

WiFi/5G



Power network



Charging infrastructure



ANNUAL REPORT

2020

Digitalization...



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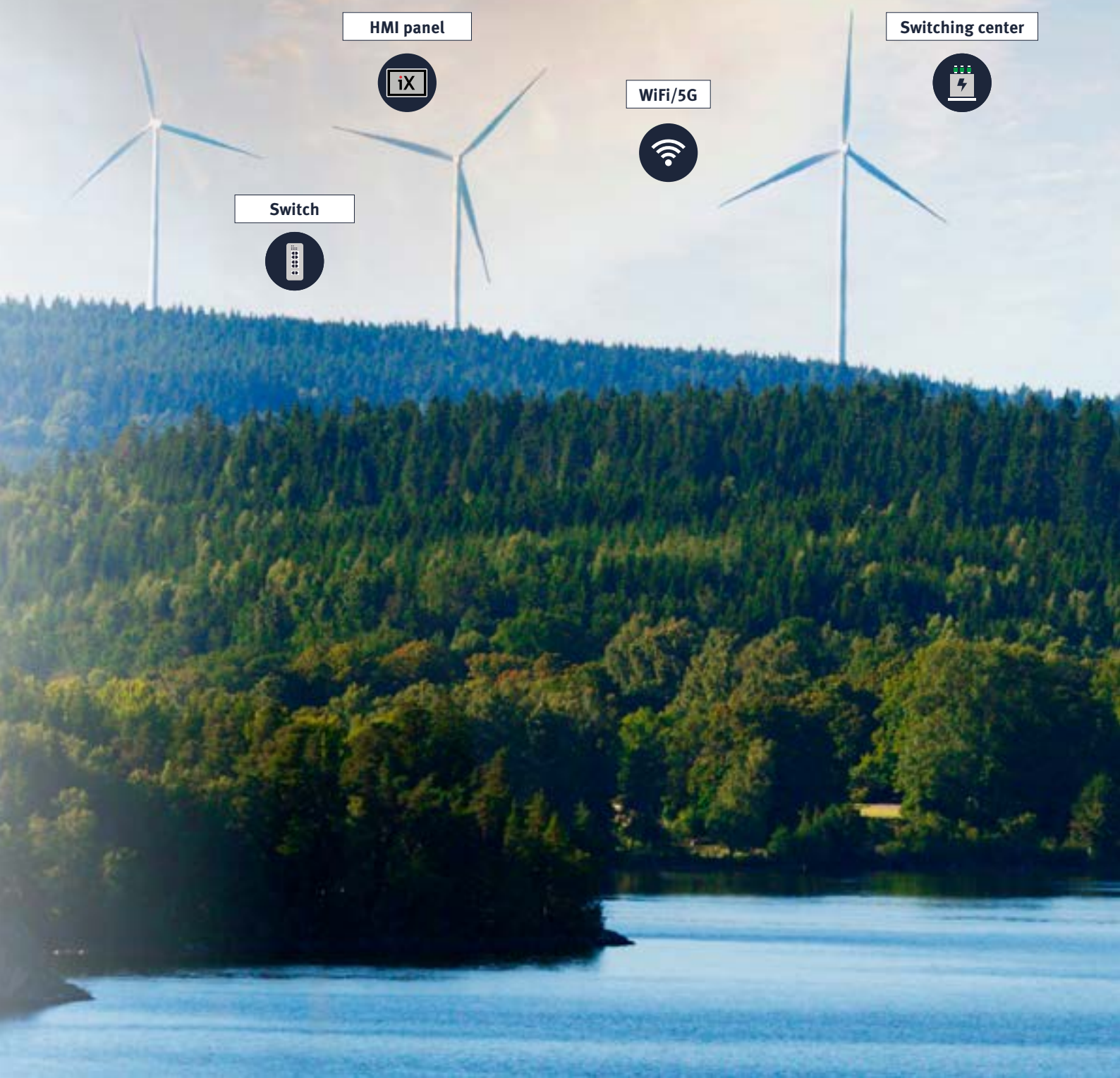
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As more people use electric cars and the share of electric cars grows, more charging points are essential—in indoor and outdoor car parks, close to people's homes and workplaces, as well as on highways. This is raising the demands for efficient power supply from smart, connected networks. BEIJER GROUP delivers a variety of solutions for the energy sector including operator panels for charging points and equipment to digitalize power networks.



...is paving the way for the smart power networks we need as energy generation goes smaller-scale and more distributed, with the build-out of weather-dependent and renewable energy like wind power and solar panels. Smart power networks can balance supply and demand, and enable power storage. Interconnected smart meters and sensors provide detailed consumption data in real-time. BEIJER GROUP delivers solutions for smart power networks.



THIS IS BEIJER GROUP

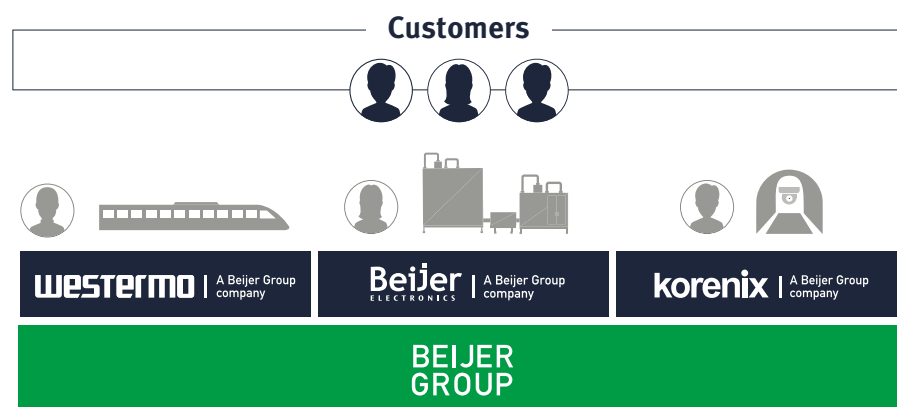
BEIJER GROUP is a technology group that delivers advanced digital solutions for secure machine-machine and human-machine control, monitoring and communication in harsh environments, where reliability and high quality are critical factors.

BEIJER GROUP has a strong presence on expansive markets and segments featuring digitalization. Its offering consists of proprietary and mainly newly developed products, which help create good future prospects and great potential for high and profitable growth.

With digitalization as its primary underlying driver, the Group is growing organically with investments in infrastructure, transportation and energy, for example. The need for the more resource-efficient control and optimization of processes for more sustainability is another contributor to its growing business.

BEIJER GROUP's revenue model is founded on close partnerships with customers on longterm development projects. Finished products, which integrate hard and software, are built into customers' complete solutions with lifecycles up towards ten years. This generates repeat and stable revenues for the long term. Future software updates also present an opportunity to expand business.

BEIJER GROUP's philosophy is founded on strong decentralization. Independent subsidiaries operating as profit centers are managed with clear values and centralized monitoring. A strong and positive corporate culture facilitates hiring and retaining staff with the specialist technology skills necessary to future-proof product development.



BEIJER GROUP consists of three independent and complementary business entities in industrial digital technology: Westermo, Beijer Electronics and Korenix. Beijer Electronics Group is referred to consistently as BEIJER GROUP in this Annual Report.

Key events in 2020

BEIJER GROUP

Covid-19 featured strongly in BEIJER GROUP's operations in 2020. People's health and safety is a top priority for the Group. A number of actions were taken in 2020 to reduce the spread of Covid-19 infection, simultaneous with the goal of maintaining operations as far as possible.



The Board of Directors also decided to execute a program of measures involving staff downsizing by about 40 people in the Korenix and Beijer Electronics business entities, with annualized savings of 40-45 MSEK.

In March 2020, the Board of Directors decided to issue 66,298 class C shares with a quotient value of 0.33 SEK, in accordance with authorization from the AGM 2019. The issue was to a financial institution, and was immediately repurchased by the company. The repurchased class C shares are intended for conversion into ordinary shares on delivery to employees in 2022, pursuant to the terms and conditions of the LTI 2019/2022 incentive program.

A share-based incentive program was executed in accordance with a resolution of the AGM 2020. The outcome meant the parent company issuing 99,538 shares in the first quarter of 2021, as part of the adopted program.

Westermo

Westermo launched the first product in the next generation of industrial Ethernet switches, plus new software versions with more functionality, and new wireless routers. The integration of the Neratec acquisition was completed in the year. Westermo opened the extension of its Stora Sundby facility, which increases manufacturing capacity. The business entity secured several major orders on the train side. After the end of the financial year, Westermo signed a supply agreement in January 2021 worth at least 25 MEUR (250 MSEK-plus) over a five-year period with train manufacturer Alstom.



2020



Beijer Electronics

Beijer Electronics executed a program of measures that reduced the business entity's long-term cost level. Beijer Electronics concluded the phase-out of four previous product families, and the X2 series represented over 60% of sales in 2020. Beijer Electronics made a major upgrade of its iX software, and launched its new partner program—UNITED. The partnership with Korenix continued as planned, with a decision also taken to extend and intensify it.

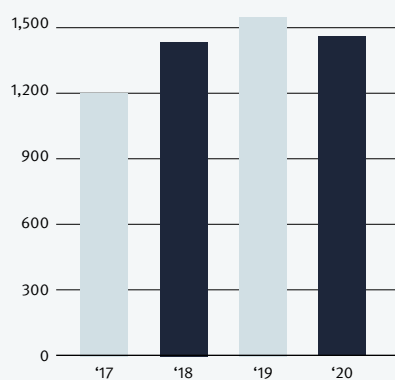


Korenix

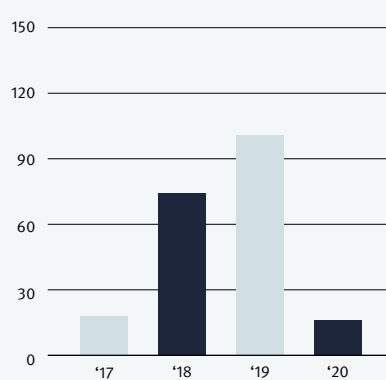
Korenix launched the first products based on its new platform—the Korenix OS Platform—consisting of software and hardware. The platform enables far higher capacity, speed and functionality. Korenix conducted a program of measures that reduced the business entity's long-term cost level. The partnership with Beijer Electronics continued as planned, with a decision also taken to extend and intensify it.

Key figures in 2020

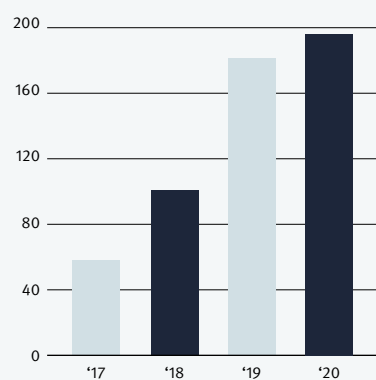
Sales (MSEK)



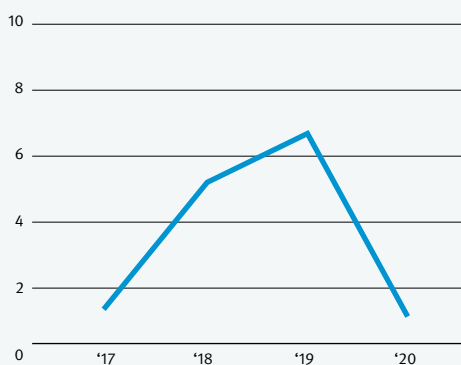
EBIT (MSEK)



Operating cash flow (MSEK)



EBIT margin (%)



Key figures

	2020	2019	2018
Sales, MSEK	1,437.7	1,558.7	1,417.2
EBITDA, MSEK	164.3	227.2	150.6
EBITDA margin, %	11.4	14.6	10.6
EBIT, MSEK	15.8	103.5	73.9
EBIT margin, %	1.1	6.6	5.2
Profit after tax, MSEK	-6.1	65.0	43.5
Earnings per share, SEK	-0.20	2.27	1.52
Dividend per share, SEK ^a	0.00	0.00	0.50
Equity/assets ratio, %	34.0	33.7	43.3

^a Board's proposed dividend.

Key figures, employees

	2020	2019	2018
Average number of employees	790	773	713
Sales per employee, MSEK	1.8	2.0	2.0
EBITDA per employee, SEK 000	208.0	294.0	211.2
EBIT per employee, SEK 000	20.0	133.9	103.7
Employees in R&D	182	165	149
Balance men/women, %	68/32	68/32	66/34

189
MSEK

Product development expenditure

In 2020, product development remained at its high level for future growth, and increased somewhat as a share of sales.

Culture and values closely aligned to the Group's strategy

BEIJER GROUP is making a new start after the past year dominated by the spread of Covid-19. Even if the pandemic isn't over yet, and uncertainty persists for the short term, BEIJER GROUP is emerging strongly from the economic crisis.

The actions we took in 2020 created a solid platform for profitable growth once demand regathers momentum. Our program of measures had the intended effect, reducing our long-term cost level. Our selective product development initiatives went to plan, and we maintained a high level of customer activities. Nor did the Group lose any major customers. Cash flow progressed strongly, even if the Group reported lower EBIT for the full year. Our financial position improved, and net debt decreased.

Retained Long-term Strategy as a Pure Technology Group

We're staying with the strategy we formulated in 2016. BEIJER GROUP has evolved into a pure technology group, with products developed ourselves, as well as services, mainly implemented as software and hardware, now representing over 90% of sales. Our strategy is that the Group's current and potential future corporate holdings offer products and services with high technology content. Most of our sales in 2020 were of new products developed in the past four years.

We are continuously identifying growth markets whose main common growth driver is digitalization, which may also be accelerated by the pandemic. The Group's business entities are focusing on selected segments like infrastructure, transportation and energy, which often operate in harsh and exposed environments. This is why the Group's solutions are robust and specifically developed to satisfy customers' demanding standards for available and secure systems, because they are mission critical for the customer. The organic growth of our business entities keeps pace with investments in selected segments; our markets are in minimum long-term yearly growth of 10%.

Our revenue model is founded on close partnerships with customers on long-term development projects. Finished products,

which integrate hard and software, are specific for, and built into, customers' complete solutions with lifecycles up towards ten years. This generates repeat and stable revenues for the long term. Future software updates also present an opportunity to expand business.

Minimum organic growth of 10%, with an EBIT margin of 15%

Overall, this translates to all BEIJER GROUP's holdings having the capacity to return minimum yearly organic growth of 10%, and the potential to achieve an EBIT margin of 15%.

Our financial results in the pandemic year 2020 were a blip in the curve after three years of average yearly growth of 12%. Covid-19 affected the whole global economy, reducing demand, which meant that BEIJER GROUP also reported reduced order intake and sales in the year. Lower sales volumes impacted earnings, which were also charged with expenses for our program of measures, as well as negative currency effects.

Despite the challenges, Westermo showed good stability

Despite the challenges, Westermo was able to demonstrate good stability. Order intake and sales increased in the year, because of acquisitions in 2019. Although earnings did decrease somewhat, Westermo still reported an acceptable EBIT margin in the circumstances of just over 11%. The business entity is also maintaining the tempo of its strategic initiatives, launching the first product in the next generation of industrial Ethernet switches, new software versions with more functionality, as well as new wireless routers.

Westermo opened an extension of its facility at Stora Sundby, Sweden, in the year, an expansion that has freed up space in the production plant, creating room for the further efficient expansion of manufacturing capacity.

The Beijer Electronics business entity had a tough year with reduced demand, especially in the US. Sales also decreased in Europe, but

increased in Asia. This resulted in an unfavorable product mix, causing a narrower gross margin. Thus, earnings were impacted by lower volumes and a narrower margin. Savings could not fully

“Earnings decreased somewhat, but Westermo achieved acceptable profitability in 2020.”



compensate for the earnings downturn, with the business entity reporting a loss for the full year.

The Korenix business entity made an improvement in the fourth quarter, and was able to turn around a loss. But full-year earnings were negative due to lower sales.

Our people dealt well with the challenges of the pandemic

Overall, we're not satisfied with sales and earnings in 2020, although essentially, they are due to external factors. At the beginning of 2020, we took a strategic decision to reduce our cost level through a program of measures, while simultaneously keeping our development and sales organizations intact so we didn't sacrifice our tempo long term, but this did impact earnings in the short term. Our development expenditure increased somewhat in the year, but our previous investments do indicate fairly short payback times.

I'd also like to highlight how well our organization has dealt with the challenges of the pandemic. BEIJER GROUP has a decentralized structure consisting of independent business entities. What the Group and business entities share is safeguarding the Group's skills.

The efforts and skills of our people was decisive to mitigating the effects of Covid-19 and economic crisis as far as possible. Individual professional performances, backed by mutual support and access to the Group's resources, generate our results. The guiding principle is freedom with responsibility. Individual freedom offers room for creativity, but also entails individual responsibility for compliance with laws, regulations and our guidelines for managing a sustainable business.

Sustainability is an important component that should be integrated into BEIJER GROUP's operations. It's also worth pointing out that our products and services, often built in to our customers' solutions, contribute to a more sustainable world, including more efficient processes that reduce the consumption of energy and materials, water treatment solutions and equipment for wind

power and solar energy. Please read our complete Sustainability Report, which is published separately, with a summary in this Annual Report.

Priorities for 2021

There is short-term uncertainty about onward progress in 2021, although there are a number of positive signals. In January, Westermo entered a significant supply agreement with train manufacturer Alstom worth at least 250 MSEK over a five-year period. This deal is evidence of Westermo's international competitiveness, and involves increasing deliveries through the coming years. Westermo will be completing investments in its new priority segments of power distribution and rail infrastructure, and its goal is to complete the integration of Virtual Access. Westermo is also enhancing its services concept by offering customers service level agreements (SLAs).

Beijer Electronics and Korenix went into the new year with lower overheads. Beijer Electronics' collaboration with elevator manufacturer Otis has gone to plan, and batch shipments started in the second half-year 2020. These deliveries will progressively increase going forward. The Otis deal involves deliveries of display solutions worth some 150 MSEK over a three-year term. In 2020, Korenix introduced the first products based on its new platform—the Korenix OS Platform. The business entity will be developing and launching another 30-plus products through the coming years, and will be adapting existing products to the new platform in 2021.

“BEIJER GROUP has good potential to improve its financial results in coming years.

The partnership between Beijer Electronics and Korenix intensified in 2020. Sales to Korenix's European customers are managed by Beijer Electronics' sales resources, which can now market and sell Korenix's products, as well as a combination of the business entities' product ranges. A coordination of sales in the US and Asia was also initiated and implemented in 2021. The business entities coordinated supply chains in Europe and Taiwan, while Korenix's inventory management transferred to Beijer Electronics' European central warehouse. This partnership is expected to enable more rationalization gains in 2021. What's most important to both business entities is restoring profitability.

Outlook for 2021

Overall, we look to the future with confidence. With the information available so far in 2021, we think the market may recover in the year. This offers BEIJER GROUP good potential to report improved financial results for 2021 compared to 2020.

Per Samuelsson
President & CEO

The Beijer Electronics Group AB share

Beijer Electronics Group AB has been listed on the Nasdaq Stockholm Main Market since June 2000 with the ticker BELE. A trading lot is 300 shares.

Issue of class C shares

In March, the Board of Directors decided to issue 66,298 class C shares with a quotient value of 0.33 SEK, in accordance with a resolution by the Annual General Meeting (AGM) 2019. The issue was to a financial institution, and was immediately repurchased by the company. The intention of the repurchased class C shares on delivery to employees in 2022 is to convert them to ordinary shares, pursuant to the terms and conditions of the LTI 2019/22 incentive program.

Share capital

The share capital is 9,617,467 SEK divided between 28,852,400 shares, of which 28,627,219 ordinary shares and 225,181 class C shares as of 31 December 2020. The minimum share capital is 5,000,000 SEK, and the maximum is 20,000,000 SEK. Each share has a quotient value of 0.33 SEK. All shares confer equal entitlement to the company's assets and profits. Ordinary shares carry one vote, and class C shares carry one-tenth of a vote.

Share price and turnover

In terms of bid price, the share price was 40.70 SEK at year-end 2020, against 70.20 SEK on the final trading day of 2019, which means the share price decreased by 42% in the year. In the same period, the Stockholm Stock Exchange's broad OMXS index rose by 13%. The company's share traded at a high of 70.20 SEK and a low of 29.90 SEK in the year. Share turnover was 6.7 million shares, or 24% of the total number of shares. In value terms, share turnover was 304 MSEK.

Earnings per share

Earnings per share after tax were -0.20 SEK (2.27).

Dividend

The Board of Directors is proposing a dividend of 0.00 SEK per share (0) for the financial year 2020.

Market maker

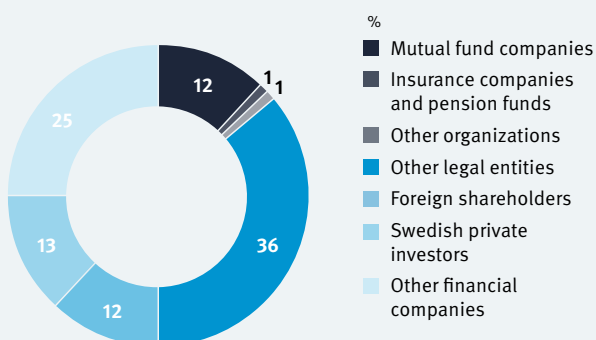
To stimulate trading in its share, BEIJER GROUP has an agreement with Pareto Fondkommission as its market maker, which means Pareto undertaking to continuously publish buy and sell prices in the company's share on its own account. This undertaking is within the Stockholm Stock Exchange's market maker system.

Five reasons to invest in BEIJER GROUP

- 1 The digitalization of society is driving the demand for BEIJER GROUP's products, and the Group has a strong presence on expansive markets and segments.
- 2 The Group enjoys leadership in high-technology products for digital control, monitoring and communication in harsh environments where reliability is critical.
- 3 An attractive portfolio with a high share of newly developed products with long lifecycles generate stable and repeat revenue.
- 4 BEIJER GROUP's growth is organic and acquisition led, by acquiring companies with the capability of achieving minimum yearly organic growth of 10%, and an EBIT margin of 15%.
- 5 The Group is formed of independent business entities, which are also profit centers. The business entities are managed with clear values and centralized control over finances and sales.

Shareholder categories, share of equity

Source: Euroclear



Share data, three years

	2020	2019	2018
Earnings per share, SEK	-0.20	2.27	1.52
Dividend, SEK ^a	0.00	0.00	0.50
Pay-out ratio, %	0	0	33
Equity per share, SEK	22.3	23.9	22.8
Return on equity, %	-0.9	9.7	7.0
Closing price, SEK	40.70	70.20	36.20
No. of shares, million	28.6	28.6	28.6
Market cap., MSEK	1,165	2,008	1,035

^a The amount for 2020 is proposed dividend.

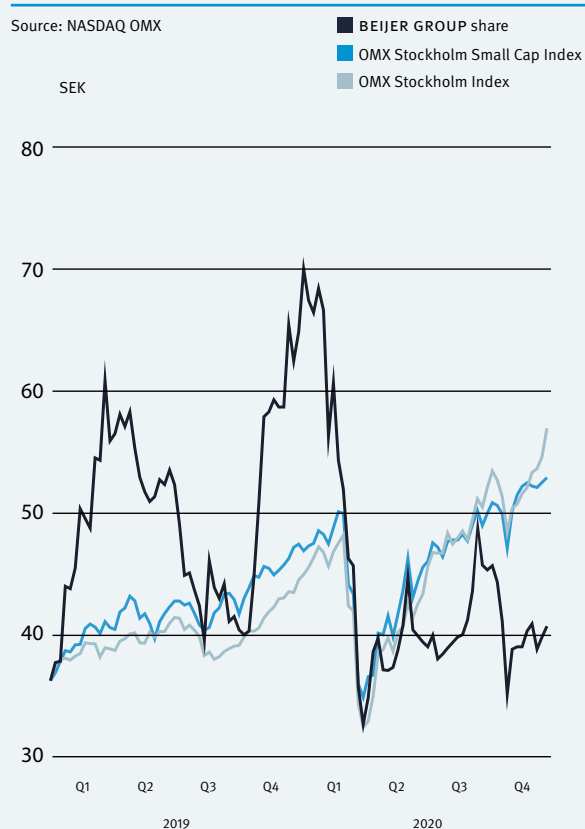
Ownership by shareholding as of 31 December 2020

Source: Euroclear

Holding	No. of shareholders	No. of ordinary shares	No. of class C shares	Equity holding, %	Votes, %	Market cap, SEK 000
1–500	3,062	398,551	0	1.38	1.39	16,221
501–1 000	447	356,030	0	1.23	1.24	14,490
1 001–5 000	569	1,246,893	0	4.32	4.35	50,749
5 001–10 000	107	786,847	0	2.73	2.75	32,025
10 001–15 000	31	379,247	0	1.31	1.32	15,435
15 001–20 000	19	330,263	0	1.14	1.15	13,442
20 001–	67	25,129,388	225,181	87.89	87.80	1,022,766
Total	4,302	28,627,219	225,181	100.00	100.00	1,165,128

Stock index

Source: NASDAQ OMX



Shareholders as of 31 December 2020

Source: Euroclear

	Capital %	Votes %	No. of shares
Stena Adactum AB	28.84	29.04	8,320,174
Svolder AB	15.14	15.25	4,367,960
Nordea Fonder	11.02	11.10	3,180,568
Fjärde AP-fonden	7.51	7.56	2,166,128
Humble Kapitalförvaltning AB	4.58	4.61	1,320,130
Cliens Fonder	3.62	3.64	1,043,605
Tredje AP-fonden	2.46	2.48	709,947
T. Bjurman w. family and companies	2.03	2.04	585,652
Tequity Management AB	1.84	1.86	532,032
SEB Fonder	0.80	0.81	231,816
Total, 10 largest owners	77.84	78.39	22,458,012
Total, other shareholders, 4,292	22.16	21.61	6,394,388
Total, issued shares*	100.00	100.00	28,852,400

*Includes 225,181 class C shares held by the company.

A leader in products for a secure, connected world

The technology group BEIJER GROUP operates through independent business entities that are profit centers. These business entities develop, manufacture and sell products and services with high technology content in segments where the common denominator is hardware and software for harsh environments. The parent company finances operations and adds value through a collective corporate culture, leadership and strategic direction, as well as working actively on screening and executing complementary acquisitions, as well as acquisitions of new, independent business entities.



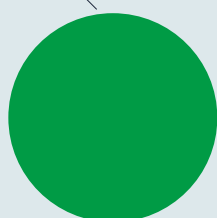
An accountable team player focused on business

BEIJER GROUP's values proceed from the concepts of accountability, customer focus and respect. We expect our managers and staff to take responsibility, make an active contribution to solving problems, and to see opportunities. Clear business and customer focus drive efficient development work, whose outcomes should enable the shortest possible repayment times. This means we allow testing, re-testing and learning new lessons. Respect for different cultures and diversity is everything in a Group with multiple nationalities, and even more personalities. What counts is individual performances by team players who are capable of building teams.

In recent years, the Group has been working actively on developing a collective corporate culture, and putting great energy into hiring managers that contribute positively to it. When screening potential acquisitions, we consider corporate culture and values carefully.

Culture and values closely aligned to the Group's strategy

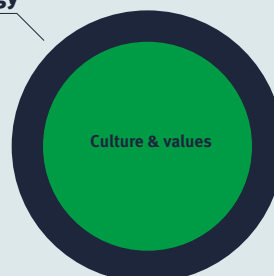
Culture & values



Culture & values

- Accountable
- Customer focused
- Respectful

Strategy



Strategy

- Decentralized decision-making
- Profitable growth, organic & acquisition led
- Repeat revenues

Strategy for profitable growth

BEIJER GROUP's overarching strategy is to generate profitable growth by developing and acquiring companies with high digital technology skills and strong positioning on growth markets. BEIJER GROUP's different holding should have the capability to achieve minimum yearly growth of 10%, and the potential to achieve an EBIT margin of 15%. To achieve its targets, BEIJER GROUP manages its business entities by applying Group-wide strategies and a strong collective corporate culture.



Decisions close to the customer with decentralized decision-making

Each business entity has substantial independent responsibility for its business. The best business decisions are taken close to the customer by managers and staff familiar with the market's wants and needs. The foundation is a process where the goals, strategies and business plans of each business entity are decided, monitored and adapted in dialogue with Group Management.



Growth target achieved through organic and acquisition-led growth

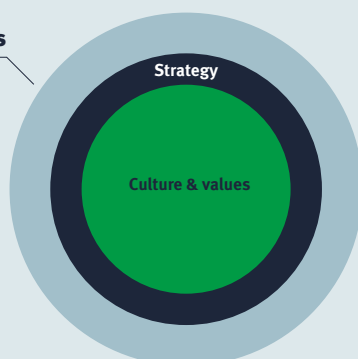
Organic growth is generated by focusing on expansive segments and customers, effective sales processes, and developing new products. The parent company brings its experience through continuous management through financing and support on major investments, for example. Acquisitions are technology enterprises that both complement current holdings, and bring new business entities.



High degree of repetitive revenues creates stability over time

BEIJER GROUP's revenue model builds on close partnerships with customers on long-term development projects. Finished products are part of customers' complete solutions, resulting in long lifecycles. This generates repeat, stable revenues for long periods, without significant extra sales efforts.

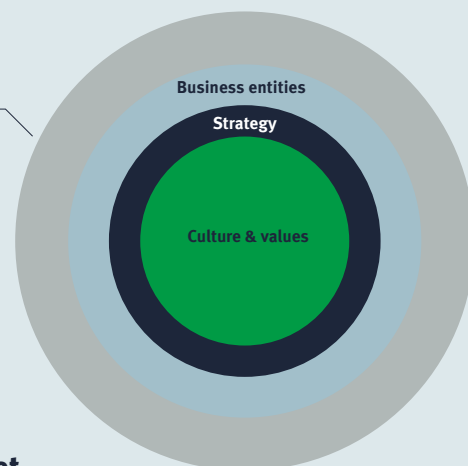
Business entities



Business entities

- Independent profit centers
- Technology leadership in software and hardware
- Products for harsh environments

Market



Market

- Global digitalization trend
- Markets in change
- The customer is an OEM for an end-user
- BEIJER GROUP's products are part of complete solutions

Solutions in our everyday lives

People have learned to use technology to deliver the goods and services we need in our everyday lives. Take a look around you—wherever there are processes that need drive and control, or information to communicate and visualize, there's a need for smart hardware and software. This interface between people and technology is where we are the bridge-builder. Here are some of the places BEIJER GROUP has an impact on your everyday life.



Energy

– efficient solutions and smarter distribution

Increased efficiency in the extraction of fossil fuels, development of efficient, renewable energy production, and smarter energy distribution systems are some of the massive technological challenges that must be overcome to meet the world's ever-increasing demand for energy.

