendly refrigeration technology, Beijer Ref defined a new strategic business goal in 2019. The new goal defines the proportion of sales that

GOVERNANCE, CSR



shall come from the group's own OEM products without ozone depletion or with low GWP, in relation to the group's total OEM sales. The goal is that it shall be 50 per cent or more by 2023. In 2020, such sales increased to 32 per cent. The corresponding figure for 2019 was around 27 per cent.

GREEN OEM SALES



Expanded green capacity in 2021

A higher ambition for the environment means that Beijer Ref is continuously expanding its environmentally friendly OEM business. One proof of this is the group's new, and significantly larger, green plant in Italy. Among other things, the building is equipped with solar panels and is classified as highly energy efficient. After being under construction in 2020, it becomes ready for use in the

second quarter of 2021, which means that Beijer Ref's green manufacturing capacity in Europe will double.

Another way to expand OEM operations is by establishing more manufacturing facilities around the world. Beijer Ref currently has such production in the Netherlands, South Africa, Australia, Sweden, Thailand, France and China and is continuously evaluating expanding into additional strategic markets. During the year, Beijer Ref acquired a stake in the Danish OEM company Fenagy, which develops sustainable industrial heat pumps based on the natural refrigerant CO₂, further highlighting the group's desire to expand what it offers in this area.

Important dissemination of knowledge

Beijer Ref also continuously disseminates knowledge about natural refrigerants to customers as well as to other stakeholders. The group's Beijer Ref Academy training concept has become a much appreciated format. There, suppliers, customers and employees receive teaching in green and sustainable refrigeration technology. When the first centre opened in 2018 in Italy, it meant

THE SUSTAINABLE DEVELOPMENT GOALS PROVIDE DIRECTION

Beijer Ref sees the opportunity to be able to contribute to 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 activities and business are as follows:



8. Decent work and economic growth

Interim goals 8.5 & 8.8

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

Interim goals 13.2 & 13.3

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 and disseminate knowledge about products based on environmentally friendly refrigerants and the benefits of using them.

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

Interim goals 5.1 & 5.2

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

Interim goals 12.3 & 12.4

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.

By improving the refrigeration chain, Beijer Ref helps reduce food waste.

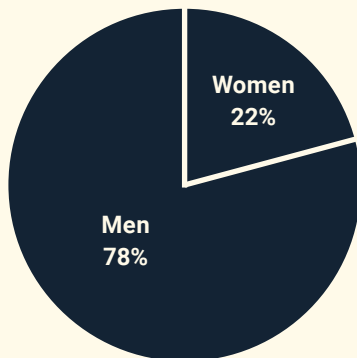


16. Peace, justice and strong institutions

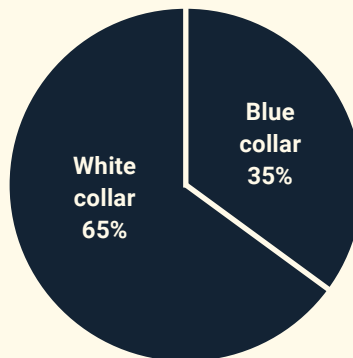
Interim goal 16.5

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 covered all employees by 2021. Whistleblower functionality has been implemented throughout the organisation and counters serious violations.

WOMEN / MEN



EMPLOYEES



that Beijer Ref took on the responsibility of training in and demonstrating practical uses for the new environmentally friendly technology. Beijer Ref Academy has since received a lot of positive attention, which has led to the group opening training centres in France and China. In

2021, Beijer Ref will open additional academies in Sweden, the United Kingdom and Australia. In doing so, the previously stated objective - to have established six academies by 2023 - will have been achieved.

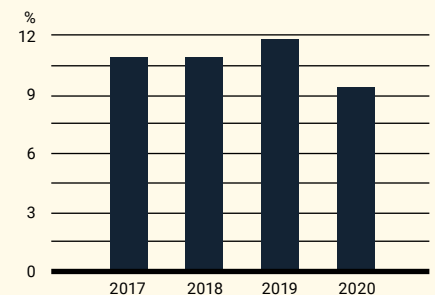
Waste and water

In the environmental field, Beijer Ref also works to manage its waste through various local initiatives. Since the group does not have a large water consumption in its production or distribution, this is an area with less impact for Beijer Ref.

EMPLOYEES

For Beijer Ref, all employees are an important asset and everyone has a role in building and developing the organisation going forward. In order to create a unified culture, there is a well-established core of values as a basis.

STAFF TURNOVER



Common values

The core values Committed, Engaged, Straightforward and United provide guidance in Beijer Ref's mindset, as well as demonstrating the importance of always caring about diversity and inclusion.

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. This also applies to newly acquired companies. Through an in-depth introduction, new employees receive information about Beijer Ref's history, values and ethical approach.

2020 was a year when the organisation was put to the test. It is during crises that it becomes clear whether the values are well endorsed in the business. It was clear early on that the values United and Committed were particularly evident when the pandemic began to affect the business. The unity and commitment of employees to find solutions that could address the new reality were very noti-



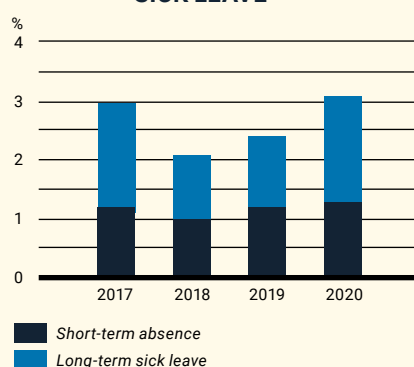
ceable when office after office reorganised at a rapid pace. Among other things, this was a matter of quickly dividing the organisation into teams with different tasks, defining new rules for hygiene procedures and creating workplaces with distancing so that production could be kept intact.

Safe workplace

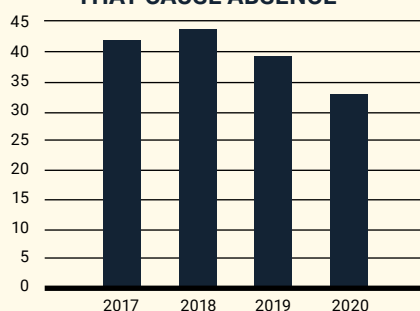
The adaptation to new requirements for hygiene and remote working during the pandemic period is also about being able to run a safe workplace whatever



SICK LEAVE



NUMBER OF ACCIDENTS THAT CAUSE ABSENCE



the conditions. Instructions were therefore coordinated centrally, while each market followed the instructions of their respective local authorities.

The reorganisation during the pandemic is an example of how Beijer Ref conducts systematic work environment activities. This also includes a policy which makes clear that all companies in the group shall offer a safe, non-discriminatory workplace that promotes health and well-being. Checks on compliance with workplace safety are carried out on an ongoing basis.

It is the responsibility of each subsidiary 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. In 2020, sick leave was 3.1%, which was an increase due to the pandemic. The number of accidents causing absence has decreased over the last three years.

Competence development

Beijer Ref also works in a structured way so that employees can build their skills and develop in their professional life. In 2020, virtually all subsidiaries have invested in digital training in different areas, which has worked well, since many offices have had to apply remote working due to the pandemic.

In order to follow the development of employees, all white collar workers shall be offered an annual employee interview. The objective is that such employee interviews shall be implemented during 2022.

Another example is the group-wide Beijer Ref Exchange Programme. The programme 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. The first programme was launched in 2019 and it received very good feedback from the participating employees and companies. The programme is intended to be implemented every two years. The pandemic means that the next programme must be postponed, but it will take place as soon as the business can return to normal. In the meantime, exchanges of experience take place in other ways, through the exchange of lessons learned.

Diversity and equality

There is also an objective to increase diversity at all stages, and the proportion of women in the company and in leadership positions shall be higher. In order to achieve this goal, a policy for gender equality and inclusion has been implemented internally in 2020, work that will continue in 2021 through digital training, among other things. By also highlighting examples of activities within the subsidiaries that have successfully resulted in increased gender equality, and spreading them within the group, the companies shall be inspired to act to achieve good results. For example, during the year Beijer Ref paid tri-

bute to the group's female employees by celebrating International Women's Day on 8 March 2020. A video was posted on the social media platform LinkedIn, showing the range of female employees at Beijer Ref. The video was shared many times and received great attention in several markets. The video was also intended to inspire women in general to apply for technology-based jobs and areas of work, as well as to generate the concept of community across national borders.

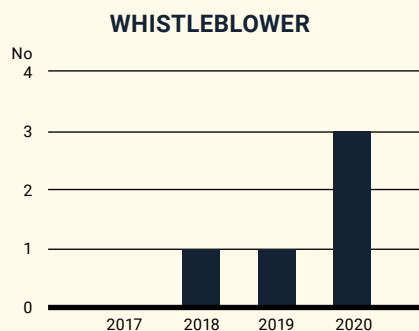
In 2020, the proportion of women in management groups has fallen somewhat, from 18 to 13 per cent, which shows the importance of constantly working on activities that can reverse the trend. The topic is a regular item at management and board meetings.

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 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.

Training in ethics completed

In order to ensure that the organisation understands the group's ethical approach, all employees have undergone training in business ethics during the last two years. This addresses issues such as ethics and morality, anti-corruption and avoiding bribery. The training has been performed through a digital tool and has been translated into seven different languages. Those employees who do not have access to a computer



have also been provided with the right tools to be able to undertake the training.

In the long term, the training course will be developed to include global competition law, as well as further rules on anti-corruption. It is of the utmost importance that all employees know how to handle situations involving risk behaviour, which must be reported to the legal department.



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 report if dishonest practices exist and can 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. Each company is responsible for ensuring that the rules on ethical guidelines and whistle blowing are passed on to the employees.

Beijer Ref follows up on any suspicions of unethical behaviour. The initial assessment is made by an external party. In 2020, three cases were registered through the whistleblower function. None of these was of such a nature as to lead to further action. In 2019, a case of perceived abusive behaviour was received, which did not go ahead for further investigation.

New policies

The group has already developed a policy on business ethics that includes rules and principles that provide guidance and that serves as a complement to the Code of Conduct. The policy covers all employees.

During the year, Beijer Ref has produced three more policies. The first concerns competition, and this complements the Code of Conduct. The second covers anti-corruption rules. For a global group such as Beijer Ref, which operates in some markets in countries with a higher risk of corruption and human rights violations, clarity in processes, incidents and sanctions is particularly important, and this is stated in the policies.

The third policy relates to IT and shall enable the group to maintain a high level



of security and minimise potential damage related to Beijer Ref's IT systems, data and information.

RESPONSIBLE SUPPLY CHAIN

Beijer Ref is constantly working to conduct responsible purchasing from main suppliers. The group has already produced a central code of conduct for suppliers, valid for the larger 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. Beijer Ref has implemented the code of conduct among suppliers since 2018, with the goal of reaching the 100 largest suppliers, which was achieved the following year.

As a leading global player, Beijer Ref has a great responsibility to continuously develop the work of ensuring that suppliers comply with the high standards of responsible and correct behaviour. During 2020, the group has worked to develop additional procedures for evaluating suppliers as a way of further refining the work.

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 12-15 (Business concept), 19 (Non-financial goals), 22-25 (Green growth), 40-43 (Organisation) and 64-65 (Risks and risk management).

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 2020

on pages 32-39, as well as the information on pages 12-15, 19, 22-25, 40-43, 57 and 64-65, 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, 19 March 2021
Deloitte AB

Richard Peters
Authorised Public Accountant
Chief auditor

Driven employees

An organisation that holds together.

Beijer Ref has long worked to build a common culture that encompasses the entire group. Everything is based on all employees sharing a common core of values. In a year like 2020, when the pandemic put the organisation to the test, such work is extra important.



VALUES UNITE

The Beijer Ref group is spread across Europe, Africa, Asia and Oceania. Getting all 3,900 employees to feel a sense of community and belonging to the same brand is both a challenge and a priority area. In order to succeed, Beijer Ref has developed four core values that everyone can adhere to. Committed, Engaged, Straightforward and United capture the Beijer spirit that has emerged over the group's history of more than 150 years.

There is also a long tradition of entrepreneurship that is characterised by a drive, a curiosity and a determination to work methodically so as to achieve the business goals.

The values summarise what symbolises the Beijer Ref culture: commitment and loyalty to the Group's stakeholders and an enthusiasm for always offering the best products and the best service. The values also depict concern, about

each other and the world around us. It shall be straightforward to do business with Beijer Ref, with clear and short decision paths. Communication shall be straightforward, consistent and reliable. Being on several continents shall be an advantage, both commercially and from a diversity perspective. What stands out above all as a pillar of the Beijer Ref brand is the group's conviction that every part of the organisation plays an important role in creating success, and that performance is the result of team effort. This can be seen not least in Beijer Ref's decentralised organisational model.

INTERNAL DISSEMINATION

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. One channel that will be an important carrier of the values is the group's new intranet, which will be launched in 2021. This has information about what is happening within Beijer Ref and employees from all parts of the business will have the opportunity to publish content. Central information, such as policies and other important information that applies to the entire group, is also shared. The values also represent an important part of all recruitment processes and thus become a guideline when Beijer Ref is looking for new talent.

DIGITAL MEETINGS

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. Promoting the exchange of experience and competence development is an important piece of the puzzle in creating community and commitment. In 2020, the traditional ways of meeting and sharing knowledge have had to be replaced by digital methods due to the pandemic. In this way, employees have been able to continue to 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.

During the year, the group has also invested in training for employees in various areas with the aid of e-learning tools. This may be training that is adapted to each employee's duties, but it may also be training in areas that the group focuses on. In this way, employees' ideas and proactive approaches have been kept as intact as possible during the pandemic, which has contributed to efficiency and job satisfaction in spite of the special conditions that have prevailed, with markets shut down during certain months.

OPEN DURING THE PANDEMIC

Most of Beijer Ref's offices and branches have largely remained open during the pandemic year. The reason is that the business is considered to be an essential service insofar as supermarkets must be able to have functioning refrigerated counters. This meant that employees had to react rapidly to secure their workplaces against the virus. Information on the transition was released and has been coordinated from the centre, while careful consideration has been given to local rules and regulations. The rapid action allowed the offices to reopen as soon as the regulations were eased.

EMPLOYEE DEVELOPMENT

To ensure the development and awareness of employees, it is Beijer Ref's aim that all white collar workers shall have annual appraisal interviews. In 2020, 40% (38%) of all employees had appraisal interviews. 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.

A DECENTRALISED ORGANISATION

Beijer Ref is constantly working to develop and improve the organisation. Joint and central staff functions combined with a strong local presence create ef-

ficiency and increase understanding of each market's specific needs. Together with the group's specialist knowledge of environmentally friendly refrigeration technology, this results in drive and business benefits while giving employees opportunities to grow.

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 within defined frameworks. 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 and IR, with responsibility for stock market matters. Supporting group functions such as IT, HR, sustainability, legal and supply chain are also gathered at group level with endorsement in the operational activities. Ongoing management is performed through representation on local boards, a well developed reporting system and close dialogue.



BEIJER REF EXCHANGE PROGRAM

In 2019, Beijer Ref launched an exchange programme to further promote the Beijer Ref spirit and increase the exchange of knowledge, to the benefit of both employees and the business. This shall also contribute to an inclusive culture in which the business goals are a natural part of everyday life.

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. Evaluation of the 2019 programme showed very positive effects where the exchange of knowledge received high scores for both the employees and receiving companies. The programme is intended to be implemented with new groups every two years. However, it is not possible to implement a programme according to the original plan in 2021 due to uncertainty about the Covid-19 situation, but the hope is to be able to start again in 2022.

