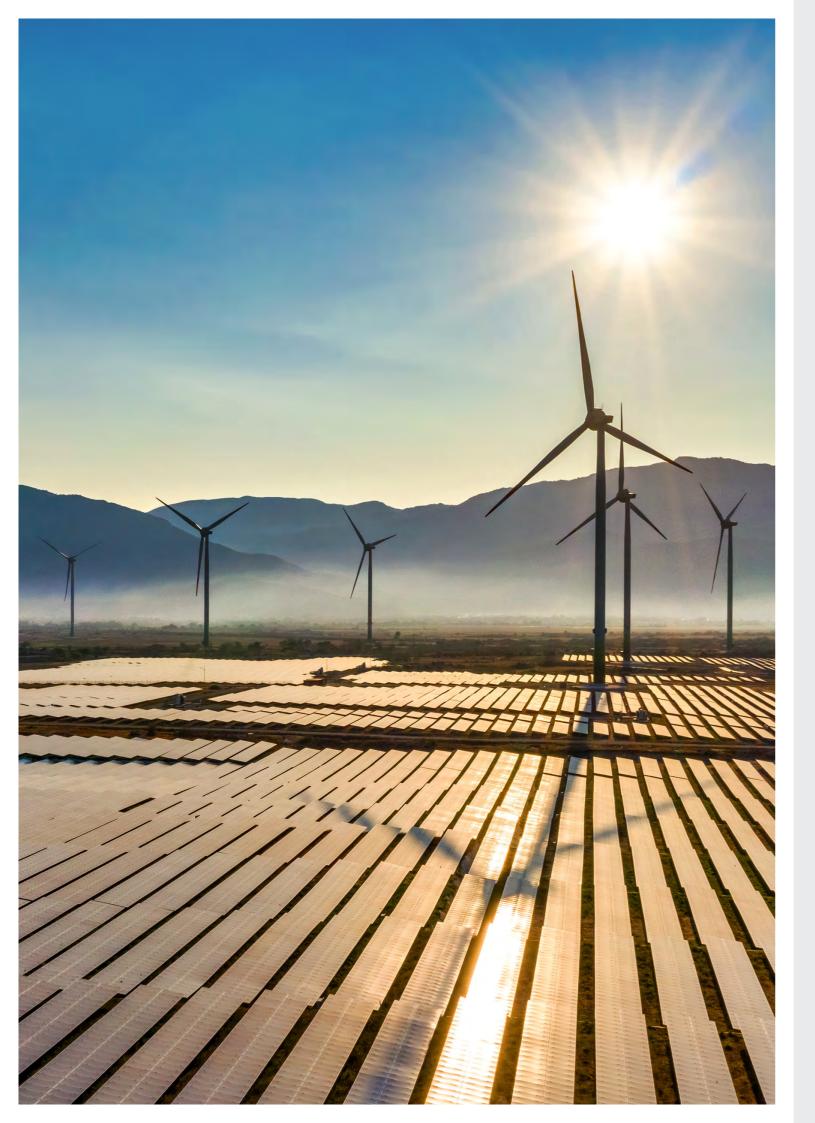
## Beijer Electronics Group AB Annual & Sustainability Report 2022

# Investments in a secure and connected world





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**18.** Our world—the people of BEIJER GROUP



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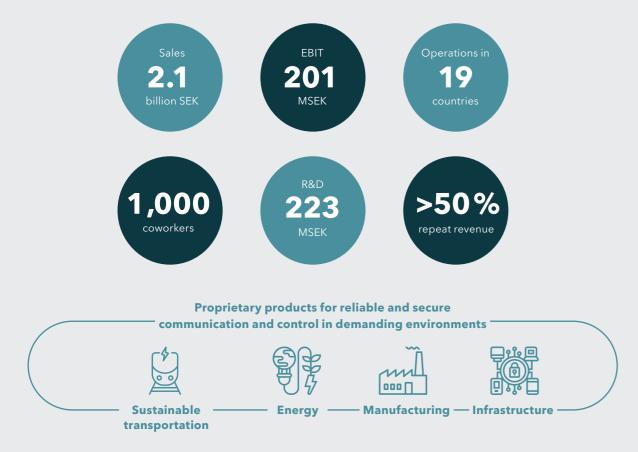
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THIS IS BEIJER GROUP

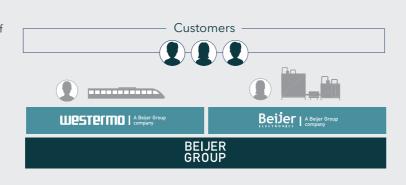
## This is BEIJER GROUP

BEIJER GROUP is an expansive global technology Group delivering digital solutions for secure control, visualization and data communication for industrial applications in environments where reliability and high quality are critical factors. The Group has a strong presence on growing markets and attractive segments where primarily, demand is driven by digitalization. Its offering consists of proprietary and largely new products that integrate hardware and software. BEIJER GROUP consists of autonomous business entities that are profit centers, while the Group focuses on review and support, compliance, financing and acquisitions.

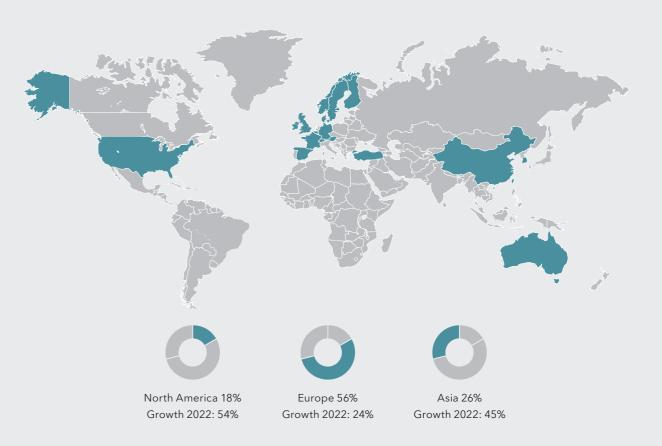


#### BEIJER GROUP 2022 in brief:

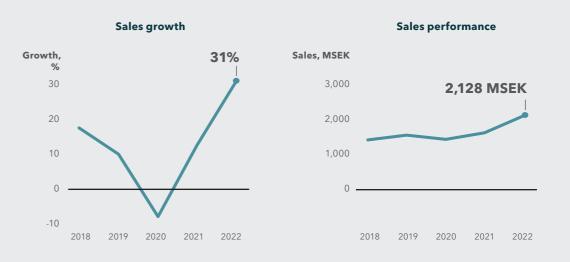
- ✓ Sales of 2.1 billion SEK, with earnings of 201 MSEK.
- Global presence with operations in 19 countries on four continents.
- Employee headcount of some 1,000, with high technology skills and in-depth understanding of customer needs.
- Business driven by digitalization, electrification and increased sustainability.
- ✓ Proprietary products for reliable and secure visualization, communication and control.
- Focus on sustainable transportation, energy, manufacturing and infrastructure.
- Close partnerships with major global corporations, with a repeat revenue share of over 50%.
- ✓ High share of new products; 223 MSEK invested in product development in 2022.



BEIJER GROUP'S development centers are in Malmö and Västerås, Sweden, as well as Nürtingen and Mainz in Germany, Taipei in Taiwan, Bubikon in Switzerland and Dublin in Ireland. Manufacturing is in Stora Sundby in Sweden, Taipei in Taiwan, Bubikon in Switzerland, Dublin in Ireland, and Mainz in Germany. The Group has direct sales resources and customer support in 19 countries, backed by carefully selected distributors for local sales, servicing and support in over 60 countries.



Digitalization  $\ \ \Box$  Electrification  $\ \ \Box$  Increased sustainability  $\ \ \ \$  Driving business



KEY EVENTS 2022 KEY INDICATORS 2022

## **Key events 2022**

2022 was an eventful year, featuring global events like Russia's offensive in the Ukraine, geopolitical tensions and continued Covid-related supply problems, as well as growth and high demand in segments where both BEIJER GROUP's business entities operate. The latter helped make 2022 a record year for the Group.

#### **BEIJER GROUP**

- ✓ BEIJER GROUP's year started with the company's shares moving up to Nasdaq Stockholm's
- Jenny Sjödahl took on the role of President & CEO of BEIJER GROUP in March 2022.
- In October 2022, BEIJER GROUP arranged a new finance facility with Danske Bank and Svensk Exportkredit, offering good potential to keep pursuing a proactive M&A agenda.
- In November 2022, the Board of Directors decided to update BEIJER GROUP's financial targets, upgrading and clarifying its growth and profitability targets (see page 16). These new financial targets were presented at the Group's Capital Markets Day in December 2022.
- In January 2023, Kristine Lindberg was appointed as the Beijer Electronics business entity's new CEO.
- Lena Westerholm was appointed Group Sustainability Manager in February 2023.

#### Westermo

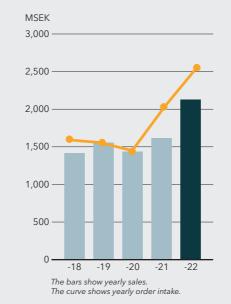
- ✓ Westermo had its best year to date, despite the entity being subject to a shortage of electronic components right through the year. In the fall, Westermo more than succeeded in offsetting the shortage.
- The business entity gained ISO 27001 certification for information security management.
- Westermo executed several major product launches in the year, including new switches that can process high data volumes in demanding environments, as well as secure wifi access and communication products in train environments.
- In November, Westermo intensified its relationship with Swiss train builder Stadler through a 30 MSEK agreement on network solutions for a new generation of trains.

#### **Beijer Electronics**

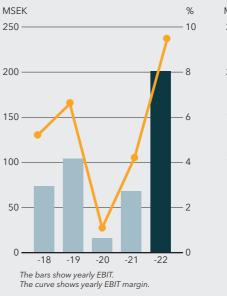
- ✓ Beijer Electronics had a record year with robust growth and healthy profitability. With its good delivery capacity, and despite challenges with electronic components, the business entity won new business accounts.
- Korenix has been included in its numbers since the beginning of 2022, and the organization has been operating as a single legal entity named Beijer Electronics since 1 January 2023.
- In the year, Beijer Electronics launched a handful of new products, including the landmark X2 family, and passed the sales milestone of 2 billion SEK of total sales of this family.
- The business entity took a decision to start up an additional production facility in Malmö, Sweden in November 2022-to assemble X2 family HMIs.

## **Key indicators 2022**

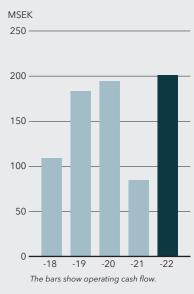
#### Order intake and sales



#### **EBIT and EBIT margin**



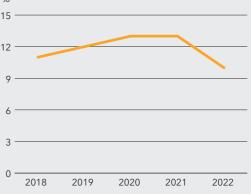
Operating cash flow



#### Key indicators, employees

	2022	2021	2020
Average no. of employees	827	802	790
Sales per employee, MSEK	2.6	2.0	1.8
EBITDA per employee, SEK 000	429.0	271.8	208.0
EBIT per employee, SEK 000	243.2	85.1	20.0
Employees in R&D	174	179	182
Division men/women, %	66/34	68/32	68/32

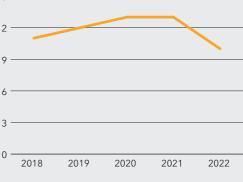
#### Product development expenditure



#### **Key indicators**

2022	2021	2020
2,128.4	1,618.8	1,437.7
354.8	218.0	164.3
16.7	13.5	11.4
201.1	68.3	15.8
9.4	4.2	1.1
146.4	36.0	-6.1
5.07	1.24	-0.20
0.50	0.50	0.00
40.9	34.3	34.0
	2,128.4 354.8 16.7 201.1 9.4 146.4 5.07 0.50	2,128.4     1,618.8       354.8     218.0       16.7     13.5       201.1     68.3       9.4     4.2       146.4     36.0       5.07     1.24       0.50     0.50

a Board of Directors' proposed dividend.





Product development expenditure

In 2022, product development tempo remained high for future growth.

CEO'S STATEMENT

Comments from our CEO, Jenny Sjödahl

# A record year despite a challenging world around us

The year 2022 featured turbulence in the world around us, with Russia's offensive in the Ukraine, an energy crisis, high inflation and rising interest rates. The shortage of electronic components persisted in the year, impacting the Group's delivery capacity. On the positive side, we saw incredibly high demand, with basically all parts of the world contributing. Demand was based partly on a post-pandemic recovery effect: when the world reopened early in the year, major ongoing infrastructure projects could speed up their tempo, and new ones could start. The global component shortage also created new ordering patterns with our customers, with better planning in placing orders, and some instances of upscaled inventory.

BEIJER GROUP has been highly successful in this exceptionally difficult period, with a record increase of order intake and sales, and profitability progressively improving. Our order intake was up by 26% to over SEK 2.5 billion SEK. At year-end, our order backlog was some 1.5 billion SEK. Sales increased by 31% to 2.1 billion SEK. EBIT was 201 MSEK, equating to an EBIT margin of 9.4%.

#### A global technology Group

BEIJER GROUP is a high-technology Group active in industrial data communication, visualization, the management and control of industrial processes, with in-depth knowledge in the segments where we operate. We are skilled at transforming new technology into hardware and software to solve key problems. Although fairly small, we have a strong proprietary product offering and capable sales organization in Europe, Asia and the USA.

We have the privilege of working with major global customers that apply high standards to us. Our success is built firstly on us understanding customer needs and making an offering that solves their problems, and secondly operating on attractive markets and expansive segments, where we can earn well. We call this "land and expand:" with a strong offering and relationships built on partnership, we work our way into customers progressively. And often, this means we're entrusted to deliver products for more and more applications and projects.

BEIJER GROUP is at the leading edge of data communication, visualization and control with top quality, in segments including critical environments like trackside, power networks and marine and, with stringent reliability and cybersecurity standards. Rapid digitalization is driving burgeoning data volumes that must be collated to analyze, control and optimize. This increases the demands on data networks to transport data from the field to central control systems.

#### **Updated financial targets**

We continued to witness the effects of the Group's long-term change management in 2022. We focused our offering on expansive and profitable segments. We invested in new product generations and phased out old ones. In 2022, Beijer Electronics and Westermo conducted over ten major new product launches. R&D expenditure was 223 MSEK for 2022, which is 10.5% of sales.

We presented the Group's updated financial targets at our Capital Markets Day in December 2022. Our organic growth

should be a minimum of 10%, with profitability of a 15% EBIT margin over time for the Group. BEIJER GROUP should be a dividend-paying company. This means that we've upgraded and clarified the Group's goals.

Viewed over the last five years, we are close to our growth target, but there's still more to do to improve profitability. Our foundation is operating on expansive and attractive markets and segments, combined with the right product mix. We can get even better at identifying and focusing on niches and sub-segments with higher margins.

There's also substantial potential in increasing efficiency. The component shortage has impacted our productivity negatively because we've been compelled to replan production continuously, simultaneous with needing to redesign a lot of PCBs—work that's time-consuming and means we need to deal with a very large number of order amendments in production. While Beijer Electronics was fairly successful, securing new accounts on its delivery capability compared to competitors, Westermo faced more difficulty in handling cancelled and delayed deliveries from suppliers in spring 2022. Providing the bottlenecks ease in 2023, we'll be able to increase the efficiency of our operations, which will help lift profitability.

#### Strategy for growth and profitability

Fundamentally, BEIJER GROUP's strategy is founded on independent business entities that grow organically with good profitability. What the Group brings is support and continuous monitoring to keep things going in the right direction, financing operations and pursuing an active M&A agenda in close partnership with each business entity's management.

Our business entities pursue their own strategies, with the common denominator being a focus on attractive segments where values are at a premium, and where we can get paid appropriately. We have in-depth knowledge of the domains we operate in, which is a precondition for creating value for customers. With our sharp focus on technology development and innovation close to customers, we invest major resources in developing software and hardware, but also on building our servicing business.

The Group works proactively on screening various acquisition candidates, mainly enterprises with the potential to complement existing business entities by either bringing new technology, new know-how and new products, or expanding our presence in new geographies or adjacent segments.

In recent years, we've made several acquisitions that have progressively integrated into our existing businesses, while also retaining strong local entrepreneurship. Westermo continued its work on integrating previous acquisitions Eltec, Neratec and Virtual Access in the year, with the main focus on coordinating product offerings and enhancing the capability of sales channels to sell their new offerings. Beijer Electronics and Korenix have been fully operational as a single company since 1 January 2023.

#### Sustainability in focus

Our main contribution to increased sustainability is through our products helping reduce customers' climate footprints through more resource and energy-efficient management of buildings, manufacturing plants and processes, electrification, robust power networks and the transition to green energy, and green transportation by train and more environmentally-friendly vessels. In 2022, the Group developed a framework; as I write, work is ongoing in our business entities to set concrete targets so that the Group can define overall KPIs in 2023.

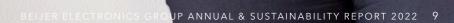
#### Outlook for 2023

This is my first year as President & CEO of BEIJER GROUP. It's been an exceptional year with major challenges, but also significantly improved earnings. I'm really proud of what we've achieved and would like to say a big thank-you to all my colleagues who have made great efforts to ensure that we've been able to maintain shipments to our customers.

Our business entities are attractive workplaces, and we're drawing in talent from the whole world. Operating in a global environment, while simultaneously being fairly small organizations, where the results of individual efforts are so visible, is something that many current and potential colleagues appreciate. So, to ensure our skills succession, we will obviously keep working on ensuring that our people are satisfied and developing with us.

There's substantial uncertainty ahead in 2023. Central bank efforts to counter inflation by raising interest rates restrict demand and increase the risk of recession. We hope the supply of industrial components will increase in 2023, but at present, it's hard to predict when the situation will normalize. BEIJER GROUP went into 2023 in better shape than previously, with a record order backlog and strong offering. We're focusing on organic growth and investments to improve profitability, and in time, our sights are set on achieving our financial targets.

Jenny Sjödahl, President & CEO



## The Beijer Electronics Group share

Beijer Electronics Group has been listed on Nasdaq Stockholm since June 2000, with the ticker BELE, and has been trading on the Mid Cap list since 3 January 2022. A trading lot is 300 shares.

#### Issue of class C shares

In March 2022, the Board of Directors decided to issue 99,750 class C shares with a quotient value of 0.33 SEK, in accordance with a resolution by the Annual General Meeting (AGM) 2021. 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 2024 is to convert them to ordinary shares, pursuant to the terms and conditions of the LTI 2021/24 incentive program. After the repurchase of class C shares is complete, there will be 29,051,688 shares, of which 28,837,427 ordinary shares and 214,261 class C shares, carrying a total of 28,858,853.1 votes.

#### Share capital

The share capital is 9,683,896 SEK divided between 29,051,688 shares, of which 28,837,427 ordinary shares and 214,261 class C shares as of 31 December 2022. 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 110.40 SEK at year-end 2022, against 78.00 SEK on the final trading day of 2021, which means the share price increased by 43% in the year. In the same period, the Stockholm Stock Exchange's broad OMX Stockholm PI index fell by 25%. The company's share traded at a high of 132 SEK and a low of 49.70 SEK in the year. Share turnover was 3.8 million shares, or 13% of the total number of shares. In value terms, share turnover was 305 MSEK.

#### Earnings per share

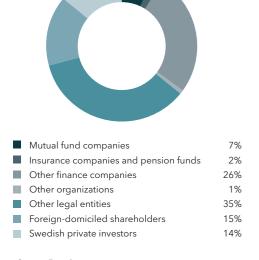
Earnings per share after tax were 5.07 SEK (1.24).

The Board of Directors is proposing a dividend of 0.50 SEK per share (0.50) for the financial year 2022. The dividend proposal equates to a dividend yield of 0.45%, in terms of the closing price for 2022.

#### Market maker

To stimulate trading in its share, the 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.

#### Shareholder categories, share of equity



Source: Euroclear

#### Share data, three years

	2022	2021	2020
Earnings per share, SEK	5.07	1.24	-0.20
Dividend, SEK <sup>a</sup>	0.50	0.50	0.00
Pay-out ratio,%	10	40	0
Equity per share, SEK	34.3	25.3	22.3
Return on equity, %	17.0	5.2	-0.9
Closing price, SEK	110.40	78.00	40.70
No. of shares, million	29.1	28.8	28.6
Market cap., MSEK	3,184	2,244	1,165

a The amount for 2022 is proposed dividend.

#### Ownership by shareholding as of 30 December 2022

Holding	No. of shareholders	No. of ordinary shares	No. of Class C shares	Holding, %	Votes, %	Market cap., SEK 000
1-500	4,635	497,275	0	1,71	1,72	54,899
501-1,000	472	367,620	0	1,27	1,27	40,585
1,001-5,000	526	1,178,915	0	4,06	4,09	130,152
5,001-10,000	86	625,947	0	2,15	2,17	69,105
10,001-15,000	36	443,382	0	1,53	1,54	48,949
15,001-20,000	14	253,099	0	0,87	0,88	27,942
20,001-	72	25,471,189	214,261	88,41	88,34	2,812,019
Total 2022-12-30	5,841	28,837,427	214,261	100,00	100,00	3,183,652

Source: Euroclear

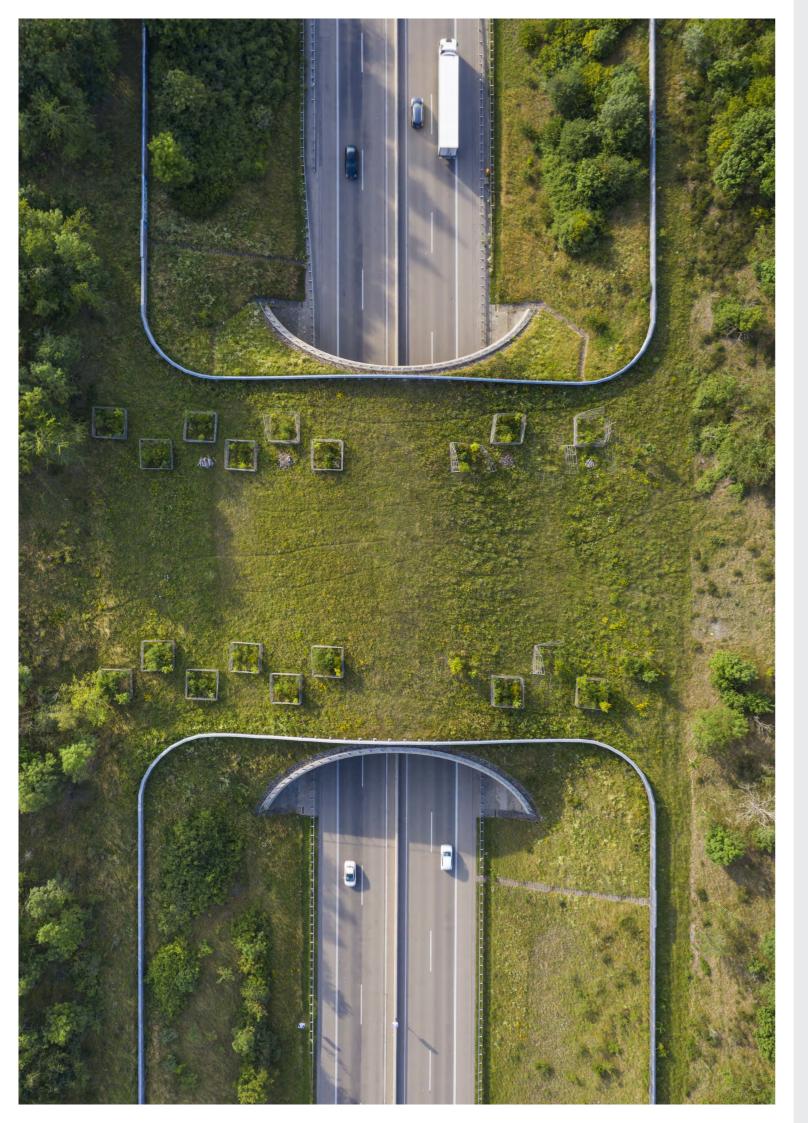
#### Stock index



#### Shareholders as of 30 December 2022

	Capital,%	Votes,%	No. of shares
Stena Adactum AB	28.81	29.01	8,370,724
Svolder AB	15.11	15.21	4,390,000
Nordea Fonder	14.01	14.11	4,071,126
Fjärde AP-fonden	8.87	8.93	2,577,774
Cliens Fonder	3.59	3.62	1,043,605
Tredje AP-fonden	2.18	2.19	632,306
T. Bjurman w. family and companies	1.97	1.98	572,827
Tequity Invest AB	1.83	1.84	532,032
Avanza Pension	1.15	1.15	332,749
Beijer Electronics Personnel Foundation	0.58	0.59	169,000
Total, 10 largest shareholders	78.10	78.63	22,692,143
Total other shareholders, 5,831	21.90	21.37	6,359,545
Total issued shares*	100.00	100.00	29,051,688

\* Includes 214,261 class C shares held by the company. Source: Euroclear



## Investing in a secure and connected world

BEIJER GROUP (BELE) is a listed global technology group with approximately 1,000 coworkers and an order rate of SEK 2.5 billion. An investment in the share means a position in markets with strong underlying growth, modern technology with base in proprietary unique software and hardware as well as an organization characterized of independent business acumen and continuous improvement. The Group's products and solutions contribute to a more sustainable world, first and foremost, by enabling customers to reduce their climate footprint thanks to smart energy solutions, resource-efficient control and sustainable transportation.

#### Three reasons to invest in BEIJER GROUP

#### Sustainable growth in attractive market segments

BEIJER GROUP is well positioned in selected geographical markets and segments where megatrends like digitalization are enabling it to outgrow the wider economy. Other drivers include the need to invest in fundamental societal infrastructure like rail and power networks, cybersecurity and more sustainability. The Group has a financial goal of minimum organic growth of 10% per year. The Group also pursues a proactive M&A agenda.

#### Unique technology developed in close partnership with customers

BEIJER GROUP is a leading edge technology Group that develops, manufactures and sells unique products and solutions for secure data communication, visualization and control in harsh environments. Its offering, consisting of software and hardware, is based on in-depth knowledge of customer needs. When products are embedded in a larger system, they have very long useful lives and generate repeat and stable revenues for the long term.