Water

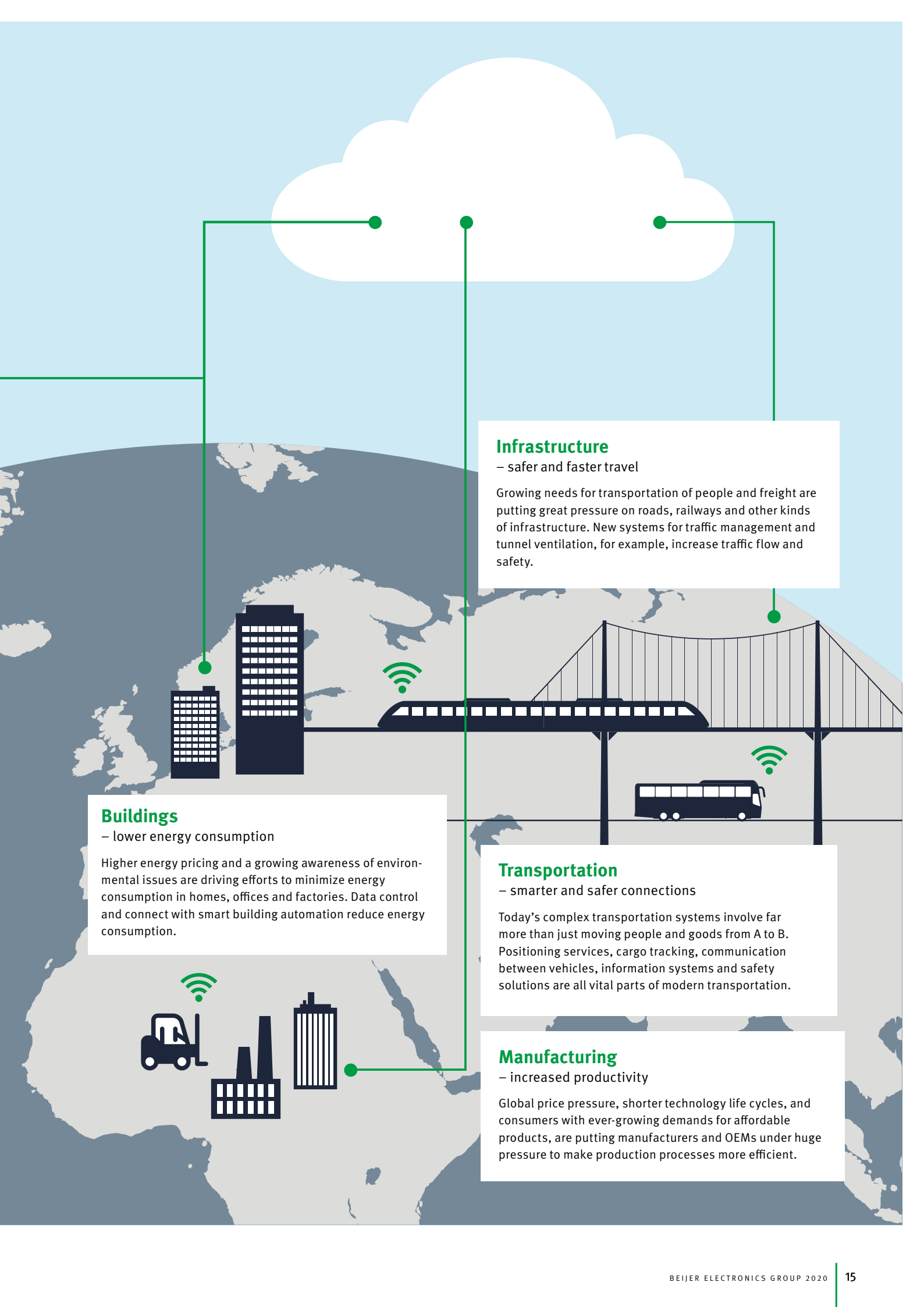
– securing access and the environment

A growing population expects and needs clean, accessible water. Increasing amounts of wastewater must be treated efficiently to protect the environment and to prevent disease. The harsh environment of water treatment plants creates high demands on the equipment used.

Marine and offshore

– the environment and safety first

Extreme conditions at sea, environmental regulation and long distances to port place high demands on equipment reliability and performance to ensure safety and reduce environmental impact.



Infrastructure

– safer and faster travel

Growing needs for transportation of people and freight are putting great pressure on roads, railways and other kinds of infrastructure. New systems for traffic management and tunnel ventilation, for example, increase traffic flow and safety.

Buildings

– lower energy consumption

Higher energy pricing and a growing awareness of environmental issues are driving efforts to minimize energy consumption in homes, offices and factories. Data control and connect with smart building automation reduce energy consumption.

Transportation

– smarter and safer connections

Today's complex transportation systems involve far more than just moving people and goods from A to B. Positioning services, cargo tracking, communication between vehicles, information systems and safety solutions are all vital parts of modern transportation.

Manufacturing

– increased productivity

Global price pressure, shorter technology life cycles, and consumers with ever-growing demands for affordable products, are putting manufacturers and OEMs under huge pressure to make production processes more efficient.

Business entity

Westermo

Covid-19 featured significantly in Westermo's operations in 2020. Its effects, with lockdowns of whole countries and business sectors, meant reduced economic activity, which impacted the demand for Westermo's products and services. Nevertheless, Westermo was able to report increased order intake and sales for the full year, due to contributions from acquisitions completed in 2019.

Sales volumes below plan impacted earnings, which were 86 MSEK. Meanwhile, cost savings partly compensated for the loss of gross profit due to lower sales volumes.

The 2019 acquisitions of Neratec and Virtual Access made positive contributions to order intake, sales and earnings in 2020. Excluding these acquisitions, order intake and sales were down by 9%. The integration of Neratec was completed in 2020, while the process with Virtual Access will take somewhat longer because of Covid-19, with the cancellation of physical meetings and travel. The integration processes are reviewed separately on pages 22-23.

Despite the challenges, Westermo was able to maintain operations at a healthy level. The business entity did secure a few major orders in the year, including one worth 80 MSEK for deliveries to a major North American train operator. This order is for industrial Ethernet switches to upgrade the customer's whole goods train fleet with data networks for security and video surveillance systems.

After the end of the reporting period, Westermo signed a supply agreement in January 2021 worth at least 25 MEUR (250 SEK-plus)

over a five-year period with train manufacturer Alstom. This deal specifies the shipment of network equipment under a framework agreement between the parties. Alstom is already one of Westermo's key accounts. Shipments to Alstom's train operation will progressively increase over the five-year period from 2021.

Maintaining the tempo of the business entity's various strategic initiatives was also important. Westermo launched the first product in the next generation of industrial Ethernet switches called the Lynx 5512, new software versions with more functionality, as well as new wireless routers. But initiatives in the power distribution and rail infrastructure segments were limited by prevailing market conditions, and some technical challenges, which delayed progress.

Westermo opened an extension of its facility at Stora Sundby in the year, an expansion that has freed up space in the production plant, now creating room for the further efficient expansion of manufacturing capacity. A new central warehouse is scheduled to come online in 2021. Westermo also introduced new graphical imagery across the whole business entity.

In the year, the business entity also took the initiative to implement a complementary revenue model. Its focus is to take a larger, broader grasp of Westermo's business, by offering customers a portfolio of services like training, configuration, fault-finding and maintenance in addition to software and hardware product sales. These services will be provided through SLAs, or if the customer prefers, as separate assignments. Eventually, Westermo's intention is to introduce licensing agreements with features including upgrades and new software functionality.

Westermo's order intake was 779 MSEK (726). Sales increased to 769 MSEK (705). EBITDA was 149.9 MSEK (134.3). EBIT was 85.9 MSEK (89.6), equivalent to an EBIT margin of 11.2% (12.7).



“ I’m proud of how our people dealt with the challenges of the past year of pandemic. By retaining our customer focus and flexibility, we also advanced our positioning as a leading provider of network equipment for train and rail applications. This gives us confidence for 2021.

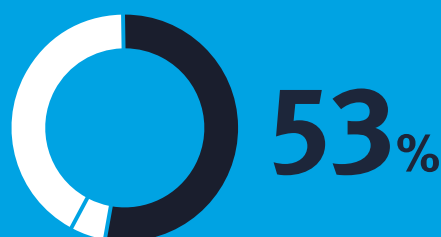
JENNY SJÖDAHL, CEO OF WESTERMO



Sales in 2020

769 MSEK

Share of Group sales



SEK 000	2020	2019
Sales, total	768,990	705,233
EBITDA	149,909	134,322
EBIT	85,913	89,576
EBIT margin, %	11.2	12.7
Share of Group sales, external, %	53.4	45.1



305 employees at year-end

Offering and market

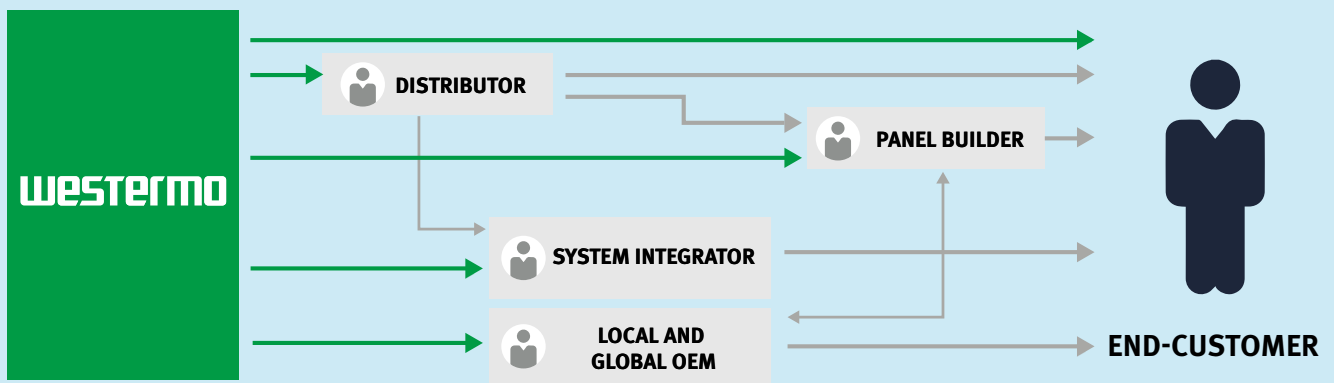


Robust network solutions for industrial data communication

Westermo provides mission-critical industrial data communication solutions. In simple terms, these solutions enable data to be transmitted across wired and wireless networks. Reliable data communication is essential for digitalization where different systems are interconnected to enable applications and equipment to be controlled and monitored.

These solutions address the market for infrastructure and various industrial sectors. Digital networks are critical for managing the customer's operations, and are often installed in exposed, harsh environments with electrical disruptions, dust, vibration and wide temperature fluctuations. This sets very stringent standards for environmental endurance, safety and reliability. Westermo's network solutions are robust and specifically developed to satisfy customer needs for mission-critical systems.

Various research reports estimate the global market value of industrial network products at some 15 billion SEK. Investment cycles vary, with lower growth in some years, although in the long term, the market has achieved yearly growth of over 10%.



Sales channels

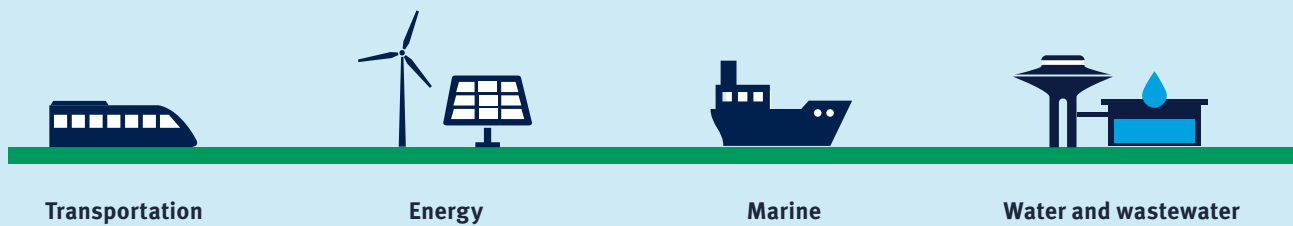
Westermo markets and sells network solutions through a range of channels. Its in-house sales resources consist of own offices with sales staff and tech support functions in 12 countries. These offices serve end-customers directly, as well as system integrators. Westermo also sells directly to OEM customers, who bundle our products into their own solutions. In-house sales resources are backed by a network of distributors in more than 30 countries. In-house sales resources generated over 80% of sales in 2020.

Stable revenue model

Westermo has a fairly large element of project sales, although its revenue model still means that revenues have a long-term and stable nature. Customers mainly build Westermo's product into their network solutions, mainly OEM customers, but other customers too. This means that the demand for Westermo's products expands as customers grow. At present, over 50% of Westermo's sales are sourced from this type of repeat business. Some 80% of sales are through Westermo's own sales channels, bringing close contact with customers. This close contact and far-reaching interaction on network solutions engenders long-term, intense partnerships, as well as the exchange of knowledge, best practice, future technical standards and needs.

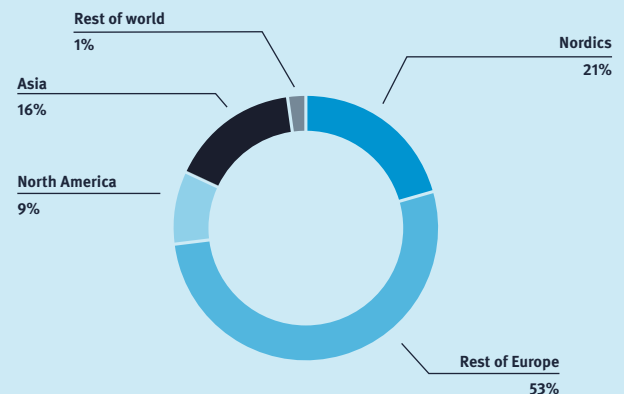
Market segments

Westermo's offering addresses the infrastructure market, including transportation, energy and water supply, as well as a range of industrial sectors. Westermo is one of the global leaders in the train segment. In the period 2019-2021, the business entity is executing targeted initiatives in network solutions for the power distribution and rail infrastructure segments. Westermo estimates its share of the global digital network solutions market at 5%.



Customers

Westermo has a base of some 5,000 purchasing customers of differing sizes, including many major multinationals. The largest accounts are Bombardier, Alstom, ABB and Stadler. The 10 largest accounts represented just over 50% of sales in 2020. The Nordics provided 21% of sales, and the rest of Europe 53%. North America provided 9%, Asia 16%, and the rest of the world 1%.



Technical support central to successful Anglian Water upgrade project

Anglian Water is a utility providing water and wastewater services to 6 million customers across eastern England. Technological progress is continuously driving the need to upgrade systems, although managing a socially critical operation that must function without interruption means technical upgrades can be problematic, and potentially, very costly.

Westermo had the right products and technical know-how to upgrade the customer's systems safely and cost-efficiently, while it remained fully operational. A plan enabling the usage of existing cable infrastructure to create an up-to-date network was produced in a close partnership, generating major cost savings. Secondary links over the mobile network were planned, to enhance safety.

The spread of Covid-19 resulted in external visits being suspended, which made an already highly complex installation even more problematic. But Westermo's support technicians still designed a solution to complete the upgrade by configuring the new network remotely via mobile routers. Anglian Water has now upgraded multiple older pumping stations, improving its capability to monitor and control remotely located stations.

Experts in robust industrial data communication



Production

Westermo's products are mainly manufactured at its plant in Stora Sundby, Sweden. Westermo opened a new extension of this plant in 2020, which freed up space in the production facility, creating room to further increase capacity efficiently. The plant operates according to the IPC A610 standard, and holds ISO 9001 certification, as well as ISO 14001 since January 2021. The business entity also has manufacturing in Bubikon, Switzerland, through acquired subsidiary Westermo Neratec, and Dublin, Ireland, through Virtual Access.

Network solutions

A typical customer in the transportation sector, for example, has extensive infrastructure with a lot of equipment on multiple systems to be controlled and monitored. Digital networks interconnect all resources and ensure that data always arrives at the right node. Many control and monitoring processes are inherently mission critical, which makes robustness and redundant solutions vital for customers. Networks built using Westermo solutions are designed to maximize system lifetimes and reliability, thus creating substantial value for customers.



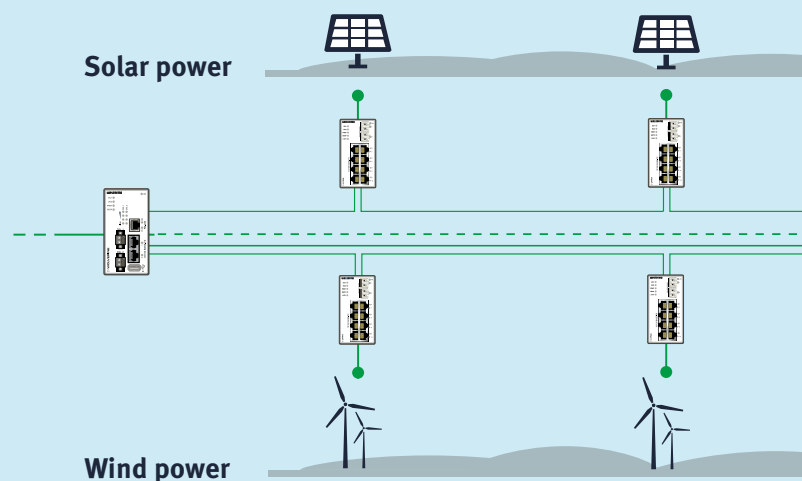
Leading-edge software and hardware

Westermo delivers a broad range of products and solutions, consisting of hardware and software. A growing share of functionality is in software, and with it, customer value. The product portfolio includes various types of Ethernet switches and routers for wired and wireless data communication. Additionally, Westermo has developed a proprietary operating system, We OS, which is embedded in several product ranges. This means a major advantage for customers, because it significantly simplifies network configuration and maintenance. Additionally, a single operating system offers more potential to improve cybersecurity, which is one of Westermo's top priorities. New cybersecurity functionality is being constantly added to WeOS. WeConfig software is a graphical tool that offers customers major savings on the configuration and implementation of complex industrial networks. WeConnect is a solution enabling simple and secure Internet connections to interconnect remote networks.



Solutions and concepts

A growing need to digitalize infrastructure and manufacturing is still driving a technology transition to IP-native network solutions. Ethernet is the simplest and most powerful way to interconnect industrial control and monitoring systems. This offers a raft of benefits, but in simple terms, Ethernet technology can process massive data volumes with high precision. As networks are expected to connect more—and more complex—systems, the demand for network capacity and reliability is rising. Westermo provides world-leading data communication to a raft of sectors. With its expanded product portfolio, more customers in the power distribution and rail infrastructure segments will be able to benefit from Westermo's concept for creating the most robust and reliable data communication solutions for their systems.



Strategy and future



Westermo is retaining its WeGrow strategy for the period 2019-2021, which builds on Westermo's successes in the train segment, and the business entity's current product range. Apart from a continued initiative in train networks, this involves targeted initiatives in network solutions for the rail infrastructure and power distribution segments.

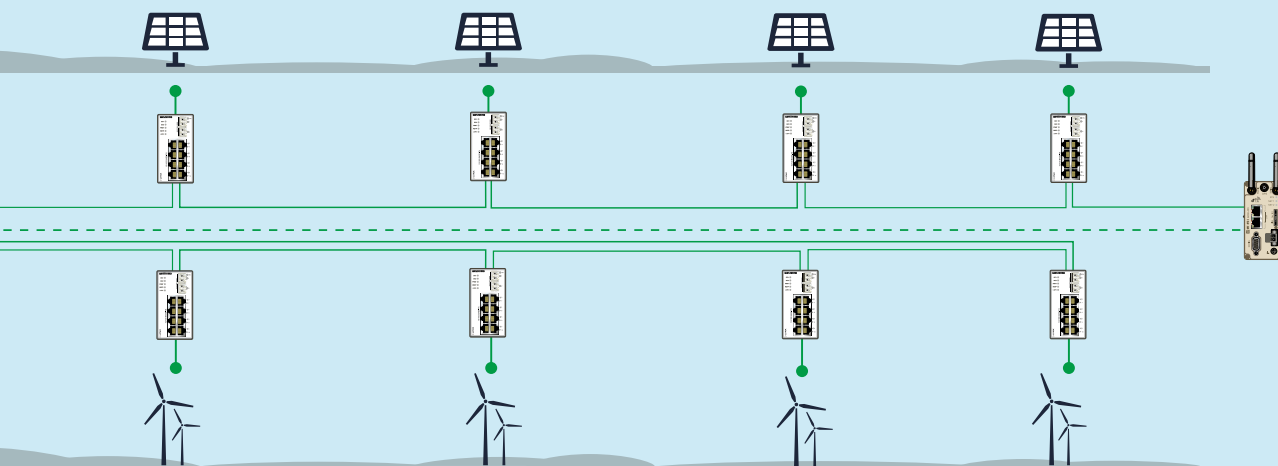
Because of Covid-19, launches in the new segments were delayed as a result of cancelled trade events, customer meetings and travel restrictions. Some technological challenges and a few areas of uncertainty in certification processes also contributed to the delays. Overall, this meant a temporary reduction in development tempo in the year.

However, Westermo is maintaining its level of ambition in future enhancements of the We OS software platform and portfolio of robust network products. In 2021, Virtual Access' offering will be integrated into Westermo's overall product portfolio, and the goal

is to identify more project opportunities with new and existing customers.

Westermo is also investing in improving its service proposition. Its focus is on taking a larger, broad across grasp across Westermo's business by offering customers a range of training, network configuration, fault-finding, customer specific product development, tech support and maintenance services in addition to product sales. These services will be available through SLAs where customers can choose different levels. The second step is the intention to implement license agreements, including upgrades and new software functionality.

The business entity is continuing its work on streamlining its production and supply chains. Current and planned projects include the implementation of a central warehousing solution for Westermo's European customers.



Integration of acquisitions

The integration of recent acquisitions Neratec of Switzerland and Virtual Access of Ireland, is an important component of Westermo's growth strategy, which will advance this grouping's position in product and market terms.

Westermo Neratec

Neratec, acquired in mid-2019, is first in this process, and its integration was fully completed in the second quarter of 2020. The company has changed corporate name to Westermo Neratec AG, gained a new logo and graphical imagery consistent with Westermo's. The implementation of Westermo's ERP system has begun, and will be completed in the first-half-year 2021, which will facilitate management and reporting.

Neratec had a small, in-house salesforce, and the acquisition brought the company global reach, through Westermo's international sales organization. Accordingly, coordinating marketing and sales resources has been a big focus. Westermo's global sales resources have also been trained on Neratec products and services.

The coordination process generated a range of concrete outcomes, one being an order from train builder Stadler for a project in Atlanta, US. This order was for Neratec products worth 3-4 MSEK. Westermo Neratec specializes in WLAN technology, delivering wireless network products focused on reliable and robust communication solutions for trains and rail infrastructure.

The companies also offer combinations of individual company's products, often creating all-new solutions for customers. Fairly large-scale orders were addressed in the year, which may generate orders.



Within product development, the companies have examined new joint projects, but their view is somewhat longer term, because development cycles are fairly long term, and the companies already have production plans in place. In the year, Westermo Neratec launched several new WLAN projects, which combine with 4G under a new product range name—IBEX.

Westermo Neratec made good progress in 2020, and despite Covid-19, exceeded internal sales estimates.



Network solutions for new maglev trains

Max Bögl, one of Germany's largest construction and technology firms, selected Westermo Neratec to create a network solution for its new maglev trains. Max Bögl has developed a solution to satisfy future public transport needs called Transport System Bögl (TSB), a new maglev train, which uses magnetism to hover. Maglev technology is energy-efficient, enabling virtually vibration-free and silent travel. Westermo Neratec has been engaged in the development process to create an extremely robust and reliable data communication solution for the train's on-board control system, on-track signaling and wireless communication in between.

One of the reasons Westermo Neratec was selected was its substantial experience of working with CBTC (Communication Based Train Control), and substantial technical expertise in wired and wireless networks. Test tracks are currently running at Sengenthal Germany, and Chengdu, China.

Virtual Access

Virtual Access was acquired in November 2019, and its integration process had only just begun when the Covid-19 crisis broke out. Covid-19 presented major challenges to the integration, and for Virtual Access' business.

Cancelled meetings and travel, etc. caused deferrals to several integration projects, which were pushed forward. However, on the administrative side, Westermo's ERP system was implemented within Virtual Access. Otherwise, the focus was on training Westermo's global sales resources on Virtual Access' product range.

Virtual Access specializes in wireless industrial routers and gateways, as well as managed connectivity services. Products feature robustness, reliability and cybersecurity. The product range is project oriented and tailored to customers.

One part of the integration process is for Virtual Access to define a more standardized product portfolio that Westermo's sales organization can market and sell globally, on a standalone basis, and combined with Westermo's product range, and this process is continuing. More emphasis will also be put on coordinating procurement and manufacture through 2021.



In sales terms, Virtual Access had a difficult year in 2020, due to factors including its project-oriented business including deferred deliveries and challenges for new business sales due to Covid-19. This meant the company did not achieve its sales targets. But it was able to cut costs, so that despite the circumstances, Virtual Access was able to achieve good profitability, albeit with lower earnings in absolute terms.



Virtual Access' routers expand coverage in Austrian intelligent power grid

E-Steiermark is Austria's fourth largest utility, which needed to install smart metering, and capture data over household usage in the country's southern regions. The project necessitated the installation of routers in various power distribution centers.

Discussions between E-Steiermark, virtual access and Kapsch, its Austrian partner, began in 2016, and spawned an agreement to deliver the GW2027 router model. Virtual Access possesses extensive skills and experience of delivering routers to private sector power distributors, and a platform that virtually eliminates physical visits. Virtual Access' capacity to work closely with the customer on installing an IPv6 network, one of the first in Europe, was another key factor in securing the order.

3,000 routers have been installed to date, and another 1,000 will be on site in 2021.

Business entity

Beijer Electronics

Beijer Electronics' operations were hard-hit by Covid-19 in 2020. Generally lower global demand negatively affected the business entity's order intake and sales. Order intake and sales decreased by some 20% each in the year.

In turn, the reduction in sales values had a negative impact on earnings. Additionally, the product mix was unfavorable because higher-margin markets like the US and Europe were affected by larger demand downturns, while sales in Asia, which have lower margins, increased for the year as a whole. Overall, this affected the gross margin, which combined with reduced sales volume produced lower gross profit.

Beijer Electronics completed the program of measures affecting some 30 employees in the first half-year. This program, and other savings, reduced overheads by 16%, or nearly 50 MSEK, which partly offset lower gross profit. Meanwhile, earnings were charged with structural expenses of 12 MSEK, and increased depreciation and amortization, which means the business entity's full-year EBIT was negative.

The business entity still reported a positive cash flow for 2020. Beijer Electronics did not lose any major accounts—actually securing new ones, but in the current circumstances, it will take some time before they place major orders. Another positive was that shipments to elevator manufacturer Otis went as planned in

the year. The deal with Otis, signed in December 2019, involves the shipment of display solutions worth some 150 MSEK over a three-year period.

The transition to new products and phase-outs of four old product families were completed in the past year. Sales of the X2 series, first launched in 2016, represented 61% of sales in 2020.

On the development side, a major upgrade of iX software was launched, as was a new partner program—UNITED. This program, which has different levels, is designed to enable closer partnerships with customers. For an annual fee, customers gain access to a range of tools and software, upgrades, technical skills and support, consulting services etc.

Beijer Electronics' partnership with the Group's Korenix business entity progressed as planned, and intensified. Sales to Korenix's European customers are managed by Beijer Electronics' sales organization, which is now able to market and sell Korenix products, and a combination of the business entities' product ranges. Coordination of sales in the US and Asia also began and was implemented in 2021. The business entities also coordinated supply chains in Europe and Taiwan, and Korenix' inventory management transferred to Beijer Electronics' European central warehouse.

Beijer Electronics' order intake was 595 MSEK (732). Sales were 599 MSEK (756). EBITDA was 34.2 MSEK (104.9). EBIT was -22.4 MSEK (55.0), equivalent to an EBIT margin of -3.7% (7.3).

“ Our sharper focus on selected market segments combined with an intensified partnership with Korenix highlights our offering in several growth segments, and is making a bigger impression on the market.

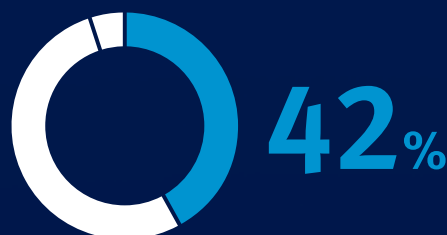
STEFAN LAGER, CEO OF BEIJER ELECTRONICS



Sales in 2020

599 MSEK

Share of Group sales



SEK 000	2020	2019
Sales, total	599,104	756,196
EBITDA	34,230	104,899
EBIT	-22,418	54,953
EBIT margin, %	-3.7	7.3
Share of Group sales, external, %	41.6	48.5



345 employees at year-end

Market and customers

People and technology. Connected.

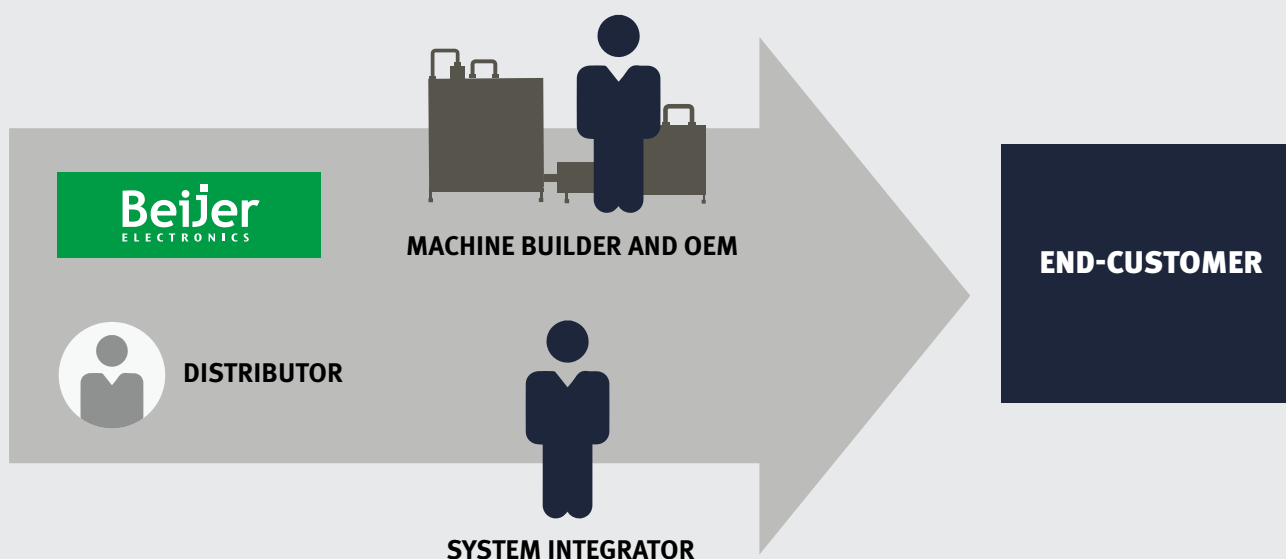
Beijer Electronics' vision is people and technology going hand in hand. The business entity offers the market complete digital solutions for control systems that lie at the core of a wide array of processes across various parts of the economy. These solutions integrate software, hardware and services. The experience and skills of individual Beijer Electronics employees enables the business entity to offer customers the absolutely optimal and most user-friendly solutions. Beijer Electronics is a high-technology company that helps its customers optimize their processes and consolidate their operations with an emphasis on efficiency and security in operations and IT. People and technology going hand in hand means customers get the support and tools they need to secure competitive advantages and achieve their goals in today's digital world.

External analysts value the global market Beijer Electronics addresses at some 36 billion SEK, with estimated yearly growth of 6-7%. The main growth drivers are an increasing need for new software solutions, tracking digital progress. Beijer Electronics' estimated market share is less than 5%.



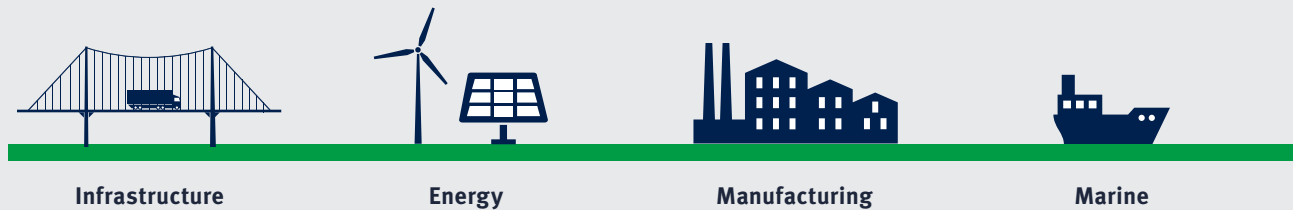
Sales channels

Beijer Electronics' customer base is a mix of sector leaders and specialists. The business entity supports sales through various channels. Its own sales organization on selected markets is supplemented by a network of distributors on certain markets. Customers like system integrators and OEMs use its solutions either themselves, or build them into their own solutions. Brand label customers sell Beijer Electronics products and solutions with their own branding. Beijer Electronics provides consulting, service and support on local markets.



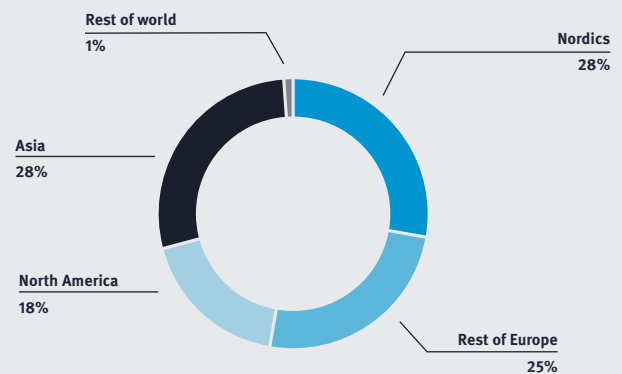
Market segments

Beijer Electronics enjoys strong positioning in an array of market segments. By leveraging its people's skills and experience, Beijer Electronics maximizes various opportunities on the market. To make a bigger impression on the market, Beijer Electronics is prioritizing four segments—infrastructure, energy, manufacturing and marine, with digitalization as the common growth factor.