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'

**Wayne Ferguson,
MD Beijer Ref Australia:**

Australia participated in the Beijer Ref exchange programme in 2019 by hosting an employee from Dean & Wood in the United Kingdom at our Australian company Kirby, while Beijer Ref Australia sent an employee to Coolmark in the Netherlands.

The employee who came to us at Kirby focused largely on sales engagement activity and helped the company to understand areas for improvement in how we serve our customers and drive national account performance and customer satisfaction. Together with suggestions for improvements to the operational effort, an evaluation of involvement between Beijer Ref's local companies was carried out as this is relatively new for Kirby. Here, our employees were able to give direct guidance, support, ideas and experiences of how this can work effectively. In a similar way, by comparing organisational structures, processes and cultures.

Beijer Ref is a relatively new player in the Australian market and from a PR perspective it was beneficial to strengthen the brand as an employer. The programme showed that we belong to a global business that values its employees and is willing to invest in them so as to widen and share their knowledge. Various social media posts from participants and subsidiaries achieved excellent engagement (above average for Australia) with



2,237 reactions to the 24 posts. Comments of praise and encouragement were received from external industry partners, supporters and company colleagues, thereby improving Beijer Ref's position as a high-quality employer in our industry.

The immediate advantage of sharing experiences and benchmarks between our business units was that it challenged our conventional thinking and brought more engaged and thought-provoking discussions internally because some of the ideas had already been successfully implemented elsewhere. It has greatly accelerated the understanding of necessary and important changes to know that these succeed elsewhere within the Beijer Ref group.

We also observed the following positive results for Beijer Ref at group level:

- It promotes a common culture and makes all participants – including staff with whom they work during the programme – feel more connected to that culture
- It creates a close link between teams that are located in different countries - we now have a direct relationship with two of our European business units
- Employee engagement increases, leading to greater commercial success
- The programme shows a commitment from Beijer Ref centrally to the importance of our personnel development

For individuals and subsidiaries:

- International learning and knowledge
- Awareness and adoption of more and new methods
- Broader general knowledge
- Personal development and career development

Natural refrigerant initiatives

When the EU F-gas regulation established that a phase-out staircase for HFC gases would be applied in the period up to 2030, Beijer Ref realised that demand for natural refrigerants would increase significantly. The group already had its own filling stations, but these had not yet handled environmentally friendly refrigerants.

At first glance, everything seems normal at the Beijer Ref company H.Jessen Jürgensen AB in Gothenburg, which is one of the group's five filling stations. A sea of thousands of cylinders containing different refrigerants is lined up in the industrial area next to the production building. They are either ready to be transported to one of Beijer Ref's wholesale companies in the Nordic and Baltic regions, or have they just returned after being used, and are to be emptied and refilled. But everything is not quite as it was, because since September 2020 many of these cylinders now contain completely new types of refrigerants: CO₂ and propane.

Site manager Dennis Abrahamsson and the head office in Malmö have drawn up plans for a brand new production line at the filling station.

"We realised long ago that the old HFC gases will not be as normal in a few years' time; instead it is natural refrigerants such as CO₂ and propane that are the future", says Dennis Abrahamsson. "Just look at what our end customers are doing. Virtually all large supermarkets will switch to green technology based on CO₂ in the next few years. Which means that we need to be able to secure the supply of such refrigerants. Since



we already have the expertise to handle more traditional refrigerants, it was natural for us to invest in something new at the filling unit in Gothenburg."

TRANSITION TO GREEN IN SEVERAL STAGES

The project is part of a long-term strategy to be able to supply natural refrigerants to Beijer Ref's companies in the Nordic and Baltic countries in particular, where the transition to green refrigeration technology has come the furthest. Together with COO Simon Karlin, calculations were made on how large an investment was needed to realise a new production line that could handle CO₂ and propane.

It was clear early on that a lot needed to be done to implement the plan. More staff, additional training in refrigerant handling, government permits and expansion of the property. Study visits were also made to other similar units. Dennis Abrahamsson explains:

"The new production line with natural refrigerants comes at exactly the right time. But we also felt that we had to come out with something else, so as to profile ourselves even more clearly to the market. We therefore also invested in a completely new type of cylinder bottle made of composite material. Although it costs more than a normal aluminium cylinder, it weighs significantly less and is better for the environment and for the installers who often need to move them. This is a decision that we are very happy that we stuck to. The



cylinders have been a great success in the market and give noticeable added value for our customers."

Ground was first broken in December 2019. Construction of a brand new facility began on HJJ's site, with both a building and a CO₂ tank. After some delays due to the pandemic, a completely new production line could be opened in September 2020. The entire facility is certified according to both ISO 9001 and ISO 14001.



NATURAL REFRIGERANTS ARE THE FUTURE

So how does it work in practical terms?

"We buy CO₂ in large volumes that come to us in tanker trucks, while propane comes in special containers. The tankers fill our stationary tank, which holds about 20,000 litres. When our tank is filled, we first analyse the gas to ensure that the quality is good. Then the work of filling our cylinders begins. Here, too, we analyse the gas, as well as checking for leaks. We continuously take samples to measure moisture content to ensure it is not too high, as well as to ensure that the gas is pure. Our motto is that when we send out CO₂ to the customer, it should be of top quality. Once the customers have emptied the cylinders and are finished with them, the cylinders come back here and we empty any remaining refrigerants, analyse, clean and start again."

Natural refrigerants make up just over 10 per cent of HJJ's total refrigerant delivery of 500 tonnes a year.

"But within five years, I think it will be 50 per cent," says Dennis. "Everyone is talking about CO₂ and propane is coming more and more. That applies to supermarkets, heat pump manufacturers and service technicians. This makes me take a very bright look at the future; we are

well placed with environmentally friendly products and also with HFO gases. We are ready to phase out the old and bring in the new."

NEW TIMES

This being a filling station with long experience, it is possible to see a trend in the market. Fifteen years ago, HJJ handled 12 different refrigerants, compared with about 30 today. New synthetic refrigerants are constantly being launched - HFOs and mixtures of HFOs and CO₂ with very low greenhouse effects - replacing the older HFC refrigerants. However, the clearest trend is the sharp increase in the use of CO₂.

In just a few months, the market has reacted positively to the new production line and HJJ has already exceeded its sales forecast. The focus on refrigerant analysis has continued, which means that HJJ analyses used refrigerants to see if they can be reused, a service that is increasingly in demand as environmental requirements increase in the market. The workforce will therefore need to be increased.

"We also have unique expertise in handling returned refrigerants and in refrigerant analysis, which gives us a strong future position. We have the capacity to grow further."

Nordic region



Denmark
Finland
Norway
Sweden

Net sales, sek m

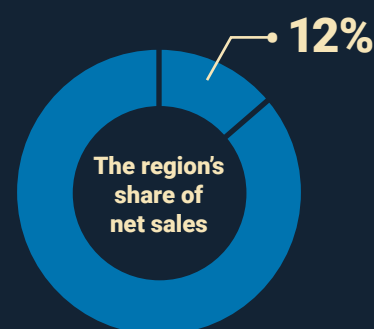
1 685

EBIT, sek m

219

ROWC, %

44



TRAINING FOR THE FUTURE

Training is the key to constantly increasing the impact of environmentally friendly technologies. Beijer Ref will open an academy in Stockholm in 2021. This will offer customers and installers training in handling the technology designed for CO₂ and propane.

Development in HVAC has been successful during the year. Both MHI and Toshiba have increased their sales in the region and it is clear that the need for air conditioning is also rising in the Nordic region.

MORE E-COMMERCE

The digital focus has continued and during the year e-commerce sites have been launched in Norway and Finland, supporting the group's goal of at least 20 per cent of sales coming from e-commerce by 2025.

GREEN GROWTH

The Nordic region continues to be the region at the forefront of the transition to new environmentally friendly refrigeration technology. An increasing demand for green technology has led Beijer Ref to expand its product offering that is adapted for environmentally friendly refrigerants. This has meant increased

sales that provide further business in the long run, as the aftermarket also generates sales. The group has also made a new investment in a production line of natural refrigerants at the filling station in Sweden, which now also supplies markets within and outside the Nordic region with CO₂ and propane.

Central Europe

EFFECTIVE HUB

In the Central Europe region, Beijer Ref's logistics centre in the Netherlands continues to act as an effective hub for warehousing, logistics and customer support. During the year, all warehouse stocks in Benelux have been moved there, which means that an efficient logistics chain can now be fully utilised.

DIGITAL SALES

Beijer Ref has been offering its customers in both the Netherlands and Switzerland the chance to order via e-commerce for a couple of years, and up to 30 per cent of sales here come from e-commerce. During the year, the companies in Germany and the United Kingdom have established webshops, enabling increased accessibility and better service.

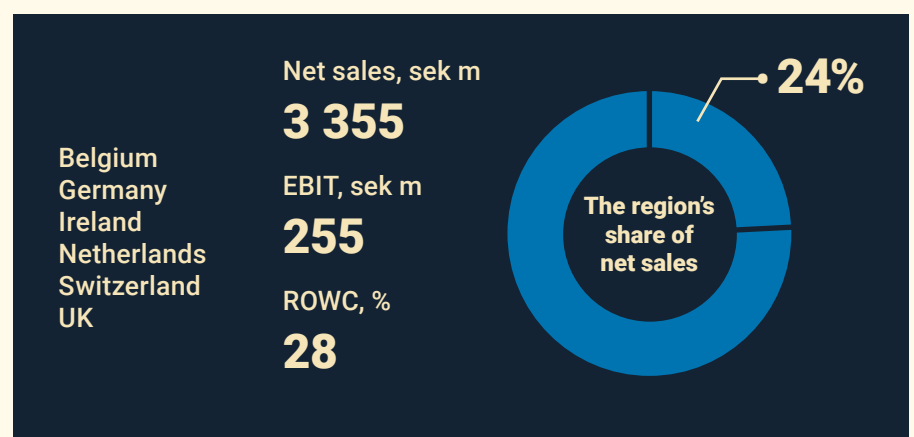
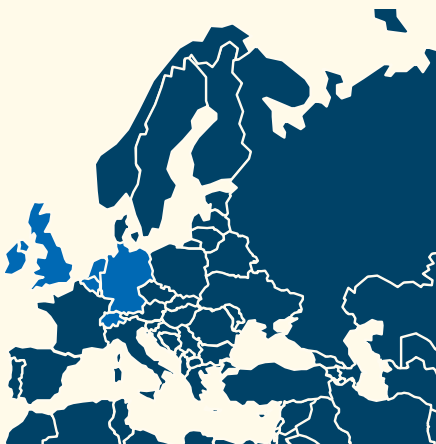
STRONG YEAR FOR HVAC

Sales in HVAC have increased during the year. In particular, MHI has gained mar-

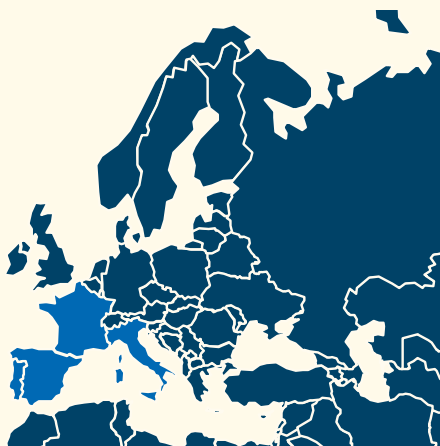


ket share in the Netherlands, the United Kingdom and Ireland, while Toshiba has grown in Germany.

Beijer Ref has opened a new filling station in the United Kingdom that supplies refrigerants.



Southern Europe



France
Italy
Portugal
Spain

Net sales, sek m

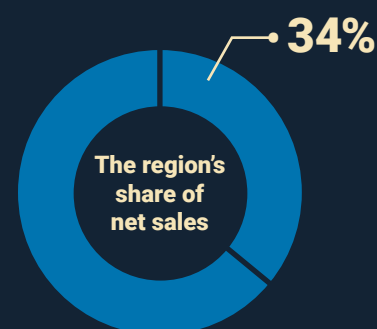
4 728

EBIT, sek m

350

ROWC, %

24



NEW GREEN FACTORY

This year's big news was that Beijer Ref started construction of a brand new factory in Italy, designed for OEM manufacturing. A reference facility is being created on a total of 13,000 m² with a green profile that will include production, storage and space for the Beijer Ref Academy training centre. The plant will be operational in the second quarter of 2021.

E-commerce is growing in the region and a new webshop was launched in France at the end of the year. This has been appreciated by customers, especially since the pandemic took hold. E-commerce provides higher delivery reliability and better availability. During the year, the optimisation of logistics has also continued and more central warehouses have been established.

HVAC GROWS IN SPITE OF PANDEMIC

It was a good year in the Southern Europe region, in spite of the shutdown of several key markets such as France, Italy and Spain during the spring and sum-

mer. The HVAC segment has continued to perform well, and the group's biggest brands in the segment - Toshiba, Carrier and MHI - are showing growth in their markets.

Eastern Europe

GROWING INTEREST IN OEM

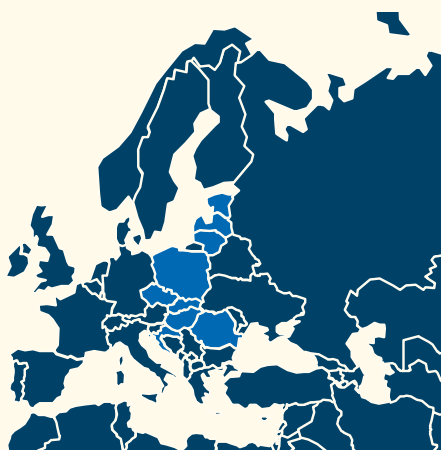
In the Eastern Europe region, Beijer Ref established the majority of its operations from start-up. Today, the group's presence in nine markets makes it the leader. During the year, Beijer Ref strengthened its position further, in particular through the acquisition of HVAC company Sinclair, which distributes air conditioning and heat pumps in some 20 European markets. Demand for environmentally friendly technologies continues to rise and efforts to develop the OEM range have therefore continued, especially in Estonia, Poland and Romania.

Beijer Ref has had a filling station in Hungary for a couple of years to supply a number of the region's companies with refrigerants. This provides a high level of availability and customer service, which has been important during a year when the pandemic has led to uncertainty.



The HVAC segment has had a year of growth and has increased its sales in the region.

E-commerce is under development and new webshops will be launched in Hungary and the Czech Republic in 2021.