### **Decentralized organization and continuous improvement** generate stable profitability

BEIJER GROUP has been on a journey of change that has resulted in efficient internal processes and a strong, decentralized organization that works closely with key customers, including some of the world's leading brands. To attain a minimum profitability level of a 15% EBIT margin sustainably, the Group is working on margin expansion based on technology leadership, entrepreneurship close to customers, volume growth, optimizing its segment mix and continuous improvement.

# Strong megatrends driving the demand for BEIJER GROUP's products

Demand for BEIJER GROUP's products is driven by strong global megatrends, the most important being digitalization, most closely comparable to the industrial revolution. One aspect of this megatrend is basically all electronic devices interconnecting, so they can be monitored and controlled over the Internet.

Estimates indicate that in 2022, there were nearly 30 billion connected devices worldwide. A connected world offers substantial rationalization gains when, for example, the machinery in a manufacturing process can communicate, or when filters in a purification plant are nearing capacity and need changing. Operators can monitor processes on their mobiles instead of needing to stay on site.

Digitalization generates enormous data volumes that need transporting, from capture points in equipment to central monitoring and control systems, which is where BEIJER GROUP's products come in. Its offering is firstly about secure data communication in harsh environments where communication is critical, for example between trains and stations on a subway system, and secondly about making data available for monitoring, control and analysis. BEIJER GROUP's business entities offer network solutions and products like switches, routers and access points, but also HMIs like operator panels, where data is presented for control and monitoring by people or other equipment. The traditional focus was on hardware, but software now represents 60% of development expenses. Software enables functionality to be tailored to specific customer needs.

As more functionality interconnects, vulnerabilities increase. The number of cyberattacks is constantly increasing, so cybersecurity is becoming more crucial. BEIJER GROUP's business entities build their market positioning on quality and reliability, which creates demands for offerings that involve secure solutions. Simultaneously, cyberthreats create the opportunity to develop our service offering with regular software updates to maintain complete security.

Sustainability is another megatrend, where the business community and large global corporations are driving the alignment to a more sustainable society. Because investments in more resource-efficient machinery and processes, smarter energy solutions and more efficient transportation almost invariably involve a need for digital solutions for management and control, this is another demand driver. Examples of segments where BEIJER GROUP products are contributors to sustainability are sectors including real estate automation and the control of heating and cooling systems, new trains, electric vehicle charging infrastructure and improved exhaust purification on ships.

Electrification means electric vehicles are replacing their fossil fuel-driven predecessors, both cars and trucks. New electrical technology is also being developed in the marine and aviation sectors. A similar process is ongoing in manufacturing. There is a common perception that batteries are the limiting factor, but technological progress means new solutions are emerging. The International Energy Agency estimates that 13% of all cars sold worldwide in 2022 were electric, with the corresponding number in Sweden being 27%. This means substantial demand for the build-out of charging infrastructure. This growing need for electricity is a contributor to major investments in new power generation, distribution and storage, but also monitoring and control. BEIJER GROUP has an attractive offering of robust solutions in data communication, control and monitoring in this segment.

#### Focusing on expansive and profitable market segments

The strong global megatrends are contributors to the market segments that BEIJER GROUP operates in outgrowing the wider global economy, driven by extensive new investment. BEIJER GROUP's business entities focus on the following market segments, where they make a strong offering and with good potential for profitable growth.



Train: major new investments are ongoing in modern rolling stock fleets, where secure data communication is imperative, both for the safe monitoring, management and operation of trains, and to satisfy traveler needs for connectivity. Meanwhile, sustainable rail freight is growing. BEIJER GROUP collaborates with several of the world's leading train builders, and has very strong positioning.



Trackside: trackside is the railway as a system, including tracks and stations, where secure and reliable communication between trains and their surroundings is critical. Without functional communication, traffic is at a standstill. As for trains, investments are increasing in trackside, with the Biden administration's allocation of over 60 billion USD to regenerate the US rail network being a clear example. The market is fragmented with a large base of potential customers on all markets, mainly train operators and transportation authorities.



**Energy:** in the energy sector, electrification and the need to modernize are driving major investments in more powerful grids, storage and more intelligent control capable of managing a more complex system, with a growing element of renewable power generation. Vehicle electrification is driving investments in charging infrastructure across much of the world. Forecasts indicate that global investment in power grids needs to increase from 260 to 820 billion USD yearly by 2030 to make the 1.5°C target of global temperature rise achievable.



Manufacturing: the primary drivers of investments in manufacturing are the digitalization and connectivity of machinery and process steps as well as the manufactured products. This is called Industry 4.0 (or the fourth industrial revolution), and translates into shorter lead-times, fewer faults and more flexibility, but requires substantial investment in networks for communicating large data volumes and HMIs that can make this data accessible.



Marine sector: as global trade has expanded, so has the need for modern and resource-efficient vessels. Investments in the marine sector are also being increasingly driven by sustainability standards, such as improved exhaust scrubbing and treatment of ballast water. Data volumes are increasing in this segment too, as is the need for networks and connectivity to monitor and control various functionality.



**Infrastructure:** infrastructure involves investments in logistics terminals, airport surveillance, tunnel automation and real estate automation, for example. It includes maintenance investments and new investments, with the common denominator of installing leading-edge monitoring, control and analysis technology to enable secure and effective operations.



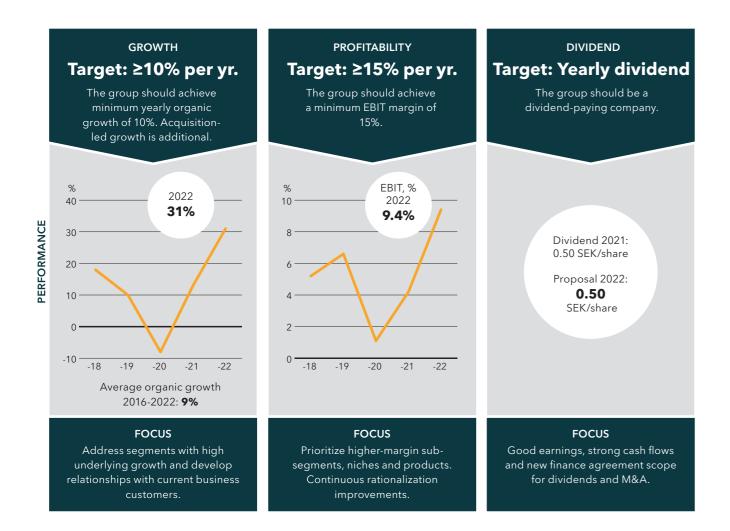
# **BEIJER GROUP's financial targets**

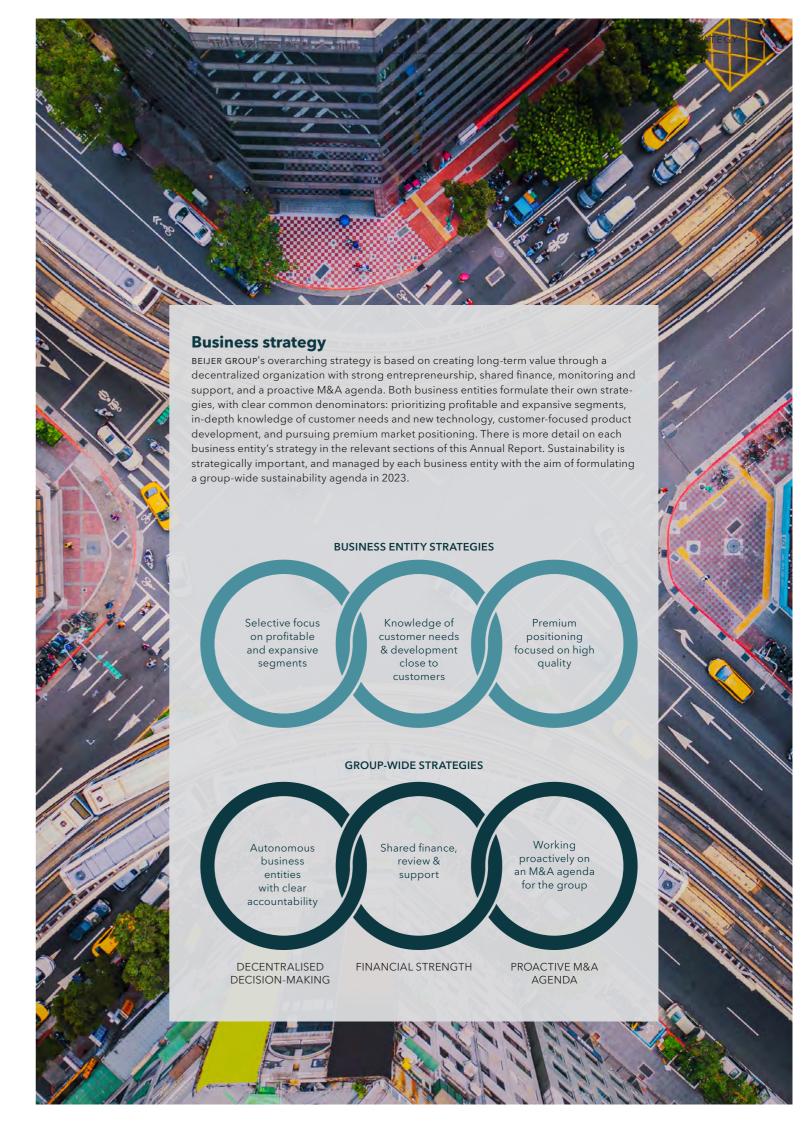
BEIJER GROUP has restructured in recent years, primarily in its Beijer Electronics business entity. Despite challenging exogenous factors, in 2022 the Group demonstrated that both business entities are growing and delivering good earnings, even if there is more work to do before they hit their targets.

In late-2022, Beijer Electronics Group's Board of Directors adopted updated financial targets for the Group. These new targets build on the objectives previously applying to the business entities but involve the Group's growth and profitability targets being upgraded and clarified.

The financial targets consist of three goals for growth, profitability and the dividend.

The route to achieving the profitability targets lies in the markets BEIJER GROUP operates on still featuring high underlying growth, offering good potential to capitalize on the business entities' strong offerings and premium positioning in quality and security. By managing its focus and product mix for the long term towards high-profitability niches and sub-segments, margins can improve. There is also good potential to improve efficiency when the supply of components normalizes.





OUR WORLD OUR WORLD

## Our world—the people of BEIJER GROUP

BEIJER GROUP has about 1,000 coworkers across 19 countries, who are highly diverse in terms of background, nationality and education. What unites them is an interest in leading-edge technology, solving problems close to customers and good business. A high share of coworkers have technology backgrounds and are graduate engineers or equivalent. 220 focus on R&D, as well as innovation. The people in BEIJER GROUP work for a global organization, close to customers, with individual business accountability.



## María de las Nieves Pérez Solis Financial Controller, Beijer Electronics, Sweden

"Beijer has become a truly multicultural company. Our corporate culture is enriched by the varied backgrounds and nationalities of our colleagues. Our culture is driven by acceptance and openness, which promotes new ideas and drives innovation. Beijer has a genuine concern for its coworkers, which makes it easy to feel at home

María de las Nieves Pérez Solis has worked for Beijer Electronics since 2020.



## Jonas Nylander Software Test Framework & DevOps Manager, Westermo, Sweden

"Our strengths lie in our strong corporate culture and dedication to continuously improving and developing our products. It's in our DNA, and being part of it is fantastic."

Jonas Nylander has worked for Westermo since 2008.



## **Garrett Riley** Sales Manager, Beijer Electronics, USA

"My time here rarely feels like "a job," rather that we're a bunch of people striving for success together! Our culture promotes fantastic collaborations on an individual level and cross-functionally. This helps promote a camaraderie that I've never experienced before. I look forward to my days here, and can proudly say I love my job!"

Garrett Riley has worked for Beijer Electronics since 2021.



Maria Garcia **Customer Service & Inside Sales, Westermo, Spain & Portugal** 

"The best thing about my work is the intimate atmosphere in the company. I've always felt at home every time I visit our HQ in Sweden, and our sales offices in Germany. When one of our foreign colleagues visits us in Spain, we extend them the same welcome. I've also felt trust, support, and part of the team from day one."

Maria Garcia has worked for Westermo since 2022.



**David Lee Director of Product Management Communication** and Digitalization, Beijer Electronics, Taiwan

"The best thing about working for Beijer Electronics is working with innovative teams and coworkers to continuously create fantastic value based on our vision."

David Lee has worked for Beijer Electronics since 2019.



Sirilak Persson **Operation Assistant, Westermo, Sweden** 

"The best thing about my job is the innovative and intelligent people I work with. Westermo is also an employer that really cares about its staff."

Sirilak Persson has worked for Westermo since 2014.

## The Westermo business entity

After several years of acquisitions, 2022 was a year of consolidation for Westermo, with a focus on integration, innovation and internal efficiency. Meanwhile, the year featured exceptional demand and robust growth, with, at times, major difficulties in maintaining shipments because of the component shortage.

In 2022, order intake increased by 19% to 1,259 MSEK. High demand reflects the fact that train and trackside projects have regained momentum after many of them were delayed by the pandemic. Meanwhile, energy sector investments are increasing globally, a segment the business entity prioritizes, and that harbors substantial growth potential.

Sales progressed positively, and overall, 2022 was a new record year for Westermo. All segments and markets performed positively, demonstrating that the strategy formulated in 2018 is right: the business entity focuses on success in the train, trackside and energy segments. Westermo wins customers with its high quality, robustness and closeness, with local sales teams with in-depth understanding of needs. They are backed by a central expert team, in trains for example, who support local sales. The European market is largest, with the 2021 breakthrough order from Stadler, followed by new major orders in 2022, being a good example. Westermo has also grown in the energy sector, including shipments of wireless power network communication equipment for American Electric Power of the USA.

Westermo designs its products to cope with really harsh environments, helping it satisfy the especially high standards on embedded electronic components, which often, are completely unique. This is the reason these components were more affected by the semiconductor industry's capacity shortage. Westermo's earnings for 2022 were negatively impacted by the component shortage, which required extensive replanning of production, and often, product redesigns, to ensure shipments. It was also necessary to respond to cancelled and delayed deliveries from regular suppliers in 2022 through more costly component purchases on the spot market, which negatively impacted the cost of materials. The business entity worked intensively on overcoming these problems and achieved a balance between order intake and shipments in the year through close dialogue with customers. It was an instructive year, offering new insights into the supply chain, where there is upside potential in efficiency once supply problems are resolved. More price increases were implemented in the year to defend the business entity's gross margin.

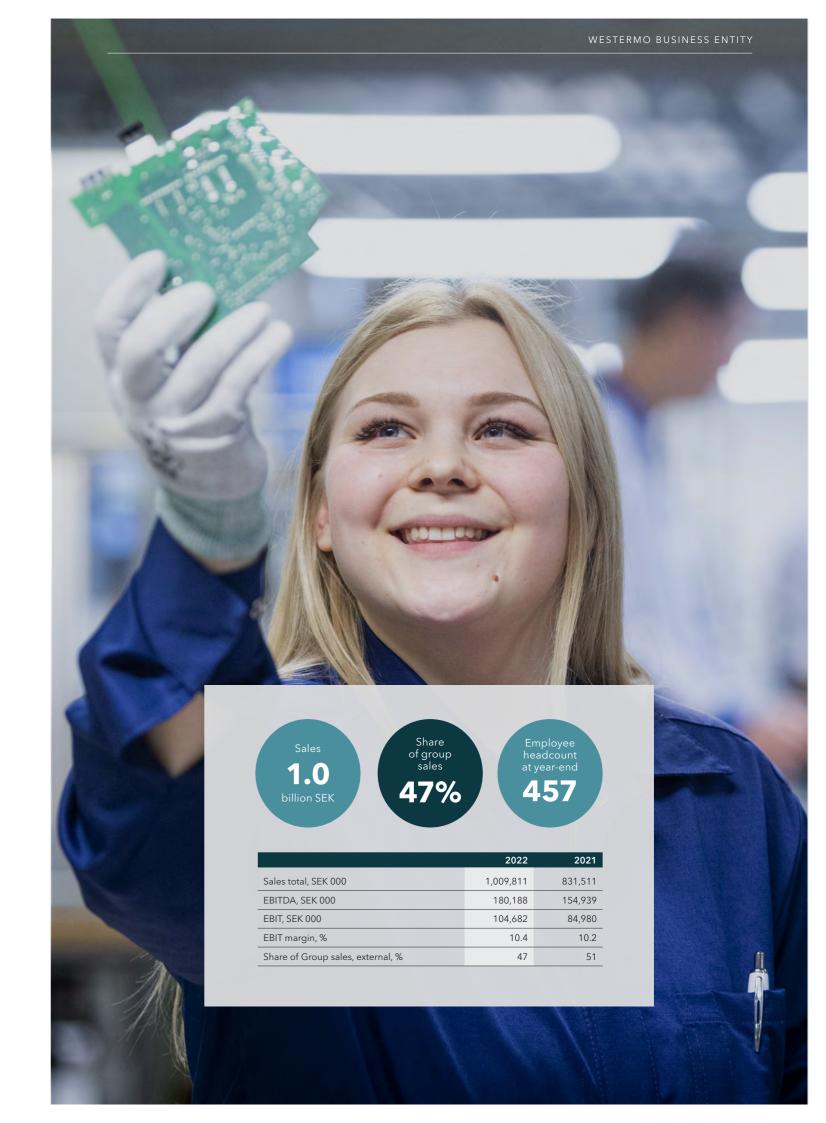
Westermo invested in R&D in the year, so it remains at the leading edge of technology in the future. Once new innovations get established on the market, the business entity's ambition is to transform them into updated and state-of-the-art proprietary solutions. This work is done close to customers, which ensures that the products developed are also what the market is demanding. The focus is shifting gradually from hardware to software and services, where not least, there is a growing interest in training. Simultaneously, increased security consciousness is driving the need for continuous reviews and upgrades of product software. Westermo launched several major new products in 2022, including products for wireless and mobile data networks for environments with extreme demands on robustness.

The acquired companies Eltec, Neratec and Virtual Access brought complementary know-how and technology in wireless and mobile networks, as well as consolidating the business entity's presence on major markets, and paving the way for new assignments. Integration continued in the year, focusing on maximizing business opportunities, and exploiting synergy gains. In 2022, Eltec and Neratec intensified their partnership under joint leadership, while Virtual Access made organizational changes.

Westermo's order intake increased to 1,259 MSEK (1,057). Sales were up by 21% to 1,010 MSEK (832). EBITDA rose to 180.2 MSEK (154.9). EBIT was 104.7 MSEK (85.0), corresponding to an EBIT margin of 10.4% (10.2).

> Westermo is perfectly positioned for the infrastructure and energy investments underway globally, and we see great potential with current and new business customers.

Jenny Sjödahl, CEO of Westermo



WESTERMO BUSINESS ENTITY WESTERMO BUSINESS ENTITY

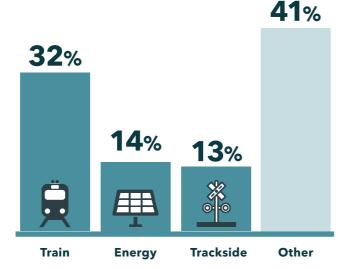
# **Market and offering**

The need for better and more reliable data communication is growing as digitalization proliferates, and more devices and functionality interconnect. Simultaneously, many industrial operating environments are harsh, and the impact when networks go down can be catastrophic when involved in fundamental societal infrastructure like rail and power networks. Westermo's strength lies in creating products and solutions for robust and secure data communication in demanding environments, where nothing can go wrong.

#### **Priority market segments**

Research reports estimate the global market for industrial network solutions is worth over 30 billion SEK. Investment cycles vary, with lower growth in some years, but over the long term, the market has traced yearly growth of some 8-10%. With its long-term experience and sharp customer focus, Westermo develops and offers the market reliable solutions for industrial data communication. Growth is being driven by digitalization, and substantial investments ongoing worldwide in critical infrastructure for transportation, energy supply and other utilities. One example is the Biden administration's Build Back Better initiative, involving 1,000 billion USD of investment in infrastructure, of which over 60 billion USD in the US rail network, and as much again in the power network. Global trends driving increased investments are the transition to fossil-free energy, electrification, sustainable travel and increasing demands for cybersecurity.

Westermo's offering addresses the market for infrastructure like transportation, energy and water supply, plus an array of industrial sectors. To achieve greater impact, Westermo is focusing on three priority segments where robustness, highquality and in-depth knowledge of customer needs are at a premium: train, trackside, energy and evolving its servicing and software offering. The train segment represented 32% of the business entity's sales in 2022, where Westermo delivers network products designed to deal with harsh conditions on board train and subway cars. Westermo is one of the leading global actors, and is currently a vendor to many of the major train builders worldwide. Its focus is both on developing relationships with major current business customers, and servicing new key accounts.



Trackside, which represented 14% of sales in 2022, has a larger potential customer base, although the business logic is the same: robust and secure data transmission is critical for functional communication between trains and their surroundings. Westermo's most recent focus area is energy, which represented 13% of sales in 2022, and is reminiscent of trains and trackside, because the same stringent robustness and reliability standards for data transmission apply. Here, the business entity is delivering a product portfolio that is growing stronger, and progressively improving its knowledge of customer needs. American Electric Power was a major breakthrough order, now using Westermo products in the ongoing build-out of the Appalachian power grid. Apart from the energy segment, the business entity's products have major potential for new investments in other utilities, such as water supply and waste water.

#### Example customer needs:

reliable data

Data communication for controlling rail traffic and traffic info

Data communication in harsh industrial environments.

Several new product launches in 2022 including 5G, wifi6 and 10 GB switches.

#### Offering

Westermo's network products 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. These network solutions are robust and specifically developed to satisfy customer needs for reliable systems. The business entity's broad portfolio of products and solutions consists of hardware and software, as well as servicing. The hardware offering mainly comprises Ethernet switches and routers, as well as cellular routers and WLAN units. Software is capturing a growing share of customer value in functionality and security, consolidating Westermo's positioning as a leading-edge knowledge business. Over and above hardware and software, Westermo also has a growing service offering. Services like training, network configuration, fault-finding, developing custom products, technical support and maintenance enable a tailored, long-term and secure solution for customers.

A series of acquisitions in recent years have helped expand and consolidate Westermo's offering and broaden its geographical market. The companies Neratec and Virtual Access, which deliver high-quality solutions in segments including train and energy respectively, were acquired in 2019. Eltec, acquired in 2021, helped build on Westermo's offering in the train segment, adding on-board wifi solutions for trains and subways. These acquisitions continued their integration into the business entity's operations in 2022, mainly through further coordination of sales and product development.

#### R&D and future progress

About one-third of Westermo's staff are active in research and development, in close partnership with customers, focused on monitoring new technology development trends. The business entity works actively on managing the development process to create a state-of-the-art portfolio of profitable products that customers want. A growing share of efforts focus on software, which represents some 80% of functionality, and half of development expenses. It is software that enables the configuration of solutions to match customer wants and needs.

Westermo is also continuing to put a sharp focus on developing its service portfolio so it can offer license agreements in servicing and software. Cybersecurity is becoming a

more critical aspect of data communication, requiring regular upgrades and software enhancements.

The business entity launched several new products in 2022 including a 10 GB switch capable of processing the very high data volumes generated in train and trackside environments, where passenger demands for connectivity are increasing, and a growing base of surveillance and security cameras are being installed. Westermo also launched a new generation of Lynx power-over-Internet switches, and the first 5G router for mobile data communication. A lot of train and trackside customers are in technology transition from 2G to 4G and 5G, to satisfy the growing bandwidth demands for superior functionality. In the year, new products were added to the Merlin family of routers, which provides mobile data communication in the energy sector, and after year-end, this offering was further enhanced with more launches. Westermo also showcased new wifi6 communication products for industrial environments at the InnoTrans expo in September.

The pandemic-related component shortage continued to feature last year. To minimize its impact on Westermo's production, major efforts were made to mitigate shortages by purchasing components on the spot market, as well as redesigning various PCBs to substitute components in shortage. This impacted efficiency, but also helped increase redundancy and generate new, valuable insights.

#### Manufacture

Westermo's products are mainly manufactured at the company's plant in Stora Sundby, Sweden. The business entity also has manufacturing in Ireland, Switzerland and Germany. In recent years, Westermo has expanded its Swedish plant, increasing capacity significantly, while simultaneously upgrading and optimizing premises progressively to streamline production. In spring 2022, production levels were especially impacted by the component shortage. The Swedish plant is compliant with the IPC A 610 standard, and has ISO 9001 and ISO 14001 certification. Westermo also secured ISO 27001 information security certification in 2022, in development, production and sales. Sustainability work in the year focused on analysis and inventory, and a framework of goals and KPIs for this work was produced.

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## Sales and customers

Westermo has a direct sales organization with sales staff and tech support in 13 countries. These offices serve end-customers directly, as well as system integrators. Westermo also sells directly to OEM customers, who embed our products into their own solutions. These direct sales resources are backed by a network of distributors in more than 30 countries. Europe represented some 70% of sales, Asia 18%, and North America 11%.

Westermo's products are largely integrated into other providers' solutions. This means that Westermo can make initial sales, which then expand as the customer grows, increasing the demand for Westermo's products. Today, more than 50 percent of Westermo's sales are generated of this type of repeat business where sales to a customer expand.

## New-generation train fleet with Westermo technology

Swiss train builder Stadler has been building rolling stock with a focus on reliability, safety and comfort since 1942. In 2022, Stadler granted Westermo a contract to deliver network solutions for a new train fleet for Swiss Federal Railways (SBB). Westermo will be delivering data communication technology for the hundreds of new generation single-decker FLIRT Evo multi-unit trains that will be replacing a legacy fleet. Westermo's trackside-certified solutions and expert support will ensure that data networks deliver the reliability and robustness necessary for on-board train control and management systems.

Shipments will consist of a new version of Westermo's Ethernet switches that simplify installation, and boost network reliability. These switches are driven by Westermo's WeOS operating system, which helps create the most reliable networks and offers a complete portfolio of security functionality to counter the growing threat from cyberattacks. Shipments will commence in 2023 and continue over a 10-year period.



