

Beijer Ref AB Q2-2021

English version



BEIJER REF

Beijer Ref AB

Q2-2021

Strong second quarter

Second quarter

Net sales increased by 36.6% in the second quarter compared to the same period last year and amounted to SEK 4,561 million (3,338). Organic growth was strong at 33.8%. Acquisition effects amounted to 6.4%, which is offset by currency effects amounting to -3.5%.

EBITA amounted to SEK 431 million (253), corresponding to an EBITA margin of 9.4% (7.6%). The operating profit amounted to SEK 418 million (241), an increase of 73.5% compared with the previous year. The operating margin amounted to 9.2% (7.2%).

Profit before tax was SEK 402 million (227). Net financial items were slightly more affected than in previous years because of increased financing in connection with completed acquisitions. Net debt/EBITDA amounted to 2.1 (2.1).

Cash flow from current activities before change in working capital was positive and amounted to SEK 499 million (303). The company's liquidity remained good and the company's balance sheet is strong, with unutilised credit amounting to SEK 1,206 million (1,029).

Profit per share before dilution amounted to SEK 0.79 (0.44) and after dilution to SEK 0.79 (0.43), which is an increase of 81%.

Beijer Ref and Emerson signed a three-year partnership agreement for the European market, covering 25 markets in Europe and more than 260 branches. The company also extended its agreement with Tecumseh for two years.

Key figures	Q2-21	Q2-20	Δ%	H1-21	H1-20	Δ%	R12	FY 20
Net sales, sek m	4 561	3 338	36.6	8 292	6 816	21.6	15 538	14 062
EBITA, sek m	431	253	70.4	706	462	52.9	1 330	1 085
EBITA, %	9.4	7.6		8.5	6.8			7.7
Operating profit, sek m	418	241	73.5	681	438	55.4	1 279	1 036
Profit margin, %	9.2	7.2		8.2	6.4		8.2	7.4
Net profit, sek m	308	168	83.8	492	303	62.6	918	729
Earnings per share before dilution, sek	0.79	0.44	81.4	1.27	0.79	60.8	2.38	1.90
Earnings per share after dilution, sek	0.79	0.43	81.6	1.26	0.78	60.9	2.37	1.89
Return on operating capital, %	5.3	3.3		8.7	5.9		16.4	13.9
Return on equity, %	6.7	3.9		10.7	7.0		20.6	16.5
Average number of employees				4 068	3 768	7.9		3 856

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.

At the end of June, the assets of Industrial Refrigeration Components (IRC) were acquired; the company has sales of SEK 20 million and two employees. In connection with the acquisition, Beijer Ref signed an exclusive agreement with LU-VE products in Australia and New Zealand, one of Beijer Ref's partners in heat exchangers.

The company's CEO Per Bertland announced his resignation in the first quarter of 2021 and the recruitment of a successor was completed during the second quarter. Christopher Norbye, new President and CEO of Beijer Ref, will join the company on 30 August. He comes most recently from a position as Executive Vice President och Head of Entrance Systems Division på Assa Abloy.

First half 2021

Net sales increased by 21.6% in the first half compared to the same period last year and amounted to SEK 8,292 million (6,816). Organic growth amounted to 20.4% (-10.9%). Acquisition effects amounted to 5.7% (2.9%). Currency effects amounted to -4.5% (-0.3%).

EBITA amounted to SEK 706 million (462), corresponding to an EBITA margin of 8.5% (6.8%). The operating profit for the period amounted to SEK 681 million (438), which is an increase of 55.4% compared with the previous year. The operating margin amounted to 8.2% (6.4%).

Profit before tax was SEK 649 million (409). Net financial items are slightly higher compared to previous years due to increased borrowing in connection with completed acquisitions during the period.

Profit per share before dilution amounted to SEK 1.27 (0.79) and after dilution to SEK 1.26 (0.78), an increase of 61%.

At the end of 2020, the acquisition of 85% of the shares of Sinclair in the Czech Republic was completed, which is included in the group's financial statements with effect from 1 January 2021. During the period, the acquisition of all shares of Complete Air Supply in Australia and 60% of the shares of Coolair in Germany were concluded; these are included in the company's accounts from February and March 2021 respectively. At the end of June, the assets and liabilities of Industrial Refrigeration Components (IRC) in Australia were acquired.

After the end of the period, Beijer Ref entered into an agreement to increase its holding in the Danish refrigeration technology company Fenagy A/S, which produces environmentally friendly industrial heat pumps. With an investment of DKK 19 million, Beijer Ref expands its ownership to just over 50 per cent and thus becomes the majority shareholder. The company will be included in the financial statements with effect from 1 July 2021 and will have a minor impact on the company's results and position.

After the end of the period, an agreement was signed to acquire 80% of the shares in the air conditioning company Inventor AG in Greece, with the takeover expected in autumn 2021. The company has sales of just over SEK 600 million and about 80 employees. This will be Beijer Ref's 38th market and an important complement to Beijer Ref's existing product portfolio.