Czech Republic
Estonia
Hungary
Latvia
Lithuania
Poland
Romania
Slovakia

Net sales, sek m

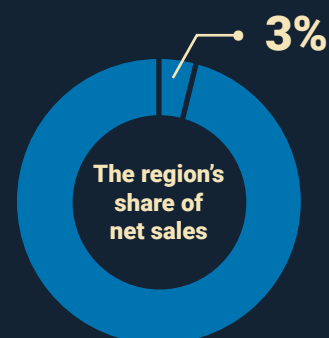
453

EBIT, sek m

40

ROWC, %

22



Africa



AFFECTED BY THE PANDEMIC

Beijer Ref's Africa region has been the market that has undergone the toughest restrictions in connection with the pandemic. A large part of Beijer Ref's operations were closed in April and May

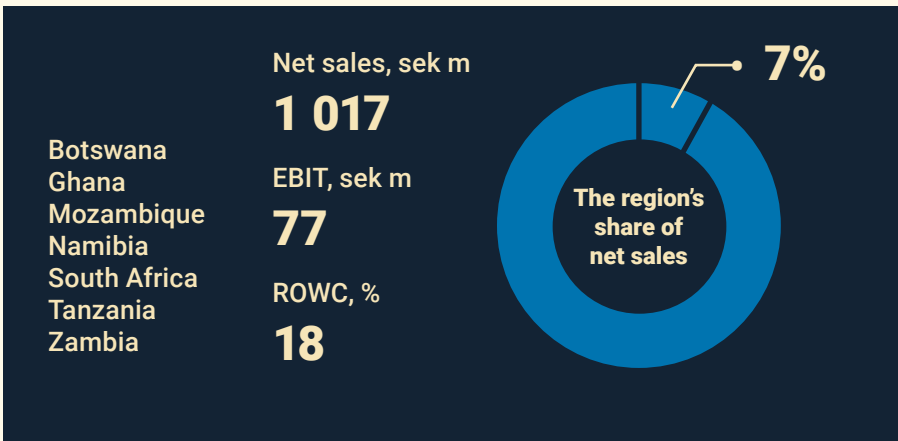
and subsequent months have also been affected. Overall, this has led to a loss of sales in the main market, South Africa. During the period, the group has focused on taking responsibility for the employees in the operations and had a flexible

working method during the year so that it was possible to stay open at times. As a result, Beijer Ref has also accelerated the work of establishing e-commerce in the region.

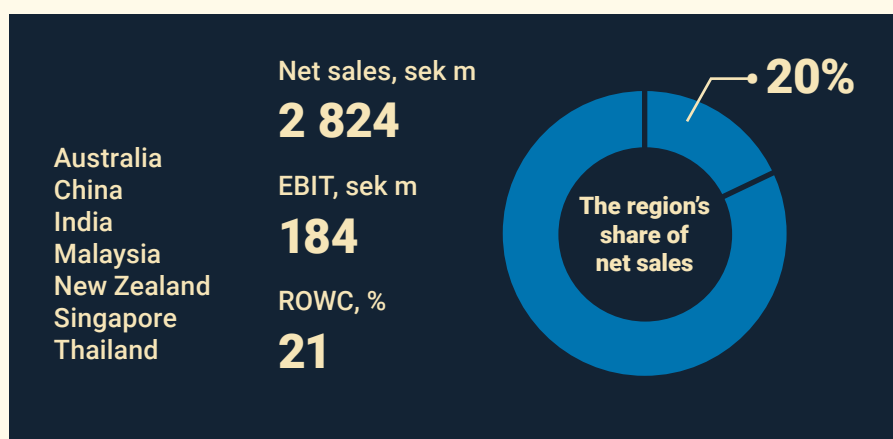
GREEN TECHNOLOGY IS GROWING

Environmentally friendly refrigeration technology is growing in South Africa, and during the year Beijer Ref has built this technology according to its European model. Among other things, a number of orders have been delivered to well-established food chains such as Pick n Pay.

Beijer Ref is currently present in seven countries in Africa and is looking at further expansion to more countries, since historically export markets outside South Africa have been successful.



Asia Pacific



STRONG RECOVERY

In the Asia Pacific region, the pandemic caused most markets to be shut down for a couple of months. In spite of this, Australia and New Zealand in particular have caught up with last year's sales levels. We have seen strong demand for environmentally friendly refrigeration units for retailers as well as a recovery in air conditioning. Much of the demand comes from supermarkets, but Beijer Ref is seeing an increasing purchasing requirement from industrial premises and distribution centres.

The work of consolidating the companies in Australia has continued and at the end of the year a new central support centre of 22,000 m² was opened. This has warehousing, the manufacture of environmentally friendly technology, a filling station and offices and training facilities.

PRESTIGE OLYMPIC ORDER

In China, too, demand for environmentally friendly refrigeration technology



and natural refrigerants is increasing, although the transition has not come as far as in Europe. Beijer Ref has received a prestige order during the year in China for the large CO₂ facility for one of the ice rinks that will be used at the 2022 Beijing Olympics.

South and South East Asia have been marked by the pandemic lockdown and demand has not caught up with previous levels. Beijer Ref has therefore been able to act at an early stage and reviewed the cost base, which has led to improved operating margins.

The development of the share

At year end, Nasdaq OMX Stockholm had risen by 12.9 per cent (29.6) since the beginning of the year. The price paid for Beijer Ref's class B share rose during 2020 by 37.0 per cent (88.4).

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 371,684,513, divided into 127,434,690 shares, each with a quota value of SEK 2.92. Beijer Ref had 11,046 (8,750) shareholders on 31 December 2020. 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 4.3% (4.5), corresponding to a capital shareholding of 55.3% (59.8). The company's ten largest shareholders hold 76.6% (78.3) of the votes and 61.1% (63.8) of the capital. The distribution of ownership appears in the table on the next page.

GOOD LONG-TERM RETURN

The earnings per share after tax totalled SEK 5.71 (6.82). Total return for the Beijer Ref class B share was 37.6 per cent, which may be compared with the SIXRX index, which had a return of 14.8 per cent. Over the last five years, the class B share has had a total average return of 45.5 per cent per annum. The corres-

ponding figure for SIXRX index 2 is 12.9 per cent per year.

SHARE PRICE AND TRADING

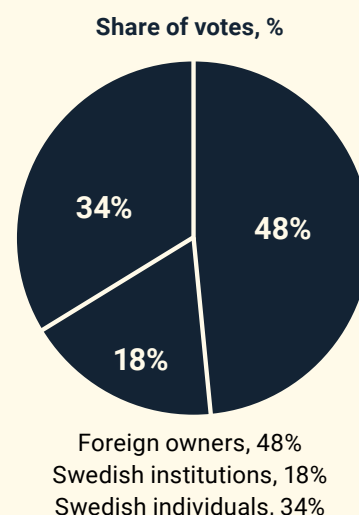
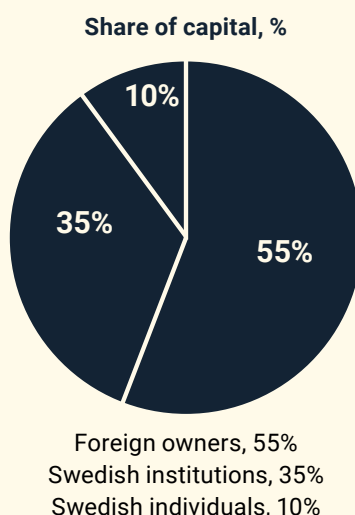
In 2020, a total of 51,943,370 Beijer Ref shares were traded (48,575,044). The total value of trading in the share was SEK 14,146,653,707 (9,870,609,683). The average daily trading volume was 206,124 (194,300) shares or SEK 56.1 (39.5) million. The average purchase price amounted to SEK 272 (203). The highest price paid during the year was recorded on 30 December at SEK 381 and the lowest on 19 March at SEK 152. The closing price on 30 December 2020 was SEK 376 (275).

At 31 December 2020, the company had a market capitalisation of SEK 47.9

(35.0) 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 3.00 (1.75) for the financial year 2020, corresponding to a total dividend of SEK 380 (221) million. The proposed dividend corresponds to 53 (26) per cent of the group's profit after tax for 2020 and 8.6 (5.2) 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 0.8 (0.6) per cent. The board's proposal is that the dividend is paid in two instalments, in April and October 2021, to meet the group's seasonal variations.



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

OWNERSHIP, 10 LARGEST SHAREHOLDERS AND OTHER OWNERS

on 2020-12-31	A shares	B shares	Total	Votes	Capital
EQT Group	2 152 260	35 361 616	37 783 876	26.4%	29.7%
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	177 000	2 538 000	11.0%	2.0%
Jürgensen, Peter Jessen	1 681 860		1 681 860	7.8%	1.3%
SEB Investment Management		9 809 875	9 809 875	4.5%	7.7%
AMF-Försäkring och Fonder		7 367 569	7 367 569	3.4%	5.8%
State Street Bank and Trust co. W9		6 254 201	6 254 201	2.9%	4.9%
Fjärde AP-Fonden		5 380 819	5 380 819	2.5%	4.2%
Hain, Jan (private and companies)	480 000	322 000	802 000	2.4%	0.6%
BNY Mellon NA. W9		3 090 286	3 090 286	1.4%	2.4%
Total, 10 largest shareholders	9 795 120	68 114 552	77 909 672	76.7%	61.1%
Other owners	123 600	48 503 438	48 627 038	23.3%	38.9%
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	9 012	—	768 614	0.60	0.35	289 306
501 - 1000	654	1 680	498 780	0.39	0.23	187 425
1001 - 2000	480	1 920	704 484	0.55	0.34	264 981
2001 - 5000	399	6 000	1 280 645	1.01	0.61	482 537
5001 - 10000	157	—	1 121 844	0.88	0.52	422 262
10001 - 20000	107	—	1 542 446	1.20	0.70	573 658
20001 - 50000	73	—	2 232 203	1.77	1.05	847 120
50001 - 100000	27	—	2 227 966	1.68	0.99	808 048
100001 -	75	9 909 120	107 138 988	91.48	95.20	40 357 673
Total 2020-12-31	10 984	9 918 720	117 515 970	100.00	100.00	44 233 011

SHARE DATA* (sek)

	2020	2019	2018	2017	2016
Earnings per share before dilution ¹	5.71	6.82	6.07	4.02	3.06
Earnings per share after dilution ²	5.67	6.78	6.04	4.02	3.06
Equity per share before dilution ³	35	35	30	26	23
Equity per share after dilution ⁴	36	35	31	26	23
Dividend ⁵	3.00	1.75	3.00	1.92	1.83
Dividend as % of earnings per share	0.53	0.26	0.49	0.48	0.60
Total dividend, sek m	380	221	380	244	233
Share price ⁶	376.40	274.80	145.9	105.5	72.0
Yield, % ⁷	0.8	0.6	2.1	1.8	2.5
Cash flow per share ⁸	8.79	10.12	7.49	4.99	3.76
Number of outstanding shares	126 536 710	126 536 710	126 536 710	127 173 090	127 173 090
Average number of outstanding shares ⁹	126 536 710	126 536 710	126 802 780	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 2020, 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. Even during a pandemic year like 2020, the company has had a positive development.

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 a middle class enjoying better economic circumstances 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. The group'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. During 2020, Beijer Ref has invested in companies that manufacture refrigeration units based on green refrigerants, as well as in existing filling stations so as to be able to handle green refrigerants right out to the customers.

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 distri-

THE BEIJER REF SHARE PERFORMANCE



bution 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 per cent combined with an operating margin of between 7 and 8 per cent and an average return on operating capital of over 15 per cent. Beijer Ref is well positioned when several driving forces combine to create continued demand for energy-efficient products.



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 2020.

The Beijer Ref group is one of the world's largest global refrigeration wholesalers, 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 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 48 (529) million for the financial year 2020. The change in earnings is due to lower dividends from group companies in 2020.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The acquisition of the wholesale company ACD Trade in Australia was completed in the first quarter of 2020. The company has about 60 employees across 9 branches. The company is included in the group's financial statements with effect from 1 February 2020 and it has contributed SEK 554 million to sales.

During the fourth quarter of 2020, Beijer Ref invested in a minority holding in Fenagy A/S in Denmark, which develops environmentally friendly industrial pumps.

Beijer Ref also acquired 85% of the air conditioning company Sinclair in the Czech Republic, which has annual sales of SEK 400 million and good profitability. The company is part of the group as of 1 January 2021.

2020 has been greatly marked by the Covid-19 pandemic and its effects. Measures have been taken in all parts of the business to fend off the effects, in the second and third quarters in particular.

Received subsidy amounts to approximately SEK 53.3 million and received rent discounts amount to SEK 3.7 million for 2020. These have been reported as a reduction in costs. Received subsidy is primarily personnel-related.

SALES AND PROFIT

The group's sales amounted to SEK 14,062 (14,817) million, an decrease of 5.1 (13.8) per cent. Organic growth was negative at 6.2 (4.4) per cent. 2020 has been marked by the ongoing pandemic, although air conditioning has had a positive development. Prices of refrigerants have steadily declined compare with previous years. Commercial and industrial refrigeration had sales of SEK 6,761 (7,699) million and accounted for 48 (52) per cent of total sales. Air conditioning had sales of SEK 5,951 (5,586) million and accounted for 42 (38) per cent of sales. OEM accounted for 10 (10) per cent of total sales.

The group's operating profit amounted to SEK 1,036 (1,230) million for the full

Financial review ¹	2020	2019
Operating income, sek m	14 062	14 817
EBITDA, sek m	1 477	1 655
Operating profit, (EBIT), sek m	1 036	1 230
Operating margin (EBIT), %	7.4	8.3
Profit for the year, sek m	729	873
Return on average capital employed, %	12.3	15.9
Return on average equity, %	16.5	21.4
Return on average operating capital, %	13.9	17.8
Equity ratio, %	39.4	39.4
Number of employees	3 856	3 869
Earnings per share after tax, sek	5.71	6.82
Shareholders' equity per share before dilution, sek	35	35
Shareholders' equity per share after dilution, sek	36	35

1) Financial information for 2016 - 2018, see page 104.

year 2020. The group's net financial items amounted to SEK -59 (-56) million over the full year. Of net financial items, SEK 27 million (28) is attributable to IFRS 16.

Profit before tax amounted to SEK 977 (1,174) million and profit after tax amounted to SEK 729 (873) million for the full year. Earnings per share was SEK 5.71 (6.82).

PROFITABILITY

Return on operating capital and capital employed was 13.9 (17.8) per cent and 12.3 (15.9) per cent respectively. Return on equity was 16.5 (21.4) per cent.

INVESTMENTS, LIQUIDITY AND NUMBER OF EMPLOYEES

Cash flow from investment activities amounted to SEK -560 (-137) million, which relates primarily to completed acquisitions and investments in tangible fixed assets. Cash and cash equivalents including unutilised lines of credit amounted to SEK 1,646 (1,286) million at year end. The company's total unused credit capacity was SEK 1,516 (1,752) million when the accounts were closed. The average number of employees was 3,856 (3,869).

CASH FLOW, FINANCING AND EQUITY/ASSETS RATIO

Cash flow from current activities before change in working capital amounted to SEK 1,539 (1,255) million. Net liabilities were SEK 2,944 (3,207) million. Equity amounted to SEK 4,489 million (4,369). The change in equity amounted to SEK 120 (584) million, which corresponds to the year's comprehensive income of SEK 344 (1,008) million with deduction

of dividend to the parent company's shareholders of SEK 221 (380) million. Other differences consisted of transactions with shareholders without determining influence. The equity/assets ratio was 39.4 (39.4) 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 produce more environmentally friendly products in the future.

OUTLOOK FOR 2021

The stable demand for refrigeration products and air conditioning is expected to return to more normal levels in 2021 after a year marked by the pandemic. The link to food distribution, which is essential to society, is a critical factor for stability of demand for refrigeration products, as this is the company's largest end-user area. The fact that prosperity is increasing, along with increased penetration by air conditioning, 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.

2021 began with the acquisition of Complete Air Supply in Australia, which complements ADC Trade in air conditioning, and hopefully new opportunities will arise during the year.

At the end of February 2021, 60% of the shares in Coolair, which is headquartered in Nordhorn, Germany, were acquired. Coolair's annual sales amount to approximately SEK 100 million and have just over 25 employees. The company is included in the accounts from 1 March.

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 sustainability report, see pages 32-39 and information on pages 12-15, 19, 22-25, 40-43, 57, 64-65.