#### **Superior connectivity for European rail travel**

Nomad Digital, part of the Alstom group, specializes in intelligent transportation by enhancing travel connectivity. Through its subsidiaries Westermo Neratec and Eltec, Westermo is providing wireless access points from its Ibex & Cybox series to Nomad Digital as components of onboard passenger Wi-Fi systems. The partnership expanded in 2022 to involve more deals, including a project for Spanish state rail operator Renfe, its French counterpart SNCF, and Spanish train builder CAF. The projects are a mix of all-new installations and retrofits of existing Wi-Fi installations.



- Hugo Miguel Pereira, E-REDES

#### An innovative and tailored solution for the customer's need

E-REDES is Portugal's largest distribution system operator (DSO), delivering power to over 6 million consumers. DSO needed to update an obsolete legacy VHF system at 1,083 remote substations nationwide. The legacy system presented quality shortcomings, with communication lag between substations. Westermo put a big focus on gaining an in-depth understanding of the customer's specific needs and circumstances, resulting in producing an innovative solution that was more efficient and accurate than the customer's original inquiry-a major contributor to the good relationship and trust between the

In 2022, Westermo supplied E-REDES with an all-new cellular communication network (approx. 800 4G/LTE routers) for telemetry between the central SCADA system and substations. The solution enabled a significant improvement in system reliability and response time, but also increased future expansion capacity. Virtual Access, acquired by Westermo in 2019, had previously supplied E-REDES with 20,000 cellular routers for smart metering.



### Investments in Europe's rail network generate increased demand

Thales is a global technology leader with over 81,000 employees across five continents. The Group is investing in digital innovations-big data, artificial intelligence, connectivity, cybersecurity and quantum technology-to build future-proof solutions. In 2022, upscaled investments in the regeneration and enhancement of European rail networks and their signaling systems were a contributor to the robust progress of the partnership between Westermo and Thales GTS, headquartered in Austria. Westermo's reliable and robust Ethernet extenders and compact Ethernet switches (Lynx) were already Thales' first data communication choice for its latest generation of interlocking system. In addition to increased demand for robust network technology for this type of application, in 2022, Westermo also had the privilege of delivering other communication solutions on several development projects for European rail networks in countries including Germany and Spain.

## **Beijer Electronics business entity**

For Beijer Electronics, last year meant a complete recovery post pandemic, with high growth. Order intake was balanced by invoicing, despite persistent challenges in the supply of components. 2022 was also a year when Beijer Electronics demonstrated that its business model is working and paying off: its volume leverage progressively pushed its EBIT margin towards its 15% target-three quarters of a 14% EBIT margin demonstrates its stability.

Business entity order intake was up by 33%, to 1,302 MSEK by year-end. High demand featured on all markets: Europe progressed positively, while the American and Asian markets achieved strong growth, driven by the strategy of focusing sales efforts on the right segments and customers with high potential. In recent years, Beijer Electronics has systematically developed relationships with a number of major OEM customers. The business entity's capability to resolve customers' problems and deliver despite the component shortage has paved the way to greater trust, stronger relationships and new orders. In the year, Beijer Electronics passed the milestone of 1 billion SEK sales for the first time.

Over and above prioritizing long-term relationships and its role as a partner to major customers, the business entity's strategy is founded on a sharper focus on profitable applications in expansive segments like manufacturing, the marine sector, infrastructure and energy. Digitalization and the desire to use expanding data volumes to create value, plus more stringent standards applying to sustainable consumption of resources, are two main drivers. Beijer Electronics provides products for visualization, control and data exchange, with the X2 family of HMIs being the main sellers, with accumulated total sales exceeding 2 billion SEK for 2022. X2 HMIs are produced in off-the-shelf versions with software configured for customers' unique needs, to visualize massive data volumes, and thus facilitate smart control and superior performance.

The supply of specialist expertise in critical technology sectors is a success factor for Beijer Electronics. The business entity is a multicultural organization, that has been very successful in attracting professionals with backgrounds from many countries and cultures to its development centers in Malmö and Taipei. In 2022, Beijer Electronics invested in

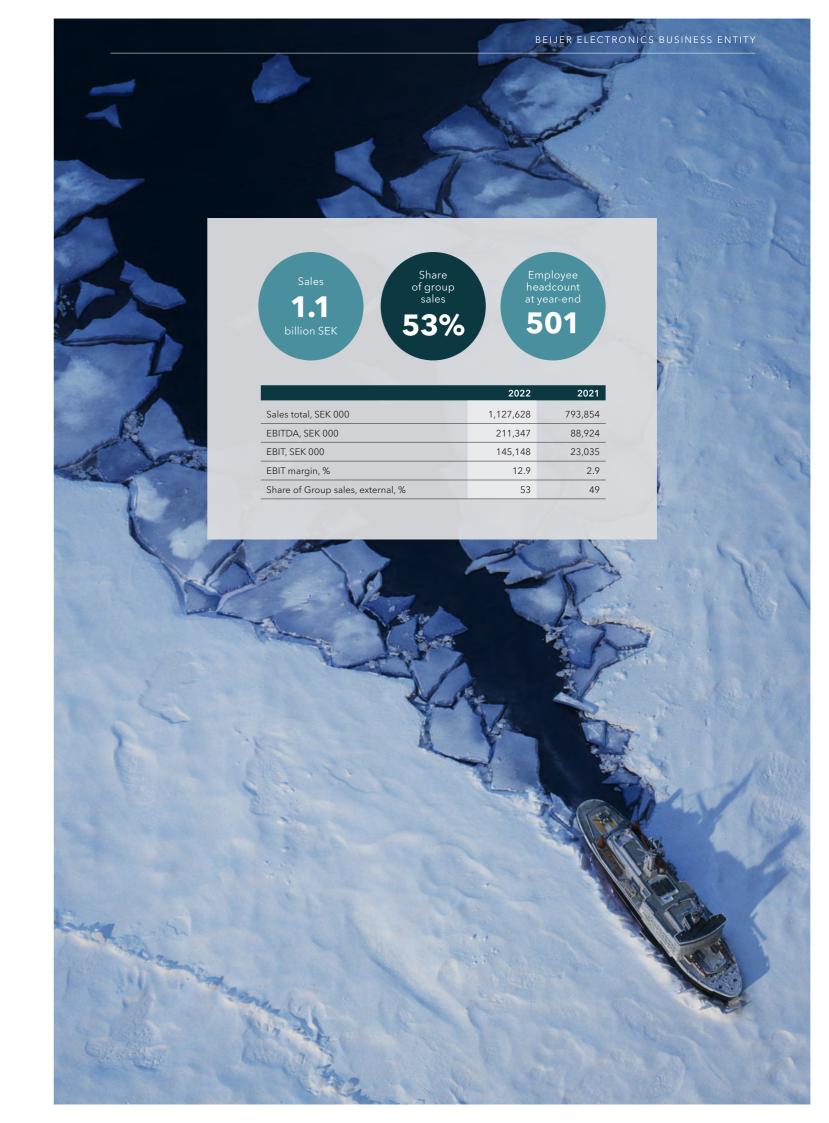
R&D, focusing on developing future HMIs, where increasing cybersecurity standards and new ways to visualize data are important development projects. In future, burgeoning data volumes will place even more stringent demands on solutions that help people to sort data, so critical information is not missed. Artificial intelligence (AI) to process high data values and augmented reality (AR) to visualize it are examples of new technologies that will be key to the interfaces of the future.

The Integration of Korenix into Beijer Electronics is continuing according to plan. The two business entities have progressively coordinated, and have been operating as a single legal entity since 1 January 2023. The next step is the careful coordination of brands and the offering to customers, with Korenix's data networking and cybersecurity being key to the development process. The business entity took a decision to back manufacture in Taiwan with a small-scale unit to assemble X2 HMIs at the Malmö distribution center, improving redundancy and service for European customers.

Beijer Electronics' order intake increased to 1,302 MSEK (863). Sales were up by 42% to 1,127.6 MSEK (793.9). EBITDA rose to 211.3 MSEK (81.9). EBIT was 145.1 MSEK (23.0), corresponding to an EBIT margin of 12.9% (2.9).

I'm proud and happy about all the efforts Beijer Electronics' people have made to find great solutions to customer needs during a challenging year. Thanks to their great efforts, we're moving into 2023 stronger!

Stefan Lager, CEO of Beijer Electronics



BEIJER ELECTRONICS BUSINESS ENTITY BEIJER ELECTRONICS BUSINESS ENTITY

Example

customer needs:

highlight critical information.

Create value from

high and expanding

data volumes.

Monitor and

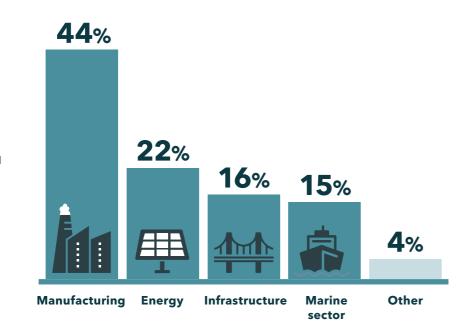
Optimize to boost

sustainability.

X2 family

## **Market and offering**

Where there are processes to control and optimize, information to digitalize and visualize, there is a need for smart solutions. In a world where the standards applying to sustainability, electrification and digitalization are getting more stringent, the demand for technology that rationalizes and enables better interaction between people and technology is increasing. Beijer Electronics helps its customers solve problems that require overview of large data volumes so they can be controlled and managed effectively.



#### **Priority market segments**

External analysts estimate that the global market Beijer Electronics is active on is worth nearly 40 billion SEK, with yearly growth of some 6-7%. Growth is mainly driven by a more pressing need for new software solutions. Other megatrends like electrification and sustainability are helping accelerate the tempo of digitalization.

The focus is on profitable segments and applications where reliability, high quality and in-depth understanding of customer needs are at a premium. Beijer Electronics prioritizes four segments: manufacturing is the largest with some 40% of business area sales, with its focus firstly on products sold to OEMs, and secondly direct sales to manufacturing plants, mainly in Asia, where Beijer Electronics creates integrated solutions jointly with customers. The second-largest segment is energy, where the business entity ships HMIs and other products to Taiwanese charging infrastructure manufacturer Delta Electronics. In the infrastructure segment, Beijer Electronics' products include HMIs for elevator manufacturers like OTIS, but are also involved in large-scale infrastructure projects like the construction of airports. Beijer Electronics has its highest market share in relative terms on the marine side with some one-fifth of the global market. Here, sustainability

is the main driver, and the business area's products help ballast water purifiers and exhaust scrubbers, as well as monitoring and managing alarms. Its customers are both providers of marine systems like Alfa Laval and Wärtsilä, and shipyards.

Beijer Electronics makes a broad-based offering that matches customer needs in its priority segments. Its main product segment is the X2 family, which represented some 65% of the business area's sales in 2022. The X2 consists of six HMI product families, which integrate high performance, robustus and smart design. Proprietary iX software enables solutions tailored to customer needs and has progressively become a more central component of the offering. iX software currently interfaces with virtually all automation equipment on the market through

its rich library of drivers. Beijer Electronics maintaining an open platform, so customers can freely combine different solutions instead of being locked into one specific environment, is a key strength.

Building on Beijer Electronics' platform in operational technology (OT) and automation solutions, the business entity has also added software, products and digitalization services to its offering to the market. It focuses on edge technology, which enables customers to create complete digital ecosystems for new and legacy applications. The business entity also builds automation solutions that include a range of hardware platforms for managing and controlling different processes. The offering include support for various software that also includes a range of drive systems such as frequency inverters and servo systems.

Since 2020, the integration between Beijer Electronics and Korenix has been a progressive contributor to creating joint operational teams under a single organizational structure. Beijer Electronics and Korenix have been operating as a single legal entity since 1 January 2023. With its products and know-how, Korenix helps Beijer Electronics offer the market broaderbased and more complete digital solutions, not least in cybersecurity.

#### R&D and future progress

Beijer Electronics invests substantial resources in innovation and development and has over 50 professionals working in this segment. The Beijer Electronics business entity works continuously on developing hardware and software by creating capable teams that produce innovative solutions using the latest technology. A close dialogue is maintained with customers secured in the business entity's strategy and goals, to develop new applications that can satisfy current and potential customer needs and create value-added. The next technology leap forward involves new ways to visualize data, with augmented or mixed reality being

Connecting and interconnecting machinery is another trend, placing greater demands on communication security, but also enabling processes to be managed and controlled remotely, where operators no longer need to be on site.

Further enhancements of the popular X2 family continued in 2022. The X2 series consists of six product families-X2 base, X2 pro, X2 marine, X2 control, X2 extreme and X2 web. Each of these families has a palette of HMI versions with differing capacities and performance. These HMIs are high performance and robust to deal with harsh environments. Several updates were introduced in 2022, including software for more functionality and cybersecurity. Beijer Electronics launched new data communication products, including new IO products, new PLC products and new software (iX, WebIQ, BCS Tools), as well as updated support for custom solutions.

The manufacture of Beijer Electronics' hardware products is based on standard components from selected vendors. Manufacture is concentrated at the plant in Taipei, Taiwan. In 2022, the business entity took the decision to open another unit for manufacturing X2 series HMIs in Malmö, Sweden. The main intention was to minimize risks and get closer to major markets and key customers with shorter lead-times. The global component shortage continued to present challenges in component purchasing in 2022. Thanks to close and long-term supplier relationships, plus good planning and flexibility, Beijer Electronics maintained its delivery capacity, and the business entity secured new business. Meanwhile, the component shortage was a contributor to extra costs. All manufacture is ISO 9001 and ISO 14001 certified.

Beijer Electronics is putting increasing emphasis on the business entity's sustainability work, which covers everything from product development, procurement, manufacturing to supply chains. It involves all four segments the business entity addresses. To achieve the greatest possible effect and impact, work is in close partnership with the business entity's customers.



BEIJER ELECTRONICS BUSINESS ENTITY BEIJER ELECTRONICS BUSINESS ENTITY

## Sales and customers

Beijer Electronics has a strong direct sales organization that works close to selected markets. It is backed by a network of distributors on other markets. The business entity actively supports sales through various channels with a range of initiatives. Europe represented 44% of sales, Asia 36% and North America 20%.

To develop and market the products the market demands, strong customer relationships are becoming more central strategically. Beijer Electronics operates close to its customers to gain valuable insights.



## A top-class charging experience

EVgo is the largest electric vehicle fastcharging network in the USA, and uses 100% renewable energy. EVgo has high network reliability and frequently gets top customer satisfaction ratings. EVgo owns and operates a nationwide network of fast-charging stations in the USA, which work with all electric vehicle models that are fast charging enabled. EVgo uses charging stations from Delta Electronics embedding Beijer Electronics' X2 extreme HMI with iX software offering customers a reliable and intuitive UX. EVgo is an excellent example underscoring Beijer Electronics' focus on the energy segment, and how the business entity contributes to a more sustainable society.



## State-of-the-art exhaust scrubbing reduces ships' climate impact

Yara Marine Technologies is one of the world's largest vendors of marine exhaust treatment systems. These systems help vessel operators satisfy more stringent climate standards. When Yara Marine Technologies recognized the need to modernize its technically sophisticated control systems, they needed a state-of-the-art solution.

Because we tailor each solution to customer needs, an open, easily customizable software solution is vital. With Beijer Electronics' solution, we get the functionality and performance we need, which also gives us all the necessary marine

Christoffer Ahlström, Engineering Operations Manager of Yara Marine Technologies



#### A complete solution for textile machine builders

Scientifically Engineered Textile Machines (SETeMa) is a Dutch textile machine builder. The company offers a complete portfolio of machines for customers worldwide. SETeMa bases its solutions on Beijer Electronics products because end-customers need to be able to do maintenance on machinery themselves without any technical training. Beijer Electronics offers an intuitive design, making products user-friendly.

For us it's not only important, but critical, to access good support if questions arise. We know that Beijer Electronics staff are there for us when we need them: they're always available and ready to help and support us when we need them.

Nop Elemans, SETeMa.



#### Streamlining production in the automotive industry

The automotive industry is constantly looking for ways to streamline processes, by securely transporting heavy components between workstations to optimize in-plant flows for example. TOA Systems Engineering Inc. of the US provides tailored AGV (automatic guided vehicle) systems to manufacturers like GM, Toyota, and their suppliers. In partnership with Kollmorgen, a leading global manufacturer of motor solutions for the robotics industry, TOA has expanded and modernized its offering with the aid of Beijer Electronics' HMI solutions. Its state-of-the-art user interface saves operator time.

I can't over-emphasize how valuable the reduced downtime has been for our customers! The demand for our systems is growing, and AGVs are a definitive part of future manufacture.

Joe Rucker, Senior Engineering Manager på TOA Systems Engineering Inc.



# **Sustainability strategy**

Sustainability means creating long-term solutions from economic, ecological and social perspectives, and adding value through business processes.

Apart from assuming responsibility and creating value for wider society, as well as protecting future generations, sustainability work also brings greater competitive advantages to BEIJER GROUP. Well-executed, integrated sustainability work also contributes to better administration and good control of the Group's products and services. This results in more satisfied customers, committed coworkers and increased profitability. Our sustainability work is based on documentation including a Code of Conduct, which is approved each year by the Board of Directors. It states guidelines on business ethics, the environment, human rights and data transparency. BEIJER GROUP takes preventative action to protect people and the environment wherever possible. Through regulations like REACH and RoHS, BEIJER GROUP ensures that no product contains prohibited or hazardous compounds.

To sharpen the focus and raise skills levels in the sustainability segment, BEIJER GROUP decided to hire a Group Sustainability Manager in the year; the position was filled in May 2023.

#### Standpoint on climate change and planetary boundaries

BEIJER GROUP accepts the scientific evidence that human activity presents major risks for future generations. Accordingly, to make its contribution to the global agenda, BEIJER GROUP will control and clarify goals for operations consistent with the UN's Sustainable Development Goals (SDGs) and the Paris Climate Agreement. BEIJER GROUP will future proof its product and service portfolio by making its manufacturing energy efficient, adopting a life cycle perspective in investments, taking responsibility for natural resources and biological diversity, increasing the share of renewable energy, and adapting its operations to climate change. BEIJER GROUP will engage in customers' and regulators' climate plans and policies.



#### Vision

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



#### Strategy

Operations should contribute to sustainable development, and sustainability work should be integrated into operations to generate practical results. This work should feature throughout the business, including ownership, management, developing products and services portfolios, customer relationships, coworkers and finance. Conducting operations responsibly is essential to the company's short and long-term success, while focusing on profitability and long-term shareholder value. Actions should feature high skills levels, good business morals and accountability.

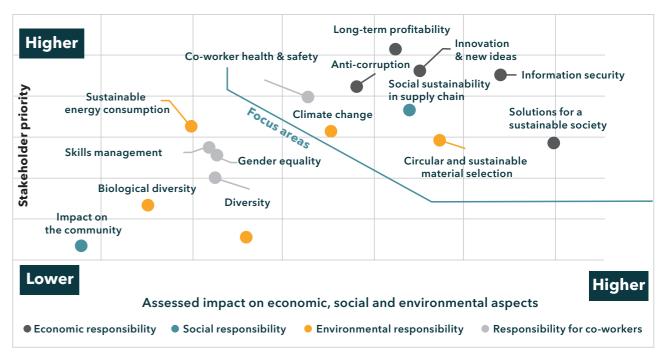
## **Overall management**

At an overall level, BEIJER GROUP intends to manage operations consistent with the UN's SDGs.

- Govern operations consistently with UN Sustainable Development Goals.
- Comply with BEIJER GROUP's Code of Conduct, which is based on the UN Global Compact. All the Group's coworkers and collaborative partners should understand and comply with the Group's Code of Conduct.
- Continuously increase knowledge of sustainability through training and communication of sustainability issues.
- Regularly follow up, report on and improve sustainability work.

## **Materiality analysis**

A materiality analysis was conducted in 2021, with our most important stakeholders each assessing various sustainability issues. The stakeholders involved in this analysis were owners, the Board of Directors, customers, suppliers and coworkers. An overall assessment of the Group's impact on the various sustainability segments was conducted with the help of external experts. In 2022, stakeholder engagement continued with each stakeholder through natural contact interfaces. The dialogue has not created any need to change BEIJER GROUP's priorities. The outcome of the analysis follows.



The materiality analysis provides important supporting data for the ongoing priorities of the Group's sustainability work. All the sustainability areas affected are considered important to BEIJER GROUP, but in this Report, the primary focus is on areas in the upper part of figure 1.

## **Sustainability framework**

BEIJER GROUP manages its sustainability work through five focus areas where the Group intends to set targets, formulate key performance indicators (KPIs) and state its long-term ambitions for each area.

The business entities adopted a sustainability agenda in 2022–targets and KPIs at Group level will be formulated in 2023.





Electrification and the transition to green energy, modern and resilient power networks.





Smart real estate automation and process controls that save resources and energy.





Green transportation-trains, trackside and charging infrastructure.

#### **SUSTAINABLE FINANCES**



#### **HEALTHY PEOPLE**



#### ENVIRONMENT AND CLIMATE



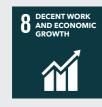
#### **ETHICS AND GOVERNANCE**



#### **PRODUCTS AND SERVICES**

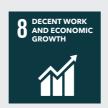


Profitable business is imperative for enabling BEIJER GROUP to offer products that help create a more sustainable society and give our coworkers a more secure future.



BEIJER GROUP's coworkers should have a safe, inspirational and stimulating workplace. Gender equality and good social conditions in the supply chain are also fundamental issues for the Group.





BEIJER GROUP is responsible with planetary resources and works for its operations to have the minimum possible negative impact. Climate impact, circularity and eco-design are important questions in this focus area.



BEIJER GROUP will have a sharp focus on conducting our business ethically, consistent with applicable laws and regulations. Our coworkers and suppliers should comply with our Code of Conduct.



BEIJER GROUP's products help our customers reduce their climate footprint. Our product development should feature prudent material selection and responsible utilization of natural resources.







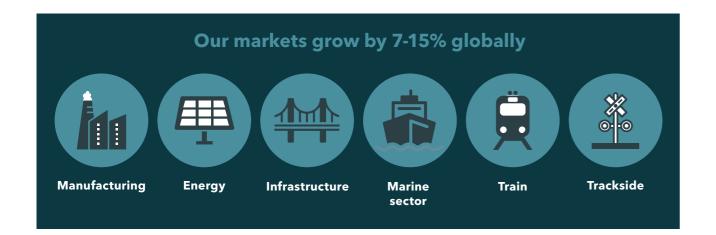
**SUSTAINABLE FINANCES** 

# **Long-term profitability**

Long-term profitability means the Group increases stability for its coworkers, owners, customers and suppliers. It creates jobs and tax revenues that help create a stronger society. Profitable operations are imperative for long-term survival in a globalized and competitive world.

The Group should deliver solutions, products and services that customers want. Ensuring that the products and services it offers are relevant in a sustainable society and the sustainable transition is integral to this. Some of the Group's offerings that satisfy these requirements are solutions to rationalize the generation and distribution of electricity, HMIs for electric vehicle charging stations and the efficient control of water treatment. In its power network offering, the Group helps the energy transition through digitalization, which enables more small renewable energy producers with variable energy generation to connect.

Several sectors that BEIJER GROUP supplies that are important for the climate alignment have grown by 7 to 15% globally.





SUSTAINABILITY FRAMEWORK



# A healthy and stimulating workplace

BEIJER GROUP should offer its coworkers a good physical and psychosocial working environment, where coworkers can achieve their full potential and find a good work-life balance.

Experiences of working from home during the pandemic resulted in a policy on hybrid working in 2022. Its aim was to improve the potential of every coworker to choose the right workplace. This means coworkers can choose between working remotely or in the office, according to their duties, and the Group creating a productive and creative working environment for everyone.

The Beijer Electronics business entity conducted a health survey of its coworkers, which indicated that the pandemic did cause a deterioration in physical health. The business entity produced a new fitness subsidy in 2022, replacing the previous keep-fit system that Swedish employees are expected to utilize more fully. There is also an ambition to introduce coworker-led fitness activities.

Westermo Sweden has an active keep-fit group that arranges about 15 fitness activities for coworkers each year. There were 177 participants in 2022.

In Taiwan, coworkers are offered statutory and regular health checks. Follow-up interviews are arranged with coworkers as required, and all coworkers are offered health training.

## Employee satisfaction surveys for a better working environment

The Group conducts regular employee satisfaction surveys focusing on key health & safety issues like corporate culture, leadership, discrimination, work-life balance, developmental opportunities and harassment. The surveys conducted in 2022 indicated that coworkers generally have a positive perception of their work situations and workplaces. A good work-life balance was still perceived as an important focus area.

#### A fair and safe workplace

BEIJER GROUP encourages its managers to practice open and transparent leadership to prevent and deal with potential discrimination and harassment in good time. Coworkers can anonymously report grievances such as discrimination and harassment to their first-line managers, or directly to the HR function. The Group works systematically in this segment

through its whistleblower policy and system for managing it. In 2022, the organization prepared to outsource the whistleblower function to an external provider to guarantee anonymity for anybody using this function. The whistleblower policy is communicated to all employees as part of the Code of Conduct. The Group also conducts a range of sessions discussing harassment and discrimination, which are treated as part of leadership. No situations involving discrimination and harassment were reported in 2022.