Thus far, acquired annual sales amount to approximately SEK 1.4 billion, of which approximately SEK 800 million has an effect on the current year, and contributes positively to the group's operating margin.

Covid-19 has had little effect on the company's profit during the period, although individual regions such as South Africa, Southeast Asia and Australia have been affected. The company does not expect any major impact on earnings related to Covid-19 in 2021 unless new outbreaks occur.

Comments from the CEO

All Time High

To begin with, I would like to emphasise that it is gratifying to see how we are now approaching the light at the end of the pandemic tunnel. The world seems to be moving towards a gradual recovery and there are clear signs that societies are slowly but surely opening up; restrictions are easing, travel is increasing and everyday life is starting to normalise once again. In these circumstances, it feels good to report our strongest quarter to date, in terms of both sales and profit. Sales in the second quarter, compared to the corresponding period last year, increased by 37%, of which 34% is organic (an increase of 14% compared to Q2 2019). It is positive that large markets such as the Netherlands, France and Italy have performed well.

It is gratifying that we have been able to obtain majority ownership of Fenagy, a company that manufactures industrial air heat pumps based on environmentally friendly CO₂ technology. Developments in the company have exceeded expectations and optimism for the future is great.

Another exciting piece of news is that after the end of the quarter we have signed an agreement to acquire Inventor, one of the leading air conditioning distributors in Greece, which is highly profitable. The acquisition is in line with our strategy and means that Beijer Ref is establishing itself in a new market, the 38th in the world.



I am also happy with the acquisition of Sinclair, which was made in the first quarter. The investment in own brands is becoming increasingly important for Beijer Ref and it is satisfying to see how we have successfully launched Sinclair in our markets. The own brand for line components, Fredox, will also be gradually launched in an increasing number of markets.

In the beginning of July, it was an honour to inaugurate our new and energy efficient factory in Italy, which mainly produces sustainable refrigeration units based on natural refrigerants. As a result, we are doubling our capacity to produce environmentally friendly refrigeration units. At the same time, we are seeing prices of traditional refrigerants stabilise. In our assessment, future changes in the price of refrigerants will not have a significant impact on profit. I see this as a turning point for falling refrigerant prices.

Digital sales are increasing, partly as a result of the Covid-19 pandemic. During the quarter, our e-commerce accounted for 10% of sales, compared to 6% last year. This is an area Beijer Ref will continue to invest in and where we see great development opportunities.

Like many other companies, Beijer Ref had to adapt quickly to prevailing conditions during the pandemic.

Although we are in an industry that is quite insensitive to economic fluctuations, I think we have handled the situation well. We have largely compensated for price increases that have partly been due to component shortages in the world. Our assessment is that the component shortage has only affected the quarter to a limited extent.

I would also like to draw attention to all our ambitious and talented employees. Throughout the pandemic, our core values have clearly permeated everyone's commitment: we have been committed, engaged, straightforward and united. Everyone within the organisation has shown enterprise and innovation. Beijer Ref continues to consolidate its position as a world-leading refrigeration wholesaler and I look forward with hope to both the next quarter and the future.

A big thank you

Q2 2021 will be my last report as CEO of Beijer Ref and I would like to extend a big thank you to all the people I have had the privilege of working with. The milestones are many, as are my memories. Far too many to fit into this text. I am very proud that we, as a decentralised organisation, have succeeded in creating a unified corporate culture, with common values and behaviour. Together we have taken a fantastic journey and laid the founda-

tion for continued success. All my Beijer Ref colleagues will be missed. I would also like to thank my family, who have been by my side for all these years.

It is also with pride that I note that the concept of sustainability continues to be an important and integral part of Beijer Ref's strategy. Our ambition is to contribute to sustainable social development that creates long-term values for future generations. It is an honour to have been CEO of a company that actively works on these important issues.

In my new role as a board member, I will continue to engage in Beijer Ref's development. It is now with great confidence that I will hand over to our new CEO, Christopher Norbye, on 30 August. I am convinced that Christopher, together with our experienced employees, will continue to drive Beijer Ref's spirit and strategy forward. He has many years of experience in both global operations and decentralised organisations.