Customers and sales

Beijer Electronics sells its products, solutions and services to a global base of over 3,000 customers of differing sizes. Its ten largest accounts represented 30% of sales in 2020. The Nordics represented 28% of sales, and the rest of Europe 25%. North America made up 18%, and Asia 28%.



A complete solution for Europe's most state-of-the-art treatment plant

Residual products from pharmaceuticals, micro-plastics and other hazardous microcomponents are a long-term challenge to water treatment. Most water treatment plants cannot process these residual products, and they end up in nature. Stengården, in Simrishamn, south-eastern Sweden, is the first treatment plant of its kind in Europe capable of separating microplastics, and even achieving zero emissions from pharmaceuticals. Beijer Electronics has delivered a complete solution to Stengården consisting of a state-of-the-art software platform consisting of its iX software, BCS Tools Control, X2pro and X2 control panels, as well as Ethernet switches from Korenix. This solution means the plant can monitor, control and interconnect all individual processes, ensuring efficient, optimized operations.

Digital solutions



Developing new digital solutions

Beijer Electronics offers the market software, hardware, services, servicing and support. The business entity devotes significant resources to development. Its proposition includes digitalization, operator communication, advanced automation and display systems. These solutions involve data control, communication, visualization and analysis for mission-critical applications that help optimize customers' business processes.

Beijer Electronics' operator communication offering consists of the upgraded version of iX software, and the X2 series of HMIs. The X2 series has been launched in a sequence of phases since late-2016. The X2 series consist of different product families like X2 base, X2 pro, X2 marine, X2 control, X2 extreme and X2 web. Each of these families has a palette of versions with differing capacities and performance. These new solutions expand the business entity's market, and widen its selection of application segments.

The X2 series represented some 61% of business entity sales in 2020.

Digitalization enables a selection of software and hardware solutions. The acirro+ platform is a solution enabling connection to existing automation equipment, to facilitate secure data transmission from machinery to the cloud. Mobile devices can capture data for monitoring and control.

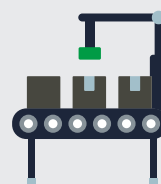
Automation solutions cover a range of software like Codesys and BCS Tools to manage and control various processes. The offering also includes various drive systems like frequency inverters and servo systems.

Display systems consist of tailored, customer-specific solutions for displays, hardware and software.



Expanded service offering

Beijer Electronics launched a partner program—UNITED—in 2020, enabling customer participation at different levels—Premium, Extended & Essential—for an annual fee.



Manufacturing

Beijer Electronics' product manufacture is at its plant in Taipei, Taiwan. Components from carefully selected external suppliers are assembled, and the plant has ISO 9001 and ISO 14001 certification.



Smart Engineering

Smart Engineering helps customers ramp up projects quickly. It involves off-the-shelf software blocks being integrated into specific customer applications. Smart Engineering covers everything from simple apps to complete industrial solutions that the customer can get online installation support. It also means complete solutions are already tested and well-documented on delivery.

Strategy and future

Beijer Electronics is continuing its evolution from a product-oriented enterprise into a corporation focused on customer value. Close customer relationships create in-depth understanding of the customer's challenges, which generates valuable insights. This sharpens the business entity's skills in developing and marketing the software, hardware and services customers want. Beijer Electronics' internal motto—Learn fast. Focus. Accelerate—bring potential to improve and develop skills continuously, as well as improving segment focus and customer orientation.

Digitalization, wireless access and the need for more efficiency are driving demand in all four market segments. New business opportunities are emerging at the interface between operational technology (OT) and information technology (IT), termed edge technology. The trend is towards interconnecting devices, machinery, processes and systems via the Internet, through channels including employing the cloud and integrating data from OT systems with various types of IT system. The needs are shared, but the solutions set industry-specific standards like communication protocols, cybersecurity, certification standards, etc.

The partnership between Beijer Electronics and the Group's Korenix business entity has evolved and intensified. This partnership means Beijer Electronics can offer the market broader-

based and more complete digital solutions. Several joint activities have been executed in strategic segments like sales, supply chains and product development.



Creating customer value

Building on Beijer Electronics' platform in OT and automation solutions, the business entity has extended its market offering with software, products and digitalization services. It focuses on edge technology, which enables customers to create complete digital ecosystems for new and legacy applications.

Beijer Electronics creates further customer value by providing solutions and applications that are central to the development of products and services. Proceeding from the development of standard products, Beijer Electronics' market offering is

supplemented by specific solutions to specific problems, enabling upward migration in the value chain.

Digitalization has progressively shifted the focus to developing more software solutions. The business entity's software solutions cover the whole product portfolio, which reduces complexity, brings user-friendliness and shortens customers' implementation lead-times. Development and sales processes target value-adding solutions that involve revenue models and pricing according to customer value, and repeat yearly revenues.

Business entity

Korenix

Korenix faced tough challenges in 2020 because of Covid-19. Customer demand reduced, and there was some disruption to supply chains. This impacted Korenix, whose sales in 2020 were down on 2019.

The lower sales affected earnings, and Korenix reported a wider loss for the full year. The loss was mitigated by a program of measures introduced in the second quarter, which reduced the employee headcount by 10%. With other savings, overheads were down by 25% in the year. This lower cost level will contribute to earnings in 2021. Korenix also experienced a somewhat more stable market, and some recovery in the fourth quarter compared to previous quarters, and posted positive earnings in the final quarter.

Despite its challenges, Korenix kept its focus on its long-term strategic plan, with continued high product development activity. The backbone of its new product plan is its new platform—the Korenix OS platform—which integrates software and hardware. The software and hardware are modular, which reduces development lead-times, and are easier to implement and maintain. The platform is also interoperable with a growing array of products, and more varied products. The platform offers far more capacity, speed and functionality.

In 2020, Korenix introduced the first products based on its new platform—the JetNet 5200 series. The business entity will be

developing and launching another 30-plus products over the coming years, and in 2021, will also be tailoring existing products to its new platform.

Korenix signed several major contracts and agreements in 2020, with shipments in the coming years. One contract with Tai Power is for the delivery of network equipment for switching centers in the energy sector. Tai Power will be upgrading more than 500 switching centers over a six-year period. Korenix is one of few providers, and the company delivered solutions to four switching centers in 2020.

In Taiwan, the business entity secured three key orders for the control of water treatment plant from the Water Department. In China, Korenix signed four agreements for delivering airport surveillance equipment. It also signed a surveillance project for a city center tunnel in China.

Korenix and the Group's Beijer Electronics business entity took several major steps forward in the strategy on closer and intensified collaboration, initially covering marketing and sales. Beijer Electronics' staff were trained on Korenix's product range in the year. Customers were transferred to Beijer Electronics' sales resources in Europe, and inventory management transferred to Beijer Electronics' European central warehouse. A decision was also taken to extend the collaboration to US and Asian markets, and for wider partnership on procurement.

Korenix's order intake was 89 MSEK (122) in 2020. Sales were 84 MSEK (120). EBITDA was 0.9 MSEK (9.9). EBIT was -12.1 MSEK (-4.3).

“ We launched the first products based on our new platform—the Korenix OS Platform—in 2020. With this platform as our foundation, we will be developing and launching another 30-plus products in the coming years, and adapting existing product offerings in 2021.

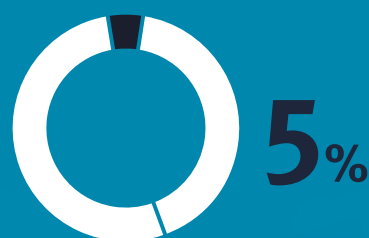
WESLEY CHEN, CEO OF KORENIX



Sales in 2020

84 MSEK

Share of Group sales



SEK 000	2020	2019
Sales, total	83,513	119,880
EBITDA	904	9,918
EBIT	-12,125	-4,330
EBIT margin, %	-14.5%	-3.6
Share of Group sales, external, %	4.9	6.4

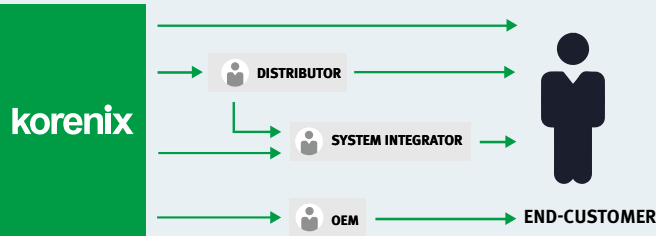


133 employees at year-end

Offering and market

Communication solutions

Korenix provides the market with high-end data communication solutions wirelessly and over Ethernet, in an offering consisting of software and hardware. Korenix primarily focuses on wireless communication solutions for surveillance, security, information and communication systems.



Sales channels

Korenix markets and sells communication solutions through various channels—an in-house sales force, sales through OEM customers, system integrators and distributors. In Taiwan, sales are through Korenix's own sales force. In China, the organization consists of eight distributors and ten key accounts. Sales globally outside Taiwan and China are through a distributor network.

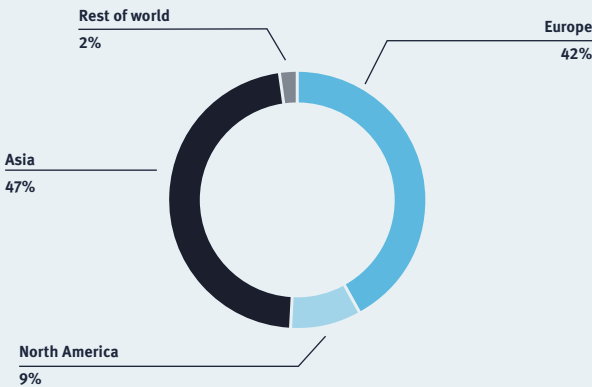
Market segments

The company addresses a number of selected market segments: Infrastructure, with its need for information and communication solutions for buses, trains, subways, tunnels, highways, airports water & wastewater systems, is a priority segment. Energy and power distribution is a second segment. Manufacturing, with automation applications and IIoT (Industrial Internet of Things) solutions is a third. The marine sector of vessels and ships, as well as offshore, is another priority segment.



Sales and customers

Korenix's sales are global. Asia represented 47% of sales in 2020, Europe 42%, North America 9%, and the rest of the world 2%. OEM customers made up 9% of sales, and distributors 38%.



Products and technology

Solutions and concepts

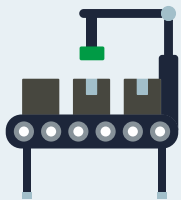
Korenix's communication solutions integrate software and hardware. The hardware includes Ethernet switches, wireless switches, 3G and 4G routers, and combinations of switches and routers, as well as IIoT solutions. Antennas are essential for reach and security. Korenix has a sharp focus on the secure IT solutions.

The business entity is developing a new platform in the period 2019-2021—Korenix OS Platform. Its software and hardware are based on a modular design which reduces lead-time, is more flexible to implement services on, and can be applied to more, and more varied, products. This new platform has significantly enhanced capacity, speed and functionality. The first product



based on the new platform—the JetNet series 5200—was launched in 2020. An automated test schedule has also been implemented, saving significant time in new product testing.

Korenix is marketed under brands including JetWave, JetNet and JetPort, which have differing capacity, performance and functionality.



Production

Korenix's products are manufactured at its plant in Taipei, Taiwan. Its manufacturing process is ISO 9001 certified.



Korenix provides communication solution for Chinese airport

In a tender in 2020, Guiyang Longdongbao International Airport in China selected Korenix's digital communication solution for its runway. This integrated communication solution consists of sophisticated switches that collect data, inter-connecting an array of applications from third-party vendors. Data is captured from cameras and sensors to create a surveillance and security system with embedded alarm systems.

Strategy and future

Korenix plans to develop and launch another 30-plus products based on this new platform. Its current products will be adapted and upgraded for compatibility with the new platform in 2021. With its wider product range, Korenix will be able to deliver more specific solutions in its priority market segments.

Closer partnership between Korenix and the Group's Beijer Electronics business entity began in 2020. The intention is that Korenix will be able to benefit from Beijer Electronics' stronger marketing resources, while Beijer Electronics can expand its

customer proposition. The partnership went to plan and intensified in 2020. Sales to Korenix's European customers are managed by Beijer Electronics' sales resources, which can now fully market and sell Korenix's products, plus a combination of the business entities' product ranges. Coordination of sales in the US and Asia has also been initiated, and is being implemented in 2021. The business entities have also coordinated their supply chains in Europe and Taiwan, while Korenix's inventory management has transferred to Beijer Electronics' European central warehouse.

In contact with our markets

Since 1981, BEIJER GROUP has grown from being a localized technology enterprise in Sweden into a multinational group with operations on major markets worldwide. Our ambition is to be a flexible partner for the Group's customers on any market, providing the local support and services they need.



Distributors

BEIJER GROUP's in-house sales resources are supplemented by a network of carefully selected distributors in some 60 countries. These distributors are skilled technology companies that sell the Group's solutions and broad product range on each market. Over and above sales, distributors offer local servicing and support.



Sales offices

BEIJER GROUP has its own sales and support business spanning 18 countries. Operations are supplemented by sector-specific sales teams that operate across the whole international arena. Local support, servicing and closeness to customers are key cornerstones of the business model.



Production and development

The Group's development centers are in Malmö and Västerås, Sweden, as well as Nürtingen in Germany, Taipei in Taiwan, Bubikon in Switzerland and Dublin in Ireland. Its manufacturing facilities are located in Stora Sundby in Sweden, Taipei in Taiwan, Bubikon in Switzerland and Dublin in Ireland.



Sustainability Report 2020–summary

In 2020, BEIJER GROUP expanded its sustainability work, and the Group is publishing its fourth Sustainability Report. The complete Report is published separately on BEIJER GROUP's website, www.beijergroup.com. The report is summarized in the following sections.

BEIJER GROUP continued to develop its sustainability work in 2020. But Covid-19 impacted the potential to conduct various types of activity, because travel and physical meetings were difficult. The ambition is to return to the previous activity level as soon as circumstances permit.

At an overarching level, the Group manages operations consistent with the UN global sustainable development goals (SDGs). Of these goals, BEIJER GROUP has identified a number that are especially relevant to its business. These are Decent Work and Economic Growth, Industry, Innovation and Infrastructure, Responsible Consumption and Production, as well as Peace and Justice Strong Institutions. Work on linking the business model and strategy more clearly to the SDGs continued in 2020. The mission remains to identify different ways to measure and monitor these goals, combined with the reporting framework relating to GRI Standards.



Vision

BEIJER GROUP's sustainability work should be an integrated and natural part of its operations, and its efforts should be towards sustainable development.



Strategy

Conducting sustainability work responsibly is critical to the company's short and long-term success, while focusing on profitability and long-term shareholder value. Its action should feature high skills levels, good business morals and being aware of its responsibilities.



Commitment

BEIJER GROUP's Group Management has made a number of over-arching strategic commitments that create a framework for managing operations in accordance with its sustainability strategy. At an overall level, BEIJER GROUP intends to manage operations consistent with the UN's SDGs. Its commitments are reviewed in more detail in the complete Sustainability Report.

UN Global Compact

BEIJER GROUP joined the UN Global Compact in June 2018. Prior to joining, the Group was already using the Global Compact as a benchmark for systematic sustainability work. BEIJER GROUP was utilizing the UN Global Compact Self-Assessment Tool to analyze the company's efforts in sustainability, and to identify priority aspects. The Group's Code of Conduct for suppliers is already based on the Ten Principles of the Global Compact, which all suppliers must sign before a business relationship can begin.

The UN Global Compact is a voluntary initiative designed to promote sustainable development and responsible business. By joining, companies demonstrate that they support ten universal principles in the segments of human rights, labor, the environment and anti-corruption. With several thousand participants in 130 countries, the UN Global Compact has become a global initiative with a strong presence worldwide.



Intensifying and evaluating priority segments



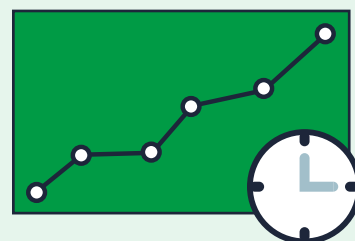
Supplier evaluation

BEIJER GROUP has hundreds of suppliers. The Group's procedures include visiting and assessing key suppliers each year. Other major suppliers not audited annually are visited every second year. Other suppliers are not covered by regular inspections. The segments reviewed and verified are compliance with the Code of Conduct, Working Environment Policy, and Anti-corruption Policy.

Covid-19 impacted work in 2020, because of problems with travel and physical meetings. BEIJER GROUP did not gain any new essential suppliers in 2020. Korenix conducted two audits in the year. In 2020, BEIJER GROUP did not conduct any full audits, but did follow up on non-compliance revealed by the audits conducted in 2019. The ambition is to meet more suppliers and continue audits again during 2021.

Long-term profitability

Profitability is critical to long-term survival in a global and competitive world. Being able to offer the market solutions, products and services that customers really want and need is fundamental. A high-technology company like BEIJER GROUP applies high standards to its priorities. Profitable companies can also attract more skilled people. The Group's sales decreased in 2020 due to the effects of Covid-19, and in turn this impacted EBIT, which was 31 MSEK in 2020, excluding restructuring expenses.



Working environment

Creating a workplace that is a healthy environment mentally and physically is not only desirable from an individual perspective, but also critical to a successful business operation. The pandemic year 2020 was unusual, impacting the working environment. The challenges differed between countries and regions. Many staff worked from home, accentuating the culture of trust in colleagues. Regular surveys of individual staff and managers are important aspects of managing and improving the psychosocial working environment. The outcome of this evaluation revealed that generally, people have a positive perception of their working situation and workplaces. BEIJER GROUP provides its people with a range of education packages and programs to develop their skills and knowledge. Examples of staff training include the working environment, climate and protecting the oceans. BEIJER GROUP has a working environment policy that it applies internally, and to suppliers. The Group evaluates and identifies work-related risks associated with workplaces and employees. There were no serious accidents at work or deaths associated with injuries at work in 2020.



Anti-corruption

BEIJER GROUP works preventatively on countering corruption. The Group's in-house Management program involves education in anti-corruption, ethics and morals. All Management staff will take this training program. The Group also ensures that all staff have read, understood and accepted the Code of Conduct. 100% of managers and staff received the Code of Conduct in the year. This training program is a strong preventative measure against the risk of corruption. Each manager is responsible for monitoring compliance with the company's guidelines.

Energy and climate

BEIJER GROUP agrees that global warming must be limited, in accordance with the UN Paris Agreement. To be part of the global transition to a low-CO₂ economy, in future, BEIJER GROUP will ensure that its products and services are designed and delivered more energy efficiently. To deepen understanding of the climate impact of its products, the Group has conducted a lifecycle analysis of one of the business entity's three biggest-selling products. This analysis indicates that the usage phase and production of raw materials generate most of the product's climate impact. Transportation also has some climate impact. Assembly and manufacture, as well as disposal on obsolescence, have negligible climate impact. In addition to lifecycle analysis, BEIJER GROUP also compiled direct GHG emissions related to production in 2020.



Materials selection in products

The Group's products are designed and manufactured to main good quality and long useful lives, often in harsh environments. Normally, products consist of several hundred components, which may combine thousands of different natural and synthetic materials. The Beijer Electronics business entity publishes Environmental Product Declarations (EPDs) of all items developed in-house. Ten of its product families have EPDs at present. EPDs specify items including materials content, packaging materials, how components and packaging can be recycled, and how to reduce environmental impact during the usage phase. In 2021, the Westermo business entity will continue EPDs, and although it has not yet published EPDs, Korenix has the ambition of doing so in 2021. In 2021, BEIJER GROUP will be reviewing its potential to use more recycled material in products. Firstly, recycled aluminum will be considered. At present, 5% of product constituent materials are recycled materials.



Innovation and new ideas

BEIJER GROUP continuously develops innovative solutions and products to maintain its competitiveness in a sector where the progress in software and hardware is rapid. Innovation and development resources are not only decisive investments in terms of the Group's long-term survival, but they also enable the discovery of new ways to reduce products' climate impact. BEIJER GROUP spent some 189 MSEK (181) on product development in 2020, or 13.1% (11.6) of sales.

Society and commitments

BEIJER GROUP's Green Office strategy involves the Group also working in its communities on raising awareness of sustainable lifestyles, and by participating in a range of activities. Because of the Corona pandemic, the Group had fewer social commitments in 2020, but Korenix still conducted some initiatives in 2020, as did Beijer Electronics in Taiwan.

Activities included help for visually impaired and disabled people on the Eden Social Welfare Foundation. In the year, several Taiwanese employees participated in the Green Challenge Activity.





Financial information

BEIJER GROUP is a technology group that delivers advanced digital solutions for secure machine-machine and human-machine control, monitoring and communication in harsh environments, where reliability and high quality are critical factors.

BEIJER GROUP has a strong presence on expansive markets and segments featuring digitalization. Its offering consists of proprietary and mainly newly developed products, which help create good future prospects and great potential for high and profitable growth.

Products and solutions are sold through proprietary sales units in 18 countries, and via a network of independent distributors in about 60 countries.

The Group is organized into three business entities: Westermo, Beijer Electronics and Korenix. These entities have proprietary product development and manufacture, and global sales responsibility.



Directors' Report

The Board of Directors and Chief Executive Officer of Beijer Electronics Group AB (publ), corporate identity number 556025-1851, hereby present the Annual Accounts and Consolidated Accounts for the financial year 2020. The information in brackets is for the previous year. The Group is referred to as BEIJER GROUP below.

Group operations

BEIJER GROUP's overall strategy is to create profitable growth by developing and acquiring companies with a high level of technological expertise and strong positioning on growth markets. BEIJER GROUP's different holdings should have the capability of achieving minimum yearly organic growth of 10%, and the potential to deliver an EBIT margin of 15%. To achieve its goals, BEIJER GROUP manages its business entities by deploying Group-wide strategies and a strong, collective corporate culture.

The Group provides the market with digital solutions that help customers optimize processes at different levels of their business. Data is captured, controlled, transported, presented and analyzed in interactive and seamless processes. Its offering consists of software, hardware, services and servicing, linking a variety of systems across wired and wireless digital networks, interconnecting a raft of IIoT (Industrial Internet of Things) applications. Solutions are robust to enhance customers' operations, with their focus on efficiency, reliability and IT security. The Group different market segments like infrastructure, transportation and energy. These segments have varying needs that apply differing standards to their solutions.

Proprietary technology and product development is a critical precondition for BEIJER GROUP's competitiveness on the market. The Group has development centers in Sweden, Germany, Taiwan, Switzerland and Ireland. Its products and solutions feature high technology content, quality and user-friendliness.

BEIJER GROUP's revenue model is founded on close partnerships with customers on long-term development projects. Finished products, which integrate hard and software, are built into the customers' complete solutions with lifecycles up towards ten years. This generates repeat and stable revenues for the long term. Future software updates also present an opportunity to expand business.

The Group's vision is to be a leading global supplier of user-friendly and robust digital solutions. Products and solutions from BEIJER GROUP are sold through proprietary sales units in 18 countries, and via a network of independent distributors in a further total of some 60 countries. See also Note 14 for more information on BEIJER GROUP's subsidiaries. Parent company Beijer Electronics Group AB is a holding company with central functions like strategic development, accounting and finance, IT, human resources, quality and environment, as well as communications.

The Group is divided into three business entities: Westermo, Beijer Electronics, and Korenix. These business entities have proprietary product development and manufacture, and global sales responsibility.

Operations in the year

BEIJER GROUP has a strong presence on expansive markets and segments featuring digitalization. With digitalization as its primary underlying driver, the Group is growing organically with investments in infrastructure, transportation and energy, for example. The need for more resource-efficient control and optimization of processes for more sustainability is another contributor to its growing business. For the long term, markets are expanding by at least 10% per year.

Order intake, sales and profit

The Group's order intake amounted to 1,449 MSEK (1,557) in 2020. Sales were 1,438 MSEK (1,559). Sales in the Nordics were 331 MSEK (379), or 23% of Group sales. In the rest of Europe, sales were 579 MSEK (590), or 40% of total sales. In the USA, sales decreased to 168 MSEK (263), corresponding to 12% of sales. In Asia, sales increased by 26% to 333 MSEK (292) or 14% of Group sales. The rest of the world represented some 2% of sales. Proprietary products represented over 90% of the Group's total sales.

EBITDA was 164.3 MSEK (227.2). Depreciation and amortization was 148.5 MSEK (123.8). EBIT was 15.8 MSEK (103.5), equivalent to an EBIT margin of 1.1% (6.6). Earnings were charged with restructuring expenses of 15 MSEK, and excluding restructuring expenses, earnings were 30.8 MSEK, equating to an EBIT margin of 2.1%. EBIT was also negatively impacted by negative currency effects of some 19.8 MSEK.

Profit/loss before tax was SEK -5.8 MSEK (91.8). Net financial income/expense was -21.7 MSEK (-11.7), and was impacted by negative currency effects of 5.6 MSEK. The profit/loss after estimated tax was -6.1 MSEK (65.0). Earnings per share after estimated tax were SEK -0.20 (2.27).

Covid-19—summary of actions

BEIJER GROUP operates globally, and its operations are proprietary development, manufacture and sale in 18 countries. The Group complies with laws, regulations, guidelines and recommendations relating to Covid-19 locally and in each individual country.

For BEIJER GROUP, human health and safety is a top priority. Consequently, it implemented internal measures Group-wide affecting staff and relationships with customers. These included social distancing to reduce the spread of Covid-19 infection. Wherever possible, staff worked remotely, and from home. Social distancing guidelines applied in the workplace. Customer contact was achieved without physical encounters. Meetings, conferences, travel, trade events, etc. were cancelled. The goal was to maintain operations as far as possible.

A number of countries where the Group operates implemented a range of support packages for their business communities. The Group received these various support packages to avoid further staff downsizing. Cost-related support was 7.2 MSEK in the year, with 2.1 MSEK of this in Sweden, consisting of reduced employer's contributions and lower sickness pay expenses. By year-end, the Group had received liquidity support of 14.9 MSEK, of which 4.5 MSEK was deferred payments of taxes and charges, and 10.4 MSEK was direct support.

The AGM 2020 resolved to cancel the dividend for the financial year 2019 as a precautionary measure to safeguard the Group's financial stability for the short and long term. The Group also agreed on an extended credit facility as an additional precautionary measure to ensure a liquidity buffer as required.

Significant events

Through its Westermo business entity, BEIJER GROUP signed a supply agreement with one of the largest train companies in North America, with an estimated value of 80 MSEK. This order is for industrial Ethernet switches to upgrade the customer's whole freight train fleet with data networks for safety and video surveillance systems. Shipments from Westermo will start in 2021.

In March, the Board of Directors decided on a program of measures involving staff downsizing by some 40 employees in the Korenix and Beijer Electronics business entities. Most of these layoffs were in Taiwan, with some in Sweden. The expenses for this program were 15 MSEK, which were charged to earnings for the first quarter of 2020. Estimated savings are 25-30 MSEK in 2020, followed by 40-45 MSEK annualized.

In March, the Board of Directors decided to propose to the AGM 2020 that the dividend for the financial year 2019 would be 0 SEK per share. The previous proposal was 0.50 SEK per share. The Board of Directors' new proposal was a precautionary measure designed to safeguard the Group's financial stability for the short and long term. The Board of Directors also decided to reschedule the AGM from 7 May 2020 to 26 June 2020. This decision is due to more shareholders possibly being able to participate at a postponed AGM. The AGM on 26 June 2020 approved the Board of Directors' proposals.

Pursuant to a resolution by the AGM 2019, BEIJER GROUP has implemented a new share-based incentive program. Its outcome meant the parent company issuing 66,298 class C shares in the first quarter of 2020, in line with the adopted program.

Significant events after the end of the financial year

In January 2021, the Group's Westermo business entity signed a five-year supply agreement worth a minimum of 25 MEUR (250 MSEK-plus) with train manufacturer Alstom. This deal specifies shipments of network equipment through an existing framework agreement between the parties. Alstom is already one of Westermo's key accounts. Shipments will progressively increase in the five-year period from 2021 onwards.

Westermo business entity

Westermo provides mission-critical industrial data communication solutions. In simple terms, these solutions enable data to be transmitted across wired and wireless networks. Reliable data communication is essential for digitalization where different systems are interconnected to enable applications and equipment to be controlled and monitored. These solutions address the civil engineering market and various manufacturing sectors.

Covid-19 featured significantly in Westermo's operations in 2020. Its effects, with lockdowns of whole countries and business sectors, meant reduced economic activity, which impacted the demand for Westermo's products and services. Nevertheless, Westermo was able to report increased order intake and sales for the full year, due to contributions from acquisitions completed in 2019. Sales volumes below plan impacted earnings. Meanwhile, cost savings partly compensated for the loss of gross profit due to lower sales volumes. The 2019 acquisitions of Neratec and Virtual Access made positive contributions to order intake, sales and earnings in 2020. Excluding these acquisitions, order intake and sales were down by 9%. The integration of Neratec was completed in 2020, while the process with Virtual Access will take somewhat longer because of Covid-19, with the cancellation of physical meetings and travel.

Despite the challenges, Westermo was able to maintain operations at a healthy level. The business entity did secure a few major orders in the year, including one worth 80 MSEK for deliveries to a major North American train operator. This order is for industrial Ethernet switches to upgrade the customer's whole goods train fleet with data networks for security and video surveillance systems.

After the end of the reporting period, Westermo signed a supply agreement in January 2021 worth at least 25 MEUR (250

MSEK-plus) over a five-year period with train manufacturer Alstom. This deal specifies the shipment of network equipment under a framework agreement between the parties. Alstom is already one of Westermo's key accounts. Shipments to Alstom's train operation will progressively increase over the five-year period from 2021.

Maintaining the tempo of the business entity's various strategic initiatives was also important. Westermo launched the first product in the next generation of industrial Ethernet switches, new software versions with more functionality, as well as new wireless routers. But initiatives in the power distribution and rail infrastructure segments were limited by prevailing market conditions, and some technical challenges, which delayed progress.

Westermo opened an extension of its facility at Stora Sundby in the year, an expansion that has freed up space in the production plant, now creating room for the further efficient expansion of manufacturing capacity. A new central warehouse is scheduled to come online in 2021. Westermo also introduced new graphical imagery across the whole business entity.

In the year, the business entity also took the initiative to implement a complementary revenue model. Its focus is to take a larger, broader grasp of Westermo's business, by offering customers a portfolio of services like training, configuration, fault-finding and maintenance in addition to software and hardware product sales. These services will be provided through SLAs, or if the customer prefers, as separate assignments. Eventually, Westermo's intention is to introduce licensing agreements with features including upgrades and new software functionality.

Order intake, sales and profit

Westermo's order intake increased by 7% to 779 MSEK (726). Excluding acquisitions, order intake decreased by 8%. Sales increased by 9% to 769 MSEK (705). Adjusted for acquisitions, sales decreased by 9%. EBITDA was 149.9 MSEK (134.3). Depreciation and amortization was 64.0 MSEK (44.8).

Beijer Electronics business entity

Beijer Electronics provides the market with complete digital solutions for control systems that are the core of a wide array of processes in different parts of the economy. Solutions consist of hardware, software and services. Beijer Electronics is a high-technology company that helps customers optimize their processes and strengthen their operations with an emphasis on efficiency and safety of operations and IT.

Beijer Electronics' operations were hard-hit by Covid-19 in 2020. Generally lower global demand negatively affected the business entity's order intake and sales. Order intake and sales decreased by some 20% each in the year.

In turn, the reduction in sales values had a negative impact on earnings. Additionally, the product mix was unfavorable because higher-margin markets like the US and Europe were affected by larger demand downturns, while sales in Asia, which have lower margins, increased for the year as a whole. Overall, this affected the gross margin, which combined with reduced sales volume produced lower gross profit.

Beijer Electronics completed the program of measures affecting some 30 employees in the first half-year. This program, and other savings, reduced overheads by 16%, or nearly 50 MSEK, which partly offset lower gross profit. Meanwhile, earnings were charged with structural expenses of 12 MSEK, and increased depreciation and amortization, which means the business entity's full-year EBIT was negative.

The business entity still reported a positive cash flow for 2020. Beijer Electronics did not lose any major accounts—actually securing new ones, but in the current circumstances, it will take some time before they place major orders. Another positive was that shipments to elevator manufacturer Otis went as planned in the year. The deal with Otis, signed in December 2019, involves the shipment of display solutions worth some 150 MSEK over a three-year period.