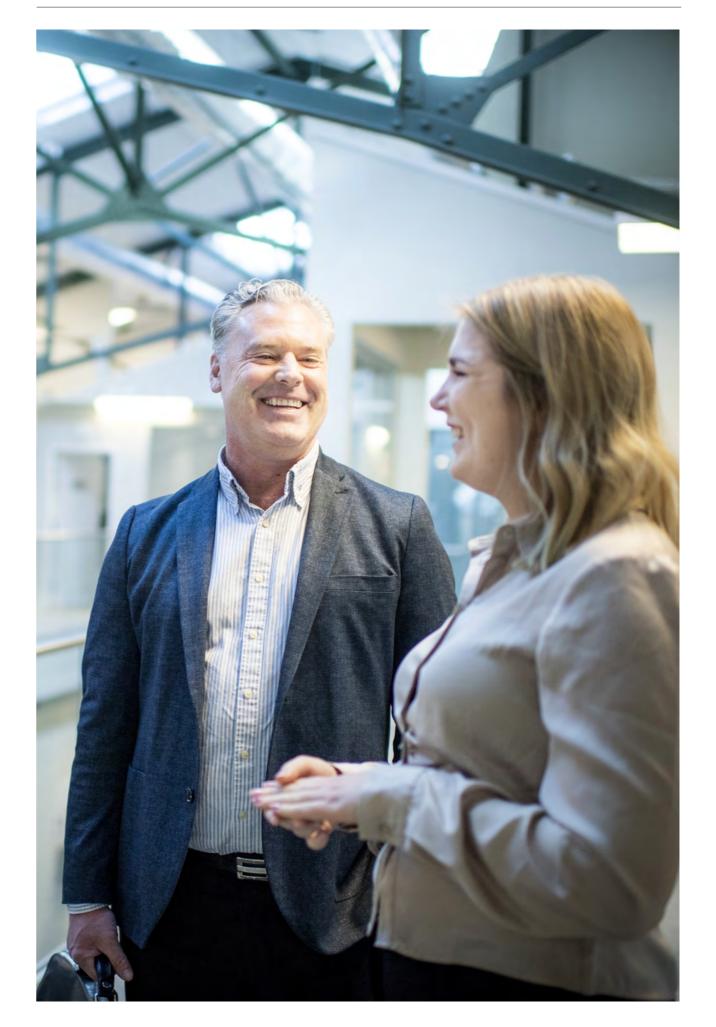
#### Systematic health & safety work

BEIJER GROUP has a health & safety policy that deals with issues including how the company identifies, assesses and manages health & safety risks in each function. The outcomes of incident reports and risk assessments are evaluated to improve health & safety continuously.

There were no serious work-related injuries or fatalities in 2022. The most common incidents involve compression and abrasion injuries. Accidents are reported and preventative action is taken. The Group's organization in Taiwan has an ISO 45001-certified health & safety management system. Doctors and nurses conduct regular checks of the physical working environment, which have had satisfactory outcomes.

#### Coworker development

Continuous development of coworkers' competencies and skills is a priority for BEIJER GROUP. The Group's employee satisfaction surveys indicate the organization's developmental needs. Investments and leadership programs remained in focus in 2022, with their emphasis on supporting HR development, exchange of best practice and sharing information. Over and above the focused training packages conducted within Beijer Academy, staff also now have access to various types of discussion forum and podcasts on relevant and in-demand subjects through the recently launched web platforms Team-Up and LMS.



SUSTAINABILITY FRAMEWORK SUSTAINABILITY FRAMEWORK



## **Climate impact**

BEIJER GROUP should help reduce climate impact in its own business and through customers. The Group's products are used in applications important for a society in climate alignment. Such applications include signaling and control systems for trains, electric vehicle charging station displays and smart automation for reduced energy consumption in real estate. BEIJER GROUP has produced lifecycle analyses for its products from a climate perspective and performs yearly calculations of the Group's climate impact. Ongoing work on this ensures that the Group's and its customers' indirect GHG emissions are reducing.

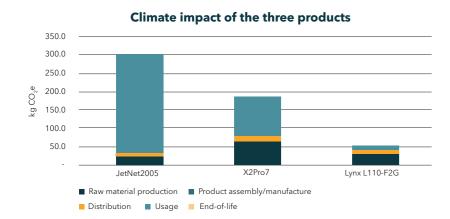
#### Climate impact of products

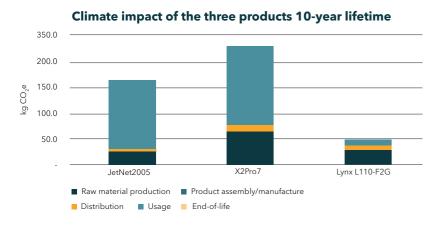
To improve understanding of the climate impact of its products, the Group has conducted a lifecycle analysis of its business entities' best-selling products. The usage phase and manufacture of raw materials represent most of product climate impact (see graphics below). Transportation also exerts some climate impact. Assembly of products and manufacture of products, as well as end of life, have negligible climate impact.

The outcomes of this analysis demonstrate that the energy efficiency and useful life of products are especially important for reducing climate impact through product lifecycles. The climate impacts arising on extracting raw materials present a challenge to BEIJER GROUP, but there is potential to reduce this impact by selecting renewable materials. There is also some potential in optimizing the consumption of resources in the Group's own production processes, and in product design so they require fewer raw materials and components.

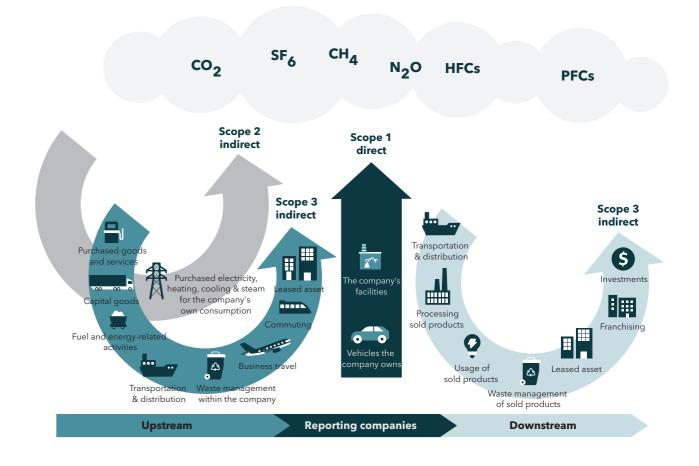
#### Climate impact of the Group

Apart from its lifecycle analyses, BEIJER GROUP also compiled GHG emissions related to production in 2022. This was compliant with the GHG Protocol, with operational control as its approach. Based on these calculations, the Group is planning future actions to reduce its climate impact. In total, scope 1 emissions in 2022 were 16.98 tons of CO2e, down on 2021, when scope 1 emissions were 34.19 tons. The Group's energyrelated emissions in scope 2 reduced by 2.7% on 2021. This was due mainly to increased awareness through our organization, and reduced areas in some of the Group's offices.





As the two diagrams show, the climate impacts of the same products have differing profiles depending on whether analyzed over their full expected lifecycles, or only the first ten years. In turn, this is because the emissions from electricity are added to the total once the lifecycle exceeds ten years. We could also assert that products with longer lifecycles do not need to be replaced as frequently, which reduces the need for resources and emissions from new products, providing energy efficiency is comparable.



Aktivity	Emissions	(ton CO <sub>2</sub> e )
	2021	2022
SCOPE 1		
Company vehicles	34	17
SCOPE 2		
Electricity, district heating, district cooling	592	576
Total	626	593

BEIJER GROUP's ambition is to calculate its indirect emissions in scope 3, to gain greater insight into how these emissions relate to scope 1 and 2, and to get a picture of the whole Group's climate impact. This reporting may also provide a better basis to evaluate the scale of the Group's alignment

BEIJER GROUP continuously evaluates new ways to transport products to reduce GHG emissions. Because products are low physical volume, air freight is a justifiable solution economically. Often, it is also the only way to satisfy customers' lead-time and availability requirements. The Group utilizes a set-up of regional distribution centers so we can optimize delivery to all customers. Regular activities focused on optimizing flows are ongoing, and there is a potential to realign a portion of transportation to renewable and sustainable fuels.

#### Continuous improvement

Work continued on reducing the energy consumption at our office in Taiwan in the year, and thus its climate impact. It achieved a marginal energy saving of 3%. Digitalization initiatives enabled it to beat its target of reducing paper consumption, which was down by 23% in the year.

The Westermo business entity has been ISO 14001 energy management system certified since 2020, and systematic environmental work is continuously ongoing. Its R&D organization sharpened its focus on sustainability, and every development project is now subject to sustainability standards on material selection and energy efficiency. An exchange program for computers between Westermo and Dustin has commenced, which ensures that products are reused and recycled optimally. To secure control over the climate impact of transportation, Westermo worked on increasing the transparency of emissions from its major freight shippers in the year. To reduce energy consumption at Westermo's plant, higher energy-consumption machines have been phased out, and higher utilization levels on some machinery has been implemented.

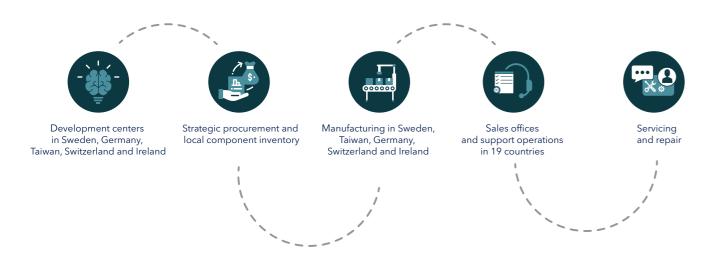
#### **Green Actions Asia**

In Taiwan, our organization has four focus areas or Green Strategies: in procurement, energy saving, reduced consumption of resources and increased recycling, as well as greater environmental awareness. Energy-efficiency actions at the Taipei office are an actualized segment where monitoring reveals positive outcomes and the potential for further savings. In Taiwan, our coworkers participated in two litter clean-ups, while in Shanghai, we also organized a waterfront litter clean-up. All these activities are part of the Green Actions Asia program.

SUSTAINABILITY FRAMEWORK SUSTAINABILITY FRAMEWORK



# Supplier assessment



BEIJER GROUP has several hundred suppliers, many of them based in Asia. Work on progressively downscaling the supplier base continued in 2022. By putting a sharper focus on fewer suppliers, the company wants more certainty that its suppliers are satisfying the social and environmental standards the Group has formulated in its Code of Conduct.

BEIJER GROUP divides its suppliers into categories. The Group's procedures mean it visits key suppliers each year and assesses them according to a dedicated evaluation format. Areas reviewed and verified are: compliance with the Code of Conduct, health & safety policy, anti-corruption policy, and

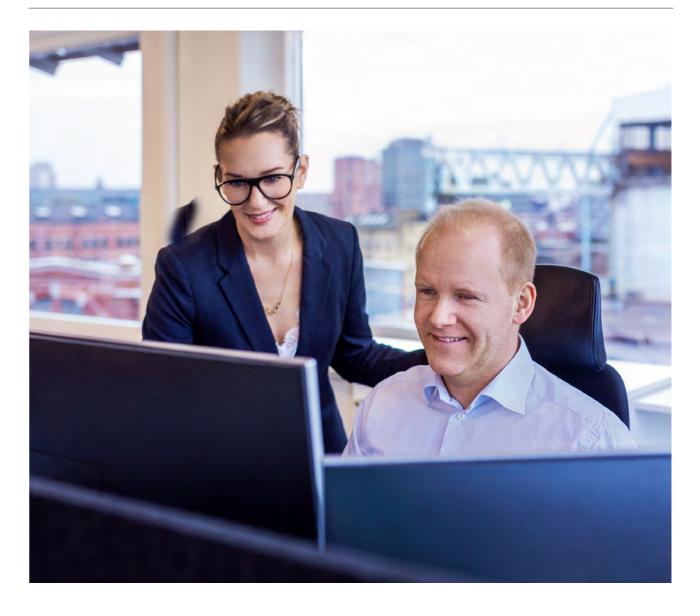
compliance with the EU's REACH and RoHS legislation eliminating the usage of hazardous substances in the company's products. Other major suppliers not subject to yearly audit are visited every second year.

Instances of non-compliance arising in these audits may result in contractual or commercial consequences for suppliers if not rectified in a predetermined time. In 2022, the pandemic also prevented on-site supplier audits in some Asian countries that have been subject to restrictive entry rules. This work is scheduled to resume in 2023.

# **Information security**

Information is a critical resource that is becoming increasingly vulnerable due to digitalization. For BEIJER GROUP, information security is about being able to store, manage and transmit data without it disappearing or falling into the wrong hands. Because BEIJER GROUP supplies network products and solutions, the information security area also includes BEIJER GROUP products delivering data with high security. The ability to store, manage and transmit data with high security is fundamental to BEIJER GROUP.

The fundamental guidelines for information security are stated in the company's IT policy. Westermo gained ISO 27001 certification in 2022, and Beijer Electronics intends to certify its operations according to the same standard in 2023. ISO 27001 is an information security management system.



# **Anti-corruption**

BEIJER GROUP counters corruption in its business through transparent systems and clear monitoring. The Group's in-house management program includes training in anticorruption, ethics and morals. The program is mandatory for all management staff. 720 people took this program in 2022, and all management staff have taken it. All other coworkers received information on internal channels. The Group ensures that all staff have read, understood and accepted the internal Code of Conduct as part of their workplace induction. In 2022, all staff including management in all regions received the Code of Conduct.

All main suppliers have signed he UN Global Compact's Ten Principles, one of which is "Businesses should work against corruption in all its forms, including extortion and bribery."

To ensure supplier compliance with the standards BEIJER GROUP applies, it runs checks on its major suppliers. The Group appointed a new strategic supplier in 2022. Relevant managers are accountable for monitoring compliance with the company's guidelines.

Cases related to corruption should be immediately dealt with by senior management. To facilitate reporting, channels including a whistleblower procedure have been created, where coworkers are encouraged to report all conduct they consider in conflict with legislation or the Code of Conduct. Coworkers reporting grievances should not suffer any negative consequences or reprisals. No cases were reported to the whistleblower service in 2022.



#### **PRODUCTS AND SERVICES**

## **Conflict minerals**

Preventing the usage of conflict minerals in the Group's products is a business priority because neither BEIJER GROUP nor its customers want to contribute to the human rights breaches involved in the extraction of these minerals. BEIJER GROUP is part of a large and complex supply chain, with especially high risk of combining minerals of differing origins at smelting plants.

Pursuant to the Responsible Minerals Initiative, the Group applies standards to all its suppliers to report on how they manage conflict minerals and social compliance. Since 2018, the share of suppliers responding to the report inquiry question pursuant to the global Conflict Mineral Reporting Template (CMRT) increased from 60% to 94% by 2022.

To ensure suppliers are not using minerals from conflict zones, the supplier must:

- Work to ensure that conflict minerals are not sourced from mines in conflict zones.
- Comply with BEIJER GROUP's Code of Conduct.
- Expand its investigation of the supplier's complete supply chain to determine the source of conflict minerals.



Percentage of the Group's suppliers that have declared conflict minerals pursuant to the CMRT format

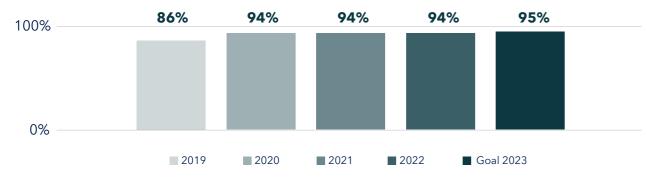


Figure 2: The share of suppliers declaring the origin of conflict minerals is increasing each year.

## **Material selection in products**

The Group's products are designed and manufactured to maintain good quality and have long useful lives, often in harsh environments. Products normally comprise several hundred components, which when combined, can be a composite of thousands of different materials.

Material selection is decisive for manufacturing quality products that satisfy customer demand. All the Group's products are compliant with EU REACH and RoHS regulations that ensure that no products contain prohibited compounds, and comply with legislated threshold values. BEIJER GROUP also has an ambition to use conflict-free minerals exclusively end to end in its supply chain, and to comply with SEC (US Securities & Exchange Commission) rules and directives on conflict minerals. Read more about BEIJER GROUP's work on conflict minerals under "Supplier assessment."

The Beijer Electronics business entity publishes EPDs for all products developed in-house. Ten product families have these declarations at present. EPDs specify materials content, packaging materials, recycling instructions for components and packaging, and instructions on how to reduce environmental impact during the usage phase.

To ensure consideration of environmental impact is embedded into complete product lifecycles, all Westermo staff took a training program in 2021. By improving their skills, coworkers can make more conscious choices when developing products and services. Westermo also intends to develop services around its products. This could help improve the conservation of resources through more efficient usage of physical products.

In 2022, BEIJER GROUP worked on using recycled materials in packaging, with paper and cellulose now being tested to replace plastic. At present, some 8% of products' and packaging's constituent materials are recycled material, a significant increase on 2022, when the corresponding level was 5%



SUSTAINABILITY RISKS SUSTAINABILITY RISKS

# **Sustainability risks**

BEIJER GROUP designs and delivers hardware and software subject to stringent quality and delivery reliability standards. However, risks related to our coworkers' health and social conditions in the value chain, as well as risks associated with the climate crisis do arise. The most material sustainability risks identified in our business are:

#### 1 Climate change

Climate change presents risks that can impact customers and suppliers, as well as BEIJER GROUP's operations. The biggest physical risks are mainly caused by flooding, fires and extreme weather, which can impact the delivery reliability of

#### 2 Conflict minerals

For conflict minerals, the major risks relate to human rights, and the Group's ambition is to ensure no conflict minerals are used in its business.

#### 3 Psychosocial coworker health & safety

The working environment can present a risk associated with psychosocial factors like stress, but also to some extent, physical risks such as work-related injuries.

#### 4 Corruption

Corruption is another area that can represent a risk to the company, which is prevented proactively through training.

The risks relating to information security include important data leaks from operations or customers due to inadequacies in working methods or the security solutions of products. To prevent this, the Group has been working on secure IT infrastructure for the long term. Work on ISO 27001 (information security management) continued in 2021 and 2022. Westermo certified in 2022, and Beijer Electronics will certify in the first half-year 2023. These actions will reduce these risks further.

All these risks are addressed in the Group's Sustainability Framework, where activities and improvements are identified and actioned as a continuous process.





GOALS, SUSTAINABILITY INDICATORS AND PERFORMANCE TAXONOMY REGULATION

# Goals, sustainability indicators and performance

Indicators	Goal 2019	Perfor- mance 2019	Goal 2020	Perfor- mance 2020	Goal 2021	Perfor- mance 2021	Goal 2022	Perfor- mance 2022	Goal 2023
Anti-corruption									
Percentage of salaried employees that have read, understood & signed the Group's Code of Conduct	100%	100%	100%	100%	100%	100%	100%	100%	100%
Percentage of managers (down to level 3) that have taken formal management training on ethics and morals	>85 %	100%	>95%	95%	>95%	95%	>95%	100%	>95%
Material selection									
Percentage of the Group's suppliers that have declared conflict minerals pursuant to the CMRT format	>87 %	86%	>90%	94%	>95%	94%	>95%	94%	>95%
Human rights									
Percentage of new suppliers audited by BEIJER GROUP for social criteria*	10	16	11	0	6	6	6	100%	100%
Percentage of the UN Global Compact Self-Assessment Tool for human rights that BEIJER GROUP satisfies	≥92%	92%	100%	92%	100%	95%	100%	95%	100%
Innovation and new ideas									
Percentage of sales allocated to research and development	-	11,6%	-	13,1%	-	12,6%	-	10,4%	-

\*Indicator amended in 2022 to reflect the GRI goals. Previously, the goal was "Number of suppliers audited by BEIJER GROUP on human rights." The goal and outcome from 2019 to 2021 reflects this indicator. We are compliant with the new indicator from 2022 onwards.



#### Global environmental and quality assurance standard

BEIJER GROUP companies are ISO 9001 certified. Beijer Electronics AB, Beijer Electronics Corp. of Taiwan and Westermo Network Technologies AB are ISO 14001 certified. ISO 9001 (quality management system) and ISO 14001 (environmental management system) are an international family of standards that are the foundation of systematic work on quality and environmental issues. These management systems are examined and assessed by authorized third-party auditors, who then issue certification. Actions should feature high competence levels, good business morals and awareness of responsibilities.



## **Taxonomy Regulation**

The Taxonomy Regulation requires companies like BEIJER GROUP to report on how sustainable financial operations are based on the Taxonomy Regulation through three key indicators: share of turnover, capital expenditure (CapEx) and operating expenditure (OpEx) associated with operations that the Regulation classifies as environmentally sustainable. The current focus of the Regulation are its Climate Change Limitation and Climate Change Adaptation goals.

For 2022, those activities considered taxonomy eligible by the Regulation are reported as in previous years. Reporting the share that are taxonomy-aligned is new for this year, and

a) the activity making a significant contribution to at least one of the EU's environmental objectives

b) the activity doing no significant harm (DNSH) to one of the EU's six prioritized environmental objectives

c) the activity being conducted according to minimum safeguards

A significant share of BEIJER GROUP's products and solutions are used in applications and segments regarded as sustainable, and where the Group contributes to a more sustainable world. BEIJER GROUP welcomes the ambition of the EU Taxonomy for sustainable economic activities, but at the same time believes only a limited amount of the Group's economic activities qualify as environmentally sustainable as defined in current versions of the Taxonomy documentation.

The same approach was used in 2022 as in 2021, and the results for taxonomy-eligible activities are similar between these years.

#### Reporting principles

Reporting in 2022 includes new information for the year on the scope of activities that are environmentally sustainable pursuant to the Taxonomy Regulation, and accordingly, no comparative figures are presented for that portion.

#### a. Sales

a.1 Taxonomy-eligible activities

As in the previous year, the basis for judging the parts of BEIJER GROUP's activities to be included this year are the technical review criteria specified in Annex I and Annex II of the European Parliament and Council Regulation (EU) 2020/852.

The various descriptions in these documents have been closely studied, then mapped against the turnover of BEIJER GROUP's various activities in 2022. The approach of the Taxonomy Regulation is binary, i.e. activities are considered either environmentally sustainable or not, and the basis of this is the description in these documents. Accordingly, reporting does not state how environmentally sustainable the activities of BEIJER GROUP are, but rather, the share of these activities eligible for the Taxonomy. BEIJER GROUP has a centralized database containing details of all Group companies at order level. All the Group's orders are coded in several dimensions, and this is the basis for mapping.

Based on Annex I & II as of 4 June 2021, BEIJER GROUP has the following activities defined as sustainable pursuant to the Taxonomy Regulation:

6.14. Infrastructure for rail transport

6.15. Infrastructure enabling road transport and public

7.6. Installation, maintenance and repair of renewable energy technologies

Because there is some overlap between Annex I and Annex II, BEIJER GROUP has ensured that no activities are duplicated.

#### a.2 Taxonomy-aligned activities

Each of the activities identified as Taxonomy eligible have been closely evaluated pursuant to the criteria of the Regulation documentation, and the share considered environmentally sustainable has been determined according to:

i) the activity significantly contributing to one or more environmental aspects

Assessments are conducted for each activity based on customers' applications, and then calculated

ii) the activity doing no significant harm (DNSH) based on environmental aspects

Qualitative assessments are conducted for each activity, based on customer applications

iii) the activity being conducted with minimum safeguards

Quantitative assessments are conducted for each activity, based on customer applications

The base is all the Group's investments excluding acquisitions. Accordingly, this includes capitalized research and development, other intangible investments and tangible investments, as well as leased investments pursuant to IFRS 16. BEIJER GROUP then conducts a review and assessment of the share that relate to activities that are environmentally sustainable pursuant to the Taxonomy Regulation.

The Regulation offers an overall review of the OpEx items to be reported. From this review, BEIJER GROUP has included the following: research and development expenses, estimated expenses for maintenance and repair, and other direct expenses necessary for the efficient daily operation of property, plant and equipment. BEIJER GROUP then conducts a review and assessment of the share that relate to activities that are environmentally sustainable pursuant to the Taxonomy Regulation.

TAXONOMY REGULATION

#### 1. Turnover

						Criteria f	or signific	cant contr	ibution,%		(	Criteria for	do no sig	nificant h	arm (DNS	Н)	Mini- mum safe- guards	Cate	egory
Economic activities	Turnover 2022 (MSEK)	% of turnover 2022	% of turnover 2021		Climate change limi- tation	Climate change adap- tation	Water and marine resour- ces	Circular eco- nomy	Pollu- tion	Biolo- gical diversity and eco- systems	Climate change limi- tation	Climate change adapta- tion	Water and marine resour- ces	Circular eco- nomy	Pollu- tion	Biolo- gical diversity and eco- systems		Ena- bling activi- ties	Align- ment activi- ties
A. Taxonomy-eligible activities																			
A.1 Taxonomy-aligned activities																			
6.14. Infrastructure for rail transport	388	18.2			100	0	0	0	0	0	Yes	Yes	Yes	Yes	Yes	Yes	Yes	М	
6.15. Infrastructure enabling low-carbon road transport	10	0.5			100	0	0	0	0	0	Yes	Yes	Yes	Yes	Yes	Yes	Yes	М	
7.6. Installation, maintenance and repair of renewable energy technologies	9	0.4			100	0	0	0	0	0	Yes	Yes	Yes	Yes	Yes	Yes	Yes	М	
Taxonomy-aligned activities (A.1), total	406	19.1		1															
A.2 Not Taxonomy-aligned activities	•			1															
6.14. Infrastructure for rail transport	43	2.0		1															

43

449

1,679

2,128

137

100

100

2.0

21

79

100

21

79

100

#### 2. CapEx

Total (A+B)

Not Taxonomy-aligned activities (A.2), total

Taxonomy-eligible activities, total (A.1+A.2)

B. Taxonomy non-eligible activities

z. capex																		
					Criteria f	or signific	cant contr	ibution,%	,	c	Criteria for	do no sig	nificant ha	arm (DNS	Н)	Mini- mum safe- guards	Cate	gory
Economic activities	CapEx 2022 (MSEK)	% of CapEx 2022	% of CapEx 2021	Climate change limi- tation	Climate change adap- tation	Water and marine resour- ces	Circular eco- nomy	Pollu- tion	Biological diversity and ecosystems	Climate change limi- tation	Climate change adapta- tion	Water and marine resour- ces	Circular eco- nomy	Pollu- tion	Biolo- gical diversity and eco- systems		Ena- bling activi- ties	Align- ment activi- ties
A. Taxonomy-eligible activities																		
Taxonomy-aligned activities (A.1), total	30	21																
Not Taxonomy-aligned activities (A.2), total	3	2		100	0	0	0	0	0	Yes	Yes	Yes	Yes	Yes	Yes	Yes	М	
Taxonomy-eligible activities, total (A.1+A.2)	34	23	24												•			
B. Taxonomy non-eligible activities	112	77	76															
Total (A+B)	146	100	100															

#### 3. OpEx

Total (A+B)

						Criteria f	or signific	cant contr	ibution,%		C	Criteria for	do no sig	nificant ha	rm (DNS	Н)	Mini- mum safe- guards	Cate	gory
Economic activities	OpEx 2022 (MSEK)	% of OpEx 2022	% of OpEx 2021		Climate change limi- tation	Climate change adap- tation	Water and marine resour- ces	Circular eco- nomy	Pollu- tion	Biological diversity and ecosystems	Climate change limi- tation	Climate change adapta- tion	Water and marine resour- ces	Circular eco- nomy	Pollu- tion	Biological diversity and ecosystems		Ena- bling activi- ties	Align- ment activi- ties
A. Taxonomy-eligible activities																			
Taxonomy-aligned activities (A.1), total	38	28																	
Not taxonomy-aligned activities (A.2), total	4	3			100	0	0	0	0	0	Yes	Yes	Yes	Yes	Yes	Yes	Yes	М	
Taxonomy-eligible activities, total (A.1+A.2)	42	31	26																
B. Taxonomy non-eligible activities	95	69	74	1															

## **GRI Index**

The GRI framework stipulates an index to facilitate information searches in accordance with GRI standards. Accordingly, a table follows.