Per Bertland

CEO

Second quarter of 2021

33.8%

Organic growth

9.4%

EBITA, margin

0.79

Earnings per share, sek

2.1

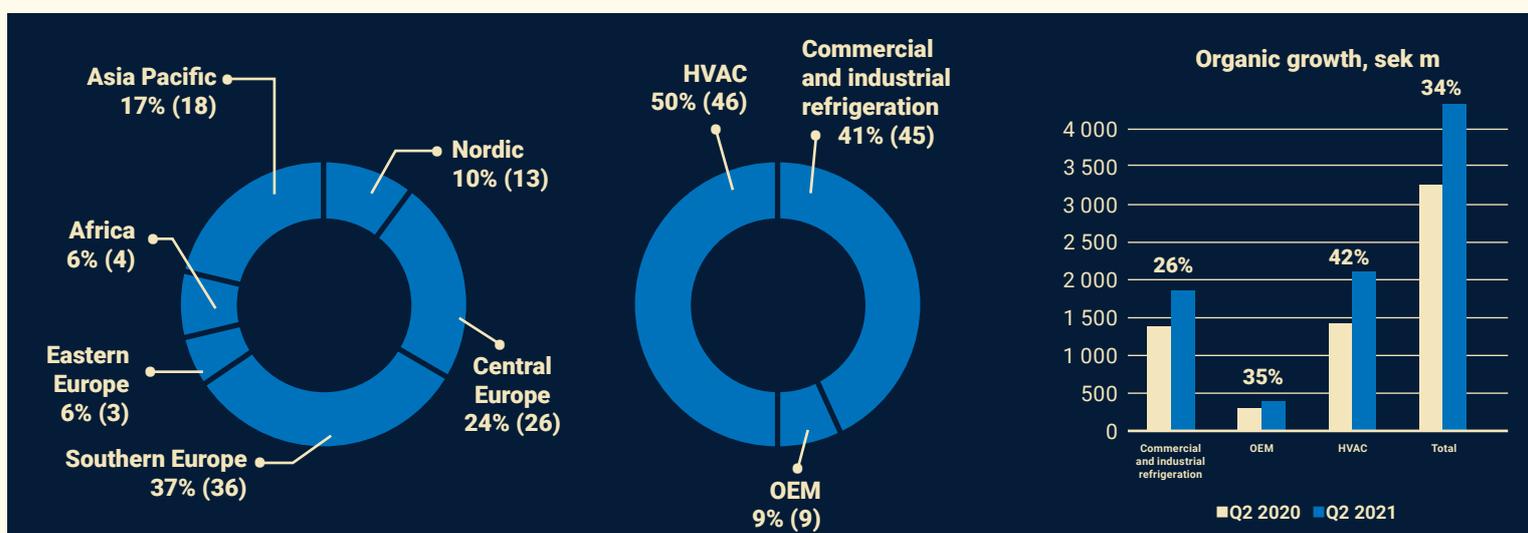
Net Debt/ EBITDA

NET SALES

Beijer Ref increased its net sales by 36.6 per cent to SEK 4,561 million (3,338) during the second quarter of 2021. Adjusted for exchange rate fluctuations and acquisitions, organic sales growth amounted to 33.8 per cent (-17.8), mainly due to price and volume increases. The group has had no negative effects from the falling prices for refrigerants during the quarter. A stronger Swedish krona resulted in currency effects of SEK -87 million (-63), corresponding to -3.5 per cent (1.3), since most sales are in currencies other than Swedish kronor.

Sales, sek m	Q2	%	H1	%
Net sales 2020	3 338		6 816	
Organic change	1 097	33.8	1 340	20.4
Change through acquisitions ¹	213	6.4	391	5.7
Exchange rate fluctuation	-87	-3.5	-255	-4.5
Change total	1 223	36.6	1 476	21.7
Net sales 2021	4 561		8 292	

1) Acquisition effect is calculated 12 months after the date of takeover. The acquisitions relates to ACD Trade, which is included in the consolidated financial statements from February 2020, Sinclair which is included from January 2021, Complete Air Supply which is included from February 2021 and Coolair which is included from March 2021.



The figures above relate to the distribution of net sales during the second quarter of 2021. Figures in brackets refer to the corresponding period last year.

PROFIT

The group's operating profit totalled SEK 418 million (241) during the second quarter, an increase of 73.5 per cent. Exchange rate effects of SEK -9.4 million (-2.3) are included in the operating profit figures. The operating margin amounted to 9.2 per cent (7.2). Aside from acquisition effects, the improved profit is mainly due to volume increases. Profit before tax amounted to SEK 402 million (227) and profit for the period was SEK 308 million (168). Profit per share before dilution amounted to SEK 0.79 (0.44).

CASH FLOW

Cash flow from current activities before change in working capital during the second quarter amounted to SEK 499 million (303). Working capital increased by SEK 653 million during the quarter compared with a decrease of SEK 24 million during the corresponding period of the previous year. Normally, the group binds more capital in the first half of the year and frees up capital in the second half of the year.

The change in working capital between the years is due primarily to higher accounts receivable. Altogether, this gives cash flow from current operations after changes in working capital of SEK -154 million (327).

Cash flow from current operations before changes in working capital amounted to SEK 823 million during the period, compared with SEK 521 million for the corresponding period in 2020. The change is mainly due to a higher operating profit in 2021. Working capital has increased by SEK 639 million in 2021 compared to a decrease of SEK 3 million the previous year, mainly due to more acquisitions and higher accounts receivable as a result of the increase in sales. Altogether, this gives cash flow from current operations after changes in working capital of SEK 183 million (524).

