

***BEIJER REF***

**Annual report and  
Sustainability report  
2021**

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## **GENERAL INFORMATION**

Beijer Ref AB is a public limited company with corporate identity number 556040-8113. The company has its registered office in Malmö, Sweden. All amounts are expressed in Swedish kronor with the abbreviation 'SEK K' for thousand kronor and 'SEK M' for million kronor. Figures in brackets refer to 2020 unless otherwise stated.

The total amount in tables and statements might not always summarize as there are rounding differences. The aim is to have each line item corresponding to the source and it might therefore be rounding differences in the total. Data about markets and the competitive situation are Beijer Ref's own assessments if no other source is specified. This report contains future-oriented information based on Beijer Ref's analysis and assessments made at the beginning of 2022.

Although the company's management is of the opinion that the anticipations evident from such future-oriented information are reasonable, no guarantee can be given that these anticipations will be proved to be correct. The formal Annual Report comprises pages 58-59 and 73-113. The Sustainability Report comprises pages 32-39 and information on pages 12-15, 17, 22-25, 44-45, 59, 66-67 and 116-117.

This Annual Report and Sustainability Report is published on the company's website ([beijerref.com](http://beijerref.com)). Printed copies will be sent on request to shareholders and other interested parties by Beijer Ref. A complete list of addresses over the Group's companies is available on [www.beijerref.com](http://www.beijerref.com). This document is a translation of the Swedish language version. In the event of any discrepancies between this translation and the original Swedish document, the latter shall be deemed correct.

# Beijer Ref snapshot

## Vision

Sustainable temperature control for all

## Mission

Striving to always be the preferred provider of sustainable refrigeration and HVAC solutions. Making customers' life easier by offering a broad assortment of the right products at the right time, together with excellent customer service through our skilled and engaged employees.

## Sales

16,9 billion SEK in sales 2021.

## Employees

4 200 in 39 countries in Europe, Asia Pacific and Africa.

## Our core values

Committed

Engaged

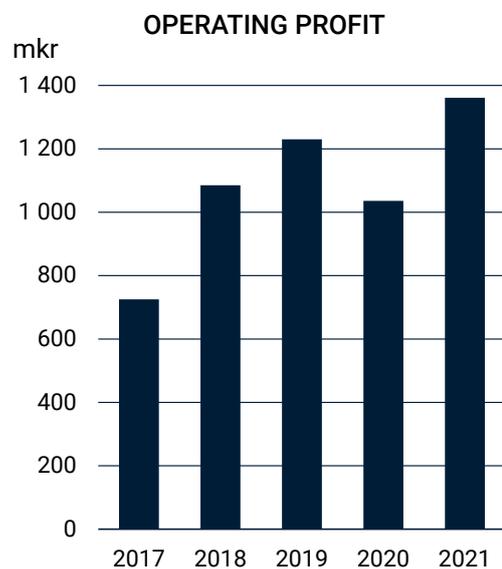
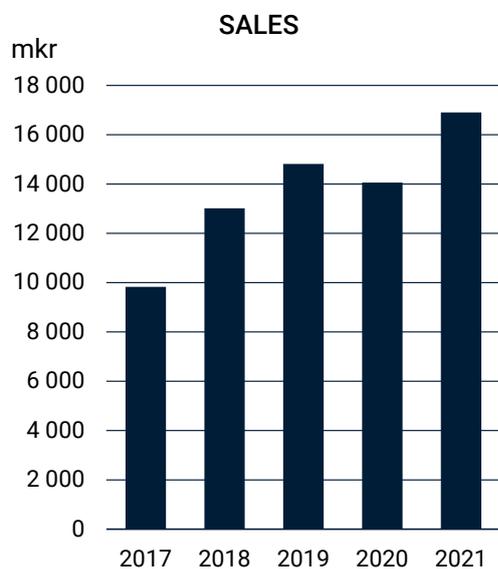
Straightforward

United

## Branches

over 450

# The year in brief



## KEY FIGURES

	2021	2020
Net sales, sek m	16 905	14 062
EBITDA, sek m	1 835	1 477
Operating profit, sek m	1 361	1 036
Profit after tax, sek m	990	729
Earnings per share, sek <sup>1</sup>	2,58	1,90
Dividend per share, sek <sup>2</sup>	1,10	1,00
Purchase price per share, sek	198	125

1) Before dilution

2) For 2021, in accordance with the Board of Directors' proposal

**20%**  
Sales  
increase

**31%**  
Earnings  
increase

**35%**  
Profit increase  
per share

**2,5**  
Net debt  
EBITDA

## Q1

- Beijer Ref starts the year with the acquisition of Complete Air Supply – an Australian HVAC distribution company.
- Per Bertland announces that he will step down as CEO of Beijer Ref in 2021.
- Beijer Ref makes its first acquisition in Germany by becoming the majority owner of the HVAC company Coolair.

## Q2

- Christopher Norbye is appointed CEO of Beijer Ref, to take up his role during the third quarter.
- The group signs a three-year agreement with Emerson for the European market. Emerson is a global software, technology and engineering company and, like Beijer Ref, is a leader in the refrigeration and air conditioning industry.
- To strengthen its position in Oceania, Beijer Ref acquires the assets of the Australian HVAC company, Industrial Refrigeration Components (IRC). At the same time, the group also signs an exclusive partnership agreement for the distribution of LU-VE products in Australia and New Zealand.

## Q3

- Beijer Ref becomes the majority owner of the Danish in-house manufacturing company Fenagy, which provides the conditions for growth in the industrial heat pump segment in Europe.
- The group establishes itself on the Greek market by acquiring 80% of the shares in the air conditioning company Inventor, with the option to acquire the remaining shares. The company has many years of experience in the HVAC segment and has a strong recognition factor with its own brand, Inventor.
- Beijer Ref strengthens its presence in Oceania by acquiring all the shares of Froid et Clim Distribution (FCD) - an HVAC&R distribution company operating in New Caledonia.
- Christopher Norbye takes over as CEO.
- The group continues its expansion in Australia with the acquisition of HVAC company Armcor.

## Q4

- Beijer Ref completes the acquisition of Inventor after the Romanian competition authority approves the acquisition.
- The group continues to grow in Oceania by acquiring Australian HVAC distributor Airstream.
- Beijer Ref ends the year with a new acquisition in Oceania - Clima Solutions, an HVAC distributor based in Auckland, New Zealand, and buying the remaining shares (40%) in Patton Albury, an HVAC&R wholesaler based in Albury, Australia.

# This is Beijer Ref

A global refrigeration wholesaler.

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

## **PRODUCTS**

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

## **IN-HOUSE PRODUCTION OF ENVIRONMENTALLY FRIENDLY TECHNOLOGY**

For a number of years, Beijer Ref has been focusing on in-house product development and the manufacturing of refrigeration systems and heat pumps with a clear environmental profile. In the original equipment manufacturing (OEM) segment, innovation and product development work is carried out in which environmentally-friendly alternatives are developed under their own brands. In-house manufacturing of environmentally-friendly products is mainly developed in Italy and the technical know-how is transferred to other countries. The group has also developed main centres for green technology based on propane in Sweden and ammonia in the Netherlands. Beijer Ref today supplies markets across large parts of the world with both sustainable standard solutions and customised total concepts for end customers.

## **GEOGRAPHICAL COVERAGE**

The group has around 4,200 employees, working in 39 countries. Our head office is in Malmö. With wholly-owned companies in Europe, Africa, Asia and Oceania, Beijer Ref is one of the world's largest refrigeration wholesalers.

## **CUSTOMERS AND MARKET**

Beijer Ref's products in the field of refrigeration, freezer and air conditioning systems can be found in all kinds of buildings. The products meet the demand primarily in three segments:

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

The end customer might be, for example, a restaurant or food shop with refrigeration and freezer equipment or homes or offices that need an air conditioning unit.

Distribution and installation of refrigeration and air conditioning solutions is done via an installation engineer who buys technology, refrigeration units and components from Beijer Ref. Orders can be for entire system solutions or spare parts. The after-sales market accounts for a significant share of Beijer Ref's net sales.

## **DISTRIBUTION AND SALES**

Beijer Ref primarily distributes its products through its own branch network and through its own logistics centres located in each market. Beijer Ref also owns five refrigerant filling stations. Sales and distribution occur either under Beijer Ref's name or under local names.



## Commercial and industrial refrigerants

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

# 44%



## Own manufacturing (OEM)

Own production of environmentally friendly cooling units and heat pumps. The end customer is often the same as above.

# 10%



## Comfort cooling (HVAC)

Climate control and ventilation for homes, offices and shops.

# 46%



As shown at the top of the page, Beijer Ref supplies its customers with products in commercial and industrial refrigeration, as well as for air conditioning. The illustration shows examples of some different environments where the products can be found: housing, offices, cafes, restaurants, restaurant kitchens with cold rooms, supermarkets and refrigerated food transport.

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



# Focus on profitable growth.

**Beijer Ref can look back on a successful 2021. Net sales amounted to SEK 16.9 billion, which is an increase of 20% compared to the previous year. Operating profit increased by 31% and all product areas showed strong organic growth. We have completed 10 strategic acquisitions while profit per share has increased by 35%.**

It has now been just over six months since I took up the position of CEO of Beijer Ref. Although the present circumstances have limited my travel, I have still had the opportunity to visit most of our subsidiaries in Europe. It has been very rewarding to meet country managers, suppliers, employees, customers and investors. During the year, I have immersed myself in our business and familiarised myself with the positive things that are being done within the organisation. I am grateful for the perseverance and innovation that our employees have shown during the year. I would also like to emphasize that we are closely following the developments in Ukraine. Beijer Ref has no direct exposure to either Russia or Ukraine, but we are of course affected by the human aspects that the war brings.

## **OUR ACQUISITIONS**

We have had an acquisition-intensive year. Ten acquisitions have been added to the organisation and the cumulative acquisition sales correspond to SEK 1.8 billion on an annual basis. New employees have been integrated and we have actively worked to promote the synergies that exist within each company. The acquisitions include air conditioning companies Sinclair (Czech Republic) and Inventor (Greece), climate and ventilation solutions company Armcor (Australia) and the green refrigeration technology company Fenagy (Denmark). Fenagy, which manufactures industrial heat pumps and refrigeration systems, is at the forefront when it comes to energy efficient and environmentally friendly solutions. The company is truly an innovator in the market and it will be exciting to follow their journey.

We will continue to strengthen our position in existing markets while taking new and leading positions in other geographical areas. Our investment process is clear: we believe in creating long-term and sustainable values for our customers, employees and investors.

## **TRENDS IN THE MARKET**

The phasing out of fluorinated greenhouse gases is now happening rapidly and various regulatory decisions are increasing the demand for environmentally friendly refrigeration solutions. Beijer Ref is well positioned for this ongoing conversion. In Padua (Italy), our subsidiary, SCM Frigo, develops refrigeration units based on the environmentally friendly refrigerant CO<sub>2</sub>. In 2021, in order to meet the increasing need for environmentally friendly refrigeration units, we completed a new production facility of approximately 13,000 square metres.

While we invest in our own production of refrigeration technology and heat pumps, we also work closely with our strategic suppliers on both product development and smart solutions. These underlying trends represent a large part of the initiatives we are taking to create sustainable growth.

## **DECENTRALISED BUT COORDINATED**

Beijer Ref conducts its business in a decentralised organisational structure. This creates many advantages: we have a flexible sales chain which makes it quick to reconfigure and adjust capacity in difficult times, as we could clearly see during the pandemic. The commercial decisions are local

“We believe in creating long-term and sustainable values for our customers, employees and investors.”

and we have great confidence in the employees who work in our subsidiaries. The freedom to take ownership of their own decisions in each local market is one of the cornerstones that contributes to Beijer Ref's entrepreneurial spirit. This is an important key in our business model and something we always evaluate before new acquisitions.

“The commercial decisions are local and we have great confidence in the employees who work in our subsidiaries.”

To ensure that all divisions have good efficiency, we are constantly working to refine our way of working. It should be decentralised but coordinated and we will take advantage at every opportunity of our size and leading position.

#### **INCREASED DIGITALISATION**

Our e-commerce continues to grow and connecting our strong local networks, consisting of 450 branches, is a central part of our ambition to build a digital infrastructure. At the same time, we want to offer our customers a smarter and simpler ordering experience. Streamlining and optimising the customer's overall digital experience is high on the agenda and we are putting dedicated work into implementing technology in the form of existing and new tools.

#### **SUSTAINABILITY**

For me, sustainability is important on both a personal and a professional level. We must secure the future of the next generations and manage our resources in the best possible way. Environmental requirements and complex changes in the European market require new technological solutions. We have an ambitious and targeted framework for how we shall implement our various sustainability efforts and contribute to creating a more sustainable society in the long term. As an industry leader in most markets, we have the opportunity to drive this transformation process and be part of the solution.

Through our unique training concept, the Beijer Ref Academy, we continue to train employees and suppliers in using natural refrigerants. At the time of writing, we have opened facilities in Padua (Italy), Lyon (France), Wuxi (China), Bangkok (Thailand), Spånga (Sweden), Sydney (Australia) and Yorkshire (England). Our goal is to continue to invest in existing and new facilities.

As an organisation, we want to be a voice for diversity and inclusion. The platform for our values is based on four key words: Committed, Engaged, Straightforward and United. These words permeate our entire organisation and are the engine of our strong corporate culture. Investing in employees is one of the most important factors in creating a pleasant workplace that inspires confidence. In 2019, we launched our Beijer Ref Exchange Programme. Unfortunately,



due to the pandemic, we have had to pause the programme for two years, but the plan is that in 2022 we will launch our exchange programme again. I see this as a fantastic opportunity to export knowledge within the organisation and highlight new talent.

### **CONCLUDING COMMENTS**

I would like to say a big thank you to all our dedicated and competent employees. It is thanks to you that Beijer Ref has developed at this positive pace. The level of activity has been very high in 2021 and our ambition is to continue to complement our business with new strategic acquisitions. I would also like to thank our shareholders for your continued confidence. We enter 2022 in a strong financial position.

Malmö, March 2022

Christopher Norbye  
CEO

# Trends and driving forces

Beijer Ref has defined a number of external factors that have a major impact on the company, its focus and product development. Together with the group's customers and other stakeholders, Beijer Ref takes advantage of the opportunities that these create to achieve profitable growth.

## **GLOBAL WARMING**

One of the biggest challenges for a sustainable society is to reduce greenhouse gas emissions. At the 2015 Paris climate conference, the world's countries agreed to keep the temperature rise below two degrees, with a view to limiting it to 1.5 degrees. Further climate meetings have subsequently been held by the UN countries to continue to push forward climate work with clearer goals and, above all, action requirements. The last climate summit was in the autumn of 2021 - COP26 - in Glasgow, Scotland. Emissions from refrigerants are a significant factor in global warming. A large responsibility therefore rests on the industry as a whole.

### *WHAT IS BEIJER REF DOING*

The group's in-house manufactured and green products help accelerate the market's transition to sustainable refrigeration technology solutions that use natural refrigerants. Beijer Ref invests continuously to develop and streamline the technology and the installations that follow.

## **GLOBALISATION AND URBANISATION**

Population growth and urbanisation are increasing the need for the transport of goods and people. The transport sector is regarded as one of the biggest challenges, since it accounts for a significant proportion of greenhouse gas emissions and energy consumption. Along with higher disposable incomes, this has resulted in changing buying patterns, such as increased demand for chilled and frozen dishes. All in all, this is contributing to new investment needs and increased demand in both traditional food retailing and in totally new retail categories. When food boxes are bought online, refrigeration systems in transport vehicles become a prerequisite, which means a requirement for more refrigerated counters and expanded distribution facilities.

### *WHAT IS BEIJER REF DOING*

Beijer Ref meets the increased demand by offering one of the market's widest ranges of products and solutions that address the changing needs. An increased level of attentiveness and digitalised purchasing processes also contribute to an efficient supply chain.

## **NEW BUILDING AND REPAIR/MAINTENANCE**

The increase in new building in recent years is linked to both prosperity and the need for more housing. This means a large increase in installations of HVAC units. In both residential and commercial premises, the installation of HVAC equipment is expected to increase in the coming years.

### *WHAT IS BEIJER REF DOING*

The group delivers sustainable energy solutions for indoor comfort in all types of properties – from supermarkets to offices, as well as hotels, restaurants and catering (HORECA). Beijer Ref's product range has an increasing proportion of solutions that contribute to lower greenhouse gas emissions.

## **INCREASED AC PENETRATION**

There are several factors in the air conditioning segment that are driving an increase in demand. Installing heat pumps and air conditioning in the home is becoming more common, even in the northern part of Europe, not least due to the heatwaves that have occurred in recent years in the summer months. With more new building comes more installations and also that air conditioning can be used to heat the home. The increasingly common home office also contributes to an increased need for a comfortable indoor climate. The technology is increasingly being acknowledged to be energy-efficient, safe and more environmentally friendly than other alternatives. The growing middle class in warm continents

“An increased degree of responsive and digitized processors contributes to an effective supply chain.”



such as Asia and Africa is also contributing to increased demand for comfort cooling, which according to studies is directly linked to increased quality of life.

#### **WHAT IS BEIJER REF DOING**

By having close, long-term collaborations with leading suppliers and own brands, the group makes AC products accessible through its widespread market presence and distribution.

#### **TECHNOLOGICAL SHIFT IN HEATING**

In the HVAC segment in Europe, especially in the UK, Benelux and France, the trend is to replace oil and gas burners with more energy-efficient air and water heat pumps. The focus is based on a number of market drivers that work together, such as increased electricity production through solar cells and wind turbines, regulatory targets for renewable energy and implementation of programmes to reduce carbon dioxide emissions produced by burning fossil fuels.

#### **WHAT IS BEIJER REF DOING**

With the help of the market's widest distribution network, the group offers sustainable and energy-efficient HVAC solutions for all types of properties in all countries in Europe. Since Beijer Ref foresaw the technology shift at an early stage, the group has worked proactively by influencing the supply chain in order to meet this trend.

#### **DIGITALISATION**

As digitalisation increases, e-commerce grows and end customers need to easily control their installed technology. Smarter technologies, such as the use of smartphone apps, make it possible to remotely control lighting, heating and ventilation.

Increasing sales via e-commerce creates greater availability and more reliable deliveries for refrigeration and HVAC products. The accelerating pace of digitalisation is an important driver for future business as it provides the opportunity for increased customer benefit, deeper customer relationships and new business opportunities with, for example, loyalty programmes and automated suggestions, which leads to further upselling.

#### **WHAT IS BEIJER REF DOING**

Beijer Ref prioritises developing digital solutions that can be used by all companies in the group. The work takes the form of creating common platforms for e-commerce and business systems, which means increased efficiency and synergies in the long run. The group is also working with both its own and suppliers' leading brands to drive development forward with products that are increasingly IT-controlled.

#### **SUSTAINABILITY**

The market is changing to green refrigeration technology and more and more end customers are replacing or upgrading their existing technology, especially in the Nordic region. At the same time, demand for natural refrigerants from other non-European markets is increasing.

#### **WHAT IS BEIJER REF DOING**

Beijer Ref is constantly developing its range of in-house manufactured green products. The group is also involved in influencing other suppliers' ranges of green products. Beijer Ref has also established training centres in a number of key markets where employees and customers receive training in how to handle natural refrigerants.

# Our business

Sustainable temperature control for all.

## OUR MARKET

Beijer Ref's market is global and it is growing. The market for commercial refrigeration is relatively insensitive to economic fluctuations because it is largely linked to the food sector. The group is acting to consolidate a market consisting of a number of players that usually operate in a local or regional market. Competitors in commercial refrigeration for example are

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

### Financial goals:

Growth  
Return  
Equity ratio  
Dividend

## THE GLOBAL OUTLOOK

A more global and more integrated world

Increased welfare

Changes in behaviour and increased urbanisation

More digital solutions and services

Sustainable solutions are needed to reduce global warming

## OUR STRATEGY

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

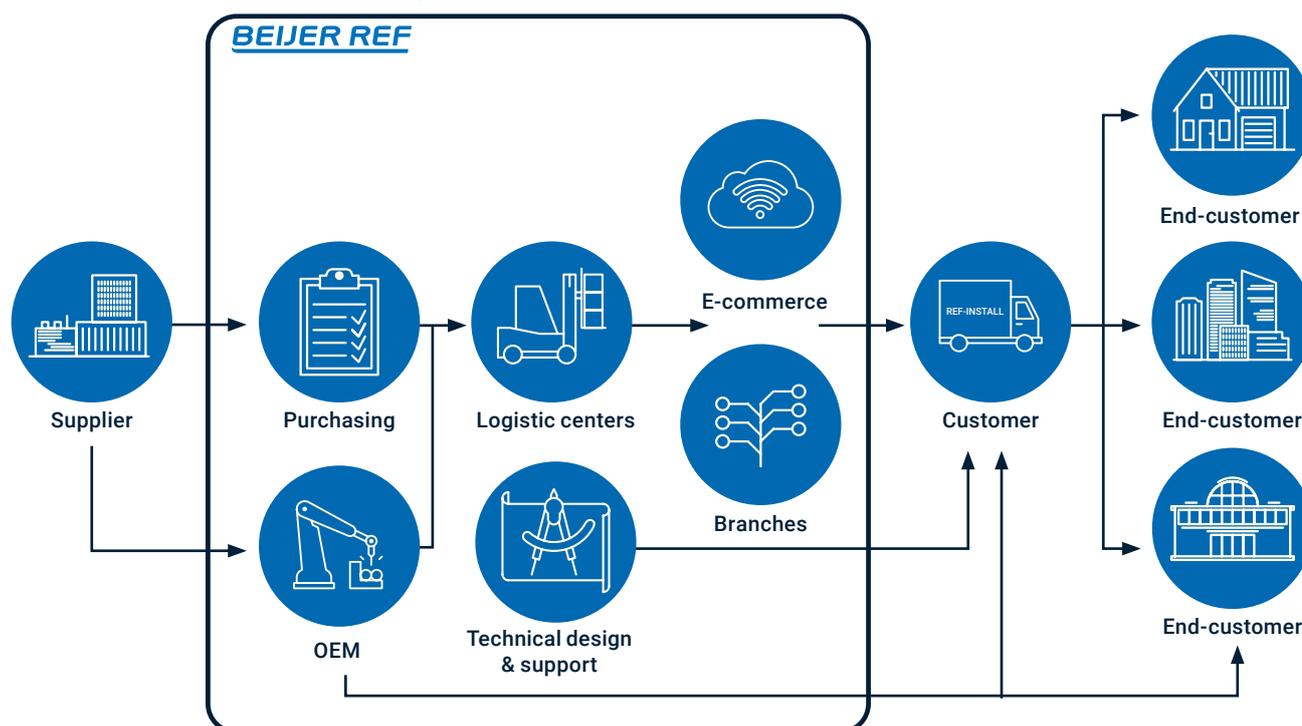
Business model tailored to end customers: the food sector, offices and housing

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

Technical support and a high level of engineering knowledge for customers

A business concept that lasts over time

## The Beijer Ref value chain



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

## OUR VALUE CHAIN

### PURCHASING AND LOGISTICS

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

### WHAT WE OFFER

Beijer Ref offers its customers added value through competitive solutions in refrigeration and air conditioning. The group also provides refrigeration technology that is manufactured in house and also offers everything from components and spare parts to entire systems. Most of the company's sales are made to the aftermarket, with the remainder consisting of new installations.

### OUR CUSTOMERS

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

### DESIGN AND TECHNICAL DESCRIPTION

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

### SALES AND SUPPORT

The added value is also created by having an especially close dialogue with customers, in order to always have a good understanding of the needs that govern the development of the market.

### DELIVERY AND FOLLOW-UP

Beijer Ref's products are mainly sold through the group's more than 450 branches spread across 39 markets. Some of the sales go directly from the group's logistics centres and production facilities.

### EMPLOYEES

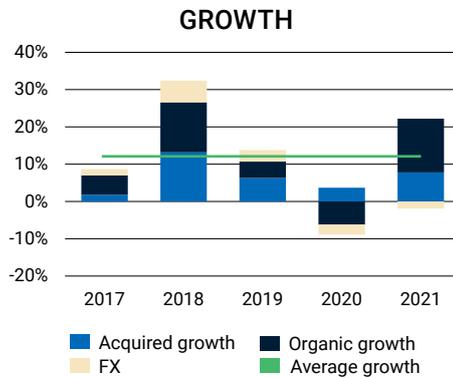
Beijer Ref's organisation is characterised by a strong corporate culture that is shaped by entrepreneurship and a passion for responsible business. Employees share common values, encourage simple forms of organisation and an environment that promotes development.

# FINANCIAL GOALS AND GOAL FULFILMENT

As part of the company's strategy, Beijer Ref has set long-term goals - both financial and non-financial.

## Growth

Grow faster than the market

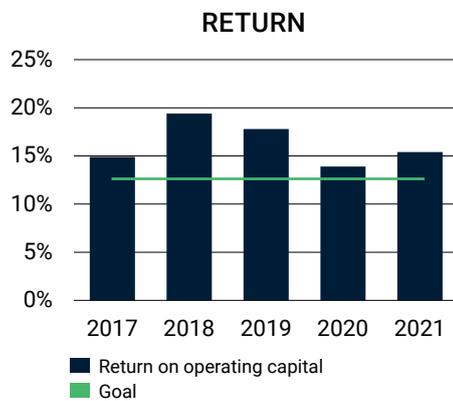


## GROWTH

Beijer Ref's goal is to grow more than the market. In 2021, growth was 20.2% (-5.1), of which 14.4% was organic growth (-6.2). Total growth has averaged 12.5% over the past five years. Beijer Ref's most important prerequisite for long-term success is profitable growth.

## Return

Return on operating capital, minimum 12%.

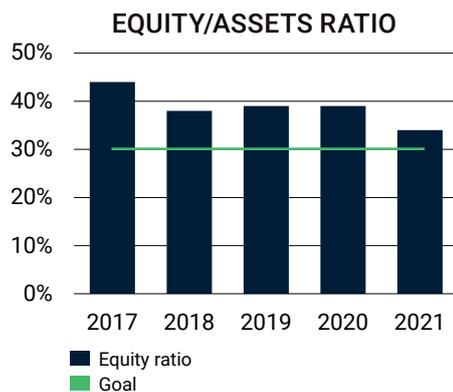


## RETURN

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

## Equity ratio

Equity ratio minimum 30%.

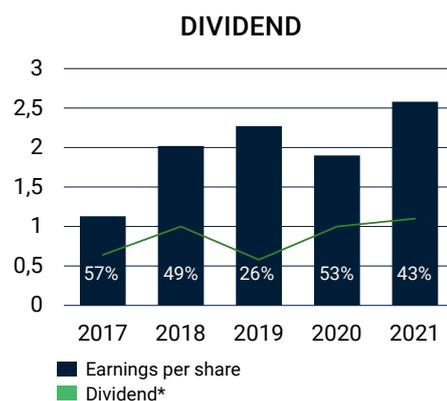


## EQUITY RATIO

The equity/assets ratio in the group shall be at least 30%. Good solvency shows that the group has a strong financial position, which is a necessity in a company with strong growth. Over the past five years, the average equity/assets ratio has been 39.5%. The equity/assets ratio decreased over the past year due to an increased balance sheet total.

## Dividend

Distribute more than 30% of the net profit.



## DIVIDEND

Beijer Ref aims to distribute more than 30% of profits after tax. Good return on deposited capital contributes to a stable ownership structure. Over the past five years, the average dividend ratio has amounted to 48%.

\*) for 2021 in accordance with the Board of Directors' proposal

## NON-FINANCIAL GOALS AND GOAL FULFILMENT

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

### GREEN PRODUCTS

	2021	2020	2019	2018
Eco-friendly sales	33%	32%	26%	21%

The goal is to increase sales of in-house manufactured products suitable for refrigerants with low GWP below 150 to more than 50% of total in-house manufactured sales by the end of 2025. Today, that proportion is 33% (32). The company expects this proportion to gradually increase as demand for refrigeration systems with environmentally-friendly refrigerants increases. In-house production has increased at the same rate as other sales, but the environmentally friendly part has not increased to the same extent. This is because the company's manufacturing company ended the year with a strong order book that has not been delivered due, among other things, to component shortages.

### SHARING GREEN KNOWLEDGE

Beijer Ref Academy is a very good concept for spreading knowledge about green technology to the group's customers and suppliers and the ambition is to open more academies in the coming years. The goal is to have a total of six academies established by 2023. At the end of 2021, the company had 5 academies.

### BUSINESS ETHICS AND ANTI-CORRUPTION

The goal is for all employees to undergo training in business ethics and anti-corruption – which was achieved in 2021. New training is planned annually to maintain this goal.

### RESPONSIBLE SUPPLY CHAIN

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

### SAFE AND HEALTHY WORKPLACE

	2021	2020	2019	2018
Sick leave long term	1.1%	1.3%	1.1%	1%
Sick leave short term	1.3%	1.8%	1.1%	1.1%
Total sick leave	2.4%	3.1%	2.2%	2.1%
Target	<4%	<4%	<4%	<4%

The goal is to have a healthy and safe workplace with sick leave below 4%. In 2021, sickness absences amounted to 2.4% (3.1). The number of incidents resulting in absences was 7 (4). The goal is to have zero serious incidents.

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

### EQUAL WORKPLACE

The goal is a more equal group with a higher proportion of women in all positions. Today, about 22% (22) are women, which shows the importance of constantly working on activities that can drive the transition.

*For definition and description of accounting principles regarding non-financial goals, see pages 116-117.*

# Strategic focus areas

Beijer Ref focus on the following five strategic areas.



## ACQUISITIONS

Acquire to expand into new geographical areas and complement the existing portfolio.



## OWN MANUFACTURING

Grow in green solutions with strategic suppliers whilst we complement the product range with our own brands and our own production.



## SUPPLY CHAIN

Deliver excellence within our joint purchasing and logistics chain.



## DIGITALIZATION

Strive for industry excellence and expand to digital interactions, at the same time as we digitize our other sales channels.



## SUSTAINABILITY

Provide sustainable solutions globally and enable greens transformations.



**"One of the areas where Beijer Ref can make the biggest difference is in own production of environmentally friendly products."**

**Christopher Norbye, CEO**

# An acquisition-intensive year

Ten strategic acquisitions that have strengthened our market position.

Acquisitions are one of Beijer Ref's strategic focus areas and an important cornerstone of the group's growth strategy and DNA. By purchasing other players in the industry, the group can add geographical breadth and build a global presence in a faster way than through organic growth.

Beijer Ref has a stated acquisition strategy in a number of strategic markets. The group continuously evaluates acquisitions of profitable companies with market-leading positions and smaller supplementary acquisitions that can strengthen competitiveness and profitability both locally and globally.

In Beijer Ref's market, there are many examples of successful companies with strong customer relationships, but which may lack the logistical and financial conditions required to grow. The group can acquire these companies at attractive valuation multiples and thus access new customer bases, geographical markets, brands and complementary product segments.

For several years, Beijer Ref has been extremely active in consolidating the market. Through consistent acquisitions, the group has grown to become one of the few players in the industry that has a global presence in commercial refrigeration. Since the beginning of the 2000s, Beijer Ref has completed 45 acquisitions in Europe, Asia Pacific and Africa.

## CLEARER ACQUISITION FOCUS

When EQT became the principal owner at the end of 2020, a new target became clear for Beijer Ref - the group would intensify its acquisition activities. Beijer Ref has previously had a structured acquisition process that includes employees at both central and local level. During the year, the process has been further refined. The Head of M&A position has been set up to be responsible for the process from a central point of view. Regional and country managers are involved in certain parts of the process - which consists of different phases covering strategy, as well as screening, implementation and integration.

The first phase involves expanding the number of potential takeover candidates by performing a thorough probe of the market. This includes carefully mapping the countries on the

interest list and coming up with a number of target companies. The list of potentially interesting companies is revised at monthly reconciliation meetings. When the process has progressed even further, a project team is put together to evaluate and analyse selected companies and their market in more detail. This includes legal, commercial and financial due diligence.

## EFFECTIVE INTEGRATION

Identifying and performing acquisitions is one part of building a strong and profitable business. In order to achieve long-term success, it is also crucial that employees of the acquired businesses feel involved and engaged, which is part of the integration process that takes place.

In addition to synergies in purchasing and logistics, the acquired company will benefit from a number of advantages such as an expanded product range and joint back office. Other benefits include entering a global context with more sales channels and gaining access to a valuable network of other companies in the same industry.

Issues related to corporate culture are at least as important as successful technical integration and integration of customer and supplier agreements. Therefore, we have a developed onboarding process that includes value-driven communication as well as training in the group's business ethics approach.

## ACQUISITIONS 2021

2021 was Beijer Ref's most acquisition-intensive year ever, with ten acquisitions completed. Most of the newly added companies operate in HVAC, which is a market in growth.

Three acquisitions that stand out are the purchase of the HVAC company Inventor in Greece - a new geographical market for Beijer Ref. Also, the majority of the shares in the Czech HVAC company Sinclair were acquired. During the year, Beijer Ref also became the majority owner of the in-house manufacturing company Fenagy in Denmark, a strategically important acquisition that will pave the way for green in-house manufacturing technology in Europe.

"We have a clear acquisition strategy and we are constantly evaluating new players on the market. "

David Ericsson, Head of M&A

#### CHARACTERISTICS OF TARGET COMPANIES

- 10 - 50 € million in sales in present geography
- >50 € million for strategic acquisitions or entry into new markets
- >5% EBIT margin
- Synergies on the sales and/or purchasing side
- Local management

#### IMPORTANT ACQUISITION CRITERIA

In order to be successful with Beijer Ref's decentralised model, the following is important:

- Strong management
- Stability with documented profitability
- Leading market position
- Sustainable operations

#### OUR PHILOSOPHY FOR SUCCESSFUL ACQUISITION INTEGRATION

In order to successfully integrate new companies, Beijer Ref follows the following guidelines:

- Entrepreneurship in acquired companies is highly valued
- Acquired companies constitute independent legal entities with own profit responsibility
- Integration and coordination in the group focuses on broadened sales with the aim of strengthening the group's product and distribution offering

# Own Manufacturing

Expansive green technology transition.

The need for alternative refrigeration solutions is continuously growing, and Beijer Ref sees it as its task to be a player that contributes significantly to creating the conditions for more sustainable solutions in its industry. Being at the forefront of this new technology development is also driving the company's expansion.

Since 2015, there has been an F-gas regulation and a phase-out staircase within the EU with an end date of 2030, which will mean a severely reduced supply of environmentally hazardous HFC gases. The requirements of the Kigali amendment to the Montreal Protocol are also driving the phase-out.

## THE MARKET IS CHANGING

The regulatory phase-out requirements are causing a transition in the market. This is being done, among other things, by replacing or upgrading existing cooling technology. The new era of refrigeration technology is environmentally friendly and is based on refrigerants with low global warming potential (GWP) values. Natural refrigerants such as CO<sub>2</sub>, ammonia and propane are examples of such proven alternatives that have been used in various refrigeration and HVAC applications for many years.

The first to replace their technology were the supermarkets. Of Europe's approximately 115,000 supermarkets, around 30% are now estimated to use environmentally friendly refrigeration systems. More end-user segments are also starting to catch on to the transition, such as smaller shops, petrol stations and the so-called HORECA segment. That means that the majority of the market is still facing, or in the process of pushing through a transition.

## GREEN MANUFACTURING GLOBALLY

Beijer Ref was early in creating the conditions to be able to deliver environmentally friendly technologies to the market through the acquisition of SCM Frigo in Italy. Since then, the group has stepped up its green in-house manufacturing and spread its know-how within the group. Today Beijer Ref is a driving player in the industry that develops and manufactures environmentally friendly refrigeration technology on several continents. Although the base of the group's in-house manufacturing activities is derived from Italy, Beijer Ref has established additional in-house manufacturing in Sweden, France, the Netherlands, Thailand, Australia, China and South Africa and is thus the only refrigeration wholesaler in the world to have global manufacturing of green refrigeration technology products.

## DOUBLED GREEN PRODUCTION

Beijer Ref closely monitors market developments and has assessed that the need for environmentally friendly refrigeration technology is so great that a capacity increase was required. Therefore, the decision was taken to invest in a new plant in Italy. In addition to manufacturing products based on green refrigeration technology, the plant itself would be environmentally adapted with energy-efficient solutions and solar cells to generate green electricity.

The new plant came into full use in the second quarter of 2021. Areas for production, storage and the Beijer Ref Academy training centre share a total area of 13,000 m<sup>2</sup>. In particular, the venture provides the opportunity for Beijer Ref to more than double its production of environmentally friendly technology in Europe.



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### LOCAL EXPERTISE

Beijer Ref has also created an effective internal structure for its green technology. This has resulted in Italy being the main centre for R & D (research and development) focusing on CO<sub>2</sub> while the Netherlands develops solutions with ammonia. In Sweden, units are built with propane as an environmentally friendly refrigerant.