#### General information

ndard		Disclosure	Comment/information	Page ref.
	102	General disclosures		
		Profile		
	102-1	Name of the organization		4
	102-2	Activities, brands, products and services		4-5, 13, 15, 16, 18-29
	102-3	Location of the headquarters		72
	102-4	Location of the operations		5
	102-5	Ownership and legal form		10-11
	102-6	Markets served		5, 13, 20-23, 26-29
	102-7	Scale of the organization	552,647 products were sold in 2022	4, 7, 61, 82
	102-8	Information on employees and other workers		82
	102-9	Supply chain		44
	102-10	Significant changes to the organization and its supply chain		6, 9, 20, 26, 60-61
	102-11	Precautionary principle		34, 48
	102-12	External initiatives	UN Global Compact	56
	102-13	Participation in associations	The Association of Swedish Engineering Industries (and thereby, the Confederation of Swedish Enterprise)	
		Strategy		
	102-14	Statement from senior decision-maker		9
		Ethics and integrity		
	102-16	Values, principles, standards and norms of behavior		34, 36-37, 111
		Governance		
	102-1	Governance structure		34, 109, 118-119
		Stakeholder engagement		
	102-40	List of stakeholder groups		35
	102-41	Collective bargaining agreements	61% of coworkers worldwide covered by collective-bargaining agreements	
	102-42	Base used for identifying and selecting stakeholders for engagement		35
	102-43	Approach to stakeholder engagement		35
	102-44	Key topics and concerns raised during engagement		35
		Reporting practice		
	102-45	Entities included in the financial statements	Beijer Electronics Sweden, Beijer Electronics USA, Beijer Electronics Norway, Beijer Electronics Denmark, Beijer Electronics Germany, Beijer Electronics China, Beijer Electronics Taiwan, Beijer Electronics Turkey, Beijer Electronics Turkey, Beijer Electronics UK, Westermo Sweden, Westermo Germany, Westermo UK, Westermo Australia, Westermo France, Westermo Singapore, Westermo Neratec Switzerland, Virtual Access Ireland, Korenix Taiwan, Eltec Germany, Westermo Spain.	
	102-46	Defining report content and topic boundaries		34-37

Standard	Disclosure	Comment/information	Page ref.
102-47	List of material topics		35-37
102-48	Restatements of information		
102-49	Changes to list of topics and topic boundaries	This Report was based on GRI standards 2016. It does not satisfy all GRI Core standards, and departures from the Index are not disclosed below.	
102-50	Reporting period	Calendar year 2022	
102-51	Date of most recent report	24 March 2022	
102-52	Reporting cycle	Yearly	
102-53	Contact point for questions relating to the Report	CSR Group Manager, Fredrik Persson or CEO, Jenny Sjödahl	
102-54	Claims of reporting in accordance with the GRI Standards	Reporting based on GRI Standards	
102-55	GRI Index		
102-56	External verification assurance	No external verification conducted	
Material topics			
	Economic performance		
205	Anti-corruption Anti-corruption		
103-1- 103-3	Management approach		45
205-2	Communication and training about anti-corruption policies and procedures		45
	Environmental series standards		
301	Materials		
103-1- 103-3	Management approach		47
301-2	Recycled materials used		47
305	Emissions		
103-1- 103-3	Management approach		42
305-1 - 305-2	Direct and indirect GHG emissions (Scope 1 and 2)		43
	Series social standards		
403	Occupational health and safety management system		
103-1- 103-3	Management approach		40
403-9	Work-related Injuries		40
406	No discrimination		
103-1- 103-3	Management approach		40
406-1	Incidents of discrimination and corrective actions taken		40
414	Supplier social assessment		
103-1- 103-3	Management approach		44
414-1	New suppliers that were screened using social criteria		50



# **UN Global Compact**

BEIJER GROUP joined the UN Global Compact in June 2018. Before joining, the Group was already using the Global Compact as its basis for systematic sustainability work. BEIJER GROUP used the UN Global Compact Self-assessment Tool to analyze the company's efforts in sustainability, and to enable identification of priority aspects. The Group's Code of Conduct for suppliers is already based on the Global Compact's ten principles, which all suppliers must sign before any business relationship can

The UN Global Compact is a voluntary initiative intended to promote sustainable development and responsible business. By joining, companies demonstrate their support for ten universal principles in the segments of human rights, labor, the environment and anti-corruption. With several thousand members from 165 countries, the UN Global Compact has become a global initiative with a strong presence in the northern and southern hemispheres.



Read more about the UN Global Compact at: https://www.unglobalcompact.org

#### Auditor's opinion regarding the statutory sustainability report

To the general meeting of the shareholders of Beijer Electronics Group AB (publ), corporate ID no. 556025-1851

#### Engagement and responsibility

It is the Board of Directors who is responsible for the sustainability report for the year 2022 on page is 32-55, and that it is prepared in accordance with the Annual Accounts Act.

#### Granskningens inriktning and omfattning

Our examination has been conducted in accordance with FAR's auditing standard RevR 12. This means that our examination of the statutory sustainability report 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 opinion.

A statutory sustainability report has been prepared.

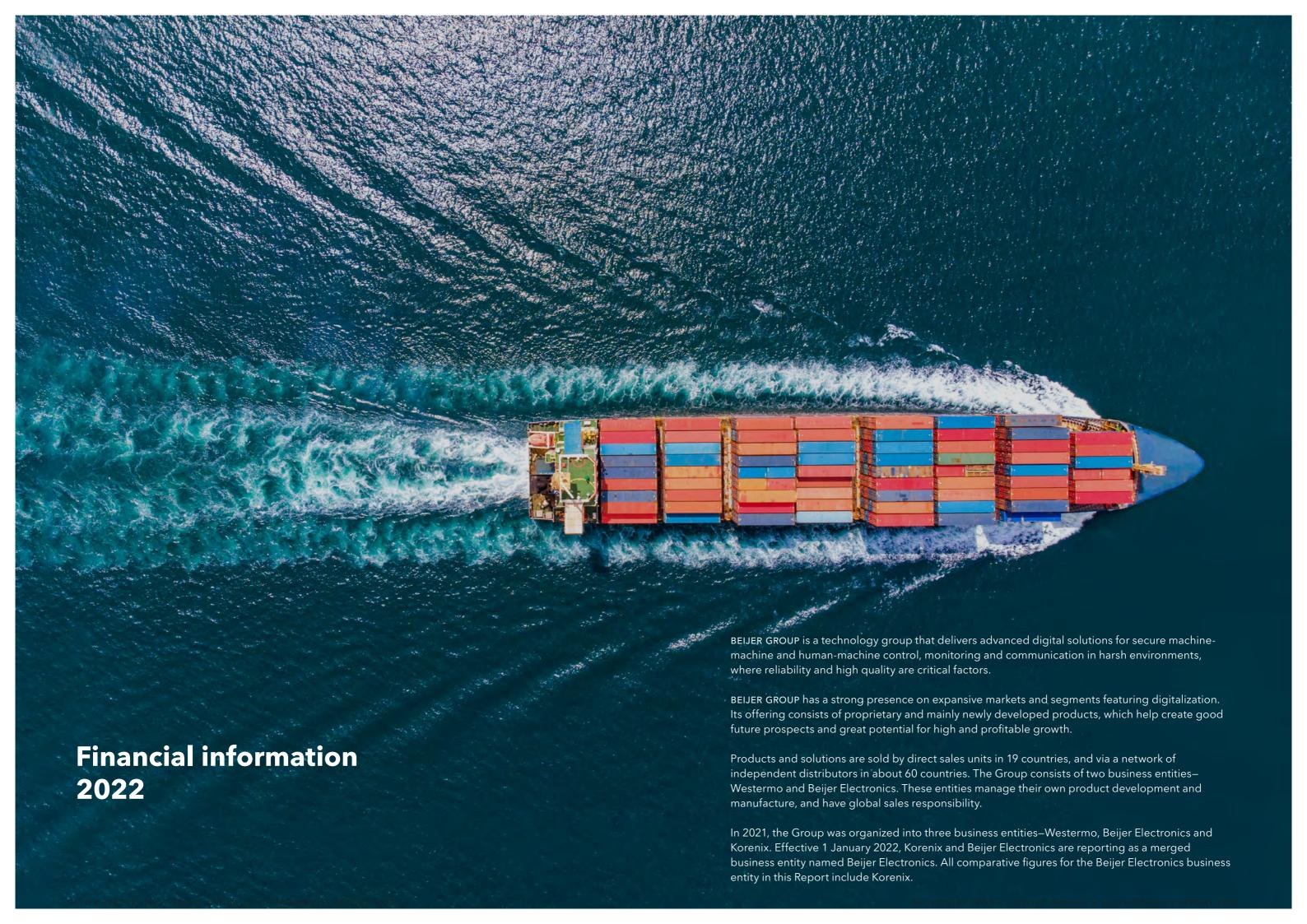
Malmö, Sweden, 28 March 2023

Öhrlings PricewaterhouseCoopers AB

#### Sofia Götmar-Blomstedt Mikael Nilsson

Key Audit Partner

Authorized Public Accountant Authorized Public Accountant



DIRECTORS' REPORT DIRECTORS' REPORT

#### **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, as well as the Sustainability Report (pages 32-35) for the financial year 2022. The information in brackets is for the previous year. The Group is referred to as BEIJER GROUP below.

#### **Group operations**

BEIJER GROUP's overarching strategy is to create profitable growth by developing and acquiring businesses with a high level of technological expertise and strong positioning on growth markets. BEIJER GROUP adopted new financial targets in November 2022: achieving minimum yearly organic growth of 10%, delivering an EBIT margin of 15%, and paying dividends.

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 Significant events consists of software, hardware, services and servicing, linking a Group variety of systems across wired and wireless digital networks, interconnecting a raft of applications.

BEIJER GROUP's solutions are robust with an emphasis on efficiency, reliability and IT security. The market segments it focuses on are train, trackside, energy, manufacturing, marine and infrastructure. Products feature high technology content, quality and user friendliness.

Proprietary technology and product development is a critical precondition for the Group's competitiveness. BEIJER GROUP has development centers in Sweden, Germany, Taiwan, Switzerland and Ireland.

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 for more business.

Products and solutions from BEIJER GROUP are sold through proprietary sales units in 19 countries, and via a network of independent distributors in a further total of some 60 countries. See also Note 14 for more information on the 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 two business entities: Beijer Electronics and Westermo. These business entities have proprietary product development and manufacture, and global sales responsibility. Effective year-end 2022, the former business entity Korenix is fully part of Beijer Electronics.

#### 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 7-15% per year.

BEIJER GROUP performed positively with high growth in 2022. At the same time, operations faced challenges due to the global shortage of components.

#### Order intake, sales and profit

The Group's order intake amounted to 2,552 MSEK (2,031) in 2022. Sales were 2,128 MSEK (1,619), with the Nordics representing 19% (21), the rest of Europe 37% (39), Asia 28% (25), and North America 16% (14). Proprietary products represented over 90% of the Group's total sales.

EBITDA was 354.8 MSEK (218.0). Depreciation and amortization was 153.7 MSEK (149.7). EBIT was 201.1 MSEK (68.3), equivalent to an EBIT margin of 9.4% (4.2). Profit before tax was SEK 186.1 MSEK (49.7). Net financial income/expense was SEK -15.0 MSEK (-18.6). Profit after estimated tax was The Group provides the market with digital solutions that 146.4 MSEK (36.0). Earnings per share after estimated tax were 5.07 SEK (1.24).

BEIJER GROUP's year started with the company's shares moving up to Nasdaq Stockholm's Mid Cap list. Jenny Sjödahl took on the role of President & CEO of BEIJER GROUP in March 2022. In October 2022, BEIJER GROUP arranged a new finance facility with Danske Bank and Swedish Exportkredit. The agreement became effective on 1 November 2022, and offers the Group the resources to continue its proactive M&A agenda. In November 2022, the Board of Directors decided to update BEIJER GROUP's financial targets, upgrading and clarifying its growth and profitability targets. After the end of the period, Kristine Lindberg was appointed as the Beijer Electronics business entity's new President. Lena Westerholm was appointed Group Sustainability Manager.

Westermo gained ISO 27001 certification for information security management. Westermo executed several major product launches in the year, including new switches that can process high data volumes in demanding environments, as well as secure wifi access and communication products in train environments. In November, Westermo intensified its relationship with Swiss train builder Stadler through a 30 MSEK agreement on network solutions for a new generation of trains

#### Beijer Electronics

In the year, Beijer Electronics launched new products, including the landmark X2 family, and passed the sales milestone of 2 billion SEK of total sales of this family. The business entity took a decision to start up an additional production facility in Malmö, Sweden in November 2022-to assemble X2 family HMIs. Korenix has been included in Beijer Electronics' numbers since the beginning of 2022, and the organization has been operating as a single legal entity since 1 January 2023.

#### 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 transportation market and various manufacturing

Westermo made positive progress, and achieved high growth in 2022, especially in the second half-year, Simultaneously, this operation faced challenges in the supply of components.

Westermo set a new order intake record of over 1,259 MSEK. Generally healthy demand and one major order from Stadler explain the upturn.

Westermo's sales in the year were its highest to date for a single year at over 1,010 MSEK. Sales are a reflection of increasing order intake and rising demand. Sales were impacted by the global component shortage, which meant that it was not possible to ship products to customers fully, implying some lost sales. Despite these challenges, EBIT increased by over 20%. Westermo was compelled to replan, redesign PCBs and make costly spot market purchases to safeguard its delivery capacity. Despite the challenges, Westermo launched several new products in the year. The business entity now has direct sales offices in 13 countries, serving some 15 markets globally.

#### Order intake, sales and profit

Westermo's order intake increased by 19% to 1,259 MSEK (1,057). Sales increased by 21% to 1,010 MSEK (832). EBITDA was 180.2 MSEK (154.9). Depreciation and amortization was 75.5 MSEK (70.0). EBIT increased to 104.7 MSEK (85.0), equivalent to an EBIT margin of 10.4% (10.2).

#### **Beijer Electronics business entity**

Beijer Electronics provides the market with complete digital solutions for control and monitoring 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 was able to report high growth of order intake and sales in 2022. The global component shortage impacted earnings marginally, and its good delivery capability attracted new customers. The business entity's order intake increased by 33% in 2022. The rising demand was broad based, with the main advances in Asia and North America.

Sales growth was positive. Sales were up by 42% to 1,128 MSEK. Sales of X2 HMIs represented some two-thirds of total business. The strong progress of demand, a cutting-edge product portfolio and smoothly functioning supply chain helped Beijer Electronics' EBIT to increase sharply to 145 MSEK (23).

The integration with Korenix continued in the year, and Korenix and Beijer Electronics are fully operational as a single legal entity effective 1 January 2023.

#### Order intake, sales and profit

Beijer Electronics' order intake increased by 33% to 1,302 MSEK (981). Sales increased by 42% to 1,128 MSEK (794). EBITDA rose to 211.3 MSEK (88.9). Depreciation and amortization were 66.2 MSEK (65.9). EBIT was 145.1 MSEK (23.0), equivalent to an EBIT margin of 12.9% (2.9).

#### Investments, cash flow and financial position

The Group's investments including capitalized development expenses and acquisitions amounted to 125 MSEK (178) for the full year. The decrease is due to acquisitions in the comparative period 2021 Cash flow from operating activities was 201 MSEK (85). Equity amounted to 989 MSEK (729) as of 31 December 2022. The equity/assets ratio was 40.9% (34.3), Cash and cash equivalents amounted to 160 MSEK (147). Net debt was 734 MSEK (812).

#### **Profitability**

Return on equity was 17.0% (5.2). Return on capital employed and net operating assets were 11.8% (4.6) and 16.7% (6.8)

#### **Human resources**

The average number of employees was 827 (802).

#### **Product development**

The Group's product development is conducted by both business entities, Beijer Electronics and Westermo. Development projects are regularly executed to extend the range of new products and solutions, and enhance the existing offering. The Group develops hardware and software. It has development centers in Malmö, Stora Sundby and Västerås, Sweden, Dublin, Ireland, Mainz, Germany, Bubikon, Switzerland, Nürtingen, Germany and Taipei, Taiwan. Total expenditure for product development amounted to 223.3 MSEK (203.2), or 10.5% (12.6) of Group sales.

#### **Currencies**

BEIJER GROUP'S sales are conducted globally in different currencies. Euro-denominated sales were the equivalent of 866 MSEK, or 40.7% of total sales. Sales denominated in Swedish kronor were 176 MSEK, 535 MSEK denominated in US dollars, 61 MSEK in Norwegian kroner, 23 MSEK in Danish kroner, 120 MSEK in UK sterling, 193 MSEK in Chinese yuan and 154 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 in the Swedish and Taiwanese units are ISO 14001 certified to ensure compliance with applicable standards, and work on environmental issues is structured and contributes to continuous improvement.

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. BEIJER GROUPhas 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 894 MSEK (958) at year-end. Net debt amounted to 734 MSEK (812).

#### Shares and ownership structure

The parent company's share capital was 9,683,896 SEK as of 31 December 2022, divided between 29,051,688 shares, of which 28,837,427 ordinary shares and 214,261 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. All shares have equal entitlement to the company's assets and earnings. Ordinary shares carry one vote, and class C shares carry one-tenth of a vote.

The largest shareholder of Beijer Electronics Group at yearend 2022 was Stena Adactum AB with 29.0% of the votes. Svolder held 15.2% and Nordea Fonder 14.1% of the votes.

In April 2022, the Board of Directors decided to issue 99,750 class C shares with a quotient value of SEK 0.33, in accordance with the authorization of the AGM 2021. 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 2024, pursuant to the terms and conditions of the LTI 2021/2024 incentive program. After the repurchase of class C shares is complete, the number of shares is 29,051,688, of which 28,837,427 ordinary shares, and 214,261 class C shares, corresponding to a total of 28,858,853.10 votes.

In May, a total of 69,103 shares were transferred to participants in the LTI 2019/2022 incentive program.

A share-based incentive program has been implemented in accordance with a resolution by the AGM 2022, called LTI 2022/2025. The estimated outcome means that consistent with the adopted program, the parent company intends to issue 189,608 class C shares in the first half-year 2023.

#### **Guidelines for remuneration of senior executives**

The Remuneration Committee is appointed by the Board of Directors each year. The Remuneration Committee prepares 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 prepares proposals for incentive programs. The principles governing the work of the Remuneration Committee are reviewed in more detail in the Corporate Governance Report on page 109.

Basic 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 2022 were approved by the AGM in May 2022. Remuneration to the Board of Directors and Management in 2022, and a review of incentive programs, is stated in note 6 on page 82-83.

#### Outlook for 2023

BEIJER GROUP is pursuing the financial targets adopted in the fourth quarter of 2022. The Group operates on attractive markets with healthy underlying growth, and in time, has strong potential to achieve its growth and profitability targets.

The Group went into 2023 with a record order book. Despite an uncertain business cycle, demand remains good in those segments and markets were the Group operates, contributing to cautious optimism regarding progress going forward.

#### Proposed appropriation of profit

The following funds are at the disposal of the Annual General

SEK 000	
Retained profit	255,646
Net profit/loss	-29,374
Total	226,272

The Board of Directors and Chief Executive Officer propose that these funds are appropriated as follows: Dividends of 0.50 SEK per share to shareholders.

SEK 000	
Total dividend	14,419
Carried forward	211,853
Total	226,272

The Income Statement and Balance Sheet will be presented to the AGM on 10 May 2023 for adoption.

## **Consolidated Income Statement**

SEK 000	2022	2021	Note
Revenues	2,128,386	1,618,797	2
Cost of goods sold	-1,118,633	-852,168	3
Gross profit	1,009,753	766,629	
Sales expenses	-302,406	-249,738	3
Administration expenses	-317,943	-259,076	3, 5
Research and development expenses	-191,129	-202,412	3
Other operating revenue and operating expenses	2,851	12,869	4
Operating profit	201,127	68,272	6, 7
Financial income	9,389	1,540	
Financial expenses	-24,415	-20,120	
Net financial income/expense	-15,026	-18,580	8
Profit before tax	186,101	49,692	
Tax	-39,656	-13,688	10
Net profit/loss	146,445	36,005	
Attributable to equity holders of the parent	146,080	35,760	
Attributable to non-controlling interests	365	245	
Basic earnings per share, SEK	5.07	1.24	30
Diluted earnings per share, SEK	5.00	1.23	

## **Statement of Comprehensive income**

SEK 000	2022	2021
Net profit/loss	146,445	36,005
Other comprehensive income: Items not reclassifiable to profit or loss		
Revaluation of net pension obligation	70,686	-7,024
Tax related to above items	-14,530	1,411
Items reclassifiable to profit or loss		
Translation differences	90,037	63,764
Net investment hedge effects	-26,185	-7,390
Tax related to above items	2,995	1,522
Comprehensive income for the year	269,448	88,287
Attributable to equity holders of the parent	268,865	87,575
Attributable to non-controlling interests	583	712

## Consolidated, Balance, Sheet

SEK 000	31 Dec. 2022	31 Dec. 2021	Note
ASSETS			
Fixed assets			
Property, plant and equipment	80,395	85,251	1
Right-of-use assets	82,326	96,208	1:
Intangible assets	1,132,029	1,058,725	1:
Long-term receivables	6,265	2,863	1.
Deferred tax asset	55,724	62,323	2
Total fixed assets	1,356,739	1,305,370	
Current assets			
	435,695	327,645	1
Inventories		·	1
Accounts receivable	417,393	296,992	ı
Income taxes recoverable	17,369	13,143	
Other receivables	20,558	28,913	1
Prepaid expenses and accrued income	25,175	20,427	1
Cash and cash equivalents	159,864	146,585	
Total current assets	1,076,054	833,705	
Total assets	2,432,793	2,139,075	
EQUITY AND LIABILITIES			
Equity			
Share capital	9,683	9,650	
Other paid-up capital	238,859	238,976	
Reserves	225,292	154,042	
Accumulated profit or loss	515,407	326,528	
Equity attributable to equity holders of the parent	989,241	729,196	
Equity attributable to non-controlling interests	4,872	4,289	
Total equity	994,113	733,485	
Long-term liabilities			
Borrowings	443,775	383,666	1
Lease liabilities	45,784	59,105	1
Other long-term liabilities	13,73	1,601	2
Pension provisions	127,033	178,814	2
Deferred tax liabilities	72,139	65,204	2
Other provisions	15,622	8,885	2
Total long-term liabilities	704,353	697,275	
Current liabilities			
	241,590	298,596	1
Borrowings			
Lease liabilities	35,877	36,396	1
Customer advances	3,119	1,557	
Accounts payable-trade	215,053	159,912	
Tax liabilities	24,046	26,349	
Other liabilities	26,861	26,294	2
Accrued expenses and deferred income	187,781	159,211	2
Total current liabilities	734,327	708,315	
Total liabilities	1,438,680	1,405,590	

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

STATEMENT OF CHANGES IN EQUITY

CASH FLOW STATEMENT

## **Consolidated Statement of Changes in Equity**

	Attributable to equity holders of the parent				Non-control- ling interests	Total equity	
SEK 000	Share capital <sup>a</sup>	Other paid-up capital	Reserves	Accumu- lated profit or loss <sup>b</sup>	Total		
Opening equity, 1 Jan. 2021	9,617	239,008	93,730	294,837	637,192	3,577	640,769
Net profit/loss				35,760	35,760	245	36,005
Revaluation of net pension obligation				-5,613	-5,613		-5,613
Hedging of net investment			-5,868		-5,868		-5,868
Translation differences			63,297		63,297	467	63,764
Comprehensive income	9,617	239,008	151,159	324,984	724,767	4,289	729,056
Transactions with shareholders							
Paid-up capital after deducting for transaction expenses	33	-32			1		1
Re-purchase of treasury shares				-33	-33		-33
Sale of treasury shares				1,578	1,578		1,578
Share-based payment			2,883		2,883		2,883
Closing equity, 31 Dec. 2021	9,650	238,976	154,042	326,528	729,196	4,289	733,485

Attributable to equity holders of the parent					Non-control- ling interests	Total equity	
SEK 000	Share capital <sup>a</sup>	Other paid-up capital	Reserves	Accumu- lated profit or loss <sup>b</sup>	Total		
Opening equity, 1 Jan. 2022	9,650	238,976	154,042	326,528	729,196	4,289	733,485
Net profit/loss				146,080	146,080	365	146,445
Revaluation of net pension obligation				56,128	56,128	28	56,156
Hedging of net investment			-23,190		-23,190		-23,190
Translation differences			89,847		89,847	190	90,037
Comprehensive income	9,650	238,976	220,699	528,736	998,061	4,872	1,002,933
Transactions with shareholders							
Paid-up capital after deducting for transaction expenses	33	-117			-84		-84
Re-purchase of treasury shares				-33	-33		-33
Sale of treasury shares				1,088	1,088		1,088
Dividend				-14,384	-14,384		-14,384
Share-based payment			4,593		4,593		4,593
Closing equity, 31 Dec. 2022	9,683	238,859	225,292	515,407	989,241	4.872	994,113

a			
No. of shares, 1 Jan. 2021	28 852 400	New class C shares issued	99 750
New class C shares issued	99 538	No. of shares, 31 Dec. 2022	29 051 688
No. of shares, 31 Dec. 2021	28 951 938		
		Ordinary shares	28 837 427
		Class C shares, 1/10 vote	214 261
<sup>b</sup> Including net profit/loss.		Total	29 051 688