The transition to new products and phase-outs of four old product families were completed in the past year. Sales of the X2 series, launched in 2016, represented 61% of sales in 2020.

On the development side, a major upgrade of iX software was launched, as was a new partnering program—UNITED. This program, which has different levels, is designed to enable closer partnerships with customers. For an annual fee, customers gain access to a range of tools and software, upgrades, technical skills and support, consulting services etc.

Beijer Electronics' partnership with the Group's Korenix business entity progressed as planned, and intensified. Sales to Korenix's European customers are managed by Beijer Electronics' sales organization, which is now able to market and sell Korenix products, and a combination of the business entities' product ranges. Coordination of sales in the US and Asia also began and was implemented in 2021. The business entities also coordinated supply chains in Europe and Taiwan, and Korenix' inventory management transferred to Beijer Electronics' European central warehouse.

Order intake, sales and profit

Beijer Electronics' order intake was 595 MSEK (732). Sales were 599 MSEK (756). EBITDA was 34.2 MSEK (104.9). Depreciation and amortization was 56.7 MSEK (50.0). EBIT was -22.4 MSEK (55.0), equivalent to an EBIT margin of -3.7% (7.3). Earnings were charged with restructuring expenses of SEK 12.0 MSEK, and adjusted for these expenses, the business entity reported a loss of -10.4 MSEK.

Korenix business entity

Korenix provides the market with high-end data communication solutions wirelessly and over Ethernet, in an offering consisting of software and hardware. Korenix primarily focuses on segments including wireless communication solutions for surveillance and security. The company addresses a number of selected market segments such as transportation and energy. IIoT solutions linked to automation in the manufacturing and semiconductor industries are other market segments.

Korenix faced tough challenges in 2020 because of Covid-19. Customer demand reduced, and there was some disruption to supply chains. This impacted Korenix, whose sales in 2020 were down on 2019. The lower sales affected earnings, and Korenix reported a wider loss for the full year. The loss was mitigated by a program of measures introduced in the second quarter, which reduced the employee headcount by 10%. With other savings, overheads were down by 25% in the year. This lower cost level will contribute to earnings in 2021. Korenix also experienced a somewhat more stable market, and some recovery in the fourth quarter compared to previous quarters, and posted positive earnings in the final quarter.

Despite its challenges, Korenix kept its focus on its long-term strategic plan, with continued high product development activity. The backbone of its new product plan is its new platform—the Korenix OS platform—which integrates software and hardware. The software and hardware are modular, which reduces development lead-times, and are easier to implement and maintain. The platform is also

interoperable with a growing array of products, and more varied products. The platform offers far more capacity, speed and functionality.

In 2020, Korenix introduced the first products based on its new platform—the JetNet 5200 series. The business entity will be developing and launching another 30-plus products over the coming years, and in 2021, will also be tailoring existing products to its new platform.

Korenix signed several major contracts and agreements in 2020, with shipments in the coming years. One contract with Tai Power is for the delivery of network equipment for switching centers in the energy sector. Tai Power will be upgrading more than 500 switching centers over a six-year period. Korenix is one of few providers, and the company delivered solutions to four switching centers in 2020. In Taiwan, the business entity secured three key orders for the control of water treatment plant from the Water Department. In China, Korenix signed four agreements for delivering airport surveillance equipment. It also signed a surveillance project for a city center tunnel in China.

Korenix and the group's Beijer Electronics business entity took several major steps forward in the strategy on closer and intensified collaboration, initially covering marketing and sales. Beijer Electronics' staff were trained on Korenix's product range in the year. Customers were transferred to Beijer Electronics' sales resources in Europe, and inventory management transferred to Beijer Electronics' European central warehouse. A decision was also taken to extend the collaboration to US and Asian markets, and for wider partnership on procurement.

Order intake, sales and profit

Korenix's order intake was 89 MSEK (122) in 2020. Sales were 84 MSEK (120). EBITDA was 0.9 MSEK (9.9). Depreciation and amortization was 13.0 MSEK (14.2). EBIT was -12.1 MSEK (-4.3). Earnings were charged with restructuring expenses of 1.9 MSEK. Adjusted for these expenses, the business entity reported a loss of SEK -10.2 MSEK.

Investments, cash flow and financial position

The Group's investments including capitalized development expenditure and acquisitions amounted to 82 MSEK (334) in 2020. Cash flow from operating activities was 194 MSEK (183). Equity amounted to 637 MSEK (684). The equity/assets ratio was 34.0% (33.7). Cash and cash equivalents amounted to 121 MSEK (122). Net debt was 682 MSEK (757).

Profitability

Return on equity was -0.9% (9.7). Return on capital employed and net operating assets were 1.3% (7.8) and 1.6% (10.6) respectively.

Human resources

The average number of employees was 790 (773).

Product development

The Group's product development is conducted by all three business entities. Development projects are regularly executed to extend the range of new products and solutions, and enhance the existing offering.

Westermo develops and manufactures robust network products for secure data communication. Development consists of hardware and software. There are development units in Stora Sundby, Sweden, Dublin, Ireland and Bubikon, Switzerland. Beijer Electronics develops hard and software solutions for digitalized management, surveillance

and control, and connection to the cloud for gathering and analyzing data. There are development units in Malmö in Sweden, Nürtingen in Germany and Taipei in Taiwan. Korenix develops hardware and software for wireless and wired data communication focusing on security and surveillance applications. Development is conducted in Taipei, Taiwan.

The Group's total expenditure for development was 188.6 MSEK (181.3), corresponding to 13.1% (11.6) of Group sales.

Currencies

The Group's sales are conducted globally in different currencies. Euro-denominated sales were the equivalent of 641 MSEK, or 45% of total sales. Sales denominated in Swedish kronor were 136 MSEK, in US dollars 313 MSEK, 41 MSEK denominated in Norwegian kroner, 65 MSEK in Chinese yuan, 99 MSEK in UK sterling, and 143 MSEK in other currencies.

Environmental impact

Primarily, the Group's environmental activities focus on the environmental impact of its products. Close collaboration with suppliers is a key driver of environmental work. The company's standard products satisfy the RoHS directive, which prohibits the usage of lead in electrical and electronic products. Operations of several of the units in Sweden are ISO 14001 certified to ensure compliance with applicable standards, and work on environmental issues is structured and contributes to continuous improvement.

Risks

BEIJER GROUP's business is affected by a number of exogenous factors, whose effects on the Group's results of operations and financial position can be controlled to varying degrees.

Business risks like market risks, collaborative agreements, product liability, technological progress and dependency on staff are subject to continual analysis, and where necessary, measures are taken to reduce the Group's risk exposure. The Group has sales and purchasing in foreign currencies and is thus exposed to currency risks. Normally, the Group does not hedge its currency flows. The Group also has some financial risks such as interest risk, liquidity risk and refinancing risk. The Board of Directors sets the rules for risk levels and managing financial risks at various levels in the Group. The goal is to minimize these risks, and clarify responsibility and authority. Following up on rules and their compliance is verified by the individuals responsible and reported to the Board of Directors. Interest-bearing liabilities were 803 MSEK (879) at year-end. Net debt amounted to 682 MSEK (757).

Shares and ownership structure

As of 31 December 2020, the parent company's share capital was 9,617,467 SEK, divided between 28,852,400 shares, of which 28,627,219 ordinary shares and 225,181 class C shares. The minimum share capital is 5,000,000 SEK, and the maximum is 20,000,000 SEK. Each share has a quotient value of 0.33 SEK. Ordinary shares carry one vote, and class C shares carry one-tenth of a vote. Class C shares are not entitled to dividends.

The largest shareholder of Beijer Electronics Group at year-end 2020 was Stena Adactum AB with 29.0% of the votes. Svolder held 15.3% and Nordea Fonder 11.1% of the votes.

In March 2020, the Board of Directors decided to issue 66,298 class C shares with a quotient value of SEK 0.33, in accordance with the authorization of the AGM 2019. The issue was to a financial

institution, and was immediately repurchased by the company. The repurchased class C shares are intended for conversion into ordinary shares on delivery to employees in 2022, pursuant to the terms and conditions of the LTI 2019/2022 incentive program.

The AGM 2020 resolved to authorize the Board of Directors to decide on the new issue of a maximum of 2,860,137 ordinary shares on one or more occasions in the period until the next AGM.

Guidelines for Remuneration of Senior Executives

The Remuneration Committee is appointed by the Board of Directors each year. The Remuneration Committee consults on the Board of Directors' decisions on remuneration of the Chief Executive Officer, and decides on the remuneration of the rest of Management. The Remuneration Committee also consults on proposals for any incentive programs. The principles governing the work of the Remuneration Committee are reviewed in more detail in the Corporate Governance Report on page 90.

Basic salary and variable salary, as well as customary employment benefits, plus pension benefits, are payable to Management. The guidelines for setting remuneration and other employment terms of senior executives for the financial year 2020 were approved by the AGM in June 2020. Remuneration to the Board of Directors and Management in 2020, and a review of incentive programs, is stated in note 6 on page 64-65.

Outlook for 2021

Beijer Electronics Group considers that it has good potential to report better financial results for 2021 than 2020.

Proposed appropriation of profit

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

SEK 000	
Retained profit	290,886
Net profit/loss	-3,049
Total	287,837

The Board of Directors and Chief Executive Officer propose that these funds are appropriated as follows: Dividends of 0 SEK per share to shareholders.

SEK 000	
Total dividend	0
Carried forward	287,837
Total	287,837

If the AGM adopts this proposal, no dividend will be paid for the financial year 2020. The proposal on non-payment of dividends is a precautionary measure in a time of great uncertainty with the worldwide spread of the coronavirus.

The Income Statement and Balance Sheet will be presented to the AGM on 6 May 2021 for adoption.

Consolidated Income Statement

SEK 000	2020	2019	Note
Revenues	1,437,747	1,558,699	2
Cost of goods sold	-724,394	-748,494	3
Gross profit	713,353	810,205	
Sales overheads	-243,630	-297,465	3
Administration overheads	-263,981	-251,809	3.5
Research and development expenses	-187,292	-160,823	3
Other operating revenue and operating expenses	-2,636	3,388	4
Earnings before interest and taxes	15,814	103,496	6.7
Financial income	349	2,331	
Financial expenses	-22,002	-13,986	
Net financial income/expense	-21,653	-11,655	8
Profit/loss before tax	-5,839	91,841	
Tax	-251	-26,869	10
Net profit/loss	-6,090	64,972	
<i>Attributable to equity holders of the parent</i>	<i>-5,647</i>	<i>64,954</i>	
<i>Attributable to non-controlling interests</i>	<i>-443</i>	<i>18</i>	
<i>Basic earnings per share, SEK</i>	<i>-0.20</i>	<i>2.27</i>	30
<i>Diluted earnings per share, SEK</i>	<i>-0.20</i>	<i>2.25</i>	

Statement of Comprehensive Income

SEK 000	2020	2019
Net profit/loss	-6,090	64,972
Other comprehensive income:		
Items not reclassifiable to profit or loss		
Restatement of net pension obligations	6,738	-42,099
Tax related to above items	-302	8,666
Items potentially reclassifiable to profit or loss		
Translation differences	-60,958	15,076
Net investment hedge effects	9,835	3,577
Tax related to above items	351	-1,949
Comprehensive income for the year	-50,426	48,243
<i>Attributable to equity holders of the parent</i>	<i>-49,754</i>	<i>47,827</i>
<i>Attributable to non-controlling interests</i>	<i>-672</i>	<i>416</i>

Consolidated Balance Sheet

SEK 000	31 Dec. 2020	31 Dec. 2019	Note
ASSETS			
Fixed assets			
Property, plant and equipment	96,110	99,706	11
Right-of-use assets	98,798	104,209	12
Intangible assets	1,033,016	1,088,490	13
Long-term receivables	7,255	3,262	15
Deferred tax assets	53,610	49,867	21
Total fixed assets	1,288,789	1,345,534	
Current assets			
Inventories	212,601	214,810	17
Accounts receivable	208,382	303,954	18
Income taxes recoverable	11,658	12,177	
Other receivables	24,627	26,448	18
Prepaid expenses and accrued income	17,144	17,441	18
Cash and cash equivalents	120,719	121,903	
Total current assets	595,131	696,733	
Total assets	1,883,920	2,042,267	
EQUITY AND LIABILITIES			
Equity			
Share capital	9,617	9,595	
Other paid-up capital	239,008	239,084	
Reserves	93,730	141,685	
Accumulated profit or loss	294,837	294,070	
Equity attributable to equity holders of the parent	637,192	684,434	
Equity attributable to non-controlling interests	3,577	4,249	
Total equity	640,769	688,683	
Long-term liabilities			
Borrowings	406,276	416,109	19
Lease liabilities	62,501	69,598	12
Other long-term liabilities	99,436	97,732	28
Pension provisions	168,474	169,711	20
Deferred tax liabilities	59,044	56,478	21
Other provisions	8,153	6,776	22
Total long-term liabilities	803,884	816,404	
Current liabilities			
Borrowings	118,951	187,353	19
Lease liabilities	37,408	36,084	12
Customer advances	824	2,171	
Accounts payable-trade	105,548	126,088	
Tax liabilities	7,855	6,854	
Other liabilities	34,120	25,842	28
Accrued expenses and deferred income	134,561	152,788	23
Total current liabilities	439,267	537,180	
Total liabilities	1,243,151	1,353,584	
Total equity and liabilities	1,883,920	2,042,267	

Information on the Group's pledged assets and contingent liabilities is in Note 25.

Consolidated Statement of Changes in Equity

SEK 000	Attributable to equity holders of the parent					Non-controlling interests	Total equity
	Share capital ^a	Other paid-up capital	Reserves	Accumulated profit or loss ^a	Total		
Opening equity, 1 Jan. 2019	9,545	239,163	122,977	281,203	652,888	3,847	656,735
Adjustment on transition to IFRS 16				-4,303	-4,303	-14	-4,317
Net profit				64,954	64,954	18	64,972
Restatement of net pension obligations				-33,433	-33,433		-33,433
Hedging of net investment			2,811		2,811		2,811
Translation differences			13,495		13,495	398	13,893
Comprehensive income	9,545	239,163	139,283	308,421	696,412	4,249	700,661
Transactions with shareholders							
Paid-up capital after deducting for transaction expenses	50	-79			-29		-29
Re-purchase of treasury shares				-50	-50		-50
Dividends				-14,301	-14,301		-14,301
Acquisitions					0		0
Share-based payment			2,402		2,402		2,402
Closing equity, 31 Dec. 2019	9,595	239,084	141,685	294,070	684,434	4,249	688,683

SEK 000	Attributable to equity holders of the parent					Non-controlling interests	Total equity
	Share capital ^a	Other paid-up capital	Reserves	Accumulated profit or loss ^a	Total		
Opening equity, 1 Jan. 2020	9,595	239,084	141,685	294,070	684,434	4,249	688,683
Adjustment on transition to IFRS 16					0		0
Net profit				-5,647	-5,647	-443	-6,090
Restatement of net pension obligations				6,436	6,436		6,436
Hedging of net investment			7,731		7,731		7,731
Translation differences			-58,274		-58,274	-229	-58,503
Comprehensive income	9,595	239,084	91,142	294,859	634,680	3,577	638,257
Transactions with shareholders							
Paid-up capital after deducting for transaction expenses	22	-76			-54		-54
Re-purchase of treasury shares				-22	-22		-22
Dividends					0		0
Acquisitions					0		0
Share-based payment			2,588		2,588		2,588
Closing equity, 31 Dec. 2020	9,617	239,008	93,730	294,837	637,192	3,577	640,769

^a28,852,400 shares (28,786,102) with a quotient value of 0.33 SEK (0.33).

No. of shares, 1 Jan. 2019	28,636,036	New class C shares issued	66,298
New class C shares issued	150,066	No. of shares, 31 Dec. 2020	28,852,400
No. of shares, 31 Dec. 2019	28,786,102	Ordinary shares	28,627,219
		Class C shares, 1/10 vote	225,181
		Total	28,852,400

^aIncluding net profit.

Consolidated Cash Flow Statement

SEK 000	2020	2019	Note
Operating activities			
Profit before tax	-5,839	91,841	
Adjustments for non-cash items, etc.	164,353	130,161	27
Tax paid	-8,926	-17,337	
Cash flow from operating activities before changes in working capital	149,588	204,665	
<i>Cash flow from changes in working capital</i>			
Increase (-)/decrease (+) in inventories	-5,473	-18,329	
Increase (-)/decrease (+) in trade receivables	80,301	49	
Increase (+)/decrease (-) in trade liabilities	-30,126	-3,125	
Cash flow from operating activities	194,290	183,260	
Investing activities			
Investments in intangible assets	-59,177	-64,481	
Investments in property, plant and equipment	-22,754	-32,951	
Acquisition of subsidiary	0	-245,794	
Sale of property, plant and equipment	0	8,268	
Sale of other financial assets	0	1,213	
Cash flow from investing activities	-81,931	-333,745	
Financing activities			
Proceeds from issue of shares	22	50	
Transaction expenses for new share issues and share re-purchase	-76	-79	
Re-purchase of treasury shares	-22	-50	
Change in overdraft facility	-75,056	112,652	
Borrowings	15,785	156,159	
Loan amortization	0	-40,000	
Amortization of lease liability	-41,939	-39,046	
Dividend paid to equity holders of the parent	0	-14,301	
Cash flow from financing activities	-101,286	175,385	
Cash flow for the year	11,073	24,900	
Cash and cash equivalents at beginning of year	121,903	94,488	
Exchange difference in cash and cash equivalents	-12,257	2,515	
Cash and cash equivalents at end of year	120,719	121,903	27
Free cash flow	70,420	46,781	

Parent Company Income Statement

SEK 000	2020	2019	Note
Revenues	35,210	33,931	26
	35,210	33,931	
Operating expenses			
Sales and administration overheads	-68,245	-69,036	5,6,7,27
Earnings before interest and taxes	-33,035	-35,105	
Profit from financial items			
Profit from participations in associated companies	0	213	8
Profit/loss from other securities and receivables classified as fixed assets	-10,507	4,004	8
Interest income, etc.	7,597	6,454	8
Interest expenses, etc.	-13,320	-10,762	8
Profit/loss after financial items	-49,265	-35,196	
Appropriations	48,200	68,400	9
Profit/loss before tax	-1,065	33,204	
Tax on profit for the year	-1,984	-8,201	10
Profit/loss and comprehensive income for the year	-3,049	25,003	

Parent Company Balance Sheet

SEK 000	31 Dec. 2020	31 Dec. 2019	Note
ASSETS			
Fixed assets			
Intangible assets	12,074	19,066	13
Property, plant and equipment	525	548	11
Financial assets			
Participations in Group companies	557,572	555,149	14
Receivables from Group companies	338,465	402,051	16
Deferred tax assets	3,730	3,633	
Total financial assets	899,767	960,833	
Total fixed assets	912,366	980,447	
Current assets			
Current receivables			
Receivables from Group companies	55,601	72,882	
Income taxes recoverable	973	958	
Other receivables	616	185	
Prepaid expenses and accrued income	8,978	7,451	18
Total current receivables	66,168	81,476	
Cash and bank balances	1,166	1,166	
Total current assets	67,334	82,642	
Total assets	979,700	1,063,089	

SEK 000	31 Dec. 2020	31 Dec. 2019	Note
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital ^a	9,617	9,595	
Statutory reserve	79	1,244	
Reserve for development expenditure	5,720	5,720	
Total restricted equity	15,416	16,559	
Non-restricted equity			
Retained earnings	290,886	261,258	
Net profit	-3,049	25,003	
Total non-restricted equity	287,837	286,261	31
Total equity	303,253	302,820	
Provisions			
Pension provisions	12,077	10,425	
Total provisions	12,077	10,425	
Long-term liabilities			
Borrowing	406,276	416,109	19
Liabilities to Group companies	115,995	120,722	
Total long-term liabilities	522,271	536,831	
Current liabilities			
Borrowing	112,208	184,890	19
Accounts payable	5,679	4,169	
Liabilities to Group companies	10,020	11,576	
Tax liabilities	942	0	
Other liabilities	471	495	
Accrued expenses and deferred income	12,779	11,883	23
Total current liabilities	142,099	213,013	
Total equity and liabilities	979,700	1,063,089	

Information on the parent company's pledged assets and contingent liabilities is in Note 25.

^aThe number of shares in the company is 28,852,400 (28,786,102), of which 225,181 (184,723) are class C shares, each with 1/10 vote and the remainder are ordinary shares, each with 1 vote.

Parent Company Statement of Changes in Equity

SEK 000	Restricted equity			Non-restricted equity		Total equity
	Share capital ^a	Statutory reserve	Reserve for development expenditure	Accumulated profit or loss	Net profit	
Opening equity, 1 Jan. 2019	9,545	1,244	7,572	271,437		289,798
Change in reserve for development expenditure			-1,852	1,852		
Net profit					25,003	25,003
Total changes to net worth, exc. transactions with company's shareholders	9,545	1,244	5,720	273,289	25,003	314,801
Paid-up capital with deduction for transaction expenses	50			-79		-29
Repurchase of treasury shares				-50		-50
Dividends				-14,301		-14,301
Share-based payment				2,399		2,399
Closing equity, 31 Dec. 2019	9,595	1,244	5,720	261,258	25,003	302,820

SEK 000	Restricted equity			Non-restricted equity		Total equity
	Share capital ^a	Statutory reserve	Reserve for development expenditure	Accumulated profit or loss	Net loss	
Opening equity, 1 Jan. 2020	9,595	1,244	5,720	286,261		302,820
Change in reserve for development expenditure			-1,165	1,165		
Net loss					-3,049	-3,049
Total changes to net worth, exc. transactions with company's shareholders	9,595	1,244	4,555	287,426	-3,049	299,771
Paid-up capital with deduction for transaction expenses	22			-76		-54
Repurchase of treasury shares				-22		-22
Share-based payment				3,558		3,558
Closing equity, 31 Dec. 2020	9,617	1,244	4,555	290,886	-3,049	303,253

^a	2020	2019
No. of ordinary shares	28,627,219	28,601,379
Quotient value (SEK)	0.33	0.33
Votes per share	1	1
No. of class C shares	225 181	184 723
Quotient value (SEK)	0.33	0.33
Votes per share	0.1	0.1

Parent Company Cash Flow Statement

SEK 000	2020	2019	Note
Operating activities			
Profit/loss after financial items	-49,265	-35,196	
Adjustments for non-cash items, etc.	10,405	6,214	27
Tax paid	-1,054	-1,000	
Cash flow from operating activities before changes in working capital	-39,914	-29,982	
<i>Cash flow from changes in working capital</i>			
Increase (-)/decrease (+) in trade receivables	63,523	23,484	
Increase (+)/decrease (-) in trade liabilities	2,180	-2,978	
Cash flow from operating activities	25,789	-9,476	
Investing activities			
Investments in intangible assets	-702	-8	
Investments in property, plant and equipment	-191	-281	
Investments/amortization of financial assets	52,589	-239,584	
Cash flow from investing activities	51,696	-239,873	
Financing activities			
Proceeds from issue of shares	22	50	
Transaction expenses for new share issues and share re-purchase	-76	-79	
Purchase of treasury shares	-22	-50	
Change in overdraft facility	-72,682	110,241	
Borrowings	0	156,159	
Increase of financial liabilities	-4,727	37,329	
Loan amortization	0	-40,000	
Dividend paid	0	-14,301	
Cash flow from financing activities	-77,485	249,349	
Cash flow for the year	0	0	
Cash and cash equivalents at beginning of year	1,166	1,166	
Cash and cash equivalents at end of year	1,166	1,166	27

Note 1

Accounting Policies

(A) General information

Beijer Electronics Group AB and its subsidiaries form a multinational group that develops, markets and sells products and solutions in industrial automation and data communication. Beijer Electronics Group AB is registered in Sweden and has its registered office in Malmö. The address of the head office is Box 426, Stora Varvsgatan 13 A, 201 24 Malmö, Sweden. The company is listed on the Nasdaq OMX Nordic Stockholm Small Cap List.

The most important accounting policies applied when preparing these Consolidated Accounts are stated below. These policies have been applied consistently for all years presented, unless otherwise stated.

Basis of preparation of the financial statements

The Consolidated Accounts have been prepared in accordance with the Swedish Annual Accounts Act, RFR 1 Supplementary Accounting Regulations for Groups and IFRS (International Financial Reporting Standards), as well as IFRIC interpretations as endorsed by the EU. The Consolidated Accounts have been prepared in accordance with the cost method with the exception of financial assets and liabilities measured at fair value through profit or loss.

Introduction of new and revised accounting policies

(i) New and amended standards

There are no standards or interpretations that came into effect in 2020 that had any material impact on the consolidated financial statements.

(ii) New and amended standards not yet applied by the Group

A number of new standards and interpretations come into effect for financial years beginning after 1 January 2021 or later, and have not been applied in the preparation of these financial statements. These new standards and interpretations are not expected to have any material impact on the consolidated financial statements in current or future periods, nor on future transactions.

(B) Basis of preparation of the parent company and consolidated accounts

The parent company's functional currency is Swedish krona (SEK), which is also the presentation currency of the parent company and the Group. This implies that the financial statements are presented in SEK. All amounts, unless otherwise indicated, have been rounded to the nearest SEK 000.

The Group's accounting policies outlined below have been applied consistently to all periods presented in the Consolidated Accounts, unless otherwise indicated below. The Group's accounting policies have been applied consistently to reporting and the consolidation of the parent company, subsidiaries and associated companies. The Annual Accounts and Consolidated Accounts were approved for issuance by the Board of Directors on 22 March 2021. The Consolidated Income Statement and Balance Sheet and the Parent Company Income Statement and Balance Sheet will be subject to adoption at the Annual General Meeting (AGM) on 6 May 2021.

(C) Estimates and judgements

Preparing the financial statements in accordance with IFRS requires that the company management makes judgments and estimates as well as assumptions that influence the application of the accounting policies and the reported amounts of assets, liabilities, revenue and expenses. The estimates and assumptions are based on historical experiences and a number of other factors that appear reasonable in the prevailing circumstances. The result of these estimates and assumptions are then used to assess the carrying amounts of assets and liabilities that would otherwise not be clearly apparent from other sources. Actual outcomes may differ from these estimates and judgments.

The estimates and assumptions are reviewed regularly. Changes to estimates are reported in the period the change was made if the change affects this period only, or in the period the change is made and future periods if the change affects both the relevant period and future periods.

The estimates and assumptions that imply a material risk of material restatements of carrying amounts of assets and liabilities in the following financial year are summarized below.

(i) Impairment tests of goodwill

The Group tests annually whether goodwill is impaired in accordance with the accounting policy reviewed in the section (L) Intangible assets (i) Goodwill. The recoverable amount of cash-generating units has been measured by computing value in use. These calculations require the use of estimates. (Note 13).

(ii) Taxes

The Group is subject to income and other taxes in several jurisdictions. Significant judgment is required in measuring the worldwide provision for income taxes. There are many transactions and computations for which the ultimate tax determination is uncertain. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts initially recorded, such differences impact the current and deferred tax assets and liabilities in the period in which such measurement is conducted.

(iii) Pension obligations

The present value of pension obligations is dependent on a number of factors that are measured on an actuarial basis with the aid of a number of assumptions. The assumptions used when determining the net cost (revenue) of pensions include the discount rate. Any changes in these assumptions will impact the carrying amounts of pension obligations.

The Group determines the applicable discount rate at the end of each reporting period. This is the interest rate applied to determine the present value of estimated future payments that are expected to be required to settle the Group's pension obligations. When determining an appropriate discount rate for the Group's Swedish pension obligations, the Group obtains a yield curve based on average

mortgage bonds on Nasdaq and the duration of obligations from PRI Pensionsgaranti. The Group computes the discount rate from this information. For defined benefit plans in Taiwan, the yield on an investment grade corporate bond has been applied. For more information and a sensitivity analysis, see note 20 Provisions for pensions and similar obligations.

(D) Segment reporting

Operating segments are reported in a manner that is consistent with internal reporting as submitted to the chief operating decision-maker. The chief operating decision-maker is the function that is responsible for allocating resources and assessing the results of operating segments. In the Group, this function has been identified as the management team.

(E) Classification etc.

Essentially, parent company and consolidated fixed assets and long-term liabilities are amounts expected to be recovered or paid after more than 12 months from the reporting date only. Essentially, parent company and consolidated current assets and current liabilities are amounts expected to be recovered or paid within 12 months of the reporting date only.

(F) Principles of consolidation

(i) Subsidiaries

Subsidiaries are companies that Beijer Electronics Group AB exerts a controlling influence over. The Group has a controlling influence over a company when it is exposed, or entitled, to variable returns on its holdings in the company and can influence these returns through its controlling influence over the company.

Subsidiaries are reported in accordance with acquisition accounting, which means that the acquisition of a subsidiary is treated as a transaction whereby the Group indirectly acquires a subsidiary's assets and takes over its liabilities and contingent liabilities. The consolidated cost is determined through an acquisition analysis related to the acquisition. This analysis partly determines the cost of the shares or operation, partly the fair value of the acquired identifiable assets at the acquisition date, and liabilities and contingent liabilities taken over. Non-controlling interests in the acquired company are recognized at fair value.

The cost of the subsidiary shares and operations is the fair value at the transfer date of assets, liabilities that have arisen or have been taken over, and issued equity instruments submitted as payment in exchange for the acquired net assets. Transaction expenses are recognized in profit or loss. For business combinations where the cost exceeds the net value of the acquired assets and liabilities taken over and contingent liabilities, the difference is reported as goodwill. The Group applies the full goodwill valuation method for the reporting of goodwill. When negative, the difference is recognized directly in profit or loss.

In step acquisitions, the previous equity participations in the acquired entity are restated at fair value on acquisition. Any profit or loss resulting from the restatement is recognized in profit or loss.

Each conditional purchase price to be transferred by the Group is recognized at fair value on acquisition. Subsequent changes to fair value of a conditional purchase price classified as an asset or liability are recognized in accordance with IFRS 9, either in the Income Statement or other comprehensive income. Conditional purchase price classified as equity is not restated, and subsequent settlement is recognized in equity.

Subsidiary financial statements are included in the Consolidated Accounts from acquisition date to the date the controlling influence ceases.

The accounting policies for subsidiaries have, where applicable, been amended to guarantee the consistent application of the Group's policies.

(ii) Changes in participating interest in a subsidiary without change of control

Transactions with non-controlling interests that do not result in loss of control are recognized as equity transactions—i.e. as transactions with shareholders in their capacity as owners. In acquisitions from non-controlling interests, the difference between fair value of the purchase price paid and the actual acquired share of the carrying amount of subsidiary net assets is recognized in equity. Gains and losses on sales to non-controlling interests are also recognized in equity.

(iii) Sale of subsidiaries

When the Group no longer has a controlling influence, each remaining holding is stated at fair value at the time when control is lost. The amendment in carrying amount is recognized in the Income Statement. The fair value is used as the first-time carrying amount and is the basis for continued recognition of the remaining holding as an associated company, joint venture or financial asset. All amounts relating to the disposed entity previously recognized in other comprehensive income are reported as if the Group had directly disposed of the related assets or liabilities. This may result in amounts previously recognized in other comprehensive income being reclassified to profit or loss.

(iv) Transactions eliminated on consolidation

Intra-group receivables and liabilities, revenues or expenses and unrealized profits or losses that arise from intra-group transactions between Group companies are wholly eliminated when preparing the Consolidated Accounts.

Unrealized profits that occur from transactions with associated companies and jointly controlled companies are eliminated to the extent corresponding to the Group's participating interest in the company. Unrealized losses are eliminated in the same way as unrealized profits, but only to the extent that there is no indication of value impairment.

(G) Foreign currency

(i) Transactions and Balance Sheet items

Foreign currency transactions are translated to functional currency at the rate of exchange ruling on the transaction date. The functional

currency is the currency in the primary economic environments where the company conducts business. Foreign currency monetary assets and liabilities are translated to functional currency at the closing day rate. The exchange rate differences occurring from translation of trade assets and liabilities, such as accounts receivable and accounts payable, are recognized in EBIT. Other exchange rate differences are recognized as a financial income or financial expense in the Income Statement.

(ii) Financial statements of foreign operations

Assets and liabilities of foreign operations, including goodwill and other consolidated surplus values and deficits, are translated from the functional currency of the foreign operations to the Group's presentation currency, Swedish kronor, at the closing day rate. Income and expenses of foreign operations are translated to Swedish kronor at an average rate of exchange, which is an approximation of the rates of exchange at each transaction date. Translation differences occurring coincident with translation of foreign operations are reported directly against other comprehensive income as a translation reserve.