Beijer Ref is working on developing new products in all areas. In order to develop the best environmentally friendly technology and also disseminate it, an organisation that is driven and has cutting-edge expertise is required. That is why Beijer Ref has made efforts to train its staff, as well as recruiting key people who can help push development forward in the right direction. All in all, this has resulted in the organisation having significant expertise in a complex area, and with the ability to help customers with everything from start-up to operational control.

### INDUSTRIAL HEAT PUMPS

Another example of capacity expansion is Beijer Ref's investment in the Danish refrigeration technology company Fenagy A/S. In 2021 Beijer Ref became the principal owner of the company, which started in 2020. Fenagy is developing and launching a new product range of industrial heat pumps and

refrigeration systems based on the environmentally friendly refrigerant CO<sub>2</sub>. There is a great need on the European market for such technologies, which can be used, for example, by district heating plants that convert electricity using heat pumps.

The idea behind the investment is that the group will be able to cover more markets, especially in northern Europe where the transition to green technology is fastest.

### EXPANDED FILLING STATIONS

As a result of the investments in natural refrigerants, Beijer Ref has also invested in filling stations for refrigerants. Last year, a new production line was opened in Gothenburg, which mainly supplies the group's Nordic companies with the natural refrigerant CO<sub>2</sub>. Demand for environmentally friendly refrigerants has been high and Beijer Ref will therefore invest further in order to also offer propane filling to its customers. This means that the group's investments in the environmentally friendly programme can be secured reliable access to the right kinds of refrigerants. Having its own handling of refrigerants has become one of Beijer Ref's strengths.



## ENVIRONMENTALLY FRIENDLY REFRIGERANTS

### CO<sub>2</sub>

CO<sub>2</sub> has long been used for refrigeration plant in the food industry and food trade and is a natural refrigerant with a very low GWP value (1). Beijer Ref's sales of technology based on CO<sub>2</sub> are increasing every year. The hub for such manufacturing has been placed in Italy.

### AMMONIA

Beijer Ref has concentrated its efforts on refrigeration technology based on the natural refrigerant ammonia in the Netherlands. The technology is mainly used in industrial contexts such as ice rinks and factories. The company has over 30 years of experience working with ammonia and developing solutions in close dialogue with installers and end customers. In this way, it is possible to develop tailor-made products that are adapted to the needs of the customers. An example of such a solution is the group's ammonia-based unit of its own manufacture, which is also energy efficient.

### PROPANE

Propane is a natural refrigerant that is growing in popularity. Beijer Ref in Sweden has a leading role within the group in manufacturing propane-based heat pumps and air conditioning units. The work is innovation-driven and all development takes place in close cooperation with the operation in Italy. The property market is particularly relevant for propane, because more and more property owners are seeing the advantages of implementing air conditioning and heat pumps that are environmentally friendly and energy efficient.

### GREEN SYNTHETIC REFRIGERANTS

In the transition to environmentally friendly refrigeration technology, a number of end customers want to be able to make the most of their existing refrigeration systems, while staying within the legal requirements. A refrigerant that solves this problem is what is known as HFOs, which have GWPs lower than 150, and thus have a significantly lower greenhouse impact than the traditional HFC refrigerants. In this way, in a transitional period, they can replace the environmentally hazardous F-gases, since low-GWP synthetic refrigerants can be used in installations where natural refrigerants are not yet practical or economically feasible.

# Own brands

A growing area.

Beijer Ref is known for having distribution agreements with the world's leading suppliers and brands in refrigeration and HVAC. In parallel with this, the group also develops its own brands. SCM, CUBO, Patton and Kirby are some examples of these.

With the aim of building up brands as an alternative to the market's best-known product names, Beijer Ref has made a clear investment in three product brands – Freddox, Sinclair and Inventor. There are many advantages, since the brands complement each other in range and content. Owning and developing our own product names also provides increased control, with opportunities to control production and price levels.

Beijer Ref is now working to further define and develop the brand promises that are associated with the brands. In the future, it will also be possible to connect in customer loyalty programmes that can create further added value for both customers and the group.

## **FREDDOX**

For a couple of years now, the group has been investing in developing the group-wide Freddox brand, which includes component items and products in refrigeration technology such as tools and copper. The idea is that it will be able to give customers a competitive offer while at the same time providing the group with improved margins. So far, Freddox has been launched on a small scale, but the plan is to allow more and more countries to use a growing product range in

the coming years. Until then, the rollout is being prepared with well thought out marketing materials, including a brand and communication platform and website.

## **SINCLAIR**

When Beijer Ref acquired the Czech HVAC company Sinclair in 2021, it also meant that the group took over the product brand of the same name. Sinclair offers HVAC products, air conditioning and heat pumps and is now being prepared to be widely launched and sold through several of the Group's companies.

Sinclair has already established a full-scale product and supply chain, including the back-office and product support department. The goal is for the brand to significantly increase its sales over the next five years by means of a well-planned launch.

## **INVENTOR**

When Beijer Ref acquired the Greek company Inventor, the product brand was also included. The brand offers HVAC products and is also well known among end consumers in the domestic market Greece. Inventor is also sold in five further markets in Europe, and also has a sales channel through Amazon.





"Own brands add value to our group and is a strong complement to our existing assortment."

Simon Karlin COO ARW EMEA & EVP

# The basis for profitability

A digitalised supply chain creates new conditions.

Logistics and purchasing play key roles in creating synergy effects in an international group. Within Beijer Ref, these two areas operate in one department - Supply Chain.

## **GREAT DIGITALISATION POTENTIAL**

The aim is to achieve the highest possible efficiency through better purchase prices, less capital tied up in stock and better delivery precision. To achieve this, a group-wide business support system is used, what is known as a (Business Intelligence) tool. This captures, synchronises, analyses and processes quantities of relevant data throughout the supply chain. With advanced data analysis, advanced algorithms, cloud solutions, robots, automation and increasingly advanced but easily applicable software, the possibilities are great. This creates the conditions for lower costs, less capital tied up, higher service levels and increased flexibility.

The purpose of the BI tool is to increase visibility throughout the entire chain. This gives Beijer Ref an opportunity to monitor stocks, plan purchases and improve service levels to customers. The more items that are added to the master database, the better the basis for the BI tool. It is ongoing work. Although most of the volume items have now been added to the master database, new ones are added as the group grows. During the year, the BI tool has been implemented in a number of companies in Europe. The companies in Asia Pacific already use a similar system. The aim is for the entire group to use the same system.

The intention of having a common overview of the items is that the companies can get a picture of the group's total stock status. This means that the companies can also deliver items from other companies' warehouses in case of urgent

need - a strength only an international group can possess. This was very useful during the year when the pandemic effects created raw material and component shortages, which among other things resulted in price increases for copper and oil. Through close cooperation between the companies, the consequences could as far as possible be mitigated.

## **REGIONAL STOCKS**

The group's warehousing strategy has in recent years gone from having a local focus with several distribution centres in each country to having a more national and regional focus. Beijer Ref has therefore merged together warehouses in a number of markets and created distribution centres covering several companies. An example is the Beijer Ref Support Centre in the Netherlands, one of the group's largest distribution centres. In 2021, all warehouse stocks from nearby companies in Benelux have been transferred there. In France too, a central warehouse for the Group's French companies will be built in Lyon. There are also central warehouses in Denmark, the United Kingdom, Norway, Australia and New Zealand.

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

## **SMART PRODUCT RANGE STRATEGY**

In order to benefit from the group's composition and global presence, Beijer Ref has already introduced Category Managers who work on a number of product categories at

**“Beijer Ref's strength lies in having a flexibility in its distribution chain that can meet the needs of the suppliers.”**

central level. Categories at present are tools, copper, HVAC, refrigerants, compressors and heat exchangers, which are the largest product groups within the company. Each category manager is responsible for setting out a product range strategy for the respective product category encompassing everything from defining what a product range is to contain to assessing demand, managing stock levels and finding the right sales channels. This optimises the supply chain for Beijer Ref, its suppliers and customers.

Another project that has been going on for just over a year is internal optimisation of excess products. In a large group such as Beijer Ref, warehouse situations sometimes occur where stocks of certain products are excessive in relation to needs. Beijer Ref has solved this situation by selling such products to other companies within the group where the need is greater. As a result, Beijer Ref optimises its product portfolio while this is also a better option from a sustainability perspective, since significantly fewer items go to waste. Work on internal optimisation has been developed during the year with positive results. The process is constantly honed by sharing best practice and spreading knowledge within the group.

### **STRONG RELATIONSHIPS**

Beijer Ref warehouses and supplies the market with a large number of items in refrigeration and air conditioning. This requires both market knowledge and relationship building in several stages. Having long-term and close partnerships with quality suppliers is therefore an important part of the business strategy.

The mix of brands and suppliers has been carefully composed and provides Beijer Ref with unique breadth in its product

range on the market. The product portfolio contains brands covering the whole spectrum from the low price segment to the premium level. Each market must be able to provide customers with at least two strong and well-known brands in each product category. The suppliers in turn have access to the group's extended and global distribution network and customer base. Beijer Ref's strength lies in having flexibility in its supply chain, which can meet the needs of most suppliers.

### **WELL-COMPOSED SUPPLIER PORTFOLIO**

One of the main tasks of the Supply Chain organisation is to maintain the well-established partnerships that Beijer Ref has with leading suppliers in the industry. Because purchasing volumes increase as Beijer Ref grows, the supplier and product portfolio is constantly reviewed. The goal is to reduce the number of suppliers and work with larger strategic partners. The aim is to develop cooperation within each product category and standardise the range. As well as competitive prices, this also provides an opportunity for the group to steer the product range towards more environmentally sustainable alternatives.

During the year, the Supply Chain organisation has renegotiated most of the supplier agreements due to the raw material and component shortages that occurred, which led to price increases. The new agreements regulate compensation for the price increases so that the risk is distributed between supplier and purchaser. Sharing responsibility is important in volatile periods and ensures pricing and the ability to keep the right levels of product stocks.

# Digitalisation

Digitalisation in all sales channels  
will secure the future.

The work to develop Beijer Ref's digitalisation is an important part of the group's strategy and is seen as an important tool that will benefit the company's work and business model. Within the framework of Beijer Ref's efforts to streamline its own processes, as well as to bring customers the right offering in digital channels, the group continues to develop its IT structure, with business support systems and e-commerce platform.

## **CENTRAL RESPONSIBILITY**

Because of its high ambitions, in 2021 Beijer Ref appointed a CDO/CIO (Chief Digital Officer /Chief Information Officer) to drive the work on digitalisation from a central position. The task includes creating a central digitalisation agenda for the group, the ambition of which is to create synergies with common platforms for e-commerce, business systems and BI (business intelligence) tools.

## **THE BASIS IS MASTER DATA**

In order for all subsidiaries to be able to offer sales via e-commerce in the long term, Beijer Ref has established a central master database that creates a common article code system and also introduced a central system that handles all items - what is known as a PIM (product information management) system. The PIM system also forms the basis for being able to perform various analyses in the Supply Chain organisation, among others, using BI tools.

The PIM system stores data about products and their technical specifications, media and product documents, which is work that is constantly ongoing. Maintenance of and improvements to the platform, as well as the roll-out of the PIM system among Beijer Ref's subsidiaries, have continued according to plan during the year.

## **ACCESSIBLE AND ATTRACTIVE E-COMMERCE**

Beijer Ref's e-commerce has continued to grow in 2021. The foundation that was laid a few years ago for a central e-commerce solution has created the conditions for effective implementation at many of the subsidiaries. As a result, more and more of the group's companies can offer their customers websites that are more user-friendly and that make it easier for customers to complete orders. With the aim of increasing digital sales, work is underway to develop the e-commerce platform and expand the number of services.

E-commerce sales currently represent approximately 10 per cent of the group's total sales. With the goal of e-commerce accounting for at least 20 per cent of sales by 2025, implementation of the e-commerce platform will have increased intensity in the coming years.

## **MODERN BUSINESS SYSTEM IN THE CLOUD**

Beijer Ref has further digitalisation projects that run in parallel with the expansion of e-commerce. As an international group, there are synergies to be gained from a common business system. Such a project was therefore initiated a few years ago, which means that Beijer Ref is working to implement the same business platform at the subsidiaries, with the aim of modernising the IT structure with cloud technology. During the year, a number of companies in Asia Pacific have implemented or upgraded their business systems and similar projects have begun in Europe.

In 2022, the central digitalisation work to establish a common agenda that will be disseminated to all subsidiaries will continue. This also includes creating internal fora that can discuss and share best practice – a natural advantage of a large group where many companies share both conditions and challenges.



**"Through digitalisation, we create new efficient processes and services for our customers that further strengthen our customer relationship."**

**Kristian Lexander CDO/CIO & EVP**

# Sustainability is part of our core business

Sustainability is a stated and integral part of the company's strategy. This means that it affects everything from business model and strategy to organisation and product range. Beijer Ref wish to contribute to reducing climate impact, maintaining a high level in business ethics issues and working for a safe and inclusive workplace with committed employees. The group is therefore actively pursuing its agenda in these areas.

There are a number of factors that drives the urgency to conduct high-priority sustainability work. The IPPC climate report published in August 2021 stated that the climate is now changing incredibly fast, and it will continue unless serious reductions in CO<sub>2</sub> and other greenhouse gas emissions occur in the coming decades. In light of this, a number of priority Science Based Targets are presented that clarify initiatives to limit global warming. At the same time, the need for cooling will increase as the world becomes warmer, which requires a transition to green products in both commercial refrigeration and HVAC in order to reach the UN's climate goals. The EU Green Deal, which describes the European Commission's initiative and decisions on commitments to reducing climate change, is also driving a green shift towards a green economy.

## HIGHER AMBITIONS IN 2021

Beijer Ref continuously raises the ambitions in its sustainability work. The fact that the group gained a new principal owner in the Swedish private equity firm EQT at the end of 2020 also has an impact. EQT has a strong focus on sustainability and ESG issues and places high demands on its portfolio companies. To meet continuously increasing expectations from both owners and the market – together with increased reporting requirements – Beijer Ref has taken a number of initiatives in 2021.

## NEW HEAD OF SUSTAINABILITY

In order to continue to maintain a high level of sustainability work and meet the ambitious agenda, the group recruited a Head of Sustainability in 2021. The main task of the Head of Sustainability is to support the implementation of the sustainability strategy, provide expertise to the subsidiaries and develop and follow up on relevant policies and guidelines for the group and make sure they are followed.

## MATERIALITY ANALYSIS

In the process of taking sustainability ambitions to the next level, it is important to ensure compliance with the expectations of the group's main stakeholders. A materiality analysis

was therefore performed during the year in which representatives of the central stakeholder groups were invited to give their views on prioritizing a number of relevant sustainability topics. The analysis was carried out together with an external consulting firm and the assessment was made according to the SASB (Sustainability Accounting Standards Board) standard. The methodology is to develop a number of parameters and activities for assessment, which are based on the industry in question. Selected stakeholder groups were then invited to give input on reasonableness and order of priorities.

Beijer Ref's main owner, board of directors, employees, customers and suppliers took part in the analysis. The analysis results clarify which ESG topics have been identified as key activities and what order in relation to each other they received.

*The following five areas were ranked as the most important:*

- *Business strategy for sustainable products and services*
- *Management of ESG responsibility*
- *Incidents, deaths and accidents*
- *Sharing knowledge about environmentally friendly products*
- *Implementation of policies and procedures aimed at bribery, corruption and competitive behavior*

The survey conducted had a high response rate and confirmed that Beijer Ref is already working with the right areas compared with companies with similar operations and that the group meets both internal and external stakeholders' expectations well. It also provided clarity about the areas in which the group has a low level of impact, and which should therefore not be prioritized. Such areas included water and waste, for example. The result provides an important basis for forthcoming work in 2022 to revise the sustainability strategy and expand with improvement goals in more of the areas. More details from materiality assessment are presented in the illustration.

## MAPPING THE IMPACT ON CLIMATE IN ORDER TO TAKE ACTION

As a first and very fundamental step for Beijer Ref in developing coordinated and targeted action on the climate impact, Beijer Ref has mapped and improved the monitoring of energy consumption from the 91 companies within the group. This is an important first step in order to measure the

direct climate impact stemming from the different activities across the organisation and start to identify options for an ambitious reduction target. This is what in reporting language is named Scope 1 and 2 reporting on climate action. The plan is to extend the mapping in 2022 to include Scope 3 activities too.

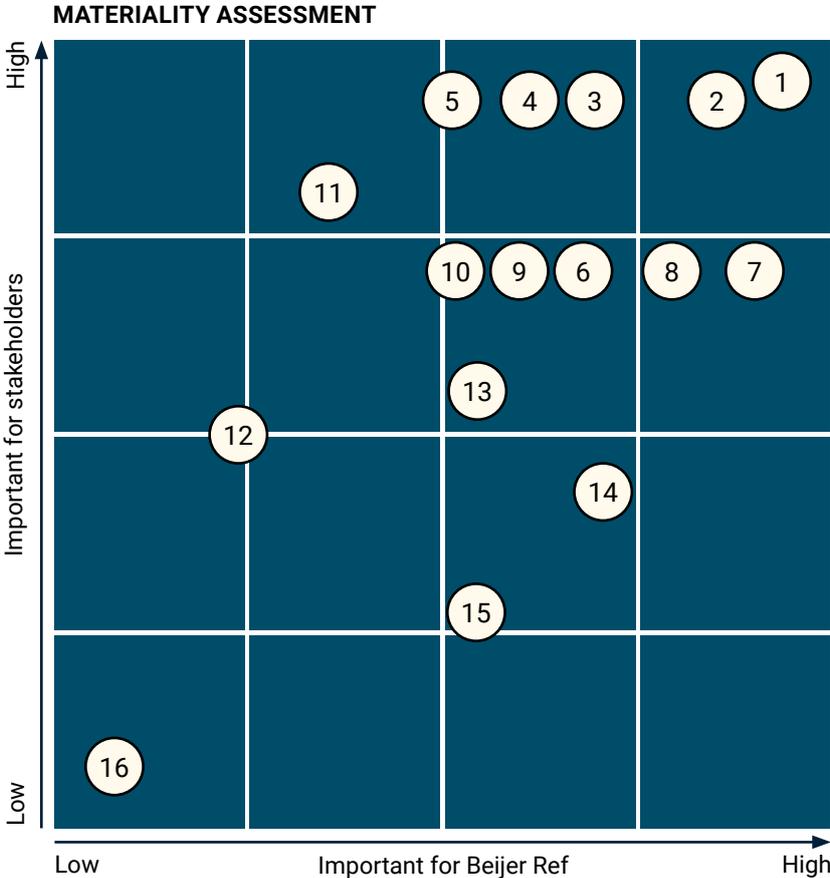
**EMPLOYEE HEALTH AND SAFETY**

As a new initiative in health and safety, Beijer Ref has included reporting on LTI (lost time injury). This is to systematically monitor the status of employee safety throughout the fast-growing organisation. Read more about this in the People section further down in this chapter.

**ACTIVITIES PLANNED FOR 2022**

Further initiatives are expected in 2022. It is the ambition that a CO<sub>2</sub> reduction target will be developed that with the intention of reducing CO<sub>2</sub> emission from the group. To achieve this goal, a baseline needs to be established. This will then be followed by an activity plan that will define the conditions needed to achieve the goal.

The company continuously evaluates current policies and compliance with them on a quarterly basis. During a review, it was noted that the company has no targets for eg emissions. The company will update this in a general sustainability policy that will be developed in 2022 and approved by the Board.



- 1 Business strategy for sustainable products
- 2 Management of ESG responsibilities
- 3 Implementation of policy against taking and giving of bribes and against corruption as well as regarding conduct from a competition point of view
- 4 Share knowledge about green products
- 5 Measured greenhouse gas emissions within scope 1
- 6 Sales volume for sustainable products
- 7 Fatal incidents and accidents
- 8 Internal management of routines from the perspective of human rights and treatment of workers
- 9 Internal management of environmental responsibility
- 10 Greenhouse gas footprint for products
- 11 Products purchased according to sustainability-related standards
- 12 Products sold according to environmental standards
- 13 Connection of primary suppliers
- 14 Talent management
- 15 Gender representation and representation of ethics at company management level and the level of technical staff
- 16 Corporate citizenship and philanthropy

## GOVERNANCE

As mentioned, sustainability is an integral part of our core business and the responsibility for performance lies at both central and local level. The board and executive management set the strategy and politics and approves the targets. Furthermore, they follow up on progress on regular basis. Each general initiative is owned by a function in the management group as illustrated in the overview. The local subsidiaries then work to perform and implement the measures. Each subsidiary also has a designated contact person for sustainability issues, which drives the agenda on implementation and communication locally.

With relevant policy documents such as the code of conduct for employees and suppliers, subsidiaries shall be able to work towards achieving specified targets in each area. As a decentralised organisation, the group expects all companies to assume active responsibility for their local operations and the management of each company to have a committed approach to sustainability issues and to drive these forwards.

The board actively monitors how the goals in each area are progressing to deliver on our ambitions within our sustainability framework. This is done by having sustainability and CSR on the agenda for at least two board meetings a year. In between, an audit committee has the task of following up and ensuring compliance with policies and that work on goal fulfilment continues according to plan.

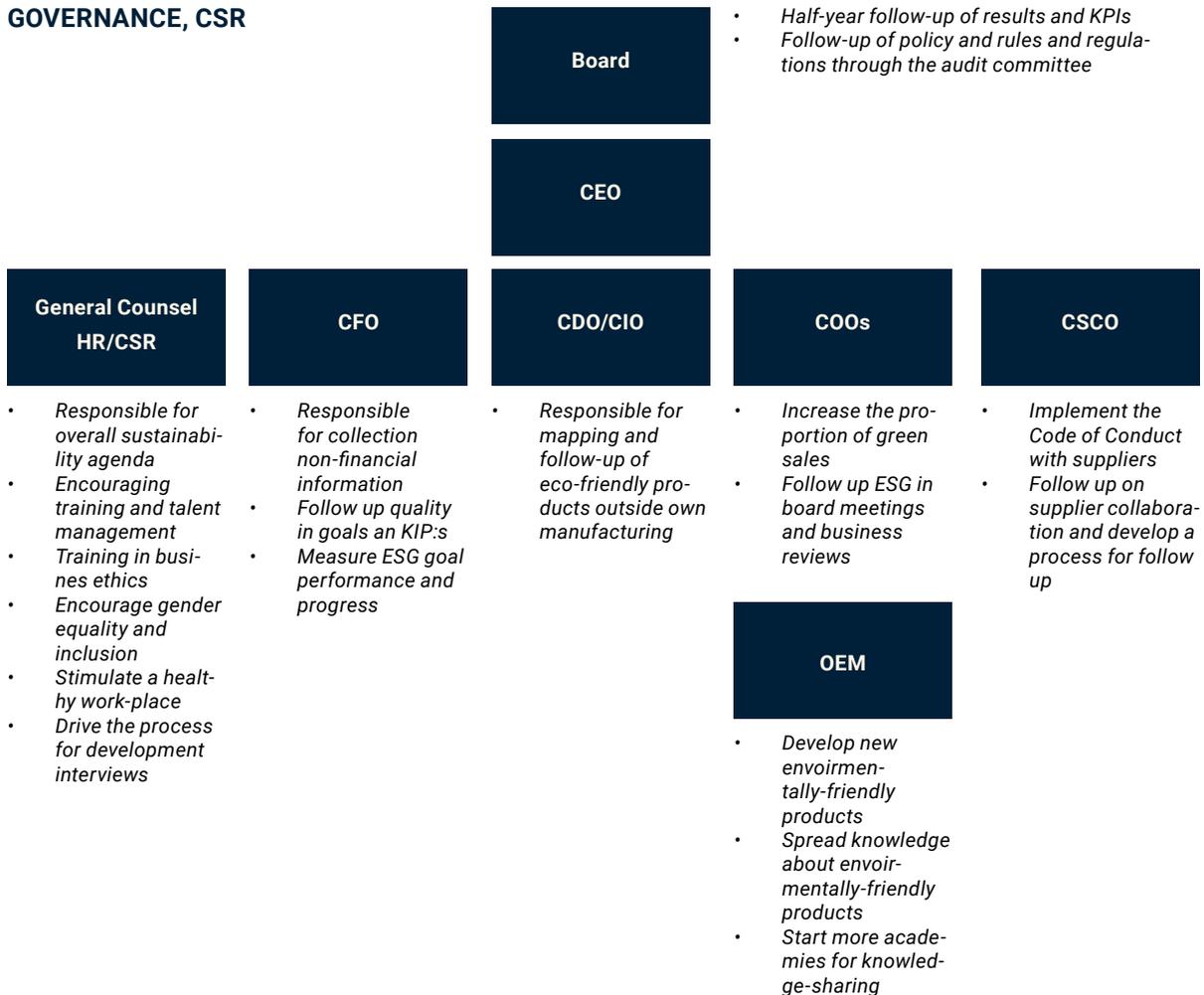
## BEIJER REF'S MAIN AREAS WITHIN SUSTAINABILITY

When Beijer Ref developed their strategy for its sustainability work a couple of years ago, it became natural relate it to the UN's sustainable development goals. Of the 17 main areas, Beijer Ref has selected five in which the group believes that the company can make a significant contribution. Beijer Ref has also created its own framework that divides sustainability work into the categories of climate impact, people, business ethics and anti-corruption and a responsible supply chain. The framework describes how the group works in each area and what activities are covered. At the same time, Beijer Ref has ensured that responsibility for driving the agenda forwards in the various areas has been delegated to relevant parts of the organisation, to ensure that sustainability is an integral part of day-to-day activities, with governance, ownership and commitment from across the organisation. Details on distribution of the sustainability responsibilities are described in the organisational chart below.

## CLIMATE IMPACT

Beijer Ref's ambition is to be one of the actors that set the norm and acts as an enabler for the green transformation in the refrigeration and HVAC industry. A very central element in this transition is the promotion of cooling solutions running on natural refrigerants instead of traditional refrigerants with high global warming impact if released to the atmosphere.

## GOVERNANCE, CSR



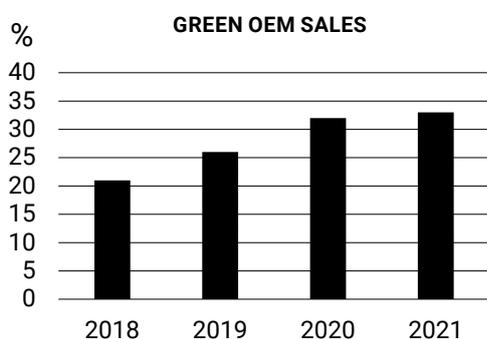
The group's ambition is therefore to reduce its environmental impact, work to create a climate-neutral business in the long term and at the same time help customers and suppliers to make more sustainable choices, through education and by providing green products.

**REGULATORY PROVISIONS ON REFRIGERANTS**

The trend of using refrigeration technology based on environmentally friendly and natural refrigerants is being driven by the EU's F-gas regulation, which dictates the phasing out of HFC refrigerants by 2030. In the refrigeration and air-conditioning industry, refrigerants are used that to various degrees have a negative effect climate change, as indicated in what is called GWP (Global Warming Potential). The players in the industry therefore have a great responsibility to develop and spread technologies that instead use refrigerants that have no or significantly less impact on global warming. It is in this environmental field that Beijer Ref believes that the group can make the biggest difference. By using its position as a global player and an industry leader in several markets, Beijer Ref has a role in pursuing opportunities concerning the development of technology for environmentally friendly and natural refrigerants and educating the market in alternative solutions.

**OBJECTIVES FOR GREEN PRODUCTS**

In order to intensify efforts of converting the cooling market to solution, based on environmentally friendly refrigeration technology, Beijer Ref defined a green business goal in 2019. The goal defines the proportion of sales that shall come from the group's own OEM products using the environmentally friendly natural refrigerants, in relation to the group's total OEM sales. The goal was that 50 per cent or more of the OEM products produced and sold in 2023 should be eco-friendly. Since 2019, such sales have increased by 5.2 per cent annually. Status end of 2021 is that 33% of the total OEM sales is converted. This is same level as last year. The main reason for this is supply chain problems of electric components used in the final products. It is expected that 2022 will significantly better. Based on the challenges faced the past year it has been decided to revise the target so 50% eco-friendly should be achieved in 2025. The share of eco-friendly products is also directly linked to the amount of eligible and aligned activities according to the EU taxonomy. Read more about this in the section on EU taxonomy.



**EXPANDED CAPACITY FOR GREENER PRODUCTS IN 2021**

To meet the group's high ambition for the environment means that Beijer Ref is continuously expanding its environmentally friendly OEM business. Latest action has been the establishment of the group's new, and significantly larger production plant in Italy, which doubles the production sites capacity to manufacture environmentally friendly refrigera-

tion solutions. The building, which was ready for use in the second quarter of 2021, was built in line with Beijer Ref's environmental ambitions and is powered by green energy and classified as energy efficient. Further activities to expand OEM operations is by establishing more manufacturing facilities around the world, in both existing and new markets. Beijer Ref currently has such production in the Netherlands, South Africa, Australia, Sweden, Thailand, France and China and is evaluating expanding into additional strategic markets.

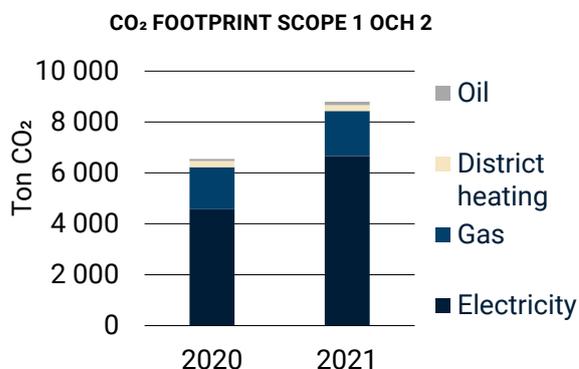
Additionally acquisitions also contributes positively to increased share of eco-friendly OEM sales. One such example is Beijer Ref's acquisition of the Danish OEM company Fenagy, who develops sustainable industrial heat pumps based on the natural refrigerant CO<sub>2</sub>, further highlighting the group's desire to expand what it offers in this area.

**EDUCATING THE MARKET IN USING GREEN REFRIGERANTS**

One of Beijer Ref's strategic business goals is to spread knowledge about the use of natural refrigerants. For a couple of years now, the group has run the Beijer Ref Academy training centers. Our customers, installers and employees receive teaching on green and natural refrigeration technology. The first center opened in 2018 in Italy. The Academy quickly received a very positive response, which has led to the Group opening further training centers in France, Netherlands, Sweden, the United Kingdom and Australia. The company target within this area was to have established six academies by 2023 – this target can already be considered as achieved in 2021 two year ahead of time. The plan is to open further Beijer Ref academies in the future so that the group can continue to contribute to spreading high-quality knowledge and education in its industry. A new goal has been defined, which is that each Beijer Ref region shall have at least one academy in place by 2026.

**REDUCED CARBON FOOTPRINT FROM ITS OWN ACTIVITIES**

As a natural part of reducing climate impact in the industry it is also important that the direct emissions from our own activities are managed. As a first step in creating a good foundation, a baseline for the entire footprint must be established. In this report Beijer Ref, in line with the Greenhouse Gas Protocol, communicates the group's direct CO<sub>2</sub> emissions from activities in Scope 1 and 2.



It appears from the figure that our direct emissions to a high extend is originating from the energy used for light, heating and cooling the buildings we use. The scope 1 and 2 emissions here are calculated based on direct energy consumption reports from our 91 companies around the world. A high share of the emission originates from electricity consumption and only a minor share is related to natural gas consumption.

Looking at the 30% increase in footprint this year the main reasons for this is the opening of our new larger facilities in Italy but also a result of the 10 new companies included in the group since last year.

The intention is that the development within scope 1 and 2 will be monitored closely going forward and additionally it is planned that monitoring of scope 3 emissions for the company will be established in 2022. In the coming years it is furthermore the plan to set corporate reduction targets that specifies how Beijer Ref shall gradually reduce its climate footprint.

### WASTE AND WATER

In the environmental field, Beijer Ref also works to manage its waste and water consumption through various local initiatives. Since the group does not have a large water consumption in its production or distribution, this is an area with a smaller level of impact and will therefore not be prioritized at the central level. This was also confirmed in the materiality analysis that was carried out.

### EU TAXONOMY

As mentioned, The EU Green Deal, which describes the European Commission's initiative and decisions on commitments to reducing climate change, is also driving a green shift. A very specific part of this framework is the EU taxonomy which is legislation with the intention of improving transparency of how companies can classify its activities to prevent climate change.

As something new in this sustainability report Beijer Ref must report on performance according to the EU taxonomy. We welcome the EU taxonomy and find the intention of making sustainability performance more measurable, transparent and comparable for stakeholders like green investors a great initiative.

As prescribed by the Taxonomy legislation the task for 2021 was to assess the company activities and identify the share of activities defined as "eligible" according to the legislation and contributing to either climate changes mitigation or adaptation to the changes. Taxonomy-eligible economic activity means an economic activity that is described in the delegated acts supplementing the Taxonomy Regulation irrespective of whether that economic activity meets any or all the technical screening criteria within those delegated acts

Our core activity in Beijer Ref is sales and distribution of equipment to HVAC and cooling installers. Sales and distribution are for now not described as eligible activities in the EU Taxonomy legislation even though we consider ourselves an important part of the solution as it appears in the rest of the report. The economic activities deemed eligible referring to "3.5 Manufacture of energy efficiency equipment for buildings" which is our OEM business. The OEM business is production of cooling racks and accounting for 9.6% of our total activities in terms of turnover as it appears in the table.

	Total (denominator) (mSEK)	Shares Taxonomi eligible (%)	Shares Taxonomi non-eligible (%)
Revenue	16 905	9,6%	90,4%
Capital expenditure (CapEx)	859	11,9	88,1
Operating expenses (OpEx)	30	3,6%	96,4%

Furthermore, investment activities related to this production (Capex) is also qualifying as eligible. This is driven by the relatively high investments related to expanding our OEM production of eco-friendly cooling units in Italy. Furthermore, an investment in equipment to distribute CO<sub>2</sub> refrigerants for our customers in the Nordics out of our Refrigerants filling station in Sweden. This is a market where demand for natural refrigerants is growing. Two great examples of our commitment to preventing climate change by investing in promoting green solutions. More details on taxonomy can be found in the appendix page 116.

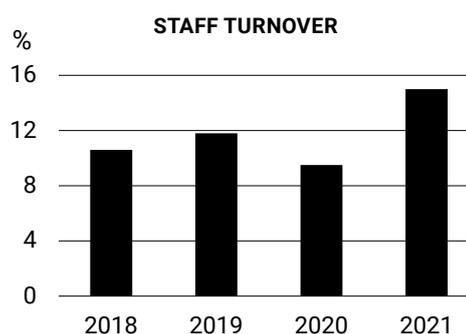
### EMPLOYEES

For Beijer Ref, all employees are an important asset, and everyone has a role in building and developing the organisation going forward. There is a well-established core of values as a basis for creating a unified organisational culture.

### COMMON VALUES

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

Guidelines for how the organisation shall work with the value base are drawn up at central level, and then lead to various activities in the subsidiaries. This is also something that all new employees meet at an early stage. Through an in-depth introduction, new employees receive information about Beijer Ref's history, values and ethical approach. Policies and guidelines have been developed for training not only in onboarding, but also in talent retention and succession planning. The guidelines are reviewed in an internal and group-wide HR network and then spread further in all local organisations.

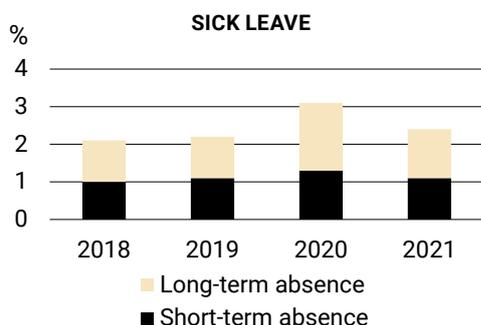


To be able to stay an attractive workplace Beijer has chosen to continuously monitor the employee retention rate. It appears that the rate has increased in 2021 as it is a general experience across the industry. Going forward there will be increase focus on recruitment, retraining the right employees and provide a proper onboarding. To support this agenda and engagement tool will be implemented in 2022.

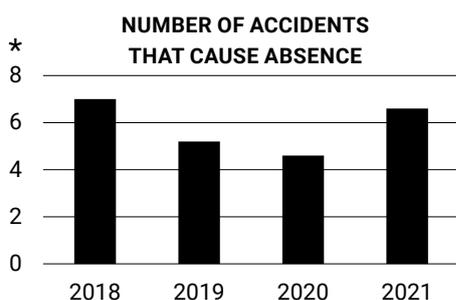
### SAFE AND HEALTHY WORKPLACE

Beijer Ref strives to have the highest levels of safety. The group's goal is that nobody shall be injured at work, and it

therefore conducts systematic work environment management. To evaluate the performance of the workplace safety two KPI's are selected. This is sick leave and lost time injury rate (work place accidents with 24 hours of absence per 1 million working hours).