## **Consolidated Cash Flow Statement**

SEK 000	2022	2021	Note
Operating activities			
Profit before tax	186,101	49,692	
Adjustments for non-cash items, etc.	173,193	148,465	27
Tax paid	-46,993	-5,625	
Cash flow from operating activities before changes in working capital	312,301	192,532	
Cash flow from changes in working capital			
Increase(-)/Decrease(+) in inventories	-105,570	-88,499	
Increase(-)/Decrease(+) in trade receivables	-96,873	-72,707	
Increase(+)/Decrease(-) in trade liabilities	91,081	53,279	
Cash flow from operating activities	200,939	84,605	
Investing activities			
Investments in intangible assets	-108,967	-68,165	
Investments in property, plant and equipment	-12,465	-7,406	
Acquisitions of subsidiaries		-111,532	
Sale of other financial assets	-3,178	9,150	
Cash flow from investing activities	-124,609	-177,953	
Financing activities			
Proceeds from issue of shares	33	33	
Transaction expenses for share issues and re-purchase	-117	-32	
Purchase of treasury shares	-33	-33	
Sale of treasury shares	1,088	1,578	
Change in overdraft facility	937	116,750	
Borrowings	537,473	78,789	
Loan amortization	-562,793	-40,000	
Amortization of lease liability	-41,333	-43,513	
Dividend paid to equity holders of the parent	-14,384		
Cash flow from financing activities	-79,129	113,572	
Cash flow for the year	-2,799	20,224	
Cash and cash equivalents at beginning of year	146,585	120,719	
Exchange difference incash and cash equivalents	16,078	5,642	
Cash and cash equivalents at end of year	159,864	146,585	27
Free cash flow	34,997	-25,329	

## **Parent Company Income Statement**

SEK 000	2022	2021	Note
Revenues	34,839	32,842	26
	34,839	32,842	
Operating expenses			
Sales and administration expenses	-84,381	-71,857	5,6,7
Earnings before interest and taxes	-49,542	-39,015	
Profit/loss from financial items			
Profit/loss from other securities and receivables classified as fixed assets	12,815	9,779	8
Interest income, etc.	11,207	8,302	8
Interest expenses, etc.	-20,822	-17,016	8
Profit/loss after financial items	-46,342	-37,950	
Appropriations	12,117	4,300	9
Loss before tax	-34,225	-33,650	
Tax on net profit/loss	4,851	3,947	10
Net profit/loss, and comprehensive income for the year	-29,374	-29,703	

## **Parent Company Balance Sheet**

SEK 000	31 Dec. 2022	31 Dec. 2021	Note
ASSETS			
Fixed assets			
Intangible assets	4,487	6,224	13
Property, plant and equipment	738	579	11
Financial assets			
Participations in Group companies	563,431	559,949	14
Receivables from Group companies	471,656	472,213	16
Deferred tax assets	13,787	7,825	
Total financial assets	1,048,874	1,039,987	
Total fixed assets	1,054,099	1,046,790	
Current assets			
Current receivables			
Receivables from Group companies	27,606	15,321	
Income taxes recoverable	1,475	1,379	
Other receivables	1,532	513	
Prepaid expenses and accrued income	10,866	10,207	18
Total current receivables	41,479	27,420	
Cash and bank balances	68	2,744	
Total current assets	41,547	30,164	
Total assets	1,095,646	1,076,954	

SEK 000	31 Dec. 2022	31 Dec. 2021	Note
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital <sup>a</sup>	9,683	9,650	
Statutory reserve	1,244	1,244	
Reserve for development expenditure	3,795	3,215	
Total restricted equity	14,722	14,109	
Non-restricted equity			
Retained earnings	255,646	294,064	
Net profit/loss	-29,374	-29,703	
Total non-restricted equity	226,272	264,361	31
Total equity	240,994	278,470	
Provisions			
Pension provisions	19,954	13,820	
Total provisions	19,954	13,820	
Long-term liabilities			
Borrowings	443,775	383,666	19
Liabilities to Group companies	130,560	87,995	
Total long-term liabilities	574,335	471,661	
Current liabilities			
Borrowings	231,209	289,449	19
Accounts payable-trade	7,672	7,923	
Liabilities to Group companies		11	
Tax liabilities		294	
Other liabilities	738	1,118	
Accrued expenses and deferred income	20,744	14,208	23
Total current liabilities	260,363	313,003	
Total equity and liabilities	1,095,646	1,076,954	

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

<sup>a</sup> The number of shares in the company is 29,051,688 (28,951,938), of which 214,261 (183,614) 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**

	Restricted equity			Non-restric		
SEK 000	Share capital <sup>a</sup>	Statutory reserve	Reserve for deve- lopment expenditure	Accumu- lated profit or loss	Net profit/ loss	Total equity
Opening equity, 1 Jan. 2021	9,617	1,244	4,555	290,886	-3,049	303,253
Transfer of previous year's profit/loss				-3,049	3,049	
Change in reserve for development expenditure			-1,340	1,340		
Net profit/loss					-29,703	-29,703
Total changes to net worth, excl. transactions with company's shareholders	9,617	1,244	3,215	289,177	-29,703	273,550
Paid-up capital less transaction expenses	33			-32		1
Re-purchase of treasury shares				-33		-33
Sale of treasury shares				1,578		1,578
Share-based payment				3,373		3,373
Closing equity, 31 Dec. 2021	9,650	1,244	3,215	294,064	-29,703	278,470

	Restricted equity			Non-restricted equity		
SEK 000	Share capital <sup>a</sup>	Statutory reserve	Reserve for deve- lopment expenditure	Accumula- ted profit or loss	Net profit/	Total equity
Opening equity, 1 Jan. 2022	9,650	1,244	3,215	294,064	-29,703	278,470
Transfer of previous year's profit/loss				-29,703	29,703	
Change in reserve for development expenditure			580	-580		
Net profit/loss					-29,374	-29,374
Total changes to net worth, excl. transactions with company's shareholders	9,650	1,244	3,795	263,781	-29,374	249,096
Paid-up capital less transaction expenses	33			-117		-84
Re-purchase of treasury shares				-33		-33
Sale of treasury shares				1,088		1,088
Dividend				-14,384		-14,384
Share-based payment				5,311		5,311
Closing equity, 31 Dec. 2022	9,683	1,244	3,795	255,646	-29,374	240,994
a No. of ordinary shares Quotient value (SEK) Votes per share	2022 28,837,427 0.33 1	2021 28,768,324 0.33 1				
No. of Class C shares Quotient value (SEK) Votes per share	214,261 0.33 0.1	183,614 0.33 0.1				

## **Parent Company Cash Flow Statement**

SEK 000	2022	2021	Note
Operating activities			
Profit/loss after financial items	-46,342	-37,950	
Adjustments for non-cash items, etc.	-2,081	811	27
Tax paid	-1,385	-1,202	
Cash flow from operating activities before changes in working capital	-49,808	-38,341	
Cash flow from changes in working capital			
Increase (-)/Decrease (+) in trade receivables	2,927	43,454	
Increase (+)/Decrease (-) in trade liabilities	3,457	-5,690	
Cash flow from operating activities	-43,424	-577	
Investing activities			
Investments in intangible assets	-2,640	-659	
Investments in property, plant and equipment	-406	-191	
Investments/amortization of financial assets	38,956	-117,619	
Cash flow from investing activities	35,910	-118,469	
Financing activities			
Proceeds from issue of shares	33	33	
Transaction expenses for share issues and re-purchase	-117	-32	
Purchase of treasury shares	-33	-33	
Sale of treasury shares	1,088	1,578	
Change in overdraft facility	937	116,787	
Borrowings	514,180	70,290	
Increase/decrease in financial liabilities	42,566	-27,999	
Loan amortization	-539,432	-40,000	
Dividend paid	-14,384	0	
Cash flow from financing activities	4,838	120,624	
Cash flow for the year	-2,676	1,578	
Cash and cash equivalents at beginning of year	2,744	1,166	
Cash and cash equivalents at end of year	68	2,744	27

NOTES NOTES

## 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 Nasdag Stockholm Main Market's Mid Cap List with the ticker BELE.

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 applied by the Group

No new standards, amendments and interpretations that come into effect for the financial year beginning 1 January 2022 have 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 2023 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 24 March 2023. 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 10 May 2023.

## (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

The Group recognizes tax losses only to the extent it is likely that they can be used against future taxable surpluses. Judgement is based on the adopted business plan and budgets of subsidiaries. The value of deferred tax assets reduces when it is no longer considered likely that they can be used. Recognized tax losses can be rolled forward and have no

## (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 Nasdag 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, see note 14. 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

Contingent considerations may be conditional on future sales or earnings targets. An assessment of whether these future targets will be achieved is made at the acquisition date. Contingent consideration is measured at fair value and included in cost, and recognized as a financial liability pursuant to IFRS. Long-term contingent considerations are discounted to present value. Fair value measurement is based initially on the estimated outcome of the acquired company's sales or earnings. Subsequent measurements of the contingent consideration are conducted at fair value regularly, and the significant effects of restatements are recognized in accordance with IFRS in profit or loss. If revenue is recognized because of an altered assessment of the scale of the contingent consideration, an impairment test of the potential surplus values arising in tandem with the acquisition is conducted. If the test indicates impairment should be recognized in profit or loss, the impairment is matched by revenue from the restatement of the contingent consideration.

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.

Note 1 cont. Accounting policies

### (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 (ii) Measurement 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.

## (iii) Subsidiaries in high-inflation countries

The subsidiary Beijer Elektronik ve Tic. A.Ş in Turkey has a high-inflation currency as its functional currency. No inflation adjustments have been applied to its financial statements because it is considered insignificant compared to the company's size.

## (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
- financial assets measured at amortized cost

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.

## (i) 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.

## (ii) 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

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 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

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
- amounts expected to be paid by the lessee according to residual value quarantees
- 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 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

Note 1 cont. Accounting policies

- 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 recognized immediately in profit or loss.

## (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.

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:

trademarks and brands	5-20 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 two 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 Nasdag 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

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 programs, 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. This expense, measured based on the fair value of shares of the company on the record date of each year's incentive program, is reported directly in equity. Social security expenses, measured based on the fair value of shares of the company, are recognized as a liability.

Note 1 cont. Accounting policies

#### (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 (U) Cash Flow Statement relevant market valuation of the time value of money and, if The Cash Flow Statement has been prepared in accordance applicable, the risks associated with the liability.

## (S) 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.

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 Income tax consists of current tax and deferred tax. Income tax investments with a term of less than three months from the time of acquisition, exposed to only insignificant risk of value

## (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) 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

## **Subsidiaries**

In the parent company, shares in subsidiaries 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 occur.

#### 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.

## **Segment reporting**

Management has decided that operating segments are used Westermo develops, manufactures and sells robust network to reach strategic decisions. Management evaluates operations from a product perspective, where operating segments are divided into the Beijer Electronics and Westermo business

and software solutions to OEMs for digitalized data control, business entity develops, manufactures and sells solutions regions grouped according to the location of customers. for wireless and wired data communication for applications including surveillance and safety on public buses.

products for mission-critical data communication across a raft of demanding market segments like trains and subways.

Management evaluates operating segments based on EBIT. Management also evaluates sales from a geographical per-Beijer Electronics develops, manufactures and sells hard spective divided between the Nordic region, rest of Europe, North America, Asia and rest of world. The information preconnect and present, as well as capture and analysis. The sented for operating segment revenue is for the geographical

2021

SEK 000	Westermo	Beijer Electronics	Parent company	Group adjustments	Total
Income					
External revenues	831,176	787,621			1,618,797
Internal revenues	335	6,233		-6,568	0
Total revenues	831,511	793,854	0	-6,568	1,618,797
EBITDA	154,939	88,924	-32,274	6,392	217,981
Amortization of intangible assets	-40,251	-38,804	-6,509		-85,564
Depreciation of property, plant and equipment	-15,224	-6,827	-232		-22,283
Depreciation of right-of-use assets	-14,484	-20,258		-7,120	-41,862
EBIT	84,980	23,035	-39,015	-728	68,272
No. of employees	323	466	13		802

2022

SEK 000	Westermo	Beijer Electronics	Parent company	Group adjustments	Total
Income					
External revenues	1,009,123	1,119,263			2,128,386
Internal revenues	688	8,365		-9,053	0
Total revenues	1,009,811	1,127,628	0	-9,053	2,128,386
EBITDA	180,188	211,347	-44,918	8,193	354,810
Amortization of intangible assets	-46,347	-42,001	-4,377		-92,725
Depreciation of property, plant and equipment	-13,482	-5,813	-247		-19,542
Depreciation of right-of-use assets	-15,677	-18,385		-7,354	-41,416
EBIT	104,682	145,148	-49,542	839	201,127
No. of employees	348	466	13		827

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 a reasonable and reliable way.

Internal pricing between the Group's segments is determined The Westermo business entity has sales to a group representing some 16% of the business entity's revenues. The Beijer Electronics business entity does not have any single customer comprising more than 10% of the business entity's revenues.

Essentially, the timing of revenue recognition of the group related items and items that can be allocated by segment in and segments is at the date of sale. There are no significant contract assets or liabilities to report. See note 23 for the Group's contractual liabilities.

Revenue by geographical market

2021	Westermo	Beijer Electronics	Total
Nordics	164,161	182,693	346,854
Rest of Europe	436,711	198,112	634,823
Americas	77,871	141,591	219,462
Asia	137,209	263,632	400,811
Rest of world	15,223	1,593	16,847
Total	831,176	787,621	1,618,797

2022	Westermo	Beijer Electronics	Total
Nordics	181,886	228,462	410,348
Rest of Europe	526,787	256,045	782,832
Americas	114,977	222,143	337,120
Asia	181,760	408,677	590,387
Rest of world	3,713	3,936	7,699
Total	1,009,123	1,119,263	2,128,386

Revenue by category

SEK 000	2022	2021
HMIs and accessories	850,157	603,366
Network equipment	1,070,062	921,401
Software	100,516	13,274
Servicing and other services	50,020	13,523
Third-party products	57,631	67,233
Total	2,128,386	1,618,797

Geographical division of fixed assets

SEK 000	2022	2021
Sweden	426,267	436,613
Ireland	170,916	157,523
Rest of Europe	253,019	230,992
USA	170,483	150,369
Taiwan	267,444	261,666
Rest of world	6,621	3,021
Total	1,294,750	1,240,184

## Note 3

## **Nature of expenses**

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

SEK 000	2022	2021
Cost of materials	872,213	652,154
Salaries, benefits and social security expenses	687,394	592,961
Depreciation, amortization and impairment of intangible assets, property, plant and equipment,		
and right-of-use assets	153,683	149,709
Other expenses	216,820	168,569
	1,930,110	1,563,394

## Note 4

## Other operating revenue and operating expenses

SEK 000	2022	2021
Group		
Exchange gains on trade receivables/ liabilities	51,148	19,726
Settlement of contingent consideration*		92,042
Exchange losses on trade receivables/liabilities	-51,431	-22,236
Impairment of goodwill*		-92,042
Other	3,134	15,379
	2,851	12,869

\* In 2021, the Group recognized non-taxable revenue of 92 MSEK for the reversal of contingent consideration related to Virtual Access. Simultaneously, non-deductible goodwill impairment of -92 MSEK was also recognized, also relating to Virtual Access. These items are recognized as other operating income and other operating expenses respectively in the Income Statement.

## **Fees and reimbursement to Auditors**

SEK 000	2022	2021
Group		
PricewaterhouseCoopers		
Auditing	3,142	2,207
Tax consultancy	523	360
Other services	229	90
Total, PwC	3,894	2,657
Other auditors		
Auditing	898	638
Tax consultancy	876	450
Other services	281	
Total, other auditors	2,055	1,088
Parent company		
PricewaterhouseCoopers		
Auditing	1,031	713
Tax consultancy	59	75
Other services	82	56
Total PwC	1,172	844

## Note 6

## **Employees and personnel expenses**

Average number of employees

	2022	of which men, %	2021	of which men, %
Parent company				
Sweden	13	63	13	76
Total, parent company	13	63	13	76
Subsidiaries				
Australia	7	76	6	81
Denmark	3	58	3	67
France	12	75	12	74
Ireland	40	80	35	76
China	35	65	34	62
Norway	11	100	11	100
Switzerland	27	81	24	89
Singapore	6	25	5	40
Spain	2	7		
UK	19	84	20	85
Sweden	287	79	281	79
South Korea	5	78	4	75
Taiwan	250	42	243	44
Turkey	18	61	18	61
Germany	60	80	54	82
USA	32	68	39	77
Total, subsidiaries	814	66	789	68
Group total	827	66	802	68

## Gender division in management

	31 Dec. 2022	31 Dec. 2021
	Prop., women	Prop., women
Parent company		
Board of Directors	33%	40%
Other senior executives	25%	0%
Group total		
Board of Directors	33%	40%
Other senior executives	25%ª	20% <sup>b</sup>

<sup>&</sup>lt;sup>a</sup> Per Samuelsson left Group Management effective 1 March 2022.

Salaries, other benefits and social security expenses

SEK 000	2022		2021	
	Salaries and benefits	Social security expenses	Salaries and benefits	Social security expenses
Parent company	20,636	14,798	18,011	12,715
(of which pension expenses)		(2,901)		(4,354)
Subsidiaries	504,418	147,542	430,600	131,635
(of which pension expenses)		(41,335)		(39,509)
Group total	525,054	162,340	448,611	144,350
(of which pension expenses)		(44,236)		(43,863)

#### Remuneration to the Board of Directors in the year

Directors' fees were 1,805,000 SEK (1,605,000), allocated as follows:

SEK 000	2022	2021
Board of Directors		
Bo Elisson, Chairman of the Board	650,000	550,000
Ulrika Hagdahl	300,000	275,000
Johan Wester	280,000	255,000
Karin Gunnarsson	325,000	300,000
Lars Eklöf	250,000	225,000
Total	1,805,000	1,605,000

Bo Elisson received 50,000 SEK and Johan Wester received 30,000 SEK for

committee work, included in the above table.

Karin Gunnarsson received 75,000 SEK and Ulrika Hagdahl received 50,000 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	2022		:	2021	
	CEO	Other senior executives	CEO	Other senior executives	
Basic salary	4,876	6,844	4,272	10,239	
Variable remuneration	1,300	3,081	818	2,994**	
Other benefits	1,071	942	1,106	2,610	
Pension expense	1,203	2,238	1,804	2,966	
Salaries and benefits total	8,450*	13,105	8,000	18,809	

<sup>&</sup>lt;sup>a</sup> There are 4 (5) other senior executives, who are the members of Beijer Electronics Group AB's managemen

Per Samuelsson left Group Management effective 1 March 2022.

Wesley Chen left Group Management effective 30 November 2021.

## **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, 30% of gross salary excluding 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 12 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 programs

The AGM 2022 resolved on the introduction of a share-based incentive program, "LTI 2022/2025" 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 January to December 2022, and providing employment continues, the participants will receive shares in 2025 based on the outcome of performance targets in 2022. The performance targets for 2022 were (i) order intake 20%, (ii) EBIT 60%, and (iii) free cash flow 20%. The outcome computed for 2022 is for granting of 189,608 shares, or 67.4% of the maximum.

## The Board of Directors' proposed guidelines for 2023

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 12-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 2023 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 2026 on satisfying or exceeding performance targets.

## **Decision-making process**

The Remuneration Committee prepares 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.

Wesley Chen left Group Management effective 30 November 2021.

<sup>\*</sup> Of which 2.4 MSEK (incl. 0.8 MSEK of final vacation pay) is compensation for the Group's departing CEO.

\*\* Includes non-recurring item relating to a separate agreement of 1 MSEK.

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

SEK 000	2022	2021
Group		
Capitalized development expenditure	-74,556	-67,015
Capitalized expenditure for software	-5,455	-8,441
Customer contracts, brands and similar rights	-12,714	-10,108
Buildings and land	-934	-1,792
Machinery and other plant	-9,075	-10,373
Equipment, tools, fixtures and fittings	-9,533	-10,118
Right-of-use assets	-41,416	-41,862
	-153,683	-149,709
Parent company		
Capitalized expenditure for software	-4,377	-6,509
Equipment, tools, fixtures and fittings	-247	-232
	-4,624	-6,741

## Note 8

## Net financial income/expense

2022	2021
117	55
8,611	978
661	507
9,389	1,540
-22,088	-18,082
-2,327	-2,038
-24,415	-20,120
-15,026	-18,580
	117 8,611 661 <b>9,389</b> -22,088 -2,327 <b>-24,415</b>

SEK 000	2022	2021
Parent company		
Exchange difference	12,815	9,779
Profit or loss from other securities and receivables that are non-current assets	12,815	9,779
Interest income, Group companies	11,207	8,302
Interest income, etc.	11,207	8,302
Interest expenses, Group companies	-2,128	-1,059
Interest expenses, other	-16,383	-14,035
Other financial expenses	-2,311	-1,922
Interest expenses, etc.	-20,822	-17,016

## Note 9

## **Appropriations**

SEK 000	2022	2021
Parent company		
Group contribution, received	12,117	4,300
	12,117	4,300

## Note 10

## Tax on net profit/loss

	2022	2021
Group		
Current tax		
Tax expense for the period	-37,845	-20,654
Withholding tax	-1,323	-1,004
Adjustment of tax attributable to previous year	114	37
	-39,054	-21,621
Deferred tax (Note 21)		
Occurrence and reversal of temporary differences	-8,137	461
Deferred tax in the deductible value of loss carry-forwards changed in the year	7,535	7,472
	-602	7,933
Total reported tax expense, Group	-39,656	-13,688
Total reported tax expense, Group  Parent company	-39,656	-13,688
	-39,656	-13,688
Parent company Current tax	<b>-39,656</b> -995	
Parent company  Current tax  Withholding tax  Adjustment of tax attributable	,,,,,	-726
Parent company  Current tax  Withholding tax  Adjustment of tax attributable	,,,,,	-726
Parent company  Current tax  Withholding tax  Adjustment of tax attributable to previous year	-995	-726 578
Parent company  Current tax  Withholding tax  Adjustment of tax attributable to previous year  Deferred tax  Occurrence and reversal of temporary	-995	-726 578 <b>-148</b>
Parent company  Current tax  Withholding tax  Adjustment of tax attributable to previous year  Deferred tax  Occurrence and reversal of temporary differences  Deferred tax in the deductible value of loss	-995	-726 578 <b>-148</b>
Parent company	-995 -995	-726 578

Reconciliation of actual tax		
SEK 000	2022	2021
Group		
Profit before tax	186,101	49,692
Tax at applicable rate, parent company (20.6%)	-38,337	-10,237
Tax effect of:		
- Other tax rates for foreign subsidiaries	-4,943	-2,806
- Non-deductible expenses	-5,457	17,722
- Non-taxable revenues	4,694	-16,691
- Use of previously unreported loss carry-forwards	1,718	3,395
- Tax losses for which no deferred tax asset has been reported	-7,050	-3,631
- Capitalization of previous years' losses	10,453	
- Tax attributable to previous year	114	37
- Withholding tax	-1,323	-1,004
- Other	475	-473
Reported tax, Income Statement	-39,656	-13,688
Parent company		
Profit/loss before tax	-34,225	-33,650
Tax at applicable rate, parent company (20.6%)	7,050	6,932
Tax effect of:		
- Non-deductible expenses	-3,045	-2,105
- Non-taxable revenues	797	
- Tax losses for which no deferred tax asset has been reported		-732
- Capitalization of previous years' losses	1,044	
- Tax attributable to previous year		578
- Withholding tax	-995	-726
Reported tax, Income Statement	4,851	3,947

Tax totaling 14,530,000 SEK (1,411,000) in the Group attributable to actuarial revaluation of pension obligations was reported in other comprehensive income.

NOTES NOTES

## Note 11 Property, plant and equipment

2021		Group			Parent company
SEK 000	Buildings and land	Machinery and other plant	Equipment, tools, fixtures and fittings	Total	Equipment, tools, fixtures and fittings
Accumulated cost					
Opening balance, 1 Jan. 2021	57,701	79,825	140,106	277,632	2,127
Reclassifications		1,046	-1,046		
Purchases through business combinations			228	228	
Purchases		842	6,571	7,413	286
Sales/retirements		-13	-1,629	-1,642	-78
Exchange differences	3,501	1,680	4,950	10,131	
Closing balance, 31 Dec. 2021	61,202	83,380	149,180	293,762	2,335
Accumulated depreciation					
Opening balance, 1 Jan. 2021	-25,114	-42,015	-114,393	-181,522	-1,602
Depreciation for the year	-1,792	-10,373	-10,118	-22,283	-232
Sales/retirements		119	1,681	1,800	78
Exchange differences	-1,161	-1,291	-4,054	-6,506	
Closing balance, 31 Dec. 2021	-28,067	-53,560	-126,884	-208,511	-1,756
Carrying amounts					
As of 1 Jan. 2021	32,587	37,810	25,713	96,110	525
As of 31 Dec. 2021	33,135	29,820	22,296	85,251	579

2022		Group			Parent company
SEK 000	Buildings and land	Machinery and other plant	Equipment, tools, fixtures and fittings	Total	Equipment, tools, fixtures and fittings
Accumulated cost					
Opening balance, 1 Jan. 2022	61,202	83,380	149,180	293,762	2,335
Reclassifications			199	199	
Purchases	978	4,977	6,511	12,465	406
Sales/retirements		-696	-9,043	-9,738	-39
Exchange differences	1,523	678	6,449	8,650	
Closing balance, 31 Dec. 2022	63,702	88,339	153,296	305,337	2,702
Accumulated depreciation					
Opening balance, 1 Jan. 2022	-28,067	-53,560	-126,884	-208,511	-1,756
Depreciation for the year	-934	-9,075	-9,533	-19,542	-247
Sales/retirements		696	8,971	9,667	39
Exchange differences	-592	-551	-5,413	-6,556	
Closing balance, 31 Dec. 2022	-29,594	-62,490	-132,858	-224,942	-1,964
Carrying amounts					
As of 1 Jan. 2022	33,135	29,820	22,296	85,251	579
As of 31 Dec. 2022	34 108	25 849	20 438	80 395	738

## Note 12

## Leases

2021		Group		
SEK 000	Real estate	Equipment	Vehicles	Total
Rights of use				
Accumulated cost				
Opening balance, 1 Jan. 2021	202,872	4,787	18,181	225,840
Acquisitions & changes	30,906	-581	6,438	36,763
Sales	-47,302		-9,000	-56,302
Exchange differences	6,670	35	413	7,118
Closing balance, 31 Dec. 2021	193,146	4,241	16,032	213,419
Accumulated depreciation				
Opening balance, 1 Jan. 2021	-115,786	-1,869	-9,387	-127,042
Depreciation for the year	-34,973	-1,103	-5,786	-41,862
Sales	47,036	910	,7,684	55,630
Exchange differences	-3,688	-17	-232	-3,937
Closing balance, 31 Dec. 2021	-107,411	-2,079	-7,721	-117,211
Carrying amounts				
As of 1 Jan. 2021	87,086	2,918	8,794	98,798
As of 31 Dec. 2021	85,735	2,162	8,311	96,208

#### 2022 Group

SEK 000	Real estate	Equipment	Vehicles	Total
Rights of use				
Accumulated cost				
Opening balance, 1 Jan. 2022	193,146	4,241	16,032	213,419
Acquisitions & changes	16,725	974	6,758	24,457
Sales	-16,452	-1,673	-5,538	-23,664
Exchange differences	6,240	107	589	6,936
Closing balance, 31 Dec. 2022	199,659	3,649	17,841	221,148
Accumulated depreciation				
Opening balance, 1 Jan. 2022	-107,411	-2,079	-7,721	-117,211
Depreciation for the year	-34,715	-1,123	-5,579	-41,416
Sales	16,406	1,401	4,838	22,645
Exchange differences	-2,504	-54	-281	-2,840
Closing balance, 31 Dec. 2022	-128,224	-1,855	-8,743	-138,822
Carrying amounts				
As of 1 Jan. 2022	85,735	2,162	8,311	96,208
As of 31 Dec. 2022	71,435	1,794	9,098	82,326

Note 12 cont. Leases

SEK 000	31 Dec. 2022	31 Dec. 2021
Lease liabilities		
Long-term	45,784	59,105
Short-term	35,877	36,396
Total	81,661	95,501

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

The following table illustrates the contracted terms of lease liabilities.