(H) Revenues

(i) Sale of goods and performing service assignments

The Group's revenue mainly consists of the sale of goods, and a small share of services. For more information on the allocation of revenue, see note 2. Revenues are measured at the fair value of what has been received or will be received, and correspond to the amount received for goods and services sold after deducting for discounts, returns and value-added tax. Revenue is recognized in the Income Statement when control over the goods and services has transferred to the buyer. Revenues are not recognized if it is likely that the economic benefits will not flow to the Group. If there is significant uncertainty regarding payment, the associated costs or risk of returns, and if the seller retains an obligation in ongoing management usually associated with ownership, revenue is not recognized.

(I) Financial income and expenses

Financial income and expenses are interest income on bank balances, receivables and interest-bearing securities, interest expenses on loans and lease liabilities, dividend income and realized and unrealized exchange rate differences on finance or investments in foreign currency. Interest income is recognized as revenue allocated over the term by applying the effective interest method. Dividend income is recognized when the right to receive payment is verified.

(J) Financial instruments

(i) Classification

Pursuant to IFRS 9, the Group classifies financial assets into the following categories:

- financial assets measured at fair value through profit or loss
- financial assets measured at amortized cost

(ii) Measurement

Financial assets are initially measured at fair value, plus in those cases where the asset is not recognized at fair value through profit or loss, transaction expenses directly related to purchase. Transaction expenses related to financial assets recognized at fair value through profit or loss are expensed directly in the Income Statement.

Subsequent measurement of investments in debt instruments is due to the Group's business model for treatment of the asset and the class of cash flow the asset gives rise to. The Group classifies its investments in debt instruments in two measurement categories:

- Amortized cost: assets held with the aim of collecting contractual cash flows and where these cash flows only consist of principals and interest, are measured at amortized cost. Interest income from such financial assets is recognized as financial income by applying the effective interest method. Gains and losses occurring on derecognition from the Balance Sheet are recognized directly in profit or loss within other gains and losses jointly with exchange gains and losses. Impairment losses are recognized on a separate line of the Income Statement.
- Fair value through profit or loss: assets not satisfying the requirements for recognition at amortized cost or fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss for a debt instrument recognized at fair value through profit or loss, and that is not part of the hedging relationship, is recognized in the Income Statement in the period the gain or loss occurs.

(iii) Impairment

The Group measures expected future credit losses related to investments in debt instruments recognized at amortized cost based on future-oriented information. The Group designates its reserve method based on whether a material increase in credit risk has occurred or not.

Pursuant to the provisions of IFRS 9, the Group applies a practical expedient for impairment tests of accounts receivable. This practical expedient means that the reserve for expected credit losses is computed based on the loss risk for the whole receivable's term and recognized on first-time recognition of the receivable.

(iv) Cash and cash equivalents

Cash and cash equivalents are cash and immediately available receivables with banks and similar institutions plus short-term liquid investments with a term from the time of acquisition not exceeding three months that are subject to only a negligible risk of value fluctuations.

(v) Accounts receivable

Accounts receivable are initially recognized at fair value and subsequently measured at amortized cost by applying the effective interest method, less any provision for impairment.

(K) Property, plant and equipment

Property, plant and equipment are reported as assets in the Balance Sheet if it is likely that future economic rewards will flow to the company, and the cost of the asset can be reliably measured.

Property, plant and equipment are reported at cost in the Group less accumulated depreciation and any impairment. The purchase price and costs directly attributable to the asset to bring it to the place and condition to be utilized in accordance with the purpose of the acquisition are included in the cost. Examples of directly attributable expenses included in costs are expenses for delivery and processing, installation, registration, consulting and legal services. The accounting policies for impairment are stated below.

Property, plant and equipment that consist of components with differing useful lives are treated as separate components of property, plant and equipment.

The carrying amount of property, plant and equipment is derecognized from the Balance Sheet on obsolescence or disposal, or when no future economic rewards are expected from usage or obsolescence/ disposal of the asset. Gains or losses occurring from the disposal or obsolescence of an asset are the difference between the sales price and the asset's carrying amount less deductions for direct selling expenses. Gains and losses are reported as other operating revenue/expenses.

(ii) Additional expenditure

Additional expenditure is added to cost only if it is likely that the future economic rewards associated with the asset will flow to the company, and the cost can be reliably measured. All other additional expenditure is reported as an expense in the period it occurs.

When additional expenditure is added to cost, it is decisive whether this expenditure relates to the exchange of identifiable components, or parts of components, whereupon such expenditure is capitalized. In those cases when new components are created, expenditure is also added to cost. Any un-depreciated carrying amounts of exchanged components, or parts of components, are subject to obsolescence and expensed at exchange. Repairs are expensed continuously.

(iii) Depreciation principles

Depreciation is on a straight-line basis over the estimated useful life of an asset; land is not depreciated. The Group utilizes component depreciation, which means that the assessed useful lives of components are the basis for depreciation. Estimated useful lives:

Buildings, real estate used in business operations	5–60 years
Machinery and other plant	3–12 years
Equipment, tools fixtures and fittings	2–8 years

Real estate used in business operations has a number of components with differing useful lives. The main division is between buildings and land. No depreciation is affected on the land component, whose useful life is considered indefinite. However, buildings have several components whose useful lives vary.

The useful lives of these components have been assessed to vary between 5 and 60 years.

The following main groups of components have been identified and form the basis for depreciation on buildings:

Building decorations, China	5 years
Other real estate components	25–60 years

The residual value and useful life of an asset is estimated yearly.

(L) Right-of-use assets and leases

This note provides information on arrangements where the Group is a tenant or lessee. The term leases also applies to rental contracts below. Effective 1 January 2019, lease arrangements are recognized as right-of-use assets and a corresponding liability, on the date the leased asset is available for use by the Group.

The Group leases various offices, storage premises, machinery and vehicles. Leases are normally signed for predetermined periods of between 6 months and 20 years, although there may be extension options, as described below.

Assets and liabilities that arise from lease arrangements are initially recognized at present value. Lease liabilities include the present value of the following lease payments:

- Fixed payments (including in-substance fixed), after deducting for any benefits that will be received on signing the lease
- Variable lease payments due to indexation or pricing, initially measured using indexation or a price on the start date
- Amounts expected to be paid by the lessee according to residual value guarantees
- The exercise price of an option to purchase if the Group is reasonably certain of exercising such option
- Penalties payable on cancelling the lease, if the lease term reflects the Group exercising an option to cancel the lease

Lease payments that will be made for reasonably certain extension options are also included in measurement of the liability.

Lease payments are discounted by the implicit interest rate of the lease. If this interest rate cannot be determined simply, as is normally the case for the Group's leases, the lessee's incremental borrowing rate should be applied, which is the interest rate that the individual lessee would pay to borrow the necessary funds to purchase an asset of similar value as the right of use in a similar economic environment with similar terms and security.

The Group determines the incremental borrowing rate by applying the Group's current borrowing rate, pursuant to applicable credit agreements, for the currency in which the lease has been arranged.

The Group is exposed to any future increases of variable lease payments based on indexation or an interest rate that are not included in the lease liability prior to the lease coming into effect. When adjustments of lease payments based on an index or interest

rate come into effect, the lease liability is remeasured and restated against the right of use.

Lease payments are allocated between amortization of the principal and interest. Interest is recognized in profit or loss over the lease term in a manner that corresponds to a fixed interest rate for the recognized lease liability during the relevant period.

Assets with right of use are measured at cost and include the following:

- the amount the lease liability was initially measured at
- lease payments made at or prior to the start date, after deducting for any benefits received in tandem with signing the lease
- initial direct expenditure
- expenditure to restore the asset to the condition prescribed by the terms of the lease.

Rights of use are usually amortized on a straight-line basis over the shorter of the useful life and the lease term. If the Group is reasonably certain of exercising a purchase option, the right of use is amortized over the useful life of the underlying asset. Payments for shorter contracts on equipment and vehicles and all leases of low value are expensed on a straight-line basis in the Income Statement. Short leases have terms of 12 months or less. Leases of low value include IT equipment and various items of office furniture, as well as the short-term lease on a number of premises.

(M) Intangible assets

(i) Goodwill

Goodwill is the difference between the cost of a business combination and the fair value of the acquired assets, liabilities taken over and contingent liabilities.

Goodwill is measured at cost less any accumulated impairment. Goodwill is allocated to cash-generating units, and is subject to yearly impairment tests. Impairment tests compare carrying amounts with estimated recoverable amounts. If the carrying amount exceeds the recoverable amount, the item is impaired. Impairment of goodwill is not reversed. Goodwill occurring from acquisitions of associated companies is included in the carrying amount of participations in associated companies.

In business combinations, where cost is less than the net value of the acquired assets and liabilities taken over, and contingent liabilities, the difference is reported directly to the Income Statement.

(ii) Development

Expenditure for development, where research results or other knowledge are used to achieve new products, is reported as an asset in the Balance Sheet, if the product is technically and commercially usable and the company has sufficient resources to complete development, and use or sell the intangible asset later. The carrying amount includes expenditure for materials, direct expenditure for salaries and indirect expenditure that can be attributed to the asset in a reasonable and consistent way. Other expenditure for development is recognized in profit or loss as an expense when it occurs. Development expenditure

is reported in the Balance Sheet at cost less accumulated depreciation and any impairment.

(iii) Other intangible assets

Other intangible assets acquired by the Group are reported at cost less accumulated amortization and impairment (see below).

Disbursed expenses for internally generated goodwill and internally generated brands are recognized in profit or loss when the expense occurs.

(iv) Additional expenditure

Additional expenditure for capitalized intangible assets is reported as an asset in the Balance Sheet only when it increases the future economic rewards for the specific asset to which it is attributable. All other expenditure is expensed as it occurs.

(v) Depreciation and amortization

Depreciation and amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, providing such useful lives are not indefinite. Goodwill and intangible assets with indefinite useful lives are subject to impairment tests yearly, or as soon as there is any indication of impairment. Intangible assets with determinable useful lives are amortized from the date they become available for use.

The estimated useful lives are:

Trademarks and brands	10–20 years
Patents	3–5 years
Customer contracts	6–10 years
Capitalized development expenditure	3–5 years
Capitalized IT expenditure	3–10 years
Technology platforms	8–10 years

(N) Inventories

Inventories are measured at the lower of cost and net realizable value. Cost is estimated using the FIFO method. The net realizable value is the estimated sales price in operating activities, less estimated expenses for completing and achieving a sale.

The cost of produced goods and work in progress includes a reasonable proportion of indirect expenses based on normal capacity.

(O) Impairment

The carrying amounts of the Group's assets are subject to impairment tests at each reporting date. An exemption is made for inventories and deferred tax assets. If there is an indication of value impairment, the assets' recoverable amount is calculated. For assets subject to the above exemption, valuations are tested according to the relevant standard.

Recoverable amounts of goodwill and other intangible assets with indefinite useful lives and intangible assets not yet ready for use are calculated yearly.

If it is impossible to determine significant independent cash flows of an individual asset, when conducting impairment tests, assets should be grouped at the lowest level it is possible to

identify significant independent cash flows (cash-generating unit). Impairment is recognized when an asset's or cash-generating unit's carrying amount exceeds recoverable amount. Impairment is recognized in the Income Statement.

Impairment of assets attributable to a cash-generating unit (group of units) is primarily assigned to goodwill. Later, proportional impairment of other assets included in the unit is effected (group of units).

Goodwill and other intangible assets with indefinite lives are subject to impairment tests yearly.

(i) Measuring recoverable amount

The recoverable amount of assets in the loan receivables and accounts receivable categories should be reported at amortized cost, calculated as the present value of future cash flows, discounted by the effective interest prevailing when the asset was reported for the first time. Assets with short maturities are not discounted.

The recoverable amount of other assets is the greater of fair value less selling expenses and value in use. When calculating the value in use, future cash flows are discounted by a discount factor that considers risk-free interest, and the risk associated with the specific asset. For an asset that does not generate cash flows, which is significantly independent from other assets, the recoverable amount of the cash-generating unit to which the asset belongs is measured.

(ii) Reversal of impairment

Impairment of loan receivables and accounts receivable reported at amortized cost are reversed if a subsequent increase in recoverable amount can be objectively attributed to an event that has occurred after the impairment was effected. Goodwill impairment is not reversed.

Impairment of other assets is reversed if a change in the assumptions that served as the basis for measuring the recoverable amount has occurred.

Impairment is only reversed to the extent the asset's carrying amount after reversal does not exceed the carrying amount the asset would have had if no impairment had been effected, considering the depreciation and amortization that would then have been effected.

(P) Share capital

(i) Re-purchase of treasury shares

Holdings of treasury shares and other equity instruments are reported as a reduction in equity. Acquisitions of such instruments are reported as a deduction from equity. Payment from the sale of equity instruments is reported as an increase in equity. Any transaction expenses are reported directly against equity.

(ii) Dividends

Dividends are reported as a liability after AGM approval.

(Q) Employee benefits

(i) Defined-contribution plans

A defined-contribution plan is a pension plan where the Group pays

fixed contributions to a separate legal entity. The Group is under no legally enforceable or constructive obligation to make any further contributions if such legal entity does not hold sufficient assets to pay all employee benefits that are associated with the employee's service in present or previous periods. Commitments relating to fees for defined-contribution plans are reported as an expense in the Income Statement as they occur.

(ii) Defined-benefit plans

A defined-benefit plan is a pension plan that is not defined contribution. The distinguishing feature of defined-benefit plans is that they designate an amount for the pension benefit an employee will receive after retirement, usually based on one or several factors like age, length of service and salary. The Group has defined-benefit plans in the parent company, one subsidiary in Sweden and one of the subsidiaries in Taiwan.

The Group's net commitments regarding defined-benefit plans are calculated separately for each plan by estimating the future benefits the employee would have accrued through his/her service in present and previous periods; these benefits are discounted to present value, and the fair value of any plan assets is deducted. When determining an appropriate discount rate for the Group's Swedish pension obligations, the Group obtains a yield curve based on all mortgage bonds on Nasdaq and the duration of obligations from PRI Pensionsgaranti. The Group computes the discount rate from this information. For defined-benefit plans in Taiwan, the yield on an investment grade corporate bond has been applied. The computation is conducted by a qualified actuary using the projected credit method.

When the benefits of a plan improve, the proportion of the increased benefit attributable to employee service in previous periods is reported as an expense on a straight-line basis in the Income Statement allocated over the average period until the benefits are fully vested. If the benefits are fully vested, an expense is recognized directly in profit or loss.

Actuarial gains and losses resulting from judgments based on experience and changes to actuarial assumptions are recognized in other comprehensive income in the period they occur.

Expenses regarding services rendered in previous periods are recognized immediately in profit or loss.

(iii) Termination benefits

A provision is reported coincident with notices of redundancy issued to staff, only if the Group has a proven obligation to conclude employment before the normal time, or when benefits are paid as an offering to encourage voluntary redundancy. In those cases where the company issues redundancy notices, a detailed plan is prepared, which as a minimum, includes workplaces, positions and approximate number of affected staff, and benefits for each job category or position and the time of the plan's execution.

(iv) Bonus plans

There are bonus plans in the Group. The bonus plans are based on operational and financial targets and are payable if a predetermined target is achieved or exceeded. The expenses for bonus plans are charged in the year when there is a legally enforceable obligation.

(v) Share-based payment

Expenses for share-based payments are reported allocated over the period employees render services. In the current share-based incentive plans, within the terms of the plans, participants will be able to receive shares based on the achievement of performance targets. This assumes that at the time of disbursement, the participant remains an employee of the Group and has not resigned employment, and has undertaken to hold shares of the company him/herself. The expense for this including social security contributions is allocated evenly over the period until the time when the shares are received.

(R) Provisions

A provision is reported in the Balance Sheet when the Group has an existing legally enforceable or constructive obligation ensuing from an event that has occurred, and it is likely that an outflow of economic resources will be necessary to settle the commitment, and the amount can be reliably estimated. When the impact of the timing of the payment is significant, the provisions are calculated by discounting the expected future cash flow by an interest rate before tax that reflects the relevant market valuation of the time value of money and, if applicable, the risks associated with the liability.

(S) Tax

Income tax consists of current tax and deferred tax. Income tax is recognized in profit or loss apart from when the underlying transaction is reported directly against other comprehensive income and equity respectively, whereupon the associated tax impact is reported in against other comprehensive income and equity respectively.

Current tax is tax paid or received for the present year, applying the tax rates that are enacted or substantively enacted as of the reporting date, which also include adjustments of current tax attributable to previous periods.

Deferred tax is computed in accordance with the balance sheet method, proceeding from temporary differences between carrying amounts and taxable values of assets and liabilities. The following temporary differences are not considered: for temporary differences occurring on first-time accounting of goodwill, first-time accounting of assets and liabilities that are not business combinations and neither influence reported nor taxable earnings at the time of the transaction. Nor are temporary differences attributable to shares in subsidiaries and associated companies that are not expected to be reversed in the foreseeable future considered. The valuation of deferred tax is based on how the carrying amounts of assets or liabilities are expected to be realized or settled. Deferred tax is calculated by applying those tax rates and tax regulations that are enacted or substantively enacted as of the reporting date.

Deferred tax assets regarding deductible temporary differences and loss carry-forwards are only reported to the extent that it is likely that they will be utilized. The value of deferred tax assets reduces when it is no longer considered likely that they can be utilized.

Deferred tax assets and liabilities are offset when there is a legal right of offset for current tax assets and tax liabilities and when the deferred tax assets and tax liabilities relate to tax debited by one and the same tax authority and either relate to the same taxpayer or different taxpayer, where there is an intent to settle the balances through net payments.

Any additional income tax occurring on dividends from foreign subsidiaries is reported as a liability.

(T) Contingent liabilities

A contingent liability is reported when there is a possible commitment arising from events that have occurred, and whose incidence is confirmed only by one or more uncertain future events, or when there is a commitment that is not reported as a liability or a provision because it is unlikely that an outflow of resources will be necessary.

(U) Cash Flow Statement

The Cash Flow Statement has been prepared in accordance with the indirect method. Cash and cash equivalents are made up of cash funds and immediately available balances with banks and corresponding institutions, and short-term, liquid investments with a term of less than three months from the time of acquisition, exposed to only insignificant risk of value fluctuations.

(V) Hedge accounting

(i) Hedging of net investment

The Group hedges net investments in selected foreign operations. The share of profit or loss on a hedging instrument classified as an effective hedge is recognized in other comprehensive income and accumulated in equity. The profit or loss relating to the ineffective portion is recognized directly in profit or loss as other income or other expenses.

(W) Government support

The Group has received government Covid-19 support. Government support intended to cover costs is allocated over time and recognized as a cost reduction in the same period as the costs the support is intended to compensate for. Loans and deferred payments are recognized in the Balance Sheet in the related balance sheet item.

(X) Parent company accounting policies

The parent company has prepared its Annual Accounts in accordance with the Swedish Annual Accounts Act and RFR 2 Accounting for Legal Entities. RFR 2 means that in its Annual Accounts for the legal entity, the parent company applies all the IFRS and statements endorsed by the EU, if this is possible within the framework of the Swedish Annual Accounts Act, and considering the relationship between accounting and taxation. The recommendation states the exemptions from, and supplements to, IFRS.

Differences between the Group's and parent company's accounting policies

Differences between the Group's and parent company's accounting policies are stated below. The following accounting policies of the parent company have been applied consistently for all periods published in the parent company's financial statements.

Subsidiaries and associated companies

In the parent company, shares in subsidiaries and associated companies are reported in accordance with the cost method. Dividends from subsidiaries are reported as revenue.

Financial instruments

The parent company does not apply the measurement provisions of IFRS 9. In the parent company, financial assets are measured at cost less any impairment, and financial current assets at the lower of cost or market.

Property, plant and equipment***Owned assets***

In the parent company, property, plant and equipment are reported at cost less deductions for accumulated depreciation and any impairment in the same way as the Group but with a supplement for any write-ups.

Leased assets

The parent company does not apply IFRS 16, but recognizes lease payments from leases as an expense on a straight-line basis over the lease term providing no other systematic method better reflects the user's economic benefit over time.

Employee benefits***Defined-benefit plans***

The parent company uses a different basis for calculating defined-benefit plans than stipulated by IAS 19. The parent company follows the stipulations of the Swedish Pension Obligations Vesting Act and the Swedish Financial Supervisory Authority's instructions, because this is a pre-requisite for tax deductions. The most significant differences compared to IAS 19 are determining the discount rate, calculating the defined-benefit obligation on the basis of present salary levels excluding assumptions of future salary increases, and that all actuarial gains and losses are recognized in profit or loss when they arise.

Tax

In the parent company, untaxed provisions are reported including deferred tax liabilities. However, in the Consolidated Accounts, untaxed reserves are divided between deferred tax liabilities and equity.

Group contributions and shareholders' contributions for legal entities

In accordance with the alternative rule of RFR 2, Group contributions received and paid are recognized as appropriations. The tax impact of

Group contributions received and paid is recognized in the Income Statement in accordance with IAS 12. Shareholders' contributions are reported directly against the recipient's equity and increase the value of shares and participations of the issuer, to the extent no impairment is necessary.

Note 2

Segment reporting

Management has decided that operating segments are used to reach strategic decisions. Management judges operations from a product perspective, where operating segments are divided into the Westermo, Beijer Electronics and Korenix business entities.

Westermo develops, manufactures and sells robust network products for mission-critical data communication across a raft of demanding market segments like trains and subways.

Beijer Electronics develops, manufactures and sells hard and software solutions to OEMs for digitalized data control, connect and present, as well as capture and analysis.

Korenix develops and sells solutions for wireless and wired data communication for applications including surveillance and safety in tunnels.

Management judges operating segments based on EBIT. Management also judges sales from a geographical perspective divided between the Nordic region, rest of Europe, North America, Asia and rest of world. The information presented for operating segment revenue is for the geographical regions grouped according to the location of customers.

2019

SEK 000	Westermo	Beijer Electronics	Korenix	Parent company	Group adjustments	Total
Net sales						
External revenues	702,898	755,983	99,818			1,558,699
Internal revenues	2,335	213	20,062		-22,610	0
Total revenues	705,233	756,196	119,880	0	-22,610	1,558,699
EBITDA	134,322	104,899	9,918	-26,844	4,950	227,245
Amortization of intangible assets	-22,757	-28,566	-6,571	-8,063		-65,959
Depreciation of property, plant and equipment	-9,942	-5,445	-2,693	-198		-18,277
Amortization of right-of-use assets	-12,047	-15,935	-4,984		-6,547	-39,513
EBIT	89,576	54,953	-4,330	-35,105	-1,597	103,496
Number of employees	252	359	149	13		773

2020

SEK 000	Westermo	Beijer Electronics	Korenix	Parent company	Group adjustments	Total
Net sales						
External revenues	768,043	598,797	70,907			1,437,747
Internal revenues	947	307	12,606		-13,860	0
Total revenues	768,990	599,104	83,513	0	-13,860	1,437,747
EBITDA	149,909	34,230	904	-25,131	4,372	164,284
Amortization of intangible assets	-34,346	-35,310	-6,365	-7,694		-83,715
Depreciation of property, plant and equipment	-15,521	-5,696	-2,462	-210		-23,889
Amortization of right-of-use assets	-14,129	-15,642	-4,202		-6,893	-40,866
EBIT	85,913	-22,418	-12,125	-33,035	-2,521	15,814
Number of employees	294	347	136	13		790

Internal pricing between the Group's segments is determined on the basis of the arm's length principle, i.e. between parties that are mutually independent, well-informed and with an interest in the transactions.

The operating segments' profit or loss includes directly related items and items that can be allocated by segment in a reasonable and reliable way.

The Group is not dependent on large customers, and no individual customer represents more than 10% of the group's revenues.

Geographical division of sales

SEK 000	2020	2019
Sweden	193,761	227,624
Norway	65,092	72,678
Denmark	27,495	35,937
Finland	45,129	42,462
Nordics	331,477	378,701
Germany	93,474	108,563
UK	101,728	116,617
France	122,472	84,522
Turkey	31,460	28,924
Rest of Europe	229,404	250,975
Total Europe incl. Nordics	910,015	968,302
US	168,414	262,620
China	102,995	124,321
Taiwan	83,847	58,614
Rest of Asia	145,852	108,648
Rest of world	26,624	36,194
Total	1,437,747	1,558,699

The Beijer Electronics and Korenix business entities do not have any single customer comprising more than 10% of these business entities' individual revenues. The Westermo business entity has sales to two corporate groups, which each make up some 11% of the business entity's revenues.

Essentially, the timing of revenue recognition of the group and segments is at the date of sale. There are no significant contract assets or liabilities to report.

Sales by category

SEK 000	2020	2019
HMI's and accessories	510,368	665,034
Network equipment	840,028	809,547
Software	11,308	10,928
Servicing and other services	16,072	15,435
Third-party products	59,971	57,755
Total	1,437,747	1,558,699

Geographical division of non-current assets

SEK 000	2020	2019
Sweden	554,168	577,567
Ireland	248,032	254,540
Rest of Europe	116,016	118,410
US	129,723	160,288
Taiwan	174,925	175,729
Rest of world	5,060	5,871
Total	1,227,924	1,292,405

Note 3

Nature of expenses

The Consolidated Income Statement classifies expenses by function. Information on the significant cost types follows.

SEK 000	2020	2019
Cost of materials	539,711	587,559
Salaries, benefits and social security expenses	548,302	557,041
Depreciation, amortization and impairment of intangible assets, property, plant and equipment, and right-of-use assets	148,470	123,749
Other expenses	182,814	190,242
	1,419,297	1,458,591

Note 4

Other operating revenue and operating expenses

SEK 000	2020	2019
Group		
Exchange gains on trade receivables/liabilities	34,048	27,488
Exchange losses on trade receivables/liabilities	-38,828	-29,437
Capital gain, sale of real estate	0	4,599
Other	2,144	738
	-2,636	3,388

Note 5

Fees and reimbursement to Auditors

SEK 000	2020	2019
Group		
<i>PricewaterhouseCoopers</i>		
Auditing	1,851	1,729
Auditing in addition to audit assignment		
Tax consultancy	254	314
Other	55	412
Total PwC	2,160	2,455
<i>Other auditors</i>		
Auditing	503	271
Tax consultancy	186	90
Other	23	
Total other auditors	712	361
Parent company		
<i>PricewaterhouseCoopers</i>		
Auditing	935	880
Auditing in addition to audit assignment		
Tax consultancy	17	81
Other	19	26
Total PwC	971	987

Note 6

Employees and personnel expenses

Average number of employees

	2020	of which men, %	2019	of which men, %
Parent company				
Sweden	13	81	13	85
Total in parent company	13	81	13	85
Subsidiaries				
Australia	7	71	5	72
China	37	63	36	66
Denmark	3	67	5	67
France	11	81	12	82
Germany	31	79	30	76
Ireland	38	78	6	79
Norway	12	100	13	100
Singapore	5	60	5	78
South Korea	4	75	3	90
Sweden	276	80	278	82
Switzerland	25	86	12	86
Taiwan	254	45	273	45
Turkey	17	65	16	63
UK	18	86	20	86
US	39	74	46	78
Total, subsidiaries	777	68	760	67
Group total	790	68	773	68

Gender division, management

	31 Dec. 2020	31 Dec. 2019
	<i>Prop. women</i>	<i>Prop. women</i>
Parent company		
Board	40%	40%
Other senior executives	0%	0%
Group total		
Board	40%	40%
Other senior executives	17%	17%

Salary, other remuneration and social security expenses

SEK 000	2020	2019
	<i>Salary and remuneration</i>	<i>Salary and remuneration</i>
Parent company	16,661	18,479
<i>(of which pension expense)</i>	<i>(4,027)</i>	<i>(4,027)</i>
Subsidiaries	406,692	400,618
<i>(of which pension expense)</i>	<i>(35,543)</i>	<i>(36,204)</i>
Group total	423,353	419,097
<i>(of which pension expense)</i>	<i>(39,676)</i>	<i>(40,231)</i>

Remuneration to the Board of Directors in the Year

Directors' fees were 1,605,000 SEK (1,560,000), allocated as follows:

SEK 000	2020	2019
Board of Directors		
Bo Elisson, Chairman of the Board	550,000	550,000
Ulrika Hagdahl	275,000	275,000
Johan Wester	255,000	255,000
Karin Gunnarsson	300,000	255,000
Lars Eklöf	225,000	225,000
Total	1,605,000	1,560,000

Bo Elisson received 50,000 SEK and Johan Wester received 30,000 SEK for committee work, included in the above table.
Ulrika Hagdahl received 50,000 SEK and Karin Gunnarsson received 75,000 SEK for committee work, included in the above table.

Remuneration and Other Benefits to the CEO and Other Senior Executives in the Year

The cost of remuneration and benefits to the CEO and senior executives amounted to the following:

SEK 000	2020		2019	
	CEO	Other senior executives ^a	CEO	Other senior executives ^a
Basic salary	4,168	10,132	4,173	9,655
Variable remuneration	469	1,607	620	1,358
Other benefits	236	615	21	427
Pension expenses	1,519	2,664	1,519	2,282
Total salary and remuneration	6,392	15,018	6,333	13,722

^a There are 5 (5) other senior executives, who are the members of Beijer Electronics Group AB's management.

Chief Executive Officer

Apart from contracted basic salary, the Chief Executive Officer is also entitled to variable compensation. Variable compensation is based on operational and financial performance, and is a maximum of six months' salary. Pension and other customary benefits are additional. Each year, 35% of gross salary including bonus is provisioned as pension assurance for the CEO. This pension is defined contribution and becomes payable at age 65. According to agreement, the CEO has a notice period from the company's side of 18 months, that cannot be claimed for termination initiated by the CEO. The notice period from the Chief Executive Officer's side is six months. No other remuneration upon termination has been agreed.

Other senior executives

Other senior executives receive basic salary with a variable component. The variable component is based partly on the Group's, and partly on each business entity's, sales and profitability performance. Yearly variable remuneration is a maximum of six months' salary. Other senior executives have defined contribution pension agreements on

market terms. Other customary benefits are additional. Maximum notice periods of 12 months for termination from the company's side have been agreed for other senior executives.

Incentive plans

The AGM 2020 resolved on the introduction of a share-based incentive plan, "LTI 2020/2023" for the CEO, other senior executives and a further number of key individuals within the Group. For entitlement in the plan, participants have undertaken to own shares of the company themselves. This plan measures performance in the period September to December 2020, and providing employment continues, the participants will receive shares in 2023 based on the outcome of performance targets in 2020. The performance targets for 2020 were (i) order intake, (ii) EBIT, and (iii) free cash flow. The outcome computed for 2020 is for granting of 82,045 shares, or 44% of the maximum.

The Board of Directors' proposed guidelines for 2021

The Board of Directors proposes that the AGM adopt the following guidelines for remunerating senior executives: senior executives means the group management including the CEO.

Total compensation covers basic salary and variable remuneration, consisting of a yearly and a long-term portion. Pension and other customary benefits are additional. The variable portion will be based on the satisfaction of predetermined targets related to the company's earnings growth and other important change targets. The maximum variable portion for the CEO and other senior executives is six months' salary.

If the CEO's employment is terminated from Beijer Electronics Group AB's side, the CEO has an 18-month notice period. No other compensation on termination has been agreed. If other senior executives are terminated from the company's side, and termination does not depend on gross negligence, maximum notice periods of 12 months have been agreed.

The Board of Directors is proposing the introduction of a share-based incentive program for the CEO, other senior executives, and a number of other key individuals of the Group. This program should measure performance in the financial year 2021 but has a term of three years, in which participants in the program undertake to hold shares in the company themselves, to then receive what are termed performance shares in 2024 on satisfying or exceeding performance targets.

Decision-making process

The Remuneration Committee consults on the Board of Directors' decisions on remuneration to the Chief Executive Officer and decides on remuneration to other senior executives. Directors' fees are resolved by the AGM.