In 2021, absence due to illness was 2.8%, a decrease compared to the previous year, which was slightly higher due to the pandemic. The target is to have a sick leave rate lower than 4%. The number of accidents causing absence has increased over the last three years after 3 years with dropping numbers. This can be an expression for the increased activate after some more quiet years due to covid. The important conclusion is that an LTI on 7 is evaluated to be acceptable within in the industry. But the ambition is to lower it, going forward.



\*Number of accidents per one million hours worked

Beijer Ref will continue to work to reduce work-related accidents and follow up on health and safety status in each subsidiary, with a focus on work-related absence with the aim of ensuring continued low absence due to accident and illness within the group. All sick leave and all occupational accidents are compiled at central level, which provides the opportunity for following up with measures.

### COMPETENCE DEVELOPMENT

Beijer Ref also works in a structured way to ensure that employees can build their skills and develop in their professional life. From a central point of view, the ambition is to support and encourage the personal development of all employees. One good way of many is to offer digital training, something that the subsidiaries have worked actively on during 2021.

To follow the development of employees, all white colour employees shall be offered an annual development discussion. The aim is that such employee interviews shall be implemented during 2022. To achieve this goal, the group has, for example, entered into agreement with a digital partner that the subsidiaries can use to conduct and document their interviews.

Another example is the group wide Beijer Ref Exchange Pro-

gram. The program gives several employees the opportunity to work at another of the group's companies for a period of time. The program participants bring experience from other countries and cultures, as well as new knowledge about the group's different activities and business models. The first program was launched in 2019 and received very good feedback from the participating employees and companies. The program is intended to be implemented every two years. The pandemic delayed the 2021 program, but it is hoped that it will be possible to implement it again in the second half of 2022.

### DIVERSITY AND EQUALITY

Beijer Ref works actively on openness, diversity and equality, to ensure and provide an inclusive workplace. There is an objective to increase diversity at all levels, and to increase the proportion of women in the company and in leadership positions. Beijer Ref has an overall ambition to improve the gender balance at all levels within the group, and therefore Beijer Ref will continuously monitor and compare measured figures. Targeted training in diversity and inclusion will also be given to managers.

To achieve this goal, a policy for gender equality and inclusion has been implemented internally for the past year, work that will continue through digital training, among other things. By also highlighting examples of activities within the subsidiaries that have successfully resulted in increased gender equality, and sharing them within the group, the companies shall be inspired to act to achieve good results. In 2022, the group will start to measure employee commitment and the goal for the year is to implement a structured way of working and then evaluate the solution at the end of 2022.

In 2021, the proportion of women in the group remained at 22%, which shows the importance of constantly working on activities that can drive the transition. This topic is a regular agenda item at management and board meetings.

### BUSINESS ETHICS AND ANTI-CORRUPTION

Beijer Ref has a clear position on ethics and transparency - the group has zero tolerance for corruption and other unethical acts. The main way to combat corruption is to continuously work to create a corporate culture in which each individual acts with integrity in line with Beijer Ref's values and policies. The message must not be misunderstood - all employees and others acting on behalf of the company shall act in accordance with the group's code of conduct and underlying policies.

To ensure that the organisation understands the group's ethical approach, over 90 per cent of the group's employees have taken a training course in the code of conduct and business ethics during the past two years. Going forward, the plan includes that all staff will take ethics training every other year. In addition, targeted training is given annually to defined target groups.

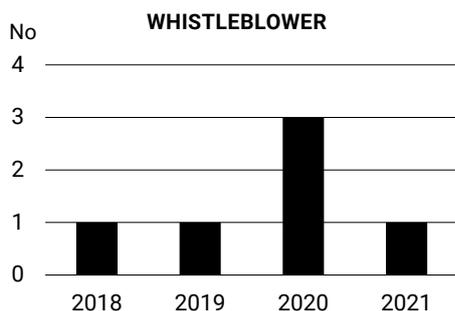
The courses, which are multilingual and usually digital, address issues such as ethics anti-corruption and the avoidance of bribery. Those employees who do not have access to a computer have completed the training in groups. It is of the utmost importance that all employees know how to handle situations that involve risky behavior.

The fight against corruption is dealt with in the internal code of conduct and in the supplier code of conduct. Any form of

irregularity or fraud shall be identified and investigated as early as possible.

### WHISTLEBLOWER CHANNEL FOR THE GROUP

All employees shall be able to report if dishonest practices exist and can do so through a whistleblower function. Information about this function has been translated into the local languages of each country. It is important that all employees feel confident that the notifications are received and handled correctly. Each company is responsible for ensuring that the rules on ethical guidelines and whistleblowing are passed on to the employees. All employees also receive the information through the mandatory ethics training. When a whistleblower case is received the initial assessment is made by an external party. In 2021, one (1) case was registered through the whistleblower function. The case was of such a nature that it did not lead to further action.



### POLICIES

Beijer Ref has a code of conduct that covers all employees in the group. Beijer Ref also has two additional policies in the area of ethics. The first concerns competition, and this complements the code of conduct. The second covers anti-corruption regulations. For a global group such as Beijer Ref, which operates in markets in countries with a higher risk of corruption and human rights violations, clarity in processes, incidents and sanctions is particularly important, and this is stated in the policies.

### RESPONSIBLE SUPPLY CHAIN

Beijer Ref shall ensure that quality, social responsibility and climate focus are always guiding principles in operations and in business relationships. This means that the group is constantly working to conduct responsible purchasing. The group has a central code of conduct for suppliers, which applies to the larger business partners of all companies. This lists the group's requirements in areas such as human rights, social and labor law conditions, business ethics and anti-corruption. Since 2018, Beijer Ref has implemented the code of conduct among suppliers and has reached out to the 100 largest suppliers.

As a leading global player, Beijer Ref has a great responsibility to continuously develop the work of ensuring that suppliers comply with the high standards of responsible and correct behavior. During 2022, the group will work to develop additional procedures for evaluating suppliers as a way of refining the work. Going forward, the group will define the next step in its supplier quality assurance by addressing the subject area with a risk-based strategy. There will be an extra focus on OEM and suppliers to the private label assortments.

### SUSTAINABILITY REPORT

In addition to this section, our sustainability report also consists of the information contained on pages 12-15

(Business concept), 17 (Non-financial goals), 22-25 (Green growth), 44-45 (Organisation) and 66-67 (Risks and risk management).

### AUDITOR'S STATEMENT ON THE STATUTORY SUSTAINABILITY REPORT

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

### ASSIGNMENT AND DIVISION OF RESPONSIBILITIES

It is the board that is responsible for the sustainability report for the year 2021 on pages 32-38, as well as the information on pages 12-15, 17, 22-25, 44-45, 59, 66-67 and 116-117, for ensuring that it is prepared in accordance with the Annual Reports Act.

### THE DIRECTION AND SCOPE OF INVESTIGATION

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

### STATEMENT

A sustainability report has been prepared.

Malmö, 17 March 2022

Deloitte AB  
Richard Peters  
Authorised Public Accountant  
Chief auditor



# Environmentally friendly heat pumps of Scandinavian origin

After spending a year sailing across the Atlantic with the family, it became clear to Kim Gardø Christensen what the next challenge would be. Transforming the industrial heat pump industry was an opportunity that was just too attractive.

Kim Gardø Christensen has just left one of Denmark's largest district heating plants where Fenagy's heat pump has just been installed.

"It's just as satisfying every time, to see a satisfied customer who will be able to benefit from our environmentally friendly heating technology," says Kim.

Let's back up little bit. Kim Gardø Christensen is a refrigeration technology engineer from Copenhagen, educated at the Danish Technology Institute and co-founder of a competitor to Beijer Ref. When he left the company, there was a gap in his normally packed schedule. With his wife and two teenage children, he embarked on a one-year voyage across the Atlantic Ocean.

"The sailing project allowed me to reflect on what I wanted to do and what really motivates me," Kim explains.

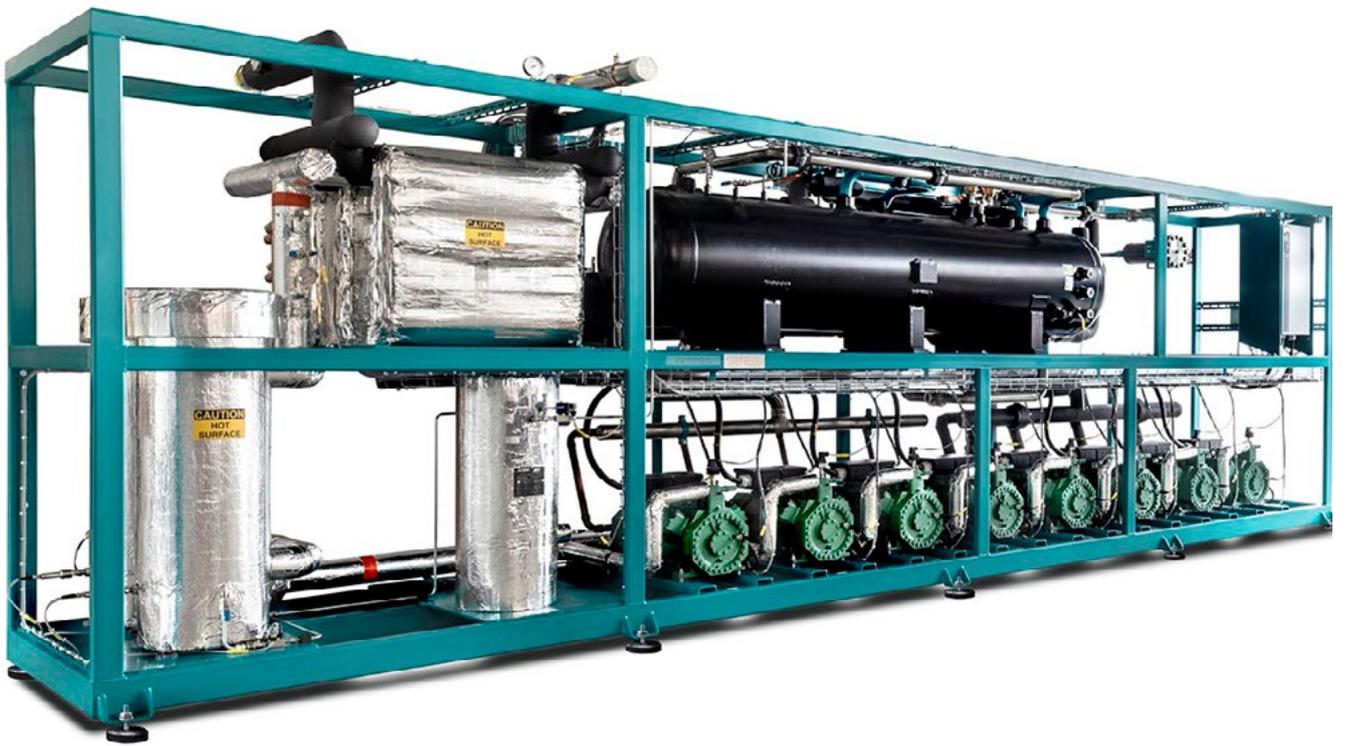
"I didn't feel ready; I wanted to do more and also do it for a higher purpose. Against this background, together with three former colleagues, I started Fenagy, which specialises in environmentally friendly industrial heat pumps based on the natural refrigerant CO<sub>2</sub>".

## A PERFECT MATCH

"During all the years I have been in contact with Beijer Ref, mainly through Per Bertland and Simon Karlin, the dialogue has always been respectful and rewarding, in spite of previous competitive situations. This is why we brought in Beijer Ref as the majority owner when the time came for Fenagy to take the next step. We have the same attitude towards driving the market towards becoming environmentally friendly and have the same attitude towards how we do business. We are a perfect match."

Beijer Ref became part owner of Fenagy in 2020 and became the majority owner in 2021. After several years of having a hub in Italy for in-house production of transcritical units based on natural refrigerants, there was a desire to also establish in-house production in Scandinavia.

"We see how the market's needs are constantly increasing when it comes to environmentally friendly refrigeration and HVAC technology, and when we understood that Kim would consider taking us in as the main owner of his start-up venture, we quickly moved from words to action," explains Simon Karlin, COO of Beijer Ref. "Fenagy has in a short time emerged as a fast-growing manufacturer of industrial heat pumps



“We have the same attitude towards driving the market towards becoming environmentally friendly and have the same attitude towards how we do business. We are a perfect match.”

based on CO<sub>2</sub>, a segment we are happy to get to grips with as early as possible.”

#### **A HIGHER PURPOSE**

Fenagy is the name of Kim Gardø Christensen’s startup venture. Today he works together with 35 employees at the office in Aarhus, Denmark.

“What unites us is a desire to create something that is better for the environment; it is important to have a higher purpose if the passion is to really appear. The green transition and the climate debate are definitely topics that are at the top of the agenda in Denmark. In our organisation, everyone is 100 per cent committed and wants to drive Fenagy on to become something big that can create change for many people, and that can give the next generation better conditions.”

The company was founded against the background that it identified a problem that could be solved.

“Much of the heating in Europe is based on fossil fuel or biomass,” Kim continues. “But biomass is also a problem because we burn too much of it. Electricity, on the other hand, can come from environmentally friendly sources using solar panels and wind turbines for example, so there may be a point to use it for heating. This is what our heat pumps do. However, heat pumps have not been the norm for use in industry: they have mostly been something that has been used in holiday cottages.”

#### **WORLDWIDE MARKET**

Fenagy has developed efficient and competitive heat pumps and cooling systems with CO<sub>2</sub> as a refrigerant for district heating and industrial applications. The units can efficiently handle different temperatures and capacity modes, and are designed and built according to customers’ needs.

Fenagy’s range of environmentally friendly heat pumps has quickly resonated on the market. Rumours have reached many companies that are active in heavier industry, who get in touch and want to hear more.

“Handling customers for this type of heat pump is different from what we have been used to in the past. Within our niche, you need to set the bar higher. Customers are willing to pay more, but then of course the heat pump must deliver what it promises, have an attractive design and a service life of about 20 years. I have personally interviewed all customers since we began and know that they are very happy.”

So far, Fenagy has not had many competitors. The company has therefore been able to grow rapidly,

“We have many factors that speak for us. I and my hand-picked employees have built up companies before, so we have the experience. For this reason, we want to grow organically. It is therefore a strength to have Beijer Ref as a partner in this. We share our experience and the group has the muscle to be able to drive our growth.”

#### **FUTURE EXPANSION**

Expansion plans are constantly on the agenda for discussion. Fenagy needs the conditions to be able to manufacture and deliver heat pumps for customers not only in Denmark and Scandinavia, but all over Europe. The company currently has inquiries from the Baltics, Poland, Benelux, France, Austria, Switzerland and even the USA. Building a new and larger factory may therefore be a future move.

Simon Karlin of Beijer Ref has followed the company from the start and sees the opportunities ahead.

“It’s not often you come across an opportunity like this. Kim and his team have the knowledge and capacity to drive this to become big, which I am convinced it will be. We have set a pretty high target for the company’s growth and it is with excited anticipation that we will follow the results along the way.”



# A strong culture with values that unite

Beijer Ref is constantly working to develop and improve its organisation, with the basic attitude that a strong local presence combined with a common culture creates the best commercial benefit. The group's understanding of customers' specific needs and knowledge of each local market's specific context creates drive and energy – something that makes a difference, promotes business and makes employees grow.

Beijer Ref has been working for some time to build a common culture that encompasses the entire group. Everything is based on all employees sharing a common core of values. The business is gathered under the group-wide umbrella brand Beijer Ref, but each company also operates under its own local name.

Guidelines for how the organisation should work with the value base are drawn up at central level, which then lead to various activities in the subsidiaries. This is also something that all new employees meet at an early stage. This also applies to newly acquired companies. Through an in-depth introduction, new employees receive information about Beijer Ref's history, values and ethical approach. Policies and guidelines have been developed for training not only in onboarding, but also in recruitment, talent retention and succession planning. The guidelines are reviewed in an internal and group-wide HR network and then spread further in the respective local organisations.

## **CENTRAL HR ORGANISATION**

For Beijer Ref, the employees are the company's most important resource and the group is keen to be perceived as an attractive employer where the goals are high and the commitment is strong. The company works actively to attract, recruit, develop and retain the right managers and employees. High ambitions are important for development and all employees shall have the opportunity to raise their skills to the next level. Promoting the exchange of experience and competence development is an important piece of the puzzle in creating community and commitment. Discussing and sharing best practice, goals and strategy are also key elements of a successful organisation.

HR's most important points:

- *Work actively on skills development, succession issues and the talent pool*
- *Create the conditions for healthy and committed employees.*
- *Work for diversity and inclusion*
- *Implement Beijer Ref's values in the organisation*

## **EMPLOYEE DEVELOPMENT**

During the year, the group continued to offer training for employees using e-learning tools. To ensure the development and awareness of employees, it is Beijer Ref's aim that all white collar workers shall have annual appraisal interviews. These interviews become a natural opportunity to define and follow up on goals and to establish the need for competence development. In 2021, 34% (33%) of all employees had appraisal interviews. In addition to individual development plans, follow-up on ambitions, evaluation of actions linked to the values and clear leadership shall contribute to stimulating employees who thrive in their workplace.

## **A DECENTRALISED ORGANISATION**

Beijer Ref is constantly working to develop and improve the organisation. Joint and central staff functions combined with a strong local presence create efficiency and increase understanding of each market's specific needs. Together with the group's specialist knowledge of environmentally friendly refrigeration technology, this results in drive and business benefits while giving employees opportunities to grow.

Beijer Ref has always worked according to a decentralised organisational model, a factor that has been important for the group's success over the years. This means that local management has the authority to make decisions within defined frameworks. The goal is to create effective local companies that work closely with their markets and receive the support they need from head office. Of around 4,200 employees in the group, about 30 work in central functions. They work to implement the business strategy and handle typical staff functions such as finance and IR, with responsibility for stock market matters. Supporting group functions such as IT, HR, sustainability, legal and supply chain are also gathered at

group level with endorsement in the operational activities. Ongoing management is performed through representation on local boards, a well developed reporting system and close dialogue.

### BEIJER REF EXCHANGE PROGRAMME

In 2019, Beijer Ref launched an exchange programme to further promote the Beijer Ref spirit and increase the exchange of knowledge, to the benefit of both employees and the business. This shall also contribute to an inclusive culture in which the business goals are a natural part of everyday life. The programme means that the subsidiaries may nominate employees who, if they are selected, work on a specific project at another subsidiary in another market for a specified period of time. The employees selected to participate are able to develop new skills while experiencing different business environments and cultures. Evaluation of the 2019 programme showed very positive effects where the exchange of knowledge received high scores for both the employees and receiving companies. The programme is intended to be implemented with new groups every two years. Because of the pandemic, it was not possible to implement the programme as planned in 2021, but the plan is to start a new programme in the second half of 2022.

The Beijer Ref Exchange Programme shall lead to the following:

- *Valuable knowledge sharing and increased cooperation within the group at all levels*
- *Professional development for the group's employees by enabling them to gain international experience*
- *Part of the process of identifying and investing in the group's talents*
- *Networks are being built between the group's subsidiaries and their employees, in accordance with the core value 'united'*

### VALUES UNITE

The Beijer Ref group is spread across Europe, Africa, Asia and Oceania. Getting all the employees to feel a sense of community and belonging to the same brand is both a challenge and a priority area. In order to succeed, Beijer Ref has developed four core values that everyone can adhere to. Committed, Engaged, Straightforward and United capture the Beijer spirit that has emerged over the group's history of more than 150 years. There is also a long tradition of entrepreneurship that is characterised by a drive, a curiosity and a determination to work methodically so as to achieve the business goals. In its decision-making, Beijer Ref is a solution-oriented company that works purposefully and at a rapid pace.

The values summarise what symbolises the Beijer Ref culture: commitment and loyalty to the Group's stakeholders and an enthusiasm for always offering the best products and the best service. The values also depict concern, about each other and the world around us. It shall be straightforward to do business with Beijer Ref, with clear and short decision paths. Communication shall be straightforward, consistent and reliable. Being on several continents shall be an advantage, both commercially and from a diversity perspective. What stands out above all as a pillar of the Beijer Ref brand is the group's conviction that every part of the organisation plays an important role in creating success, and that performance is the result of team effort. This can be seen not least in Beijer Ref's decentralised organisational model.



# Trainee programme with hard and soft values

Charlotte Hurling and Charlotte English are employees of Beijer Ref's British subsidiary Dean & Wood. Both have participated in Beijer Ref's multi-year trainee programme, which aims to promote female leadership within the group and the industry. Here we find them in an interview about the programme they have been part of since the beginning of 2021.

**Tell me a little about your background. How long have you been working for Beijer Ref?**

**CH:** I studied psychology and English literature for my degree at the University of Chester, where I discovered my passion for consumer behaviour and sustainability. I later took a master's degree in consumer behaviour at Goldsmiths University of London to hone this passion. I started working at Beijer Ref UK & Ireland in March 2021, while completing the last semester of my master's degree.

**CE:** I studied Event Management at Bournemouth University, which covered a range of business modules including strategy and leadership. After completing my four-year degree course, I was lucky enough to travel around Southeast Asia and Australia for five months. I then worked at a radio and media company and then started at Beijer Ref in March 2021.

**What is the trainee programme that you have both been part of in 2021 like? How is it structured and what is the purpose?**

**CH:** The Leadership Trainee programme has a 3-year structure. The purpose of the first year is to gain a full understanding of our company holistically by working in several of the departments. The second year is further development training, but somewhat more focused on our own areas of interest, with structured strategic projects to continue our learning and develop our leadership skills. It will hopefully also be possible to experience other Beijer Ref operations outside Britain. The final year will revolve around an area of

our business that we would like to specialise in once the programme has been completed, ensuring a full understanding of the area of interest and ensuring that we are ready for the transition, whatever it may be.

**CE:** Exactly, in the programme I work on strategic projects right across the business. These projects enable me to learn all aspects of the business by working in all the different departments with all levels of the team. I bring new and innovative ideas into the business, identifying and helping to bridge any gaps by adapting and bringing our core values into each business unit. Right now, I am also in the process of completing the Beijer Ref Diploma. Although I am new to the industry, I found it very interesting to learn about every aspect of the "cooling cycle" and how important the role of refrigeration is in our daily lives.

**Describe your experience of the trainee program.**

**CH:** My experience has been extremely positive. I've loved learning about our corporate structure in a more holistic way than is typical when starting a new job. I feel that this has resulted in a greater understanding of how our company and the refrigeration industry operate more quickly than normal. The strategic projects I have been involved in have been a great way to learn about the company and the departments. It has also given me the opportunity to look at any problems with different eyes. I have also really enjoyed the two-week placement with one of our customers. It allowed me to experience the daily life of an HVAC-R engineer and all the challenges they may face in the field, as well as being able to interact with all our wholesale brands in Britain.

**CE:** I also had the opportunity to work at one of our customers at the beginning of the programme. It provided many insights, as I was able to look at the wholesale business from a customer's perspective and have a better understanding of



Charlotte English



Charlotte Hurling

their needs and expectations. Being new to the refrigeration industry was also a great opportunity to learn about the refrigeration and air conditioning products we sell, their purpose and how they fit into our everyday lives.

**What are you mainly taking with you from the programme so far?**

**CH:** I really learned the importance of communication within a team when I participated in projects that need collaboration between departments. This is something I will take into future projects and roles within the organisation, so that each person affected by a decision is communicated with in line with the company's core values. In the same way, this will help me communicate with colleagues in a way that reaches out, where opportunities are given to express opinions and ideas so as to increase the likelihood of success in projects. Specifically, the Beijer Ref UK & Ireland Diploma that I am currently enrolled in, which aims to improve our refrigeration knowledge, has been a great way to understand the key processes of refrigeration and our role in the industry.

**CE:** What I have taken from the programme so far is the importance of communication to bridge any gaps that may exist between departments within the organisation. Identifying ways in which we can improve our communication will help increase employee commitment, reach new levels of creativity and increase the quality of the services we provide.

**What did you learn about yourself during the programme that you hadn't reflected on before?**

**CH:** I have really appreciated gaining in-depth insights into behavioural science that allowed me to identify the behavioural preferences I have myself in my leadership and how best to interact with others who have different preferences from me. It has been invaluable for me to understand the way in

which I prefer to work, how I want to communicate and it has helped me understand how colleagues differ in personality, work and communication style.

**CE:** The Insights Discovery training at the beginning of the programme was very useful when I was going to take on my projects with colleagues who have different personality traits and communication styles than I have. I can now identify my own and others' communication preferences and can use the tool to create an effective work environment for myself and colleagues.

**Where in the organisation will you work once the programme has ended?**

**CH:** I'm not quite sure yet. I have really enjoyed creating a net zero roadmap for Beijer Ref, and my passion lies in sustainability. I have also developed an interest in the diversity programme, which I have not worked on yet but would like to. I also believe that Beijer Ref could benefit from some insights into consumer behaviour that I have experience of. By the end of 2022, I will have a stronger sense of which area of the business I would like to specialise in.

**CE:** As part of my degree, I have always had an interest in project management and marketing, especially digital marketing. I still have an open mind and look forward to the coming year and being able to work in different sectors of the industry, both in Britain and globally. I want to go on continuously increasing my knowledge of the refrigeration and air conditioning industry.

# Nordic region

Denmark  
Finland  
Norway  
Sweden

Net sales, sek m

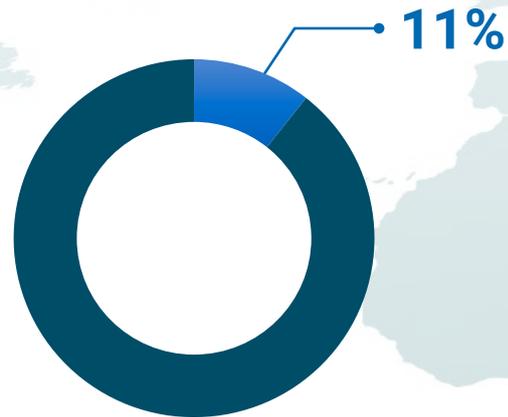
**1 804**

EBIT, sek m

**239**

ROWC, %

**52**



The regions share of net sales

## NEW TRAINING ACADEMY IN STOCKHOLM

Since the Nordic region is at the forefront of the transition to new, environmentally friendly refrigeration technology, training in how to handle the new technology is the key to even greater market development. Beijer Ref was early in creating a training concept, the first phase of which was launched in southern Europe. In 2021, an academy opened in Stockholm that now offers customers and installers training in working with the technology intended for CO<sub>2</sub> and propane. The initiative has already generated a lot of interest and the courses are fully booked.

## FOCUS ON PROPANE

Another green initiative taken last year was the investment in a new production line at the filling station in Gothenburg, which now supplies the markets in the Nordic region with CO<sub>2</sub>. Demand for environmentally friendly refrigerants has been so high that Beijer Ref will now invest further in order to also offer propane filling to its customers. The year has resulted in higher demand for both HVAC solutions and in-house manufactured products. The Swedish in-house manufacturing unit in Vislanda, which produces energy-efficient propane chillers, has had an order intake that has broken new records.

## MORE E-COMMERCE

The digital focus has continued and during the year e-commerce sites have been launched in Norway and Finland,

supporting the group's goal of at least 20 per cent of sales coming from e-commerce by 2025.

The newly acquired Danish in-house manufacturing company Fenagy – which manufactures heat pumps and larger industrial racks based on CO<sub>2</sub> – has seen a significant increase in sales in 2021. Beijer Ref's purpose with the acquisition was to create a platform for CO<sub>2</sub> from which we can take the next step in green development by finding synergies in purchasing, development and the market.



# Central Europe

Belgium  
 UK  
 Ireland  
 Netherlands  
 Germany  
 Switzerland

Net sales, sek m

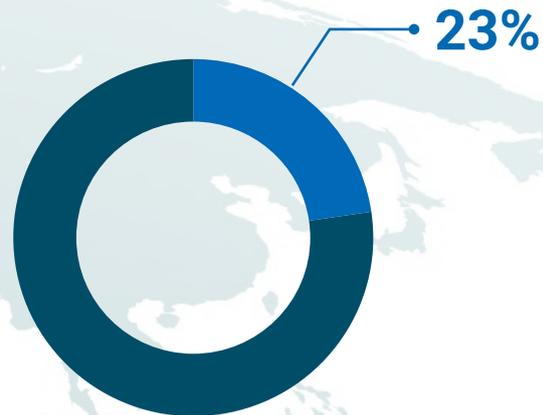
**3 834**

EBIT, sek m

**302**

ROWC, %

**32**



The regions share of net sales

## STRONG YEAR FOR HVAC

The HVAC segment has continued to generate sales growth in the Central Europe region, particularly in the United Kingdom and Benelux, which have seen sales increase by more than 35 per cent. With the acquisition of the HVAC company Coolair in Germany, the group has now established itself even more clearly in this segment in a large market that Beijer Ref has the ambition to create growth in.

## EFFECTIVE HUB

The group's logistics centre in the Netherlands creates the conditions for efficiency in warehousing, logistics and customer support. All warehouses in the Benelux countries have now transferred their operations to the logistics centre, which means that the logistics chain is fully utilised. This has been particularly important during a year when pandemic effects have led to material and component shortages.

## DIGITAL SALES

Beijer Ref has been providing e-commerce in both the Netherlands and Switzerland for a couple of years. The companies in Germany and Britain also offer their customers the opportunity to shop online. Digital development has continued to advance during the year, especially in Switzerland, where e-commerce sales account for 30 per cent of total sales.

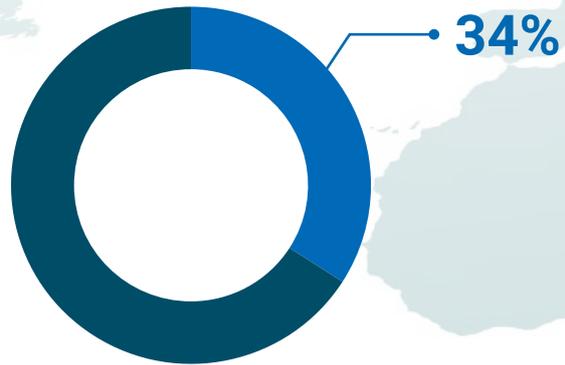
In 2022, Beijer Ref will invest in introducing the group's Sinclair brand to the region's markets. The Beijer Ref-owned Brand Freddox will also be launched on a broad front.



# Southern Europe

France  
Grecce  
Italy  
Portugal  
Spain

Net sales, sek m  
**5 760**  
EBIT, sek m  
**467**  
ROWC, %  
**29**



The regions share of net sales

### GROWTH IN ALL SEGMENTS

The Southern Europe region demonstrated growth in 2021, even though the beginning of the year was marked by the pandemic. Both the refrigeration and HVAC segments have enjoyed increasing sales, and the group's biggest brands in HVAC - Toshiba, Carrier and MHI - are showing sales growth in their markets.

in all countries in the region in 2022. The Freddox brand with its entire product range will also be launched on a broad front in the region's markets.

### CONTINUED INVESTMENT IN E-COMMERCE

E-commerce continues to grow, especially in France. Through the acquisition of Inventor in Greece, the sales channel via Amazon has also been added, which Beijer Ref will further develop. In order to optimise warehousing and product flow, a decision has been made to build a central logistics centre in Lyon.

### NEW GREEN FACTORY

Beijer Ref's new green factory in Italy, intended for in-house manufacturing, has been fully operational during the year, since it was inaugurated in June. It will continue to deliver green refrigeration technology according to plan, and the goal is to double production in five years.

In addition to its own production, Beijer Ref will invest in the heat pump product range, a market that is growing, especially in France. Beijer Ref's own Sinclair brand will be launched



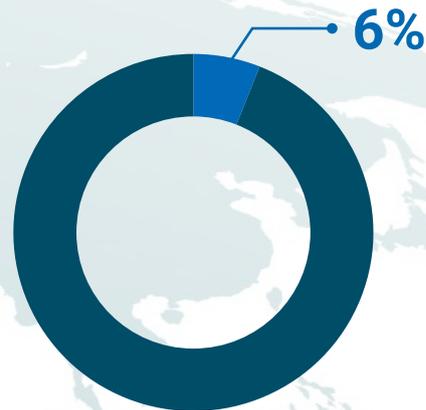
# Eastern Europe

- Estonia
- Latvia
- Lithuania
- Croatia
- Poland
- Romania
- Slovakia
- Czech Republic
- Hungary

Net sales, sek m  
**1 015**

EBIT, sek m  
**133**

ROWC, %  
**36**



The regions share of net sales

## ACQUISITIONS WITH A STRONG BRAND

Beijer Ref has gradually and organically built up a strong presence in Eastern Europe. During the year, the group further strengthened its position through the acquisition of the HVAC company Sinclair. The company distributes products under its own brand, which Beijer Ref intends to spread to markets in other regions. In 2021, Sinclair has been introduced in markets such as South Africa, Italy, Spain and the Netherlands, and more will be added in 2022.

The demand for environmentally friendly technology continues to rise and the process of developing what is offered by in-house manufacturing has therefore continued. During the year, the group received its largest order to date for CO<sub>2</sub> technology in Poland.

HVAC sales have continued to show rising figures and overall sales have increased in all segments in all markets in the region during the year. Such growth requires structure and effectiveness. Beijer Ref has therefore appointed a special regional manager to be responsible for this business area.

Sales via e-commerce are being built up and new webshops will be launched in 2022.



# Africa

- Botswana
- Ghana
- Mocambique
- Namibia
- South Africa
- Tanzania
- Zambia

Net sales, sek m

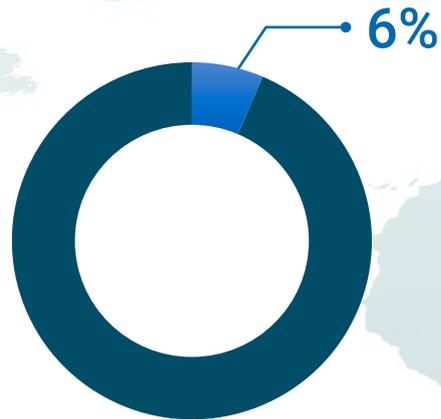
1 106

EBIT, sek m

94

ROWC, %

23



The regions share of net sales

### AFFECTED BY THE PANDEMIC

Beijer Ref's Africa region has been the market most affected by the pandemic. Although the situation with market lock-downs has not been quite as tangible as in 2020, several branches have been closed during the year. Beijer Ref therefore initiated work to accelerate the establishment of e-commerce in the region, an initiative that has continued in 2021.

### GREEN TECHNOLOGY IS MANUFACTURED LOCALLY

Demand for environmentally friendly refrigeration technology is growing in South Africa, and Beijer Ref has continued its establishment of its own production. This enables the group to install in-house manufactured technology locally, without importing from Europe – a significant fact for future investments in the region.

### INTRODUCTION OF OWN BRANDS

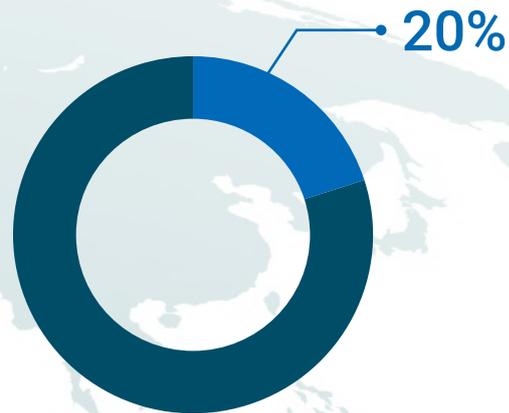
The need for HVAC in the region is constantly growing and Beijer Ref is meeting demand by introducing its own brands Sinclair and Freddox in 2022. The group already has an exclusive agreement with the well-known Gree brand, which also represents a strong offering to customers.



# Asia Pacific

- Australia
- India
- China
- Malaysia
- New Caledonia
- New Zealand
- Singapore
- Thailand

Net sales, sek m  
**3 387**  
 EBIT, sek m  
**256**  
 ROWC, %  
**25**



The regions share of net sales

### STRONG RECOVERY

While 2020 was largely marked by lockdowns caused by the pandemic, 2021 has involved more forward-looking initiatives, even though the challenges in the wake of Covid-19 have continued. Six HVAC companies were acquired during the year. Yet another market could also be added to the map of establishments with the acquisition of Froid et Clim Distribution - an HVAC&R distribution company based in New Caledonia. The acquisitions mean that the region has expanded by approximately 100 employees and that the group has gained a significantly stronger penetration of the growing HVAC market.

### GREEN TRANSITION CONTINUES

Demand for environmentally friendly refrigeration units for the retail trade has continued throughout the year and the transition to new, environmentally friendly refrigerants in Australia is accelerating. This fits well with Beijer Ref's new central support centre outside Sydney, which includes offices, training facilities, a filling station and the manufacture of environmentally friendly technology. During the year Beijer Ref also opened a new training unit - the Beijer Ref Academy in Sydney. Since gatherings were not allowed due to the pandemic, new and innovative options came to replace traditional meetings. Among other things, a roadshow was launched

with a mobile CO<sub>2</sub> training unit that has been taken out to customers and installers during the year, something that has been much appreciated.