Proposal for distribution of profit

Profit at the disposal of the Annual Meeting of shareholders:

Share premium reserve	901 604
Profit brought forward	462 650
Net profit for the year	47 786
Total	1 412 040

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

Dividend, SEK 3.00 per share	379 610
To be carried forward	1 032 430
Total	1 412 040

Corporate governance and corporate responsibility

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

AN INTRODUCTION FROM BERNT INGMAN

2020 made demands on both the board and the organisation. An unexpected pandemic meant that we had to reorganise. Our agenda was filled with items about dealing with restrictions and lockdowns, and our meetings had to be held remotely via digital channels for most of the year.

When the pandemic was a fact, we immediately tasked the management team with producing scenario analyses and preparations for a possible worst case outcome, all the time with liquidity and continued value creation in focus. Our markets have had different conditions; some of them have been shut down and others have been able to stay open to some extent, even during the periods when the restrictions were the most severe. When we reflect back on 2020, it is noticeable that the efforts to make changes in the workplaces had an effect, and Beijer Ref has been able to maintain its operations to a very great extent, in spite of the challenges in the market.

Historically, opportunities tend to arise during recessions. Beijer Ref has a defined strategy to grow through acquisitions and has therefore followed up a number of acquisition paths during the year. This has given results in the form of three completed acquisitions in Aus-

tralia, Denmark and the Czech Republic in 2020, and another in Australia in early 2021, which I see as a testament to the group's strength, even during challenging times.

During the year, ESG matters have been central. The board has previously decided on a number of non-financial goals that have been followed up every quarter. We often discuss how we can do more in green refrigeration technology, since we are in an industry driven by regulatory requirements. More and more countries are also ratifying the Kigali Amendment, and the USA is soon to introduce regulatory provisions which will create an even greater focus on the development of environmentally friendly alternatives. Beijer Ref is working intensively on this, and so far we have doubled the group's OEM capacity for our own manufacture of environmentally friendly refrigeration units in Italy, and we have also invested in the filling station in Sweden that now supplies natural refrigerants to the companies in the Nordic and Baltic countries.

Equality is also an issue that is discussed on an ongoing basis in the board, and the ambition is to get more women to apply to our business, both for senior positions and at salaried staff level. This is challenging for an industry that has historically been male-dominated, but it is important to frequently take various

initiatives to reverse the trend, not least so as to ensure an industry with equality in the long term.

Of course, the change of main owner from Carrier to EQT has characterised the latter part of the year, and it is gratifying that a strong new owner will take over that will be keen to drive forward the work on sustainability and the development of Beijer Ref's digitalisation measures. As a result, some changes are being made to the composition of the board and thus I will leave my position at the time of the Extraordinary General Meeting in 2021.

It has been an honour to have been trusted to serve on Beijer Ref's Board of Directors for 15 years, including my time as Chair for 7 years, a time when the company has developed strongly from both a growth and shareholder value perspective. I would, of course, like to take this opportunity to thank my board colleagues whom I have had the privilege of working with during these years. We have worked effectively and created the conditions for effective decisions, which the latest external board evaluation also confirmed by demonstrating high ratings. I would like to wish the new board good luck in their future work and I look forward to following developments.

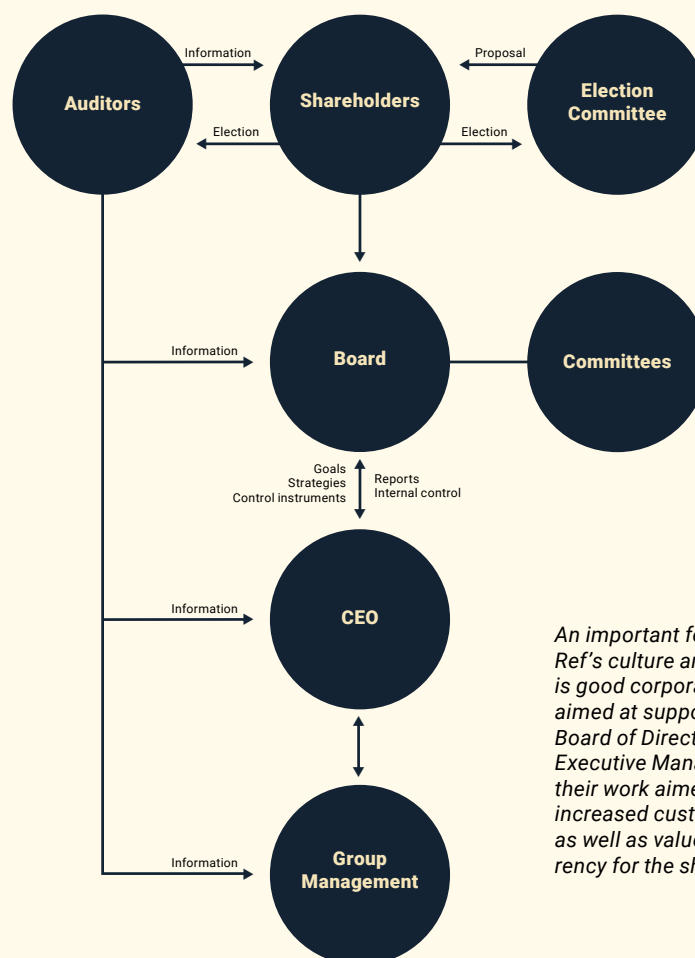
Bernt Ingman

Chair of the Board 2014 – 2021

Beijer Ref welcomes Kate Swann as new Chair of the Board



Beijer Ref's Board of Directors has gained new members in connection with EQT becoming part-owner. Per Bertland will step down as CEO in 2021 and has taken a seat on the board. Kate Swann has been an advisor to EQT since 2020 and is currently chair of Parques Reunidos, Secret Escapes, Moonpig PLC and IVC Evidensia.



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.

Beijer REF applies the Swedish Corporate Governance Code and here presents the annual corporate governance report for 2020. 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. Beijer Ref's Annual General Meeting is usually held in April, but due to the ongoing pandemic, the Annual General Meeting was held on 25 June 2020.

ANNUAL GENERAL MEETING 2020

The annual general meeting 2020 was held on 25 June 2020 in Malmö. The company took special measures because of Covid-19. Postal voting and proxy voting were recommended to limit the number of people physically present at the meeting.

No refreshments were served in connection with the meeting and the CEO's speech to the meeting was recorded and made available on the company's website after the meeting.

178 (165) shareholders attended, in person or by proxy. These represented approximately 82 (84) per cent of the total votes. Four shareholders, Carrier, Peter Jessen Jürgen, Joen Magnusson and Per Bertland, together represented approximately 64 (64) per cent of the votes represented at the meeting. Bernt Ingman was elected as chair of the meeting. All board members elected by the meeting were available.

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 proposal of the board and the CEO of SEK 1.75 per share for the financial year 2020, which corresponds to SEK 221,439,242.
- 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 board member Gregory Alcorn after Chris Nelson had declined re-election.
- 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 amendments to the company's articles of association
- New election of Deloitte AB as the company's auditor in 2020 with Richard Peters as chief auditor.

Beijer Ref's next annual general meeting will be held on 15 April 2021 in Malmö. For further information on the next AGM, see page 107 of this annual report.

EQT Group, Joen Magnusson (family and company) and Per Bertland (family and company) each holds more than 10% of the votes in the company. For further information about the share and shareholding, see pages 52-53 and the company'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 2021

The nomination committee was appointed in October 2020 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: Tommi Saukkoriipi (SEB Funds) and chair of the nomination committee, Bernt Ingman (chair of the Beijer Ref board), Muriel Makharine (Carrier Corp), Patricia Hedelius (Fourth Swedish National Pension Fund) and Joen Magnusson (own shareholding). The 2020 nomination committee has held 2 (4) meetings. The nomination committee has performed its work by evaluating the board's work, composition and competence.

Following EQT's acquisition of Carrier's shares in Beijer Ref and the completion of the sale on 22 December 2020, the Nomination Committee of Beijer Ref has changed. Albert Gustafsson replaces Muriel Makharine, who represented Carrier.

A report on the Nomination Committee's work was submitted in the Nomination Committee's motivated statement, which was published prior to the 2020 Annual General Meeting. Further information on the Nomination Committee and its work can be found on the Group's website: www.beijerref.com

PROPOSAL FOR EXTRAORDINARY GENERAL MEETING 2021

Due to EQT became the principal owner of Beijer Ref and the fact that Per Bertland will step down as CEO in 2021, the company called an extraordinary general meeting on 3 March 2021 to elect new board members. The new board members are Kate Swann, Albert Gustafsson and Per Bertland with Kate Swann as chair.

PROPOSALS TO THE AGM 2021

The nomination committee has prepared the following proposals to be presented to the AGM 2021 for decision: The nomination committee has decided to propose to the AGM:

- re-election of the board members: Joen Magnusson, Frida Norrbom Sams, Kate Swann, Albert Gustafsson and Per Bertland
- new election of Kerstin Lindvall and William Striebe
- re-election of Kate Swann as chair of the board and
- re-election of Deloitte AB as the company's auditor in 2021.

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 2020

In 2020, the board of Beijer Ref consisted of seven members elected by the AGM. The CEO, CFO and General 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 66-67 and Note 6, page 89.

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 business activities in dialogue with the

CEO and 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 66-67. 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 2020

In 2020, Beijer Ref's board held 7 (7) ordinary meetings. At each ordinary board meeting, the company's financial position and investment activities were discussed. The work in 2020 has largely focused on issues related to strategy and continued expansion as well as various scenario descriptions of profit and liquidity in 2020. 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. Chris Nelson has missed one board meeting and Gregory Alcorn has missed two board meetings. Other members have attended all board meetings during the year.

EVALUATION OF BOARD MEMBERS AND THE CEO 2020

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 2020 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 de-

velopment 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 (4) times during 2020. 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 Deloitte AB, with authorised public accountant Richard Peters as chief auditor. Deloitte AB has been elected by the annual general meeting 2020 as Beijer Ref's auditor for the period until the AGM 2021.

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 con-

trol 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 64-65.

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. Since Per Bertland has informed the board that he wishes to resign in 2021, work has begun to find a replacement. 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 2020, group management, including the CEO, consisted of 7 people. For further information about group management, see pages 68-69.

REMUNERATION TO SENIOR EXECUTIVES

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 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 25-28% 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 89 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
- Financial policy
- The finance manual
- The internal control process
- The whistleblower process

Risks and risk management

The Beijer Ref group's operations are affected by a number of external factors whose effects on the group's operating profit can be monitored to varying degrees.

Group-wide rules, which are established by the board, form the basis for managing these risks at different levels within the group. The aim of these rules is to get an overall picture of the risk situation, to minimise negative effects on profit and to clarify responsibilities and authority within the group.

Monitoring compliance with the rules is controlled by a designated person and reported to the board.

CONTROL ENVIRONMENT AND STRUCTURE

Beijer Ref has a strong ownership influence and the larger owners are represented on the board.

Beijer Ref is by its nature decentralised and the individual companies' own organisations fulfil important functions in terms of company culture and the control environment through the short decision-making paths that exist and the strong presence of local management. The legal organisation very much coincides with the operational one and there are therefore few decision-making fora that are not linked to the responsibilities of the various legal entities that are regulated by law.

The management work is based on the work of the board, which is the backbone of company management, and the organisation's various company boards. The regulatory framework that covers company management, such as the Swedish Companies Act, forms the basis for how the work of the board is performed and, through this way of working, powers and

responsibilities are regulated by these laws. The decisions taken by the boards are minuted and followed up carefully. Senior executives in group and business area management are represented on boards at an underlying organisational level and also in individual companies of significance. It is through this board work that control activities and follow-up of these is decided and carried out with local endorsement. It is the consistent practice within the group that, with critical issues such as important personnel issues, organisational issues etc., the immediate manager refers to his or her respective manager so as to endorse decisions before these are made.

The principle of far-reaching decentralisation is of great importance for the different companies' sense of their own importance and for motivation to work. The dissemination of responsibilities and powers leads to a strong will to live up to this responsibility and the expectations that come with it.

RISK ASSESSMENT

Risk assessment regarding financial reporting at Beijer Ref aims to identify and evaluate the most significant risks that affect internal control of financial reporting in the group's companies, business areas and processes. The present situation is assessed and improvement points are established. Control activities are also evaluated and assessed on an ongoing 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. By establishing a Code of Conduct for employees and suppliers, risks in the areas of ethical working conditions, business ethics and corruption shall be minimised.

FOLLOW UP

Follow up to ensure the effectiveness of internal control of financial reporting is performed by the board, CEO, CFO and group management. The follow up includes monthly financial statements compared with budget, previous year and goals and quarterly reports with results supplemented by written comments. The follow up also includes following up on observations reported by Beijer Ref's auditor. Beijer Ref works according to an annual plan, which takes its starting point in the risk analysis and includes priority 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 mitigated 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. Mitigated 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. New markets are available.
Currency risks	The company is exposed to currency fluctuations, and continually hedges the foreign exchange exposure in certain 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 solution 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 the company from pandemics; in these situations the company follows the WHO's recommendations. Like everyone else, the company is affected by a pandemic. The business is classified as societally important, which lessens the effect.
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 introductory training for all new employees and an e-learning system.
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 in 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 when new actors enter. Better products and entering 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 meetings. A self-evaluation of internal control is performed annually. The company also has a whistleblower function and code of conduct.
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, Mitsubishi Heavy Industries and Gree are all important partners of the company in HVAC.
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 and intrusion affect 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 follows 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



KATE SWANN

Chair. Born 1964. Elected 2021.

Education: University of Bradford with a degree in Business Management.

Other assignments: Advisor to EQT. Chair of Parques Reunidos, Secret Escapes, Moonpig PLC and IVC Evidensia. Board Director of England Hockey.

Not dependent of the company and the management. Dependent in relation to the company's largest shareholder through holdings in EQT's holding company Breeze SCSp.

Work experience: CEO of SSP Group plc. CEO of WH Smith.

Shareholding in Beijer Ref: 6,460 B shares.



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: 1,681,860 A shares.



ALBERT GUSTAFSSON

Board Member. Born 1977. Elected 2021.

Education: B.Sc. in Business Administration.

Other assignments: Partner and Head of Private Equity Sweden at EQT.

Board Member of ETON, Bluestep and Iver.

Not dependent of the company and the management. Dependent of the largest shareholders.

Work experience: Board Member of Dometic, Granngården, Scandic.

Shareholding in Beijer Ref: 0.



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 Bearing-Point/Andersen Business Consulting, EVP, Head of Application division NKT A/S.

Shareholding in Beijer Ref: 7,538 B shares.



PER BERTLAND

Board Member. Born 1957. Elected 2021.

Education: MBA, University of Lund.

Other assignments: CEO of Beijer Ref. Chairman of Dendera Holding, Board Member of Lindab AB.

Dependent based on own shareholding.

Dependent of the company and the management.

Work experience: COO, Beijer Ref. CFO, Indra AB and Ötab Sport AB within the Aritmos Group.

Shareholding in Beijer Ref: 2,361,000 A shares, 177,000 B shares and 30,000 call options.



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: 3,120,000 A shares, 81,486 B shares.

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 2020: 2,361,000 A shares, 177,000 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 EI AB. Work experience: MD Ikano Vårdböende, CFO Ikano Fastigheter, Dole, Switchcore and Arthur Andersen. Shareholding in Beijer Ref 2020: 1,500 B shares and 22,000 call options.

**SIMON KARLÉN**

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 2020: 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 2020: 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, LL.M., 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 2020: 1,250 B shares. 0 call options.