At the end of the period, credit facilities amounted to SEK 4,253 million (4,041), of which unutilised credits amounted to SEK 1,206 million (1,029). In total, net de-

bts increased by SEK 606 million, mainly due to lower cash and cash equivalents due to dividends paid and increased interest-bearing liabilities in connection with acquisitions.

INVESTMENTS

Cash flow from investment activities during the quarter amounted to SEK -55 million (-48), which relates to business combinations and investments in non-current assets. During the second quarter, the company acquired Industrial Refrigeration Components.

Cash flow from investment activities during the period amounted to SEK -371 million (-267) and relates to Sinclair Global Group, Complete Air Supply, Coolair and Industrial Refrigeration Components.

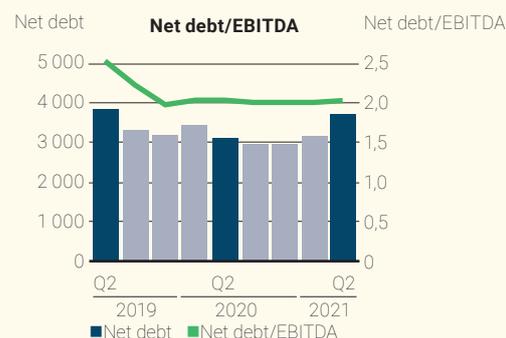
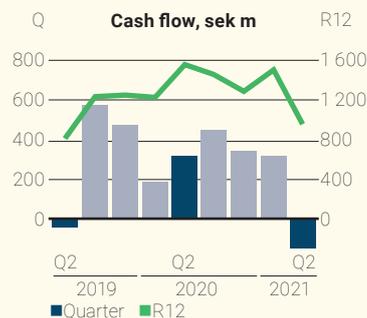
COMPANY ACQUISITIONS

Acquisitions are a priority area and in 2021 a number of companies have been acquired. At the end of 2020, the acquisition of 85% of the shares of Sinclair in the Czech Republic was completed, which is included in the group's financial statements with effect from 1 January 2021. During the period, the acquisition of all shares of Complete Air Supply in Australia and 60% of the shares of Coolair in Germany were concluded; these are included in the company's accounts from February and March 2021 respectively. At the end of June, the assets and liabilities of Industrial Refrigeration Components were acquired.

After the end of the period, Beijer Ref entered into an agreement to increase its holding in the Danish environmentally friendly refrigeration technology company Fenagy A/S. With an investment of DKK 19 million, Beijer Ref expands its ownership to just over 50 per cent and thus becomes the majority shareholder. The company will be included in the financial statements with effect from 1 July 2021 and will have a minor impact on the company's results and position.

After the end of the period, Beijer Ref signed an agreement to acquire 80% of the

shares in the air conditioning company Inventor AG in Greece. The takeover is expected to take place during the autumn of 2021. The company has sales of just over SEK 600 million and about 80 employees. This will be Beijer Ref's 38th market and an important complement to the group's existing product portfolio.



Cash flow, sek m	Q2 2021	Q2 2020
Cash flow from current operations before changes in working capital	499	303
Change in working capital	-653	24
Cash flow from current operations	-154	327

In total, these companies have annual sales of approximately SEK 1.4 billion and contribute positively to the group's operating margin.

ANNUAL GENERAL MEETING

The annual general meeting was held on 15 April 2021 and the meeting decided, in accordance with the board's proposal, on a dividend totalling SEK 3.00, divided into SEK 1.80 with payment in April and SEK 1.20 (0.40 after split) with payment in October. Total dividend amounts to SEK 380 million, where of SEK 228 million has been paid during the quarter. The meeting also decided to perform a share split 3:1 with 26 April 2021 as the record date. The meeting also decided to introduce a long-term share-based incentive programme LTIP 2021/2024 for key employees in the group. In accordance with the board's proposal, it was decided to offer the participants in LTIP 2018/21 repurchase of purchase options, which occurred during May.

THE SHARE

Beijer Ref's B share is listed on Nasdaq OMX Stockholm's Large Cap list. The share capital in Beijer Ref totals SEK 371,684,512, made up of 382,304,070 shares, each with a quota value of SEK 0.97. There are two types of share, A shares and B shares, which represent ten and one vote respectively. Beijer Ref had 11,948 shareholders on 30 June 2021 (10,246). The proportion of foreign shareholders amounts to 4.0% (4.3), with a capital shareholding of 53.73% (59.5). As of 30 June 2021, there were 27,956,160 class A shares and 354,347,910 class B shares. The company's ten largest shareholders hold 72% (80) of the votes and 65% (67) of the capital. Average sales of the Beijer share in the quarter amounted to 405,869 shares (281,976) per day at an average purchase price of SEK 140 (94). The closing price on 30 June 2021 was SEK 153 (95). As of 30 June 2021, the market value was SEK 58 billion (36). All amounts refer to value after the split and reconstruction of shares.