Despite lockdowns in most of the region's markets during the year, sales have shown growth. Through cost-effective measures, the region's operating margin improved for the fourth year in a row.



# The development of the share

At year end, Nasdaq OMX Stockholm had risen by 35.0 per cent (12.9) since the beginning of the year. The price paid for Beijer Ref's class B share rose during 2021 by 57.7 per cent (37.0).

## SHAREHOLDERS

Beijer Ref's class B share has been publicly listed since 1983 and is currently on Nasdaq OMX Stockholm's Large Cap list. The share capital of Beijer Ref totals SEK 371,684,512, divided into 380,468,980 shares, each with a quota value of SEK 0.98. Beijer Ref had 13,781 (11,046) shareholders on 31 December 2021. There are two share classes: 27,956,160 class A shares and 354,347,910 class B shares. Each class A share represents ten votes and each class B share one vote. The proportion of foreign shareholders amounts to 3.9% (4.3), corresponding to a capital shareholding of 54.2% (55.3). The company's ten largest shareholders hold 78.6% (76.6) of the votes and 64.5% (61.1) of the capital. The distribution of ownership is set out in the table on page 55.

## GOOD LONG-TERM RETURN

The profit per share after tax totalled SEK 2.58 (1.90). Total return for the Beijer Ref class B share was 58.5 per cent, which may be compared with the SIXRX index, which had a return of 39.3 per cent. Over the last five years, the class B share has had an average total return of 55.1 per cent per annum. The corresponding figure for the SIXRX index 2 is 18.8 per cent per annum.

## SHARE PRICE AND TRADING

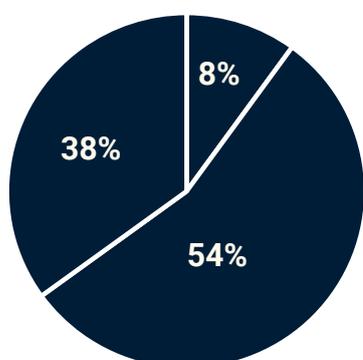
In 2021, a total of 71,323,722 Beijer Ref shares were traded (51,943,370). The total value of trading in the share was SEK 14,554,542,969 (14,146,653,707). The average daily trading volume was 281,912 (206,124) shares or SEK 57.5 (56.1) million. The average purchase price amounted to SEK 153 (91). The highest price paid during the year was recorded on 2 September 2021 at SEK 204 and the lowest on 9 February 2021 at SEK 110. The closing price on 31 December 2021 was SEK 198 (125).

At 31 December 2021, the company had a market capitalisation of SEK 75.2 (47.8) billion. More information about the Beijer Ref share may be found at [www.beijerref.com](http://www.beijerref.com).

## SHARE DIVIDEND

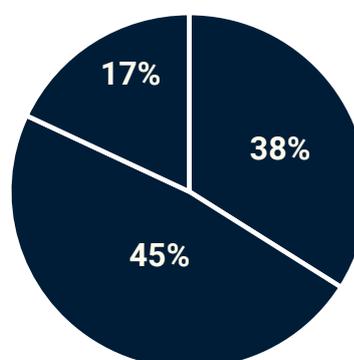
The Board of Directors has proposed a dividend of SEK 1.10 (1.00) for the financial year 2021, corresponding to a total dividend of SEK 419 (380) million. The proposed dividend corresponds to 43 (53) per cent of the group's profit after tax for 2021 and 8.1 (8.6) per cent of equity at year end. The direct yield, i.e. the proposed dividend as a percentage of the year's final share price, is 0.6 (0.8) per cent. The Board of Directors' proposal is that the dividend is paid in two instalments, so as to meet the group's seasonal variations. The record dates for dividends are 11 April and 11 October 2022.

Share of capital, %



Foreign owners 54% (55)  
Swedish institutions, legal entities 38% (35)  
Swedish individuals 8% (8)

Share of votes, %



Foreign owners 45% (48)  
Swedish institutions, legal entities 38% (34)  
Swedish individuals 17% (18)

## OWNERSHIP, 10 LARGEST SHAREHOLDERS AND OTHER OWNERS

on 2021-12-31	A shares	B shares	Total	Votes	Capital
EQT Group	6 456 780	106 894 848	113 351 628	27.1%	29.7%
Magnusson, Joen (private and companies)	9 360 000	243 558	9 603 558	14.8%	2.5%
Berland, Per (private and companies)	7 074 000	131 000	7 205 000	11.2%	1.9%
Jürgensen, Peter Jessen	5 045 580		5 045 580	8.0%	1.3%
SEB Investment Management		29 155 104	29 155 104	4.6%	7.7%
AMF-Försäkring och Fonder		28 388 901	28 388 901	4.4%	7.3%
State Street Bank and Trust co. W9		18 404 754	18 404 754	3.0%	4.9%
Fjärde AP-Fonden		15 174 946	15 174 946	2.4%	4.0%
BNY Mellon NA, W9		12 640 360	12 640 360	1.6%	2.6%
Handelsbanken fonder		10 174 313	10 174 313	1.6%	2.6%
<b>Total, 10 largest shareholders</b>	<b>27 936 360</b>	<b>221 207 784</b>	<b>249 144 144</b>	<b>78.6%</b>	<b>64.5%</b>
Other owners	19 800	131 305 036	131 324 836	21.4%	35.5%
Shares		1 835 090	1 835 090		
<b>Total</b>	<b>27 956 160</b>	<b>354 347 910</b>	<b>382 304 070</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Votes</b>	<b>279 561 600</b>	<b>354 347 910</b>	<b>633 909 510</b>		

## SHARE DISTRIBUTION BY SIZE

Owners of	Number of shareholders	Number of A shares	Number of B shares	Holding (%)	Votes (%)	Market value (sek k)
1 - 500	10 273	0	1 108 162	0.29%	0.17%	219 305
501 - 2000	1 853	0	1 918 554	0.50%	0.30%	379 682
2001 - 5000	700	2 520	2 264 570	0.59%	0.36%	448 158
5001 - 10000	365	8 280	2 615 700	0.69%	0.43%	517 647
10001 - 20000	199	0	2 850 602	0.75%	0.45%	564 134
20001 - 50000	151	0	4 772 118	1.25%	0.75%	944 402
50001 - 100000	78	9 000	5 295 204	1.39%	0.85%	1 047 921
100001 -	162	27 936 360	333 523 000	94.55%	96.68%	66 004 202
<b>Total 2021-12-31</b>	<b>13 781</b>	<b>27 956 160</b>	<b>354 347 910</b>	<b>100,00%</b>	<b>100,00%</b>	<b>70 125 451</b>

## SHARE DATA\* (sek)

	2021	2020	2019	2018	2017
Earnings per share before dilution <sup>1</sup>	2.58	1.90	2.27	2.02	1.34
Earnings per share after dilution <sup>2</sup>	2.56	1.89	2.26	2.01	1.34
Equity per share before dilution <sup>3</sup>	14	12	12	10	9
Equity per share after dilution <sup>4</sup>	15	12	12	10	9
Dividend <sup>5</sup>	1.10	1.00	0.58	1.00	0.64
Dividend as % of earnings per share	43	53	26	49	16
Total dividend. sek m	419	380	221	380	81
Share price <sup>6</sup>	198	125	92	49	35
Yield. % <sup>7</sup>	0.6	0.8	0.6	2.1	1.8
Cash flow per share <sup>8</sup>	3.89	2.93	3.37	2.50	1.66
Number of outstanding shares	380 468 980	379 610 130	379 610 130	379 610 130	381 519 270
Average number of outstanding shares <sup>9</sup>	380 254 268	379 610 130	379 610 130	380 408 340	381 519 270

\*) Share split as per April 15. 2021. Conversion of number of shares has been performed in order to enable comparability between the years.

### Definitions

- (1) Net profit for the year divided by the average number of outstanding shares
- (2) Net profit for the year divided by the total number of shares
- (3) Total equity at year end divided by the average number of outstanding shares
- (4) Adjusted total equity at year end after exercise of option programme divided by the total number of shares.
- (5) For 2021, in accordance with the Board of Directors' proposal
- (6) At 31/12
- (7) Dividend in relation to share price at 31 December
- (8) Cash flow from the current operation before changes in working capital divided by average number of outstanding shares
- (9) Average number of outstanding shares are calculated quarterly

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

# Three good reasons to own shares in Beijer Ref

Beijer Ref's share has seen a sustainable development over the years due to a growing global presence. The company has been named in the Swedish business press as the company that has given the best total return in the last 20 years. For those who have been shareholders since the first listing in 1983, this has meant a good investment. Even during turbulent years such as 2020-2021, the company has had a positive share development.

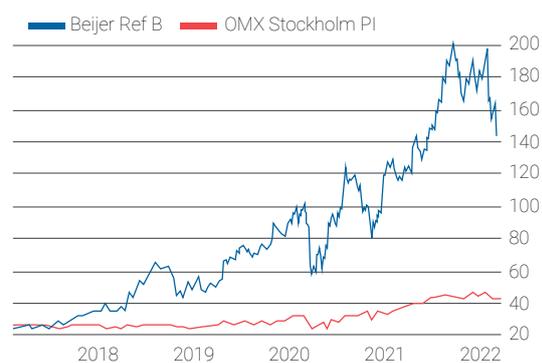
## GROWING MARKET AND CLEAR SUSTAINABILITY PROFILE

The market is growing and favourable external conditions have a positive effect on the company. The business is relatively insensitive to economic fluctuations because most of the end products are intended for the food industry and a great deal is in the after-sales market. A growing population and a middle class enjoying better economic circumstances also increase the demand, primarily for Beijer Ref's comfort cooling products. Beijer Ref has the ambition to grow in both new and existing markets. The group's markets are characterised by still being fragmented, which means that there is still scope for consolidation. There are a number of geographical markets where the group is not represented today, but which may be possible in the future. Beijer Ref's growth target is based on the group's assessment that there is still great potential for both organic and acquisition-driven growth at a global level. The market is also undergoing a technology shift, where end customers are converting to more environmentally-friendly alternatives for regulatory reasons. Beijer Ref is well positioned and has alternatives based on future green products, compared to the present refrigeration system that is driven by refrigerants that have a negative environmental impact. During 2021, Beijer Ref has invested in companies that manufacture refrigeration units based on green refrigerants, as well as in existing filling stations so as to be able to handle green refrigerants right out to the customers.

## CLEAR FOCUS

Beijer Ref focuses on doing what the company is good at - delivering refrigeration and HVAC products. The company has a strong corporate culture with clear values. Entrepre-

neurship has always been one of Beijer Refs' strengths and throughout the company's history the group has expanded its business through both organic growth and acquisitions. This has resulted in employees always focusing on developing the business by combining the best practices from each company to create something even stronger. Beijer Ref's business concept is that the group companies worldwide have a common strategy and mission and also conduct their business with continuity. Internal coordination benefits in purchasing and logistics can always be developed further. The group's large distribution network with over 450 branches in some 40 countries worldwide creates the conditions for an effective distribution chain.



## STABLE DEVELOPMENT

Beijer Ref is the world's largest refrigeration wholesaler. Over time, the share has generated returns above the index on NASDAQ and the company has distributed more than 30 per cent of the annual profit. This has been made possible thanks to good profitability, a strong balance sheet and stable ownership. Beijer Ref has had an average increase in sales of about 13 per cent combined with an operating margin of almost 8 per cent and an average return on operating capital of 16 per cent. Beijer Ref is well positioned when external factors continue to drive high demand for energy-efficient products.



# The group in brief

The Board of Directors and the CEO of Beijer Ref AB (publ), corporate identity number 556040–8113, hereby submit the annual report and consolidated financial statements for 2021.

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

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

## THE PARENT COMPANY'S ACTIVITIES

Beijer Ref AB is the parent company of the Beijer Ref group. The parent company exercises central functions such as

group management, group finance, group-wide purchasing, logistics and corporate law. The company's registered office is in Malmö. The parent company reports a profit after tax of SEK 627 (48) million for the financial year 2021. The increase in earnings is due to higher dividends from group companies in 2021.

## SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

2021 was a successful year for Beijer Ref, in spite of supplier disruptions and several closed markets. Per Bertland, former CEO of Beijer Ref, informed the board at the beginning of the year that he intended to resign during the year. Christopher Norbye succeeded him on 30 August 2021.

2021 has been an active acquisition year and the company has made 10 acquisitions, including six in Asia Pacific and four in Europe. Acquired sales on an annual basis amount to SEK 1.8 billion, of which SEK 1.1 billion is included in sales for 2021. The acquisitions made a positive contribution to the group's operating profit.

## SALES AND PROFIT

The group's sales amounted to SEK 16,905 (14,062) million, an increase of 20.2 (-5.1) per cent. Organic growth was 14.4 per cent (-6.2). Despite issues in the supply chain, the company

## Financial review <sup>1</sup>

	2021	2020
Operating income, sek m	16 905	14 062
EBITDA, sek m	1 835	1 477
Operating profit, (EBIT), sek m	1 361	1 036
Operating margin (EBIT), %	8.0	7.4
Profit for the year, sek m	990	729
Return on average capital employed, %	13.8	12.3
Return on average equity, %	20.3	16.5
Return on average operating capital, %	15.4	13.9
Equity ratio, %	34.4	39.4
Number of employees	4 134	3 856
Earnings per share before dilution	2.58	1.90
Earnings per share after dilution	2.56	1.89
Shareholders' equity per share before dilution, sek	14	12
Shareholders' equity per share after dilution, sek	15	12

Financial information for 2017 - 2019, see page 114.

has succeeded in driving both volume and price increases in 2021. Commercial and industrial refrigeration had sales of SEK 7,427 (6,761) million and accounted for 44 (48) per cent of total sales. Air conditioning had sales of SEK 7,860 (5,951) million and accounted for 46 (42) per cent of sales. In-house manufacturing accounted for 10 per cent (10) of total sales.

The group's operating profit amounted to SEK 1,361 (1,036) million for the full year 2021. The group's net financial items amounted to SEK -69 (-59) million over the full year. Of net financial items, SEK -29 million (-27) is attributable to IFRS 16. Profit before tax amounted to SEK 1,292 (977) million and profit after tax amounted to SEK 990 (729) million for the full year. Profit per share before dilution was SEK 2.58 (1.90).

### PROFITABILITY

Return on operating capital and capital employed was 15.4 (13.9) per cent and 13.8 (12.3) per cent respectively. Return on equity was 20.3 (16.5) per cent.

### INVESTMENTS, LIQUIDITY AND NUMBER OF EMPLOYEES

Cash flow from investment activities amounted to SEK -749 (-352) million, which relates primarily to completed acquisitions and investments in tangible fixed assets. Cash and cash equivalents including unutilised lines of credit amounted to SEK 1,342 (1,646) million at year end. The company's total unused credit capacity was SEK 1,020 (1,516) million when the accounts were closed. The average number of employees was 4,134 (3,856).

### CASH FLOW, FINANCING AND EQUITY/ASSETS RATIO

Cash flow from current activities before change in working capital amounted to SEK 1,479 (1,112) million. Net liabilities were SEK 4,585 (2,944) million. Equity amounted to SEK 5,266 million (4,489). The change in equity amounted to SEK 777 (120) million, which corresponds to the year's comprehensive income of SEK 1,233 (345) million with deduction of dividend to the parent company's shareholders of SEK 380 (221) million. Other differences are mainly due to changes in exchange rates with recalculation of the subsidiaries into SEK. The equity/assets ratio was 34.4 per cent (39.4) at year end.

### RESEARCH AND DEVELOPMENT

Beijer Ref's presence in the market is important for developing more environmentally friendly products in the future.

### OUTLOOK FOR 2022

The increased demand for refrigeration products and air conditioning is expected to continue in 2022 unless something unforeseen emerges. The link to food distribution, which is essential to society, is a critical factor for stability of demand for refrigeration products, as this is the company's largest end-user area. The fact that prosperity is increasing, along with increased penetration by air conditioning, means increasing demand for the company's comfort cooling products.

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

2022 began with Beijer Ref acquiring 80% of the shares in Deltron, a leading HVAC distributor in air conditioning in Croatia. Deltron has sales of approximately SEK 400 million with good profitability and will be consolidated as of 1 January 2022 in Beijer Ref's accounts. Beijer Ref is continuously evaluating new opportunities and markets.

### SUSTAINABILITY

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

Beijer Ref is not involved in any environmental disputes. For more information about Beijer Ref's sustainability report see pages 32-38 and information on pages 12-15, 17, 22-25, 44-45, 59, 66-67 and 116-117.

### Proposal for distribution of profit

Profit at the disposal of the Annual Meeting of shareholders:

Share premium reserve	901 604
Profit brought forward	52 293
Net profit for the year	627 232
<b>Total</b>	<b>1 581 129</b>

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

Dividend, SEK 1,10 per share	418 516
To be carried forward	1 162 613
<b>Total</b>	<b>1 581 129</b>

# Corporate governance and corporate responsibility

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



## AN INTRODUCTION FROM KATE SWANN

The undersigned took over as chair of Beijer Ref after Bernt Ingman in connection with an extraordinary general meeting in March 2021, after EQT became the principal owner at the end of 2020.

2021 began intensively for us on the board when Per Bertland announced that he planned to step down as CEO in 2021 as soon as a replacement was in place. A recruitment process started almost immediately and the board appointed Christopher Norbye as the new President and CEO of Beijer Ref in May 2021; he subsequently took up the position on 30 August, 2021.

"In Christopher Norbye, we have gained a commercial and business-oriented leader with a strong track record. He combines global experience with an engaging leadership style. Beijer Ref has had a fantastic journey under Per's leadership, with many years of strong growth. I look forward to sup-

porting Christopher in his work to continue to develop Beijer Ref, both organically and through acquisitions."

During the year, acquisitions and building the future organisation have been in focus and we have carried out some key recruitments to the group in the form of heads of Sustainability, Supply Chain and Digitalisation. I am proud of what the company has achieved during this short period and how well we have managed to fend off challenges in the market with a strong delivery organisation. I look forward to building an even stronger Beijer Ref 2.0 in the coming years.

**Kate Swann**  
Chair of the Board

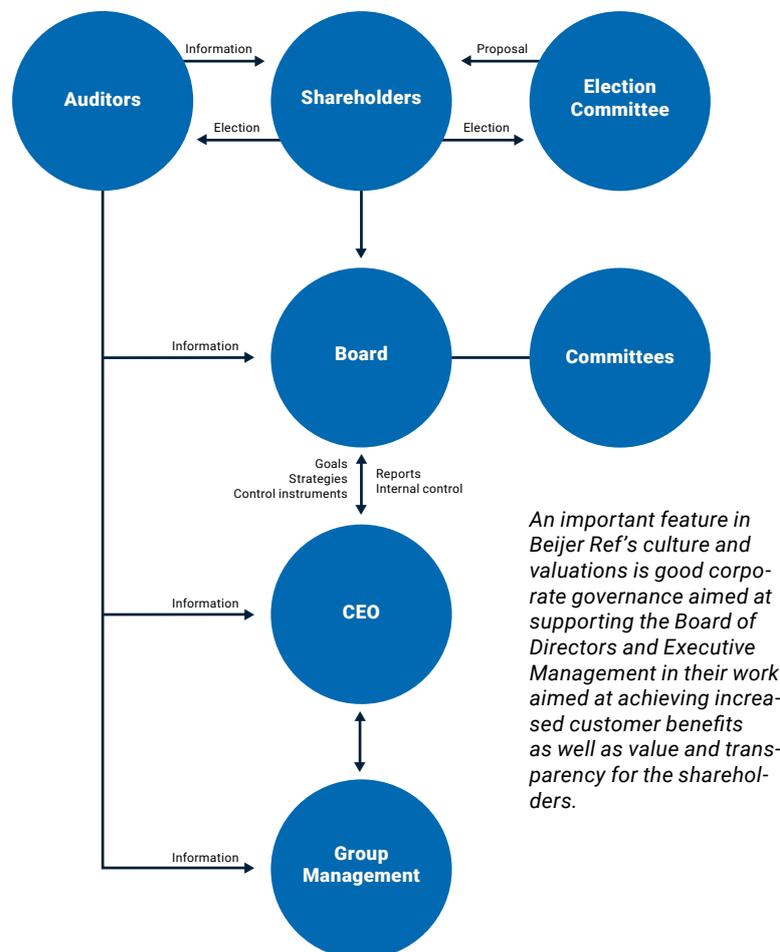
Beijer REF applies the Swedish Corporate Governance Code and here presents the annual corporate governance report for 2021. Investigation of the corporate governance report has been performed in accordance with RevU 16 by the company's auditor.

## EXTRAORDINARY GENERAL MEETING 2021

Due to EQT becoming the principal owner of Beijer Ref in December 2020 and the fact that Per Bertland stepped down as CEO in 2021, the company called an extraordinary general meeting on 3 March 2021 to elect new board members. The new board members are Kate Swann, Albert Gustafsson and Per Bertland with Kate Swann as chair.

## SHAREHOLDER INFLUENCE THROUGH THE ANNUAL GENERAL MEETING

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



### ANNUAL GENERAL MEETING 2021

The annual general meeting 2021 was held on 15 April 2021 in Malmö. The company took special measures because of Covid-19. Postal voting and proxy voting were recommended to limit the number of people physically present at the meeting.

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

203 (178) shareholders attended, in person or by proxy. These represented approximately 74 (82) per cent of the total votes. Four shareholders, EQT, Peter Jessen Jürgensen, Joen Magnusson and Per Bertland, together represented approximately 61 (64) per cent of the votes represented at the meeting. Kate Swann was elected to chair the meeting. All board members elected by the meeting were available.

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

- Dividend in accordance with the proposal of the board and the CEO of SEK 3.00 (SEK 1.00 after completion of split) per share for the financial year 2020, corresponding to SEK 379,610 thousand.
- Re-election of board members: Kate Swann, Albert Gustafsson, Joen Magnusson, Per Bertland and Frida Norrbom Sams. Kate Swann was re-elected as chair of the board
- Election of new board members Kerstin Lindvall and William Striebe as Peter Jessen Jürgensen had declined re-election.
- Determination of remuneration to the board and auditor.
- Principles for remuneration and other terms of employment for the CEO and other senior executives.
- It was decided to carry out a 3:1 split

- *A long-term incentive programme LTIP 2021-2024 was decided on*
- *Decision on amendments to the company's articles of association in order to be able to carry out the split and postal voting*
- *New election of Deloitte AB as the company's auditor in 2021 with Richard Peters as chief auditor.*

Beijer Ref's next annual general meeting will be held on 7 April 2022 in Malmö. For further information on the next AGM, see page 120 of this annual report.

EQT Group, Joen Magnusson (family and company) and Per Bertland (family and company) each hold more than 10% of the votes in the company. For further information about the share and shareholding, see pages 54-55 and the company's website.

#### **NOMINATION COMMITTEE**

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

#### **NOMINATION COMMITTEE BEFORE AGM 2022**

The nomination committee was appointed in October 2021 and shall, according to the AGM, consist of five members. The members of the nomination committee were appointed from among the company's four largest shareholders in terms of votes and are: Juho Frilander (EQT Partners), Joen Magnusson (own and related parties' holdings), Tommi Saukkoriipi (SEB Investment Management), Patricia Hedelius (AMF Försäkring och Fonder) and Kate Swann (Chair of Beijer Ref's Board). The 2022 nomination committee has held 4 (4) meetings. The nomination committee has performed its work by evaluating the board's work, composition and competence.

A report on the work of the nomination committee was submitted in the nomination committee's explanatory statement, which was published before the annual general meeting 2021. Further information about the nomination committee and its work can be found on the group's website: [www.beijerref.com](http://www.beijerref.com)

#### **PROPOSALS TO THE AGM 2022**

The nomination committee has prepared the following proposals to be presented to the AGM 2022 for decision: The nomination committee has decided to propose to the AGM:

- *re-election of the board members: Kate Swann, Albert Gustafsson, Joen Magnusson, Per Bertland, Frida Norrbom Sams, William Striebe and Kerstin Lindvall*

- *re-election of Kate Swann as chair of the board and*
- *re-election of Deloitte AB as the company's auditor in 2022.*

#### **THE BOARD**

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

#### **THE COMPOSITION OF THE BOARD IN 2021**

In 2021, the board of Beijer Ref consisted of seven members elected by the AGM. The CEO, CFO and General Counsel participate in all board meetings and other executives in the group participate as rapporteur on specific issues as necessary. For further information about the board members, see pages 68–69 and Note 6, page 92.

#### **RESPONSIBILITIES OF THE CHAIR**

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

#### **THE BOARD'S INDEPENDENCE**

The board's assessment, which is shared by the nomination committee, regarding the members' positions of dependence in relation to Beijer Ref and the shareholders appears on pages 68–69. As is shown, Beijer Ref complies with the Swedish Corporate Governance Code requirement that the majority of the AGM-elected members are independent in relation to Beijer Ref and the executive management, and that at least two of these are also independent in relation to Beijer Ref's major shareholders.

#### **THE WORK OF THE BOARD IN 2021**

In 2021, Beijer Ref's board held 8 (7) ordinary meetings. At each ordinary board meeting, the company's financial position and investment activities were discussed. Work in 2021 has been largely focused on issues involving strategy and continued expansion, as well as increased profitability. The company's auditors attended the board meetings that dealt with the annual accounts and in connection with reporting of the ongoing investigation before the Audit Committee.

Between the board meetings, a large number of contacts have taken place between the company, its chair and other

board members. Members are regularly sent written information concerning the company's activities, financial status and other relevant information. The measures taken by the board to monitor the functioning of internal control in relation to financial reporting and reporting to the board include requesting in-depth information in certain areas, in-depth discussions with parts of group management and requesting descriptions of the components of internal control in connection with reporting. The board has rules of procedure which are established at the statutory board meeting after the AGM. At the same time, the board establishes instructions for the CEO. All members have attended all board meetings during the year, which have mostly been held digitally, with the exception of the strategy meeting that was held physically in September 2021.

## EVALUATION OF BOARD MEMBERS AND THE CEO 2021

The chair of the board is responsible for evaluating the board's work, including the input of individual members. This is done through an annual, structured evaluation with subsequent discussions by the board, at which the results of the survey, including comments submitted, are presented by giving individual responses to each question, as well as averages and standard deviation.

During 2021 the evaluation has been done through a web-based evaluation of the board where the board members individually, and anonymously, decide on statements regarding the board as a whole, the chair of the board, the CEO's work on the board and their own input. The evaluation focuses on improving the board's efficiency and focus areas as well as the need for specific skills and working methods. In the nomination committee, the results of the evaluation of the board have been presented by the company that produced the digital board evaluation questionnaire. The nomination committee has also interviewed individual board members. In addition to the above annual board and CEO evaluation, the board evaluates the work of the CEO continuously by following the development of the business towards the established goals.

## BOARD COMMITTEES

During 2021, the board has had an Audit Committee consisting of Albert Gustafsson, chair, and Frida Norrbom Sams. The audit committee met 4 (4) times during 2021. The work has mainly focused on:

- *Current and new accounting issues*
- *Review of interim reports, year-end report and annual report*
- *Review of reports by the company's auditor including the*

- *auditor's audit plan and follow up on auditing fees*
- *Assistance in drawing up proposals for the AGM's decision on the election of the auditor*
- *Review of procedures and work plan for the work of the committee*
- *Ensuring that policies exist and rules are complied with*
- *Follow-up and reporting back concerning the company's tax situation and tax audits*
- *Review of the company's risk analysis*

During the fourth quarter of 2021, the board established a Remuneration Committee for Beijer Ref. The committee includes Kate Swann and Albert Gustafsson, together with the CEO and the Legal Council. Previously, these issues were handled in their entirety by the board. Questions are prepared during the first board meeting of the year and decided at the board meeting held in connection with the AGM. The remuneration committee has, among other things, the task of monitoring and evaluating:

- *The application of the company's guidelines for remuneration to senior executives and the current remuneration structures and levels of remuneration in the company.*
- *All programmes for variable remuneration for company management.*
- *Recommend long-term incentive programs.*

## EXTERNAL AUDITORS

The AGM appoints the external auditor. Beijer Ref's auditor is the authorised accounting firm Deloitte AB, with authorised public accountant Richard Peters as chief auditor. Deloitte AB has been elected by the annual general meeting 2021 as Beijer Ref's auditor for the period until the AGM 2022.

## INTERNAL AUDITS

There is a limited internal control function. The function has performed a mapping of risks, developed focus areas and carried out a self-assessment procedure with the group's companies. There is no fully developed internal auditor function in the Beijer Ref group. In accordance with the rules of the Swedish Corporate Governance Code, the board of Beijer Ref AB has decided on any need for a special internal audit function. The board has found that there is currently no need for such an organisation in the Beijer Ref group. The background to this position is the company's risk profile and the control functions and control activities that are built into the company's structure, such as active boards in all companies, a high degree of presence from local management and board representation by management at the level above etc. Beijer Ref has defined internal control as a process that is influenced by the board, the audit committee, the CEO, group management and other employees and designed to provide

a reasonable assurance that Beijer Ref's goals are achieved in terms of: efficient and appropriate operations, reliable reporting and compliance with applicable laws and regulations. The internal control process is based on a control environment that creates discipline and provides a structure for the components of the process – risk assessment, control structures and follow-up. For information on internal control relating to financial reporting, see the section on internal control. For information on risk management, see pages 66–67.

#### **CEO AND GROUP MANAGEMENT**

Christopher Norbye succeeded Per Bertland as President and CEO of the Beijer Ref Group on 30 August 2021. The President and CEO of Beijer Ref heads Beijer Ref's operations on an ongoing basis and is assisted by a group management team consisting of the heads of business operations, purchasing, legal and finance staff. At the end of 2021, Group management, including the President, consisted of 7 people. CFO Maria Rydén will leave the company and be succeeded by Ulf Berghult in March 2022. David Ericsson, Head of M&A, is part of Group Management as of February 1, 2022. Katarina Olsson, legal counsel, has decided to seek new challenges outside the Group. She will be replaced in the Group Management by Hanna Grasso, VP HR & Communications, as of May 1, 2022.

For further information about group management, see pages 70–71.

#### **REMUNERATION TO SENIOR EXECUTIVES**

The aim of Beijer Ref's remuneration policy for senior executives is to offer competitive and market-based remuneration, so that competent and skilled employees can be attracted, motivated and retained. These guidelines allow senior executives to be offered a competitive total remuneration. The guidelines are applied to remuneration that has been agreed upon, as well as changes made to already agreed remuneration, after the guidelines have been adopted by the 2021 annual general meeting. The board, in its capacity as the company's remuneration committee, shall prepare, follow and evaluate matters related to variable cash remuneration.

The remuneration shall consist of fixed salary, variable cash remuneration, pension benefits and other remuneration. Variable cash remuneration shall be based on predetermined, well-defined and measurable financial targets for the group and at group and individual level such as profit growth, sales growth and change in working capital. The weighting between the respective targets set shall be so that the

heaviest weighting is placed on profit growth. Fulfilment of criteria for the payment of variable cash remuneration shall be measurable over a period of one year. The CEO will receive a maximum amount equal to 55% of annual salary and other senior executives will receive a maximum amount equal to 50% of annual salary. The board shall have the possibility, according to law or contract, to recover in whole or in part any variable remuneration paid in error.

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

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

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

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

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

For more detailed information on remuneration guidelines, see Note 6 on page 120 of this annual report.

### **FURTHER INFORMATION ABOUT CORPORATE GOVERNANCE**

The following information may be found at [www.beijerref.com](http://www.beijerref.com):

- *Previous annual corporate governance reports*
- *Notice of the AGM*
- *Minutes*
- *Quarterly reports*

### **INTERNAL CONTROL**

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

### **EXTERNAL CONTROL INSTRUMENTS**

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

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

### **INTERNAL CONTROL INSTRUMENTS**

The binding internal control instruments include:

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



# Risks and risk management

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

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

## **CONTROL ENVIRONMENT AND STRUCTURE**

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

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

The management work is based on the work of the board, which is the backbone of company management, and the organisation's various company boards. The regulatory framework that covers company management, such as the Swedish Companies Act, forms the basis for how the work of the board is performed and, through this way of working, powers and responsibilities are regulated by these laws. The decisions taken by the boards are minuted and followed up carefully. Senior executives in group and business area management are represented on boards at an underlying organisational level and also in individual companies of significance. It is through this board work that control activities and follow-up of these is decided and carried out with local endorsement. It is the consistent practice within the group that, with critical issues such as important personnel issues, organisational issues etc., the immediate manager refers to his or her respective manager so as to endorse decisions before these are made.

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

## **RISK ASSESSMENT**

Risk assessment regarding financial reporting at Beijer Ref aims to identify and evaluate the most significant risks that affect internal control of financial reporting in the group's companies, business areas and processes. The present situation is assessed and improvement points are established. Control activities are also evaluated and assessed on an ongoing basis.

Concerning sustainability risks, the group has developed a framework that deals with procedures and guidelines in areas such as the environment, employees, business ethics and efforts to avoid corruption, responsible supply chain and partnerships. The framework is disseminated to all subsidiaries, which then report back on action plans and results. Regarding risks concerning compliance with new environmental laws and resolutions for HFC gases, Beijer Ref has conducted a review of its own management of the issues and has found that there is no particular risk present. Concerning risks related to ethical working conditions (social and environmental standards), business ethics and code of conduct, and the measures to guard against corruption, the group has evaluated its own and its subsidiaries' management of these issues. By establishing a Code of Conduct for employees and suppliers, risks in the areas of ethical working conditions, business ethics and corruption shall be minimised.

## **FOLLOW UP**

Follow up to ensure the effectiveness of internal control of financial reporting is performed by the board, CEO, CFO and group management. The follow up includes monthly financial statements compared with budget, previous year and goals and quarterly reports with results supplemented by written comments. The follow up also includes following up on observations reported by Beijer Ref's auditor. Beijer Ref works according to an annual plan, which takes its starting point in the risk analysis and includes priority companies, acquired companies, main processes and specific risk areas.

IDENTIFIED RISKS	EXPOSURE AND MANAGEMENT OF RISKS
Risks in the product range	The risk that Beijer Ref does not get new environmentally-friendly products on the market. This risk is mitigated against by a central category manager for each product segment taking responsibility for the product throughout its entire life cycle and who is also responsible for bringing in new products.
Access to capital and interest rate risks	New banking requirements and higher interest rates, as well as the general economic situation, may affect the availability of capital. Mitigated by Beijer Ref having financing with different banks and sources of financing such as the bond market, as well as different maturity dates for the credits.
Currency risks	The company is exposed to currency fluctuations, and continually hedges the foreign exchange exposure in certain subsidiaries so as to counterbalance this risk.
Risk of fire, destruction, natural disasters and pandemic	In emerging markets, the risk of natural disasters is greater and the company weaves this risk into its insurance solution and business interruption insurance so as to minimise the risk of harm and losses. One consequence of globalisation is that it is difficult to protect the company from pandemics; in these situations the company follows the WHO's recommendations. Like everyone else, the company is affected by a pandemic. The business is classified as societally important, which lessens the effect.
Beijer Ref's corporate culture	There is a risk that Beijer Ref's corporate culture will be depleted unless the culture is preserved and maintained on a regular basis. Beijer Ref has a Code of Conduct to enhance and maintain the culture, as well as policies for business ethics and morality. The company also has introductory training for all new employees and an e-learning system.
Digitalisation and E-commerce	Digitalisation and e-commerce create new trade patterns and behaviours that are continuously being evaluated. The risk is minimised by working under various different brands and via a differentiated product offering. There is always a risk that the company will be affected by new players challenging the industry.
Risk related to dealers – Customers deal directly with suppliers	Customers tend to contract directly with suppliers, in order to obtain lower prices. Beijer Ref has many small customers, which can counteract this risk, while the company has a high level of availability in its product range.
Increased competition and concentration in Europe	Beijer Ref has a strong position in Europe and has historically had a head start, which could lead to downward price pressure on the market prices when new actors enter. Better products and entering new markets may reduce this risk.
Suppliers sell directly to larger customers and by-pass the wholesaler	Beijer Ref's distribution network via branches and presence in around 40 countries counteracts this risk and constitutes a full-fledged alternative to suppliers and own brands, which further strengthens Beijer Ref's position.
Risks related to product liability	Poor quality products always negatively affect the Beijer Ref brand. The Company always works with at least two brands at a minimum in all markets, and within different price segments. The company intends to launch its own product range within its own product area. A central category manager counteracts this risk.
Risk of irregularities	Beijer Ref has a decentralised organisation and its subsidiaries are governed by regular board meetings. A self-evaluation of internal control is performed annually. The company also has a whistleblower function and code of conduct.
Dependency on major suppliers	The company has a number of important agreements with suppliers within HVAC. However, Beijer Ref's strategy is to have at least one supplier in each price segment and at least two suppliers in each market. Carrier, Toshiba, Mitsubishi Heavy Industries and Gree are all significant partners of the company within HVAC.
Risks in the new markets	Before Beijer Ref enters new markets, a market analysis of the market is conducted, in order to become aware of the risks and to be able to better manage them.
Risk related to data retrieval (computer crashes and data breaches)	Data failure and intrusion affect Beijer Ref's sales and customer relationships to a limited extent as the group has a decentralised IT environment. The company works to strengthen virus protection and also works with other security solutions, such as password policy and double logins.
Changed legal requirements and regulations	Changed legal and regulatory requirements affect Beijer Ref's business, not least changes in environmental requirements. The company regularly monitors these requirements as part of its global surveillance. The company is positively affected by the European phasing-out programme for CO <sub>2</sub> equivalents, while demand for the company's environmentally friendly range is increasing. The phasing-out will run until 2030 and the new technologies will gradually be established in other markets outside Europe, for example in Australia and New Zealand.
Competition with existing customers	In pace with Beijer Ref delivering more and more systems, the installation is usually included, which can compete with existing customers. The risk is mitigated by educating and offering services that customers take responsibility for.
Political risks	Political risks can affect liquidity and the general business climate. Beijer Ref continuously monitors and follows the political situation as part of the business analysis and avoids particularly vulnerable markets. For Beijer Ref, political developments in South Africa could affect the company's development.