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 2020: 0. 0 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 2020: 0. Call options: 15,000.

AUDITORS
 Deloitte AB
RICHARD PETERS

Authorised Public Accountant, auditor in charge. Born 1969. Auditor in the Beijer Group since 2020.

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Consolidated profit and loss account

SEK K	Note	2020	2019
OPERATING INCOME			
Net sales	5	14 062 296	14 817 483
Other operating income	7	24 962	28 121
Total income		14 087 258	14 845 604
OPERATING EXPENSES			
Raw materials and necessities		-570 256	-619 709
Goods for resale		-9 232 981	-9 534 593
Other external costs	8	-838 226	-942 338
Personnel costs	6	-1 962 502	-2 092 712
Depreciation and write-down of intangible and tangible fixed assets	15, 16, 18	-441 505	-424 278
Other operating expenses		-6 222	-1 684
Operating profit		1 035 566	1 230 291
RESULT OF FINANCIAL INVESTMENTS			
Financial income	10	8 518	10 993
Financial expenses	11	-67 055	-67 337
Profit before tax		977 029	1 173 947
Tax on the year's profit	13	-248 435	-301 165
Net profit for the year	14	728 594	872 782
Attributable to:			
The parent company's shareholders		722 324	863 523
Non-controlling interests		6 270	9 259

The Group's report on other comprehensive income

SEK K	2020	2019
Net profit for the year	728 594	872 782
OTHER COMPREHENSIVE INCOME		
Items which will not be reversed in the profit and loss account		
Revaluation of the net pension commitment	-12 478	-23 998
Changes in the fair value of equity investments at fair value through other comprehensive income	-4 880	-4 793
Income tax relating to components of other comprehensive income	2 673	4 154
Items which can later be reversed in the profit and loss account		
Exchange rate differences	-411 642	145 294
Cash flow hedging	-1 831	—
Hedging of net investment	40 634	18 013
Income tax relating to components of other comprehensive income	3 344	-3 855
Other comprehensive income for the year	-384 181	134 814
Total comprehensive income for the year	344 413	1 007 596
Attributable to:		
The parent company's shareholders	347 664	989 835
Non-controlling interests	-3 251	17 761

Consolidated balance sheet

SEK K	Note	2020-12-31	2019-12-31
ASSETS			
Fixed assets			
Intangible assets	15	2 102 897	2 133 912
Tangible fixed assets	16	543 826	486 196
Financial assets at fair value through other comprehensive income	19	39 865	41 029
Right of use assets	18	1 184 338	998 161
Deferred tax assets	25	180 356	188 460
Other receivables	20	104 353	99 082
Total fixed assets		4 155 635	3 946 841
Current assets			
Inventories	21	3 388 933	3 755 318
Trade debtors and other receivables	20	2 687 559	2 571 655
Income taxes recoverable		14 756	9 989
Liquid funds	22	1 153 636	794 973
Total current assets		7 244 884	7 131 935
TOTAL ASSETS		11 400 519	11 078 776
SHAREHOLDERS' EQUITY			
Share capital	23	371 685	371 685
Other contributed capital		901 172	901 172
Reserves		-213 834	146 048
Profit brought forward		3 353 297	2 863 333
Total		4 412 320	4 282 238
Non-controlling interests	30	76 380	87 087
Total equity		4 488 700	4 369 325
LIABILITIES			
Long-term liabilities			
Borrowing	24, 29	2 621 167	1 178 241
Other long-term liabilities		2 220	2 186
Lease liabilities	18	918 566	731 421
Deferred tax liabilities	25	105 061	108 243
Pension commitments	26	157 928	147 075
Other provisions	27	55 274	42 955
Total long-term liabilities		3 860 216	2 210 121
Current liabilities			
Trade creditors and other liabilities	28	2 567 668	2 399 696
Borrowing	24, 29	98 393	1 637 561
Lease liabilities	18	301 274	307 905
Current tax liabilities		50 401	97 499
Other provisions	27	33 867	56 669
Total current liabilities		3 051 603	4 499 330
Total liabilities		6 911 819	6 709 451
TOTAL LIABILITIES AND EQUITY		11 400 519	11 078 776

Consolidated changes in equity

SEK K	Attributable to the parent company's shareholders				Non-controlling interests	Total equity	Note
	Share capital	Other contributed capital	Reserves	Profit brought forward			
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	
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	19
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	
Net profit for the year				722 324	6 270	728 596	
Revaluation of the net pension commitment				-9 897	92	-9 805	2
Changes in the fair value of equity investments through other comprehensive income				-4 880		-4 880	19
Exchange rate differences			-402 029		-9 613	-411 642	
Cash flow hedging			-1 831			-1 831	
Hedging of net investment			43 978			43 978	
Other comprehensive income for the year	—		-359 882	-14 777	-9 521	-384 181	
Total comprehensive income for the year	—		-359 882	707 547	-3 251	344 413	
Dividend for 2019				-221 439		-221 439	
Transactions with non-controlling interests				3 857	-3 857	—	
Dividend to holders with no controlling influence					-3 599	-3 599	
Total	—	—	—	-217 582	-7 456	-225 038	
Shareholders' equity on 2020-12-31	371 685	901 172	-213 834	3 353 297	76 380	4 488 700	

Consolidated cash flow statement

SEK K	Note	2020	2019
CURRENT OPERATIONS			
Operating profit		1 035 566	1 230 292
Adjustments for items not included in the cash flow:			
Depreciation and write-downs of intangible and tangible fixed assets	15, 16, 18	441 505	424 278
Change in pension, guarantee and other provisions		-7 759	13 853
Profit on sale of tangible fixed assets		-1 875	-7 550
Total		1 467 437	1 660 873
Paid interest	11	-67 055	-67 337
Paid income tax		-288 006	-313 399
Cash flow from current operations before changes in working capital		1 112 375	1 280 137
CHANGES IN WORKING CAPITAL			
Change in inventories		217 526	-124 986
Change in operating receivables		-288 278	122 115
Change in operating liabilities		288 792	-21 771
Cash flow from current operations		1 330 414	1 255 496
INVESTMENT OPERATIONS			
Received interest	10	8 518	10 993
Acquisition of shares and participations		-4 340	—
Acquisition of tangible and intangible fixed assets	15, 16, 18	-185 822	-164 320
Acquisition of operations	32	-180 408	-6 419
Sale of tangible fixed assets		9 565	23 152
Cash flow from investment operations		-352 487	-136 594
FINANCIAL OPERATIONS			
Amortization of loans		-25 548	-557 212
Payments related to amortization of lease liabilities	18	-309 867	-296 437
Paid dividend to shareholders		-221 439	-379 610
Dividend to holders with non-controlling interest		-3 599	-12 311
Cash flow from financial operations	31	-560 452	-1 245 570
Change in liquid funds		417 477	-126 668
Exchange rate difference, liquid funds		-58 814	12 211
Liquid funds on 1 January		794 973	909 430
Liquid funds on 31 December	21	1 153 636	794 973

Parent company profit and loss account

SEK K	Note	2020	2019
OPERATING INCOME			
Other operating income	7	53 772	56 751
Total income		53 772	56 751
OPERATING EXPENSES			
Other external costs	8	-34 493	-30 287
Personnel costs	6	-44 529	-43 217
Depreciation and write-down of intangible and tangible fixed assets	15, 16	-3 137	-3 134
Operating profit		-28 387	-19 887
RESULT OF FINANCIAL INVESTMENTS			
Result of participations in Group companies	9	20 836	448 301
Financial income	10	58 795	87 445
Financial expenses	11	-48 574	-34 654
Profit after financial investments		2 670	481 205
APPROPRIATIONS			
Appropriations	12	52 549	68 130
Profit before tax		55 219	549 335
Tax on the year's profit	13	-7 433	-20 397
Net profit for the year	14	47 786	528 938

Parent company's report on other comprehensive income

SEK K	2020	2019
Net profit for the year	47 786	528 938
Total comprehensive income for the year	47 786	528 938

Parent company balance sheet

SEK K	Note	2020-12-31	2019-12-31
ASSETS			
FIXED ASSETS			
Intangible fixed assets			
Capitalised expenditure for software	15	5 597	6 872
Total intangible fixed assets		5 597	6 872
Tangible fixed assets			
Buildings and land	16	1 662	1 787
Equipment, tools and installations	16	3 017	2 365
Total tangible fixed assets		4 679	4 152
Financial fixed assets			
Participations in Group companies	17	2 549 082	2 510 549
Financial assets at acquisition value	19	29 166	24 844
Receivables from Group companies		1 311 152	1 263 430
Other long-term securities holdings		1 480	1 000
Total financial fixed assets		3 890 880	3 799 823
TOTAL FIXED ASSETS		3 901 156	3 810 847
CURRENT ASSETS			
Current receivables			
Receivables from Group companies		235 522	846 838
Other current receivables		23 784	7 476
Prepaid expenses and accrued income		225 041	5 804
Total current receivables		484 347	860 118
Cash and bank			
Cash and bank		279 045	189 465
TOTAL CURRENT ASSETS		763 392	1 049 583
TOTAL ASSETS		4 664 548	4 860 430
SHAREHOLDERS' EQUITY			
Restricted equity			
Share capital	23	371 685	371 685
Fund for development expenditures		5 597	6 872
Total restricted equity		377 282	378 557
Non-restricted equity			
Share premium reserve		901 604	901 604
Profit brought forward		462 650	153 876
Net profit for the year		47 786	528 938
Total non-restricted equity		1 412 040	1 584 418
TOTAL EQUITY		1 789 322	1 962 975
Untaxed reserves			
Tax allocation reserves		59 000	48 000
Total untaxed reserves		59 000	48 000
LIABILITIES			
Long-term liabilities			
Borrowing	24, 29	2 621 167	1 173 848
Other long-term liabilities		1 480	1 000
Total long-term liabilities		2 622 647	1 174 848
Current liabilities			
Trade creditors		3 656	970
Borrowing	24, 29	93 059	1 609 042
Liabilities to Group companies		77 473	22 616
Tax liabilities		2 073	18 392
Other liabilities		1 153	615
Accrued expenses and prepaid income		16 165	22 972
Total current liabilities		193 579	1 674 607
TOTAL EQUITY AND LIABILITIES		4 664 548	4 860 430

Parent company changes in equity

SEK K	Share capital	Fund for development expenditure	Non-restricted equity	Total equity
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
Net profit for the year			47 786	47 786
Total comprehensive income for the year	—		47 786	47 786
Fund for development expenditures		-1 275	1 275	—
Dividend for 2019			-221 439	-221 439
Equity 2020-12-31	371 685	5 597	1 412 040	1 789 322

Parent company cash flow statement

SEK K	Note	2020	2019
CURRENT OPERATIONS			
Operating profit		-28 387	-19 887
Adjustment for items not included in the cash flow:			
Depreciation and write-downs of intangible and tangible fixed assets	15, 16	3 137	3 134
Total		-25 250	-16 753
Paid interest		-37 887	-34 654
Paid income tax		-23 752	-16 016
Cash flow from current operations before changes in working capital		-86 889	-67 423
CHANGES IN WORKING CAPITAL			
Change in operating receivables		307 603	19 308
Change in operating liabilities		77 421	-1 071
Cash flow from current operations		298 135	-49 186
INVESTMENT OPERATIONS			
Acquisition of shares and participations		-42 855	—
Acquisition of intangible and tangible fixed assets	15, 16	-2 389	-1 507
Received interest		58 795	70 087
Received dividend		20 836	466 301
Cash flow from investment operations		34 387	534 881
FINANCIAL OPERATIONS			
Amortisation of liabilities		-7 536	-392 005
Paid dividend		-221 439	-379 610
Cash flow from financial operations		-228 795	-771 615
Change in cash and bank		103 727	-285 920
Exchange rate difference, liquid funds		-14 147	—
Cash and bank on 1 January		189 465	475 385
Cash and bank on 31 December		279 045	189 465

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 17 March 2021.

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

None of the IFRS or IFRIC interpretations that are mandatory for the first time for the financial year that began on 1 January 2020 has any significant 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 2020, 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 2020, 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 46-51.

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 Euro-

pe, 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 Toshiba's 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 depends on the business model in which the asset is managed and the assets' cash flow character. 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 at amortized cost: Assets held in a business model whose purpose is to collect contractual cash flows and where the asset's cash flows only consist of principal amounts and interest are reported at amortized cost less expected credit losses. Financial assets valued at amortized cost consist of accounts receivable and other receivables as well as cash and cash equivalents in the balance sheet.

Equity instruments are classified at fair value through other comprehensive income as they are held for non-trading purposes. Any dividends are reported in the profit and loss accounts.

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.

Write-downs of financial assets

The Group values expected credit losses for financial assets classified at amortized cost, including trade receivables, financial receivables and lease receivables. Expected credit losses constitute an assessment that reflects an objective, expected outcome based on reasonable and verifiable forecasts of current and future factors that affect the assets.

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. 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 26.

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 Alecia. 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

IFRS 15 is applied for reporting income. This 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.

Received subsidy is reported in the month in which the corresponding cost is incurred. The subsidy has been taken into account when there is reasonable assurance that the company will meet the conditions associated with the grants and will receive them. In the income statement, received subsidy has been booked as a reduction of the cost.

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.

With the transition to the new standard, Beijer Ref chose to report according to the simplified method and the alleviation rule not to establish a comparative year was 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 are classified as low-value agreements and are not included in the reported liabilities or rights of use.

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 period. All leases relating to properties that fall due in 2021 have been extended by three years or longer if the original contract is for more years.

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 hedges 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:

2020-12-31 Total

Assets in the balance sheet

Financial assets valued at fair value through other comprehensive income	39 865 ¹⁾
Financial assets valued at discounted acquisition cost	
Trade debtors and other receivables	2 791 912
Liquid funds	1 161 253
Total	3 993 030

Liabilities in the balance sheet

Debt valued at discounted acquisition cost	
Borrowing	2 727 174
Lease liability	1 219 840
Other long-term liabilities	2 220
Trade creditors and other liabilities	2 567 671
Total	6 516 905

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

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

Liabilities in the balance sheet

Debt valued at discounted acquisition cost	
Borrowing	2 815 802
Lease liability	1 039 326
Other long-term liabilities	2 186
Trade creditors and other liabilities	2 399 696
Total	6 257 010

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

Financial assets valued at fair value consist of three holdings, one of which (SEK 11 million) refers to listed shares and is valued at market value on the balance sheet date according to valuation level 1. The other holdings (SEK 29 million) is unlisted holdings and is valued at estimated fair value according to valuation level 3. 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 (1) is made in another currency whilst approximately 20 per cent (22) 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 -0.4 (-0.5) percentage points.

The group is subject to translation risk when converting into the group currency, SEK. This currency risk is generally not hedged, though hedging of net investment is done. During 2020, this has had an effect of SEK -11 million (14) on the comprehensive income. Exchange rate differences compared with the previous year are shown in note 14. 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 Euro would be SEK -59 million. The effect against other currencies amounts to SEK -44 million.

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 24 at balance sheet date, an increase in the interest rate of one percentage point would result in an increased interest expense of SEK 26M (28) 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 1,646 million (1,286). 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 24.