OPTIONS PROGRAMME 2018/2021

The company's first option program expired in June 2021 and included about 60 employees. The maximum number of options after the split amounted to 2,574,000. In accordance with the Board's proposal, the participants have been offered to repurchase their own shares or to

sell the options back. The sale of shares had a positive effect on liquidity of SEK 45 million and the repurchase of options had a negative effect on the company's liquidity of SEK 144 million. The effect of the option programme is included in equity.

OPTIONS PROGRAMME 2021/2024

The company has a new call option programme that includes about 90 employees within the Group. The programme runs for a three-year period from 2021 to 2024. The maximum number of options amounts to 2,262,000 and the number of subscribed options amounts to 1,476,000. A total of SEK 21.5 million has been received in respect of the options, and is included in equity.

SUSTAINABILITY

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. Beijer Ref's sustainability strategy is based on the UN's sustainable development goals in Agenda 2030, which cover economy, society and the environment. Beijer Ref believes that it is in the environmental field that Beijer Ref can make the biggest difference. In order to further strengthen the work to develop environmentally friendly refrigeration technology, the group measures the proportion of Beijer Ref's OEM sales that shall be environmentally friendly. The goal is for it to increase from today's 35% to 50%. On our website and in the annual report, we give more information about our goals and how we perform in relation to the goals.

RISK DESCRIPTION

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. The group's operations depend on general economic developments in Europe in particular, which govern demand for Beijer Ref's products and services.

Like other global companies, Beijer Ref is affected by pandemics and in 2020 the group was affected by Covid-19. The company's assessment is that Covid-19 is having a smaller effect on earnings in 2021. The company is taking the neces-

sary steps to reduce its impact and is following the WHO recommendations.

Acquisitions are normally associated with risks, such as loss of key personnel. Other operating risks, such as agency and supplier agreements, product liability and delivery commitments, technical development, guarantees, dependence on individuals etcetera, are continuously analysed. If necessary, measures are taken to reduce the group's risk exposure. In its operations, Beijer Ref is exposed to financial risks such as foreign exchange risk, interest rate risk and liquidity risk. The parent company's risk pattern is the same as that of the group. For further information, see the group's annual report.

ACCOUNTING POLICIES

This interim report was prepared in accordance with IAS 34, the Swedish Annual Accounts Act and RFR 2. Beijer Ref continues to apply the same accounting policies and valuation methods as described in the most recent annual report. Information pursuant to IAS 34.16A, in addition to disclosure in the financial reports and their associated notes, also appears in other parts of the interim report.

Financial assets and liabilities by category and level of valuation

The group's financial assets and liabilities consist of financial assets measured at fair value through other comprehensive income and financial assets and liabilities valued at accrued acquisition value. Financial assets valued at fair value through other comprehensive income consist of three holdings, one of which (SEK 20M) refers to listed shares and is valued at market value on the balance sheet date (valuation level 1). The two other holdings (SEK 34M) is unlisted holdings and is valued at estimated fair value (valuation level 3). Financial assets valued at accrued acquisition value, such as trade receivables and other receivables, as well as cash and cash equivalents, amount to SEK 4,550M on the balance sheet date and financial liabilities valued at accrued acquisition value such as accounts payable, leasing liabilities and borrowings, as well as other long-term liabilities, amount to SEK 7,997M. Financial interest-bearing liabilities such as loans linked to financing 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.

TELEPHONE CONFERENCE Q2 2021

Beijer Ref invites investors, analysts and the media to attend a web meeting at which CEO Per Bertland and CFO Maria Rydén present the interim report for the second quarter of 2021. The presentation will be held in English and lasts for about 20 minutes. The meeting is on 15 July at 10.00 CET.

Audiocast with teleconference

Webcast: <https://financialhearings.com/event/13649>

Teleconference: Dial-in number SE: +46 8 566 427 06

UK: +44 33 330 092 70 US: +1 646 722 4904

A presentation will be available on the company's website from 08.40 CET on 15 July.

For more information on this report:

Per Bertland, CEO – switchboard, +46 (0)40-35 89 00

Maria Rydén, CFO – switchboard, +46 (0)40-35 89 00

This interim report has not been the subject of examination by the Company's Auditors.

The Board of Directors and the President assure that the six-month report provides a fair overview of the operations, position and results of the Group and Parent Company, and describes material risks and uncertainties faced by the Parent Company and the companies that are included in the Group.

Malmö, Sweden, 15 July 2021

Kate Swann
Chair

Albert Gustafsson
Board Member

William Striebe
Board Member

Frida Norrbom Sams
Board Member

Joel Magnusson
Board Member

Kerstin Lindvall
Board Member

Per Bertland
Board Member & CEO

This information is information that Beijer Ref AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact persons set out above, at 08.30 CET on 15 July 2021.