Note 7

Depreciation, amortization and impairment of property, plant and equipment and intangible assets

SEK 000	2020	2019
Group		
Capitalized development expenditure	-54,983	-41,411
Capitalized expenditure for software	-9,587	-9,830
Customer contracts, brands and similar rights	-19,145	-14,718
Buildings and land	-2,053	-2,229
Machinery and other plant	-10,461	-6,789
Equipment, tools, fixtures and fittings	-11,375	-9,259
Right-of-use assets	-40,866	-39,513
	-148,470	-123,749
Parent company		
Capitalized expenditure for software	-7,694	-8,063
Equipment, tools, fixtures and fittings	-210	-198
	-7,904	-8,261

Note 8

Net financial income/expense

SEK 000	2020	2019
Group		
Interest income	97	515
Sale of participations in associated companies	0	213
Exchange difference	0	905
Other financial income	252	698
Financial income	349	2,331
Interest expenses	-14,524	-12,039
Exchange difference	-5,677	0
Other financial expenses	-1,801	-1,947
Financial expenses	-22,002	-13,986
Net financial income/expense	-21,653	-11,655

SEK 000	2020	2019
Parent company		
Sale of participations in associated companies	0	213
Profit or loss from participations in Group companies	0	213
Exchange difference	-10,507	4,004
Profit or loss from other securities and receivables that are non-current assets	-10,507	4,004
Interest Income, Group companies	7,597	6,454
Interest income and profit/loss items	7,597	6,454
Interest expenses, Group companies	-1,635	-1,836
Interest expenses, other	-10,005	-6,762
Other financial expenses	-1,680	-2,164
Interest expenses and profit/loss items	-13,320	-10,762

Note 9

Appropriations

SEK 000	2020	2019
Parent company		
Group contributions, received	48,200	68,400
	48,200	68,400

Note 10

Tax on net profit

SEK 000	2020	2019
Group		
<i>Current tax</i>		
Tax expense for the period	-8,454	-10,807
Withholding tax	-1,780	-5,299
Adjustment of tax attributable to previous year	-837	74
	-11,071	-16,032
<i>Deferred tax (Note 21)</i>		
Occurrence and reversal of temporary differences	5,092	-2,259
Deferred tax in the deductible value of loss carry-forwards changed in the year	5,728	-8,578
	10,820	-10,837
Total reported tax expense, Group	-251	-26,869
Parent company		
<i>Current tax</i>		
Tax expense for the period	-942	0
Withholding tax	-1,038	-995
Adjustment of tax attributable to previous year	69	0
	-1,911	-995
<i>Deferred tax</i>		
Occurrence and reversal of temporary differences	153	156
Deferred tax in the deductible value of loss carry-forwards changed in the year	-226	-7,362
	-73	-7,206
Total reported tax expense, parent company	-1,984	-8,201

Reconciliation of actual tax

SEK 000	2020	2019
Group		
Profit before tax	-5,839	91,842
Tax at applicable rate, parent company (21.4%)	1,250	-19,654
Tax effect of:		
Other tax rates for foreign subsidiaries	-862	-697
Non-deductible expenses	-4,549	-3,525
Non-taxable revenues	58	297
Use of previously unreported loss carry-forwards	5,824	1,498
Taxable deficits for which no deferred tax asset has been reported	1,015	-55
Effect of changed tax rate	0	228
Tax attributable to previous year	-837	74
Withholding tax	-1,780	-5,299
Other	-370	264
Reported tax, Income Statement	-251	-26,869
Parent company		
Profit before tax	-1,065	33,204
Tax at applicable rate, parent company (21.4%)	228	-7,106
Tax effect of:		
Non-deductible expenses	-1,243	-374
Non-taxable revenues	0	46
Effect of changed tax rate	0	228
Tax attributable to previous year	69	0
Withholding tax	-1,038	-995
Reported tax, Income Statement	-1,984	-8,201

Consolidated tax totaling -302,000 SEK (8,665,) attributable to actuarial revaluation of pension obligations was reported in other comprehensive income.

Note 11

Property, plant and equipment

2019	Group			Parent company	
SEK 000	Buildings and land	Plant and machinery	Equipment, tools, fixtures and fittings	Total	Equipment, tools, fixtures and fittings
<i>Cost</i>					
Opening balance 1 Jan. 2019	60,092	41,983	160,312	262,387	9,524
Adjustment on adoption of IFRS 16			-16,892	-16,892	
Reclassifications		5,629	-5,629	0	
Purchases through business combination			1,376	1,376	
Purchases	2,558	19,768	10,625	32,951	281
Sales	-8,244		-2,558	-10,802	
Exchange differences	2,033	701	2,504	5,238	
Closing balance 31 Dec. 2019	56,439	68,081	149,738	274,258	9,805
<i>Depreciation</i>					
Opening balance 1 Jan. 2019	-31,076	-18,180	-122,299	-171,555	-9,059
Adjustment on adoption of IFRS 16			11,191	11,191	
Depreciation for the year	-2,229	-6,789	-9,259	-18,277	-198
Sales	4,503		2,558	7,061	
Exchange differences	-635	-474	-1,863	-2,972	
Closing balance 31 Dec. 2019	-29,437	-25,443	-119,672	-174,552	-9,257
Carrying amounts					
As of 1 Jan. 2019	29,016	23,803	38,013	90,832	465
As of 31 Dec. 2019	27,002	42,638	30,066	99,706	548

2020	Group			Parent company	
SEK 000	Buildings and land	Plant and machinery	Equipment, tools, fixtures and fittings	Total	Equipment, tools, fixtures and fittings
<i>Cost</i>					
Opening balance 1 Jan. 2020	56,439	68,081	149,738	274,258	9,805
Reclassifications	-6,486	6,882	-396	0	
Purchases	9,612	5,746	7,396	22,754	191
Sales/retirements			-11,398	-11,398	-7,869
Exchange differences	-1,864	-884	-5,234	-7,982	
Closing balance 31 Dec. 2020	57,701	79,825	140,106	277,632	2,127
<i>Depreciation</i>					
Opening balance 1 Jan. 2020	-29,437	-25,443	-119,672	-174,552	-9,257
Reclassifications	5,739	-6,748	1,009	0	
Depreciation for the year	-2,053	-10,461	-11,375	-23,889	-210
Sales/retirements			11,248	11,248	7,865
Exchange differences	637	637	4,397	5,671	
Closing balance 31 Dec. 2020	-25,114	-42,015	-114,393	-181,522	-1,602
Carrying amounts					
As of 1 Jan. 2020	27,002	42,638	30,066	99,706	548
As of 31 Dec. 2020	32,587	37,810	25,713	96,110	525

Note 12

Leases

2019	Group			
SEK 000	Real estate	Equipment	Vehicles	Total
Rights of use				
<i>Cost</i>				
Opening balance 1 Jan. 2019	197,328	2,719	12,995	213,042
Purchases through business combination	8,056			8,056
Acquisitions	7,882	0	7,283	15,165
Retirements	-8,658	0	-2,503	-11,161
Exchange differences	3,570	13	166	3,749
Closing balance 31 Dec. 2019	208,178	2,732	17,941	228,851
<i>Depreciation</i>				
Opening balance 1 Jan. 2019	-92,464	0	0	-92,464
Retirements	8,550	0	802	9,352
Depreciation for the year	-31,041	-878	-7,594	-39,513
Exchange differences	-2,033	3	13	-2,017
Closing balance 31 Dec. 2019	-116,988	-875	-6,779	-124,642
Carrying amounts				
As of 1 Jan. 2019	104,864	2,719	12,995	120,578
As of 31 Dec. 2019	91,190	1,857	11,162	104,209

2020	Group			
SEK 000	Real estate	Equipment	Vehicles	Total
Rights of use				
<i>Cost</i>				
Opening balance 1 Jan. 2020	208,178	2,732	17,941	228,851
Purchases through business combination				0
Acquisitions	30,473	2,208	5,735	38,416
Retirements	-28,112	-103	-4,761	-32,976
Exchange differences	-7,667	-50	-734	-8,451
Closing balance 31 Dec. 2020	202,872	4,787	18,181	225,840
<i>Depreciation</i>				
Opening balance 1 Jan. 2020	-116,988	-875	-6,779	-124,642
Retirements	28,093	103	4,532	32,728
Depreciation for the year	-32,263	-1,113	-7,490	-40,866
Exchange differences	5,372	16	350	5,738
Closing balance 31 Dec. 2020	-115,786	-1,869	-9,387	-127,042
Carrying amounts				
As of 1 Jan. 2020	91,190	1,857	11,162	104,209
As of 31 Dec. 2020	87,086	2,918	8,794	98,798

Note 12 cont.

Leases

SEK 000	31 Dec. 2020	31 Dec. 2019
Lease liabilities		
Long-term	62,501	69,598
Short-term	37,408	36,084
Total	99,909	105,682

See also Note 1 Accounting policies for more information on the Group's reporting of leases.

The following table illustrates the contract terms of lease liabilities.

SEK 000	Contract term				Total
	Within 12 months	Between 1 and 2 years	Between 2 and 5 years	After 5 years	
Group					
Payments	38,493	26,134	32,389	6,074	103,090

Note 13

Intangible assets

SEK 000	Goodwill	Development expenditure	IT expenditure	Patents	Trade-marks & brands	Customer contracts	Technology platforms	Total
Group 2019								
<i>Purchases</i>								
Opening balance 1 Jan. 2019	525,426	407,784	99,008	0	108,765	105,332	20,387	1,266,702
Reclassification		-339		339				0
Internally developed assets		64,028						64,028
Purchases through business combination	282,556		175	2,294		15,130		300,155
Other investments			453					453
Exchange differences for the year	-709	304	1,916	7	1,650	2,883	798	6,849
Closing balance 31 Dec. 2019	807,273	471,777	101,552	2,640	110,415	123,345	21,185	1,638,187
<i>Accumulated amortization and impairment</i>								
Opening balance 1 Jan. 2019		-225,999	-67,004	0	-72,947	-93,007	-18,592	-477,549
Reclassification		121	987	-121	-987			0
Amortization in the year		-41,411	-9,830	-36	-7,123	-6,614	-945	-65,959
Exchange differences for the year		-304	-1,979	-4	-845	-2,342	-715	-6,189
Closing balance 31 Dec. 2019	0	-267,593	-77,826	-161	-81,902	-101,963	-20,252	-549,697
Carrying amounts								
As of 1 Jan. 2019	525,426	181,785	32,004	0	35,818	12,325	1,795	789,153
As of 31 Dec. 2019	807,273	204,184	23,726	2,479	28,513	21,382	933	1,088,490

SEK 000	Goodwill	Development expenditure	IT expenditure	Patents	Trade-marks & brands	Customer contracts	Tech-nology platforms	Total
Group 2020								
<i>Purchases</i>								
Opening balance 1 Jan. 2020	807,273	471,777	101,552	2,640	110,415	123,345	21,185	1,638,187
Reclassification	-48,636				366	46,883	8,332	6,945
Internally developed assets		58,318						58,318
Other investments			859					859
Sales and retirements		-105,713	-87		-29,612		-625	-136,037
Exchange differences for the year	-33,367		-2,172	-119	-3,842	-10,823	-2,168	-52,491
Closing balance 31 Dec. 2020	725,270	424,382	100,152	2,521	77,327	159,405	26,724	1,515,781
<i>Accumulated amortization and impairment</i>								
Opening balance 1 Jan. 2020		-267,593	-77,826	-161	-81,902	-101,963	-20,252	-549,697
Amortization in the year		-54,983	-9,587	-601	-7,072	-10,140	-1,332	-83,715
Sales and retirements		105,713	87		29,612		625	136,037
Exchange differences for the year			2,159	55	3,385	7,389	1,622	14,610
Closing balance 31 Dec. 2020	0	-216,863	-85,167	-707	-55,977	-104,714	-19,337	-482,765
Carrying amounts								
As of 1 Jan. 2020	807,273	204,184	23,726	2,479	28,513	21,382	933	1,088,490
As of 31 Dec. 2020	725,270	207,519	14,985	1,814	21,350	54,691	7,387	1,033,016

The Group reports the following intangible asset classes:

Intangible asset class	Useful life	Amortization method
Goodwill	Indefinite	Impairment test
Development expenditure	3-5 years	Straight-line amortization over the asset's useful life based on cost
IT expenditure	3-10 years	Straight-line amortization over the asset's useful life based on cost
Patents	3-5 years	Straight-line amortization over the asset's useful life based on cost
Trademarks & brands	10-20 years	Straight-line amortization over the asset's useful life based on cost
Customer contracts	6-10 years	Straight-line amortization over the asset's useful life based on cost
Technology platforms	8-10 years	Straight-line amortization over the asset's useful life based on cost

The parent company reports the following intangible asset classes:

Intangible asset class	Useful life	Amortization method
IT expenditure	3-10 years	Straight-line amortization over the asset's useful life based on cost

IT expenditure

SEK 000	
Parent company 2019	
<i>Accumulated cost</i>	
Opening balance 1 Jan. 2019	87,073
Other investments	8
Closing balance 31 Dec. 2019	87,081
<i>Accumulated amortization and impairment</i>	
Opening balance 1 Jan. 2019	-59,952
Amortization for the year	-8,063
Closing balance 31 Dec. 2019	-68,015
Carrying amounts	
As of 1 Jan. 2019	27,121
As of 31 Dec. 2019	19,066
Parent company 2020	
<i>Accumulated cost</i>	
Opening balance 1 Jan. 2020	87,081
Other investments	702
Sales and retirements	-87
Closing balance 31 Dec. 2020	87,696
<i>Accumulated amortization and impairment</i>	
Opening balance 1 Jan. 2020	-68,015
Amortization for the year	-7,694
Sales and retirements	87
Closing balance 31 Dec. 2020	-75,622
Carrying amounts	
As of 1 Jan. 2020	19,066
As of 31 Dec. 2020	12,074

Impairment tests of cash-generating units including capitalized development expenditure

The following segments and cash-generating units have significant carrying amounts of capitalized development expenditure. Capitalized development expenditure has a determinable useful life. This expenditure is amortized over a period of 3-5 years. The book value of capitalized development expenditure amounts to:

SEK 000	2020	2019
Westermo	102,763	107,918
Beijer Electronics	81,366	79,630
Korenix	23,390	16,636
Total value of capitalized development expenditure, Group	207,519	204,184

Sensitivity analysis of cash-generating units containing capitalized development expenses

When analyzing the impairment of capitalized development expenses, the company has conducted the sensitivity analyses of the expected future sales growth and gross margin of underlying products. The following restatements have been made compared to the base calculation:

	2020	2019
Sales growth	-10%	-10%
Gross margin	-10%	-10%

The sensitivity analyses indicate that there is no impairment given these restatements of computation variables.

Impairment tests of cash-generating units containing goodwill

The following cash-generating units, which constitute the segments "Beijer Electronics", "Westermo", and "Korenix", have significant reported goodwill values in relation to the Group's total reported goodwill values:

SEK 000	2020	2019
Westermo	453,620	509,631
Beijer Electronics	223,357	246,316
Korenix	48,293	51,326
Total goodwill value in Group	725,270	807,273

Sensitivity analysis for cash-generating units including goodwill

When analyzing impairment of goodwill, the company conducted sensitivity analyses for the cash-generating units. The following restatements have been made compared to the information presented above:

	2020	2019
<i>Variable</i>		
Discount rate	+1%	+1%
Sales growth	-1%	-1%
Gross profit	-1%	-1%
Overheads	+1%	+1%

These analyses demonstrate that there is no impairment of any of the cash-generating units.

The “Westermo” unit

The impairment test for the Westermo unit is based on the measurement of value in use. This value is based on cash flow forecasts for a total of 5 years (5), the first of which is based on the unit's budget for the forthcoming financial year.

The cash flows forecast for a total of five years after 2020 are based on average yearly growth of revenues of 11% (7), an increase

in gross profit of 11% (6) and an increase of overheads of 7% (8). Perpetual growth of revenue and expenses of 1.5% (1.5) is assumed subsequently.

The present value of forecast cash flows has been calculated by applying a discount rate of 10% (10) after tax. Material assumptions in the forecasts are stated below.

Important variables	Measurement method
Revenue growth	Growth of revenues is based on the unit's business plan, which includes an assessment of general market growth and the business unit's planned launch of new products and solutions. The unit's net sales were negatively impacted by the Covid-19 pandemic in the financial year 2020. The forecast for the coming years includes an expected recovery from these effects.
Costs of materials and gross profit	Cash flow forecasts are based on improved percentage gross profit. This assumption is based on a changed composition of the product portfolio with a higher share of software sales, and streamlining of production and logistics over the period.

The “Beijer Electronics” unit

The impairment test for the Beijer Electronics unit is based on measurement of value in use. This value is based on forecast cash flows for a total of 5 years (5), of which the first is based on the unit's budget for the coming financial year.

The forecast cash flows for a total of 5 years beyond 2020 have been based on average yearly growth of revenues of 8% (8), an increase

in gross profit of 10% (9) and an increase in overheads of 5% (8). Perpetual growth of revenue and expenses of 1.5% (1.5) has been assumed subsequently.

The present value of forecast cash flows has been calculated by applying a discount rate of 10% (10) after tax. Material assumptions of the forecasts are reviewed in the following table.

Important variables	Measurement method
Revenue growth	Growth of revenues is based on the unit's business plan, which includes an assessment of general market growth and the business unit's planned launch of new products and solutions. The unit's net sales were negatively impacted by the Covid-19 pandemic in the financial year 2020. The forecast for the coming years includes an expected recovery from these effects.
Costs of materials and gross profit	Cash flow forecasts are based on improved percentage gross profit. This assumption is based on a changed composition of the product portfolio with a higher share of software sales, and streamlining of production and logistics over the period.

The “Korenix” unit

The impairment test for the Korenix unit is based on the measurement of value in use. This value is based on cash flow forecasts for a total of 5 years (5), the first of which is based on the unit's budget for the forthcoming financial year.

The cash flows forecast for a total of five years after 2020 are based on average yearly growth of revenues of 12% (12), an increase

in gross profit of 14% (13) and an increase of overheads of 3% (5). Perpetual growth of revenue and expenses of 1.5% (1.5) has been assumed subsequently.

The present value of forecast cash flows has been calculated by applying a discount rate of 10% (10) after tax. Material assumptions in the forecasts are stated below.

Important variables	Measurement method
Revenue growth	Growth of revenues is based on the unit's business plan, which includes an assessment of general market growth and the business unit's planned launch of new products and solutions. The unit's net sales were negatively impacted by the Covid-19 pandemic in the financial year 2020. The forecast for the coming years includes an expected recovery from these effects.
Costs of materials and gross profit	Cash flow forecasts are based on improved percentage gross profit. This assumption is based on a changed composition of the product portfolio with a higher share of software sales, and streamlining of production and logistics over the period.

Note 14

Participations in Group companies

SEK 000	31 Dec. 2020	31 Dec. 2019
<i>Accumulated cost</i>		
At beginning of year	555,149	553,557
Acquisition of minority share		
Acquired entities, within group		
Divested entities, within group		
Increase via shareholders' contribution		
Increase via share-based payment	2,423	1,592
Liquidated companies		
Carrying amount at end of year	557,572	555,149

Specification of parent company and Group holdings of participations in group companies

SEK 000	31 Dec. 2019		
<i>Subsidiary/corp. ID no./reg. office</i>	<i>No. of shares</i>	<i>Holding, %^a</i>	<i>Carrying amount</i>
Westermo Network Technologies AB, 556361-2604, Västerås	100,000	100.0	255,219
Westermo Data Communications AB, 556687-8962, Eskilstuna	1,000	100.0	
Westermo Fastighets AB, 556288-4360, Eskilstuna	10,000	100.0	
Westermo OnTime AS, 981567560, Oslo	2,353,724	100.0	
Westermo Data Communications Ltd., 3059742, Southampton	50,000	100.0	
Westermo Data Communications GmbH, 30070-54742, Waghäusel	50,000	100.0	
Westermo Data Communications SARL, 4333142590001, Champlan	7,624	100.0	
Westermo Data Communications Pte Ltd., 200707554, Singapore	1	100.0	
Westermo Data Communications Pty Ltd., 611 051 846, North Ryde, NSW	10,000	100.0	
Nera Management AG, CHE-114.272.568, Bubikon	100	100.0	
Neratec Solutions AG, CHE-107.669.950, Bubikon	516	100.0	
Virtual Access Holdings Ltd., 353755, Dublin	4,250,000	100.0	
Virtual Access (Ireland) Ltd., 253172, Dublin	1,000,000	100.0	
Virtual Acces Technology Ltd., 370589, Dublin	1,000,000	100.0	
Beijer Electronics AB, 556701-4328, Malmö	1,000	100.0	48,742
Brodersen Automation AB, 556288-8650, Jönköping	3,000	100.0	
Beijer Electronics AS, 912965058, Drammen	1,117	100.0	
Brodersen Automation AS, 957004083, Drammen	300	100.0	
Beijer Electronics A/S, 56162712, Roskilde	1,000	100.0	
Beijer Electronics Holding GmbH, HRB 22383, Nürtingen	1	100.0	
Beijer Electronics Verwaltungs GmbH, HRB 724413, Nürtingen	1	100.0	
Beijer Electronics GmbH & Co. KG, HRA 222129, Nürtingen	1	100.0	
Beijer Electronics Trading (Shanghai) Co, Ltd, 9131000079453912XD, Shanghai	1	100.0	
Beijer Electronics Corp., 05027350, Taipei	116,534	100.0	
Beijer Electronics Korea Co., Ltd., 110111-5841188, Seoul	83,759	100.0	
Beijer Elektronik ve Tic. A.Ş, 556233, Istanbul	100,000	100.0	
Beijer Electronics UK Ltd, 9863522, London	50,000	100.0	
Beijer Electronics Automation AB, 556701-3965, Malmö	1,000	100.0	100
Korenix Technology Co., Ltd, Taipei^b	18,467,000	100.0	101,088
Lanshan Co., Ltd, Taiwan	2,300,000	50.5	
Beijer Electronics Holding Inc., 36-4027234, Chicago	1,000	100.0	150,000
Beijer Electronics Inc., 87-0396688, Salt Lake City	10	100.0	
Westermo Data Communications Inc., 20-4447643, Elgin	100	100.0	
			555,149

^aEquity as a percentage of capital, corresponding to the share of the votes for the total number of shares.

^bOf the Group's total holdings, 52.5% is held by Beijer Electronics Group AB.

Specification of parent company and Group holdings of participations in group companies

SEK 000			31 Dec. 2020
Subsidiary/corp. ID no./reg. office	No. of shares	Holding, % ^a	Carrying amount
Westermo Network Technologies AB, 556361-2604, Västerås	100,000	100.0	256,445
Westermo Data Communications AB, 556687-8962, Eskilstuna	1,000	100.0	
Westermo Fastighets AB, 556288-4360, Eskilstuna	10,000	100.0	
Westermo Data Communications Ltd., 3059742, Southampton	50,000	100.0	
Westermo Data Communications GmbH, 30070-54742, Waghäusel	50,000	100.0	
Westermo Data Communications SARL, 4333142590001, Champlan	7,624	100.0	
Westermo Data Communications Pte Ltd., 200707554, Singapore	1	100.0	
Westermo Data Communications Pty Ltd., 611 051 846, North Ryde, NSW	10,000	100.0	
Nera Management AG, CHE-114.272.568, Bubikon	100	100.0	
Neratec Solutions AG, CHE-107.669.950, Bubikon	516	100.0	
Virtual Access Holdings Ltd., 353755, Dublin	4,250,000	100.0	
Virtual Access (Ireland) Ltd., 253172, Dublin	1,000,000	100.0	
Virtual Acces Technology Ltd., 370589, Dublin	1,000,000	100.0	
Beijer Electronics AB, 556701-4328, Malmö	1,000	100.0	49,775
Brodersen Automation AB, 556288-8650, Jönköping	3,000	100.0	
Beijer Electronics AS, 912965058, Drammen	1,117	100.0	
Brodersen Automation AS, 957004083, Drammen	300	100.0	
Beijer Electronics A/S, 56162712, Roskilde	1,000	100.0	
Beijer Electronics GmbH, HRB 22383, Nürtingen	1	100.0	
Beijer Electronics Trading (Shanghai) Co, Ltd, 9131000079453912XD, Shanghai	1	100.0	
Beijer Electronics Corp., 05027350, Taipei	116,534	100.0	
Beijer Electronics Korea Co., Ltd., 110111-5841188, Seoul	83,759	100.0	
Beijer Elektronik ve Tic. A.Ş., 556233, Istanbul	100,000	100.0	
Beijer Electronics UK Ltd, 9863522, London	50,000	100.0	
Beijer Electronics Automation AB, 556701-3965, Malmö	1,000	100.0	100
Korenix Technology Co., Ltd, Taipei^b	18,467,000	100.0	101,252
Lanshan Co., Ltd, Taiwan	2,300,000	50.5	
Beijer Group Holding Inc., 36-4027234, Chicago	1,000	100.0	150,000
Beijer Electronics Inc., 87-0396688, Salt Lake City	10	100.0	
Westermo Data Communications Inc., 20-4447643, Elgin	100	100.0	
			557,572

Westermo OnTime AS was liquidated in 2020, and the companies Beijer Electronics Verwaltungs GmbH and Beijer Electronics GmbH & Co. KG were merged into Beijer Electronics Holding GmbH, which also changed corporate name to Beijer Electronics GmbH.

^aEquity as a percentage of capital, corresponding to the share of the votes for the total number of shares.

^bOf the Group's total holdings, 52.5% is held by Beijer Electronics Group AB.

Note 15

Long-term receivables

SEK 000	31 Dec. 2020	31 Dec. 2019
Group		
<i>Accumulated cost</i>		
At beginning of year	3,262	2,631
Additional receivables	12	745
Reclassifications for the year	4,461	0
Amortization for the year	-125	-278
Exchange differences for the year	-355	164
Carrying amount at end of period	7,255	3,262

Reclassifications for the year are a VAT receivable in Taiwan, reclassified from a short-term to a long-term receivable.

Because all long-term receivables are essentially subject to variable interest rates and the effect of discounting is marginal, fair value is judged to largely correspond to book value.

Note 16

Long-term receivables from Group companies

SEK 000	31 Dec. 2020	31 Dec. 2019
Parent company		
<i>Accumulated cost</i>		
At beginning of year	402,051	156,700
Additional receivables	0	272,652
Amortization for the year	-43,027	-26,055
Exchange differences for the year	-20,559	-1,246
Carrying amount at end of period	338,465	402,051

The fair value of loans to related parties is measured at cost, and in those cases where denominated in foreign currency, at the closing day rate.

The effective interest on long-term receivables to related parties is 0.50–3.40% (0.50–3.59).

Note 17

Inventories

SEK 000	31 Dec. 2020	31 Dec. 2019
Group		
Raw materials and consumables	128,660	142,605
Finished goods and goods for resale	64,815	53,953
Work in progress	6,663	6,522
Advance payments to suppliers	297	245
Goods in transit	12,166	11,485
	212,601	214,810

Note 18

Accounts receivable and other current receivables

SEK 000	31 Dec. 2020	31 Dec. 2019
Group		
Accounts receivable	211,658	308,098
Provision for doubtful debt	-3,276	-4,144
Accounts receivable—net	208,382	303,954
Other receivables	24,627	26,448
Prepaid expenses and accrued income	17,144	17,441
	250,153	347,843

The fair value of accounts receivable and other receivables is consistent with book value.

Change in provision for doubtful debt

SEK 000	31 Dec. 2020	31 Dec. 2019
Opening balance	-4,144	-2,685
Reported in Income Statement:		
- additional allowances via acquisitions	0	-1642
- additional allowance	-1,089	-588
- reversed unutilized allowances	196	177
Utilized in the year	1,485	666
Exchange differences	276	-72
Closing balance	-3,276	-4,144

Accounts receivable are judged individually at each reporting date. The individually judged receivables subject to impairment mainly relate to customers that have experienced unexpected financial difficulties. A judgment that a portion of the receivables is expected to be recoverable has been made. The expense for doubtful and bad debt is included in the other expenses item in the Income Statement. The maximum exposure to credit risk on the reporting date is the fair value of each category of receivable stated above. The Group has no assets pledged as collateral.

The Group is not dependent on major customers. The Group has no single customer that provides more than 10% of total Group sales. Carrying amounts, by currency, relating to the Group's accounts receivable and other receivables are as follows:

SEK 000	31 Dec. 2020	31 Dec. 2019
SEK	31,690	38,159
EUR	86,174	130,772
USD	49,910	82,025
TWD	20,571	29,114
GBP	20,927	21,568
CNY	15,421	18,802
NOK	4,815	5,743
DKK	2,183	5,785
TRY	4,836	4,300
Other currencies	13,626	11,575
	250,153	347,843

Prepaid expenses and accrued income

SEK 000	31 Dec. 2020	31 Dec. 2019
Group		
Rents	1,715	1,609
Insurance	2,062	1,666
Lease payments	252	39
Bank charges	1,058	1,071
Licenses	3,265	2,530
Other items	8,792	10,528
	17,144	17,443
Parent company		
Rents	437	2,309
Insurance	1,005	804
Bank charges	1,058	1,071
Licenses	3,169	2,434
Other items	3,216	833
	8,978	7,451

Note 19

Borrowing

This Note contains information about the Group and parent company's contractual terms relating to borrowing. For more information on the Group's exposure to interest risk and the risk of exchange rate fluctuations, see Note 25.

Book value is judged to be a close approximation of fair value. Bank borrowing is renegotiated every three months with new interest rates on market terms.

SEK 000	31 Dec. 2020	31 Dec. 2019
Group		
Long-term liabilities		
Bank loans	406,276	416,109
	406,276	416,109
Current liabilities		
Bank loans	46,707	40,052
Overdraft facility	72,244	147,301
	118,951	187,353

Covenants

The group's bank loans in Sweden are subject to covenants in the form of two key financial ratios according to the definitions below.

Total leverage

Total leverage according to the covenant is defined as interest-bearing liabilities, excluding provisions for pension obligations and lease liabilities pursuant to IFRS 16 Leases, less cash and cash equivalents in relation to EBITDA and excluding restructuring costs.

Total leverage may not exceed 3.50 (3.50).

Interest coverage ratio

Interest coverage ratio is defined as EBITDA and excluding restructuring costs in relation to net interest income/expense (interest expenses less interest income). Net interest income/expense does not consider interest expenses relating to lease liabilities pursuant to IFRS 16 Leases.

The interest coverage ratio may not be less than 3.50 (3.50).

Compliance with covenants

Each quarter, the company reports the quantitative outcome of both loan covenants to lenders based on the financial information stated in quarterly reports. The company satisfied all covenants in its 2020 and 2019 annual financial statements.

SEK 000	31 Dec. 2020	31 Dec. 2019
Parent company		
Long-term borrowing		
Bank loans	406,276	416,109
	406,276	416,109
Short-term borrowing		
Bank loans	40,000	40,000
Overdraft facility	72,208	144,890
	112,208	184,890

Note 20

Pension provisions, etc.

Defined-benefit obligations

SEK 000	2020	2019
Group		
<i>Defined-benefit obligations</i>		
Present value of funded obligations	20 535	21 642
Fair value of plan assets	-21 413	-20 252
Deficit in funded plans	-878	1 390
Present value of unfunded plans	169 352	168 321
Net amount in Balance Sheet	168 474	169 711
<i>The net amount is divided between plans in the following countries:</i>		
Sweden	169 352	168 321
Taiwan	-878	1 390
Net amount in Balance Sheet	168 474	169 711

	2020	2019
<i>Plan assets are divided into the following components:</i>		
Shares	47%	45%
Bonds and fixed-income funds	26%	26%
Bank balances	16%	20%
Other	11%	9%
Total plan assets	100%	100%

100% (100) of plan assets relate to funded obligations in Taiwan. Under Taiwanese legislation, the state pension authority manages all such assets. Equities, bonds and fixed-income funds are all invested in active market places.

Pension expense

SEK 000	2020	2019
<i>Defined-benefit plans</i>		
Expense for pensions accrued in the year	5 696	4 307
Return on plan assets	-159	-208
Interest expense	2 840	3 651
Expense for defined-benefit plans	8 377	7 750
<i>Defined-contribution plans</i>		
Expense for defined-contribution plans	31 299	32 481
Payroll tax and tax on profits	4 847	5 453
Total expense, defined-contribution plans	36 146	37 934
Total expense for benefits after terminated employment	44 523	45 684

Reconciliation of net amounts for pensions in the Balance Sheet

The following table illustrates how the net amount in the Balance Sheet changed in the period:

SEK 000	2020	2019
Amount at beginning of year	169 711	131 216
Expense for defined-benefit plans	8 377	7 750
Return on plan assets	-583	-667
Contributions from employees	-1 776	-1 925
Disbursement of benefits	-1 393	-1 265
Actuarial revaluation, financial assumptions	-5 929	34 543
Translation difference	67	59
Amount at end of year	168 474	169 711

Actuarial assumptions

The following material actuarial assumptions were applied when calculating obligations (weighted averages):

SEK 000	2020	2019
Discount rate, %	1.40	1.54
Future salary increases, %	2.49	2.81
Inflation, %	1.49	1.81
Staff turnover, %	6.03	5.96
Expected remaining lifespan after pensionable age 65	22.49	22.51

Group		
Assets pledged for pension obligations	None	None
Parent company		
Assets pledged for pension obligations	None	None

For more information on the method for determining the discount rate: see note 1, section (Q) Employee benefits, section (ii) Defined benefit plans. A sensitivity analysis of the effect of the discount rate on the scale of defined benefit obligations is stated below in the sensitivity analysis section.