SEK 000	Contracted terms					
Group, 2021						
	Within 12 months	Between 1 and 2 years	Between 2 and 5 years	After 5 years	Total	
Payments	35,789	26,140	30,826	2,973	95,728	

The following table illustrates the contracted terms of lease liabilities.

SEK 000			Contracted terms		
Group, 2022					
	Within 12 months	Between 1 and 2 years	Between 2 and 5 years	After 5 years	Total
Pavments	35,297	23,093	23,508	0	81,898

## Note 13

## Intangible assets

SEK 000	Goodwill	Develop- ment expen- diture	IT expen- diture	Patents	Trade- marks & brands	Custo- mer contracts	Tech- nology platforms	Total
Group, 2021								
Accumulated cost								
Opening balance, 1 Jan. 2021	725,270	424,382	100,152	2,521	77,327	159,405	26,724	1,515,781
Internally developed assets		67,181	1,139					68,320
Purchases through business combinations	69,858	12,582	74		275	18,714	173	101,677
Sales and retirements			-14,344					-14,344
Exchange differences for the year	35,436	628	4,168	176	3,794	7,531	1,936	53,669
Closing balance, 31 Dec. 2021	830,564	504,773	91,189	2,697	81,396	185,649	28,834	1,628,347
Accumulated amortization and impair	rment							
Opening balance, 1 Jan. 2021		-216,863	-85,167	-707	-55,977	-104,714	-19,337	-482,765
Amortization for the year		-67,015	-8,438	-573	-2,844	-5,905	-786	-85,560
Sales and retirements			14,327					14,327
Impairment	-92,042							-92,042
Exchange differences for the year	-4,713	-549	-4,149	-82	-3,090	-5,952	-1,803	-20,337
Closing balance, 31 Dec. 2021	-96,755	-284,427	-83,427	-1,362	-61,911	-116,570	-21,925	-666,377
Carrying amounts								
As of 1 Jan. 2021	725,270	207,519	14,985	1,814	21,350	54,691	7,387	1,033,016
As of 31 Dec. 2021	733,809	220,346	7,762	1,335	19,486	69,079	6,909	1,058,725

SEK 000	Goodwill	Develop- ment expenditure	IT expen- diture	Patents	Trade- marks & brands	Custo- mer contracts	Techno- logy plat- forms	Total
Group 2022								
Accumulated cost								
Opening balance, 1 Jan. 2022	830,564	504,773	91,189	2,697	81,396	185,649	28,834	1,725,103
Reclassification			-199					-199
Internally developed assets		105,336	3,631					108,967
Exchange differences for the year	49,130	4,632	1,654	396	4,407	14,289	2,480	76,988
Closing balance, 31 Dec. 2022	879,694	614,741	96,275	3,093	85,803	199,938	31,314	1,910,859
Accumulated amortization and impair	ment							
Opening balance, 1 Jan. 2022	-96,755	-284,427	-83,427	-1,362	-61,911	-116,570	-21,925	-666,377
Amortization for the year		-74,556	-5,455	-649	-2,972	-8,252	-842	-92,725
Exchange differences for the year		-3,927	-1,642	-242	-4,105	-7,901	-1,910	-19,727
Closing balance, 31 Dec. 2022	-96,755	-362,910	-90,524	-2,253	-68,988	-132,723	-24,677	-778,830
Carrying amounts								
As of 1 Jan. 2022	733,809	220,346	7,762	1,335	19,486	69,079	6,909	1,058,725
As of 31 Dec. 2022	782,939	251,831	5,751	840	16,816	67,215	6,637	1,132,029

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	5-20 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 Group 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

## Note 13 cont. Intangible assets

### IT expenditure

SEK 000	
Parent company 2021	
Accumulated cost	
Opening balance, 1 Jan. 2021	87,696
Purchases	659
Sales and retirements	-14,289
Closing balance, 31 Dec. 2021	74,066
Accumulated amortization and impairment	
Opening balance, 1 Jan. 2021	-75,622
Amortization for the year	-6,509
Sales and retirements	14,289
Closing balance, 31 Dec. 2021	-67,842
Carrying amounts	
As of 1 Jan. 2021	12,074
As of 31 Dec. 2021	6,224
Parent company 2022	
Accumulated cost	
	74,066
Opening balance, 1 Jan. 2022 Purchases	
	2,640 <b>76,706</b>
Closing balance, 31 Dec. 2022	70,700
Accumulated amortization and impairment	
Opening balance, 1 Jan. 2022	-67,842
Amortization for the year	-4,377
Closing balance, 31 Dec. 2022	-72,219
Carrying amounts	
As of 1 Jan. 2022	6,224
As of 31 Dec. 2022	4,487

## Impairment tests of cash-generating units containing goodwill

The following cash-generating units-consisting of the business entities Beijer Electronics and Westermo (previous years also include Korenix, part of the Beijer Electronics segment since 1 January 2022)-have significant goodwill values reported compared to the Group's total reported goodwill values:

SEK 000	2022	2021
Westermo	457,894	437,700
Beijer Electronics	325,045	242,003
Korenix		54,107
Total goodwill value, Group	782,939	733,809

## Sensitivity analysis of cash-generating units containing goodwill

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

	2022	2021
Variable		
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.

## Impairment tests of cash-generating units including capitalized development expenditure

The following buisness entities and cash-generating units (Korenix is part of the Beijer Electronics segment since 1 January 2022) 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	2022	2021
Westermo	151,950	125,405
Beijer Electronics	99,881	68,462
Korenix		26,479
Total value of capitalized develop- ment expenditure, Group	251,831	220,346

## Sensitivity analysis for cash-generating units including capitalized development expenditure

The company conducts regular analysis of the impairment of capitalized development expenditure through a sensitivity analysis of expected sales growth and gross margin of -10% (-10) for underlying products.

The sensitivity analyses indicate that there is no impairment for these adjustments of computation variables.

#### "Westermo" unit

measurement of value in use. This value is based on cash flow heads of 6% (9). Perpetual growth of revenue and expenses forecasts for a total of 5 years (5), the first of which is based on of 1.5% (1.5) is assumed subsequently. the unit's budget for the forthcoming financial year.

are based on average yearly growth of revenues of 9% (12), assumptions in the forecasts are stated below.

The impairment test for the Westermo unit is based on the an increase in gross profit of 10% (12) and an increase of over-

The present value of forecast cash flows has been calculated The cash flows forecast for a total of five years after 2022 by applying a discount rate of 10.3% (10) after tax. Material

Significant variables	Estimation 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.
Cost 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.

## **Enheten "Beijer Electronics"**

The impairment test for the Beijer Electronics unit is based on 6% (9), an increase in gross profit of 7% (9) and an increase in cash flows for a total of 5 years (5), of which the first is based ses of 1.5% (1.5) has been assumed subsequently. on the unit's budget for the coming financial year.

have been based on average yearly growth of revenues of umptions of the forecasts are reviewed in the following table.

measurement of value in use. This value is based on forecast overheads of 5% (5). Perpetual growth of revenue and expen-

The present value of forecast cash flows has been calculated The forecast cash flows for a total of 5 years beyond 2022 by applying a discount rate of 10.3% (10) after tax. Material ass-

Significant variables	Estimation 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.
Cost 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.

## **Participations in Group companies**

SEK 000	31 Dec. 2022	31 Dec. 2021
Accumulated cost		
At beginning of year	559,949	557,572
Increase via share-based payment	3,482	2,377
Carrying amount at end of period	563,431	559,949

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

			31 Dec. 2021
			Carrying
			amount,
Subsidiary/corp. ID no./reg. office	No. of shares	Holding, %ª	SEK 000
Westermo Network Technologies AB, 556361-2604, Västerås	1,000	100.0	257,743
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, HRB 250621, 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	
Westermo Data Communications SL, B06811046, Malaga	1	100.0	
Nera Management AG, CHE-114.272.568, Bubikon	100	100.0	
Westermo Neratec 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	
Eltec Elektronik AG, HRB 7038, Mainz	850,853	100.0	
Beijer Electronics AB, 556701-4328, Malmö	1,000	100.0	50,708
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 <sup>b</sup>	18,467,000	100.0	101,398
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	
			559,949

<sup>a</sup> Equity as a percentage of capital, corresponding to the share of the votes for the total number of shares. <sup>b</sup> Of the Group's total holdings, 52.5% is held by Beijer Electronics Group AB.

Specification of the parent company's and the group's participations in Group companies

			31 Dec. 2022
	N. 6.1	11.11: 0/-	Carrying amount,
Subsidiary/corp. ID no./reg. office	No. of shares	Holding, %ª	SEK 000
Westermo Network Technologies AB, 556361-2604, Västerås	100,000	100.0	259,921
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, HRB 250621, 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	
Westermo Data Communications SL, B06811046, Malaga	1	100.0	
Nera Management AG, CHE-114.272.568, Bubikon	100	100.0	
Westermo Neratec 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	
Eltec Elektronik AG, HRB 7038, Mainz	850,853	100.0	
Beijer Electronics AB, 556701-4328, Malmö	1,000	100.0	51,780
Brodersen Automation AB, 556288-8650, Jönköping	3,000	100.0	
Beijer Electronics AS, 912965058, Drammen	1,117	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, Nottingham	50,000	100.0	
Beijer Electronics Automation AB, 556701-3965, Malmö	1,000	100.0	100
Korenix Technology Co., Ltd, Taipei <sup>b</sup>	18,467,000	100.0	101,630
Jen Hsiang Electronics Co., Ltd, Taipei	2,300,000	50.5	
Beijer Group Holding Inc., 36-4027234, Elgin	1,000	100.0	150,000
Beijer Electronics Inc., 87-0396688, Salt Lake City	10	100.0	

NOTES

\* Equity as a percentage of capital, corresponding to the share of the votes for the total number of shares.

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

## Long-term receivables

SEK 000	31 Dec. 2022	31 Dec. 2021
Group		
Accumulated cost		
At beginning of year	2,863	7,255
Additional receivables	2,073	140
Reclassifications for the year	1,071	
Amortization for the year	-21	-5,022
Exchange differences for the year	279	490
Carrying amount at end of period	6,265	2,863

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. 2022	31 Dec. 2021
Parent company		
Accumulated cost		
At beginning of year	472,213	338,465
Additional receivables		154,797
Amortization for the year	-38,956	-37,178
Exchange differences for the year	38,399	16,129
Carrying amount at end of period	471,656	472,213

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 1.10-3.30% (0.80-2.54).

## **Note 17**

## Inventories

SEK 000	31 Dec. 2022	31 Dec. 2021
Group		
Raw materials and consumables	313,642	236,427
Finished goods and goods for resale	64,985	53,018
Work in progress	37,568	26,452
Advance payments to suppliers	531	475
Goods in transit	18,969	11,273
	435,695	327,645

## Note 18

## Accounts receivable and other current receivables

SEK 000	31 Dec. 2022	31 Dec. 2021
Group		
Accounts receivable	420,753	301,007
Allowance for doubtful debt	-3,360	-4,015
Accounts receivable-net	417,393	296,992
Other receivables	20,558	28,913
Prepaid expenses and accrued income	25,175	20,427
	463,126	346,332

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

## Change in allowance for doubtful debt

SEK 000	31 Dec. 2022	31 Dec. 2021
Opening balance	-4,015	-3,276
Recognized in profit or loss:		
- additional allowances	-1,515	-1,436
- reversed unused allowances	230	616
Used in the year	2,257	212
Exchange differences	-317	-131
Closing balance	-3,360	-4,015

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. 2022	31 Dec. 2021
SEK	44,224	57,245
EUR	197,686	112,026
USD	100,428	80,430
TWD	35,424	33,800
GBP	18,550	13,943
CNY	29,122	19,894
NOK	9,940	7,481
DKK	7,341	2,231
TRY	1,192	3,866
Other currencies	19,218	15,416
_	463.126	346.332

Prepaid expenses and accrued income		
SEK 000	31 Dec. 2022	31 Dec. 2021
Group		
Rent	3,159	2,607
Insurance	2,061	2,081
Lease payments	491	525
Bank charges		1,106
Licenses	3,343	3,247
Other items	16,121	10,861
	25,175	20,427
Parent company		
Rent	2,577	2,354
Insurance	973	772
Bank charges		1,106
	3,343	3,150
Licenses	3,343	
Licenses Other items	3,973	2,658

## **Borrowings**

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 24.

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.

On 1 November 2022, Beijer Electronics Group's new finance agreement with Danske Bank and Swedish Exportkredit came into effect. This agreement involves a 1,000 MSEK loan with an option to borrow a further 200 MSEK, with a three-year term and extension option of up to two years.

SEK 000	31 Dec. 2022	31 Dec. 2021
Group		
Long-term liabilities		
Bank loans	443,775	383,666
	443,775	383,666
Current liabilities		
Bank loans	51,659	109,601
Overdraft facility	189,931	188,995
	241,590	298,596

## **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 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).

The interest coverage ratio may not be less than 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 2022 and 2021 annual financial statements.

The finance agreement valid until 31 October 2022 inclusive stipulates that all covenants are computed excluding IFRS 16 Leases.

SEK 000	31 Dec. 2022	31 Dec. 2021
Parent company		
Long-term borrowings		
Bank loans	443,775	383,666
	443,775	383,666
Short-term borrowings		
Bank loans	41,278	100,454
Overdraft facility	189,931	188,995
	231,209	289,449

## Note 20

## Pension provisions, etc.

Defined-benefit obligations

Demined Demont obligations		
SEK 000	2022	2021
Group		
Defined-benefit obligations		
Present value of funded obligations	26,018	23,415
Fair value of plan assets	-32,014	-25,406
Deficit in funded plans	-5,996	-1,991
Present value of unfunded plans	133,029	180,805
Net amount in Balance Sheet	127,033	178,814
Net amount is divided between plans in the following countries:		
Sweden	133,029	180,805
Taiwan	-5,996	-1,990
Net amount in Balance Sheet	127,033	178,814

	2022	2021
Plan assets are divided into the following components:		
Shares	47%	43%
Bonds and fixed-income funds	22%	23%
Bank balances	21%	23%
Other	10%	11%
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.

## Pension expenses

SEK 000	2022	2021
Defined-benefit plans		
Expenses for pension vested in the year	4,771	5,152
Return on plan assets	-153	-117
Interest expenses	3,831	2,530
Payroll tax	636	426
Expenses for defined-benefit plans	9,085	7,991
Expenses for defined-contribution plans	39,465	43,863
Payroll tax and tax on profits	9,574	7,638
Total expenses for defined- contribution plans	49,039	51,501
Total expenses for benefits after terminated employment	58,124	59,492

## 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	2022	2021
Amount at beginning of year	178,814	168,474
Expense for defined-benefit plans	8,449	7,565
Return on plan assets	-268	-245
Contributions from employees	-269	-1,239
Payment of benefits	-2,027	-1,524
Actuarial revaluations, financial assumptions	-57,565	5,948
Translation difference	-101	-165
Amount at end of year	127,033	178,814

## **Actuarial assumptions**

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

%	2022	2021
Discount rate	3.32	2.02
Future salary increases	3.08	3.20
Inflation	2.25	2.19
Staff turnover	5.02	6.07
Expected remaining lifespan after pensionable age 65 (years)	23.13	22.46

For more information on the method for determining the discount rate: see note I, 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

value of expected future pension disbursements. Accordingly, arial profit/loss because this amount is materially dependent measurements of the defined-benefit obligations are materion the value of the discount rate, which in turn, is dependent ally dependent on the applied discount rate in the computa- on macroeconomic factors. The company refers the reader tion of present value. Adjustments of the discount rates are a to the section on the sensitivity analysis and progress of the change in actuarial assumptions, and accordingly, the effects discount rate in this section on actuarial assumptions in order of these restatements are reported in actuarial gain or loss. for the reader to obtain a view of possible progress.

presentvalue of obligations as of 31 December 2022 is stated 2 in-house pension plan liability changed, which meant an below.

Adjusted discount rate (percentage point)	-0.50%	+0.50%
Present value of obligation (+ increase/- decrease)	14,459	-12,762
Adjusted salary growth rate (percentage point)	-0.50%	+0.50%
Present value of obligation (+ increase/- decrease)	-3,306	4,334
Adjusted inflation expectation (percentage point)	-0.50%	+0.50%
Present value of obligation (+ increase/- decrease)	-10,881	12,574
Adjusted term (years)	-1 year	+1 year
Present value of obligation (+ increase/- decrease)	-4,410	4,355

## Forecast for forthcoming financial year

SEK 000	
Defined-benefit obligations	
Expense for pension vested in the year	3,074
Return on plan assets	-440
Interest expense	5,348
Total	7,982

The company does not wish to present any quantified estimate The value of defined-benefit obligations consists of the present of the coming financial year's income statement item of actu-

The effect of restatements of certain assumptions on the On 1 January 2022, the parameters for computing the ITP increase of the pension liability in local accounting in Swedish companies. This change had no impact on the pension liability prior to payroll tax, pursuant to IAS 19.

## **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**

EK 000	Deferred tax asset	Deferred tax liability	Net	SEK 000	Deferred tax asset	De tax l
up, 31 Dec. 2021				Group, 31 Dec. 2022		
gible assets	2,679	2,769	-90	Tangible assets	3,965	2,
ght-of-use assets	785		785	Right-of-use assets	693	
ntangible assets		60,817	-60,817	Intangible assets		67,0
nventories	4,801	246	4,555	Financial assets	728	
ension provisions	28,526	398	28,128	Inventories	4,682	
ntaxed reserves		597	-597	Pension provisions	10,867	1,3
Other provisions	989	377	612	Untaxed reserves		51
Loss carry-forwards	24,543		24,543	Other provisions	2,263	3!
Net deferred tax				Loss carry-forwards	32,527	
liability	62,323	65,204	-2,881	Net deferred tax liability	55,724	72,13

SEK 000	Amount at beginning of year	Recognized in profit or loss	Recognized in other com- prehensive income	Recognized in equity	Exchange differences	Amount at end of year
Group, 31 Dec. 2021						
Tangible assets	311	-8			-393	-90
Right-of-use assets	1,345	-587			27	785
Intangible assets	-55,429	874		-5,994	-269	-60,818
Inventories	4,000	476			79	4,555
Pension provisions	26,804	-105	1,411		18	28,128
Untaxed reserves	-638	41				-597
Other provisions	1,102	422	-873		-39	612
Loss carry-forwards	17,071	6,820			653	24,544
	-5,434	7,933	538	-5,994	76	-2,881

SEK 000	Amount at beginning of year	Recognized in profit or loss	Recognized in other com- prehensive income	Recognized in equity	Exchange differences	Amount at end of year
Group, 31 Dec. 2022						
Tangible assets	-90	986			322	1,219
Right-of-use assets	785	-110			18	693
Intangible assets	-60,818	-4,846			-1,391	-67,055
Financial assets	-103	515			316	728
Inventories	4,555	590			-463	4,682
Pension provisions	28,128	-4,061	-14,530		-52	9,485
Untaxed reserves	-597					-597
Other provisions	715	-1,211	2,995	-719	124	1,904
Loss carry-forwards	24,544	7,535			447	32,527
	-2,881	-602	-11,535	-719	-678	-16,415

Note 21 cont. Deferred tax

## Loss carry-forwards

Loss carry-forwards for which no deferred tax liability has been capitalized total 144.6 MSEK (166.5), of which 0 MSEK (29) from business combinations.

SEK 000	
Expiry	
2023	
2024	
2025	
2026	1,998
2027	752
after 2027	44,043
no expiry	97,823
Total	144,617

## Note 22

## Other provisions

SEK 000	31 Dec. 2022	31 Dec. 2021
Opening balance	8,885	8,153
Recognized in profit or loss:		
-additional provisions	12,634	3,657
- reversed unused		
provisions	-4,751	-661
Used in the year	-1,436	-2,420
Exchange differences	290	154
Closing balance	15,622	8,885

Of this year's closing balance, 12,495 SEK 000 (8,730) refers to commissions for guarantees.

## Note 23

## Accrued expenses and deferred income

SEK 000	31 Dec. 2022	31 Dec. 2021
Group		
Accrued salaries and vacation pay	112,232	80,759
Accrued social security expenses	49,023	59,872
Accrued consulting expenses	6,453	
Restructuring		978
Personnel related		978
Deferred income	2,684	
Other items	17,389	17,602
	187,781	159,211

SEK 000	31 Dec. 2022	31 Dec. 2021
Parent company		
Accrued salaries and vacation pay	7,316	4,858
Accrued social security expenses	7,224	7,538
Other items	6,204	1,812
	20,744	14,208

## Note 24

## Financial risks and finance policy

The Group's net debt as of 31 December 2022 and 2021 respectively was as follows:

SEK 000	31 Dec. 2022	31 Dec. 2021
Cash and cash equivalents	159,864	146,585
Loan liabilities-due within one year	241,590	298,596
Loan liabilities-due after one year	443,775	385,234
Pension provisions—due after one year	127,033	178,814
Lease liabilities-due within one year	35,877	36,396
Lease liabilities—due after one year	45,784	59,105
Net debt	734,195	811,560

SEK 000	31 Dec. 2022	31 Dec. 2021
Cash and cash equivalents	159,864	146,585
Gross liability-fixed interest		
Gross liability-variable interest	896,821*	958,145
Net debt	736,957	811,560

\* Gross liability excludes capitalized financial expenses on loan liabilities.

SEK 000	Cash and cash equivalents	Loan liabilities due within 1 year	Loan liabilities due after 1 years	Pension provisions due after 1 years	Finance leases due within 1 year	Finance leases due after 1 year	Net
Net debt as of 1 January 2021	120,719	99,909	356,753	168,474	38,425	61,484	604,326
New leases					34,358	3,316	37,674
Cash flow	20,224	179,645	-30,000		-35,980	-5,951	87,490
Exchange differences	5,641	-1	7,389		1,221	1,983	4,951
Other changes		19,043	51,092	10,340	-1,628	-1,728	77,119
Net debt as of 31 December 2021	146,585	298,596	385,234	178,814	36,396	59,105	811,560
Net debt as of 1 January 2022	146,585	298,596	385,234	178,814	36,396	59,105	811,560
New leases					19,421	2,023	21,444
Cash flow	-2,799	-58,443	33,123		-28,159	-13,174	-63,855
Exchange differences	16,078	1,437	25,417		1,796	2,292	14,864
Other changes				-51,781	6,423	-4,461	-49,819
Net debt as of 31 December 2022	159,864	241,590	443,775	127,033	35,877	45,785	734,195

## 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 loans	4.26%	92,days	90,days	SEK	220,000	220,000
Bank loans	3.80%	92,days	90,days	EUR	21,022	233,939
Bank loans	2.55%	92,days	90,days	CHF	3,000	33,876
Bank loans	2.92%	30 days	30 days	TWD	30,470	10,381
Overdraft facility	4.00%	90 days	90 days	SEK/EUR/USD/ NOK/DKK/GBP /SGD/CHF/AUD		189,931
- Overdrare identity	4.0070	70 days	70 days	7302701117402		107,731

688,127

The final maturity of bank loans is 23 October 2025, with an extension option of up to two years, pursuant to the underlying agreement. The revolving credit facility accrues contractual interest of 35% of the applicable margin on unused credit, and amounts to 0.525% for the current fixed-interest period.

Note 24 cont. Financial risks and finance policy

#### Financial assets & financial liabilities

The Group holds the following financial instruments:

#### Financial assets

SEK 000	31 Dec. 2022	31 Dec. 2021
Financial assets measured at amortized cost		
- Accounts receivable	417,393	296,992
- Cash and cash equivalents	159,864	146,585
	577,257	443,577

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. 2022	31 Dec. 2021
Financial liabilities measured at amortized cost		
- Borrowings	685,365	682,261
- Other liabilities		1,569
- Accounts payable-trade	215,053	159,912
	900,418	843,742

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 contracted maturities of financial liabilities.