Summarised profit and loss account. sek m	Q2-21	Q2-20	H1-21	H1-20	R12	FY 20
Net sales	4 561	3 338	8 292	6 816	15 538	14 062
Other operating income	14	2	25	10	39	25
Operating expenses	-4 040	-2 988	-7 404	-6 166	-13 848	-12 610
Depreciation	-117	-111	-232	-223	-451	-442
Operating profit	418	241	681	438	1 279	1 036
Net financial income/expense	-17	-14	-32	-29	-61	-59
Profit before tax	402	227	649	409	1 217	977
Tax	-93	-59	-157	-107	-299	-248
Net profit	308	168	492	303	918	729
<i>Net profit attributable to:</i>						
The parent company's shareholders	302	166	482	299	905	722
Non-controlling interests	7	2	10	3	13	6
Net profit per share before dilution. sek	0.79	0.44	1.27	0.79	2.38	1.90
Net profit per share after full dilution. sek	0.79	0.43	1.26	0.78	2.37	1.89

The Group's summarised report on other comprehensive income, sek m	Q2-21	Q2-20	H1-21	H1-20	R12	FY 20
Net profit	308	168	492	303	918	729
OTHER COMPREHENSIVE INCOME						
Items which will not be reversed in the profit and loss account	4	11	9	-2	-7	-17
Income tax relating to components in above item	1	-2	—	1	2	3
Items which can later be reversed in the profit and loss account	-55	-213	130	-216	-27	-372
Income tax relating to components in above item	1	-10	-2	10	-9	3
Total comprehensive income for the period	260	-47	628	96	877	344
<i>Attributable to:</i>						
The parent company's shareholders	257	-46	616	95	868	348
Non-controlling interests	4	-1	12	—	8	-3

Summarised balance sheet, sek m	30 June 2021	30 June 2020	31 Dec 2020
ASSETS			
<i>Fixed assets:</i>			
Intangible fixed assets	2 251	2 188	2 103
Tangible fixed assets	607	524	544
Right of use assets	1 277	977	1 184
Deferred tax asset	193	207	180
Other fixed assets	165	141	144
Total fixed assets	4 494	4 037	4 156
<i>Current assets:</i>			
Inventories	4 247	3 785	3 389
Trade debtors	3 235	2 632	2 069
Other receivables	456	415	633
Liquid funds	823	1 092	1 154
Total current assets	8 762	7 924	7 245
Total assets	13 256	11 960	11 401
EQUITY AND LIABILITIES			
Shareholders' equity	4 676	4 243	4 489
Total equity	4 676	4 243	4 489
Long term liabilities	4 001	2 079	3 755
Deferred tax liability	108	111	105
Total long term liabilities	4 108	2 190	3 860
<i>Current liabilities:</i>			
Trade creditors	2 411	1 969	1 640
Other liabilities	2 060	3 559	1 412
Total current liabilities	4 471	5 527	3 052
Total equity and liabilities	13 256	11 960	11 401
Of which interest-bearing liabilities	4 515	4 179	4 097
Net debt	3 693	3 087	2 944
Authorised credit limit	4 253	4 041	4 259
Of which remains to be utilised	1 206	1 029	1 516

Key figures	30 June 2021	30 June 2020	31 Dec 2020
Equity ratio, %	35.3	35.5	39.4
Equity per share before dilution, sek	12	11	12
Equity per share after full dilution, sek	13	11	12
Return on equity after tax, %	10.7	7.0	16.5
Return on capital employed, %	7.7	5.3	12.3
Return on capital employed in operations, %	8.7	5.9	13.9
Debt ratio	0.8	0.7	0.7
Interest coverage ratio	18.6	13.5	15.6
Net debt/EBITDA	2.1	2.1	2.0
Number of outstanding shares	380 468 980	379 610 130	379 610 130
Holding of own shares ¹	1 835 090	2 693 940	2 693 940
Total number of shares	382 304 070	382 304 070	382 304 070
Average number of outstanding shares	380 039 555	379 610 130	379 610 130

1) Holdings of own shares ensure the delivery of shares to participants in the option programme 2021/2024. The option programme falls due in June 2024.

Summarised consolidated cash flow analysis, sek m	H1 2021	H1 2020	FY 2020
Operating profit	681	438	1 036
Non-cash generated items	278	221	434
Paid interest	-37	-33	-67
Paid income tax	-97	-105	-288
Profit on sale of tangible fixed assets	-3	–	-2
Cash flow from current operations before changes in working capital	823	521	1 112
Changes in working capital	-639	3	218
Cash flow from investment operations	-371	-267	-352
Cash flow from financial operations	227	213	-29
Amortisation of leasing liabilities	-165	-157	-310
Dividend paid	-228	–	-221
Change in cash and bank	-354	314	417
Exchange rate difference in liquid funds	23	-18	-59
Cash and bank on 1 January	1 154	795	795
Cash and bank at the period end	823	1 092	1 154