Book value is considered a close approximation of fair value. Provisions for pensions are discounted at a satisfactory market interest rate for their term.

Note 20 cont.
Pension provisions, etc.

Sensitivity analysis

The value of defined-benefit obligations consists of the present value of expected future pension disbursements. Accordingly, measurements of the defined-benefit obligations are materially dependent on the applied discount rate in the computation of present value. Adjustments of the discount rates are a change in actuarial assumptions, and accordingly, the effects of these restatements are reported in actuarial gain or loss.

The effect of restatements of certain assumptions on the present value of obligations as of 31 December 2020 is stated below.

Adjusted discount rate (percentage point)	-0.50 %	+0.50 %
Present value of obligation (+ increase / - decrease)	22,453	-19,493
Adjusted salary growth (percentage points)	-0.50 %	+0.50 %
Present value of obligation (+ increase / - decrease)	-5,002	5,820
Adjusted inflation expectations (percentage points)	-0.50%	+0.50%
Present value of obligation (+ increase / - decrease)	-16 103	18,129
Adjusted term (years)	-1 year	+1 year
Present value of obligation (+ increase / - decrease)	-6,962	6,995

Estimate for the coming financial year

SEK 000	2020
Defined-benefit obligations	
Expense for pensions accrued in the year	5,154
Return on plan assets	-119
Interest expense	2,532
Total	7,567

Regarding the coming financial year's income statement item of actuarial profit/loss, the company does not wish to present any quantified estimate, because this amount is materially dependent on the value of the discount rate, which in turn, is dependent on macroeconomic factors. The company refers the reader to the section on the sensitivity analysis and progress of the discount rate in this section on actuarial assumptions in order for the reader to obtain a view of possible progress. Given currently available information, the company does not judge that any material changes to the discount rate will occur for the coming year.

Defined contribution plans

The company judges that the expense for defined contribution plans will be at a level that is comparable with recent years.

Note 21

Deferred tax

SEK 000	Deferred tax asset	Deferred tax liability	Net
Group 31 Dec. 2020			
Tangible assets	2,679	2,368	311
Right-of-use assets	1,345	0	1,345
Intangible assets	0	55,429	-55,429
Inventories	4,439	439	4,000
Pension provisions	26,804	0	26,804
Untaxed reserves	0	638	-638
Other provisions	1,272	170	1,102
Loss carry-forwards	17,071	0	17,071
Deferred tax liability, net	53,610	59,044	-5,434

SEK 000	Deferred tax asset	Deferred tax liability	Net
Group 31 Dec. 2019			
Tangible assets	2,679	2,819	-140
Right-of-use assets	1,579	0	1,579
Intangible assets	0	52,230	-52,230
Inventories	4,779	606	4,173
Pension provisions	27,919	0	27,919
Untaxed reserves	0	638	-638
Other provisions	1,621	185	1,436
Loss carry-forwards	11,290	0	11,290
Deferred tax liability, net	49,867	56,478	-6,611

SEK 000	Amount at beginning of year	Recognized in profit or loss	Recognized in other comprehensive income	Purchases	Exchange differences	Amount at end of year
Group						
Tangible assets	-140	361			90	311
Right-of-use assets	1,579	-200			-34	1,345
Intangible assets	-52,230	3,178		-6,945	568	-55,429
Inventories	4,173	-173				4,000
Pension provisions	27,919	363	-1,468		-10	26,804
Untaxed reserves	-638	0				-638
Other provisions	1,436	-164			-170	1,102
Loss carry-forwards	11,290	6,109			-328	17,071
	-6,611	9,474	-1,468	-6,945	116	-5,434

Of the Group's deferred tax assets, 5-10 MSEK are expected to be used in 2021.

Of the Group's deferred tax liabilities, 14-16 MSEK is expected to be settled in 2021, with additional estimated new deferred tax liabilities of 15-16 MSEK.

Loss carry-forwards

Tax loss carry-forwards for which no deferred tax liability has been capitalized total 146.4 MSEK (175.6), of which 0 MSEK (100.7) from acquisitions.

SEK 000	
Due year	
2021	5,282
2022	0
2023	0
2024	0
2025	0
After 2025	7,294
No due date	133,778
Total	146,354

Note 22

Other provisions

SEK 000	31 Dec. 2020	31 Dec. 2019
Opening balance	6,776	4,346
Additional via business combinations	0	3,608
Recognized in Income Statement:		
- additional allowances	3,638	1,323
- reversed unused amounts	-150	-1,024
Used in year	-2,027	-1,477
Exchange differences	-84	0
Closing balance	8,153	6,776

Of the closing balance for the year, 8,153,000 SEK (6,776,000) is guarantee provisions.

Note 23

Accrued expenses and deferred income

SEK 000	31 Dec. 2020	31 Dec. 2019
Group		
Accrued salaries and vacation pay	59,831	77,835
Accrued social security expenses	53,687	53,431
Accrued consulting expenses	4,972	4,261
Restructuring	4,840	1,010
<i>Personnel-related</i>	3,474	582
<i>Other</i>	1,366	428
Deferred income	366	2,700
Other items	10,865	13,551
	134,561	152,788

SEK 000	31 Dec. 2020	31 Dec. 2019
Parent company		
Accrued salaries and vacation pay	3,504	4,227
Accrued social security expenses	7,096	5,913
Other items	2,179	2,130
	12,779	12,270

Note 24

Financial risks and finance policy

Net debt

The Group's net debt as of 31 December 2020 and 2019 respectively was as follows:

SEK 000	31 Dec. 2020	31 Dec. 2019	SEK 000	31 Dec. 2020	31 Dec. 2019
Cash and cash equivalents	120,719	121,903	Cash and cash equivalents	120,719	121,903
Loan liabilities—due within one year	156,359	223,437	Gross liability—fixed interest		
Loan liabilities— due after one year	468,777	485,707	Gross liability—variable interest	625,136	709,144
Net debt	504,417	587,241	Net debt	504,417	587,241

SEK 000	Cash and cash equivalents	Finance leases	Lease liabilities	Borrowing	Net
Net debt as of 1 Jan. 2019	94,488	6,676		374,649	286,837
Adjustment on adoption of IFRS 16		-6,676	122,134		115,458
Business combinations	23,518		8,056		-15,462
Cash flow	1,382		-39,046	228,813	188,385
Exchange differences	2,515		1,822		-693
Other changes	0		12,716		12,716
Net debt as of 31 Dec. 2019	121,903	0	105,682	603,462	587,241
Net debt as of 1 Jan. 2020	121,903	0	105,682	603,462	587,241
Cash flow	11,073		-41,939	-68,401	-121,413
Exchange differences	-12,257		-2,775	-9,834	-352
Other changes	0		38,941		38,941
Net debt as of 31 Dec. 2020	120,719	0	99,909	525,227	504,417

Loan, interest and maturity structure

The following table illustrates the maturity structure of borrowing by original currency, and the maturity structure and renegotiation dates of interest terms, as of the reporting date.

SEK 000	Interest rate, %	Fixed-interest period	Remaining duration, fixed-interest period	Currency	Nominal amount in original currency	Nominal amount in presentation currency
Group						
Bank loans:						
Bank loan	1.50	90 days	90 days	SEK	170,000	170,000
Bank loan	1.50	90 days	90 days	SEK	20,000	20,000
Bank loan	1.50	90 days	90 days	EUR	20,000	200,750
Bank loan	1.50	90 days	90 days	CHF	6,000	55,526
Bank loan	1.42	30 days	30 days	TWD	23,000	6,707
Overdraft facility ^a	1.00	90 days	90 days	SEK/EUR/USD/ NOK/DKK/GBP /SGD/CHF		72,245
						525,228

^aThe final maturity of bank loans is 15 March 2023, when the underlying bank facility expires. The overdraft facility has contracted interest of 0.30% on credit granted.

In addition to bank loans, the Group's US subsidiaries received government loans as part of the country's Covid-19 support package. These loans amount to a total of 9,078,000 SEK (1,109,000 USD). The interest terms and maturity structures of these loans had not been finalized at the reporting date. The Group is reporting these loans as interest-bearing other non-current liabilities.

Note 24 cont.

Financial risks and finance policy

Financial assets & financial liabilities

The Group has the following financial instruments:

Financial assets

SEK 000	31 Dec. 2020	31 Dec. 2019
Financial assets measured at amortized cost		
Accounts receivable	208,382	303,954
Cash and cash equivalents	120,719	121,903
	329,101	425,857

Accounts receivable are amounts relating to customers for goods sold or services rendered in operating activities. Generally, accounts receivable become due for payment within 30-90 days, and accordingly, all accounts receivable are classified as current assets. The fair value of accounts receivable corresponds to carrying amounts, because the discounting effect is not considered material.

Financial liabilities

SEK 000	31 Dec. 2020	31 Dec. 2019
Financial liabilities measured at amortized cost		
Borrowings	525,228	603,462
Other liabilities	9,078	
Accounts payable	105,548	126,088
	639,854	729,550

The fair value of borrowing corresponds to carrying amount because interest on this borrowing is on a par with current market interest rates or due to borrowing being short term.

Accounts payable are unsecured and normally paid within 30 days. The fair value of accounts payable are considered to correspond to carrying amount, because they are inherently short term.

The following table states the maturities of financial liabilities.

Contracted maturities					
SEK 000	Unspecified	Within 12 months	Between 1 and 2 years	Between 2 and 3 years	Total
Group					
Borrowing		118,952	40,000	366,276	525,228
Other liabilities	9,078				9,078
Accounts payable		105,548			105,548
	9,078	224,500	40,000	366,276	639,854

Transaction exposure

The Group's transaction exposure for 2020 is divided between the following currencies:

SEK 000	Sales		EBIT	
	Amount	%	Amount	%
Group 2020				
EUR	641,171	44.6	399,322	2,525.1
USD	312,598	21.7	-2,910	-18.4
NOK	41,323	2.9	23,585	149.1
DKK	17,367	1.2	10,527	66.6
GBP	98,813	6.9	75,301	476.2
CHF	8,664	0.6	-51,544	-325.9
TRY	30,595	2.1	25,136	158.9
TWD	41,274	2.9	-133,687	-845.4
CNY	64,999	4.5	43,606	275.7
SGD	18,610	1.3	14,372	90.9
AUD	20,493	1.4	14,613	92.4
SEK	135,595	9.4	-406,035	-2,567.6
Other currencies	6,245	0.4	3,528	22.3
	1,437,747	100.0	15,814	100.0

Translation exposure

Foreign net assets of the Group are divided between the following currencies:

Currency/Amount, 000	Foreign currency	Swedish currency	%
Group 2020			
TWD	936,903	273,201	45.3
USD	22,484	184,109	30.5
CNY	32,951	41,311	6.8
EUR	3,447	34,604	5.7
TRY	14,302	16,007	2.7
GBP	1,267	14,052	2.3
SGD	1,865	11,524	1.9
DKK	7,981	11,127	1.8
AUD	1,701	10,659	1.8
CHF	387	3,579	0.6
NOK	1,077	1,028	0.2
OTH		2,046	0.4
		603,247	100.0

Finance policy

Through its operations, the Group is exposed to various types of financial risk. Financial risk means fluctuations in the company's profits and cash flow ensuing from variations in rates of exchange, interest levels and credit risks. The Board of Directors decides on currency hedging and additional new long-term funding.

Interest risks

The Group's net financial income/expense and profit or loss are affected by fluctuations in interest rates. The Group's average interest fixing period is some 90 days. Interest rates at year-end vary between 1.00 and 1.50% (1.00–1.35%). The average interest factor for the year is approximately 1.6% (1.3). An interest rate fluctuation of 1% would affect consolidated profit before tax by some 6.3 MSEK (6.0) with the loan exposure at the end of the financial year.

Credit risks

Group cash and cash equivalents are divided between the parent company and its subsidiaries, with no single entity holding more than 17% (15) of Group total cash and cash equivalents. The Group's policy is to invest cash and cash equivalents in regionally reputable and leading banks with a high credit rating.

The Group is exposed to credit risks in accounts receivable. The Group's customers are subject to credit checks involving the collection of information on customers' financial positions from various credit agencies. The Group has prepared a Credit Policy for managing customer credit, which continuously monitors customers' progress and solvency.

Advance payments, bank guarantees or other collateral are necessary for customers with low credit ratings or insufficient credit history. In the Group, accounts receivable more than 120 days overdue are generally 100% provisioned. However, consideration should be taken to the incidence of credit insurance, etc. Additionally, individual assessments are made where necessary. The cost of doubtful and bad debt in 2020 was 0.9 MSEK (0.6), or 0.06% (0.04) of Group sales.

Currency risks

The Group operates internationally and is exposed to various types of currency risk. The primary exposure relates to purchases and sales in foreign currencies, where the risk may be in fluctuations in the currency of the financial instrument, customer's or supplier's invoice, and the currency risk in expected or contracted payment flows, termed transaction exposure. Currency fluctuations also occur in the translation of foreign subsidiaries' assets and liabilities to the parent company's functional currency (translation exposure). In the financial year, the Group did not apply currency hedging to its payment flows or exposure in foreign subsidiaries, in accordance with the Group's policy.

The largest procurement currencies for the Group are the USD, EUR and TWD. The largest invoicing currencies are EUR, USD, SEK and GBP. The Group has some flow matching of its currency exposure, implying relatively low value at risk (theoretical risk value).

The policy is for the Group subsidiaries to manage their currency risk by controlling revenues and expenses against functional currency, and allow the parent company to conduct netting of various currencies.

The parent company evaluates its net exposure to each purchasing and sales currency on an ongoing basis with the aim of judging the effect on consolidated profit. A 10% depreciation/appreciation of the Swedish krona against all transaction currencies would increase/decrease sales by some 130 MSEK and EBIT by some 42 MSEK, given year-2020 levels and mix of sales and earnings. 91% (90) of Group sales are in foreign currency.

The Group has significant net assets denominated in TWD and USD. A 10% depreciation/appreciation in the value of the SEK against the TWD would increase/decrease equity by an estimated 27 MSEK. A 10% depreciation/appreciation of the value of the SEK against the USD respectively would increase/decrease equity by 18 MSEK.

Liquidity risks

Beijer Electronics has loans that become due for payment at different times. An overdraft facility represents a portion of these loans, which has a contracted one-year term, and can be renewed for 12 months at the end of its term after renewed evaluation. The Group's other finance accrues variable interest with straight-line amortization. The Group is within the limits of the terms of credit issued by lenders as guarantees for credit issuance.

Beijer Electronics Group AB's current bank facility expires on 15 March 2023.

Capital risk

The Group's target for its capital structure is to ensure the Group can continue its operations, so it can continue to generate returns for shareholders, benefit other stakeholders and maintain an optimal capital structure to limit the cost of capital. To maintain or adjust its capital structure, the Group may change the dividend paid to share-holders, repay capital to shareholders, issue new shares or sell assets to reduce its liabilities. There are no financial capital risks because the company does not have a financial trading mandate.

Note 25

Pledged assets, contingent liabilities, and contingent assets

SEK 000	Group		Parent company	
	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
Pledged assets	11,123	11,559	None	None
Contingent liabilities				
Guarantee commitments, FPG/PRI	1,526	1,412	242	208
Guarantee commitments in favor of subsidiaries				
rent guarantees			7,850	14,832
credit guarantee			0	2,087
customs guarantees			678	678
other*			3,570	6,901
Other commitments	1,458	4,578		
Total contingent liabilities	2,984	5,990	12,340	24,706

*Beijer Electronics UK Ltd., with company registration number 09863522, is exempted from statutory audits pursuant to Section 479A of the UK Companies Act 2006. Beijer Electronics Group AB is the guarantor for all of the subsidiary's liabilities as of 31 December 2020. 809,000 SEK of this amount is intra-group liabilities.

Note 26

Related parties

The parent company has related party relationships with its subsidiaries (see Note 14). For transactions with the CEO, Board members and senior executives, see Note 6.

Summary of transactions with related parties

Related party	Year	Sales of services to related party	Purchases of services from related party	Receivable from related party as of 31 December	Liability to related party as of 31 December
Subsidiaries	2020	36,594	100	390,209	125,822
Subsidiaries	2019	33,931	1,777	474,933	132,298

Transactions with related parties are priced on an arm's length basis.

Note 27

Cash flow

SEK 000	31 Dec. 2020	31 Dec. 2019
Cash and cash equivalents—Group		
Cash and cash equivalents include the following components:		
Cash	86	95
Checks	4,877	4,429
Bank balances	115,756	117,379
Total, Balance Sheet	120,719	121,903
Total, Cash Flow Statement	120,719	121,903
Cash and cash equivalents—parent company		
Cash and cash equivalents include the following components:		
Cash	0	0
Bank balances	1,166	1,166
Total, Balance Sheet	1,166	1,166
Total, Cash Flow Statement	1,166	1,166

Interest paid and dividend received

SEK 000	Group		Parent company	
	2020	2019	2020	2019
Dividend received				
Interest received	97	515	4,925	6,485
Interest paid	-9,833	-7,205	-11,370	-7,139
	-9,736	-6,690	-6,445	-654

Adjustments for items not included in cash flow

SEK 000	Group		Parent company	
	2020	2019	2020	2019
Depreciation, amortization and impairment	148,470	123,748	7,904	8,261
Profit/loss from sale of property, plant and equipment	613	-911		
Pension provisions	5,225	4,776	1,652	1,547
Other provisions	1,378	2,430		
Unrealized exchange gains/losses			-190	-3,694
Unpaid expense for restructuring program	3,829			
Other	4,838	116	1,039	100
	164,353	130,159	10,405	6,214

Unutilized credit facilities

SEK 000	Group		Parent company	
	2020	2019	2020	2019
Unutilized credit facilities amount to	201,517	105,110	201,517	105,110

Note 28

Other liabilities

SEK 000	31 Dec. 2020	31 Dec. 2019
Group		
Other non-current liabilities		
Contingent consideration	90,338	97,732
Other non-current liabilities	9,098	0
	99,436	97,732
Other current liabilities		
Contingent consideration	3,702	0
Other current liabilities	30,418	25,842
	34,120	25,842

Contingent considerations relate to the acquisitions of Neratec and Virtual Access, both of which were executed in 2019. These acquisitions include a variable performance-related contingent consideration, which for Neratec becomes due for payment in 2021, and for Virtual Access, in 2022. These contingent considerations were measured effective 31 December 2020, and reflect our best estimate of the outcome of such contingent consideration. Payment of the contingent consideration for the acquisition of Neratec occurred after the reporting date, at the amount entered as a liability on the reporting date. The change in the reported contingent consideration on the previous year relates wholly to changes in rates of exchange.

Note 29

Subsequent events

On 17 March 2021, and through its Westermo business entity, BEIJER GROUP entered an agreement to acquire 100% of the shares of German company ELTEC Elektronik AG, a technology enterprise specializing in wireless communication for connected trains. ELTEC provides wireless communication solutions for passenger information, infotainment and passenger WiFi networks. Its customer base includes Europe's largest train operators and system integrators in connected trains. ELTEC has some 35 employees and yearly sales of approx. 65 MSEK (6.5 MEUR). Operations are based in Mainz, Germany. The purchase consideration is 10.5 MEUR on a debt-free basis, which is being paid in cash and financed through BEIJER GROUP's existing finance facilities. The acquisition will have a limited impact on BEIJER GROUP's earnings in 2021, but is expected to contribute from 2022 onwards consistent with Westermo's profitability level.

Apart from this, there were no other significant events to report after year-end and until the signing of these annual accounts.

Note 30

Earnings per share

SEK 000	2020	2019
Net profit	-5,647	64,954
Number of outstanding shares	28,627	28,601
Earnings per share before dilution	-0.20	2.27
Number of outstanding shares after dilution	28,952	28,852
Earnings per share after dilution	-0.20	2.25
Dividend paid per share, SEK ^a	0.00	0.50

^aThe proposed dividend for 2020 is 0.00 SEK per share.

Note 31

Proposed appropriation of profit

SEK 000	2020	2019
Retained profit	290,886	261,258
Net profit/loss	-3,049	25,003
Total	287,837	286,261
Total dividend	0	0
Carried forward	287,837	286,261
Total	287,837	286,261

Note 32

Parent company

Beijer Electronics Group AB is a Swedish-registered limited company with its registered office in Malmö, Sweden. The parent company's shares are quoted on the NASDAQ OMX Nordic Stockholm Small Cap List, under the ticker symbol BELE. The address of the head office is: Box 426, 201 24 Malmö, Sweden.

The Consolidated Accounts for 2020 include the parent company and its subsidiaries, collectively termed the Group.

Note 33

Alternative key figures

Alternative key figures are used to describe the progress of underlying operations and to improve comparability between periods. They are not defined on the basis of IFRS but are consistent with how Group Management and the Board of Directors measures the company's financial performance. These key figures should not be viewed as substitutes for financial information presented in accordance with IFRS, but rather, as a complement.

For definitions, see page 96.

Note 34

Business combinations

Neratec Solutions AG (now Westermo Neratec AG)

Through its Westermo business entity, Beijer Electronics Group acquired 100% of Swiss company Neratec Solutions AG, now Westermo Neratec AG, at the beginning of July 2019. Neratec was consolidated into the Group and Westermo's accounts effective 1 July 2019.

The purchase consideration is divided between basic and contingent considerations. The outcome of the contingent consideration is dependent on Neratec's sales growth in the financial year 2020, and was settled in February 2021 at the maximum outcome of 0.4 MEUR.

SEK 000	2019
Purchase consideration	
Cash and cash equivalents	56,390
Contingent consideration	3,840
Total purchase consideration	60,230
Acquisition-related expenses	1,882
Carrying amount of identifiable acquired assets and liabilities taken over	
Property, plant and equipment	88
Patents	2,294
Customer relations	15,130
Other intangible assets	952
Current assets	16,621
Cash and cash equivalents	8,235
Current liabilities	-3,208
Non-current liabilities	-3,426
Deferred tax liabilities	-3,710
Total identifiable net assets	32,976
Goodwill	27,254
Total	60,230

Acquisition-related expenses are included in administrative overheads in the Consolidated Income Statement, and profit before tax in the Consolidated Cash Flow Statement.

Virtual Access

Through its Westermo business entity, Beijer Electronics Group acquired 100% of Irish company Virtual Access at the end of October 2019. Virtual Access was consolidated into the Group and Westermo's accounts effective 1 November 2019.

The purchase consideration is divided between basic and contingent considerations. The outcome of the contingent consideration is dependent on virtual access's EBIT in financial years 2020-2021, and will be settled by 1 March 2022 at the latest. The maximum outcome is 9 MEUR.

SEK 000	2019	2020
Purchase consideration		
Cash and cash equivalents	212,931	
Contingent consideration	96,755	
Total purchase consideration	309,686	
Acquisition-related expenses	2,007	
Stamp duty	2,864	
Carrying amount of identifiable acquired assets and liabilities taken over		
Property, plant and equipment	500	500
Trade marks & brands	0	366
Customer relations	0	46,883
Technology platform	0	8,332
Other intangible assets	178	178
Current assets	48,267	48,267
Cash and cash equivalents	15,283	15,283
Current liabilities	-9,844	-9,844
Non-current liabilities	0	0
Deferred tax liabilities	0	-6,945
Total identifiable net assets	54,384	103,020
Goodwill	255,302	206,666
Total	309,686	309,686

Analysis and measurement of identifiable acquired intangible assets was finalized in 2020 and is stated in the above table. The amounts as of 31 December 2019 are a preliminary allocation.

Acquisition-related expenses are included in administrative overheads in the Consolidated Income Statement, as well as profit before tax in the Consolidated Cash Flow Statement.

Stamp duty is included in tax in the Consolidated Income Statement, and in income tax paid in the Consolidated Cash Flow Statement.

Corporate Governance Report 2020

Beijer Electronics Group AB is a Swedish public limited company quoted on the NASDAQ OMX Nordic Stockholm Small Cap List, with the ticker BELE. Beijer Electronics Group applies the Swedish Code of Corporate Governance. The complete Code is available at www.corporategovernanceboard.se.

The Corporate Governance Report for the financial year 2020 has been prepared in accordance with the Code's recommendations. The company has no instances of non-compliance to report.

The company's Auditors have performed a statutory review of the Corporate Governance Report.

The Group is referred to as BEIJER GROUP below.

Shareholders and Articles of Association

There were 4,302 (4,564) shareholders at the end of the year. The largest shareholder is Stena Adactum AB with some 29% of the votes. Of total share capital at year-end, some 12% (14.7) was held by foreign investors. The company has two share classes, ordinary shares and class C shares, and the maximum permitted issue of class C shares is 5% of all the shares of the company, which carry 1/10 of a vote per share. The share capital amounts to 9,617,467 SEK, divided between 28,852,400 shares, of which 28,627,219 ordinary shares each carrying 1 vote, corresponding to 28,627,219 votes, and 225,181 class C shares each carrying 1/10 vote, corresponding to 22,518.1 votes. Each ordinary share has a quotient value of 0.33 SEK. For more information on the share and shareholders, see pages 10-11. Information on shareholders is updated quarterly, and is also available at the Group's website, www.beijergroup.com.

BEIJER GROUP's Articles of Association have no special provisions regarding the appointment or dismissal of Board members or amendments to the Articles of Association. For such resolutions at shareholders' meetings, the majority requirements stated in the Swedish Companies Act apply.

AGM 2020

The AGM was held on 26 June 2020. 29 shareholders attended the Meeting personally or by proxy, representing some 64% of the votes. Chairman of the Board Bo Elisson was elected Chairman of the Meeting. All ordinary Board members and the company's Auditors attended the Meeting.

Chairman of the Board Bo Elisson reported on the work of the Board of Directors in the financial year 2019. The company's President and CEO Per Samuelsson reviewed the past year, the three business entities and their operations, as well as the company's progress in the first quarter of 2020. The Auditors reported their observations of the company's accounting records and administration to the Meeting, and presented a review of their work over the past year.

The minutes of the Meeting are available from the company and have been published on the company's website. Some of the resolutions of the Meeting follow:

- That no dividend would be paid for the financial year 2019, in accordance with the Board of Directors' proposal.
- That the Board of Directors shall consist of five (5) members with no deputies.

- To re-elect the Board members Ulrika Hagdahl, Bo Elisson, Johan Wester, Karin Gunnarsson and Lars Eklöf as Board members in accordance with the Nomination Committee's proposal.
- To re-elect Bo Elisson as Chairman of the Board in accordance with the Nomination Committee's proposal.
- To appoint registered public accounting firm Öhrlings PricewaterhouseCoopers, Malmö, Sweden as the company's auditor for the period until the end of the AGM 2021.
- Unchanged total fees to the Chairman of the Board and other Board members of 1,400,000 SEK,
- Unchanged fees for service the Board of Directors' Audit Committee of 75,000 SEK to the Chairman of the Committee, and 50,000 SEK to other members,
- Unchanged fees for service on the Board of Directors' Remuneration Committee of 50,000 SEK to the Chairman of the Committee and 30,000 SEK to other members,
- To adopt the Nomination Committee's proposal for instructions for the Nomination Committee,
- To adopt the Board of Directors' proposed guidelines for remunerating senior executives,
- To authorize the Board of Directors to decide on the new issue of a maximum of 2,860,137 ordinary shares on one or more occasions in the period until the next AGM,
- To resolve on the creation of a long-term share-based incentive plan, LTI 2020/2023, and the associated hedging measures.

Nomination Committee for the AGM 2021

The Nomination Committee was presented on 15 October 2020 and has 4 members, with one representative of each of the four largest shareholders before publication (holdings on the last business day of August 2020). The Chairman of the Board is co-opted to the Nomination Committee. Anders Wassberg, representing Stena Adactum AB, leads the work of the Nomination Committee. The Nomination Committee's duty is to consult on proposals for Board members, the Chairman of the Board, fees to Board members and Auditors, and Chairman of the next AGM. The Nomination Committee remains in place until a new Committee is appointed. The Nomination Committee held four meetings where minutes were taken. A number of informal telephone and email discussions were also held. All Board members have been interviewed by the Nomination Committee and responded to a survey on the Board's work.

Nomination Committee Name	Owner's representative of	Votes, % 31 Aug. 2020
Anders Wassberg	Stena Adactum AB	29.0
Ulf Hedlundh	Svolder AB	15.2
Bengt Belfrage	Nordea Fonder	10.9
Lovisa Runge	Fjärde AP-fonden	7.6
Bo Elisson, Chairman of the Board		
Total		62.7

In its work on proposing a Board of Directors for the forthcoming term of office, the Nomination Committee appraised the work of the Board. The findings of this appraisal included the Board members being very committed, and their attendance was high. Generally, the Nomination Committee was able to conclude that Board work was effective, and that the members of the Board of Directors represent broad competence, with thorough industrial and financial knowledge, as well as knowledge of international trading conditions and markets.

When preparing its proposal for the Board of Directors, the Nomination Committee especially considered the stipulations of rule 4.1 of the Swedish Code of Corporate Governance, i.e. that the Board of Directors should have an expedient composition in terms of the company's operations, developmental phase and other circumstances, featuring diversity and breadth in terms of members' competence, experience and backgrounds, and that an even gender balance should be pursued. The Nomination Committee applied the relevant provision of the Swedish Code of Corporate Governance as its diversity policy when preparing its proposal. The Nomination Committee's proposal for the Board of Directors to the AGM was presented on 9 February 2021.

The Nomination Committee proposes that the Board of Directors consists of five members. The Nomination Committee is proposing re-election of Board members Ulrika Hagdahl, Bo Elisson, Johan Wester, Karin Gunnarsson and Lars Eklöf. The Committee also proposes that the Board of Directors' current Chairman, Bo Elisson, remains as Chairman.

The proposed Board members represent broad-based skills, including thorough industrial and financial know-how, as well as knowledge of international trading conditions and markets. In its reasoned statement regarding its proposal to the Board, the Nomination Committee stated that the Board has an expedient composition, featuring versatility and breadth in terms of Directors' skills, education, age, experience, background and length of service. The Nomination Committee's proposal implies that 40% of Board members are women.

The rules stipulating independence of Board members in accordance with the Swedish Code of Corporate Governance have been observed. According to the Nomination Committee, all proposed Board members, apart from Johan Wester, are independent of the company's major shareholders. All Board members are independent of the company.

Board of Directors

The Board of Directors bears ultimate responsibility for the company's organization and administration and taking decisions on the company's overall goals and strategy. The duties of the Board of Directors also include identifying how sustainability issues impact the company's risks and business opportunities. In the financial year 2020, the company's Board of Directors had five members appointed by the AGM.

The company has not set any specific age limit for Board members, nor any time limit for how long a Board member can serve on the Board of Directors. For detailed information on Board members, see the company's website and page 95.

The role of the Chairman of the Board

Apart from leading the Board of Directors' work, the Chairman of the Board continuously monitors progress by maintaining ongoing contact with the Chief Executive Officer on strategic matters. The Chairman of the Board represents the Group on ownership-related matters.

The Board of Directors' working methods

The Board of Directors' work conforms to a yearly plan. Decisions are taken by the Board after an open discussion led by the Chairman. The Chief Financial Officer, also Compliance Officer for the Code of Corporate Governance, serves as Secretary of the Board of Directors. Apart from the Board meeting following election, which is held coincident with the AGM, the Board normally meets five times per year (scheduled meetings). Extra meetings are convened when necessary. The Board of Directors' and Chief Executive Officer's rules of procedure are adopted yearly at the Board meeting following election. Each meeting follows an agenda, with supporting documentation provided to Board members in good time before each Board meeting.

The Annual Accounts, proposed appropriation of profits and the financial statement are considered each financial year in the first scheduled Board meeting of the financial year. Coincident with this process, the company's Auditors submit a report to the Audit Committee regarding the Auditors' observations and judgments of the audit conducted.

The Chief Executive Officer is assigned to submit Interim Reports approved by the Board of Directors at scheduled meetings later in the financial year. Each scheduled meeting also includes several other matters on its agenda, including a report on the current results of operations.