# Board of Directors



## **KATE SWANN**

### **Chair**

**Born:** 1964.

**Elected:** 2021.

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

**Other assignments:** Advisor to EQT. Chair of Parques Reunidos, Moonpig PLC and IVC Evidensia. Board director of England Hockey. Independent in relation to Beijer Ref and its management. Dependent on the company's largest shareholders.

**Previous experience:** CEO of SSP Group plc. CEO of WH Smith.

**Own and related shareholding 2022:** 6.460 B shares in Beijer Ref AB.

80 827 501 ordinary shares and 30 658 707 preference shares in EQT:s MPP (Management Participation Program).



## **ALBERT GUSTAFSSON**

### **Board member**

**Born:** 1977.

**Elected:** 2021.

**Education:** B.Sc. in Business Administration.

**Other assignments:** Partner and Head of Private Equity Sweden at EQT. Board Member of ETON, Bluestep.

Independent in relation to Beijer Ref and its management. Dependent on the company's largest shareholders.

**Previous experience:** Board Member of Dometic, Granngården, Scandic and Iver.

**Own and related shareholding 2022:** 0 in Beijer Ref AB.



## **PER BERTLAND**

### **Board member**

**Born:** 1957.

**Elected:** 2021.

**Utbildning:** MBA, University of Lund.

**Other assignments:** Chairman of Dendera Holding AB. Chairman of Inwido AB. Board member of IV Produkt AB. Board Member of Lindab AB. Board member Fortnox AB. Partner of Small Cap Partners.

Dependence based on own shareholding. Dependent in relation to Beijer Ref and its management.

**Previous experience:** CEO of Beijer Ref. COO of Beijer Ref. CFO of Indra AB and Ötab Sport AB within the Aritmos Group.

**Own and related shareholding 2022:** 7.074.000 A shares and 151.000 B shares in Beijer Ref AB.

**FRIDA NORRBOM SAMS****Board member****Born:** 1971**Elected:** 2021**Education:** M. Sc. in Business Administration, Uppsala University.**Other assignments:** President and CEO Hydrosand Group. Board member of Ballingslöv International AB.

Independent in relation to Beijer Ref and its management.

**Previous experience:** EVP, Head of EMEA at Husqvarna Group, VP Sales and Service region 2 at Husqvarna Group, SVP & Managing Director North Europe Sanitec Oy, EVP & CIO Sanitec Oy, Senior Manager BearingPoint/Andersen Business Consulting, EVP, Head of Application division NKT A/S.**Own and related shareholding 2022:** 32.180 B shares in Beijer Ref AB.**WILLIAM STRIEBE****Board member****Born:** 1950.**Elected:** 2021.**Education:** Doctor of Laws degree from University of Connecticut Law School and a BA in history from Fairfield University.**Other assignments:** Independent consultant at WFS Consulting advising on business and M&A related issues. Board member of Carrier Midea India PVT LTD.

Independent in relation to Beijer Ref and its management.

**Previous experience:** Vice President, Joint Ventures, Vice President, Global Business Development, UTC Climate, Controls & Security and has over 30 years of experience from the UTC/Carrier business.**Own and related shareholding 2022:** 0 in Beijer Ref AB.**KERSTIN LINDVALL****Board member****Born:** 1971.**Elected:** 2021.**Education:** Master's degree from the Swedish University of Agricultural Sciences, Uppsala.**Other assignments:** Chief Corporate Responsibility Officer at ICA Gruppen with overall responsibility for the Group's strategic sustainability work. Board member of ICA Gruppen's board management. Member of the Swedish Chemicals Agency's Transparency Council and UN Global Compact Sweden.

Independent in relation to Beijer Ref and its management.

**Previous experience:** 25 years of experience within the ICA Group as, among other things, head of environmental & social responsibility, quality manager and internal communications manager. Board member of KRAV and several positions of trust within industry organizations.**Own and related shareholding 2022:** 0 in Beijer Ref AB.**JOEN MAGNUSSON****Board member****Born:** 1951.**Elected:** 1985.**Education:** Master of Business Administration.**Other assignments:** The Royal Physiographic Society's Economic Council and others. Dependence based on own shareholding. Independent in relation to Beijer Ref and its management.**Previous experience:** CEO of G & L Beijer AB until 30 June 2013. Employed by Teglund Marketing AB, Statskonsult AB, Skrinet AB.**Own and related shareholding 2022:** 9.360.000 A shares and 273.558 B shares in Beijer Ref AB.

# Group Management



## **CHRISTOPHER NORBYE**

**CEO & President**

**Born:** 1973.

**Employed since:** 2021.

**Education:** MBA University of Miami.

**Previous experience:** Executive Vice President & Head of Entrance Systems Division Assa Abloy.

**Shareholding 2022:** 2.699 B shares and 100.000 options in Beijer Ref AB.

100 000 000 ordinary shares and 50 000 000 preference shares in EQT:s MPP (Management Participation Program).



## **SIMON KARLIN**

**COO ARW EMEA & EVP**

**Born:** 1968.

**Employed since:** 2001.

**Education:** Master of Business Administration, Lund University.

**Previous experience:** Business & Finance Director Beijer Ref, Business control Svedala Industri Group.

**Shareholding 2022:** 141.000 B shares and 60.000 options in Beijer Ref AB.



## **KATARINA OLSSON**

**GENERAL COUNSEL & EVP**

**Born:** 1971.

**Employed since:** 2016.

**Education:** Master of Law, University of Lund, LL.M., Queen Mary and Westfield College, London University.

**Previous experience:** Risk Management Director at ICA AB, Corporate Legal Counsel at ICA AB, Corporate Legal Counsel at Ericsson AB.

**Shareholding 2022:** 2.420 B shares and 12.000 options in Beijer Ref AB.



## **YANN TALHOUËT**

**COO & EVP Toshiba HVAC Western Europe**

**Born:** 1974.

**Employed since:** 2011.

**Education:** MA, Paris Dauphine University, MBA, Insead, Fontainebleau.

**Previous experience:** CEO of Toshiba HVAC Western Europe, Carrier Corporation. Management Consultant at Kearney.

**Shareholding 2022:** 45.000 B shares and 15.000 options in Beijer Ref.

**JONAS STEEN****COO ARW APAC & EVP****Born:** 1976.**Employed since:** 2010.**Education:** Master of Science in Chemical

Engineering and Economics, Lund University.

**Previous experience:** VP Beijer Ref Nordic and Eastern Europe, Business Control in Trelleborg Group.**Shareholding 2022:** 18.000 B shares and 60.000 options in Beijer Ref AB.**MARIA RYDÉN****CFO & EVP****Born:** 1966.**Employed since:** 2017.**Education:** MSc in Economics, Växjö University.**Previous experience:** CEO Ikano Vårdboende, CFO Ikano Fastigheter, Dole, Switchcore and Arthur Andersen.**Shareholding 2022:** 10.500 B shares and 60.000 options in Beijer Ref AB.**KRISTIAN LEXANDER****CDO/CIO & EVP****Born:** 1975.**Employed since:** 2021.**Education:** Masters degree in Economics and Informatics Internationella Handelshögskolan Jönköping, Napier University Edinburgh.**Previous experience:** CIO & SVP Nederman, Senior Director William Demant, Senior Manager Accenture.**Shareholding 2022:** 50.000 options in Beijer Ref AB.**HENRIK THORÉN****CSCO & EVP****Born:** 1970.**Employed since:** 2022.**Education:** B.Sc. Mechanical Engineering, Chalmers University of Technology and M.B.A International Business Management, Uppsala Universitet.**Previous experience:** Vice President Supply Chain & Procurement, Business Unit Service, Vestas, and other senior international management positions within Supply Chain & Sourcing, Ericsson.**Shareholding 2022:** 0 shares in Beijer Ref AB.**AUDITORS**

Deloitte AB

**RICHARD PETERS**

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

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## Consolidated profit and loss account

SEK K	Note	2021	2020
OPERATING INCOME			
Net sales	5	16 904 707	14 062 296
Other operating income	7	47 831	24 962
<b>Total income</b>		<b>16 952 538</b>	<b>14 087 258</b>
OPERATING EXPENSES			
Raw materials and necessities		-900 631	-723 940
Goods for resale		-10 968 096	-9 079 297
Other external costs	8	-957 637	-838 226
Personnel costs	6	-2 263 776	-1 962 502
Depreciation and write-down of intangible and tangible fixed assets	15,16,18	-473 987	-441 505
Other operating expenses		-27 691	-6 222
<b>Operating profit</b>		<b>1 360 720</b>	<b>1 035 566</b>
RESULT OF FINANCIAL INVESTMENTS			
Financial income	10	14 835	8 518
Financial expenses	11	-83 770	-67 055
<b>Profit before tax</b>		<b>1 291 785</b>	<b>977 029</b>
Tax on the year's profit	13	-301 749	-248 435
<b>Net profit for the year</b>	<b>14</b>	<b>990 036</b>	<b>728 594</b>
Attributable to:			
The parent company's shareholders		979 392	722 324
Non-controlling interests		10 644	6 270

## The Group's report on other comprehensive income

SEK K	Note	2021	2020
Net profit for the year		990 036	728 594
OTHER COMPREHENSIVE INCOME			
Items which will not be reversed in the profit and loss account		—	—
Revaluation of the net pension commitment	26	23 384	-12 478
Changes in the fair value of equity investments at fair value through other comprehensive income	19	8 098	-4 880
Income tax relating to components of other comprehensive income		-4 974	2 673
Items which can later be reversed in the profit and loss account		—	—
Exchange rate differences		243 485	-411 642
Cash flow hedging		—	-1 831
Hedging of net investment		-23 830	40 634
Income tax relating to components of other comprehensive income		-3 338	3 344
<b>Other comprehensive income for the year</b>		<b>242 826</b>	<b>-384 181</b>
<b>Total comprehensive income for the year</b>		<b>1 232 862</b>	<b>344 413</b>
Attributable to:			
The parent company's shareholders		1 217 867	347 664
Non-controlling interests		14 995	-3 251

## Consolidated balance sheet

SEK K	Note	2021-12-31	2020-12-31
<b>ASSETS</b>			
<b>Fixed assets</b>			
Intangible assets	15	3 470 244	2 102 897
Tangible fixed assets	16	703 345	543 826
Financial assets at fair value through other comprehensive income	19	44 137	39 865
Right of use assets	18	1 441 734	1 184 338
Deferred tax assets	25	223 591	180 356
Other receivables	20	111 953	104 353
<b>Total fixed assets</b>		<b>5 995 004</b>	<b>4 155 635</b>
<b>Current assets</b>			
Inventories	21	5 057 037	3 388 933
Trade debtors and other receivables	20	3 212 007	2 687 559
Income taxes recoverable		32 069	14 756
Liquid funds	22	1 003 850	1 153 636
<b>Total current assets</b>		<b>9 304 963</b>	<b>7 244 884</b>
<b>TOTAL ASSETS</b>		<b>15 299 967</b>	<b>11 400 519</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	23	371 685	371 685
Other contributed capital		901 172	901 172
Reserves		- 1 800	-213 834
Profit brought forward		3 901 598	3 353 297
<b>Total</b>		<b>5 172 655</b>	<b>4 412 320</b>
Non-controlling interests	30	92 849	76 380
<b>Total equity</b>		<b>5 265 504</b>	<b>4 488 700</b>
<b>LIABILITIES</b>			
<b>Long-term liabilities</b>			
Borrowing	24,29	3 006 754	2 621 167
Other long-term liabilities		524 406	2 220
Lease liabilities	18	1 123 020	918 566
Deferred tax liabilities	25	167 741	105 061
Pension commitments	26	141 773	157 928
Other provisions	27	86 045	55 274
<b>Total long-term liabilities</b>		<b>5 049 739</b>	<b>3 860 216</b>
<b>Current liabilities</b>			
Trade creditors and other liabilities	28	3 479 553	2 567 668
Borrowing	24,29	964 030	98 393
Lease liabilities	18	353 404	301 274
Current tax liabilities		139 365	50 401
Other provisions	27	48 372	33 867
<b>Total current liabilities</b>		<b>4 984 724</b>	<b>3 051 603</b>
<b>Total liabilities</b>		<b>10 034 463</b>	<b>6 911 819</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>15 299 967</b>	<b>11 400 519</b>

## Consolidated changes in equity

Attributable to the parent  
company's shareholders

SEK K	Share capital	Other contributed capital	Reserves	Profit brought forward	Non-controlling interests	Total equity	Note
<b>Shareholders' equity on 2019-12-31</b>	<b>371 685</b>	<b>901 172</b>	<b>146 048</b>	<b>2 863 333</b>	<b>87 087</b>	<b>4 369 325</b>	
Net profit for the year				722 324	6 270	728 594	
Revaluation of the net pension commitment				-9 897	92	-9 805	2
Changes in the fair value of equity investments through other comprehensive income				-4 880	—	-4 880	19
Exchange rate differences			-402 029	—	-9 613	-411 642	
Cash flow hedging			-1 831	—	—	-1 831	
Hedging of net investment			43 978	—	—	43 978	
<b>Other comprehensive income for the year</b>			<b>-359 882</b>	<b>-14 777</b>	<b>-9 521</b>	<b>-384 181</b>	
<b>Total comprehensive income for the year</b>			<b>-359 882</b>	<b>707 547</b>	<b>-3 251</b>	<b>344 413</b>	
Dividend for 2019				-221 439	—	-221 439	
Transactions with non-controlling interests				3 857	-3 857	—	
Dividend to holders with no controlling influence				—	-3 599	-3 599	30
<b>Total</b>				<b>-217 582</b>	<b>-7 456</b>	<b>-225 038</b>	
<b>Shareholders' equity on 2020-12-31</b>	<b>371 685</b>	<b>901 172</b>	<b>-213 834</b>	<b>3 353 297</b>	<b>76 380</b>	<b>4 488 700</b>	
Net profit for the year				979 392	10 644	990 036	
Revaluation of the net pension commitment				18 343	67	18 410	2
Changes in the fair value of equity investments through other comprehensive income				8 098	—	8 098	19
Exchange rate differences			230 955		4 284	235 239	
Hedging of net investment			-18 921			-18 921	
<b>Other comprehensive income for the year</b>			<b>212 034</b>	<b>26 441</b>	<b>4 351</b>	<b>242 826</b>	
<b>Total comprehensive income for the year</b>			<b>212 034</b>	<b>1 005 833</b>	<b>14 995</b>	<b>1 232 862</b>	
Dividend for 2020				-379 954	—	-379 954	
Repurchase options, LTIP 2018-2021				-144 381	—	-144 381	
Sale of own shares, LTIP 2018-2021				45 321	—	45 321	
Received option premium, LTIP 2021-2024				21 481	—	21 481	
Transactions with non-controlling interests				—	11 202	11 202	
Dividend to holders with no controlling influence					-9 728	-9 728	30
<b>Summa</b>				<b>-457 533</b>	<b>1 474</b>	<b>-456 059</b>	
<b>Shareholders' equity on 2021-12-31</b>	<b>371 685</b>	<b>901 172</b>	<b>-1 800</b>	<b>3 901 598</b>	<b>92 849</b>	<b>5 265 504</b>	

## Consolidated cash flow statement

SEK K	Note	2021	2020
CURRENT OPERATIONS			
Operating profit		1 360 720	1 035 566
Adjustments for items not included in the cash flow:			
Depreciation and write-downs of intangible and tangible fixed assets	15,16,18	473 987	441 505
Change in pension, guarantee and other provisions		21 422	-7 759
Profit on sale of tangible fixed assets		-4 065	-1 875
<b>Total</b>		<b>1 852 064</b>	<b>1 467 437</b>
Paid interest	11	-83 770	-67 055
Paid income tax		-289 567	-288 006
<b>Cash flow from current operations before changes in working capital</b>		<b>1 478 727</b>	<b>1 112 375</b>
CHANGES IN WORKING CAPITAL			
Change in inventories		-1 145 202	217 526
Change in operating receivables		-91 904	-288 278
Change in operating liabilities		-152 502	288 792
<b>Cash flow from current operations</b>		<b>89 119</b>	<b>1 330 414</b>
INVESTMENT OPERATIONS			
Received interest	10	14 835	8 518
Acquisition of shares and participations		–	-4 340
Acquisition of tangible and intangible fixed assets	15,16,18	-202 072	-185 822
Acquisition of operations	31	-578 169	-180 408
Sale of tangible and intangible fixed assets		16 455	9 565
<b>Cash flow from investment operations</b>		<b>-748 951</b>	<b>-352 487</b>
FINANCIAL OPERATIONS			
New lending		1 289 000	–
Amortization of loans		-17 271	-25 548
Payments related to amortization of lease liabilities	18	-335 410	-309 867
Paid dividend to shareholders		-379 954	-221 439
Repurchase options, LTIP 2018-2021		-144 381	–
Sale of own shares, LTIP 2018-2021		45 321	–
Received option premium, LTIP 2021-2024		21 481	–
Dividend to holders with no controlling influence		-9 728	-3 599
<b>Cash flow from financial operations</b>		<b>469 058</b>	<b>-560 452</b>
<b>Change in liquid funds</b>		<b>-190 774</b>	<b>417 477</b>
Exchange rate difference, liquid funds		40 988	-58 814
Liquid funds on 1 January		1 153 636	794 973
<b>Liquid funds on 31 December</b>		<b>1 003 850</b>	<b>1 153 636</b>

## Parent company profit and loss account

SEK K	Note	2021	2020
OPERATING INCOME			
Other operating income	7	83 366	53 772
<b>Total income</b>		<b>83 366</b>	<b>53 772</b>
OPERATING EXPENSES			
Other external costs	8	-40 831	-34 493
Personnel costs	6	-59 196	-44 529
Depreciation and write-down of intangible and tangible fixed assets	15,16	-3 494	-3 137
<b>Operating profit</b>		<b>-20 155</b>	<b>-28 387</b>
RESULT OF FINANCIAL INVESTMENTS			
Result of participations in Group companies	9	587 769	20 836
Financial income	10	65 747	58 795
Financial expenses	11	-47 459	-48 574
<b>Profit after financial investments</b>		<b>585 902</b>	<b>2 670</b>
APPROPRIATIONS			
Appropriations	12	51 668	52 549
<b>Profit before tax</b>		<b>637 570</b>	<b>55 219</b>
Tax on the year's profit	13	-10 338	-7 433
<b>Net profit for the year</b>		<b>627 232</b>	<b>47 786</b>

## Parent company's report on other comprehensive income

SEK K	2021	2020
Net profit for the year	627 232	47 786
<b>Total comprehensive income for the year</b>	<b>627 232</b>	<b>47 786</b>

## Parent company balance sheet

SEK K	Note	2021-12-31	2020-12-31
<b>ASSETS</b>			
<b>FIXED ASSETS</b>			
<b>Intangible fixed assets</b>			
Capitalised expenditure for software	15	6 208	5 597
<b>Total intangible fixed assets</b>		<b>6 208</b>	<b>5 597</b>
<b>Tangible fixed assets</b>			
Buildings and land	16	1 538	1 662
Equipment, tools and installations	16	3 191	3 017
<b>Total tangible fixed assets</b>	–	<b>4 729</b>	<b>4 679</b>
<b>Financial fixed assets</b>			
Participations in Group companies	17	4 154 173	2 549 082
Financial assets at acquisition value	19	24 825	29 166
Deferred tax assets	29	309	–
Receivables from Group companies		1 513 540	1 311 152
Other long-term securities holdings		1 397	1 480
<b>Total financial fixed assets</b>		<b>5 694 244</b>	<b>3 890 880</b>
<b>TOTAL FIXED ASSETS</b>		<b>5 728 774</b>	<b>3 901 156</b>
<b>CURRENT ASSETS</b>			
<b>Current receivables</b>			
Receivables from Group companies		834 576	235 522
Tax receivables	13	23 593	–
Other current receivables		18 624	23 784
Prepaid expenses and accrued income		12 914	225 041
<b>Total current receivables</b>		<b>889 707</b>	<b>484 347</b>
<b>Cash and bank</b>			
Cash and bank		133 952	279 045
<b>TOTAL CURRENT ASSETS</b>		<b>1 000 066</b>	<b>763 392</b>
<b>TOTAL ASSETS</b>		<b>6 728 840</b>	<b>4 664 548</b>

SHAREHOLDERS' EQUITY	Note	2021-12-31	2020-12-31
<b>Restricted equity</b>			
Share capital	23	371 685	371 685
Fund for development expenditures		6 207	5 597
<b>Total restricted equity</b>		<b>377 892</b>	<b>377 282</b>
<b>Non-restricted equity</b>			
Share premium reserve		901 604	901 604
Profit brought forward		52 293	462 650
Net profit for the year		627 232	47 786
<b>Total non-restricted equity</b>		<b>1 581 129</b>	<b>1 412 040</b>
<b>TOTAL EQUITY</b>		<b>1 959 021</b>	<b>1 789 322</b>
<b>Untaxed reserves</b>			
Tax allocation reserves		75 000	59 000
<b>Total untaxed reserves</b>		<b>75 000</b>	<b>59 000</b>

## Parent company balance sheet *(continued)*

SEK K	Note	2021-12-31	2020-12-31
<b>LIABILITIES</b>			
<b>Long-term liabilities</b>			
Borrowing	24,29	3 002 868	2 621 167
Other long-term liabilities		490 886	1 480
<b>Total long-term liabilities</b>		<b>3 493 754</b>	<b>2 622 647</b>
<b>Current liabilities</b>			
Trade creditors		9 567	3 656
Borrowing	24,29	938 418	93 059
Liabilities to Group companies		14 636	77 473
Tax liabilities		–	2 073
Other liabilities		210 262	1 152
Accrued expenses and prepaid income		28 182	16 165
<b>Total current liabilities</b>		<b>1 201 065</b>	<b>193 578</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>6 728 840</b>	<b>4 664 548</b>

## Parent company changes in equity

SEK K	Share capital	Fund for development expenditure	Non-restricted equity	Total equity
<b>Equity 2019-12-31</b>	<b>371 685</b>	<b>6 872</b>	<b>1 584 418</b>	<b>1 962 975</b>
Net profit for the year			47 786	47 786
<b>Total comprehensive income for the year</b>			<b>47 786</b>	<b>47 786</b>
Fund for development expenditures		-1 275	1 275	–
Dividend 2019			-221 439	-221 439
<b>Equity 2020-12-31</b>	<b>371 685</b>	<b>5 597</b>	<b>1 412 040</b>	<b>1 789 322</b>
Net profit for the year			627 232	627 232
<b>Total comprehensive income for the year</b>			<b>627 232</b>	<b>627 232</b>
Fund for development expenditures		610	-610	–
Repurchase options, LTIP 2018-2021			-144 381	-144 381
Sale of own shares, LTIP 2018-2021			45 321	45 321
Received option premium, LTIP 2021-2024			21 481	21 481
Dividend 2020			-379 953	-379 953
<b>Equity 2021-12-31</b>	<b>371 685</b>	<b>6 207</b>	<b>1 581 129</b>	<b>1 959 021</b>

## Parent company cash flow statement

SEK K	Note	2021	2020
CURRENT OPERATIONS			
Operating profit		-20 155	-28 387
Adjustment for items not included in the cash flow: Depreciation and write-downs of intangible and tangible fixed assets	15,16	3 494	3 137
<b>Total</b>		<b>-16 661</b>	<b>-25 250</b>
Paid interest		-47 459	-37 887
Paid income tax		-36 313	-23 752
<b>Cash flow from current operations before changes in working capital</b>		<b>-100 433</b>	<b>-86 889</b>
CHANGES IN WORKING CAPITAL			
Change in operating receivables		-821 094	307 603
Change in operating liabilities		-33 951	77 421
<b>Cash flow from current operations</b>		<b>-955 478</b>	<b>298 135</b>
INVESTMENT OPERATIONS			
Acquisition of shares and participations		-558 917	-42 855
Acquisition of intangible and tangible fixed assets		-4 154	-2 389
Received interest		51 242	58 795
Received dividend		604 887	20 836
Sale of shares in subsidiaries		1 798	–
<b>Cash flow from investment operations</b>		<b>94 856</b>	<b>34 387</b>
FINANCIAL OPERATIONS			
Borrowing		1 178 271	–
Amortisation of liabilities		–	-7 536
Paid dividend		-379 954	-221 439
Repurchase options, LTIP 2018-2021		-144 381	–
Sale of own shares, LTIP 2018-2021		45 321	–
Received option premium, LTIP 2021-2024		21 481	–
<b>Cash flow from financial operations</b>		<b>720 738</b>	<b>-228 795</b>
<b>Change in cash and bank</b>		<b>-139 884</b>	<b>103 727</b>
Exchange rate difference, liquid funds		-5 209	-14 147
Cash and bank on 1 January		279 045	189 465
<b>Cash and bank on 31 December</b>		<b>133 952</b>	<b>279 045</b>

## Notes

### 1 General information

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

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

These consolidated accounts were approved for publication by the Board of Directors on 17 March 2022.

## 2 Applied financial reporting and valuation principles

### General financial reporting principles

The consolidated financial statements have been prepared in accordance with the Annual Accounts Act, RFR 1 Supplementary Accounting Rules for Groups and the International Financial Reporting Standards (IFRS) and IFRIC interpretations as adopted by the EU. The standards that have been published but not yet entered into force are not followed.

The annual report of the parent company has been drawn up in accordance with the Annual Reports Act. The parent company applies the same accounting principles as the group, with the exceptions and supplements stipulated by the Council for Financial Reporting, Recommendation RFR 2 "Financial Reporting for Legal Persons". In the parent company, Financial Instruments are recognised according to the exemption in RFR 2. Financial instruments are instead presented with a basis in acquisition value according to the Annual Reports Act. The accounting principles of the parent company are presented in the section "Parent Company's Accounting Principles". The principles have been applied consistently in all the years presented, unless otherwise stated.

### Introduction of new accounting principles

New and amended standards applied by the group  
None of the IFRS or IFRIC interpretations that are mandatory for the first time for the financial year that began on 1 January 2021 has any significant effect on the group.

*New standards and interpretations that have not yet been applied by the group*

When drawing up consolidated financial statements as of 31 December 2021, it was judged that no IFRS or IFRIC interpretations that have not yet entered into force is expected to have any significant effect on the group.

### Assumptions for the establishment of the group's financial statements

The functional currency of the parent company is Swedish krona, which is also the reporting currency of both the parent company and the group. All amounts listed are rounded to the nearest thousand unless otherwise stated.

The accounting principles applied in the preparation of these consolidated financial statements are stated below. These principles have been consistently applied for all reported years, unless otherwise stated.

### Consolidated financial statements

#### *Subsidiaries*

Subsidiaries are all companies over which the group has a controlling interest. The group has a controlling interest over a company when it is exposed to or entitled to variable returns from its holding in the company, and has the ability to affect this return through its influence in the company.

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

The acquisition method is used to present the group's acquisitions of subsidiaries. The purchase price for the acquisition of a subsidiary consists of the fair value of transferred assets, liabilities and the shares that are issued by the group. The purchase price also includes the fair value of all assets or liabilities that are the result of an agreement on conditional purchase price. Conditional purchase price is classified as either equity or financial liability depending on whether it is settled with equity instruments or cash and is initially recognised at fair value. Revaluations relating to conditional purchase prices that are reported in subsequent periods are recognised as either equity instruments or financial liabilities with revaluation to fair value over the income statement.

Acquisition-related costs are expensed as they arise. Identifiable acquired assets and liabilities taken over in a business combination are initially valued at fair value on the date of acquisition. For each acquisition, the group determines whether all holdings without controlling interest in the acquired company are reported at fair value or the proportional share of the net assets of the acquired company. The amount by which the purchase price, any shareholding without controlling interest and fair value on the date of acquisition of earlier shareholdings exceed the fair value of the group's share of identifiable acquired net assets is reported as goodwill. If the amount is less than fair value of the acquired subsidiary's net assets, in the case of a so-called bargain purchase, the difference is entered directly in the income statement.

The group's internal transactions and balance sheet items, as well as unrealised gains on transactions between group companies, are eliminated. Unrealised losses are also eliminated, unless the transaction represents evidence of an impairment need for the transferred asset. The financial reporting principles for subsidiaries have in some cases been amended so as to guarantee a consistent application of the group's principles.

Transactions with shareholders without controlling interest  
Transactions with shareholders without controlling interest are treated as transactions with the group's shareholders. With acquisitions from shareholders without controlling interest, the difference between purchase price paid and the actual acquired share of the reported value of the subsidiary's net assets is reported under equity. Gains and losses on disposals to shareholders without controlling interest are also reported under equity.

Where the group no longer has a controlling or significant interest, each remaining holding is reassessed at fair value and the change in reported value is recognised in the income statement. The fair value is used as the first reported value and provides the basis for the continued reporting of the remaining holding as an associate, joint venture or financial asset. All amounts relating to the divested entity that were previously recognised in other comprehensive income are reported as if the group had directly disposed of the attributable assets or liabilities. This may cause amounts previously recognised in other comprehensive income to be reclassified to the income statement.

### Reporting for segments

An operating segment is part of the group that operates activities from which it can generate income and incur expenses and for which independent financial information is available. Operating segments are reported in a way that corresponds to the internal reporting that is sent to the highest responsible decision maker. In the group this function has been identified as the CEO. The group had the following operating segments in 2021. Southern Europe, the Nordic countries, Central Europe, Eastern Europe, Africa and Asia Pacific. For a further description of the regions, refer to pages 48-53.

### Classification etc.

Non-current tangible assets and liabilities consist almost entirely of amounts that are expected to be regained or paid after more than twelve months from the date of balance. Current assets and liabilities consist almost entirely of amounts that are expected to be regained or paid within twelve months from the date of balance.

### Valuation principles etc.

Assets and liabilities have been valued at acquisition value unless otherwise stated below.

### Intangible assets

Intangible assets acquired by the company are reported at acquisition value less accumulated depreciation and impairment, except for goodwill and intangible assets with an indefinite useful life, which are reported at acquisition value less accumulated impairment. Additional expenditure on an intangible asset is only added to the acquisition value if it increases future financial benefits. All other costs are expensed as they arise. Depreciation is based on acquisition value reduced by any residual values. Depreciation occurs on a

straight line basis over the useful period of the asset and is reported as cost in the income statement. An asset's residual value and useful lifetime is tested on each balance sheet date and adjusted as needed.

#### Research and development

Research and development expenditures are reported as costs when they arise. Costs incurred in development projects (relating to the design and testing of new or improved products) are reported as intangible assets when the following criteria are met:

- (a) it is technically possible to complete the intangible asset so that it can be used,
- (b) management intends to complete the intangible asset and use or sell it,
- (c) the conditions exist to use or sell the intangible asset,
- (d) it can be demonstrated how the intangible asset will generate probable future financial benefits,
- (e) adequate technical, financial and other resources are available to complete the development and to use or sell the intangible asset, and
- (f) the expenditure attributable to the intangible asset during its development can be reliably calculated.

Research and development costs that have been previously reported as an expense are not reported as an asset in a subsequent period. Research and development costs that have been capitalised are written off on a straight line basis from the time the asset is ready to be used. Depreciation is made during the expected useful period, but no more than five years.

Amortisation periods, Intangible assets:

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

#### Goodwill

Goodwill consists of the amount by which the purchase price exceeds the fair value of the group's share of the acquired subsidiary's identifiable net assets at the time of acquisition. Goodwill on the acquisition of subsidiaries is recognised as intangible assets. Goodwill is tested annually so as to identify any need for impairment and reported at acquisition value less accumulated impairment. The impairment of goodwill is not reversed. Gains or losses on the divestment of an entity include the remaining reported value of the goodwill relating to the divested entity.

Goodwill is distributed to cash generating units with a test of any need for impairment. Cash generating units are the regions, Southern Europe, the Nordic countries, Central Europe, Eastern Europe, Africa and Asia Pacific, which are the same as have been identified as operating segments.

The part constituting "Agencies" refers to an exclusive and non-time-limited distribution right of a world-leading manufacturer (Toshiba). There is great value in the right to sell Toshiba air-conditioning products and its European organisation has become an integral part of Beijer Ref. Toshiba is an organisation with a long history and strong market position in numerous areas not limited to refrigeration and air conditioning. Management's best assessment is that a 40-year utilisation period best corresponds to an approximation of the time period during which the asset generates future financial benefits.

#### Tangible assets

Tangible non-current assets are recognised as asset on the balance sheet when, on the basis of available information, the future financial benefit associated with the holding is likely to accrue to the group/

company and the acquisition value of the asset can be calculated in a reliable way. Tangible non-current assets are reported at acquisition value less depreciation. Depreciation is based on acquisition value reduced by calculated residual values. Depreciation occurs on a straight line basis over the estimated useful life of the asset. An asset's residual value and useful lifetime is tested on each balance sheet date and adjusted as needed.

The following depreciation periods are applied:

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

Additional expenses are added to the asset's reported value or reported as a separate asset, depending on which is applicable, only if it is probable that the future financial benefits associated with the asset will accrue to the group and the asset's acquisition value can be measured reliably. All other forms of repair and maintenance are recognised as costs in the income statement during the period they are incurred.

Gains and losses on disposal are determined through a comparison between sales income and the reported value and reported in Other operating income/Other operating costs on the income statement.

#### Impairment of non-financial assets

Assets that have an indeterminate useful life are not impaired, but are assessed annually for any impairment requirement. Assets written off are assessed for value reduction whenever events or changes in conditions indicate that the reported value may not be recoverable. An impairment is made by the amount the asset's reported value exceeds its recoverable value. The recoverable amount is the asset's fair value less sales costs or its utility value, whichever is higher. When assessing the impairment requirement, assets are grouped at the lowest levels where there are separate identifiable cash flows (cash-generating units).

When calculating the utility value, future cash flows are discounted at a pre-tax rate intended to consider the market's assessment of risk-free interest and risk associated with the particular asset. An asset that is dependent on other assets is not considered to generate any independent cash flows. Such an asset is instead attributed to the smallest cash generating unit where the independent cash flows can be determined.

An impairment of assets other than goodwill is reversed if there has been a change in the calculations used to determine the recoverable value. A reversal is only made to the extent that the reported value of the asset would have been, had no impairment been made. At each balance date, an examination is made as to whether reversal should be made.

#### Financial instruments

A financial asset or financial liability is recognised in the balance sheet when the company becomes a party to the instrument's contractual terms. A financial asset is removed from the balance sheet once all the benefits and risks associated with ownership have been transferred. A financial liability is removed from the balance sheet when the obligation in the agreement is fulfilled or otherwise concluded.

Financial instruments are initially valued at fair value and then at fair value or accrued acquisition value depending on classification. Financial instruments reported at acquisition value are initially reported at an amount corresponding to the fair value of the instrument with an addition for transaction costs. Financial instruments reported at fair value are initially reported at an amount

corresponding to the fair value of the instrument; transaction costs are expensed directly. A financial instrument is classified when first reported based on the purpose for which it has been acquired. The classification determines how the financial instrument is measured after the first entry as described below.

All financial derivative instruments are reported on an ongoing basis at fair value. Purchases and sales of financial assets are recognised on the transaction date, which is the date when the group commits to purchase or sell the asset. With effect from 1 January 2018, the group applies the principle of reporting a reserve for expected credit losses on financial assets and receivables classified at accrued acquisition value.

### Cash and cash equivalents

Cash and cash equivalents may consist of the group's disposable balances with banks and equivalent institutions.

### Classification of financial instruments

The classification of financial assets that are debt instruments is based on the group's business model for management of the asset and the nature of the asset's contractual cash flows and is classified as follows: accrued acquisition value, fair value via other comprehensive income or fair value via income statement.