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	2020	2019
Interest-bearing liabilities	4 104 942	4 002 203
Liquid funds	-1 161 253	-794 973
Net debt	2 943 689	3 207 230
Shareholders' equity	4 488 700	4 369 325
Debt ratio	0.66	0.73

Duration analysis 2020-12-31 Financial instruments	0-3 months	3-6 months	6-12 months	1-2 years	2-5 years	> 5 years
Borrowing inclusive of interest payments	12 771	10 755	123 150	27 243	2 657 372	
Trade creditors and other long-term liabilities	1 737 918	105 260	28 071	7 927	216	1 905
Lease liabilities	66 234	66 234	176 701	277 351	418 863	214 448
Total	1 816 922	182 248	327 922	312 522	3 076 451	216 353

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

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 15. The Group's goodwill amounts to approximately 35 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 25.
- 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.
- Valuation of the inventory is made after individual assessment based on movement in the inventory and on sales history. Defective and outgoing goods are taken into account in the valuation and are valued at net sales value. New goods and special products with a permanent value are excluded from the inventory write-down.
- In Beijer Ref company acquisitions the acquisition method is used. Acquired identifiable assets and liabilities in business combination are initially valued at fair value on the acquisition date. Acquisition-related costs are expensed when they arise. Goodwill is valued at the difference between the total purchase price and the fair value of identifiable acquired assets and liabilities.

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	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Net sales by operation	1 693	1 819	3 375	3 512	4 941	5 479	462	522	1 017	1 320	2 825	2 428	14 313	15 080
- of which Commercial and industrial refrigeration	974	1 046	1 929	2 182	1 795	2 152	322	383	715	861	1 076	1 137	6 811	7 760
- of which HVAC	556	594 ¹	1 314	1 176	2 646	2 800	120	118	189	286	1 175	673	6 001	5 648
- of which OEM	163	180	133	154	500	527	20	21	113	173	574	618	1 502	1 672
Internal sales between operations													-251	-263
Net sales													14 062	14 817
Operating profit by operation	219	279	255	277	350	449	40	53	77	119	184	142	1 126	1 319
Group-wide expenses													-90	-89
Net profit													1 036	1 230
Net financial													-59	-56
Tax													-248	-301
Net profit													729	873
Working capital, average for the period	498	551	928	999	1 451	1 620	177	191	418	528	862	842	4 335	4 732
Group eliminations													-3	-6
Total average working capital													4 332	4 726
Depreciations	54	53	111	108	112	106	11	11	35	38	119	107	442	424
Investments	30	16	48	68	77	47	2	2	8	7	25	23	187	165

1) Last year is effected by one-time sales amounting to SEK 50M outside geographical territories.

Sales in Sweden amount to approximately SEK 487 million (518). The most significant individual country is France, where sales amount to approximately SEK 2,733 million (2,993). Total fixed assets reduced by deferred tax assets and financial instruments amount to SEK 109 million (93) in Sweden. The individually significant countries are France, Australia and Switzerland, where total fixed assets less deferred tax assets and financial instruments amount to SEK 664 million (711) in France, SEK 684 million (327) in Australia and SEK 344 million (352) in Switzerland.

6 Employees and remuneration of employees

Average number of employees		2020		2019	
Parent Company		Total	of whom men	Total	of whom men
Sweden		19	58%	18	61%
Total in Parent Company		19	58%	18	61%
Subsidiaries		Total	of whom men	Total	of whom men
France		530	81%	524	81%
South Africa		716	82%	758	82%
UK		320	66%	344	67%
Italy		283	85%	290	86%
The Netherlands		201	80%	176	81%
Spain		207	79%	208	78%
Portugal		25	68%	25	68%
Sweden		92	86%	93	84%
Norway		94	88%	94	88%
Switzerland		91	78%	91	78%
Denmark		88	82%	82	82%
Thailand		120	42%	133	45%
Germany		90	76%	81	75%
Poland		45	80%	45	80%
Finland		50	82%	49	82%
Hungary		25	88%	26	88%
Romania		28	64%	28	61%
Belgium		24	83%	25	80%
Czech Republic		12	67%	11	64%
Mozambique		9	78%	9	78%
Ghana		2	100%	2	100%
Estonia		7	86%	7	86%
Ireland		7	57%	9	44%
Lithuania		9	78%	9	78%
Latvia		5	80%	6	83%
Zambia		3	100%	3	100%
Botswana		9	44%	9	44%
Slovakia		5	80%	5	80%
Namibia		11	73%	11	73%
Tanzania		2	100%	2	100%
New Zealand		118	77%	117	78%
Australia		405	84%	369	83%
Malaysia		20	65%	21	62%
India		36	89%	36	92%
China		142	78%	147	79%
Singapore		6	83%	6	83%
Total in subsidiaries		3 837	79%	3 851	79%
Total Group		3 856	78%	3 869	79%

Salaries, other remuneration and social costs (sek k)

	2020				2019		
	Salaries & other remuneration	Social costs	Total remuneration of employees		Salaries & other remuneration	Social costs	Total remuneration of employees
Parent Company ¹	30 521	16 374	46 895		33 718	16 623	50 341
of which pension costs ²		7 088	7 088			5 681	5 681
Subsidiaries	1 518 635	370 360	1 888 995		1 614 102	381 397	1 995 499
of which pension costs		107 082	107 082			112 697	112 697
Group	1 549 156	386 734	1 935 890		1 647 820	398 020	2 045 840
of which pension costs ³		114 170	114 170			118 378	118 378

1) The Parent Company's recognised personnel costs have been affected 2019 by repayment from the pension foundation.

2) Of the parent company's pension costs, SEK 1,825K (1,739) relate to the Board of Directors and the CEO.

3) Of the Group's pension costs, SEK 8,307K (9,743) relate to the Board of Directors and the CEO.

6 Employees and remuneration of employees

(continued)

Benefits for senior executives

For 2020, 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 (William Striebe, Chris Nelson and Greg Alcorn), 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 6,498K (9,081), including a bonus payment of SEK 400K (3,142). 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. In 2020, the CEO reduced his salary for 5 months by 5% as part of a savings package linked to Covid-19.

The Group's other senior executives, consists of two women and four men (two women, four men). Other senior executives consist of the CFO, COO ARW EMEA, COO ARW APAC, COO Toshiba HVAC, CSCO and General Counsel. All senior executives also hold the title EVP. For further information about the senior executives, see pages 68-69. They received salary, remuneration and other benefits amounting to SEK 14,249K (19,923) including bonus payments of SEK 1,230K (5,881). Pension solutions to three of the senior executives are contribution-based and amount to 25-28 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. In 2020, the other senior executives reduced their salary for 5 months by 5% as part of a savings package linked to Covid-19.

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	2020	2019
Rents	5 365	4 181
Exchange gains	4 036	5 047
Capital gain	8 191	8 634
Commission	598	1 101
Other	6 772	9 158
Total	24 962	28 121
Parent company		
Group revenues	52 747	56 565
Exchange gain	1 025	95
Other	—	91
Total	53 772	56 751

8 Remuneration of auditors*

Group	2020	2019
Deloitte		
Audit assignment ¹	7 453	9 194
Audit business in addition to audit assignment ²	486	181
Tax consultancy ³	191	1 096
Other services ⁴	63	291
Total	8 193	10 762
Other auditors		
Audit assignment	2 853	1 693
Audit business in addition to audit assignment	101	29
Tax consultancy	272	81
Other services	2	—
Total	3 228	1 803
Total	11 421	12 292
Parent company		
Deloitte		
Audit assignment	900	918
Other services	42	49
Total	942	967

1) of which SEK 1,153K refers to Deloitte Sweden, (1,172) refers to PWC Sweden

2) of which 0 refers to Deloitte Sweden, (160) refers to PWC Sweden

3) of which 0 refers to Deloitte Sweden, (49) refers to PWC Sweden

4) of which SEK 42K refers to Deloitte Sweden, (36) refers to PWC Sweden

*) Previous year's fee refers to PWC, which was the elected auditor at the time (exception "Other auditors").

9 Results of participations in Group companies

	2020	2019
Parent company		
Dividends received, Group companies	20 836	466 301
Write-down	—	-18 000
Total	20 836	448 301

10 Financial income

	2020	2019
Group		
Interest income	7 318	4 941
Exchange gain	666	6 007
Other financial income	534	45
Total	8 518	10 993
Moderbolaget		
Interest income, Group companies	56 352	68 941
Interest income, external	2 443	1 146
Exchange gain	—	17 358
Total	58 795	87 445

11 Financial expenses

	2020	2019
Group		
Interest expenses	-39 670	-37 860
Exchange loss	-144	-970
Interest expenses, leasing IFRS 16	-26 957	-27 937
Other	-284	-570
Total	-67 055	-67 337
Parent company		
Interest expenses, Group companies	-186	-81
Interest expenses, external	-37 701	-34 573
Exchange loss	-10 687	—
Total	-48 574	-34 654

12 Appropriations

	2020	2019
Parent company		
Group contribution	63 549	92 140
Tax allocation reserve	-11 000	-26 000
Reversal of tax allocation reserve	—	1 990
Total	52 549	68 130

13 Tax on the year's profit

	2020	2019
Group		
Current tax	-248 411	-297 730
Deferred tax (Note 25)	-24	-3 435
Tax on the year's profit	-248 435	-301 165
Reconciliation of effective tax		
Profit before taxes	977 031	1 173 948
Tax expense calculated according to actual tax rate, 21.4% (21.4%)	-209 085	-251 225
Effect of different tax rates	-35 692	-40 220
Non-deductible costs	-13 674	-14 499
Non-taxable income	7 340	9 599
Tax attributable to previous years	5 217	-5 767
Tax losses for which no deferred tax asset was recognised	6 622	12 333
Revaluation of previous years losses	-1 536	—
Non-capitalised tax losses	-565	-4 125
Temporary differences, non-capitalised	2 299	5 775
Other*	-9 361	-13 036
Net effective tax	-248 435	-301 165
Effective tax rate	25,4%	25,7%

*) Other consists of French tax (CVAE & CICE).

Deferred tax expense in other comprehensive income amounts to SEK 6,130K (240) and relates to pension provisions SEK 2,673K (4,154), cash flow hedging SEK 3,344K (-3,855) and equity investments SEK 113K (0).

	2020	2019
Parent company		
Current tax	-7 433	-20 397
Tax on the year's profit	-7 433	-20 397
Reconciliation of effective tax		
Profit before taxes	55 219	549 335
Tax expense calculated according to actual tax rate, 21.4% (21.4%)	-11 817	-117 558
Non-deductible costs	-75	-3 976
Non-taxable income	4 459	100 092
Tax attributable to previous years	—	1 045
Net effective tax	-7 433	-20 397
Effective tax rate	13.5%	3.7%

14 Currency effect in result

	2020	2019
Group		
Currency effect in operating profit	4 036	5 047
Currency effect in financial income and expenses	288	5 037
Currency effect in profit after tax	4 324	10 084
Parent company		
Currency effect in financial income and expenses	-10 687	17 358
Currency effect in profit after tax	-10 687	17 358

15 Intangible assets

CAPITALISED EXPENDITURE FOR SOFTWARE

Group

Accumulated acquisition values	2020	2019
On 1 January	295 331	268 255
Acquisitions during the year	14 259	23 872
Divestments and disposals	-3 555	-3 604
Reclassification	8 309	1 442
The year's translation differences	-12 214	5 366
Total	302 130	295 331
Accumulated amortisation		
On 1 January	-219 325	-200 859
The year's amortisation	-21 363	-17 614
Divestments and disposals	2 193	3 604
Reclassification	—	-96
The year's translation differences	9 445	-4 360
Total	-229 050	-219 325
RESIDUAL VALUE	73 080	76 006

CAPITALISED EXPENDITURE FOR RESEARCH AND DEVELOPMENT, ETC

Group

Accumulated acquisition values	2020	2019
On 1 January	10 530	12 129
Acquisitions during the year	2 528	2 376
Acquisition of companies	32	—
Reclassification	—	-4 193
The year's translation differences	-560	218
Total	12 530	10 530
Accumulated amortisation		
On 1 January	-5 388	-6 387
The year's amortisation	-2 897	-3 089
Reclassification	—	4 193
The year's translation differences	303	-105
Total	-7 982	-5 388
RESIDUAL VALUE	4 548	5 142

AGENCIES AND CUSTOMER LISTS

Group

Accumulated acquisition values	2020	2019
On 1 January	647 211	634 198
Acquisition of companies	17 341	—
The year's translation differences	-27 023	13 013
Total	637 529	647 211
Accumulated amortisation		
On 1 January	-154 066	-127 278
The year's amortisation	-25 589	-23 203
The year's translation differences	4 354	-3 585
Total	-175 301	-154 066
RESIDUAL VALUE	462 228	493 145

GOODWILL

Group

Accumulated acquisition values	2020	2019
On 1 January	1 559 618	1 496 880
Acquisition of companies	101 148	6 464
The year's translation differences	-97 725	56 274
RESIDUAL VALUE	1 563 041	1 559 618

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 2% 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 8.26 per cent (8.11) up to a maximum of 8.76 per cent (8.61). Calculated on the recoverable amount, it demonstrates a prudent safety margin of 47-130 per cent (38-71) 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 27-99 per cent (21-42). Sensitivity analysis of growth shows that 0% in growth rate leads to a lower recoverable value, about 19% lower. On a sensitivity analysis of the operating margin with minus one percentage point per segment, it gives a margin in the range of 46-111 per cent (19-48).