Shareholders' equity, sek m	30 June 2021	30 June 2020	31 Dec 2020
Opening balance	4 489	4 369	4 369
Total comprehensive income for the period	628	96	344
Dividend	-380	-221	-221
Repurchase options LTIP 2018-2021	-144	–	–
Sale of own shares in connection with maturity of option programme LTIP 2018-2021	45	–	–
Option premium obtained with the issue of option programme LTIP 2021-2024	21	–	–
Non-controlling interest arising on business combinations	26	–	–
Dividend to shareholders with no controlling influence	-10	-1	-4
Closing balance	4 676	4 243	4 489

Q2 sek m	Nordic		Central Europe		Southern Europe		Eastern Europe		Africa		Asia Pacific		Group	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Net sales by operation	458	445	1 117	869	1 764	1 237	313	114	251	130	757	601	4 660	3 396
- of which Commercial and industrial refrigeration	233	258	598	456	553	407	102	79	171	104	252	224	1 909	1 528
- of which HVAC	184	144	486	391	1 058	702	236	28	41	17	343	249	2 347	1 532
- of which OEM	42	43	33	21	153	128	7	6	38	9	162	129	435	335
Internal sales between operations														
Net sales													-98	-58
Operating profit by operation	63	65	101	74	177	103	44	11	12	-8	45	22	443	268
Group-wide expenses													-24	-26
Net profit													418	241
Net financial Tax													-17	-14
Net profit													308	168
Working capital, average for the period	474	537	899	954	1 567	1 461	378	177	404	421	977	860	4 699	4 410
Group eliminations													-2	-4
Total average working capital													4 697	4 405

H1 sek m	Nordic		Central Europe		Southern Europe		Eastern Europe		Africa		Asia Pacific		Group	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Net sales by operation	844	863	1 937	1 683	3 081	2 422	503	226	519	465	1 592	1 287	8 475	6 946
- of which Commercial and industrial refrigeration	455	519	1 079	952	1 004	854	179	159	353	322	552	504	3 621	3 309
- of which HVAC	304	248	805	667	1 772	1 319	313	57	96	95	715	526	4 004	2 913
- of which OEM	86	96	53	63	304	250	11	10	70	48	325	258	850	724
Internal sales between operations														
Net sales													-183	-130
Operating profit by operation	106	102	150	111	259	162	58	18	37	20	114	73	724	487
Group-wide expenses													-43	-49
Net profit													681	438
Net financial Tax													-32	-29
Net profit													492	303
Working capital, average for the period	449	543	880	980	1 417	1 452	355	183	403	460	904	890	4 407	4 508
Group eliminations													-1	-3
Total average working capital													4 406	4 506

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. Internal sales

within each segment are eliminated in net sales by operation, internal sales between segments are eliminated on total level. Net sales are distributed by product area, i.e. Commercial and Industrial Refrigeration, HVAC and OEM. The working capital includes inventories, trade debtors and trade creditors and is an average based on monthly values for the period.

Company acquisitions

For each acquisition, the company performs a materiality assessment based on sales, product area and market. It is our assessment that an acquisition is material in cases where the sales of the acquired company exceed 5% of total sales. During the first half, four acquisitions were added to the group's financial statements, each of which has been deemed to be immaterial. Information about the acquisitions is provided below.

2021

First quarter

The Czech Sinclair Global Group has been part of the Beijer Ref Group since 1 January 2021. Sinclair is 85% owned with the option to acquire the remaining shares within three years; both buy and sell options have been issued. Sinclair is headquartered in Brno in the Czech Republic with sales offices in Slovakia, Hungary, Austria and Croatia. The company has approximately 110 employees with annual sales of approximately SEK 410 million and good profitability. The purchase price amounts to SEK 209 million and the net assets amount to SEK 151 million, giving a surplus value of SEK 58 million. The surplus value consists mainly of synergy effects and the majority (SEK 50 million) relates to goodwill; some (SEK 8 million) has been allocated to intangible assets as customer lists. The acquisition calculation prepared is preliminary. The acquisition cost amounts to SEK 0.7 million. Since the acquisition, Sinclair Group has contributed SEK 235 million to group sales and SEK 33 million to operating profit.

At the end of 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 complements our existing companies in Australia. CAS

has annual sales of SEK 140 million, with 40 employees in 2 branches. This company is included in the company's financial statements with effect from 1 February 2021. The purchase price amounts to SEK 58 million and the net assets amount to SEK 31 million. The acquisition cost amounts to SEK 0.3 million. Of the surplus value of SEK 27 million, SEK 25 million relates to goodwill in the form of synergies and the remainder relates to customer lists and is allocated as intangible assets. The acquisition calculation prepared is preliminary. Since 1 February 2021, CAS has contributed SEK 58 million to sales and SEK 5 million to operating profit.

Beijer Ref acquired 60% of the shares of Coolair Germany. A purchase and sales option has been issued to acquire the remaining shares within the next few years. The acquisition was made at the end of February 2021 and is included in the group's accounts with effect from 1 March. Coolair's annual sales amount to approximately SEK 100 million and it has more than 25 employees. The purchase price amounts to SEK 37 million and the net assets amount to SEK 4 million. The acquisition cost for Coolair amounts to

SEK 0.4 million. Of the surplus value of SEK 33 million, SEK 30 million relates to goodwill in the form of synergies and the remainder relates to customer lists and is allocated as intangible assets. The acquisition calculation prepared is preliminary. During March, Coolair has contributed SEK 42 million to sales and SEK 5 million to profit.