Financial assets in the form of debt instruments classified at accrued acquisition value are initially valued at fair value with the addition of transaction costs. Accounts receivable are initially reported at the invoiced value. After the initial reporting, the assets are valued according to the effective interest rate method. Assets classified at accrued acquisition value are held according to the business model of collecting contractual cash flows that are only payments of the capital sum and interest on the outstanding capital sum. The assets are covered by a loss reserve for expected credit losses.

The group does not have any financial assets in the form of debt instruments classified at fair value via other comprehensive income or fair value via income statement.

Equity instruments: The group has chosen to classify the holdings as equity instruments at fair value via other comprehensive income when they are not held for trading purposes. Any dividends are reported in the income statement.

Financial liabilities are valued at accrued acquisition value or fair value via the income statement. A financial debt is valued at fair value via the income statement if it is classified as held for trading, an additional purchase price in a business combinations classified as financial debt or if it is initially classified as a financial liability valued at fair value via the income statement. Financial liabilities valued at fair value via the income statement are valued at fair value on an ongoing basis with value changes reported in the income statement. Other financial liabilities are valued on an ongoing basis at accrued cost using the effective interest method.

Purchases and sales of financial assets are recognised on the transaction date – the date when the group commits to purchase or sell the asset. Financial assets valued at fair value via the income statement are initially recognised at fair value, while attributable transaction costs are recognised in the income statement. Financial assets are removed from the balance sheet when the entitlement to receive cash flows from the instrument has expired or been transferred and the group has transferred more or less all the risks and benefits associated with ownership. Financial assets valued at accrued acquisition value are recognised after the date of acquisition at accrued acquisition value by applying the effective interest rate method.

### Impairment of financial assets

The group values expected credit losses for financial assets classified at accrued acquisition value, including accounts receivable, financial receivables and lease receivables. Expected credit losses represent an assessment that reflects an objective, expected outcome based on reasonable and verifiable projections about current and future factors affecting assets.

### Goods in stock

Goods in stock are entered at the lower of acquisition value and net sales value. The acquisition value is calculated according to the first-in-first-out principle or by weighted average prices. Weighted average prices are used in those units within the group where variation in the price of goods is considered large. With in-house manufactured finished and semi-finished products, the acquisition value consists of direct manufacturing costs such as direct material and wage costs as well as a reasonable share of indirect manufacturing costs. In valuation, normal capacity utilisation has been taken into account. Borrowing costs are not included. The net realisable value is the estimated selling price in current operations, less any applicable variable sales costs.

### Accounts receivable

Accounts receivable are initially entered at fair value and thereafter at accrued acquisition value using the effective interest rate method. The amount of the reserve represents the difference between the reported value of the asset and the present value of assessed future cash flows, discounted at the original effective rate. The amount reserved is reported in the income statement in the item Other external costs. When an account receivable cannot be recovered, it is written off. Recovery of amounts previously written off is credited to Other external costs in the income statement.

### Share capital

Ordinary shares are classified as equity. When any group company buys the Parent Company's shares (repurchase of own shares), the paid purchase price, including any directly attributable transaction costs (net of tax), reduces the retained earnings, until the shares are cancelled or disposed of. If these shares are subsequently disposed of, the amounts obtained (net of any directly attributable transaction costs and tax effects) are accounted for in retained earnings.

### Trade accounts payable

Accounts payable are initially entered at fair value and thereafter at accrued acquisition value using the effective interest rate method.

### Borrowing

Borrowing is initially recognised at fair value, net of any transaction costs. Borrowing is subsequently recognised at accrued acquisition value, and any difference between the amount received (net of transaction costs) and the repayment amount is recognised in the income statement spread over the loan period, applying the effective interest method.

Borrowing is classified as a current liability if the group does not have an unconditional right to postpone payment of the liability for at least 12 months after the balance date.

### Tax

Total tax is made up of current tax and deferred tax. Taxes are recognised in the income statement except where the underlying transaction is recognised as a component of other comprehensive income or directly against equity. In such cases the tax is also reported in other comprehensive income or equity respectively. Current tax is tax calculated on taxable earnings for the period. Adjustment of current tax relating to previous periods also belongs here.

Deferred tax is calculated using the balance sheet method on all temporary differences between reported and taxable values of assets and liabilities. However, the deferred tax is not recognised if it occurs as a result of a transaction that constitutes the initial recognition of an asset or liability in a transaction other than a business combination, and that, at the time of the transaction, affects neither the recognised nor the taxable profits. Deferred income tax is calculated using tax rates (and laws) that have been adopted or announced as per the balance sheet date and that are expected to apply when the deferred tax asset in question is realised or the deferred tax liability is settled. In the consolidated reporting on the other hand, untaxed reserves are divided into deferred tax liability and equity.

Deferred tax assets are recognised to the extent it is probable that future taxable surpluses will be available, against which the tempo-

rary differences can be utilised. Deferred tax is calculated on temporary differences that arise on shares in subsidiaries except where the date of reversal of the temporary difference can be controlled by the group and it is probable that the temporary difference will not be reversed in the foreseeable future.

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

### Provisions (except deferred tax)

A provision is recorded on the balance sheet when the company has a formal or informal commitment as a result of an event that has occurred and it is likely that an outflow of resources is required to settle the commitment and a reliable estimate of the amount can be made.

The provisions are valued at the present value of the amount that is expected to be required to settle the obligation. In this case, a pre-tax discount rate is used, which reflects an up-to-date market assessment of the time-dependent value of money and the risks associated with the provision. The increase in the provision due to time elapsing is reported as interest expense.

#### *Guarantee reserve*

A provision is recognised when the underlying product or service has been sold. The guarantee provision is calculated on the basis of previous years' guarantee costs and by future forecast guarantee commitments.

#### *Restructuring reserve*

A provision is recognised once a detailed restructuring plan has been established and restructuring has either commenced or been publicly announced.

## Remuneration to employees

### *Pension obligations*

Group pension costs are recognised in full under the heading Personnel costs in the income statement.

For defined contribution plans, the company pays the defined contributions to a separate legal entity and has no obligation to make any further payments. Costs are expensed to group profit as benefits are earned.

Defined benefit pension plans specify the amount of pension benefit an employee receives after retirement, usually based on one or more factors such as age, length of service and salary. The group carries the risk that the promised payments are made. The defined benefit pension plans are both funded and unfunded. Where the plans are funded, the assets belonging to the plans are kept separate from the group's assets, in externally managed funds. These plan assets can only be used to pay remuneration according to the pension agreements.

The net of estimated present value of the obligations and fair value of the assets under management is presented in the balance sheet as either a provision or a long-term financial claim. In cases where a surplus in a plan is not fully exploited, only the portion of the surplus that the company can recover by reduced future fees or repayments is reported. Offsetting a surplus in a plan against a deficit in another plan occurs only if the company has a right to use a surplus in a plan to regulate a deficit in another plan and if the obligations are intended to be regulated on a net basis.

The pension cost and pension obligations for defined benefit pension plans are calculated according to what is known as the projected unit credit method. The method distributes the cost of pensions as employees perform services for the company that increase their entitlement to future compensation. The company's material undertaking is calculated by independent actuaries. The undertaking is the present value of the expected future payments.

The actuarial calculations are based on assumptions about discount rates, expected returns on assets under management, future wage increases, inflation and demographic conditions. The main actuarial assumptions are given in Note 26.

In determining the present value of the obligation and fair value of the assets under management, actuarial gains and losses may arise. These arise either by the real outcome deviating from the previously made assumption, or changing assumptions. The actuarial gains and losses are reported directly in other comprehensive income when incurred. Service costs for previous service are reported immediately. Interest costs and expected return on assets are reported net as an income/cost by applying the discount rate, which is used to discount the pension commitment included in the group's pension liability. Costs for the year's earnings and net income/costs are reported in operating profit.

Commitments for retirement pension and family pension for salaried employees in Sweden are secured through an insurance policy with Alecta. This is a defined benefit plan that includes multiple employers. Therefore, where the group has not had access to information that allows this plan to be reported as a defined benefit plan, this is reported as a defined contribution plan.

### *Compensation on termination of employment*

Provisions in connection with terminations of employment are recognised only if the company is demonstrably obligated to terminate employment before the normal date, or when compensation is offered as an incentive for voluntary departure. Where the company terminates the employment of staff, a detailed plan is drawn up that contains at least the workplace, job titles and approximate number of persons concerned, as well as the remuneration for each staff category or position and the time of implementation of the plan.

### *Variable remuneration*

Variable remuneration to senior executives is reported in Note 6. The variable remuneration is decided annually by Beijer Ref AB's board. The variable remuneration is based on qualitative and quantitative goal fulfilment. Variable remuneration for employees other than senior management is available only on a limited scale. Remuneration is reported in the period when the legal obligation arises.

### *Long-term incentive programme*

In 2018, the company issued call options for class B shares in Beijer Ref AB. Each call option entitles the acquisition of one (1) repurchased share of Series B in the Company during the period from 1 June 2021 until 30 June 2021 inclusive. The premium for the call options corresponds to the market value of the call options according to an external independent valuation determined by the Black & Scholes model. The call options are freely transferable.

The option premium received in payment of the call options affected retained earnings. In order to secure the delivery of shares to participants in the option programme, the company was authorised by the AGM to repurchase its own shares. The purchase value of the repurchase of own shares affected retained earnings in 2018.

The option programme matured during 2021. Beijer Ref has a further option programme running in 2021-2024 and the board has also submitted a proposal for a new programme for 2022-2025.

Repurchase of own shares has a dilution effect and the relevant key figures are shown before and after dilution.

## Income

IFRS 15 is applied for reporting income. This means that income from the group's sales is recognised when the control of the products is transferred to the customer, which occurs when the products are delivered to the customer and there are no unfulfilled obligations that may affect the customer's acceptance and approval of the products. The products are often sold with volume discounts based on cumulative sales over a 12-month period. Revenues from sales are recognised based on the agreed price less any volume discounts and discounts for cash payment. Volume discounts are calculated on the basis of the expected sales volume and revenues are recognised only to the extent that it is highly likely that a signi-

ficant reversal is unlikely to occur. A liability is recognised for the anticipated volume discounts in relation to sales until the close of the reporting period. The liabilities relating to volume discounts are reported as accrued expenses in the balance sheet. Return rights and guarantees are in accordance with industry standards; any guarantee reserve is entered as other provisions.

Remuneration in the form of interest, commissions and dividends is recognised as income when the financial benefits associated with the transaction are likely to accrue to the company and can be reliably calculated. Interest income is entered as income distributed over the period to maturity using the effective interest rate method. Dividend income is entered when the right to receive payment has been fixed.

Government support received is reported in the month when the corresponding cost arose. This support has been taken into account when there is reasonable certainty that the company will comply with the conditions associated with the grants and will receive them. In the income statement, the support received has been entered as a reduction in cost.

#### **Leasing - lessee**

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

With the transition to the new standard, Beijer Ref chose to report according to the simplified method and the alleviation rule not to establish a comparative year was applied. A discount rate has been fixed per country based on the base rate with the addition of a margin. Right of use agreements of less than 12 months are reported as short-term agreements and are therefore not included in the reported liabilities or rights of use. Right of use agreements with an acquisition value below USD 5,000 are classified as low-value agreements and are not included in the reported liabilities or rights of use.

Beijer Ref has identified many agreements, primarily relating to properties, with the right to extend. As a result of these considerations, many leases have been deemed to be longer than according to the contract period. All leases relating to properties that fall due in 2022 have been extended by three years or longer if the original contract is for more years.

#### **Hedging**

The group applies hedging for financial instruments aimed at securing net investment in foreign operations. When the transaction is concluded, the relationship between the hedging instrument and the secured item, or transaction, is documented, as well as the risk management target and the strategy for taking different hedging measures. The group also documents its assessment, both at the start of the hedging and on an ongoing basis, of whether the derivative instruments used in the hedging transaction are effective in countering changes in fair value or cash flow of hedged items.

Hedges are designed so they can be expected to be effective. Changes in fair value for such derivative instruments as do not meet the conditions for hedge accounting are immediately reported in the income statement. Changes in fair value of the hedging instruments are reported in comprehensive income up to maturity. Any ineffective part is immediately recognised in the income statement.

#### **Foreign currency translation**

##### *Functional currency and report currency*

Items included in the financial statements for the various entities of the group are valued in the currency that is used in the economic environment in which the relevant company primarily operates (the functional currency). In consolidated reporting, SEK is used, this being the Parent Company's functional value and reporting value.

##### *Transactions and balance sheet items*

Transactions in foreign currencies are translated to the functional currency at the exchange rates in force on the date of the transaction. Currency gains and losses that arise when paying such transactions and when translating monetary assets and liabilities in foreign currencies at the rate on the balance sheet date are reported on the income statement.

##### *Group companies*

The results and financial positions of all the group companies (none of which have a high-inflation currency) that have a functional currency other than the presentation currency are translated into the group's presentation currency as follows:

- assets and liabilities for each of the balance sheets are translated at the balance date rate
- income and expenses for each of the income statements are translated using the average exchange rate
- all exchange rate differences that arise are recognised as a separate component in Other comprehensive income.

In consolidation, the exchange rate differences for the year, arising from the conversion of net investments in foreign operations and of borrowings and other currency instruments identified as hedges of such investments, are reported as a component in Other comprehensive income and accumulated among reserves in equity. When disposing of a foreign activity, such rate differences are reported in the income statement as part of capital gain/loss.

Goodwill and adjustments of fair value that arise with acquisitions of foreign activities are treated as assets and liabilities at this activity and translated at the exchange rate on the balance sheet date. Exchange rate differences that arise are reported in other comprehensive income.

#### **Dividends**

Dividends to the parent company's shareholders are entered as liabilities in the company's financial reports in the period when the dividend is approved by the parent company's shareholders.

#### **Closely-related transactions**

For the board's, CEO's and other senior executives' salaries and other remuneration, costs and obligations relating to pensions and similar benefits and severance pay agreements, see Note 6. Other closely-related transactions are shown in Note 32.

#### **Parent company's accounting principles**

The parent company's financial statements have been drawn up according to the Annual Reports Act (ÅRL) and RFR 2. In its financial statements, the parent company applies the International Financial Reporting Standards (IFRS) approved by the EU whenever possible under the Annual Reports Act and taking into account the relationship between financial reporting and taxation.

#### **Subsidiaries**

In the parent company's accounts, shares in subsidiaries are recognised at acquisition value, less any impairment. Dividends from subsidiaries are recognised solely to the extent that they are received as the distribution of income earned after acquisition.

#### **Group contributions**

Group contributions received by the parent company from a subsidiary are reported as an appropriation.

### 3 Financial risk handling

#### Financial instruments by category in the Group

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

2021-12-31	Total
<b>Assets in the balance sheet</b>	
Financial assets valued at fair value through other comprehensive income	44 137 <sup>1</sup>
<i>Financial assets valued at discounted acquisition cost</i>	
Trade debtors and other receivables	3 323 687
Liquid funds	1 003 850
<b>Total</b>	<b>4 371 674</b>

#### Liabilities in the balance sheet

<i>Debt valued at discounted acquisition cost</i>	
Borrowing	3 709 208
Lease liability	1 476 424
Debt regarding future purchase price	489 489
Other long-term liabilities	34 917
Trade creditors and other liabilities	3 741 120
<b>Total</b>	<b>9 451 158</b>

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

2020-12-31	Total
<b>Assets in the balance sheet</b>	
Financial assets valued at fair value through other comprehensive income	39 865 <sup>1</sup>
<i>Financial assets valued at discounted acquisition cost</i>	
Trade debtors and other receivables	2 791 912
Liquid funds	1 161 253
<b>Total</b>	<b>3 993 030</b>

#### Liabilities in the balance sheet

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

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

Financial assets valued at fair value consist of two (three) holdings, one of which (SEK 19 million) refers to listed shares and is valued at market value on the balance sheet date according to valuation level 1. The second holding (SEK 25 million) is an unlisted holding and is valued at estimated fair value according to valuation level 3. Financial assets and financial liabilities where there is a legal right to offset the reported amounts are reported with a net amount in the balance sheet. Other non-current liabilities include valuation of put options arising with acquisitions.

#### Financial risks

Through its operations, the group is exposed to a variety of financial risks, including the effects of changes to loan and capital market prices, foreign exchange rates and interest rates. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's profits. Risk management is handled by a central financial function (group finance) according to principles approved by the board. Group finance identifies, evaluates and hedges financial risks in close cooperation with the group's operational entities. The board formulates principles both for overall risk management as well as for specific areas, such as currency risks, interest rate risks and investment of surplus liquidity.

#### Market risk

##### Currency risks

The group is exposed to transaction risks with purchases and sales and financial transactions in foreign currencies. Most sales are in the local currency of the respective subsidiaries, only about 4% (1) are made in other currencies, while about 20% (20) of purchases are in a currency other than the respective local currency. The foreign exchange exposure of purchases is primarily in EUR and USD. To manage these risks, quotations and price lists usually include currency clauses and continuous price adjustments occur in parity with changing purchase prices caused by currency changes, among other things. Net investment hedging takes place after ongoing individual assessment per currency. Hedging instruments used are mainly external interest-bearing loans in the corresponding currency. The effectiveness of hedging instruments is measured quarterly via retrospective testing of the hedging.

A weakened krona against EUR by 10% in respect of goods transactions causes a change in profit margin of about -0.6 (-0.8) percentage points. A corresponding weakening against USD produces a change in profit margin of -0.6 (-0.4) percentage points.

The group is subject to translation risk when converting into the group currency, SEK. This currency risk is generally not hedged, but hedging of net investments is established. During 2021, this has had a positive effect of SEK 24 million (41) on comprehensive income. Exchange rate differences compared with the previous year are shown in Note 14. On the balance sheet date, the group had no outstanding forward exchange contracts or other financial instruments of a material nature for which fair value shall be reported. The effect of a strengthened krona by 10% against the euro would affect operating profit by SEK -67 million; against other currencies the effect is SEK -58 million.

##### Interest rate risks

Group income and cash flow from operations are essentially independent of changes in market interest rates. The group does not hold any material interest-bearing assets. The board of Beijer Ref continuously evaluates the question of possibly committing to fixed interest rates. The group's present interest-bearing borrowing mainly has 1 to 3 months of fixed interest rates. Based on total borrowing according to Note 24 on the balance sheet date, an increase in interest rate of 1 percentage point would result in an increased interest cost of SEK 40 million (26) for the group.

##### Credit risk

The group has no material concentration of credit risks. The group adapts to local conditions in the respective markets

and works with local knowledge to ensure that sales of products are made to customers with appropriate credit backgrounds. Because of the large number of customers and transactions that the group has, credit risk is kept at a low level.

### Liquidity risk

Management of liquidity risk is based on caution as a starting point, which means maintaining sufficient cash, available financing and adequate agreed credit opportunities. On the balance sheet date, there were cash and cash equivalents including unused overdraft facilities totalling SEK 1,342 million (1,646). Furthermore, limits are granted at the group's banks that cover the acquisitions and working capital needs that may arise. Further information is presented in Note 24.

Below is the group's maturity analysis of the liabilities that are classified as financial liabilities. The amounts listed are contractual undiscounted cash flows.

### Capital risk

The group's capital structure goal is to ensure the group's ability to continue operating so that it can generate returns to shareholders while keeping the capital structure optimal for keeping capital costs down. For example, to change the capital structure, dividends may change, new shares may be issued or assets sold to reduce liabilities.

Capital risk is measured as net debt/equity ratio of interest-bearing liabilities reduced by cash and cash equivalents in relation to equity.

Group	2021	2020
Interest-bearing liabilities	5 588 981	4 104 942
Liquid funds	-1 003 850	-1 161 253
Net debt	4 585 131	2 943 689
Shareholders' equity	5 265 504	4 488 700
Debt ratio	0.87	0.66

### Net debt reconciliation

	2019-12-31	Cash flow	Foreign exchange effect	Non-cash flow	2020-12-31	Cash flow	Foreign exchange effect	Non-cash flow	2021-12-31
Pension commitments	147 075	-10 191	-5 819	26 863	157 928	-11 235	6 446	-11 366	141 773
Long-term borrowing	1 178 241	180 568	-60 806	1 323 164	2 621 167	436 881	48 706	—	3 106 754
Lease liabilities	1 039 326	-309 867	-58 656	549 037	1 219 840	-337 222	42 374	551 432	1 476 424
Short-term borrowing	1 637 561	-206 097	-9 907	-1 323 164	98 393	752 090	13 547	—	864 030
Deduct:									
Liquid funds	794 973	417 477	-58 814	—	1 153 636	-190 772	40 986	—	1 003 850
<b>Net debt</b>	<b>3 207 230</b>				<b>2 943 692</b>				<b>4 585 131</b>

The net debt is part of the company's APM and is available on the website.

Duration analysis 2021-12-31 Financial instruments	0-3 months	3-6 months	6-12 months	1-2 years	2-5 years	>5 years
Borrowing inclusive of interest payments	112 834	612 519	285 337	440 781	2 617 419	—
Trade creditors and other long-term liabilities	2 447 934	40 809	213 073	8 507	521 523	2 206
Lease liabilities	75 445	75 445	203 861	317 712	548 207	255 811
<b>Total</b>	<b>2 636 212</b>	<b>728 772</b>	<b>702 271</b>	<b>766 999</b>	<b>3 687 149</b>	<b>258 017</b>

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

## 4 Important assessments and assumptions for financial reporting purposes

The management and board make assessments and assumptions about the future. These assessments and assumptions affect reported assets and liabilities, as well as income and expenses and other information provided. These assessments are based on historical experience and the different assumptions deemed reasonable under the circumstances. The conclusions drawn form the basis for decisions concerning the reported values of assets and liabilities where these cannot be determined by other information. Areas that include such assessments and assumptions that may have significant impact on the profits and financial position of the group include:

- Testing the need for impairment of goodwill and other assets. Impairment requirements are tested annually in conjunction with the annual report or as soon as changes indicate that an impairment need could exist, such as changing business climate or divestment decisions or business closure decisions. Impairment occurs if the reported value exceeds the estimated utility value. See also Note 2 and Note 15. The group's goodwill amounts to approximately 51 per cent of the group's equity.
  - Other tangible and intangible non-current assets are reported at acquisition value after deduction of cumulative depreciation and any impairment. Intangible assets with an indefinite useful life are included in the annual impairment testing; see above. Depreciation occurs over the estimated utility period. The reported value of the group's non-current assets is tested as soon as changed conditions show the existence of an impairment requirement. Utility value is measured as expected future discounted cash flow primarily from the cash generating entity to which the asset belongs, but in certain cases also for individual assets. Testing of the reported value of an asset is also updated in the context of a decision on disposal. The asset is reported at the lower of the reported value and fair value after deduction of sales expenses. Tangible and intangible assets other than goodwill amount to approximately 29 per cent of the group's equity.
  - Calculation of deferred tax assets and tax liabilities: Assessments are made to determine both current and deferred tax assets or liabilities, particularly as regards deferred tax assets. An assessment is made of the probability of the deferred tax assets being used in settlement of future taxable profits. The fair value of these future taxable profits may change due to future business climates and earning capacity or changing tax rules. See also Note 25.
  - As regards IFRS 16, the lease period is determined as the lease period that cannot be terminated, together with both periods subject to an opportunity to extend the lease if the group is reasonably confident of exercising the option and periods subject to an option to terminate the lease agreement if the group is reasonably certain not to exercise that option.
  - Valuation of goods in stock is done as an individual assessment based on movement in the stock and on sales history. Defective and outgoing goods are taken into account in the valuation and are valued at any net sales value. New goods and special products of lasting value are excluded from impairment of goods in stock.
- The group's business combinations are accounted for under the acquisition method. Identifiable acquired assets and liabilities taken over in a business combination are initially valued at fair value on the date of acquisition. Acquisition-related costs are expensed as they arise. Goodwill is valued at the difference between the total purchase price and fair value of identifiable acquired assets and acquired liabilities.
  - *Additional purchase prices*  
The carrying amount of additional purchase consideration and options to acquire the minority's share are normally based on expected earnings development in acquired operations in the coming years. Additional purchase consideration refers to both contingent purchase consideration for already acquired shares and purchase consideration for future acquisitions of minority shareholders' shares in connection with the application of the Anticapped Acquisition Method (AAM). Other earnings development than expected will affect the carrying amount of the additional purchase prices and thus the Beijer Ref Group's earnings
  - *Other provisions*  
The company continuously evaluates the risk of potential disputes and historically it has been very unusual with this type of item in the company's results. The company currently has an ongoing dispute in New Zealand but does not consider that there is a need for a reservation at present.

## 5 Reporting for segments

### Operating segments

The Group's operation is split into operating segments based on how the company's highest executive decision maker, i.e. the CEO, monitors the operation. The Group has the following segments; the Nordic countries, Central Europe, Southern Europe, Eastern Europe, Africa and Asia Pacific.

The segment report for the regions contains the income statement up to and including operating profit as well as working capital, depreciation and investments. Internal sales within each segment are eliminated in net sales, internal

sales between the segments are eliminated at the total level. Net sales are distributed per each product area, i.e. Commercial and industrial refrigeration, HVAC and OEM.

Working capital consists of inventories, accounts receivable and accounts payable and is an average based on monthly values. Investments are reported in the segment where the asset is located and consist of the year's investments in tangible and intangible assets.

12 months SEK M	Nordic		Central Europe		Southern Europe		Eastern Europe		Africa		Asia Pacific		Group	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Net sales by operation	1 813	1 693	3 860	3 375	6 008	4 941	1 087	462	1 106	1 017	3 387	2 825	17 261	14 313
<i>Of which Commercial and industrial refrigeration</i>	945	974	2 222	1 929	2 046	1 795	377	322	736	715	1 168	1 076	7 494	6 811
<i>Of which HVAC</i>	671	556	1 535	1 314	3 391	2 646	684	120	196	189	1 516	1 175	7 991	6 001
<i>Of which OEM</i>	197	163	103	133	572	500	27	20	174	113	703	574	1 776	1 502
Internal sales between operations													-357	-251
Net sales													16 905	14 062
Operating profit by operation	239	219	302	255	467	350	133	40	94	77	256	184	1 492	1 126
Group-wide expenses													-131	-90
<b>EBIT</b>													<b>1 361</b>	<b>1 036</b>
Net financial													-69	-59
Tax													-302	-248
<b>Net profit</b>													<b>990</b>	<b>729</b>
Working capital, average for the period	472	498	950	928	1 622	1 451	369	177	415	418	1 019	862	4 847	4 335
Group eliminations													-3	-3
Total average working capital													4 844	4 332
Depreciations	54	54	113	111	110	112	27	11	39	35	130	119	474	442
Investments	26	30	60	48	77	77	6	2	6	8	31	25	200	187

Sales in Sweden amount to approximately SEK 479 million (487). The most significant individual country is France, where sales amount to approximately SEK 3,118 million (2,733). Total fixed assets reduced by deferred tax assets and financial instruments amount to SEK 134 million (109) in Sweden. The individually significant countries are France, Australia and Switzerland, where total fixed assets less deferred tax assets and financial instruments amount to SEK 701 million (664) in France, SEK 934 million (684) in Australia and SEK 405 million (344) in Switzerland.

## 6 Employees and remuneration of employees

Average number of employees	2021		2020	
<b>Parent Company</b>	Total	of whom men	Total	of whom men
Sweden	24	75%	19	58%
<b>Total in Parent Company</b>	24	75%	19	58%
<b>Subsidiaries</b>	Total	of whom men	Total	of whom men
France	535	81%	530	81%
South Africa	700	80%	716	82%
UK	323	64%	320	66%
Italy	295	84%	283	85%
The Netherlands	204	77%	201	80%
Spain	203	78%	207	79%
Greece	22	57%	—	—
Croatia	6	83%	—	—
Portugal	27	70%	25	68%
Sweden	95	87%	92	86%
Norway	90	88%	94	88%
Switzerland	103	80%	91	78%
Denmark	90	77%	88	82%
Thailand	126	43%	120	42%
Germany	116	79%	90	76%
Poland	45	80%	45	80%
Finland	51	82%	50	82%
Hungary	24	88%	25	88%
Romania	29	60%	28	64%
Belgium	32	84%	24	83%
Czech Republic	106	65%	12	67%
Mozambique	10	70%	9	78%
Ghana	2	100%	2	100%
Estonia	7	86%	7	86%

## 6 Employees and remuneration of employees *(continued)*

Average number of employees	2021		2020	
	Total	of whom men	Total	of whom men
<b>Subsidiaries</b>				
Ireland	8	50%	7	57%
Lithuania	7	71%	9	78%
Latvia	5	80%	5	80%
Zambia	3	100%	3	100%
Botswana	9	44%	9	44%
Slovakia	33	70%	5	80%
Namibia	11	73%	11	73%
Tanzania	2	100%	2	100%
New Zealand	119	76%	118	77%
New Caledonia	2	80%	–	–
Australia	474	84%	405	84%
Malaysia	21	67%	20	65%
India	32	91%	36	89%
China	138	78%	142	78%
Singapore	6	83%	6	83%
<b>Total in subsidiaries</b>	<b>4 110</b>	<b>78%</b>	<b>3 837</b>	<b>79%</b>
<b>Total Group</b>	<b>4 134</b>	<b>78%</b>	<b>3 856</b>	<b>78%</b>

### Salaries, other remuneration and social costs (SEK K)

	2021			2020		
	Salaries & other remuneration	Social costs	Total remuneration employees	Salaries & other remuneration	Social costs	Total remuneration employees
Parent Company <sup>1</sup>	44 502	25 361	69 863	30 521	16 374	46 895
of which pension costs <sup>2</sup>		12 240	12 240		7 088	7 088
Subsidiaries	1 707 977	413 865	2 121 842	1 518 635	370 360	1 888 995
of which pension costs		118 591	118 591		107 082	107 082
<b>Group</b>	<b>1 752 479</b>	<b>439 226</b>	<b>2 191 705</b>	<b>1 549 156</b>	<b>386 734</b>	<b>1 935 890</b>
<b>of which pension costs <sup>3</sup></b>		<b>130 831</b>	<b>130 831</b>		<b>114 170</b>	<b>114 170</b>

1) The Parent Company's recognised personnel costs have been affected 2021 by repayment from the pension foundation.

2) Of the parent company's pension costs, SEK 8,905K (1,825) relate to the Board of Directors and the CEO.

3) Of the Group's pension costs, SEK 10,297K (8,307) relate to the Board of Directors and the CEO.

## 6 Employees and remuneration of employees

(continued)

### Benefits to senior executives

The board fees to the chair of the board amounted to SEK 775 thousand in 2021 and to the other board members SEK 375 thousand each with the exception of those members who are employed by the Beijer REF Group, to whom no payment has been made. The board consists of four men and three women (five men and two women). The fees to the members of the board on the Audit Committee shall be SEK 100 thousand to the chair and SEK 75 thousand to the ordinary member of the Audit Committee. The fees to the members of the board on the Remuneration Committee shall be SEK 75 thousand to the chair and SEK 50 thousand to the ordinary member of the Remuneration Committee.

Per Bertland, CEO until 31 August 2021, has earned salary, remuneration and other benefits amounting to SEK 7,735 thousand (SEK 6,474 thousand) including profit-based salary of SEK 2,266 thousand (SEK 400 thousand). For pension insurance, an annual amount equal to 30% of gross salary is set aside. The pension solution is defined contribution. The retirement age of the CEO is 65. Profit-based salary is decided annually by the board and can amount to a maximum of 55% of annual salary. Profit-based salary is based on qualitative and quantitative goal fulfilment. Christopher Norby, CEO with effect from 1 September 2021, has earned salary, remuneration and other benefits amounting to SEK 8,593 thousand. For pension insurance, an annual amount equal to 30% of gross salary is set aside. The pension solution is defined contribution. The retirement age of the CEO is 65. Profit-based salary is decided annually by the board and can amount to a maximum of 55% of annual salary. Profit-based salary is based on qualitative and quantitative goal fulfilment. Upon termination of employment by the company, the CEO receives 6 months' salary as well as a severance payment equal to 9 months' salary; no pension or holiday allowance is paid on the severance payment. The CEO must give six months' notice of resignation and this does not trigger the severance payment. In the case of new employment, no severance settlement occurs.

The group of other senior executives consists of 2 women and 5 men (2 women and 4 men) and is composed of CFO, COO ARW EMEA, COO ARW APAC, COO Toshiba HVAC, CIO, CSCO and General Counsel. All senior executives also hold the title EVP. For further information on senior executives, see pages 56 to 57. These have received salary, remuneration and other benefits amounting to SEK 22,554 thousand (14,190) including profit-based salary of SEK 5,901 thousand (1,230). Pension solutions for six of the senior executives

are defined contribution and amount to between 25-28% of gross salary. The seventh senior executive has a defined benefit pension solution whose terms are based on the rules in France. Upon termination of employment by the company, the senior executives receive up to 12 months' salary. Profit-based salary is decided annually by the board and can amount to a maximum of 50% of annual salary.

The remuneration committee handles issues regarding remuneration for senior executives at the President and Executive Vice President-level. The entire board previously constituted the remuneration committee but a dedicated remuneration committee was established in the fourth quarter to handle these issues. Questions are prepared during the first board meeting of the year and decided at the latest at the board meeting held in connection with the AGM.

### Long-term incentive programme

#### Option Programme 2018/2021

The company's first option programme matured in June 2021 and included about 60 employees. The maximum number of options after the split was completed was 2,574,000. In accordance with the board's proposal, participants have been offered to repurchase own shares or alternatively to sell back the options. Sales of shares have positively impacted liquidity by SEK 45 million and option buybacks have negatively impacted the company's liquidity by SEK 144 million. The effect of the options programme is included in equity.

#### Option Programme 2021/2024

Beijer Ref AB's new long-term incentive programme was approved by the shareholders at the annual general meeting in 2021. The incentive programme is an options programme covering some 90 employees within the group. The programme runs from 2021 to 2024. The maximum number of options amounted to 2,262,000 and the number subscribed amounts to 1,476,000. A total of SEK 21.5 million has been received in respect of the options at a price of SEK 14.10, which is recognised in equity. The company holds treasury shares so as to be able to deliver these when the options mature. The redemption price for the shares is SEK 165.60 in May 2024.

Remuneration to the board (SEK K)	2021	2020
	Salary and other compensations	Salary and other compensations
Kate Swann	850	—
Bernt Ingman	—	729
Albert Gustafsson	525	—
Frida Norrbom Sams	450	400
Joen Magnusson	375	350
Monica Gimre	—	321
William Striebe	375	—
Kerstin Lindvall	375	—
Per Bertland <sup>1</sup>	94	—
Peter Jessen Jürgensen	—	350
<b>Total</b>	<b>3 044</b>	<b>2 150</b>

1) Per Bertland has received board emolument after the time he resigned as CEO (31 August 2021).

## 7 Other operating income

Group	2021	2020
Rents	1 256	5365
Exchange gains	21 752	4036
Capital gain	4 065	8191
Commission	1 068	598
Other	19 690	6772
<b>Total</b>	<b>47 831</b>	<b>24 962</b>
Parent company		
Group revenues	82 071	52 747
Rent	1 295	1 025
<b>Total</b>	<b>83 366</b>	<b>53 772</b>

## 8 Remuneration of auditors

Group	2021	2020
<b>Deloitte</b>		
Audit assignment <sup>1</sup>	9 696	7 453
Audit business in addition to audit assignment <sup>2</sup>	775	486
Tax consultancy	61	191
Other services <sup>3</sup>	279	63
<b>Total</b>	<b>10 811</b>	<b>8 193</b>
<b>Other auditors</b>		
Audit assignment	4 004	2 853
Audit business in addition to audit assignment	23	101
Tax consultancy	288	272
Other services	2	2
<b>Total</b>	<b>4 317</b>	<b>3 228</b>
<b>Total</b>	<b>15 128</b>	<b>11 421</b>
<b>Parent company</b>		
<b>Deloitte</b>		
Audit assignment	959	900
Audit business in addition to audit assignment	87	—
Other services	218	42
<b>Summa</b>	<b>1 264</b>	<b>942</b>

1) of which SEK 1,196K (1,153) refers to Deloitte Sweden

2) of which SEK 119K (0) refers to Deloitte Sweden

3) of which 218K (42) refers to Deloitte Sweden

## 9 Results of participations in Group companies

Parent company	2021	2020
Dividends received, Group companies	604 887	20 836
Capital loss sales shares	-17 118	–
<b>Total</b>	<b>587 769</b>	<b>20 836</b>

## 10 Financial income

Group	2021	2020
Interest income	6 135	7 318
Exchange gain	7 104	666
Other financial income	1 596	534
<b>Total</b>	<b>14 835</b>	<b>8 518</b>
<b>Parent company</b>		
Interest income, Group companies	49 717	56 352
Interest income, external	1 523	2 443
Exchange gain	14 507	–
<b>Total</b>	<b>65 747</b>	<b>58 795</b>

## 11 Financial expenses

Group	2021	2020
Interest expenses	-49 258	-39 670
Exchange loss	-5 136	-144
Interest expenses, leasing IFRS 16	-29 116	-26 957
Other	-260	-284
<b>Total</b>	<b>-83 770</b>	<b>-67 055</b>
<b>Parent company</b>		
Interest expenses, Group companies	-152	-186
Interest expenses, external	-47 307	-37 701
Exchange loss	–	-10 687
<b>Total</b>	<b>-47 459</b>	<b>-48 574</b>

## 12 Appropriations

Parent company	2021	2020
Group contribution	67 668	63 549
Tax allocation reserve	-16 000	-11 000
Reversal of tax allocation reserve	–	–
<b>Total</b>	<b>51 668</b>	<b>52 549</b>

## 13 Tax on the year's profit

Group	2021	2020
Current tax	-325 909	-248 411
Deferred tax (note 25)	24 160	-24
<b>Tax on the year's profit</b>	<b>-301 749</b>	<b>-248 435</b>
<b>Tax on the year's profit</b>		
Profit before taxes	1 291 785	977 031
Tax expense calculated according to actual tax rate, 20,6% (21,4)	-266 108	-209 085
Effect of different tax rates	-44 226	-35 692
Non-deductible costs	-26 529	-13 674
Non-taxable income	4 402	7 340
Tax attributable to previous years	-2 527	5 217
Tax losses for which no deferred tax asset was recognised	1 573	6 622
Revaluation of previous years losses	-1 209	-1 536
Non-capitalised tax losses	-3 593	-565
Temporary differences, non-capitalised	4 799	2 299
Other*	31 668	-9 361
<b>Net effective tax</b>	<b>-301 749</b>	<b>-248 435</b>
Effective tax rate	23,4%	25,4%

\*) Other consists of French tax (CVAE & CICE) as well as tax on activation of brand in subsidiaries.