The Board of Directors appraises its own work, and that of the Chief Executive Officer, on an ongoing basis. In addition, a formal appraisal is conducted led by the Chairman of the Board. In 2020, the appraisal was completed in the form of a survey presented to each Board member. Board members sent their responses to an external party, independent of the Board of Directors and the company, who collated the responses. The appraisal was then presented to the Chairman and to other Board members in connection with the Board meeting in December 2020.

Work of the Board in 2020

In the financial year 2020, the Board of Directors held 16 (10) Board meetings in addition to the Board meeting following election. Extensive contact was maintained between the company, the Chairman of the Board and other members between Board meetings. The company's Auditors attended the first Board meeting of the year, reporting their observations on the Group's internal controls and financial statement. The Auditors met the Board of Directors' Audit Committee on two other occasions.

Remuneration Committee

The Remuneration Committee is appointed yearly by the Board of Directors. The Remuneration Committee consults on the Board of Directors' decisions on remuneration of the Chief Executive Officer,

Work of the Board of Directors in 2020

Board member	Elected	Position	Attendance			Independent		
			Audit Committee	Remuneration Committee	Board meetings	Fee**, SEK	Company	Major share-holders
Bo Elisson ¹	2013	Chairman			17/17	550,000	no	no
Ulrika Hagdahl ¹	2006	Member	3/3		17/17	275,000	no	no
Johan Wester ²	2015	Member		2/2	17/17	255,000	no	yes
Karin Gunnarsson ³	2018	Member	3/3		17/17	300,000	no	no
Lars Eklöf	2018	Member			17/17	225,000	no	no
Total						1,605,000		

¹Fee includes compensation of 50,000 SEK for committee work.

²Fee includes compensation of 30,000 SEK for committee work.

³Fee includes compensation of 75,000 SEK for committee work.

**Fee paid in arrears, and above the fees were approved by the AGM 2019.

decides on remuneration to other senior executives and consults on proposals for potential incentive plans. The Remuneration Committee collects decision support data and views from other Board members, the CEO and CFO. The Committee also collects comparative decision support data externally. In 2020, the members of the Remuneration Committee were Bo Elisson and Johan Wester, with Bo Elisson serving as Chairman. In the financial year 2020, the Remuneration Committee held two (2) meetings. Remuneration for committee work was paid in accordance with the resolution of the Annual General Meeting 2020. Guidelines for remunerating senior executives for the financial year 2020 were approved at the AGM in June.

Audit Committee

The Audit Committee members are Karin Gunnarsson and Ulrika Hagdahl, with Karin Gunnarsson serving as Chairman. The duty of the Committee is to analyze, discuss and supervise the company's risk management, governance and internal controls, and financial reporting. The Committee maintains contact with the company's Auditors to stay informed on the audit of the accounts, reviewing and supervising auditor impartiality, and to discuss the orientation and scope of audit work. The Audit Committee has adopted guidelines for other services apart from auditing the company can purchase from the company's auditors. The complete guidelines are available at the company's website. Remuneration for committee work was paid in accordance with the resolution of the Annual General Meeting 2020.

Remuneration to the Board and Management in 2020

In 2020, the Chief Executive Officer of the parent company, also President of the Group, and other senior executives drew basic salary and other benefits that are reported in Note 6, page 65. Other senior executives mean the five people that made up Group management in 2020 alongside the Chief Executive Officer.

Remuneration to the CEO

Apart from contracted basic salary, for the financial year 2020, the Chief Executive Officer is also entitled to variable remuneration. Variable remuneration is based on the Group's EBIT, sales and free cash flow, and is a maximum of six months' salary. Pension and

other customary benefits are additional. Each year, 35% of gross salary including bonus is provisioned as pension assurance for the CEO. This pension is defined contribution and becomes payable at age 65. According to agreement, the CEO has a notice period from the company's side of 18 months, which cannot be claimed for termination initiated by the CEO. The notice period from the Chief Executive Officer's side is six months. No other remuneration upon termination has been agreed.

Remuneration to other senior executives

Other senior executives have basic salary with a variable component. The variable component is based partly on the Group's and partly on each business entity's EBIT, sales growth and cash flow. Yearly variable remuneration is a maximum of six months' salary. Other senior executives have defined contribution pension agreements on market terms. Other customary benefits are additional. Maximum notice periods of 12 months for termination from the company's side have been agreed for other senior executives.

Incentive plans

The purpose of incentive plans is to promote senior management's commitment to the Group's progress and thus increase value for the Group's shareholders. Consistent with a previous resolution by the AGM 2019, the AGM 2020 resolved to create a long-term share-based incentive plan, LTI 2020/2023 for management and a number of key individuals within the Group. The plan measures performance in 2020, but has a three-year term, and involves up to 20 employees of the Group. Participants in the plan undertake to hold shares of the company themselves, to then receive what are termed performance shares on satisfying or exceeding performance targets in 2020.

Directors' fees

Directors' fees, including fees for committee work, resolved by the AGM 2019, were 1,605,000 (1,560,000) SEK, which were disbursed in 2020, and allocated as in the above table. The AGM in June 2020 resolved on Directors' fees including fees for committee work, of 1,605,000 SEK for 2020, to be disbursed in 2021.

Management and corporate structure

The Chief Executive Officer is responsible for the company's ongoing administration, which covers all matters that are not reserved for the Board and administered by management. Instructions approved by the Board of Directors formalize the Chief Executive Officer's authorization to make decisions regarding investments, company acquisitions and divestments and finance matters.

Senior executives currently consist of the Chief Executive Officer, the EVP/CFO, HR Director and presidents of the three business entities Westermo, Beijer Electronics and Korenix.

Group management meetings are held regularly to discuss the Group's strategic and operational progress and to monitor results of operations. For more information on senior executives, see the company's website and page 100.

Business entities

The Group's operations are organized into three business entities. The Presidents of each business entity are members of Group management, and are responsible for the Income Statement and Balance Sheet of each entity.

Internal controls over financial reporting

In tandem with adopting the Interim Report for the third quarter and annual Financial Statement, the company's Auditors report their observations from auditing and evaluating the company's internal controls. The company's Auditors participate in Board meetings and special meetings with the Audit Committee, which enables Board members to ensure that internal control is satisfactory and that reporting to the Board is effective.

According to the Swedish Companies Act, the Board is responsible for internal controls. This responsibility includes issuing annual financial reports. The Board of Directors receives the reports and sets standards on their content and presentation to assure quality. This implies that financial reporting should be expedient by applying applicable accounting standards and other requirements of listed companies. The CEO presents a financial report to the Board of Directors at least once monthly, presented in a manner specified by the Board of Directors in advance. This enables the Board of Directors to monitor any divergences in terms of reporting or content.

Control environment, risk assessment and control structures

BEIJER GROUP structures and organizes its operating activities proceeding from decentralized responsibility for profitability. The base of internal controls in a decentralized operation consists of a well-secured process intended to define targets and strategies for each business.

Defined decision-paths, authorizations and responsibilities are communicated through internal instructions, regulations and policies adopted by the Board of Directors. The Group's primary financial policy documents are its accounting policies, finance policy and a reporting manual, including instructions for each financial statement. The company has an established control structure to manage the risks the Board of Directors and management consider significant to internal controls regarding the Group's accounting organization.

Accounting managers at all levels play a key role in terms of integrity, skills and the ability to create the environment necessary to achieve transparent and accurate financial reporting. Another important overall control activity is the monthly update on results that is conducted via the internal reporting system, and analyzed and subject to comment in reports to the Board. Monitoring the results of operations includes reconciliation against targets set, the most recent forecast and monitoring established key financial ratios.

In accordance with the Code's stipulations, the Board of Directors has taken a view on the need for a dedicated internal audit function, and concluded that at present, there is no need to create such resources within the Group. Coincident with its evaluation of this need, the Board of Directors considered the Group's size, risk outlook and the control functions already established within the Group, which include regular internal audits operated by the central finance function.

Financial reporting and information

The company's communication processes are intended to supply the market with relevant, reliable, accurate and up-to-date information on the Group's progress and financial position. Financial information is regularly submitted in the form of financial statements, interim reports, annual reports and press releases on important news and events that can materially affect the share price. Presentations and teleconferences for financial analysts, investors and the media are held on the day of publication of annual and quarterly reports. All reports, presentations and press releases are published on the Group's website and intranet.

Insider Policy

The company's Board of Directors has adopted an Insider Policy supplementing the Swedish Market Abuse Act. This Policy states the rules on registering insiders, their holdings and reporting, alerts and black-out periods for trading in financial instruments. The complete insider policy is available from the company's website.

Code of Conduct

The company's operations should be conducted with high standards of integrity and ethics. The Group has adopted a number of values that function as a framework for employees and promote good judgment and consistent decision-making. The company's Board of Directors approves the Code of Conduct each year for the Group's operations, which also includes guidelines for the Group's conduct in society in order to ensure its long-term value-creating ability. The document is available in full on the company's website.

Values

BEIJER GROUP's values—Commitment, Drive and Trust—constitute a long-term commitment linked to its business concept, goals and strategies, guiding employees in daily activities.

'Commitment' reflects commitment to maximize customer benefit and closeness in relationships with customers, collaborative partners and employees. 'Drive' illustrates proactivity and a go-ahead approach in attitudes and technology development. 'Trust' represents honesty and conduct that inspires trust.

Board of Directors' certification

The Board of Directors and Chief Executive Officer certify that the Consolidated Accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the EU, and give a true and fair view of the Group's financial position and results of operations. The parent company's accounts have been prepared in accordance with generally accepted accounting policies in Sweden and give a true and fair view of the parent company's financial position and results of operations.

The Directors' Report of the Group and parent company give a true and fair view of the progress of the Group's and parent company's operations, financial position and results of operations, and reviews the significant risks and uncertainty factors affecting the parent company and companies within the Group.

The Consolidated Income Statement and Consolidated Balance Sheet and the Parent Company Income Statement and Parent Company Balance Sheet will be subject to adoption at the AGM on 6 May 2021.

Malmö, Sweden, 22 March 2021

Bo Elisson
Chairman

Ulrika Hagdahl

Johan Wester

Karin Gunnarsson

Lars Eklöf

Per Samuelsson
President and CEO

Our Audit Report was presented on 23 March 2021.
Öhrlings PricewaterhouseCoopers AB

Sofia Götmar-Blomstedt
Authorized Public Accountant
Auditor in Charge

Mikael Nilsson
Authorized Public Accountant

Board of Directors



Bo Elisson

Born in 1950. Chairman of the Board since 2017 and Board member since 2013.

Main occupation: Industrial Advisor.

Other directorships: None.

Education: M.Sc. (Eng.), Chalmers Institute of Technology.

Work experience: Extensive experience from ASEA/ABB, including serving as Business Area Manager of ABB Robotics. Previously Chairman of Empower Oy, Flexlink AB and ADB Airfield Solutions in Belgium.

Holdings in Beijer Electronics Group AB: 85,000 shares and 100,000 call options.



Ulrika Hagdahl

Born in 1962.
Board member since 2006.

Main occupation: Directorships.

Other directorships: CEO and Board member of Montech Invest AB. Board member of AB Idre Golf Ski & Spa, Invisio AB and Resolution Games AB. Deputy Board member of Albanello AB.

Education: M.Sc. (Eng.), Royal Institute of Technology, Stockholm.

Work experience: Founder of Orc Software AB (now Itiviti), formerly CEO and Board member.

Holdings in Beijer Electronics Group AB: 53,000 shares through companies.



Karin Gunnarsson

Born in 1962.
Board member since 2018.

Main occupation: Directorships.

Other directorships: Board member of Concentric AB and Bulten AB.

Education: M.Sc. (Econ.), Stockholm School of Economics.

Work experience: Previous experience of various finance and controlling positions including Telelogic, the Trelleborg group and Hexpol. Most recently CFO & IR Manager of Hexpol AB.

Holdings in Beijer Electronics Group AB: 11,000 shares.



Lars Eklöf

Born in 1964.
Board member since 2018.

Main occupation: President of Atlas Copco's Motor Vehicle Industry division.

Other directorships: None.

Education: M.Sc. (Eng.), Royal Institute of Technology, Stockholm, Bachelor of Engineering, Dartmouth College, US.

Work experience: Solid international industrial background with Atlas Copco, including experience of various sales/marketing, product management and general management positions based in Sweden, and previously, France. President of Atlas Copco's Motor Vehicle Industry division since 2015, previously President of the Industrial Technique Service division.

Holdings in Beijer Electronics Group AB: 2,360 shares.



Johan Wester

Born in 1966.
Board member since 2015.

Main occupation: Senior Vice President of Stena Adactum AB.

Other directorships: Chairman of Captum Group AB, S-Invest Trading AB and Stiftelsen Torslandaldrott, Board member of Midsona AB and Stena Renewable AB.

Education: M.Sc. (Eng.), Industrial Engineering & Management, Chalmers University of Technology.

Work experience: Previous experience with Arthur D. Little, Accenture and Flexlink, mainly in supply chain management, strategy and business development.

Holdings in Beijer Electronics Group AB: 19,475 shares through family.

Auditor

Öhrlings PricewaterhouseCoopers AB.

Sofia Götmar-Blomstedt,
born in 1969.
Authorized Public Accountant,
Auditor in Charge of Beijer Electronics Group AB since 2017.

Mikael Nilsson, born in 1981.
Authorized Public Accountant.
Auditor of Beijer Electronics Group AB since 2019.

Information on Board members' affiliation to the company and major shareholders is in the Corporate Governance Report on page 92.

Auditor's report

To the general meeting of the shareholders of Beijer Electronics Group AB (publ), corporate identity number 556025-1851

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Beijer Electronics Group AB (publ) for the year 2020 except for the corporate governance statement on pages 90-93. The annual accounts and consolidated accounts of the company are included on pages 42-95 in this document. In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 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. Our opinions do not cover the corporate governance statement on pages 90-93. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group. Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

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

Audit scope

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

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

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements. Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Key audit matters

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

<i>Key audit matter</i>	<i>How the key audit matter was addressed in our audit</i>
<p>Impairment testing of intangible assets</p> <p>IFRS requires that intangible assets with indefinite useful lives be tested for impairment annually. At 31 December 2020, goodwill was SEK 725 million, as shown in Note 13, which also includes a breakdown between goodwill and other intangible assets.</p> <p>The carrying amount has been tested for impairment applying an assessment incorporating complexity, as well as involving a significant degree of judgement. Impairment tests have been performed for Westermo, Beijer Electronics and Korenix, which are the cash-generating units in which the goodwill is recognised.</p> <p>The tests consider the fact that the group is required to make forward-looking statements on the businesses' internal and external circumstances and plans. Examples of such judgements include future cash flows, which, for example, require assumptions to be made about future product launches, price increases and market ventures.</p> <p>Note 1, Section C (i) and Note 13 describe how the group made its judgement and presents the key assumptions on growth rates and the cost of capital (WACC) along with sensitivity analyses.</p> <p>The group has not identified any impairment for 2020.</p>	<p>In our audit, we have focused on assessing whether there is a risk of impairment of goodwill. We have also assessed key assumptions against the company's budget and strategic plan. Some of the assumptions and judgements made in the impairment tests concerning future cash flows and circumstances are complex and have a significant impact on the calculation of value in use. This applies in particular to estimates of future growth rates, gross margins and discount rates, where minor deviations have a significant impact on the calculation of value in use.</p> <p>We have performed this by assessing the accuracy of assumptions made in previous years and by challenging assumptions linked to those factors, which have the biggest impact on the impairment test, such as growth, gross margins and the cost of capital (WACC).</p> <p>By performing our own sensitivity analyses, we have also tested the safety margins for each cash-generating unit and assessed the risk of impairment based on these tests. As part of our audit, we have also assessed the calculation model used by management, and have assessed the accuracy of the disclosures made in the annual report.</p> <p>Based on our audit, we have not noted any material deviations from the group's conclusions from the impairment tests.</p>

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-41 and 100-105. The Board of Directors and the Managing Director are responsible for this other information.

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

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

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

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

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

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

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.

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

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

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, measures taken to eliminate threats or countermeasures.

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

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Director's and the Managing Director of Beijer Electronics Group AB (publ) for the year 2020 and the proposed appropriations of the company's profit or loss. We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Director's and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

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

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

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

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

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

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 90-93 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard 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/ the Annual Accounts Act for Credit Institutions and Securities Companies/ the Annual Accounts Act for Insurance Companies.

Öhrlings PricewaterhouseCoopers AB, SE-113 97 Stockholm, was appointed auditor of Beijer Electronics Group AB (publ) by the general meeting of the shareholders on June 26 2020 and has been the company's auditor since its initial public offering in 2000.

Malmö 23 March 2021

Öhrlings PricewaterhouseCoopers AB

Sofia Götmär Blomstedt

Authorized Public Accountant
Partner in charge

Mikael Nilsson

Authorized Public Accountant

Senior Executives



Group Management

Rear from left:

Wesley Chen

CEO of the Korenix business entity.
Born in 1960.

Employee since 2017.

Holdings in Beijer Electronics Group AB:
10,684 shares. In addition, conditional
entitlement to 10,933 shares.*

Joakim Laurén

EVP & CFO of Beijer Electronics Group.
Born in 1963.

Employee since 2016.

Holdings in Beijer Electronics Group AB:
17,859 shares. In addition, conditional
entitlement to 21,866 shares.*

Tim Webster

Senior VP Human Resources of Beijer
Electronics Group. Born in 1967.

Employee since 2011.

Holdings in Beijer Electronics Group AB:
8,977 shares. In addition, conditional
entitlement to 10,933 shares.*

Front from left:

Per Samuelsson

President and CEO of Beijer Electronics Group.
Born in 1957.

Employee since 2015.

Other directorships: Chairman of BTJ Sverige
AB and Directorships in Skåneägg and Priveq.

Holdings in Beijer Electronics Group AB:
60,782 shares personally and through
companies and 100,000 call options.
In addition, conditional entitlement to 43,732
shares.*

Jenny Sjö Dahl

CEO of the Westermo business entity.
Born in 1973.

Employee since 2016.

Other directorships: Board member of
Nolato AB and Nibe Industrier AB.

Holdings in Beijer Electronics Group AB:
16,434 shares. In addition, conditional
entitlement to 21,866 shares.*

Stefan Lager

CEO of the Beijer Electronics business entity.
Born in 1962.

Employee since 2016.

Other directorships: Board member of
Bong AB.

Holdings in Beijer Electronics Group AB:
22,399 shares. In addition, conditional
entitlement to 21,866 shares.*

*Within benefits plan.



Westermo business entity

Top from left:

Andreas Eriksson, VP Product Management & Marketing

Linda Kärreby, VP Human Resources

Johan Inestam, CFO

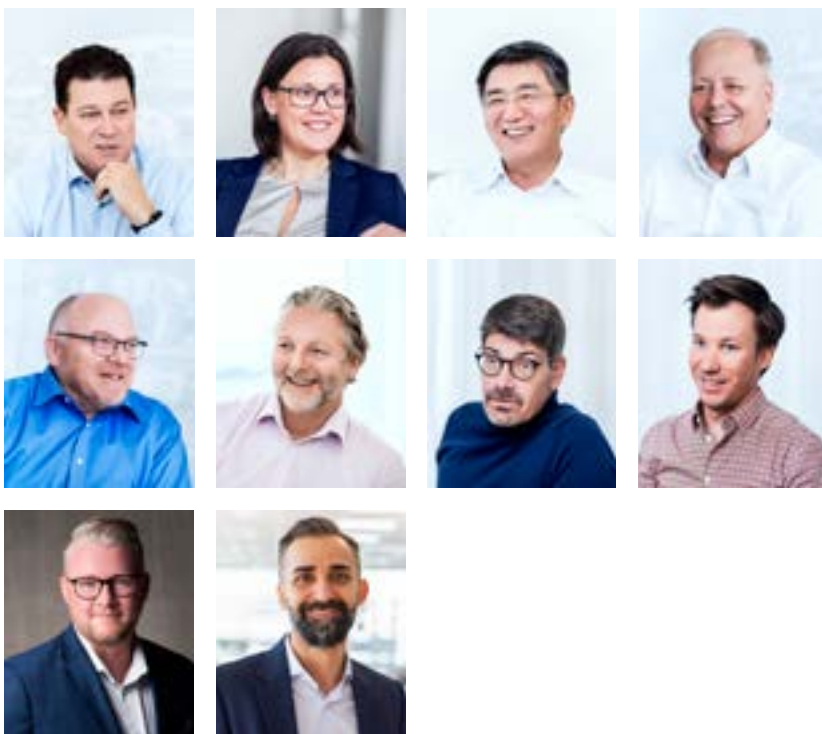
Erik Danielsson, VP Sales

Bottom from left:

Patrik Wall, VP Operations

Pierre Öberg, VP Research & Development

Jenny Sjö Dahl, CEO



Beijer Electronics business entity

Top from left:

Stefan Lager, CEO

Anna Tillman Ohrås, CFO

Wesley Chen, VP APAC

Berndt Köhring, SVP APAC, Strategy & Alliances

Middle from left:

Ryan Woolf, VP Americas

Tim Webster, SVP Human Resources, Beijer Electronics Group

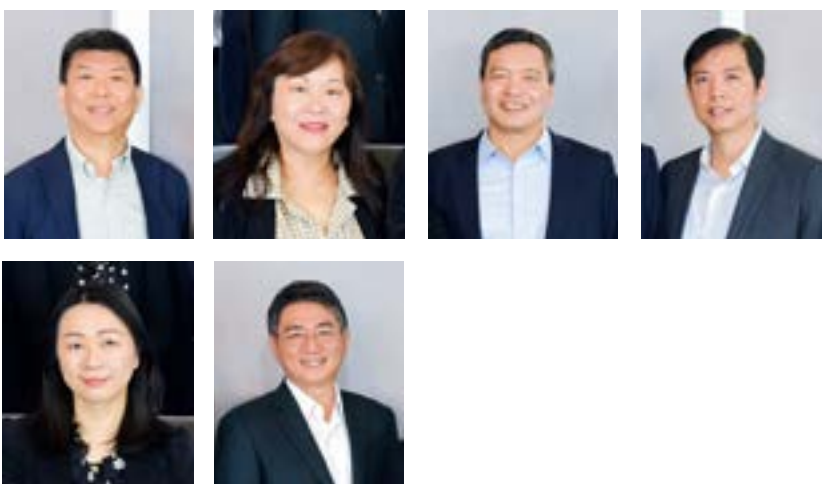
Sven Knutsson, SVP Supply Chain Beijer Electronics and Korenix

Axel Gustafson, VP Product Management

Bottom from left:

Haden Howell, VP Global Segment and Channels

Ali Rezaei, VP Sales EMEA



Korenix business entity

Överst från vänster:

Alan Han, Sr. Director R&D Dept.

Jany You, Vice President Finance Dept.

Steve Huang, Director Logistic Dept.

Spring Liaw, Director PM Dept.

Nederst från vänster:

Michelle Yu, Director APAC HR

Wesley Chen, General Manager

Five-year summary

SEK 000	2020	2019	2018	2017	2016
Income Statement					
Revenues	1,437,747	1,558,699	1,417,240	1,205,912	1,121,509
Other operating revenue and operating expenses	-2,636	3,389	1,760	-82	1,714
Operating expenses*	-1,419,297	-1,458,592	-1,345,054	-1,187,814	-1,162,578
EBIT	15,814	103,496	73,946	18,016	-39,355
Net financial income/expense	-21,653	-11,655	-10,908	-21,853	-84,844
Profit before tax	-5,839	91,841	63,038	-3,837	-124,199
Estimated tax	-251	-26,869	-19,501	-2,373	-1,914
Net profit	-6,090	64,972	43,537	-6,210	-126,113
<i>attributable to equity holders of the parent</i>	<i>-5,647</i>	<i>64,954</i>	<i>43,518</i>	<i>-6,988</i>	<i>-126,061</i>
<i>attributable to minority interests</i>	<i>-443</i>	<i>18</i>	<i>19</i>	<i>778</i>	<i>-52</i>
<i>*of which non-recurring items</i>	<i>-15,000</i>				<i>-50,000</i>

SEK 000	2020	2019	2018	2017	2016
Balance Sheet					
Assets					
Fixed assets	1,288,789	1,345,534	933,823	894,635	899,696
Current assets	474,412	574,830	486,999	435,304	423,968
Cash and cash equivalents and short-term investments	120,719	121,903	94,488	89,281	107,228
Total assets	1,883,920	2,042,267	1,515,310	1,419,220	1,430,892
Equity and liabilities					
Equity attributable to equity holders of the parent	637,192	684,434	652,888	585,015	415,389
Non-controlling interests	3,577	4,249	3,847	6,221	5,773
Long-term liabilities	803,884	816,404	490,504	511,112	514,939
Current liabilities	439,267	537,180	368,071	316,872	494,791
Total equity and liabilities	1,883,920	2,042,267	1,515,310	1,419,220	1,430,892
<i>Of which interest-bearing liabilities</i>					
<i>Borrowing</i>	<i>525,227</i>	<i>603,462</i>	<i>374,649</i>	<i>387,322</i>	<i>586,260</i>
<i>Other long-term liabilities</i>	<i>9,078</i>				
<i>Provisions for pensions</i>	<i>168,474</i>	<i>169,711</i>	<i>131,216</i>	<i>113,698</i>	<i>96,243</i>
<i>Liability attributable to right-of-use assets</i>	<i>99,909</i>	<i>105,682</i>	<i>6,676</i>	<i>5,642</i>	<i>6,623</i>
Total	802,688	878,855	512,541	506,662	689,126
Key financial ratios					
EBIT margin, %	1.1	6.6	5.2	1.5	-3.5
EBIT margin before non-recurring items, %	2.1	6.6	5.2	1.5	0.9
Profit margin, %	-0.4	4.2	3.1	-0.5	-11.2
Equity ratio, %	34.0	33.7	43.3	41.7	29.4
Equity per share, SEK ^a	22.3	23.9	22.8	20.5	21.8
Basic earnings per share, SEK	-0.20	2.27	1.52	-0.24	-4.41
Return on equity after tax, %	-0.9	9.7	7.0	-1.2	-26.6
Return on capital employed, %	1.3	7.8	6.7	1.7	-3.2
Return on net operating assets, %	1.6	10.6	8.5	2.5	-5.8
Average number of employees	790	773	713	702	714

^aBased on total equity attributable to equity holders of the parent.

SEK 000	2020	2019	2018	2017	2016
Cash Flow Statement					
Cash flow from operating activities before change in working capital	149,588	204,665	134,733	61,765	12,673
Change in working capital	44,702	-21,405	-25,559	-13,904	-3,308
Cash flow from operating activities	194,290	183,260	109,174	47,861	9,365
Cash flow from investing activities	-81,931	-333,745	-93,673	-79,400	-74,767
Cash flow from financing activities	-101,286	189,686	-14,175	17,795	72,143
Dividend paid	0	-14,301	0	0	-23,834
Cash flow for the period	11,073	24,900	1,326	-13,744	-17,093
Cash and cash equivalents and short-term investments at beginning of year	121,903	94,488	89,281	107,228	116,636
Exchange rate difference in cash and cash equivalents	-12,257	2,515	3,881	-4,203	7,685
Cash and cash equivalents and short-term investments at end of year	120,719	121,903	94,488	89,281	107,228

Definitions

Technical definitions

Automation

Automation means products and solutions that replace manual work and are intended to run, optimize and control various types of industrial process.

Cloud

Cloud services are computer resources, IT services and application software delivered over the Internet from remote servers located in server centers.

Control system

See also PLC system. A programmable system to control and monitor various types of machinery and process.

Drive system

Collective term for various types of motor control, such as frequency inverters, soft starters and servo systems.

Ethernet switch

Interconnects different segments of an Ethernet-based network.

Frequency inverter

An electronic motor control that transforms fixed network frequency and voltage to continuous variables, to achieve benefits including energy savings and reduced motor maintenance costs.

HMI

Human machine interface. See also operator panel. Collective term for products or systems developed to simplify the work of operators in monitoring and controlling machines or processes.

IIoT

Industrial Internet of Things. Collective term for connected physical devices, vehicles (connected and smart devices), buildings and other items embedding electronics, software, sensors, actuators and network connections that enable them to gather and exchange data.

Industrial data communication

Industrial data communication is utilized where there are high standards for secure data transmission, on infrastructure projects, for example.

Industrial PC

Collective term for PC systems built to cope with especially harsh environments or for applications where high reliability is necessary.

IO

Input and output signals.

IP-based data communication

Communication of data packets via wired or wireless Internet connections.

OEM

Batch-producing machinery manufacturers.

Operator panel

Panel, see also HMI. A touchscreen or keyboard panel allowing operators to monitor and control the status of machinery or processes. Such panels are often co-located with equipment where operatives work.

PLC systems

Programmable logic controllers, also known as control systems. Programmable systems for controlling and monitoring various types of machinery and process. The size of these systems varies, with the larger systems being modular, with the facility for simple modification for various needs.

SCADA system

SCADA (Supervisory Control And Data Acquisition) software for monitoring and controlling processes.

Soft control

Software installed on a computer or operator panel, for example, enabling it to function as a PLC system.

Soft motion

Software installed in a computer or operator panel for example to control the speed and position of one or more bus-connected motors.

System integrator

A company with specialist competence in one or more sectors that provides services for automating and electrifying industrial facilities, such as panel builders and machinery builders.

Financial definitions

Average

Average values are calculated as the mean value in the relevant reporting period and corresponding item in the comparative period 12 months later.

Capital employed

Equity plus interest-bearing liabilities.

Development expenditure

Expenditure for work on product development, such as personnel expenses and external consulting expenses. Also includes expenditure capitalized as an asset in the Balance Sheet.

Earnings per share

Net profit attributable to equity holders of the parent divided by the number of shares at year-end.

EBITDA

Earnings before interest, taxes, depreciations and amortizations.

Equity per share

Equity attributable to equity holders of the parent divided by the number of shares.

Equity ratio

Equity in relation to total assets.

EBIT margin

EBIT in relation to revenues.

Free cash flow

Cash flow from operating activities, investments in property, plant and equipment, and intangible assets, and amortization of lease liability.

Net debt

Interest-bearing liabilities less cash and cash equivalents and short-term investments.

Operating cash flow

Cash flow from operating activities.

Profit margin

Net profit in relation to revenues.

Return on capital employed

Profit before tax plus financial expenses in relation to average capital employed.

Return on equity after tax

Net profit in relation to average equity.

Return on net operating assets

EBIT in relation to average net operating assets.



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Notice Convening the Annual General Meeting of Beijer Electronics Group AB (publ)

Shareholders of Beijer Electronics Group AB (publ) are hereby convened to the Annual General Meeting (AGM) on Thursday 6 May 2021.

Entitlement to participate in the AGM

For entitlement to participate in the AGM, shareholders should:

- Firstly, be included in the share register maintained by Euroclear Sweden AB by no later than Wednesday 28 April 2021;
- Secondly, notify the company of their participation, and assistants they may wish to bring, by no later than Wednesday 5 May 2021.

The invitation to the AGM, including information on the time and location, will be through an announcement in the Swedish Official Gazette, and on the company's website www.beijergroup.com.

Notices that the invitation has been sent will be placed in Swedish daily newspapers *Dagens Industri* and *Sydsvenskan* on 31 March 2021.

Financial information 2021

21 April 2021Three-month Interim Report
6 May 2021..... Annual General Meeting
14 July 2021 Six-month Interim Report
26 October 2021 Nine-month Interim Report

All financial information is uploaded to Beijer Electronics Group's website www.beijergroup.com, where an e-mail subscription list for press releases and financial reports is also available.

Questions relating to the Beijer Electronics Group should be addressed to Executive Assistant Annika Johnsson on tel +46 (0) 40 35 86 55, or via e-mail: info@beijergroup.com.

Notice Convening the AGM

AUSTRALIA

Sydney

AUSTRIA

Vienna

BELGIUM

Hellebecq

CHINA

Shanghai

DENMARK

Roskilde

FINLAND

Helsinki

FRANCE

Champlan

GERMANY

Mainz

Nürtingen

Waghäusel

IRELAND

Dublin

KOREA

Seoul

NORWAY

Drammen

SINGAPORE

Singapore

SWEDEN

Gothenburg

Malmö

Stockholm

Stora Sundby

Västerås

SWITZERLAND

Bubikon

Dietlikon

TAIWAN

Taipei

TURKEY

Istanbul

UNITED KINGDOM

Nottingham

Southampton

USA

Chicago

Salt Lake City

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