Second quarter

At the end of the second quarter, the assets of the Australian company Industrial Refrigeration Components (IRC) were acquired. IRC will be integrated into our existing company Beijer Ref Australia. Annual sales amount to approximately SEK 20 million with two employees and will have a minor impact on the group's profit. The purchase price amounts to approximately SEK 5 million and the net assets amount to SEK 3 million and consist of goods in stock. The additional value of approximately SEK 2 million relates to goodwill in the form of synergies. The acquisition calculation is preliminary.

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 211M and is included in the consolidated financial statements with effect from 1 February 2020. ACD Trade contributed SEK 165M to the group's net sales for the first quarter 2021 and made a positive contribution to operating profit of SEK 11M.

Second quarter

No acquisitions made during the quarter.

Acquisitions of companies, sek m	Q2 2021	Q2 2020
<i>Fair value in the Group:</i>		
Goodwill	109	102
Intangible assets	17	18
Tangible fixed assets	13	15
Deferred tax assets	5	6
Inventories	151	84
Other current assets	56	72
Liquid funds	20	31
Deferred tax liability	-5	-11
Provisions	-1	-
Other current liabilities	-56	-105
Total identifiable net assets	309	211
<i>Effect on the cash flow</i>		
Consideration	-306	-211
Non paid purchase price	-3	-
Liquid funds	20	31
	-289	-180

Parent company profit and loss account in summary, sek mkr	H1 2021	H1 2020	FY 2020
Operating income	1	1	54
Operating expenses	-50	-37	-79
Depreciation	-2	-2	-3
Operating profit	-50	-38	-28
Net financial income/expense	10	-34	10
Result of participations in Group companies	596	–	21
Profit before appropriations	557	-72	3
Appropriations	–	–	53
Profit before tax	557	-72	55
Tax	8	–	-7
Net profit	565	-72	48

Parent company balance sheet in summary, sek m	30 June 2021	30 June 2020	31 Dec 2020
ASSETS			
Intangible fixed assets	6	6	6
Tangible fixed assets	5	4	5
Financial fixed assets	4 146	3 894	3 891
Current assets	963	1 078	763
Total assets	5 121	4 982	4 665
EQUITY AND LIABILITIES			
Shareholders' equity	1 897	1 670	1 789
Long-term liabilities	2 842	1 176	2 682
Current liabilities	381	2 136	194
Total equity and liabilities	5 121	4 982	4 665

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.
EBITA	Earnings before interest, taxes and amortisation of intangible fixed assets. The objective of reporting EBITA is that the Group regards it as a relevant measure for an investor who wants to understand the generation of earnings before investments intangible fixed assets.	Profit per share before / after dilution	Net profit in relation to average number of shares before/after dilution.
EBITDA	Earnings before interest, taxes, depreciation and amortisation of tangible and intangible fixed assets.	R12	Rolling twelve is the latest 12 months.
Equity before / after dilution	Equity before / after dilution in relation to average number of outstanding shares	Return on capital employed	Profit before tax plus financial expenses (for each period) 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 (for each period) 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 (for each period) as a percentage of average operating capital.
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.		

For more details including calculations, see www.beijerref.com/alternative-performance-measures/

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	Synthetic 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.
HORECA	Hotels, Restaurants, Catering
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	Croatia, 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.
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.

Beijer Ref in short

The Beijer Ref Group is focused on trading and distribution operations within refrigeration products, air conditioning and heat pumps. The product programme consists mainly of agency products from leading international manufacturers and, in addition, some manufacture of own products, combined with service and support for 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.

Operations are carried out by region within the Beijer Ref, which comprises Beijer Ref ARW (Air conditioning, refrigeration, wholesale) and Toshiba's distribution operation within air conditioning and heating. The Beijer Ref Group is a leading operator within the refrigeration sector in Europe and has a significant position within air conditioning in Europe. The operation is split into six geographic segments: Nordic countries, Southern Europe, Central Europe, Eastern Europe, Africa and Asia Pacific. Growth is achieved both organically and through the acquisition of companies which supplement existing operations.

Seasonal effects

Beijer Ref's sales are seasonally dependent as demand for refrigeration and air conditioning is at its peak during the warm months of the year. It means that demand in the northern hemisphere is at its peak during the second and third quarters whilst demand in the southern hemisphere is at its peak during the first and fourth quarters.

Financial calendar

- The Interim Report for the third quarter 2021 will be published on 19 October 2021.
- The Interim Report for the fourth quarter 2021 will be published on 27 January 2022.
- The Annual Report for 2021 will be published in March 2022.
- The Annual General Meeting will be held in April 2022 in Malmö (Sweden).

BEIJER REF

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