Deferred tax expense in other comprehensive income amounts to SEK -8 312K (6 130) and relates to pension provisions SEK -4 974K (2 673), cash flow hedging SEK -3 338K (3 344) and equity investments SEK 0K (113).

Parent company	2021	2020
Current tax	-10 338	-7 433
<b>Tax on the year's profit</b>	<b>-10 338</b>	<b>-7 433</b>
<b>Reconciliation of effective tax</b>		
Profit before taxes	637 570	55 219
Tax expense calculated according to actual tax rate, 20,6% (21,4)	-131 339	-11 817
Non-deductible costs	-3 605	-75
Non-taxable income	124 606	4 459
<b>Net effective tax</b>	<b>-10 338</b>	<b>-7 433</b>
Effective tax rate	1,6%	13,5%

## 14 Currency effect in result

Group	2021	2020
Currency effect in operating profit	21 752	4 036
Currency effect in financial income and expenses	1 968	288
<b>Currency effect in profit after tax</b>	<b>23 720</b>	<b>4 324</b>
<b>Parent company</b>		
Currency effect in financial income and expenses	14 507	-10 687
<b>Currency effect in profit after tax</b>	<b>14 507</b>	<b>-10 687</b>

## 15 Intangible assets

### Group

#### CAPITALISED EXPENDITURE FOR SOFTWARE

Accumulated acquisition values	2021	2020
On 1 January	302 130	295 331
Acquisitions during the year	10 731	14 259
Acquisition of companies	6 479	–
Divestments and disposals	-1 080	-3 555
Reclassification	15 665	8 309
The year's translation differences	9 194	-12 214
<b>Total</b>	<b>343 119</b>	<b>302 130</b>

#### Accumulated amortisation

On 1 January	-229 050	-219 325
The year's amortisation	-19 330	-21 363
Acquisitions of companies	-4 373	–
Divestments and disposals	89	2 193
Reclassification	-3 937	–
The year's translation differences	-7 390	9 445
<b>Total</b>	<b>-263 991</b>	<b>-229 050</b>

RESIDUAL VALUE	79 128	73 080
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#### CAPITALISED EXPENDITURE FOR RESEARCH AND DEVELOPMENT, ETC

Accumulated acquisition values	2021	2020
On 1 January	12 530	10 530
Acquisitions during the year	2 358	2 528
Acquisition of companies	6 926	32
Divestments and disposals	-132	–
The year's translation differences	362	-560
<b>Total</b>	<b>22 044</b>	<b>12 530</b>

#### Accumulated amortisation

On 1 January	-7 982	-5 388
The year's amortisation	-2 065	-2 897
The year's translation differences	-177	303
<b>Total</b>	<b>-10 224</b>	<b>-7 982</b>

RESIDUAL VALUE	11 820	4 548
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The recoverable amount for the cash-generating units has been determined based on a calculation of useful value. These calculations are based on estimated future cash flows based on financial budgets approved by operational management for the next year. Subsequent estimates have been made covering a five-year period. Cash flows beyond the five-year period are calculated based on maintained profitability and 2% growth. The main variables when calculating the useful value are operating margin, growth and the discount rate. These are estimated based on industry experience and historical experience. The discount rate before tax has been established with the aid of current tools for calculation of return on equity requirements valued at market value and a weighted average of return requirements for the company's total capital. The discount rate has been adjusted to the respective segments based on an aggregate assessment consisting of operating margin, segment size and assessed geographical market risk. The discount rate ranges from 9.13 (8.26) for Nordic countries to at most 9.63 (8.76) for Asia Pacific. The estimated recoverable value shows reassuring safety

#### AGENCIES AND CUSTOMER LISTS

Accumulated acquisition values	2021	2020
On 1 January	637 529	647 211
Acquisitions during the year	195	–
Acquisition of companies	56 796	17 341
Reclassification	-68	–
The year's translation differences	13 365	-27 023
<b>Total</b>	<b>707 817</b>	<b>637 529</b>

#### Accumulated amortisation

On 1 January	-175 301	-154 066
The year's amortisation	-27 694	-25 589
Acquisition of companies	-357	–
The year's translation differences	-2 925	4 354
<b>Total</b>	<b>-206 277</b>	<b>-175 301</b>

RESIDUAL VALUE	501 540	462 228
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#### GOODWILL

Accumulated acquisition values	2021	2020
On 1 January	1 563 041	1 559 618
Acquisition of companies	1 029 349	101 148
The year's translation differences	75 115	-97 725
RESIDUAL VALUE	2 667 506	1 563 041

#### GOODWILL PER SEGMENT

Nordic countries	190 428	162 393
Central Europe	606 399	515 710
Southern Europe	1 096 877	465 530
Eastern Europe	165 372	8 670
Africa	189 754	186 808
Asia Pacific	418 676	223 930
<b>Total</b>	<b>2 667 506</b>	<b>1 563 041</b>

#### BRANDS

Accumulated acquisition values	2021	2020
Acquisition of companies	207 490	–
The year's translation differences	2 760	–
RESIDUAL VALUE	210 250	–

margins of 25-96% (47 to 130) in addition to reported value per segment. Sensitivity analysis has been done for all segments. These too show a reassuring margin between recoverable values and book values. Management believes that no reasonable changes in significant variables will lead to impairment.

## 15 Intangible assets *(continued)*

### Group

#### TOTAL INTANGIBLE ASSETS

Accumulated acquisition values	2021	2020
On 1 January	2 515 230	2 512 691
Acquisitions during the year	13 284	16 787
Acquisition of companies	1 307 040	118 521
Divestments and disposals	-1 212	-3 555
Reclassification	15 597	8 307
The year's translation differences	100 797	-137 521
<b>Total</b>	<b>3 950 736</b>	<b>2 515 230</b>
<b>Accumulated amortisation</b>		
On 1 January	-412 333	-378 779
The year's amortisation	-49 089	-49 849
Divestments and disposals	89	2 193
Reclassification	-3 937	—
The year's translation differences	-10 492	14 102
<b>Total</b>	<b>-480 492</b>	<b>-412 333</b>
RESIDUAL VALUE	3 470 244	2 102 897

### Parent company

#### CAPITALISED EXPENDITURE FOR SOFTWARE

Accumulated acquisition values	2021	2020
On 1 January	17 337	15 937
Acquisitions during the year	3 459	1 400
<b>Total</b>	<b>20 796</b>	<b>17 337</b>
<b>Accumulated amortisation</b>		
On 1 January	-11 740	-9 065
The year's amortisation	-2 848	-2 675
<b>Total</b>	<b>-14 588</b>	<b>-11 740</b>
RESIDUAL VALUE	6 208	5 597

## 16 Tangible fixed assets

### Group

#### BUILDINGS AND LAND

Accumulated acquisition values	2021	2020
On 1 January	279 381	295 677
Acquisitions during the year	34 881	3 899
Acquisition of companies	43 419	—
Divestments and disposals	-13 167	-2 837
Reclassification	64 825	601
The year's translation differences	18 025	-17 959
<b>Total</b>	<b>427 364</b>	<b>279 381</b>
<b>Accumulated depreciation</b>		
On 1 January	-152 634	-155 687
The year's depreciation	-10 190	-8 977
Acquisition of companies	-2 913	—
Divestments and disposals	7 424	2 427
Reclassification	-423	—
The year's translation differences	-9 938	9 603
<b>Total</b>	<b>-168 674</b>	<b>-152 634</b>
RESIDUAL VALUE	258 690	126 747

#### MACHINERY AND OTHER TECHNICAL PLANT

Accumulated acquisition values	2021	2020
On 1 January	278 580	292 509
Acquisitions during the year	31 673	9 091
Acquisitions of companies	18 806	—
Divestments and disposals	-2 933	-3 917
Reclassification	17 624	1 755
The year's translation differences	17 841	-20 858
<b>Total</b>	<b>361 591</b>	<b>278 580</b>
<b>Accumulated depreciation</b>		
On 1 January	-202 501	-204 025
The year's depreciation	-17 071	-16 097
Acquisition of companies	-12 103	—
Divestments and disposals	2 302	2 482
Reclassification	-182	—
The year's translation differences	-13 523	15 139
<b>Total</b>	<b>-243 078</b>	<b>-202 501</b>
RESIDUAL VALUE	118 513	76 079

## 16 Tangible fixed assets *(continued)*

### EQUIPMENT, TOOLS AND INSTALLATIONS

<b>Accumulated acquisition values</b>	<b>2021</b>	<b>2020</b>
On 1 January	861 184	835 710
Acquisitions during the year	93 096	72 812
Acquisition of companies	35 584	21 670
Divestments and disposals	-23 712	-22 867
Reclassification	-9 939	2 422
The year's translation differences	40 447	-48 563
<b>Total</b>	<b>996 660</b>	<b>861 184</b>
<b>Accumulated depreciation</b>		
On 1 January	-607 509	-597 674
The year's depreciation	-62 236	-56 711
Acquisition of companies	-22 227	-7 137
Divestments and disposals	20 518	19 176
Reclassification	6 692	–
The year's translation differences	-29 759	34 837
<b>Total</b>	<b>-694 521</b>	<b>-607 509</b>
RESIDUAL VALUE	302 139	253 675

### CONSTRUCTION IN PROGRESS

	<b>2021</b>	<b>2020</b>
On 1 January	87 325	19 686
Acquisitions during the year	25 503	84 409
Acquisition of companies	24	–
Reclassification	-90 223	-13 086
The year's translation differences	1 385	-3 684
RESIDUAL VALUE	24 017	87 325

## Group

### TOTAL TANGIBLE FIXED ASSETS

<b>Accumulated acquisition values</b>	<b>2021</b>	<b>2020</b>
On 1 January	1 506 470	1 443 582
Acquisitions during the year	185 153	170 211
Acquisition of companies	97 833	21 670
Divestments and disposals	-39 829	-29 621
Reclassification	-17 713	-8 309
The year's translation differences	77 701	-91 063
<b>Total</b>	<b>1 809 615</b>	<b>1 506 470</b>
<b>Accumulated depreciation</b>		
On 1 January	-962 644	-957 386
The year's depreciation	-89 497	-81 785
Acquisition of companies	-37 243	-7 137
Divestments and disposals	30 244	24 085
Reclassification	6 087	–
The year's translation differences	-53 217	59 579
<b>Total</b>	<b>-1 106 270</b>	<b>-962 644</b>
RESIDUAL VALUE	703 345	543 826

### PARENT COMPANY

#### BUILDINGS AND LAND

<b>Accumulated acquisition values</b>	<b>2021</b>	<b>2020</b>
On 1 January	5 875	5 875
<b>Total</b>	<b>5 875</b>	<b>5 875</b>
<b>Accumulated depreciation</b>		
On 1 January	-4 213	-4 088
The year's depreciation	-124	-125
<b>Total</b>	<b>-4 337</b>	<b>-4 213</b>
RESIDUAL VALUE	1 538	1 662

#### EQUIPMENT, TOOLS AND INSTALLATIONS

<b>Accumulated acquisition values</b>	<b>2021</b>	<b>2020</b>
On 1 January	6 017	5 028
Acquisitions during the year	695	989
<b>Total</b>	<b>6 712</b>	<b>6 017</b>
<b>Accumulated depreciation</b>		
On 1 January	-3 000	-2 663
The year's depreciation	-521	-337
<b>Total</b>	<b>-3 521</b>	<b>-3 000</b>
RESIDUAL VALUE	3 191	3 017

## 17 Participations in Group companies

Parent company	2021	2020
On 1 January	2 549 082	2 510 549
Acquisitions	1 310 394	38 533
Write-down	-86 745	—
Internal loan conversion	381 442	—
<b>Book value of shares in Group companies</b>	<b>4 154 173</b>	<b>2 549 082</b>

### Specification of the parent company and the Group holdings of shares and participations in Group companies <sup>1</sup>

Owned by the Parent Company	Company ID No.	Registered office	Direct share of capital, % <sup>2</sup>	Book value	
				2021	2020
G & L Beijer Förvaltning AB	556020-8935	Malmö	100	7 418	7 418
Freddox AB	559116-3372	Malmö	100	50	50
GFF SAS	552130296	Saint Bonnet de Mure	100	611 643	611 643
Delclim SAS	542008099	Saint Bonnet de Mure	100	111 226	111 226
Kylma AB	556059-7048	Solna	100	7 637	7 637
SCM Ref AB	556546-2412	Alvesta	100	2 480	2 480
Clima Sverige AB	556314-6421	Ängelholm	100	500	500
H. Jessen Jürgensen AB	556069-2724	Göteborg	100	360	360
G & L Beijer A/S	56813616	Ballerup	100	142 552	142 552
Oy Combi Cool Ab	FI05999255	Helsinki	100	561	561
Schlösser Möller Kulde AS	914492149	Oslo	100	14 292	14 292
Beijer Ref Support Norway AS	894871172	Langhus	100	9 322	9 322
Børresen Cooltech AS	918890025	Langhus	100	7 811	7 811
Beijer Ref Eesti OÜ	10037180	Tallinn	100	325	325
Beijer Ref Latvia SIA	4000344341	Riga	100	29	29
Beijer Ref Lithuania UAB	1177481	Vilnius	100	2 836	2 836
Coolmark B.V.	24151651	Barendrecht	100	84 284	84 284
Celsis B.V.	08032408	Apeldoorn	100	27 667	27 667
Werner Kuster AG	104.904.958	Frenkendorf	100	27 716	27 716
Charles Hasler AG	105.871.422	Regensdorf	100	140 252	140 252
Dean & Wood Ltd	467637	Leeds	100	109 153	109 153
RW Refrigeration Wholesale Ltd	3453694	Leeds	100	6 548	6 548
DWG Refrigeration Wholesale Ltd	299353	Dublin	100	5 159	5 159
Beijer Ref Hungary Kft	01-09-163446	Budapest	100	5 409	5 409
Beijer Ref Romania s.r.l.	J35/2794/2004	Timisoara	100	3 127	3 127
Beijer Ref Slovakia s.r.o	36551856	Bratislava	100	158	158
Beijer Ref Czech s.r.o	16734874	Čestlice	100	1 161	1 161
Beijer Ref Italy Srl	00728980152	Milan	100	59 602	59 602
SCM Frigo S.p.a	04342820281	Padua	100	143 038	143 038
Beijer Ref Belgium BV	0807.473.926	Aartselaar	100	23 200	23 200
Beijer ECR Iberica S.L	ES B85608925	Madrid	100	20 669	20 669
SAS Cofriset	961500261	Lyon	100	163 101	163 101
Beijer Ref Deutschland GmbH	HRB195155	München	100	131 226	131 226
Beijer Ref Africa (Pty) Ltd	2008/016731/07	Tulisa Park	100	60 435	60 435

**Specification of the parent company and the Group holdings of shares and participations in Group companies <sup>1</sup> (continued)**

<i>Owned by the Parent Company</i>	<i>Company ID No.</i>	<i>Registered office</i>	<i>Direct share of capital, %<sup>2</sup></i>	<i>2021</i>	<i>2020</i>
Beijer B.Grimm (Thailand) Ltd	0105553151561	Bangkok	49	8 366	8 366
SCMREF (Thailand) Co Ltd	115550008521	Samutprakarn provine	100	19 473	18 655
Beijer Ref Holdings Ltd, NZ	5654928	Auckland	100	48 161	48 161
Beijer Ref Holdings AU Pty Ltd	607082379	Sydney	100	454 249	73 625
HRP Holdings Ltd	393196	Leeds	100	36 470	36 470
Beijer Ref Support B.V.	68371063	Oirschot	100	191	191
SCM Ref B.V.	68371160	Oirschot	100	191	191
Beijer Ref Portugal Unipessoal, Lda.	514531720	Vila do Conde	100	9 500	9 500
TecsaReco (Pty) Ltd	2017/452901/07	Tulisa Park	100	119 486	206 231
Tecsa Distributors Namibia (Pty) Ltd	2012/0555	Windhoek	100	15 039	15 039
Bonsoir Botswana	2012/10024	Gabarone	100	6 836	6 836
3D Plus Limited	10965805	Leeds	66	19 639	19 639
Lumelco S.A.	A28118354	Madrid	100	155 353	155 353
Beijer Ref India Pvt Ltd	U29191DL2007PTC170816	NEW DELHI	100	39 648	19 878
Fenagy A/S	41457341	Århus	50,01	37 763	–
Coolair Klimasysteme GmbH <sup>3</sup>	HRB 213276	Nordhorn	60	65 285	–
Froid et Clim Distribution	2014 B 1 240 027	Nouméa	100	17 607	–
Inventor A.G.S.A. <sup>3</sup>	005861001000	Athen	80	845 152	–
Sinclair Global Group s.r.o. <sup>3</sup>	15528383	Brno	85	324 817	–
<b>Total Group</b>				<b>4 154 173</b>	<b>2 549 082</b>

1) The specification does not include dormant companies.

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

3) The companies are consolidated to 100% as we hold an option to acquire the remaining share

**Specification of the parent company and the Group holdings of shares and participations in Group companies <sup>1</sup> (continued)**

<i>Owned by the Group</i>	<i>Company ID No.</i>	<i>Registered office</i>	<i>Indirect share of capital, %<sup>1</sup></i>
H. Jessen Jürgensen A/S	16920401	Ballerup	100
Armadan A/S	16920436	Ballerup	100
BKF-Klima A/S	18297094	Ballerup	100
TT-Coil A/S	76273219	Ballerup	100
Air-Con A/S	49360517	Ebeltoft	100
TTC Norge AS	947473697	Mysen	100
ECR Nederland B.V.	17014719	Nuenen	100
Durrisol Kuster AG	439.801.674	Frenkendorf	100
SCM Ref Africa (Pty) Ltd	1999/025734/07	Cape Town	100
Metraclark LDA	100248697	Cidade de Maputo	100
Metraclark Refrigeration and AC Wholesalers Namibia (Pty) Ltd	2008/992	Windhoek	100
Metraclark Botswana (Pty) Ltd	2003/5506	Gabarone	100
Metraclark (Zambia) Limited	109483	Lusaka	75
Metraclark Tanzania (Pty) Ltd	121736	Dar es-Salaam	100
Metraclark Ghana Ltd	CS578702015	Accra	100

1) Share of capital corresponds with share of vote for the total number of shares, with the exception of RNA Malaysia where share of vote amounts to 51 per cent..

## 17 Participations in Group companies *(continued)*

### Specification of the parent company and the Group holdings of shares and participations in Group companies <sup>1</sup>

<i>Owned by the Group</i>	<i>Company ID No.</i>	<i>Registered office</i>	<i>Indirect share of capital, % <sup>1</sup></i>
Eurocool (Pty) Ltd	2013/128289/07	Johannesburg	100
TFD SNC	534687306	Saint Priest	100
Beijer Ref Polska Sp.z o.o	5261028388	Sekocin Nowy	100
G & L Beijer AB	556076-3442	Malmö	100
G & L Beijer Ltd	SC38231	Glasgow	100
SCM Ref SAS, France	811242882	Lyon	100
RNA Engineering & Trading Sdn. Bhd.	224933-A	Kuala Lumpur	49
Patton Ltd	92864	Auckland	100
RealCold NZ Ltd	5735187	Auckland	100
Beijer Ref Australia Pty Ltd	133913283	Sydney	100
McDalea Pty Ltd	145801298	Albury	100
Fridgehub.co.uk Ltd	8103679	Leeds	100
HRP Ltd	832237	Leeds	100
Kirby HVAC & R Pty Ltd	ABN 42624910041	Sydney	100
Beijer Ref (Wuxi) Co, Ltd	91320214720563266C	Wuxi	100
Beijer Ref Singapore Pte Ltd	199608760N	Singapore	100
Lumelco Portugal LDA	510444555	Vilar	100
Beijer Ref APAC Pty Ltd	ACN624879090	Sydney	100
Airconditioning Direct Pty Ltd	ABN48100354461	Sydney	100
ACD Holding Company Pty Ltd	ABN15617917281	Sydney	100
Hero Trade Supplies Pty Ltd	ABN73626337022	Sydney	100
MGS Ltd	04706880	Leeds	100
Inventor Concept SRL	J40/18417/2007	Bucharest	76
Gree Austria GmbH	FN526353z	Raab	51
SINCLAIR Croatia d.o.o	93897352452	Zagreb	85
Gree Czech & Slovak s.r.o.	08641293	Brno	81
SINCLAIR Corporation Hungary Kft.	11-09-022923	Komárom	81
SINCLAIR Slovakia s.r.o	51877244	Bratislava	77
Gree Czech & Slovak s.r.o.	52807118	Bratislava	81
Clima Solution Ltd	8255902	Auckland	100
Complete Air Supply Pty Ltd	ACN050611473	Sydney	100
Armcor Air Solutions	164523497	Melbourne	100
Airstream Components Pty Ltd	ACN146196778	Sydney	100
Thorn Holding Qld Pty Ltd	ACN 135 168 277	Sydney	100
Beijer Ref Refrigerants Ltd	12309921	Leeds	100
Beijer Ref Academy Ltd	11947880	WETHERBY	100

1) Share of capital corresponds with share of vote for the total number of shares, with the exception of RNA Malaysia where share of vote amounts to 51 per cent.

## 18 Right of use assets

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

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

Assets with right of use	2021	2020
Buildings	1 298 730	1 064 707
Leasing vehicles	98 354	82 995
Fork-lift trucks	36 719	29 313
Office equipment	6 761	5 860
Machinery	1 170	1 463
<b>Total</b>	<b>1 441 734</b>	<b>1 184 338</b>
<b>Leasing liabilities</b>		
Short-term leasing liability	353 404	301 274
Long-term leasing liability	1 123 020	918 566
<b>Total</b>	<b>1 476 424</b>	<b>1 219 840</b>

Additional rights of use in 2020 amounted to SEK 284 676 thousand (435 439) and relate mainly to buildings.

## 19 Financial assets at fair value

Group	2021	2020
On 1 January	39 865	41 029
Acquisition of subsidiary	–	4 322
Reclassifies to subsidiaries	- 4 340	–
Changes in the fair value during the year	8 098	-4 880
Exchange difference	514	-606
<b>On 31 December</b>	<b>44 137</b>	<b>39 865</b>
<b>Parent Company</b>		
On 1 January	29 166	24 844
Acquisition of subsidiary	–	4 322
Reclassifies to subsidiaries	- 4 340	–
<b>On 31 December</b>	<b>24 826</b>	<b>29 166</b>

The book value of holdings in securities amounts to SEK 44m (40). The holdings consist of a 14% holding in a Spanish wholesale refrigeration company and 4.35% ownership of Kulthorn Kirby Ltd, which is listed on the Bangkok stock exchange. As of 1 July 2021, Fenagy A/S is included as a subsidiary.

The holding in the Spanish refrigeration wholesaler has per 2021-12-31 been valued at estimated fair value.

The holding in Kulthorn Kirby has been valued at fair value as per the balance sheet date. The change in fair value is entered over other comprehensive income and during the year a change of SEK 8 098 thousand has been entered.

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

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

Depreciation of rights of use	2021	2020
Buildings	-276 315	-252 783
Leasing vehicles	-45 103	-43 737
Fork-lift trucks	-10 437	-9 795
Office equipment	-2 665	-2 853
Machinery	-890	-705
<b>Total</b>	<b>-335 410</b>	<b>-309 872</b>
<b>Financial and other external costs</b>		
Interest expenses, share of financial expenses	-29 116	-26 968
Expenses attributable to short-term leasing agreements	-1 544	-30 991
Expenses attributable to low-value leasing agreements	-5 963	-5 530
<b>Total</b>	<b>-36 623</b>	<b>-63 489</b>

## 20 Trade debtors and other receivables

Group	2021	2020
Trade debtors	2 660 228	2 069 078
Prepaid expenses and accrued income	233 394	389 983
Other receivables	430 338	332 851
<b>Total</b>	<b>3 323 960</b>	<b>2 791 912</b>
Deduct long-term portion	-111 953	-104 353
Short-term portion	3 212 007	2 687 559

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

## 20 Trade debtors and other receivables

(continued)

Age analysis	2021	2020
Non-matured receivables	2 095 802	1 581 921
Receivables due between 1-30 days	441 640	343 758
Receivables due between 31-60 days	86 992	85 183
Receivables due between 61-90 days	31 670	46 499
Receivables due >90 days	147 734	132 363
<b>Total</b>	<b>2 803 838</b>	<b>2 189 724</b>
<b>Provisions for doubtful receivables</b>		
On 1 January	-120 643	-134 374
Costs for bad debt losses	7 292	11 758
Acquisition of companies	-17 361	-447
Allocated during the period	-12 899	2 420
<b>On 31 December</b>	<b>-143 611</b>	<b>-120 643</b>
<b>Total trade debtors</b>	<b>2 660 228</b>	<b>2 069 078</b>

The company makes an individual assessment of accounts receivable according to maturity structure and assessed credit risk.

## 21 Inventories

Group	2021	2020
Raw materials and supplies	163 970	137 775
Work-in-progress	71 267	33 366
Advances to suppliers	63 285	13 091
Finished products and goods for resale <sup>1</sup>	5 038 634	3 204 701
Inventory write-downs	-280 119	-242 957
<b>Total inventories</b>	<b>5 057 037</b>	<b>3 388 933</b>

1) Of which reported to net sales value 18 727 24 071

The individual assessment is based on age structure and impairment principles. Inventories of finished goods and merchandise have been written down by 100% if it has not been moved more than 36 months and 80% if the goods have not moved in between 24-36 months

## 22 Liquid funds

Liquid funds in the Group consist of cash and bank and amounted to SEK 1,003,850K (1,153,636).

## 23 Share capital

Number of shares	2021	2020
A shares with number of votes 10	27 956 160	29 756 160
B shares with number of votes 1	354 347 910	352 547 910
<b>Total</b>	<b>382 304 070</b>	<b>382 304 070</b>
Shares in own custody	-1 835 090	-2 693 940
<b>Number of outstanding shares</b>	<b>380 468 980</b>	<b>379 610 130</b>

Each share has a nominal value of SEK 0.98.

The year's earnings per share before dilution, sek	2.58	1.90
The year's earnings per share after dilution, sek	2.56	1.89
Dividend per share, sek <sup>1</sup>	1.10	1.00

1) For 2021, in accordance with the Board of Directors' proposal

## 24 Borrowing

Group	2021	2020	Parent Company	2021	2020
<b>Long-term</b>			<b>Long-term</b>		
Bank loans	3 006 754	2 621 167	Bank loans	3 002 868	2 621 167
<b>Total long-term</b>	<b>3 006 754</b>	<b>2 621 167</b>	<b>Total long-term</b>	<b>3 002 868</b>	<b>2 621 167</b>
<b>Current</b>			<b>Current</b>		
Bank overdraft facilities	261 576	94 994	Bank overdraft facilities	238 418	93 059
Bank loans	602 454	3 399	Bank loans	600 000	–
Commercial paper	100 000	–	Commercial paper	100 000	–
<b>Total current</b>	<b>964 030</b>	<b>98 393</b>	<b>Total current</b>	<b>938 418</b>	<b>93 059</b>
<b>Total borrowing</b>	<b>3 970 784</b>	<b>2 719 560</b>	<b>Total borrowing</b>	<b>3 941 286</b>	<b>2 714 226</b>

Of the company's total credit facilities of SEK 4,912 (4,259) million, SEK 1,020 (1,516) million was unused on the balance sheet date. The financing agreements include all long-term bank loans as well as most of the reported overdraft facility. The parent company's limits are mainly divided into two financing sources, revolving credit facilities and long-term loans. The average credit period for all limits is approximately 22 months.

All financial conditions (equity/assets ratio and interest coverage ratio) that we are required to report in accordance with the financing agreements were met as per 31/12/2021. Borrowings are entered at accrued acquisition value and are considered to constitute a good estimate of fair value taking into account the fixed terms and the setting of interest rates.

### The Group's borrowing by currency is as follows:

	2021	2020
EUR	1 773 826	1 081 958
SEK	1 403 705	1 166 645
GBP	202 460	75 820
NZD	215 895	154 633
CHF	90 476	56 997
PLN	-3	–
NOK	15 523	6 797
DKK	-58 169	-79 525
THB	12 204	–
AUD	331 645	256 235
Other currencies	-16 778	–
<b>Total</b>	<b>3 970 784</b>	<b>2 719 560</b>

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

	2021	2020
EUR	1 769 704	1 077 264
SEK	1 403 705	1 166 645
GBP	202 460	75 820
NZD	215 895	154 633
CHF	90 476	56 997
PLN	-3	–
NOK	15 523	6 797
DKK	-60 083	-79 525
THB	–	–
AUD	330 675	255 595
Other currencies	-27 065	–
<b>Total</b>	<b>3 941 286</b>	<b>2 714 226</b>

## 25 Deferred tax

Group	Amount on 2020-01-01	Acquisitions/ Divestments	Reported over the profit and loss account	Reported in other compre- hensive income	Translation differences	Amount on 2020-12-31
<b>Deferred tax asset:</b>						
Fixed assets	25 613	—	3 006	—	-1 544	27 075
Trade debtors	9 120	257	614	—	-640	9 351
Inventories	32 336	1 823	3 047	—	-2 112	35 208
Provision for pensions	27 086	—	1 671	2 673	-1 152	30 278
Other provisions	53 389	4 165	-2 350	3 457	-2 666	55 882
Loss carry forwards	40 250	—	-7 342	—	-2 580	30 328
Set-off	666	—	-8 432	—	—	-7 766
<b>Total deferred tax asset</b>	<b>188 460</b>	<b>6 245</b>	<b>-9 786</b>	<b>6 130</b>	<b>-10 694</b>	<b>180 356</b>
<b>Deferred tax liabilities:</b>						
Fixed assets	-86 197	-8 548	4 873	—	4 481	-85 391
Inventories	-11 108	-2 982	-1 661	—	469	-15 282
Tax allocation reserves	-10 272	—	-1 882	—	—	-12 154
Set-off	-666	—	8 432	—	—	7 766
<b>Total deferred tax asset</b>	<b>-108 243</b>	<b>-11 530</b>	<b>9 762</b>	<b>—</b>	<b>4 950</b>	<b>-105 061</b>
<b>Deferred tax liabilities:</b>	<b>80 217</b>	<b>-5 285</b>	<b>-24</b>	<b>6 130</b>	<b>-5 744</b>	<b>75 295</b>

Group	Amount on 2021-01-01	Acquisitions/ Divestments	Reported over the profit and loss account	Reported in other compre- hensive income	Translation differences	Amount on 2021-12-31
<b>Deferred tax asset:</b>						
Fixed assets	27 075	-1 214	-1 027	—	1 055	25 889
Trade debtors	9 351	1 206	1 235	—	222	12 014
Inventories	35 208	11 227	26 464	—	7 400	80 299
Provision for pensions	30 278	348	-2 198	-4 974	1 087	24 541
Other provisions	55 882	889	1 766	-3 338	3 815	59 015
Loss carry forwards	30 328	1 795	-6 442	—	1 169	26 850
Set-off	-7 766	—	2 749	—	—	-5 017
<b>Total deferred tax asset</b>	<b>180 356</b>	<b>14 251</b>	<b>22 547</b>	<b>-8 312</b>	<b>14 749</b>	<b>223 591</b>
<b>Deferred tax liabilities:</b>						
Fixed assets	-85 391	-58 996	6 883	—	-4 845	-142 349
Inventories	-15 282	—	1 159	—	-452	-14 575
Tax allocation reserves	-12 154	—	-3 680	—	—	-15 834
Set-off	7 766	—	-2 749	—	—	5 017
<b>Total deferred tax asset</b>	<b>-105 061</b>	<b>-58 996</b>	<b>1 613</b>	<b>—</b>	<b>-5 297</b>	<b>-167 741</b>
<b>Deferred tax liabilities:</b>	<b>75 295</b>	<b>-44 745</b>	<b>24 160</b>	<b>-8 312</b>	<b>9 451</b>	<b>55 850</b>

Deferred tax attributable to fixed assets, pension commitments and the major part of loss carry forward is expected to be utilised after 12 months. Otherwise, a duration of less than 12 months is expected. Most of the loss deductions are not limited in time. In addition to accumulated loss carryforwards, there is approx. SEK 10.2M (10.8) in accumulated losses that have not been capitalised due to uncertainty in their utilisation.

## 26 Pension commitments

Group	2021	2020
<b>The amounts reported in the balance sheet have been calculated as follows:</b>		
Current value of invested commitments <sup>1</sup>	392 753	403 403
Actual value of plan assets	-296 005	-291 209
<b>Deficit in invested plans</b>	<b>96 747</b>	<b>112 194</b>
Current value of uninvested commitments	45 026	45 734
<b>Net liability in the balance sheet</b>	<b>141 773</b>	<b>157 928</b>

1) 2021 value includes a liability for a direct pension of SEK 1 397K (1 480)

<b>The change in the defined benefit obligation during the year is as follows:</b>		
On 1 January	447 657	423 994
Costs for service during the current year	14 495	13 134
Costs for service during previous years	-3 479	-659
Interest expense	1 684	2 651
Contributions from employees	8 698	11 891
Revaluation from change in demographic and financial assumptions	-29 930	23 407
Revaluation from change in experience assumptions	-4 790	22 819
Payments made	-16 562	-34 567
Settlement	-739	-423
Liabilities acquired through business combinations	319	—
Other	211	304
Translation difference	18 835	14 896
<b>On 31 December</b>	<b>436 399</b>	<b>447 657</b>

<b>The change in the actual value of plan assets during the year are as follows:</b>		
On 1 January	291 209	277 919
Interest income	1 133	1 800
Revaluation effects	-11 336	33 747
Contributions from the employer	6 686	6 847
Contributions from employees	8 698	11 891
Payments made	-12 752	-31 645
Other	-20	-61
Translation difference	12 387	-9 288
<b>On 31 December</b>	<b>296 005</b>	<b>291 209</b>

Group	2021	2020
<b>The plan assets consist of the following:</b>		
Invested with pension managers	289 633	284 858
Cash	1 583	1 746
Other	4 789	4 605
<b>Total</b>	<b>296 005</b>	<b>291 209</b>

<b>The amounts reported in other comprehensive income are the following (revaluations):</b>		
Actuarial (profit) or loss on the current value of the commitment	(34 720)	46 225
Return on plan assets excluding amounts included in the interest expense	11 336	(33 747)
<b>Total pension cost or (income)</b>	<b>(23 384)</b>	<b>12 478</b>

### Defined benefit plans

Within the group there are a number of defined benefit plans in which the employees are entitled to reimbursement after termination of employment based on final salary and length of service. The defined benefit plans are in Switzerland, Italy, Holland, France, Thailand, Greece and Sweden.

### Pension insurance with Alecta

Commitments for retirement pension and family pension for salaried employees in Sweden are secured through an insurance policy with Alecta. According to a statement by the Council for Financial Reporting, UFR 10, this is a defined benefit plan that involves several employees. For the financial year 2021, the company has not had access to such information as makes it possible to report this plan as a defined benefit plan. The pension plan according to ITP that is secured by insurance with Alecta is therefore reported as a defined contribution plan. The year's contributions for pension insurance that is contracted with Alecta amounts to SEK 2.1 million (1.7). Alecta's surplus can be distributed to policyholders and/or the insured parties.

The collective consolidation level consists of the market value of Alecta's assets as a percentage of the insurance undertakings calculated according to Alecta's actuarial methods and assumptions, which do not correspond with IAS 19. The collective solvency level shall normally be allowed to vary between 125 and 175 per cent. In order to strengthen the level of consolidation if it is deemed too low, one measure may be to increase the contracted price for new subscriptions and extension of existing benefits. If the level of consolidation exceeds 150 per cent, premium reductions can be introduced. At the end of 2021, Alecta's surplus in the form of the collective consolidation level amounted to 172 per cent (148).