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

GOODWILL PER SEGMENT

	2020	2019
Nordic countries	162 393	358 774
Central Europe	515 710	353 277
Southern Europe	465 530	483 899
Eastern Europe	8 670	9 954
Africa	186 808	223 057
Asia Pacific	223 930	130 658
Total	1 563 041	1 559 619

TOTAL INTANGIBLE ASSETS

Group

Accumulated acquisition values	2020	2019
On 1 January	2 512 691	2 411 462
Acquisitions during the year	16 787	26 248
Acquisition of companies	118 521	6 464
Divestments and disposals	-3 555	-7 797
Reclassification	8 309	1 442
The year's translation differences	-137 523	74 872
Total	2 515 230	2 512 691
Accumulated amortisation		
On 1 January	-378 779	-334 524
The year's amortisation	-49 849	-43 906
Divestments and disposals	2 193	7 797
Reclassification	—	-96
The year's translation differences	14 102	-8 050
Total	-412 333	-378 779
RESIDUAL VALUE	2 102 897	2 133 912

CAPITALISED EXPENDITURE FOR SOFTWARE

Parent company

Accumulated acquisition values	2020	2019
On 1 January	15 937	14 449
Acquisitions during the year	1 400	1 488
Total	17 337	15 937
Accumulated amortisation		
On 1 January	-9 065	-6 366
The year's amortisation	-2 675	-2 699
Total	-11 740	-9 065
RESIDUAL VALUE	5 597	6 872

16 Tangible fixed assets

BUILDINGS AND LAND

Group

Accumulated acquisition values	2020	2019
On 1 January	295 677	293 769
Acquisitions during the year	3 899	15 624
Divestments and disposals	-2 837	-23 319
Reclassification	601	—
The year's translation differences	-17 959	9 603
Total	279 381	295 677

Accumulated depreciation

On 1 January	-155 687	-153 518
The year's depreciation	-8 977	-9 076
Divestments and disposals	2 427	12 309
The year's translation differences	9 603	-5 402
Total	-152 634	-155 687

RESIDUAL VALUE	126 747	139 990
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MACHINERY AND OTHER

TECHNICAL PLANT

Group

Accumulated acquisition values	2020	2019
On 1 January	292 509	276 034
Acquisitions during the year	9 091	16 704
Divestments and disposals	-3 917	-9 642
Reclassification	1 755	-1 442
The year's translation differences	-20 858	10 855
Total	278 580	292 509

Accumulated depreciation

On 1 January	-204 025	-187 739
The year's depreciation	-16 097	-17 663
Divestments and disposals	2 482	8 584
Reclassification	—	96
The year's translation differences	15 139	-7 303
Total	-202 501	-204 025

RESIDUAL VALUE	76 079	88 484
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EQUIPMENT, TOOLS AND

INSTALLATIONS

Group

Accumulated acquisition values	2020	2019
On 1 January	835 710	750 210
Acquisitions during the year	72 812	58 698
Acquisition of companies	21 670	—
Divestments and disposals	-22 867	-25 207
Reclassification	2 422	26 146
The year's translation differences	-48 563	25 863
Total	861 184	835 710

Accumulated depreciation

On 1 January	-597 674	-543 428
The year's depreciation	-56 711	-56 565
Acquisition of companies	-7 137	—
Divestments and disposals	19 176	21 503
The year's translation differences	34 837	-19 184
Total	-607 509	-597 674

RESIDUAL VALUE	253 675	238 036
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CONSTRUCTION IN PROGRESS

Group

	2020	2019
On 1 January	19 686	22 567
Acquisitions during the year	84 409	22 837
Reclassification	-13 086	-26 146
The year's translation differences	-3 684	428
RESIDUAL VALUE	87 325	19 686

TOTAL TANGIBLE FIXED ASSETS

Group

Accumulated acquisition values	2020	2019
On 1 January	1 443 582	1 339 052
Acquisitions during the year	170 211	138 368
Acquisition of companies	21 670	—
Divestments and disposals	-29 621	-79 145
Reclassification	-8 309	-1 442
The year's translation differences	-91 063	46 749
Total	1 506 470	1 443 582

Accumulated depreciation

On 1 January	-957 386	-881 157
The year's depreciation	-81 785	-83 304
Acquisition of companies	-7 137	—
Divestments and disposals	24 085	38 868
Reclassification	—	96
The year's translation differences	59 579	-31 889
Total	-962 644	-957 386

RESIDUAL VALUE	543 826	486 196
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BUILDINGS AND LAND

Moderbolaget

Accumulerade anskaffningsvärden	2020	2019
On 1 January	5 875	5 875
Total	5 875	5 875

Accumulated depreciation

On 1 January	-4 088	-3 963
The year's depreciation	-125	-125
Total	-4 213	-4 088

RESIDUAL VALUE	1 662	1 787
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EQUIPMENT, TOOLS AND

INSTALLATIONS

Parent company

Accumulated acquisition values	2020	2019
On 1 January	5 028	5 400
Acquisitions during the year	989	19
Divestments and disposals	—	-391
Total	6 017	5 028

Accumulated depreciation

On 1 January	-2 663	-2 744
The year's depreciation	-337	-310
Divestments and disposals	—	391
Total	-3 000	-2 663

RESIDUAL VALUE	3 017	2 365
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17 Participations in Group companies

Parent company	2020	2019
On 1 January	2 510 549	2 528 549
Acquisitions	38 533	—
Write-down	—	-18 000
Book value of shares in Group companies	2 549 082	2 510 549

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	
				2020	2019
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	Villeurbanne	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
Beijer Ref Support Norway 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
Beijer Ref Belgium BV	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
SCMREF (Thailand) Co Ltd	0115550008521	Samutprakarn provine	100	18 655	—
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
Beijer Ref India Pvt Ltd	U29191DL2007PPC170816	New Delhi	100	19 878	—
Total Group				2 549 082	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 where share of vote amounts to 51 per cent.

Note 17 continues on page 94

17 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	Gaborone	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
Beijer Ref Australia Pty Ltd	133913283	Victoria	100
Mcdalea Pty Ltd	145801298	New South Wales	60
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
ACD Trade	ABN48100354461	North Lakes	100
ACD Holding	ABN15617917281	North Lakes	100
Hero Trade Supplies Pty Ltd	ABN73626337022	North Lakes	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 RNA Malaysia where share of vote amounts to 51 per cent.

18 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.

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

Assets with right of use	2020	2019	Depreciation of rights of use	2020	2019
Buildings	1 064 707	873 477	Buildings	-252 783	-240 477
Leasing vehicles	82 995	81 497	Leasing vehicles	-43 737	-43 363
Fork-lift trucks	29 313	35 612	Fork-lift trucks	-9 795	-9 791
Office equipment	5 860	7 105	Office equipment	-2 853	-2 623
Machinery	1 463	470	Machinery	-705	-812
Total	1 184 338	998 161	Total	-309 872	-297 067
Leasing liabilities			Financial and other external costs		
Short-term leasing liability	301 274	307 905	Interest expenses, share of		
Long-term leasing liability	918 566	731 421	financial expenses	-26 968	-27 935
Total	1 219 840	1 039 326	Expenses attributable to short-term leasing agreements	-30 991	-10 663
Additional rights of use in 2020 amounted to SEK 435,439 thousand (270,000) and relate mainly to buildings.			Expenses attributable to low-value leasing agreements	-5 530	-5 624
			Total	-63 489	-44 222

19 Financial assets at fair value

Group	2020	2019
On 1 January	41 029	45 203
Acquisition of subsidiary	4 322	—
Changes in the fair value during the year	-4 880	-4 793
Exchange difference	-606	619
On 31 December	39 865	41 029
Parent Company		
On 1 January	24 844	24 844
Acquisition of subsidiary	4 322	—
On 31 December	29 166	24 844

The book value of holdings in unlisted securities amounts to SEK 40m (41). 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. During the year, an investment of 10.5% in a Danish company, Fenagy A/S, was made. As of 31 December 2020, the holding has been valued at acquisition value.

As of 31/12/2020, 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 -4,880 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.

20 Trade debtors and other receivables

Group	2020	2019
Trade debtors	2 069 078	2 247 208
Prepaid expenses and accrued income	389 983	146 375
Other receivables	332 851	277 154
Total	2 791 912	2 670 737
Deduct long-term portion	-104 353	-99 082
Short-term portion	2 687 559	2 571 655

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	2020	2019
Non-matured receivables	1 581 921	1 657 190
Receivables due between 1-30 days	343 758	424 424
Receivables due between 31-60 days	85 183	105 666
Receivables due between 61-90 days	46 499	39 414
Receivables due >90 days	132 363	154 888
Total	2 189 724	2 381 582
Provisions for doubtful receivables	2020	2019
On 1 January	-134 374	-135 936
Costs for bad debt losses	11 758	7 473
Acquisition of companies	-447	—
Allocated during the period	2 420	-5 911
On 31 December	-120 643	-134 374
Total trade debtors	2 069 078	2 247 208

21 Inventories

Group	2020	2019
Raw materials and supplies	137 775	183 211
Work-in-progress	33 366	64 098
Finished products and goods for resale ¹⁾	3 204 701	3 496 618
Advances to suppliers	13 091	11 391
Total inventories	3 388 933	3 755 318
1) Of which reported to net sales value	24 071	38 859

Individual obsolescence assessment has been made of the inventory in each company within the Group.

22 Liquid funds

Liquid funds in the Group consist of cash and bank and amounted to SEK 1,153,636K (794,973).

23 Share capital

Number of shares	2020	2019
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.

The year's earnings per share before dilution, sek ¹	5.71	6.82
The year's earnings per share after dilution, sek ¹	5.67	6.78
Dividend per share, sek ²	3.00	1.75

1) Dilution due to shares in own custody

2) For 2020, in accordance with the Board of Directors' proposal

24 Borrowing

Group	2020	2019	Parent Company	2020	2019
Long-term			Long-term		
Bank loans	2 621 167	1 178 241	Bank loans	2 621 167	1 173 848
Total long-term	2 621 167	1 178 241	Total long-term	2 621 167	1 173 848
Current			Current		
Bank overdraft facilities	94 994	306 270	Bank overdraft facilities	93 059	285 878
Bank loans	3 399	786 291	Bank loans	—	778 164
Commercial paper	—	545 000	Commercial paper	—	545 000
Total current	98 393	1 637 561	Total current	93 059	1 609 042
Total borrowing	2 719 560	2 815 802	Total borrowing	2 714 226	2 782 890

The Group's borrowing by currency is as follows:

	2020	2019
EUR	1 081 958	1 360 880
SEK	1 166 645	887 448
GBP	75 820	240 341
NZD	154 633	164 470
CHF	56 997	64 510
PLN	—	24 445
NOK	6 797	25 287
DKK	-79 525	-6 669
THB	—	4 649
AUD	256 235	—
Other currencies	—	50 441
Total	2 719 560	2 815 802

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

	2020	2019
EUR	1 077 264	1 339 408
SEK	1 166 645	887 446
GBP	75 820	240 341
NZD	154 633	164 470
CHF	56 997	64 510
PLN	—	24 445
NOK	6 797	25 287
DKK	-79 525	-6 669
THB	—	4 649
AUD	255 595	—
Other currencies	—	39 003
Total	2 714 226	2 782 890

Of the company's total credit facilities of SEK 4,259 (4,040) million, SEK 1,516 (1,752) million was unused on the balance sheet date. 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. The average credit period for all limits is approximately 40 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 31/12/2020.

Borrowings are entered at accrued acquisition value and are considered to constitute a good estimate of fair value taking into account the fixed terms and the setting of interest rates.

25 Deferred tax

	Amount on 2019 01-01	Acquisitions/Divestments	Reported over the profit and loss account	Reported in other comprehensive income	Translation differences	Amount on 2019 12-31	IFRS 16 implementation	Reported over the profit and loss account	Reported in other comprehensive income	Translation differences	Amount on 2020 12-31
Group											
Deferred tax asset:											
Fixed assets	11 231	11 073	2 940		370	25 613		3 006		-1 544	27 075
Trade debtors	13 075		-4 282		327	9 120	257	614		-640	9 351
Inventories	37 658		-6 527		1 205	32 336	1 823	3 047		-2 112	35 095
Provision for pensions	22 689		105	4 154	138	27 086		1 671	2 673	-1 152	30 278
Other provisions	47 694		8 252	-3 855	1 298	53 389	4 165	-2 350	3 457	-2 666	55 995
Loss carry forwards	43 076		-3 594		768	40 250		-7 342		-2 580	30 328
Set-off	-1 331		1 997			666		-8 432			-7 776
Total deferred tax asset	174 092	11 073	-1 110	299	4 106	188 460	6 245	-9 786	6 130	-10 694	180 356
Deferred tax liabilities:											
Fixed assets	-91 020		6 640		-1 817	-86 197	-8 548	4 873		4 481	-85 391
Inventories	-9 059		-1 830		-219	-11 108	-2 982	-1 661		469	-15 282
Tax allocation reserves	-5 134		-5 138			-10 272		-1 882			-12 154
Set-off	1 331		-1 997			-666		8 432			7 776
Total deferred tax liabilities	-103 882		-2 325		-2 036	-108 243	-11 530	9 762		4 950	-105 061
Deferred tax	70 210	11 073	-3 435	299	2 070	80 217	-5 285	-24	6 130	-5 744	75 295

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. Most of the loss deductions are not limited in time. In addition to accumulated loss carryforwards, there is approx. SEK 10.8M (19.0) in accumulated losses that have not been capitalised due to uncertainty in their utilisation.

26 Pension commitments

Group	2020	2019
The amounts reported in the balance sheet have been calculated as follows:		
Current value of invested commitments ¹	403 403	379 574
Actual value of plan assets	-291 209	-277 919
Deficit in invested plans	112 194	101 654
Current value of uninvested commitments	45 734	45 421
Net liability in the balance sheet	157 928	147 075

1) 2020 value includes a liability for a direct pension of SEK 1,480K (1,000)

The change in the defined benefit obligation during the year is as follows:		
On 1 January	423 994	342 592
Costs for service during the current year	13 134	11 447
Costs for service during previous years	-659	2 459
Interest expense	2 651	2 949
Contributions from employees	11 891	14 872
Revaluation from change in demographic and financial assumptions	23 407	46 255
Revaluation from change in experience assumptions	22 819	4 441
Payments made	-34 567	-13 651
Settlement	-423	76
Other	304	298
Translation difference	-14 896	12 256
On 31 December	447 657	423 994

The change in the actual value of plan assets during the year are as follows:		
On 1 January	277 919	230 198
Interest income	1 800	3 235
Revaluation effects	33 747	26 698
Contributions from the employer	6 847	5 869
Contributions from employees	11 891	14 872
Payments made	-31 645	-11 211
Other	-61	-24
Translation difference	-9 288	8 282
On 31 December	291 209	277 919

The plan assets consist of the following:		
Invested with pension managers	284 858	271 973
Cash	1 746	1 332
Other	4 605	4 613
Total	291 209	277 919

The amounts reported in other comprehensive income are the following (revaluations):		
Actuarial (profit) or loss on the current value of the commitment	46 226	50 696
Return on plan assets excluding amounts included in the interest expense	(33 747)	(26 698)
Total pension cost or (income)	12 479	23 998

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 2020 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 1.7M (2.0). Alecta's surplus can be distributed to the policy holders and/or the insured. At the 2020 year end, Alecta's surplus in the form of the collective consolidation level amounted to 148 per cent (148). 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:

	Holland	Switzerland	France	Italy
Discount rate, %	0.57	0.20	0.59	0.24
				2019
Discount rate, %	0.97	0.40	0.80	0.60

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%	-16 000	
Discount rate, -0.5%		18 700
Switzerland		
Discount rate, +0.5%	-19 286	
Discount rate, -0.5%		22 284
France		
Discount rate, +0.5%	-2 329	
Discount rate, -0.5%		2 550
Italy		
Discount rate, +0.5%	-1 144	
Discount rate, -0.5%		1 225

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:

	Holland	Switzerland	France	Italy	Other	2020 Total
Present value of the obligation	150 586	224 266	38 692	29 254	6 339	449 138
Fair value of plan assets	-141 704	-144 900	-4 605			-291 209
Total	8 882	79 366	34 087	29 254	6 339	157 928

	Holland	Switzerland	France	Italy	Other	2019 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

27 Other provisions

Group	2020	2019
Guarantee commitments	46 883	39 972
Other	42 258	59 652
Total	89 141	99 624
Long-term portion	55 274	42 955
Current portion	33 867	56 669
Total	89 141	99 624
Guarantee commitments		
Net value at the start of the period	39 972	41 114
Provisions made during the period	28 387	26 570
Reclassification	4 236	—
Amounts utilised during the period	-19 712	-22 541
Restored unutilised amount	-3 519	-5 555
Translation difference	-2 481	384
Net value at the period end	46 883	39 972
Other provision		
Net value at the start of the period	59 652	53 610
Reclassification	-11 463	—
Provisions made during the period	47 371	64 118
Amounts utilised during the period	-47 736	-58 392
Restored unutilised amount	-399	-169
Translation difference	-5 167	485
Net value at the period end	42 258	59 652

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.

(Note 29 continued)

Exemption rules for subsidiary companies

A parent company guarantee has been issued in accordance with section 479C of the United Kingdom Companies Act 2006 for the financial year 2020 for the following subsidiaries 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.

- Retail Support Team Limited
- 3D Air Sales (Ireland) Ltd
- 3D Air Sales Limited
- HRP Holdings Limited
- Fridgehub.co.uk Limited
- 3D Plus Ltd
- MGS (SOUTH WEST) Limited
- G&L Beijer Limited
- RW Refrigeration Wholesale Limited
- Dean & Wood Limited
- HRP Limited
- Beijer Ref Refrigerants Limited

A parent company guarantee has been issued in accordance with Article 2:403 paragraph 1F of the Netherlands Civil Code regarding the financial year 2020 for the following subsidiaries 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.