SEK 000	Within 12 months	Between 1 and 2 years	Between 2 and 3 years	Total
Group				
Borrowings	241,590	41,277	402,497	685,365
Other liabilities				
Accounts payable	215,053			215,053
	456,643	41,277	402,497	900,418

The contracted expiry of lease liabilities are stated in note 12.

## **Transaction exposure**

The Group's transaction exposure for 2022 is divided between the following currencies:

	Sales	;	EBIT	
	SEK 000	%	SEK 000	%
Group, 2022				
EUR	865,602	40.7	21,498	10.7
USD	535,045	25.1	34,968	17.4
NOK	60,901	2.9	1,800	0.9
DKK	23,186	1.1	1,617	0.8
GBP	119,767	5.6	10,554	5.2
CHF	9,526	0.4	-12,829	-6.4
TRY	520	0.0	7,048	3.5
TWD	65,577	3.1	41,130	20.5
CNY	192,737	9.1	27,842	13.8
SGD	22,905	1.1	832	0.4
AUD	38,914	1.8	7,304	3.6
SEK	175,595	8.3	71,662	35.6
Other currencies	18,112	0.9	-12,300	-6.1
	2,128,387	100.0	201,127	100

## **Translation exposure**

The Group's foreign net assets are divided between the following currencies:

Currency, 000	Foreign currency	Swedish currency	%
Group 2022			
TWD	1,016,626	346,365	33.2
USD	24,212	252,705	24.2
CNY	53,491	80,327	7.7
EUR	20,522	228,378	21.9
TRY	38,044	21,210	2.0
GBP	1,533	19,284	1.8
SGD	2,496	19,402	1.9
DKK	11,744	17,576	1.7
AUD	2,199	15,589	1.5
CHF	2,651	29,931	2.9
NOK	4,541	4,801	0.5
OTH		7,386	0.7
		1,042,955	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 2.7 and 4.4% (1.0-2.4%). The average interest factor for the year is approximately 2.7% (2.2). An interest rate fluctuation of 1% would affect consolidated profit before tax by some 6.6 MSEK (6.4) 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 23% (16) 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 2022 was 1.5 MSEK (1.4), or 0.07% (0.09) 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, CNY 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 193 MSEK and EBIT by some 16 MSEK, given year-2022 levels and mix of sales and earnings. 92% (91) of Group sales are in foreign currency.

The Group has significant net assets denominated in TWD, USD and EUR. A 10% depreciation/appreciation in the value of the SEK against the TWD, USD and EUR would increase/ decrease equity by an estimated 35 MSEK, 25 MSEK and 23 MSEK respectively.

### **Liquidity risks**

Beijer Electronics Group AB 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 quarantees for credit issuance.

Beijer Electronics Group AB's current bank facility expires on 23 October 2025, with an extension option of up to a further

## **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 shareholders, repay capital to shareholders, issue new shares or sell assets to reduce its

## Pledged assets, contingent liabilities, and contingent assets

	Gro	oup	Parent c	ompany
SEK 000	31 Dec. 2022	31 Dec. 2021	31 Dec. 2022	31 Dec. 2021
Pledged assets	12,705	12,322	None	None
Contingent liabilities				
Guarantee commitments FPG/PRI	2,091	1,623	348	276
Guarantee commitments in favor of subsidiaries:				
- rent guarantees			1,992	2,145
- customs guarantees			678	678
Other guarantee commitments	1,704	1,634		
Total contingent liabilities	3,795	3,257	3,018	3,099

## 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

Close relations	Years	Sale of services to related party	Purchase of services from related party	Receivable from related party as of 31 December	Liability to related party as of 31 December
Subsidiaries	2022	35,050	-16	499,262	130,560
Subsidiaries	2021	33,284	-2,131	480,962	88,007

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

## Note 27

## **Cash flow**

SEK 000	31 Dec. 2022	31 Dec. 2021
Cash and cash equivalents-Group		
Cash and cash equivalents include the following components:		
Cash	83	99
Checks	486	5 723
Bank balances	159,295	140,763
Total, Balance Sheet	159,864	146,585
Total, Cash Flow Statement	159,864	146,585
Cash and cash equivalents-parent company		
Cash and cash equivalents include the following components:		
Bank balances	68	2,744
Total, Balance Sheet	68	2,744
Total, Cash Flow Statement	68	2,744

## Interest paid and dividend received

	Gro	oup	Parent c	ompany
SEK 000	2022	2021	2022	2021
Dividend received				
Interest received	1,033	283	7,348	5,587
Interest paid	-23,181	-15,998	-19,437	-14,775
	-22,148	-15,715	-12,089	-9,188

## Adjustments for non-cash items

	Gro	oup	Parent c	ompany
SEK 000	2022	2021	2022	2021
Depreciation, amortization and impairment	153,683	107,847	4,624	6,741
Waived covid loan	-1,756	-11,893		
Profit/loss from sale of property, plant and equipment	-69	-132		
Pension provisions	5,407	6,598	6,134	1,743
Other provisions	14,504	731		
Unrealized exchange gains/losses	-1,489	-1,350	-12,326	-8,575
Other	2,913	5,990	-513	902
	173,193	148,465	-2,081	811

## Unutilized credit facilities

	Gro	oup	Parent c	ompany
SEK 000	2022	2021	2022	2021
Unutilized credit facilities amount to	351,587	67,315	326,195	67,315

## Other liabilities

SEK 000	31 Dec. 2022	31 Dec. 2021
Group		
Other long-term liabilities		
Other long-term liabilities		1,601
		1,601
Other short-term liabilities		
VAT liabilities	12,327	8,785
Other short-term liabilities	14,534	17,509
	26,861	26,294

## Note 31

## Proposed appropriation of profit

SEK 000	2022	2021
Retained profit	255,646	294,064
Net profit/loss	-29,374	-29,703
Total	226,272	264,361
Total dividend	14,419	14,384
Carried forward	211,853	249,977
Total	226,272	264,361

## **Note 29**

## **Subsequent events**

Kristine Lindberg was appointed as the new President of the Beijer Electronics business entity effective 3 April 2023.

Lena Westerholm was appointed as Sustainability Manager

of Beijer Electronics Group AB effective 22 May 2023.

## 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 Nasdaq Stockholm Main Market's Mid Cap List, under the ticker BELE. The address of the head office is: Box 426, 201 24 Malmö, Sweden.

The Consolidated Accounts for 2022 include the parent company and its subsidiaries, collectively termed the Group.

## Note 30

## **Earnings per share**

SEK 000	2022	2021
Net profit/loss	146,080	35,760
No. of outstanding shares	28,837	28,768
Basic earnings per share	5.07	1.24
No. of outstanding shares after dilution	29,241	29,062
Diluted earnings per share	5.00	1.23
Dividend paid per share, SEK <sup>a</sup>	0.50	0.50

<sup>&</sup>lt;sup>a</sup> The proposed dividend for the AGM 2023 is 0.50 SEK per share.

## 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 122.

## Note 34

## **Business combinations**

### **Eltec Elektronik AG**

On 1 April 2021, Beijer Electronics Group acquired 100% of German company Eltec Elektronik AG through its Westermo business entity. Eltec was consolidated into the Group and Westermo's accounts effective 1 April 2021.

SEK 000	2021
Purchase consideration	
Cash and cash equivalents	105,881
Total purchase consideration	105,881
Acquisition-related expenses	1,263

## Carrying amount of identifiable acquired assets

Total	105,881
Goodwill	69,859
Total identifiable net assets	36,022
Deferred tax liabilities	-5,976
Long-term liabilities	
Short-term liabilities	-15,996
Cash and cash equivalents	5,236
Current assets	20,636
Financial assets	10
Property, plant and equipment	229
Customer relationships	18,714
Technology platform	173
Brands	275
Other intangible assets	12,721
and liabilities taken over	

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

There were no business combinations in 2022.

CORPORATE GOVERNANCE REPORT CORPORATE GOVERNANCE REPORT

## **Corporate Governance Report 2022**

Beijer Electronics Group AB is a Swedish public limited company quoted on the Nasdaq Stockholm Main Market's Mid Cap List, with the ticker BELE. Beijer Electronics Group applies the Swedish Code of Corporate Governance. The complete Code is available at www.bolagsstyrning.se.

The Corporate Governance Report for the financial year 2022 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 5,841 (4,733) 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 15% (5) 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 9,683,896 SEK, divided between 29,051,688 shares, of which 28,837,427 ordinary shares each carrying 1 vote, corresponding to 28,837,427 votes, and 214,261 class C shares each carrying 1/10 vote, corresponding to 21,426.1 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 2022**

The AGM was held on 10 May 2022. Shareholders were able to participate at the Meeting in Malmö in person, or by postal voting, and the Meeting was streamed on the Internet. 63 shareholders representing some 68% of the votes attended the Meeting. Chairman of the Board Bo Elisson was elected Chairman of the Meeting.

The company's president & CEO Jenny Sjödahl reviewed the highlights of the Group's operating activities over the past year, the two business entities and their operations, as well as future prospects. The auditors reported on their review of the company's accounting records and administration at the Meeting, and reviewed 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:

- Dividend of 0.50 SEK per ordinary share.
- To approve the Board of Directors' remuneration report.
- That the Board of Directors shall consist of six (6) 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 elect Jonas Hård as a new Board member.
- 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 2023.
- Unchanged total fees to the Chairman of the Board and other Board members of 1,850,000 SEK,
- Fees for service the Board of Directors' Audit Committee of 90,000 SEK to the Chairman of the Committee, and 50,000 SEK to other members.
- 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 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 program, LTI 2022/2025, and the associated

### **Nomination Committee for the AGM 2023**

The Nomination Committee was presented on 6 October 2022 and has 4 members, with one representative of each of the four largest shareholders before publication (holdings on the last business day of August 2022). 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. 2022
Anders Wassberg	Stena Adactum AB	29.0
Ulf Hedlundh	Svolder AB	15.2
Bengt Belfrage	Nordea Fonder	14.1
Lovisa Runge	Fourth AP Fund	8.9
Bo Elisson, Chairman of	the Board	
Total		67.2

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 21 February 2023.

The Nomination Committee proposes that the Board of Directors consists of six members. The Nomination Committee is proposing re-election of Board members Bo Elisson, Johan Wester, Karin Gunnarsson, Lars Eklöf, and Jonas Hård, and the election of Charlott Samuelsson. Ulrika Hagdahl has declined re-election. 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. Proposed Board member Charlott Samuelsson brings broad-based industrial expertise. She holds an M.Sc. (Eng.) in engineering physics, and has a licentiate degree in electro-physics from Chalmers University of Technology. The Nomination Committee's proposal implies that one-third of Board members should be 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 2022, the company's Board of Directors had six 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 113.

## 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 2022, 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 at the Board meeting in December 2022.

## Work of the Board in 2022

In the financial year 2022, the Board of Directors held 17 (14) Board meetings including 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

## **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, decides on remuneration to other senior executives and consults on proposals for potential incentive programs. 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 2022, the members of the Remuneration Committee were Bo Elisson and Johan Wester, with Bo Elisson serving as Chairman. In the financial year 2022, the Remuneration Committee held three (3) meetings. Remuneration for committee work is payable in accordance with the resolution of the Annual General Meeting 2022.

## **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

Corporate Governance Report cont.

#### Work of the Board of Directors in 2022

			Attendance				Dependent on		
Board member	Elected	Position	Audit Com- mittee	Remuneration Committee	Board meetings	Fee**, SEK	Company	Major share- holders	
Bo Elisson <sup>1</sup>	2013	Chairman		3/3	17/17	650,000	No	No	
Ulrika Hagdahl¹	2006	Board member	3/3		17/17	300,000	No	No	
Johan Wester <sup>2</sup>	2015	Board member		3/3	16/17	280,000	No	Yes	
Karin Gunnarsson <sup>3</sup>	2018	Board member	3/3		17/17	325,000	No	No	
Lars Eklöf	2018	Board member			17/17	250,000	No	No	
Jonas Hård**	2022	Board member			10/17	-	No	No	
Total						1,805,000			

- <sup>1</sup> Fee includes compensation of 50,000 SEK for committee work.
- <sup>2</sup> Fee includes compensation of 30,000 SEK for committee work
- <sup>3</sup> Fee includes compensation of 75,000 SEK for committee work. \*\*\*Fee paid in arrears, and above the fees were approved by the AGM 2021.

\*\*Jonas Hård elected as a Board member at the AGM 2022, and accordingly, has not received any compensation.

impartiality, and to discuss the orientation and scope of audit of six months' salary. Other senior executives have defined 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 is payable in accordance with the resolution of the Annual General Meeting 2022.

## Remuneration to the Board and Management in 2022

In 2022, 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, pages 82-83. Other senior executives mean the four people that made up Group Management in 2022 including the Chief Executive Officer (initially Per Samuelsson until 28 February inclusive, and then from 1 March onwards, Jenny Sjödahl). For more information on remuneration pursuant to the guidelines approved by the AGM, see the presentation of the Board of Directors in the remuneration report.

## Remuneration to the CEO

Apart from contracted basic salary, for the financial year 2022, the Chief Executive Officer is also entitled to variable remuneration. Variable remuneration is based on the Group's EBIT, order intake and free cash flow, and is a maximum of six months' salary. Pension and other customary benefits are additional. Each year, 30% of gross salary excluding bonus is disbursed in 2023. 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 12 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, order intake and cash flow. Yearly variable remuneration is a maximum

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 programs

The purpose of incentive programs is to promote senior management's commitment to the Group's progress and thus increase value for the Group's shareholders. In accordance with a resolution by the AGM 2021, the AGM 2022 resolved to create a long-term share-based incentive program, LTI 2022/2025 for management and a number of key individuals within the Group. The plan measures performance in 2022, but has a three-year term, and involves up to 25 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 for 2022.

## Directors' fees

Directors' fees, including fees for committee work, resolved by the AGM 2021, were 1,805,000 (1,605,000) SEK, which were disbursed in 2022, and allocated as in the above table. The AGM in may 2022 resolved on Directors' fees including fees for committee work, of 2,070,000 SEK for 2022, to be

## 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 two business entities Westermo and Beijer Electronics.

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 118.

#### **Business entities**

The Group's operations are organized into two 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-todate 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.

Staff can anonymously report grievances like discrimination and harassment to their first-line managers, or direct to HR. The Group works systematically in the segment using a whistleblower policy, communicated as part of its Code of Conduct. No situations of discrimination and harassment were reported in 2022.

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 BOARD OF DIRECTORS AND AUDITOR

## **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 10 May 2023.

Malmö, Sweden, 24 March 2023

**Bo Elisson** Ulrika Hagdahl **Johan Wester** Chairman

**Karin Gunnarsson** Lars Eklöf Jonas Hård

> Jenny Sjödahl President

Our Audit Report was presented on 28 March 2023. Öhrlings PricewaterhouseCoopers AB

Sofia Götmar-Blomstedt Authorized Public Accountant Key Audit Partner

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: Chairman of Quant AB. Education: M.Sc. (Eng.), Chalmers University

of Technology. Work experience: Long-term experience

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

**Holdings in Beijer Electronics Group AB:** 161,450 shares.



## Johan Wester

Born in 1966 Board member since 2015.

Main occupation: Senior Vice President of

Other directorships: Chairman of Captum Group AB, S-Invest Trading AB, Stiftelsen Torslandaldrott, Stockholm Digital Media Centre AB, NGC AB, Alpegro AS and SR Energy AB. Board member of Midsona AB and Skyrex 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:** 30,976 shares in family.



## 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, Resolution Games AB and tbd30 AB. Deputy Board member of Albanello AB.

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

Work experience: Founder of Orc Software AB, former 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 companies including Bulten AB and Concentric AB.

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

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:** 5,178 shares.



## Jonas Hård

Born in 1971, Board member since 2022,

Main occupation: Industrial Advisor.

Other directorships: Board member of Xertified AB and Combient Catalyst AB.

**Education:** MBA from Henley Business School and General Management Program from Harvard Business School.

Work experience: Most recently Chief Digital Officer of Autoliv Group. Further industry experience from companies including Electrolux and Nobia Group.

**Holdings in Beijer Electronics Group AB:** 4 000 shares

## Auditor

## Öhrlings PricewaterhouseCoopers AB.

Sofia Götmar-Blomstedt, born in 1969. Authorized Public Accountant, Key Audit Partner. Auditor 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 110.

## **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

We have audited the annual accounts and consolidated accounts of Beijer Electronics Group AB (publ) for the year 2022 except for the corporate governance statement on pages 108-111. The annual accounts and consolidated accounts of the company are included on pages 58-112 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 2022 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 2022 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 108-111. 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

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.

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

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

## Our audit approach

## Audit scope

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

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

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

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

## **Key audit matters**

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

## Key audit matters

## Impairment testing of intangible assets

IFRS requires that intangible assets with indefinite useful lives be tested for impairment annually. At 31 December 2022, goodwill was SEK 783 million, as shown in Note 13 which also includes a breakdown between goodwill and other intangible assets.

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 and Beijer Electronics, which are the cash-generating units in which the goodwill is recognised.

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.

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. In note 13 the conclusion from the impairmenttest is presented.

#### How our audit addressed the Key audit matter

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.

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).

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.

Based on our audit, we have not noted any material deviations from the group's conclusions from the impairment tests.

## 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 1-31 and 118-122 as well as the Sustainability Report on pages 32-55. The other information also consists of the Remuneration Report that we obtained prior to the date of this auditor's report. 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

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

## Auditor's responsibility

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

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

## Report on other legal and regulatory requirements

## The auditor's audit of the administration of the company and the proposed appropriations of the company's profit or loss.

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 2022 and the proposed appropriations of the company's profit or loss.

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

#### **Basis for Opinions**

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

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

### Responsibilities of the Board of Directors and Managing Director

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

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

#### Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www. revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

## The auditor's examination of the Esef report

## Opinion

In addition to our audit of the annual accounts [and consolidated accounts], we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528) for Beijer Electronics AB (publ) for the financial year 2022.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

## **Basis for opinion**

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Beijer Electronics Group AB (publ) 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 evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

The Board of Directors and the Managing Director are responsible for ensuring that the Esef report has been prepared in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

## Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed. RevR 18 requires me (us) to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format

that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts [and consolidated accounts]. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors (and the Managing Director), but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report has been marked with iXBRL in accordance with what follows from the Esef regulation.

## The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 108-111 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, was appointed auditor of Beijer Electronics Group AB (publ) by the general meeting of the shareholders on 10 may 2022 and has been the company's auditor since its initial public offering in 2000.

Malmö 28 March 2023

Öhrlings PricewaterhouseCoopers AB

Sofia Götmar Blomstedt

Mikael Nilsson

Authorized Public Accountant Partner in charge

Authorized Public Accountant

# **Senior executives**

## **Group Management**



## Jenny Sjödahl

President and CEO of Beijer Electronics Group since March 2022. Born in 1973. President of the Westermo business entity.

Employee since 2016.

Other directorships: Board member of Gunnebo AB.

Holdings in Beijer Electronics Group AB: 9,862 shares and 100,000 call options. Further conditional entitlement to 22,351 shares through benefits program.



## Joakim Laurén

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

Employee since 2016.

Holdings in Beijer Electronics Group AB: 33,287 shares. Further conditional entitlement to 22,351 shares through benefits program.



## **Tim Webster**

Senior VP Human Resources of Beijer Electronics Group. Born in 1967. Employee since 2011.

Holdings in Beijer Electronics Group AB: 16,691 shares.

Further conditional entitlement to 19,132 shares through benefits program.



## **Stefan Lager**

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

Employee since 2016.

Holdings in Beijer Electronics Group AB: 37,827 shares. Further conditional entitlement to 22,351 shares through benefits program.

Per Samuelsson left his position as President & CEO of Beijer Electronics Group on 28 February 2022.

Kristine Lindberg became CEO of the Beijer Electronics business entity on 3 April 2023. Stefan Lager left the company on 31 March 2023.



## Westermo business entity

**Andreas Eriksson**, VP of Strategy & Services Erik Danielsson, VP of Sales

Middle:

Linda Kärreby, VP of HR

Henrik Jerregård, VP of Products & Marketing

Johan Inestam, CFO

Patrik Wall, VP of Operations Jenny Sjödahl, CEO

Not present: Mikaela Näslund, VP of R&D



## **Beijer Electronics business entity**

Rear from left:

**Sven Knutsson,** SVP of Supply Chain

**Ali Rezaei,** VP of EMEA

Anna Tillman Ohrås, CFO

Stefan Lager, CEO

**Tobias Kjerrman,** Head of R&D

Front from left:

**Axel Gustafson,** VP of Product Management

**Tim Webster,** SVP of Human Resources of Beijer Electronics Group

Wesley Chen, VP of APAC

Haden Howell, VP of Americas

FIVE-YEAR SUMMARY

## **Five-year summary**

SEK 000	2022	2021	2020	2019	2018
Income Statement					
Revenues	2,128,386	1,618,797	1,437,747	1,558,699	1,417,240
Other operating revenue and operating expenses	2,851	12,869	-2,636	3,389	1,760
Operating expenses*	-1,930,110	-1,563,394	-1,419,297	-1,458,592	-1,345,054
EBIT	201,127	68,272	15,814	103,496	73,946
Net financial income/expense	-15,026	-18,580	-21,653	-11,655	-10,908
Profit/loss before tax	186,101	49,692	-5,839	91,841	63,038
Estimated tax	-39,656	-13,688	-251	-26,869	-19,501
Net profit/loss	146,445	36,005	-6,090	64,972	43,537
attributable to equity holders of the parent	146,080	35,760	-5,647	64,954	43,518
attributable to minoritetsintresse	365	245	-443	18	19
*of which non-recurring items			-15,000		

SEK 000	2022	2021	2020	2019	2018
Balance Sheet					
Assets					
Fixed assets	1,356,739	1,305,370	1,288,789	1,345,534	933,823
Current assets	916,190	687,120	474,412	574,830	486,999
Cash and cash equivalents and investments in securities, etc.	159,864	146,585	120,719	121,903	94,488
Total assets	2,432,793	2,139,075	1,883,920	2,042,267	1,515,310
Equity and liabilities					
Equity attributable to equity holders of the parent	989,241	729,196	637,192	684,434	652,888
Non-controlling interests	4,872	4,289	3,577	4,249	3,847
Long-term liabilities	704,353	697,275	803,884	816,404	490,504
Short-term liabilities	734,327	708,315	439,267	537,180	368,071
Total equity and liabilities	2,432,793	2,139,075	1,883,920	2,042,267	1,515,310
Of which interest-bearing liabilities					
Borrowings	685,364	682,262	525,227	603,462	374,649
Other long-term liabilities		1,568	9,078		
Pension provisions	127,034	178,814	168,474	169,711	131,216
Liability attributable to right-of-use assets	81,661	95,501	99,909	105,682	6,676
Total	894,059	958,145	802,688	878,855	512,541
Key financial ratios					
EBIT margin, %	9.4	4.2	1.1	6.6	5.2
EBIT margin before non-recurring items, %	9.4	4.2	2.1	6.6	5.2
Profit margin, %	6.9	2.2	-0.4	4.2	3.1
Equity ratio, %	40.9	34.3	34.0	33.7	43.3
Equity per share, SEK <sup>a</sup>	34.3	25.3	22.3	23.9	22.8
Basic earnings per share, SEK	5.07	1.24	-0.20	2.27	1.52
Return on equity after tax, %	16.95	5.2	-0.9	9.7	7.0
Return on capital employed, %	11.8	4.6	1.3	7.8	6.7
Return on net operating assets, %	16.7	6.8	1.6	10.6	8.5
Average number of employees	827	802	790	773	713
Passad on aquity attributable to aquity helders of the parent					

<sup>&</sup>lt;sup>a</sup> Based on equity attributable to equity holders of the parent.

SEK 000	2022	2021	2020	2019	2018
Cash Flow Statement					
Cash flow from operating activities before change in working capital	312,301	192,532	149,588	204,665	134,733
Changes in working capital	-111,362	-107,927	44,702	-21,405	-25,559
Cash flow from operating activities	200,939	84,605	194,290	183,260	109,174
Cash flow from investing activities	-124,609	-177,953	-81,931	-333,745	-93,673
Cash flow from financing activities	-79,129	113,572	-101,286	189,686	-14,175
Dividend paid	0	0	0	-14,301	0
Cash flow for the period	-2,799	20,224	11,073	24,900	1,326
Cash and cash equivalents and investments in securities, etc. at beginning of year	146,585	120,719	121,903	94,488	89,281
Exchange rate fluctuations, cash and cash equivalents	16,078	5,642	-12,257	2,515	3,881
Cash and cash equivalents and investments in securities, etc. at end of year	159,864	146,585	120,719	121,903	94,488

## **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.

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.

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.

## 10

Input and output signals.

## IP-based data communication

Communication of data packets via wired or wireless Internet connections.

Original Equipment Manufacturer. 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 (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.

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

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

## 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.

## **EBIT** margin

EBIT in relation to revenues.

## **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.

Cash flow from operating activities, cash flow from investing activities excluding acquisitions of subsidiaries, and amortization of lease liability.

## Net debt

Interest-bearing liabilities, which include loan liabilities, pensions and lease liabilities, less cash and cash equivalents and short-term investments

## Net operating assets

Total assets less cash and cash equivalents and interest-bearing

## Operating cash flow

Cash flow from operating activities.

Net profit in relation to revenues.

## Return on equity after tax

Net profit in relation to average equity.

## Return on capital employed

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

## Return on net operating assets

EBIT in relation to average net operating assets.

## **Annual General Meeting**

The AGM will be held at 3 pm CET on Wednesday 10 May 23 in Malmö, Sweden.

The Board of Directors has decided that shareholders will also be able to exercise their voting rights at the AGM through postal voting, pursuant to the provisions of Beijer Electronics Group AB's Articles of Association. Accordingly, shareholders can decide to exercise their voting rights at the Meeting through postal voting, in person at in the Meeting premises, or by proxy. They will also be an option to view the Meeting online at the company's website www.beijergroup.com, although without being able to vote or submit questions. No special registration is required to view the Meeting online. For more information on participation and notification of attendance at the Meeting, see the Notice Convening the AGM.

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 6 April 2023.

## **Financial information 2023**

26 April 2023	Three-month Interim Report
10 May 2023	Annual General Meeting
14 July 2023	Six-month Interim Report
24 October 2023	Nine-month Interim Report

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

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



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