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

	<b>2021</b>					
	<i>Holland</i>	<i>Switzerland</i>	<i>France</i>	<i>Italy</i>	<i>Other</i>	<i>Total</i>
Present value of the obligation	137 151	227 932	36 971	28 800	6 925	437 778
Fair value of plan assets	-129 736	-161 480	-4 789	—	—	-296 005
<b>Total</b>	<b>7 415</b>	<b>66 452</b>	<b>32 181</b>	<b>28 800</b>	<b>6 925</b>	<b>141 773</b>

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

The main actuarial assumptions were as follows:

	<b>Holland</b>		<b>Switzerland</b>		<b>France</b>		<b>Italy</b>		<b>Other</b>	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Discount rate %	1,01	0,57	0,30	0,20	0,89	0,59	0,71	0,24	1,95	1,50
Future wage increase %	—	—	1,00	1,00	1,85	1,70	—	—	4,82	5,00

#### Holland

The analysis for future salary increases is not relevant as the plans have no accrual and these parameters have no effect on the benefits.

#### Italien

The parameter for the rate of salary increase is not applicable in the valuation of the TFR fund.

#### Sensitivity analysis for defined benefit pension commitments

	Change in assumed value	<b>Impact on defined benefit obligations</b>									
		<b>Holland</b>		<b>Switzerland</b>		<b>France</b>		<b>Italy</b>		<b>Other</b>	
		Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount rate %	0,50%	-10,12%	11,75%	-7,68%	8,81%	-5,86%	6,51%	-3,91%	4,30%	-3,60%	3,66%
Future wage increase %	0,50%	—	—	0,35%	-0,38%	6,39%	-5,89%	—	—	3,91%	-3,69%

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

## 27 Other provisions

Group	2021	2020
Guarantee commitments	78 588	46 883
Other	55 829	42 258
<b>Total</b>	<b>134 417</b>	<b>89 141</b>
Long-term portion	86 045	55 274
Current portion	48 372	33 867
<b>Total</b>	<b>134 417</b>	<b>89 141</b>
<b>Guarantee commitments</b>		
Net value at the start of the period	46 883	39 972
Provisions made during the period	47 415	28 387
Acquisitions of companies	18 124	–
Reclassification	1 897	4 236
Amounts utilised during the period	-32 908	-19 712
Restored unutilised amount	-4 500	-3 519
Translation difference	1 677	-2 481
<b>Net value at the period end</b>	<b>78 588</b>	<b>46 883</b>
<b>Other provision</b>		
Net value at the start of the period	42 258	59 652
Provisions made during the period	64 031	47 371
Acquisitions of companies	5 037	–
Reclassification	-3 641	-11 463
Amounts utilised during the period	-53 830	-47 736
Restored unutilised amount	-447	-399
Translation difference	2 421	-5 167
<b>Net value at the period end</b>	<b>55 829</b>	<b>42 258</b>

### Guarantee reserve

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

### Other provision

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

## 28 Trade creditors and other liabilities

Group	2021	2020
Trade creditors	2 129 655	1 640 057
Advances from customers	75 479	30 718
Accrued expenses and prepaid income	694 585	657 612
Other current liabilities	579 834	239 281
<b>Total</b>	<b>3 479 553</b>	<b>2 567 668</b>

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

## 29 Contingent commitments/ Contingent liabilities

Group	2021	2020
Guarantees	24 220	16 065
<b>Total</b>	<b>24 220</b>	<b>16 065</b>
<b>Parent company</b>		
Guarantees, SHB	2 278	3 668
Guarantees, Nordea	1 227	1 205
Guarantees, other	39 066	8 050
<b>Total</b>	<b>42 571</b>	<b>12 923</b>

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

### Exemption rules for subsidiary companies

A parent company guarantee has been issued in accordance with section 479C of the United Kingdom Companies Act 2006 for the financial year 2021 for the following subsidiaries registered in the United Kingdom. The parent company guarantee applies to all outstanding liabilities for the subsidiaries as per the balance sheet date until commitments are fulfilled. The subsidiaries described have applied for exemption from the statutory audit pursuant to section 479(A) of the United Kingdom Companies ACT 2006.

- Retail Support Team Ltd
- 3D Air Sales (Ireland) Ltd
- 3D Air Sales Ltd
- Fridgehub.co.uk Ltd
- 3D Plus Ltd
- MGS (SOUTH WEST) Ltd
- G&L Beijer Ltd
- Beijer Ref Refrigerants Ltd
- Beijer Ref Academy Ltd

A parent company guarantee has been issued in accordance with Article 2:403 paragraph 1F of the Netherlands Civil Code regarding the financial year 2020 for the following subsidiaries registered in the Netherlands. The parent company guarantee applies to all outstanding liabilities for the subsidiary as per the balance sheet date until commitments are fulfilled. The subsidiary described has applied for exemption from the obligation to register the annual accounts with the Netherlands Chamber of Commerce pursuant to Article 2:403 paragraph 1 of the Netherlands Civil Code.

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

### 30 Transactions with holders with no controlling influence

	2021	2020
On 1 January	76 380	87 087
Share of the year's result	10 644	6 270
Translation difference	4 284	-9 613
Dividend	-9 728	-3 599
Non-controlling interests on acquisition of subsidiary	—	-3 857
Holders without a controlling influence that have arisen in connection with business acquisitions	11 202	—
Revaluation of the net pension	67	92
<b>On 31 December</b>	<b>92 849</b>	<b>76 380</b>

Holders of non-controlling interests refers to Beijer B. Grimm (Thailand), Metraclark Zambia Limited, Mcdalea Ltd, RNA Malaysia and 3DPlus. Fenagy A/S was added in 2021.

### 31 Acquisitions of companies

For each acquisition, the company performs a materiality assessment based on net sales, product area and market. It is our assessment that an acquisition is significant in cases where the net sales of the acquired company exceed 5% of total net sales. Information about significant acquisitions is provided in the note below on business combinations.

#### Sinclair

The Czech group Sinclair Global group has been part of the Beijer Ref Group since January 1, 2021. Sinclair is 85% owned with an option to acquire the remaining share, a call and put option has been issued starting in April 2023. Sinclair is headquartered in Brno, Czech Republic with sales office in Slovakia, Hungary, Austria and Croatia. The company has about 110 employees with annual sales of just under SEK 500 million.

#### Complete Air Supply

At the end of January, 100% of the shares in Complete Air Supply (CAS) in Australia were acquired. The company is active within HVAC and has a range that complements our existing companies in Australia. CAS has an annual turnover of approximately SEK 130 million, with 40 employees spread over 2 branches. The company is included in Beijer Ref's accounts from February 1, 2021.

#### IRC

At the end of the second quarter, the assets of the Australian company, Industrial Refrigeration Components (IRC) were acquired. IRC has been integrated into our existing company, Beijer Ref Australia. Annual sales amount to approximately SEK 20 million with two employees.

#### Fenagy

In July, Beijer Ref increased its holding in the Danish environmentally friendly refrigeration technology company Fenagy A / S. With an investment of a total of SEK 38 million, Beijer Ref is the majority owner with just over 50% and Fenagy is included in the Group's accounts from 1 July. Fenagy A / S is a newly started company and manufactures industrial heat pumps and cooling systems based on the environmentally friendly refrigerant CO<sub>2</sub>.

#### Froid et Clim Distribution

At the end of July, 100% of Froid et Clim Distribution (FCD) was acquired. FCD is an HVACR distribution company operating in New Caledonia. The company has approximately SEK 20 million in annual sales and 5 employees. The company is included in Beijer Ref's accounts from August 1, 2021.

#### Armcor

As of September 1, 100% of the Australian climate and ventilation company Armcor was acquired. The company has annual sales of SEK 105 million with good profitability, the number of employees is 37.

#### Inventor

During the last quarter of the year, the transaction was completed by Inventor A.G S.A. Beijer has acquired 80% of the shares in the air conditioning company Inventor, with an option to acquire the remaining 20% within a few years. Inventor, headquartered in Athens (Greece), with a second sales office in Bucharest (Romania), will continue to operate under its own brand. The annual sales for Inventor amount to just over SEK 600 million and the company has approximately 80 employees. The company is included in Beijer Ref's accounts from October 1, 2021.

#### Airstream

Airstream in Australia was acquired in November and has been part of the group ever since. Airstream is an important producer and distributor of ducts and associated fittings in air conditioning. The annual turnover amounts to approximately SEK 40 million with 14 employees.

#### Clima Solutions

In December, the assets in Clima Solutions, which has its operations in New Zealand, were acquired. Clima is a distributor that supplies cooling units (and associated equipment) and industrial applications to the HVAC market. The annual turnover amounts to approximately SEK 35 million.

#### Patton Albury

In December, the remaining shares (40%) in Patton Albury, Australia were also acquired. Beijer has owned 60% in Patton Albury since 2015, which has consolidated the company into the group since then.

#### After the end of the quarter

At the beginning of January, Beijer Ref acquired 80% of the shares in Deltron, with an option to acquire the remaining share. The company has sales of approximately SEK 400 million with good profitability. Their head office is located in Split (Croatia). Deltron's main business consists of air conditioning equipment for commercial and private use. The acquisition also includes a company with operations in Bosnia and Herzegovina.

#### 2020

In 2020, Beijer Ref acquired ACD Trade, a leading company in HVAC distribution in Australia with around 60 employees. The acquisition of ACD Trade strengthened the Group's presence in Australia.

#### Reporting of acquisitions

Identified customer lists are written off for 10 years, while brands are judged to have an indefinite lifespan and are not written off. Most of the acquired goodwill arising is motivated by synergy gains with the Group's existing operations. During 2021, three acquisitions were made with the option to acquire the remaining shares within a few years (2023-2024). The options have been valued at the probable outcome and booked as long-term debt, this debt amounts to SEK 406 million and is reported as other long-term liabilities. Acquisitions that include a put option where the ownership has reached 100% are consolidated to 100% at the time of acquisition.

Acquisition effect is calculated 12 months after the time of takeover. Additional acquisitions during 2021 have contributed SEK 136 million to the Group's EBIT. Acquisition effect for acquisitions during 2020 has contributed SEK 3 million during 2021.

Acquisition costs during 2021 amount to SEK 6 million and are included in other costs. The acquisition calculations for Sinclair, Complete Air Supply and Coolair were completed during the quarter, other acquisition calculations are preliminary.

<b>Acquisitions 2021, SEK m</b>	<b>12 months 2021</b>	<b>12 months 2020</b>
Customer lists	57	18
Brands	207	—
Tangible fixed assets	64	15
Deferred tax assets	14	8
Inventories	366	84
Other current assets	296	72
Liquid funds	293	31
Deferred tax liability	-59	-14
Provision	-33	—
Other current liabilities	-656	-105
<b>Total identifiable net assets</b>	<b>550</b>	<b>108</b>
Goodwill	1 023	103
<i>Holder without controlling influence</i>	-14	-14
<i>Effect on the cash flow</i>		
Consideration	-1 559	-211
Unpaid purchase price	293	—
Liquid funds in acquired companies	688	31
<b>Total</b>	<b>-578</b>	<b>-181</b>

#### **Effect of acquisitions made on net sales, 2021**

<b>Regions, mkr</b>	<b>12 months 2021</b>	<b>12 months 2020</b>
Nordic countries	31	—
Central Europe	85	—
Southern Europe	209	—
Eastern Europe	508	—
Asia Pacific	264	554
<b>Effect on the group</b>	<b>1 097</b>	<b>554</b>
Acquisitions completed in 2020	55	
Acquisitions completed in 2021	1 042	
<b>Effect on the group</b>	<b>1 097</b>	

## 32 Transactions with related parties

Beijer B. Grimm (Thailand) Ltd rents premises in property owned by companies controlled by Harald Link, which is a partner in Beijer B. Grimm (Thailand) Ltd. The rent during the year amounted to SEK 1 004K (826).

H. Jessen Jürgensen A / S rents premises in a property owned by relatives of Peter Jessen Jürgensen, former board member of Beijer Ref AB. Peter Jessen Jürgensen resigned from the Board at the Annual General Meeting in April 2021. The rent during the period January-March amounted to SEK 1 277K (5 719 full year 2020).

Companies within Sinclair Group in the Czech Republic and Slovakia lease premises in properties owned by companies controlled by Zdenek Cizek, Ivo Nesporek and Vladimir Pakosta, minority shareholders of Sinclair Group. The rent amounted to SEK 7,193 thousand. Companies within Sinclair Group in the Czech Republic and Slovakia provided property management and accounting services to companies controlled by Zdenek Cizek, Ivo Nesporek and Vladimir Pakosta, who are minority shareholders of Sinclair Group. The services amounted to SEK 936 thousand.

Coolair Klimasysteme GmbH leases premises in a property owned by a company controlled by Siegfried Otto, minority owner of Coolair, and related party to him. The rent during the year amounted to SEK 923 thousand.

During 2020, Carrier sold its holding in Beijer Ref; the year's purchasing and sales refer to the period January – November 2020. Purchases of goods from Carrier have been made under normal commercial terms. During the period, purchases worth SEK 106.7 million were made. Similarly, sales to Carrier have been made on normal commercial terms. During the period, purchases worth SEK 72.6 million were made.

Remuneration to senior executives is stated in Note 6.

## 33 Events after the balance sheet date

After the end of the financial year, the company acquired 80% of the shares in Deltron, Croatia with an option to acquire the remainder.

Deltron is the market leader in HVAC and has annual sales of approximately SEK 400 million with good profitability and approximately

110 employees. The company will be consolidated as of 1 January 2022 in Beijer Ref's accounts.

In addition to human suffering, Russia's invasion on Ukraine has led to sharply increased sanctions by the EU, among others. It is currently very difficult to assess how the situation will develop and Beijer Ref is continuously monitoring the situation. We do not have any representation or do any business with either Ukraine or Russia, for which reason we consider the impact to be less on the company's results and position.

## 34 Proposal for distribution of profit

Profit at the disposal of the Annual Meeting of shareholders:

Share premium reserve	901 604
Profit brought forward	52 293
Net profit for the year	627 232
<b>Total</b>	<b>1 581 129</b>

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

Dividend, SEK 1,10 kronor per share	418 516
To be carried forward	1 162 613
<b>Total</b>	<b>1 581 129</b>

The Board finds that the proposed dividend is within the framework of the company's long-term goals and is justifiable with regard to what is stated in the Companies Act, Chapter 17, Section 3 regarding the requirements that the nature, scope and risks of the business impose on size of equity and consolidation needs, liquidity and position in other respects for the Parent Company and the Group. The Group's and the Parent Company's equity / assets ratio after the proposed dividend amounts to 32% and 23%, respectively.

The income statement and balance sheet will be submitted to the Annual General Meeting 2022-04-07 for approval. Proposed reconciliation dates are April 11 and October 11, 2022.

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

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

Malmö 2022-03-17

Kate Swann  
Chair

Christopher Norbye  
CEO

Albert Gustafsson  
Board Member

William Striebe  
Board Member

Frida Norrbom Sams  
Board Member

Joel Magnusson  
Board Member

Kerstin Lindvall  
Board Member

Per Bertland  
Board Member

Our Audit Report was submitted on 17 March 2022  
Deloitte AB

Richard Peters  
Authorised Public Accountant  
Auditor in charge

## AUDITOR'S REPORT

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

### Report on the annual accounts and consolidated accounts

#### Opinions

We have audited the annual accounts and consolidated accounts of Beijer Ref AB (publ) for the financial year 2021-01-01 - 2021-12-31. The annual accounts and consolidated accounts of the company are included on pages 58-59, 72-115 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2021 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 2021 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

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

#### Basis for Opinions

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

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

#### Key Audit Matters

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

#### Valuation of inventory

The group carries significant inventories of goods and spare parts and held by several subsidiaries in many countries. Valuation of inventory requires clear policies and is subject to management's es-

timates for determining its cost, judgment about its saleability and its net realizable value as well as procedures for safeguarding and keeping track of the inventory.

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

#### Our audit procedures

Our audit procedures included, but were not limited to:

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

#### Acquisitions and identification of surplus values

In 2021, Beijer Ref concluded acquisitions for a total consideration of SEK 1 559 million. The reporting of acquisitions includes significant estimates and assessments being made by management to determine the fair value of the acquired assets and liabilities and allocating these to the appropriate cash-generating units.

In note 2 and in note 4 the group's acquisition accounting policy and accounting estimates and judgments are described. Information related to acquisitions can be found in Note 31.

#### Our audit procedures

Our audit procedures included, but were not limited to:

- Review of agreements linked to acquisitions and established acquisition calculations, including the Group's significant assumptions and assessments for valuation of acquired assets and assumed liabilities.
- Review of completeness in relevant notes to the financial statements.

#### Other information than the annual accounts and consolidated accounts

The other information contains the remuneration report and pages 1-57, 116-120 in this document that also contains other information than the annual accounts and consolidated accounts. The Board of Directors and the Managing Director are responsible for this other information.

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

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

be materially misstated.

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

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

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

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

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

#### *Auditor's responsibility*

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

A further description of our responsibilities for the audit of the annual accounts and consolidated accounts is located at the Swedish Inspectorate of Auditors website: [www.revisorsinspektionen.se/revisorsansvar](http://www.revisorsinspektionen.se/revisorsansvar) This description forms part of the auditor's report"

### **Report on other legal and regulatory requirements**

#### *Opinions*

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Beijer Ref AB (publ) for the financial year 2021-01-01 - 2021-12-31 and the proposed appropriations of the company's profit or loss.

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

cial year.

#### *Basis for Opinions*

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

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

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

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

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

#### *Auditor's responsibility*

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

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

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

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

A further description of our responsibilities for the audit of the management's administration is located at the Swedish Inspectorate of Auditors website: [www.revisorsinspektionen.se/rn/showdocument/documents/rev\\_dok/revisors\\_ansvar.pdf](http://www.revisorsinspektionen.se/rn/showdocument/documents/rev_dok/revisors_ansvar.pdf). This description forms 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 Ref AB for the financial year 2021.

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

In our opinion, the Esef report 1c14e8bc4df6b4968534637eca7d-2039c122b8ff23a35f69f496b02ebe75cd52 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 Ref AB 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 Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report 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 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 requirements.

requirements.

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 audit 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 technical validation of the Esef report, i.e., if the file containing the Esef report meets the technical specification set out in the Commission's Delegated Regulation (EU) 2019/815 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 Esef report has been marked with iXBRL which enables a fair and complete machine-readable version of the consolidated statement of financial performance, financial position, changes in equity and cash flow.

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

The Board of Directors is responsible for that the corporate governance statement on pages 60-71 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Deloitte AB, was appointed auditor of Beijer Ref AB by the general meeting of the shareholders on the 2021-04-15 and has been the company's auditor since 2020-06-25.

Malmö  
Deloitte AB

Signature on Swedish original

Richard Peters  
Authorized Public Accountant

## Five-year summary

SEK M	2021	2020	2019	2018	2017
<b>Sales and results</b>					
Net sales	16 905	14 062	14 817	13 015	9 830
Other operating income. etc	48	25	28	20	21
Operating expenses excluding amortisation	-15 118	-12 610	-13 191	-11 843	-9 041
EBITDA	1 835	1 477	1 655	1 191	810
Amortisation	-474	-442	-424	-106	-85
Operating profit	1 361	1 036	1 230	1 085	725
Net interest income and expenses	-69	-59	-56	-31	-26
Profit before taxes	1 292	977	1 174	1 055	699
Tax	-302	-248	-301	-275	-178
Net profit for the year	990	729	873	780	521
Attributable to:					
Parent company's shareholders	979	722	864	769	511
Non-controlling interests	11	6	9	10	10
<b>Capital structure</b>					
Cash and bank including unutilised bank overdraft facilities	1342	1 646	1 286	1 302	983
Shareholders' equity	5 266	4 489	4 369	3 785	3 294
Capital employed <sup>(1)</sup>	11 379	8 596	8 374	7 223	5 513
Operating capital <sup>(2)</sup>	10 331	7 395	7 538	6 288	4 929
Interest-bearing liabilities	5 589	4 105	4 002	3 431	2 208
Total assets	15 300	11 401	11 079	9 845	7 463
<b>Key figures <sup>(3)</sup></b>					
Equity ratio, % <sup>(4)</sup>	34,4	39,4	39,4	38,4	44,1
Return on equity, % <sup>(5)</sup>	20,3	16,5	21,4	22,0	16,6
Return on capital employed, % <sup>(6)</sup>	13,8	12,3	15,9	17,3	13,7
Return on operating capital, % <sup>(7)</sup>	15,4	13,9	17,8	19,4	14,9
Interest coverage ratio <sup>(8)</sup>	16,4	15,6	18,4	25,0	23,2
Debt ratio <sup>(9)</sup>	0,9	0,7	0,7	0,7	0,5
Operating margin, % <sup>(10)</sup>	8,0	7,4	8,3	8,3	7,4
<b>Other information</b>					
Average number of employees	4 134	3 856	3 869	3 703	2 717
of whom outside Sweden	4 015	3 745	3 758	3 598	2 616
Payroll excluding social security contributions	1 752	1 549	1 648	1 398	1 056
of whom outside Sweden	1 658	1 471	1 569	1 325	988
Cash flow from investment operations	749	352	137	1 081	101

### Definitions

(1) Total assets minus non-interest-bearing liabilities including deferred tax.

(2) Capital employed minus liquid funds, financial assets and other interest-bearing assets.

(3) The profit/loss items in the Group's key figures relate to remaining operations for all periods.

(4) Shareholders' equity including holdings with no controlling influence as a percentage of total assets.

(5) Profit after tax as a percentage of average equity.

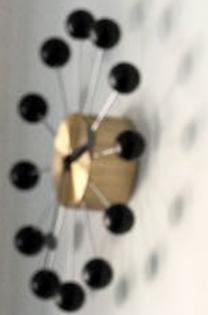
(6) Profit before taxes plus financial costs as a percentage of average capital employed.

(7) Operating profit as a percentage of average operating capital.

(8) Profit before taxes plus financial costs divided by financial costs.

(9) Net debt divided by equity.

(10) Operating profit as a percentage of net sales for the year.



NEW YORK



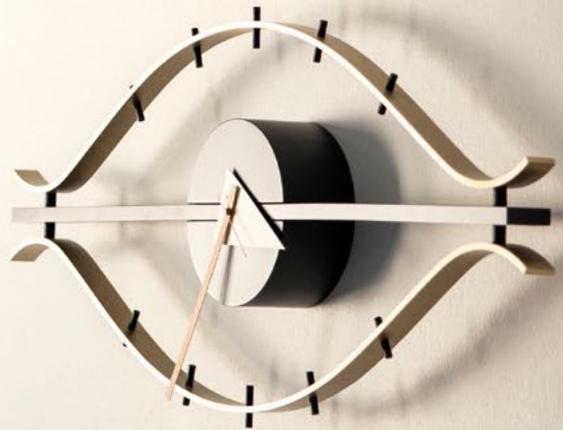
JOHANNESBURG



AUCKLAND



MALMÖ



SHANGHAI

# ESG Data and Accounting Principles

## ENERGY

### ACCOUNTING POLICIES

Data on energy consumption is obtained from invoiced data from our utility providers and/or from readings of meters. Data for Scope 1 and 2 energy consumption covers all Beijer Ref facilities. Energy consumption from leased and rented sales offices and small local warehouses are included in the scope 1&2 emissions.

	Unit	2021	2020
Scope 1 + 2 / total energy use, direct and indirect	MWh	29 867	24 730
of which natural gas	MWh	8 615	8 149
of which coal or fuel distilled from crude oil	MWh	50	319
of which is district heating :	MWh	3 041	2 687
of which electricity	MWh	18 161	13 575

## GHG EMISSIONS (SCOPE 1 AND 2)

### ACCOUNTING POLICIES

Beijer Ref has adopted the Greenhouse Gas Protocol as the basis for our greenhouse gas (GHG) accounting principles. Scope 1 and 2: Direct emissions: Direct and indirect energy consumption is a major source of GHG emissions in Beijer Ref, whereas VOC emissions are very low due to our efficient handling of the refrigerants. Data for Scope 1 and 2 emissions covers all Beijer Ref facilities. GHG emissions from leased and rented sales offices and small local warehouses are included in the scope 1&2 emissions. Data on VOCs is based on the number of reported leakages from our companies across the organisation and it is the case that no leakages are reported this year. Emissions from power consumption are based on International Energy Agency country specific GHG emission factors, not including production and transmission losses. Total emissions per Turnover is based on Group turnover and converted to indexed values (2020=100). Total Emissions per employee is based on the total number of employees end of year and converted to indexed values (2020=100).

	Unit	2021	2020
Scope 1 + 2 / total energy use, direct and indirect	Tons CO <sub>2</sub> e	8 795	6 545
of which natural gas	Tons CO <sub>2</sub> e	1 758	1 656
of which coal or fuel distilled from crude oil	Tons CO <sub>2</sub> e	133	85
of which is district heating	Tons CO <sub>2</sub> e	231	232
of which electricity	Tons CO <sub>2</sub> e	6 664	4 572
per employee	Tons CO <sub>2</sub> / employee	2,1	1,7
turnover	Tons CO <sub>2</sub> / sek m	0,52	0,46

## SALES OF ECO-FRIENDLY PRODUCTS

### ACCOUNTING POLICIES

Beijer Ref has set the ambition that 50% of Beijer Ref's own OEM Cooling racks sold in 2025 should be internally classified as "eco-friendly". The definition of Eco-friendly is that the cooling rack is running on a low GWP refrigerant meaning that the GWP has to be lower than 150. The total OEM sales refer to the total amount of Original Equipment Manufactured and sold as mentioned in note 5. The Eco-friendly sales is the share of the turnover from total OEM that meets the criteria of running on a refrigerant on a GWP lower than 150.

		2021	2020	2019	2018
Eco-friendly sales	%	33	32	26	21

## EU TAXONOMY

### ACCOUNTING POLICIES

Taxonomy-eligible economic activity means an economic activity that is described in the delegated acts supplementing the Taxonomy Regulation irrespective of whether that economic activity meets any or all of the technical screening criteria within those delegated acts. In Beijer Ref we evaluate that our total OEM activities in terms of turnover, OpEx and CapEx meets the criteria described and is taxonomy-eligible. Our core activity in Beijer Ref is sales and distribution of equipment to HVAC and colling installers. This sales and distribution is for now not accepted as eligible activity in the EU Taxonomy legislation even though we consider our selves an important part of the solution as it appears in the rest of the report. Total turnover used as denominator includes revenue from contracts with customers (Note 5). Total CapEx used as denominator includes additions of tangible (Note 16) and intangible assets (note 15 excluding goodwill) and additions of right-of-use assets (Note 18). Goodwill is not included in CapEx as it is not defined as an intangible asset in accordance with IAS 38. Total OpEx used as denominator includes following additions (repair and maintenance costs related to premises, repair and maintenance of machinery and tools etc, short term leases and cost of R&D) This is part of other external costs in the consolidated profits and loss account.

	Total (denominator) (mSEK)	Share taxonomi eligible (%)	Share taxonomi non-eligible (%)
Revenue	16 905	9,6%	90,4%
CapEx	859	11,9	88,1
OpEx	30	3,6%	96,4%

## OCCUPATIONAL INJURIES AND ACCIDENTS

### ACCOUNTING POLICIES

Occupational injuries are measured as the number of injuries resulting in absence from work of more than one day per one million working hours. Reporting scope includes all Beijer Ref fulltime and part time contractors. The short and long term sick leave is based on same amount of employees as described above. The Employee turnover is base only on full time employees.

		2021	2020	2019	2018
Injuries and accidents, all employees	LTI freq.	6.6	4.6	5.2	7.0
Employee turnover	%	15	9.5	11.8	10.6
Sick leave long term	%	1.1	1.3	1.1	1.0
Sick leave short term	%	1.3	1.8	1.1	1.1
Total sick leave	%	2.4	3.1	2.2	1.2
Target sick leave	%	<4	<4	<4	<4

## ANTI-CORRUPTION

### ACCOUNTING POLICIES

Cases submitted to the whistle-blower hotline include all cases reported either directly via the whistle-blower system or through line management. The scope of relevant cases for the whistle-blower hotline includes violations of all topics covered by Beijer Ref's Code of Conduct. Business Ethics & Compliance cases reported via the Hotline are investigated via Beijer Ref's investigations process.

	2021	2020	2019	2018
Number of cases reported	1	3	1	1

## ANTI-CORRUPTION

### ACCOUNTING POLICIES

Cases submitted to the whistle-blower hotline include all cases reported either directly via the whistle-blower system or through line management. The scope of relevant cases for the whistle-blower hotline includes violations of all topics covered by Beijer Ref's Code of Conduct. Business Ethics & Compliance cases reported via the Hotline are investigated via Beijer Ref's investigations process.

## GENDER DIVERSITY

### ACCOUNTING PRINCIPLES

Number of employees and managers are based on the total number och employees which also are reported on males and females. Reporting includes Beijer Ref's fulltime and part time employees.

	2021	2020	2019	2018
% Female employees	23%	22%	21%	21%
% Female managers	19%	17%	16%	18%

# Glossary

## Financial definitions

<b>Δ%</b>	Change in percentage.	<b>R12</b>	Rolling twelve is the latest 12 months.
<b>Return on equity</b>	Earnings after tax (rolling 12 months) as a percentage of average equity. The objective of return on equity and other return measures is to put the earnings in relation to important balance sheet items.	<b>Earnings per share before / after dilution</b>	Profit for the period in relation to the average number of shares before / after dilution.
<b>Return on operating</b>	Profit before tax plus financial expenses (rolling 12 months) in relation to average capital employed.	<b>Interest-bearing liabilities</b>	Interest-bearing liabilities include interest-bearing provisions.
<b>Return on capital employed</b>	Profit before tax plus financial expenses (rolling 12 months) in relation to average capital employed.	<b>Interest coverage ratio</b>	Earnings before tax plus financial expenses in relation to financial expenses. The objective of this measure is to show the proportion of earnings allocated to paying interest expenses and other financial expenses.
<b>EBITA</b>	Earnings before interest, taxes and amortisation of intangible fixed assets. The objective of reporting EBITA is that the Group regards it as a relevant measure for an investor who wants to understand the generation of earnings before investments intangible fixed assets.	<b>Operating margin</b>	Operating profit in relation to net sales.
<b>EBITDA</b>	Earnings before interest, taxes, depreciation and amortisation of tangible and intangible fixed assets. The objective of reporting EBITDA is that the Group regards it as a relevant measure for an investor who wants to understand the generation of earnings before investments in fixed assets.	<b>Debt/equity ratio</b>	Net debt in relation to equity. The objective is to show borrowing in relation to book value of equity.
<b>Equity per share before / after dilution</b>	Equity before / after dilution in relation to the average number of shares outstanding.	<b>Equity ratio</b>	Equity at the end of the period in relation to balance sheet total.
<b>Net debt</b>	Interest-bearing liabilities less liquid funds including current investments. We are of the opinion that the net debt is useful for the users of the financial report as a complement for assessing the possibility for a dividend, for carrying out strategic investments and for assessing the Group's possibilities for living up to financial commitments. Written put options are not included.	<b>Capital employed</b>	Balance sheet total with a deduction for non-interest-bearing liabilities and deferred tax liability.
<b>Net debt/EBITDA:</b>	Net debt in relation to rolling 12-month EBITDA		
<b>Operating capital</b>	Capital employed minus liquid funds, financial assets and other interest-bearing assets.		
<b>Organic change</b>	Comparative figures year over year adjusted for translation effects on consolidation and changes in the structure.		

## Trade terms

<b>ARW</b>	Air Condition & Refrigeration Wholesale.
<b>Chiller</b>	Liquid refrigeration unit..
<b>CO<sub>2</sub>-ekvivalent</b>	A measurement of greenhouse gas emissions and how much carbon dioxide is needed to produce the same effect on the climate.
<b>F-gas</b>	Artificial gases containing fluorine, such as HCFCs and HFCs.
<b>GWP</b>	Global Warming Potential.
<b>HCFC</b>	HydroChloroFluroCarbons, which affects the ozone layer and contribute to global warming.
<b>HFC</b>	HydroFluroCarbons, Fluorised greenhouse gases which contribute to global warming.
<b>HFO</b>	HydroFluroOlefins, synthetic environmentally friendly refrigerants.
<b>HVAC</b>	Heating, Ventilation, Air Conditioning.
<b>OEM</b>	Original Equipment Manufacturer.

**Transcritical** Heat transfer with gas cooler.

## Geographic areas

<b>Africa</b>	Botswana, Ghana, Mozambique, Namibia, South Africa, Tanzania, Zambia.
<b>Asia Pacific</b>	Australia, China, India, Malaysia, New Zealand, Singapore, Thailand, New Caledonia.
<b>Central Europe</b>	Belgium, Ireland, The Netherlands, Switzerland, Germany, UK.
<b>Eastern Europe</b>	Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, Croatia.
<b>Eastern Europe</b>	Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, Croatia.
<b>Southern Europe</b>	France, Italy, Portugal, Spain, Greece.
<b>Nordic</b>	Denmark, Finland, Norway, Sweden.
<b>Other</b>	
<b>CSR</b>	Corporate Social Responsibility.
<b>The Kigali Agreement</b>	Amendment to the Montreal Protocol. An agreement between countries that have committed themselves to reducing the production and consumption of HFCs by more than 80% over the next 30 years (2050).
<b>KPI</b>	Key Performance Indicator.
<b>PIM</b>	Product Information Management, centralised management of product information that is needed to market and sell the products through one or more distribution channels.

# To the Shareholders

The Annual General Meeting will be held at 3 pm on Thursday 7 April 2022 in Malmö, Sweden, at Bengt Hall-Salen, Malmö Opera, Östra Östra Rönneholmsvägen 20, Malmö. Registration for the meeting will begin at 14:00.

The Board of Directors has decided that shareholders shall have the opportunity to exercise their voting rights at the Annual General Meeting also by postal voting in accordance with the provisions in Beijer Ref's Articles of Association.

## ENTITLEMENT TO PARTICIPATION AND NOTIFICATION

### PARTICIPATION IN PERSON

Shareholders wishing to attend the Annual General Meeting in person or through a proxy representative shall:

- be entered in the share register maintained by Euroclear Sweden AB on the record date which is Wednesday 30 March 2022,
- notify the company of the participation by mail to Computershare AB, Box 5267, 102 46 Stockholm (mark the envelope Beijer Refs AGM), by telephone at +46 (0)771 24 64 00 or by e-mail to proxy@computershare.se, or electronically on the company's website [www.beijerref.com/general-meeting](http://www.beijerref.com/general-meeting) no later than 1 April 2022. When submitting notification, each shareholder must state their name, personal identification number/corporate identification number, address and telephone number and the name of their associate(s). Shareholders or representatives of shareholders may bring no more than two associates to the meeting. Associates may be brought to the meeting only if the shareholder provides notification of this.

### PARTICIPATION BY POSTAL VOTING

Anyone wishing to attend the Annual General Meeting by postal voting shall:

- be entered in the share register maintained by Euroclear Sweden AB on the record date which is Wednesday 30 March 2022,
- notify the company of participation by having submitting a postal vote in accordance with the instructions set out below in such time so that Computershare receives the postal vote no later than 1 April 2022.

A special form must be used for the postal vote. The form is available on Beijer Ref's website [www.beijerref.com/general-meeting](http://www.beijerref.com/general-meeting). Completed and signed forms for postal voting can be sent to Computershare by mail to Computershare AB, Box 5267, 102 46 Stockholm (mark the envelope Beijer Refs AGM), or by email to proxy@computershare.se. Completed forms must be received by Computershare no later than 1 April 2022. Shareholders who are natural persons may also cast their votes electronically through verification with BankID via the company's website [www.beijerref.com/general-meeting](http://www.beijerref.com/general-meeting).

### DIVIDEND

The Board of Directors proposes that a dividend of SEK 1.10 per share be paid for the financial year 2021. Payment shall be made in two instalments of SEK 0.6 per share for the first instalment and SEK 0,5 per share for the second instalment. It is proposed that the record date for the first instalment be 11 April 2022 and for the second instalment 11 October 2022. If the Annual General Meeting decides to accept this proposal, the first instalment will be due to be paid from Euroclear on 14 April 2022 and the second instalment on 14 October 2022.

### FINANCIAL INFORMATION 2021

- The Interim Report for the first quarter will be published on 21 april 2022.
- The Interim Report for the second quarter will be published on 18 juli 2022.
- The Interim Report for the third quarter will be published on 20 oktober 2022.
- The Year-End Report for 2021 will be published on 26 januari 2023.
- The Annual Report for 2022 will be published in March 2023.



Malmö Opera



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On our website, [www.beijerref.com](http://www.beijerref.com), you will always find the latest information.

Here, we publish financial information, press releases and much more.

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Corporate Identity Number: 556040-8113

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