- Beijer Ref Support B.V.
- ECR-Nederland B.V.
- Coolmark B.V.
- SCM REF B.V.
- Uniechemie B.V.

28 Trade creditors and other liabilities

Group	2020	2019
Trade creditors	1 640 057	1 537 747
Advances from customers	30 718	11 870
Accrued expenses and prepaid income	657 612	661 299
Other current liabilities	239 281	188 780
Total	2 567 668	2 399 696

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

29 Contingent commitments/ Contingent liabilities

Group	2020	2019
Guarantees	7 949	9 069
Total	7 949	9 069
Parent company		
Guarantees, SHB	3 668	3 670
Guarantees, Nordea	1 205	1 535
Guarantees, other	8 050	20 755
Total	12 923	25 960

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

30 Transactions with holders with no controlling influence

	2020	2019
On 1 January	87 087	80 957
Change in accounting principle, IFRS 16	—	-141
Adjusted opening balance	—	80 816
Share of the year's result	6 270	9 259
Translation difference	-9 613	8 735
Dividend	-3 599	-12 311
Non-controlling interests on acquisition of subsidiary	-3 857	821
Revaluation of the net pension commitment	92	-233
On 31 December	76 380	87 087

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

Related party transactions relate to the adjustment of the previous year's acquisition of AC Ref & Parts CQ Pty Ltd.

31 Net debt reconciliation

	2018 12-31	Cash flow	Foreign exchange effect	Non- cash flow	2019 12-31	Cash flow	Foreign exchange effect	Non- cash flow	2020 12-31
Pension commitments	113 394	-8 309	3 899	38 091	147 075	-10 191	-5 819	26 863	157 928
Long-term borrowing	2 823 139	-343 443	21 709	-1 323 164	1 178 241	180 568	-60 806	1 323 164	2 621 167
Lease liabilities	1 063 706*	-296 437	-7 896	279 953	1 039 326	-309 867	-58 656	549 037	1 219 840
Short-term borrowing	494 639	-213 770	33 528	1 323 164	1 637 561	-206 097	-9 907	-1 323 164	98 393
Deduct:									
Liquid funds	909 430	-126 670	12 213	—	794 973	417 477	-58 814		1 153 636
Net debt	3 585 448				3 207 230				2 943 692

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

32 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.

2020

First quarter

During the quarter, Beijer Ref acquired ACD Trade, a leading company in HVAC distribution in Australia with some 60 employees. With the acquisition of ACD Trade, the group's presence in Australia has been further strengthened. Sales are made through nine branches. The total purchase price amounts to SEK 211 million and is included in the consolidated financial statements with effect from 1 February 2020. ACD Trade contributed SEK 554 million to the group's net sales for eleven months and made a positive contribution to operating profit of SEK 39 million. The full-year effect amounts to SEK 613 million in increased sales and SEK 44 million in improved result. Acquisition costs amounted to SEK 1.1 million and have affected the year's result. Goodwill relates to customer list and a good reputation on the market.

Second quarter

No acquisitions made during the quarter.

Third quarter

No acquisitions made during the quarter.

Fourth quarter

During the quarter, an agreement was entered into to acquire 85% of the shares of Sinclair Global Group with an option to acquire the remaining shares within three years. Sinclair is headquartered in Brno in the Czech Republic with sales offices in Slovakia, Hungary and Croatia. The company has approximately 110 employees with annual sales of approximately SEK 400 million and good profitability. The purchase price amounts to approximately SEK 220 million and it is

included in the consolidated accounts from 1 January 2021. Net assets amount to approximately SEK 150 million, which gives goodwill of approximately SEK 70 million. The acquisition calculation is preliminary and goodwill is not allocated.

During the quarter, an investment was made in the Danish refrigeration technology company Fenagy A/S. Beijer Ref has acquired a minority holding (10.5%) with the possibility to acquire a corresponding holding in 2021 and can thus hold 20.95% by the end of 2021. Thereafter, there is an option to become the majority shareholder within a few years. Fenagy A/S is newly formed and is developing industrial heat pumps and cooling systems based on the environmentally friendly refrigerant CO₂. The company has ten employees and its head office is located in Aarhus, Denmark. Evaluation of brand value and customer list values remains in the allocation of goodwill. Payment of Sinclair was made in advance as of December 31, 2020.

2019

First quarter

No acquisitions made during the quarter.

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.

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.

Fourth quarter

No acquisitions made during the quarter.

Acquisitions of companies 2020 sek m	ACD Trade Reported value	Fair value adjustment	Fair value in the Group
Goodwill	51	52	103
Customer lists	0	18	18
Tangible fixed assets	15	0	15
Deferred tax assets	7	1	8
Inventories	88	-4	84
Other current assets	72	0	72
Liquid funds	31	0	31
Deferred tax liability	-9	-5	-14
Other current liabilities	-217	112	-105
Total identifiable net assets	37	174	211
<i>Effect on the cash flow</i>			
Consideration	-211		-211
Liquid funds	31		31
	-181		-181

33 Transactions with related parties

During the year, Carrier sold its holding in Beijer Ref, for which reason the year's purchasing and sales refer to the period January – November 2020. Purchases of goods from Carrier have been made under normal commercial terms. During the year, purchases at a value of SEK 106.7M (140.6) were made. Sales to Carrier are also made on normal commercial terms. During the year, sales at a value of SEK 72.6M (103.7) 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 amounted to SEK 826K (846) 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 5,719K (5,259) for the year.

Remuneration of senior executives is shown in Note 6.

34 Events after the balance sheet date

In January, 100% of the shares of Complete Air Supply (CAS) in Australia were acquired. This company is active in HVAC and has a range that in particular complements ACD Trade well and which makes what Beijer offers for residential and commercial properties more comprehensive. CAS has annual sales of SEK 140 million, with 40 employees in 2 branches. The company will be included in the company's financial statements with effect from 1 February 2021.

At the end of February 2021, 60% of the shares in Coolair, Germany, were acquired. Coolair's annual sales amount to approximately SEK 100 million and have just over 25 employees. The company is included in the accounts from 1 March.

Per Bertland has informed the board of Beijer Ref AB (publ) that he plans to step down as CEO. The transition will take place once a successor has been found or by late 2021 at the latest.

The Board of Directors and the President affirm that the consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and provide a true and fair view of the Group's profit and financial position. The Annual Report has been prepared in accordance with the generally accepted accounting policies and provides a true and fair view of the Parent Company's profit and financial position.

The statutory Board of Directors' report for the Group and the Parent Company provides a true and fair overview of the development of the Group's and the Parent Company's operations, profit and financial position and describes significant risks and uncertainties faced by the Parent Company and the companies included in the Group.

Malmö 17 March 2021

Kate Swann
Chair

Peter Jessen Jürgensen
Board Member

Albert Gustafsson
Board Member

Frida Norrbom Sams
Board Member

Joel Magnusson
Board Member

Per Bertland
Board Member & CEO

Our Audit Report was submitted on 19 March 2021
Deloitte AB

Richard Peters
Authorised Public Accountant
Auditor in charge

35 Proposal for distribution of profit

Profit at the disposal of the Annual Meeting of shareholders:

Share premium reserve	901 604
Profit brought forward	462 650
Net profit for the year	47 786
Total	1 412 040

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

Dividend, SEK 3.00 per share	379 610
To be carried forward	1 032 430
Total	1 412 040

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 36 per cent, and for the parent company 32 per cent.

The profit and loss account and balance sheet will be submitted for adoption to the Annual Meeting of shareholders on 15 April 2021. The proposed record dates is 19 April and 8 October 2021.

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 financial year 2020-01-01 - 2020-12-31 except for the corporate governance report on pages 58-69. The annual accounts and consolidated accounts of the company are included on pages 56-57, 71-100 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 the parent company as of 31 December 2020 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 2020 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

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

Other information

The audit of the annual accounts and consolidated accounts for the financial year 2019-01-01–2019-12-31 was performed by another auditor who submitted an auditor's report dated March 25 2020, with unmodified opinions in the Report on the annual accounts and consolidated accounts.

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 prohi-

bited 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.

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.

Valuation of inventory

The group carries significant inventories of goods and spare parts and held by several subsidiaries in many countries. Valuation of inventory requires clear policies and is subject to management's estimates for determining its cost, judgment about its saleability and its net realizable value as well as procedures for safeguarding and keeping track of the inventory.

In note 2 and in note 4 the group's inventory accounting policy and critical accounting estimates and judgments are described.

Our audit procedures

Our audit procedures included, but were not limited to:

- assessing the group's accounting policy and the individual entities' accounting for inventory in compliance with IFRS,
- observations of physical inventory counts,
- on a sample basis testing of the valuation of inventory,
- evaluating management's estimates of the obsolescence reserve, and
- review of eliminations of intragroup profits in inventory.

Other information than the annual accounts and consolidated accounts

The other information contains the remuneration report and pages 1-55, 104-108 in this document that also contains other information than the annual accounts and consolidated accounts. The Board of Directors and the Managing Director are responsible for this other information.

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

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

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

Responsibilities of the Board of 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 intends 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 responsibilities for the audit of the annual accounts and consolidated accounts is located at the Swedish Inspectorate of Auditors website: www.revisorsinspektionen.se/rn/showdocument/documents/ This description forms 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 Directors and the Managing Director of Beijer Ref AB (publ) for the financial year 2020-01-01 - 2020-12-31 and the proposed appropriations of the company's profit or loss.

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

A separate list of loans and collateral has been prepared in accordance with the provisions of the Companies Act.

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 compa-

ny's and the group's type of operations, size and risks place on the size of the parent company's and the group's 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 responsibilities for the audit of the management's administration is located at the Swedish Inspectorate of Auditors website: www.revisorsinspektionen.se/rn/showdocument/documents/. This description forms 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 58-69 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's standard RevR 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.

Deloitte AB, was appointed auditor of Beijer Ref AB by the general meeting of the shareholders on the 2020-06-25 and has been the company's auditor since 2020-06-25.

Malmö March 19, 2021

Deloitte AB

Richard Peters

Authorized public accountant

Five-year summary

SEK M	2020	2019	2018	2017	2016
Sales and results					
Net sales	14 062	14 817	13 015	9 830	9 045
Other operating income, etc	25	28	20	21	39
Operating expenses excluding amortisation	-12 610	-13 191	-11 843	-9 041	-8 413
EBITDA	1 477	1 655	1 191	810	670
Amortisation	-442	-424	-106	-85	-78
Operating profit	1 036	1 230	1 085	725	593
Net interest income and expenses	-59	-56	-31	-26	-33
Profit before taxes	977	1 174	1 055	699	560
Tax	-248	-301	-275	-178	-161
Net profit for the year	729	873	780	521	399
Attributable to:					
Parent company's shareholders	722	864	769	511	389
Non-controlling interests	6	9	10	10	10
Capital structure					
Cash and bank including unutilised bank overdraft facilities	1 646	1 286	1 302	983	941
Shareholders' equity	4 489	4 369	3 785	3 294	2 967
Capital employed ⁽¹⁾	8 596	8 374	7 223	5 513	5 147
Operating capital ⁽²⁾	7 395	7 538	6 288	4 929	4 780
Interest-bearing liabilities	4 105	4 002	3 431	2 208	2 157
Total assets	11 401	11 079	9 845	7 463	6 855
Key figures ⁽³⁾					
Equity ratio, % ⁽⁴⁾	39,4	39,4	38,4	44,1	43,3
Return on equity, % ⁽⁵⁾	16,5	21,4	22,0	16,6	14,2
Return on capital employed, % ⁽⁶⁾	12,3	15,9	17,3	13,7	12,3
Return on operating capital, % ⁽⁷⁾	13,9	17,8	19,4	14,9	13,4
Interest coverage ratio ⁽⁸⁾	15,6	18,4	25,0	23,2	16,6
Debt ratio ⁽⁹⁾	0,7	0,7	0,7	0,5	0,6
Operating margin, % ⁽¹⁰⁾	7,4	8,3	8,3	7,4	6,6
Other information					
Average number of employees	3 856	3 869	3 703	2 717	2 667
of whom outside Sweden	3 745	3 758	3 598	2 616	2 566
Payroll excluding social security contributions	1 549	1 648	1 398	1 056	1 006
of whom outside Sweden	1 471	1 569	1 325	988	944
Cash flow from investment operations	560	137	1 081	101	80

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.	Operating capital	Capital employed minus liquid funds, financial assets and other interest-bearing assets.
Capital employed	Balance sheet total with a deduction for non-interest-bearing liabilities and deferred tax liability.	Operating margin	Operating profit in relation to net sales.
Debt/equity ratio	Net debt in relation to equity. The objective is to show borrowing in relation to book value of equity.	Organic change	Comparative figures year over year adjusted for translation effects on consolidation and changes in the structure.
Earnings per share	Net profit in relation to average number of shares.	R12	Rolling twelve is the latest 12 months.
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.	Return on capital employed	Profit before tax plus financial expenses (rolling 12 months) in relation to average capital employed.
Equity ratio	Equity at the end of the period in relation to balance sheet total.	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.
Interest-bearing liabilities	Interest-bearing liabilities include interest-bearing provisions.	Return on operating capital	Operating profit (rolling 12 months) as a percentage of average capital employed in operations.
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.		

APM are available at www.beijerref.com

Trade terms

ARW	Air Condition & Refrigeration Wholesale.
Chiller	Liquid refrigeration unit.
CO₂ 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 15 April 2021 in Malmö, Sweden.

In view of the current extraordinary situation with the coronavirus pandemic and the present government regulations and pursuant to the temporary legal rules, the annual general meeting will be conducted by postal vote only. Beijer Ref AB invites all shareholders to exercise their voting rights by advance voting in the procedure described below.

RIGHT TO PARTICIPATE IN THE ANNUAL MEETING OF SHAREHOLDERS

Shareholders who wish to participate in the general meeting by postal vote shall

- be registered as a shareholder in the shareholder register kept by Euroclear Sweden AB as of Wednesday 7 April 2021, and
- give notice of participation to attend the general meeting no later than Wednesday 14 April 2021, by having submitted a postal voting form in accordance with the instructions in the section "Postal voting" below, so that the postal vote is received by Beijer Ref AB no later than that day.

A special form shall be used for postal voting. The form is available on Beijer Ref's website www.beijerref.com/general-meeting. The postal voting form is valid as a registration.

The completed form must be received by Beijer Ref AB on Wednesday 14 April 2021 (preferably before 16.30). The form can be sent by e-mail to lp@beijerref.com or by post/courier to Beijer Ref AB, Att. Linda Prah, Stortorget 8, 211 34 Malmö.

DIVIDEND

The board proposes that a dividend for the financial year 2020 be paid at SEK 3.00 per share. Payment shall be made in two instalments of SEK 1.80 and SEK 1.20 respectively. It is proposed that the record date for the first instalment is 19 April 2021 and for the second instalment 8 October 2021. If the Annual General Meeting decides in accordance with the proposal, payment is expected to be made from Euroclear 3 banking days after the record date.

FINANCIAL INFORMATION 2021

- The Interim Report for the first quarter will be published on 22 April 2021.
- The Interim Report for the second quarter will be published on 15 July 2021.
- The Interim Report for the third quarter will be published on 19 October 2021.
- The Year-End Report for 2021 will be published on 27 January 2022.
- The Annual Report for 2021 will be published in March 2022.

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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.

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